



**BAYLEYS**

IN ASSOCIATION WITH  **Knight  
Frank**

# Market Valuation Report

## **BNZ Partners & Silverfin Capital Limited**

Inghams Portfolio - 2 Banks Road, 594 & 668 Waiheke Road, 111A-111C Pohlen Road, 207 Mowbray Road, 25 Okauia Springs Road, 903 Leslie Road - Matamata, Putaruru and Waitoa Districts

Prepared by  
Bayleys Valuations Limited  
**21 May 2019**



# Valuation Summary

Property Address	<u>Inghams Property Portfolio</u> 2 Banks Road, Matamata 594 – 668 Waiheke Road, Waitoa 111A & C Pohlens Road, Matamata 207 Mowbray Road, Matamata Tower Road (25 Okauia Springs Road), Matamata 903 Leslie Road, Putaururu
Client	BNZ Partners & Silverfin Capital Limited
Instructing Party	BNZ Partners – James Fleming
Purpose of Valuation	To assess the Market Value for mortgage security purposes
Basis of Valuation	Market Value
Valuation Approach	Market and Income Approach
Legal Description	(refer section 2.1)
Interest Valued	Freehold – Lessors Interest
Zoning	Industrial and Rural Zoning (refer section 2.3)
Date of Valuation	21 May 2019

## Property Summary

The portfolio under consideration 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. Each property is leased by Inghams Enterprises (NZ) Pty Ltd under a 25-year term from July 2014 returning an adopted total net annual rental of \$5,846,588 per annum across all six properties with annual CPI increases.

The lease has been negotiated on a triple net basis with the tenant essentially responsible for all outgoings, structural maintenance and insurance of the property. As such the portfolio offers a unique long term holding with a WALT of 20.50 years secured by a large publicly listed entity.

## Adopted Market Value – In One Line

We believe 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:

**Eighty Six Million Dollars  
(NZ\$86,000,000) plus GST (if any)**

Our value shown above is of the Inghams portfolio ‘in one line’ (as described within this valuation). For reporting purposes, we have not shown the individual values of each site which we confirm can be shown upon request.

Inghams Portfolio, Waitoa, Putaururu & Matamata – 21 May 2019

## Valuer Involvement

Valuer	Position	Inspection	Calculations	Reporting
Carl Waalkens	Director - Registered Valuer	Yes	Yes	Yes
Nick Thacker	Director - Registered Valuer	Yes	Yes	Yes

## Valuation Summary

### Property Details

Lettable Floor Area	90,595 sqm	Zoning	Rural & Industrial
Total Land Area	186.0759 ha		

### Financial Analysis

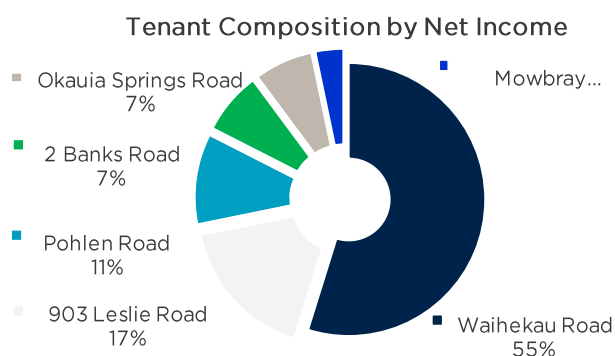
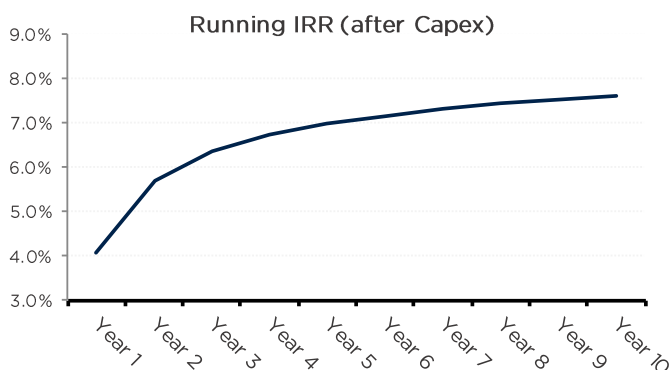
Net Passing Income	\$5,846,588
Net Market Income	\$5,566,730
NPI + Mkt on Vacancies	\$5,846,588
Vacancy	0%

### Valuation Approaches

Market Capitalisation Method	\$85,700,000
Discounted Cash Flow Method	\$86,100,000
Adopted Value	\$86,000,000

### Valuation Analysis

Market Capitalisation Rate	6.70%	Capex (PV over 10 years)	\$451,814
Initial Yield	6.80%	Lease Renewal Prob	50.00%
Equivalent Market Yield	6.68%	Mkt Growth ( 10 yr avg)	2.12%
Discount Rate	7.60%	CPI Growth ( 10 yr avg)	2.12%
Ten Year IRR	7.61%	Vacancy Allowance	6 months
Terminal Yield	7.90%	WALT (Income)	20.00 years
Net Rate (\$ per sqm)	\$0	WALT (Area)	.00 years



Inghams Portfolio, Waitoa & Matamata - 21 May 2019

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# 1. Introduction

## 1.1 Instructions

In accordance with instructions received from James Fleming of BNZ Partners and dated 1 May 2019 we have assessed the Market Value of the Inghams Property Portfolio, Waitoa & Matamata for mortgage security purposes, and for the purposes of the Inghams Portfolio Scheme and for use (on a non-reliance basis) by prospective investors in the Inghams Portfolio Scheme.

We can confirm that this report and our valuation can be relied upon for finance purposes.

PINZ Professional Practice guidelines and International Valuation Standards require the property be valued as at date of inspection. A physical inspection of each property was undertaken on 11 February 2019. A subsequent 'drive-by' inspection was completed on **21 May 2019** which is also the effective date of valuation.

## 1.2 Basis of Valuation

This valuation has been completed under the PINZ Valuation and Property Standards as well as International Valuation Standards (IVS) 2017, in particular:

- IVS 400 - Real Property Interests.
- ANZVGN 2 - Valuations for Mortgage and Loan Security Purposes.
- NZVTIP 2 Valuations of Real Property, Plant & Equipment for use in New Zealand Financial Reports.

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 PINZ Valuation Standards, and with Bayleys Valuations Limited General Valuation Principles.

## 1.3 Liability and Confidentiality

Our valuation and report are 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:

- Silverfin Capital Limited
- BNZ Partners

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.

Inghams Portfolio, Waitoa, Putaruru & Matamata – **21 May 2019**

Additionally, we consent to:

- The inclusion of our report within the Product Disclosure Statement, as part of a public offering of interests in the Inghams Portfolio scheme, as valued;
- The inclusion of our valuation on the Disclose Register;
- The distribution of our valuation to prospective investors under the offer.

## 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
Computer Register	Land Information New Zealand
District Planning Controls	Local Territorial Authority
Lease Documents	CBRE
Seismic Report, etc	CBRE

## 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 firm or the undersigned 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:

- We note that we have been provided with various plans and documents scheduling building areas which we have adopted for valuation purposes. Due to the sensitive nature of the Inghams business operations we were unable to inspect all of the components on each site. Therefore, we reserve the right to reassess our valuation accordingly if our adopted areas are proved to be incorrect or access to restricted areas is provided later. For confirmation we confirm that none of the residential dwellings have been internally inspected.
- For valuation purposes we have assumed that the under Clause 5 – Grant of New Lease – Mutual Option the landlord right is exercised with an assumed expiry date of 17 July 2039.
- For valuation purposes we have assumed the 2019 CPI review has occurred (as would be the case at settlement of the transaction). Accordingly we have assumed an adopted passing rent of \$5,846,588 per annum.

- For valuation purposes we have assumed that the scheduled July CPI rent review has occurred and that the passing rent is \$5,846,588 per annum reflecting the net income position of the portfolio as at settlement date of sale.

## **1.7 Sales History**

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

We are aware that the combined properties are currently under contract for \$86,000,000 which is in line with our assessment of Market Value. We have not been provided with a copy of the sale and purchase agreement.

## 2. Property Details

### 2.1 Legal Description

Address	Identifier	Legal Description	Land Area (sqm)
2 Banks Road	SA20B/540	Lot 1 Deposited Plan South Auckland 22046	4,854 square metres
2 Banks Road (7473 State Highway 27)	SA1429/64	Lot 2 Deposited Plan South Auckland 5018	883 square metres
16 Banks Road	SA1429/65	Lot 1 Deposited Plan South Auckland 5018	1,012 square metres
7481 State Highway 27	SA22A/769	Part Lot 1 DP South Auckland 16966	76,961 square metres
25 Okauia Springs Road	SA32B/885	Lot 2 Deposited Plan South Auckland 36707	202,340 square metres
111A-C Pohlen Road	SA37C/231	Lot 1 Deposited Plan South Auckland 42073	242,525 square metres
207 Mowbray Road	SA35C/434	Lot 1 Deposited Plan South Auckland 26666 and Lot 1 Deposited Plan South Auckland 39731	34,358 square metres
594 Waiheka Road	562237	Lot 2 Deposited Plan 446379	306,710 square metres
668 Waiheka Road	SA1049/235	Section 19 Block IV Maungakawa Survey District	318,816 square metres
903 Leslie Road	SA41B/801	Section 6 Block VIII Patetere North Survey District	672,300 square metres

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

#### 2 Banks Road

Identifier	SA20B/540
Estate	Fee Simple
Legal Description	Lot 1 Deposited Plan South Auckland 22046
Land Area	4,854 square metres more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"> <li>B366110 Gazette Notice declaring State Highway No.27 fronting the within land to be a limited access road - 6.9.1996</li> <li>B378008 Certificate pursuant to Section 91 Transit New Zealand Act 1989 - 8.11.1996</li> <li>9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014</li> <li>9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li> <li>11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li> </ul>

Inghams Portfolio, Waitoa, Putaruru & Matamata – 21 May 2019



## 2 Banks Road (7473 State Highway 27)

Identifier	SA1429/64
Estate	Fee Simple
Legal Description	Lot 2 Deposited Plan South Auckland 5018
Land Area	883 square metres more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"><li>• B366110 Gazette Notice declaring the adjoining State Highway No. 27 fronting the within land to be a limited access road - 6.9.1996</li><li>• B378008 Notice pursuant to Section 91 Transit New Zealand Act 1989 authorising a crossing place to and from a Limited Access Road - 8.11.1996</li><li>• 9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014</li><li>• 9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li><li>• 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li></ul>

## 16 Banks Road

Identifier	SA1429/65
Estate	Fee Simple
Legal Description	Lot 1 Deposited Plan South Auckland 5018
Land Area	1,012 square metres more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"><li>• 9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014</li><li>• 9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li><li>• 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li></ul>

## 7481 State Highway 27

Identifier	SA22A/769
Estate	Fee Simple
Legal Description	Part Lot 1 Deposited Plan South Auckland 16966
Land Area	7.6961 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"><li>• B366110 Gazette Notice declaring State Highway No 27 fronting the within land to be a limited access road - 6.9.1996</li><li>• B378008 Certificate pursuant to Section 91 Transit New Zealand Act 1989 - 8.11.1996</li><li>• 9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014</li><li>• 9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li><li>• 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li></ul>

## 25 Okauia Springs Road

Identifier	SA32B/885
Estate	Fee Simple
Legal Description	Lot 2 Deposited Plan South Auckland 36707
Land Area	20.2340 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"> <li>Land Covenant in Easement Instrument 7626075.7 - 22.11.2007</li> <li>9772716.7 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663017 issued - 18.7.2014</li> <li>9772716.14 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li> <li>11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li> <li>11058874.1 Compensation Certificate pursuant to Section 19 Public Works Act 1981 by Matamata-Piako District Council - 15.3.2018</li> </ul>

**Land Covenant 7626075.7** - *The Servient Owner (Lot 1 DP 392432) acknowledges that there is an operating litter poultry farm situated on the Dominant Tenement (Lot 2 DPS 36707) and that the Servient Owner shall accept the occasional odour, dust and noise effects of the adjoining litter poultry farm which operates under the terms of an existing resource consent. The Servient Owner shall not lodge complaints with the Matamata-Piako District Council or its successors against the lawful operation of the litter poultry farm and shall not become party to legal proceedings aimed at restricting the operation of the litter poultry farm situated on the Dominant Tenement.*

## 111 Pohlens

Identifier	SA37C/231
Estate	Fee Simple
Legal Description	Lot 1 Deposited Plan South Auckland 42073
Land Area	24.2525 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"> <li>9772716.5 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663015 issued - 18.7.2014</li> <li>9772716.12 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li> <li>11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li> </ul>

## 207 Mowbrey

Identifier	SA35C/434
Estate	Fee Simple
Legal Description	Lot 1 Deposited Plan South Auckland 26666 and Lot 1 Deposited Plan South Auckland 39731
Land Area	3.4358 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"> <li>Subject to Section 308 (4) Local Government Act 1974</li> <li>Appurtenant hereto is a right of way created by Transfer 127245 (affects Lot 1 DPS 26666)</li> </ul>

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- 9772716.6 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663016 issued - 18.7.2014
- 9772716.13 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014
- 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018

## 594 Waiheka

Identifier	562237
Estate	Fee Simple
Legal Description	Lot 2 Deposited Plan 446379
Land Area	30.6710 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"> <li>• Subject to Section 59 Land Act 1948 (affects parts formerly Lot 1 DPS 25337 &amp; Lot 1 DPS 82390)</li> <li>• Subject to Section 8 Coal Mines Amendment Act 1950 (affects part formerly Lot 1 DPS 25337 &amp; Lot 1 DPS 82390)</li> <li>• Subject to a water right over parts marked A, C, E, F, G, I &amp; K on DP 446379 created by Transfer H808565.2 - 14.7.1988</li> <li>• Appurtenant to part formerly Lot 1 DPS 25337 is a water right created by Transfer H808565.2 - 14.7.1988</li> <li>• Appurtenant to parts formerly Lot 1 DPS 25337 &amp; Lot 1 DPS 82390 is a right to convey water created by Transfer H834043 - 8.11.1988</li> <li>• Subject to a right (in gross) to convey electricity, telecommunications &amp; computer media over parts marked E, G, H &amp; J on DP 446379 in favour of Powerco Limited created by Easement Instrument 9185671.2 - 8.10.2012</li> <li>• The easements created by Easement Instrument 9185671.2 are subject to Section 243 (a) Resource Management Act 1991</li> <li>• Subject to a right of way over parts marked B &amp; C and a right to convey water over part marked E, all on DP 446379 created by Easement Instrument 9185671.3 - 8.10.2012</li> <li>• Some of the easements created by Easement Instrument 9185671.3 are subject to Section 243 (a) Resource Management Act 1991 (see DP 446379)</li> <li>• Land Covenant in Easement Instrument 9185671.4 - 8.10.2012 at 9:51 am</li> <li>• Land Covenant in Easement Instrument 9185671.3 - 28.11.2012 at 1:37 pm</li> <li>• 9772716.4 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663013 issued - 18.7.2014</li> <li>• 9772716.10 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li> <li>• 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li> </ul>

Land Covenant 9185671.4 – The Grantor (Inghams Enterprises (NZ) Pty Limited) acknowledges and agrees that noise and any other adverse effects known for poultry processing are unavoidable effects of the activities operation. The Grantor will allow the Grantee (Inghams Enterprises (NZ) Pty Limited) to carry on the activities on the land, provided that the Grantee shall carry out the activities in accordance with the Resource Management Act 1991.

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*The Grantor shall not object to activities.*

*The Grantor cannot claim or demand or take any action or proceedings for damages, directly or indirectly, arising out of the activities of the Grantee.*

**Land Covenant 9128310.3 – Option to Purchase** – In consideration of the Grantee (Inghams Enterprises (NZ) Pty Limited) entering into an agreement to sell the Servient Land (Lot 1 DP 446379) to the Grantor (Powerco Limited) grants an option to purchase the Servient Land if the Grantor ceases to use the Servient Land as an electricity substation upon.

*Upon the receipt of the Grantee's Notice by the Grantor there will be constituted an agreement for sale and purchase of the Servient Land by the Grantor to the Grantee for the purchase price of \$1.00 (inclusive of GST, if any).*

*The Grantor shall remove all of its above ground electrical equipment from the Servient Land prior to settlement.*

## 668 Waihekeau

Identifier	SA1049/235
Estate	Fee Simple
Legal Description	Section 19 Block IV Maungakawa Survey District
Land Area	31.8816 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"><li>• Appurtenant hereto are drainage rights created by Transfer 301813 (formerly Lot 4 plan 23161)</li><li>• Subject to Section 59 Land Act 1948</li><li>• Subject to Section 8 Coal Mines Amendment Act 1950</li><li>• Appurtenant hereto are drainage rights created by Transfer 254088 (formerly Lot 4 plan 23161)</li><li>• Appurtenant hereto are drainage rights created by Transfer 254087 (affects part formerly Lot 4 plan 23161)</li><li>• Subject to a right (in gross) to convey gas easement over part marked C on DP 333966 in favour of NGC New Zealand Limited created by Easement Instrument 6950612.1 - 18.7.2006</li><li>• 9772716.4 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663013 issued - 18.7.2014</li><li>• 9772716.11 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li><li>• 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li></ul>

### 903 Leslie Road

Identifier	SA41B/801
Estate	Fee Simple
Legal Description	Section 6 Block VIII Patetere North Survey District
Land Area	67.2300 hectares more or less
Proprietors	Caniwi Properties (Waikato) Limited
Interests	<ul style="list-style-type: none"><li>• Subject to Section 8 Mining Act 1971</li><li>• Subject to Section 5 Coal Mines Act 1979</li><li>• 9772716.8 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663018 issued - 18.7.2014</li><li>• 9772716.15 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014</li><li>• 11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018</li></ul>

We note that the leases registered on the Freehold titles relate to registered occupational leases which are summarised in detail within Section 5.1.

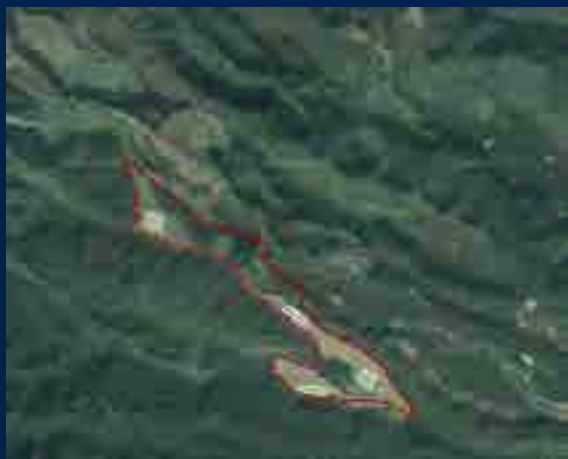
We have noted all the above easements and encumbrances and have taken them into account in our valuation assessment. We refer you to the Record of Title in the Appendices of this report.

## 2.2 Property Description

We summarise the site details as below:

### 903 Leslie Road, Putaruru

Site Aerial View – 903 Leslie Road, Putaruru



#### Site Description

The land comprises an irregular Shaped Lot that is located in a rural location to the south-west of Putaruru. The block has a total land area of approximately 67.23 hectares that is maintained in short grass and mature bush / scrub cover.

Contour is moderate over the balance of the block sloping in a north-west direction following the camber of the land.

The property is improved with four main structures being utilised for breeding purposes. The breeder facilities are scattered around the block with balance areas being mostly grassed. A number of ancillary buildings are located at the Leslie Road end of the block, namely a reception / site office and managers accommodation.

#### Location



#### Location

Putaruru is a small regional township located along State Highway 1 within the Waikato district. The town has a permanent population of approximately 4,100 residents. Main industry supporting the township includes, forestry, farming and timber production.

More particularly the subject site is located approximately 10 kilometres east of Putaruru in a predominantly rural location. Neighbouring property includes mostly forestry land.

#### Services & Utilities

The land is assumed to be connected to all normal rural services including electricity and telecommunications.

It is our understanding that waste water is controlled by a septic system.

#### Soil

Unknown.

#### Contamination Risk

Due to the property's use as a breeder farm the land inherits some risk of soil contamination through the use of sprays, feed additives and pest control measures.

## Tower Road (25 Okauia Springs Road), Matamata

### Site Aerial View



### Site Description

The Tower Road block offers a more or less regular shaped allotment offering an area of approximately 20.23 hectares. The land is best described as being rural farmland with neighbouring properties being predominantly pastoral utilised for dairy purposes.

Improvements comprise five generic warehouses purpose built for chicken breeding together with a number of ancillary buildings including managers residence, and front office building.

### Location



### Location

The property falls within the Matamata District being located 4 kilometres north-east of the main township. Matamata is a regional town with a population of approximately 8,000 residents as estimated in June 2018. Amenity within the township includes typical strip retailing, local cafes, and restaurants. Additionally, there are several supermarkets, fast food retailers and petrol stations.

The town is positioned along State Highway 27 at its intersection with State Highway 24. Additionally, the main rail line between Tauranga, Hamilton and Auckland passes through the town.

Therefore, Matamata is viewed as a strategic location for companies within the Distribution and freight forwarding industries.

### Services & Utilities

The land is assumed to be connected to all normal rural services including electricity and telecommunications.

It is our understanding that waste water is controlled by a septic system.

Water connections are via town supply with two reservoirs of 100,000 litres and 22,500 litres respectively.

### Soil

It is our understanding that the soil is classified 'Class 2' being moderately versatile for cropping and well suited to non-arable uses.

### Contamination Risk

Due to the property's use as a breeder farm the land inherits some risk of soil contamination through the use of sprays, feed additives and pest control measures.

## 111AC Pohlen Road, Matamata

### Site Aerial View



### Site Description

The land comprises an elongated site located within the rural fringe of Matamata, Waikato. The land offers an area of approximately 24.25 hectares with access achieved via an extended right of way drive from Pohlen Road.

Contour is more or less level across the entire site.

Improvements occupy the rear portion of the land configured into a number of breeding houses and ancillary structures.

Balance areas not improved by the buildings are predominantly maintained in grass cover.

### Location



### Location

The property falls within the Matamata District being located 3.24 kilometres north of the main township. Matamata is a regional town with a population of approximately 8,000 residents as estimated in June 2018. Amenity within the township includes typical strip retailing, local cafes, and restaurants. Additionally, there are several supermarkets, fast food retailers and petrol stations.

The town is positioned along State Highway 27 at its intersection with State Highway 24. Additionally, the main rail line between Tauranga, Hamilton and Auckland passes through the town.

Therefore, Matamata is viewed as a strategic location for companies within the Distribution and freight forwarding industries.

### Services & Utilities

The land is assumed to be connected to all normal rural services including electricity and telecommunications.

It is our understanding that waste water is controlled by a septic system.

Water is connected by two bores with six 25,000 litre holding tanks.

### Soil

It is our understanding that the soil is classified 'Class 1' being a high fertility composition suitable to a range of agricultural uses.

### Contamination Risk

Due to the property's use as a breeder farm the land inherits some risk of soil contamination through the use of sprays, feed additives and pest control measures.



## 207 Mowbray Road, Waharoa

### Site Aerial View



### Site Description

The land comprises two adjoining parcels situated to the northern fringe of Matamata and east of Waharoa. The land is accessed directly from Mowbray Road and is essentially level across the majority of the land. Improvements comprise a large breeder facility with six breeding houses, together with a number of ancillary structures.

Balance areas not improved by the buildings are predominantly maintained in short grass cover

Neighbouring properties are predominantly of a pastoral nature being utilised for mostly dairy farming or agriculture.

### Location



### Location

The property falls within the Matamata District being located 3.24 kilometres north of the main township. Matamata is a regional town with a population of approximately 8,000 residents as estimated in June 2018. Amenity within the township includes typical strip retailing, local cafes, and restaurants. Additionally, there are several supermarkets, fast food retailers and petrol stations.

The town is positioned along State Highway 27 at its intersection with State Highway 24. Additionally, the main rail line between Tauranga, Hamilton and Auckland passes through the town.

Therefore, Matamata is viewed as a strategic location for companies within the Distribution and freight forwarding industries.

### Services & Utilities

The land is assumed to be connected to all normal rural services including electricity and telecommunications.

It is our understanding that waste water is controlled by a septic system.

### Soil

Unknown.

### Contamination Risk

Due to the property's use as a breeder farm the land inherits some risk of soil contamination through the use of sprays, feed additives and pest control measures.

## 2 Banks Road, Matamata

### Site Aerial View



### Site Description

The land comprises three adjoining parcels situated to the southern periphery of the Matamata township. Surrounding property comprises a mixture of single lot residential property, particularly to the north together with lifestyle and rural activities to the south.

Access to the block is via multiple ingress / egress points along Banks and State Highway 27.

The land is loosely described as being level in contour with a restricted frontage to Banks Road of 124 metres, frontage to SH 27 of 320 metres and an average depth of approximately 250 metres.

Total area equates to approximately 8.2698 hectares with improvements are scattered around the site with the main hatchery and factory areas located at the northern corner of the property at the juncture of Banks Road and SH27.

### Location



### Location

The property falls within the Matamata District being located 1.73 kilometres south of the main township. Matamata is a regional town with a population of approximately 8,000 residents as measured June 2018. Amenity within the township includes typical strip retailing, local cafes, and restaurants. Additionally, there are a number of supermarkets, fast food retailers and petrol stations.

The town is positioned along State Highway 27 at its intersection with State Highway 24. Additionally, the main rail line between Tauranga, Hamilton and Auckland passes through the town.

Therefore, Matamata is viewed as a strategic location for companies within the Distribution and freight forwarding industries.

### Services & Utilities

The land is assumed to be connected to all normal rural services including electricity and telecommunications.

Water is connected to town supply

### Soil

Unknown.

### Contamination Risk

Due to the property's use as a hatchery farm the land inherits some risk of soil contamination through the use of sprays and pest control measures. The hatchery facility only occupies a small portion of the site with the balance areas used as farm land.

## 594 Waihekau Road, Waitoa

### Site Aerial View



### Site Description

The land comprises two adjoining parcels situated within the Waikato township of Waitoa. The land is accessed directly from 594 Waihekau Road and slopes at a gentle gradient from north to south.

Improvements are situated on Lot 2 being the northern parcel with the second block (section 19) adjoining to the south.

There is a substation located at the border of the two lots which is protected via easements registered on the title.

Balance areas not improved by the buildings are predominantly maintained in short grass cover and used for stock grazing.

Neighbouring properties are predominantly of a pastoral nature being utilised for mostly dairy farming or agriculture.

### Location



### Location

The property is located in the rural area of Waitoa, a small provincial settlement with a permanent population of 318. The settlement is located more or less at the juncture of State Highway 26 and 27. The predominant activity in the area is of an agricultural type mostly in the form of dairy farming. Therefore, surrounding properties include farming activity and some cropping.

Properties of note within Waitoa include the subject factory together with a Fonterra processing factory.

Morrinsville is the nearest major township located approximately 12.5 kilometres to the south-west. Morrinsville includes an offering of local amenity including, strip retailing, fast food outlets, supermarket and petrol stations.

### Services & Utilities

The land is assumed to be connected to all normal rural services including electricity water and telecommunications.

### Soil

Unknown.

### Contamination Risk

Due to the property's use as a chicken processing plant the land inherits some risk of soil contamination through the use of sprays, run off and pest control measures.

## 2.3 Zoning

The Inghams portfolio is contained within the Matamata-Piako District with the exception of the farm at 903 Leslie Road which is located in Tapapa, and within the South Waikato District.

The Matamata-Piako District Plan became operative in July 2015.

The Inghams sites situated at 2 Banks Road, 16 Banks Road, 111A-C Pohlen Road, 25 Okauia Springs Road and 207 Mowbray Road are zoned Rural

Territorial Authority	Matamata-Piako District Council
District Plan	Matamata-Piako District Plan (Operative July 2015)
Zoning	Rural Zone
Zone Description	The rural zone consists of large areas of productive soils and pasture. The District Plan has rules controlling development in the rural area. These rules are designed to discourage the development of smaller lots (less than 8ha) in the rural zone by requiring resource consent to be obtained for subdivision for lots below this size.
Development Controls	<p>Maximum Height – 10m</p> <p>No part of any building shall exceed a height of 3m plus the shortest horizontal distance between that part of the building and the nearest site boundary.</p> <p>Rural front yards - 25m</p> <p>Rural side yards - 10m</p> <p>River protection yard - 20m</p> <p>Total building coverage for accessory buildings on lots less than 4000m<sup>2</sup> shall not exceed 10% of the net site area.</p> <p>Except that in an identified Structure Plan (refer Activity Table 2.2) total building coverage of the site shall not exceed: 15% of the net site area.</p> <p>A Development Contribution is required to be made prior to the issue of a building consent for the second or subsequent complying dwelling per lot where a contribution has not been made at the time of the subdivision to create the said lot.</p>

The Inghams Poultry Processing and Manufacturing Site at 594-668 Waiheke Road, Waitoa is zoned Industrial.

Territorial Authority	Matamata-Piako District Council
District Plan	Matamata-Piako District Place (Operative July 2015)
Zoning	Industrial Zone
Zone Description	The industrial zone predominantly permits and encourages the use of depots, light industry and industry activities including packhouse, coolstores, service stations, storage and warehousing. Other activities including the extraction processing and packaging of meat, milk, poultry, fish etc along with mining and quarrying are considered discretionary activities.
Development Controls (Scheduled sites)	<p>Maximum Height – 20m.</p> <p>Yard adjoining any road or non-Industrial zone – 80m (All other yards – 10m).</p> <p>Height shall not exceed one quarter the distance to the closest boundary adjoining for boundaries adjoining any non-industrial zone.</p> <p>All internal roading and parking areas shall be formed with an all-weather surface designed to minimise dust and noise nuisance.</p> <p>Prior to the issue of a building consent where the development has an impact on the provision of services, contributions shall be based on the actual costs incurred to avoid, remedy or mitigate the impact of the development .</p>
Development Concept Plan (DCP)	<p>A development concept plan (DCP) has been prepared for each of the scheduled sites and is attached to the District Plan as Schedule 5. This Schedule forms part of the District Plan and may be changed or varied only as a result of a change or variation to the District Plan.</p> <p>The DCP includes plan(s) and drawing(s) which show:</p> <ul style="list-style-type: none"> <li>• The extent of the site;</li> <li>• Proposed development on the site;</li> <li>• Building envelopes;</li> <li>• Car parking, access, loading and manoeuvring areas;</li> <li>• Effluent disposal areas;</li> <li>• Landscaping on the site;</li> <li>• Noise emission control boundary.</li> </ul> <p>The rules, general development controls and performance standards relevant rules and development controls applicable to the zone in which the scheduled site is located apply, subject to the specific rules and controls on the DCPs taking precedence.</p> <p>Activities specified within the DCP requiring a resource consent may be subject to conditions to avoid, remedy or mitigate adverse effects identified with reference to the rules and assessment criteria of the plan.</p> <p>Any activity shall be located in general accordance with the Development Concept Plan. Any activity not provided for as a permitted, controlled, or discretionary activity or not located in general accordance with the plan shown on the Development Concept Plan shall be a non-complying activity.</p>
Overlay	Noise Emission Control Boundary overlay containing the processing plant

The above site is scheduled and provided for within a Development Concept Plan (DCP).

Inghams sought and were successful in a plan change proposal (Plan Change 46 - Development Concept Plan for Poultry Processing and Manufacturing, Waitoa) to change the proposed DCP and operational change to existing on-site activities.

Progressive development of the Inghams site meant that the Development Concept Plan ('DCP') had effectively been superseded by resource consents and no longer provided for future growth of the facility. The purpose of the Plan Change was to ensure alignment between Inghams existing resource consents and the DCP contained within the Matamata-Piako District Plan, and to provide for additional growth and development.

### South Waikato District

903 Leslie Road is zoned Rural under the Operative South Waikato District Plan (1 July 2015). The Rural Zone provides for primary production activities and related processing facilities, and other rural based activities. Pastoral farming and production forestry are the main land use activities within the Rural Zone.

Territorial Authority	Waikato District Council
District Plan	Operative District Plan (Waikato Section)
Zoning	Rural Zone
Zone Description	<p>Most of Waikato District is in the Rural Zone. Anticipated activities are traditional extensive dairy and sheep farming, and horticulture with rural residential lifestyle lots interspersed. Rules seek to maintain rural land for productive rural activities, manage activities so that the effects of traditional farming can be accommodated alongside existing lifestyle blocks, to provide a level of lifestyle choice, and to preserve landscape and ecological values. It is anticipated that the amenity values experienced by residents of the Rural Zone will be lower than those enjoyed in the Living Zone.</p> <p>Activities locating in the Rural Zone need to accept existing amenity levels associated with land use management practices and the effects from activities (including agricultural and horticultural activities) that are already lawfully established. New residents need to recognise the accepted management practices including the presence, behaviour and effects of livestock, agrichemical spraying, use of farm machinery, seasonal operation of bird scarers, odour and night harvesting. Mineral extraction and intensive farming are also expected in the Rural Zone, subject to resource consent. Residential development is kept away from these activities, to avoid reverse sensitivity issues.</p>
Prohibited Activities	<p>Land Use - A refuse landfill in the Landscape Policy Area</p> <p>Subdivision - Resulting in more than 2 additional allotments or subdivision of land resulting in any additional allotments containing high quality soils from any allotment with a Certificate of Title issued prior to 6 December 1997</p>
Permitted Activities	<p>Any activity that complies with all effects and building rules is a permitted activity except: On-site disposal or storage of solid waste, or hazardous waste storage, reprocessing or disposal, or an educational institution involving more than 10 students or a correctional facility, or an extractive industry, other than</p>

	transportation of minerals in an energy corridor, or commercial activities, or an industrial activity, or travellers accommodation for more than 5 people, or a motorised recreation facility, or an intensive farming activity, or a transport depot or a wind energy facility.
Building Controls	<p>Dwellings – 1 or 2 if land is over 40ha</p> <p>Height – 10 metres</p> <p>Height to Boundary - the building does not protrude through a height control plane rising at an angle of 37 degrees commencing at an elevation of 2.5m above ground level at every point of the site boundary.</p> <p>Building Coverage – Greater of 2% or 500 m<sup>2</sup></p> <p>Non-Residential Building -Does not exceed 500 m<sup>2</sup> or 250 m<sup>2</sup> on a site less than 2ha</p> <p>Buildings for Productive Rural Activities – Does not exceed 1000 m<sup>2</sup></p>

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.

## 2.4 Highest and Best Use

The current uses as Chicken Breeding, Hatchery and Processing Facilities is considered the highest and best use of the land at present.



# 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

The subject addresses are located in a medium 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.

The seismic rating of a building is an important factor, in some cases 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 been provided with IEP reports for the following properties.

### **Banks Road**

For the original construction in 1984 the property's IEP is 85% reflecting an 'A' grade. For the 1997 and 2001 alterations and extensions the property's IEP is 100% reflecting an 'A' grade.

### **624 Waiheke Road**

For the Portal Framed buildings, the property's IEP is 95% reflecting an 'A' grade. For the Shear Wall buildings, the property's IEP is 110 reflecting an 'A+' grade.

We have not been provided with an IEP assessment for the balance of the portfolio. Whilst the risk would appear to be low, given the style and nature of the improvements, we cannot rule out the potential for some strengthening works to be required. In the absence of an IEP report, we have factored in any added risk that may be perceived into our adopted valuation parameters. We have not made a specific allowance and reserve the right to readdress our valuation accordingly if an IEP report or suitable document is provided to us at a later date.

### **Balance Properties**

We have not been provided with an IEP assessment. Whilst the risk would appear to be low, given the style and nature of the improvements, we cannot rule out the potential for some strengthening works to be required. In the absence of an IEP report, we have factored in any added risk that may be perceived into our adopted valuation parameters. We have not made a specific allowance and reserve the right to readdress our valuation accordingly if an IEP report or suitable document is provided to us at a later date.

Furthermore, we note that capital requirements related to earthquake strengthening requirements would likely be captured under lessee maintenance obligations under the Deed of Leases.

## **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

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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.

We are advised that the Local Authority does not have a public register of contaminated sites. We have completed our valuation on the basis that the site is free of contaminants and have made no allowance in our valuation for site remediation works.

As Valuers, we are not qualified to provide an opinion on potential environmental threats. This matter aside, the risk factor would appear to be quite low.

### **3.3 Asbestos**

During 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 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.

### 3.5 Statutory Valuation

#### 903 Leslie Road

Land Value	\$2,010,000
Improvements Value	\$11,400,000
Capital Value	\$13,410,000
Rates 2018/2019 (excl. GST)	\$32,54.65

#### 2 Banks Road (SA1429/64 and SA20B/540)

Land Value	\$1,050,000
Improvements Value	\$3,080,000
Capital Value	\$4,130,000
Rates 2018/2019 (excl. GST)	\$6,208.08

#### 111AC Pohlen Road

Land Value	\$1,720,000
Improvements Value	\$8,700,000
Capital Value	\$10,420,000
Rates 2018/2019 (excl. GST)	\$12,330.46

#### 16 Banks Road

Land Value	\$129,000
Improvements Value	\$158,000
Capital Value	\$287,000
Rates 2018/2019 (excl. GST)	\$1,883.20

**668 Waiheka Road**

Land Value	\$2,230,000
Improvements Value	\$270,000
Capital Value	\$2,500,000
Rates 2018/2019 (excl. GST)	\$3,417.37

**25 Okauia Springs Road**

Land Value	\$1,440,000
Improvements Value	\$4,480,000
Capital Value	\$5,920,000
Rates 2018/2019 (excl. GST)	\$7,798.76

**594 Waiheka Road (Lot 2: DP 446379)**

Land Value	\$3,070,000
Improvements Value	\$19,800,000
Capital Value	\$22,870,000
Rates 2018/2019 (excl. GST)	\$26,116.50

**207 Mowbray Road**

Land Value	\$335,000
Improvements Value	\$1,430,000
Capital Value	\$1,765,000
Rates 2018/2019 (excl. GST)	\$2,856.48

These assessments represent part of a mass appraisal, normally without any form of inspection.

# 4. Improvements

## 4.1 Property Description

Inghams properties comprise a mixture of improvements associated with poultry farming, breeding and processing.

**Banks Road** comprises a Hatchery building, two dwellings one in average condition with an additional superior dwelling used for Ingham's occupation and numerous ancillary buildings that are not occupied by Inghams and are utilised for equine purposes.

**Pohlen Road** provides a large chicken breeder farm that comprises three blocks of individual breeder units, three dwellings, multiple storage sheds and office and amenities buildings.

**Mowbray Road** also comprises breeder sheds and storage buildings.

**Tower Road** provides a large chicken breeder farm with eight breeding units across six separate sites. Other improvements include implement sheds, an office and amenities building and a brick dwelling.

**Leslie Road** provides individual breeder units with administration and storage buildings and on-site dwellings. Furthermore, **Waiheka Road** comprises a processing plant with associated ancillary buildings, an irrigation block and dwelling.

## 4.2 Accommodation Details

### **Banks Road (Hatchery)**

#### Hatchery Building

The hatchery building was constructed circa mid 1980s and was extended considerably circa late 1990s with a smaller addition circa early 2010s.

We understand the internal construction of the original building comprises a mixture of concrete block, seratone and plasterboard walls on a timber frame with recent refurbishments adding insulated aluminium panels to some ceilings and wall partitions. Externally, the building comprises a concrete floor and foundation, RSJ portal frame, concrete block skirting wall with Colorsteel cladding above, painted iron roof with a three metre stud height. Ducted ventilation and temperature-controlled systems are provided throughout the building.

Construction of the more recent building comprises a concrete floor, RSJ portal frame, a mixture of aluminium lined insulated panels, Colorsteel wall cladding and a Colorsteel iron low pitched gable roof with an estimated stud height of 6 metres to the portal knee. The height includes a considerable clearance between the ceiling and roof.

#### Dwellings

The first dwelling is situated to the northern end of the property with frontage to Banks Road and has average to good appearance. It was constructed circa 1960s and is of brick veneer construction with timber frame and timber joinery with an iron roof and basement garaging which provides accommodation for two cars. We understand that the interior of the dwelling is consistent with its 1960s design and provides three bedrooms.

The second single level dwelling is of fair condition and is also situated to the northern end of the property, accessed via State Highway 27. It was constructed circa 1960s and is of brick construction with timber joinery and an iron roof. We also understand the internal improvements are in accordance with its 1960s design.

#### Equine Improvements

Areas not improved by the buildings associated with the hatchery comprise another dwelling, horse stables and ancillary farm buildings utilised for equine purposes.

The dwelling is of good quality and was constructed circa 1980s of clicker brick veneer cladding with aluminium joinery, a concrete tile roof, concrete floors and garaging under the main roof line accommodating two cars. We understand the internal aspects of the building are consistent with the standard of the exterior, comprising plasterboard lined walls and ceilings, and average quality kitchen and bathroom facilities.

There are other various farm improvements situated to the southern end of the property including horse stables, implement and storage sheds, metal parking/vehicle manoeuvring areas, internal metal roading, post and rail fencing, water troughs and established trees.



External view of main factory



Internal view of factory floor



Typical offices

### **Pohlen Road (Breeder Farm)**

Pohlen Road consists of three blocks of breeding sheds that were constructed circa 1985 and have concrete floors and foundations, RSJ portal frame with timber trusses, galvanised metal cladding and a metal clad gable roof. Ambient lighting is provided throughout via adjustable incandescent bulbs.

Other improvements comprise several storage sheds, office and amenities buildings and three dwellings. The rest of the land is utilised for grazing purposes.



Typical breeding shed



Internal view of typical shed



Ancillary structures

### Mowbray Road (Breeder Farm)

There is a single block of six breeding sheds that were constructed circa 1985 comprising concrete floors and foundations, steel portal frame with galvanised metal cladding and a metal clad gable roof with extensive ridgeline ventilation. We understand the internal construction and standard is consistent with the buildings age.

Situated to the rear of the site are other improvements on the property comprising a workshop with office building, a storage shed and barn, cooler room and lunchroom and amenities block. A three-bedroom fibro-plank dwelling with a detached single garage is situated to the east of the breeder farm.



Exterior



Typical shed configuration



Internal view of shed

### Okauia Springs Road (Breeder Farm)

The property comprises a large-scale chicken breeder farm with eight breeding sheds across six separate blocks constructed circa 1985. The shed construction comprises concrete floors and foundations, timber frame with galvanised metal cladding and a metal clad gable roof with extensive ridgeline ventilation.

Situated towards the front of the property are other improvements including implement and storage sheds, office and amenities building and a three-bedroom brick dwelling with a detached double garage situated to the west of the administration buildings. The excess land is likely used for grazing purposes.



Breeder shed



Front office



Managers residence



### Leslie Road (Breeder Farm)

Leslie Road comprises a chicken breeder farm originally constructed circa 1990s with two further blocks constructed circa 2002 and 2003. Overall improvements comprise 16 breeding sheds across 4 blocks with each block including four breeder sheds with handling and access tunnels, egg storage, fumigation and loading rooms and a site office. The breeder sheds construction comprises modern materials including concrete floors and foundations, concrete nib-wall with RSJ portal frame, polystyrene cored metal sandwich (EPS) insulation wall and ceiling panels and gable roof with Colorsteel cladding. Associated connected access tunnels, storage and fumigation rooms are of the same construction.

Situated to the southern end of the property with frontage to Leslie Road are a main office and vehicle storage shed, implement sheds and two dwellings with associated garaging. The offices are constructed of concrete floors with timber framed walls, iron wall cladding with aluminium joinery and a Colorsteel roof. The internal aspects are presented to an average standard with showers and toilet facilities, a staffroom with kitchenette and partitioned offices. Construction includes vinyl flooring with plasterboard wall and ceiling linings and fluorescent lighting throughout. The excess land is a mixture of pasture and mature pine trees with native bush.



Breeder sheds



Internal view of shed



Utilities shed

### Waiheka Road (Processing Plant and Irrigation)

#### Processing Plant

The processing plant was constructed circa 1980s and has been extended and refurbished over the years with considerable alterations that doubled the facility in size completed circa 2004. The facility is made up of multiple buildings and improvements.

The main processing factory and packaging area was constructed circa mid 1980s and upgraded in 1999 and 2004. It comprises the main building of the processing facility including live bird reception, plant rooms, offal collection area, immersion area and packaging room. Construction includes reinforced concrete floor and foundations, steel portal frame, Colorsteel lined insulated wall panels and Colorsteel roof cladding with an estimated stud height of 6 metres. The floors to the main processing area are epoxy resin and the walls have specialised lining. Overlooking the facility is an office and control room constructed circa 1999 of concrete floor, RSJ portal frame and Colorsteel wall and roof cladding.

Coolstore Building 1 was constructed circa 1998 and construction comprises reinforced concrete floor and foundations, RSJ portal frame and Colorsteel lined insulated wall and roof panels with an estimated stud height of 6.5 metres.



Coolstore Building 2 was constructed circa 1993 with construction comprising a concrete mezzanine level, reinforced concrete floor and foundations, RSJ portal frame and Colorsteel lined insulated wall and roof panels with an estimated stud height of 8.5 metres.

The engine/plant room was constructed circa 1998 and construction comprises a concrete mezzanine level, reinforced concrete floor and foundations, concrete tilt slab walls at a mixed stud height of 5 and 7 metres, a Colorsteel roof and internal walls lined with fibrolite.

The office and ground floor cafeteria with amenities were constructed circa 1994 and extended circa 1998. Construction comprises reinforced concrete floor and foundations, timber framing and Colorsteel wall and roof cladding. The internal walls are of a mixed lining with seratone wall linings in the amenity areas and mostly plasterboard linings to the walls and ceilings in the cafeteria and office. The offices are situated on the upper level with a veranda, presented to a good standard and are well partitioned to accommodate a wide range of configurations that are air conditioned, carpeted and have suspended plasterboard ceilings.

The female amenities were constructed circa 1994 and extended circa 1998 and provide lockers and amenities. Construction comprises a mixture of concrete and particleboard flooring, timber frame and Colorsteel wall and roof cladding.

The laboratory was constructed circa 1970s and upgraded circa 2004 providing average quality office and accommodation. Construction comprises a timber floor supported by concrete pile foundation, timber frame, fibrolite wall cladding and corrugated iron roof cladding with decramastic chip tile mansard. The internal walls of the building are lined with plasterboard and the ceilings are a mixture of hardboard and pinex.

The drystore building is a warehouse that was constructed circa 1993 and provides average quality storage accommodation. Construction comprises concrete floor and foundations, RSJ portal frame, concrete block skirting wall above which is Colorsteel lined insulated panels and a Colorsteel roof with a stud height of 8 metres.

The DAF building was constructed circa 1993 and provides average quality accommodation. Construction comprises concrete floor and foundations, steel frame, Colorsteel lined insulated panels to the side and rear elevations and a 20,000-litre concrete tank with a steel supply tank and two galvanised steel frames that form a wash tower.

The engineer's workshop was constructed circa 1998 and provides average quality workshop accommodation. Construction comprises concrete floor and foundations, RSJ portal frame, galvanised steel trusses and concrete tilt slab walls to approximately 1.6 metres above which is Colorsteel cladding and a Colorsteel roof.

The petfood building was constructed circa 1998 and provides average to good quality food grade accommodation with a plant room. Construction comprises concrete floor foundations, RSJ portal frame, Colorsteel lined insulated wall and ceiling panels and a Colorsteel roof. The processing area has an epoxy resin floor.

The maintenance office was constructed circa 1970s and provides average quality office accommodation with a garage. Construction comprises a particleboard floor supported by a timber pile foundation, timber frame, fibrolite cladding, iron roof cladding and is lined with primarily plasterboard to the walls and pines to the ceilings.

The production chiller building was constructed circa 1990s and construction comprises reinforced concrete floor and foundations, RSJ portal frame and Colorsteel lined and insulated wall and roof panels with an estimated stud height of 5 metres.

The MRT Blast Tunnel building was constructed circa 1998 and construction comprises concrete floor and foundations, RSJ portal frame, Colorsteel lined and insulated wall and roof panels with mixed stud heights of 7 and 9 metres. Internal partitioning insulates the operations area from the temperature-controlled portion of the building.

The water and wastewater treatment facilities were constructed circa 1998 and comprise two large excavated anaerobic ponds and an aerated lagoon that we understand includes HDPE liners. A large and a small galvanised steel water storage tank on a concrete base and pump shed also forms part of the facility. Construction of the shed includes a concrete floor, timber framing, fibrolite cladding and a galvanised steel roof.

Other extensive improvements are spread across the property including external boundary security fencing, a concrete sealed yard, a substantial carparking area with associated lighting, reinforced concrete walls and concrete pathways. The site landscaping provides considerable gardens with established trees and shrubs. Large canopy over the truck unloading area.

#### Irrigation Block

The irrigation block comprises an implement shed and dairy shed. The implement shed was constructed circa 1960s with concrete floor and foundations, steel lattice curved trusses, and corrugated iron cladding and is accessed at the front through hinged steel framed doors.

The block also comprises a single level dwelling constructed circa 1940s of weatherboard with aluminium joinery, a corrugated iron hip roof and a timber floor supported by concrete piles. The exterior is presented to an average standard and has a detached double garage also of timber weatherboard construction. We understand the internal construction and standard is consistent with the buildings age and exterior, comprising of plasterboard lined walls and ceilings and average quality kitchen and bathroom facilities.



Exterior of Warehouse



Processing plant



Office entrance



Enclosed canopy



Typical office



Retention ponds

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### **Condition & Repair**

Overall the buildings present to a mixed standard and presentation. We note that under the lease the tenant is responsible for general upkeep and maintenance of improvements below the threshold amounts. For repairs and maintenance above the threshold amount the landlord is required to contribute capital outlay however this is ultimately recovered via adjustment to the contract rental.

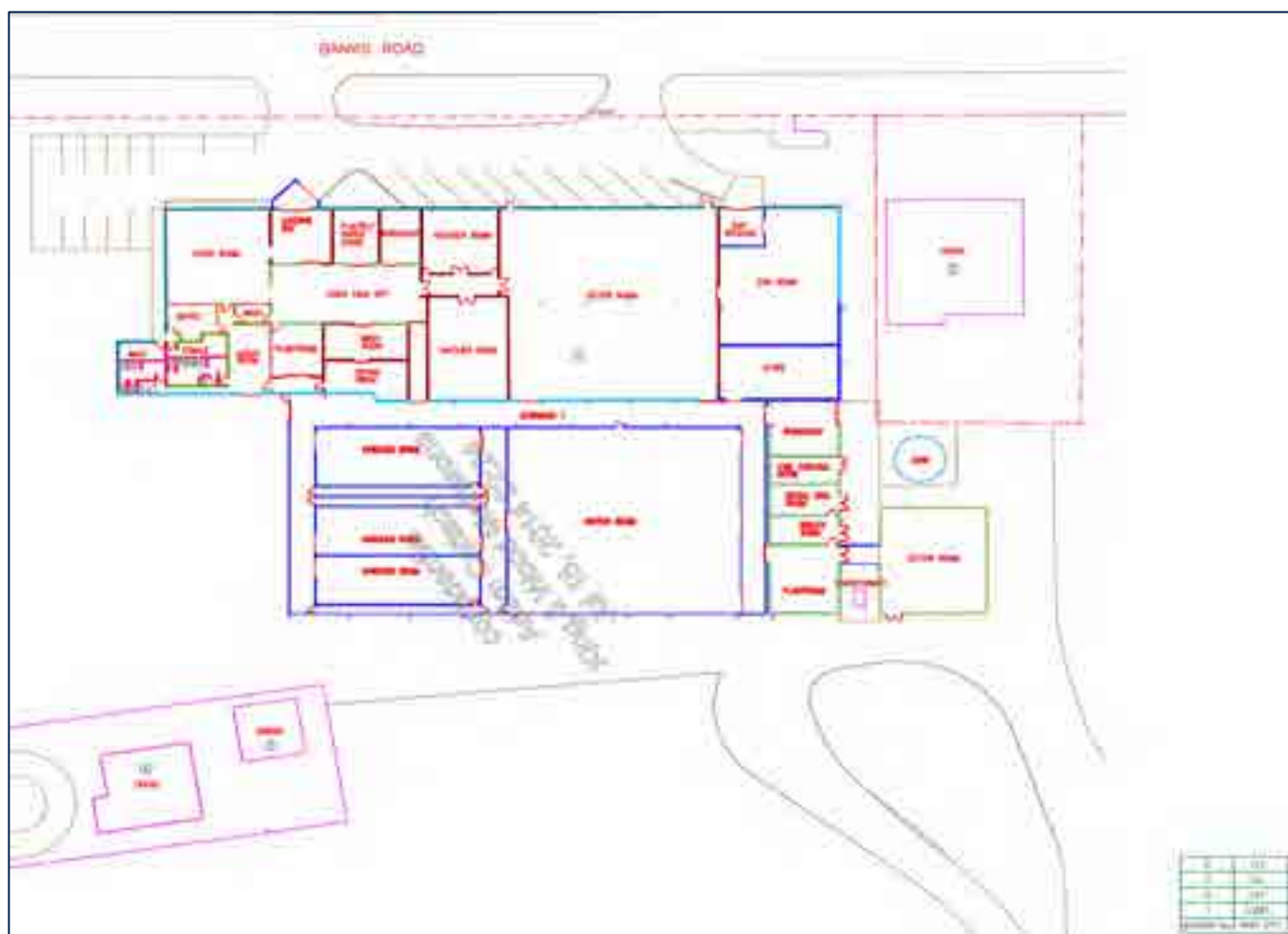
## 4.3 Floor Areas

We have been supplied with floor areas of the subject improvements which we rely upon for valuation purposes. Due to the nature of the inspections and restricted areas we were unable to check-measure any of the improvements. Therefore, we have relied upon the accuracy of provided areas.

Adopted areas are shown below:

### 2 Banks Road

Layout and Floor Plan:



We Summarise the Floor Areas as follows:

Component	Lettable Area NLA (sqm)
Hatchery Building	3,985.00
Dwelling 1	247.00
Dwelling 2	113.00
Garage	53.00
Excess Land	71,815.00
Totals (Excl. Land)	4,398.00 sqm

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Premises Layout:

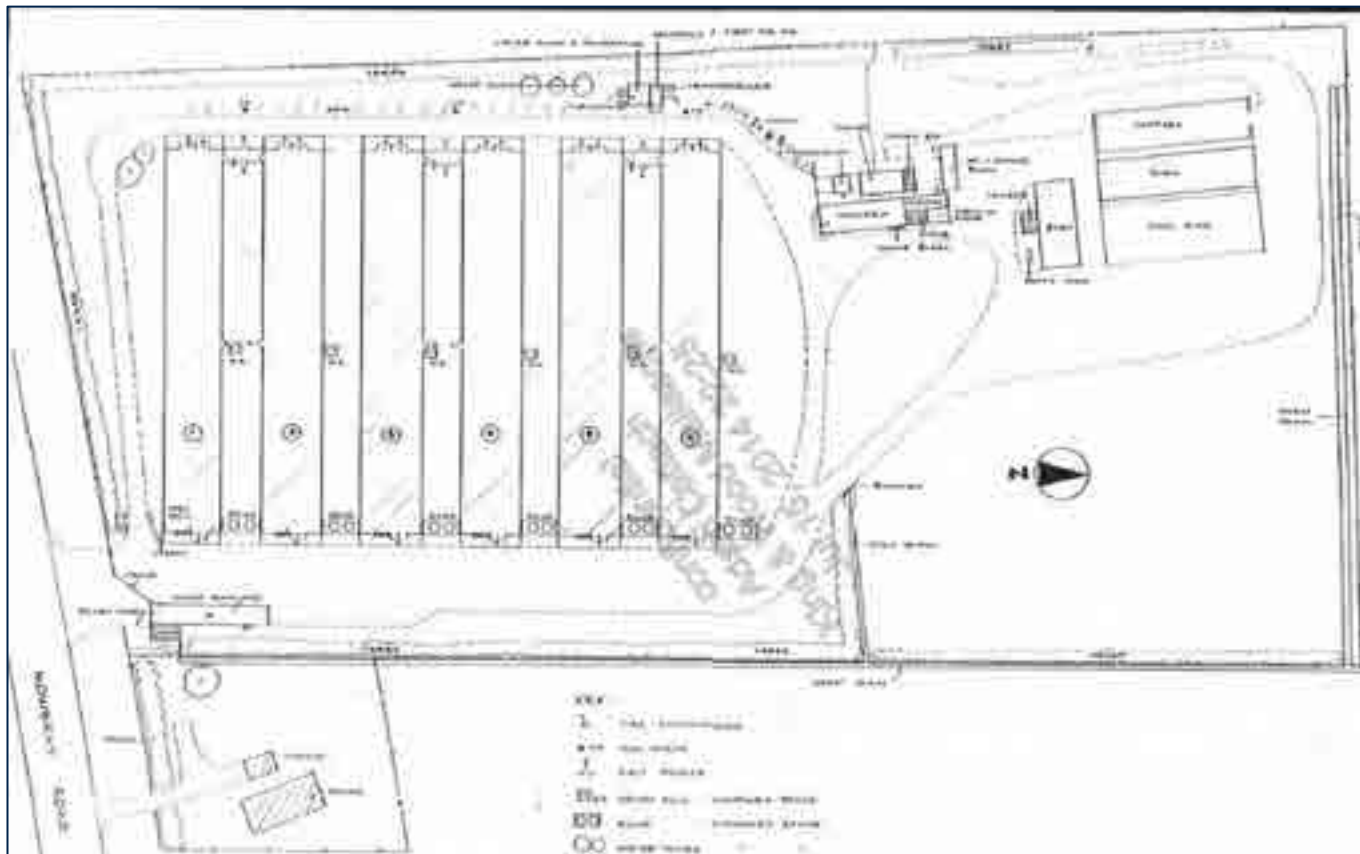


Component	Lettable Area NLA (sqm)
Site A - Breeder Sheds	8,618.40
Site B - Breeder Sheds	2,462.40
Offices & Amenities	109.40
Storage Shed	80.00
Dwelling 1	207.00
Dwelling 2	112.20
Grazing Land	51,800.00
Site C - Breeder Sheds	13,543.20
Amenities Building	114.00
Offices & Amenities	29.40
Egg Storage & Loading Dock	158.00
Storage Shed	80.00
Dwelling 3	151.00
Grazing Land	74,500.00
Totals (Excl. Land)	25,665.00 sqm

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## Mowbray Road

### Premises Layout:



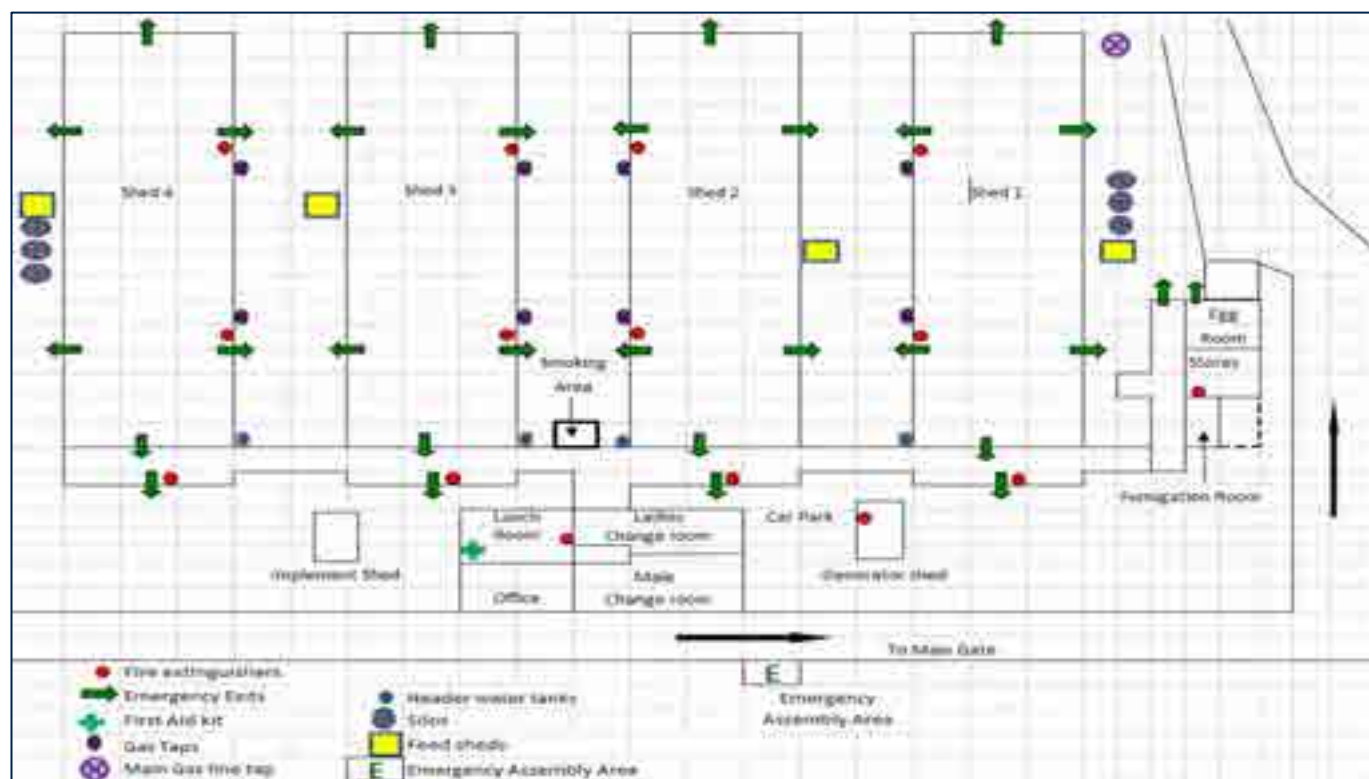
We Summarise the Floor Areas as follows:

Component	Lettable Area NLA (sqm)
Breeder Sheds	5,904.00
Access Tunnels	120.00
Workshop / Office	165.90
Cooler / Lunchroom & Amenities	99.00
Storage Shed	126.00
Barn	263.00
Dwelling	90.00
<b>Totals</b>	<b>6,767.90 sqm</b>

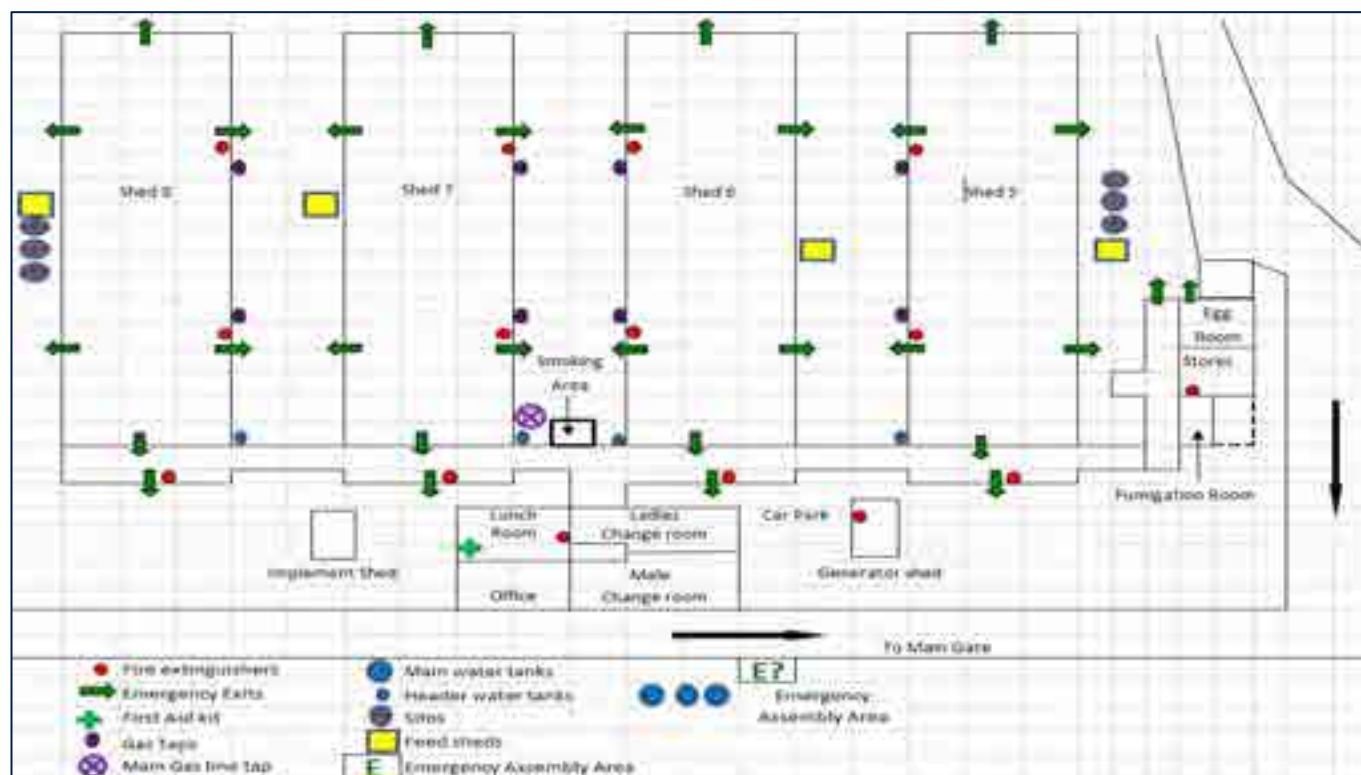


## Leslie Road

### Site One Layout:

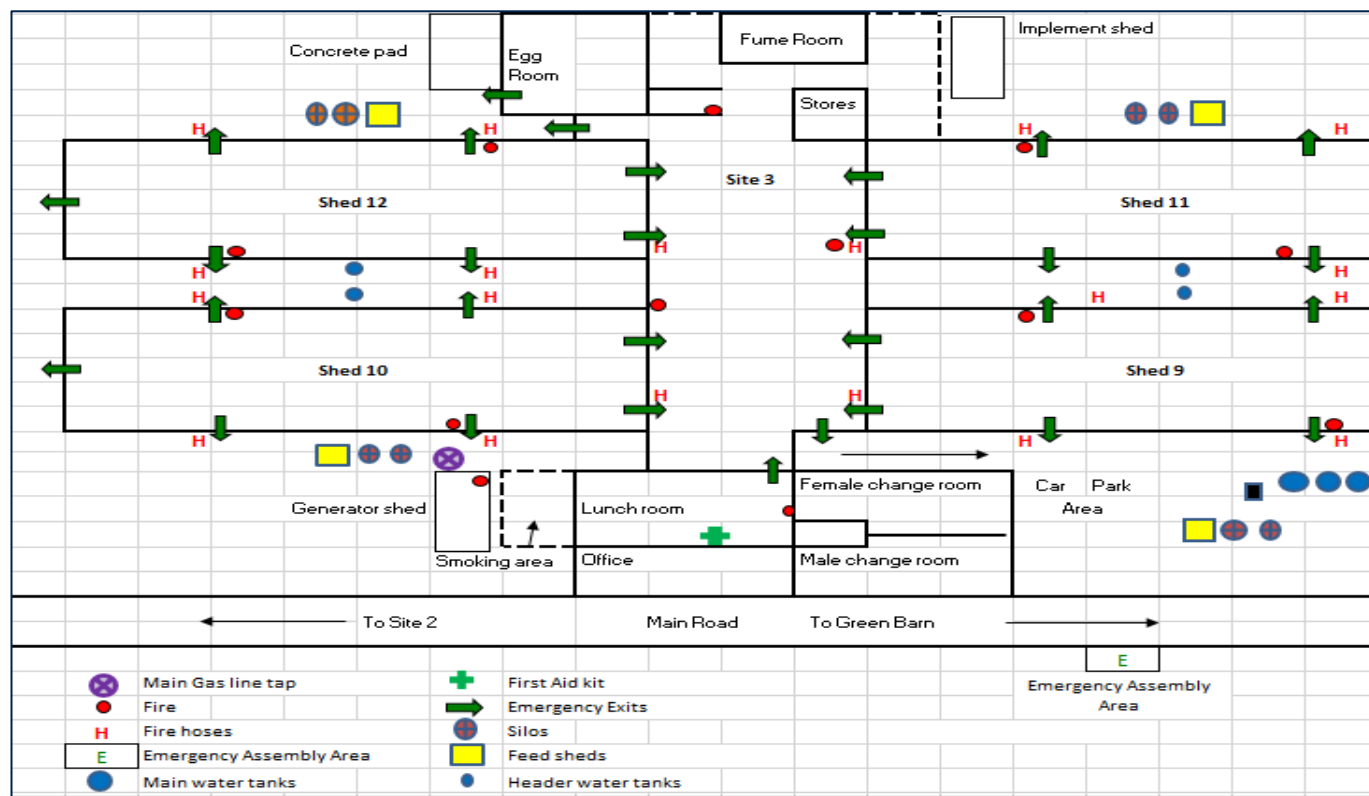


### Site Two Layout:

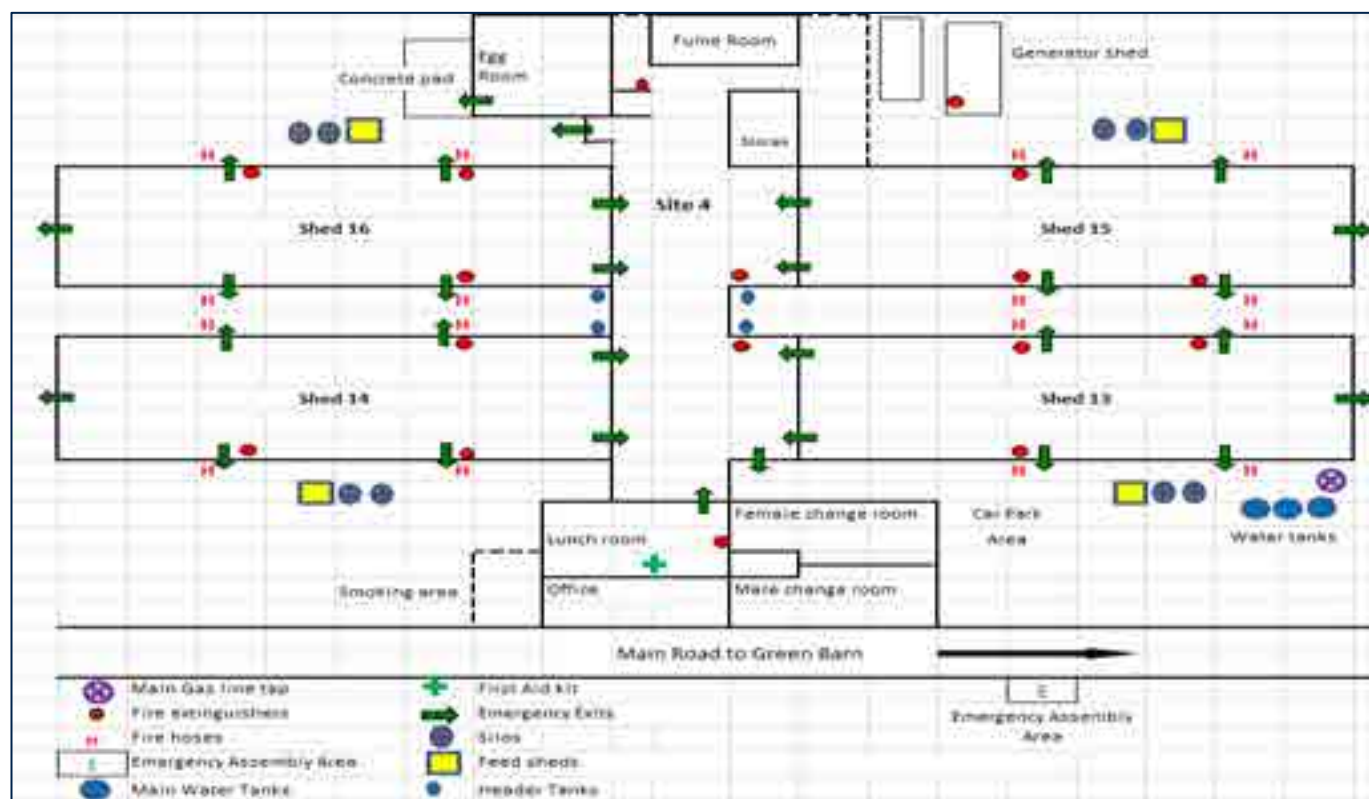


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### Site Three Layout:



### Site Four Layout:



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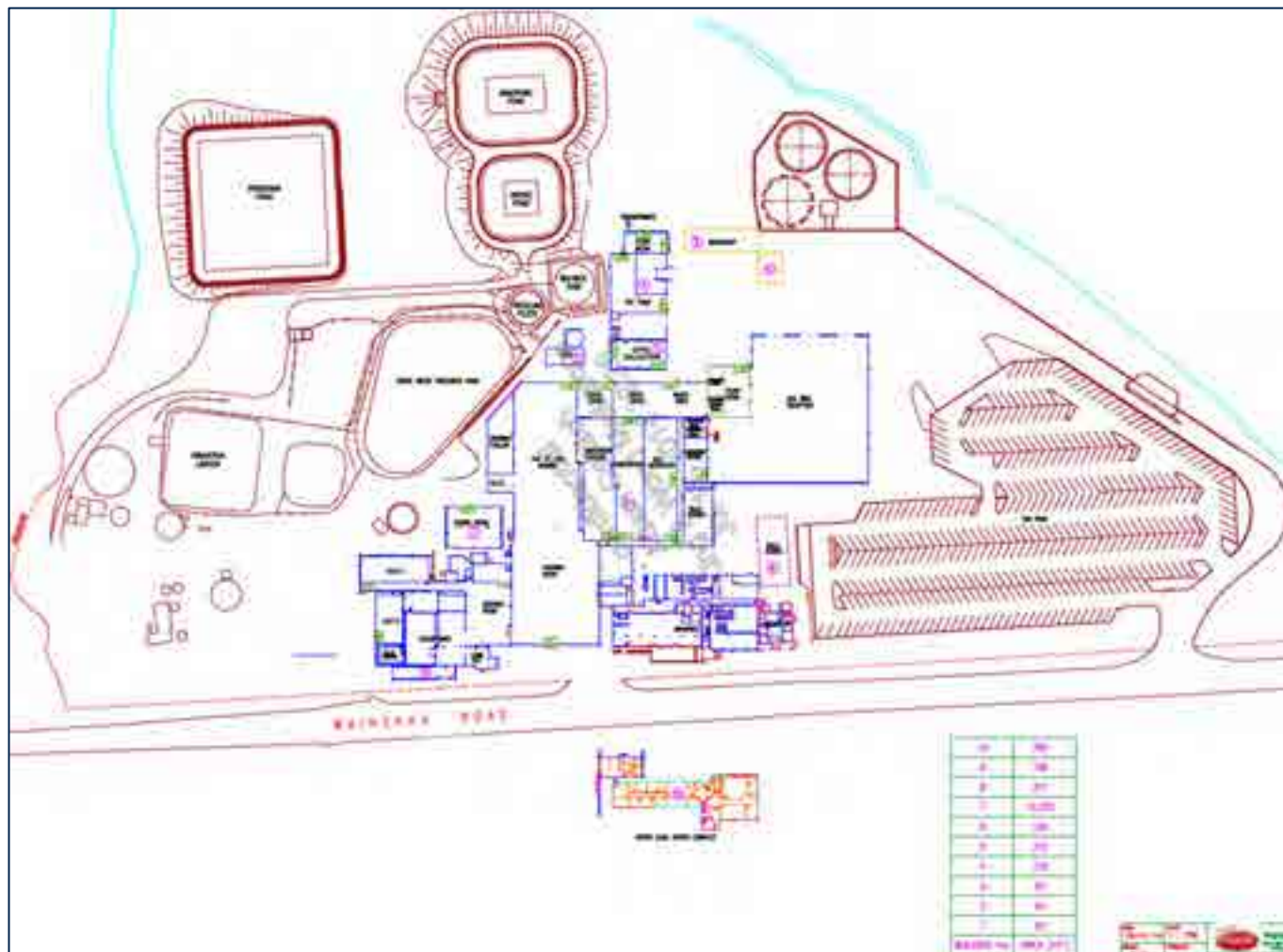


**We Summarise the Floor Areas for Leslie Road as follows:**

Component	Lettable Area NLA (sqm)
Site 1 - Breeder Sheds	5,649.00
Handling & Access Tunnels	350.00
Egg Store, Fumigation & Loading	126.00
Site Office	99.00
Site 2 - breeder Sheds	5,649.00
Handling & Access Tunnels	350.00
Egg Store, Fumigation & Loading	126.00
Site Office	99.00
Site 3 - Breeder Sheds	5,670.00
Handling & Access Tunnels	174.50
Egg Store, Fumigation & Loading	152.90
Site Office	92.00
Site 4 - Breeder Sheds	5,670.00
Handling & Access Tunnels	174.50
Egg Store, Fumigation & Loading	152.90
Site Office	92.00
Main Office and Vehicle Storage	168.00
Implement Shed	57.00
Dwelling 1	161.00
Dwelling 2	98.00
Excess Land	330,000.00
<b>Totals (Excl. Land)</b>	<b>25,110.80 sqm</b>

## Waiheka Road

Layout and Floor Plan:



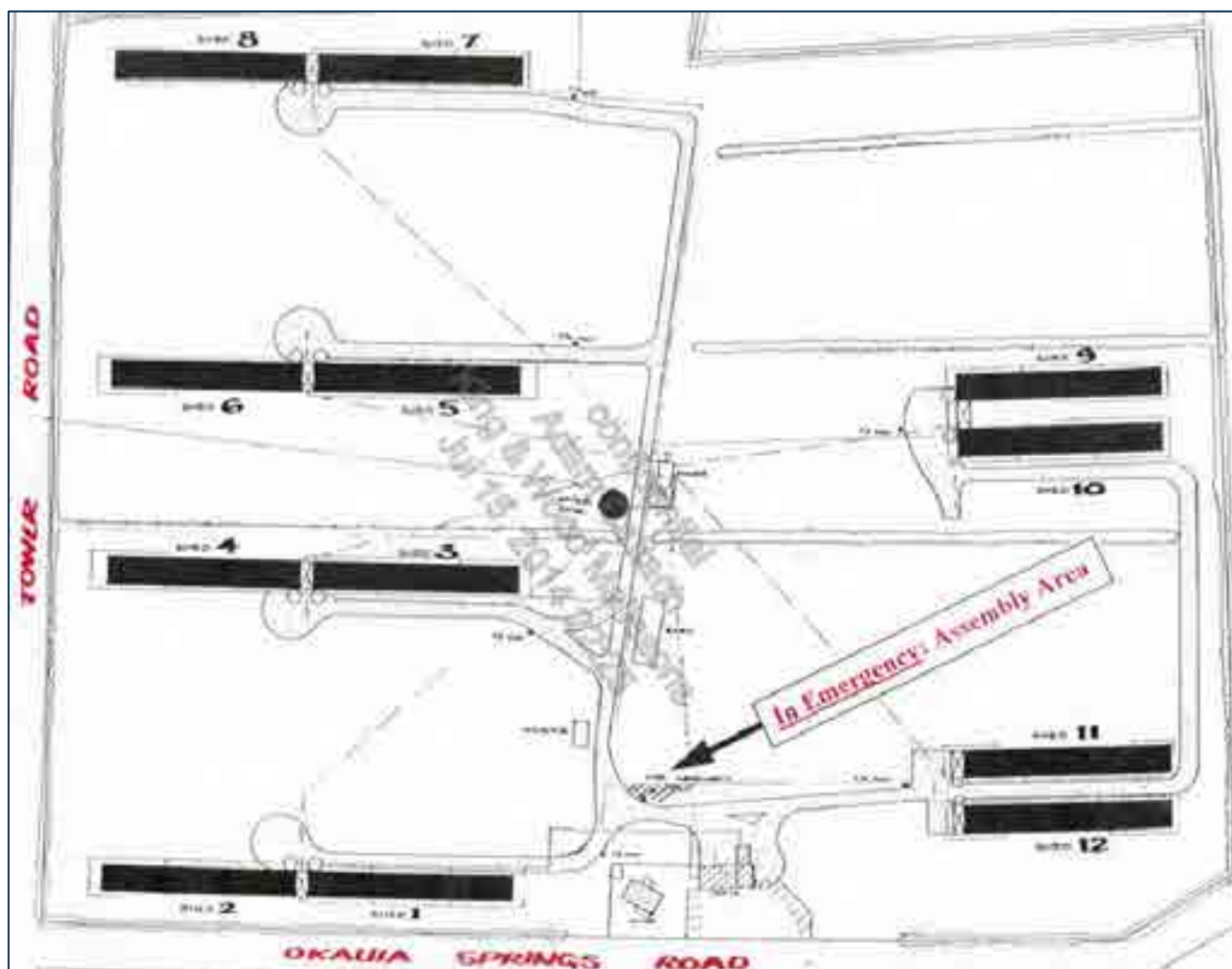
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**We Summarise the Floor Areas for Waiheka Road as follows:**

Component	Lettable Area NLA (sqm)
Engine Room	311.00
DAF	84.00
Offal Collection	311.00
Pet Food Area	775.00
Workshop 1	215.00
Workshop 2	100.00
Main Processing Factory	8,940.00
Live Bird Reception	2,268.00
Bulk Goods	271.00
Dispatch	106.00
Ground Cafeteria	432.00
Ground Amenities	593.00
Upper Level Offices	766.00
Car Parking / Access	14,700.00
Excess Land	198,397.00
Irrigation Land	318,816.00
<b>Totals (Excl. Land &amp; Parking)</b>	<b>15,172.00 sqm</b>

## Okauia Springs Road

Premises Layout:



We Summarise the Floor Areas as follows:

Component	Lettable Area NLA (sqm)
Breeder Sheds - West	8,561.60
Breeder Sheds - East	4,411.20
Offices & Amenities	151.70
Dwelling	113.00
Implement Shed	178.00
Storage Shed	66.00
Excess Land	42,500.00
<b>Totals (Excl. Land)</b>	<b>13,481.50 sqm</b>

# 5. Lease Details

## 5.1 Lease Documentation

### Inghams Enterprises (NZ) Pty Limited

We have been provided with a copy of the lease documents for the premises at 2 Banks Road, 903 Leslie Road, Pohlen Road, Waiheka Road, Mowbray Road and Okauia Springs Road;

The Inghams leases commenced 18 July 2014 for an initial 15-year term expiring 17 July 2029 with a further 10-years mutual agreement option which takes the final expiry to 17 July 2039.

Whilst we note that the term certain expires in 2029, Clause 5.1(a) gives the landlord the option to require the tenant to exercise the first renewal period of 10 years commencing 18 July 2029 and expiring 17 July 2039. Clause 5.1(b) gives the tenant the same option.

Unless the landlord has another tenant offering a higher rental on 18 July 2029, the landlord will exercise its option under clause 5.1(a).

For valuation purposes we have assumed that the landlord 'grant of new lease' right is exercised with an assumed expiry date of 17 July 2039.

The above have been perused and are held on file. The salient details for the lease documents of the above properties are summarised as follows:

Landlord / Lessor	Caniwi Properties (Waikato) Limited.
Tenant / Lessee	Inghams Enterprises (NZ) Pty Limited.
Premises	The Land and the improvements on the Land located at Banks Road, 594 and 668 Waiheka Road, 111a-111c Pohlens Road, 207 Mowbray Road, 25 Okauia Springs Road, and 903 Leslie Road.
Term	Fifteen (15) years.
Commencement Date	18 July 2014.
Initial Expiry Date	17 July 2029 ( <i>subject to clauses 9.2 and 17.21</i> ).
Rights of Renewal	Five (5) further rights of ten (10) years each. First right of renewal being mutual with landlord retaining right to extend lease by 10 years.
Renewal Dates	18 July 2039, 2049, 2059, 2069, and 2079.
Final Expiry Date	17 July 2089 ( <i>subject to clauses 9.2 and 17.21</i> ).
Commencement Rental	Banks Road - \$405,265 plus GST per annum 594 and 668 Waiheka Road - \$2,796,754 plus GST per annum 111A - 111C Pohlens Road - \$590,821 plus GST per annum 207 Mowbray Road - \$181,326 plus GST per annum 25 Okauia Springs Road - \$380,082 plus GST per annum 903 Leslie Road - \$938,678 plus GST per annum <b>Total Annual Commencement Rental - \$5,292,926 plus GST per annum</b>
Current Passing Rental	Banks Road - \$428,978.06 plus GST per annum 594 and 668 Waiheka Road - \$3,204,359.06 plus GST per annum 111A - 111C Pohlens Road - \$625,391.41 plus GST per annum

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	<p>207 Mowbray Road - \$191,935.83 plus GST per annum</p> <p>25 Okauia Springs Road - \$402,321.55 plus GST per annum</p> <p>903 Leslie Road - \$993,602.39 plus GST per annum</p> <p><b>Total Annual Commencement Rental - \$5,846,588.31 plus GST per annum</b></p>
CPI Rent Review	Each anniversary of the Commencement Date excluding any market rent review dates.
Market Rent Review	Each of the 24 <sup>th</sup> , 34 <sup>th</sup> , 44 <sup>th</sup> , 54 <sup>th</sup> and 64 <sup>th</sup> anniversaries of the Initial Commencement Date.
Proportion of Outgoings	100%
Business / Permitted Use	<p><b>Banks Road, 111a-111c Pohlens Road, 207 Mowbray Road, 25 Okauia Springs Road, 903 Leslie Road</b> - Poultry hatchery, grazing of livestock, cropping and associated uses, and any other use permitted by law.</p> <p><b>594 Waiheka Road</b> - processing of poultry and other products, cold storage, distribution, administration, grazing of livestock, cropping and associated uses, and any other use permitted by law.</p> <p><b>668 Waiheka Road</b> - Irrigation, grazing of livestock, cropping and future expansion of adjoining processing works including poultry processing, cold storage and distribution, and any other use permitted by law.</p>
Additional Clauses	<p><i>Clause 3.17 - Rent not to increase</i></p> <p>(a) The Market Rent cannot be less than 95% of the rent payable immediately prior to the Market Review Date; and</p> <p>(b) The Rent payable on and from each Market Review Date will be the lower of the Market Rent and the Rent payable immediately prior to the Market Review Date.</p> <p><i>Clause 9.2 - Capital Repairs</i> - The Tenant must carry out Capital Repairs at its cost where the cost of doing so is less than the Threshold Amount (Repair). However, the Tenant is not required to carry out Capital Repairs during the last five years of the Term, unless the Tenant has exercised its right to a Further Term.</p> <p><i>Clause 13.3 - Right of Last Refusal to Purchase</i> - Tenant has First Right of Refusal to Purchase.</p>

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## **5.2 Occupancy and Vacancy**

### **Vacancies**

At the time of our inspection the properties were fully occupied by Inghams under long term leases and therefore not subject to any vacancy considerations.

### **Outstanding Reviews/Incentives**

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

### **Monthly Tenancies**

There are currently no monthly tenants within the subject property.

### **Arrears**

We have not been advised of any significant rental arrears within the subject property.

### **Summary**

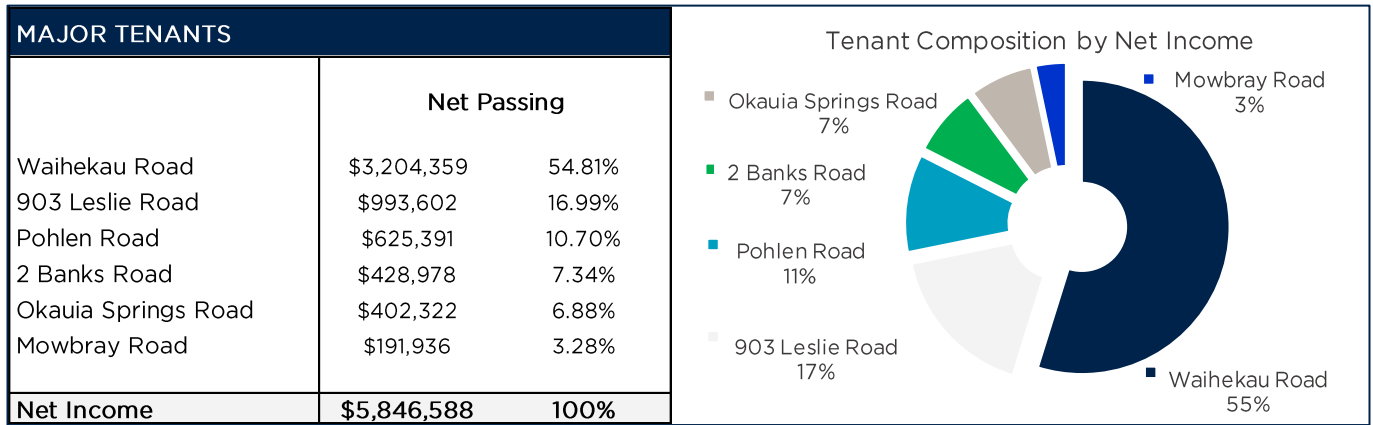
Our valuation is reliant on information supplied to us relating to matters such as lease provisions, rental income, outgoings and other associated expenditure which appears realistic. We have had access to lease documentation and have verified key data of the major tenancies against supplied schedules.

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.



# 6. Financial Summary

A breakdown of the portfolio's current rental is shown below, summarised per property:



For valuation purposes we have assumed that the scheduled July CPI rent review has occurred and that the passing rent is \$5,846,588 per annum reflecting the net income position of the portfolio as at settlement date of sale.

## 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 (years)	20.00	20.00

## 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.

We have not been provided with a schedule of detailed operating expenses for the subject property. Therefore, we have made OPEX allowances based on our understanding of comparable properties in the surrounding and wider area and or based on industry benchmarks.

Where possible we have searched Council databases to establish current rates that apply to the subject property.

We note that the properties are subject to WALT's of over 20 years and therefore our adopted OPEX levels do not impact on our cashflows.

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### 6.3 Capital Expenditure

We note that the Deed of Lease represents a more or less triple net structure whereby the tenant is responsible for all normal outgoings, insurance and maintenance provisions (subject to thresholds). Although the landlord may be required to undertake works at its expense above certain capital thresholds we note that if such motion is triggered under the lease the annual rent will become subject to adjustment.

Essentially, we have modelled the cashflow on a triple net lease basis with limited CAPEX allowances applied throughout the term of the lease. We have however provided a provisional sinking fund allowance of approximately \$65,000 per annum within our cashflow to account for items that may fall outside of tenant leasing requirements.

# 7. Market Overview

## 7.1 Economic Outlook

### Introduction

The New Zealand Economy remains steady with previous growth drivers including construction, migration, housing and tourism either hitting a peak or beginning to wane. Further prominent ambiguities include weak business confidence caused by an uncertain political environment and amplified trade tensions especially between the US and China. It is expected that businesses capital expenditure and investment will be delayed, easing New Zealand's short-term growth realisation. However, as the Labour led Government confirms key policies over time the uncertainty faced by businesses at the moment should ease. Moreover, trade tensions between the US and China continue, meaning any decline in Chinese consumer spending growth must be watched closely. Accounting for the above, the NZ economy still has momentum although a slowdown is obvious from the growth rates witnessed in the previous two years.

GDP grew by 0.6% in the to the year-end 2018, with annual growth at 2.8%. This GDP growth is driven by strength in demand across the retail, construction and service sectors. In recent years, tourism has become a large contributor to GDP and is likely to become New Zealand's largest earning sector over the coming years with 3.85 million visitors to the year ending November 2018, this statistic is forecast to grow to 4.5 million by 2022.

The latest NZIER economic outlook states; 'Expected annual growth in the New Zealand economy is to average around 2.8% over the next five years. Although recent data points to solid activity and inflation has picked up recently, external and domestic downside risks remain. For now, we expect these risks' effects on real activity will be muted.'

The below table indicates the performance of the New Zealand economy over the previous 12 to 18 months:

Economic Indicator	Period	Rate	Forecasted Trends
GDP	December 2018	2.8%	➡
CPI	December 2018	1.90%	➡
OCR	March 2019	1.75%	➡
Unemployment Rate	December 2018	4.30%	⬆
10 Year Bond Rate	April 2019	circa 2.00%	⬇
Net Migration	December 2018	48,300	⬇

### Migration

New Zealand's unadjusted annual net gain (more arrivals than departures) of migrants has been on a steady decline over the past year with 48,300 migrants in the year to December 2018 reflecting the outcomes-based measure that is the new way of measuring migration in New Zealand. High levels of immigration have typically supported consumption and so the lessening number of migrants may slow private consumption. It is interesting to note, that unemployment levels remain low (4.3%), even though net migration is still persistent. This is underpinned by a strong economy showing good growth when compared to other developed economies, as well as strong job growth in many sectors.

### Political

The level of government debt in terms of a percentage of Gross Domestic Product (GDP) has been steady at around 25% of GDP over the past four to five years and is currently 22.2% of GDP. It is noted that there has been substantial investment in infrastructure upgrades across the country over the past three to five years and this will continue through to the early 2020s. Labour has formed a coalition with New Zealand First and The Greens parties, replacing the National led government who had governed the country since 2008. This has had a slight effect on the New

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Zealand economy, with the introduction of Labour's policies to reduce immigration, tighten restrictions around foreign ownership and commitment to constructing 100,000 affordable homes over the next 10 years.

### **Interest Rates & Inflation**

Interest rates are beginning to rise globally with improving economic activity and inflationary pressure causing central banks to look at increasing the cost of capital, this being led by the US Federal Reserve. However, in New Zealand the reserve bank is expected to keep the Official Cash Rate (OCR) on hold at 1.75% until at least March 2020 before a gradual rise begins. This has created a drop in fixed-term mortgage rates to record low levels adding to the surge in household debt.

Inflation has been tracking at low levels over the past three years, forcing the Reserve bank to keep the OCR low. This allowed banks to stimulate lending which fuelled a property boom across much of the country's main centres. Inflation is now at 1.9% for the year to December 2018, remaining steady from the previous September quarter. Many economists are expecting the Reserve Bank to maintain the OCR at current levels through 2019 and early 2020.

### **New Zealand Dollar**

The New Zealand dollar is forecast to fall against most major trading currencies, as NZ interest rates remain low compared with a large number of rising international interest rates. NZIER expects the NZ dollar to ease to 65 cents against the US dollar and to ease to 87 cents against the Australian dollar by 2020. Any large movements in the dollar will have a significant impact on our export market, one of the key drivers of the New Zealand economy.

### **Investment & Construction**

Low business confidence fuelled through uncertainty over Government policy, labour costs, consumer confidence, availability of labour and operating margins continue to digress business investment. Furthermore, a reduction in investors' interest in the property market caused by the Government and Reserve Bank policies targeting property investors, has further dampened investment in the economy.

Demand for residential construction remains strong, mirroring the delayed response to rapid population growth in the last few years. Residential construction continues to move towards apartments and townhouses and is expected to intensify with the estimated housing shortage in Auckland reaching 34,000 dwellings. On the other hand, the construction sector is faced with the hurdle of reduced profitability with cost constraints restricting the breadth to which activity can escalate. Although building consents for new homes nation-wide were 30% higher in both January and February this year compared with the 12 months previous with 3,098 new homes consented in February 2019, 446 of them apartments. In contrast non-residential construction activity has been underpinned by demand for retail and industrial buildings whilst demand for hotels and office buildings has fallen since the December 2017 high in consent issuance.

### **Summary**

In summary, the projection for the future New Zealand economy is difficult to determine. Many favourable factors are still supporting growth however there are significant risks to the growth prospects that are present within the economy. Inflation remains contained within the Reserve Bank's target range of 1% to 3%. There is strength in demand over the retail, construction and services sector. Although unemployment has increased to 4.3% from 3.9% in the previous September 2018 quarter, the unemployment rate is still low despite weak business confidence. Externally, commodity prices, especially dairy, remain around historical highs boosting New Zealand's export sector along with increased tourism activity ramping up demand for hospitality and accommodation services.

Risks surrounding the New Zealand economy include the loss in business confidence fuelled through uncertainty over Government policy, labour costs, consumer confidence, availability of labour and operating margins as well as a reduction of investor interest in the property market. Further risks include rising costs for businesses and the

inability to pass on the costs to consumers with higher prices resulting in reduced profitability. Moreover, large amounts of household debt at levels of 166% of disposable income, higher than levels prior to the GFC leaves households vulnerable to a negative external shock. Concerns to the global growth outlook are also emerging with trade tensions between the US and China and the continued lift in interest rates by the US Federal Reserve creating downside risk. We also note, the tightening yield curve in the US which is generally an indicator of downturn in the economy for the short to medium term. However overall, the local economy is in good shape and with annual GDP growth expected to average 2.8% over the next five years, the New Zealand economic outlook remains reasonably solid.

*Source: Bayleys Valuations, Statistics NZ, Interest, ASB, ANZ, NZIER*

## 7.2 Rural Market Commentary

New Zealand's rural land values are nearing record highs across most sectors underpinned by a sustained period of rising farm gate returns.

While market conditions are generally favourable there are a number of headwinds presenting themselves, including a recent change in government regulation which is restricting the ability of overseas entities to invest in New Zealand farmland.

More recently the Reserve Bank of New Zealand's deep dive into the main lending bank's agricultural portfolios and wider lending has seen proposed changes to capital adequacy rules aimed at ensuring banks can withstand a 200 year shock event. If adopted this could mean that banks will be required to hold more capital with the likely effect of costs being passed on in the form of higher interest rates.

Recent strong export performance and farmgate returns in addition to historically low interest rates and access to leverage has seen land values growing from cyclical lows recorded earlier in the decade to levels approaching historical highs across most major sectors.

### Dairy

The dairy sector is New Zealand's largest agricultural export earner with the value of exports reaching a new record of \$14.8 billion in the year to March 2019.

The market is being driven by increased demand from China which has resulted in a rebound in commodity prices from a cyclical low reached in mid-2015.

The sector however faces a number of challenges, primarily, increasingly expensive compliance relating to environmental protection, tightening credit conditions as banks adopt a more risk averse view of the sector and the restriction on overseas capital.

The biggest impact from the headwinds have been upon regions which saw large scale, high cost conversion projects undertaken at the time of the last commodity price boom, such as Southland and in areas in which land conditions make dairy farming marginal. Within the country's more established dairy region's such as Waikato and Taranaki, for example current market conditions have seen land values increase, particularly in respect of Tier One farms benefitting from good infrastructure and access to economic water. There remain however questions about the long-term viability of Tier Two/Three farms.

Dairy Land Median Value (\$/ hectare)		
Region	Decade Low	2018
Waikato	\$38,800 (2011)	\$44,200
Taranaki	\$37,800 (2012)	\$49,000
Canterbury	\$32,000 (2010)	\$46,300

Source: REINZ

Dairy Return on Equity		
Region	Decade Low	Decade High
Waikato	-9.9% (2015/16)	17.2% (2016/17)
Taranaki	-9.1% (2015/16)	26.4% (2016/17)
Canterbury	-12% (2014/15)	17.4% (2012/13)

Source: Dairy NZ

## Horticulture

New Zealand's horticultural sector is dominated by kiwifruit, avocado, apple and viticulture production. Geographic and climatic variances across the country see different regions specialising within the various sectors.

The nation's largest export earner is the kiwifruit sector, centred in the Bay of Plenty region. The industry has rebounded from an outbreak of the PSA disease in the early part of the decade which crippled the industry. The introduction of new disease resistant varieties such as Gold 3 however, has seen the sector move into a significant period of expansion with prime grade, mature orchards commanding sales values of more than \$1 million per hectare.

Viticulture has been another of the country's booming export sectors driven by Marlborough's Sauvignon Blanc production. A global wine glut in the early part of the decade put vineyards under pressure with the price paid for grapes falling to \$1,240 per tonne in 2012. In 2017 this had rebounded to \$1,750 with there having been a corresponding uplift in land values.

The pip fruit sector is another which has seen a reversal in fortunes over recent years. The introduction of new varieties has bolstered demand for New Zealand apples lifting export values to new highs.

Renewed demand has seen a reversal in the long-term trend of declines in orchard numbers. Particularly in Hawkes Bay the nation's leading production region.

Horticulture Land Median Value (\$/ hectare)		
Region	Decade Low	2018
Bay of Plenty	\$121,250 (2012)	\$460,650
Marlborough	\$70,000 (2011)	\$189,500
Hawkes Bay	\$63,700 (2015)	\$115,100

Source: REINZ

Horticulture Return on Equity		
Region	Decade Low	Decade High
National	-.07% (2010)	14% (2017)

Source: Statistics New Zealand

## Forestry

A significant lift in demand from China and the domestic construction sector has driven timber prices upwards. Again, export values have reached new highs.

Demand for forestry land has increased with demand being bolstered as a result of a new government policy aimed at planting an additional one billion trees nationally.

Further support to the sector has been provided by changes to the national emissions trading scheme aimed at improving how it incentivises forestry.

Land values have responded positively to these drivers.

Forestry Land Median Value (\$/ hectare)		
Region	Decade Low	2018
Northland	\$12,150 (2014)	\$16,250

Source: REINZ

Forestry Return on Equity		
Region	Decade Low	Decade High
National	7% (2012)	17% (2017)

Source: Statistics New Zealand

## Sheep and Beef

The drystock sector has been buoyed over recent years by high red meat returns. Over 2018 the average price paid for lamb (all grades) sat at approximately \$120 having been approximately \$95 as recently as 2016.

Prices paid for beef cattle has risen from approximately \$2.90/kg in 2014 to around \$4.00/kg in late 2018.

The lift in international demand for New Zealand meat looks likely to slow the decline in herd and flock numbers which have been a long term trend across the country.

Current market conditions are having a positive impact on land values in leading regions such as Canterbury. Further impetus to land value though is being provided by the growth in forestry which has added to demand.

Livestock Land Median Value (\$/ hectare)		
Region	Decade Low	2018
Canterbury	\$17,000 (2011)	\$23,725
Gisborne	\$4,000 (2011)	\$9,375

Source: REINZ

Livestock Return on Equity		
Region	Decade Low	Decade High
National	0.7% (2010)	6% (2014)

Source: Statistics New Zealand



# 8. Rental Evidence

The traditional method of rental assessment is by comparison with similar premises that have recently been subject to new leasing deals or rent reviews. Adjustments are then made for factors at variance with those of the subject premises such as location, quality and presentation, size, lease terms and conditions and other pertinent factors.

## 8.1 Rental Evidence

We note from the outset that the subject properties offer predominantly specialised industrial buildings that have been purpose built as breeder farms, meat processing and hatchery facilities. 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.

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 current leases between Inghams and Canlwi 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. Provided the tenant covenant is strong the determination of market rental in this instance becomes less important. We also note that we have modelled the valuation assuming the rental will reduce by 5.00% at market reviews in-line with the lease.

In this light we set out below the current passing income for the portfolio.

Tenancy Details		Lease Terms and Review Information				Passing Rentals	
Tenant	Level / Suite	Lease Term (yrs)	Comm. Date	Expiry Date	Remaining Term (yrs)	Net/ Gross	Base Rent \$ pa
2 Banks Road	Industrial	25.0	18/07/2014	18/07/2039	20.0	Net	\$428,978
903 Leslie Road	Industrial	25.0	18/07/2014	18/07/2039	20.0	Net	\$993,602
Pohlen Road	Industrial	25.0	18/07/2014	18/07/2039	20.0	Net	\$625,391
Waihekau Road	Industrial	25.0	18/07/2014	18/07/2039	20.0	Net	\$3,204,359
Mowbray Road	Industrial	25.0	18/07/2014	18/07/2039	20.0	Net	\$191,936
Okauia Springs Road	Industrial	25.0	18/07/2014	18/07/2039	20.0	Net	\$402,322
<b>Total</b>							<b>5,846,588</b>

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. We summarise evidence of note in the below tables.

## Coolstore

We have considered a cross section of leasing transactions relating to comparable properties. A summary of these transactions is detailed below:

We have considered a cross section of North Island coolstore evidence the most relevant are detailed below:

Address / Tenant	Type	Date	Component	Area	Rate
<b>1 Spartan Road</b>	S&LB - NLST	Jul 2018	Office	830 sqm	\$210.00 psm
Takanini, Auckland	\$ 1,050,000	12 years	ELA	1,514 sqm	\$160.00 psm
<i>Icepack NZ Ltd</i>			Coolstore S1	257 sqm	\$200.00 psm
			Coldstores S2 & S3	981 sqm	\$210.00 psm
			Other Components	120 sqm	\$81.53 psm
			Yard	11,740 sqm	\$31.21 psm
			<b>Total</b>	<b>14,166 sqm</b>	<b>\$74.12 psm</b>
<b>12-16 Brigade Road</b>	New Lease	Jun 2017	Office / Amenities - Main	740 sqm	\$120.00 psm
Airport Oaks, Auckland	\$ 696,420		Office / Amenities - Control	169 sqm	\$155.00 psm
<i>Confidential</i>			Chiller	3,057 sqm	\$175.00 psm
			Freezer	130 sqm	\$175.00 psm
			Mezzanine (Ambient Storage)	78 sqm	\$100.00 psm
			Plant Room	83 sqm	\$100.00 psm
			Canopy	150 sqm	\$50.00 psm
			<b>Total</b>	<b>4,407 sqm</b>	<b>\$158.00 psm</b>
<b>78 Ascot Road</b>	New Lease	Jul 2017	Office and Amenities	286 sqm	\$150.00 psm
Mangere, Auckland	\$ 245,000		Plant Room	21 sqm	\$100.00 psm
<i>Yougurtmore Limited</i>			Chillers	361 sqm	\$175.00 psm
			Processing Areas - 4.6m Stud	685 sqm	\$154.23 psm
			Freezer	31 sqm	\$225.00 psm
			Dry Store	220 sqm	\$110.00 psm
			<b>Total</b>	<b>1,604 sqm</b>	<b>\$152.74 psm</b>
<b>Pt 23 Dunlop Road</b>	Renewal	Feb 2017	Office and amenities	322 sqm	\$160.00 psm
Waharoa, Waikato	\$ 822,800	5 years	Coldstores	3,697 sqm	\$139.74 psm
<i>Inghams Enterprises NZ Limited</i>			ELA & Loading Areas	2,566 sqm	\$90.00 psm
			EV Areas	90 sqm	\$52.50 psm
			Side Office & Pedestrian Entry	35 sqm	\$100.00 psm
			Battery Recharge Area	67 sqm	\$60.00 psm
			Rear Canopy	462 sqm	\$25.00 psm
			<b>Total</b>	<b>7,239 sqm</b>	<b>\$113.67 psm</b>

<b>100 Kerwyn Avenue</b>	NLST	Dec 2016	Office, Industrial	528 sqm	\$170.00 psm
East Tamaki, Auckland	\$ 1,135,590	16 years	Food Processing/ Cool Store	2,899 sqm	\$127.50 psm
<i>Mr Chips Limited</i>			Cool store	2,964 sqm	\$127.50 psm
			Mezzanine	178 sqm	\$100.00 psm
			Warehouse	1,108 sqm	\$97.82 psm
			Canopy	369 sqm	\$50.00 psm
			Deck	21 sqm	\$50.00 psm
			Amenities	1,270 sqm	\$120.00 psm
			<b>Total</b>	<b>9,337 sqm</b>	<b>\$121.60 psm</b>
<b>Confidential</b>	New Lease	Sep 2016	Office	1,419 sqm	\$240.00 psm
Auckland	\$ 2,335,347		Chiller	2,727 sqm	\$249.00 psm
			Freezer	2,055 sqm	\$249.00 psm
			ELA	1,776 sqm	\$249.00 psm
			Yard	15,803 sqm	\$15.00 psm
			Carparks	160 parks	\$15.00 pcpw
			<b>Total (excl yard)</b>	<b>7,977 sqm</b>	
<b>7 Armstrong Road</b>	NLST	Aug 2016	Freezer	673 sqm	\$250.00 psm
Albany	\$ 531,134		Chiller	250 sqm	\$220.00 psm
<i>Bidvest</i>			ELA	500 sqm	\$220.00 psm
			Dry Store	917 sqm	\$112.00 psm
			Canopy	360 sqm	\$55.00 psm
			Dock Canopy	221 sqm	\$55.00 psm
			Offices	216 sqm	\$170.00 psm
			Plant Room	59 sqm	\$75.00 psm
			Yard	960 sqm	\$23.00 psm
			<b>Total (excl yard)</b>	<b>3,196 sqm</b>	<b>\$166.19 psm</b>
<b>1 Smarts Road</b>	New Lease	Jun 2016	ELA Site Office	22 sqm	\$100.00 psm
Christchurch	\$ 1,300,000		Office and Amenities	177 sqm	\$110.00 psm
<i>Icecap Properties</i>			Secondary Office	142 sqm	\$100.00 psm
			Coldstores - Modern	4,304 sqm	\$208.88 psm
			Coolstores EQP - Older	2,667 sqm	\$50.00 psm
			Central ELA	865 sqm	\$90.00 psm
			Ex-Rail Siding	1,144 sqm	\$75.00 psm
			Covered Canopy	480 sqm	\$85.00 psm
			Engine Room	112 sqm	\$65.00 psm
			Safety Exit	42 sqm	\$100.00 psm
			Carparks	38 parks	\$8.00 pcpw
			<b>Total</b>	<b>9,955 sqm</b>	<b>\$130.58 psm</b>
<b>7 Bancroft Crescent</b>	NLST	Jan 2016	Coldstore	552 sqm	\$227.00 psm
Glendene	\$ 223,758		Shed	105 sqm	\$50.00 psm
<i>Fonterra Brands</i>			Loading Docks	333 sqm	\$100.00 psm
			Yard	2,400 sqm	\$24.96 psm
			<b>Total (excl yard)</b>	<b>990 sqm</b>	<b>\$226.02 psm</b>
<b>134 Wairoa Road</b>		Jul 2015	Offices and Amenities	65 sqm	\$50.00 psm
Te Puna			Coolstores	1,153 sqm	\$90.00 psm
			Packing Sheds	2,234 sqm	\$40.00 psm
			<b>Total</b>	<b>3,452 sqm</b>	<b>\$56.89 psm</b>

## Summary

The above rental evidence which covers premises located in the main centres and rural provincial areas indicates a broad range of between **\$80 to \$250 per sqm** for chillers with cold stores reflecting rates ranging from **\$125 up to \$250 per sqm**. Rates for environmental loading areas range from **\$90 to \$137.50 per sqm** whilst workshops, warehouse and loading areas indicate rates ranging from **\$30 to \$90 per sqm**. Offices and amenities range from **\$75 per sqm** for basic offices and amenities up to **\$240 per sqm** for high quality office space. Canopies reflect rates ranging from **\$25 to \$75 per sqm**.

We note that those rates towards the lower end of the range generally relate to older and/or larger facilities with higher associated operating expenses or alternatively those properties located in regional or secondary localities.

In regards to coolstore buildings our observations are that rental rates for modern/new buildings are typically (at least in part) established on a return on cost basis. In areas such as Auckland where the price of land is high, has strong demand for product and high construction costs, we would expect to see above average rental rates when compared to alternative regional locations. There is also a direct correlation between size and analysed rental rates. That is to say, the larger the floor area, the lower the shown rental rate and vice versa.

## Industrial

We have considered a cross section of leasing transactions relating to generic industrial properties within the Hamilton area. A summary of these transactions is detailed below:

Address / Tenant	Type	Date	Component	Area	Rate	Annual Rental
Lot 23, Clem Newby Road	New Lease	Jul-19	Office	234 sqm	\$200.00 psm	\$46,800
Te Rapa			Warehouse	1,300 sqm	\$117.12 psm	\$152,256
NZWindows			Canopy	210 sqm	\$55.00 psm	\$11,550
			Yard	250 sqm	\$30.00 psm	\$7,500
			<b>Total - Excl. Yard</b>	<b>1,744 sqm</b>	<b>\$125.06 psm</b>	<b>\$218,106</b>
941-981 Arthur Porter Drive	New Lease	Jan-19	Office and Showroom	532 sqm	\$185.00 psm	\$98,402
Burbush			Manufacturing Workshop	3,180 sqm	\$108.71 psm	\$345,730
Wight Aluminium			Outside Storage	98 sqm	\$75.00 psm	\$7,313
			Canopies	339 sqm	\$43.00 psm	\$14,577
			Mezzanine Storage	114 sqm	\$35.00 psm	\$3,980
			<b>Total</b>	<b>4,262 sqm</b>	<b>\$110.27 psm</b>	<b>\$470,001</b>
520 Arthur Porter Drive	New lease	Aug-18	Office	261 sqm	\$170.00 psm	\$44,370
Burbush			Workshop	1,094 sqm	\$112.82 psm	\$123,425
Metro Glass			Canopy	149 sqm	\$40.00 psm	\$5,960
			<b>Total</b>	<b>1,504 sqm</b>	<b>\$115.53 psm</b>	<b>\$173,755</b>
13 Tawn Place	New lease	Aug-18	Ground Floor Office & Amenities	157 sqm	\$150.00 psm	\$23,520
Pukete			First Floor Office	100 sqm	\$150.00 psm	\$15,000
Bodco			Warehouse	1,693 sqm	\$104.82 psm	\$177,481
			Storage Mezanine	27 sqm	\$30.00 psm	\$798
			<b>Total</b>	<b>1,977 sqm</b>	<b>\$109.68 psm</b>	<b>\$216,799</b>

378 Wairere Drive	Rent Review	Apr-18	Offices	202 sqm	\$135.00 psm	\$27,270
Pukete			Warehouse	2,200 sqm	\$109.98 psm	\$242,000
TIMG			Mezzanine	196 sqm	\$40.00 psm	\$7,820
			Canopies	36 sqm	\$25.00 psm	\$900
			Excess Land	1,900 sqm	\$10.00 psm	\$19,000
			<b>Total</b>	<b>4,534 sqm</b>	<b>\$65.50 psm</b>	<b>\$296,990</b>
695 Arthur Porter Drive	New Lease	Jan-18	Office	200 sqm	\$175.00 psm	\$35,000
Burbush			Warehouse	800 sqm	\$109.90 psm	\$87,920
<i>Allfast Solutions</i>			Canopy	22 sqm	\$45.00 psm	\$990
			<b>Total</b>	<b>1,022 sqm</b>	<b>\$121.24 psm</b>	<b>\$123,910</b>
640-660 Arthur Porter Drive	New Lease	Jul-17	Display & Office	212 sqm	\$183.04 psm	\$38,845
Burbush			Factory	721 sqm	\$115.00 psm	\$82,904
<i>Viridian Glass Ltd</i>			Mezzanine	50 sqm	\$50.00 psm	\$2,515
			Additional Land	1,100 sqm	\$20.00 psm	\$22,000
			<b>Total</b>	<b>2,083 sqm</b>	<b>\$70.20 psm</b>	<b>\$146,263</b>
7-11 Simsey Place	New Lease	Mar-17	Warehouse	4,298 sqm	\$83.03 psm	\$356,829
Te Rapa Park			Office	149 sqm	\$135.00 psm	\$20,181
<i>PGG Wrightson Ltd</i>			Canopy	185 sqm	\$20.00 psm	\$3,704
			Storage Mezzanine	149 sqm	\$30.00 psm	\$4,485
			<b>Total</b>	<b>4,782 sqm</b>	<b>\$80.56 psm</b>	<b>\$385,199</b>
* indicates incentives granted - net effective rental shown						

The above rental evidence indicates a range of rental rates with warehouse ranging from **\$83 to \$110** per sqm and office rents ranging from **\$100 to \$175** per sqm.

Those properties occupying prominent road front positions, modern design or of a smaller rental quantum typically achieve the highest rental rates. Properties presenting to a dated standard or located in rear positions fall to the lower end of the range.

## Market Rental Conclusion

In determining a suitable market rental rate to apply against the subject property components we have been particularly mindful of the premium achieved by specialised industrial facilities (as demonstrated by coolstore rentals) over and above generic industrial property.

To this end we note that the cost of constructing the subject facilities is significantly above generic warehousing with rental rates reflective of the high development cost and required return on capital in order to 'break-even'. The Inghams properties offer a mixture of modern and more dated coolstore improvements together with small scale industrial sheds and ancillary buildings. Given the presentation and relatively small scale of improvements we are of the view a rental rate towards the medium-upper end of the coolstore range is justified.

Local industrial evidence has been considered in a supplementary capacity in order to determine a normalised range for generic industrial property.

Considering the above comments, we summarise below our adopted market rental profile for the subject property.

Tenancy Details		Lease Terms and Review Information		Passing Rentals		Market Rentals	
Tenant		Lease Term (yrs)	Remaining Term (yrs)	Net/ Gross	Base Rent \$ pa	Net	Market Rent \$ pa
2 Banks Road		25.0	20.0	Net	\$428,978		\$420,000
903 Leslie Road		25.0	20.0	Net	\$993,602		\$943,922
Pohlen Road		25.0	20.0	Net	\$625,391		\$594,122
Waiheke Road		25.0	20.0	Net	\$3,204,359		\$3,044,141
Mowbray Road		25.0	20.0	Net	\$191,936		\$182,339
Okauia Springs Road		25.0	20.0	Net	\$402,322		\$382,205
<b>Total</b>					<b>5,846,588</b>		<b>5,566,730</b>

The assessed market rent reflects 95% of the passing rental which is in line with the worst-case scenario under the lease due to the cap and collar at market reviews.

# 9. Sales Evidence

In determining the market value of the subject portfolio, we have considered a cross-section of sales data that has occurred in the surrounding area and wider New Zealand. A summary of these transactions is detailed below:

## 9.1 Portfolio Sales

Address	Suburb	Region	Tenant	Date	Sale Price	Bldg Size (sqm)	WALT (years)	Initial Yield	Equivalent Market Yield	IRR
TIL Group	9 Properties	North Island	TIL Group	Oct-17	\$69,500,000	-	13.90	7.22%	-	-
Provida Portfolio	4 Properties	North Island	Provida	Jul-17	\$22,195,000			6.33%		
	27 Sheffield St	Waikato	Provida		\$7,000,000		15.00	6.57%	6.57%	7.70%
	138 Wiri Station	Auckland	Provida		\$8,700,000		15.00	5.75%	5.75%	7.16%
	57 El Prado Drive	Palmerston N	Provida		\$5,400,000		15.00	5.87%	7.04%	8.42%
	5 Macrae	Mt Maunganui	Provida		\$1,095,000		6.00	5.75%	5.84%	7.00%
SCA Property NZ Retail Portfolio			Countdown	Jun-16	\$267,400,000	60,064	14.00	6.60%	-	-
Countdown Portfolio	4 Properties			Feb-16	\$78,500,000	16,978	19.00	6.40%	6.40%	6.10%
	Dargaville	Northland	Countdown	Feb-16	\$15,525,000	3,603	20.00	7.10%	6.90%	6.80%
	St Johns	Auckland	Countdown	Feb-16	\$21,308,000	4,293	20.00	5.80%	5.90%	5.10%
	Bureta Park	Tauranga	Countdown	Feb-16	\$21,730,000	5,581	17.00	6.00%	6.00%	6.00%
	Crofton Downs	Wellington	Countdown	Feb-16	\$19,937,000	3,501	20.00	7.00%	6.80%	6.80%
Antipodean Portfolio	19 Properties			Sep-15	\$287,000,000	71,614	18.00	6.40%	6.30%	6.10%

The above portfolio sales represent a range of analysed **initial yields of 6.33% - 7.22%**.

Of particular interest is the portfolio sale of Provida. The transaction included four specialised coolstores located in strategic positions throughout the North Island. The leases are structured on a partial triple net basis although we note some landlord maintenance contributions are required. The leases are set with 15-year terms (with the exception of 5 Macrae Avenue), annual fixed growth of 1.75% and a market review in year 7. The portfolio sold in July 2017 for **\$22,195,000** plus GST showing an **initial yield of 6.33%, Equivalent yield of 6.26%, WALT of 14.6 years and an IRR of 8.14%**. Considered inferior in terms of tenant covenant, structure of lease and WALT however the properties are located in mainstream locations.

Additionally, we note the various portfolio sell-downs of Progressives Countdown sites. The supermarkets were subject to long leases with limited rental growth and high turnover rental thresholds. The two transactions sold with **IRR's of 6.10%** which is low due to the limited rental growth and in some cases high underlying land value.



## 9.2 Coolstore Sales Transactions

Given the specialised nature of the improvements we have had regard to a range of coolstore/coldstore sales evidence as detailed in the below table.:

Address	Suburb	Region	Tenant	Asset Class	Date	Sale Price	WALT	Initial Yield	Equivalent Market Yield	IRR
8 Paerangi Place	Tauriko	Tauranga	NZ Spec. Kiwifruit	Coolstore	Feb-18	\$9,250,000	14.25	6.99%	5.93%	7.71%
43 Alderson Drive	Palmerston North	Palmerston North	Big Chill	Coolstore	Apr-17	\$5,400,000	8.58	6.85%	6.79%	7.30%
132 Portage Road	Otahuhu	Auckland	Service Foods Ltd	Coolstore	Jan-17	\$4,500,000	4.83	8.06%	-	-
14 Andrew Baxter Dr	Airport Oaks	Auckland	NZ Bloom Ltd	Coolstore	Oct-16	\$3,135,000	6.00	5.10%	-	-
7 Armstrong Road	Rosedale	Auckland	Bidvest NZ Ltd	Coolstore	Aug-16	\$7,150,000	6.00	7.43%	7.45%	9.00%
7 Bancroft Crescent	Glendene	Auckland	Fonterra	Coolstore	Jun-16	\$2,400,000	3.00	9.32%	-	-
5 Autumn Place	Penrose	Auckland	General Foods	Coolstore	Jan-16	\$6,000,000	0.83	10.42%	-	-
134 Wairoa Road	Te Puna	Bay of Plenty	Apata	Coolstore	Jul-15	\$1,900,000	1.60	13.16%	10.53%	-
418 Old Coach Road	Paengaroa	Bay of Plenty	King Produce	Coolstore	Jul-15	\$3,650,000	-	10.80%	-	-
34 Portside Drive	Mt Maunganui	Bay of Plenty	Pelcold	Coolstore	Jul-15	\$3,500,000	-	8.87%	-	-
32 Portside Drive	Mt Maunganui	Bay of Plenty	Pelcold	Coolstore	Jan-14	\$2,775,000	6.00	9.70%	-	-
100 -108 Hull Road	Mt Maunganui	Bay of Plenty	Tenanted	Coolstore	May-13	\$5,750,000	-	-	-	-

As demonstrated by the above evidence, comparable properties have sold in recent times for **initial yields of between 5.10% and 13.16%**. The pertinent transactions shown above are briefly discussed as follows:

### 8 Paerangi Place, Tauriko

The property comprises a large new industrial building in the industrial subdivision of Tauriko near Tauranga. The building is positioned one site removed from the corner of Taurikura Drive, comprising a 7,437 sqm near level site. The building provides for modern offices, high stud warehouse and coolstore with drive through canopy.

The premises are leased to NZ Speciality Kiwifruit on a 15-year lease at total rental of \$646,707, which includes a fitout rental of approximately \$196,377 per annum.

The property sold in December 2017 for **\$9.25 million** to Pacific Property Fund reflecting an **initial yield of 6.99% and net rate of \$1,705 per sqm** over land and buildings. We have further analysed a **market equivalent yield of 5.93% and IRR of 7.71% and WALT of 14.25 years**, after making adjustments for the capitalised fitout rental component.

### 43 Alderson Drive, Palmerston North

This property comprises a modern purpose-built cool storage facility constructed in 2013. The building includes an office and amenity area to the front with adjoining cool storage facilities. The building has a total area of 1,504 sqm plus a 2,968 sqm concrete yard located on a 7,552 sqm site. There is approximately 1,692 sqm of vacant land located at the rear of the structure. The building was subject to a new 12-year lease from 2013 with expiry in 2025 plus two further seven-year rights of renewal. The contract rental at the time of sale was \$369,937 per annum. Reported to have sold for **\$5,400,000** which reflects an **initial yield of 6.85%**.

### 132 Portage Road, Otahuhu

The property comprises a 2,324 sqm industrial building situated on a 4,960 sqm site. The building provides attached offices to the front and both a high-stud clearspan warehouse and storage areas to the rear. The warehouse has large walk in industrial food chillers.

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The property sold in January 2017 for **\$4,500,000** reflecting a **8.1% passing yield** and a **net rate of \$1,936.32 psm** over the building. At the time of sale the property was subject to a net lease to Service Foods Limited, which commenced in December 2015 and was returning \$362,653 per annum. The lease had a six-year term and is subject to fixed annual 3% rent increases with rights of renewal allowing Service Foods Limited the option of extending the term for up to a further 12 years.

### **7 Armstrong Road, Albany**

The property comprises a purpose-built development, incorporating dry goods storage, cool stores and office accommodation over two levels. The dry store is clear span with a stud height of nine metres to the knee with the ELA providing five loading docks accessed via a full concrete/asphalt sealed and secured yard. The cool store and chillers are built adjacent to the offices. New six-year lease with two yearly market reviews. Sold in August 2016 for **\$7,150,000** resulting in an **initial yield of 7.43%, equivalent market yield of approximately 7.45% and IRR of 9%.**

### **7 Bancroft Crescent, Glendene**

The property comprises a purpose built, circa 2006, milk depot/coolstore. The coolstore is open plan with concrete floors, chiller panel walls and ceilings with 'secure' cages utilised by individual distributors. Large concrete yard providing extensive parking and manoeuvring. New lease to current tenant for a three-year term. Vendor funded upgrade works of the refrigeration equipment to the estimated value of \$68,950 plus GST. We understand the rental includes the specialised plant. Sold in June 2016 for **\$2,400,000** resulting in an **initial yield of 9.32%.**

### **80 Langley Road, Wiri**

The property comprises an industrial food grade building, constructed circa 1993, located on a large regular shaped site of 12,889 metres; therefore, providing low site coverage. The improvements provide a moderate stud height of approximately six metres. The site provides dual access, with full drive around capacity. The property was sold with majority vacant possession with an existing short-term tenancy arrangement over 1,409 metres of yard area.

### **5 Autumn Place, Penrose**

The property comprises a specialised food processing development which has been utilised for fish processing since its redevelopment in 2002. The specialised fitout includes epoxy floor coverings, sandwich panel walls, ceilings with polystyrene centre, floor drains, sealed beam lighting along with associated office and amenities. The property is currently leased to General Foods for an annual rental of \$625,000 plus GST. The tenant has advised that will be vacating the premises on 31 December 2016. The purchaser for the property is an owner occupier.

### **134 Wairoa Road, Te Puna, Western Bay of Plenty**

A pack house with associated cool store located on a low-profile rear site. It is our understanding that the packing shed, and office were older and of a somewhat redundant design, for size and age. Sold in July 2015 for **\$1,900,000** which reflects an **initial yield of 13.16%** based on a contract rental of \$250,000. We understand that the property was considered to be over rented with a market rental in the vicinity of \$200,000 per annum which reflects a yield of 10.53%.

### **418 Old Coach Road, Paengaroa**

This is a small to medium boutique kiwifruit post-harvest facility which has evolved through the packing, coolstorage and processing of Class 2 and 3 Kiwifruit. The coolstores have a static tray capacity of 645,000 trays. In addition to the packing shed and coolstores, the sale included a circa 1990s brick and weatherboard dwelling with swimming pool and tennis court and a couple of older buildings used for storage. There are also 3.2 hectares of Gold 3 Kiwifruit. However, the land on which the vines have been planted is to be leased back by the vendor and vines, structures and licence have been retained by the vendor. Apata Coolstores being the purchasers, will gradually develop the land while Kiwi Produce will continue with their business on a lease back arrangement for the facilities they are utilising.

### **34 Portside Drive, Mt Maunganui, Tauranga**

A cold store facility with attached canopies and an office and amenities block located on a 4,921 square metre site located on Portside Drive within the port side industrial park of Mt Maunganui, Tauranga. Reported to have sold in July 2015 for **\$3,500,000** which reflects a **yield of 8.87%** based on a contract rental of \$310,570 per annum.

### 9.3 Hamilton Industrial / High Value Commercial Sales

We have also had regard to investment sales within the local area. Due to the small nature of the Waikato region investment market and lack of truly comparable sales data of a similar standard and or with similar lease profiles we have investigated achievable yields across a range of asset classes. The most relevant sales which we have had regard to are summarised below.

Address	Suburb	Tenant	Date	Sale Price	Bldg Size (sqm)	WALT	Initial Yield	Equivalent Market Yield	IRR	Net Rate (\$/sqm)
<b>Industrial Sales</b>										
9 Innovation Way	Northgate	Aon, Edgeworx	Feb-19	\$2,740,000	-	8.40	5.62%	4.75%	-	-
700 Te Rapa Road	Te Rapa	Hilti	Dec-18	\$2,850,000	1,380	3.20	5.33%	5.87%	-	\$2,065
33 Vickery Street	Te Rapa	Alto Packaging	Nov-18	\$16,550,000	14,061	2.45	7.22%	7.68%	8.30%	\$1,177
640-660 Arthur Porter Drive	Burbush	Veridian Glass	Jul-18	\$3,000,000	932	10.80	4.98%	4.68%	-	\$3,219
62 Church Road	Pukete	Flex Fitness and others	May-18	\$3,486,000	1,578	4.30	5.98%	5.98%	-	\$2,209
37 Kaimiro Street	Pukete	RV Manufacturing Group	Nov-17	\$3,850,000	3,274	-	7.48%	-	-	\$1,176
Lot 1, 59 Tasman Road	Te Rapa	VTNZ	Nov-17	\$2,758,000			5.55%	5.29%	6.29%	-
5 Barnett Place	Te Rapa	Vacant	Aug-17	\$5,000,000	3,045	-	-	5.44%	-	\$1,642
524 Te Rapa Road	Te Rapa	Industrial - SVS Laboratories	May-17	\$2,200,000	484	7.25	5.66%	-	-	\$4,545
25 Sheffield Street	Te Rapa	Industrial - Metalcraft	Mar-17	\$2,250,000	2,154	1.50	7.00%	-	-	\$1,045
75 Snell Street	Morrinsville	Industrial - BLM Engineering	Aug-16	\$4,255,000	2,427	10.00	6.94%	6.94%	-	\$1,753
163 Maui Street	Te Rapa	Industrial - Fire Security Services	Sep-16	\$5,200,000	1,120	10.02	6.35%	5.99%	7.46%	\$4,643
27-33 Kaimiro Street	Pukete	Industrial - Canary Enterprises	Jul-16	\$5,500,000	2,366	6.65	6.69%	6.45%	8.40%	\$2,324
12-18 Foreman Road	Avalon	Industrial - GEA Technologies	May-16	\$5,200,000	4,000	1.50	11.08%	-	-	\$1,300
24 Kaimiro Street	Pukete	Industrial - Bidvest Fresh	Apr-16	\$7,450,000	6,550	-	7.88%	-	-	\$1,137
<b>Commercial Sales</b>										
96 Ulster Street	Whitiora	Bayleys Waikato	Dec-18	\$4,630,000	656	10.00	4.84%	5.08%		\$7,058
14 Parkinson Place	Te Rapa	Office - ACC	Feb-17	\$11,000,000	4,628	5.05	7.69%	8.16%	9.11%	\$2,377
86 Rostrevor Street	Hamilton	Office - Waikato Times	Dec-16	\$5,700,000	1,182	5.00	6.25%	-	-	\$4,822
163 Maui Street	Te Rapa	Office - Fire Security Services	Sep-16	\$5,200,000	1,096	10.00	6.35%	5.99%	7.46%	\$4,745
104 Broadway	Matamata	Bulk Retail - FarmSource	Jun-16	\$2,610,000	1,052	8.00	6.61%	-	-	\$2,481
178-184 Thames Street	Morrinsville	Bulk Retail - FarmSource	Jun-16	\$2,305,000	1,043	8.00	6.60%	-	-	\$2,210
21 Grantham Street	Hamilton	Office - ANZ & MRP	Jun-16	\$32,948,465	5,461	8.76	6.69%	6.47%	8.40%	\$6,033
150 London Street	Hamilton	Office - Corrections	Dec-15	\$13,900,000	4,120	12.00	7.10%	7.09%	8.48%	\$3,374
17-19 Home Straight	Te Rapa	Office - MOE, RDI & Others	Nov-15	\$23,000,000	7,247	7.73	7.17%	7.24%	8.61%	\$3,174

As demonstrated by the above evidence, industrial and commercial assets have sold in recent times for initial yields of between 4.84% and 11.08%. We discuss several transactions in further detail below.

#### 9 Innovation Way, Northgate

A modern workshop and offices situated on an industrial site within the Northgate Park development at Horotiu. The property is subject to two leases. Currently it is occupied by Aon Insurance on a new 10-year lease and Edgeworx on an 8-year lease. The property is subject to approval from Waikato District Council of a subdivision in which the land holding will comprise 3,121m<sup>2</sup>. The property sold in February 2019 for **\$2,740,000** which shows an **initial yield of 5.62% and an equivalent yield of 4.75%**. The WALT at the time of sale was 8.4 years.

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### **700 Te Rapa Road, Te Rapa**

This property is situated on Te Rapa Straight, between the main roundabout intersections of Bryant and Pukete Roads. Immediate neighbours are a mix of industrial and retail. The bulk retail complex directly next door has recently undergone major renovation with the introduction of national tenants. Te Rapa Road continues to be one of the most sought-after locations in Hamilton due to its high traffic count and profile. Neighbours include Hamilton Windscreens, Tony's Tyres, PB Tech, Hunting and Fishing and Top Town Tyres to name a few. The property sold in December 2018 for **\$2,850,000** showing an **initial yield of 5.33%** an **equivalent yield of 5.87%** and a **WALT of 3.2 years**.

### **33 Vickery Street, Te Rapa**

A large manufacturing premises offering a mixture of building types situated within the Te Rapa industrial area. The property presents top a mixed standard with saw-tooth warehousing constructed circa 1960's through to high stud warehousing completed in more recent times. The property is tenanted by Alto Packaging with 2.45 years remaining as at the date of valuation. We are advised that the property sold in November 2018 to Pacific Fund for **\$16,550,000** which shows an **initial yield of 7.22%**, **equivalent yield of 7.68%** and an **IRR of 8.30%**.

### **640-660 Arthur Porter Drive, Burbush**

A newly constructed modern office, warehouse and showroom situated in Te Rapa's Gateway Industrial Park. This is a new developing industrial locality at the north Western fringe of the City. The property is subject to a long lease to a national tenant. The contract rental is slightly above market levels. The property sold in July 2018 for **\$3,000,000** reflecting a **yield of 4.98%**, **equivalent yield of 4.68%** and a **WALT of 10.8 years**.

### **62 Church Road, Pukete**

Modern attractive commercial development that includes a gym at ground floor level, two first floor office tenancies and covered carparking at basement level. Situated on a sloping site the property is within a commercial pocket close to The Base shopping precinct and the Pukete industrial area. The property sold in May 2018 for **\$3,486,000** which shows an **initial yield of 5.98%**, **equivalent yield of 5.98%** and a **WALT of 4.3 years**.

### **96 Ulster Street, Whitiara**

The building is a modern two storey office consisting office, mezzanine and storage garage with 23 onsite carparks. Bayleys Waikato is the current tenant with a new 10 year lease. The building is well located in the north fringe of Hamilton CBD with prominent corner exposure of Mill Street and Ulster Street. It was built in 2011 which is fully compliant to the new building standard. The property sold in December 2018 for **\$4,630,000** which analyses to an **initial yield of 4.84%**, **equivalent yield of 5.08%** and an **IRR of 5.53%**. The WALT at the date of sale was 10 years.

### **37 Kaimiro Street, Pukete**

The property comprises an industrial building of 3,724 sqm located on a large 9,482 sqm site within the industrial area of Pukete. Improvements consist of a tidy but somewhat dated, double bay warehouse with associated office and amenities. Additionally, the property has a fully sealed yard and drive around access. We are aware that the property was leased until October 2019 with a passing income of \$288,000 per annum plus GST and outgoings. The property sold in November 2017 for a sale price of **\$3,850,000** reflecting an **initial yield of 7.48%**, **L&B rate of \$1,176 psm**.

### **524 Te Rapa Road, Te Rapa**

The property comprises the ex BNZ bank located within proximity to the subject unit. Improvements date from the 1970s offering two levels of predominantly office accommodation. This is a high-profile corner site with a land area of approximately 2,118 sqm. The property was subject to a nine-year lease to SVS Laboratories with approximately 7.25 years remaining at the date of sale. The property transacted for **\$2,200,000** which shows a **yield of 5.66% and a L&B rate of \$4,583 psm**. We note that the property had previously transacted for \$865,000 in July 2014 which shows an increase in value of 254%.

### **25 Sheffield Street, Te Rapa**

The property comprises a standard industrial building comprising three bays of warehousing with associated office and amenities. The property was subject to a short-term sale and leaseback to Metalcraft, as they were due to move in to a new premise. The property sold for **\$2.25 million at 7.00%** in March 2017. This property adjoins the subject, noting the smaller value quantum and inferior lease profile.

### **ANZ Centre, 21 Grantham Street, CBD**

Located towards the southern end of Victoria Street the property comprises a modern office building. The sale occurred in August 2016 reflecting **an initial yield of 6.69%** and a remaining WALT of 8.76 years. Considered a trophy asset in the Hamilton market and representing a far superior building in comparison to the subject.

### **163 Maui Street, Te Rapa**

The property comprises a modern industrial building located towards the northern end of the Te Rapa industrial precinct. The building has a high component of offices which are constructed over two levels. At the date of sale, the property benefitted from a WALT of 10.02 years providing long term security of tenure. We are aware that the property was considered over rented with an **initial yield of 6.35% and an equivalent yield of 5.99%**. Tenant covenant is considered weaker in comparison to the subject site. A relevant sale demonstrating sharp yields achievable for arguably specialised industrial buildings (due to high office component), in an industrial area. The property had a low site coverage ratio and benefitted from a remaining lease term of over 10 years.

### **Corrections Building, 150 London Street**

The property is located to the periphery of the Hamilton CBD in a lower profile position compared with properties located along Victoria Street. Improvements were purpose built for the tenant and present to an attractive modern standard. The property sold for **\$13,900,000** plus GST which can be analysed to show an **initial yield of 7.10% an equivalent yield of 7.09% and an IRR of 8.48%**. Relevant due to the value quantum and long remaining WALT, however the sale occurred in a weaker stage of the property cycle and is of different asset class.

### **MOE & RD 1 Building, Te Rapa Road**

A multi tenanted modern development providing two levels of accommodation located in a rear position along Te Rapa Road adjacent to the Bunnings Warehouse. The property is situated within proximity to the subject albeit with higher profile and exposure. At the date of sale, the property had a WALT of 7.73 years. Considered superior given the quality of the development, location and diversified tenant mix.

## 9.4 Australian Agricultural Sales

Due to the specialised nature of the portfolio and the shallow nature of the agricultural investment market in New Zealand we have investigated a range of agricultural sales within Australia. Whilst not directly comparable to New Zealand based asset we note that some cross-over comparison may be applied to help determine suitable capitalisation and discount rates.

Address/Portfolio	Suburb	Tenant	Date	Sale Price	Bldg Size (sqm)	WALT	Initial Yield	Net Rate (\$/sqm)	IRR
Portfolio	NSW, VIC, TAS, QLD, SA, WA	Ingham Enterprises Pty Ltd	Dec-18	\$207,000,000	-	15.91	7.30%	-	-
Nelson Road	Cardiff, NSW	Ingham Enterprises Pty Ltd	Jul-18	\$11,720,000	1,887	16.24	6.54%	\$ 6,211	7.36%
35 Mary Street	Pakenham, VIC	Ingham Enterprises Pty Ltd	Jul-18	\$8,860,000	3,172	16.24	5.07%	\$ 2,793	7.58%
Lot 2 Menangle Road	Razorback, NSW	Ingham Enterprises Pty Ltd	Jul-18	\$6,250,071	3,255	16.24	6.54%	\$ 1,920	7.33%
Allied Pinnacle Mills (Agri-Industrial Portfolio)	VIC, NSW, QLD, WA, SA	Allied Pinnacle Mills	Mar-18	\$388,000,000	103,458	29.55	5.98%	\$ 3,750	7.35%
Flagstaff Road	Brinkley, SA	Ingham Enterprises Pty Ltd	Jun-17	\$52,990,000	3,070	25.00	7.15%	\$ 17,261	8.38%
Lot 29 Ferries McDonald Road	Monarto, SA	Ingham Enterprises Pty Ltd	-	\$37,373,616	8,734	-	6.42%	\$ 4,279	-
Cnr Moss Vlae and Douglas Roads	Berrima, NSW	Ingham Enterprises Pty Ltd	-	\$16,195,234	1,879	-	6.50%	\$ 8,619	-
3 Pile Road	Somersby, NSW	Ingham Enterprises Pty Ltd	-	\$6,278,767	5,767	-	6.42%	\$ 1,089	-
Ballarto Road	Clyde, VIC	Ingham Enterprises Pty Ltd	-	\$15,447,761	2,516	-	6.15%	\$ 6,140	-

\* The above data has been provided by Colliers, Knight Frank and CBRE which we have relied upon.

We reference several the transactions in further detail below:

### 27 Property Portfolio, NSW, VIC, TAS, QLD, SA, and WA

The portfolio comprises a total of 27 separate properties that are distributed throughout Australia in NSW, VIC, TAS, QLD, SA and WA that are utilised within the poultry meat production chain by Inghams Poultry. The portfolio comprises 20 poultry farms, three hatcheries and four feed mills (one with minor broiler facilities). The portfolio represents an institutional scale investment within an industry that is considered to be relatively stable, strong and with continuing growth prospects. The breeder and broiler farms are generally between 30 and 40 years of age and comprise a mix of older and more modern sheds with ongoing retrofitting and redevelopment works. Asbestos is also present throughout many of these structures. The hatchery facilities are industrial buildings that are mostly located close to major urban centres or main transport corridors. The feedmills have similar locational attributes and comprise highly specialised structures with limited alternate use. Overall the sites present well with security fencing, bio-security protocols and site works with the properties being well maintained. Services to all properties appear adequate with the respective facilities having been operated under their existing uses for a long period of time.

#### Nelson Road, Cardiff, New South Wales

The property is situated on the north eastern side of Nelson Road, approximately 300 metres north west of its intersection of Munibung Road at Cardiff. Cardiff is located approximately 150 kilometres north of Sydney by road and is situated about 16 kilometres west of the centre of Newcastle, within the Lake Macquarie Region of New South Wales. Surrounding properties primarily comprise a mixture of modern and older style industrial buildings ranging from small owner/occupiers through to large corporate operations.

The land is generally regular in shape and naturally falls from its eastern boundary down to western boundary. Most of the specialised improvements are positioned at the rear of the site with the exception of the detached brick office building and truck weighbridge which are located towards the front southern elevation.

The improvements erected on site comprise a specialised purpose built feed mill facility with associated buildings, services and amenities, including an eleven storey feed mill, five large storage silo's, two metal clad storage shed's,

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eighteen separate out-loading bins, an intake building with rail access, detached office, implement shed and truck wash bay. The improvements were predominantly constructed circa 1980 and present in a condition commensurate with their age and continued maintenance.

The property is occupied under a single Memorandum of Lease to Inghams Enterprises Pty Ltd, expiring 26th October 2034. The passing income is \$766,868 per annum net and subject to fixed annual increases to two times CPI capped at 2.50%. The property sold following a public campaign.

### **Flagstaff Road, Brinkley (Murray Bridge), South Australia**

The property comprises a 100 tonne per hour feedmill. The state-of-the-art mill produces high quality feed to supply commercial poultry (including chicken breeding stock and broilers, layers and turkey) and pig feed producers. The site is improved with several buildings for the specialised use with a total Gross Lettable Area of approximately 3,070m which takes in a development footprint of 22,900m<sup>2</sup> the major building components on site include an administration building, warehouse, mill tower, bulk intake, truck wash, boiler house, workshop, switch room and amenities.

The property is located to the south of the South Eastern Freeway, in the Brinkley area, approximately 10 kilometres south of the regional city of Murray Bridge. The site is ideally located to source inputs and supply users. Surrounding development comprises predominately vacant cropping land. The site is irregular in shape and comprises a single allotment, with a total site area of approximately 549,000m (54.90 hectares). The land is zoned 'Industry' under the Salisbury Council Development Plan.

The property is occupied under a single Memorandum of Lease to Inghams Enterprises Pty Ltd, expiring 30th June 2042. The passing income is \$3,790,000 per annum net and subject to fixed annual increases to two times CPI capped at 2.75%. The property sold following a public campaign.

### **Inghams Hatchery, 35 Mary Street, Pakenham, Victoria**

The property is in the outer south eastern Melbourne 'satellite' township of Pakenham, approximately 56 kilometres by road from the CBD, and is situated within an established industrial estate bounded by Princes Highway to the south, Toomuc Creek to the east, Mulcahy Street to the north and Rachael Street to the west. Surrounding development comprises a mix of small to medium size factory and warehouse buildings and local occupants of note include Cardinia Shire Works Depot, Dollar Sweets, Cardinia Transit and Ventura Bus Lines.

The site is an irregular shaped corner allotment held as a single title and has frontages of 174.01 metres to the western side of Purton Road and 143.43 metres to the northern side of Mary Street. Total site area is approximately 2.122 hectares (21,220 square metres) and the land has a level to gently undulating topography with reasonable drainage characteristics. It is zoned Industrial 1 under the Cardinia Planning Scheme and is not included in any planning overlays.

The land is improved with a series of adjoining and interconnected industrial buildings, typically being of low clearance steel frame construction with concrete slab flooring, metal coated, insulated panel walls and ceilings and metal deck roofing. These buildings, together with an attached office component and workshop and two detached residences, form the Ingham's Pakenham Hatchery. The complex dates originally from the late 1970's period and provides a satisfactory standard of specialised accommodation relative to its age and the nature of usage.

The property is occupied under a single Memorandum of Lease to Inghams Enterprises Pty Ltd, expiring 26th October 2034. The passing income is \$448,840 per annum net and subject to fixed annual increases to two times CPI capped at 2.50%. The property sold following a public campaign.

### **Inghams Hatchery, Lot 2 Menangle Road, Razorback (Maldon), New South Wales**

The property is located approximately 5 radial kilometres south east of Picton in New South Wales. More specifically the property is located on the eastern alignment of Menangle Road and the northern alignment of Picton Road. Picton is located approximately 80 kilometres of south west Sydney.

The site is regularly shaped and is generally level in topography with a cross fall towards the Picton Road street frontage. The property historically has been sub-let by Aviagen and is used as a Hatchery facility.

The improvements on site are generally in good condition and appear to be well maintained and extend to approximately 3,255 square metres in including two free standing residential dwellings. Ancillary improvements include hardstand areas in conjunction with the hatchery operation, rear water treatment plant improvements, on site dam and internal road network, with the site benefitting from drive round access around the building pad.

The property is occupied under a single Memorandum of Lease to Inghams Enterprises Pty Ltd, expiring 26th October 2034. The passing income is \$448,840 per annum net and subject to fixed annual increases to two times CPI capped at 2.50%. The property sold following a public campaign.

### **Allied Pinnacle Mills - 10 Property Agri-Industrial Portfolio**

The portfolio comprises 10 purpose built specialised flour milling and food processing facilities integral to the Allied Pinnacle Mills business. The portfolio is in VIC (5), NSW (3), QLD (1), WA (1) and SA (1) and comprises six flour mills, two bakeries, a mixing plant and wet ingredients production site. Two are in regional locations, being Cowra, NSW (wet ingredients prod.) and Ballarat, VIC (mill). The initial lease terms for these two sites is 15 years with six options of 10 years. The remaining eight sites are in metropolitan locations of their respective capital cities and are subject to a 30-year lease with six options of 10 years. All leases are subject to annual fixed reviews of 3.0%.

Four of the properties have direct access to rail infrastructure and four of the properties are considered to have future development potential (STCA).

The structures range in age from late 1800s to late 2000s and collectively have a milling capacity of around 800,000 tonnes, with the business producing a gross revenue in the order of \$700M. The commencing rent is said to be about 20 to 24% of the Allied Pinnacle Mills EBITDA which is considered sustainable. Having said this, the passing rent is considered to be the upper end of market parameters.

The lease incorporates a 'buy-back' provision whereby during the first term of the leases on the 5th anniversary of the commencement date and every 5 years therein, the tenant can purchase back the property. Under this provision, the owner would divest the property at a specified buy back value with a specific IRR hurdle to be met.

## 9.5 Yield Conclusion

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

Location	Rural located properties with limited alternative uses over and above grazing / farming.
Size	Significant value quantum in the context of regional New Zealand
Quality	Good quality buildings with the tenant responsible for most of the maintenance provisions
Lease Term	Long WALT would appeal to syndicators, institutional investors and high net worth individuals
Rental Cashflow & Growth	Annual CPI reviews with market reviews scattered throughout

The above sales represent a broad range of assets, and yields. Coolstore/Coldstore evidence shows an analysed yield range of between 5.0% - 13.16% with 14 Andrew Baxter Drive at the lower end of the range and 134 Wairoa Road at the top of the range. Achievable yields for specialised Coolstore/Coldstore facilities appear to be directly influenced by the condition of the plant and equipment.

As plant and equipment nears the end of its economic life significant capital upgrade or replacement is needed. Therefore, typically these assets transact at higher yields reflecting the higher capital outlay required. Leases that have been negotiated on a triple net basis or where the Lessee is responsible for plant and equipment will typically reflect yields at the lower end of the range.

Turning to Hamilton industrial sales with WALT's of over five years we note that yields range from 4.98% - 7.50% albeit within a lower value quantum range. At the low end of the range is a modern industrial facility occupied by Veridian Glass with 10.8 years remaining on the lease. The premises help establishes the lower end of the industrial yield range with adjustment required to reflect the generic nature of improvements and modern construction. At the top of the range is the dated sale of 13-17 Norris Avenue which offered older style warehousing, refurbished offices and a WALT of 6 years.

Additionally, we note that agricultural sales in Australia demonstrate yields of between 5.07% - 7.03% with generated IRR's of between 7.36% - 8.38%. 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.

The subject property offers a large portfolio occupied by a publicly listed entity. Whilst the improvements are somewhat specialised we note that the lease is structured on a triple net basis with a WALT of over 20 years remaining. The cost of entry for competitors in the Chicken industry together with the significant compliance issues that may be associated with moving the Inghams operation would restrict the likelihood of Inghams seeking alternative sites. Additionally, the location within the golden triangle is a strategic advantage inherited by the properties that would help justify a lower return.

Whilst the properties may present the opportunity to be sold individually we are of the view that the market value would be best recognised as a portfolio transaction 'in one line', appealing to institutional investors or syndicators.

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% - 6.75% and a discount rate of between 7.50% - 7.75% is justifiable given the length of lease term, surplus land areas, tenant covenant and triple net structure of the leases.

# 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"> <li>Weighted average lease term providing long term security of tenure.</li> <li>Tenant covenant is considered strong with Inghams being a publicly listed entity.</li> <li>Strategic location of the properties being within the 'golden triangle' of Auckland, Tauranga and Hamilton.</li> <li>Triple net lease structure provides a passive income for potential investors.</li> <li>Most of the properties are easily accessible via State Highways</li> <li>Compliance and cost are a significant barrier of entry for competing chicken manufacturers therefore strengthening the covenant of the lease and future likelihood of renewals.</li> <li>Some growth included in the lease although this is limited to CPI.</li> <li>Portfolio would suit syndication type ownership due to length of lease and tenant covenant.</li> <li>Large surplus land areas that could be leased for grazing or retained for expansion</li> </ul>	<ul style="list-style-type: none"> <li>Potential development option for some of the properties that are located closer to the townships in the form of lifestyle or residential.</li> <li>Early lease renewals, extending the WALT.</li> <li>Investigate the merits of individual sell-down of properties.</li> <li>Portfolio would suit syndication type ownership due to length of lease and tenant covenant.</li> <li>Increase the return/cashflow by capital repairs clause.</li> </ul>
Weaknesses	Threats
<ul style="list-style-type: none"> <li>Significant transaction in the context of rural Waikato with a limited pool of investors.</li> <li>A strategic sale and marketing campaign would be required to divest the properties.</li> <li>Extended marketing period over and above normal expectations may be required if sale of the portfolio is required.</li> <li>Growth is limited to CPI with market reviews resulting in the chance of the rental decreasing during the term of the lease.</li> <li>Rural localities with limited alternative use over and above grazing. Terminal value at expiry of the lease will likely be heavily discounted if the current use is no longer viable.</li> <li>Improvements are highly specialised with limited alternative uses.</li> <li>Residual value likely to be limited to underlying rural land value upon expiry of lease.</li> <li>Alternative use may not yield similar returns.</li> </ul>	<ul style="list-style-type: none"> <li>Offshore and local factors having a negative impact on the domestic economy and property values.</li> <li>External pressures, such as changes to food standards or disease may lead to business disruption in the future.</li> <li>Significant value declines highly likely if Inghams do not renew lease upon expiry of existing term.</li> <li>Changes to regulations and government policy may impact on tenants' business / operations.</li> <li>Economic slowdown or recession may see declining values.</li> <li>Economic obsolescence.</li> </ul>

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# 11. Valuation Approach

In arriving at our concluded value, we have considered relevant general and economic factors and have 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 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 several 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 Approach			
Market Income			\$5,566,730
Gross Market Income			\$5,566,730
Fully Leased Net Income			\$5,566,730
Less Vacancy Factor			\$0
Net Income			\$5,566,730
Capitalised @	6.70%		\$83,085,518
Capital Value Adjustments			
Rent Adjustments			
	Present Value of Rental Reversions		2,765,184
Capital Expenditure			
	Budgeted Capital Expenditure	24 months	-
	Capital Sinking Fund Allowance	24 months	(112,710)
Total Capital Value Adjustments			\$2,652,474
Indicated Market Value			\$85,737,993
Sensitivity Analysis			
Capitalisation Rate			Market Value
6.95%			\$82,699,860
6.70%			\$85,737,993
6.45%			\$89,009,307

## 11.2 Discounted Cash Flow Method

This form of analysis allows an investor or owner to assess 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 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"><li>• Market and prevailing business confidence;</li><li>• New business growth;</li><li>• Market trends and occupier preferences, and</li><li>• Prevailing and forecasted vacancy levels.</li></ul> <p>As noted above, we have applied a growth rate to rental at an average of 2.70% per annum.</p>
Terminal Yield	We have adopted a terminal capitalisation rate of 7.925% which sits 130 points above our market capitalisation rate of 6.625%, reflecting the property will be 10 years older upon terminal sale.
Discount Rate	<p>In this instance we have applied a Discount Rate of 7.625% which includes a reasonable premium over the prevailing 10-year bond rate, which currently sits around 2.00%. 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	<p>We note that the tenant is responsible for most repairs and maintenance work.</p> <p>However, we have still made an annual allowance reflecting 1.00% of the gross annual income of the property as a sinking fund to account for general capital expenditure requirements which are not recovered under the current lease document.</p>



We summarise our calculations under this method as follows:

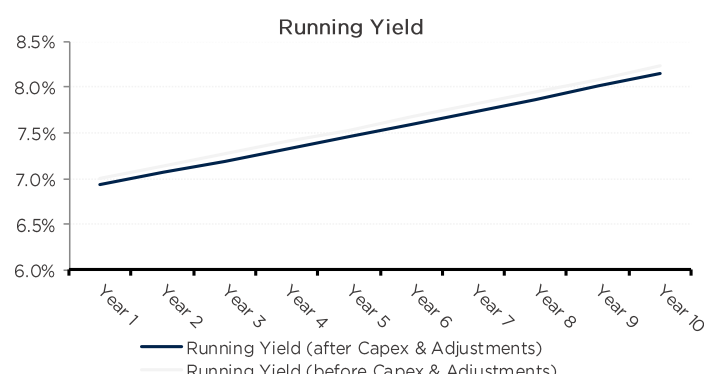
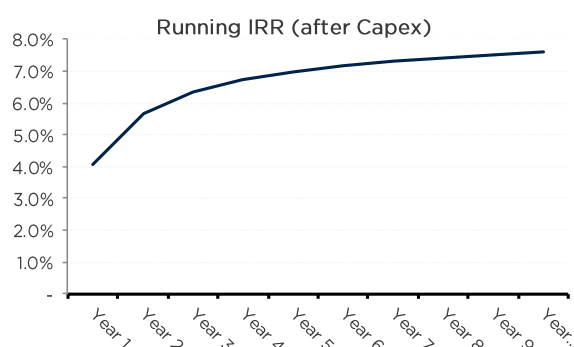
Discount Cash Flow Approach Summary										
Year Commencing	1	2	3	4	5	6	7	8	9	10
Period Beginning	19-Jul-19	19-Jul-20	19-Jul-21	19-Jul-22	19-Jul-23	19-Jul-24	19-Jul-25	19-Jul-26	19-Jul-27	19-Jul-28
Base Passing Rent										
Industrial	\$5,846,906	\$5,961,410	\$6,080,661	\$6,210,653	\$6,349,876	\$6,492,748	\$6,638,818	\$6,782,104	\$6,927,893	\$7,067,314
Net Income before Capital Expenditure										
	\$5,846,906	\$5,961,410	\$6,080,661	\$6,210,653	\$6,349,876	\$6,492,748	\$6,638,818	\$6,782,104	\$6,927,893	\$7,067,314
Capital Expenditure	\$58,469	\$59,614	\$60,807	\$62,107	\$63,499	\$64,927	\$66,388	\$67,821	\$69,279	\$70,673
Net Income after Capital Expenditure										
	\$5,788,437	\$5,901,796	\$6,019,854	\$6,148,546	\$6,286,377	\$6,427,821	\$6,572,430	\$6,714,283	\$6,858,614	\$6,996,641

Terminal Valuation Summary	
Gross Market Income	\$6,866,033
Less Adopted Outgoings	\$0
Net Market Income	\$6,866,033
Less Vacancy Factor	0.00%
Net Income	\$6,866,033
Discount Rate	7.60%
Terminal Capitalisation Rate	7.90%
Core Capital Value (fully leased)	\$86,911,810
Capital Value Adjustments	\$864,709
Capitalised Value	\$87,776,519
Disposal Costs @ 2.00%	(\$1,755,530)
Net Sale Proceeds	\$86,020,988

Discounted Cash Flow Summary	
Sum of Cash Flows (after Capex & Adj.)	\$63,714,799
Sum of Discounted Cash Flows	\$44,729,617
Present Value of Terminal Value	\$41,350,590
NPV (before acquisition costs)	\$86,080,207
Less Acquisition Costs @ 0.00%	\$0
NPV (after acquisition costs)	\$86,080,207
Rounded NPV	\$86,100,000
Ten Year IRR	7.61%



## 11.3 Summary of Valuation Approaches

We summarise the above valuation approaches and methods as follows:

Valuation Method	
Capitalisation of Income	\$85,700,000
Discounted Cashflow	\$86,100,000
<b>Market Value adopt</b>	<b>\$86,000,000</b>

# 12. Valuation Conclusion

Bayleys Valuations Limited confirms that we undertook an inspection of the Inghams (Waitoa, Putaruru and Matamata) Portfolio on 22 May 2019 to assess the Market Value for mortgage security.

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

## **'In One Line'**

**Eighty Six Million Dollars  
(NZ\$86,000,000)**

We confirm that the above 'in one line' 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.

Our value shown above is of the Inghams portfolio (as described within this valuation) 'in one line'. For reporting purposes, we have not apportioned the individual values of each site which we confirm can be presented upon request.

## **12.1 Valuation Analysis – 10 Year Basis**

Net Rate - \$/ hectare	\$475,138 per hectare
Initial Yield	6.80%
Equivalent Yield	6.68%
IRR	7.61%

## **12.2 Mortgage Recommendation**

Based on our assessed Market Value we recommend that the subject property provides adequate and suitable security for a first mortgage advance to be relied upon by BNZ Partners. We refer the reader to [section 10 - SWOT Analysis](#) for a list of the properties strengths and weaknesses.

### 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](mailto:carl.waalkens@bayleys.co.nz)



**Nick Thacker**

BBS (VPM) MPINZ  
Director – Registered Valuer  
+6421 434 460  
[nick.thacker@bayleys.co.nz](mailto:nick.thacker@bayleys.co.nz)

# 13. General Principles

PINZ: Valuation Standards & Guidance Notes	All valuations are carried out in accordance with the Valuation Standards and Guidance Notes recommended by the Property Institute of New Zealand. The definition of Market Value as defined by the International Valuation Standards (IVS) 2017 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 Computer Register.
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 Computer Register, 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>

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"> <li>• Non Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that valuation is plus GST (if any).</li> <li>• Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).</li> </ul>
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**



**Identifier** SA20B/540  
**Land Registration District** South Auckland  
**Date Issued** 04 May 1976

**Prior References**

SA15A/1066

---

<b>Estate</b>	Fee Simple
<b>Area</b>	4854 square metres more or less
<b>Legal Description</b>	Lot 1 Deposited Plan South Auckland 22046

**Registered Owners**

Caniwi Properties (Waikato) Limited

---

**Interests**

B366110 Gazette Notice declaring State Highway No.27 fronting the within land to be a limited access road - 6.9.1996 at 12.20 pm

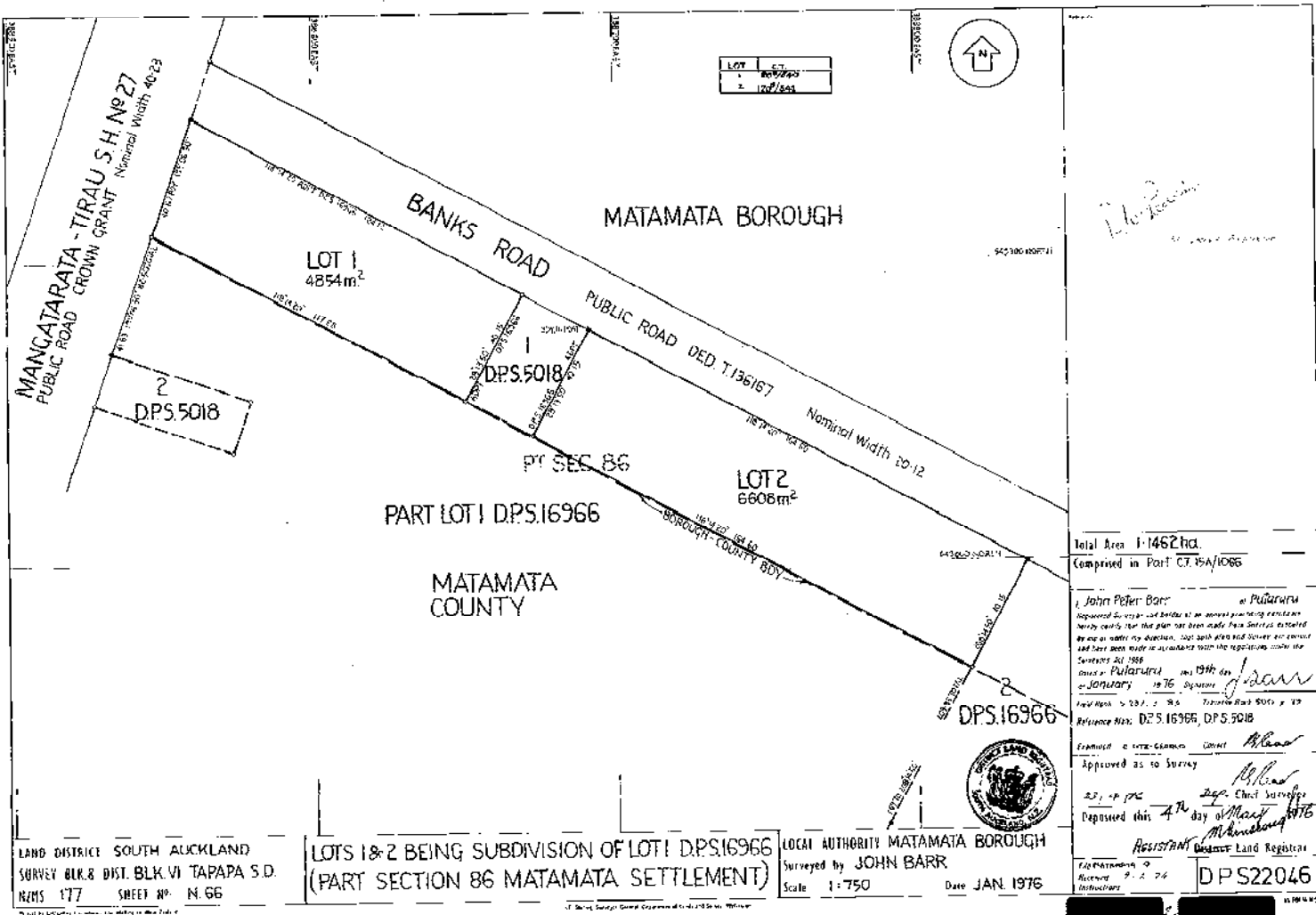
B378008 Certificate pursuant to Section 91 Transit New Zealand Act 1989 - 8.11.1996 at 11.26 am

9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014 at 4:30 pm

9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm





Total Area 1:1462ha.  
Comprised in Part CT.15A/1088

I, John Peter Barr, of Pularuru  
do hereby certify that the plan has been made from surveys conducted by me or under my direction, that such surveys and surveys are correct and have been made in accordance with the regulations under the Surveyors Act 1966.  
Signed at Pularuru this 19th day of January 1976.  
John Peter Barr, J.P.B.  
Reference Maps: D.S.16966, D.S.5018

Examined a true and correct copy  
Approved as to Survey  
23/1/76  
Deposited this 4th day of March 1976  
Assistant District Land Registrar

File Matamata  
Reference P.L. 76  
Instructions

**DPS22046**

LAND DISTRICT SOUTH AUCKLAND  
SURVEY BLK.8 DIST. BLK.VI TAPAPA S.D.  
N.H.S. 177 SHEET NO. N.66

LOTS 1 & 2 BEING SUBDIVISION OF LOT 1 DPS.16966  
(PART SECTION 86 MATAMATA SETTLEMENT)

LOCAL AUTHORITY MATAMATA BOROUGH  
Surveyed by JOHN BARR  
Scale 1:750 Date JAN. 1976



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



**Identifier** SA35C/434  
**Land Registration District** South Auckland  
**Date Issued** 20 February 1986

**Prior References**

SA212/223 SA25B/1317

---

<b>Estate</b>	Fee Simple
<b>Area</b>	3.4358 hectares more or less
<b>Legal Description</b>	Lot 1 Deposited Plan South Auckland 26666 and Lot 1 Deposited Plan South Auckland 39731

**Registered Owners**

Caniwi Properties (Waikato) Limited

---

**Interests**

Subject to Section 308 (4) Local Government Act 1974

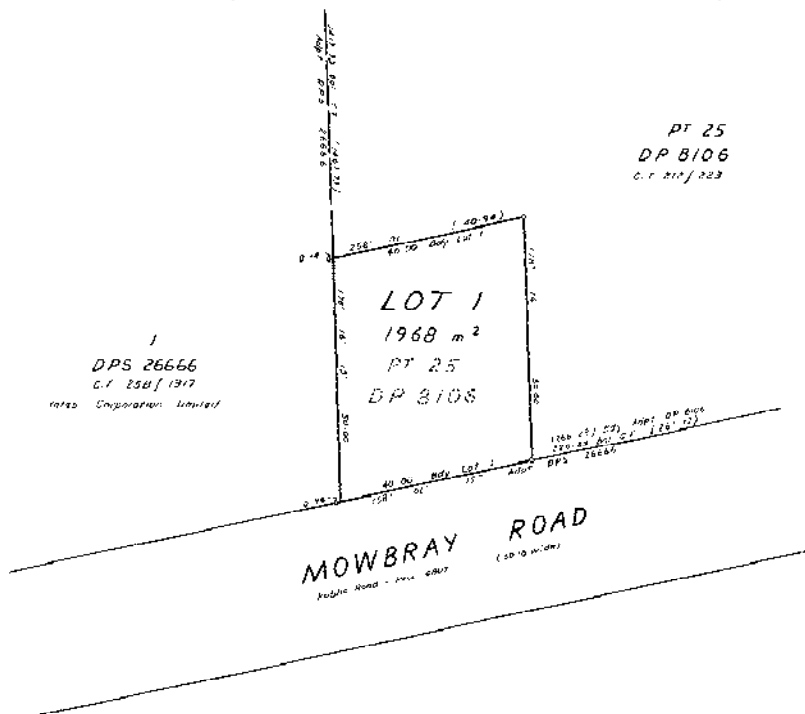
Appurtenant hereto is a right of way created by Transfer 127245 (affects Lot 1 DPS 26666)

9772716.6 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663016 issued - 18.7.2014 at 4:30 pm

9772716.13 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm

Lot	1	1
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PT 25  
DP 8106  
C. T. 210/223

[illegible]

Total Area 1968-44	.....
Comprised in C.T. 212/223 (PART).....	.....

[illegible]

*L. J. McPherson*

Approved as to Survey *E. L. Brown*

*J. H. McPherson* Chief Surveyor

Authenticated by *E. L. Brown* Secy of February 1906.

*E. L. Brown* Assistant State Land Registrar


MAY 17 1905

DPS39731

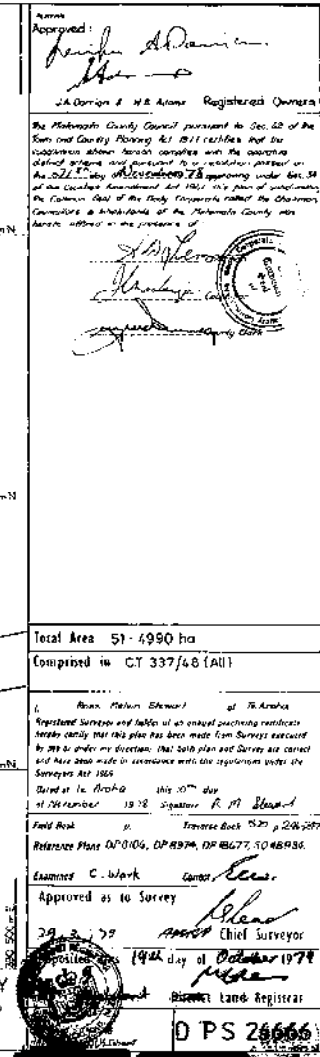
LAND DISTRICT *South Auckland*  
SURVEY BLK. & DIS. *XIII Waikare*  
NZMS 261 SH. .... RECORD MAP No *146/5*

LOT 1 BEING A SUBDIVISION OF LOT 25 DP8106  
BEING PT WHANGORAU 'A' BLOCK

TERRITORIAL AUTHORITY, Matamoras County  
Surveyed by: Brown, Henderson & Assoc.  
Scale 1:500 Date Aug 1985


 Dismissed By *22nd day of February 1906*  
*Admiral*  
 Naval and Military Lord Register  
 1795  
 D'PS39731

16/6/1986





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** **SA41B/801**  
**Land Registration District** **South Auckland**  
**Date Issued** 19 May 1988

**Prior References**  
SA39B/73

---

<b>Estate</b>	Fee Simple
<b>Area</b>	67.2300 hectares more or less
<b>Legal Description</b>	Section 6 Block VIII Patetere North Survey District

**Registered Owners**  
Caniwi Properties (Waikato) Limited

---

**Interests**

Subject to Section 8 Mining Act 1971

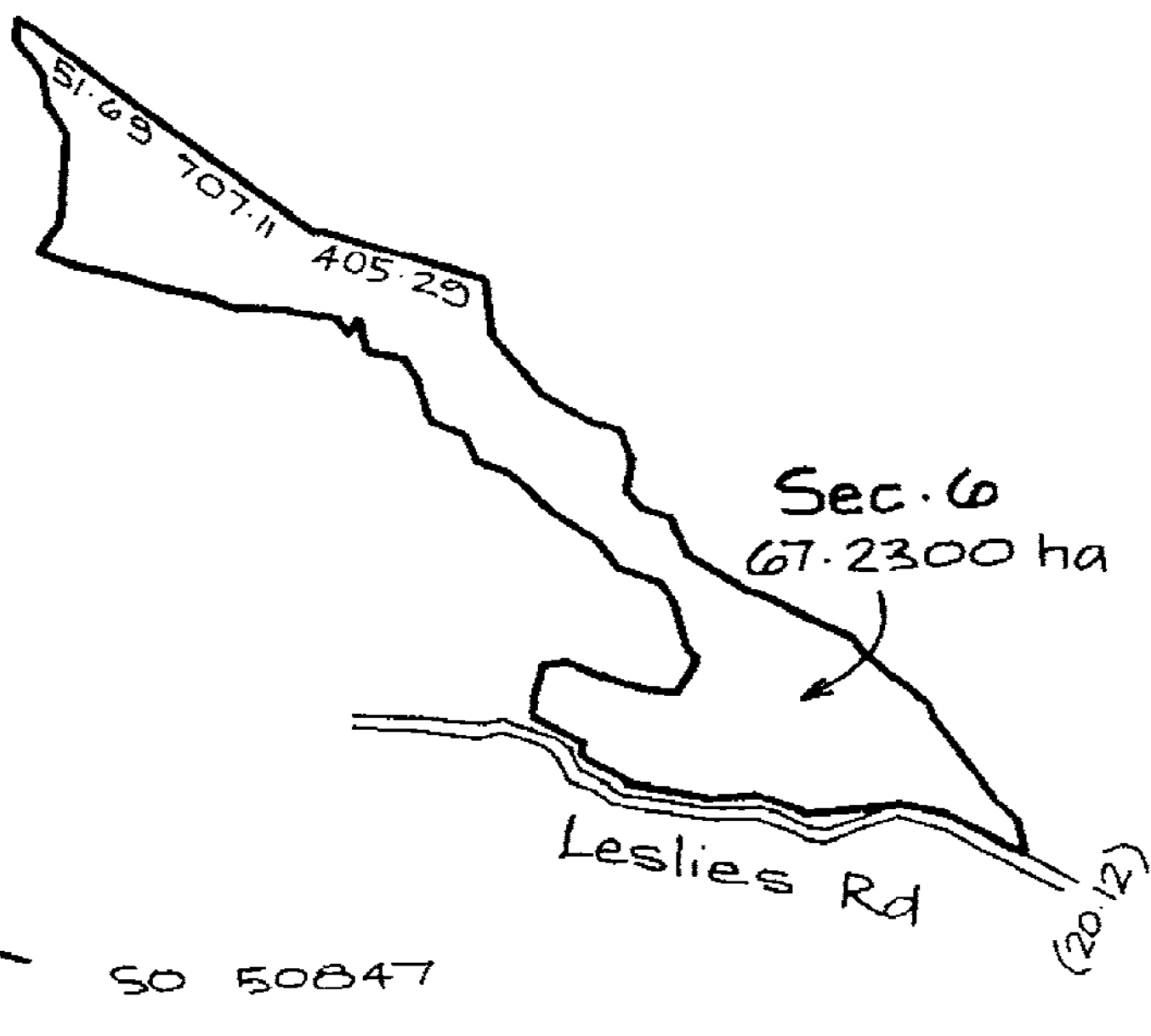
Subject to Section 5 Coal Mines Act 1979

9772716.8 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663018 issued - 18.7.2014 at 4:30 pm

9772716.15 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm

# Bik VIII Patetere North S.D





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



**Identifier** **562237**  
**Land Registration District** **South Auckland**  
**Date Issued** 08 October 2012

**Prior References**

SA29C/703 SA63B/932

---

**Estate** Fee Simple  
**Area** 30.6710 hectares more or less  
**Legal Description** Lot 2 Deposited Plan 446379

**Registered Owners**

Caniwi Properties (Waikato) Limited

---

**Interests**

Subject to Section 59 Land Act 1948 (affects parts formerly Lot 1 DPS 25337 & Lot 1 DPS 82390)

Subject to Section 8 Coal Mines Amendment Act 1950 (affects part formerly Lot 1 DPS 25337 & Lot 1 DPS 82390)

Subject to a water right over parts marked A, C, E, F, G, I & K on DP 446379 created by Transfer H808565.2 - 14.7.1988 at 11.35 am

Appurtenant to part formerly Lot 1 DPS 25337 is a water right created by Transfer H808565.2 - 14.7.1988 at 11.35 am

Appurtenant to parts formerly Lot 1 DPS 25337 & Lot 1 DPS 82390 is a right to convey water created by Transfer H834043 - 8.11.1988 at 9:05 am

Subject to a right (in gross) to convey electricity, telecommunications & computer media over parts marked E, G, H & J on DP 446379 in favour of Powerco Limited created by Easement Instrument 9185671.2 - 8.10.2012 at 9:51 am

The easements created by Easement Instrument 9185671.2 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked B & C and a right to convey water over part marked E, all on DP 446379 created by Easement Instrument 9185671.3 - 8.10.2012 at 9:51 am

Some of the easements created by Easement Instrument 9185671.3 are subject to Section 243 (a) Resource Management Act 1991 (see DP 446379)

Land Covenant in Easement Instrument 9185671.4 - 8.10.2012 at 9:51 am

Land Covenant in Easement Instrument 9128310.3 - 28.11.2012 at 1:37 pm

9772716.4 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663013 issued - 18.7.2014 at 4:30 pm

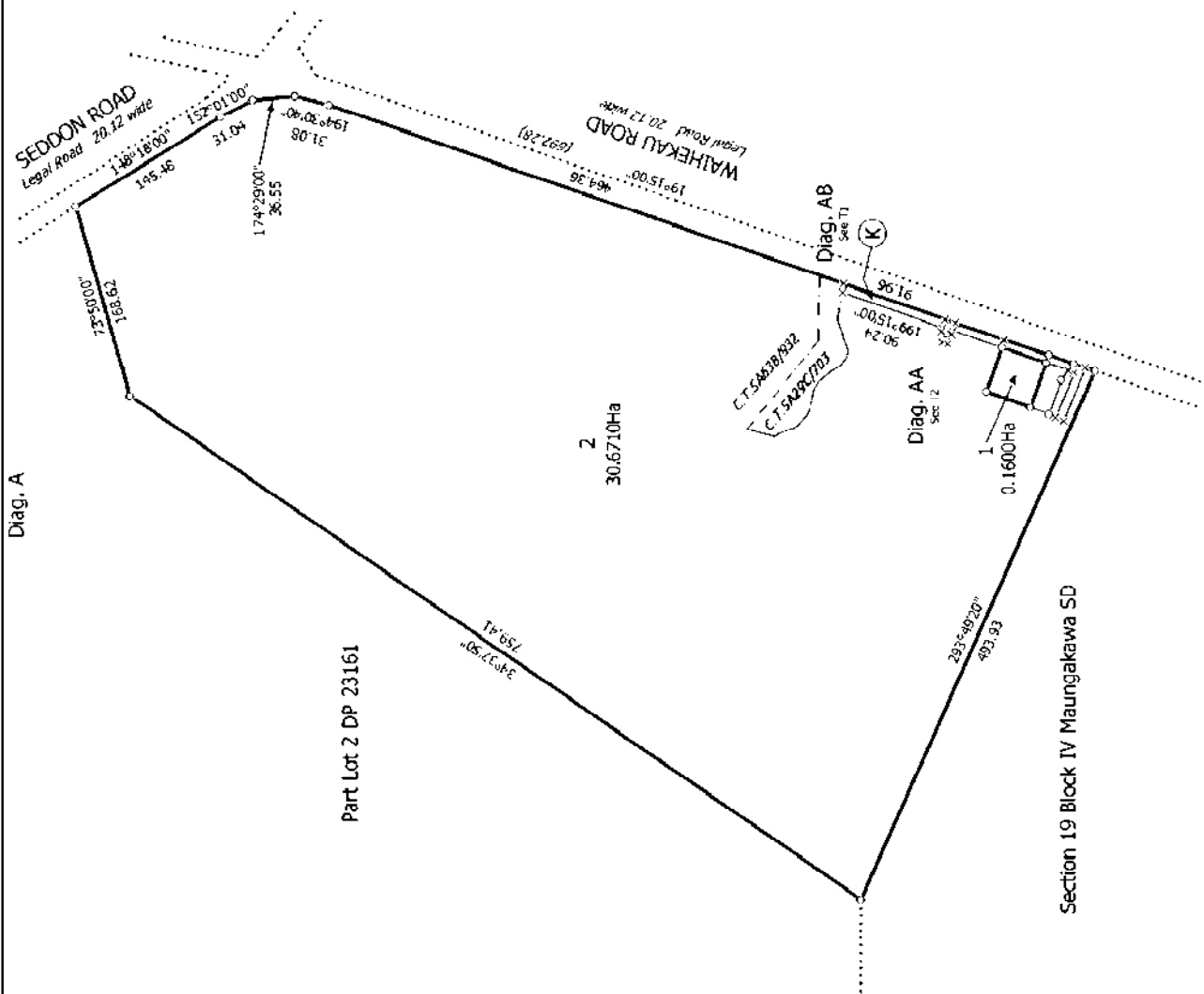
9772716.10 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm





N.B. The existing boundaries of the easements created by H808555.2 labelled "Adpt" have been adopted from H808555.2.



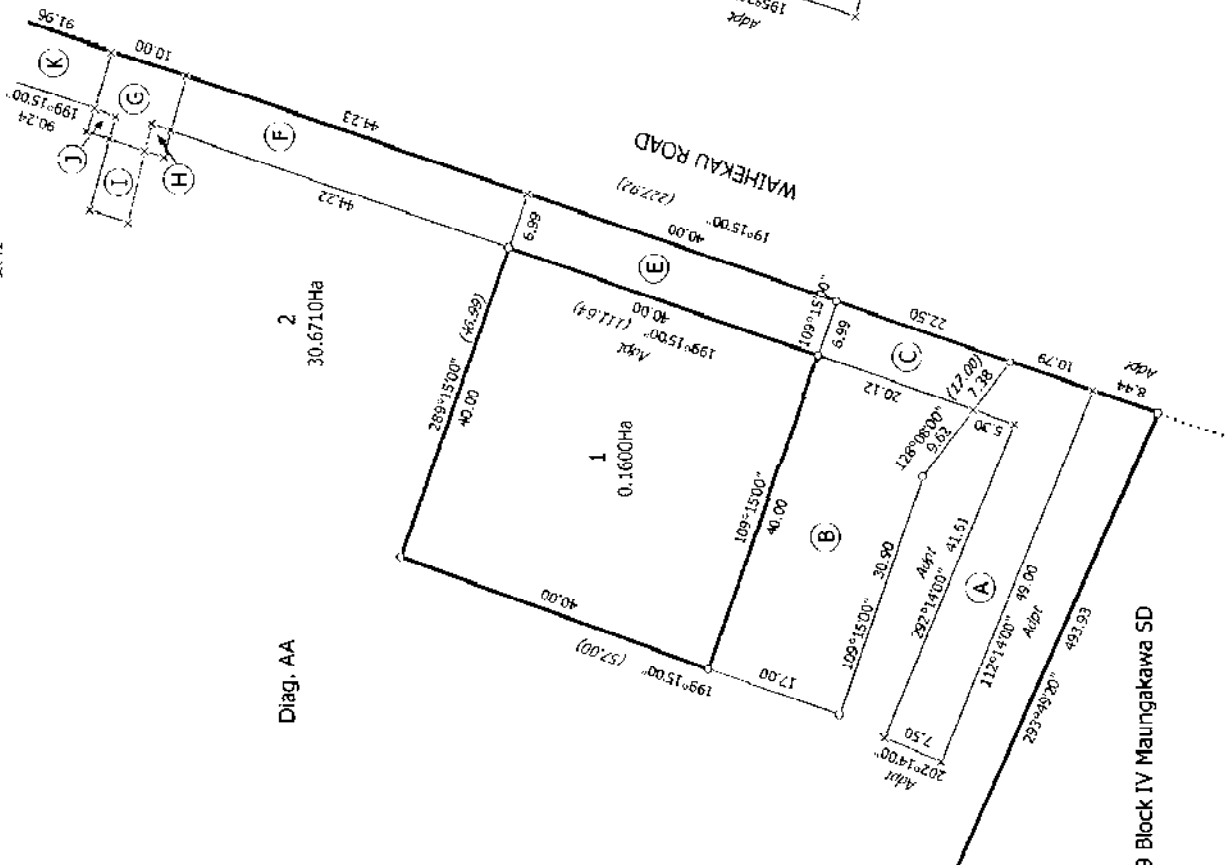
T1/2

Land District South Auckland	Lots 1 & 2 being a Subdivision of Lot 1 DPS 82390 and Lots 1 & 2 DPS 25337	Surveyor: David Vernon McCracken Firm: McCracken Surveys Ltd	Title Plan DP 446379
Digitally Generated Plan Generated on: 10/11/2012 2:45pm Page 3 of 4		Deposited on: 8/10/2012	



N.B. The existing boundaries of the easements created by H808565.2 labelled "Adpt" have been adopted from H808565.2.

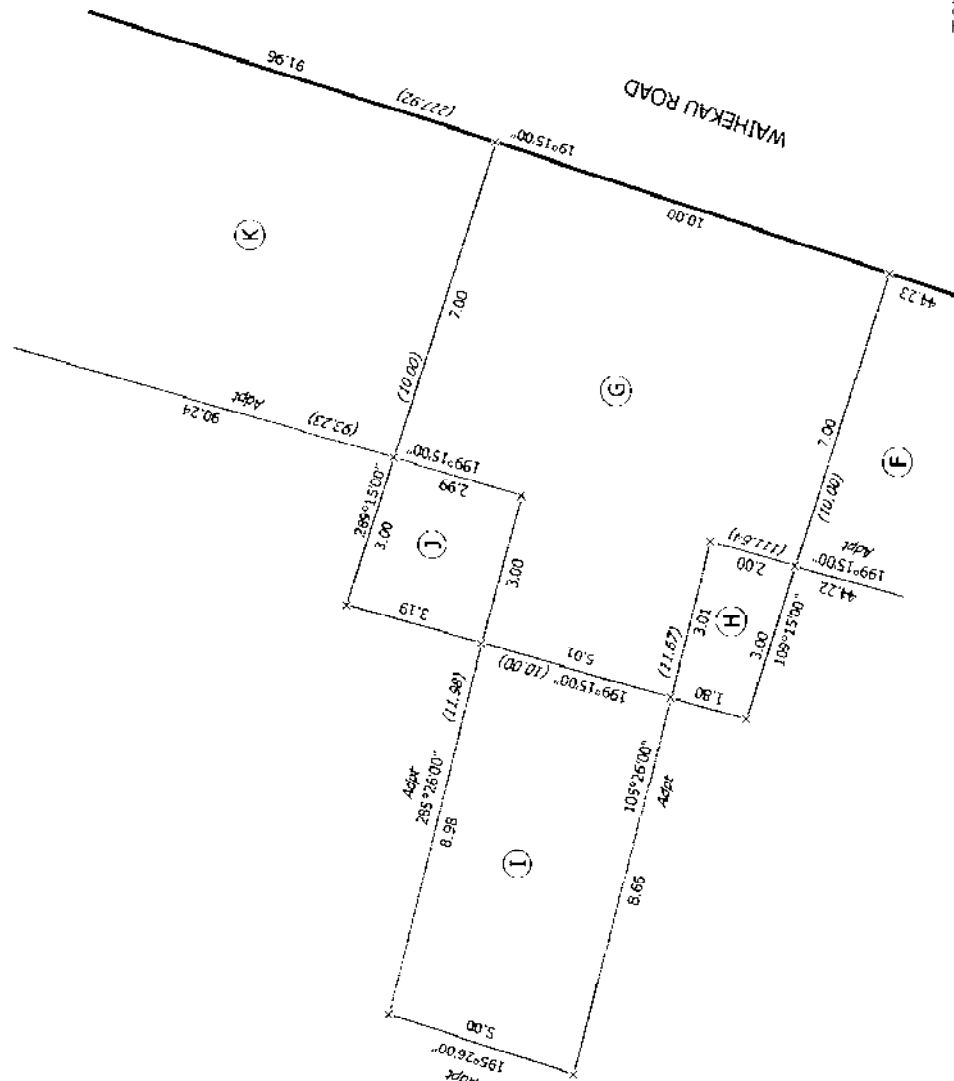
Diag. AAA  
Scale 1:2



Diag. AA

2  
30.6710Ha

Diag. AAA



Section 19 Block IV Maungakawa SD

T 2/2

Land District South Auckland

Digitally Generated Plan

Generated on: 10/11/2012 2:45pm Page 4 of 4

Lots 1 & 2 being a Subdivision of Lot 1 DPS 82390 and Lots 1 & 2 DPS 25337

Surveyor: David Vernon McCracken  
Firm: McCracken Surveys Ltd

Title Plan  
DP 446379

Deposited on: 8/10/2012



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



**Identifier** SA32B/885  
**Land Registration District** South Auckland  
**Date Issued** 19 October 1984

**Prior References**

SA26D/1291

---

<b>Estate</b>	Fee Simple
<b>Area</b>	20.2340 hectares more or less
<b>Legal Description</b>	Lot 2 Deposited Plan South Auckland 36707

**Registered Owners**

Caniwi Properties (Waikato) Limited

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**Interests**

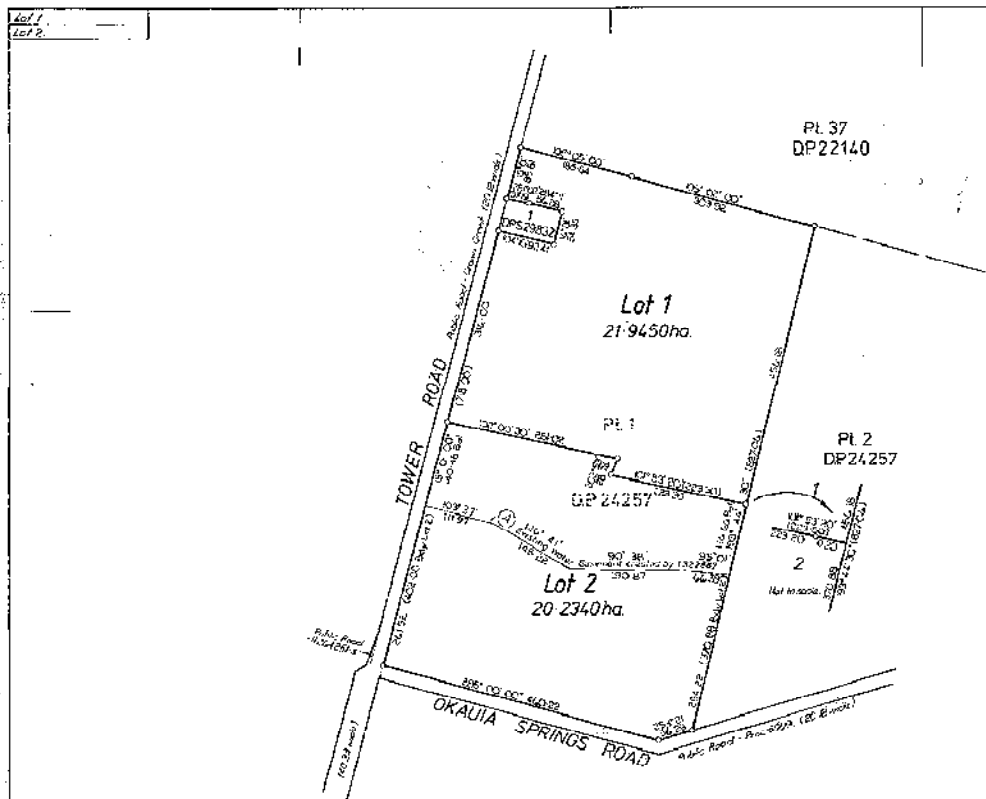
Land Covenant in Easement Instrument 7626075.7 - 22.11.2007 at 9:00 am

9772716.7 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663017 issued - 18.7.2014 at 4:30 pm

9772716.14 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm

11058874.1 Compensation Certificate pursuant to Section 19 Public Works Act 1981 by Matamata-Piako District Council - 15.3.2018 at 8:54 am



LAND DISTRICT SOUTH AUCKLAND  
SURVEY DIST. 8 DIST. III TAPAPA  
147815 SHEET NO. 14

LOTS 1 & 2 BEING SUBDIVISION OF  
PT. LOT 1, DP24257 BEING PT SEC 37, MATAMATA  
SETTLEMENT.

LOCAL AUTHORITY MATAMATA COUNTY  
Surveyed by MATHESON & STEWART  
Scale 1:4000 Date JULY 1984

Survey  
Approved: *G. H. Hooper*  
S. D. Hooper

CA & L. Hooper  
Registered Owners.

As per the requirements of the Matamata County Council of  
Matamata on the 12th day of July 1984, the following  
survey was made and certified that the plan is in  
accordance with the requirements and provisions of the  
Matamata County Council of Matamata on the 12th day of July 1984.

*G. H. Hooper*  
Matamata County Council

As per the requirements of the Matamata County Council of  
Matamata on the 12th day of July 1984, the following  
survey was made and certified that the plan is in  
accordance with the requirements and provisions of the  
Matamata County Council of Matamata on the 12th day of July 1984.

*G. H. Hooper*  
Matamata County Council

SCHEDULE OF EXISTING EASEMENTS  
Sheet 1 of 2  
A. 10m wide easement for Lot 1  
B. 10m wide easement for Lot 2

Total Area 42.1790ha  
Comprised in ALL DT26D/1291

1. 10m wide easement for Lot 1  
2. 10m wide easement for Lot 2

Field Book 1  
Reference Plan DP24257, DP24258, DP24259

Approved as to Survey  
2. 12. 1984  
Registered this 19th day of October 1984

Assistant Registrar  
DPS 36707



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



**Identifier** SA1049/235  
**Land Registration District** South Auckland  
**Date Issued** 17 December 1953

**Prior References**  
SAPR207/9

---

<b>Estate</b>	Fee Simple
<b>Area</b>	31.8816 hectares more or less
<b>Legal Description</b>	Section 19 Block IV Maungakawa Survey District

**Registered Owners**  
Caniwi Properties (Waikato) Limited

---

**Interests**

Appurtenant hereto are drainage rights created by Transfer 301813 (formerly Lot 4 plan 23161)  
Subject to Section 59 Land Act 1948  
Subject to Section 8 Coal Mines Amendment Act 1950  
Appurtenant hereto are drainage rights created by Transfer 254088 (formerly Lot 4 plan 23161)  
Appurtenant hereto are drainage rights created by Transfer 254087 (affects part formerly Lot 4 plan 23161)  
Subject to a right (in gross) to convey gas easement over part marked C on DP 333966 in favour of NGC New Zealand Limited created by Easement Instrument 6950612.1 - 18.7.2006 at 9:00 am  
9772716.4 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663013 issued - 18.7.2014 at 4:30 pm  
9772716.11 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm  
11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm



*Pl Lot 2*

23/61

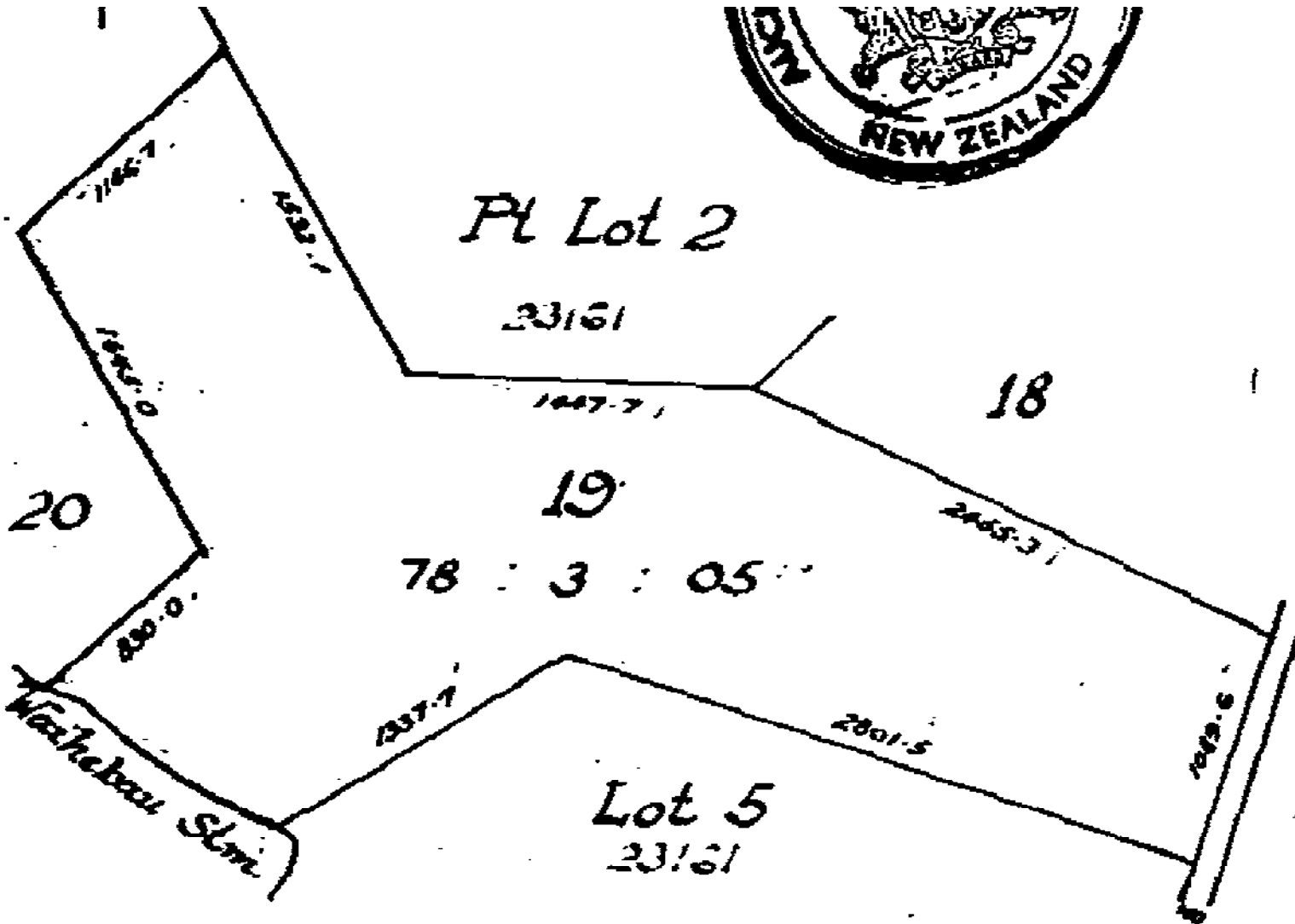
18

19

78 : 3 : 05

*Lot 5*

23/61





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** SA1429/65  
**Land Registration District** South Auckland  
**Date Issued** 07 March 1958

**Prior References**  
SA637/271

---

<b>Estate</b>	Fee Simple
<b>Area</b>	1012 square metres more or less
<b>Legal Description</b>	Lot 1 Deposited Plan South Auckland 5018

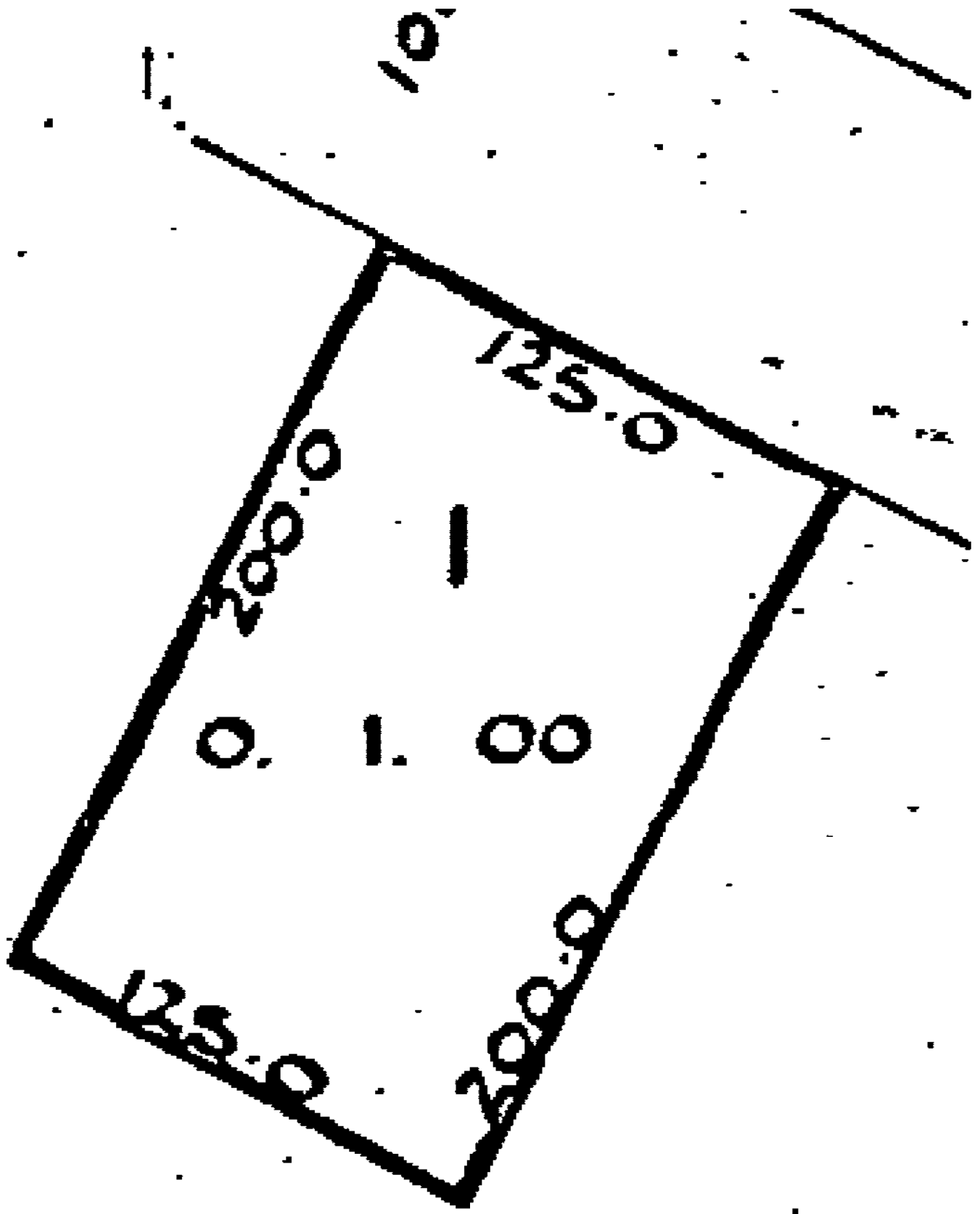
**Registered Owners**  
Caniwi Properties (Waikato) Limited

---

**Interests**

9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014 at 4:30 pm  
9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm  
11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm







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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** **SA37C/231**  
**Land Registration District** **South Auckland**  
**Date Issued** 12 November 1986

**Prior References**

SA496/234

---

<b>Estate</b>	Fee Simple
<b>Area</b>	24.2525 hectares more or less
<b>Legal Description</b>	Lot 1 Deposited Plan South Auckland 42073

**Registered Owners**

Caniwi Properties (Waikato) Limited

---

**Interests**

9772716.5 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663015 issued - 18.7.2014 at 4:30 pm

9772716.12 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm

$\frac{10^6}{10^6} \left[ \begin{array}{c|c} & \\ \hline & \end{array} \right]_{\text{Cl}}^{27}\text{Fe}_{23}$



Approved  
*[Signature]*  
*[Signature]*  
 1. *[Signature]* Secretary

UNITED STATES COAST & GEODETIC SURVEY  
 OFFICE OF THE SURVEYOR GENERAL  
 WASHINGTON, D. C.

Pursuant to a resolution of the Matamoras County Council passed on the 15th April 1986 approving under Section 302 of the 1981 Government Act 1981 the plan of subdivision subject to the conditions of amalgamation set out hereon and certifying that the plan is in accordance with the requirements and provisions of the respective district statute, the Treasurer General of the Matamoras County Council has hereto affixed its provisions of:



P. J. Hall  
 U.S. Department of Justice  
 Office of the Inspector General  
 Washington, D.C. 20535  
 Date: 11-1-1980

15/3/74  
County Clerk  
Ameyamotion Commission  
that Lot 2 parcel be transferred to  
the owners of Lot 1: DP 22970  
103 721247 and one Certificate of  
Title be issued to include both  
parcels.  
BAC Doc H 66667

Total Area	39 - 1540	ha
------------	-----------	----

Comprised in S. 495 (246, 144).....


Regulated during: last letter of an annual schooling certificate for info  
may act as a passport money passed by the police in letter 1982  
of the November 1982. This money could have been paid, but there was  
a stamp received by me on or made any document, but there was  
no stamp on certificate, and have been made in attendance with Mr. Suresh  
Mangalappa 1982

Date at: TAIRANGA 14/12/82

14 April 1986 Date: 14/12/82

Police Post: 14/12/82 Station: 14/12/82

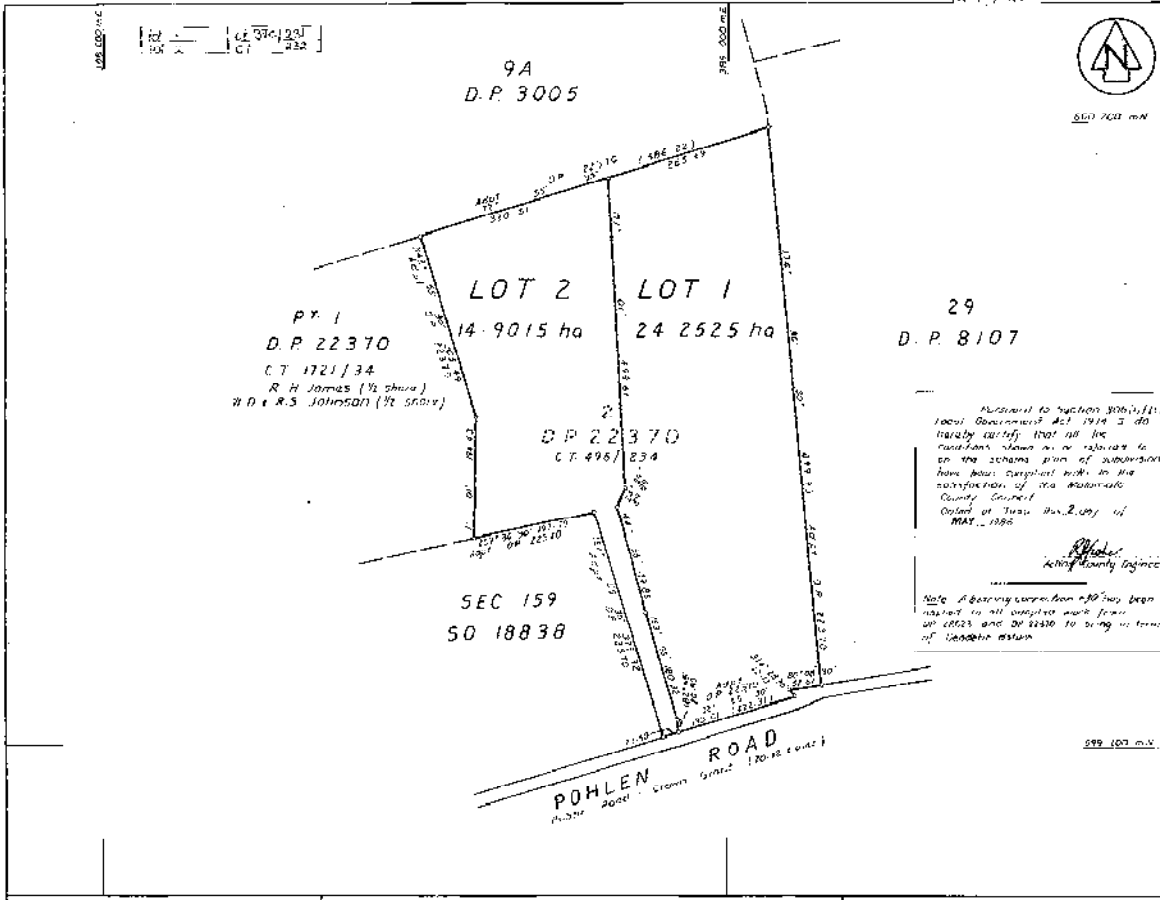
Reference Page .. .. .

Approved as to Survey 

241 2 1986 Chief Surveyor  
Deposited this 5th day of AUGUST 1986

	Deputy Land Registrar
File No. _____ Revenue No. _____ Date of issue _____	DP542073

██████████ ██████████



LAND DISTRICT SOUTH AUCKLAND  
SURVEY BLK. & DIST. 11, TAPAPA  
NZMS 261 SH1 T14 RECORD MAP No 54

LOTS 1 & 2 BEING A SUBDIVISION  
OF LOT 2 DP 22370  
(BEING PT SEC 9 BLK 11 TAPAPA S.D.)

TERRITORIAL AUTHORITY MATAMORA COUNTY 1906  
 Surveyed by BRUCE HENDERSON CONSULTANTS  
 Scale 1" = 4000' Date APRIL 1986

Page 12 of 12  
Page 12 of 12



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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** SA1429/64  
**Land Registration District** South Auckland  
**Date Issued** 07 March 1958

**Prior References**  
SA637/271

---

<b>Estate</b>	Fee Simple
<b>Area</b>	883 square metres more or less
<b>Legal Description</b>	Lot 2 Deposited Plan South Auckland 5018

**Registered Owners**  
Caniwi Properties (Waikato) Limited

---

**Interests**

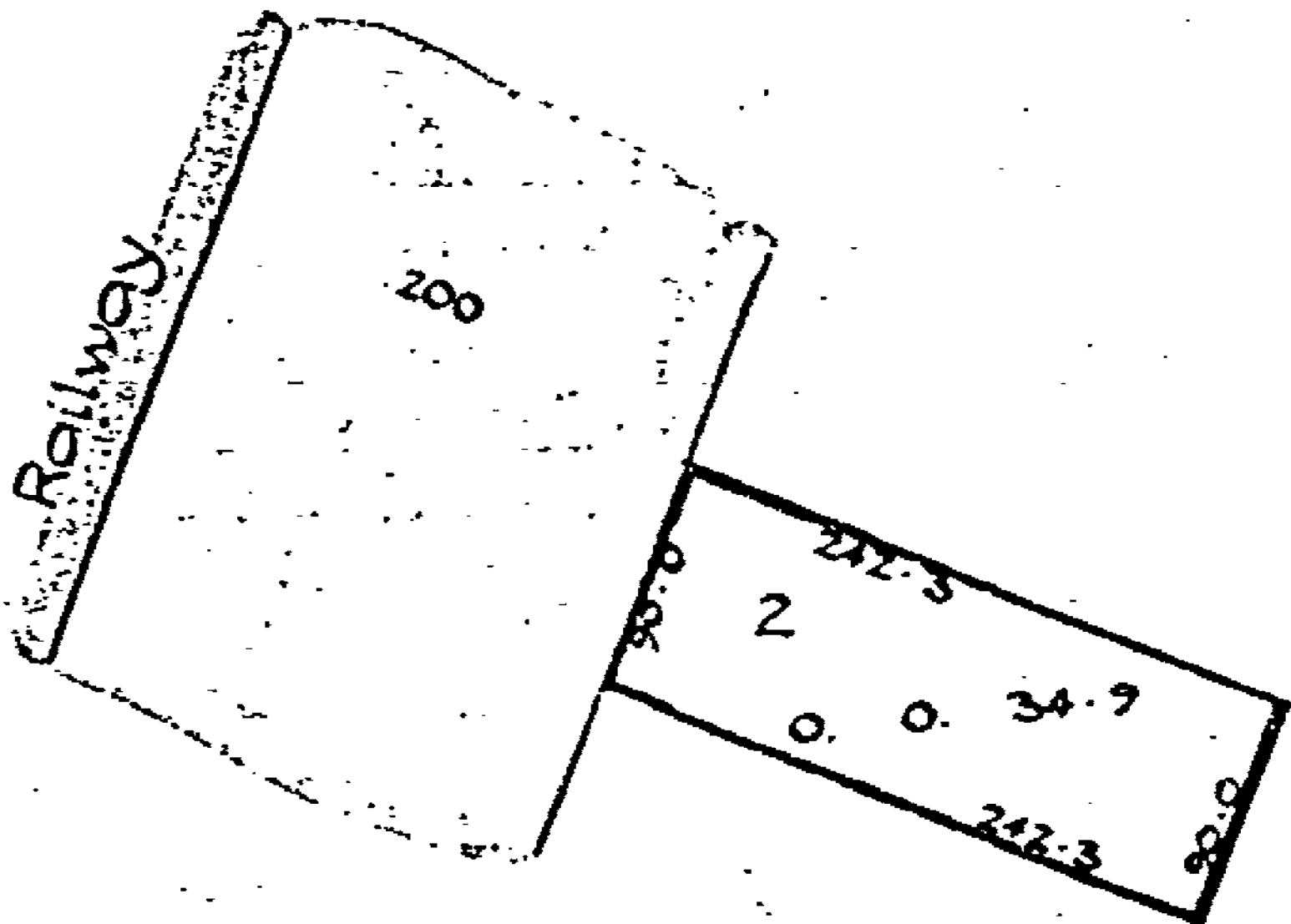
B366110 Gazette Notice declaring the adjoining State Highway No. 27 fronting the within land to be a limited access road - 6.9.1996 at 12.20 pm

B378008 Notice pursuant to Section 91 Transit New Zealand Act 1989 authorising a crossing place to and from a Limited Access Road - 8.11.1996 at 11.26 am

9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014 at 4:30 pm

9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm

11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm





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



**Identifier** SA22A/769  
**Land Registration District** South Auckland  
**Date Issued** 14 April 1977

**Prior References**  
SA15A/1066

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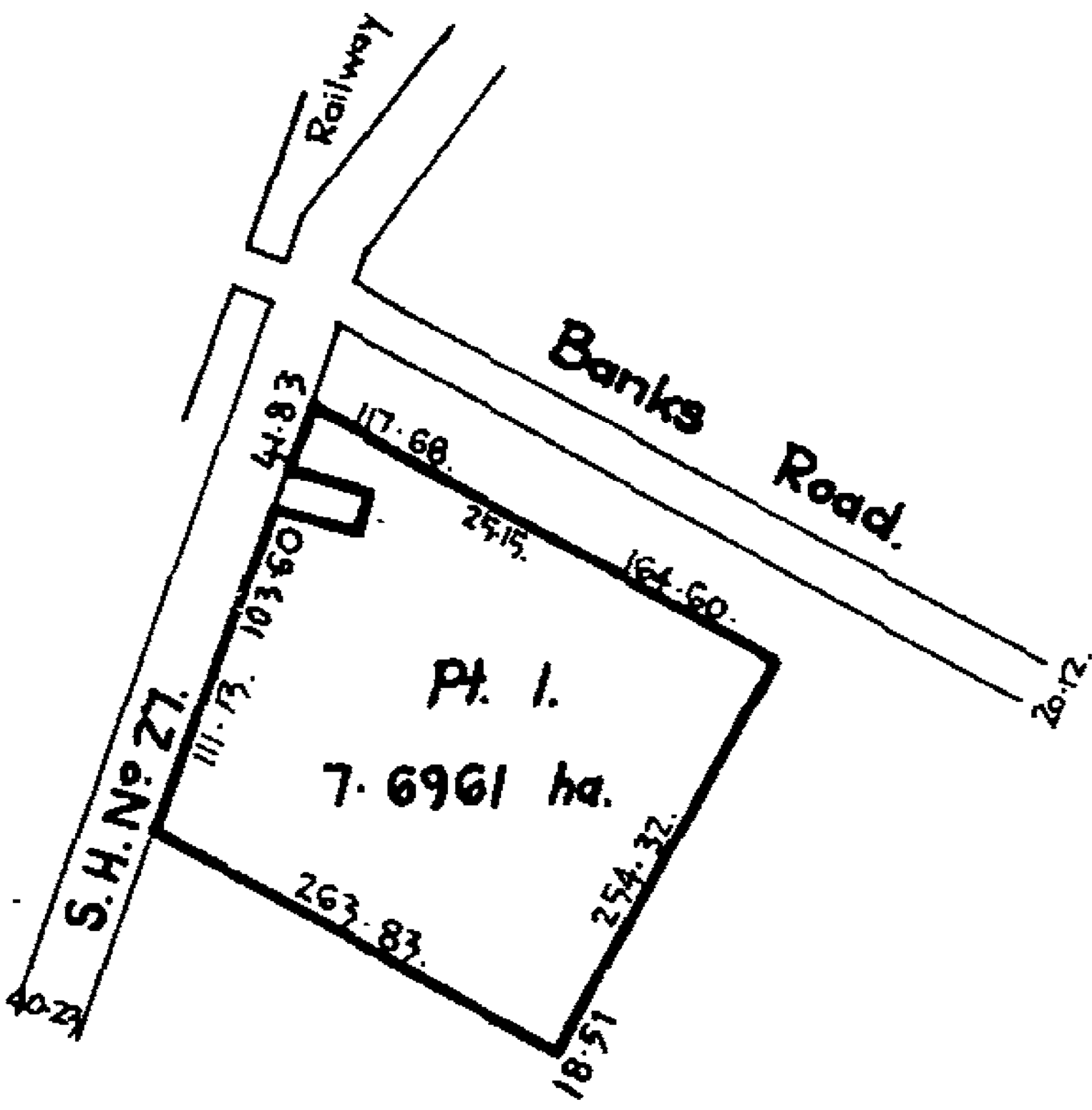
<b>Estate</b>	Fee Simple
<b>Area</b>	7.6961 hectares more or less
<b>Legal Description</b>	Part Lot 1 Deposited Plan South Auckland 16966

**Registered Owners**  
Caniwi Properties (Waikato) Limited

---

**Interests**

B366110 Gazette Notice declaring State Highway No 27 fronting the within land to be a limited access road - 6.9.1996 at 12.20 pm  
B378008 Certificate pursuant to Section 91 Transit New Zealand Act 1989 - 8.11.1996 at 11.26 am  
9772716.3 Lease Term 15 years commencing 18 July 2014 (right of renewal) CT 663012 issued - 18.7.2014 at 4:30 pm  
9772716.9 Mortgage to ANZ Bank New Zealand Limited - 18.7.2014 at 4:30 pm  
11013525.1 Mortgage to Geoffrey Alexander Cumming - 24.1.2018 at 3:32 pm



# Appendix

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## 2. Valuation in Detail



# Inghams Portfolio

Forbury Property Office & Industrial Valuation Model: Version 11.14.13.0



## KEY OUTPUTS

### VALUATION DETAILS

Interest Valued 100% Freehold

### INCOME ASSESSMENT

	NET	GROSS
Passing Income	\$5,846,588	\$5,846,588
Passing Income (fully leased)	\$5,846,588	\$5,846,588
Market Income	\$5,566,730	\$5,566,730
Outgoings \$ pa.	-	-
Vacancy Factor	-	-
Industrial Passing Income	\$5,846,588	\$5,846,588
Industrial Market Income	\$5,566,730	\$5,566,730

### CAPITAL EXPENDITURE

	\$	\$/m²	% of Value
Capital Expenditure adopted In Cap Val (24 months)	\$112,710	-	0.1%
Capital Expenditure (10 years, inflated)	\$643,584	-	0.7%
Capital Expenditure (10 years, PV)	\$451,814	-	0.5%
Capex (10 yrs incl. terminal value allowances, inflated)	\$781,494	-	0.9%
Capex (10 yrs incl. terminal value allowances, PV)	\$709,877	-	0.8%

### CAPITALISATION APPROACH

Expiry Allowances for Tenancies expiring before	18-Jul-21	24 months	0%
Market Capitalisation rate	6.950%	6.700%	6.450%
Market Capitalisation Value	\$82,699,860	\$85,737,993	\$89,009,307
Rounded Market Capitalisation Value	\$82,700,000	\$85,700,000	\$89,000,000

### DISCOUNTED CASH FLOW APPROACH

Cash Flow period	10 years	
Discount Rate	7.600%	
Terminal Capitalisation Rate	7.900%	+ 120.0 bp spread
Terminal Allowance for Tenancies expiring before	19-Jul-31	24 months
Assumed WALE By Area (as at 18-Jul-29)	-	
Assumed WALE By Net Passing Income (as at 18-Jul-29)	10.00 years	

### AREA & OCCUPANCY DETAILS

Weighted Lease Duration By Area -  
Weighted Lease Duration By Net Passing Income 20.00 years

### VALUATION RECONCILIATION

Market Capitalisation Approach	\$85,700,000
DCF Approach	\$86,100,000
Adopted Market Value	\$86,000,000
Initial Passing Yield	6.80%
Initial Passing Yield (After Abatements)	6.80%
Initial Passing Yield (Fully Leased)	6.80%
Equivalent Initial Yield	6.79%
Reversionary Yield	6.47%
Equivalent Market Yield	6.68%
Capital Value \$/m²	-
10 Year IRR	7.61%
7 Year IRR	7.31%
5 Year IRR	6.97%
3 Year IRR	6.34%
10 Year Average Cash on Cash (on Gross Investment Capital)	7.41%

### 10 YEAR DCF SENSITIVITY MATRIX

		Discount rate				
		8.10%	7.85%	7.60%	7.35%	7.10%
Terminal Yield	8.40%	80,955,517	82,284,251	83,643,317	85,033,518	86,455,681
	8.15%	82,083,078	83,438,224	84,824,384	86,242,380	87,693,059
	7.90%	83,282,009	84,665,239	86,080,207	87,527,758	89,008,758
	7.65%	84,559,308	85,972,457	87,418,117	88,897,154	90,410,457
	7.40%	85,922,917	87,368,006	88,846,432	90,359,083	91,906,872

### 10 YEAR IRR SENSITIVITY MATRIX

		Adopted Value				
		87,720,000	86,860,000	86,000,000	85,140,000	84,280,000
Terminal Yield	8.40%	6.88%	7.02%	7.17%	7.32%	7.48%
	8.15%	7.09%	7.24%	7.38%	7.54%	7.69%
	7.90%	7.31%	7.46%	7.61%	7.76%	7.91%
	7.65%	7.54%	7.69%	7.84%	7.99%	8.14%
	7.40%	7.78%	7.93%	8.08%	8.23%	8.38%

### CAPITAL EXPENDITURE SUMMARY

	10 Year Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Budgeted Capex	-	-	-	-	-	-	-	-	-	-	-
Total Sinking Fund	643,584	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673
Total Refurbishment Allowances	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	643,584	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673
Terminal Capital Expenditure Allowance	137,910	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure (incl. Allowances)	781,494	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673

### EXPENSE GROWTH

	10 Year CAGR	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CPI	2.12%	2.00%	2.00%	2.15%	2.25%	2.25%	2.25%	2.15%	2.15%	2.00%	2.00%
Statutory Expenses	2.12%	2.00%	2.00%	2.15%	2.25%	2.25%	2.25%	2.15%	2.15%	2.00%	2.00%
Operating Expenses	2.12%	2.00%	2.00%	2.15%	2.25%	2.25%	2.25%	2.15%	2.15%	2.00%	2.00%
Building Capex	2.12%	2.00%	2.00%	2.15%	2.25%	2.25%	2.25%	2.15%	2.15%	2.00%	2.00%
Adopted Outgoings	-	-	-	-	-	-	-	-	-	-	-

### INCOME GROWTH

	10 Year CAGR	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Industrial Market Rent Growth - Net	2.12%	2.00%	2.00%	2.15%	2.25%	2.25%	2.25%	2.15%	2.15%	2.00%	2.00%
Industrial Market Rent Growth - Gross	2.12%	2.00%	2.00%	2.15%	2.25%	2.25%	2.25%	2.15%	2.15%	2.00%	2.00%

### INDUSTRIAL

	Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expiry Profile	m²	-	-	-	-	-	-	-	-	-	-
Renewal Probability	%	-	50%	50%	50%	50%	50%	50%	50%	50%	50%
Downtime	months	-	-	-	-	-	-	-	-	-	-
Applied Downtime	months	-	-	-	-	-	-	-	-	-	-
Lease term	years	6	6	6	6	6	6	6	6	6	6
Gross Incentives	%	-	-	-	-	-	-	-	-	-	-
Incentive Probability	%	-	-	-	-	-	-	-	-	-	-
Applied Gross Incentives	%	-	-	-	-	-	-	-	-	-	-
Applied Incentives	months	-	-	-	-	-	-	-	-	-	-
Applied Leasing Costs	%	-	-	-	-	-	-	-	-	-	-
Applied Refurbishment Expiry Allowance	\$/m²	-	-	-	-	-	-	-	-	-	-
Net Market Rent (start of period)	\$/m²	-	-	-	-	-	-	-	-	-	-
Gross Market Rent (start of period)	\$/m²	-	-	-	-	-	-	-	-	-	-
Occupancy Rate (Weighted by Area)	%	-	-	-	-	-	-	-	-	-	-

	Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expiry Profile	-	-	-	-	-	-	-	-	-	-	-
Renewal Probability	%	-	-	-	-	-	-	-	-	-	-
Downtime	months	-	-	-	-	-	-	-	-	-	-
Applied Downtime	months	-	-	-	-	-	-	-	-	-	-
Lease term	years	-	-	-	-	-	-	-	-	-	-
Gross Incentives	%	-	-	-	-	-	-	-	-	-	-
Incentive Probability	%	-	-	-	-	-	-	-	-	-	-
Applied Gross Incentives	%	-	-	-	-	-	-	-	-	-	-
Applied Incentives	months	-	-	-	-	-	-	-	-	-	-
Applied Leasing Costs	%	-	-	-	-	-	-	-	-	-	-
Applied Refurbishment Expiry Allowance	\$/m²	-	-	-	-	-	-	-	-	-	-
Net Market Rent (start of period)	\$/m²	-	-	-	-	-	-	-	-	-	-
Gross Market Rent (start of period)	\$/m²	-	-	-	-	-	-	-	-	-	-
Occupancy Rate (Weighted by Area)	%	-	-	-	-	-	-	-	-	-	-

22/05/2019

5:09 p.m.

# Inghams Portfolio

Forbury Property Office & Industrial Valuation Model: Version 11.14.13.0



## Market Income

Sundry Income	-
Market Income	5,566,730
Add back Outgoings recovered in Net valuation	-
Gross Market Income	5,566,730
Less Adopted Outgoings	-
Less Ground Rent	-
<b>Net Market Income</b>	<b>5,566,730</b>
Less Vacancy Factor	-
<b>Net Income</b>	<b>5,566,730</b>

Market Capitalisation Rate	6.950%	6.700%	6.450%
<b>Core Capital Value (fully leased)</b>	<b>80,096,831</b>	<b>83,085,518</b>	<b>86,305,887</b>
Core Capital Value (\$/m <sup>2</sup> )	-	-	-

## Capital Value Adjustments

Present Value of Rental Reversions	2,715,739	2,765,184	2,816,130
Capital Value of Special Income	-	-	-
Capital Value of Other Adjustments	-	-	-
Outstanding Incentives	-	-	-
<b>Deferred Commencement Tenancies</b>			
Letting Up Allowances	-	-	-
Incentive Allowances	-	-	-
Leasing Costs Allowances	-	-	-
<b>Existing Vacancy Allowances</b>			
Letting Up Allowances	-	-	-
Incentive Allowances	-	-	-
Leasing Costs Allowances	-	-	-
-	-	-	-
<b>Imminent Expiry Allowances</b>			
Letting Up Allowances	24 months	-	-
Incentive Allowances	24 months	-	-
Leasing Costs Allowances	24 months	-	-
Refurbishment Allowances	24 months	-	-
<b>Capital Expenditure</b>			
Budgeted Capital Expenditure	24 months	-	-
Capital Sinking Fund Allowance	24 months	(112,710)	(112,710)
<b>Total Capital Value Adjustments</b>	<b>2,603,029</b>	<b>2,652,474</b>	<b>2,703,420</b>

<b>Capitalised Value</b>	<b>82,699,860</b>	<b>85,737,993</b>	<b>89,009,307</b>
Capitalised Value (\$/m <sup>2</sup> )	-	-	-

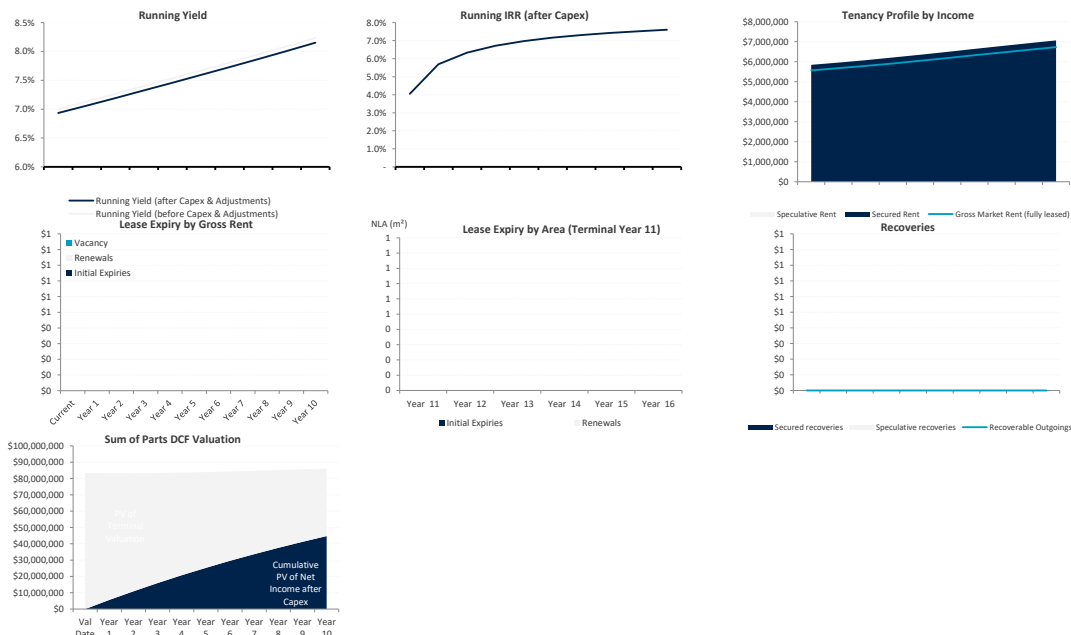
Rounded Market Capitalisation Value	82,700,000	85,700,000	89,000,000
Rounded Capitalised Value (\$/m <sup>2</sup> )	-	-	-
Resultant Yield	6.73%	6.50%	6.25%

## Adopted Value

Initial Passing Yield	<b>86,000,000</b>
Initial Passing Yield (Fully Leased)	6.80%
Equivalent Initial Yield	6.80%
Equivalent Market Yield	6.79%
Capital Value (\$/m <sup>2</sup> )	6.68%

Inghams Portfolio	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Base Passing Rent										
Car Parking	-	-	-	-	-	-	-	-	-	-
Base Passing Rent	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Base Passing Rent										
Secured rent	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Speculative rent	-	-	-	-	-	-	-	-	-	-
Base Passing Rent	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Recoveries										
Secured recoveries	-	-	-	-	-	-	-	-	-	-
Speculative recoveries	-	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-	-	-
Other Income										
Sundry Income	-	-	-	-	-	-	-	-	-	-
Special Income	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
Total Income	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Outgoings										
Statutory expenses	-	-	-	-	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-	-	-	-
Ground Rent	-	-	-	-	-	-	-	-	-	-
Non-recoverable expenses	-	-	-	-	-	-	-	-	-	-
Outgoings	-	-	-	-	-	-	-	-	-	-
Net Income (fully leased)	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Vacancy Factor	-	-	-	-	-	-	-	-	-	-
Net Income	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Allowances										
Outstanding Incentives	-	-	-	-	-	-	-	-	-	-
Future Incentives	-	-	-	-	-	-	-	-	-	-
Leasing Costs	-	-	-	-	-	-	-	-	-	-
Allowances	-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure	5,846,906	5,961,410	6,080,661	6,210,653	6,349,876	6,492,748	6,638,818	6,782,104	6,927,893	7,067,314
Capital Expenditure										
Budgeted Capex	-	-	-	-	-	-	-	-	-	-
Sinking Fund	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673
Refurbishment on Expiry	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673
Net Income after Capital Expenditure	5,788,437	5,901,796	6,019,854	6,148,546	6,286,377	6,427,821	6,572,430	6,714,283	6,858,614	6,996,641
Terminal Valuation (Start Year 11)										
Gross Market Income										6,866,033
Less Adopted Outgoings										6,866,033
Net Market Income										-
Less Vacancy Factor										-
Net Income										6,866,033
Discount Rate										7.600%
Terminal Capitalisation Rate										7.900%
Core Capital Value (fully leased)										86,911,810
Present Value of Rental Reversions										1,002,618
Capital Value of Special Income										-
Capital Value of Other Adjustments										-
Outstanding Incentives										-
Deferred Commencement Tenancies										-
Letting Up Allowances										-
Incentive Allowances										-
Leasing Costs Allowances										-
Existing Vacancy Allowances										-
Letting Up Allowances										-
Incentive Allowances										-
Leasing Costs Allowances										-
Imminent Expiry Allowances										-
Letting Up Allowances		24 months								-
Incentive Allowances		24 months								-
Leasing Costs Allowances		24 months								-
Refurbishment Allowances		24 months								-
Capital Expenditure										-
Budgeted Capital Expenditure		24 months								-
Capital Sinking Fund Allowance		24 months								-
Capital Value Adjustments										(137,910)
Capitalised Value										864,709
Disposal Costs @ 2.00%										87,776,519
Net Sale Proceeds										(1,755,530)
Sum of Discounted Cash Flows										86,020,988
Present Value of Terminal Value										44,729,617
NPV (before acquisition costs)										41,350,590
Less Acquisition Costs @ 0.00%										86,080,207
NPV (after acquisition costs)										-
Rounded NPV										86,080,207
Running Yield *	10 yr avg 7.53%	6.93%	7.06%	7.19%	7.32%	7.46%	7.59%	7.73%	7.87%	8.01%
Running Yield (before Capex & Adjustments)	10 yr avg 7.61%	7.00%	7.13%	7.27%	7.40%	7.53%	7.67%	7.81%	7.95%	8.09%
Running Yield (after Capex & Adj.) over Gross Investment Capital	10 yr avg 7.41%	6.73%	6.86%	7.00%	7.15%	7.31%	7.47%	7.64%	7.81%	7.98%
Running IRR		4.05%	5.69%	6.34%	6.72%	6.97%	7.17%	7.31%	7.43%	7.52%

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



# Inghams Portfolio

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TENANCY DETAILS					LEASE TERMS AND REVIEW INFORMATION						PASSING RENTALS			MARKET RENTALS		
2 Banks Road	Industrial	Industrial	-	-	25.0	18-Jul-14	18-Jul-39	18-Jul-20	CPI	20.0	Net	428,978.06	-	420,000	-	59,579
903 Leslie Road	Industrial	Industrial	-	-	25.0	18-Jul-14	18-Jul-39	18-Jul-20	CPI	20.0	Net	993,602.39	-	943,922	-	496,214
Pohlen Road	Industrial	Industrial	-	-	25.0	18-Jul-14	18-Jul-39	18-Jul-20	CPI	20.0	Net	625,391.41	-	594,122	-	312,326
Waiheke Road	Industrial	Industrial	-	-	25.0	18-Jul-14	18-Jul-39	18-Jul-20	CPI	20.0	Net	3,204,359.06	-	3,044,141	-	1,600,287
Mowbray Road	Industrial	Industrial	-	-	25.0	18-Jul-14	18-Jul-39	18-Jul-20	CPI	20.0	Net	191,935.83	-	182,339	-	95,855
Okauia Springs Road	Industrial	Industrial	-	-	25.0	18-Jul-14	18-Jul-39	18-Jul-20	CPI	20.0	Net	402,321.55	-	382,205	-	200,923
Total			-	-								5,846,588.31	-	5,566,730	-	2,765,184

## By Renewal Type

Industrial	-	-								20.0		5,846,588	-	5,566,730	-	2,765,184
Car Parking	-	-								-		-	-	-	-	-
<b>Total</b>	-	-	-	-								<b>5,846,588</b>	<b>-</b>	<b>5,566,730</b>	<b>-</b>	<b>2,765,184</b>

\* Remaining Term (years) represents sub-totals for selected tenants weighted by Net Market Income

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# Inghams Portfolio

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**BAYLEYS**

## INCOME ASSESSMENT

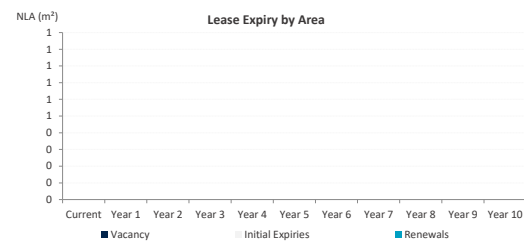
Occupied Areas	Passing		Market		% Market	Variance
Industrial	\$5,846,588	-	\$5,566,730	-	100.0%	5.0%
Car Parking	-	\$0/bay	-	\$0/bay	-	-
Sundry Income	-	-	-	-	-	-
Outgoings Recoveries	-	-	-	-	-	-
Gross Income	\$5,846,588	-	\$5,566,730	-	100.0%	5.0%
Vacant Tenant Areas (Gross)	-	-	-	-	-	-
Vacant Car Parking	-	\$0/bay	-	\$0/bay	-	-
Vacant Other	-	-	-	-	-	-
Gross Income (fully leased)	\$5,846,588	-	\$5,566,730	-	-	5.0%
Statutory Expenses	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-
Non-recoverable Expenses	-	-	-	-	-	-
Less Outgoings	-	-	-	-	-	-
Net Income (fully leased)	\$5,846,588	-	\$5,566,730	-	-	5.0%
Less Vacancy Factor	-	-	-	-	-	-
Net Income	\$5,846,588	-	\$5,566,730	-	-	5.0%

## MAJOR TENANTS

	Net Passing		Net Market		% Market	Variance
Waihekau Road	\$3,204,359	-	\$3,044,141	-	54.7%	5.3%
903 Leslie Road	\$993,602	-	\$943,922	-	17.0%	5.3%
Pohlen Road	\$625,391	-	\$594,122	-	10.7%	5.3%
2 Banks Road	\$428,978	-	\$420,000	-	7.5%	2.1%
Okauia Springs Road	\$402,322	-	\$382,205	-	6.9%	5.3%
Mowbray Road	\$191,936	-	\$182,339	-	3.3%	5.3%
Sundry Income		-		-	-	-
Net Income	\$5,846,588	-	\$5,566,730	-	100.0%	5.0%

## AREA SUMMARY

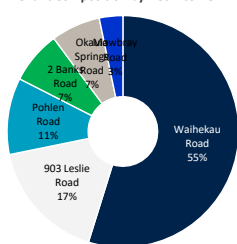
	Car Spaces	NLA (m²)	%	Occupied (m²)	Vacant (m²)	Vacant %
Industrial	-	-	-	-	-	-
Car Parking	-	-	-	-	-	-
<b>Total NLA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## AREA SUMMARY

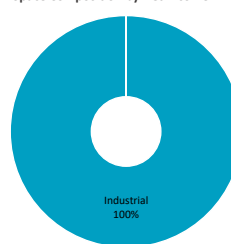
	# Tenants	NLA (m²)	%
Waihekau Road	1	-	-
903 Leslie Road	1	-	-
Pohlen Road	1	-	-
2 Banks Road	1	-	-
Okauia Springs Road	1	-	-
Other tenants	1	-	-
Sundry Income	-	-	-
<b>Total NLA</b>	<b>6</b>	<b>-</b>	<b>-</b>

Tenant Composition by Net Income



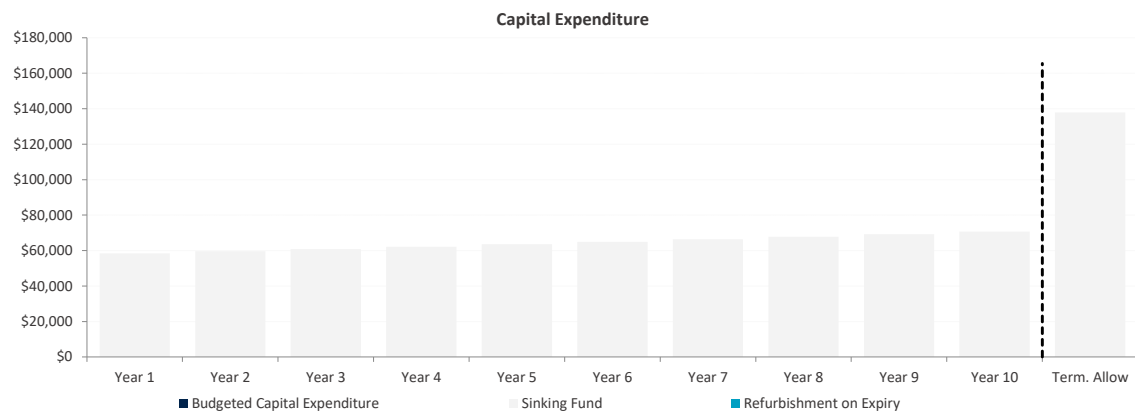
Tenant Composition by NLA

Space Composition by Net Income



Space Composition by NLA

Inghams Portfolio	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital Expenditure										
Sinking Fund	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673
Refurbishment on Expiry	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	58,469	59,614	60,807	62,107	63,499	64,927	66,388	67,821	69,279	70,673
Total 10 year capital expenditure										643,584
Total 10 year capital expenditure (\$/m²)										-
Terminal Valuation (Start Year 11)										
Budgeted Capital Expenditure										-
Sinking Fund (24 mths)										137,910
Refurbishment on Expiry (24 mths)										-
Terminal Value Capital Expenditure Allowances										137,910
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances)										781,494
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - \$/m²										-



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