

# Valuation Advisory

Report prepared for Centuria NZ Property Fund and Centuria Funds  
Management (NZ) Limited for Product Disclosure Purposes

City Fitness

196 Roydvale Avenue, Burnside, Christchurch

3 September 2021



# Executive Summary

## City Fitness - 196 Roydvale Avenue, Burnside, Christchurch



The subject property comprises a 1,990 square metre gymnasium premises located on an 8,750 square metre corner site to the eastern side of Roydvale Avenue, within the Roydvale Park Subdivision in Burnside.

Constructed in 2019, the improvements comprise a large bulk retail style facility with partitioned offices, amenities and group fitness areas and sealed off-street car parking for 150 cars. The structure approximates 100% New Building Standard (NBS).

The premises is currently leased to City Fitness for a 12 year term expiring 29<sup>th</sup> September 2033 subject to an annual net rental of \$597,000. The lease incorporates annual CPI rental adjustments with a market review in 2027, and two rights of renewal of six years each. The lease is further Guaranteed by Cityfitness Group Limited and incorporates a \$100,000 cash incentive for the extended two year lease term, payable by the Landlord within five working days of the effective commencement date.

However, our valuation is dated as at our inspection date of 3 September 2021. Accordingly, to align with the contract lease term of 12 years we have assumed lease commencement on 3 September 2021 for valuation purposes.

New Zealand is currently in a state of increased caution following the announcement of measures to control the 'Delta' Variant of COVID-19 from 17 August 2021. Auckland is currently at COVID-19 Level 4 (all but 'essential' workers to stay at home), while the rest of New Zealand is at Level 2 (workplaces and schools are open, however with limitations on public gatherings and requirements to physically distance). Consequently, there is less certainty in the marketplace, and we specifically note that our valuation has been conducted with reference to the definition of 'Market Value' outlined in this report, with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion

**Please note that this report has been redacted in part from the original report for confidentiality reasons.**

## Valuation

Prepared for	Centuria NZ Property Fund and Centuria Funds Management (NZ) Limited
Valuation Purpose	Product Disclosure Purposes
Date of Valuation	3 September 2021
Date of Report	14 September 2021
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Industrial General Zoning –Christchurch City Council
Tenure	Fee Simple – Freehold Record of Title 856110
Site Area (Record of Title)	8,750 sqm
Net Site Area (Less R.O.W)	7,615 sqm
Lettable Area	1,990 sqm
<b>Adopted Value</b>	<b>\$10,050,000 plus GST, if any</b> Ten Million Fifty Thousand Dollars plus GST, if any

## Valuation Analysis

Initial Yield	5.94%
Initial Yield (Fully Leased)	5.94%
Equivalent Yield	5.87%
Internal Rate of Return (10 years)	6.96%

Rate / sqm of Lettable Area	\$5,050
Weighted Average Lease Term	12.00 years by income
Current Occupancy	100.00%
Current Vacancy	0.00%

## Tenancy Overview

City Fitness	\$597,000	1,990 sqm
Total - Before Adjustments	\$597,000	1,990 sqm

## Financial Summary

Gross Passing Income	\$670,383
Gross Market Income	\$670,383
Adopted Outgoings	\$73,383
Net Passing Income	\$597,000
Net Passing Income (Fully Leased)	\$597,000
Net Market Income	\$597,000

## Cap Approach Assumptions

Adopted Cap Rate	5.900%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$10,000,000
Passing Income Capitalisation	\$10,000,000

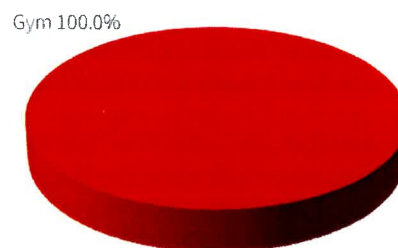
## DCF Approach Assumptions

Discount Rate	6.900%
Terminal Yield	6.150%
Average Applied Rental Growth	1.83%
Value Based on DCF Approach	\$10,100,000

## Major Occupiers



## Building Components



## Valuers

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

# Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 3 September 2021. 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 60 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 60 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

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

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Appendix 4 – Draft Agreement to vary Lease

# 1 Introduction

## 1.1 Instructions

We refer to instructions from Gavin Fiddes requesting that we undertake a market valuation of the freehold interest of 196 Roydvale Avenue, Burnside, Christchurch (the Subject/Property), as at 3 September 2021 for and on behalf of Centuria NZ Property Fund and Centuria Funds Management (NZ) Limited. We understand that the valuation is to be relied upon for Product Disclosure purposes only.

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

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

We confirm:

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

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear. Furthermore, this report can only be relied upon when the given party has received the report directly from JLL.

## 1.2 Valuation and Inspection Dates

The key dates that are relevant for our valuation are shown below:

Date of Valuation	3 September 2021
Date of Property Inspection	3 September 2021
Date of Preparation of Report	14 September 2021

We advise that we have been instructed to value the property as at 30 September 2021, 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.

## 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."*

## 1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2020) Framework and General Standards
- ANZVTIP 11 – Valuation Procedures – Real Property
- ANVGN 8 – Valuations for use in Offer Documents
- ANZVP – Significant Valuation Uncertainty

## 1.5 Information Sources

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

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

Our valuation is based on a significant amount of information that has been sourced from the instructing party or managing agent and other third parties. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed to us.

## 1.6 Specific Assumptions

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

- Withdraw of Caveat to by Civil Works and Construction Ltd, Lime Tree Estates Ltd and Montreal Properties Ltd to allow transfer of Title;
- Draft agreement to vary lease between Centuria and Cityfitness being confirmed without further amendment;
- The structure and services are still under construction material/workmanship warranties;
- We have not been advised of the Landlord's fixtures and fittings. We assume that such, or the lack of is not detrimental to our assessed value;
- We have estimated building outgoings as no information has been provided in respect to actual operating expenses;
- The Novel Coronavirus (COVID-19) was declared a 'Global Pandemic' by the World Health Organisation on 11 March 2020. New Zealand is currently in a state of increased caution following the arrival of the 'Delta' variant of COVID-19, with Auckland at Alert Level 4 (all but 'essential' workers to stay at home), and the rest of the country at Alert Level 2 (workplaces and schools are open, however with limitations on public gatherings and requirements to physically distance).

Prior lockdown events in New Zealand have seen the impact of the virus and restrictions relatively limited as to the effects on the overall property market, with transactions and participant activity similar to pre-COVID in most sectors. At this point, we are not expecting a significant change in the trajectory of our markets and have adopted a level of pragmatism in our approach to valuation in line with how we would expect the property to reasonably be treated as part of a hypothetical sale.

We note that property transactions may be slowed or suspended during the Level 4 provisions, with the circumstances and restrictions on non-essential services likely to hinder the operation of a properly functioning property market. We refer to the definition of Market Value outlined above and the principles of 'willing buyer', 'willing seller' acting 'prudently and without compulsion' as adopted within our valuation.

## 2 Property Particulars

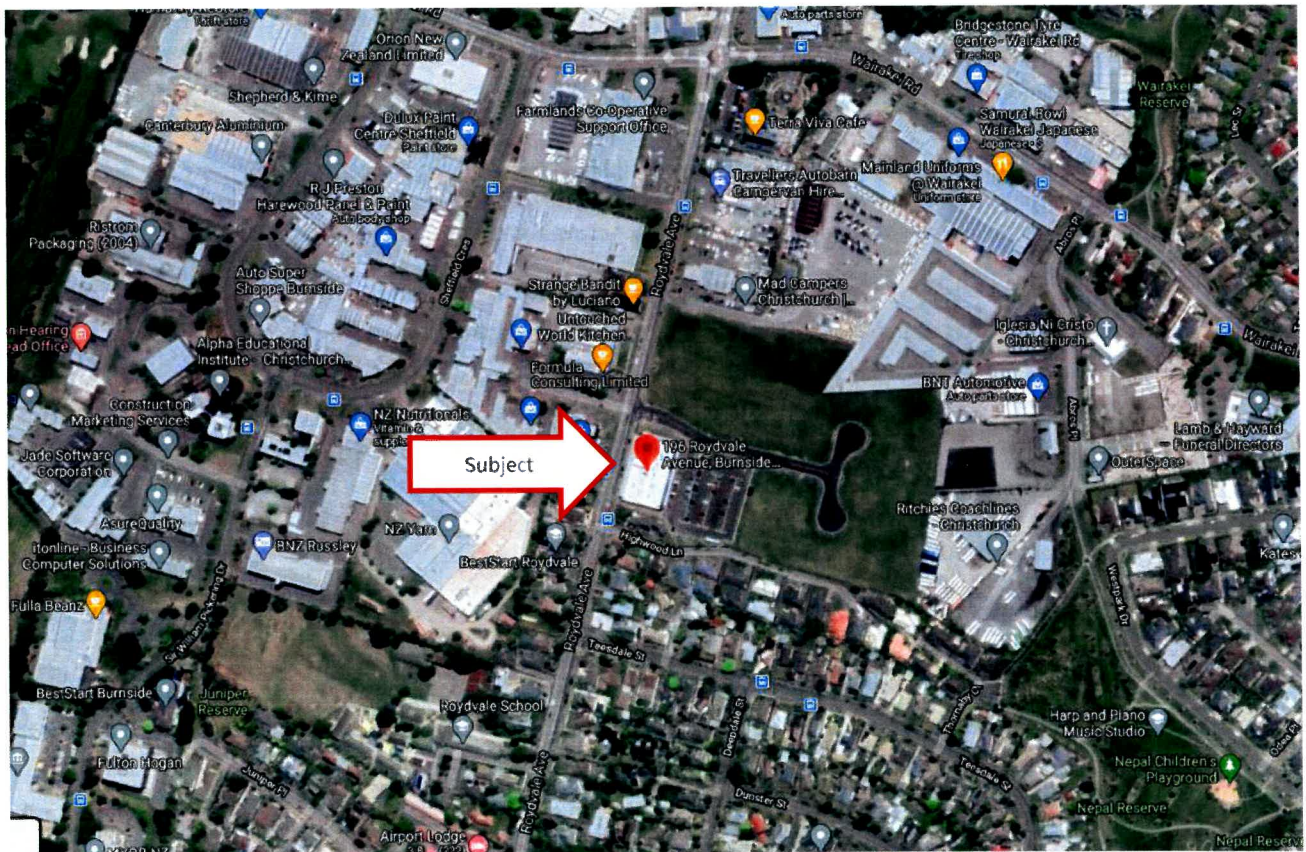
### 2.1 Location

The property is developed to the eastern side of Roydvale Avenue within the industrial district of Burnside, some 10 kilometres north west of the Christchurch CBD and within close proximity to the Christchurch International Airport. The area provides good access to main arterial routes to the north and south including the recently developed northern corridor.

The immediate area comprises a mix of medium to larger sized office/warehouse facilities with a number of large corporate headquarters located within the nearby Sir William Pickering Drive, known as Technology Park. The subject borders residentially zoned land to the south.

Supporting developments in the area comprise strip retail a short distance north on Wairakei Road, as well as the Spitfire Square retail development situated closer to the Christchurch International airport.

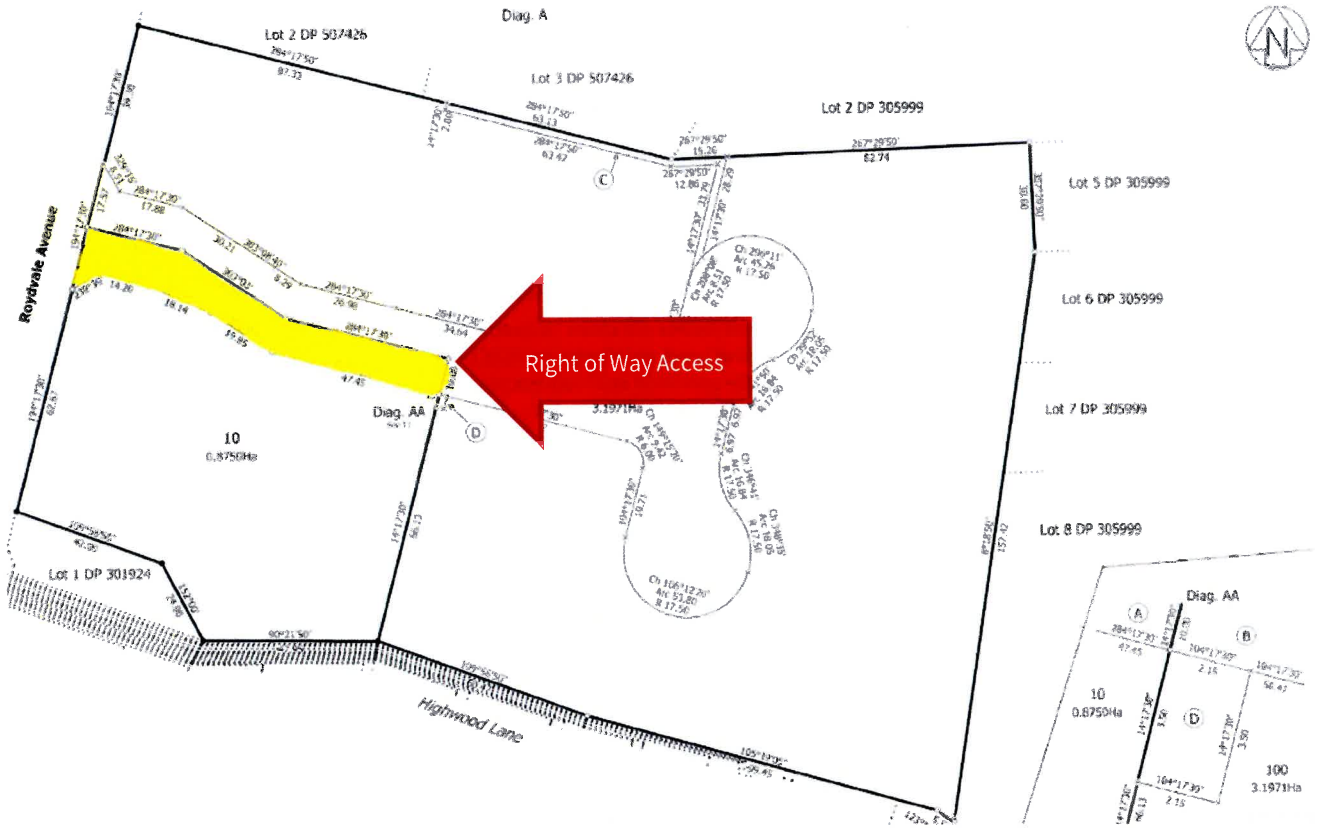
The following map identifies the approximate location of the Property:



Source: Google Maps

## 2.2 Title Particulars

Title Reference	856110
Tenure	Fee Simple
Legal Description	Lot 10 Deposited Plan 528849
Area	8750 square metres more or less
Registered Owner	Christchurch West Developments
Registered Interest	<p>704254.1 Certificate under s641 Local Government Act 1974 - 28.9.1987 at 11.45 am -</p> <p><b>11395732.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 10.6.2019 at 3:35 pm</b> – <i>Health of Land and Management of Landfill Gas: The future owners of the allotments shall be responsible for the operation and maintenance of the Long Term Site Management Plan. We have expanded on this in Clause 2.6 of this report.</i></p> <p><i>Specific Foundation Design: any new structures shall have a specific foundation design by a suitably experienced/qualified engineer. The design shall consider high potential for long-term settlements, from the existing deep fill, as well as high risk for potential differential settlements. The foundation shall be placed only over land where ground improvement works have been carried out. We understand that the existing structure meets the preceding conditions and therefore we believe this to have no significant detrimental impact on value.</i></p> <p><i>Stormwater: the stormwater notice relates to best practice methods for the subdivision and we believe this to have minimal impact on value.</i></p> <p><b>Subject to a right of way, convey water, electricity, telecommunications and a right to drainwater and sewage over part marked A on DP 528849 created by Easement Instrument 11395732.3 - 10.6.2019 at 3:35 pm</b> – <i>There is a right of way over the allotment by the way of a formed private road which provides access to the subdivision. We suggest the net site area for the property allows for the reduction of this space being 1,135 square metres which results in a net site area of 7,615 square metres. We have shaded this area in yellow below.</i></p> <p>Appurtenant hereto is a right of way, convey water, electricity, telecommunications, right to drain water and sewage created by Easement Instrument 11395732.3 - 10.6.2019 at 3:35 pm</p> <p>The easements created by Easement Instrument 11395732.3 are subject to Section 243 (a) Resource Management Act 1991</p> <p>Subject to a right (in gross) to convey telecommunications over part marked A on DP 528849 in favour of Enable Networks Limited created by Easement Instrument 11395732.4 - 10.6.2019 at 3:35 pm</p> <p>The easements created by Easement Instrument 11395732.4 are subject to Section 243 (a) Resource Management Act 1991</p> <p>Subject to a right (in gross) to convey electricity and a right of way over part marked A on DP 528849 in favour of Orion New Zealand created by Easement Instrument 11395732.5 - 10.6.2019 at 3:35 pm</p> <p>The easements created by Easement Instrument 11395732.5 are subject to Section 243 (a) Resource Management Act 1991</p> <p>11492657.3 Mortgage to Bank of New Zealand - 19.7.2019 at 4:00 pm</p> <p>11537967.1 Surrender of the right to drain water marked C on DP 528849 created by Easement Instrument 11395732.3 appurtenant hereto - 19.11.2019 at 3:14 pm</p> <p><b>11717056.1 CAVEAT BY CIVIL WORKS &amp; CONSTRUCTION LIMITED, LIME TREE ESTATES LIMITED AND MONTREAL PROPERTIES LIMITED - 17.3.2020 at 11:54 am</b> – <i>The Caveator being Civil Works &amp; Construction Limited, Lime Tree Estates Limited and Montreal Properties Limited – forbids the registration of any instrument or the recording of any matter in the register that transfers, charges, or prejudicially affects the estate or interest protected by this caveat until this caveat is withdrawn.</i></p> <p><b>12147889.1 CAVEAT BY CNZPF NOMINEE LIMITED – 9.6.2021 at 8:37 am</b> - <i>The Caveator being CNZPF Nominee Limited- forbids the registration of any instrument or the recording of any matter in the register that transfers, charges, or prejudicially affects the estate or interest protected by this caveat until this caveat is withdrawn. This is to protect the subject interest of Centuria NZ Property Fund.</i></p>



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 Record of Title appended to this report.

### 2.3 Site Details

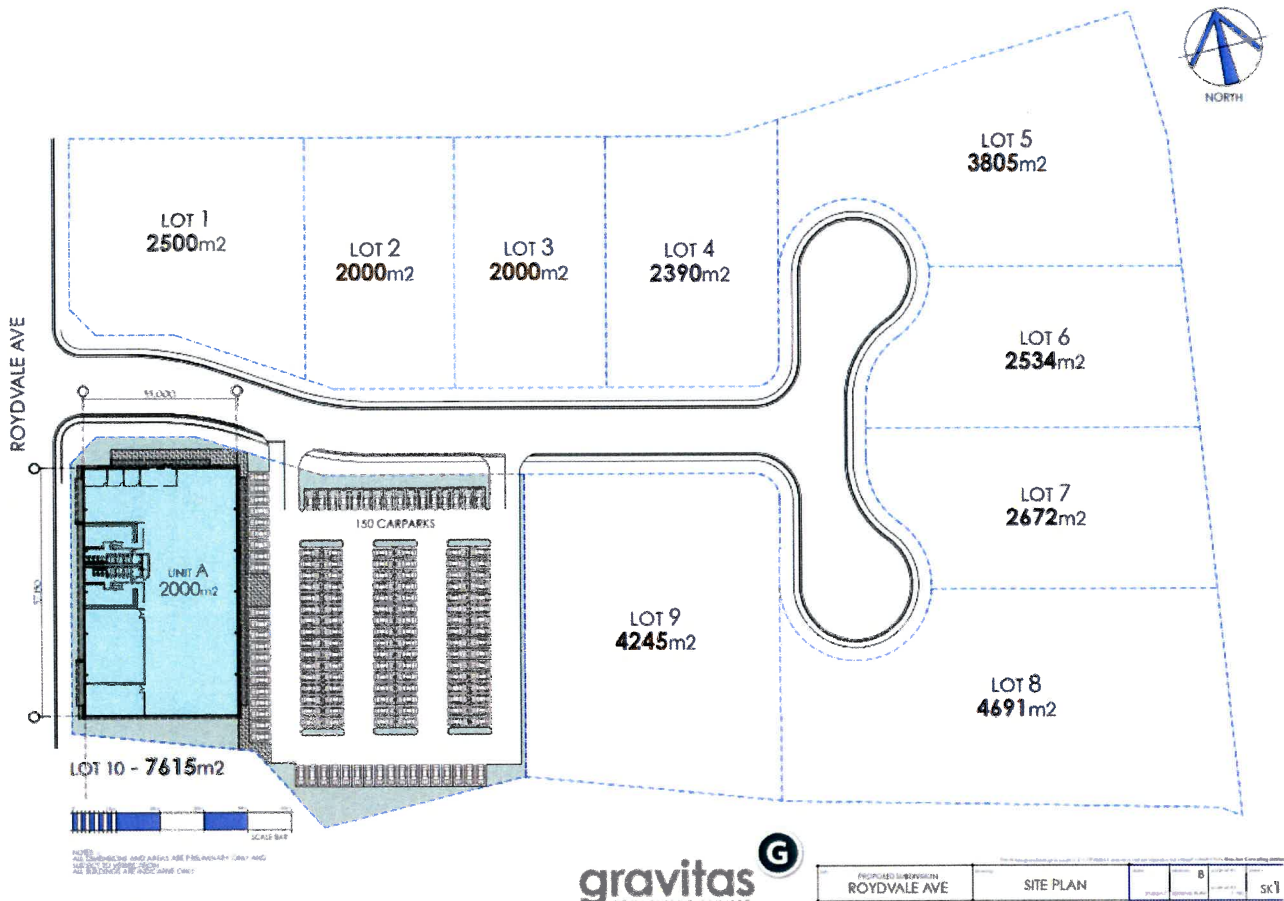
The site comprises a slightly irregular shaped corner allotment with some 80.16 metres of frontage to the eastern side of Roydvale Avenue and 108.24 metres to Lake Bryndwr Lane (private road). The site extends approximately half the width over the private road which forms a Right of Way. The area of the burdened land approximates 1,135 square metres and we have deducted this from the total site area which results in a net site area of 7,615 square metres.

The land is near flat and level in contour with normal services connected.

Total Site Area	8,750	Sqm
Area of Right of Way	1,135	Sqm
Net Site Area	7,615	Sqm



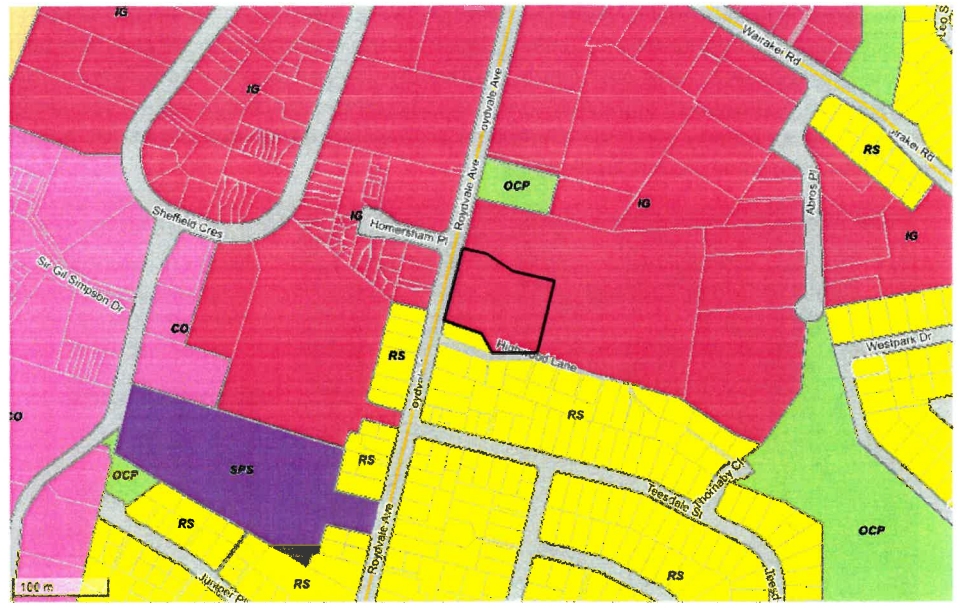
Source: Emap



Subdivision Plan

## 2.4 Resource Management

Local Authority	Christchurch City Council
Planning Instrument	Christchurch City Council's Operative District Plan
Operative Date	19 December 2017, subject to outstanding appeals and variations
Zoning	IG - Industrial General
Objectives	The Industrial General Zone recognises and provides industrial and other compatible activities that can operate in close proximity to more sensitive zones, due to the nature and limited effects of activities (such as noise, odour and traffic), and providing a buffer between residential areas and the Industrial Heavy Zone
Other Notations	



196 Roydvale Avenue Property Search Results  
 The information below is relevant to the selected property. Click on the blue text below for more details.

Land Use Zones	Other Notations
Zone	Airport Noise
<span style="background-color: #FF0000; color: white; padding: 2px;">IG</span> Industrial General Zone	<span style="border: 1px solid blue; display: inline-block; width: 20px; height: 10px;"></span> 50 dB Ldn Air Noise Contour
	Airport Protection
	<span style="border: 1px dashed blue; display: inline-block; width: 20px; height: 10px;"></span> Christchurch International Airport Protection Surfaces
	Environmental Asset
	<span style="background-color: #ADD8E6; border: 1px solid blue; display: inline-block; width: 20px; height: 10px;"></span> Environmental Asset Standing Water Body
	Waterway
	<span style="border-bottom: 1px solid blue; display: inline-block; width: 20px;"></span> Water Body Setback

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

## 2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 August 2019 being Assessment Number 21908/74400, is as follows:

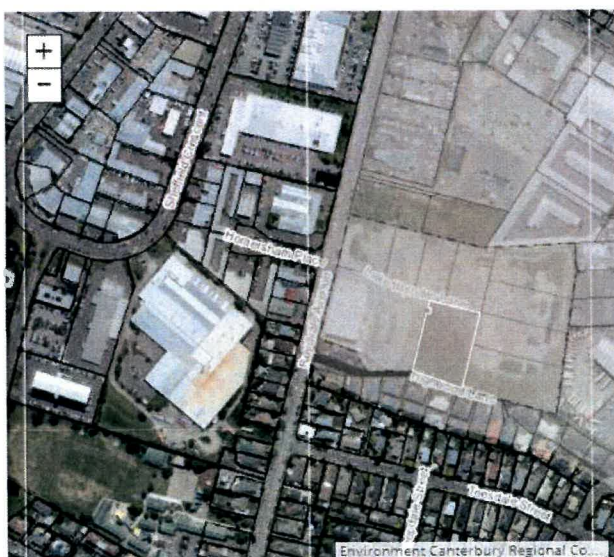
Land Value	\$1,230,000
Improvements Value	\$3,200,000
Capital Value	\$4,430,000

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

## 2.6 Environmental Issues

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

We have searched Environment Canterbury's Listed Land Use Register (LLUR) in relation to contaminated or potentially contaminated land. Such identifies properties listed on the Hazardous Activities & Industries List (HAIL). The property is listed as a HAIL property in regards to its former use as a gravel quarry which eventually formed what was known as Bryndwr Lake. This lake was gradually backfilled with uncontrolled fill. Since then, the land has been used as a golf course and driving range before being developed for subdivision purposes. A Detailed Site Investigation was undertaken by Golder Associates in October 2012 which found non-engineered fill of silt, sand and gravel up to 9 metres depth below ground level with a variable amount of debris (bricks, wood, sheet metal, electrical wiring, and car tyres). All soil sample results were below the appropriate guidelines for commercial/light industrial land use for the respective analyses tested for in each sample. The omission of asbestos testing from the investigation, despite asbestos being listed as a contaminant of concern and there being an abundance of hard fill materials on the site, appears to be an oversight of the investigation and the site is considered partially investigated. We refer you to a copy of the Property Statement appended hereto. We suggest the site contamination has no significant detrimental impact on value for the subject property, given the foundations are engineer designed and the site is fully encapsulated by building or car park seal apart from some modest landscaping.



Thank you for your enquiry.

The Listed Land Use Register has information relating to this land parcel.

If you would like a property statement and / or a site management plan, please fill in your details below.

### Records Found

#### HAIL Activities

No.	HAIL Type
ACT 27157	G3 - Landfill sites

#### Sites

No.	Site Category	Site Name
SIT 148351	Partially Investigated	196 Roydvale Avenue, Burnside

#### Investigations

No.	Type	Investigation Title	Report Date
INV 11275	DSI	Geotechnical and Environmental Assessment Report - 196 Roydvale Avenue, Burnside, Christchurch	Oct 1, 2012

### Property Search Results

Legal Description	Titles	Valuation No	
<b>4 Lake Bryndwr Lane</b>			
1 Lot 9 DP 535161	534449	2150374509	✕

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

## 2.7 Heritage

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

## 2.8 Improvements

The subject property comprises a 1,990 square metre gymnasium premises located to the eastern side of Roydvale Avenue, Burnside. Constructed in 2019, the improvements comprise a large bulk retail style facility with partitioned offices, amenities and group fitness areas and sealed off-street car parking for 150 cars.



## 2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Engineer designed concrete slab foundations and floor supporting a steel framed structure.
External Walls:	Precast concrete panels to the southern wall. A mixture of aluminium composite cladding, Colorsteel (horizontally fixed) and window glazing with steel louvres
Internal Walls:	Predominantly plasterboard lining and Hardiglaze to partitioned areas.
Roof:	“Kingspan” PIR insulated panel, Colorsteel to canopy roofing.
Ceiling:	Acoustic tiles in a suspended grid system to the offices and staff amenities area. Plasterboard linings to the toilet & shower areas.
Lighting:	LED lighting.
Windows and doors:	Powder coated double glazed aluminium joinery
Key Services:	Air conditioning Mechanical ventilation Fire detection system
Stud height:	Building shell: approximately 3.75 metres to 5.25 metres to the underside of the steel portal frame

## 2.10 Accommodation

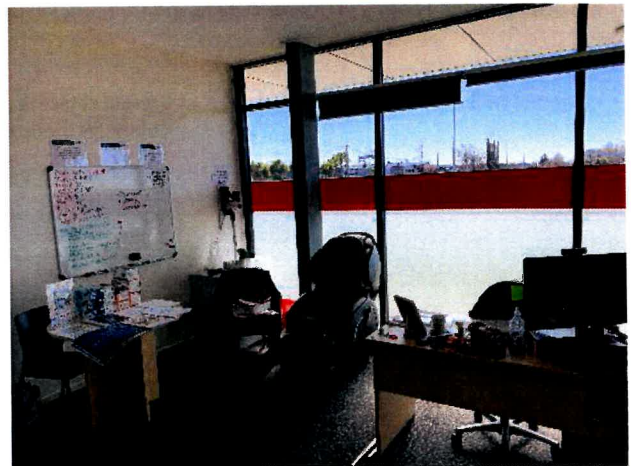
### Gym Floor

The gym floor is an expansive carpeted space with an exposed ceiling comprising 10 ceiling cassette air conditioning units and LED lighting.



### Offices & Staff Amenities

Two offices partitioned by Gibraltar board and each containing carpet tile flooring with a high wall heat pump, ventilation and LED lighting. The cafeteria provides carpet and vinyl flooring with a high wall heat pump and a laminate benchtop with stainless steel recessed sink and melamine cabinetry below.



### Group Fitness & HITT Room

The group fitness studios are separated from the gym floor by way of glass partitioning and each comprise carpet tile flooring with exposed ceilings and a ceiling cassette air conditioning.



Changing Rooms

Male & female changing rooms are positioned adjacently with carpet tile flooring and Gibraltar Board linings with double height ceilings. The associated male & female shower/toilet areas comprises vinyl flooring and combine to a total of 6x hand wash basins, 3x urinals, 8x toilets, 12x showers and 2x accessible toilet facilities.



Car parking

Onsite sealed and drained car park with security lighting for 150 cars.



## 2.11 Lettable Areas

The Property's total Lettable Area is approximately 1,990 square metres. A summary of this Lettable Area is detailed as follows:

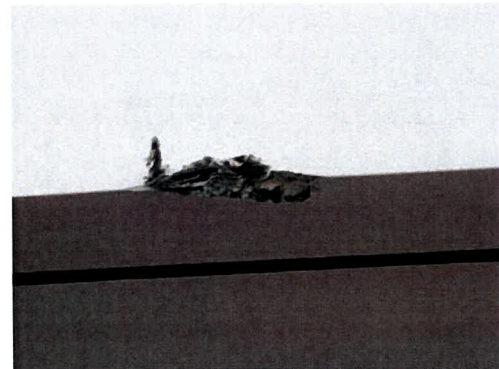
Building Floor Area	
Accommodation/Level	Lettable Area
Gymnasium	1,990
<b>Total Lettable Area</b>	<b>1,990 square metres</b>
Car Parking	
Open spaces	Spaces
	150
<b>Total Car Parking</b>	<b>150 spaces</b>

The areas noted above have been taken from survey plans/ lease documentation / provided by the managing agent. Where the areas have not been surveyed we have undertaken a full measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

## 2.12 Condition and Repair

We inspected the interior and exterior of the property. The building is near new having been constructed some two years ago.

We note there is modest impact damage to the composite aluminium clad north-western canopy fronting Roydvale Avenue requiring attention.



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

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 1 June 2022, and therefore assume that the property complies with the provisions of Compliance Schedule 57512.

The Health and Safety at Work (Asbestos) Regulations 2016 place requirements on building owners and occupiers in terms of assessing the risks associated with asbestos within buildings. Worksafe New Zealand recommend that buildings constructed before January 2000 are assessed for materials likely to contain asbestos, and if found, formulate a management plan.

As the building was constructed after January 2000 we have not sought further information on asbestos within the property.

## 2.13 Earthquake Strengthening Requirements

New Zealand is prone to seismic activity and there are requirements on building owners to ensure their buildings are safe for occupants and users as outlined in the Building Act 2004 and Amendment (Earthquake-prone Buildings) Act 2016. These regulations categorise New Zealand into three seismic risk areas and sets timeframes for identifying and taking action to strengthen or remove earthquake prone buildings.

As part of our valuation we have been made aware of the following information:

Year of Building Construction	2019
National Risk Zone	High
Compliance with New Building Standard	100% NBS
Assessment Type	NBS Confirmation Letter
Assessment Completed By	Design Station Limited
Assessment Date	19 July 2019

We have received a confirmation letter which states that the building has been constructed in accordance with the plans and specifications as submitted to the Christchurch City Council and approved for Building Consent

We are not qualified to undertake a structural survey of the property, and have proceeded based on the information available. We recommend interested parties confirm the insurability of the subject building.

# 3 Property Income and Expenditure

## 3.1 Tenancy Overview

We have been provided with Lease documentation that was available at the time of valuation.

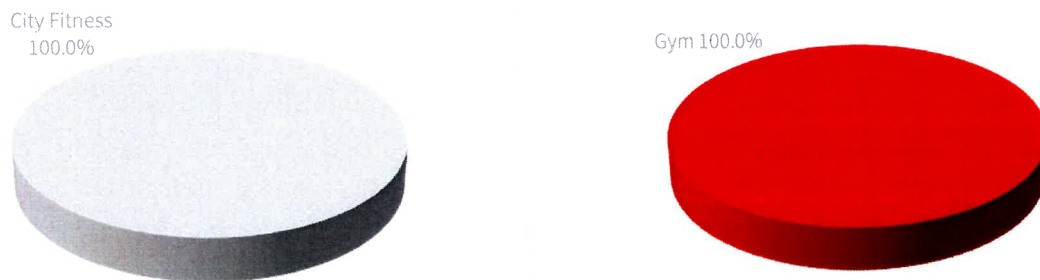
The net rental from the Property can be summarised as follows:

Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
City Fitness	\$597,000	1,990	100.0%
<b>Total</b>	<b>\$597,000</b>	<b>1,990 sqm</b>	<b>100%</b>

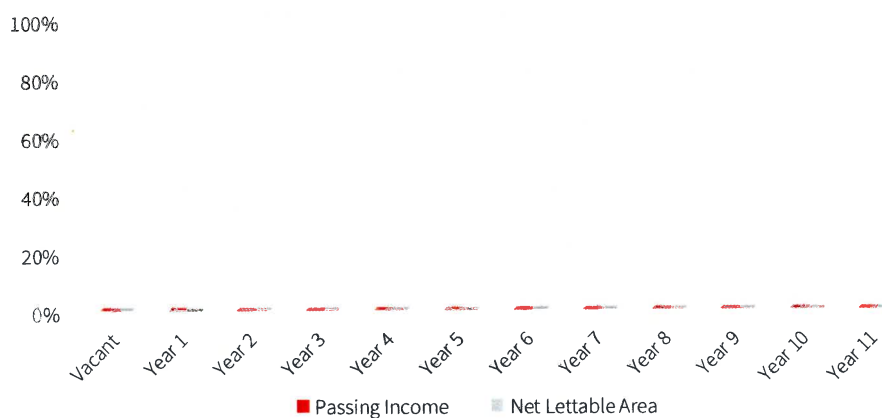
The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We are not qualified to advise you on the financial standing of the occupiers, however have formed a view on how we think the market would approach the tenancy profile of the property.

The tenant is not considered to be an essential service and cannot operate under a level-3 or 4 lockdown scenario. With the ongoing reaction and impact to the Covid-19 virus, uncertain trading and credit market conditions may lead to rapid changes in covenant strength and/or sentiment.

The net rental from the property can be analysed by occupier and component proportion as follows:



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



Our calculation of the property's Weighted Average Lease term is as noted below:

Weighted Average Lease Term Remaining	Years
By Area	12.00
By Income	12.00

## 3.2 Lease Summary

We summarise below the lease agreement for the property.

Lease Summary	Burnside Cityfitness Limited
Documents reviewed	Draft Agreement to vary Lease – <i>this agreement is conditional upon the Landlord completing settlement of its acquisition of the Property by 30 September 2021.</i> Signed Deed of Lease dated 19 <sup>th</sup> July 2019. Signed Deed of Settlement and Variation of Agreement to Lease dated 9 <sup>th</sup> July 2019 Signed Deed of Variation of Agreement to Lease dated 23 <sup>rd</sup> October 2018
Lessee	Burnside Cityfitness Limited
Guarantor	Cityfitness Group Limited – <i>the Guarantor is to be automatically released from its guarantee and indemnity upon the fifth anniversary of the Effective Commencement Date.</i>
Demised premises	Lot 10 DP 528849 contained within the Record of Title 856110, comprising a lettable internal area of 1,990sqm and the Car Parks as shown on the attached Premises Plan
Lettable Area	Premises: 1,990 sqm Car Parks: 150 sqm
Effective Commencement Date	30 September 2021
Effective Expiry Date	29 September 2033
Lease Term	12 years plus two rights of renewal of six years
Commencement Rent	\$597,000 per annum plus GST
Rental Review Provisions	<b>Market Review</b> 30 September 2027, and subject to renewal 20 September 2033, 30 September 2039. At each market rent review date, the annual rent shall not increase by more than the lesser of: 5% of the annual rent for the period immediately before the relevant market rent review date; or 30% of the annual rent at the last market rent review date, or, for the first market rent review, the annual rent at the Rent Commencement Date. <b>CPI Review</b> annually on and from 30 September 2022 (but not at market rent review dates) capped at 3% increases.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Fitness and health centre and associated activities permitted under the relevant district plan, including the ability (at the Tenants option) to operate on a 24/7 basis, 365 days a year.

Provision	Variation
Clause 2.3 (Development Timeframe)	Amended as follows: 2.3 <b>Development Timeframe:</b> Upon the signing of this Agreement, the parties and their consultants and advisors will work together and agree a time frame for the conversion of the Outline Plans and Specifications into the Final Documents, the obtaining of the Consent and the occurrence of Practical Completion, which in any event must occur by 22 April 2019 ( <b>Development Timeframe</b> ). The Development Timeframe will replace any time frame set out under the Outline Plans and Specifications. Extensions of time under the Development Timeframe may be granted by the Tenant, acting reasonably, in the following instances: ...
Add an extra sentence to clause 9.1	Without detracting from the foregoing, it is anticipated with the Development Timeframe that the Tenant shall be able to obtain early access on and from 15 March 2019, but this date may vary with any corresponding adjustments to the Development Timeframe (and without prejudice to clause 16.4).
New clauses 16.4 and 16.5	New clause inserted as follows: 16.4 <b>Delay of Practical Completion:</b> In the case that Practical Completion does not occur before 22 April 2019 ( <b>Delay</b> ), the Tenant is (without limiting the remedies available under clause 16.2), entitled to a rent free contribution of one day for each day of Delay to be taken as reduced rental at a 50% rate (i.e. so for every one day of Delay, the Tenant is entitled to half rent for two days). 16.5 <b>Liquidated Damages:</b> The parties acknowledge and agree that the Tenant's entitlements under clause 16.4 are agreed liquidated damages (and are not a penalty) for the Delay. The Landlord acknowledges that the rate of the liquidated damages equates to the likely loss that the Tenant may suffer in respect of: 16.4.1 loss of profits; 16.4.2 holding costs associated with equipment being warehoused; 16.4.3 increased legal fees relating to and in connection with the default; and 16.4.4 coverage of the risks associated with markets moving during the Delay, acknowledging that the fitness industry is highly competitive and the Tenant may lose a significant advantage if another operator opened in the area before it was able to, in the event of a Delay. 16.6 <b>Other rights:</b> Payment or deduction of liquidated damages shall not relieve the Landlord of its other liabilities or obligations under this Agreement.

3 ONE OFF PAYMENT

- 3.1 **Incentive Payment:** The Landlord shall make a one off payment of \$500,000 (plus GST) to the Tenant into a bank account nominated by the Tenant (in immediately available funds and without set-off or deduction) on the date on which the Landlord obtains title to the Premises (**Incentive Payment**).
- 3.2 **Best endeavours:** The Landlord shall use its best endeavours to obtain title to the Premises as soon as practicable
- 3.3 **Rent free period:** If the Payment Date has not occurred by the Commencement Date (as amended by this Deed) the Lease shall commence on the Commencement Date in accordance with clause 11.2 of the ATL, (and the Tenant may trade from the Premises from the Commencement Date) but no annual rent or outgoings shall be payable by the Tenant to the Landlord under the Lease until the Payment Date.
- 3.4 **Trigger Event:** Should the Landlord (or any liquidator, receiver, trustee or statutory manager) seek to contest the validity of clauses 3.1 or 3.3 or otherwise seek to disclaim their effect (a **Trigger Event**), the parties agree that immediately prior to any such Trigger Event occurring, that the Lease shall be deemed to be varied to give full effect to clauses 3.1 and 3.3. Such variation shall take place without any further action being required of any party; however if requested by a party, the parties shall enter into a separate variation of the Lease to give full effect to the clauses 3.1 or 3.3.

## FURTHER LEASE TERMS

### 48. Annual Rent Adjustment

48.1 **Trigger Event:** Should the Landlord (or any liquidator, receiver, trustee or statutory manager) seek to contest the validity of clause 3.1 or 3.3 of the Second Variation of the ATL or otherwise seek to disclaim their effect (a **Trigger Event**), the parties agree that immediately prior to any such Trigger Event occurring, that this Lease shall be deemed to be varied to give full effect to clause 3.1 or 3.3 of the Second Variation of the ATL. Such variation shall take place without any further action being required of any party; however if requested by a party, the parties shall enter into a separate variation of this Lease to give full effect to clause 3.1 or 3.3 of the Second Variation of the ATL.

### 49. Rent Reviews

49.1 **Market rent review caps:** At each market rent review date, the annual rent shall not increase by more than the lesser of:

49.1.1 5% of the annual rent for the period immediately before the relevant market rent review date; or

49.1.2 30% of the annual rent at the last market rent review date, or, for the first market rent review, the annual rent at the Rent Commencement Date.

49.2 **CPI rent review cap:** At each CPI rent review date, the annual rent shall not increase by more than 3% of the annual rent applicable.

### 50. Signage

50.1 **Authority:** For the purposes of clause 19.1 of the Second Schedule the Landlord shall be deemed to consent to the affixing, painting or exhibiting of signage or advertising by the Tenant in CityFitness branding and style (including its corporate colours) should such signage or advertising comply with all regulations, requirements or by-laws of the local authority for the design and installation of the signage or advertising, where such signage is in areas agreed with the Landlord (acting reasonably).

### 51. Subletting

51.1 **Permission:** For the purposes of clause 33.1 of the Second Schedule, the Landlord shall be deemed to consent to any subletting(s) of the premises where in respect of a subletting:

51.1.1 the area sublet is less than 20% of the net lettable floor area of the premises; and

51.1.2 the sublessee's proposed business is consistent with the business use in this lease.

### 52. Guarantee Limitation

52.1 **Limitations:** The Landlord and Guarantor agree that the guarantee and indemnity given by the Guarantor in the Fourth Schedule is limited as follows:

52.1.1 the total aggregate liability of the Guarantor under the guarantee and indemnity shall be capped to a maximum liability equal to one (1) year of annual rent, with such annual rental period determined to be the one (1) year immediately prior to the date of the first event giving rise to a claim against the Guarantor; and

52.1.2 the Guarantor is to be automatically released from its guarantee and indemnity upon the fifth anniversary of the Commencement Date of this lease.

### 53. Exclusivity

53.1 **Grant of exclusivity:** To the extent that the Landlord (or associated entities) owns any other lettable property in the building or adjoining buildings, the Tenant shall have exclusivity in relation to those spaces in relation to other fitness and health clubs and associated activities. Associated activities include a variety of fitness equipment; spas and saunas; sun tanning; personal training and fitness classes; physiotherapy; chiropractic care; massage; yoga and Pilates; similar paramedical services; and other wellness related activities.

#### 54. Seismic Performance

- 54.1 **Confirmation:** The Landlord confirms as at the Commencement Date that the building has a seismic strength of not less than 100% of the New Building Standard (or equivalent if there are any changes at law on such test).
- 54.2 **Seismic Performance Notice:** If at any time during the Term of this Lease (including during the term of any renewal of this Lease) either the Landlord or the Tenant (the **Server of the Notice**) becomes aware that the seismic assessment of the building has fallen to below 70% of the New Building Standard, the Server of the Notice will promptly advise the other party (the **Recipient of the Notice**) in writing (**Seismic Performance Notice**).
- 54.3 **Second opinion:** The Recipient of the Notice may accept the Seismic Performance Notice or if the Recipient of the Notice is the Landlord, the Landlord may within one (1) month of receiving a Seismic Performance Notice at its cost commission its engineers (who must be suitably qualified and experienced) to verify the accuracy or otherwise of the seismic assessment referred to in the Seismic Performance Notice and provide a report of its findings to both the Landlord and the Tenant (**Engineers Report**).
- 54.4 **Termination right:** If:
- 54.4.1 the Recipient of the Notice accepts the Seismic Performance Notice; or
- 54.4.2 the engineers (acting professionally, impartially and independently for the benefit of both parties) certify in their Engineers Report that the Building has fallen to below 70% of the New Building Standard (or equivalent if there are any changes at law on such test),
- then the Tenant may at any time within six (6) months of acceptance or receiving a copy of the Engineers Report terminate this Lease by giving written notice (**Termination Notice**) such notice specifying a date, being not later than six (6) months after receipt of the Termination Notice by the Landlord, on which the Tenant shall vacate the premises (**Termination Date**).
- 54.5 **Termination consequences:** From and after the Termination Date every estate and interest of the Tenant in the premises and in this Lease shall determine and cease absolutely but without prejudice to the rights and remedies of either party against the other in respect of any existing claim or breach.
- 54.6 **No compensation:** The Tenant shall not be entitled to any compensation, damages or any other claim whatsoever for termination by the Tenant pursuant to this clause 54, or in any way on account of any inconvenience or loss suffered by the Tenant as a consequence of that termination.

Landlords Fixtures and Fittings	As set out in the ATL dated 8 June 2017, as varied under the First Variation of the ATL and Second Variation of the ATL. We note we have not sited the original Agreement to Lease document.
Emergency Provisions	There is a provision in the lease, Clause 27.5: to fairly proportion the rental/outgoings in the event of an emergency, and Clause 27.6: termination rights if the building remains inaccessible.
Draft Agreement to vary Lease	This is between Centuria and Cityfitness with respect to proposed lease amendments upon an unconditional sale taking place. These amendments include lease commencement date and lease term extension, guarantor timeframe and cash payment by the new lessor. We refer you to appendix 4 for the full document provided to us.

### 3.3 Building Outgoings and Recoveries

The lease is structured on a net basis, with the tenant being responsible for payment of rates and other property expenses in addition to premises rental.

We have adopted the following estimated allowances for building outgoings within our calculations. Actual outgoings have not been provided.

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$29,883	\$15.02
Operating Expenses	\$43,500	\$21.86
<b>Total Outgoings</b>	<b>\$73,383</b>	<b>\$36.88</b>

### 3.4 Tenancy Schedule

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

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
City Fitness	Gymnasium	1,990.0		Sep 2021	Sep 2033	12.0 years	Sep 2022	1 yearly	CPI	\$480,000	\$241		\$73,383	\$37
City Fitness	Car Parks	0.0	150	Sep 2021	Sep 2033	12.0 years	Sep 2022	1 yearly	CPI	\$117,000	\$0	\$15	\$0	
Aggregate		1,990.0	150							\$597,000			\$73,383	



### 3.5 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$480,000	71.60%
Car Parking Rental	\$117,000	17.45%
Outgoings Recovery	\$73,383	10.95%
<b>Gross Passing Income</b>	<b>\$670,383</b>	<b>100.00%</b>
Outgoings	\$73,383	
<b>Net Passing Income</b>	<b>\$597,000</b>	
<b>Potential Net Income Fully Leased</b>	<b>\$597,000</b>	

## 4 Market Commentary

### 4.1 Economic Overview

As at 27 August 2021:

- The June 2021 Consumer Price Index rose 1.3% quarterly up from March 2021 and rose 3.3% on an annual basis compared to June 2020. This is noted as the biggest increase in nearly 10 years and was driven by higher prices for building materials and petrol.
- Gross Domestic Product (GDP) in March 2021 increased by 1.6% from the December 2020 quarter. On an annual basis, the average GDP declined by 2.3% over the year to March 2020. Falling exports and rising imports over March 2021 made a negative contribution to expenditure on GDP over the quarter.
- On 18 August 2021 the Reserve Bank announced that the Official Cash Rate (OCR) remains unchanged at 0.25%. Several banks had recently increased mortgage lending rates, and there was a clear expectation prior to the most recent lockdown event that the RBNZ was planning to increase the OCR. Most commentators are expecting the RBNZ to now lift the OCR in October.
- The 90-day Bank Bill Benchmark Rate (BKBM) sits at 0.45 as at 27 August, which is historically low, but has crept up from the low point of 0.25 last achieved in November 2020. 10-year bonds currently sit at 1.68, remaining well above the low of 0.44 in September 2020.
- The unemployment rate is 4.0% as at June 2021, a 0.6% decrease from the March 2021 quarter. The current availability of staff suitable for employment is extremely low, with indicators showing high employment intentions alongside the greatest difficulties experienced sourcing staff since the mid-1970s.
- The REINZ median house price across New Zealand for July 2021 is \$826,000. This is a 25.2% annual increase from July 2020 at a median house price of \$659,500 and a 1.3% monthly increase from June 2021. In March 2021 the Government announced a range of initiatives to increase supply and slow house price growth, including removal of interest deductibility for residential investment property and extension of the 'Bright Line Test' for tax on price gains to 10 years. Since the March 2021 tax announcement average house prices have risen by 2.4%.
- In terms of the construction sector, private backed development and construction is expected to be muted in the short term, however, the Government has announced their intention to fast track infrastructure spend as one method to kickstart the economy. The 2021 budget was announced 20 May, with health spending set to increase by \$5 billion over the 2021-2024 period and a \$3.8 billion Housing Acceleration Fund in the budget.

On 17 August 2021 New Zealand entered a nationwide Level 4 lockdown in an attempt to control an outbreak of the 'Delta' variant of COVID-19. Level 4 restricts all but 'essential' business.

Previous lockdowns indicate that while activity levels do fall sharply, economic losses have been smaller than originally anticipated as the economy has proven to be adaptive. A significant amount of household spending and business activity was deferred, rather than lost, during shorter duration lockdowns, and fiscal support measures have helped to counteract losses of incomes.

The Government has again reinstated a wage subsidy scheme to support businesses and employees through the lockdown period, with approximately 127,935 businesses so far having subsidy applications approved. As we are currently uncertain how long the Level 4 lockdown across New Zealand will remain in place its potential impact on the market (if any) is unknown at this stage.

The Pfizer COVID-19 vaccines rollout continues despite the lockdown, with bookings now available to people over the age of 30. As of 25 August, there are approximately 1,076,761 people that are fully vaccinated, or 22% of the population.

## 4.2 Local Retail Market Commentary

### Demand

Despite the sector facing substantial challenges during the COVID-19 recovery period, recent trends of fluctuating vacancy for Christchurch retail continued in 2H20 with a 40 bps fall to 7.5%. Specifically, CBD retail vacancy fell 80 bps from 9.0% to 8.2% in 2H20, while suburban retail vacancy rose 110 bps from 4.1% to 5.2%.

Retail trading outperformed expectations for the latter half of 2020, with a healthy GDP response in 3Q20. Nevertheless, retailers are looking to evolve to a more experiential offer to weather economic uncertainty.

### Supply

With stock completions continuing to normalise across Christchurch's commercial precincts, we recorded a negative net completion of 464 sqm over 2H20. There were a number of significant withdrawals in the suburban retail precinct, which offset modest completions in the CBD.

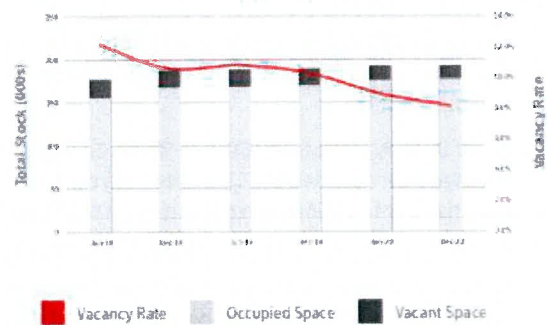
As is the case in Auckland and Wellington, most retail developments in the Christchurch pipeline are minor components of buildings predominantly centered around other uses (typically office). With many of these projects put on hold due to COVID, retail under construction fell over the half by ~4000 sqm.

### Asset performance

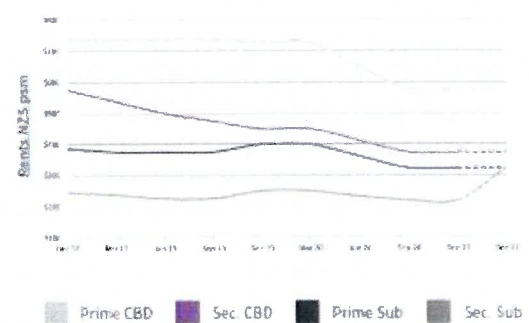
Rents across the Christchurch retail precincts were supported by a strong domestic spending response and healthy GDP performance over 3Q20. Average prime and secondary net face rents remained at 3Q20 levels; for CBD it was \$575 psm and \$325 psm respectively, meanwhile for suburban it was \$375 psm and \$220 psm respectively.

We recorded yield compression across most Christchurch retail sectors in 4Q20 with average prime yields falling to 6.25% for both CBD and Suburban precincts. Average prime suburban capital values also rose 4.0% to \$6,000 psm in Q4.

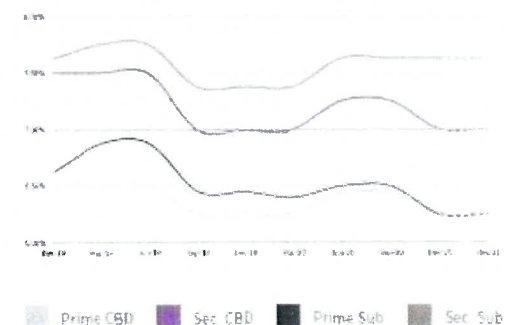
### Vacancy and occupied space



### Rent



### Yields



### 4.3 Retail Trends

With borders remaining closed to everyone bar returning New Zealand citizens and permanent residents, New Zealand's retail has had to rely on domestic spending, with no tourists allowed to enter New Zealand. Despite this, New Zealand Post reported in their December 2020 ecommerce spotlight that combined offline and online spending totalled to \$5.78 billion, up 7% on December 2019. Online spend alone over December 2020, totalling \$538 million, was 17% higher than in December 2019. This is largely due to New Zealand citizens also having travel restrictions, so they have remained onshore and spent discretionary income in various parts of the domestic economy.

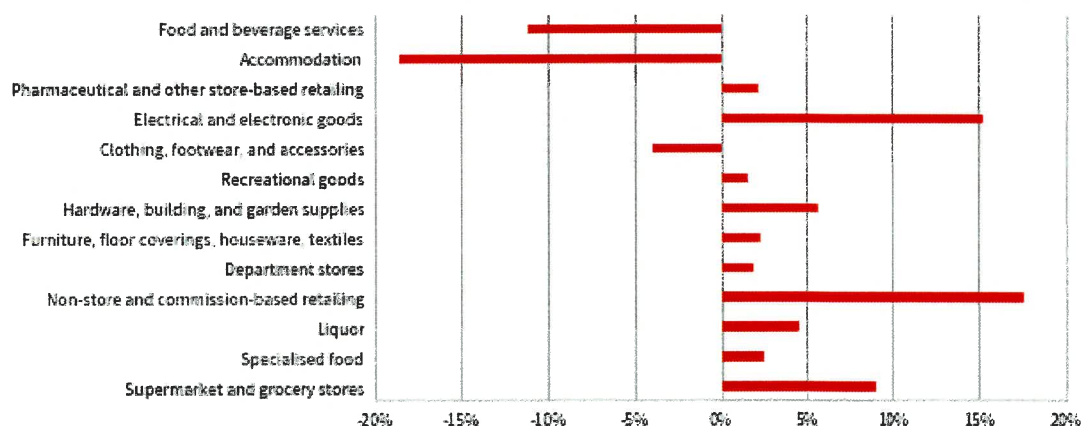
We outline below the annual percentage variance of sales values for the individual industry types, from the previous year to December 2020:

Industry type	Sales (\$m)	% of Total Sales	Quarterly % change	Annual % change
Supermarket and grocery stores	5,824	20.4%	5.3%	9.0%
Specialised food	494	1.7%	6.5%	2.5%
Liquor	572	2.0%	10.4%	4.6%
Non-store and commission-based retailing	648	2.3%	13.5%	17.7%
Department stores	1,896	6.6%	35.9%	1.9%
Furniture, floor coverings, houseware, textiles	874	3.1%	19.9%	2.4%
Hardware, building, and garden supplies	2,813	9.9%	9.4%	5.7%
Recreational goods	873	3.1%	27.4%	1.5%
Clothing, footwear, and accessories	1,290	4.5%	39.2%	-3.9%
Electrical and electronic goods	1,353	4.7%	17.5%	15.3%
Pharmaceutical and other store-based retailing	1,750	6.1%	17.1%	2.2%
Accommodation	968	3.4%	18.6%	-18.6%
Food and beverage services	3,309	11.6%	14.9%	-11.1%
Core industries total	22,662	79.5%	14.8%	1.9%

\*Source: Statistics New Zealand

These variances are further outlined in the graphs below:

**Retail Industry annual % change in sales values - year to December 2020**



\*Source: Statistics New Zealand

In the year to December 2020, the total value of core industry retail sales in New Zealand increased 1.9% from the previous year. Of the thirteen core industries, ten industries saw annual growth in retail sales, while three industries saw an annual decline in retail sales. Non-store and commission-based retailing saw the largest annual rise of 17.7%, followed by Electrical and electronic goods which increased by 15.3%, and Supermarket and grocery stores which increased 9.0%. In contrast and as to be expected, Accommodation saw the largest annual decline of -18.6%. This was followed by Food and beverage services which declined -11.1% and slightly surprising was Clothing, footwear, and accessories which declined -3.9%. It is likely that online shopping would have included a number of the transactions for the latter category.

## North and South Island

When we assess the variance in the value of sales from December 2020 in the North Island and South Island separately, we can see an annual increase in the North Island sales and a decrease in the South Island sales. The North Island value of sales increased 1.2%, though the South Island value of sales decreased -2.0%. When including non-retail activity, this provides an overall increase of 0.3% in New Zealand for the total value of sales.

In dollar value terms, the Otago region had the largest dollar value fall annually of -\$444 million in actual retail sale value. This is followed by the West Coast region with an annual decline of -\$54 million, and the Southland region with an annual decline of -\$38 million. By contrast, the Waikato region had the largest dollar value rise annually of \$179 million in annual retail sale value, followed by the Hawke's Bay region with an annual rise of \$162 million, and the Bay of Plenty region with an annual rise of \$144 million.

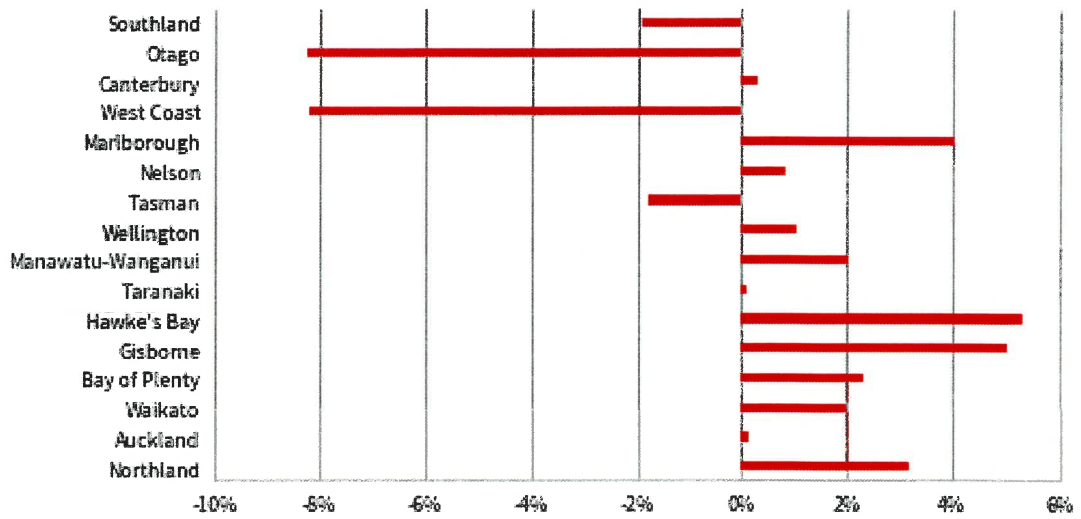
We summarise the variances in sales values for the separate areas in the table and graph overleaf:

Area	Annual % Change
Northland	3.2%
Auckland	0.1%
Waikato	2.0%
Bay of Plenty	2.3%
Gisborne	5.0%
Hawke's Bay	5.3%
Taranaki	0.1%
Manawatu-Wanganui	2.0%
Wellington	1.1%
Total North Island	1.2%
Tasman	-1.8%
Nelson	0.8%
Marlborough	4.1%
West Coast	-8.2%
Canterbury	0.3%
Otago	-8.2%
Southland	-1.9%
Total South Island	-2.0%
Non-Retail Activity	-9.7%
Total New Zealand	0.3%

*\*Source: Statistics New Zealand*

*Non-Retail activity includes sales made by non-retail locations owned by retail businesses.*

### Annual % change in retail sales value by area - year to December 2020



\*Source: Statistics New Zealand

## 5 Leasing Evidence

### 5.1 Leasing Evidence

In assessing a market rental profile for the accommodation, we have had regard to the subject lease within the property, together with recent rental evidence throughout Christchurch.

We have had particular regard to the evidence detailed below:

Property Address	Lessee	Component	Area/No	Comments
1 Treffers Road	City Fitness	Retail	2,111	New Lease
137 Corsair Drive	Compure Prolife	Retail	650	New Lease
2 Main North Road	Papanui 24/7 Ltd	Retail	325	Rent Review
Waimairi Road	Anytime Fitness	Retail	558	New Lease
Riccarton Road	Flexi Fitness	Retail	493	New Lease
Wigram Road	Culture Fitness	Retail	328	New Lease
48 Hereford Street	Koha Fitness	Retail	777	New Lease

The Koha Fitness gym in the CBD is effectively exclusive of car parks whilst the other gym rentals are inclusive of car parking. However, none have the extensive amount of car parking (150) that the subject benefits from.

The subject location is also favourable given the mix of residential, semi industrial, Technology Park and sports developments within the Burnside suburb.

Given the purpose-built, near new, stand-alone easy accessed development the contract rental of \$300 per square metre inclusive of car parks or \$241 per square metre plus car parks (150 at \$15 per week per park) appears in line with the above rental evidence. Accordingly we have adopted the negotiated commencement rental as market.

## 5.2 Market Rental Profile

We have assessed the market rental profile for the property on a net basis. Our adopted market rental profile is as summarised below:

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental /sqm	Car Park pcpw	Recovery /sqm	Ideal Recovery	Net Market /sqm	GrossMarket /sqm	Car Park pcpw	Net Market Rental
City Fitness	Gymnasium	1,990.0		Sep 2022	CPI	\$480,000	\$241		\$37	\$37	\$241	\$278		\$480,000
City Fitness	Car Parks	0.0	150	Sep 2022	CPI	\$117,000	\$0	\$15	\$0	\$0	\$0	\$0	\$15	\$117,000
Aggregate		1,990.0	150			\$597,000								\$597,000

### 5.3 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 per annum	Market per annum
<b>Rental Analysis</b>		
Lettable Area Rental	\$480,000	\$480,000
Car Parking Rental	\$117,000	\$117,000
Outgoings Recovery	\$73,383	\$73,383
<b>Gross Income</b>	<b>\$670,383</b>	<b>\$670,383</b>
Outgoings	\$73,383	\$73,383
<b>Net Income</b>	<b>\$597,000</b>	<b>\$597,000</b>
Potential Net Income Fully Leased	\$597,000	\$597,000

## 6 Sales Evidence

### 6.1 Sales Transaction

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. Whilst there is a lack of single tenant recent bulk retail property transactions within Canterbury we are aware of the following throughout New Zealand:



#### **The Warehouse, Hawera**

The property comprises a 3,946 sqm bulk retail The Warehouse situated at 281 High Street in Hawera. The property presents to a modern standard, being purpose built circa 2003. The 7,701 sqm corner site includes 114 onsite car parks and benefits from dual frontage onto Disraeli Street and High Street. The Warehouse recently signed a new 4 year lease with a further 4 year right of renewal. The property sold in December 2020 for \$6,100,000, this sale reflects a 7.26% initial yield and a land and buildings rate of \$1,546 psm.



#### **The Warehouse, New Plymouth**

The property comprises a 5,904 sqm bulk retail The Warehouse upon a 5,414 sqm site situated at 67 Courtenay Street within the New Plymouth Central Business District. The property was originally constructed in 1998, presenting to a reasonable standard of accommodation given its age and benefits from frontage to both Devon Street East and Courtenay Street. At the sale date the property was leased to The Warehouse with reviews linked to the lesser of CPI and market every three years. The property had a WALT of 6.92 years, with The Warehouse being in occupation since October 2014 on a 12 year term. The property is currently under contract for a contract price of \$13,000,000, reflecting an initial yield of 6.79%, an equivalent yield of 6.97%, an IRR of 7.71% and a land and buildings rate of \$2,202 psm.



#### **Kmart, Te Rapa, Hamilton**

The property comprises a bulk retail property with approximately 5,160 square metres of accommodation, situated on a 1.6 hectare site in the north Hamilton suburb of Te Rapa. The property at time of sale was leased to Kmart, providing a base rent of approximately \$1,000,000 per annum plus GST (if any) on a semi gross basis. The property is under contract for \$23,750,000, reflecting an initial yield of 4.21%, equivalent yield of 4.80%, IRR of 6.14% and a land and buildings rate of \$4,603 psm.



#### **Bunnings Hamilton South, 13a Quentin Drive, Hamilton**

The property comprises a purpose built trade retail store situated at 13a Quentin Drive Hamilton South, leased to Bunnings on a 12-year lease since 2018. The building was completed in 2016 and provides a modern trade retail format with approximately 9,706 square metres inclusive of main retail area, timber trade sales and drive through yard plus outdoor garden centre. Canopies and yard provide additional ancillary areas of 2,458 sqm. The property is situated upon a 31,074 sqm site located approximately 2.5 kilometres south west of the Hamilton CBD. The site provides 267 onsite car parking spaces. The property is currently occupied by Bunnings Limited, returning a net passing rental of \$1,420,445 per annum, and is increased annually at 2.5%, with a WALT of 9.17 years. The property sold in November 2020 for \$36,250,000, reflecting initial and equivalent yields of 4.02%, an IRR of 5.61% and a land and buildings rate of \$3,735 psm.



#### **Mitre 10, 14 Gravatt Road Papamoa, Tauranga**

The property comprises a 3,546 sqm Mitre 10 Mega premises located upon a 7,734 sqm site situated at 14 Gravatt Road in Papamoa. The improvements constructed circa 2005 comprises a 2,530 sqm showroom, 8 sqm entrance canopy, 73 sqm inwards goods, 16 sqm inwards goods canopy, 93 sqm mezzanine and a 826 sqm garden centre. The site provides onsite car parking and multiple points of ingress/ egress, zoned Commercial under the Tauranga City Plan. The property is situated within the growing suburb of Papamoa located directly next to Pak'n Save Papamoa as well as Fashion Island, Papamoa Beach Plaza shopping centre and Papamoa Beach.

The property has been occupied by Mitre 10 since 2005, who are currently on a four year lease expiring 12 September 2021 with two further two year right of renewals (one of which they have pre-committed to), with market rent reviews every three years. The tenant is currently paying \$455,000 net per annum plus GST however a market review for September will see the rental increase to \$563,480 per annum net. The property also has telecommunication leases to Spark and Two Degrees, returning \$19,393 per annum plus GST.

The property sold in August 2020 for \$9,000,000. This sale reflects a 5.27% initial yield, 6.06% equivalent yield, a 6.62% IRR and a land and buildings rate of \$2,538 psm.



#### **Bunnings Trade, Invercargill**

The property comprises a Bunnings Warehouse trade retail complex in the South Island city of Invercargill, which is currently under construction. The property will include a total gross lettable area of approximately 4,000 sqm which includes the main retail trade warehouse of 1,864 sqm, a 136 sqm office and amenity area and a drive thru / trade yard of 2,000 sqm. The trade yard is covered in its entirety by a canopy. The balance of the site provides 14 on grade carparking spaces.

The property is located on the corner of Victoria Avenue and Bill Richardson Drive approximately one kilometre west of Invercargill's CBD.

On completion, the property will be occupied by Bunnings Trade on a seven year term with six further rights of renewal of five years each and fixed annual increases of 2.00% per annum.

The property sold in July 2020 for a confidential amount, with settlement due upon completion of the building works. The sale price reflects a yield of 6.25%.



#### **Placemakers, 180-202 Hutt Road, Wellington**

The property comprises a 9,852 sqm bulk retail property occupied by Placemakers in Wellington together with a secondary building which was earthquake prone and provided separate area which was essentially development land. The Placemakers tenant is in occupation on a new nine year lease, while the residual land provides a 2,330 sqm area. The lease provides annual fixed rental increases.

The property sold in June 2020 for \$23,500,000. After deducting the residual land component, the investment component reflects an initial yield of 4.75%, an equivalent yield of 4.60% and an IRR of 5.99%.



#### **234 Rangitikei Street, Palmerston North**

The property comprises a bulk retail block providing three large format buildings situated at 234 Rangitikei Street in Palmerston North. The property provides 4,114.85 sqm of retail accommodation plus 107 share onsite carparks. The property is situated upon an 8,094 sqm site, within an established retail precinct in Palmerston North, with neighbouring tenants including Warehouse Stationary, Noel Leeming and Countdown Supermarket.

At the date of sale, the property was occupied by Bed, Bath and Beyond, Harvey Norman and Price Busters, returning a net rental of \$920,015 per annum plus GST. The leases all have structured rental growth, with a WALT of 3.28 years by income.

The property sold in February 2020 for \$11,500,000. Reflecting a 7.40% initial yield, 6.92% equivalent yield, 7.56% IRR and a land and buildings rate of \$2,795 per annum plus GST.



#### **The Warehouse, Blenheim**

The property comprises a bulk retail The Warehouse providing 7,052 sqm of accommodation situated at 14 Redwood Street in the Blenheim Central Business District. The property was originally constructed in 1972 and presents a reasonable standard of accommodation given its age, with recent upgrade works improving the store including a full repaint of the exterior and benefits from frontage to both Redwood Street, Main Street and Kinross Street.

The property at the time of sale was lease to The Warehouse from June 2008 on an original 10 year term, then varied in June 2018 to provide a nine year variation term. The lease includes 3 yearly reviews to the lesser of market, CPI or 2% per annum, with a WALT of 8 years.

The property sold in November 2019 for \$16,389,000, reflecting an initial yield of 6.50%, equivalent yield of 6.57%, IRR of 7.00% and a land and buildings rate of \$2,324 psm.



#### **Burnsco and Gym, Te Rapa, Hamilton**

The property comprises a bulk retail property occupied by Burnsco and Tu Tonu gym in Te Rapa Hamilton. The development is a new build property on the fringe of the main Te Rapa retail area and in close proximity to The Base.

Burnsco and Tu Tonu have entered into six years leases.

The property sold at auction in August 2019 for \$7,000,000, which reflects an initial yield of 6.10%. We are of the opinion that the gym is significantly over-rented, which provides an equivalent yield of 5.56% and an IRR of 6.25%.



#### **Spotlight, Nelson**

The property comprises a 2,507 square metre bulk retail property, situated on a 6,768 square metre site situated on the western periphery of the Nelson Central Business District.

The property at time of sale the property had 12 years remaining on the lease term, returning \$550,000 per annum plus GST.

The property sold in May 2019 for \$8,600,000, reflecting an initial yield of 6.40%, equivalent yield of 6.19% and an IRR of 7.65%. The sale reflects a land and buildings rate of \$3,430 psm.



#### **Kmart – Invercargill**

The property comprises a proposed Neighbourhood Shopping Centre in Invercargill which will be anchored by Kmart and provides specialty retail accommodation over two levels with associated carparking facilities.

The Centre was completed in November 2019 but the deal was structured in February 2018 with a sale price of \$23,219,000. The proposed sale price reflects an initial yield of 7.30%, an equivalent yield of 7.24% and an IRR of 8.20%. We note the development is under construction and these parameters may change through the development process.



#### **Farmers, Whanganui**

The property provides a Farmers department store comprising approximately 5,661 square metres of retail space situated over two levels. The property was constructed in 2015 and has been completed to a high, modern specification.

Farmers have leased the property from February 2015 for a 25-year term, with annual CPI rental reviews after year five. At the date of sale, the property had a remaining WALT of 21.00 years.

The property is subject to an unconditional sale and purchase agreement to purchase the property for \$16,500,000. After analysing the sale, this provides an initial yield of 6.66%, and equivalent yield of 6.68%, and IRR of 8.24% and a land and buildings rate of \$2,915 psm.



#### **88-99 Molesworth Street, New Plymouth**

The property comprises a 1980's bulk retail property with approximately 1,230 square metres of accommodation, situated on the corner of Molesworth Street and Elliot Street in the New Plymouth Central Business District.

The property at the time of sale was on a long term lease to Freedom Furniture returning approximately \$192,459 per annum plus GST.

The property sold in March 2019 for \$2,673,050, reflecting an initial yield of 7.20%, and a land and buildings rate of \$2,173 psm.



#### **The Warehouse, Hastings**

The property comprises a 6,400 sqm The Warehouse on a 1.53 hectare site, which sold in February 2019. The property was purpose built in 2012 within The Park Mega Centre in Hastings and benefits from 100 metres of prime frontage to Karamu Road North (State Highway 2).

The property sold with a 12-year lease term expiring in March 2027 with built in annual CPI increases and five three year rights of renewal. The property sold for \$19,760,000 plus GST reflecting an initial yield of 6.13%, an equivalent yield of 6.04% and an IRR of 7.47%.



**468 Mandeville Road, Ohoka, Christchurch**

The subject property comprises a small retail centre, which is situated on the south-western side of Tram Road and north-western side of Mandeville Road on an irregular shaped inside allotment.

The property is split into two distinct structures, which are separately located on the south and western sides of the site. The structures were completed circa 12 months ago in 2018. The property is 100% occupied with Sweet Pea Early Learning Centre and Super Value being the anchor tenants with 53% of the income. The balance comprise a self-service fuel station, convenience and hospitality retail serviced by approximately 53 carparks including 4 accessible carparks.

The property sold in August 2019 for \$8,200,000, reflecting an initial yield of 6.96% and an IRR of 8.59%.



**455 Dee Street, Gladstone, Invercargill**

The property comprises a Z service station situated at 455 Dee Street in the suburb of Gladstone, two kilometres north of the Invercargill CBD. The property provides a service station facility with an associated workshop upon a 2,858 square metre site.

At the date of sale, the property was occupied by Z energy, with annual fixed rental increases and a WALT of 7.8 years.

The property sold in May 2019 for \$2,720,688. This sale reflects an initial yield of 6.69% and a land and buildings rate of \$3,484 psm.



**10 Fairfield Street, Gore**

The property comprises a 1261 sqm building providing a 450 sqm retail showroom fronting Fairfield St, plus an adjoining 727sq m warehouse. The property is situated upon a 3,813 sqm fully fenced site which provides a large yard, set on five titles offering a 78% NBS

At the date of sale the property was leased to Place Makers returning \$108,838 net per annum plus GST. This lease includes 3 yearly CPI rental reviews.

The property sold in March 2019 for \$1,470,000 reflecting an initial yield of 7.40%.



**340 Bond Street, West Invercargill**

The property comprises a commercial premises with a total net lettable area of 1,514 sqm at 340 Bond Street in West Invercargill. The property provides 314 sqm of office and amenitie space, 600 sqm of warehouse accommodation and 600 sq of canopy plus a yard area.

At the date of sale the property was occupied by Brazier Scaffolding, with a WALT of 10 years.

The property sold in October 2018 for \$3,131,034, reflecting an initial yield of 7.25% and a land and building rate of \$2,068 psm.



**83 Liddel Street, West Invercargill**

The property comprises a 1,001 sqm commercial premises situated at 83 Liddel Street in West Invercargill, located approximately one kilometre west of the Invercargill CBD. The property provides a rentable area of 1,001 sqm occupied as a plumbing and bathroom showroom/ workshop situated upon a 1,733 sqm site.

At the date of sale the property was occupied by Mico.

The property sold in April 2018 for \$2,440,000, reflecting a 6.96% initial yield and a land and buildings rate of \$2,438 psm.

The range of bulk retail sales, predominantly building trade related is summarised as follows:

Main New Zealand centre locations 4.02% - 6.10%

Notable here is the Te Rapa Hamilton property that included a gym with initial yield of 6.1%

Secondary New Zealand centre locations 6.13% - 7.40%

In Christchurch, the only other sale including a gym is 1 Treffers Road being part of a larger retail/office development in an industrial locality. This Calder Stewart property was sold into their new Fort Hill property investment fund effective August 2019 for \$22,070,000 indicating initial yield of 6.92% with a WALT of 8.80 years. The gym apportionment was 35% by income.

Overall, the subject property will provide a stable investment, with good tenant covenant and desirable lease terms, inclusive of a guarantee by Cityfitness Group Limited over the first five years. The property would appeal to a range of investors whilst there is a shortage of quality stock in the city and unsatisfied investment demand exists.

Based on the sales evidence, we have adopted the following valuation inputs:

Valuation Input	
Capitalisation Rate	5.900%
Discount Rate	6.900%

# 7 Valuation Considerations

## 7.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property, whereas opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"><li>▪ Modern premises of at least 100% NBS;</li><li>▪ Long term WALT of 12 years;</li><li>▪ Strong tenant covenant by well-established national brand;</li><li>▪ Good profile corner site;</li><li>▪ Minimal gym competition in the area;</li><li>▪ Close to arterial routes;</li></ul>	<ul style="list-style-type: none"><li>▪ Balance of the subdivision remains undeveloped;</li><li>▪ Semi-specialised business use.</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>▪ Population growth in the immediate area;</li><li>▪ Development of the balance of the subdivision.</li></ul>	<ul style="list-style-type: none"><li>▪ The economic and social impacts of COVID-19 have the potential to be persistent.</li></ul>

## 7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to six months, assuming that the property is presented to the market in accordance with the specific assumptions noted in this report, and with an appropriate level of marketing. The actual time to sell the property may vary depending on the number of potential buyers in the marketplace, availability of comparable properties, access to finance, and changes in market conditions subsequent to the valuation date.

## 7.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be an investor.

## 7.4 Sales History

The previous sale of the subject property was vacant land which transacted 2017 for \$2,284,000.

## 8 Valuation Rationale

### 8.1 Valuation Overview

In arriving at our opinion of market value we have had consideration to the capitalisation and discounted cashflow (DCF) approaches to valuation, along with a cross check via the market comparison approach.

### 8.2 Capitalisation Approach

The capitalisation approach involves the determination of a sustainable net income from the property, and the application of a capitalisation rate as a measure of expected return from the property. Adjustments are made to the core value for items such as under/over renting, required capital expenditure or current/upcoming vacancy.

We have adopted a core capitalisation rate of 5.900%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$480,000	\$480,000
Car Parking Rental	\$117,000	\$117,000
Ideal Outgoings Recovery (Full Net Leases)	\$73,383	\$73,383
<b>Total Rental Income</b>	<b>\$670,383</b>	<b>\$670,383</b>
Less Outgoings Expenditure	(\$73,383)	(\$73,383)
Net Rental Income	\$597,000	\$597,000
Core Income Capitalised at 5.90%	\$10,118,644	\$10,118,644
<b>Total Capitalised Value</b>	<b>\$9,999,378</b>	<b>\$9,999,378</b>
Adopted Capitalised Value (say)	\$10,000,000	\$10,000,000

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:

#### Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$19,743.

#### Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$10,000,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	5.650%	\$10,450,000	\$10,450,000
<b>Adopted Capitalisation Rate</b>	<b>5.900%</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
0.25%	6.150%	\$9,590,000	\$9,590,000

### 8.3 Discounted Cash Flow Approach

We have undertaken a discounted cash flow analysis over a 10-year investment horizon to derive a net present value for the Property.

We note that a DCF analysis looks to forecast cashflow performance from the property over a future horizon based on an understanding and due diligence related to the property and the specific market in which it sits. The adopted forecasts incorporate what we consider reasonably foreseeable as at the valuation date in terms of key lease events, capital expenditure and likely growth in rental rates, costs and changes in property values over the cashflow term. We note that the actual cashflows associated with the property may vary significantly depending on management decisions, market conditions or unforeseeable events.

#### Discount Rate

In assessing an appropriate target discount rate for the property, we have considered primarily the analysis of recent comparable or benchmark property sales, the current level of risk free return, discussions with active property investors as well as consideration of the property's specific investment attributes.

We have applied a target discount rate of 6.900% to the cash flows to produce a present value of \$10,100,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary

Year Ending	02-Sep-2022	02-Sep-2023	02-Sep-2024	02-Sep-2025	02-Sep-2026	02-Sep-2027	02-Sep-2028	02-Sep-2029	02-Sep-2030	02-Sep-2031	02-Sep-2032
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>Rental Income</b>											
Lettable Area and Car Park Income	\$597,000	\$611,328	\$621,721	\$634,155	\$646,838	\$659,775	\$672,970	\$675,747	\$689,262	\$703,047	\$0
Outgoings Recovery	\$73,383	\$75,878	\$77,926	\$80,264	\$82,672	\$85,152	\$87,707	\$90,338	\$93,048	\$95,840	\$0
<b>Gross Rental Income</b>	\$670,383	\$687,206	\$699,647	\$714,419	\$729,510	\$744,927	\$760,677	\$766,085	\$782,310	\$798,887	\$0
<b>Rental Deductions</b>											
Outgoings Expenditure	(\$73,383)	(\$75,878)	(\$77,926)	(\$80,264)	(\$82,672)	(\$85,152)	(\$87,707)	(\$90,338)	(\$93,048)	(\$95,840)	\$0
<b>Net Rental Cashflow</b>	\$597,000	\$611,328	\$621,721	\$634,155	\$646,838	\$659,775	\$672,970	\$675,747	\$689,262	\$703,047	\$0
Capital Expenditure	(\$10,288)	(\$10,566)	(\$10,883)	(\$11,210)	(\$11,546)	(\$11,892)	(\$12,249)	(\$12,616)	(\$12,995)	(\$13,385)	\$0
<b>Net Cashflow</b>	\$486,712	\$600,762	\$610,838	\$622,945	\$635,292	\$647,883	\$660,721	\$663,131	\$676,267	\$689,663	\$0
Purchase Price	\$10,050,000										
After Costs	(\$10,050,000)										
<b>Sale Price</b>	\$10,980,000										\$10,842,750
After Costs											
<b>Annual Cashflow</b>	(\$9,563,288)	\$600,762	\$610,838	\$622,945	\$635,292	\$647,883	\$660,721	\$663,131	\$676,267	\$689,663	\$10,842,750
<b>Present Value of Rental Cashflow</b>	\$4,534,535										
<b>Present Value of Terminal Value</b>	\$5,563,683										
<b>Total Net Present Value (say)</b>	\$10,100,000										
											Resulting IRR
											6.96%



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

## Revenue Projections

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

## Growth Rates

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

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gym							10 year average			1.85%
	1.00%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CPI							10 year average			2.01%
	2.40%	1.70%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average			3.01%
	3.40%	2.70%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average			3.01%
	3.40%	2.70%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

## Capital Expenditure

Within our calculations we have made capital expenditure allowances for any known upcoming costs, together with our own allowances for capital and refurbishment works coinciding with the lease expiry that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances we have made are as summarised below, split between capex associated with a tenancy expiry or renewal, and general property expenditure:

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	\$0	\$10,288	\$10,288
Year 2	\$0	\$10,566	\$10,566
Year 3	\$0	\$10,883	\$10,883
Year 4	\$0	\$11,210	\$11,210
Year 5	\$0	\$11,546	\$11,546
Year 6	\$0	\$11,892	\$11,892
Year 7	\$0	\$12,249	\$12,249
Year 8	\$0	\$12,616	\$12,616
Year 9	\$0	\$12,995	\$12,995
Year 10	\$0	\$13,385	\$13,385
10 Year Total	\$0	\$117,630	\$117,630
Capex as a proportion of Value	1.2%	Per Sqm of Lettable Area	\$59.11

The above allowances have been adjusted for forecast CPI movements throughout the cash flow.

## Estimated Terminal Sale Price

We have applied a terminal yield of 6.150% (a 25.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value of the property we have primarily had regard to the increased age of the property at the end of the cashflow and likely occupancy and net income profile for the property.

## Transaction Costs

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

Transaction Costs	
Acquisition Costs	Nii
Disposal Costs	1.25% of the forecast Terminal Value

## Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	5.900%	6.150%	6.400%
6.650%	\$10,540,000	\$10,280,000	\$10,050,000
6.900%	\$10,350,000	\$10,100,000	\$9,870,000
7.150%	\$10,170,000	\$9,920,000	\$9,700,000

## 9 Valuation

### 9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$10,000,000
Capitalisation Approach - Contract Income	\$10,000,000
Discounted Cash Flow Approach	\$10,100,000
Adopted Value	\$10,050,000

### 9.2 Valuation Conclusion

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market sentiment, we have adopted a rounded valuation figure of \$10,050,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 3 September 2021, is:

**\$10,050,000 plus GST (if any)**

**Ten Million Fifty Thousand Dollars plus GST (if any)**

The assessed value reflects an initial passing yield of 5.94%, an equivalent yield of 5.87%, an internal rate of return of 6.96%, and a rate of \$5,050 per square metre of Lettable Area.

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

- Centuria NZ Property Fund & Centuria Funds Management (NZ) Limited – For Product Disclosure

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

### 9.3 Involvement Statement

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

Inspection of Property	Graeme McDonald, Robert Clifford
Calculations	Graeme McDonald, Robert Clifford
Information Review	Graeme McDonald, Robert Clifford
Report Authoring	Graeme McDonald, Robert Clifford
Quality Assurance	David Hargreaves
Principal Valuer	Graeme McDonald

JLL require that all Valuation Reports are reviewed for Quality Assurance purposes before external release. The individual that has undertaken the Quality Assurance review offers no opinion on the subject property(s).

Yours faithfully,

**Jones Lang LaSalle, Valuation Advisory**



**Graeme McDonald** VP Urb, FPINZ, FNZIV, MRICS

Registered Valuer - Director

+64 3 375 6602

[graeme.mcdonald@ap.jll.com](mailto:graeme.mcdonald@ap.jll.com)

NANZVAL VALUATIONS (Christchurch) Roydvale Avenue 196 \Report & Workings (Roydvale Ave 196 MV) xls.m

## Appendix 1 – Valuation Definitions

Net Passing Income	The annual sum of the current base rent, any supplementary income and recoverable outgoings, less total outgoings.
Net Income, Fully Leased	The annual net passing income as above, plus estimated income from vacant tenancies and any immediate reversions.
Capitalisation Rate	The capitalisation rate adopted within the valuation applied to either the net income, fully leased (excluding supplementary income) or net market income prior to adjustments for vacancy, rental reversion and capital expenditure.
Initial Yield	The net passing income from an investment divided by the sale price or value adopted for the investment.
Market Yield	The assessed net market income divided by the sale price or value adopted.
Equivalent Yield	A market yield which reflects additional adjustments for capital expenditure, letting up assumptions or the present value of rental reversions after the capitalisation of income.
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into a present value.
Internal Rate of Return (IRR)	The discount rate at which the present value of the future cash flows of the investment equals the acquisition cost of the investment.
Terminal Yield	Alternatively referred to as a Reversionary Yield, being the anticipated yield from an investment property once a reversionary value is attained at the end of the cashflow with adjustments for vacancy allowances.
Ten Year IRR	The IRR (as above) for which the property would achieve based on the present value of all the net cashflows over a 10 year period given the assessed value.
Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Weighted Average Lease Term (WALT)	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
Fair Value	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Appendix 2 – Record of Title



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

**Search Copy**



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** 856110  
**Land Registration District** Canterbury  
**Date Issued** 10 June 2019

**Prior References**  
CB47B/760

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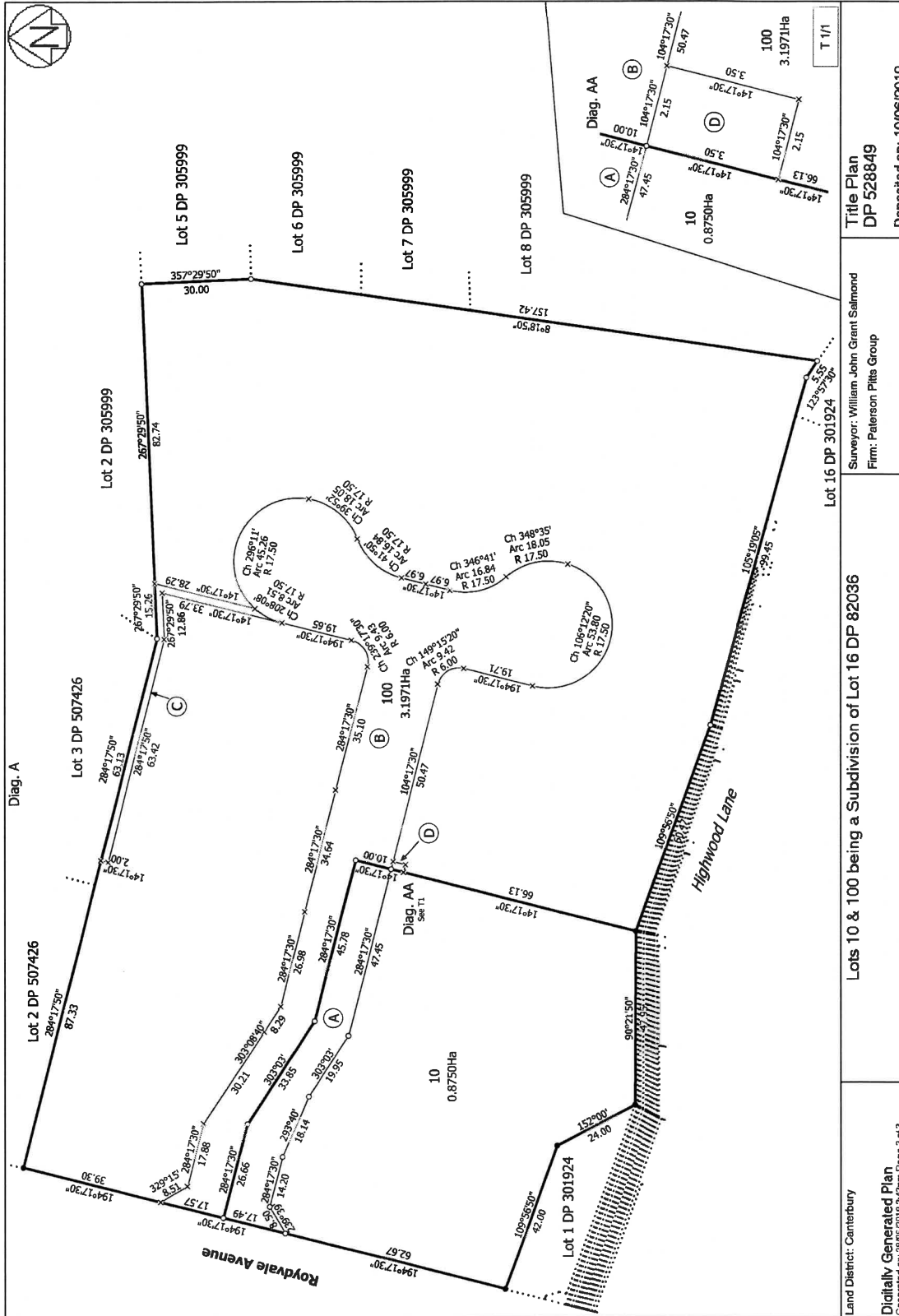
**Estate** Fee Simple  
**Area** 8750 square metres more or less  
**Legal Description** Lot 10 Deposited Plan 528849

**Registered Owners**  
Christchurch West Developments Limited

---

**Interests**

704254.1 Certificate under s641 Local Government Act 1974 - 28.9.1987 at 11:45 am  
11395732.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 10.6.2019 at 3:35 pm  
Subject to a right of way, convey water,electricity,telecommunications and a right to drainwater and sewage over part marked A on DP 528849 created by Easement Instrument 11395732.3 - 10.6.2019 at 3:35 pm  
Appurtenant hereto is a right of way,convey water,electricity,telecommunications, right to drain water and sewage created by Easement Instrument 11395732.3 - 10.6.2019 at 3:35 pm  
The easements created by Easement Instrument 11395732.3 are subject to Section 243 (a) Resource Management Act 1991  
Subject to a right (in gross) to convey telecommunications over part marked A on DP 528849 in favour of Enable Networks Limited created by Easement Instrument 11395732.4 - 10.6.2019 at 3:35 pm  
The easements created by Easement Instrument 11395732.4 are subject to Section 243 (a) Resource Management Act 1991  
Subject to a right (in gross) to convey electricity and a right of way over part marked A on DP 528849 in favour of Orion New Zealand created by Easement Instrument 11395732.5 - 10.6.2019 at 3:35 pm  
The easements created by Easement Instrument 11395732.5 are subject to Section 243 (a) Resource Management Act 1991  
11492657.3 Mortgage to Bank of New Zealand - 19.7.2019 at 4:00 pm  
11537967.1 Surrender of the right to drain water marked C on DP 528849 created by Easement Instrument 11395732.3 appurtenant hereto - 19.11.2019 at 3:14 pm  
11717056.1 CAVEAT BY CIVIL WORKS & CONSTRUCTION LIMITED, LIME TREE ESTATES LIMITED AND MONTREAL PROPERTIES LIMITED - 17.3.2020 at 11:54 am  
12147889.1 CAVEAT BY CNZPF NOMINEE LIMITED - 9.6.2021 at 8:37 am



Land District: Canterbury  
 Digitally Generated Plan  
 Generated on: 20/05/2019 2:43pm Page 3 of 3

Surveyor: William John Grant Salmmond  
 Firm: Paterson Pitts Group

Title Plan  
 DP 5288849  
 Deposited on: 10/06/2019

Lots 10 & 100 being a Subdivision of Lot 16 DP 82036



DocID: 210560421

IN THE MATTER of Section 641A of the  
Local Government Act 1974

TO: The District Land Registrar,  
CHRISTCHURCH.

THE WAIMAIRI DISTRICT COUNCIL gives you notice pursuant to Section 641A(4) of the Local Government Act 1974 that it has issued Building Permit No. 56416 pursuant to ss 1 of that section for the erection of a building that is designed to be relocatable upon that piece of land containing 15.7024 ha being Lot 2 on Deposited Plan 43763 and being all the land comprised in Certificate of Title Register ~~3~~OA Folio 1272 SUBJECT TO Easement specified in Transfers 237152/1, 694061/1, 693789/2 and Easement Certificate 306306/2 of which ASHBY BROS LIMITED at Christchurch now called ABROS DEVELOPMENTS LIMITED, the company having changed its name on 31 January 1985 is the registered proprietor and THE WAIMAIRI DISTRICT COUNCIL requests you to make an entry on such certificate of title that such building permit has been issued subject to ss 1 of the said s 641A of the Local Government Act 1974 to the intent that the Council and every member, employee, or agent of the Council shall not be under any civil liability to any person having an interest in that building on the grounds that the land on which the building is to be situated is or is likely to be subject to damage arising directly or indirectly from erosion, subsidence, or slippage or inundation.

*See now  
Sec 36  
Building  
Act 1991*

DATED this 15<sup>th</sup> day of *September* 1987

THE WAIMAIRI DISTRICT COUNCIL )  
by its principal officer )  
PETER WILLIAM CHAPPLE )

DM2278D1

Particulars entered in the Register on the date and at the time recorded below



Assistant Land Registrar  
of the District of Canterbury

1045 28.SEP87 C 704254/1

PARTICULARS ENTERED IN REGISTER  
LAND REGISTRY CANTEBURY

ASST LAND REGISTRAR 31/1/428 (429)

370/285  
286

(513/390)

no ~~~ Certificate of purchase 1

Section 54 of Land Transfer Act 1952

Ref 10792 1/2

# View Instrument Details



**Instrument No** 11395732.2  
**Status** Registered  
**Date & Time Lodged** 10 June 2019 15:35  
**Lodged By** Hudson, Judith Anne  
**Instrument Type** Consent Notice under s221(4)(a) Resource Management Act 1991



---

<b>Affected Records of Title</b>	<b>Land District</b>
856110	Canterbury

---

**Annexure Schedule:** Contains 2 Pages.

---

## Signature

Signed by Paula Maree Hickey as Territorial Authority Representative on 27/06/2019 01:11 PM

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



**IN THE MATTER OF** the Resource Management Act 1991

**AND**

**IN THE MATTER OF** DP 528849 and Subdivision Consent RMA/2016/202

**CONSENT NOTICE PURSUANT TO SECTION 221, RESOURCE MANAGEMENT ACT 1991**

To: The Registrar-General of Land  
Canterbury Land Registration District  
LAND INFORMATION NEW ZEALAND

**TAKE NOTICE** that the land described below is subject to conditions in relation to a subdivision consent as follows:

**Health of Land and Management of Landfill Gas – Lot 10**

The Site Management Plan as prepared by ENGEO Limited dated 27 May 2019 (held in Council record TRIM reference 19/601263) shall be complied with during any development and construction activity.

The future owners of the allotments shall be responsible for the operation and maintenance of the Long Term Site Management Plan.

**Specific Foundation Design – Lot 10**

Any new structures, in terms of Building Act provisions and requiring a Building Consent, shall have specific foundation design by a suitably experienced chartered engineer or by an appropriately qualified geotechnical engineer. Along the seismic required design details/factors, the foundation design shall consider high potential for long-term settlements, from the existing deep fill, as well as high risk for potential differential settlements (both from static loads/forces).

The foundation for any building to be located on Lot 10 shall be placed only over land where ground improvement works have been carried out as part of building consented works. The ground improvement works shall be in accordance with the geotechnical engineer advice. The post-ground improvement works shall be accepted as deemed fit for purpose, only if the area for building foundation has been tested and shows a potential improved quake behaviour (vertical settlements) similar to that associated to TC2 equivalent levels.

**Stormwater - Lot 10**

Stormwater generated from all building roofs within Lot 10 shall be discharged into the internal right of way reticulation system via a sealed pipe system.

The first flush of stormwater runoff generated from all hardstanding areas within the net area of Lot 10 (excluding the right of way) shall be treated onsite prior to discharge into the internal reticulation system within the right of way (areas A and B) via a sealed pipe system. The first flush is defined as either: a) the volume of stormwater generated from 25mm depth of rainfall on impervious areas of the site (for volume-based treatment systems), or; b) the flow generated by 5mm/hr rainfall intensity on impervious areas of the site (for flow-based treatment systems).

All onsite stormwater collection, treatment and disposal systems shall be sealed to prevent infiltration into underlying soils.

Stormwater runoff from hard stand on the right of way shall be treated via rain gardens prior to disposal.



All stormwater from lots (including the right of way) shall discharge to a rapid infiltration system within area B on the deposited plan DP 528849.

All surface water management and mitigation facilities shall be managed and maintained in accordance with the accepted Maintenance and Operations Manual (TRIM reference 19/554359).

**AND THAT** you are hereby directed and required to register the same pursuant to Section 221 Resource Management Act 1991.

**DESCRIPTION OF LAND AFFECTED**

**ALL THOSE** parcels of land comprising:

- Lot 10 DP 528849 comprised in Record of Title 856110

**DATED** this 26<sup>th</sup> day of June 2019

**SIGNED** for and on behalf of  
**CHRISTCHURCH CITY COUNCIL**

A handwritten signature in black ink, appearing to be "Paul Lowe", written in a cursive style.

Paul Lowe

Authorised Officer (for the purposes of Section 221 Resource Management Act 1991)

# View Instrument Details



Instrument No 11537967.1  
Status Registered  
Date & Time Lodged 19 November 2019 15:14  
Lodged By Hickey, Paula Maree  
Instrument Type Partial Surrender of Easement



---

Affected Records of Title	Land District
856110	Canterbury
856111	Canterbury

---

Affected Instrument Easement Instrument 11395732.3

---

Annexure Schedule Contains 1 Pages.

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## Grantor Certifications

- I certify that I have the authority to act for the Grantor and that the party has the legal capacity to authorise me to lodge this instrument
- I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument
- I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply
- I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period

## Signature

Signed by Paula Maree Hickey as Grantor Representative on 19/11/2019 03:12 PM

---

## Grantee Certifications

- I certify that I have the authority to act for the Grantee and that the party has the legal capacity to authorise me to lodge this instrument
- I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument
- I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply
- I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period
- I certify that the territorial authority has consented to this transaction and I hold that consent
- Mortgage 10944656.2 does not affect the benefited land, therefore the consent of the Mortgagee is not required
- I certify that the Mortgagee under Mortgage 11492657.3 has consented to this transaction and I hold that consent

## Signature

Signed by David Millar Lang as Grantee Representative on 06/11/2019 09:27 AM

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

Approved for ADLS by Registrar-General of Land under No. 2018/6269

**EASEMENT INSTRUMENT TO PARTIALLY SURRENDER EASEMENT OR PROFIT À PRENDRE**

Section 109 Land Transfer Act 2017

**Grantor**

Roydvale Limited

**Grantee**

Christchurch West Developments Limited

**Partial Surrender of Easement or profit à prendre**

The Grantee, being the registered owner of the benefited land(s) set out in Schedule A, or being the Grantee in gross, hereby partially surrenders to the Grantor the easement(s) or *profit(s) à prendre* set out in Schedule A and the Grantor accepts the partial surrender of those easement(s) or *profit(s) à prendre*.

**Schedule A**

Continue in additional Annexure Schedule, if required

Purpose of Easement or Profit	Creating Instrument number	Burdened Land (Record of Title) <sup>1</sup>	Benefited Land (Record of Title) or in gross <sup>2</sup>
Right to Drain Water (Shown as "C" on DP 528849)	11395732.3	Lot 100 on DP 528849 (RT 856111)	Lot 10 on DP 528849 (RT 856110)

<sup>1</sup> If only part of the existing easement area is to be surrendered, include the full legal description or relevant easement marking and plan which defines that part.

<sup>2</sup> If only part of the benefited land is to be surrendered, include the full legal description of that part.



# View Instrument Details

<b>Instrument Type</b>	Caveat against dealings with land under Section 138 Land Transfer Act 2017
<b>Instrument No</b>	11717056.1
<b>Status</b>	Registered
<b>Date &amp; Time Lodged</b>	17 March 2020 11:54
<b>Lodged By</b>	Hickey, Paula Maree

---

<b>Affected Records of Title</b>	<b>Land District</b>
856110	Canterbury

---

## Registered Owner

Christchurch West Developments Limited

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## Caveator

Civil Works & Construction Limited  
Lime Tree Estates Limited  
Montreal Properties Limited

---

## Estate or Interest claimed

Agreement to Mortgage dated 29/01/2020 between the Registered Owner Christchurch West Developments Limited and the Caveators Civil Works & Construction Limited, Lime Tree Estates Limited and Montreal Properties Limited

---

## Notice

Take notice that the Caveator forbids the registration of any instrument, or the recording of any matter in the register that transfers, charges, or prejudicially affects the estate or interest protected by this caveat until this caveat is withdrawn by the Caveator, removed by order of the High Court, or until the same has lapsed under the provisions of section 143 of the Land Transfer Act 2017.

---

## Address for Service of Caveator

Civil Works & Construction Limited  
C/- Alexander Paull  
PO Box 29624  
Christchurch  
New Zealand  
8440

---

## Address for Registered Owner

Christchurch West Developments Limited  
C/- Saunders & Co (David Lang)  
P O Box 18  
Christchurch  
New Zealand  
1840

---



# View Instrument Details

## Caveator Certifications

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

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

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

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

## Signature

Signed by Paula Maree Hickey as Caveator Representative on 17/03/2020 11:53 AM

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



# View Instrument Details

<b>Instrument Type</b>	Caveat against dealings with land under Section 138 Land Transfer Act 2017
<b>Instrument No</b>	12147889.1
<b>Status</b>	Registered
<b>Date &amp; Time Lodged</b>	09 June 2021 08:37
<b>Lodged By</b>	Hughes, Madison Louise

---

<b>Affected Records of Title</b>	<b>Land District</b>
856110	Canterbury

---

## Registered Owner

Christchurch West Developments Limited

---

## Caveator

CNZPF Nominee Limited

---

## Estate or Interest claimed

Agreement for Sale and Purchase dated 31/03/2021 between the Registered Owner Christchurch West Developments Limited as vendor and the Caveator CNZPF Nominee Limited as purchaser

---

## Notice

Take notice that the Caveator forbids the registration of any instrument, or the recording of any matter in the register that transfers, charges, or prejudicially affects the estate or interest protected by this caveat until this caveat is withdrawn by the Caveator, removed by order of the High Court, or until the same has lapsed under the provisions of section 143 of the Land Transfer Act 2017.

---

## Address for Service of Caveator

CNZPF Nominee Limited  
C/- Chapman Tripp (Robert Bennett)  
Level 34, 15 Customs Street West  
Auckland  
New Zealand  
1010

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## Address for Registered Owner

Christchurch West Developments Limited  
C/- Saunders and Co Lawyers (David Lang)  
PO Box 18  
Christchurch  
New Zealand  
8140

---

## Caveator Certifications



# View Instrument Details

## Caveator Certifications

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

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

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

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

## Signature

Signed by Robert Frederick Bennett as Caveator Representative on 08/06/2021 05:13 PM

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

# Appendix 3 – Listed Land Use Register

Dear Sir/Madam

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

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

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

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

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

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

Yours sincerely

**Contaminated Sites Team**

# Property Statement from the Listed Land Use Register

Visit [www.ecan.govt.nz/HA/L](http://www.ecan.govt.nz/HA/L) for more information about land uses.



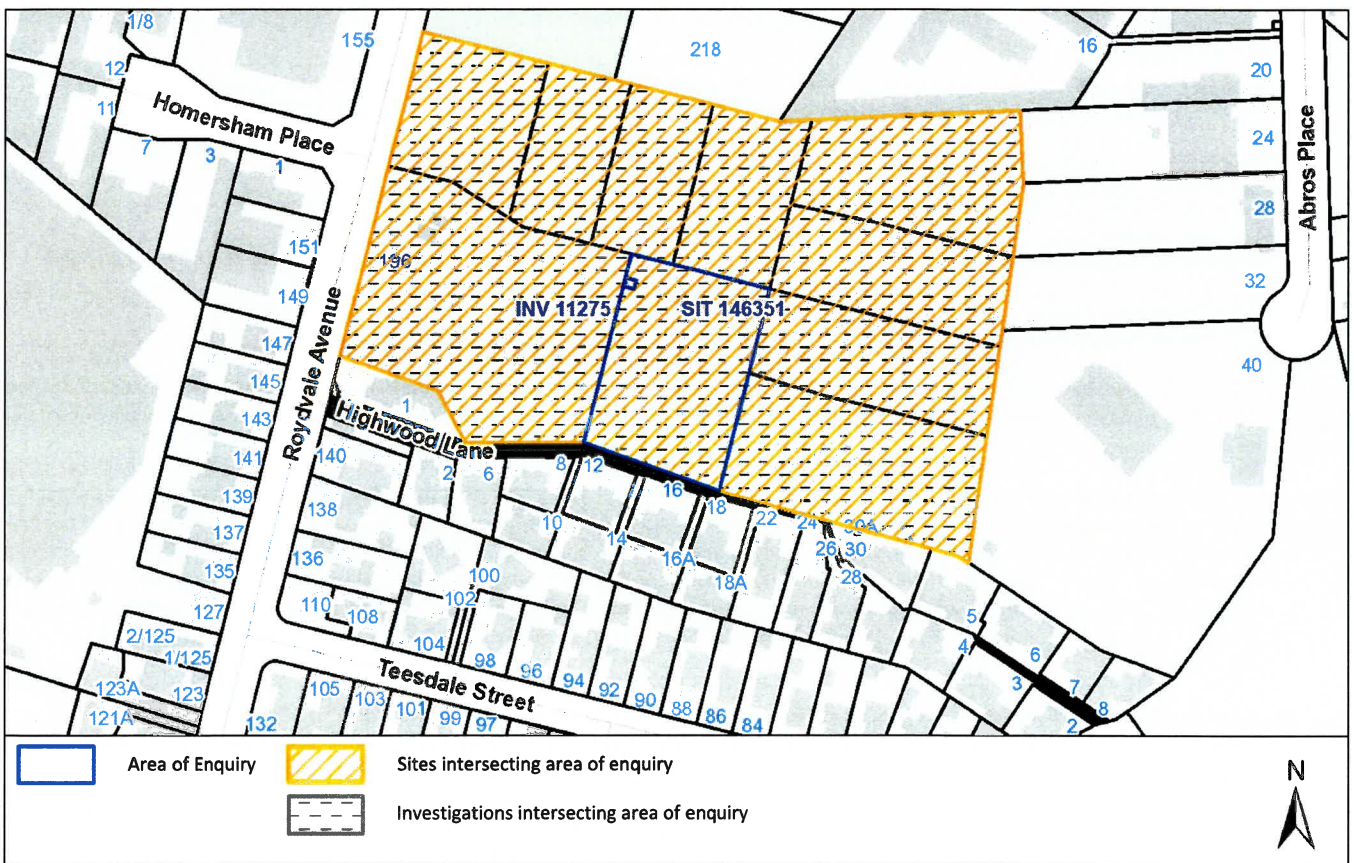
Customer Services  
P. 03 353 9007 or 0800 324 636

PO Box 345  
Christchurch 8140

P. 03 365 3828  
F. 03 365 3194  
E. [ecinfo@ecan.govt.nz](mailto:ecinfo@ecan.govt.nz)

[www.ecan.govt.nz](http://www.ecan.govt.nz)

Date:	15 April 2021	
Land Parcels:	Lot 9 DP 535161	Valuation No(s): 2190874509



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

## Summary of sites:

Site ID	Site Name	Location	HAIL Activity(s)	Category
146351	196 Roydvale Avenue, Burnside	196 Roydvale Avenue, Burnside	G3 - Landfill sites;	Partially Investigated

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

## Information held about the sites on the Listed Land Use Register

### Site 146351: 196 Roydvale Avenue, Burnside (Intersects enquiry area.)

Site Address:	196 Roydvale Avenue, Burnside
Legal Description(s):	Lot 16 DP 82036

<b>Site Category:</b>	Partially Investigated
<b>Definition:</b>	Verified HAIL has been partially investigated.

<b>Land Uses (from HAIL):</b>	<b>Period From</b>	<b>Period To</b>	<b>HAIL land use</b>
	Pre 1955	Pre 2004	Landfill sites

**Notes:**

**7 Oct 2016** The wider area was a large gravel quarry that can be seen operating in aerial photographs from the 1940's to the 1960's. The quarry pits formed man-made lakes that were progressively filled in throughout the 1970's to 1980's. Quarrying started at the southeast corner of what is now 196 Roydvale Avenue in 1945. The quarried area did not expand through the 1950's but by 1965 a large lake was formed across the entire property. Backfilling occurred in the 1970's and most of the lake was backfilled by the late 1980's, except for a relatively small area in the northwest corner that became overgrown by willows. A minigolf course and driving range were developed at the site in the 1990's. An industrial subdivision was planned in 2012 and developed in 2016. An investigation at the site found non-engineered fill of silt, sand and gravel up to 9 metres depth below ground level with a variable amount of debris (bricks, wood, sheet metal, electrical wiring, car tyres).

**Investigations:**

**1 Oct 2012** **INV 11275: Geotechnical and Environmental Assessment Report - 196 Roydvale Avenue, Burnside, Christchurch** (Detailed Site Investigation)  
Golder Associates

**Summary of investigation(s):**

Site history: Historically the site was used as a gravel quarry which eventually formed what was known as Bryndwr Lake. This lake was gradually backfilled with uncontrolled fill. Since then, the land has been used as a golf course and driving range.

Geological and Environmental Assessment Report, 196 Roydvale Avenue, Burnside - Golder Associates (2012)

Investigation objective: Determine whether site soils are suitable for the proposed continued industrial land use. Establish the potential for discharges of contaminants to the environment. Determine the requirement for remediation works and/or site management protocols to be implemented during the site redevelopment works.

Results: A limited detailed site investigation was undertaken to identify potential contaminants in soil, groundwater and ground gas based on the previous land use, including the uncontrolled fill of Bryndwr Lake which was previously a gravel quarry. Soil sampling was undertaken at 13 test pit locations, groundwater sampling and ground gas sampling were undertaken at 3 boreholes, drilled for the purpose of this investigation and ongoing monitoring throughout development of the site. Additional boreholes were drilled as part of a geotechnical investigation of the site but no samples were taken from them. Fill material extended to a maximum depth of 15 m. Analytes tested for included metals/metalloids, organochlorine pesticides (OCP), semi-volatile organic compounds (SVOCs), volatile organic compounds (VOCs), total petroleum hydrocarbons (TPH), and polycyclic aromatic hydrocarbons (PAHs).

All soil sample results were below the appropriate guidelines for commercial/light industrial land use for the respective analytes tested for in each sample. The omission of asbestos testing from the investigation, despite asbestos being listed as a contaminant of concern and there being an abundance of hard fill materials on the site, appears to be an oversight of the investigation. Groundwater sampling results indicate an elevated concentration of calcium (230mg/L), that exceeded the New Zealand Drinking Water Standard of 200mg/L, in one of the monitoring wells. This does not pose a hazard as the groundwater at the site is not intended for drinking water. Ground gas sampling described some elevated levels of carbon dioxide relative to the UK NHBC residential guidelines. These results are not entirely relevant as the site's intended land use is commercial/industrial.

Conclusions: The site is considered partially investigated.

Justification for proposed category: Vertical characterisation of fill material is incomplete. Asbestos was not tested for even though it was identified as a contaminant of concern and material was encountered that, given the composition and time of filling, may have contained asbestos.

**Information held about other investigations on the Listed Land Use Register**

**For further information from Environment Canterbury, contact Customer Services and refer to enquiry number ENQ281383.**

**Disclaimer:** *The enclosed information is derived from Environment Canterbury's Listed Land Use Register and is made available to you under the Local Government Official Information and Meetings Act 1987 and Environment Canterbury's*

**Contaminated Land Information Management Strategy (ECan 2009).**

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

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## Appendix 4 – Draft Agreement to vary Lease

**Agreement to vary  
Lease – 196  
Roydvale Avenue,  
Burnside,  
Christchurch**

CNZPF Nominee Limited (as custodian of the  
Centuria NZ Property Fund)

Burnside Cityfitness Limited

Cityfitness Group Limited



## **AGREEMENT TO VARY LEASE – 196 ROYDVALE AVENUE, BURNSIDE, CHRISTCHURCH**

*Date:*

### **PARTIES**

CNZPF Nominee Limited (as custodian of the Centuria NZ Property Fund) (the *Landlord*)

Burnside Cityfitness Limited (the *Tenant*)

Cityfitness Group Limited (the *Guarantor*)

### **BACKGROUND**

- A By a deed of lease dated 19 July 2019 (the *Lease*) Christchurch West Developments Limited (the *Vendor*) leased the premises at 196 Roydvale Avenue, Burnside, Christchurch (being the land legally described as Lot 10 Deposited Plan 528849, record of title 856110) (*Property*), as more particularly described in the Lease, to the Tenant for a term of 12 years from 19 July 2019 at the rent and upon the covenants, terms and conditions expressed and implied in the Lease.
- B The Landlord (as purchaser) has entered into an agreement for sale and purchase with the Vendor (as vendor) dated 31 March 2021 in relation to the sale and purchase of the Property (*SPA*).
- C The Landlord and the Tenant have agreed to vary the terms of the Lease in accordance with the terms of this agreement.
- D The Guarantor has agreed to continue to guarantee the Tenant's obligations under the Lease, as varied by this agreement.
- E The parties wish to record their agreement in writing.

**NOW BY THIS AGREEMENT** the parties agree as follows:

#### **1 CONDITIONS**

- 1.1 This agreement is conditional upon the Landlord completing settlement of its acquisition of the Property by 30 September 2021. If the Landlord has not completed settlement of its acquisition of the Property by 30 September 2021 or, in the case of an extension in accordance with clause 1.2, by 30 November 2021) then either party will be entitled to terminate this agreement by serving notice in writing to the other party.
- 1.2 If settlement of the Landlord's acquisition of the Property has not occurred by 30 September 2021 (other than because of a default by the Landlord), then the Landlord shall be entitled to extend the condition date referred to in clause 1.1 of this agreement on one occasion only by two months to 30 November 2021 by serving written notice of such extension on the Tenant.



- 1.3 The Landlord agrees to give the Tenant not less than 10 working days notice of the settlement date of the SPA (as at the date of this agreement the anticipated settlement date is 30 September 2021).
- 1.4 Subject to fulfilment of the condition in clause 1.5, from the date the Landlord completes settlement of its acquisition of the Property (*Effective Date*), the parties agree the Lease is varied as set out in clause 2 of this agreement.
- 1.5 This agreement is also conditional on the board of Cityfitness Group Limited approving this agreement within 5 working days of the date on which notice is provided to the Tenant under clause 1.3. This condition has been inserted for the benefit of the Tenant and may be waived by the Tenant giving written notice to the Landlord. If the Tenant has not received such board approval (or waived this condition) within such five working day period, then either party will be entitled to terminate this agreement by serving notice in writing to the other party.

## 2 VARIATION

### 2.1 From the Effective Date the Lease is varied as follows:

- (a) The following items in the First Schedule of the Lease are deleted and replaced to read as follows:
- (i) ***"Term: A term commencing on 19 July 2019 and expiring 12 years from the Effective Date"***
  - (ii) ***"Renewal Dates: 12 years from the Effective Date and 18 years from the Effective Date"***
  - (iii) ***"Market Rent Review Dates: Sixth anniversary of the Effective Date and on Renewal"***
  - (iv) ***"CPI Rent Review Dates: Every anniversary of the Effective Date excluding market rent review dates"***
  - (v) ***"Final Expiry Date: 24 years less one day from the Effective Date"***
- (b) A new definition is inserted into clause 47.1 of the Lease as follows:
- (aa) ***"Effective Date" means the date that CNZPF Nominee Limited (as custodian of the Centuria NZ Property Fund) (or any entity nominated by CNZPF Nominee Limited (as custodian of the Centuria NZ Property Fund)) completes settlement of its acquisition of the property."***
- (c) The Further Terms of the Lease are varied as follows:
- (i) Clause 48 of the Lease is deleted;
  - (ii) Clause 52.1.2 of the Lease is amended to read as follows:

52.1.2 *the Guarantor is to be automatically released from its guarantee and indemnity upon the fifth anniversary of the Effective Date.*



(iii) Clause 54.1 and 54.2 of the Lease are amended to read as follows:

54.1 **Confirmation:** *The Landlord confirms as at the Commencement Date that the building has a seismic strength of not less than "100% New Building Standard" (as that term is defined as at the Commencement Date).*

54.2 **Seismic Performance Notice:** *If at any time during the Term of this Lease (including during the term of any renewal of this Lease) either the Landlord or the Tenant (the **Server of the Notice**) becomes aware that the seismic assessment of the building has fallen to below "70% New Building Standard" (as that term is defined as at the Commencement Date) (**Minimum NBS Rating**), the Server of the Notice will promptly advise the other party (the **Recipient of that Notice**) in writing (**Seismic Performance Notice**).*

(iv) Clause 54.4.2 of the Lease is amended to read as follows:

54.4.2 *the engineers (acting professionally, impartially and independently for the benefit of both parties) certify in their Engineer's Report that the Building has fallen to below the Minimum NBS Rating,*

### 3 INCENTIVE

- 3.1 In consideration of the Tenant entering into this agreement, the Landlord will pay to the Tenant a total cash incentive of \$100,000.00 (plus GST) (*Incentive*) within 5 working days of the later of:
- (a) the date of delivery by the Tenant to the Landlord this agreement, duly signed by the Tenant and the Guarantor;
  - (b) the date on which the Tenant issues to the Landlord a valid tax invoice for the Incentive; and
  - (c) the Effective Date.
- 3.2 For the avoidance of doubt, in the event this agreement is cancelled for non-satisfaction of a condition in clause 1.1, then the Landlord will have no liability to pay the Incentive to the Tenant.

### 4 ASSIGNMENT

- 4.1 The parties acknowledge that the Landlord has the ability to nominate a third party to complete settlement pursuant to the SPA. The Landlord is permitted to assign its interests in this agreement to a syndicate, company, fund or other entity managed by Centuria Funds Management (NZ) Limited nominated by the Landlord to complete settlement pursuant to the SPA.
- 4.2 The Landlord will notify the Tenant as soon as reasonably practicable of any assignment of this agreement pursuant to clause 4.1.

### 5 LIMITATION OF LIABILITY



5.1 The parties acknowledge that CNZPF Nominee Limited is entering into this agreement in its capacity as the nominee of the Centuria NZ Property Fund (*Scheme*) and not in its personal capacity and accordingly, the parties agree, notwithstanding any other provision of this agreement, that CNZPF Nominee Limited and Covenant Trustee Services Limited (as the supervisor of the Scheme and holding company of CNZPF Nominee Limited) will not be personally liable under this agreement and that the liability of each will be limited to any assets of the Scheme from time to time held in its or their hands as the case may be for which CNZPF Nominee Limited confirms that each of CNZPF Nominee Limited and Covenant Trustee Services Limited are indemnified out of the assets of the Scheme. If, as a direct consequence of dishonesty by CNZPF Nominee Limited or Covenant Trustee Services Limited, any party claiming under or in connection with this agreement or the Lease is unable to recover from the assets for the time being of the Scheme all or any moneys properly payable to that party, then that party may seek to recover those moneys from the personal assets of CNZPF Nominee Limited and/or Covenant Trustee Services Limited, provided that in doing so, that party may only recover the amount (if any) by which the value of the relevant assets has been diminished due to the dishonesty by CNZPF Nominee Limited or Covenant Trustee Services Limited.

6 **CONFIRMATION OF OTHER LEASE COVENANTS**

Except to the extent to which they are varied by this agreement the covenants, terms and conditions expressed and implied in the Lease will continue in full force.

7 **COSTS**

The Landlord will pay the Tenant's reasonable costs of and incidental to the preparation and completion of this agreement.

8 **GUARANTOR COVENANT**

The Guarantor consents to the extension and variation to the Lease recorded in this agreement and agrees with the Landlord that its guarantee contained in the Lease remains in full force (as varied by this agreement).

9 **ELECTRONIC DELIVERY ALLOWED**

Without limiting any other mode of delivery, the parties agree to allow delivery of this agreement by transmission, in electronic form by any means of electronic communication (including facsimile or email of a scanned copy) of an original of this agreement executed by a party, to the other party or its solicitors.

10 **COUNTERPARTS**

This agreement may be executed in any number of counterparts (including without limitation, counterparts signed as an original, a copy, a facsimile copy or pdf). Once the parties have executed the counterparts, and each party has received a copy of the counterpart (in either form described above) signed by the other party, each counterpart shall be deemed to be as valid and binding on the other party as if it had been executed by all the parties.

11 **INTERPRETATION**

In this agreement:

11.1 references to *the Landlord* include the successors and assigns of the Landlord;

11.2 references to *the Tenant* include the successors and permitted assigns of the Tenant;



11.3 references to *the Guarantor* include the successors of the Guarantor.

**EXECUTED BY**

**CNZPF Nominee Limited (as custodian of the Centuria NZ Property Fund)** as  
Landlord by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Authorised person

in the presence of:

\_\_\_\_\_  
Name:

Occupation:

Address:

**Burnside Cityfitness Limited** as Tenant by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Authorised person

in the presence of:

\_\_\_\_\_  
Name:

Occupation:

Address:



**Cityfitness Group Limited** as Guarantor by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Authorised person

in the presence of:

\_\_\_\_\_  
Name:

Occupation:

Address:

draft

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