Valuation Advisory

Report prepared for Oyster Industrial Property Limited for inclusion within a Product Disclosure Statement purposes

Downer EDI Building

14-16 Makaro Street, Elsdon, Porirua

31 December 2021

Executive Summary

Downer EDI Building - 14-16 Makaro Street, Elsdon, Porirua

The subject property comprises a modern office and warehouse development in the industrial suburb of Elsdon, to the south-west of the Porirua CBD. The improvements comprise a free-standing two level office building constructed circa 2011 with secure under cover parking, along with two standalone warehouse/workshop buildings incorporating office and amenities, together with extensive sealed yard and parking areas. The offices are air conditioned throughout, with views of Porirua Harbour, and have been designed to achieve an NZGBC 4 Star Green Star rating. The office building has an NBS rating of 80%.

The property has a total land area of some 2.5 hectares and is held in two titles with vehicle access from Makaro Street and right of way access from John Seddon Drive via the adjoining Todd Park industrial area. It is fully leased to Downer EDI Works Limited for a 20 year term from December 2011. Current annual net rental is $1,758,660 plus GST and outgoings. The lease features structured rental increases every second year, with a mid-term review to market (also structured relative to CPI movement). In our opinion current rental is slightly ahead of market rental. Next market review is due at lease renewal in December 2031.

New Zealand is currently in a cautious phase as part of efforts to constrain an outbreak of the 'Delta' variant of COVID-19 that has been persisting since August 2021, with the most recent step a move to a 'traffic light' system of controls. Associated restrictions and periods of lockdown have been disruptive, however the property market in general has proven to be resilient to the introduced challenges. Our assessment has been conducted in accordance with the definition of 'Market Value', with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

Valuation

Prepared for	Oyster Industrial Property Limited
Valuation Purpose	Market Valuation for inclusion within a Product Disclosure Statement
Date of Valuation	31 December 2021
Date of Report	26 January 2022
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	General Industrial Zone – Porirua City Council
Tenure	Fee Simple – Records of Title 531959 and 531960
Site Area	25,026 sqm
Lettable Area	5,324 sqm
Adopted Value	**$36,000,000 plus GST, if any** Thirty Six Million Dollars plus GST, if any

Valuation Analysis

Initial Yield	4.89%	Rate / sqm of Lettable Area	$6,762
Initial Yield (Fully Leased)	4.89%	Weighted Average Lease Term	9.92 years by income
Equivalent Yield	4.70%	Current Occupancy	100.00%
Internal Rate of Return (10 years)	6.05%	Current Vacancy	0.00%

Tenancy Overview

Downer EDI	$1,773,509	21,894 sqm

Financial Summary

Gross Passing Income	$2,287,521
Gross Market Income	$2,214,872
Adopted Outgoings	$528,861
Net Passing Income	$1,758,660
Net Market Income	$1,686,011

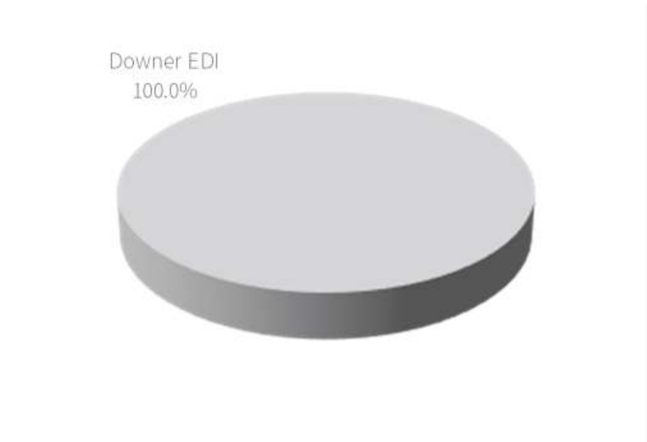
Cap Approach Assumptions

Adopted Cap Rate	4.75%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	$35,640,000
Passing Income Capitalisation	$35,630,000

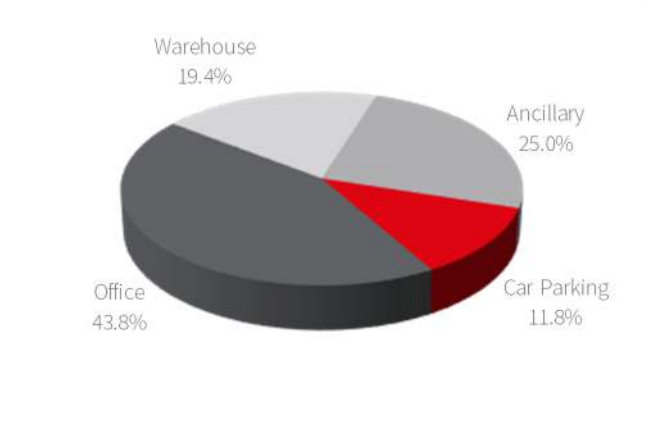
DCF Approach Assumptions

Discount Rate	6.00%
Terminal Yield	5.00%
Average Applied Rental Growth	2.25%
Value Based on DCF Approach	$36,150,000

Major Occupiers



Building Components



Valuers

Tim Dick FNZIV, FPINZ, MRICS
Registered Valuer - Director
Head of Valuation Advisory - Wellington
+64 4 474 1628
tim.dick@ap.jll.com

Property Performance

Market Performance

- The industrial market remains very stable, with strong interest from owner occupiers and investors indicating there is no discount being applied to transactions as a result of the COVID-19 related restrictions.
- Industrial vacancies within Porirua continue to fall, now at circa 1.7%, the second lowest in the region, with Grenada North seeing the largest change in vacancy with a 2.3% decline to 3.3%.
- Prime warehouse gross rents now are up to $200 per square metre dependant on location, size and amenity, while associated office accommodation within the prime sector is up to $240 per square metre. Secondary rentals remain generally around $110 per square metre for warehouse and $140 per square metre for office components.
- Prime yields are now approaching consistently below the 6% bracket, with secondary yields at around 7.5% to 8.5%.
- Space remains at a premium due to the infrequency of stock turnover, while occupier demand persists. Investors remain cautious, resulting in a slight moderation in overall transaction volumes. However, the market for industrial land in and around Wellington continues to strengthen.

Asset Performance

- The asset is located within the main industrial precinct of Porirua where Makaro Street is one of the newer industrial subdivisions. It is located close to the Porirua CBD and some 20 minutes north of the Wellington CBD. The area is likely to benefit significantly from quick access to Transmission Gully, a principal roadway leading north from Wellington and earmarked to be completed in 2022.
- The land is zoned Industrial which covers a wide tract of nearby industrial land allowing for a variety of industrial activities.
- Improvements on site are modern having been constructed circa 2011 and present effectively as new.
- The site is accessed principally from Makaro Street providing access to the office building and there is also right of way access directly to the yard over the adjoining Todd Park Industrial Complex from John Seddon Drive. Part of the land is identified on the Greater Wellington Regional Council Selected Land Use Register as having a Verified History of Hazardous Activity or Industry.

Cash Flow Performance

- The property is entirely occupied by Downer EDI which is listed on both the NZX and ASX Stock Exchanges currently having a market capitalisation of over Three Billion Dollars.
- The passing rent reflects net rates of $292 per square metre and $125 per square metre over the office and warehouse component respectively, which is slightly ahead of our opinion of market rental rates.
- The weighted average lease term for the property (by income) is 9.92 years, which we consider strong for this class of asset, where investors are particularly attracted to properties with long lease profiles.
- We have been provided with a detailed operating expenditure budget which we have adopted in our valuation. The provided budget equates to $99.34 per square metre of building floor area which we consider slightly above our opinion of OPEX for an asset of this class noting a significant portion of outgoings is attributable to a management fee linked to the premises rental (at 5.50% of premises rental). Currently this management fee equates to $19.45 per square metre of lettable floor area. The vast majority of property OPEX is recovered from the tenant.
- We have been provided a detailed capital expenditure budget which aligns with our expectation that an asset of this class and age would have limited requirement for significant capital expenditure in the short term.

Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 31 December 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 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct, and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided, we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the 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.

Table of Contents

Appendices

1 Introduction

1.1 Instructions

We refer to instructions from Oyster Property Management Limited requesting that we undertake a market valuation of the freehold interest of 14-16 Makaro Street, Elsdon, Porirua (the Subject/Property), as at 31 December 2021 for and on behalf of Oyster Industrial Property Limited. We understand that the valuation is to be relied upon for inclusion within a Product Disclosure Statement 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;

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

- Oyster Management Limited - for inclusion within a Product Disclosure Statement

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	31 December 2021
Date of Property Inspection	2 November 2021
Date of Preparation of Report	26 January 2022

Our valuation reflects the valuer's view of the market as at the inspection date.

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 and where the parties had each acted knowledgeably, prudently and without compulsion."

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2022) Framework and General Standards
- ANZVGP 111 – Valuation Procedures – Real Property
- ANVVGP108 – Valuations for use in Offer Documents

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, and income and expenditure report supplied by Oyster Management Limited.

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:

- We note the land is identified on the Greater Wellington Regional Council Selected Land Use Register. We have proceeded on the basis there will be no ongoing detrimental impact to the property given this notification.
- New Zealand is currently in a cautious phase as part of efforts to constrain an outbreak of the 'Delta' variant of COVID-19 that has been persisting since August 2021, with the most recent step a move to a 'traffic light' system of controls. Associated restrictions and periods of lockdown have been disruptive, however the property market in general has proven to be resilient to the introduced challenges.

  Our assessment has been conducted in accordance with the definition of 'Market Value', with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

2 Property Particulars

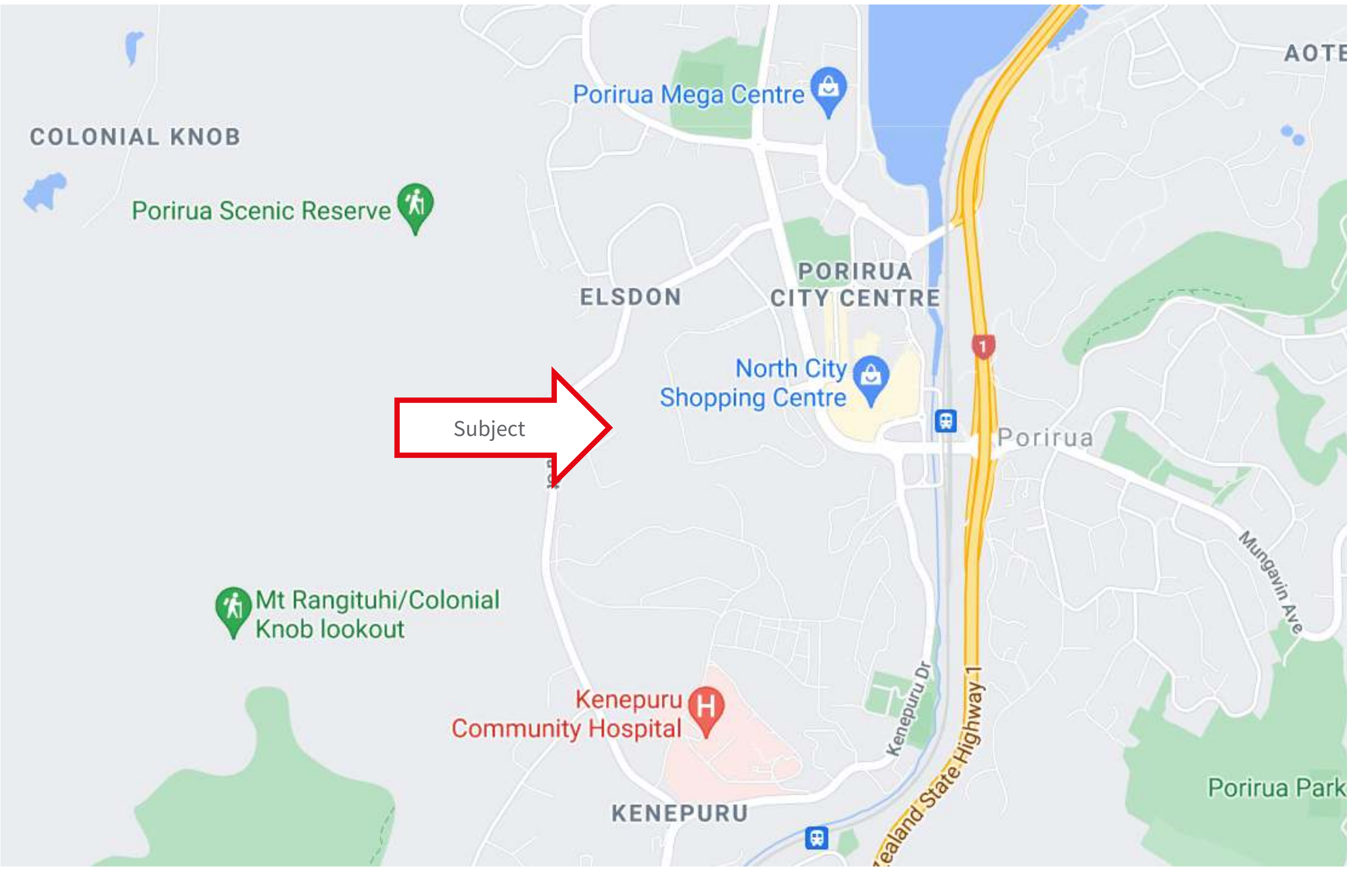
2.1 Location

The subject property is located at the eastern end of Makaro Street, a cul-de-sac situated in the main industrial precinct of Elsdon, Porirua. Makaro Street is one of the newer industrial subdivisions in Porirua, being completed in 2006. Surrounding properties comprise a mixture of new and older industrial buildings, providing warehouse accommodation with offices and yard. Notable tenants in this locality include Bunnings, Harvey Norman, Whittakers, Mitsubishi, NZ Post, TIMG, Placemakers. Mitre 10 Mega and the Porirua Mega Retail Centre. The area is likely to benefit significantly from the completion of Transmission Gully in 2022.

Kenepuru Landing, a substantial residential development which is currently underway a short distance to the south, will provide up to 700 houses and a 300 unit retirement complex by Summerset.

Porirua is located some 20 minutes north from the Wellington CBD, within the greater Wellington Urban Region. The original town centre of Porirua was developed during the 1960's to service the rapid growth of State Housing which took place in the Porirua City during the 1960's through to the 1970's.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

The property is held in two Records of Title and these are referenced as follows:

14 Makaro Street

Title Reference	531959
Tenure	Freehold
Legal Description	Lot 1 Deposited Plan 435186
Area	3,441 square metres more or less
Registered Owner	Oyster Industrial Properties Limited
Registered Interest	▪ Subject to Section 5 Coal Mines Act 1979 ▪ Appurtenant hereto is a right to drain, discharge and convey sewage created by Transfer B191776.6 ▪ Appurtenant hereto is a right to drain, discharge or convey water created by Transfer B191776.8 ▪ Subject to a sewage drainage right (in gross) over parts marked R & AU and a water drainage right (in gross) over part marked AU on DP 435186 in favour of Porirua City Council created by Easement Instrument 6804448.11 ▪ The easement created by Easement Instrument 6804448.11 is subject to Section 243 (a) Resource Management Act 1991 ▪ Land Covenant in Transfer 6804448.15 ▪ Fencing Covenant in Transfer 6838241.1 ▪ 8608251.5 Surrender of the right to drain, discharge or convey water over part marked G on DP 368423 specified by Transfer B191776.8 ▪ 8660826.4 Encumbrance to Porirua City Council ▪ 12022307.3 Mortgage to Westpac New Zealand Limited

Source: Land Information New Zealand

16 Makaro Street

Title Reference	531960
Tenure	Freehold
Legal Description	Lot 2 Deposited Plan 435186
Area	2.1585 hectares more or less
Registered Owner	Oyster Industrial Properties Limited
Registered Interest	▪ Subject to Section 5 Coal Mines Act 1979 ▪ Appurtenant to parts formerly Lots 9 & 10 DP 360017 is a right to drain, discharge and convey sewage created by Transfer B191776.6 ▪ Appurtenant to part formerly Lot 2 DP 368423 is a right to gas specified in Easement Certificate B800141.10 ▪ Subject to a right to drain, discharge or convey water over parts marked F and G on DP 435186 created by Transfer B191776.8 ▪ Appurtenant to parts formerly Lots 9 & 10 DP 360017 is a right to drain, discharge or convey water created by Transfer B191776.8 ▪ Appurtenant to part formerly Lot 2 DP 368423 is a right of way and rights to water supply, sewage and water drainage, gas, electricity and telecommunications specified in Easement Certificate B809145.4 ▪ The easements specified in Easement Certificate B809145.4 will be subject to Section 243 (a) Resource Management Act 1991 when created ▪ Appurtenant to part formerly Lot 2 DP 368423 is a right of way, water drainage, sewage drainage, water supply, gas, electricity and telecommunications rights specified in Easement Certificate 5054057.6 ▪ The easements specified in Easement Certificate 5054057.6are subject to Section 243 (a) Resource Management Act 1991 ▪ Appurtenant to part formerly Lot 2 DP 368423 is a right of way created by Easement Instrument 5666516.1 ▪ 5666516.5 Consent Notice pursuant to Section 221 Resource Management Act 1991 (affects part formerly Lot 2 DP 368423)

- Subject to a sewage drainage right (in gross) over parts marked L, N, O, P, AV & AW and a water drainage right (in gross) over parts marked N, O & AV all on DP 435186 in favour of Porirua City Council created by Easement Instrument 6804448.11
- The easements created by Easement Instrument 6804448.11 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a sewage drainage right (in gross) over parts marked G, Q & W on DP 435186 in favour of Porirua City Council created by Easement Instrument 6804448.13
- The easement created by Easement Instrument 6804448.13 is subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Transfer 6804448.15 (affects parts formerly Lots 9 & 10 DP 360017)
- Fencing Covenant in Transfer 6838241.1 (affects parts formerly Lots 9 & 10 DP 360017)
- Appurtenant to part formerly Lot 2 DP 368423 is a pedestrian right of way created by Easement Instrument 7170218.2
- 8608251.5 Surrender of the right to drain, discharge or convey water over part marked G on DP 368423 specified created by Transfer B191776.8 appurtenant to CTs 244091 & 2
- Appurtenant hereto is a right of way created by Easement Instrument 8608251.8
- The easements created by Easement Instrument 8608251.8 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to drain stormwater over parts marked G, BA & BB on DP 435186 in favour of Porirua City Council created by Easement Instrument 8608251.9
- The easements created by Easement Instrument 8608251.9 are subject to Section 243 (a) Resource Management Act 1991
- 8660826.4 Encumbrance to Porirua City Council
- 8660826.5 Encumbrance to Porirua City Council
- 12022307.3 Mortgage to Westpac New Zealand Limited

Encumbrance 8660826.4 to Porirua City Council registered on Record of Title 531959 relates to Porirua City Council consenting to the resource consent for the existing development on the proviso that both Records of Title must be transferred together and cannot be sold separately. This encumbrance is also registered on Record of Title 531960.

In addition, there is a further encumbrance to Porirua City Council relating to fencing.

We have considered these notifications in arriving at our opinion of value and we refer you to the Records of Title appended to this report.

2.3 Site Details

The subject property comprises two individual parcels with a total land area of 2.5026 hectares (25,026 sqm). It is situated to the north eastern end of Makaro Street, which is a cul-de-sac off Raiha Street. The property also has right of way access across the Todd Park Industrial Estate immediately to the north east, which provides additional vehicle access to Heriot Drive via John Seddon Drive.

The original contour of the property was level with Makaro Street to the western frontage of the site, then fell steeply away to a large level area immediately adjacent to Todd Park on the eastern boundary. Excavation has been carried out to provide an appropriate platform, including under cover parking to the office building, together with the driveway formation to link the lower yard and warehouse area with the office site. Some retaining work has also been carried out to provide for the formation of the driveway.

The office building is situated close to the Makaro Street frontage, and benefits from view shafts of the harbour together with extensive urban and rural views. The warehouses are situated on the large yard area below and are adjacent in the south eastern corner of the property.

The site is highlighted in the image below:

Site Area	Lot 1 Deposited Plan 435186	3,441 square metres
	Lot 2 Deposited Plan 435186	21,585 square metres
	Total Area	**25,026 square metres**

Source: Emap

2.4 Resource Management

Local Authority:	Porirua City Council
Planning Instrument:	Porirua City Council District Plan
Operative Date:	1 November 1999
Zoning:	**Industrial**
Objectives	In broad terms, the objective of this zoning is to promote the sustainable management of Porirua city's industrial resource by encouraging a wide range of activities to establish, provide adverse effects are avoided, remedied or mitigated.

Permitted Activities

These include:-

- All activities which are not a controlled, limited discretionary, discretionary, or prohibited activity, and do not exceed any permitted activity standard.
- Network utilities which exist at the time of notification.
- New network utilities subject to certain conditions.

Development Controls

These include:-

- Building Height
  - The maximum height of any building of part of a building (including any sign) on a site shall be 10 metres.
- Height recession plane
  - All buildings must be within a building envelope of 3m height and a vertical angle of 45 degrees into the site, measured from any point along the boundary of the site with a Suburban or Rural Zone.

- Car parks
  - All industrial sites shall provide a minimum of 2 car parks per 100m² of gross area for industrial activities and a minimum of 4.5 car parks per 100m² of gross floor area for non-industrial activities.
- Noise
  - The maximum noise levels received at any site boundary within the Industrial Zone from any activity within the Industrial Zone must not exceed L10 65dBA at all times.
- Yards
  - The minimum yard requirements for any site shall be:
  - Front Yard - Minimum front yard – 5 metres
- Other yards - Minimum yards at any boundary with the City Centre, Suburban or Rural Zone – 5 metres
- Signs
  - Signs must relate to activities on the site
  - No sign which is visible to drivers on a State Highway is the shape or colours of any traffic control sign or is a flashing sign, and
  - No sign shall be sited in a manner which restricts visibility to and from intersections and vehicular access points.

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 September 2019, being Assessment Numbers 15563/11820 and 15563/11821, is as follows:

	14 Makaro Street, Elsdon	16 Makaro Street	Total
Assessment Number	15563/11821	15563/11820	
Land Value	$790,000	$4,130,000	**$4,920,000**
Improvements Value	$4,500,000	$870,000	**$5,370,000**
Capital Value	$5,290,000	$5,000,000	**$10,290,000**

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

A GIS map search on the Greater Wellington Regional Council website has indicated that part of the site appears on the Selected Land Use Register (SLUR) as having a - Verified History of Hazardous Activity or Industry. We note the following information provided by GWRC.

summary of the information and site history currently available on the SLUR is as follows:

This site was previously owned by Mitsubishi Motors New Zealand Ltd and used for the assembly of motor vehicles. Mitsubishi Motors acquired the site from Todd Motors in 1987.

Electronics containing PCB's (polychlorinated biphenyls) were previously stored on site, as were gas cylinders, an aboveground storage tank, waste solvents and trichloroethylene. Solid wastes produced by the plant included paint and degreasing sludges and scrap metal. Underground storage tanks containing hydrocarbons were removed in 1990 and the aboveground diesel tank removed in 1993, no further information relating to the removal of these tanks is held on the SLUR file.

An underground storage tank was removed by BP in September 1998 (CNMG-775416097-163) and the level of contamination from the tank pit was found to be below relevant criteria. There has been a history of hydrocarbon spills on this site.

A site investigation undertaken by Beca Steven (September 1998) found contaminant levels were generally low. However, the tank backfill area had moderate levels of contamination.

Information was received from Land Matters Ltd (ENAR-12-19583) indicating that as part of preliminary water main upgrade works some fumes had been smelt on part of the lands. Fumes were thought to be from petroleum hydrocarbons. The report indicates soil sampling and testing had been undertaken on Lot 2 DP 435186, the results indicated that test hydrocarbons were present in the samples taken.

Potentially contaminated sites are indicated below:

Source: https://mapping.gw.govt.nz/GW/GWpublicMap_Mobile/

A site classified as "Verified History of Hazardous Activity or Industry" is a site for which a past or present use has been confirmed as falling within one of the definitions on the Hazardous Activities and Industries List (HAIL). Assignment to this category does not imply the site is contaminated, but merely that hazardous substances have been used, stored or disposed of on the site and therefore there is a potential for site contamination to have occurred.

2.7 Hazards

We note that all or part of the site has been identified as being potentially susceptible to amplified ground shaking during seismic events and it is also identified as being within a potential surface rupture zone of a known fault line.

2.8 Improvements

The improvements comprise a circa 2011 constructed free-standing 2 level office building with secure under cover parking, two stand-alone warehouse/workshop buildings (one of which incorporates staff amenities), and extensive sealed yard and car parking areas. The improvements are well presented overall.

Office Block

Warehouses and Yard Area

2.9 Construction

We briefly outline construction details to the buildings as follows:

Office Building

Structure:	Reinforced concrete foundation, concrete floor slabs, steel pillar and beam frames.
External Walls:	Mix of concrete tilt slab and aluminium framed glazing. Part fibre cement sheet panels to Level 1.
Internal Walls:	Predominantly plasterboard lining to lettable areas.
Roof:	Longrun pressed metal
Ceiling:	Acoustic tiles in a suspended grid system.
Lighting:	Recessed fluorescent lighting.
Windows and doors:	Aluminium framing and glazed windows. Roller sun filter blinds to all perimeter windows.
Key Services:	Ducted air conditioning throughout. Two separate stairwells service all 3 levels. Hydraulic lift (13 person/1,000kg capacity) runs between basement and first floor. Fire services include manual call points and sounders. Male and female toilet facility to all levels.

Warehouses

Structure:	Concrete slab foundation and steel portal frame.
External Walls:	Coloursteel.
Internal Walls:	Warehouse unlined. Offices and amenities plasterboard lined.
Roof:	Galvanised steel in a gable profile.
Ceiling:	Netting and building paper to warehouse. Mix of plasterboard and suspended grid ceiling with acoustic tile to the offices and amenities.
Lighting:	Suspended fluorescent lighting to the warehouse and recessed fluorescent lighting to the office and amenities.
Windows and doors:	Powder coated aluminium.
Key Services:	Wall mounted heat pump units provide air conditioning to the offices and amenities.

2.10 Accommodation

Offices

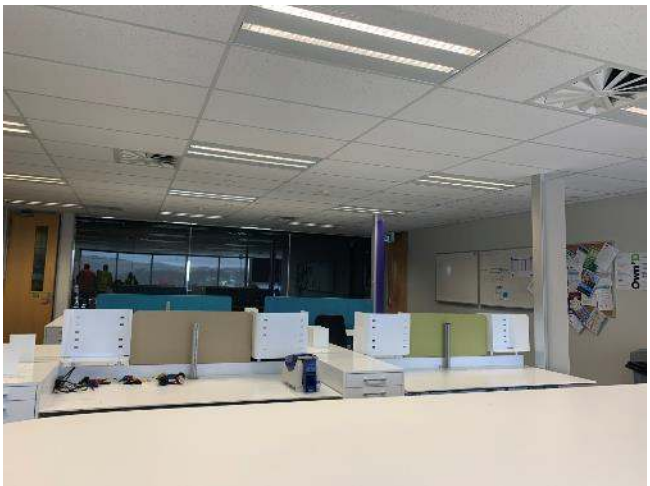
The offices are situated across largely rectangular floor plates that are largely column free. It is predominately open plan layout with a number of offices and meeting rooms to the centre of the floor plate. The office areas have carpet tiles to the floors with vinyl to the service areas.

A wind lobby provides access from the main car park to the front of the building, adjacent to Makaro Street, to the main reception area on the ground floor. This level also features a large staff lunchroom, with male and female toilets adjacent to the stairwell to the northern end. It has a 2.6m stud height, with near full height glazing to all windows. It has a narrow view shaft of the Porirua Harbour to the north, and also features a wooden deck adjacent to the staff lunch room.

Level 1 provides similar standard of amenity to the ground floor. The majority of the floor has a similar stud height but does cantilever up to 3.5m to the Makaro Street frontage. It also includes a small kitchenette adjacent to the toilets at the northern end of the floor. Its slightly elevated nature means that the views improve slightly compared to the floor below.

In summary, this provides a modern standard of office accommodation, with good natural light and amenities, and attractive outlook including view shafts of the Porirua Harbour to the north.

Office Area



Office Area

Basement/Car Parking	This area is also accessed via the main stairwell and lift, with male and female disabled toilet and shower facilities adjacent to the lift and stair lobby. The main basement area is largely unlined and has a stud height of approximately 2.3m. A grill roller door provides vehicle access at the southern end and it is open to 3 sides but secured by way of metal grills. It includes 44 car parks.

Basement Parking

Basement Parking

Warehouses	These comprise two separate buildings to the north-eastern corner of the property on the lower yard level. The northern most building provides accommodation in the form of warehouse/workshop space only and is at grade throughout. It has a stud height of approximately 6.8m to the apex, and approximately 4.9m at the knee. Access is via a number of overhead roller doors and pedestrian side doors. It is in an as new condition with no deferred maintenance evident. The southern building also includes 2 storey amenities to one end and is situated across 3 levels following the contour of the land. The concrete floor has been sealed, but the warehouse details are otherwise as per the northern building. The warehouse facilities are situated to the western end of the southern warehouse building. The ground floor includes male and female locker rooms. The male locker room features showers, toilet cubicles, wall mounted urinals, stainless steel sink benches and is fully plasterboard lined with vinyl flooring. The female locker rooms are slightly smaller and include two stalls, a paraplegic toilet (with shower) but are otherwise as per the male locker rooms. The first floor is accessed via a flight of stairs and sub divided into a staff room and separate office area. It has a timber floor, with plasterboard walls and suspended grid ceiling featuring recessed fluorescent lighting. The staff room includes basic kitchen facilities with wall mounted heat pumps providing air conditioning throughout.

Northern Building

Southern Building

Site Improvements	The remainder of the property comprises mainly asphalt sealed hard stand areas with concrete kerbing, paths and garden layout. The upper portion of the site is marked for a number of vehicle car parks, plus some motorcycle car parks and disabled car parks. A sloping driveway links the upper and lower portions of the property, and also features timber retaining walls. The lower yard comprises a mix of marked car parking and hard stand/storage areas. There is also steel pole and cyclone netting fencing to the perimeter of the property along with a central light tower.

General Yard and Parking

Office External Parking

2.11 Lettable Areas

The Property's total Lettable Area is approximately 5,324 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation	Lettable Area
Office	2,650
Warehouse	2,674
Total Lettable Area	5,324 square metres
Car Parking	Spaces
Covered spaces	44
Uncovered spaces	112
Total Car Parking	156 spaces

The areas noted above have been taken from lease documentation made available to us. We have assumed these measurements have been undertaken 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 office component presents to a new standard being well appointed and provisioned while the warehouse buildings are also well presented. No significant deferred maintenance requirement is evident.

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

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 20 February 2022.

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	2011
National Risk Zone	High
Compliance with New Building Standard	80% NBS
Assessment Type	ISA
Assessment Completed By	Dunning Thornton
Assessment Date	September 2020

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.

2.14 Green Star Rating

We understand that the building has been constructed and fitted out using environmentally sustainable principles and has been designed to achieve NZGBC 4 Star Green Star NZ Certified Rating. Some of the aspects involved include:

- Double glazed windows throughout the office building;
- Non potable water to flush all the toilets;
- An integrated Building Management System;
- Two 25,000 litre in ground water tanks to capture run off from the roof of the office building, which is the utilised as part of the tenant commercial spraying operations off site;
- Installation of a number of motorcycle carparks;
- Bicycle carparks to the basement;
- Low water use garden planting.

We have sighted a Greenstar Certificate awarding 4 Star Office Design dated December 2012.

3 Property Income and Expenditure

3.1 Tenancy Overview

We have been provided with a tenancy schedule and 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
Downer EDI	$1,773,509	5,324	100.0%
Total	$1,773,509	5,324 sqm	100%

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.

In our opinion market perception of the tenant covenant will be strong where Downer EDI has a history dating over 80 years and is listed on the NZX and ASX Stock Exchange. Downers employ over 52,000 across more than 300 sites primarily in Australia and New Zealand but also within the Asia Pacific Region along with South America and South Africa. In our opinion the tenant and lease covenants will have a positive impact on value and liquidity.

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

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

Weighted Average Lease Term Remaining	Years
By Area	9.92
By Income	9.92

3.1 Lease Summary

We summarise below the lease agreement for the tenant:

Lease Summary	Downer EDI Works Limited
Documents reviewed	Signed Deed of Lease dated 11 June 2012
Lessee	Downer New Zealand Limited
Demised premises	All the Landlord land and buildings at 14-16 Makaro Street, Porirua, Wellington and comprised in Certificates of Title 531959 and 531960 together with any easements appurtenant to the property.
Lettable Area	5,260 square metres
Commencement Date	21 December 2010 (actual commencement 21 December 2011)
Expiry Date	29 November 2031
Lease Term	20 years with 6 further terms of 5 years each.
Commencement Rent	$1,316,390 per annum plus GST and outgoings.
Current Rent	$1,666,148 per annum plus GST and outgoings
Rental Review Provisions	Rent reviews to market on the 10th, 20th, 25th, 30th, 35th, 40th and 45th anniversary of the lease. Rent adjusted to the greater of 3% pa compounded or CPI based increase on every second anniversary of the lease (excluding the years that are scheduled for market reviews.) The annual rent payable from a renewal date shall not be more than 110% or less than 100% of the annual rent payable immediately prior to that rent review date.
Outgoings Recovery	Full net lease with the lessee responsible for the payment of all property outgoings in addition to the contract rental, including a management fee calculated at 5.5% of the contract rental.
Permitted Use	Construction and maintenance yard, manufacturing facility, offices and any other uses permitted by the relevant district plan or resource consents.
Emergency Provisions	We did not notice clauses within the lease relating to emergency provisions regarding procedures in the event of an emergency.

3.2 Building Outgoings and Recoveries

The lease within the Property 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 allowances for building outgoings within our calculations:

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	$135,027	$25.36
Operating Expenses	$378,985	$71.18
Non-Recoverable Expenses	$14,849	$2.79
Total Outgoings	$528,861	$99.34

The above allowances are based on information provided for the current year. We have also sought confirmation from the relevant rating authorities in relation to statutory charges. We consider that the adopted outgoings rate of $99.34 per square metre of Lettable Area to be in excess of normalised outgoings for an asset of this type noting the significant property management component equating to $19.45 per square metre of lettable floor area. The management fee is fixed at 5.50% of the premises rental and adjusts in line with movement in that premise’s rental. As indicated in the table above only a very minor portion of outgoings is non recoverable from the tenant.

3.3 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
Downer EDI	Office Ground & Level 1	2,650.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$776,088	$293		$255,847	$97
Downer EDI	Deck Ground	60.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$4,151	$69		$0	$0
Downer EDI	Warehouse	2,306.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$288,333	$125		$222,635	$97
Downer EDI	Warehouse Toilets / Lockers	120.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$19,176	$160		$11,586	$97
Downer EDI	Warehouse Lunchroom	120.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$19,176	$160		$11,586	$97
Downer EDI	Warehouse Tech Room Office	64.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$11,590	$181		$6,179	$97
Downer EDI	Warehouse Tech Room Mezzanine	64.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$6,472	$101		$6,179	$97
Downer EDI	Yard	16,510.0		Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$439,366	$27		$0	$0
Downer EDI	Carparks Covered		44	Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$85,244		$37		
Downer EDI	Carparks Open		112	Dec 2011	Nov 2031	19.9 years	Nov 2023	2 yearly	Market	$123,911		$21		
Aggregate		21,894.0	156							$1,773,509			$514,012	

3.4 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	$1,564,354	68.39%
Car Parking Rental	$209,155	9.14%
Outgoings Recovery	$514,012	22.47%
Gross Passing Income	$2,287,521	100.00%
Outgoings	$528,861	
Net Passing Income	$1,758,660	

4 Market Commentary

4.1 Economic Overview

As at 14 January 2022:

- The September 2021 Consumer Price Index rose 2.2% up from the June 2021 quarter and rose 4.9% on an annual basis compared to September 2021. This quarterly rise is the largest movement since a 2.3% rise in December 2010 and the biggest annual movement since inflation reached 5.3% between the June 2010 and June 2011 quarters. The main drivers for the increase were noted as housing-related costs, such as construction of new houses and local authority rates.
- Gross Domestic Product (GDP) in the September 2021 quarter fell 3.7%, which on an annualised basis results in a YTD increase of 4.9%. The impact of COVID-19 alert levels and lockdowns was partially impacting on the September numbers, with the entire county at Level 4 for 14 days of this period. The lockdown in Auckland continued further into Q4, so it is expected the final GDP result of the year will be similarly impacted.
- On 24 November 2021 the Monetary Policy Committee increased the Official Cash Rate (OCR) to 0.75%, this is a 0.25% increase following the 6 October OCR set at 0.5%. This rise in OCR by the Reserve Bank was noted as appropriate to continue reducing the level of monetary stimulus to maintain low inflation and support maximum sustainable employment. Banks have increased mortgage lending rates with further increases in the OCR forecast.
- The 90-day Bank Bill Benchmark Rate (BKBM) sits at 0.97 as at 13 January, which has crept up from the low point of 0.25% last achieved in November 2020. 10-year bonds currently sit at 2.54%, remaining well above the low of 0.44% in September 2020.
- The unemployment rate is 3.4% as at September 2021, a 0.6% decrease from the June 2021 quarter. This decline in unemployment brought the rate down to New Zealand's lowest rate on record, matching December 2007, when it was also 3.4 %. This also shows a sharp annual decline on an annual basis with the September 2020 quarter at a peak of 5.3% unemployment.
- The REINZ median house price across New Zealand for November 2021 is $925,000. This is a 23.8% annual increase from November 2020 at a median house price of $747,000 and a 3.7% monthly increase from October 2021. It is expected that house price growth will consolidate over 2022 with increasing interest rates and changes to bank and regulator appetite for continued lending growth.
- Growth in both the residential and non-residential construction sector has mirrored the growth in the New Zealand economy in recent years, with 47,331 residential dwelling consents issued in the year to September 2021, the highest level since records began. Non-residential consents to August summed to $7.7 billion, up 10% since 2020. Capacity pressures are evident in both the supply of materials and labour, with commentators forecasting high construction cost inflation over the coming year.

Following a strong response to COVID-19 in 2020, the emergence of the Delta Variant of COVID-19 in August 2021 has severely restricted the flow of business in Auckland and surrounding areas. The primary response to the outbreak is now focused on vaccination, with approximately 92% of the eligible population having received two doses of the Pfizer vaccine as at 12 January. Booster shots are available and vaccination bookings for children aged 5 – 11 commences shortly.

New Zealand's public health restrictions are easing as the country moves into the COVID-19 Protection traffic light framework at midnight 2 December. The South Island in the orange setting and the North Island in either red or orange settings based on regions. The new settings allow commercial and retail activity to re-open based on vaccination passports and size limits.

4.2 Wellington Industrial Market Summary

Gross Domestic Product (GDP) fell by 3.7% in 3Q21, the second largest fall since the current series began in 1986, according to Stats NZ. The Reserve Bank of NZ (RBNZ) had forecast a 7% fall for the quarter, owing to the discovery of the COVID-19 Delta variant in the community. Although official figures for 4Q21 have not been released at the time of writing this commentary, the RBNZ has forecast a gradual recovery by 3.7% and 3.8% respectively, during 4Q21 and 1Q22.

Wellington remained at Level 2 of the Covid-19 Alert System for most of the duration of 4Q21. It then moved to ‘Orange’ settings when the country moved to the ‘Traffic Light’ Covid Protection Framework on 3rd December. It was moved to orange settings mainly due to high vaccination rates in the region. This move will support the region’s commercial property markets, especially the industrial assets, that have proved to be somewhat ‘COVID proof’ with many occupiers being essential services or suppliers.

The continued theme across the Wellington industrial sector is a marked imbalance between supply and demand, as available space for both occupation and redevelopment within the sector continues to be impacted by geographical and topographical challenges. As a result, demand well outstrips supply for this sector, and as a result we continue to forecast rising rental levels.

Occupier perspective: Though New Zealand’s industrial sectors have performed very well over recent quarters, Wellington’s industrial occupiers have continued to face challenges not just in expanding their footprints, but also resulting from international impacts. Stock and labour shortages due to ongoing border closures and logistics issues are affecting occupiers, particularly those who are reliant on import supply chains.

Landlord perspective: With new development opportunities increasingly expensive, viability for new industrial developments is problematic which is protecting existing property values.

Investor perspective: There are comparatively fewer prime investments coming to market currently across the country, and when they do, demand is strong. Secondary assets are harder to sell at prices in line with elevated vendor expectations but are still finding a market if offered at the right price, particularly in Wellington’s industrial sector where the quantum of assets available to transact is increasingly limited.

Demand

Persistenly low vacancy rates continue to characterise the Wellington industrial market, a reflection of ongoing scarcity of available stock and robust demand. Our latest 2H21 vacancy survey shows overall vacancy fell 70 bps to 2.1% from 2.8% with tenants competing strongly for space as it becomes available.

In comparison by precincts, Grenada North saw the largest fall in available space with the vacancy rate decreasing 230bps from 5.6% to 3.3% during 2H21. This is followed by Petone with vacancy falling 110bps from 1.4% to 0.3%. Vacancies for Seaview, Ngauranga and Porirua stayed consistent, with less than a 1% change recorded in 2H21 as compared with the survey results from 1H21.

Current market conditions give no indication of any significant increases in vacancy for the foreseeable future across the Wellington industrial precincts we track. With little new supply entering the market, vacancy will continue to range around present structural lows. Occupiers are also increasingly looking further afield for appropirate accomodation given the lack of available and quality accomodation in the traditional industrial areas.

	2H21	1H21	2H20
Net Absorption[1]	6,081	5,012	-1,992
Petone Vacancy	0.3%	1.5%	1.5%
Seaview Vacancy	3.2%	4.0%	4.4%
Nguaranga Vacancy	1.7%	1.0%	3.1%
Grenada North Vacancy	3.3%	5.6%	3.1%
Porirua Vacancy	1.8%	0.9%	1.9%
Total Vacancy	2.1%	2.8%	3.1%

Source: JLL Research

Supply

Wellington's industrial sector continues to see rising land and construction costs, and diminishing available land bottlenecking its supply pipeline. Between June 2017 and June 2021, we recorded only ~31,000 sqm of new supply entering the market averaging 3,500 sqm per year. There was just one development completed for Wellington industrial during 4Q21, being 37 Percy Cameron Street, being a warehouse and an office space, with an NLA of 1,987 sqm.

We are aware of just one more project for Wellington industrial currently underway. The Lyall Bay Junction has an expected completion date in second half of 2023. Though the limited supply pipeline has supported current rental levels and kept vacancy levels low, with little to no availability of new industrial space, any possibility of expansion or relocation over the near future remains a challenge for the market.

As the needs of manufacturing and logistics tenants have evolved, the quality and design of newer industrial space has moved on in Auckland and Christchurch. In the Wellington industrial sector however, a severe lack of available space for new development has seen existing buildings being unable to follow these trends of modernisation. As a result, industrial premises in Wellington generally remain suboptimal for modern tenant requirements, with many also carrying risks related to asbestos.

With infrastructure improvements such as Transmission Gully (initially expected to open on 27th September 2021 but with the new opening date to be confirmed due to delays from COVID lockdowns), industrial developments will likely be focused outside of the CBD into areas such as Upper Hutt where some land remains available.

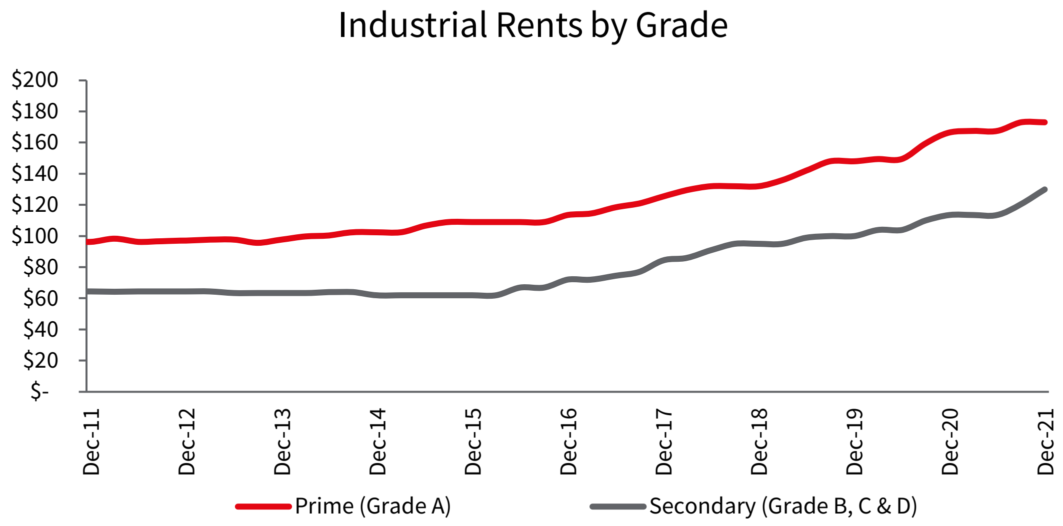
Rents

Prime gross rents for the Wellington industrial sector remained unchanged for 4Q21 at $165 per sqm. Secondary gross rents, on the other hand, increased by 6%, 9% and 8%, for office, warehouse and industrial spaces, respectively. Secondary gross rents have a range of $128 per sqm to $140 per sqm for 4Q21.

Agreed rents are continuing the shift towards net rather than the traditional gross lease method across Wellington, although for consistency we continue to report analysis in gross lease terms. Over time, this key shift will inevitably make net lease assets more marketable to a wider investor base due to the reduced risk on occupational costs.

We expect rents for both prime and secondary assets to resume increasing for the foreseeable future. This is yet another impact of the physical and financial challenges Wellington's industrial precincts face, as with limited scope for new development activity and a relatively small existing stock base, scarcity will continue to drive rent increases while tenant demand continues to grow.

OPEX for both prime and secondary spaces stayed consistent this quarter, with prime averaging $42 per sqm and secondary averaging $37 per sqm. OPEX is however expected to rise during 2022, with the local authority rates increases announced for the year, the average wage increase, and the expectation of further wage inflation will continue to flow into ongoing OPEX increases. These increases are expected to increase OPEX levels across all commercial use types in the region including industrial space.



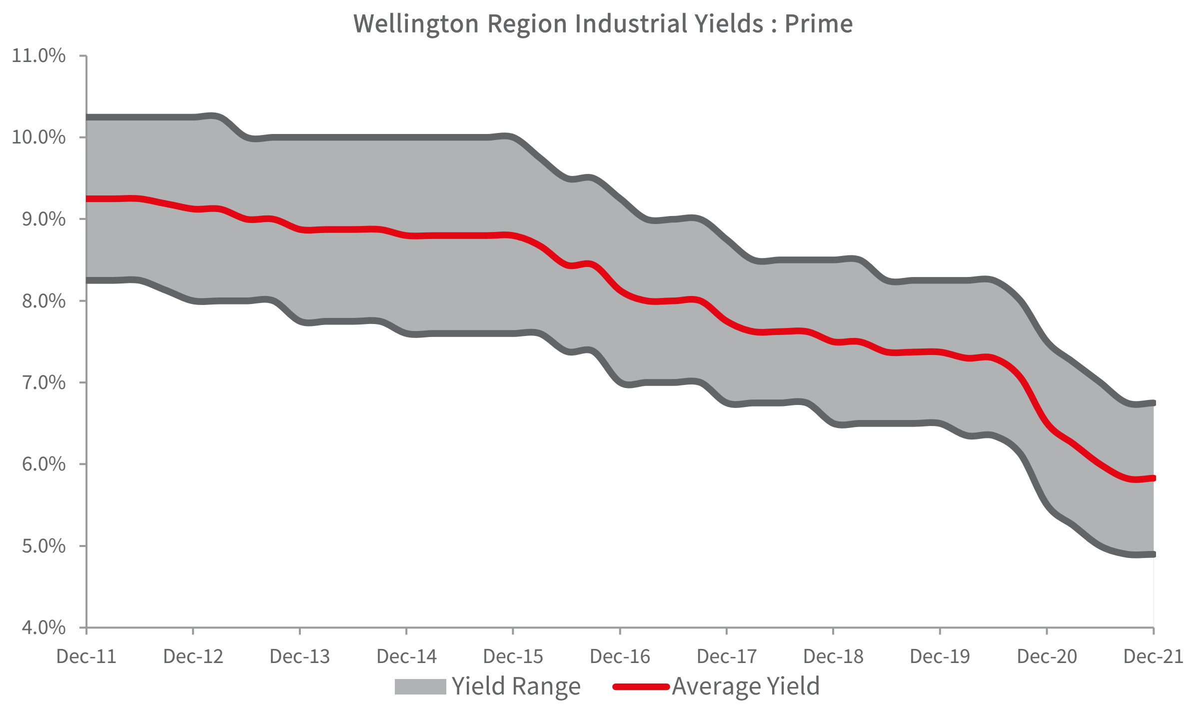
Source: JLL Research

Asset Performance

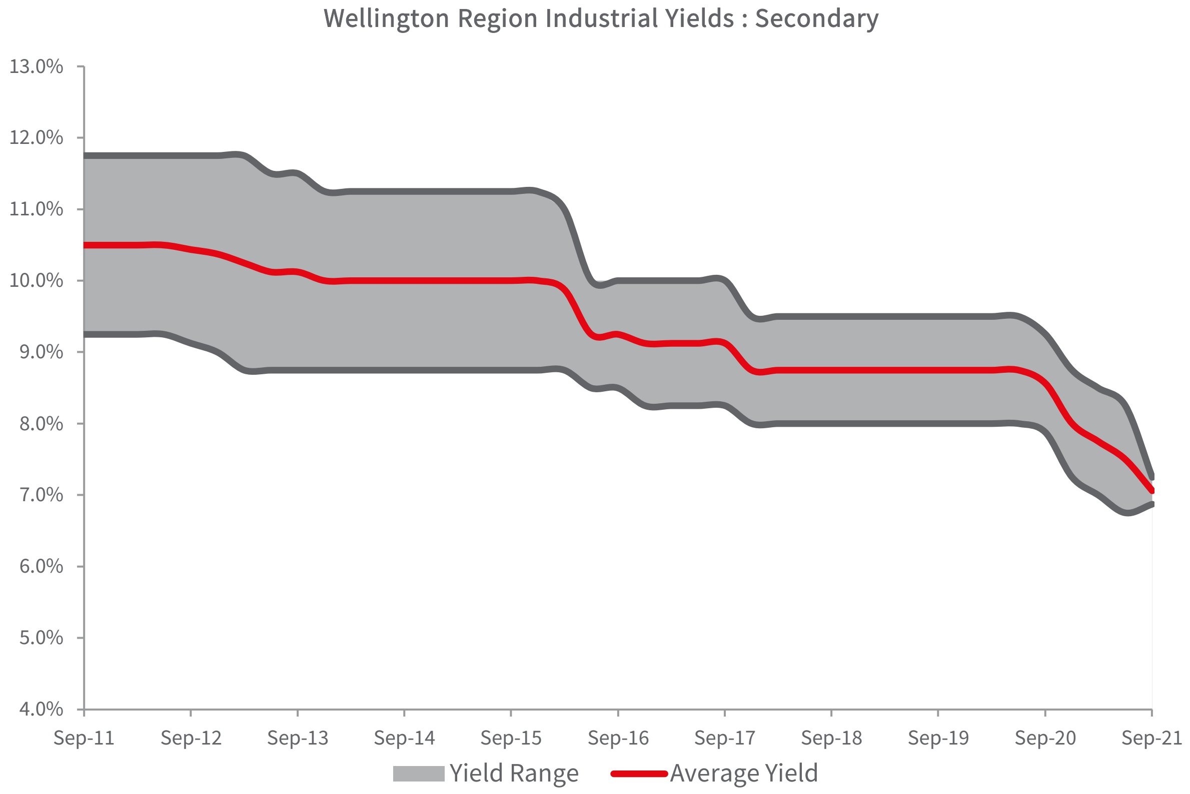
Given such restricted scope for expanding the Wellington Industrial stock base, along with the limited stock presently in the precinct when compared with the industrial sectors of Auckland and Christchurch, minimal industrial stock is available to transact in the region.

There were no transactions recorded for Wellington industrial for 4Q21. Notable transactions for the second half of 2021 remained those recorded during 3Q21, being 29 Parkway, Wainuiomata which sold for $7.95 million, occupying a land area of 12,900 sqm and a total building area of approximately 8,800 sqm. The second property located at 176 Gracefield Road, sold for $7.5 million, occupying a land area of 8,200 sqm and a total building area of approximately 4,510 sqm.

Average prime yields remained at 5.83% for 4Q21, representing a range of 4.90% to 6.75%, while average secondary yields remained at 7.00%, representing a range of 6.88% to 7.25%. While we do expect yields to increase gradually by a total of 0.5% by 2026, it is yet to be seen how this market will react to increasing interest rates during 2022.



Source: JLL Research

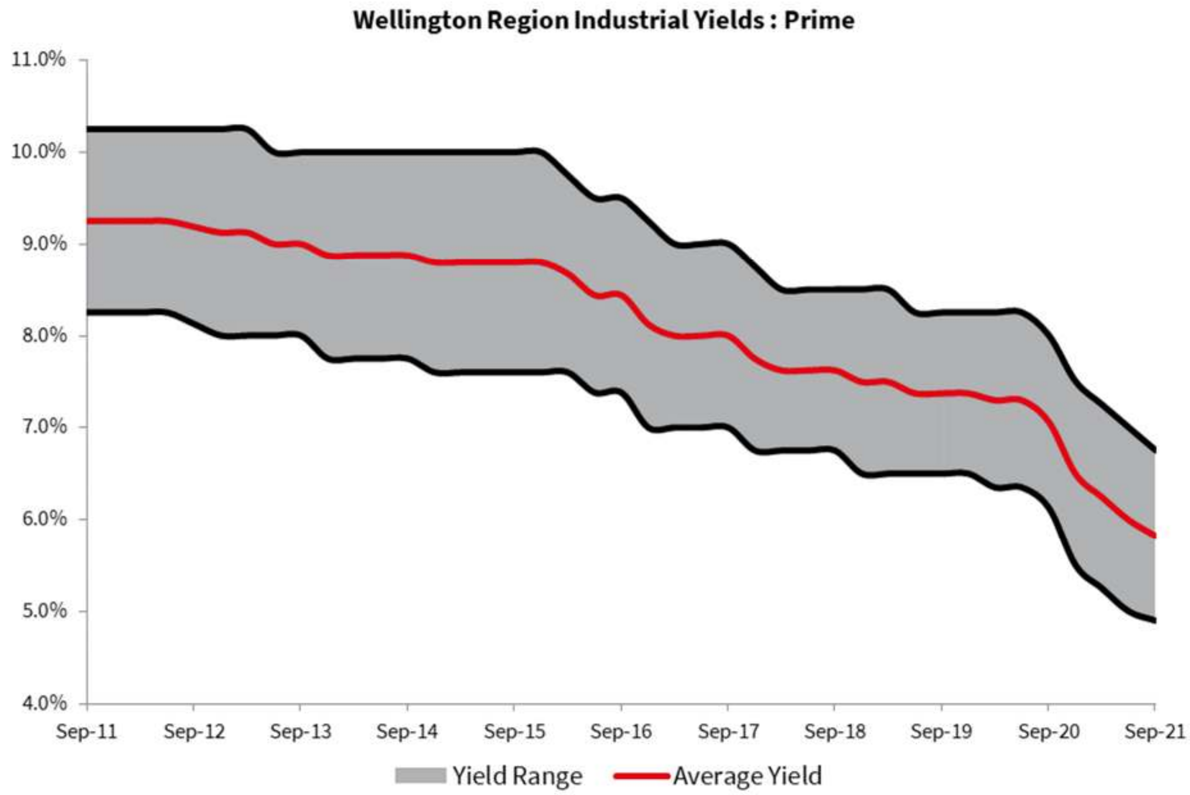


Source: JLL Research

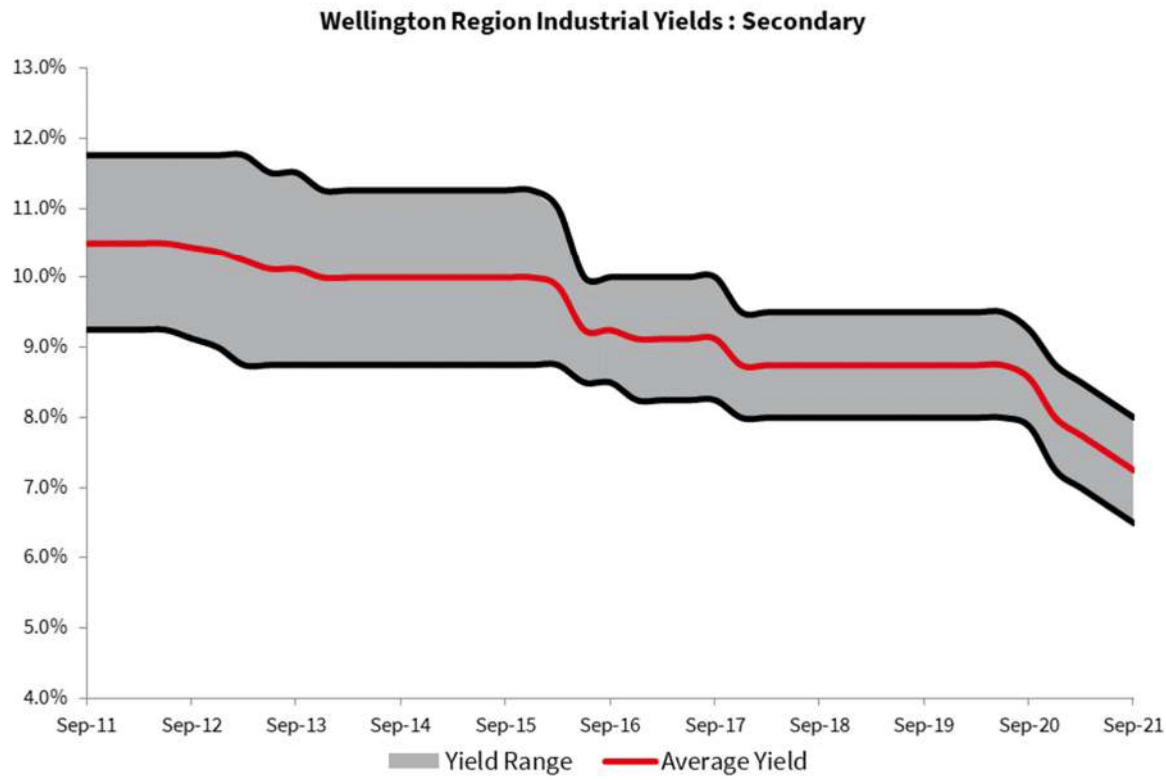
Wellington Industrial Market Outlook

The recovery for the Wellington industrial market is underpinned by pent-up demand, higher employment, continued strength in building consents, and the more permissive COVID-19 Protection Framework boosting activity at the start of 2022. However, it is important to note that this forecast is based on the assumption that the newly discovered variant of Covid-19, Omicron, will not cause significant damage to the economy. This forecast is also based on the assumption that the Reserve Bank will keep increasing the OCR throughout 2022 to subdue domestic demand.

The continued theme across the Wellington industrial market is the imbalance between supply and demand. Available space for both occupation and redevelopment within the sector continues to be impacted by geographical and topographical challenges. Hence, this market is expected to remain tight for some time, due to the lack of land (green fields and brown fields) and the lack of new stock projected to come to market. As a result, demand is expected to outstrip supply across the sector, and we continue to forecast rising rental levels.



Source: JLL Research and Consulting



Source: JLL Research and Consulting

5 Leasing Evidence

5.1 Leasing Evidence

In this version of the Valuation Report we provide a summary of the rental transactions involved in order to protect the privacy requirements of the lessees and lessors involved.

Address	Date	Status	Type	Area (sqm)	Gross Rate (psm)
Trentham	Jun-21	NL	Warehouse	764	$138
			Office 1&2	66	$195
			Yard/Parking	550	$26.30
Trentham	Jan-21	RR	Workshop	507	$130
			Office/Amenities	34	$165
			Concrete Yard	2,242	$25
			Rear Gravel Yard	395	$15
Grenada North	Dec-20	NL	Office	310	$195
			Warehouse – High Stud	2,533	$136
			Warehouse – Low Stud	350	$126
			Canopies	270	$63
			Yard	2,828	$26
Grenada North	Dec-20	RR	Warehouse – High Stud	1,123	$170
			Offices	515	$220
			Yard	1,505	$25
Porirua	Dec-20	NL	Office	547	$350
Seaview	Nov-20	NL	Warehouse	1,934	$150
			Office	304	$240
			Carparks	20	$20
Upper Hutt	Oct-20	NL	Warehouse	1,500	$162
			Office	750	$229
			Yard	5,885	$25
Rongotai	Oct-20	NL	Warehouse	1,277	$192
			Office/Amenities	186	$240
			Yard – Rear	200	$65
			Carparks	4	$40
Petone	Jul-20	RR	Warehouse	882	$155
			Showroom/Office	300	$180
			Yard	508	$40
Upper Hutt	Jun-20	NL	Office – Level 2	809	$250
			Carparks	10	$15
	Apr-20	NL	Office – Level 1	498	$270
	Dec-19	NL	Office – Level 5	802	$250
			Carparks	20	$15

Address	Date	Status	Type	Area (sqm)	Gross Rate (psm)
Porirua	2019	NL	Office	747	$290 (net)
			Carparks – Covered	14	$25
			Carparks – Uncovered	17	$20

Note – NL = new lease, RR = rent review

The provided evidence shows a trend of rising industrial rentals within the wider industrial sectors of Wellington and in particular within more modern buildings, and those with close links to transport routes. Generally larger premises attract lower rental rates relative to smaller premises. Additional rental is normally achieved for premises which are provided with a gantry crane or service pits.

The industrial evidence above provides a range of rental rates from approximately $130 to $192 per square metre over the warehouse accommodation, $165 to $350 per square metre over the office and amenities, $25 to $40 per square metre over the yard, and generally $20 to $30 per park per week for the carparks.

The subject asset has been constructed specifically for the tenant and is ideal as their regional base. It provides a significant standalone office component along with two warehouse buildings and substantial yard and storage. In addition, the office building has an NBS (New Building Standard) rating of 80%.

Location and amenity provided plays a key part in achieved rental for the various comparisons and we note generally the provided evidence, particularly regarding the office component, is ancillary to industrial warehouse components with a small amount of evidence indicated from standalone office assets. As a consequence, the analysed rental rates from the provided evidence, particularly for the office component, would set lower limits relative to the subject office while on balance the majority of the provided warehouse evidence would also set lower limits in comparison.

Having regard to the evidence above we have adopted the following market rental profile as displayed overleaf.

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	Gross Market / sqm	Car Park pcpw	Net Market Rental
Downer EDI	Office Ground & Level 1	2,650.0		Nov 2023	Market	$776,088	$293		$97	$97	$285	$382		$755,250
Downer EDI	Deck Ground	60.0		Nov 2023	Market	$4,151	$69		$0	$0	$65	$65		$3,900
Downer EDI	Warehouse	2,306.0		Nov 2023	Market	$288,333	$125		$97	$97	$120	$217		$276,720
Downer EDI	Warehouse Toilets / Lockers	120.0		Nov 2023	Market	$19,176	$160		$97	$97	$160	$257		$19,200
Downer EDI	Warehouse Lunchroom	120.0		Nov 2023	Market	$19,176	$160		$97	$97	$160	$257		$19,200
Downer EDI	Warehouse Tech Room Office	64.0		Nov 2023	Market	$11,590	$181		$97	$97	$175	$272		$11,200
Downer EDI	Warehouse Tech Room Mezzanine	64.0		Nov 2023	Market	$6,472	$101		$97	$97	$95	$192		$6,080
Downer EDI	Yard	16,510.0		Nov 2023	Market	$439,366	$27		$0	$0	$25	$25		$412,750
Downer EDI	Carparks Covered		44	Nov 2023	Market	$85,244		$37					$35	$80,080
Downer EDI	Carparks Open		112	Nov 2023	Market	$123,911		$21					$20	$116,480
Aggregate		21,894.0	156			$1,773,509								$1,700,860

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
Rental Analysis		
Lettable Area Rental	$1,564,354	$1,504,300
Car Parking Rental	$209,155	$196,560
Outgoings Recovery	$514,012	$514,012
Gross Income	$2,287,521	$2,214,872
Outgoings	$528,861	$528,861
Net Income	$1,758,660	$1,686,011

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. The more relevant sales are summarised in the sales schedule and commentary below:

14-26 William Durant Drive, Trentham, Upper Hutt

This property comprises three industrial buildings contained within two separate Records of Title with each building comprising a warehouse component with associated office and amenities to ground floor and with a mezzanine office component, along with concrete and fenced yard. The buildings are effectively identical in terms of construction and layout, the first completed in 2017 with the most recent building completed in 2019. The existing tenants comprise Dzine Signs and Worley with the balance of the improvements occupied by parties related to Leda Extrusions. Short lease terms remain on each of the leases and we calculate WALT at the date of sale at less than one year which is considered short for this class of asset.

Collectively the improvements provide 4,537 square metres of lettable area and total land area is 8,099 square metres. The asset is considered under rented.

The property sold to parties related to Leda Extrusions prior to a full marketing campaign in May 2021 for $9,800,000 plus GST reflecting an initial yield of 4.60%. We have analysed the sale to reflect an equivalent yield of 5.80% and an IRR of 6.70%.

5-7 Meachen Street, Seaview, Lower Hutt

5-7 Meachen Street, Lower Hutt comprises a large functional highstud warehouse property with good access, car parking and functional two storey offices/amenities to the front situated in the prime industrial precinct of Seaview, Lower Hutt.

The warehouse component benefits from dual roller door access from Meachen Street along with separate access from a service lane to the rear and has an NBS rating of 100%. It provides a 3,599 square metre building situated on a 4,638 square metre land holding that benefits from dual access. Construction is over a concrete foundation and floor with iron exterior cladding and roofing. The main warehouse bay has a stud height over approximately 7 metres at the knee with a lower stud on the lean to bays. The warehouse has three operational roller doors including rear access from Port Road The offices are constructed over two levels and provide open plan office on the first floor with meeting rooms and service rooms at ground floor level. The property dates from the 1970's. We note the occupying tenant is vacating in September 2021.

The property sold with vacant possession in March 2021 at a sale price of $6,050,000. We have analysed the market yield at 5.29%

11-13 Gough Street, Seaview, Lower Hutt

This property comprises a large industrial warehouse and office building originally dating from the 1960s but with subsequent extensions over the years. The warehouse is split into two with the original main warehouse and a more recently added portion. The main warehouse comprises four high stud bays as well as a lower stud lean to. Stud height is near 10 metres to the underside of the trusses and the building is accessed at various points around the exterior allowing for drive through capability. The warehouse also incorporates six gantry cranes providing a mix of two and five tonne capacity. The provided office component is largely open plan. This site is sealed and provides two points of egress off Gough Street.

The property has a mixed NBS rating of 100% to Warehouses B and D and 67% to Warehouses A and C and the office building.

The property sold in March 2021 for $13,100,000, reflecting an initial yield of 4.34%.

75 Wainui Road, Wainuiomata

The property comprises a substantial processing factory complex of mixed age and construction. It provides warehouse, office administration and yard space along with a substantial area of residual land. The property is located on a circa 4.4 hectare site in Lower Hutt on the fringe of the industrial sector of Gracefield and Waiwhetu, having frontage on the northern side of Wainui Road.

The improvements are of mixed age, being the site of the original Griffins Biscuit Factory with the buildings on site dating originally from the mid to late 1930s for a small portion, and with the more recent substantial warehouse factory constructed in 2009. There is additional warehousing dating from the 1970s and a two level building dating from the 1960s. The office building dates from the 1950s and was refurbished in the 1990s.

The property is subject to a new 12 year lease to Alto Packaging Limited from settlement at a total annual net rental of $1,722,470 per annum plus GST with a fully ratcheted market rent review at the twelfth anniversary of commencement if renewed, then 3% annual fixed increases through the balance of the further term.

The property was sold in October 2020 for $29,400,000 plus GST. Analysis of the sale reflects an initial yield of 5.53%, an equivalent yield of 5.65%, and an IRR of 7.45%.

14-16 Makaro Street, Elsdon, Porirua - Subject

The property comprises a modern office and warehouse development in the industrial suburb of Elsdon, to the south-west of the Porirua CBD. The improvements comprise a free-standing two level office building constructed circa 2011 with secure under cover parking, two standalone warehouse/workshop buildings incorporating office and amenities, together with extensive sealed yard and parking areas. The offices are air conditioned throughout, with views of Porirua Harbour, and have been designed to achieve an NZGBC 4 Star Green Star rating. The building has an NBS rating of 80%.

The property has a low site coverage of 15% with the remainder of the property comprises mainly asphalt sealed hard stand areas with concrete kerbing, paths and garden layout. A sloping driveway links the upper and lower portions of the property, and also features timber retaining walls. The total lettable yard is approximately 16,510 square metres.

The property has a total land area of some 2.5 hectares and is held in two titles with vehicle access from Makaro Street and right of way access from John Seddon Drive via the adjoining Todd Park industrial area. It is fully leased to Downer EDI Works Limited for a 20 year term from December 2011. The lease features structured rental increases every second year, with a mid-term review to market.

The property sold in December 2020 for $35,600,000 plus GST reflecting an initial yield of 4.68%. We have analysed the sale to reflect an equivalent yield of 4.77% and an IRR of 5.88%.

14 Jamaica Drive, Grenada North

14 Jamaica Drive is now occupied as a Countdown Supermarket Dark Store. The property provides a high stud warehouse situated on a level sealed site, offering shared drive on truck access and secured yards. The 2,533 sqm warehouse has a stud height of circa 10 metres and the Lessor has installed two rapid close roller doors as per the tenant’s requirements. The Lessee has funded and converted part of the former offices to a 350 sqm chiller, leaving approximately 310 sqm of offices. Secured yards extend 2,828 sqm with controlled entry points. The lessor commissioned minor works to the offices involving some repainting and new LED lighting.

General Distributors Ltd have leased the premises for six years from November 2020 and have six further three year renewal options. The commencement rent is $516,000, and the rental is subject to fixed 2% annual rental increments with market reviews at lease renewal. The premises is leased on a net basis and the tenant has carried out their own works to the extent that they have established a chiller within part of the space.

The property sold in September 2020 for $10,850,000 at an initial yield of 4.75%.

180-202 Hutt Road, Kaiwharawhara

The property comprises a 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%.

32 Jamaica Drive, Grenada North

32 Jamaica Drive comprises three adjoining industrial properties located in the Grenada North industrial area. The buildings date from 2011 – 2013 and are occupied by Coca-Cola Amatil, Rentokil and Desktop Imaging. The buildings provide a mix of reasonably modern office and warehouse accommodation and each with on site carparking.

The property sold in March 2020 at $14,750,000 indicating an initial yield of 6.50% and a market yield of 6.25%. The Weighted Average Lease Term at sale was short at just 0.7 years, however, we understand extended lease terms across some of the tenancies have been entered into.

6.2 New Zealand Wide Sales

Given the size, assumed WALT from occupation and nature of the property we have had regard to a wide range of sales from other locations in New Zealand. The evidence below has been provided as it is comparable either by way of size, weighted average lease term, location, or condition.

35 Hugo Johnston Drive, Penrose, Auckland

The property is located on the western side of Hugo Johnston Drive and comprises a circa 3.2407 hectare Heavy Industry zoned landholding that is of an irregular shape and an even contour.

The building improvements are situated towards the western boundary with the remainder of the site being a concrete sealed yard area for storage, car parking and utilized as a driveway. The improvements predominantly include a single level office building to the front of the property that was constructed circa 1988 and a two level, medium stud production building with basic office/workshop accommodation that was constructed circa 1976. To the eastern side of the production building is the finished goods warehouse extension, which was constructed circa 1993, while on the western side is the hygiene processing area. Various storerooms are located to the southern end of the production building, along with an airlock area. To the rear of the property towards the southern boundary of the property is a modern, high stud warehouse with a canopy positioned to the eastern side of the warehouse.

The property sold in December 2021 for $60,500,000 plus GST, reflecting an initial yield of 3.75%. We have analysed the sale to reflect an equivalent yield of 3.63% and an IRR of 5.35%.

121 Hugo Johnston Drive, Penrose, Auckland

The property comprises a modern industrial building, located on the corner of Hugo Johnston Drive and Southpark Place, in Penrose. The site has a total area of approximately 2.5820 hectares and is generally regular in shape with dual road frontage and access from both.

The building improvements are situated centrally onsite with predominantly concrete sealed areas surrounding it for driveways, car parking and storage. The approximate 14,262 square metre building provides high stud warehousing with associated offices and amenities and was constructed in 2008/2009. The property generally presents a high standard of industrial accommodation.

The warehouse accommodation is column interrupted and is not sprinklered, and has a stud height of approximately 8.75 metres at the portal knee rising to approximately 11.47 metres at the apex. Access to the warehouse is enabled by a total of 9 roller doors to the northern and western elevations. A canopy is positioned to the northern elevation at the roller doors to provide all weather protection. The two-storey block of offices and amenities is located to the north eastern corner of the warehouse and offers a combination of open plan areas and partitioned meeting rooms that feature ducted air-conditioning.

The property sold in September 2021 for $57,000,000 plus GST reflecting an initial yield of 3.42%. We have analysed the sale price to reflect an equivalent yield of 3.53% and an IRR of 5.18%.

259-265 Church Street & 145-149 Captain Springs Road, Onehunga, Auckland

The property is positioned to the southern side Church Street and the eastern side of Captain Springs Road in Onehunga, Auckland. The property comprises six lots, totalling 15,363 square metres in site area. The amalgamated site comprises a relatively regular shape overall with an extended frontage to Church Street and two frontage points (access points) from Captain Springs Road.

The property comprises good quality industrial accommodation across 4 buildings, with majority of the space presenting to a modern condition and providing accommodation totalling approximately 10,499 square metres. The warehouses are a combination of clear span and column interrupted areas, with the stud height at the more modern warehouses measuring between approximately 8.15 metres at the portal knee rising to approximately 11.80 metres at the central apex. The office accommodation in the more modern buildings of the property present to a good quality overall, with one part being refurbished in 2018. One of the four buildings comprise a more dated, circa 1960's single bay low stud warehouse with a separate small component of amenities.

The property sold in August 2021 for $34,400,000 plus GST, reflecting an initial yield of 3.64%. We have analysed the sale to reflect an equivalent yield of 4.21% and an IRR of 5.92%.

20-24 Lorien Place, East Tamaki, Auckland

The property comprises three industrial buildings of varying sizes situated on a 19,916 square metre site. Building 2 and 3 are more conventional warehouse buildings, while building 1 contains specialised manufacturing areas.

Building 1 is situated on the western side of the site. The building has first floor offices and meeting rooms provided. Below the offices are the amenities, including a large lunchroom and locker rooms. Adjoining the amenities is a laboratory and micro laboratory with its own air conditioning, air supply and fume hood. The remainder of Building 1 is divided into a raw materials warehouse, manufacturing area and filling hall. The raw materials warehouse has a stud height of approximately 5.5 metres to approximately 6.95 metres with roller door access at the northern-eastern and south-eastern elevations. The manufacturing area is located along the north-western side of the building. The filling hall is located along the south-western side of the building. This area has a stud height of approximately 3.89 metres. Located below the filling hall at the basement level are several small plant rooms and a large workshop. The workshop has a stud height of approximately 2.59 metres.

Building 2 is located on the south-eastern boundary of the site and comprises a large distribution warehouse with amenities and offices constructed within the warehouse envelope. This area has a stud height of approximately 8 metres to approximately 9.4 metres. The offices are located in the northern corner of the warehouse and are presented to a basic standard with air conditioning. Toilets are also provided. Above the offices is a lightweight mezzanine storage area. A lined canopy is located along the north-western elevation and connects with Building 2, with a further lined canopy running between the two buildings.

Building 3 is located to the rear of Building 1. The building comprises a warehouse divided into two tenancies. The eastern side comprises warehousing only, while the western side is also provided with single level basic offices with lightweight mezzanine storage above. This area is clear-span span and has a stud height of approximately 5.95 metres to approximately 7.28 metres. The remainder of the site is made up of concrete sealed yard areas, an asphalt sealed main driveway and carparking, with potential warehouse expansion land at the southern elevation of the warehouse.

The property sold in November 2021 for $20,500,000 plus GST, reflecting an initial yield of 4.88%. We have analysed the sale to reflect an equivalent yield of 5.08% and an IRR of 6.93%.

77 Westney Road, Mangere, Auckland

The property is located to the western side of Westney Road, situated in a rear position and accessed via a driveway running down the northern elevation of the site in front. The property provides a large-scale industrial facility comprising warehouse and office accommodation with construction completed circa mid 2000's. The warehouse accommodation is column interrupted and has a stud height of approximately 8.40 metres to the portal knee rising to 10.60 metres at the apex. Construction to the warehouse includes concrete foundations, steel portal frames, steel purlins, a combination of full height precast concrete slab and concrete base with longrun metal above walls, and a long run metal roof. A small canopy extends from the south eastern elevation of the warehouse and protects two roller doors. The offices are presented to a basic standard and are situated over a single level, located to the south-eastern elevation of the warehouse. A concrete sealed driveway provides access to the building, with a concrete sealed area providing manoeuvring space along the south western side of the site.

The property sold in May 2021 for $31,400,000 plus GST, reflecting an initial yield of 3.98%. We have analysed the sale to reflect an equivalent yield of 4.11% and an IRR of 5.65% with a WALT of 8.50 years.

2 Yashili Drive, Pokeno

The property is located to the corner of Yashili Drive and Gateway Park Drive, within the Gateway Business Park in Pokeno. The property comprises two parcels of freehold land measuring a total of approximately 11,945 square metres, with each having its own Record of Title.

The improvements at the property includes approximately 8,847 square metres of industrial accommodation across two buildings which were constructed in 2016 and circa 2020. A standalone warehouse and office building are positioned at each of the two lots and are interconnected via a large canopy in between. Onsite car parking is provided at both buildings.

The property sold in May 2021 for $24,750,000 plus GST, reflecting an initial yield of 4.55%. We have analysed the sale to reflect an equivalent yield of 4.13% and an IRR of 5.90%.

We believe tenant covenants will be a key consideration in the future for investors. The remaining lease term of near 10 years and the structured rental growth will help to underpin the value, with investors likely to be attracted to longer term lease assets that provide greater security. Discounts may be provided for slightly inferior locations and where expiries are approaching.

When considering the yield profile of the subject, we have had regard to the following:

- Long term lease with near 10 years remaining
- Fixed rental growth
- Office building at 80% NBS
- Established industrial location
- Low interest rate environment

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

Valuation Input	
Capitalisation Rate	4.75%
Discount Rate	6.00%

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
▪ Freehold tenure held in two Records of Title ▪ Very strong tenant covenant ▪ Fully leased ▪ WALT of near 10 years ▪ Modern facility with large area and extensive parking ▪ Elevated site with attractive views from the office component ▪ Structured rental increases every two years ▪ Office building has an NZGBC Four Star Green Star Rating ▪ Easy access to transportation routes	▪ High proportion of office accommodation for an industrial location ▪ Lower yard area relatively undeveloped from an industrial perspective ▪ Large quantum of value for this location may limit pool of perspective purchasers ▪ Inability to sell off one of the titles separately without Council consent ▪ Potential site contamination. Refer to Section 2.6
Opportunities	**Threats**
▪ Scarcity of available industrial development land in the wider Wellington region may provide future development opportunities ▪ Redevelop lower yard for more intensive use at lease expiry	▪ The economic and social impacts of COVID-19 have the potential to be persistent ▪ Low interest rates have driven a significant asset price trend over the last few years, which may start to reverse as central bank rates and the cost of funding increase ▪ Possible change to legislation in relation to seismic strength requirements for buildings ▪ Competition from new or refurbished space entering the market ▪ Future seismic events ▪ Risks from offshore macro-economic factors impacting on income growth or property values

7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 3 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 a high net worth investor, syndicator or institutional investor.

7.4 Sales History

The subject property last transacted on October 2020 for $35,600,000.

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 4.75%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	$1,564,354	$1,504,300
Car Parking Rental	$209,155	$196,560
Ideal Outgoings Recovery (Full Net Leases)	$514,012	$514,012
Total Rental Income	$2,287,521	$2,214,872
Less Outgoings Expenditure	($528,861)	($528,861)
Net Rental Income	$1,758,660	$1,686,011
Core Income Capitalised at 4.75%	$37,024,415	$35,494,968
Value Adjustments		
Present Value of Existing Rental Reversions	($965,325)	$578,533
Present Value of Short Term Capital Expenditure: 24 months	($432,413)	($432,413)
Total Value Adjustments	($1,397,737)	$146,120
Total Capitalised Value	$35,626,677	$35,641,089
Adopted Capitalised Value (say)	$35,630,000	$35,640,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $432,413.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $35,640,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	4.50%	$37,610,000	$37,620,000
Adopted Capitalisation Rate	4.75%	$35,630,000	$35,640,000
0.25%	5.00%	$33,850,000	$33,860,000

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 6.00% to the cash flows to produce a present value of $36,150,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary		Year Ending	30-Dec-2022	30-Dec-2023	30-Dec-2024	30-Dec-2025	30-Dec-2026	30-Dec-2027	30-Dec-2028	30-Dec-2029	30-Dec-2030	30-Dec-2031	30-Dec-2032
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income													
Lettable Area and Car Park Income			$1,773,509	$1,791,510	$1,881,515	$1,900,613	$1,996,100	$2,016,360	$2,117,662	$2,139,156	$2,246,628	$2,059,409	$0
Outgoings Recovery			$514,012	$534,572	$553,282	$572,647	$589,827	$607,521	$625,747	$644,519	$663,855	$626,790	$0
Other Income			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income			$2,287,521	$2,326,082	$2,434,798	$2,473,260	$2,585,926	$2,623,881	$2,743,409	$2,783,676	$2,910,483	$2,686,199	$0
Rental Deductions													
Unexpired Incentives - Rent Free/Abatements			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure			($528,861)	($550,015)	($569,266)	($589,190)	($606,866)	($625,072)	($643,824)	($663,139)	($683,033)	($703,524)	$0
Ground Rental													
Net Rental Cashflow			$1,758,660	$1,776,067	$1,865,532	$1,884,070	$1,979,060	$1,998,810	$2,099,585	$2,120,537	$2,227,450	$1,982,675	$0
Rental Adjustments													
Unexpired Incentives - Capital Contribution			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Letting Up Allowances - Leasing Fees			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditure			($361,100)	($80,730)	($83,556)	($86,062)	($88,644)	($91,303)	($94,043)	($96,864)	($99,770)	($102,763)	$0
Net Cashflow			$1,397,560	$1,695,337	$1,781,976	$1,798,008	$1,890,416	$1,907,506	$2,005,543	$2,023,673	$2,127,680	$1,879,912	$0
Purchase Price	$36,000,000	After Costs	($36,000,000)										
Sale Price	$40,540,000	After Costs											$39,931,900
Annual Cashflow			($34,602,440)	$1,695,337	$1,781,976	$1,798,008	$1,890,416	$1,907,506	$2,005,543	$2,023,673	$2,127,680	$1,879,912	$39,931,900
Present Value of Rental Cashflow		$13,847,762											
Present Value of Terminal Value		$22,297,764											
Allowance for Acquisition Costs		$0											
Total Net Present Value (say)			$36,150,000	Resulting IRR	6.05%								

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

Revenue Projections

Our revenue projections commence with the passing rent for the existing 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
Office							10 year average		2.25%	
	1.50%	1.50%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Warehouse							10 year average		2.25%	
	2.00%	2.25%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
CPI							10 year average		2.20%	
	3.00%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		3.20%	
	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average		3.20%	
	4.00%	3.50%	3.50%	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.

Letting Up Allowances

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

Office	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	4 months	100%	-	100%	$0	100%
	Year 1	4 months	100%	-	100%	$150	75%
	Year 2	4 months	100%	-	100%	$150	75%
	Year 3	4 months	100%	-	100%	$150	75%
	Year 4	4 months	100%	-	100%	$150	75%
	Year 5	4 months	100%	-	100%	$150	75%
	Year 6	4 months	100%	-	100%	$150	75%
	Year 7	4 months	100%	-	100%	$150	75%
	Year 8	4 months	100%	-	100%	$150	75%
	Year 9	4 months	100%	-	100%	$150	75%
	Year 10	4 months	100%	-	100%	$150	50%

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 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	$361,100	$361,100
Year 2	$0	$80,730	$80,730
Year 3	$0	$83,556	$83,556
Year 4	$0	$86,062	$86,062
Year 5	$0	$88,644	$88,644
Year 6	$0	$91,303	$91,303
Year 7	$0	$94,043	$94,043
Year 8	$0	$96,864	$96,864
Year 9	$0	$99,770	$99,770
Year 10	$341,018	$102,763	$443,781
10 Year Total	$341,018	$1,184,834	$1,525,852
Capex as a proportion of Value	4.2%	Per Sqm of Lettable Area	$286.60

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 5.00% (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	
Disposal Costs	1.50% 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		
	4.75%	5.00%	5.25%
5.75%	$38,080,000	$36,830,000	$35,700,000
6.00%	$37,360,000	$36,150,000	$35,040,000
6.25%	$36,660,000	$35,470,000	$34,390,000

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$35,640,000
Capitalisation Approach - Contract Income	$35,630,000
Discounted Cash Flow Approach	$36,150,000
Adopted Value	$36,000,000

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

9.2 Valuation Conclusion

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 31 December 2021, is:

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

Thirty Six Million Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 4.89%, an equivalent yield of 4.70%, an internal rate of return of 6.05%, and a rate of $6,762 per square metre of Lettable Area.

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

- Oyster Industrial Property Limited – for inclusion within a Product Disclosure Statement

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	Tim Dick
Calculations	Tim Dick
Information Review	Tim Dick
Report Authoring	Tim Dick
Quality Assurance	Wouter Robberts
Principal Valuer	Tim Dick

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

Tim Dick FNZIV, FPINZ, MRICS
Registered Valuer - Director
Head of Valuation Advisory - Wellington
+64 4 474 1628
tim.dick@ap.jll.com

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 and where the parties had each acted knowledgeably, prudently and without compulsion.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Weighted Average Lease Term (WALT)	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
Fair Value	Fair value is the 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 – Records of Title

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **531959**
Land Registration District **Wellington**
Date Issued 18 November 2010

Prior References
244091 244092

Estate Fee Simple
Area 3441 square metres more or less
Legal Description Lot 1 Deposited Plan 435186
Registered Owners
Oyster Industrial Properties Limited

Interests

Subject to Section 5 Coal Mines Act 1979

Appurtenant hereto is a right to drain, discharge and convey sewage created by Transfer B191776.6 - 3.9.1991 at 1.46 pm

Appurtenant hereto is a right to drain, discharge or convey water created by Transfer B191776.8 - 3.9.1991 at 1.46 pm

Subject to a sewage drainage right (in gross) over parts marked R & AU and a water drainage right (in gross) over part marked AU on DP 435186 in favour of Porirua City Council created by Easement Instrument 6804448.11 - 27.3.2006 at 9:00 am

The easement created by Easement Instrument 6804448.11 is subject to Section 243 (a) Resource Management Act 1991

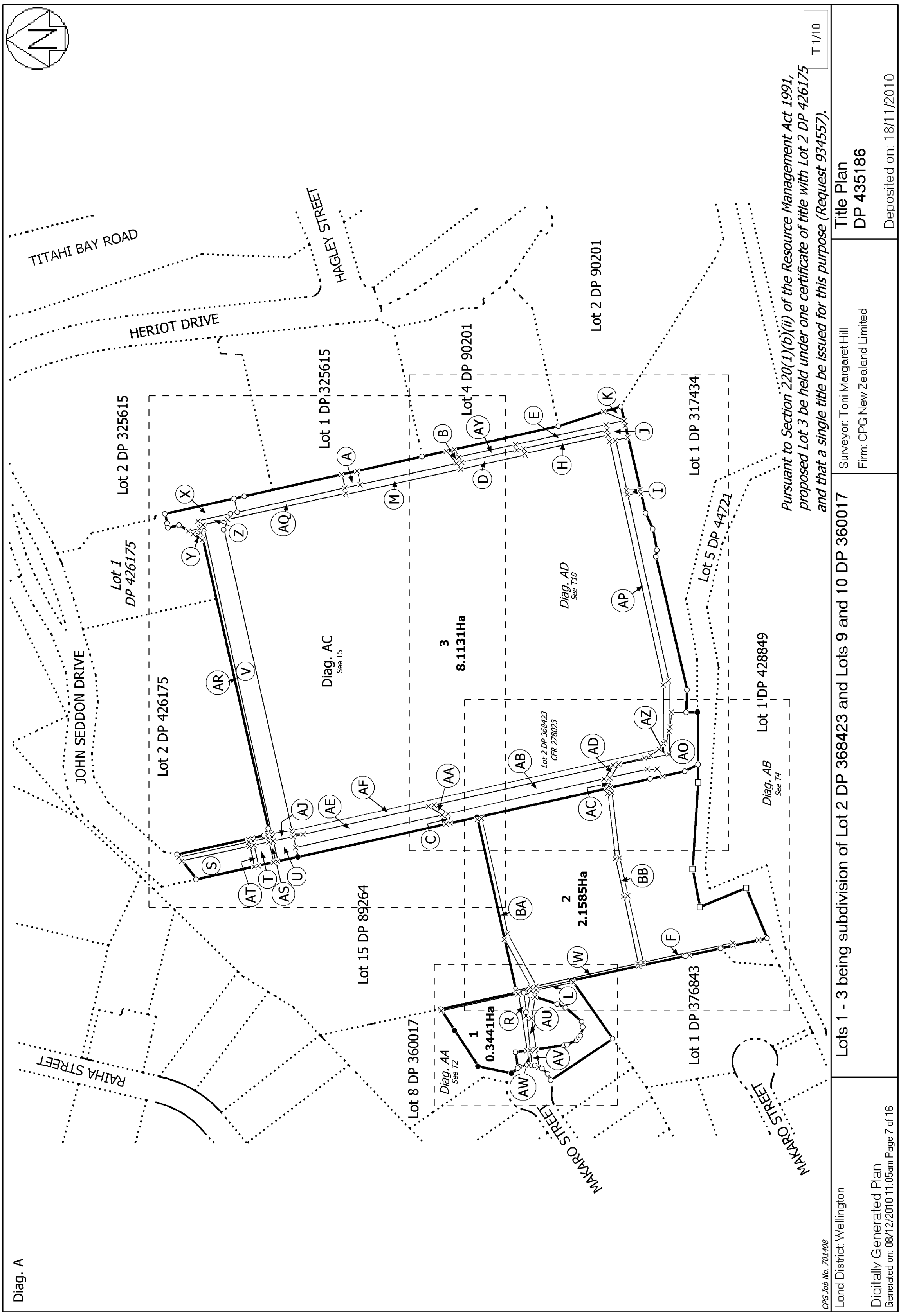
Land Covenant in Transfer 6804448.15 - 27.3.2006 at 9:00 am

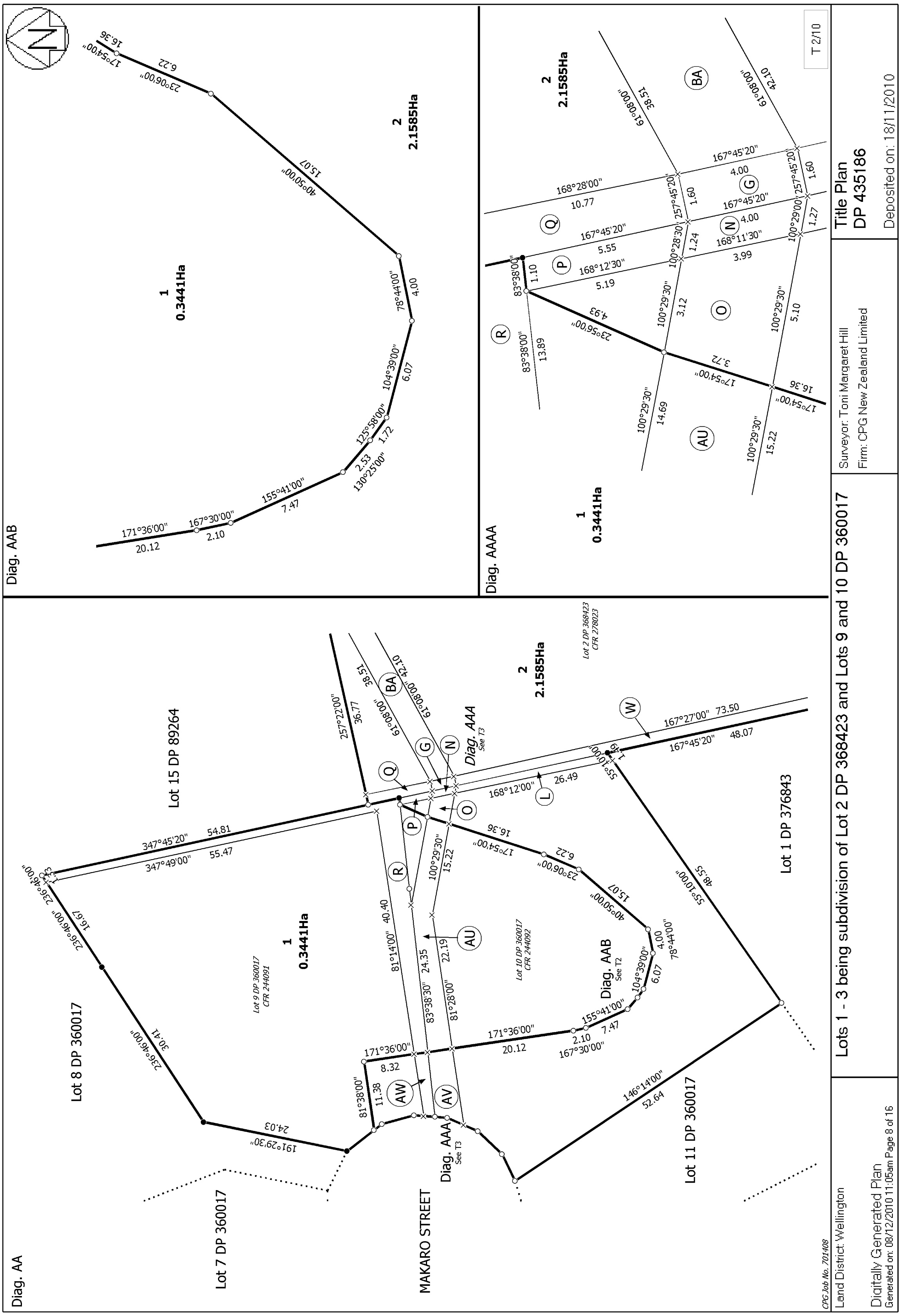
Fencing Covenant in Transfer 6838241.1 - 26.4.2006 at 9:00 am

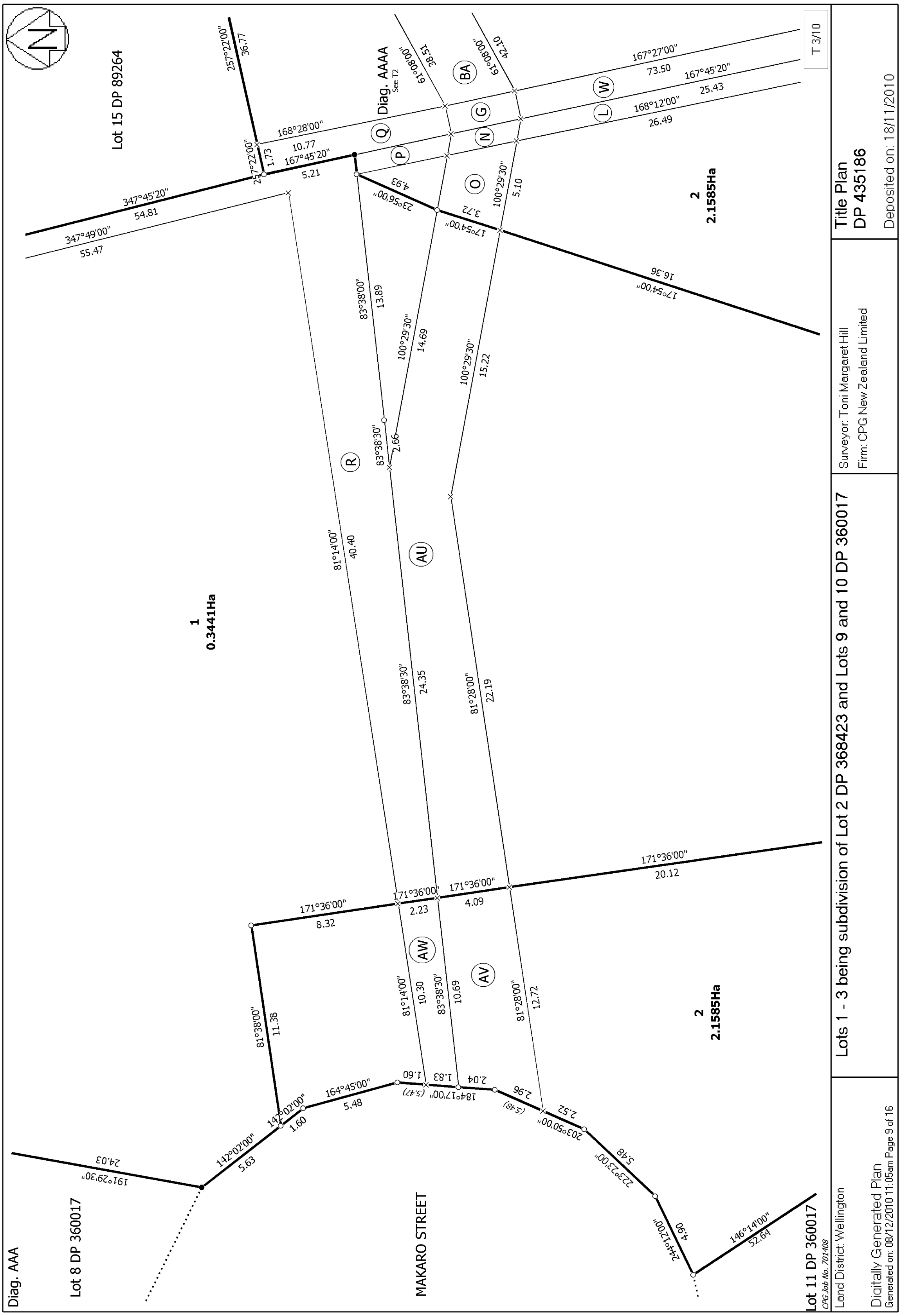
8608251.5 Surrender of the right to drain, discharge or convey water over part marked G on DP 368423 specified by Transfer B191776.8 - 18.11.2010 at 2:38 pm

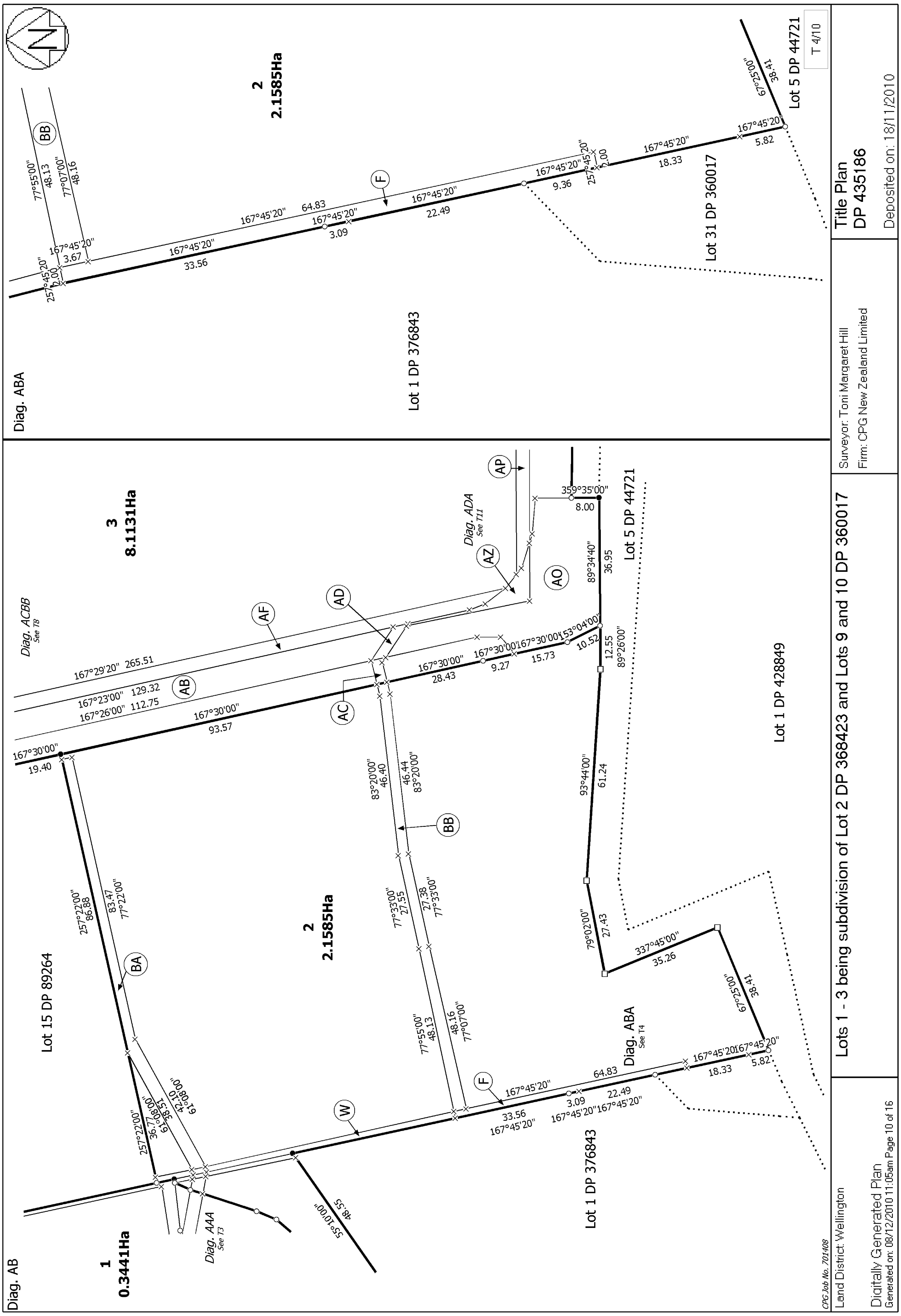
8660826.4 Encumbrance to Porirua City Council - 21.12.2010 at 5:26 pm

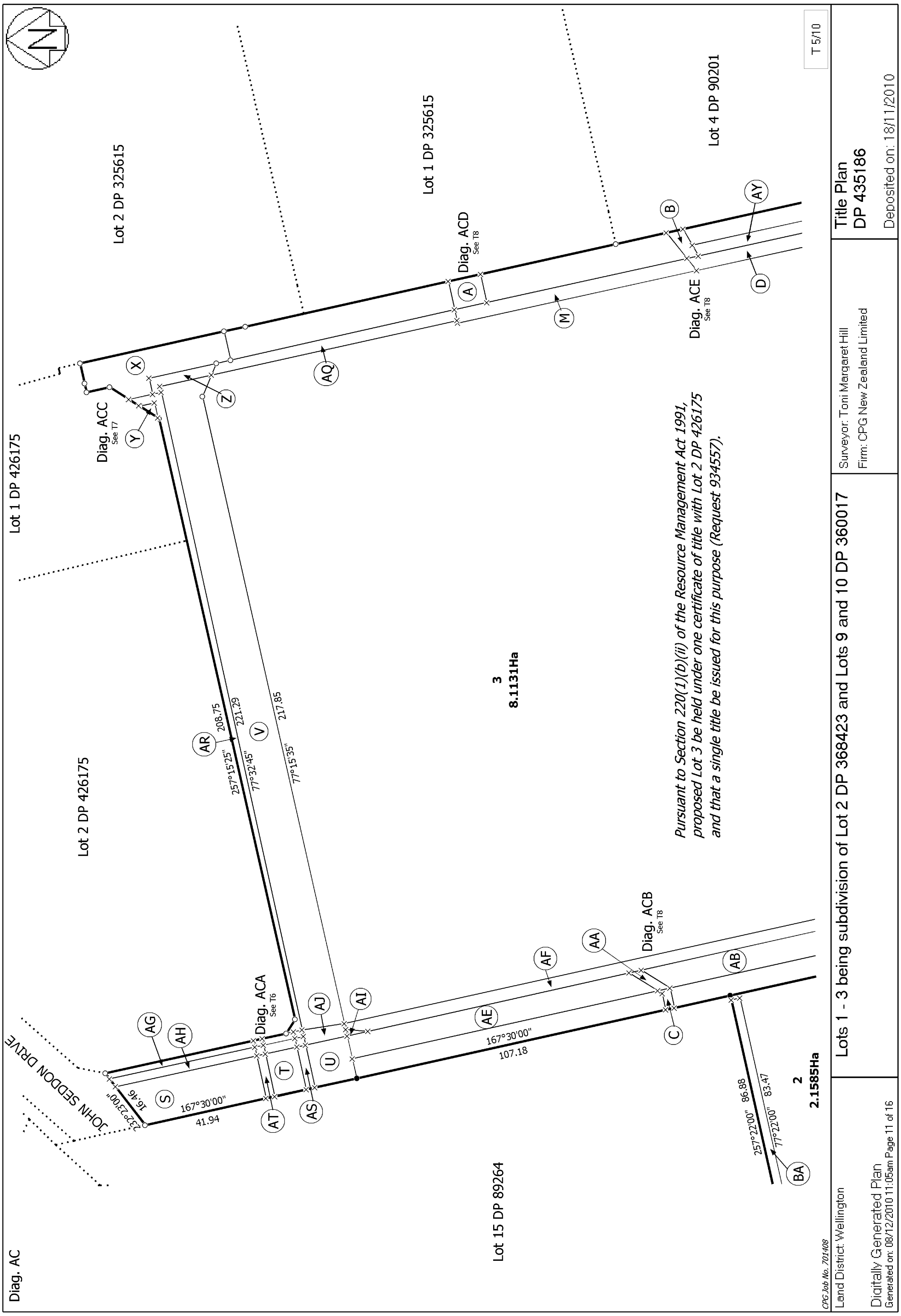
12022307.3 Mortgage to Westpac New Zealand Limited - 31.3.2021 at 1:50 pm


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 7 of 16
CPG Job No. 701408
Pursuant to Section 220(1)(b)(ii) of the Resource Management Act 1991, proposed Lot 3 be held under one certificate of title with Lot 2 DP 426175 and that a single title be issued for this purpose (Request 934557).
T1/10
Diag. A
TITAHI BAY ROAD
HERIOT DRIVE
HAGLEY STREET
JOHN SEDDON DRIVE
RAIHA STREET
MAKARO STREET
Lot 2 DP 325615
Lot 1 DP 325615
Lot 4 DP 90201
Lot 2 DP 90201
Lot 1 DP 317434
Lot 5 DP 44721
Lot 1 DP 428849
Lot 1 DP 376843
Lot 8 DP 360017
Lot 15 DP 89264
Lot 2 DP 426175
Lot 1 DP 426175
Lot 2 DP 368423 CFR 278023
Diag. AC See T5
Diag. AD See T10
Diag. AB See T4
Diag. AA See T2
3 8.1131Ha
2 2.1585Ha
1 0.3441Ha

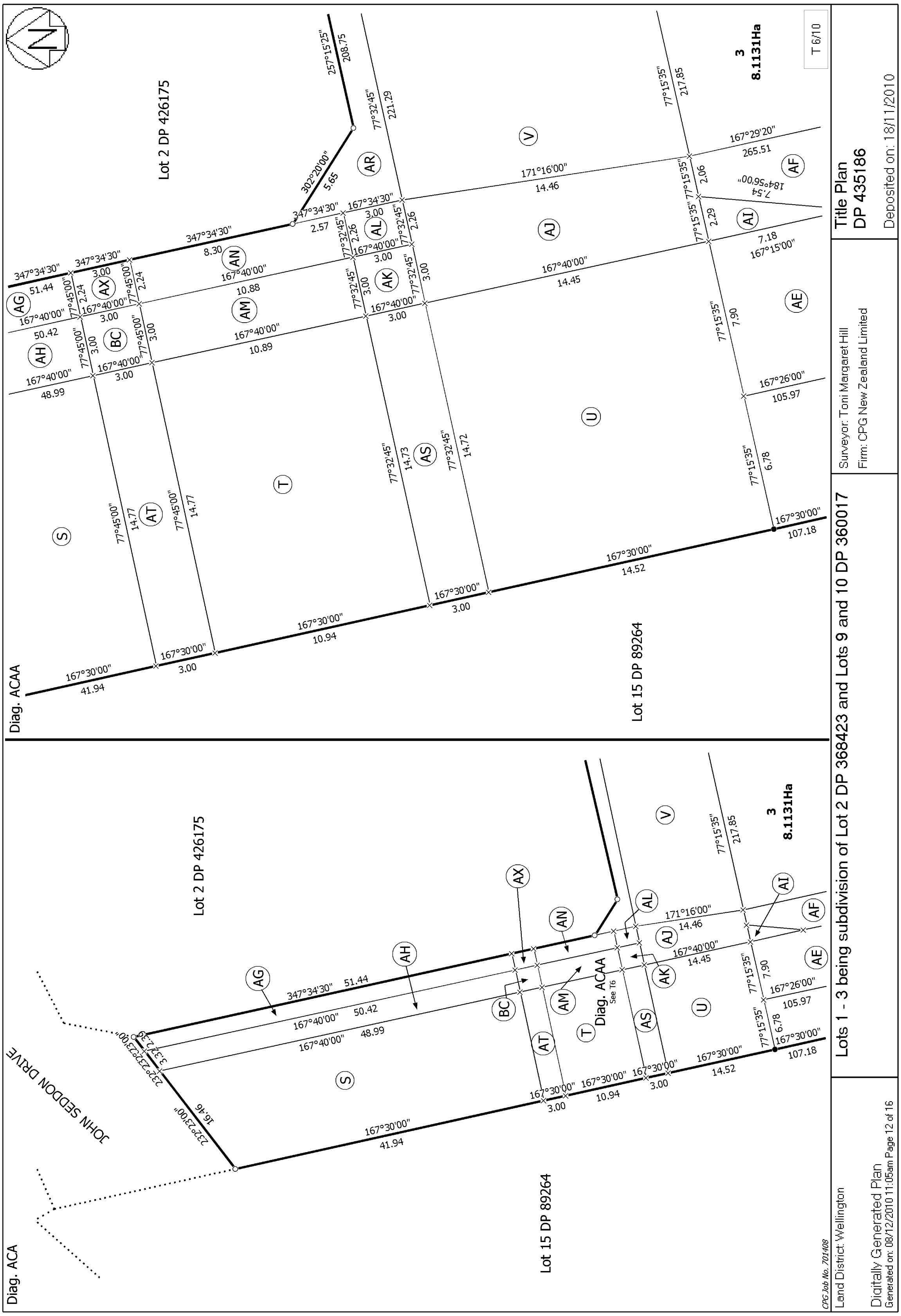

Title Plan
DP 435186
Deposited on: 18/11/2010
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 8 of 16
CPG Job No. 701408
T 2/10
Diag. AA
Diag. AAB
Diag. AAAA
Lot 15 DP 89264
Lot 8 DP 360017
Lot 7 DP 360017
MAKARO STREET
Lot 11 DP 360017
Lot 1 DP 376843
1
0.3441Ha
2
2.1585Ha

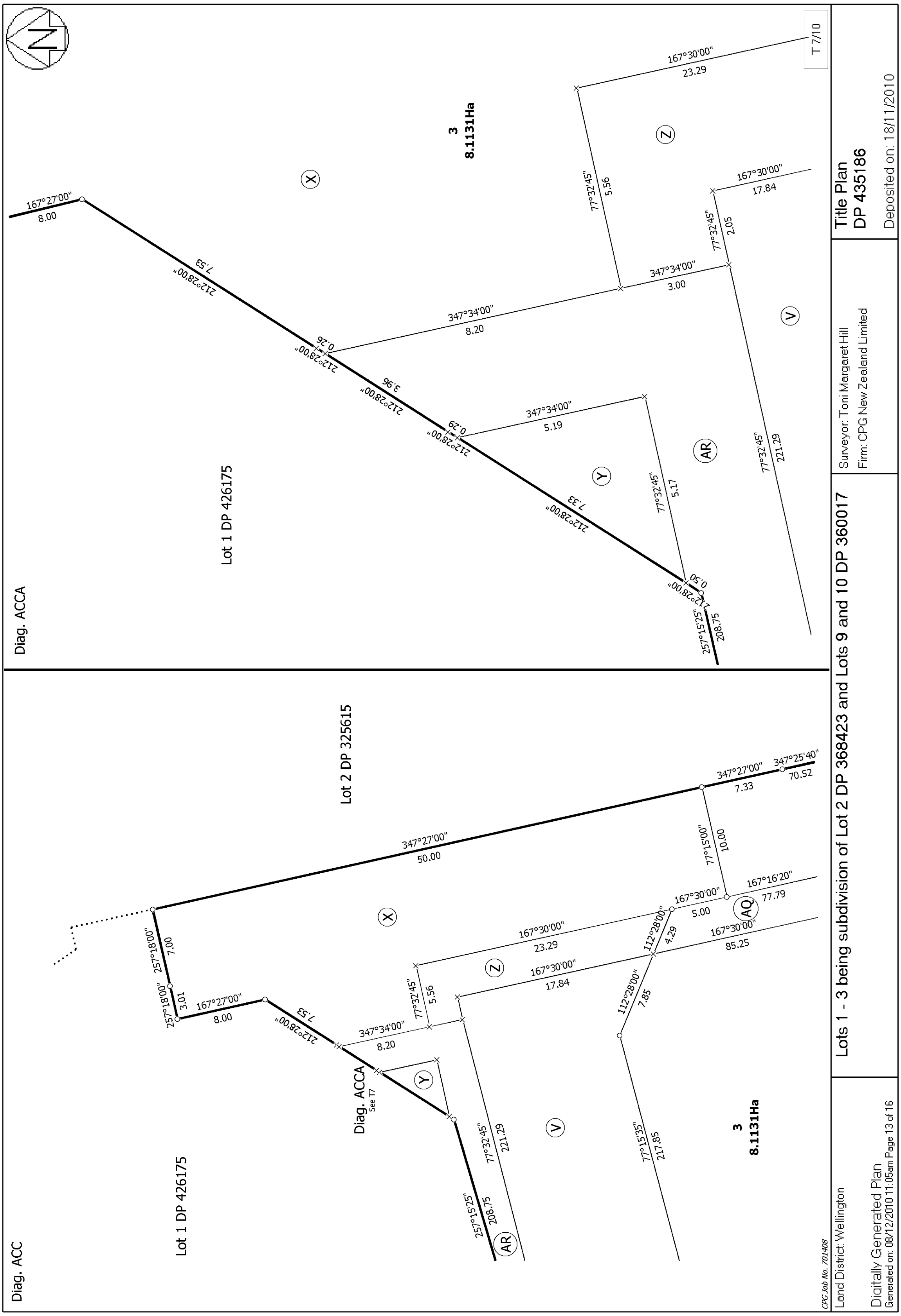

Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 9 of 16
CPG Job No. 701408
T 3/10
Lot 15 DP 89264
Lot 8 DP 360017
Lot 11 DP 360017
MAKARO STREET
Diag. AAA
Diag. AAAA
See T2
1
0.3441Ha
2
2.1585Ha
2
2.1585Ha

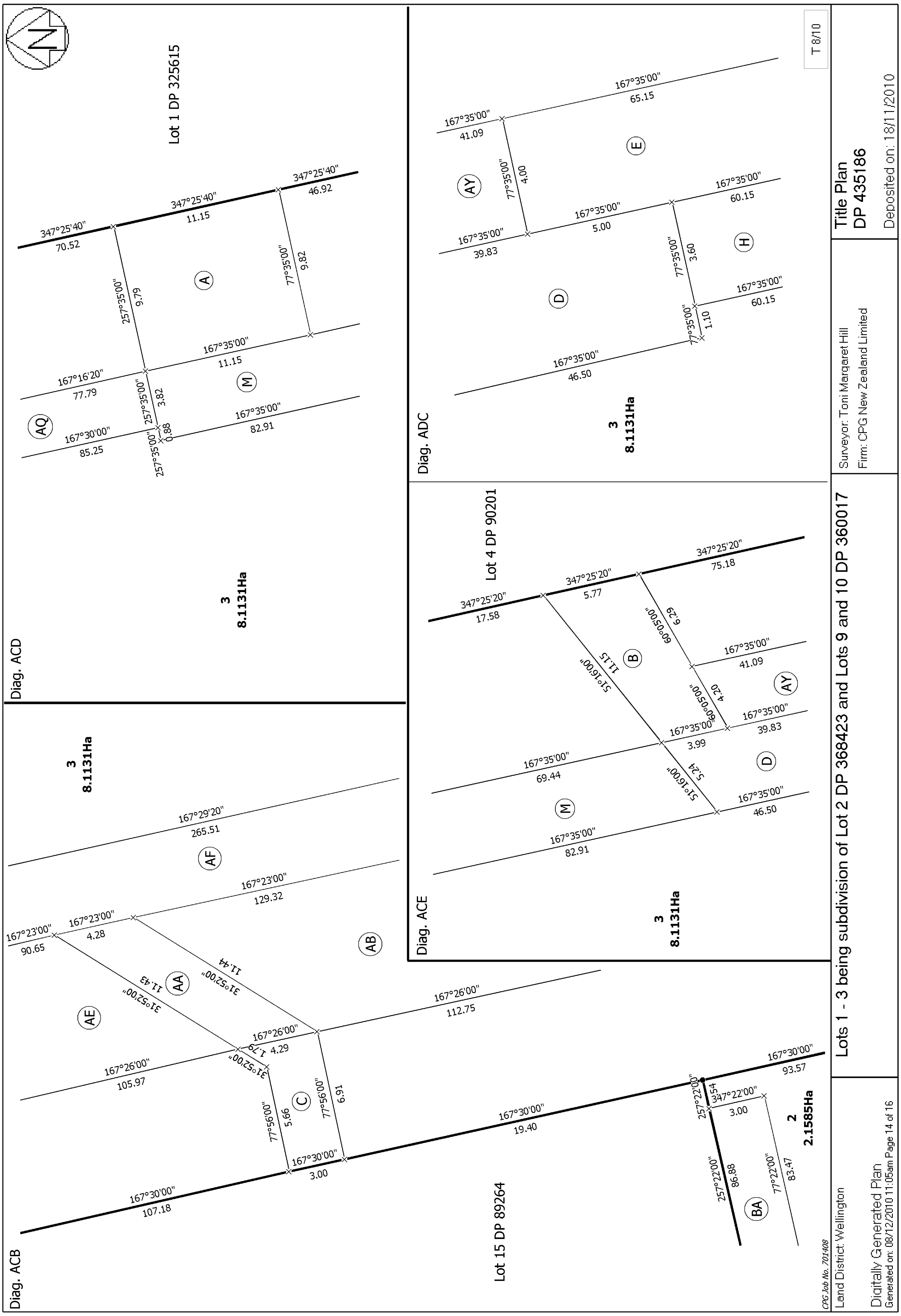

Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
CPG Job No. 701408
T 4/10
Diag. ABA
Diag. AB
Diag. ACBB
Diag. ADA
Diag. AAA
2
2.1585Ha
3
8.1131Ha
1
0.3441Ha
Lot 1 DP 376843
Lot 31 DP 360017
Lot 5 DP 44721
Lot 1 DP 428849
Lot 15 DP 89264

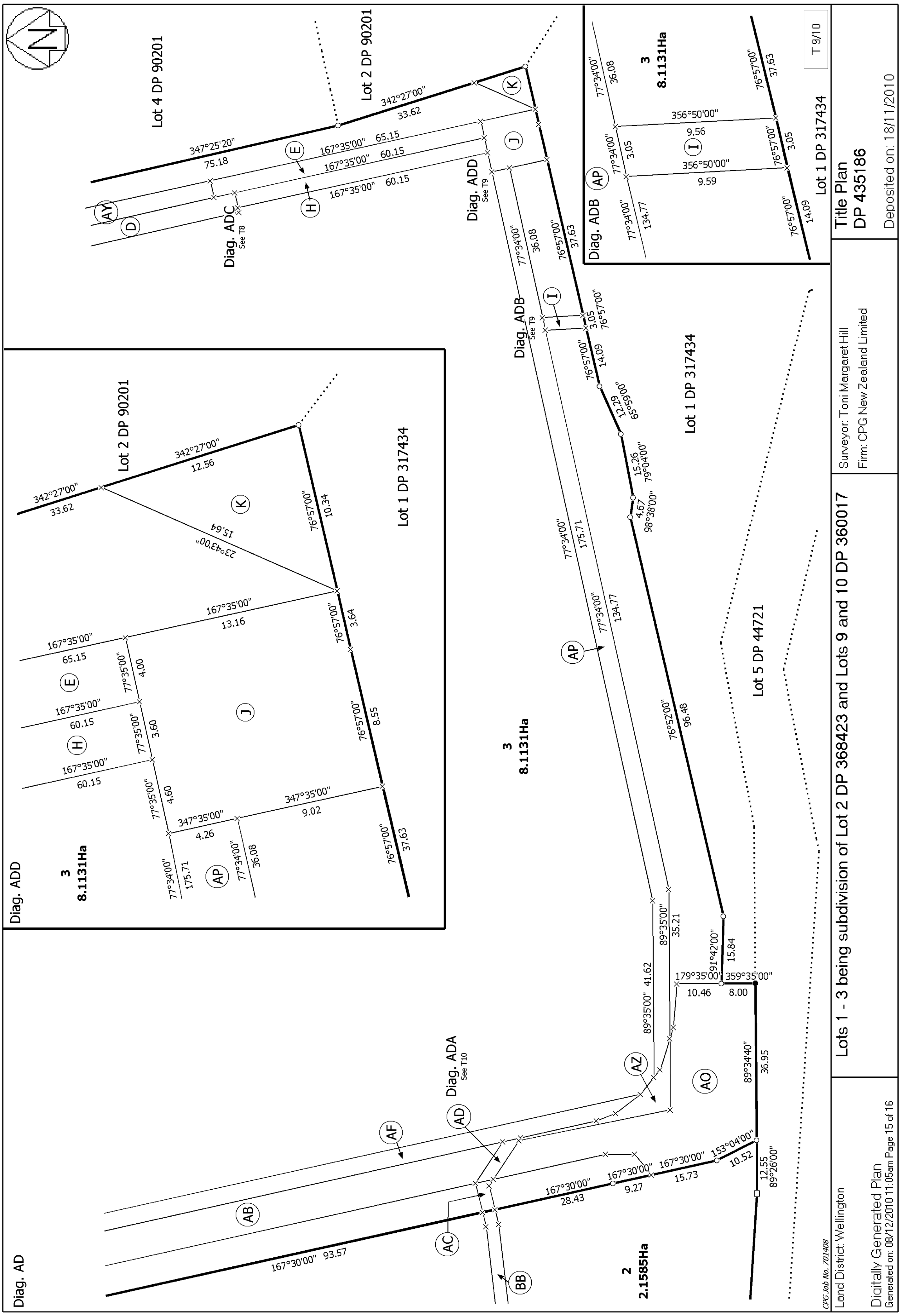


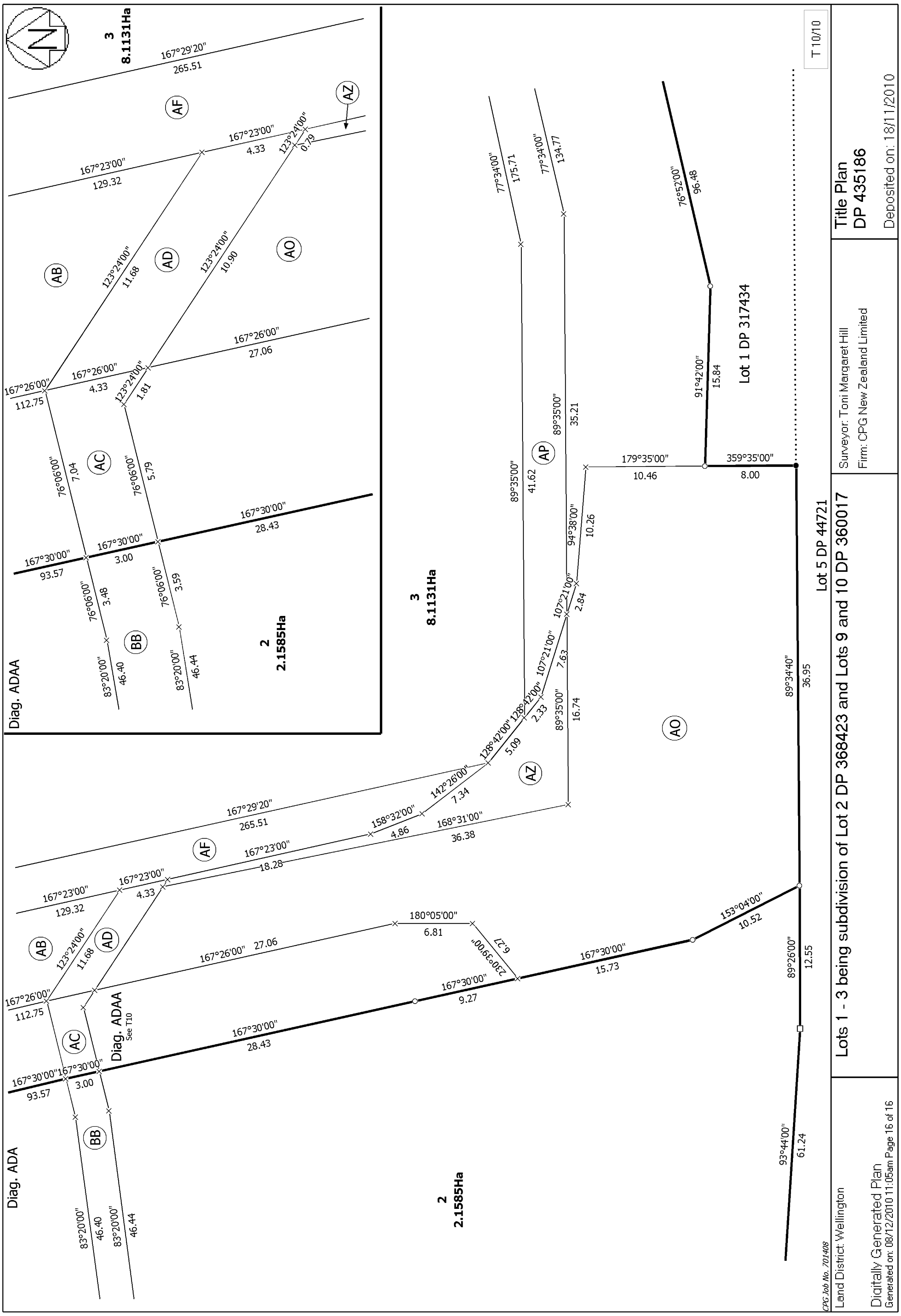
Title Plan
DP 435186
Deposited on: 18/11/2010
T 5/10
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 11 of 16
CPG Job No. 701408
Diag. AC
Lot 1 DP 426175
Lot 2 DP 426175
Lot 2 DP 325615
Lot 1 DP 325615
Lot 4 DP 90201
Lot 15 DP 89264
JOHN SEDDON DRIVE
3
8.1131Ha
2
2.1585Ha
Diag. ACA
See T6
Diag. ACB
See T8
Diag. ACC
See T7
Diag. ACD
See T8
Diag. ACE
See T8
Pursuant to Section 220(1)(b)(ii) of the Resource Management Act 1991,
proposed Lot 3 be held under one certificate of title with Lot 2 DP 426175
and that a single title be issued for this purpose (Request 934557).
257°15'25"
208.75
77°32'45"
221.29
77°15'35"
217.85
167°30'00"
107.18
167°30'00"
41.94
232°23'00"
16.46
257°22'00"
86.88
77°22'00"
83.47


Title Plan
DP 435186
Deposited on: 18/11/2010
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 12 of 16
CPG Job No. 701408
T 6/10
Lot 2 DP 426175
Lot 15 DP 89264
JOHN SEDDON DRIVE
Diag. ACAA
Diag. ACA
3
8.1131Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 13 of 16
CPG Job No. 701408
T 7/10
Diag. ACC
Diag. ACCA
Lot 1 DP 426175
Lot 2 DP 325615
3
8.1131Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 14 of 16
CPG Job No. 701408
T 8/10
Diag. ACD
Diag. ADC
Diag. ACE
Diag. ACB
Lot 1 DP 325615
Lot 4 DP 90201
Lot 15 DP 89264
3
8.1131Ha
2
2.1585Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 15 of 16
CPG Job No. 701408
T 9/10
Diag. AD
Diag. ADD
Diag. ADB
Diag. ADA
Diag. ADC
Lot 4 DP 90201
Lot 2 DP 90201
Lot 1 DP 317434
Lot 5 DP 44721
3
8.1131Ha
2
2.1585Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 16 of 16
CPG Job No. 701408
T 10/10
Lot 1 DP 317434
Lot 5 DP 44721
3
8.1131Ha
2
2.1585Ha
Diag. ADA
Diag. ADAA
See T10
AB
AC
AD
AF
AO
AP
AZ
BB

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **531960**
Land Registration District **Wellington**
Date Issued 18 November 2010

Prior References
244091 244092 278023

Estate	Fee Simple
Area	2.1585 hectares more or less
Legal Description	Lot 2 Deposited Plan 435186

Registered Owners
Oyster Industrial Properties Limited

Interests

Subject to Section 5 Coal Mines Act 1979

Appurtenant to parts formerly Lots 9 & 10 DP 360017 is a right to drain, discharge and convey sewage created by Transfer B191776.6 - 3.9.1991 at 1.46 pm

Appurtenant to part formerly Lot 2 DP 368423 is a right to gas specified in Easement Certificate B800141.10 - 1.9.2000 at 3.51 pm

Subject to a right to drain, discharge or convey water over parts marked F and G on DP 435186 created by Transfer B191776.8 - 3.9.2000 at 1.46 pm

Appurtenant to parts formerly Lots 9 & 10 DP 360017 is a right to drain, discharge or convey water created by Transfer B191776.8 - 3.9.1991 at 1.46 pm

Appurtenant to part formerly Lot 2 DP 368423 is a right of way and rights to water supply, sewage and water drainage, gas, electricity and telecommunications specified in Easement Certificate B809145.4 - 2.11.2000 at 3.24 pm

The easements specified in Easement Certificate B809145.4 will be subject to Section 243 (a) Resource Management Act 1991 when created

Appurtenant to part formerly Lot 2 DP 368423 is a right of way,water drainage ,sewage drainage, water supply , gas , electricity and telecommunications rights specified in Easement Certificate 5054057.6 - 2.7.2001 at 2:32 pm

The easements specified in Easement Certificate 5054057.6are subject to Section 243 (a) Resource Management Act 1991

Appurtenant to part formerly Lot 2 DP 368423 is a right of way created by Easement Instrument 5666516.1 - 22.7.2003 at 9:00 am

5666516.5 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 22.7.2003 at 9:00 am (affects part formerly Lot 2 DP 368423)

Subject to a sewage drainage right (in gross) over parts marked L, N, O, P, AV & AW and a water drainage right (in gross) over parts marked N, O & AV all on DP 435186 in favour of Porirua City Council created by Easement Instrument 6804448.11 - 27.3.2006 at 9:00 am

The easements created by Easement Instrument 6804448.11 are subject to Section 243 (a) Resource Management Act 1991

Subject to a sewage drainage right (in gross) over parts marked G, Q & W on DP 435186 in favour of Porirua City Council created by Easement Instrument 6804448.13 - 27.3.2006 at 9:00 am

The easement created by Easement Instrument 6804448.13 is subject to Section 243 (a) Resource Management Act 1991

Land Covenant in Transfer 6804448.15 - 27.3.2006 at 9:00 am (affects parts formerly Lots 9 & 10 DP 360017)

Fencing Covenant in Transfer 6838241.1 - 26.4.2006 at 9:00 am (affects parts formerly Lots 9 & 10 DP 360017)

Appurtenant to part formerly Lot 2 DP 368423 is a pedestrian right of way created by Easement Instrument 7170218.2 - 19.12.2006 at 9:00 am

8608251.5 Surrender of the right to drain, discharge or convey water over part marked G on DP 368423 specified created by Transfer B191776.8 appurtenant to CTs 244091 & 2- 18.11.2010 at 2:38 pm

Appurtenant hereto is a right of way created by Easement Instrument 8608251.8 - 18.11.2010 at 2:38 pm

The easements created by Easement Instrument 8608251.8 are subject to Section 243 (a) Resource Management Act 1991

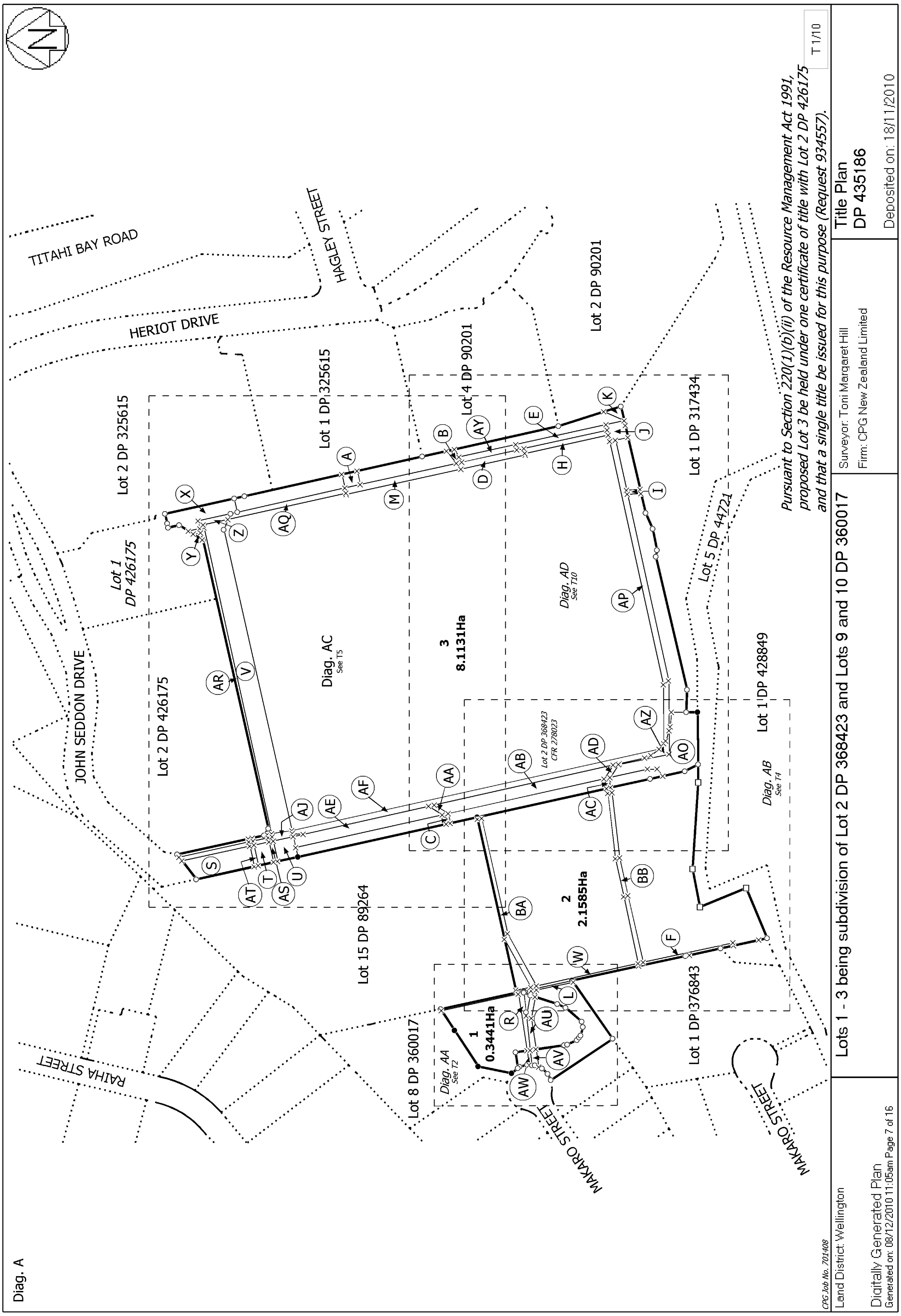
Subject to a right (in gross) to drain stormwater over parts marked G, BA & BB on DP 435186 in favour of Porirua City Council created by Easement Instrument 8608251.9 - 18.11.2010 at 2:38 pm

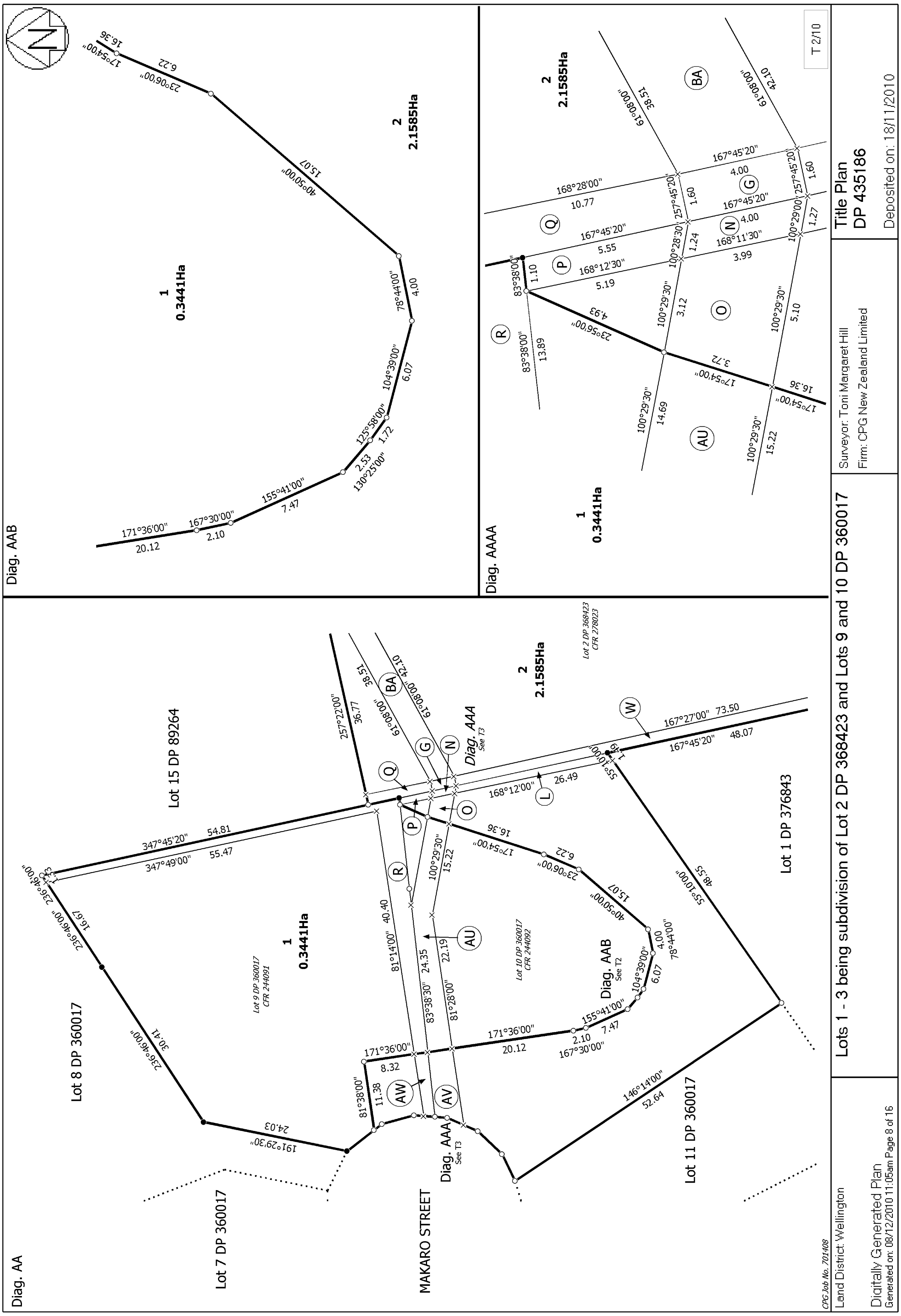
The easements created by Easement Instrument 8608251.9 are subject to Section 243 (a) Resource Management Act 1991

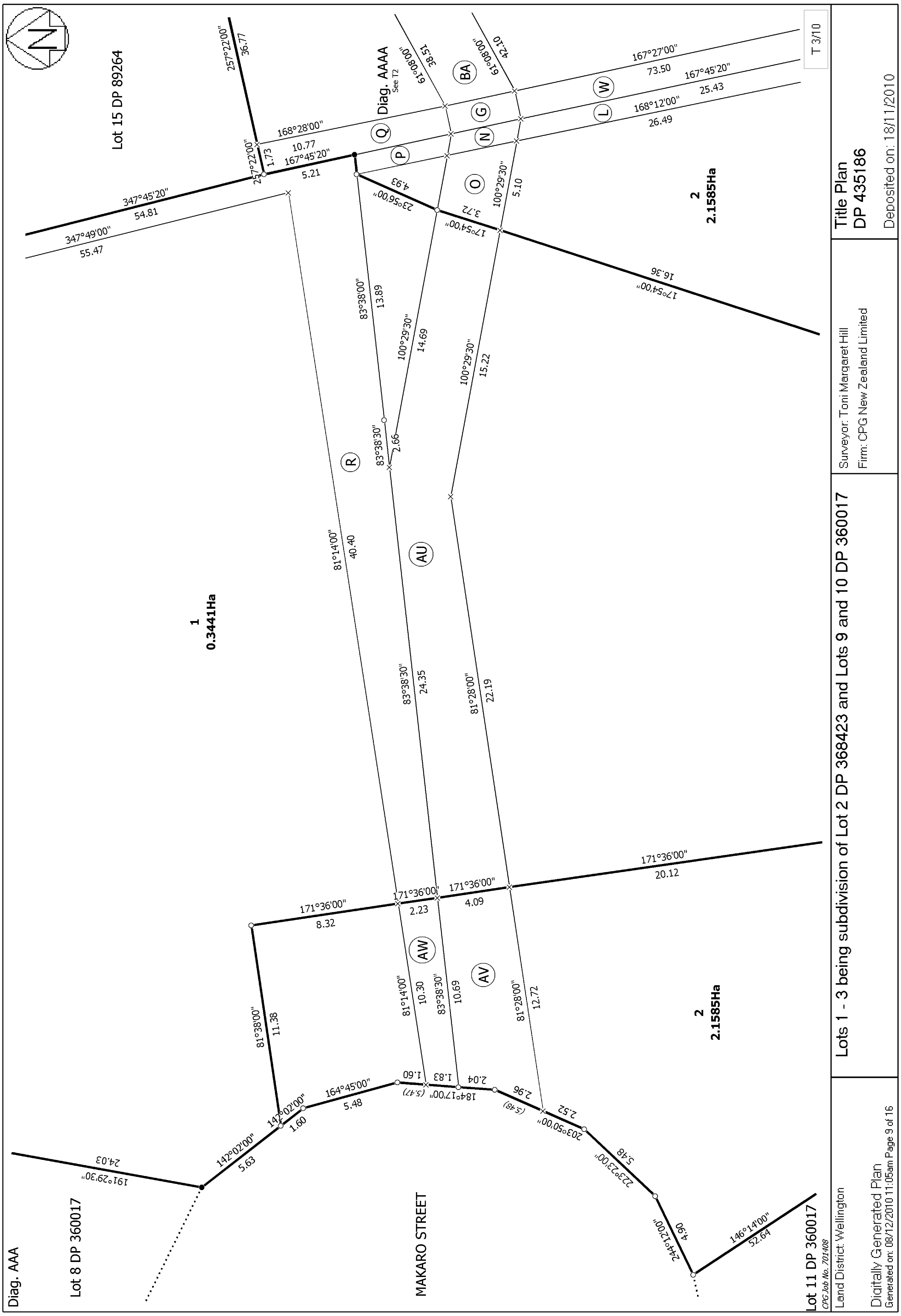
8660826.4 Encumbrance to Porirua City Council - 21.12.2010 at 5:26 pm

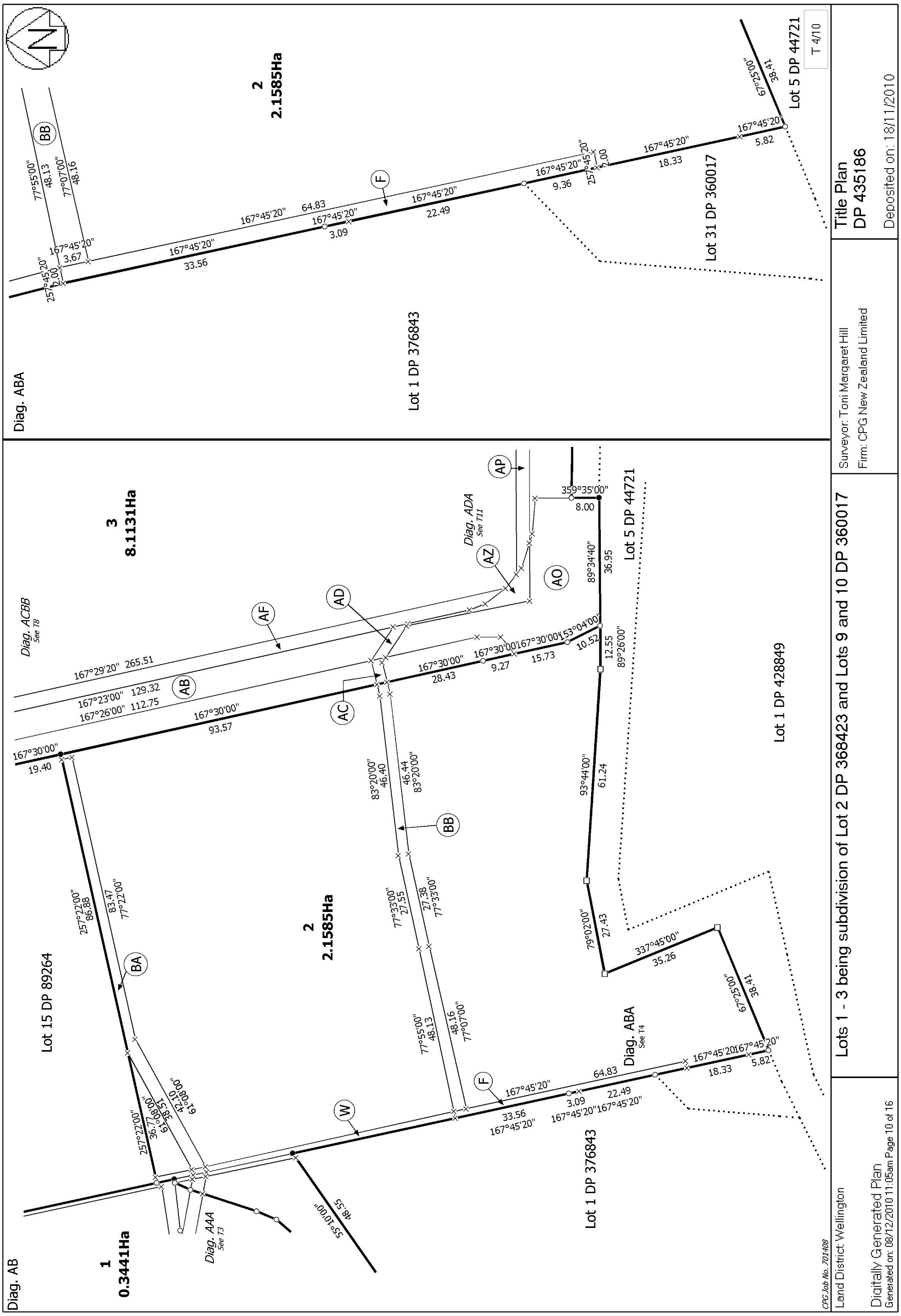
8660826.5 Encumbrance to Porirua City Council - 21.12.2010 at 5:26 pm

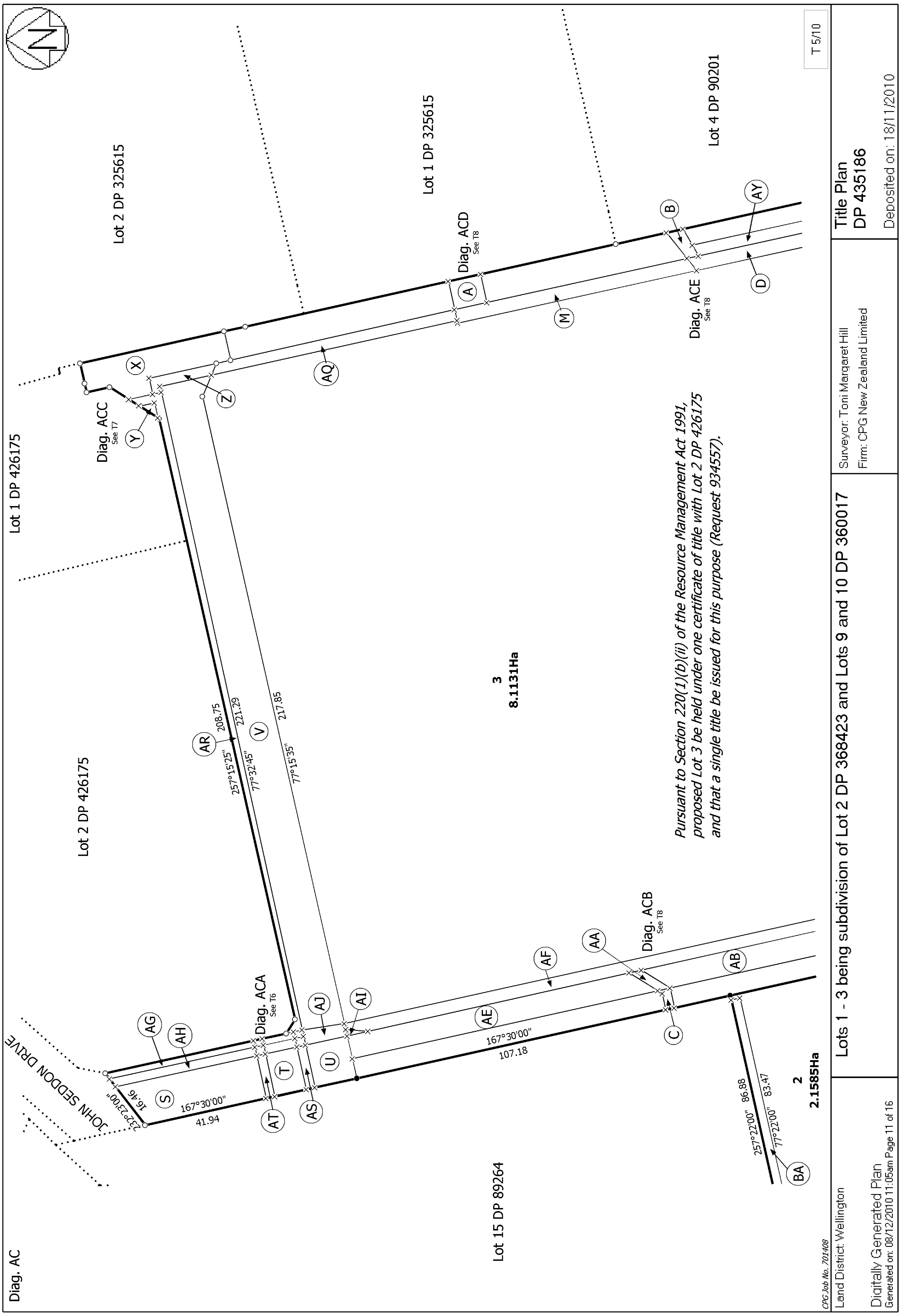
12022307.3 Mortgage to Westpac New Zealand Limited - 31.3.2021 at 1:50 pm

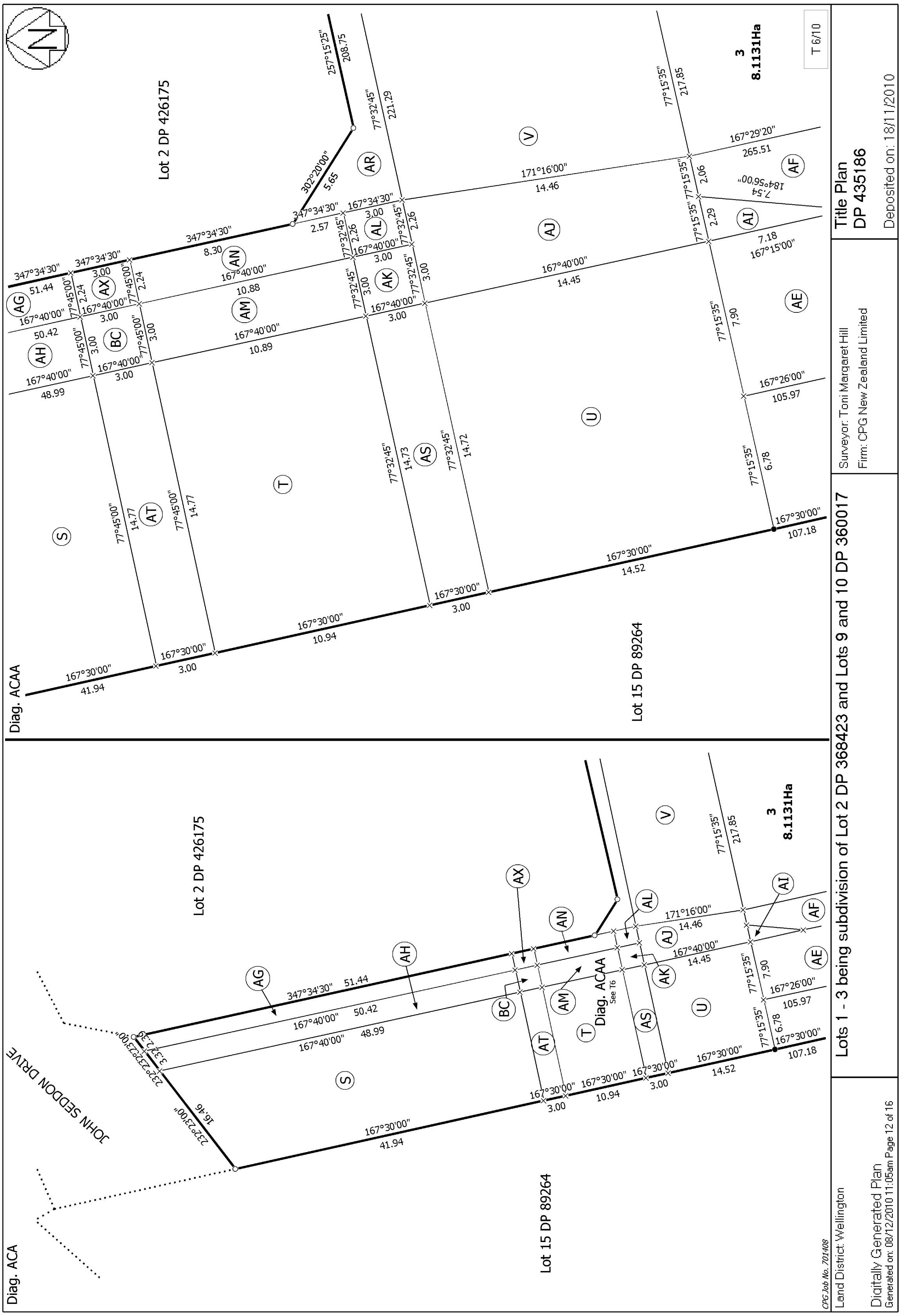

Diag. A
TITAHI BAY ROAD
HAGLEY STREET
HERIOT DRIVE
JOHN SEDDON DRIVE
RAIHA STREET
MAKARO STREET
MAKARO STREET
Lot 2 DP 325615
Lot 1 DP 325615
Lot 4 DP 90201
Lot 2 DP 90201
Lot 1 DP 317434
Lot 5 DP 44721
Lot 1 DP 428849
Lot 1 DP 376843
Lot 1 DP 426175
Lot 2 DP 426175
Lot 15 DP 89264
Lot 8 DP 360017
Lot 2 DP 368423 CFR 278023
Diag. AC See T5
Diag. AD See T10
Diag. AB See T4
Diag. AA See T2
3 8.1131Ha
2 2.1585Ha
1 0.3441Ha
Pursuant to Section 220(1)(b)(ii) of the Resource Management Act 1991, proposed Lot 3 be held under one certificate of title with Lot 2 DP 426175 and that a single title be issued for this purpose (Request 934557).
T1/10
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 7 of 16
CPG Job No. 201408

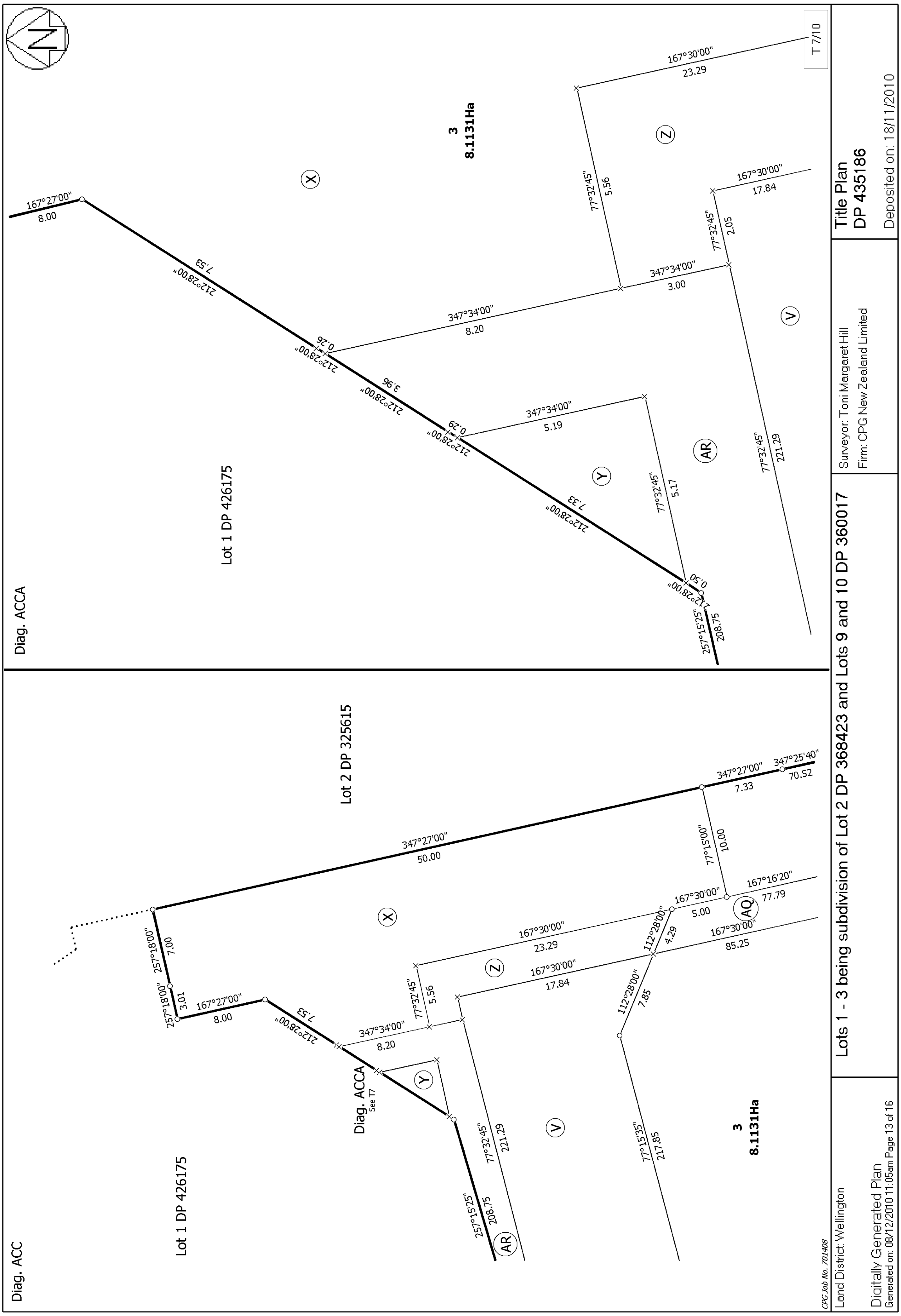

Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 8 of 16
CPG Job No. 701408
T 2/10
Diag. AA
Diag. AAB
Diag. AAAA
Lot 15 DP 89264
Lot 8 DP 360017
Lot 7 DP 360017
MAKARO STREET
Lot 11 DP 360017
Lot 1 DP 376843
1
0.3441Ha
2
2.1585Ha
Lot 2 DP 368423
CFR 278023
Lot 9 DP 360017
CFR 244091
Lot 10 DP 360017
CFR 244092

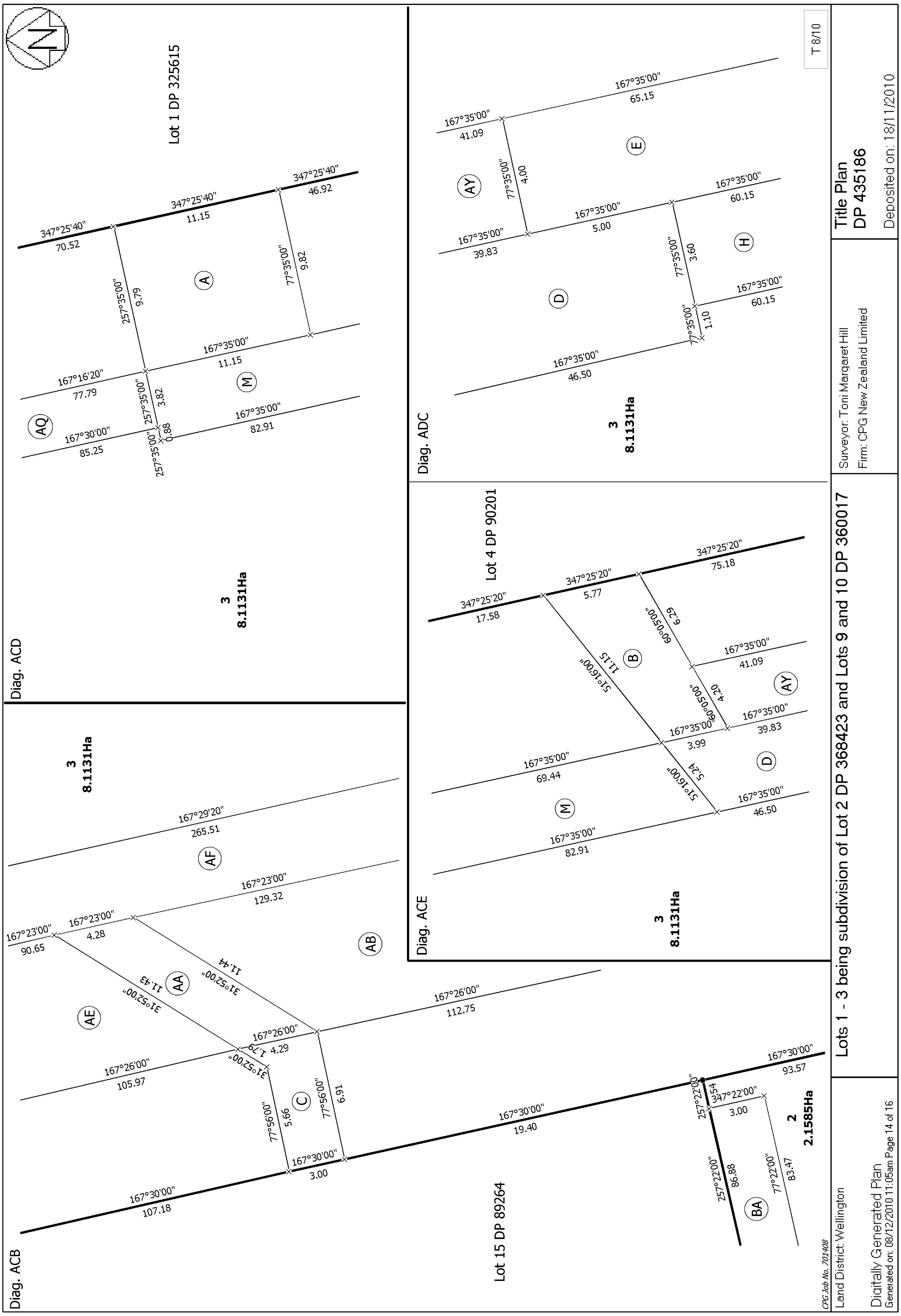

Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 9 of 16
CPG Job No. 701408
T 3/10
Lot 15 DP 89264
Lot 8 DP 360017
Lot 11 DP 360017
MAKARO STREET
Diag. AAA
Diag. AAAA
1
0.3441Ha
2
2.1585Ha

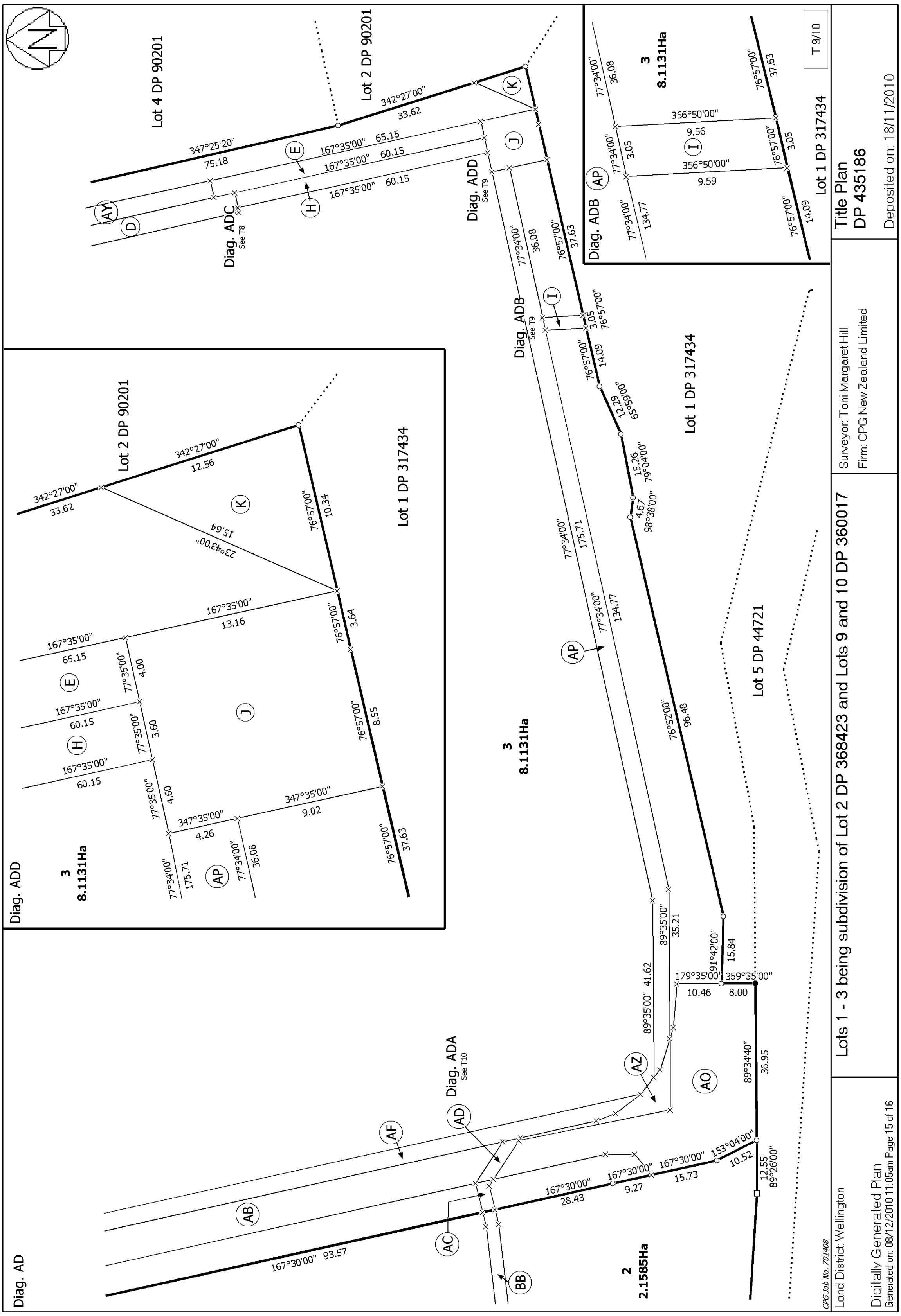

Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
CPG Job No. 701408
T 4/10
Diag. ABA
Diag. AB
2
2.1585Ha
3
8.1131Ha
1
0.3441Ha
Lot 1 DP 376843
Lot 31 DP 360017
Lot 5 DP 44721
Lot 1 DP 428849
Lot 15 DP 89264
Diag. ACBB
Diag. ADA
Diag. AAA

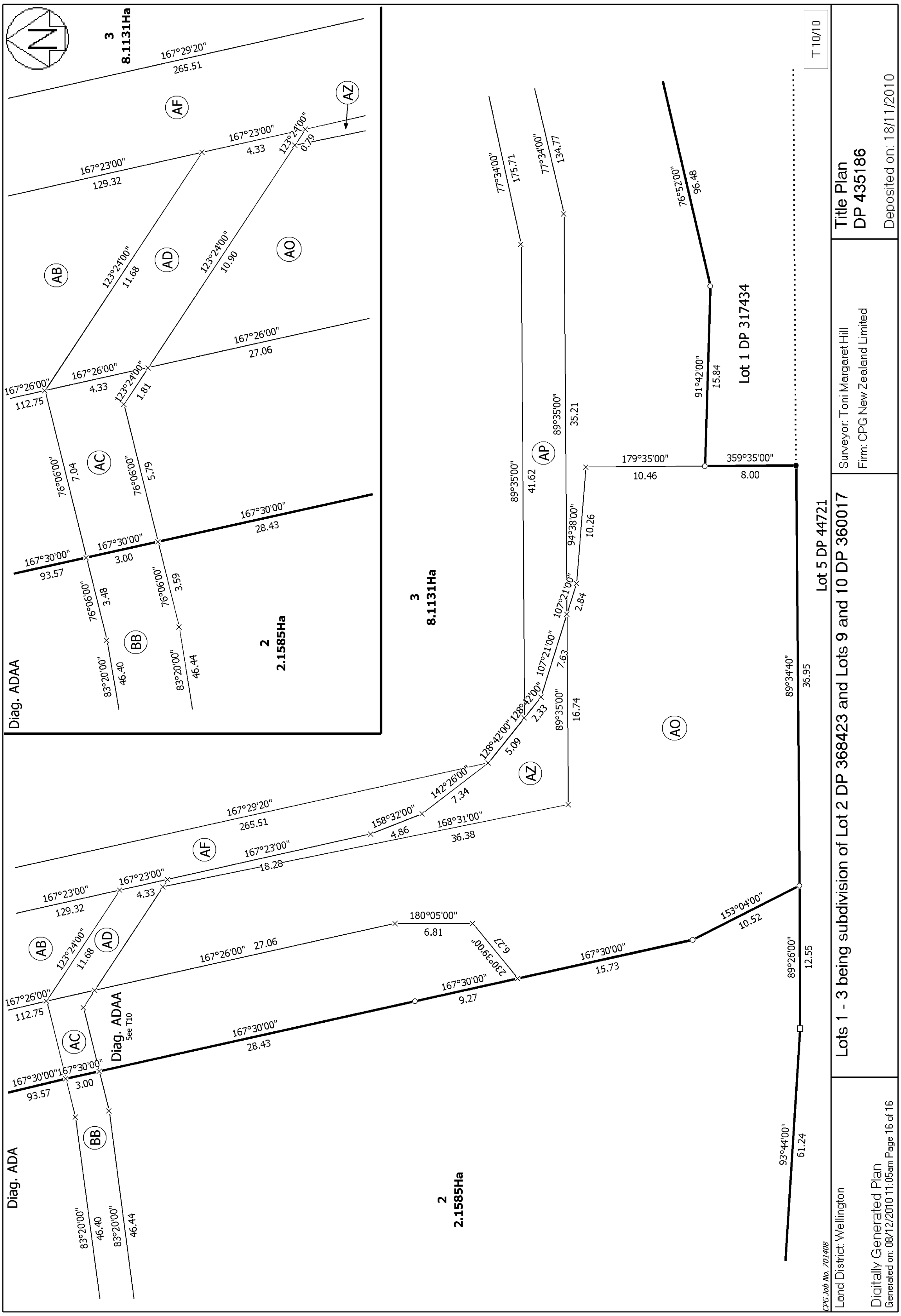

Title Plan
DP 435186
Deposited on: 18/11/2010
T 5/10
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 11 of 16
CPG Job No. 701408
Diag. AC
Lot 2 DP 325615
Lot 1 DP 325615
Lot 4 DP 90201
Lot 1 DP 426175
Lot 2 DP 426175
Lot 15 DP 89264
JOHN SEDDON DRIVE
Diag. ACA
See T6
Diag. ACB
See T8
Diag. ACC
See T7
Diag. ACD
See T8
Diag. ACE
See T8
3
8.1131Ha
2
2.1585Ha
Pursuant to Section 220(1)(b)(ii) of the Resource Management Act 1991, proposed Lot 3 be held under one certificate of title with Lot 2 DP 426175 and that a single title be issued for this purpose (Request 934557).
257°15'25"
208.75
77°32'45"
221.29
77°15'35"
217.85
167°30'00"
107.18
167°30'00"
41.94
232°23'00"
16.46
257°22'00"
86.88
77°22'00"
83.47
A
B
C
D
M
S
T
U
V
X
Y
Z
AA
AB
AE
AF
AG
AH
AI
AJ
AQ
AR
AS
AT
AY
BA


Title Plan
DP 435186
Deposited on: 18/11/2010
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Land District: Wellington
Digitally Generated Plan
T 6/10
Lot 2 DP 426175
Lot 15 DP 89264
JOHN SEDDON DRIVE
Diag. ACAA
Diag. ACA
3
8.1131Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
T 7/10
Lot 1 DP 426175
Lot 2 DP 325615
Diag. ACCA
Diag. ACC
3
8.1131Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 14 of 16
CPG Job No. 701408
T 8/10
Lot 1 DP 325615
Lot 4 DP 90201
Lot 15 DP 89264
Diag. ACD
Diag. ADC
Diag. ACE
Diag. ACB
3
8.1131Ha
2
2.1585Ha


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
Generated on: 08/12/2010 11:05am Page 15 of 16
CPG Job No. 701408
T 9/10
Lot 4 DP 90201
Lot 2 DP 90201
Lot 1 DP 317434
Lot 5 DP 44721
3
8.1131Ha
2
2.1585Ha
Diag. AD
Diag. ADA
Diag. ADB
Diag. ADC
Diag. ADD


Title Plan
DP 435186
Deposited on: 18/11/2010
Surveyor: Toni Margaret Hill
Firm: CPG New Zealand Limited
Lots 1 - 3 being subdivision of Lot 2 DP 368423 and Lots 9 and 10 DP 360017
Land District: Wellington
Digitally Generated Plan
T 10/10
Lot 5 DP 44721
Lot 1 DP 317434
3
8.1131Ha
2
2.1585Ha
Diag. ADA
Diag. ADAA

JLL offices

Level 16, HSBC Tower
188 Quay Street
PO Box 165
Auckland 1140

Phone: +64 9 366 1666

Generator
30 Waring Taylor Street
PO Box 10-343
Wellington 6143

Phone: +64 4 499 1666

Ground Floor, Iwikau Building
93 Cambridge Terrace
PO Box 6466
Christchurch 8442

Phone: +64 3 375 6600