



Valuation Report

Westend Industrial Park

116-152 Swanson Road, Henderson, Auckland

31 October 2018

Augusta Industrial Fund Limited (or its subsidiaries)

This valuation has been prepared for Augusta Industrial Fund Limited (or its subsidiaries) for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising and Mortgage Security and ASB Bank Limited for Mortgage Security purposes only.



Executive Summary

Westend Industrial Park - 116-152 Swanson Road, Henderson, Auckland



The subject property is located in the Waitakere City suburb of Henderson along the western alignment of Swanson Road, approximately one kilometre north-west of its juncture with Lincoln Road. The land holding comprises a near regular shaped front lot comprising a total area of approximately 5.6033 hectares, with extensive frontage to Swanson Road of approximately 192 metres. The site is improved with a significant industrial building comprising high stud and medium stud warehousing. The property was originally developed in 1973, with an extension completed in 1987.

More recently in 2012 the warehouse was extensively refurbished and divided into separately tenable areas. Additionally, a new office block was constructed at the front of the Blue Star tenancy and a freestanding design-built warehouse to the northern corner of the site.

Improvements are set back from the road occupying a rear position on the site with the Caprice building located at the northern corner. Access is provided by way of multiple vehicular crossings from Swanson Road. Those areas of the site not occupied by improvements have been asphalt sealed to provide for demarcated car parking to the Swanson Road frontage, site circulation and yard storage areas.

The property is currently leased by 5 tenants with a remaining WALT of approximately 4.48 years by income as at the date of valuation.

Valuation

Prepared For	Augusta Industrial Fund Limited (or its subsidiaries)
Additional Parties	Augusta Industrial Fund Limited (or its subsidiaries), Ernst & Young, ASB Bank Limited, Westpac New Zealand Limited, Bank of New Zealand.
Valuation Purpose	Market Valuation for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising and Mortgage Security and Mortgage Security
Date of Valuation	31 October 2018
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Light Industry Zone - Auckland Unitary Plan Operative in part (15 November 2016)
Tenure	Freehold – Computer Freehold Register 635532
Interest Valued	100% Freehold Interest
Market Value	\$34,850,000 plus GST (if any)
Surplus Land Value	\$1,510,000 plus GST (if any)
Adopted Value	\$36,360,000 plus GST (if any)

Property Particulars

Net Lettable Area	Total	26,755 sqm
Site Area		56,033 sqm

Financial Summary

Gross Passing Income	\$2,789,497	(\$104 /sqm)
Gross Market Income	\$2,846,719	(\$106 /sqm)
Adopted Outgoings	\$314,000	(\$12 /sqm)
Net Passing Income	\$2,475,497	(\$93 /sqm)
Net Market Income	\$2,532,719	(\$95 /sqm)
Weighted Average Lease Term (by Income)		4.45 years
Weighted Average Lease Term (by Area)		4.50 years

Cap Approach Assumptions

Adopted Cap Rate	7.13%
Discount Rate (PV of Adjustments)	7.13%
Discount Rate (Other Income)	8.50%
Allowances for Expiries Occurring within	24 months

DCF Approach Assumptions

Discount Rate	8.50%
Terminal Yield	7.38%
Adopted Lease Term (Prime Office)	6.0 years
Adopted Lease Term (Prime Retail)	6.0 years

Allowances for Capex Occurring within	24 months	Weighted Rental Growth (Avg. 10yr)	2.85%
Market Income Capitalisation	\$34,860,000	CPI (Avg. 10yr)	2.02%
Passing Income Capitalisation	\$34,870,000	Value based on DCF Approach	\$34,870,000

Valuation Analysis

Equivalent Yield	7.13%	Rate/sqm of NLA	\$1,303/sqm
Initial Yield (Net Passing Income)	7.10%	Internal Rate of Return (10 year)	8.50%
Initial Yield (Notional Fully Leased Income)	7.10%		

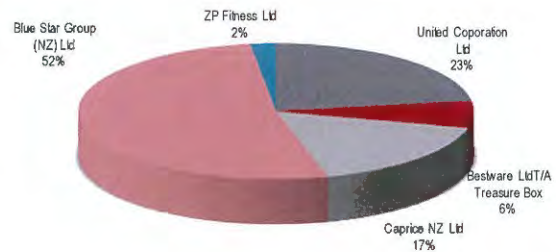
Financial Details & Critical Analysis

Tenancy Overview

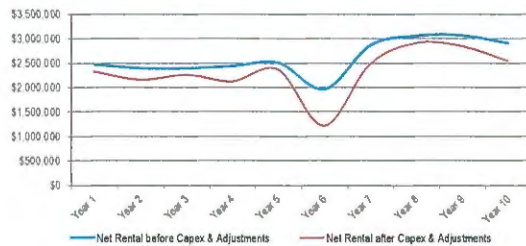
Tenant	Net Income	Area (sqm)
United Coporaton Ltd	\$508,106	6,052
Bestware LtdT/A Treasure Box	\$147,088	1,707
Caprice NZ Ltd	\$465,681	4,491
Blue Star Group (NZ) Ltd	\$1,258,695	13,946
ZP Fitness Ltd	\$95,928	559
Total	\$2,475,497	26,755

Note: Income above excludes Other Income

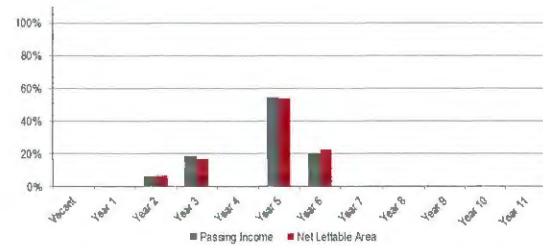
Tenant by Lettable Area



Projected Net Cash Flow



Lease Expiry Profile



Valuers

Wouter Robberts SPINZ, ANZIV, MRICS
Registered Valuer - National Director
+64 9 363 0204
wouter.robberths@ap.jll.com

Isabelle Hoy BProp/BCom
Valuer
+64 9 363 0309
isabelle.hoy@ap.jll.com

Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- The valuation is current as at the date of valuation only, being 31 October 2018. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Certificate of Title as searched. In certain cases, physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtained verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Unless otherwise stated all currencies within this report are in New Zealand Dollars.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
- A reliant party can only rely on this valuation if received directly from JLL without any third party intervention.

Table of Contents

1	Introduction	8
1.1	Instructions	8
1.2	Valuation and Inspection Dates	9
1.3	Basis of Valuation	9
1.4	Relevant Valuation Standards & Disclosures	10
1.5	Information Sources	10
1.6	Specific Assumptions	10
2	Property Description	11
3	Land Particulars	12
3.1	Location	12
3.2	Title Particulars	13
3.3	Site Details	14
3.4	Resource Management	15
3.5	Rateable Value	16
3.6	Environmental Issues	16
3.7	Heritage	16
4	Improvements	17
4.1	Overview	17
4.2	Construction	17
4.3	Accommodation	18
4.4	Lettable Areas	20
4.5	Condition and Repair	20
4.6	Earthquake Strengthening Requirements	21
5	Property Income and Expenditure	22
5.1	Tenancy Overview	22
5.2	Major Lease Summaries	22
5.3	Building Income Analysis	26
5.4	Weighted Average Lease Term and Expiry Profile	26
5.5	Building Outgoings and Recoveries	27
5.6	Income Analysis	27
6	Market Commentary	28
6.1	Inflation and Interest Rates	29
6.2	Population and Migration	30
6.3	Employment	31
6.4	Business profits	31
6.5	Currency	31
6.6	Market Drivers: Industrial	31
6.7	Auckland Industrial Market Summary	32
7	Leasing Evidence	35
7.1	Industrial Leasing Evidence	35
7.2	Market Rental Profile	40
7.3	Net Income Assessment	40
8	Sales Evidence	41
8.1	Sales Transactions	41
8.2	Land Sales Transactions	44
9	Valuation Considerations	45
9.1	SWOT Analysis	45
9.2	Likely Selling Period	45

9.3	Most Probable Purchaser	45
9.4	Sales History	45
10	Valuation Rationale	46
10.1	Valuation Overview	46
10.2	Valuation Criteria	46
10.3	Capitalisation Approach	46
10.4	Discounted Cash Flow Approach	48
10.6	Valuation Reconciliation	51
11	Valuation	52
11.1	Mortgage Security Recommendation	52
11.2	Market Value Apportionment	52

Appendices

Valuation Definitions

Computer Interest Register

Valuation Calculations

1 Introduction

1.1 Instructions

We refer to instructions from Augusta Industrial Fund Limited requesting that we undertake a market valuation of the freehold interest of 116-152 Swanson Road, Henderson, Auckland (the Subject/Property), as at 31 October 2018 for and on behalf of Augusta Industrial Fund Limited (or its subsidiaries). We understand that the valuation is to be relied upon for Prospective investors (on a non-reliance basis) in that company, Financial Reporting, Capital Raising and Mortgage Security purposes only.

Our report has been prepared in accordance with the current Australia and New Zealand Property Institute's Valuation Standards, International Valuation Standards and the instructing parties valuation brief, and we confirm that the prime signatory:

- is independent of both the Instructing Party and Report Recipient;
- is authorised, under The Valuers Act 1948 to practise as a Valuer;
- is suitably registered and qualified to carry out valuations of such property;
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property;
- has satisfied professional education requirements and has experience in the location and category of property being valued or where applicable, has sought the advice of suitably qualified professionals who hold locational expertise; and
- has made a personal inspection of the property.

Furthermore, we confirm:

- the statements of fact presented in the report are correct to the best of the Valuers knowledge;
- the analyses and conclusions are limited only by the assumptions and conditions which follow within this report;
- the firm, Jones Lang LaSalle and the undersigned Valuers do not have a direct or indirect pecuniary interest in the subject property;
- the professional fee charged in relation to this assignment has not been contingent upon any aspect of this report;
- the valuation contained herein has been performed in accordance with PINZ / NZIV Codes of Ethics and Conduct;

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

- **Augusta Industrial Fund Limited (or its subsidiaries)** as managers
Attention: Mark Francis
PO Box 37953
Parnell,
Auckland
- **ASB Bank Limited** as lenders and security trustees
Attention: Matthew Brown
- **Ernst & Young**
- **Westpac New Zealand Limited**
- **Bank of New Zealand Limited**

This report has been prepared for Augusta Industrial Fund Limited (or its subsidiaries) for inclusion in the annual accounts effective 31 March 2018 and can be relied upon for that purpose by the auditors.

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any

communication with third parties without our prior written approval of the form and context in which it will appear. Furthermore, this report can only be relied upon when the given party has received the report directly from JLL.

1.2 Valuation and Inspection Dates

The key Dates which are relevant for our valuation are shown in the table below:

	Dates
Date of Valuation	30 September 2018
Date of Inspection	14 September 2018
Date of Preparation of Report	26 September 2018

We advise that we have been instructed to value the property as at 30 September 2018, which is our date of valuation. Our assessment assumes that there is no material change to the property or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuation if there are material changes to either the property or the market over this period.

Our Letter of Instruction is annexed to this report. We report as follows:

1.3 Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

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

Fair Value

The International Valuation Standards, International Financial Reporting Standards and other accounting standards define fair value as follows, this being generally synonymous with the concept of Market Value-

‘...Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.’

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value or other advantages or benefit additional to market value, to the buyer incidental to ownership of the property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Included within this valuation are lessor-owned items of building fixtures, fittings, plant and equipment. These items exclude all movable equipment, furniture, furnishings and tenant owned fit-out and improvements.

1.4 Relevant Valuation Standards & Disclosures

The valuations contained herein have been completed in accordance with current Australia and New Zealand Valuation and Property Standards, and in particular with:

- IVS (International Valuation Standards 2017) Framework and General Standards
- NZVGN 1 – Valuations for Use in New Zealand Financial Reports
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 2 – Valuations for Mortgage & Loan Security Purposes
- New Zealand Equivalent to International Accounting Standard 40 – Investment Property (New Zealand IAS40)
- IFRS 13 – Fair Value Measurement

1.5 Information Sources

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

- Certificate of Title particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority;
- Sales and leasing data from various industry sources, including sales and leasing real estate agents;
- Market research and forecasts from JLL Research; and
- Lease documentation, building areas, income and expenditure report, tenancy schedule and budgets supplied by the instructing party or managing agent.

Our valuation is based on a significant amount of information which is sourced from the instructing party or managing agent and other third parties, including but not limited to tenancy schedules, operating cost budgets, title, site, environmental and planning documents. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed by our client or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

1.6 Specific Assumptions

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

- The early termination noted with the Deed of Lease for Caprice Limited, whereby the tenant may terminate the lease on the 6th and 9th anniversary of the commencement date by providing twelve (12) months' prior written notice to the landlord, we have concluded our calculation that the tenant will terminate the Deed of Lease on the 9th anniversary.
- The landlord and all the tenancies have acknowledged that there may be existing contamination of the premises at the time of signing the lease, caused by the previous use of the premises as a service station and/or residual pesticide contamination. The parties agree that any remediation works in relation to the contamination will be carried out by the landlord at its own cost and that the tenant shall have no liability to the landlord with respect to the pre-existing contamination. We have concluded our assessment on the basis that the subject sites are free of any contamination and should any future contamination reports differ, we reserve the right to amend our report accordingly.
- We have been provided with an Asbestos Register and Management Plan report completed by KPMG SGA Property Consultancy Ltd dated 6 October 2017, which indicates potential asbestos containing fibrous materials located within the Sharp Serviette and Webstar buildings. No immediate action is recommended or required for these areas or items, although ongoing management, including maintaining the materials in their current condition and reinspection every 5 years or sooner should the materials be removed, disturbed, sealed or enclosed.

2 Property Description

The subject property is located in the Waitakere City suburb of Henderson along the western alignment of Swanson Road, approximately one kilometre north-west of its juncture with Lincoln Road. The land holding comprises a near regular shaped front lot comprising a total area of approximately 5.6033 hectares, with extensive frontage to Swanson Road in the order of 192 metres.

The site is improved with a significant industrial building comprising high stud warehousing with basic amenities and offices. The property was originally developed in 1973, with an extension completed in 1987.

More recently the property has been extensively refurbished and modernised and divided into separate tenantable areas. A new office pod was constructed in 2012 providing head office facilities for Blue Star.

Additionally, a freestanding purpose built warehouse is located along the north-eastern corner of the site providing modern high stud warehousing which was completed at the end of 2011.

Presentation of the overall property is to a high standard albeit of a dated nature.



3 Land Particulars

3.1 Location

The subject property is located on the western alignment of Swanson Road, Waitakere. Swanson Road is a main vehicular thoroughfare linking the suburbs with the Henderson commercial precinct. Access to the North-Western motorway is provided via ingress and egress points, within close proximity to the subject, on Lincoln Road. Auckland City is situated approximately 18.7 kilometres to the east in normal traffic flow.

The immediate locality comprises a mix of residential and industrial activity with more intense retail and commercial uses together with vineyards and medical facilities (including Waitakere Hospital) situated along Lincoln Road. Surrounding residential localities provide a stable source of both skilled and unskilled labour. All normal services and utilities are reticulated for the area.

In summary, the property is located in the suburb of Henderson bordering Ranui, offering good access to the north-western motorway, public transportation and access to both skilled and unskilled labour.

The following map identifies the approximate location of the Property:



Source: Google Maps

3.2 Title Particulars

Title Reference:	635532
Tenure:	Freehold
Legal Description:	Lot 2 Deposited Plan 470382
Area:	5.6033 hectares more or less
Registered Proprietor(s):	Westend Industrial Park Nominees Limited
Encumbrances:	<p>The Certificate of Title details the following encumbrances:</p> <ul style="list-style-type: none">• 9247223.3 Mortgage to ASB Bank Limited – 30.11.2012• Subject to a right of way over part marked A and a right to convey sewage over part marked C and a right to convey electricity, gas, water, telecommunications and computer media over parts marked B, C & D on DP 470382 created by Easement Instrument 9630684.3 – 7.4.2014• The easements created by Easement Instrument 9630684.3 are subject to Section 243 (a) Resource Management Act 1991

Source: Land Information New Zealand

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

Our valuation is made on the basis that the Property is free of any further unregistered encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value.

3.3 Site Details

The land holding comprises a near regular shaped front lot comprising a total area of approximately 5.6033 hectares with extensive frontage to Swanson Road of approximately 192 metres. Improvements fall towards the rear of the site with access provided by way of two separate vehicular crossings from Swanson Road.

A portion of surplus land to the rear of the Caprice building, along the north-western border of the property provides future development / expansion options with services already provided to this component of the site.

Areas not occupied by improvements have been asphalt sealed to provide for significant demarcated car parking to the Swanson Road frontage, together with yard access and manoeuvring areas.

Further grassed and landscape areas provide for additional amenity. Boundaries are delineated by way of cyclone style wire security fencing with security gates to each of the ingress / egress points. Contour is essentially level although there is a slight cross fall in an east to west direction across the site.

Site Area:	Total Area:	5.6033 hectares
------------	-------------	-----------------



Source: Emap

3.4 Resource Management

Local Authority: Auckland Council

Planning Instrument: Auckland Unitary Plan Operative in part (15 November 2016)

Light Industry Zone

This zone provides for light industrial activities that do not generate objectionable odour, dust or noise emissions. This includes light manufacturing, production, logistics, storage, transport and distribution activities. Due to the industrial nature of the zone, activities to air discharges are generally not provided for.

Objectives:

- Light industrial activities locate and function efficiently within the zone.
 - The establishment of activities that may compromise the efficiency and functionality of the zone for industrial activities is avoided.
 - Adverse effects on amenity values and the natural environment, both within the zone and on adjacent areas, are managed.
 - Development avoids, remedies or mitigates adverse effects on the amenity of adjacent public open spaces and residential zones.
-

Development Controls:

The Light Industry zone provides for a range of light industrial activities to locate in the zone and avoids activities that do not support the primary function of the zone, with limited office, retail, and residential uses permitted.

Building Height (subject to Height Variation Control):

- Must not exceed 20 metres, unless otherwise specified in the Height Variation Control on the planning maps.

Height in relation to boundary:

- Buildings must not project beyond a 35 degree recession plane measured from a point 6 metres vertically above ground level along the boundary of residential, open space or special purpose boundary.

Yards:

- Front: 2 metres. Yards are not required for internal roads or service lanes
- Rear: 5 metres, where the rear boundary adjoins a residential zone, an open space zone or special purpose zone
- Side: 5 metres, where the side boundary adjoins a residential zone, an open space zone or special purpose zone
- Riparian: 10 metres from the edge of permanent and intermittent streams
- Lakeside: 30 metres
- Coastal protection yard: 25 metres

Maximum impervious area:

- Must not exceed 10 per cent of the riparian yard

Permitted activities include, but are not limited to: industrial and rural activities, worker's accommodation – one per site, service stations, dairies, drive-through restaurants, show homes, food and beverage services, garden centres, motor vehicle sales, marine retail, trade suppliers, and emergency services. Office, retail and tertiary education services that are accessory to an industrial activity are also permitted. In terms of development controls, the Light Industry zone permits the construction, additions and alterations to buildings, and the demolition of buildings.

Due to the industrial nature of the zone, sensitive activities such as community facilities exceeding 450 square metres, dwellings, integrated residential accommodation, and office or retail activities that are not related to the predominant use on-site are non-complying.

Overlays: Natural Heritage: Notable Trees Overlay - 1956, Peppermint gum

Controls: Macroinvertebrate Community Index – Urban, Stormwater Management Area Control - Flow 2

The existing improvements would appear to comply with the resource management requirements of the site. Further we have assumed that the property benefits from existing use rights or has an applicable Resource Consent.

3.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 July 2017, being Assessment Number 33030/15801, is as follows:

Land Value	\$8,250,000
Improvements Value	\$17,100,000
Capital Value	\$25,350,000

Capital Value, defined by S2(1) Rating Valuations Act 1998, is the sum that the owner's estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require.

We note however that rating valuations do not take account of a number of key issues affecting value, and are often assessed on an indexed or kerb-side basis. Accordingly, market and rating values may vary significantly.

3.6 Environmental Issues

During the course of our inspection we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems and we have not sighted an Environmental Audit.

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

3.7 Heritage

We have not undertaken any formal heritage searches; the property is not notified on the District Plan as being a heritage structure and our valuation is made on the assumption that there are no heritage issues relating to the Property. If any heritage issues are found to relate to the Property, we reserve the right to review our valuation.

4 Improvements

4.1 Overview

The site is currently improved with a significant industrial building comprising high stud warehousing that was originally developed in 1973 with a significant extension completed in 1987.

More recently the property has been the subject of major refurbishment allowing division of the original factory into separately tenantable areas. A single level office block to the front of the Blue Star tenancy was completed in 2012 and we note a portion of the former amenity block has been converted into a gym occupied by Anytime Fitness.

A purpose built freestanding warehouse was also completed at the end of 2011 to the front, northern corner of the site providing modern, high stud warehousing.



4.2 Construction

We briefly outline construction details to the building as follows:

Structure:	Steel portal framing to the warehousing with concrete masonry blocks to the existing offices.
External Walls:	To the warehouse, consists long run galvanised mild steel (over concrete blocks in parts), with precast concrete tilt-slab panels to the eastern elevation. Existing amenities component comprises predominantly concrete block walls.
Internal Walls:	Concrete wall partitioning to the warehouses with a mixture of concrete block and plasterboard partitioning walls to the existing offices.
Roof:	Long run profiled metal.
Lighting:	High output incandescent bulbs to the warehouse supplemented by translucent panel inserts to the roof, with a mixture of recessed and ceiling mounted fluorescent tube lighting to the offices.
Windows and doors:	Powder coated aluminium joinery.

4.3 Accommodation

Office & Amenities:

Original offices present to a basic standard comprising painted plaster and or particle board lined walls with carpet floor covering. Lighting is by way of predominantly fluorescent tubes.

Amenities provide, once again, a basic level of accommodation comprising staff kitchenette facilities, male and female ablutions. Construction comprises concrete block walls, vinyl floor coverings and suspended grid panel ceiling with lighting provided predominantly via recessed fluorescent tubes.



Webstar Office Extension:

Offices comprise open plan office over single level with ablution and toilet facilities for men and women and disabled amenity.

Exterior wall linings to the perimeter walls are of Alucabond panelling. Internal linings to the open plan office, amenities and toilet areas are timber framing with plasterboard lined walls and insulation along the exterior walls. Joinery comprises powder coated aluminium joinery.

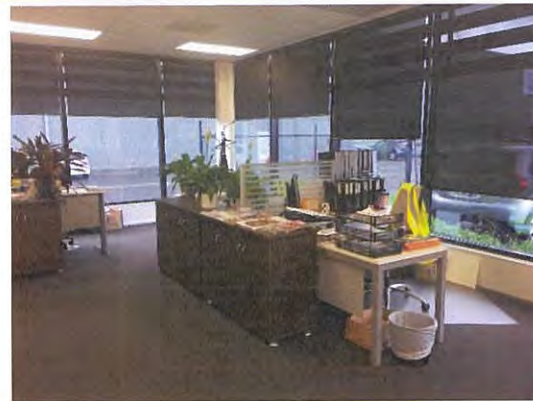
Ceilings in the offices and amenities building comprises pre-finished aluminium grid suspended ceilings with Rocfibre infill tiles with a floor to ceiling height of 2.85 metres.

Separate male and female ablutions are provided and have WC units, hand basins and associated fittings.

Floor coverings are vinyl in all toilet and wet areas with commercial grade broadloom direct stick carpet to office areas. Selected ceramic tiles laid in the entry area.

The office space is air conditioned by ducted split system, with extract ventilation to all ablution areas. Fire protection provided by way monitored sprinkler system.

New warehouse offices are provided on a plasterboard partitioned and lined basis with carpets and suspended grid panel ceilings and ducted air-conditioning. Lighting is provided by way of recessed fluorescent tubes.



Original Warehouse:

Warehouse accommodation is provided via two main structures divided into separate bays consisting of predominantly high stud warehousing facilities. Both warehouse buildings provide column interrupted space between bays. Stud height within the high stud bays rises from approximately 9.5 metres at the portal knee to a central apex of 12.82 metres. Stud height to the apex is approximately 10.12 metres and approximately 6.7 metres within the medium stud bays.

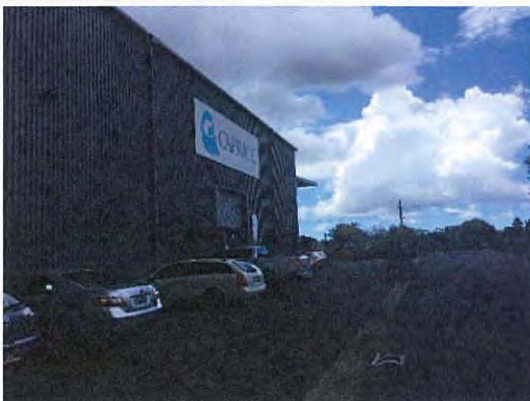
Access to the warehouse is provided by way of multiple roller doors along the eastern, western and northern alignments. A fully enclosed and secure rail siding is attached to the rear of the warehouse.

Although construction is somewhat dated, having been developed circa 1970, the warehouse accommodation presents to a good standard, having been extensively refurbished in 2012, with no evidence of any significant maintenance or capital expenditure requirements upon inspection.



Caprice Warehouse:

Warehouse construction comprises concrete flooring, RSJ steel portal framing with long run metal walls and roofing. Roofing underlay consists of insulation on galvanized safety netting and timber batons. Single width translucent sheeting is provided to the roof in five locations across the building. Access to the warehouse structure is provided by way of three owner operated powder coated doors (approximately 4.0 metres wide by 5.0 metres high), together with conventional personnel doors for fire egress purposes. Lighting is provided by way of high output incandescent bulbs for the warehouse and canopy, with a clear distance to canopy lights to be a minimum of approximately 6.0 metres.



Additional Site Development:

To the northern periphery of the aggregate land holding at the Swanson Road frontage is a rectangular shape surplus land component that is currently presented in grassed planting. We understand that this area of the property has been fully serviced in anticipation of STA's previous expansion plans, although these never came to fruition. This land component provides a level building platform and therefore minimal site works will be required in order to prepare this for future development.



4.4 Lettable Areas

The Property's total Net Lettable Area (NLA) is approximately 26,755 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Manufacturing	9,082
Inwards Goods	885
Offices & Amenities	920
Canopy	1,118
Expansion Warehouse	2,325
Digital Print Shop	600
Warehouse	11,266
Gymnasium	559
Total NLA	26,755 square metres

4.5 Condition and Repair

We inspected the interior and exterior of the property. The building appears to have been well maintained with no significant deferred maintenance requirements evident.

Our valuation has had regard to the apparent state of repair and condition of the Property; however, we were not instructed to carry out a structural survey or to test any of the services available to the Property. We are therefore unable to report that the Property is free from further defect and we have assumed that no deleterious material was used in the construction.

We note that the building has several features that impose a requirement to obtain an annual Building Warrant of Fitness. We are able to confirm that we have sighted a current Warrant of Fitness current through to 13/7/2019.

4.6 Earthquake Strengthening Requirements

Building regulations relating to a buildings expected performance in an earthquake have remained largely unchanged since the Building Act 2004 and associated building standard AS/NZS1170.5:2004. This required as a general guide, that buildings with a seismic strength that is less than 33% of the New Building Standard (NBS) are deemed 'earthquake prone'.

Buildings that have an assessed strength greater than 33% but less than 66% of the noted standard are classified 'earthquake risk'.

From 1 July 2017 the Building (Earthquake-prone Buildings) Amendment Act 2016 has been in force, which:

- Categorises New Zealand into three seismic risk areas based on a Z factor rating system as identified on the map below.
- Sets time frames for identification and correction of risk.



Risk Area	TA's to Identify Potential Earthquake-Prone Buildings within		Owners must Strengthen or Demolish Earthquake-Prone Buildings within	
	Priority	Other	Priority	Other
High	2 ½ years	5 years	7 ½ years	15 years
Medium	5 years	10 years	12 ½ years	25 years
Low	n/a	15 years	n/a	35 years

- Introduces a national Earthquake Prone Building Register <https://epbr.building.govt.nz/>.

We have been made aware of the following information and given it consideration in completing our assessment:

Date built	1970's and 1980's
Risk Zone	Low
NBS Rating	Unconfirmed
Assessment Type	Unconfirmed
Assessment Date	Unconfirmed
Assessment Completed by:	Unconfirmed

We are not qualified to undertake a structural survey of the property, however have proceeded based on the information available, and the likely responses from market participants or regulatory entities in relation to that information for the impact Earthquake issues may have on the value of the property.

We note there may be instances where a building has been classified as not being earthquake prone under the Building Act, however is still unable to be insured. We strongly recommend all affected parties (building owners, lenders and occupiers) seek clarification on the insurability of the subject building. In the event that such investigation reveals that insurance cover is not able to be obtained then we reserve the right to revisit and if necessary amend our valuation report.

5 Property Income and Expenditure

5.1 Tenancy Overview

We summarise below the lease agreements for the major tenants:

Tenant	Net Income	NLA	% NLA
1. United Coporation Ltd	\$508,106	6,052	22.6%
2. Bestware Ltd/A Treasure Box	\$147,088	1,707	6.4%
3. Caprice NZ Ltd	\$465,681	4,491	16.8%
4. Blue Star Group (NZ) Ltd	\$1,258,695	13,946	52.1%
5. ZP Fitness Ltd	\$95,928	559	2.1%
Total	\$2,475,497	26,755 m²	100%

5.2 Major Lease Summaries

We summarise below the lease agreements for a selection of the major tenants:

Deed of Lease	Blue Star Group
Lessee	Blue Star Group (New Zealand) Limited
Demised Premises	Part of the property at 114-152 Swanson Road comprising of manufacturing and office space being 13,946.30 sqm together with the use of not less than 50 car parks within the secured area surrounding the premises.
Commencement Date	1 October 2011
Expiry Date	30 September 2023
Lease Term	Twelve (12) years with one (1) further term of eight (8) years right of renewal
Current Rent	\$1,258,694.58 per annum
Rental Review Provisions	Two (2) yearly to CPI plus 1% (compound annually), to market on sixth anniversary of commencement date and on renewal with a soft ratchet
Outgoings Recovery	Net Lease, a fair portion of all of the normal outgoings
Permitted Use	Printing and manufacturing
Special Provisions	<p>Make Good: The tenant shall not be required to reinstate or make good the tenants initial fit-out of the premises. At the final expiry date or earlier termination of the lease, the tenant shall remove all plant and machinery installed in the premises by the tenant and shall make good any damage caused by such removal.</p> <p>Contamination: The parties acknowledge that there may be existing contamination on the premises at the time of signing the lease, caused by the previous use of the premises as a service station and/or residual pesticide contamination. The parties agree that any remediation works in relation to the contamination will be carried out by the landlord at its own cost and that the tenant shall have no liability to the landlord with respect to the pre-existing contamination.</p>

Deed of Lease	Caprice NZ Limited
Lessee	Caprice NZ Limited
Demised Premises	Unit 4, 114 Swanson Road, Auckland
Commencement Date	22 July 2012
Expiry Date	21 July 2024
Lease Term	Twelve (12) years
Current Rent	\$465,681.30 per annum
Rental Review Provisions	Annual to CPI, to market on the sixth anniversary of commencement date
Outgoings Recovery	Net Lease, a fair portion of all of the normal outgoings
Permitted Use	Warehousing and office
Special Provisions	<p>Early Termination: The tenant may terminate the lease on the 6th and 9th anniversary of the commencement date by providing twelve (12) months' prior written notice to the landlord.</p> <p>First Right of Refusal: The tenant shall, for a period of three (3) years from the commencement date, have a right of first refusal to take a lease of the Expansion Land located to the rear of the tenancy. If the tenant exercises its right of first refusal the tenant must pay rent for the Expansion Land from the date of the landlord's notice to the next rent review date at a rate of \$20 psm adjusted by the annual movement in CPI on each review date.</p> <p>Make Good: The tenant shall not be required to reinstate or make good the tenants initial fit-out of the premises. At the final expiry date or earlier termination of the lease, the tenant shall remove all plant and machinery installed in the premises by the tenant and shall make good any damage caused by such removal.</p> <p>Contamination: The parties acknowledge that there may be existing contamination of the premises at the time of signing the lease, caused by the previous use of the premises as a service station and/or residual pesticide contamination. The parties agree that any remediation works in relation to the contamination will be carried out by the landlord at its own cost and that the tenant shall have no liability to the landlord with respect to the pre-existing contamination.</p>

Deed of Lease	United Corporation
Lessee	United Corporation
Demised Premises	Unit 1 & 2, 114 Swanson Road, Auckland
Commencement Date	1 July 2012
Expiry Date	30 June 2024
Lease Term	Six (6) years, with one (1) further term of six (6) years right of renewal, which has been executed.
Current Rent	\$508,106 per annum
Rental Review Provisions	Three (3) yearly to CPI (compounded annually), soft ratchet clause
Outgoings Recovery	Net Lease, a fair portion of all of the normal outgoings however excluding management expenses
Permitted Use	Warehousing and office
Special Provisions	<p>Make Good: The tenant shall be required to paint and decorate those parts of the interior of the premises that have been painted and decorated to the extent that such painting and decorated is required due to damage caused by the tenant.</p> <p>The parties acknowledge the tenant is not required to pay rent for the area known as the 'Mezzanine Office Area' for the term or any renewal or for any car parking</p> <p>Note: We have not been provided with a copy of the Agreement to Lease of the draft Deed of Lease however have perused the lease details as shown in the previous valuation report prepared by Bayleys. This valuation assumes the lease details are correct and that there are no other lease terms which would have an impact on value.</p>

Deed of Lease	ZP Fitness Limited
Lessee	ZP Fitness Limited
Commencement Date	29 July 2013
Expiry Date	28 July 2023
Lease Term	Ten (10) years
Current Rent	\$95,927.60 per annum
Rental Review Provisions	Two (2) yearly to CPI (compounded annually), soft ratchet clause
Outgoings Recovery	Net Lease, a fair portion of all of the normal outgoings
Permitted Use	24 hour access Fitness Centre
Special Provisions	<p>Lessors Works: The following works shall be deemed to be the landlord's fixtures and fittings under the lease:</p> <ul style="list-style-type: none"> • Bare concrete floor slab ready for floor coverings • Removal of existing partition walls and installation of structural columns where require • Suspended ceiling • Gib lined walls sanded and prepared for painting • Service connection points for water, power, plumbing and sewer • Lighting as per plan • 100 am 3 phase power • Air-conditioning as required • New front entrance and windows

Deed of Lease	Bestware Limited T/A Treasure Box
Lessee	Bestware Limited T/A Treasure Box
Commencement Date	1 April 2016
Expiry Date	31 March 2020
Lease Term	Four (4) years
Current Rent	\$147,087.50 per annum
Rental Review Provisions	One (1) yearly fixed 2.5%, hard ratchet clause
Outgoings Recovery	Net Lease, a fair portion of all of the normal outgoings
Permitted Use	Warehouse storage
Special Provisions	<p>Lessors Works: The following works shall be deemed to be the landlord's fixtures and fittings:</p> <ul style="list-style-type: none"> • Corner toilet facilities 2x WC's • Roller shutter door and electric motor

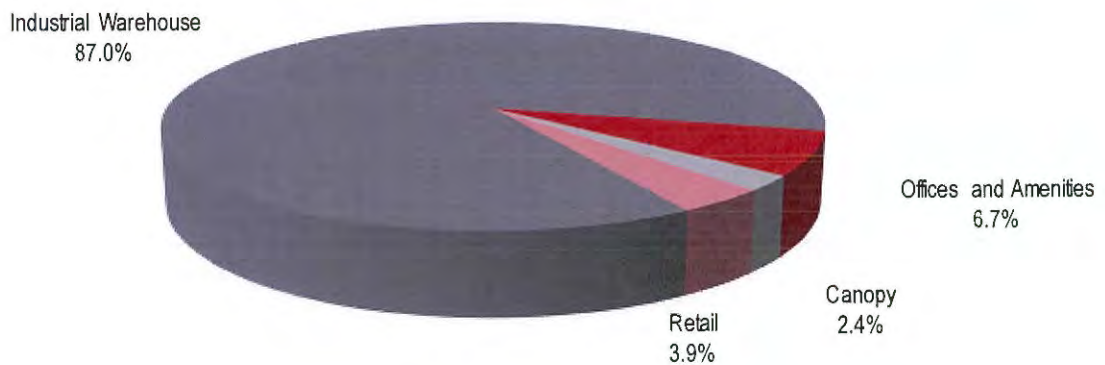
We recommend that the reader peruse a copy of the Lease document/s.

5.3 Building Income Analysis

We summarise the Property's income as follows:

Passing Income Component	Net Income	% Income
Industrial Warehouse	\$2,154,005	87.0%
Offices and Amenities	\$167,081	6.7%
Canopy	\$58,483	2.4%
Retail	\$95,928	3.9%
Total	\$2,475,497	100%

Building Income Analysis

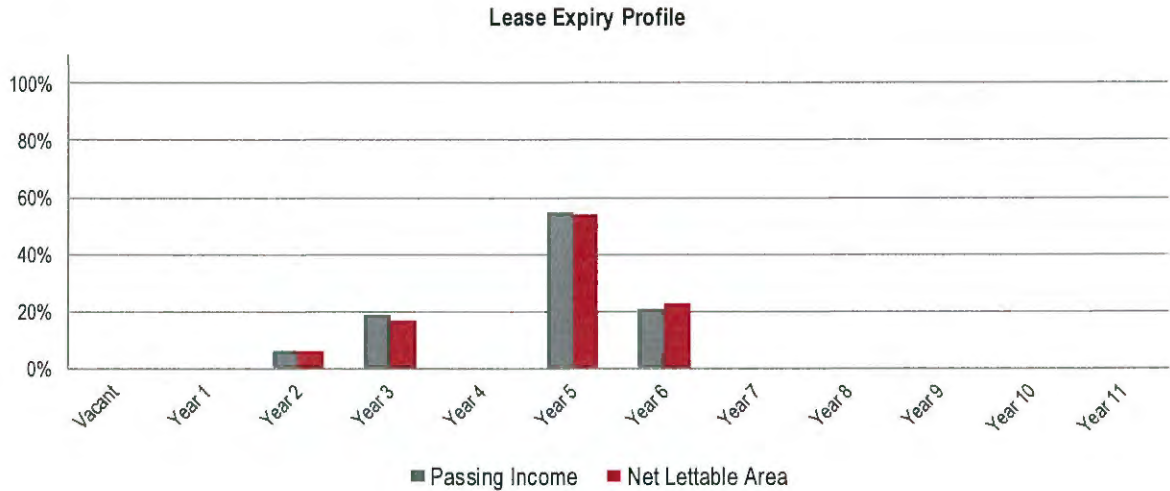


5.4 Weighted Average Lease Term and Expiry Profile

The weighted average lease term remaining, as at the date of valuation, is:

Weighted Average Lease Term Remaining	Years
By Area	4.50
By Income	4.45

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



5.5 Building Outgoings and Recoveries

Lease Structures

The majority of the leases within the Property are structured on net basis, with the tenants being responsible for payment of rates and other property expenses in addition to premises rental.

Building Outgoings

Category	Annual Amount	\$/sqm of NLA
Statutory Charges	\$122,985	\$4.60
Operating Expenses	\$191,015	\$7.14
Total Outgoings	\$314,000	\$11.74

We have sought confirmation from the relevant rating authorities in relation to the statutory charges and have benchmarked the figures against the Property Council of New Zealand's (PCNZ) guidelines and other similar industrial buildings.

We consider that the adopted outgoings rate of \$11.74 per square metre of NLA to be in line with market parameters.

5.6 Income Analysis

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

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	\$2,475,497	88.74%
Outgoings Recovery	\$314,000	11.26%
Gross Passing Income	\$2,789,497	100.00%
Outgoings	\$314,000	
Net Passing Income	\$2,475,497	

6 Market Commentary

Economic Overview

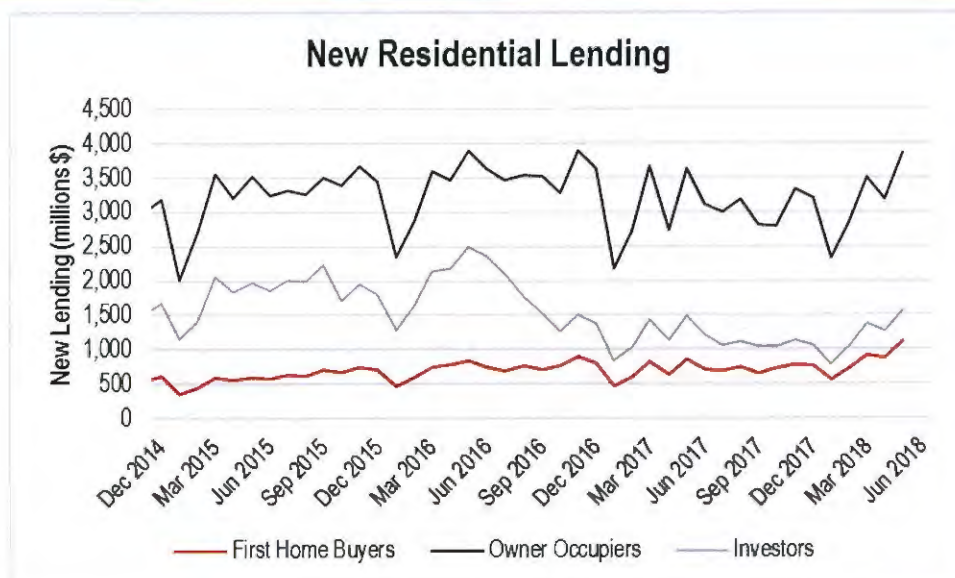
Businesses have remained downbeat in the wake of the new Labour-led Government taking office, with signs this is starting to affect real activity. The NZIER Quarterly Survey of Business Opinion (QSBO) showed a fall in business confidence to its lowest level since 2011, with the pessimism pervasive across the regions. Overall, a net 19 percent of businesses expect a deterioration in general economic conditions over the coming months.

A net 7 percent of businesses reported a lift in demand over the past quarter – the lowest level since 2013. Activity indicators point to a moderation in economic growth over the coming year.

There has been some softness in construction activity over early 2018, but this looks largely to reflect capacity and financing constraints rather than weaker demand. Although population growth is slowing on the back of an easing in net migration, the surge in population in recent years should continue to underpin underlying demand for construction.

Offshore, there remains downside risks to the global growth outlook. These risks stem from how the extensive amount of stimulus in the major economies, particularly the US, will be unwound. Tensions between the US and China, as well as renewed geopolitical issues in the Middle East, add to the global uncertainty.

The graph below displays new residential lending by borrower type since December 2014 as provided by the Reserve Bank. The data comprises total new lending per month and demonstrates the effect that the LVR restrictions have had on new lending to the investor segment of the market. The dips over December and January each year reflect the summer period where there is less property transacted and thus less new lending approved. New lending surged again through parts of 2017, although new lending to investors was well below the 2015 and 2016 average, suggesting the RBNZ macro-prudential controls are having the desired effect. New lending surged through Q2 2018, although this isn't an uncommon occurrence by historical standards given the typically lower volume of transactions over Q1. It is however worth noting that new lending to all buyer categories reached levels not seen since 2016.



Source: RBNZ

6.1 Inflation and Interest Rates

Domestic headline inflation over the year to March 2018 reduced to 1.1 percent as a high quarterly increase in early 2017 dropped out of the annual calculation. Annual inflation in the non-tradeables sector eased to 2.3 percent despite continued buoyant domestic demand. Annual inflation for traded goods and services was -0.4 percent, the first negative figure since late 2016.

The various measures of core inflation, which remove volatile components, have remained stable. The Reserve Bank's preferred measure has remained at 1.5 percent, with no apparent indication of upward pressure. Inflation expectations, as measured by the quarterly RBNZ survey, showed a modest decrease for the next one and two years, possibly reflecting the renewed reduction in the annual inflation rate.

NZIER expect the annual rate of inflation to rebound over the remainder of this year. In the near term this will be driven partly by the effect of the recent rise of global oil prices. However, over the medium term we expect underlying inflation to firm as capacity pressures become more widespread. Although businesses are facing rising cost pressures, they are not yet able to lift prices by enough to fully pass on these increased costs.



Source: NZIER

The Reserve Bank kept the OCR on hold at 1.75% in June 2018 and indicated "monetary policy will remain accommodative for a considerable period. Numerous uncertainties remain and policy may need to adjust accordingly". NZIER expect that the Reserve Bank will next lift the OCR in early 2019.

There is increased conviction the next move in interest rates is up given the recent rise in inflation, as well as higher interest rate expectations globally. However, increased political uncertainty offshore, particularly in the US, means the Reserve Bank will likely be cautious about when it commences the tightening of monetary policy.

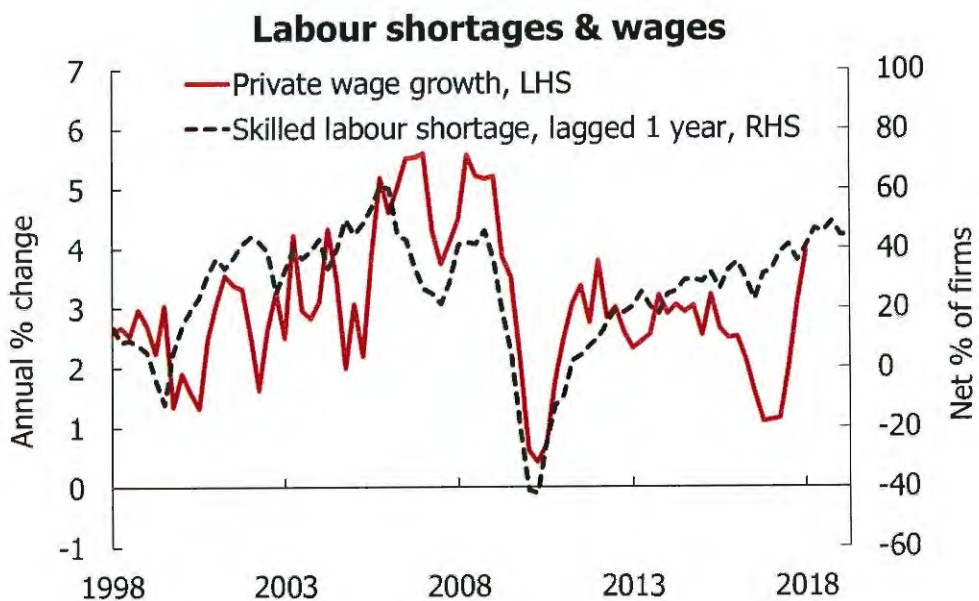


Source: NZIER

6.2 Population and Migration

Net migration continued to slow in recent months, as the number of people moving to New Zealand from other countries eases, and the number of people leaving New Zealand picks up. Stricter work visa requirements and the crackdown on fraudulent international student visas, has meant permanent arrivals are at the same level as a year ago. Departures on the other hand, are at their highest level in four years.

Part of the easing in net migration reflects a resumption in net outflows to Australia, as employment prospects across the Tasman improves. We expect that as the Australian labour market continues to improve this will encourage more people to move across the Tasman, with a further slowing in net migration as a result.



Source: NZIER

6.3 Employment

Employment demand in business services sectors remains solid, but we expect some moderation in employment growth over the coming years. This is reflected in the easing in the proportion of businesses indicating they expect to increase headcount. Employment demand is more likely to come about via an increase in hours worked. While there are still plans for expansion, some caution has crept in, particularly in the major urban regions such as Wellington.

The unemployment rate currently sits at 4.9% and is forecast to reach 4.4% over 2018. Concern areas for employers centre on changes to labour laws, the increases to the minimum wage and the disestablishment of 90-day trial periods for firms with over 19 employees.

6.4 Business profits

Profitability continues to weaken, as businesses find it increasingly hard to pass on rising costs to customers. Unlike the past few years, businesses are no longer optimistic about an improvement in profitability. Should this continue, businesses are likely to pare back on investment and hiring plans.

6.5 Currency

The New Zealand dollar has eased in recent weeks, reflecting the more dovish tone of the Reserve Bank with its signal of the potential for interest rate cuts. Softer than expected data, including Q1 GDP and business confidence surveys, added to the downward pressure on the currency.

We expect the New Zealand dollar will track around current levels over the coming year. Beyond 2019 we expect some further modest easing of the New Zealand Dollar, as interest rates in the other major economies lift and reduce New Zealand's yield advantage.



Source: NZIER

6.6 Market Drivers: Industrial

Demand for industrial buildings has improved over the past year. Farmers had initially used the improvement in farm income to repay debt, but as confidence has grown that farm incomes will continue to improve this has seen focus turn towards on-farm investment. We expect spending on farm buildings and tractors will continue to pick up over the coming year.

Manufacturing sector confidence has fallen on the back of softer demand and increased costs. Domestic demand has been particularly weak, while export sales have also softened. The easing in construction work reduced dairy and meat processing is likely to have contributed to the softness in domestic demand.

The recent depreciation in the NZ dollar should improve the competitiveness of manufacturing exporters over the coming year. Meanwhile, the continued rise in costs has led to a substantial weakening in profitability.

The Business NZ PMI also points to weaker manufacturing confidence, although some expansion in activity is still expected. The PMI has advanced in recent months, with the May result sitting at 54.5 (a score over 50 indicates the sector is in expansion mode). The average over the past 3 months has been 55.6 compared to 53.2 in the 3 months prior to that.

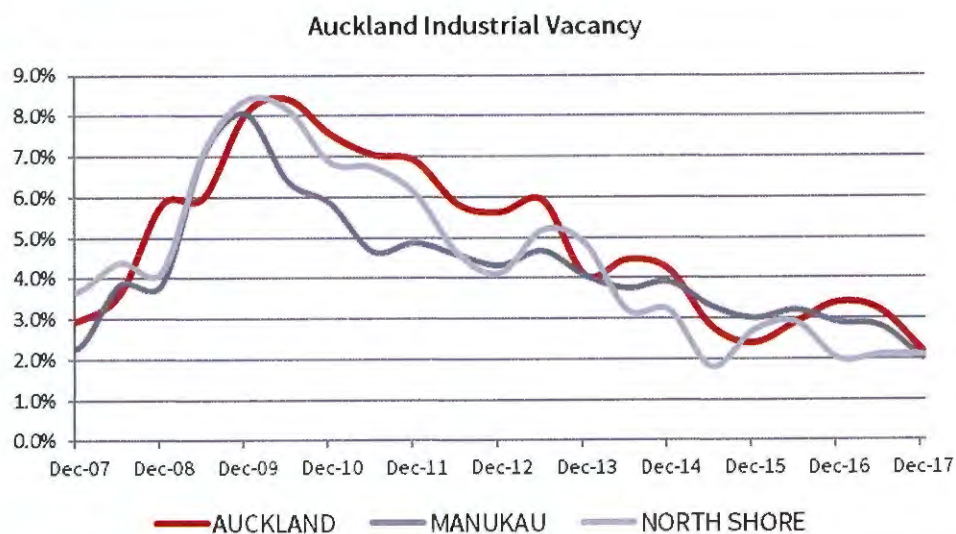
6.7 Auckland Industrial Market Summary

Auckland's industrial market remains in growth mode, stimulated by sustained occupier demand as businesses expand and the requirement for space increases. Overall industrial vacancy tightened to 2.1% over 2H17, the lowest level since our records started in 1993.

In the Auckland City industrial market, Henderson vacancy decreased further to 1.2% over 2H17, the second tightest vacancy across all survey markets. Penrose, Mt Wellington and Avondale all saw decreases in vacancy over 2H17, with the average vacancy rate for Auckland City now sitting at 2.2%, the lowest level since December 2005.

The Manukau precinct, which includes East Tamaki, Wiri and the Airport Corridor, decreased by 80 bps over 2H17 to sit at 2.0%, making it the tightest precinct overall in Auckland. Strong demand for larger, modern premises spurred additional demand for South Auckland industrial space, where a growing proportion total stock is located. The total survey market increased by over 200,000 sqm in 2017 to reach a total of 4.85 million sqm. Leasing and construction activity was largely focused on the Airport Corridor, where there is ample supply of suitably zoned greenfield land.

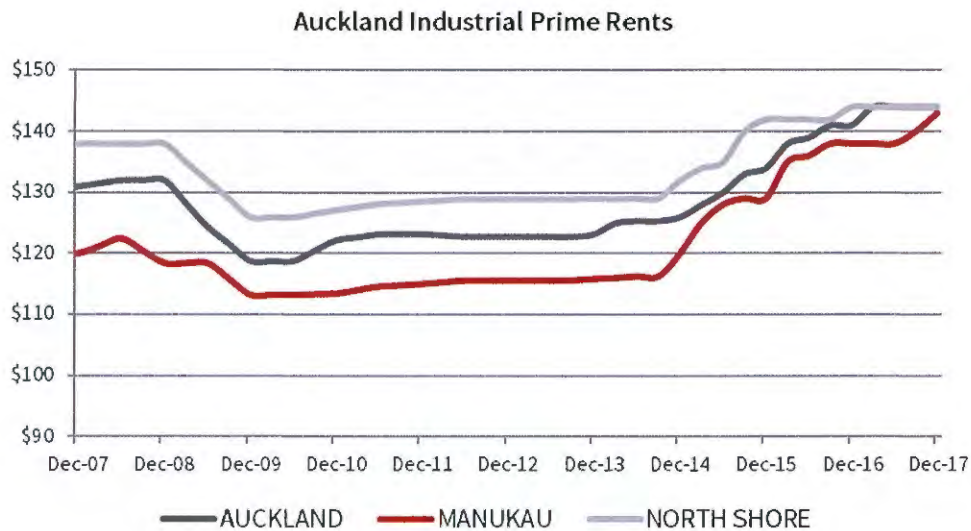
North Shore vacancy oscillated at 2.1% in 2H17, decreasing by 10 bps from earlier in the year. Overall the market remains severely restricted by developable industrial land. This had led to occupier demand and subsequent development for more option in north-west Auckland including Hobsonville, Kumeu and Westgate.



Source: JLL Research and Consulting

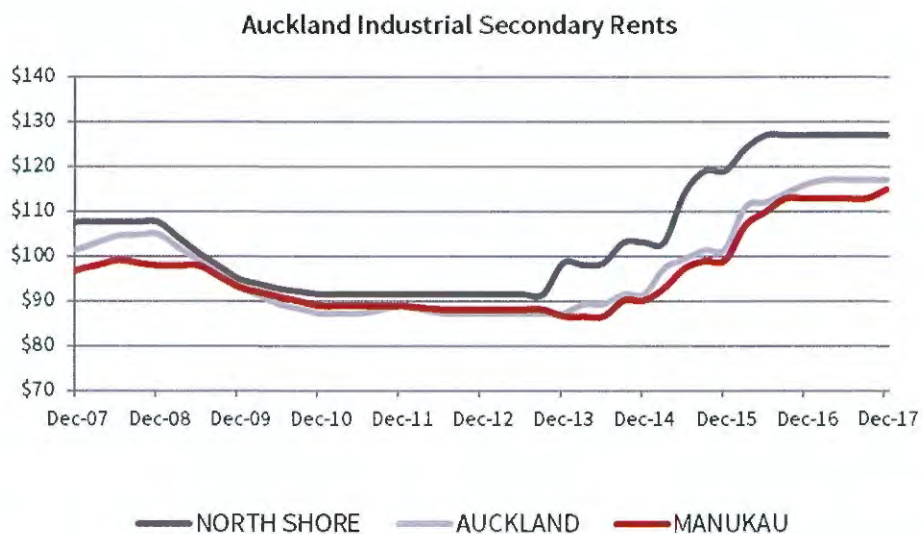
There is a substantial development pipeline being constructed in the Auckland region at present. We are tracking over 230,000 square metres of stock currently consenting or being built. The majority (56%) of this is within South Auckland/Manukau. One of the largest announcements of late has been for Foodstuffs new distribution centre at the Airport which will cover over 6 hectares when it opens in 2020. Despite a substantial proportion of the pipeline being speculatively built stock, we expect pre-commitments to be announced before completion for the majority of projects, given the pent up demand and persistently low level of vacancy across the market.

Business growth and expanding occupier footprints has ensured that to date, new supply is quickly absorbed, maintaining upward rental pressure across the Auckland region within the prime end of the market.



Source: JLL Research and Consulting

Rental growth is forecast to continue at a solid pace over 2018, on the back of strong underlying demand fundamentals and record low vacancy. Secondary rents are similarly expected to see growth, a result of pent up demand in the prime sector. Rising construction costs and land values have also contributed to the growth in market rents with higher rentals being required to achieve feasibility.

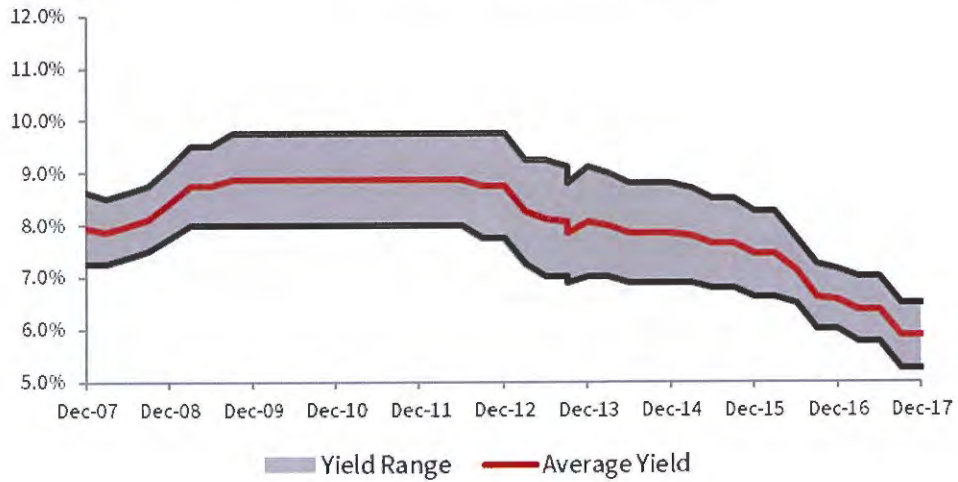


Source: JLL Research and Consulting

After significant firming of prime yields in early 2017, compression levelled off over the second half of the year. The prime yield range currently sits at 5.25% to 6.50%. Some further firming possible over 2018, although this is likely to occur at the upper end of the range.

2017 was a record year for the volume of industrial property transacting in New Zealand. Given the weight of capital seeking assets, we expect to see high levels of competition between investors, particularly for modern assets with longer WALT's. This will keep yields firm across the country, especially in Auckland.

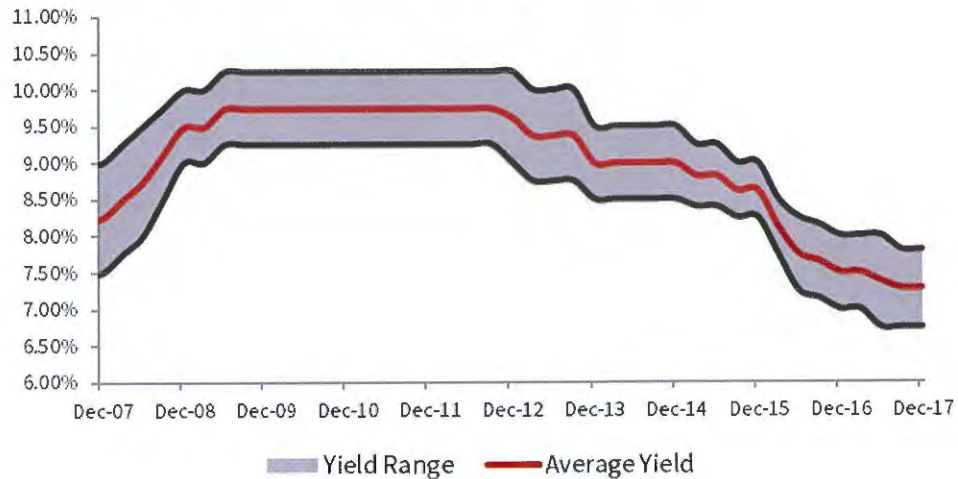
Auckland Region Industrial Yields : Prime



Source: JLL Research and Consulting

Like the prime sector of the market, secondary yields levelled out over 2H17 after substantial firming over the past two years. The range for secondary yields now sits between 6.75% and 7.80%. We may see some further firming of secondary yields over 2018 if investor competition for prime assets spills over into the secondary market.

Auckland Regional Industrial Yields : Secondary



Source: JLL Research and Consulting

7 Leasing Evidence

7.1 Industrial Leasing Evidence

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



Subject Property

Subject Property - 116-152 Swanson Road, Henderson, Auckland

Effective Date	Pre Com	Lease Basis	New Lease
Contract Rent	\$208,600	Tenant	Marque Magnetics (2000) Ltd
Rental Analysis			Face Rate
Warehouse	1,000.00	m ²	\$130.00
Office	250.00	m ²	\$240.00
Canopy	180.00	m ²	\$60.00
Carparks	15.00	Parks	\$10.00 pc/pw



Subject Property

Subject Property - 116-152 Swanson Road, Henderson, Auckland

Effective Date	July 2018	Lease Basis	Rent Review
Contract Rent	\$465,681.30	Tenant	Caprice (NZ) Limited
Rental Analysis			Face Rate
Warehouse	4,007.90	m ²	\$106.43
Office & Amenities	76.00	m ²	\$206.24
Canopy	407.20	m ²	\$57.53



Subject Property

Subject Property - 116-152 Swanson Road, Henderson, Auckland

Effective Date	July 2018	Lease Basis	Rent Review
Contract Rent	\$508,106	Tenant	United Corporation Limited
Rental Analysis			Face Rate
Warehouse	3,814.60	m ²	\$80.18
Office	334.70	m ²	\$164.82
Canopy	160.00	m ²	\$47.23
Warehouse 2	1,736.40	m ²	\$80.18



399 Rosebank Road, Avondale, Auckland

Effective Date	July 2018	Tenant	Aquaheat New Zealand Limited
Contract Rent	\$329,722 pa	Lease Basis	Rent Review

The property comprises the front warehouse of two, located at the road front boundary of the property with exposure to Rosebank Road. The property was originally constructed circa 1970's/80's and provides two levels of office and amenity as well as a high stud warehouse, and warehouse extension which was constructed circa 2014. The warehouse provides a stud height of approximately 9.2 metres at the portal knee, rising to approximately 10.7 metres at the apex.

Rental Analysis			Face Rate
First Floor Office	411.4	m ²	\$230.00
Ground Floor Office	357.1	m ²	\$235.00
Warehouse A	299.3	m ²	\$120.00
Warehouse B	560.7	m ²	\$120.00
Warehouse B Extension	399.9	m ²	\$120.00



40 Honan Place, Avondale, Auckland

Effective Date	June 2018	Tenant	Undisclosed
Contract Rent	\$360,000 pa	Lease Basis	New Lease

The property comprises a functional standalone industrial premises providing a 2,558 sqm medium stud warehouse (including a 619 sqm chiller and freezer space which can remain or be removed) and 355 sqm of average / poor condition offices. The property is fully fenced providing a secure site with over 25 carparks and room for container devanning.

The property was leased on a new 8 year term with further rights of renewal.

Rental Analysis		Face Rate
Warehouse	2,558.0 m ²	\$115.00
Office	355.0 m ²	\$185.43



52 Fremlin Place, Avondale, Auckland

Effective Date	June 2018	Tenant	Undisclosed
Contract Rent	\$160,000 pa	Lease Basis	New Lease

The property comprises a standalone industrial property providing 1,000 sqm of medium to high stud warehousing, clear span and two roller doors. Other improvements include a fenced yard and 25 carparks.

Rental Analysis		Face Rate
Warehouse	1,000.0 m ²	\$115.00
Office	230.0 m ²	\$195.65



Unit A, 419 Rosebank Road, Avondale, Auckland

Effective Date	June 2018	Tenant	Undisclosed
Contract Rent	\$202,865 pa	Lease Basis	New Lease

The property comprises a road front industrial property, providing 1,500 sqm of medium stud warehousing in average condition and 143 sqm of run down office. There is a container devanning area, however no designated yard, there are also 10 carparks on site.

The property was leased for a 10 year term with further rights of renewal.

Rental Analysis		Face Rate
Warehouse	1,500.0 m ²	\$119.03
Office	143.0 m ²	\$170.00



399 Rosebank Road, Avondale, Auckland

Effective Date	July 2018	Tenant	Aquaheat New Zealand Limited
Contract Rent	\$329,722 pa	Lease Basis	Rent Review

The property comprises the front warehouse of two, located at the road front boundary of the property with exposure to Rosebank Road. The property was originally constructed circa 1970's/80's and provides two levels of office and amenity as well as a high stud warehouse, and warehouse extension which was constructed circa 2014. The warehouse provides a stud height of approximately 9.2 metres at the portal knee, rising to approximately 10.7 metres at the apex.

Rental Analysis		Face Rate
First Floor Office	411.4 m ²	\$230.00
Ground Floor Office	357.1 m ²	\$235.00
Warehouse A	299.3 m ²	\$120.00
Warehouse B	560.7 m ²	\$120.00
Warehouse B Extension	399.9 m ²	\$120.00



699 Rosebank Road, Avondale, Auckland

Effective Date February 2018 **Tenant** PBT Couriers Ltd
Contract Rent \$122,350 pa **Lease Basis** Rent Review

The property is located along the southern boundary of the property and comprises a clear span warehouse, with a small warehouse office. The warehouse is clearspan and provides industrial accommodation with a stud height of approximately 10.25 metres to the portal knee and approximately 10.65 metres to the apex. The canopy forms part of the lessees fitout and is therefore not rentalised.

Rental Analysis			Face Rate
Warehouse Office	29.6	m ²	\$235.00
Warehouse	912.7	m ²	\$117.00
Canopy	50.0	m ²	\$00.00
Carparks	11.0	Parks	\$15.00 pc/pw



7 Jomac Place, Avondale, Auckland

Effective Date September 2017 **Lease Basis** New Lease
Contract Rent \$135,000 pa **Tenant** Undisclosed

The premises comprises a new premium grade industrial premises comprising high stud warehouse, office and canopy areas. This premise occupies a road front position with associated yard and carparking in front of the building of which comprises concrete tilt-slab construction, with a long-run metal single pitch roof. The offices span two levels within the main roof line and receive good natural light. Forming the interior are carpet tile floor coverings, plasterboard walls and suspended ceilings paired with a well-sized kitchen to the rear. There is a new three year sub lease in place to a pharmaceutical company with no rights of renewal.

Rental Analysis			Face Rate	Effective Rate
Warehouse	1,000.0	m ²	\$100.00	\$100.00
Office	200.0	m ²	\$160.00	\$160.00
Canopy	110.0	m ²	\$50.00	\$50.00
Carparks	10.0	cpk	\$00.00	\$00.00



460 Rosebank Road, Avondale Auckland

Effective Date September 2017 **Tenant** Unknown
Contract Rent \$209,443 pa **Lease Basis** New Lease

The premises is part of a low to medium stud height warehouse built in the 1960's. The premises occupies a central position within the warehouse which has been divided into several tenancies with a shared high stud enclosed loading area. The premises was leased for a 6 year term with annual 2.75% fixed rental increases.

Rental Analysis			Face Rate
Warehouse	1284.0	m ²	\$82.00
Shard Enclosed Canopy	529.0	m ²	\$75.00
Office – First Floor	203.0	m ²	\$160.00
Office – Second Floor	200.0	m ²	\$160.00



670 Rosebank Road, Avondale Auckland

Effective Date	August 2017	Lease Basis	Rent Review
Contract Rent	\$1,159,419 pa	Tenant	New Zealand Comfort Group Limited

The property comprises a large industrial manufacturing complex well-located on Rosebank Peninsula, in Avondale. The improvements comprise a steel portal frame warehouse with two levels of office accommodation located within the warehouse envelope, positioned to the road frontage and a smaller standalone warehouse situated to the rear of the property. The warehouse components comprise column interrupted, low to medium stud, sprinklered accommodation. Two shared accessways, along both the eastern and western sides of the warehouse component allow for car parking and access to both warehouses.

The property is leased to New Zealand Comfort Group Limited for a term of four (4) years and six (6) months with three (3) rights of renewal of six (6) years each, currently exercising the second right of renewal. The rent is to be reviewed to market rates at the third anniversary of the commencement date, subject to a soft ratchet.

Rental Analysis		Effective Rate
Warehouse	8,515.9 m ²	\$88.66
Low Stud Storage	87.5 m ²	\$68.64
Ground Floor Office & Amenities	685.6 m ²	\$148.71
First Floor Office	695.9 m ²	\$177.31
First Floor Open Storage	106.5 m ²	\$57.20
Plantroom	15.6 m ²	\$51.48
Prayer Room	27.0 m ²	\$82.94
Rear Warehouse	1,235.9 m ²	\$87.21
Canopy / Foam Bam	690.5 m ²	\$57.20
Offices / Laboratory	73.1 m ²	\$131.55
Lunchroom	29.9 m ²	\$125.83
Amenities	25.7 m ²	\$125.83



313-315 Rosebank Road, Avondale, Auckland

Effective Date	Mid 2017	Lease Basis	New Lease
Contract Rent	\$390,306 pa	Tenant	Anglo Engineering Limited

The premises comprises a 3,048 square metre industrial building constructed circa 2010, located at 313-315 Rosebank Road, Avondale. The property includes 2,550 square metres of warehouse space, 208 square metres of ground floor office, 145 square metres of first floor office accommodation and 145 square metres of canopy. The premises was leased in mid 2017 for \$390,306 per annum, reflecting a premises rental rate of \$117 per square metre for warehouse space, \$240 per square metre for office space and \$55 per square metre for canopy space.

Rental Analysis		Face Rate
Warehouse	2,550.0 m ²	\$116.71
Office	Ground Floor	\$240.00
Office	First Floor	\$240.00
Canopy	145.0 m ²	\$55.00



38-40 Bruce McLaren Road, Henderson, Auckland

Effective Date	June 2017	Lease Basis	Rent Review
Contract Rent	\$1,044,491 pa	Tenant	Unitech Property Trust

The property comprises two standalone warehouses with a interlink air bridge and associated office buildings located on the eastern side of Bruce McLaren Road, within the industrial suburb of Henderson. Improvements are of a semi specialised nature and are of a well maintained standard and has a good office to warehouse ratio to both buildings. The property is situated on a rear site with the western rail link running along the rear boundary of the property.

The property is leased to Unitech Industries Limited for a term of eight (8) years from 28 June 2013 with two (2) rights of renewal of six (6) years each. Rent reviews are annually to CPI and market reviews on 28 June 2017, 2024, 2030 and the renewal dates.

The property recently underwent a rent review in June 2017, indicating a new rental of \$1,044,491 per annum.

Rental Analysis			Effective Rate
Warehouse A	Warehouse	4,444.7 m ²	\$90.00
Warehouse B	Warehouse	1,554.6 m ²	\$90.00
Office & Amenities A	Office	979.2 m ²	\$175.00
Office & Amenities B	Office	377.8 m ²	\$170.00
Office & Amenities C	Office	234.2 m ²	\$130.00
Office & Amenities D	Office	340.6 m ²	\$130.00
Office Storage	Storage	71.2 m ²	\$45.00
Store	Storage	406.8 m ²	\$25.00
Canopy	Canopy	524.4 m ²	\$45.00
Mezzanie	Mezzanine	593.9 m ²	\$45.00
Under Mezzanine	Mezzanine	593.9 m ²	\$45.00
Yards	Yards	3,400.0 m ²	\$25.00
Air Bridge & Stairs	Ancillary	144.4 m ²	\$130.00

The evidence above demonstrates a general range of \$160 per square metre to \$240 per square metre over the office accommodation and from \$80 per square metre to \$130 per square metre over the warehouse, \$40 to \$60 per square metre over the canopy area, and \$5 to \$10 per carpark per week, largely dependent upon the quality of accommodation, stud height, access, and scale of the premises, location and quality.

The properties located within the subject development and 699 Rosebank Road, Avondale provide a good indication of rental rates achievable for the accommodation due to their size and quality of improvements. We would expect the subject property to achieve similar rates to aforementioned properties.

7.2 Market Rental Profile

In analysing the market rental for the accommodation within the Property, we have had regard to the net structure of the leases executed. We have therefore assessed the market rental profile on a net basis.

Our adopted office market rental profile is displayed below:

Premises	NLA	Passing Rental	Market Rental
Blue Star Group (NZ) Ltd - Manufacturing	9,082	\$89 /sqm	\$90 /sqm
Blue Star Group (NZ) Ltd - Inwards Goods	885	\$89 /sqm	\$90 /sqm
Blue Star Group (NZ) Ltd - Offices & Amenities	510	\$201 /sqm	\$200 /sqm
Blue Star Group (NZ) Ltd - Canopy	545	\$48 /sqm	\$55 /sqm
Blue Star Group (NZ) Ltd - Expansion Warehouse	2,325	\$78 /sqm	\$90 /sqm
Blue Star Group (NZ) Ltd - Digital Print Shop	600	\$99 /sqm	\$100 /sqm
Caprice NZ Ltd - Warehouse	4,008	\$106 /sqm	\$105 /sqm
Caprice NZ Ltd - Offices & Amenities	76	\$206 /sqm	\$210 /sqm
Caprice NZ Ltd - Canopy	407	\$58 /sqm	\$58 /sqm
United Coporation Ltd - Warehouse	3,815	\$79 /sqm	\$80 /sqm
United Coporation Ltd - Offices & Amenities	335	\$146 /sqm	\$165 /sqm
United Coporation Ltd - Canopy	166	\$53 /sqm	\$58 /sqm
United Coporation Ltd - Warehouse	1,736	\$85 /sqm	\$85 /sqm
ZP Fitness Ltd - Gymnasium	559	\$172 /sqm	\$200 /sqm
Bestware Ltd/A Treasure Box - Warehouse	1,707	\$86 /sqm	\$85 /sqm
Total	26,755 m²		

7.3 Net Income Assessment

The table below presents both the passing income and adopted market net income profile of the Property:

Passing Versus Market Comparison	Passing pa	Market pa
Rental Analysis		
Lettable Area Rental	\$2,475,497	\$2,532,719
Outgoings Recovery	\$314,000	\$314,000
Gross Income	\$2,789,497	\$2,846,719
Outgoings	\$314,000	\$314,000
Net Income	\$2,475,497	\$2,532,719

8 Sales Evidence

8.1 Sales Transactions

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. The more relevant sales are summarised in the sales schedule and commentary below:



104-140 Neilson Street, Onehunga, Auckland

Sale Price	\$15,150,000	Sale Date	May 2018
Initial Yield	5.00%	Equivalent Yield	5.31%
IRR	7.75%	WALE	8.58 Years

The property comprises a purpose built bus depot located at 104-140 Neilson Street, Onehunga. Improvements provide a total net lettable area of approximately 2,112 square metres which comprises a recently refurbished workshop, office component, and medium stud warehouse. Two purpose built structures constructed by the tenant include a bus washing facility and refuelling station. The yard provides approximately 16,385 square metres of secured asphalt sealed yard.

At the date of sale, the property is leased to Auckland Transport Corporation Limited, for a term of fifteen (15) years commencing 1 November 2011. The property has a current net passing income of \$757,202 per annum plus GST, and a remaining lease term of 8.58 years. The sale indicates an initial yield of 5.00%, equivalent yield of 5.31% and IRR of 7.75%.



107 Harris Road, East Tamaki, Auckland

Sale Price	\$10,935,000	Sale Date	April 2018
Initial Yield	6.33%	Equivalent Yield	6.44%
IRR	8.48%	WALE	2.90 Years

The property comprises high quality trade retail to the road frontage, with warehouse accommodation and yard situated to the rear. The property is an approximately 8,093 square metre site, located at 107 Harris Road, a main arterial road. Improvements provide a total net lettable area of approximately 3,079 square metres which comprises modern trade retail accommodation, and dated medium stud warehouse, and associated office accommodation.

At the date of sale the property is leased to five (5) tenants, with a total net passing income of \$692,176 per annum plus GST. The property sold in April 2018 for \$10,935,000, indicating an initial yield of 6.33%, equivalent yield of 6.44%, and internal rate of return of 8.48%.



68-80 Stonedon Drive, East Tamaki, Auckland

Sale Price	\$32,577,000	Sale Date	December 2017 (Unconditional)
Initial Yield	6.25%	Equivalent Yield	6.25%
IRR	8.68%	WALE	6.00 years

The property comprises approximately 18,126 square metres of industrial accommodation, located on the northern side of Stonedon Drive, within the industrial precinct of East Tamaki.

Improvements comprise of approximately 14,959 square metres of main warehouse with a stud height of approximately 9.5 metres at the portal knee, rising to approximately 11.7 metres at the apex, approximately 850 square metres of a combination of open plan and partitioned office accommodation attached to the main warehouse. The warehouse also includes a small dispatch office of approximately 404 square metres. There is a second building located to the south-eastern corner of the site, comprising of approximately 209 square metres of office accommodation and approximately 1,703 square metres of warehouse. The warehouse provides a stud height of approximately 9 metres at the portal knee, rising to approximately 9.8 metres at the apex. The offices are predominantly open plan with some partitioning.

The property benefits from full drive around access, full mesh security fencing with security gates and on-site parking.

The property is currently under contract for \$32,577,000 under a sale and lease back to Steel & Tube for a term of ten (10) years with a break clause after year six (6) stated in the lease. The sale is due to go unconditional on 20 December 2017. Steel & Tube will be paying \$2,036,087 per annum, reflecting an initial yield of 6.25% and a weighted average lease term of 6.00 years. We have analysed the sale to reflect an equivalent yield of 6.25% and an internal rate of return of 8.68%.



6 Hautu Drive, Wiri, Auckland

Sale Price	\$11,100,000	Sale Date	December 2017
Initial Yield	5.88%	Equivalent Yield	5.96%
IRR	7.89%	WALE	5.67 years

The property comprises an industrial building with a stud height of an approximately 10.1 metres at the portal knee rising to approximately 13 metres at the apex and a single level of good quality associated office accommodation, including a drive through canopy.

The non sprinklered warehouse provides high stud, clearspan (approximately 60 metres) accommodation constructed with concrete floors, steel framing, precast concrete walls, under a long run galvanised mild steel roof, netting and sisalation. Industrial, incandescent lighting supplements the natural light provided by the intermitted translucent panels. Access to the warehouse is provided by three roller doors, protected by a canopy which extends off the northern elevation.

The adjoining single level office accommodation comprises an open plan office, a server room, a lunchroom (with outside courtyard), and male and female ablutions, both proved with a toilet and hand basin each. The office block is constructed with a combination of precast concrete and aluminium frame with glazing exterior walls, carpeted and vinyl floor coverings, painted plasterboard internal walls, suspended ceilings, ducted airconditioning and recessed and diffused lighting. The office accommodation provides direct access into the warehouse.

The property is leased to Cavalier Bremworth Limited for a term of six (6) years (from the renewal date being 6 August 2017) with annual rental increases of 2%. Cavalier Bremworth Limited is currently leasing the property for \$652,800.

The property sold in December 2017 for \$11,100,000 reflecting an initial yield of 5.88% and a weighted average lease term of 5.67 years. We have analysed the sale to reflect an equivalent yield of 5.96% and an internal rate of return of 7.89%.



84 Central Park Drive, Henderson, Auckland

Sale Price	\$9,100,000	Sale Date	September 2017
Initial Yield	5.22%	Equivalent Yield	5.52%
IRR	7.86%	WALE	4.00 years

The property comprises approximately 4,244 square metres of lettable space, located on the western side of Central Park Drive, within the industrial precinct of Henderson.

Improvements comprise of approximately 600 square metres of modern office accommodation, approximately 3,044 square metres of high stud warehouse accommodation and approximately 600 square metres of canopy.

The property is leased to AS Colour for a term of four (4) years with four (4) years right of renewal and annual fixed increases of 2%.

The property sold in September 2017 for \$9,100,000 reflecting an initial yield of 5.22% and a weighted average lease term of 4 years. We have analysed the sale to reflect an equivalent yield of 5.52% and an internal rate of return of 7.86%



48 Bruce McLaren Road, Henderson, Auckland

Sale Price	\$8,325,000	Sale Date	August 2017
Initial Yield	6.90%	Equivalent Yield	6.93%
IRR	8.84%	WALE	8.00 years

The property comprises a warehouse and office building which has undergone significant expansion and refurbishment since original construction. The property is located in Henderson, to a rear site with a total site area of approximately 8,275 square metres. The entrance has a stud height of approximately 8.05 metres, and office component has an overall height of approximately 2.7 metres. The main warehouse component is column interrupted with a stud height of approximately 9 metres to the portal knee rising to approximately 10 metres at the apex. The property is in good condition with a new clearspan warehouse extension.

The property is Leased to Juralco Aluminium Building Products on a 9 year term at a total annual rent of \$574,767 per annum, with rent reviews annually in accordance with movement in the CPI.



2 Freight Place, Airport Oaks, Auckland

Sale Price	\$9,770,000	Sale Date	July 2017
Initial Yield	5.74%	Equivalent Yield	5.91%
IRR	8.16%	WALE	7.33 years

The property comprises industrial accommodation situated on a corner site, with frontages to both Richard Pearse Drive and Freight Place within the industrial precinct of Airport Oaks. The improvements are presented to a good standard and comprise a high stud warehouse facility with associated offices and amenities and a low stud storage area. A sealed yard with a large drive through canopy is accessed via Richard Pearse Drive and Freight Place. In addition, sealed car parking is provided for approximately 36 spaces.

The office and amenities area has recently been refurbished. The lease specifies an improvement rental set as a percentage of the costs to complete the refurbishment works capped at \$200,000 plus GST.

The property sold in July 2017 for \$9,770,000 reflecting an initial yield of 5.74% and a weighted average lease term of 7.33 years. We have analysed this sale to indicate an equivalent yield of 5.91% and an internal rate of return of 8.16%.



3 Monahan Road, Mt Wellington, Auckland

Sale Price	\$10,500,000	Sale Date	June 2017
Initial Yield	6.06%	Equivalent Yield	6.13%
IRR	8.57%	WALE	10.38 years

The property comprises an industrial facility, comprising a large 5,190 square metre warehouse with 1,131 square metres of associated office accommodation and car parking space for 136 vehicles.

The building provides a large warehouse to the rear with two levels of offices to the road frontage, constructed circa 1965 with extensions added in 1981. The offices provide both open plan and partitioned accommodation generally presenting with carpet flooring, plasterboard walls and a combination of suspended and plasterboard ceilings.

The warehouse has a moderate stud height of approximately 5 metres to the base of the trusses and provides column interrupted industrial accommodation. An area with a raised roof height of located within the facility and is utilised as an auction room with suspended ceilings.

The property is well located within Mount Wellington, close to major motorways and transportation links.

At the date of sale, the property was leased to Turners and Growers Fresh Limited on a 15 year lease term, with three further right of renewals of two years each. The lease is subject to a hard ratchet clause and a 6% cap on the 3 yearly market reviews. The lease returns an annual rental of \$636,000 per annum.

The property sold in June 2017 for \$10,500,000 reflecting an initial yield of 6.06% and an average remaining lease term of 10.38 years. The sale has been analysed to reflect an equivalent yield of 6.13% and an internal rate of return of 8.57%.



3 Stonehill Drive, Wiri, Auckland

Sale Price	\$7,250,000	Sale Date	May 2017
Initial Yield	4.71%	Equivalent Yield	4.77%
IRR	7.44%	WALE	9.25 years

The property comprises a circa 2016 constructed, modern industrial facility with approximately 2,301 square metres of net lettable area, located on the western side of Stonehill Drive, Wiri. The property is situated on a special purpose – Quarry Zone site of approximately 4,215 square metres.

Improvements comprise of a clear-span warehouse of approximately 2,000 square metres with a stud height of approximately 9.5 metres, constructed with reinforced concrete flooring, full height precast concrete walls, steel portal framing and a long run metal roof with intermittent translucent panels, netting and sisalation. The warehouse is accessed via multiple roller doors along the northern elevation, which are protected by an approximate 780 square metre canopy. The canopy area is large enough to turn and manoeuvre b-train trucks and also provides outdoor storage accommodation. The offices comprise of approximately 301 square metres over two levels with construction comprising of an open floor plan with carpet flooring, painted plasterboard walls, suspended ceilings, and recessed fluorescent lighting.

The property is leased to Jarvis Trading Limited for a term of ten (10) years from 1 August 2016 with two (2) rights of renewal of five (5) years each and annual fixed rent review increases of 2%. Jarvis Trading Limited currently lease the property for \$341,500 per annum plus GST and outgoings.

The property sold in May 2017 for \$7,250,000 reflecting an initial yield of 4.71% and an average remaining lease term of 9.25 years. We have analysed this sale to reflect an equivalent yield of 4.77% and an internal rate of return of 7.44%.

The property would set the lower end (firmer yield) of the range for comparable transactions. We believe that this property is superior to the subject based on the longer lease term, fixed annual increases and more generic improvements providing a better office to warehouse ratio.

The above transactions indicate that initial yields have ranged from 4.71% to 6.90%, equivalent yields from 4.77% to 6.93% and internal rates of return from 7.44% to 8.84% largely dependent on tenant covenants, guaranteed rental growth and lease terms.

We consider 68-80 Stonedon Drive, 107 Harris Road both located in East Tamaki, and 48 Bruce McLaren Road located in Henderson, to provide a good indication of an initial and equivalent yield achievable for the subject property, although the subject is of a larger scale at a higher price quantum with five large tenancies.

The lower end of the yield range typically relates to properties with either modern accommodation, situated in prime locations, with medium to long term weighted average lease terms or are of a smaller value quantum. Sales to the higher end of the yield range typically relate to properties with either secondary quality accommodation, in secondary locations, have short weighted average lease terms or are of a high value quantum. Taking into account the age, scale and nature of the accommodation, location, value quantum, rent review structure and weighted average lease term, we have adopted a yield to the upper end of the range.

Interest rates are historically low at present, creating increasing demand from the owner occupier with equivalent yields for vacant possession properties close to yields currently being achieved for properties with long lease terms.

Based on the sales evidence, particularly the most recent and anecdotal evidence of current transactions, we have adopted the following valuation inputs:

Variable	Input
Capitalisation Rate - Core Income	7.13%
Discount Rate	8.50%

8.2 Land Sales Transactions

In assessing the surplus land of 4,653 square metre of surplus land at the subject property, we have considered a selection of recent land sales within West Auckland suburbs. The more relevant sales are summarised in the sales schedule and commentary below:

Address	Sale Date	Sale Price	Site Area	Rate (\$/sqm)	Zoning
31 Patiki Road, Avondale	Sep-18	\$1,800,000	1,978 sqm	\$910	Light Industry
28 Bruce McLaren Road, Henderson	Jun-18	\$710,000	1,603 sqm	\$443	Light Industry
65 Mihini Road, Henderson	Apr-17	\$580,000	2,748 sqm	\$211	Light Industry
75 Mihini Road, Henderson	Mar-17	\$870,000	3,108 sqm	\$280	Light Industry
57 Fred Taylor Drive, Westgate	Mar-17	\$4,314,900	5,700 sqm	\$575	Light Industry
5 Rawiri Place, Hobsonville	Mar-17	\$1,405,000	3,651 sqm	\$384	Light Industry

The evidence above indicates a range between \$211 and \$910 per square metre based on factors such as scale, location, contour, outlook and frontage.

We consider the market rate per square metre for surplus land at the subject property to be at the lower end of the range due to the fact that the surplus land forms part of the larger site in one title and presents as added value/development land within the larger site at 116 to 152 Swanson Road.

9 Valuation Considerations

9.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property at the date of valuation given the current leasing terms and market conditions. Opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> • The buildings offer generic industrial accommodation that would suit a range of users. • The building was upgraded and modernised in 2011/2012 with no major areas of deferred maintenance evident. • Surplus land areas offering development / expansion options if further intensification is planned. • Freehold landholding. • Staggered nature of WALT diversifying the risk profile of the property. • Profile and exposure to Swanson Road. • Adequate carparking. 	<ul style="list-style-type: none"> • Secondary locality with rental returns generally lower than alternative areas such as Rosebank Road. • Rental vacancy risk exposure upon expiry of leases. • High monetary quantum may reduce potential purchasers. • Requirement for an 'add value investor' to develop or subdivide the land.
Opportunities	Threats
<ul style="list-style-type: none"> • Negotiate lease extensions in order to boost WALT. • Incorporate fixed rental growth into leases. • Investigate the merits of development on the surplus land area. • Potential to subdivide and sell down as separate parcels in order to capture a larger segment of the market. 	<ul style="list-style-type: none"> • Surrounding industrial and office development, as well as the emergence of alternative industrial locations providing modern design build options, may limit medium to long term rental growth and re-leasing opportunities as a result of increased competition. • Off-shore and local factors impacting negatively on economic growth, tenant demand and investor sentiment.

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 6 months.

This is an estimate of the time it might take for the Property to sell if it were marketed at the ascribed market value. The actual time it may take to sell the Property will be impacted upon by numerous factors including the marketing undertaken, eagerness of buyers both generally and also in relation to assets similar to the Property, availability of finance, and changes in market conditions subsequent to the valuation date.

9.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be a syndicator, high net worth individual or overseas investor.

9.4 Sales History

The subject property has not transacted in the last 10 years.

10 Valuation Rationale

10.1 Valuation Overview

In arriving at our opinion of market value we have adopted the capitalisation of net income and discounted cash flow (DCF) approaches. Both results have then been cross checked using the direct comparison approach where the value is analysed on a rate per square metre of Net Lettable Area (NLA).

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

10.2 Valuation Criteria

After considering the sales evidence, market indicators and the level of investor sentiment for comparable commercial real estate and adjusting specifically for:

- The characteristics of the location;
- Quality of the improvements/building;
- Leasing covenants/security of income cash flow;
- Weighted remaining lease duration; and
- Expiry profile of tenancies.

We have adopted a core capitalisation rate of 7.13% on our adopted market rental profile and an 8.50% target discount rate.

10.3 Capitalisation Approach

Introduction

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property and the deduction of outgoings, where appropriate, in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$2,532,719
Ideal Outgoings Recovery (Full Net Leases)	\$314,000
Total Market Rental	\$2,846,719
Less Outgoings Expenditure	(\$314,000)
Net Market Rental	\$2,532,719
Rental Adjustments	
Core Income	\$2,532,719
Core Income Capitalised at 7.13%	\$35,546,933
Value Adjustments	
Existing Tenancies	(\$241,070)
Present Value of Letting Up Allowances: 24 months	(\$102,668)
Present Value of Short Term Capital Expenditure: 24 months	(\$345,562)
Total Value Adjustments	(\$689,300)
Total Capitalised Value	\$34,857,633
Adopted Capitalised Value	\$34,860,000

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short term CAPEX) where appropriate have been made in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Letting Up Allowances

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

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$345,562.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$34,860,000.

Our detailed calculations are annexed to this report.

10.4 Discounted Cash Flow Approach

We have undertaken a discounted cash flow analysis over a 10 year investment horizon to derive a net present value for the Property. The cash flow outputs are summarised and appended to this report.

We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

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

Revenue Projections

Our revenue projections commence with the passing rents for each existing tenant and, where relevant, include structured annual and market rent reviews, together with ratchet clauses, as provided for under existing leases.

Growth Rates

A summary of the growth rates adopted for the cash flow period are as follows:

Growth	1	2	3	4	5	6	7	8	9	10
Industrial Warehouse							10 year average		2.85%	
	2.75%	2.75%	3.00%	3.25%	3.50%	3.00%	2.75%	2.50%	2.50%	2.50%
Offices and Amenities							10 year average		2.85%	
	2.75%	2.75%	3.00%	3.25%	3.50%	3.00%	2.75%	2.50%	2.50%	2.50%
CPI							10 year average		2.02%	
	2.10%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		2.02%	
	2.10%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		2.00%	
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

The market rents have been grown over the 10 year cash flow period by their respective growth rate as set out within the summary table above. In formulating our views as to the appropriate projected rental growth rates for the Property we have had regard to forecasts supplied by JLL Research and NZIER. These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

Letting Up/Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have assumed a new lease term for industrial tenants of 6.0 years and associated agents/leasing costs of 16.00%. Our allowances are outlined in the table overleaf:

Industrial Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex \$/sqm	Probability
Vacant	12 months	50%	0%	100%	\$20	100%
Year 1	12 months	50%	0%	100%	\$20	100%
Year 2	12 months	50%	0%	100%	\$20	100%
Year 3	12 months	50%	0%	100%	\$20	100%
Year 4	12 months	50%	0%	100%	\$20	100%
Year 5	12 months	50%	0%	100%	\$20	100%
Year 6	12 months	50%	0%	100%	\$20	100%
Year 7	12 months	50%	0%	100%	\$20	100%
Year 8	12 months	50%	0%	100%	\$20	100%
Year 9	12 months	50%	0%	100%	\$20	100%
Year 10	12 months	50%	0%	100%	\$20	100%

Office Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex \$/sqm	Probability
Vacant	12 months	50%	0%	100%	\$15	100%
Year 1	12 months	50%	0%	100%	\$15	100%
Year 2	12 months	50%	0%	100%	\$15	100%
Year 3	12 months	50%	0%	100%	\$15	100%
Year 4	12 months	50%	0%	100%	\$15	100%
Year 5	12 months	50%	0%	100%	\$15	100%
Year 6	12 months	50%	0%	100%	\$15	100%
Year 7	12 months	50%	0%	100%	\$15	100%
Year 8	12 months	50%	0%	100%	\$15	100%
Year 9	12 months	50%	0%	100%	\$15	100%
Year 10	12 months	50%	0%	100%	\$15	100%

Capital Expenditure

Within our calculations we have made capital expenditure allowances based on budgets provided, as noted previously within this report, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances we have made are summarised overleaf:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$150,000	Year 6	\$461,283
Year 2	\$217,916	Year 7	\$283,461
Year 3	\$140,730	Year 8	\$155,377
Year 4	\$234,660	Year 9	\$197,773
Year 5	\$146,415	Year 10	\$264,265

Total CAPEX allowances amount to \$2,251,879 (\$84.17 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.38% (a 0.25% softening) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

Transaction Costs

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

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

Discount Rate

In assessing the appropriate target discount rate for the property, we have considered the following factors:

- Analysis of recent comparable sales;
- Current level of the 10 year Government Bond Rate;
- Dialogue with active institutional investors and property trust investors; and
- Property's lease covenants and quality of improvements.

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.50% to the cash flows to produce a present value of \$34,870,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	7.13%	7.38%	7.63%
8.25%	\$36,190,000	\$35,480,000	\$34,810,000
8.50%	\$35,570,000	\$34,870,000	\$34,220,000
8.75%	\$34,960,000	\$34,270,000	\$33,640,000

10.5 Surplus Land Component

To establish land values to the surplus, we have analysed vacant land sales in order to determine a rate per square metre. Utilising the land value rates established, we have made appropriate adjustments for physical and locational characteristics as well as general market growth so that an appropriate rate may be applied to the subject.

We have investigated a wide range of recent brownfields (redevelopment) sales, as well as extending our research across a wider geographical region to establish general parameters to determine whether any discounts for size should apply. We set out below our adopted additional value to the surplus land component of the property.

Surplus Land Valuation	Site Area	Rate psm	Market Value
	4,653 sqm @	\$300	\$1,400,000
		\$325	\$1,510,000
		\$350	\$1,630,000
Adopted Value			\$1,510,000

10.6 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$34,860,000
Capitalisation Approach - Contract Income	\$34,870,000
Discounted Cash Flow Approach	\$34,870,000
Adopted Value	\$34,850,000
Surplus Land Value	\$1,510,000
Adopted Value plus Surplus Land	\$36,360,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present industrial investment sentiment, we have adopted a rounded valuation figure of **\$36,360,000** plus GST (if any).

The assessed value excluding surplus land reflects an initial passing yield of 7.10%, an equivalent yield of 7.13%, an internal rate of return of 8.50%, and a rate of \$1,303 per square metre of Net Lettable Area, as leased.

11 Valuation

In accordance with your instructions we have assessed the market value of the 100% freehold interest in the property as follows.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 31 October 2018, is:

\$36,360,000 plus GST (if any)

Thirty Six Million Three Hundred and Sixty Thousand plus GST (if any)

11.1 Mortgage Security Recommendation

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

11.2 Market Value Apportionment

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

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

Valuation Apportionment	Value
Land Value - Estimated Value in Use	\$16,810,000
Improvements Value - Residual / Net Rate Estimate	\$19,550,000
Adopted Value	\$36,360,000

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

Finally, and in accordance with our normal practice, we confirm that this report is confidential to Augusta Industrial Fund Limited (or its subsidiaries) for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising and Mortgage Security and ASB Bank Limited for Mortgage Security Purposes. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

JLL, Valuation & Advisory



Wouter Robberts SPINZ, ANZIV, MRICS
Registered Valuer - National Director
+64 9 363 0204
wouter.robber@ap.jll.com



Isabelle Hoy BProp/BCom
Valuer
+64 9 363 0309
isabelle.hoy@ap.jll.com

Valuers Involvement in the preparation of this report:

Role	Name
Inspection of Property/Assets:	Wouter Robberts, Isabelle Hoy
Calculations:	Wouter Robberts, Isabelle Hoy
Information Review:	Wouter Robberts, Isabelle Hoy
Reporting Authoring:	Wouter Robberts, Isabelle Hoy
Quality Assurance/Reviewing	Ben Johnson
Principal Valuer	Wouter Robberts

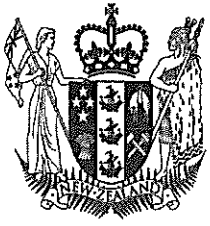
Report linked to N:\030 VALUATIONS\VALUATIONS\Waitakere City\Swanson 114\2018\September 2018\Updated CAPEX\Westend Industrial Park - Sept 2018 - Updated CAPEX xism

Valuation Definitions

Net Passing Income	The annual sum of the current base rent, any supplementary income and recoverable outgoings, less total outgoings.
Net Income, Fully Leased	The annual net passing income as above, plus estimated income from vacant tenancies and any immediate reversions.
Quoted Capitalisation Rate	The capitalisation rate adopted within the valuation applied to either the net income, fully leased (excluding supplementary income) or net market income prior to adjustments for vacancy, rental reversion and capital expenditure.
Initial Yield	The initial net passing income from an investment divided by the sale price or value adopted for the investment expressed as a percentage.
Market Yield	The assessed net market income divided by the sale price or value adopted.
Equivalent Yield	A market yield which reflects additional adjustments for capital expenditure, letting up assumptions or the present value of rental reversions after the capitalisation of income.
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into a present value.
Internal Rate of Return (IRR)	The discount rate at which the present value of the future cash flows of the investment equals the acquisition cost of the investment.
Terminal Yield	Alternatively referred to as a Reversionary Yield, being the anticipated yield from an investment property once a reversionary value is attained at the end of the cashflow with adjustments for vacancy allowances.
Ten Year IRR	The IRR (as above) for which the property would achieve based on the present value of all the net cashflows over a 10 year period given the assessed value.
Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Weighted Average Lease Term (WALT)	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
Fair Value	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Priority Building	Section 133AE Building (Earthquake-prone Buildings) Amendment Act 2016 - Meaning of priority building: <i>Located in an area of medium or high seismic risk and likely to be used in an emergency situation or generally providing education for greater than 20 people. Additionally, any unreinforced masonry that could fall on a public area or impede a transport route.</i>
Z Factor	The Z factor of an area is the seismic hazard factor that would be used to design a new building on a site in that area in accordance with the building code, verification methods and standards incorporated by reference into the building code or a verification method, as they relate to calculating Z factors.

We recommend that the reader consult the International Valuation Standards Council – International Valuation Glossary <https://www.ivsc.org/standards/glossary>

Computer Interest Register



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy


R. W. Muir
Registrar-General
of Land

Identifier 635532
Land Registration District North Auckland
Date Issued 07 April 2014

Prior References

NA23C/529

Estate	Fee Simple
Area	5.6033 hectares more or less
Legal Description	Lot 2 Deposited Plan 470382

Proprietors

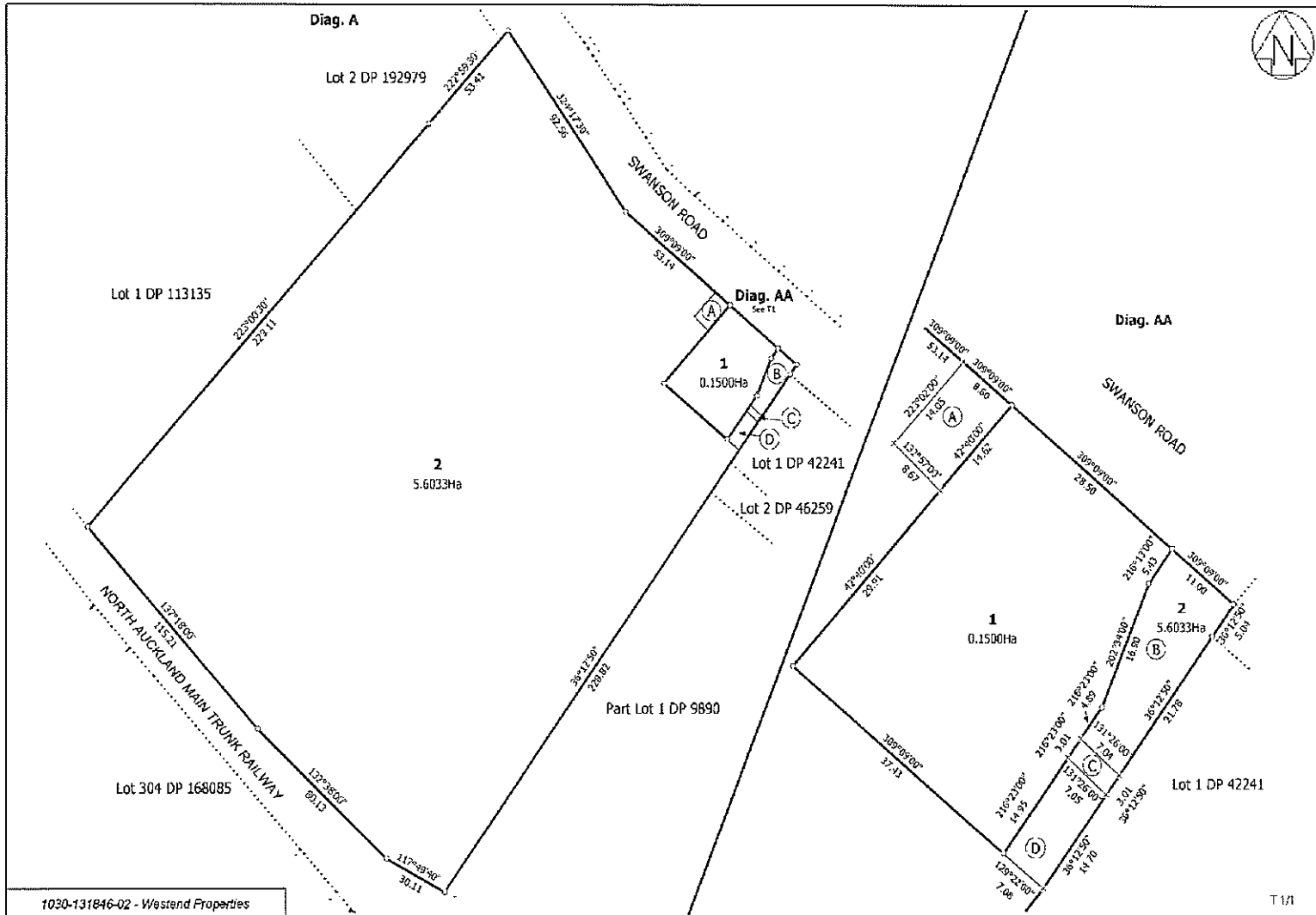
Westend Industrial Park Nominees Limited

Interests

9247223.3 Mortgage to ASB Bank Limited - 30.11.2012 at 4:03 pm

Subject to a right of way over part marked A and a right to convey sewage over part marked C and a right to convey electricity, gas, water, telecommunications and computer media over parts marked B, C & D on DP 470382 created by Easement Instrument 9630684.3 - 7.4.2014 at 5:09 pm

The easements created by Easement Instrument 9630684.3 are subject to Section 243 (a) Resource Management Act 1991



Valuation Calculations

Property	Westend Industrial Park - 116-152 Swanson Road, Henderson,
Property Description	Industrial
Net Lettable Area	26,755 square metres
Land Area	56,033 square metres
Car Parking	Nil
Prepared For	Augusta Industrial Fund Limited (or its subsidiaries)
Purpose	Use by Prospective Investors (on a non-reliance basis) in that
Date of Valuation	31 October 2018
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$34,850,000 plus GST (if any)



Valuation Analysis	
Initial Yield (Net Passing)	7.10%
Initial Yield (Fully Leased)	7.10%
Equivalent Yield	7.13%
Internal Rate of Return (Ten Year)	8.50%
Weighted Average Lease Term - Income	4.45 years
Weighted Average Lease Term - Area	4.50 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$1,303 /sqm
Capital Value per square metre of Land Area	\$622 /sqm

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

Capitalisation Approach

Value Based on Market Capitalisation	\$34,860,000
Value Based on Contract Capitalisation	\$34,870,000
Capitalisation Rate	7.13%

Discounted Cashflow Approach

Value Based on DCF Approach	\$34,870,000
Discount Rate	8.50%
Terminal Capitalisation Rate	7.38%
Nominal Assumed Rental Growth	2.85% pa
Nominal Assumed CPI	2.02% pa

Occupancy Profile by Rental Income



Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$2,475,497	\$2,532,719
Other Income		
Recoverable Outgoings	\$314,000	\$314,000
Gross Income	\$2,789,497	\$2,846,719
Total Outgoings	(\$314,000)	(\$314,000)
Less Year 1 Incentives		
Net Income	\$2,475,497	\$2,532,719

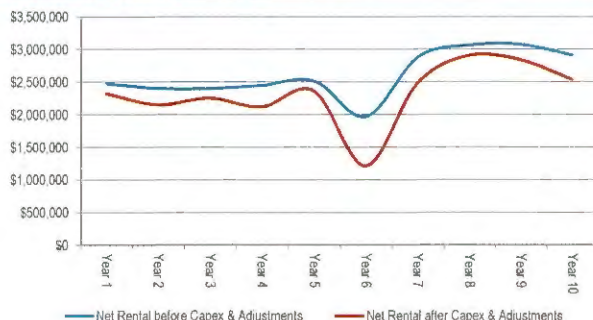
DCF Sensitivity Analysis

Discount Rate	7.13%	Terminal Yield	7.38%	7.63%
8.25%	\$36,190,000	\$35,480,000	\$34,810,000	
8.50%	\$35,570,000	\$34,870,000	\$34,220,000	
8.75%	\$34,960,000	\$34,270,000	\$33,640,000	

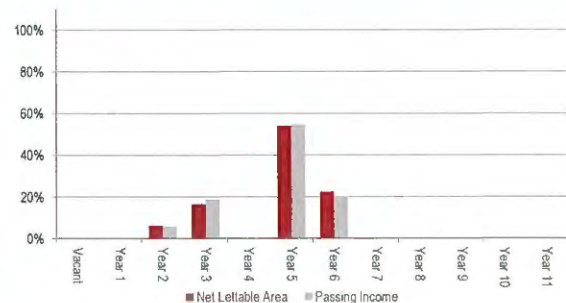
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$150,000	\$217,916	\$140,730
Letting Up	\$0	\$114,413	\$280,499
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile





Market Income	
Lettable area rental	\$2,532,719
Car Parking Rental	\$0
Ideal Outgoings Recovery (Full Net Leases)	\$314,000
Total Market Rental	\$2,846,719
Less Outgoings Expenditure	(\$314,000)
Net Market Rental	\$2,532,719
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$2,532,719
Core Income Capitalised at 7.13%	\$35,546,933

Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	(\$241,070)
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$102,668)
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$345,562)
Value of Other Income	\$0
Total Value Adjustments	(\$689,300)
Total Capitalised Value	\$34,857,633
Adopted Capitalised Value	\$34,860,000
Adopted Value	\$34,850,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	4.45 years	Initial Yield (Net Passing)	7.10%
By Area	4.50 years	Initial Yield (Fully Leased)	7.10%
Current Vacancies		Equivalent Market Yield	7.13%
By Area	0 sqm	Rate per m ² of NLA	\$1,303 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$2,475,497
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$2,475,497



Passing Income	
Lettable Area Rental	\$2,475,497
Car Parking Rental	\$0
Outgoings Recovery	\$314,000
Total Passing Rental	\$2,789,497
Less Outgoings Expenditure	(\$314,000)
Net Passing Income*	\$2,475,497
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$2,475,497
Core Income Capitalised at 7.13%	\$34,743,817
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$570,913
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$102,668)
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$345,562)
Value of Other Income	\$0
Total Value Adjustments	\$122,683
Total Capitalised Value	\$34,866,500
Adopted Capitalised Value	\$34,870,000
Adopted Value	\$34,850,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Results	
PV of Rental Income	\$15,682,400
PV of Terminal Value	\$19,186,076
Acquisition Costs	\$0
Total Net Present Value	\$34,868,476
Adopted Net Present Value	\$34,870,000
Adopted Value	\$34,850,000
Adopted Discount Rate	8.50%
Internal Rate of Return	8.50%

Sensitivity Analysis*		Terminal Yield		
Discount Rate	7.13%	7.38%	7.63%	
8.25%	\$36,190,000	\$35,480,000	\$34,810,000	
8.50%	\$35,570,000	\$34,870,000	\$34,220,000	
8.75%	\$34,960,000	\$34,270,000	\$33,640,000	

* Rounded Values

Key Property Statistics	Valuation Date	Terminal Period
Weighted Average Lease Term - Income	4.45 years	2.53 years
Weighted Average Lease Term - Area	4.50 years	2.50 years
Occupancy	100.00%	100.00%
Initial Yield (Net Passing)	7.10%	7.49%
Initial Yield (Fully Leased)	7.10%	7.49%
Capex Assumptions		
Total Allowance over DCF Period	\$2,251,879	\$84.17 /sqm
Proportion of Adopted Value	6.46%	

Year Ending	30-Oct-2019 Year 1	30-Oct-2020 Year 2	30-Oct-2021 Year 3	30-Oct-2022 Year 4	30-Oct-2023 Year 5	30-Oct-2024 Year 6	30-Oct-2025 Year 7	30-Oct-2026 Year 8	30-Oct-2027 Year 9	30-Oct-2028 Year 10	30-Oct-2029 Year 11
Rental Income											
Lettable Area and Car Park Income	\$2,478,651	\$2,413,531	\$2,414,380	\$2,464,242	\$2,531,878	\$2,073,205	\$2,891,300	\$3,068,800	\$3,087,423	\$2,947,502	\$0
Outgoings Recovery	\$314,000	\$310,064	\$312,976	\$319,236	\$323,346	\$243,435	\$340,283	\$358,770	\$358,122	\$343,763	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$2,792,651	\$2,723,595	\$2,727,356	\$2,783,478	\$2,855,224	\$2,316,640	\$3,231,583	\$3,427,570	\$3,445,545	\$3,291,266	\$0
Rental Deductions											
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$314,000)	(\$320,280)	(\$326,686)	(\$333,219)	(\$339,884)	(\$346,681)	(\$353,615)	(\$360,687)	(\$367,901)	(\$375,259)	\$0
Net Rental Cashflow	\$2,478,651	\$2,403,315	\$2,400,670	\$2,450,258	\$2,515,340	\$1,969,959	\$2,877,968	\$3,066,883	\$3,077,644	\$2,916,007	\$0
Rental Adjustments											
Letting Up Allowances - Leasing Fees	\$0	(\$27,736)	\$0	(\$89,760)	\$0	(\$290,427)	(\$112,620)	\$0	(\$33,415)	(\$107,350)	\$0
Capital Expenditure	(\$150,000)	(\$217,916)	(\$140,730)	(\$234,660)	(\$146,415)	(\$461,283)	(\$283,461)	(\$155,377)	(\$197,773)	(\$264,265)	\$0
Net Cashflow	\$2,328,651	\$2,157,663	\$2,259,941	\$2,125,839	\$2,368,925	\$1,218,248	\$2,481,888	\$2,911,506	\$2,846,456	\$2,544,392	\$0
Purchase Price	\$34,850,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$34,850,000										
Net Sale Price After Costs @ 1.50%	\$43,379,400										
Annual Cashflow	(\$32,521,349)	\$2,157,663	\$2,259,941	\$2,125,839	\$2,368,925	\$1,218,248	\$2,481,888	\$2,911,506	\$2,846,456	\$2,544,392	\$43,379,400
Running Initial Yield	7.11%	6.90%	6.89%	7.03%	7.22%	5.65%	8.26%	8.80%	8.83%	8.37%	-
Running IRR	7.48%	8.42%	7.64%	7.78%	8.24%	8.47%	8.63%	8.60%	8.70%	8.50%	-



Tenancy Schedule
 Westend Industrial Park - 116-152 Swanson Road, Henderson, Auckland
 31 October 2018

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pcpw	Net Market Rental Total	Premises \$/sqm	Car Park pcpw	Outgoings Recovery
1. Blue Star Group (NZ) Ltd	Manufacturing	9,082.2		12.0 years	1-Oct-11	30-Sep-23	1-Oct-19	2 yearly	CPI+1%	\$809,626	\$89.14		\$817,398	\$90.00		\$106,590
2. Blue Star Group (NZ) Ltd	Inwards Goods	884.7		12.0 years	1-Oct-11	30-Sep-23	1-Oct-19	2 yearly	CPI+1%	\$78,867	\$89.15		\$79,623	\$90.00		\$10,383
3. Blue Star Group (NZ) Ltd	Offices & Amenities	509.6		12.0 years	1-Oct-11	30-Sep-23	1-Oct-19	2 yearly	CPI+1%	\$102,489	\$201.12		\$101,920	\$200.00		\$5,981
4. Blue Star Group (NZ) Ltd	Canopy	544.6		12.0 years	1-Oct-11	30-Sep-23	1-Oct-19	2 yearly	CPI+1%	\$26,287	\$48.27		\$29,953	\$55.00		\$6,392
5. Blue Star Group (NZ) Ltd	Expansion Warehouse	2,325.2		12.0 years	1-Oct-11	30-Sep-23	1-Oct-19	2 yearly	CPI+1%	\$182,001	\$78.27		\$209,268	\$90.00		\$27,289
6. Blue Star Group (NZ) Ltd	Digital Print Shop	600.0		12.0 years	1-Oct-11	30-Sep-23	1-Oct-19	2 yearly	CPI+1%	\$59,425	\$99.04		\$60,000	\$100.00		\$7,042
7. Caprice NZ Ltd	Warehouse	4,007.9		9.0 years	22-Jul-12	21-Jul-21	22-Jul-19	1 yearly	CPI	\$426,580	\$106.43		\$420,830	\$105.00		\$47,037
8. Caprice NZ Ltd	Offices & Amenities	76.0		9.0 years	22-Jul-12	21-Jul-21	22-Jul-19	1 yearly	CPI	\$15,674	\$206.24		\$15,960	\$210.00		\$892
9. Caprice NZ Ltd	Canopy	407.2		9.0 years	22-Jul-12	21-Jul-21	22-Jul-19	1 yearly	CPI	\$23,427	\$57.53		\$23,414	\$57.50		\$4,779
10. United Coporation Ltd	Warehouse	3,814.6		12.0 years	1-Jul-12	30-Jun-24	30-Jun-21	3 yearly	CPI	\$301,986	\$79.17		\$305,168	\$80.00		\$44,769
11. United Coporation Ltd	Offices & Amenities	334.7		12.0 years	1-Jul-12	30-Jun-24	30-Jun-21	3 yearly	CPI	\$48,917	\$146.15		\$55,226	\$165.00		\$3,928
12. United Coporation Ltd	Canopy	166.4		12.0 years	1-Jul-12	30-Jun-24	30-Jun-21	3 yearly	CPI	\$8,769	\$52.70		\$9,568	\$57.50		\$1,953
13. United Coporation Ltd	Warehouse	1,736.4		12.0 years	1-Jul-12	30-Jun-24	30-Jun-21	3 yearly	CPI	\$148,434	\$85.48		\$147,594	\$85.00		\$20,379
14. ZP Fitness Ltd	Gymnasium	558.6		10.0 years	29-Jul-13	29-Jul-23	29-Jul-19	2 yearly	CPI	\$95,928	\$171.73		\$111,720	\$200.00		\$6,556
15. Bestware LtdT/A Treasur	Warehouse	1,706.8		4.0 years	1-Apr-16	31-Mar-20	1-Apr-19	1 yearly	Fixed	\$147,088	\$86.18		\$145,078	\$85.00		\$20,031

GLA	26,755 sqm	0	Passing Rental	\$2,475,497	Market Rental	\$2,532,719	Outgoings Recovery	\$314,000
NLA	26,755 sqm		Net Passing Rental	\$2,475,497			Vacant Outgoings	\$0
							Outgoings Shortfall	\$0
							Total Outgoings	\$314,000



Annualised Receivable Income
Westend Industrial Park - 116-152 Swanson Road, Henderson, Auckland
31 October 2018

Tenant Name	Premises	Year 1 30-Oct-2019	Year 2 30-Oct-2020	Year 3 30-Oct-2021	Year 4 30-Oct-2022	Year 5 30-Oct-2023	Year 6 30-Oct-2024	Year 7 30-Oct-2025	Year 8 30-Oct-2026	Year 9 30-Oct-2027	Year 10 30-Oct-2028
Blue Star Group (NZ) Ltd	Manufacturing	\$809,626	\$811,717	\$834,724	\$836,811	\$788,119	\$562,234	\$963,830	\$995,829	\$1,018,685	\$1,049,119
Blue Star Group (NZ) Ltd	Inwards Goods	\$78,867	\$79,071	\$81,312	\$81,515	\$76,772	\$54,767	\$93,887	\$97,004	\$99,230	\$102,195
Blue Star Group (NZ) Ltd	Offices & Amenities	\$102,489	\$102,754	\$105,667	\$105,931	\$99,767	\$70,104	\$120,178	\$124,168	\$127,018	\$130,813
Blue Star Group (NZ) Ltd	Canopy	\$26,287	\$26,354	\$27,101	\$27,169	\$25,588	\$20,603	\$35,319	\$36,491	\$37,329	\$38,444
Blue Star Group (NZ) Ltd	Expansion Warehouse	\$182,001	\$182,471	\$187,643	\$188,112	\$177,166	\$143,942	\$246,757	\$254,949	\$260,801	\$268,593
Blue Star Group (NZ) Ltd	Digital Print Shop	\$59,425	\$59,578	\$61,267	\$61,420	\$57,846	\$41,270	\$70,749	\$73,097	\$74,775	\$77,009
Caprice NZ Ltd	Warehouse	\$427,255	\$431,607	\$328,935	\$346,388	\$461,851	\$485,773	\$493,747	\$515,148	\$522,282	\$269,553
Caprice NZ Ltd	Offices & Amenities	\$15,868	\$16,369	\$12,475	\$13,137	\$17,516	\$18,423	\$18,725	\$19,537	\$19,808	\$10,223
Caprice NZ Ltd	Canopy	\$23,567	\$24,014	\$18,301	\$19,272	\$25,696	\$27,027	\$27,471	\$28,662	\$29,059	\$14,997
United Coporation Ltd	Warehouse	\$301,986	\$301,986	\$301,986	\$317,224	\$338,558	\$225,705	\$306,552	\$367,862	\$384,233	\$387,507
United Coporation Ltd	Offices & Amenities	\$48,917	\$48,917	\$48,917	\$54,063	\$61,268	\$40,845	\$55,476	\$66,571	\$69,534	\$70,126
United Coporation Ltd	Canopy	\$8,769	\$8,769	\$8,769	\$9,538	\$10,615	\$7,077	\$9,611	\$11,534	\$12,047	\$12,150
United Coporation Ltd	Warehouse	\$148,434	\$148,434	\$148,434	\$154,812	\$163,743	\$109,162	\$148,263	\$177,916	\$185,834	\$187,417
ZP Fitness Ltd	Gymnasium	\$95,928	\$95,928	\$95,928	\$95,928	\$71,946	\$98,308	\$131,078	\$136,759	\$138,653	\$143,979
Bestware LtdT/A Treasure E Warehouse		\$149,233	\$75,562	\$152,921	\$152,921	\$155,428	\$167,964	\$169,656	\$163,272	\$108,136	\$185,376
Total Receivable Rental Income		\$2,478,651	\$2,413,531	\$2,414,380	\$2,464,242	\$2,531,878	\$2,073,205	\$2,891,300	\$3,068,800	\$3,087,423	\$2,947,502



JLL

PricewaterhouseCoopers Tower
Level 16, 188 Quay Street
PO Box 165
Auckland 1140
Phone: +64 9 366 1666

JacksonStone House
Level 10, 3-11 Hunter St
PO Box 10-343
Wellington 6143
Phone: +64 4 499 1666

First Floor, 1 Papanui Road
Merivale
PO Box 6466
Christchurch 8442
Phone: +64 3 375 6600

COPYRIGHT © JONES LANG LASALLE IP, INC. 2019.

This publication is the sole property of Jones Lang LaSalle IP, Inc. and must not be copied, reproduced or transmitted in any form or by any means, either in whole or in part, without the prior written consent of Jones Lang LaSalle IP, Inc.

The information contained in this publication has been obtained from sources generally regarded to be reliable. However, no representation is made, or warranty given, in respect of the accuracy of this information. We would like to be informed of any inaccuracies so that we may correct them.

Jones Lang LaSalle does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on this publication.