



BAYLEYS

IN ASSOCIATION WITH



Market Valuation Report

PMG Generation Fund Trustees Limited C/- PMG Property Funds
Management Limited
32, 32A & 32B Jamaica Drive, Grenada North, Wellington

Prepared by
Bayleys Valuations Limited
31 March 2021



Valuation Summary

Property Address	32, 32A & 32B Jamaica Drive, Grenada North, Wellington
Client	PMG Generation Fund Trustees Limited C/- PMG Property Funds Management Limited
Additional Parties	Refer to Section 1.3
Instructing Party	Stephen Williams (Head of Transactions)
Purpose of Valuation	To assess the Market Value for Mortgage Security, Capital Raising and Financial Reporting Purposes
Basis of Valuation	Fair Value, by applying Market Value
Valuation Approach	Market and Income Approaches
Legal Description	Records of Title: Identifier 640343; Lot 1 Deposited Plan 471567, Identifier 640344; Lot 2 Deposited Plan 471567, and Identifier 640345; Lot 3 Deposited Plan 471567
Interest Valued	Freehold
Zoning	Business 2
Date of Inspection	3 February 2021
Date of Valuation	31 March 2021

Property Summary

The subject property comprises three semi-detached, separately titled industrial units constructed circa 2012 providing very tidy high stud warehouse and ancillary office accommodation. Leased to three separate entities, the property generates a combined net passing income of **\$1,020,799 p.a. plus GST and outgoings**. Two of the three leases are essentially on a full net basis, whereby all related outgoings are recovered (exception being management). Combined, the property provides a WALT (by income) of **1.99 years**.

Remaining lease terms run from eight months to three years, with all including provisions for renewal options thereafter. Market rents have been recently concluded within the respective premises and regular market reviews ensure constant market realignment. The property is located in Grenada North and offers good connections to the Urban Motorway both north and south.

Market demand for industrial stock remains strong and considering the dollar quantum, quality and tenant profile, the units would attract genuine buyer interest if presented in totality or as single units.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

Adopted Market Value – In One Line

We are of the opinion that the combined Market Value of the subject property, subject to the overriding stipulations contained in the body of this report, and to there being no onerous restrictions or unusual encumbrances of which we are not aware is as follows:

Seventeen-Million, One Hundred Thousand Dollars
(NZ\$17,100,000)
plus, GST (if any)

N.B. Our apportionment of value across the three units is provided in the executive summaries detailed below. We highlight that the above assessment has been determined as the sum of three separate units (sum of parts). If the units were presented for sale in totality, we would expect a minor price adjustment on the downside would apply, reflecting a reduced pool of prospective investors.

Valuer Involvement

Valuer	Position	Inspection	Calculations	Reporting
Paul Butchers	Registered Valuer	Yes	Yes	Yes
Charlie Tudehope	Valuer	Yes	Yes	Yes

32 Jamaica Drive, Grenada North

Property Details

Lettable Floor Area	3,060 sqm	Parking	30 parks
Total Land Area	6,756 sqm	Zoning	Business 2

Financial Analysis

Net Passing Income	\$444,945	Adopted Outgoings	(\$144,620)
Net Market Income	\$444,945	Adopted Outgoings (\$/sqm)	\$0.00 /sqm
NPI + Mkt on Vacancies	\$444,945	Adopted Gross Passing Income	\$589,565
Vacancy	0%	Adopted Gross Market Income	\$589,565

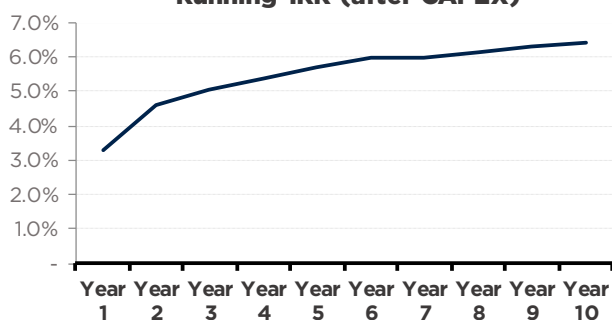
Valuation Approaches

Market Capitalisation Method	\$7,900,000	Sales Comparison Method	N/A
Discounted Cash Flow Method	\$7,825,000	Adopted Value	\$7,875,000

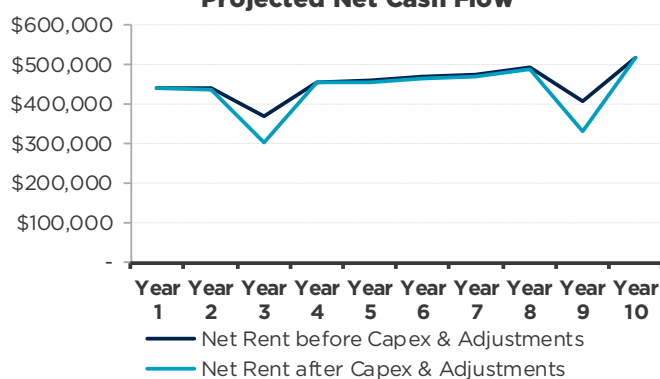
Valuation Analysis

Market Capitalisation Rate	5.63%	Capex (PV over 10 years)	\$118,555
Initial Yield	5.65%	Lease Renewal Prob	75.00%
Equivalent Market Yield	5.65%	Mkt Growth (10 yr avg.)	1.95%
Discount Rate	6.50%	CPI Growth (10 yr avg.)	1.77%
Ten Year IRR	6.42%	Vacancy Allowance	4 months
Terminal Yield	6.13%	WALT (Income)	2.70 years
Net Rate (\$ per sqm)	\$2,574 /sqm	WALT (Area)	2.70 years

Running IRR (after CAPEX)



Projected Net Cash Flow



32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

32A Jamaica Drive, Grenada North

Property Details

Lettable Floor Area	1,470 sqm	Parking	22 parks
Total Land Area	1,986 sqm	Zoning	Business 2

Financial Analysis

Net Passing Income	\$238,214	Adopted Outgoings	(\$85,311)
Net Market Income	\$223,814	Adopted Outgoings (\$/sqm)	\$52.59 /sqm
NPI + Mkt on Vacancies	\$238,214	Adopted Gross Passing Income	\$323,525
Vacancy	0%	Adopted Gross Market Income	\$309,125

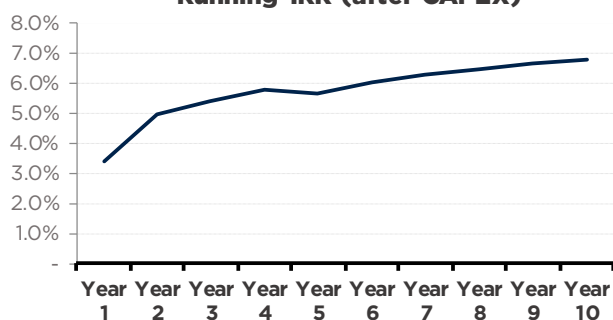
Valuation Approaches

Market Capitalisation Method	\$3,650,000	Sales Comparison Method	N/A
Discounted Cash Flow Method	\$3,775,000	Adopted Value	\$3,700,000

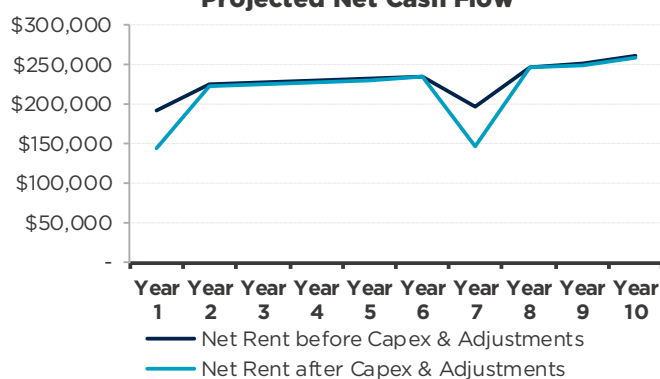
Valuation Analysis

Market Capitalisation Rate	6.00%	Capex (PV over 10 years)	\$88,838
Initial Yield	6.44%	Lease Renewal Prob	75.00%
Equivalent Market Yield	5.92%	Mkt Growth (10 yr avg.)	2.03%
Discount Rate	6.50%	CPI Growth (10 yr avg.)	1.77%
Ten Year IRR	6.78%	Vacancy Allowance	4 months
Terminal Yield	6.50%	WALT (Income)	.46 years
Net Rate (\$ per sqm)	\$2,517 /sqm	WALT (Area)	.46 years

Running IRR (after CAPEX)



Projected Net Cash Flow



32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

32B Jamaica Drive, Grenada North

Property Details

Lettable Floor Area	1,969 sqm	Parking	20 parks
Total Land Area	2,125 sqm	Zoning	Business 2

Financial Analysis

Net Passing Income	\$337,640	Adopted Outgoings	(\$121,019)
Net Market Income	\$334,871	Adopted Outgoings (\$/sqm)	\$54.76 /sqm
NPI + Mkt on Vacancies	\$337,640	Adopted Gross Passing Income	\$458,659
Vacancy	0%	Adopted Gross Market Income	\$455,890

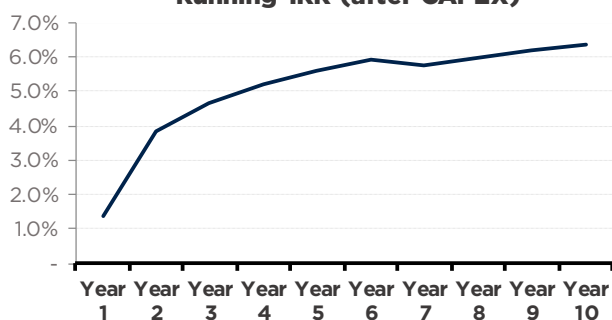
Valuation Approaches

Market Capitalisation Method	\$5,575,000	Sales Comparison Method	N/A
Discounted Cash Flow Method	\$5,475,000	Adopted Value	\$5,525,000

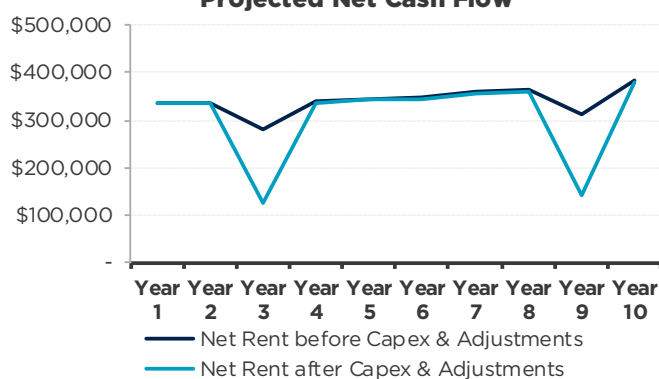
Valuation Analysis

Market Capitalisation Rate	6.00%	Capex (PV over 10 years)	\$254,743
Initial Yield	6.11%	Lease Renewal Prob	75.00%
Equivalent Market Yield	6.06%	Mkt Growth (10 yr avg.)	1.71%
Discount Rate	6.50%	CPI Growth (10 yr avg.)	1.77%
Ten Year IRR	6.38%	Vacancy Allowance	4 months
Terminal Yield	6.50%	WALT (Income)	2.15 years
Net Rate (\$ per sqm)	\$2,806 /sqm	WALT (Area)	2.15 years

Running IRR (after CAPEX)



Projected Net Cash Flow



32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

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1. Introduction

1.1 Instructions

In accordance with instructions received from Stephen Williams on behalf of PMG Property Funds Management Limited, we have assessed the Market Value of the property at **32, 32A & 32B Jamaica Drive, Grenada North, Wellington**, for Mortgage Security, Capital Raising and Financial Reporting Purposes.

We can confirm that this report and our valuation can be relied upon for finance purposes.

PINZ Professional Practice guidelines and International Valuation Standards require the property be valued as at date of inspection, which we confirm as 3 February 2021. Our valuation is for financial reporting purposes and is effective as at 31 March 2021. Our valuation assumes that there are no significant physical or market changes between the date of inspection and our effective date of valuation.

1.2 Basis of Valuation

This valuation has been completed under the International Valuation Standards – IVS (effective 31 January 2020), and the relevant Australia and New Zealand Valuation and Property Standards as approved by the New Zealand Institute of Valuers (NZIV), in particular:

- IVS 400 - Real Property Interests
- ANZVTIP 11 – Valuations Procedures – Real Property
- ANZVTIP 12 – Valuations for Mortgage and Loan Security Purposes.
- NZVTIP 2 Valuations of Real Property, Plant & Equipment for use in New Zealand Financial Reports and NZIAS 40 – Investment Property, which relates to non-operational assets held for future development, investment or surplus to the operations of the entity.

We have adopted the IFRS 13 definition of “Fair Value” as follows:

“Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

This definition of “Fair Value” is generally synonymous with the term “Market Value” as defined in the International Valuation Standards – IVS (effective 31 January 2020) as:

“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.”

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of market value as advocated by the New Zealand Institute of Valuers and Property Institute of New Zealand.

The property’s value has been assessed in accordance with Australia and New Zealand Valuation and Property Standards, and with Bayleys Valuations Limited General Valuation Principles.

1.3 Liability and Confidentiality

Our valuation and report is strictly confidential to the parties 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.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington – **31 March 2021**

This report can be relied upon by the following parties for their respective purposes:

- PMG Generation Fund Trustees Limited – Capital Raising and Financial Reporting Purposes
- ASB Bank Limited

This valuation is not intended for general circulation, publication or reproduction for any purpose without written permission in any specific instance. No responsibility is accepted nor any liability for losses occasioned by yourselves, any financier or other parties as a result of the circulation, reproduction or use of this valuation.

We reserve the right (under no obligation) to review the valuation and revise our opinion after the release of this valuation, if any previously withheld information becomes known to us or erroneous information has been provided and relied upon.

1.4 Information Sources

In the compilation of this valuation we have been provided with detail of, but not limited to the following sources:

Information	Source
Record of Title	Land Information New Zealand
District Planning Controls	Wellington City District Plan
Lease Documents, OPEX & CAPEX Schedules	PMG Property Funds Management Limited
Seismic Report, etc	EQ STRUC Ltd

1.5 Compliance Statement

This valuation has been performed in accordance with International Valuation Standards, and we confirm that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge;
- The analyses and conclusions are limited only by the reported assumptions and conditions;
- The valuer has no interest in the subject property;
- The valuer's fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards;
- The valuer has satisfied professional education requirements;
- The valuer has experience in the location and category of the property being valued;
- The valuer 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.

1.6 Valuation Assumptions

In completing our valuation, the following property specific assumptions have been made:

- The valuation assumes that a mid-point settlement is agreed between the Lessor and Rentokil Initial Limited as at September 2020, indicating a net passing rental of \$238,214 p.a. plus GST and outgoings.
- We have assumed that the certified surveyed floor areas of the subject improvements are a correct and accurate representation of the subject properties.
- That rental negotiations between the Lessor and Coca-Cola Amatil (NZ) Limited and Desktop Imaging Limited & New Zealand Micrographic Services Limited have been formally ratified.
- Our valuation assumes that there are no significant physical or market changes between the date of inspection and our effective date of valuation.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington – 31 March 2021

1.7 Previous Sale

The property most recently transacted for **\$14,750,000** in March 2020.

1.8 Previous Valuation

Bayleys prior involvement with the property is limited to market rental assessments and negotiations in relation to the Coca-Cola Amatil (NZ) Limited and Desktop Imaging Limited & New Zealand Micrographic Services Limited tenancies.

2. Property Details

2.1 Legal Description

The three defined tenancies are individually Unit Titled and we detail below a summary of the Records of Title:

Property	Legal Description	Land Area	Computer/Freehold Register(s)
32 Jamaica Drive	Lot 1 DP 471567	6,756 sqm	640343
32A Jamaica Drive	Lot 2 DP 471567	1,986 sqm	640344
32B Jamaica Drive	Lot 3 DP 471567	2,126 sqm	640345
Total(s)	-	10,868 sqm	-

We detail below the individual Computer Freehold Register(s) and relevant interests pertaining to each Unit:

32 Jamaica Drive, Grenada North

Identifier	640343
Land Registration District	Wellington
Estate	Fee Simple
Legal Description	Lot 1 Deposited Plan 471567
Land Area	6,756 square metres (more or less)
Registered Owners	PMG Generation Fund Trustees Limited
Interests	<ul style="list-style-type: none"> 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

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

	<ul style="list-style-type: none"> • 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 • 11721099.3 Mortgage to ASB Bank Limited - 31.3.2020 at 4:47 pm
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32A Jamaica Drive, Grenada North

Identifier	640344
Land Registration District	Wellington
Estate	Fee Simple
Legal Description	Lot 2 Deposited Plan 471567
Land Area	1,986 square metres (more or less)
Registered Owners	PMG Generation Fund Trustees Limited
Interests	<ul style="list-style-type: none"> • 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

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

- 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
- 11721099.3 Mortgage to ASB Bank Limited - 31.3.2020 at 4:47 pm

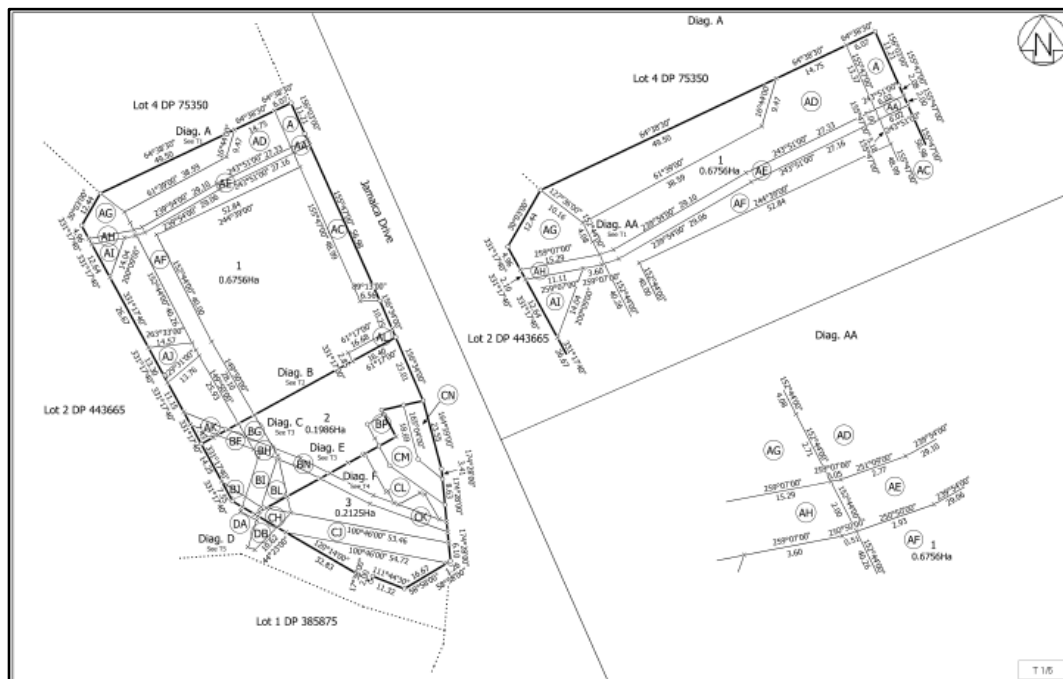
32B Jamaica Drive, Grenada North

Identifier	640345
Land Registration District	Wellington
Estate	Fee Simple
Legal Description	Lot 3 Deposited Plan 471567
Land Area	2,126 square metres (more or less)
Registered Owners	PMG Generation Fund Trustees Limited
Interests	<ul style="list-style-type: none"> • 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

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

- 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
- 11721099.3 Mortgage to ASB Bank Limited - 31.3.2020 at 4:47 pm

The Title Plan for all Records of Title is shown below:



The majority of the noted easements and encumbrances relate to party wall easements as a function of their being common inter tenancy boundary walls and various access and utility easements crossing the site. The inclusion of Section 243(a) of the Resource Management Act relates to the requirement to transfer all relevant notations in the event that the title is further subdivided.

We have considered all of the above into account within our valuation assessment. We refer you to the Record of Title in the Appendices of this report.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

2.2 Site Description

We summarise the combined site details as below:

Shape and Site Area	Large irregular shaped site with an extended curved frontage to Jamaica Drive. The northern and central part of the site is of uniform depth but tapers to the south as a function of Jamaica Drive and the adjacent driveway access to the rear site. Total site area encompasses some 10,868 sqm.
Approximate Frontages	Jamaica Drive 163 metres Depth (range) 17.8 to 80.3 metres
Topography	Site contour is mostly level, aided by solid retaining to the northern street edge with the original site falling away to the street below. The southern section of the site has a gentle falling slope to the road with this section of the site utilised as common driveway and forecourt parking. Improvements are sited towards the rear western boundary on a level site with fenced open yards to the north and east on engineered compacted fill.
Services	All standard utility services, telecommunications, drainage and water connections are connected or available in the nearby streets.
Access	Pedestrian and vehicular access is gained from both frontages.
Subsoil	The site is assumed to be on firm natural ground for the purposes of our valuation.

The site(s) are indicated below:



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2.3 Locality

We summarise the locality details as below:

Location	Grenada North
Situation	<p>The subject property is located within a hillside industrial area adjoining State Highway 1 known as Grenada North, positioned between Wellington City and Porirua City. It contains a preponderance of small and medium sized industrial workshop/warehouse type buildings, many of which were built during the 1970s' and 1980s' era. Since circa 2000, a number of buildings nearby have been renovated, and there have also been examples of new developments such as the subject complex and new developments to the rear.</p>
Surrounds	<p>Located approximately 1 kilometre to the east of State Highway 1, the subject unit forms part of a larger office and warehouse development completed circa 2012, located to the western side of Jamaica Drive, being the main arterial road serving the greater area. Jamaica Drive is sufficient in width to accommodate two-way vehicular traffic plus on-street parking and footpaths.</p> <p>Grenada North has evolved as a popular location for many businesses involved in the distribution of product throughout the Wellington region. It occupies a handy location, effectively adjoining State Highway 1 and is some 15 kilometres north of Wellington City, 7 kilometres south of Porirua City and approximately 3.5 kilometres from Tawa central suburban retail area. A commuter railway station is approximately 1.5 kilometres from the subject property.</p>
Summary	<p>Overall, the neighbourhood known as Grenada North has progressively improved as an industrial location and now accommodates many small businesses that have been forced to relocate from Wellington, in particular Te Aro, where older style warehouse properties have been purchased and converted to provide apartments and alternative higher and better uses. There is now very little vacant land available for future development in Grenada North, and most new build activity is therefore likely to be restricted to the development of existing properties. Further south in Grenada, NZ Post and Bid Food have committed to major new builds as distribution hubs.</p> <p>Work on Transmission Gully has progressed well and will provide motorway linkage between the current urban motorway just north of the Tawa turnoff to approximately 1 kilometre north of Paekakariki.</p>

The locality is indicated below:



2.4 Zoning

Territorial Authority	Wellington City Council
District Plan	Wellington City District Plan
Zoning	Business 2
Zone Description	<p>The subject land is zoned Business 2 on Wellington's Operative District Plan. This land use classification has been applied to those areas of Wellington containing places of employment, commerce, administration, retail, industry, entertainment and residential activities. Geographically spread throughout the city, Business areas provide focal points of business activity outside of the Central Area and make a contribution to the city's economy by providing for employment generation and economic development. The Business areas are extremely varied and generate a range of resource management issues.</p>
Permitted Activities	<p>A notable trend during the past 20 years has been the move of residential and retail activities into areas previously dominated by commercial and industrial uses. This has provided a greater mix in some areas, but a downside is that over time, it may make it difficult for small to medium sized industrial activities and businesses to find land and premises within the city boundaries. The Business Area chapter of the District Plan recognises changing circumstances within the environment and aims to provide a balanced approach to the management of such activities and their effects.</p> <p>Traditional business areas where a range of industrial activities including warehousing, manufacturing and commercial activities can occur. Because of the industrial nature of the activities in such areas, low levels of amenity are</p>

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	acceptable compared to other areas in the city. Residential and some retail activities are restricted in Business 2 areas.
Development Controls	Height Limit 18 metres
Overlay Controls	Nil

Our valuation proceeds on the basis and is subject to the property being a complying activity and/or having all necessary consents and permits in place and/or having existing use rights under Section 10 of the Resource Management Act 1991.

The foregoing zone summary has been provided for valuation purposes only and should not be relied upon for the purposes of determining whether a particular activity or development is permitted within the zone. Should you require information in this regard we recommend you consult with a Planning Consultant or the Local Authority.

2.5 Highest and Best Use

The current uses are industrial and are considered to be the highest and best use of the site.

3. Environmental and Statutory

3.1 Earthquake Compliance

A new national system for managing earthquake-prone buildings in New Zealand came into effect on 1 July 2017. The new system affects owners of earthquake-prone buildings, territorial authorities (local councils), engineers, other building professionals and building users.

The Building (Earthquake-Prone Buildings) Amendment Act 2016 introduced major changes to the way earthquake-prone buildings are identified and managed under the Building Act. It uses knowledge from past earthquakes in New Zealand and overseas. The system is consistent across the country and focuses on the most vulnerable buildings in terms of people's safety.

An earthquake prone building is defined under legislation as being a building whose strength is less than one-third of that required under the existing legislation for a new building (NZS 1170.5:2004). Once a building is classified as earthquake prone it will need to be strengthened or, if appropriate, demolished. The objective is to improve safety and increase the likelihood of existing buildings withstanding earthquakes.

The new legislation categorises New Zealand into three seismic risk areas and sets time frames for identifying and taking action to strengthen or remove earthquake-prone buildings. The seismic risk areas are High, Medium and Low. There is also a category of "priority buildings" in high and medium seismic areas. These are buildings that are considered higher risk because of their construction, type, use or location. They must be identified and remediated in half the time allowed for other buildings in the area. The system is also designed to ensure that information about earthquake prone buildings is publicly accessible through an Earthquake Prone Buildings Register.

The new national system ensures the way buildings are managed for future earthquakes is consistent and is intended to strike a balance between the following:

- Protecting people from harm in an earthquake.
- The costs of strengthening or removing buildings.
- The impact on New Zealand's built Heritage.

The typical process is:

- Territorial authorities identify potentially earthquake prone buildings.
- Owners who are notified by their territorial authority must obtain engineering assessments of the building carried out by suitably qualified engineers.
- Territorial authorities determine whether buildings are earthquake prone, assign ratings, issue notices and publish information about the buildings in a public register.
- Owners are required to display notices on their building and to remediate their building.

Seismic Risk Area	Example Locations	Priority	Other
High	Gisborne, Napier, Hastings, Palmerston North, Wellington, Blenheim, Christchurch	7.5 years	15 years
Medium	Tauranga, Hamilton, Rotorua, New Plymouth, Whanganui, Nelson, Timaru, Invercargill	12.5 years	25 years
Low	Northland, Auckland, Oamaru, Dunedin	N/A	35 years

Wellington is located in a High Seismic Risk Area. Time frames for owners to do seismic work on earthquake-prone buildings are shown above. We note priority buildings don't have to be identified in low seismic risk areas. In these low seismic risk areas, the time frames for all buildings are 15 years to identify and 35 years to remediate.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

We have been supplied with an Initial Seismic Assessment Report prepared by EQ STRUC Ltd, dated 18 September 2020. In summary, the report highlights that Unit 32 and 32A are structurally connected and 32B is a separate structure. All three units achieve 80% NBS, Grade A based on the IEP Assessment. Overall, the report regards the building structures are in good condition, however, a horizontal crack was observed in Unit 32B, the crack is within the ground bearing slab and likely due to the absence of connections between the slab and precast walls. The foundations for the precast wall are beneath the slab and is likely to be unaffected by the crack.

3.2 Contamination

As defined by the Australian and New Zealand Environment and Conservation Council (ANZECC) and the National Health and Medical Research Council (NHMRC) a contaminated site comprises “a site at which hazardous substances occur at concentrations above background levels, and where assessment indicates it poses or is likely to pose an immediate or long term hazard to human health or the environment”.

Registered Valuers are not adequately qualified to detect substances of this type. Our role is limited to the detection and preliminary identification of contamination through making reasonable site inspections and making enquiries to appropriate authorities.

During inspections Bayleys Valuations Limited attempts to identify, from on-site observations, any potential or actual contamination issues thereafter recommending further expert advice where appropriate.

The valuation stated within this report assumes there are no potentially hazardous materials on site (such as hazardous chemicals, toxic waste or asbestos) that could, if present, adversely impact upon property values. We can accept no responsibility should such substances be located on the property, as a registered Valuer is not adequately qualified to detect substances of this type.

3.3 Asbestos

During the course of our inspection, no asbestos-based construction materials was evident on site as most have long been withdrawn from the market. If asbestos materials are found to be present on site, this valuation must be referred back to the valuer for further consideration and possible reassessment.

3.4 Building Warrant of Fitness

With the introduction of the Building Act 2004 and amendments in 2005, building owners have new responsibilities to guarantee a building's health and safety. Part of this responsibility includes the annual Building Warrant of Fitness. The Building Warrant of Fitness is the owner's statement that all automatic systems or all safety features have been inspected and maintained on a regular basis during the previous 12 months. The automatic systems or safety features which require an ongoing inspection are summarised on the Building Warrant of Fitness.

Individual Building Warrant of Fitness's have been issued for the respective Units. We note these are displayed in Unit and the date of expiry for each is as follows:

Building	Expiry Date
32 Jamaica Drive	12 December 2021
32A Jamaica Drive	13 June 2021
32B Jamaica Drive	25 June 2021

32, 32A & 32B Jamaica Drive, Grenada North, Wellington – **31 March 2021**

3.5 Statutory Valuation

The latest Rating Valuation which was undertaken as at 1 September 2018 is as follows:

Component	32 Jamaica Drive	32A Jamaica Drive	32B Jamaica Drive
Land Value	\$2,060,000	\$710,000	\$750,000
Improvements Value	\$3,640,000	\$2,640,000	\$4,300,000
Capital Value	\$5,700,000	\$3,350,000	\$5,050,000
Rates 2020/2021 (incl. GST)	\$58,874.49	\$34,601.70	\$52,160.75

These assessments represent part of a mass appraisal, normally undertaken without any form of inspection. The Rating Valuation is reviewed on a three-yearly basis with the next review due on 1 September 2021.

4. Improvements

4.1 Property Description

The subject property consists of three adjoining modern premises split across three separate titles encompassing some 10,868 square metres. Accommodation comprises mostly industrial space utilised for warehouse purposes with ancillary office accommodation connected alongside.



32, 32A & 32B Jamaica Drive



32B Jamaica Drive



32A Jamaica Drive (External)

External construction of the Units is reasonably uniform, the office components featuring large glazing units broken by concrete panel sections and a low-pitched iron roof. Warehouses are formed by low concrete formed panels with RSJ framing above, clad in long run iron. Translucent panels are incorporated within the roofing iron draining to concealed gutters.

4.2 Construction - General

Foundations	Reinforced concrete
Floors	Concrete slab over foundations
Structural Frames	Concrete tilt panel and glazed units to offices, low concrete panel to warehouses with RSJ steel frame above supporting steel roof trusses, steel purlins overlaid in mesh and foil. Full height solid concrete panel wall between units.
External Cladding	Painted concrete sections, glazing and horizontal long run iron to upper warehouse wall sections.
Joinery	Aluminium joinery to all office components, exterior doors to deck and courtyards.
Roof	Low pitched roof lines, the warehouse components incorporating translucent panels, all draining into internal gutters and rain heads.

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32 Jamaica Drive, Grenada North (Coca-Cola Amatil (NZ) Limited)

Coca-Cola occupy the northern most unit which comprises a regular shaped mostly single storey unit built upon a reinforced concrete floor slab.



Exterior / Main Entry



External / Eastern Elevation



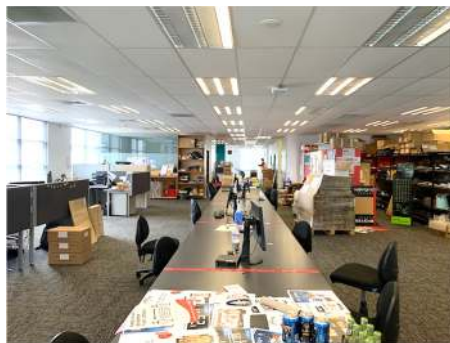
External / Canopy

Entry is gained from the northern elevation via double swing entry doors acting as a wind lobby, opening into a side located reception and main entrance. The staff / office component extends across the site, one end providing largely open plan office accommodation with full height aluminium glazing to two elevations, a modern suspended tile ceiling incorporating recess tube lights and concealed A/C ducting and other services in the ceiling void. Internal walls are lined in Plasterboard and decorated to a paint finish.

To the opposite end is an open plan staff breakout /lunchroom containing a modern kitchen facility along one wall, benches and similar glazing units to two elevations. Carpet tiles extends throughout both areas apart from composite vinyl flooring to the defined kitchen area. Running along the southern side of the staff lunch area are a series of meeting rooms, defined by glazed partitions and a relocatable dividing wall between.



Offices / Entry



Office (Main)



Offices (Main) / Kitchenette

An exterior door to the eastern elevation opens into an enclosed fenced courtyard, paved in exposed aggregate concrete with perimeter plantings. Branching off the reception area is a short wide corridor leading to the truck drive through transition facility. Located off the corridor are separate well-appointed modern amenities plus disabled facilities that include a 'wet floor' corner shower.

Eight-metre-wide electric roller doors secure either end of the drive through component. This area features a concrete floor, large RSJ columns to either side and steel members spanning the full width ensuring uninterrupted column free space. Stud height at the low point was 5.7 metres and the low-pitched roof is supported on steel purlins overlaid in long run iron incorporating translucent panels to part. Two similar width roller doors located to one side of the drive through transition open into the large southern warehouse.

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Good natural light is afforded via the generous use of translucent panels within the roofline, supplemented by suspended lighting. Stud height to the warehouse is 8.4 metres at the apex, decreasing to circa 6.8 metres at the knee.

Along the eastern side, heavy RSJ horizontal beams support a concrete mezzanine level running the full depth of the warehouse. Timber stairs at either end offers easy access with the open edge protected by a solid timber balustrade. Stud height to the mezzanine level was generous metres and offered good secondary workspace or storage. Workshop type accommodation was provided beneath, stud height limited to 2.9 metres and included strip lighting and an exposed fresh air / extraction ducted system.



Warehouse / Workshop



Warehouse / Workshop / Office



Warehouse / Workshop / Mess

Located to the northern side of the main warehouse was a small two storey component, the ground level containing a staff kitchen with tidy separate amenities and a wet floor shower behind. The balance of the ground floor contains an office whilst open stairs access the upper office level, containing windows overlooking the warehouse. Wall and ceiling linings are mostly painted plasterboard with carpet and vinyl flooring and tube lighting.



Amenities



Offices (Workshop)



Carparks

32A Jamaica Drive, Grenada North (Rentokil Initial Limited)

This Unit is the smaller of the three Units and is positioned between with a two storey office component to the frontage, the upper level part extending back into the rear high stud warehouse. Wide roller doors to the front and rear warehouse elevations permit truck drive through access; the balance of the warehouse offering high stud column free accommodation with good overhead lighting and internal office access. Twenty open parks are associated with the tenancy located to the forecourt and rear.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**



External / Main Entry



Office (Level 1)



Office (Level 1)

General construction and level of finishing are similar to Coca-Cola; the air conditioned office accommodation provides a combination of open plan and partitioned space, featuring suspended ceilings, carpet tiles, recess lighting and painted perimeter walls. Full height glazing to the external elevations ensures good natural light with internal windows to the rear upper level overlooking the warehouse below.



Warehouse



Warehouse



Carparks

Separate tidy amenities are provided to both levels and include disabled facilities and a shower to the ground floor. Duplicate kitchen facilities featuring a small bench unit, instant hot water, cabinetry and vinyl flooring and positioned to the ground and first floor.

32B Jamaica Drive, Grenada North (Desktop Imaging Limited & New Zealand Micrographic Services Limited)

32B Jamaica Drive is the southern-most unit and comprises an irregular shaped two storey unit incorporating two levels of offices extending along the frontage and a large high stud rear warehouse component accessed internally or via two separate roller doors. Construction is consistent with the Coca-Cola unit.

Internally, access to the offices is gained via a double bi-parting glass wind lobby opening into a double stud height reception. This area features full height floor to ceiling glass, a polished concrete floor, an open stairwell leading to the upper level and a rear located reception. Ground floor offices extend around the perimeter and are divided into multiple offices by plasterboard and glazed partitions. A larger, more open plan area is provided to the rear with connections through to the rear warehouse. A well-appointed staff kitchen features fitted joinery and appliances, with French doors opening to an fenced barbeque enclosure attractively cobblestoned and landscaped. Separate well-appointed amenities service the floor and extend to disabled access facilities.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**



External / Main Entry



External / South Elevation



Entry / Reception

The first-floor offices provide more open plan accommodation with partitioned offices located to the street corner only, alongside another well-appointed cafeteria opening onto a cantilevered deck with metal handrail edge protection. Similar amenities are provided servicing the floor.

The irregular shaped warehouse component extends to the rear. A central low partitioned area divides the warehouse into two components with a fabric material above having been installed for separation. The northern component is separately subleased, with direct access from the rear roller door – this component was not inspected, but we understand a similar level of accommodation is provided. The warehouse provides high stud column-free accommodation with a concrete floor and connections to the offices alongside.

Fitout to the offices include a combination of good and average quality tile floor coverings and vinyl flooring and tiles to service areas. A suspended ceiling extends throughout incorporating recessed tube lighting and concealing fire protection systems within the ceiling cavity. Partitioned offices extend around the part perimeter and staff amenities and kitchen areas are well appointed and of generous proportions.

A dockway landing adjacent to the first-floor offices is utilised for the transfer of goods from the ground floor warehouse.



Board / Meeting Room



Office (Ground)



Office (Level 1)

Carparks and Other Improvements

Generous open carparking is provided surrounding the various Units, allocated accordingly. All surrounding areas and forecourts are attractively tar-sealed with perimeter kerbing and feature landscaped edged gardens. For the Coca-Cola Unit, the asphalt extends around to the eastern elevation enabling truck circulation and access to additional parking positioned alongside.

Boundaries are mostly fenced in galvanised post and chain link mesh.

32, 32A & 32B Jamaica Drive, Grenada North, Wellington – 31 March 2021

Condition & Repair

The property appears to be subject to a regular maintenance upkeep programme and overall, is a very tidy asset, offering universal accommodation surpassing most other industrial stock in the area.

4.3 Floor Areas

We have been supplied with certified surveyed floor areas of the subject improvements. We have cross-checked these with on-site measurements which confirm the accuracy of the floor areas provided. We have relied upon these areas for the purpose of this valuation and summarise the rentable areas as follows:

32 Jamaica Drive, Grenada North

32 Jamaica Drive - Floor Areas			
Component	Tenant	Gross Lettable Area (GLA excl. yard)	Proportion (% of Total Area)
Office - Ground	Coca-Cola Amatil (NZ) Ltd	515 sqm	16.83%
Office - Warehouse	Coca-Cola Amatil (NZ) Ltd	109 sqm	3.56%
Warehouse - Workshop	Coca-Cola Amatil (NZ) Ltd	1,123 sqm	36.70%
Warehouse - Supply Chain	Coca-Cola Amatil (NZ) Ltd	653 sqm	21.34%
Warehouse - Low Stud	Coca-Cola Amatil (NZ) Ltd	330 sqm	10.78%
Yard	Coca-Cola Amatil (NZ) Ltd	1,505 sqm*	N/A
Canopies	Coca-Cola Amatil (NZ) Ltd	30 sqm*	N/A
Mezzanine	Coca-Cola Amatil (NZ) Ltd	330 sqm	10.78%
Courtyard	Coca-Cola Amatil (NZ) Ltd	50 sqm*	N/A
Carparks	Coca-Cola Amatil (NZ) Ltd	30 parks	N/A
Total - 32 Jamaica Drive		3,060 sqm	100.00%

*indicates areas excluded from GLA

32A Jamaica Drive, Grenada North

32A Jamaica Drive - Floor Areas			
Component	Tenant	Gross Lettable Area (GLA excl. yard)	Proportion (% of Total Area)
Office - Ground	Rentokil Initial Ltd	175 sqm	11.90%
Office - Level 1	Rentokil Initial Ltd	275 sqm	18.71%
Warehouse	Rentokil Initial Ltd	1,020 sqm	69.39%
Canopies	Rentokil Initial Ltd	27 sqm*	N/A
Garden Enclosure	Rentokil Initial Ltd	33 sqm*	N/A
Carparks	Rentokil Initial Ltd	22 parks	N/A
Total - 32A Jamaica Drive		1,470 sqm	100.00%

*indicates areas excluded from GLA

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

32B Jamaica Drive, Grenada North

32B Jamaica Drive - Floor Areas			
Component	Tenant	Gross Lettable Area (GLA excl. yard)	Proportion (% of Total Area)
Office - Ground	Desktop Imaging Ltd & NZ Micrographic Services Ltd	778 sqm	39.51%
Office - Level 1	Desktop Imaging Ltd & NZ Micrographic Services Ltd	723 sqm	36.72%
Workshop	Desktop Imaging Ltd & NZ Micrographic Services Ltd	406 sqm	20.62%
Air Conditioned Store	Desktop Imaging Ltd & NZ Micrographic Services Ltd	62 sqm	3.15%
Canopies	Desktop Imaging Ltd & NZ Micrographic Services Ltd	42 sqm*	N/A
Outside BBQ Area	Desktop Imaging Ltd & NZ Micrographic Services Ltd	50 sqm*	N/A
Deck	Desktop Imaging Ltd & NZ Micrographic Services Ltd	25 sqm*	N/A
Carparks	Desktop Imaging Ltd & NZ Micrographic Services Ltd	20 parks	N/A
Total - 32B Jamaica Drive		1,969 sqm	100.00%

*indicates areas excluded from GLA

5. Lease Details

5.1 Lease Documentation

32 Jamaica Drive, Grenada North – Coca-Cola Amatil (NZ) Limited

We have been provided with a copy of the following lease documents:

- Deed of Lease (2012).
- Rental Certificate (2017).

The above have been perused and are held on file. The salient details are summarised as follows:

Form of Lease	ADLS 5 th Edition 2008
Tenant / Lessee	Coca-Cola Amatil (NZ) Limited
Guarantor	N/A
Premises	All that part of the Landlord's premises at 34 Jamaica Drive, Grenada North, Wellington.
Carparks	The original Deed of Lease states two figures being: Fifty-six (56) parks and Thirty-five (35) parks. We have referred to and adopted the Spencer Holmes Lease Area Measure (21 January 2020) that states thirty-five (35) parks are connected to the tenancy.
Term	Nine (9) years
Commencement Date	14 December 2011
Initial Expiry Date	13 December 2020
Rights of Renewal	Two (2) rights of renewal each of three (3) years – first option exercised
Renewal Dates	14 December 2020 and 14 December 2023
Final Expiry Date	13 December 2026
Commencement Rental	\$443,735 p.a. plus GST
Current Passing Rental	\$589,565 p.a. plus GST
Rent Review Frequency	Three yearly to CPI + 2% and Market reviews upon renewal
Ratchet Clause	The Annual Rental shall be limited to a movement of not more than 13% of the Commencement Rental over the review period.
Proportion of Outgoings	Gross Lease with Lessee responsible for consumables and utilities only
Business / Permitted Use	Distribution Centre and Offices
Additional Clauses	Clause 47.1 Right of First Refusal: If at any time during the term of the Lease, including during any period of renewal, the Lessor intends to sell all of the property as described in the First Schedule, the Lessee shall have the right to purchase the Lessor's interest in the premises.
Fixtures and Fittings	The Lease is silent regarding the Lessor's fixtures and fittings. We have assumed the premises were furnished to a bare-shell state which included the following: <ul style="list-style-type: none">• Suspended ceilings to office areas;• Fixed floor coverings;• HVAC units and associated plant & machinery;• Kitchen joinery;

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- Plumbing fittings;
- Electrical, data and light fittings; and
- Perimeter fencing;

The remaining fitout to the premises are assumed to be Lessee's improvements, which have been excluded in our assessment.

32A Jamaica Drive, Grenada North – Rentokil Initial Limited

We have been provided with a copy of the following lease document:

- Deed of Lease (2012)

The above have been perused and are held on file. The salient details are summarised as follows:

Form of Lease	ADLS 5 th Edition 2008 (2)
Tenant / Lessee	Rentokil Initial Limited
Guarantor	N/A
Premises	All that part of the Landlord's premises at 34 Jamaica Drive, Grenada North, Wellington.
Carparks	Twenty (2) carparks
Term	Nine (9) years
Commencement Date	15 September 2012
Initial Expiry Date	14 September 2021
Rights of Renewal	Two (2) rights of renewal each of four (4) years – three month's notice required
Renewal Dates	15 September 2021 and 15 September 2025
Final Expiry Date	14 September 2029
Commencement Rental	\$175,500 p.a. plus GST
Current Passing Rental	\$238,214 p.a. plus GST (adopted midpoint between Lessor and Lessee assessment RE September 2020 review which remains outstanding)
Rent Review Frequency	Two (2) yearly and upon renewal
Rent Review Provision	Market Review
Ratchet Clause	Soft Ratchet Clause
Proportion of Outgoings	Net lease with the Lessee responsible for all property related outgoings excluding management expenses.
Business / Permitted Use	Retailing with office and administration uses
Additional Clauses	Nil
Fixtures and Fittings	The Lease is silent regarding the Lessor's fixtures and fittings. We have assumed the premises were furnished to a bare-shell state which included the following: <ul style="list-style-type: none"> • Suspended ceilings to office areas; • Fixed floor coverings; • HVAC units and associated plant & machinery; • Kitchen joinery;

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- Plumbing fittings;
 - Electrical, data and light fittings; and
 - Perimeter fencing;
- The remaining fitout to the premises are assumed to be Lessee's improvements, which have been excluded in our assessment.

32B Jamaica Drive, Grenada North – Desktop Imaging Limited & New Zealand Micrographic Services Limited

We have been provided with a copy of the following lease documents:

- Deed of Lease (2013)
- CPI Rental Certificate (2017)

The above have been perused and are held on file. The salient details are summarised as follows:

Form of Lease	ADLS 5th Edition 2008
Tenant / Lessee	Desktop Imaging Limited and New Zealand Micrographic Services Limited
Guarantor	N/A
Premises	All buildings located forming part of 32B Jamaica Drive containing approximately 2,120 square metres as shown as Lot 3 on the plan of the proposed subdivision
Carparks	20, (note 28 parks are marked for tenant use)
Term	Seven (7) years
Commencement Date	24 May 2013
Initial Expiry Date	23 May 2020
Rights of Renewal	Two (2) rights of renewal each of three (3) years – first option exercised
Renewal Dates	24 May 2020 and 24 May 2023
Final Expiry Date	23 May 2026
Commencement Rental	\$205,000 p.a. plus GST
Current Passing Rental	\$350,840 p.a. plus GST
Rent Review Frequency	Two (2) yearly during the initial term subject to a structured review calculated as the corresponding movement in the CPI plus 2.00%
Ratchet Clause	Soft Ratchet Clause
Proportion of Outgoings	Full net lease with the exception of ground maintenance and management expenses
Business / Permitted Use	Scanning, microfilming and storage of documents as well as associated sales, consultancy of software and hardware, together with office and administration facilities
Additional Clauses	<p>Clause 48 provides provision for the tenant to have first right of refusal should the landlord desire to sell the Freehold interest in the property.</p> <p>Clause 33.2 contains detailed steps regarding the rent review on renewal, and the provisions and timing in undertaking this task. This involves both parties</p>

32, 32A & 32B Jamaica Drive, Grenada North, Wellington – **31 March 2021**

	appointing separate valuers, the appointment of an independent third-party expert and the delivery of the rental determination within a strict timeframe.
Fixtures and Fittings	Reference from the Agreement to Lease, we note that Landlord fixtures and fittings include (but are not limited to); floor coverings, ceilings, lights, security, amenities, kitchen fitout (excluding appliances) and office partitions.

5.2 Occupancy and Vacancy

Vacancies

At the time of our inspection, the subject building was 100% occupied. Coinciding with the various lease expires, an appropriate leasing up, incentive and agents' commission allowances have been included within our calculations, multiplied by a renewal probability.

Impending Expiries

Rentokil's current lease expires in September 2021 and their current agreement includes provisions for two further renewal terms of four years each. We understand negotiations are in progress between the parties to secure a new term and realignment of the rental.

Outstanding Reviews/Incentives

No reviews are outstanding.

Rental Abatement/Deferral

We note we have not been advised of any rental abatement or deferment for the subject tenancies.

Summary

Our valuation is reliant on information supplied to us relating to matters such as lease provisions, rental income, outgoings and other associated expenditure which appears realistic. We have had access to lease documentation and have verified key data of the major tenancies against supplied schedules.

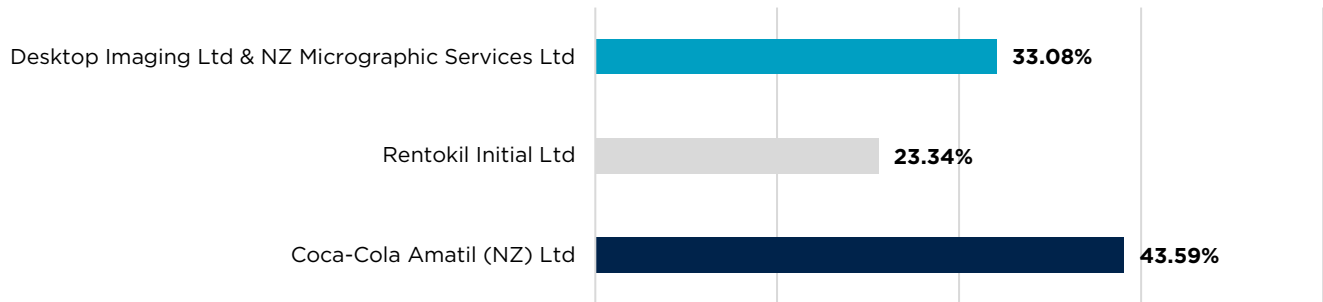
We are unaware of any side agreements in existence which would alter the terms of the various lease agreements in respect of the property. In the event that a full due diligence report reveals such agreements do exist, the advice provided herein will require revision.

6. Financial Summary

The property's income is generated from three tenancies who have occupied their respective tenancies from construction in 2013. Both Coca-Cola and Desktop Imaging have exercised renewal options and negotiations are in train with Rentokil.

The tenant composition by net passing income over the total combined property is summarised below:

Tenant Composition by Net Passing Income



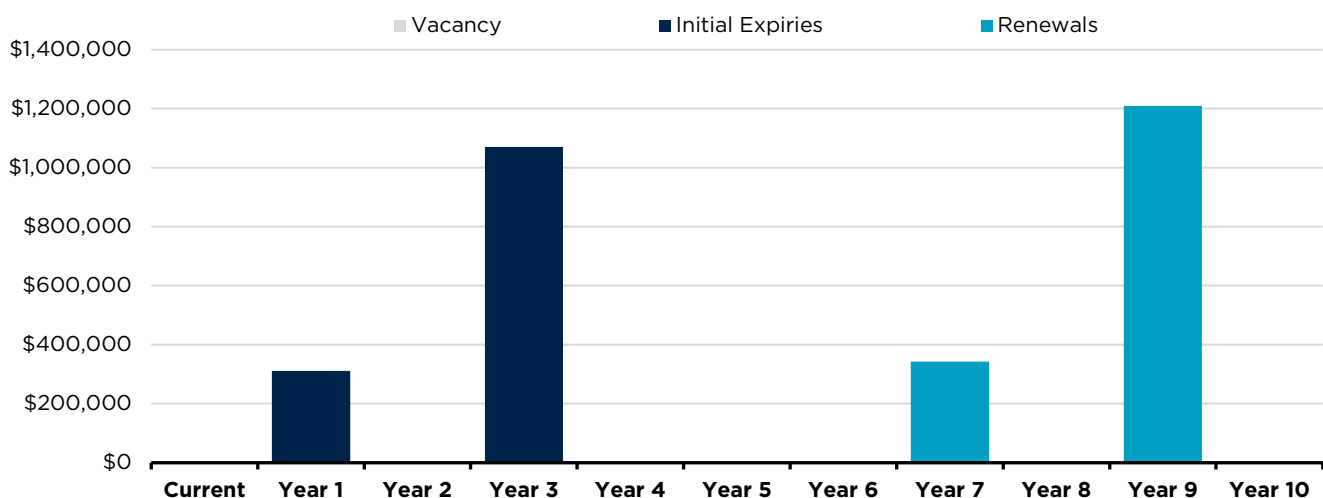
6.1 Lease Expiry Analysis

We have undertaken a detailed lease expiry analysis of the subject properties with the indicated WALT and lease profile by income and area summarised below:

WALT (years)	Income Basis	Area Basis
32 Jamaica Drive	2.70 years	2.70 years
32A Jamaica Drive	0.46 years	0.46 years
32B Jamaica Drive	2.15 years	2.15 years
Combined Total(s)	1.99 years	2.03 years

Further, we have considered the timing of impending vacancies, initial expiries and renewals over a ten-year investment period for the combined property as detailed below:

Lease Expiry by Gross Rent



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6.2 Operating Expenditure

Operating Expenses (OPEX) relate to the ongoing costs associated with the occupation or ownership of a building. Typically, the subject leases are structured on a net basis whereby operating costs are recovered from the Lessee in addition to the base rent. Outgoings include all property related outgoings, but a number of leases indicate that management costs are non-recoverable.

We have been provided with a detailed OPEX budget from management which we have adopted for valuation purposes. Our pro-forma budgets for the respective properties are as detailed below:

32 Jamaica Drive, Grenada North

32 Jamaica Drive - Outgoings Schedule		
	Adopted (Budgeted)	
	\$ pa.	\$/m ² pa.
Statutory Expenses		
Municipal/Council Rates	51,195	16.73
Other Statutory Charges	1,320	0.43
Total Statutory Charges	52,515	17.16
Operating Expenses		
Insurance Premiums	47,500	15.52
Air Conditioning/Ventilation	4,100	1.34
Electricity	1,200	0.39
Fire Protection/Public Address	2,340	0.76
Repairs & Maintenance	8,000	2.61
Gardening/Landscaping	4,350	1.42
Auto & Roller Door	2,620	0.86
Cleaning Exterior Window & Building	2,745	0.90
Health & Safety Compliance	2,650	0.87
Plumbing & Drainage	1,600	0.52
Total Operating Expenses	77,105	25.20
Non-Recoverables		
Management	15,000	4.90
Total Non-Recoverable Expenses	15,000	4.90
Total Outgoings	144,620	47.26

32A Jamaica Drive, Grenada North

32A Jamaica Drive - Outgoings Schedule		
	Adopted (Budgeted)	
	\$ pa.	\$/m ² pa.
Statutory Expenses		
Municipal/Council Rates	30,088	20.47
Water and Sewerage Rates	741	0.50
Other Statutory Charges	1,320	0.90
Total Statutory Charges	32,149	21.87
Operating Expenses		
Insurance Premiums	24,500	16.67
Air Conditioning/Ventilation	4,110	2.80
Electricity	1,000	0.68
Fire Protection/Public Address	2,116	1.44
Repairs & Maintenance	4,250	2.89
Gardening/Landscaping	1,200	0.82
Auto & Roller Door	1,340	0.91
Cleaning Exterior Window & Building	2,196	1.49
Health & Safety	2,650	1.80
Plumbing & Drainage	1,800	1.22
Total Operating Expenses	45,162	30.72
Non-Recoverables		
Management	8,000	5.44
Total Non-Recoverable Expenses	8,000	5.44
Total Outgoings	85,311	58.03

32B Jamaica Drive, Grenada North

32B Jamaica Drive - Outgoings Schedule		
	Adopted (Budgeted)	
	\$ pa.	\$/m ² pa.
Statutory Expenses		
Municipal/Council Rates	45,357	23.04
Water and Sewerage Rates	2,140	1.09
Other Statutory Charges	1,270	0.64
Total Statutory Charges	48,767	24.77
Operating Expenses		
Insurance Premiums	34,000	17.27
Air Conditioning/Ventilation	8,300	4.22
Electricity	1,400	0.71
Fire Protection/Public Address	2,060	1.05
Repairs & Maintenance	5,000	2.54
Auto & Roller Door	1,160	0.59
Cleaning Exterior Window & Building	3,100	1.57
Health & Safety Compliance	2,732	1.39
Plumbing & Drainage	1,300	0.66
Total Operating Expenses	59,052	29.99
Non-Recoverables		
Management	12,000	6.09
Exterior Gardens	1,200	0.61
Total Non-Recoverable Expenses	13,200	6.70
Total Outgoings	121,019	61.46

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

The above adopted expense budgets tend to indicate outgoings in the range of **\$47.26/sqm to \$61.46/sqm**. This level of outgoings is considered to be market aligned for this asset class, considering their scale, locality and overall condition.

6.3 Capital Expenditure

Buildings require ongoing expenditure to maintain their structural integrity and to future-proof the value of the asset.

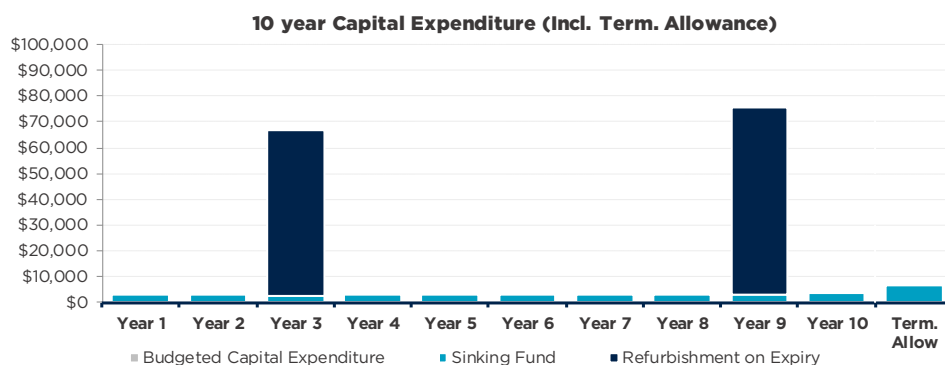
In addition, refurbishment works are necessary to maintain the quality of the building accommodation. Allowances for such works normally coincide with lease expiry and the following provisions have been made:

- We foresee cosmetic refurbishment work would be required at lease expiry and have applied a refurbishment allowance of **\$100 per square metres** (in today's dollars), discounted by a renewal probability factor of **75%**. Due to the quality and universal nature of the warehouse accommodation, no refurbishment allowance has been made for the warehouse components.
- We have incorporated a minimum capital expenditure allowance of **0.50%** of the total gross income per annum as a general contingency for building works to the exterior and services over the cash flow period. This sum is applied to those years where planned Capex does not exceed this threshold.

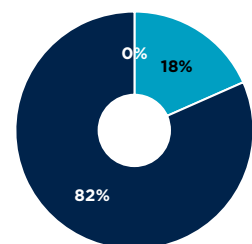
Our adopted capital expenditure forecasts for the respective buildings are summarised below:

32 Jamaica Drive, Grenada North

32 Jamaica Drive - Capital Expenditure Summary										
Year Commencing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Period Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Budgeted Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Sinking Fund	2,948	2,948	2,714	3,039	3,059	3,133	3,164	3,282	3,009	3,457
Refurbishment on Expiry	-	-	64,162	-	-	-	-	-	72,270	-
Total Capital Expenditure	2,948	2,948	66,876	3,039	3,059	3,133	3,164	3,282	75,280	3,457
Total 10 year capital expenditure										167,185
Total 10 year capital expenditure (\$/m ²)										55
Total 10 year capital expenditure (% of Adopted Value)										2.12%
Terminal Valuation (Start Year 11)										
Budgeted Capital Expenditure										-
Sinking Fund (24 mths)										6,535
Refurbishment on Expiry (24 mths)										-
Terminal Value Capital Expenditure Allowances										6,535
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances)										173,720
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - \$/m ²										57
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - % of Adopted Value										2.21%



Capital Expenditure Proportion (%)

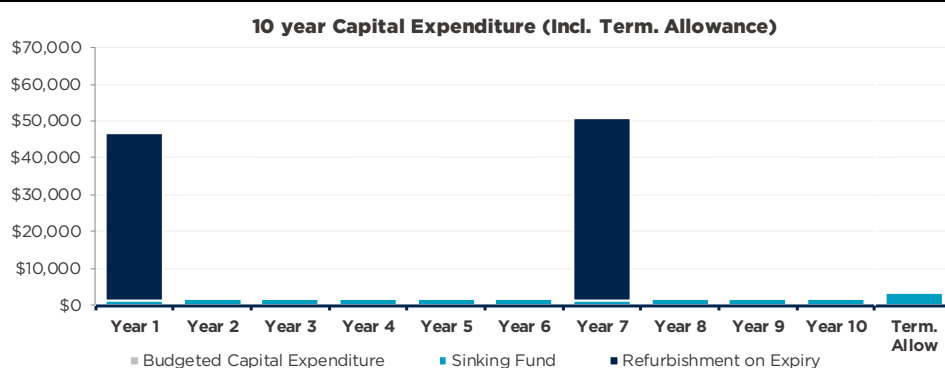


■ Budgeted Capital Expenditure
■ Sinking Fund
■ Refurbishment on Expiry

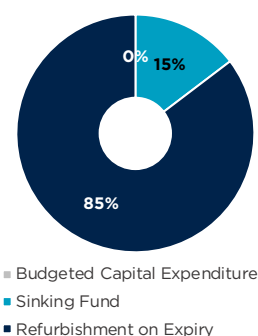
32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

32A Jamaica Drive, Grenada North

32A Jamaica Drive - Capital Expenditure Summary										
Year Commencing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Period Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Budgeted Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Sinking Fund	1,452	1,559	1,574	1,591	1,614	1,641	1,527	1,721	1,756	1,808
Refurbishment on Expiry	45,243	-	-	-	-	-	49,422	-	-	-
Total Capital Expenditure	46,695	1,559	1,574	1,591	1,614	1,641	50,949	1,721	1,756	1,808
Total 10 year capital expenditure										110,906
Total 10 year capital expenditure (\$/m ²)										75
Total 10 year capital expenditure (% of Adopted Value)										3.00%
Terminal Valuation (Start Year 11)										
Budgeted Capital Expenditure										-
Sinking Fund (24 mths)										3,411
Refurbishment on Expiry (24 mths)										-
Terminal Value Capital Expenditure Allowances										3,411
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances)										114,317
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - \$/m ²										78
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - % of Adopted Value										3.09%

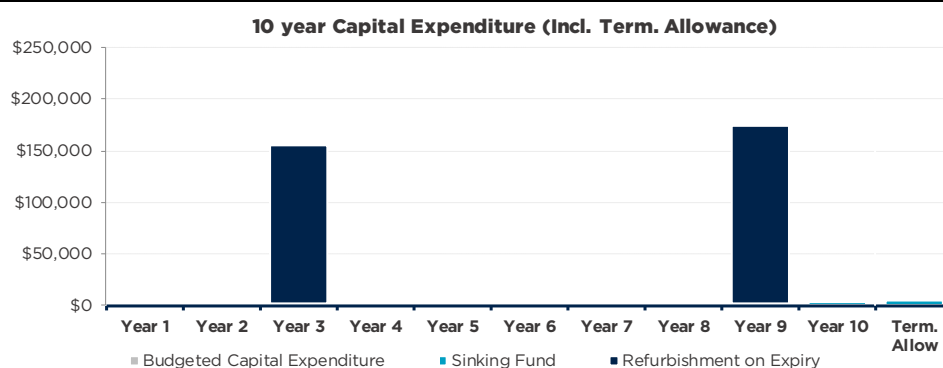


Capital Expenditure Proportion (%)

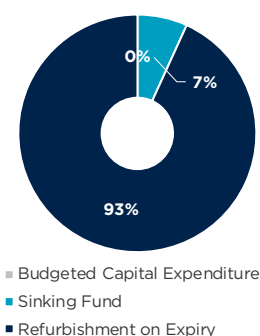


32B Jamaica Drive, Grenada North

32B Jamaica Drive - Capital Expenditure Summary										
Year Commencing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Period Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Budgeted Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Sinking Fund	2,299	2,304	2,115	2,326	2,369	2,392	2,466	2,499	2,372	2,628
Refurbishment on Expiry	-	-	153,667	-	-	-	-	-	171,357	-
Total Capital Expenditure	2,299	2,304	155,782	2,326	2,369	2,392	2,466	2,499	173,728	2,628
Total 10 year capital expenditure										348,793
Total 10 year capital expenditure (\$/m ²)										177
Total 10 year capital expenditure (% of Adopted Value)										6.31%
Terminal Valuation (Start Year 11)										
Budgeted Capital Expenditure										-
Sinking Fund (24 mths)										4,958
Refurbishment on Expiry (24 mths)										-
Terminal Value Capital Expenditure Allowances										4,958
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances)										353,752
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - \$/m ²										180
Total 10 year Capital Expenditure (Incl. terminal value Capital Expenditure Allowances) - % of Adopted Value										6.40%



Capital Expenditure Proportion (%)



32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

7. Market Overview

7.1 Economic Outlook

Introduction

The Coronavirus (COVID-19) pandemic had a major effect on global economies. There continues to be disruption to export industries, global trade, the tourism sector, labour supply and job losses.

The timeline for travel restrictions to ease is subject to considerable uncertainty. Tourism and international students directly account for approximately 5% of New Zealand's GDP and the restrictions on borders have greatly impacted the benefits this brings to the economy. Many businesses have remained viable and operational due to Government support with a wage subsidy and business loan scheme, where additional impact is likely to be felt when this support comes to an end.

The below table indicates the performance of the New Zealand economy over the previous six months:

Economic Indicator	Period	Rate	Forecasted Trends
GDP	Q2 2020 -Q3 2020	-12.2%	↓
CPI	Q1 2020 – Q2 2020	1.50%	↓
OCR	September 2020	0.25%	→
Unemployment Rate	Q3 2020	5.3%	↑
10 Year Bond Rate	September 2020	< 1.00%	→

Migration

New Zealand has full border restrictions in place, limiting people's ability to travel and only allowing citizens, permanent residents and a minimal number of exemptions into the country. April 2020 to July 2020 saw a net migration gain of only 800 with two in every three arrivals being a New Zealand citizen, and six in every seven departures being non-New Zealand citizens. The current net gain of New Zealand citizens is largely fuelled by people returning from overseas and restrictions making people unable to head offshore.

Interest Rates & Inflation

Reacting to curtail an imminent economic recession, the RBNZ reduced the OCR to a new historic low of 0.25%, guaranteed for 12 months. In an additional effort to stimulate lending and aid debt affordability, the Reserve Bank has chosen to put on hold a proposed increase in capital requirements for banks on retail mortgage lending. The RBNZ has announced its plan to keep the OCR at 0.25% for "at least 12 months". The RBNZ's Monetary Policy Committee (MPC) noted that a negative OCR will become an option in the future.

Following the reduction in the OCR, most retail banks have passed on the point cut to floating mortgage rates. Fixed interest rates have since followed suit, and historic lows for fixed mortgages has fuelled house prices growth. Inflation is now at approximately 1.5% for the year to September 2020, decreasing from 2.5% in March of 2020. The Monetary Policy Committee forecast annual inflation dropping from 2.5% to approximately 1%.

Investment & Construction

Demand for residential construction leading up to the pandemic was still strong, mirroring the delayed response to rapid population growth in the last few years. Residential construction continues to move towards townhouses and higher density developments, and this is expected to intensify with the housing shortage and supply pressures. Residential building consents are up a further 3.5% over the past year. On the other hand, the construction sector is faced with the hurdle of reduced profitability, with cost and labour constraints restricting the ability for activity to escalate.

Retail accommodation is most likely to be the most severely affected by the downturn in overseas visitor numbers. Commercial construction is also expected to slow for office space and hotels as demand is predicted to decrease in the coming years, however increased Government spending in infrastructure will see some offset.

Summary

The short-term projection for the New Zealand economy is difficult to determine. Business operations for some are 'as usual', or enjoying increased trade due to domestic demand, while others are restricted. It is likely the effects will be unevenly felt with some sectors such as food production, supermarkets, residential housing, online sales, and learning performing well, and others such as "High Street" retail and international tourism faring poorly. It is apparent that many investors and consumers are confidently spending on consumer items, domestic travel and also ploughing capital into property and equity markets. Much of this is driven by the very low interest rate environment and hunt for yield on capital.

Source: Bayleys Valuations, Statistics NZ, Interest, ASB, ANZ, NZIER, RBNZ, Westpac (28 January 2021)

7.2 Market Commentary

As New Zealand transitions and exits uncharted waters following an earlier nationwide Lockdown period, businesses are needing to reassess the new business environment that we now all face. Many businesses will encounter difficulties, several have needed to change tack and pursue new opportunities, and invariably, some businesses will struggle as the wider global market has changed. Without doubt, the tourism and hospitality sectors have felt the brunt of the downturn due to border closures and the demise of international visitors.

Most Lessees sought some form of rental abatements to offset the lockdown period. Staff redundancies became widespread and layoffs occurred. Rents declined across all sectors during the initial period of uncertainty and the emergence of increasing vacancies over the following months stymied prospects for rental growth. Many landlords forewent rental increases in favour of tenant preservation.

Post lockdown, businesses have slowly reopened and a trade up period was endured as workers return to work and businesses resumed. For many businesses, the cost incurred was too great as supply orders were cancelled and imposed restrictions placed on normal business operations, this resulted in staff lay-offs. Lease renegotiations become prevalent and various rental abatement clauses and rent relief packages were negotiated as landlords endeavour to work with and retain existing tenants where possible.

As history illustrates, the market will eventually rebound, albeit some property classes and rents achieved will not be at those levels previously enjoyed for many years. Industrial property assets have rebounded well, being the standout property class performer. Many office occupants have needed to recalibrate their office footprint requirement as businesses adjust to what could be a more balanced office / home environment as individuals seek to work remotely following the lockdown period. Retailing has been more adversely affected by a sharp decline in consumer retail spend and lower passing foot traffic, as people are more accustomed to online retailing. Market

dynamics will have altered, shopping and business work patterns have changed, higher unemployment will mean there is less disposal income in the market, and potentially, consumer habits may be refocused towards essential goods. A general downturn in globalisation will extend over many years as countries slowly get atop of this pandemic and restart their economies.

Over the past five years, there has been a slow imbalance brewing within the industrial sector, vacancy rates have been trending downward and many traditional industrial premises in prime locations have been repurposed to offer bulk retail type accommodation to appease this growth sector. New infrastructural projects have inflated demand, both from an occupation perspective but also with the withdrawal of property associated with the Petone to Grenada Link, flood protection works and the proposed Melling Interchange.

Accordingly, the Wellington region industrial sector has experienced solid rental growth over recent years, with increasing capital values and declining vacancy levels. Development of new stock is currently at relatively low levels largely due to the lack of Greenfield development opportunities outside of the existing prime industrial precincts. Elsewhere industrial utilised land is under pressure from 'higher value end use applications' such as commercial and residential.

Industrial rents fared well following the COVID-19 outbreak and although business activity may have paused, the industrial sector has been the most resilient. Ongoing demand is strong for prime industrial assets from tenants and investors alike and considering the physical limitations on new stock coming on stream, market pressure on quality warehouse stock is unlikely to abate.

Prime warehouse space tends to be concentrated near the main transport nodes such as Ngauranga, Grenada, Porirua and the Petone / Seaview area. With the roading upgrade to the State Highway 2 / Highway 58 interchange now completed, demand has recently extended to Silverstream primarily due to improved accessibility and upgrades to the nearby interchange. Completion of Transmission Gully will further enhance roading connections to/from Silverstream.

Without doubt, there are changing times ahead. Commercial property will be impacted but over what duration is uncertain. However, new opportunities will emerge. From an investment perspective, the decline in deposit rates on offer is likely to attract funds towards property in search of more favourable returns. Low interest rates have also enticed many parties previously leasing accommodation to consider owner-occupation alternatives in lieu of paying rent.

We foresee this trend continuing as interest rates are projected to remain at record low levels for many years. Despite there being some immediate uncertainty as the market 'resets', we foresee buyer appetite channelled towards those property classes accommodating more essential and resilient businesses, and to those properties with moderate to long term lease covenants at market aligned rents.

8. Rental Evidence

The traditional method of rental assessment is by comparison with similar premises that have recently been subject to new leasing deals or rent reviews. Adjustments are then made for factors at variance with those of the subject premises such as location, quality and presentation, size, lease terms and conditions and other pertinent factors.

8.1 Rental Evidence

We have considered a cross section of leasing transactions relating to comparable properties within the wider Wellington region. A summary of these transactions is detailed below:

Address	Suburb	Tenant (s)	Review Date	Accommodation	Floor Area (sqm)	Rate (\$/sqm)	Type
Grenada North / Newlands / Ngauranga							
32 Jamaica Drive (Subject)	Grenada North	Coca-Cola Amatil (NZ) Ltd	Dec-20	Offices (Main)	515	\$220	RN
				Workshop	1,123	\$170	
				Workshop (Low Stud)	330	\$130	
				Supply Chain	653	\$168	
				Offices (Workshop)	109	\$150	
				Mezzanine	330	\$100	
				Canopy	30	\$75	
				Coutyard	50	\$50	
				Yard	1,505	\$25	
				Carparks	35	\$23	
14 Jamaica Drive	Grenada North	General Distributors Limited	Nov-20	Office	310	\$205	NL
				Warehouse (Converted Office)	350	\$205	
				Warehouse (11.4m to 12.4m stud)	2,533	\$158	
				Canopy	270	\$90	
				Yard & Parking	2,828	\$25	
32 Jamaica Drive (Subject)	Grenada North	Data Imaging Micrographics	May-20	Office (Gnd)	778	\$227	RN
				Office (Level 1)	723	\$232	
				Warehouse (Workshop)	406	\$172	
				Store	62	\$177	
				Outside BBQ Space	50	\$45.23	
				Deck	25	\$50	
				Canopy	42	\$70	
				Carparks	20	\$22.5	
6 Hurring Place	Newlands	New Zealand Defence Force (NZDF)	May-20	Office - Gnd & Lvl 1	1,008	\$230	NL
				Warehouse	1,383	\$196	
				Yard	260	\$40	
				Carparks (Open)	10	\$35	
21 Jamaica Drive	Grenada North	Excel Digital	Apr-19	Office	486	\$180	NL
				Warehouse (7m stud)	1,826	\$155	
				Carparks (Covered)	4	\$30	
				Carparks (Uncovered)	19	\$25	
				Carparks (Rear)	12	\$20	
12 Hurring Place	Newlands	City Fitness	Apr-19	Offices	485	\$230	NL
				Warehouse	3,432	\$168	
				Warehouse (Internal Carparks)	530	\$168	
				Carparks (Open)	75	\$26	
7 Jarden Mile	Ngauranga	HRV Solutions Ltd	Apr-19	Warehouse	401	\$150	NL
				Office (Gnd & First)	212	\$185.14	
				Carparking	10	\$30	
30 Glover Street	Ngauranga	ThermoKing NZ	Mar-19	Warehouse	308	\$160	NL
				Office	250	\$173.44	
				Parks	6	\$30	
6 Hurring Place	Newlands	Fire and Emergency	Late 2018	Office	522	\$200	NL
				Warehouse	537	\$150	
				Carparks	24	\$25.3	
Silverstream							
410 Eastern Hutt Road	Silverstream	Northpower Limited	TBC	Office	764	\$250	NL
				Warehouse	1,498	\$190	
				Yard 1	5,818	\$35	
				Yard 2	1,470	\$35	
410 Eastern Hutt Road	Silverstream	Fliway Transport Limited	Aug-18	Office & Amenities	230	\$230	NL
				Logistics Warehouse & Cross Dock	2,205	\$150	
				Canopies	566	\$90	
				Yard/Circulation/Additional GP's	4,475	\$32	

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Address	Suburb	Tenant (s)	Review Date	Accommodation	Floor Area (sqm)	Rate (\$/sqm)	Type
Kaiwharawhara							
92-102 Hutt Road	Kaiwharawhara	Geeves Scaffolding Ltd	May-20	Warehouse Yard Carparks	1,800 800 28	\$176 \$30 \$25	NL
180-202 Hutt Road	Kaiwharawhara	Fletchers Distributions (T/A PlaceMakers)	Apr-20	Office - Gnd & Mezz Drive Through Trade Hall/Showroom Yard - Concrete Carparks	469 2,201 1,043 3,223 29	\$346 \$286 \$306 \$50 \$35	NL
Seaview							
65 Seaview Road	Seaview	Crown Worldwide (NZ) Limited	Nov-20	Office Warehouse Carparks	304 1,934 20	\$240 \$150 \$20	NL
43 Seaview Road	Seaview	Champion Construction Ltd	Feb-20	Warehouse (High/Low) Office & Amenities Yard	1,713 119 1,860	\$138 \$184 \$30	NL
118 Hutt Park Road	Gracefield	United Steel Ltd	Aug-18	Warehouse/Workshop Office & Amenities Yard	1,047 150 2,002	\$209 \$311 \$36	NL
120 Hutt Park Road	Gracefield	Globus Group NZ Ltd	Jul-18	Office Warehouse Yard	302 1,687 2,555	\$211 \$150 \$26	NL

The transactions shown above are briefly discussed as follows:

Coca-Cola Amatil (NZ) Limited occupy one of three semi-detached units and provides a combination of modern suburban office accommodation with high stud warehouse components attached to the rear. Sealed yards provide generous on-site parking and easy truck circulation. The initial nine (9) year Lease term expired 13 December 2020 and the Lease offered two (2) further terms of three (3) years each. The annual rental is subject to three yearly reviews to CPI + 2% and market reviews upon renewal. The December 2020 rent was negotiated and settled between appointed valuers.

Alongside, **Micrographics** occupy Unit 1 and their unit provides similar accommodation in nature to Coca-Cola but features a larger office component. Their original lease expired in May 2020 and after protracted negotiations between the parties, the above rents were agreed for the three-year renewal term.

General Distributors Limited entered an Agreement to Lease over **14 Jamaica Drive, Grenada North**; the property offering high stud warehouse accommodation plus an adjoining office component situated on a level sealed site with good drive on truck access and secured surrounding yards. The 2,533 sqm warehouse has a stud height of circa 10.0 metres and the Lessor has installed two rapid close roller doors as per the tenant's requirements. The Lessee has funded and converted part of the former offices to a chiller (350 sqm), leaving approximately 310 sqm of offices for traditional use. Secured yards extend 2,828 sqm with controlled entry points. The Lessor commissioned minor works to the offices involving some repainting and new LED lighting.

General Distributors Ltd (Countdown) leased the premises for six (6) years from 1 November 2020 and have six (6) further three (3) year renewal options thereafter. The commencement rent is \$516,000 p.a. plus GST and the rent is subject to pre-set increases of 2.0% p.a. other than when a market rent review applies at each renewal date. Market rent reviews are subject to cap and collar provisions (90% collar, 110% cap) based on the rent payable immediately prior.

The net lease requires the Lessee to cover all outgoings. Actual outgoings are not available; however, we have sourced publicly available information where possible and included additional costs based on comparable evidence and industry levels to extrapolate a market aligned level of outgoings. Standard tenant and Landlord obligations prevail; the noted exception is that the Lessee shall reinstate that part of the building back to a carpeted lined office area including a suspended ceiling consistent with the balance of the office component at lease end.

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Analysed on a total occupancy cost basis and factoring in the pre-set review mechanism indicates a gross rental of \$205/sqm for the office component and \$158/sqm for the warehouse accommodation before adjustments.

Up the road at 21 Jamaica Drive, **Excel Digital** agreed to a nine-year sale and leaseback of their premises at 21 Jamaica Drive. The large industrial warehouse building was erected circa 2000 and features temperature and humidity control to part, with the warehouse providing a 7-metre stud. The Lease includes fixed 1.50% annual increases and three six-year renewal options.

Fire & Emergency leased **6 Hurring Place** for a seven-year term commencing in late 2018, with the lease providing a further seven-year renewal option. The net lease requires the tenant to pay all outgoings which are capped at \$25/sqm for the initial year. The rent is pre-set over the initial three years, increasing from \$190,000 in Year 1 to \$220,000 in Year 2 and \$235,000 for Year 3. Thereafter, the net rent is subject to annual 1.0% increases.

City Fitness occupy the former Fliway and Mana Bus tenancies at **12 Hurring Place**. As part of the negotiation, City Fitness funded the demolition of the side lean-to building and convert the front portion of the existing warehouse component into a large gym. The rear part of the warehouse was retained and is utilised for internal carparking. The lease states that the rear warehouse component shall be treated as warehouse space in relation to future reviews. A large side sealed area will provide additional on-site parking.

We have also considered recent leasing activity in Grenada North, noting there has been a number of timely new lettings and lease renewals recorded for similar type premises.

We have also had recent dealings with a number of new lettings out in Eastern Hutt Road. **Northpower Ltd** have leased a newbuild facility within the Silverstream Business Park for ten years with the lease providing two five-year renewal options thereafter. The base rental is stepped over Years 1 and 2, increasing to \$673,122 p.a. net from year three. Thereafter, 2.0% annual increases are to occur from year four onwards with market reviews at renewal if exercised. The outgoings for the initial year are capped at \$50/sqm and annual rates at \$70,000 p.a. for Years 1 to 5.

Fliways relocated from Hurring Place to a new-build facility in Silverstream in 2018. The structure is setback on the site and provides a central large warehouse with front and rear canopies, a 230 square metre office component and extensive sealed and fenced yards. The 'L' shaped warehouse has a split stud height (approx. 6.0 and 10.0 metres) of roughly equal proportion. Office quality was tidy and modest featuring some A/C, carpet tiles, Plasterboard and Ply panel wall linings and recessed lights.

Leased for 12 years from August 2018, the rental is CPI adjusted annually with a mid-term market review and again at renewal. Two five-year renewal options are provided. The Lease contains a first right to purchase and an early termination clause in favour of the Lessee. If the termination clause is exercised, the Lessee is required to pay a significant break penalty payment.

Analysing the transaction factoring in moderate CPI growth indicates gross effective rents of \$230/sqm and \$150/sqm for the office and warehouse accommodation respectively. These rents reflect the initial 12-year term whereby the Lessee does not exercise their break option clause. The market reviews are subject to cap and collar provisions (90%/110%). This deal was concluded well before lease commencement and market rents have continued to firm as evidenced by comparable new lease data alongside.

Crown Worldwide NZ Ltd have committed to a nine-year net lease involving all the land and buildings at **65 Seaview Road** comprising warehouse, office and 20 carparks. Commencing from November 2020, the rental is subject to three-yearly market reviews and includes one four-year renewal option. The agreed annual rent is \$319,200 p.a. net plus \$20,800 p.a. for the carparks. The advised outgoings payable equate to circa \$53,000 p.a. and after factoring in a two-month rent free period, the analysed gross rents for the office and warehouse components equate to

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\$240/sqm and \$150/sqm respectively. Prior to commencement, the Lessor installed a security gate – we have not treated this as an inducement due to its ongoing utility and benefit to the property.

United Steel Ltd occupy purpose-built facilities on Hutt Park Road offering tidy air-conditioned office accommodation with a medium stud drive-through warehouse alongside. The warehouse is of concrete tilt slab construction and features gantry running rails affixed to the side walls allowing gantry hoist access over the entire warehouse component.

The former Turners Car Auction premises on Hutt Park Road has been partitioned and leased to Globus Industries and 880 Production. Both tenancies provide good quality office and high stud warehouse accommodation, including a latter addition to the rear that has a stud height of circa 11 metres plus.

The transactions shown above are briefly discussed as follows:

8.2 Market Rental Conclusion

Having regard to the above evidence along with the individual characteristics of the subject property, we detail below our assessment of market rents, along with contract rents for comparison purposes:

32 Jamaica Drive, Grenada North

32 Jamaica Drive - Contract & Market Comparison								
Component	Tenant	GLA	Gross Passing Rent			Gross Market Rent		
			\$ p.a.	\$/sqm	prop.	\$ p.a.	\$/sqm	prop.
Office - Ground	Coca-Cola Amatil (NZ) Ltd	515 sqm	\$115,875	\$225	19.65%	\$115,875	\$225	19.65%
Office - Warehouse	Coca-Cola Amatil (NZ) Ltd	109 sqm	\$16,350	\$150	2.77%	\$16,350	\$150	2.77%
Warehouse - Workshop	Coca-Cola Amatil (NZ) Ltd	1,123 sqm	\$196,525	\$175	33.33%	\$196,525	\$175	33.33%
Warehouse - Supply Chain	Coca-Cola Amatil (NZ) Ltd	653 sqm	\$114,275	\$175	19.38%	\$114,275	\$175	19.38%
Warehouse - Low Stud	Coca-Cola Amatil (NZ) Ltd	330 sqm	\$38,765	\$117	6.58%	\$38,765	\$117	6.58%
Yard	Coca-Cola Amatil (NZ) Ltd	1,505 sqm*	\$37,625	\$25	6.38%	\$37,625	\$25	6.38%
Canopies	Coca-Cola Amatil (NZ) Ltd	30 sqm*	\$2,250	\$75	0.38%	\$2,250	\$75	0.38%
Mezzanine	Coca-Cola Amatil (NZ) Ltd	330 sqm	\$26,400	\$80	4.48%	\$26,400	\$80	4.48%
Courtyard	Coca-Cola Amatil (NZ) Ltd	50 sqm*	\$2,500	\$50	0.42%	\$2,500	\$50	0.42%
Carparks	Coca-Cola Amatil (NZ) Ltd	30 parks	\$39,000	\$25	6.62%	\$39,000	\$25	6.62%
Total - 32 Jamaica Drive		4,675 sqm	\$589,565	\$126	100.00%	\$589,565	\$126	100.00%

*indicates areas excluded from GLA

32A Jamaica Drive, Grenada North

32A Jamaica Drive - Contract & Market Comparison								
Component	Tenant	GLA	Gross Passing Rent			Gross Market Rent		
			\$ p.a.	\$/sqm	prop.	\$ p.a.	\$/sqm	prop.
Office - Ground	Rentokil Initial Ltd	175 sqm	\$39,838	\$228	12.31%	\$39,375	\$225	12.74%
Office - Level 1	Rentokil Initial Ltd	275 sqm	\$63,939	\$233	19.76%	\$63,250	\$230	20.46%
Warehouse	Rentokil Initial Ltd	1,020 sqm	\$187,558	\$184	57.97%	\$173,400	\$170	56.09%
Canopies	Rentokil Initial Ltd	27 sqm*	\$1,969	\$73	0.61%	\$2,025	\$75	0.66%
Garden Enclosure	Rentokil Initial Ltd	33 sqm*	\$2,407	\$73	0.74%	\$2,475	\$75	0.80%
Carparks	Rentokil Initial Ltd	22 parks	\$27,814	\$24	8.60%	\$28,600	\$25	9.25%
Total - 32A Jamaica Drive		1,552 sqm	\$323,525	\$208	100.00%	\$309,125	\$199	100.00%

*indicates areas excluded from GLA

N.B. Adopted warehouse market rent reflects a 'blended' rate due to reduced stud height beneath Office – Level 1 component.

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32B Jamaica Drive, Grenada North

32B Jamaica Drive - Contract & Market Comparison								
Component	Tenant	GLA	Gross Passing Rent			Gross Market Rent		
			\$ p.a.	\$/sqm	prop.	\$ p.a.	\$/sqm	prop.
Office - Ground	Desktop Imaging Ltd & NZ Micrographic Services Ltd	778 sqm	\$178,052	\$229	38.82%	\$175,050	\$225	38.40%
Office - Level 1	Desktop Imaging Ltd & NZ Micrographic Services Ltd	723 sqm	\$169,079	\$234	36.86%	\$166,290	\$230	36.48%
Workshop	Desktop Imaging Ltd & NZ Micrographic Services Ltd	406 sqm	\$70,587	\$174	15.39%	\$71,050	\$175	15.58%
Air Conditioned Store	Desktop Imaging Ltd & NZ Micrographic Services Ltd	62 sqm	\$11,089	\$179	2.42%	\$10,850	\$175	2.38%
Canopies	Desktop Imaging Ltd & NZ Micrographic Services Ltd	42 sqm*	\$2,940	\$70	0.64%	\$3,150	\$75	0.69%
Outside BBQ Area	Desktop Imaging Ltd & NZ Micrographic Services Ltd	50 sqm*	\$2,262	\$45	0.49%	\$2,250	\$45	0.49%
Deck	Desktop Imaging Ltd & NZ Micrographic Services Ltd	25 sqm*	\$1,250	\$50	0.27%	\$1,250	\$50	0.27%
Carparks	Desktop Imaging Ltd & NZ Micrographic Services Ltd	20 parks	\$23,400	\$23	5.10%	\$26,000	\$25	5.70%
Total - 32B Jamaica Drive		2,106 sqm	\$458,659	\$218	100.00%	\$455,890	\$216	100.00%

*indicates areas excluded from GLA

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

9. Sales Evidence

9.1 Sales Evidence

In determining the market value of the subject property, we have considered a cross-section of comparable sales that have occurred in the wider Wellington locality.

A summary of these transactions is detailed below:

Address	Sale Date	Sale Price	NLA	WALT (yrs)	Initial Yield	Equivalent Yield	IRR	Net Rate	Land Area
Coca Cola, Rentokil and Desktop Imaging et al. 32, 32A & 32B Jamaica Drive, Grenada North, Wellington	Mar-20	\$14,750,000	6,337 sqm	0.70 yrs	6.69%	6.39%	-	\$2,328 /sqm	10,867 sqm
Steel & Tube Distribution Complex (Sale & Leaseback) 26-32 Hautonga St, Petone, Lower Hutt	Under Contract	\$7,000,000	7,614 sqm	2.00 yrs	8.90%	8.90%	9.59%	\$919 /sqm	15,901 sqm
Northpower Ltd 410 Eastern Hutt Road, Silverstream, Upper Hutt	Under Contract	\$14,500,000	2,262 sqm	10.00 yrs	4.60%	4.60%	-	\$6,410 /sqm	9,648 sqm
CDC Pharmaceuticals 410 Eastern Hutt Road, Silverstream, Upper Hutt	Under Contract	Confidential	-	-	4.10% to 4.50%	-	-	-	TBC
Grant Thornton House 215 Lambton Quay, Wellington	Nov-20	\$84,500,000	10,934 sqm	3.40 yrs	5.92%	-	-	\$7,728 /sqm	1,779 sqm
XXCQ (Deloitte Building) 20 Customhouse Quay, Wellington	Nov-20	\$228,000,000	17,359 sqm	12.60 yrs	4.47%	-	-	\$13,134 /sqm	1,598 sqm
General Distributors Ltd (T/A Countdown) 14 Jamaica Drive, Grenada North, Wellington	Nov-20	\$10,850,000	3,193 sqm	6.00 yrs	4.76%	4.76%	5.84%	\$3,398 /sqm	9,180 sqm
Downer New Zealand Ltd 14-16 Makaro Street, Porirua	Oct-20	\$35,600,000	5,324 sqm	11.08 yrs	4.99%	4.74%	6.03%	\$6,687 /sqm	25,026 sqm
Ultibend Industries Ltd 15 Raiha Street, Porirua	Aug-20	\$5,200,000	3,730 sqm	5.66 yrs	6.12%	-	-	\$1,394 /sqm	7,564 sqm
Fletcher Distribution Ltd (T/A PlaceMakers) 180-202 Hutt Road, Kaiwharawhara, Wellington	Jun-20	\$23,500,000	3,713 sqm	8.81 yrs	4.63%	4.91%	5.85%	\$5,521 /sqm	10,660 sqm
Ministry of Health 133 Molesworth Street, Thorndon	May-20	\$137,432,872	15,537 sqm	11.67 yrs	5.14%	5.14%	6.40%	\$8,846 /sqm	4,938 sqm
Geeves Scaffolding Ltd 92-102 Hutt Road, Kaiwharawhara, Wellington	Apr-20	\$6,400,000	2,200 sqm	9.00 yrs	5.00%	6.17%	7.75%	\$2,909 /sqm	3,876 sqm
City Fitness & Office Max 12 Newlands Road, Newlands, Wellington	May-19	\$13,220,000	4,927 sqm	13.26 yrs	6.25%	6.21%	-	\$2,683 /sqm	10,705 sqm
NZ Defence Force, NZ Bus, Office Max et al. 6 Hurring Place, Newlands, Wellington	Apr-19	\$12,809,370	5,191 sqm	3.98 yrs	6.93%	6.59%	-	\$2,468 /sqm	12,784 sqm
Former Ford Motor Company Assembly Plant 43 Seaview Road, Seaview & 120 Hutt Park Road, Gracefield	Apr-19	\$56,170,000	28,871 sqm	7.36 yrs	7.65%	-	-	\$1,946 /sqm	61,699 sqm
Filway Transport Ltd 410 Eastern Hutt Road, Silverstream, Upper Hutt	Aug-18	\$10,750,000	2,435 sqm	12.00 yrs	4.42%	4.48%	5.74%	\$4,415 /sqm	7,097 sqm

The pertinent transactions shown above are briefly discussed as follows:

The subject property previously sold to the current vendor in March 2020 for \$14,750,000 at an initial yield of 6.69%. Leased to the incumbent Lessee's, the property had a WALT (by income) of 0.7 years as at the date of sale and was generating a net contract income of \$986,917 per annum. Over the intervening period the industrial market has continued to tighten, spurred on by the low prevailing interest rate environment and other fundamental factors as illustrated below:

The **Steel & Tube Distribution Complex** in Petone, Lower Hutt has recently sold as part of a sale & leaseback agreement for \$7,000,000. Steel & Tube will continue to lease the property for a two (2) year term from settlement (22 March 2021) with two (2) further terms of one (1) year each beyond the initial term. The property comprises a strategic landholding with functional high stud warehousing, supporting office accommodation and generous yards. Benefitting from dual street frontages the property offers excellent traffic management for distribution purposes and is conveniently located to major arterial roading.

The net lease format indicates a net annual income of \$622,910 p.a. plus GST with the Lessee responsible for all property related outgoings. Outgoings are estimated at Circa \$26/sqm. The main warehouse is split into four bays, the two central bays are high stud and include gantry running rails enabling overhead hoist capabilities. The standalone eastern warehouse has a good medium stud with multiple roller door entry points. Seismically, the main

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building has structural issues, and remediation costs are estimated at \$750,000. The remaining buildings have NBS ratings of Circa 50%+.

Due to the uncertainty of occupation of the incumbent tenant, seismic remediation issues and scope for better utilisation of the existing land, we have analysed the sale on an interim holding income basis prior to ultimate redevelopment / strengthening and repurposing. Backing out the Present Value of the current income over the term certain, and allowing a market aligned demolition allowance for the main building indicates a global land and building rate of around \$400/sqm. Considering the scale and location of the property, this indicated rate appears low relative to other sales in this precinct.

410 Eastern Hutt Road comprises a 2,262 square metre modern office and warehouse building, plus associated yard, leased to Northpower Limited, situated within the Silverstream Business Park. Centrally positioned on-site, the improvements provide universal modern accommodation, in terms of functionality and with scope to cater for future expansion requirements on adjacent yard components.

Leased for ten years from late 2020, the net rental is fixed for the initial four years before subject to 2.0% p.a. pre-set increases for the balance of the term. The vendor is underwriting the rental shortfall during this period essentially providing continuity of cashflow. The net passing rental is \$673,122 p.a. plus GST and the Lessee is responsible for 100% of operating expenses with an overarching cap applicable through the initial years. The passing rent is considered slightly above market but reflects the new-build nature and likely return on construction costs.

Purchased by Property Management Group for syndication purposes, the property sold for \$14,500,000 in December 2020, indicating an initial yield of 4.6%, a WALT of 10 years and a net building rate of \$6,410/sqm; this rate is high and reflects the new build nature of the asset.

14-16 Makaro Street Porirua is a recent major industrial transaction, selling via Private Treaty in November 2020 for \$35,600,000 to Oyster Property Management. The property was purpose built for Downer New Zealand and completed in 2011 as their main Wellington office and depot servicing the Lower North Island. Situated on a 2.5026 ha site, the building offers circa 5,324 sqm of high-quality office and warehouse accommodation in approximate equal proportions, 44 basement carparks, 112 open carparks and some 16,510sqm of sealed fence yard.

The property is located at the eastern end of Makaro Street, in what is regarded as one of the newest industrial subdivisions in Porirua. Other national businesses occupy nearby premises, the Porirua Mega Centre and Shopping Centre are some 600 metres to the east, with SH 1 a further 300 metres away in a similar direction.

Downer's lease commenced in late 2010 and is for a term of just under 21 years; the current passing net income is \$1,757,786 p.a. and the rental is subject to structured two yearly reviews. The income stream is protected by a hard ratchet in relation to the market review scheduled for November 2021. The lessee bears all property outgoings including a pre-set management fee linked to the annual rent payable.

The property was widely marketed and generated strong buyer interest as a function of the 11.08-year WALT and pre-set rental growth. Purchased for syndication purposes, this transaction supports the emerging trend of sub 5.00% yields, analysed to indicate a market equivalent yield of 4.74%, a passing yield of 4.99% and an IRR of 6.04%.

14 Jamaica Drive, Grenada North has recently sold off-market to a local investor for \$10,850,000, indicating an initial yield of 4.76%. The property was leased to General Distributors Limited (T/A Countdown) for a six-year term at \$516,000 p.a. net and provides tidy warehouse and office accommodation occupying an elevated position above Takapu Road. The lease provides six further terms of three years each and is subject to pre-set review mechanisms of 2% p.a. with market reviews upon renewal. As part of the Agreement to Lease, the Vendor has reconfigured the former northern office component to provide part cool store/chiller warehouse accommodation and refurbished

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office and amenities to the balance. Overall, this transaction is considered useful in reinforcing the shift in yields post COVID-19 involving good quality stock with solid WALTs (by income).

15 Raiha Street is a large industrial property leased to Ultibend Industries Ltd under a 10-year lease agreement commencing April 2016. The 3,370 square metre industrial asset is positioned on a 7,564 square metre regularly shaped allotment and provides modern warehousing accessed via a generous yard area at the rear of the property. Office and amenities are located at the front of the premises over the ground and first floors and are presented to a tidy standard. The property sold for \$5,200,000 to a Taranaki based investor at an initial yield of 6.12%, this transaction exemplifies the depth of buyer demand for quality commercial/industrial assets that are subject to strong lease covenants.

PlaceMakers Kaiwharawhara comprises two buildings, the northern structure is a newly constructed high specification trade merchant warehouse occupied by Fletcher Distribution Limited with associated customer carpark, a staff drive through/goods lane to the rear and an open trade yard alongside the southern entrance. The ex-PlaceMakers building is located to the city end of the site and provides a short-term holding income of \$25,000 + GST per month for a term of eight months. The structure is earthquake prone and has an NBS% Rating of 15%. Discussions with involved agents advise the purchaser is intending to demolish existing improvements and redevelop to provide modern equivalent bulk-retail type accommodation.

PlaceMakers entered into a new nine-year lease commencing 1 April 2020 at a net rental of \$950,000 p.a. The Lease is subject to fixed 2.5% yearly increments and market reviews upon renewal. The net lease requires the Lessee to cover all standard property outgoings and includes three six-year renewal options beyond the initial term.

The property sold for \$23,500,000 by Deadline Private Treaty to a private investor and received 15 total offers, six of which were unconditional. Deducting a \$3,000,000 allowance for the rear ex-PlaceMakers portion of the site indicates an initial yield of 4.63%, equivalent yield of 4.91% and an IRR of 5.85% when applying market rents. The property provides a WALT (by income) of 8.81 years.

Overall, the property is a quality asset with value upside, leased to a national tenant and is centrally located. Despite market uncertainty relating to COVID-19, the transaction demonstrates strong appetite for new-build premises which offer both investment fundamentals and potential for future add-value opportunities.

176 Hutt Road, Kaiwharawhara sold by way of tender for \$3,550,000. The property comprises a regularly shaped 1,854 square metre Business 1 zoned parcel, offering a circa 48-metre-wide prominent frontage to passing traffic, peaking at either end of the day. Carters Building Supplies Limited have been in occupation for some 16 years and recently exercised a three year right of renewal commencing February 2020. The fully net lease provides two further terms of three years each with all operating expenses recoverable from the Lessee. Existing improvements comprise a two-storey administration/showroom building, mezzanine offices, main warehouse component, amenities, timber rack building and a large sealed yard. The building has an NBS% Rating of 70%.

Outside of the 'pure' investor, a number of parties viewed the property as offering further value upside (i.e. value-add opportunity). This would likely involve utilising the Carters income as a holding return until further site optimisation could be realised.

With rents recently realigned to market levels, the property has a net passing income of \$168,606 p.a. indicating an initial yield of 4.75%. Analysis of the sale reveals an IRR of 6.05%, WALT (by income) 2.87 years and net rate of \$3,178/sqm. The property sold to a local investor and establishes a notably low yield parameter within this location. Discussions with agents involved suggest the underbidder was some \$300,000 below the sale price.

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9.2 Sales Reconciliation

In finalising our adopted market capitalisation rates for the individual Units, we have considered the merits of the respective Units in terms of accommodation offering, size, re-letability, price quantum and the underlying lease covenant. All three Units are finished and present to a high standard and are uniform in this regard.

Coca-Cola is considered the prime unit on account of its accommodation makeup, albeit, the Unit does have a disproportionately high ratio of office to warehouse. The warehouse space is excellent with good truck transition and scope to accommodate dual tenancies with relative ease. Rentokil is a mid-size Unit and offers good quality office and warehouse accommodation. Remaining lease term is relatively short (expiring September 2021) but the Unit would re-lease promptly considering the buoyant nature of the market and shortage of quality stock.

Unit 3 again provides tidy accommodation; the office footprint is large relative to the warehouse space but could be separated at minimal costs. Grenada as an outright office location is secondary and there is likely to be fragmented demand for this quantum of space if Data Imaging elect to vacate beyond their current three-year lease term. Accordingly, the adopted yield reflects this heightened risk element. All Units have adequate onsite parking and good linkage to major roading.

Like most of New Zealand, market yields have firmed over the last twelve months, fuelled by the prevailing low interest rate environment and pent up demand for property assets post COVID-19. Quality industrial assets are extremely sought after, especially those offering longer lease tails and cashflow certainty.

Securing ongoing tenant commitment beyond current terms would justify firmer yields, greater bank security and a corresponding uplift in value.

10. SWOT Analysis

We have considered and summarised the key positive and negative features associated with the subject property. This process assists in determining the appropriate yield and adopted rates for valuation.

Strengths	Opportunities
<ul style="list-style-type: none"> • Good accessibility/connectivity to SH1. • Scarcity of industrial stock both for lease and sale within the Wellington region. • Industrial property remains the 'darling' asset class, sought by investors both domestically and internationally. • Multiple, well diversified income streams across various industries offering staggered lease expiry dates. • National and international tenants. • Modern, well maintained quality structure(s) with solid NBS% Rating. • Completion of Transmission Gully likely to further improve roading and linkages within the vicinity. • Generous on-site parking. • Continual improving nature of the surrounding area. • Affordable dollar quantum would appeal to high net-worth individuals, syndicators and institutional investors. • Net lease structures pass risk connected to outgoings onto tenants. 	<ul style="list-style-type: none"> • Scope to divest as separate parcels if required. • Secure longer lease commitments from incumbent tenants would result in greater WALT thereby compressing adopted market capitalisation rates.
Weaknesses	Threats
<ul style="list-style-type: none"> • Short lease profile and indicated WALT. • High ratio of office to warehouse accommodation in 32B Jamaica Drive may prove problematic to backfill if required. 	<ul style="list-style-type: none"> • Escalating rates and insurance costs may erode net effective rental position under current lease formats. • Market correction may lead to a rebound in yields diminishing capital value/equity. • Offshore and local factors having a negative impact on the domestic economy and property values. • Unknown impact of economic fallout from COVID-19 Pandemic and volatile financial markets.

10.1 Conclusion of Valuation Metrics

We consider that using the Income Approach, the following market capitalisation rates and discount rates would be appropriate:

Property	Market Capitalisation Rate	Discount Rate
32 Jamaica Drive	5.625%	6.50%
32A Jamaica Drive	6.000%	6.50%
32B Jamaica Drive	6.000%	6.50%

11. Valuation Approach

In arriving at our concluded value, we have considered relevant general and economic factors and have in particular investigated a summary of sales of comparable properties.

There are two key approaches to valuation of commercial and industrial property, these being the Market Approach and Income Approach.

The appropriate method of valuation under the Market Approach is the Sales Comparison Method. The appropriate methods of valuation under the Income Approach include the Capitalisation of Income Method and Discounted Cash Flow Method.

In some instances, a third approach known as the Cost Approach is applicable, the appropriate method under this approach is the Depreciated Replacement Cost (DRC) method.

In this case we consider the following approaches and applicable methods most appropriate.

11.1 Capitalisation of Income Method

For property that is income producing, the primary method of valuation is the Capitalisation Method. This method is market-derived and considers both sales and leasing evidence in order to determine the current market value. This method involves capitalising the actual contract and/or potential net income at an appropriate market derived rate of return. In situations where the contract rental varies from our assessed market rent the rental surplus or shortfall is calculated on a present value basis and adjusted against the capitalised value. The capitalised value may also be adjusted for costs associated with vacancy/part vacancy if this exists or is pending.

In determining an appropriate market yield for the subject, we have regard to market demand for the type of asset stock, commercial/industrial rental levels, along with general allowances for the scope of future rental growth, competition and location.

It is important to realise that the basis of any value is very much derived from a number of factors such as the quality and security of income, the degree of risk associated with the prospect of both an increase in rental and/or capital gain and the attractiveness of the investment as compared to other forms of investment available in the market place.

We summarise our calculations under this method as follows:

32 Jamaica Drive, Grenada North

32 Jamaica Drive - Market Capitalisation Method

Gross Market Income		\$589,565
Less Adopted Outgoings		(\$144,620)
Net Income		\$444,945
Capitalised @	5.625%	\$7,910,130
Capital Value Adjustments		
Capital Expenditure		
	Capital Sinking Fund Allowance 24 months	(5,597)
Total Capital Value Adjustments		(\$5,597)
Indicated Market Value		\$7,904,532
Adopt		\$7,900,000

Sensitivity Analysis

Capitalisation Rate	Market Value
5.88%	\$7,575,000
5.63%	\$7,900,000
5.38%	\$8,275,000

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32A Jamaica Drive, Grenada North

32A Jamaica Drive - Market Capitalisation Method			
Gross Market Income			\$309,125
Less Adopted Outgoings			(\$85,311)
Net Income			\$223,814
Capitalised @	6.000%		\$3,730,226
Capital Value Adjustments			
Rent Adjustments			
	Present Value of Rental Reversions		6,517
Imminent Expiry Allowances			
	Letting Up Allowances	24 months	(27,115)
	Leasing Costs Allowances	24 months	(12,451)
	Refurbishment Allowances	24 months	(45,243)
Capital Expenditure			
	Capital Sinking Fund Allowance	24 months	(3,061)
Total Capital Value Adjustments			(\$81,353)
Indicated Market Value			\$3,648,873
Adopt			\$3,650,000
Sensitivity Analysis			
Capitalisation Rate		Market Value	
6.25%		\$3,500,000	
6.00%		\$3,650,000	
5.75%		\$3,800,000	

32B Jamaica Drive, Grenada North

32B Jamaica Drive - Market Capitalisation Method		
Gross Market Income		\$455,890
Less Adopted Outgoings		(\$121,019)
Net Income		\$334,871
Capitalised @	6.000%	\$5,581,180
Capital Value Adjustments		
Rent Adjustments		
	Present Value of Rental Reversions	5,598
Capital Expenditure		
	Capital Sinking Fund Allowance 24 months	(4,340)
Total Capital Value Adjustments		\$1,258
Indicated Market Value		\$5,582,438
Adopt		\$5,575,000
Sensitivity Analysis		
Capitalisation Rate		Market Value
6.25%		\$5,350,000
6.00%		\$5,575,000
5.75%		\$5,825,000

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

11.2 Discounted Cash Flow Method

This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon.

In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, refurbishment costs, vacancies, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

Whereas the investment method capitalises income at a specific point in time, the DCF permits us to make allowances and forecasts over a predetermined investment period. The estimated cash flows including the reversionary value estimate at the end of the investment period are then discounted to provide the property's net present value.

The analysis is predicated on the assumption of a cash purchase. No allowance has been made for interest and other funding costs. As well, the DCF analysis proceeds on a before tax basis, and whilst we have not qualified any potential taxation benefits associated with the property, we are of the view that these are an issue that a prospective purchaser would reflect in their consideration.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10 year investment horizon.

Our critical DCF assumptions are:

Market Rental	We have adopted market rents as outlined the preceding section of this report.
Rental Growth	<p>In adopting our rental growth forecasts, we have had regard to several key factors, namely:</p> <ul style="list-style-type: none">• Market and prevailing business confidence;• New business growth;• Market trends and occupier preferences, and• Prevailing and forecasted vacancy levels. <p>As noted above, we have applied a growth rate to industrial, office and carpark rentals at an average of 1.95%, 1.73% and 1.64% per annum respectively.</p>
Terminal Yield	We have adopted a terminal capitalisation rates which sit 50 basis points above our market capitalisation rates for the respective properties reflecting the property will be 10 years older upon terminal sale.
Discount Rate	<p>In this instance we have applied a Discount Rate of 6.50% which includes a reasonable risk premium inherent with direct property investment and its illiquidity compared with other forms of investment.</p> <p>Additionally, in determining a suitable Discount Rate to apply we have been mindful of analysed IRR of comparable sales.</p>
Capital Expenditure	<p>We have made an annual allowance for each property reflecting 0.50% of the gross annual income in order to account for general capital expenditure requirements which are not recovered under the current lease document.</p> <p>In addition, refurbishment works are necessary to maintain the quality of the building accommodation. Allowances for such works normally coincide with</p>

	lease expiry and we have therefore adopted \$100/sqm for general light refurbishment works over the office accommodation components.
Vacancy / Letting Up	In terms of letting up periods, a term of 4 months has been allowed although we have also assumed a current lease renewal probability of 75% resulting in a 1-month vacancy period being adopted on future expiries. In addition, leasing fees have been applied.

We summarise our calculations under this method as follows:

32 Jamaica Drive, Grenada North

32 Jamaica Drive - Discount Cash Flow Method Summary										
Year Commencing	1	2	3	4	5	6	7	8	9	10
Period Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Office	\$132,225	\$132,225	\$121,711	\$134,572	\$135,445	\$138,634	\$140,036	\$145,155	\$133,493	\$152,798
Industrial	\$418,340	\$418,340	\$386,760	\$433,599	\$436,509	\$447,127	\$451,749	\$468,618	\$431,034	\$493,794
Car Parking	\$39,000	\$39,000	\$34,288	\$39,634	\$39,832	\$40,766	\$41,089	\$42,613	\$37,335	\$44,813
Base Passing Rent	\$589,565	\$589,565	\$542,759	\$607,806	\$611,786	\$626,528	\$632,874	\$656,385	\$601,862	\$691,405
Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Income	\$589,565	\$589,565	\$542,759	\$607,806	\$611,786	\$626,528	\$632,874	\$656,385	\$601,862	\$691,405
Outgoings										
Statutory expenses	\$53,027	\$53,597	\$54,032	\$54,661	\$55,536	\$56,689	\$58,022	\$59,370	\$60,825	\$62,231
Operating expenses	\$77,857	\$78,693	\$79,332	\$80,255	\$81,540	\$83,233	\$85,190	\$87,170	\$89,306	\$91,371
Non-recoverable expenses	\$15,146	\$15,309	\$15,433	\$15,613	\$15,863	\$16,192	\$16,573	\$16,958	\$17,374	\$17,775
Outgoings	\$146,030	\$147,599	\$148,798	\$150,528	\$152,938	\$156,114	\$159,784	\$163,499	\$167,506	\$171,377
Net Income	\$443,535	\$441,966	\$393,962	\$457,277	\$458,848	\$470,413	\$473,090	\$492,887	\$434,357	\$520,028
Allowances										
Leasing Costs	\$0	\$0	\$24,312	\$0	\$0	\$0	\$0	\$0	\$27,656	\$0
Allowances	\$0	\$0	\$24,312	\$0	\$0	\$0	\$0	\$0	\$27,656	\$0
Net Income before Capital Expenditure	\$443,535	\$441,966	\$369,649	\$457,277	\$458,848	\$470,413	\$473,090	\$492,887	\$406,700	\$520,028
Capital Expenditure										
Sinking Fund	\$2,948	\$2,948	\$2,714	\$3,039	\$3,059	\$3,133	\$3,164	\$3,282	\$3,009	\$3,457
Refurbishment on Expiry	\$0	\$0	\$64,162	\$0	\$0	\$0	\$0	\$0	\$72,270	\$0
Capital Expenditure	\$2,948	\$2,948	\$66,876	\$3,039	\$3,059	\$3,133	\$3,164	\$3,282	\$75,280	\$3,457
Net Income after Capital Expenditure	\$440,587	\$439,018	\$302,773	\$454,238	\$455,789	\$467,281	\$469,926	\$489,605	\$331,421	\$516,571

Terminal Valuation Summary	
Gross Market Income	\$710,163
Less Adopted Outgoings	(\$172,325)
Net Market Income	\$537,838
Less Vacancy Factor	0.00%
Net Income	\$537,838
Discount Rate	6.50%
Terminal Capitalisation Rate	6.13%
Core Capital Value (fully leased)	\$8,781,021
Capital Value Adjustments	(\$6,535)
Capitalised Value	\$8,774,486
Disposal Costs	(\$98,713)
Net Sale Proceeds	\$8,675,773

Adopted DCF Value	
Rounded NPV	\$7,825,000
10 Year IRR	6.42%

Discounted Cash Flow Summary	
Sum of Cash Flows (after Capex & Adj.)	\$4,367,208
Sum of Discounted Cash Flows	\$3,230,339
Present Value of Terminal Value	\$4,621,810
NPV (before acquisition costs)	\$7,852,149
Less Acquisition Costs	(\$19,581)
NPV (after acquisition costs)	\$7,832,568

10 Year Sensitivity Matrix					
	7.00%	6.75%	6.50%	6.25%	6.00%
6.63%	\$7,222,028	\$7,351,658	\$7,484,378	\$7,620,272	\$7,759,427
6.38%	\$7,381,641	\$7,515,049	\$7,651,645	\$7,791,517	\$7,934,754
6.13%	\$7,554,285	\$7,691,779	\$7,832,568	\$7,976,742	\$8,124,394
5.88%	\$7,741,623	\$7,883,550	\$8,028,888	\$8,177,731	\$8,330,175
5.63%	\$7,945,613	\$8,092,368	\$8,242,661	\$8,396,587	\$8,554,247

Adopted Growth Rates										
10 Year Avg.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CPI Growth										
1.77%	1.30%	1.00%	0.75%	1.30%	1.70%	2.20%	2.40%	2.30%	2.50%	2.25%
Industrial Market Rent Growth - Net										
1.95%	1.75%	1.15%	0.90%	1.45%	1.85%	2.35%	2.55%	2.45%	2.65%	2.40%

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

32A Jamaica Drive, Grenada North

32A Jamaica Drive - Discount Cash Flow Method Summary										
Year Commencing	1	2	3	4	5	6	7	8	9	10
Period Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Office	\$72,925	\$78,792	\$79,312	\$79,916	\$80,966	\$82,187	\$76,728	\$86,138	\$87,793	\$90,518
Industrial	\$121,052	\$125,556	\$127,097	\$128,888	\$130,686	\$132,776	\$124,047	\$139,401	\$142,172	\$146,736
Car Parking	\$24,741	\$28,600	\$28,774	\$29,012	\$29,332	\$29,771	\$26,420	\$31,159	\$31,604	\$32,663
Base Passing Rent	\$218,718	\$232,949	\$235,183	\$237,816	\$240,984	\$244,734	\$227,195	\$256,698	\$261,568	\$269,917
Recoveries										
Secured recoveries	\$35,426	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Renewal recoveries	\$36,211	\$78,904	\$79,545	\$80,470	\$81,758	\$83,456	\$78,150	\$87,403	\$89,546	\$91,615
Recoveries	\$71,637	\$78,904	\$79,545	\$80,470	\$81,758	\$83,456	\$78,150	\$87,403	\$89,546	\$91,615
Total Income	\$290,355	\$311,852	\$314,727	\$318,286	\$322,742	\$328,190	\$305,345	\$344,101	\$351,114	\$361,532
Outgoings										
Statutory expenses	\$32,463	\$32,812	\$33,078	\$33,463	\$33,999	\$34,705	\$35,520	\$36,346	\$37,237	\$38,098
Operating expenses	\$45,602	\$46,092	\$46,467	\$47,007	\$47,760	\$48,751	\$49,897	\$51,057	\$52,309	\$53,518
Non-recoverable expenses	\$8,078	\$8,165	\$8,231	\$8,327	\$8,460	\$8,636	\$8,839	\$9,044	\$9,266	\$9,480
Outgoings	\$86,143	\$87,069	\$87,776	\$88,797	\$90,218	\$92,092	\$94,257	\$96,448	\$98,812	\$101,095
Net Income	\$204,212	\$224,784	\$226,951	\$229,489	\$232,524	\$236,098	\$211,088	\$247,654	\$252,302	\$260,437
Allowances										
Leasing Costs	\$12,451	\$0	\$0	\$0	\$0	\$0	\$13,705	\$0	\$0	\$0
Allowances	\$12,451	\$0	\$0	\$0	\$0	\$0	\$13,705	\$0	\$0	\$0
Net Income before Capital Expenditure	\$191,761	\$224,784	\$226,951	\$229,489	\$232,524	\$236,098	\$197,384	\$247,654	\$252,302	\$260,437
Capital Expenditure										
Sinking Fund	\$1,452	\$1,559	\$1,574	\$1,591	\$1,614	\$1,641	\$1,527	\$1,721	\$1,756	\$1,808
Refurbishment on Expiry	\$45,243	\$0	\$0	\$0	\$0	\$0	\$49,422	\$0	\$0	\$0
Capital Expenditure	\$46,695	\$1,559	\$1,574	\$1,591	\$1,614	\$1,641	\$50,949	\$1,721	\$1,756	\$1,808
Net Income after Capital Expenditure	\$145,067	\$223,225	\$225,378	\$227,898	\$230,910	\$234,457	\$146,435	\$245,933	\$250,547	\$258,629

Terminal Valuation Summary	
Gross Market Income	\$371,233
Less Adopted Outgoings	(\$101,655)
Net Market Income	\$269,579
Less Vacancy Factor	0.00%
Net Income	\$269,579
Discount Rate	6.50%
Terminal Capitalisation Rate	6.50%
Core Capital Value (fully leased)	\$4,147,364
Capital Value Adjustments	(\$3,411)
Capitalised Value	\$4,143,954
Disposal Costs	(\$46,619)
Net Sale Proceeds	\$4,097,334

Adopted DCF Value	
Rounded NPV	\$3,775,000
10 Year IRR	6.78%

Discounted Cash Flow Summary	
Sum of Cash Flows (after Capex & Adj.)	\$2,188,478
Sum of Discounted Cash Flows	\$1,602,475
Present Value of Terminal Value	\$2,182,757
NPV (before acquisition costs)	\$3,785,232
Less Acquisition Costs	(\$9,439)
NPV (after acquisition costs)	\$3,775,792

10 Year Sensitivity Matrix					
	7.00%	6.75%	6.50%	6.25%	6.00%
7.00%	\$3,493,034	\$3,555,846	\$3,620,150	\$3,685,985	\$3,753,395
6.75%	\$3,564,543	\$3,629,048	\$3,695,088	\$3,762,706	\$3,831,945
6.50%	\$3,641,554	\$3,707,882	\$3,775,792	\$3,845,329	\$3,916,537
6.25%	\$3,724,726	\$3,793,022	\$3,862,952	\$3,934,562	\$4,007,897
6.00%	\$3,814,829	\$3,885,258	\$3,957,376	\$4,031,231	\$4,106,871

Adopted Growth Rates										
10 Year Avg.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CPI Growth										
1.77%	1.30%	1.00%	0.75%	1.30%	1.70%	2.20%	2.40%	2.30%	2.50%	2.25%
Industrial Market Rent Growth - Net										
2.03%	1.95%	1.22%	0.97%	1.52%	1.92%	2.42%	2.62%	2.52%	2.72%	2.47%

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

32B Jamaica Drive, Grenada North

32B Jamaica Drive - Discount Cash Flow Method Summary										
Year Commencing	1	2	3	4	5	6	7	8	9	10
Period Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Office	\$264,939	\$264,939	\$239,692	\$261,530	\$266,659	\$268,195	\$277,217	\$279,920	\$267,335	\$294,691
Industrial	\$62,501	\$62,501	\$59,147	\$65,079	\$66,442	\$66,850	\$69,188	\$69,889	\$66,834	\$73,704
Car Parking	\$23,400	\$23,400	\$22,566	\$26,313	\$26,758	\$26,924	\$27,735	\$28,037	\$25,436	\$29,468
Base Passing Rent	\$350,840	\$350,840	\$321,405	\$352,923	\$359,859	\$361,969	\$374,140	\$377,845	\$359,605	\$397,863
Recoveries										
Secured recoveries	\$108,870	\$110,040	\$16,013	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Renewal recoveries	\$0	\$0	\$85,500	\$112,224	\$114,021	\$116,388	\$119,124	\$121,894	\$114,729	\$127,767
Recoveries	\$108,870	\$110,040	\$101,513	\$112,224	\$114,021	\$116,388	\$119,124	\$121,894	\$114,729	\$127,767
Total Income	\$459,710	\$460,880	\$422,919	\$465,147	\$473,879	\$478,358	\$493,264	\$499,739	\$474,334	\$525,631
Outgoings										
Statutory expenses	\$49,243	\$49,772	\$50,176	\$50,759	\$51,572	\$52,643	\$53,881	\$55,133	\$56,484	\$57,790
Operating expenses	\$59,628	\$60,268	\$60,758	\$61,464	\$62,449	\$63,745	\$65,244	\$66,760	\$68,397	\$69,978
Non-recoverable expenses	\$13,329	\$13,472	\$13,581	\$13,739	\$13,959	\$14,249	\$14,584	\$14,923	\$15,289	\$15,642
Outgoings	\$122,199	\$123,512	\$124,515	\$125,963	\$127,980	\$130,637	\$133,709	\$136,817	\$140,170	\$143,410
Net Income	\$337,511	\$337,368	\$298,404	\$339,184	\$345,899	\$347,720	\$359,555	\$362,922	\$334,164	\$382,221
Allowances										
Leasing Costs	\$0	\$0	\$18,529	\$0	\$0	\$0	\$0	\$0	\$20,940	\$0
Allowances	\$0	\$0	\$18,529	\$0	\$0	\$0	\$0	\$0	\$20,940	\$0
Net Income before Capital Expenditure	\$337,511	\$337,368	\$279,875	\$339,184	\$345,899	\$347,720	\$359,555	\$362,922	\$313,224	\$382,221
Capital Expenditure										
Sinking Fund	\$2,299	\$2,304	\$2,115	\$2,326	\$2,369	\$2,392	\$2,466	\$2,499	\$2,372	\$2,628
Refurbishment on Expiry	\$0	\$0	\$153,667	\$0	\$0	\$0	\$0	\$0	\$171,357	\$0
Capital Expenditure	\$2,299	\$2,304	\$155,782	\$2,326	\$2,369	\$2,392	\$2,466	\$2,499	\$173,728	\$2,628
Net Income after Capital Expenditure	\$335,213	\$335,064	\$124,092	\$336,858	\$343,530	\$345,329	\$357,089	\$360,424	\$139,496	\$379,593

Terminal Valuation Summary	
Gross Market Income	\$543,118
Less Adopted Outgoings	(\$144,203)
Net Market Income	\$398,915
Less Vacancy Factor	0.00%
Net Income	\$398,915
Discount Rate	6.50%
Terminal Capitalisation Rate	6.50%
Core Capital Value (fully leased)	\$6,137,151
Capital Value Adjustments	(\$4,958)
Capitalised Value	\$6,132,192
Disposal Costs	(\$68,987)
Net Sale Proceeds	\$6,063,205

Adopted DCF Value	
Rounded NPV	\$5,475,000
10 Year IRR	6.38%

Discounted Cash Flow Summary	
Sum of Cash Flows (after Capex & Adj.)	\$3,056,687
Sum of Discounted Cash Flows	\$2,260,296
Present Value of Terminal Value	\$3,230,027
NPV (before acquisition costs)	\$5,490,324
Less Acquisition Costs	(\$13,692)
NPV (after acquisition costs)	\$5,476,632

10 Year Sensitivity Matrix					
	7.00%	6.75%	6.50%	6.25%	6.00%
7.00%	\$5,062,264	\$5,153,206	\$5,246,317	\$5,341,654	\$5,439,280
6.75%	\$5,168,083	\$5,261,529	\$5,357,209	\$5,455,184	\$5,555,516
6.50%	\$5,282,041	\$5,378,185	\$5,476,632	\$5,577,447	\$5,680,693
6.25%	\$5,405,117	\$5,504,173	\$5,605,609	\$5,709,491	\$5,815,885
6.00%	\$5,538,449	\$5,640,661	\$5,745,335	\$5,852,540	\$5,962,343

Adopted Growth Rates										
10 Year Avg.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CPI Growth										
1.77%	1.30%	1.00%	0.75%	1.30%	1.70%	2.20%	2.40%	2.30%	2.50%	2.25%
Office Market Rent Growth - Net										
1.71%	-0.41%	1.13%	0.88%	1.43%	1.83%	2.33%	2.53%	2.43%	2.63%	2.38%

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - 31 March 2021

11.3 Summary of Valuation Approaches

We summarise the above valuation approaches and methods as follows:

Valuation Method	32 Jamaica Drive	32A Jamaica Drive	32B Jamaica Drive
Capitalisation of Income	\$7,900,000	\$3,650,000	\$5,575,000
Discounted Cashflow	\$7,825,000	\$3,775,000	\$5,475,000
Market Value	\$7,875,000	\$3,700,000	\$5,525,000

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

12. Valuation Conclusion

Bayleys Valuations Limited confirms that we undertook an inspection of the property at **32, 32A & 32B Jamaica Drive, Grenada North, Wellington**, on 3 February 2021, in order to assess the Market Value for Mortgage Security, Capital Raising and Financial Reporting Purposes.

Subject to the critical assumptions and comments noted within this report, we hereby assess the combined Market Value of the abovementioned properties to be:

**Seventeen-Million, One Hundred Thousand Dollars
(NZ\$17,100,000)**

We confirm that the above 'in one line' valuation has been expressed on a plus GST (if any) basis. Further, our valuation excludes all selling costs and is not reliant upon any outstanding lease incentives.

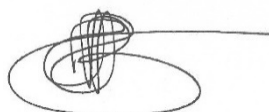
12.1 Valuation Analysis

Valuation Metric	32 Jamaica Drive	32A Jamaica Drive	32B Jamaica Drive
Net Rate	\$2,574 per sqm	\$2,517 per sqm	\$2,806 per sqm
Initial Yield	5.65%	6.44%	6.11%
Equivalent Yield	5.65%	5.92%	6.06%
IRR	6.42%	6.78%	6.38%

12.2 Signatory

We thank you for your instructions in this matter and if you require any further assistance, please contact the undersigned.

Prepared by
Bayleys Valuations Limited



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32, 32A & 32B Jamaica Drive, Grenada North, Wellington – **31 March 2021**

13. General Principles

Valuation Standards	This valuation has been performed in accordance with International Valuation Standards - IVS (effective 31 January 2020), and the relevant Australia and New Zealand Valuation and Property Standards as approved by the New Zealand Institute of Valuers (NZIV) Council. The definition of Market Value as defined by the International Valuation Standards (IVS) effective 31 January 2020 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".
Valuation Basis	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 thereon.
Information Supplied	The valuation assumes as being complete and correct information provided to us by the sources detailed in our report on any relevant matters including, without limitation, items such as rents, operating expenses, tenure, tenancies and tenant's improvements. We accept no responsibility, however, for the completeness and accuracy of information provided to us.
Documentation	Our inspection has included searching of the Certificate(s) of Title and if appropriate and where available, the ground and/or building lease(s) and other relevant tenancy schedules and documents. We recommend that reliance should not be placed on our interpretation thereof without prior verification by your lawyers.
Title	Unless specifically stated in the report, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there were no unusual or onerous restrictions, easements, covenants or other outgoings which would adversely affect the value or negotiability of the relevant interest(s).
Title Boundaries	We have not carried out a detailed site survey and we have of necessity assumed for the purposes of the valuation that all structural improvements have been erected within the Title Boundaries. We do not undertake a measurement of the site or survey but calculate the site areas by reference to identified boundaries of the property and the appropriate Record of Title.
Resource Management Act 1991	Our valuation is on the basis of uses indicated on our copies of the Transitional District Plan, Proposed District Plan and District Plan (as the case may be) and our enquiries of the Territorial Authority as to any Resource Consents for the land.
LIM & PIM	<p>Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.</p> <p>It is considered an obligation of the recipient of the report to request a Land Information Memorandum from the appropriate local authority and search legal registrations on the relevant Record of Title, in order to satisfy themselves as to the suitability of the property for their specific purpose.</p>
Valuation	<p>The valuation provided is our opinion of the market value. This value may change in the future due to market conditions and changes to the state of the property.</p> <p>For the purposes of our valuation we have assumed there will be no adverse market changes in the short to medium term.</p>
Validity	<p>Should a period of greater than three months elapse from the date of preparation of the report, it is recommended that the person to whom it is addressed seek confirmation from the Valuer concerned that the valuation can still be relied upon in context of relevant current market situation. Failing to do so will nullify the validity of the report as well strict reliance upon a copy of the same unless previously agreed to in writing between us and the recipient and/or end user.</p> <p>If a copy of the report is relied upon, we cannot guarantee the accuracy of the same which could be at variance with the original document. Furthermore, the reference to the 3 month time period does not imply that the value will remain static during this time.</p> <p>From the perspective of Bayleys Valuations Ltd, this valuation is valid by valuer signature only.</p>

32, 32A & 32B Jamaica Drive, Grenada North, Wellington - **31 March 2021**

Practising Certificate	This valuation has been carried out by a Registered Valuer carrying a current practising certificate.
Insurance	BVL hold Professional Indemnity cover that is at a level accepted by our large corporate clients and banks and it is at/or above industry standards. A copy of our certificate is available upon request.
Acceptance of Reports	The use of this report by the client/instructing party for market value/mortgage purposes in its current format is deemed an acceptance by the same of all value, terms, conditions and specification contained herein unless advised to the contrary immediately.
Inspections	We undertake such inspections and conduct investigations as are, in our opinion, correct in our personal judgement, appropriate and possible in the particular circumstance.
Legislation	Building Act 2004, Health and Safety at Work Act 2015, Fire Safety and Evacuation of Buildings Regulations 2006, Disabled Persons Community Welfare Act 1975. Unless otherwise stated in our report, our valuation is on the basis that the property complies with this legislation or it has no significant impact on the value of the property.
Structural Surveys	The valuation report does not purport to be a structural survey and we accept no responsibility for the omission of building or other defects which may not be apparent without such a survey.
Deleterious Materials	Unless stated in our report, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless notified, our valuations assume that no such materials or methods have been used (e.g. asbestos, PCBs).
Site Conditions	We do not carry out investigations on-site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of properties which may have redevelopment potential, we assume that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems.
Environmental Contamination	Our valuations assume that no contaminative or potentially contaminative use is, or ever has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.
Plant & Machinery	Our valuations include items usually regarded as forming part of the building and comprising fixtures, such as lifts, boilers, heating, ventilation, air conditioning, water, drainage, electrical, lighting, fire detection and sprinkler systems. We have assumed the fixtures are in proper working order and functioning for the purpose for which they were designed.
Taxation, GST	In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. In respect to Goods and Services Tax we specifically draw your attention to the fact that our valuation is on the following basis: <ul style="list-style-type: none"> • Non Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that valuation is plus GST (if any). • Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
Publication	Neither the whole nor any part of our reports, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way without any written approval of the form and context of such publication or disclosure. Such approval is required whether or not Bayleys Valuations Ltd referred to by name and whether or not the reports are combined with others.

Appendix

1. Record(s) 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

Estate Fee Simple
Area 6756 square metres more or less
Legal Description Lot 1 Deposited Plan 471567
Registered Owners
PMG Generation Fund Trustees Limited

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)

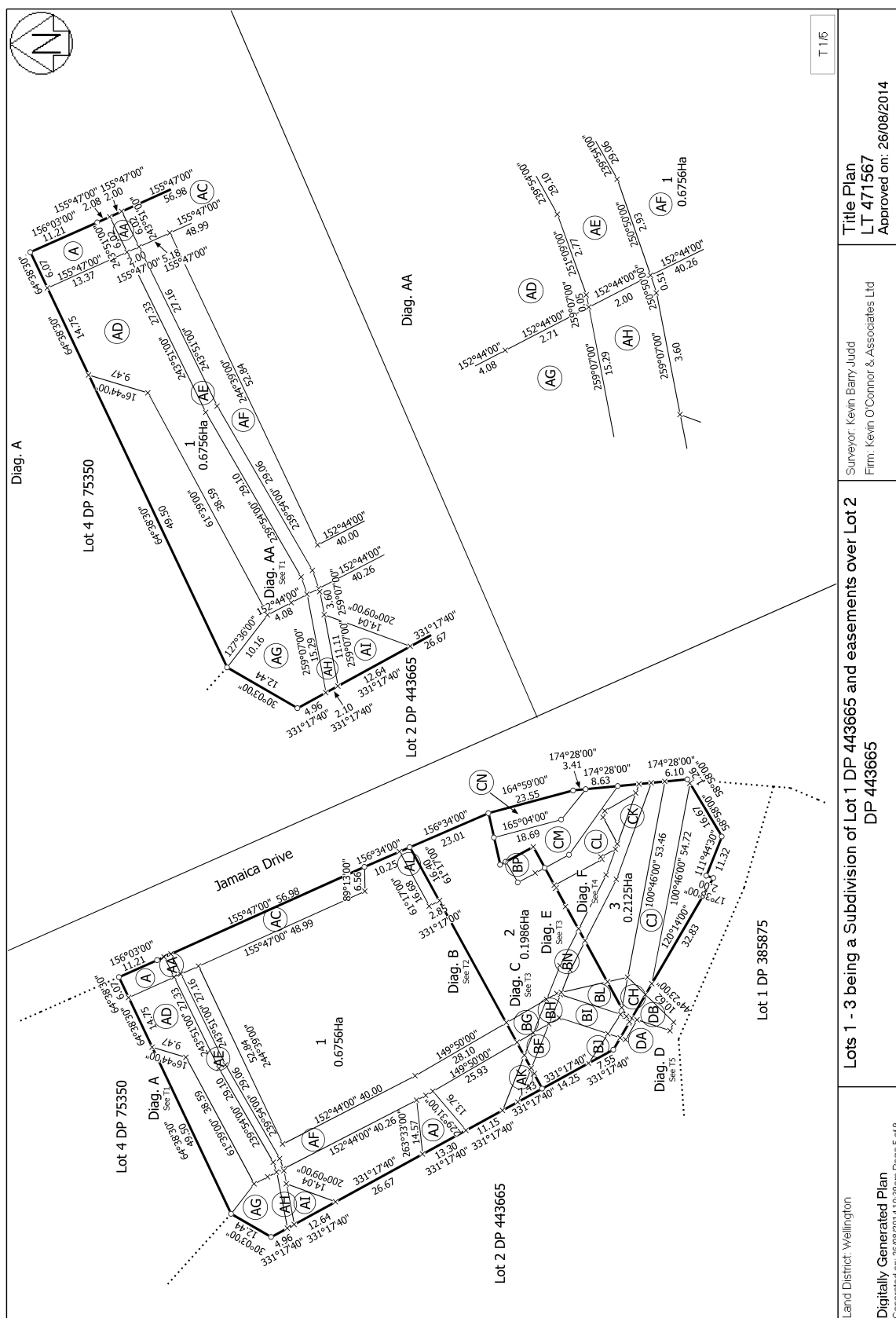
8839054.3 Encumbrance to Market Gardeners Limited - 5.9.2011 at 9:06 am

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

11721099.3 Mortgage to ASB Bank Limited - 31.3.2020 at 4:47 pm





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

Estate Fee Simple
Area 1986 square metres more or less
Legal Description Lot 2 Deposited Plan 471567
Registered Owners
PMG Generation Fund Trustees Limited

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

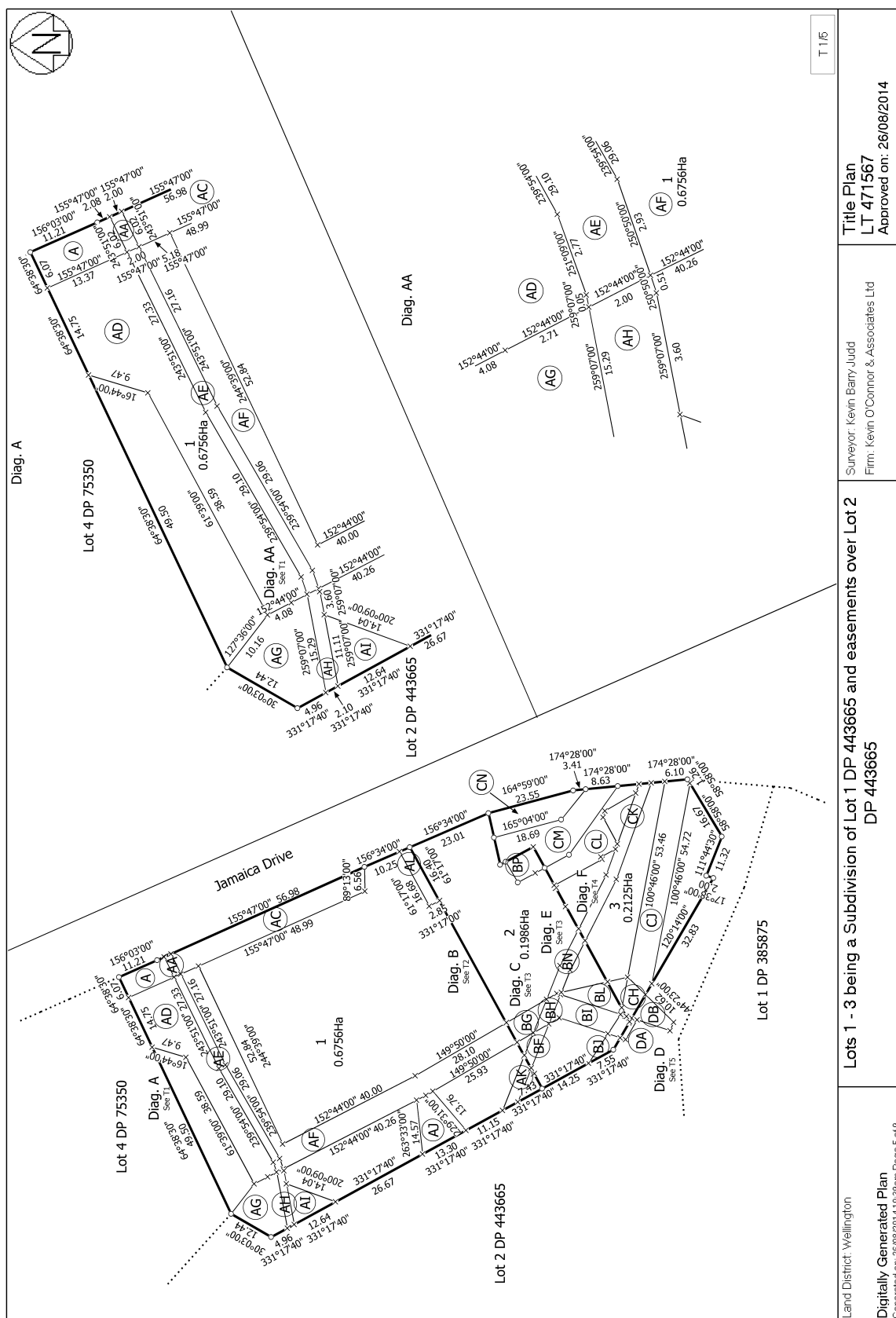
Appurtenant hereto are party wall easements, a right of way, a right to drain water and sewage and a right to convey gas, water, electricity, telecommunications and computer media created by Easement Instrument 9746773.2 - 22.8.2014 at 11:22 am

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

11721099.3 Mortgage to ASB Bank Limited - 31.3.2020 at 4:47 pm





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

Estate Fee Simple
Area 2125 square metres more or less
Legal Description Lot 3 Deposited Plan 471567
Registered Owners
PMG Generation Fund Trustees Limited

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

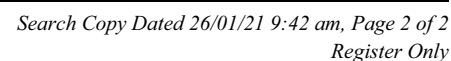
Subject to a party wall easement over parts marked CA, CB, CC, CD, CE & CF, a right of way over part marked CM, a right to drain water over parts marked CA, CB, CC, CG, CH, CI, CL, CM & CN and a right to convey water, electricity, telecommunications and computer media and a right to drain sewage over 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

11721099.3 Mortgage to ASB Bank Limited - 31.3.2020 at 4:47 pm



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