Valuation Report

Unisys House

650 Great South Rd, Ellerslie

23 March 2016

Maat Property Group

This valuation has been prepared for Maat Property Group for Acquisition, Syndication, Product Disclosure Statement and to ASB Bank for Mortgage Security purposes only.

Executive Summary

Unisys House - 650 Great South Rd, Ellerslie

The subject property comprises a five level commercial office building including basement car parking, with a total lettable floor area of approximately 8,335 sqm. The property is situated on an 'L' shaped, 6,573 sqm site on the eastern side of Great South Road in Ellerslie, neighbouring Goodman's Central Park. The property is legally described as Lot 2 Deposited Plan 176485 and is held within Computer Freehold Register Identifier NA108C/559.

Constructed in 1997 the building comprises a reinforced concrete structural frame with concrete columns, concrete beams and concrete floor. Exterior cladding comprises a mixture of precast concrete walls with pressed metal finishes to selected areas and solar tinted glazing with powder coated aluminium window joinery.

As at the date of valuation the property was 100% occupied by six tenants being Fletcher Construction, Ministry of Health, NRA, HealthAlliance, Department of Inland Revenue, and Unisys New Zealand Limited.

As part of the Agreement for Sale and Purchase and subsequent Side Letter, the vendor is to provide various rental underwrites and guarantees. We provide further detail on these within our report.

Valuation

Prepared For	Maat Property Group
Valuation Purpose	Market Valuation for Acquisition, Syndication, Product Disclosure Statement and Mortgage Security. This includes the consideration by prospective investors of the financial product being offered (shares in the company which is to acquire the property)
Date of Valuation	23 March 2016
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Business 4 - Auckland District Plan - Isthmus Section
Tenure	Fee Simple – Computer Freehold Register Identifier NA108C/559
Interest Valued	100% Freehold Interest
Adopted Value	$31,900,000 plus GST (if any)

Property Particulars

Net Lettable Area	Total Office	8,335 sqm
Current Vacancy (% Total NLA)		0 sqm (0.00%)
Car Parking (Ratio)		297 bays (1:28)
Site Area		6,573 sqm

Financial Summary

Gross Passing Income	$3,158,350	($379 /sqm)
Gross Market Income	$2,970,763	($356 /sqm)
Adopted Outgoings	$541,768	($65 /sqm)
Net Passing Income	$2,616,581	($314 /sqm)
Net Market Income	$2,428,995	($291 /sqm)
Weighted Average Lease Term (by Income)		3.47 years
Weighted Average Lease Term (by Area)		3.41 years

Cap Approach Assumptions

Adopted Cap Rate	7.50%
Discount Rate (PV of Adjustments)	7.50%
Discount Rate (Other Income)	8.50%
Allowances for Expiries Occurring within	24 months
Allowances for Capex Occurring within	36 months
Market Income Capitalisation	$31,820,000
Passing Income Capitalisation	$31,800,000

DCF Approach Assumptions

Discount Rate	8.50%
Terminal Yield	7.625%
Adopted Lease Term (Office)	6.0 years
Weighted Rental Growth (Avg. 10yr)	2.50%
CPI (Avg. 10yr)	2.19%
Value based on DCF Approach	$31,960,000

This is a summary only. It must not be relied on for any purpose. Jones Lang LaSalle's valuation of this asset is subject to assumptions, conditions and limitations. Those are set out in the full valuation report prepared in relation to the asset.

Valuation Analysis

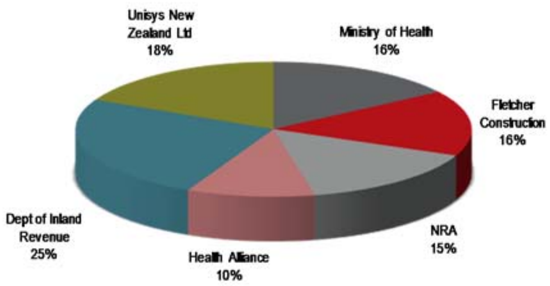
Equivalent Yield	7.48%	Rate/sqm of NLA	$3,827/sqm
Initial Yield (Net Passing Income)	8.20%	Internal Rate of Return (10 year)	8.52%

Financial Details & Critical Analysis

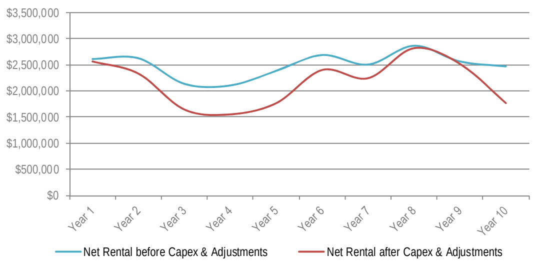
Tenancy Overview

Tenant	Net Income	Area (sqm)
Ministry of Health	$328,396	1,307
Fletcher Construction	$435,090	1,311
NRA	$460,351	1,271
Health Alliance	$332,690	870
Dept of Inland Revenue	$506,141	2,093
Unisys New Zealand Ltd	$508,050	1,484
Casual Parking	$45,864	-
Total	$2,616,581	8,335

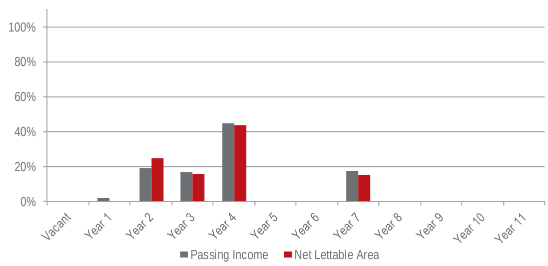
Tenant by Lettable Area



Projected Net Cash Flow



Lease Expiry Profile



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Property Performance

Market Performance

- Vacancy in the Southern Corridor stabilised over the second half of 2015 after seeing several occupiers move out to new premises earlier in 2015. There remains a healthy amount of supply for occupiers seeking more space and this will likely attract some occupiers to the precinct.
- Rents on average in the Southern Corridor remained steady through the latter half of 2015, with vacancy stabilising. Although upper rents have moved slightly lower, deals completed for lower grade space have pushed the lower end higher, which has kept the average flat at $235 psm. As options for space diminish elsewhere, it is likely that Southern Corridor rents will pick up over the short to medium term.
- Yields in the Southern Corridor firmed in the second half of 2015, now averaging 7.9%. In line with recent market activity over the course of 2015 and early 2016, both the upper and lower end of the market have seen strong compression. Popularity for the Southern Corridor has increased as investors are now struggling to find assets that meet their yield requirements in more popular fringe markets such as Newmarket.

Asset Performance

- The property is situated on the eastern side of Great South Road, neighbouring Goodman's Central Park. Significant competition exists in the immediate area which has had a negative impact on vacancy rates in the Southern Corridor over recent years.
- The property is zoned Business 4 under the Auckland City District Plan – Isthmus Section. This zone is applied to existing areas throughout the city where low to medium intensity, light industrial, service and office uses are the dominant activity. Under the Proposed Auckland Unitary Plan the property is zoned Light Industry.
- The property was constructed in 1997, and comprises a reinforced concrete structural frame with steel bracing, concrete columns, concrete beams and concrete floor. Exterior cladding comprises a mixture of precast concrete walls with alucobond (or similar) finish to selected areas and solar tinted glazing with powder coated aluminium window joinery. The property is generally in good condition however we did note some corrosion to the steel bracing within the basement car park and the rear podium car park which appears to be from exposure to water.
- Some of the buildings HVAC systems are nearing the end of their economic life and require replacement over the short to medium term.
- The site benefits from an ingress point at the northern part of the Great South Road frontage, and an ingress/egress point to the southern boundary, accessed from Great South Road via the main entrance to Goodman's Central Park which is traffic light controlled.

Cash Flow Performance

- The property is currently 100% occupied by six tenants being Fletcher Construction, Ministry of Health, NRA, HealthAlliance, Department of Inland Revenue, and Unisys New Zealand Limited.
- The passing rent reflects an overall rate of $239 psm of NLA, which is considered to be above our opinion of market rental rates.
- The weighted average lease term (by income) of 3.47 years is considered to generally be in line with this class of asset in suburban locations. In the current market investors are particularly attracted to properties with longer lease profiles.
- The Vendor has provided various rental underwrites which enhances the short-term cashflow performance of the property.
- We have estimated outgoings of circa $65 per square metre of NLA which we believe to be in line with market parameters.
- We have been provided with a capex budget and have made various allowances through the cashflow period as discussed in Section 5.7 of this report.

Critical Assumptions, Conditions and Limitations

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

- The valuation is current as at the date of valuation only, being 23 March 2016. 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 three months 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 three months after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Certificate of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtain 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.
- 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).

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Appendices

1 Introduction

1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the freehold interest of 650 Great South Rd, Ellerslie (the Subject/Property), as at 23 March 2016 for Maat Property Group. We understand that the valuation is to be relied upon for Acquisition, Syndication, Product Disclosure Statement and to ASB Bank for Mortgage Security purposes only. This includes the consideration by prospective investors of the financial product being offered (shares in the company which is to acquire the property).

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

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

Furthermore we confirm:

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

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

- ASB Bank Limited

Our report is confidential to the party or parties to which it is addressed, and to the prospective subscribers for shares in the company which is to acquire the property, 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. This does not preclude MAAT Property Group from providing to prospective subscribers for shares in the company which is to acquire the property.

This report may only be relied upon for potential acquisition purposes and by prospective subscribers for shares in the company which is to acquire the property being established by MAAT Property Group in respect of the property. We acknowledge that the report may be relied upon by external auditors in deriving their audit opinion.

1.2 Valuation and Inspection Dates

The Property was inspected on 23 March 2016, which is also our date of valuation.

1.3 Basis of Valuation

Market Value

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

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

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 2013) Framework and General Standards
- NZVGN 1 – Valuations for Use in New Zealand Financial Reports
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 2 – Valuations for Mortgage & Loan Security Purposes
- ANZVGN 8 – Valuation for use in Offer Documents
- New Zealand Equivalent to International Accounting Standard 40 – Investment Property (New Zealand IAS40)

1.5 Information Sources

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

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

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

1.6 Specific Assumptions

Our assessment as to value has been based on the following specific assumptions outlined in the Agreement for Sale and Purchase dated 3 March 2016 and a Side Letter dated 14 April 2016:

- The vendor is to enter into a replacement lease for Fletcher Construction Company and NRA in the event that either tenant exercises the break option in their respective lease.
- The vendor is to enter into a new lease for the Fletcher Construction tenancy for a term of 3.62 months from the expiry date on 31 July 2018. The rent has been fixed at $157,303 plus GST, including outgoings for the extended term.
- The vendor is to enter into a new lease for the HealthAlliance tenancy for a term of 12 months from the expiry date on 31 March 2018. The rent has been fixed at $392,697 plus GST, including outgoings for the extended term.
- The rental abatement of $10,692.92 plus GST per month to HealthAlliance which runs to 30 September 2016, will be paid out by the vendor to the tenant prior to settlement, resulting in no cost to the purchaser.
- The fitout contribution for the NRA tenancy will be paid out by the vendor to the tenant prior to settlement, resulting in no cost to the purchaser.
- There are a number of outstanding CCCs relating to tenant's works on the property. The vendor agrees that it shall, until the settlement date, use all commercially reasonable endeavours to procure issue of the CCCs. Our valuation proceeds on the basis that the outstanding CCCs are issued by Council.

We have also adopted the following additional specific assumptions:

- The Deed of Lease for NRA is executed by the parties in a timely manner and as per the terms and conditions provided to us.
- We have not sighted a copy of the Deed of Surrender for the former HealthAlliance (rear) tenancy which is now occupied by NRA. We assume that this has been executed by the relevant parties allowing NRA to take occupation of the premises.
- The partial surrender of six carparks by HealthAlliance so that they can be leased to NRA is documented between the parties.

The Side Letter dated 14 April 2016 states the vendor must use all commercially reasonable endeavours to procure execution of the above documentation for NRA / HealthAlliance by the settlement date. If the documents are not executed prior to settlement then the purchaser may retain a specified sum from the purchase price payable on settlement until such time as all such deeds have been duly executed.

2 Property Description

The subject property comprises a five level building including basement car parking with a total of approximately 8,335 sqm of net lettable floor space. The property is situated on the eastern side of Great South Road in the suburb of Ellerslie, neighbouring Goodman's Central Park. The general area comprises a number of multi-level office buildings which form part of the office precinct known as the 'Southern Corridor'.

Constructed in 1997 the building comprises a reinforced concrete structural frame with steel bracing, concrete columns, concrete beams and concrete floor. Exterior cladding comprises a mixture of precast concrete walls with alucobond (or similar) finish to selected areas and solar tinted glazing with powder coated aluminium window joinery. The roof is longrun zincalume on steel framework.

The property is currently 100% occupied by six tenants, with a WALT of 3.47 years by income. The property is currently subject to a Sale and Purchase Agreement.

Rear of Building with top level of podium car park in foreground

Southern elevation

3 Land Particulars

3.1 Location

The property is situated on the eastern side of Great South Road in the suburb of Ellerslie and enjoys a prominent position within the office precinct known as the 'Southern Corridor'. Immediately to the south is the neighbouring Central Park Corporate Centre. The major Auckland industrial areas of Penrose and Mt Wellington are a short distance to the south. In this location the subject property is approximately 7.5 kilometres to the southeast of the Auckland CBD.

During the most buoyant market conditions of the mid 1980s a large number of low rise office developments were constructed in this section of Great South Road. There are also a number of multi-level office complexes within the Central Park Corporate Centre.

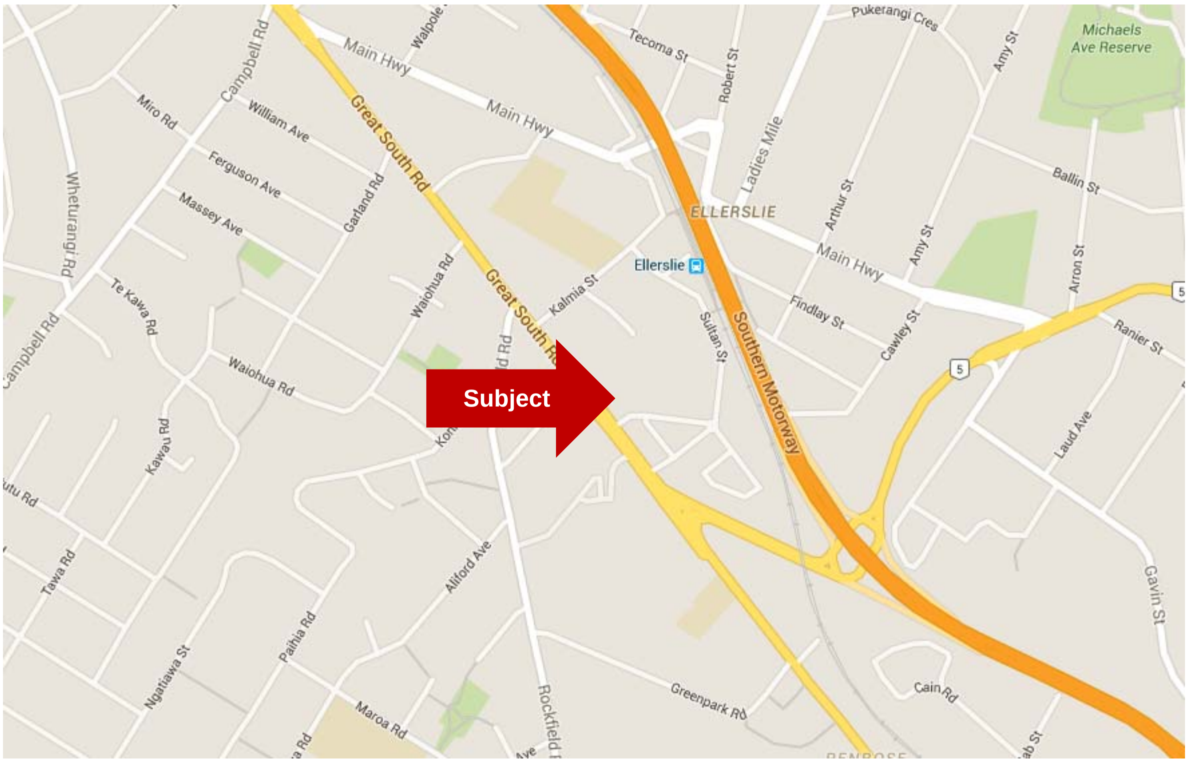
Up to late 2007 a number of office buildings along Great South Road were refurbished and a number of new developments were completed, the later developments including the Millennium office buildings at 600 Great South Road. Up to this time, this area had seen significant development over the subsequent five years, with increasing commercial activity intensifying the land use.

New development since 2007 has been limited but includes a new office building on the corner of Great South Road and Waiohua Road. ASB Bank is the major tenant in the building which incorporates a new ASB Bank Branch and Regional Centre.

New developments within Goodman's Central Park include a 5,500 square metre office building completed in 2013 and occupied by Restaurant Brands and Genesis Energy together with another new 5,800 square metre office building named One Central Park which was recently completed. Insurance provider, Youi has taken occupation across 80% of the new building.

Overall, this is a popular suburban office location with good access to motorway interchanges and the Auckland Central Business District.

The following map identifies the approximate location of the Property:



Source: Google Maps

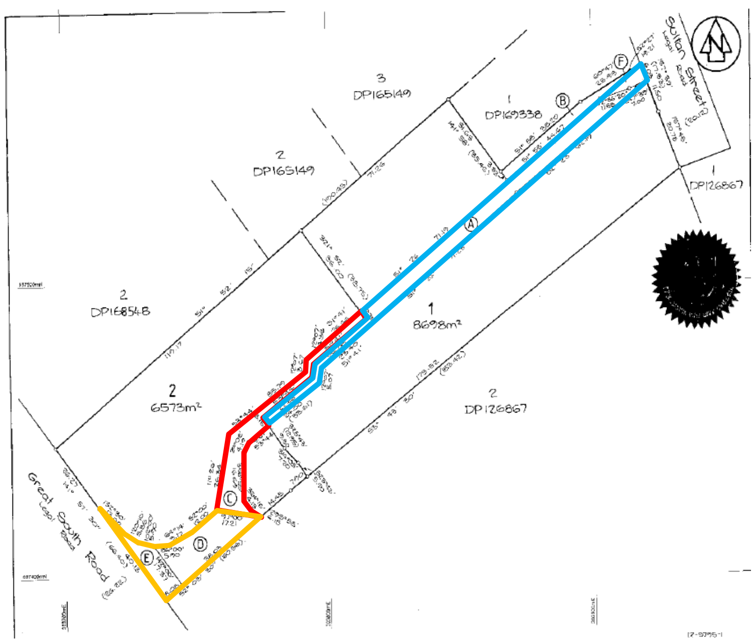
3.2 Title Particulars

Title Reference:	NA108C/559
Tenure:	Fee Simple
Legal Description:	Lot 2 Deposited Plan 176485
Area:	6,573 square metres more or less
Registered Proprietor(s):	Stride Property Limited

Encumbrances:

The Certificate of Title details the following encumbrances:

- Appurtenant hereto is a party wall right created by Transfer B706744.1
- Appurtenant hereto are rights to drain sewage and drain water specified in Easement Certificate C189342.2.
- The easements specified in Easement Certificate C189342.2 are subject to Section 309 (1) (a) Local Government Act 1974
- Appurtenant hereto are rights of way created by Transfer C189342.6
- Subject to a right of way over parts marked D and E on DP 176485 created by Transfer C189342.6
- Subject to a right of way over part marked C on DP 176485 specified in Easement Certificate D114586.4.
  - This relates to the rear lot (Lot 1) benefitting from a right of way over part of the subject block outlined as "C" below (outlined in red):



- Appurtenant hereto are rights of way and telecommunications, water, gas, drainage and power rights specified in Easement Certificate D114586.4
  - Relates to the subject lot benefitting from the rights above over part of the rear block outlined as "A" and "F" above (outlined in blue):
- The easements specified in Easement Certificate D114586.4 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right of way over parts marked D,E & Z on Plan 179947 specified in Easement Certificate D114586.5
  - This relates to the rear lot (Lot 1) benefitting from a right of way over part of the subject block outlined as "D" and "E" above (outlined in orange). "Z" is not shown on the above plan but relates a right of way in favour of Lot 1 over the area of the subject land to the east of "C".
- 7954363.2 Mortgage to ANZ National Bank Limited
- Subject to a right (in gross) to convey electricity over parked A, B and C on DP 459138 in favour of Vector Limited created by Easement Instrument 9282515.1

	• Subject to right (in gross) to convey telecommunications and computer media over part marked A on DP 469291 in favour of Genesis Energy Limited created by Easement Instrument 9632653.1 - This relates to Genesis Energy as Grantee the exclusive right to convey telecommunications and computer media over the servient land (subject), including the right to repair, inspect and maintain the facility.

Source: Land Information New Zealand

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

There are various rights of way easements which reflect the built nature of the subject and the surrounding properties. The subject has right of way access from Sultan Street over part of the site forming 656 Great South Road (Lot 1). The property at 656 Great South Road (Lot 1) has right of way access over part of the subject site as shown on the plan above. There is also an additional right of way marked “Z” which is not shown in the above plan over part of the subject site to the east of the area marked “C”. This provides the property at 656 Great South Road (Lot 1) access to the car park area in front of the building on Lot 1.

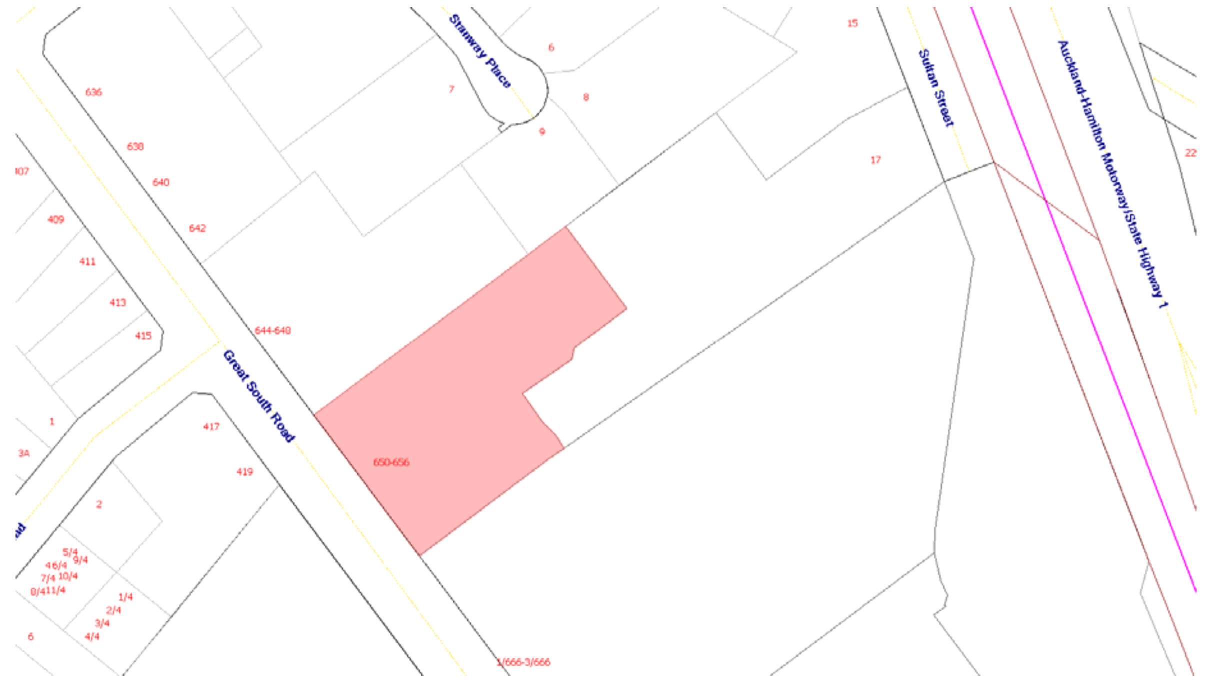
Our valuation is made on the basis that the Property is free of any further unregistered encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value.

3.3 Site Details

The property is situated to the eastern side of Great South Road in Ellerslie. The site is ‘L’ shaped, with a frontage to Great South Road of approximately 66 metres. Contour of the site is relatively gentle, falling from the road front to the rear boundary. Improvements are situated more or less centrally within the site, with open car parking situated to the road frontage and towards the northern and southern boundaries. The podium car park building is situated to the rear boundary of the site.

There is an ingress point from the northern part of the Great South Road frontage, and an ingress / egress point to the southern boundary, accessed from Great South Road by the entrance to Goodman’s Central Park which is traffic light controlled.

Total Site Area:	6,573 sqm



Source: Terraview

3.4 Resource Management

Local Authority:	Auckland Council
Planning Instrument:	Auckland Council District Plan - Isthmus Section
Operative Date:	1999
Zoning:	Business 4 The Business 4 zone is applied to existing areas throughout the city where low to medium intensity, light industrial, service and office uses are the dominant activity. The zone is applied to areas in Penrose, Ellerslie and Greenlane which although have been or are occupied by high density uses, display a high amenity environment as a result of management practices and good site layout incorporating substantial landscaping.
Objectives:	A wide range of activities are permitted including: Healthcare services; Motor vehicle sales and service premises; Offices; Restaurants and cafes; Warehousing and storage.
Development Controls:	Maximum Height 15 metres Site Intensity Basic Floor Area Ratio (BFAR) of 2:1 Bonuses are available for landscaping and plaza format to provide for a maximum total floor area (MTFAR) of 4:1. Parking Requirements Office – 1 for every 40 square metres of Gross Floor Area (GFA) Retail – 1 for every 17 square metres of GFA Restaurant / Café – 1 for every 10 square metres of GFA Warehouse / Storage – 1 for every 50 square metres of GFA
	Road Designations Great South Road is identified as a Regional Arterial Road

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.

Proposed Auckland Unitary Plan

The proposed Unitary Plan for Auckland Council was publicly notified on 30 September 2013. This plan forms part of The Auckland Plan and brings together the resource management planning for the Auckland Region (incorporating all previous legacy councils and districts). The Auckland Plan was adopted by Council in March 2012 and is intended to guide Auckland's future over 30 years, tackling issues including protecting the environment and dealing with housing and transport shortages. The proposed plan is open for submissions, hearings and appeals over the next three years. It is anticipated that the plan will become operative in 2016, subject to any outstanding appeals to be heard.

In terms of the Unitary Plan the proposed zoning of the property is Light Industry.

3.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 July 2014, being Assessment Number 21611058, is as follows:

Land Value	$6,500,000
Improvements Value	$15,000,000
Capital Value	$21,500,000

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

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

3.6 Environmental Issues

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

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

3.7 Heritage

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

3.8 Flooding Risks

The Auckland Council GIS Viewer indicates that Overland Flow Paths cross parts of the site. We proceed on the basis that any potential flooding risks are mitigated by appropriate onsite drainage.

4 Improvements

4.1 Overview

The subject property comprises a five level building including basement car parking giving a total of approximately 8,335 sqm of net lettable floor space. Constructed in 1997 the building comprises a reinforced concrete structural frame with steel bracing, concrete columns, concrete beams and concrete floor. Exterior cladding comprises a mixture of precast concrete walls with alucobond (or similar) finish to selected areas and solar tinted glazing with powder coated aluminium window joinery. The roof is longrun zincalume on steel framework.

The general construction of the podium car parking structure includes concrete floors and ramps, steel frame and concrete slab walls to part.

The main entrance foyer at the front of the building is of double height incorporating tiles to floors and walls with a suspended ceiling housing recessed lighting and feature spot lighting. A secondary entrance foyer is provided on the northern side of the building such that the floors are easily sub divisible from a letting perspective. The rear entry foyer is presented to a similar standard although is only single floor height.

The building is serviced by four 750 kilogram or 11 person capacity lifts, two located in the front entrance foyer and two in the rear entrance foyer. The lifts service all levels including the car park. Ducted air conditioning is provided to all office areas including the atrium and main foyer with ventilation to toilets, car park area and lift motor room. There are a total of 297 lettable car parks providing a combination of basement, podium and open car parks. In addition are two carparks which are deemed to be unlettable.

Exterior – from Great South Road

Main entry foyer

4.2 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete structural frame with concrete columns, concrete beams and concrete floor. Reinforced steel bracing to certain areas.
External Walls:	Exterior cladding comprises a mixture of precast concrete walls with alucobond (or similar) finish to selected areas and solar tinted glazing.
Internal Walls:	Predominantly plasterboard lining to lettable areas.
Roof:	The roof is longrun zincalume on steel framework.
Ceiling:	Typically acoustic tiles in a suspended grid system.
Lighting:	Recessed fluorescent lighting with spotlighting to some areas.
Windows and doors:	Powder coated aluminium window joinery.

4.3 Accommodation

Office Space:

Internally the office floors are carpeted with suspended title ceilings in an aluminium grid system incorporating predominantly recessed fluorescent lighting. Each of the offices to the most part have a mixture of plasterboard and glazed internal partition walls and provide kitchenette facilities and lunchrooms to varying levels.

Toilet facilities on each floor are centrally located, with predominately vinyl floors and ceiling titles with recessed fluorescent lighting. Mirrors are provided over vanities. Within the central core there is also a cleaner's cupboard and tub and galley styled kitchen.

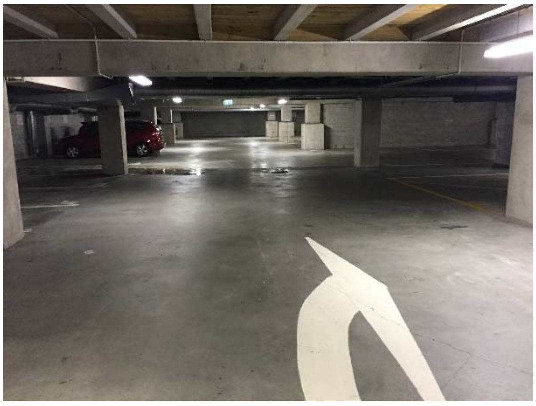
At the time of our inspection, interior fitout work was being completed to the NRA tenancy. Our valuation assumes that this work is completed in a timely manner. We have made no cost allowances for this work in our valuation cashflow.

Interior – Office Space

Interior – Office Space Being Fitted Out

Car parking:

There are 137 covered car parking spaces within the basement of the building. There are a further 61 open car parks around the exterior of the building, four of which are partially covered. There is additional podium car parking to the eastern boundary which provides 64 covered car parks over the first two levels, 40 of which are stacked, and a further 35 open car parks on the top level, 16 of which are stacked. This provides a total of 297 car parks.



Basement Car Park

Parking to Great South Road frontage

4.4 Lettable Areas

The Property's total Net Lettable Area (NLA) is approximately 8,335 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Level 3	2,131
Level 2	2,141
Level 1	2,093
Ground	1,970
Total NLA	8,335 square metres
Car parking	
Basement / Covered spaces	198
Open - Stacked spaces	25
Open spaces	74
Total Car parking	297 spaces

We have sighted certified floor plans prepared by Harrison Grierson for the ground floor, level 1 and level 3 which confirm the lettable floor areas. The floor area for level 2 has been provided to us within lease documentation. We reserve the right to review our assessment, if necessary, if provided with a certified floor plan for level 2 that differs materially from the area adopted above.

The number and type of car parks and their allocation to each tenant have been taken from a car park schedule provided to us by the client.

4.5 Condition and Repair

We inspected the interior and exterior of the property. The property is generally in good condition however we did note some corrosion to the steel bracing within the basement car park and the rear podium car park which appears to be from exposure to water. Our valuation proceeds on the basis that the building is watertight.

In regards to the work being completed within the NRA tenancy, the existing property owner is to provide the tenant with a PC sum of $340,730 which the lessee is to put towards lessor owned works to upgrade the premises, which will include but is not limited to replacement floor coverings, upgrade of ceiling tiles, lighting, mechanical adjustment, kitchen installation, and associated plumbing and electrical work. Our valuation proceeds on the basis that once the fitout is complete the relevant compliance certificates are issued by Council.

Refer to Section 5.7 of this report for further discussion on capital expenditure.

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

We note that the building has several features that impose a requirement to obtain an annual Building Warrant of Fitness in accordance with Compliance Schedule TCS/99/00060. We are able to confirm that we have sighted a current Warrant of Fitness current through to 21 April 2016.

4.6 Earthquake Strengthening Requirements

Following recent events around the Christchurch region, more focus has been placed on seismic ratings of buildings, particularly in those areas known to be at risk of earthquakes. The Building Act 2004 required Councils to adopt an earthquake prone building policy to ensure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard, or are demolished. Policies vary between Councils and often depend on the date of construction as to the course of action undertaken.

The Building Act 2004 and Building Regulations 2005 define the meaning of an "earthquake-prone building". As a general guide, an earthquake-prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5:2004. We are not qualified to undertake a structural survey, however we been provided with a report by Beca, dated 9 March 2012 which gives the building an overall IEP score of 103% of New Building Standard (NBS) or an A+ Grade.

We understand that the rear car parking podium has an IEP rating of 80% NBS. We have not sighted a report to confirm this.

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

5 Property Income and Expenditure

5.1 Tenancy Overview

We have been provided with a tenancy schedule and also with various lease documentation that was available at the time of valuation. The tenants within the Property are summarised as follows:

Tenant	Net Income	NLA	% NLA
1. Ministry of Health	$328,396	1,307	15.7%
2. Fletcher Construction	$435,090	1,311	15.7%
3. NRA	$460,351	1,271	15.3%
4. Health Alliance	$332,690	870	10.4%
5. Dept of Inland Revenue	$506,141	2,093	25.1%
6. Unisys New Zealand Ltd	$508,050	1,484	17.8%
7. Casual Parking	$45,864	0	0.0%
Total	$2,616,581	8,335 m²	100%

5.2 Major Lease Summaries

We summarise below the lease agreements for the tenants:

Deed of Lease	Department of Inland Revenue
Lessee	Her Majesty the Queen acting by and through the Commissioner of Inland Revenue
Demised Premises	Part Level 1 being approximately 1,491.91 sqm and an additional 600.86 sqm was leased by way of a Deed of Further Demise dated 31 March 2013
Commencement Date	19 March 2012
Expiry Date	18 March 2018
Lease Term	Six years with two further terms of three years each
Commencement Rent	$430,822.28 per annum plus GST
Current Rent	$599,621.88 per annum plus GST (This is semi-gross and includes a portion of fixed outgoings)
Rental Review Provisions	Three yearly to market
Ratchet Clause	Soft ratchet to commencement rent
Outgoings Recovery	Semi-gross. The lessee is only liable to pay charges for property rates, insurance and utilities.
Permitted Use	Commercial offices, call centre and associated training room
Special Provisions	The Deed of Lease and Deed of Further Demise contain various alterations and additions including outline specifications for the HVAC system. We note that both documents contain rent abatement clauses however the rent abatement periods have expired.

We have been provided with a copy of a letter dated 18 March 2016 from Stride confirming that the rent review as at 19 March 2015 resulted in a nil increase in rental. The letter confirms that the total rent currently paid by IRD is $599,621.88 per annum semi-gross plus outgoings estimated at $42,549.

Deed of Lease	Unisys New Zealand Limited
Lessee	Unisys New Zealand Limited
Demised Premises	Part ground floor of the building shown as tenancy B comprising 1,483.70 sqm plus car parks
Lettable Area	1,483.70 sqm, 34 basement car parks and 20 open car parks
Commencement Date	19 December 2014
Expiry Date	18 December 2019
Lease Term	Five years with one further term of three years provided the tenant gives 18 months written notice
Commencement Rent	$498,088 per annum plus GST
Current Rent	$508,049.76 per annum plus GST
Rental Review Provisions	2% annual rent increases
Outgoings Recovery	Net lease. 100% of the operating expenses applicable to the premises.
Permitted Use	Commercial office and administration data centre
Special Provisions	Clause 5.3(a) states the tenant must at the end or earlier determination of this lease in relation to the data centre area, make good such area in accordance with the seventh schedule of the previous lease to the landlord's complete satisfaction. For the avoidance of doubt, the tenant shall make good the data centre area in accordance with clauses 32.3 and 49.2 of the previous lease. In relation to the office area as shown on the reinstatement plan, the tenant shall only be obliged to remove its fixtures and fittings, make good any resulting damage from such removal and otherwise leave the office area in a clean and tidy condition. Clause 32.3 of the previous lease states that the reinstatement obligations under the terms of the lease shall apply to the premises in the condition they were at the commencement date of the previous lease for this premises being 12 October 1998. Clause 49.2 of the previously lease reiterates that the tenant is required to reinstate the premises to the condition at the commencement date of the previous lease being 12 October 1998. The landlord's fixtures and fittings are identified as ceilings, lighting, air conditioning and carpets.

Deed of Lease	Ministry of Health
Lessee	Ministry of Health
Demised Premises	Part of the third floor of the building
Lettable Area	1,306.85 sqm plus eight basement car parks and five open single car parks
Commencement Date	15 December 2013
Expiry Date	14 December 2019
Lease Term	Six years plus one further term of six years
Commencement Rent	$328,395 per annum plus GST
Current Rent	$328,395 per annum plus GST
Rental Review Provisions	Three yearly to market

Ratchet Clause	Soft ratchet to the annual rent payable as at the commencement date of this lease
Outgoings Recovery	Net Lease - pro rata share of outgoings
Permitted Use	Office use
Special Provisions	The Deed of Lease contains various alterations and additions. The tenant is required to keep all floor coverings in the premises clean. There is no obligation to replace floor coverings that are worn or damaged. The tenant is not required to paint and redecorate the interior of the premises periodically. The landlord's maintenance provisions have also been amended and a building services performance criteria list is attached to the lease as Appendix A. The tenant is not required to remove any of their partitions, fittings, fixtures and improvements at the expiry of the lease.

Deed of Lease	The Fletcher Construction Company Limited
Lessee	The Fletcher Construction Company Limited
Demised Premises	Part ground floor and part third floor
Lettable Area	Part ground floor – 486 sqm, Part third floor 824 sqm plus 50 car parks
Commencement Date	21 August 2015
Expiry Date	31 July 2018 with a vendor underwrite to extend this for a further 3.62 months
Lease Term	Two years and eleven months plus vendor underwrite for a further 3.62 months
Commencement Rent	$435,090 per annum plus GST
Current Rent	$435,090 per annum plus GST
Rental Review Provisions	Nil
Outgoings Recovery	Net lease. Pro rata share of operating expenses.
Permitted Use	Offices
Special Provisions	The lessor made a capital contribution of $35,000 plus GST to the lessee's fit out. The lessee will not be required to make good the fit out detailed in the fit out plan. The lessee will be required to make good any works made in addition to those detailed in the fit out plan attached to the lease. Rights of early termination – the lessee shall have the right to terminate the lease by providing no less than one month's notice in writing to the lessor. Such notice may only be served by the lessee between 19 June 2016 and 14 August 2016 and between 20 March 2017 and 5 April 2017. As part of the sale and purchase agreement the vendor is to enter into a replacement lease on identical terms should the tenant exercise a break option.

Draft Deed of Lease	Northern Regional Alliance Limited
Lessee	Northern Regional Alliance Limited
Demised Premises	Part Level 2

Lettable Area	1,271.38 sqm plus 78 car parks
Commencement Date	1 April 2016
Expiry Date	31 March 2022
Lease Term	Six years (with a break clause as outlined below) plus one further term of three years
Commencement Rent	$460,351 per annum plus GST
Rental Review Provisions	Three yearly to market
Ratchet Clause	Soft ratchet to apply
Outgoings Recovery	Net lease. A pro rata share of outgoings.
Permitted Use	Commercial office premises
Special Provisions	The lessor will provide the lessee with a PC sum of $268 psm (being $340,730) which the lessee will put towards landlord owned works to upgrade the premises, which will include but not be limited to replacement of carpet, upgrade of the ceiling tiles, lighting, specialised floor finishes, mechanical adjustment, kitchen installation and associated plumbing and electrical, provisional fees and any other items as agreed between the parties. The lessee will have the right to break the lease at the end of the third year, being 31 March 2019. The lessee must give notice in writing of their intention to exercise the break option at least nine months before the break date. As a penalty for breaking the lessee the lessee will be required to pay back to the lessor 50% of the contribution detailed above. This lease is subject to a partial surrender of lease between Stride Property Limited and HealthAlliance NZ Limited. HealthAlliance currently hold a lease over the premises and we have been advised that HealthAlliance have surrendered this space effective 31 March 2016. As part of the sale and purchase agreement the lessor contribution to the fit out is to be paid in full prior to settlement and the vendor is to enter into a replacement lease on identical terms if the tenant exercises the break option.

Deed of Lease & Variation	HealthAlliance NZ Limited
Lessee	HealthAlliance NZ Limited
Demised Premises	Part Level 2
Lettable Area	869.55 sqm plus 80 car parks (varied to 74 car parks)
Commencement Date	1 March 2010
Expiry Date	31 March 2018 with a vendor underwrite to extend this for a further 12 months
Lease Term	Two years plus one further term of one year. A Variation of Deed of Lease dated 1 June 2012 extended the lease for a further term of six years from 1 April 2012.
Current Rent	$345,170 per annum plus GST reduced to $332,690 per annum following surrender of six carparks
Rental Review Provisions	1 April 2012 and 1 April 2015 to market
Outgoings Recovery	Net lease. A pro rata share of building outgoings.
Permitted Use	Commercial offices

Special Provisions	The variation of deed of lease provides an early termination clause. The tenant shall have a once only right to terminate this lease on 31 March 2015 provided that the tenant has given no less than 12 months prior written notice. We understand that the tenant has not exercised this option. Clause 5 of the variation introduces rent abatement. This applies for a five month period from 1 November 2011 until 31 March 2012 and provided that the tenant has not exercised its right under clause 50 (termination clause) the annual rent payable from 1 April 2015 until 30 September 2016 (being 18 months) shall reduce by $10,692.92 plus GST per month, being the equivalent to a rent abatement for seven months at $27,496.10 plus GST per month. As part of the sale and purchase agreement the rent abatement is to be paid in full by the vendor prior to settlement.

We recommend that the reader peruse a copy of the Lease documents for a full understanding of the tenancy arrangements.

The following deeds are outstanding for the NRA and HealthAlliance tenancies.

- The Deed of Lease for NRA has not been executed.
- We have not sighted a copy of the Deed of Surrender for the former HealthAlliance (rear) tenancy which is now occupied by NRA. We understand that this has been executed by HealthAlliance but not the Vendor.
- The partial surrender of six carparks by HealthAlliance (so that they can be leased to NRA) has not yet been documented between the parties.

The Side Letter dated 14 April 2016 states the vendor must use all commercially reasonable endeavours to procure execution of the above documentation for NRA / HealthAlliance by the settlement date. If the documents are not executed prior to settlement then the purchaser may retain a specified sum from the purchase price payable on settlement until such time as all such deeds have been duly executed.

5.3 Vendor Underwrites and Guarantees

We have been provided with a partial copy of an Agreement for Sale and Purchase of Real Estate dated 3 March 2016 and a Side Letter dated 14 April 2016 and summarise the vendor underwrites as follows:

- As part of the agreement the vendor is to enter into a replacement lease for the Fletcher premises in the event that Fletcher exercises either of its break rights prior to the expiry of that lease on 31 July 2018.
- The vendor is to enter into a replacement lease for the Northern Regional Alliance premises should the tenant exercise its break right on 31 March 2019.
- The rental abatement for HealthAlliance, as discussed above, which runs until 30 September 2016 is to be paid in full by the vendor prior to settlement.
- The fitout contribution for NRA is to be paid in full by the vendor prior to settlement.
- The vendor is to enter into a new lease for the Fletcher Construction tenancy for a term of 3.62 months from the expiry date on 31 July 2018. The rent has been fixed at $157,303 plus GST, including outgoings for the extended term.
- The vendor is to enter into a new lease for the HealthAlliance tenancy for a term of 12 months from the expiry date on 31 March 2018. The rent has been fixed at $392,697 plus GST, including outgoings for the extended term.

The above vendor underwrites and guarantees have been incorporated in to our valuation assumptions.

5.4 Building Vacancy

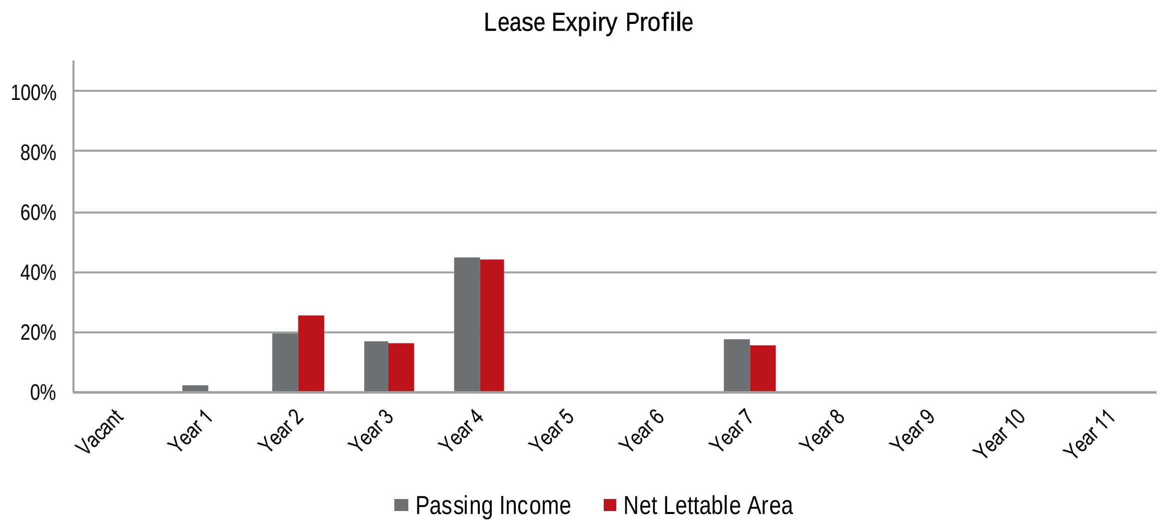
As at the date of valuation, the Property is 100% occupied.

5.5 Weighted Average Lease Term and Expiry Profile

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

Weighted Average Lease Term Remaining	Years
By Area	3.41
By Income	3.47

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



5.6 Building Outgoings and Recoveries

Lease Structures

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

Building Outgoings

We have not been provided with an outgoings budget however we understand that the current outgoings are in the order of $65 per square metre of floor area which we have adopted in our valuation as follows:

Category	Annual Amount	$/sqm of NLA
Statutory Charges	$130,018	$15.60
Operating Expenses	$411,750	$49.40
Total Outgoings	$541,768	$65.00

We have had regard to the relevant rating authorities in relation to the statutory charges and have compared the outgoings figures against the Property Council of New Zealand's (PCNZ) guidelines and other similar office buildings.

We consider that the adopted outgoings rate of $65.00 per square metre of NLA to be in line with market parameters, albeit towards the lower end of the range for a building of this nature and with the level of services provided.

5.7 Capital Expenditure

We have been provided with a copy of a Condition Survey Report completed by Jacksons Engineering dated 3 October 2015. The report outlines a number of HVAC and Lift components that require replacement and the estimated costs.

The report states that the base build HVAC system was installed circa 2000 and the design is generally sound and the layout of the system appropriate for the building. While some components have been replaced in recent times a large portion of the base build systems are nearing the end of their economic life.

We have not been provided with the review document relating to the lifts however the main document states that the lifts are generally in good operating condition. The report recommends upgrading of the lift car door operators within the next 5 to 10 years at a budget allowance of $80,000 for this work.

We have made allowance for capital expenditure (present value figures shown) related to the HVAC system and lifts in our valuation as follows:

- BMS Main Plant and Controls over years 2-6 at a total cost of $520,000
- Fan Coil Units over years 2-6 at a total cost of $750,000
- Air Handing Units over years 1-2 at a total cost of $80,000
- Lift Car Door Operators over years 8-9 at a total cost of $80,000

We have been advised that the vendor recently installing a new air conditioning chiller at a cost of approximately $300,000.

In addition to the above we have also made allowances in our cash flow model for revitalising and refurbishing tenancy space upon lease expiry in order to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances are adjusted by CPI throughout the cash flow period. Our allowances for tenancy refurbishment work are based on $60 psm of floor area for expiries within years 1-5 and $110 psm of floor area thereafter.

In regards to the work being completed within the NRA tenancy, the vendor is to provide the tenant with a PC sum of $340,730 which the lessee is to put towards lessor owned works to upgrade the premises, which will include but is not limited to replacement floor coverings, upgrade of ceiling tiles, lighting, mechanical adjustment, kitchen installation, and associated plumbing and electrical work. Our valuation proceeds on the basis that once the fitout is complete the relevant compliance certificates are issued by Council.

5.8 Income Analysis

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

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	$2,019,802	63.95%
Carparking Rental	$604,604	19.14%
Outgoings Recovery	$533,944	16.91%
Gross Passing Income	$3,158,350	100.00%
Outgoings	$541,768	
Net Passing Income	$2,616,581	

There is a small element of unrecovered outgoings which relates to the IRD lease.

6 Market Commentary

6.1 Economic Summary

The New Zealand economy is strengthening, following soft growth over the first half of 2015. Although continued weak dairy prices and instability in the global equity markets present downside risks to the New Zealand growth outlook, record high migration and robust tourism activity are driving activity. The effects of the lower interest rates and New Zealand dollar depreciation is also having an impact on many sectors of the economy.

Business and consumer confidence have recovered from their mid-year lows. Sturdier demand across the sectors has stimulated businesses to take on more staff in recent months, with the better job prospects fuelling household spending. This is reflected in the Performance of Manufacturing and Performance of Services indices, which both point to encouraging expansion in the manufacturing and services sectors.

Further growth in construction and robust demand in the tourism sector will be key driving forces for the New Zealand economy. Net migration inflows of over 60,000 in 2015 have placed further pressure on demand for housing, particularly in Auckland. Dwelling consent issuance signals strong growth in housing construction. Meanwhile, growth in white-collar jobs has further increased demand for office space. The NZIER Quarterly Survey of Business Opinion also indicates strong growth in infrastructure construction, with architects' own activity measure showing a marked increase in Government work.

Despite solid activity, inflation remains minimal in the New Zealand economy. This is partially a reflection of global developments: low global inflation, increasing globalisation, which allows businesses increasingly straightforward access to lower-cost regions, and technology that has aided low-price discovery for households. Indeed, the latest NZIER Quarterly Survey of Business Opinion shows businesses still find it very difficult to implement price increases. With activity solid and asset prices strengthening, but inflation weak, the RBNZ cut the OCR by a further 25 basis points in March 2016 and have signalled that further cuts in 2016 are possible in order to get the growth that would fuel inflation. In addition, global uncertainty presents downside risks to the interest rate outlook.

6.2 Inflation / Interest Rates

Consumer price inflation remains very low in New Zealand. Annual headline inflation for the 2015 year was only 0.1%, primarily the result of lower petrol prices and discounting of imported household goods. Firms continue to struggle to raise prices of goods as technology is making it increasingly easier to research prices and switch between retailers.

Contrasting this is the housing market, which shows additional signs of strengthening. The Auckland housing market shows signs of picking up after the let-up immediately following the new LVR restrictions targeting Auckland property investors that took effect in November. Meanwhile, housing market strength is radiating beyond Auckland. The Real Estate Institute of New Zealand (REINZ) reported record high median house prices reached in Waikato, Bay of Plenty, Hawke's Bay, Wellington, Nelson and Otago in December 2015.

The RBNZ slashed the OCR by a total of 1% over 2015, effectively reversing the OCR increases made over 2014. In the December Monetary Policy Statement (MPS), the RBNZ indicated that while there was potential for further OCR cuts, it was expected current interest rate settings will be sufficient to bring future average inflation back towards the middle of the target range of 2%.

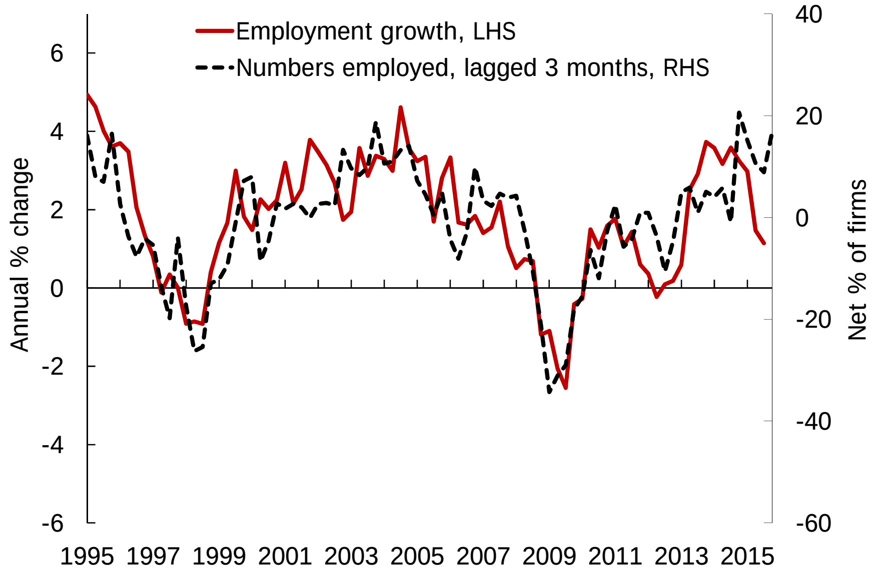
The RBNZ reduced the OCR by a further 25 basis points in March 2016 and indicated a further cut may be likely in mid-2016. We expect the OCR to drop slightly or remain on hold over the rest of 2016 and majority of 2017. Robust housing demand is driving a broadening in housing market pressures beyond Auckland. At the December MPS, it highlighted the broad range of prices, including asset prices, that it needed to take into account when formulating monetary policy. Economic activity is also strengthening. In balancing these factors, the RBNZ has signalled that the OCR will either remain on hold or drop further through 2016 given the low inflationary levels and the surrounding risks of the global economy, particularly in China.

6.3 Employment

The New Zealand labour market decelerated over most of 2015, with employment shrinking in the September 2015 quarter – against expectations of modest growth. Labour markets in Auckland and Canterbury – two key regions driving growth in the New Zealand economy in recent years – softened in Q3. Demand for business services sector jobs weakened, as lower business confidence in mid-2015 curtailed hiring plans.

However, recent indicators including hiring intentions and job advertisements point to a rebound in employment demand in late 2015. Demand is improving, and this is encouraging many businesses to increase their employment base. Auckland and Hawkes Bay are particularly strong, with signs of increased growth in employment demand in Wellington.

Hiring intentions and employment



Source: Statistics New Zealand, NZIER

6.4 Business Profits

Businesses continue to find it very difficult to raise prices, despite steady cost pressures. Margin compression continues to impact negatively on profitability and is predicted to remain problematic for retailers. A further deterioration in business profitability will see businesses rein in business investment plans.

6.5 Currency

Over the past year, the New Zealand dollar has been very volatile. After dropping suddenly in mid-2015 as the RBNZ commenced its round of OCR cuts, it staged a rebound following the December MPS when the RBNZ signalled further cuts to take the OCR below 2.5% were unlikely. Following the largely unexpected 25 basis point cut to the OCR in March 2016, the NZ Dollar depreciated less than expected. The effects of this are largely unknown however the RBNZ has forecast that the NZD will remain relatively stable or slightly depreciate in the medium term, however may appreciate if milk prices recover earlier than expected.

In 2015, risk aversion from increased concern about the global growth outlook put some downward pressure on the currency. With the US Federal Reserve lifting interest rates at the end of last year, the NZD's depreciation against the USD over 2015 has been particularly sharp, reflecting the reduced yield advantage of the NZD. Also risk aversion tends to weigh on the NZD, New Zealand's relatively strong economic prospects, relative to many major economies, may see some upward pressure on the currency in 2016.

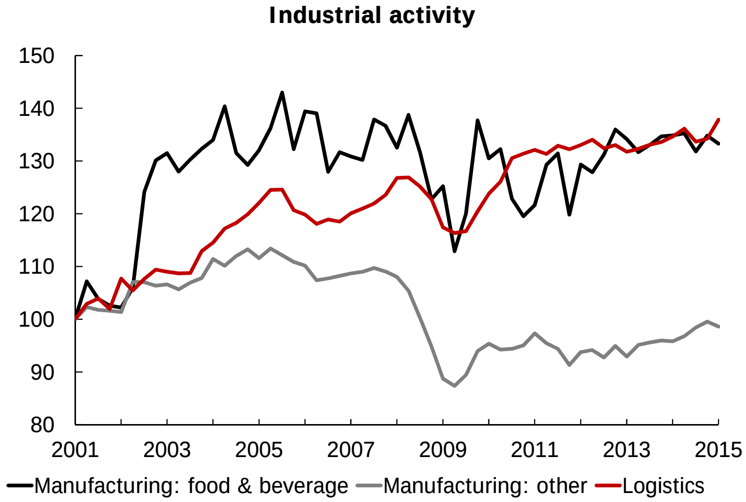
6.6 Industrial Activity

The industrial market is improving on the back of strengthening demand. Lower oil prices are driving increased logistics activity. An increasing focus on improving logistics will support storage and industrial building demand, particularly in the metropolitan areas. However, the decline on dairy prices will continue to have a negative impact on demand for farm and rural buildings.

Industrial activity is showing signs of improvement, but the main driving forces have changed. Food and related manufacturing has stabilised. Dairy processing activity has fallen in the wake of lower prices. However, there has been some offset from increased livestock slaughter as global demand for beef strengthens. Fears of a drought also saw farmers reduce herd numbers, thus increasing slaughter over late 2015.

The decline in the NZD has provided a boost to the manufacturing export sector, while domestic demand is also strong.

The increasing focus on keeping operations as lean as possible has supported logistics activity, and with it demand for storage and industrial buildings. This trend should continue over the coming years.



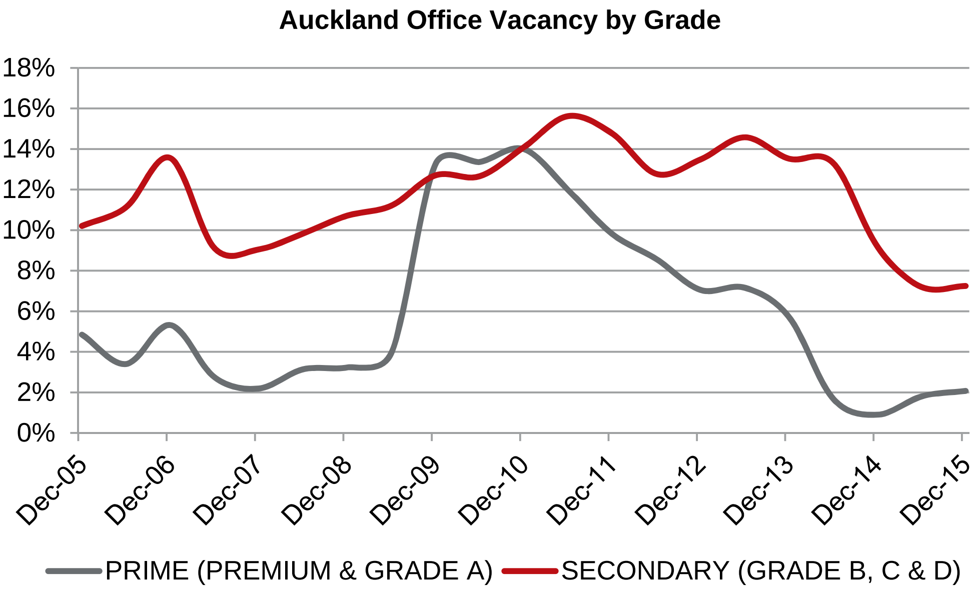
Source: Statistics New Zealand, NZIER

6.7 Auckland Suburban Office Market Summary

Auckland's office market continues to shine with strong economic fundamentals supporting a strong commercial property market.

There is a clear preference for quality space in the Auckland market; Prime vacancy levels have increased slightly but remain at structural levels, with tenants unable to secure adequate space. Tenants have been demanding newer, greener and more efficient premises, which is the driving force behind the historically low vacancy rate for Prime stock, residing at 2.1%.

Over the 2H15, Secondary vacancy remained stable at 7.2%. This figure has resulted from the reintroduction of 22 Fanshawe Street as well as excess demand flowing down from the prime end of the market. Space in the lower end of the Secondary market remains harder to lease with options still available in better quality alternatives.



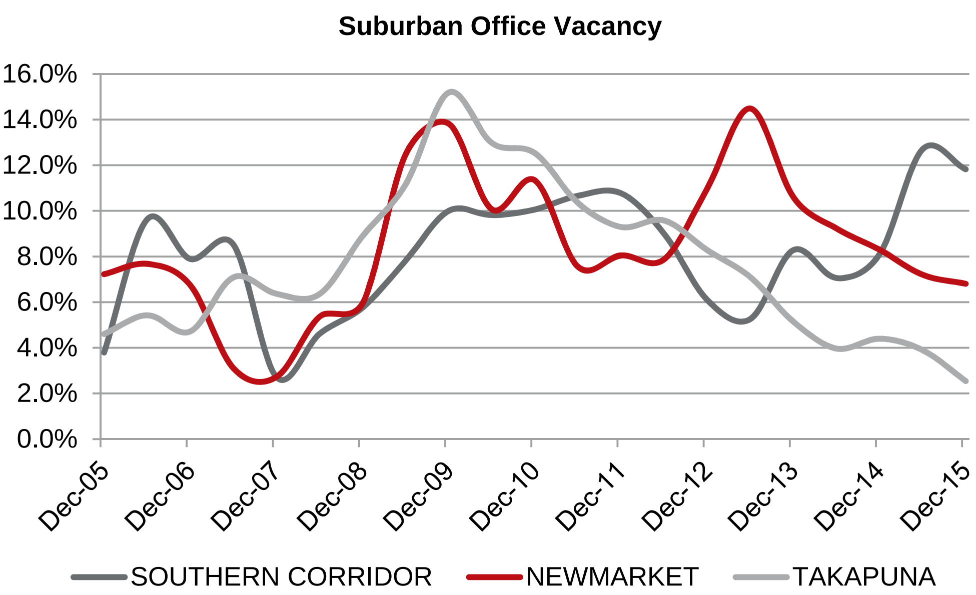
Source: JLL Research and Consulting

All decentralised office stock bases have recorded lower vacancy levels in the 2H15.

Takapuna continues to see very low office vacancies and has dropped to just 2.5%, the lowest it has been in more than 10 years. Occupier interest remains robust, which that is pushing rentals higher, now passing previous lows seen pre-GFC.

High levels of amenity and proximity to the CBD and major transport links continues to lure tenants to the Newmarket area. The precinct has had a strong period of leasing activity with vacancies falling from 7.2% to 6.8%, a 5-year low. Renewed interest in the area is likely to continue as long as CBD vacancy remains at structural lows.

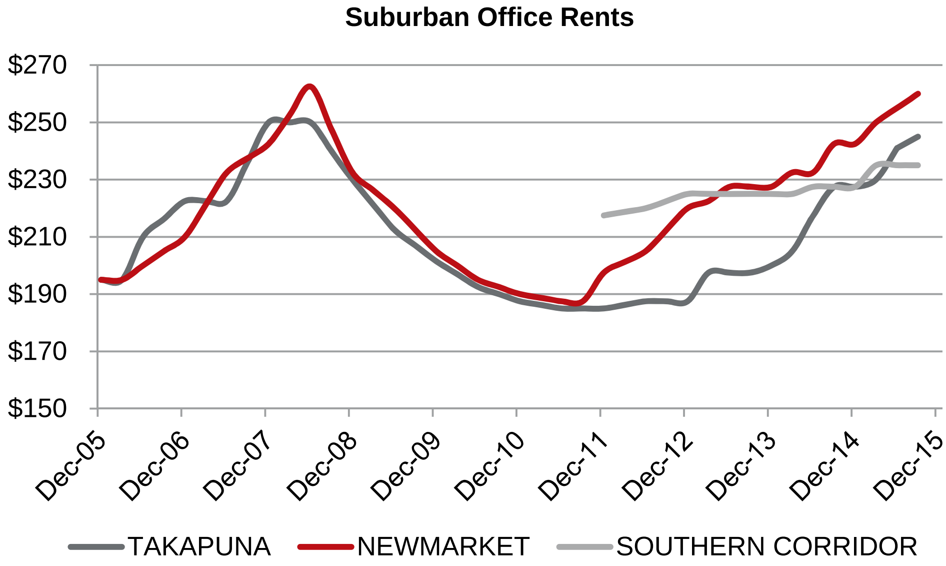
The Southern Corridor has stabilised in the 2H15 after seeing several occupiers move out to new premises in 1H15. Over 2H15 we have seen the vacancy decrease by 0.9% from 12.7% to 11.8%. There remains a healthy amount of supply for occupiers seeking more space and this will likely attract some occupiers to the precinct.



Source: JLL Research and Consulting

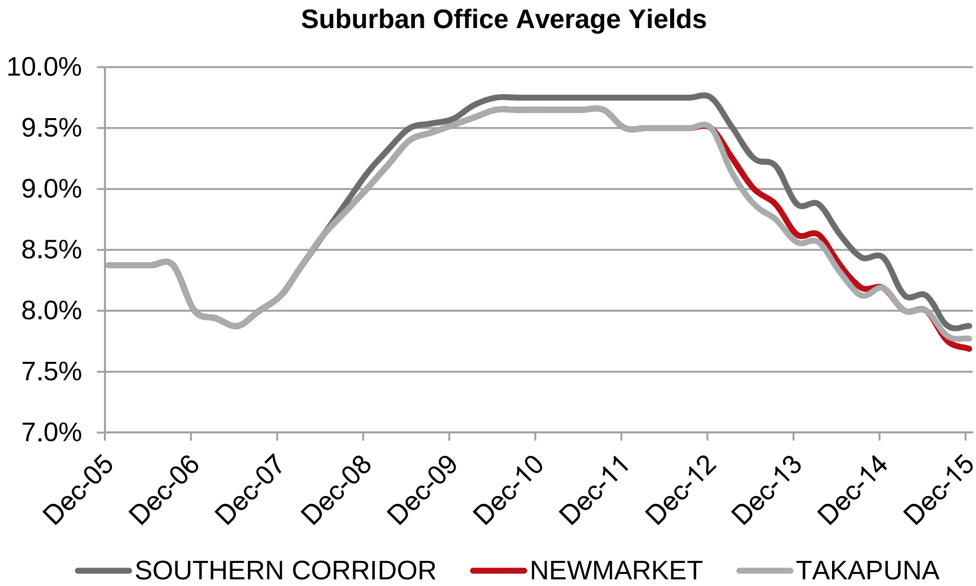
Both the Fringe and Suburban office markets have seen increased rental levels across the board, albeit by varying amounts. This has been fuelled by strong tenant demand and a landlord favoured market.

Rents on average in the Southern Corridor remained steady in 2H15, with vacancy stabilising. Although upper rents have moved slightly lower, deals completed for lower grade space have pushed the lower end higher, which has kept the average flat at NZD 235psm. As options for space diminish, elsewhere it is likely that Southern Corridor rents will pick up over the short to medium term.



Source: JLL Research and Consulting

Yields in the Southern Corridor have fallen by some 25bps in the 2H15, now averaging 7.9%. In line with recent market activity over the course of 2H15 and investor enquiry, both the upper and lower end of the market have seen strong compression. Popularity for the Southern Corridor has increased as investors are now struggling to find assets that meet their yield requirements in more popular fringe markets such as Newmarket.



Source: JLL Research and Consulting

7 Leasing Evidence

7.1 Office Leasing Evidence

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

Address	Tenant	Date	Type	Level	Area (sqm)	Net Effective Rate (psm)
Connect Business Park 583 Great South Road, Penrose	Health Alliance	Jul-16	NL	Various: Level 1 – Level 4	7,989	$220
323 Great South Road, Greenlane	Fletcher Building	Apr-16	NL	Level 1	1,617	$209
289 Great South Road, Greenlane	Carter Holt	Dec-15	NL	Ground Level 1	880 895	$196
650 Great South Road, Ellerslie	Fletcher Construction	Aug-15	NL	Pt Ground & Pt Level 3	1,311	$221
18 Normanby Road, Mount Eden	OMD	Aug-15	NL	Level 1 Level 2	950 1,421	$245 $253
45 O'Rorke Road, Penrose	Drake NZ	Mar-15	NL	Ground	375	$250
323 Great South Road, Greenlane	Fletcher Building	Nov-14	NL	Ground	1,817	$185
111 Carlton Gore Road, Newmarket	MWH New Zealand Limited	May-14	NL	Level 2 Level 3	1,179 1,179	$220
Millennium Centre 602 Great South Road, Ellerslie	Toyota Finance NZ Limited	Apr-14	NL	Level 3 Pt Level 2	1,455 650	$226
Millennium Centre 602 Great South Road, Ellerslie	Pharmacy Store Holdings Ltd	Mar-14	NL	Ground	1,350	$254
65B Main Highway, Ellerslie	Ministry of Social Development	Feb-14	NL	Level 3	1,171	$232
65B Main Highway, Ellerslie	Ministry of Social Development	Feb-14	NL	Level 2	1,169	$232

We provide further commentary on a selection of properties below:

Connect Business Park, 583 Great South Road, Penrose

Health Alliance have signed a new lease within Connect Business Park in Penrose, located on the southern side of Great South Road. HealthAlliance have taken a new lease commencing July 2016 over a number of floors at a net effective rate of $220 psm. The face rent is set at $250 psm. Car parks are rented at face rents of between $20 per week to $30 per week This property provides a reasonable comparison although is isolated in terms of location from an office perspective.

323 Great South Road, Greenlane

The building comprises a low rise office development on the western side of Great South Road that was constructed during the late 1980s and recently refurbished.

The ground floor comprises 1,817 sqm and was leased in November 2014 by Fletcher Building at a net effective rental of $185 psm. The ground floor space provides carpet floor coverings to the office areas and vinyl (or similar) to the staff lunchroom. The floor has been partitioned to provide various meeting rooms but is largely open plan in nature. At the time of the commencement date in late 2014 there was significant vacancies within the Southern Corridor, with the market having firmed since with a reduction in vacancy.

Level One of this building is currently being refurbished and will provide similar style office space to the ground floor on completion. This space was also leased to Fletcher Building, with the lease to commence in April 2016 upon completion of the works. Incentives provided include a four month rent free period. The net effective rental over the 1,617 sqm floor plate is $209 psm. In addition, 47 secured basement parks were leased at a net effective rate of $41 per week.

289 Great South Road, Greenlane

The property comprises a two level office building which was constructed in the late 1980's/early 1990's and recently subject to a major refurbishment, with the façade replaced on the south western side, a new lift installed, new air conditioning system, bathrooms, floor coverings, ceilings and lighting. Internally the building is presented to a modern standard.

The property was leased in December 2015 at a face rent of $200 psm over the office accommodation, covered car parks at $50 per week and rooftop / stacked car parks at $40 per week. The rent is subject to fixed annual increases of 3%. We note that a $600,000 incentive was provided to the tenant and our analysis of the net effective rental reflects $196 psm over the offices. The incentive is largely offset by the fixed increases built into the lease.

This property is located on the opposite side of Great South Road on the corner of Campbell Road, being an inferior location, in our opinion.

Central Park Corporate Centre, 660 Great South Road, Greenlane

There have been various new leases within 666 Great South Road, a large office park known as Central Park Corporate Centre located between Great South Road and the southern motorway. The office park consists of a number of buildings of varying age and quality as well as providing for good on site amenities such as a gym and café. Building 7 is a recently completed green star rated building, with Building 8 and Building 1 providing a modern quality offering having been completed circa 2005.

The rental rates achieved in Central Park are generally higher than those achieved for comparable buildings in other Southern Corridor locations due to the additional amenity provided to businesses within the office park.

Market Rental Comment

Within the subject we note a new lease to Fletchers with the net effective rent analysing to a range of $214 psm to $233 psm due to the various break clauses afforded to the tenant. We also note a number of other recent leases/ rent reviews within the subject however we understand that incentives have been provided in most cases.

The Millennium Centre provides superior accommodation in comparison to the subject and the rents within Central Park are typically at a premium to other comparable buildings in the Southern Corridor.

In light of the above evidence and other transactions of which we are aware we have adopted market rents ranging from $210 psm on the lower levels to $220 psm on the top floor. We have applied a slight premium to the Ministry of Health space at $225 psm reflecting the superior level of fitout in comparison to other tenancies within the building. The average market rent across the office floors equates to $215 psm which in our opinion is within market parameters.

7.2 Car Park Leasing Evidence

Car parking within the Southern Corridor typically ranges between $25 per week and $50 per week, with rental rates being location and format specific. The subject property has 297 rentable car parks, some of which are basement, podium (single and stacked) and open (single and stacked). We have applied varying rates to each car park type.

Given the number of office buildings in the area and restricted car parking available in the surrounding residential streets there is strong demand for onsite car parks. We have adopted car parking rental rates of between $25 pcpw and $45 pcpw with the lowest rates being for open stacked spaces and the highest rates applying to covered secured basement car parks.

7.3 Naming Rights Evidence

The naming rights for the building are currently with Unisys who pay $25,500 per annum. The market rent payable for naming rights is subjective with some tenants placing more importance on this component than others. Naming rights rents can vary significantly between buildings and is common for high profile buildings in suburban locations to attract no additional rental for naming rights.

Given the buildings prominence and location we have adopted $15,000 for naming rights.

7.4 Market Rental Profile

Office Accommodation

In analysing the market rental for the office accommodation within the Property, we have had regard to the net structure of the majority of leases executed. We have therefore assessed the market rental profile on a net basis. Our adopted office market rental profile is displayed below:

Premises	NLA	Passing Rental	Market Rental
Ministry of Health - Pt level 3	1,307	$230 /sqm	$225 /sqm
Fletcher Construction - Pt level 3	824	$245 /sqm	$220 /sqm
NRA - Pt level 2	1,271	$240 /sqm	$220 /sqm
Health Alliance - Pt level 2	870	$233 /sqm	$220 /sqm
Dept of Inland Revenue - Level 1	2,093	$236 /sqm	$215 /sqm
Unisys New Zealand Ltd - Ground	1,484	$245 /sqm	$215 /sqm
Fletcher Construction - Pt Ground	486	$245 /sqm	$215 /sqm
Total	8,335 m²		

7.5 Net Income Assessment

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

Passing Versus Market Comparison	Passing pa	Market pa
Rental Analysis		
Lettable Area Rental	$2,019,802	$1,834,895
Carparking Rental	$604,604	$594,100
Outgoings Recovery	$533,944	$541,768
Gross Income	$3,158,350	$2,970,763
Outgoings	$541,768	$541,768
Net Income	$2,616,581	$2,428,995

8 Sales Evidence

8.1 Sales Transactions

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

Connect Business Park, 583 Great South Road, Penrose

The property comprises a four level commercial building known as Connect Business Park in Penrose. The building has a net lettable area of 8,903 sqm in addition to 478 on-site car parks. The property sits on a 9,655 sqm site (approximately).

The building is 100% occupied and benefits from a WALT of 9.21 years by income. As at 1 July 2016 the property returns a total of $2,921,913 per annum (net) plus GST.

The property is under contract with settlement in June 2016 for $40,900,000 plus GST which reflects an initial yield of 7.14%. Analysis of the sale reflects an equivalent yield of 7.01% and an IRR of 8.72%.

34 Shortland Street, Auckland

The property comprises a 17 level strata titled office tower situated in a CBD location leased to a variety of tenants. The subject interest is comprised in 11 Computer Unit Title Registers and includes Levels 8 – 17, signage rights and 76 car parks in the basement. The remainder of the units within the tower are owned by Barfoot & Thompson.

The property provides a 3.44 year WALT by income and is leased to tenants including Turners Limited, The Partners of Haigh Lyon and Dorchester Pacific. Part levels 11, 12 and 13 are subject to a vendor underwrite with 22 car parks vacant at the time of sale.

The property sold in December 2015 for $44.60 million. The sale reflects an initial yield of 7.10%, an equivalent yield of 6.85% and an IRR of 8.74%.

8 Nugent Street, Grafton

Building B, 8 Nugent Street comprises a 5 level, 4 green star-designed office building built in 2009. The building is part of a campus-style development which also includes an apartment complex, a purpose built car parking building and a further office and showroom building. Building B Is on its own freehold title and includes 244 car parks.

The property has a net lettable area of 7,684 sqm and is fully leased to 11 tenants with a WALT of 5.04 years at the time of sale.

The property was purchased by Argosy Properties Ltd in August 2015 for $42 million. The sale reflects an initial yield of 7.08%, an equivalent yield of 6.40% and an IRR of 8.51%.

9 Augustus Terrace, Parnell

The property comprises a freestanding recently refurbished building, providing character commercial office space and appearing to have been originally constructed in the late 1960's.

Office accommodation is provided over three levels with Jasmax Architects occupying the upper two levels and Gameloft occupying the lower ground level. Basement car parking is also provided for 73 cars with the use of car stackers.

The property is located along the southern alignment of Augustus Terrace approximately 180 metres north-east of its juncture with Parnell Rise in the central Auckland suburb of Parnell.

We are aware that the property sold in July 2015 for a sale price of $15,650,000 plus GST. After adjusting the passing income for the unrecovered OPEX over the Jasmax tenancy the sale can be analysed to show an initial yield of 7.08%, equivalent yield of 7.85% and an IRR of 9.32%. The property also benefitted from a WALT of 3.57 years.

7 City Road, Auckland

7 City Road is a unit titled property comprising four levels of car parking, two podium office levels together with ten levels of office accommodation above. The building has a total floor area of 6,470 sqm and 151 car parks.

The building underwent refurbishment in 2005/2006 including re-painting of the exterior, new exterior cladding to the lower levels, and refurbishment of the ground level foyer and lifts.

The property is 89% occupied by area with major tenants including iiNet NZ Limited and Coffey Projects Limited. Vacant areas amount to 696 sqm office accommodation over levels 6, 7 and 14 together with a vacant storage area and 63 car parks.

The property sold in July 2015 with a vendor underwrite over the vacant areas for $21.55 million reflecting an initial yield of 8.67%, an equivalent yield of 8.10%, an IRR of 9.54% and a WALT of 2.04 years.

51 Corinthian Drive, North Shore

51 Corinthian Drive comprises a modern four level office building with basement car parking for 125 cars, completed in 2008. The property provides three ground floor medical tenancies with two floors of office accommodation. The building occupies a high profile position within Auckland's North Shore suburb of Albany.

The property provides 3,242 square metres of net lettable area and is circa 75% occupied by Westpac (NZ) Investments Ltd.

The property sold in July 2015 for $15,150,000 reflecting an initial yield of 7.19%, an equivalent yield of 7.23% and an IRR of 8.74%. The property had a WALT of 5.42 years at the time of sale.

35 Teed Street, Newmarket

Heartland House comprises a three level commercial building, providing ground floor retail and office accommodation in Newmarket. The property is situated on the corner of Teed Street and Gillies Avenue with good profile and exposure.

The property is 100% occupied with 70% leased to Heartland Bank Ltd. Retail tenants include Bang & Olufsen and Optik. The property provides parking for 99 cars.

The property sold in June 2015 for $17 million reflecting an initial yield of 6.54%, an equivalent yield of 6.57%, an IRR of 8.75% and a WALT of 5.15 years.

1 Nelson Street, Auckland

The property comprises a six level office building held in five stratum titles, originally constructed in the 1940's and extensively reconstructed in 1996. The property was strata subdivided into five units in 1998.The building provides 4,089 square meters of office accommodation over four levels and two levels of secure parking for 70 cars. Floor plates are circa 1,200 square metres with decks provided on each floor.

The property has a WALT of 1.32 years and is currently 72% occupied, let to five tenants, including Nelson Services and IAG New Zealand Limited.

The property sold in May 2015 for $14,800,000 reflecting an initial yield of 5.06%, an equivalent yield of 7.92% and an IRR of 9.56%.

5 Osterley Way, Manukau

The property comprises an eight storey office tower built in 1978 situated on the corner of Osterley Way and Amersham Way in the Manukau CBD.

The building is constructed of reinforced concrete and is serviced by three 17 person, Kone passenger lifts which serve the basement to level seven. The building has a net lettable area of approximately 6,554 sqm with basement parking for 49 cars.

The property is subject to a 9 year lease to the Inland Revenue Department (IRD).

At the time of sale the property had a 6.48 year WALT. The property sold for $18,800,000 plus GST in December 2014. The sale represents an initial yield of 8.23%, an equivalent yield of 8.03% and an IRR of 9.56%.

5-7 Kingdon Street, Newmarket

The property comprises a seven level office building with pedestrian access from Kingdon Street. The property has secondary frontage to Suiter Street which provides access to the covered car parks. Situated in close proximity is the ex-Lion Breweries site which is undergoing redevelopment by the University of Auckland.

The property is leased to a variety of office tenants with floors sub-dividable to provide two or three office suites per floor.

The Vendor is providing a Vendor Underwrite over 35 car parks, the vacant level 2 office space, a basement storage area together with providing a vendor underwrite in the form of a concurrent lease over tenancies on level 6 and 7 which are nearing expiry.

At the time of sale the property had a 5.68 year WALT.

The property sold for $16,550,000 plus GST in November 2014. The sale represents an initial yield of 8.14%, an equivalent yield of 7.79% and an IRR of 9.52%.

The sales transactions are summarised in the table below for comparison purposes:

Property Address	Sale Date	Sale Price	Initial Yield	Equivalent Yield	IRR	WALT
583 Great South Road, Penrose	Jun-16	$40.90 m	7.14%	7.01%	8.72%	9.21 years
34 Shortland Street, Auckland	Dec-15	$44.60 m	7.10%	6.85%	8.74%	3.44 years
8 Nugent Street, Grafton	Aug-15	$42.00 m	7.08%	6.40%	8.51%	5.04 years
9 Augustus Terrace, Parnell	Jul-15	$15.65 m	7.08%	7.85%	9.32%	3.57 years
7 City Road, Auckland	Jul-15	$21.55 m	8.67%	8.10%	9.54%	2.04 years
51 Corinthian Drive, Albany	Jul-15	$15.15 m	7.19%	7.23%	8.74%	5.42 years
35 Teed Street, Newmarket	Jun-15	$17.00 m	6.54%	6.57%	8.75%	5.15 years
1 Nelson Street, Auckland	May-15	$14.80 m	5.06%	7.92%	9.56%	1.32 years
5 Osterley Way, Manukau	Dec-14	$18.80 m	8.23%	8.03%	9.56%	6.48 years
5-7 Kingdon Street, Newmarket	Nov-14	$16.55 m	8.14%	7.79%	9.52%	5.68 years

The above sales provide a range of yields with those properties that are well located with long WALTs achieving strong yields. The recent sale of Connect Business Park with an equivalent yield of 7.01% reflects the superior WALT of 9.21 years.

The property at 34 Shortland Street sold with a WALT of 3.44 years and an equivalent yield of 6.85%. This property is located in the financial and legal precinct of the Auckland CBD.

Suburban sales of note include 9 Augustus Terrace and 51 Corinthian Drive at equivalent yields of 7.85% and 7.23% respectively. On the fringe of the CBD is 7 City Road which sold at an equivalent yield of 8.10% with a WALT of 2.04 years. Properties such as 8 Nugent Street and 35 Teed Street are more modern than the subject.

We believe an appropriate capitalisation rate to apply to our market rents would fall within the range indicated by the sales of 9 Augustus Terrace and 51 Corinthian Drive.

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

Variable	Input
Capitalisation Rate - Core Income	7.50%
Discount Rate	8.50%

9 Valuation Considerations

9.1 SWOT Analysis

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

Strengths	Weaknesses
• The office floors are presented to a reasonably modern standard. • Good ratio of onsite car parks. • Close proximity to public transport and the southern motorway interchange. • Close to Ellerslie Town Centre. • Various vendor underwrites strengthen the cashflow performance over the short term. • IEP for the office building is 103% of NBS.	• Risk of cost over-runs for proposed capital expenditure. • High levels of competition from other landlords within close proximity to the subject, including the buildings within Goodman's Central Park and Millennium Centre. • In the current market capital contributions / incentives are required to attract new tenants and retain existing ones at lease expiry. • Semi-Gross lease to the Department of Inland Revenue resulting in a small amount of unrecovered outgoings.
Opportunities	**Threats**
• Enhance exterior aesthetics. • Re-negotiate leases that are due to expiry within the next few years to extend the overall WALT and mitigate vacancy. • Introduce fixed rental increases to any new leases in order to provided more certainty around cashflow growth.	• Offshore and local factors impacting negatively on economic growth, tenant demand and investor sentiment. • Relatively high levels of vacancy within the Southern Corridor which has suppressed rental growth in recent years.

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 3-9 months.

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

9.3 Most Probable Purchaser

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

9.4 Sales History

The subject property is currently under contract for $31,800,000 plus GST with a settlement date of 15 June 2016. In our opinion this represents a fair reflection of the market.

10 Valuation Rationale

10.1 Valuation Overview

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

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

10.2 Valuation Criteria

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

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

We have adopted a core capitalisation rate of 7.50% on our adopted market rental profile and an 8.50% target discount rate.

10.3 Capitalisation Approach

Introduction

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

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	$1,834,895
Car Parking Rental	$594,100
Ideal Outgoings Recovery (Full Net Leases)	$541,768
Total Market Rental	$2,970,763
Less Outgoings Expenditure	($541,768)
Net Market Rental	$2,428,995
Core Income	$2,428,995
Core Income Capitalised at 7.50%	$32,386,597
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$551,960
Present Value of Letting Up Allowances: 24 months	($373,763)
Present Value of Short Term Capital Expenditure: 36 months	($748,084)
Total Value Adjustments	($569,887)
Total Capitalised Value	$31,816,710
Adopted Capitalised Value	$31,820,000

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.

Letting Up Allowances

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

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 36 months from the valuation date, which total $748,084.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $31,820,000.

Our detailed calculations are annexed to this report.

10.4 Discounted Cash Flow Approach

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

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

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

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Office							10 year average		2.50%	
	2.25%	2.50%	2.80%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Carparking							10 year average		2.50%	
	2.25%	2.50%	2.80%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CPI							10 year average		2.19%	
	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%
Capex							10 year average		2.19%	
	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%
Outgoings							10 year average		2.19%	
	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%

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

Letting Up/Incentive/Leasing Cost Allowances

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

Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex $/sqm	Probability
Vacant	6 months	100%	0%	100%	$60	100%
Year 1	6 months	100%	0%	100%	$60	100%
Year 2	6 months	100%	0%	100%	$60	100%
Year 3	6 months	100%	0%	100%	$60	100%
Year 4	6 months	100%	0%	100%	$60	100%
Year 5	6 months	100%	0%	100%	$110	100%
Year 6	6 months	100%	0%	100%	$110	100%
Year 7	6 months	100%	0%	100%	$110	100%
Year 8	6 months	100%	0%	100%	$110	100%
Year 9	6 months	100%	0%	100%	$110	100%
Year 10	6 months	100%	0%	100%	$110	100%

Capital Expenditure

Within our calculations we have made capital expenditure allowances as discussed in Section 5.7 of this report, together with allowances for revitalising and refurbishing tenancy space upon lease expiry in order to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances are adjusted by CPI throughout the cash flow period. Our allowances for tenancy refurbishment work are based on $60 psm of floor area for expiries within years 1-5 and $110 psm of floor area thereafter.

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	$40,000	Year 6	$280,599
Year 2	$294,320	Year 7	$165,532
Year 3	$391,083	Year 8	$46,127
Year 4	$403,815	Year 9	$47,280
Year 5	$451,126	Year 10	$478,859

Total CAPEX allowances amount to $2,598,742 ($311.79 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.625% (a 12.5 basis point softening 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 we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

Transaction Costs

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

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

Discount Rate

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

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

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.50% to the cash flows to produce a present value of $31,960,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	7.38%	7.63%	7.88%
8.25%	$33,120,000	$32,510,000	$31,920,000
8.50%	$32,560,000	$31,960,000	$31,390,000
8.75%	$32,010,000	$31,420,000	$30,860,000

10.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$31,820,000
Capitalisation Approach - Contract Income	$31,800,000
Discounted Cash Flow Approach	$31,960,000
Adopted Value	$31,900,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure of **$31,900,000** plus GST (if any).

The assessed value reflects an initial passing yield of 8.20%, an equivalent yield of 7.48%, an internal rate of return of 8.52%, and a rate of $3,827 per square metre of Net Lettable Area, as leased including vendor underwrites as discussed previously in this report.

11 Valuation

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

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 23 March 2016, is:

$31,900,000 plus GST (if any)

Thirty One Million Nine Hundred Thousand Dollars plus GST (if any)

11.1 Mortgage Security Recommendation

Subject to the comments in this report, we consider the Property to be a suitable security for first mortgage purposes. Most major trading banks prefer us not to recommend specific mortgage recommendations, however we refer you to our SWOT analysis in section 9.1 for potential weaknesses and risks.

We understand that the valuation is to be relied upon for Acquisition, Syndication, Product Disclosure Statement and for Mortgage Security purposes only. This includes the consideration by prospective investors of the financial product being offered (shares in the company which is to acquire the property). We provide consent for either publishing or inclusion of this report within the Product Disclosure Statement and confirm that, as at the date of this report, our consent has not been withdrawn.

Yours faithfully,

JLL, Valuation & Advisory

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Computer Freehold Register

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier	**NA108C/559**
Land Registration District	**North Auckland**
Date Issued	04 March 1997

Prior References
NA103B/136

Estate	Fee Simple
Area	6573 square metres more or less
Legal Description	Lot 2 Deposited Plan 176485

Proprietors
Stride Property Limited

Interests

Appurtenant hereto is a party wall right created by Transfer B706744.1

Appurtenant hereto are rights to drain sewage and drain water specified in Easement Certificate C189342.2

The easements specified in Easement Certificate C189342.2 are subject to Section 309 (1) (a) Local Government Act 1974

Appurtenant hereto are rights of way created by Transfer C189342.6

Subject to a right of way over parts marked D and E on DP 176485 created by Transfer C189342.6

Subject to a right of way over part marked C on DP 176485 specified in Easement Certificate D114586.4 - 4.3.1997 at 2.26 pm

Appurtenant hereto are rights of way and telecommunications, water, gas, drainage and power rights specified in Easement Certificate D114586.4 - 4.3.1997 at 2.26 pm

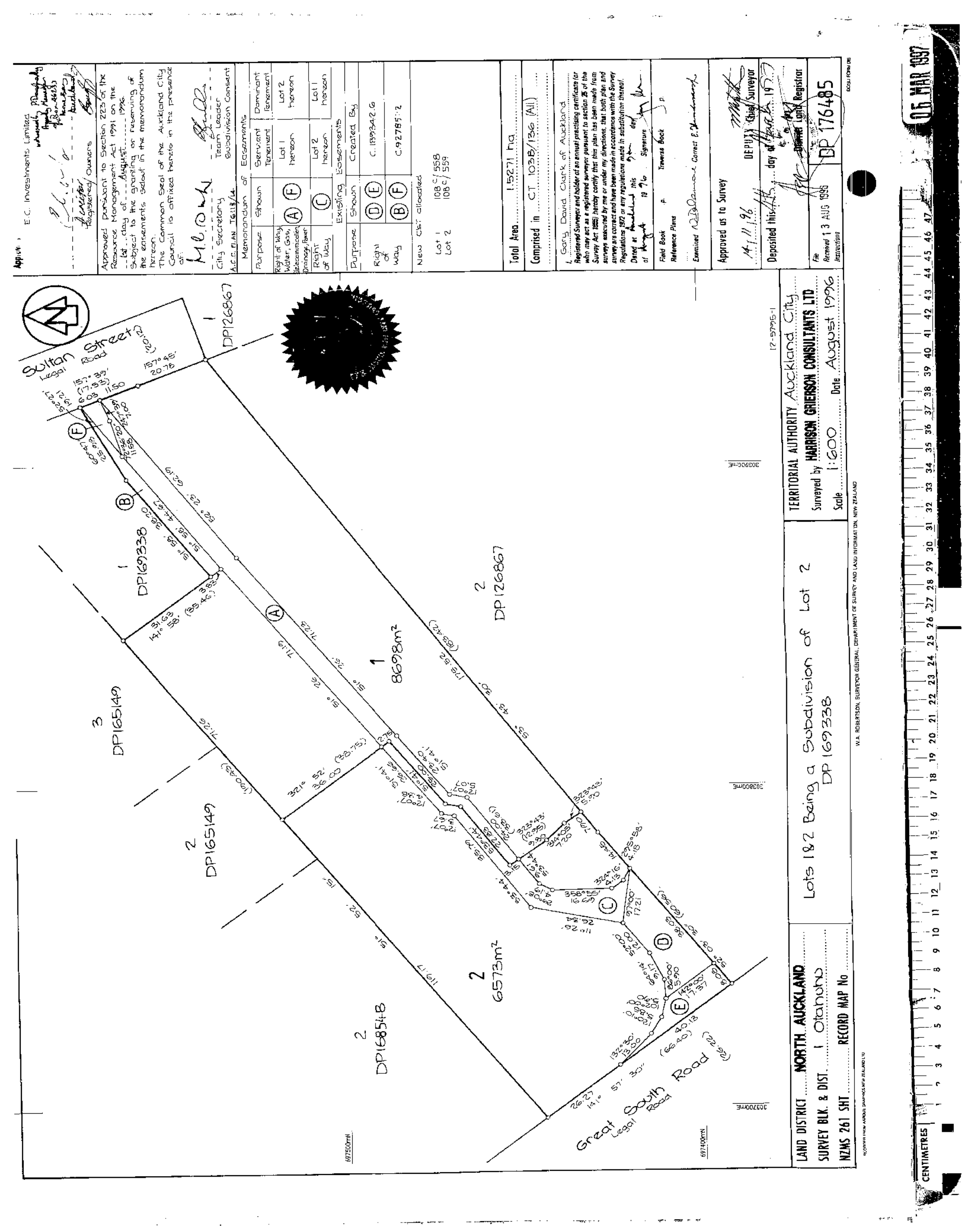
The easements specified in Easement Certificate D114586.4 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked D, E & Z on Plan 179947 specified in Easement Certificate D114586.5 - 4.3.1997 at 2.26 pm

7954363.2 Mortgage to ANZ National Bank Limited - 2.10.2008 at 9:35 am

Subject to a right (in gross) to convey electricity over parts marked A, B and C on DP 459138 in favour of Vector Limited created by Easement Instrument 9282515.1 - 5.2.2013 at 9:05 am

Subject to a right (in gross) to convey telecommunications and computer media over part marked A on DP 469291 in favour of Genesis Energy Limited created by Easement Instrument 9632653.1 - 10.6.2015 at 5:07 pm



TERRITORIAL AUTHORITY Auckland City
Surveyed by HARRISON GRIERSON CONSULTANTS LTD
Scale 1:600 Date August 1996
Lots 1 & 2 Being a Subdivision of Lot 2 DP 169338
LAND DISTRICT NORTH AUCKLAND
SURVEY BLK. & DIST. I Otahuhu
NZMS 261 SHT
RECORD MAP No
Total Area 1.5271 ha
Comprised in CT 103B/136 (All)
Memorandum of Easements
Existing Easements
Approved as to Survey
Deposited this
DP 176485
05 MAR 1997
Sultan Street
Legal Road
Great South Road
Legal Road
DP126867
DP169338
DP165149
DP168548
8698m²
6573m²
CENTIMETRES

Valuation Calculations

Executive Summary

Property	Unisys House - 650 Great South Rd, Ellerslie
Property Description	Commercial Office
Net Lettable Area	8,335 square metres
Car Parking	297 spaces - 1 car park per 28.06 sqm
Prepared For	Maat Property Group
Purpose	Acquisition, Syndication, Product Disclosure Statement and for Mortgage Security purposes only
Date of Valuation	23 March 2016
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	$31,900,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	8.20%
Initial Yield (Fully Leased)	8.20%
Equivalent Yield	7.48%
Internal Rate of Return (Ten Year)	8.52%
Weighted Average Lease Term - Income	3.47 years
Weighted Average Lease Term - Area	3.41 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	$3,827 /sqm

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

Capitalisation Approach

Value Based on Market Capitalisation	$31,820,000
Value Based on Contract Capitalisation	$31,800,000
Capitalisation Rate	7.50%

Discounted Cashflow Approach

Value Based on DCF Approach	$31,960,000
Discount Rate	8.50%
Terminal Capitalisation Rate	7.63%
Nominal Assumed Rental Growth	2.50% pa
Nominal Assumed CPI	2.19% pa

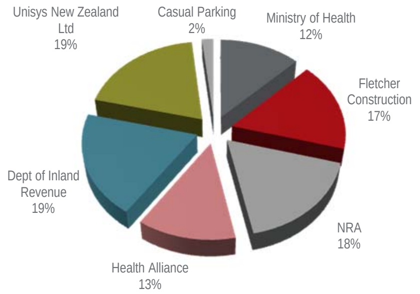
Contract and Market Rental Income Summary

	Contract	Market
Rental Income	$2,624,406	$2,428,995
Other Income		
Recoverable Outgoings	$533,944	$541,768
Gross Income	$3,158,350	$2,970,763
Total Outgoings	($541,768)	($541,768)
Less Year 1 Incentives		
Net Income	$2,616,581	$2,428,995

DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	7.38%	7.63%	7.88%
8.25%	$33,120,000	$32,510,000	$31,920,000
8.50%	$32,560,000	$31,960,000	$31,390,000
8.75%	$32,010,000	$31,420,000	$30,860,000

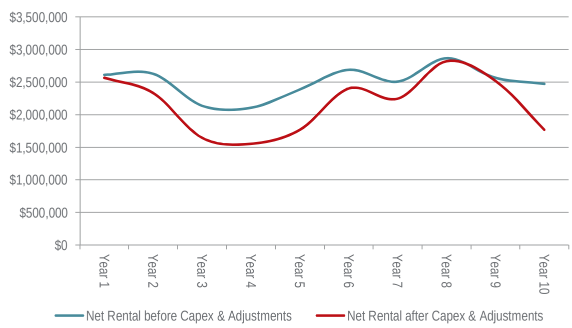
Major Tenant Occupancy Profile by Rental Income



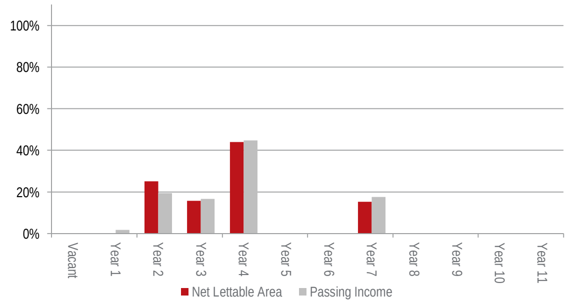
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	$40,000	$294,320	$391,083
Letting Up	$13,186	$0	$676,712
Unexpired Incentives	$0	$0	$0

Projected Net Rental Cash Flow



Lease Expiry Profile



Market Income	
Lettable area rental	$1,834,895
Car Parking Rental	$594,100
Ideal Outgoings Recovery (Full Net Leases)	$541,768
Total Market Rental	$2,970,763
Less Outgoings Expenditure	($541,768)
Net Market Rental	$2,428,995
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	$2,428,995
Core Income Capitalised at 7.50%	$32,386,597
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$551,960
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	($373,763)
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Short Term Capital Expenditure: 36 months	($748,084)
Total Value Adjustments	($569,887)
Total Capitalised Value	$31,816,710
Adopted Capitalised Value	$31,820,000
Adopted Value	$31,900,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	3.47 years	Initial Yield (Net Passing)	8.20%
By Area	3.41 years	Initial Yield (Fully Leased)	8.20%
Current Vacancies		Equivalent Market Yield	7.48%
By Area	0 sqm	Rate per m^2 of NLA	$3,827 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	$0	Net Passing Income	$2,616,581
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	$2,616,581

Passing Income	
Lettable Area Rental	$2,019,802
Car Parking Rental	$604,604
Outgoings Recovery	$533,944
Total Passing Rental	$3,158,350
Less Outgoings Expenditure	($541,768)
Net Passing Income*	$2,616,581
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	$2,616,581
Core Income Capitalised at 7.50%	$34,887,752
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	($1,970,513)
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	($373,763)
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Short Term Capital Expenditure: 36 months	($748,084)
Total Value Adjustments	($3,092,361)
Total Capitalised Value	$31,795,391
Adopted Capitalised Value	$31,800,000
Adopted Value	$31,900,000

* Excludes adjustments for outstanding incentives and any other income

Discounted Cashflow Approach
Unisys House - 650 Great South Rd, Ellerslie
23 March 2016

Discounted Cashflow Results	
PV of Rental Income	$14,756,488
PV of Terminal Value	$17,199,485
Acquisition Costs	$0
Total Net Present Value	$31,955,973
Adopted Net Present Value	$31,960,000
Adopted Value	$31,900,000
Adopted Discount Rate	8.50%
Internal Rate of Return	8.52%

Sensitivity Analysis*		Terminal Yield	
Discount Rate	7.38%	7.63%	7.88%
8.25%	$33,120,000	$32,510,000	$31,920,000
8.50%	$32,560,000	$31,960,000	$31,390,000
8.75%	$32,010,000	$31,420,000	$30,860,000

* Rounded Values

Key Property Statistics	Valuation Date	Terminal Period
Weighted Average Lease Term - Income	3.47 years	3.29 years
Weighted Average Lease Term - Area	3.41 years	3.24 years
Occupancy	100.00%	100.00%
Initial Yield (Net Passing)	8.20%	7.77%
Initial Yield (Fully Leased)	8.20%	7.75%
Capex Assumptions		
Total Allowance over DCF Period	$2,598,742	$311.79 /sqm
Proportion of Adopted Value	8.15%	

Year Ending		22-Mar-2017 Year 1	22-Mar-2018 Year 2	22-Mar-2019 Year 3	22-Mar-2020 Year 4	22-Mar-2021 Year 5	22-Mar-2022 Year 6	22-Mar-2023 Year 7	22-Mar-2024 Year 8	22-Mar-2025 Year 9	22-Mar-2026 Year 10	22-Mar-2027 Year 11
Rental Income												
Lettable Area and Car Park Income		$2,619,910	$2,635,154	$2,237,161	$2,199,086	$2,435,515	$2,689,574	$2,553,187	$2,866,478	$2,646,803	$2,557,435	$0
Outgoings Recovery		$533,944	$543,021	$461,080	$478,920	$535,497	$597,562	$564,407	$624,755	$559,979	$570,537	$0
Other Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income		$3,153,854	$3,178,175	$2,698,241	$2,678,006	$2,971,012	$3,287,136	$3,117,593	$3,491,233	$3,206,782	$3,127,972	$0
Rental Deductions												
Unexpired Incentives		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure		($541,768)	($550,978)	($560,896)	($571,553)	($584,413)	($597,562)	($611,007)	($624,755)	($640,374)	($656,383)	$0
Net Rental Cashflow		$2,612,085	$2,627,197	$2,137,345	$2,106,454	$2,386,599	$2,689,574	$2,506,586	$2,866,478	$2,566,408	$2,471,589	$0
Rental Adjustments												
Letting Up Allowances - Leasing Fees		($6,020)	$0	($101,077)	($149,344)	($168,717)	($6,698)	($96,267)	$0	$0	($223,705)	$0
Capital Expenditure		($40,000)	($294,320)	($391,083)	($403,815)	($451,126)	($280,599)	($165,532)	($46,127)	($47,280)	($478,859)	$0
Net Cashflow		$2,566,066	$2,332,877	$1,645,185	$1,553,294	$1,766,757	$2,402,276	$2,244,786	$2,820,351	$2,519,128	$1,769,025	$0
Purchase Price	$31,900,000											
Acquisition Costs @ 0.00%	$0											
Gross Purchase Price	$31,900,000											
Net Sale Price After Costs @ 1.25%												$38,887,750
Annual Cashflow		($29,333,934)	$2,332,877	$1,645,185	$1,553,294	$1,766,757	$2,402,276	$2,244,786	$2,820,351	$2,519,128	$1,769,025	$38,887,750
Running Initial Yield		8.19%	8.24%	6.70%	6.60%	7.48%	8.43%	7.86%	8.99%	8.05%	7.75%	-
Running IRR		4.38%	6.31%	7.49%	7.91%	8.30%	8.45%	8.46%	8.37%	8.38%	8.52%	-

Growth and Cost Assumptions

	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Office	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	2.50%						
Rental Growth Rate	-	2.25%	2.50%	2.80%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	$0	$0	$0	$209,115	$230,716	$0	$0	$154,254	$0	$272,104	$286,295	$372,033
Casual Parking	Assumed Lease Term	4.0 years	Review Frequency	1 yearly	Average Growth	2.50%						
Rental Growth Rate	-	2.25%	2.50%	2.80%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Letting Up Assumption	4 months	4 months	4 months	4 months	4 months	4 months	4 months	4 months	4 months	4 months	4 months	4 months
Letting Up Probability	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Growth Rates	Average	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Ancillary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Carparking	2.50%	2.25%	2.50%	2.80%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CPI	2.19%	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Capex	2.19%	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Outgoings	2.19%	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Ground Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Tenancy Schedule
Unisys House - 650 Great South Rd, Ellerslie
23 March 2016

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises $/sqm	Car Park pcpw	Net Market Rental Total	Premises $/sqm	Car Park pcpw	Outgoings Recovery
1. Ministry of Health	Pt level 3	1,306.9	13	6.0 years	15-Dec-13	14-Dec-19	15-Dec-16	3 yearly	Market	$328,396	$230.00	$41.15	$321,861	$225.00	$41.15	$84,945
2. Fletcher Construction	Pt level 3	824.5	50	3.2 years	21-Aug-15	18-Nov-18				$316,020	$244.85	$43.90	$292,278	$220.00	$42.65	$53,592
3. NRA	Pt level 2	1,271.4	78	6.0 years	1-Apr-16	31-Mar-22	1-Apr-19	3 yearly	Market	$460,351	$240.00	$38.27	$432,064	$220.00	$37.56	$82,640
4. Health Alliance	Pt level 2	869.6	74	7.0 years	1-Apr-12	31-Mar-19				$332,690	$232.50	$33.92	$324,421	$220.00	$34.59	$56,521
5. Dept of Inland Revenue*	Level 1	2,092.8	5	6.0 years	19-Mar-12	18-Mar-18				$513,965	$240.00	$45.00	$461,646	$215.00	$45.00	$128,206
6. Unisys New Zealand Ltd	Ground	1,483.7	54	5.0 years	19-Dec-14	18-Dec-19	1-Dec-16	1 yearly	Fixed	$482,550	$244.80	$42.50	$431,186	$215.00	$39.95	$96,441
7. Unisys New Zealand Ltd	Naming Rights	1.0		5.0 years	19-Dec-14	18-Dec-19	1-Dec-16	1 yearly	Fixed	$25,500	$25,500		$15,000	$15,000		$0
8. Unisys New Zealand Ltd	Car Parks Occupied	0.0	3	5.0 years	19-Dec-14	18-Dec-19				$0	$0.00		$3,900	$0.00	$25.00	$0
9. Fletcher Construction	Pt Ground	486.1		3.2 years	21-Aug-15	18-Nov-18				$119,070	$244.93		$104,520	$215.00		$31,599
10. Casual Parking	Car Parks	0.0	20	0.8 years	1-Mar-16	31-Dec-16				$45,864	$0.00	$44.10	$42,120	$0.00	$40.50	$0

GLA	8,336 sqm	297	Passing Rental	$2,624,406	Market Rental $2,428,995	Outgoings Recovery	$533,944
NLA	8,335 sqm		Net Passing Rental	$2,616,581		Vacant Outgoings	$0
						Outgoings Shortfall	$7,824
						Total Outgoings	$541,768

** Base rental shown for IRD Premises. There is an outgoings shortfall associated with this tenancy due to the semi-gross lease with a portion of the outgoings fixed*

Annualised Receivable Income
Unisys House - 650 Great South Rd, Ellerslie
23 March 2016

Tenant Name	Premises	Year 1 22-Mar-2017	Year 2 22-Mar-2018	Year 3 22-Mar-2019	Year 4 22-Mar-2020	Year 5 22-Mar-2021	Year 6 22-Mar-2022	Year 7 22-Mar-2023	Year 8 22-Mar-2024	Year 9 22-Mar-2025	Year 10 22-Mar-2026
Ministry of Health	Pt level 3	$328,396	$328,396	$328,396	$248,339	$268,561	$358,081	$371,835	$376,420	$390,879	$395,699
Fletcher Construction	Pt level 3	$316,020	$316,020	$210,301	$263,741	$316,489	$329,996	$332,698	$346,898	$349,738	$182,379
NRA	Pt level 2	$460,351	$460,351	$460,351	$465,910	$465,910	$465,910	$254,234	$508,468	$508,468	$528,247
Health Alliance	Pt level 2	$332,690	$332,690	$334,181	$177,116	$354,231	$354,231	$368,011	$381,790	$391,567	$200,672
Dept of Inland Revenue	Level 1	$513,965	$513,965	$249,499	$498,997	$498,997	$518,754	$538,511	$552,277	$283,021	$587,762
Unisys New Zealand Ltd	Ground	$485,767	$495,482	$505,392	$384,918	$359,781	$479,707	$498,134	$504,276	$523,647	$530,103
Unisys New Zealand Ltd	Naming Rights	$25,670	$26,183	$26,707	$20,341	$12,516	$16,688	$17,329	$17,543	$18,217	$18,441
Unisys New Zealand Ltd	Car Parks Occupied	$0	$0	$0	$0	$3,254	$4,339	$4,506	$4,561	$4,736	$4,795
Fletcher Construction	Pt Ground	$119,070	$119,070	$79,145	$94,315	$113,178	$118,009	$118,975	$124,052	$125,068	$65,220
Casual Parking	Car Parks	$37,981	$42,997	$43,190	$45,410	$42,599	$43,858	$48,954	$50,192	$51,462	$44,116
Total Receivable Rental Income		$2,619,910	$2,635,154	$2,237,161	$2,199,086	$2,435,515	$2,689,574	$2,553,187	$2,866,478	$2,646,803	$2,557,435

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