



# Valuation Report

## **Bunnings Warehouse**

4 Phoenix Drive, Whakatane

31 August 2019

Phoenix Drive Property Investments Limited

This valuation has been prepared for Phoenix Drive Property Investments Limited for Product Disclosure Statement purposes.



# Executive Summary

## Bunnings Warehouse - 4 Phoenix Drive, Whakatane



The property consists of a 27,460 sqm site with a bulk retail store comprising a total area of approximately 8,041 sqm including a single level warehouse with adjoining timber yard and nursery. The main building, including canopies, equates to approximately 6,039 sqm. The remainder of the site provides sealed on-grade car parking for approximately 423 vehicles with access from Phoenix Drive.

The property is located in Whakatane on the southern side of State Highway 30 and enjoys road frontages to Phoenix Drive and Mill Road with access to the site provided off Phoenix Drive.

The trade retail investment market has seen a number of transactions with firm yield profiles in Auckland locations. The main yield driver being WALT, location and structured rental growth. We believe a discount would apply to the subject property based on the regional location, however the new eight-year renewal is beneficial.

We are aware of a Tripartite Deed for the sale of part of the site being Lot 1 comprising approximately 2,700 sqm to Horizon (subject to final measurement). We have valued this additional land separate to the main site. The land is currently under contract for \$233,000 with settlement estimated to occur in October 2019. We have deducted costs of sale from the gross sale price to allow for an added value of \$200,000 plus GST (if any).

We have previously prepared a full report for the property which complies with Valuation Standards. Due to the purpose of this valuation, the fact that content is likely to be readily available on the Companies Office website and potential breaches of confidentiality, this report has been provided in an abbreviated format.

### Valuation

Prepared For	Phoenix Drive Property Investments Limited
Valuation Purpose	Market Valuation for Product Disclosure Statement purposes only
Date of Valuation	31 August 2019
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Business – Large Format Retail – Whakatane District Plan (operative June 2017)
Tenure	Freehold – Record of Title 314186
Interest Valued	100% Freehold Interest
Adopted Value - Bunnings	\$11,950,000 plus GST (if any)
Adopted Value - Additional Land	\$200,000 plus GST (if any)
Combined Value	\$12,150,000 plus GST (if any)

Property Particulars			Financial Summary		
Net Lettable Area	Total	8,041 sqm	Gross Passing Income	\$870,899	(\$108 /sqm)
	Main Retail & Timber Trade	5,755 sqm	Gross Market Income	\$888,791	(\$111 /sqm)
	Yards, Canopy & Nursery	2,192 sqm	Adopted Outgoings	\$86,995	(\$11 /sqm)
	Office & Amenities	93 sqm	Net Passing Income	\$783,904	(\$97 /sqm)
Car Parking (Ratio)	423 bays (1:19)		Net Market Income	\$801,796	(\$100 /sqm)
Total Site Area (Lot 1 & lot 2)	27,460 sqm		Weighted Average Lease Term (by Income)		6.83 years
Horizon Land (Lot 1)	2,700 sqm		Weighted Average Lease Term (by Area)		6.83 years

## Cap Approach Assumptions

Adopted Cap Rate	6.50%
Discount Rate (PV of Adjustments)	6.50%
Discount Rate (Other Income)	7.63%
Allowances for Capex Occurring within	24 months
Market Income Capitalisation	\$11,969,000
Passing Income Capitalisation	\$11,972,000

## DCF Approach Assumptions

Discount Rate	7.63%
Terminal Yield	6.75%
Adopted Lease Term	10.0 years
Weighted Rental Growth (Avg. 10yr)	1.83%
CPI (Avg. 10yr)	1.99%
Value based on DCF Approach	\$11,912,000

## Valuation Analysis

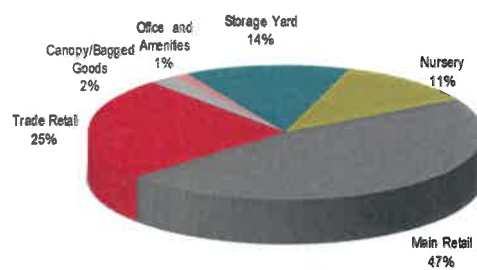
Equivalent Yield	6.51%	Rate/sqm of NLA	\$1,486/sqm
Initial Yield (Net Passing Income)	6.56%	Internal Rate of Return (10 year)	7.57%

## Financial Details & Critical Analysis

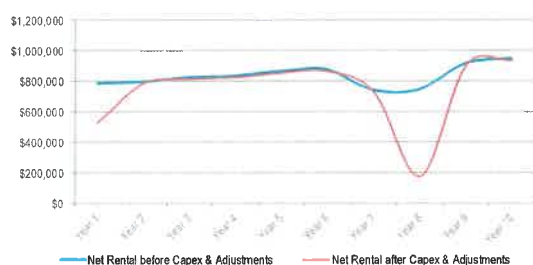
### Tenancy Overview

Tenant	Net Income	Area (sqm)
Main Retail	\$448,645	3,758
Trade Retail	\$208,473	1,997
Canopy/Bagged Goods	\$8,458	191
Office and Amenities	\$14,898	93
Storage Yard	\$53,435	1,082
Nursery	\$49,995	919
Total	\$783,904	8,041

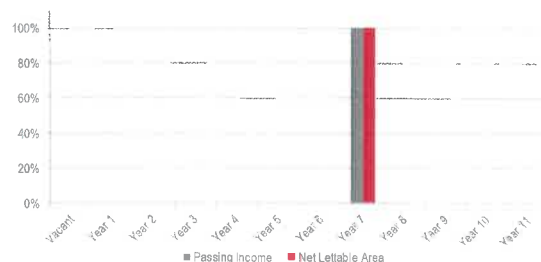
### Tenant by Lettable Area



### Projected Net Cash Flow



### Lease Expiry Profile



## Valuers

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## Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- The valuation is current as at the date of valuation only, being 31 August 2019. 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 this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Certificate of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.



- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.
- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtained verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Unless otherwise stated all currencies within this report are in New Zealand Dollars.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
- A reliant party can only rely on this valuation if received directly from JLL without any third party intervention.

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Valuation Definitions  
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# 1 Introduction

## 1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the freehold interest of 4 Phoenix Drive, Whakatane (the Subject/Property), as at 31 August 2019 for and on behalf of Phoenix Drive Property Investments Limited. We understand that the valuation is to be relied upon for Product Disclosure Statement purposes only.

We have previously prepared a full report for the property previously which complies with full Valuation Standards. Due to the purpose of this valuation, the fact that content is likely to be readily available on the Companies Office website and potential breaches of confidentiality, this report has been provided in an abbreviated format.

Our report has been prepared in accordance with the current Australia and New Zealand Property Institute's Valuation Standards, International Valuation Standards and the instructing parties valuation brief, and we confirm that the prime signatory:

- is independent of both the Instructing Party and Report Recipient;
- is authorised, under The Valuers Act 1948 to practise as a Valuer;
- is suitably registered and qualified to carry out valuations of such property;
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property;
- has satisfied professional education requirements and has experience in the location and category of property being valued or where applicable, has sought the advice of suitably qualified professionals who hold locational expertise; and
- has made a personal inspection of the property.

Furthermore we confirm:

- the statements of fact presented in the report are correct to the best of the Valuers knowledge;
- the analyses and conclusions are limited only by the assumptions and conditions which follow within this report;
- the firm, Jones Lang LaSalle and the undersigned Valuers do not have a direct or indirect pecuniary interest in the subject property;
- the professional fee charged in relation to this assignment has not been contingent upon any aspect of this report;
- the valuation contained herein has been performed in accordance with PINZ / NZIV Codes of Ethics and Conduct;

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear. Furthermore this report can only be relied upon when the given party has received the report directly from JLL.



## 1.2 Valuation and Inspection Dates

The key Dates which are relevant for our valuation are shown in the table below:

	Dates
Date of Valuation	31 August 2019
Date of Inspection	17 August 2019
Date of Preparation of Report	19 August 2019

We advise that we have been instructed to value the property as at 31 August 2019, which is our date of valuation. Our assessment assumes that there is no material change to the property or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuation if there are material changes to either the property or the market over this period.

## 1.3 Basis of Valuation

### Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

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

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value or other advantages or benefit additional to market value, to the buyer incidental to ownership of the property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Included within this valuation are lessor-owned items of building fixtures, fittings, plant and equipment. These items exclude all movable equipment, furniture, furnishings and tenant owned fit-out and improvements.

## 1.4 Relevant Valuation Standards & Disclosures

The valuations contained herein have been completed in accordance with current Australia and New Zealand Valuation and Property Standards, and in particular with:-

- IVS (International Valuation Standards 2017) Framework and General Standards
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 8 – Use in Offer Documents

## 1.5 Information Sources

The information reviewed or previously provided includes, but is not limited to, the following:

- Certificate of Title particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority;
- Sales and leasing data from various industry sources, including sales and leasing real estate agents;
- Market research and forecasts from JLL Research; and
- Lease documentation, building areas, income and expenditure report, tenancy schedule and budgets supplied by the instructing party or managing agent.

Our valuation is based on a significant amount of information which is sourced from the instructing party or managing agent and other third parties, including but not limited to tenancy schedules, operating cost budgets, title, site, environmental and planning documents. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed by our client or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

## 1.6 Specific Assumptions

Our assessment as to value has been based on the following specific assumptions:

- We have been provided with a Tripartite Deed outlining the terms for the sale of Lot 1 to Horizon being approximately 2,700 sqm (subject to final measurement). We have assumed these terms are confirmed, though we note the document is not fully signed.
- We have been informed Lot 1 is under contract for sale at \$233,000 to Horizon. We have allowed for some costs of sale and contingency to come back to a net additional value of \$200,000 plus GST (if any). Settlement is estimated to occur in October 2019.

## 2 Property Description

The property comprises an 8,041 sqm bulk retail premises and yard situated towards the rear of a 27,460 sqm freehold site. The premises provide a main warehouse and enclosed timber trade building and is flanked by a nursery and timber yard on either side, with the balance of the site providing sealed on grade parking for approximately 423 vehicles.

The warehouse and site improvements were purpose built in 2006 for the current tenant, Bunnings.

The property is located in Whakatane on the southern side of State Highway 30 and benefits from road frontages to Phoenix Drive and Mill Road with access to the site provided from Phoenix Drive at the middle of the eastern side of the site. A loading zone for inward goods is accessed from the south east corner of the site off Phoenix Drive with a driveway running along the rear of the premises.

Lot 1 comprising approximately 2,700 sqm (subject to final measurement), fronting State Highway 30 is prosed for sale to Horizon. Please refer to section 11 for further detail.



Bunnings – Exterior



Bunnings – Garden Centre

## 3 Land Particulars

### 3.1 Location

The property is located on the western alignment of Phoenix Drive, approximately three kilometres north-west of the Whakatane town centre. The site is bound by State Highway 30 at the northern end of the site and benefits from high exposure to passing traffic. The premises are situated within a bulk retail development known as 'The Hub', occupying the most prominent site within the development. Other notable tenants within the Centre include Kmart, Briscoes, Rebel Sport, Farmers and Harvey Norman.

A car yard and pop up café have recently been constructed in front of the subject, providing a complementary use and retail activity in the immediate area.

Whakatane is the largest urban area within the Eastern Bay of Plenty with a population of approximately 18,750 and a wider district population of approximately 34,400. The nearest larger cities are approximately 83 km to Rotorua and 86 km to Tauranga.

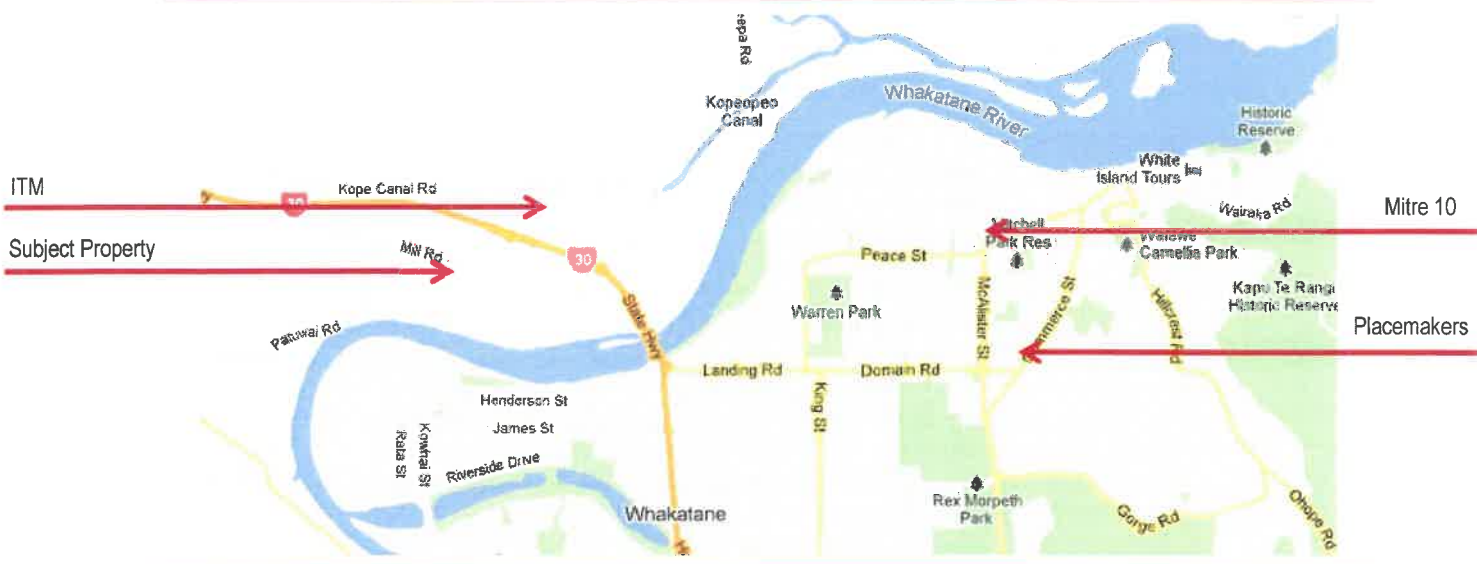
The following map identifies the approximate location of the Property:



Source: Google Maps

### 3.2 Hardware Retail Competition

We provide a map below of Whakatane showing the approximate location of direct competition in the hardware retail sector.



As can be seen from the map above there are a number of other hardware stores located within Whakatane providing a level of competition to the tenant Bunnings detailed below. We also note there is competition from larger format stores such as Bunnings and Mitre 10 Mega located in Tauranga and a Mitre 10 Mega store in Rotorua. Additionally, the recent opening of Mitre 10 Te Puke.



#### Mitre 10- 13-15 McAlister Street, Whakatane

This property is located on the eastern side of McAlister Street in Whakatane, with a land area of approximately 3,074 sqm and a building area of approximately 776 sqm. The existing building was recently remodelled and updated, however remains inferior to that of Bunnings due to the significantly smaller size and age of the building. The store is open 7 days a week although for reduced hours compared to that of Bunnings.



#### Placemakers – 133 Commerce Street, Whakatane

Placemakers Whakatane is located to the south of the Whakatane's main shopping strip. The store is approximately 2,000 sqm with a land area of approximately 7,856 sqm and was constructed circa 2000-2009. It enjoys road frontages to Commerce Street providing good exposure. Placemakers operates full days Monday to Friday and half day Saturday being closed on Sunday again reflecting reduced hours compared to that of Bunnings



#### ITM – 36 Gateway Drive, Whakatane

The ITM site comprises of a warehouse of approximately 800 sqm on a 2132 sqm site – significantly smaller to that of the subject property. The warehouse was constructed circa 2000-2009. This store is predominantly for trade purposes and operates on restricted hours – only operating 5 and half days a week while closing Sundays. The site is located on the fringe of Whakatane with access provided off State Highway 30. As the site is not located on a main route it does not benefit from its road frontage as the other properties do.

The subject property provides the dominant hardware offering in Whakatane especially with the retail offering. Potential exists for a Mitre 10 Mega to enter the market as part of their New Zealand expansion plans; however, we are unaware of any immediate plans.



### 3.3 Title Particulars

<b>Title Reference:</b>	314186
<b>Tenure:</b>	Freehold
<b>Legal Description:</b>	Lot 1 Deposited Plan 378419
<b>Area:</b>	27,460 square metres
<b>Registered Proprietor(s):</b>	Phoenix Drive Investments Limited

#### Encumbrances:

The Certificate of Title details the following encumbrances:

- Appurtenant hereto a draining right created by Court Order S328110
- Gazette notice declaring the adjoining State Highway No 2 (Pokeno to Wellington) to be a limited access road
- 6710246.4 Encumbrance to Carter Holt Harvey Limited - *Encumbrance to Carter Holt Harvey for 20 years from 1 December 2005 which restricts:*
  - *the property from being used as a saw mill or building supplies merchant (with the exclusion of Carters or Bunnings which does not breach this provision), make or bring any submissions; and*
  - *the right to submit, lodge, or support any submission against Carter Holt Harvey which restricts its mills, activities or any other activities that comply with the district plan.*
- Various rights of way for electricity, drainage and car parking
- 8377086.1 Variation of Consent Notice pursuant to Section 221(5) Resource Management Act 1991
- Land Covenant in Easement Instrument 9012917.4
- 9012917.6 Caveat by Brookfield Multiplex Developments (NZ) Limited – 29.3.2012
- 9012917.7 Mortgage to Bank of New Zealand – 29.3.2012

Source: Land Information New Zealand

We have considered these notifications in arriving at our opinion of value. For a detailed summary of the dealings noted above, we refer you to the Record of Title appended to this report.



### 3.4 Site Details

The property comprises a 27,460 square metre site of slightly irregular shape and generally level contour. The property benefits from three road frontages, being approximately 118 metres to State Highway 30, 110 metres to Phoenix Drive and 204 metres to Mill Road.

The improvements are situated along the southern portion of the site, with a loading bay at the rear and carparking located to the north up to the State Highway 30 road frontage.

Access to the site is provided from the middle of Phoenix Drive, with an additional entrance to the south providing access for delivery and goods vehicles to the loading bay. The loading bay is located at the south western corner of the site.

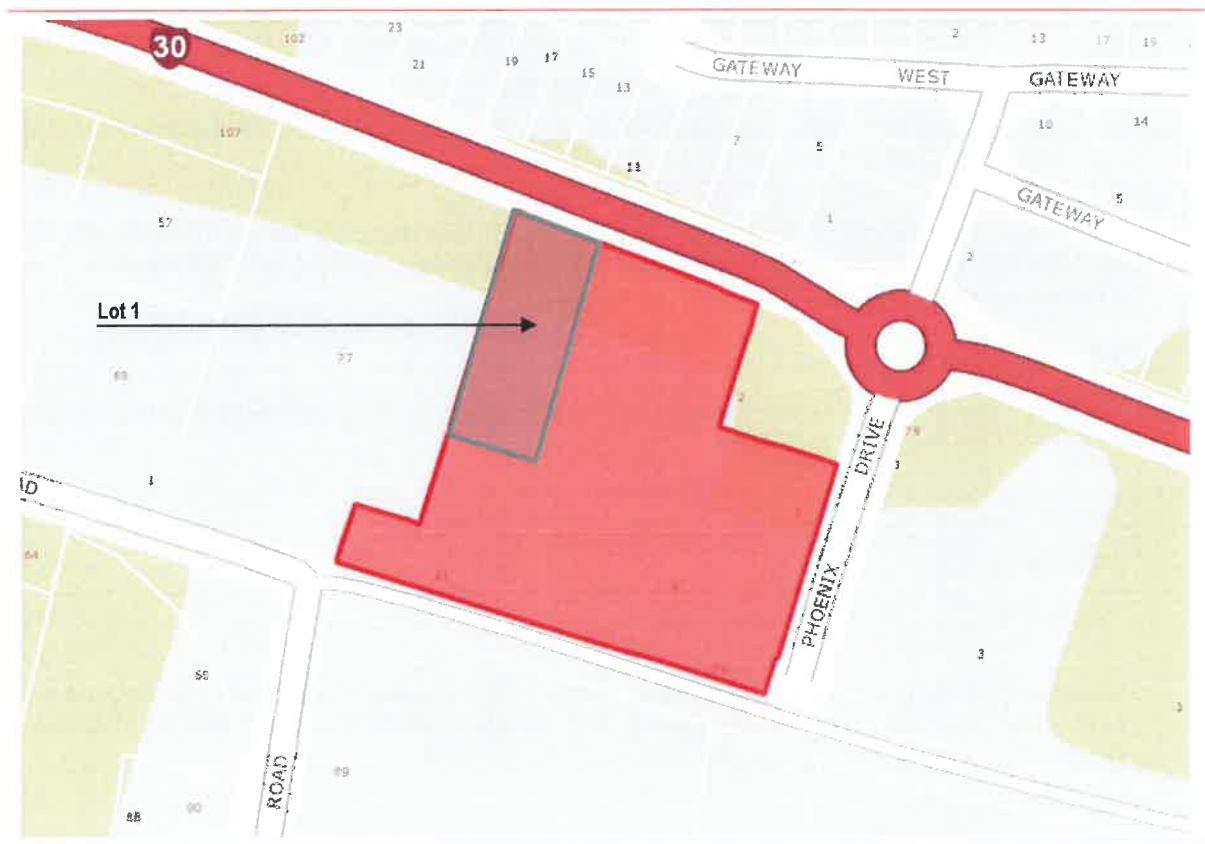
We have been provided with a Tripartite Deed which outlines the subdivision of the site into two lots, Lot 1 being 2,700 sqm (subject to final measurement) and Lot 2 being 24,760 sqm. Lot 1 is to be sold which will reduce the land associated with the Bunnings Warehouse tenancy.

A covenant is to be placed on Lot 1 allowing it to only be used for on or below grade carparking.

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<b>Site Area:</b>	<b>Total Area:</b>	<b>27,460 sqm</b>
	<b>Lot 1:</b>	<b>2,700 sqm (subject to final measurement)</b>
	<b>Lot 2:</b>	<b>24,760 sqm</b>

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Source: Emap

### 3.5 Resource Management

The Whakatane District Plan became operative in June 2017, with the subject property falling within the Large Format Retail zone. This zone is detailed in the table below:

<b>Local Authority:</b>	Whakatane District Council
<b>Planning Instrument:</b>	Whakatane District Plan
<b>Zoning:</b>	Large Format Retail

**Objectives:**

This zone is applied to the Hub area at Gateway and is intended to accommodate large format retail activities. Different standards are imposed on these sites in order to protect the amenity of surrounding land uses and streetscapes and in order to ensure economic and social effects on existing town centres are minimised. Controls on minimum floor area and the nature of the activities will ensure that these areas satisfy demand for large format retail use, whilst avoiding adverse effects on other retail environments in the District. As these zones are located adjoining industrial land, controls are also imposed to avoid reverse sensitivity issues.

**Development Controls:**

Maximum Height: 15 metres as a permitted activity of 20 metres as a discretionary activity.

Retail Activities in the Large Format Retail Zone:

- The minimum GFA or any separate tenancy shall be 1,100 sqm
- However, up to four separate tenancies on the development site may be co-occupied by two complementary activities, provided that no complementary activity shall occupy less than 500 sqm of GFA.
- Two or more cafes shall be a non-complying activity.
- At above 12 metres, retail activities shall be non-complying; and warehousing and associated commercial activities are permitted.

The existing improvements would appear to comply with the resource management requirements of the site. Further we have assumed that the property benefits from existing use rights or has an applicable Resource Consent.

### 3.6 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 September 2016, being Assessment Number 0715114507, is as follows:

Land Value	\$1,370,000
Improvements Value	\$6,230,000
Capital Value	\$7,600,000

We note that rating valuations do not take account of a number of key issues affecting value, including land tenure and occupancy arrangements, and are often assessed on an indexed or kerb-side basis. Accordingly, market and rating values may vary significantly.

### 3.7 Environmental Issues

During the course of our inspection we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems and we have not sighted an Environmental Audit.

Our valuation has been made assuming an audit would be available which would satisfy all relevant environmental, and occupational health & safety legislation. If the Property's current status needs to be clarified, an Environmental Audit should be undertaken. Our valuation excludes the cost to rectify and make good the Property, which may have become contaminated as a result of past and present uses.

### 3.8 Heritage

We have not undertaken any formal heritage searches; the property is not notified on the District Plan as being a heritage structure and our valuation is made on the assumption that there are no heritage issues relating to the Property.

## 4 Improvements

### 4.1 Overview

The property presents a main warehouse area of approximately 5,755 sqm comprised of two areas, being a main retail area of 3,758 sqm and a timber trade warehouse area at 1,997 sqm. These areas were constructed in 2006 as one building. The both have similar stud heights, but differ in the services provided and lighting used.

Adjoining the eastern side of the building is a 919 sqm outdoor nursery area which is used for the retailing of plants and related items. To the western alignment of the building is a 1,082 sqm timber yard. Additionally, there is a 191 sqm canopy at the rear of the premises, covering the loading dock.

The 3,758 sqm warehouse was constructed in 2006 and is constructed of steel truss framing with galvanised steel walls and roofing and reinforced concrete for flooring. The warehouse has a stud height of 6.13 m to the apex and 7.58 m to the portal knee. Lighting is provided by a combination of skylight roofing and fluorescent lights. There are four forced air vents providing circulation of air within the warehouse. Main access is located at the front of the building via the main customer entry.

The timber trade sales area is located to the west of the main retail area and is predominantly used for the storage and sales of timber. It has the same stud height as the main retail warehouse. Main entry is via the roller doors at the front of the building which allows vehicle access however pedestrian access can also be gained via the main retail area.

At the rear of this area there is a 191 sqm canopy which covers the loading dock servicing the timber trade area.

The 919 sqm nursery, located to the east of the main warehouse, is used for the storage and sale of plants. This area is enclosed by steel security fencing together with canopies providing for appropriate weather protection of this area. Pedestrian access to the nursery is gained via the main retail area.

The timber yard adjoins the timber trade sales area to the west of the main warehouse and consists of a paved concrete surface which is used for storage of timber. It is approximately 1,082 sqm. As per the nursery this area is enclosed by security fencing and access is predominantly via the main warehouse, although there is a gate for loading purposes.

The landlord has committed to upgrading the lighting with LED at a cost of between \$195,000 and \$209,000. (We have allowed for \$209,000 as a worst case scenario). This is expected to occur in October.

On grade carparking occupies the balance of the site to the north of the main building.



Bunnings – Trade



Bunnings – Interior

## 4.2 Construction

We briefly outline construction details to the building as follows:

<b>Structure:</b>	RSJ steel portal framing
<b>Walls (Internal and External):</b>	Galvanised mild steel
<b>Roof:</b>	Galvanised mild steel
<b>Floor:</b>	Reinforced Concrete foundations and flooring
<b>Stud Height:</b>	6.13 m to the Apex and 7.58 m to the Portal knee.
<b>Services:</b>	Four forced air vents provided within the main warehouse. Amenities provided include toilets for public and staff, a staff tearoom and limited offices.

## 4.3 Lettable Areas

The Property's total Net Lettable Area (NLA) is approximately 8,041 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Main Retail	3,758
Trade Retail	1,997
Storage Yard	1,082
Nursery	919
Canopy/Bagged Goods	191
Mezzanine Office and Amenities	93
<b>Total NLA</b>	<b>8,041 square metres</b>
<b>Car parking</b>	
<b>Total Car parking</b>	<b>423 spaces</b>

The areas noted above have been taken from survey plans provided by the client. Where the areas have not been certified we have undertaken a full measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

## 4.4 Condition and Repair

We inspected the interior and exterior of the property. The building appears to have been well maintained with no significant deferred maintenance requirements evident. The landlord has committed to upgrading the lighting with LED at a cost of between \$195,000 and \$209,000. (We have allowed for \$209,000 as a worst case scenario). This is expected to occur in October.

Our valuation has had regard to the apparent state of repair and condition of the Property; however, we were not instructed to carry out a structural survey or to test any of the services available to the Property. We are therefore unable to report that the Property is free from further defect and we have assumed that no deleterious material was used in the construction.

We note that the building has several features that impose a requirement to obtain an annual Building Warrant of Fitness. We were unable to sight a current Warrant of Fitness upon inspection of the property, but we have assumed all applicable requirements have been met. If the building does not meet requirements to obtain a Building Warrant of Fitness we reserve the right to review our valuation.



## 4.5 Earthquake Strengthening Requirements

New Zealand is prone to seismic activity and there are requirements on building owners to ensure their buildings are safe for occupants and users as outlined in the Building Act 2004 and Amendment (Earthquake-prone Buildings) Act 2016. These regulations categorise New Zealand into three seismic risk areas and sets timeframes for identifying and taking action to strengthen or remove earthquake prone buildings.

As part of our valuation we have been made aware of the following information:

Date built	2006
Risk Zone	High
NBS Rating	Unconfirmed
Assessment Type	Not applicable
Assessment Date	Not applicable

We are not qualified to undertake a structural survey of the property, however have proceeded based on the information available, and the likely responses from market participants or regulatory entities in relation to that information for the impact Earthquake issues may have on the value of the property. Given the age of the property, we do not believe that the building would be earthquake prone.



## 5 Property Income and Expenditure

### 5.1 Tenancy Overview

We summarise below the lease agreement for the tenant:

Item	Details
Lessee	Bunnings Limited
Demised Premises	The land and improvements on 4 Phoenix Drive, Whakatane being Lot 1 DP 378419
Gross Lettable Area	8,041 sqm (including timber yard and nursery)
Commencement Date	19 June 2006
Expiry Date	18 June 2018 – see below
Term and Option/s	One (1) further term of Eight (8) Years (less one day) (exercised)
Commencement Rental	\$604,594.71 per annum plus GST and outgoings
Current Rental	\$754,210 per annum plus GST and outgoings
Additional Rent	The lessee is required to pay an alterations rental of \$6,366 per annum plus GST. This is incorporated in the base rental beyond 19 June 2018.
Rental Review Provisions	Reviewed to previous 12 months CPI plus 1% (Capped at 6.5% biannually) in years 3, 5, 7 and 9
Outgoings Recovery	100% of Outgoings recovered from Tenant.
Permitted Use	Retail, wholesale and bulk sale and display of goods, materials, products, merchandised and items of any description (including, without limitation, building, hardware, timber and nursery products or materials) sold by any Wesfarmers or Bunnings branded stores in Australia or New Zealand.

In addition to the above, we have sighted a signed Deed of Renewal of Lease, dated 5 June 2018, between the lessor and the lessee. This renewal is for an eight-year term. We have applied these terms within our valuation.

We recommend that the reader peruse a copy of the Lease document/s.

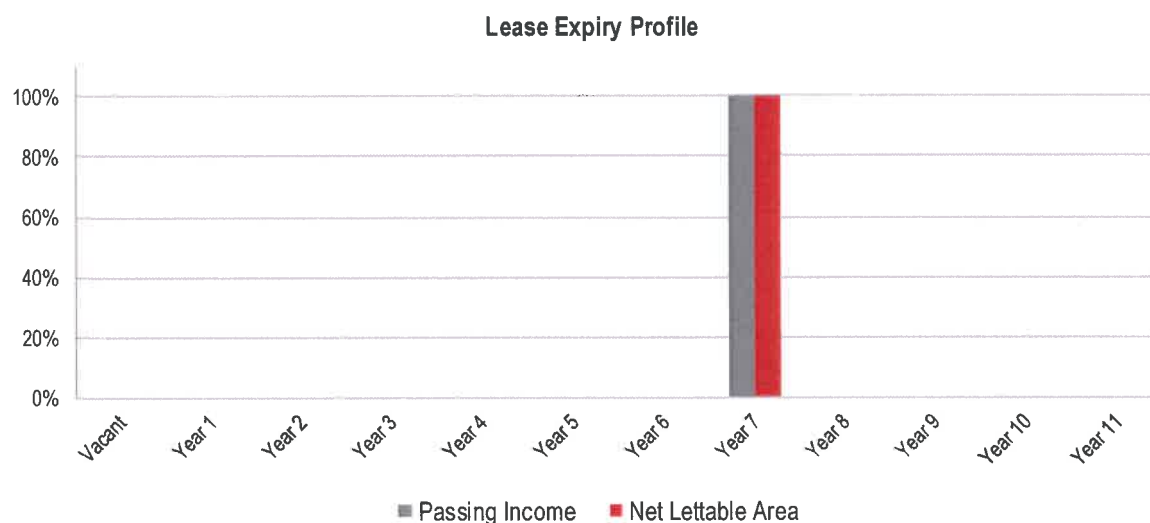
We note the Tripartite Deed outlines negotiations regarding a Deed of Variation of the Bunnings Lease, with Bunnings surrendering part of the site being the proposed Lot 1, and extending the rights of renewal to three rights of renewal of eight years each, with final expiry in June 2042.

## 5.2 Weighted Average Lease Term and Expiry Profile

The weighted average lease term remaining, as at the date of valuation, is:

Weighted Average Lease Term Remaining	Years
By Area	6.83
By Income	6.83

The graph below demonstrates the lease expiry profile (by income and area) over a ten-year horizon:



The WALT of the property is favourable, being of a long term basis. This would appeal to a range of investors.

## 5.3 Building Outgoings and Recoveries

### Lease Structures

The lease is structured on net basis, with the tenants being responsible for payment of rates and other property expenses in addition to premises rental. Management expenses are not recovered by the tenant – we have normalised management to \$5,000 per annum.

### Building Outgoings

Category	Annual Amount	\$/sqm of NLA
Statutory Charges	\$39,557	\$4.92
Operating Expenses	\$47,438	\$5.90
<b>Total Outgoings</b>	<b>\$86,995</b>	<b>\$10.82</b>

We consider that the adopted outgoings rate of \$10.82 per square metre of NLA to be in-line with albeit at the lower end of the range for comparable properties which is reflective of the regional location.

## 5.4 Income Analysis

We summarise the Property's total Passing Income as follows:

Current Passing Rent	Amount pa	% of Passing Income
<b>Passing Rental Analysis</b>		
Lettable Area Rental	\$788,904	90.59%
Outgoings Recovery	\$81,995	9.41%
<b>Gross Passing Income</b>	<b>\$870,899</b>	<b>100.00%</b>
Outgoings	\$86,995	
<b>Net Passing Income</b>	<b>\$783,904</b>	

## 6 Market Commentary

### 6.1 Economic Summary

As at July 2019:

- The Consumer Price Index is 1.7% for the year to June 2019. NZIER forecast that CPI will remain close to the 2.0% mark over the next few years.
- Gross Domestic Product grew by 2.7% for the year to March 2019. Consensus forecasts have revised down for the next year with growth of GDP anticipated at 2.5% to March 2020, with growth expected to pick up to 2.9% and then moderating.
- The Reserve Bank have left the Official Cash Rate unchanged at 1.50% in their June 2019 announcement with commentary that interest rates are expected to remain at this level or reduce over 2019.
- The 90-day Bank Bill Benchmark Rate (BKBM) was 1.63% as at July 2019. This averaged 1.95% over 2018 and is expected to stay similar over the short term.
- Unemployment rate is 4.2% as at March 2019, which is close to historical lows. Upcoming increases to minimum wage and several collective negotiations within industries such teachers and nurses may impact on employment levels over the medium term as wage expectations increase.
- The REINZ median national house price increased to \$585,000 to June 2019, up 4.5% over the year. Days to sell as a nationwide median increased slightly to 41 days June to June from 38 days.

The construction sector is in a balance of completing projects, limited appetite for risk from both contractors and financiers, however with remaining expectation of high costs and capacity constraints.

There remains risks to the global growth outlook, particularly driven via the US and foreign policy. There remains risks to the Chinese and European economies also, as geopolitical issues add to global uncertainty.

Overall the economic environment is positive, however with some risk issues following several years of strong growth and increasing asset values.

## 7 Leasing Evidence

### 7.1 Leasing Evidence

We have previously prepared a full report for the property which complies with Valuation Standards. Due to the purpose of this valuation, the fact that content is likely to be readily available on the Companies Office website and potential breaches of confidentiality, this report has been provided in an abbreviated format. Based on this, we outline the evidence we have had regard to in this abbreviated format as follows:

Location	Lessee
Subject Renewal	Bunnings
Hamilton South	Bunnings
Botany	Mitre 10 Mega
Rotorua	Bunnings
Palmerston North	Bunnings
Hamilton – Te Rapa	Bunnings
Te Puke	Mitre 10
Hastings	Bunnings
Takanini	Bunnings
Takanini	Placemakers
Fairway Drive, Kerikeri	Bunnings
The Base, Hamilton	Mitre 10 Mega

### 7.2 Market Rental Profile

Based on the above, we believe that the passing rental is below market levels. Our adopted market rental profile is displayed below:

Premises	NLA	Passing Rental	Market Rental	Market Rental pa
Main Retail	3,758	\$119 /sqm	\$123 /sqm	\$460,377
Trade Retail	1,997	\$104 /sqm	\$108 /sqm	\$214,709
Storage Yard	1,082	\$49 /sqm	\$53 /sqm	\$56,813
Nursery	919	\$54 /sqm	\$50 /sqm	\$45,970
Canopy/Bagged Goods	191	\$44 /sqm	\$40 /sqm	\$7,624
Office and Amenities	93	\$160 /sqm	\$175 /sqm	\$16,303
<b>Total</b>	<b>8,041 m<sup>2</sup></b>			<b>\$801,796</b>

### 7.3 Net Income Assessment

The table below presents both the passing income and adopted market net income profile of the Property:

Passing Versus Market Comparison	Passing pa	Market pa
<b>Rental Analysis</b>		
Lettable Area Rental	\$788,904	\$801,796
Outgoings Recovery	\$81,995	\$86,995
<b>Gross Income</b>	<b>\$870,899</b>	<b>\$888,791</b>
Outgoings	\$86,995	\$86,995
<b>Net Income</b>	<b>\$783,904</b>	<b>\$801,796</b>



## 8 Sales Evidence

### 8.1 Sales Transactions

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. The more relevant sales are summarised in the sales schedule and commentary below:



#### **Burnsco, Hamilton**

The property comprises a circa 1,700 sqm building which was recently completed on a 3,524 sqm site with some 55 carparks. Leased to Burnsco on a 6 year lease and a health centre also with a 6 year lease. Situated on Karewa Place in the Te Rapa area of Hamilton with nearby tenants including Countdown, Kmart and The Base Shopping Centre.

Additional sales details are held confidentially.



#### **Placemakers, Tauranga**

The property comprises a high profile site of some 8,762 sqm with Placemakers as the tenant for 9 years from July 2018. The site benefits from additional major arterial route profile. The building of some circa 3,981 sqm has an NBS rating of 76%. The annual rental of \$420,000 per annum has fixed increases of 4.5% per annum.

Additional sales details are held confidentially.



#### **The Warehouse, Hastings**

The property comprises a 6,400 sqm The Warehouse on a 1.53 hectare site, which sold in February 2019. The property was purpose built in 2012 within The Park Mega Centre in Hastings and benefits from 100 metres of prime frontage to Karamu Road North (State Highway 2).

Additional sales details are held confidentially.



#### **The Warehouse, 8 Klinac Lane, Waipapa**

The property comprises a standalone 4,497 square metre The Warehouse bulk retail premises, together with open carparking for 207 vehicles situated on a 14,016 square metre Industrial zoned site at 8 Klinac Lane, Waipapa.

The building was purpose built in 2004, and includes bulk retail space, a stock room mezzanine office accommodation and a garden centre.

Additional sales details are held confidentially.



#### **Bunnings, Hamilton South**

The property comprises a new purpose built trade retail store situated in Hamilton South, leased to Bunnings on a new 12-year lease.

The building was completed in 2016 and provides for a modern trade retail format over approximately 9,705 square metres inclusive of main retail area, timber trade sales and drive through yard plus outdoor garden centre. Canopies and yard add another 2,458 sqm.

Additional sales details are held confidentially.



#### **Bunnings, Rotorua**

The property comprises a Bunnings Warehouse situated at 26-48 Old Taupo Road, Rotorua. The property was purpose built in 2007 and provides a lettable area of 13,940 sqm including yards and canopies.

Additional sales details are held confidentially.



#### **Bunnings, Te Rapa, Hamilton**

The property comprises a purpose built Bunnings Warehouse trade retail complex. The property includes a total gross lettable area of approximately 12,763 sqm which includes the main retail warehouse together with a garden nursery, trade sales area, and mezzanine office with amenities.

Additional sales details are held confidentially.



#### **Bunnings, Palmerston North**

The property comprises a Bunnings Warehouse situated on the corner of Tremaine Avenue and Railway Road, Palmerston North, which was originally constructed in 2005 and has approximately 13,370 sqm of lettable area.

Additional sales details are held confidentially.



#### **Mitre 10, Te Puke**

The property comprises a newly developed 2,020 sqm trade retail building situated on a 2,888 sqm site located on the corner of Queen Street and Oxford Street, Te Puke. The property at time of sale had a new lease in place for a 12-year initial term with two further rights to renew of 10 years.

Additional sales details are held confidentially.

Further analysis on all of these transactions is held confidentially.

## **8.2 Yield Summary**

As can be seen from the amount of transactional evidence above, the investment market for this asset class has shown strong demand in recent years with investors paying firm yields for desirable properties in good locations. The bulk retail investment market has seen significant yield compression with improvement in overseas investment demand together with significant onshore investment demand for quality retail accommodation.

In considering an appropriate capitalisation rate to apply to the subject property we have been particularly mindful of the key factors of the property including the location away from a major city, good tenant covenant, remaining term lease expiry and restricted user covenant.

Whakatane has seen limited transactions in recent times. Given that trade retail provides a national market, we have largely considered the sales throughout the country as noted above. In terms of the subject, the store provides a desirable retail asset at a value quantum which would be appealing to a variety of investment classes. We believe a discount is required to take account of the location of the subject store in comparison with recent Auckland sales. The recent renewal is very favourable, providing medium to long term tenure.

Based on the sales evidence, particularly the most recent and anecdotal evidence of current transactions, we have adopted the following valuation inputs:

Variable	Input
Capitalisation Rate - Core Income	6.50%
Discount Rate	7.63%

## 9 Valuation Considerations

### 9.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property at the date of valuation given the current leasing terms and market conditions. Opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Strong Australian tenant covenant with operations in both New Zealand and Australia.</li><li>• High Profile site providing good site exposure due to road frontages to SH 30.</li><li>• Easy access off Phoenix Drive.</li><li>• Large site providing ample car parking.</li><li>• Relatively modern high stud warehouse of excellent construction requiring little maintenance.</li><li>• Stable rental growth due to reviews being to CPI +1%.</li><li>• Adjoining other modern retailers.</li><li>• Long term WALT.</li><li>• 8-year renewal period agreed to.</li></ul>	<ul style="list-style-type: none"><li>• Encumbrance restricting other hardware operations.</li><li>• Purpose built store therefore potentially hard to relet if existing tenant leaves.</li><li>• Limited development potential.</li><li>• On the fringe of Whakatane.</li><li>• Inability to receive market rents due to rent reviews being to CPI – this is an issue if market rates in future grow faster than CPI.</li><li>• High lot value for local market.</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Complete Tripartite Deed to sell Lot 1.</li></ul>	<ul style="list-style-type: none"><li>• New competition or existing hardware stores expanding (e.g. Mitre 10 into a Mitre 10 Mega).</li><li>• Further developments of Large Format Retail under the proposed Whakatane District Plan.</li><li>• Potential increases in interest rates.</li><li>• Downturn in the market will hit regional locations harder than major cities.</li></ul>

### 9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 6 to 9 months.

*This is an estimate of the time it might take for the Property to sell if it were marketed at the ascribed market value. The actual time it may take to sell the Property will be impacted upon by numerous factors including the marketing undertaken, eagerness of buyers both generally and also in relation to assets similar to the Property, availability of finance, and changes in market conditions subsequent to the valuation date.*

### 9.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be a high net worth individual or syndicator.

### 9.4 Sales History

The subject property last transacted November 2011 for \$7,415,000. We note part of the site being Lot 1 comprising 2,700 sqm is currently under contract to Horizon for \$233,000.



# 10 Valuation Rationale

## 10.1 Valuation Overview

In arriving at our opinion of market value we have adopted the capitalisation of net income and discounted cash flow (DCF) approaches. Both results have then been cross checked using the direct comparison approach where the value is analysed on a rate per square metre of Net Lettable Area (NLA). Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

## 10.2 Valuation Criteria

After considering the sales evidence, market indicators and the level of investor sentiment for comparable commercial real estate and adjusting specifically for:

- The characteristics of the location;
- Quality of the improvements/building;
- Leasing covenants/security of income cash flow;
- Weighted remaining lease duration; and
- Expiry profile of tenancies.

We have adopted a core capitalisation rate of 6.50% on our adopted market rental profile and a 7.63% target discount rate.

## 10.3 Capitalisation Approach

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property and the deduction of outgoings, where appropriate in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value. A summary of the capitalisation approach is detailed below:

Direct Capitalisation Approach - Market Income	
<b>Market Income</b>	
Lettable Area Rental	\$801,796
Ideal Outgoings Recovery (Full Net Leases)	\$86,995
<b>Total Market Rental</b>	<b>\$888,791</b>
Less Outgoings Expenditure	(\$86,995)
<b>Net Market Rental</b>	<b>\$801,796</b>
<b>Rental Adjustments</b>	
Core Income	\$801,796
Core Income Capitalised at 6.50%	\$12,335,317
<b>Value Adjustments</b>	
Present Value of Rental Reversions	
Existing Tenancies	(\$99,615)
Present Value of Short Term Capital Expenditure: 24 months	(\$266,928)
<b>Total Value Adjustments</b>	<b>(\$366,543)</b>
<b>Total Capitalised Value</b>	<b>\$11,968,774</b>
<b>Adopted Capitalised Value</b>	<b>\$11,969,000</b>

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short term CAPEX) where appropriate have been made in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

### Rental Reversions

From the core value, we have deducted the present value of tenant rental reversions, which represents the present value of rental underage for each existing tenancy relative to our adopted rental profile. Further, we have allowed for downtime associated with the leasing up of any current vacancies within the Property.

### Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$266,928.

### Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$11,969,000.

Our detailed calculations are annexed to this report.

## 10.4 Discounted Cash Flow Approach

We have undertaken a discounted cash flow analysis over a 10 year investment horizon to derive a net present value for the Property. The cash flow outputs are summarised and appended to this report.

We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

The main valuation inputs used in our cash flow are summarised as follows:

### Revenue Projections

Our revenue projections commence with the passing rents for each existing tenant and, where relevant, include structured annual and market rent reviews, together with ratchet clauses, as provided for under existing leases.

### Growth Rates

A summary of the growth rates adopted for the cash flow period are as follows:

Growth	1	2	3	4	5	6	7	8	9	10
Trade Retail							10 year average		1.82%	
	1.00%	1.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CPI							10 year average		1.99%	
	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		2.49%	
	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Outgoings							10 year average		2.49%	
	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

The market rents have been grown over the 10 year cash flow period by their respective growth rate as set out within the summary table above. In formulating our views as to the appropriate projected rental growth rates for the Property we have had regard to forecasts supplied by JLL Research and NZIER. These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

### Letting Up/Incentive/Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have also allowed for an incentive to the new tenant with associated probability for this incentive occurring. We have assumed a new lease term for office tenants of 10.0 years and associated agents/leasing costs of 16.00%. Our allowances are outlined in the table below:

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex \$/sqm	Probability
Vacant	6 months	60%	0 months	100%	\$50	50%
Year 1	6 months	60%	0 months	100%	\$50	50%
Year 2	6 months	60%	0 months	100%	\$50	50%
Year 3	6 months	60%	0 months	100%	\$50	50%
Year 4	6 months	60%	0 months	100%	\$50	50%
Year 5	6 months	60%	0 months	100%	\$50	50%
Year 6	6 months	60%	0 months	100%	\$50	50%
Year 7	6 months	60%	0 months	100%	\$50	50%
Year 8	6 months	60%	0 months	100%	\$50	50%
Year 9	6 months	60%	0 months	100%	\$50	50%
Year 10	6 months	60%	0 months	100%	\$50	50%

### Capital Expenditure

Within our calculations we have made capital expenditure allowances based on budgets provided, as noted previously within this report, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for.

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$259,000	Year 6	\$11,303
Year 2	\$10,240	Year 7	\$11,586
Year 3	\$10,496	Year 8	\$411,022
Year 4	\$10,758	Year 9	\$12,172
Year 5	\$11,027	Year 10	\$12,476

Total CAPEX allowances amount to \$760,081 (\$94.53 /sqm of NLA) over 10 years.



### Estimated Terminal Sale Price

We have applied a terminal yield of 6.75% (a 0.25% softening to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

### Transaction Costs

We have made allowances for the following transaction costs within our discounted cash flow:

Transaction Costs	
Acquisition Costs	Nil
Disposal Costs	2.00% of the forecast Terminal Value

### Discount Rate

In assessing the appropriate target discount rate for the property, we have considered the following factors:

- Analysis of recent comparable sales;
- Current level of the 10 year Government Bond Rate;
- Dialogue with active institutional investors and property trust investors; and
- Property's lease covenants and quality of improvements.

### Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 7.63% to the cash flows to produce a present value of \$11,912,000. Our DCF calculations are annexed to this report.

### Sensitivity Analysis

The table below highlights a sensitivity analysis of the net present value around variations to the target discount rate and terminal yield:

Discount Rate	Terminal Yield		
	6.50%	6.75%	7.00%
7.38%	\$12,388,000	\$12,125,000	\$11,880,000
7.63%	\$12,170,000	<b>\$11,912,000</b>	\$11,673,000
7.88%	\$11,957,000	\$11,705,000	\$11,471,000

## 10.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$11,969,000
Capitalisation Approach - Contract Income	\$11,972,000
Discounted Cash Flow Approach	\$11,912,000
<b>Adopted Value</b>	<b>\$11,950,000</b>

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market investment sentiment, we have adopted a rounded valuation figure of **\$11,950,000** plus GST (if any).

The assessed value reflects an initial passing yield of 6.56%, an equivalent yield of 6.51%, an internal rate of return of 7.57%, and a rate of \$1,486 per square metre of Net Lettable Area, as leased.



## 12 Valuation

In accordance with your instructions we have assessed the market value of the 100% freehold interest in the property as follows.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 31 August 2019, is:

4 Phoenix Drive, Whakatane	Value
Adopted Value - Bunnings Warehouse	\$11,950,000
Adopted Value - Additional Land	\$200,000
<b>Combined Value</b>	<b>\$12,150,000</b>

### 12.1 Mortgage Security Recommendation

We are aware that this report will be used for mortgage security purposes. General banking valuation standard requirements dictate that a specific sum shall not be recommended and that a focus on potential risks and threats associated with the property are included. We refer you to our SWOT analysis in this regard.

Subject to the comments in this report, we consider the Property to be a suitable security for first mortgage purposes, to be relied upon by Phoenix Drive Property Investments Limited.

Finally, and in accordance with our normal practice, we confirm that this report is confidential to **Phoenix Drive Property Investments Limited for Product Disclosure Statement and Mortgage Security Purposes**. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

**JLL, Valuation & Advisory**



**Dale Winfield** BCom(VPM), MPINZ, MRICS  
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**Liam Rooney** BProp, MPINZ  
Registered Valuer - Director  
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Valuers Involvement in the preparation of this report:

Role	Name
Inspection of Property/Assets:	Liam Rooney
Calculations:	Liam Rooney and Dale Winfield
Information Review:	Liam Rooney
Reporting Authoring:	Liam Rooney and Dale Winfield
Quality Assurance/Reviewing	Phoebe Hewitson
Principal Valuer	Dale Winfield

## Valuation Definitions

<b>Net Passing Income</b>	The annual sum of the current base rent, any supplementary income and recoverable outgoings, less total outgoings.
<b>Net Income, Fully Leased</b>	The annual net passing income as above, plus estimated income from vacant tenancies and any immediate reversions.
<b>Capitalisation Rate</b>	The capitalisation rate adopted within the valuation applied to either the net income, fully leased (excluding supplementary income) or net market income prior to adjustments for vacancy, rental reversion and capital expenditure.
<b>Initial Yield</b>	The net passing income from an investment divided by the sale price or value adopted for the investment.
<b>Market Yield</b>	The assessed net market income divided by the sale price or value adopted.
<b>Equivalent Yield</b>	A market yield which reflects additional adjustments for capital expenditure, letting up assumptions or the present value of rental reversions after the capitalisation of income.
<b>Discount Rate</b>	A rate of return used to convert a future monetary sum or cash flow into a present value.
<b>Internal Rate of Return (IRR)</b>	The discount rate at which the present value of the future cash flows of the investment equals the acquisition cost of the investment.
<b>Terminal Yield</b>	Alternatively referred to as a Reversionary Yield, being the anticipated yield from an investment property once a reversionary value is attained at the end of the cashflow with adjustments for vacancy allowances.
<b>Ten Year IRR</b>	The IRR (as above) for which the property would achieve based on the present value of all the net cashflows over a 10 year period given the assessed value.
<b>Market Rent</b>	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.
<b>Market Value</b>	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 wherein the parties had each acted knowledgeably, prudently and without compulsion.
<b>Highest and Best Use</b>	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
<b>Weighted Average Lease Term (WALT)</b>	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
<b>Fair Value</b>	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

We recommend that the reader consult the International Valuation Standards Council – International Valuation Glossary <https://www.ivsc.org/standards/glossary>

# Record of Title





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



R. W. Muir  
Registrar-General  
of Land

**Identifier** 314186  
**Land Registration District** South Auckland  
**Date Issued** 10 December 2007

**Prior References**

SA1A/1088	SA1D/434	SA3D/825
SA4A/1239	SA715/48	

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<b>Estate</b>	Fee Simple
<b>Area</b>	2.7460 hectares more or less
<b>Legal Description</b>	Lot 1 Deposited Plan 378419

**Registered Owners**

Phoenix Drive Property Investments Limited

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**Interests**

Appurtenant hereto is a drainage right created by Court Order S328110

H859770 Gazette Notice declaring the adjoining State Highway No. 2 (Pokeno to Wellington) to be a limited access road - 16.3.1989 at 1.31 pm (affects parts formerly CT SA4A/1239 and SA1D/434)

6710246.4 Encumbrance to Carter Holt Harvey Limited - 4.1.2006 at 9:00 am

7650916.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 10.12.2007 at 2:56 pm

Subject to a right of way over parts marked A, B, C, K and N on DP 378419, a right to convey water, electricity, telecommunications and computer media and a right to drain sewage over parts marked N, P, Q, R and S and rights to convey electricity, telecommunications and computer media over parts marked U and S on DP 378419 created by Easement Instrument 7650916.4 - 10.12.2007 at 2:56 pm

The easements created by Easement Instrument 7650916.4 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to a right of way over parts marked A, F, L, N and O on DP 378419, a right to drain water over parts marked J, K, L, M, R, T, U and V on DP 378419, a right to drain sewage over parts marked U, S, R and Q on DP 378419 and a right to convey water over parts marked U, S, R, Q, N and P on DP 378419 in favour of The Whakatane District Council created by Easement Instrument 7650916.5 - 10.12.2007 at 2:56 pm

The easements created by Easement Instrument 7650916.5 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey telecommunications and computer media over parts marked U, S, R, Q, N and P on DP 378419 in favour of Telecom New Zealand Limited created by Easement Instrument 7650916.6 - 10.12.2007 at 2:56 pm

The easements created by Easement Instrument 7650916.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey electricity over parts marked U, S, R, Q, N and P on DP 378419 in favour of Horizon Energy Distribution Limited created by Easement Instrument 7650916.7 - 10.12.2007 at 2:56 pm

The easements created by Easement Instrument 7650916.7 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over part marked A on DP 388281 created by Easement Instrument 8324397.1 - 27.10.2009 at 9:00 am

Subject to a car parking easement over parts marked A and B on DP 412842 created by Easement Instrument

**Identifier****314186**

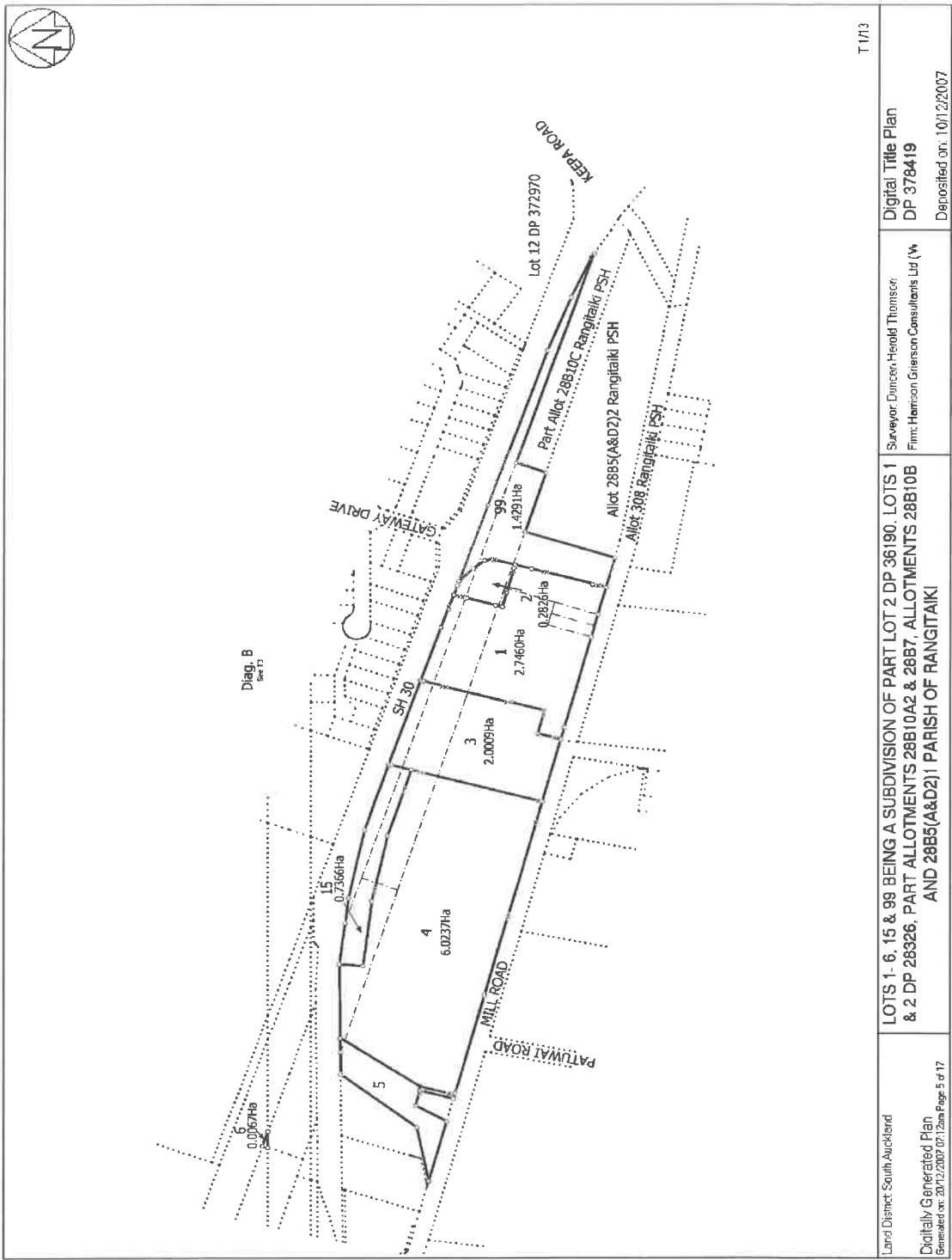
8351319.3 - 23.11.2009 at 9:00 am

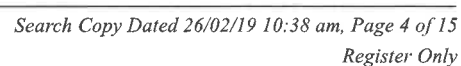
8351319.4 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 - 23.11.2009 at 9:00 am

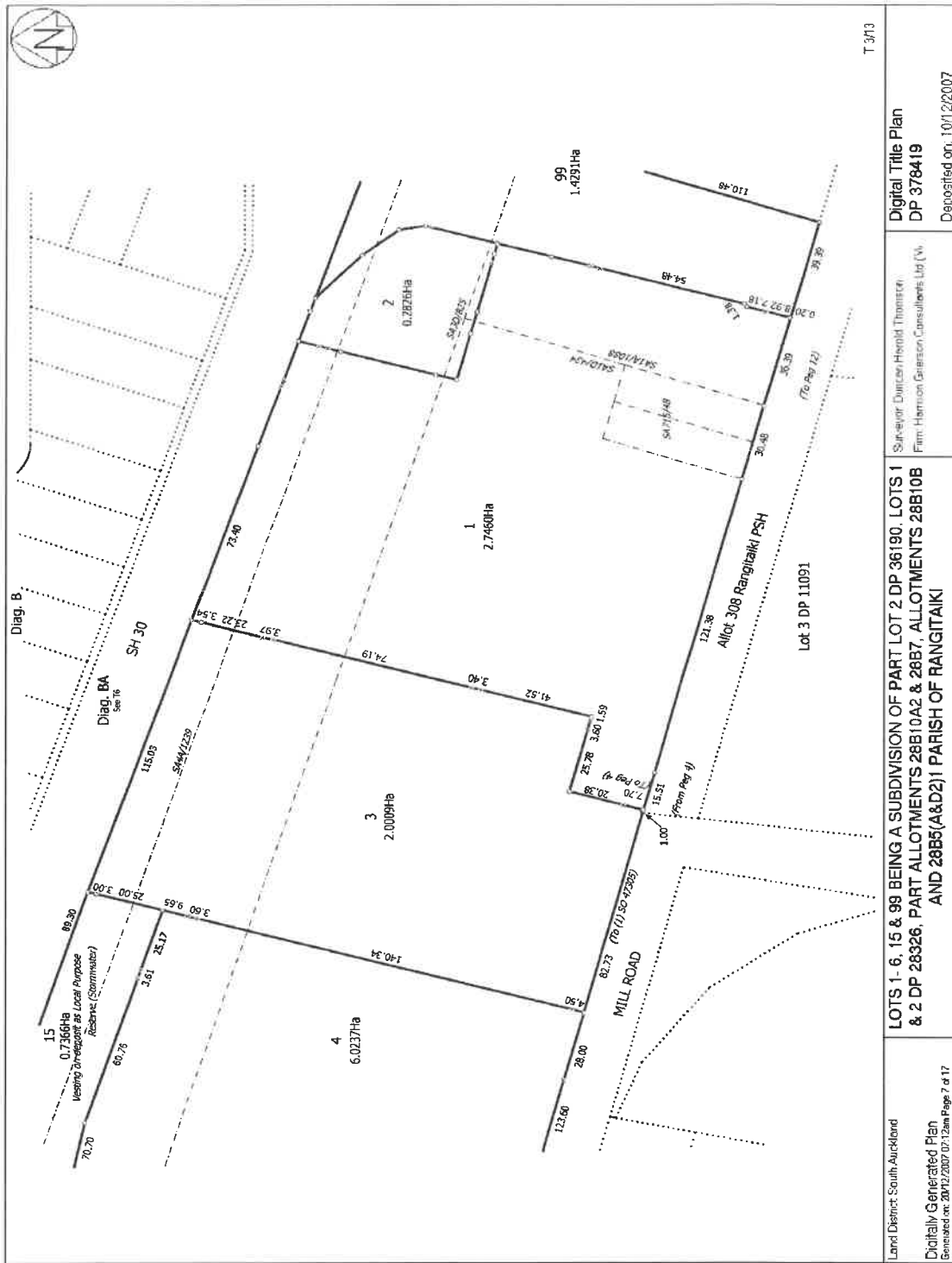
8377086.1 Variation of Consent Notice pursuant to Section 221(5) Resource Management Act 1991 - 16.12.2009 at 10:44 am

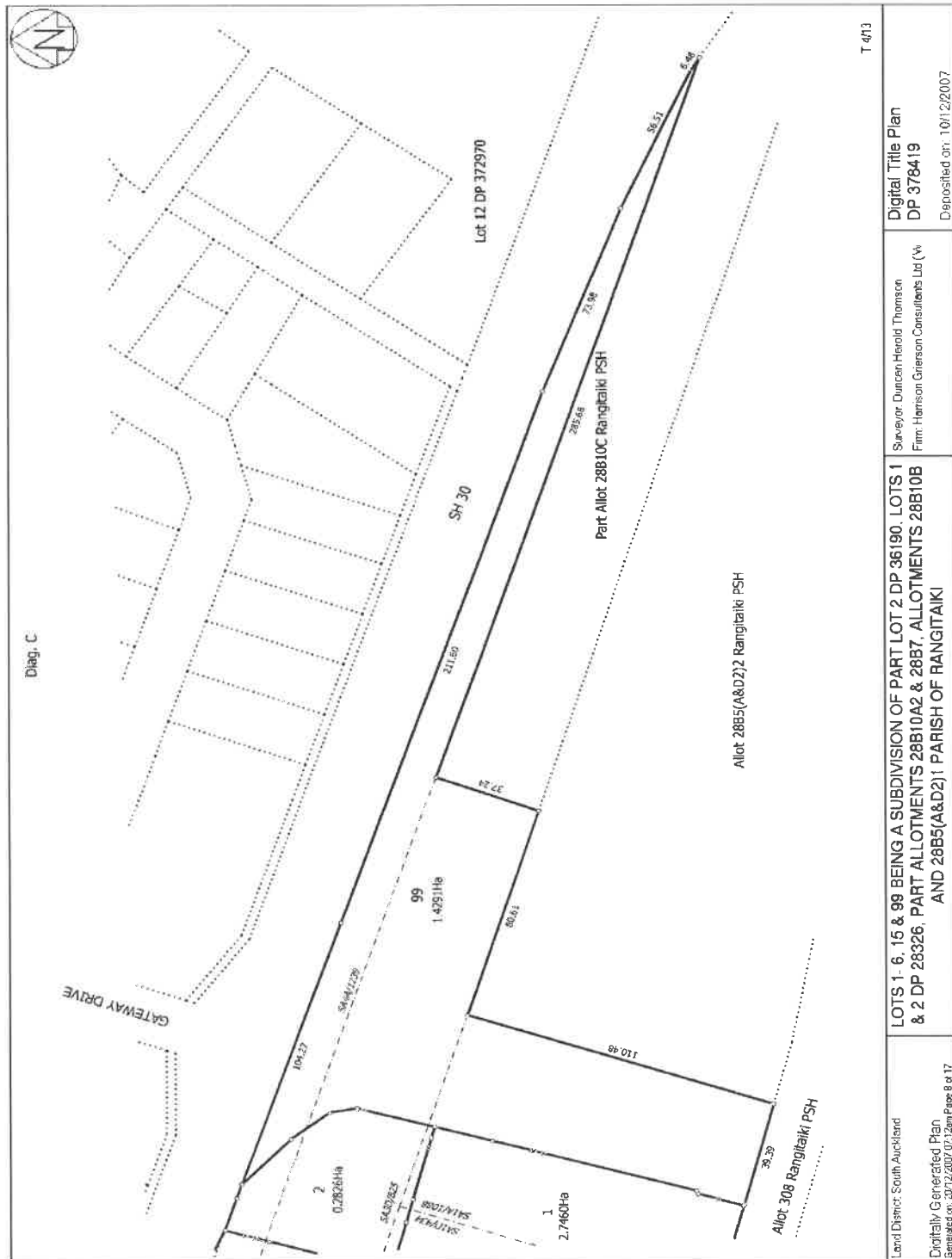
Land Covenant in Easement Instrument 9012917.4 - 29.3.2012 at 5:04 pm

9012917.7 Mortgage to Bank of New Zealand - 29.3.2012 at 5:04 pm

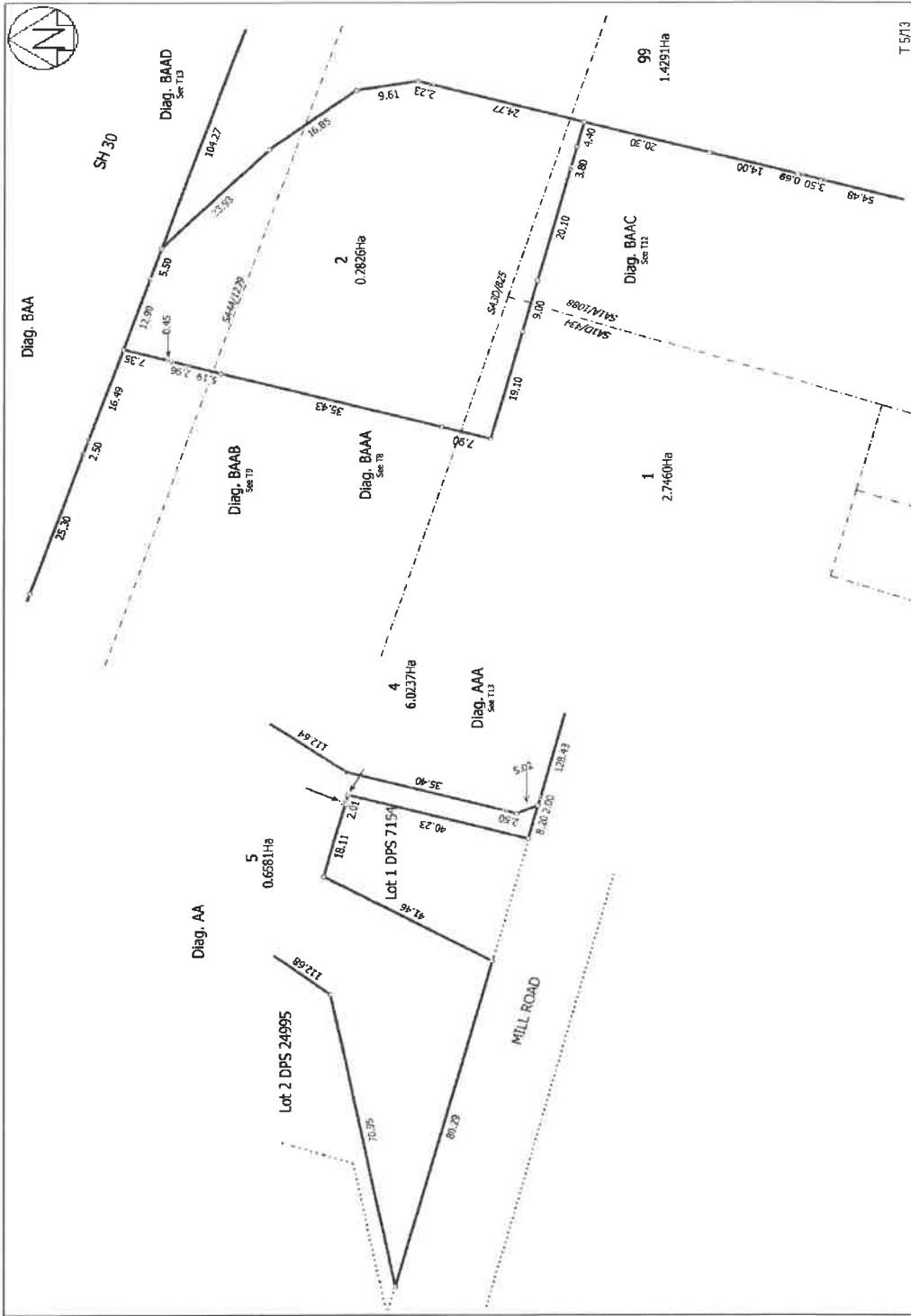




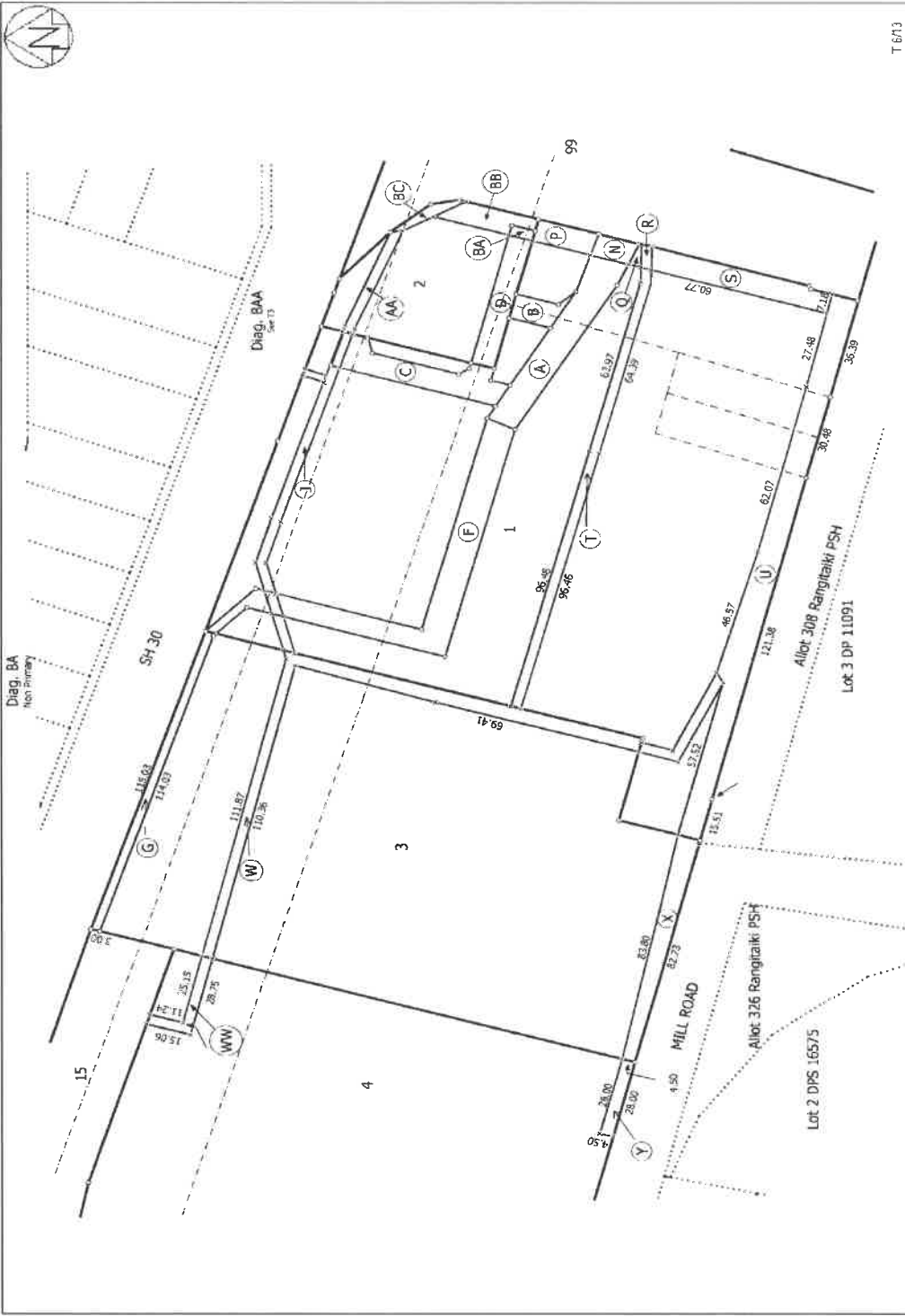






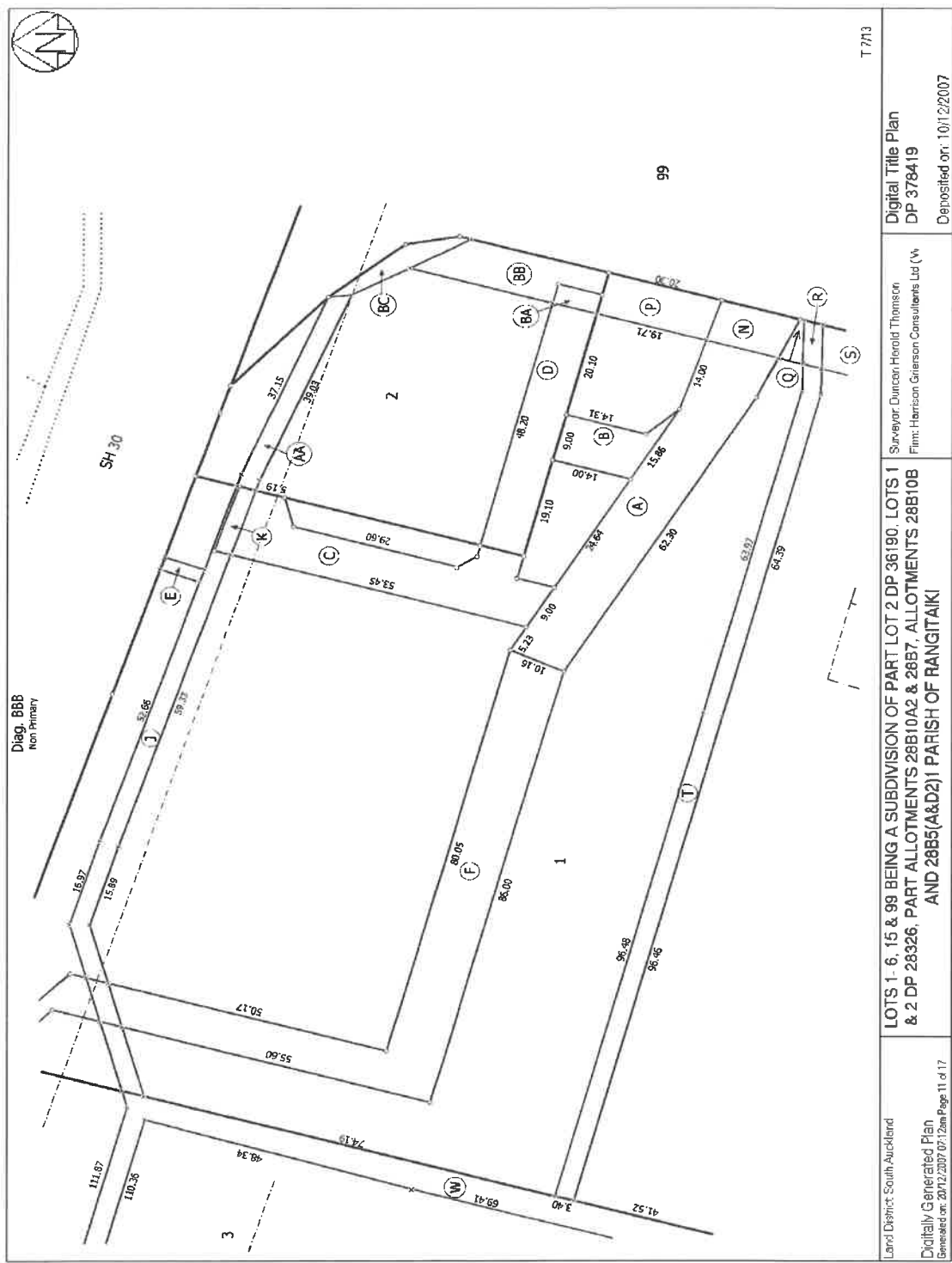


Land District South Auckland	LOTS 1 - 6, 15 & 99 BEING A SUBDIVISION OF PART LOT 2 DP 36190, LOTS 1 & 2 DP 28326, PART ALLOTMENTS 28B10A2 & 28B7, ALLOTMENTS 28B10B AND 28B5(A&D2)1 PARISH OF RANGITAHI	Surveyor: Duncan Herold Thomson Firm: Harrison Gieson Consultants Ltd (V)	Digital Title Plan DP 378419
Digitally Generated Plan (Generated on: 20/12/2007 07:12am) Page 9 of 17			Deposited on: 10/12/2007



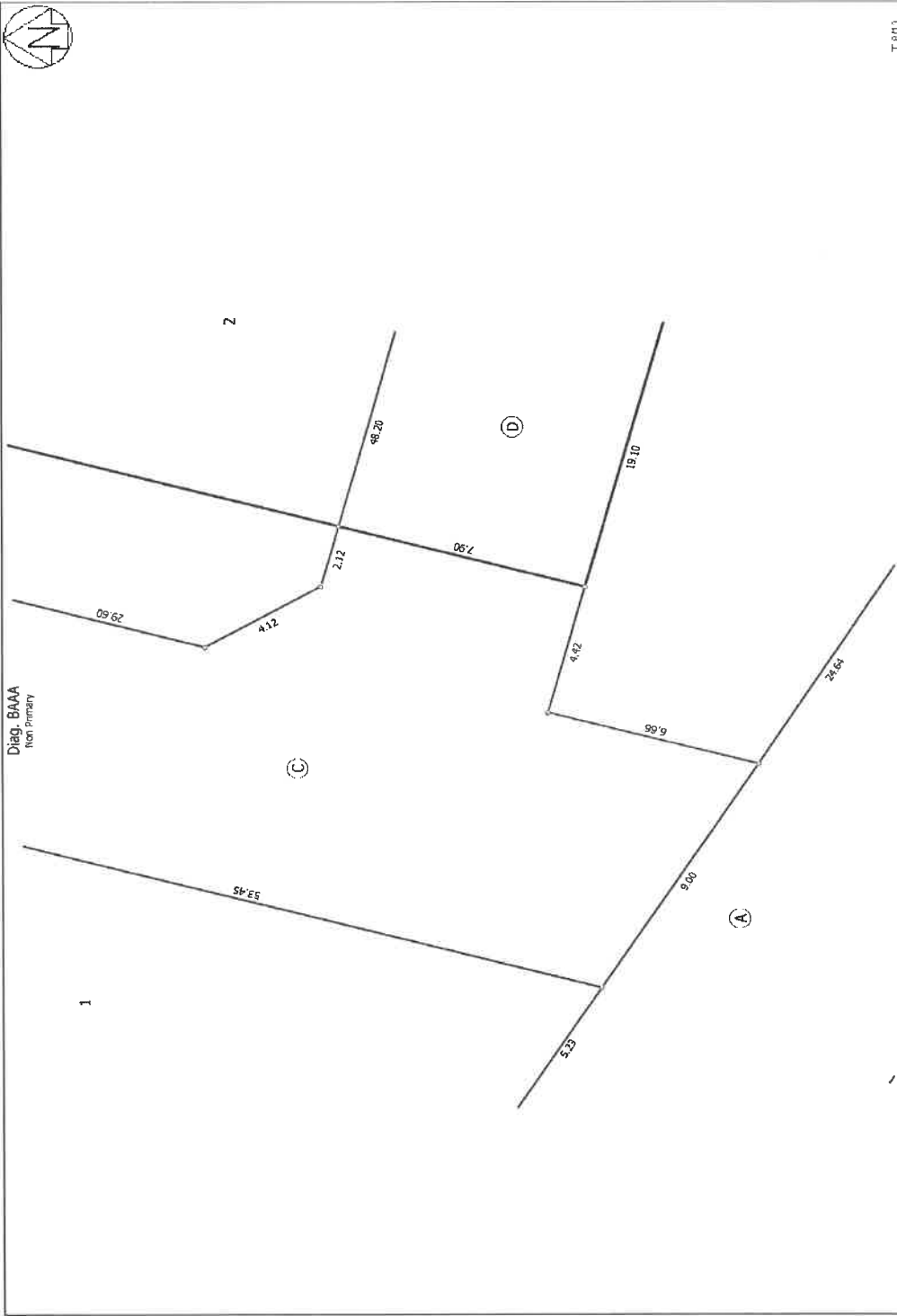
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Land District South Auckland	LOTS 1- 6, 15 & 99 BEING A SUBDIVISION OF PART LOT 2 DP 36190, LOTS 1 & 2 DP 28326, PART ALLOTMENTS 28B10A2 & 28B7, ALLOTMENTS 28B10B AND 28B5(A&D2) PARISH OF RANGITAKI	Surveyor Duncan Harold Thomson Firm Harrison Grierson Consultants Ltd (via)	Digital Title Plan DP 378419 Deposited on: 10/12/2007
Digital Generated Plan Generated on: 20/12/2007 07:12am Page 10 of 17			

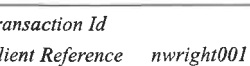


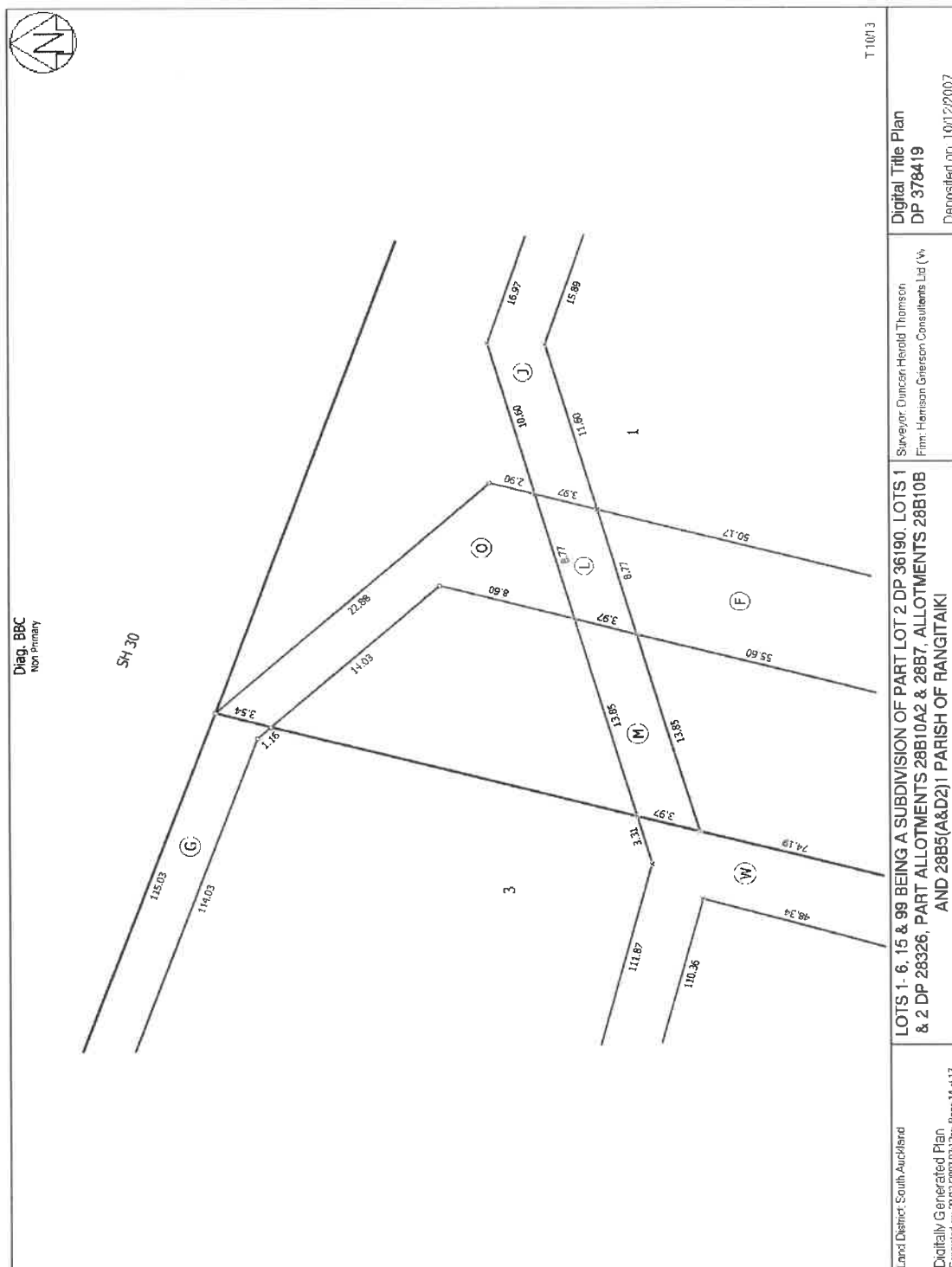
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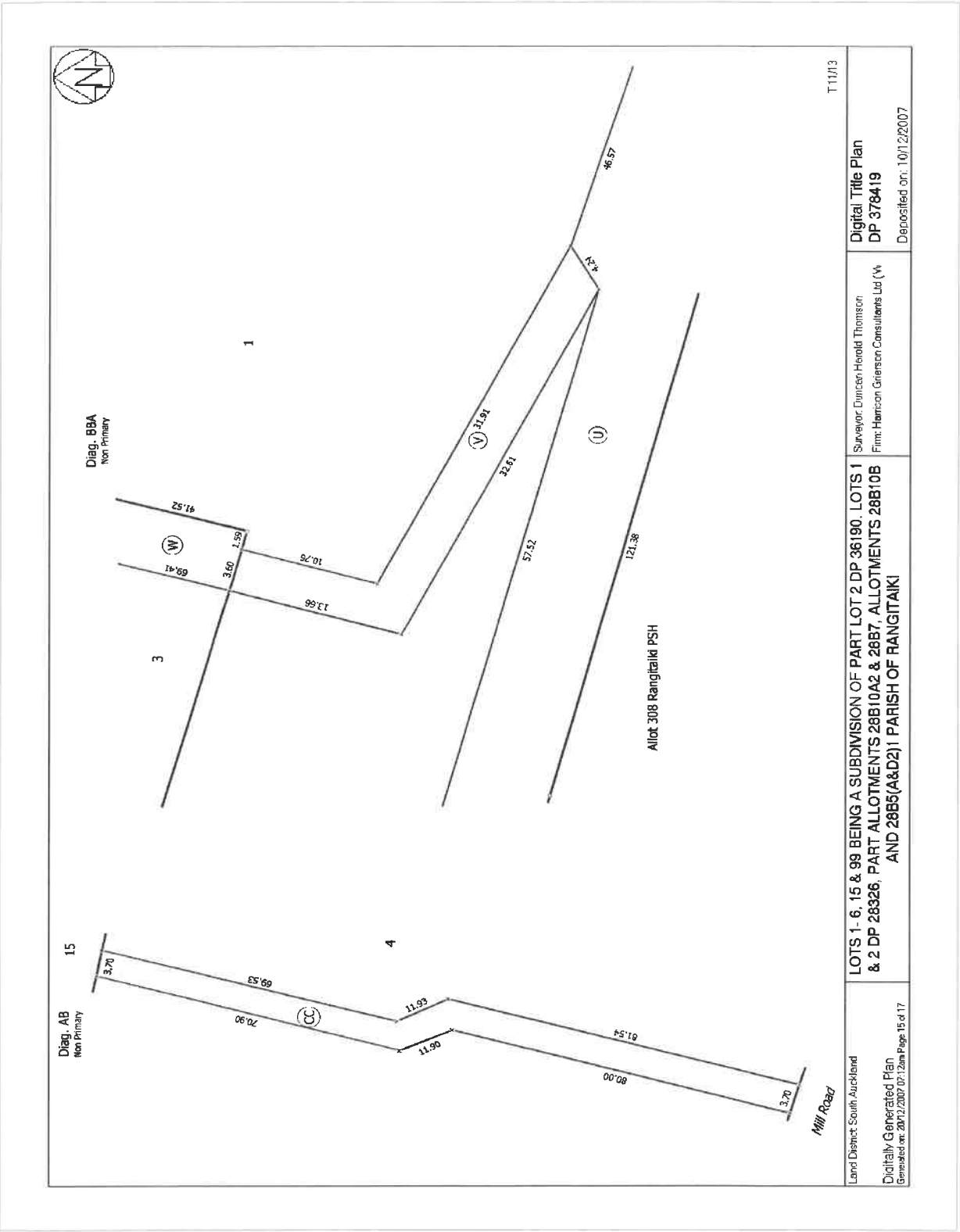


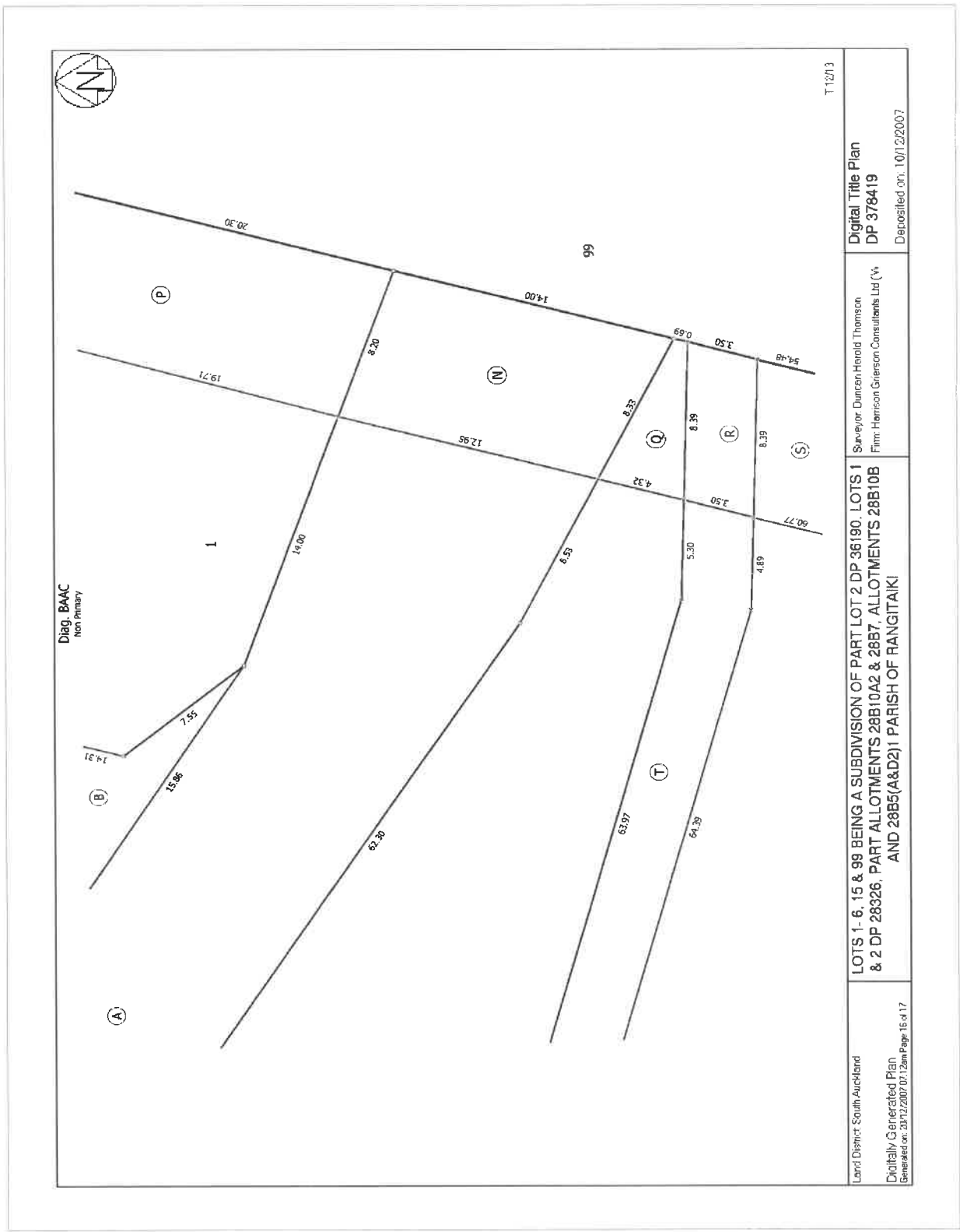
Land District: South Auckland	LOTS 1- 6, 15 & 99 BEING A SUBDIVISION OF PART LOT 2 DP 36190, LOTS 1 & 2 DP 28326, PART ALLOTMENTS 28B10A2 & 28B7, ALLOTMENTS 28B10B AND 28B5(A&D2)1 PARISH OF RANGITAHI	Surveyor: Duncan Harold Thomson Firm: Harrison Giverson Consultants Ltd (V)	Digital Title Plan DP 378419 Deposited on: 10/12/2007
Digitally Generated Plan Generated on: 20/12/2007 07:12am Page 12 of 17			

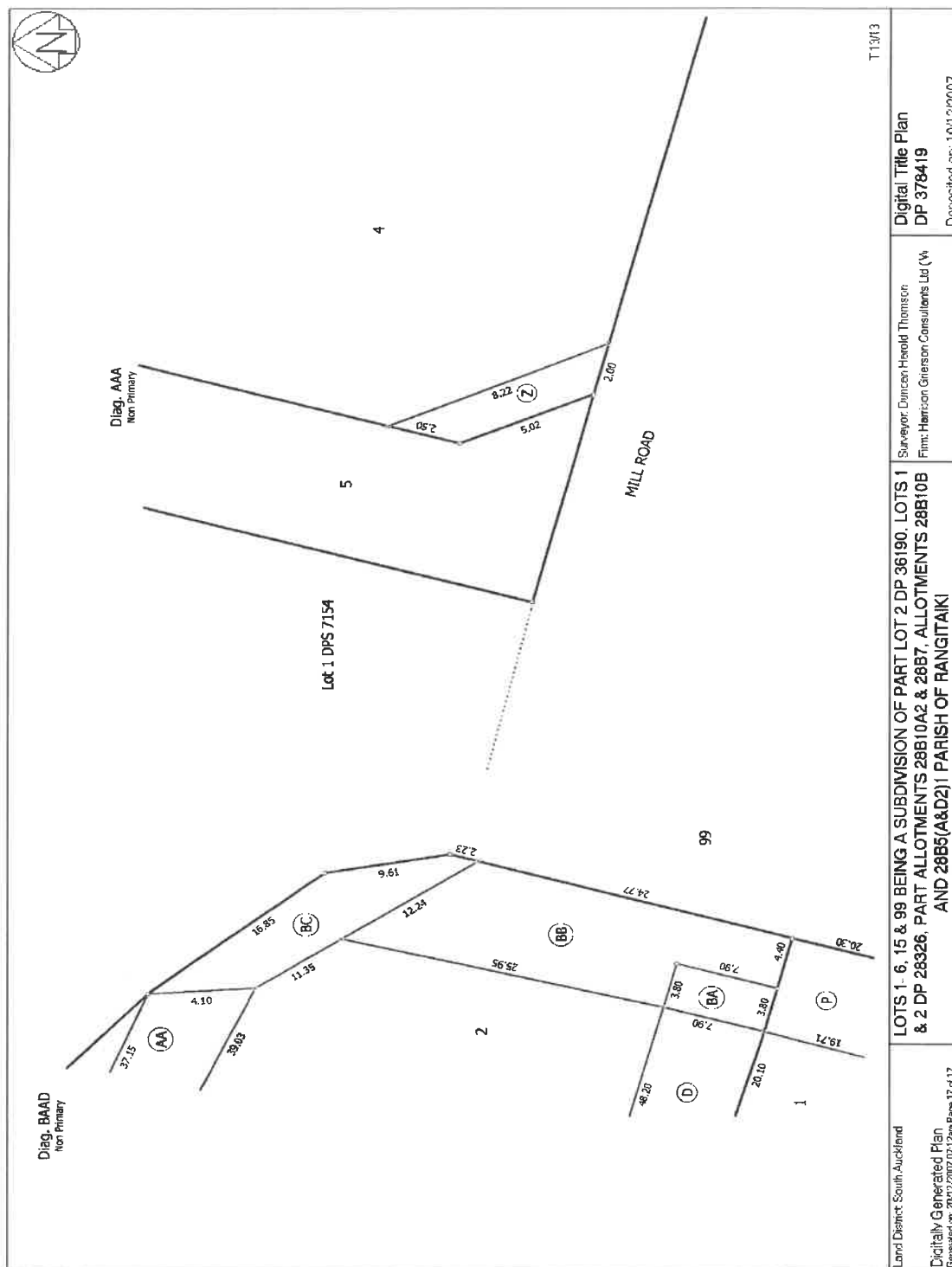












# Valuation Calculations



## Executive Summary

<b>Property</b>	Bunnings Warehouse - 4 Phoenix Drive, Whakatane
<b>Property Description</b>	Trade Retail
<b>Net Lettable Area</b>	8,041 square metres
<b>Car Parking</b>	423 spaces - 1 car park per 19.01 sqm
<b>Prepared For</b>	Phoenix Drive Property Investments Limited
<b>Purpose</b>	Product Disclosure Statement
<b>Date of Valuation</b>	31 August 2019
<b>Valuation Approach</b>	Capitalisation of Net Income and Discounted Cashflow
<b>Valuation</b>	\$11,950,000 plus GST (if any)

<b>Valuation Analysis</b>	
Initial Yield (Net Passing)	6.56%
Initial Yield (Fully Leased)	6.56%
Equivalent Yield	6.51%
Internal Rate of Return (Ten Year)	7.57%
Weighted Average Lease Term - Income	6.83 years
Weighted Average Lease Term - Area	6.83 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$1,486 /sqm

This information in this summary is derived from and should be read in conjunction with the full text of the accompanying report.

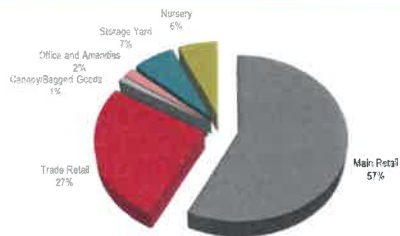
### Capitalisation Approach

Value Based on Market Capitalisation	\$11,969,000
Value Based on Contract Capitalisation	\$11,972,000
Capitalisation Rate	6.50%

### Discounted Cashflow Approach

Value Based on DCF Approach	\$11,912,000
Discount Rate	7.63%
Terminal Capitalisation Rate	6.75%
Nominal Assumed Rental Growth	1.83% pa
Nominal Assumed CPI	1.99% pa

### Major Tenant Occupancy Profile by Rental Income



### Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$788,904	\$801,796
Other Income		
Recoverable Outgoings	\$81,995	\$86,995
Gross Income	\$870,899	\$888,791
Total Outgoings	(\$86,995)	(\$86,995)
Less Year 1 Incentives		
Net Income	\$783,904	\$801,796

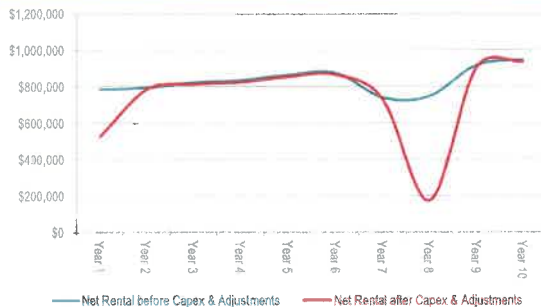
### DCF Sensitivity Analysis

Discount Rate	6.50%	6.75%	7.00%
7.38%	\$12,388,000	\$12,125,000	\$11,880,000
7.63%	\$12,170,000	\$11,912,000	\$11,673,000
7.88%	\$11,957,000	\$11,705,000	\$11,471,000

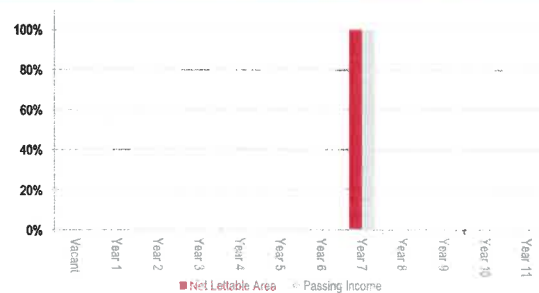
### Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$259,000	\$10,240	\$10,496
Letting Up	\$0	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0

### Projected Net Rental Cash Flow



### Lease Expiry Profile







<b>Market Income</b>	
Lettable area rental	\$801,796
Car Parking Rental	\$0
Ideal Outgoings Recovery (Full Net Leases)	\$86,995
<b>Total Market Rental</b>	<b>\$888,791</b>
Less Outgoings Expenditure	(\$86,995)
<b>Net Market Rental</b>	<b>\$801,796</b>
<b>Rental Adjustments</b>	
Less Long Term Vacancy Allowance @ 0.00%	\$0
<b>Core Income</b>	<b>\$801,796</b>
<b>Core Income Capitalised at 6.50%</b>	<b>\$12,335,317</b>

<b>Value Adjustments</b>	
Present Value of Rental Reversions	
Existing Tenancies	(\$99,615)
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	\$0
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$266,928)
Value of Other Income	\$0
<b>Total Value Adjustments</b>	<b>(\$366,543)</b>
Total Capitalised Value	\$11,968,774
Adopted Capitalised Value	\$11,969,000
<b>Adopted Value</b>	<b>\$11,950,000</b>

#### Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	6.83 years	Initial Yield (Net Passing)	6.56%
By Area	6.83 years	Initial Yield (Fully Leased)	6.56%
Current Vacancies		Equivalent Market Yield	6.51%
By Area	0 sqm	Rate per m <sup>2</sup> of NLA	\$1,486 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$783,904
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$783,904



<b>Passing Income</b>	
Lettable Area Rental	\$788,904
Car Parking Rental	\$0
Outgoings Recovery	\$81,995
<b>Total Passing Rental</b>	<b>\$870,899</b>
Less Outgoings Expenditure	(\$86,995)
<b>Net Passing Income*</b>	<b>\$783,904</b>
<b>Rental Adjustments</b>	
Less Long Term Vacancy Allowance @ 0.00%	\$0
<b>Core Income</b>	<b>\$783,904</b>
<b>Core Income Capitalised at 6.50%</b>	<b>\$12,060,062</b>
<b>Value Adjustments</b>	
Present Value of Rental Reversions	
Existing Tenancies	\$178,998
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	\$0
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$266,928)
Value of Other Income	\$0
<b>Total Value Adjustments</b>	<b>(\$87,931)</b>
Total Capitalised Value	\$11,972,131
Adopted Capitalised Value	\$11,972,000
<b>Adopted Value</b>	<b>\$11,950,000</b>

\* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach  
Bunnings Warehouse - 4 Phoenix Drive, Whakatane  
31 August 2019

Discounted Cashflow Results			Sensitivity Analysis*		Terminal Yield		Key Property Statistics				Valuation Date	Terminal Period	
			Discount Rate	6.50%	6.75%	7.00%	Weighted Average Lease Term - Income	Weighted Average Lease Term - Area	Occupancy	Initial Yield (Net Passing)	Initial Yield (Fully Leased)		
PV of Rental Income	\$5,210,026		7.38%	\$12,388,000	\$12,125,000	\$11,880,000						6.83 years	7.17 years
PV of Terminal Value	\$6,702,147		7.63%	\$12,170,000	\$11,912,000	\$11,673,000						6.83 years	7.17 years
Acquisition Costs	\$0		7.88%	\$11,957,000	\$11,705,000	\$11,471,000						100.00%	100.00%
Total Net Present Value	\$11,912,173		* Rounded Values									6.68%	6.68%
Adopted Net Present Value	\$11,912,000											6.56%	6.63%
Adopted Value	\$11,950,000												
Adopted Discount Rate	7.63%											\$760,081	\$94.53 /sqm
Internal Rate of Return	7.57%											6.36%	
Year Ending	30-Aug-2020	30-Aug-2021	30-Aug-2022	30-Aug-2023	30-Aug-2024	30-Aug-2025	30-Aug-2026	30-Aug-2027	30-Aug-2028	30-Aug-2029	30-Aug-2030		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11		
Rental Income													
Lettable Area and Car Park Income													
Outgoings Recovery	\$788,904	\$798,568	\$827,560	\$837,905	\$868,938	\$879,800	\$760,321	\$762,634	\$915,161	\$946,307	\$0		
Other Income	\$81,995	\$83,963	\$86,062	\$88,214	\$90,419	\$92,679	\$79,164	\$86,091	\$105,892	\$108,539	\$0		
Gross Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	\$870,899	\$882,531	\$913,622	\$926,118	\$959,357	\$972,479	\$839,485	\$848,725	\$1,021,052	\$1,054,846	\$0		
Rental Deductions													
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Outgoings Expenditure	(\$86,995)	(\$89,083)	(\$91,310)	(\$93,593)	(\$95,933)	(\$98,331)	(\$100,789)	(\$103,309)	(\$105,892)	(\$108,539)	\$0		
Net Rental Cashflow	\$783,904	\$793,448	\$822,312	\$832,526	\$863,425	\$874,149	\$738,695	\$745,416	\$915,161	\$946,307	\$0		
Rental Adjustments													
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$162,005)	\$0	\$0	\$0		
Capital Expenditure	(\$259,000)	(\$10,240)	(\$10,496)	(\$10,758)	(\$11,027)	(\$11,303)	(\$11,586)	(\$411,022)	(\$12,172)	(\$12,476)	\$0		
Net Cashflow	\$524,904	\$783,208	\$811,816	\$821,767	\$852,397	\$862,845	\$727,110	\$172,388	\$902,988	\$933,830	\$0		
Purchase Price	\$11,950,000												
Acquisition Costs @ 0.00%	\$0												
Gross Purchase Price	\$11,950,000												
Net Sale Price After Costs @ 2.00%											\$13,974,800		
Annual Cashflow	(\$11,425,096)	\$783,208	\$811,816	\$821,767	\$852,397	\$862,845	\$727,110	\$172,388	\$902,988	\$933,830	\$13,974,800		
Running Initial Yield	6.56%	6.64%	6.88%	6.97%	7.23%	7.32%	6.18%	6.24%	7.66%	7.92%	-		
Running IRR	6.11%	6.83%	7.37%	7.63%	6.83%	6.98%	7.25%	7.36%	7.47%	7.57%	-		

## Growth and Cost Assumptions

[illegible]



Tenancy Schedule  
Bunnings Warehouse - 4 Phoenix Drive, Whakatane  
31 August 2019

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pcpw	Net Market Rental Total	Premises \$/sqm	Car Park pcpw	Outgoings Recovery
1. Main Retail	Main Retail	3,758.2	423	20.0 years	19-Jun-06	18-Jun-26	19-Jun-21	2 yearly	CPI+1%	\$450,982	\$120.00	\$0.00	\$460,377	\$122.50	\$0.00	\$38,324
2. Trade Retail	Trade Retail	1,997.3		20.0 years	19-Jun-06	18-Jun-26	19-Jun-21	2 yearly	CPI+1%	\$209,715	\$105.00		\$214,709	\$107.50		\$20,367
3. Storage Yard	Storage Yard	1,082.2		20.0 years	19-Jun-06	18-Jun-26	19-Jun-21	2 yearly	CPI+1%	\$54,108	\$50.00		\$56,813	\$52.50		\$11,035
4. Nursery	Nursery	919.4		20.0 years	19-Jun-06	18-Jun-26	19-Jun-21	2 yearly	CPI+1%	\$50,566	\$55.00		\$45,970	\$50.00		\$9,375
5. Canopy/Bagged Goods/Canopy/Bagged Goods	Canopy/Bagged Goods/Canopy/Bagged Goods	190.6		20.0 years	19-Jun-06	18-Jun-26	19-Jun-21	2 yearly	CPI+1%	\$8,577	\$45.00		\$7,624	\$40.00		\$1,944
6. Office and Amenities/Mezzanine Office and F	Office and Amenities/Mezzanine Office and F	93.2		20.0 years	19-Jun-06	18-Jun-26	19-Jun-21	2 yearly	CPI+1%	\$14,956	\$160.54		\$16,303	\$175.00		\$950
	GLA	8,041 sqm	423						Passing Rental	\$788,904		Market Rental	\$801,796		Outgoings Recovery	\$81,995
	NLA	8,041 sqm							Net Passing Rental	\$783,904					Vacant Outgoings	\$0
															Outgoings Shortfall	\$5,000
															Total Outgoings	\$86,995



Annualised Receivable Income  
Bunnings Warehouse - 4 Phoenix Drive, Whakatane  
31 August 2019

Tenant Name	Premises	Year 1 30-Aug-2020	Year 2 30-Aug-2021	Year 3 30-Aug-2022	Year 4 30-Aug-2023	Year 5 30-Aug-2024	Year 6 30-Aug-2025	Year 7 30-Aug-2026	Year 8 30-Aug-2027	Year 9 30-Aug-2028	Year 10 30-Aug-2029
Main Retail	Main Retail	\$450,982	\$456,506	\$473,080	\$478,993	\$496,734	\$502,943	\$434,642	\$437,363	\$524,835	\$542,692
Trade Retail	Trade Retail	\$209,715	\$212,284	\$219,992	\$222,741	\$230,991	\$233,878	\$202,117	\$204,126	\$244,951	\$253,287
Storage Yard	Storage Yard	\$54,108	\$54,771	\$56,759	\$57,469	\$59,597	\$60,342	\$52,148	\$54,354	\$65,225	\$67,447
Nursery	Nursery	\$50,566	\$51,186	\$53,044	\$53,707	\$55,696	\$56,393	\$48,734	\$44,006	\$52,808	\$54,608
Canopy/Bagged Goods	Canopy/Bagged Goods	\$6,577	\$6,682	\$8,997	\$9,110	\$9,447	\$9,565	\$8,266	\$7,322	\$8,786	\$9,086
Office and Amenities	Office and Amenities	\$14,956	\$15,139	\$15,688	\$15,884	\$16,473	\$16,679	\$14,414	\$15,463	\$18,556	\$19,187
Total Receivable Rental Income		\$788,904	\$798,568	\$827,560	\$837,905	\$868,938	\$879,800	\$760,321	\$762,634	\$915,161	\$946,307





## JLL

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