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Ambitions*

Report prepared for ASB Bank Limited for Product Disclosure
Statement purposes

Vodafone Building

213 Tuam Street, Christchurch Central

5 May 2020

Valuation Report



Executive Summary

Vodafone Building - 213 Tuam Street, Christchurch Central



The subject property comprises a five level, 'A grade' office building occupying an inner city land holding of some 2,024 square metres with frontage to Tuam, Poplar and Ash Streets. Completed in 2016, the building is fully occupied by Vodafone with the office on level 4 and ground floor retail areas not used and to be subleased by the tenant. The weighted average lease term remaining is 7.89 years (by income) with three rights of renewal of 6 years. A significant amount of investment has been made by the tenant with superior quality fitout with a Landlord contribution of \$2,478,600 which is paid by the tenant as a fit-out rental over the 12 year initial term. The total net lettable area of the building is 8,941sqm.

We note that within the Vodafone lease agreement, which commenced August 2016 are rent review mechanisms by way of fixed annual reviews of 2.25% with 6 yearly market reviews with a cap & collar limiting of 90% to 110% of the annual rent payable immediately preceding the relevant rent review date.

The lease structure is on a net basis with the tenant paying outgoings, and deem the rate per square metre to be within market parameters based on the OPEX schedule provided to us.

The building has achieved a 5 Green Star Design rating incorporating passive solar design, high performance façade to maximise daylight, integrated fit out to reduce waste and an efficient ventilation system that brings fresh air into the space, which is 50% greater than the required building code.

The building does not have dedicated car parking on the property however is subject to a lease in perpetuity with the Innovation Carpark which adjoins the building to the north-west. The total allocation is for 90 carparks and 60 bike parks of which 40 carparks and 60-bike parks area leased to Vodafone with the balance of 50 carparks leased on a casual basis, which we have treated as vacant in this exercise.

The property is situated in the South Alternative (SALT) District, formerly the Innovation Precinct, which is positioned on the south-eastern portion of the core Business District. Surrounding development including office/retail to the south, residential development from Fletcher to the north and the earmarked Christchurch Stadium land to the east, which from the latest media release has a completion date of 2024.

We have contacted the client in regards to a rent relief in light of COVID-19 restrictions on workplaces with no access to the premises allowed through level four and level three alert levels outlined by the New Zealand Government. We understand that a reduced rental has been negotiated through April and still to be discussed for the month of May. At the date of valuation, there is a strong likelihood of alert level two being in place later in May. With the possession date of the building being the 30th June, we have not captured any rent free or rental abatements in this instance. We do however note that the situation could change if COVID-19 is not contained and recommend that this be closely monitored with the single tenant nature of the building and will have a significant impact on income.

The response to the Novel Coronavirus (COVID-19) has been unprecedented, with New Zealand restricting all but essential businesses and services from 25 March 2020, and with international jurisdictions following similar steps. The initial restrictions are expected to be relaxed over the coming weeks, however the economic impact of the restrictions is likely to have long standing impacts, notwithstanding a significant Government backed stimulus package.

Our valuation is therefore reported on the basis of material valuation uncertainty in accordance with PINZ Standards Board Member Alert – Valuation Uncertainty and IVSC letter 'Dealing with valuation uncertainty at times of market unrest'. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. Our opinion of value has been determined based on our experience within this market, our current understanding of the property and our expectation of reasonably foreseeable events as at the valuation date, however note this could change in a short period of time due to subsequent events. We recommend interested parties re-confirm the value noted within with us prior to reliance.

Valuation

Prepared for	ASB Bank Limited
Additional Parties	PMG Direct Office Fund
Valuation Purpose	Market Valuation for Product Disclosure Statement purposes
Date of Valuation	5 May 2020
Date of Report	5 May 2020
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Commercial Central City (South Frame) – Christchurch City Council
Tenure	Fee Simple – Encompassing Records of Title 675537, 675538, CB20F/393 & CB28B/1217 We have provided a schedule of leased car parks in Appendix 2
Site Area	2,024 sqm
Lettable Area	8,941 sqm
Adopted Value	\$58,400,000 plus GST, if any Fifty Eight Million Four Hundred Thousand Dollars plus GST, if any

Valuation Analysis

Initial Yield	6.07%	Rate / sqm of Lettable Area	\$6,532
Initial Yield (Fully Leased)	6.43%	Weighted Average Lease Term	7.89 years by income
Equivalent Yield	6.06%	Current Occupancy	95.46%
Internal Rate of Return (10 years)	7.53%	Current Vacancy	4.54% (Car parks)

Tenancy Overview

Vodafone	\$3,687,778	8,941 sqm
Vacancy	\$169,000	Casual Car Parking
Total – Before Adjustments	\$3,856,778	8,941 sqm

Financial Summary

Gross Passing Income	\$4,706,362
Gross Market Income	\$4,577,597
Adopted Outgoings	\$851,034
Net Passing Income	\$3,547,143
Net Passing Income (Fully Leased)	\$3,755,143
Net Market Income	\$3,726,563

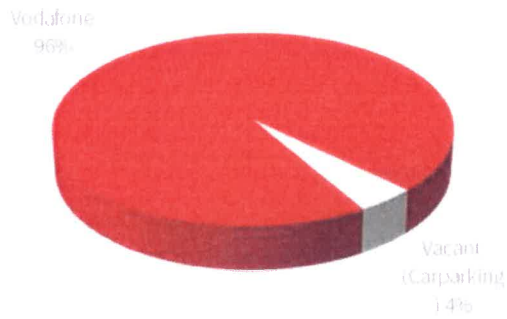
Cap Approach Assumptions

Adopted Cap Rate	6.000% on office 6.750% on retail
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$58,490,000
Passing Income Capitalisation	\$59,000,000

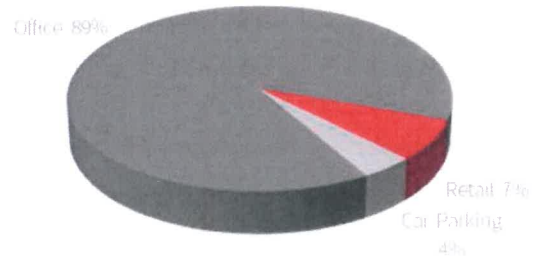
DCF Approach Assumptions

Discount Rate	7.700%
Terminal Yield	6.296%
Average Applied Rental Growth	1.85%
Value Based on DCF Approach	\$57,750,000

Major Occupiers



Building Components



Valuers

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This is a summary only. It must not be relied on for any purpose. Jones Lang LaSalle's valuation of this asset is subject to assumptions, conditions and limitations as set out in the full text of this Valuation Report.

Property Performance

Market Performance

- The Christchurch office market will be impacted by the effects of COVID-19 and associated restrictions, however we have limited guidance from transactions as yet. We have attempted to allow for reasonably foreseeable impacts on the property in our assessment of value, as discussed further within.
- The Christchurch CBD vacancy rate took a bit of a fall over the last half of the year dropping 79 bps to 6.7%, while the suburban office vacancy rate increased slightly by 44 bps to 10.1%. Such small movements in both markets show signs of further stabilisation.
- Six monthly net absorption has remained stable over the last 18 months sitting between 3,000 and 4,000 sqm for the last three biannual vacancy survey periods. Regardless of the absorption over this year being significantly less than previous years (~6,000 sqm versus 30,000+ sqm in 2017 and 2018), there is a fair amount of vacant stock to be filled.
- For the third vacancy round in a row, the total net increase in the Christchurch office stock base was seen in the CBD only. The construction pipeline has slowed majorly in terms of completions, with only around 6,000 sqm being tracked through currently, under a third of what was recorded six months ago. With a more balanced supply and demand outlook, net absorption and net completions will likely stay low and this is shown with the amount moving through the pipeline.
- Prime CBD rents have held firm at \$330 psm over the last three quarters while secondary have stayed at the same level for two at \$203 psm. Prime suburban rents have taken a slight dip coming down to \$213 psm with secondary suburban increasing slightly to \$145 psm. Contraction was seen in secondary CBD as well as prime and secondary suburban markets whilst prime CBD held onto its 3Q level.

Asset Performance

- The property is located on Tuam Street, which fronts Ash Street being a laneway and Poplar Street, which runs through to Lichfield Street to the west of the subject property. The property is located on the south-eastern periphery of the Core Business District. There is earmarked development for the Christchurch Stadium to be built to the east of the subject property, which has a completion date currently set at 2024. The property is only a short distance away from the Bus Exchange on the corner of Colombo and Tuam Street to the west. There is also a proposal to extend the tram line within the CBD which will use the existing Tram Line tracks on Poplar Street and run through High Street. This proposal has been going through the process and is part of the 2021-2031 Long Term plan to align with the construction of the Stadium.
- The zoning of the property is commercial central city south frame which has enabled the multi-use nature of the building and is within the Innovation Precinct which has been renamed the SALT District. There is an abundance of activity in the area from restoration of Historic buildings on High Street to retail office development of Lichfield and Tuam Streets.
- The building was constructed in 2016 to a high standard with a superior level of fit out. The building is showing no signs of maintenance and deterioration and we believe is still under many installation warranties for the electrical and mechanical features within the building.
- The property provides ease of access due to the car parking building adjacent, one way street system and bus exchange in close proximity. There are ample of food and hospitality outlets in close distance at Little High, the adjoining Dux Central and both within the Salt District.
- The property has been fully developed with no further footprint available for future development.

Cash Flow Performance

- The property is currently 100% occupied with the major occupier and only tenant being Vodafone New Zealand Limited. The vacancy that does exist refers to the casual car parking within the Innovation building adjacent.
- The passing rent reflects rates of \$390psm over the office component, which is at the upper limit of comparable rental evidence.
- The weighted average lease term for the property (by income) is 7.89 years, which we considered slightly short for this class of asset, with investors particularly attracted to properties with slightly longer lease profiles.
- The outgoings are at \$89.71 per square metre, which we deem to be in line with comparable office OPEX.
- The building was completed in 2016 to a high quality level of fit out and finishing. We have therefore not included any forecasted capital expenditure or upgrade requirements.

Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 5 May 2020. 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

Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

Appendix 3 – Carpark Legal Details

Appendix 4 – LLUR

Appendix 5 – Discounted Cash Flow Calculations

1 Introduction

1.1 Instructions

We refer to instructions from Daniel Lem dated 6th April 2020 requesting that we undertake a market valuation of the freehold interest of 213 Tuam Street, Christchurch Central (the Subject/Property), as at 5 May 2020 for and on behalf of ASB Bank Limited. We understand that the valuation is to be relied upon for 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 stated above:

- PMG Direct Office Fund

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	5 May 2020
Date of Property Inspection	19 December 2019 (Exterior inspection carried out on 23 rd March 2020)
Date of Preparation of Report	5 May 2020

Due to the speed of events relating to COVID-19, our date of valuation is the date of this report preparation rather than the date of inspection. We were unable to gain internal access to the property due to Vodafone's health and safety requirements under alert level 3. As such we assume the condition of the property remains unchanged between our inspection and reporting dates.

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 2020) Framework and General Standards
- ANZVTIP 11 – Valuation Procedures – Real Property

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, income and expenditure report, tenancy schedule and budgets 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:

- Due to the cap and collar nature of the market rent review, we have incorporated a rental drop of 5% which is half of the 10% maximum variation due to the current market conditions
- We have captured the casual carpark leasing as vacant with the assumption that these will be leased within 6 months due to the demand in the area and improved management of this.
- The carparking, which is leased to the subject property with an ongoing rental obligation from the Innovation Carpark has been captured in our calculations along with the annual 2.25% fixed increases in line with the Vodafone lease.
- The Parks provided from the Innovation Carpark Lease outline the legal records of only 15 bike parks with a total of 60 recorded on the covenant. We assume that there are 60 bike parks as per covenant and financial information provided to us by Leech & Partners and memorandum of agreement by Duncan Cotterill.
- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.
- Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Our valuation is therefore reported on the basis of material valuation uncertainty in accordance with PINZ Standards Board Member Alert – Valuation Uncertainty and IVSC letter 'Dealing with valuation uncertainty at times of market unrest'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. We recommend interested parties re-confirm the value noted within with us prior to reliance.
- We note that market transactions agreed prior to these restrictions may not necessarily reflect current market conditions, and that we have limited post restrictions evidence to consider at the date of reporting.
- Due to the COVID-19 Alert Level 3 restrictions, we have been unable to undertake a full physical inspection of the subject property. We consider ourselves familiar with the property and its situation, however note the limitations of this restriction.
- We have previously undertaken an inspection of the property 17th December 2019, and have based our opinion of market value on our impressions from the prior inspection, tenancy and lease documentation provided, along with discussions on the current condition of the property with the instructing party.
- New Zealand is currently at COVID-19 Alert Level 3, with this expected to continue for a period of 2 weeks from 28 April 2020. While less restrictive than Level 4, we consider that the current circumstances contradict the definition of 'Market Value', which is predicated on the basis of willing market participants and proper marketing. We note these measures are temporary and are expected to be lifted in a short period of time. To form a pragmatic view of value, we have set aside the Level 3 status and assumed a functioning property market to align our opinion with the definition of 'Market Value'.

2 Property Particulars

2.1 Location

The property is located on the northern side of Tuam Street in a block between Manchester Street and Poplar Street. This portion of the central city contains mixed uses including retail, office and entertainment. To the north of the subject, Lichfield Street has featured many developments since the Canterbury Earthquakes including Fletcher Living Residential townhouses and apartments on the northern side of the road, strengthening of the Dux Central building adjoining Poplar Lane containing office and retail tenancies and 150 Lichfield Street development, which opened in 2018 containing mixed retail and office tenancies.

West of the subject on Tuam Street is the ECAN premises and the Christchurch Bus Exchange.

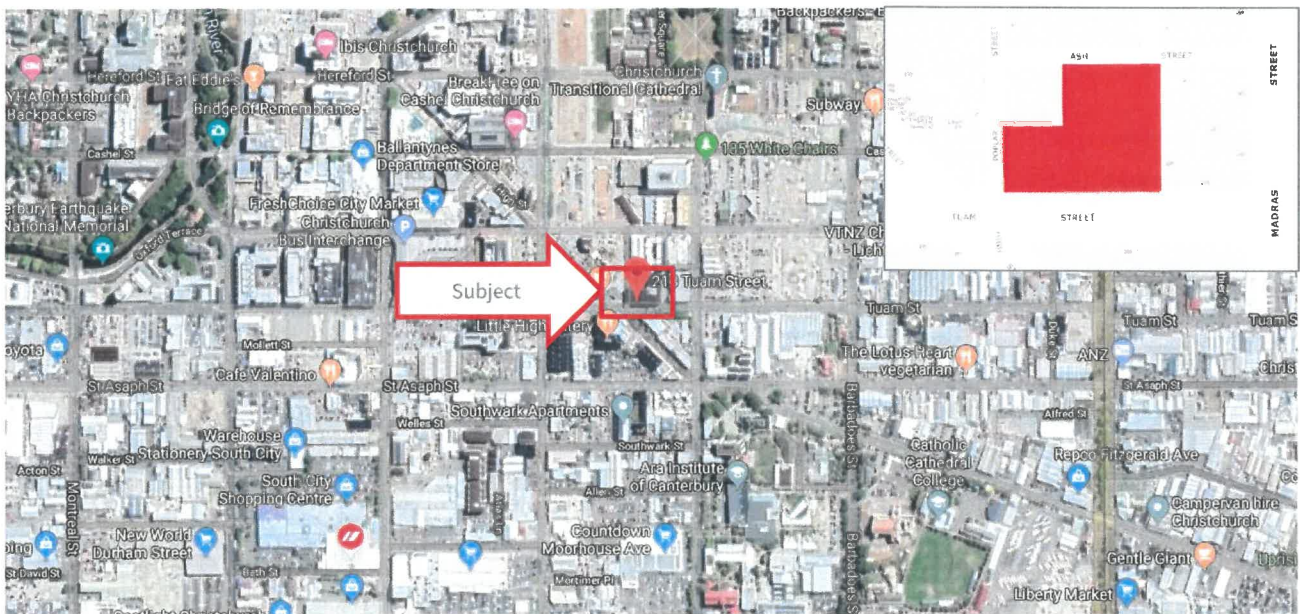
There is a car parking building adjacent on the corner of Madras and Lichfield Street known as the Innovation Carpark which the subject property has leased car parks.

This immediate location has become a popular destination with good pedestrian traffic on Tuam and St Asaph Street to the south surrounding the SALT District to the south of the subject property.

In summary the main characteristics of the immediate locality area:

- Good transport links with bus exchange, carparking building adjacent and one-way roading.
- Prominent exposure with good frontage and dual access from both Tuam and Poplar Streets.
- Mixed offerings with retail and office space and room to expand with the level 4 currently not occupied.
- Further population growth within the CBD with further residential areas to be developed.
- Key infrastructure to be developed with the Stadium to be built within the next 5 years.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

The property is contained within four separate records of title as described below.

Record of Title 675537

Title Reference	675537
Tenure	Fee Simple
Legal Description	Lot 2 Deposited Plan 481532
Area	605 square metres more or less
Registered Owner	Tuam Street West Limited
Registered Interest	<p>9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB20F/393 and CB28B/1217) - 18.9.2014 at 4:31 pm - <i>Outlines the condition of the building consent granted to the property with the condition that requires the allotments containing the subject property (675537, 675538, CB20F/363 & CB28B/1217) must not be transferred or leased except in conjunction with each other.</i></p> <p>10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm</p> <p>Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm - <i>References a covenant for which the carparks at the Innovation Carpark are dominant tenement over the subject record of titles. The covenant is to ensure that at all times while the Grantor is a tenant under the car park lease, the grantor must remain registered proprietor of the Servient Tenement; and the Grantor will not sell, exchange, lease or otherwise dispose of the Servient Tenement without also disposing of its interest under the lease in accordance with the provisions of the lease.</i></p>

Record of Title 675538

Title Reference	675538
Tenure	Fee Simple
Legal Description	Lot 3 Deposited Plan 481532
Area	433 square metres more or less
Registered Owner	Tuam Street West Limited
Registered Interest	<p>10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm</p> <p>Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm – See above</p> <p>Subject to a right (in gross) to convey electricity, telecommunications and computer media in gross over part marked A on DP 519290 in favour of Orion New Zealand Limited created by Easement Instrument 11116086.2 21.5.2018 at 10:07 am</p>

Record of Title CB20F/363

Title Reference	CB20F/363
Tenure	Fee Simple
Legal Description	Part Section 974 and Part Section 976 Town of Christchurch
Area	789 square metres more or less
Registered Owner	Tuam Street West Limited
Registered Interest	<p>Subject to a Party wall easement created by Transfer 96577</p> <p>9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB17F/1096, CB28B/1217 and CB3D/825) - 18.9.2014 at 4:31 pm – <i>See above</i></p> <p>10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm</p> <p>Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm – <i>See above</i></p>

Record of Title CB28B/1217

Title Reference	CB28B/1217
Tenure	Fee Simple
Legal Description	Part Town Section 976 Town of Christchurch
Area	197 square metres more or less
Registered Owner	Tuam Street West Limited
Registered Interest	Party wall – Part Town Section 976 Town of Christchurch over Section 976 Town of Christchurch 9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB17F/1096, CB20F/393 and CB3D/825) - 18.9.2014 at 4:31 pm – See above 10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm – See above

Source: Land Information New Zealand

Schedule of Carparks Leased in Perpetuity

Please refer to appendix 3 for a full schedule of car/bicycle parks. The following interests are registered on each car/bicycle park record of title.

Title Reference	See Appendix 3
Tenure	Stratum in Freehold
Legal Description	See Appendix 3
Registered Owner	Innovation Carpark Limited
Registered Interest	9958705.3 Encumbrance to Her Majesty the Queen under Section 53(1) of the Canterbury Earthquake Recovery Act 2011 - 16.2.2015 at 5:12 pm – Encumbrance with requirements for the land to be redeveloped as a carpark under the Christchurch Central Recovery Plan. 10181693.1 Encumbrance to Christchurch City Council - 11.11.2015 at 2:59 pm – The western external wall does not comply with the building code in respect to fire separation between the Building and the Laneway. The Council has agreed to issue the consent based on this encumbrance to ensure the ongoing compliance. This includes outlining that the owner takes on the increased risk of damage in the event of a fire and for the lifespan of the building. 10598179.3 Encumbrance to Christchurch City Council - 2.11.2016 at 4:34 pm – The Council area waiving the building code in relation to the car parks and signage units which do not comply with the building code in respect of fire separation. As per encumbrance above, the owner acknowledges the risk and increased likelihood of damage in a fire event. 10598179.9 Lease Term 999 years from 1.7.2016 CT 762016 issued - 2.11.2016 at 4:34 pm – Carpark lease to the subject property as described in section 3.2 Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm – References the carpark lease above and covenants that the grantor will not sell, exchange, lease or otherwise dispose of the servient tenement (carparks) without also disposing of its interest under the lease in accordance with provisions of the lease. This ultimately states that the carpark lease to the subject property will supersede any changes in ownership. 10636722.4 Mortgage to Westpac New Zealand Limited - 2.12.2016 at 3:55 pm

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

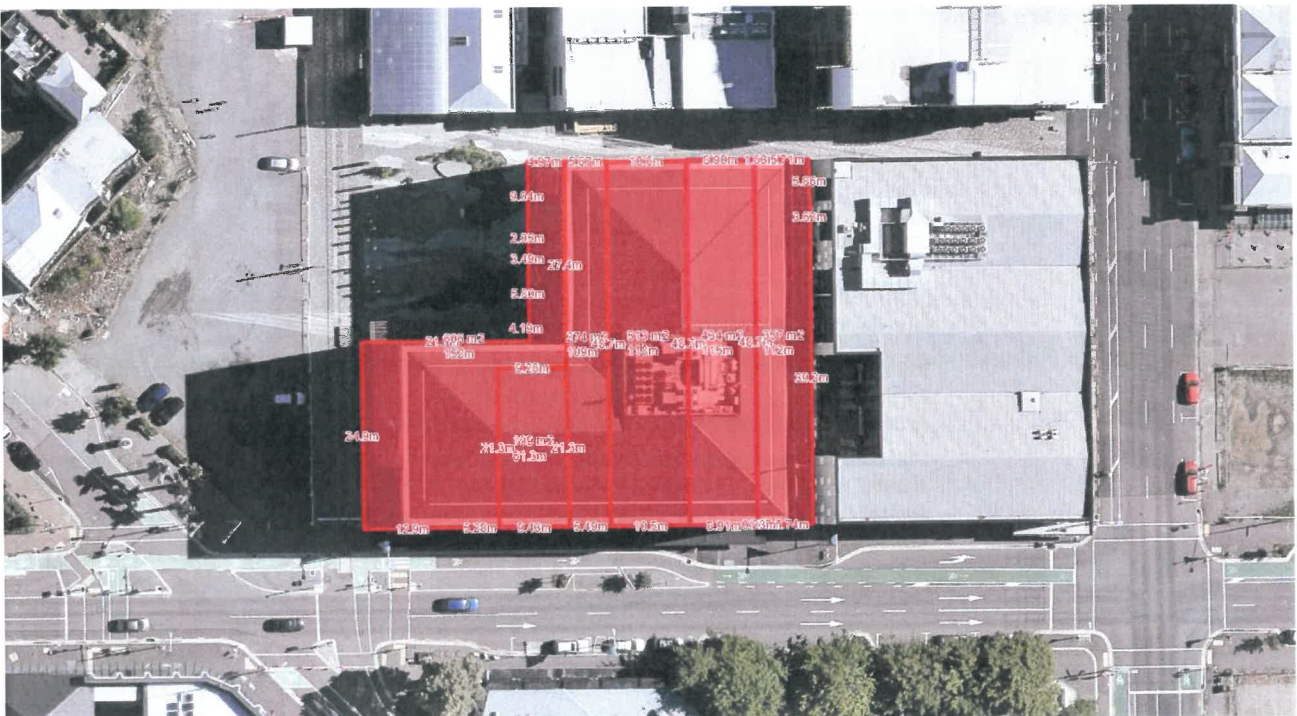
2.3 Site Details

The site is accessed off Tuam Street with a formal entrance on the northern side of Tuam Street and eastern side of Poplar Street through an open park space designated by the Council.

The site is positioned as a corner allotment of some 2,024 square metres more or less. The land is irregularly shaped with triple frontage to Poplar, Tuam and Ash Streets with the site near level in contour.

The site is near level in contour.

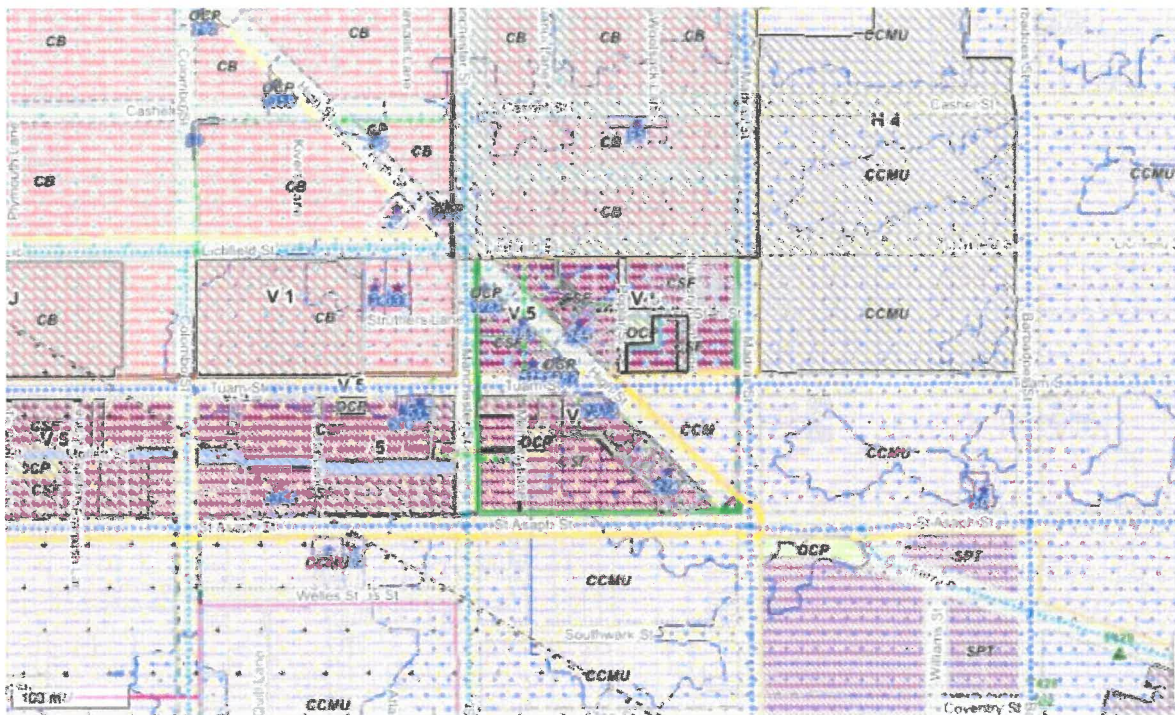
Site Area Summary	Area of Lot 2	605 sqm
	Area of Lot 3	433 sqm
	Area of Part Section 974 and Part Section 976	789 sqm
	Area of Part Section 976	197 sqm
	Total Area	2,024 sqm



Source: Emap

2.4 Resource Management

Local Authority:	Christchurch City Council
Planning Instrument:	Christchurch City Council's Operative District Plan
Operative Date:	19 December 2017, subject to outstanding appeals and variations
Zoning:	CSF - Commercial Central City (South Frame) Mixed Use
Objectives:	This relatively small zone in the Central City is intended to provide a clear delineation between the Commercial Business Zone and the Commercial Mixed Use Zone that enables a range of activities which support the CCC Business Zone. It is distinctive in that encourages technology based businesses and research and health related activities in a high amenity setting.
Development Controls	The site is within the 28 metre building height overlay.
Designations	Next to designation, V5 which is a designation put in place by Ōtākaro to define the south frame and create laneways within the Central Business District. Please refer to graphic below.



213 Tuam Street Property Search Results

The information below is relevant to the selected property. Click on the blue text below for more details.

Land Use Zones	Designations and Heritage Orders	Other Notations
Zone Commercial Central City (South Frame) Mixed Use Zone Open Space Community Parks Zones	Designation Designation	Building Height Overlay Central City Building Height 28m Overlay Noise Category 2: Lower Noise Level Entertainment and Hospitality Precincts Overlays and Precincts Central City Frame Overlay Central City Innovation Precinct Zone Central City Inner Zone
Natural Hazard Overlays		
Flood Hazard Flood Management Area Liquefaction Hazard Liquefaction Management Area (LMA)		

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 1st August 2019 being Assessment Number 22700 60600, is as follows:

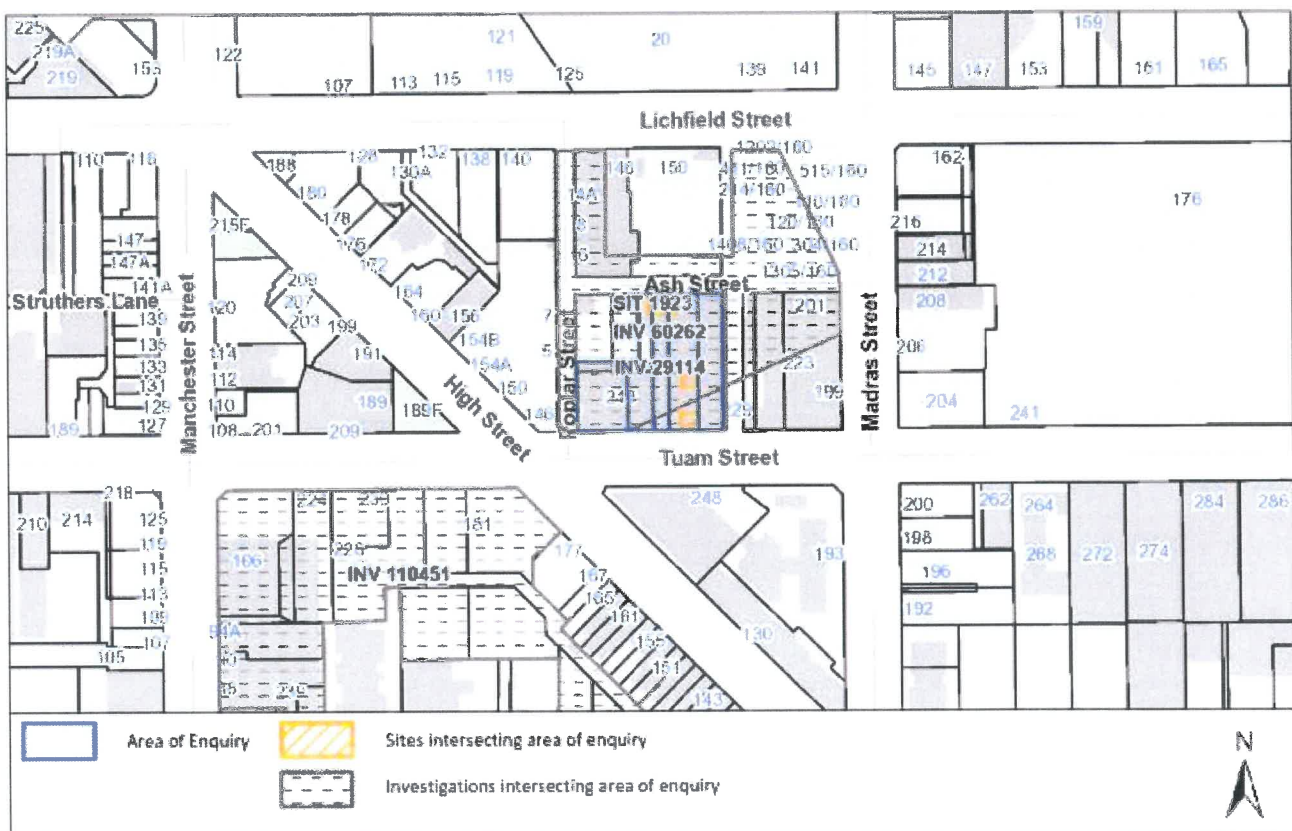
Land Value	\$3,190,000
Improvements Value	\$34,210,000
Capital Value	\$37,400,000

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.

We have searched the Listed Land Use Register which outlines HAIL sites and note that the subject property has been flagged for storage tanks or drums for fuel, chemicals or liquid waste.



The information presented in this map is specific to the property you have selected. Information on nearby properties may not be shown on this map, even if the property is visible.

Summary of sites:

Site ID	Site Name	Location	HAIL Activity(s)	Category
1923	213-221 Tuam Street	213-221 Tuam Street, Christchurch	A17 - Storage Tanks or drums for fuel, chemicals or liquid waste;	Yet to be reviewed

There was an investigation carried out in August 2014 which outlined that one 5,000L steel diesel tank, 4,500L steel kerosene and one 2,700L petrol underground storage tanks, slurry filled, were removed during demolition work at 219 Tuam Street, Christchurch. Hydrocarbon impacted material was removed from the 2,700L petrol tank pit.

We note that there was a site management plan for petroleum hydrocarbons carried out by Pattle Delamore Partners Limited however the findings were not yet audited. We assume that all remediation work has been carried out to satisfy commercial development which has since taken place since the original inspection.

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

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 subject property comprises a five level, 'A grade' office building completed in 2016, occupying an inner city land holding of some 2,024 square metres with frontage to Tuam, Poplar and Ash Streets. The building is fully occupied by Vodafone however level 4 office and ground floor retail areas are surplus to Vodafone's requirements and are to be subleased.

The building has achieved a 5 Green Star Design rating incorporating passive solar design, high performance façade to maximise daylight, integrated fit out to reduce waste and an efficient ventilation system that brings fresh air into the space, which is 50% greater than required building code.

The building does not have dedicated car parking on the freehold title however is subject to a lease in perpetuity with the Innovation Carpark which adjoins the building to the north-west. The total allocation is for 90 carparks and 60 bike parks of which 40 carparks and 60 bike parks area leased to Vodafone with the balance of 50 carparks leased on a casual basis.



Exterior Poplar Street Frontage



Exterior Tuam Street Frontage

2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs and columns, with steel beam construction. Exterior cladding concrete panels, which are a mixture of textured, faceted, and toned exposed aggregate.
External Walls:	A combination of precast concrete panels, aluminium sheeting and glass façade.
Internal Walls:	Predominantly plasterboard lining to lettable areas.
Roof:	Insulated Kingspan Trapezoidal profile steel roofing
Ceiling:	Majority of the space open with exposed services or acoustic tiles in a suspended grid system.
Lighting:	Mixture of recessed LED lighting, down lighting and strip lighting.
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Ducted air conditioning, central fire sprinkler system, 5G network mounted to the rooftop. X3 Passenger lifts – Schindler 330AP lifts with a 15 person capacity. Onsite emergency generator. Floating wooden overlay concealing reticulated electrical fitout below.

2.10 Accommodation

Retail Area

The retail area, which is vacant, is on the corner of Poplar Street and Tuam Streets. The space incorporates polished concrete flooring, exposed steel and concrete beams, basic downlighting, HVAC ducting and plasterboard wall partitions. There is also a large glass façade which opens north onto the courtyard and south onto Lichfield Street. The space is currently used by Vodafone for functions and has recently been listed for sublease.



Ground Floor Retail Area



Ground Floor Retail Area

Ground Floor Office Area

The ground floor office area is set out as three distinct areas. There is the entrance foyer, which has a void up to the top floor. Secondly, there are ground floor dedicated offices, which consist of several meeting rooms, offices and amenities. Lastly, there is a space called Vodafone Xone, which is an office with comprehensive fit-out and is configured for entrepreneurs and start-up businesses.

The foyer comprises a mixture of tile and carpet floor coverings, decorative down lighting with strip lighting on the internal stairwells. Exposed steel framing sits behind the façade with plasterboard wall linings and glass revolving entry doors and glass security doors to the meeting room area. The foyer also provides a link to Vodafone Xone as well as egress to the retail area. The space is temperature controlled via the HVAC units.

The ground floor office space is split up into themed meeting rooms, conference room and amenities including bathrooms, changing rooms and prayer rooms. The space includes decorative down lighting, individual air conditioning controls, security access, roller blinds and movable partition walls are included in the Conference Room.

The bathroom is broken up into 5 toilets, 1 accessible toilet and shower and 5 shower cubicles. Behind this area are lockers and the services space.

Vodafone Xone includes charging stations with decorative downlighting, carpet floor coverings, glass wall partition to the foyer area and plasterboard partition to the services space. A kitchenette is included with a stainless steel sink recessed into Formica joinery with plenty of storage space. The room is also individually temperature controlled.



Vodafone Xone Kitchenette



Vodafone Xone Area



Meeting Room



Meeting Room



Themed Meeting Room



Themed Meeting Room



Conference Room



Prayer Room

Office Levels 1-4 Area

The office levels 1-4 are very similar with a large open plan office area which is carpeted with open exposed service ceilings with a suspended grid ceiling on level 4 and a mix of recessed LED lighting with decorative downlights. There are meeting room and dedicated office partitions off glass and wood. There is a HVAC system for the open plan area with dedicated air conditioning to the meeting and office rooms.

The flooring is carpet tiled throughout the office space.

The bathroom areas on each floor consist of 6 toilets and 1 additional accessible toilet.

The kitchen/breakout areas are similar with good quality joinery, stainless steel sinks with extensive cabinetry and vinyl plank flooring.



Level 4 Vacant Office Area



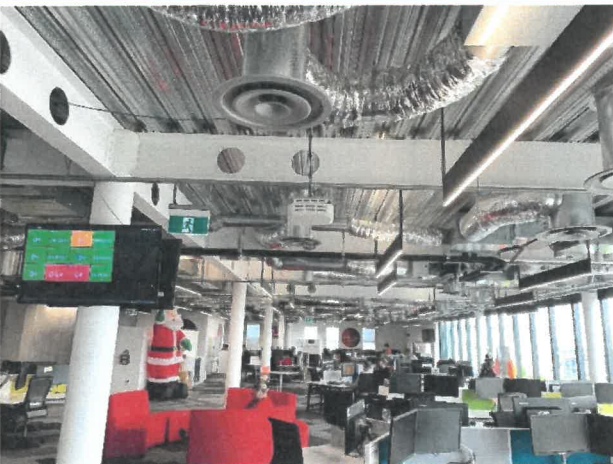
Level 4 Vacant Office Area



Level 4 Break Area



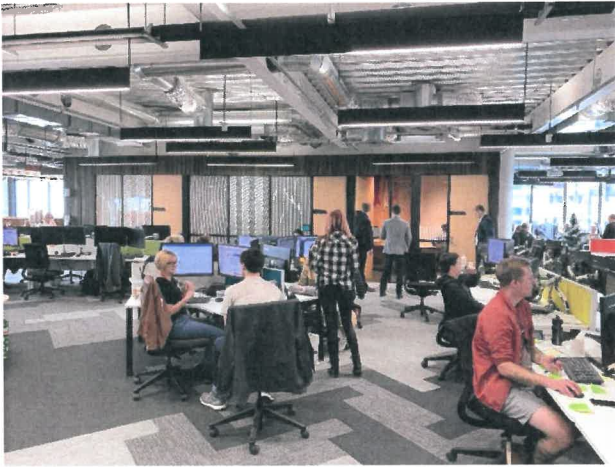
Level 3 Open Plan Office



Level 3 Open Plan Office



Level 3 Open Plan Office



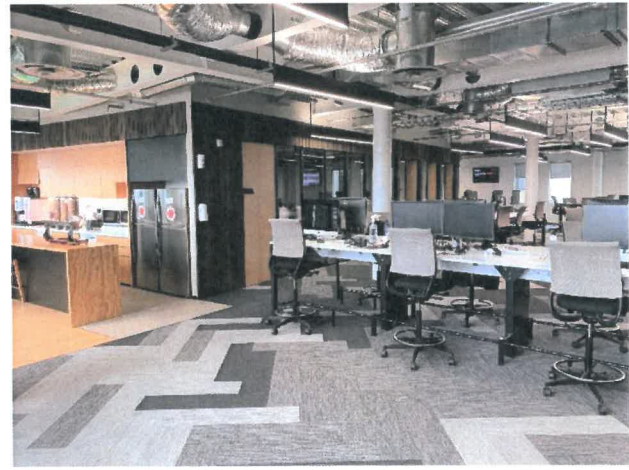
Level 2 Open Plan Office



Level 2 Break Area



Level 1 Open Plan Office



Level 1 Open Plan Office and Break Area

Rooftop & Plant Areas

The rooftop area is accessed by a hatch from level 4 and provides for the services and plant including but not limited to the HVAC, 5G network and vents.

In addition, the plant/services room is located on the ground floor and includes hot water cylinders, sprinkler controls and other building system controls accessed from this space.



Plant Area



Rooftop



Rooftop AC Units



Rooftop Chiller Plant Units

2.11 Lettable Areas

The Property's total Lettable Area is approximately 8,941 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Ground Floor Retail	149
Ground Floor Offices	1,380
Ground Floor Café	392
Level 1 Office	1,705
Level 2 Office	1,790
Level 3 Office	1,749
Level 4 Office	1,777
Total Lettable Area	8,941 square metres
Car parking	
	Spaces
Carparks spaces	40
Bike Parks spaces	60
Surplus Carparks spaces	50
Total combined parking	150 spaces

The areas noted above have been taken from survey plans carried out by Mainland Surveying in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

2.12 Condition and Repair

We inspected the interior and exterior of the property in December 2019. At this time 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 1st June 2020, and therefore assume that the property complies with the provisions of Compliance Schedule WOF 50292.

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	2016
National Risk Zone	High
Compliance with New Building Standard	Equal to or greater than 100% NBS

The building was completed in 2016, and will have been constructed to comply with the requirements of the 2004 Building Act and therefore will be expected to be 100% of NBS. We are not aware of specific engineering reports confirming the NBS of the property.

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:

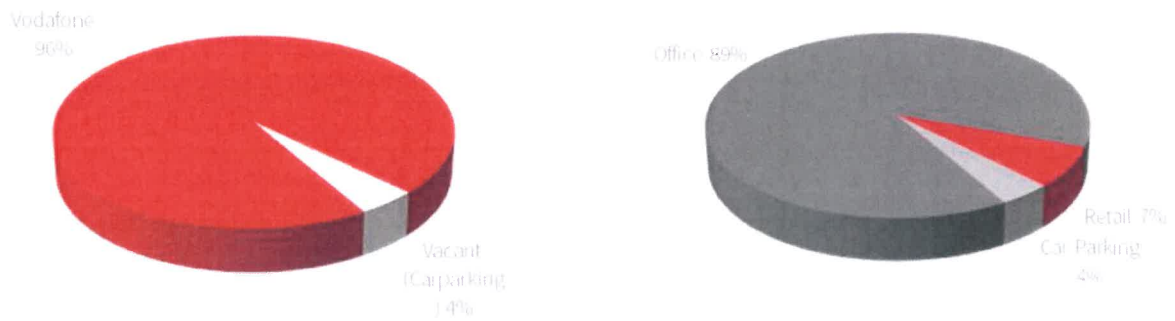
Tenant	Net Rental	Lettable Area	Proportion of Net Rental
Vodafone	\$3,687,778	8,941	95.6%
Vacant (Carparking)	\$169,000	50	4.4%
Total	\$3,856,778	8,941 sqm	100%

Please note that the net rental is exclusive of the fit out rental.

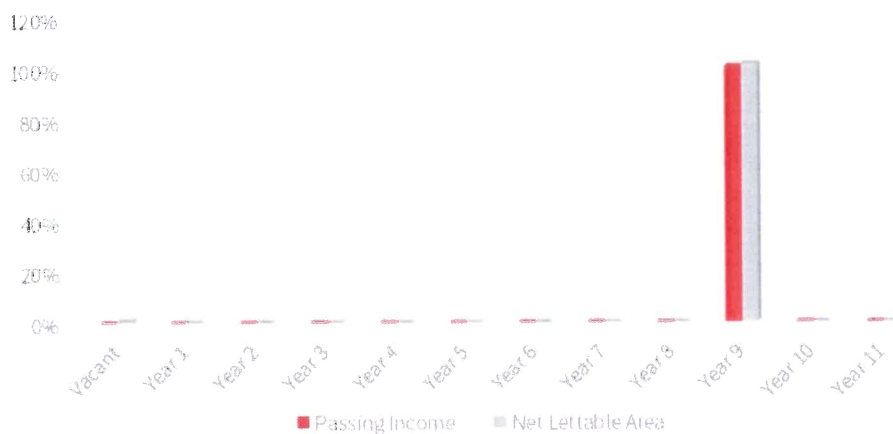
We note we are not qualified to advise you on the financial standing of the occupier of the property. We have however formed a view on how we consider the market would approach the covenant status of the occupiers which is that the tenant is seen to have significant backing and would be resilient amidst the Covid-19 Pandemic. We note that the tenant is listed and the stock value is transparent.

With the ongoing reaction and impact to the Covid-19 virus, uncertain trading and credit market conditions may lead to rapid changes in covenant sentiment.

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	8.20
By Income	7.89

3.2 Lease Summary

The building is 100% leased to Vodafone New Zealand. We note that there is vacant spaces on the top floor of the premises and retail ground floor component which is to be subleased. The vacant area outlined in our report refers to the casual car parks available (50).

We have described the Vodafone lease below.

Lease Summary	Vodafone New Zealand Limited
Documents reviewed	Signed Deed of Lease dated 18 May 2017
Lessee	Vodafone New Zealand Limited
Demised premises	The Landlords land and buildings at 213-221 Tuam Street, Christchurch comprises and described in Certificate of Title CB28B/1217, CB20F/393, 675538 and 675537 as shown on the Premises Plan
Lettable Area	Cafe: 391.70 sqm G/F Retail: 148.90 sqm G/F Office: 1,379.68 sqm Level 1-4 Offices: 7,020.26 sqm 40 car parking spaces and 60 bike parks.
Commencement Date	17 August 2016
Expiry Date	16 August 2028
Lease Term	12 years plus three rights of renewal of 6 years
Commencement Rent	Cafe: \$176,265.00 G/F Retail: \$67,005.00 G/F Office: \$503,583.20 Level 1-4 Offices: \$2,562,394.90 Vodafone Hard Fitout: \$206,550.00 40 Car parking spaces: \$124,800.00 60 Bike parks: \$15,600.00 Total: \$3,656,198.10 per annum plus GST
Current Rent	Cafe: \$188,443.00 G/F Retail: \$71,630.00 G/F Office: \$538,346.00 Level 1-4 Offices: \$2,739,277.00 Vodafone Hard Fitout: \$206,550.00 40 Car parking spaces: \$133,415.00 60 Bike parks: \$16,677.00 Total: \$3,894,328 per annum plus GST
Rental Review Provisions	Annual fixed rent increases of 2.25% as well as a market review being the sixth anniversary of the commencement date and each renewal date. The market review has a 'cap and collar' clause and the rental at review is not to be greater than 110% or less than 90% of the annual rent payable immediately preceding the relevant rent review date. Next fixed review on 17 th August 2020 Next market review on 17 th August 2022
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant. The wording has been amended in Schedule 7 to capture that outgoings are to be at competitive market rates. The lease also excludes the management expenses on the subleased carparks.
Permitted Use	Office (including call centre), retail and all ancillary and/or associated use required by the Tenant from time to time including but not limited to use of the Equipment and operation and use of a café.

Special Provisions

A seventh schedule has been included which outlines the tenant amendments to the second schedule. The details included comprises of standard commencement rent, rent review, renewal and expiry details. Minor wording is changed in the lease clauses. The changes of significance include confirming the Landlord's maintenance obligations to the property.

Chattel Removal – The tenant shall neither make or allow to be made any structural alterations or additions (other than minor structural work which is the consequence of non-structural alterations or additions) without first providing to the Landlord on each occasion plans and specifications and obtaining consent of the Landlord, consent not to be unreasonably withheld or delayed. The tenant may (but shall not be required to) remove its alterations, additions and/or fixtures. If the Tenant does remove Fitout, it shall make good any damage caused by the removal ; and the Tenant may not commence any alterations or additions to the premises without first supplying to the Landlord a copy of an engineer's report or appropriate consultant's report confirming that the alterations will not disturb the efficient operation of the air-conditioning of the building.

Naming rights – The Landlord grants to the Tenant and the Tenant hereby accepts the naming and signage rights to all of the building from the commencement date for the term and any renewed term.

Tenant's Plant, Equipment and Structures – The parties agree that the Tenant's Fixtures and Fittings shall remain the property of the Tenant during the term of this lease and cannot be charged by the Landlord.

Agreed signage included 2 x 5 m diameter roundel logo's, 0.85 x 21m "Vodafone" lettering, 1 x 64sqm video walling and all H & S Signage.

Landlords Fixtures and Fittings

Air conditioning system in offices, alarm system (fire), base build partitions, BMS system (base build), carpets, Doors & Hardware – exterior and emergency egress, drainage and storm water infrastructure, electric components / light fittings, electrical transformers, lifts, handrails, incoming services to the property, joinery fittings, sewerage infrastructure, toilet – amenities plumbing fittings, toilet partitions, vinyl and tile flooring, kitchen extraction system, raised flooring system – all floors, two revolving glass doors, kitchenette upgrades including tiling sinks, plumbing and drainage, built-in joinery units, surfaces, fixed pedestals, power supplies, splash-backs, built-in rubbish receptacles and electrical equipment excluding whiteware, machines and Billi units or equivalent, but excludes Xone, commercial cafes and the kitchenette area, reception joinery, HVAC upgrade for ground floor communications room and ground floor retail store, alarms, CCTV, intruder detection system and security systems excluding the tenants anti pass back gating and associated systems, backup power supplies/generators, operable/movable walls, special floor tiling above base build and lighting and ventilation installed as variation to the contract in Xone.

Emergency Provisions

27.5 – If there is an emergency or Force Majeure Event and the tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises 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 or Force Majeure Event including:

- (a) a prohibited or restricted access cordon applying to the premises; or
- (b) prohibition on the use of the premises pending the completion of structural engineering or other reports and appropriate certifications requires by any competent authority that the premises are fit for use; or
- (c) Restriction on occupation of the premises by any competent authority.

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 from the premises until the inability ceases.

Car parking Lease

Lease Summary	Tuam Street West Limited
Documents reviewed	Signed Deed of Lease dated 27 th October 2016
Lessee	Tuam Street West Limited (Current Owner of subject property)
Demised premises	Bicycle Parks PU19B-33B (15), Car Park PU180-PU204 (25), Car Park PU 231-PU255 (25), Car Park PU 282-PU306 (25), Car Parks PU 333-PU349 (15) Car Parks Total (90) Bike Parks Total (15)
Commencement Date	1 st July 2016
Expiry Date	30 th June 3019
Lease Term	999 years
Commencement Rent	Car Parks: \$280,800.00 Bike Parks \$15,600.00 Total: \$296,400.00 per annum plus GST
Current Rent	Car Parks: \$300,184.00 Bike Parks: \$16,676.00 Total: \$316,860.00 per annum plus GST
Rental Review Provisions	Fixed 2.25% rent reviews annually of the commencement date except where a market rent review date Market rent reviews every 6 th anniversary of the commencement date to coincide with the Vodafone Lease. Next fixed review on 17 th August 2020 Next market review on 17 th August 2022 The market review has a 'cap and collar' clause and the rental at review is not to be greater than 110% or less than 90% of the annual rent payable immediately preceding the relevant rent review date.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Carparking
Special Provisions	8 Management of the Parking Building – 8.1 Without affecting the grant of the leasehold estate under this lease, the Landlord (or its nominee from time to time) is hereby appointed by the Tenant to manage the parking premises operations within the Parking Building during the Term of this Lease. The Landlord may engage subcontractors to carry out the management functions described in this clause. 27 Assignment/Subleasing 27.2 The Tenant will not assign, sublet or part with the possession of the premises, the Parks or any part of them without first obtaining the written consent of the Landlord, which the Landlord shall not unreasonably withhold or delay. 40 Vodafone Provisions 40.1 For as long as Vodafone New Zealand Limited or a Vodafone Related Company is a subtenant of no less than 40 Parks under the Vodafone Sublease, the following provisions of this clause 40 will apply to all of the Parks under this lease in precedence to any other term contained in this Lease. 40.2 The Landlord hereby consents to the Vodafone sublease.

3.3 Building Vacancy

As at the date of valuation, the Property is fully occupied in terms of lettable area however 50 spare car parks which are leased on a casual basis. We have treated these car parks as vacant with a potential value added to secure these on a contract. This reflects 4.54% vacancy over the property by income potential. Current vacant areas are summarised as follows:

Vacancy	Area	Market Rent	Market Income
Innovation Carpark	50 Parks	\$65 per car park per week	\$169,000
Total Vacancy	50 Parks	\$65 per car park per week	\$169,000

3.4 Building Outgoings and Recoveries

The lease within the Property is structured on a net basis, with the tenants 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	\$343,116	\$38.38
Operating Expenses	\$507,918	\$56.81
Total Outgoings	\$851,034	\$95.19

The above allowances are based on the provided budget for the year ending 2020.

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 the Property Council of New Zealand's (PCNZ) benchmarks and other similar buildings.

The rate shown above includes the outgoings for the carparking building of \$9.60 per square metre, leaving \$85.95 as the operating expenses for the Vodafone Building.

We consider that the adopted outgoings rate \$85.59 per square metre of Lettable Area to be within market parameters.

3.5 Tenancy Schedule

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

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm / cp
Vodafone	Ground Floor Retail	148.9		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$71,630	\$481		\$12,745	\$86
Vodafone	Ground Floor Offices	1,379.7		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$538,346	\$390		\$118,089	\$86
Vodafone	Ground Floor Café	391.7		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$188,433	\$481		\$33,526	\$86
Vodafone	Level 1 Office	1,704.7		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$665,167	\$390		\$145,908	\$86
Vodafone	Level 2 Office	1,790.1		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$698,490	\$390		\$153,217	\$86
Vodafone	Level 3 Office	1,748.6		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$682,305	\$390		\$149,667	\$86
Vodafone	Level 4 Office	1,776.8		Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$693,316	\$390		\$152,082	\$86
Vodafone	Carparks	40.0	40	Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$133,415	\$0	\$64	\$31,200	\$15
Vodafone	Bike Parks	60.0	60	Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed	\$16,677	\$0	\$5	\$15,600	\$5
Vacant	Innovation Carpark	50.0	50	Aug 2016	Aug 2028	12.0 years	Aug 2020	1 yearly	Fixed				\$0	\$0
Aggregate		8,940.5	150			0.0 years				\$3,687,778			\$812,034	



3.6 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$3,537,686	75.17%
Car Parking Rental	\$150,092	3.19%
Other Income (Fit-out Rental)	\$206,550	4.39%
Outgoings Recovery	\$812,034	17.25%
Gross Passing Income	\$4,706,362	100.00%
Outgoings	\$851,034	
Car park Lease to Innovation Car Park	\$308,185	
Net Passing Income	\$3,547,143	
Market Income on Vacant Car Park	\$169,000	
Vacant Area Outgoings	\$39,000	
Potential Net Income Fully Leased	\$3,755,143	

4 Market Commentary

4.1 Economic Overview

As at 20 April 2020:

- The Consumer Price Index rose 0.8% in the March 2020 quarter, resulting in an annual 2.5% inflation rate from March 2019. It was noted that the Q1 CPI snapshot was largely applicable to the pre-COVID-19 environment.
- Annual Gross Domestic Product (GDP) growth in the year to December 2019 was 2.3%, reflecting a 0.5% increase in this quarter, with GDP per capita rising 2.0%. The impacts of COVID-19 will be seen in the March 2020 quarter results and subsequent quarters. New Zealand is predicted to head into a recession as a consequence in Q2 2020.
- The Reserve Bank has undertaken an emergency reduction in the Official Cash Rate to 0.25% at 16 March 2020, reducing the 1.0% rate that was set in their February 2020 announcement. It was noted that the Reserve Bank Monetary Policy Committee unanimously agreed to keep the OCR at the 0.25% level for at least the next 12 months.
- Through 2019 the RBNZ consulted on a requirement for banks to increase the capital they hold, from 10.5% to 18% for the large four banks. This was intended to be implemented on 1 July 2020, however has now been deferred 12 months due to the economic impact of Covid-19.
- The 90-day Bank Bill Benchmark Rate (BKBM) was 0.38% as at 20 April 2020. This has reduced significantly from 2019 where it averaged 1.52%.
- The unemployment rate is 4.0% as at December 2019, which is a further reduction of 0.1% from Q3. The impacts of COVID-19 are forecast to significantly affect the employment sector in NZ with weak demand seeing an increase in job losses, especially in sectors like tourism and hospitality.
- The REINZ median house price across New Zealand increased by 13.7% in March 2020 to a new record median price of \$665,000, up from \$585,000 in March 2019, with eight regions seeing new record median prices.
- Activity within the construction sector is also currently at a halt due to Level 4 restrictions including the balance of projects currently underway. At Level 3 construction is able to commence again with additional distancing and onsite safety rules in place. Private backed development and construction is expected to be muted in the short term, however Government have announced their intention to fast track infrastructure spend as one method to kickstart the economy post the COVID-19 shutdown.

In response to the Covid-19 pandemic, on April 20 the NZ Government announced that NZ will move out of the Alert Level 4 lockdown into Alert Level 3 for an initial two week period commencing on April 28. At Alert Level 3 the public is still instructed to stay home and to continue practicing physical distancing with those able to work from home to continue. Public venues will remain closed. At Alert Level 3, some businesses are now able to operate with strict health guidelines in place, though any businesses offering services which involve face-to-face or sustained close contact will not be allowed to commence. Schools (year 1 to 10), and early childhood education centres can open but will have limited capacity, with supermarkets, medical centres and other essential services able to continue operating with the same restrictions and measures in place as Alert Level 4. NZ's borders will remain closed to all travellers, with inter-regional travel still highly limited.

In response to the outbreak, the NZ Government and RBNZ have implemented both fiscal and monetary policy to support New Zealanders and reduce the impact on the NZ economy. We outline below actions that have currently been taken:

- On March 23, the RBNZ implemented its Quantitative Easing (QE) programme, unveiling a large \$30bn Large Scale Asset Purchase Programme of NZ Government bonds over the next 12 months across a range of maturities. This package will provide significant short term support to NZ interest rate markets, dampening yields.
- The NZ Government announced a substantial support package on March 17 and March 23, which was originally costed as \$12.1bn (4% of GDP), though with further expansions to the package since these dates it is now estimated to cost approximately \$17-18bn. This is aimed at sectors most affected by the impacts of the virus, with the remainder focused on those most vulnerable and smaller enterprises. This includes wage subsidies and self-isolation support.
- On March 24 the Government, Retail and Reserve Banks agreed to provide mortgage holidays and a \$6.25bn Business Finance Guarantee Scheme for small to mid-sized enterprises (SME) to provide support via short term loans, with the aim to protect jobs and support the economy in the short term. On April 15 the government announced additional relief measures for SME, with these new measures including greater flexibility for taxpayers in respect of statutory tax deadlines, measures to support commercial tenants and landlords, and further business consultancy support.
- There has been a reintroduction on the depreciation on new and existing commercial and industrial buildings, including hotels and motels; which is set at 2% diminishing value.

- In addition, a tertiary student support package was announced on April 14 which will help tertiary education students continue their studies.

At this stage it is too early to forecast the impacts on the economy and property market, however it is clear the measures taken and support packages are significant. We note we are not expecting wholesale credit shortages at this point, which was the main cause of the severity of the 2007 Global Financial Crisis, although at this stage the full effects of Covid-19 are yet to be fully understood and quantified.

4.2 Local Market Commentary

Demand

The Christchurch office market is still experiencing little movement in vacancy rates, indicating more stability. Net absorption in the first half of the year more than halved from the end of 2018 statistic (2,331 sqm vs 5,403 sqm respectively). Despite this, there is still vacant stock left for tenants to continue moving up the grade spectrum. The CBD prime vacancy rate recorded in 1H19 sits comfortably at 5.7% (down 15 bps), and the CBD secondary rate climbed to 11.6% (up 251 bps) for the same period.

Supply

There was a slight increase in the stock base over 1H19 with just under 5,000 sqm added, all of which was observed within the CBD. New supply is still slowly returning to the market from the 2011 earthquakes that took a reasonable portion of the original stock base.

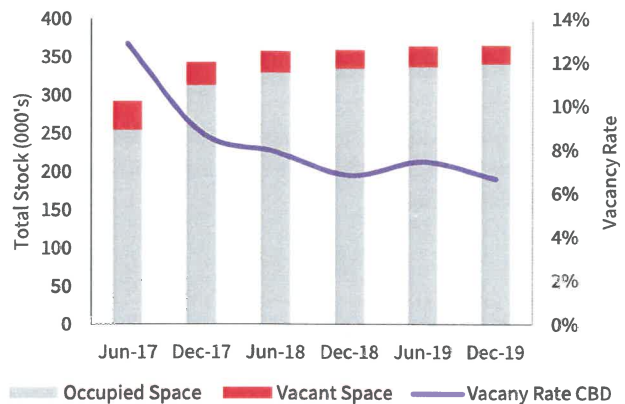
There are three sizeable developments that are due to be completed within 2019: The Spark building (5,000sqm), the PGG Wrightson building (3,000sqm), and the Daltons building (2,910sqm).

Asset Performance

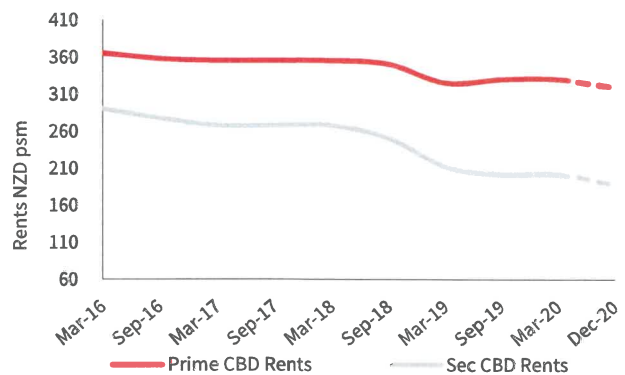
Prime CBD rents are slowly recovering from their small dip in 1Q19. Average prime CBD rents are recorded at \$330 psm, with secondary CBD rents dropping a further \$10 psm to \$203 psm over the third quarter of 2019. Suburban rents have fallen slightly with average prime suburban rents at \$218 and secondary at \$143 for the 3Q19 period.

Yields have compressed slightly over all sub sectors with the exception of the secondary suburban market. Average prime and secondary CBD yields currently sit at 6.25% and 7.43% respectively, with prime and secondary suburban yields at 7.45% and 8.50%.

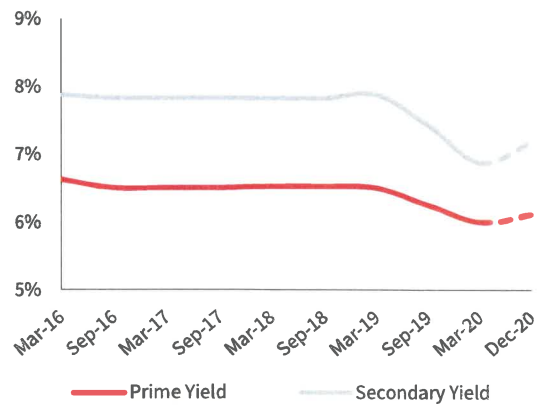
Christchurch CBD Vacancy Rate and Occupied Stock



Christchurch CBD Office Rents (\$/m²)



Christchurch CBD Office Yields (%)



Demand

Local and international demand has mostly been satisfied in the Christchurch retail market creating a challenging ongoing situation for landlords of vacant space. With the variety of new space on offer, occupiers have sought to move up the grade spectrum.

While the overall vacancy rate for Christchurch retail has remained relatively stagnant, the submarkets that we track have shown slight fluctuation.

Supply

Completed stock numbers have dived in June 2019 with the lowest number of completed square metres recorded since June 2017. The supply response to the 2011 earthquakes has slowed right down with only small amounts of new and refurbished stock coming into the market.

A number of developments are due to be completed in 2H19. This includes the Bush Inn Shopping Centre that has Briscoes and The Providore (permanent farmers market) among its known committed tenants and the new ~14,000 sqm Bunnings Warehouse in Harewood.

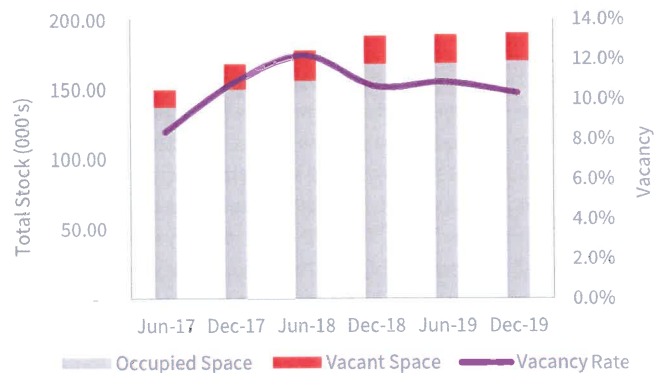
Asset Performance

Over its major cities, New Zealand's retail markets are facing a slight challenge to keep tenants with rents at existing levels although trophy retail assets are still seeing demand with the largest sale of the third quarter sitting at \$50m at 60 Lichfield Street.

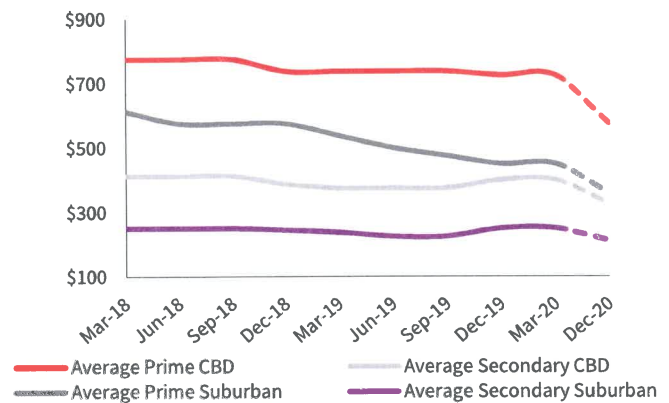
Average prime and secondary CBD rents remained at 2Q19 levels; \$738 psm and \$375 psm respectively, while average prime suburban rental rates dropped \$25 to \$475 leaving secondary suburban rates at \$225 psm.

Yields in Christchurch have all compressed at least 25 bps with secondary CBD space compressing the most coming down to 7.00%.

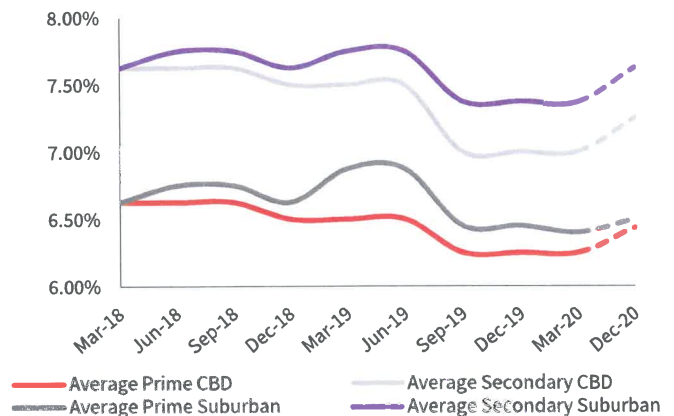
Christchurch CBD Retail Vacancy and Occupied Space



Christchurch Retail Rents



Christchurch Retail Yields



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:

Property Address	Lessee	Component	Area/No	Effective
Victoria Street Christchurch Central	Confidential	Office - Level 1 Balconies	1628.5 45.5	Jun-19
Victoria Street Christchurch Central	Confidential	Office - Level 2 Balconies	1681.8 45.5	Feb-19
Victoria Street Christchurch Central	Confidential	Office - Level 3 Balconies	1616.5 45.5	Nov-18
Victoria Street Christchurch Central	Confidential	Office - Level 4 Balconies	1617.3 45.5	Apr-17
128 Lichfield Street Christchurch Central	Orbica	Office	204	Jun-17
128 Lichfield Street Christchurch Central	Orbica	Office	204	Dec-19
168 St Asaph Street Christchurch Central	VYG Limited	Office	77	Jun-19
307 Durham Street North Christchurch Central	World Travellers	Office Carparks	206.4 2	May-19
518 Colombo Street Christchurch Central	Lifetime Group Limited	Office Carparks Total	1397 30	May-19
164 St Asaph Street Christchurch Central	Project HVAC Limited	Office Carparks Total	99.1 4	May-19
3/906 Colombo Street Christchurch Central	Flight Centre	Office Carparks Total	298.1 14	May-19

2/165 Gloucester Street	Intergen	Office	675.6	Mar-19
Christchurch Central		Carpark Open	2	
		Carpark Covered	4	
141 Cambridge Terrace	Boffa Miskell	Second Floor Office	980.00	Feb-19
		Deck	27.00	
		Basement Carparks	2.00	
		Stacked Carparks	7.00	
		Total	635.50	
1/813 Colombo Street	DXC Technology NZ	Ground Office	105	Jan-19
Christchurch Central		1st Floor Office	234.1	
1/166 Cashel Street	Ebborn Law Limited	Office	334.84	Jan-19
Christchurch Central			3	
2/328 Durham Street North	IT Company	Office	152	Dec-18
Christchurch Central		Carparks	4	
		Total	152	
1/128 Lichfield Street	Design Electronics Limited	Office	220	Dec-18
Christchurch Central		Total		
40 Walker Street	Walker Street Chambers	Office	302.5	Apr-18
Christchurch Central		Carparks	6	
		Total		
1/237 Kilmore Street	Unknown	Office	96	Mar-18
Christchurch Central		Carparks	5	
		Total		

Victoria Street tenancies noted above as confidential were for modest floor plates and leased at a reduced rate to minimise vacancy in a newly constructed building. Extensive car parking was provided with the office component.

We have assessed the rental for the subject property at \$375 per square metre, which is on the upper limits of comparable evidence. We note that due to the structure of the rent review mechanism, the CPI rent reviews annually have a market rent view at year 6 (2022) with a cap & collar review at 90% to 110% of the immediately preceding annual rent. We have calculated this rent at 5% less than the previous year as a conservative estimate, which equates to \$388psm in 2022, which is circa the passing rent.

This assessment is completed as air conditioned and carpeted bare shell with reference to the Landlords improvements which has been stated under section 3.2.

We understand that COVID-19 may impact the office markets over the medium term with businesses evaluating whether they require as much office space with the movement to working from home. Due to the nature of the tenant being aligned in the telecommunications and technology space as well as an essential service, we believe that this will have little impact on the subject property

5.2 Car Park Leasing Evidence

We have had regard to current car parking rates within the wider locality that we summarise below:

Car parking within the CBD has been constrained as of late with the car parking buildings reaching capacity as the new developments within the CBD are built without car parking. This has placed car parking rates consistently between the \$50-\$70 range per car park per week. As the car parks for the subject property are covered and within a car parking building. We believe that the car parks for the subject property are at the upper end of comparable rents at \$65 per car park per week. We expect that there will be further pressure on these rates as the CBD becomes more occupied especially when the Stadium is completed with the scheduled timeframe of 2024.

Retail Rents

Property Address	Lessee	Component	Area/No	Effective	Comments
3/226 Kilmore Street	Golden Blade Barber	Retail	70	Oct-19	New Lease
Christchurch Central		Carpark	4		
13/126 Cashel Street					
Christchurch Central	Plains Leather	Retail	46	Jul-19	New Lease 4 months' rent free Stepped rent
149 Victoria Street	Peter Shaw	Retail	80	Apr-19	New Lease
Christchurch Central					Minor Landlord fitout
678 Colombo Street	Oobe	Retail	161	Apr-19	High profile on Colombo. New lease. Post-quake build.
112 Cashel Street	The Cosmetic Clinic	Retail	100	Jul-18	High profile to Cashel Street
Christchurch Central					
148 Victoria Street	Kouzina Appliances Ltd	Showroom	292.5	Oct-19	New lease.
Christchurch Central		Carparks	1		
168 St Asaph Street	Café Valentinos	Retail	331	Nov-18	New lease.
79 Cashel Street	Hawker & Roll	Retail	93.68	Aug-18	Premium corner space
Christchurch Central		Total	93.68		Within Westpac Building
19 New Regent Street	Café	Retail - Ground	28.75	Mar-18	New lease.
Christchurch Central		Retail - First	27.5		
128 Lichfield Street	Earl	Retail	205	Sep-17	New Lease, new building
Christchurch Central					

Retail rents within the CBD vary considerably with Cashel Street being the prime retail area with rents circa \$700-\$1000 per square metre. Secondary CBD rents are a step off this typically in the \$300 to \$600 per square metre range.

Kilmore Street and Victoria Street leases are inferior in location in the fringe of the CBD and inferior quality buildings.

Covid-19 has significantly impacted retail businesses with the lockdown and lack of revenue with closures seen throughout the city. With no transactions taken place we have captured this risk in our adopted yield rate which we have split for office and retail components.

We believe that the subject retail space falls in the vicinity of \$480 per square metre which we have adopted in our market rent schedule overleaf.

5.3 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	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Vodafone	Ground Floor Rē	148.9		Aug 2020	Fixed	\$71,630	\$481		\$86	\$86	\$475	\$561		\$70,728
Vodafone	Ground Floor Of	1,379.7		Aug 2020	Fixed	\$538,346	\$390		\$86	\$86	\$375	\$461		\$517,380
Vodafone	Ground Floor Cē	391.7		Aug 2020	Fixed	\$188,433	\$481		\$86	\$86	\$475	\$561		\$186,058
Vodafone	Level 1 Office	1,704.7		Aug 2020	Fixed	\$665,167	\$390		\$86	\$86	\$375	\$461		\$639,263
Vodafone	Level 2 Office	1,790.1		Aug 2020	Fixed	\$698,490	\$390		\$86	\$86	\$375	\$461		\$671,288
Vodafone	Level 3 Office	1,748.6		Aug 2020	Fixed	\$682,305	\$390		\$86	\$86	\$375	\$461		\$655,733
Vodafone	Level 4 Office	1,776.8		Aug 2020	Fixed	\$693,316	\$390		\$86	\$86	\$375	\$461		\$666,315
Vodafone	Carparks	40.0	40	Aug 2020	Fixed	\$133,415	\$0	\$64	\$15	\$15	\$0	\$15	\$65	\$135,200
Vodafone	Bike Parks	60.0	60	Aug 2020	Fixed	\$16,677	\$0	\$5	\$5	\$5	\$0	\$5	\$5	\$15,600
Vacant	Innovation Carp	50.0	50	Vacant			\$0		\$0	\$15	\$0	\$15	\$65	\$169,000
Aggregate		8,940.5	150			\$3,687,778								\$3,726,563

5.4 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	\$3,537,686	\$3,406,763
Car Parking Rental	\$150,092	\$319,800
Other Income (Fit-out Rental)	\$206,550	\$0
Outgoings Recovery	\$812,034	\$851,034
Gross Income	\$4,706,362	\$4,577,597
Outgoings	\$851,034	\$851,034
Contract Ground Rental	\$308,185	\$308,185
Net Income	\$3,547,143	\$3,418,378
Market Income on Vacant Car Park	\$169,000	
Vacant Area Outgoings	\$39,000	
Potential Net Income Fully Leased	\$3,755,143	\$3,418,378

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:

Christchurch



112 Cashel St, Christchurch Central

The property comprises a four story mixed use building comprising four retail tenancies of 420 sqm in total, five office tenancies of 1239 sqm and a penthouse apartment of 249 sqm. Completed in November 2017, this property was sold with 76% vacancy with many leases in the building leased on a casual basis.



329 Durham Street, Christchurch

A modern three level office building completed post the Canterbury Earthquakes. The building is occupied by Tavendale Partners, Staples Rodway and Perpetual Trust.



144 Lichfield Street, CBD, Christchurch

The property comprises a commercial premises, originally constructed in the 1930s and restored following the Canterbury earthquakes which is situated on a 938 square metre site on Poplar Lane in between Lichfield and Tuam Streets, Central Christchurch. The building has an NBS of 100% and comprises 1,596 square metres of office and retail accommodation which is leased at a net rental of \$581,271 per annum.



148 Victoria Street, Christchurch

A modern four level office building completed post the Canterbury Earthquakes. The building is occupied by Duncan Cotterill with additional ground floor retail tenancy



PWC Centre, Cashel Street, Christchurch

The PWC Centre comprises a post- earthquake developed office building located on the corner of Cashel Street and Cambridge Terrace, central Christchurch. The building contains some 7,917 square metres of office and retail accommodation leased to a variety of tenants including PWC, Chapman Tripp and Crombie Lockwood. There are a number of vacant areas with the rental underwritten by the vendor for 5 years.



104 Victoria Street, Christchurch City, Christchurch

Victoria Street comprises of a multi-story office building which also contains retail space on the ground floor. 32 Oxford Terrace consists of 5,500 square metres of A grade office building, which is tenanted by the Canterbury District Health Board for a 12 year term.



335 Lincoln Road, Addington, Christchurch

This property comprises a 2013 built office and retail complex located on Lincoln Road. The complex comprises three separate structures, two three level office buildings and a carparking building providing for 184 onsite carparks. The property has a total net lettable area of 5,380 square metres and a land area of 5,278 square metres. The property has 12 tenants including Media Works, Moore Stephens Markhams, Rawlinsons, Audit NZ, Rothbury Insurance and Town Tonic.



83 Victoria Street, CBD, Christchurch

The property comprises an architecturally designed post-earthquake constructed six level commercial building which is situated on a 724 square metre site on the corner of Peterborough and Victoria Streets. The building has an NBS of 100% and comprises 4,565 square metres of office and retail accommodation which is fully leased at a net rental of \$1,368,360 per annum.



131 Victoria St, Christchurch City, Christchurch

A 1,655sqm property which was refurbished and strengthened to 100% building code in 2013. The building was sold along with the fully-leased car park next door at 133 Victoria St. 133 Victoria St is the former site of the Department of Conservation where currently there are 45 car parks. These are mainly leased to the tenants in 131 Victoria St. Together, the two titles generate annual net rental income of \$766,813, with rent reviews built in to the leases.

We have captured the following sales within the Christchurch market and because of the quantum, have dated this back to 2016. Since 2016 we note that yields have compressed due to the economic climate with a low interest rate environment as well as national pressure from Auckland office sector yields facing pressure which has had a flow on impact to Wellington and Christchurch Markets.

Due to the nature of the asset being recently built to a high quality with a blue chip tenant and extensive fit out, we believe that the property is to be compared on a national scale due to the level of investment and have incorporated the following Auckland and Wellington office sales.

Auckland



345 Queen Street, Auckland

The property comprises a six level commercial building in the city's education precinct situated on the corner site of Queen Street and Mayoral Drive in Auckland CBD.

The building has a total net lettable area of 5,159 sqm and includes 53 onsite car parking spaces. The 2,032 sqm site is located near Myers Park, Auckland Town Hall, Britomart train station and is strategically located near Auckland University and AUT's city campus.

At the sale date the property was occupied by ACG Education, a well-established education provider, returning a net passing income of \$2,213,686 per annum plus GS, with a WALT of 20 years.



Achilles House, 8 Commerce Street, Auckland - CONF

The property comprises a 6 level office and retail buildings situated on the corner of Commerce Street and Customs Street East, Auckland.

The building has a total net lettable area of 3,902 sqm which was refurbished in 2009 with new HVAC systems, roof and common areas. The property comes with no car parking spaces.

The ground floor of the property accommodates 9 retail tenancies and levels 1-5 are comprised of office tenancies. At the sale date the property was fully leased returning a net rental of \$2,457,818 per annum, with a WALT of 2.46 years.



General Building, 33 Shortland Street, Auckland

The General Building comprise a 10 level character office and retail building situated in a prime Shortland Street location within the Auckland CBD. The building was originally constructed in 1928 with a latter addition in 1977 to provide a complementary tower on the upper side of Shortland Street constructed using a similar façade and internal finish.

The building has a total net lettable area of approximately 5,287 sqm, including approximately 663 sqm of retail accommodation to the ground floor including Working Style menswear and Wine Chambers bar.

At the sale date the property was 77.74% occupied, returning a gross passing rental of \$2,147,126 per annum plus GST, with a WALT of 1.66 years. The buildings have a seismic assessment of 70% NBS.



AUT Tower, 2-16 Wakefield Street, Auckland

AUT Tower comprises an 18 level building completed circa 1967 situated at the southern end of the Auckland CBD, within the education precinct. Office and classroom accommodation is provided over 17 levels, with one level of secure basement car parking.

The property is fully occupied by AUT, with a lease term of 4.83 years remaining at the date of sale.

Rent reviews are annually to 3%, with passing rentals equivalent to approximately \$240 per sqm over the office component. As part of the existing lease the building was being progressively upgraded with LED Lighting, new lifts, carpets etc, with the sale inclusive of a vendor undertaking to complete the lease obligations.



35 Graham Street, Auckland

35 Graham Street comprises a four storey office building including one level of basement storage. Car parking for 11 cars is provided to the perimeter. The property provides approximately 9,880 sqm of office accommodation over three levels with floor plates ranging from circa 2,900 sqm to 3,485 sqm. A large basement area of circa 2,525 sqm is currently utilised as storage.

The property is subject to a sale and leaseback arrangement, whereby the property is 100% leased to Auckland Council on a 2 year lease and producing a net income of \$3,975,000 per annum.

The property presents with future redevelopment potential which includes the option to add an additional two to three levels on top of the existing structure.



22 Fanshawe Street, Auckland

22 Fanshawe Street comprises a twelve level commercial office building with two levels of basement car parking situated at the intersection of Fanshawe and Federal Streets within the Auckland CBD. The property is currently 76% occupied with tenants including GroupM, Robert Walters, Veda Advantage and Tsavo.

The building provides quality office space with good natural light and usable floor plates of 610 square metres. The property incorporates ground floor open and two levels of basement secure car parking, providing a total of 73 car parking spaces accessed from Federal or Fanshawe Streets.

The property was purchased by an apartment developer, and we assume the sale reflects an element of its potential for residential conversion.

By way of comparison, we can identify Auckland as a superior location with higher rents and forecasted growth however can relate the subject property to this market due to the investment pressures being faced and quality of buildings being far less than the subject property.

Wellington



Pastoral House, 25 The Terrace, Wellington

Pastoral House comprises a 17 level office building with ground floor retail and car parking that is in the process of a significant refurbishment to provide for a new lease to the Ministry of Business, Innovation and Employment, who will on completion occupy the whole of the office accommodation within the property. Additional occupiers at Lambton Quay level include BNZ and NZ Post.

The building on completion will provided for a Net Lettable Area of approximately 15,800 sqm, incorporating 800 sqm floor plates above podium level, along with parking for 23 vehicles. The office space will be 'as new' with strengthening to 80% of NBS and new LED lighting, air conditioning, lifts and lobby areas.



33 Bowen Street, Wellington

33 Bowen Street is a well located 12 level office building that has been recently refurbished and leased in its entirety to the Ministry of Education on a new lease through to December 2030.

The building provides approximately 13,151 sqm of office accommodation plus 60 basement car parking spaces. The building has been strengthened to 100% of NBS as part of its recent refurbishment, which was completed by Fletcher Building. The lease to the Ministry of Education incorporates market reviews with the next review due in December 2021.



Spark Central, 42 Willis Street, Wellington

Spark Central is a 12 level office building providing for a net lettable area of approximately 28,000 square metres plus 76 basement carparks. The property is essentially fully leased with a WALT of 5.4 years at the date of sale and net passing income of \$14,491,781.

The property was sold by the Wellington Company and purchased by Maori Hill Property Limited, a company that manages a number of syndicated investment assets through New Zealand.



180 Willis Street, Te Aro, Wellington

The property comprises a 14 level office tower with levels ground and two made up of carparks and the balance office floors. Originally built 1975 the building comprises concrete foundations, floor slab, reinforced concrete panels and long run roofing. Refurbishment works completed to main foyer, lifts through 2013-2016.

The property has a 70% NBS rating.



Majestic Centre, 100 Willis Street, Wellington

The property comprises a landmark A-Grade office building providing for 21 levels of office space plus ground floor retail space and basement car parking.

The building was seismically strengthened in 2015-2016, with the strengthening works publicly increasing significantly from circa \$30 million to around \$90 million. The building is now noted to have a seismic rating of 100% of NBS.

The property at the date of sale was close to fully occupied with a weighted lease term of 6.2 years.



Transpower House, 96-102 The Terrace, Wellington

Transpower House comprises an eleven storey office building constructed circa 1960 and located on the western side of The Terrace. Sitting on an 1,805 sqm site, the building offers 8,300 sqm of lettable area. The building has a current NBS rating of 48%.

The property has a weighted average lease term of 0.24 years at the date of sale.



Cuba-Dixon, Corner Cuba and Dixon Streets, Wellington

The property is a newly developed six story building providing for ground floor retail (occupied by Cotton On, Barkers and Vodafone) and offices above occupied on a long term lease to Whitireia Weltec, an education provider.

The property was under construction at the date of sale, however is now nearing completion. We understand the building was designed to Importance Level 3 standards.



PwC Building, Site 10, Wellington

The PwC Building recently completed at Site 10 on the Waterfront. The property is located on a new 125 year terminating leasehold site with no ground rental payable.

As at the date of sale the building was 71.2% committed in terms of occupancy on completion, however also included a 3 year underwrite on any space not committed. As at the date of sale the main remaining tenancies were at ground level.

The weighted average lease term for the property, incorporating underwrite, was 10.3 years.

Further analysis on all of these transactions is held confidentially.

Key factors that will likely influence the realisable yield on the subject property include:

- Popular location within the CBD within the SALT District formerly known as the Innovation Precinct.
- Limited investment properties at this quantum and quality of tenant.
- 100% NBS rating
- Extensive fit-out
- Available car parking
- WALT of 7.89 years (by income)

- Leases have annual fixed rent reviews with a market Cap & Collar of 90% and 110% in 2022.
- Parity between passing and market rental rates.

It is too early to comment whether yields will soften due to COVID-19 with no significant transactions taking place however we do foresee the difference between primary and secondary yields to broaden as investors pull towards quality buildings and strong tenant covenant which represents the subject property.

We have split the yields with retail component yield of 6.75% reflecting the perceived risk in this asset class with 6.00% on the office component which compressed later 2019 and early 2020.

Based on the sales evidence, we have adopted the following valuation inputs which reflects a blended capitalisation rate:

Valuation Input	
Capitalisation Rate	6.046%
Discount Rate	7.700%

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"> ▪ Modern Office/Retail Building ▪ Blue-chip tenant ▪ Rent currently at market levels with annual fixed rent reviews. ▪ Significant fit-out investment by the tenant. ▪ Popular Inner City Location ▪ Carparking Building adjacent with Bus Exchange nearby 	<ul style="list-style-type: none"> ▪ WALT at 7.89 years, which we considered slightly short for this class of asset, with investors particularly attracted to properties with slightly longer lease profiles. ▪ Fringe Core office location currently with development still to take place on the north and eastern areas of the subject property. ▪ Cap & Collar market rent review mechanism which we have forecasted a 5% decrease in 2022
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Room to grow for the tenant with the level 4 not being used and retail space on the ground floor still not occupied. ▪ Room to negotiate a longer lease with the sitting tenant. ▪ Formally leasing the casual car parks for additional income and minimising the shortfall of income from this vacancy. 	<ul style="list-style-type: none"> ▪ Competing inner city office developments ▪ Delays in key projects such as the Christchurch Stadium and Fletcher Residential development to further develop the City and immediate area. ▪ The impact of the Covid-19 Coronavirus on the global economy and local property market is yet to be quantified.

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 an investor/ property syndicate.

7.4 Sales History

The subject property last transacted on the June 2014 for \$45,000,000 which represents the sale from Calder Stewart to the current vendor.

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 6.000%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$3,537,686	\$3,406,763
Car Parking Rental	\$150,092	\$319,800
Ideal Outgoings Recovery (Full Net Leases)	\$812,034	\$851,034
Total Rental Income	\$4,499,812	\$4,577,597
Less Outgoings Expenditure	(\$851,034)	(\$851,034)
Less Ground Rental	(\$308,185)	(\$315,119)
Net Rental Income	\$3,340,593	\$3,411,443
Core Income Capitalised at a Weighted Capitalisation Rate of 6.05%	\$55,769,590	\$56,422,072
Value Adjustments		
Present Value of Existing Rental Reversions	\$2,133,370	\$854,423
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	<i>(\$102,749)</i>	
<i>Present Value of Leasing Fees</i>	<i>(\$32,317)</i>	(\$135,066)
Value of Other Income	\$1,347,062	\$1,347,062
Car Park Lease Detriment Adjustment	(\$112,496)	\$1,961
Total Value Adjustments	\$3,232,870	\$2,068,380
Total Capitalised Value	\$59,002,460	\$58,490,452
Adopted Capitalised Value (say)	\$59,000,000	\$58,490,000

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

Letting Up Allowances

Within our capitalisation calculations we have made present value letting up allowances for those tenancies that are expiring over the next 24 months. This letting up allowance includes rental and outgoings void (downtime) as well as leasing / agents fees with leasing up the captured lease expiry's.

Other Income

We have allowed for the present value of any other income attributable to the Property. This is for the fit-out rental of which the Landlord has charged a rental per annum for the remainder of the lease. We have projected these cash flows of \$206,550 per year and applied a discount rate of 7% to calculate the present value of the remaining income stream for other income resulting in a value addition of \$1,347,062.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$58,490,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.30%)	5.750%	\$61,510,000	\$61,410,000
Adopted Capitalisation Rate	6.046%	\$59,020,000	\$58,930,000
0.20%	6.250%	\$56,740,000	\$56,640,000

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 7.700% to the cash flows to produce a present value of \$57,750,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary Year Ending 04-May-2021 04-May-2022 04-May-2023 04-May-2024 04-May-2025 04-May-2026 04-May-2027 04-May-2028 04-May-2029 04-May-2030 04-May-2031

	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	\$3,834,509	\$4,003,384	\$4,026,301	\$4,093,070	\$4,184,912	\$4,278,739	\$4,344,012	\$4,474,239	\$3,674,365	\$4,321,712	\$0
Outgoings Recovery	\$831,534	\$874,863	\$899,359	\$926,340	\$954,130	\$982,754	\$1,004,536	\$1,042,697	\$903,267	\$1,106,316	\$0
Other Income	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$137,700	\$0	\$0
Gross Rental Income	\$4,872,593	\$5,084,797	\$5,132,210	\$5,225,960	\$5,345,592	\$5,468,043	\$5,555,098	\$5,723,486	\$4,715,332	\$5,428,028	\$0
Rental Deductions											
Unexpired Incentives - Rent Free/Abatements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$851,034)	(\$874,863)	(\$899,536)	(\$926,522)	(\$954,318)	(\$982,947)	(\$1,012,435)	(\$1,042,809)	(\$1,074,093)	(\$1,106,316)	\$0
Ground Rental	(\$288,591)	(\$320,126)	(\$325,939)	(\$332,409)	(\$339,118)	(\$345,963)	(\$352,946)	(\$360,070)	(\$367,338)	(\$374,752)	(\$62,769)
Net Rental Cashflow	\$3,732,968	\$3,889,808	\$3,906,736	\$3,967,030	\$4,052,157	\$4,139,133	\$4,189,717	\$4,320,608	\$3,273,901	\$3,946,960	\$0
Rental Adjustments											
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	(\$33,280)	\$0	\$0	\$0	\$0	\$0	(\$37,603)	\$0	(\$824,538)	\$0	\$0
Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	(\$62,566)	(\$64,443)	(\$66,376)	(\$68,368)	\$0
Net Cashflow	\$3,699,688	\$3,889,808	\$3,906,736	\$3,967,030	\$4,052,157	\$4,139,133	\$4,089,547	\$4,256,165	\$2,382,987	\$3,878,592	\$0
Purchase Price	\$58,400,000	After Costs									
Sale Price	\$64,710,000	After Costs									\$64,062,900
Annual Cashflow	(\$54,700,312)	\$3,889,808	\$3,906,736	\$3,967,030	\$4,052,157	\$4,139,133	\$4,089,547	\$4,256,165	\$2,382,987	\$3,878,592	\$64,062,900
Present Value of Rental Cashflow											
Present Value of Terminal Value											
Allowance for Acquisition Costs		\$0									
Total Net Present Value (say)			\$57,750,000								
											Resulting IRR 7.53%



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		1.85%	
	0.00%	1.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Retail							10 year average		1.50%	
	0.00%	0.00%	1.00%	1.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%
CPI							10 year average		1.93%	
	1.50%	1.80%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		3.18%	
	5.00%	2.80%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average		2.96%	
	2.80%	2.80%	3.00%	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%. We have projected the probability of the lease not being renewed at 40% reflecting a 60% likelihood of renewal. We believe this is due to the location at the time of expiry with the city further built up as well as the level of fit out which has been made on the property which will still be current at the time of expiry. Our allowances are outlined in the table below:

Office	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	6 months	100%	0%	100%	\$0	100%
	Year 1	6 months	100%	0%	100%	\$0	100%
	Year 2	6 months	40%	0%	100%	\$0	100%
	Year 3	6 months	40%	0%	100%	\$0	100%
	Year 4	6 months	40%	0%	100%	\$0	100%
	Year 5	6 months	40%	0%	100%	\$0	100%
	Year 6	6 months	40%	0%	100%	\$0	100%
	Year 7	6 months	40%	0%	100%	\$0	100%
	Year 8	6 months	40%	0%	100%	\$0	100%
	Year 9	6 months	40%	0%	100%	\$0	100%
	Year 10	6 months	40%	0%	100%	\$0	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	\$0	\$0
Year 2	\$0	\$0	\$0
Year 3	\$0	\$0	\$0
Year 4	\$0	\$0	\$0
Year 5	\$0	\$0	\$0
Year 6	\$0	\$0	\$0
Year 7	\$0	\$62,566	\$62,566
Year 8	\$0	\$64,443	\$64,443
Year 9	\$0	\$66,376	\$66,376
Year 10	\$0	\$68,368	\$68,368
10 Year Total	\$0	\$261,753	\$261,753
Capex as a proportion of Value	0.4%	Per Sqm of Lettable Area	\$29.28

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 6.296% (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	1.00% 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		
	6.000%	6.250%	6.500%
7.450%	\$60,030,000	\$58,740,000	\$57,540,000
7.700%	\$59,010,000	\$57,750,000	\$56,570,000
7.950%	\$58,020,000	\$56,780,000	\$55,630,000

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$58,490,000
Capitalisation Approach - Contract Income	\$59,000,000
Discounted Cash Flow Approach	\$57,750,000
Adopted Value	\$58,400,000

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 commercial office market investment sentiment, we have adopted a rounded valuation figure of \$58,400,000 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 5 May 2020, is:

\$58,400,000 plus GST (if any)

Fifty Eight Million Four Hundred Thousand Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 6.07%, an equivalent yield of 6.06%, an internal rate of return of 7.53%, and a rate of \$6,532 per square metre of Lettable Area.

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

- PMG Direct Office Fund – for Product Disclosure Statement purposes

No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

9.3 Mortgage Security Recommendation

Subject to the comments in this report, we consider the Property to be a suitable security for first mortgage purposes.

As noted throughout this report the ongoing COVID-19 is creating material valuation uncertainty and we would recommend extra caution is applied to any lending during these unprecedented times. Confirmation of the valuation and assumptions adopted is recommended for parties prior to reliance upon this valuation.

9.4 Market Value Apportionment

We have been requested to provide an apportionment of the land and improvements within the Market Value as assessed.

In order to establish value parameters to the subject we have investigated recent land sales within the immediate locality. In the interest of brevity, we retain all sales evidence on file and outline our apportionment of the value assessed as follows:

Valuation Apportionment	Value
Land Value	\$3,040,000
Improvements Value	\$55,360,000
Adopted Value	\$58,400,000

This apportionment has been undertaken for accounting purposes only, and should not be utilised as an assessment of improvement indemnity or replacement value for insurance purposes.

9.5 Involvement Statement

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

Inspection of Property	Graeme McDonald & Mike O'Connor
Calculations	Graeme McDonald & Mike O'Connor
Information Review	Graeme McDonald & Mike O'Connor
Report Authoring	Graeme McDonald & Mike O'Connor
Quality Assurance	Ben Johnson
Principal Valuer	Graeme McDonald

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

Jones Lang LaSalle

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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
Historical Search Copy**




R. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier CB20F/393
Land Registration District Canterbury
Date Issued 12 October 1979

Prior References
CB226/294

Estate	Fee Simple
Area	789 square metres more or less
Legal Description	Part Section 974 and Part Section 976 Town of Christchurch

Original Registered Owners
Warwick Anthony Dominic Aiken and Russell Dillon Horlor

Interests

Subject to a Party wall easement created by Transfer 100985
Subject to a Party wall easement created by Transfer 96577
A431945.3 Mortgage to ANZ Banking Group (New Zealand) Limited - 2.11.1999 at 2.20 pm
5611269.1 Discharge of Mortgage A431945.3 - 5.6.2003 at 9:00 am
5611269.2 Transfer to Star Performance Limited - 5.6.2003 at 9:00 am
5611269.3 Mortgage to Southland Building Society - 5.6.2003 at 9:00 am
6942110.1 Discharge of Mortgage 5611269.3 - 21.7.2006 at 9:50 am
6942110.2 Mortgage to Kiwibank Limited - 21.7.2006 at 9:50 am
9395149.1 Notice of intention to take land under section 54 of the Canterbury Earthquake Recovery Act 2011 - 14.5.2013 at 1:00 pm
9738187.6 Withdrawal of Notice of intention to take land under section 54 of the Canterbury Earthquake Recovery Act 2011 9395149.1 - 29.5.2014 at 2:55 pm
9738187.7 Discharge of Mortgage 6942110.2 - 29.5.2014 at 2:55 pm
9738187.8 Transfer to Kew Innovation Limited - 29.5.2014 at 2:55 pm
9738187.11 Transfer to Calder Stewart Industries Limited - 29.5.2014 at 2:55 pm
9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB17F/1096, CB28B/1217 and CB3D/825) - 18.9.2014 at 4:31 pm
9960985.6 Surrender of the easements created by Transfer 100985 - 4.2.2015 at 4:47 pm
9976238.1 Transfer to Tuam Street West Limited - 20.2.2015 at 8:32 am
10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm
Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm

References

Prior C/T 226/294

Transfer No.

N/C. Order No. 247387/1-11.10.1979



CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate dated the 12th day of October one thousand nine hundred and seventy-nine under the seal of the District Land Registrar of the Land Registration District of CANTERBURY.

WITNESSETH that VELVIN & HENDERSON (WHOLESALE) LIMITED at Christchurch

is seized of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon, be the several admeasurements a little more or less, that is to say: All that parcel of land containing 789 square metres or thereabouts situated in the City of Christchurch being part of Sections 974 and 976 Town of Christchurch

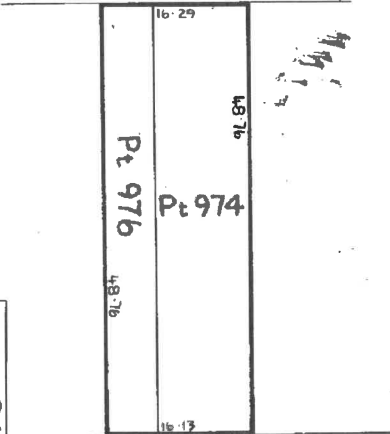


Subject to:

(i) Party wall easements granted by Transfers 96577 and 100985.

(ii) Mortgage 938220 to B.J. Drake & McGillivray Nominees Limited - 29.11.1973 at 9.40 am. (as varied subsequently).

95.9 ASH STREET



20.2 TUAM STREET

Total Area - 789m²

Measurements are Metric

DISCHARGED stamps and signatures for mortgages 262718/1 and 407979/1.

Mortgage 262718/1 to NZ Banking Group (New Zealand) Limited - 18.11.1980 at 10.27 a.m.

Mortgage 407979/1 to B.J. Drake & McGillivray Nominees Limited - 2.11.1982 at 9.00 am.

513023/1 Change of Name of the mortgage under Mortgage 938220 & 407979/1 to McGillivray, Callaghan & Co., Solicitors Nominee Company Limited - 18-10-1984 at 9-04 a.m.

Mortgage 574249/4 to McGillivray, Callaghan & Co. Solicitors Nominee Company Limited - 22/11/1988 at 9.08am

OVER

CERTIFICATE OF TITLE No. 20F / 393

Variation of Mortgage 574249/4 - 16.12.1988
at 9.00am

Drannon

CAVEAT A38298/1 ~~DISCHARGED~~ MAHOGANY HALL PROPERTIES
LIMITED - 26.10.1993 at 11.23am

*WITHDRAWN
13/10/93
RGL*

for A.L.R.

[Signature]

for A.L.R.

Transfer A76011/2 to Mahogany Hall
Properties Limited at Christchurch -
13.10.1993 at 11.36am

C.P. Joly

Mortgage A76011/3 to ~~DISCHARGED~~ Anderson
(Wholesale) Limited - 13.10.1993 at 11.36am

*23/10/93
[Signature]*

for A.L.R.

[Signature]

for A.L.R.

Mortgage A232847/2 to ANZ Banking Group
(New Zealand) Limited - 23.10.1993 at
11.42am

*DISCHARGED
23/10/93
[Signature]*

C. Moore

for A.L.R.

A431945.2 Transfer to Warwick Anthony
Dominic Aiken and Russell Dillon Horlor

A431945.3 Mortgage to ANZ Banking Group
(New Zealand) Limited

at 2.11.1993 at 2.20

Chishes
for RGL



Identifier**CB28B/1217**

9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB17F/1096, CB20F/393 and CB3D/825) - 18.9.2014 at 4:31 pm

9960985.5 Surrender of the easements created by Transfer 96576 - 4.2.2015 at 4:47 pm

9960985.7 Surrender of the easements created by Transfer 188155 - 4.2.2015 at 4:47 pm

9976238.1 Transfer to Tuam Street West Limited - 20.2.2015 at 8:32 am

10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm

Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm

References
Prior C/T 278/196

Land and Deeds 69

Transfer No.
N/C. Order No. 593926A/1



REGISTER

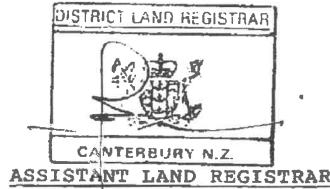
No. 28B / 1217

CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate dated the 26th day of March one thousand nine hundred and eighty-six under the seal of the District Land Registrar of the Land Registration District of CANTERBURY

WITNESSETH that RICHARD VAN DEN BOS of Christchurch, Property Investor

is seized of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon, be the several admeasurements a little more or less, that is to say: All that parcel of land containing 197 square metres or thereabouts being part Town Section 976 Town of Christchurch



Subject to:

A Party Wall Right appurtenant to Part Sections 976 and 978 Town of Christchurch (C.T.7F/1096) contained in Transfer 188155

Mortgage 594706/3 to Douglas Henry Lee - 26.3.1986 at 11.10a.m. Exercised by T.663689/1

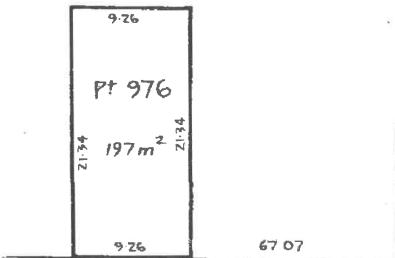
Mortgage 594706/2 to Registered Securities Limited exercised at 11.10a.m. of Sale Transfer 663689/1 Christchurch City

Appurtenant hereto:

A Party Wall easement over part Section 976 Town of Christchurch (C.T.17F/1096) contained in Transfer 96576

A Party Wall easement over Part Section 976 Town of Christchurch (C.T.20F/393) contained in Transfer 96577

A Party Wall Right over Part Section 976 Town of Christchurch (C.T.7F/1096) contained in Transfer 188155



TUAM STREET

MADRAS ST (S.H.1)

Measurements are Metric
B.M.273-5

CAVEAT 619134/5 by Douglas Stringer Solicitors Limited - 25.6.1986 at 11.35a.m.

CAVEAT 636153/7 by Bank of New Zealand - 3.9.1986 at 11.00a.m.

over

No. 28B / 1217

CERTIFICATE OF TITLE No. 28B / 1217

Transfer 663689/1 in exercise of Power of Sale under Mortgage 594706/2 to Peter Lloyd Machirus of Christchurch Manager - 4.2.1987 at 11.56a.m.

for A.L.R.
Mortgage 663689/2 to Regional Australia Finance Limited - 4.2.1987 at 11.56a.m.

for A.L.R.
Mortgage 670267/1 to General Finance Acceptance Limited - 1987 at 9.48a.m.

856215/1 for A.L.R.
Mortgage 706844/1 to Sully Mortgage Finance and Savings Limited - 13.10.1987 at 11.53am

for A.L.R.
Transfer 873605/4 to Mahogany Hall Properties Limited at Christchurch - 2.5.1990 at 10.15am

for A.L.R.
Mortgage 873605/5 to ANZ Banking Group (New Zealand) Limited - 21.9.1998 at 10.15am

for A.L.R.
A369534.2 Transfer to Warwick Anthony Dominic Aiken and Russell Dillon Horlor

A369534.3 Mortgage to ANZ Banking Group (New Zealand) Limited

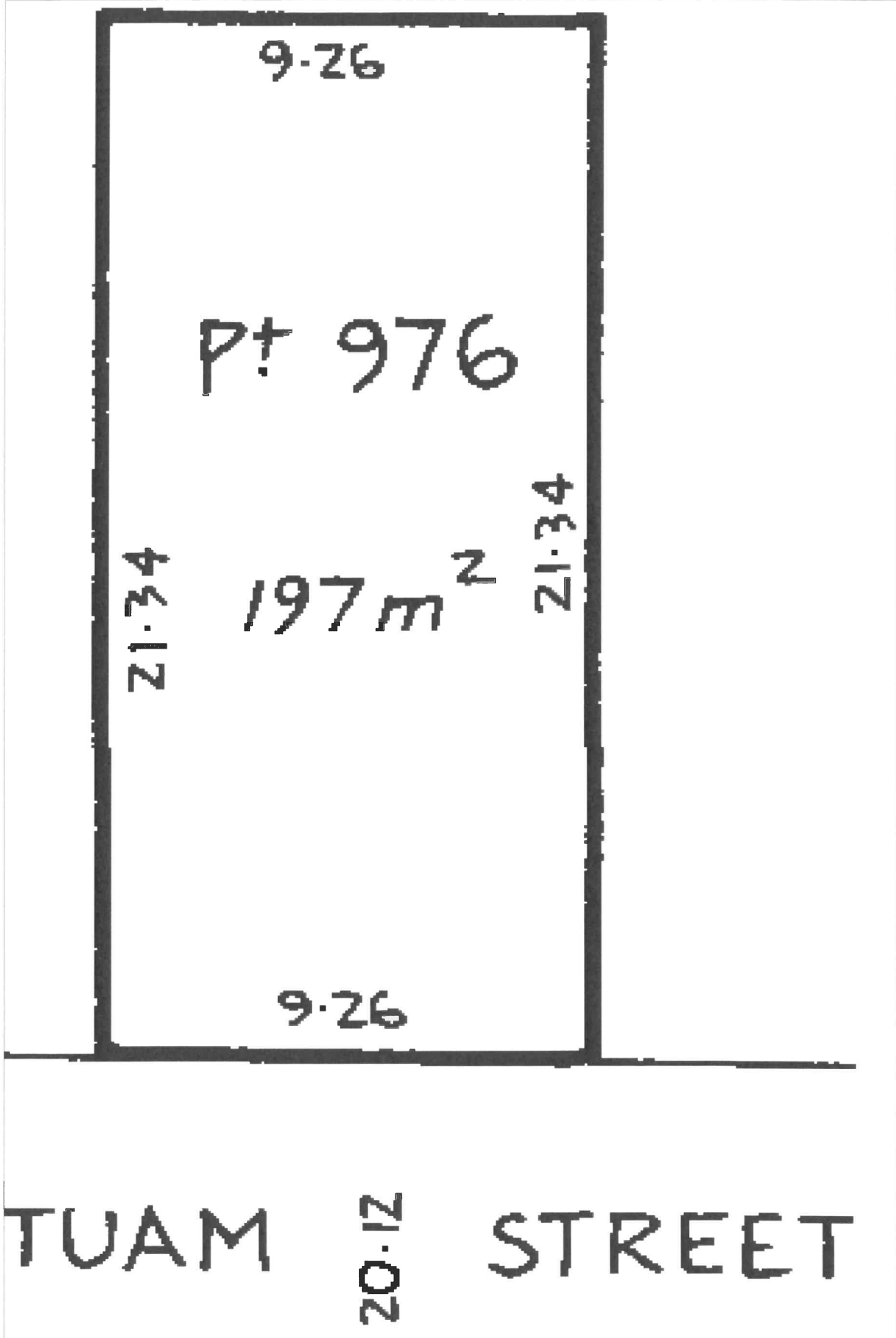
all 21.9.1998 at 1.29

Sunder
for DLR



Identifier

CB28B/1217





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




R. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier 675537
Land Registration District Canterbury
Date Issued 04 February 2015

Prior References

CB17F/1096

Estate Fee Simple
Area 605 square metres more or less
Legal Description Lot 2 Deposited Plan 481532

Original Registered Owners

Calder Stewart Industries Limited

Interests

9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB20F/393 and CB28B/1217) - 18.9.2014 at 4:31 pm

9976238.1 Transfer to Tuam Street West Limited - 20.2.2015 at 8:32 am

10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm

Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm



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




R. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier 675538
Land Registration District Canterbury
Date Issued 04 February 2015

Prior References
CB3D/825

Estate Fee Simple
Area 433 square metres more or less
Legal Description Lot 3 Deposited Plan 481532

Original Registered Owners
Calder Stewart Industries Limited

Interests

9976238.1 Transfer to Tuam Street West Limited - 20.2.2015 at 8:32 am
10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm
Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm
10796442.1 CAVEAT BY ORION NEW ZEALAND LIMITED - 19.5.2017 at 4:01 pm
11116086.1 Withdrawal of Caveat 10796442.1 - 21.5.2018 at 10:07 am
Subject to a right (in gross) to convey electricity, telecommunications and computer media in gross over part marked A on DP 519290 in favour of Orion New Zealand Limited created by Easement Instrument 11116086.2 - 21.5.2018 at 10:07 am



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




R. W. Muir
Registrar-General
of Land

Identifier 675537
Land Registration District Canterbury
Date Issued 04 February 2015

Prior References

CB17F/1096

Estate	Fee Simple
Area	605 square metres more or less
Legal Description	Lot 2 Deposited Plan 481532

Registered Owners

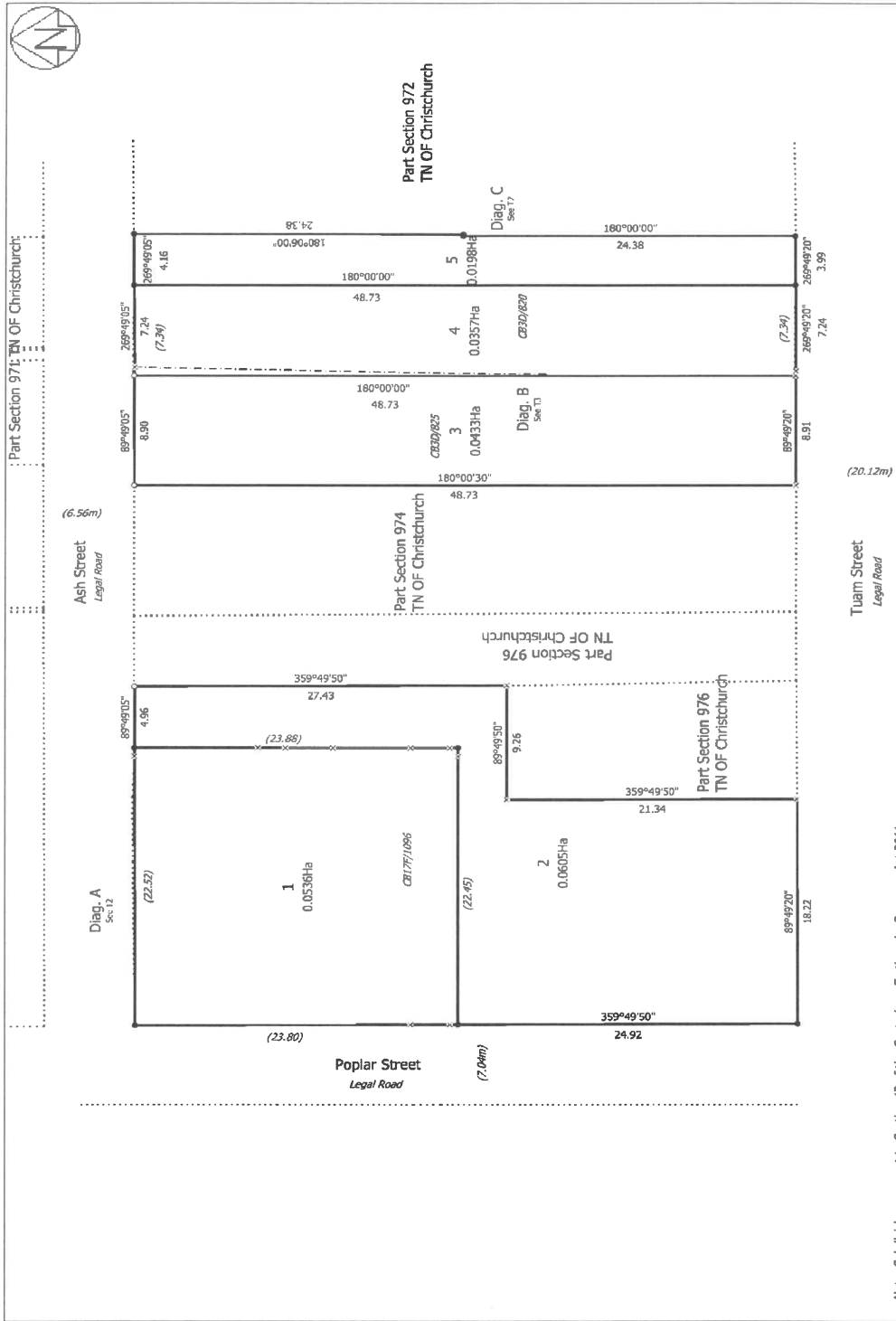
Tuam Street West Limited

Interests

9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB20F/393 and CB28B/1217) - 18.9.2014 at 4:31 pm

10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm

Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm



Note: Subdivision pursuant to Section 43 of the Canterbury Earthquake Recovery Act 2011

Land District: Canterbury

Digitally Generated Plan
Generated on: 22/12/2014 1:49pm Page 4 of 6

Surveyor: Christopher John Scott
Firm: Beca Limited

Title Plan
LT 481532
Approved on: 22/12/2014

T 116

Lots 1-5 Being a Subdivision of Pt Sections 972, 974, 976 & 978 TN of Christchurch, and Lots 1 & 2 DP 23073



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




R. W. Muir
Registrar-General
of Land

Identifier CB20F/393
Land Registration District Canterbury
Date Issued 12 October 1979

Prior References

CB226/294

Estate	Fee Simple
Area	789 square metres more or less
Legal Description	Part Section 974 and Part Section 976 Town of Christchurch

Registered Owners

Tuam Street West Limited

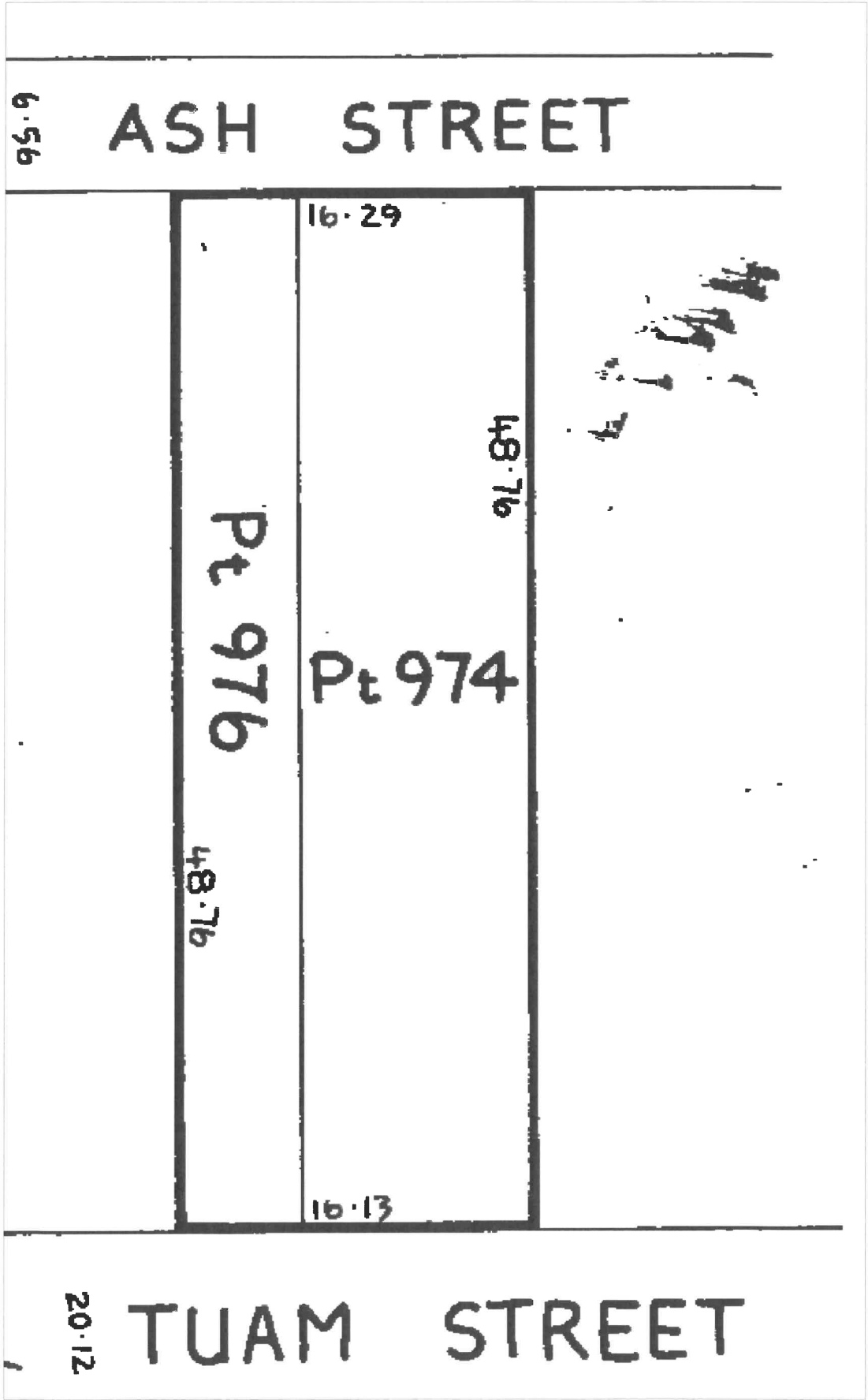
Interests

Subject to a Party wall easement created by Transfer 96577

9843633.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS CB17F/1096, CB28B/1217 and CB3D/825) - 18.9.2014 at 4:31 pm

10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm

Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm





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




R. W. Muir
Registrar-General
of Land

Identifier **675538**
Land Registration District **Canterbury**
Date Issued 04 February 2015

Prior References

CB3D/825

Estate Fee Simple
Area 433 square metres more or less
Legal Description Lot 3 Deposited Plan 481532

Registered Owners

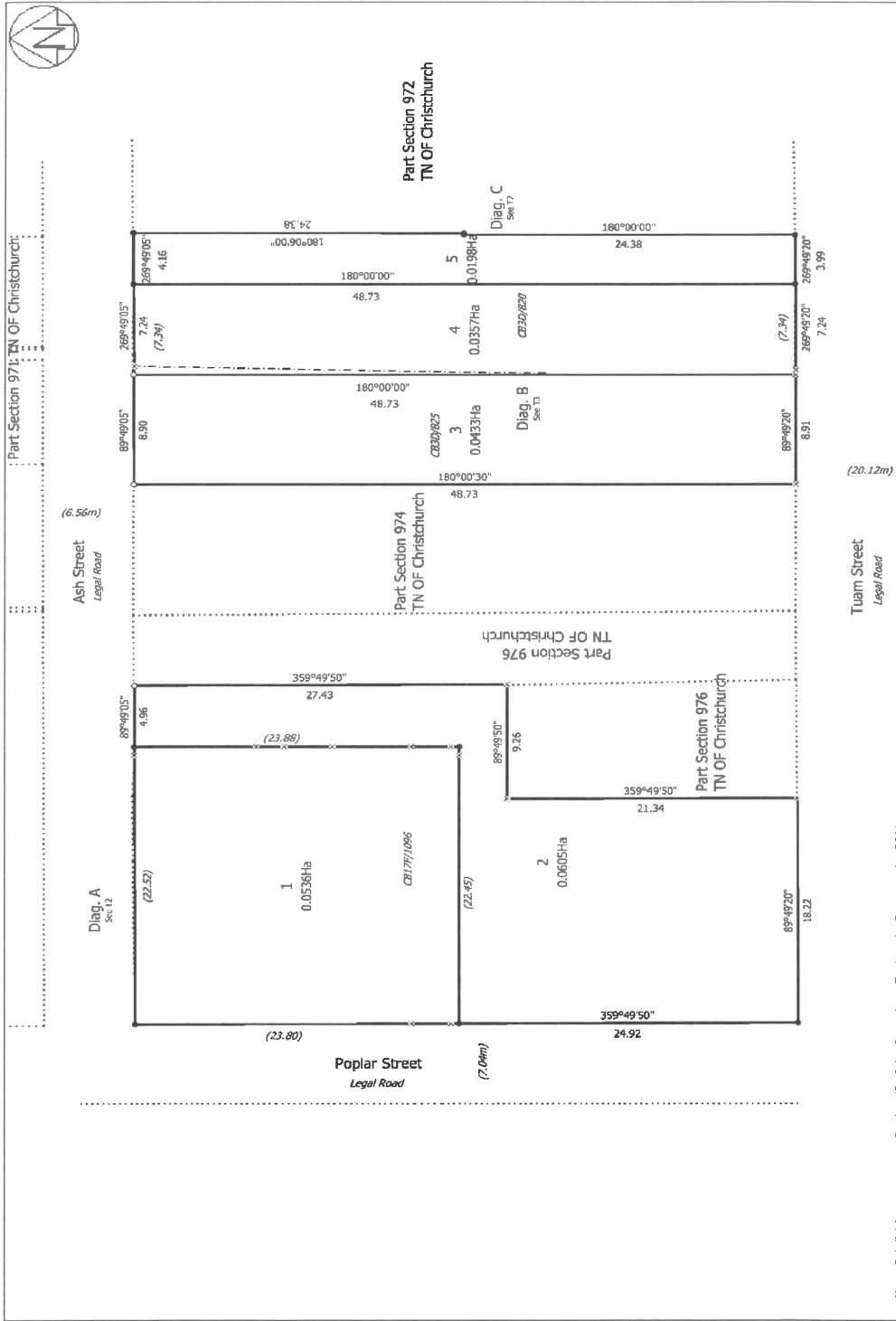
Tuam Street West Limited

Interests

10209565.1 Mortgage to ANZ Bank New Zealand Limited - 7.10.2015 at 5:46 pm

Land Covenant in Easement Instrument 10598179.11 - 2.11.2016 at 4:34 pm

Subject to a right (in gross) to convey electricity, telecommunications and computer media in gross over part marked A on DP 519290 in favour of Orion New Zealand Limited created by Easement Instrument 11116086.2 - 21.5.2018 at 10:07 am



Note: Subdivision pursuant to Section 43 of the Canterbury Earthquake Recovery Act 2011

Land District: Canterbury Digitally Generated Plan <small>Generated on: 22/12/2014 11:43pm Page 4 of 6</small>	Lots 1-5 Being a Subdivision of Pt Sections 972, 974, 976 & 978 TN of Christchurch, and Lots 1 & 2 DP 23073	Surveyor: Christopher John Scott Firm: Bece Limited	Title Plan LT 481532 Approved on: 22/12/2014
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View Instrument Details

Instrument No. 10598179.11
Status Registered
Date & Time Lodged 02 Nov 2016 16:34
Lodged By Munday, Simon James
Instrument Type Easement Instrument



Affected Computer Registers	Land District
675537	Canterbury
675538	Canterbury
752499	Canterbury
752500	Canterbury
752501	Canterbury
752502	Canterbury
752503	Canterbury
752504	Canterbury
752505	Canterbury
752506	Canterbury
752507	Canterbury
752508	Canterbury
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752562	Canterbury
752563	Canterbury

Affected Computer Registers Land District

752564	Canterbury
752565	Canterbury
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752662	Canterbury

Affected Computer Registers **Land District**

752663	Canterbury
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753530	Canterbury
753531	Canterbury
753532	Canterbury
753533	Canterbury
753534	Canterbury
CB20F/393	Canterbury
CB28B/1217	Canterbury

Annexure Schedule: Contains 3 Pages.

Grantor Certifications

- I certify that I have the authority to act for the Grantor and that the party has the legal capacity to authorise me to lodge this instrument
- I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument
- I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply
- I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period
- I certify that the Mortgagee under Mortgage 10209565.1 has consented to this transaction and I hold that consent
- Mortgage 10110067.1 does not affect the servient tenement, therefore the consent of the Mortgagee is not required
- Encumbrance 9958705.3 does not affect the servient tenement, therefore the consent of the Encumbrancee is not required
- Encumbrance 10181693.1 does not affect the servient tenement, therefore the consent of the Encumbrancee is not required
- Encumbrance 10598179.3 does not affect the servient tenement, therefore the consent of the Encumbrancee is not required

Signature

Signed by Adam McAra Copland as Grantor Representative on 02/11/2016 01:52 PM

Grantee Certifications

I certify that I have the authority to act for the Grantee and that the party has the legal capacity to authorise me to lodge this instrument

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period

Signature

Signed by Simon James Munday as Grantee Representative on 31/10/2016 06:27 PM

***** End of Report *****

Easement instrument to create land covenant

(Sections 90A and 90F Land Transfer Act 1952)

Grantor

Tuam Street West Limited

Grantee

Innovation Carpark Limited

Creation of Covenant

The Grantor being the registered proprietor of the servient tenement set out in Schedule A creates the covenant set out in Schedule A, with the rights and powers or provisions set out in the Annexure Schedule(s)

Schedule A

Continue in additional Annexure Schedule, if required

Purpose (Nature and extent) of easement; <i>profit</i> or covenant	Shown (plan reference)	Servient Tenement (Computer Register)	Dominant Tenement (Computer Register) or in gross
Covenant		CB28B/1217, CB20F/393, 675538 and 675537 (all Canterbury Registration District)	753520-753534 (inclusive), 752499-752523 (inclusive), 752550-752574 (inclusive), 752601-752625 (inclusive) and 752652-752659 (inclusive) and 752662-752668 (inclusive) (all Canterbury Registration District)

Annexure Schedule

Easement Instrument Pages

Page 2 of 3

It is the Grantor's intention to create for the benefit of the lot shown in Schedule A as the Dominant Tenement the land covenants set out in Schedule B over the other lot shown in Schedule A as the Servient Tenement TO THE INTENT that the lot shown in Schedule A as the Servient Tenement shall be bound by the stipulations and restrictions set out in Schedule B and that the owner and occupier for the time being of the lot shown in Schedule A as the Dominant Tenement may enforce the observance of such stipulations against the owner for the time being of the other lot shown in Schedule A as the Servient Tenement. The covenants in Schedule B shall be covenants running with the lot shown in Schedule A as the Servient Tenement for the benefit of and forever appurtenant to the other lot shown in Schedule A as the Dominant Tenement.

SCHEDULE B

1. Creation of Land Covenants

- 1.1 The Grantor for itself and its successors in title covenants and agrees with the Grantee and its successors in title that the Grantor will at all times observe and perform the covenants contained in this Easement Instrument to the intent that each of the covenants will forever enure for the benefit of and be appurtenant to the Dominant Tenement and the registered proprietor of the Dominant Tenement provided that the Grantor will be liable only for breaches of the covenants contained in this Easement Instrument which occur whilst the Grantor is the registered proprietor of the Servient Tenement.
- 1.2 The Grantor will at all times indemnify and keep the Grantee indemnified from all losses, costs, claims and demands in respect of any breach or non-observance by the Grantor of these covenants.

2. Construction Covenants

- 2.1 The Grantor for itself and its successors in title hereby covenants and agrees with the Grantee and its successors in title for the benefit of the Dominant Tenement that:
- 2.1.1 at all times while the Grantor is a tenant under registered lease number 10598179.9 (**Lease**) the Grantor must remain the registered proprietor of the Servient Tenement; and
- 2.1.2 the Grantor will not sell, exchange, lease or otherwise dispose of the Servient Tenement without also disposing of its interest under the Lease in accordance with the provisions of the Lease.

3. Default

- 3.1 If there shall be any breach or non-observance on the Grantor's part of the Covenants contained in this Easement Instrument (and without prejudice to any other liability which the Grantor may have to the Grantee or any other person having the benefit of these Covenants) :
- 3.1.1 the Grantor will on written demand being made by the registered proprietor of the Dominant Tenement pay to the Grantee (or other person having the benefit of these Land Covenants) making such demand as liquidated damages the sum of \$150.00 per day for every day or part day that such breach or non-observance of the Land Covenants contained in this Easement Instrument continues after the date upon which written demand has been made; and
- 3.1.2 the Grantee will be entitled to equitable relief, including injunction and specific performance in addition to all other remedies available to the Grantee at law statute or otherwise.

4. Disputes

- 4.1 If a dispute arises in relation to this Easement Instrument:

Annexure Schedule

Easement Instrument Pages

Page of

- 4.1.1 the party initiating the dispute must provide full written particulars of the dispute to the other party;
- 4.1.2 the parties must promptly meet and in good faith try to resolve the dispute;
- 4.1.3 If the dispute is not resolved within ten (10) days of the written particulars being given (or any longer period agreed by the parties) the dispute must be referred to arbitration in accordance with the Arbitration Act 1996 to be conducted by a single arbitrator to be agreed on by the parties or, failing agreement, to be appointed by the President of the New Zealand Law Society.

5. Discharge

- 5.1 This Easement Instrument shall immediately determine and the Grantor shall be entitled to a full discharge of the Easement Instrument when the Grantor's interest in the Lease has been terminated.
- 5.2 The discharge of the Easement Instrument (partial or otherwise) will not prejudice or affect any rights the Grantee may have against the Grantor under any other deed, instrument, transfer or agreement.

Appendix 3 – Carpark Legal Details

Bicycle Parks

Premises	Unique Identifiers	Legal Description
Bicycle Park PU19B	753520	Principal Unit 19B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU20B	753521	Principal Unit 20B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU21B	753522	Principal Unit 21B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU22B	753523	Principal Unit 22B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU23B	753524	Principal Unit 23B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU24B	753525	Principal Unit 24B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU25B	753526	Principal Unit 25B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU26B	753527	Principal Unit 26B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU27B	753528	Principal Unit 27B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU28B	753529	Principal Unit 28B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU29B	753530	Principal Unit 29B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU30B	753531	Principal Unit 30B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU31B	753532	Principal Unit 31B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU32B	753533	Principal Unit 32B DP 499829 and Accessory Unit 1B DP 499829
Bicycle Park PU33B	753534	Principal Unit 33B DP 499829 and Accessory Unit 1B DP 499829

Car Parks

Premises	Unique Identifiers	Legal Description
Car Park PU180	752499	Principal Unit 180 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU181	752500	Principal Unit 181 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU182	752501	Principal Unit 182 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU183	752502	Principal Unit 183 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU184	752503	Principal Unit 184 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU185	752504	Principal Unit 185 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU186	752505	Principal Unit 186 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU187	752506	Principal Unit 187 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU188	752507	Principal Unit 188 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU189	752508	Principal Unit 189 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU190	752509	Principal Unit 190 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU191	752510	Principal Unit 191 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU192	752511	Principal Unit 192 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU193	752512	Principal Unit 193 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU194	752513	Principal Unit 194 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU195	752514	Principal Unit 195 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU196	752515	Principal Unit 196 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU197	752516	Principal Unit 197 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU198	752517	Principal Unit 198 DP 499829 and Accessory Unit 2A DP 499829

Car Parks

Premises	Unique Identifiers	Legal Description
Car Park PU199	752518	Principal Unit 199 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU200	752519	Principal Unit 200 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU201	752520	Principal Unit 201 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU202	752521	Principal Unit 202 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU203	752522	Principal Unit 203 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU204	752523	Principal Unit 204 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU231	752550	Principal Unit 231 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU232	752551	Principal Unit 232 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU233	752552	Principal Unit 233 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU234	752553	Principal Unit 234 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU235	752554	Principal Unit 235 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU236	752555	Principal Unit 236 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU237	752556	Principal Unit 237 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU238	752557	Principal Unit 238 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU239	752558	Principal Unit 239 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU240	752559	Principal Unit 240 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU241	752560	Principal Unit 241 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU242	752561	Principal Unit 242 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU243	752562	Principal Unit 243 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU244	752563	Principal Unit 244 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU245	752564	Principal Unit 245 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU246	752565	Principal Unit 246 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU247	752566	Principal Unit 247 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU248	752567	Principal Unit 248 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU249	752568	Principal Unit 249 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU250	752569	Principal Unit 250 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU251	752570	Principal Unit 251 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU252	752571	Principal Unit 252 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU253	752572	Principal Unit 253 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU254	752573	Principal Unit 254 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU255	752574	Principal Unit 255 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU282	752601	Principal Unit 282 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU283	752602	Principal Unit 283 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU284	752603	Principal Unit 284 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU285	752604	Principal Unit 285 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU286	752605	Principal Unit 286 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU287	752606	Principal Unit 287 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU288	752607	Principal Unit 288 DP 499829 and Accessory Unit 2A DP 499829

Car Parks		
Premises	Unique Identifiers	Legal Description
Car Park PU289	752608	Principal Unit 289 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU290	752609	Principal Unit 290 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU291	752610	Principal Unit 291 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU292	752611	Principal Unit 292 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU293	752612	Principal Unit 293 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU294	752613	Principal Unit 294 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU295	752614	Principal Unit 295 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU296	752615	Principal Unit 296 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU297	752616	Principal Unit 297 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU298	752617	Principal Unit 298 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU299	752618	Principal Unit 299 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU300	752619	Principal Unit 300 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU301	752620	Principal Unit 301 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU302	752621	Principal Unit 302 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU303	752622	Principal Unit 303 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU304	752623	Principal Unit 304 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU305	752624	Principal Unit 305 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU306	752625	Principal Unit 306 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU333	752652	Principal Unit 333 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU334	752653	Principal Unit 334 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU335	752654	Principal Unit 335 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU336	752655	Principal Unit 336 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU337	752656	Principal Unit 337 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU338	752657	Principal Unit 338 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU339	752658	Principal Unit 339 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU340	752659	Principal Unit 340 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU341	752660	Principal Unit 341 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU342	752661	Principal Unit 342 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU343	752662	Principal Unit 343 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU344	752663	Principal Unit 344 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU345	752664	Principal Unit 345 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU346	752665	Principal Unit 346 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU347	752666	Principal Unit 347 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU348	752667	Principal Unit 348 DP 499829 and Accessory Unit 2A DP 499829
Car Park PU349	752668	Principal Unit 349 DP 499829 and Accessory Unit 2A DP 499829

Appendix 4 – LLUR

Customer Services
P. 03 353 9007 or 0800 324 636

PO Box 345
Christchurch 8140

P. 03 365 3828
F. 03 365 3194
E. ecinfo@ecan.govt.nz

www.ecan.govt.nz

Dear Sir/Madam

Thank you for submitting your property enquiry in regards to our Listed Land Use Register (LLUR) which holds information about sites that have been used, or are currently used for activities which have the potential to have caused contamination.

The LLUR statement provided indicates the location of the land parcel(s) you enquired about and provides information regarding any LLUR sites within a radius specified in the statement of this land.

Please note that if a property is not currently entered on the LLUR, it does not mean that an activity with the potential to cause contamination has never occurred, or is not currently occurring there. The LLUR is not complete, and new sites are regularly being added as we receive information and conduct our own investigations into current and historic land uses.

The LLUR only contains information held by Environment Canterbury in relation to contaminated or potentially contaminated land; other information relevant to potential contamination may be held in other files (for example consent and enforcement files).

If your enquiry relates to a farm property, please note that many current and past activities undertaken on farms may not be listed on the LLUR. Activities such as the storage, formulation and disposal of pesticides, offal pits, foot rot troughs, animal dips and underground or above ground fuel tanks have the potential to cause contamination.

Please contact and Environment Canterbury Contaminated Sites Officer if you wish to discuss the contents of the LLUR statement, or if you require additional information. For any other information regarding this land please contact Environment Canterbury Customer Services.

Yours sincerely

Contaminated Sites Team

Property Statement from the Listed Land Use Register



Visit www.ecan.govt.nz/HAIL for more information about land uses.

Customer Services
P. 03 353 9007 or 0800 324 636

PO Box 345
Christchurch 8140

P. 03 365 3828
F. 03 365 3194
E. ecinfo@ecan.govt.nz

www.ecan.govt.nz

Date:	24 January 2020	
Land Parcels:	Part Section 976 TN OF Christchurch Part Section 974 TN OF Christchurch Part Section 976 TN OF Christchurch Lot 2 DP 481532 Lot 3 DP 481532	Valuation No(s): 2270060600 Valuation No(s): 2270060600 Valuation No(s): 2270060600 Valuation No(s): 2270060600 Valuation No(s): 2270060600



The information presented in this map is specific to the property you have selected. Information on nearby properties may not be shown on this map, even if the property is visible.

Summary of sites:

Site ID	Site Name	Location	HAIL Activity(s)	Category
1923	213-221 Tuam Street	213-221 Tuam Street, Christchurch	A17 - Storage tanks or drums for fuel, chemicals or liquid waste;	Yet to be reviewed

Please note that the above table represents a summary of sites and HAILS intersecting the area of enquiry only.

Information held about the sites on the Listed Land Use Register

Site 1923: 213-221 Tuam Street (Intersects enquiry area.)

Site Address:	213-221 Tuam Street, Christchurch
Legal Description(s):	Part Section 974 TN OF Christchurch, Part Section 976 TN OF Christchurch, Part Section 976 TN OF Christchurch

Site Category:	Yet to be reviewed
Definition:	Investigation reports have been received for this site, but we have not yet reviewed them.

Land Uses (from HAIL):	Period From	Period To	HAIL land use
	Unknown	2014	Storage tanks or drums for fuel, chemicals or liquid waste

Notes:

- 24 Nov 1999** 1993 DG Licence: 1 underground storage tank (UST) containing class 3a product with a capacity of 4,546 L. Licence cancelled.
1994 CCC Information: 1 UST and containers of flammable liquid.
- 13 Aug 2014** August 2014: one 5,000 L steel diesel, one 4,500 L steel kerosene and one 2,700 L petrol underground storage tanks, slurry filled, were removed during demolition work at 219 Tuam Street, Christchurch. Hydrocarbon impacted material was removed from the 2,700 L petrol tank pit.

Investigations:

INV 110451: *Notification of Site Investigation - 144 Lichfield Street, Christchurch***** (Notice of Site Investigation)
Aecom

Summary of investigation(s):

Environment Canterbury requires prior notification of the intention to investigate a site for potential contamination. The investigation report has not yet been received by Environment Canterbury.

INV 62219: * Notification of Tank Removal - 213-221 Tuam Street, Christchurch ***** (Notice of Site Investigation)
Pattle Delamore Partners Ltd

19 Mar 2014 **INV 29114: Ground Contamination Investigation - 213-223 Tuam Street, Christchurch** (Detailed Site Investigation)
Tonkin and Taylor Ltd

29 Aug 2014 **INV 60262: Site Management Plan for Petroleum Hydrocarbons - Vodafone Building, 213-221 Tuam Street, Christchurch** (Detailed Site Investigation)
Pattle Delamore Partners Ltd

Summary of investigation(s):

Report(s) have not yet been audited.

Information held about other investigations on the Listed Land Use Register

For further information from Environment Canterbury, contact Customer Services and refer to enquiry number ENQ250415.

Disclaimer: *The enclosed information is derived from Environment Canterbury's Listed Land Use Register and is made available to you under the Local Government Official Information and Meetings Act 1987 and Environment Canterbury's Contaminated Land Information Management Strategy (ECan 2009).*

The information contained in this report reflects the current records held by Environment Canterbury regarding the activities undertaken on the site, its possible contamination and based on that information, the categorisation of the site. Environment Canterbury has not verified the accuracy or completeness of this information. It is released only as a

copy of Environment Canterbury's records and is not intended to provide a full, complete or totally accurate assessment of the site. It is provided on the basis that Environment Canterbury makes no warranty or representation regarding the reliability, accuracy or completeness of the information provided or the level of contamination (if any) at the relevant site or that the site is suitable or otherwise for any particular purpose. Environment Canterbury accepts no responsibility for any loss, cost, damage or expense any person may incur as a result of the use, reference to or reliance on the information contained in this report.

Any person receiving and using this information is bound by the provisions of the Privacy Act 1993.

Managed for:

The site has been investigated. Results show that there are hazardous substances present at the site in concentrations that have the potential to cause adverse effects or risks to people and/or the environment. However, those risks are considered managed because:

- the nature of the use of the site prevents human and/or ecological exposure to the risks; and/or
- the land has been altered in some way and/or restrictions have been placed on the way it is used which prevent human and/or ecological exposure to the risks.

Partially investigated:

The site has been partially investigated. Results:

- demonstrate there are hazardous substances present at the site; however, there is insufficient information to quantify any adverse effects or risks to people or the environment; or
- do not adequately verify the presence or absence of contamination associated with all HAIL activities that are and/or have been undertaken on the site.

Significant adverse environmental effects:

The site has been investigated. Results show that sediment, groundwater or surface water contains hazardous substances that:

- have significant adverse effects on the environment; or
- are reasonably likely to have significant adverse effects on the environment.

Contaminated:

The site has been investigated. Results show that the land has a hazardous substance in or on it that:

- has significant adverse effects on human health and/or the environment; and/or
- is reasonably likely to have significant adverse effects on human health and/or the environment.

If a site has been included incorrectly on the Listed Land Use Register as having a HAIL, it will not be removed but will be registered as:

Verified non-HAIL:

Information shows that this site has never been associated with any of the specific activities or industries on the HAIL.

Please contact Environment
Canterbury for further information:

(03) 353 9007 or toll free
on 0800 EC INFO (32 4636)
email ecinfo@ecan.govt.nz



E13/102

Appendix 5 – Discounted Cash Flow Calculations

Property	Vodafone Building - 213 Tuam Street, Christchurch Central
Property Description	Commercial Office & Retail
Net Lettable Area	8,941 square metres
Car Parking	150 spaces - 1 car park per 59.60 sqm
Prepared For	ASB Bank Limited
Purpose	Product Disclosure Statement
Date of Valuation	5 May 2020
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$58,400,000 plus GST (if any)

Valuation Analysis	
Initial Yield (Net Passing)	6.07%
Initial Yield (Fully Leased)	6.43%
Equivalent Yield	6.06%
Internal Rate of Return (Ten Year)	7.53%
Weighted Average Lease Term - Income	7.89 years
Weighted Average Lease Term - Area	8.20 years
Occupancy As Valued	95.46%
Capital Value per square metre of NLA	\$6,532 /sqm
Under/Over Renting Proportion	Under rented: (2%)

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

Capitalisation Approach	
Value Based on Market Capitalisation	\$58,490,000
Value Based on Contract Capitalisation	\$59,000,000
Capitalisation Rate	6.05%

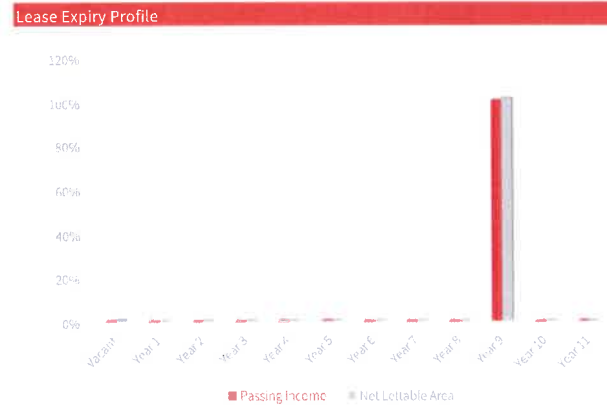
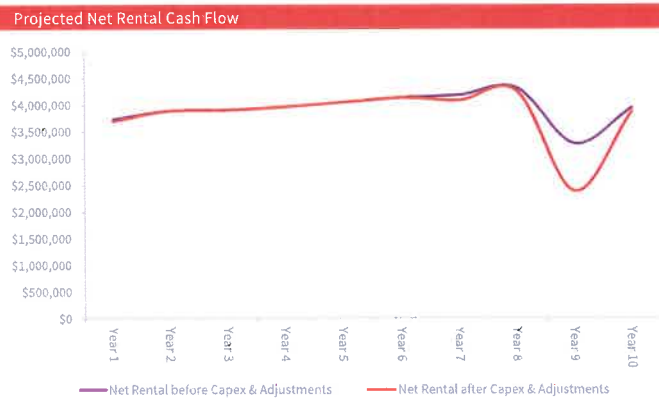
Contract and Market Rental Income Summary		
	Contract	Market
Rental Income	\$3,687,778	\$3,726,563
Other Income	\$206,550	
Recoverable Outgoings	\$812,034	\$851,034
Gross Income	\$4,706,362	\$4,577,597
Total Outgoings	(\$851,034)	(\$851,034)
Less Year 1 Incentives		
Net income	\$3,855,328	\$3,726,563

Discounted Cashflow Approach	
Value Based on DCF Approach	\$57,750,000
Discount Rate	7.70%
Terminal Capitalisation Rate	6.30%
Nominal Assumed Rental Growth	1.85% pa
Nominal Assumed CPI	1.93% pa

DCF Sensitivity Analysis			
	Discount Rate	Terminal Yield	
	6.00%	6.25%	6.50%
7.45%	\$60,030,000	\$58,740,000	\$57,540,000
7.70%	\$59,010,000	\$57,750,000	\$56,570,000
7.95%	\$58,020,000	\$56,780,000	\$55,630,000



Capex and Letting Up Assumptions			
	Year 1	Year 2	Year 3
Capex	\$0	\$0	\$0
Letting Up	\$137,280	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0





Rental Income	Contract Income	Market Income
Lettable area rental	\$3,537,686	\$3,406,763
Car Parking Rental	\$150,092	\$319,800
Ideal Outgoings Recovery (Full Net Leases)	\$812,034	\$851,034
Total Rental Income	\$4,499,812	\$4,577,597
Less Outgoings Expenditure	(\$851,034)	(\$851,034)
Net Rental	\$3,648,778	\$3,726,563
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%	\$0	\$0
Less Ground Rental	(\$308,185)	(\$315,119)
Core Income	\$3,340,593	\$3,411,443
Core Income Capitalised at a Weighted Capitalisation Rate of 6.05%	\$55,769,590	\$56,422,072
Value Adjustments		
Present Value of Existing Rental Reversions	\$2,133,370	\$854,423
Present Value of All Outstanding Incentives	\$0	\$0
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	(\$102,749)	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	(\$32,317)	(\$135,066)
Expires within the next 24 months - Letting Up Allowances:		
<i>Present Value of Downtime</i>	\$0	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	\$0	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0	\$0
Present Value of Short Term Capital Expenditure: 24 months	\$0	\$0
Value of Other Income	\$1,347,062	\$1,347,062
Ground Rental Benefit Adjustment	(\$112,496)	\$1,961
Total Value Adjustments	\$3,232,870	\$2,068,380
Total Capitalised Value	\$59,002,460	\$58,490,452
Adopted Capitalised Value	\$59,000,000	\$58,490,000
Adopted Value		\$58,400,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	7.89 years	Initial Yield (Net Passing)	6.07%
By Area	8.20 years	Initial Yield (Fully Leased)	6.43%
Current Vacancies		Equivalent Market Yield	6.06%
By Area	50 sqm	Rate per sqm of Lettable Area	\$6,532 /sqm
Proportion of NLA	0.56%	Net Income	
By Market Income	\$169,000	Net Passing Income	\$3,547,143
Proportion of Market Income	4.54%	Net Passing Income (Fully Leased)	\$3,755,143



Discounted Cashflow Approach
Vodafone Building - 213 Tuam Street, Christchurch Central
5 May 2020

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Discounted Cashflow Results											
PV of Rental Income	\$27,237,317										
PV of Terminal Value	\$30,510,517										
Acquisition Costs	\$0										
Total Net Present Value	\$57,747,834										
Adopted Net Present Value	\$57,750,000										
Adopted Discount Rate	7.70%										
Internal Rate of Return	7.53%										

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
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	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	\$3,834,509	\$4,003,384	\$4,026,301	\$4,093,070	\$4,184,912	\$4,278,739	\$4,344,012	\$4,474,239	\$3,674,365	\$4,321,712	\$0
Outgoings Recovery	\$831,534	\$874,863	\$899,359	\$926,340	\$954,130	\$982,754	\$1,004,536	\$1,042,697	\$903,267	\$1,106,316	\$0
Other Income	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$206,550	\$137,700	\$0	\$0
Gross Rental Income	\$4,872,593	\$5,084,797	\$5,132,210	\$5,225,960	\$5,345,592	\$5,468,043	\$5,555,098	\$5,723,486	\$4,715,332	\$5,428,028	\$0

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Deductions											
Unexpired Incentives - Rent Free/Abatements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$851,034)	(\$874,863)	(\$899,536)	(\$926,522)	(\$954,318)	(\$982,947)	(\$1,012,435)	(\$1,042,809)	(\$1,074,093)	(\$1,106,316)	\$0
Ground Rental	(\$288,591)	(\$320,126)	(\$325,939)	(\$332,409)	(\$339,118)	(\$345,963)	(\$352,946)	(\$360,070)	(\$367,338)	(\$374,752)	(\$62,769)
Net Rental Cashflow	\$3,732,968	\$3,889,808	\$3,906,736	\$3,967,030	\$4,052,157	\$4,139,133	\$4,189,717	\$4,320,608	\$3,273,901	\$3,946,960	\$0

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Adjustments											
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	(\$33,280)	\$0	\$0	\$0	\$0	\$0	(\$37,603)	\$0	(\$824,538)	\$0	\$0
Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	(\$62,566)	(\$64,443)	(\$66,376)	(\$68,368)	\$0
Net Cashflow	\$3,699,688	\$3,889,808	\$3,906,736	\$3,967,030	\$4,052,157	\$4,139,133	\$4,089,547	\$4,256,165	\$2,382,987	\$3,878,592	\$0

Purchase Price	\$58,400,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$58,400,000										
Net Sale Price After Costs @ 1.00%	\$56,800,000										

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Annual Cashflow											
Running Yield (pre acquisition costs)	6.39%	6.66%	6.69%	6.79%	6.93%	7.08%	7.16%	7.37%	5.50%	6.63%	-
Running Yield (post acquisition costs)	6.39%	6.66%	6.69%	6.79%	6.93%	7.08%	7.16%	7.37%	5.50%	6.63%	-
Running IRR	5.84%	6.60%	6.85%	7.15%	7.34%	7.49%	7.27%	7.39%	7.49%	7.53%	-



Annualised Receivable Income
 Vodafone Building - 213 Tuam Street, Christchurch Central
 5 May 2020

Tenant Name	Premises	Year 1 04-May-2021	Year 2 04-May-2022	Year 3 04-May-2023	Year 4 04-May-2024	Year 5 04-May-2025	Year 6 04-May-2026	Year 7 04-May-2027	Year 8 04-May-2028	Year 9 04-May-2029	Year 10 04-May-2030
Vodafone	Ground Floor Retail	\$72,839	\$74,478	\$74,890	\$76,154	\$77,867	\$79,619	\$81,411	\$83,242	\$85,086	\$86,933
Vodafone	Ground Floor Office:	\$547,430	\$559,747	\$562,844	\$572,342	\$585,219	\$598,387	\$611,851	\$625,617	\$639,652	\$653,866
Vodafone	Ground Floor Café	\$191,612	\$195,924	\$197,007	\$200,332	\$204,839	\$209,448	\$214,161	\$218,980	\$223,903	\$228,929
Vodafone	Level 1 Office	\$676,392	\$691,611	\$695,436	\$707,172	\$723,083	\$739,353	\$755,988	\$772,998	\$790,383	\$808,156
Vodafone	Level 2 Office	\$710,277	\$726,258	\$730,276	\$742,599	\$759,307	\$776,392	\$793,861	\$811,722	\$830,000	\$848,229
Vodafone	Level 3 Office	\$693,818	\$709,429	\$713,354	\$725,391	\$741,713	\$758,401	\$775,465	\$792,913	\$810,843	\$829,177
Vodafone	Level 4 Office	\$705,016	\$720,878	\$724,866	\$737,098	\$753,683	\$770,641	\$787,980	\$805,710	\$823,827	\$842,333
Vodafone	Carparks	\$135,666	\$138,719	\$139,486	\$141,840	\$145,031	\$148,295	\$151,631	\$155,043	\$158,536	\$162,111
Vodafone	Bike Parks	\$16,958	\$17,340	\$17,436	\$17,730	\$18,129	\$18,537	\$18,954	\$19,380	\$19,817	\$20,266
Vacant	Innovation Carpark	\$84,500	\$169,000	\$170,706	\$172,412	\$176,039	\$179,666	\$152,711	\$188,633	\$188,633	\$193,020
Total Receivable Rental Income		\$3,834,509	\$4,003,384	\$4,026,301	\$4,093,070	\$4,184,912	\$4,278,739	\$4,344,012	\$4,474,239	\$3,674,365	\$4,321,712



Market Rental Income - Year Start
 Vodafone Building - 213 Tuam Street, Christchurch Central
 5 May 2020

Tenant Name	Premises	Year 1 05-May-2020	Year 2 05-May-2021	Year 3 05-May-2022	Year 4 05-May-2023	Year 5 05-May-2024	Year 6 05-May-2025	Year 7 05-May-2026	Year 8 05-May-2027	Year 9 05-May-2028	Year 10 05-May-2029
Vodafone	Ground Floor Retail	\$70,728	\$70,728	\$71,438	\$72,880	\$74,351	\$75,852	\$77,383	\$79,142	\$80,941	\$82,781
Vodafone	Ground Floor Office	\$517,380	\$517,380	\$522,578	\$533,125	\$543,886	\$556,251	\$568,896	\$581,829	\$595,056	\$608,584
Vodafone	Ground Floor Café	\$186,058	\$186,058	\$187,927	\$191,720	\$195,590	\$199,537	\$203,565	\$208,193	\$212,926	\$217,766
Vodafone	Level 1 Office	\$639,263	\$639,263	\$645,685	\$658,717	\$672,013	\$687,290	\$702,915	\$718,894	\$735,237	\$751,952
Vodafone	Level 2 Office	\$671,288	\$671,288	\$678,031	\$691,717	\$705,679	\$721,721	\$738,128	\$754,909	\$772,070	\$789,622
Vodafone	Level 3 Office	\$655,733	\$655,733	\$662,320	\$675,688	\$689,327	\$704,998	\$721,025	\$737,416	\$754,180	\$771,325
Vodafone	Level 4 Office	\$666,315	\$666,315	\$673,009	\$686,593	\$700,451	\$716,375	\$732,661	\$749,317	\$766,351	\$783,773
Vodafone	Carparks	\$135,200	\$135,200	\$136,558	\$139,315	\$142,127	\$145,358	\$148,662	\$152,042	\$155,498	\$159,033
Vodafone	Bike Parks	\$15,600	\$15,600	\$15,757	\$16,075	\$16,399	\$16,772	\$17,153	\$17,543	\$17,942	\$18,350
Vacant	Innovation Carpark	\$169,000	\$169,000	\$170,698	\$174,143	\$177,658	\$181,697	\$185,828	\$190,052	\$194,373	\$198,791
	Total Market Rental	\$3,726,563	\$3,726,563	\$3,763,999	\$3,839,973	\$3,917,481	\$4,005,851	\$4,096,216	\$4,189,337	\$4,284,575	\$4,381,978

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