

# Valuation Advisory

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

Cardinal Logistics

77 Westney Road, Mangere, Auckland

31 December 2021



# Executive Summary

Cardinal Logistics - 77 Westney Road, Mangere, Auckland



The subject property comprises an industrial facility situated on an approximately 12,831 square metre land holding in Mangere, Auckland. The property is located to the western side of Westney Road, situated in a rear position and accessed via a driveway running down the northern elevation of the site in front.

The property provides a large scale industrial facility comprising warehouse and office accommodation with construction completed circa mid 2000's. The warehouse accommodation is column interrupted and has a stud height of approximately 8.40 metres to the portal knee rising to 10.60 metres at the apex. Construction to the warehouse includes concrete foundations, steel portal frames, steel purlins, a combination of full height precast concrete slab and concrete base with longrun metal above walls, and a long run metal roof. A small canopy extends from the south eastern elevation of the warehouse and protects two roller doors. The offices are presented to a basic standard and are situated over a single level, located to the south-eastern elevation of the warehouse. A concrete sealed driveway provides access to the building, with a concrete sealed area providing manoeuvring space along the south western side of the site.

At the date of valuation, the property was occupied by Cardinal Logistics on a twelve (12) year term from December 2017 with two rights of renewal of six (6) years each, annual fixed rent review of an increase of 1.5% and market reviews on renewal dates. The lease is currently returning \$1,275,116 per annum plus GST and outgoings, with a remaining WALT of 8 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 December 2021
Date of Report	4 February 2022
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Light Industry – Auckland Unitary Plan (Operative in part, 15 November 2016)
Tenure	Fee Simple – Record of Title 350476
Site Area	12,831 sqm
Lettable Area	9,834 sqm
Adopted Value	\$33,600,000 plus GST, if any Thirty Three Million Six Hundred Thousand Dollars plus GST, if any

## Valuation Analysis

Initial Yield	3.79%	Rate / sqm of Lettable Area	\$3,417
Equivalent Yield	3.92%	Weighted Average Lease Term	8.00 years by income
Internal Rate of Return (10 years)	5.74%	Current Occupancy	100.00%

## Tenancy Overview

Cardinal Logistics	\$1,275,116	9,834 sqm
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## Financial Summary

Gross Passing Income	\$1,423,032
Gross Market Income	\$1,482,006
Adopted Outgoings	\$147,916
Net Passing Income	\$1,275,116
Net Market Income	\$1,334,090

## Cap Approach Assumptions

Adopted Cap Rate	4.000%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$32,900,000
Passing Income Capitalisation	\$32,900,000

## DCF Approach Assumptions

Discount Rate	5.625%
Terminal Yield	4.250%
Average Applied Rental Growth	2.90%
Value Based on DCF Approach	\$33,900,000

## Major Occupiers

Cardinal  
Logistics  
100.0%



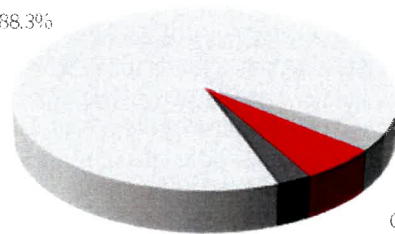
## Building Components

Warehouse  
88.3%

Canopy  
3.2%

Chiller 5.8%

Office 2.7%



## Valuers

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# Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 31 December 2021. 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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Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

# 1 Introduction

## 1.1 Instructions

We refer to instructions from Oyster Property Group requesting that we undertake a market valuation of the freehold interest of 77 Westney Road, Mangere, Auckland (the Subject/Property), as at 31 December 2021 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 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 December 2021
Date of Property Inspection	18 January 2022
Date of Preparation of Report	4 February 2022

We advise that we have been instructed to value the Property as at 31 December 2021 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 and building areas 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 note that we have adopted the fixed 1.5% rent review which occurred on 16 December 2021 despite this not yet being reflected in the tenancy schedule, we proceed on the basis that this rent review has occurred and will be updated within tenancy schedule and lease documentation.
- 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 western side of Westney Road within the established industrial precinct of Airport Oaks. Westney Road is situated to the east of George Bolt Memorial Drive approximately two kilometres north of the Auckland Airport. George Bolt Memorial Drive is a major arterial route connecting the South Western Motorway to the Airport and can be accessed from via Kirkbride Road to the north or Verissimo Drive to the south.

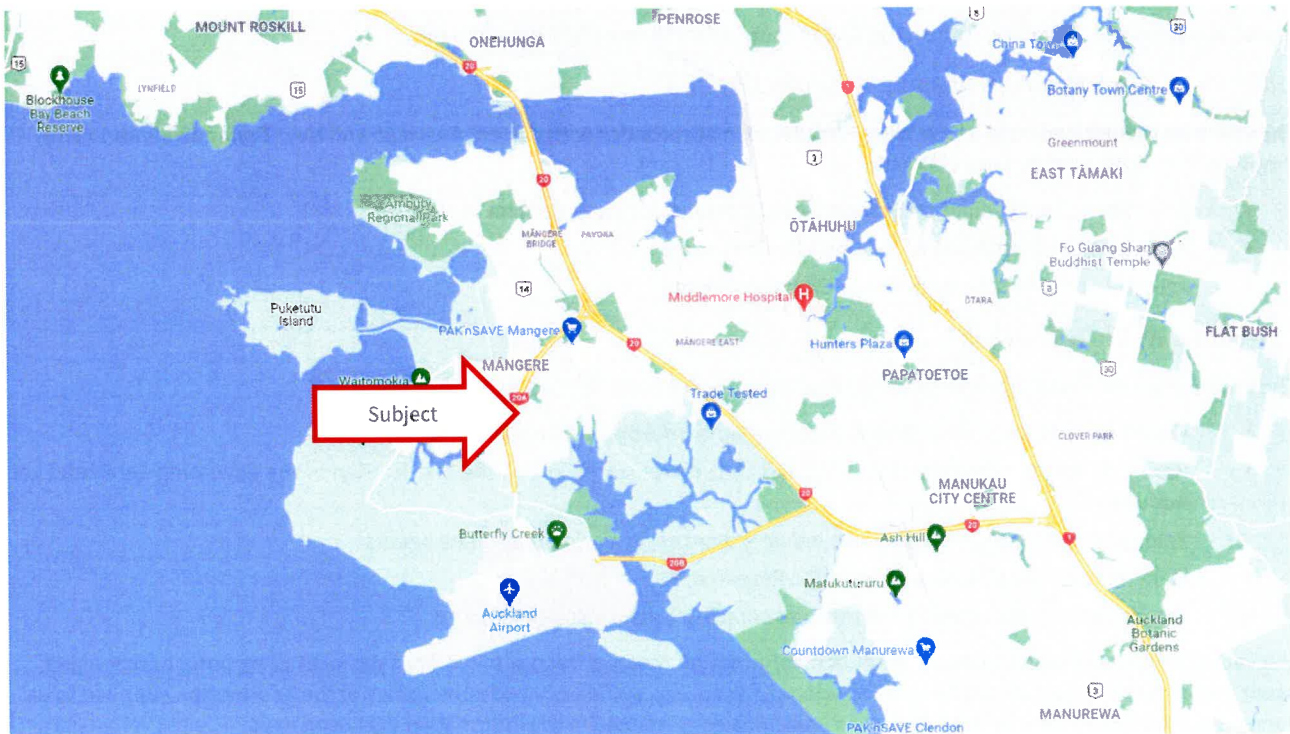
The linking of State Highway 20 to State Highway 1 is located nearby the subject property and has greatly aided access to and from the Auckland Airport locality. Overall, this is considered a popular and recognised industrial / commercial locality with suitable access to the majority of transportation modes, required for modern industrial uses.

Auckland CBD and the Ports of Auckland are approximately 26.2 kilometres to the north-east, and Auckland International and Domestic Airports are located approximately two kilometres to the south with many businesses in the area offering supplementary services particularly in the shipping / freight and logistics industries.

Established residential localities, located to the east and north of the subject, offer a steady source of skilled and unskilled labour. All normal services and utilities appear to be provided to the property.

In general, the property is located within an established industrial area of Auckland within close proximity to Auckland's International and Domestic Airports and is easily accessible via the State Highway 20 and State Highway 1.

The following map identifies the approximate location of the Property:



Source: Google Maps

## 2.2 Title Particulars

Title Reference	350476
Tenure	Fee Simple
Legal Description	Lot 2 Deposited Plan 387568
Area	1.2831 hectares more or less
Registered Owner	Oyster Industrial Properties Limited
Registered Interest	<ul style="list-style-type: none"><li>▪ A272091 Deeming George Bolt Memorial Drive to be a limited access road</li><li>▪ 7645574.3 Consent Notice pursuant to Section 221 Resource Management Act 1991</li><li>▪ Subject to a right (in gross) to drain water easement over parts marked AB, AC, DA, HA, HB, DB, DC, HC, FA, FB, FC, G, P, Q &amp; I, and to access &amp; water supply easements over parts marked AA, AB &amp; AC on DP 387568 in favour of Manukau City Council created by Easement Instrument 7645574.5</li><li>▪ The easements created by Easement Instrument 7645574.5 are subject to Section 243 (a) Resource Management Act 1991</li><li>▪ Appurtenant hereto are right of way, to convey water, gas, electricity, telecommunications &amp; computer media and fire protection &amp; parking easements created by Easement Instrument 7645574.6</li><li>▪ Subject to a right of way over parts marked AA, AB, AC, DA, DB, DC, FA, FB, FC &amp; G, to convey water, gas, electricity, telecommunications &amp; computer media over parts marked AA, AB &amp; AC, to drain water over parts marked AA, AB, AC, FA, FB, FC &amp; G and to fire protection over parts marked AA, AB, AC, G, HA, HB, HC &amp; I on DP 387568 created by Easement Instrument 7645574.6</li><li>▪ The easements created by Easement Instrument 7645574.6 are subject to Section 243 (a) Resource Management Act 1991</li><li>▪ 12258103.3 Mortgage to Westpac New Zealand Limited - 29.10.2021</li></ul>

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 property comprises a land holding of approximately 12,831 square metres which is regular in shape and relatively level in contour. Access is provided down a driveway from Westney Drive and the site benefits from exposure along the north western boundary to the Southern Motorway.

We note that the site is subject to various overland flow paths, flood plains and flood prone areas, however due to the already built nature of the property we assume that these have been properly mitigated and would not be likely to negatively impact the value of the property. The flow paths and flood plains are reflected in the second image below:

## Site Area

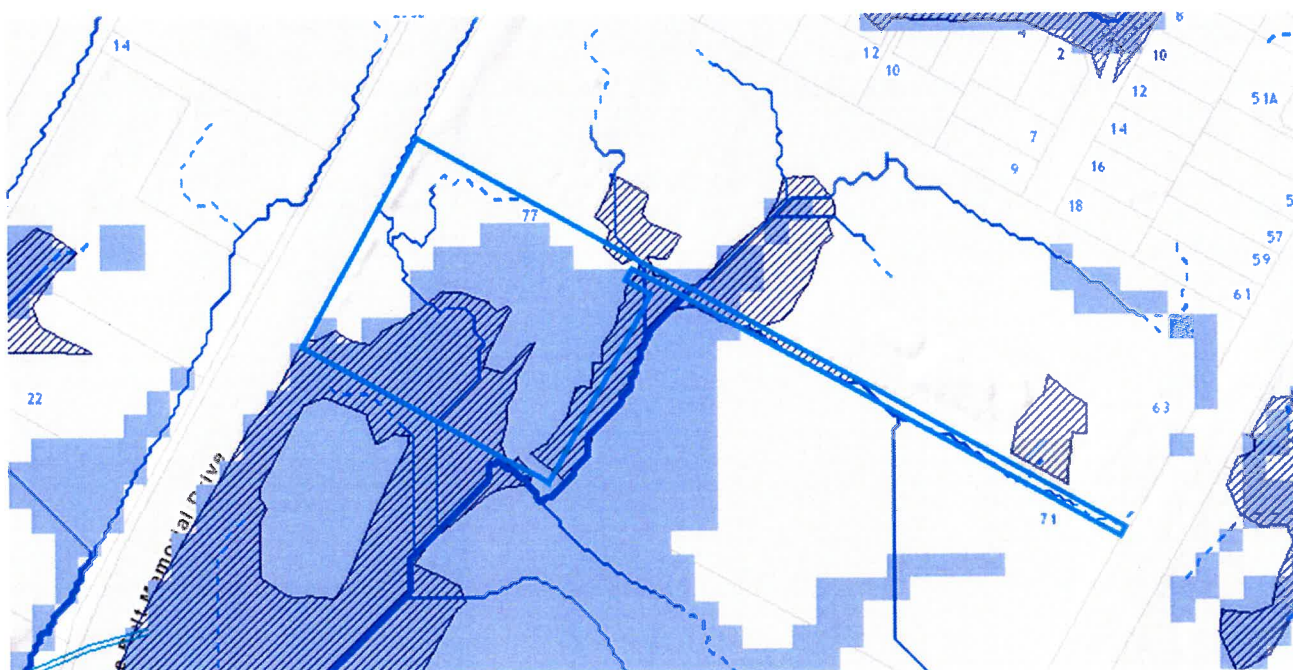
1.2831 hectares



Source: Emap

## Catchments and Hydrology

Flood prone areas (dark blue hatching), Floor plains (light blue shading), and Overland flow paths (dark blue lines).



Source: Auckland Council Geomaps

## 2.4 Resource Management

### Auckland Unitary Plan (Operative in part, 15 November 2016)

Local Authority	Auckland Council
Planning Instrument	Auckland Unitary Plan
Operative Date	2016 – Operative in Part
Zoning	<p><b>Light Industry Zone</b></p> <p>This zone provides for light industrial activities that do not generate objectionable odour, dust or noise emissions. This includes light manufacturing, production, logistics, storage, transport and distribution activities. Due to the industrial nature of the zone, activities to air discharges are generally not provided for.</p>
Objectives	<ul style="list-style-type: none"><li>▪ Light industrial activities locate and function efficiently within the zone.</li><li>▪ The establishment of activities that may compromise the efficiency and functionality of the zone for industrial activities is avoided.</li><li>▪ Adverse effects on amenity values and the natural environment, both within the zone and on adjacent areas, are managed.</li><li>▪ Development avoids, remedies or mitigates adverse effects on the amenity of adjacent public open spaces and residential zones.</li></ul>
Development Controls	<p>The Light Industry zone provides for a range of light industrial activities to locate in the zone and avoids activities that do not support the primary function of the zone, with limited office, retail, and residential uses permitted.</p> <p><b>Building Height</b></p> <ul style="list-style-type: none"><li>▪ Must not exceed 20 metres</li></ul> <p>Height in relation to boundary:</p> <ul style="list-style-type: none"><li>▪ Buildings must not project beyond a 35 degree recession plane measured from a point 6m vertically above ground level along the boundary of residential, open space or special purpose boundary.</li></ul> <p><b>Yards:</b></p> <ul style="list-style-type: none"><li>▪ Front: 2 metres. Yards are not required for internal roads or service lanes</li><li>▪ Rear: 5 metres, where the rear boundary adjoins a residential zone, an open space zone or special purpose zone</li><li>▪ Side: 5 metres, where the side boundary adjoins a residential zone, an open space zone or special purpose zone</li><li>▪ Riparian: 10 metres from the edge of permanent and intermittent streams</li><li>▪ Lakeside: 30 metres</li><li>▪ Coastal protection yard: 25 metres</li></ul> <p><b>Maximum impervious area:</b></p> <ul style="list-style-type: none"><li>▪ Must not exceed 10 per cent of the riparian yard</li></ul> <p>Permitted activities include, but are not limited to: industrial and rural activities, worker's accommodation – one per site, service stations, dairies, drive-through restaurants, show homes, food and beverage services, garden centres, motor vehicle sales, marine retail, trade suppliers, and emergency services. Office, retail and tertiary education services that are accessory to an industrial activity are also permitted. In terms of development controls, the Light Industry zone permits the construction, additions and alterations to buildings, and the demolition of buildings.</p> <p>Due to the industrial nature of the zone, sensitive activities such as community facilities exceeding 450 square metres, dwellings, integrated residential accommodation, and office or retail activities that are not related to the predominant use on-site are non-complying.</p>
Controls	Macroinvertebrate Community Index - Urban
Overlays	<p>Natural Resources: High-Use Aquifer Management Areas Overlay [rp] - Manukau Southeast Kaawa</p> <p>Infrastructure: Aircraft Noise Overlay - Moderate aircraft noise area (MANA), Auckland Airport - moderate aircraft noise area</p> <p>Infrastructure: Aircraft Noise Overlay - Aircraft noise notification area (ANNA), Auckland Airport - aircraft noise notification area</p>
Designations	Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International 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.

## 2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 01 July 2017, being Assessment Number 12345050157, is as follows:

Land Value	\$6,050,000
Improvements Value	\$9,400,000
Capital Value	\$15,450,000

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.

## 2.6 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.

## 2.7 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.

## 2.8 Improvements

The property provides a large scale industrial facility comprising warehouse and office accommodation with construction completed circa mid 2000's. The warehouse accommodation is column interrupted and has a stud height of approximately 8.40 metres to the portal knee rising to 10.60 metres at the apex. Construction to the warehouse includes concrete foundations, steel portal frames, steel purlins and a long run metal roof. Lighting is provided by way of intermittent translucent panels and external walls are a combination of half height and full height concrete slab panels with long run metal above. A small canopy extends from the south eastern elevation of the warehouse and protects two roller doors.

The offices are presented to a basic standard and are situated over a single level, located to the south-eastern elevation of the warehouse.

A concrete sealed driveway provides access to the building, with a concrete sealed area providing manoeuvring space along the south western side of the site.



Canopy



Driveway access

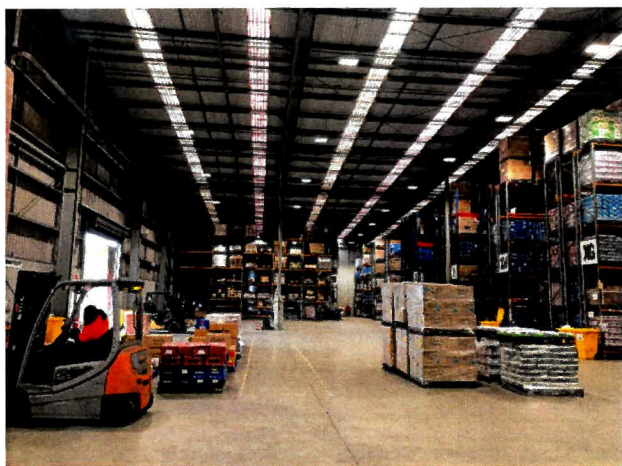
## 2.9 Construction

We briefly outline construction details to the building as follows:

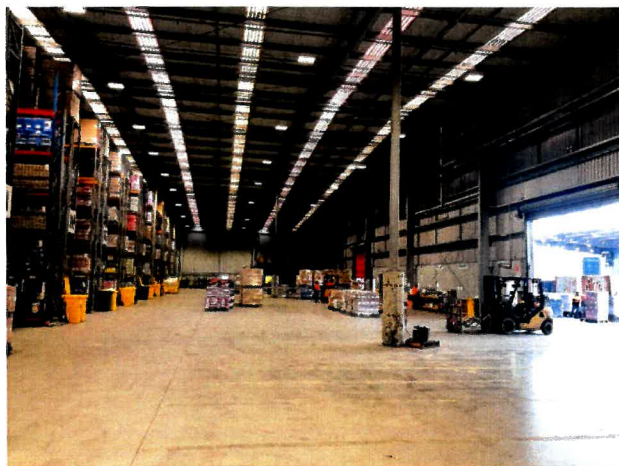
Structure:	Concrete pad foundations with steel portal frame and supporting steel purlins to the warehouse.
External Walls:	A combination of full height precast concrete slab and base concrete slab panels with long run metal above.
Internal Walls:	Plasterboard lined and glazed partitions to the office area.
Roof:	Long run metal.
Ceiling:	Acoustic ceiling tiles to the office area. Plasterboard lined ceiling to amenities. Netting and sisalation to warehouse.
Lighting:	Recessed fluorescent lighting to the offices and high output suspended LED industrial lighting to the warehouse supplementing intermittent translucent panels.
Key Services:	Ducted and incremental air conditioning to the offices. Sprinklers throughout building.

## 2.10 Accommodation

Warehouse	<p>The warehouse component comprises approximately 8,514 square metres of high stud accommodation, with columns interrupting the space. The warehouse has a stud height of approximately 8.40 metres at the portal knee, rising to approximately 10.60 metres at the apex.</p> <p>Access to the warehouse is provided via two roller doors measuring approximately 5 metres by approximately 5 metres. A canopy is situated along the south eastern face of the warehouse, providing weather protection over the two roller doors. The canopy is sprinklered and is improved with suspended LED lighting.</p> <p>General construction of the warehouse is of concrete foundations and flooring, steel portal framing and a combination of full height precast concrete panels and precast concrete base panels with long run metal above to the walls. The roof is lined with long run metal, along with netting and sisalation. Lighting throughout the warehouse is provided via high output suspended LED industrial lighting, with additional supplementary natural light achieved via intermittent translucent panels. The warehouse is sprinklered.</p> <p>We note that there is a circa 480 square metre chiller within the warehouse. This space is provided with a concrete floor, lined walls and a lined ceiling with surface mounted fluorescent lighting and sprinklers. The chiller has a stud height of approximately 9.20 metres.</p>
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Warehouse



Warehouse





Chiller Exterior



Chiller Interior

#### Offices and Amenities

There is a small office and amenities component within the warehouse envelope. This component presents with plasterboard lined walls, carpet floor coverings, glazed windows providing views into the warehouse, a suspended tile ceiling with recessed fluorescent lighting. This area is sprinklered.

Offices are a combination of both open plan and partitioned space. Male and female toilets, along with a staff kitchen/lunchroom area provide amenities to this office area. The kitchenette and bathrooms are presented with vinyl flooring, plasterboard lined walls with plasterboard lined ceiling to the bathrooms with surface mounted fluorescent lighting and a recessed tile ceiling with recessed fluorescent lighting to the kitchenette. The offices have a stud height of approximately 2.7 metres.

Both Incremental and ducted air conditioning provides climate control throughout the office areas.



Office



Office

## 2.11 Lettable Areas

The Property's total Lettable Area is approximately 9,834 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Office	140
Warehouse	8,514
Canopy	700
Chiller	480
Total Lettable Area	9,834 square metres

The areas noted above have been taken from measurements provided to us by the client. Additionally, we have taken onsite measurements which are in line with the provided leased areas, and as such have adopted the provided area. Should certified floor areas be provided, we reserve the right to amend our report accordingly.

## 2.12 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 28 May 2022, and therefore assume that the property complies with the provisions of Compliance Schedule 4206.

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.

As the building was constructed after January 2000 we have not sought further information on asbestos within the property.

## 2.13 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	2007
National Risk Zone	Low
Compliance with New Building Standard	Unknown – Assumed 100% NBS or greater

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

We have assumed that due to the construction date, the property meets a seismic rating of at least 100% NBS. Should we be provided with a seismic report we reserve the right to review our valuation accordingly.

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:

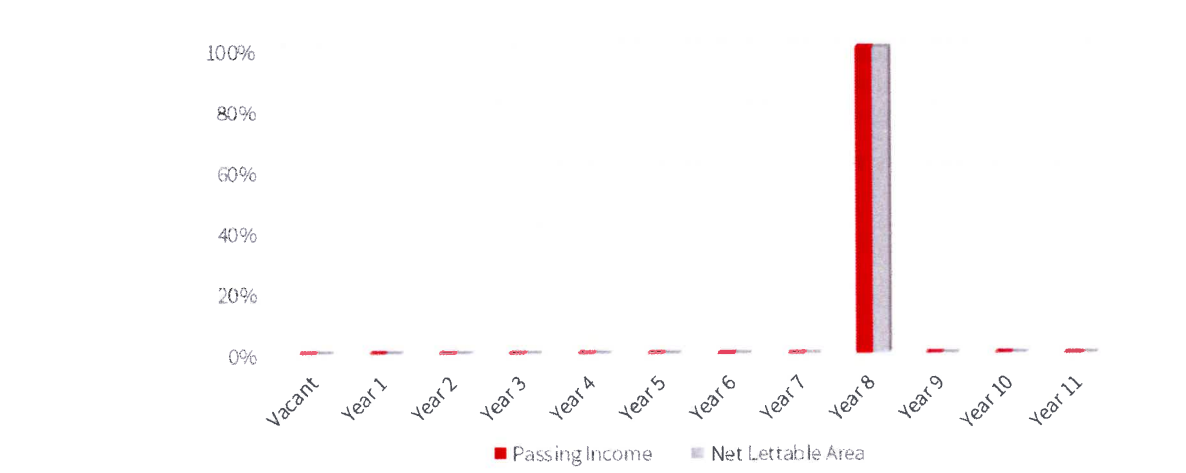
Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
Cardinal Logistics	\$1,275,116	9,834	100.0%
<b>Total</b>	<b>\$1,275,116</b>	<b>9,834 sqm</b>	<b>100%</b>

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	8.00
By Income	8.00



### 3.2 Lease Summary

We summarise below the lease agreements for the tenant, Cardinal Logistics Limited:

Lease Summary	Cardinal Logistics Limited
Documents reviewed	Signed Deed of Lease dated 15 December 2017
Lessee	Cardinal Logistics Limited
Demised premises	All of the land and buildings located at 77 Westney Road, Mangere, Auckland being Lot 2 Deposited Plan 387568
Lettable Area	9,834 square metres
Commencement Date	16 December 2017
Expiry Date	15 December 2029
Lease Term	12 years plus two rights of renewal of 6 years each
Commencement Rent	\$1,201,395 per annum plus GST
Current Rent	\$1,275,116 per annum plus GST
Rental Review Provisions	Annual fixed 1.5% rental increases with the exception of renewal dates upon which there will be market rent reviews. At the market rent review, the annual rent payable shall not be less than annual rent payable as at the commencement date of the then current lease term.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Warehouse, distribution freight and offices and associated uses.
Special Provisions	Bank Guarantee Being the tenants trading bank, ANZ or such other primary trading bank in New Zealand to an amount of \$1,201,395 per annum plus GST being an amount equivalent to twelve months of the first year's total rent plus GST. Tenant must ensure that the bank guarantee is in place at all times during the lease (including any renewed term). The landlord will contribute 50% each year towards the actual cost incurred by the tenant in maintaining the Bank Guarantee up to a maximum sum of \$15,000 per annum. Tenants Repair, Maintenance and Reinstatement Obligations The parties acknowledge that this Lease is a lease in substitution for a deed of lease dated 22 September 2009 between Westney Two Limited and Cardinal Freight Distribution Limited for a term commencing on 1 May 2008.
Emergency Provisions	As per clause 27.5, if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business because of reasons of safety of the public or property or the need to prevent reduce or overcome any hazard, harm or loss that may be associated with the emergency then a fair proportion of the rent and outgoings shall cease to be payable for the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business until the inability ceases.

### 3.3 Building Outgoings and Recoveries

The lease within the Property is structured on a net basis, with the tenant being responsible for payment of rates and other property expenses 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	\$90,066	\$9.16
Operating Expenses	\$57,850	\$5.88
<b>Total Outgoings</b>	<b>\$147,916</b>	<b>\$15.04</b>

The above allowances are based on the provided budget. We have had regard to the budget provided and have sought confirmation from the relevant rating authorities in relation to statutory charges.

### 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
Cardinal Logistics	Office	140.0	Dec 2017	Dec 2029	12.0 years	Dec 2022	1 yearly	Fixed	\$34,918	\$249	\$2,106	\$15
Cardinal Logistics	Warehouse	8,514.0	Dec 2017	Dec 2029	12.0 years	Dec 2022	1 yearly	Fixed	\$1,125,465	\$132	\$128,062	\$15
Cardinal Logistics	Canopy	700.0	Dec 2017	Dec 2029	12.0 years	Dec 2022	1 yearly	Fixed	\$40,862	\$58	\$10,529	\$15
Cardinal Logistics	Chiller	480.0	Dec 2017	Dec 2029	12.0 years	Dec 2022	1 yearly	Fixed	\$73,871	\$154	\$7,220	\$15
Aggregate		9,834.0							\$1,275,116		\$147,916	

### 3.5 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$1,275,116	89.61%
Outgoings Recovery	\$147,916	10.39%
Gross Passing Income	\$1,423,032	100.00%
Outgoings	\$147,916	
Net Passing Income	\$1,275,116	

## 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 country 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.

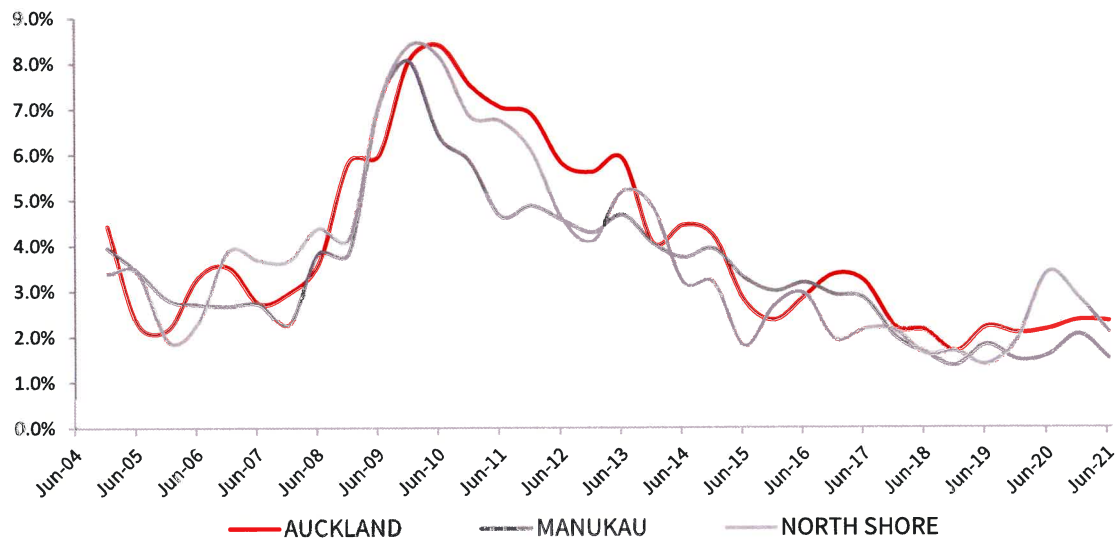
In ongoing development, the Auckland South industrial precinct continues to have the most active development pipeline out of the three precincts we track. Projects under development here are also generally larger than those in other precincts, owing to the relative size of the South Industrial precinct 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.

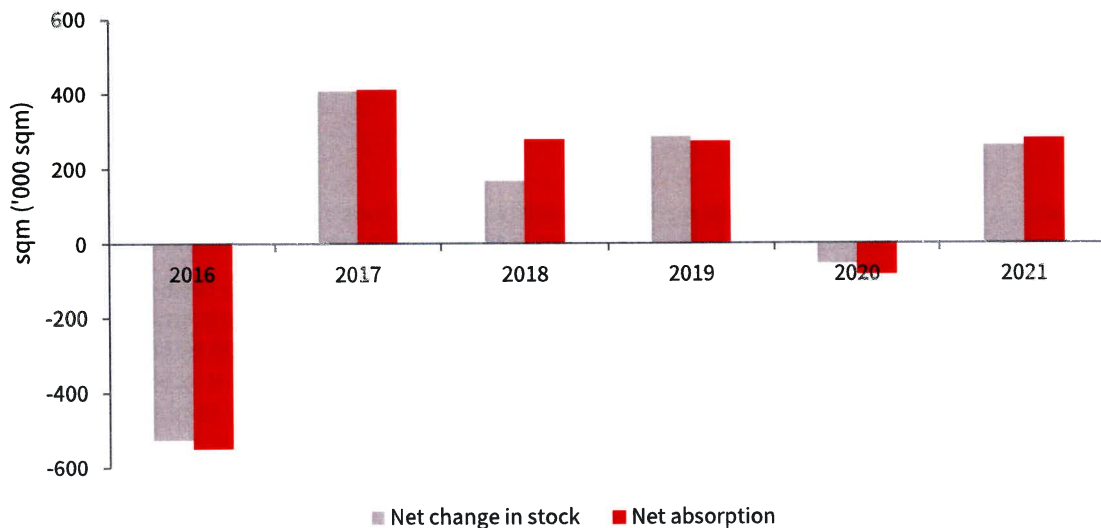


## Auckland Industrial Vacancy



Source: JLL Research and Consulting

## Auckland Industrial Demand and Supply



Source: JLL Research and Consulting

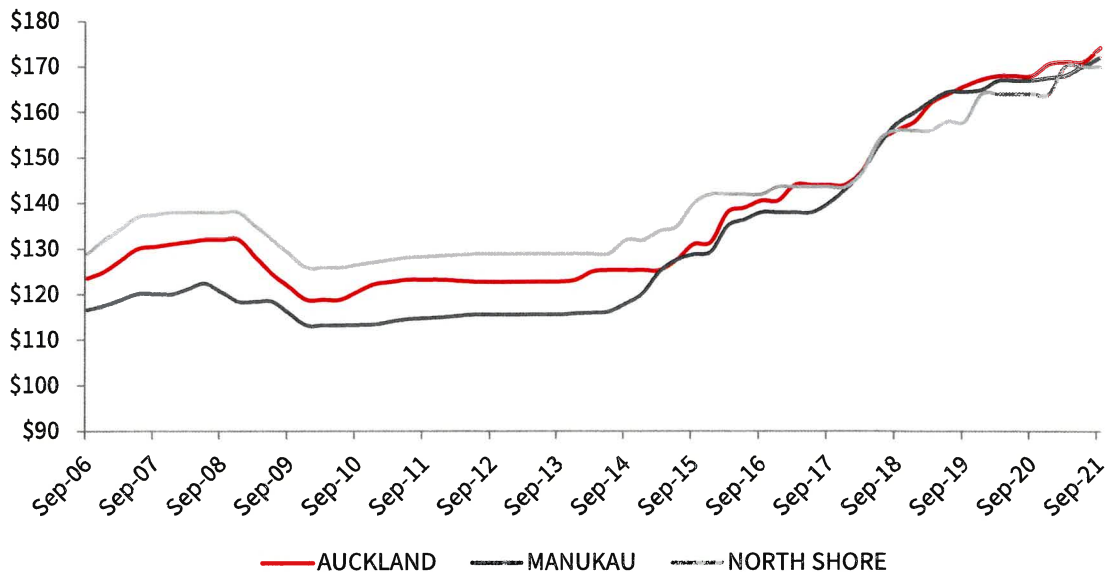
### Rents

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.

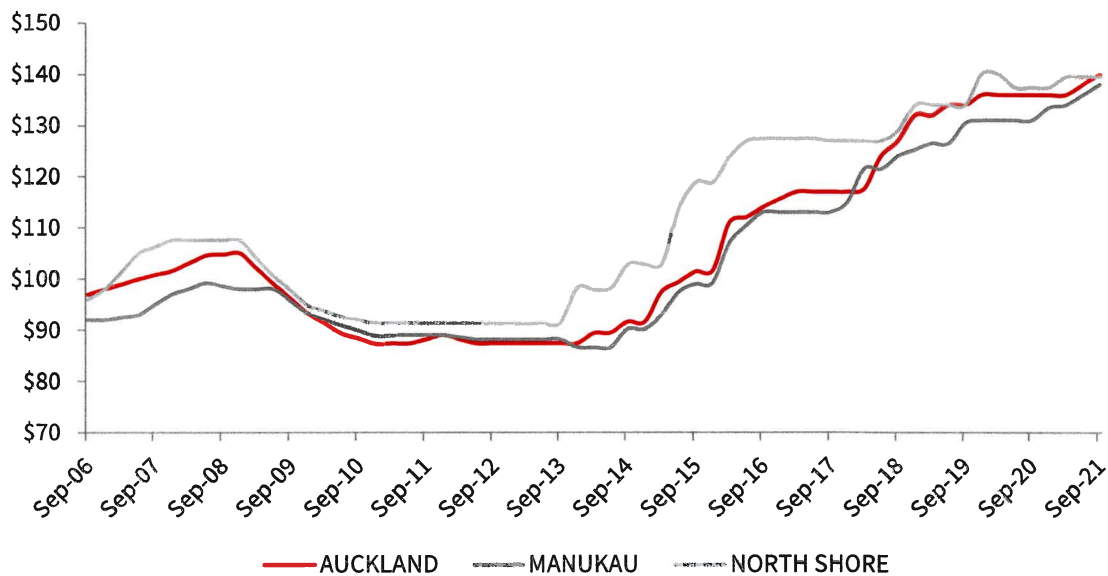
Looking forward, as availability of new and second-hand accommodation remains tight, we do expect rents continue, albeit at a slower rate as rents are nearing unaffordable levels. Additionally, rising land prices and construction costs are also expected to contribute to the upward pressure on rents as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

## Auckland Industrial Prime Rents



Source: JLL Research and Consulting

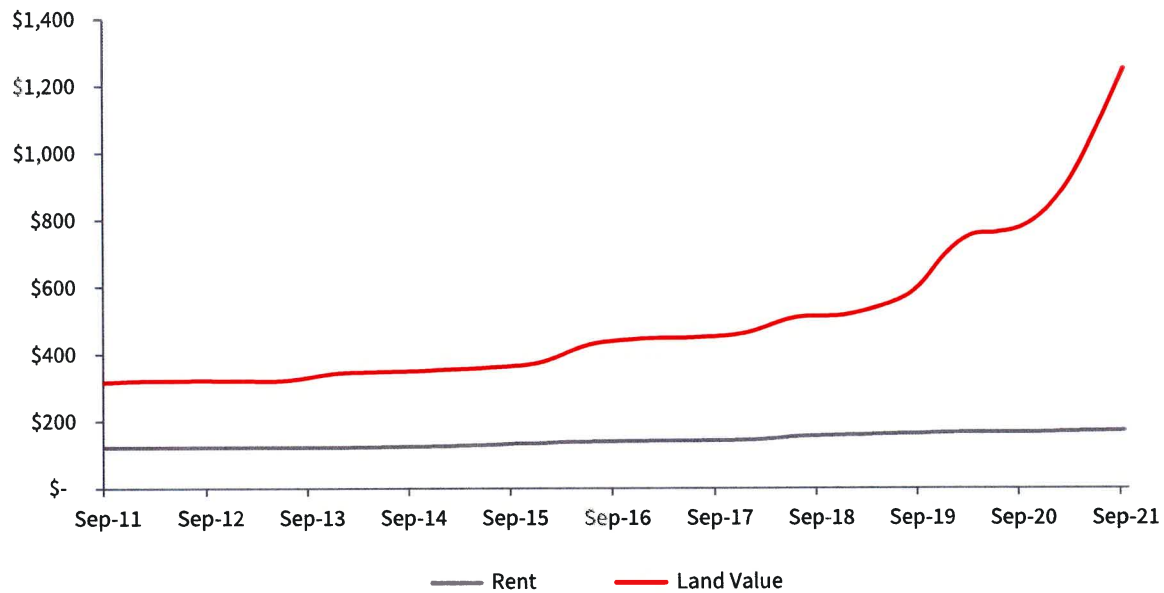
## Auckland Industrial Secondary Rents



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.

## Auckland Industrial Rents & Land Values



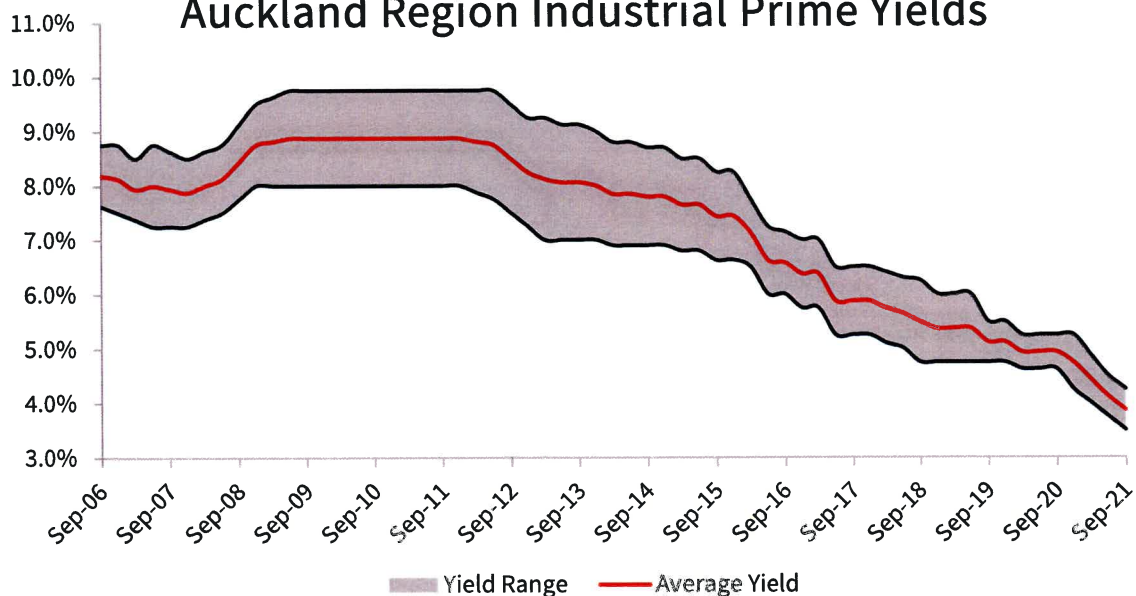
Source: JLL Research and Consulting

## Yields

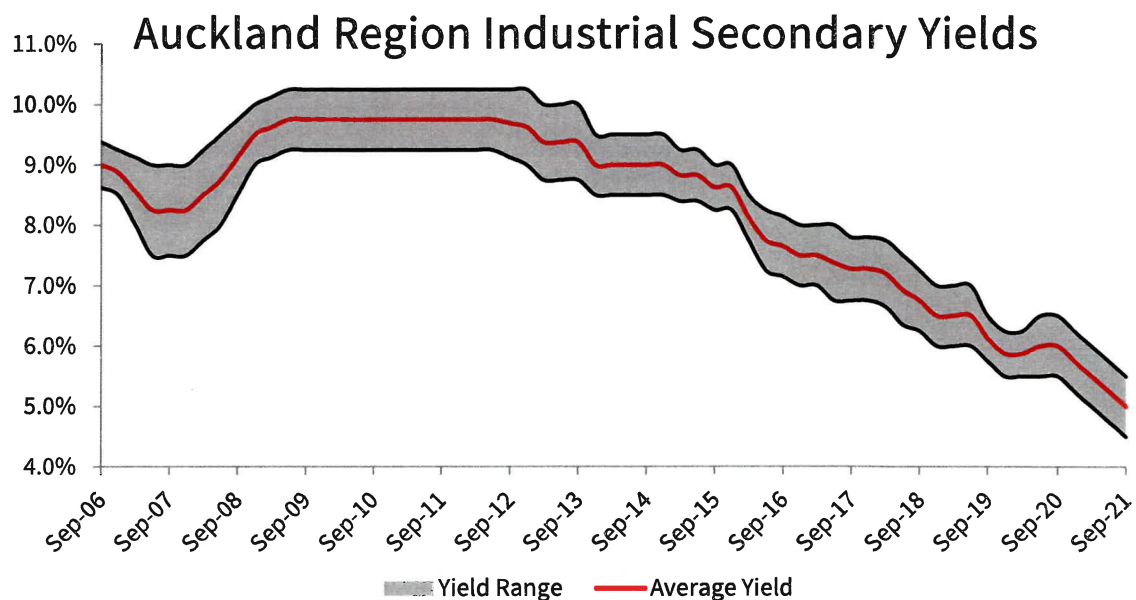
Industrial assets remain the most sought-after asset class for investment. Notable transactions this quarter include the \$30.05 million Synlait Milk sale-and-leaseback deal in Mangere. Oyster also recently released Industrial 3.0 equity raising to fund the strategic acquisition of their sixth industrial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

## Auckland Region Industrial Prime Yields



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 than 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 the leases within the property, together with recent rental evidence in the wider locality. We have had particular regard to the evidence detailed below:

<b>Mangere, Auckland</b>			
<b>Effective Date</b>	Pre-Com	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$769,630 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	4,054.00 m <sup>2</sup>		\$150.00
Offices & Amenities	260.00 m <sup>2</sup>		\$260.00
Canopy	1,173.00 m <sup>2</sup>		\$70.00
Carparks	23.00 parks		\$10.00 pcpw
<b>Wiri, Auckland</b>			
<b>Effective Date</b>	Pre-Com	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,130,500 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	5,600.00 m <sup>2</sup>		\$150.00
Office	500.00 m <sup>2</sup>		\$270.00
Canopy	690.00 m <sup>2</sup>		\$75.00
Yard	1,830.00 m <sup>2</sup>		\$40.00
Carparks	47 Parks		\$12.50 pcpw
<b>Wiri, Auckland</b>			
<b>Effective Date</b>	Pre-Com	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,070,955 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	5,600.00 m <sup>2</sup>		\$150.00
Office	400.00 m <sup>2</sup>		\$275.00
Canopy	590.00 m <sup>2</sup>		\$80.00
Yard	1,275 m <sup>2</sup>		\$45.00
Carparks	21 Parks		\$15.00 pcpw



<b>Wiri, Auckland</b>			
<b>Effective Date</b>	January 2022	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,529,408 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Office	506.00 m <sup>2</sup>		\$300.00
Warehouse	9,159.00 m <sup>2</sup>		\$142.50
Canopy	1,035.00 m <sup>2</sup>		\$70.00
<b>Mangere, Auckland</b>			
<b>Effective Date</b>	December 2021	<b>Lease Basis</b>	Rent Review
<b>Contract Rent</b>	\$756,837 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Ground Floor Office	209.14 m <sup>2</sup>		\$240.00
First Floor Office	201.53 m <sup>2</sup>		\$240.00
Warehouse	4,001.53 m <sup>2</sup>		\$145.00
Main Canopy	915.17 m <sup>2</sup>		\$70.00
Secondary Canopy	42.08 m <sup>2</sup>		\$70.00
Yard	315.75 m <sup>2</sup>		\$35.00
<b>Airport Oaks, Auckland</b>			
<b>Effective Date</b>	November 2021	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$511,429		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	2,351.30 m <sup>2</sup>		\$130.00
Offices & Amenities	311.70 m <sup>2</sup>		\$240.00
Warehouse Office	83.10 m <sup>2</sup>		\$225.00
Canopy	635.20 m <sup>2</sup>		\$70.00
Yard	1,310.00 m <sup>2</sup>		\$45.00
Carparks	17.00 parks		\$10.00 pcpw
<b>Airport Oaks, Auckland</b>			
<b>Effective Date</b>	October 2021	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,292,474 pa		
<b>Rental Analysis</b>			<b>Effective Rate</b>
Warehouse	7,573.20 m <sup>2</sup>		\$137.50
Warehouse Office / Amenities	151.40 m <sup>2</sup>		\$180.00
Canopy	1,351.80 m <sup>2</sup>		\$70.00
Yard	2,845.30 m <sup>2</sup>		\$45.00
Courtyard	27.60 m <sup>2</sup>		\$45.00
<b>Wiri, Auckland</b>			
<b>Effective Date</b>	April 2021	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,220,255 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	6,860.00 m <sup>2</sup>		\$123.00
Low Stud Storage/Amenities	440.00 m <sup>2</sup>		\$65.00
Office	694.00 m <sup>2</sup>		\$250.00
Canopy	780.00 m <sup>2</sup>		\$65.00
Breezeway	635.00 m <sup>2</sup>		\$75.00
Yard	2,435.00 m <sup>2</sup>		\$30.00
Carparks	88.00 parks		\$0.00 pcpw

As demonstrated by the above evidence, recent rental transactions of large scale facilities generally indicate net rentals ranging from circa \$123 to \$150 per square metre over the warehouse components, \$240 to \$300 per square metre over the offices and \$65 to \$80 per square metres over the canopy, largely dependent on the size, specification and location of the individual tenancy. We would expect the subject property to achieve rates towards the lower end of the indicated ranges due to the column interrupted warehouse, shared access and loading area, and the fire sprinkler tank located with the warehouse envelope.

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 Mangere. We note that a number of the new leases listed above provide a comparable location but superior quality of improvements with these properties being both newly constructed and under construction, all of these also provide superior access to the subject.

With regard to the chiller, recent rental rates of chillers in South Auckland range from circa \$145 to \$275 with freezers achieving up to \$375 to \$450 per square metre. We have adopted a rate of \$220 per square metre over the subject chiller.

We have considered the size quantum and medium to high stud nature of the subject, the fact that the warehouse is column interrupted and sprinklered, the location of the property in a rear position to Westney Road with a single long driveway providing shared access to the property and the good office to warehouse ratio.

We outline the adopted market rental profile overleaf:

## 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	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Cardinal Logistics	Office	140.0	Dec 2022	Fixed	\$34,918	\$249	\$15	\$15	\$240	\$255		\$33,600
Cardinal Logistics	Warehouse	8,514.0	Dec 2022	Fixed	\$1,125,465	\$132	\$15	\$15	\$135	\$150		\$1,149,390
Cardinal Logistics	Canopy	700.0	Dec 2022	Fixed	\$40,862	\$58	\$15	\$15	\$65	\$80		\$45,500
Cardinal Logistics	Chiller	480.0	Dec 2022	Fixed	\$73,871	\$154	\$15	\$15	\$220	\$235		\$105,600
Aggregate		9,834.0			\$1,275,116							\$1,334,090

### 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	\$1,275,116	\$1,334,090
Outgoings Recovery	\$147,916	\$147,916
Gross Income	\$1,423,032	\$1,482,006
Outgoings	\$147,916	\$147,916
Net Income	\$1,275,116	\$1,334,090

## 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:

<b>Wiri, Auckland</b>			
<b>Sale Price</b>	\$41,000,000	<b>Sale Date</b>	November 2021
<b>Initial Yield</b>	4.16%	<b>Equivalent Yield</b>	4.68%
<b>IRR</b>	6.37%	<b>WALT</b>	3.44 years
<b>East Tamaki, Auckland</b>			
<b>Sale Price</b>	\$20,500,000	<b>Sale Date</b>	November 2021
<b>Initial Yield</b>	4.88%	<b>Equivalent Yield</b>	5.08%
<b>IRR</b>	6.93%	<b>WALT</b>	9.92 years
<b>Wiri, Auckland (Under Contract)</b>			
<b>Contract Price</b>	\$22,745,000	<b>Contract Date</b>	November 2021
<b>Initial Yield</b>	3.60%	<b>Equivalent Yield</b>	3.71%
<b>IRR</b>	5.86%	<b>WALT</b>	8.00 years
<b>Mangere, Auckland</b>			
<b>Sale Price</b>	\$28,235,000	<b>Sale Date</b>	September 2021
<b>Initial Yield</b>	5.41%	<b>Equivalent Yield</b>	5.78%
<b>IRR</b>	6.96%	<b>WALT</b>	3.25 years
<b>Penrose, Auckland</b>			
<b>Sale Price</b>	\$57,000,000	<b>Sale Date</b>	September 2021
<b>Initial Yield</b>	3.42%	<b>Equivalent Yield</b>	3.53%
<b>IRR</b>	5.18%	<b>WALT</b>	11.42 years
<b>Wiri, Auckland</b>			
<b>Sale Price</b>	\$12,000,000	<b>Sale Date</b>	August 2021
<b>Initial Yield</b>	4.17%	<b>Equivalent Yield</b>	4.27%
<b>IRR</b>	6.09%	<b>WALT</b>	6.00 years
<b>L&amp;B Rate</b>	\$3,424 psm		
<b>Airport Oaks, Auckland</b>			
<b>Sale Price</b>	\$30,050,000	<b>Sale Date</b>	July 2021
<b>Initial Yield</b>	3.49%	<b>Equivalent Yield</b>	3.48%
<b>IRR</b>	5.26%	<b>WALT</b>	10.00 years



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**Mangere, Auckland (Subject property)**

<b>Sale Price</b>	\$31,400,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	3.98%	<b>Equivalent Yield</b>	4.11%
<b>IRR</b>	5.65%	<b>WALT</b>	8.50 years

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**Wiri, Auckland**

<b>Sale Price</b>	\$91,680,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	3.97%	<b>Equivalent Yield</b>	3.45%
<b>IRR</b>	5.23%	<b>WALT</b>	2.00 years

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**Mangere, Auckland**

<b>Sale Price</b>	\$43,234,289	<b>Sale Date</b>	April 2021
<b>Initial Yield</b>	4.15%	<b>Equivalent Yield</b>	4.29%
<b>IRR</b>	6.15%	<b>WALT</b>	12.00 years

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**Wiri, Auckland**

<b>Sale Price</b>	\$25,500,000	<b>Sale Date</b>	April 2021
<b>Initial Yield</b>	3.76%	<b>Equivalent Yield</b>	3.80%
<b>IRR</b>	5.44%	<b>WALT</b>	9.33 years

The above transactions indicate that initial yields have ranged from approximately 3.42% to 5.41%, equivalent yields from 3.45% to 5.78% and IRRs from 5.18% to 6.96%. These variances are largely dependent on tenant covenants, development potential, tenure, location, quality of improvements, guaranteed rental growth and lease terms.

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 long WALT's to good tenant covenants, such as the subject.

When assessing the yield profile of the subject property, we have been mindful of the location, being situated within the highly sought after industrial precinct of Mangere and benefitting from excellent motorway profile, being close to the Auckland International Airport, the large scale and quality of improvements and tenant covenant with a long remaining lease term of circa 8 years, fixed annual reviews at 1.5% (lower than the fixed growth received in the current market of between 2.5% to 3%), and next market review at renewal in circa 8 years. With the above in mind, we have adopted a yield towards the lower end to middle of the aforementioned range.

Based on the sales evidence, we have adopted the following valuation inputs:

**Valuation Input**

Capitalisation Rate	4.000%
Discount Rate	5.625%

## 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
<ul style="list-style-type: none"> <li>▪ Situated in an established industrial location and benefitting from Motorway profile.</li> <li>▪ Freehold.</li> <li>▪ Good access to major transport links.</li> <li>▪ Fixed rent review structure provides guaranteed rental growth.</li> <li>▪ Generic improvements could suit various occupiers.</li> <li>▪ Favourable long term weighted average lease term of 8.5 years to a strong tenant covenant.</li> <li>▪ Bank guarantee.</li> <li>▪ Low interest rate environment and strong demand for industrial property.</li> <li>▪ Neighbouring property to the road front owned by the same landlord, creating large landholding running between Westney Road and George Bolt Memorial Drive, with both properties leased to Cardinal Logistics.</li> </ul>	<ul style="list-style-type: none"> <li>▪ High building coverage limits yard area and functionality</li> <li>▪ Shared access to property gained via neighbouring property to the east which fronts Westney Road (however both properties are owned by the same landlord and occupied by the same tenant, being Cardinal Freight).</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Increase rental at market review on renewal.</li> <li>▪ Achieve potential signage rental in the future facing George Bolt Memorial Drive.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The economic and social impacts of COVID-19 have the potential to be persistent.</li> <li>▪ 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.</li> <li>▪ Surrounding industrial and office development particularly upon Auckland Airport land, 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.</li> <li>▪ Bank lending restrictions may reduce the potential pool of purchasers.</li> <li>▪ Off-shore and local factors impacting negatively on economic growth, tenant demand and investor sentiment.</li> </ul>

### 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 be private investor, high net worth individual or institutional investor.

### 7.4 Sales History

The subject property last transacted on 27 May 2021 for \$31,400,000.



## 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 4.000%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$1,275,116	\$1,334,090
Ideal Outgoings Recovery (Full Net Leases)	\$147,916	\$147,916
<b>Total Rental Income</b>	<b>\$1,423,032</b>	<b>\$1,482,006</b>
Less Outgoings Expenditure	(\$147,916)	(\$147,916)
<b>Net Rental Income</b>	<b>\$1,275,116</b>	<b>\$1,334,090</b>
<b>Core Income Capitalised at 4.00%</b>	<b>\$31,877,910</b>	<b>\$33,352,250</b>
Value Adjustments		
Present Value of Existing Rental Reversions	\$1,077,286	(\$405,606)
Present Value of Short Term Capital Expenditure: 24 months	(\$37,022)	(\$37,022)
<b>Total Value Adjustments</b>	<b>\$1,040,264</b>	<b>(\$442,627)</b>
<b>Total Capitalised Value</b>	<b>\$32,918,174</b>	<b>\$32,909,623</b>
<b>Adopted Capitalised Value (say)</b>	<b>\$32,900,000</b>	<b>\$32,900,000</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 added/deducted the present value of tenant rental reversions, which represents the present value of rental overage / underage for the 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 \$37,022.

#### Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$32,900,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	3.750%	\$35,100,000	\$35,100,000
<b>Adopted Capitalisation Rate</b>	<b>4.000%</b>	<b>\$32,900,000</b>	<b>\$32,900,000</b>
0.25%	4.250%	\$31,000,000	\$31,000,000

### 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 5.625% to the cash flows to produce a present value of \$33,900,000. Our DCF calculations are summarised overleaf:



Discounted Cashflow Summary											
Year Ending	30-Dec-2022	30-Dec-2023	30-Dec-2024	30-Dec-2025	30-Dec-2026	30-Dec-2027	30-Dec-2028	30-Dec-2029	30-Dec-2030	30-Dec-2031	30-Dec-2032
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
<b>Rental Income</b>											
Lettable Area and Car Park Income	\$1,276,710	\$1,295,861	\$1,315,299	\$1,335,028	\$1,355,054	\$1,375,380	\$1,396,010	\$1,415,181	\$1,279,552	\$1,738,428	\$0
Outgoings Recovery	\$147,916	\$153,833	\$159,217	\$164,789	\$169,733	\$174,825	\$180,070	\$185,472	\$143,277	\$196,767	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Rental Income</b>	<b>\$1,424,626</b>	<b>\$1,449,694</b>	<b>\$1,474,516</b>	<b>\$1,499,818</b>	<b>\$1,524,787</b>	<b>\$1,550,205</b>	<b>\$1,576,080</b>	<b>\$1,600,653</b>	<b>\$1,422,829</b>	<b>\$1,935,195</b>	<b>\$0</b>
<b>Rental Deductions</b>											
Unexpired Incentives - Rent Free/Abatements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$147,916)	(\$153,833)	(\$159,217)	(\$164,789)	(\$169,733)	(\$174,825)	(\$180,070)	(\$185,472)	(\$191,036)	(\$196,767)	\$0
<b>Ground Rental</b>											
<b>Net Rental Cashflow</b>	<b>\$1,276,710</b>	<b>\$1,295,861</b>	<b>\$1,315,299</b>	<b>\$1,335,028</b>	<b>\$1,355,054</b>	<b>\$1,375,380</b>	<b>\$1,396,010</b>	<b>\$1,415,181</b>	<b>\$1,231,793</b>	<b>\$1,738,428</b>	<b>\$0</b>
<b>Rental Adjustments</b>											
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$303,537)	\$0	\$0
Capital Expenditure	(\$27,160)	(\$10,764)	(\$11,141)	(\$11,475)	(\$11,819)	(\$12,174)	(\$12,539)	(\$12,915)	(\$284,792)	(\$13,702)	\$0
<b>Net Cashflow</b>	<b>\$1,249,550</b>	<b>\$1,285,097</b>	<b>\$1,304,158</b>	<b>\$1,323,553</b>	<b>\$1,343,235</b>	<b>\$1,363,206</b>	<b>\$1,383,471</b>	<b>\$1,402,266</b>	<b>\$643,464</b>	<b>\$1,724,726</b>	<b>\$0</b>
Purchase Price	\$33,600,000	After Costs	(\$33,600,000)								
Sale Price	\$41,900,000	After Costs									\$41,271,500
<b>Annual Cashflow</b>	<b>(\$32,350,450)</b>	<b>\$1,285,097</b>	<b>\$1,304,158</b>	<b>\$1,323,553</b>	<b>\$1,343,235</b>	<b>\$1,363,206</b>	<b>\$1,383,471</b>	<b>\$1,402,266</b>	<b>\$643,464</b>	<b>\$1,724,726</b>	<b>\$41,271,500</b>
Present Value of Rental Cashflow	\$10,031,231										
Present Value of Terminal Value	\$23,877,180										
Allowance for Acquisition Costs	\$0										
<b>Total Net Present Value (say)</b>	<b>\$33,900,000</b>	<b>Resulting IRR</b>	<b>5.74%</b>								

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

## Revenue Projections

Our revenue projections commence with the passing rent for the 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%	\$50	100%
	Year 1	6 months	50%	-	100%	\$50	100%
	Year 2	6 months	50%	-	100%	\$50	100%
	Year 3	6 months	50%	-	100%	\$50	100%
	Year 4	6 months	50%	-	100%	\$50	100%
	Year 5	6 months	50%	-	100%	\$50	100%
	Year 6	6 months	50%	-	100%	\$50	100%
	Year 7	6 months	50%	-	100%	\$50	100%
	Year 8	6 months	50%	-	100%	\$50	100%
	Year 9	6 months	50%	-	100%	\$50	100%
	Year 10	6 months	50%	-	100%	\$50	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 lease expiry 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	\$27,160	\$27,160
Year 2	\$0	\$10,764	\$10,764
Year 3	\$0	\$11,141	\$11,141
Year 4	\$0	\$11,475	\$11,475
Year 5	\$0	\$11,819	\$11,819
Year 6	\$0	\$12,174	\$12,174
Year 7	\$0	\$12,539	\$12,539
Year 8	\$0	\$12,915	\$12,915
Year 9	\$271,490	\$13,303	\$284,792
Year 10	\$0	\$13,702	\$13,702
10 Year Total	\$271,490	\$136,991	\$408,481
Capex as a proportion of Value	1.2%	Per Sqm of Lettable Area	\$41.54

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

## Estimated Terminal Sale Price

We have applied a terminal yield of 4.250% (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 reversion 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		
	4.000%	4.250%	4.500%
5.375%	\$36,100,000	\$34,600,000	\$33,200,000
5.625%	\$35,400,000	\$33,900,000	\$32,600,000
5.875%	\$34,700,000	\$33,300,000	\$32,000,000

## 9 Valuation

### 9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$32,900,000
Capitalisation Approach - Contract Income	\$32,900,000
Discounted Cash Flow Approach	\$33,900,000
Adopted Value	\$33,600,000

### 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 \$33,600,000 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 December 2021, is:

**\$33,600,000 plus GST (if any)**

**Thirty Three Million Six Hundred Thousand Dollars plus GST (if any)**

The assessed value reflects an initial passing yield of 3.79%, an equivalent yield of 3.92%, an internal rate of return of 5.74%, and a rate of \$3,417 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.



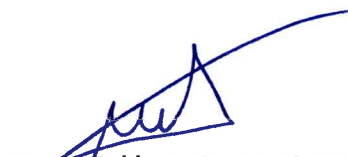
### 9.3 Involvement Statement

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

Inspection of Property	Wouter Robberts, Isabelle Hoy
Calculations	Wouter Robberts, Isabelle Hoy
Information Review	Wouter Robberts, Isabelle Hoy
Report Authoring	Wouter Robberts, Isabelle Hoy, Jane Garelja
Quality Assurance	Tim Dick
Principal Valuer	Wouter Robberts, Isabelle Hoy

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** 350476  
**Land Registration District** North Auckland  
**Date Issued** 06 December 2007

**Prior References**

NA35C/1052

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**Estate** Fee Simple  
**Area** 1.2831 hectares more or less  
**Legal Description** Lot 2 Deposited Plan 387568  
**Registered Owners**  
Oyster Industrial Properties Limited

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**Interests**

A272091 Deeming George Bolt Memorial Drive to be a limited access road - 15.2.1968 at 9:00 am

7645574.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 6.12.2007 at 9:00 am

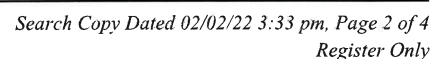
Subject to a right (in gross) to drain water easement over parts marked AB, AC, DA, HA, HB, DB, DC, HC, FA, FB, FC, G, P, Q & I, and to access & water supply easements over parts marked AA, AB & AC on DP 387568 in favour of Manukau City Council created by Easement Instrument 7645574.5 - 6.12.2007 at 9:00 am

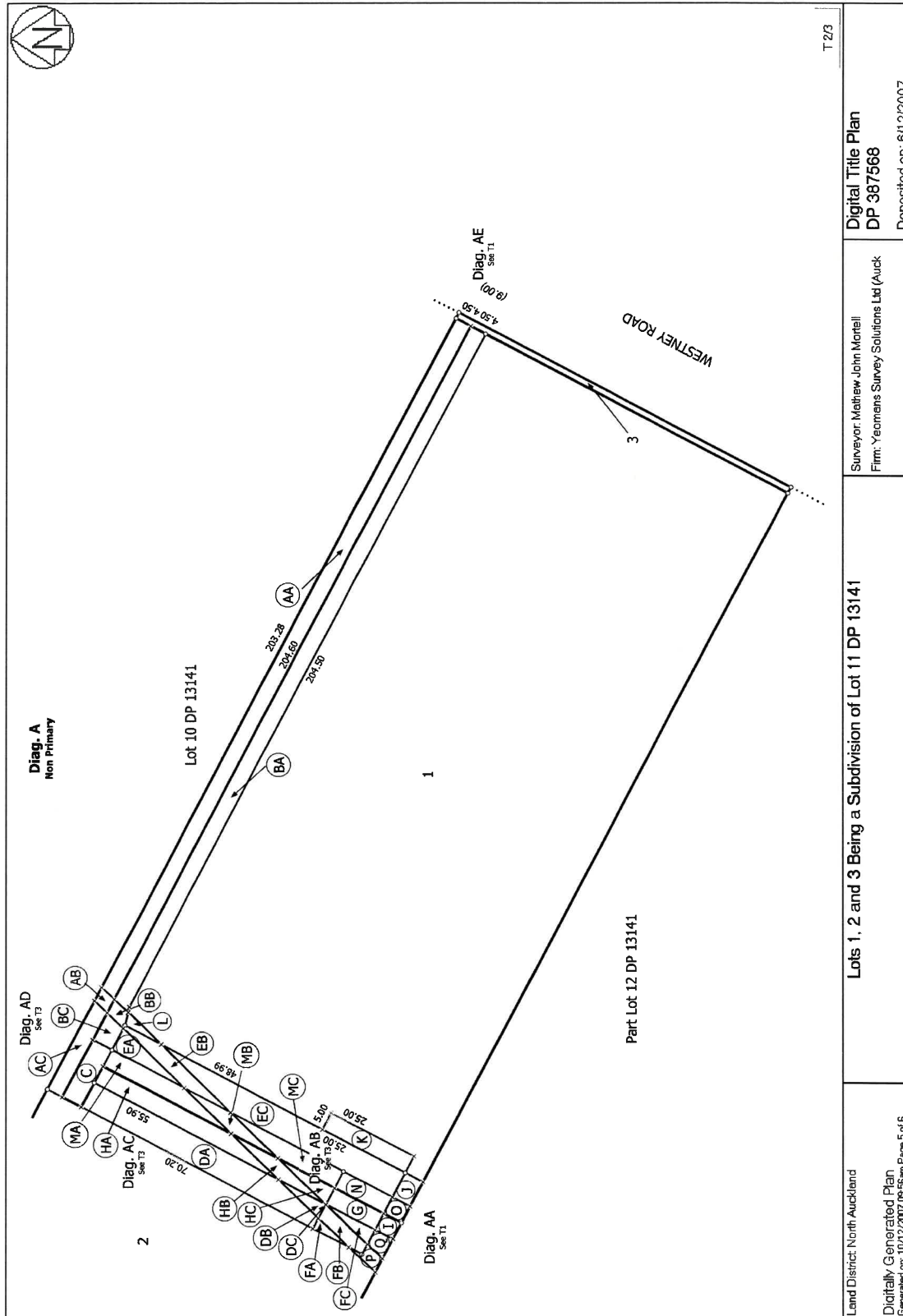
The easements created by Easement Instrument 7645574.5 are subject to Section 243 (a) Resource Management Act 1991 Appurtenant hereto are right of way, to convey water, gas, electricity, telecommunications & computer media and fire protection & parking easements created by Easement Instrument 7645574.6 - 6.12.2007 at 9:00 am

Subject to a right of way over parts marked AA, AB, AC, DA, DB, DC, FA, FB, FC & G, to convey water, gas, electricity, telecommunications & computer media over parts marked AA, AB & AC, to drain water over parts marked AA, AB, AC, FA, FB, FC & G and to fire protection over parts marked AA, AB, AC, G, HA, HB, HC & I on DP 387568 created by Easement Instrument 7645574.6 - 6.12.2007 at 9:00 am

The easements created by Easement Instrument 7645574.6 are subject to Section 243 (a) Resource Management Act 1991  
12258103.3 Mortgage to Westpac New Zealand Limited - 29.10.2021 at 2:42 pm









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