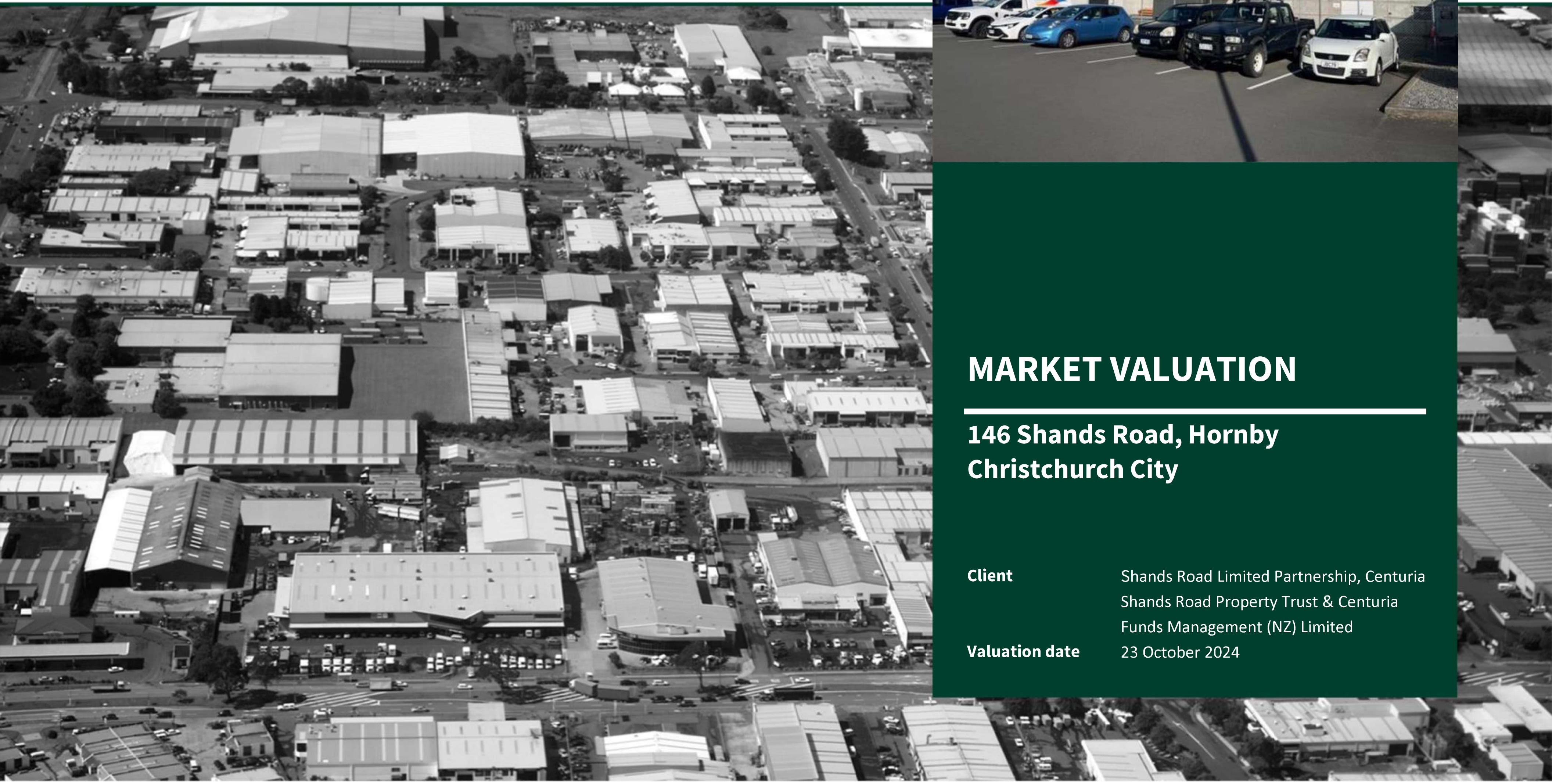


MARKET VALUATION

146 Shands Road, Hornby
Christchurch City

Client	Shands Road Limited Partnership, Centuria Shands Road Property Trust & Centuria Funds Management (NZ) Limited
Valuation date	23 October 2024

CONTENTS

1.0 EXECUTIVE SUMMARY

146 Shands Road, Hornby, Christchurch City

The property comprises a substantial industrial property leased to General Distributors Limited as a warehouse and distribution centre. The original building was constructed in 2000 with substantial extensions and alterations undertaken in 2012. The property is situated at the intersection of Shands Road and Halswell Junction Road in the highly regarded Hornby industrial area. The property is to be subject to a 15 year lease with multiple renewals.

PROPERTY DETAILS

Type	Industrial
Zoning	Industrial Heavy Zone
Year built	2002/2012
Land area	71,811m²
Rentable floor area	29,695.1m²
NBS rating	80% post works

OCCUPANCY DETAILS

Number of tenants	1
Occupancy	100%
Net contract rent	$3,138,734
Net market rent	$3,187,344
WALT	9.9 years

VALUATION

$43,450,000 plus GST (if any)

Initial yield	7.22%
Yield on market income	7.34%
Equivalent yield	7.10%
Resultant discount rate	8.84%
$/m² of rentable floor area	$1,463

INSTRUCTIONS

Instructed by	Centuria Funds Management (NZ) Ltd
Report prepared for	Shands Road Partnership & Centuria Shands Road Property Trust
Purpose of valuation	Market Value
Basis of valuation	Market Value
Valuation date	23 October 2024
Report issue date	7 November 2024

CBRE policy requires that reports cannot be reassigned for any purpose beyond 90 days from the date of valuation. This policy has been set to meet professional indemnity insurance requirements. It is a condition of this report that any valuation needing to be reassigned beyond 90 days may require re-inspection by the valuer with an update fee charged.

PREPARED BY

Chris Stanley

M Prop Stud (Distn), FNZIV (Life), FPINZ (Life), AAMINZ
Registered Valuer
Senior Director, Southern Region (Commercial)

This report must be read in conjunction with CBRE Limited Statement of Limiting Conditions and Valuation Policy.

2.0 FINANCIAL SUMMARY

PROPERTY & INSTRUCTION DETAILS

Address	146 Shands Road
Property description	Prime Industrial
Valuation date	23 October 2024
Interest valued	Freehold- subject to a lease interest
Purpose of valuation	Market Value

OCCUPANCY DETAILS & ANALYSIS

Tenant	Woolworths	
Rentable floor area	29,695.1 square metres	
% of floor area occupied	100.0%	
Carparks	146 spaces	(203.4 sqm/space)
Lease commencement	30 August 2004	
Lease term	10 years	
Final expiry	29 August 2044	
Next rent review	30 August 2027	
Rent review type	Market Rent	
Outgoings	Part Gross	
Residual lease term	9.9 years	

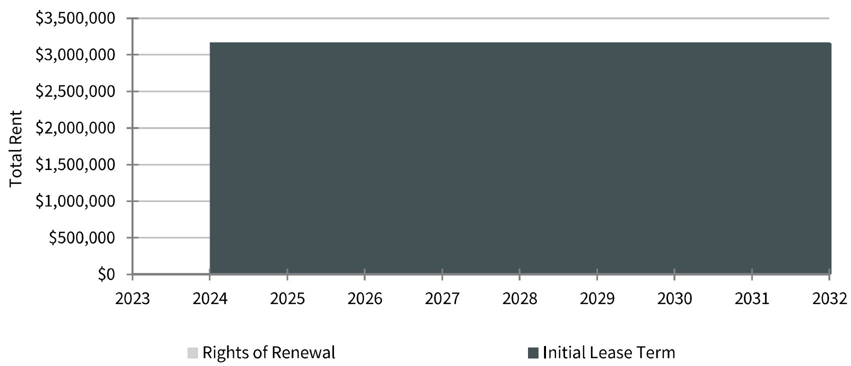
INCOME SUMMARY

Component	Passing income	Market income
Rental income	$3,168,734	$3,217,344
plus Other income	-	-
Total income	$3,168,734	$3,217,344
less Unrecovered outgoings	($30,000)	($30,000)
less Ground rent	-	-
Total net income	**$3,138,734**	**$3,187,344**

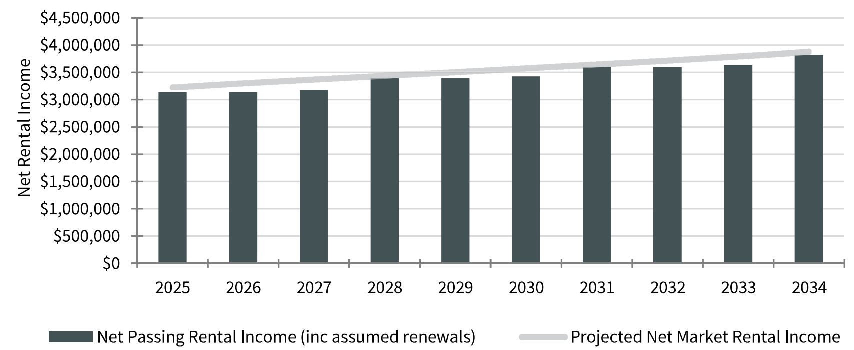
VALUATION METHODS

Method	Resultant Value
Income Capitalisation- Market Income Method	$43,165,000
Discounted Cashflow Method	$43,710,000

Lease expiry profile by income



Net rental income profile



VALUATION & ANALYSIS

Adopted value	**$43,450,000**
Initial yield	7.22%
Yield on market income	7.34%
Equivalent yield	7.10%
Internal rate of return	8.84%
Value psm of rentable area	$1,463

EXEC SUMMARY
LAND
IMPROVEMENTS
LEASES
RENT
SALES
VALUATION
APPENDIX

3.0 RISK SUMMARY AND ASSUMPTIONS

RISK ANALYSIS

Strengths and opportunities

- Quality tenant
- Excellent WALT of 9.9 years
- Highly regarded industrial area of Christchurch
- High profile corner site
- Good traffic linkages
- Contract rent well below rental levels for new buildings
- Development potential

Weaknesses and threats

- Large investment scale
- Increasing competition from new buildings
- Lack of market liquidity due to scale
- Concerns over performance of NZ economy
- Cost of debt serving impacting on property investment returns

Overall risk summary

- Low risk in terms of tenant covenant, WALT, location and market-based contract rent.
- Risk associated with scale of the investment.
- Overall risk profile medium to high.

MARKET RISK COMMENT

Property markets both nationally and globally remain heavily impacted by high interest rates instigated by central banks to combat high inflation. Markets are also impacted by ongoing disruption to global supply chains and geopolitical instability in certain regions, particularly the conflicts in the Middle East and the ongoing war in Ukraine. National elections have been held or are scheduled in at least 64 countries this year including the United Kingdom, European Union and the USA.

The annual inflation rate for the 12 months to June 2024 was 3.3%, with the Q2 2024 price increase being the smallest quarterly increase since Q2 2020. The main contributors to the increase are housing, utilities and insurance. The RBNZ is now confident that inflation will return to the target 1% – 3% band over the second half of 2024.

The OCR was last increased to 5.5% in May 2023, where it remains. This is the highest level since 2008. In January 2022 the OCR was 0.75%. The latest RBNZ announcement notes that the restrictive monetary stance has resulted in an easing of the labour market and lower levels of general economic activity. Current and expected government spending will restrain overall spending in the economy. However, the positive impact of the pending tax cuts on private spending is less certain. Against this background, most major banks and economists are picking OCR cuts by October/November 2024.

Transactional activity remains subdued heading into Q3 2024. Sales volumes are at long term lows and we do not expect any pickup in activity until interest rates are materially lower, potentially mid-2025. Notwithstanding current high interest rates, there have been limited forced sales in the commercial sector to date. The leasing market has also slowed in the last 9-12 months with landlords more negotiable and incentives becoming more prevalent, albeit it off nominal levels. Apart from the industrial sector, we expect property pricing and values to continue to soften through the remainder of 2024, due to the ongoing deterioration in economic conditions and the negative gap between the cost of debt and property yields.

We reiterate our conclusions in this report are based on data and market sentiment as at the date of valuation. Past experience has shown that consumer and investor behaviour can rapidly change during periods of volatility. Given the current economic uncertainty, it is recommended that Reliant Parties review this valuation periodically.

SIGNIFICANT ASSUMPTIONS AND SPECIAL ASSUMPTIONS

Significant Assumptions and Special Assumptions are those assumptions that are material to the valuation and could reasonably be expected to influence the decisions of the user.

Significant Assumptions are those where the assumed facts are consistent with, or could be consistent with those existing at the date of valuation. These are often the result of a limitation on the extent of the investigations or enquiries undertaken by the valuer.

Special Assumptions are those where the assumed facts differ from those existing at the date of valuation. These are often used to illustrate the effect of proposed changes on the value of the property.

4.0 SCOPE OF WORK

The valuer

The valuation has been undertaken by Chris Stanley who provides this valuation in an objective, unbiased, ethical and competent manner. The valuer has no material connection with the instructing party or interest in the property and has the appropriate qualifications and experience to undertake the valuation.

Our client

Shands Road Limited Partnership, Centuria Shands Road Property Trust and Centuria Funds Management (NZ) Limited.

Other than the client or addressee or other intended users noted below, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.

Other intended users

- Shands Road Unit Trust
- Covenant Trustee Services Limited
- Baker Tilly Staples Rodway Audit Limited
- ASB Bank Limited

Purpose of valuation

Market Value for financial reporting, mortgage security, acquisition, divestment and capital raising.

Asset valued

146 Shands Road, Hornby, Christchurch City.

Basis of valuation

Market Value is defined in International Valuation Standards as:

> *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

Valuation currency

All dollars quoted in this report are NZD.

Important dates

Inspection date	9 August 2024 and 23 October 2024
Valuation date	23 October 2024

Extent of investigations

We have carried out an inspection of exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defect is found, including structural defects, this information could impact on the value of the property.

Nature and source of information relied upon

Information used to prepare the valuation has been obtained from our property inspection and public records. Additional information relied on includes:

Name of Document	Source of Document
Deed of Lease	Property Manager
Deed of Variation	Property Manager
Warrant of Fitness	Property Manager
Detailed Engineering Evaluation (DEE)	Property Manager
Seismic Evaluation	Property Manager
Certified Floor Areas	Property Manager
Tenancy Information	Centuria
Capital Expenditure	Centuria

Reporting format

We have prepared a formal valuation report meeting appropriate professional standards.

This report must be read in conjunction with CBRE Limited Statement of Limiting Conditions and Valuation Policy.

Valuation standards

Our valuation has been prepared in accordance with International Valuation Standards (effective 31 January 2022) and Guidance Papers for Valuers and Property Professionals published by the Australian Property Institute (API), Property Institute of New Zealand (PINZ) and New Zealand Institute of Valuers (NZIV).

5.0 RECORD OF TITLE

5.1 TITLE INFORMATION

Identifier	604022
Land registration	Canterbury
Legal description	Section 1, 3 Survey Office Plan 455337
Estate	Fee Simple
Area	7.1811 ha (more or less)
Registered owner(s)	Shands Road Nominees Limited

Interests

- Subject to Section 59 Land Act 1948 (affects the part Section 3 SO 455337 formerly part Rural Section 38146)
- Subject to Section 8 Mining Act 1971 (affects the part Section 3 SO 455337 formerly Rural Section 40651)
- Subject to Section 168A Coal Mines Act 1925 (affects the part Section 3 SO 455337 formerly Rural Section 40651)
- Appurtenant to the part Section 3 SO 455337 formerly Lot 2 DP 59933 is a right to convey electric power specified in Easement Certificate 961911.7
- Appurtenant to Section 3 SO 455337 is a right to drain sewage specified in Easement Certificate A472513.5
- Subject to a right to convey electric power in gross over the part Section 3 SO 455337 marked C on DP 306536 to Orion New Zealand Limited created by Transfer A472513.6
- Consent Notice pursuant to Section 221 Resource Management Act 1991 - 4.9.2000 at 9.00 am (affects Section3 SO 455337)
- Consent Notice pursuant to Section 221 Resource Management Act 1991 - 14.7.2004 at 9:00 am (affects Section 3 SO 455337)
- Subject to a right to drain sewage over the part Section 3 SO 455337 marked B on DP 306536.
- Subject to Part IVA Conservation Act 1987 (affects Section 1 SO 455337)
- Subject to Section 11 Crown Minerals Act 1991 (affects Section 1 SO 455337)
- Subject to Section 120(9) Public Works Act 1981
- 10287823.3 Mortgage to ASB Bank Limited - 22.12.2015 at 4:51 pm

Comments

The right to drain sewage relates to an easement adjacent to the southwestern boundary extending from a point approximately 33 metres from Shands Road and extending to the boundary. The right to convey electric power comprises a 'U' shaped easement along the Shands Road frontage.

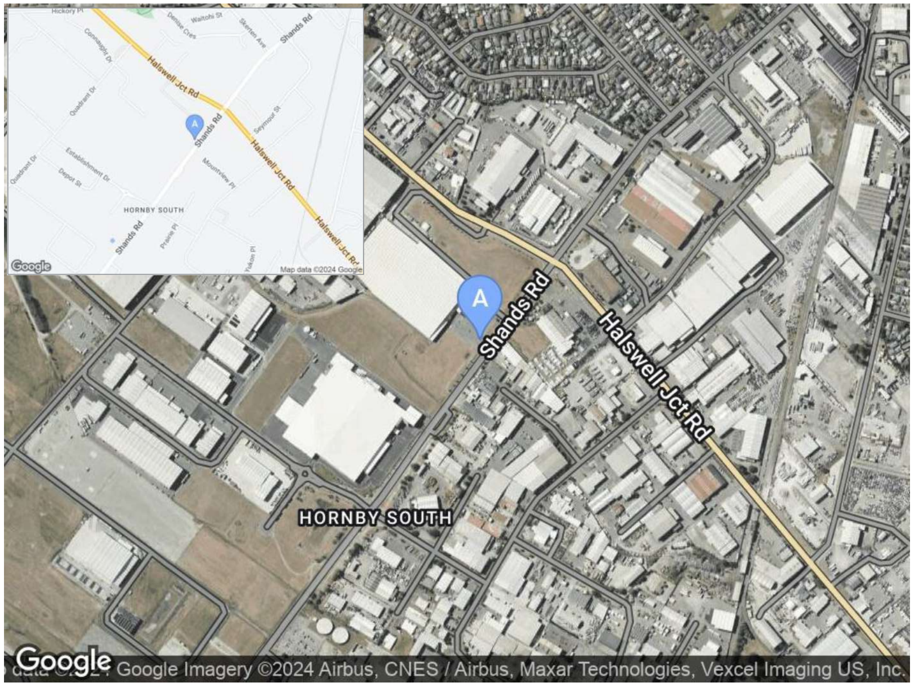
The consent notice A4725513.7 relates to the original subdivision consent from the property. It requires stormwater to be returned to the ground and a flow path along the road frontage. The consent notice 6078327.4 relates to condition of subdivision which involves stormwater disposal, floor levels and a reserve contribution credit.

We do not consider that the easement and consent notices have a material impact on the rental value of the property.

See **Appendix A** for the Record(s) of Title.

6.0 LOCATION

6.1 LOCATION DETAILS



Suburb

Hornby

Location

The substantial property occupies a prominent corner location being situated at the intersection of Shands Road and Halswell Junction Road in the well established industrial suburb of Hornby.

The intersection of Shands Road and Halswell Junction Road is now controlled by traffic lights. The building is a well known landmark in this sector of the city.

Shands Road is one of the principal traffic routes through this sector of the city linking with the Main South Road at the centre of the central commercial area of Hornby and then extending southwest. Halswell Junction Road carries high volumes of traffic linking with the new Southern Motorway extended through to Rolleston. With the extension of the Southern Motorway there is now very good linkage with the centre city and the Port of Lyttelton.

This is a highly regarded industrial location which has experienced a significant amount of new building development post the 2010/2011 earthquakes. It is a well established location for the distribution/logistics industries as well as manufacturing and is expanding with the new Mania subdivision by Ngai Tahu Property further along Shands Road and the adjoining Calder Stewart Subdivision.

Surrounds

Industrial with vacant site to the south.

7.0 LAND

7.1 SITE DESCRIPTION

Area	71,811 m² (more or less)
Shape	Nearly rectangular
Contour	Near level
Services	All services available
Access	Access from both Shands Road for carparking and Halswell Junction Road for heavy vehicles.
Site coverage	41%
Carparks	120
Comments	The building is set back from both road frontages adjacent to the southwest and northwest boundaries. The area forward of the building along Shands Road provides off-street parking for light vehicles. The main heavy vehicle access point is from Halswell Junction Road with exit onto Shands Road. Future development land is provided at the intersection of Shands Road and Halswell Junction Road.
Contamination	We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns. We refer you to our Statement of Limiting Conditions and Valuation Policy on matters relating to potential contamination.

8.0 RESOURCE MANAGEMENT

8.1 ZONING INFORMATION

Territorial authority	Christchurch City
Plan status	Operative
Zone	Industrial Heavy Zone

Zone description

The Industrial Heavy Zone recognises and provides for industrial activities that generate potentially significant adverse effects on the surrounding environment (such as high levels of noise, odour and heavy traffic movements), or involve significant use and storage of hazardous substances, necessitating separation from more sensitive land use activities.

Development controls

- Ancillary retail activity shall occupy no more than 250m² or 25% of the GFA of all buildings on the same site, whichever is the lesser and be limited to the display and sale of goods produced, processed or stored on the site;
- Ancillary offices shall occupy no more than 500m² or 30% of the GFA of all buildings on the same site, whichever is the lesser, or for yard-based activities, shall occupy no more than 250m² of floor area on the whole site;
- Building setback of 1.5 metres from road boundaries, with 3 metres if classed as an arterial road;
- Further restrictions apply if situated near a residential or rural zone.

Notations

The property is in the **Christchurch International Airport Protection Surfaces Area**. These areas have rules to protect the operational airspace surrounding the airfield. The rules limit the height of structures, vegetation or other activities thus removing physical, operational or navigational impediments to the safe operation of aircraft in the vicinity of the airfield. The area covers much of greater Christchurch City.

8.2 PROPOSED ZONING

Proposed district plan	Proposed
Zone	Industrial Heavy Zone

Zone description

The Industrial Heavy Zone is retained.

8.3 RATING VALUATION

As at 1 August 2022:

Land Value	Improvements Value	Capital Value
$11,900,000	**$39,800,000**	**$51,700,000**

Rating Valuations are conducted on a mass appraisal basis, generally once every three years, in order to provide a basis to assist territorial authorities to collect revenue through rates. Individual properties are not inspected on a regular basis and changes in the improvements may not be recorded. The rating values are expressed on a Freehold Estate basis.

8.4 LAND INFORMATION MEMORANDUM

We have previously been supplied with a Land Information Memorandum (LIM) dated 2015 from the Christchurch City Council. the LIM recorded the following:

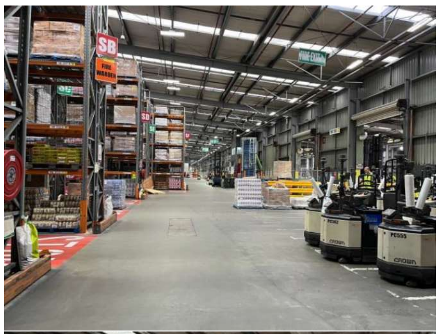
- The property is located in a Limited Sewer Discharge Area.
- The property is not located in a Special Amenity Area.
- The property is not in a community footprint.
- It is not subject to a designation
- It is not subject to road widening.
- It does not include an historic building.
- There are no protected trees.
- t is not subject to noise control.

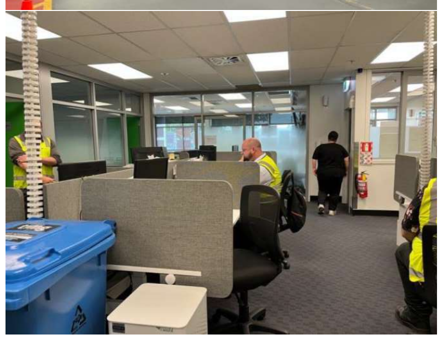
We have not sighted a current LIM.

9.0 IMPROVEMENTS

9.1 OVERVIEW

We understand the original warehouse building was constructed in 2000 with significant expansion and extensions undertaken in 2012 to meet the needs of the tenant. The original building provided a single level office block with attached high stud distribution warehouse with a lean-to battery charge bay and a large covered canopy area. The 2012 extension extended the office accommodation, staff amenities and extended the warehouse as well as the covered canopy area and the battery store.



See **Appendix B** for additional photographs.

Our valuation has been prepared on the basis of the improvements being located within the site boundaries and constructed strictly in accordance with the recommended practices, and free from any defect; unless otherwise stated within this report.

9.2 OFFICE & WAREHOUSE

9.2.1 Floor areas

The certified rentable floor areas are as follows:

Component	Area	% of Total
Offices	255.20 m²	0.9%
Dispatch Office	53.35 m²	0.2%
Mezzanine Office	24.77 m²	0.1%
Battery Charging	217.58 m²	0.7%
Secure Store	98.72 m²	0.3%
Warehouse	15,040.90 m²	50.7%
Loading Canopy	1,824.30 m²	6.1%
Quarantine Store	98.72 m²	0.3%
Canopy Adjacent	68.90 m²	0.2%
Canopy Office	10.55 m²	0.0%
Guardhouse	13.82 m²	0.0%
Café Courtyard	32.24 m²	0.1%
New Office	214.30 m²	0.7%
New Battery Charging	383.80 m²	1.3%
New Warehouse	7,010.20 m²	23.6%
New Canopy	4,347.70 m²	14.6%
Total Rentable Floor Area	**29,695.05 m²**	**100.0%**

9.2.2 Construction

Foundation	Concrete
Flooring	Concrete
Exterior walls	Predominantly concrete panel with areas of aluca bond, hardiflex and longrun metal
Framing	Steel
Roofing	Longrun galvanised metal
Joinery	Aluminium
Internal linings	Plasterboard
Ceilings	Suspended mineral fibre panel ceilings to offices
Natural lighting	Provided by roof mounted skylights
Artificial lighting	Provided by fluorescent tubes
Services	The building has been maintained to a good standard with almost all of the minor earthquake damage to the buildings repaired. There is some remaining repair work required to some floor cracking which is to be repaired. The office and staff amenities have been maintained to a good standard for a building of this age and the site improvements have also been well maintained.

9.2.3 Layout and accommodation

In simple terms the building provides four separate components comprising the:

- Front office block and amenities
- Main warehouse
- Battery charging
- Canopy

Within the main warehouse area is also the despatch office and mezzanine office.

The front office block provides a reception area, general office, three managerial offices, locker room, male and female toilets, first aid room, storeroom, staff cafeteria and kitchen.

Adjacent to the staff cafeteria there is an outdoor courtyard.

The main office area has carpet floor coverings and glazed partitions with the toilet and cafeteria having vinyl floor coverings. The staff cafeteria has extensive floor to ceiling glazing.

The main warehouse area provides high stud accommodation with a side wall ranging from 7.5 metres to 8.5 metres. There are central columns supporting the roof structure.

There are multiple entry points to the warehouse along the eastern elevation with ten full height roller doors and three lower height roller doors. There is also a loading dock within the large canopy area.

The warehouse has full height concrete panel walls on three elevations with part concrete panel and part long run metal along the eastern wall. The warehouse has excellent natural lighting permitted by full width roof skylights supplemented by suspended fluorescent tubes.

The loadout area provides high stud covered loading with central steel columns. This area is fully sprinklered and has lighting. Along the southern wall there is the battery room which is a lean-to structure of concrete panel construction.

The despatch office is located from the main warehouse area along the eastern wall, with the ground floor providing two office areas and a staff cafeteria and male and female toilets. The mezzanine level provides further office accommodation.

9.2.4 Building condition

The building has been maintained to a good standard with almost all of the minor earthquake damage to the buildings repaired. There is some remaining repair work required to some floor cracking which is to be repaired.

The office and staff amenities have been maintained to a good standard for a building of this age and the site improvements have also been well maintained.

9.3 CAPITAL WORKS

We have been provided with a CAPEX Budget which is summarised as follows:

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Building	$10,000				
Roof	$320,800				
Mechanical & Elec	$37,750	$143,000	$54,990	$41,860	$31,200
Seismic	$400,000				
Other		$30,000	$15,010	$28,140	$38,800
Total	**$768,370**	**$173,000**	**$70,000**	**$70,000**	**$70,000**

We have made allowance for these CAPEX in our cashflows.
We have also made an allowance in year 10 of $500,000 to cover potential refurbishment and potential costs associated with a vacancy.

9.4 BUILDING WARRANT OF FITNESS (BWOF)

The Building Act 2004 requires that all buildings which include certain specified systems must have a Compliance Schedule and a Building Warrant of Fitness (BWOF). The Act requires the various services and other facilities as set out in the Compliance Schedule to be inspected on a regular basis, and the Warrant of Fitness to be renewed annually.

A Building Warrant of Fitness has been issued for the subject property and this expires on 1 July 2025.

9.5 EARTHQUAKE CATEGORISATION

The Building (Earthquake-prone Buildings) Amendment Act 2016 came into full effect as from 1 July 2017. Under the new legislation:

The threshold for defining an earthquake-prone building remains, with amendments to clarify certain aspects (including that it applies to parts of buildings). In practice, an earthquake-prone building is often referred to as one that is less than 34% of the New Building Standard (NBS).

New Zealand is to be categorised into areas of high, medium and low seismic risk (with timeframes for identifying potentially earthquake-prone buildings of 5, 10 and 15 years, and timeframes for strengthening earthquake-prone buildings of 15, 25 and 35 years, dependent on the seismic risk of the area).

This legislation excludes certain buildings (including most residential buildings) and targets buildings that pose the greatest risk. Priorities of the legislation is of earthquake-prone education buildings, emergency service and health facilities, by requiring medium to high risk areas to be identified and remediated in half the standard time. Remediation of earthquake-prone buildings will be required when substantial alterations are undertaken.

Territorial Authorities are required to carry out an assessment of all buildings to identify if they might be earthquake prone. The territorial authority has 10 years to complete this and then notify owners who will then have 12 months to dispute this. If confirmed as being earthquake prone the building will be placed on a national register. From this point the owner has the specified times to undertake the remedial repairs.

A DEE has been prepared by Buchanan & Fletcher Limited. It is dated 29 November 2013. The report commented that there had been no liquefaction noted on the site or surrounding area with no reports of damage to the office. Cracking to concrete panels noted particularly along the north wall where two panels had significant cracks. The report concluded the following:

Direction	Element	Failure Mode	% NBS
Across Building	Portal Frame	Bending at knee	73%
	Panels	Flexure at midspan	77%
	Panel fixing	Tension capacity	94%
	Eave Beam	Flexure	100%
Along Building	Roof/Wall framing	Axial load	83%
	Purlins	Compression	95%
	Panels in plane	Flexure	98%
	Panels face loaded	Flexure	95%

Based on this analysis earthquake resistance was assessed at 73%, limited by the bending strength of the portal frame.

The new warehouse and canopy were assessed at 100% NBS. The office and battery room were also assessed at 100% NBS.

We have been advised that a recent Detailed Seismic Assessment has been obtained which with an estimated cost of $400,000 for minor works to achieve 80% NBS.

9.6 ASBESTOS REGULATIONS

The Health and Safety at Work (Asbestos) Regulations 2016 came into effect on 4 April 2018. The regulations require workplaces to be surveyed for asbestos, and, an Asbestos Register and Asbestos Management Plan be prepared for buildings. A copy of the Asbestos Management Plan must be accessible on site.

Where Asbestos is present it can be left undisturbed if there is no risk to people, or it can be encapsulated, isolated or removed. If left undisturbed, future refurbishment or demolition requires further survey and works planning (including safe removal of Asbestos by competent persons).

We have not sighted an Asbestos Management Plan.

9.7 OTHER IMPROVEMENTS

Along the Shands Road frontage there is a large, sealed carpark for staff vehicles. The compound is secured by security fencing.

Adjacent to the carpark there is the heavy transport vehicle exit point which also incorporates a guard house.

Leading from the Halswell Junction Road frontage there is a large sealed access road with a further guard house which then leads to the main canopy area.

The area surrounding the canopy has a concrete surface.

9.8 DEVELOPMENT LAND

There is a large area of further development land situated at the intersection of Halswell Junction Road and Shands Road. There is also a smaller area along the Shands Road frontage.

This expansion land is currently under grass cover with drainage swales close to Halswell Junction Road.

When considering the market rent assuming a new lease in place we have adopted an excess land / development land area of 12,500m^2.

10.0 OCCUPANCY DETAILS

10.1 INTRODUCTION

We have been provided with a copy of the Deed of Lease and Deed of Variation of Lease. A summary follows.

Unless otherwise stated in this report, our valuation is prepared on the basis that the rental income referred to in this report will be payable in full at all times by tenant(s) in accordance with obligations under leases or agreements to lease. This includes the obligation to pay operating expenses.

The Scope of Work does not extend to making any enquiries as to the financial position or covenant strength of a tenant. Our broader observation of the nature and likely market perception of the tenant(s) is included in the preceding Risk Analysis summary and at Section 13 of this report.

10.2 LEASE SUMMARY

Tenant	General Distributors – now Woolworths
The premises	All the property at 146 Shands Road.
Commencement date	30 August 2004
Current commencement	30 August 2024
Current term	10 years
Remaining renewal terms	1 of 10 years
Current annual rent	$3,168,734 plus GST
Rent reviews	3 yearly
Rent review basis	Market
Business use	Any use permitted under the Operative District Plan

Outgoings

Outgoings recoverable from the tenant include:

- Rates or levies to any local or territorial authority
- Utility charges
- Rubbish collection charges
- Fire Service charges
- Insurance premiums, excess and related valuation fees
- Service contract charges
- Cleaning, maintenance and repair charges
- Ground maintenance
- Costs associated with the building warrant of fitness

Unrecovered outgoings include:

- Exterior maintenance
- Yard and carpark area maintenance
- Resurfacing yards / carparks
- Replacement of any plant and equipment
- Management expenses;
- Roof repairs
- Structural maintenance

Special conditions

The Lease was varied following Lessors works with an improvement rent of $7,000 from 1 September 2007 and $969,100 from 13 September 2012. These no longer apply from the 30 August 2024 renewal and rent review with the rental reverting to market.

10.3 LEASE COMMENTARY

The tenant is responsible for most operating expenses with the landlord responsible for exterior maintenance, maintenance of the yard area, resurfacing of the carpark and replacement of any plant or equipment. The lease contains a modified ratchet clause providing that the rental following renewal shall be the higher of the reviewed rent or the rent at lease commencement.

The lease has a subdivision clause to allow the Lessee to subdivide the premises into two separate titles being:

- The subdivided land.
- The balance not being the subdivided land.

Upon subdivision the purchase price for the subdivision land is $2,000,000.

Where the subdivision land still forms part of the premises at a rent review the rent payable for the subdivided land, being $210,000, is to be disregarded for the purpose of the ratchet.

On renewal the rental can take into account the rentable values of the improvements. The tenant has forever waived its right to purchase the subdivision land.

The Lessee can require the Lessor to complete Lessor's improvements works at the Lessor's cost. These works can be required where for genuine commercial reasons the Lessee wishes to carry out a refurbishment or rebranding of the premises, provided that there are at least 6 years remaining in the current lease term from the date the work is completed (or the Lessee agrees to an extension of the current lease term accordingly). The Lessor does not have the ability to approve the plans and specifications for these works, but this refurbishment clause cannot be used to fund Lessee fixtures and fittings.

Where such works are required by the Lessee, the Lessee pays an annual improvement rent at an amount equal to 11% of the actual costs of undertaking the work. This improvements rent is payable until the expiry of the current term of the lease.

The improvements rent payment expires on 30 August 2024.

10.4 LANDLORDS FIXTURES AND FITTINGS

The lease records the landlord's fixtures and fittings generally as follows:

- Site and site preparation including carparks, hard standard truck access
- Landscaping, planting, grassing, irrigation, retaining walls and carpark lighting
- Boundary security fencing and gates including electrification system
- Main entrance gatehouse and barrier arms
- Foundations and dock, including dock steps, dock levellers and base pads
- Drainage including storm and foul water and traps
- Condensate and evaporated drainage
- Structural steel work including battery room hoist/crane supporting beams and framing
- External walls including windows, doors and canopies
- Roller doors both internal and external
- Roof and roof installation
- Canopies for unloading and loading
- Floors including grades, set downs, service trenches, freezer/cool room slabs and battery room stands and platform
- Mezzanine floors and storage platforms, access stairs and ladders
- Safety/protection barriers
- Internal walls, mesh fencing/caged areas, partitions, windows and bulkheads
- Ceilings, including tiles (also including ceiling suspension systems)
- Finishers to all walls internal and external, ceilings and floors
- Wall protection, bollards etc
- Locker plinths
- Plumbing
- Air conditioning
- Fire protection system
- Incoming telephone main cable and MDF distribution frame
- Complete electrical system
- Roof platforms for HVAC
- Lunchroom bench units including sinks and servery
- Toilet, vanity and basins complete with all plumbing services
- Mirrors
- Pylon signage structures
- Vehicle washdown bay including canopy and surrounds
- Fire system valve house and pumps including deluge tank
- Gas cylinder compound

10.5 TENANTS FIXTURES AND FITTINGS

- Compactors
- Lessee supplied equipment
- Condensate and evaporated drains
- Suspended lighting frames
- Insulated panel work to cool rooms and freezers
- Lockers
- Lessee supplied equipment to Lessors supplied stub ups
- Connectors
- All data cabling and relay boxes

- Telephone system including wiring from distribution frame
- Lock-down alarm system
- Refrigeration system and associated electrics
- Internal signage and graphics

10.6 OPERATING EXPENSES

The property outgoings are approximately $17/m² which is considered realistic for a property of this scale in this location.

There are a number of non-recoverable outgoings meet by the landlord including:

- Exterior maintenance
- Yard and carpark area maintenance
- Resurfacing yards / carparks
- Replacement of any plant and equipment
- Management expenses;
- Roof repairs

We have allowed for non-recoverable operating expenses of **$30,000 per anum**.

10.7 WEIGHTED AVERAGE LEASE TERM

The property has a current WALT of 9.9 years.

10.8 NET INCOME SUMMARY

Income Summary	
Component	**Passing Income**
Annual Passing Income	$3,168,734
less Unrecovered Outgoings	($30,000)
Net Rental Income	$3,138,734
Total Net Income	**$3,138,734**

11.0 MARKET COMMENTARY

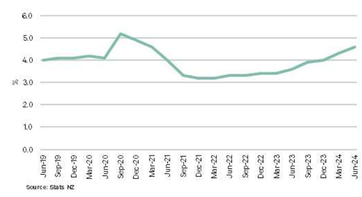
11.1 ECONOMIC OVERVIEW

- GDP fell by 0.2% in Q2 2024 compared to the previous quarter, following a 0.1% increase in Q1 2024. This decline was not as weak as expected by many economists, easing concerns that the economy may have taken a turn for the worse.
- After strong migration in 2022 and 2023, migration is now easing with provisional estimates for the June 2024 year showing a net gain of 73,300 compared to a net gain of 108,800 in the June 2023 year. The 131,200 migrant departures in the June 2024 year are, provisionally, the highest on record for an annual period.
- Consumer prices rose by 0.6% q/q in Q3 2024 with annual inflation at 2.2%. This is the first time since March 2021 that annual inflation is within the RBNZ's target of 1% - 3%. Central Banks around the world are now starting to ease cash rates in response to weaker inflation data together with concerns around an economic slowdown in larger economies such as the US and China.
- In October 2024, the RBNZ decreased the OCR by 50 bps to 4.75%, following a 25 bps cut in August 2024, citing a weakening economy and declining inflation. Further cuts are expected in the short term, with expectations the OCR will be closer to 3.5% by mid-2025.
- An elevated level of uncertainty is likely to persist over the foreseeable future due to significant global economic and political events compounding domestic dynamics. These trends continue to underpin a cautious attitude in the property sector around both occupier and investment market conditions over coming quarters, albeit the falling interest rate environment is expected to result in higher sales volumes in 2025.

GDP

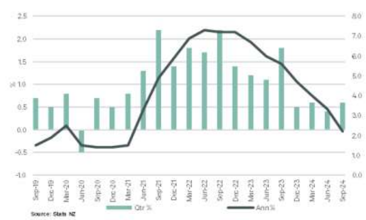
The Q2 2024 data was mixed. Overall, the economic shrank by 0.2% for the quarter. Retailing, wholesaling and forestry saw the most significant declines however, manufacturing saw a strong 1.9% rise.

Unemployment rate



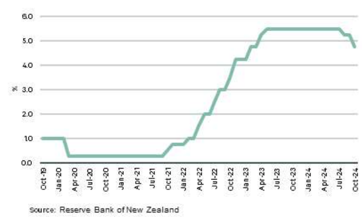
The unemployment rate continued to show moderate increases in recent quarters, with an annual increase of 1.0% for the June 2024 quarter. Labour market conditions are expected to remain tough in 2024 with redundancies becoming more widespread, especially in the Public sector.

CPI inflation



After peaking in late 2022, inflation has been steadily falling due to higher interest rates and weakening economic conditions. The latest figures show inflation has returned to the RBNZ target band of 1% - 3% for the first time since March 2021, which is expected to result in further interest rate cuts in the near term.

Interest rates



After holding the OCR at 5.5% since May 2023, the RBNZ made two successive cuts in August and October 2024, with further cuts expected over the next 6 months. Market expectations are that the OCR will fall to circa 3.5% by mid-2025.

11.2 CHRISTCHURCH PROPERTY MARKET

Key market changes:
While the impact of interest rates on cap rates is beginning to lessen, buyers are also considering more than just interest rates in their pricing decisions. Shifts in supply and demand conditions, as well as the effects of vacancy rates and rental growth, are increasingly shaping investor perspectives.

Even though there was an increase in vacant stock in both the CBD and Suburban office markets during the first half of 2024, the leasing market was very active with 108 new occupancies recorded in H1 in both markets. The office market in the CBD is transitioning into a new phase of supply. A considerable volume of Prime office space, roughly 37,000 sqm, is projected to become available between 2024 and 2026; most of it this year.

Industrial vacancy began to rise in H1 2024 across all submarkets, following a period of extremely low levels over the past year and a half. In H1, the industrial market was tainted by downsizing of industrial footprint by several tenants because of diminished demand and consolidation.

Prime retail rents experienced record high rental growth during Q2 (q-o-q growth of 12.0%), highlighting the strong demand for key retail locations in the CBD. This comes after a period of rental stability.

The table below illustrates indicative market parameters:

Market sector	Yield range
Prime CBD	5.75% - 6.45%
Secondary CBD	6.00% - 6.75%
Prime Suburban	6.00% - 8.00%
Secondary Suburban	6.00% - 8.00%
Prime Industrial	5.45% - 6.50%
Secondary Industrial	6.00% - 7.50%
Fringe & Strip Retail	5.50% - 7.25%

The rate of yield increases in the last quarters were the lowest since we commenced the easing cycle in early 2022. While interest rate pressures on cap rates are starting to dissipate, purchasers' pricing considerations are also moving beyond interest rates, with changes in supply-demand conditions and their vacancy and rental growth impacts increasingly influencing investor attitudes.

We anticipate that some vendors will face intensifying selling pressure in coming months. The subsequent transactions will offer insight into where the remaining difference between seller and buyer price expectations will eventually balance out.

CBRE's evaluation for Q2 showed a general pattern of stable market yields.

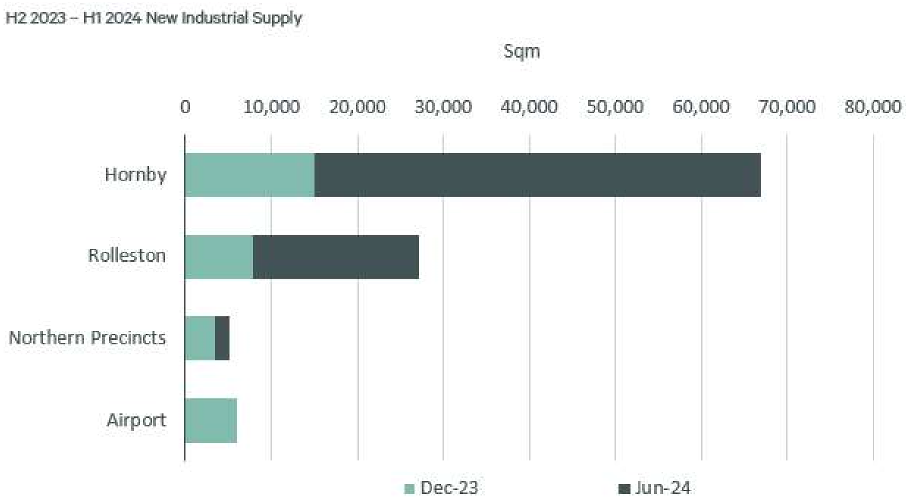
11.3 INDUSTRIAL MARKET

Industrial New Supply
Between H2 2023 and H1 2024, Christchurch's industrial market received a total of 105,102 sqm of new stock. Specifically, 32,252 sqm were added in H2 2023, and 72,850 sqm in H1 2024. Notably, the lack of geographic diversification for new industrial supply persisted during H1 2024, with only three suburbs—Hornby, Rolleston, and, to a lesser extent, Northern Precincts—welcoming new industrial space. In contrast, during H2 2023, four suburbs experienced an increase in industrial supply, whereas in previous periods, the average number of suburbs involved was between eight and ten.

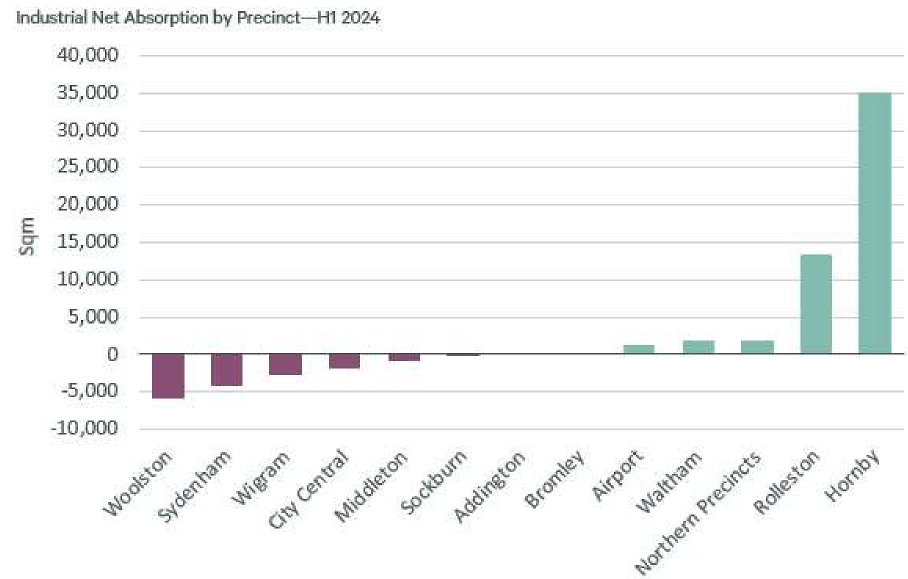
Hornby continues to lead in terms of new industrial supply. In the second half of last year, it received 10,267 sqm of new stock, followed by Rolleston (7,936 sqm) and Airport (5,890 sqm). Additionally, in the first half of this year, Hornby received 51,880 sqm, with Rolleston (19,255 sqm) and Northern Precincts (1,715 sqm) following suit.

Hornby and Rolleston remained the preferred locations for developers building large industrial assets. Notably, the largest industrial building completed in Christchurch during H1 was 415 Waterloo Road in Hornby (a 14,672 sqm building), occupied by Sorted Logistics. Following closely was 60 Pereita Drive in Rolleston (11,500 sqm), housing Woolworth's purpose-built fresh distribution centre. During this period, the average size of new industrial buildings increased to 3,642 sqm, surpassing the average size during H2 2023 (2,304 sqm). Additionally, out of the total 20 new buildings completed in the last six months, four exceeded 5,000 sqm, with three of them located in Hornby.

The chart below depicts new industrial supply:



Net absorption by precinct is depicted below:



Industrial Net Absorption

Even though demand in the industrial market is starting to show some signs of softening, net absorption is still holding up. Total net absorption during H1 2024 was 37,760 sqm, not too dissimilar to the level achieved in H2 of last year (circa 39,000 sqm). Net absorption continued to be supported by high levels of new industrial stock. Out of the total 72,850 sqm of new supply that hit the market in H1, circa 69,000 sqm were occupied. This helped to push up the net absorption in the Grade A submarket in this period, which reached 50,740 sqm, tracking above the historical average level for this submarket. In contrast, the Secondary industrial market (Grades B, C and D) registered a negative net absorption of -12,980 sqm.

During H1, Hornby had the largest net absorption with circa 35,100 sqm, followed by Rolleston (13,452 sqm) and Northern Precincts (1,917 sqm). However, this was partially offset by negative net absorption in Woolston (-5,829 sqm), Sydenham (-4,132 sqm) and Wigram (-2,816 sqm).

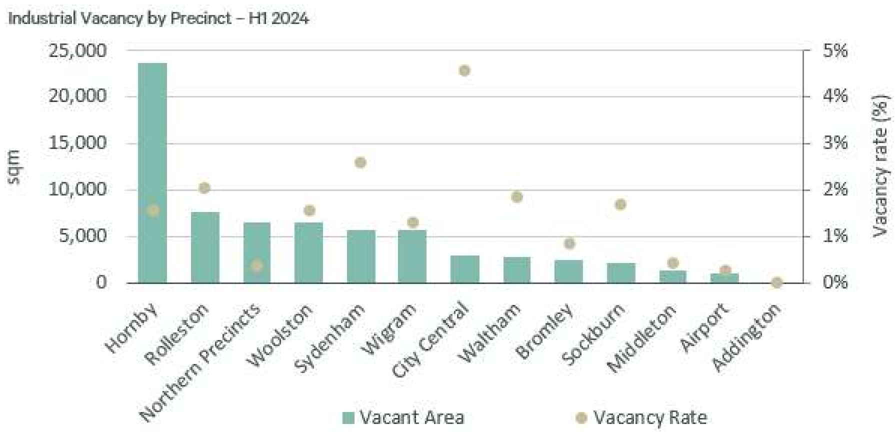
Industrial Vacancy

After experiencing extremely low levels in the previous 12 months, industrial vacancy started to increase during H1 2024 across all submarkets. During this period, it sat at 1.4%, up from 0.6% in H2 2023. The Christchurch industrial market is experiencing shifts in supply and demand dynamics. Notably, there's subdued demand for industrial space, combined with an emergence of occupiers subleasing part of their leased footprint and large companies downsizing. Additionally, vacant space may become more noticeable in the second half of the year as some companies relocate to purpose-built assets

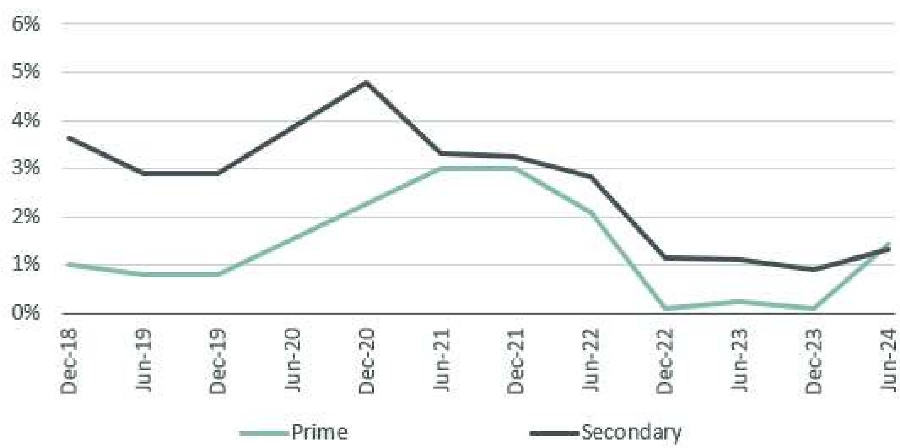
During H1, Grade A buildings experienced a significant increase in vacancy, rising by 22,110 sqm, moving from 0.1% to 1.4%. This was primarily driven by tenants downsizing their industrial footprint and companies vacating the Christchurch market.

Grade B buildings also experienced an increase in vacancy, rising from 1.00% to 1.79% (approximately 12,000 sqm). The primary reason behind this shift is companies downsizing their industrial space.

Industrial Vacancy by Precinct is depicted below:



The chart below depicts Christchurch industrial vacancy:



Industrial Rents

After benefiting from gradual rental growth between Q4 2021 and Q1 2024, the Christchurch industrial market experienced stable rents in Q2 2024. Notably, the market exhibited softening trends, including more moderate occupier demand and an increase in vacant space.

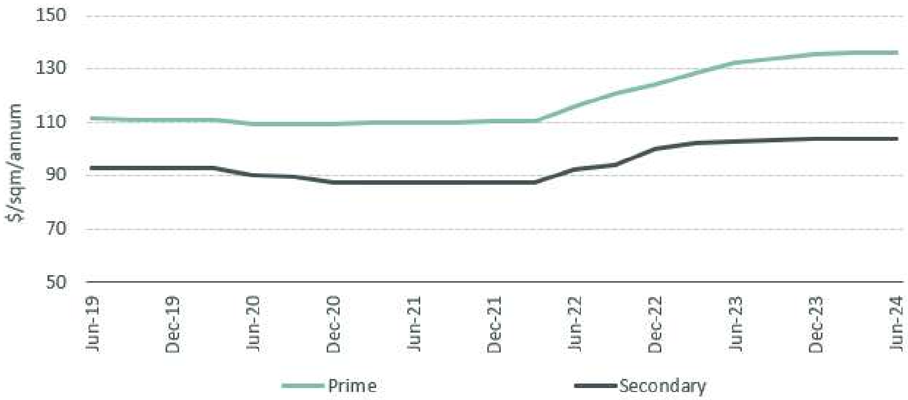
Industrial Prime net effective rents remained unchanged in Q1 at $136 per sqm, whilst Secondary net effective rents remained at $104 per sqm. On an annual basis, Prime net effective rents increased by 2.7% and Secondary net effective rents rose by 1.0%.

Incentives remained stable in Q2 2024. Based on CBRE's assessment, both industrial Prime and Secondary indicative market incentives remained at 1.4% of face rents. These levels of incentives have been consistent since the second half of 2022.

Outlined below are indicative net (excluding operating expenses) rental rates from various sectors for industrial property:

Location	Offices	Warehouse
Bromley/Wainoni	$100-180/m^2	$60-100/m^2
Hillsborough/Woolston	$120-220/m^2	$75-120/m^2
Central City/Sydenham	$135-250/m^2	$80-140/m^2
Middleton/Wigram	$150-265/m^2	$90-145/m^2
Hornby	$150-265/m^2	$90-150/m^2
Rolleston	$160-250/m^2	$85-130/m^2
North Canterbury	$160-230/m^2	$85-120/m^2

The graphic below depicts the trend in rental levels over recent years:



12.0 MARKET RENT ASSESSMENT

12.1 MARKET RENT

Income-based valuation assessments consider the cash flow that could be, or is, generated from the property. Part of the process is a review of the potential rental earning capacity, or Market Rent. Market Rent is defined in International Valuation Standard 104 as:

> *The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

To establish a market rental for the premise we have made comparison with recent rental settlements for comparable accommodation in the wider location.

The best evidence is that of new leasing agreements of comparable premises in the same or similar locations with the date of the transaction being as close as possible to the subject rent review date. Regard can also be had to lease renewals and rent reviews where these are consistent with the new lease evidence, however carry less weight.

The rental evidence has been analysed on a Net basis (excluding operating expenses).

Adjustments made for variation in factors such as the size and quality of accommodation, location and where the lease terms are varied.

12.2 RENTAL EVIDENCE

Rental settlements that assist in establishing a market rent include the following:

21-27 Pereita Drive, Rolleston

Tenant			Cardinal Logistics
Date			1 March 2024
Type			New, net lease
Office/amenities	240.00	@	$250.00/m^2
Warehouse	7,616.00	@	$122.57/m^2
Breezeway	1,512.00	@	$80.00/m^2
Carparks	23.00	@	$15.00/week

A modern, large scale industrial premises providing good quality accommodation including two, single level office and amenity blocks, 12 metre stud warehouse, drive-through enclosed canopy and concrete yard.

7 Hynds Drive, Rolleston

Tenant			Nevada Group Limited
Date			9 October 2023
Type			New, net lease
Ground floor office	231.30	@	$240.00/m^2
First floor office	224.50	@	$240.00/m^2
Warehouse	2,360.30	@	$107.12/m^2
Canopies	281.60	@	$62.50/m^2
Carparks	25.00	@	$14.25/week

Comprising a 2023 completed building incorporating a 5.4 metre stud warehouse with multiple access points and high quality offices. The lease included a reduced initial rent, with the effective rent analysed.

17 Halwyn Drive, Hornby

Tenant			Hammar New Zealand Limited
Date			1 July 2024
Type			New, net lease
Office/amenities	256.10	@	$220.00/m^2
Warehouse	1,190.20	@	$126.12/m^2
Mezzanine	86.60	@	$50.00/m^2
Canopy	254.50	@	$70.00/m^2
Washpad	70.00	@	$70.00/m^2
Carparks	17.00	@	$15.00/week

A 2007 built industrial building providing offices and amenities, mezzanine, 7.8 metre stud warehouse and canopy accommodation.

2 Aruhe Road, Hornby

Tenant			Alliance Logistics Group Limited
Date			1 October 2024
Type			New, net lease
Office	207.00	@	$250.00/m^2
Warehouse	2,791.50	@	$137.74/m^2
Canopy	445.00	@	$65.00/m^2
Carparks	16.00	@	$15.00/week

Comprising a 2024 completed industrial building incorporating an 11 metre stud warehouse and well-appointed offices. The tenancy occupies part of a corner site. The lease provides an inducement, with the effective rent analysed.

53 Izone Drive, Rolleston

Tenant			FMI Building Innovation Limited
Date			1 June 2024
Type			Sale and lease back
Office	401.00	@	$240.00/m²
Warehouse	7,457.60	@	$136.25/m²
Warehouse office	53.20	@	$200.00/m²
Plant room	130.80	@	$135.00/m²
Carparks	59.00	@	$15.00/week
Gantries	1.00	@	$56,000.00/unit

Comprising a manufacturing facility completed in two stages- 2010 and 2019. The warehouses provide 10 metre stud accommodation with multiple access points, while the offices are well-appointed. The property includes three gantry cranes.

9 Commerce Crescent, Islington

Tenant			Supply Chain Solutions
Date			1 January 2024
Type			New, net lease
Offices	330.00	@	$270.00/m²
Warehouse	6,200.00	@	$144.76/m²
Breezeway	1,553.00	@	$90.00/m²
Carparks	6.00	@	$15.00/week

Comprising a proposed 9 metre stud industrial building with good quality offices over two levels and a breezeway.

Confidential, Hornby

Tenant			Confidential
Date			26 June 2024
Type			New, net lease
Offices	300.00	@	$260.00/m²
Warehouse	23,939.00	@	$163.91/m²
Breezeway	2,040.00	@	$90.00/m²
Canopy	2,825.00	@	$65.00/m²
Carparks	47.00	@	$15.00/week

A high stud design- build facility with 65% site coverage. Insulated walls and ceilings. Fixed annual growth at 2.95% with an 18 year lease.

33 Kennaway Road, Woolston

Tenant			Kathmandu Limited
Date			21 May 2021
Type			Renewal
Offices	197.70	@	$235.00/m^2
Warehouse	7,804.30	@	$112.87/m^2
Canopy	1,789.40	@	$72.50/m^2
Car Parks	66.00	@	$12.50/week

The property comprises a substantial design-build distribution centre occupied by Kathmandu. It was originally constructed in 2012, with an extension completed in 2014. It provides a large rectangular shaped 10.5 metre stud, sprinklered, warehouse with cantilevered canopy and an attached office and amenity block. Lease renegotiated 2021 with rent reduce to $1,100,000 on basis of early renewal.

928 Halswell Junction Road, Hornby

Tenant			Wyma Engineering Limited
Date			1 April 2023
Type			New, net lease
Offices	767.00	@	$245.00/m^2
Cafe/training	940.00	@	$235.00/m^2
Workshops	489.00	@	$150.00/m^2
Factory- assembly	4,510.00	@	$125.00/m^2
Factory- fabrication	2,632.00	@	$125.00/m^2
Plant & paint rooms	444.00	@	$150.00/m^2
Canopy	618.00	@	$65.00/m^2
Courtyard	252.00	@	$85.00/m^2
Carparks	147.00	@	$12.50/week
Gantry cranes	1.00	@	$100,000.00/unit

Comprising a 2023 completed purpose-built fabrication and assembly plant offering high stud, well-appointed accommodation.

32 Hammersmith Drive, Wigram

Tenant			Profile Group Limited
Date			1 September 2022
Type			New, net lease
Office	304.00	@	$195.00/m^2
Workshop	88.00	@	$125.00/m^2
Warehouse office	16.70	@	$120.00/m^2
Warehouse	2,994.50	@	$105.55/m^2
Mezzanine	89.00	@	$60.00/m^2
Canopy	139.40	@	$50.00/m^2
Carparks	43.00	@	$15.00/week

Comprising a 2006 completed industrial building incorporating good quality offices (extended and refurbished in 2016) and a medium stud warehouse with multiple access points.

31 Islington Avenue, Islington

Tenant			Outdoor Holdings Limited
Date			1 July 2022
Type			New, net lease
Office	251.00	@	$220.00/m^2
Warehouse	2,207.00	@	$109.95/m^2
Canopy	357.00	@	$60.00/m^2
Carparks	21.00	@	$12.50/week

Comprising a recently completed building providing an 11 metre stud warehouse with good quality offices.

925 Halswell Junction Road, Islington

Tenant			Keraplast
Date			1 May 2022
Type			New, net lease
Office	198.00	@	$200.00/m²
Warehouse	2,368.00	@	$114.91/m²
Canopy	399.00	@	$60.00/m²
Carparks	15.00	@	$12.00/week

Comprising a recently completed building providing an 11 metre stud warehouse with good quality offices.

23A Commerce Crescent, Islington

Tenant			Prebble Seeds
Date			25 June 2022
Type			Review of a net lease
Offices & Amenities	210.60	@	$205.00/m²
Warehouse	2,245.40	@	$110.00/m²
Canopy	291.40	@	$50.00/m²
Carparks	11.00	@	$12.50/week

Comprising a proposed industrial building to incorporate conventional offices and a 6.0 metre warehouse with multiple access points.

25 George Bellew Road, Yaldhurst

Tenant			McKenzie Balfour & Associates Limited
Date			1 March 2022
Type			New, net lease
Office 1	115.00	@	$240.00/m²
Office 2	115.00	@	$240.00/m²
Warehouse	1,501.00	@	$110.89/m²
Warehouse	1,501.00	@	$110.50/m²
Carparks	26.00	@	$15.00/m²

An industrial building situated within the Christchurch airport industrial park, known as 'Dakota Park'. It provides open span, 8 metre stud warehouse, offices and canopy accommodation.

11 Washbournes Road, Wigram

Tenant			Maxum Foods NZ Limited
Date			21 November 2022
Type			New, net lease
Office	224.00	@	$\$215.00/m^2$
Warehouse	1,500.00	@	$\$115.73/m^2$
Canopy	225.00	@	$\$60.00/m^2$
Carparks	15.00	@	$12.50/week

A near completed industrial building providing 9 metre stud warehouse with adjoining office and canopy accommodation.

14 Establishment Drive, Hornby South

Tenant			New Zealand Riverland Foods
Date			1 March 2023
Type			New, net lease
Office & Amenities	200.00	@	$\$240.00/m^2$
Warehouse	4,000.00	@	$\$134.84/m^2$
Canopy	570.00	@	$\$65.00/m^2$
Carparks	20.00	@	$15.00/week

A recently constructed building providing a 10 metre stud warehouse, canopy and good quality offices.

59 Halwyn Drive, Hei Hei

Tenant			Douglas Furniture
Date			1 May 2023
Type			New, net lease
Ground floor office	145.40	@	$180.00/m^2
Ground floor amenities	41.00	@	$180.00/m^2
First floor office	145.50	@	$170.00/m^2
First floor office	28.80	@	$170.00/m^2
First floor amenities	15.50	@	$170.00/m^2
Warehouse	2,839.40	@	$98.46/m^2
Canopy	190.80	@	$60.00/m^2
Carparks	43.00	@	$15.00/week

A substantial 2004 constructed industrial building providing 7.7 metre stud warehouse with offices and amenity accommodation over two levels.

15 Pilkington Way, Wigram

Tenant			Tesla
Date			1 September 2023
Type			Assignment
Office and amenities	109.90	@	$235.00/m^2
Warehouse office	50.20	@	$185.00/m^2
Mezzanine amenities	82.50	@	$185.00/m^2
Warehouse - 8m	1,957.70	@	$117.84/m^2
Warehouse 6.2 - 7m	974.30	@	$107.50/m^2
Mezzanine compressor	28.40	@	$50.00/m^2
Canopies	58.40	@	$65.00/m^2
Plant Platform	65.10	@	$35.00/m^2
Carparks	20.00	@	$15.00/week
Carparks - Tandem	3.00	@	$22.50/week

An industrial building incorporating offices and amenities over two levels and 6.2 metre stud warehouse. The lease was previously sublet by 'Altus NZ'. This lease pertains to 'Tesla' becoming the head lessee.

69 Shands Road, Hornby

Tenant			The Skills Organisation Incorporated
Date			1 January 2024
Type			New, net lease
Ground floor office	166.00	@	$230.00/m^2
First floor office	192.40	@	$230.00/m^2
Trade hall	680.30	@	$133.00/m^2
Warehouse	1,695.40	@	$132.40/m^2
Canopy	116.40	@	$70.00/m^2
Carparks	44.00	@	$15.00/week
Concrete yard	3,788.00	@	$35.00/m^2

The former Placemakers, a 2013 completed industrial building in a relatively high profile position. The main building incorporates a retail area, internal offices and a 6.10 metre stud warehouse/drive-through. The site also provides off-street parking for 44 vehicles and a large concrete yard.

Hornby

Tenant			Confidential-
Date			1 January 2024
Type			New, net lease
Office	258.80	@	$260.00/m^2
Warehouse	3,271.70	@	$140.46/m^2
Breezeway	1,086.30	@	$80.00/m^2
Carparks	26.00	@	$15.00/week

Comprising a 2023 completed structure incorporating good quality offices, a 10.0 metre stud warehouse with multiple access points and a breezeway. The lease provides for a rent free period and stepped increases, with the effective rent analysed.

69 Seymour Street, Hornby

Tenant			Steel & Tube Holdings Limited
Date			19 November 2023
Type			Review of a net lease
Office & amenities	605.70	@	$240.00/m^2
Warehouse	9,011.50	@	$125.18/m^2
Carparks	37.00	@	$15.00/week
Yard	2,600.00	@	$35.00/m^2

A circa 2018 industrial building situated on a 1.8376 hectare site. The property comprises high stud warehousing and well appointed offices and amenities together with a large concrete yard and a sealed off street parking area.

12.3 MARKET RENT SUMMARY AND CONCLUSION

Based on the evidence available we analyse the following rental range:

Component	Rental Rate Range		
Office	$180/m²	-	$270/m²
Warehouse	$99/m²	-	$164/m²
Canopy	$63/m²	-	$90/m²
Carparks	$12.50/week	-	$15/week

There has been a marked increase in rentals achieved for new buildings which is evidenced by the new design builds detailed above. In these modern subdivisions warehouse rents are now up to $164/m² and office rents at $260/m².

The subject is inferior to the most modern high stud purpose-built facilities and should attract a rent for the warehouse space towards the lower end of the range reflecting size and quality with a slightly higher rate for the more modern warehouse extension. We have adopted $100/m² and $105/m² respectively.

Both the original and moder recent canopies are large relative to the total building area. We have adopted $65/m² and $75/m² respectively. The original offices are rather basic and we have adopted $150/m² with the new offices at $175/m².

We have adopted carparks at $15 per week which is in line with all the recent leasing evidence in this sector of the city.

12.4 PASSING VS MARKET RENT ANALYSIS

Our analysis of the current passing rent in comparison to the assessed market rent is as follows:

Passing & Market Rent Comparison

Component	Area/Units	Passing Rent Analysis		Market Rent Analysis		Variance	
	m²/units	$/m² or unit	$pa	$/m² or unit	$pa	$	%
Offices	255.2	$172.50	$44,022	$175.00	$44,660	($638)	(1.4%)
Dispatch Office	53.4	$150.00	$8,003	$150.00	$8,003	-	-
Mezzanine Office	24.8	$145.00	$3,592	$150.00	$3,716	($124)	(3.4%)
Battery Charging	217.6	$87.50	$19,038	$90.00	$19,582	($544)	(2.9%)
Secure Store	98.7	$87.50	$8,638	$90.00	$8,885	($247)	(2.9%)
Warehouse	15,040.9	$99.00	$1,489,077	$100.00	$1,504,090	($15,013)	(1.0%)
Loading Canopy	1,824.3	$65.00	$118,580	$65.00	$118,580	-	-
Quarantine Store	98.7	$87.50	$8,638	$90.00	$8,885	($247)	(2.9%)
Canopy Adjacent	68.9	$65.00	$4,479	$65.00	$4,479	-	-
Canopy Office	10.6	$65.00	$686	$65.00	$686	-	-
Guardhouse	13.8	$135.00	$1,866	$140.00	$1,935	($69)	(3.7%)
Café Courtyard	32.2	$62.50	$2,015	$60.00	$1,934	$81	4.2%
New Office	214.3	$172.50	$36,967	$175.00	$37,503	($536)	(1.4%)
New Battery Charging	383.8	$92.50	$35,502	$100.00	$38,380	($2,879)	(8.1%)
New Warehouse	7,010.2	$102.50	$718,546	$105.00	$736,071	($17,526)	(2.4%)
New Canopy	4,347.7	$72.50	$315,208	$75.00	$326,078	($10,869)	(3.4%)
Carparks	146.0	$15.00	$113,880	$15.00	$113,880	-	-
Subdivision Rent	1.0	$210,000.00	$210,000	$210,000.00	$210,000	-	-
Plus Unrecovered Opex			$30,000		$30,000	-	-
Total			**$3,168,734**		**$3,217,344**	**($48,610)**	**(1.5%)**

The rental has been agreed from 1 September 2024 at $3,168,734 which is close to market.

13.0 SALES EVIDENCE

13.1 INTRODUCTION

To assist in establishing the Market Value of the property we have analysed relevant sales of investment properties. We summarise below brief definitions of salient valuation metrics to assist the reader:

Initial yield The initial yield is the return on the current net income. It is calculated from a single period and is therefore implicit of inflation. It is calculated by dividing the net income by the sale price or value.

Yield on market income This is the return that would be achieved with the income at market level. It is based on a single period and is therefore implicit of inflation. It is calculated by dividing the market income by the sale price or value.

Equivalent yield The equivalent yield represents the return on market income but reflecting known value adjustments such as income shortfalls/surpluses, vacancy, leasing costs and other capital items that a market participant would recognise. It typically represents the relationship between passing and market income and is generally a 'weighted average' of the two.

Discount rate This is the rate of return used to convert a monetary sum, payable or receivable in the future, into a present value. This represents the total return (capital and income) to the investor over a specified investment horizon, adjusted for inflation.

Weighted average lease term to run (WALT) This is a risk measure and represents the weighted average period in which the leases will expire; it reflects the period in which the income from the property will be secure. The weightings have been calculated by income, but can also be calculated based on occupied area.

13.2 INVESTMENT SALES

Sales analysed to assist in calculating the market value of the subject property include:

29 Mania Road, Hornby

Sale date	23 December 2023
Sale price	$7,000,000
Tenant	Owner-occupier
Initial yield	N/A
Yield on market income	5.77%
Equivalent yield	5.59%
Discount rate	7.25%
Weighted avg. lease term	N/A
$/m² of rentable area	$2,637/m²

Comprising a 2023 completed industrial building incorporating good quality offices and an 8.7 metre stud warehouse. The property was purchased vacant by an owner-occupier.

7 Hynds Drive, Rolleston

Sale date	30 April 2024
Sale price	$7,200,000
Tenant	Nevada Group Limited
Initial yield	5.71%
Yield on market income	6.00%
Equivalent yield	5.93%
Discount rate	7.61%
Weighted avg. lease term	5.4 years
$/m^2 of rentable area	$2,324/m^2

Comprising a 2023 completed industrial facility incorporating a medium stud warehouse with multiple access points and high quality offices. Associated are ample off-street parking and access and manoeuvring areas. The property is leased for a moderate term to an established tenant. The lease provides for fixed income growth.

102-114 Shands Road, Hornby

Sale date	13 December 2022
Sale price	$7,500,000
Tenant	Direct Logistics, vacant
Initial yield	5.15%
Yield on market income	6.41%
Equivalent yield	6.29%
Discount rate	7.22%
Weighted avg. lease term	1.5 years
$/m^2 of rentable area	$1,521/m^2

Comprising a higher profile corner site of 1.5105 hectares. The principal improvement comprises a 1970s industrial structure of mixed stud height. We understand the building achieves a seismic rating of not less than 34% NBS. Associated are large areas of yard. The property was part leased at the time of sale, with a short residual lease term.

19 Lodestar Avenue, Wigram

Sale date	5 October 2022
Sale price	$8,400,000
Tenant	Motion Asia Pacific NZ Limited
Initial yield	5.58%
Yield on market income	5.49%
Equivalent yield	5.45%
Discount rate	6.70%
Weighted avg. lease term	6.3 years
$/m^2 of rentable area	$2,463/m^2

Comprising a 2021 built industrial building. Accommodation includes ground floor showroom and office, first floor offices and an open span warehouse inclusive of operations office with an adjoining canopy. The building incorporates a high proportion of office and showroom accommodation. The tenant is a subsidiary of an NYSE listed company. The property was leased at the time of sale, with the rent initially above market level, albeit the fixed growth mechanism is below our anticipation of market rental growth.

2 Headquarters Place, Hornby South

Sale date	22 March 2023
Sale price	$12,600,000
Tenant	Penske
Initial yield	6.14%
Yield on market income	6.25%
Equivalent yield	6.11%
Discount rate	8.27%
Weighted avg. lease term	10.8 years
$/m² of rentable area	$3,156/m²

Comprising a 2018 completed industrial facility providing a parts distribution centre, display yard and heavy vehicle service centre. Associated are substantial areas of concrete yard and off-street parking. The tenant forms part of a NYSE listed entity. The property is subject to a long term lease providing annual rent increases throughout the term. The current rent is below market level.

9 High Street, Rangiora

Sale date	10 February 2023
Sale price	$13,280,000
Tenant	The Warehouse Limited
Initial yield	7.50%
Yield on market income	7.50%
Equivalent yield	7.26%
Discount rate	9.64%
Weighted avg. lease term	5.3 years
$/m² of rentable area	$1,931/m²

A substantial large format retail building constructed in 2000 and refurbished in 2015. The premises has been occupied by 'The Warehouse', a subsidiary of NZX listed company, 'The Warehouse Group', since it was built. A small component of the building is separately leased to 'River to Ranges'. The building achieves a seismic rating of 100% NBS. The property is subject to a part gross lease with the rent capped at 3% increases.

1 Curly McLeod Way, Mount Maunganui

Sale date	15 December 2023
Sale price	$15,200,000
Tenant	HEB Construction
Initial yield	5.87%
Yield on market income	5.70%
Equivalent yield	5.80%
Discount rate	7.80%
Weighted avg. lease term	11.0 years
$/m² of rentable area	$5,255/m²

This is a large-scale industrial building comprising single level offices, heavy manufacturing workshops and a wash bay. The building was constructed in 2019 to a high specification and is superior to most in the region. It has high office content of 33%. Site coverage is 20% with concrete yards. The property occupies a road-front corner site of 1.1025 hectares within the Te Maunga industrial area, slightly removed from the prime Mount Maunganui industrial area. Sold leased with 11 years remaining of initial term and 2 yearly CPI rent reviews. The rent is slightly above market. Land area of 11,025m² analysed at $700/m².

53 Izone Drive, Rolleston

Sale date	10 June 2024
Sale price	$18,100,000
Tenant	FMI Building Innovation Limited
Initial yield	6.87%
Yield on market income	5.89%
Equivalent yield	6.66%
Discount rate	8.45%
Weighted avg. lease term	12.0 years
$/m² of rentable area	$2,251/m²

Comprising a manufacturing facility completed in two stages- 2010 and 2019. The warehouses provide 10 metre stud accommodation with multiple access points, while the offices are well-appointed. The property includes three gantry cranes. The lease refers to a sale and lease back, with the rent above market level. Fixed rental increases apply throughout the term.

8A & 8B Canada Crescent, Hornby

Sale date	1 November 2022
Sale price	$21,000,000
Tenant	Lineage Logistics
Initial yield	6.46%
Yield on market income	6.59%
Equivalent yield	6.49%
Discount rate	8.47%
Weighted avg. lease term	5.1 years
$/m² of rentable area	$2,195/m²

Comprising a late 1990s cold storage facility that has been subject to various alterations since. It incorporates several cold storage areas, offices, canopies and a blast freezer. The property was purchased off-market by the tenant.

22 Ha Cres, Wiri

Sale date	1 July 2023
Sale price	$22,000,000
Tenant	
Initial yield	4.19%
Yield on market income	0%
Equivalent yield	5.53%
Discount rate	8.09%
Weighted avg. lease term	1.0 years
$/m² of rentable area	$2,979/m²

A modern high quality distribution facility positioned to the western edge of the industrial area of Wiri The improvements include a clear span unsprinklered warehouse, single level of offices, and canopy extending east. It was constructed in 2005 and has a stud height of 8.15 metres at the portal knee. The office content is 7%. The site has drive around capability.

The property sold with a one year lease tail and no further rights of renewal. The property was under rented by 27%.

6 Sir James Wattie Drive, Hornby

Sale date	27 September 2024
Sale price	Confidential – over $23m
Tenant	Tasman Insulation
Initial yield	Confidential
Yield on market income	5.71%
Equivalent yield	5.70%
Discount rate	7.26%
WALE	9.6 years
$/m² of rentable area	$2,491/m²

A new office and warehouse building in a highly regarded industrial subdivision. Tenant is a division of Fletcher Building with the lease having 3% fixed annual growth. Quality office with high stud warehouse plus yard and carparking.

20 Sir James Wattie Drive, Hornby South

Sale date	1 March 2023
Sale price	$30,000,000
Tenant	Calder Stewart
Initial yield	6.25%
Yield on market income	6.20%
Equivalent yield	6.22%
Discount rate	7.96%
Weighted avg. lease term	8.0 years
$/m² of rentable area	$2,372/m²

A large site at the head of Sir James Wattie Drive. Effectively a sale and lease back with head lease to Calder Stewart with two subleases. Fixed annual rent increases of 3% with market review on renewal. Calder Stewart occupy the front building for concrete panel manufacturing with a large warehouse to the rear subleased by Toll. Separate yard occupied by Calder Stewart plus a separate warehouse subleased to Allied Pickfords.

151 Cambridge Terrace, Christchurch Central

Sale date	1 March 2023
Sale price	$36,356,000
Tenant	Deloitte & Others
Initial yield	6.14%
Yield on market income	6.01%
Equivalent yield	5.99%
Discount rate	7.54%
Weighted avg. lease term	3.4 years
$/m² of rentable area	$6,719/m²

Sale includes adjoining car park on Gloucester Street. A medium rise modern office block with ground floor hospitality which has had mixed success. Some vacant office areas. Office rents in excess of market. Purchased by local investor after significant negotiations commencing late in 2022.

10 Transport Place, East Tamaki

Sale date	1 November 2023
Sale price	$38,000,000
Tenant	Hall's Logistics Limited
Initial yield	5.70%
Yield on market income	6.50%
Equivalent yield	6.46%
Discount rate	N/A
Weighted avg. lease term	0.7 years
$/m² of rentable area	$2,816/m²

A 1996-built large industrial complex which was originally constructed circa 1996 held on two separate freehold titles. The property comprised of a mix of high stud ambient warehouse, coolstore (chiller), coldstore (freezer), ELA, breezeway canopy, and office/amenities accommodation. There is a 1,811m² metaled and fenced yard used for carparking. The property is located at the end of a cul-de-sac within the established industrial precinct of East Tamaki. Leased to Hall's Logistics Limited on a 14 year initial term expiring on 31 July 2024. One right of renewal of seven years is available. No rent reviews remain under the current lease. Analysed land value at $1,100/m², land area of 21,709m².

431 & 471 Waterloo Road, Islington

Sale date	24 April 2024
Sale price	$40,425,000
Tenant	Sorted Logistics
Initial yield	6.89%
Yield on market income	6.14%
Equivalent yield	6.77%
Discount rate	8.38%
Weighted avg. lease term	12.0 years
$/m² of rentable area	$2,199/m²

A 2019/2020 completed logistics facility incorporating forming part of the larger Sorted Logistics complex. Comprises two buildings each with quality offices and high stud warehouses with multiple access points. Substantial canopies surround the buildings.

A long lease with fixed annual growth of 3.50% and market 6 yearly with minimum 3.50% increase.

68 St Asaph Street, Christchurch Central

Sale date	1 May 2022
Sale price	$50,700,000
Tenant	CDHB, Syft, Wilsons, vacant
Initial yield	4.58%
Yield on market income	4.37%
Equivalent yield	4.38%
Discount rate	5.78%
Weighted avg. lease term	8.5 years
$/m² of rentable area	$6,813/m²

Originally constructed post-earthquake as a temporary central city police station. The building has been repurposed into a modern office/medical building and subdivided into three main tenancies. The building is tenanted by Syft Technologies and the CDHB with 30% of the building being available for lease. The property is positioned on a larger 14,780 square metre land holding with the balance of the site not occupied by the building sealed for carparking. The carparking is leased and operated by Wilson Carparking. The property sold off market to Vital Healthcare Property Limited an Australia and New Zealand Healthcare / Medical Syndicators. Transacted in May 2022 however it is understood that the deal was mostly negotiated in the latter half of 2021.

32 IPort Drive, Rolleston

Sale date	4 June 2024
Sale price	$63,750,000
Tenant	Lyttelton Port Company
Initial yield	6.19%
Yield on market income	6.17%
Equivalent yield	6.17%
Discount rate	7.81%
Weighted avg. lease term	13.1 years
$/m² of rentable area	$2,168/m²

Comprising a 2019/2020 completed logistics facility incorporating high quality offices and a substantial 12.5 metre stud warehouse with multiple access points, a suspended ceiling throughout a canopy and a large breezeway. The improvements are on a 4.5 hectare site. The property is subject to a long-term lease with CPI and market based rent reviews. The agreement for sale and purchase provides for a capped additional sum to be paid by the purchaser to the vendor in the event of an uplift in value in Q1 2025; our analysis reflects a weighted allowance for an additional sum (equivalent yields range between 6.08% and 6.27% on optimistic and pessimistic scenarios).

13.3 SALES SUMMARY

Address	Sale date	Sale price	Initial yield	Market yield	Equivalent yield	Discount rate	WALT	$/m² rentable area
29 Mania Road	23 December 2023	$7,000,000	N/A	5.77%	5.59%	7.25%	N/A	$2,637/m²
7 Hynds Drive	30 April 2024	$7,200,000	5.71%	6.00%	5.93%	7.61%	5.4 years	$2,324/m²
102-114 Shands Road	13 December 2022	$7,500,000	5.15%	6.41%	6.29%	7.22%	1.5 years	$1,521/m²
19 Lodestar Avenue	5 October 2022	$8,400,000	5.58%	5.49%	5.45%	6.70%	6.3 years	$2,463/m²
2 Headquarters Place	22 March 2023	$12,600,000	6.14%	6.25%	6.11%	8.27%	10.8 years	$3,156/m²
9 High Street	10 February 2023	$13,280,000	7.50%	7.50%	7.26%	9.64%	5.3 years	$1,931/m²
1 Curly McLeod Way	15 December 2023	$15,200,000	5.87%	5.70%	5.80%	7.80%	11.0 years	$5,255/m²
53 Izone Drive	10 June 2024	$18,100,000	6.87%	5.89%	6.66%	8.45%	12.0 years	$2,251/m²
8A & 8B Canada Crescent	1 November 2022	$21,000,000	6.46%	6.59%	6.49%	8.47%	5.1 years	$2,195/m²
22 Ha Cres	1 July 2023	$22,000,000	4.19%	0%	5.53%	8.09%	1.0 years	$2,979/m²
6 Sir James Wattie Drive	27 September 2024	>$23,000,000	Confidential	5.71%	5.70%	7.26%	9.6 years	$2,291/m²
20 Sir James Wattie Drive	1 March 2023	$30,000,000	6.25%	6.20%	6.22%	7.96%	8.0 years	$2,372/m²
151 Cambridge Terrace	1 March 2023	$36,356,000	6.14%	6.01%	5.99%	7.54%	3.4 years	$6,719/m²
10 Transport Place	1 November 2023	$38,000,000	5.70%	6.50%	6.46%	N/A	0.7 years	$2,816/m²
68 St Asaph Street	1 May 2022	$50,700,000	4.58%	4.37%	4.38%	5.78%	8.5 years	$6,813/m²
431 & 471 Waterloo Road	24 April 2024	$40,425,000	6.89%	6.14%	6.77%	8.38%	12.0 years	2,199/m²
32 IPort Drive	23 April 2024	$63,750,000	6.19%	6.17%	6.17%	7.81%	13.1 years	$2,168/m²
Ranges		***minimum***	**4.19%**	**4.37%**	**4.38%**	**5.78%**	**0.7 years**	**$1,521/m²**
		maximum	**7.50%**	**7.50%**	**7.26%**	**9.64%**	**13.1 years**	**$6,813/m²**

13.4 INVESTMENT PROFILE

In establishing appropriate investment benchmarks for the property, we have considered its investment profile in terms of:

Location

A highly regarded high profile industrial location with excellent traffic linkages.

Building quality

Reasonably modern building which will achieve 80% NBS post minor works.

Tenant strength

Excellent quality tenant.

Weighted average lease term to run

Very good WALT of 10.0 years.

Contract rent vs market rent

The contract rent, including Improvements Rent, is considered to be at, or about, market.

Scale of investment

Large scale investment which impacts on liquidity. Historically price range would be attractive for syndication however in the current interest rate environment it requires a yield premium for this factor.

The lease also incorporates rather onerous requirements on the owner in terms of potential requirements for capital works as well as a number of non recoverable outgoings.

13.5 SALES SUMMARY AND CONCLUSIONS

In our opinion the property has the following positive features:

- Location
- Tenant quality
- High profile
- Development potential
- Contract rent well below the rental for a new build

Less desirable investment features comprise:

- Investment scale
- Building configuration
- No fixed rental growth
- Potential future capital requirements

We have analysed a wide range of industrial sales both within Christchurch and in Rolleston. The range in price from $7,000,000 for a near new building in Mania Road, Hornby selling vacant on an equivalent yield of 5.59% to a maximum of $63,750,000 for the sale of the LPC facility at IPort selling very recently with a long WALT of 13.1 years on an equivalent yield of 6.17%.

The market has been subdued during 2023 and early 2024 with reduced sales volumes. The sales that have are generally sub $5,000,000 indicating only a relatively small easing in investments yields. Over the last 6 months we have seen some increased activity in the industrial sector with three significant sales over $20,000,000 being 6 Sir James Wattie Drive at over $23,000,000, 431 & 471 Waterloo Road at $40,425,000 and 32 IPort Drive at $63,750,000.

We have also considered recent sales for higher priced assets in other parts of New Zealand. Direct comparison with Christchurch is difficult due to different market dynamics however the sales do indicate that investment yields have increased across New Zealand over the last 2 years and the limited demand for higher scale assets. Yields in both Auckland and Tauranga have historically been significantly lower than Christchurch with greater liquidity and generally stronger rental growth.

In terms of investment yields these range from a low of 4.38% for 68 St Asaph Street to a maximum of 7.26% for The Warehouse property at 9 High Street, Rangiora with a WALT of 5.3 years.

In our opinion the key sales are:

- 53 Izone Drive - $18,100,000, WALT 12.0 years on a yield of 6.66%
- 6 Sir James Wattie Drive – Over $23,000,000, WALT 9.6 years, on a yield of 5.70%
- 20 Sir James Wattie Drive - $30,000,000, WALT of 8.0 years on a yield of 6.22%
- 431 & 471 Waterloo Road - $40,425,000, WALT 12.0 years on a yield of 6.77%
- IPort Drive - $63,750,000, WALT 13.1 years on a yield of 6.17%

These sales show a reasonably tight yield range of 5.70% to 6.77% for assets across a range of $18,100,000 to $63,000,000.

53 Izone Drive is a sale and leaseback of a reasonably modern building built in stages with a long lease and fixed rental growth. A lower priced property indicating a higher yield for the subject.

6 Sir James Wattie Drive is a very recent sale of a near new building with an excellent WALT of 9.6 years to a quality tenant with fixed growth so superior.

20 Sir James Wattie Drive is a large-scale industrial property with multiple buildings subleased however held under a long term head lease with a good WALT of 8.0 years. We would expect a higher yield for the subject.

Waterloo Road is a superior modern warehouse property with a longer WALT and fixed growth in a similar price range. Superior to the subject. IPort Drive is of a larger scale however is a very high-quality building with fixed rental growth. Considered superior.

In our opinion the investment yield must sit above the top of the range to reflect:

- Building quality
- Lack of fixed rental growth

We have allowed a risk premium above the highest yielding sale to reflect these factors and have adopted a yield of **7.15%.**

As an alternative we have commenced with a prime yield for a sub $5,000,000 new industrial building leased to an A Grade tenant with a WALT of 6.0 years and then adjusted for:

- Age / configuration
- Scale / liquidity
- Lack of fixed rental growth

We have commenced with a prime yield of 5.50% and adjusted as follows:

- Age / configuration 0.45%
- Scale / liquidity 1.00%
- No fixed rental growth 0.25%

The total adjustment is 1.85% to give a built-up yield of **7.20%** which supports our conclusions above. We have adopted **7.15%.**

In relation to discount rates these range from a low of 5.78% for the medical facility at 68 St Asaph Street with a long WALT 8.3 years to a maximum of 9.64% for the Warehouse property in Rangiora.

If we focus on the key sales detailed above the metrics are:

- 53 Izone Drive - $18,100,000, WALT 12.0 years on a discount rate of 8.45%
- 6 Sir James Wattie Drive - >$23,000,000, WALT 11.6 years on a discount rate of 7.26%
- 20 Sir James Wattie Drive - $30,000,000, WALT of 8.0 years on a discount rate of 7.96%
- 431 & 471 Waterloo Road - $40,425,000, WALT 12.0 years on a discount rate of 8.38%
- IPort Drive - $63,750,000, WALT 13.1 years on a discount rate of 7.81%

These sales show a reasonably tight discount rate range of 7.26% to 8.45%. Once again, we consider the discount rate should fall outside the range to reflect the investment profile due to the building quality and lack of fixed rental growth which is now a key part of lease agreements for larger scale industrial assets.

We have therefore adopted a discount rate of **8.75%.**

14.0 VALUATION

14.1 HIGHEST AND BEST USE

The Market Value of an asset will reflect its 'highest and best use'. The highest and best use is the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

The current use of the asset is the highest and best use. There is potential for further development of the surplus land.

14.2 VALUATION APPROACHES AND METHODS

To establish Market Value, as per International Valuation Standard 105, we have utilised the following recognised valuation approaches:

- Income Approach

14.2.1 Income Approach

The Income Approach is predicated on the conversion of net actual or market income, which either is or could be generated by an owner of the interest, to value.

Income Capitalisation

This method encompasses the conversion of net income (actual, market or notional) to value via the application of a capitalisation rate or yield (investment return). The basic premise of income capitalisation is that a property investor expects a pre-determined rate of return on their investment. The yield varies according to a number of factors including: risk, type & scale of investment, location, residual lease term and expected income and capital value growth. The two main variables, namely income and yield, are analysed from available rental and sales evidence.

Implicit adjustments are made when determining an appropriate yield to apply, however, in instances where the contract rent varies from market rent, the present value of the variation is adjusted against the capitalised value. The capitalised value may also be adjusted for costs associated with vacancy if existing or imminent, refurbishment/incentives and capital expenditure.

The contract rental income is $3,168,734. In an earlier section we established the market rent at a level of $3,217,344. We have then deducted $30,000 for non-recoverable outgoings.

In relation to the investment yield we have analysed a wide range of sales. Based on the sales evidence, and reflecting the key investment criteria of the subject property, we have concluded an appropriate return of 7.15% on the market cashflow. Our investment calculations are as follows:

Income Capitalisation				
Market Income				
▪ Total Market Income			$3,217,344	
▪ Less Unrecovered Outgoings			($30,000)	
Net Market Income			**$3,187,344**	
Net Market Income Capitalised	@	7.15%		
Market Value- Fully Leased at Market Level				**$44,578,234**
Adjustments				
▪ Present Value of Rental Reversions			($386,755)	
▪ Present Value of Short Term Capital Expenditure			($1,027,346)	
Total Capital Adjustments				**($1,414,101)**
Market Value				$43,164,134
			Adopt	**$43,165,000**

Sensitivity Analysis				
Equivalent Yield	@	6.90%	=	$44,780,000
	@	**Adopted**	=	**$43,165,000**
	@	7.40%	=	$41,660,000

Benchmark Analysis	
▪ Yield on Market Income	7.38%
▪ Initial Yield	7.27%
▪ Equivalent Yield	7.15%
▪ $/m^2 of Rentable Floor Area	$1,454

Discounted Cash Flow

The Discounted Cash Flow (DCF) method is a variation of the Income Capitalisation Method whereby cash flows are explicitly forecast over a ten-year investment horizon. Allowances are made within the cash flow projection to account for the market's expectation of rental growth, or where appropriate, structured rental adjustments in accordance with the leases. Deductions for costs associated with property ownership are then made to establish the net annual cash flow. Costs of ownership may include; unrecovered outgoings, vacancy (actual or potential) and capital expenditure.

Having determined the net annual income, we then establish the terminal value of the property based on a hypothetical sale at the beginning of year 11 of the investment horizon, and discount the cash flows at a market based discount rate, as analysed from sales, reflecting the cost of capital, risk and required return. The aggregate of the present value of each cash flow establishes market value via this method.

The method is of particular relevance where cash flows or costs associated with ownership are irregular.

A summary of the key inputs is as follows:

Income & Expense Growth Forecasts

Our cash flow model commences with the existing rental levels with adjustments made to the income streams reflecting occupational arrangements. Appropriate rentals are adopted at review where there are structured review mechanisms or rental ratchets. Growth forecasts are based on research & analysis completed by CBRE with consideration given to economic expectations and market sentiment. Our adopted growth rates are outlined in the summary.

Capital Expenditure (CAPEX)

In order to maintain the appeal, integrity and ultimately value of an asset, capital expenditure (CAPEX) is required. In this regard we have incorporated allowances for CAPEX explicitly in our cash flow projection when, in our opinion, expenditure will be required.

Future Vacancy

Where a future vacancy is assumed the new lease will be based on market rent reviews.

Terminal Capitalisation Rate

In establishing the terminal capitalisation rate we have had regard to anticipated market conditions at that time, locational and physical attributes and lease profile. It should be noted that estimating the long range yield is subjective; it is our forecast of the most likely conditions at that time.

Discount Rate

The Discount Rate represents the overall rate of return to an investor over a specific investment horizon. We have analysed Discount Rates (Internal Rates of Return) from sales of investment property to establish an appropriate discount rate to apply to the cash flow. In selecting the rate, we have considered the risk associated with the asset and the returns from alternative forms of investment.

We have also conducted sensitivity analysis based on the key variables, terminal yield and the discount rate. This is shown below along with a graph depicting the cashflow assumptions made within this approach.

Specific assumptions made are illustrated in the following table:

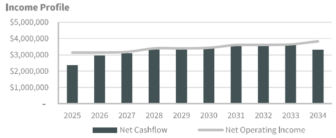
Discounted Cashflow Method Assumptions										
Assumptions										
■ Cashflow Period:	10 years									
■ Growth Forecasts:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
- Prime Industrial	2.50%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.50%
- Expenses	4.40%	2.40%	2.00%	1.80%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
■ Capital Expenditure:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	$768,370	$173,000	$70,000	$70,000	$70,000	-	-	-	-	$500,000
■ Leasing Commissions:	17.00%									
■ Annual Net Cashflow:										
- Period End:	Oct-2025	Oct-2026	Oct-2027	Oct-2028	Oct-2029	Oct-2030	Oct-2031	Oct-2032	Oct-2033	Oct-2034
- Net Cashflow	$2,370,364	$2,965,134	$3,110,575	$3,324,914	$3,324,119	$3,428,262	$3,602,211	$3,601,356	$3,637,575	$3,322,159
■ Terminal Capitalisation Rate:	7.60%									
■ Discount Rate:	8.75%									

We summarise our valuation via this method below:

Discounted Cash Flow Method												
Year Ending	Oct-2024	**Oct-2025 Year 1**	**Oct-2026 Year 2**	**Oct-2027 Year 3**	**Oct-2028 Year 4**	**Oct-2029 Year 5**	**Oct-2030 Year 6**	**Oct-2031 Year 7**	**Oct-2032 Year 8**	**Oct-2033 Year 9**	**Oct-2034 Year 10**	**Oct-2035 Year 11**
Rental Income												
■ Woolworths		$3,168,734	$3,168,734	$3,211,726	$3,426,687	$3,426,687	$3,461,644	$3,636,428	$3,636,428	$3,673,524	$3,859,007	-
Operating Expenses												
■ Less Unrecovered Opex		($30,000)	($30,600)	($31,151)	($31,774)	($32,568)	($33,382)	($34,217)	($35,072)	($35,949)	($36,848)	-
Total Operating Expenses		($30,000)	($30,600)	($31,151)	($31,774)	($32,568)	($33,382)	($34,217)	($35,072)	($35,949)	($36,848)	-
Net Operating Income		$3,138,734	$3,138,134	$3,180,575	$3,394,914	$3,394,119	$3,428,262	$3,602,211	$3,601,356	$3,637,575	$3,822,159	-
Leasing & Capital Expenses												
■ Refurbishment Allowance		($768,370)	($173,000)	($70,000)	($70,000)	($70,000)	-	-	-	-	($500,000)	-
Total Leasing & Capital Expenses		($768,370)	($173,000)	($70,000)	($70,000)	($70,000)	-	-	-	-	($500,000)	-
Net Cashflow		$2,370,364	$2,965,134	$3,110,575	$3,324,914	$3,324,119	$3,428,262	$3,602,211	$3,601,356	$3,637,575	$3,322,159	-
Reversionary Value												
■ Net Market Cashflow at Period End												$3,933,352
■ Capitalised At Terminal Yield of: 7.6%												$51,754,633
■ Less PV Rent Shortfall To Market Rental Reversion												($178,983)
■ Less Disposal Costs of: 0%												-
Net Reversionary Value												$51,575,651
Net Present Value of Net Cash Flows	$21,572,300											
Present Value of Terminal Value	$22,136,874											
Indicated Market Value	$43,709,173											
adopt	**$43,710,000**											

Discounted Cash Flow Summary	
PV of Net Income:	$21,572,300
PV of Terminal Value:	$22,136,874
Total Net Present Value:	$43,709,173
Capital Items	-
Disposal Costs:	-
Adopted Value (via this method):	**$43,710,000**

Income Profile



Sensitivity Analysis			
	Terminal Yield		
Discount Rate	7.35%	7.60%	7.85%
8.50%	$45,233,434	$44,460,127	$43,736,075
8.75%	$44,464,741	**$43,709,173**	$43,001,731
9.00%	$43,713,426	$42,975,152	$42,283,901

14.3 VALUATION SUMMARY

Method	Value
Income Capitalisation	$43,165,000
Discounted Cash Flow	$43,710,000
Adopted Market Value	**$43,450,000**

The two approached show a close correlation and we have adopted a near midpoint valuation at **$43,450,000.**

Based on our adopted value, the following investment benchmarks are indicated:

Initial yield	7.22%
Yield on market income	7.34%
Equivalent yield	7.10%
Resultant discount rate	8.84%
$/m² of rentable floor area	$1,463

15.0 STATEMENT OF LIMITING CONDITIONS AND VALUATION POLICY

Purpose

This valuation report has been completed for the specific purpose stated. No responsibility is accepted in the event that this report is used for any other purpose.

Responsibility to third party

Our responsibility in connection with this valuation is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of CBRE Limited and the author of the report. CBRE Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction of report

Neither the whole nor any part of this valuation and report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing the Valuer's signature.

Date of valuation

Unless otherwise stated, the effective date of the valuation is the date of the inspection of the property. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Legislation

We have not obtained a Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for this property which, unless otherwise stated, is assumed to conform to all requirements of the Resource Management Act 1991, the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992, the Building Act 2004 and any Historic Places Trust registration. Our valuation reports are prepared on the basis that properties comply with all relevant legislation and regulations and that there is no adverse or beneficial information recorded on the Territorial Local Authority (TLA) property file, unless otherwise stated. Legislation that may be of importance in this regard includes the Health & Safety at Work Act 2015, the Fire Safety and Evacuation of Buildings Regulation 1992, and the Disabled Persons Community Welfare Act 1975.

Registrations

Unless otherwise stated, our valuation is subject to there being no detrimental or beneficial registrations affecting the value of the property other than those appearing on the title. Such registrations may include Waahi Tapu and Heritage New Zealand registrations.

Reliability of data

The data and statistical information contained herein was gathered for valuation purposes from reliable, commonly utilised industry sources. Whilst we have endeavoured to ensure that the data and information is correct, in many cases, we cannot specifically verify the information at source and therefore cannot guarantee its accuracy.

Assumptions

This report contains assumptions believed to be fair and reasonable at the date of valuation. In the event that assumptions are made, based on information relied upon which is later proven to be incorrect, or known by the recipient to be incorrect at the date of reporting, CBRE Limited reserves the right to reconsider the report, and if necessary, reassess values.

GST

The available sources of sales data upon which our valuation is based generally do not identify whether or not a sale price is inclusive or exclusive of GST. Unless it has been necessary and possible to specifically verify the GST status of a particular sale, it has been assumed that available sale price data has been transacted on a plus GST (if any) basis, which is in accordance with standard industry practice for most commercial property. Should this interpretation not be correct for any particular sale or rental used as evidence, we reserve the right to reconsider our valuation.

Land survey

We have made no survey of the subject property and assume no responsibility in connection with these matters. Unless otherwise stated, the valuation has been assessed conditional upon all improvements being within the title boundaries.

Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, the valuation has been assessed conditional upon the land being firm and suitable ground for the existing and/or potential development, without the need for additional and expensive foundation and retaining work or drainage systems.

Contamination

We have not undertaken an environmental audit of the property. Unless otherwise stated, our valuation and report are conditional upon the land and buildings being unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Not a structural survey

Our inspection has been undertaken for valuation purposes only and does not constitute a structural survey. Verification that the building is sound should be obtained from a suitably qualified building engineer. If the building is found to be unsound, this finding/new information is likely to impact on the value of the property.

Earthquake-prone buildings

We are aware that a number of buildings are, or may be potentially, affected by local territorial authority policies for 'earthquake-prone' buildings (Earthquake-Prone Building Policies) required to be in place under the Building Act 2004. The Earthquake-Prone Building Policies may require building owners to undertake engineering investigations and subsequent structural upgrading, demolition or other steps to meet the requirements of the Earthquake-Prone Building Policies. Unless otherwise stated, our valuation makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet the requirements of Earthquake Prone Building Policies. We are not qualified to determine the 'earthquake-prone' status of the buildings. Our valuation is therefore subject to a review, investigation and assessment of seismic performance of the building, by a suitably qualified building engineer, to determine the 'earthquake-prone' status of the building and where required, an estimate of any costs for structural upgrading, demolition or other steps required for the building to meet the requirements of Earthquake-Prone Building Policies. If the building is found to be 'earthquake-prone', this finding is likely to impact on the value of the property, and our valuation may materially alter as a result.

Systems

Our valuation has been assessed conditional upon all hot and cold water systems, electric systems, ventilating systems and other devices, fittings, installations or conveniences, including lifts and escalators where appropriate, as are in the building, being in proper working order and functioning for the purposes for which they were designed.

Market valuations

Market valuations are carried out in accordance with the Valuation Standards and Guidance Papers. Market Value is defined "The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.

Water leaks and penetration effects

We are aware that a number of buildings have developed problems associated with water leaks, water penetration, weather-proofing, moisture and water exit control systems, mould, fungi, mildew, rot, decay, gradual deterioration, microorganisms, bacteria, protozoa or like forms. Problems can result from defects in design, construction methods and materials used, or any combination of defects.

Our valuation has been assessed conditional upon all buildings and structures being constructed strictly in accordance with recommended practices and free from defect unless otherwise stated. We are not qualified to undertake, nor have we undertaken, a structural survey of the buildings or structures. We accept no liability for any defects that may arise as a result of poor building design, construction methods or building materials. If you have any concerns, you should engage a suitably qualified person to report on this matter. Defects revealed by a suitably qualified expert may affect the value of the property.

Leases

The interpretation of leases or other contractual agreements referred to in this report is solely the opinion of the author and should not be construed as a legal interpretation. Furthermore, summaries of contractual agreements which may appear in the report or appendices, are presented for the sole purpose of giving the reader an overview of the salient facts thereof.

Tenancies

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market perception of them. Unless otherwise advised, our valuation has been assessed subject to the tenant being independent of the owner and capable of meeting all financial obligations under the lease, and that there are no arrears of rent or undisclosed breaches of covenant. Further, our valuation is conditional upon all rents referred to in this report representing the rental arrangement stipulated in the contractual agreements pertaining to the tenant's occupancy, to the extent that such rents have not been prepaid, abated or inflated to reflect extraordinary circumstances, unless such conditions have been identified and noted in this report.

Valuer's statement

This report has been undertaken by Chris Stanley who has inspected the property externally and internally. The Registered Valuer holds an Annual Practicing Certificate.

Please contact the writer should you wish to discuss any matters raised in this report.

Yours faithfully

CBRE Limited

Chris Stanley - M Prop Stud (Distn), FNZIV (Life), FPINZ (Life), AAMINZ
Registered Valuer
Senior Director, Southern Region (Commercial)

Email: chris.stanley@cbre.com

APPENDIX

APPENDIX A RECORD OF TITLE

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **604022**
Land Registration District **Canterbury**
Date Issued 26 November 2012

Prior References
25481

Estate	Fee Simple
Area	7.1811 hectares more or less
Legal Description	Section 1, 3 Survey Office Plan 455337

Registered Owners
Shands Road Nominees Limited

Interests

Subject to Section 59 Land Act 1948 (affects the part Section 3 SO 455337 formerly part Rural Section 38146)

Subject to Section 8 Mining Act 1971 (affects the part Section 3 SO 455337 formerly Rural Section 40651)

Subject to Section 168A Coal Mines Act 1925 (affects the part Section 3 SO 455337 formerly Rural Section 40651)

Appurtenant to the part Section 3 SO 455337 formerly Lot 2 DP 59933 is a right to convey electric power specified in Easement Certificate 961911.7 - 25.10.1991 at 11:16 am

The easement in Easement Certificate 961911.7 is subject to Section 309(1)(a) Local Government Act 1974

Appurtenant to Section 3 SO 455337 is a right to drain sewage specified in Easement Certificate A472513.5 - 4.9.2000 at 9:00 am

The easements specified in Easement Certificate A472513.5 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right to convey electric power in gross over the part Section 3 SO 455337 marked C on DP 306536 to Orion New Zealand Limited created by Transfer A472513.6 - 4.9.2000 at 9:00 am

The easement in Transfer A472513.6 is subject to Section 243(a) Resource Management Act 1991

A472513.7 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 4.9.2000 at 9.00 am (affects Section 3 SO 455337)

6078327.4 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 14.7.2004 at 9:00 am (affects Section 3 SO 455337)

Subject to a right to drain sewage over the part Section 3 SO 455337 marked B on DP 306536 created by Easement Instrument 6078327.5 - 14.7.2004 at 9:00 am

The easements created by Easement Instrument 6078327.5 are subject to Section 243 (a) Resource Management Act 1991

Subject to Part IVA Conservation Act 1987 (affects Section 1 SO 455337)

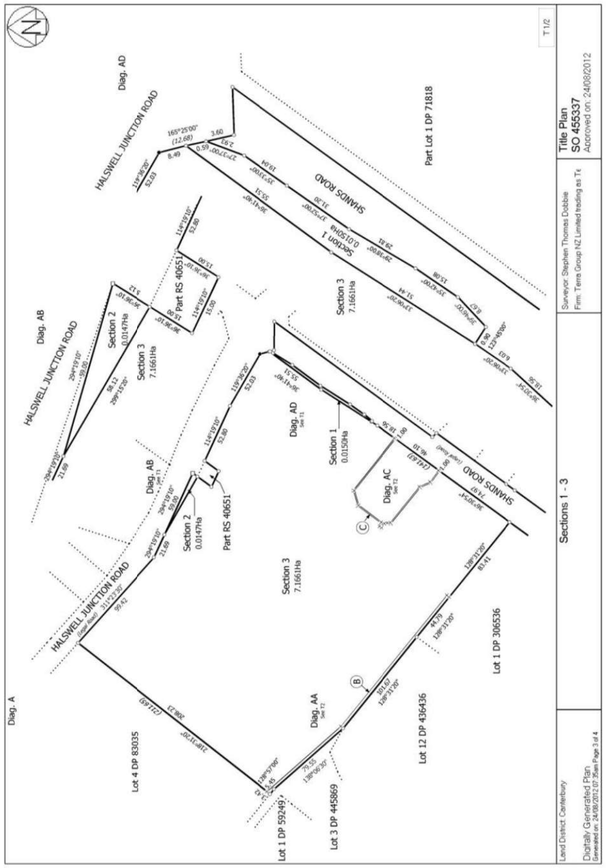
Subject to Section 11 Crown Minerals Act 1991 (affects Section 1 SO 455337)

Subject to Section 120(9) Public Works Act 1981

10287823.3 Mortgage to ASB Bank Limited - 22.12.2015 at 4:51 pm

Transaction ID 3555501
Client Reference COM
Search Copy Dated 25/07/24 12:01 pm, Page 1 of 3
Register Only

Identifier **604022**



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Client Reference COM
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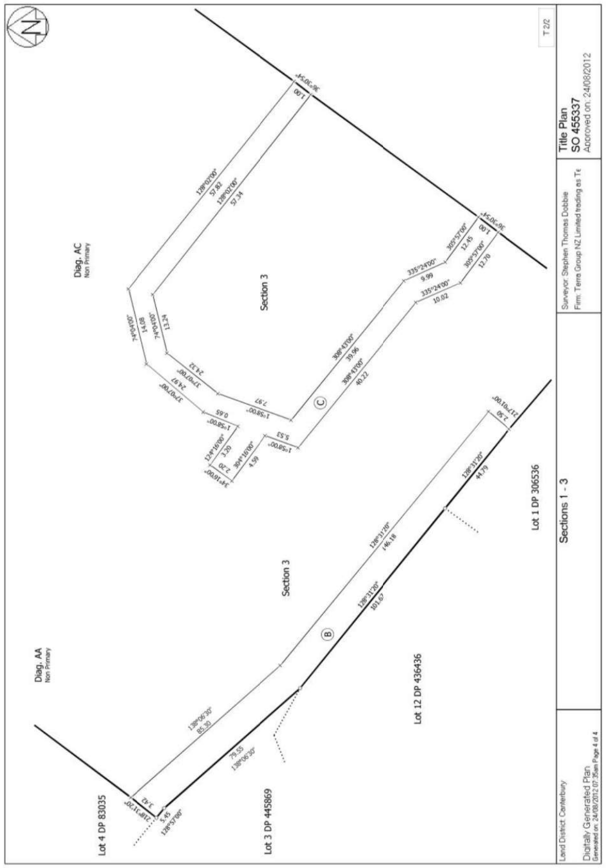
Register Only

Identifier **604022**



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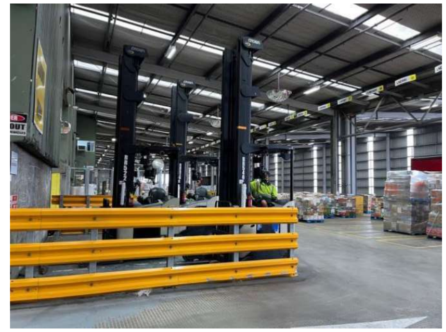
Client Reference COM

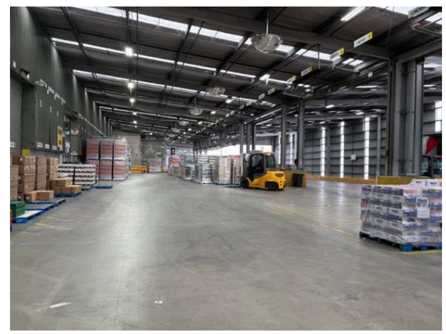
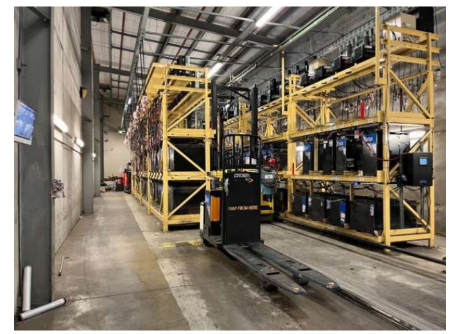
Search Copy Dated 25/07/24 12:01 pm, Page 3 of 3
Register Only

APPENDIX B ADDITIONAL PHOTOGRAPHS

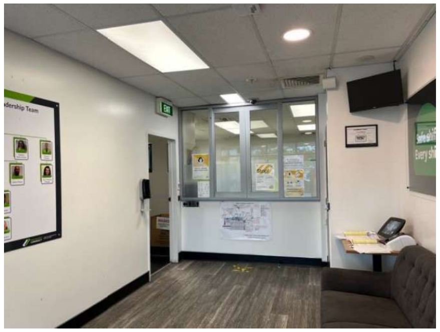











PRIMARY
CONNECT

APPENDIX C TERMS OF ENGAGEMENT & SCOPE OF WORKS

Our ref: CAN-280396

CBRE

8 August 2024

Shands Road Limited Partnership and Centuria
Funds Management (NZ) Limited
PO Box 16739
Christchurch 8441

Attention: Stephen Brown-Thomas

Dear Stephen,

SCOPE OF WORK AND TERMS OF ENGAGEMENT
VALUATION SERVICES – 146 SHANDS ROAD, HORNBY, CHRISTCHURCH

Thank you for instructing us to undertake Market Valuations of the property known as 146 Shands Road, Christchurch.

We have been instructed to provide a current market valuation based on the10-year lease renewal from 1 September 2024 having been exercised, with the market rental having been agreed at $3,168,734 plus GST and outgoings per annum.

Please find attached our Scope of Work for this assignment which summarises the purpose and the process. Also attached are our Standard Terms of Engagement which details our contractual relationship.

The Scope of Work, Standard Terms of Engagement and this covering letter comprise the contractual agreement between the parties. By engaging our services, you confirm the Scope of Work and agree to our Standard Terms of Engagement.

As agreed our fee will be $7,950 plus disbursements plus GST This is based on the information provided and agreed Scope of Work. Payment is due 20th of the month following date of invoice. If paying by direct credit our bank account details are CBRE Limited, ANZ Bank, Account No. 01-0297-0013063-02.

If you wish to discuss the Scope of Work, our Terms of Engagement, or require any further information please do not hesitate to contact us.

Yours faithfully

Chris Stanley
M Prop Stud (Distn), FNZIV (Life), FPINZ (Life), AAMINZ
Registered Valuer
Senior Director, Southern Region (Commercial)
E chris.stanley@cbre.com

CBRE Limited
58 Armagh Street, Christchurch 8013
PO Box 2532, Christchurch 8140
E ChristchurchArmaghSt@cbre.com
T +64 3 379 7960

Please sign, detach and return this form to chris.stanley@cbre.com.

In signing this form, you agree to our Terms of Engagement and agree the Scope of Work.

Client Acknowledgement

Accepted for and on behalf of Shands Road Partnership

Name	Stephen Brown-Thomas
Date	9 August 2024
Signature	

Accepted for and on behalf of Centuria Funds Management (NZ) Limited

Name	Stephen Brown-Thomas
Date	9 August 2024
Signature	

1 SCOPE OF WORK

The valuer	The valuation will be undertaken by Chris Stanley who will provide this valuation in an objective, unbiased, ethical and competent manner. The valuer has no material connection with the instructing party and has the appropriate qualifications and experience to undertake the valuation.
Our client	Shands Road Limited Partnership and Centuria Funds Management (NZ) Limited.
Other intended users (Reliant Parties)	• Shands Road Unit Trust (to be established). CBRE acknowledges that Centuria Funds Management (NZ) Limited intends to establish a new unit trust which will acquire 146 (and 166 Shands Road) and issue units to investors under a retail investment offer. Upon notification in writing to CBRE of the establishment of Shands Road Unit Trust (or such other name as advised), it will be considered a Reliant Party under this engagement letter. • Covenant Trustee Services Limited. • Baker Tilly Staples Rodway Audit Limited. • ASB Bank Limited as lender, and as agent and/or security trustee on behalf of all lenders in the banking syndicate. • One or more other lenders in the banking syndicate (to be confirmed once known) subject to acceptance by CBRE once known.
Purpose of valuation	Market Value for financial reporting, mortgage security, acquisition, divestment and capital raising
Assets valued	146 Shands Road, Hornby, Christchurch.
Valuation currency	All dollars quoted will be in NZD.
Basis of valuation	Market Value assuming lease renewal
Extent of investigation	The valuer will conduct any necessary investigations, as required in accordance with Valuation Standards, to complete this work (unless instructed otherwise).
Valuation date	Date of inspection
Retail Investment Offer & PDS	We refer you to the attached terms in relation to the proposed retail investment offer and PDS
Nature and source of information relied upon	During the valuation process the client or third parties (on behalf of the client) may provide the valuer with information that will need to be assessed. Any documents that are relied upon by the valuer in the valuation process will be documented in the final report.

Significant assumptions and special assumptions	During the valuation process, the client or the valuer may apply assumptions that will need to be taken into consideration. Any assumptions will be documented in the final report.
Reporting format	We have been instructed to provide formal valuation reports meeting all the appropriate standards.
Valuation standards	Our valuation will be prepared in accordance with International Valuation Standards and Guidance Papers for Valuers and Property Professionals published by the Australian Property Institute (API), Property Institute of New Zealand (PINZ) and New Zealand Institute of Valuers (NZIV).

EXEC SUMMARY
LAND
IMPROVEMENTS
LEASES
RENT
SALES
VALUATION
APPENDIX

2 VALUATION & ADVISORY SERVICES – TERMS & CONDITIONS

These conditions form part of the Terms of Engagement provided by CBRE which confirms the scope of Services, the personnel providing those Services and the Company's charges for those Services.

Use	In accordance with our policies, valuation services will be provided solely for the use of the Client as named. We do not take or accept responsibility to any other party in respect of these services, unless they are specifically identified within the valuation report as a Reliant Party.
Purpose	Unless stated otherwise, all reports prepared by us in the provision of valuation services will be written for the stated purpose alone. We do not purport to provide a site or structural survey in respect of the property/properties to be valued, neither do we purport to be suitably qualified to provide professional advice in respect of building or site contamination.
Republication	Neither the whole nor any part of any valuation report, or any reference to the same, may be included in any published document, circular or statement without our written approvals as to the form and context in which it may appear. All opinions of value expressed by CBRE or its employees are subject to these Terms and Conditions and any conditions contained within our written report.
Matters Which Affect or May Affect the Valuation	If the Instructing Party and/or Reliant Party become aware of any matters which affect or may affect the valuation prior to the issue of valuation numbers and/or report, then CBRE must be advised of those matters as soon as possible. Reliance will not be placed on the valuation, under any circumstance, unless all such matters are disclosed to CBRE.
Future Change in Value	All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). The Company does not accept liability for losses arising from changes in value after the date of the valuation.
Information Provided	Valuations and consultancy services are provided on the basis that the Client has provided us with a full and frank disclosure of all information and other facts which may affect the valuation. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
Cancellation	We reserve the right to suspend this engagement where the Client fails to pay any invoiced fees and disbursements within 60 calendar days by giving the Client 7 days' notice in writing. Should the engagement be suspended by CBRE, all obligations by CBRE to the Client cease to exist and, furthermore, all intellectual property that CBRE received from the Client becomes the property of CBRE and, unless otherwise agreed, CBRE should be free to use this information and value the property to which this engagement letter relates, for any other party.
Mortgage Lending Valuations	Valuations for mortgage security purposes are strictly for first mortgage security lending only. Reports for this purpose will only be addressed to a nominated Major New Zealand Financial Institution as defined by CBRE, unless a Reliance Letter is entered into with an alternative lender (at CBRE's sole discretion). If you are unsure whether the lender is considered to be a Major New Zealand Financial Institution, please contact us prior to acknowledging this engagement. In addition, CBRE Policy prevents us from readdressing any mortgage security valuation after 90 days from the date of valuation.
Confidentiality	Any valuation service is confidential as between the Company and the Reliant Party as specifically stated in the valuation advice/report. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than the Company, nor in any communication with any third parties, without the prior written approval of the Company of the form and context in which it is to appear.
Fees & Disbursements	Unless otherwise stated, all disbursements, including travel and other reasonable expenses, incurred by CBRE in the provision of our services shall be fully recoverable from the Client as and when incurred. A general expense fee of up to \$50 plus GST per property will apply unless fees are quoted as inclusive of disbursements. Titles and any associated interests searched will be charged at \$15 plus GST each. Where fees are not paid in advance, all accounts are payable within fourteen (14) calendar days of invoicing. We reserve the right to charge a late payment fee of 2% per month (or part thereof) for any overdue accounts. All legal and debt recovery costs and expenses which we may incur in recovering overdue account balances shall be fully recoverable from the Client as and when incurred. We reserve the right to submit interim invoices for valuation services and any disbursements incurred in relation to the engagement where it is considered necessary to do so. Additional charges may be incurred due to the provision of poor quality or incomplete information.

	Unless otherwise state, any quotation/estimate for the provision of valuation services is valid for 10 working days from its date.
Fair Trading Act and Consumer Guarantees Act	Where the Client is a 'consumer' for the purposes of the Consumer Guarantees Act 1993 and/or the Fair Trading Act 1986, nothing in these Terms and Conditions restricts, excludes or affects any right or remedy of such a Client under the Consumer Guarantees Act 1993 and/or the Fair Trading Act 1986. Unless clause 15 applies, CBRE and the Client each confirm that: - we are in trade; - the valuation and advisory services are both supplied and acquired under these Terms and Conditions, in trade; and - we agree to contract out of sections 9, 12A, 13 and 14(1) of the Fair Trading Act 1986 and the Consumer Guarantees Act 1993.
Privacy Act	Any personal information collected and held by us will be used for purposes related to servicing the Client's needs in respect of valuation or property services. Under the Privacy Act 2020 the Client has the right of access to and correction of personal information about the Client that we hold.
Copyright	Copyright in any written work, drawing, compilation, table, graph and similar works created by or on behalf of the Company remains with the Company.
Offshore Data Disclosure	CBRE may store data outside New Zealand. CBRE may also use outsourced third-party companies located inside and outside of New Zealand for data hosting, processing and related services. CBRE may also utilise the services of CBRE owned and operated offices in the Philippines to provide administrative services. CBRE will ensure compliance with New Zealand Privacy Principles in accordance with CBRE's Privacy Policy.
Floor Areas	Where applicable, where we have not undertaken the floor area measurement ourselves, we will state this within the report. If we have proceeded utilising floor areas provided by the Client, we do so on the basis that the floor areas provided have been calculated in accordance with the relevant methodology within the PCNZ/PINZ Guide for the Measurement of Rentable Areas. We recommend that a rentable area survey be undertaken by a registered surveyor or appropriately qualified professional to determine whether the areas provided differ from these guidelines. In the event that there is a material variance in areas, we reserve the right to review our valuation conclusion.
Right To Be Released	The Client acknowledges that this agreement does not preclude CBRE, at its sole discretion and subject to any consents required from the Client, from acting for a third party should CBRE be approached by a third party to provide valuation services in the event the property (or properties) are subject to a transaction to a third party.
CBRE Staff	The Client agrees that they will not bring any claim relating to this appointment (in contract, tort, negligence or otherwise) against any CBRE Limited officer, director, employee, member or consultant in their personal capacity.
Limitation of Liability	All of our civil liability (including interest and costs) to the Client, concerning the subject matter of this engagement letter, including the liability of any of our directors, partners, employees or agents, shall be limited to \$100,000 or five times the agreed net fee excluding GST, whichever is the lower. Subject always to the maximum aggregate liability of \$100,000, our aggregate liability shall be limited to that proportion of the total damage for which we are responsible. The intention of the parties is that each party to this contract shall bear only that part of any loss or damage that is proportionate to the loss or damage directly caused by them. For the avoidance of doubt, in determining proportionality of loss or damage caused, account shall be taken of any loss or damage that is reasonably attributable to any third party. If the parties to this contract cannot agree on the proportion of loss or damage attributable to any third party, the matter shall be referred to arbitration in accordance with the Arbitration Act 1996. Nothing in these terms or conditions shall affect the rights, obligations or remedies of the parties under the Contributory Negligence Act 1947 or the Law Reform Act 1936.
Survival	Any provision of this Terms of Engagement which contemplates performance or observance subsequent to any termination or expiration of this engagement shall survive any termination or expiration of this engagement and continue in full force and effect including, but not limited to, clauses regarding intellectual property, confidentiality, reliance, and limitation of liability.

3 RETAIL INVESTMENT OFFER AND PDS

CBRE Limited provides its consent for information from, and references to, the valuation reports within the PDS and inclusion of the valuation reports on the Disclose Register on the following conditions:

1. CBRE Limited is given the opportunity to review a draft copy of the PDS prior to its release to potential investors;
2. CBRE Limited is entitled to review the form and context of any reference to or statements attributed to CBRE Limited; and
3. That the following liability disclaimers, or wording to the same effect, are included on the Disclose Register.

CBRE Limited Liability Disclaimer

a) None of the PDS, the marketing materials for the offer or any information on the Disclose Register constitutes a recommendation by CBRE Limited or any of its respective directors, officers, employees, agents or advisors to subscribe for, or purchase, any securities. You must make your own independent investigation and assessment before deciding whether or not to apply for securities.

b) The Full Valuation Reports and Valuation Summary are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in respect of the offer or the securities. Without limitation to the above, to the maximum extent permitted by law, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

c) CBRE Limited has prepared the Full Valuation Report and Valuation Summary on the basis of, and limited to, the financial and other information (including market information and third-party information) which it has assumed is accurate, reliable and complete and confirms that it has not tested the information in that respect.

d) Certain references to property value within the PDS have been extracted from a valuation report prepared for Centuria Funds Management (NZ) Limited. The full valuation report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As property investments of this nature are inherently complex and market conditions can be subject to volatility, we require that any extracts must be read in concert with the full valuation report. No responsibility is accepted for any loss or damage arising as a result of reliance upon these extracts.

e) The Full Valuation Report and Valuation Summary may not be reproduced in whole or in part without prior written approval of CBRE Limited.

f) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the properties which form the portfolio.

g) Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE Limited and CBRE Limited is not liable for any loss arising from such unauthorised use or reliance.

EXEC SUMMARY
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IMPROVEMENTS
LEASES
RENT
SALES
VALUATION
APPENDIX

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