

8 Sales Evidence

8.1 Sales Transactions

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



519-521 Lake Road, Takapuna

The property comprises a 4,882 sqm 4 storey commercial office building and 74 car parks located at 519-521 Lake Road, Takapuna. The property is situated on a 2,587 sqm L-shaped site zoned Metropolitan Centre (Takapuna Sub-precinct B) under the Auckland Unitary Plan which has a maximum height limit of 36.5 metres. The zoning and height limit provides potential for future development of a taller structure than currently exists on site. At the time of sale the property was leased to Work and Income New Zealand who occupy 1,589 sqm on the ground floor and Brand Developers who occupy 3,294 sqm across levels 1, 2 and 3, on a 12-year lease to 2026 with one 6-year right of renewal. We are aware that there is an option upon a three-year notice period to yield vacant possession for the Brand Developers premises. The Work and Income lease expires early 2017 but has two further 3 year rights of renewal that can be executed. The property returns a combined rental of \$1,405,781 per annum (net).

The property sold in November 2016 for \$24,500,000 plus GST, reflecting an initial yield of 5.74% and a land and buildings rate of \$5,018 psm.



Millennium Centre, 600-612 Great South Road, Ellerslie

The Millennium Centre is a commercial office park consisting of seven freestanding office buildings together with a six level car park tower on a total land area of 3.0433 hectares. In total the Millennium Centre provides circa 43,000 sqm of lettable area.

Millennium 1 was completed in late 2000 and consists of three freestanding buildings with basement car parking and communal facilities. The six level car park tower is also situated on this Lot.

Millennium 2 was completed in late 2005 and is situated north west of Millennium 1 and Yellow HQ. This stage also consists of three freestanding buildings with extensive basement car parking and a freestanding gymnasium building.

The Yellow HQ building was completed in 2009 and comprises a single building with three levels of office accommodation and ground floor retail.

The Millennium Centre sold in September 2016 with settlement in February 2017 to Oyster Property Group for \$210 million. Our analysis of the combined cashflow indicates an initial yield of 7.25%, an equivalent yield of 7.36% and an IRR of 8.86%. The property had a WALT of 4.50 years at the time of sale.



Century Arcade, 62-78 Hurstmere Road, Takapuna

Century Arcade comprises a modern, single level retail arcade fronting Hurstmere Road with rear access from a service lane abutting the Council car park. The property has a total net lettable area of 1,165 sqm and comprises 11 retail tenancies, a storage component and 10 car parking bays to the rear. The majority of the tenancies trade onto Hurstmere Road, with a number receiving additional exposure to the internal arcade.

The retail tenancies are fully leased at the date of sale with the exception of Shop 6 which has a vendor underwrite for two years from settlement date at \$138,220 pa. We understand that one car park was also vacant at the date of sale.

The property sold in August 2016 for \$15 million. The sale reflects an initial yield of 5.14%, an equivalent yield of 4.83% and an IRR of 7.09%. The WALT was 3.4 years at the time of sale.



Telco Building, 16 Kingston Street, Auckland

The Telco Building comprises a 19 level office building including two basement levels with parking for 40 cars. The property was completed in early 1989. To 60 Federal Street, a separate 4-storey building, completed in 1987. Amenities in the building include a gymnasium and running track. The property has a total net lettable area of circa 7,865 square metres.

The property is leased to a variety of tenants including Telco Corp, The Results Group and Fletcher Construction.

The property sold in July 2016 for \$31.75 million. The sale reflects an initial yield of 6.79%, an equivalent yield of 6.80% and an IRR of 7.99%. The property had a WALT of 2.79 years at the time of sale.



92 Albert Street, Auckland

92 Albert Street comprises a 15 level office tower with a two level retail plaza. The property was completed in 1988 and substantially refurbished in 2008. The property was awarded a 4-star green rating by the NZ Green Building Council.

The property has a total net lettable area of circa 11,380 square metres with floor plates of circa 722 sqm. There are no on-site car parks associated with the property. At the time of sale the property was 84% occupied with a WALT of approximately 3.3 years.

The property sold in June 2016 for \$36 million to a private investor. The sale reflects an initial yield 6.64% with further analysis indicating an equivalent yield in the range of 7.75% - 8.00%. Alternatively the sale reflects a land and building rate of \$3,163 per sqm.



Unisys House, 650 Great South Road, Ellerslie

The property comprises a five level commercial office building including basement car parking, with a total lettable floor area of approximately 8,335 sqm. The property is situated on an 'L' shaped, 6,573 sqm site on the eastern side of Great South Road in Ellerslie, neighbouring Goodman's Central Park.

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

The property benefits from a WALT of 3.26 years by income, and was sold in June 2016 for \$31,800,000 plus GST which reflects an initial yield of 8.23%, an equivalent yield of 7.50% and an IRR of 8.56%.



Connect Business Park, 583 Great South Road, Penrose

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

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

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



34 Shortland Street, Auckland

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

The property provides a 3.59 year WALT by income and is leased to tenants including Turners Limited, The Partners of Haigh Lyon and Dorchester Pacific. Part levels 11, 12 and 13 are subject to a vendor underwrite with 22 car parks vacant at the time of sale.

The property sold in December 2015 for \$44.60 million. The sale of the strata interest reflects an initial yield of 7.10%, an equivalent yield of 6.85% and an IRR of 8.50%.



56 Wakefield Street, Auckland

The property comprises a 16 level commercial building providing nine levels of office accommodation and seven levels of car parking. The property was originally completed in 1987 by Parnell Enterprises as a car park building with the eight levels of office space added in 1998 by Shortland Properties. The building provides 9,586 square meters of office accommodation, 381 square meters of retail accommodation and parking for 367 cars. The office floor plates are circa 1,043 square meters and the office tower is serviced by four Schindler (16 persons 1,150 kg) lifts.

The building has a seismic rating of 100% NBS (NZSEE rating A).

AUT occupy levels 2, 9 through to 14 and part level 15. The remainder of level 15 and all of level 16 (formerly occupied by Oracle) are subject to an underwrite by Mansons Properties and have subsequently been sub-leased back to AUT. Wilson Parking lease 355 of the parking spaces.

The property sold in November 2015 for \$43,000,000 reflecting an initial yield of 7.69%, an equivalent yield of 7.39% and an IRR of 9.06%.



Kiwi Bank House, 151 Victoria Street West

The property comprises a fully tenanted 5-level office tower situated on a recently subdivided site comprising an area of 1,741 sqm.

The property has frontage to Victoria Street West and Hardinge Street. Also included are 15 on-site car parks and an easement over 60 basement car parks on the adjacent development site. The property is subject to a 9 year lease commencing 1 July 2013 to New Zealand Post Limited with annual fixed 2.75% increases.

The property sold in October 2015 for \$27.35 million. The sale reflects an initial yield of 6.17%, an equivalent yield of 6.29% and an IRR of 8.53%. The property has a WALT of 6.67 years at the time of sale.



8 Nugent Street, Grafton

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

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

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



51 Corinthian Drive, North Shore

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

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

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



35 Teed Street, Newmarket

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

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

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



44 Taharoto Road, Takapuna

The property comprises three commercial buildings with a total of 5,478 sqm of lettable area, together with 251 car parks. The property sits on three separate Titles totalling 1.06 hectares, and is fully leased with tenants including the Waitemata District Health Board, HealthAlliance, My Remedy, and Salvacare Biotechnologies.

The property sold in January 2015 for \$20,000,000 reflecting an initial yield of 7.58%, an equivalent yield of 7.97%, an IRR of 9.07% and a WALT of 2.89 years.

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

Property Address	Sale Date	Sale Price	Initial Yield	Equivalent Yield	IRR	WALT
519-521 Lake Road, Takapuna	Nov-16	\$24.50 m	5.74%	-	-	6.58 years
Millennium Centre, 600-612 Great South Road, Ellerslie	Sep-16	\$210.00 m	7.25%	7.36%	8.86%	4.50 years
Century Arcade, 62-78 Hurstmere Road, Takapuna	Aug-16	\$15.00 m	5.14%	4.83%	7.09%	3.40 years
Telco Building 16 Kingston Street	Jul-16	\$31.75 m	6.79%	6.80%	7.99%	2.79 years
92 Albert Street, Auckland	Jun-16	\$36.00 m	6.64%	7.75% - 8.00%	-	3.30 years
Unisys House, 650 Great South Road, Ellerslie	Jun-16	\$31.80 m	8.23%	7.50%	8.56%	3.26 years
Connect Business Park, 583 Great South Road, Penrose	Jun-16	\$40.90 m	7.14%	7.01%	8.72%	9.21 years
34 Shortland Street, Auckland	Dec-15	\$44.60 m	7.10%	6.85%	8.50%	3.59 years
Kiwi Bank House, 151 Victoria Street West	Oct-15	\$27.35 m	6.17%	6.29%	8.53%	6.67 years
8 Nugent Street Grafton	Aug-15	\$42.00 m	7.08%	6.40%	8.51%	5.04 years
51 Corinthian Drive North Shore	Jul-15	\$15.15 m	7.19%	7.23%	8.74%	5.42 years
35 Teed Street, Newmarket	Jun-15	\$17.00 m	6.54%	6.57%	8.75%	5.15 years
44 Taharoto Road, Takapuna	Jan-15	\$20.00 m	7.58%	7.97%	9.07%	2.89 years

In addition to the above transactions we are also aware of a sale being concluded for 19 Victoria Street West, Auckland CBD.

19 Victoria Street West sold in October 2016 for \$30 million reflecting an initial yield of 6.37%. The property has a WALT of 2.9 years and the sale reflects a land and buildings rate of \$3,932 per sqm. This property is superior to the subject and is in a central Auckland CBD location.

8.2 Market Capitalisation Rate Conclusion

The subject property is let to various tenants with a WALT by income of approximately 4.8 years. The property is well presented and the recently completed car parking building is a positive benefit to the overall property providing much needed car parking together with additional medical space.

With the new lease to Amplifon on part Level 2 of 4 Fred Thomas Drive there is potential to lease the remaining vacant space on part of level 2 that is currently subject to an underwrite and further strengthen the cash flow over the medium term along with the WALT.

There have been a number of office buildings sales within Auckland CBD and surrounding city fringe areas over the past 12 months however very few sales of scale on the North Shore.

The recent sale of 521 Lake Road, Takapuna for \$24.5 million reflects an initial yield of 5.74%. This sale is considered to be an outlier with the value metrics showing a considerable premium above other similar properties. Under the Unitary Plan the site has a height limit of 36.5 metres and the property may lend itself towards a residential conversion in the medium to long term.

The Millennium Centre sale for \$210 million at an initial yield of 7.25% reflects the scale of the investment. This is one of the largest office transactions to occur in New Zealand.

The sale of Century Arcade is difficult to compare to the subject given that it is low rise retail property in a central Takapuna location with redevelopment potential. It also falls into a much lower price bracket.

Connect Business Park comprises a four level office building in Penrose. The building is 100% occupied with a WALT of 9.21 years. The property sold in June 2016 for \$40.9 million. The sale reflects an initial yield of 7.14%, an equivalent yield of 7.01% and an IRR of 8.72%. The property is considered inferior to the subject in terms of quality and location, however provides a long WALT and is 100% occupied.

Other suburban office sales include 8 Nugent Street, Grafton which was purchased by Argosy for \$42 million in August 2015. At the time of sale the rents were thought to be around market levels however we understand there has been subsequent income growth through market rent reviews which would increase the yield metrics on the purchase price.

We are also aware of the details of several other potential transactions for suburban office properties which show yields that are not too dissimilar to other recent transactions.

Bearing in mind the WALT of circa 4.6 years together with the quality of the property, the covenant of the office tenants, vendor underwrites and the diversified income stream from the medical component we have adopted a market equivalent capitalisation rate of 6.875%.

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

Variable	Input
Capitalisation Rate - Core Income	6.875%
Discount Rate	8.50%

The initial yield is an important market measure and at our adopted value the initial yield equates to 7.01%.

9 Valuation Considerations

9.1 SWOT Analysis

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

Strengths	Weaknesses
<ul style="list-style-type: none">• WALT of 4.6 years, by income which is attractive in the current market• The work completed to both buildings over recent years has enhanced the profile of the properties and the marketability of vacant space to potential tenants• Good ratio of on-site car parks• Diversified income stream with the medical component contributing approximately 21% of income• Both buildings have large floor plates with a range of tenancy sizes available• Vendor underwrites strengthen the cashflow and WALT	<ul style="list-style-type: none">• Limited number of large floor plate tenants on the North Shore• Uncertainty and potential stigma associated with the potential contamination of the site• Existing tenancies within both buildings make it difficult to refurbish whole floors at the same time• A fringe Takapuna location in terms of office accommodation• Subject to a number of vendor underwrites which provide certainty of income over the short term, however there is risk in being able to maintain a similar (or better) income position once underwrites expire
Opportunities	Threats
<ul style="list-style-type: none">• Potential to relocate tenants between buildings to allow older space to be refurbished• Large office area on Level 2 leased by The Electoral Commission on a short term basis, could be split into smaller tenancy areas in the future dependent on market demand• Re-sign existing tenants nearing lease expiry and secure new tenants on medium to long term leases• Increase the cashflow through future rent reviews• Create additional storage units in the warehouse to increase cashflow	<ul style="list-style-type: none">• Potential loss of tenants on lease expiry• Risk of not being able to recover all of the car park buildings outgoings within the proposed timeframe which will erode net rent• Competition from other landlords and new build office developments• Any future interest rate increases• The full impact of credit tightening by the major banks has yet to be felt• Potential for global economic events to impact on the local market

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 6 months.

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

9.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be a private investor or syndicator.

9.4 Sales History

The property is subject to a Sale and Purchase Agreement for a purchase price of \$60,850,000 plus GST, if any. The contract is subject to a number of alterations and additions including the vendor underwrites summarised in this report. In our opinion the purchase price is reflective of the current market.

10 Valuation Rationale

10.1 Valuation Overview

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

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

10.2 Valuation Criteria

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

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

We have adopted a core capitalisation rate of 6.875% on our adopted market rental profile and a target discount rate of 8.50%.

10.3 Capitalisation Approach

Introduction

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

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$3,246,948
Car Parking Rental	\$956,150
Ideal Outgoings Recovery (Full Net Leases)	\$777,648
Total Market Rental	\$4,980,746
Less Outgoings Expenditure	(\$777,648)
Net Market Rental	\$4,203,098
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$4,203,098
Core Income Capitalised at 6.88%	\$61,135,977
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$95,712
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$392,883)
Present Value of Short Term Capital Expenditure: 24 months	(\$173,304)
Total Value Adjustments	(\$470,475)
Total Capitalised Value	\$60,665,502
Adopted Capitalised Value	\$60,670,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Letting Up Allowances

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

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$173,304.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$60,670,000.

Our detailed calculations are annexed to this report.

10.4 Discounted Cash Flow Approach

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

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

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

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Office							10 year average		2.55%	
	2.50%	3.00%	2.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Medical							10 year average		2.55%	
	2.50%	3.00%	2.75%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CPI							10 year average		1.96%	
	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		1.96%	
	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		2.96%	
	1.80%	8.92%	5.13%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

Letting Up/Incentive/Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have assumed a new lease term for office tenants of 6.0 years and associated agents/leasing costs of 14.00%. We have also assumed a new lease term for medical tenants of 6.0 years. Our allowances are outlined in the table below:

Office Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex \$/sqm	Probability
Vacant	6 months	0%	0%	100%	\$0	100%
Year 1	6 months	50%	0%	100%	\$75	100%
Year 2	6 months	50%	0%	100%	\$75	100%
Year 3	6 months	70%	0%	100%	\$75	100%
Year 4	6 months	70%	0%	100%	\$100	100%
Year 5	6 months	70%	0%	100%	\$100	100%
Year 6	6 months	70%	0%	100%	\$100	100%
Year 7	6 months	70%	0%	100%	\$105	100%
Year 8	6 months	70%	0%	100%	\$105	100%
Year 9	6 months	70%	0%	100%	\$105	100%
Year 10	6 months	70%	0%	100%	\$105	100%

Medical Letting Up Allowances

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

Capital Expenditure

Within our calculations we have made our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. These allowances are adjusted by CPI throughout the cash flow.

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

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$34,197	Year 6	\$53,538
Year 2	\$127,917	Year 7	\$177,281
Year 3	\$272,650	Year 8	\$126,734
Year 4	\$31,712	Year 9	\$505,857
Year 5	\$246,943	Year 10	\$554,817

Total CAPEX allowances amount to \$2,131,646 (\$173.82 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.13% (a 0.25% softening to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

Transaction Costs

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

Transaction Costs	
Acquisition Costs	Nil
Disposal Costs	1.00% of the forecast Terminal Value

Discount Rate

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

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

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.50% to the cash flows to produce a present value of \$60,920,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	6.875%	7.125%	7.375%
8.25%	\$63,220,000	\$61,980,000	\$60,820,000
8.50%	\$62,140,000	\$60,930,000	\$59,790,000
8.75%	\$61,080,000	\$59,900,000	\$58,790,000

10.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$60,670,000
Capitalisation Approach - Contract Income	\$60,660,000
Discounted Cash Flow Approach	\$60,920,000
Adopted Value	\$60,850,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure of **\$60,850,000** plus GST (if any).

The assessed value reflects an initial passing yield of 7.01%, an equivalent yield of 6.85%, an internal rate of return of 8.51%, and a rate of \$4,962 per square metre of Net Lettable Area, as leased.

11 Valuation

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

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 2 May 2017, is:

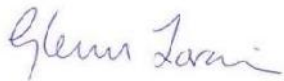
\$60,850,000 plus GST (if any)

Sixty Million Eight Hundred Fifty Thousand Dollars plus GST (if any)

Finally, and in accordance with our normal practice, we confirm that this report is confidential to Maat Consulting Limited for Acquisition, Syndication, Product Disclosure Statement and to China Construction Bank for Mortgage Security Purposes. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

JLL, Valuation & Advisory



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Report linked to N:\030 VALUATIONS\VALUATIONS\North Shore City\Fred Thomas 2\2017\Maat\Fred Thomas Dr 2, 3, & 4, CMV - May 2017.xlsm

N:\030 VALUATIONS\VALUATIONS\North Shore City\Fred Thomas 2\2017\Maat\Fred Thomas Drive 2 and 4_MV_May 2017.docx

Computer Interest Register



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



R. W. Muir
Registrar-General
of Land

Search Copy

Identifier NA88C/125
Land Registration District North Auckland
Date Issued 19 March 1992

Prior References

NA67B/200

Estate	Fee Simple
Area	17 square metres more or less
Legal Description	Section 1 Survey Office Plan 61394

Proprietors

Fred Thomas Drive Investments Limited

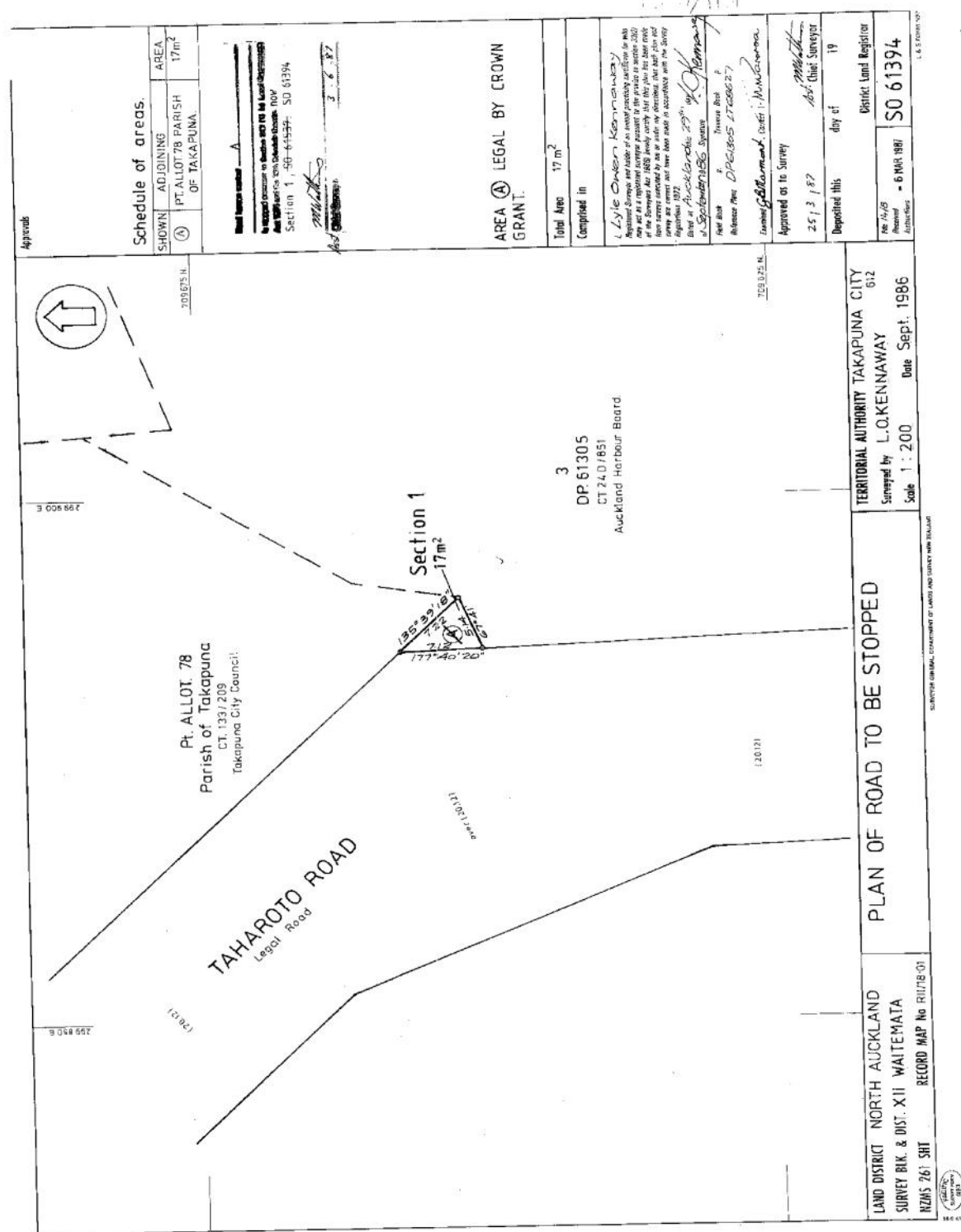
Interests

Subject to a electricity right (in gross) over part in favour of The Waitemata Electric Power Board created by Transfer C205801.1 - 26.10.1990 at 2.13 pm

8651186.6 Mortgage to Bank of New Zealand - 17.12.2010 at 4:31 pm

8651186.7 Mortgage to (now) Graham Maxwell Drury, Gloria Kaye Drury, SRHB 2006 Trustee Company Limited, Gregory John Smale, Felicity Lexy Smale, Keegan Alexander Trustee Company Limited, Shea Investments Limited and Northcote Rd 1 Holdings Limited - 17.12.2010 at 4:31 pm

10073679.1 Variation of Mortgage 8651186.6 - 8.7.2015 at 10:49 am





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA89B/718
Land Registration District North Auckland
Date Issued 08 April 1992

Prior References

NA88C/123

Estate Fee Simple
Area 5915 square metres more or less
Legal Description Lot 1 Deposited Plan 150159

Proprietors

Fred Thomas Drive Investments Limited

Interests

A256162 Certifying the line of a trunk sewer - 7.11.1967 at 9.00 am

A256165 Certifying the line of a trunk sewer - 7.11.1967 at 9.00 am

A256160 Certifying the line of a trunk sewer - 7.11.1967 at 9.00 am

A333336 Certifying the line of a trunk sewer - 19.12.1968 at 9.00 am

Subject to an electricity right (in gross) over part marked C on DP 150159 in favour of the Waitemata Electric Power Board created by Transfer C205801.1

Appurtenant hereto is a parking right specified in Easement Certificate C363382.4 - 8.4.1992 at 2.46 pm

The easements specified in Easement Certificate C363382.4 are subject to Section 243 (a) Resource Management Act 1991

Appurtenant hereto is a right of way created by Easement Instrument 7421214.5 - 18.6.2007 at 9:00 am

8651186.6 Mortgage to Bank of New Zealand - 17.12.2010 at 4:31 pm

8651186.7 Mortgage to (now) Graham Maxwell Drury, Gloria Kaye Drury, SRHB 2006 Trustee Company Limited, Gregory John Smale, Felicity Lexy Smale, Keegan Alexander Trustee Company Limited, Shea Investments Limited and Northcote Rd 1 Holdings Limited - 17.12.2010 at 4:31 pm

10048219.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA89B/719) - 1.5.2015 at 7:00 am

10073679.1 Variation of Mortgage 8651186.6 - 8.7.2015 at 10:49 am





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA89B/719
Land Registration District North Auckland
Date Issued 08 April 1992

Prior References

NA88C/123

Estate Fee Simple
Area 9291 square metres more or less
Legal Description Lot 2 Deposited Plan 150159

Proprietors

Fred Thomas Drive Investments Limited

Interests

A256160 Certifying the line of a trunk sewer - 7.11.1967 at 9.00 am

A256162 Certifying the line of a trunk sewer - 7.11.1967 at 9.00 am

A256165 Certifying the line of a trunk sewer - 7.11.1967 at 9.00 am

A333336 Certifying the line of a trunk sewer - 19.12.1968 at 9.00 am

Subject to an electricity right (in gross) over parts marked D & E on DP 150159 in favour of the Waitemata Electric Power Board created by Transfer C205801.1

Subject to a parking right over parts marked A and D on DP 150159 specified in Easement Certificate C363382.4 - 8.4.1992 at 2.46 pm

The easements specified in Easement Certificate C363382.4 are subject to Section 243 (a) Resource Management Act 1991

8651186.6 Mortgage to Bank of New Zealand - 17.12.2010 at 4:31 pm

8651186.7 Mortgage to (now) Graham Maxwell Drury, Gloria Kaye Drury, SRHB 2006 Trustee Company Limited, Gregory John Smale, Felicity Lexy Smale, Keegan Alexander Trustee Company Limited, Shea Investments Limited and Northcote Rd 1 Holdings Limited - 17.12.2010 at 4:31 pm

10048219.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA89B/718) - 1.5.2015 at 7:00 am

10073679.1 Variation of Mortgage 8651186.6 - 8.7.2015 at 10:49 am



Valuation Calculations

Property	Commercial Property - 2, 3 & 4 Fred Thomas Drive, Takapuna
Net Lettable Area	12,263 square metres
Car Parking	446 spaces - 1 car park per 27.50 sqm
Prepared For	Maat Consulting Limited
Purpose	Acquisition, Syndication, Product Disclosure Statement and to China
Date of Valuation	2 May 2017
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$60,850,000 plus GST (if any)

Valuation Analysis	
Initial Yield (Net Passing)	7.01%
Initial Yield (Fully Leased)	7.01%
Equivalent Yield	6.85%
Internal Rate of Return (Ten Year)	8.51%
Weighted Average Lease Term - Income	4.64 years
Weighted Average Lease Term - Area	4.45 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$4,962 /sqm

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

Capitalisation Approach

Value Based on Market Capitalisation	\$60,670,000
Value Based on Contract Capitalisation	\$60,660,000
Capitalisation Rate	6.88%

Discounted Cashflow Approach

Value Based on DCF Approach	\$60,920,000
Discount Rate	8.50%
Terminal Capitalisation Rate	7.13%
Nominal Assumed Rental Growth	2.56% pa
Nominal Assumed CPI	1.96% pa

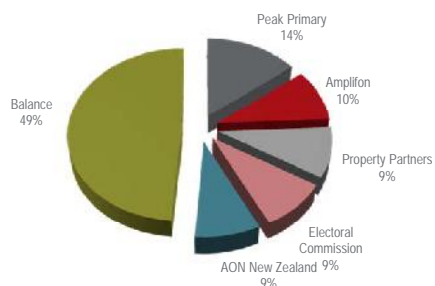
Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$4,348,848	\$4,203,098
Other Income		
Recoverable Outgoings	\$696,654	\$777,648
Gross Income	\$5,045,502	\$4,980,746
Total Outgoings	(\$777,648)	(\$777,648)
Less Year 1 Incentives		
Net Income	\$4,267,854	\$4,203,098

DCF Sensitivity Analysis

Discount Rate	6.88%	7.13%	7.38%
8.25%	\$63,220,000	\$61,980,000	\$60,820,000
8.50%	\$62,140,000	\$60,930,000	\$59,790,000
8.75%	\$61,080,000	\$59,900,000	\$58,790,000

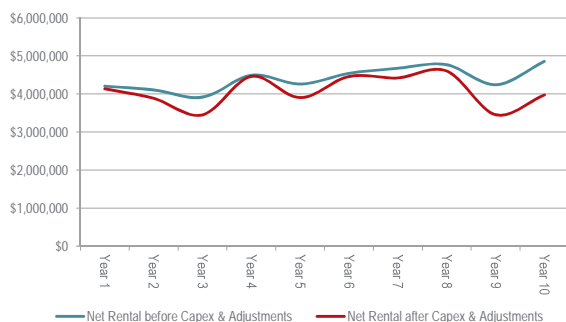
Major Tenant Occupancy Profile by Rental Income



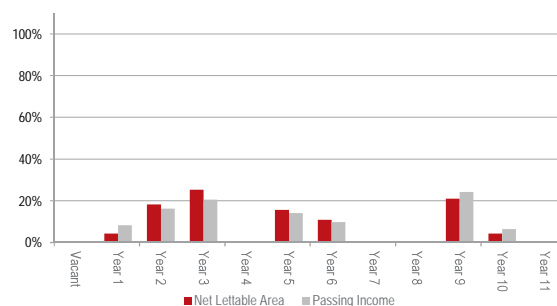
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$34,197	\$127,917	\$272,650
Letting Up	\$106,264	\$254,439	\$654,021
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile



Market Income	
Lettable area rental	\$3,246,948
Car Parking Rental	\$956,150
Ideal Outgoings Recovery (Full Net Leases)	\$777,648
Total Market Rental	\$4,980,746
Less Outgoings Expenditure	(\$777,648)
Net Market Rental	\$4,203,098
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$4,203,098
Core Income Capitalised at 6.88%	\$61,135,977
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$95,712
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$392,883)
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$173,304)
Value of Other Income	\$0
Total Value Adjustments	(\$470,475)
Total Capitalised Value	\$60,665,502
Adopted Capitalised Value	\$60,670,000
Adopted Value	\$60,850,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	4.64 years	Initial Yield (Net Passing)	7.01%
By Area	4.45 years	Initial Yield (Fully Leased)	7.01%
Current Vacancies		Equivalent Market Yield	6.85%
By Area	0 sqm	Rate per m ² of NLA	\$4,962 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$4,267,854
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$4,267,854

Passing Income	
Lettable Area Rental	\$3,437,607
Car Parking Rental	\$911,242
Outgoings Recovery	\$696,654
Total Passing Rental	\$5,045,502
Less Outgoings Expenditure	(\$777,648)
Net Passing Income*	\$4,267,854
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$4,267,854
Core Income Capitalised at 6.88%	\$62,077,879
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	(\$849,593)
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$392,883)
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$173,304)
Value of Other Income	\$0
Total Value Adjustments	(\$1,415,780)
Total Capitalised Value	\$60,662,099
Adopted Capitalised Value	\$60,660,000
Adopted Value	\$60,850,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach
Commercial Property - 2, 3 & 4 Fred Thomas Drive, Takapuna
2 May 2017

Discounted Cashflow Results			Sensitivity Analysis*					Key Property Statistics				
PV of Rental Income	\$27,891,035	* Rounded Values	Discount Rate	6.88%	Terminal Yield	7.13%	7.38%	Weighted Average Lease Term - Income	4.64 years	Terminal Period	3.81 years	
PV of Terminal Value	\$33,032,352		8.25%	\$63,220,000	\$61,980,000	\$60,820,000	Weighted Average Lease Term - Area	4.45 years	3.78 years			
Acquisition Costs	\$0		8.50%	\$62,140,000	\$60,930,000	\$59,790,000	Occupancy	100.00%	100.00%			
Total Net Present Value	\$60,923,386		8.75%	\$61,080,000	\$59,900,000	\$58,790,000	Initial Yield (Net Passing)	7.01%	6.99%			
Adopted Net Present Value	\$60,920,000					Initial Yield (Fully Leased)	7.01%	6.99%				
Adopted Value	\$60,850,000					Capex Assumptions						
Adopted Discount Rate	8.50%					Total Allowance over DCF Period	\$2,131,646	\$173.82 /sqm				
Internal Rate of Return	8.51%					Proportion of Adopted Value	3.50%					
Year Ending	01-May-2018	01-May-2019	01-May-2020	01-May-2021	01-May-2022	01-May-2023	01-May-2024	01-May-2025	01-May-2026	01-May-2027	01-May-2028	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Rental Income												
Lettable Area and Car Park Income	\$4,296,051	\$4,219,501	\$4,093,779	\$4,588,430	\$4,410,187	\$4,659,684	\$4,795,930	\$4,887,035	\$4,462,886	\$5,017,112	\$0	
Outgoings Recovery	\$689,525	\$701,849	\$694,928	\$812,260	\$776,404	\$826,841	\$841,734	\$864,182	\$779,254	\$861,689	\$0	
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Gross Rental Income	\$4,985,575	\$4,921,350	\$4,788,706	\$5,400,689	\$5,186,591	\$5,486,525	\$5,637,664	\$5,751,217	\$5,242,140	\$5,878,801	\$0	
Rental Deductions												
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Outgoings Expenditure	(\$777,648)	(\$815,437)	(\$874,403)	(\$907,306)	(\$925,452)	(\$943,961)	(\$962,841)	(\$982,097)	(\$1,001,739)	(\$1,021,774)	\$0	
Net Rental Cashflow	\$4,207,927	\$4,105,913	\$3,914,304	\$4,493,383	\$4,261,138	\$4,542,564	\$4,674,823	\$4,769,120	\$4,240,400	\$4,857,026	\$0	
Rental Adjustments												
Letting Up Allowances - Leasing Fees	(\$38,412)	(\$91,511)	(\$192,377)	\$0	(\$112,721)	(\$30,260)	(\$76,295)	(\$39,244)	(\$279,683)	(\$325,398)	\$0	
Capital Expenditure	(\$34,197)	(\$127,917)	(\$272,650)	(\$31,712)	(\$246,943)	(\$53,538)	(\$177,281)	(\$126,734)	(\$505,857)	(\$554,817)	\$0	
Net Cashflow	\$4,135,318	\$3,886,485	\$3,449,276	\$4,461,672	\$3,901,474	\$4,458,766	\$4,421,248	\$4,603,142	\$3,454,860	\$3,976,811	\$0	
Purchase Price	\$60,850,000											
Acquisition Costs @ 0.00%	\$0											
Gross Purchase Price	\$60,850,000											
Net Sale Price After Costs @ 1.00%											\$74,685,600	
Annual Cashflow	(\$56,714,682)	\$3,886,485	\$3,449,276	\$4,461,672	\$3,901,474	\$4,458,766	\$4,421,248	\$4,603,142	\$3,454,860	\$3,976,811	\$74,685,600	
Running Initial Yield	6.92%	6.75%	6.43%	7.38%	7.00%	7.47%	7.68%	7.84%	6.97%	7.98%	-	
Running IRR	6.68%	8.30%	8.44%	8.44%	8.55%	8.56%	8.30%	8.38%	8.42%	8.51%	-	

Growth and Cost Assumptions

[illegible]



Tenancy Schedule
Commercial Property - 2, 3 & 4 Fred Thomas Drive, Takapuna
2 May 2017

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pc/pw	Net Market Rental Total	Premises \$/sqm	Car Park pc/pw	Outgoing Recovery			
1. Cal Amp Wireless Network	Part Ground	359.0	10	7.2 years	1-Aug-12	31-Oct-19				\$114,135	\$260.00	\$40.00	\$116,710	\$265.00	\$41.50	\$22,965			
2. Cal Amp Wireless Network	Monthly C/P	0.0	2	1.0 years	10-Nov-16	31-Oct-17				\$4,160	\$0.00	\$40.00	\$4,160	\$0.00	\$40.00	\$0			
3. Yachting NZ Inc	Part Ground	269.8	7	3.0 years	15-Dec-14	14-Dec-17				\$87,684	\$275.69	\$36.52	\$87,937	\$270.00	\$41.43	\$17,262			
4. Yachting NZ Inc	Monthly C/P	0.0	3	1.1 years	10-Nov-16	14-Dec-17				\$6,240	\$0.00	\$40.00	\$6,240	\$0.00	\$40.00	\$0			
5. GN Resound	Part Ground	784.6	23	8.0 years	1-Nov-11	31-Oct-19				\$239,600	\$250.03	\$36.30	\$250,003	\$255.00	\$41.74	\$50,195			
6. Henshaw Group	Part Ground	507.9	20	5.0 years	15-Aug-14	14-Aug-19	15-Aug-18		Market	\$156,801	\$235.00	\$36.00	\$172,160	\$255.00	\$41.00	\$32,493			
7. Henshaw Group	Warehouse	99.2		5.0 years	15-Aug-14	14-Aug-19	15-Aug-18		Market	\$8,932	\$90.00		\$9,924	\$100.00		\$2,416			
8. Henshaw Group	Warehouse (Mnthly)	19.4		1.0 years	1-Jan-17	31-Dec-17				\$3,000	\$154.32		\$1,944	\$100.00		\$0			
9. Henshaw Group	Warehouse (Mnthly)	34.7		1.0 years	1-Jan-17	31-Dec-17				\$4,800	\$138.21		\$3,473	\$100.00		\$0			
10. Henshaw Group	Monthly C/P	0.0	14	2.8 years	10-Nov-16	14-Aug-19				\$29,120	\$0.00	\$40.00	\$29,120	\$0.00	\$40.00	\$0			
11. AON New Zealand	Part Level 1	1,203.0	35	12.0 years	1-Mar-11	28-Feb-23	1-Mar-18	1 yearly	Other	\$357,845	\$235.00	\$41.29	\$358,625	\$235.00	\$41.71	\$76,958			
12. AON New Zealand	Naming Rights	1.0		12.0 years	1-Mar-11	28-Feb-23	1-Mar-18	1 yearly	Other	\$4,000	\$4,000.00		\$4,000	\$4,000.00		\$0			
13. AON New Zealand	Monthly C/P	0.0	17	1.2 years	10-Nov-16	31-Jan-18				\$35,360	\$0.00	\$40.00	\$35,360	\$0.00	\$40.00	\$0			
14. Liquid Financial Solutions (AMP)	Part Level 1	161.7	4	6.0 years	1-Jan-12	31-Dec-17				\$49,845	\$260.00	\$37.50	\$53,310	\$275.00	\$42.50	\$10,345			
15. Liquid Financial Solutions (AMP)	Warehouse	37.4		6.0 years	1-Jan-12	31-Dec-17				\$2,400	\$64.22		\$3,737	\$100.00		\$910			
16. Liquid Financial Solutions (AMP)	Monthly C/P	0.0	2	1.0 years	1-May-17	30-Apr-18				\$4,160	\$0.00	\$40.00	\$4,160	\$0.00	\$40.00	\$0			
17. Liquid Financial Solutions (AMP)	Monthly C/P	0.0	2	1.0 years	1-May-17	30-Apr-18				\$4,680	\$0.00	\$45.00	\$4,680	\$0.00	\$45.00	\$0			
18. NZI	Monthly C/P	0.0	6	1.0 years	1-May-17	30-Apr-18				\$12,480	\$0.00	\$40.00	\$12,480	\$0.00	\$40.00	\$0			
19. NZI	Monthly C/P	0.0	2	1.0 years	1-May-17	30-Apr-18				\$4,680	\$0.00	\$45.00	\$4,160	\$0.00	\$40.00	\$0			
20. Riley Consultants	Part Level 1	777.6	20	6.0 years	20-Oct-13	20-Oct-19	21-Oct-17	1 yearly	CPI	\$210,998	\$223.75	\$35.59	\$246,116	\$260.00	\$42.25	\$49,745			
21. Riley Consultants	Warehouse	166.5		6.0 years	20-Oct-13	20-Oct-19	21-Oct-17	1 yearly	CPI	\$15,241	\$91.52		\$16,654	\$100.00		\$4,054			
22. Riley Consultants	Monthly C/P	0.0	3	1.0 years	1-May-17	30-Apr-18				\$7,020	\$0.00	\$45.00	\$7,020	\$0.00	\$45.00	\$0			
23. Riley Consultants	Monthly C/P	0.0	3	1.0 years	1-May-17	30-Apr-18				\$6,240	\$0.00	\$40.00	\$6,240	\$0.00	\$40.00	\$0			
24. Housing NZ Corporation	Part Ground	138.5	3	4.0 years	1-Aug-14	31-Jul-18				\$43,759	\$274.61	\$36.67	\$44,593	\$275.00	\$41.67	\$8,861			
25. Housing NZ Corporation	Monthly C/P	0.0	12	1.2 years	1-May-17	31-Jul-18				\$24,960	\$0.00	\$40.00	\$24,960	\$0.00	\$40.00	\$0			
26. Vendor Underwrite	Warehouse	158.1		2.0 years	2-May-17	1-May-19				\$19,730	\$124.79		\$6,324	\$40.00		\$3,849			
27. Vendor Underwrite	Warehouse Mezz	90.1		2.0 years	2-May-17	1-May-19				\$11,250	\$124.90		\$6,305	\$70.00		\$2,193			
28. Amplifon	Part Level 2	1,201.6	43	9.0 years	1-Feb-17	31-Jan-26	1-Feb-20	3 yearly	Market	\$416,732	\$270.00	\$41.28	\$392,960	\$250.00	\$41.40	\$76,869			
29. Amplifon	Warehouse	18.0		9.0 years	1-Feb-17	31-Jan-26	1-Feb-20	3 yearly	Market	\$2,250	\$125.00		\$2,070	\$115.00		\$438			
30. Amplifon	Monthly C/P	0.0	19	1.0 years	1-Feb-17	31-Jan-18				\$39,520	\$0.00	\$40.00	\$39,520	\$0.00	\$40.00	\$0			
31. Amplifon	Surplus C/P	0.0		1.0 years	1-Feb-17	31-Jan-18				\$10,400	\$0.00		\$0	\$0.00		\$0			
32. Vendor Underwrite	Part Level Two	307.2	11	2.0 years	2-May-17	1-May-19				\$110,209	\$275.00	\$45.00	\$104,277	\$265.00	\$40.00	\$19,650			
33. Electoral Commission	Part Level Two	1,222.4	6	1.9 years	1-Mar-17	31-Dec-18				\$464,820	\$368.12	\$47.50	\$319,650	\$250.00	\$45.00	\$0			
34. Auckland Eye	Ground	530.7	30	10.0 years	1-Aug-16	31-Jul-26	1-Aug-17	1 yearly	Fixed	\$274,664	\$400.00	\$40.00	\$282,464	\$400.00	\$45.00	\$36,260			
35. Auckland Eye	Monthly C/P	0.0	1	1.0 years	1-May-17	30-Apr-18				\$2,340	\$0.00	\$45.00	\$2,470	\$0.00	\$47.50	\$0			
36. Peak Primary	Part Ground	1,360.2	61	12.0 years	8-Jul-13	7-Jul-25	8-Jul-19	3 yearly	Fixed	\$815,160	\$376.91	\$32.31	\$639,220	\$365.00	\$45.00	\$92,944			
37. Peak Primary	Monthly C/P	0.0	3	0.8 years	1-May-17	31-Jan-18				\$6,240	\$0.00	\$40.00	\$6,240	\$0.00	\$40.00	\$0			
38. Lukes Cafe Ltd	Part Ground	144.7	10	9.2 years	1-Aug-13	31-Oct-22	1-Nov-17	1 yearly	CPI	\$61,011	\$421.67		\$57,876	\$400.00	\$0.00	\$9,887			
39. Rebañ ASCC	Part Level 1	310.9	7	3.0 years	1-Dec-15	30-Nov-18				\$88,396	\$237.50	\$40.00	\$96,431	\$260.00	\$42.86	\$21,243			
40. Rebañ ASCC	Mnthly Warehouse	22.5		3.0 years	1-Dec-15	30-Nov-18				\$2,880	\$127.83		\$2,253	\$100.00		\$0			
41. Rebañ ASCC	Monthly C/P	0.0	5	3.0 years	1-Dec-15	30-Nov-18				\$10,400	\$0.00	\$40.00	\$10,400	\$0.00	\$40.00	\$0			
42. Wireless Nation Ltd	Part Level 1	371.2	8	6.0 years	21-Oct-13	20-Oct-19	21-Oct-17	1 yearly	CPI	\$101,629	\$233.88	\$35.59	\$118,009	\$265.00	\$47.19	\$25,367			
43. Wireless Nation Ltd	Mnthly Warehouse	38.0		2.9 years	10-Nov-16	20-Oct-19				\$4,800	\$126.32		\$3,800	\$100.00		\$0			
44. Reckitt Benckiser (NZ)	Part Level 1	615.5	16	6.0 years	16-Jul-15	15-Jul-21	16-Jul-17	1 yearly	Fixed	\$205,416	\$283.25	\$37.34	\$195,400	\$260.00	\$42.50	\$42,060			
45. Reckitt Benckiser (NZ)	Monthly C/P	0.0	18	2.5 years	16-Jul-15	31-Dec-17				\$37,440	\$0.00	\$40.00	\$37,440	\$0.00	\$40.00	\$0			
46. Reckitt Benckiser (NZ)	Surplus C/P	0.0		2.5 years	16-Jul-15	31-Dec-17				\$24,960	\$0.00	\$40.00	\$0	\$0.00		\$0			
47. Property Partners	Level 2	1,312.6	20	6.0 years	1-Sep-15	31-Aug-21	1-Sep-19	1 yearly	Fixed	\$400,463	\$273.05	\$40.43	\$372,223	\$250.00	\$42.38	\$89,691			
																Outgoings Recovery	\$696,654		
																Market Rental	\$4,203,098	Outgoings Recovery	\$0
																Passing Rental	\$4,348,848	Vacant Outgoings	\$0
																Net Passing Rental	\$4,267,854	Outgoings Shortfall	\$80,994
																		Total Outgoings	\$777,648

Lease Summaries

4 Fred Thomas Drive

Deed of Lease	GN Resound
Lessee	GN Resound
Format	ADLS Fifth Edition 2008
Date	16 March 2012
Executed	Yes
Premises	Tenancy 5, ground floor, 4 Fred Thomas Drive
Car Parks	23 open car parks
Term	Six years from 1 November 2011
Rights of Renewal	One term of six years
Initial expiry	31 October 2017
Final expiry	31 October 2023
Rental	\$239,600 pa plus GST
Rent Review Dates	Three yearly
Ratchet Clause	Yes to \$172,258 pa
Rent Review Procedure	To market
Outgoings	A pro rata share of typical outgoings
Business Use	Commercial offices, laboratory and storage
Additional Clauses	The additional clauses contained within the agreement to lease include a clause relating to hazardous substances and the tenant must obtain all consents and comply with all legal and regulatory requirements in relation to the storage and use of hazardous substances on the premises. A hazardous substance register is appended to the agreement to lease which specifies the type size and quantity of chemical that may be stored on site.

Deed of Lease	Housing New Zealand Corporation
Lessee	Housing New Zealand Corporation
Format	ADLS Fifth Edition 2008 (2)
Date	26 June 2014
Executed	Yes
Premises	Part ground floor
Car Parks	Three
Term	Four years from 1 August 2014

Rights of Renewal	One of four years
Initial expiry	31 July 2018
Rental	\$43,759 pa plus GST
Rent Review Dates	Upon renewal
Outgoings	A pro rata share of usual building outgoings
Business Use	Commercial offices

Deed of Lease	Yachting New Zealand Incorporated
Lessee	Yachting New Zealand Incorporated
Format	ADLS Fifth Edition 2008 (2)
Date	Undated
Executed	Yes
Premises	Part ground floor
Car Parks	Seven
Term	Six years from 15 December 2014
Rights of Renewal	Nil
Initial expiry	14 December 2020
Rental	\$87,466 pa plus GST
Rent Review Dates	Two yearly
Rent Review Procedure	To CPI
Outgoings	Pro rata share
Business Use	Commercial offices
Additional Clauses	The lease contains a break option which can be exercised by the tenant with three months notice, any time after the date which is two years from the commencement date.

Deed of Lease	Spencer Henshaw
Lessee	Spencer Henshaw
Format	Deed of Lease ADLS Fifth Edition 2008 – 14 November 2011 Deed of Extension and Variation of Lease – Custom format – 19 December 2014 Deed of Renewal – 26 August 2014
Executed	Yes

Premises	Part ground floor
Car Parks	20 car parks
Term	Four years from 15 August 2010
Rights of Renewal	One of five years (exercised) One of one year
Expiry of Current Term	14 August 2019
Rental	\$165,733 pa plus GST (Vendor underwrite over office rent)
Rent Review Dates	15 August 2018 (2016 rent review to be settled)
Rent Review Procedure	To market
Outgoings	Pro rata share
Business Use	Commercial offices and warehouse storage

Deed of Lease	Calamp Wireless Networks Corporation Limited
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Lessee	Calamp Wireless Networks Corporation Limited
Format	ADLS Fifth Edition 2008 (2) – 3 July 2012 Deed of Rent Review and Variation – 9 December 2015
Executed	Yes
Premises	Part ground floor, 4 Fred Thomas Drive
Car Parks	10
Term	Five years from 1 August 2012
Rights of Renewal	Nil
Initial Expiry	31 July 2017
Rental	\$114,135 pa plus GST
Rent Review Dates	Three yearly
Rent Review Procedure	To market
Outgoings	Pro rata share
Business Use	Commercial office

Deed of Lease	Aon New Zealand
Lessee	Aon New Zealand
Format	Deed of Lease ADLS 5 th Edition 2008
Date	5 April 2011
Executed	Yes
Premises	Part Level 1, 4 Fred Thomas Drive
Car Parks	35
Term	Six years from 1 March 2011
Rights of Renewal	One further term of six years (exercised)
Initial Expiry	28 February 2017
Final Expiry	28 February 2023
Rental	\$361,845 pa plus GST
Rent Review Dates	Annually
Rent Review Procedure	To CPI. Market upon renewal.
Outgoings	Pro rata share
Business Use	Commercial offices
Additional Clauses	We have been provided with a letter from APL Property Blenheim on behalf of Aon, exercising the right of renewal.

Deed of Lease	Riley Consultants Limited
Lessee	Riley Consultants Limited
Format	Deed of Lease – ADLS 5 th Edition 2008
Date	-
Executed	Yes
Premises	Part Level 1 and part warehouse, 4 Fred Thomas Drive
Car Parks	20 car parks plus monthly car parks (Originally 25 permanent car parks. Five of these appear to have been surrendered under the provisions of the lease).
Term	Six years seven months from 25 October 2013
Rights of Renewal	One right of renewal of six years
Initial Expiry	24 May 2020
Final Expiry	24 May 2026

Rental	\$226,209 pa plus GST
Rent Review Dates	Annually
Rent Review Procedure	To CPI
Ratchet Clause	Yes
Outgoings	Pro rata share
Business Use	Commercial offices and for the basement warehouse premises – warehouse space for storage but excluding the storage of dangerous goods or unpacked goods of any sort.

Deed of Lease	Amplifon
Lessee	Amplifon
Format	Agreement to Lease – dated 22 November 2016
Executed	Yes
Demised Premises	Part Level 2, 4 Fred Thomas Drive
Lettable Area	1201.60 sqm and 43 car parks
Commencement Date	1 February 2017 (subject to a number of clauses around fit out)
Expiry Date	Expiry date at earliest break
Lease Term	Nine years with two further rights of three years each
Rent	\$418,982 pa plus GST
Rental Review Provisions	Three yearly to market
Outgoings Recovery	Pro rata share capped at \$68.64 psm for the first 12 months.
Permitted Use	Commercial offices
Additional Clauses	As part of the Lease agreement the landlord is to complete a number of works. These include base build tenancy fit out works, roof repairs and a new chiller.

2 Fred Thomas Drive

Deed of Lease	Wireless National Limited
Lessee	Wireless National Limited
Format	Deed of Lease – ADLS 6 th Edition 2012
Date	11 November 2015
Executed	Yes
Premises	Part Level 1, 2 Fred Thomas Drive and part warehouse, 4 Fred Thomas Drive

Car Parks	8
Term	Six years from 21 October 2013
Rights of Renewal	One right of renewal of six years
Initial Expiry	20 October 2019
Final Expiry	20 October 2025
Rental	\$101,629 pa plus GST
Rent Review Dates	Annually
Rent Review Procedure	To CPI. Market review upon renewal
Outgoings	Pro rata share
Business Use	Commercial offices

Deed of Lease Café Brioché

Lessee	Café Brioché (assigned to Lukes Cafe)
Format	Agreement to Lease – Custom format Keegan Alexander Deed of Lease Fifth Edition 2008 (2) Deed of Assignment of Lease
Executed	Yes by the tenant only
Guarantor	Yes
Premises	Part ground floor, 2 Fred Thomas Drive
Car Parks	10
Term	Nine years, three months
Rights of Renewal	One period of nine years from 1 August 2013
Initial Expiry	31 October 2022
Final Expiry	31 October 2031
Rental	\$61,011 pa plus GST
Rent Review Dates	Annually
Rent Review Procedure	To CPI
Ratchet Clause	Yes
Outgoings	Pro rata share
Business Use	Retailer of coffee, tea and other beverages and café items without liquor licence to a high quality café standard.

Additional Clauses	The ten car parks allocated to the café are to be shared with the Medical tenant. Likewise 41 of the car parking spaces leased by the Medical Centre are also available for use for café tenants. The initial three months of the lease from the commencement date is rent free. The rent for the following six months is set at \$30,000 per annum, thereafter the rent steps up to \$60,000 per annum. If the lease is renewed there is a rent review to market.
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Deed of Lease	Peak Primary Limited
Lessee	Peak Primary Limited
Format	Deed of Lease – ADLS 5 th Edition 2008
Date	Undated
Executed	Yes
Premises	Part Level 1 and part warehouse, 4 Fred Thomas Drive
Car Parks	61
Term	12 years from 8 July 2013
Rights of Renewal	One right of renewal of six years
Initial Expiry	7 July 2025
Final Expiry	7 July 2031
Rental	\$615,160 pa plus GST
Rent Review Dates	Three yearly
Rent Review Procedure	Fixed increases based on 2.5% pa
Ratchet Clause	Yes
Outgoings	Pro rata share
Business Use	Medical practice plus ancillary related uses.
Additional Clauses	For the initial 11.5 months of the initial term of the lease the rent is based on a rate of \$235 psm for the premises with 61 car parks at \$15 per car per week. For the balance of the initial term the rent increases to a rate of \$350 psm for the premises and \$30 per car per week for the car parks.

Deed of Lease	Reckitt Benckiser (New Zealand) Limited
Lessee	Reckitt Benckiser (New Zealand) Limited
Format	Deed of Lease – ADLS 6 th Edition 2012 (4) dated 14 August 2015
Executed	Yes
Demised Premises	Part Level 1, 2 Fred Thomas Drive

Lettable Area	615.54 sqm and 16 car parks
Commencement Date	16 July 2015
Final Expiry Date	15 July 2027
Lease Term	Six years with one further right of six years
Rent	\$205,416 pa plus GST
Rental Review Provisions	Fixed annual increases of 3%. Market review upon renewal
Outgoings Recovery	Pro rata share
Permitted Use	Commercial offices

Deed of Lease	Property Partners Limited
Lessee	Property Partners Limited
Format	Deed of Lease – ADLS 6 th Edition 2012 (4) dated 28 July 2016
Executed	Yes
Demised Premises	Level 2 – 2 Fred Thomas Drive
Lettable Area	1,312.61 sqm and 20 car parks
Commencement Date	1 September 2015
Final Expiry Date	31 August 2027
Lease Term	Six years with one further right of six years
Commencement Rent	Year 1 - \$175,000 per annum. \$250 psm over 700 sqm. Year 2 – subject to review but based on 900 sqm Year 3 – subject to review but based on 1,100 sqm Year 4 – subject to review and based on the full floor area of 1,312.61 sqm
Current Rent	\$271,384 pa plus GST with Vendor Underwrite at \$400,463 pa
Rental Review Provisions	Annual fixed increases of 3%. Market review upon renewal.
Outgoings Recovery	Pro rata share
Permitted Use	Commercial offices
Guarantor	Yes
Additional Clauses	The annual rent is stepped over a four year period as shown above. Outgoings are payable on the whole floor area from commencement. Car parks are also payable from commencement with eight allocated car parks at \$40 pc pw and 12 unallocated car parks at \$35 pc pw.

3 Fred Thomas Drive

Deed of Lease	Auckland Eye Limited
Lessee	Auckland Eye Limited
Format	Deed of Lease
Executed	Yes
Demised Premises	Ground Floor - 3 Fred Thomas Drive
Lettable Area	530.66 sqm and 30 car parks
Commencement Date	31 May 2016
Final Expiry Date	30 May 2031
Lease Term	Ten years with one further right of five years
Rent	\$274,664 pa plus GST
Rental Review Provisions	Annually to the greater of 2% or CPI
Outgoings Recovery	Pro rata share of the outgoings for 2 Fred Thomas Drive. There is a fixed outgoings component of \$21,226 per annum which is increased annually by the greater of 2% or CPI
Permitted Use	Ophthalmology and/or optometry



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