



# Valuation Report

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## Market Valuation

**32 Jamaica Drive  
Grenada North  
WELLINGTON**

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PMG Property Funds Management Limited &  
PMG Generation Fund  
PO Box 99334  
Newmarket  
Auckland

Attention: Stephen Williams

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Date: December 2019

Ref: 26142/MH

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## Executive Summary

### 32 Jamaica Drive, Grenada North, Wellington

#### Brief Description

The subject comprises three adjoining industrial properties situated on Jamaica Drive within the Grenada North Industrial Estate approximately 14 kilometres north of Wellington and to the east of Tawa by State Highway One. It occupies Business 2 zoned land in the Wellington City District Plan. The three sites each have modern buildings erected on them having been built between 2011 to 2013 and all have strong tenant covenants. These industrial sites are discussed in brief detail below:

#### Lot 1 (32 Jamaica Drive)

This site was the first to be developed in 2011 for the now tenant Coca-Cola Amatil (NZ) Ltd. The improvements comprise a distribution centre with a mix of office and industrial workshop/warehouse accommodation. Coca-Cola entered into a nine (9) year lease from 14 December 2011. The lease now has less than a year to run however the tenant has two rights of renewal for a further three (3) years each.

#### Lot 2 (32A Jamaica Drive)

Built circa 2012 for the now tenant Rentokil Initial Limited. The improvements comprise a mix of office and industrial drive through workshop/warehouse accommodation built to a smaller standard to the Coca-Cola premises. Rentokil Initial Ltd entered into a nine (9) year lease from 15 September 2012. There is just under a year and a half remaining on this lease however the tenant has two rights of renewal for a further four (4) years each.

#### Lot 3 (32B Jamaica Drive)

Built in 2013 for the now tenant Desktop Imaging & NZ Micrographic Services Ltd. The improvements comprise a high proportion of office accommodation relative to warehouse accommodation. Desktop Imaging & NZ Micrographic Services Ltd entered into a seven (7) year lease over this property from 24 May 2013. The lease is due for renewal in May 2020.



## Instruction & Approach

<b>Instructing Party</b>	Stephen Williams
<b>Reliant Party/s</b>	PMG Property Funds Management Limited & PMG Generation Fund
<b>Purpose of Report</b>	First Mortgage Security / Financial Reporting
<b>Interest Valued</b>	Freehold Market Value on the basis of existing occupancy arrangements with vendor rental underwrites.
<b>Date of Valuation</b>	31 March 2020
<b>Date of Inspection</b>	9 December 2019

## Property Details

The subject property is held within three separate Record of Titles, which we identify as follows:

<b>Legal Description</b>	Lot 1 Deposited Plan 471567
<b>Record of Title</b>	640343
<b>Land Area</b>	6,756 m <sup>2</sup>
<b>Rentable Area</b>	2,945 m <sup>2</sup>
<b>NBS</b>	100% (built post 2004)
<b>Tenant</b>	Coca-Cola Amatil (NZ) Ltd
<b>Use Profile</b>	Industrial Workshop/Warehouse areas 79%, Offices 21% (by area)
<b>Lease Term to Run</b>	0.70 years

<b>Legal Description</b>	Lot 2 Deposited Plan 471567
<b>Record of Title</b>	640344
<b>Land Area</b>	1,986 m <sup>2</sup>
<b>Rentable Area</b>	1,464.75 m <sup>2</sup>
<b>NBS</b>	100% (built post 2004)
<b>Tenant</b>	Rentokil Initial Ltd
<b>Use Profile</b>	Warehouse/Workshop 70%, Offices 30% (by area)
<b>Lease Term to Run</b>	1.46 years

<b>Legal Description</b>	Lot 3 Deposited Plan 471567
<b>Record of Title</b>	640345
<b>Land Area</b>	2,125 m <sup>2</sup>
<b>Rentable Area</b>	1,927.38 m <sup>2</sup>
<b>NBS</b>	100% (built post 2004)
<b>Tenant</b>	Desktop Imaging & NZ Micrographic Services Ltd
<b>Use Profile</b>	Offices 76%, Industrial 24% (by area)
<b>Lease Term to Run</b>	0.15 years

## Key Data & Assumptions

	Lot 1 (32 Jamaica Dr)	Lot 2 (32A Jamaica Dr)	Lot 3 (32B Jamaica Dr)	Combined Properties
<b>Current Net Contract Income</b>	\$461,449 p.a	\$215,892 p.a	\$309,576 p.a	\$986,917
<b>Net Market Rental</b>	\$445,445 p.a	\$212,095 p.a	\$285,194 p.a	\$942,734
<b>Letting Up Allowance</b>	4 months	4 months	4 months	-
<b>Average Growth</b>	2.83% p.a	2.83% p.a	2.83% p.a	-
<b>Market Capitalisation Rate</b>	6.25%	6.30%	6.50%	-
<b>Discount Rate</b>	8.00%	8.00%	8.00%	-
<b>Terminal Capitalisation Rate</b>	6.75%	6.75%	7.00%	-
<b>Lease Term to run</b>	0.70 years	1.46 years	0.15 years	0.70 years

## Valuation Conclusions

### Adopted Values:

Lot 1 (32 Jamaica Dr)	NZD\$7,060,000 plus GST, if any
Lot 2 (32A Jamaica Dr)	NZD\$3,390,000 plus GST, if any
Lot 3 (32B Jamaica Dr)	<u>NZD\$4,300,000 plus GST, if any</u>
Combined Properties (3)	<b>Total: NZD\$14,750,000 plus GST, if any (Gross Realisation)</b>

Individual Properties	Lot 1 (32 Jamaica Dr)	Lot 2 (32A Jamaica Dr)	Lot 3 (32B Jamaica Dr)
Passing Initial Yield	6.54%	6.37%	7.20%
Equivalent Market Yield	6.33%	6.26%	6.96%
Internal Rate of Return (including capex)	8.31%	7.97%	8.23%
Internal Rate of Return (excluding capex)	8.39%	8.08%	8.55%
Direct Comparison Rate	\$2,708 psm	\$2,314 psm	\$2,231 psm

**Equivalent Market Yield** The assessed annual market rent as a proportion of the assessed market value, the market value having been adjusted downwards to allow for any rental shortfall.

**Internal Rate of Return (IRR)** The rate of return on the assessed market value, based on forecast cash inflows and outflows over the next 10 years, based on our assumptions relating to market rentals, rental growth, escalation in outgoings and capital expenditure.

## Valuers

**MICHAEL HORSLEY** PROF VAL (URB) FNZIV FPNZ  
Registered Valuer  
Director | Valuation & Advisory Services

**NICHOLAS SIMON** BBS (VPM)  
Valuer

Colliers International (Wellington Valuation) Limited  
Level 10, 36 Customhouse Quay  
Wellington 6140  
PO Box 2747, Wellington 6140  
Phone No. +64 4 473 4413

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

## 1.0 INTRODUCTION

### 1.1 SCOPE OF WORK

We have received instructions from Stephen Williams of PMG Capital Fund Limited to assess the market value of the subject properties for the purposes of establishing market value and financial reporting.

We outline in the following subsections key assumptions, limitations and restrictions with regard to this valuation. We further note that this valuation is undertaken in accordance with the agreed written Scope of Work between the above instructing party and Colliers International (Wellington Valuation) Limited.

We confirm that the individual valuers who are signatories to this report are experienced in the location and category of the properties valued.

### 1.2 BASIS AND PURPOSE OF VALUATION

The valuation has been completed in accordance with the International Valuation Standards and the Australia and New Zealand Valuation and Property Standards for assessing the market value of a property for mortgage and loan security purposes.

Specifically, our valuation has been prepared in accordance with the following:

Finance Purposes

#### **International Valuation Standards**

- Glossary
- Framework

#### **General Standards**

- IVS 101 - Scope of Work
- IVS 102 - Investigations and Compliance
- IVS 103 - Reporting
- IVS 104 - Bases of Value
- IVS 105 - Valuation Approaches and Methods

#### **Asset Standards**

- IVS 400 - Real Property Interests

#### **Australian and New Zealand Valuation and Property Standards**

#### **Valuation Guidance Notes**

- ANZVGN 9 - Assessing Rental Value

#### **Technical Information Papers**

- ANZVTIP 11 - Valuation Procedures - Real Property
- ANZVTIP 12 - Valuations for Mortgage & Loan Security Purposes
- NZVTIP 1 - GST in Property
- NZVTIP 3 - Counter-signing of Valuation Reports Prepared by Unregistered Valuers

## Real Property Guidance Notes

ANZRPNG 1 - Disclaimer and Qualification Statement  
ANZRPNG 4 - Methods of Measurement

We have adopted the International Valuation Standards Council definition of market value as follows:

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

This valuation has been prepared for mortgage and loan security purposes.

In accordance with bank and Property Institute of New Zealand reporting guidelines, we have excluded a mortgage recommendation from our valuation report.

### 1.3 INFORMATION SOURCES

Stephen Williams has provided the following information which has been adopted/considered in the valuation process:

- Insurance premium
- Occupancy information

We hold a comprehensive file of lease documentation etc.

We have searched the Record of Title details independently from public records and rental and sales evidence from our own records.

### 1.4 RELIANCE & EXTENSION OF LIABILITY

This valuation has been prepared for the following parties and for the following purposes:

- PMG Property Funds Management Limited & PMG Generation Fund for market value purposes.

No responsibility is accepted or assumed to any third parties, nor should there be any reliance upon this report by any third party other than the party(s) explicitly noted above without our express written agreement. We invite other parties who may come into possession of this report to seek our written consent to them relying on this report. We reserve the right to withhold our consent or to review the contents of this report in the event that our consent is sought.

This report is confidential between Colliers International (Wellington Valuation) Limited and the above party(s) to whom Colliers International (Wellington Valuation) Limited agrees in writing may rely upon the valuation report for the purpose stated.

## 1.5 ASSUMPTIONS

### ***Special Assumptions***

Our valuation assumes confirmation/formalisation of the "top-up" rentals summarised in section 4.2.

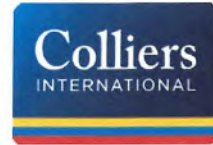
### ***Other Assumptions***

1. We have assumed that the instructions and subsequent information supplied contain a full and frank disclosure of all information that is relevant.
2. We have assumed that there are no easements, rights of way or encroachments except those shown on the Record of Title or in the valuation.
3. A current survey has not been sighted. The valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey or report and/or advice from a Registered Surveyor. If any encroachments are noted by the survey report we reserve the right to review our valuation.
4. Other than the Record of Title, we are not aware of any notices currently issued against the property and we have made no enquiries in this regard.
5. We have assumed that any/all licence agreements are capable of and will be assigned or novated.
6. We have not inspected the plant and equipment or obtained any advice on its condition or suitability.
7. In the course of preparing this report we have relied upon information provided by the owner of the property unless otherwise stated. We have assumed that this information is correct and have adopted this information in our assessment.
8. We have inspected all readily accessible parts of the improvements considered necessary for the purposes of our valuation. We have not sighted a structural survey of the improvements, nor its plant and equipment, by a qualified engineer. The valuer is not a building construction and/or structural expert, and is therefore unable to certify as to structural soundness of the improvements. Readers of this report should make their own enquiries in this regard. We have not inspected unexposed or inaccessible portions of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements.
9. Our valuation has been completed on the assumption the building(s) and associated site development are adequately covered by normal full reinstatement insurance, including earthquake cover, both now and in the future. Should this not be the case or should this situation change in the future we caution the valuation may change.
10. There will be no major economic downturn during the projection period, beyond that envisaged at the date of valuation.
11. The property is managed in a prudent and professional manner.
12. There will be no new taxes or rates introduced which have a direct impact on the property over the projected period.

## 1.6 COMPLIANCE STATEMENT

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

- The statements of fact presented in this report are correct to the best of the Valuer(s)' knowledge;



- The analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer(s) have no interest in the subject property;
- The Valuer(s)' fee is not contingent upon any aspect of this report;
- The valuation has been performed in accordance with the NZIV Code of Ethics and performance standards;
- The Valuer(s) has satisfied professional education requirements;
- The Valuer(s) has experience in the location and category of the property being valued;
- The Valuer(s) (as noted in the executive summary and final section of this report) has made a personal inspection of the property; and
- No one, except those specified in the report has provided professional assistance in preparing the report
- Further, the principal valuer is a Registered Valuer in accordance with the Valuers Act 1948 and holds an Annual Practising Certificate.
- We confirm that we are not aware of any conflicts of interest or pecuniary interests of the property being valued on the part of Colliers International New Zealand Limited.
- We confirm Colliers International (Wellington Valuation) Limited has previously valued these properties for the current owner.

## 1.7 QUALITY MANAGEMENT SYSTEM

Colliers International (Wellington Valuation) Limited have a Quality Management System (QMS) which sets out specific procedures to be carried out in the valuation process to ensure each valuation is completed to a high standard.

The QMS provides for both internal and external audits to be carried out biannually and annually respectively to ensure Colliers International (Wellington Valuation) Limited is complying with the QMS.

We attach a copy of the current Certificate of Registration which recognises Colliers International (Wellington Valuation) Limited's current compliance at **Appendix Three** of this report.



## 2.0 SITE PARTICULARS

### 2.1 LEGAL DESCRIPTION

The properties are legally described below:

Property	Lot 1 AKA 32 Jamaica Dr	Lot 2 AKA 32A Jamaica Dr	Lot 3 AKA 32B Jamaica Dr	Total
Legal Description	Lot 1 DP 471567	Lot 2 DP 471567	Lot 3 DP 471567	
Land Area	6,756 m <sup>2</sup>	1,986 m <sup>2</sup>	2,125 m <sup>2</sup>	10,867 m <sup>2</sup>
Record of Title	640343	640344	640345	

We note from our perusal of the Record of Titles that the respective properties are subject to the following interests:

#### **Lot 1 (AKA 32 Jamaica Drive)**

- Appurtenant hereto is a sewage drainage right created by Transfer 128369.1
- Appurtenant hereto is a right of way specified in Easement Certificate B308761.5
- The easement specified in Easement Certificate B308761.5 is subject to Section 243(a) Resource Management Act 1991
- Subject to a right (in gross) to transmit electrical energy and gas over parts marked A, AA & AC on DP 471567 in favour of (now) Powerco Limited and Vector Wellington Electricity Network Limited (in shares) created by Transfer B308761.7
- The easements created by Transfer B308761.7 are subject to Section 243(a) Resource Management Act 1991
- Subject to a water drainage right (in gross) over parts marked AD, AE, AF & AP on DP 471567 in favour of the Wellington City Council created by Transfer B308761.8
- The easements created by Transfer B308761.8 are subject to Section 243(a) Resource Management Act 1991
- Subject to a right (in gross) to convey electricity and telecommunications over parts marked AA, AE & AH on DP 471567 in favour of Wellington Electricity Lines Limited created by Easement Instrument 8793985.1
- Subject to a right to drain water over parts marked A, AD, AE, AF, AG, AJ & AP and sewage over parts marked A, AD, AG, AH & AI and a right to convey telecommunications and computer media over parts marked AK & AN, all on DP 471567 created by Easement Instrument 8826894.2
- Appurtenant hereto is a right of way and a right to convey electricity created by Easement Instrument 8826894.2
- Some of the easements created by Easement Instrument 8826894.2 are subject to Section 243(a) Resource Management Act 1991 (see DP 443665)
- 8839054.3 Encumbrance to Market Gardeners Limited
- Subject to a party wall easement over parts marked AM, AN, AO, AP & AQ and a right to convey gas over part marked AL on DP 471567 created by Easement Instrument 9746773.2
- Appurtenant hereto is a party wall easement created by Easement Instrument 9746773.2
- The easements created by Easement Instrument 9746773.2 are subject to Section 243(a) Resource Management Act 1991

#### **Lot 2 (AKA 32A Jamaica Drive)**

- Appurtenant hereto is a sewage drainage right created by Transfer 128369.1

- Appurtenant hereto is a right of way specified in Easement Certificate B308761.5
- The easement specified in Easement Certificate B308761.5 is subject to Section 243(a) Resource Management Act 1991
- Subject to a water drainage right (in gross) over parts marked BD, BG, BH, BI, BK & BQ on DP 471567 in favour of the Wellington City Council created by Transfer B308761.8
- The easements created by Transfer B308761.8 are subject to Section 243(a) Resource Management Act 1991
- Subject to a right to drain water over parts marked BD & BG and sewage over parts marked BJ, BK, BM, BQ & BR and a right to convey telecommunications and computer media over parts marked BB, BF, BH, BN, BU & BW, all on DP 471567 created by Easement Instrument 8826894.2
- Appurtenant hereto is a right of way and a right to convey electricity created by Easement Instrument 8826894.2
- Some of the easements created by Easement Instrument 8826894.2 are subject to Section 243(a) Resource Management Act 1991 (see DP 443665)
- 8839054.3 Encumbrance to Market Gardeners Limited
- Subject to a party wall easement over parts marked BA, BB, BC, BD, BE, BQ, BR, BS, BT, BU & BV and a right of way over part marked BP on DP 471567 created by Easement Instrument 9746773.2
- Appurtenant hereto are party wall easements, a right of way, a right to drain water and sewage and a right to convey gas, water, electricity, telecommunications and computer media created by Easement Instrument 9746773.2
- The easements created by Easement Instrument 9746773.2 are subject to Section 243(a) Resource Management Act 1991
- Subject to a right to drain water over parts marked BH, BI, BL, BM, BR & BS on DP 471567 created by Easement Instrument 9746773.3
- Appurtenant hereto is a right to drain water created by Easement Instrument 9746773.3

**Lot 3 (AKA 32B Jamaica Drive)**

- Appurtenant hereto is a sewage drainage right created by Transfer 128369.1
- Appurtenant hereto is a right of way specified in Easement Certificate B308761.5
- The easement specified in Easement Certificate B308761.5 is subject to Section 243(a) Resource Management Act 1991
- Subject to a water drainage right (in gross) over parts marked CA & CG on DP 471567 in favour of the Wellington City Council created by Transfer B308761.8
- The easements created by Transfer B308761.8 are subject to Section 243(a) Resource Management Act 1991
- Subject to a right to drain sewage over parts marked CA, CB, CG, CH & CJ and a right to convey telecommunications and computer media over parts marked CE & CK on DP 471567 created by Easement Instrument 8826894.2
- Appurtenant hereto is a right of way and a right to convey electricity created by Easement Instrument 8826894.2
- Some of the easements created by Easement Instrument 8826894.2 are subject to Section 243(a) Resource Management Act 1991 (see DP 443665)
- 8839054.3 Encumbrance to Market Gardeners Limited
- Subject to a party wall easement over parts marked CA, CB, CC, CD, CE & CF, a right of way over part marked CM, a right to drain water over parts marked CA, CB, CC, CG, CH, CI, CL, CM & CN and a right to convey water, electricity, telecommunications and computer media and a right to drain sewage over parts marked CL, CM & CN, all on DP 471567 created by Easement Instrument 9746773.2

- Appurtenant hereto is a party wall easement and a right of way created by Easement Instrument 9746773.2
- The easements created by Easement Instrument 9746773.2 are subject to Section 243(a) Resource Management Act 1991
- Subject to a right to drain water over parts marked CB, CC, CH & CI on DP 471567 created by Easement Instrument 9746773.3

Of importance is that there are significant shared right of way interests across all properties.

### **Ownership**

We note from our perusal of the Record of Titles that the three adjoining properties are in the registered ownership of PMG Capital Fund Limited with a mortgage registered to ASB Bank Limited. We attach recent search copies of the Record of Titles to this report at **Appendix Four**.

## **2.2 SITE DESCRIPTION**



### **Topography**

The combined site (Lots 1, 2 and 3) is of an irregular shape with frontage to Jamaica Drive of approximately 161 metres. Broken down, Lot 1 (32 Jamaica Drive) is a regular (square-like) shaped site with frontage to Jamaica Drive of approximately 83 metres; Lot 2 (32A Jamaica Drive) is a near regular rectangular shaped site, with a cut out (forming part of Lot 3) in the south-eastern corner of the site and it has frontage to Jamaica Drive of approximately 23 metres; Lot 3 (32A Jamaica Drive) is an irregular shaped site with frontage to Jamaica Drive of approximately 54 metres. The three sites have a combined total area of 10,867 sqm.

In terms of contour the site is relatively level.

### **Access**

Main access to the site is provided from Jamaica Drive with a shared right of way over the Mg Marketing site to the West.

### **Utilities**

We understand that the property is connected to all major utility services including electricity, water, telephone and sewage.

### **Geotechnical**

We have not been supplied with a geotechnical survey of the property, and therefore cannot comment as to the subsoil condition of the land. We recommend that before any action is taken involving this site, that you obtain advice regarding soil stability and contamination from persons appropriately qualified to provide such advice.

### **Environmental and other Special Risks**

We have searched the Greater Wellington Regional Council's Selected Land Use Register (SLUR) and part of the subject property appears on their register as a contaminated site, identified by the reference number SN/05/767/02. Parts of Lot 2 DP 471567 and Lot 3 DP 471567 are affected by this, whilst Lot 1 DP 471567 does not appear as a contaminated site.

The abovementioned properties are listed on SLUR as these sites have been or may have been used for activities and industries from the Hazardous Activities and Industries List (HAIL) established by the Ministry for the Environment. It's inclusion on the HAIL is because the site was previously used for chemical manufacture, application and bulk storage – storage tanks or drums for fuel, chemicals or liquid waste. It is listed on SLUR as 'Contamination Acceptable Managed/Remediated suitable for Industrial/Commercial'.

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

*Part of the site contained a petroleum refueling facility. Information received (ERM 2010) shows that the two underground storage tanks (USTs) containing petrol and diesel were removed from the site. At the time of the UST removal, impacted material was taken to an appropriate disposal facility. Soil samples were collected and analysed to assess any residual contamination, all samples representing soil remaining on site contained TPH and BTEX concentrations below the soil assessment criteria.*

### **Asbestos**

The Health and Safety at Work (Asbestos) Regulations 2016 confer an obligation on a PCBU (Person Conducting a Business or Undertaking) to identify the confirmed or presumed presence of asbestos or Asbestos Containing Materials (ACM) where they know or ought reasonably to know that there is a risk of respirable asbestos fibres in the workforce. If asbestos is identified, the PCBU will need to prepare an Asbestos Register and Asbestos Management Plan.

Given the age of the property (post 2000) we have assumed there is no respirable asbestos in the premises.

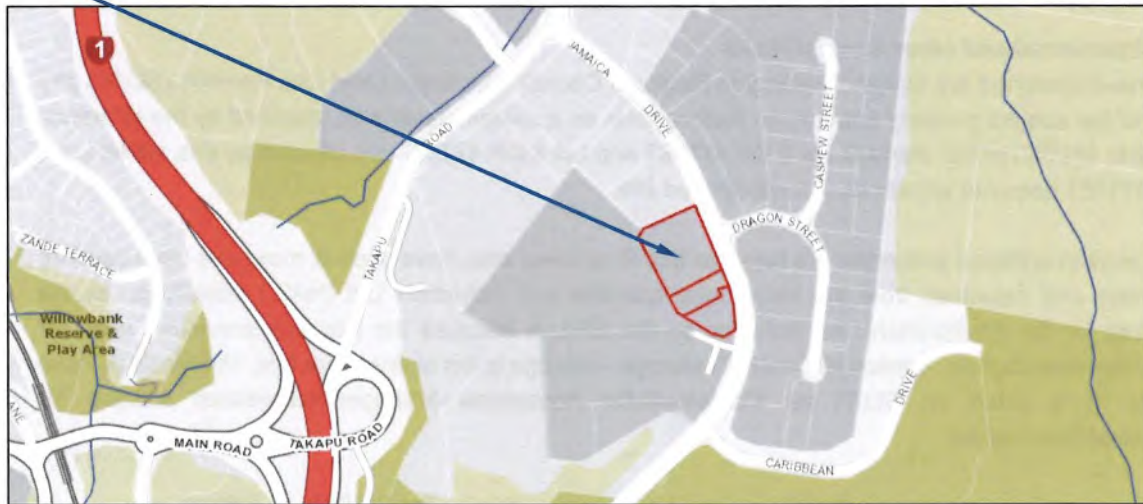
Whilst the above comments suggest environmental matters may not be an issue for the current use, the recipient of this report is advised that the Registered Valuer is not qualified to detect such substances, which in many cases are not visible, nor quantify the impact on values without an environmental report.

Substances such as asbestos, other chemicals, toxic waste 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, quantify the impact on values or estimate the remedial cost.

## 2.3 SITUATION AND LOCALITY

The property is located on the western side of Jamaica Drive, directly opposite the Dragon Street intersection and situated within the industrial area of Grenada North.

### *Subject*



Located some 14 kilometres north of Wellington City, Grenada North is positioned on the eastern side of State Highway One opposite Tawa. A major interchange at this point of State Highway One provides easy access to the property from both the north and the south. It is approximately 12 minutes to central Wellington including the Port and 30 minutes to Wellington Airport. Central Porirua is less than five minutes driving time to the north.

The immediate surroundings involve mainly an industrial flavour with some evidence of lower socio residential houses higher up in Grenada North and a new residential subdivision at the very top of Jamaica Drive. The Grenada North area has been largely developed from farmland, and although there is significant completed development already this is ongoing at the present time.

Major occupiers in close proximity to the subject property include Recall, MG Marketing and MetroTech Glass. These all comprise very modern industrial premises situated on the western side of Jamaica Drive. The properties to the east on Dragon Street and Cashew Street generally comprise older smaller properties.

With the Kapiti Expressway completed and the Transmission Gully motorway well underway, the regions road connections are set to improve considerably over the coming years.

### ***Transmission Gully***

Transmission Gully will replace the current section of SH1 between Linden and McKays Crossing. Work on the new road commenced in the third quarter of 2014 and it will take five years to complete construction (to be opened in late 2020). There will be a major intersection at Kenepuru, a short distance from the subject to the north.

## 2.4 RESOURCE MANAGEMENT

The subject land is zoned Business 2 Area under the operative Wellington City District Plan.



Permitted Activities in the Business 2 Area include; traditional industrial activities such as warehousing, manufacturing and some commercial services including trade supply retail, wholesalers, service retail, ancillary retail, and yard-based retail activities. The activity must comply with specified standards.

The construction or alteration of, or addition to buildings and structures are permitted activities provided they comply with the specified standards, except when the construction of, or addition to, buildings and structures in Business 2 Areas with a gross floor area exceed 4,000m<sup>2</sup> and are located on a site adjacent to or abutting a Residential Area or a state highway.

## 2.5 STATUTORY INFORMATION

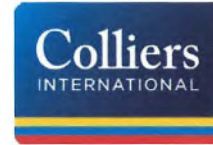
### **Building Act**

The Building Act 2004 requires that property owners are responsible for the safety and sanitation of their buildings. Certain systems and features such as fire alarms, lifts and air-conditioning require ongoing monitoring and maintenance.

Where necessary, owners must provide a Building Warrant of Fitness (BWOFF) annually to verify systems are in working order. This must be accompanied by copies of Licenced Building Practitioner (LBP) Certificates to support that requirements of the Compliance Schedule have been met for the preceding year. A Compliance Schedule is an inventory of a building's systems and features that specifies inspection, testing and maintenance procedures as well as the frequency of work, and who should perform it.

We summarise the BWOFF's held by the subject properties as follows:

Property	32 Jamaica Dr Coca Cola Building	32A Jamaica Dr Rentokil Initial Building	32B Jamaica Dr Desktop Imaging & NZ Micrographic Services
BWOFF Expiry Date	12 December 2020	13 June 2020	25 June 2020



### **Rating Valuations**

*1 September 2018*

Rating Valuation	Capital Value	Land Value	Value of Improvements	Address
16710/00108	\$5,700,000	\$2,060,000	\$3,640,000	32 Jamaica Dr (Lot 1)
16710/00110	\$3,350,000	\$710,000	\$2,640,000	32A Jamaica Dr (Lot 2)
16710/00111	\$5,050,000	\$750,000	\$4,300,000	32B Jamaica Dr (Lot 3)
<b>Totals</b>	<b>\$14,100,000</b>	<b>\$3,520,000</b>	<b>\$10,580,000</b>	

We point out that rating valuations are carried out under statutory criteria and may not reflect market value at any point in time.

We point out that rating valuations are carried out under statutory criteria and may not reflect market value at any point in time.

We note that the properties were purchased in February 2019 for a combined price of \$13,400,000.

### 3.0 IMPROVEMENTS

#### 3.1 LOT 1 (32 JAMAICA DRIVE)

The building on this site, occupied by Coca-Cola Amatil (NZ) Ltd comprises a modern industrial distribution facility constructed in 2011. It encompasses a mix of warehouse/workshop and office accommodation. Construction includes concrete foundations, a mix of precast concrete panel walls to the warehouse/workshop area and Colorsteel metal cladding. The entrance to the building at the northern end of the site has largely glazed frontage interspersed between concrete columns, providing offices with good levels of natural light.

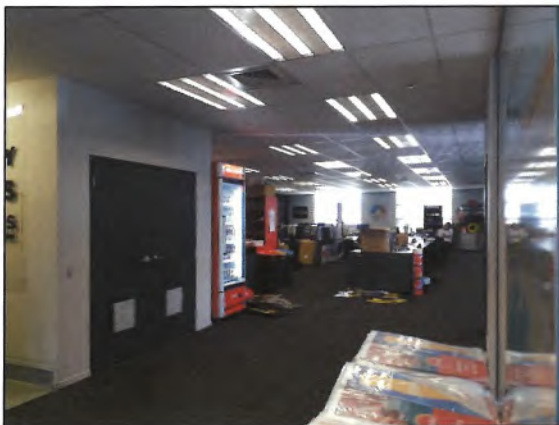


*Entrance to the building*



*Eastern side of the building including wash down area*

The air-conditioned offices have carpet tiles throughout (except within kitchen areas and toilets which have vinyl flooring) and a recessed ceiling tile and lighting grid system. There is a mix of open plan office accommodation and partitioned offices/meeting rooms. To the eastern end of the office section is a lunch/break room including a kitchen.



*Office area*



*Lunch/break room area*

The warehouse/workshop areas south of the offices is split into two areas, the first of which is a drive-through distribution area and the second being a much larger open area including a small offices/amenities block with a kitchenette/breakroom plus toilets on the ground and an office on the mezzanine level. A mezzanine storage area spans the length of the eastern side of the warehouse area and has concrete flooring. Below this is a workshop area with workstations and venting systems supplied

by the tenant. The warehouse is of steel portal frame construction with translucent panels interspersed throughout the zincalume cladded roof to provide good levels of natural light. Lighting is by way of recessed fluorescent ceiling lights. It has a stud height of approximately 6.7 metres to the knee and 9.5 metres at the apex.



*Warehouse/Workshop*



*Warehouse view of mezzanine*

Other improvements include a wash down section along the eastern side of the building, as well as a small fenced outdoor area. There is a small storage block attached to the south-eastern end of the warehouse which is only assessable via a separate roller door to the main building (pictured above). There are 35 car parks associated with this site, along the western, northern and eastern sides of the building.

### 3.2 LOT 2 (32A JAMAICA DRIVE)

The building on this site, occupied by Rentokil Initial Ltd comprises a modern industrial facility constructed in 2013. Like, the Coca Cola premises, it encompasses a mix of warehouse/workshop and office accommodation but to a much smaller scale (area). Construction includes concrete foundations, a mix of precast concrete panel walls to the warehouse/workshop area and Colorsteel metal cladding. The entrance to the building at the northern end of the site has largely glazed frontage interspersed between concrete columns, providing offices with good levels of natural light.



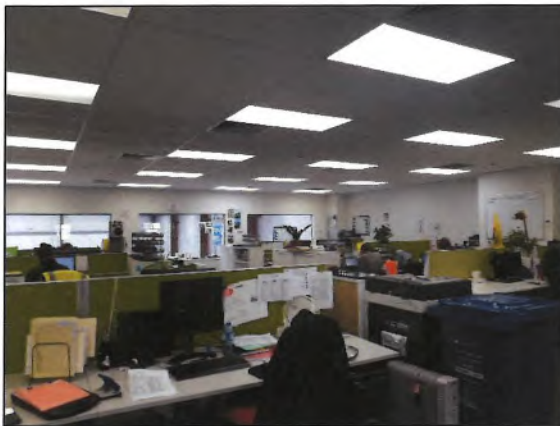
*Rentokil premises (middle lot/building)*



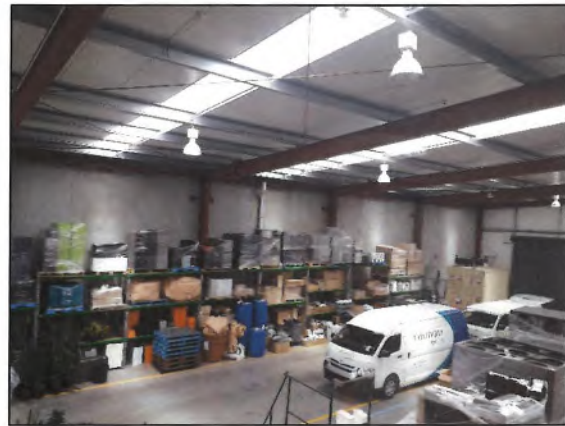
*Warehouse view of mezzanine offices*

Like the Coca Cola premises, this building is of similar construction with a steel framed, clear span warehouse, concrete flooring, translucent panels interspersed throughout the roof, tilt slab walls mixed with steel cladding. Two roller doors provide drive-through access from east to west. Unlike the Coca Cola premises, it has high bay lighting. The warehouse area has a stud height of approximately 6.7 metres to the knee and 8 metres to the apex.

Offices are across two levels and extend out from the warehouse section. The air-conditioned offices are to a modern standard with carpet tile floor coverings over a timber floor on the first level (concrete slab on ground) and a recessed ceiling grid system including lighting. The first floor offices are mostly open plan and include a lunchroom plus male and female toilets. The ground floor has partitioned offices and meeting rooms plus male and female toilets. Good natural light is provided to the offices on the eastern side of the building.



Level 1 offices



Warehouse

In addition, there is a smaller fenced in garden area besides the entrance to the premises on the eastern side of the building. This tenancy has 20 associated car parks.

### 3.3 LOT 3 (32B JAMAICA DRIVE)

The third building, situated on Lot 3 towards the southern-most end of the three sites is occupied by Desktop Imaging & NZ Micrographic Services Ltd. This premises comprise a higher proportion of office areas to warehouse compared with the other two premises already discussed.

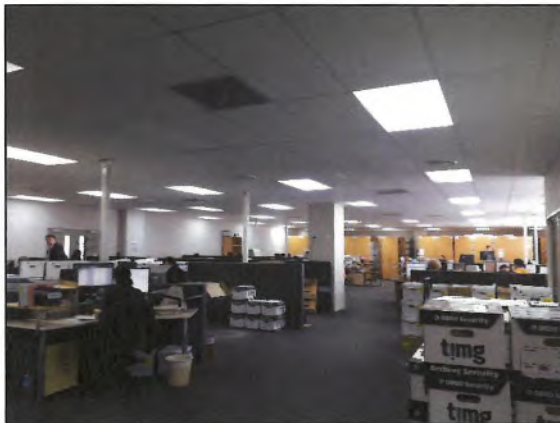


32B Jamaica Drive frontage

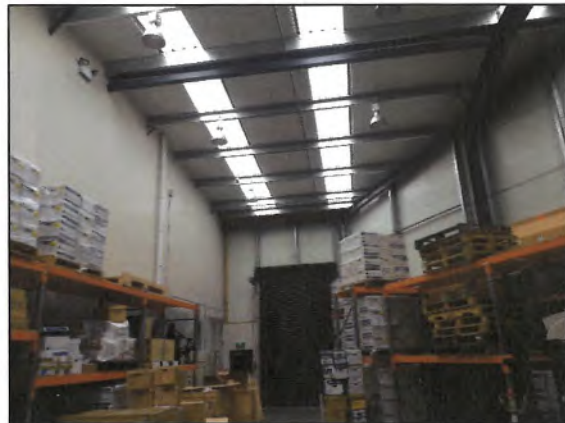


Entry foyer

On entry to the premises is a high stud (6 metres) foyer with a carpeted reception and the remaining waiting area comprising polished concrete flooring plus a steel staircase to the level one office accommodation. The level one offices encompass an average standard of open plan accommodation throughout the central area with slightly better partitioned offices with windows situated around the perimeters. On the ground floor there is a similar set up of open plan offices to partitioned. There are a few larger boardrooms just beyond the reception area too. There are male and female toilets on both the ground and first floor with vinyl floor coverings. There are also kitchens/lunchrooms on both ground and first floors. Beyond the first floor lunchroom is an outdoor deck and below this, beyond the ground floor break room is an outdoor patio area, both fenced in.



*First floor open plan offices*



*Warehouse*

There is only a small warehouse area relative to the other two buildings. The warehouse has been split into two units. The front unit facing Jamaica Drive has a single roller door and is of an irregular shape widening from the roller door to the rear. It has a stud height of 7.5 metres. There is a mix of translucent panels interspersed with steel roofing and high bay lighting. To the rear of the warehouse area is a small storage room with plasterboard lined ceilings, fluorescent lighting and carpet tile floor coverings. The second warehouse unit is subleased to another tenant. This unit is of similar construction and has a single roller door.

On inspection we counted 20 carparks associated with this property. We note that there were some car parks along the western and southern sides of this building, just beyond the boundary of the property that appeared to be on the right of way; we have disregarded these from our valuation.

### 3.4 FLOOR AREAS

The floor areas adopted within our valuation are those which have been adopted from lease documents supplied. We have assumed that these areas have been measured in accordance with the PINZ/PCNZ recommended guidelines for the measurement of industrial areas. We summarise the areas as follows:

Level/Suite	Tenant	Lettable Area NLA
<b>Lot 1 – 32 Jamaica Drive</b>		
Offices - Main	Coca-Cola Amatil (NZ) Ltd	507.00
Offices - Workshop	Coca-Cola Amatil (NZ) Ltd	100.00
EQS Workshop	Coca-Cola Amatil (NZ) Ltd	1,247.00
Supply Chain	Coca-Cola Amatil (NZ) Ltd	753.00
Mezzanine	Coca-Cola Amatil (NZ) Ltd	338.00
Car Parks	Coca-Cola Amatil (NZ) Ltd	35.00
Yard	Coca-Cola Amatil (NZ) Ltd	1,597.00
<b>TOTALS</b>		
<b>Lot 2 – 32A Jamaica Drive</b>		
Office - Ground Floor	Rentokil Initial Ltd	171.60
Office - Mezzanine	Rentokil Initial Ltd	265.90
Warehouse/Workshop	Rentokil Initial Ltd	1,027.25
Car Parks	Rentokil Initial Ltd	20.00
Garden Enclosure	Rentokil Initial Ltd	36.00
<b>TOTALS</b>		
<b>Lot 3 – 32B Jamaica Drive</b>		
Offices - Ground Floor	Desktop Imaging & NZ Micrographic Services Ltd	734.94
Offices - First Floor	Desktop Imaging & NZ Micrographic Services Ltd	734.94
Warehouse/Workshop	Desktop Imaging & NZ Micrographic Services Ltd	395.30
Air-Conditioned Store	Desktop Imaging & NZ Micrographic Services Ltd	62.20
Car Parks	Desktop Imaging & NZ Micrographic Services Ltd	20.00
Outside BBQ Area	Desktop Imaging & NZ Micrographic Services Ltd	53.60
Deck	Desktop Imaging & NZ Micrographic Services Ltd	26.40
<b>TOTALS</b>		

By way of background information, the PCNZ/PINZ method of measurement for the rentable area of industrial premises is the area between the external faces of external walls, at a height of 1.5 metres above the floor, and is inclusive of toilets and areas occupied by columns, regardless of whether they are free-standing, within or protruding into the industrial space. The area is inclusive of space occupied by lifts, stair treads, ducts and plant rooms (if any).

### 3.5 CONDITION AND REPAIR

We are not aware of any notices currently issued against the subject properties and we have made no enquiries in this regard. Expert opinion has not been sought in respect to the building structure or the plant and equipment, however our limited enquiries have not revealed any major defects. The improvements are considered to be in a good condition for their age.

Unless stated elsewhere in this report, we have assumed that the property complies with the appropriate statutory, building and fire safety regulations, and we have also assumed that there is no timber infestation, asbestos or other defect and have made no investigations for them nor have we undertaken a structural survey or tested the building services.

For the purpose of this valuation we have assumed that no significant capital expenditure is required for the subject property at the present time. Details of the capital expenditure adopted within the valuation are outlined in section 3.6 of this report.

### 3.6 SEISMIC

The Building Act 2004 previously required Councils to adopt an earthquake-prone buildings policy to ensure all earthquake-prone buildings are strengthened to at least meet the minimum prescribed standard (or be demolished), with the general guidance that an earthquake-prone building will have strength that is 33% or less of the seismic loading standard NZS1170.5: 2004 (typically referred to as 33% NBS or less where NBS is the New Building Standard).

#### ***Building (Earthquake-prone Buildings) Amendment Act 2016***

This legislation came into force from 1 July 2017 and introduces significant changes to the way earthquake-prone buildings are identified and managed under the Building Act.

This now provides a standardised, national framework focussing on the most vulnerable buildings in terms of safety of people.

The Amendment Act reinforces that the standard for when a building will no longer be considered an "earthquake prone building" will remain at 34% of the New Building Standard (NBS).

It categorises New Zealand into three seismic risk areas (as defined by the Z factor threshold, which is the seismic hazard factor that is applied to a location and the fundamental value used to determine the design seismic action for buildings) and sets time frames for identifying and taking action to strengthen or remove earthquake-prone buildings.

<u><b>High Risk:</b></u>	<b>5 years for assessment, 15 years to upgrade. Total: 20 years. Includes: Wellington Region, Palmerston North, Napier/Hastings Blenheim and Christchurch.</b>
<u><b>Medium Risk:</b></u>	<b>10 years for assessment, 25 years to upgrade. Total: 35 years. Includes: Hamilton, Tauranga, New Plymouth, Nelson, Invercargill.</b>
<u><b>Low Risk:</b></u>	<b>15 years for assessment, 35 years to upgrade. Total: 50 years. Includes: Whangarei, Auckland, Dunedin.</b>

In addition, work on "priority buildings" (including parts of buildings such as verandahs and facades) is to be prioritised, namely unreinforced masonry buildings and Education and Emergency buildings in high to

medium risk areas that are regularly occupied by 20 people or more. These are to be identified and strengthened within half of the prescribed standard time frames outlined above.

Each Territorial Authority must review and identify buildings in its district that are within the following profile categories as potentially earthquake prone, within the above time frames.

High Risk Seismic Zone:

*Category A – Unreinforced masonry buildings.*

*Category B – Pre-1976 buildings that are either three or more storeys or 12 metres or greater in height above the lowest ground level (other than unreinforced masonry building in Category A).*

*Category C – Pre-1935 buildings that are one or two storeys (other than unreinforced masonry buildings in Category A).*

The scope of this review specifically excludes buildings previously notified in writing as being not earthquake prone, prior to 1 July 2017. Exclusions remain for buildings constructed primarily of timber framing and buildings already strengthened to at least 34%.

Under the Acts' transitional provisions, where a building owner has already been issued with a notice by a Territorial Authority requiring it to carry out seismic work, the deadline for completing the work will be the earlier of the deadline in the old notice issued and the deadline calculated in the normal way under the Amendment Act above.

Territorial Authorities may however identify a building as potentially earthquake prone at any time if it has reason to suspect the building may be earthquake prone, or if they become aware of issues that could affect or impact on a building's seismic performance at moderate levels of earthquake shaking such as:

- Complex design or construction with known conditions that require further engineering analysis such as non-ductile columns, a building with no effective connection between primary seismic structural elements and diaphragms, or a building with seismically separated stairs with ledge and gap supports,
- Ground conditions that could lead to a significant loss of support for a structure.

Other notable changes include:

- The new earthquake prone definition now provides for either, all or part of the building to be deemed earthquake prone.
- The new definition of 'earthquake-prone building' now specifically excludes farm buildings, retaining walls, fences, monuments, wharves, bridges, tunnels and storage tanks. Residential buildings continue to be excluded, provided these are not two or more storeys and contain three or more household units or are hostels, boarding houses or other specialised accommodation providers.
- Councils have the task of identifying those areas with sufficient vehicle or pedestrian traffic to justify the new priority category. It is expected that all commonly used retail areas like central business districts will be included.
- Building owners undertaking earthquake strengthening work are to also satisfy other requirements of the Building Code including fire escapes and access for people with disabilities, with provision for some exemptions.

There remains no statutory requirement to strengthen buildings with NBS ratings of between 34% and 67% (earthquake risk category). However, since the seismic events in Canterbury in 2010/2011 and in the upper South Island in 2013 and 2016, market awareness of seismic issues has become more sophisticated, which has impacted the marketability and value (from both a leasing and sales perspective) of earthquake risk buildings.

#### ***Impact on the Subject Property***

We have not been provided with a structural/seismic report prepared by an engineer. The subject buildings were built between 2011 and 2013 (i.e. all the buildings were built post the 2004 Building Act). The buildings do not appear on the *Ministry of Business, Innovation and Employment's (MBIE)* Earthquake Prone Buildings Register as at 13 December 2019. However, we recommend that you obtain independent engineering advice regarding their seismic strength in relation to the New Building Standard (NBS) should you consider this necessary. We have proceeded on the assumption that all are 100% NBS.

### **3.7 CAPITAL EXPENDITURE**

Upon inspection the buildings were all well presented, built in the period between 2011 and 2013 in low maintenance materials. We did not note any items of significant deferred maintenance and as such we have not allowed for any specific capital expenditure within our valuation. However we have made provision for cosmetic refurbishment of the office accommodation areas, equivalent to \$100/m<sup>2</sup> on secondary lease expiry.

## 4.0 OCCUPANCY ARRANGEMENTS

### 4.1 TENANCY SCHEDULE

We provide below a summary tenancy schedule providing the information adopted in our valuation:

#### Coca-Cola Amatil (NZ) Limited

Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Rent	Passing Rent \$/m <sup>2</sup>
Offices - Main	Coca-Cola Amatil (NZ) Ltd	Office	507.00	14-Dec-11	9.00	13-Dec-20	Gross	19.45%	2 x 3 yrs		107,430	211.89
Offices - Workshop	Coca-Cola Amatil (NZ) Ltd	Office	100.00	14-Dec-11	9.00	13-Dec-20	Gross	3.84%	2 x 3 yrs		20,012	200.12
EQS Workshop Full Height	Coca-Cola Amatil (NZ) Ltd	Industrial	909.00	14-Dec-11	9.00	13-Dec-20	Gross	34.87%	2 x 3 yrs		161,184	177.32
EQS Workshop below Mezz	Coca-Cola Amatil (NZ) Ltd	Industrial	338.00	14-Dec-11	9.00	13-Dec-20	Gross	12.97%	2 x 3 yrs		51,668	152.86
Supply Chain	Coca-Cola Amatil (NZ) Ltd	Industrial	753.00	14-Dec-11	9.00	13-Dec-20	Gross	28.88%	2 x 3 yrs		128,531	170.69
Mezzanine	Coca-Cola Amatil (NZ) Ltd	Storage	338.00	14-Dec-11	9.00	13-Dec-20	Gross	0.00%	2 x 3 yrs		31,831	94.17
Car Parks	Coca-Cola Amatil (NZ) Ltd	Parking	35.00	14-Dec-11	9.00	13-Dec-20	Gross	0.00%	2 x 3 yrs		27,852	795.77
Yard	Coca-Cola Amatil (NZ) Ltd	Other	1,597.00	14-Dec-11	9.00	13-Dec-20	Gross	0.00%	2 x 3 yrs		37,557	23.52
<b>TOTALS</b>			<b>2,607.00</b>					<b>100.00%</b>			<b>566,064</b>	

#### Rentokil Initial Limited

Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Rent	Passing Rent \$/m <sup>2</sup>
Office - Ground Floor	Rentokil Initial Ltd	Office	171.60	15-Sep-12	9.00	14-Sep-21	Net	11.72%	2 x 4 yrs	15-Sep-20	32,944	191.98
Office - Mezzanine	Rentokil Initial Ltd	Office	265.90	15-Sep-12	9.00	14-Sep-21	Net	18.15%	2 x 4 yrs	15-Sep-20	46,672	175.53
Warehouse/Workshop	Rentokil Initial Ltd	Industrial	1,027.25	15-Sep-12	9.00	14-Sep-21	Net	70.13%	2 x 4 yrs	15-Sep-20	118,328	115.19
Car Parks	Rentokil Initial Ltd	Parking	20.00	15-Sep-12	9.00	14-Sep-21	Net	0.00%	2 x 4 yrs	15-Sep-20	15,973	798.65
Garden Enclosure	Rentokil Initial Ltd	Other	36.00	15-Sep-12	9.00	14-Sep-21	Net	0.00%	2 x 4 yrs	15-Sep-20	1,974	54.84
<b>TOTALS</b>			<b>1,464.75</b>					<b>100.00%</b>			<b>215,892</b>	

#### NZ Micrographic Services Limited

Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Rent	Passing Rent \$/m <sup>2</sup>
Offices - Ground Floor	NZ Micrographic Services Ltd	Office	734.94	24-May-13	7.00	23-May-20	Net	38.13%	2 x 3 yrs		116,979	159.17
Offices - First Floor	NZ Micrographic Services Ltd	Office	734.94	24-May-13	7.00	23-May-20	Net	38.13%	2 x 3 yrs		121,853	165.80
Warehouse/Workshop	NZ Micrographic Services Ltd	Industrial	395.30	24-May-13	7.00	23-May-20	Net	20.51%	2 x 3 yrs		41,946	106.11
Air Conditioned Store	NZ Micrographic Services Ltd	Industrial	62.20	24-May-13	7.00	23-May-20	Net	3.23%	2 x 3 yrs		7,425	119.38
Car Parks	NZ Micrographic Services Ltd	Parking	20.00	24-May-13	7.00	23-May-20	Net	0.00%	2 x 3 yrs		17,588	879.40
Outside BBQ Area	NZ Micrographic Services Ltd	Other	53.60	24-May-13	7.00	23-May-20	Net	0.00%	2 x 3 yrs		2,209	41.22
Deck	NZ Micrographic Services Ltd	Other	26.40	24-May-13	7.00	23-May-20	Net	0.00%	2 x 3 yrs		1,576	59.69
<b>TOTALS</b>			<b>1,927.38</b>					<b>100.00%</b>			<b>309,576</b>	

## 4.2 LEASE DETAILS

### **Coca-Cola Amatil (NZ) Limited**

We have been provided with a signed copy of the Deed of Lease which is an ADLS 5<sup>th</sup> Edition 2008 document dated **14 May 2012** and which we summarise as follows:

<i>Landlord:</i>	Murphy Property Trust Limited
<i>Tenant:</i>	Coca-Cola Amatil (NZ) Limited
<i>Premises:</i>	All that part of the Landlord's premises situated at 34 Jamaica Drive (otherwise known as Lot 1 DP 471567).
<i>Carparks:</i>	35
<i>Commencement:</i>	14 December 2011
<i>Term:</i>	Nine (9) years
<i>Initial Expiry:</i>	13 December 2020
<i>Rights of Renewal:</i>	Two (2) rights of renewal each of three (3) years.
<i>Final Expiry:</i>	13 December 2026
<i>Commencement Annual Rental:</i>	\$443,735.00 per annum plus GST
<i>Current Annual Rental:</i>	We understand that this has been subsequently increased to \$480,864 per annum plus GST, at the 14 December 2017 review.
<i>Rent Reviews:</i>	The rental shall be reviewed three (3) years from commencement date, six (6) years from commencement date. The annual rental as at these dates was to be reviewed to the movement in the CPI index over these periods, plus 2%. On renewal, the annual rental shall be reviewed to market.
<i>Business Use:</i>	Distribution centre and offices.
<i>Outgoings:</i>	A gross lease with tenant responsible for all normal tenancy consumables and rubbish collection charges.
<i>Clause 47.1 – Right of First Refusal:</i>	If at any time during the term of the lease, including during any period of renewal, the Landlord intends to sell all of the property situated as described in the first schedule, the tenant shall have the right to purchase the Landlord's interest in the premises upon following terms and conditions (clauses 47.2 – 47.5).

### **Rentokil Initial Limited**

We have been provided with a signed copy of the Deed of Lease which is an ADLS 5<sup>th</sup> Edition 2008 (2) document dated **31 October 2012** and which we summarise as follows:

<i>Landlord:</i>	Murphy Property Trust Limited
<i>Tenant:</i>	Rentokil Initial Limited

<i>Premises:</i>	That part of the Landlord's premises situated at 34 Jamaica Drive (otherwise known as Lot 2 DP 471567).
<i>Carparks:</i>	20
<i>Commencement:</i>	15 September 2012
<i>Term:</i>	Nine (9) years
<i>Initial Expiry:</i>	14 September 2021
<i>Rights of Renewal:</i>	Two (2) rights of renewal each of four (4) years.
<i>Final Expiry:</i>	14 September 2029
<i>Commencement Annual Rental:</i>	\$175,500.00 per annum plus GST
<i>Current Annual Rental:</i>	We understand that this has been subsequently increased to \$196,795.00 per annum plus GST, at the 15 September 2018 review.
<i>Rent Reviews:</i>	The rental may be reviewed every two (2) years to current market rental. The new rental is prevented from falling below the rental payable as at the commencement of the lease.
<i>Business Use:</i>	Retailing with office and administration facilities together with the business currently operated by the Tenant.
<i>Outgoings:</i>	A net lease, with the tenant responsible for paying all outgoings except for the provisioning of toilets/other shared facilities and management expenses.

***Desktop Imaging Limited and New Zealand Micrographic Services Limited***

We have been provided with a signed copy of the Deed of Lease which is an ADLS 5<sup>th</sup> Edition 2008 (2) document dated **16 September 2013** and which we summarise as follows:

<i>Landlord:</i>	Murphy Property Trust Limited
<i>Tenant:</i>	Desktop Imaging Limited and New Zealand Micrographic Services Limited
<i>Premises:</i>	All buildings located on the property forming part of 32B Jamaica Drive, Grenada North containing approximately 2,120 sqm.
<i>Carparks:</i>	20
<i>Commencement:</i>	24 May 2013
<i>Term:</i>	Seven (7) years
<i>Initial Expiry:</i>	23 May 2020
<i>Rights of Renewal:</i>	Two (2) rights of renewal each of three (3) years each
<i>Final Expiry:</i>	23 May 2026

<i>Commencement Annual Rental:</i>	\$205,000.00 per annum plus GST
<i>Current Annual Rental:</i>	We understand that this has been subsequently increased to \$244,133.40 per annum plus GST, at the 24 May 2019 review.
<i>Rent Reviews:</i>	The rental shall be reviewed two (2) years from commencement date, four (4) years from commencement date and six (6) years from the commencement date. The annual rental as at these dates shall be reviewed to the movement in the CPI index over these periods, plus 2%. On renewal, the annual rental shall be reviewed to market.
<i>Business Use:</i>	The scanning, microfilming and storage of documents as well as associated sales of, and consultancy of, software and hardware together with office and administration facilities with provisions for professional services and facilities.
<i>Outgoings:</i>	A net lease, with the tenant responsible for paying all outgoings except for the provisioning of toilets/other shared facilities, the cost of ground maintenance (i.e. lawns, gardens, cost of repair of fences) and management expenses.
<i>Clause 48 – Right of First Refusal:</i>	If at any time during the term of the lease, after the expiration of the initial 12 month period the Landlord desires to sell the freehold interest in the premises the Landlord shall first deliver to the Tenants or the Tenant's solicitor written notice specifying the terms and conditions upon which the Landlord is prepared to sell the premises including the price required. On receipt of the Landlord's notice, the tenant has 20 ordinary business days to advise the Landlord by written notice if they wish to acquire the premises.

We note that the small rear section of the warehouse area within this building on Lot 3 is subleased to a separate party. We do not have details of this sublease.

#### ***"Top-up" rentals***

We have been advised that the following "top-up" amounts to the passing rentals for the balance of their existing lease term certain to apply:

- Micrographics \$309,576 p.a. (top up April – May 20) \$5,454 per month (current rental \$244,133pa).
- Coca Cola \$566,064 p.a. gross rent (April 20 – Dec 20) \$7,097 per month (current rental \$480,864pa).
- Rentokil \$215,892 p.a. (April 20 – Sep 20) of \$1,591 per month (current rental \$196,795pa).

These form part of our critical assumptions and are essentially landlord underwrites.

### 4.3 OPERATING EXPENSES

We have not been provided with a detailed operating expense budget for each property (we have been provided one for the Coca Cola premises). The tenancy schedule provided does however outline the current total operating expenses per tenancy and we have also been provided with an estimate for the premiums per property (obtained by Property Managers Group). We have considered these in our adopted operating expenses. We have searched the Local Authority Rates from the WCC website and have estimated other costs such as BWOF costs. Our proforma budgets of estimated operating expenses on a GST exclusive basis are as follows:

#### **Lot 1 (Coca-Cola Amatil (NZ) Limited)**

Local Authority Rates (actual 2019/2020)	\$49,105
Insurance Premium (reinstatement estimate)	\$49,010
Building Warrant of Fitness (BWOF)	\$1,500
Sundry	<u>\$5,000</u>
	\$104,615

These represent approximately \$40.13 psm over the lettable building area, which is approximately what might be expected for buildings of this type, age and size, and in this location. As a gross lease only Wellington City Council water rates are recovered from the tenant.

#### **Lot 2 (Rentokil Initial Ltd)**

Local Authority Rates (actual 2019/2020)	\$28,860
Insurance Premium (reinstatement estimate)	\$22,869
Building Warrant of Fitness (BWOF)	\$1,500
Sundry	<u>\$4,000</u>
	\$57,229

These represent approximately \$39.07 psm over the lettable building area which is approximately what might be expected for buildings of this type, age and size, and in this location. As a full net lease, all property outgoings are recoverable from the tenant.

#### **Lot 3 (Desktop Imaging & NZ Micrographic Services Ltd)**

Local Authority Rates (actual 2018/2019)	\$43,505
Insurance Premium (reinstatement estimate)	\$32,264
Building Warrant of Fitness (BWOF)	\$1,500
Sundry	<u>\$4,000</u>
	\$81,269

These represent approximately \$40.63 psm over the lettable building area, which is approximately what might be expected for buildings of this type, age and size, and in this location. As a full net lease, all property outgoings are recoverable from the tenant.

#### 4.4 RENT ANALYSIS (INCLUDING RENTAL UNDERWRITES)

##### (Coca-Cola Amatil (NZ))

Office		127,442
Industrial		341,383
Parking		27,852
Other		37,557
<hr/>		
Current Passing Income		566,064
Recoverable Outgoings		-
Estimated Gross Rental Value on Vacant Space		-
Gross Income		566,064
<hr/>		
Less Outgoings	\$40.13/m <sup>2</sup>	104,615
<b>Net Income</b>		<b>461,449</b>

##### Rentokil Initial Limited

Office		79,617
Industrial		118,328
Parking		15,973
Other		1,974
<hr/>		
Current Passing Income		215,892
Recoverable Outgoings		57,229
Estimated Gross Rental Value on Vacant Space		-
Gross Income		273,121
<hr/>		
Less Outgoings	\$39.07/m <sup>2</sup>	57,229
<b>Net Income</b>		<b>215,892</b>

##### Desktop Imaging and NZ Micrographic Services

Office		238,832
Industrial		49,371
Parking		17,588
Other		3,785
<hr/>		
Current Passing Income		309,576
Recoverable Outgoings		81,269
Estimated Gross Rental Value on Vacant Space		-
Gross Income		390,845
<hr/>		
Less Outgoings	\$42.17/m <sup>2</sup>	81,269
<b>Net Income</b>		<b>309,576</b>

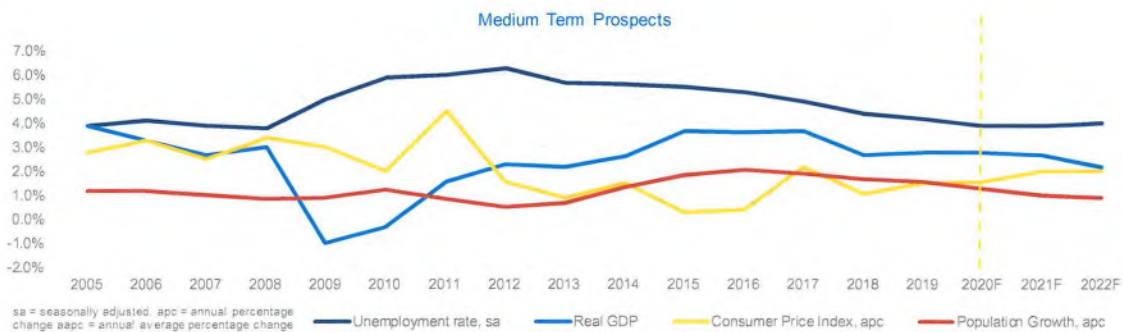


## 5.0 MARKET COMMENTARY

### 5.1 ECONOMIC COMMENTARY

In our valuation considerations, we have had regard to underlying economic conditions and the flow-on implications that these may have on the broader property markets.

This commentary is effective as at Q1 2020 and is based on the most recently sourced data from Government and independent sources. The following graph provides an overview of key market indicators in recent times plus forecasts.



#### Interest Rates

The Official Cash Rate (OCR) has remained at 1.0% as at the November 2019 OCR announcement in a bid to counter low expected inflation and growth rates going into the future and to encourage economic growth. Given the RBNZ's primary concern around deteriorating global growth, it is likely the OCR will remain at 1.0% for the medium term before gradually rising from the end of 2021.

The RBNZ survey of credit conditions shows banks have tightened up access to finance for commercial property, corporate and institutional, and agriculture lending. This tightening in lending reflects the change in perceived risk with the now decided higher capital adequacy requirements coming into effect from 1 July 2020 which also adds to the uncertain operating environment which may further dampen businesses' appetite for investment. Banks may be required to increase margins on borrowing as a result of increased capital adequacy, however clarity of the effects will take time to be noticed. The graph shows the downward trend in rates since 2014 including the most recent cuts since May 2019.



## Inflation/CPI

Inflation, as measured by the CPI, rose 0.7% from the previous June quarter, and 1.5% for the year to September 2019.

Housing and household utilities was the main contributor to both the quarterly and annual increases rising 1.2% and 3.0% in the September 2019 quarter and year respectively. The rise in this group was influenced by higher prices for rentals (2.9% for the year), purchase of new housing (2.8%), and local authority rates (5.0%). Construction prices increased 2.8% in the year to September 2019 nationally.



NZIER expect the drop in the New Zealand dollar to push up the price of imported goods over 2020 and underpin an increase in headline inflation. Annual CPI is expected to reach the Reserve Bank's inflation target in 2021.

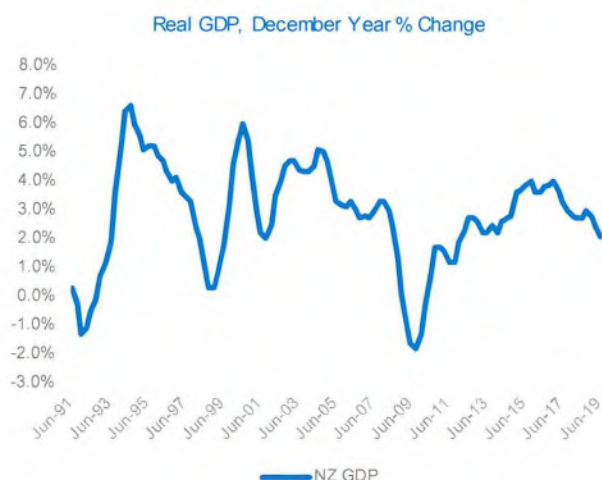
## GDP

Gross Domestic Product (GDP) grew by 0.7 percent in the September 2019 quarter, following a revised 0.1% increase in the June 2019 quarter. Annual GDP growth was 2.7% for the year ended September 2019.

Leading GDP growth in the September quarter were primary industries (1.1%), goods-producing industries (0.5%) and service industries (0.4% influenced by a 2.4% growth in retail and accommodation being the largest rise in eight years).

Residential construction activity eased by 0.6% in the September quarter however remains at historically high levels. The reduction was offset by increases in other construction (up 4.5%) and non-residential building activity (up 2.7%). Investment in plant, machinery and equipment declined for the first time in three years.

The latest NZIER Quarterly Survey of Business Opinion released in October 2019 indicated a net 35% of businesses are expecting general economic conditions to worsen, indicating the improvement in business confidence at the start of 2019 was short lived. This is the lowest level since March 2009 at the height of the Global Financial Crisis. Businesses are reporting weaker demand for products domestically, in particular, the manufacturing sector, and are taking a cautious approach to hiring more staff and business investment. GDP is forecasted by NZIER to dip below 1% later this year.

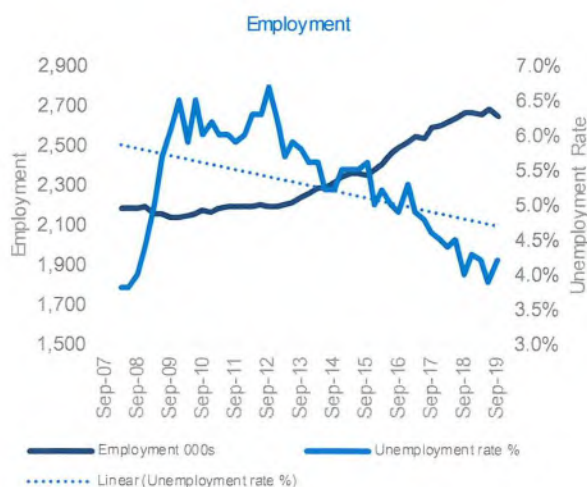


## Employment

Proposed changes to employment laws and immigration including increases in the minimum wage and elimination of the 90-day trial period have not deterred employment as the labour market remains tight.

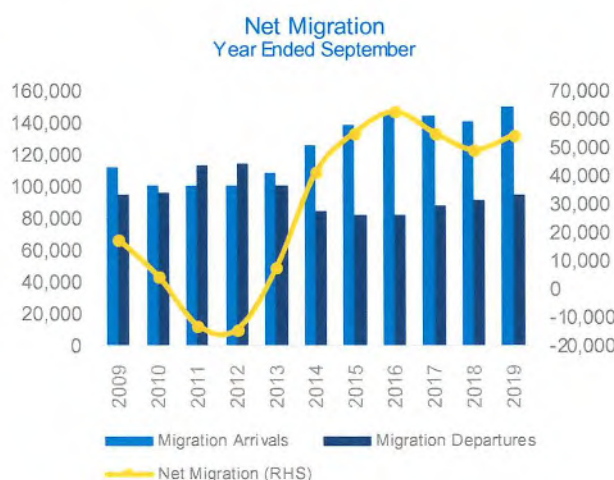
The unemployment rate has risen from its 11-year low in the June 2019 of 3.9% to 4.2% in the September quarter. Despite the increase in unemployment, NZIER expect unemployment to remain around 4.0% with employment growth staying around 1.0% as there is still strong demand for more labour supply. The underutilisation rate fell to 10.4%, the lowest underutilisation rate since the December 2008 quarter, when it was 11.3%. The graph below demonstrates that overall unemployment continues to trend downwards and is expected to settle around 4.0% over the medium term.

Businesses continue to report acute labour shortages – particularly so in the construction sector for skilled and unskilled labour.



## Population/Migration

Strong population growth is a key factor which has flowed through to many sectors of the economy including construction and retail spending. Annual net migration has remained relatively strong over the past five years by historical standards, ranging between 48,000 and 64,000 since the year ended December 2014. Annual net migration for the year ended September 2019 has been provisionally estimated at 54,600 (up from 53,800 estimated for the year to August 2019 and up from 49,500 for the year ended September 2018).



The number of people leaving the country (mainly New Zealand citizens migrating overseas for work) increased 3.0% in the year ended September 2019, however migration arrivals (up 6.0%) continue to outweigh departures.

### Tourism

Tourist numbers continue to increase at a declining rate. There has been a change in the composition of visitors with the slowing in visitor numbers from China particularly apparent, down 8.8%, although offset by an increase in visitors from Australia (3.8%) and Taiwan (24.7%). Overall visitor arrivals in the year ended September 2019 increased just 2.5%, steady from the June 2019 year. The change in mix of tourists has implications for tourism revenue. Long-haul visitors from Germany, UK and China, who generally spend twice as much per Australian visitor, due to staying longer and therefore spending more, are declining.

Tourist numbers have likely peaked after several years of strong growth, however the easing in visitor numbers is likely the tourism sector reaching capacity, especially when it comes to accommodation, rather than tourists not wanting to visit New Zealand. For tourism to remain sustainable in the long run the focus needs to shift from increasing tourist numbers to increasing tourism value.

Tourism - Overseas Visitors Arrivals  
Year Ended September



## Construction

Despite strong demand for residential construction including multi-unit developments, the pipeline of commercial construction remains more uncertain as uncertainty in the Government's infrastructure pipeline is hampering firms' ability to plan.

In the year ended October 2019, the value of non-residential building consents was up 12.1% from the previous year (although noting that this value has been influenced by the rise in non-residential construction prices). Education and retail buildings account for the highest value non-residential building consents at \$1.2b and \$1.0b respectively with the largest increases in the value of building consents being education buildings (22%) and office and administration (18%). Auckland remains the lead on residential consent issuance, however demand has begun to pick up in other regions such as Waikato and Wellington.

Construction



Cost pressures remain intense in the sector impacting negatively on profitability, pushing some firms off projects and others in to receivership, affecting multiple sites across the country. Building sector firms are no longer expecting a recovery in profitability, with many expecting profitability to worsen in the next

quarter. Capacity constraints, particularly labour supply, is limiting the degree to which construction picks up pace and the construction cycle may be protracted as developments are delayed.

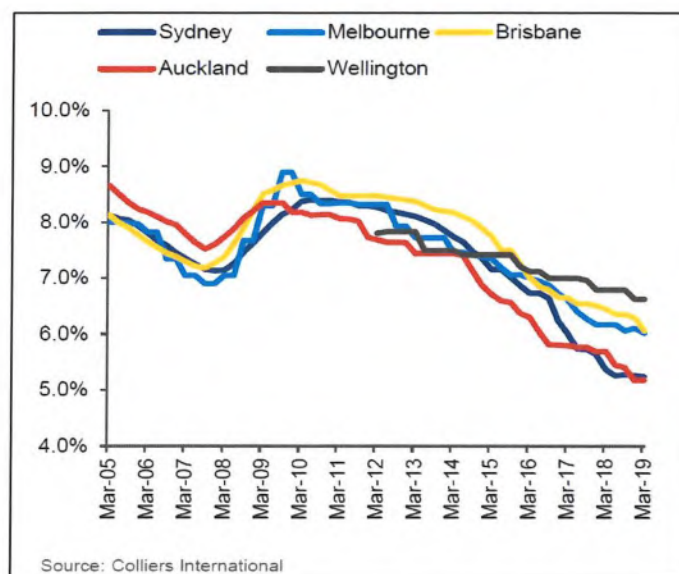
New Government procurement guidelines were introduced on 1 October 2019 mandating a shift from a "lowest price model" to a "whole of life" procurement model which includes taking into account the financial health of the construction company as well as the environmental health of the building. It is hoped the new guidelines will better share the construction risks and offer greater protection to construction firms tendering for Government contracts.

## 5.2 WELLINGTON INDUSTRIAL MARKET COMMENTARY

Wellington has the third largest concentration of industrial-related businesses in New Zealand after Auckland (34%) and Canterbury (13%), predominantly relying upon the regional catchment for business given its geographic location.

Latest data from MSCI highlights the industrial sector was the best performing sector for total returns across most cities globally. New Zealand was no exception to the global trend. The total investment return reached 13.5% for the March 2019 quarter, outperforming all other sectors. Driving this stellar run has been strong capital growth, primarily from firming yields. The below chart shows the Auckland industrial yield performance neck and neck with Australia, while Wellington is more comparable to Brisbane and Melbourne trends.

One of the factors driving New Zealand's high performing industrial sector returns has been the strength of the underlying market fundamentals. Auckland and Wellington's industrial vacancy rates are at all-time lows of 1.5%, with moderate development pipelines that are unlikely to shift the demand and supply imbalance significantly over the next few years. It is a similar story in Christchurch now that a more equalised demand and supply story is in place with local business expansion being the main driver. The vacancy is now estimated at sub-5%. The healthy state of New Zealand's industrial sector has seen rental growth continuing to rise in most markets which will assist further value growth in the industrial sector over 2019 and 2020. We also see a strong case for Wellington's industrial sector to experience a catch-up in value in relation to other markets.



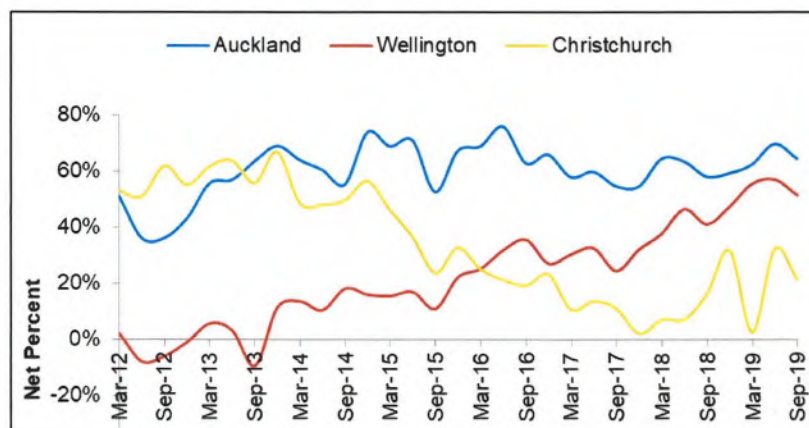
Wellington's industrial market enjoyed continued momentum throughout 2018 following on from elevated activity levels since 2014. The vacancy rate declined for the sixth consecutive year in 2018. Sales activity has decreased as properties are increasingly tightly held, while leasing numbers are down slightly (based on very tight supply). Demand is at record levels and consequently rental levels are increasingly strongly. We envisage this dynamic will continue for the foreseeable future, certainly throughout 2019 at the least.

While construction and manufacturing encompasses around two-thirds of industrial activity in Wellington, the capacity for distribution and warehousing is set to receive a significant boost. This is due to the Transmission Gully project with construction having commenced in September 2014 and completion set for 2020. The 27 kilometre section forms part of the 100 kilometres of the Wellington Northern Corridor from Levin to Wellington Airport. This will assist freight distribution in the area, especially to and from the airport and seaport. During the construction period the project is supporting a number of local contracting and civil construction related businesses who are requiring further space to accommodate their expanded activities. In addition, there is increasing new build activity around the region.

Another significant proposed roading project is the proposed Petone to Grenada link road. NZTA recently announced their decision to re-examine the project (and possible routes) after the previously preferred route was found to be inadequate in terms of route resilience, cost and environmental impacts. This represents a significant setback to the project. In endorsing the re-evaluation recommendations, the Transport Agency Board has noted that a link road is required, but that funding will be considered at a later date. The re-evaluation recommended that construction of a long-term east-west connection be considered for funding from 2028. Notwithstanding this, a significant number of industrial properties in the Cornish Street and Pito One Road area of Petone have already been acquired by the Crown.

In addition, there will potentially be a loss of multiple industrial properties for the proposed flood protection and stop bank works in the Pharazyn Street area of Lower Hutt, and trend of converting industrial space to large format/bulky retail premises is continuing.

Overall, confidence in the Wellington industrial property market has shown a positive trend over the last five years or so, notably stronger since about September 2015. Some 56% of respondents in the latest confidence survey are optimistic about the Wellington industrial market for the next 12 months.



Source: Colliers International Research

The Wellington industrial market continues to strengthen strongly. More investors expect rents will continue to rise, vacancies will continue to reduce and returns will continue to increase. Overall, confidence in the Wellington industrial market has shown a very positive trend over the last six years.

Rentals have been rising since 2013. Initially this rental growth was modest but over the past 36 months the rate of increase has been more notable. Rent rises will continue as long as demand, supported by confidence in the business environment, continues to outweigh supply.

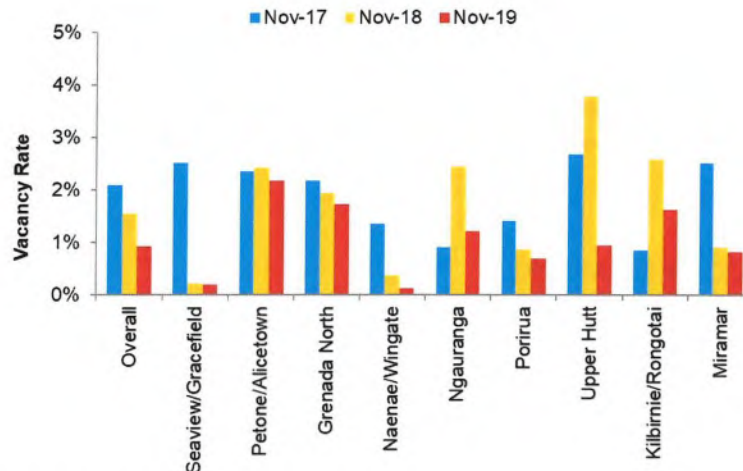
Colliers Research completes a vacancy survey of eleven main industrial precincts in Wellington. Covering some 2.5 million square metres of industrial space, this is one of the most comprehensive surveys available. The overall vacancy rate measured as at November 2019 was 0.9%, down from 1.5% at the same time in 2018. Surveyed precincts include Seaview/Gracefield, Petone, Alicetown, Grenada North, Naenae, Wingate, Ngauranga, Porirua, Upper Hutt and more recently added precincts Kilbirnie/Rongotai and Miramar.



Source: Colliers International Research

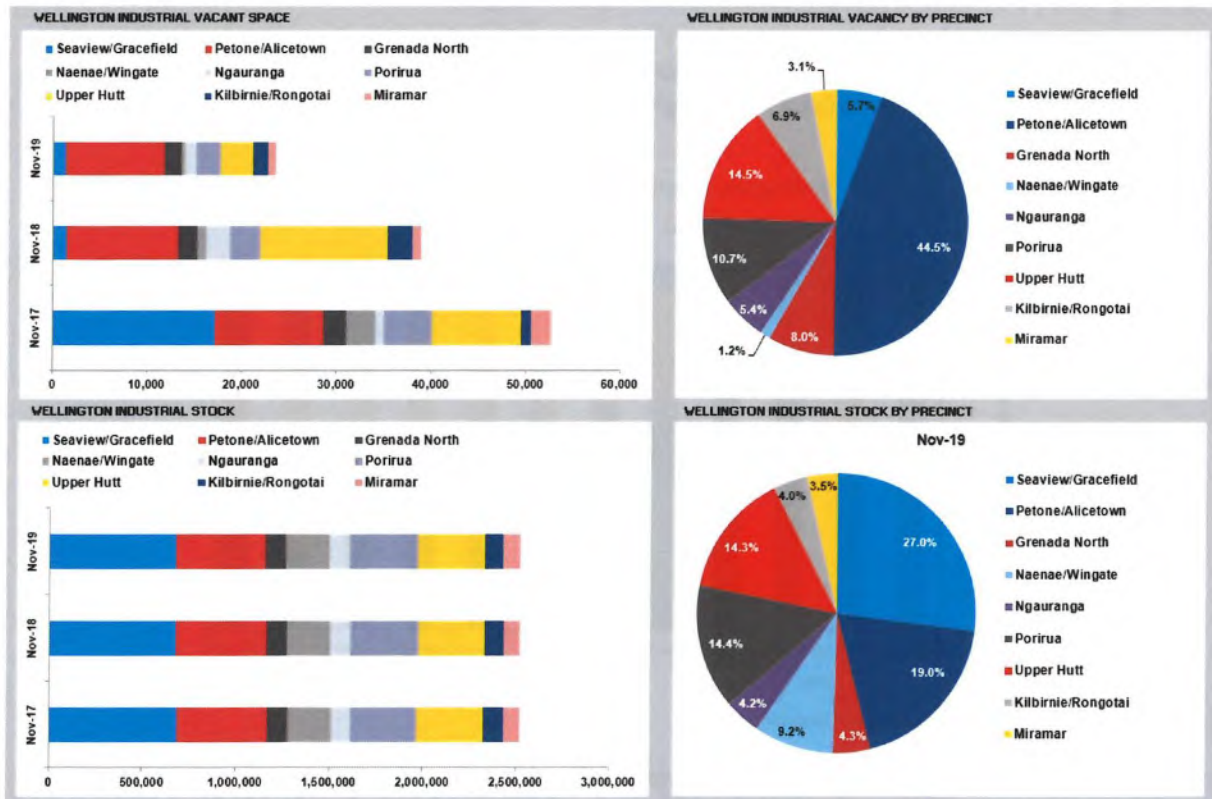
The decline in the vacancy rate represented approximately 16,000m<sup>2</sup> of space occupied in 12 months. There was approximately 23,000 square metres of space available as at November 2019. This is the

lowest vacancy rate since the surveys began in 2009. The results from the 2009 to 2018 surveys are illustrated in the above bar graph.



Source: Colliers International Research

The bar and pie charts below summarise the Wellington industrial stock as at November 2019 and the vacancy by precinct (as a proportion of the total stock and total vacancy).



Source: Colliers International Research

The subject property is within the Grenada North industrial precinct. This is a relatively small pocket of industrial property. It accounted for 4.5% of the total industrial stock in Wellington and as at November 2019, 4.3% of the total industrial vacancy.

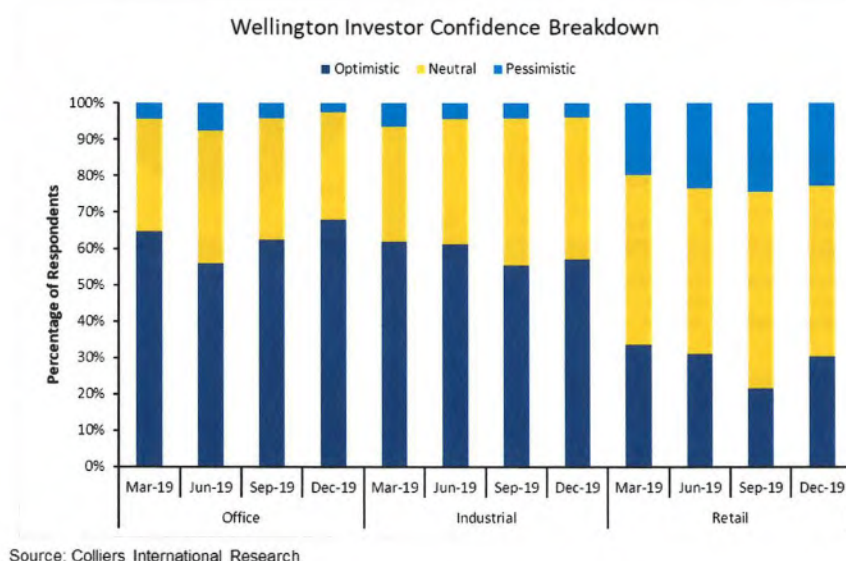
The vacancy rate in Grenada North was measured at 1.73% as at November 2019 which was a very slight decrease from 2018 when it was measured at 1.93%. This is a very low vacancy rate and there are very few options available for prospective tenants. There has been good rental growth occurring in Grenada North over the last three years and we expect this will only continue given these latest vacancy results.

### 5.3 THE INVESTMENT MARKET

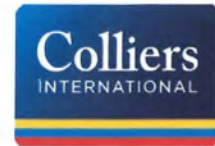
Overall the Wellington property investment market is cautiously buoyant. Overseas buyers have been present, especially for larger assets in the CBD, and property trusts, syndicators and private investors together with owner occupiers remain very active. Whilst the market still favours secure passive investments, the vast majority of properties offered for sale in recent times have sold. Demand is strong although sales volumes still remain short of that achieved in Auckland.

Required property yields have decreased, with a resultant increase in values, as capitalisation rates on offer remain higher than returns derived from many other forms of investment. The historically low mortgage interest rate regime that prevails is reportedly set to continue for some time and so positive gearing remains on offer to property investors looking at Wellington.

Rentals for most property categories have increased recently and with low vacancies and a healthy economy, this growth is likely to continue thus giving investors the prospect of further capital gains.



The results from the Colliers International Research NZ Investor Confidence Survey as at the December 2019 quarter indicate that overall investor confidence in Wellington continues to be positive. Confidence is stronger for the office and industrial markets.



The number of Cruise Ship Passengers visiting the Capital has been increasing over the past few years with the number of passengers expected to grow by 20% during the next five years, fuelling a positive outlook for Wellington's retail and hotel/motel accommodation markets.

Turning to the industrial market, confidence has strengthened as a result of decreasing vacancy rates and better traffic linkages. Colliers International have been completing annual industrial vacancy surveys across the Wellington Region since 2009 with the latest November 2019 results indicating the overall vacancy rate continues to decrease year on year. This is very positive for the Wellington industrial market.

The fortunes of the Wellington property market (particularly in the CBD) are heavily dependent on the presence of the Government. We have noted the change of Government in 2017 has resulted in increased demand from this sector in order to house newly created departments and committees. This added demand has occurred at the same time as many buildings were withdrawn from supply following the November 2016 seismic events. Consequently rentals and values have increased significantly in recent times with good prospects that some growth will continue for some time to come.

Whilst the Wellington property market is largely dominated by positive influences, some properties have seismic, geotechnical, or asbestos issues which make them somewhat difficult to lease, sell, and obtain mortgage funding. These issues should ensure a level of investor cautiousness remains. In addition, insurance premiums have increased considerably, post November 2016, which has to some extent undermined recent rental growth. Seasoned investors will however expect premiums to, in time, decrease as they have historically done so following similar insurance events.

There is an investor expectation that the positive property metrics in Wellington enjoyed over the last few years will in general continue throughout the balance of 2019 and into early 2020. Furthermore the key fundamentals of location, building quality, tenant quality and certainty of cashflows will remain paramount.

## 6.0 VALUATION CONSIDERATIONS

### 6.1 VALUATION METHODOLOGY

The subject essentially comprises three separate investment properties, albeit currently in single ownership, and accordingly we have adopted well established valuation techniques.

We have applied the following accepted methods of valuation which are considered to be appropriate in concluding a market value for the subject property. Below is a brief outline of each method and how it is adopted:

#### ***Contract Income Method***

This method of valuation applies direct capitalisation to the passing income. This is considered to be a well proven method of determining value for an investment property where income is receivable for a reasonable term from a secure tenant(s).

However, this method can prove less effective where the current contract rent varies from the assessed market rent due to over or under renting, vacant space and a number of other factors.

#### ***Market Income Method***

This method requires the assessment of a market rental for the property and capitalisation at an appropriate yield. It is then possible to make capital adjustments to allow for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term. Vacancies and other capital adjustments are made where appropriate.

#### ***Discounted Cashflow Method***

In addition we have carried out a discounted cashflow valuation over a ten year horizon in accordance with established practice.

This method involves projecting the cashflow of the property over the 10 year period and making explicit forecasts for many variables within the property including:

- Discount Rate
- Growth Rates
- Sustainable Rental Levels
- Vacancy Allowances
- Capital Expenditure and Outgoings
- End of Period Valuation/Terminal yield

#### ***Direct Sales Comparison Method***

This method analyses direct sales of comparable properties on the basis of the sale price per square metre which are then adjusted to reflect stronger and weaker fundamentals relative to the subject property with the resultant rate per square metre being applied to the subject property. This method is very transparent however it relies on a sufficient volume of recent sales transactions of similar properties having occurred in the relevant market sector. Therefore, it is less reliable where there have been few directly comparable sales.

In order to assess the market value of the subject property, we have researched and analysed recent leasing and sales activity in the immediate and nearby localities.

## 6.2 RENTAL EVIDENCE

The valuation approaches adopted require us to assess the market rent for the subject premises by comparison to other leasing evidence. Our market rental assessment has been completed on a gross occupancy cost basis, where "gross occupancy cost" may be defined as the total of rental and operating expenses payable by the lessee. This approach allows for varying operating expense liabilities when comparing rental evidence, and is commonly used in the commercial and industrial property markets in the Region.

Given the nature of the subject property and the locality we have had regard to a range of good quality and modern industrial type leaseings from the Hutt Valley and the wider Wellington region. These are summarised as follows:

Address	Tenant	Date	Status	Type of Space	Area m <sup>2</sup>	Effective Rental Rate \$ psm/pspw
Wellington						
8 McCormack Place, Ngauranga	Pharmacy Retailing (NZ)	May-19	NL	Warehouse	2,218	\$145
				Office	97	\$155
				Canopy – Office	63	\$19
				Canopy – Warehouse	57	\$39
				Yard	280	\$29
	Forman Building Systems	Jun-18	NL	Warehouse (2005)	1,417	\$142
				Warehouse (1994)	1,495	\$138
				Canopy	46	\$47
				Offices/Amenities	323	\$176
				Yard	688	\$33
21 Jamaica Drive, Grenada North	Excel Digital	Apr-19	NL	Warehouse	1,826	\$145
				Offices	486	\$200
				Carparks – Secure	4	\$25
				Carparks – Sealed	19	\$15
				Carparks – Unsealed	12	\$10
12 Newlands Road, Newlands	City Fitness	Apr-19	NL	Warehouse	3,932	\$153
				Gnd Office	410	\$200
				Mezzanine Office/Store	105	\$120
				Carparks	90	\$20
14 Jamaica Drive, Grenada North	Tranzit Coachlines	Jun-18	NL	Warehouse	2,520	\$130
				Canopies	275	\$52
				Office/Amenities	661	\$155
				Carparks	24	\$14
				Yard	600	\$31
11 McCormack Place, Ngauranga	Hiremaster	Mar-18	NL	Warehouse	3,082	\$134
				Showroom	181	\$184
				Gnd Office	86	\$174
				1 <sup>st</sup> Flr Office	240	\$169
				Balcony	18	\$70
				Canopy	46	\$50
				Carparks	72	\$25

Address	Tenant	Date	Status	Type of Space	Area m <sup>2</sup>	Effective Rental Rate \$ psm/pspw
<b>Hutt Valley</b>						
9 Wareham Place, Seaview	Efficient Transport	Dec-19	RR	Warehouse	751	\$145
				Office/Amenities	118	\$180
				Mezz Storage	122	\$80
				Carparks	9	\$25
16-26 William Durant Drive, Trentham	Naylor Love	May-19	NL	Warehouse	1,383	\$137
				Gnd Office/Amenities	78	\$175
				Mezzanine Office	69	\$175
				Yard	1,150	\$30
155 Hutt Park Road, Gracefield	Net Express	Apr-19	NLE	Warehouse	2,458	\$142
				Office/Amenities	367	\$202
				Yard	1,090	\$33
				Carparks – Front	6	\$27
				Carparks – Rear	11	\$22
39-49 Randwick Road, Moera	Precision	Feb-19	RR	Warehouse	2,863	\$105
				Showroom/Office	403	\$140
				Amenities	41	\$110
				Offices	261	\$135
				Canopy	125	\$45
				Walkway	17	\$35
				Yard – Front	1,221	\$23
				Yard – Rear	505	\$18
410 Eastern Hutt Road, Silverstream	Fliway Transport	May-18	NL	Warehouse	1,000	\$147
				Transit Warehouse	1,200	\$135
				Office/Amenities	180	\$245
				Canopies	570	\$75
				Yard	4,385	\$25
Hutt Park Road, Gracefield	Confidential	Mar-18	NL	Warehouse	1,600	\$142
				Offices/Amenities	200	\$200
				Yard	2,555	\$25
Hutt Park Road, Gracefield	Confidential	Mar-18	NL	Warehouse	1,000	\$176
				Offices/Amenities	150	\$260
				Yard	2,215	\$33

NL = New Lease, NLE = New lease to existing tenant, R = Renewal, RR = Rent Review

In general terms larger premises attract lower rates per square metre relative to smaller premises, all other things being equal, and associated yard space is seen as a significant benefit. Various adjustments are made as deemed appropriate to the comparable evidence for factors such as location and position, size, quality, access, prominence and exposure, stud height, and timing, etc. Additional rental is normally achieved for premises which are provided with a gantry crane or service pits.

**Pharmacy Retailing** occupy the rear warehouse and adjacent offices and amenities at **8 McCormack Place**. Originally built in 1994 it provides 10.2m stud at the knee. Part tilt slab and part steel cladding. A central locality but a rear position with limited profile and a very small yard. Annual 3% rental increases. **Forman's** occupy the front warehouse which is partly the original 1994 construction and partly 2006 both of which are 10.2 metre stud at the knee and a mix of tilt slab and steel cladding. Comprises larger office/amenity and yard components, and better access and profile. Both tenancies had their offices/amenities refurbished and strengthened to 67% NBS. We note the rental for the inferior Pharmacy Retailing tenancy indicates a 3.6% increase in less than 12 months. Older buildings but in a better location.

**21 Jamaica Drive** comprises a semi-specialised facility built in the 2000s subject to a new nine year leaseback to **Excel Digital Print**. The property provides temperature and humidity controlled warehouse space with a stud height of circa seven metres at the knee, and good quality office accommodation over two levels. A mix of covered and open parking fronts the property. The lease incorporates annual 1.5% increases with three yearly market reviews (hard ratchet applies). A full net lease (with exception of management fees). A good location but an older irregular shaped building with a lower stud height.

**11 McCormack Place** comprises the former Toops wholesale warehouse now occupied by **Hiremaster** on a ten year lease with predetermined annual rental increases for the first five years and a market review at year six. A large warehouse built in the 1990s, with a stud height of only 6.5 metres, with generous showroom, office and amenity areas, along with a very large asphalt sealed and fenced yard. A dated transaction with the later leases at the neighbouring 8 McCormack Place indicating that a time adjustment is required (notwithstanding the lower stud height).

**Efficient Transport** are now in their final three year renewal at **9 Wareham Place**. The tenancy comprises part of a clear span warehouse building that was built in circa 2008. It has a stud height at the knee of 5.7 metres rising to 8.5 metres at the apex. The building is divided into two tenancies with Efficient Transport occupying the southern half of the building. There are ground floor office and amenities and mezzanine storage. The offices have carpet and vinyl flooring, painted plasterboard linings over timber framing and fluorescent lighting. Subdivided into four offices, a file/server room, accessible toilet with wet floor shower, toilet with hand basin, and lunchroom with sink unit and water boiler. The rental shows a 21.37% increase over the elapsed three year period.

**Naylor Love** occupy a newly constructed twin portal frame two bay industrial building at **16-26 William Durant Drive**. The warehouse is of precast concrete tilt panel construction with multiple access points incorporating four motorised rollers doors (4.5m x 4.5m) and four PA doors. The stud height at the knee is 7.1 metres rising to 8.65 metres at the apex. Within the north east front corner is a two level office/amenities block which has double glazed powder coated aluminium window joinery. A full concrete sealed yard circulates the site with security fencing. The position of the property is slightly removed and situated away from the main arterial routes on the former GM Factory land to the south west of the Upper Hutt CBD. A strong leasing on a short one year lease term. Similar quality warehouse building but comprises small basic office/amenities and is situated in a more isolated location.

**Fliway Transport** in **Silverstream** comprises a new (2018/19) purpose built distribution warehouse with associated office/amenities, yard and carparking. The main warehouse has a stud height at the knee of 10 metres while a transit warehouse has a stud height of five metres. Part tilt slab concrete and part steel cladding and multiple roller doors. Mainly asphalt sealed yard with electrified fencing and auto gates. A 12 year lease but with a 7.5 year break clause (penalty of 50% of the remaining rent). A similar quality building with a larger yard area. The rental was negotiated in 2017.

### 6.3 MARKET RENT ASSESSMENT

Having reviewed the above evidence we have adopted the following gross market rental rates as tabled below:

Level/Suite	Lettable Area NLA	Gross Rent psm
<b>Coca-Cola Amatil (NZ) Ltd</b>		
Offices - Main	507.00	\$210.00
Offices - Workshop	100.00	\$190.00
EQS Workshop Full Height	909.00	\$160.00
EQS Workshop below Mezz	338.00	\$135.00
Supply Chain	753.00	\$160.00
Mezzanine	338.00	\$85.00
Car Parks	35.00	\$20 pspw
Yard	1,597.00	\$30.00
<b>TOTALS</b>		
<b>Rentokil Initial Ltd</b>		
Office - Ground Floor	171.60	\$200.00
Office - Mezzanine	265.90	\$200.00
Warehouse/Workshop	1,027.25	\$155.00
Car Parks	20.00	\$20 pspw
Garden Enclosure	36.00	\$50.00
<b>TOTALS</b>		
<b>Desktop Imaging and NZ Micrographic Services</b>		
Offices - Ground Floor	734.94	\$180.00
Offices - First Floor	734.94	\$185.00
Warehouse/Workshop	395.30	\$160.00
Air Conditioned Store	62.20	\$172.00
Car Parks	20.00	\$20 pspw
Outside BBQ Area	53.60	\$40.00
Deck	26.40	\$50.00
<b>TOTALS</b>		

## 6.4 SALES EVIDENCE

We have considered a range of commercial and industrial sales from the immediate and nearby localities. These are summarised as follows:

Property	Sale Price	Sale Date	WALT	Initial Yield	Analysed Market Yield	Internal Rate of Return	Value \$psm NLA
9-13 Wareham Place, Seaview/Gracefield (Efficient Transport & Wakefield Metals)	\$4,150,000	Dec-19	1.60	6.32%	6.45%	8.39%	\$2,087
11-13 Gough Street, Seaview/Gracefield (Asmuss)	\$8,105,000	Nov-19	10.00	7.02%	6.89%	9.26%	\$1,674
43 Seaview Road, Seaview/Gracefield (Various)	\$56,170,000	Jul-19	6.60	7.40%	6.84%	8.42%	\$2,005
12 Newlands Road, Newlands (City Fitness)	\$13,220,000	Jun-19	13.49	6.25%	6.11%	7.21%	\$2,991
14-20 Meachen Street, Seaview (IML Plastics)	\$3,200,000	May-19	4.84	6.29%	6.25%	8.37%	\$1,171
21 Jamaica Drive, Grenada North (Excel Digital)	\$4,850,000	Apr-19	8.96	6.91%	6.83%	8.49%	\$2,098
56 Jamaica Drive, Grenada North (Big Chill)	\$3,540,000	Mar-19	4.37	6.88%	6.89%	8.15%	\$4,140
32 Jamaica Drive, Grenada North (Coca-Cola, Rentokil & Desktop Imaging) - <b>subject</b>	\$13,400,000	Feb-19	1.85	6.06%	6.71%	8.07%	\$2,115
6 Hurring Place, Ngauranga (Various)	\$12,809,371	Sep-18	3.98	6.93%	6.59%	7.76%	\$2,641
23 Centennial Highway, Ngauranga (Department of Internal Affairs)	\$6,430,000	Mar-18	3.75	2.25%	5.48%	5.64%	\$3,527

We provide further commentary on a number of the above sales as follows:

**9-13 Wareham Place** comprises a clear span warehouse building that was built in circa 2008. It has a stud height at the knee of 5.7 metres rising to 8.5 metres at the Apex. The building is divided into two tenancies with Efficient Transport occupying the southern half of the building. The building provides warehouse and office areas with associated amenities and lunchrooms. There is a mechanical ventilation system. Mezzanine storage is located above the offices and amenities and is accessed via timber stairs. The warehouse is accessed by two roller doors and a pedestrian door. Both roller doors are motorised. The space is clean and modern and has a reasonable stud height which is suitable for a range of uses. There is a partly enclosed concrete sealed yard across the front of the premises which provides parking for nine cars.

**11-13 Gough Street** comprises a large level site with an industrial warehouse/office building originally constructed in the 1960's with subsequent extensions in more recent years. The warehouse component is split in two - the original main warehouse and newer warehouse. The main warehouse comprises four high stud bays as well as a lower-stud lean-to. Stud height of the main warehouse is 9.9m at the underside

of the trusses. Access is via multiple roller doors situated at various points around the building and a large sliding door at the front, allowing for drive-through capability. The warehouse also has six gantry cranes, one with two tonne capacity and the remainder with five tonne capacity. To the front of the main warehouse are the offices with associated amenities. The offices are largely open-plan. Adjacent to and adjoining the main warehouse is the lower-stud warehouse building. Access to this building is via roller doors at each end, plus a roller door on the western elevation. The remainder of the site is sealed yard. The site provides two points of egress off Gough Street. Sale and leaseback (net arrangement) to Asmuss for ten years with annual 2.75% fixed increases. NBS scores 100% warehouse B and D, 67% warehouses A and C and the office building.

**43 Seaview Road and 120 Hutt Park Road** sold together in July 2019 for a combined \$56,170,000 (however the price was conditionally agreed in March 2019). 43 Seaview Road comprises the former Ford Motor Company assembly plant originally built in 1936 and subsequently converted into a multi tenanted industrial complex (including comprehensive redevelopment of the original structure), with extensive strengthening and refurbishment/redevelopment works to be completed by the vendor prior to settlement (October 2019). The property provides a total of seven primary tenancies (six within the main complex). The primary complex is to achieve a seismic capacity of 70% NBS and 100% on the United Steel Building. 120 Hutt Park Road shares a common rear boundary with 43 Seaview Road and comprises a large purpose built warehouse/office complex completed in 2001 and up until recently occupied by Turners Auctions. This main building was extended in 2018 to the south to provide an additional 2,003m<sup>2</sup> of high stud warehouse accommodation for 880 Productions Limited who now occupy the majority of the property in conjunction with Globus Group. Collectively the two combined properties provide total net lettable area of 28,095m<sup>2</sup>, together with 22,816m<sup>2</sup> of secure yard and circulation areas. At the time of sale a weighted average lease term of 6.64 years was associated (including a number of vendor underwrites). The sale indicated an overall effective market yield of 6.84% compared with a passing yield of 7.40% (inclusive of the vendor underwrites).

**12 Newlands Road** comprises a large high stud warehouse with associated offices and a secure drive through yard, situated in a prominent position at what is colloquially known as "the top of the Ngauranga Gorge" above the Newlands flyover. The building was sold leased to City Fitness who have recently taken a 15 year lease over the majority of the property as a Gymnasium with the exception of Office Max who will continue to occupy the first floor office tenancy and five carparks. Purchased by Oyster Property Group.

**14-20 Meachen Street** comprises two separate buildings on individual titles which sold together as one with IML Plastics occupying both buildings on a six year lease. The property enjoys two street frontages with additional access from a rear service lane. The warehouses are mixed aged and construction with stud heights of 5.1 to 5.6 metres. The 14-16 Meachen Street building is 70% NBS and the 18-20 Meachen Street building is 100%NBS. Concrete sealed yard. Purchased by a local Wellington investor.

**21 Jamaica Drive** comprises a specialist facility sold with a nine year leaseback in place. The property provides 1,800 square metres of temperature and humidity controlled warehouse space with a stud height of 7/8 metres, with 480 square metres of good quality office accommodation over two levels. A mix of covered and open parking fronting the property. The lease incorporates annual 1.5% increases with three yearly market reviews (hard ratchet applies). Full net lease. Purchased by local Wellington investors.

**56 Jamaica Drive** comprises a purpose built coolstore distribution centre situated within the Grenada Industrial estate approximately 14 kilometres north of Wellington CBD. The property is leased for a 12 year term expiring June 2023. Purchase off market by the adjoining owner.

**6 Hurring Place, Ngauranga** comprises a mixed-use warehouse and office building, subdivided into four tenancies. The building was constructed in the late 1980s with more recent refurbishment and strengthening to 80% NBS completed by the vendor. Sold based on completion of the office refurbishment for the incoming tenant NZ Fire Service who will join existing tenants NZ Defence Force, NZ Bus, Magritek and Officemax on completion of works. The sale indicates a weighted average lease term of 3.98 years (assuming an immediate NZDF break clause and expiry of the NZ Bus lease without locating a tenant). This somewhat understates this measure, and if one assumed that a tenant is found within the next 23 months for NZ Bus premises this adjusts to 4.95 years. Purchased by Oyster Funds Management.

**23 Centennial Highway, Ngauranga** comprises a high stud warehouse building with associated offices and amenities built circa 1993, now subdivided to provide two tenancies. Department of Internal Affairs occupy the front unit while the rear unit was vacant at the time of sale. We understand that the purchaser intends to occupy the rear unit and that the exit of the previous tenant Uptown Bounce was a condition of the sale. We consider this a very strong sale.

## 6.5 CAPITALISATION RATE CONCLUSION

We have carried out a SWOT analysis for the combined properties in order to assist in determining the appropriate yield ranges.

### ***Strengths/Opportunities***

- A well regarded location.
- Good access from SH1.
- Modern, very good quality improvements.
- Full circulation and ample parking.
- Strong tenant covenants.
- Value enhancement if tenants exercise their rights of renewal.

### ***Weaknesses/Threats***

- The building on Lot 3 is somewhat specialised in nature with a high proportion of office to warehouse accommodation and so may prove harder to lease if vacant.
- All leases have under 2 years to run with the combined WALT across all three properties approximately 0.70 years.
- Uncertainty/risk associated with achieving our assessed market rental increase.
- Downturn in the market/economy.

Bearing in mind the evidence in the market, we believe market equivalent yields ranging from 6.25% to 6.50% are applicable to the subject properties on our assessed market rents. In terms of the passing rentals, the underwrite rentals have pushed the Coca-Cola and Micrographics leasing above market, warranting a higher capitalisation rate 6.35% for 32 Jamaica Drive - Coca-Cola and 7.00% for 32B Jamaica Drive – Micrographics. We have adopted a passing yield for 32A Jamaica Drive of 6.30% with the passing rental in line with the market.

## 6.6 DISCOUNTED CASHFLOW ANALYSIS

We have also analysed the property applying discounted cashflow analysis, adopting a 10 year cashflow time horizon and making appropriate allowances for rental income growth, leasing up allowances on expiries, along with a terminal value at the end of the time period. The resultant Net Present Value being a reflection of market based income and expenditure projections over the 10 year period.

When constructing our projected cashflows and applying growth and yield metrics we have had regard to the SWOT analysis in Section 6.5 of this report. The key assumptions adopted in the cashflow are as follows:

- Market Rental:** We have adopted market rental rates in our cashflow in line with our static valuation as set out above at Section 6.3.
- Rental Growth:** It is difficult to accurately predict rental growth rates particularly for **industrial** property when demand is directly linked to the performance of the economy. In this regard we have considered our various market commentaries and supply and demand dynamics as set out in Section 5.0 of this report. Accordingly, we have projected growth rates over the ten year cashflow period as outlined in the table below. We believe these growth levels are conservative given the reasonable level of market rent adopted.

Calendar Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Inflation (CPI)	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%
Industrial (Net Face)	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Industrial (Net Effective)	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%
Operational	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%
Capital expenditure	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%

- Terminal Yield:** Discounted cashflow appraisal technique requires a consideration for the property to be sold at the end of the 10 year cashflow period. In adopting the terminal capitalisation rate, it is appropriate to recognise that the property by that stage is 10 years older and accordingly may warrant a higher capitalisation rate. We have adopted a terminal capitalisation rate of 6.75% for 32 and 32A Jamaica Drive and a slightly higher terminal capitalisation rate of 7.00% for 32B.
- Discount Rate:** We have adopted a property discount rate of 8.00% across all three properties which is derived from our analysis of investment sales. Those sales are detailed in Section 6.4 of this report. We have analysed each site through our discounted cashflow valuation model so as the derived IRR/Discount Rates can be reapplied to the subject property. When applying our Discount Rate we have considered any variations in such factors as building age and scale, location, lease terms remaining, vacancies, tenant covenants, outstanding capex, seismic issues, and the like.



- *Capital Expenditure:* The subject buildings are all of modern construction and require no significant capital expenditure. We have however made provision for cosmetic refurbishment of the office accommodation areas, equivalent to \$100/m<sup>2</sup> on secondary lease expiry.
- *Operating Expenses:* We have adopted operating expenses in line with our static valuation as set out above at Section 4.3 and have escalated these at our CPI forecasts.
- *Vacancies:* On lease expiry we have adopted four months let up followed by new six year leases with two yearly rent reviews.



## 7.0 VALUATION CONCLUSION

### 32 JAMAICA DRIVE (COCA-COLA)

We refer you to **Appendix One** that contains our Valuation Calculations and Cashflow in Detail. We summarise the results hereunder.

We provide analysis of our adopted value as follows:

<i>Contract Income Approach</i>	
Capitalised at 6.35%	\$7,040,000
<i>Market Income Approach</i>	
Capitalised at 6.25%	\$6,910,000
<i>Discounted Cashflow Approach</i>	
Discounted at 8.00%	\$7,220,000

Having regard to available market evidence and factors outlined in the body of the report, we confirm our assessed market value of the property as at the valuation date as follows:

**NZD\$7,060,000 plus GST, (if any)**  
**(SEVEN MILLION SIXTY THOUSAND DOLLARS)**

The above assessment of market value is analysed as follows:

Passing Initial Yield (Contract Rent)	6.54%
Equivalent Market Yield	6.12%
Terminal Yield	6.75%
Indicated IRR on Value	8.31%
Direct Comparison Rate (Value per sqm NLA)	\$2,708
Lease Term to Run	0.70 years

### 32A JAMAICA DRIVE (RENTOKIL)

We provide analysis of our adopted value as follows:

<i>Contract Income Approach</i>	
Capitalised at 6.30%	\$3,430,000
<i>Market Income Approach</i>	
Capitalised at 6.30%	\$3,370,000
<i>Discounted Cashflow Approach</i>	
Discounted at 8.00%	\$3,380,000

Having regard to available market evidence and factors outlined in the body of this report, we confirm our assessed market value of the property as at the valuation date as follows:

**NZD\$3,390,000 plus GST, (if any)**  
**(THREE MILLION, THREE HUNDRED AND NINETY THOUSAND DOLLARS)**

The above assessment of market value is analysed as follows:

Passing Initial Yield (Contract Rent)	6.37%
Equivalent Market Yield	6.26%
Terminal Yield	6.75%
Indicated IRR on Value	7.97%
Direct Comparison Rate (Value per sqm NLA)	\$2,314
Lease Term to Run	1.46 years

#### 32B JAMAICA DRIVE (MICROGRAPHIC SERVICES)

We provide analysis of our adopted value as follows:

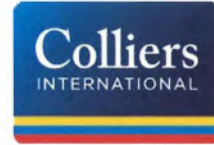
<i>Contract Income Approach</i>	
Capitalised at 7.00%	\$4,270,000
<i>Market Income Approach</i>	
Capitalised at 6.50%	\$4,240,000
<i>Discounted Cashflow Approach</i>	
Discounted at 8.00%	\$4,370,000

Having regard to available market evidence and factors outlined in the body of this report, we confirm our assessed market value of the property as at the valuation date as follows:

**NZD\$4,300,000 plus GST, (if any)**  
**(FOUR MILLION THREE HUNDRED THOUSAND DOLLARS)**

The above assessment of market value is analysed as follows:

Passing Initial Yield (Contract Rent)	7.20%
Equivalent Market Yield	6.41%
Terminal Yield	7.00%
Indicated IRR on Value	8.23%
Direct Comparison Rate (Value per sqm NLA)	\$2,231
Lease Term to Run	0.15 years



## COMBINED VALUE

**NZD\$14,750,000 plus GST, (if any)**  
**(FOURTEEN MILLION SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS)**

**Equivalent Market Yield:** The assessed annual market rent as a proportion of the assessed market value, the market value having been adjusted downwards to allow for the rental shortfall.

**IRR (Internal Rate of Return):** The rate of return on the assessed market value, based on forecast cash inflows and outflows over the next 10 years, based on our assumptions relating to market rentals, rental growth, escalation in outgoings and capital expenditure.

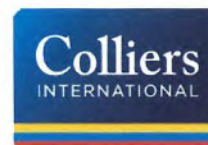
### ***Lender Security***

Subject to the conditions noted in this report, we consider the property to be suitable for first mortgage security purposes. This statement is made only with reference to the property itself and the property factor outlined in this report. We make no recommendation on the personal covenant of the mortgagor or their ability or willingness to meet their commitment under the proposed loan.

## 8.0 GENERAL

Our valuation is subject to the Colliers International Statement of Valuation Qualifications and Conditions as follows:

1. In accordance with PINZ Guidance Notes, all non-residential valuations are on the basis of **plus GST (if any)**. Valuations of residential property are stated as **including GST (if any)**. We have attempted to ascertain whether the sales evidence and/or leasing evidence is inclusive or exclusive of Goods and Services Tax (GST). The national database of sales evidence does not identify whether or not GST is included in a sale price. If we have not been able to verify GST, we have assumed residential property sales are inclusive of GST (if any), and plus GST (if any) for non-residential properties. If this proves to not be the case for any evidence, we reserve the right to reconsider our valuation.
2. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable but we can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate sources.
3. We have been engaged to provide a valuation only and while due care was taken to note obvious building defects in the course of our inspection, we have not been engaged for any purpose other than the valuation and we are not able to advise on matters such as structural or site surveys or any other defects in the building. The valuer is not a building construction and/or structural expert, and is therefore unable to certify as to structural soundness of the improvements or detect any ingress of water, liquid, moisture or mould type substances or effects from these, other than to parts of the improvements readily accessible and visible.
4. In preparing the valuation it has been assumed that all lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences in the building are in proper working order and functioning for the purposes of Government regulations and codes. We will not include in our valuation those fixtures and fittings owned and able to be removed by the tenant(s).
5. Where applicable, our valuation includes those items which form part of the building including special wall and floor finishes, toilet amenities, integrated heating and ventilation equipment, external lighting and all site works including landscaping.
6. In preparing the valuation and/or providing valuation services, it has been assumed that a full and frank disclosure of all relevant information has been made.
7. We do not hold ourselves out to be experts in environmental contamination. Our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.
8. In preparing the valuation, we have relied on photocopies of the Record of Title and the leases provided. It has been assumed that these are accurate copies of the original documents and that no dealings or changes have occurred since the date such photocopies were made.
9. This valuation and all valuation services are provided by us solely for the use of our client. We do not assume any responsibility to any person other than the client for any reason whatsoever by reason of or arising out of the provision of this valuation.
10. This report is relevant as at the date of preparation and to circumstances prevailing at the time. However, within a rapidly changing economic environment experiencing fluctuations in interest rates, availability of finance, rents, building expenditure and returns on investments, values can be susceptible to variation over a relatively short time scale. We therefore strongly recommend that before any action is taken involving acquisition, disposal, mortgage advance, shareholding restructure or other transaction, that you consult further with us.
11. **Confidentiality and Disclaimer of Liability**  
Our valuation and report is strictly confidential to the party to whom it is addressed and is prepared solely for the specific purpose to which it refers. No responsibility whatsoever is accepted for reliance on the valuation report for other purposes. Further, no responsibility whatsoever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.



12. Neither the whole nor any part of this valuation and/or report or any reference to it may be included in any published document, circular, or statement without the prior written permission of the copyright owner.
13. **PINZ: Valuation Standards & Guidance Notes**  
All valuations are carried out in accordance with the Valuation Standards and Guidance Notes recommended by the Property Institute of New Zealand, where the definition of "Market Value" is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
14. Please note that personnel in this firm will or may have stocks, shares or other interests in entities that directly or indirectly hold properties which are the subject of this valuation and/or may have direct or indirect personal relationships with third parties with interests in these same entities. Colliers' valuers are required to abide by an industry standard disclosure regime and Colliers internal policies with respect to conflicts of interest, and will disclose any material conflict of interest that arises in its capacity as valuer concerning the property which is the subject of this valuation.
15. **Valuation Basis**  
Unless otherwise stated no allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued.

We trust that this report is suitable for current purposes. If you have any questions, please contact the writer directly.

Yours faithfully

**COLLIERS INTERNATIONAL (WELLINGTON VALUATION) LIMITED**

**MICHAEL HORSLEY PROF VAL (URB) FNZIV FPNZ**  
**Registered Valuer**  
**Director | Valuation & Advisory Services**

**NICHOLAS SIMON BBS (VPM)**  
**Valuer**

*This report has been checked by ..... The purpose of the report check is for the correction of grammatical and basic arithmetic errors only. The person who has checked this report does not necessarily carry any responsibility in relation to the method of valuation adopted, analysis of sales/rental evidence or final value adopted within this report.*

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Inspection of Property:	Michael Horsley & Nicholas Simon
Valuation Calculations:	Michael Horsley & Nicholas Simon
Authoring of report:	Michael Horsley & Nicholas Simon
Director Review:	Michael Horsley

# APPENDIX 1

Valuation in Detail



## Valuation Calculations Summary

Coca Cola, 32 Jamaica Drive, Grenada North, Wellington



## VALUATION DETAILS

Valuation Date	31 March 2020	Cash Flow Model Date	1 April 2020
Interest Valued	Freehold Interest	Purpose of Valuation	-

## CORE VALUATION ASSUMPTIONS

## Financial Details

Gross Passing Income (Fully Let)	\$566,064	Adopted Gross Market Income	\$550,060
Outgoings (pa)	\$104,615	Outgoings (pa)	\$104,615
Net Passing Income (Fully Let)	\$461,449	Adopted Net Market Income	\$445,445
Net Passing Income (Current)	\$461,449		

Passing Income is \$16,004 above current market levels

Over / Under rented % 3.59%

Fully Leased - over / under rented % 3.59%

Total NLA 2,607.00 m<sup>2</sup>

Total Carparks 35 parks

Industrial NLA 2,000.00 m<sup>2</sup>

Proportion of Occupied Industrial Area 100.00%

	Net	Gross
Average Passing Industrial Rental*	\$131/m <sup>2</sup>	\$171/m <sup>2</sup>
Average Market Industrial Rental	\$116/m <sup>2</sup>	\$156/m <sup>2</sup>

\*Passing rental averages are based on the proportion of occupied area.

## Global Assumptions

Agents Leasing Fees (Gross)	15.00%
Renewal Leasing Fee (Gross)	0.00%

## Industrial

Lease Term	6 years
Letting Up - Market	8 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	4 months
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

## Traditional Valuation Approach

Core Initial Capitalisation Rate	6.350%
Core Market Capitalisation Rate	6.250%
Pending Vacancies Allowances within	12 months
Capital Expenditure Allowances for	12 months
Rental Reversions (PV)	Current tenants at expiry/market review with subsequent leases at 12 months

## VALUATION CONCLUSIONS

## Traditional Valuation Approach

Initial Yield Approach	\$7,040,000
Market Yield Approach	\$6,910,000

## ADOPTED VALUE

**\$7,060,000 - GST Exclusive**  
**(SEVEN MILLION SIXTY THOUSAND DOLLARS)**

## RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison	\$2,708 per m <sup>2</sup> NLA	Terminal Initial Yield	6.62%
Passing Initial Yield	6.54%	Terminal Market Yield	6.75%
Equivalent Initial Yield	6.33%	Terminal Capital Value	\$3,401 per m <sup>2</sup> NLA
Equivalent Market Yield	6.12%	Rate of Increase in Capital Value	2.08%
Weighted Average Lease Duration by Area	0.70 years	IRR (Incl. Capex)	8.31%
Weighted Average Lease Duration by Income (incl Vacancy)	0.70 years	IRR (Excl. Capex)	8.39%
Weighted Average Lease Duration by Income (excl Vacancy)	0.70 years	3 Year IRR (incl. Capex)	8.83%
Total Capital Expenditure (Nominal)	\$69,837	5 Year IRR (incl. Capex)	8.80%
% of Adopted Value (Nominal)	0.99%	7 Year IRR (incl. Capex)	8.20%

Adopted Gross Market Income	\$550,060
Outgoings (pa)	\$104,615
Adopted Net Market Income	\$445,445

Total Vacancy -

Office NLA 607.00 m<sup>2</sup>

Proportion of Occupied Office Area 100.00%

	Net	Gross
Average Passing Office Rental*	\$170/m <sup>2</sup>	\$210/m <sup>2</sup>
Average Market Office Rental	\$167/m <sup>2</sup>	\$207/m <sup>2</sup>

Refurb Allowance - Initial Expiries	-
Refurb Allowance - Secondary Expiries	\$100/m <sup>2</sup>

## Office

Lease Term	6 years
Letting Up - Market	12 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months
Renewal Probability (Incentives)	0.0%
Reviews	3 yearly rent reviews to market rent

## Discounted Cash Flow Approach

Cash Flow Term	10 years
Terminal Capitalisation Rate	+50.00 bps 6.750%
Retention Allowances & Reversions within	12 months
Discount Rate	8.000%
10 Yr Rental Growth	Industrial (Net Face) 2.83%
(compounded)	Industrial (Net Effective) 2.83%

## Discounted Cash Flow Approach

Discounted Terminal Value	57%	\$4,105,679
NPV of Cash Flows	43%	\$3,110,237
Sum of Discounted Cash Flows		\$7,215,916
Less Acquisition Costs		-
Net Present Value		\$7,215,916
Rounded DCF Value		\$7,220,000

Tenancy Schedule

Coca Cola, 32 Jamaica Drive, Grenada North, Wellington

Valuation Date: 31 March 2020



Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Passing Rent	Base Passing Rent \$/m²	Adopted Market Rent	Adopted Market Rent \$/m²	PV of Rental Reversion	Gross Rent \$/m²
1 Offices - Main	Coca-Cola Amatil (NZ) Ltd	Office	507.00	14-Dec-11	9.00	13-Dec-20	Gross	19.45%	2 x 3 yrs		107,430	211.89	106,470	210.00	157	210.00
2 Offices - Workshop	Coca-Cola Amatil (NZ) Ltd	Office	100.00	14-Dec-11	9.00	13-Dec-20	Gross	3.84%	2 x 3 yrs		20,012	200.12	19,000	190.00	528	190.00
3 EQS Workshop Full Height	Coca-Cola Amatil (NZ) Ltd	Industrial	909.00	14-Dec-11	9.00	13-Dec-20	Gross	34.87%	2 x 3 yrs		161,184	177.32	145,440	160.00	9,272	160.00
4 EQS Workshop below Mezz	Coca-Cola Amatil (NZ) Ltd	Industrial	338.00	14-Dec-11	9.00	13-Dec-20	Gross	12.97%	2 x 3 yrs		51,668	152.86	45,630	135.00	3,627	135.00
5 Supply Chain	Coca-Cola Amatil (NZ) Ltd	Industrial	753.00	14-Dec-11	9.00	13-Dec-20	Gross	28.88%	2 x 3 yrs		128,531	170.69	120,480	160.00	4,417	160.00
6 Mezzanine	Coca-Cola Amatil (NZ) Ltd	Storage	338.00	14-Dec-11	9.00	13-Dec-20	Gross	0.00%	2 x 3 yrs		31,831	94.17	28,730	85.00	1,826	85.00
7 Car Parks	Coca-Cola Amatil (NZ) Ltd	Parking	35.00	14-Dec-11	9.00	13-Dec-20	Gross	0.00%	2 x 3 yrs		27,852	795.77	36,400	1,040.00	(5,843)	1,040.00
8 Yard	Coca-Cola Amatil (NZ) Ltd	Other	1,597.00	14-Dec-11	9.00	13-Dec-20	Gross	0.00%	2 x 3 yrs		37,557	23.52	47,910	30.00	(7,103)	30.00
10 TOTALS			2,607.00					100.00%			566,064		550,060		6,881	

**(Initial) Passing Yield Calculations**

Office	127,442	
Retail	-	
Industrial	341,383	
Naming	-	
Parking	27,852	
Other	37,557	
Telecoms	-	
Storage	31,831	
Warehouse	-	
Current Passing Income	566,064	
Add Recoverable Outgoings	-	
Add Estimated Gross Rental Value on Vacant Space	-	
Potential Gross Income Fully Let	566,064	

Less Outgoings	\$40.13/m <sup>2</sup>	104,615	
Net Income		461,449	
Capitalised at	6.225%	6.350%	6.475%
Capitalised Value		\$7,412,843	\$7,266,921 \$7,126,633

**Capital Value Adjustments**

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-

<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	(183,353)	(183,353)	(183,353)
Agents Leasing Fees	(41,255)	(41,255)	(41,255)
Incentives	-	-	-
Refurbishment Allowance	-	-	-

PV Outstanding Current Incentives	-	-	-
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General Capital Expenditure Allowance (12 months)	-	-	-
Budgeted Capital Expenditure (12 months)	-	-	-

Other Adjustments	-	-	-
Total Adjustments	(224,608)	(224,608)	(224,608)

Assessed Capital Value as at 31 March 2020	\$7,188,235	\$7,042,313	\$6,902,025
Value \$/m <sup>2</sup>	\$2,757	\$2,701	\$2,647

Rounded Initial Capitalisation Value		\$7,040,000	
Adopted Value as at 31 March 2020		\$7,060,000	

**Capital Value Analysis**

Actual Net Passing Income	\$461,449	
Initial Yield	6.54%	
Equivalent Initial Yield	6.33%	
Rate per metre of NLA	\$2,708/m <sup>2</sup>	

**Market Yield Calculations**

Office	125,470	
Retail	-	
Industrial	311,550	
Naming	-	
Parking	36,400	
Other	47,910	
Telecoms	-	
Storage	28,730	
Warehouse	-	
Market Income	550,080	
Add Recoverable Outgoings	-	
Total Gross Market Income	550,080	
Less Outgoings	\$40.13/m <sup>2</sup>	104,615
Net Market Income		445,445

Net Income		445,445	
Capitalised at	6.125%	6.250%	6.375%
Capitalised Value		\$7,272,579	\$7,127,127 \$6,987,380

**Capital Value Adjustments**

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-

<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	(183,353)	(183,353)	(183,353)
Agents Leasing Fees	(41,255)	(41,255)	(41,255)
Incentives	-	-	-
Refurbishment Allowance	-	-	-

PV Outstanding Current Incentives	-	-	-
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PV Rental (Shortfall) / Overage	6,881	6,881	6,881
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General Capital Expenditure Allowance (12 months)	-	-	-
Budgeted Capital Expenditure (12 months)	-	-	-

Other Adjustments	-	-	-
Total Adjustments	(217,727)	(217,727)	(217,727)

Assessed Capital Value as at 31 March 2020	\$7,054,852	\$6,909,400	\$6,769,653
Value \$/m <sup>2</sup>	\$2,706	\$2,650	\$2,597

Rounded Market Capitalisation Value		\$6,910,000	
Adopted Value as at 31 March 2020		\$7,060,000	

**Capital Value Analysis**

Equivalent Market Yield		6.12%	
Rate per metre of NLA		\$2,708/m <sup>2</sup>	

## Discounted Cash Flow Assumptions

Coca Cola, 32 Jamaica Drive, Grenada North, Wellington



## Growth Assumptions

Calendar Year	Code	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10 Yr CAGR
Inflation (CPI)	1	1.90%	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Industrial (Net Face)	4		3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.83%
Industrial (Net Effective)	5		3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.83%
Statutory	11		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Operational	12		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Capital expenditure	13		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%

## Discounted Cash Flow Assumptions

Valuation Date		31 March 2020	Agents Fees - New Tenant (Year 1 Gross Rent)	15.0%
Commencement of Cash Flow		1 April 2020	Agents Fees - Renewal (Year 1 Gross Rent)	0.0%
Term of Cash Flow		10 years		
Discount Rate		8.000%		
Terminal Yield		6.750%		
Terminal Yield Variance over Market Cap Rate		+50.00 bps		
Acquisition Costs		0.00%		
Disposal Costs		0.00%		
Total Budgeted Capital Expenditure		\$0 (Real)		
		\$0 (Nominal)		
General Capital Expenditure Allowance applied from 1-Apr-2020		-		
		\$0 (Real)		
		\$0 (Nominal)		
Refurbishment Allowance on Initial Expiries		-		
Refurbishment Allowance on Secondary Expiries		\$100.0/m²		
Total Capital Expenditure (Real)		\$60,700		
% of Adopted Value (Real)		0.86%		
Total Capital Expenditure (Nominal)		\$69,837		
% of Adopted Value (Nominal)		0.99%		
1 Yr Summary		\$0 (Nominal)		

## Lease Renewal Assumptions

Agents Fees - New Tenant (Year 1 Gross Rent)	15.0%
Agents Fees - Renewal (Year 1 Gross Rent)	0.0%
Industrial	
Renewal Lease Term	6.0 years
Letting Up Period - Market	8 months
Retention Probability (Letting Up, Leasing Fees)	50%
Letting Up Period - Applied	4 months
Incentive Probability	0%
Review Structure	2 yearly rent reviews to market rent

Level/Suite	Tenant	Year 1 1-Apr-20	Year 2 1-Apr-21	Year 3 1-Apr-22	Year 4 1-Apr-23	Year 5 1-Apr-24	Year 6 1-Apr-25	Year 7 1-Apr-26	Year 8 1-Apr-27	Year 9 1-Apr-28	Year 10 1-Apr-29
Offices - Main	Coca-Cola Amatil (NZ) Ltd	71,620	110,374	110,374	117,759	117,759	124,426	124,426	87,870	131,805	136,254
Offices - Workshop	Coca-Cola Amatil (NZ) Ltd	13,341	19,697	19,697	21,015	21,015	22,204	22,204	15,681	23,521	24,315
EQS Workshop Full Height	Coca-Cola Amatil (NZ) Ltd	107,456	150,773	150,773	160,861	160,861	169,968	169,968	120,032	180,048	186,125
EQS Workshop below Mezz	Coca-Cola Amatil (NZ) Ltd	34,445	47,303	47,303	50,468	50,468	53,325	53,325	37,659	56,488	58,394
Supply Chain	Coca-Cola Amatil (NZ) Ltd	85,667	124,898	124,898	133,255	133,255	140,798	140,798	96,433	149,149	154,183
Mezzanine	Coca-Cola Amatil (NZ) Ltd	21,221	29,783	29,783	31,776	31,776	33,575	33,575	23,711	35,566	36,767
Car Parks	Coca-Cola Amatil (NZ) Ltd	18,568	37,735	37,735	40,260	40,260	42,539	42,539	30,041	45,062	46,582
Yard	Coca-Cola Amatil (NZ) Ltd	25,038	49,667	49,667	52,990	52,990	55,990	55,990	39,540	59,310	61,312
Total Passing Income		377,376	570,228	570,228	608,385	608,385	642,825	642,825	453,967	680,950	703,932
Total Gross Passing Income		377,376	570,228	570,228	608,385	608,385	642,825	642,825	453,967	680,950	703,932
Outgoings		104,928	106,295	108,068	110,085	112,359	114,869	117,547	120,371	123,298	126,380
Vacancy Allowance		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure		272,448	463,933	462,161	498,299	496,026	527,956	525,278	333,596	557,652	577,552
Capital Expenditure		-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance		-	-	-	-	-	-	-	69,837	-	-
Agents Fees		-	42,767	-	-	-	-	-	51,071	-	-
Incentives		-	-	-	-	-	-	-	-	-	-
Ground Rent		-	-	-	-	-	-	-	-	-	-
Other Adjustments		-	-	-	-	-	-	-	-	-	-
Net Income after Capital Expenditure		272,448	421,166	462,161	498,299	496,026	527,956	525,278	212,688	557,652	577,552

## Terminal Value Calculations

Coca Cola, 32 Jamaica Drive, Grenada North, Wellington



Level/Suite	Tenant	NLA	Terminal Rent		Shortfall/ Overage	Next Review or Expiry	Number of Months	PV (within 12mths) Reversions
			Market	Passing				
Offices - Main	Coca-Cola Amatil (NZ) Ltd	507.00	140,776	138,478	2,298	31-Jul-33	40.0	-
Offices - Workshop	Coca-Cola Amatil (NZ) Ltd	100.00	25,122	24,712	410	31-Jul-33	40.0	-
EQS Workshop Full	Coca-Cola Amatil (NZ) Ltd	909.00	192,303	189,163	3,140	31-Jul-33	40.0	-
EQS Workshop belc	Coca-Cola Amatil (NZ) Ltd	338.00	60,333	59,348	985	31-Jul-33	40.0	-
Supply Chain	Coca-Cola Amatil (NZ) Ltd	753.00	159,300	156,700	2,601	31-Jul-33	40.0	-
Mezzanine	Coca-Cola Amatil (NZ) Ltd	338.00	37,987	37,367	620	31-Jul-33	40.0	-
Car Parks	Coca-Cola Amatil (NZ) Ltd	35.00	48,129	47,343	786	31-Jul-33	40.0	-
Yard	Coca-Cola Amatil (NZ) Ltd	1,597.00	63,347	62,313	1,034	31-Jul-33	40.0	-
<b>Total</b>		<b>2,607.00</b>	<b>727,298</b>	<b>715,423</b>				-

## Terminal Value Calculations - Market Approach

Office	165,898
Retail	-
Industrial	411,936
Naming	-
Parking	48,129
Other	63,347
Telecoms	-
Storage	37,987
Warehouse	-
Market Income	727,298
Add Recoverable Outgoings	-
Total Gross Market Income	727,298
Less Outgoings	\$49.38/m²
Net Market Income	598,562
Vacancy Allowance	0.00%
Net Income	598,562
Capitalised at	6.75%
Capitalised Value	8,867,592

## Terminal Value Adjustments

-	-
-	-
<b>Existing Vacant Tenancy Allowances</b>	
Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-
<b>Pending Vacancy Allowances (expiries within 12 months)</b>	
Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-
<b>NPV Outstanding Current Incentives</b>	-
<b>PV Rental Shortfall / (Overage)</b>	-
General Capital Expenditure Allowance (12 months)	-
Budgeted Capital Expenditure (12 months)	-
Other Adjustments	-
<b>Total Adjustments</b>	-
<b>Assessed Terminal Value as at 31 March 2030</b>	<b>8,867,592</b>
<b>Value \$/m²</b>	<b>3,401</b>

## Terminal Value Analysis

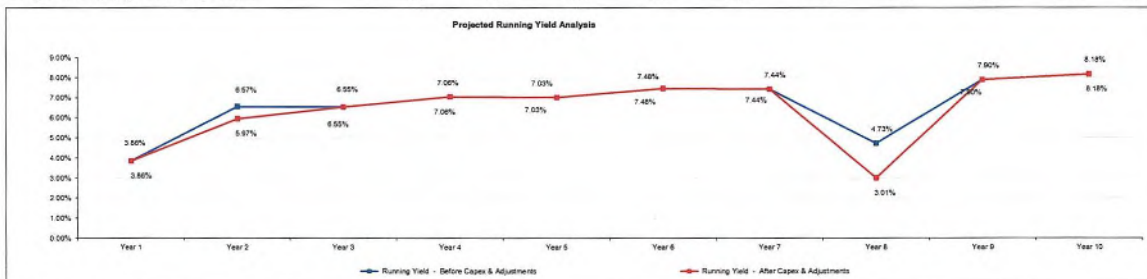
Terminal Initial Yield	6.62%
Equivalent Market Yield With Vacancy Factor	6.75%
Equivalent Market Yield Without Vacancy Factor	6.75%
Rate per metre of NLA	\$3,401/m²

## Cash Flow Summary

Coca Cola, 32 Jamaica Drive, Grenada North, Wellington



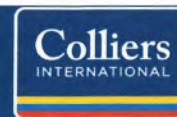
Year Commencing	Year 1 1-Apr-20	Year 2 1-Apr-21	Year 3 1-Apr-22	Year 4 1-Apr-23	Year 5 1-Apr-24	Year 6 1-Apr-25	Year 7 1-Apr-26	Year 8 1-Apr-27	Year 9 1-Apr-28	Year 10 1-Apr-29
Office	84,961	130,070	130,070	138,774	138,774	146,630	146,630	103,551	155,326	160,569
Retail	-	-	-	-	-	-	-	-	-	-
Industrial	227,588	322,973	322,973	344,585	344,585	364,092	364,092	257,123	385,686	388,702
Naming	-	-	-	-	-	-	-	-	-	-
Parking	18,568	37,735	37,735	40,290	40,290	42,539	42,539	30,541	45,082	46,582
Other	25,038	49,667	49,667	52,990	52,990	55,990	55,990	39,540	59,310	61,312
Telecoms	-	-	-	-	-	-	-	-	-	-
Storage	21,221	29,783	29,783	31,778	31,778	33,575	33,575	23,711	36,966	38,767
Warehouse	-	-	-	-	-	-	-	-	-	-
Outgoings Recoveries	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total Income	377,376	570,228	570,228	608,385	608,385	642,826	642,826	463,967	680,950	703,932
Outgoings	104,928	109,295	108,058	110,085	112,359	114,889	117,547	120,371	123,298	126,380
Vacancy Allowance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Net Income Before Capital Expenditure	272,448	460,933	462,161	498,299	496,026	527,936	525,278	333,596	557,652	577,552
Capital Expenditure (Budgeted & General)	-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance	-	-	-	-	-	-	-	69,837	-	-
Agents Fees	-	42,787	-	-	-	-	-	51,671	-	-
Incentives	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
Net Income After Capital Expenditure	272,448	421,199	462,161	498,299	496,026	527,936	525,278	212,688	557,652	577,552
Terminal Value										8,867,592
Disposal Costs										-
Net Cash Flow	272,448	421,199	462,161	498,299	496,026	527,936	525,278	212,688	557,652	9,445,144
Adopted Value @ 8.000%										\$ 7,090,000
Acquisition Costs										\$ -
Adopted Value before Acquisition Costs										\$ 7,090,000
Running Yield - Before Capex & Adjustments	3.86%	6.57%	6.55%	7.06%	7.03%	7.48%	7.44%	4.73%	7.90%	8.18%
Running Yield - After Capex & Adjustments	3.86%	5.97%	6.55%	7.06%	7.03%	7.48%	7.44%	3.01%	7.90%	8.18%
Running Yield - Before Capex & incl. Adjustments	3.86%	5.97%	6.55%	7.06%	7.03%	7.48%	7.44%	4.05%	7.90%	8.18%
Running Yield - After Capex, Adjustments & incl. Acquisition Costs	3.86%	5.97%	6.55%	7.06%	7.03%	7.48%	7.44%	3.01%	7.90%	8.18%



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

## DCF Summary

Coca Cola, 32 Jamaica Drive, Grenada North, Wellington



Present Value of Cash Flows	\$7,215,916	
Discount Rate	8.000%	
Terminal Value	\$8,867,592	
Less Disposal Costs	-	
Net Terminal Value	\$8,867,592	
Discounted Terminal Value	\$4,105,679	56.90%
Discounted Cash Flow	\$3,110,237	43.10%
Sum of Discounted Cash Flows	\$7,215,916	
Less Acquisition Costs	-	
Present Value	\$7,215,916	
<b>Rounded Present Value</b>	<b>\$7,220,000</b>	
Rate \$/m <sup>2</sup>	\$2,769	
Rate of Increase in Capital Value	2.08%	
IRR (incl. Capex)	8.31%	
IRR (excl. Capex)	8.39%	
3 Year IRR (incl. Capex)	8.83%	
5 Year IRR (incl. Capex)	8.80%	
7 Year IRR (incl. Capex)	8.20%	

## Net Present Value Matrix

		Terminal Yield		
		6.500%	6.750%	7.000%
Discount Rate	7.500%	7,644,365	7,478,950	7,325,350
	7.750%	7,507,512	7,345,897	7,195,826
	8.000%	7,373,827	7,215,916	7,069,285
	8.250%	7,243,225	7,088,926	6,945,648
	8.500%	7,115,628	6,964,849	6,824,840

## IRR Matrix

		Terminal Yield		
		6.500%	6.750%	7.000%
Adopted Value	6,371,650	10.09%	9.78%	9.49%
	6,707,000	9.34%	9.04%	8.75%
	7,060,000	8.61%	8.31%	8.02%
	7,413,000	7.93%	7.62%	7.33%
	7,783,650	7.25%	6.95%	6.66%

## Valuation Calculations Summary

Rentokil, 32A Jamaica Drive, Grenada North, Wellington



## VALUATION DETAILS

Valuation Date	31 March 2020	Cash Flow Model Date	1 April 2020
Interest Valued	Freehold Interest	Purpose of Valuation	First Mortgage Security

## CORE VALUATION ASSUMPTIONS

## Financial Details

Gross Passing Income (Fully Let)	\$273,121
Outgoings (pa)	\$57,229
Net Passing Income (Fully Let)	\$215,892
Net Passing Income (Current)	\$215,892

Passing Income is \$3,797 above current market levels

Over / Under rented %	1.79%
Fully Leased - over / under rented %	1.79%

Total NLA	1,464.75 m <sup>2</sup>
Total Carparks	20 parks

Industrial NLA	1,027.25 m <sup>2</sup>
Proportion of Occupied Industrial Area	100.00%

	Net	Gross
Average Passing Industrial Rental*	\$115/m <sup>2</sup>	\$154/m <sup>2</sup>
Average Market Industrial Rental	\$116/m <sup>2</sup>	\$155/m <sup>2</sup>

\*Passing rental averages are based on the proportion of occupied area.

## Global Assumptions

Agents Leasing Fees (Gross)	15.00%
Renewal Leasing Fee (Gross)	0.00%

## Industrial

Lease Term	6 years
Letting Up - Market	8 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	4 months
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

## Traditional Valuation Approach

Core Initial Capitalisation Rate	6.300%
Core Market Capitalisation Rate	6.300%
Pending Vacancies Allowances within	12 months
Capital Expenditure Allowances for	12 months
Rental Reversions (PV)	Current tenants at expiry/market review with subsequent leases at 12 months

## VALUATION CONCLUSIONS

## Traditional Valuation Approach

Initial Yield Approach	\$3,430,000
Market Yield Approach	\$3,370,000

## ADOPTED VALUE

**\$3,390,000 - GST Exclusive**  
**(THREE MILLION THREE HUNDRED NINETY THOUSAND DOLLARS )**

## RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison	\$2,314 per m <sup>2</sup> NLA
Passing Initial Yield	6.37%
Equivalent Initial Yield	6.37%
Equivalent Market Yield	6.26%
Weighted Average Lease Duration by Area	1.46 years
Weighted Average Lease Duration by Income (incl Vacancy)	1.46 years
Weighted Average Lease Duration by Income (excl Vacancy)	1.46 years
Total Capital Expenditure (Nominal)	\$50,336
% of Adopted Value (Nominal)	1.48%

Adopted Gross Market Income	\$269,324
Outgoings (pa)	\$57,229
Adopted Net Market Income	\$212,095

Total Vacancy	-
---------------	---

Office NLA	437.50 m <sup>2</sup>
Proportion of Occupied Office Area	100.00%

	Net	Gross
Average Passing Office Rental*	\$182/m <sup>2</sup>	\$221/m <sup>2</sup>
Average Market Office Rental	\$161/m <sup>2</sup>	\$200/m <sup>2</sup>

Refurb Allowance - Initial Expiries	-
Refurb Allowance - Secondary Expiries	\$100/m <sup>2</sup>

## Office

Lease Term	6 years
Letting Up - Market	12 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months
Renewal Probability (Incentives)	0.0%
Reviews	3 yearly rent reviews to market rent

## Discounted Cash Flow Approach

Cash Flow Term	10 years
Terminal Capitalisation Rate	+45.00 bps
Terminal Allowances & Reversions within	12 months
Discount Rate	8.000%
10 Yr Rental Growth	Industrial (Net Face) 2.83%
(compounded)	Industrial (Net Effective) 2.83%

## Discounted Cash Flow Approach

Discounted Terminal Value	57%	\$1,923,079
NPV of Cash Flows	43%	\$1,459,365
Sum of Discounted Cash Flows		\$3,382,444
Less Acquisition Costs		-
Net Present Value		\$3,382,444
Rounded DCF Value		\$3,380,000

## Tenancy Schedule

Rentokil, 32A Jamaica Drive, Grenada North, Wellington

Valuation Date: 31 March 2020



Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Passing Rent	Base Passing Rent \$/m²	Adopted Market Rent	Adopted Market Rent \$/m²	PV of Rental Reversion	Gross Rent \$/m²
1 Office - Ground Floor	Rentokil Initial Ltd	Office	171.60	15-Sep-12	9.00	14-Sep-21	Net	11.72%	2 x 4 yrs	15-Sep-20	32,944	191.98	27,615	160.93	2,126	200.00
2 Office - Mezzanine	Rentokil Initial Ltd	Office	265.90	15-Sep-12	9.00	14-Sep-21	Net	18.15%	2 x 4 yrs	15-Sep-20	46,672	175.53	42,791	160.93	1,491	200.00
3 Warehouse/Workshop	Rentokil Initial Ltd	Industrial	1,027.25	15-Sep-12	9.00	14-Sep-21	Net	70.13%	2 x 4 yrs	15-Sep-20	118,328	115.19	119,089	115.93	(614)	155.00
4 Car Parks	Rentokil Initial Ltd	Parking	20.00	15-Sep-12	9.00	14-Sep-21	Net	0.00%	2 x 4 yrs	15-Sep-20	15,973	798.65	20,800	1,040.00	(2,041)	1,040.00
5 Garden Enclosure	Rentokil Initial Ltd	Other	36.00	15-Sep-12	9.00	14-Sep-21	Net	0.00%	2 x 4 yrs	15-Sep-20	1,974	54.84	1,800	50.00	67	50.00
<b>7 TOTALS</b>			<b>1,464.75</b>					<b>100.00%</b>			<b>215,892</b>		<b>212,095</b>		<b>1,029</b>	

**(Initial) Passing Yield Calculations**

Office	79,617	
Retail	-	
Industrial	118,328	
Naming	-	
Parking	15,973	
Other	1,974	
Telecoms	-	
Storage	-	
Warehouse	-	
Current Passing Income	215,892	
Add Recoverable Outgoings	57,229	
Add Estimated Gross Rental Value on Vacant Space	-	
Potential Gross Income Fully Let	273,121	

Less Outgoings	\$39.07/m <sup>2</sup>	57,229	
Net Income		215,892	
Capitalised at	6.175%	6.300%	6.425%
Capitalised Value	\$3,496,227	\$3,426,857	\$3,360,187

**Capital Value Adjustments**

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-
<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-
PV Outstanding Current Incentives	-	-	-
General Capital Expenditure Allowance (12 months)	-	-	-
Budgeted Capital Expenditure (12 months)	-	-	-
Other Adjustments	-	-	-
Total Adjustments	-	-	-
Assessed Capital Value as at 31 March 2020	\$3,496,227	\$3,426,857	\$3,360,187
Value \$/m <sup>2</sup>	\$2,387	\$2,340	\$2,294
Rounded Initial Capitalisation Value		\$3,430,000	
Adopted Value as at 31 March 2020		\$3,390,000	

**Capital Value Analysis**

Actual Net Passing Income	\$215,892
Initial Yield	6.37%
Equivalent Initial Yield	6.37%
Rate per metre of NLA	\$2,314/m <sup>2</sup>

**Market Yield Calculations**

Office	70,407	
Retail	-	
Industrial	119,089	
Naming	-	
Parking	20,800	
Other	1,800	
Telecoms	-	
Storage	-	
Warehouse	-	
Market Income	212,095	
Add Recoverable Outgoings	57,229	
Total Gross Market Income	269,324	
Less Outgoings	\$39.07/m <sup>2</sup>	57,229
Net Market Income	212,095	

Net Income		212,095	
Capitalised at	6.175%	6.300%	6.425%
Capitalised Value	\$3,434,739	\$3,366,589	\$3,301,092

**Capital Value Adjustments**

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-
<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-
PV Outstanding Current Incentives	-	-	-
PV Rental (Shortfall) / Overage	1,029	1,029	1,029
General Capital Expenditure Allowance (12 months)	-	-	-
Budgeted Capital Expenditure (12 months)	-	-	-
Other Adjustments	-	-	-
Total Adjustments	1,029	1,029	1,029
Assessed Capital Value as at 31 March 2020	\$3,435,768	\$3,367,618	\$3,302,120
Value \$/m <sup>2</sup>	\$2,346	\$2,299	\$2,254
Rounded Market Capitalisation Value		\$3,370,000	
Adopted Value as at 31 March 2020		\$3,390,000	

**Capital Value Analysis**

Equivalent Market Yield	6.26%
Rate per metre of NLA	\$2,314/m <sup>2</sup>

## Discounted Cash Flow Assumptions

Rentokil, 32A Jamaica Drive, Grenada North, Wellington



## Growth Assumptions

Calendar Year	Code	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10 Yr CAGR
Inflation (CPI)	1	1.90%	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Industrial (Net Face)	4		3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.83%
Industrial (Net Effective)	5		3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.83%
Statutories	11		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Operational	12		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Capital expenditure	13		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%

## Discounted Cash Flow Assumptions

Valuation Date	31 March 2020
Commencement of Cash Flow	1 April 2020
Term of Cash Flow	10 years
Discount Rate	8.000%
Terminal Yield	6.750%
Terminal Yield Variance over Market Cap Rate	+45.00 bps
Acquisition Costs	0.00%
Disposal Costs	0.00%
Total Budgeted Capital Expenditure	\$0 (Real) \$0 (Nominal)
General Capital Expenditure Allowance applied from 1-Apr-2020	- \$0 (Real) \$0 (Nominal)
Refurbishment Allowance on Initial Expiries	-
Refurbishment Allowance on Secondary Expiries	\$100.0/m <sup>2</sup>
Total Capital Expenditure (Real)	\$43,750
% of Adopted Value (Real)	1.29%
Total Capital Expenditure (Nominal)	\$50,336
% of Adopted Value (Nominal)	1.48%
1 Yr Summary	\$0 (Nominal)

## Lease Renewal Assumptions

Agents Fees - New Tenant (Year 1 Gross Rent)	15.0%
Agents Fees - Renewal (Year 1 Gross Rent)	0.0%
<b>Industrial</b>	
Renewal Lease Term	6.0 years
Letting Up Period - Market	8 months
Retention Probability (Letting Up, Leasing Fees)	50%
Letting Up Period - Applied	4 months
Incentive Probability	0%
Review Structure	2 yearly rent reviews to market rent

Level/Suite	Tenant	Year 1 1-Apr-20	Year 2 1-Apr-21	Year 3 1-Apr-22	Year 4 1-Apr-23	Year 5 1-Apr-24	Year 6 1-Apr-25	Year 7 1-Apr-26	Year 8 1-Apr-27	Year 9 1-Apr-28	Year 10 1-Apr-29
Office - Ground Floor	Rentokil Initial Ltd	36,809	23,578	36,296	36,888	38,423	38,997	40,409	30,408	39,171	42,925
Office - Mezzanine	Rentokil Initial Ltd	55,214	36,534	56,242	57,160	59,538	60,427	62,616	47,118	60,697	66,514
Warehouse/Workshop	Rentokil Initial Ltd	160,101	109,293	168,116	170,887	177,748	180,494	186,871	140,758	181,052	198,668
Car Parks	Rentokil Initial Ltd	18,976	14,331	22,122	22,470	23,516	23,828	24,762	18,572	24,045	26,231
Garden Enclosure	Rentokil Initial Ltd	1,889	1,240	1,914	1,945	2,035	2,062	2,143	1,607	2,081	2,270
Total Passing Income		272,990	184,976	284,691	289,350	301,260	305,808	316,800	238,463	307,046	336,608
Total Gross Passing Income		272,990	184,976	284,691	289,350	301,260	305,808	316,800	238,463	307,046	336,608
Outgoings		57,400	58,148	59,118	60,221	61,465	62,838	64,303	65,848	67,449	69,135
Vacancy Allowance		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure		215,590	126,828	225,573	229,128	239,794	242,970	252,497	172,615	239,597	267,472
Capital Expenditure		-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance		-	-	-	-	-	-	-	50,336	-	-
Agents Fees		-	21,657	-	-	-	-	-	-	25,680	-
Incentives		-	-	-	-	-	-	-	-	-	-
Ground Rent		-	-	-	-	-	-	-	-	-	-
Other Adjustments		-	-	-	-	-	-	-	-	-	-
Net Income after Capital Expenditure		215,590	105,170	225,573	229,128	239,794	242,970	252,497	122,280	213,917	267,472

## Terminal Value Calculations

Rentokil, 32A Jamaica Drive, Grenada North, Wellington



Level/Suite	Tenant	NLA	Terminal Rent		Shortfall/ Overage	Next Review or Expiry	Number of Months	PV (within 12mths) Reversions
			Market	Passing				
Office - Ground Floor	Rentokil Initial Ltd	171.60	36,514	34,826	1,688	1-May-30	1.0	139
Office - Mezzanine	Rentokil Initial Ltd	265.90	56,579	53,964	2,615	1-May-30	1.0	215
Warehouse/Workshop	Rentokil Initial Ltd	1,027.25	157,461	150,182	7,279	1-May-30	1.0	598
Car Parks	Rentokil Initial Ltd	20.00	27,502	26,231	1,271	1-May-30	1.0	104
Garden Enclosure	Rentokil Initial Ltd	36.00	2,380	2,270	110	1-May-30	1.0	9
<b>Total</b>		<b>1,464.75</b>	<b>280,435</b>	<b>267,472</b>				<b>1,065</b>

## Terminal Value Calculations - Market Approach

Office	93,093
Retail	-
Industrial	157,461
Naming	-
Parking	27,502
Other	2,380
Telecoms	-
Storage	-
Warehouse	-
Market Income	280,435
Add Recoverable Outgoings	70,424
Total Gross Market Income	350,859
Less Outgoings	\$48.08/m <sup>2</sup> 70,424
Net Market Income	280,435
Vacancy Allowance	0.00%
Net Income	280,435
Capitalised at	6.75%
Capitalised Value	4,154,599

## Terminal Value Adjustments

-	-
-	-
<b>Existing Vacant Tenancy Allowances</b>	
Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-
<b>Pending Vacancy Allowances (expiries within 12 months)</b>	
Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-
<b>NPV Outstanding Current Incentives</b>	-
<b>PV Rental Shortfall / (Overage)</b>	1,065
General Capital Expenditure Allowance (12 months)	-
Budgeted Capital Expenditure (12 months)	-
Other Adjustments	-
<b>Total Adjustments</b>	1,065
<b>Assessed Terminal Value as at 31 March 2030</b>	4,153,534
<b>Value \$/m<sup>2</sup></b>	2,836

## Terminal Value Analysis

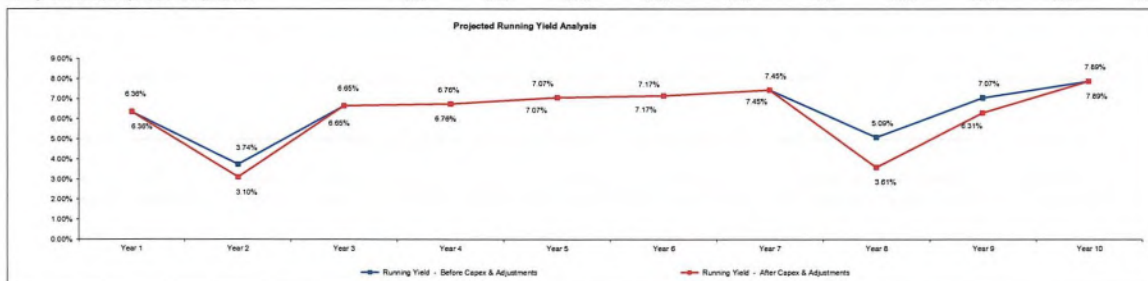
Terminal Initial Yield	6.44%
Equivalent Market Yield With Vacancy Factor	6.75%
Equivalent Market Yield Without Vacancy Factor	6.75%
Rate per metre of NLA	\$2,836/m <sup>2</sup>

## Cash Flow Summary

Berkidit, 32A Jamaica Drive, Grenada North, Wallington



For Year Commencing	Year 1 1-Apr-20	Year 2 1-Apr-21	Year 3 1-Apr-22	Year 4 1-Apr-23	Year 5 1-Apr-24	Year 6 1-Apr-25	Year 7 1-Apr-26	Year 8 1-Apr-27	Year 9 1-Apr-28	Year 10 1-Apr-29
Office	74,879	48,510	74,881	76,061	79,602	80,696	83,818	82,864	81,390	88,788
Retail	-	-	-	-	-	-	-	-	-	-
Industrial	119,845	82,051	126,656	128,652	134,641	136,424	141,774	106,330	137,667	150,182
Warehousing	-	-	-	-	-	-	-	-	-	-
Parking	18,976	14,331	22,122	22,470	23,516	23,828	24,762	18,572	24,045	26,231
Other	1,889	1,240	1,914	1,945	2,035	2,062	2,143	1,607	2,081	2,270
Telecoms	-	-	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	-	-	-	-
Warehouses	-	-	-	-	-	-	-	-	-	-
Outgoings Recoveries	57,400	58,843	59,118	60,221	61,465	62,838	64,303	49,090	61,863	69,135
	-	-	-	-	-	-	-	-	-	-
Total Income	272,990	184,976	284,691	289,350	301,260	305,808	316,800	238,483	307,046	336,608
Outgoings	57,400	58,148	59,118	60,221	61,465	62,838	64,303	65,848	67,449	69,135
Vacancy Allowance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Net Income Before Capital Expenditure	215,590	126,828	225,573	229,129	239,794	242,970	252,497	172,635	239,597	267,472
Capital Expenditure (Budgeted & General)	-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance	-	-	-	-	-	-	-	50,338	-	-
Agents Fees	-	21,657	-	-	-	-	-	-	25,680	-
Incentives	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
Net Income After Capital Expenditure	215,590	105,170	225,573	229,129	239,794	242,970	252,497	122,298	213,917	267,472
Terminal Value										4,153,534
Disposal Costs										-
Net Cash Flow	215,590	105,170	225,573	229,129	239,794	242,970	252,497	122,298	213,917	4,421,006
Adopted Value @ 8.000%	\$ 3,390,000									
Acquisition Costs	\$ -									
Adopted Value before Acquisition Costs	\$ 3,390,000									
Running Yield - Before Capex & Adjustments	6.36%	3.74%	6.65%	6.76%	7.07%	7.17%	7.45%	5.09%	7.07%	7.89%
Running Yield - After Capex & Adjustments	6.36%	3.10%	6.65%	6.76%	7.07%	7.17%	7.45%	3.61%	6.31%	7.89%
Running Yield - Before Capex & Incl. Adjustments	6.36%	3.10%	6.65%	6.76%	7.07%	7.17%	7.45%	5.09%	6.31%	7.89%
Running Yield - After Capex, Adjustments & Incl. Acquisition Costs	6.36%	3.10%	6.65%	6.76%	7.07%	7.17%	7.45%	3.61%	6.31%	7.89%



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

## DCF Summary

Rentokil, 32A Jamaica Drive, Grenada North, Wellington



Present Value of Cash Flows	\$3,382,444	
Discount Rate	8.000%	
Terminal Value	\$4,153,534	
Less Disposal Costs	-	
Net Terminal Value	\$4,153,534	
Discounted Terminal Value	\$1,923,079	56.85%
Discounted Cash Flow	\$1,459,365	43.15%
Sum of Discounted Cash Flows	\$3,382,444	
Less Acquisition Costs	-	
Present Value	\$3,382,444	
<b>Rounded Present Value</b>	<b>\$3,380,000</b>	
Rate \$/m <sup>2</sup>	\$2,308	
Rate of Increase in Capital Value	2.08%	
IRR (incl. Capex)	7.97%	
IRR (excl. Capex)	8.08%	
3 Year IRR (incl. Capex)	7.87%	
5 Year IRR (incl. Capex)	8.19%	
7 Year IRR (incl. Capex)	7.69%	

## Net Present Value Matrix

		Terminal Yield		
		6.500%	6.750%	7.000%
Discount Rate	7.500%	3,582,307	3,504,807	3,432,844
	7.750%	3,518,630	3,442,911	3,372,601
	8.000%	3,456,427	3,382,444	3,313,745
	8.250%	3,395,659	3,323,368	3,256,240
	8.500%	3,336,288	3,265,646	3,200,050

## IRR Matrix

		Terminal Yield		
		6.500%	6.750%	7.000%
Adopted Value	3,059,475	9.75%	9.44%	9.15%
	3,220,500	9.00%	8.70%	8.41%
	3,390,000	8.27%	7.97%	7.68%
	3,559,500	7.59%	7.28%	6.99%
	3,737,475	6.91%	6.61%	6.32%

## Valuation Calculations Summary

Micrographics, 32B Jamaica Drive, Grenada North, Wellington



## VALUATION DETAILS

Valuation Date	31 March 2020	Cash Flow Model Date	1 April 2020
Interest Valued	Freehold Interest	Purpose of Valuation	-

## CORE VALUATION ASSUMPTIONS

## Financial Details

Gross Passing Income (Fully Let)	\$390,845
Outgoings (pa)	\$81,269
Net Passing Income (Fully Let)	\$309,576
Net Passing Income (Current)	\$309,576

Passing Income is \$24,382 above current market levels

Over / Under rented % 8.55%

Fully Leased - over / under rented % 8.55%

Total NLA	1,927.38 m <sup>2</sup>
Total Carparks	20 parks

Industrial NLA	457.50 m <sup>2</sup>
Proportion of Occupied Industrial Area	100.00%

	Net	Gross
Average Passing Industrial Rental*	\$108/m <sup>2</sup>	\$150/m <sup>2</sup>
Average Market Industrial Rental	\$119/m <sup>2</sup>	\$162/m <sup>2</sup>

\*Passing rental averages are based on the proportion of occupied area.

## Global Assumptions

Agents Leasing Fees (Gross)	15.00%
Renewal Leasing Fee (Gross)	0.00%

## Industrial

Lease Term	6 years
Letting Up - Market	8 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	4 months
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

## Traditional Valuation Approach

Core Initial Capitalisation Rate	7.000%
Core Market Capitalisation Rate	6.500%
Pending Vacancies Allowances within	12 months
Capital Expenditure Allowances for	12 months
Rental Reversions (PV)	Current tenants at expiry/market review with subsequent leases at 12 months

## VALUATION CONCLUSIONS

## Traditional Valuation Approach

Initial Yield Approach	\$4,270,000
Market Yield Approach	\$4,240,000

## ADOPTED VALUE

\$4,300,000 - GST Exclusive

(FOUR MILLION THREE HUNDRED THOUSAND DOLLARS)

## RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison	\$2,231 per m <sup>2</sup> NLA	Terminal Initial Yield	6.81%
Passing Initial Yield	7.20%	Terminal Market Yield	7.00%
Equivalent Initial Yield	6.96%	Terminal Capital Value	\$2,790 per m <sup>2</sup> NLA
Equivalent Market Yield	6.41%	Rate of Increase in Capital Value	2.10%
Weighted Average Lease Duration by Area	0.15 years	IRR (Incl. Capex)	8.23%
Weighted Average Lease Duration by Income (incl Vacancy)	0.15 years	IRR (Excl. Capex)	8.55%
Weighted Average Lease Duration by Income (excl Vacancy)	0.15 years	3 Year IRR (incl. Capex)	8.97%
Total Capital Expenditure (Nominal)	\$165,150	5 Year IRR (incl. Capex)	8.95%
% of Adopted Value (Nominal)	3.84%	7 Year IRR (incl. Capex)	8.02%

Adopted Gross Market Income	\$366,464
Outgoings (pa)	\$81,269
Adopted Net Market Income	\$285,194

Total Vacancy	-
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Office NLA	1,469.88 m <sup>2</sup>
Proportion of Occupied Office Area	100.00%

	Net	Gross
Average Passing Office Rental*	\$162/m <sup>2</sup>	\$205/m <sup>2</sup>
Average Market Office Rental	\$140/m <sup>2</sup>	\$183/m <sup>2</sup>

Refurb Allowance - Initial Expiries	-
Refurb Allowance - Secondary Expiries	\$100/m <sup>2</sup>

## Office

Lease Term	6 years
Letting Up - Market	12 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months
Renewal Probability (Incentives)	0.0%
Reviews	3 yearly rent reviews to market rent

## Discounted Cash Flow Approach

Cash Flow Term	10 years
Terminal Capitalisation Rate	+50.00 bps 7.000%
Retention Allowances & Reversions within	12 months
Discount Rate	8.000%
10 Yr Rental Growth	Industrial (Net Face) 2.83%
(compounded)	Industrial (Net Effective) 2.83%

## Discounted Cash Flow Approach

Discounted Terminal Value	57%	\$2,490,110
NPV of Cash Flows	43%	\$1,879,719
Sum of Discounted Cash Flows		\$4,369,829
Less Acquisition Costs		-
Net Present Value		\$4,369,829
Rounded DCF Value		\$4,370,000

## Tenancy Schedule

Micrographics, 32B Jamaica Drive, Grenada North, Wellington

Valuation Date: 31 March 2020



Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Passing Rent	Base Passing Rent \$/m²	Adopted Market Rent	Adopted Market Rent \$/m²	PV of Rental Reversion	Gross Rent \$/m
1 Offices - Ground Floor	NZ Micrographic Services Ltd	Office	734.94	24-May-13	7.00	23-May-20	Net	38.13%	2 x 3 yrs		116,979	159.17	101,300	137.83	1,307	180.00
2 Offices - First Floor	NZ Micrographic Services Ltd	Office	734.94	24-May-13	7.00	23-May-20	Net	38.13%	2 x 3 yrs		121,853	165.80	104,975	142.83	1,407	185.00
3 Warehouse/Workshop	NZ Micrographic Services Ltd	Industrial	395.30	24-May-13	7.00	23-May-20	Net	20.51%	2 x 3 yrs		41,946	106.11	46,580	117.83	(386)	160.00
4 Air Conditioned Store	NZ Micrographic Services Ltd	Industrial	62.20	24-May-13	7.00	23-May-20	Net	3.23%	2 x 3 yrs		7,425	119.38	8,076	129.83	(54)	172.00
5 Car Parks	NZ Micrographic Services Ltd	Parking	20.00	24-May-13	7.00	23-May-20	Net	0.00%	2 x 3 yrs		17,588	879.40	20,800	1,040.00	(268)	1,040.00
6 Outside BBQ Area	NZ Micrographic Services Ltd	Other	53.60	24-May-13	7.00	23-May-20	Net	0.00%	2 x 3 yrs		2,209	41.22	2,144	40.00	5	40.00
7 Deck	NZ Micrographic Services Ltd	Other	26.40	24-May-13	7.00	23-May-20	Net	0.00%	2 x 3 yrs		1,576	59.69	1,320	50.00	21	50.00
<b>9 TOTALS</b>			<b>1,927.38</b>					<b>100.00%</b>			<b>309,576</b>		<b>285,194</b>		<b>2,032</b>	

**(Initial) Passing Yield Calculations**

Office	238,832		
Retail	-		
Industrial	49,371		
Naming	-		
Parking	17,588		
Other	3,785		
Telecoms	-		
Storage	-		
Warehouse	-		
Current Passing Income	309,576		
Add Recoverable Outgoings	81,269		
Add Estimated Gross Rental Value on Vacant Space	-		
Potential Gross Income Fully Let	390,845		

Less Outgoings	\$42.17/m <sup>2</sup>	81,269	
Net Income		309,576	
Capitalised at	6.875%	7.000%	7.125%
Capitalised Value	\$4,502,924	\$4,422,514	\$4,344,926

**Capital Value Adjustments**

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-

<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	(122,155)	(122,155)	(122,155)
Agents Leasing Fees	(27,485)	(27,485)	(27,485)
Incentives	-	-	-
Refurbishment Allowance	-	-	-

PV Outstanding Current Incentives	-	-	-
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General Capital Expenditure Allowance (12 months)	-	-	-
Budgeted Capital Expenditure (12 months)	-	-	-

<b>Other Adjustments</b>			
Total Adjustments	(149,639)	(149,639)	(149,639)

Assessed Capital Value as at 31 March 2020	\$4,353,284	\$4,272,875	\$4,195,287
Value \$/m <sup>2</sup>	\$2,259	\$2,217	\$2,177

Rounded Initial Capitalisation Value		\$4,270,000	
Adopted Value as at 31 March 2020		\$4,300,000	

**Capital Value Analysis**

Actual Net Passing Income	\$309,576		
Initial Yield	7.20%		
Equivalent Initial Yield	6.96%		
Rate per metre of NLA	\$2.231/m <sup>2</sup>		

**Market Yield Calculations**

Office	206,275		
Retail	-		
Industrial	54,656		
Naming	-		
Parking	20,800		
Other	3,484		
Telecoms	-		
Storage	-		
Warehouse	-		
Market Income	285,194		
Add Recoverable Outgoings	81,269		
Total Gross Market Income	366,464		
Less Outgoings	81,269		
Net Market Income	\$42.17/m <sup>2</sup>	285,194	

Net Income		285,194	
Capitalised at	6.375%	6.500%	6.625%
Capitalised Value	\$4,473,636	\$4,387,605	\$4,304,820

**Capital Value Adjustments**

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-

<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	(122,155)	(122,155)	(122,155)
Agents Leasing Fees	(27,485)	(27,485)	(27,485)
Incentives	-	-	-
Refurbishment Allowance	-	-	-

PV Outstanding Current Incentives	-	-	-
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PV Rental (Shortfall) / Overage	2,032	2,032	2,032
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General Capital Expenditure Allowance (12 months)	-	-	-
Budgeted Capital Expenditure (12 months)	-	-	-

<b>Other Adjustments</b>			
Total Adjustments	(147,607)	(147,607)	(147,607)

Assessed Capital Value as at 31 March 2020	\$4,326,029	\$4,239,997	\$4,157,212
Value \$/m <sup>2</sup>	\$2,245	\$2,200	\$2,157

Rounded Market Capitalisation Value		\$4,240,000	
Adopted Value as at 31 March 2020		\$4,300,000	

**Capital Value Analysis**

Equivalent Market Yield	6.41%		
Rate per metre of NLA	\$2.231/m <sup>2</sup>		

## Growth Assumptions

Calendar Year	Code	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10 Yr CAGR
Inflation (CPI)	1	1.90%	1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Industrial (Net Face)	4		3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.83%
Industrial (Net Effective)	5		3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.83%
Statutories	11		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%
Operational	12		1.60%	1.60%	1.80%	2.00%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.16%

## Discounted Cash Flow Assumptions

Valuation Date	31 March 2020
Commencement of Cash Flow	1 April 2020
Term of Cash Flow	10 years
Discount Rate	8.000%
Terminal Yield	7.000%
Terminal Yield Variance over Market Cap Rate	+50.00 bps
Acquisition Costs	0.00%
Disposal Costs	0.00%
Total Budgeted Capital Expenditure	\$0 (Real) \$0 (Nominal)
General Capital Expenditure Allowance applied from 1-Apr-2020	- \$0 (Real) \$0 (Nominal)
Refurbishment Allowance on Initial Expiries	-
Refurbishment Allowance on Secondary Expiries	\$100.0/m <sup>2</sup>
Total Capital Expenditure (Real)	\$146,988
% of Adopted Value (Real)	3.42%
Total Capital Expenditure (Nominal)	\$165,150
% of Adopted Value (Nominal)	3.84%
1 Yr Summary	\$0 (Nominal)

## Lease Renewal Assumptions

Agents Fees - New Tenant (Year 1 Gross Rent)	15.0%
Agents Fees - Renewal (Year 1 Gross Rent)	0.0%
<b>Industrial</b>	
Renewal Lease Term	6.0 years
Letting Up Period - Market	8 months
Retention Probability (Letting Up, Leasing Fees)	50%
Letting Up Period - Applied	4 months
Incentive Probability	0%
Review Structure	2 yearly rent reviews to market rent

Level/Suite	Tenant	Year 1 1-Apr-20	Year 2 1-Apr-21	Year 3 1-Apr-22	Year 4 1-Apr-23	Year 5 1-Apr-24	Year 6 1-Apr-25	Year 7 1-Apr-26	Year 8 1-Apr-27	Year 9 1-Apr-28	Year 10 1-Apr-29
Offices - Ground Floor	NZ Micrographic Services Ltd	91,840	134,669	138,779	142,963	146,902	150,910	102,300	159,523	161,435	167,574
Offices - First Floor	NZ Micrographic Services Ltd	94,523	138,412	142,652	146,966	151,023	155,150	105,169	164,016	165,966	172,294
Warehouse/Workshop	NZ Micrographic Services Ltd	41,876	64,381	66,312	68,282	70,146	72,048	48,851	76,135	77,082	79,976
Air Conditioned Store	NZ Micrographic Services Ltd	7,107	10,891	11,221	11,557	11,875	12,198	8,269	12,892	13,049	13,543
Car Parks	NZ Micrographic Services Ltd	13,525	21,186	21,923	22,659	23,329	24,000	16,239	25,434	25,648	26,721
Outside BBQ Area	NZ Micrographic Services Ltd	1,460	2,184	2,260	2,336	2,405	2,474	1,674	2,622	2,644	2,754
Deck	NZ Micrographic Services Ltd	935	1,345	1,391	1,438	1,481	1,523	1,031	1,614	1,628	1,696
Total Passing Income		251,265	373,067	384,538	396,200	407,160	418,303	283,532	442,235	447,451	464,558
Total Gross Passing Income		251,265	373,067	384,538	396,200	407,160	418,303	283,532	442,235	447,451	464,558
Outgoings		81,513	82,575	83,952	85,519	87,285	89,235	91,316	93,509	95,783	98,178
Vacancy Allowance		-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure		169,753	290,492	300,587	310,681	319,875	329,068	192,216	348,726	351,668	366,380
Capital Expenditure		-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance		-	-	-	-	-	-	165,150	-	-	-
Agents Fees		28,317	-	-	-	-	-	33,994	-	-	-
Incentives		-	-	-	-	-	-	-	-	-	-
Ground Rent		-	-	-	-	-	-	-	-	-	-
Other Adjustments		-	-	-	-	-	-	-	-	-	-
Net Income after Capital Expenditure		141,435	290,492	300,587	310,681	319,875	329,068	(6,928)	348,726	351,668	366,380

## Terminal Value Calculations

Micrographics, 32B Jamaica Drive, Grenada North, Wellington

Level/Suite	Tenant	NLA	Terminal Rent		Shortfall/ Overage	Next Review or Expiry	Number of Months	PV (within 12mths) Reversions
			Market	Passing				
Offices - Ground Floor	NZ Micrographic Services Ltd	734.94	133,940	130,137	3,804	1-Feb-31	10.1	3,107
Offices - First Floor	NZ Micrographic Services Ltd	734.94	138,799	134,858	3,941	1-Feb-31	10.1	3,219
Warehouse/Workshop	NZ Micrographic Services Ltd	395.30	61,589	59,840	1,749	1-Feb-31	10.1	1,428
Air Conditioned Store	NZ Micrographic Services Ltd	62.20	10,678	10,375	303	1-Feb-31	10.1	248
Car Parks	NZ Micrographic Services Ltd	20.00	27,502	26,721	781	1-Feb-31	10.1	638
Outside BBQ Area	NZ Micrographic Services Ltd	53.60	2,835	2,754	81	1-Feb-31	10.1	66
Deck	NZ Micrographic Services Ltd	26.40	1,745	1,696	50	1-Feb-31	10.1	40
<b>Total</b>		<b>1,927.38</b>	<b>377,088</b>	<b>366,380</b>				<b>8,746</b>

## Terminal Value Calculations - Market Approach

Office	272,740
Retail	-
Industrial	72,266
Naming	-
Parking	27,502
Other	4,580
Telecoms	-
Storage	-
Warehouse	-
Market Income	377,088
Add Recoverable Outgoings	100,007
Total Gross Market Income	477,095
Less Outgoings	\$51.89/m <sup>2</sup> 100,007
Net Market Income	377,088
Vacancy Allowance	0.00% -
Net Income	377,088
Capitalised at	7.00%
Capitalised Value	5,386,975

## Terminal Value Adjustments

-	-
-	-

## Existing Vacant Tenancy Allowances

Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-

## Pending Vacancy Allowances (expiries within 12 months)

Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-

## NPV Outstanding Current Incentives

PV Rental Shortfall / (Overage)	8,746
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General Capital Expenditure Allowance (12 months)

Budgeted Capital Expenditure (12 months)

Other Adjustments

<b>Total Adjustments</b>	<b>8,746</b>
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## Assessed Terminal Value as at 31 March 2030

	<b>5,378,229</b>
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<b>Value \$/m<sup>2</sup></b>	<b>2,790</b>
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## Terminal Value Analysis

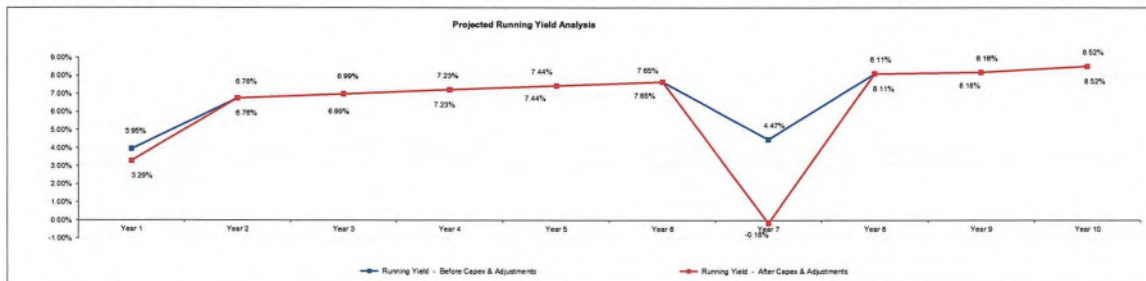
Terminal Initial Yield	6.81%
Equivalent Market Yield With Vacancy Factor	7.00%
Equivalent Market Yield Without Vacancy Factor	7.00%
Rate per metre of NLA	\$2,790/m <sup>2</sup>

## Cash Flow Summary

Micrographics, 326 Jamaica Drive, Grenada North, Wallington.



For Year Commencing	Year 1 1-Apr-20	Year 2 1-Apr-21	Year 3 1-Apr-22	Year 4 1-Apr-23	Year 5 1-Apr-24	Year 6 1-Apr-25	Year 7 1-Apr-26	Year 8 1-Apr-27	Year 9 1-Apr-28	Year 10 1-Apr-29
Office	144,859	210,107	217,408	224,709	231,358	238,007	181,041	252,226	254,354	254,995
Retail	-	-	-	-	-	-	-	-	-	-
Industrial	36,054	55,671	57,606	59,540	61,302	63,064	42,670	66,831	67,395	70,214
Naming	-	-	-	-	-	-	-	-	-	-
Parking	13,525	21,186	21,923	22,659	23,329	24,000	18,239	25,434	25,648	26,721
Other	2,396	3,528	3,651	3,774	3,885	3,997	2,704	4,236	4,271	4,450
Telecoms	-	-	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	-	-	-	-
Warehouse	-	-	-	-	-	-	-	-	-	-
Outgoings Reserves	54,423	82,575	83,952	85,519	87,285	89,235	80,877	93,509	95,783	98,178
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total Income	251,295	373,067	384,536	396,200	407,180	418,303	283,532	442,235	447,451	454,558
Outgoings	81,513	82,575	83,952	85,519	87,285	89,235	91,316	93,509	95,783	98,178
Vacancy Allowance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Net Income Before Capital Expenditure	169,783	290,492	300,587	310,681	319,875	329,068	192,216	348,726	351,668	356,380
Capital Expenditure (Budgeted & General)	-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance	-	-	-	-	-	-	165,150	-	-	-
Agents Fees	28,317	-	-	-	-	-	33,964	-	-	-
Incentives	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
Net Income After Capital Expenditure	141,436	290,492	300,587	310,681	319,875	329,068	(5,928)	348,726	351,668	356,380
Terminal Value										5,378,229
Disposal Costs										-
Net Cash Flow	141,436	290,492	300,587	310,681	319,875	329,068	(5,928)	348,726	351,668	5,744,809
Adopted Value @ 8.000%	\$	4,300,000								
Acquisition Costs	\$	-								
Adopted Value before Acquisition Costs	\$	4,300,000								
Running Yield - Before Capex & Adjustments	3.95%	6.70%	6.99%	7.23%	7.44%	7.60%	4.47%	8.11%	8.18%	8.52%
Running Yield - After Capex & Adjustments	3.29%	6.70%	6.99%	7.23%	7.44%	7.60%	-0.16%	8.11%	8.18%	8.52%
Running Yield - Before Capex & Incl. Adjustments	3.29%	6.76%	6.99%	7.23%	7.44%	7.60%	3.68%	8.11%	8.18%	8.52%
Running Yield - After Capex, Adjustments & Incl. Acquisition Costs	3.29%	6.76%	6.99%	7.23%	7.44%	7.60%	-0.16%	8.11%	8.18%	8.52%



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

## DCF Summary

Micrographics, 32B Jamaica Drive, Grenada North, Wellington



Present Value of Cash Flows	\$4,369,829	
Discount Rate	8.000%	
Terminal Value	\$5,378,229	
Less Disposal Costs	-	
Net Terminal Value	\$5,378,229	
Discounted Terminal Value	\$2,490,110	56.98%
Discounted Cash Flow	\$1,879,719	43.02%
Sum of Discounted Cash Flows	\$4,369,829	
Less Acquisition Costs	-	
Present Value	\$4,369,829	
<b>Rounded Present Value</b>	<b>\$4,370,000</b>	
Rate \$/m <sup>2</sup>	\$2,267	
Rate of Increase in Capital Value	2.10%	
IRR (incl. Capex)	8.23%	
IRR (excl. Capex)	8.55%	
3 Year IRR (incl. Capex)	8.97%	
5 Year IRR (incl. Capex)	8.95%	
7 Year IRR (incl. Capex)	8.02%	

## Net Present Value Matrix

		Terminal Yield		
		6.750%	7.000%	7.250%
Discount Rate	7.500%	4,626,029	4,529,263	4,439,170
	7.750%	4,543,158	4,448,615	4,360,592
	8.000%	4,462,205	4,369,829	4,283,823
	8.250%	4,383,120	4,292,856	4,208,817
	8.500%	4,305,853	4,217,649	4,135,527

## IRR Matrix

		Terminal Yield		
		6.750%	7.000%	7.250%
Adopted Value	3,880,750	9.99%	9.70%	9.42%
	4,085,000	9.25%	8.96%	8.68%
	4,300,000	8.52%	8.23%	7.95%
	4,515,000	7.84%	7.54%	7.26%
	4,740,750	7.16%	6.87%	6.59%

## APPENDIX 2

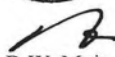
Record of Title





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** 640343  
**Land Registration District** Wellington  
**Date Issued** 22 August 2014

**Prior References**  
555101

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**Estate** Fee Simple  
**Area** 6756 square metres more or less  
**Legal Description** Lot 1 Deposited Plan 471567

**Registered Owners**  
PMG Capital Fund Limited

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**Interests**

Appurtenant hereto is a sewage drainage right created by Transfer 128369.1 - 11.9.1975 at 10:22 am

Appurtenant hereto is a right of way specified in Easement Certificate B308761.5 - 9.9.1993 at 2:51 pm

The easement specified in Easement Certificate B308761.5 is subject to Section 243(a) Resource Management Act 1991

Subject to a right (in gross) to transmit electrical energy and gas over parts marked A, AA & AC on DP 471567 in favour of (now) Powerco Limited and Vector Wellington Electricity Network Limited (in shares) created by Transfer B308761.7 - 9.9.1993 at 2:51 pm

The easements created by Transfer B308761.7 are subject to Section 243(a) Resource Management Act 1991

Subject to a water drainage right (in gross) over parts marked AD, AE, AF & AP on DP 471567 in favour of the Wellington City Council created by Transfer B308761.8 - 9.9.1993 at 2:51 pm

The easements created by Transfer B308761.8 are subject to Section 243(a) Resource Management Act 1991

Subject to a right (in gross) to convey electricity and telecommunications over parts marked AA, AE & AH on DP 471567 in favour of Wellington Electricity Lines Limited created by Easement Instrument 8793985.1 - 12.7.2011 at 1:00 pm

Subject to a right to drain water over parts marked A, AD, AE, AF, AG, AJ & AP and sewage over parts marked A, AD, AG, AH & AI and a right to convey telecommunications and computer media over parts marked AK & AN, all on DP 471567 created by Easement Instrument 8826894.2 - 11.8.2011 at 5:17 pm

Appurtenant hereto is a right of way and a right to convey electricity created by Easement Instrument 8826894.2 - 11.8.2011 at 5:17 pm

Some of the easements created by Easement Instrument 8826894.2 are subject to Section 243(a) Resource Management Act 1991 (see DP 443665)

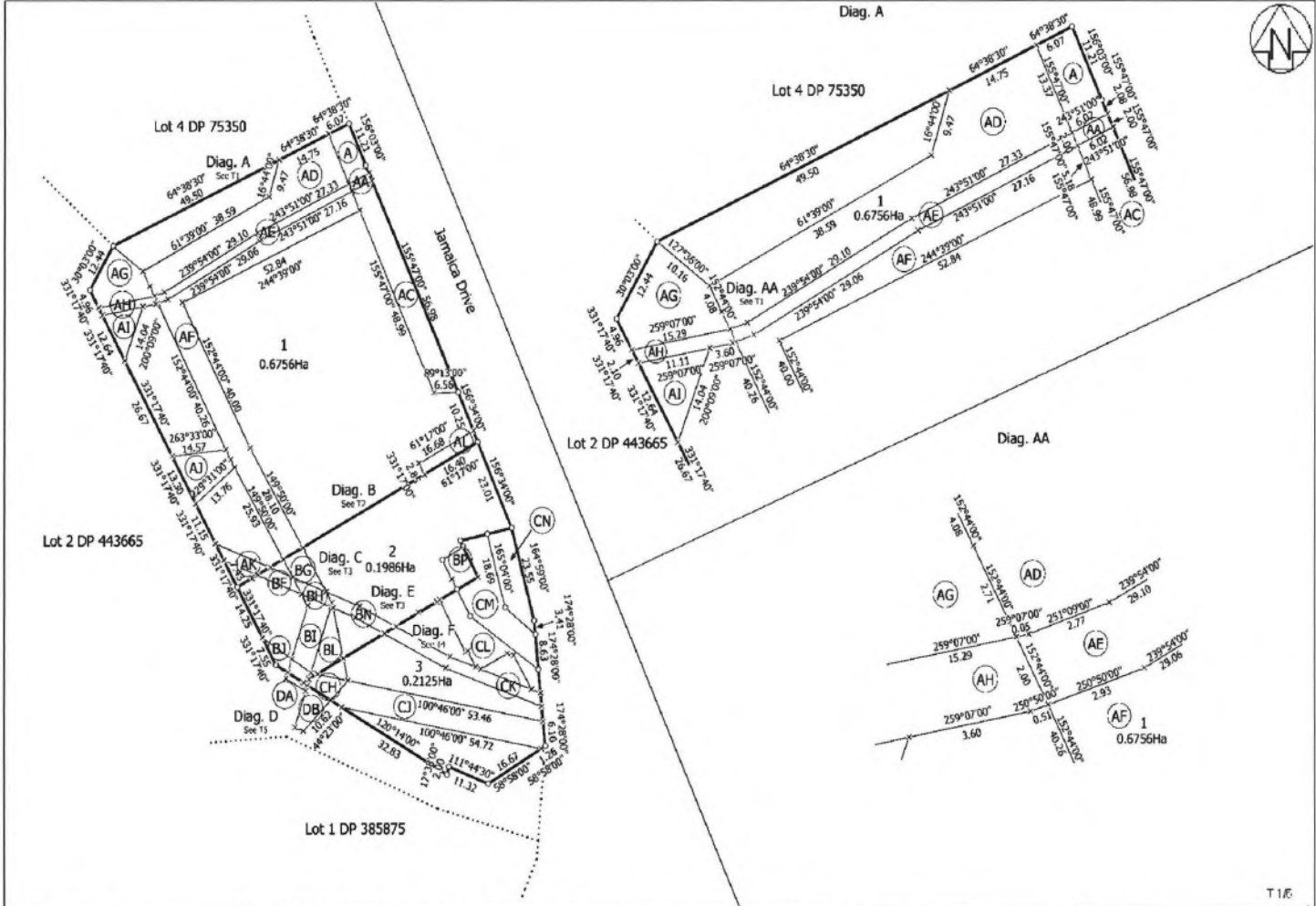
8839054.3 Encumbrance to Market Gardeners Limited - 5.9.2011 at 9:06 am

Subject to a party wall easement over parts marked AM, AN, AO, AP & AQ and a right to convey gas over part marked AL on DP 471567 created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

Appurtenant hereto is a party wall easement created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

The easements created by Easement Instrument 9746773.2 are subject to Section 243(a) Resource Management Act 1991

11351542.3 Mortgage to ASB Bank Limited - 12.2.2019 at 4:54 pm

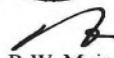


Land District Wellington	Lots 1 - 3 being a Subdivision of Lot 1 DP 443665 and easements over Lot 2 DP 443665	Surveyor: Kevin Barry Judd Firm: Kevin O'Connor & Associates Ltd	Title Plan LT 471567 Approved on: 26/08/2014
Digitally Generated Plan Generated on: 26/08/2014 16:38:00 Page 5 of 3			



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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** 640344  
**Land Registration District** Wellington  
**Date Issued** 22 August 2014

**Prior References**

555101

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**Estate** Fee Simple  
**Area** 1986 square metres more or less  
**Legal Description** Lot 2 Deposited Plan 471567

**Registered Owners**  
PMG Capital Fund Limited

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**Interests**

Appurtenant hereto is a sewage drainage right created by Transfer 128369.1 - 11.9.1975 at 10:22 am

Appurtenant hereto is a right of way specified in Easement Certificate B308761.5 - 9.9.1993 at 2:51 pm

The easement specified in Easement Certificate B308761.5 is subject to Section 243(a) Resource Management Act 1991

Subject to a water drainage right (in gross) over parts marked BD, BG, BH, BI, BK & BQ on DP 471567 in favour of the Wellington City Council created by Transfer B308761.8 - 9.9.1993 at 2:51 pm

The easements created by Transfer B308761.8 are subject to Section 243(a) Resource Management Act 1991

Subject to a right to drain water over parts marked BD & BG and sewage over parts marked BJ, BK, BM, BQ & BR and a right to convey telecommunications and computer media over parts marked BB, BF, BH, BN, BU & BW, all on DP 471567 created by Easement Instrument 8826894.2 - 11.8.2011 at 5:17 pm

Appurtenant hereto is a right of way and a right to convey electricity created by Easement Instrument 8826894.2 - 11.8.2011 at 5:17 pm

Some of the easements created by Easement Instrument 8826894.2 are subject to Section 243(a) Resource Management Act 1991 (see DP 443665)

8839054.3 Encumbrance to Market Gardeners Limited - 5.9.2011 at 9:06 am

Subject to a party wall easement over parts marked BA, BB, BC, BD, BE, BQ, BR, BS, BT, BU & BV and a right of way over part marked BP on DP 471567 created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

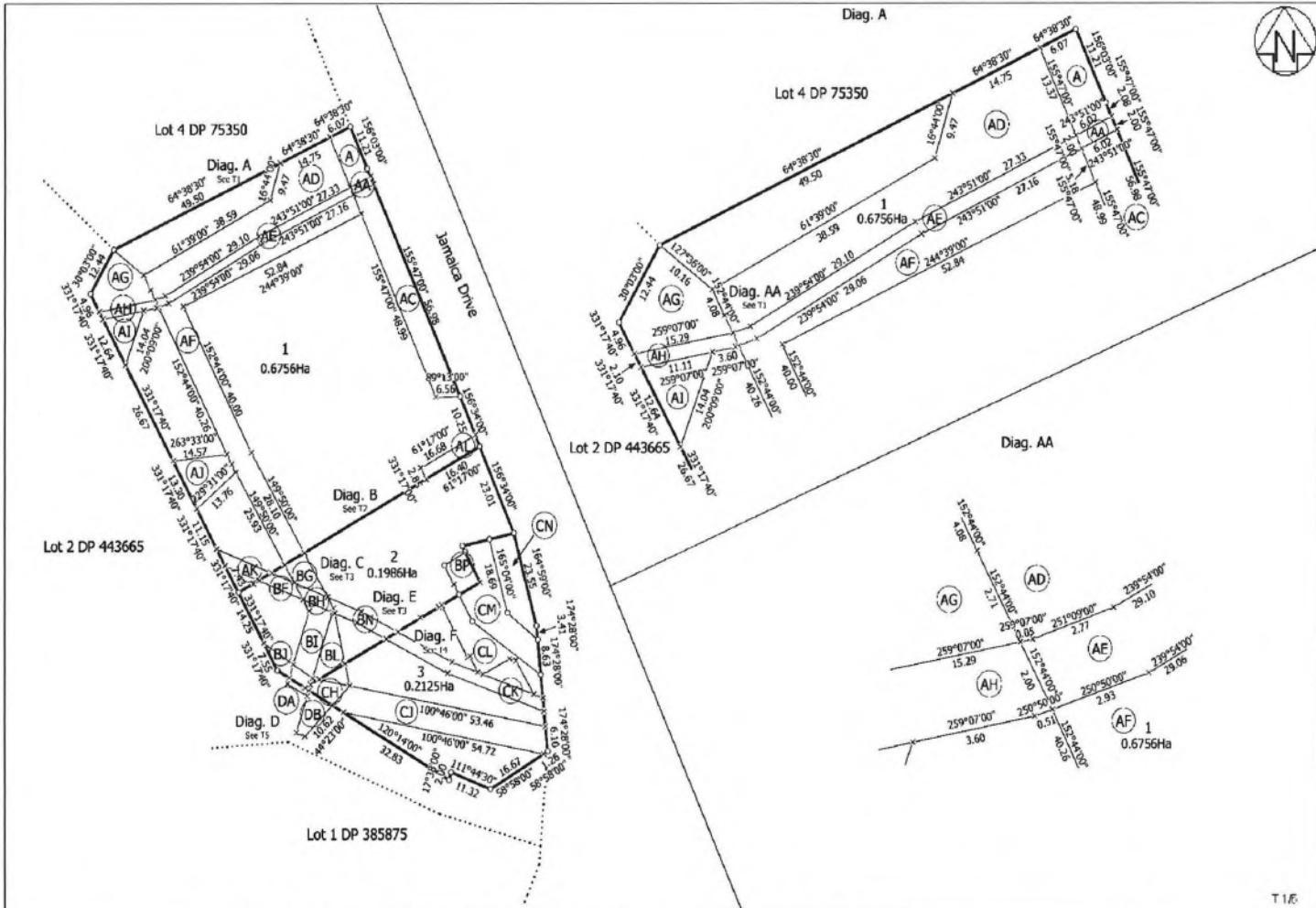
Appurtenant hereto are party wall easements, a right of way, a right to drain water and sewage and a right to convey gas, water, electricity, telecommunications and computer media created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

The easements created by Easement Instrument 9746773.2 are subject to Section 243(a) Resource Management Act 1991

Subject to a right to drain water over parts marked BH, BI, BL, BM, BR & BS on DP 471567 created by Easement Instrument 9746773.3 - 22.8.2014 at 11:22 am

Appurtenant hereto is a right to drain water created by Easement Instrument 9746773.3 - 22.8.2014 at 11:22 am

11351542.3 Mortgage to ASB Bank Limited - 12.2.2019 at 4:54 pm



T 1/5

Land District: Wellington  
Digitally Generated Plan  
Generated on: 26/08/2014 16:39:00 Page 5 of 5

Lots 1 - 3 being a Subdivision of Lot 1 DP 443665 and easements over Lot 2 DP 443665

Surveyor: Kevin Barry Judd  
Firm: Kevin O'Connor & Associates Ltd

Title Plan  
LT 471567  
Approved on: 26/08/2014



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



R. W. Muir  
Registrar-General  
of Land

**Identifier** 640345  
**Land Registration District** Wellington  
**Date Issued** 22 August 2014

**Prior References**  
555101

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<b>Estate</b>	Fee Simple
<b>Area</b>	2125 square metres more or less
<b>Legal Description</b>	Lot 3 Deposited Plan 471567

**Registered Owners**  
PMG Capital Fund Limited

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**Interests**

Appurtenant hereto is a sewage drainage right created by Transfer 128369.1 - 11.9.1975 at 10:22 am

Appurtenant hereto is a right of way specified in Easement Certificate B308761.5 - 9.9.1993 at 2:51 pm

The easement specified in Easement Certificate B308761.5 is subject to Section 243(a) Resource Management Act 1991

Subject to a water drainage right (in gross) over parts marked CA & CG on DP 471567 in favour of the Wellington City Council created by Transfer B308761.8 - 9.9.1993 at 2:51 pm

The easements created by Transfer B308761.8 are subject to Section 243(a) Resource Management Act 1991

Subject to a right to drain sewage over parts marked CA, CB, CG, CH & CJ and a right to convey telecommunications and computer media over parts marked CE & CK on DP 471567 created by Easement Instrument 8826894.2 - 11.8.2011 at 5:17 pm

Appurtenant hereto is a right of way and a right to convey electricity created by Easement Instrument 8826894.2 - 11.8.2011 at 5:17 pm

Some of the easements created by Easement Instrument 8826894.2 are subject to Section 243(a) Resource Management Act 1991 (see DP 443665)

8839054.3 Encumbrance to Market Gardeners Limited - 5.9.2011 at 9:06 am

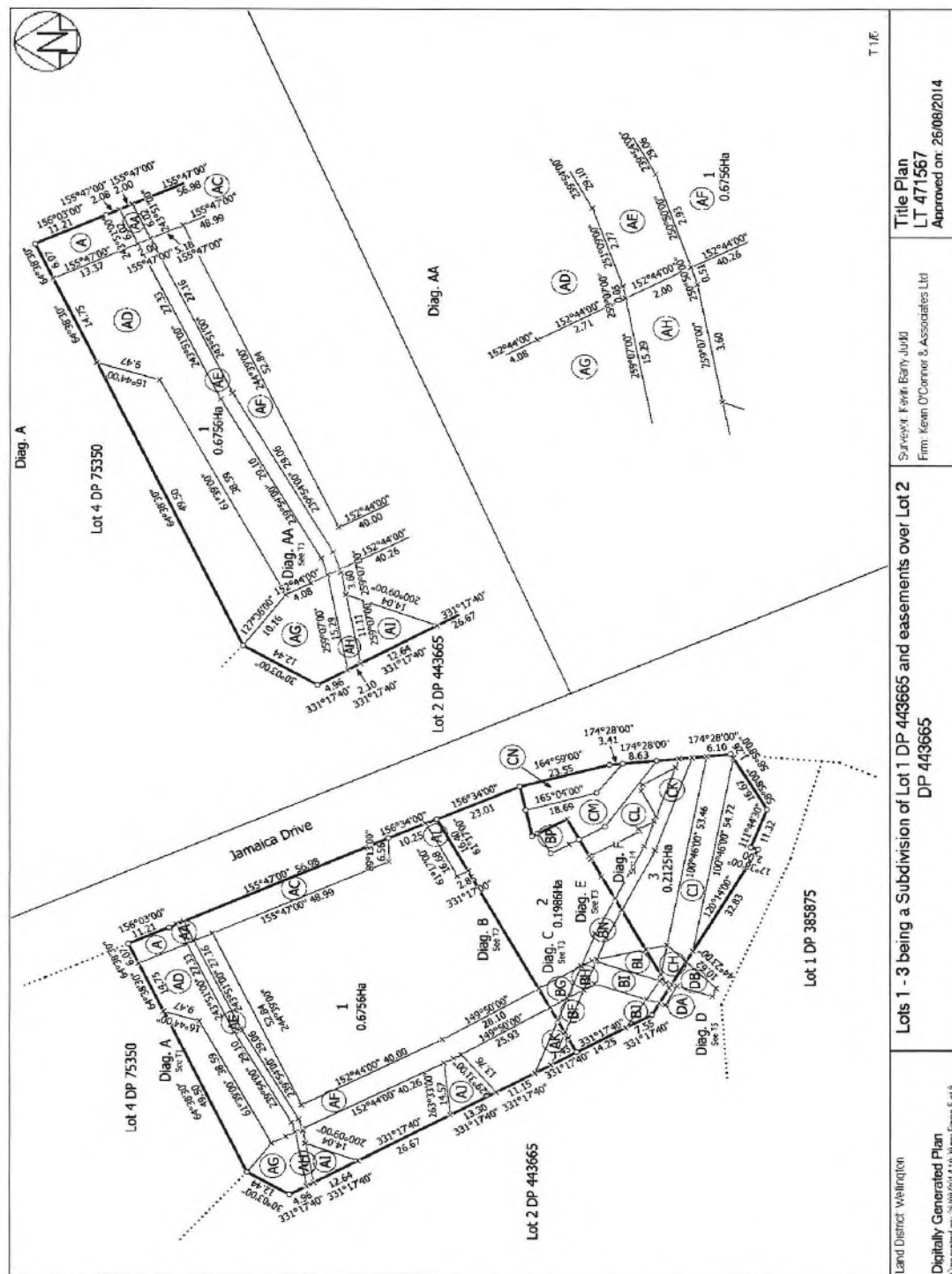
Subject to a party wall easement over parts marked CA, CB, CC, CD, CE & CF, a right of way over part marked CM, a right to drain water over parts marked CA, CB, CC, CG, CH, CI, CL, CM & CN and a right to convey water, electricity, telecommunications and computer media and a right to drain sewage over parts marked CL, CM & CN, all on DP 471567 created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

Appurtenant hereto is a party wall easement and a right of way created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

The easements created by Easement Instrument 9746773.2 are subject to Section 243(a) Resource Management Act 1991

Subject to a right to drain water over parts marked CB, CC, CH & CI on DP 471567 created by Easement Instrument 9746773.3 - 22.8.2014 at 11:22 am

11351542.3 Mortgage to ASB Bank Limited - 12.2.2019 at 4:54 pm



## APPENDIX 3

Certificate of Registration





*This is to certify that*

## **Colliers International (Wellington Valuation) Limited**

36 Customhouse Quay Wellington

*having been assessed by Telarc Limited and having been found to operate a quality management system conforming to*

### **ISO 9001:2015**

*is hereby designated*

### **Telarc Registered**

### **No. QEC13885**

*for the following goods and services*

The provision of property valuation services from the Wellington office.



Certificate Issued: 23 November 2018

Original Registration: 15 February 2002

Current Registration: 26 October 2018

Expiry Date: 25 October 2021

Chairperson

Chief Executive

David Bone

Philip Cryer



**Registered by Telarc Limited** 626 Great South Road, Ellerslie, Auckland 1051, Private Bag 28901, Remuera, Auckland 1541, Telephone: 64 9 525 0100 Facsimile: 64 9 525 1900 and subject to the Telarc Limited Terms and Conditions for Certification. While all due care and skill was exercised in carrying out this assessment, Telarc Limited accepts responsibility only for proven negligence. To verify that this certificate is current please refer to the JAS-ANZ register at [www.jas-anz.org/register](http://www.jas-anz.org/register) This certificate and its associated schedules remain the property of Telarc Limited and must be returned if registration is withdrawn.