



Report prepared for PMG Direct Office Fund Trustees Limited for
inclusion within a Product Disclosure Statement

Commercial Building

5 Short Street, Newmarket, Auckland

14 May 2020

Valuation Report



Executive Summary

Commercial Building - 5 Short Street, Newmarket, Auckland



The subject property comprises a seven level office building, situated on a 1,037 sqm site within the city fringe suburb of Newmarket. Improvements provide approximately 4,200 sqm of office space across seven levels, ground floor retail and an additional 29 car parks. The building has undergone recent refurbishments through a floor-by-floor basis, and it presented to an overall good quality throughout.

At the date of valuation, the property is 97% leased by multiple tenants, including NZ Family Planning, Summerset Management and Outpost Central. These leases are returning a combined net rental of \$1,434,386 per annum plus GST, with a short remaining WALT of 2.22 years.

The response to the Novel Coronavirus (COVID-19) has been unprecedented, with New Zealand restricting all but essential businesses and services from 25 March 2020, and with international jurisdictions following similar steps. The initial restrictions are starting to be relaxed, however the economic impact of the restrictions is likely to have long standing impacts, notwithstanding a significant Government backed stimulus package.

Our valuation is therefore reported on the basis of material valuation uncertainty in accordance with PINZ Standards Board Member Alert – Valuation Uncertainty and IVSC letter ‘Dealing with valuation uncertainty at times of market unrest’. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. Our opinion of value has been determined based on our experience within this market, our current understanding of the property and our expectation of reasonably foreseeable events as at the valuation date, however note this could change in a short period of time due to subsequent events. We recommend interested parties re-confirm the value noted within with us prior to reliance.

Valuation

Prepared for	PMG Direct Office Fund Trustees Limited
Valuation Purpose	Market Valuation for inclusion within a Product Disclosure Statement
Date of Valuation	14 May 2020
Date of Report	18 May 2020
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Metropolitan Centre – Auckland Unitary Plan (Operative in part, 15 November 2016)
Tenure	Fee Simple– Record of Title 702273
Site Area	1,037 sqm
Lettable Area	4,287 sqm
Adopted Value	\$20,500,000 plus GST, if any Twenty Million Five Hundred Thousand Dollars plus GST, if any

Valuation Analysis

Initial Yield	7.00%	Rate / sqm of Lettable Area	\$4,782
Initial Yield (Fully Leased)	7.31%	Weighted Average Lease Term	2.22 years by income
Equivalent Yield	6.29%	Current Occupancy	97.37%
Internal Rate of Return (10 years)	7.12%	Current Vacancy	2.63%

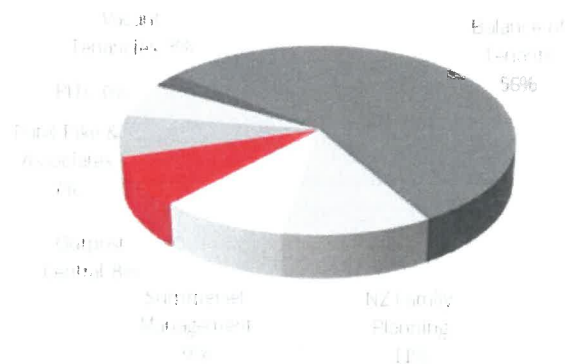
Tenancy Overview

NZ Family Planning	\$141,983	583 sqm
Summerset Management	\$121,085	386 sqm
Outpost Central	\$108,600	327 sqm
Balance	\$887,839	2,883 sqm
Vacancy	\$32,699	109 sqm
Total – Before Adjustments	\$1,292,206	4,287 sqm

Cap Approach Assumptions

Adopted Cap Rate	6.250%
Allowance for Capex/Expisies	24 months
Market Income Capitalisation	\$20,600,000
Passing Income Capitalisation	\$20,600,000

Major Occupiers



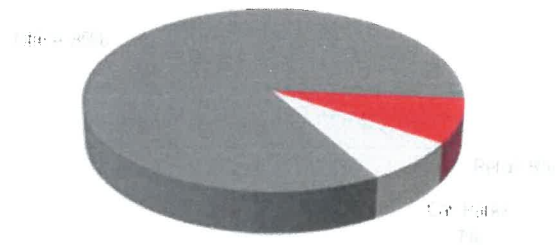
Financial Summary

Gross Passing Income	\$1,785,270
Gross Market Income	\$1,572,047
Adopted Outgoings	\$328,649
Net Passing Income	\$1,434,386
Net Passing Income (Fully Leased)	\$1,497,644
Net Market Income	\$1,243,398

DCF Approach Assumptions

Discount Rate	7.250%
Terminal Yield	6.500%
Average Applied Rental Growth	2.15%
Value Based on DCF Approach	\$20,300,000

Building Components



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

Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 14 May 2020. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtained verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Unless otherwise stated all currencies within this report are in New Zealand Dollars.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
- A reliant party can only rely on this valuation if received directly from JLL without any third party intervention.

Table of Contents

1	Introduction	8
1.1	Instructions	8
1.2	Valuation and Inspection Dates	8
1.3	Basis of Valuation	9
1.4	Relevant Valuation Standards & Disclosures	9
1.5	Information Sources	9
1.6	Specific Assumptions	10
2	Property Particulars	11
2.1	Location	11
2.2	Title Particulars	12
2.3	Site Details	12
2.4	Resource Management	13
2.5	Rateable Value	14
2.6	Environmental Issues	14
2.7	Heritage	14
2.8	Improvements	15
2.9	Construction	15
2.10	Accommodation	16
2.11	Lettable Areas	18
2.12	Condition and Repair	18
2.13	Earthquake Strengthening Requirements	19
3	Property Income and Expenditure	20
3.1	Tenancy Overview	20
3.2	Building Vacancy	21
3.3	Building Outgoings and Recoveries	21
3.4	Income Support Arrangements	22
3.5	Tenancy Schedule	23
3.6	Income Analysis	24
4	Market Commentary	25
4.1	Economic Overview	25
4.2	Auckland Fringe Office	26
5	Leasing Evidence	29
5.1	Office Leasing Evidence	29
5.2	Retail Leasing Evidence	30
5.3	Market Rental Profile	32
5.4	Net Income Assessment	33
6	Sales Evidence	34
6.1	Sales Transaction	34
7	Valuation Considerations	39
7.1	SWOT Analysis	39
7.2	Likely Selling Period	39
7.3	Most Probable Purchaser	39

7.4	Sales History	39
8	Valuation Rationale	40
8.1	Valuation Overview	40
8.2	Capitalisation Approach	40
8.3	Discounted Cash Flow Approach	41
9	Valuation	45
9.1	Valuation Reconciliation	45
9.2	Valuation Conclusion	45
9.3	Involvement Statement	45

Appendices

Critical Assumptions, Conditions & Limitations

Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

Appendix 3 – Lease Summaries

1 Introduction

1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the freehold interest of 5 Short Street, Newmarket, Auckland (the Subject/Property), as at 14 May 2020 for and on behalf of PMG Direct Office Fund Trustees Limited. We understand that the valuation is to be relied upon for inclusion within a Product Disclosure Statement only.

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

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

We confirm:

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

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

- PMG Direct Office Fund Trustees Limited – for inclusion within a Product Disclosure Statement

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear. Furthermore, this report can only be relied upon when the given party has received the report directly from JLL.

1.2 Valuation and Inspection Dates

The key dates that are relevant for our valuation are shown below:

Date of Valuation	14 May 2020
Date of Property Inspection	14 May 2020
Date of Preparation of Report	18 May 2020

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

1.3 Basis of Valuation

Market Value

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

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

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2020) Framework and General Standards
- ANZVTIP 11 – Valuation Procedures – Real Property
- ANVGN 8 – Valuations for use in Offer Documents

1.5 Information Sources

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

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

Our valuation is based on a significant amount of information that has been sourced from the instructing party or managing agent and other third parties. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed to us.

1.6 Specific Assumptions

Our assessment as to value has been based on the following specific assumptions:

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a ‘Global Pandemic’ on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of material valuation uncertainty in accordance with PINZ Standards Board Member Alert – Valuation Uncertainty and IVSC letter ‘Dealing with valuation uncertainty at times of market unrest’. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. We recommend interested parties re-confirm the value noted within with us prior to reliance.

We note that market transactions agreed prior to these restrictions may not necessarily reflect current market conditions, and that we have limited post restrictions evidence to consider at the date of reporting.

We note that the current form of the ADLS Lease template provides relief for tenants where there is no access to the premises in an emergency. We have reviewed the lease documentation associated with the subject property, however recommend that reliant parties confirm the particular wording of the documentation and the impact this wording (or similar) may have on security of income.

New Zealand is currently at COVID Alert Level 2. While less restrictive than Levels 3 and 4, we consider that the current circumstances contradict the definition of ‘Market Value’, which is predicated on the basis of willing market participants and proper marketing. We note these measures are temporary and are expected to be lifted in a short period of time. To form a pragmatic view of value, we have set aside the Level 2 status and assumed a functioning property market to align our opinion with the definition of ‘Market Value’.

- With regard to specific allowances made for the subject property in relation to Covid 19, we have modelled the following:

Tenant	Rent Relief Allowance	Comment
Anail	50% net rent free from 1 April 2020 – 31 May 2020	Agreed between landlord and tenant
Ashley & Martin	100% net rent free from 1 April 2020 – 31 May 2020	Agreed between landlord and tenant
Summerset	50% net rent free from 1 April 2020 – 31 May 2020	Agreed between landlord and tenant
De Lacey & Associates	50% net rent free from 1 April 2020 – 30 April 2020	Agreed between landlord and tenant
Forsite	33% net rent free from 1 April 2020 – 31 May 2020	Agreed between landlord and tenant
English Language Partnership	50% net rent free for April 2020 & 25% for May 2020	Agreed between landlord and tenant
Sun & Moon	50% net rent free from 1 April 2020 – 31 May 2020	Agreed between landlord and tenant
S W Morris	50% net rent free from 1 April 2020 – 30 April 2020	Agreed between landlord and tenant
Saturn Group	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
PMG	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
NZ Family Planning	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
PITC	100% net rent free from 1 April 2020 – 30 June 2020	JLL assumed allowance
Accountancy Insurance	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
Foodfirst	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
Wing Kong Wong	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
Patel Pike & Associates	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
Reynolds & Associates	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
Form Architects	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance
Outpost Central	100% net rent free from 1 April 2020 – 13 May 2020	JLL assumed allowance

- We have reduced our rental growth forecasts in the first two years of cashflow.
- We understand that the building is to be refurbished. We have been informed that these refurbishment works are expected to cost \$1,373,555, which we have adopted as capital expenditure in year 2 of our cashflow.

2 Property Particulars

2.1 Location

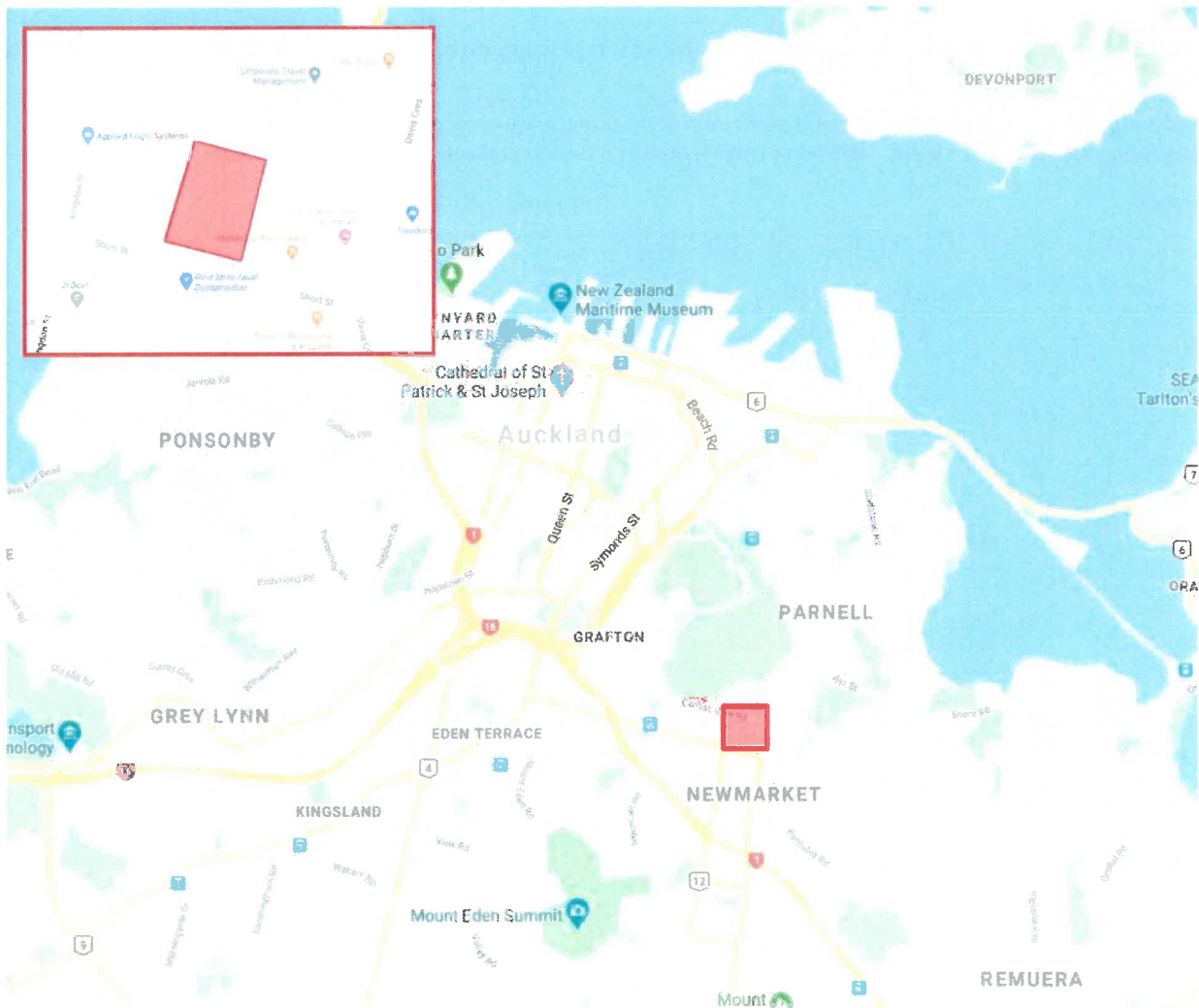
The subject property is located on Short Street, which links to both Khyber Pass Road and Carlton Gore Road in the city-fringe suburb of Newmarket, Auckland. Khyber Pass Road is a main arterial route running east from the Symonds Street and Newton Road intersection through to Newmarket. The road provides southern transportation to State Highway 1 and experiences medium to high levels of vehicular traffic at most times of the day.

Newmarket is a well-regarded, high socio-economic suburb. It is a prominent shopping destination which is supported by extensive surrounding residential development and its proximity to the Auckland CBD (approximately 4.5 kilometres). There is also easy access from Newmarket to the Southern Motorway (State Highway 1) in both North and South bound directions.

The property is located in close proximity to public transport facilities with bus stops situated on Broadway and Khyber Pass Road and the Newmarket train station and Kingdon Road train station in close proximity. The site is considered to be located within an established retail location.

Other development within the area comprises the recent. The redevelopment of Westfield's 277 and construction of 309 mall components. The centre now provides a diverse tenant mix including luxury retailers and a rooftop dining precinct. The redevelopment of the former 277 Broadway site together with the new 309 Broadway building, interconnected through by dual height pedestrian overbridges that span over Mortimer Pass are now completed and have provided large amounts of activity within the area.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

Title Reference	702273
Tenure	Fee Simple
Legal Description	Lot 1 Deposited Plan 152765
Area	1,037 square metres more or less
Registered Owner	PMG Direct Office Fund Trustees Limited
Registered Interest	<ul style="list-style-type: none"> ▪ Subject to an electricity right (in gross) over parts marked A, D, E, F and O on DP 152765 in favour of the Auckland Electric Power Board created by Transfer 070336.1 ▪ Subject to a right of way marked S and T, pedestrian right of way marked U and a right to convey gas, electricity, telecommunications and computer media and water and right to drain water and sewage over parts marked R, N and O on DP 323354 created by Easement Instrument 5750485.6 ▪ 10634265.12 Mortgage to ASB Bank Limited

Source: Land Information New Zealand

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

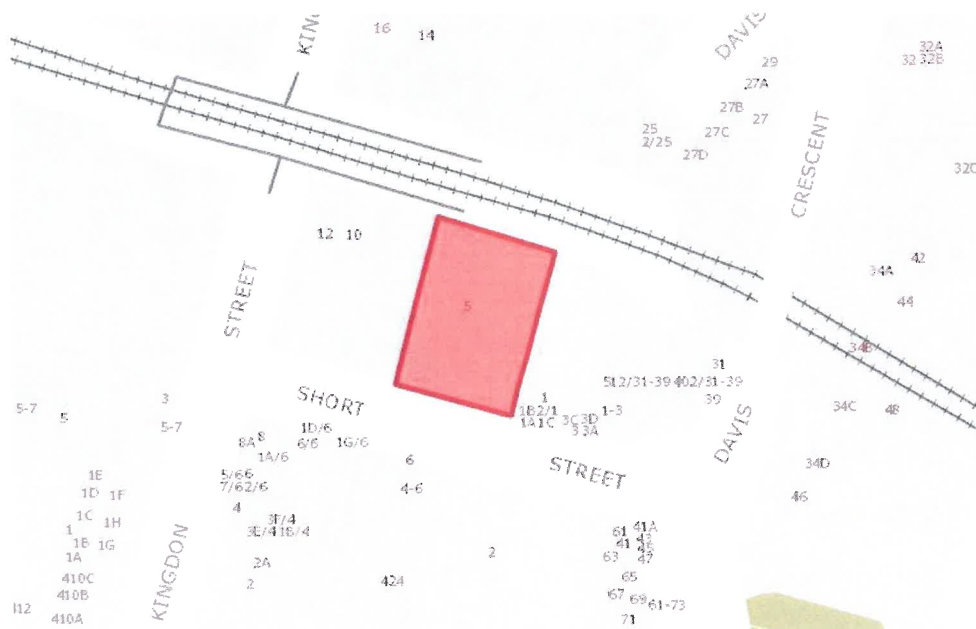
2.3 Site Details

The property is located along the northern side of Short Street providing a regular shaped landholding with an area of 1,037 sqm. The site is bound by Short Street to the south, the western railway to the north, with neighbouring commercial property to the east and west.

Contour is essentially level across the majority of the land. Frontage is approximately 27 metres to Short Street, with an average depth of approximately 39 metres.

Access is provided via a single ingress/egress point from Short Street, with secondary access also provided from the neighbouring property to the west. The improvements occupy a central position upon the site, covering majority of the site. .

Site Area 1,037 sqm



Source: Emap

2.4 Resource Management

Local Authority: Auckland Council

Planning Instrument: Auckland Unitary Plan Operative in part (15 November 2016)

Metropolitan Centre Zone

This zone applies to centres located in different sub-regional catchments of Auckland. These centres are second only to the city centre in overall scale and intensity and act as focal points for community interaction and commercial growth and development and contain hubs serving high frequency transport.

The zone provides for a wide range of activities including commercial, leisure, high-density residential, tourist, cultural, community and civic services. Zone provisions, in conjunction with rules in the other business zones, reinforce metropolitan centres as locations for all scales of commercial activity.

Buildings within the zone require resource consent to ensure that they are designed to a high standard, which enhance the quality of the centre's streets and public open spaces.

Objectives:

- Metropolitan centres are reinforced and developed for commercial, community and civic activities - and provide for residential intensification.
- Metropolitan centres are an attractive place to live, work and visit with vibrant and vital commercial, entertainment and retail areas.
- Key Retail Frontage streets are a focus for pedestrian activity, with identified General Commercial Frontage Streets supporting this role.

Development Controls:

The Metropolitan Centre zone enables significant growth and intensification in metropolitan centres. The zone encourages a wide range, and a high concentration of commercial, leisure, tourist, cultural and community activities and civic services in these centres and manages the development so that it contributes to the function and amenity of the centre.

Building Height (subject to Height Variation Control):

- Must not exceed 72.5m, unless otherwise specified in the Height Variation Control on the planning maps. Any part of a building greater than the occupiable building height is to be used only for roof form, roof terraces, plant and other mechanical and electrical equipment.

Residential at ground floor:

- Dwellings including units within an integrated residential development must not locate on the ground floor of a building where the dwelling or unit has frontage to public open spaces including streets.

Yards:

- Rear: 3m where the rear boundary adjoins a residential zone or the special purpose zone
- Side: 3m where a side boundary adjoins a residential zone or the special purpose zone
- Riparian: 10m from the edge of all permanent and intermittent streams
- Lakeside yard: 30m
- Coastal protection yard: 25m

Landscape:

- Landscape buffer of 2m in depth must be provided along the street frontage between the street and car parking, loading, or service areas which are visible from the street frontage.

Maximum impervious area:

- Must not exceed 10 per cent of the riparian yard.

Minimum dwelling size:

- 35sqm for studio dwellings – the minimum net internal floor area may be reduced by 5sqm where a balcony, ground floor terrace or roof terrace of 5sqm or greater is provided.
- 50sqm for one or more bedroom dwellings – the minimum net internal floor area may be reduced by 8sqm where a balcony, ground floor terrace or roof terrace of 8sqm or greater is provided.

Buildings setback at upper floors:

- 6m minimum setback
- 32.5m in height

Maximum tower dimension and tower separation:

- The maximum plan dimension of that part of the building about 32.5m must not exceed 55m.
- The part of a building above 32.5m must be located at least 6m from any side or rear boundary of the site.

Permitted activities include: dwellings, integrated residential development, supported residential care, visitor accommodation and boarding houses, commercial services, conference facilities, entertainment facilities, cinemas, offices, retail, care centres, community, healthcare, justice and education facilities, industrial laboratories, light manufacturing and servicing, repair and maintenance services and warehousing and storage. In terms of development controls, the Metropolitan zone permits alterations to building facades that are less than 25sqm, internal alterations to buildings and additions to buildings that are less than 25 per cent of the existing gross area of the building or 250sqm – whichever is the lesser. The construction of new buildings and additions and alterations to buildings not otherwise provided for are restricted discretionary activities.

Non-complying activities include: industrial activities and waste management facilities.

Overlays:

- Natural Heritage: Regionally Significant Volcanic Viewshafts and Height Sensitive Areas Overlay [rcp/dp] – E11, Mount Eden, Viewshafts

Controls:

- Building Frontage Control – General Commercial Frontage
- Macroinvertebrate Community Index - Urban

The existing improvements would appear to comply with the resource management requirements of the site. Further, we have assumed that the property benefits from existing use rights or has an applicable Resource Consent.

2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 July 2017, being Assessment Number 12343782415, is as follows:

Land Value	\$5,700,000
Improvements Value	\$8,800,000
Capital Value	\$14,500,000

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

2.6 Environmental Issues

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

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

2.7 Heritage

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

2.8 Improvements

The property comprises 4,200 sqm of office space across seven levels including ground floor retail. The property also provides 29 car parks. The building has undergone recent refurbishments through a floor-by-floor basis.



2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs and columns, with concrete beam construction.
External Walls:	A combination of masonry block, precast concrete panels, and glass façade.
Internal Walls:	Predominantly plasterboard lining to lettable areas.
Roof:	Un sighted – Assumed reinforced concrete slab with a waterproof membrane.
Ceiling:	A combination of both plasterboard and acoustic tiles in a suspended grid system.
Lighting:	A combination of both surface mounted and recessed fluorescent lighting.
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Wall mounted and ducted heat pumps, lifts, smoke / heat detectors.

2.10 Accommodation

Office

Levels 1 through to 7 provide office accommodation which is generally presented to a good standard throughout. These floors are presented on both an open plan and partitioned basis, largely depending of individual tenant fitout. Each tenancy is generally presented with a reception and kitchen/bathroom amenities.

Internal linings comprise a combination of tile, vinyl and carpet floor coverings, plasterboard walls, both plasterboard and acoustic tiles in a suspended grid system with surface mounted and recessed fluorescent lighting. Good levels of natural light is achieved.



Office



Office



Office



Amenities

Retail

The ground floor provides two retail tenancies of 52 and 167 sqm. Both tenancies benefit from street frontage, though somewhat restricted exposure and profile being situated on a side road.



Retail



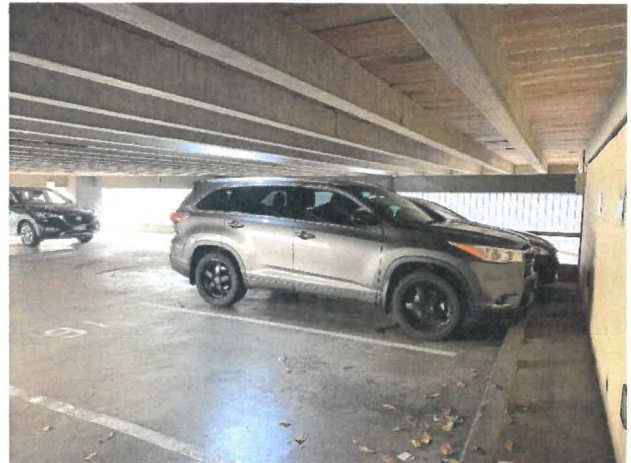
Retail

Car Parking

Onsite secure car parking for 29 spaces is provided over two levels. The car park is accessed from the south-eastern side of the site.



Covered Car Park



Covered Car Park

2.11 Lettable Areas

The Property's total Lettable Area is approximately 4,287 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Ground	218
Level 1	582
Level 2	583
Level 3	582
Level 4	581
Level 5	581
Level 6	581
Level 7	580
Total Lettable Area	4,287 square metres
Car parking	Spaces
Secure spaces	29
Total Car parking	29 spaces

The areas noted above have been taken from survey plans prepared by Harrison Grierson provided to us by PMG. We understand that these areas have been measured in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

2.12 Condition and Repair

We inspected the interior and exterior of the property. The building appears to have been well maintained with no significant deferred maintenance requirements evident.

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

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 12 August 2020, and therefore assume that the property complies with the provisions of Compliance Schedule HCS/94/01372.

The Health and Safety at Work (Asbestos) Regulations 2016 place requirements on building owners and occupiers in terms of assessing the risks associated with asbestos within buildings. Worksafe New Zealand recommend that buildings constructed before January 2000 are assessed for materials likely to contain asbestos, and if found, formulate a management plan.

We have been provided with a copy of the Asbestos Management plan prepared by Precise Consulting & Laboratory dated March 2018. We recommend interested parties review a copy of this report.

2.13 Earthquake Strengthening Requirements

New Zealand is prone to seismic activity and there are requirements on building owners to ensure their buildings are safe for occupants and users as outlined in the Building Act 2004 and Amendment (Earthquake-prone Buildings) Act 2016. These regulations categorise New Zealand into three seismic risk areas and sets timeframes for identifying and taking action to strengthen or remove earthquake prone buildings.

As part of our valuation we have been made aware of the following information:

Year of Building Construction	1971
National Risk Zone	Low
Compliance with New Building Standard	80% NBS
Assessment Type	IEP
Assessment Completed By	Brown & Thomson Consulting Engineers
Assessment Date	May 2012

We note the building does not appear on the Earthquake Prone Building Register as published here:
<https://epbr.building.govt.nz/>.

We are not qualified to undertake a structural survey of the property, and have proceeded based on the information available. We recommend interested parties confirm the insurability of the subject building.

3 Property Income and Expenditure

3.1 Tenancy Overview

We have been provided with a tenancy schedule and with Lease documentation that was available at the time of valuation.

The net rental from the Property can be summarised as follows:

Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
NZ Family Planning	\$141,983	583	13.6%
Summerset Management	\$121,085	386	9.0%
Outpost Central	\$108,600	327	7.6%
Patel Pike & Associates	\$92,650	303	7.1%
PITC	\$73,990	277	6.5%
Vacant Tenancies	\$32,699	109	2.5%
Balance of Tenants	\$721,199	2,304	53.7%
Total	\$1,292,206	4,287 sqm	100%

We note we are not qualified to advise you on the financial standing of the occupiers of the property. We have however formed a view on how we consider the market would approach the covenant status of the occupiers.

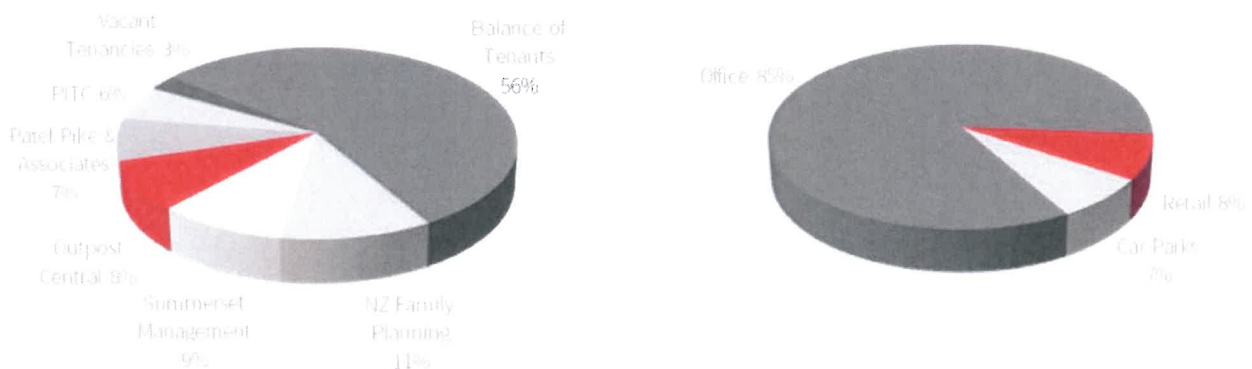
We note that we have reviewed the lease documentation for the tenants in the subject and these are generally provided in the ADLS sixth addition format. Clause 27.5 states that a fair proportion of rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases.

We have been provided with details of agreed rental abatements for some of the tenants within the subject property which we detail in section 1.6. These generally reflect 50% net rent free for the months for April and May, and we have modelled these agreed abatements within our cashflows. For the balance of the tenants where agreements have not yet been reached, we have modelled assumed rental abatements of 100% net rent free for the duration of the level 4 and 3 lockdown period (26 March 2020 – 13 May 2020) for office tenants. It is possible that further abatements could be required.

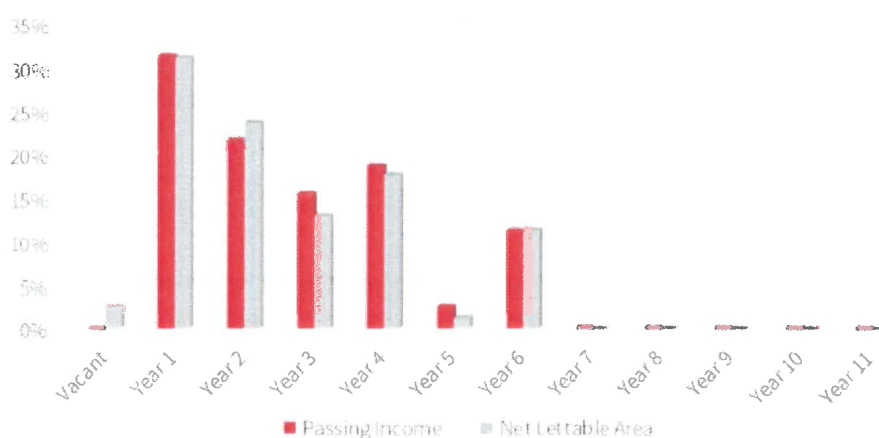
For PITC who operate a tourism business we have adopted a 100% rental abatement for the months of April, May and June due to the nature of their business.

With the ongoing reaction and impact to the Covid-19 virus, uncertain trading and credit market conditions may lead to rapid changes in covenant strength and/or sentiment.

The net rental from the property can be analysed by occupier and component proportion as follows:



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



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

3.2 Building Vacancy

As at the date of valuation, the Property has vacant accommodation of 109 square metres, which reflects 2.63% by income potential. Current vacant areas are summarised as follows:

Vacancy	Area	Proportion of Lettable Area	Market Income
Level 5	109	2.5%	\$32,699
Total Vacancy	109 sqm	2.5%	\$32,699

3.3 Building Outgoings and Recoveries

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

We have adopted the following allowances for building outgoings within our calculations:

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$95,881	\$22.36
Operating Expenses	\$232,768	\$54.29
Total Outgoings	\$328,649	\$76.66

The above allowances are based on the provided operating expense budget for the year ending 31 March 2020. We have had regard to the budget provided and have sought confirmation from the relevant rating authorities in relation to statutory charges and have considered the figures against the Property Council of New Zealand’s (PCNZ) benchmarks and other similar buildings.

We consider that the adopted outgoings rate of \$76.66 per square metre of Lettable Area to be comment in line with market parameters.

3.4 Income Support Arrangements

We have been provided with details of agreed rental abatements for some of the tenants within the subject property which we detail in section 1.6. These generally reflect 50% net rent free for the months for April and May, and we have modelled these agreed abatements within our cashflows.

For the balance of the tenants where agreements have not yet been reached, we have modelled assumed rental abatements of 100% net rent free for the duration of the level 4 and 3 lockdown period (26 March 2020 – 13 May 2020) for office tenants. We note that this allowance has now expired as at the date of the valuation report.

For PITC who operate a tourism business we have adopted a 100% rental abatement for the months of April, May and June due to the nature of their business.

Current remaining rental abatements, as at the date of valuation, are summarised in the table below:

Lease Incentives and Income Support Arrangements		
Tenant	Lease Incentives	Remaining Abatement
Anail - Ground	Rent free	\$1,288
Sun & Moon - Ground	Rent free	\$3,001
English Language Partners - Level 1	Rent free	\$508
Forsite - Level 3	Rent free	\$1,034
PITC - Level 3	Rent free	\$12,332
Ashley & Martin - Level 6	Rent free	\$4,072
Total Outstanding Abatements		\$22,235

The total amount of unexpired incentives is \$22,235, the present value of which is \$22,204

3.5 Tenancy Schedule

Our understanding of the Property's occupancy situation is detailed in the Tenancy Schedule below:

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Anail	Ground	51.8		Jun 2018	Jun 2024	6.0 years	Jun 2020	1 yearly	Fixed	\$30,900	\$596		\$3,974	\$77
Sun & Moon	Ground	166.6	1	Aug 2016	Aug 2022	6.0 years	Sep 2020	2 yearly	CPI+1%	\$72,031	\$412	\$63	\$12,774	\$77
English Language Pa	Level 1	100.9		Jan 2017	Jan 2021	4.0 years			Market	\$24,392	\$242		\$7,737	\$77
Saturn Group	Level 1	253.7	5	Mar 2018	Feb 2026	8.0 years	Mar 2021	1 yearly	Fixed	\$79,210	\$255	\$56	\$19,446	\$77
PMG	Level 1	227.6	1	Oct 2019	Sep 2025	6.0 years	Oct 2020	1 yearly	Fixed	\$60,545	\$250	\$70	\$17,448	\$77
NZ Family Planning	Level 2	582.5	3	Apr 2019	Mar 2022	3.0 years			Market	\$141,983	\$225	\$70	\$44,652	\$77
Forsite	Level 3	125.8	1	Nov 2019	Oct 2023	4.0 years	Nov 2020	1 yearly	Fixed	\$37,603	\$270	\$70	\$9,643	\$77
PITC	Level 3	277.0	2	May 2012	Apr 2021	9.0 years			CPI	\$73,990	\$248	\$50	\$21,234	\$77
de Lacey & Associates	Level 3	178.8		Mar 2019	Feb 2024	5.0 years	Sep 2021	1 yearly	CPI	\$48,273	\$270		\$13,705	\$77
Accountancy Insuran	Level 4	195.0	2	Apr 2019	May 2023	4.1 years	May 2021	1 yearly	Fixed	\$65,054	\$295	\$72	\$14,948	\$77
Summerset Managen	Level 4	386.0	4	Oct 2016	Oct 2022	6.0 years	Oct 2020	1 yearly	Fixed	\$121,085	\$277	\$68	\$29,587	\$77
Foodfirst	Level 5	161.5		Nov 2014	Nov 2020	6.0 years			Market	\$44,772	\$277		\$12,381	\$77
S W Morris & Associat	Level 5	186.4	1	Nov 2014	Oct 2020	6.0 years	Nov 2020	1 yearly	Market	\$53,058	\$266	\$66	\$14,289	\$77
Vacant	Level 5	108.6	1			0.0 years							\$0	\$0
Wing Kong Wong	Level 5	124.0		Nov 2017	Oct 2021	4.0 years	Nov 2020	1 yearly	Fixed	\$35,261	\$284		\$9,505	\$77
Ashley & Martin	Level 6	158.6	1	Dec 2014	Nov 2020	6.0 years	Dec 2020	1 yearly	Market	\$48,867	\$285	\$70	\$12,158	\$77
Patel Pike & Associat	Level 6	302.9	3	Jul 2015	Sep 2021	6.2 years			Market	\$92,650	\$272	\$67	\$23,217	\$77
Reynolds & Associat	Level 6	119.1	1	Nov 2016	Oct 2020	4.0 years			Market	\$38,254	\$295	\$60	\$9,130	\$77
Form Architects	Level 7	253.7	1	Feb 2018	Feb 2024	6.0 years	Feb 2021	1 yearly	Market	\$82,978	\$313	\$69	\$19,444	\$77
Outpost Central	Level 7	326.8	2	Oct 2014	Sep 2020	5.9 years			Market	\$108,600	\$310	\$70	\$25,054	\$77
Aggregate		4,287.3	29							\$1,259,507			\$320,325	

3.6 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$1,165,151	65.26%
Car Parking Rental	\$94,356	5.29%
Other Income	\$205,438	11.51%
Outgoings Recovery	\$320,325	17.94%
Gross Passing Income	\$1,785,270	100.00%
Unexpired Incentives in Year 1 (excludes capital contributions)	\$22,235	
Outgoings	\$328,649	
Net Passing Income	\$1,434,386	
Market Income on Vacant Areas	\$29,319	
Market Income on Vacant Car Park	\$3,380	
Vacant Area Outgoings	\$8,324	
Unexpired Incentives in Year 1	\$22,235	
Potential Net Income Fully Leased	\$1,497,644	

4 Market Commentary

4.1 Economic Overview

As at 14 May 2020:

- The Consumer Price Index rose 0.8% in the March 2020 quarter, resulting in an annual 2.5% inflation rate from March 2019. It was noted that the Q1 CPI snapshot was largely applicable to the pre-COVID-19 environment.
- Annual Gross Domestic Product (GDP) growth in the year to December 2019 was 2.3%, reflecting a 0.5% increase in this quarter, with GDP per capita rising 2.0%. Economic activity is expected to decline from 2.85% at the year ending June 2019 to -4.6% in the year ending June 2020. Annual average GDP growth is forecast to return to positive from the year ending September 2021 onwards.
- As at May 13 2020, the Reserve Bank announced that the Official Cash Rate is being held at 0.25% following its emergency 75 basis point reduction from 1.00% in March 2020. It was noted that due to the economic effects of Covid-19, the Monetary Policy Committee is prepared to use additional monetary tools if and when needed, including reducing the OCR even further.
- The 90-day Bank Bill Benchmark Rate (BKBM) was 0.28% as at 14 May 2020. This has reduced significantly from 2019 where it averaged 1.52%.
- The unemployment rate is 4.2% as at May 2020, which is a 0.2% increase for Q4 2019. Unemployment is forecast to increase significantly due to the effects of the Covid-19 pandemic, rising to 8.3% in the year ending June 2020, before peaking at 9.8% in September 2020 and then recovering thereafter.
- The REINZ median house price across New Zealand increased by 13.7% in March 2020 to a new record median price of \$665,000, up from \$585,000 in March 2019, with eight regions seeing new record median prices.
- The construction sector recommenced at Level 3 and is permitted to operate as it was prior to the Covid-19 outbreak, though with physical distancing and onsite safety rules remaining in place. Private backed development and construction is expected to be muted in the short term, however Government have announced their intention to fast track infrastructure spend as one method to kickstart the economy post the COVID-19 shutdown.

In response to the Covid-19 pandemic, on May 11 the NZ Government announced that NZ will move out of the Alert Level 3 lockdown into a phased out Alert Level 2 commencing on May 14. At Alert Level 2 the country will be permitted to resume many of its everyday activities, though will still be required to continue practicing physical social distancing and incorporating hygiene standards and traceable contact registers in order to reduce the risk of transmission. Public venues are now able to re-open. Most businesses will be able to open if they can do so safely, including face-to-face service providers. Tertiary education facilities, schools and early learning centres will re-open. It is noted that only small, controlled social gatherings will be permitted for up to ten people. NZ's borders will remain closed to all travellers, though inter-regional and domestic travel is now permitted.

In response to the outbreak, the NZ Government and RBNZ have implemented both fiscal and monetary policy to support New Zealanders and reduce the impact on the NZ economy. Actions that have been taken include:

- As at May 13 the Monetary Policy Committee has agreed to significantly expand the Large Scale Asset Purchase (LSAP) programme potential to \$60 billion, up from the previous \$33 billion limit. The LSAP programme includes NZ Government Bonds, Local Government Funding Agency Bonds and, now, NZ Government Inflation-Indexed Bonds.
- Additional fiscal policy introduced includes a circa \$17-\$18 billion support package aimed at sectors most affected by the impacts of the virus, a \$6.25 billion Business Finance Guarantee Scheme for small to mid-sized enterprises (SME), along with a \$20 million Tertiary Support Package, and \$50 million Media Support Package.
- On April 15 the government announced additional relief measures for SME. A recently introduced Small Business Cashflow Loan Scheme will also be provided.
- There has been a reintroduction on the depreciation on new and existing commercial and industrial buildings, including hotels and motels; which is set at 2% diminishing value.
- As per the Government's 2020 Budget announcement on May 14, additional key initiatives taken in response to Covid-19 include a \$50 billion Covid-19 Response and Recovery fund, along with a \$4 billion Business Support Package, which is essentially an extension to the Wage Subsidy Scheme that is currently in place.

At this stage it is too early to forecast the full impacts on the economy and property market, however it is clear the measures taken and support packages provided are significant. The full effects of Covid-19 are yet to be fully understood and quantified, though the global economic disruption caused by the pandemic is expected to persist and lead to lower economic growth both in New Zealand and abroad.

4.2 Auckland Fringe Office

The impact of the COVID-19 restrictions on the Auckland Office market are at this stage uncertain. However, based on the measures in place and known impacts, there are some logical outcomes in the short term that we have had consideration to. Some of these are as follows:

- The restrictions around travel and people entering New Zealand are likely to have a severe impact on tourism, hospitality and education occupiers.
- Lockdowns and uncertainty may result in longer leasing up periods for vacant space as companies shift focus from growth to consolidation and recovery.
- Refurbishment costs are likely to increase due to capacity constraints, labour shortages in the construction sector and the potential for shortage of imported building components.
- Overseas investors are going to have trouble personally inspecting New Zealand property, which may slow sales of mid quantum and larger institutional grade assets.
- Rental growth in the next 12 months is going to be difficult to prove/difficult for occupiers to accept, with the majority of businesses likely to have significant cashflow issues due to the business interruption and lack of productivity.

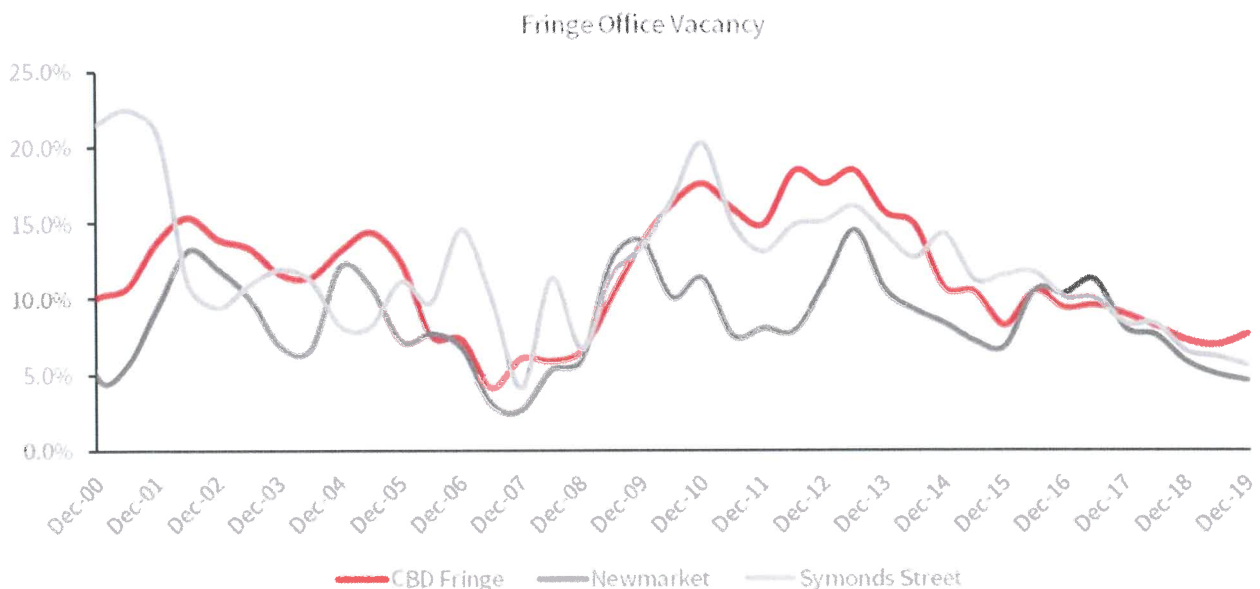
The Auckland Office market up to March 2020 was performing very strongly, and we expect that in context of other property sectors, should prove to be reasonably resilient. There will be adjustments in certain areas, and at this stage it is too early to provide definitive predictions.

Demand

Occupancy was high as at our most recent physical office stock survey, with vacancy of just 7.0% overall, with Newmarket the best performing fringe precinct with a vacancy rate of 4.6%, a fall of 120 bps. Newmarket's extended period of expansion and transformation is driving additional demand for Newmarket office accommodation, resulting in further compression of vacancy rates.

As space outside of the CBD is comparatively lower to rent, coupled with an increase in availability of good quality space and limited options within the CBD core, it is expected that tenant interest will continue to rise. A higher concentration of character stock in areas such as Parnell, Ponsonby and Mt Eden similarly remains a demand driver, catering to creative and boutique occupiers.

The fringe market is forecast to benefit significantly from the completion of the CRL in 2024, with notably improved connectivity resulting in decreased travel times and better access to the working population in areas such as Mt Eden, Karangahape Road, Newmarket and Parnell.



Source: JLL Research & Consultancy

Vacancy is primarily held in secondary stock, with demand remaining skewed toward the top end of the market. Like the CBD, the fringe markets have experienced a flight to quality, underpinning a firming of vacancy. In addition to tenant demand,

developers have also acted to decrease available space, by removing stock for competing uses such as apartment developments and student accommodation or redevelopment into better quality office space.

Rental growth within the CBD core has made occupying a decentralised location comparatively cheaper, helping drive tenant demand. Further space due to come online in the CBD in terms of Commercial Bay (39,000 sqm) and two large developments by Mansons TCLM on Fanshawe Street will provide some opportunity for occupiers, notwithstanding these projects will now be delayed due to the COVID-19 shutdowns.

Current tenant demand for well appointed, connected and high quality stock remains stable across the fringe.

Supply

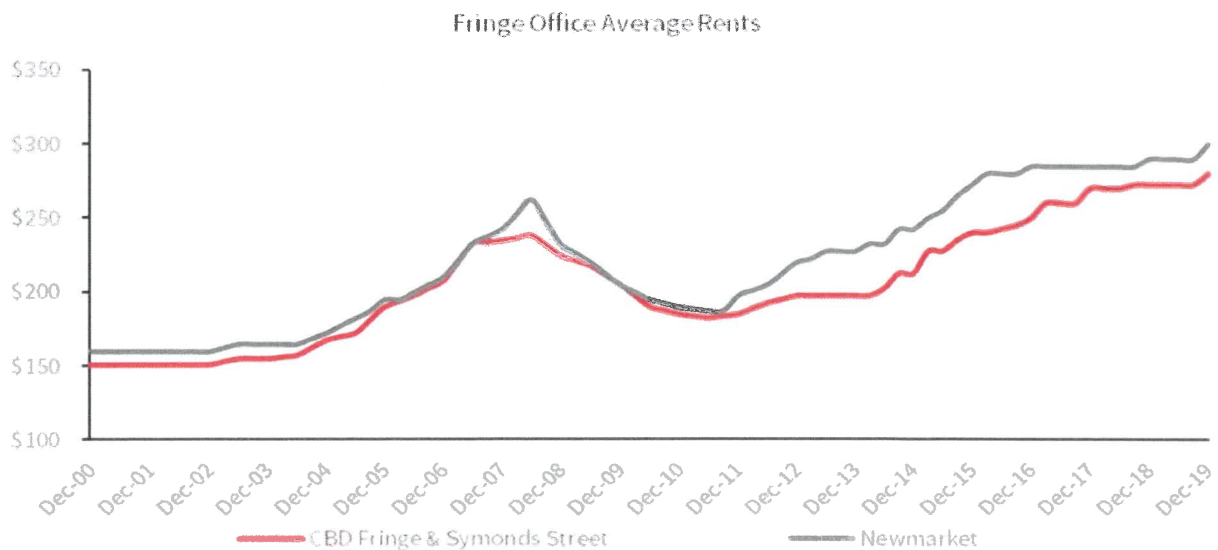
With a number of projects in the development pipeline in various stages of consenting, planning and construction, supply is forecast to continue trickling into the market. A notable development underway includes the refurbishment of 107 Carlton Gore Road by Argosy, leased to Kainga Ora for 12 years for the 6,100 sqm building. There are limited other significant projects currently underway in the CBD fringe, however there are a number of office projects proposed such as a new Mansons TCLM building planned for Newmarket.

New supply will create backfill opportunities for occupiers to move up the grade spectrum, however demand for quality space continues to outpace supply which is keeping vacancy rates low and the case for new supply elevated.

Asset Performance

During 2019 rental growth has continued in fringe markets. A fall in available space has allowed landlords to apply upward pressure to rents, as tenants continue to find it difficult to source quality space across the majority of the fringe localities. The average fringe rental rate now stands at \$280 per sqm in 4Q19, with Newmarket also increasing to \$300 per sqm. These figures represent 2.8% and 3.4% annual rental growth in the fringe and Newmarket respectively.

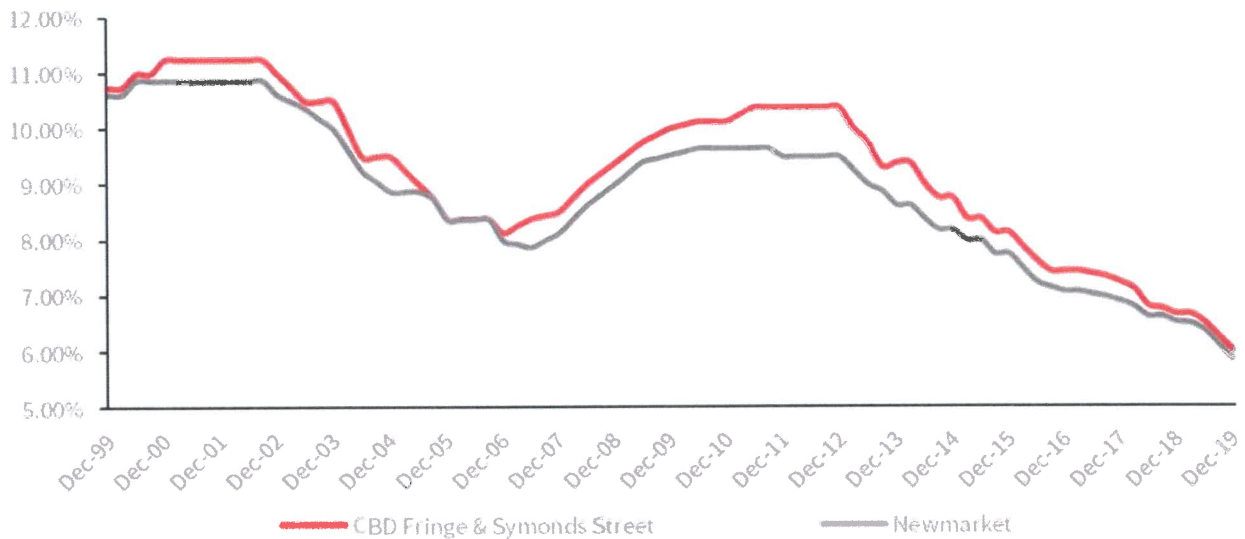
The new build sector for both fringe and suburban stock saw rental rates remain static in 2H19, continuing to sit at \$585 per sqm and \$380 per sqm respectively. These prices demonstrate the fine balance presently between rental affordability over the term of a lease on behalf of tenants seeking space against continuing construction cost inflation, which while slowing in recent months, remains problematic for developers. As a partial solution for a compromise between developers and tenants, the average fringe incentive has reduced to 12.0% from 16.7%.



Source: JLL Research & Consultancy

Yields are continuing to trend downward, with many markets for the fourth quarter in a row recording some compression. The average fringe yield has compressed slightly over the 4Q19 at 6.00%, reflecting a range of 5.50% to 6.50%. Yield compression was driven by a number of factors, including steady rental growth, minimal vacancy across the fringe and suburban markets driving higher returns and a paucity in the amount of stock investors had to choose from. The average Newmarket yield firmed to 5.88% over the same period, representing a range of 5.25% to 6.50%.

Fringe Office Average Yields



Source: JLL Research & Consultancy

The transaction market continued to tick over during 2019, with a small number of sales occurring above the \$5 million mark. Investors remained increasingly keen to acquire quality assets with good tenants (hence sharpening yields) or those that offer value add opportunities. Transaction activity dampened across all asset classes that JLL monitors during the last 12 months, increasingly not by a lack of purchaser interest, but as a direct result of a limited number of properties coming to market. Investors appear to be taking a watch and wait stance given the dearth of alternative investments available at similar yields to those paid historically for existing assets. Few scale investors seem willing to cash up and leave the market.

Auckland Fringe Office Market Outlook

As noted, forecasting the likely impact of the COVID-19 restrictions on the office market is a difficult exercise. We do expect a mixed reaction from occupiers, with potential for growth in say Bank and advisory firms, while other sectors such as the noted tourism and education occupiers will have a more difficult path. On balance we expect to see very little growth in market rent levels over 2020, however this is likely to recover with the more medium term impacts of the various Government stimulus packages.

Investment outlook is likely to remain more secure, with some potential for a realignment in yields towards the clear preference for prime assets and more defensive tenancy profiles. Similarly we expect some weakness in the achievable values for assets with a high proportion of vacancy, at risk tenants or with larger capital reinvestment requirements.

5 Leasing Evidence

We note that all of the below rentals were agreed pre-COVID19 restrictions, and we are at this stage waiting on post-restrictions transactions to provide a guide as to market direction.

5.1 Office Leasing Evidence

In assessing a market rental profile for the accommodation, we have had regard to the following recent transactions from within the subject property:

Property	Tenant	Level	Area sqm	Basis	Date	Type	Parking pcpw	Opex \$/sqm	Face Rent \$/sqm	Net Effective \$/sqm
5 Short Street, Newmarket	Forsite	Pt 3	126	Net	Nov-19	NL	\$70	\$80	\$270	\$247
	NZ Family Planning	2	583	Net	Apr-19	LR	\$70	\$80	\$225	\$225
	De Lacy & Associates	Pt 3	179	Net	Mar-19	LR	-	\$80	\$270	\$270
	Accountancy Insurance	Pt 4	195	Net	Mar-19	LR	\$70	\$80	\$285	\$285

* NL = New Lease, NLST = New Lease Sitting Tenant, LR = Lease Renewal, RR = Rent Review, Var = Lease Variation

Within the subject property there has been several transactions over 2019 which reflect net effective rents of between \$225 and \$280 per sqm, with car parks reflecting \$70 pcpw. NZ Family Planning renewed their lease over all of level 2 from April 2019 at \$225 over the 583 sqm tenancy. The other recent transactions are for smaller tenancies of between 126 and 195 sqm on part levels 3 and 4.

We have also had regard to recent rental evidence in the wider locality. We have had particular regard to the evidence detailed below:

Property	Tenant	Level	Area sqm	Basis	Date	Type	Parking pcpw	Opex \$/sqm	Face Rent \$/sqm	Net Effective \$/sqm
100 Carlton Gore Road, Newmarket	CRL Construction	3-5	2,987	Net	Oct-19	NL				
	Enspiral Academy	5	456	Net	Oct-18	NL				
103 Carlton Gore Road, Newmarket	Point Property	Pt 1	320	Net	Oct-19	NL				
	Aim Altitude	4	978	Net	Apr-19	NL				
5 Carlton Gore Road, Newmarket	Zeacom	G&1	1,069	Net	Jan-20	LR				
	Raukatauri	LG	227	Net	Jan-20	NL				
25 Broadway, Newmarket	Overdose Digital	3	502	Net	Oct-19	NL				Confidential
	Fuse Creative	5	193	Net	Feb-19	NL				
	NSI Management	4	331	Net	Nov-18	NL				
277 Broadway, Newmarket	Heartland Bank	Pt 3	1,195	Net	Sep-19	NL				
88 Broadway, Newmarket	Xigo	2	427	Net	Aug-18	RR				
60 Broadway, Newmarket	One HQ	1	415	Net	Jun-19	NL				
180-182 Broadway, Newmarket	Techorium	7	282	Net	Oct-18	NL				

Property	Tenant	Level	Area sqm	Basis	Date	Type	Parking pcpw	Opex \$/sqm	Face Rent \$/sqm	Net Effective \$/sqm
99-107 Khyber Pass, Newmarket	Chorus	1	588	Net	Jul-18	LR				
48 Broadway, Newmarket	Bobux International	G	294	Net	Jul-18	NL				
135-151 Broadway, Newmarket	Odin Health	5	174	Net	Feb-18	NL				

* NL = New Lease, NLST = New Lease Sitting Tenant, LR = Lease Renewal, RR = Rent Review, Var = Lease Variation

The recent office evidence outlined above indicates a range of \$230 per sqm to \$385 per sqm. The office rates to the lower end of the range typically relate to inferior locations or secondary accommodation. The office rates to the higher end of the range typically relate to modern office accommodation presented to a good standard.

The recent transactions along Carlton Gore Road range between \$230 per sqm up to \$320 per sqm with the rents at the lower end of the range for large floor areas or inferior quality space, with the rents at the upper end of the range generally reflecting smaller floor areas, good quality and fitted out space. The properties along Carlton Gore Road are generally considered to provide superior quality accommodation in a superior Newmarket location.

There have been three recent new lettings at 25 Broadway over levels 3 – 5, which reflect net effective rents in the mid \$300 per sqm range. The property provides good quality office space which has been refurbished in recent years and generally provides polished concrete floors with exposed ceilings and good natural light and outlook from the upper levels. The property provides superior quality space in reasonably close proximity to the subject, however in a high profile position along Broadway.

The subject provides good quality office accommodation in Newmarket. We have adopted market rents for the subject property of between \$220 and \$280 per sqm, with adjustments made on a floor by floor basis for elevation and outlook.

In regards to the car parking we have considered the current car parking rates in the immediate and wider locality as detailed in the table above. Car park rents are location and format specific with the highest rates generally achieved for secured and covered spaces. The evidence above generally reflects rates of between \$50 - \$70 pcpw. We have adopted a market rent for the subject car parks of \$65 pcpw.

5.2 Retail Leasing Evidence

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

Property	Tenant	Component	Area	Date	Type	Base Rental
8 Kent Street	Confidential	Retail	131	Pre-com	NL	
35 Teed Street	RL Audio Visual	Retail	156	Feb-19	NL	
	PBO Group	Retail	92	May-18	NL	
25 Broadway	Circle K	Retail	123	Jun-18	NL	
Unit G8, 255 Broadway	Laser Clinic	Retail	122	Sep-19	NL	
398 Broadway	Suits on Broadway	Retail Carparks Workroom Storage Mezz Office	234 10 pks 29 24 22	Jan-19	RR	Confidential
312-316 Broadway	The Co-Operative Bank	Retail	110	Aug-18	NL	
88 Broadway	Undisclosed	Retail	139	Jul-18	NL	
198 Broadway	Forever Blonde	Retail	83	Apr-18	NL	

Property	Tenant	Component	Area	Date	Type	Base Rental
180-182 Broadway	Tank	Retail	137	Mar-18	NL	

* NL = New Lease, NLST = New Lease Sitting Tenant, LR = Lease Renewal, RR = Rent Review, Var = Lease Variation

When assessing the market rental for the units, we have been mindful of net lettings and market rent reviews on Broadway and surrounding streets in Newmarket. The leasing evidence above provides a range of rates depending on size and shape, exposure of the unit in which the tenancy is situated and the location along Broadway or surrounding streets.

60 Broadway is situated in close proximity to the subject. TAD.DE took a new lease from April 2019 over the 432 sqm tenancy at a rent in the mid \$400's per sqm. The subject tenancies are smaller, however are in an inferior side street position.

The units at 35 Teed Street provide good quality tenancies of 156 and 92 sqm. RL Audio Visual occupies a prominent corner position with good profile and exposure. This 156 sqm tenancy was let in February 2019. The PBO Group tenancy has secondary frontage to Gillies Avenue. This 92 sqm tenancy was let in May 2019. Both units reflect rents in the mid \$500's per sqm. We consider both units to benefit from superior profile to the subject units.

When applying a market rental to the subject units, we have considered their shape, frontage, and their size. We have also been mindful of the overall rental quantum per annum. We have adopted market rental rates of \$380 and \$580 per sqm for the subject retail units

5.3 Market Rental Profile

We have assessed the market rental profile for the property on a net basis. Our adopted market rental profile is as summarised below:

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Anail	Ground	51.8		Jun 2020	Fixed	\$30,900	\$596		\$77	\$77	\$580	\$657		\$30,067
Sun & Moon	Ground	166.6	1	Sep 2020	CPI+1%	\$72,031	\$412	\$63	\$77	\$77	\$380	\$457	\$65	\$66,703
English Language Pa	Level 1	100.9		Jan 2021	Market	\$24,392	\$242		\$77	\$77	\$240	\$317		\$24,223
Saturn Group	Level 1	253.7	5	Mar 2021	Fixed	\$79,210	\$255	\$56	\$77	\$77	\$240	\$317	\$65	\$77,783
PMG	Level 1	227.6	1	Oct 2020	Fixed	\$60,545	\$250	\$70	\$77	\$77	\$220	\$297	\$65	\$58,009
NZ Family Planning	Level 2	582.5	3	Mar 2022	Market	\$141,983	\$225	\$70	\$77	\$77	\$260	\$337	\$65	\$138,290
Forsite	Level 3	125.8	1	Nov 2020	Fixed	\$37,603	\$270	\$70	\$77	\$77	\$260	\$337	\$65	\$36,085
PITC	Level 3	277.0	2	Apr 2021	CPI	\$73,990	\$248	\$50	\$77	\$77	\$260	\$337	\$65	\$78,780
de Lacey & Associates	Level 3	178.8		Sep 2021	CPI	\$48,273	\$270		\$77	\$77	\$260	\$337		\$46,485
Accountancy Insuran	Level 4	195.0	2	May 2021	Fixed	\$65,054	\$295	\$72	\$77	\$77	\$265	\$342	\$65	\$58,435
Summerset Managen	Level 4	386.0	4	Oct 2020	Fixed	\$121,085	\$277	\$68	\$77	\$77	\$265	\$342	\$65	\$115,802
Foodfirst	Level 5	161.5		Nov 2020	Market	\$44,772	\$277		\$77	\$77	\$270	\$347		\$43,610
S W Morris & Associat	Level 5	186.4	1	Oct 2020	Market	\$53,058	\$266	\$66	\$77	\$77	\$270	\$347	\$65	\$53,708
Vacant	Level 5	108.6	1	Vacant					\$0	\$77	\$270	\$347	\$65	\$32,699
Wing Kong Wong	Level 5	124.0		Nov 2020	Fixed	\$35,261	\$284		\$77	\$77	\$270	\$347		\$33,480
Ashley & Martin	Level 6	158.6	1	Nov 2020	Market	\$48,867	\$285	\$70	\$77	\$77	\$275	\$352	\$65	\$46,995
Patel Pike & Associate	Level 6	302.9	3	Sep 2021	Market	\$92,650	\$272	\$67	\$77	\$77	\$275	\$352	\$65	\$93,432
Reynolds & Associate	Level 6	119.1	1	Oct 2020	Market	\$38,254	\$295	\$60	\$77	\$77	\$275	\$352	\$65	\$36,133
Form Architects	Level 7	253.7	1	Feb 2021	Market	\$82,978	\$313	\$69	\$77	\$77	\$280	\$357	\$65	\$74,402
Outpost Central	Level 7	326.8	2	Sep 2020	Market	\$108,600	\$310	\$70	\$77	\$77	\$280	\$357	\$65	\$98,275
Aggregate		4,287.3	29			\$1,259,507								\$1,243,398



5.4 Net Income Assessment

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

Passing Versus Market Comparison	Passing per annum	Market per annum
Rental Analysis		
Lettable Area Rental	\$1,165,151	\$1,145,378
Car Parking Rental	\$94,356	\$98,020
Other Income	\$205,438	\$0
Outgoings Recovery	\$320,325	\$328,649
Gross Income	\$1,785,270	\$1,572,047
Unexpired Incentives in Yr 1 (excludes contributions)	\$22,235	\$0
Outgoings	\$328,649	\$328,649
Net Income	\$1,434,386	\$1,243,398
Market Income on Vacant Areas	\$29,319	
Market Income on Vacant Car Park	\$3,380	
Vacant Area Outgoings	\$8,324	
Unexpired Incentives in Year 1	\$22,235	
Potential Net Income Fully Leased	\$1,497,644	\$1,243,398

6 Sales Evidence

6.1 Sales Transaction

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



44 Taharoto Road, Takapuna, Auckland

Sale Price	\$39,000,000	Sale Date	January 2020
Initial Yield	5.17%	Equivalent Yield	5.12%
IRR	7.15%	WALT	11.23 years

44 Taharoto Road comprises a large land holding in Takapuna improved with three buildings, all leased to the Waitemata District Health Board via two triple net lease agreements. The leases provide for a 15 year lease of the main improvements at the front of the site (44 Taharoto Road), and a 6 year lease over the mid-site (9 Karaka Street) and rear single level building, providing a WALT of 11.23 years.

44 Taharoto Road comprises a five level office building, 9 Karaka Street is a two level building, and the rear building provides for medical suites. The property provides for 248 on site open car parking spaces.

As part of the lease obligations, WDHB is required to seismically strengthen the building at its sole cost within 24 months of the commencement date to achieve a minimum NBS rating of 67%. In addition to the above, WDHB is required to undertake Capital Works at its sole cost within 5 years from the commencement date.

The property sold in January 2020 following an on market sales and lease back campaign by CBRE for \$39,000,000. This sale reflects an initial yield of 5.17%, equivalent yield of 5.12% and a rate of \$7,063 per square metre over lettable area.



7 Falcon Street, Parnell, Auckland

Sale Price	Conf. \$10m+	Sale Date	December 2019
Initial Yield	Mid 5%	Equivalent Yield	Mid 5%
IRR	Mid-high 6%	WALT	3.37 years

The property provides a recently refurbished four-level commercial office building plus two levels of basement car parking with a total net lettable area of approximately 1,131 square metres and 37 car parks. All levels provide good quality office accommodation with associated deck areas. The building is situated on a 566 square metre site and is zoned Mixed Use under the Auckland Unitary Plan.

At the date of sale, the property was fully leased to Bachcare, Kingstone Cox, QMS and Aspen Pharmacare, with tenants occupying a level each and associated car parks. The property has a WALT of 3.37 years by income. Rent reviews are predominantly annual fixed 3% increases.

The property sold in December 2019 following an on market sales campaign for a confidential amount in excess of \$10 million.



25 Broadway, Newmarket, Auckland

Sale Price	\$19,450,000	Sale Date	November 2019
Initial Yield	5.89%	Equivalent Yield	4.98%
IRR	6.33%	WALT	4.35 years

The property comprises a six level commercial building providing three ground floor retail shops, and five levels of office accommodation above, totalling approximately 2,336 sqm of net lettable area. An additional 33 secure car parks are provided to the basement and first floor. The building is situated on a 736 sqm site towards the northern end of the Newmarket commercial precinct and is zoned Mixed Use under the Auckland Unitary Plan.

At the date of sale, the property was 100% occupied and returning a net contract rental of \$1,145,090 per annum, including \$217,737 of income associated with signage and aerial rent. The property is leased by eight tenants, with Wendy & Tom Tailors, Circle K and The Linen Shop all situated on the ground floor, Furnz Group on Level 1, CKL Surveys on Level 2, Overdose on Level 3, NSI Management on Level 4 and Fuse Creative on Level 5. Rental provisions include varying annual reviews across each tenant. The property had a WALT of 4.35 years.

The property was sold after a market campaign by Colliers in November 2019 for \$19,450,000. This sale reflects an initial yield of 5.89%, an equivalent yield of 4.98%, and a rate of \$8,324 per sqm over lettable area.



229 Dairy Flat Highway, Albany

Sale Price	\$33,000,000	Sale Date	September 2019
Initial Yield	5.79%	Equivalent Yield	5.81%
IRR	7.20%	WALT	9.77 years

The property comprises four buildings on a site of 1.04 hectares. The buildings comprise a three level modern office and retail building, a freestanding former restaurant, now an Auckland Council ward office and a former small scale supermarket utilised as a design studio and workshop. In addition there is a four level serviced apartment building which opened in late 2011.

The largest occupier is Massey University who lease the two upper levels of office, part of the ground floor and the former supermarket, now converted to an engineering workshop / faculty. Auckland Council leases two ground floor areas comprising a library and ward office. The remaining occupiers are two food based retail tenancies.

The Quest Serviced Apartment building provides a total of 38 apartments ranging from studio up to 2 bedroom configurations. Secured car parking is provided below the apartments at ground level to the rear of the main reception.

At the date of sale the property was 100% occupied returning a net income of \$1,910,167 per annum with a WALT of 9.77 years.

The property was sold after a marketing campaign by Colliers in September 2019 for \$33,000,000. This sale reflects an initial yield of 5.79%, equivalent yield of 5.81% and a rate of \$4,912 per sqm over lettable area.



323 Great South Road, Greenlane, Auckland

Sale Price	\$20,630,000	Sale Date	July 2019
Initial Yield	6.00%	Equivalent Yield	5.67%
IRR	6.49%	WALT	2.42 years

The property comprises a 2 level, 3,434 sqm office building situated at 323 Great South Road in Ellerslie, Auckland. The property includes 2 decks as well as 97 covered carparks and 3 open car parks.

At the sale date the property was 100% leased to NZ Police for a net rental of \$953,603 per annum with a weighted average lease term of 2.42 years. This is a new 6-year lease with a break right at the end of year 3. For the purposes of this analysis we have assumed that the Police exercise their break right.

Prior to re-letting, landlords works included a new mansard roof, waterproof and retiled balconies, retiled entrance, gutter replacement and recommission HVAC.

The property was sold off-market in July 2019 for \$20,630,000. This sale reflects an initial yield of 6.00%, equivalent yield of 5.67%, IRR of 6.49% and a rate of \$6,007 per sqm over lettable area.



57 Market Road, Remuera, Auckland

Sale Price	\$11,650,000	Sale Date	July 2019
Initial Yield	5.78%	Equivalent Yield	5.54%
IRR	6.70%	WALT	5.26 years

The property comprises a 1,942 sqm 2 level modern office building situated at 57 Market Road in Remuera, Auckland. The building occupies a 2,147 sqm freehold title site, in the popular suburb of Remuera and is zoned Business – Local Centre under the Auckland Unitary Plan. The property has undergone recent exterior and landscaping upgrades and includes 59 car parking spaces.

At the sale date the property was fully occupied by three tenants; AIA International, Bid Food and Jetts Fitness, returning a total net rental of \$673,943 per annum.

The property was sold in July 2019 for \$11,650,000. This sale reflects an initial yield of 5.78%, equivalent yield of 5.54%, and a land and buildings rate of \$5,999 per sqm over lettable area.



86 Parnell Road, Parnell, Auckland

Sale Price	\$12,800,000	Sale Date	April 2019
Initial Yield	4.77%	Equivalent Yield	5.59%
IRR	6.48%	WALT	2.67 years

The property comprises a 1,823 sqm building with ground floor retail and four levels of office space above, situated at 86 Parnell Road, Parnell, Auckland. The buildings sits on a 556 sqm site and includes 6 onsite car parking spaces, full length windows, good natural lighting and city views. Its Parnell location is near amenities such as Auckland CBD, Parnell train station and The Auckland Domain and is zoned Town Centre under the Auckland Unitary Plan.

At the sale date the property had 14 individual tenancies returning a total net rental of \$614,728 per annum with a WALT of 2.67 years.

The property sold in April 2019 for \$12,800,000. This sale reflects an initial yield of 4.77% and a land and buildings rate of \$7,021 psm.



Fuji Xerox, 79 Carlton Gore Road, Newmarket, Auckland

Sale Price	\$37,300,000	Sale Date	April 2019
Initial Yield	6.02%	Equivalent Yield	5.56%
IRR	7.14%	WALT	8.42 years

The property provides a 4 Green Star rated, two level commercial office building together with two levels of basement car parking leased by Fuji Xerox. The building provides approximately 3,538 sqm of office accommodation over both floors together with a 58 sqm café tenancy on the ground floor. In addition is a roof top terrace with expansive views over the surrounding cityscape and the Auckland Domain.

The property is comprised of a large freehold title, plus a leasehold component adjacent to the railway corridor to the property's rear boundary. The property incorporates ground rental of \$22,730 per annum, which is unrecovered from the building occupiers.

The property is fully leased producing a net income of \$2,245,218 per annum with a WALT of 8.42 years.

The property sold in April 2019 for \$37,300,000 following an on market campaign by JLL. The sale achieved an initial yield of 6.02%, equivalent yield of 5.56%, IRR of 7.14% and a rate of \$10,373 per sqm over lettable area.



32 Manukau Road, Epsom, Auckland

Sale Price	\$13,900,000	Sale Date	February 2019
Initial Yield	5.81%	Equivalent Yield	5.08%
IRR	6.97%	WALT	1.83 years

The property is a commercial building providing two levels of office accommodation with a total net lettable area of circa 1,997 sqm and ground level undercroft and open parking for 73 cars.

The building occupies a regular shaped 2,555 sqm site in the popular suburb of Epsom and is zoned mixed use under the Auckland Unitary Plan (operative in part).

The property is 100% occupied by Renaissance Group and Orix NZ with a WALT of 1.83 years.

The property sold in February 2019 for \$13,900,000. This reflects an initial yield of 5.81%, an equivalent yield of 5.08% and a land and buildings rate of \$6,960 per sqm.

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

Property Address	Sale Date	Sale Price	\$ / sqm	Initial	Equivalent	IRR	WALT
44 Taharoto Road, Takapuna	Jan-20	\$39.00 m	\$7,063	5.17%	5.12%	7.15%	11.23 years
7 Falcon Street, Newmarket	Dec-19	\$10m +	Conf.	Conf.	Conf.	Conf.	3.37 years
25 Broadway, Newmarket	Nov-19	\$19.45 m	\$8,324	5.89%	4.98%	6.33%	4.35 years
229 Dairy Flat Highway, Albany	Sep-19	\$33.00 m	\$4,912	5.79%	5.81%	7.20%	9.77 years

Property Address	Sale Date	Sale Price	\$ / sqm	Initial	Equivalent	IRR	WALT
323 Great South Road, Greenlane	Jul-19	\$20.63 m	\$6,007	6.00%	5.67%	6.49%	2.42 years
57 Market Road, Remuera	Jul-19	\$11.65 m	\$5,999	5.78%	5.54%	6.70%	5.26 years
86 Parnell Road Parnell	Apr-19	\$12.80 m	\$7,021	4.77%	5.59%	6.48%	2.67 years
79 Carlton Gore Road, Newmarket	Apr-19	\$37.30 m	\$10,373	6.02%	5.56%	7.14%	8.42 years
32 Manukau Road, Epsom	Feb-19	\$13.90 m	\$6,960	5.81%	5.08%	6.97%	1.83 years

We have had regard to the above fringe CBD and suburban office buildings that have transacted over the last 12-18 months, with good demand for investment and redevelopment stock being shown by both local and off shore investors. We note we are not aware of any post COVID19 sales transactions and at this stage it is too early to forecast the impact of the restrictions on property yields. We have however been mindful of the characteristics of the subject property and potential risks relating to tenant covenant, cashflow over the short to medium term and vacancy.

In regards to the sales evidence above, the lower end of the yield range typically relates to properties with either modern accommodation, situated in prime locations, with medium to long term weighted average lease terms or are of a smaller value quantum, or have some redevelopment potential. Sales to the higher end of the yield range typically relate to properties with either secondary quality accommodation, in secondary locations, strata titled, have short weighted average lease terms or are of a high value quantum.

In our opinion there are no recent sales that are directly comparable to the subject property. We have had regard to the sales of 25 Broadway and 79 Carlton Gore Road.

25 Broadway sold in November 2019 for \$19.45 million reflecting an initial yield of 5.89% and an equivalent yield of 4.98%. At the date of sale the property was 100% occupied with a WALT of 4.35 years. The property provides good quality office accommodation which has been recently refurbished with ground floor retail. The property is situated in close proximity to the subject, however occupies a superior prominent position along Broadway. In addition, the property provides superior quality office accommodation with a superior WALT.

The Fuji Xerox building at 79 Carlton Gore Road sold in April 2019 for \$37.3 million reflecting an initial yield of 6.02% and an equivalent yield of 5.56%. The property provides a modern commercial building fully leased to Fuji Xerox with a WALT of 8.42 years. The property provides superior modern office accommodation with a long WALT and fixed increases. We consider the subject property to be in an inferior location within Newmarket. We note there was some hesitance during the sale on the relatively high passing rental set by the initial lease from Mansons TCLM, and some questions over the Fuji Xerox covenant due to recent Serious Fraud Office investigations.

The onset of COVID-19 Virus is likely to have a material short term impact on the property market and has potential to have longer lasting effects on income and sentiment. In particular for retailers who are exposed to large crowds or non-essential discretionary spend and office occupiers who are susceptible to sectors like tourism, we would see potential for significantly reduced revenue whilst COVID-19 is still a major consideration in people's day to day activities. Government measures to restrict the spread of the virus into and around New Zealand has had an immediate impact of many parts of the economy. Lower interest rates and other stimulus measures have been introduced in an attempt to mitigate the negative impacts, however a pending recession is almost certain.

The situation has led to some transactions already stopping due to reduced sentiment. Whilst some longer term fundamentals remain sound, we believe a number of retailers and office occupiers will require significant abatements in the short term to survive, and even then may not be sustainable. This additional risk would likely play into people's minds when considering potential returns they will pay for assets, however equally the market needs willing sellers. Many willing sellers may prefer to try and ride out the short term challenges until more normal conditions return. Willing sellers may also elect to hold onto existing assets with known cashflow returns, as finding alternative returns may prove to be difficult. As such and without transactional evidence to support market activity post COVID-19 becoming a larger issue, we are of the opinion that a material valuation uncertainty exists and consequently less certainty should be applied to our valuation.

Moving forward, there is a high risk of tenant failures or lower rentals being structured to ensure ongoing sustainability. This may result in a reduced tenant pool and lower rental growth prospects. In some cases properties that are overexposed to discretionary based spending may see a reduction in rental income. This is likely to result in reduced sentiment from investors and may result in a softening in capitalisation rates and discount rates.

When assessing the yield profile of the subject property, we have been mindful of the location, being situated within the popular city fringe locality of Newmarket, the scale and quality of improvements, multi-tenanted nature though providing a relatively short remaining lease term of 2.22 years.

We have also had regard to the tenant covenants and required rental support. We note that rental abatements have been agreed for some of the tenants to ensure they are able to continue operating. The majority of the rental support has been spent as at the date of valuation.

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

Valuation Input	
Capitalisation Rate	6.250%
Discount Rate	7.250%

7 Valuation Considerations

7.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property, whereas opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none">▪ Fee Simple tenure.▪ 97% occupied.▪ Multi tenanted nature of the property reduces vacancy risk.▪ Metropolitan zoning under the Auckland Unitary Plan.▪ Well located within Newmarket.▪ Secure onsite car parking.▪ Improvements are presented to a good standard.	<ul style="list-style-type: none">▪ Short remaining WALT of 2.22 years.▪ Due to the lease terms and conditions, we have allowed a short term rental abatement for tenants
Opportunities	Threats
<ul style="list-style-type: none">▪ Negotiate renewal terms or new leases over the property to increase the overall WALT.▪ Continued strengthening of the fringe office market.▪ Investigate redevelopment options.	<ul style="list-style-type: none">▪ The impact of the COVID-19 virus on the global economy and local property market is yet to be quantified.▪ Extended vacancy on expiry of leases.▪ Off-shore and local factors impacting negatively on economic growth, tenant demand and investor sentiment.▪ Additional new office supply impacting on future rental growth and potential vacancies.▪ The rental abatement period could go longer than the adopted allowance.

7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 6 – 12 months, assuming that the property is presented to the market in accordance with the specific assumptions noted in this report, and with an appropriate level of marketing. The actual time to sell the property may vary depending on the number of potential buyers in the marketplace, availability of comparable properties, access to finance, and changes in market conditions subsequent to the valuation date.

7.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be an institutional investor, private investor or high net worth individual.

7.4 Sales History

The subject property last transacted in September 2016 for \$14,200,000 presumably including GST.

8 Valuation Rationale

8.1 Valuation Overview

In arriving at our opinion of market value we have had consideration to the capitalisation and discounted cashflow (DCF) approaches to valuation, along with a cross check via the market comparison approach.

8.2 Capitalisation Approach

The capitalisation approach involves the determination of a sustainable net income from the property, and the application of a capitalisation rate as a measure of expected return from the property. Adjustments are made to the core value for items such as under/over renting, required capital expenditure or current/upcoming vacancy.

We have adopted a core capitalisation rate of 6.250%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$1,165,151	\$1,145,378
Car Parking Rental	\$94,356	\$98,020
Ideal Outgoings Recovery (Full Net Leases)	\$320,325	\$328,649
Total Rental Income	\$1,579,832	\$1,572,047
Less Outgoings Expenditure	(\$328,649)	(\$328,649)
Net Rental Income	\$1,251,183	\$1,243,398
Core Income Capitalised at 6.25%	\$20,018,921	\$19,894,366
Value Adjustments		
Present Value of Existing Rental Reversions	(\$14,439)	\$112,799
Present Value of All Outstanding Abatements	(\$22,204)	(\$22,204)
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	<i>(\$30,155)</i>	
<i>Present Value of Leasing Fees</i>	<i>(\$6,272)</i>	<i>(\$36,427)</i>
Expires within the next 24 months - Letting Up Allowances:		
<i>Present Value of Downtime</i>	<i>(\$479,395)</i>	
<i>Present Value of Leasing Fees</i>	<i>(\$125,981)</i>	<i>(\$605,376)</i>
Present Value of Short Term Capital Expenditure: 24 months	(\$2,193,574)	(\$2,193,574)
Value of Other Income	\$3,483,652	\$3,483,652
Total Value Adjustments	\$611,633	\$738,870
Total Capitalised Value	\$20,630,554	\$20,633,236
Adopted Capitalised Value (say)	\$20,600,000	\$20,600,000

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.

Rental Abatements

We have deducted the present value of all outstanding abatements of \$22,204.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$2,193,574.

Other Income

We have allowed for the present value of any other income attributable to the Property. We have calculated the present value of the remaining income stream for other income resulting in a value addition of \$3,483,652. This pertains to Billboard rent.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$20,600,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	6.000%	\$21,500,000	\$21,500,000
Adopted Capitalisation Rate	6.250%	\$20,600,000	\$20,600,000
0.25%	6.500%	\$19,900,000	\$19,900,000

8.3 Discounted Cash Flow Approach

We have undertaken a discounted cash flow analysis over a 10-year investment horizon to derive a net present value for the Property.

We note that a DCF analysis looks to forecast cashflow performance from the property over a future horizon based on an understanding and due diligence related to the property and the specific market in which it sits. The adopted forecasts incorporate what we consider reasonably foreseeable as at the valuation date in terms of key lease events, capital expenditure and likely growth in rental rates, costs and changes in property values over the cashflow term. We note that the actual cashflows associated with the property may vary significantly depending on management decisions, market conditions or unforeseeable events.

Discount Rate

In assessing an appropriate target discount rate for the property, we have considered primarily the analysis of recent comparable or benchmark property sales, the current level of risk free return, discussions with active property investors as well as consideration of the property's specific investment attributes.

We have applied a target discount rate of 7.250% to the cash flows to produce a present value of \$20,300,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary	Year Ending	13-May-2021	13-May-2022	13-May-2023	13-May-2024	13-May-2025	13-May-2026	13-May-2027	13-May-2028	13-May-2029	13-May-2030	13-May-2031
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Rental Income												
Lettable Area and Car Park Income	\$1,108,442	\$1,117,523	\$1,141,174	\$1,211,894	\$1,269,719	\$1,318,842	\$1,356,516	\$1,181,208	\$1,300,995	\$1,336,497	\$0	\$0
Outgoings Recovery	\$280,803	\$286,803	\$303,017	\$331,935	\$353,807	\$365,317	\$380,717	\$332,869	\$364,975	\$387,577	\$0	\$0
Other Income	\$205,438	\$290,700	\$296,514	\$302,444	\$308,493	\$314,663	\$320,956	\$327,375	\$333,923	\$340,601	\$0	\$0
Gross Rental Income	\$1,594,683	\$1,695,026	\$1,740,704	\$1,846,274	\$1,932,019	\$1,998,822	\$2,058,188	\$1,841,453	\$1,999,893	\$2,064,675	\$0	\$0
Rental Deductions												
Unexpired Incentives - Rent Free/Abatements	(\$22,235)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$328,649)	(\$337,851)	(\$347,311)	(\$357,730)	(\$368,462)	(\$379,516)	(\$390,902)	(\$402,629)	(\$414,708)	(\$427,149)	\$0	\$0
Ground Rental												
Net Rental Cashflow	\$1,243,799	\$1,357,175	\$1,393,393	\$1,488,543	\$1,563,557	\$1,619,305	\$1,667,287	\$1,438,824	\$1,585,185	\$1,637,526	\$0	\$0
Rental Adjustments												
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	(\$6,564)	(\$96,917)	(\$74,775)	(\$12,444)	(\$40,631)	(\$13,614)	(\$17,778)	(\$74,199)	(\$91,771)	(\$44,619)	\$0	\$0
Capital Expenditure	(\$52,848)	(\$2,137,677)	(\$609,154)	(\$81,092)	(\$200,299)	(\$97,419)	(\$106,061)	(\$365,272)	(\$475,652)	(\$213,026)	\$0	\$0
Net Cashflow	\$1,184,388	(\$877,419)	\$709,465	\$1,395,007	\$1,322,627	\$1,508,272	\$1,543,449	\$999,353	\$1,017,763	\$1,379,882	\$0	\$0
Purchase Price	\$20,500,000											
After Costs	(\$20,500,000)											
Sale Price	\$27,400,000											\$26,989,000
After Costs												
Annual Cashflow	(\$19,315,612)	(\$877,419)	\$709,465	\$1,395,007	\$1,322,627	\$1,508,272	\$1,543,449	\$999,353	\$1,017,763	\$1,379,882	\$1,379,882	\$26,989,000
Present Value of Rental Cashflow	\$6,898,390											
Present Value of Terminal Value	\$13,403,363											
Allowance for Acquisition Costs	\$0											
Total Net Present Value (Say)	\$20,300,000											
												Resulting IRR
												7.12%



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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office							10 year average		2.15%	
	0.00%	1.00%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Retail							10 year average		1.90%	
	0.00%	1.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
CPI							10 year average		1.96%	
	1.80%	1.80%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		2.96%	
	2.80%	2.80%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average		2.96%	
	2.80%	2.80%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

Letting Up Allowances

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

Office	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	9 months	100%	0%	100%	\$250	100%
	Year 1	9 months	100%	0%	100%	\$250	100%
	Year 2	6 months	100%	0%	100%	\$250	100%
	Year 3	6 months	100%	0%	100%	\$250	100%
	Year 4	6 months	100%	0%	100%	\$250	100%
	Year 5	6 months	100%	0%	100%	\$250	100%
	Year 6	6 months	100%	0%	100%	\$250	100%
	Year 7	6 months	100%	0%	100%	\$250	100%
	Year 8	6 months	100%	0%	100%	\$250	100%
	Year 9	6 months	100%	0%	100%	\$250	100%
	Year 10	6 months	100%	0%	100%	\$250	100%

Capital Expenditure

Within our calculations we have made capital expenditure allowances for any known upcoming costs, together with our own allowances for capital and refurbishment works coinciding with 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. The allowances we have made are as summarised below, split between capex associated with a tenancy expiry or renewal, and general property expenditure:

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	\$297,869	\$25,700	\$323,569
Year 2	\$337,863	\$1,715,747	\$2,053,610
Year 3	\$150,377	\$272,122	\$422,499
Year 4	\$209,528	\$28,029	\$237,556
Year 5	\$14,966	\$28,869	\$43,835
Year 6	\$143,117	\$29,735	\$172,852
Year 7	\$33,258	\$30,628	\$63,886
Year 8	\$515,238	\$31,546	\$546,784
Year 9	\$407,946	\$32,493	\$440,439
Year 10	\$65,262	\$33,468	\$98,729
10 Year Total	\$2,175,424	\$2,228,337	\$4,403,760
Capex as a proportion of Value	21.5%	Per Sqm of Lettable Area	\$1,027.15

We understand that the building is to be refurbished. We have been informed that these refurbishment works are expected to cost \$1,373,555, which we have adopted as capital expenditure in year 2 of our cashflow. We have included an additional \$250,000 per annum in years 2 and 3 for general building maintenance.

The above allowances have been adjusted for forecast CPI movements throughout the cash flow.

Estimated Terminal Sale Price

We have applied a terminal yield of 6.500% (a 25.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value of the property we have primarily had regard to the increased age of the property at the end of the cashflow and likely occupancy and net income profile for the property.

Transaction Costs

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

Transaction Costs	
Acquisition Costs	Nil
Disposal Costs	1.50% of the forecast Terminal Value

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	6.250%	6.500%	6.750%
7.000%	\$21,200,000	\$20,700,000	\$20,300,000
7.250%	\$20,800,000	\$20,300,000	\$19,900,000
7.500%	\$20,400,000	\$19,900,000	\$19,500,000

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$20,600,000
Capitalisation Approach - Contract Income	\$20,600,000
Discounted Cash Flow Approach	\$20,300,000
Adopted Value	\$20,500,000

9.2 Valuation Conclusion

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 \$20,500,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 14 May 2020, is:

\$20,500,000 plus GST (if any)

Twenty Million Five Hundred Thousand Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 7.00%, an equivalent yield of 6.29%, an internal rate of return of 7.12%, and a rate of \$4,782 per square metre of Lettable Area.

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

- PMG Direct Office Fund Trustees Limited – for inclusion within a Product Disclosure Statement

No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

9.3 Involvement Statement

The following parties have been involved in the completion of this valuation:

Inspection of Property	Arthur Harris, Hannah Robertson
Calculations	Arthur Harris, Hannah Robertson, Cara Christopher
Information Review	Hannah Robertson, Cara Christopher
Report Authoring	Hannah Robertson, Cara Christopher
Quality Assurance	Ben Johnson
Principal Valuer	Arthur Harris

JLL require that all Valuation Reports are reviewed for Quality Assurance purposes before external release. The individual that has undertaken the Quality Assurance review offers no opinion on the subject property(s).

Yours faithfully,
Jones Lang LaSalle, Valuation & Advisory

Jones Lang LaSalle

Appendix 1 – Valuation Definitions

Net Passing Income	The annual sum of the current base rent, any supplementary income and recoverable outgoings, less total outgoings.
Net Income, Fully Leased	The annual net passing income as above, plus estimated income from vacant tenancies and any immediate reversions.
Capitalisation Rate	The capitalisation rate adopted within the valuation applied to either the net income, fully leased (excluding supplementary income) or net market income prior to adjustments for vacancy, rental reversion and capital expenditure.
Initial Yield	The net passing income from an investment divided by the sale price or value adopted for the investment.
Market Yield	The assessed net market income divided by the sale price or value adopted.
Equivalent Yield	A market yield which reflects additional adjustments for capital expenditure, letting up assumptions or the present value of rental reversions after the capitalisation of income.
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into a present value.
Internal Rate of Return (IRR)	The discount rate at which the present value of the future cash flows of the investment equals the acquisition cost of the investment.
Terminal Yield	Alternatively referred to as a Reversionary Yield, being the anticipated yield from an investment property once a reversionary value is attained at the end of the cashflow with adjustments for vacancy allowances.
Ten Year IRR	The IRR (as above) for which the property would achieve based on the present value of all the net cashflows over a 10 year period given the assessed value.
Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Weighted Average Lease Term (WALT)	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
Fair Value	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Appendix 2 – Record of Title



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



R. W. Muir
Registrar-General
of Land

Identifier 702273
Land Registration District North Auckland
Date Issued 06 July 2016

Prior References

179177	179178	179179
179180	179181	179182
179183	179184	179185
179186	179187	179188
179189	179190	179191
179192	179193	179194
179195	179196	179197
179198	179199	179200
179201	179202	179203
179204	179205	179206
179207	179208	179209
179210	179211	179212
179213	179214	179215
179216	179217	179218
179219	179220	179221
179222	179223	179224
179225	179226	179227
179228	179229	179230
179231	179232	179233
179234	179235	179236
179237	179238	179239
179240	179241	179242
179243	179244	179245
179246	179247	179248
179249	179250	179251
179252	179253	179254
179255	179256	179257
179258	179259	179260
179261	179262	179263
179264		

Estate Fee Simple
Area 1037 square metres more or less
Legal Description Lot 1 Deposited Plan 152765

Registered Owners
PMG Direct Office Fund Trustees Limited

Interests

Identifier

702273

Subject to an electricity right (in gross) over parts marked A, D, E, F and O on DP 152765 in favour of the Auckland Electric Power Board created by Transfer 070336.1

Subject to a right of way marked S and T, pedestrian right of way marked U and a right to convey gas, electricity, telecommunications and computer media and water and right to drain water and sewage over parts marked R, N and O on DP 323354 created by Easement Instrument 5750485.6 - 2.10.2003 at 9:00 am

10634265.12 Mortgage to ASB Bank Limited - 14.12.2016 at 4:05 pm

Appendix 3 – Lease Summaries

Lease Summary	Anail
Documents reviewed	Unsigned and Undated Deed of Lease. Signed Agreement to Lease dated 30 May 2018.
Lessee	Anail Limited
Demised premises	Retail 1, Ground Floor, 5 Short Street, Newmarket, Auckland
Lettable Area	51.84 sqm
Commencement Date	15 June 2018
Expiry Date	14 June 2024
Lease Term	An initial six (6) year term, with one (1) further right of renewal of three (3) years remaining.
Commencement Rent	\$30,000 per annum plus GST
Current Rent	\$30,900 per annum plus GST
Rental Review Provisions	<p>Rental Reviews in line with the following provisions:</p> <p>Fixed Reviews Fixed 3% rent reviews on each anniversary of the commencement date.</p> <p>Market Reviews Market review on the renewal date of the lease. Market reviews are subject to a hard ratchet clause.</p>
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Nail salon.
Special Provisions	<p>Incentive</p> <p>In consideration of the Tenant committing to the Lease the Landlord will provide a Lease Incentive with a value equivalent to \$7,000 plus GST.</p> <p>The Lease Incentive will be in the form of a rent rebate to be applied over the first six months of the Term of Lease, to be made on a monthly basis from the Lease Commencement Date and of six equal amounts.</p>
Emergency Provision	<p>No Access in Emergency</p> <p>We note that as per Section 20 of the Agreement to Lease the Parties will enter into a Deed of Lease as soon as practicable after this Agreement is unconditional. The New Lease shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012(4) with the Landlord's standard amendments required to reflect the terms of this agreement, to be prepared by the Landlord.</p> <p>Although we have not sighted signed and dated Deed of Lease documentation pertaining to this tenancy, we have specifically assumed that Deed of Lease Sixth Edition 2012(5) documentation has been executed in line with the above provisions.</p> <p>As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases.</p> <p>As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.</p>

Lease Summary	Sun & Moon
Documents reviewed	Signed Deed of Lease dated 28 August 2013. Signed Deed of Variation of Lease dated 3 December 2014. Signed Deed of Renewal of Lease dated 13 August 2014. Signed Deed of Variation and Renewal of Lease dated 8 December 2016.
Lessee	Sun & Moon Limited
Demised premises	Ground Floor, 5 Short Street, Newmarket, Auckland
Lettable Area	166.64 sqm 1 car parking space
Commencement Date	1 September 2013
Expiry Date	31 August 2022

Lease Term	A renewed six (6) year term from 1 September 2016, with one (1) further right of renewal of four (4) years remaining.
Commencement Rent	\$50,000 per annum plus GST
Current Rent	\$72,031 per annum plus GST
Rental Review Provisions	Rental Reviews in line with the following provisions: Fixed Reviews Fixed Reviews in line with the below: 1 September 2013: \$50,000 pa 1 September 2014: \$60,000 pa 1 September 2015: \$65,000 pa CPI+1% Reviews From 1 September 2016, and two yearly thereafter, the rental will be reviewed to CPI+1% levels. The parties agree that the annual rental determined at any relevant rent review date shall be less than the annual rental immediately preceding the relevant review date plus 10%.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Restaurant and Takeaway.
Emergency Provision	No Access in Emergency As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	English Language Partners New Zealand
Documents reviewed	Signed Heads of Agreement dated 15 July 2018.
Lessee	English Language Partners New Zealand
Demised premises	Level 1, 5 Short Street, Newmarket, Auckland
Lettable Area	100.93 sqm
Commencement Date	28 January 2017
Expiry Date	27 January 2021
Lease Term	An initial four (4) year term.
Commencement Rent	\$22,000 per annum plus GST
Current Rent	\$24,392 per annum plus GST
Rental Review Provisions	Fixed 3.5% rental reviews on each anniversary of the commencement date.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Offices and Education.
Special Provisions	Early Termination The Tenant shall have the right to terminate the Deed of Lease on the day before the first anniversary of the Lease Commencement Date by giving a minimum of three months prior written notice to the Landlord. In the event that the Tenant gives notice to terminate the Lease, an Early Termination Fee of \$10,000 plus GST shall be payable.

Lease Summary	Saturn Group
Documents reviewed	Signed Agreement to Lease dated 31 January 2018. Signed and Undated Deed of Lease. Correspondence between the Tenant and Landlord agreeing to terms dated 13 February 2018.
Lessee	Level 1, 5 Short Street, Newmarket, Auckland
Demised premises	Saturn Group Limited
Lettable Area	253.68 sqm 5 car parking spaces
Commencement Date	1 March 2018
Expiry Date	28 February 2026
Lease Term	An initial eight (8) year term, with no further rights of renewal remaining.
Commencement Rent	Office: \$60,883.20 pa Car Parking: \$13,780 pa Total: \$74,663.20 per annum plus GST
Current Rent	\$79,210 per annum plus GST
Rental Review Provisions	On each anniversary of the commencement date the annual rental shall be increased by 3%.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Offices.
Special Provisions	Early Termination The Tenant shall have the right to terminate the Lease on the day before the fourth anniversary of the Lease Commencement Date by giving a minimum of six months written notice prior. In the event that the Tenant gives notice to terminate the Lease in accordance with the above, then an Early Termination Fee of \$30,000 plus GST is payable.
Emergency Provision	No Access in Emergency We note that as per Section 19 of the Agreement to Lease the Parties will enter into a Deed of Lease as soon as practicable after this Agreement is unconditional. The New Lease shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012(4) with the Landlord's standard amendments required to reflect the terms of this agreement, to be prepared by the Landlord. Although we have not sighted signed and dated Deed of Lease documentation pertaining to this tenancy, we have specifically assumed that Deed of Lease Sixth Edition 2012(5) documentation has been executed in line with the above provisions. As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	New Zealand Family Planning Association Incorporation
Documents reviewed	Signed Deed of Lease dated 26 October 2016. Signed and Undated Deed of Rent Review. Signed Deed of Renewal dated 26 March 2019.
Lessee	New Zealand Family Planning Association Incorporation
Demised premises	Level 2, 5 Short Street, Newmarket, Auckland
Lettable Area	582.50 sqm 3 car parking spaces
Commencement Date	1 April 2016
Expiry Date	31 March 2022
Lease Term	A renewed three (3) year term from 1 April 2019, with no further rights of renewal remaining.
Commencement Rent	Office: \$116,500 pa

	Car Parking: \$12,480 pa
	Total: \$128,980 per annum plus GST
Current Rent	\$141,983 per annum plus GST
Rental Review Provisions	Market Reviews on the renewal date. Market Reviews are subject to a soft ratchet clause.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Office.
Emergency Provision	No Access in Emergency As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	Forsite
Documents reviewed	Signed Agreement to Lease dated 5 September 2019.
Lessee	Forsite Limited
Demised premises	Level 3, 5 Short Street, Newmarket, Auckland
Lettable Area	125.79 sqm 1 car parking space
Commencement Date	1 November 2019
Expiry Date	31 October 2023
Lease Term	An initial three (3) year term.
Commencement Rent	Office: \$33,963.30 pa Car Parking: \$3,640 pa Total: \$37,603.30 per annum plus GST
Current Rent	\$37,603 per annum plus GST
Rental Review Provisions	On the first and second anniversary of the commencement date the annual rent for the premises will increase by an amount equal to 3%.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Office.
Special Provisions	Lease Incentive The Landlord will provide an incentive equivalent to three months annual premises rental plus GST.
Emergency Provision	No Access in Emergency We note that as per Section 18 of the Agreement to Lease the Parties will enter into a Deed of Lease as soon as practicable after this Agreement is unconditional. The New Lease shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012(5) with the Landlord's standard amendments required to reflect the terms of this agreement, to be prepared by the Landlord. Although we have not sighted signed and dated Deed of Lease documentation pertaining to this tenancy, we have specifically assumed that Deed of Lease Sixth Edition 2012(5) documentation has been executed in line with the above provisions. As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases.

As per Section 27.6 of the Deed of Lease, this sub clause applies where sub clause 27.5 applies and the premises or building of which the premises form part are not totally or partially destroyed or damaged resulting in the lease being cancelled as provided for in sub clauses 26.1 or 27. Either party may terminate this lease by giving 10 working days written notice to the other if:

- a) The Tenant is unable to gain access to the premises for the period specified in the First Schedule (specified date is 9 months); or
- b) The part that terminates this Lease can at any time prior to termination establish with reasonable certainty that the Tenant is unable to gain access to the premises for that period.

As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	PITC
Documents reviewed	Signed Deed of Lease dated 4 September 2012.
Lessee	Pacific Islands Trade and Investment Commission
Demised premises	Level 3, 5 Short Street, Newmarket, Auckland
Lettable Area	277 sqm 2 car parking spaces
Commencement Date	1 May 2012
Expiry Date	30 April 2021
Lease Term	An initial nine (9) year term, with no further rights of renewal remaining.
Commencement Rent	Office: \$62,257 pa Car Parking: \$4,680 pa Total: \$66,937 per annum plus GST
Current Rent	\$73,990 per annum plus GST
Rental Review Provisions	Annual CPI increases capped at no more than 3% per annum.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Offices.
Special Provisions	Car Park Incentive One car park to be rent review for the period of two years from the commencement date.

Lease Summary	De Lacey & Associates Limited
Documents reviewed	Signed Deed of Lease dated 11 May 2013. Signed Deed of Rent Review dated 19 February 2015. Signed Deed of Rent Review dated 16 May 2017.
Lessee	De Lacey & Associates Limited
Demised premises	Level 3, 5 Short Street, Newmarket, Auckland
Lettable Area	178.79 sqm 1 car parking space
Commencement Date	28 February 2013
Expiry Date	28 February 2024
Lease Term	A renewed five (5) year term from 1 March 2019.
Commencement Rent	Office: \$40,275 pa Car Parking: \$2,600 pa Total: \$42,875 per annum plus GST
Current Rent	\$48,273 per annum plus GST
Rental Review Provisions	Two yearly rental reviews to CPI. Rental reviews are subject to a hard ratchet clause.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.

Permitted Use	Commercial Offices.
Special Provisions	<p>Further Car Parks</p> <p>The Landlord and Tenant agree that the Tenant will be provided with three further car parks on a casual month to month basis at a monthly rental of \$173.40 plus GST per car park.</p> <p>Early Termination</p> <p>The Tenant shall have the right to terminate this Lease on 27 February 2017 by giving a minimum of six months' notice prior written notice to the Landlord.</p> <p>In the event that the Tenant gives notice to terminate this Lease an Early Termination fee equal to \$6,666.70 plus GST shall be immediately payable.</p>

Lease Summary	Accountancy Insurance
Documents reviewed	Signed Deed of Lease dated 21 August 2015. Signed Deed of Variation and Renewal of Lease dated 1 July 2019.
Lessee	Accountancy Insurance General Partner Limited.
Demised premises	Level 4, 5 Short Street, Newmarket, Auckland
Lettable Area	195 sqm 2 car parking spaces
Commencement Date	17 May 2015
Expiry Date	16 May 2023
Lease Term	A renewed four (4) year term from 17 May 2019
Commencement Rent	Office: \$45,825 Car Parking: \$6,240 Total: \$52,065 per annum plus GST
Current Rent	\$65,054 per annum plus GST
Rental Review Provisions	Fixed 3.5% rental reviews on each anniversary of the commencement date.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Office.
Emergency Provision	<p>No Access in Emergency</p> <p>As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases.</p> <p>As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.</p>

Lease Summary	Summerset Management Group Limited
Documents reviewed	Signed Deed of Lease dated 4 May 2017.
Lessee	Summerset Management Group Limited
Demised premises	Level 4, 5 Short Street, Newmarket, Auckland
Lettable Area	385.97 sqm 4 car parking spaces
Commencement Date	14 October 2016
Expiry Date	13 October 2022
Lease Term	An initial six (6) year term, with one (1) further right of renewal of three (3) years remaining.
Commencement Rent	Office: \$96,492.50 pa Car Parking: \$9,672 pa

	Total:	\$106,164.50 per annum plus GST
Current Rent		\$121,085 per annum plus GST
Rental Review Provisions		Annual fixed 3.5% rental reviews.
Outgoings Recovery		Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use		Commercial Offices.
Emergency Provision		No Access in Emergency As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	Foodfirst Limited
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Documents reviewed	Signed Deed of Lease dated 8 December 2014.
Lessee	Foodfirst Limited
Demised premises	Level 5, 5 Short Street, Newmarket, Auckland
Lettable Area	161.52 sqm
Commencement Date	15 November 2014
Expiry Date	14 November 2020
Lease Term	An initial six (6) year term, with no further rights of renewal remaining.
Commencement Rent	\$39,572.40 per annum plus GST
Current Rent	\$44,772 per annum plus GST
Rental Review Provisions	Fixed 2.50% rental reviews on each anniversary of the commencement date.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Office.
Emergency Provision	No Access in Emergency As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	S W Morris & Associates Limited
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Documents reviewed	Signed Deed of Lease dated 21 January 2015.
Lessee	S W Morris & Associates Limited
Demised premises	Level 5, 5 Short Street, Newmarket, Auckland
Lettable Area	186.40 sqm 1 car parking space
Commencement Date	1 November 2014
Expiry Date	31 October 2020
Lease Term	An initial six (6) year term, with one (1) further right of renewal of four (4) years remaining.

Commencement Rent	Office: \$44,736 pa Car Parking: \$3,120 pa Total: \$47,856 per annum plus GST
Current Rent	\$53,085 per annum plus GST
Rental Review Provisions	Rental Reviews in line with the following provisions: Fixed Reviews Fixed 2.5% rental reviews on the first, second and third anniversary. Market Reviews Market Reviews on renewal of the lease. Market Reviews are subject to a hard ratchet clause.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Offices.
Emergency Provision	No Access in Emergency As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	Wing King Wong
Documents reviewed	Signed Agreement to Lease dated 27 September 2017.
Lessee	Wing King Wong
Demised premises	Level 5, 5 Short Street, Newmarket, Auckland
Lettable Area	124 sqm
Commencement Date	1 November 2017
Expiry Date	31 October 2021
Lease Term	An initial four (4) year term.
Commencement Rent	\$33,480 per annum plus GST
Current Rent	\$35,261 per annum plus GST
Rental Review Provisions	Fixed 2.75% rental reviews on each anniversary of the commencement date.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Offices.
Emergency Provision	No Access in Emergency We note that as per Section 19 of the Agreement to Lease the Parties will enter into a Deed of Lease as soon as practicable after this Agreement is unconditional. The New Lease shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012(4) with the Landlord's standard amendments required to reflect the terms of this agreement, to be prepared by the Landlord. Although we have not sighted signed and dated Deed of Lease documentation pertaining to this tenancy, we have specifically assumed that Deed of Lease Sixth Edition 2012(5) documentation has been executed in line with the above provisions. As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases.

As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	Patel Pike & Associates Limited
Documents reviewed	Signed Deed of Lease dated 30 June 2015. Signed Deed of Rent Review dated 6 July 2016.
Lessee	Patel Pike & Associates Limited
Demised premises	Level 6, 5 Short Street, Newmarket, Auckland
Lettable Area	302.88 sqm 3 car parking spaces
Commencement Date	13 July 2015
Expiry Date	12 September 2021
Lease Term	An initial six (6) year and twelve (12) month term, with no further rights of renewal remaining.
Commencement Rent	Office: \$74,205 pa Car Parking: \$15,600 pa Total: \$89,805.60 per annum plus GST
Current Rent	\$92,650 per annum plus GST
Rental Review Provisions	Fixed 3.50% rental reviews on the first, second and third anniversary of the commencement date.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Offices.
Emergency Provision	No Access in Emergency As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant's business from the premises until the inability ceases. As per the New Zealand Government's announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.

Lease Summary	Reynolds and Associates Limited
Documents reviewed	Signed Deed of Lease dated 28 May 2017.
Lessee	Reynolds and Associates Limited
Demised premises	Level 6, 5 Short Street, Newmarket, Auckland
Lettable Area	119.10 sqm 1 car parking space
Commencement Date	1 November 2016
Expiry Date	31 October 2020
Lease Term	An initial four (4) year term, with no further rights of renewal remaining.
Commencement Rent	Office: \$26,202 pa Car Parking: \$3,120 pa Total: \$29,322 per annum plus GST
Current Rent	\$38,254 per annum plus GST
Rental Review Provisions	Fixed rental reviews as below: First Anniversary: \$29,179.50 pa Second Anniversary: \$32,157 pa Third Anniversary: \$35,134.50 pa Car parks are not subject to any review.

Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Offices.
Emergency Provision	<p>No Access in Emergency</p> <p>As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant’s business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant’s business from the premises until the inability ceases.</p> <p>As per the New Zealand Government’s announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.</p>

Lease Summary	Form Architects
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Documents reviewed	Signed Deed of Lease dated 9 July 2018.
Lessee	Oakland Apartment Limited (Trading as Form Architects)
Demised premises	Level 7, 5 Short Street, Newmarket, Auckland
Lettable Area	253.65 sqm 1 car parking space
Commencement Date	7 February 2018
Expiry Date	6 February 2024
Lease Term	An initial six (6) year term, with one (1) further right of renewal of six (6) years remaining.
Commencement Rent	Office: \$74,826.75 pa Car Parking: \$3,380 pa Total: \$78,206.75 per annum plus GST
Current Rent	\$82,978 per annum plus GST
Rental Review Provisions	<p>Fixed Reviews as follows:</p> <p>1 February 2019: \$76,855.95 pa 1 February 2020: \$79,392.45 pa 1 February 2021: To market levels. Subject to a soft ratchet clause, and no greater than \$83,704.50 per annum plus GST.</p> <p>If renewed, the premises will be reviewed to market on 1 February 2024 and 2027. In both cases the reviewed rental shall not be less than \$83,704.50 per annum.</p>

Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Commercial Office.
Emergency Provision	<p>No Access in Emergency</p> <p>As per Section 27.5 of the Deed of Lease if there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant’s business from the premises because of reasons of safety of the public or property or the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including a restriction on occupation of the premises by any competent authority, then a fair proportion of that rent and outgoings shall cease to be payable from the period commencing on the date when the Tenant became unable to gain access to the premises to fully conduct the Tenant’s business from the premises until the inability ceases.</p> <p>As per the New Zealand Government’s announcement regarding a full lock down of the country for at least four weeks commencing on 26 March 2020, these provisions apply to this Tenant.</p>

Lease Summary	JCDecaux New Zealand Trading Limited
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Documents reviewed	Signed Signage Lease dated 19 March 2020
Lessee	JCDecaux New Zealand Trading Limited
Demised premises	Billboard, 5 Short Street, Newmarket, Auckland

Commencement Date	1 September 2020
Expiry Date	31 August 2030
Lease Term	10 years with one right of renewal of six years
Commencement Rent	\$285,000 per annum plus GST
Current Rent	\$285,000 per annum plus GST
Rental Review Provisions	On each anniversary of the commencement date the annual rental shall be increased by 2%. 1 September 2025 and 2030 to market. The annual rent payable as from the market review date shall not be less than the annual rent payable for the 12 month period immediately preceding the market review date, multiplied by 1.02.
Permitted Use	Billboard.

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