



BAYLEYS

IN ASSOCIATION WITH



**Knight
Frank**

Market Valuation Report

**Centuria NZ Agricultural Property Fund Limited
208 Fordyce Road, Helensville**

Prepared by
Bayleys Valuations Limited
6 March 2023



Valuation Summary

Property Address	208 Fordyce Road, Helensville
Client	Centuria NZ Agricultural Property Fund Limited
Instructing Party	Ben Harding for and on the behalf of the directors of Centuria NZ Agricultural Property Fund Limited
Purpose of Valuation	To assess the Market Value for use in an Offer Document: Centuria NZ Agricultural Property Fund Limited
Basis of Valuation	Market Value
Valuation Approach	Market and Income Approaches
Legal Description	Record of Title: Identifier NA93C/211; Lot 1A Deposited Plan 1630
Interest Valued	Freehold
Zoning	Rural Production
Date of Inspection	6 March 2023
Date of Valuation	6 March 2023

Property Summary

The subject property comprises an irregular shaped rural land holding with a relatively level contour encompassing 29.7444 hectares of Rural Production zoned land in Helensville. The site fronts Fordyce Road and is improved with collection of standalone structures, ranging from a converted residential dwelling, multiple greenhouses and post-harvest facilities providing temperature-controlled sorting and dispatch warehouse space. A number of ancillary structures are scattered around the site including small scale sheds, and water reservoirs.

Balance areas not improved by the building are predominantly maintained in short grass cover with boundaries delineated by typical post and wire rural fencing. Internal roading infrastructure is loose metal sealed and navigates through the site from Fordyce Road.

The property is currently occupied by 'Superb Herb' under a sale and leaseback scenario. The proposed lease is due to commence at settlement of the sale with a term of 15 years, annual fixed increases of 3.5% and of a triple net structure. Overall, the property presents as a "bottom drawer" investment with potential for an alternative use in the long term given the urban sprawl associated with Helensville.

Adopted Market Value

We are of the opinion that the Market Value of the subject property, subject to the overriding stipulations contained in the body of this report, and to there being no onerous restrictions or unusual encumbrances of which we are not aware is as follows:

**Nineteen Million Dollars
(NZ\$19,000,000) plus GST (if any)**

208 Fordyce Road, Helensville – 6 March 2023

Valuer Involvement

Valuer	Position	Inspection	Calculations	Reporting
Carl Waalkens	Director - Registered Valuer	Yes	Yes	Yes
Nathan Rodrigues	Property Valuer	Yes	Yes	Yes

Executive Summary

Property Details

Lettable Floor Area	37,822 sqm	Parking	Included
Total Land Area	297,444 sqm	Zoning	Rural Production

Financial Analysis

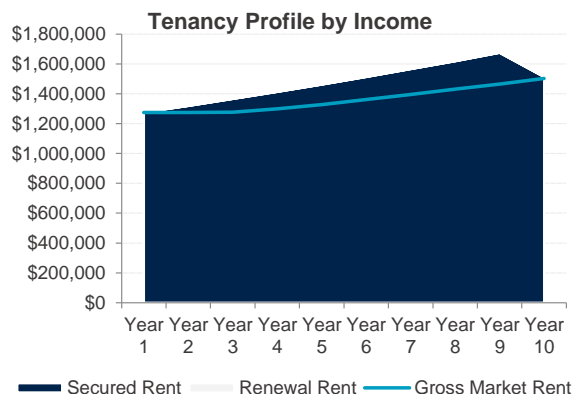
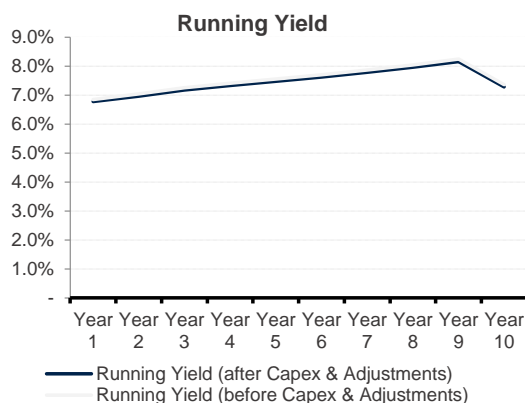
Net Passing Income	\$1,240,000	Adopted Outgoings	\$33,748
Net Market Income	\$1,240,000	Adopted Gross Passing Income	\$1,273,748
NPI + Mkt on Vacancies	\$1,240,000	Adopted Gross Market Income	\$1,273,748
Vacancy	0%		

Valuation Approaches

Market Capitalisation Method	\$18,550,000	Adopted Value	\$19,000,000
Discounted Cash Flow Method	\$19,500,000		

Valuation Analysis

Market Capitalisation Rate	6.68%	Capex (PV over 10 years)	\$102,296
Initial Yield	6.53%	Lease Renewal Prob	-
Equivalent Market Yield	6.52%	Mkt Growth (10 yr avg)	1.90%
Discount Rate	7.75%	CPI Growth (10 yr avg)	2.60%
Ten Year IRR	8.12%	Vacancy Allowance	N/A
Terminal Yield	7.18%	WALT (Income)	14.70 years
Net Rate (\$ per sqm)	\$502	WALT (Area)	15.00 years



208 Fordyce Road, Helensville – 6 March 2023

Contents

1. Introduction	5	- 4.6 Floor Areas	23
- 1.1 Instructions	5	5. Lease Details	24
- 1.2 Basis of Valuation	5	- 5.1 Lease Documentation	24
- 1.3 Liability and Confidentiality	5	- 5.2 Occupancy and Vacancy	25
- 1.4 Information Sources	6	6. Financial Summary	26
- 1.5 Compliance Statement	6	- 6.1 Lease Expiry Analysis	26
- 1.6 Valuation Assumptions	6	- 6.2 Operating Expenditure	26
- 1.7 Sales History	6	- 6.3 Capital Expenditure	26
- 1.8 Previous Valuation	6	7. Market Overview	28
2. Property Details	7	- 7.1 Economic Outlook	28
- 2.1 Legal Description	7	8. Rental Evidence	30
- 2.2 Site Description	8	- 8.1 Rental Evidence	30
- 2.3 Locality	9	9. Sales Evidence	32
- 2.4 Zoning	10	- 9.1 Sales Evidence – Specialised Agri-Investment Sales	32
- 2.5 Highest and Best Use	12	- 9.2 Australian Agri-Investment Sales	39
3. Environmental and Statutory	13	- 9.3 Sales Summary	40
- 3.1 Earthquake Compliance	13	10. SWOT Analysis	41
- 3.2 Contamination	14	11. Valuation Approach	42
- 3.3 Asbestos	14	- 11.1 Capitalisation of Income Method	42
- 3.4 Heritage	14	- 11.2 Discounted Cash Flow Method	44
- 3.5 Building Warrant of Fitness	14	- 11.3 Summary of Valuation Approaches	46
- 3.6 Statutory Valuation	15	12. Valuation Conclusion	47
- 3.7 Hydrology	16	- 12.1 Valuation Analysis	47
4. Improvements	17	- 12.2 Value Apportionment	47
- 4.1 Property Description	17	- 12.3 Signatory	48
- 4.2 Construction	17	13. General Principles	49
- 4.3 Internal Finishes	18	Appendix	51
- 4.4 Building Services	18	Appendix	52
- 4.5 Accommodation Details	19		

208 Fordyce Road, Helensville – 6 March 2023

1. Introduction

1.1 Instructions

In accordance with instructions received from Ben Harding for and on the behalf of the directors of Centuria NZ Agricultural Property Fund Limited on behalf of Centuria NZ Agricultural Property Fund Limited, we have assessed the Market Value of the property at **208 Fordyce Road, Helensville**, for use in in an Offer Document: Centuria NZ Agricultural Property Fund Ltd

PINZ Professional Practice guidelines and International Valuation Standards require the property be valued as at date of inspection, which we confirm as 6 March 2023.

1.2 Basis of Valuation

This valuation has been completed under the International Valuation Standards – IVS (effective 31 January 2022), and the relevant Australia and New Zealand Valuation and Property Standards as approved by the New Zealand Institute of Valuers (NZIV), in particular:

- IVS 400 - Real Property Interests
- ANZVGP 111 – Valuations Procedures – Real Property
- ANZVGP 112 – Valuations for Mortgage and Loan Security Purposes.

The market value of the property is defined by the International Valuation Standards Committee as follows:

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

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of market value as advocated by the New Zealand Institute of Valuers and Property Institute of New Zealand.

The property’s value has been assessed in accordance with Australia and New Zealand Valuation and Property Standards, and with Bayleys Valuations Limited General Valuation Principles.

1.3 Liability and Confidentiality

Our valuation and report is strictly confidential to the party to whom it is addressed and is prepared solely for the specific purpose to which it refers. No responsibility whatsoever is accepted for reliance on the valuation report for other purposes. Further, no responsibility whatsoever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.

This report can be relied upon by the following parties for their respective purposes:

- **Centuria** NZ Agricultural Property Fund Limited

This valuation is not intended for general circulation, publication or reproduction for any purpose without written permission in any specific instance. No responsibility is accepted nor any liability for losses occasioned by yourselves, any financier or other parties as a result of the circulation, reproduction or use of this valuation.

We reserve the right (under no obligation) to review the valuation and revise our opinion after the release of this valuation, if any previously withheld information becomes known to us or erroneous information has been provided and relied upon.

208 Fordyce Road, Helensville – 6 March 2023

1.4 Information Sources

In the compilation of this valuation we have been provided with detail of, but not limited to the following sources:

Information	Source
Record of Title	Land Information New Zealand
District Planning Controls	Local Territorial Authority

1.5 Compliance Statement

This valuation has been performed in accordance with International Valuation Standards, and we confirm that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge;
- The analyses and conclusions are limited only by the reported assumptions and conditions;
- The valuer has no interest in the subject property;
- The valuer's fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards;
- The valuer has satisfied professional education requirements;
- The valuer has experience in the location and category of the property being valued;
- The valuer has made a personal inspection of the property; and
- No one, except those specified in the report, has provided professional assistance in preparing the report.

1.6 Valuation Assumptions

In completing our valuation, the following property specific assumptions have been made:

- The valuation assumes that the proposed leaseback (summarised in this report) has commenced as at the date of this valuation.
- Remedial works to the roofing fabric of Glasshouse 5 has been completed as at date of valuation.

1.7 Sales History

We are not aware of any sale of this property in the last three years.

Sale & Purchase Agreement

We are aware that the property is currently under contract by another party, which upon settlement will activate a sale and purchase agreement between that party and our client. We have not been provided with a copy of the sale and purchase agreement however we can confirm that a number of conditions exist with an unconditional date set as 10 March 2023.

1.8 Previous Valuation

We have not had any previous dealings with this property.

208 Fordyce Road, Helensville – 6 March 2023

2. Property Details

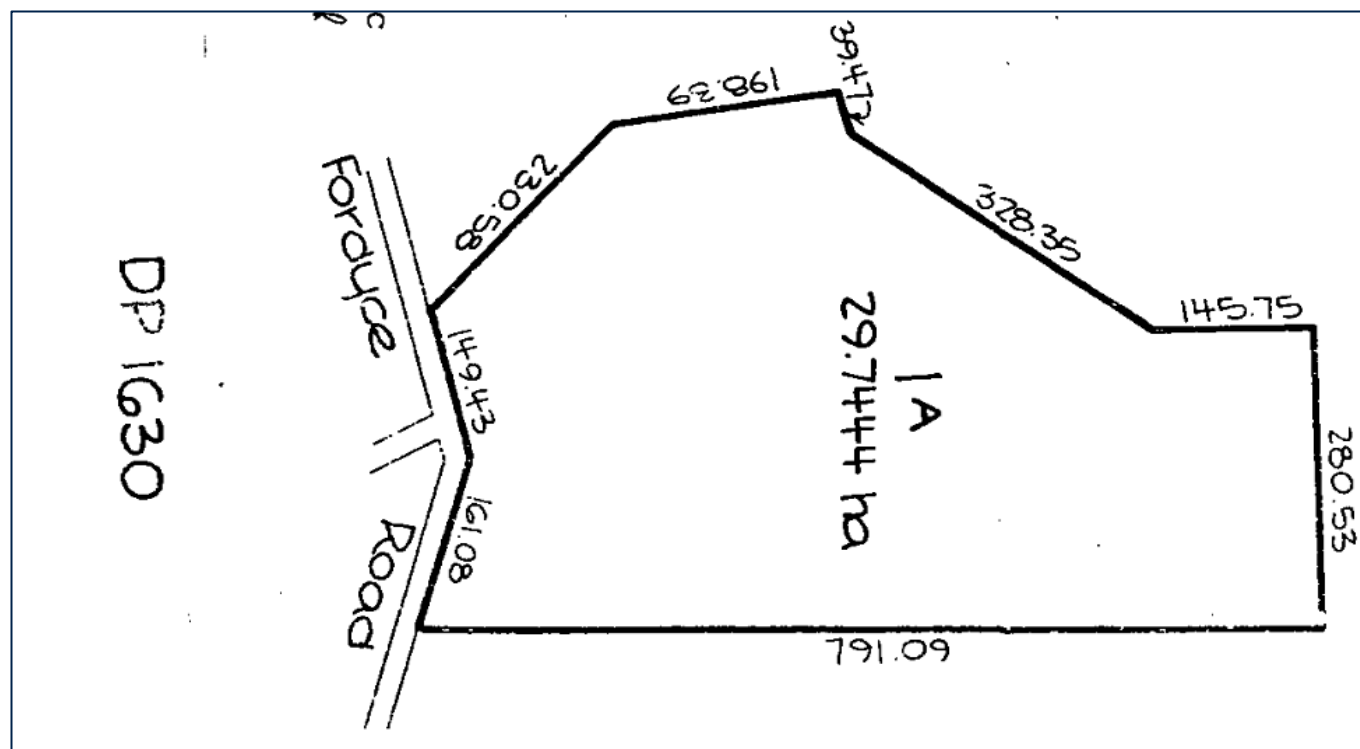
2.1 Legal Description

We detail below a summary of the Record of Title as below:

Identifier	NA93C/211
Estate	Fee Simple
Land Registration District	North Auckland
Legal Description	Lot 1A Deposited Plan 1630
Land Area	29.7444 hectares (more or less)
Registered Owners	Abatal Limited
Interests	<ul style="list-style-type: none">8784206.3 Mortgage to Bank of New Zealand - 7.6.2011Subject to a right (in gross) to convey electricity over part marked A on DP 490507 in favour of Vector Limited created by Easement Instrument 10406248.111280248.1 Variation of Mortgage 8784206.3 - 4.12.201811337391.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 21.1.2019 - <i>Highlights the natural hazards affiliated with the site. The registered interest does not contain any recommendations and is therefore not deemed to have a material impact on value.</i>

We have noted all the above easements and encumbrances and have taken them into account in our valuation assessment. We refer you to the Record of Title in the Appendices of this report.

The Title Plan is shown below:



208 Fordyce Road, Helensville – 6 March 2023

2.2 Site Description

We summarise the site details as below:

Shape and Site Area	The subject property occupies an irregular shaped site encompassing 29.7444 hectares.
Approximate Frontages	Fordyce Road - 314 metres
Topography	Site contour is generally level, experiencing a slight fall from the southern boundary towards the centre of the site, with the rest of the land level throughout.
Services	Auckland GIS mapping data indicates that the site is not serviced by wastewater, stormwater or other water services.
Access	Pedestrian and vehicular access is gained Fordyce Road.
Subsoil	The site is assumed to be on firm natural ground for the purposes of our valuation.

The site is indicated below:



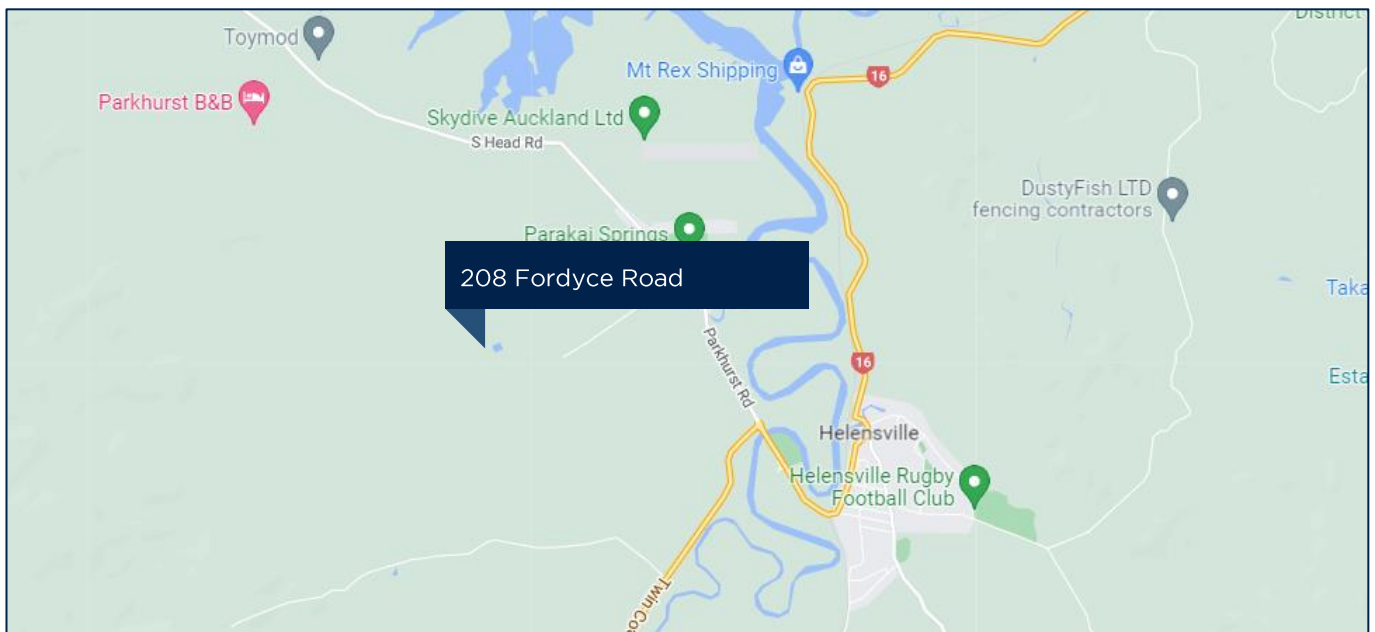
208 Fordyce Road, Helensville – 6 March 2023

2.3 Locality

We summarise the locality details as below:

Location	The subject property is situated within the north-western Auckland township of Parakai which is part of the Rodney Ward of the Auckland Council and is approximately 50 kilometres Northwest of the Auckland CBD.
Situation	More specifically, the subject property occupies a position on the northern side of Fordyce Road, a single outlet road which travels in an east to west direction off its intersection with Parkhurst Road.
Surrounds	<p>The immediate surrounding locality is characterised predominantly rural based properties encompassing a combination of lifestyle and farming blocks with a handful of properties utilized as greenhouse and poultry operations.</p> <p>Parakai is well regarded for its hot springs with geothermal mineral water production occurring naturally. Parakai Springs Lodge is situated approximately four minutes' drive from the subject property. Nearby amenities include Parakai School, Four Square Parakai and a kindergarten. A mixed-use retail block is situated a short drive north from the subject property, along Parkhurst Road offering several retail shops.</p> <p>The West Auckland Airport Parakai is situated further north with the Helensville town centre being situated approximately 3 kilometres to the Southeast and providing full regional services and amenities.</p>
Motorway / Public Transport	Access to State Highway 16 is approximately 3.5 kilometres southwest of the subject. The 125-bus service operates along Parkhurst Road.
Summary	In summary, the subject property is situated within the North-western periphery of Auckland.

The locality is indicated below:



208 Fordyce Road, Helensville – 6 March 2023

2.4 Zoning

The Auckland Council came into effect 1 November 2010 and covers the wider Auckland area, previously controlled by seven Territorial Authorities. The Auckland Unitary Plan is a new planning framework which has been developed, containing policies and controls for future development. First developed in draft format, Council subsequently notified the Proposed Unitary Plan. Following a hearings process, recommendations were made to Council by the Independent Hearings Panel (IHP). The Council reviewed these recommendations, and publicly notified its decisions on 19 August 2016, releasing the 'decision version' of the Unitary Plan. A small appeal period was available for issues excluding designations, closing on 16 September 2016. Extended appeal periods were given for council and non-council designations. Council has since released a 'Operative in part' version of the Unitary Plan on 15 November 2016, which has subsequently been updated with the latest version of the operative in part plan.

Territorial Authority	Auckland Council
District Plan	Auckland Unitary Plan – Operative in Part
Zoning	Rural Production Zone
Zone Description	<p>The purpose of the Rural – Rural Production Zone is to provide for the use and development of land for rural production activities and rural industries and services, while maintaining rural character and amenity values. The zone's physical, climatic and production characteristics vary across the region, including rolling to steep hill country and flat to rolling lowlands with highly productive soils close to the metropolitan area.</p> <p>In the north, the zone is characterised by:</p> <ul style="list-style-type: none">• Auckland's highest number of remaining large rural properties.• Low-intensity settlement, significant natural areas and natural resources; and• an environment less modified by humans than other zones in the north. <p>In the south, the zone is characterised by:</p> <ul style="list-style-type: none">• intensively subdivided land tenure pattern, particularly on lowland areas.• the largest horticultural production area in Auckland, centred on the highly productive soils of the Franklin lowlands;• mixed primary production including pastoral farming and forestry relating to topography, land tenure pattern and water availability on the west and east coasts; and• the Hunua Ranges providing the backdrop to production land in the east.
Zone Objectives	<p>(1) A range of rural production, rural industries, and rural commercial activities take place in the zone.</p> <p>(2) The productive capability of the land is maintained and protected from inappropriate subdivision, use and development.</p>

Permitted Activities	<p>Permitted activities categorised by activity include, but not limited to;</p> <p>Rural – Farming, Rural airstrips, Greenhouses, Intensive farming, Intensive poultry farming, Free-range poultry farming, Disposal of non-residential waste or composting, Forestry, Conservation planting, Animal breeding, Produce sales, on-site primary produce manufacturing, Quarries – farm or forestry.</p> <p>Accommodation – Home occupations.</p> <p>Commerce – Markets.</p> <p>Community – Care centres for up to 10 people, Information facilities, Artworks, Informal recreation.</p> <p>Mana Whenua – Customary use.</p> <p>Development – Demolition of buildings, Additions, and alterations to existing buildings.</p> <p>Mineral Activities – Mineral prospecting, Mineral exploration.</p> <p>Coastal – Navigational aids.</p>
Zone Development Controls	<p>Height Limit – (1) dwellings and buildings accessory to dwellings – buildings must not exceed a height of 9m. (2) Other buildings – buildings must not exceed a height of 15m.</p> <p>Minimum yards setback requirement:</p> <p>Front yard – 10m</p> <p>Front yard adjoining arterial roads – 20m</p> <p>Side or rear yard for buildings other than dwellings and their accessory buildings – 12m</p> <p>Side or rear yard for dwellings and their accessory buildings within a Quarry Buffer Area Overlay – 20m</p> <p>Side or rear yard of the site for dwellings and their accessory buildings – 12m</p> <p>Riparian Yard 20m from the edge of permanent and intermittent streams</p> <p>Lake yard – 30m</p> <p>Coastal protection yard – 50m</p> <p>Minimum average site size and minimum site size for subdivision – Minimum average site size 100 ha, Minimum site size 80 ha.</p> <p>Size of buildings – Building's required for or accessory to the following activities must not exceed the following gross floor area: (a) Intensive farming, intensive poultry farming, animal breeding or boarding produce sales: 200 square metres. (b) on-site primary produce manufacturing 500 square metres.</p>

	<p>Minor dwelling – (1) no more than one minor dwelling per site, (2) building must comply with yard setbacks and height standards, (3) minor dwelling must be located on a site greater than 1ha, (4) minor dwelling must have a floor area less than 65 square metres excluding decks and garaging, and (5) the minor dwelling must share the same driveway access as the principal dwelling.</p> <p>Worker’s accommodation – (a) no more than one workers’ accommodation building per site, (b) comply with all relevant yard setbacks and building height, (c) located on a site equal to or greater than 5ha and less than 40ha, (d) have a floor area equal to or less than 120 square metre excluding decks and garaging, (e) only have a single kitchen facility, and (f) accommodate a number of seasonal workers.</p>
Additional Control	<p>Controls: Coastal Inundation 1 per cent AEP Plus 1m Control-1m Sea level rise</p> <p>Controls: Macroinvertebrate Community Index - Rural</p> <p>Controls: Macroinvertebrate Community Index - Urban</p>
Overlays	Natural Resources: Quality-Sensitive Aquifer Management Areas Overlay [rp] - Kaipara Sand Aquifer
Property Specific Appeals	Nil

Our valuation proceeds on the basis and is subject to the property being a complying activity and/or having all necessary consents and permits in place and/or having existing use rights under Section 10 of the Resource Management Act 1991.

The foregoing zone summary has been provided for valuation purposes only and should not be relied upon for the purposes of determining whether a particular activity or development is permitted within the zone. Should you require information in this regard we recommend you consult with a Planning Consultant or the Local Authority.

2.5 Highest and Best Use

The current use is considered to be the highest and best use of the site at present. We note that over the long term the land may offer alternative lifestyle uses as a result of the Auckland Urban sprawl and growth of the Helensville area.

3. Environmental and Statutory

3.1 Earthquake Compliance

A new national system for managing earthquake-prone buildings in New Zealand came into effect on 1 July 2017. The new system affects owners of earthquake-prone buildings, territorial authorities (local councils), engineers, other building professionals and building users.

The Building (Earthquake-Prone Buildings) Amendment Act 2016 introduced major changes to the way earthquake-prone buildings are identified and managed under the Building Act. It uses knowledge from past earthquakes in New Zealand and overseas. The system is consistent across the country and focuses on the most vulnerable buildings in terms of people's safety.

An earthquake prone building is defined under legislation as being a building whose strength is less than one-third of that required under the existing legislation for a new building (NZS 1170.5:2004). Once a building is classified as earthquake prone it will need to be strengthened or, if appropriate, demolished. The objective is to improve safety and increase the likelihood of existing buildings withstanding earthquakes.

The new legislation categorises New Zealand into three seismic risk areas and sets time frames for identifying and taking action to strengthen or remove earthquake-prone buildings. The seismic risk areas are High, Medium and Low. There is also a category of "priority buildings" in high and medium seismic areas. These are buildings that are considered higher risk because of their construction, type, use or location. They must be identified and remediated in half the time allowed for other buildings in the area. The system is also designed to ensure that information about earthquake prone buildings is publicly accessible through an Earthquake Prone Buildings Register.

The new national system ensures the way buildings are managed for future earthquakes is consistent and is intended to strike a balance between the following:

- Protecting people from harm in an earthquake.
- The costs of strengthening or removing buildings.
- The impact on New Zealand's built Heritage.

The typical process is:

- Territorial authorities identify potentially earthquake prone buildings.
- Owners who are notified by their territorial authority must obtain engineering assessments of the building carried out by suitably qualified engineers.
- Territorial authorities determine whether buildings are earthquake prone, assign ratings, issue notices and publish information about the buildings in a public register.
- Owners are required to display notices on their building and to remediate their building.

Seismic Risk Area	Example Locations	Priority	Other
High	Gisborne, Napier, Hastings, Palmerston North, Wellington, Blenheim, Christchurch	7.5 years	15 years
Medium	Tauranga, Hamilton, Rotorua, New Plymouth, Whanganui, Nelson, Timaru, Invercargill	12.5 years	25 years
Low	Northland, Auckland, Oamaru, Dunedin	N/A	35 years

Auckland is located in a low Seismic Risk Area. Time frames for owners to do seismic work on earthquake-prone buildings are shown above. We note priority buildings don't have to be identified in low seismic risk areas. In these low seismic risk areas, the time frames for all buildings are 15 years to identify and 35 years to remediate.

208 Fordyce Road, Helensville – 6 March 2023

The seismic rating of a building is an important factor, affecting its leasing potential, saleability and value. A rating of at least 66% NBS is desirable, although some tenants will only occupy a building if the IEP is 70% or higher.

We have undertaken our valuation on the assumption that the structures sit above 66% NBS. If this assumption is proved incorrect at a later date we reserve the right to amend our valuation accordingly.

3.2 Contamination

As defined by the Australian and New Zealand Environment and Conservation Council (ANZECC) and the National Health and Medical Research Council (NHMRC) a contaminated site comprises “a site at which hazardous substances occur at concentrations above background levels, and where assessment indicates it poses or is likely to pose an immediate or long term hazard to human health or the environment”.

Registered Valuers are not adequately qualified to detect substances of this type. Our role is limited to the detection and preliminary identification of contamination through making reasonable site inspections and making enquiries to appropriate authorities.

During inspections Bayleys Valuations Limited attempts to identify, from on-site observations, any potential or actual contamination issues thereafter recommending further expert advice where appropriate.

The valuation stated within this report assumes there are no potentially hazardous materials on site (such as hazardous chemicals, toxic waste or asbestos) that could, if present, adversely impact upon property values. We can accept no responsibility should such substances be located on the property, as a registered Valuer is not adequately qualified to detect substances of this type.

3.3 Asbestos

During the course of our inspection, no asbestos was evident on site (but we are not experts in this area). If asbestos materials are found to be present on site, this valuation must be referred back to the valuer for further consideration and possible reassessment.

3.4 Heritage

Our valuation continues on the assumption that there are no heritage issues relating to the Property; the property is not notified on the The Auckland Unitary Plan as being a heritage structure and as such we have not undertaken any formal heritage searches.

3.5 Building Warrant of Fitness

With the introduction of the Building Act 2004 and amendments in 2005, building owners have new responsibilities to guarantee a building's health and safety. Part of this responsibility includes the annual Building Warrant of Fitness. The Building Warrant of Fitness is the owner's statement that all automatic systems or all safety features have been inspected and maintained on a regular basis during the previous 12 months. The automatic systems or safety features which require an ongoing inspection are summarised on the Building Warrant of Fitness.

We have not been provided with a copy of the Building Warrant of Fitness. Therefore our valuation continues on the basis that the property is fully compliant with statutory requirement and does in fact benefit from a current BWOF, if one is required at all.

208 Fordyce Road, Helensville – 6 March 2023

3.6 Statutory Valuation

The latest Rating Valuation which was undertaken as at 1 June 2021 is as follows:

Land Value	\$2,050,000
Improvements Value	\$4,500,000
Capital Value	\$6,550,000
Rates 2022/2023 (excl. GST)	\$8.745.83

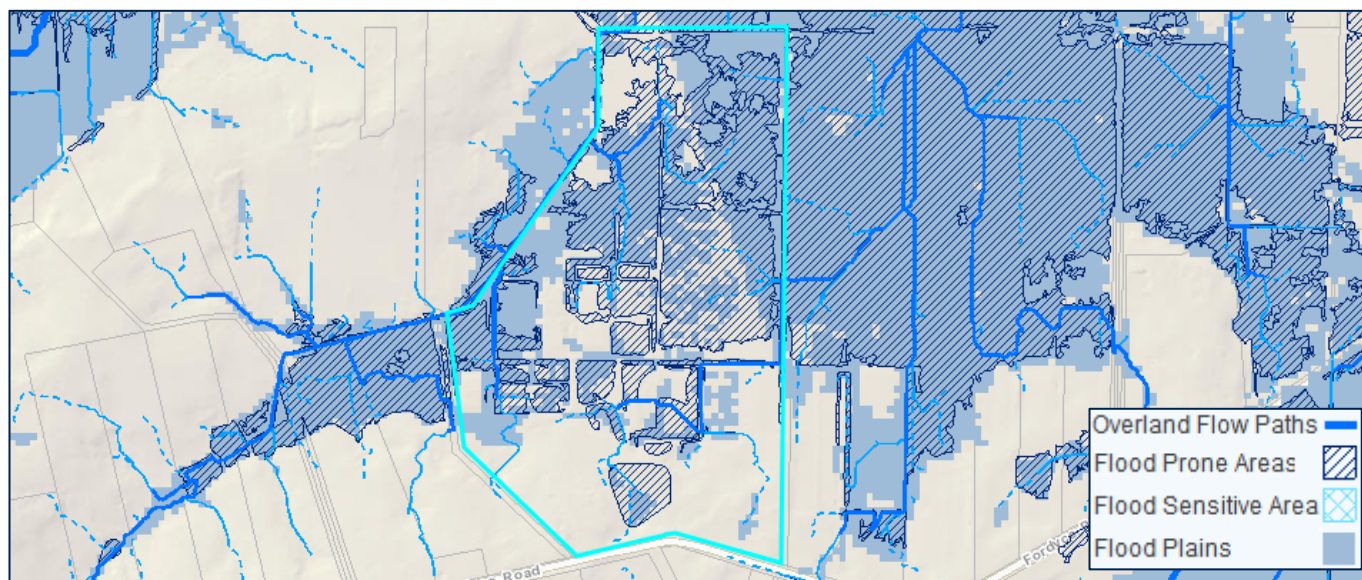
These assessments represent part of a mass appraisal, normally without any form of inspection and are reviewed on a three yearly basis. The annual rates amount is based on the Capital Value from 1 June 2021.

3.7 Hydrology

Auckland Council provide property mapping of potential flood risk during major rain events, created by the Stormwater Hydraulic Modelling Team last updated September 2013. Auckland Council further provide the below definitions of these various risk areas:

Overland Flow Path	Indicates the predicted path stormwater takes in a rain event, as it flows downhill over the land.
Flood Plain	Indicates areas predicted to be covered by flood water as a result of a rainstorm event of a scale that occurs on average once every hundred years. These areas have been produced from hydraulic modelling.
Flood Prone	Flood prone areas are topographical depressions. The areas occur naturally, or are created by dammed gullies created by man-made features such as roads and railway embankments. The flood prone extent is the area water will pond up to in a 1% Annual Exceedance Probability (AEP) extreme rainfall event assuming the outlet to the topographical depression is blocked.
Flood Sensitive	Areas adjacent to the 100 year ARI (Average Return Interval) floodplain that are within 0.5 metres of the predicted 100 year ARI flood level. These mapped areas are to ensure the appropriate planning rules are considered for properties developing adjacent to the floodplain.

The site is situated on an overland flow path, flood pain and within a flood prone area. We are advised by both the occupier (during site inspection) and our client that the property suffered no adverse flooding effects form recent flooding events seen in Auckland. That aside we reserve the right to reassess our valuation if drainage work or flood mitigation is required on site. The site is indicated below:



208 Fordyce Road, Helensville – 6 March 2023

4. Improvements

4.1 Property Description

The subject property comprises an irregular shaped land holding with a relatively level contour encompassing 29.7444 hectares of Rural Production zoned land in Parakai. The site fronts Fordyce Road and is improved with collection of standalone structures, ranging from a converted residential dwelling, multiple greenhouses and a more recently constructed glasshouse and post harvest warehouse. A number of ancillary structures including implement sheds, perimeter fencing, water reservoirs are scattered around the site. A loose metal access road links the various areas of the block to Fordyce Road.

Balance areas not improved by buildings or infrastructure are maintained in short grass cover and separated into paddocks that appear to be grazed although not commercially.



Site frontage



P9 (Post-harvest warehouse)



P6, P7, P8 Greenhouses



P3 Greenhouse



P2 Greenhouse



Converted Dwelling

4.2 Construction

Foundations	Concrete foundations
Floors	Concrete to greenhouses, timber flooring to the converted dwelling
Structural Frames	Combination of steel and timber framing and aluminium glazing bars to the greenhouses, timber framing to the converted dwelling.
External Cladding	<p>Single skin plastic cladding to greenhouses P2 to P8. The apex greenhouse (P9) comprises a combination of single skin plastic cladding and aluminium glazing bars.</p> <p>The converted dwelling comprises timber weatherboard cladding.</p>

208 Fordyce Road, Helensville – 6 March 2023

Joinery	Timber and aluminium joinery.
Roof	Combination of double skin plastic and coloursteel roofing.

4.3 Internal Finishes

Flooring	Concrete throughout the greenhouses, timber flooring to the converted dwelling.
Walls	A combination of timber, single skin plastic walls greenhouses P1 – P8, a combination of metal wall panels and single skin plastic walls to the apex greenhouse and painted plasterboard walls to the converted dwelling.
Ceilings	A combination of exposed, double skin plastic, metal panels and painted plasterboard.
Lighting	Suspended, ceiling mounted and recessed lighting throughout

4.4 Building Services

Amenities	Multiple w/c's throughout the greenhouses and converted dwelling.
Fire Protection	Handheld fire extinguishers, smoke alarms throughout the improvements
Air Conditioning	Wall mounted air conditioning unit within the converted dwelling, the packaging room within the apex greenhouse is also temperature regulated.

208 Fordyce Road, Helensville – 6 March 2023

4.5 Accommodation Details

Greenhouses P1, P2 & P3

Greenhouse P1, P2 and P3 measure at approximately 4,623, 4,222 and 3,628 sqm respectively with stud heights ranging from 2.2 and 3.6 metres at the knee to 4.5 and 6.1 metres at the apex respectively. Construction to the greenhouses comprises concrete foundations, timber and metal columns, with single skin plastic cladding and double skin plastic roofing. Additionally, Greenhouse 2 provides galvanised steel hoops with timber supports. We note an office of approximately 39 sqm is situated within Greenhouse 2.

We note that Greenhouses P1 to P3 are internally linked through two sets of enclosed areas utilized as storage and amenities comprising a staff lunchroom in addition to male and female bathrooms.



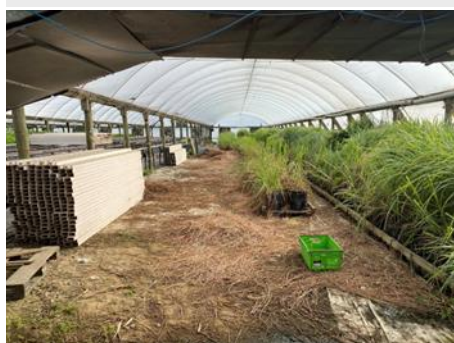
P1 Greenhouses



P3 Greenhouses



P1 Interior



P2 Interior



P3 Interior



Lunchroom

Greenhouses P4 & P5

Greenhouse 4 & 5 both provide a floor area of 4,461 sqm each, providing a stud height of 2.2 metres at the knee, rising to 4.5 metres at the apex. Construction comprising concrete flooring, single skin plastic cladding, a double skin plastic roof with galvanised steel hoops on timber supports. We note greenhouse P5 is currently under construction, having no roof cover. Similar to greenhouses P1-P3, the P4 & P5 greenhouses are internally linked through an enclosed areas utilized as storage and amenities



P4 Greenhouse



P5 Greenhouse



P4 & P5 Storage/Amenities

Greenhouses P6, P7 & P8-

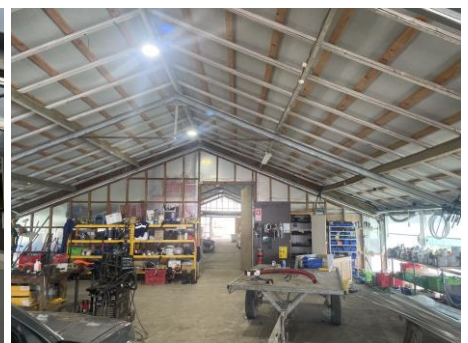
The greenhouses comprise 1960/1970s construction, providing floor areas of 1,180 sqm each. Original construction was intended as a glasshouse but has since been converted to plastic housing with construction comprising concrete flooring, single skin plastic side cladding, double skin plastic roofing with steel beam gable supports and timber framing. Greenhouse 8 is of similar construction to greenhouse 6 and 7 with the exception of half of the greenhouse having been converted to workshop accommodation, providing a colour steel roof. The balance of greenhouse 8 is utilised for storage in addition to research and development.



P6-8 Greenhouses



Interior



P8 storage accommodation

Greenhouse P9

Greenhouse P9 comprises the newest and largest of all the greenhouses situated within the subject property. The greenhouse is just over three years old, providing a combined floor area of 12,413 sqm and a stud height of 6.15 metres. Construction comprises concrete flooring with galvanised steel framing, aluminium glazing bars and glass glazing. A large boiler room and technical room is situated to the rear in addition to two bays to the western side of the greenhouse being utilized for seedling preparation, harvesting and load-out of finished herbs. A loading dock accessed via two single roller doors is situated to the front of the site. Extensive mechanical and automated machinery within this area provides potting and harvesting functions.

Packing and sorting rooms are temperature controlled between 0 – 5 degrees and of typical cool store appearance. Presentation overall is to a good state-of the art standard, commensurate with its recent construction.

208 Fordyce Road, Helensville – 6 March 2023



P9 Exterior



Loading Dock



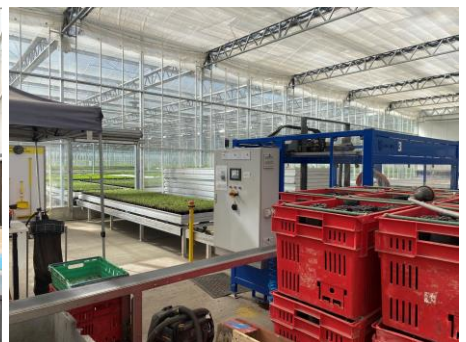
Packing Room



P9 Greenhouse



Boiler Room



Seedling Room

Residential Dwelling/ Converted Office Administration

A residential dwelling is situated a short drive down from the subject property's road frontage. We note the dwelling has since been converted to be the site's main office and reception accommodation. The converted dwelling provides three bedrooms to the ground floor and a first-floor attic with a single room. Internal fitout provides a combination of timber, laminate, and tile flooring, with painted plasterboard walls and ceilings. Amenities include a kitchen, equipped with a laminate benchtop and a stainless-steel sink and bathroom facilities, both to the ground floor. We note a small deck area to the eastern side of the dwelling. Overall presentation is to a tidy standard.



Exterior



Main reception



Kitchen

208 Fordyce Road, Helensville – 6 March 2023

Carparks

Provided onsite to various areas within the subject property.

Condition & Repair

The improvements range from a dated to modern condition. Extensive repairs are required at greenhouse P5 to fix the roof which we note is currently under construction. Our valuation assumes planned and proposed works to P5 are complete as at the date of valuation.

Site Map

The below map shows the site configuration as well as location of each of the structures described above.



208 Fordyce Road, Helensville – 6 March 2023

4.6 Floor Areas

We have completed an onsite measure of the subject improvements in accordance with the PCNZ and PINZ Guide for the Measurement of Rentable Areas, June 2013 revision, Method 4: Industrial Type Premise. We summarise our adopted rentable areas as follows:

Component	Floor Area	Proportion
Greenhouse P1	4,623 sq m	12.22%
Greenhouse P2	4,261 sq m	11.27%
Greenhouse P3	3,628 sq m	9.59%
Greenhouse P4	4,461 sq m	11.79%
Greenhouse P5	4,461 sq m	11.79%
Greenhouse P6	1,180 sq m	3.12%
Greenhouse P7	1,180 sq m	3.12%
Greenhouse P8	629 sq m	1.66%
Greenhouse P8 - Workshop	552 sq m	1.46%
Greenhouse 9 - Loading Dock	173 sq m	0.46%
Greenhouse 9 - Packing Room/Cool Store	1,220 sq m	3.23%
Greenhouse 9 - Seeding Room	1,535 sq m	4.06%
Greenhouse 9 - Boiler Room	245 sq m	0.65%
Greenhouse 9 - Glasshouse	9,485 sq m	25.08%
Office Administration	189 sq m	0.50%
Total Area	37,822 sq m	100%
Other Components		
Deck Area	62.00 sq m	

208 Fordyce Road, Helensville – 6 March 2023

5. Lease Details

5.1 Lease Documentation

We have been provided with lease documentation relating to the proposed lease-back of the site which we summarise below:

Tenant / Lessee	Superb Herb
Premises	208 Fordyce Road
Carparks	Provided onsite
Term	15 Years
Commencement Date	6 March 2023
Initial Expiry Date	5 March 2038
Final Expiry Date	5 March 2048
Right of Renewal	One (1) right of renewal of ten (10) years
Commencement Rental	\$1,240,000 per annum plus GST
Current Passing Rental	\$1,240,000 per annum plus GST
Rent Review Frequency	Yearly
Rent Review Provision	Annual fixed 3.5% increases except on the 9 th anniversary of the lease which is to market
Ratchet Clause	10% cap and collar on the market rent review
Outgoings	Triple net lease structure with tenant responsible for insurance, normal outgoings, repairs, and maintenance.
Make Good	<ul style="list-style-type: none">• Removing all raw and waste materials and rubbish stored at the Premises, together with any loose items of Tenant's properties• Leaving the building clean and tidy and otherwise consistent with the Tenant's repair and maintenance obligations under this lease (fair wear and tear excepted)• Safely removing all Tenant's Property; and• Any works required to comply with clause 17.2 of the lease
Landlord fitout	<p>We have been provided with a schedule of proposed items retained by the landlord which we keep on file.</p> <p>In summary we assume that most elements associated with the buildings either fixed or required for operation remain in the ownership of the landlord. These include some p&e items, light fittings, fitout, roller doors etc.</p> <p>Specific equipment used in the occupier's daily operation is generally retained by the tenant.</p>
Permitted Use	Commercial horticulture growing and grazing

We specifically assume that the above lease terms are formalised and executed within a Deed of Lease as at the date of valuation. Deviation from the terms summarised above will require adjustment to our valuation.

208 Fordyce Road, Helensville – 6 March 2023

5.2 Occupancy and Vacancy

Vacancies

Sale and leaseback of the property with all areas occupied by Superb Herb.

Incentives

We have not been advised of any proposed rent-free periods or incentive payments due as at our date of valuation.

Arrears

Not applicable.

Summary

Our valuation is reliant on information supplied to us relating to matters such as lease provisions, rental income, outgoings and other associated expenditure which appears realistic. We have had access to lease documentation and have verified key data of the major tenancies against supplied schedules.

We are unaware of any side agreements in existence which would alter the terms of the various lease agreements in respect of the property. In the event that a full due diligence report reveals such agreements do exist, the advice provided herein will require revision.

208 Fordyce Road, Helensville – 6 March 2023

6. Financial Summary

Under this valuation the property is occupied by Superb Herb returning \$1,240,000 per annum plus GST with a remaining term of 15 years as at the date of valuation.

6.1 Lease Expiry Analysis

We have undertaken a detailed lease expiry analysis of the subject building relating to occupied areas only. The indicated WALT and lease profile by income and area is summarised below:

	Income Basis	Area Basis
WALT	15.00 years	15.00 years

6.2 Operating Expenditure

Operating Expenses (OPEX) relate to the ongoing costs associated with the occupation or ownership of a building. Typically, leases will be structured on a net basis whereby operating costs are recovered from the Lessee including but not limited to; rates, service contracts, insurance costs and other operational costs. The subject property is leased on a triple net basis, with the tenant being responsible for outgoings and maintenance that the subject property may incur. The outgoings associated within the subject property extend beyond our 10-year cash flow horizon.

6.3 Capital Expenditure

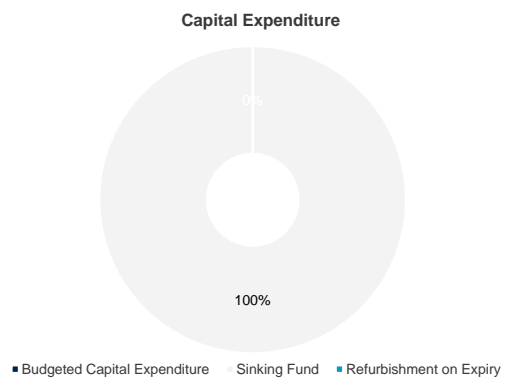
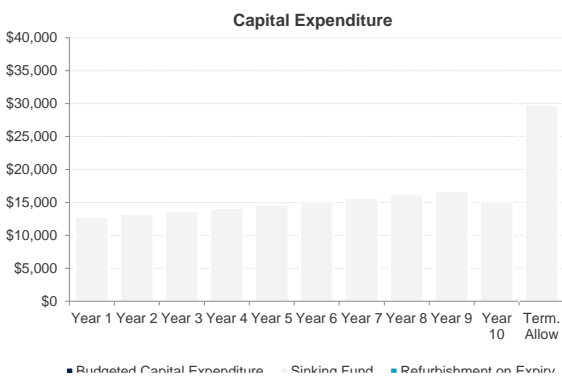
Despite the proposed lease being structured on a triple net basis we have made a soft allowance over the term of our cashflow noting that any make good provisions would likely reinstate structures to the condition observed as at the date of valuation. Given the age of some structures on site additional CAPEX may be required in order to refurbish / modernise some of the structures on site. Our adopted capital expenditure forecast forms part of the Valuation in Detail in our appendices, and is summarised below:

CAPITAL EXPENDITURE SUMMARY

BAYLEYS

Valuation Date: 6 March 2023

Capital Expenditure	Year 1 6-Mar-23 5-Mar-24	Year 2 6-Mar-24 5-Mar-25	Year 3 6-Mar-25 5-Mar-26	Year 4 6-Mar-26 5-Mar-27	Year 5 6-Mar-27 5-Mar-28	Year 6 6-Mar-28 5-Mar-29	Year 7 6-Mar-29 5-Mar-30	Year 8 6-Mar-30 5-Mar-31	Year 9 6-Mar-31 5-Mar-32	Year 10 6-Mar-32 5-Mar-33
Budgeted Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Sinking Fund	12,759	13,204	13,664	14,139	14,631	15,138	15,663	16,206	16,699	15,141
Refurbishment on Expiry	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	12,759	13,204	13,664	14,139	14,631	15,138	15,663	16,206	16,699	15,141
Total 10 year capital expenditure										147,243
Total 10 year capital expenditure (\$/m²)										4
Total 10 year capital expenditure (% of Adopted Value)										0.8%
Terminal Value Capital Expenditure Allowances										29,823
Total 10 year Capital Expenditure (Incl. terminal value)										177,066
Total 10 year Capital Expenditure (Incl. terminal value) - \$/m²										5
Total 10 year Capital Expenditure (Incl. terminal value) - % of Adopted										0.9%



208 Fordyce Road, Helensville – 6 March 2023

7. Market Overview

7.1 Economic Outlook

Introduction

The fallout of the pandemic has led to significant implications on the New Zealand and global economy. Factors such as the tight labour market, global supply chain issues, strong \$USD and rising global energy prices have all contributed to the highest level of inflation since 1990, now sitting at 7.2% for the year ended December 2022. Such market indicators have resulted in the Reserve Bank of New Zealand (RBNZ) adopting an aggressive approach to reducing inflation, continuing the trend of increasing the Official Cash Rate (OCR), which now sits at a seven year high of 4.25%. The most recent monetary policy announcement on 23 November 2022 saw the OCR raised 75 basis points from 3.5% in an effort to control inflation and return it to its mandated level of between 1% and 3% per annum. Interest rates are likely to keep increasing into 2023 as the economy finds its way to a sustainable path.

The below table indicates the performance of the New Zealand economy over the previous six months, together with expected future trends:

Economic Indicator	Period	Rate	Forecasted Trends
GDP	Q4 2021-Q4 2022	2.7%	↓
CPI	Q4 2021 – Q4 2022	7.20%	↓
OCR	Q4 2022	4.25%	↑
Unemployment Rate	Q4 2022	3.40%	↑
10 Year Bond Rate	February 2023	circa 4.35%	→
Net Migration	Q3 2022	circa -8,400 (provisional)	↑

Migration

New Zealand's unadjusted provisional annual net loss (more departures than arrivals) of migrants for the year ended September 2022 resulted in a provisional estimate of an annual net migration loss of 8,400. Provisional estimates for migrant arrivals and departures for the year ended September 2022 were 69,100 and 77,500. This is continuing to have implications on an already tight labour market, which may result in slow GDP growth moving forward. However, early indications are that with borders re-opening and Government restrictions on migrant workers being loosened, annual net migration may go positive into 2023. Commentators in this space are suggesting that the "brain drain" may subside as pent-up demand to leave New Zealand may have exacerbated by year end 2022.

Interest Rates & Inflation

In November 2022 the RBNZ announced a tighter monetary policy, in an effort to slow spending and reduce inflation pressure. Consumer price inflation in New Zealand in the September quarter was significantly stronger than expected. It was noted that the OCR needs to increase to a higher level, and quicker than previously indicated, to ensure inflation returns to its targeted range of between 1% and 3% per annum.

The Monetary Policy Committee is in agreement that a larger move towards a more balanced OCR will provide more stability and flexibility with regard to inflation and future policy decisions given the current uncertain global economic environment. Household spending remains resilient, especially considering the rise in debt servicing costs, the fall in house prices, and low levels of consumer confidence. Inflation expectations have persisted much longer than anticipated, driven by tourism recovery and coupled with competition in the labour market. Employees are changing jobs to get higher wages which can add to inflation pressure if not done with productivity.

208 Fordyce Road, Helensville – 6 March 2023

Pressures within the labour market remain as the country moves closer towards full employment. The labour cost index increased 3.4% within the year ending June 2022 and the unemployment rate was recorded at 3.4% for December 2022. With relaxed border controls and potential exacerbation of the “brain drain” as indicated above, we may see some easing in labour shortages. Furthermore, with the threat of a recession looming, we may likely see a continued increase in the unemployment rate into the 2023 year.

Inflation from the December 2021 quarter to the December 2022 rose 7.2% within New Zealand with the quarterly inflation rate at 1.4%. The main driver that attributed to the increase was rising food and grocery costs, transport costs, and the cost of housing and housing utilities. Factors such as ongoing supply chain issues, rising labour costs, strong \$USD and high levels of demand have effectively pushed up the construction cost of new dwellings within New Zealand. We are likely to see inflation for the first quarter of 2023 to again be high although at lower levels to previous quarters. Given that the December quarterly inflation rate increased 1.4% taking annual inflation to 7.2%, this could explain the most recent OCR hike of 75 basis points in November 2022. The next change to the OCR will be in February 2023 with indicators between a 25 bp and 75 bp hike. The near-term disruption and presumed confidence hit from the recent floods in Auckland and Hawkes Bay could be enough to tip the balance to a 50-point move.

It is also important to note the strong uplift in the 10-year Government Bond rate. An increase in the ‘risk-free rate’ could eventually flow onto discount rates for investments and as such, downward pressure on asset values. The risk-free rate of return (term deposit rates and 10-year Government Bond rates) has increased and currently sits around 4.35% (February 2023), which is a significant increase from the average return of 1.6-1.8% throughout much of 2021.

Investment & Construction

The outlook for residential construction is rapidly worsening following a continued trend of reduced profitability, strong inflationary pressure on building materials, supply chain issues, and labour constraints restricting the ability for activity to escalate. During December, the seasonally adjusted number of new consented dwellings fell 7.2%, after rising 6.7% in November 2022. Residential building consents for the year ending December 2022 was at 49,538, an increase of 1.1% from the year ended December 2021.

Additionally, there has been a lag between the time building consents are issued and construction commencement, contributing to a drop in the volume of non-residential building work. The recent downturn in the residential property market has also resulted in some planned residential developments being delayed or cancelled altogether, particularly as the availability of funding to developers has become problematic for many.

Summary

The short-term projection for the New Zealand economy is starting to become somewhat subdued off the back of business sentiment surveys and also the Reserve Bank Governor openly acknowledging that Recession is likely for 2023. With sustained high inflationary pressures and low unemployment, significant upward pressure on the interest rate environment is persisting, with it expecting the majority of household owners will be re-fixing in 2023 at significantly higher interest rates. With credit growth slowing dramatically and strong downward pressure on disposable incomes (due to high inflation and raising interest rates), stagnating growth will continue. We also note the decreasing residential housing market will continue to be front of mind for consumers, as a result of the above discussed factors.

In addition, the impact from the recent Auckland Floods and Cyclone Gabrielle are yet to be felt, however initial findings are that significant rebuilding will be required over the coming months and potentially years.

Source: Bayleys Valuations, Statistics NZ, Interest, ASB, ANZ, NZIER, RBNZ, Westpac (20 February 2023)

208 Fordyce Road, Helensville – 6 March 2023

8. Rental Evidence

8.1 Rental Evidence

We note from the outset that the subject properties offer predominantly specialised industrial buildings that have been purpose built as a growing and post-harvest facility.

Accordingly the assessment of market rent in this instance is a somewhat subjective exercise. Arguably the best proxy of rent can be assessed based on the proposed lease between Superb Herb and Centuria NZ Agricultural Property Fund Limited in which we understand that commencement rent was based on somewhat of an economic basis. Additionally, it is important to note that given the length of the leases, any rental reversion to market is deferred by a significant time period. Mindful of the perceived strength of the tenant covenant the determination of market rental in this instance becomes less important.

Despite previous comments made above we have nonetheless benchmarked current passing rental levels within the subject improvements with a range of regional industrial buildings including coolstores, packhouses and generic industrial facilities. We summarise evidence of note in the below tables.

We set out a number of Poultry properties that have been leased effective early 2023 at the below rates. Whilst poultry facilities differ from glass houses, we note that they form a reasonable base for comparison due to the rural location of such facilities and nature of improvements.

Pertinent details remain confidential however we retain full information on file.

Location	Contract Rent	Floor Area	Rate per sqm	Lease Type	Term (years)	Review Provisions
A	\$2,940,000	6,307 sqm	\$466	Triple Net	30.0	Annual Fixed 3% increases
B	\$1,040,025	26,093 sqm	\$40	Triple Net	30.0	Annual Fixed 3% increases
C	\$3,226,905	37,148 sqm	\$87	Triple Net	30.0	Annual Fixed 3% increases
D	\$1,378,125	24,687 sqm	\$56	Triple Net	30.0	Annual Fixed 3% increases
E	\$238,875	6,420 sqm	\$37	Triple Net	30.0	Annual Fixed 3% increases
F	\$275,625	5,737 sqm	\$48	Triple Net	30.0	Annual Fixed 3% increases
G	\$1,176,000	20,799 sqm	\$57	Triple Net	30.0	Annual Fixed 3% increases
H	\$588,000	11,501 sqm	\$51	Triple Net	30.0	Annual Fixed 3% increases
I	\$496,125	8,790 sqm	\$56	Triple Net	30.0	Annual Fixed 3% increases
J	\$91,875	4,045 sqm	\$23	Triple Net	30.0	Annual Fixed 3% increases
K	\$176,400	6,081 sqm	\$29	Triple Net	30.0	Annual Fixed 3% increases

We note from the outset that the subject property offers predominantly specialised glasshousing with some coolstore areas that have been purpose built as growing and harvesting of herbs.

The market for alternative users remains relatively shallow with few prospective tenants that we are aware of being available to lease the buildings in their entirety. The contract rentals within the subject property range between \$10 psm - \$150 psm and depends on quality, age and functionality with the higher rents relating to the new post-harvest facility. The lower end of the range reflects the older, smaller and more inferior quality glasshouses.

The assessment of market rent in this instance is a somewhat subjective exercise however in this instance we have elected to adopt passing rental as reflective of market. Our adopted market rent is shown below:

208 Fordyce Road, Helensville – 6 March 2023

Component	Tenant	Floor Area	Passing Rent \$pa.	Passing Rent \$/sqm	Market Rent \$pa.	Net Market Rent \$/sqm
Greenhouse P1	Superb Herb	4,623.00 sq m	\$69,345.00	\$15.00	\$69,345.00	\$15.00
Greenhouse P2	Superb Herb	4,261.00 sq m	\$63,915.00	\$15.00	\$63,915.00	\$15.00
Greenhouse P3	Superb Herb	3,628.00 sq m	\$72,560.00	\$20.00	\$72,560.00	\$20.00
Greenhouse P4	Superb Herb	4,461.00 sq m	\$89,220.00	\$20.00	\$89,220.00	\$20.00
Greenhouse P5	Superb Herb	4,461.00 sq m	\$89,220.00	\$20.00	\$89,220.00	\$20.00
Greenhouse P6	Superb Herb	1,180.00 sq m	\$14,750.00	\$12.50	\$14,750.00	\$12.50
Greenhouse P7	Superb Herb	1,180.00 sq m	\$14,750.00	\$12.50	\$14,750.00	\$12.50
Greenhouse P8	Superb Herb	629.00 sq m	\$6,290.00	\$10.00	\$6,290.00	\$10.00
Greenhouse P8 - Workshop	Superb Herb	552.00 sq m	\$46,920.00	\$85.00	\$46,920.00	\$85.00
Greenhouse 9 - Loading Dock	Superb Herb	173.00 sq m	\$20,760.00	\$120.00	\$20,760.00	\$120.00
Greenhouse 9 - Packing Room/Cool Store	Superb Herb	1,220.00 sq m	\$158,600.00	\$130.00	\$158,600.00	\$130.00
Greenhouse 9 - Seeding Room	Superb Herb	1,535.00 sq m	\$153,500.00	\$100.00	\$153,500.00	\$100.00
Greenhouse 9 - Boiler Room	Superb Herb	245.00 sq m	\$36,370.00	\$148.45	\$36,370.00	\$148.45
Greenhouse 9 - Glasshouse	Superb Herb	9,485.00 sq m	\$379,400.00	\$40.00	\$379,400.00	\$40.00
Office Administration	Superb Herb	189.00 sq m	\$24,400.00	\$129.10	\$24,400.00	\$129.10
Total		37,822.00 sq m	\$1,240,000	\$32.79	\$1,240,000	\$32.79

208 Fordyce Road, Helensville – 6 March 2023

9. Sales Evidence

9.1 Sales Evidence – Specialised Agri-Investment Sales

We note a paucity of directly comparable transactions that have occurred in recent times given the relatively shallow nature of the agricultural investment market in New Zealand. As such, in determining the market value of the subject property, we have considered a cross-section of Agri-sales that have occurred throughout the wider New Zealand locality noting that the majority reflect chicken farming operations.

In this version of the Valuation Report, we have excluded key metrics which are confidential in order to protect the privacy of the parties involved.

A summary of these transactions is detailed below:

Location	Date	Sale Price
Okauia	Jun-22	\$9,275,000
Inglewood	Jun-22	\$23,430,000
Levin	Jun-22	\$1,700,000
Opunake	Mar-22	\$2,500,000
Okauia	Nov-21	\$5,600,000
Te Awamutu	Nov-21	\$20,000,000
Tikorangi	Aug-21	\$5,450,000
New Plymouth	May-21	\$6,700,000
Paraite	Feb-21	\$1,875,000
Kairanga	Dec-20	\$2,000,000
Putaruru	Oct-20	\$3,500,000
Sentry Hill	Oct-20	\$3,650,000
Waitoa & Matamata	May-19	\$86,000,000
Lincoln	Mar-19	\$2,200,000
Te Aroha West	May-18	\$11,700,000
Rolleston	Jul-18	\$3,050,000
Rolleston	Nov-17	\$3,650,000
Tarururangi	Oct-16	\$4,450,000
Brixton	Sep-16	\$3,350,000
Kaimiro	Jan-15	\$7,500,000
Rolleston	Jul-14	\$2,055,000

The pertinent transactions are discussed as follows:

National Portfolio - Confidential

We are aware of a national portfolio of chicken farms that provide generally modern purpose-built chicken facilities and supporting feed infrastructure located within Auckland, Waikato, Levin, Christchurch and Otago that sold at the end of 2022 for over \$100 million.

Confidential, Inglewood

The property comprises a poultry meat farm constructed circa 2014 situated on an irregular shaped site in Inglewood, Taranaki. The site is improved with twelve modern chicken sheds with construction comprising concrete foundations, steel framing, fibre cement or similar cladding and long run metal roofing. The sheds are situated in three blocks of four utilising the majority of the available land with a combination of sealed and gravel thoroughfares

208 Fordyce Road, Helensville – 6 March 2023

linking the blocks with the balance of the site comprising of fenced pastoral land. The property includes additional ancillary buildings along with two three-bedroom residential dwellings of brick construction.

The property sold in June 2022 for \$23.43 million. The annual rental has not been provided.

Confidential, Opunake

The property comprises a poultry breeder shed constructed in 2018 situated in Opunake. Historically the land has been grazed for livestock however was recently converted for poultry farming. Construction comprises concrete slab foundations supporting tilt-slab insulated concrete panelled walls and steel RSJ portal frames which provide clear span layout. The stud height is approximately 3.3 metres at the knee rising to approximately 3.8 metres at the apex. The roof structure is timber purlins, and an insulated ceiling supports the long run metal roofing. The improvements include a small area of staff amenities which include a kitchenette, staff room and wc facilities.

The property sold in March 2022 for \$2.5 million.

Confidential, Te Awamutu

The property comprises a purpose-built chicken raising, and breeding facility located to the south of Te Awamutu township. The surrounding area is predominantly characterised by rural based activity mostly used for dairy farming purposes. Improvements were built in 2018 consisting of a specialised controlled environment agri-house and associated offices and amenities.

The property sold in November 2021 for \$20,000,000.

Confidential, New Plymouth

The property comprises a poultry production facility that encompasses breeder sheds situated on a large rural land holding in New Plymouth. The property is improved with four shed poultry breeding complexes, a manager's three-bedroom dwelling and two standalone workshops / utility sheds. The poultry breeding sheds were constructed in stages, with two built in 2003, one in 2004 and the fourth in 2014. Construction comprises concrete floor slab foundations and reinforced concrete panel external walls. Insulation panels run the length of the walls with long-run metal cladding throughout.

The property sold in May 2021 for \$6.70 million.

Confidential, Waitoa & Matamata

The portfolio comprises six freehold properties located within the Matamata, Putaururu and Waitoa Districts, Waikato. The properties comprise a mixture of breeder farms, hatchery and a processing factory that occupy predominantly rural zoned landholdings.

9.1 Sales Evidence – Wider Regional & Specialised Industrial

From the outset we note that the New Zealand agricultural investment market is relatively shallow with few sales comparable to the subject having occurred in recent times. Therefore, in order to establish suitable valuation parameters, we have researched a number of sales throughout the wider region including generic industrial sales, specialised industrial assets and additional agri-investment sales.

In this version of the Valuation Report, we have excluded key metrics which are confidential in order to protect the privacy of the parties involved.

A summary of these transactions is detailed below:

Address	Suburb	Tenant	Date	Sale Price	Land Area (sqm)	Land Rate (\$/sqm)
Confidential	Hastings	Confidential	Jul-22	Confidential	85,802	c. \$700
49A Sonter Road	Christchurch	Undisclosed	Jun-22	\$2,150,000	1,288	\$1,669
5 Hill Road	Hastings	Mr Apple New Zealand	Mar-22	\$31,860,000	35,345	\$901
100 Maui Street	Hamilton	Profile Foods Limited	Feb-22	\$31,300,000	32,560	\$961
3 Hanui Road	Hastings	New Zealand Miracle Water Ltd	Jan-22	\$24,500,000	25,000	\$980
719 Halswell Junction Road	Hornby	Dairyworks Limited	Dec-21	\$11,030,000	11,110	\$993
3 Hanui Road	Hastings	NZ Miracle Water Limited	Dec-21	\$24,500,000	25,000	\$980
67 Main North Road	Christchurch	Hellers Limited	Dec-21	\$40,500,000	47,993	\$844
22 Whakatu Road	Hastings	ENZA Fruit NZ Limited	Nov-21	\$79,545,000	95,638	\$832
509 Te Mahwhai Road	Te Awamutu	Inghams Enterprises (NZ) Pty	Nov-21	\$20,000,000	68,285	\$293
1 Fraser Street	Timaru	Fonterra	Sep-21	\$33,200,000	31,450	\$1,056
20 Duke Street	Frankton	RJ Hills Laboratories	Apr-21	\$23,750,000	19,988	\$1,188
37 Johnston Way	Hastings	Milk Kitchen Ltd	Apr-21	\$7,180,000	15,562	\$461
11-17 Huttloc Place	Tokoroa	Blue Pacific Minerals	Mar-21	\$12,750,000	31,100	\$410
68 Niven Street	Napier	Vacant Possession	Mar-21	\$1,200,000	1,100	\$1,091
1 James Rochfort Place	Hastings	Vacant Possession	Mar-21	\$2,925,000	5,829	\$502
18 Cooper Street	Havelock North	Cherri Global Limited	Mar-21	\$8,400,000	6,015	\$1,397
805 Orchard Road	Hastings	Vacant Possession	Jan-21	\$2,500,000	9,619	\$260
1332 Omaha Road	Hastings	Multiple Tenants	Jan-21	\$2,545,000	6,069	\$419
14-16 Makaro Street	Porirua	Downer EDI Works Limited	Dec-20	\$35,600,000	25,000	\$1,424
48 Alderson Drive	Palmerston North	Freshmax NZ Ltd	Dec-20	\$9,400,000	11,318	\$831
9 Niven Street	Napier	Multiple	Dec-20	\$1,140,000	1,012	\$1,126
484 Nayland Road	Stoke	Turners & Growers	Nov-20	Confidential	80,382	-
124 Wellesley Road	Napier	Vacant Possession	Oct-20	\$1,180,000	1,518	\$777
24 Mill Road	Whanganui	Wight Aluminium	Oct-20	\$16,575,000	19,800	\$837
9-13 Rolf Way	Putaruru	Farmlands	Sep-20	\$2,800,000	4,005	\$699
2 Ford Road	Napier	Vacant Possession	May-20	\$2,250,000	2,120	\$1,061
34 Wakefield Street	Napier	Vacant Possession	Feb-20	\$1,726,653	2,471	\$699
29,47, 52 Hanui Road & 115A, 115B, 121 Elwood Road	Hastings	Multiple	Dec-19	\$41,000,000	104,700	\$392
11-19 Karewa Place	Te Rapa	Kmart	Oct-19	\$19,430,000	15,900	\$1,222
122 Ingram Road	Hamilton	Visy Packaging	Jul-19	\$71,020,000	85,105	\$834
Inghams Portfolio	Matamata	Inghams	Jul-19	\$86,000,000	1,860,759	\$46
113 Elwood Road	Hastings	HeinzWatties	Jun-19	\$29,100,000	63,037	\$462

208 Fordyce Road, Helensville – 6 March 2023

The pertinent transactions shown above are briefly discussed as follows:

5 Hill Road, Twyford, Hastings



The property comprises a cool store facility located on the corner of Hill Road and Omaha Road on a 35,354 square metre site zoned General Industrial in Hastings. The property was constructed in stages from circa 2013 and comprises of cool store accommodation across six modern purpose built high capacity stores serviced by a modern Glycol Refrigeration system. The property also includes full canopy loading areas, bin storage and associated offices and amenities.

The property sold for \$31.86 million in March 2022.

Vacancy:	0% Sale Price:	\$31,860,000
Sale Date:	Mar 22 Tenant:	Mr Apple New Zealand

100 Maui Street, Pukete, Hastings



The property comprises a food production and distribution facility situated on a 32,560 square metre site within the Pukete Industrial Estate in Hamilton. The improvements comprise of warehousing with high quality food production areas situated within the footprints. The warehouse areas offer medium to high stud, sprinklered accommodation within minimal column interruption. Two drive through canopies are provided adjoining to the warehouse. The site is well secured with boundary fencing and gate access. The southern portion of the site provides approximately 8,134 square metres of development land for further expansion opportunities.

The property sold for \$31.3 million in February 2022.

Vacancy:	0% Sale Price:	\$31,300,000
Sale Date:	Feb 22 Tenant:	Profile Food Limited

3 Hanui Road, Tomoana, Hastings



The property comprises an industrial facility constructed circa 2014 situated on a 25,000 square metre site with corner profile to Hanui Road and Elwood Road in Hastings. Improvements comprise a modern warehouse with associated offices, amenities, canopy and yard space. The warehouse has two rows of columns with a stud height of 8.15 metres rising to approximately 11.50 metres at the apex. Situated to the western portion of the site is a concrete sealed yard adjoining the warehouse. The site is well secured with boundary fencing and gate access.

The property sold in December 2021 for \$24.5 million..

Vacancy:	Unconfirmed Sale Price:	\$24,500,000
Sale Date:	Dec 21 Tenant:	New Zealand Miracle Water Limited

208 Fordyce Road, Helensville – 6 March 2023

67 Main North Road, Kaiapo, Christchurch



The property comprises a specialised food production facility situated on three freehold parcels of land with a combined site area of approximately 47,993 square metres. The site occupies a corner position to Neeves Road and Main North Road and is located within Kaiapoi, Christchurch. The improvements offer a combination of areas including coolstores, blast freezers, processing areas and dry store warehousing. There is also a small standalone workshop, separate electrical switchroom and two residential dwellings to the northern portion of the site. Overall, the property presents to a good condition.

The property sold in December 2021 for \$40.5 million.

Vacancy:	0% Sale Price:	\$40,500,000
Sale Date:	Dec 21 Purchaser:	Oyster Property Group

22 Whakatu Road, Whakatu, Hastings



The property comprises a significant industrial holding in Whakatu, Hastings. The property presents as a significant packing and cool store facility on a 9.56-hectare site. The improvements to site present to a tidy condition, forming a combination of packhouse, warehouse cool store and associated accommodation, together with a substantial yard area. The property has been operating as an established post-harvest processing facility by ENZA Fruit New Zealand Limited who have invested heavily in the upgrade of the property to form a state-of-the-art processing site with drive-around access and ample yard storage space.

The property has been purchased under a sale and leaseback scenario for \$79,545,000, with ENZA Fruit New Zealand Limited leasing back the property on a triple net structure.

Vacancy:	0% Sale Price:	\$79,550,000
Sale Date:	Oct 21 Purchaser	Property for Industry (PFI)

20 Duke Street, Frankton, Hamilton



The property comprises a significant industrial facility located within the Hamilton industrial precinct of Frankton. The site occupies a large industrial landholding with an area of approximately 1.9988 hectares configured in a slightly irregular shape.

The subject land is improved with a purpose-built mail sorting and distribution facility that was architecturally designed by Warren and Mahoney. More recently the building was modified and extended to suit the current occupier RJ Hills Laboratories Limited.

Vacancy:	0% Sale Price:	\$23,750,000
Sale Date:	Apr 21 Purchaser	Silverfin Capital Ltd (Public Syndication)

208 Fordyce Road, Helensville – 6 March 2023

37 Johnston Way, Whakatu, Hastings



The property comprises an underdeveloped site in Whakatu, Hastings. The improvements present to a tidy standard and have achieved 100% NBS earthquake ratings. The warehouse is clear-span with steel portal framing of medium stud with translucent panel inserts. The offices are over a single level, attached to the warehouse and of a tidy however slightly dated presentation. The remainder of the site forms sealed yard space.

The property sold in April 2021 for \$7.81 million.

Vacancy:	0% Sale Price:	\$7,180,000
Sale Date:	Apr 21 Purchaser	VCVB Limited

18 Cooper Street, Havelock North, Hastings



The property comprises a dated industrial facility of sawtooth roof design. The buildings are situated on a 6,015 square metre site, improved with cool-store and low stud warehouse facility with associated offices. Internal presentation is basic, with plasterboard walls and ceilings, along with original carpet flooring to offices.

The property was sold with a new lease in place to Cherri Global Limited.

Vacancy:	0% Sale Price:	\$8,400,000
Sale Date:	Mar 21 Purchaser	Erskine Owen

484 Nayland Road, Stoke, Nelson



The property comprises a food processing facility in Stoke. The improvements are situated on an 8.03 hectare site and include packhouses and cool stores to support Turners and Growers post-harvest operations.

The property sold in December 2020 for \$50.5 million.

Vacancy:	0% Sale Price:	\$50,500,000
Sale Date:	Dec 20 Purchaser	Willis Bond

208 Fordyce Road, Helensville – 6 March 2023

29, 47, 52 Hanui Road & 115A,B and 121 Elwood Road, Tomoana, Hastings



This property comprises of a large, modern industrial development in Tomoana, Hastings offering 10.47 hectares of land split over multiple titles with multiple street frontages. The land is improved with five modern industrial buildings each with associated yard areas and was 100% occupied at the time of sale.

The properties sold together late 2019 for \$41,000,000.

Vacancy:	0% Sale Price:	\$41,000,000
Sale Date:	Dec 19 Purchaser	Tomoana Limited Partnership

113 Elwood Road, Tomoana, Hastings



The property comprises the Heinz-Watties National Distribution Centre located within the industrial area of Tomoana, Hastings. The site occupies a large 6.3037 hectare land parcel bordering the Palmerston North-Gisborne trunk line. Improvements on site comprise a significant distribution facility that appears to date from the 1960's through to more recent extensions completed mid 2000's. A small office component is located to the front of the warehouse. The buildings occupy the majority of the land with full drive-around capability, large canopies and a rail-siding. Overall presentation is to a good condition.

The property sold in July 2019 for \$29.1 million.

Vacancy:	0% Sale Price:	\$29,100,000
Sale Date:	Jun 19 Purchaser	Hastings Distribution Centre Property LP

9.2 Australian Agri-Investment Sales

Lastly, we have investigated sales of glasshouse facilities in Australia for comparison purposes noting that Australian investors are active in seeking investment opportunities within the New Zealand market. A summary of glass sales from within Australia are shown below:

Address	Suburb	Date	Sale Price (\$AUD)	Initial Yield	Market Yield	IRR
<i>Unsettled Horticultural and Glasshouse Sales</i>						
234 Carmelo Road	Riverlea Park SA	DD	Confidential	-	-	-
225 Bob Irvin Road	Yoogali NSW	Unconditional	Confidential	-	-	-
<i>Settled Horticultural and Glasshouse Sales</i>						
710 Port Paterson Road	Port Paterson SA	Dec-22	\$70,000,000	c. 6.50%	c. 6.50%	c. 8.90%
Flavorite 264 & 318 Copelands Road	Warragul VIC	Sep-21	\$177,000,000	c. 5.65%	c. 5.65%	c. 7.35%
368 Fredericks Road	Caniaba NSW	Dec-18	\$3,025,000	VP	-	-
687 Germantown Road	Korunye SA	Mar-18	\$112,000,000	-	c. 7.50%	-
<i>Investment Sales</i>						
Piscioneri Farms	Mildura VIC	Jun-21	\$9,250,000	c. 6.60%	c. 6.6%	c. 8.85%
Rolf Blinder Winery & Vineyard' Various Properties	Tanunda & Vine Vale SA	May-21	\$14,200,000	c. 6.25%	c. 6.25%	c. 8.50%
Katnook Estate' Various Addresses	Coonawarra SA	Nov-20	\$11,500,000	c. 7.00%	c. 7.00%	c. 9.40%
327 Avalon Road	Birganbigil NSW	Apr-20	\$4,800,000	c. 4.60%	c. 6.25%	c. 7.40%

208 Fordyce Road, Helensville – 6 March 2023

9.3 Sales Summary

Adjustment to the above sales is required for the following factors:

Location	Rural located properties
Size	Mid-value quantum in the context of regional New Zealand
Quality	Good quality buildings that appear to have been well maintained commensurate with age and use.
Lease Term	Triple net lease with annual fixed 3.5% increases.

In regard to regional sales, we observed heightened demand for industrial property over the course of 2020 through to 2021 with a number of sales subject to multi-offer scenarios. We note however that over the course of 2022 there was a distinct change to economic conditions compared with the preceding few years. Rising interest rates, a high inflationary environment, the continued disruption driven by Covid-19 and the more recent international conflict between Ukraine and Russia has created uncertainty. We have witnessed a significant fall in sales volume and sentiment which has led to difficulties in identifying value trends. A number of asset classes have been significantly impacted due to economic conditions with anecdotal data suggesting value decline of up to 20-30% in some instances.

That aside we note that industrial property has demonstrated a level of resilience due to rental growth, high demand and generally stable businesses be it manufacturing, production or logistics. Although the subject is not reflective of traditional industrial property, similar observations have been witnessed in the agri-investment market particularly those assets that contain industrial style operations.

Additionally, we note that agricultural sales in Australia demonstrate yields of between circa **5.65% - 7.50%** with generated IRR's of between circa **7.35% - 9.40%**. Whilst yields achieved in Australia have been relied upon in a supplementary capacity only, we do note that Australian property investment is subject to taxes that do not apply in New Zealand which would impact on net returns. Additionally, the sales show the demand for agri-assets and premiums that apply for triple net / long WALT's.

It is also relevant to mention the interest shown in the New Zealand market by Australian investors seeking agri-investment opportunities. These purchasers are likely to weigh up opportunity in New Zealand against available stock in Australia and thus some comparison between yields achievable in Australia can be drawn.

The subject property offers an attractive triple net lease with a long WALT and located in an area that may support an alternative use in the future. The property is a specialised asset that carries vacancy risk if Superb Herb were to vacate. However, the cost of entry for competitors together with potential compliance issues that may be associated with moving the Superb Herb operation would restrict the likelihood of the tenant seeking alternative sites. Additionally, the location within the fringe of the Auckland urban area offers the potential for a change of use in the future helping to justify a lower return over the longer term.

After consideration to the above factors and considering the sales evidence detailed above, we are of the view that a yield of between **6.50% - 7.00%** and a discount rate of between **7.75% - 8.00%** is justifiable given the length of lease term, location, tenant covenant and triple net structure of the lease.

208 Fordyce Road, Helensville – 6 March 2023

10. SWOT Analysis

We have considered and summarised the key positive and negative features associated with the subject property. This process assists in determining the appropriate yield and adopted rates for valuation.

Strengths	Opportunities
<ul style="list-style-type: none"> Currently occupied by an established horticulture producer with a strong weighted average lease term. Greenhouse P9 comprises a new purpose-built facility. Residual land currently leased to a dairy farmer for grazing purposes. Long lease of 15 years to an established tenant. Triple net lease structure provides a passive investment opportunity. Location will likely see upwards pressure on land value over the course of lease and particularly as the lease nears expiry. Cost of entry presents as a barrier for competitors to enter market. Annual fixed 3.5% increases will increase returns over course of lease. 	<ul style="list-style-type: none"> Upgrade the older greenhouses to reflect modern facilities Expansion of outdoor crops Potential change of use in the future subject to zone change or consent for higher yielding activity.
Weaknesses	Threats
<ul style="list-style-type: none"> Contour of the site is generally level but situated within multiple flood plains, flood prone areas and overland flow paths. Specialised nature of improvements would restrict alternative use if Superb Herb were to vacate. Lack of sales data of comparable stock creates difficulties in pricing asset. Therefore market value falls within a particularly wide range. Residual value at present limited to underlying rural land value upon expiry of lease. Alternative use may not yield similar returns. Competition from competitors may impact on ability of tenant to pay rent. Privately owned business offering a weaker tenant covenant compared with publicly listed companies. Difficulties accessing bank funding would likely shrink potential pool of prospective purchasers. Hard to price asset given lack of comparable sales data and volume of transactions. 	<ul style="list-style-type: none"> Wide expected value range given its regard as a specialist asset class, with a paucity of recent comparable sales Recession Risk due to macro-economic factors High interest rate environment increasing the cost of borrowing. High inflationary environment eroding investment return. Impact of international geo-political factors and the flow on effects to the New Zealand economy and property market. Changing market conditions may see value reduction over the short – medium term Offshore and local factors having a negative impact on the domestic economy and property values. Fluctuation in crop returns Changes to regulations and government policy may impact on tenants' business / operations. Economic obsolescence. Default by tenant. We may witness further softening of yields over 2023.

208 Fordyce Road, Helensville – 6 March 2023

11. Valuation Approach

In arriving at our concluded value, we have considered relevant general and economic factors and have in particular investigated a summary of sales of comparable properties.

There are two key approaches to valuation of commercial and industrial property, these being the Market Approach and Income Approach.

The appropriate method of valuation under the Market Approach is the Sales Comparison Method. The appropriate methods of valuation under the Income Approach include the Capitalisation of Income Method and Discounted Cash Flow Method.

In some instances, a third approach known as the Cost Approach is applicable, the appropriate method under this approach is the Depreciated Replacement Cost (DRC) method.

In this case we consider the following approaches and applicable methods most appropriate.

11.1 Capitalisation of Income Method

For property that is income producing, the primary method of valuation is the Capitalisation Method. This method is market-derived and considers both sales and leasing evidence in order to determine the current market value. This method involves capitalising the actual contract and/or potential net income at an appropriate market derived rate of return. In situations where the contract rental varies from our assessed market rent the rental surplus or shortfall is calculated on a present value basis and adjusted against the capitalised value. The capitalised value may also be adjusted for costs associated with vacancy/part vacancy if this exists or is pending.

In determining an appropriate market yield for the subject, we have regard to market demand for the type of asset stock, commercial/industrial rental levels, along with general allowances for the scope of future rental growth, competition and location.

It is important to realise that the basis of any value is very much derived from a number of factors such as the quality and security of income, the degree of risk associated with the prospect of both an increase in rental and/or capital gain and the attractiveness of the investment as compared to other forms of investment available in the market place.

We summarise our calculations under this method as follows:

MARKET CAPITALISATION METHOD

BAYLEYS

Valuation Date: 6 March 2023

Market Capitalisation Method

Market Income

	Base Rent	Recoveries	Total
Industrial	1,240,000	33,748	1,273,748
Sundry Income			-
Gross Market Income	1,240,000	33,748	1,273,748
Less Adopted Outgoings			(33,748)
Less Ground Rent			-
Net Market Income			1,240,000
Less Vacancy Factor			-
Net Income			1,240,000

Market Capitalisation Rate	6.93%	6.68%	6.43%
Core Capital Value (fully leased)	17,906,137	18,576,779	19,299,611
Core Capital Value (\$/m ²)	473	491	510

Capital Value Adjustments

Capital Expenditure

Budgeted Capital Expenditure	24 months	-	-	-
Capital Sinking Fund Allowance	24 months	(24,346)	(24,400)	(24,454)

Total Capital Value Adjustments		(24,346)	(24,400)	(24,454)
--	--	-----------------	-----------------	-----------------

Capitalised Value	17,881,791	18,552,379	19,275,156
Capitalised Value (\$/m ²)	473	491	510

Rounded Value	17,900,000	18,550,000	19,300,000
Capitalised Rounded Value (\$/m ²)	473	490	510

Adopted Value

Initial Passing Yield	19,000,000
Initial Passing Yield	6.53%
Initial Passing Yield excl. Vacancy Factor	6.53%
Initial Passing Yield (Fully Leased)	6.53%
Initial Passing Yield (Fully Leased) excl. Vacancy Factor	6.53%
Equivalent Initial Yield	6.52%
Equivalent Market Yield	6.52%
Capital Value (\$/m ²)	502

208 Fordyce Road, Helensville – 6 March 2023

11.2 Discounted Cash Flow Method

This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon.

In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, refurbishment costs, vacancies, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

Whereas the investment method capitalises income at a specific point in time, the DCF permits us to make allowances and forecasts over a predetermined investment period. The estimated cash flows including the reversionary value estimate at the end of the investment period are then discounted to provide the property's net present value.

The analysis is predicated on the assumption of a cash purchase. No allowance has been made for interest and other funding costs. As well, the DCF analysis proceeds on a before tax basis, and whilst we have not qualified any potential taxation benefits associated with the property, we are of the view that these are an issue that a prospective purchaser would reflect in their consideration.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10 year investment horizon.

Our critical DCF assumptions are:

Market Rental	We have adopted market rents as outlined the preceding section of this report.
Rental Growth	<p>In adopting our rental growth forecasts, we have had regard to several key factors, namely:</p> <ul style="list-style-type: none">• Market and prevailing business confidence;• New business growth;• Market trends and occupier preferences, and• Prevailing and forecasted vacancy levels. <p>As noted above, we have applied a growth rate to rental at an average of 1.90% per annum.</p>
Terminal Yield	We have adopted a terminal capitalisation rate of 7.175% which sits 50 points above our market capitalisation rate of 6.675%, reflecting the property will be 10 years older upon terminal sale.
Discount Rate	<p>In this instance we have applied a Discount Rate of 7.75% which includes a reasonable premium over the prevailing 10-year bond rate, which currently sits around 4.625%. The margin reflects the risk premium inherent with direct property investment and its illiquidity compared with other forms of investment.</p> <p>Additionally, in determining a suitable Discount Rate to apply we have been mindful of analysed IRR of comparable sales.</p>
Capital Expenditure	We have made an annual allowance reflecting 1.00% of the gross annual income of the property in order to account for general capital expenditure requirements which are not recovered under a triple net lease structure.
Vacancy / Letting Up	Not applicable due to length of lease.

208 Fordyce Road, Helensville – 6 March 2023

We summarise our calculations under this method as follows:

DCF VALUATION SUMMARY										
Valuation Date: 6 March 2023										
Summary of Annual Cash Flows										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	6-Mar-23	6-Mar-24	6-Mar-25	6-Mar-26	6-Mar-27	6-Mar-28	6-Mar-29	6-Mar-30	6-Mar-31	6-Mar-32
	5-Mar-24	5-Mar-25	5-Mar-26	5-Mar-27	5-Mar-28	5-Mar-29	5-Mar-30	5-Mar-31	5-Mar-32	5-Mar-33
Base Passing Rent by Renewal Type										
Industrial	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Base Passing Rent	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Base Passing Rent										
Base Passing Rent										
Secured rent	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Renewal rent	-	-	-	-	-	-	-	-	-	-
Base Passing Rent	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Recoveries	34,552	35,642	36,650	37,658	38,629	39,529	40,418	41,327	42,186	43,030
Total Income	1,275,924	1,320,379	1,366,353	1,413,900	1,463,132	1,513,794	1,566,282	1,620,597	1,669,868	1,514,120
Outgoings										
Statutory expenses	8,956	9,239	9,500	9,761	10,013	10,246	10,477	10,713	10,935	11,154
Operating expenses	25,595	26,403	27,150	27,897	28,616	29,282	29,941	30,615	31,251	31,876
Ground Rent	-	-	-	-	-	-	-	-	-	-
Non-recoverable expenses	-	-	-	-	-	-	-	-	-	-
Outgoings	34,552	35,642	36,650	37,658	38,629	39,529	40,418	41,327	42,186	43,030
Net Operating Income (before Vacancy Factor)	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Vacancy Factor	-	-	-	-	-	-	-	-	-	-
Net Income	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Allowances										
Allowances	-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure	1,241,372	1,284,737	1,329,703	1,376,242	1,424,503	1,474,265	1,525,864	1,579,270	1,627,682	1,471,090
Capital Expenditure										
Budgeted Capex	-	-	-	-	-	-	-	-	-	-
Sinking Fund	12,759	13,204	13,664	14,139	14,631	15,138	15,663	16,206	16,699	15,141
Refurbishment on Expiry	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	12,759	13,204	13,664	14,139	14,631	15,138	15,663	16,206	16,699	15,141
Net Income after Capital Expenditure	1,228,613	1,271,533	1,316,039	1,362,103	1,409,871	1,459,127	1,510,202	1,563,064	1,610,983	1,455,948
Terminal Valuation (Start Year 11)										
Gross Rental Income										1,539,408
Sundry Income										-
Gross Market Income										1,539,408
Less Adopted Outgoings										(43,301)
Net Market Income										1,496,107
Less Vacancy Factor										-
Net Income										1,496,107
Discount Rate										7.75%
Terminal Capitalisation Rate										7.18%
Core Capital Value (fully leased)										20,851,663
Capital Value Adjustments										(29,823)
Capitalised Value										20,821,841
Disposal Costs 2.50%										(520,546)
Net Sale Proceeds										20,301,295
Sum of Discounted Cash Flows										9,857,890
Present Value of Terminal Value										9,623,897
NPV (before acquisition costs)										19,481,786
Less Acquisition Costs 0.00%										-
NPV (after acquisition costs)										19,481,786
Rounded NPV										19,500,000
Running Yield *	10 yr avg 7.47%	6.79%	6.98%	7.19%	7.35%	7.49%	7.64%	7.80%	7.98%	8.14%
Running Yield (before Capex & Adjustments)	10 yr avg 7.54%	6.86%	7.05%	7.27%	7.42%	7.57%	7.72%	7.88%	8.06%	8.23%
Running Yield (after Capex & Adj, over Gross Inves)	10 yr avg 7.47%	6.47%	6.69%	6.93%	7.17%	7.42%	7.68%	7.95%	8.23%	8.48%
Running IRR		2.42%	4.95%	6.15%	6.82%	7.25%	7.55%	7.75%	7.91%	8.02%

208 Fordyce Road, Helensville – 6 March 2023

11.3 Summary of Valuation Approaches

We summarise the above valuation approaches and methods as follows:

Valuation Method	
Capitalisation of Income	\$18,550,000
Discounted Cashflow	\$19,500,000
Market Value	\$19,000,000

208 Fordyce Road, Helensville – 6 March 2023

12. Valuation Conclusion

Bayleys Valuations Limited confirms that we undertook an inspection of the property at **208 Fordyce Road, Helensville**, on 6 March 2023, in order to assess the Market Value for internal reliance purposes.

Subject to the critical assumptions and comments noted within this report, we hereby assess the Market Value of the abovementioned property to be:

**Nineteen Million Dollars
(NZ\$19,000,000)**

We confirm that the above valuation has been expressed on a plus GST (if any) basis. Further, our valuation excludes all selling costs and is not reliant upon any outstanding lease incentives.

12.1 Valuation Analysis

Net Rate (Land & Buildings)	\$502 per sqm
Rate per Hectare	\$638,776 per hectare
Initial Yield	6.53%
Equivalent Market Yield	6.52%
IRR	8.12%

12.2 Value Apportionment

In accordance with NZIAS 40 we hypothetically apportion our assessed value accordingly:

Land Value	\$3,000,000
Improvements Value	\$16,000,000
Adopted Market Value	\$19,000,000

208 Fordyce Road, Helensville – 6 March 2023

12.3 Signatory

We thank you for your instructions in this matter and if you require any further assistance, please contact the undersigned.

Prepared by
Bayleys Valuations Limited



Carl Waalkens

BProp MPINZ
Director – Registered Valuer
+64 21 642 977
carl.waalkens@bayleys.co.nz



Nathan Rodrigues

BProp BCom
Valuer
+64 21 292 4025
nathan.rodrigues@bayleys.co.nz



208 Fordyce Road, Helensville – 6 March 2023

13. General Principles

Valuation Standards	This valuation has been performed in accordance with International Valuation Standards - IVS (effective 31 January 2022), and the relevant Australia and New Zealand Valuation and Property Standards as approved by the New Zealand Institute of Valuers (NZIV) Council. The definition of Market Value as defined by the International Valuation Standards (IVS) effective 31 January 2022 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 and where the parties had each acted knowledgeably, prudently and without compulsion".
Valuation Basis	No allowances are made in our valuations for any expenses of realisation or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.
Information Supplied	The valuation assumes as being complete and correct information provided to us by the sources detailed in our report on any relevant matters including, without limitation, items such as rents, operating expenses, tenure, tenancies and tenants improvements. We accept no responsibility, however, for the completeness and accuracy of information provided to us.
Documentation	Our inspection has included searching of the Certificate(s) of Title and if appropriate and where available, the ground and/or building lease(s) and other relevant tenancy schedules and documents. We recommend that reliance should not be placed on our interpretation thereof without prior verification by your lawyers.
Title	Unless specifically stated in the report, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there were no unusual or onerous restrictions, easements, covenants or other outgoings which would adversely affect the value or negotiability of the relevant interest(s).
Title Boundaries	We have not carried out a detailed site survey and we have of necessity assumed for the purposes of the valuation that all structural improvements have been erected within the Title Boundaries. We do not undertake a measurement of the site or survey but calculate the site areas by reference to identified boundaries of the property and the appropriate Record of Title.
Resource Management Act 1991	Our valuation is on the basis of uses indicated on our copies of the Transitional District Plan, Proposed District Plan and District Plan (as the case may be) and our enquiries of the Territorial Authority as to any Resource Consents for the land.
LIM & PIM	<p>Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.</p> <p>It is considered an obligation of the recipient of the report to request a Land Information Memorandum from the appropriate local authority and search legal registrations on the relevant Record of Title, in order to satisfy themselves as to the suitability of the property for their specific purpose.</p>
Valuation	<p>The valuation provided is our opinion of the market value. This value may change in the future due to market conditions and changes to the state of the property.</p> <p>For the purposes of our valuation we have assumed there will be no adverse market changes in the short to medium term.</p>
Validity	<p>Should a period of greater than three months elapse from the date of preparation of the report, it is recommended that the person to whom it is addressed seek confirmation from the Valuer concerned that the valuation can still be relied upon in context of relevant current market situation. Failing to do so will nullify the validity of the report as well strict reliance upon a copy of the same unless previously agreed to in writing between us and the recipient and/or end user.</p> <p>If a copy of the report is relied upon, we cannot guarantee the accuracy of the same which could be at variance with the original document. Furthermore, the reference to the 3 month time period does not imply that the value will remain static during this time.</p> <p>From the perspective of Bayleys Valuations Ltd, this valuation is valid by valuer signature only.</p>

208 Fordyce Road, Helensville – 6 March 2023

Practising Certificate	This valuation has been carried out by a Registered Valuer carrying a current practising certificate.
Insurance	BVL hold Professional Indemnity cover that is at a level accepted by our large corporate clients and banks, and it is at/or above industry standards. A copy of our certificate is available upon request.
Acceptance of Reports	The use of this report by the client/instructing party for market value/mortgage purposes in its current format is deemed an acceptance by the same of all value, terms, conditions and specification contained herein unless advised to the contrary immediately.
Inspections	We undertake such inspections and conduct investigations as are, in our opinion, correct in our personal judgement, appropriate and possible in the particular circumstance.
Legislation	Building Act 2004, Health and Safety at Work Act 2015, Fire Safety and Evacuation of Buildings Regulations 2006, Disabled Persons Community Welfare Act 1975. Unless otherwise stated in our report, our valuation is on the basis that the property complies with this legislation, or it has no significant impact on the value of the property.
Structural Surveys	The valuation report does not purport to be a structural survey and we accept no responsibility for the omission of building or other defects which may not be apparent without such a survey.
Deleterious Materials	Unless stated in our report, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless notified, our valuations assume that no such materials or methods have been used (e.g. asbestos, PCBs).
Site Conditions	We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of properties which may have redevelopment potential, we assume that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems.
Environmental Contamination	Our valuations assume that no contaminative or potentially contaminative use is, or ever has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.
Plant & Machinery	Our valuations include items usually regarded as forming part of the building and comprising fixtures, such as lifts, boilers, heating, ventilation, air conditioning, water, drainage, electrical, lighting, fire detection and sprinkler systems. We have assumed the fixtures are in proper working order and functioning for the purpose for which they were designed.
Taxation, GST	In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. In respect to Goods and Services Tax we specifically draw your attention to the fact that our valuation is on the following basis: <ul style="list-style-type: none"> • Non Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that valuation is plus GST (if any). • Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
Publication	Neither the whole nor any part of our reports, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way without any written approval of the form and context of such publication or disclosure. Such approval is required whether or not Bayleys Valuations Ltd referred to by name and whether or not the reports are combined with others.

Appendix

1. Record of Title



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **NA93C/211**
Land Registration District **North Auckland**
Date Issued 23 September 1993

Prior References
NA100/265

Estate Fee Simple
Area 29.7444 hectares more or less
Legal Description Lot 1A Deposited Plan 1630
Registered Owners
Abatal Limited

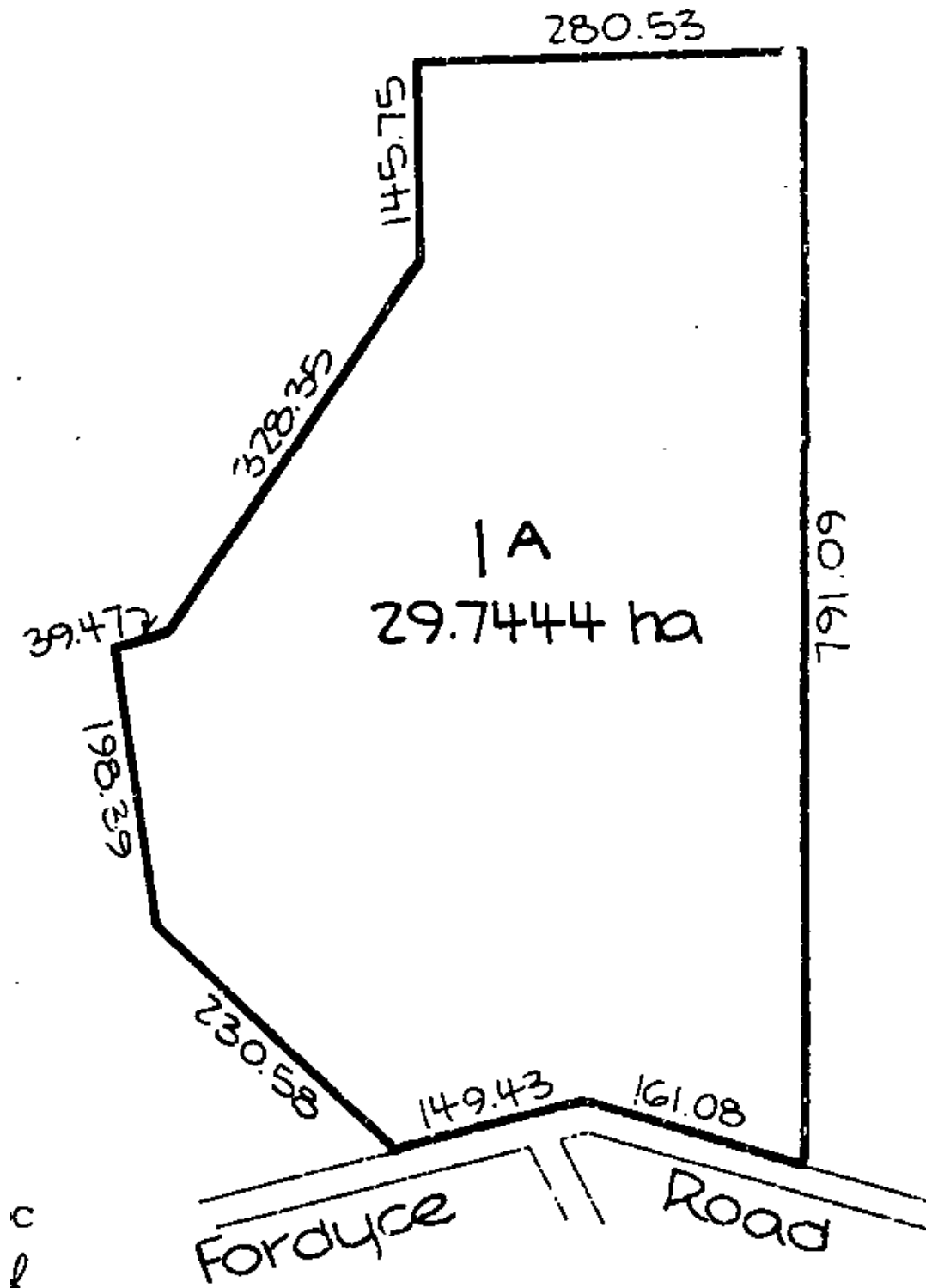
Interests

8784206.3 Mortgage to Bank of New Zealand - 7.6.2011 at 5:21 pm

Subject to a right (in gross) to convey electricity over part marked A on DP 490507 in favour of Vector Limited created by Easement Instrument 10406248.1 - 9.8.2016 at 9:51 am

11280248.1 Variation of Mortgage 8784206.3 - 4.12.2018 at 4:26 pm

11337391.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 21.1.2019 at 11:33 am



DP 1630

Appendix

2. Valuation in Detail

KEY VALUATION OUTPUTS

BAYLEYS

Valuation Date: 6 March 2023

Valuation Details

Date of Valuation	6 March 2023
Date of Cash Flow Model	6 March 2023
Purpose of Valuation	-
Interest Valued	100% Freehold

Income Assessment	Net	\$/m ²	Gross	\$/m ²
Passing Income	1,240,000	33	1,273,748	34
Passing Income (fully leased)	1,240,000	33	1,273,748	34
Market Income	1,240,000	33	1,273,748	34
Outgoings \$ pa.	(33,748)	(1)	(33,748)	(1)
Vacancy Factor	-	-	-	-
Over/Under Rated	-	-	-	-

Industrial Passing Income	1,240,000	33	1,273,748	34
Industrial Market Income	1,240,000	33	1,273,748	34

Capital Expenditure	\$	\$/m ²	% of Value
Capital Expenditure adopted In Cap Val (24 months)	24,375	1	0.1%
Capital Expenditure (10 years, inflated)	147,161	4	0.8%
Capital Expenditure (10 years, PV)	102,247	3	0.5%
Capex (10 yrs incl. terminal value allowances, inflated)	176,955	5	0.9%
Capex (10 yrs incl. terminal value allowances, PV)	161,285	4	0.8%

Capitalisation Method

Expiry Allowances for Tenancies expiring before	5-Mar-25	24 months	capturing 0% of GLA
---	----------	-----------	---------------------

Market Capitalisation rate	6.93%	6.68%	6.43%
Market Capitalisation Value	17,881,816	18,552,404	19,275,181
Rounded Market Capitalisation Value	17,900,000	18,550,000	19,300,000

Discounted Cash Flow Method

Cash Flow period	10 years	
Discount Rate	7.75%	
Terminal Capitalisation Rate	7.18%	+ 50.0 bp spread
Terminal Allowance for Tenancies expiring before	6-Mar-35	24 months capturing 0% of GLA
Assumed WALE By Area (as at 6-Mar-33)	5.00 years	
Assumed WALE By Net Passing Income (as at 6-Mar-33)	5.00 years	

10 Year DCF Sensitivity Matrix

Terminal Yield	Discount Rate				
	8.25%	8.00%	7.75%	7.50%	7.25%
7.68%	18,234,842	18,537,675	18,847,436	19,164,306	19,488,475
7.43%	18,524,449	18,834,057	19,150,766	19,474,765	19,806,247
7.18%	18,834,241	19,151,095	19,475,237	19,806,861	20,146,166
6.93%	19,166,402	19,491,025	19,823,137	20,162,937	20,510,630
6.68%	19,523,445	19,856,420	20,197,099	20,545,688	20,902,397

Area & Occupancy Details

		GLA	Car Bays
Total		37,822.00	-
Occupied	100.0%	37,822.00	-
Vacant	-	-	-
Weighted Average Lease Expiry By Area			15.00 years
Weighted Average Lease Expiry By Net Income			14.70 years

Valuation Reconciliation

Market Capitalisation Method	18,550,000
DCF Method	19,500,000
Adopted Market Value	19,000,000
Initial Passing Yield	6.53%
Initial Passing Yield (After Abatements)	6.53%
Initial Passing Yield (Fully Leased)	6.53%
Equivalent Initial Yield	6.52%
Reversionary Yield	6.53%
Equivalent Market Yield	6.52%
Capital Value \$/m² - GLA	502
Land Rate \$/psm	63.88
10 Year IRR	8.11%
7 Year IRR	7.75%
5 Year IRR	7.25%
3 Year IRR	6.14%
10 Year Average Cash on Cash (on Gross Investment Capital)	7.46%

Value Apportionment

In accordance with NZIAS 40 we hypothetically apportion our assessed value accordingly:	
Land Value	2,800,000
Improvements Value	19,000,000
	21,800,000

10 Year IRR Sensitivity Matrix

Terminal Yield	Adopted Value				
	19,380,000	19,190,000	19,000,000	18,810,000	18,620,000
7.68%	7.33%	7.48%	7.62%	7.78%	7.93%
7.43%	7.57%	7.71%	7.86%	8.01%	8.17%
7.18%	7.82%	7.97%	8.11%	8.26%	8.42%
6.93%	8.08%	8.23%	8.38%	8.53%	8.68%
6.68%	8.35%	8.50%	8.65%	8.80%	8.95%

MARKET CAPITALISATION METHOD

BAYLEYS

Valuation Date: 6 March 2023

Market Capitalisation Method

Market Income

	Base Rent	Recoveries	Total
Industrial	1,240,000	33,748	1,273,748
Sundry Income			-
Gross Market Income	1,240,000	33,748	1,273,748
Less Adopted Outgoings			(33,748)
Less Ground Rent			-
Net Market Income			1,240,000
Less Vacancy Factor			-
Net Income			1,240,000

Market Capitalisation Rate	6.93%	6.68%	6.43%
Core Capital Value (fully leased)	17,906,137	18,576,779	19,299,611
Core Capital Value (\$/m ²)	473	491	510

Capital Value Adjustments

Capital Expenditure

Budgeted Capital Expenditure	24 months	-	-	-
Capital Sinking Fund Allowance	24 months	(24,321)	(24,375)	(24,430)
Total Capital Value Adjustments		(24,321)	(24,375)	(24,430)

Capitalised Value	17,881,816	18,552,404	19,275,181
Capitalised Value (\$/m ²)	473	491	510
Rounded Value	17,900,000	18,550,000	19,300,000
Capitalised Rounded Value (\$/m ²)	473	490	510

Adopted Value

Initial Passing Yield	19,000,000
Initial Passing Yield excl. Vacancy Factor	6.53%
Initial Passing Yield (Fully Leased)	6.53%
Initial Passing Yield (Fully Leased) excl. Vacancy Factor	6.53%
Equivalent Initial Yield	6.52%
Equivalent Market Yield	6.52%
Capital Value (\$/m ²)	502



COMMERCIAL
v 12.21.1.0

DCF VALUATION SUMMARY

BAYLEYS

Valuation Date: 6 March 2023

Summary of Annual Cash Flows	Year 1 6-Mar-23 5-Mar-24	Year 2 6-Mar-24 5-Mar-25	Year 3 6-Mar-25 5-Mar-26	Year 4 6-Mar-26 5-Mar-27	Year 5 6-Mar-27 5-Mar-28	Year 6 6-Mar-28 5-Mar-29	Year 7 6-Mar-29 5-Mar-30	Year 8 6-Mar-30 5-Mar-31	Year 9 6-Mar-31 5-Mar-32	Year 10 6-Mar-32 5-Mar-33
Base Passing Rent by Renewal Type										
Industrial	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Base Passing Rent	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Base Passing Rent										
Secured rent	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Renewal rent	-	-	-	-	-	-	-	-	-	-
Base Passing Rent	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Recoveries	34,552	35,642	36,650	37,658	38,629	39,529	40,418	41,327	42,186	43,030
Total Income	1,274,552	1,319,042	1,364,969	1,412,468	1,461,558	1,512,260	1,564,695	1,618,954	1,675,030	1,512,589
Outgoings										
Statutory expenses	8,956	9,239	9,500	9,761	10,013	10,246	10,477	10,713	10,935	11,154
Operating expenses	25,595	26,403	27,150	27,897	28,616	29,282	29,941	30,615	31,251	31,876
Ground Rent	-	-	-	-	-	-	-	-	-	-
Non-recoverable expenses	-	-	-	-	-	-	-	-	-	-
Outgoings	34,552	35,642	36,650	37,658	38,629	39,529	40,418	41,327	42,186	43,030
Net Operating Income (before Vacancy Factor)	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Vacancy Factor	-	-	-	-	-	-	-	-	-	-
Net Income	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Allowances										
Allowances										
Net Income before Capital Expenditure	1,240,000	1,283,400	1,328,319	1,374,810	1,422,929	1,472,731	1,524,277	1,577,626	1,632,843	1,469,559
Capital Expenditure										
Budgeted Capex	-	-	-	-	-	-	-	-	-	-
Sinking Fund	12,746	13,190	13,650	14,125	14,616	15,123	15,647	16,190	16,750	15,126
Refurbishment on Expiry	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	12,746	13,190	13,650	14,125	14,616	15,123	15,647	16,190	16,750	15,126
Net Income after Capital Expenditure	1,227,254	1,270,210	1,314,669	1,360,685	1,408,313	1,457,608	1,508,630	1,561,437	1,616,093	1,454,433
Terminal Valuation (Start Year 11)										
Gross Rental Income										1,539,408
Sundry Income										-
Gross Market Income										1,539,408
Less Adopted Outgoings										(43,301)
Net Market Income										1,496,107
Less Vacancy Factor										-
Net Income										1,496,107
Discount Rate										7.75%
Terminal Capitalisation Rate										7.18%
Core Capital Value (fully leased)										20,851,663
Capital Value Adjustments										(29,794)
Capitalised Value										20,821,870
Disposal Costs 2.50%										(520,547)
Net Sale Proceeds										20,301,323
Sum of Discounted Cash Flows										9,851,327
Present Value of Terminal Value										9,623,910
NPV (before acquisition costs)										19,475,237
Less Acquisition Costs 0.00%										-
NPV (after acquisition costs)										19,475,237
Rounded NPV										19,500,000
Running Yield *	10 yr avg 7.46%	6.78%	6.97%	7.18%	7.34%	7.48%	7.63%	7.79%	7.97%	8.17%
Running Yield (before Capex & Adjustments)	10 yr avg 7.54%	6.86%	7.04%	7.26%	7.41%	7.56%	7.71%	7.87%	8.05%	8.25%
Running Yield (after Capex & Adj, over Gross Inves	10 yr avg 7.46%	6.46%	6.69%	6.92%	7.16%	7.41%	7.67%	7.94%	8.22%	8.51%
Running IRR		2.42%	4.95%	6.14%	6.82%	7.25%	7.54%	7.75%	7.90%	8.01%

* Running Yield is calculated using the current value in that year as the denominator

TENANCY SCHEDULE

Valuation Date: 6 March 2023

Tenancy Details					Lease Terms and Review Information							Passing Rentals						Market Rentals						
Tenant	Level / Suite	Renewal Type	Lettable Area m ²	Car Bays	Lease Term	Comm. Date	Expiry Date	Options	Next Rent Review	Next Review Type	Remaining Term (yrs)	Net / Gross	Base Rent \$ pa	\$/m ²	Outgoings Recovered \$ pa	\$/m ²	Gross Passing Rent \$ pa	\$/m ²	Net Market Rent \$ pa	\$/m ²	Gross Market Rent \$ pa	\$/m ²	Reversion Date Applied	PV of Rental Reversion
Superherbs	Greenhouse P1	Industrial	4,623.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	69,345	15	4,125	1	73,470	16	69,345	15	73,470	16	6-Mar-32	-
Superherbs	Greenhouse P2	Industrial	4,261.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	63,915	15	3,802	1	67,717	16	63,915	15	67,717	16	6-Mar-32	-
Superherbs	Greenhouse P3	Industrial	3,628.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	72,560	20	3,237	1	75,797	21	72,560	20	75,797	21	6-Mar-32	-
Superherbs	Greenhouse P4	Industrial	4,461.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	89,220	20	3,980	1	93,200	21	89,220	20	93,200	21	6-Mar-32	-
Superherbs	Greenhouse P5	Industrial	4,461.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	89,220	20	3,980	1	93,200	21	89,220	20	93,200	21	6-Mar-32	-
Superherbs	Greenhouse P6	Industrial	1,180.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	14,750	13	1,053	1	15,803	13	14,750	13	15,803	13	6-Mar-32	0
Superherbs	Greenhouse P7	Industrial	1,180.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	14,750	13	1,053	1	15,803	13	14,750	13	15,803	13	6-Mar-32	0
Superherbs	Greenhouse P8	Industrial	629.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	6,290	10	561	1	6,851	11	6,290	10	6,851	11	6-Mar-32	-
Superherbs	Greenhouse P8 - Workshop	Industrial	552.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	46,920	85	493	1	47,413	86	46,920	85	47,413	86	6-Mar-32	-
Superherbs	Greenhouse 9 - Loading Dock	Industrial	173.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	20,760	120	154	1	20,914	121	20,760	120	20,914	121	6-Mar-32	-
Superherbs	Greenhouse 9 - Packing Room/Cool Store	Industrial	1,220.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	158,600	130	1,089	1	159,689	131	158,600	130	159,689	131	6-Mar-32	0
Superherbs	Greenhouse 9 - Seeding Room	Industrial	1,535.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	153,500	100	1,370	1	154,870	101	153,500	100	154,870	101	6-Mar-32	-
Superherbs	Greenhouse 9 - Boiler Room	Industrial	245.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	36,370	148	219	1	36,589	149	36,370	148	36,589	149	6-Mar-32	-
Superherbs	Greenhouse 9 - Glasshouse	Industrial	9,485.0	-	15.0	6-Mar-23	5-Mar-38	-	6-Mar-24	3.50%	15.0	Net	379,400	40	8,463	1	387,863	41	379,400	40	387,863	41	6-Mar-32	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			37,633.0	-									1,215,600	32	33,579	1	1,249,179	33	1,215,600	32	1,249,179	33		

(#) Bold indicates tenancies which are holding over expired lease terms; refer Holdovers table for details

(#) Italicised indicates tenancies with Heads of Agreement

(*) Other areas excluded from Total Lettable Area

Auckland
Bayleys Valuations Ltd
Bayleys House
30 Gaunt Street
Auckland 1010, New Zealand
+64 9 309 6020

Manukau
Bayleys Valuations Ltd
2 Harris Road, East Tamaki
Auckland 2013
New Zealand
+64 9 273 6666

Hamilton
Bayleys Valuations Ltd
96 Ulster Street
Whitiora, Hamilton 3200
New Zealand
+64 7 834 3232

Wellington
Bayleys Valuations Ltd
The Bayleys Building
Level 5, 36 Brandon Street
Wellington 6011, New Zealand
+64 4 460 5451

Christchurch
Bayleys Valuations Ltd
3 Deans Avenue, Addington
Christchurch 8011
New Zealand
+ 64 3 375 4700



IN ASSOCIATION WITH  **Knight
Frank**

bayleys.co.nz