



Commercial Market Valuation for Capital Raising Purposes

46-50 Rewa Rewa Road
Raumanga
Whangarei

Prepared for:
Pacific Property Fund Limited
C/- Property Managers Group
PO Box 2034
Tauranga 3140

Attention: Daniel Lem

Date: 1 July 2022

Reference: 0422-28

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1. Executive Summary

Instructed by: Daniel Lem of Pacific Property Fund Limited

Intended Users: Prospective subscribers for units in Pacific Property Fund Limited and ASB Bank Limited as Security Trustee.

Purpose of Valuation: Commercial Market Valuation on the subject property for capital raising purposes including use within the Product Disclosure Statement as required by the Financial Markets Conduct Act.

Our report is confidential to the parties to which it is addressed and to the prospective subscribers for units in Pacific Property Fund Limited as part of a capital raising exercise. No responsibility is accepted to any other third parties.

Neither the whole of the report, nor any part of it, or reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval to the form and context in which it will appear. This does not preclude PMG Property Funds Management Limited from providing to prospective subscribers for units in Pacific Property Funds Limited.

Date of Inspection/Valuation: Inspection undertaken 4 May 2022. Date of valuation 1 September 2022 but assessed as at 1 July 2022.

Valuation: **NZD\$9,400,000**
(NINE MILLION FOUR HUNDRED THOUSAND DOLLARS)

Our valuation is on the basis of plus GST (if any) and reflects the following:

Analysis

Value per sqm of GLA	\$3,435
Value per sqm of Land Area	\$966
Initial Yield	6.54%
Yield on Net Market Income	6.23%
Weighted Average Remaining Lease Term	14.92 years

Valuation Approaches: Capitalisation of income; land and buildings; and discounted cashflow.

Market Value Definition: 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 where the parties had each acted knowledgeably, prudently and without compulsion (IVS 104).

Coronavirus (COVID-19): Local and international markets will come to terms with Coronavirus and the impact or unclear impact this may have on the property market. A regular review of our report should be undertaken as circumstances are prone to



change over a short time frame. This is an integral part of any approved party relying on our report.

Purchase Price:

NZD\$9,213,333 being the allocated amount as per the Agreement for Sale and Purchase of Real Estate (and as advised to us in an email exchange) for both 12 Te Waiti Place and 46-50 Rewa Rewa Road, Raumanga, Whangarei.

1.1 Assumptions

In preparing our valuation, we have made the following assumptions:

- The revised lease structure for the draft Deed of Lease for 4 Ruffell Road between Pacific Property Fund Limited and Keith Andrews Trucks Limited referenced PMG818-2041 (9775825) and provided to us on 29 June 2022 also applies to this lease, save for the premises, the rent, and the fixtures and fittings.
- The fixtures and fittings for 46-50 Rewa Rewa Road will be similar to the fixtures and fittings contained in the draft Deed of Lease for 4 Ruffell Road.
- An executed Deed of Lease between Pacific Property Fund Limited as Landlord and Keith Andrews Trucks Limited as Tenant for a term of 15 years with one 10-year right of renewal from settlement date (targeted 31 August 2022) at an initial net annual rental of \$615,000 plus GST.
- The Tenant shall provide the Landlord with a bank guarantee to an amount equivalent to 12 months' rent and outgoings (plus GST).
- Annual indexed rental growth of 3% with 5% cap and collar market reviews every 5 years, except for when the market review date and the renewal date are the same, in which case the market rent review is fully ratcheted.
- The office roof replacement will be undertaken as soon as possible at the vendor's cost, or the purchaser would carry out the work soon after settlement and take on the risk of any cost overrun in return for a credit against the purchase price for the property.
- The site has no material contamination.
- The buildings have a seismic rating of not less than 67% of New Building Standard as concluded in a current detailed seismic assessment report.
- No material change to the property between the date of inspection on 4 May 2022 and the date of Lease Commencement of 1 September 2022.

Should any of these assumptions change or not be met, we reserve the right to amend our valuation accordingly.



1.2 Key Considerations

Condition:	Good for age, having been progressively maintained.
Saleability:	Good, occupying a strong corner location with good access in an established industrial district of Raumanga, Whangarei. The 15 year lease should appeal to the investment market.
Property Type:	<p>A 1990s developed, truck sales, service, and spare parts facility with a 2005 developed second workshop extension. The property is subject to a 15 year lease to Keith Andrews Trucks Limited at a net annual rental of \$615,000 plus GST. Our analysis of this indicates \$183.80 per sqm for the showroom, office, and Level 1 office and amenities, \$122.49 per sqm for the workshop, and \$32.89 per sqm overall for some 6,963sqm of open yard. We consider this rent to be above market by circa \$30,000 p.a.</p> <p>The property occupies two adjoining freehold sites with a combined land area of 9,734sqm. It has multiple crossings off both Rewa Rewa Road and Te Waiiti Place.</p> <p>In summary, a well maintained and presented commercial vehicle sales and service centre in the Northland regional centre of Whangarei.</p>



2. Property Description

2.1 Legal Description and Interests

Identifier 225041
 Land Registration District North Auckland
 Estate Fee Simple
 Area 5,687sqm more or less
 Legal Description Lot 4 Deposited Plan 57046 and Section 1 Survey Office Plan 343076
 Registered Owners Vicki Ann Andrews, Ian Irving Hayward and YHPJ Trustees (2020) Limited

Identifier NA12C/179
 Land Registration District North Auckland
 Estate Fee Simple
 Area 4,047sqm more or less
 Legal Description Lot 5 Deposited Plan 57046
 Registered Owners Vicki Ann Andrews, Ian Irving Hayward and YHPJ Trustees (2020) Limited

Record of Title

Lot	DP	Identifier	Area (sqm)
5	57046	NA12C/179	4,047
4	57046	225041	5,687
Total Land Area			9,734

Outstanding Interests:

Interests include:

225041

- Subject to Section 59 Land Act 1948 (affects Lot 4)
- C950490.1 Mortgage to ASB Bank Limited - 5.2.1996 at 12:55 pm
- 5640846.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS NA12C/179) - 1.7.2003 at 9:00 am
- 6148565.2 Variation of Mortgage C950490.1 - 14.9.2004 at 9:00 am
- Subject to a right to drain stormwater easement in gross over part Section 1 SO 343076 marked A on DP 345811 in favour of the Whangarei District Council created by Gazette Notice 6462284.3 - 17.6.2005 at 9:00 am
- Subject to Section 120(9) Public Works Act 1981
- 12200159.1 Variation of Mortgage C950490.1 - 30.7.2021 at 2:12 pm

NA12C/179

- Subject to Section 59 Land Act 1948
- C950490.1 Mortgage to ASB Bank Limited - 5.2.1996 at 12:55 pm
- 5640846.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS NA12C/178) 1.7.2003 at 9:00 am
- 5655543.2 Certificate that a building consent has been issued in respect of a building on the land that is described in Section 36(2) Building Act 1991 - 14.7.2003 at 9:00 am



- 6148565.2 Variation of Mortgage C950490.1 - 14.9.2004 at 9:00 am
- 12200159.1 Variation of Mortgage C950490.1 - 30.7.2021 at 2:12 pm

Interest Comments:

5640846.1 Certificate Pursuant to Section 37 (2) Building Act 1991 – a building consent has been granted to construct a building over the boundaries of Lots 4 and 5 and this prevents each lot being sold individually.

Gazette Notice 6462284.3 relates to a stormwater drainage easement running along the eastern side of Lot 4 along Te Waiiti Place in favour of the Whangarei District Council, in gross over part Section 1 SO 343076 marked A on DP 345811, recorded as being 132sqm.

5655543.2 relates to Section 36(2) of the Building Act 1991. The building is on land subject to erosion, but the building work itself will not accelerate or worsen, or result in erosion, alluvion, falling debris, subsidence of foundations or slippage of that land or any other property.

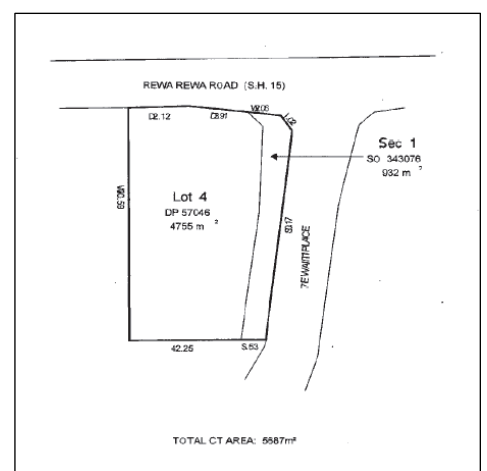
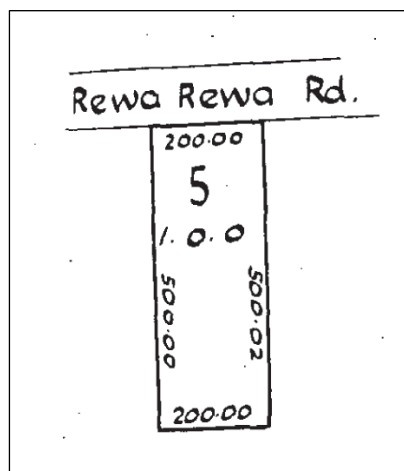
We have considered these interests in assessing our value of the property.

2.2 Land Description

Site Description:

Lots 4 and 5 combine to provide a freehold land area of 9,734sqm. They have northerly aspect to Rewa Rewa Road to which it has frontage of 106.35m, and easterly aspect to Te Waiiti Place, to which it has frontage of 90.15m. The improvements are centrally located on site, being well set back off Te Waiiti Road and the western boundary, whilst a generous display area is to the front of the showroom. The land is of level contour, with road crossings available off both Rewa Rewa Road and Te Waiiti Place. Landscaping is to the road frontage.

A site plan and aerial photo follow:





Zoning:

The land is zoned Business 4 Environment under the Whangarei District Plan. This zone covers the heavy industrial areas of Whangarei. The proposed zone is Light Industrial and restricts use to light industrial or supporting activities.

Permitted Activities and Development Controls (Operative)

In very general terms, but subject to additional requirements, any activity is a permitted activity provided that:

- It does not involve the construction of a residential unit; and
- It does not involve the care of the elderly or sick people, or the education or care of children; and
- The area for retail activity, including display, does not exceed 100sqm gross floor area; and
- It is not a Place of Assembly; and
- The area for retail activity, including display, does not exceed 100sqm gross floor area; and
- It does not involve food irradiation; and
- It is not an activity that is classified as an offensive trade in the Health Act 1956.
- In essence, the Business 4 zoning provides for a wide range of industrial uses. Any activity that does not comply with a condition for a permitted activity is a discretionary activity if it does not involve a) and b) above.



Proposed Light Industrial Zone

The above proposed zone is on the fringe of Whangarei City and larger suburban centres with close proximity to State Highways. The Light Industrial zone is generally more restrictive, it seeks to discourage non-industrial activities and industrial activities that cause significant effects beyond the site. The zone enables more industrial supporting activities such as cafes and takeaways.

The proposed plan differs from the current operative plan by the following rules:

- Retail increased generally up to 250sqm gross floor area
- The activity is generally permitted if, in addition, does not include Waste Management, Landfill, Plantation Forestry, Farm, Quarrying, Entertainment Facilities, Visitor Accommodation, General Commercial and General Community uses.

Zone Comment

The existing use as a motor vehicle sales and service facility appears to be provided for under the zoning provisions. Further, various additional development could be considered at some stage in the future.

Situation & Locality:

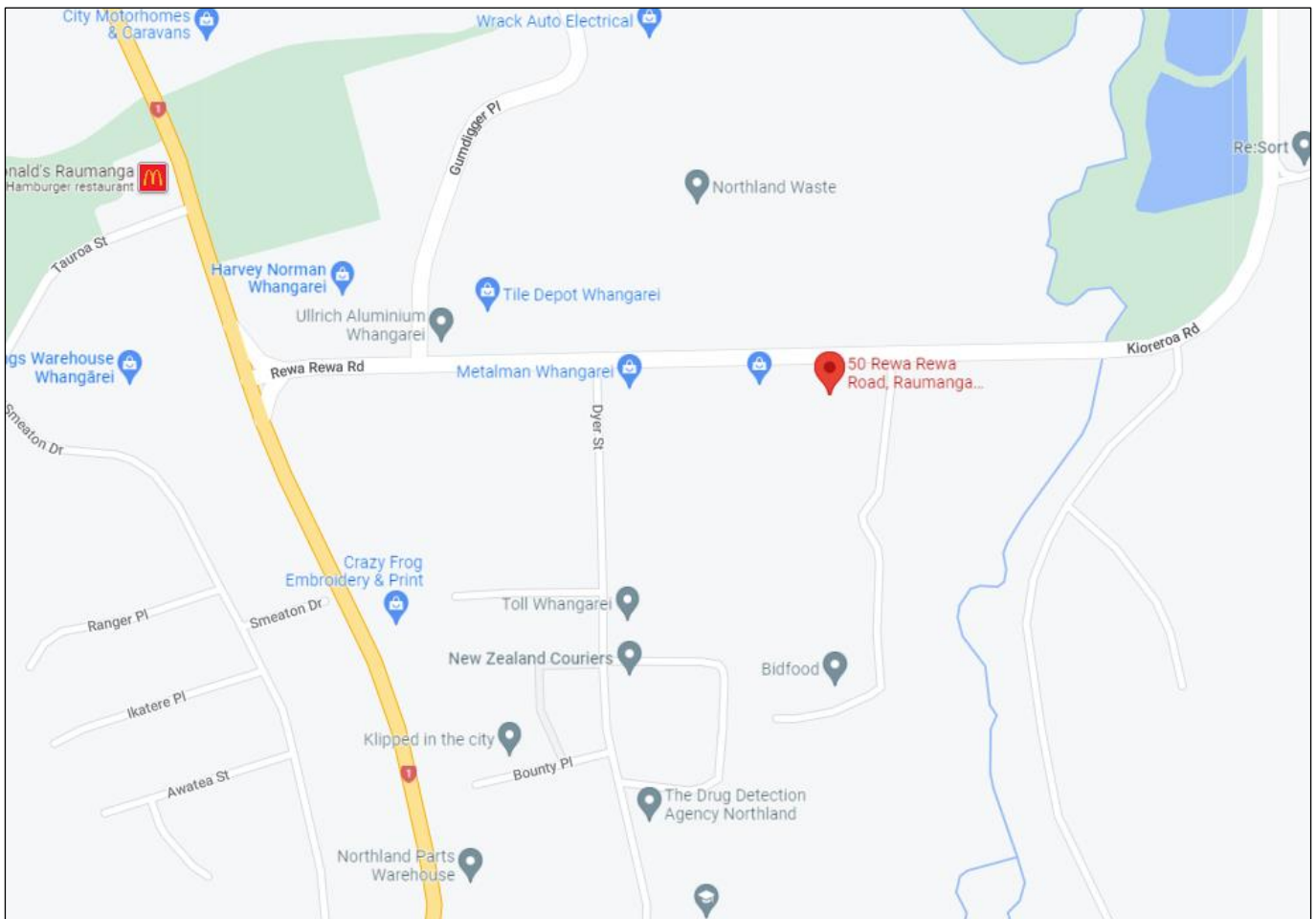
Rewa Rewa Road is sealed, curbed and channelled through road extending from State Highway 1 in the west through to Kioreroa Road in the east. The subject property is situated on the southern side of Rewa Rewa Road at the intersection with Te Waiiti Place.

Immediate surrounding development generally comprises a variety of industrial uses including premises occupied by Metalcraft, Diamond Industries, Motor Barn, Power Farming, and Toll Holdings. This area has been developed progressively from the 1980s and is characterised by a variety of motor vehicle sales and service outlets, manufacturing, fabricating, and rural related suppliers.

In this position, the property is 5km south of the Whangarei CBD and approximately 170km north of Auckland.

Approximately 2 hours north of Auckland, Whangarei represents a principal distribution hub for the Northland region, with companies such as Ballance Agri-Nutrients and Ravensdown having significant facilities located in the region. Whangarei is the largest urban centre in Northland, an economic hub of the region contributing circa 50% of GDP by value added, with manufacturing and agriculture, forestry and fishing, healthcare and social assistance being the largest contributors to GDP in the region.





In summary, an established industrial location of Whangarei, Northland.

2.3 Description of Improvements

Floor Area:

We physically measured the property at a height of 1.5m above ground level and to the external face of external walls. On this basis our calculated estimated areas were very similar to those contained in a Telfer Young report that we have been provided with. As such we have adopted Telfer Young's estimated areas as follows:



Floor Area Summary

Description	Occupier	Rentable Area sqm	Total Property %
Showroom	Keith Andrews Trucks Limited	227.10	8.3%
Ground Offices	Keith Andrews Trucks Limited	280.80	10.3%
Parts Storage	Keith Andrews Trucks Limited	86.20	3.1%
Level 1 Office & Amenity	Keith Andrews Trucks Limited	286.70	10.5%
Main Workshop incl toolroom	Keith Andrews Trucks Limited	868.80	31.7%
Main Workshop Mezzanine Office	Keith Andrews Trucks Limited	36.50	1.3%
Main Workshop Open Mezzanine	Keith Andrews Trucks Limited	13.50	0.5%
Rear Workshop	Keith Andrews Trucks Limited	424.80	15.5%
Lean-to Offices and Amenities	Keith Andrews Trucks Limited	62.40	2.3%
Freestanding Newer Workshop	Keith Andrews Trucks Limited	450.00	16.4%
Adopted Rentable Area		2736.80	100.0%
Other Areas			
Asphalt Display Yard	Keith Andrews Trucks Limited	2,060 sqm	
Concrete Yard	Keith Andrews Trucks Limited	4,770 sqm	
Washdown bay	Keith Andrews Trucks Limited	133 sqm	
Total Other Areas		6,963 sqm	
Footprint & Site Coverage Calculations			
Approximate Footprint		2400.10	
Approximate Site Cover		24.7%	

Site coverage at approximately 25% is low although reflects the use of the property with generous setbacks to allow for commercial vehicle parking and circulation. The premises themselves appear fit for purpose for the current use.

General:

A 1990's built industrial property with upgrades and extensions in the early 2000's.

Construction:

Construction consists of:

Showroom & Office

<i>Flooring:</i>	Concrete slab
<i>Structural:</i>	Steel encased concrete columns
<i>Joinery:</i>	Aluminium framed floor to ceiling, single glazed
<i>Exterior</i>	Concrete
<i>Roof:</i>	Profiled metal

Internal linings consist of:

<i>Flooring:</i>	Ceramic and carpet tiles over concrete
<i>Ceiling:</i>	Suspended ceiling on metal grid
<i>Lighting:</i>	Roof mounted in frosted covers
<i>Air Conditioning:</i>	Wall mounted units to the ground floor offices
<i>Sprinklered:</i>	No



Stud Height: 4.9m

Mezzanine Office

Flooring: Particleboard or similar
Lighting: Fluorescent lighting in frosted trays
Air Conditioning: Ceiling mounted cassette units
Ceiling: Suspended ceiling on metal grid
Stud Height: 2.5m

Workshop

Flooring: Concrete slab with excavated concrete inspection pits
Structural: RSJ columns and beams
Exterior: Predominantly profiled metal, although extensive roller door
Lighting: Halogen
Air Conditioning: No
Stud Height: 6.6m to 9.4m

Freestanding Newer Workshop

Flooring: Concrete slab
Exterior: Profiled metal
Roof: Profiled metal
Stud Height: 6.6m – 8.3m

Layout & Amenities:

Ground Floor Showroom & Offices

Various entry points open onto the 4.9m stud showroom, with mezzanine offices set back allowing strong natural light. The area is generally open plan with offices and amenities situated below the upper level mezzanine floor. Toward the southern end is a service area with windows through to the warehouse, and onto a parts store centrally located.

Upper Floor

Stairs rise off the showroom with various glazed partitioned offices. The space extends through to more offices, a boardroom, storage space, and a hall to a further office overlooking the workshop and lunchroom.



Workshop & Tool Room

Centrally located to the western side of the workshop is a concrete block tool room area that opens to the workshop. Immediately above that is a flat fibrocement workshop office.

Beyond the sixth roller door are a further two bays, currently used by VTNZ, under sublease with inspection pits.

To the southern end of the workshop is a lean-to which extends along the full width and comprises an oil store, and bathroom and basic office associated with the VTNZ subtenancy.

Fixtures & Fittings:

Fixtures and fittings include:

Ground Floor Amenities

Male Bathroom

- 2 stainless steel urinals
- Ceramic WC
- Shower
- Locker area

Upper Floor Amenities

Staff Lunchroom

- Stainless steel sink
- Air conditioning
- Vinyl floor

Bathroom 1

- Ceramic WC
- Laminated hand basin

Bathroom 2

- Ceramic WC
- Ceramic hand basin
- Handrail

Bathroom 3

- Ceramic WC
- Laminated hand basin

Shower

- Tiled walls and floor
- Glazed screen



Condition & Repair:	Good for age, having been progressively maintained.
Site Improvements:	<p>To the Rewa Rewa Road frontage is a bitumen sealed display yard with metal fencing which sits directly in front of the showroom. To the eastern side and off Te Waiiti Place is a large concrete open yard providing a vehicle queuing area. To the western side of the workshop before the second workshop is a large concrete area that extends through to Rewa Rewa Road.</p> <p>The southern boundary has nib concrete walling and adjoins a formed water course.</p>
Reticulation of Services:	Telephone, electricity, sewage, storm water and town water are all available to the site.
Building Warrant of Fitness:	The buildings have a current Warrant of Fitness which refers to Compliance Schedule WF 021853.
Code Compliance:	We assume all existing development on site has appropriate resource and building consent and has obtained Code Compliance Certification.
Seismic Rating:	We have assessed our value on the basis that all improvements have a seismic rating of not less than 67% of New Building Standard.



Photos:



Reception



Mezzanine



Main workshop



Main workshop



Main workshop



Truck inspection bay





Truck inspection bay



Rear workshop



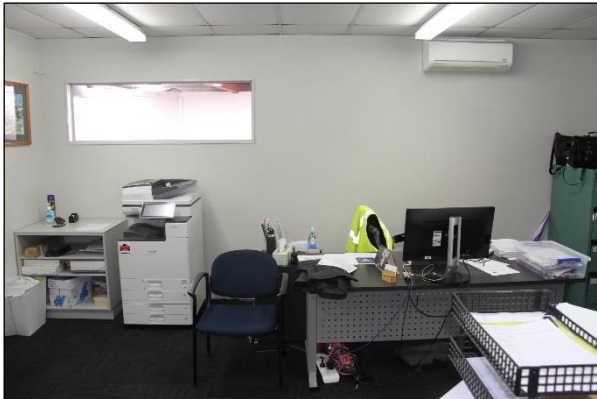
Rear workshop



Parts storage

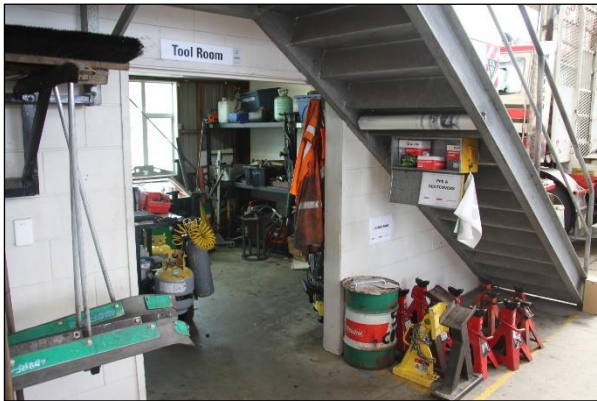


Offices



Offices





Tool room area



Tool room area



Lean-to office reception



Southern view of yard



Entrance from Rewa Rewa Road



Entrance from Te Waiti Place



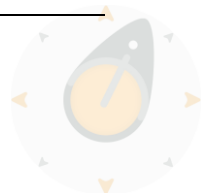
3. Occupancy Arrangements

3.1 Lease Summary

A summary of the draft occupancy arrangements is contained below.

Draft Deed of Lease

Landlord:	Pacific Property Fund Limited
Tenant:	Keith Andrews Trucks Limited
Guarantor:	
Lease Format:	Sixth Edition 2012 (5)
Premises:	All the land and buildings at 46-50 Rewa Road, Raumanga, Whangarei. The land is all the land comprised and described in Records of Title NA12C/179 and 225041
Term:	15 years
Commencement Date:	1 September 2022
Rights of Renewal:	One right of renewal for a term of 10 years
Renewal Dates:	1 September 2037
Expiry Date:	31 August 2047
Annual Rental:	\$615,000 plus GST
Rent Payment Dates	The 1 st day of each month, starting on the 1 st day of September 2022.
Rent Review Dates:	<u>Fixed rent increase dates (clause 2.6)</u> Each anniversary of the commencement date (but excluding the market rent review dates) <u>Market rent review dates</u> 1 September 2027 (clause 2) 1 September 2032 (clause 2) 1 September 2037 (the renewal date – clause 32.1) 1 September 2042 (clause 2)
Business Use:	The sale and servicing of trucks
No Access Period:	9 months
Outgoings:	Full recovery of outgoings as provided under the Draft Deed of Lease, although amended as follows: 4. Amended from 'New Zealand Fire Service' to 'Fire and Emergency New Zealand'. 5. Any insurance excess (but not exceeding \$10,000) in respect of a claim and insurance premiums and related valuation fees (subject to clause 23.2).



7. Cleaning, maintenance and repair charges including charges for repainting, decorative repairs, 'graffiti removal' and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, ~~but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair), repairs due to defects in design or construction, inherent defects in the building and renewal or replacement of building services.~~
12. Management expenses ~~(subject to subclause 3.7)~~
14. The costs incurred and payable by the Landlord for health and safety audits, and for site monitoring/contractor management relating to works carried out by the Tenant or any subtenant.
15. All other costs and expenses properly and reasonably assessed, charged, paid, or otherwise incurred in relation to the property, but excluding capital costs and expenses.

Additional Variations:

Second Schedule

2.1 (d) Market Rent Review

(i) Notwithstanding any other provision of this clause 2, the annual rent payable as from the relevant market rent review date that is not also a renewal date shall not be:

A) More than 5% above; or

B) More than 5% below:

The rent payable during the 12-month period immediately preceding the relevant market rent review date (ignoring any rent abatement)

(ii) The annual rent payable as from the market rent review date that is also a renewal date shall not be less than the rent payable during the 12-month period immediately preceding the relevant market rent review date (ignoring any rent abatement).

2.6 Fixed Rent Increases

With effect from each fixed rent increase date, the annual rent shall increase by 3%. For this purpose, any rent abatement shall be ignored.

22.2 No Noxious Use

The Tenant carrying out the business use in accordance with all applicable legal requirements shall not be in breach of clause 22.1. Without limitation to the foregoing, the Tenant may store and use dangerous goods or bring onto the premises dangerous goods vehicles, or vehicles carrying noxious loads, provided that such activities are conducted in accordance with all relevant legal requirements and are an incidental part of the business use.



48.1 Measurement

The rentable area of the premises (and, if necessary, the building) shall be calculated in accordance with the PCNZ/PINZ Guide for Measurement of Rentable Areas (June 2013 Revision).

50.1 Bank Guarantee

If the Tenant has not done so by the commencement date, the Tenant shall provide the Landlord with a bank guarantee in relation to the performance of the obligations of the Tenant under this lease ("the Bank Guarantee"). The Bank Guarantee shall:

- a) Be an irrevocable and unconditional undertaking by a New Zealand registered trading bank, or other financial institution approached by the Landlord, to pay to the Landlord an amount equivalent to 12 months' rent and outgoings (plus GST, in each case), calculated at the rates respectively payable from the commencement date.
- b) Be in favour of the Landlord and its successors and assigns;
Have an expiry date no earlier than 3 months after the expiry of the term; and
- c) Otherwise be in a form approved by the Landlord, such approval shall not be unreasonably withheld.

50.2

If the provider of the Bank Guarantee pays an amount to the Landlord in connection with the Bank Guarantee, without being requested by the Landlord to do so, the Landlord may:

- a) Retain that amount until the date that is 3 months after the date of expiration or earlier termination of this lease (or any period of holding over)
- b) Retain all interest earned on that amount; and
- c) Apply the whole, or parts of that amount from time to time, to or towards making good any loss or damage sustained by the Landlord as a result of any breach by the Tenant.

Landlord's Fixtures & Fittings for 4 Ruffell Road, assumed to be similar for 46-50 Rewa Rewa Road:

- Ceiling tiles and grid
- All floor coverings
- All fencing and retaining walls (if any)
- All canopies
- All lifts
- All doors, including roller doors
- All full height glass and solid partitioning
- All kitchenettes, including all cupboards
- All handrails
- All electrical services, including:
 1. All mains supply cabling



-
2. All switches and socket outlets, including data outlets (but excluding data cabling)
 3. All electrical conduits, ducting and trunking
 4. All light fittings
- All fire protection equipment, services and systems, either visible or non-visible (but excluding all water heaters)
 - All toilet/bathroom facilities
 - Mechanical services:
 1. All internal and external air conditioning units (excluding server room units)
 2. All controls (remote controls or wall/ceiling mounted)
 3. All ducting
 4. All ventilation and extraction diffusers and vents
-

Lease Comment

A comprehensive commercial lease with various modifications. The lease provides assured rental growth through the annual fixed increases which are fully ratcheted, however the 5 yearly market reviews have a soft ratchet except where the market review date is also the same as the renewal date, in which case it is fully ratcheted.

3.2 Outgoings

Outgoings for the property as estimated are summarised along with rates below.

Item	Adopted Outgoings	
	\$pa	\$psm
Rates	37,982	13.88
Other Adopted Charges	38,757	14.16
Total Adopted Outgoings	76,739	28.04

On this basis, outgoings analyse to \$28.04 per sqm.



3.3 Analysis of Existing Rent

Our analysis of the existing contract rent is contained in the schedule below.

Tenant	Tenancy	Area (sqm)	Passing Rent		Unrecovered Opex		Net Contract Rent	
			(\$pa)	(\$psm)	(\$pa)	(\$psm)	(\$pa)	(\$psm)
<i>Tenancies</i>								
Keith Andrews Trucks Limited	Showroom	227.1	51,098	225.00	0	0.00	51,098	225.00
Keith Andrews Trucks Limited	Ground Offices	280.8	51,948	185.00	0	0.00	51,948	185.00
Keith Andrews Trucks Limited	Parts Storage	86.2	11,206	130.00	0	0.00	11,206	130.00
Keith Andrews Trucks Limited	Level 1 Office & Amenity	286.7	43,005	150.00	0	0.00	43,005	150.00
Keith Andrews Trucks Limited	Main Workshop incl toolroom	868.8	108,600	125.00	0	0.00	108,600	125.00
Keith Andrews Trucks Limited	Main Workshop Mezzanine Office	36.5	5,110	140.00	0	0.00	5,110	140.00
Keith Andrews Trucks Limited	Main Workshop Open Mezzanine	13.5	675	50.00	0	0.00	675	50.00
Keith Andrews Trucks Limited	Rear Workshop	424.8	50,976	120.00	0	0.00	50,976	120.00
Keith Andrews Trucks Limited	Lean-to Offices and Amenities	62.4	9,360	150.00	0	0.00	9,360	150.00
Keith Andrews Trucks Limited	Freestanding Newer Workshop	450.0	54,000	120.00	0	0.00	54,000	120.00
Keith Andrews Trucks Limited	Asphalt Display Yard	2,060.0	82,400	40.00	0	0.00	82,400	40.00
Keith Andrews Trucks Limited	Concrete Yard	4,770.0	138,643	29.07	0	0.00	138,643	29.07
Keith Andrews Trucks Limited	Washdown bay	133.0	7,980	60.00	0	0.00	7,980	60.00
Total		9,699.8	615,000	63.40	0	0.00	615,000	63.40

This is our own analysis of the rental which may have been agreed differently between the parties.



4. Rental Evidence

An integral part of undertaking an investment approach to value is assessing the relativity of the contract rent with the prevailing market rent, or in the situation where the premises is vacant, a probable market rent. A selection of these rentals is contained in the following schedules:

Address	Allis Bloy Place, Ruakaka	NL	12 yrs + 2 * 5 RoR
Tenant		New	2 yrly to CPI or market, whichever is higher
Date	Apr-21		
Premises	Area sqm	\$p.a	\$per sqm
Warehouse	4057.5 sqm	\$360,022	\$88.73
Lean to	765.0 sqm	\$72,675	\$95.00
Office amenity	35.0 sqm	\$5,250	\$150.00
Premises sub total	4857.5 sqm	\$437,947	\$90.16
Concrete Yard	2174.0 sqm	\$54,350	\$25.00
Metal & Grass	4,268 sqm	\$42,680	\$10.00
		\$534,977	
Annual Rent		\$535,000	



Allis Bloy Place, Ruakaka. These premises were newly leased in April 2021 for \$535,000 per annum plus GST. The lease is for a large fertiliser store. The premises consist of a large high stud warehouse with two horizontal sliding doors, and a smaller, lower stud lean-to warehouse with two roller doors and a small freestanding office. The average rent is circa **\$90 per sqm** for the premises, with the concrete yard being **\$25 per sqm**, and the metal and grass yard being **\$10 per sqm**.

Address	Gumdigger Place, Raumanga		
Tenant		New	
Date	Apr-21		
Premises	Area sqm	\$p.a	\$per sqm
Workshop	600.0 sqm	\$65,400	\$109.00
Offices	105.0 sqm	\$14,700	\$140.00
Premises sub total	705.0 sqm	\$80,100	\$113.62
Secure Concrete Yard	1000.0 sqm	\$20,000	\$20.00
		\$100,100	
Annual Rent		\$100,000	



Gumdigger Place, Raumanga. These premises were newly leased in April 2021 for an annual rent of \$100,000 plus GST. The premises consist of a rear lot with a high stud warehouse, single level office to the front, a lean-to at the back, and a concrete yard. Analysis of the contract rent indicates **\$109 per sqm** for the workshop, **\$140 per sqm** for the offices, for an average of circa **\$113 per sqm** for the premises. In addition, the secure concrete yard is leased at **\$20 per sqm**.



Address	Rewa Rewa Road, Raumanga		
Tenant		Renewal	
Date	Oct-20		
Premises	Area sqm	\$p.a	\$per sqm
Workshop	281.0 sqm	\$26,695	\$95.00
Open Bay	102.0 sqm	\$7,140	\$70.00
Ground Floor Offices	78.4 sqm	\$10,192	\$130.00
Showroom	123.0 sqm	\$16,605	\$135.00
Mezzanine Office	56.0 sqm	\$5,600	\$100.00
Open Mezzanine	26.0 sqm	\$780	\$30.00
Rear Workshop	376.0 sqm	\$35,720	\$95.00
Rear Rec/lunchroom/wc	43.0 sqm	\$5,160	\$120.00
Open Mezzanine	27.0 sqm	\$810	\$30.00
Mezzanine Office	16.0 sqm	\$1,600	\$100.00
Canopy	45.0 sqm	\$1,125	\$25.00
Side Canopy	60.0 sqm	\$1,500	\$25.00
Premises sub total	1233.4 sqm	\$112,927	\$91.56
Display Yard	1200.0 sqm	\$24,000	\$20.00
Excess Yard	200.0 sqm	\$3,000	\$15.00
		\$139,927	
Annual Rent		\$140,000	



Rewa Rewa Road, Raumanga. The lease on these premises was renewed in October 2020 for \$140,000 per annum plus GST. The premises comprise a large building with showroom and office to the front, with two high stud bays and small canopies on the eastern side. The contour rises from the street and is relatively level towards the rear, giving the property good display to the front yard.

Address	Dyer Street, Raumanga		
Tenant		New	
Date	Jun-20		
Premises	Area sqm	\$p.a	\$per sqm
Offices	320.0 sqm	\$51,200	\$160.00
Warehouse	5050.0 sqm	\$353,500	\$70.00
Premises sub total	5370.0 sqm	\$404,700	\$75.36
		\$404,700	
Annual Rent		\$405,000	



Dyer Street, Raumanga was leased in June 2020 for \$405,000 per annum plus GST. The property is set slightly below street level with dual road crossing. The premises consist of a combination of medium and high stud warehousing. Analysis of the contract rent indicates **\$160 per sqm** for the offices, **\$70 per sqm** for the warehouse, for an average of just circa **\$75 per sqm** for the premises. The tenant has also leased another property separately on Te Waiiti Place which is adjacent to this property.



Address	Union East Street, Port Whangarei		
Tenant		Rent Review	
Date	May-20		
Premises	Area sqm	\$p.a	\$per sqm
Office/Amenities (A/C)	176.6 sqm	\$25,611	\$145.02
Parts Warehouse	133.1 sqm	\$13,310	\$100.00
New Workshop (with pits)	400.0 sqm	\$42,000	\$105.00
Rear Workshop (pit and i-beam for hoist)	377.5 sqm	\$37,750	\$100.00
Oil Storage	17.6 sqm	\$1,584	\$90.00
Truckwash (canopies)	217.0 sqm	\$14,105	\$65.00
Mezzanine Office/Lunch	91.0 sqm	\$11,375	\$125.00
Mezzanine Storage	46.5 sqm	\$1,628	\$35.00
Premises sub total	1459.3 sqm	\$147,362	\$100.98
Concrete Hardstand	2227.8 sqm	\$44,556	\$20.00
Balance Metal Yard	1445.0 sqm	\$18,063	\$12.50
		\$209,981	
Annual Rent		\$210,000	



Union East Street, Port Whangarei. There was a rent review in May 2020 for \$210,000 per annum plus GST. The premises consist of offices, warehouse with pits, truck wash, some basic lean-to's, and substantial concreting to the yard. Analysis of the contract rent indicates **\$145 per sqm** for the office and amenities, **\$100 per sqm** for the parts warehouse and the rear workshop, **\$105 per sqm** for the new workshop, **\$90 per sqm** for the oil storage, **\$65 per sqm** for the truck wash, **\$125 per sqm** for the mezzanine office, and **\$35 per sqm** for the mezzanine storage for an average of just over \$100 per sqm for the premises. In addition, **\$20 per sqm** for the concrete hardstand yard, and **\$12.50 per sqm** for the balance metal yard.

Address	Te Waiiti Place, Raumanga		
Tenant		New	
Date	Oct-19		
Premises	Area sqm	\$p.a	\$per sqm
Offices	21.5 sqm	\$2,580	\$120.00
Amenities	36.0 sqm	\$3,960	\$110.00
Workshop	471.2 sqm	\$47,577	\$100.97
Parts	55.9 sqm	\$4,752	\$85.00
Compressor Shed	25.0 sqm	\$750	\$30.00
Canopy	189.0 sqm	\$8,505	\$45.00
Main Truck Wash	540.0 sqm	\$21,600	\$40.00
Jet Wash	200.0 sqm	\$6,000	\$30.00
Deck	33.0 sqm	\$0	\$0.00
Premises sub total	1571.6 sqm	\$95,724	\$60.91
Concrete Apron	121.0 sqm	\$3,025	\$25.00
Excess Yard	5500.0 sqm	\$82,500	\$15.00
		\$181,249	
Annual Rent		\$181,000	





Te Waiiti Place, Raumanga. The premises were newly leased in October 2019 for \$181,000 per annum plus GST. The premises consists of a workshop and a truck wash, with substantial vacant land. Analysis of the rent indicates just of **\$100 per sqm** for the workshop, **\$40 per sqm** for the main truck wash, and **\$30 per sqm** for the jet wash. The average rent for the premises is circa **\$61 per sqm**. In addition, the excess yard is **\$15 per sqm**. The tenant has also leased separately 5-9 Dyer Street which is adjacent to 14 Te Waiiti Place.

Address	Roscommon Road, Manukau	NL	6 yrs + 2*6 yr RoR
Tenant		New	2.5% Fixed annual increase. Mrkt review 4 yrly
Date	Jun-21		
Premises	Area sqm	\$p.a	\$per sqm
Tiltslab Workshop	588.0 sqm	\$82,320	\$140.00
Showroom	592.0 sqm	\$130,240	\$220.00
Premises sub total	1180.0 sqm	\$212,560	\$180.14
Yard	4,600 sqm	\$207,000	\$45.00
		\$419,560	
Annual Rent		\$420,000	



Roscommon Road, Manukau. These premises were subject to a new lease from June 2021 for a net annual rent of \$420,000 plus GST. The lease was for 6 years and provides for two 6 year rights of renewal. The premises consist of a workshop, showroom, and large yard area. Analysis of the contract rent indicates **\$140 per sqm** for the tiltslab workshop, and **\$220 per sqm** for the showroom, for an average of circa **\$180 per sqm** for the premises. In addition, **\$45 per sqm** for the yard.

Address	Roscommon Road	NL	12 yr lease, 2*6 yr RoR
Tenant		New	2% fixed per annum, Mrkt review 2030/2036
Date	Aug-18		
Premises	Area sqm	\$p.a	\$per sqm
Parts Warehouse	1394.3 sqm	\$188,233	\$135.00
Service Workshop	1254.1 sqm	\$169,298	\$135.00
Workshop Storage	33.3 sqm	\$4,494	\$135.00
Office (Ground Floor Level)	421.9 sqm	\$105,463	\$250.00
Workshop Offices	117.6 sqm	\$23,514	\$200.00
Workshop Amenity	35.7 sqm	\$7,132	\$200.00
Office (Level 1)	431.7 sqm	\$107,935	\$250.00
Office (Mezzanine)	124.0 sqm	\$30,988	\$250.00
Workshop Amenity	36.6 sqm	\$7,312	\$200.00
Toilets	30.1 sqm	\$6,012	\$200.00
Canopy	939.1 sqm	\$47,320	\$50.39
Premises sub total	4818.1 sqm	\$697,700	\$144.81
Yard	6,400 sqm	\$224,000	\$35.00
		\$921,700	
Annual Rent		\$922,000	





Roscommon Road, Manukau. The premises were leased in August 2018 for an annual rent of \$922,000 plus GST. The lease was for 12 years with two 6 year rights of renewal. The lease provides for an indexed growth of 2% per annum. Analysis of the contract rent indicates **\$135 per sqm** for the parts workshop, service workshop, and workshop storage, **\$250 per**

sqm for the offices, **\$200 per sqm** for the workshop amenity and toilets, and circa **\$50 per sqm** for the canopy, for an average of circa **\$145 per sqm** for the premises. In addition, the yard for **\$35 per sqm**.

4.1 Market Rent Conclusion

The property provides a good standard of commercial motor vehicles sales and service accommodation with a quality fit-for-purpose environment. This includes front display to Rewa Rewa Road, high stud showroom with ground floor and Level 1 offices, as well as a large drive through workshop and a newer workshop located in the south-western corner. The road frontage along Te Waiiti Place allows for a large number of trucks to wait to be serviced on site. There is also a significant sealed surplus yard for additional storage and parking. As such, we consider this a quality environment where we anticipate rent to be towards the upper end of evidence.

Reflecting this, we have applied **\$225 per sqm** to the showroom, **\$185 per sqm** to the ground floor offices, **\$150 per sqm** to the Level 1 office and amenities, **\$125 per sqm** for the main workshop, **\$120 per sqm** to the rear workshop, and **\$120 per sqm** to the freestanding newer workshop. In relation to the yard areas, we have applied **\$35 per sqm** to the display yard, **\$25 per sqm** to the concrete yard, and **\$60 per sqm** to the washdown bay.

4.2 Market Rent Assessment

Having regard to the above rental evidence, we show our opinion of net market rent for the subject as follows:

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa) (\$psm)	Unrecovered Opex (\$pa) (\$psm)	Net Contract Rent (\$pa) (\$psm)	Net Market Rent (\$pa) (\$psm)
<i>Tenancies</i>						
Keith Andrews Trucks Limited	Showroom	227.1	51,098 225.00	0 0.00	51,098 225.00	51,098 225.00
Keith Andrews Trucks Limited	Ground Offices	280.8	51,948 185.00	0 0.00	51,948 185.00	51,948 185.00
Keith Andrews Trucks Limited	Parts Storage	86.2	11,206 130.00	0 0.00	11,206 130.00	11,206 130.00
Keith Andrews Trucks Limited	Level 1 Office & Amenity	286.7	43,005 150.00	0 0.00	43,005 150.00	43,005 150.00
Keith Andrews Trucks Limited	Main Workshop incl toolroom	868.8	108,600 125.00	0 0.00	108,600 125.00	108,600 125.00
Keith Andrews Trucks Limited	Main Workshop Mezzanine Office	36.5	5,110 140.00	0 0.00	5,110 140.00	5,110 140.00
Keith Andrews Trucks Limited	Main Workshop Open Mezzanine	13.5	675 50.00	0 0.00	675 50.00	675 50.00
Keith Andrews Trucks Limited	Rear Workshop	424.8	50,976 120.00	0 0.00	50,976 120.00	50,976 120.00
Keith Andrews Trucks Limited	Lean-to Offices and Amenities	62.4	9,360 150.00	0 0.00	9,360 150.00	9,360 150.00
Keith Andrews Trucks Limited	Freestanding Newer Workshop	450.0	54,000 120.00	0 0.00	54,000 120.00	54,000 120.00
Keith Andrews Trucks Limited	Asphalt Display Yard	2,060.0	82,400 40.00	0 0.00	82,400 40.00	72,100 35.00
Keith Andrews Trucks Limited	Concrete Yard	4,770.0	138,643 29.07	0 0.00	138,643 29.07	119,250 25.00
Keith Andrews Trucks Limited	Washdown bay	133.0	7,980 60.00	0 0.00	7,980 60.00	7,980 60.00
Total		9,699.8	615,000 63.40	0 0.00	615,000 63.40	585,308 60.34

On this basis we consider contract rent to be approximately \$30,000 above market rent.



5. Sales Evidence

In establishing our opinion of value, we have had regard to the following transactions.

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /Site Area
Whangarei Sales								
18 Allis Bloy Place Ruakaka	Under Contract	\$9,000,000	4,858	101,255	5.94%	11.92 yrs	\$1,853	\$89
4 Bougainville Street Port Whangarei	Dec-21	\$3,150,000	1,425	2,320	5.07%		\$2,211	\$1,358
9-11 Bougainville Street Port Whangarei	Oct-21	\$4,680,000	2,042	12,015	4.81%		\$2,292	\$390
16 Hewlett Street Port Whangarei	Oct-21	\$3,200,000	2,015	4,209	5.63%		\$1,588	\$760
263 Port Road Port Whangarei	Oct-21	\$1,900,000	1,400	2,833			\$1,357	\$671
46 Union East Street Port Whangarei	Sep-21	\$2,250,000	4,225	10,000			\$533	\$225
33/27 Union East Street Port Whangarei	Sep-21	\$5,286,852	6,100	31,120			\$867	\$170
14 B Gumdigger Place Raumanga	Aug-21	\$1,350,000	434	1,653			\$3,111	\$817
21 -23 Commerce Street Whangarei	Jul-21	\$2,341,000	1,227	2,516	4.70%		\$1,908	\$930
31 Hannah Street Whangarei	Mar-21	\$2,910,000	634	2,125		0.40 yrs	\$4,590	\$1,369
19 Rewa Rewa Road Raumanga	Jun-20	\$2,800,000	1,731	11,405			\$1,618	\$246
29 Rewa Rewa Road Raumanga	Jun-20	\$1,600,000	245	9,138			\$6,531	\$175
40 Gumdigger Place Raumanga	Jun-20	\$2,776,000	1,589	6,143			\$1,747	\$452
Auckland Sales								
168 Roscommon Rd Wiri	Mar-21	\$25,500,000	3,800	11,444	3.76%	9.39 yrs	\$6,711	\$2,228
211 Roscommon Rd Wiri	May-21	\$11,300,000	1,180	7,786	3.72%	6.08 yrs	\$9,576	\$1,451



5.1 Sales Commentary

Whangarei Sales



18 Allis Bloy Place, Ruakaka is, we understand, under contract for **\$9,000,000** which represents an initial yield of **5.94%**. The sale price also represents **\$1,853 per sqm** on a combined land and buildings basis. The premises consist of some 4,858sqm which includes the a large high stud warehouse with a smaller stud lean-to warehouse and a freestanding office and amenities building.



4 Bougainville Street, Port Whangarei sold in December 2021 for **\$3,150,000** which represented an initial yield of **5.07%**. The property was leased for some \$159,553 per annum which represented **\$112 per sqm** for this high stud precast concrete warehouse. The improvements comprise some 1,425sqm and are situated to a 2,320sqm front site. The sale price also analysed to **\$2,211 per sqm** on a combined land and buildings basis.



9-11 Bougainville Street, Port Whangarei sold in October 2021 for **\$4,680,000** which represented an initial yield of **4.81%**. The property was subject to a lease back for 5 years and 9 months from July 2021 at a net annual rental of \$225,000 p.a. with CPI rent increases in June 2022 and 2023, and a market review in June 2024. The property occupies a 1.2015 ha site which is elevated with access over a bunded embankment.



16 Hewlett Street, Port Whangarei sold in October 2021 for **\$3,200,000** representing an initial yield of **5.63%** and **\$1,588 per sqm** on a land and buildings basis. The improvements comprise of a main building of 1,505sqm which included office and amenities and a large warehouse with full drive-through capability and canopy suitable for unloading goods, as well as a 400sqm shed to the rear. We understand the property returned approximately \$180,000 p.a. from two separate tenancies with a proportion of the property being vacant. The site contains 4,209sqm and is zoned Business 4 under the Whangarei Operative District Plan.



263 Port Road, Whangarei sold in October 2021 for **\$1,900,000** representing **\$1,357 per sqm** on a land and buildings basis and \$671 per sqm on a land basis. The improvements of some 1,400sqm comprise of three separate buildings, a high stud industrial unit to the front with two lower stud, gable roofed workshops to the rear, positioned to the corner of Fraser Street and Port Road, Whangarei. The property benefits from its corner position as well as a slip road which runs parallel to Port Road. The property was likely sold as a multi-tenanted investment. The improvements are all situated to a 2,833sqm corner site.





46 Union East Street, Port Whangarei sold in September 2021 for **\$2,250,000**. The sale price represents \$533 per sqm on a combined land and buildings basis or \$225 per sqm of land. The property is a wood processing facility comprising 3 high stud, fairly basic buildings, with a small office at the front. The warehouse is open to the side and the property has a compact metal yard.



33/27 Union East Street, Port Whangarei sold in September 2021 for **\$5,286,852**. This property had a large land area of 3.112 hectares with large high stud sheds of a basic standard and a large road frontage.



14B Gumdigger Place, Raumanga sold in August 2021 for **\$1,350,000**. The sale price represented **\$3,111 per sqm** on a combined land and buildings basis, or **\$817 per sqm** of land. The improvements consist of a high stud warehouse of some 434sqm, on a rear site of some 1,653sqm.



21-23 Commerce Street, Whangarei sold in July 2021 for **\$2,341,000** representing an initial yield of **4.7%** and **\$1,908 per sqm** on a land and buildings basis. The improvements comprise two separate commercial buildings, modernised office/showroom accommodation fronting Commerce Street and storage facility to the rear. The property is leased to New Zealand Office Products, a long established office supplies company which is part of a national group. The site benefits from its centralised location within the Whangarei city centre, as well as its road front position which allows full drive-around access. We understand that the tenant pays a current annual rent of \$110,100 plus GST and outgoings.



31 Hannah Street, Whangarei sold in March 2021 for **\$2,910,000** which represented an initial yield of **5.15%**. The sale price also represented **\$4,590 per sqm** on a combined land and buildings basis, or **\$1,369 per sqm** of land. The improvements consist of a former car showroom which has been converted into office accommodation. There is also an underdeveloped corner yard which is currently used as a large carpark.

19 Rewa Rewa Road, Raumanga sold in June 2020 for **\$2,800,000** representing **\$1,618 per sqm** on a land and buildings basis and **\$246 per sqm** on a land basis. The property comprises of a significant land holding accessed off a right of way and comprises of four separate buildings leased to multiple tenancies totalling 1,731sqm. The improvements are situated to a large 11,405sqm site zoned Business 4.





29 Rewa Rewa Road, Raumanga sold June 2020 for **\$1,600,000**. It is a lightly developed rear site of 9,138sqm which is accessed off Rewa Rewa Road. The site has a compacted metal surface. The sale also represented **\$246 per sqm** of land.

Both **19 and 29 Rewa Rewa Road** were acquired by the same entity for the aggregate sale price of **\$4,400,000**, representing **\$214 per sqm** overall. 19 Rewa Rewa Road has a variety of improvements positioned throughout the site, while 29 Rewa Rewa Road is lightly improved.



40 Gumdigger Place, Raumanga sold in June 2020 for **\$2,776,000**. The sale price represents **\$1,747 per sqm** on a combined land and buildings basis, or **\$452 per sqm** of land. The improvements consist of a 4 bay warehouse and workshop with ground and first floor office and amenities, all situated to a 6,143sqm site.

Auckland Sales



168 Roscommon Road sold March 2021 for **\$25,500,000** which represented an initial yield of **3.76%** and **\$6,711 per sqm** on a combined land and buildings basis. The higher cost per sqm on a land and buildings basis represents low site coverage at some 32.5%. The property comprises a purpose built truck showroom, workshop and display completed in 2018.

It is subject to a 12 year lease to Iveco Trucks Australia from 1 August 2018 with two renewals of 6 years each. The lease provides for annual indexed growth at 2% per annum. The analysed contract rent represents **\$150.60 per sqm** for the premises, and **\$36.40 per sqm** for the secure yard. The property had 9.39 years unexpired lease term remaining.



211 Roscommon Road, Wiri sold May 2021 for **\$11,300,000** which represented an initial yield of **3.72%**. The property was leased to AdvanceQuip NZ Ltd on a 6 year lease which commenced 1 June 2021. The lease provides for two 6 year rights of renewal with the net annual rental of \$420,000 plus GST representing \$140 per sqm for the workshop, \$220 per sqm for the showroom and \$45 per sqm for 4,600sqm of rentalised yard. The property occupies a 7,786sqm inside lot that is zoned Business – Heavy Industry.



5.2 Valuation Considerations

From the sales, initial yields for Northland commercial assets have ranged from 4.70% to 6.0%, although we do acknowledge that all of these sales are dated from 2021. Most of these sales are less than \$5,000,000, which means the subject property would be one of Whangarei’s larger industrial sales. The subject has the benefit of a long term lease to an established operator in the Raumanga industrial district in Whangarei. There has been a ‘wait and see’ approach by many investors during 2022 with funding costs increasing which has put upward pressures on larger asset yields which places downward pressure on values. This is a fluid situation and one that should be monitored closely as trends emerge.

Arguably, the premises contain an element of specialisation, however that specialisation is for a reasonably broadly encountered use in a location of commercial motor vehicle sales, service, and storage.

On balance, we have applied an initial yield of **6.10%** which is above most investment yields discussed, however reflects higher funding costs now than when most of the sales occurred. The adopted yield reflects the profile and solid occupancy of the property, but that it has a degree of specialisation. On a combined land and buildings basis, we have applied **\$3,400 per sqm** which is higher than most of the Whangarei sales, however reflects the low site coverage at some 25%.

5.3 Land Value for Purchase Price Allocation

We have also been requested to provide an allocation of the purchase price as provided under clause 27 of the Agreement for Sale and Purchase of Real Estate. Our assessment of land value has been in accordance with the Rating Valuations Act 1998 and its definition.

“Land value”, in relation to any land, and subject to Sections 20 and 21 (if leased), means 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:

- a. Offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to impose; and
- b. No improvements have been made on the land

On this basis our allocation of Purchase Price is as follows:

Purchase Price Allocation		
Purchase Price		
\$615,000 p.a @	6.68%	\$9,213,333
Land Value		
9,734 sqm @	\$280 per sqm	\$2,726,000
Value of Buildings, and fixtures and fittings		\$6,487,333



5.4 SWOT Analysis

Strengths

- A quality commercial motor vehicles sales and service premises
- A long term lease to an established operator
- 12 month bank guarantee

Weaknesses

- This is one of the more expensive leases in Whangarei so there may be a limited number of tenants who could afford to pay this level of rent.

Opportunities

- Low site coverage with potential for expansion

Threats

- Value sensitivity to yield or rental change
- Rising interest rates
- International market trends



5.5 Discounted Cashflow Parameters

We have also modelled the property on the basis of discounted cashflow (DCF), with key assumptions outlined below.

Renewal Probability:	50%
Make Good Allowance:	\$50 per sqm
Vacancy Period:	6 months
New Lease Term:	6 years
New Lease Reviews:	2 yearly
Net Rent Incentive:	3 months
Capital Expenditure Allowance:	The following schedule was provided to us by the purchaser and has been modelled into our discounted cashflow.

Capex Schedule	
Yr 1	\$115,000
Yr 2	\$30,000
Yr 3	\$175,000
Yr 4	\$195,000
Yr 5	\$47,500
Yr 6	\$50,000
Yr 7	\$67,500
Yr 8	\$130,000
Yr 9	\$60,000
Yr 10	\$65,000
Total	\$935,000

Terminal Yield:	6.40%
Target IRR:	7.50%

Our DCF calculations are contained in Appendix II of this report.

Rating Valuation

Assessed as at 1st June 2021, Land Value \$1,950,000, Improvements Value \$2,750,000, Capital Value \$4,700,000.



6. Valuation

First, we have considered the capitalisation of income approach, whereby our assessed market income is capitalised into perpetuity at an appropriate capitalisation rate, with adjustments made for any variance between contract and market rent.

CAPITALISATION OF INCOME APPROACH			
		Market Rent	Contract Rent
FULLY LEASED GROSS INCOME		\$ 662,046	\$ 691,739
Less: Outgoings			
Recoverable Outgoings		\$ (76,739)	\$ (76,739)
FULLY LEASED NET INCOME		\$ 585,308	\$ 615,000
Capitalised at		6.10%	6.10%
Capitalised Value		\$ 9,595,205	\$ 10,081,967
Capital Adjustments			
Vacancies: Lease-Up Allowance	6 mths	-	
Leasing Commission	16.0%	-	
Total Lease-Up Costs		-	-
Rent-Free Incentive	3 mths	-	-
P.V. of Rental Surplus/Shortfall	6.10%	\$ 126,346	
Deferred Capitalised Rental Surplus/Shortfall	6.10%		\$ (363,817)
Rent Shortfall (New Leases)		-	-
P.V. of Unexpired Incentives		-	-
P.V. of Future Lease-up Allowances	30 mths	-	-
P.V. Of Future Lease Incentives	30 mths	-	-
P.V. of Annual Capital Expenditure	30 mths	-	-
P.V. of Make Good Allowance	30 mths	-	-
P.V. of Programmed Capital Expenditure	30 mths	\$ (308,324)	\$ (308,324)
P.V. of Future Refurbishment Allowance	30 mths	-	-
Total Capital Adjustments		\$ (181,978)	\$ (672,141)
		\$ 9,413,227	\$ 9,409,827
INDICATED VALUE		\$ 9,400,000	\$ 9,400,000



Second, we have had regard to the land and buildings approach, whereby we apply our analysed rate per sqm to the total lettable area of the improvements.

Our calculations are detailed as follows.

LAND & BUILDINGS APPROACH				
46 & 50 Rewa Rewa Road	2,736.8 sqm	@	\$3,300 per sqm	\$ 9,031,440
		@	\$3,400 per sqm	\$ 9,305,120
		@	\$3,500 per sqm	\$ 9,578,800
		adopt		\$3,400 per sqm
INDICATED VALUE				\$ 9,300,000

Our assessments are summarised and weighted as follows.

VALUATION SUMMARY			
	<u>Weighting</u>		<u>Assessment</u>
Capitalisation of Income Approach	50%	\$	9,400,000
Land and Buildings Approach	20%	\$	9,300,000
Discounted Cash Flow Approach	30%	\$	9,400,000
ADOPTED MARKET VALUE			\$ 9,400,000



6.1 Value Conclusion

In light of the contents of this report we confirm our opinion of market value for capital raising purposes for 50 Rewa Rewa Road, Raumanga, Auckland as at 1 September 2022 but assessed on 1 July 2022, at:

NZD\$9,400,000
(NINE MILLION FOUR HUNDRED THOUSAND DOLLARS)

This valuation assessment is on the basis of plus GST (if any) and reflects the following:

Analysis

Value per sqm of GLA	\$3,435
Value per sqm of Land Area	\$966
Initial Yield	6.54%
Yield on Net Market Income	6.23%
Weighted Average Remaining Lease Term	14.92 years

Compliance Statement

This valuation has been performed in accordance with International Valuation Standards (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS) and we confirm that:

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

Our valuation is subject to the attached Disclaimers.

Yours faithfully



Matt Tooman
Registered Valuer
ANZIV, SPINZ



David Cooper
Valuer
PINZ



Disclaimers

1. **Valuation Subject to Change** This valuation is only current as at the date of valuation and is based on available information as at that date. The value assessed herein may change over a relatively short period including as a result of general market movement or factors specific to the property. These may include changes in national or international circumstances, environmental circumstances or force majeure events. Therefore, this valuation should be reviewed periodically, and no warranty is given by AIM Valuation Limited ("AIM") as to the maintenance of this value into the future. AIM does not accept liability for losses arising from subsequent changes in value.
2. **Information Supplied by Others** This valuation report includes information derived from other sources, provided by the Client. We have reviewed that information and have assumed that it is accurate. Unless otherwise stated, we have not independently verified that information. The Client acknowledges that AIM is not a specialist in the information from other sources and accepts that AIM is not liable in the event that that information is incorrect. If the information is found to be incorrect AIM reserve the right to reassess our opinion of value.
3. **Our Investigations** This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we have identified certain limitations to our investigations, you may instruct further investigations if you consider this appropriate. AIM is not liable for any loss occasioned by a decision not to conduct further investigations.
4. **Assumptions** Assumptions may be a necessary part of this valuation. AIM adopts assumptions because some items are unable to be accurately calculated or fall outside the scope of our expertise, or our instructions. Assumptions adopted by AIM will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer undertaking a similar valuation. However, the risk that any of the assumptions adopted in this document may be incorrect and have a material impact on the concluded value(s) should be taken into account.
5. **Property Documentation** Where applicable, our assessment of value is provided on the assumption that all Agreements, Leases, Licences, Deeds, Variations and other documentation relevant to establishing the value have been supplied in full. Our assumption includes that all Agreements, Leases, Licences, Deeds and Variations are executed or have been agreed to be executed without any changes and other documentation is the latest accurate available information.
6. **Side Agreements** In the event that the Client becomes aware of any side agreements, this valuation must not be relied upon before first consulting AIM to reassess any effect on the valuation.
7. **Disclosure** AIM must be advised in the event that the Client becomes aware of any changes relating to the information and advice provided by the Client. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting AIM first to reassess any effect on the valuation.
8. **Future Matters** To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to AIM at the date of this valuation. AIM does not warrant that such statements are accurate or correct.
9. **Site Survey** We do not commission site surveys and will acknowledge if one is provided to us. We have assumed there are no encroachments by or on the property, and the Instructing/Reliant Parties should confirm the status by obtaining a current survey report and/or advice from a registered surveyor.
10. **Property Titles** Our Record of Title search identifies all current easements, interests or encumbrances. In the event that a future title search is undertaken which reveals new or different easements, interests or encumbrances AIM should be consulted to reassess any effect on our assessed value.
11. **Contamination** Unless otherwise stated, we have assumed that the site is free of contaminants that would prevent the continuation of the current use or the planned development of the site. Unless otherwise noted, we have assumed that the improvements are free of contamination, or should contaminants be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of contamination within the property. We make no representation as to the actual environmental status of the property. If any formal testing is undertaken to assess the presence, if any, of contamination of the property and this is found to be positive, this valuation must not be relied upon without first consulting AIM to reassess any effect on the valuation.
12. **Hazardous Materials** Where the current use includes the storage and/or processing of hazardous materials, we assume the storage and processing to be compliant. We make no representation as to the actual status of hazardous materials on the property. If any testing or auditing is undertaken and identifies issues with hazardous materials on site, this valuation must not be relied upon before first consulting AIM to reassess the valuation.
13. **Earthquake-Prone Buildings** If the property is earthquake-prone, as defined by the Building Act and local government policies on Earthquake-Prone Buildings, then unless otherwise stated, our value estimate makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet policy and Building Act requirements. We are



not qualified to determine the Earthquake Rating of buildings. An assessment by a suitably qualified building engineer may be needed. If the building is later found to be earthquake-prone this valuation must not be relied upon before first consulting AIM to reassess the valuation.

14. **Site Conditions** Unless otherwise specified we have assumed the site is suitable for the current use. In the case the property has redevelopment potential, we proceed on the assumption the site is suitable for the planned redevelopment and would not incur development costs above those which prevail in the market.
15. **Council Records** Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Property File (PF) or Planning Advice from the Territorial Authority. In the case that the Client provides us with a LIM or PF we assume that these are current and accurate. In the event that the LIM or PF is provided later and found to be materially different to the resource management information detailed within the valuation, we reserve the right to amend our valuation.
16. **Inclusions & Exclusions** Unless otherwise stated, our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting etc, that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed by the occupant or operator or are used in connection with the enterprise carried on within the property.
17. **Floor Area** Where we have not undertaken the floor area measurement, we have proceeded on the assumption that the floor areas provided have been calculated in accordance with the Property Council of New Zealand (PCNZ) and Property Institute of New Zealand (PINZ) Guide for the Measurement of Rentable Areas (GMRA). In those circumstances where specific areas are not covered by the GMRA the Client must provide any separately agreed definitions of Rentable Area. In the event that there is a material variance in Rentable Area, we reserve the right to review our valuation. Any measurement undertaken by AIM is an estimate of rentable area only.
18. **Condition & Repair** Unless otherwise stated, our valuation proceeds on the assumption that the structure and service installations of the building do not reveal any defects requiring significant expenditure that would have a material impact on the valuation conclusions. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.
19. **Currency** All values are in New Zealand Dollars \$NZD.
20. **Valuation Standards** The valuation report is carried out in accordance with the International Valuation Standards (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS).
21. **Value Conclusion** Our Value Conclusion does not include any deduction for the cost of realisation or the balance of any outstanding mortgages or other charges
22. **Lease Covenant Strength** Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease as and when they fall due and that there are no arrears of rent or undisclosed breaches of covenant.
23. **Taxation and GST** In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation has been undertaken on a plus GST (if any) basis, unless otherwise stated.
24. **Confidentiality** Our valuation report and its contents are confidential. It is prepared for the Client and Intended Users and for the Purpose stated. AIM accepts no responsibility or liability for use of and reliance on the valuation report by other parties for the same Purpose or other Purposes. Further, no responsibility is accepted to parties other than the Client for any errors or omissions whether of fact or opinion.
25. **Publication** Our valuation report or any part of it, may not be published or form a part of any other material or communication, without prior written approval of AIM. Such approval is required whether or not AIM is referred to by name and whether or not the report is combined with others.
26. **Valuation Report Review** This valuation report is signed by a Director of AIM, signifying that the valuation report has been peer-reviewed and the valuation methodology, calculations and the valuer's opinion of value have been discussed with the valuer.



Appendix I – Records of Title



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



R. W. Muir
Registrar-General
of Land

Identifier 225041
Land Registration District North Auckland
Date Issued 17 June 2005

Prior References

6462284.3 NA12C/178

Estate Fee Simple
Area 5687 square metres more or less

Legal Description Lot 4 Deposited Plan 57046 and Section 1
Survey Office Plan 343076

Registered Owners

Vicki Ann Andrews, Ian Irving Hayward and YHPJ Trustees (2020) Limited

Interests

Subject to Section 59 Land Act 1948 (affects Lot 4)

C950490.1 Mortgage to ASB Bank Limited - 5.2.1996 at 12.55 pm

5640846.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS NA12C/179)
- 1.7.2003 at 9:00 am

6148565.2 Variation of Mortgage C950490.1 - 14.9.2004 at 9:00 am

Subject to a right to drain stormwater easement in gross over part Section 1 SO 343076 marked A on DP 345811
in favour of the Whangarei District Council created by Gazette Notice 6462284.3 - 17.6.2005 at 9:00 am

Subject to Section 120(9) Public Works Act 1981

12200159.1 Variation of Mortgage C950490.1 - 30.7.2021 at 2:12 pm



Identifier

225041

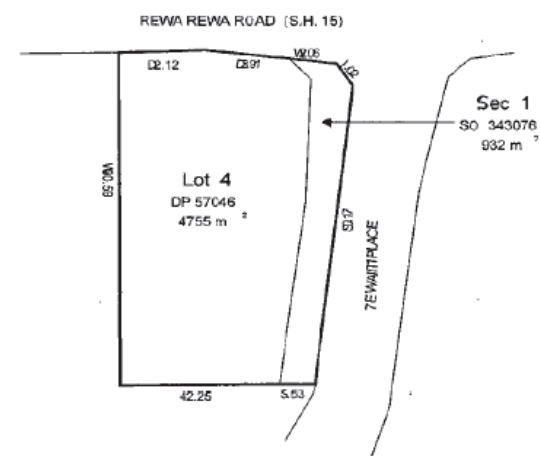
Title Diagram CT225041

Copy - 01/01 Pgs - 001,07/07/05,08,46



DocID: 71203946

CT 225041
PW463



TOTAL CT AREA: 5587m²

Transaction Id
Client Reference mheadland001

Search Copy Dated 27/04/22 2:09 pm, Page 2 of 2
Register Only





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



R.W. Muir
Registrar-General
of Land

Identifier **NA12C/179**
Land Registration District **North Auckland**
Date Issued 30 March 1967

Prior References
NA5A/1213

Estate Fee Simple
Area 4047 square metres more or less
Legal Description Lot 5 Deposited Plan 57046

Registered Owners
Vicki Ann Andrews, Ian Irving Hayward and YHPJ Trustees (2020) Limited

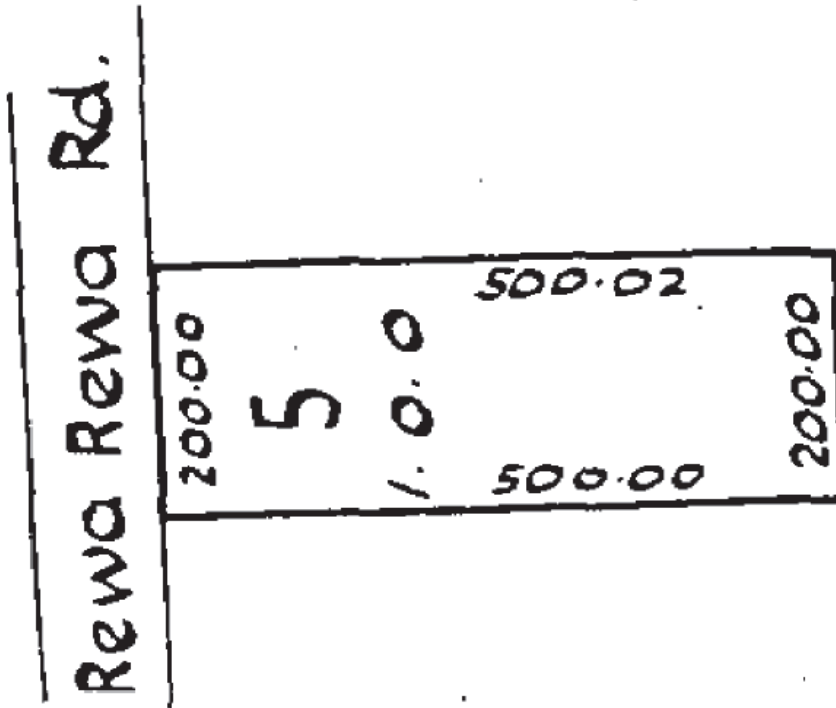
Interests

Subject to Section 59 Land Act 1948
C950490.1 Mortgage to ASB Bank Limited - 5.2.1996 at 12:55 pm
5640846.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS NA12C/178)
- 1.7.2003 at 9:00 am
5655543.2 Certificate that a building consent has been issued in respect of a building on the land that is
described in Section 36(2) Building Act 1991 - 14.7.2003 at 9:00 am
6148565.2 Variation of Mortgage C950490.1 - 14.9.2004 at 9:00 am
12200159.1 Variation of Mortgage C950490.1 - 30.7.2021 at 2:12 pm



Identifier

NA12C/179



Appendix II – Discounted Cashflow Analysis

DISCOUNTED CASH FLOW SUMMARY

Selling Considerations

Terminal Yield	6.40%
Agent Commission	1.50%
Legal Fees	0.50%

Target IRR	7.50%
Net Present Value	9,393,442
INDICATED VALUE	9,400,000

Purchase Considerations

Purchase Price		9,400,000
Legal Fees	0.50%	47,000
Cost of Purchase		9,447,000

Valuation Year	1	2	3	4	5	6	7	8	9	10	11
Year Ending	Aug-23	Aug-24	Aug-25	Aug-26	Aug-27	Aug-28	Aug-29	Aug-30	Aug-31	Aug-32	Aug-33
Income											
Passing Rent (as occupied)	616,538	635,034	654,085	673,707	689,304	659,222	678,999	699,369	720,350	739,212	731,156
Car Park Rent	0	0	0	0	0	0	0	0	0	0	0
New Leases	0	0	0	0	0	0	0	0	0	0	0
Future Car Park Income	0	0	0	0	0	0	0	0	0	0	0
Recovered Outgoings	76,739	79,041	81,412	83,855	85,532	87,242	88,987	90,767	92,582	94,434	96,323
Rent Shortfall (New Leases)	0	0	0	0	0	0	0	0	0	0	0
Total Income	693,276	714,075	735,497	757,562	774,836	746,465	767,986	790,136	812,933	833,646	827,478
Less											
Recoverable Outgoings	(76,739)	(79,041)	(81,412)	(83,855)	(85,532)	(87,242)	(88,987)	(90,767)	(92,582)	(94,434)	(96,323)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	0	0	0	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	0	0	0	0	0	0	0	0	0	0	0
Total Net Income	616,538	635,034	654,085	673,707	689,304	659,222	678,999	699,369	720,350	739,212	731,156
Adjustments											
New Lease Commissions	0	0	0	0	0	0	0	0	0	0	0
New Lease Incentives	0	0	0	0	0	0	0	0	0	0	0
Annual Capital Expenditure (% of Income)	0	0	0	0	0	0	0	0	0	0	0
Make Good Allowance	0	0	0	0	0	0	0	0	0	0	0
Programmed Capital Expenditure	(115,000)	(30,840)	(184,937)	(211,431)	(52,841)	(56,846)	(78,277)	(153,771)	(72,391)	(79,992)	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
Net Sale Price											11,167,901
NET CASH FLOW	501,538	604,194	469,147	462,276	636,462	602,376	600,722	545,598	647,959	659,220	11,167,901



Appendix III – Tenancy Schedule

Tenant	GLA (sqm)	Car Parks	Contract Rent (\$pa)	Other Income (\$psm)	Outgoings (\$pa)	Outgoings (\$psm)	Car Park Rent (\$pa)	Car Park Rent (\$pw)	Lease Start	Lease Term	Lease Expiry	Option(s) (years)	Option Notice	Standard Review	Ratchet Clause	Next Review
Tenancies																
1 Keith Andrews Trucks Limited	9,699.8		615,000	63.40		76,739	7.91		1-Sep-22	15.00	31-Aug-37	1	12 mths	Ann. Indexed 3.0%/5.0 yrly Market (Min 95.0%, Max 105.0%)	Soft	1-Sep-23
Car Parks																
Licensed Car Parks									Various		Various					
Vacant Car Parks																
Total	9,699.8		615,000	63.40		76,739	7.91									
Total Annual Rent			615,000	(excluding outgoings from net leases)					Weighted Average Lease Term:			14.92 years				

