JLL Achieve Ambitions

Valuation Advisory

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

Industrial Property

100 Harris Road, East Tamaki, Auckland

31 January 2022

Executive Summary

Industrial Property - 100 Harris Road, East Tamaki, Auckland

The property is situated on the main arterial of Harris Road and within the established industrial precinct of East Tamaki. The immediate surrounding properties are of varying light and heavy industry uses, including manufacturing and distribution centres.

The subject site forms a freehold parcel of land which measures approximately 22,374 square metres and has an approximate 40 metre road frontage where two vehicular accesses are available. The site is irregular in shape but is essentially flat in contour, and also enables a full drive through around the perimeter of the building.

The building improvement comprises a circa 1980s industrial property that is currently utilised as a plastics manufacturing facility. The building has had subsequent extensions although the property overall generally provides dated accommodation. The property provides for high stud warehousing with canopies, workshop / plant rooms, and associated offices over a two level block. The entire premises features a fire sprinkler system, and has an NBS rating of 100% (IEP).

The property is currently leased on a triple net basis to VIP Plastic Packaging (NZ) Limited on a 12 year term plus one right of renewal of 5 years, commencing October 2013. The lease returns a rental of $2,012,080 per annum plus GST which is subject to 3.5% fixed increases per annum. As at the date of valuation, the lease has a remaining term of 3.67 years.

New Zealand is at the 'red' traffic light setting following efforts to control the emergence of the Omicron and Delta variants of COVID-19. This imposes several measures of caution in an attempt to slow the spread. While the property market has in the past proved resilient to the disruption of COVID-19, our assessment has been conducted in accordance with the definition of 'Market Value', with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

Valuation

Prepared for	Oyster Industrial Property Limited
Valuation Purpose	Market Valuation for inclusion within a Product Disclosure Statement
Date of Valuation	31 January 2022
Date of Report	15 December 2021
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Heavy Industry – Auckland Unitary Plan Operative in Part (15 November 2016)
Tenure	Freehold – Record of Title NA27D/1012
Site Area	22,374 sqm
Lettable Area	16,767 sqm
Adopted Value	**$43,350,000 plus GST, if any** Forty Three Million Three Hundred Fifty Thousand Dollars plus GST, if any

Valuation Analysis

Initial Yield	4.64%
Initial Yield (Fully Leased)	4.64%
Equivalent Yield	4.79%
Internal Rate of Return (10 years)	6.14%

Rate / sqm of Lettable Area	$2,585
Weighted Average Lease Term	3.67 years
Current Occupancy	100.00%

Tenancy Overview

VIP Plastic Packaging (NZ) Ltd	$2,012,080	16,767 sqm

Financial Summary

Gross Passing Income	$2,590,619
Gross Market Income	$2,669,722
Adopted Outgoings	$578,539
Net Passing Income	$2,012,080
Net Market Income	$2,091,184

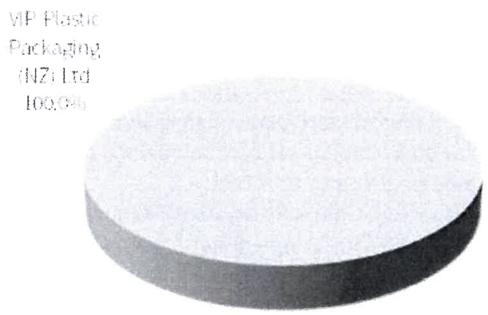
Cap Approach Assumptions

Adopted Cap Rate	4.750%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	$43,700,000
Passing Income Capitalisation	$43,800,000

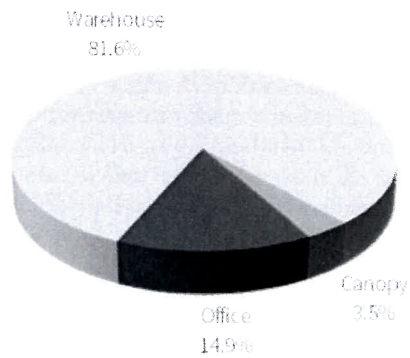
DCF Approach Assumptions

Discount Rate	6.250%
Terminal Yield	5.000%
Average Applied Rental Growth	2.90%
Value Based on DCF Approach	$43,000,000

Major Occupiers



Building Components



Valuers

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Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 31 January 2022. 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 Record 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 Record 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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Appendices

1 Introduction

1.1 Instructions

We refer to instructions from Oyster Industrial Properties Limited requesting that we undertake a market valuation of the freehold interest of 100 Harris Road, East Tamaki, Auckland (the Subject/Property), as at 31 January 2022 for Oyster Industrial Property Limited. We understand that the valuation is to be relied upon for inclusion within a Product Disclosure Statement purposes only.

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.

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;

The following parties may rely on this valuation report for the purposes as stated:

- Oyster Industrial Properties Limited – for inclusion within a Product Disclosure Statement purposes.

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 that are relevant for our valuation are shown below:

Date of Valuation	31 January 2022
Date of Property Inspection	3 December 2021
Date of Preparation of Report	15 December 2021

We advise that we have been instructed to value the Property as at 31 January 2022 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 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 2022) Framework and General Standards
- ANZVGP 111 – Valuation Procedures – Real Property
- ANZVGP 108 – Valuations for Use in Offer Documents

1.5 Information Sources

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

- Record 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 real estate agents;
- Market research and forecasts from JLL Research; and
- Lease documentation, building areas, and tenancy schedule supplied by the instructing party.

Our valuation is based on a significant amount of information that has been sourced from the instructing party or managing agent and other third parties. 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 to us.

1.6 Specific Assumptions

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

- We have been advised of the following budgeted capital expenditure by the client which we have adopted and made allowances for within our valuation:
  - $8,000 to be spent in financial year 2023, relating to the installation of water and electricity meters.
  - $35,000 to be spent in financial year 2026, relating to LED lighting upgrades.
  - $2,056,000 to be spent in financial year 2027, relating to roofing maintenance and refurbishment works.
  - $4,500 to be spent in financial year 2028, relating to routine fire protection maintenance.
  - $516,000 to be spent in financial year 2030, relating to roofing works, and windows and doors replacement.
  - $25,000 to be spent in financial year 2031, relating to replacement of roller doors and motors.
  - $64,000 to be spent in financial year 2032, relating to replacement of translucent roofing panels and membrane lining, and yard works.
- New Zealand is at the 'red' traffic light setting following efforts to control the emergence of the Omicron and Delta variants of COVID-19. This imposes several measures of caution, in an attempt to slow the spread.

  While the property market has in the past proved resilient to the disruption of COVID-19, our assessment has been conducted in accordance with the definition of 'Market Value', with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

2 Property Particulars

2.1 Location

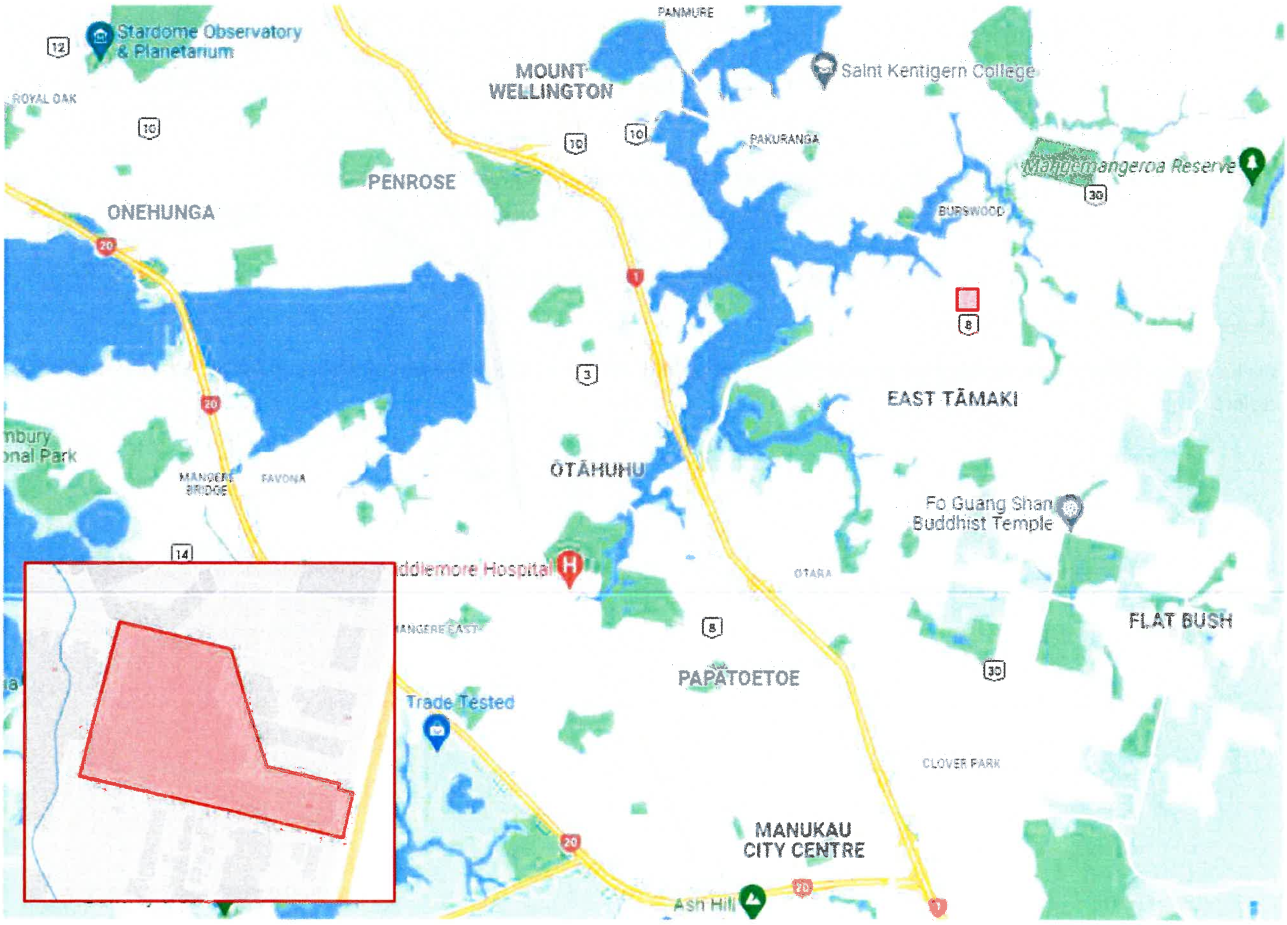
The property is situated on the main arterial of Harris Road and within the established industrial precinct of East Tamaki. The immediate surrounding properties are of varying light and heavy industry uses, including manufacturing and distribution centres. While within the wider vicinity, the neighbouring suburbs include the residential suburbs of Burswood, to the north; Botany Downs, to the east; and Otara, to the south. Local amenities are available along Harris Road with a variety of cafes and lunch bars, while further amenities are available at Botany Town Centre or Botany Junction.

The East Tamaki location has undergone extensive development in the past decade and now provides a range of medium to high quality industrial development, interspersed with quasi-commercial and trade-based retail uses.

East Tamaki is recognised as one of Auckland's prime industrial locations which benefits from its ease of access and close proximity to the Southern Motorway network. The East Tamaki Industrial Estate commands medium to high industrial rentals in the greater Auckland region, being a highly sought after location by investors and occupiers alike.

The subdivision of the Highbrook Business Park by Goodman International and subsequent Highbrook Drive Interchange to the Southern Motorway resulted in increased accessibility to the surrounding area, with recent Highbrook developments having been completed to a premium industrial quality, adding to the overall appeal of the East Tamaki locality.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

Title Reference	NA27D/1012
Tenure	Freehold
Legal Description	Lot 1 Deposited Plan 71678
Area	2.2374 hectares more or less (22,374 square metres more or less)
Registered Owner	100 Harris Nominees Limited

Registered Interest

- Subject to a water right (in gross) over part in favour of The Auckland City Council created by Transfer 629429

  This relates to a perpetual right dating back to October 1959 which grants The Auckland City Council (now Auckland Council) the right to install, maintain, replace and duplicate as required pipelines to convey water across a part of the subject land. According to Auckland Council GeoMaps, there is currently a public water pipeline that appears to run within this easement area.

Source: Land Information New Zealand and Auckland Council GeoMaps

- 9537269.4 Lease term 12 years commencing on 11.10.2013 (right of renewal) CT 633355 issued 11.10.2013.
- 9537269.5 Mortgage to Westpac New Zealand Limited – 11.10.2013

Source: Land Information New Zealand

We have considered these notifications in arriving at our opinion of value. We refer you to the Record of Title appended to this report.

2.3 Site Details

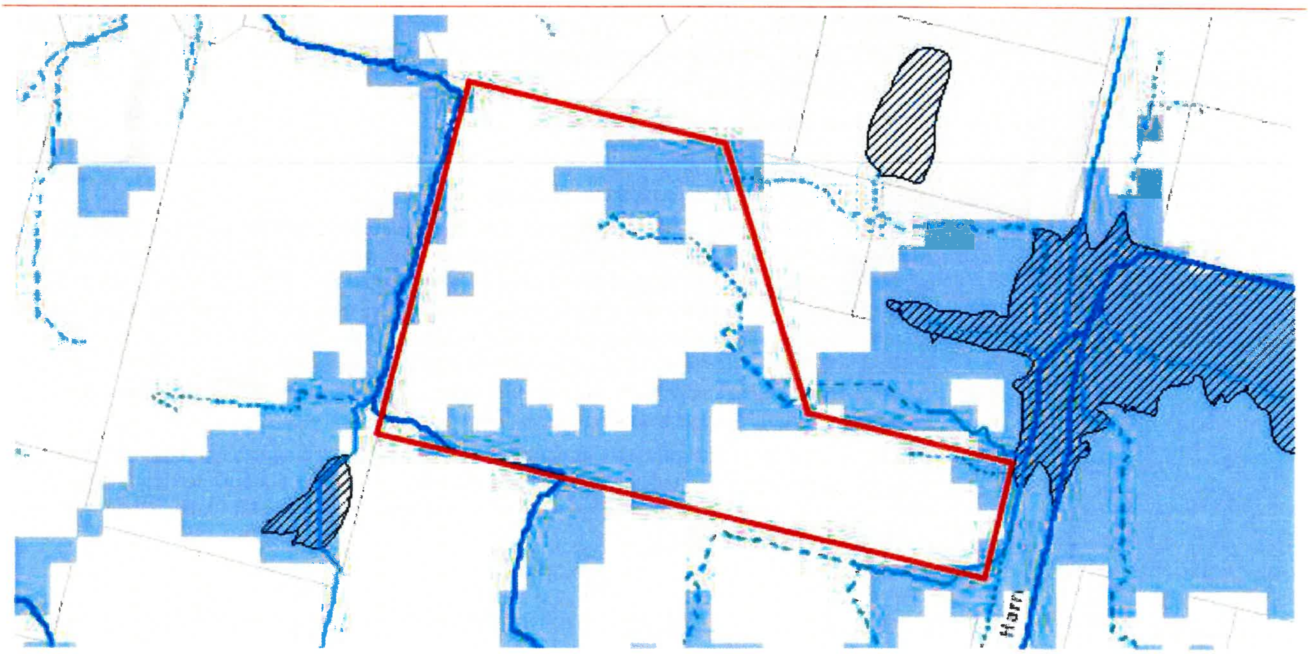
The subject site forms a freehold parcel of land which measures approximately 22,374 square metres and has an approximate 40 metre road frontage where two vehicular accesses are available. The site is irregular in shape but is essentially flat in contour. The majority of the site is occupied by building improvements with the remainder areas being concrete sealed to provide onsite car parking and driveways. The site also enables a full drive through around the perimeter of the building.

Total Site Area	22,374 square metres

Source: Emap

2.4 Catchments and Hydrology

According to Auckland Council GeoMaps, there are overland flow paths (blue veins) running onto the site and also flood plains (light blue shaded) affecting the site. However, we note there are no flood prone areas (cross hatched). The Auckland Unitary Plan contains policies and rules relating to development and/or works within or adjacent to overland flow paths and flood plains.



Catchments and Hydrology Overlay

Source: Auckland Council GeoMaps

2.5 Resource Management

Local Authority	Auckland Council
Planning Instrument	Auckland Unitary Plan
Operative Date	15 November 2016 – Operative in Part
Zoning	**Heavy Industry Zone** This zone provides industrial activities that may produce objectionable odour, dust and noise emissions. Air quality emissions standards that are different to the rest of Auckland will often apply. A low level of air quality amenity applies in the Business – Heavy Industry Zone. A key attribute of the zone is that it contains sites large enough to accommodate large-scale industrial activities. Activities sensitive to air discharges and activates sensitive to noise are not appropriate in the zone and buildings are expected to have a mainly functional standard of amenity.
Objectives	▪ Heavy industry operates efficiently and is not unreasonably constrained by other activities. ▪ Business – Heavy Industry Zone zoned land, and activities that are required to locate there because of the nature of their operation, and protected from the encroachment of activities sensitive to air discharges and activities sensitive to noise, and commercial activities that are more appropriately located in other business zones. ▪ The supply of large sites within the zone is not reduced by inappropriate fragmentation of those sites by subdivision. ▪ Adverse effects on the natural environment within the zone and on the amenity values of neighbouring zones are managed.
Development Controls	The Heavy Industry zone avoids activities which do not support the primary function of the zone. Policies of the zone include to manage subdivision so that it preserves the integrity of the zone for industrial use while allowing for the creation of sites for established activities, and to require development adjacent to open space zones, residential zones and special purpose zones to manage adverse amenity effects of those zones. Building Height (subject to Height Variation Control): ▪ Must not exceed 20 metres, unless otherwise specified in the Height Variation Control on the planning maps. Yards: ▪ Front: 2 metres. Yards are not required for internal roads or service lanes ▪ Rear: 5 metres, where the rear boundary adjoins a residential zone, an open space zone or special purpose zone ▪ Side: 5 metres, where the side boundary adjoins a residential zone, an open space zone or special purpose zone ▪ Riparian: 10 metres from the edge of permanent and intermittent streams ▪ Lakeside: 30 metres ▪ Coastal protection yard: 25 metres Maximum impervious area: ▪ Must not exceed 10 per cent of the riparian yard Permitted activities include, but are not limited to: workers accommodation, dairies up to 100 square metres gross floor area, food and beverage up to 120 square metres gross floor area, offices that are accessory to the primary activity on the site and does not exceed 30% of the building on the site or does not exceed 100 square metres, retail accessory to an industrial activity where the goods are manufactured on site and does not exceed 10% of buildings on the site, service stations, tertiary education facilities that are accessory to an industrial activity on the site, and industrial activities. In terms of development controls, the Heavy Industry zone permits the construction, additions and alterations to buildings, and the demolition of buildings. Due to the industrial nature of the zone, sensitive activities such as commercial services, drive-through restaurants, entertainment facilities, garden centres, offices otherwise not provided for, retail up to 450 square metres per site, show homes, care centres, hospitals, recreation facilities, wholesalers, or rural activities are non-complying.
Controls	▪ Macroinvertebrate Community Index - Urban
Designations	▪ Airspace Restriction Designations – ID 1102, Protection of the aeronautical functions – obstacle limitation surfaces, Auckland Airport Ltd.

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.

2.6 Rateable Value

We have been advised that the Property's Rateable Value, as at July 2017, being Assessment Number 12344876841 is as follows:

Land Value	$12,300,000
Improvements Value	$15,700,000
Capital Value	$28,000,000

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.

2.7 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 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 because of past and present uses.

2.8 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.

2.9 Improvements

The building improvement comprises a circa 1980s industrial property that is currently utilised as a plastics manufacturing facility. The building has had subsequent extensions although the property overall generally provides dated accommodation. The property provides for high stud warehousing with canopies, workshop / plant rooms, and associated offices over a two level block. The entire premises features a fire sprinkler system.

Exterior – Northern Elevation

Warehouse

2.10 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete foundation, with steel portal frame construction.
External Walls:	Concrete base walls with long run metal on top.
Internal Walls:	Combination of plasterboard and full height glazed partitioning to the offices.
Roof:	Long run metal roofing with netting, sisalation and intermittent translucent panelling.
Ceiling:	Acoustic tiles in a suspended grid system.
Lighting:	Combination of recessed and surface mounted fluorescent lighting to the offices. Suspended industrial lighting to the warehouses.
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Combination of ducted and incremental air conditioning. Central fire sprinkler system.

2.11 Accommodation

Warehouse

The warehouse accommodation at the property is essentially split into three parts, the main warehouse, western warehouse, and eastern warehouse. The three warehouse components are generally of a similar nature, being high stud and column interrupted.

The main warehouse is situated to the rear of the property and essentially forms an L-shaped area which is partitioned. One of these partitioned areas include insulated panelling which was originally utilised as a temperature controlled area but now houses a number of plant and machinery. This partitioned area has a stud height of approximately 8.9 metres at the portal knee rising to approximately 9.75 metres at the apex, and features a gantry crane. The other warehousing areas have a stud height of approximately 8.25 metres at the portal knee rising to approximately between 9.0 and 10.50 metres at the apex. In addition to the warehousing areas, there are some lower stud areas which include a preparation room, plant room and dangerous goods storages.

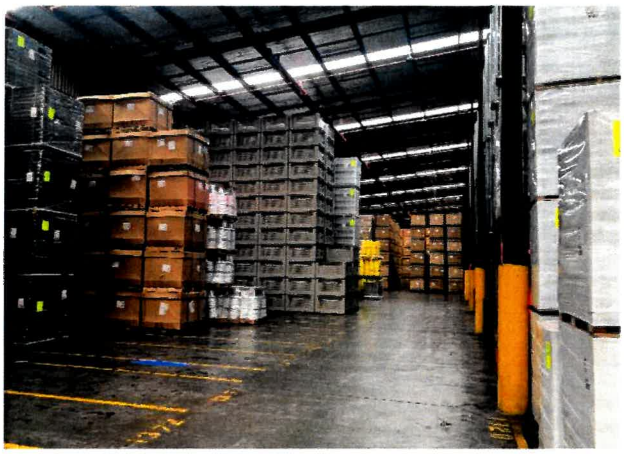
The western warehouse adjoins the main component and is situated to the north western corner of the property, while the eastern warehouse comprises the standalone structure towards the road front.

A canopy is positioned at the eastern warehouse which connects to the main warehouse, providing a covered accessway between the two. In addition, a breezeway canopy is positioned to the south western corner of the property.

The warehouse accommodation is generally constructed of a reinforced concrete foundation and steel portal frame structure. Externally, the walls are made of concrete base walls with long run metal on top. The roofing comprises long run metal with netting, sisalation and intermittent translucent panelling, while the flooring consists of either vinyl or concrete at different areas. Lighting is provided via suspended industrial lighting, as well natural lighting through the translucent panels. The warehouse areas are all sprinklered, including the canopies.

Warehouse

Warehouse



Warehouse

Breezeway

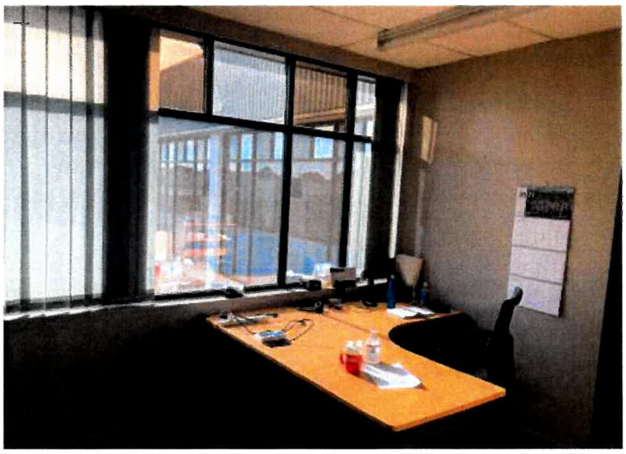
Office and Amenities

The office and amenities accommodation at the property is split across two levels and generally provides a combination of open plan and partitioned office areas. Access to the upper level is enabled by two stairwells, or alternatively via an accessibility lift. In terms of amenities, the property offers a large canteen area, lunchroom with kitchenette facility, lockers, toilets and showers. The stud height at the offices measure approximately 2.5 metres.

General construction of the accommodation comprise a combination of plasterboard and full height glazed partitioning, carpet or vinyl flooring, and suspended grid ceiling systems with either recessed or surface mounted fluorescent lighting. For building services, a combination of ducted and incremental air conditioning are used, as well as featuring a fire sprinkler system.

Exterior – Eastern Elevation

Partitioned Offices



First Floor Office

Amenities – Kitchenette

2.12 Lettable Areas

The Property's total Lettable Area is approximately 16,767 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Office - Ground Floor	424
Office - First Floor	679
Mezzanine Storage	35
Open Mezzanine Storage	401
Lunchroom	150
Lunchroom Canopy	11
Warehouse Office	328
Warehouse Mezz Storage	645
Preparation Room	481
Rear Canopy	745
Shared Canopy	417
Plant / Compressor Room	372
High Stud Workshops	190
Main Warehouse	9,944
Western Warehouse	740
Eastern Warehouse	1,149
Dangerous Goods Store	59
Total Lettable Area	16,767 square metres

The areas noted above have been taken from draft survey plans completed by Harrison Grierson, dated 11 May 2021, as provided by the client. Should the final survey plans vary, we reserve the right to amend our report accordingly.

2.13 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.

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.

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 8 March 2022, and therefore assume that the property complies with the provisions of Compliance Schedule 622.

The Health and Safety at Work (Asbestos) Regulations 2016 place requirements on building owners and occupiers in terms of assessing the risks associated with asbestos within buildings. Worksafe New Zealand recommend that buildings constructed before January 2000 are assessed for materials likely to contain asbestos, and if found, formulate a management plan.

We have been provided with a copy of the Asbestos Management Plan completed by Babbage, dated July 2017, which concluded that of the samples taken at the subject property, no asbestos containing materials were found. Therefore, we assume the property has no onerous obligations in terms of management that may impact on the use, saleability or value of the property.

2.14 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:

Year of Building Construction	Initially circa 1980s, with subsequent extensions
National Risk Zone	Low
Compliance with New Building Standard	100% NBS
Assessment Type	IEP
Assessment Completed By	URS – Andrew Simpson
Assessment Date	June 2013

We note the building does not appear on the Earthquake Prone Building Register as published here: https://epbr.building.govt.nz/.

We are not qualified to undertake a structural survey of the property and have proceeded based on the information available. We recommend interested parties confirm the insurability of the subject building.

3 Property Income and Expenditure

3.1 Tenancy Overview

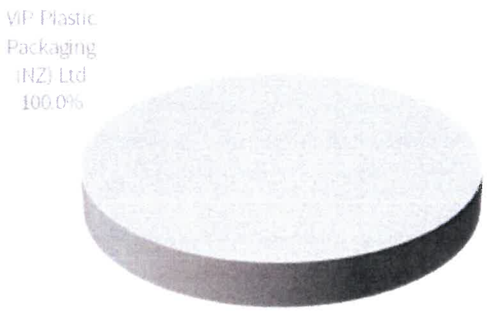
We have been provided with a tenancy schedule and with Lease documentation that was available at the time of valuation.

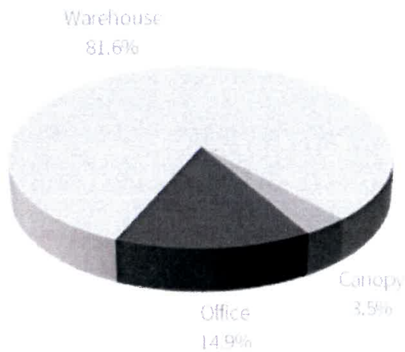
The net rental from the Property can be summarised as follows:

Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
VIP Plastic Packaging (NZ) Ltd	$2,012,080	16,767	100.0%
Total	$2,012,080	16,767 sqm	100%

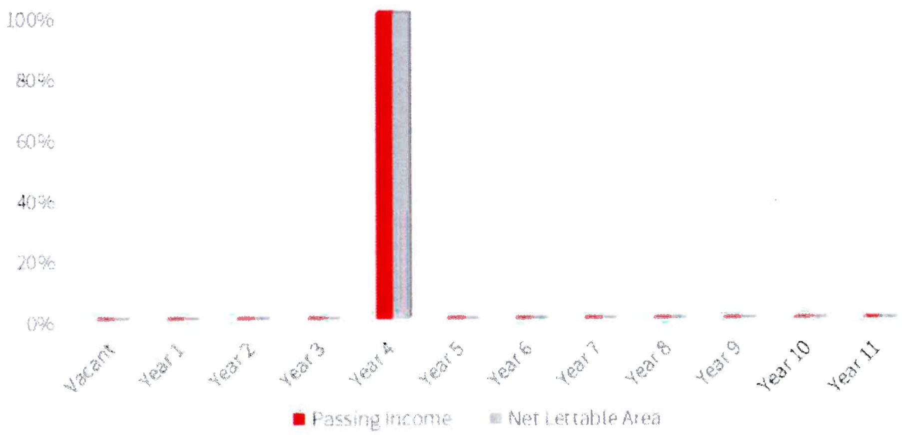
The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We are not qualified to advise you on the financial standing of the occupiers, however have formed a view on how we think the market would approach the tenancy profile of the property.

The net rental from the property can be analysed by occupier and component proportion as follows:





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



Our calculation of the property's Weighted Average Lease term is as noted below:

Weighted Average Lease Term Remaining	Years
By Area	3.67
By Income	3.67

3.2 Lease Summary

We summarise below the lease agreement for the tenant:

Lease Summary	VIP Plastic Packaging
Documents reviewed	Signed Deed of Lease dated 11 October 2013.
Lessee	VIP Plastic Packaging (NZ) Limited.
Demised premises	All of the land and improvements and more particularly known as 100 Harris Road, East Tamaki.
Lettable Area	Approximately 16,767 square metres.
Commencement Date	11 October 2013
Expiry Date	10 October 2025
Lease Term	12 years plus one right of renewal of 5 years.
Commencement Rent	$1,527,997 per annum plus GST
Current Rent	$2,012,080 per annum plus GST
Rental Review Provisions	3.5% fixed increase on each anniversary of the commencement date.
Outgoings Recovery	Triple net lease – standard building operating expenses are recoverable from the tenant, plus all capital expenditure associated with maintenance, repair or replacement of the landlord's plant, fixtures and fittings, as well as maintenance, replacement and repairs of the exterior of the building (including the roof).
Permitted Use	Manufacturing, warehousing, storage and distribution, trade, customer sales and wholesaling and bulk sale of any goods, materials, products and merchandise and items of any description or any other purpose(s) or use(s) permitted by law.
Special Provisions	▪ *Guarantor – Clause 17* The lease is guaranteed by Pact Group Pty Limited.
Landlord's Fixtures and Fittings	Not listed within the Deed of Lease.
Tenant's Fixtures and Fittings	These are extensively listed within the appendix of the Deed of Lease and include but are not limited to air compressors, mould machinery, and cooling towers.
Emergency Provisions	No emergency provisions are provided for within the Deed of Lease.

3.3 Building Outgoings and Recoveries

The lease within the Property is structured on a triple net basis, with the tenant being responsible for payment of rates, other property expenses and expenditure of a capital nature in addition to premises rental.

We have adopted the following allowances for building outgoings within our calculations:

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	$208,365	$12.43
Operating Expenses	$370,174	$22.08
Total Outgoings	$578,539	$34.50

The above allowances have been provided to us. We have had regard to the budget provided and have sought confirmation from the relevant rating authorities in relation to statutory charges and have considered the figures against other similar buildings. We consider that the adopted outgoings rate of $34.50 per square metre of Lettable Area to be in line with market parameters for this type of asset.

3.4 Tenancy Schedule

Our understanding of the Property's occupancy situation is detailed in the Tenancy Schedule below:

Tenant Name	Premises	Lettable Area	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Outgoings Recovery	Recovery / sqm
VIP Plastic Packaging (NZ) Ltd	Office - Ground Floor	423.8	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$84,760	$200	$14,623	$35
VIP Plastic Packaging (NZ) Ltd	Office - First Floor	678.5	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$135,700	$200	$23,411	$35
VIP Plastic Packaging (NZ) Ltd	Mezzanine Storage	35.1	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$4,106	$117	$1,211	$35
VIP Plastic Packaging (NZ) Ltd	Open Mezzanine Storage	401.2	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$28,084	$70	$13,843	$35
VIP Plastic Packaging (NZ) Ltd	Lunchroom	149.5	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$29,900	$200	$5,158	$35
VIP Plastic Packaging (NZ) Ltd	Lunchroom Canopy	11.3	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$678	$60	$390	$35
VIP Plastic Packaging (NZ) Ltd	Warehouse Office	327.8	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$49,170	$150	$11,311	$35
VIP Plastic Packaging (NZ) Ltd	Warehouse Mezz Storage	645.1	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$58,059	$90	$22,259	$35
VIP Plastic Packaging (NZ) Ltd	Preparation Room	480.9	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$60,113	$125	$16,593	$35
VIP Plastic Packaging (NZ) Ltd	Rear Canopy	744.9	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$44,694	$60	$25,702	$35
VIP Plastic Packaging (NZ) Ltd	Shared Canopy	416.5	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$24,990	$60	$14,371	$35
VIP Plastic Packaging (NZ) Ltd	Plant / Compressor Room	371.6	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$40,876	$110	$12,822	$35
VIP Plastic Packaging (NZ) Ltd	High Stud Workshops	190.0	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$23,750	$125	$6,556	$35
VIP Plastic Packaging (NZ) Ltd	Main Warehouse	9,943.6	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$1,193,232	$120	$343,098	$35
VIP Plastic Packaging (NZ) Ltd	Western Warehouse	739.5	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$88,740	$120	$25,516	$35
VIP Plastic Packaging (NZ) Ltd	Eastern Warehouse	1,149.2	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$137,904	$120	$39,652	$35
VIP Plastic Packaging (NZ) Ltd	Dangerous Goods Store	58.6	Oct 2013	Oct 2025	12.0 years	Oct 2022	1 yearly	Fixed	$7,325	$125	$2,022	$35
Aggregate		16,767.1							$2,012,080		$578,539	

3.5 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	$2,012,080	77.67%
Outgoings Recovery	$578,539	22.33%
Gross Passing Income	$2,590,619	100.00%
Outgoings	$578,539	
Net Passing Income	$2,012,080	

4 Market Commentary

4.1 Economic Overview

As at 27 January 2022:

- The December 2021 Consumer Price Index rose 1.4% from the September 2021 quarter and rose 5.9% on an annual basis compared to December 2020. This annual increase is the biggest annual movement since 1990. The main drivers for the increase were noted as housing-related costs, such as construction for new houses, as well as transport prices.
- Gross Domestic Product (GDP) in the September 2021 quarter fell 3.7%, which on an annualised basis results in a YTD increase of 4.9%. The impact of COVID-19 alert levels and lockdowns was partially impacting on the September numbers, with the entire county at Level 4 for 14 days of this period. The lockdown in Auckland continued further into Q4, so it is expected the final GDP result of the year will be similarly impacted.
- On 24 November 2021 the Monetary Policy Committee increased the Official Cash Rate (OCR) to 0.75%, this is a 0.25% increase following the 6 October OCR set at 0.5%. This rise in OCR by the Reserve Bank was noted as appropriate to continue reducing the level of monetary stimulus to maintain low inflation and support maximum sustainable employment. Banks have increased mortgage lending rates with further increases in the OCR forecast.
- The 90-day Bank Bill Benchmark Rate (BKBM) sits at 1.08%, as at 27 January, which has crept up from the low point of 0.25% last achieved in November 2020. 10-year bonds currently sit at 2.59%, remaining well above the low of 0.44% in September 2020.
- The unemployment rate is 3.4%, as at September 2021, a 0.6% decrease from the June 2021 quarter. This decline in unemployment brought the rate down to New Zealand's lowest rate on record, matching December 2007, when it was also 3.4 %. This also shows a sharp annual decline on an annual basis with the September 2020 quarter at a peak of 5.3% unemployment.
- The REINZ median house price across New Zealand for December 2021 is $905,000. This is a 21.5% annual increase from December 2020 at a median price of $745,000 and a 1.6% monthly decrease from November 2021. It is expected that house price growth will gradually slow down with increasing interest rates, tighter lending criteria and changes to investor taxation restrictions.
- Growth in both the residential and non-residential construction sector has mirrored the growth in the New Zealand economy in recent years, with 48,522 new residential consents issued in the year to November 2021, a 2.5% increase from September 2021 which was the highest level since records began and up 26% from November 2020. Non-residential consents to November summed $8.1 billion, up 17% from the November 2020 year. Capacity pressures are evident in both the supply of materials and labour, with commentators forecasting high construction cost inflation over the coming year.

Following a strong response to COVID-19 in 2020, the arrival of the Omicron Variant of COVID-19 is posing a new threat to New Zealand's health care system. The immediate response to the initial omicron outbreak was to move New Zealand into the Red setting of the traffic light system at midnight 24 January, which has tightened public health measures across the country.

The immediate government strategy is to slow the spread of Omicron by focusing on booster shots which can be booked four months after the second dose of the Pfizer vaccine, with approximately 93.9% of the eligible population having received two doses. Vaccinations for children aged 5-11 have also commenced.

The Government have announced a three-stage plan for Omicron:

- Phase One focuses on a 'stamp it out' approach and keeping cases low for as long as possible to allow people to be boosted and children to be vaccinated.
- Phase Two focuses to slow the spread and protect vulnerable communities, as well as reducing the isolation period.
- Phase Three is when cases are in the thousands, further changes to contact tracing will be made.

4.2 Auckland Industrial Market Summary

The economy has showed more than resilience as shown by the impressive GDP results for 2Q21 of 2.8%, which was well ahead of all expectations and only confirming thoughts as to how well the economy had been growing. This fast start to the year will be impacted by the Government forcing the country back into Level 4 lockdowns on 17th August 2021 due to the first Delta strain outbreak.

While there is an expectation of a pullback in growth for 3Q21 this is expected to have minimal effect as the country bounces back quickly, which will support the countries commercial property markets, especially the industrial sector, that have proved to be somewhat 'COVID proof' with many occupiers being essential services or suppliers.

Ongoing demand/supply imbalances have supported rising rental levels, a trend expected to continue. Yields also compressed further across both prime and secondary stock as investor appetite continues to favour Auckland industrial stock. Overall, the Auckland industrial market remains very positive with strong occupier and investor demand.

Demand

Supported by robust demand from both manufacturing and logistic occupiers, Auckland industrial market remains tightly held as demand continue to outpace supply. Our latest 1H21 vacancy survey results show overall vacancy in the Auckland industrial market fell by 37 bps from 2.3% to 1.9% with tenants competing strongly for space. Demand is particularly strong for well-located and modern facilities as occupiers consider long-term efficiency and sustainability strategies.

By precinct:

- **North Shore (~42,600 sqm available space; a vacancy rate of 2.1%)**

  North Shore remains most tightly held generally as a result of limited supply. There remains comparatively limited development activity due to zoning constraints and a lack of greenfield land. Additionally, the high proportion of owner-occupier activity applies further pressure to the stock available to lease.
- **Manukau City (~82,300 sqm available space; vacancy rate of 1.5%)**

  Auckland South industrial continues to enjoy notable demand among larger occupiers and those looking to occupy design-build premises. Despite having the most active pipeline and holding the most stock (5.35 million sqm; the largest industrial precinct we track), vacancy remains structurally low.
- **Auckland City (~103,700 sqm available space; vacancy rate of 2.3%).**

  The central location of this precinct continues to be attractive to certain occupiers. Though available space is not as limited in this precinct (comparatively), the area is lacking in available space for new build activity which is increasingly limiting supply of prime space. Ongoing conversion and demolition of remaining central city industrial space, for example in Newton, is aiding new supply.

Looking forward, ongoing supply/demand imbalance is expected to keep vacancy levels low for the Auckland industrial market. Any weakness in demand is much more likely to be experienced in the secondary market as tenants move into new or better stock. With that being said, secondary assets with under-utilised land are likely to be targeted by add-value investors or developers for redevelopment opportunities, especially those in good locations.

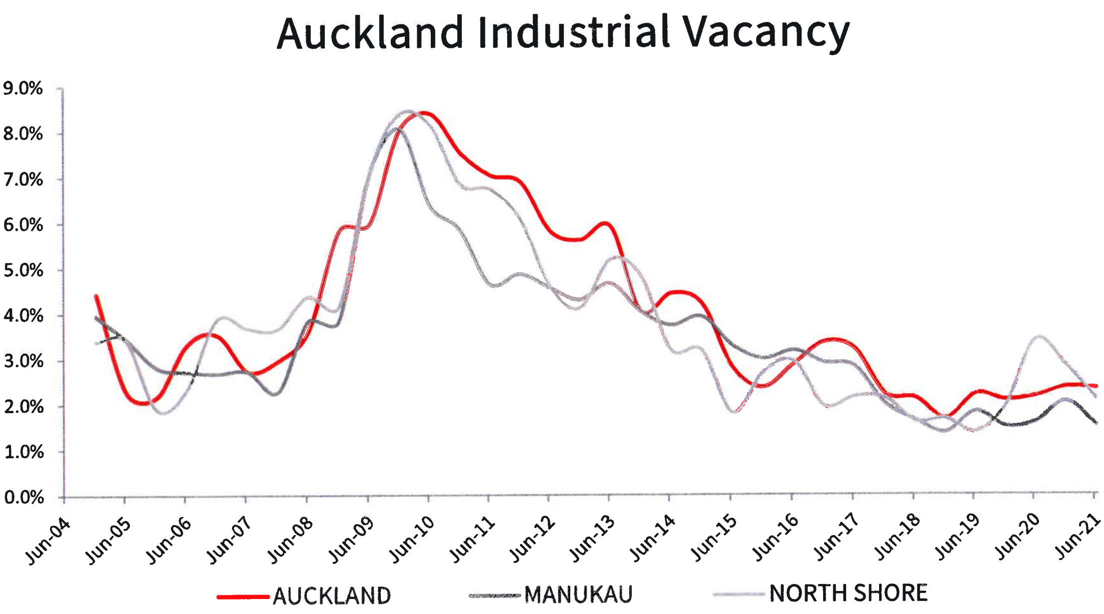
Supply

Strong performance across the Auckland industrial markets has continued to motivate a supply response. Development activity delivered a net increase in stock of ~60,000 sqm during 1H21, bringing total industrial stock to 11.79 million sqm as of June 2021.

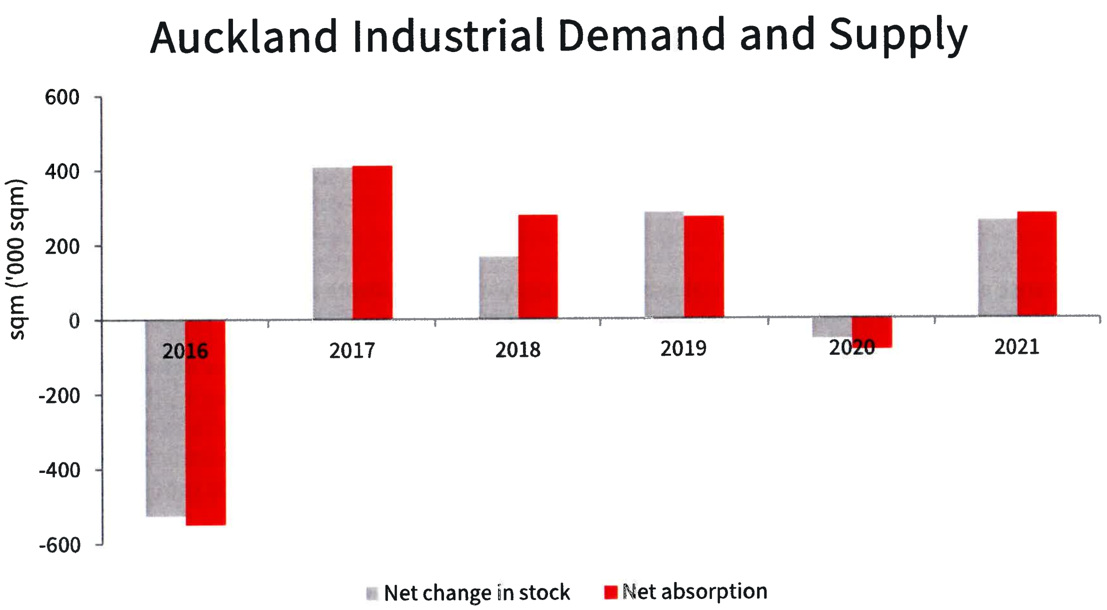
In ongoing development, the Auckland South industrial precinct continues to have the most active development pipeline out of the three precincts we track. Projects under development here are also generally larger than those in other precincts, owing to the relative size of the South Industrial precinct and the capacity for larger lot sizes within it. LOGOS 24-hectare $600 million Wiri Logistics Estate for example continue to progress as units are pre-committed. Currently under construction in the park include Hilton Foods (21,000 sqm), NZ Post (64,000 sqm), Woolworths (21,000 sqm), Martin Brower (12,000 sqm) as well as circa 12,000 sqm of spec build to meet market demand.

Over the short term, we anticipate notable new supply will continue to filter into the market. Our 1H21 survey estimated approximately 583,000 sqm to be delivered by end of 2023 including projects under construction and in planning. Having said that, medium to long term development pipeline will be increasingly hard to find as development constraints continue to increase along with scarcity of development land.

Where land remain available, industrial developers are also having to compete with alternative uses such as data centres. In addition to notable data centre developments currently underway such as Microsoft and DCD in the Auckland North-West, Amazon also recently announced they will be investing $7.5 billion into Auckland over the next 15 years to build at least three data centre zones, due to open in 2024. Increased competition for remaining development land will place further pressure into the future industrial pipeline.



Source: JLL Research and Consulting



Source: JLL Research and Consulting

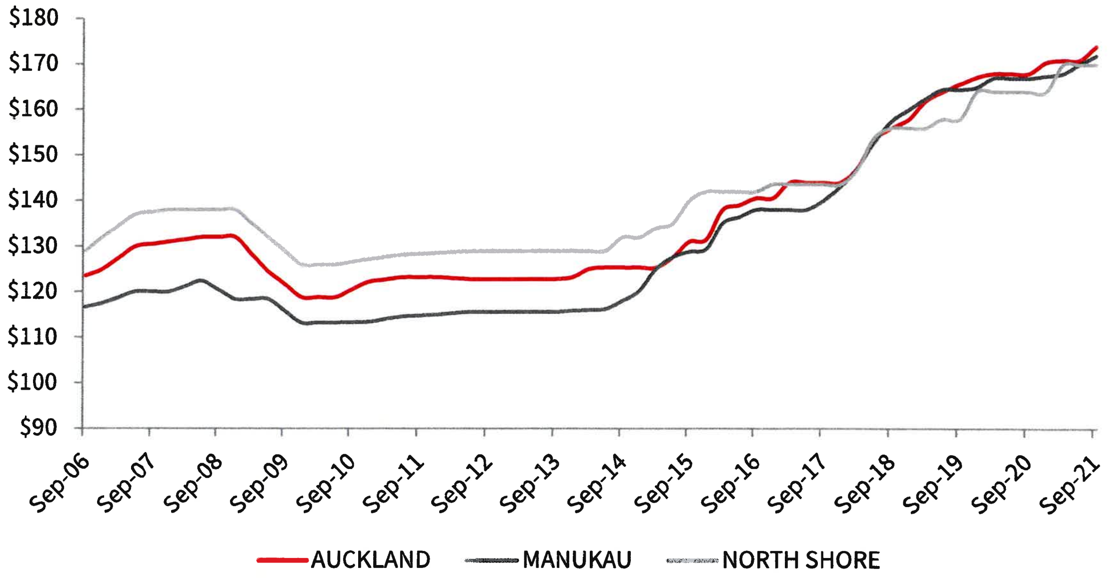
Rents

The ongoing demand/supply imbalance, scarcity of developable land and rising construction cost continue to apply upward pressure on Auckland industrial rental rates. As at 3Q21, average prime industrial rents now sit at $172 psm (y-o-y growth of 3.4%) and average secondary industrial rents now sit at $139 psm (y-o-y growth of 3.2%).

Fixed percentage rent reviews are increasingly becoming favoured when compared to market rent reviews in negotiations for new leases. This arrangement is offering owners and occupiers a degree of certainty as to the annual rental increase during the term of leases as well as reducing possible disputes in the future over rent reviews.

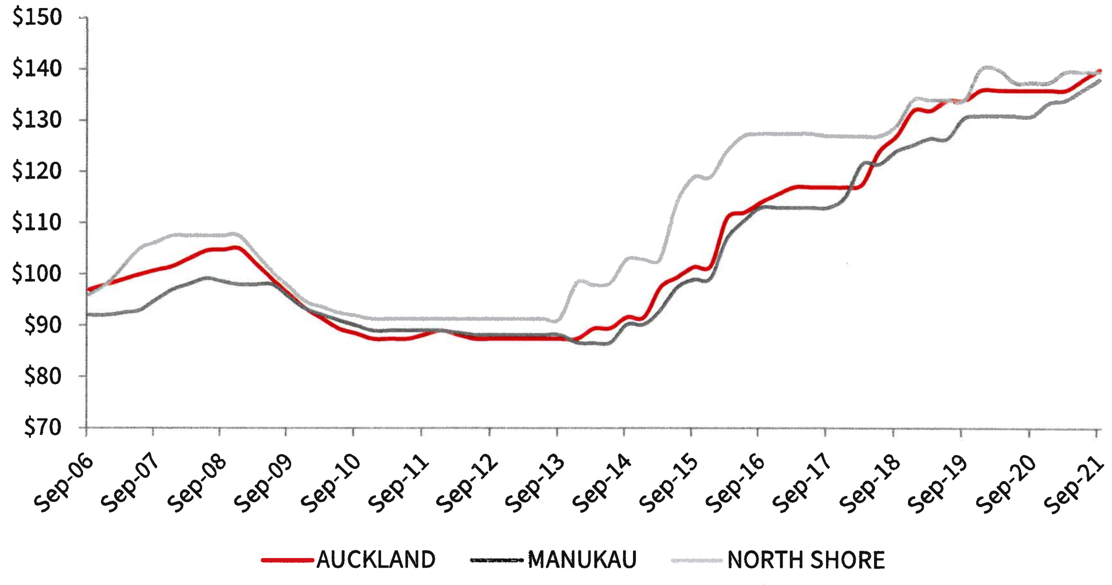
Looking forward, as availability of new and second-hand accommodation remains tight, we do expect rents continue, albeit at a slower rate as rents are nearing unaffordable levels. Additionally, rising land prices and construction costs are also expected to contribute to the upward pressure on rents as higher economic rents would be required to make construction feasible, restricting new supply.

Auckland Industrial Prime Rents



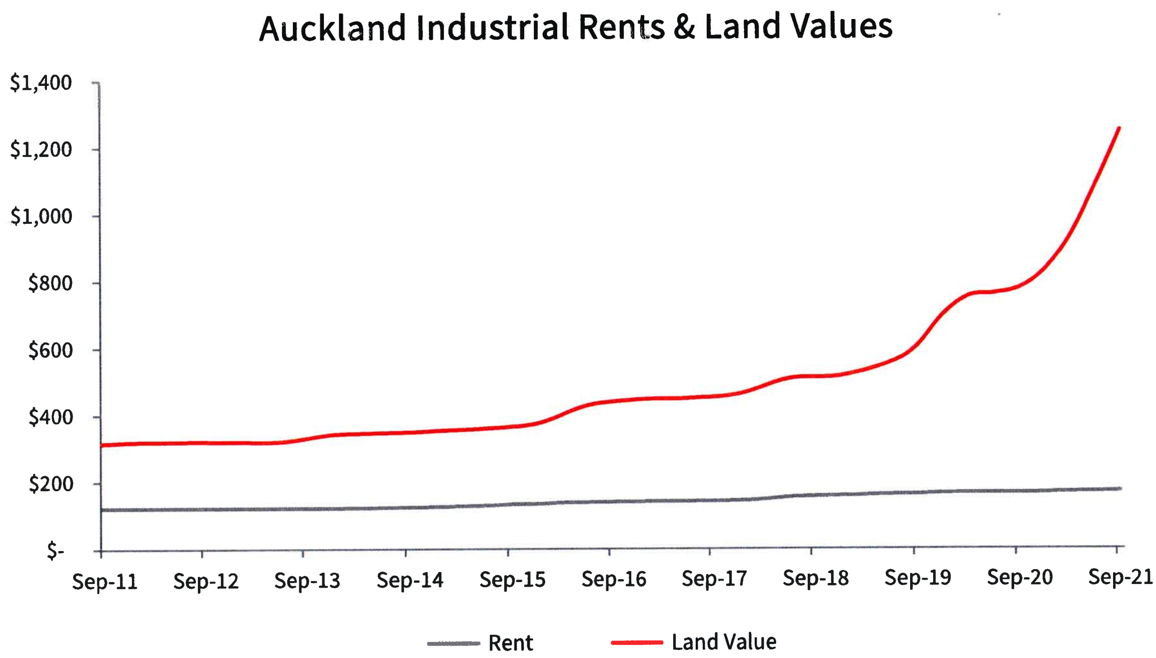
Source: JLL Research and Consulting

Auckland Industrial Secondary Rents



Source: JLL Research and Consulting

Rising industrial land values is one of the major underlying reasons for rental growth in the Auckland industrial market as higher economic rents needed to be achieved to make new build developments feasible. In the last 10 years, average industrial land values increased 295% from $317 per sqm recorded in 3Q11 to $1,250 per sqm as at 3Q21. The graph below clearly illustrates the growth of Auckland land values in relation to the growth of Auckland industrial rental rates.

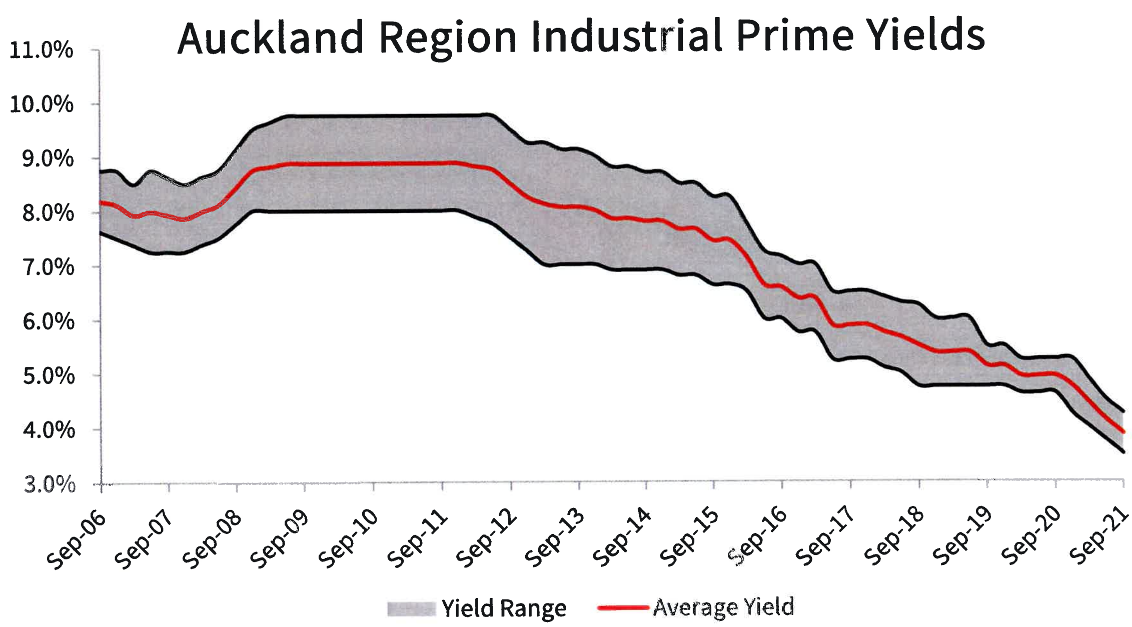


Source: JLL Research and Consulting

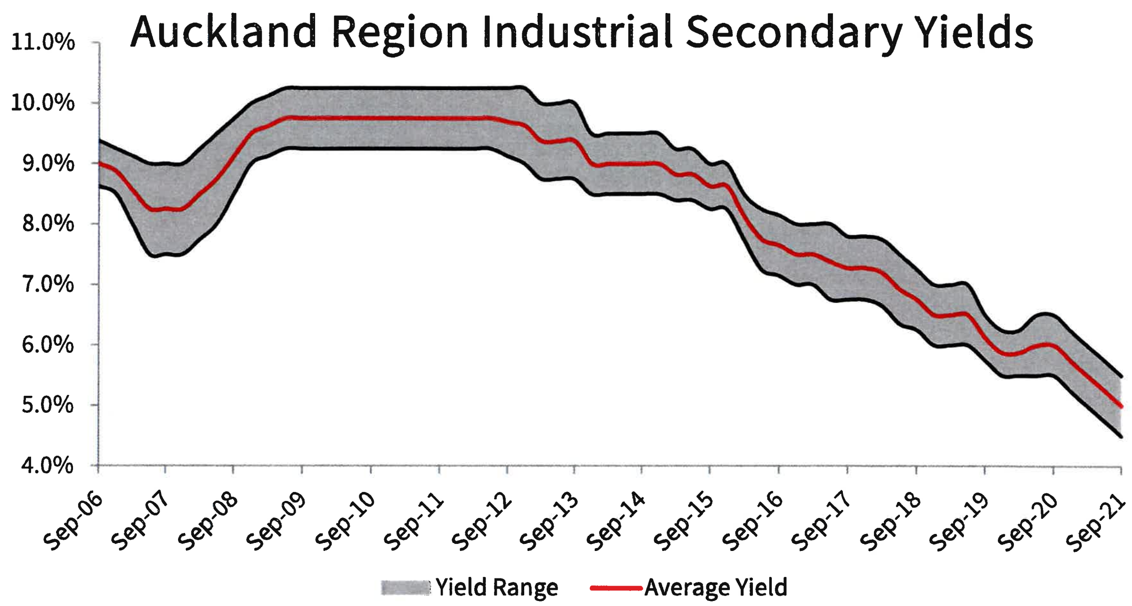
Yields

Industrial assets remain the most sough-after asset class for investment. Notable transactions this quarter include the $30.05 million Synlait Milk sale-and-leaseback deal in Mangere. Oyster also recently released Industrial 3.0 equity raising to fund the strategic acquisition of their sixth industrial property at 77 Westney Road, Mangere.

Supported by strong transaction activity and ongoing investor demand, both prime and secondary yields compressed by 25bps in 3Q21 reaching 3.88% and 5.00% respectively. Looking forward, we are expecting further short-term yield compression reinforced by strong acquisition demand for industrial assets and limited supply. However, we expect future yield compression to a much lesser extent than what has been recorded in recent quarters as the rates are getting too sharp for many investors to underwrite.



Source: JLL Research and Consulting



Source: JLL Research and Consulting

Market Outlook

Positive structural changes to drivers of industrial demand including rise of e-commerce and population growth are expected to underpin a strong outlook for the sector together with the competition from alternative assets classes such as data centres and cool stores. Overall, vacancy is expected to remain low while further rental growth is anticipated, albeit at a slower rate as rents are nearing unaffordable levels. Additionally, rental growth is not expected to be uniform across all industrial properties as there remains a clear preference for better quality stock. Short term yield compression is also forecasted to continue, but to a lesser extent that what has been recorded in recent quarters as rates are getting too sharp for many investors to underwrite.

5 Leasing Evidence

5.1 Leasing Evidence

In assessing a market rental profile for the accommodation, we have had regard to recent rental evidence in the wider locality. We have had particular regard to the evidence detailed below:

East Tamaki, Auckland

Effective Date	November 2021	Lease Basis	Rent Review
Contract Rent	$1,045,150 pa		

Rental Analysis			Rate
Original Premises			
Covered Entry Canopy	18.70	m^2	$65.00
Offices & Amenities	384.90	m^2	$220.00
First Floor Factory Offices	76.50	m^2	$165.00
Low Stud Area (Storage)	11.60	m^2	$80.00
Warehouse Storage	46.10	m^2	$105.00
High Stud Factory	124.30	m^2	$130.00
High Stud Factory	202.40	m^2	$120.00
Factory Warehouse & Amenities	1,295.80	m^2	$130.00
2008 Premises			
Canopy	335.40	m^2	$75.00
Warehouse Offices	22.00	m^2	$185.00
Warehouse	1,488.80	m^2	$140.00
Yard	262.70	m^2	$45.00
Rear Premises			
Warehouse Amenities	106.50	m^2	$175.00
Low Stud Warehouse	802.30	m^2	$120.00
High Stud Warehouse	2,083.10	m^2	$140.00
Warehouse Offices	24.60	m^2	$175.00
Canopy - West	75.90	m^2	$65.00
Canopy - East	994.90	m^2	$75.00

Airport Oaks, Auckland

Effective Date	November 2021	Term	9 years
Contract Rent	$511,429	Lease Basis	New Lease

Rental Analysis			Rate	
Warehouse	2,351.30	m^2	$130.00	
Offices & Amenities	311.70	m^2	$240.00	
Warehouse Office	83.10	m^2	$225.00	
Canopy	635.20	m^2	$70.00	
Yard	1,310.00	m^2	$45.00	
Carparks	17.00	parks	$10.00	pcpw

Wiri, Auckland

Effective Date	September 2021	**Lease Basis**	Rent Review
Contract Rent	$2,440,529 pa		

Rental Analysis			**Rate**
Warehouse	16,582.40	m²	$127.50
Offices & Amenities	392.00	m²	$205.00
Canopy	1,657.20	m²	$62.50
Specialist Component Rent			$142,338.00

Wiri, Auckland

Effective Date	July 2021	**Lease Basis**	Lease Renewal
Contract Rent	$715,252		

Rental Analysis			**Rate**	
Warehouse	4,004.90	m²	$135.00	
Office	597.00	m²	$245.00	
Canopy	515.00	m²	$55.00	
Carparks	44		$0.00	pcpw

East Tamaki Auckland

Effective Date	July 2021	**Lease Basis**	Rent Review
Contract Rent	$1,442,921 pa		

Rental Analysis			**Rate**
Ground Floor Office	371.55	m²	$230.00
Mezzanine Office	168.52	m²	$230.00
Warehouse	9,985.00	m²	$127.06
Warehouse Offices	108.37	m²	$165.00
Distrubution Offices – Ground Floor	32.00	m²	$165.00
Distribution Offices – First Floor	40.00	m²	$165.00
Canopy Front	150.96	m²	$65.00
Canopy New	160.00	m²	$65.00

Wiri, Auckland

Effective Date	May 2021	**Lease Basis**	Lease Renewal
Contract Rent	$1,727,790 pa		

Rental Analysis			**Rate**
Offices & Amenities	806.40	m²	$240.00
Warehouse Office	50.00	m²	$200.00
Warehouse	10,250.00	m²	$140.00
Canopy	1,275.00	m²	$70.00

East Tamaki, Auckland			
Effective Date	March 2021	Term	4 years
Contract Rent	$330,000 pa	Lease Basis	New Lease
Rental Analysis			Rate
Warehouse		2,293.00 m^2	$125.00
Offices and Amenities		199.00 m^2	$215.00
Canopy		24.00 m^2	$65.00

East Tamaki, Auckland			
Effective Date	October 2020	Term	6 years
Contract Rent	$766,870 pa	Lease Basis	Lease Renewal
Rental Analysis			Rate
Warehouse		5,272.49 m^2	$130.00
Offices		409.00 m^2	$179.50
Canopy		157.50 m^2	$50.00

East Tamaki, Auckland			
Effective Date	September 2020	Lease Basis	Rent Review
Contract Rent	$701,320 pa		
Rental Analysis			Rate
Warehouse		4,985.00 m^2	$117.50
Office & Amenities		500.00 m^2	$200.00
Office & Amenities		461.00 m^2	$0.00
Warehouse Offices		76.00 m^2	$150.00
Canopy		76.00 m^2	$55.00

East Tamaki, Auckland			
Effective Date	August 2020	Term	5 years
Contract Rent	$469,000 pa	Lease Basis	New Lease
Rental Analysis			Rate
Ground Floor Offices		149.30 m^2	$215.00
First Floor Offices		150.80 m^2	$225.00
Warehouse		3,059.00 m^2	$122.50
Canopy		451.90 m^2	$62.50

The above evidence provides rates which generally range between approximately $118 to $140 per square metre over the warehouse accommodation, approximately circa $180 to $245 per square metre over the office accommodation, approximately $165 to $225 per square metre over the warehouse office accommodation, and approximately $50 to $75 per square metre over the canopies. In general, the driving factors of rental rates per square metre over warehouse accommodation are the size of the premises, the location, quality, and the stud height within the warehouse, including whether it is clear span.

We have had consideration to the local evidence of similar aged and scale of accommodation from within the South Auckland precinct together with rental transactions occurring in the industrial precinct of East Tamaki. We note that a number of the new leases listed above provide a comparable location but superior quality of improvements with a number of these properties being both newly constructed and under construction, and all of these also provide superior access to the subject.

We have adopted market rental rates between the lower end and midpoint of the range, given its large sizing, column interrupted and generally dated warehouse accommodation.

5.2 Market Rental Profile

We have assessed the market rental profile for the property on a net basis. Our adopted market rental profile is as summarised below:

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Net Market Rental
VIP Plastic Packaging (NZ) Ltd	Office - Ground Floor	423.8		Oct 2022	Fixed	$84,760	$200	$35	$35	$200	$235	$84,760
VIP Plastic Packaging (NZ) Ltd	Office - First Floor	678.5		Oct 2022	Fixed	$135,700	$200	$35	$35	$200	$235	$135,700
VIP Plastic Packaging (NZ) Ltd	Mezzanine Storage	35.1		Oct 2022	Fixed	$4,106	$117	$35	$35	$117	$151	$4,106
VIP Plastic Packaging (NZ) Ltd	Open Mezzanine Storage	401.2		Oct 2022	Fixed	$28,084	$70	$35	$35	$70	$105	$28,084
VIP Plastic Packaging (NZ) Ltd	Lunchroom	149.5		Oct 2022	Fixed	$29,900	$200	$35	$35	$200	$235	$29,900
VIP Plastic Packaging (NZ) Ltd	Lunchroom Canopy	11.3		Oct 2022	Fixed	$678	$60	$35	$35	$65	$100	$735
VIP Plastic Packaging (NZ) Ltd	Warehouse Office	327.8		Oct 2022	Fixed	$49,170	$150	$35	$35	$165	$200	$54,087
VIP Plastic Packaging (NZ) Ltd	Warehouse Mezz Storage	645.1		Oct 2022	Fixed	$58,059	$90	$35	$35	$90	$125	$58,059
VIP Plastic Packaging (NZ) Ltd	Preparation Room	480.9		Oct 2022	Fixed	$60,113	$125	$35	$35	$130	$165	$62,517
VIP Plastic Packaging (NZ) Ltd	Rear Canopy	744.9		Oct 2022	Fixed	$44,694	$60	$35	$35	$70	$105	$52,143
VIP Plastic Packaging (NZ) Ltd	Shared Canopy	416.5		Oct 2022	Fixed	$24,990	$60	$35	$35	$70	$105	$29,155
VIP Plastic Packaging (NZ) Ltd	Plant / Compressor Room	371.6		Oct 2022	Fixed	$40,876	$110	$35	$35	$110	$145	$40,876
VIP Plastic Packaging (NZ) Ltd	High Stud Workshops	190.0		Oct 2022	Fixed	$23,750	$125	$35	$35	$130	$165	$24,700
VIP Plastic Packaging (NZ) Ltd	Main Warehouse	9,943.6		Oct 2022	Fixed	$1,193,232	$120	$35	$35	$125	$160	$1,242,950
VIP Plastic Packaging (NZ) Ltd	Western Warehouse	739.5		Oct 2022	Fixed	$88,740	$120	$35	$35	$125	$160	$92,438
VIP Plastic Packaging (NZ) Ltd	Eastern Warehouse	1,149.2		Oct 2022	Fixed	$137,904	$120	$35	$35	$125	$160	$143,650
VIP Plastic Packaging (NZ) Ltd	Dangerous Goods Store	58.6		Oct 2022	Fixed	$7,325	$125	$35	$35	$125	$160	$7,325
Aggregate		16,767.1	0			$2,012,080						$2,091,184

5.3 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 per annum	Market per annum
Rental Analysis		
Lettable Area Rental	$2,012,080	$2,091,184
Outgoings Recovery	$578,539	$578,539
Gross Income	$2,590,619	$2,669,722
Outgoings	$578,539	$578,539
Net Income	$2,012,080	$2,091,184

6 Sales Evidence

6.1 Sales Transaction

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:

East Tamaki, Auckland

Sale Price	$20,500,000	Sale Date	November 2021
Initial Yield	4.88%	Equivalent Yield	5.08%
IRR	6.93%	WALT	9.92 years

Mangere, Auckland

Sale Price	~$30,000,000	Sale Date	Under Contract
Initial Yield	~5.50%	Equivalent Yield	~5.75%
IRR	~7.00%	WALT	3.75 years

Wiri, Auckland

Sale Price	Circa $41,000,000	Sale Date	November 2021
Initial Yield	4.16%	Equivalent Yield	4.68%
IRR	6.37%	WALT	3.44 years

Avondale, Auckland

Sale Price	$18,000,000	Sale Date	May 2021
Initial Yield	3.97%	Equivalent Yield	4.46%
IRR	6.07%	WALT	5.42 years

East Tamaki, Auckland

Sale Price	$40,400,000	Sale Date	April 2021
Initial Yield	5.25%	Equivalent Yield	5.07%
IRR	7.05%	WALT	13.07 years

Mangere, Auckland

Sale Price	$17,500,000	Sale Date	April 2021
Initial Yield	4.44%	Equivalent Yield	4.56%
IRR	6.46%	WALT	8.00 years

Avondale, Auckland

Sale Price	$39,000,000	Sale Date	December 2020
Initial Yield	4.43%	Equivalent Yield	4.80%
IRR	5.96%	WALT	4.37 years

Mangere, Auckland

Sale Price	$42,000,000	Sale Date	December 2020
Initial Yield	4.86%	Equivalent Yield	4.75%
IRR	5.49%	WALT	9.00 years

Ellerslie, Auckland

Sale Price	$54,000,000	Sale Date	December 2020
Initial Yield	5.31%	Equivalent Yield	5.60%
IRR	7.26%	WALT	7.01 years

Rosebank, Auckland			
Sale Price	$65,552,043	Sale Date	October 2020
Initial Yield	5.20%	Equivalent Yield	4.95%
IRR	6.40%	WALT	6.17 years

The above transactions indicate that initial yields have ranged from 3.97% to circa 5.50%, equivalent yields from 4.46% to circa 5.75% and IRRs from 5.49% to 7.26%. These variances are largely dependent on the location, quality of improvements, and size and scale.

The lower end of the yield range typically relates to properties which have sold recently, with either modern accommodation, situated in prime locations, with medium to long term weighted average lease terms or are of a smaller value quantum, or have some redevelopment potential. Sales to the higher end of the yield range typically relate to properties with either secondary quality accommodation, in secondary locations and have short weighted average lease terms or are now more dated sales. With interest rates at historically low levels, yields have continued to compress over the past 12 months particularly for good quality industrial assets or properties with medium to long WALT's to good tenant covenants in strong locations, such as the subject.

When assessing the yield profile of the subject property, we have been mindful of the location, being situated within the East Tamaki industrial precinct, the scale and secondary quality of improvements, and the short to medium term remaining WALT. Based on the sales evidence, we have adopted the following valuation inputs:

Valuation Input	
Capitalisation Rate	4.750%
Discount Rate	6.250%

7 Valuation Considerations

7.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property, whereas 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
▪ Freehold site. ▪ Favourable location within East Tamaki and having good access to the Southern Motorway. ▪ Generic and high stud nature of the warehouse accommodation. ▪ The property features a fire sprinkler system. ▪ The site enables a full drive through around the building. ▪ Onsite carparking. ▪ Triple net lease, with 3.5% fixed rental increase per annum. ▪ Low interest rate environment and strong demand for industrial property.	▪ Water right on title – the positioning of the public water pipeline may reduce future development potential. ▪ Generally dated accommodation, being first built in circa 1980s. ▪ Column interrupted warehouse areas. ▪ No market rent reviews incorporated into lease for current tenant. ▪ Short to medium remaining WALT at 3.67 years.
Opportunities	**Threats**
▪ Consider early negotiations for current tenant to exercise renewal from 2025, and potentially add market rent review provisions. ▪ Lease the property to a new tenant on a long term basis with a combination of fixed and market rent reviews. ▪ Sell the property at a later stage with a new long lease in place to realise potential capital gains.	▪ The economic and social impacts of COVID-19 have the potential to be persistent. ▪ Low interest rates have driven a significant asset price trend over the last few years, which may start to reverse as central bank rates and the cost of funding increase. ▪ Extended vacancy on expiry of the current lease. ▪ Surrounding industrial and office development, as well as the emergence of alternative industrial locations providing modern design build options, may limit medium to long term rental growth and re-leasing opportunities as a result of increased competition.

7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 6 months, assuming that the property is presented to the market in accordance with the specific assumptions noted in this report, and with an appropriate level of marketing. The actual time to sell the property may vary depending on the number of potential buyers in the marketplace, availability of comparable properties, access to finance, and changes in market conditions subsequent to the valuation date.

7.3 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, private investor, or institutional investor.

7.4 Sales History

We are aware that the subject property is currently under contract for $43,300,000 plus GST. We have sighted a signed Sale and Purchase Agreement, dated 7 December 2021, pertaining to the subject property.

8 Valuation Rationale

8.1 Valuation Overview

In arriving at our opinion of market value we have had consideration to the capitalisation and discounted cashflow (DCF) approaches to valuation, along with a cross check via the market comparison approach.

8.2 Capitalisation Approach

The capitalisation approach involves the determination of a sustainable net income from the property, and the application of a capitalisation rate as a measure of expected return from the property. Adjustments are made to the core value for items such as under/over renting, required capital expenditure or current/upcoming vacancy.

We have adopted a core capitalisation rate of 4.750%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	$2,012,080	$2,091,184
Ideal Outgoings Recovery (Full Net Leases)	$578,539	$578,539
Total Rental Income	$2,590,619	$2,669,722
Less Outgoings Expenditure	($578,539)	($578,539)
Net Rental Income	$2,012,080	$2,091,184
Core Income Capitalised at 4.75%	$42,359,585	$44,024,921
Value Adjustments		
Present Value of Existing Rental Reversions	$1,404,766	($267,228)
Total Value Adjustments	$1,394,105	($277,888)
Total Capitalised Value	$43,753,690	$43,747,033
Adopted Capitalised Value (say)	$43,800,000	$43,700,000

From our core value, present value adjustments (for rental reversions 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 added/deducted the present value of tenant rental reversions, which represents the present value of rental overage / underage for each existing tenancy relative to our adopted rental profile.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $10,661.

We have in particular been advised of budgeted capital expenditure by the client which we have adopted and made allowances for within our valuation. Please refer to *1.6 Specific Assumptions* for further details.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $43,700,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	4.500%	$46,200,000	$46,200,000
Adopted Capitalisation Rate	4.750%	$43,800,000	$43,700,000
0.25%	5.000%	$41,600,000	$41,500,000

8.3 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.

We note that a DCF analysis looks to forecast cashflow performance from the property over a future horizon based on an understanding and due diligence related to the property and the specific market in which it sits. The adopted forecasts incorporate what we consider reasonably foreseeable as at the valuation date in terms of key lease events, capital expenditure and likely growth in rental rates, costs and changes in property values over the cashflow term. We note that the actual cashflows associated with the property may vary significantly depending on management decisions, market conditions or unforeseeable events.

Discount Rate

In assessing an appropriate target discount rate for the property, we have considered primarily the analysis of recent comparable or benchmark property sales, the current level of risk free return, discussions with active property investors as well as consideration of the property's specific investment attributes.

We have applied a target discount rate of 6.250% to the cash flows to produce a present value of $43,000,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary		Year Ending	30-Jan-2023	30-Jan-2024	30-Jan-2025	30-Jan-2026	30-Jan-2027	30-Jan-2028	30-Jan-2029	30-Jan-2030	30-Jan-2031	30-Jan-2032	30-Jan-2033
			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			$2,035,555	$2,106,799	$2,180,537	$1,684,164	$2,363,328	$2,375,490	$2,515,148	$2,585,684	$2,657,175	$2,492,562	$0
Outgoings Recovery			$578,539	$601,680	$622,739	$483,401	$663,871	$683,787	$704,301	$725,430	$747,193	$705,474	$0
Other Income			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income			$2,614,093	$2,708,479	$2,803,276	$2,167,565	$3,027,199	$3,059,277	$3,219,449	$3,311,114	$3,404,368	$3,198,037	$0
Rental Deductions													
Unexpired Incentives - Rent Free/Abatements			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure			($578,539)	($601,680)	($622,739)	($644,535)	($663,871)	($683,787)	($704,301)	($725,430)	($747,193)	($769,608)	$0
Ground Rental													
Net Rental Cashflow			$2,035,555	$2,106,799	$2,180,537	$1,523,030	$2,363,328	$2,375,490	$2,515,148	$2,585,684	$2,657,175	$2,428,428	$0
Rental Adjustments													
Unexpired Incentives - Capital Contribution			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Letting Up Allowances - Leasing Fees			$0	$0	$0	($481,258)	$0	$0	$0	$0	$0	$0	$0
Capital Expenditure			($8,320)	($2,691)	($2,785)	($343,654)	($2,430,030)	($5,478)	($3,135)	($666,423)	($33,257)	($87,691)	$0
Net Cashflow			$2,027,235	$2,104,108	$2,177,752	$698,118	($66,702)	$2,370,012	$2,512,013	$1,919,262	$2,623,919	$2,340,737	$0
Purchase Price	$43,350,000	After Costs	($43,350,000)										
Sale Price	$54,300,000	After Costs											$53,485,500
Annual Cashflow			($41,322,765)	$2,104,108	$2,177,752	$698,118	($66,702)	$2,370,012	$2,512,013	$1,919,262	$2,623,919	$2,340,737	$53,485,500
Present Value of Rental Cashflow		$13,833,576											
Present Value of Terminal Value		$29,170,688											
Allowance for Acquisition Costs		$0											
Total Net Present Value (say)			$43,000,000	Resulting IRR	6.14%								

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office							10 year average		2.90%	
	3.00%	3.25%	3.25%	3.00%	3.00%	3.00%	2.75%	2.75%	2.50%	2.50%
Warehouse							10 year average		2.90%	
	3.00%	3.25%	3.25%	3.00%	3.00%	3.00%	2.75%	2.75%	2.50%	2.50%
CPI							10 year average		2.20%	
	3.00%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		3.20%	
	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average		3.20%	
	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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, 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 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 assumed a new lease term for tenants of 6.0 years and associated agents/leasing costs of 16.00%. Our allowances are outlined in the table below:

Office	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	6 months	50%	-	100%	$75	100%
	Year 1	6 months	50%	-	100%	$75	100%
	Year 2	6 months	50%	-	100%	$75	100%
	Year 3	6 months	50%	-	100%	$75	100%
	Year 4	6 months	50%	-	100%	$75	100%
	Year 5	6 months	50%	-	100%	$75	100%
	Year 6	6 months	50%	-	100%	$75	100%
	Year 7	6 months	50%	-	100%	$75	100%
	Year 8	6 months	50%	-	100%	$75	100%
	Year 9	6 months	50%	-	100%	$75	100%
	Year 10	6 months	50%	-	100%	$75	100%

Capital Expenditure

Within our calculations we have made capital expenditure allowances for any known upcoming costs, 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 allowances we have made are as summarised below, split between capex associated with a tenancy expiry or renewal, and general property expenditure:

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	$0	$8,320	$8,320
Year 2	$0	$2,691	$2,691
Year 3	$0	$2,785	$2,785
Year 4	$303,492	$40,162	$343,654
Year 5	$0	$2,430,030	$2,430,030
Year 6	$0	$5,478	$5,478
Year 7	$0	$3,135	$3,135
Year 8	$0	$666,423	$666,423
Year 9	$0	$33,257	$33,257
Year 10	$362,385	$87,691	$450,076
10 Year Total	$665,876	$3,279,972	$3,945,848
Capex as a proportion of Value	9.1%	Per Sqm of Lettable Area	$235.33

The above allowances have been adjusted for forecast CPI movements throughout the cash flow.

We have in particular been advised of budgeted capital expenditure by the client which we have adopted and made allowances for within our valuation. Please refer to *1.6 Specific Assumptions* for further details.

Estimated Terminal Sale Price

We have applied a terminal yield of 5.000% (a 25.0 basis point premium 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 of the property, we have primarily had regard to the increased age of the property at the end of the cashflow and likely occupancy and net income profile for the property.

Transaction Costs

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

Transaction Costs	
Acquisition Costs	Nil
Disposal Costs	1.50% of the forecast Terminal Value

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	4.750%	5.000%	5.250%
6.000%	$45,500,000	$43,900,000	$42,400,000
6.250%	$44,600,000	$43,000,000	$41,600,000
6.500%	$43,700,000	$42,200,000	$40,800,000

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$43,700,000
Capitalisation Approach - Contract Income	$43,800,000
Discounted Cash Flow Approach	$43,000,000
Adopted Value	$43,350,000

9.2 Valuation Conclusion

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 sentiment, we have adopted a rounded valuation figure of $43,350,000 plus GST (if any).

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 that would affect value, in our opinion its market value as at 31 January 2022, is:

$43,350,000 plus GST (if any)

Forty Three Million Three Hundred Fifty Thousand Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 4.64%, an equivalent yield of 4.79%, an internal rate of return of 6.14%, and a rate of $2,585 per square metre of Lettable Area.

We confirm that this report is confidential to the following parties and for the specific purposes noted below:

- Oyster Industrial Property Limited – for inclusion within a Product Disclosure Statement

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.

9.3 Involvement Statement

The following parties have been involved in the completion of this valuation:

Inspection of Property	Wouter Robberts
Calculations	Wouter Robberts
Information Review	Wouter Robberts, Jimmy Shi
Report Authoring	Wouter Robberts, Jimmy Shi
Quality Assurance	Glenn Loraine
Principal Valuer	Wouter Robberts

JLL require that all Valuation Reports are reviewed for Quality Assurance purposes before external release. The individual that has undertaken the Quality Assurance review offers no opinion on the subject property(s).

Yours faithfully,
Jones Lang LaSalle, Valuation Advisory

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Appendix 1 – Valuation Definitions

Net Passing Income	The annual sum of the current base rent, any supplementary income and recoverable outgoings, less total outgoings.
Net Income, Fully Leased	The annual net passing income as above, plus estimated income from vacant tenancies and any immediate reversions.
Capitalisation Rate	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.
Initial Yield	The net passing income from an investment divided by the sale price or value adopted for the investment.
Market Yield	The assessed net market income divided by the sale price or value adopted.
Equivalent Yield	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.
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into a present value.
Internal Rate of Return (IRR)	The discount rate at which the present value of the future cash flows of the investment equals the acquisition cost of the investment.
Terminal Yield	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.
Ten Year IRR	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.
Market Rent	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.
Market Value	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.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Weighted Average Lease Term (WALT)	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
Fair Value	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.

Appendix 2 – Record of Title

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier	**NA27D/1012**
Land Registration District	**North Auckland**
Date Issued	23 January 1974

Prior References

NA21D/1405 NA21D/1406 NA21D/1407

Estate	Fee Simple
Area	2.2374 hectares more or less
Legal Description	Lot 1 Deposited Plan 71678

Registered Owners

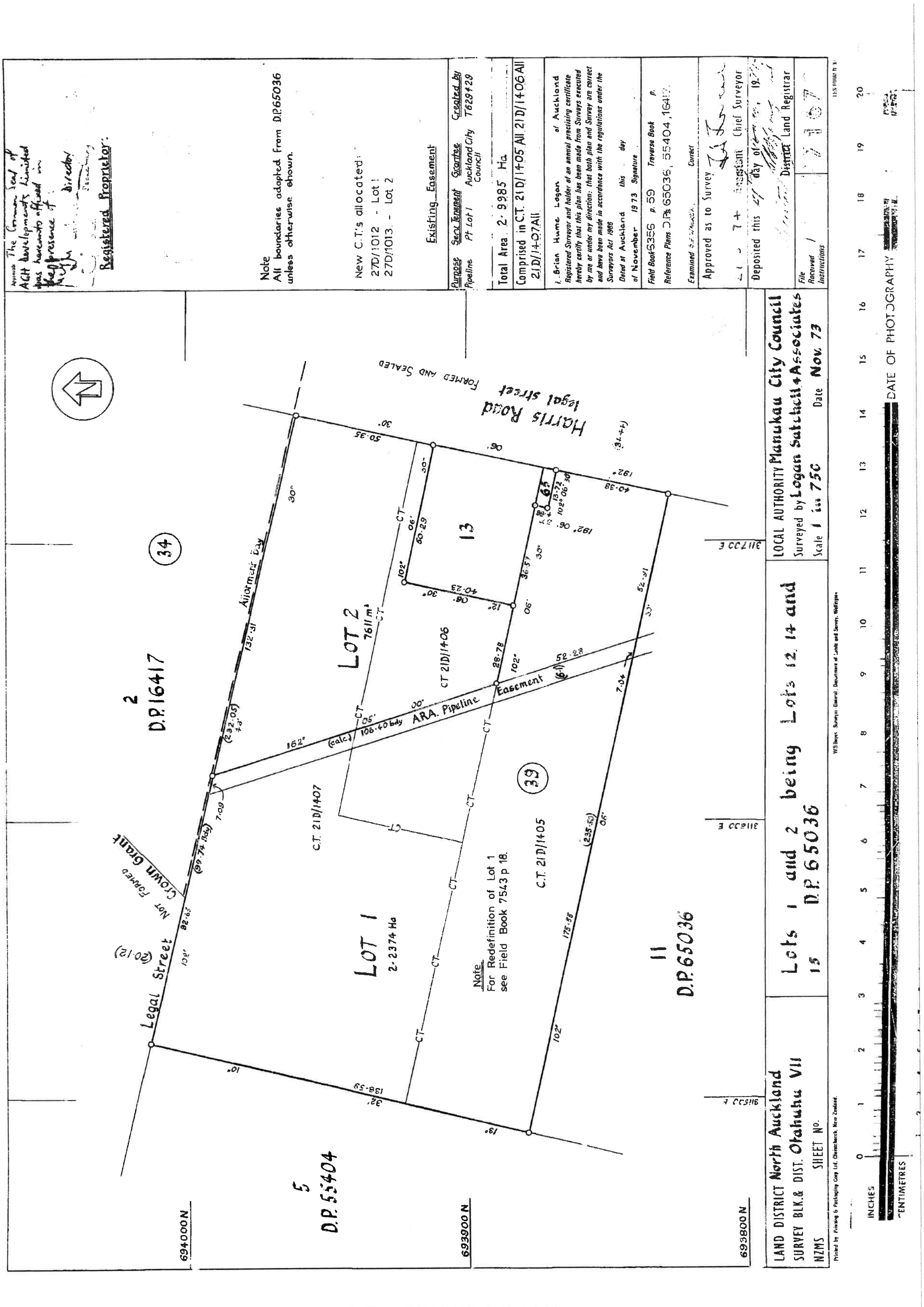
100 Harris Nominees Limited

Interests

Subject to a water right (in gross) over part in favour of The Auckland City Council created by Transfer 629429

9537269.4 Lease term 12 years commencing on 11.10.2013 (right of renewal) CT 633355 issued - 11.10.2013 at 4:51 pm

9537269.5 Mortgage to Westpac New Zealand Limited - 11.10.2013 at 4:51 pm



Registered Proprietor
Note
All boundaries adopted from D.P.65036 unless otherwise shown.
New C.T.'s allocated:
27D/1012 - Lot 1
27D/1013 - Lot 2
Existing Easement
Purpose Pipeline
Servt Tenement Pt Lot 1
Grantee Auckland City Council
Created by T629428
Total Area 2·9985 Ha
Comprised in C.T. 21D/1405 All, 21D/1406 All, 21D/1407 All
Approved as to Survey
Chief Surveyor
Deposited this
District Land Registrar
LOCAL AUTHORITY Manukau City Council
Surveyed by Logan Satchell & Associates
Scale 1 in 750
Date Nov. 73
Lots 1 and 2 being Lots 12, 14 and 15 D.P. 65036
LAND DISTRICT North Auckland
SURVEY BLK.& DIST. Otahuhu VII
NZMS
SHEET No.
Harris Road
legal street
FORMED AND SEALED
LOT 2
7611 m²
LOT 1
2·2374 Ha
13
34
39
2
D.P.16417
5
D.P.55404
11
D.P.65036
C.T. 21D/1405
C.T. 21D/1406
C.T. 21D/1407
ARA. Pipeline Easement
Legal Street
Crown Grant
Not Formed
Note
For Redefinition of Lot 1 see Field Book 7543 p 18.
694000 N
693900 N
693800 N
DATE OF PHOTOGRAPHY
INCHES
CENTIMETRES

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