



Valuation Report

"As Is" and "As if Complete"

862 Great South Road, Penrose, Auckland

7 December 2017

Augusta Industrial Fund Limited

This valuation has been prepared for Augusta Industrial Fund Limited for use by prospective investors (on a non-reliance basis) in that company, capital raising and mortgage security.



Executive Summary

"As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland



862 Great South Road comprises a large Heavy Industry zoned industrial site offering a total area of 2.3737 hectares and located along the north eastern alignment of Great South Road within the industrial suburb of Penrose.

Improvements to the site comprise of a number of industrial buildings that date from the 1930's through to the 1990s offering a mixture of low stud and high stud warehousing with associated offices and amenities to the frontage. Portions of the building have been constructed using hazardous materials more particularly asbestos based building products although the current owner has repaired the majority of the asbestos roofing with the remaining to be completed by March 2018. We have considered this within our "As Is" valuations.

Presentation of the improvements is to a dated standard reflective of the industrial use and building ages. We note that a freestanding workshop and office building at 880 Great South Road was vacant at the time of valuation due to damage to an area of the supersix roof.

We are aware that Colorpak, have negotiated a lease extension over the premises for a term of approximately 2.50 years commencing in 17 August 2016 and expiring 31 December 2018. The lease covers all of the land and buildings situated on the freehold lots however the rental has been adjusted to reflect the obsolete nature of 880 Great South Road which does not collect any rental income. The lease is registered against each computer freehold register.

We have been instructed to assess the property on both an "As Is" and "As If Complete" basis. The property "As If Complete" will comprise of a modern office extension off the original warehouse along with new roofing for the original warehouses and demolition of several buildings which will provide surplus land.

We note we have assumed a hypothetical lease for the "As if Complete" valuation based on an eight (8) year lease term from the date of valuation, with fixed annual reviews of 3.5% with market reviews every fourth anniversary and a total current rental of \$1,019,120 per annum.

We have been instructed to value the subject property on an 'As if Complete' basis on the assumption that the construction works are completed to a high standard in accordance with the broad parameters and specifications outlined to us.

We have previously prepared a full report for the property effective 17 November 2017 which complies with Valuation Standards. Due to the purpose of this valuation, the fact that content is likely to be readily available on the Companies Office website and potential breaches of confidentiality, this report has been provided in an abbreviated format.

Valuation

Prepared For	Augusta Funds Management Limited
Valuation Purpose	Proportionate ownership scheme that is proposed to acquire the property and for use by prospective investors (on a non-reliance basis) in that limited partnership, capital raising and mortgage security.
Date of Valuation	7 December 2017
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Heavy Industry Zone - Auckland Unitary Plan – Operative in Part – 15 November 2016
Tenure	Freehold – Computer Freehold Register(s) NA723/293, NA1137/135, NA1020/180, NA717/111, NA20D/1433 & NA2D/1065
Interest Valued	100% Freehold Interest
Adopted Value "As Is"	\$16,430,000 plus GST (if any)
Adopted Value "As if Complete"	\$16,440,000 plus GST (if any)
Surplus Land Value "As if Complete"	\$6,760,000 plus GST (if any)
Total Adopted Value "As if Complete"	\$23,200,000 plus GST (if any)

Property Particulars “As Is”

Net Lettable Area	Total	16,448 sqm
Current Vacancy (% Total NLA)		0 sqm (0.00%)
Site Area		23,737 sqm

Financial Summary “As Is”

Gross Passing Income	\$1,986,001	(\$121 /sqm)
Gross Market Income	\$1,960,984	(\$119 /sqm)
Adopted Outgoings	\$411,193	(\$25 /sqm)
Net Passing Income	\$1,574,809	(\$96 /sqm)
Net Market Income	\$1,549,792	(\$94 /sqm)
Weighted Average Lease Term (by Income)		1.08 years
Weighted Average Lease Term (by Area)		1.08 years

Cap Approach Assumptions “As Is”

Adopted Cap Rate	8.00%
Discount Rate (PV of Adjustments)	8.00%
Discount Rate (Other Income)	10.00%
Allowances for Expiries Occurring within	24 months
Allowances for Capex Occurring within	24 months
Market Income Capitalisation	\$16,550,000
Passing Income Capitalisation	\$16,550,000

DCF Approach Assumptions “As Is”

Discount Rate	10.00%
Terminal Yield	8.50%
Adopted Lease Term	6.0 years
Weighted Rental Growth (Avg. 10yr)	2.77%
CPI (Avg. 10yr)	1.95%
Value based on DCF Approach	\$16,300,000

Valuation Analysis “As Is”

Equivalent Yield	8.05%	Rate/sqm of NLA	\$999/sqm
Initial Yield (Net Passing Income)	9.58%	Internal Rate of Return (10 year)	9.88%
Initial Yield (Notional Fully Leased Income)	9.58%		

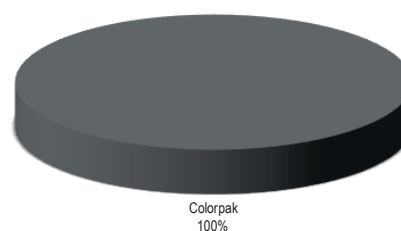
Financial Details & Critical Analysis

Tenancy Overview

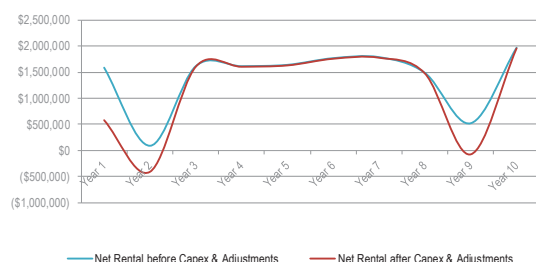
Tenant	Net Income	Area (sqm)
Colorpak	\$1,574,809	16,448
Total	\$1,574,809	16,448

Note: Income above excludes Other Income

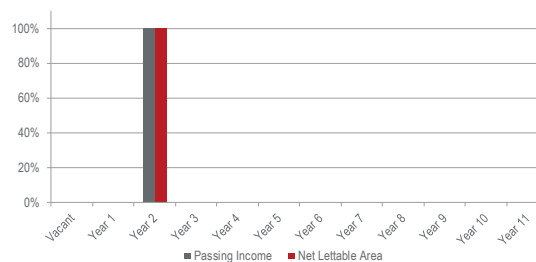
Tenant by Lettable Area



Projected Net Cash Flow



Lease Expiry Profile



Valuers

Wouter Robberts SPINZ, ANZIV, MRICS
Registered Valuer - National Director
+64 9 363 0204
wouter.robber@ap.jill.com

Charlie Todd Bcom VPM
Assistant Valuer
+64 6 363 0255
charlie.todd@ap.jill.com

Property Performance

Market Performance

- Industrial vacancy levels continued to decrease through 2016 and 2017, on the back of high levels of tenant demand. Vacancy levels for industrial buildings is currently sitting below 3% across Auckland.
 - We have had regard to recent leasing transactions for comparable industrial property in the surrounding area. The evidence would appear to indicate the general range for the warehouse to be in the order of \$90 to \$120 per square metre, the office rental range in the order of \$150 to \$215 per square metre and the canopy rental range in the order of \$35 to \$60 per square metre.
 - Rental incentives, if any have decreased to 0.5 per year of lease term.
 - Market Yields for Auckland Industrial properties have historically been firm. Recent sales within the surrounding area would suggest that Lessee covenant is now more carefully scrutinised by investors when determining appropriate price level parameters for a property.
 - The industrial market is has continued to strengthen through 2017, however with yields beginning to close in on the cost of capital, we are starting to see a stabilisation of yields towards the end of 2017.
-

Asset Performance

- The property occupies a high profile position along Great South Road, Penrose. Motorway linkages are located a short distance north via the south-eastern highway and the Penrose interchange to the north. Additionally, the rear of the property adjoins the southern motorway increasing profile and exposure to high volumes of traffic.
 - The site is zoned Heavy Industry which provides for industrial activities that may produce objectionable odour, dust and noise emissions.
 - Improvements to the site date from the 1930's through to the 1970's providing a mixture of workshop, warehouse and office accommodation. Typically, the buildings present to an average condition commensurate with age and the industrial use.
 - The site offers an extended frontage to Great South Road at the edge of the southern corridor commercial precinct. The front portion of the site would support redevelopment to a higher yielding use, particularly to a trade-based retail or showroom use.
-

Cash Flow Performance

- The property is currently 100% occupied by Colorpak.
 - The passing rent reflects an overall rate of \$96 per square metre of NLA, which is considered to be in line with our opinion of market rental rates.
 - The weighted average lease term (by income) of 1.08 years is considered to be slightly short for this class of asset, with investors particularly attracted to properties with longer lease profiles.
 - Outgoings are estimated at \$15 per square metre, which is line with industrial properties in the immediate area.
-

Critical Assumptions, Conditions and Limitations

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

- The valuation is current as at the date of valuation only, being 7 December 2017. 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 Certificate of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often 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	9
1.3	Basis of Valuation	9
1.4	Relevant Valuation Standards & Disclosures	9
1.5	Information Sources	10
1.6	Specific Assumptions	10
2	Property Description	11
3	Land Particulars	12
3.1	Location	12
3.2	Title Particulars	13
3.3	Site Details	15
3.4	Resource Management	16
3.5	Rateable Value	17
3.6	Environmental Issues	17
3.7	Hazardous Materials	17
3.8	Heritage	17
4	Improvements	18
4.1	Overview “As Is”	18
4.2	Construction	19
4.3	Accommodation	19
4.4	Overview “As if Complete”	22
4.5	Lettable Areas “As Is”	22
4.6	Lettable Areas “As if Complete”	23
4.7	Condition and Repair	23
4.8	Earthquake Strengthening Requirements	23
5	Property Income and Expenditure	25
5.1	Tenancy Overview	25
5.2	Lease Summary	25
5.3	Building Income Analysis	25
5.4	Weighted Average Lease Term and Expiry Profile	26
5.5	Building Outgoings and Recoveries	26
5.6	Capital Expenditure	27
5.7	Income Analysis	27
6	Market Commentary	28
6.1	Economic Summary	28
6.2	Inflation and Interest Rates	28
6.3	Population and Migration	30
6.4	Employment	30
6.5	Business Confidence	30
6.6	Currency	31
6.7	Market Drivers: Industrial	31
6.8	Auckland Industrial Market Summary	31
7	Leasing Evidence	35
7.1	Leasing Evidence	35
7.2	Market Rental Profile “As Is”	39
7.3	Net Income Assessment “As Is”	39

8 Sales Evidence	40
8.1 Sales Transactions	40
8.2 Land Sales Evidence	44
9 Valuation Considerations	45
9.1 SWOT Analysis	45
9.2 Likely Selling Period	45
9.3 Most Probable Purchaser	45
9.4 Sales History	45
10 Valuation Rationale “As Is”	46
10.1 Valuation Overview	46
10.2 Valuation Criteria	46
10.3 Capitalisation Approach	46
10.4 Discounted Cash Flow Approach	48
10.5 Valuation Reconciliation	50
11 Valuation “As if Complete”	52
11.1 Valuation Overview	52
11.2 Valuation Criteria	52
11.3 Capitalisation Approach	52

Appendices

Valuation Definitions

Computer Interest Register

Valuation Calculations "As Is"

Valuation Calculations "As if Complete"

1 Introduction

1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the freehold interest of 862 Great South Road, Penrose, Auckland (the Subject/Property), as at 7 December 2017 for and on behalf of Augusta Funds Management Limited.

We understand that the valuation is to be relied upon for **Proportionate ownership scheme that is proposed to acquire the property and for use by prospective investors (on a non-reliance basis) in that limited partnership, capital raising and mortgage security.**

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.

Furthermore we confirm:

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

Due to the abbreviated nature of this report, there may be some departures from these standards, however we can confirm that a full market valuation report has previously been completed effective 7 December 2017.

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 which are relevant for our valuation are shown in the table below:

	Dates
Date of Valuation	7 December 2017
Date of Inspection	7 December 2017
Date of Preparation of Report	11 December 2017

Our valuation reflects the valuer's view of the market as at the inspection date and does not purport to predict the future.

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 2017) Framework and General Standards
- ANZVGN 1 – Valuation Procedures – Real Property
- VPGA 1 – Valuation for Inclusion in Financial Statements
- VPGA 2 – Valuation for Secured Lending

Due to the abbreviated nature of this report, there may be some departures from these standards, however we can confirm that a full market valuation report has previously been completed effective 17 November 2017.

1.5 Information Sources

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

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

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

1.6 Specific Assumptions

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

- We have been provided with specification plans for the property from ASC Architects Design Group. We have based our "As if Complete" valuation on these plans. Should these plans change we reserve the right to amend our report accordingly.
- Our "As if Complete" valuation is made on the basis of the proposed refurbishment being completed to a high standard of workmanship, and in compliance with the plans and specifications provided by the client and meeting all required building codes and compliance certification.
- The "As if Complete" valuations are based on the assumption that the property is completed and available for sale as at the date of valuation, and transacts between a willing buyer and willing seller.
- Accordingly, the "As if Complete" valuation must be confirmed by a further inspection on the completion of the improvements.
- Floor areas have been taken from Resource Consent plans provided by the instructing party and are approximate only. Should a registered survey of the property be undertaken once the construction works are complete showing a material difference in areas constructed, we reserve the right to amend our valuation accordingly.
- We note that we have been provided with an unsigned, draft Agreement to Lease for the "As if Complete" valuation based on an eight (8) year lease term from the date of valuation, with fixed annual reviews of 3.5% and a proposed rental of \$1,019,120 per annum.

2 Property Description

862 Great South Road occupies a position towards the edge of the southern corridor business precinct along the north eastern side of Great South Road, Penrose. The land encompasses a total area of approximately 2.3737 hectares which more or less reflects an 'L' shaped configuration.

Contour to the site slopes initially at a gradual gradient from Great South Road before levelling off towards the rear of the site which rises and abuts the southern motorway. Improvements to the site were originally constructed in 1939 comprising a saw-tooth warehouse that has been progressively and extensively extended with the most recent addition completed circa 1980s.

Essentially the improvements can be categorised by office and amenities at the road frontage, low stud workshop and storage throughout the middle section of the building with the main manufacturing and production warehouse to the rear of the site. In addition a distribution style warehouse extends to the south east providing high stud accommodation. A separate building at 880 Great South Road provides further workshop and office accommodation however we note it is unused by the tenant and contains damaged Supersix roofing panels.

Given the age and nature of the improvements, we are aware that asbestos based building products were used in elements of the construction of the buildings. Although the current owner has repaired the majority of the asbestos roofing with the remaining to be completed by March 2018. We have considered this within our "As Is" valuations.

The entire property is currently leased by Colorpak with an extension of the current lease which commenced in August 2016 and is expiring 31 December 2018. Accordingly, the site provides a short term investment opportunity offering redevelopment potential given the prominent position along a busy stretch of Great South Road.



3 Land Particulars

3.1 Location

The Property is situated on the north-eastern side of Great South Road, approximately 230 metres north of its juncture with the South-Eastern Highway within the established industrial locality of Penrose, Auckland.

Great South Road is a main arterial route, offering local connectivity within the Penrose industrial precinct and linkages to established commercial and industrial localities to the north and south respectively.

The location benefits from ease of access and proximity to Southern Motorway interchanges, and has increased in profile over recent years, primarily due to the upgraded South Eastern Highway roading improvements and a number of new large scale industrial developments which have been completed.

Surrounding properties are typical of 1960's / 1970's vintage, comprising medium to larger scale industrial manufacturing facilities. The wider locality is characterised by established industrial development that caters for a range of activities, including general warehousing and light manufacturing through to heavy and noxious industries.

The Auckland Central Business District is located approximately 12 kilometres to the north east, while surrounding residential localities provide a stable source of both skilled and unskilled labour.

The following map identifies the approximate location of the Property:



Source: Google Maps

3.2 Title Particulars

This property is held in six (6) titles, summarised as follows:

Title Reference:	NA2D/1065
Tenure:	Freehold
Legal Description:	Allotment 123 Section 12 Suburbs of Auckland
Area:	9,573 square metres
Registered Proprietor(s):	Penrith Holdings Limited
Encumbrances:	The Certificate of Title details the following encumbrances: <ul style="list-style-type: none">• Subject to Section 59 Land Act 1948• Subject to a right of way over part created by transfer 630175• Appurtenant hereto are right of way created by Transfer 630175• A218746 Partial surrender of rights of way Easement specified in Transfer 630175• 7526157.5 Lease Term 9 years commencing 17.8.2011• Variation of Lease 7526157.5 and extension of term to now 31 December 2017• 10500585.4 Variation of lease 7526157.5 and extension of term 31 December 2018• 10826649.4 Mortgage to Bank of New Zealand
Title Reference:	NA20D/1433
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 30597
Area:	4,047 square metres
Registered Proprietor(s):	Penrith Holdings Limited
Encumbrances:	The Certificate of Title details the following encumbrances: <ul style="list-style-type: none">• Fencing Agreement in Transfer 341414• Subject to a right of way over part created by transfer 630175• Appurtenant hereto are right of way created by Transfer 630175• A218746 Partial surrender of rights of way Easement specified in Transfer 630175• 7526157.5 Lease Term 9 years commencing 17.8.2011.• Variation of Lease 7526157.5 and extension of term to now 31 December 2017• 10500585.4 Variation of lease 7526157.5 and extension of term 31 December 2018• 10826649.4 Mortgage to Bank of New Zealand
Title Reference:	NA717/111
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 28959
Area:	4,047 square metres
Registered Proprietor(s):	Penrith Holdings Limited
Encumbrances:	The Certificate of Title details the following encumbrances: <ul style="list-style-type: none">• Proclamation defining middle line of road• 7526157.5 Lease Term 9 years commencing 17.8.2011.• Variation of Lease 7526157.5 and extension of term to now 31 December 2017• 10500585.4 Variation of lease 7526157.5 and extension of term 31 December 2018• 10826649.4 Mortgage to Bank of New Zealand

Title Reference:	NA723/293
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 29269
Area:	2,023 square metres
Registered Proprietor(s):	Penrith Holdings Limited
Encumbrances:	The Certificate of Title details the following encumbrances: <ul style="list-style-type: none"> • Fencing Agreement in Transfer 318100 • 7526157.5 Lease Term 9 years commencing 17.8.2011. • Variation of Lease 7526157.5 and extension of term to now 31 December 2017 • 10500585.4 Variation of lease 7526157.5 and extension of term 31 December 2018 • 10826649.4 Mortgage to Bank of New Zealand
Title Reference:	NA1020/180
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 27421 and Part Lot 2 Deposited Plan 27421
Area:	2,023 square metres
Registered Proprietor(s):	Penrith Holdings Limited
Encumbrances:	The Certificate of Title details the following encumbrances: <ul style="list-style-type: none"> • Fencing Agreement in Transfer 292404 • Fencing Agreement in Transfer 292403 • Fencing Agreement in Transfer 503092 • D256355.1 Certificate Pursuant to Section 37 Building Act 1991 • 7526157.5 Lease Term 9 years commencing 17.8.2011. • Variation of Lease 7526157.5 and extension of term to now 31 December 2017 • 10500585.4 Variation of lease 7526157.5 and extension of term 31 December 2018 • 10826649.4 Mortgage to Bank of New Zealand
Title Reference:	NA1137/135
Tenure:	Freehold
Legal Description:	Part Lot 2 Deposited Plan 27421
Area:	2,023 square metres
Registered Proprietor(s):	Penrith Holdings Limited
Encumbrances:	The Certificate of Title details the following encumbrances: <ul style="list-style-type: none"> • Fencing Agreement in Transfer 292404 • D256355.1 Certificate Pursuant to Section 37 Building Act 1991 • 7526157.5 Lease Term 9 years commencing 17.8.2011. • Variation of Lease 7526157.5 and extension of term to now 31 December 2017 • 10500585.4 Variation of lease 7526157.5 and extension of term 31 December 2018 • 10826649.4 Mortgage to Bank of New Zealand

Source: Land Information New Zealand

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

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

3.3 Site Details

The site comprises an aggregate industrial landholding providing a total area of approximately 2.3737 hectares formed by multiple lots and held within six Certificate(s) of Title. Boundaries to the north-west and south-east adjoin similar industrial zoned properties with the rear boundary abutting the southern motorway and the front boundary extending for 140 metres along Great South Road. The property forms an 'L' shaped landholding with profile and exposure to both Great South Road to the front of the site and the southern motorway to the rear.

Primary access is provided via multiple ingress/egress points along Great South Road with good access to the various components of the buildings. Contour initially falls at a moderate gradient away from Great South Road before levelling out and extending towards the rear boundary. Boundaries are demarcated with a mixture of pipe and chain-link security fencing along parts of the north western, north eastern and south eastern boundaries with the subject building constructed abutting the remaining boundaries. The main frontage to Great South Road is open with buildings being slightly set back to allow car parking, landscaping and access.

The site has been extensively developed since the 1930's providing a mixture of industrial buildings, office and amenities and storage components that occupy the majority of the site within two main structures. Balance areas that are not occupied by the building footprint are predominantly asphalt or concrete sealed to allow site circulation on-grade car parking, landscaping and some yard storage.

Site Area:	Total Area:	2.3737 hectares
------------	-------------	-----------------



Source: Emap

3.4 Resource Management

Local Authority: Auckland Council

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

Heavy Industry Zone

This zone provides for industrial activities that may produce objectionable odour, dust and noise emissions. Air quality emissions standards that are different to the rest of Auckland will often apply. A key attribute of the zone is that it contains sites large enough to accommodate large-scale low intensity industrial activities.

Activities that are sensitive to air discharges and activities sensitive to noise are not appropriate in the zone and buildings are expected to have a mainly function standard of amenity.

Objectives:

- Heavy industry operates efficiently and is not unreasonably constrained by other activities.
 - Business – Heavy Industry Zone zoned land, and activities that are required to locate there because of the nature of their operation, are protected from the encroachment of activities sensitive to air discharges and activities sensitive to noise, and commercial activities that are more appropriately located in other business zones.
 - The supply of large sites within the zone is not reduced by inappropriate fragmentation of those sites by subdivision.
 - Adverse effects on natural environment within the zone and on the amenity values of neighbouring zones are managed.
-

Development Control

The Heavy Industry Zone provides for a range of heavy industrial activities to locate in the zone, with limited office, retail, and residential uses permitted. Policies of this zone include avoiding activities which do not support the primary function of the zone and to manage subdivision so that it preserves the integrity of the zone for industrial use while allowing the creation of sites for established activities.

Height in relation to boundary:

- Buildings must not project beyond a 35 degree recession plane measured from a point 6 metres vertically above ground level along the boundary of residential, open space or special purpose boundary.

Yards:

- Front: 2 metres. Yards are not required for internal roads or service lanes
- Rear: 5 metres, where the rear boundary adjoins a residential zone or public open space
- Side: 5 metres, where the side boundary adjoins a residential zone or public open space
- Riparian: 10 metres from the edge of permanent and intermittent streams.
- Lakeside: 30 metres
- Coastal protection yard: 25 metres

Building Height (subject to Height Variation Control):

- Must not exceed 20 metres

Maximum impervious area:

- Must not exceed 10 per cent of the riparian yard

Permitted activities include, but are not limited to: industrial activities, workers' accommodation, dairies up to 100 square metres gross floor area, food and beverage services up to 120 square metres gross floor area, offices that are accessory to the primary activity on the site, retail and tertiary education facilities that are accessory to an industrial activity on the site and service stations. In terms of development, the Heavy Industry zone permits the construction, additions and alterations, and demolition of buildings.

Non-complying activities include commercial services, drive-through restaurants, entertainment facilities, garden centres, motor vehicle sales, marine retail, care centres, hospitals, storage facilities and rural activities. Due to the industrial nature of the activities in the zone, sensitive activities such as residential, office or retail activities that are not related to the predominant use on-site are not appropriate.

Modification: Notice of Requirements, NoR : Alter designation 1100 1102 Auckland Airport, Airspace Restriction Designations.

Overlays: Natural Resources: High-Use Aquifer Management Areas Overlay [rp] - Mt Wellington Volcanic Aquifer
Natural Resources: Quality-Sensitive Aquifer Management Areas Overlay [rp] - Mt Wellington

	Volcanic Aquifer
Controls:	Controls: Macroinvertebrate Community Index - Urban
Designations:	Designations: Designations - 1675, Road Widening, Designations, Auckland Transport Designations: Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International Airport Ltd

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.

3.5 Rateable Value

We have been advised that the Property's Capital Value, as at 1 July 2017, is as stated in the below table. We note that the annual rates are calculated based on the 1 July 2014 capital value for the property. New rates will be calculated at the start of the next rates year, being 1 July 2018.

Land Value	\$9,500,000
Improvements Value	\$7,000,000
Capital Value	\$16,500,000

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

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

3.6 Environmental Issues

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

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

3.7 Hazardous Materials

The property currently contains hazardous materials in the form of asbestos based products, although we have noted that hazardous areas are being repaired and have been informed that all the asbestos will be removed by the end of March 2018. We have made an allowance for this in our valuation calculations for the "As Is" basis.

3.8 Heritage

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

4 Improvements

4.1 Overview "As Is"

Improvements to the site comprise a large manufacturing and production facility that dates from the 1930s. There are two structures to the site with the main building occupying the majority of the land and incorporating a mixture of office and amenities, storage, low stud and high stud warehousing. Additionally, at 880 Great South Road there is a freestanding workshop and office block that is vacant due to contamination issues as a result of damage to some supersix roof panels.

Construction to the site was first completed in 1939 with multiple extensions, modifications and refurbishment occurring through to the 1980s.

A significant portion of office and amenities occupies the front of the building facing Great South Road which was under-utilised by the current tenant given the scale and nature of these areas. At the rear of the office and amenities is the main production and manufacturing warehouses offering a mixture of low stud and high stud accommodation.

Access to the warehouse areas is provided via a number of roller doors along the north western elevation with the southern warehouse extension benefitting from roller door access to Great South Road, albeit to the rear of the workshop at 880 Great South Road. A canopy at the rear of the warehouse provides all-weather protection for loading/unloading of stock.

We have been advised that hazardous substances in the form of asbestos related products were used in the construction phase of many aspects of the building including floor tiles, ceiling panels and the Supersix roofing panels.

Within our valuation we have adopted costs provided to us for the remaining refurbishment and mitigation of deferred capex items. The costs adopted have not been verified and we reserve the right to reassess our valuation if actual construction quotes or budgets are provided.

Presentation of the improvements is overall to a dated condition although offers functional warehousing that appears to suit the current tenant.



4.2 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs, with steel beam and columns construction.
External Walls:	A combination of masonry block and aluminium sheeting with some glazing to office areas.
Internal Walls:	Predominantly plasterboard lining to lettable office areas
Roof:	Mixture of timber or steel truss with more recent extensions of a portal frame design. Roofing provides a combination of supersix panels and or long run profile metal sheets.
Ceiling:	Mixture of suspended acoustic panels and painted plaster to office areas.
Lighting:	Recessed fluorescent lighting and incandescent bulbs to office areas with high output mercury halide bulbs to warehouse components.
Windows and doors:	Predominantly aluminium joinery.

4.3 Accommodation

Office & Amenities:

Office and amenities are located at the front of the site set back from the road frontage and constructed over three levels. Presentation is to an average condition reflecting the age of construction. An aluminium casement door from the front car park leads to the reception and sign in desk which is double height in nature and completed with tiled flooring, painted plaster walls and glazing to the front. To both sides of the reception is a combination of meeting/boardrooms and a corridor which extends in a south eastern direction providing access to open plan and partitioned office areas.

Internally the ground floor offices have been completed on a carpeted and suspended ceiling basis with partitions being painted plaster and lighting and services contained within the suspended ceiling. Lighting is by way of fluorescent tubes with some incandescent bulbs to amenity areas supplemented by natural light via glazed panels to the external walls.

A closed tread steel framed staircase provides access to the first floor accommodation which again provides a mixture of open plan and partitioned meeting areas that have been completed on a suspended ceiling, painted plaster and carpeted basis. Lighting to the first floor is provided by predominantly recessed fluorescent tubes, supplemented by good levels of natural light via glazed panel inserts along the frontage. Fire protection to office and amenity areas is by way of heat detectors and sprinklers. The first floor comprises a number of separate male and female toilets. The first floor was not being occupied at the date of valuation.

Given the contour of the site, there is a basement storage area to the northern end of the office and amenities accessed from the ground floor offices and providing low stud storage. We note that the basement area contains hazardous material by way of asbestos based products within the floor tiles, fire retardant and suspended ceiling. This area was not occupied at the date of valuation.



Low Stud Storage & Engineer Workshops:

The storage/workshop areas are contained within a saw-tooth designed industrial building that appears to from part of the original building that was completed in 1939. External walls are a mixture of concrete block and brick with the structure being a mixture of timber framing with some use of steel beams and posts.

A heavy duty timber floor splits the accommodation between upper floor storage with excavation beneath providing engineer workshops. The mezzanine level has been converted to a mixture of low stud storage, printing stores and amenity by way of two large staff cafeteria. The larger of the two cafeterias was not being used by the tenant with the cafeteria at the rear of this space being the main staff kitchen and lunchroom.

The mezzanine has been completed with a mixture of vinyl floor coverings and timber floor boards with internal linings being predominantly painted plaster. The ceiling has been left exposed with lighting achieved via high output incandescent bulbs with fluorescent tubes in parts which have been mounted to the underside of the roofing truss. Good levels of natural light are achieved via the saw tooth design and glazed panels. The mezzanine area was not fully utilised during the course of inspection with large components being vacant.

Beneath the mezzanine is the engineer workshops and storage. The workshops offer low stud accommodation accessed directly from the main warehouse. Lighting throughout is provided by high output incandescent bulbs and fluorescent tubes.



Warehouse A:

The warehouse is effectively divided into two structures being Warehouse 'A' and Warehouse 'B'. Warehouse 'A' extends from the rear of the front office and mezzanine towards the southern motorway and provides a medium stud, column interrupted space. Warehouse A is the older of the two warehouse buildings with construction by way of steel beam and columns supporting a steel truss roof. External cladding is a mixture of concrete block and vertical run metal sheeting. We note that the roof is completed with supersix roofing panels.

Warehouse 'A' is used as the main production hall offering a medium stud height to the underside of the steel truss. The warehouse is fully sprinklered throughout.

Roller doors along the north-west side of the building envelope allows vehicle ingress / egress with several aluminium casement doors allowing personnel entry. Additional access to the cafeteria, workshop and towards the front offices is achieved internally via a number of entry points.

At the rear of warehouse 'A' is a canopy extending towards the side boundary offering all weather protection for loading / unloading purposes.

A number of control offices of a portacom design are located within the warehouse and an ablution block is provided to the front of this area.



Warehouse B:

Warehouse 'B' runs perpendicular to Warehouse 'A', extending towards the southern boundary of the site. A speed door joins directly to Warehouse 'A' connecting the two buildings.

Warehouse 'B' was completed at a later date and provides a modern design with steel beam and truss frames and a central row of supporting columns. A single roller door provides direct entry to the front of the site which connects to Great South Road.

The warehouse is predominantly used as a despatch warehouse with racking used for the storage of completed product.

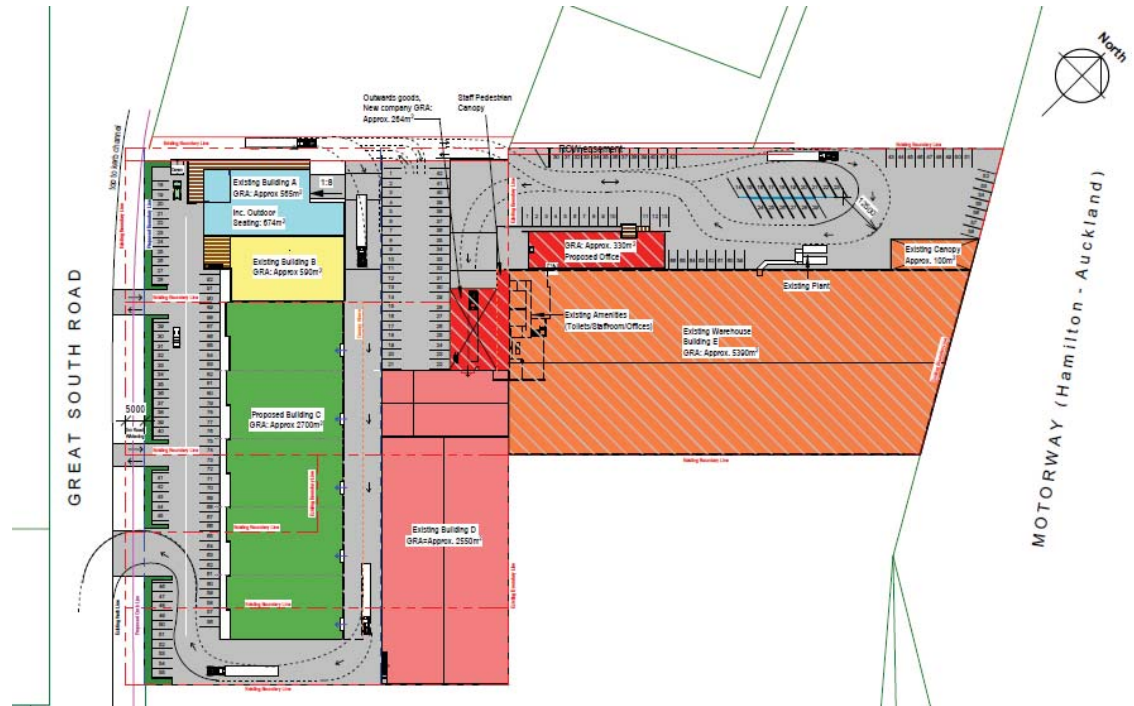
A small portacom office is located next to the external roller door which is completed on a painted plaster lined basis with carpet floor coverings.



4.4 Overview “As if Complete”

The property “As If Complete” will comprise of a modern office extension off the original warehouse along with new roofing for the original warehouses and demolition of several buildings which will provide surplus land.

We outline below the proposed plan for the subject property:



We note that the buildings highlighted in blue, yellow and green have been disregarded. We have been asked to assess the property based on these buildings having been demolished and providing additional land.

4.5 Lettable Areas “As Is”

The Property’s total Net Lettable Area (NLA) is approximately 16,448 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Offices - Level 1	667
Original Warehouse	1,705
Offices and Amenities	3,163
Canopies	261
Deck	105
Warehouse 2	6,063
Warehouse - Bulk Store	2,175
Basement Workshop / Offices	1,164
Workshop (880 GSR)	1,147
Total NLA	16,448 square metres

The areas noted above have been taken from survey plans and lease documentation. We have also undertaken a full measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

4.6 Lettable Areas “As if Complete”

Accommodation / Level	
Offices and Amenities	330
Existing Canopy	100
Warehouse 2	5,390
Warehouse - Bulk Store	2,550
New Canopy	264
Total NLA	8,634 square metres

The areas noted above have been taken from plans provided to us by the client. Should these areas differ we reserve the right to amend our report accordingly.

4.7 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.

We note that the building has several features that impose a requirement to obtain an annual Building Warrant of Fitness. We note we did not sight a current building warrant of fitness during our inspection however we have assumed that the building meets all current Warrant of Fitness requirements. Should this differ we reserve the right to amend our report accordingly.

4.8 Earthquake Strengthening Requirements

Building regulations relating to a buildings expected performance in an earthquake have remained largely unchanged since the Building Act 2004 and associated building standard AS/NZS1170.5.2004. This required as a general guide, that buildings with a seismic strength that is less than 33% of the New Building Standard (NBS) are deemed ‘earthquake prone’. Buildings that have an assessed strength greater than 33% but less than 66% of the noted standard are classified ‘earthquake risk’.

From 1 July 2017 the Building (Earthquake-prone Buildings) Amendment Act 2016 has been in force, which:

- Categorises New Zealand into three seismic risk areas based on a Z factor rating system as identified on the map below.



High Risk Areas (> 0.3)

Wellington Christchurch
 Palmerston North Napier/Hastings
 Gisborne Blenheim

Medium Risk Areas (0.15 < 0.3)

Hamilton Tauranga
 New Plymouth Rotorua
 Wanganui Nelson
 Invercargill Timaru

Low Risk Areas (< 0.15)

Auckland Northland
 Oamaru Dunedin

- Sets time frames for identification and correction of risk.

Risk Area	TA's to Identify Potential Earthquake-Prone Buildings within		Owners must Strengthen or Demolish Earthquake-Prone Buildings within	
	Priority	Other	Priority	Other
High	2 ½ years	5 years	7 ½ years	15 years
Medium	5 years	10 years	12 ½ years	25 years
Low	n/a	15 years	n/a	35 years

- Introduces a national Earthquake Prone Building Register <https://epbr.building.govt.nz/>.

We have been made aware of the following information and given it consideration in completing our assessment:

Date built	1930's to 1990's
Risk Zone	Low
NBS Rating	Unconfirmed

We are not qualified to undertake a structural survey of the property, however have proceeded based on the information available, and the likely responses from market participants or regulatory entities in relation to that information for the impact Earthquake issues may have on the value of the property. Where NBS rating information for a building is not available, we have assumed that the building would not be considered to be earthquake prone in preparing our valuation calculations.

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

Refer appended Glossary for definition of:

- Priority Building
- Z Factor

5 Property Income and Expenditure

5.1 Tenancy Overview

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

The tenant within the Property is summarised as follows:

Tenant	Net Income	NLA	% NLA
Colorpak	\$1,574,809	16,448	100.0%
Total	\$1,574,809	16,448 m ²	100%

5.2 Lease Summary

We summarise below the lease agreement for the tenant:

Deed of Lease	
Lessee	Graphic Packaging International New Zealand Limited (formerly Colorpak NZ Limited)
Commencement Date	17 August 2007.
Expiry Date	31 December 2018.
Lease Term	Two (2) years four (4) months and fourteen (14) days.
Current Rent	\$1,574,809 per annum plus GST and outgoings.
Rental Review Provisions	No further reviews under the varied lease term.
Outgoings Recovery	Net Lease type arrangement with the tenant fully responsible for all normal outgoings relating to occupation of the premises.
Permitted Use	Manufacturing, warehousing, associated offices and carparking.

We recommend that the reader peruse a copy of the Lease document/s.

5.3 Building Income Analysis

We summarise the Property's income as follows:

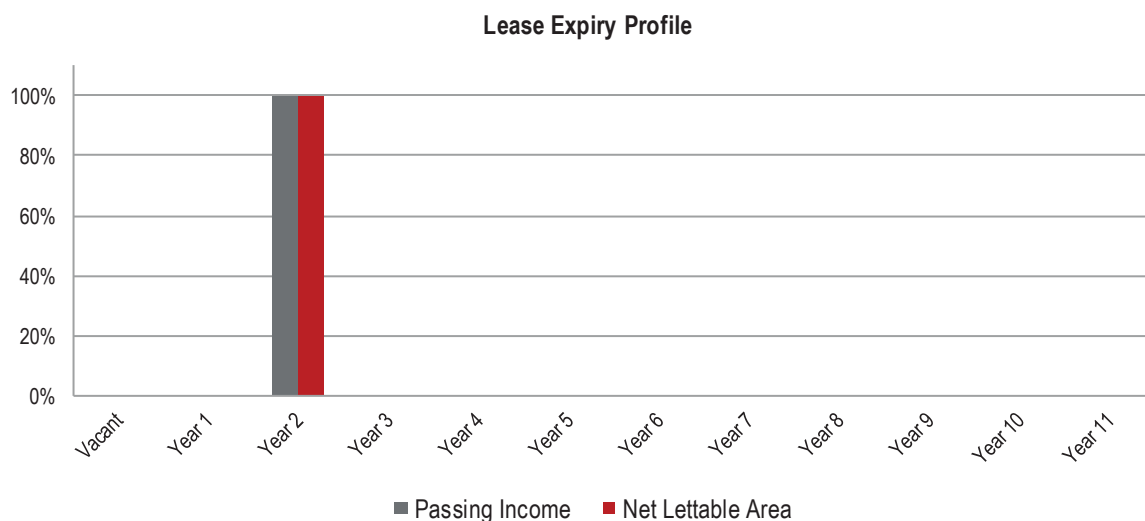
Passing Income Component	Net Income	% Income
Industrial	\$1,574,809	100.0%
Total	\$1,574,809	100%

5.4 Weighted Average Lease Term and Expiry Profile

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

Weighted Average Lease Term Remaining	Years
By Area	1.08
By Income	1.08

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



5.5 Building Outgoings and Recoveries

Lease Structures

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

Building Outgoings

We have assumed an outgoings budget for the property, which is summarised in the table below:

Category	Annual Amount	\$/sqm of NLA
Statutory Charges	\$71,814	\$4.37
Operating Expenses	\$339,379	\$20.63
Total Outgoings	\$411,193	\$25.00

We have had regard to the budget provided and where applicable we have sought confirmation from the relevant rating authorities in relation to the statutory charges and have benchmarked the figures against the Property Council of New Zealand's (PCNZ) guidelines and other similar industrial buildings.

We consider that the adopted outgoings rate of \$25.00 per square metre of NLA to be in line with current market outgoings

5.6 Capital Expenditure

We have been advised that the new owner of the property intends to refurbish / redevelop parts of the property. More specifically we are aware that refurbishment and removal of some asbestos from the front offices, demolition of the workshop located at 880 Great South Road and removal of some contaminated and hazardous material from the site.

The cost to complete the removing and replacement of the asbestos cladding has been estimated to be \$1,000,000. We have adopted this figure within our valuation in year 1.

We reserve the right to reassess our valuation if a construction cost budget for refurbishment of the property differs materially from the figure adopted within our valuation.

Additionally we have made an allowance for CAPEX that coincides with future lease expiry's that would enable our forecasted market rental growth to occur together with an annual sinking fund allowance.

Our adopted CAPEX assumptions are summarised below.

Capital Expenditure Budget	
Year 1	\$10,000
Year 2	\$10,000
Year 3	\$10,000
Year 4	\$10,000
Year 5	\$10,000
Year 6	\$10,000
Year 7	\$10,000
Year 8	\$10,000
Year 9	\$10,000
Year 10	\$10,000
Year 11	\$10,000
Year 12	\$10,000
Total Scheduled Capital Works	\$120,000

5.7 Income Analysis

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

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	\$1,574,809	79.30%
Outgoings Recovery	\$411,193	20.70%
Gross Passing Income	\$1,986,001	100.00%
Outgoings	\$411,193	
Net Passing Income	\$1,574,809	

6 Market Commentary

6.1 Economic Summary

Post the New Zealand General Election in September 2017 a Labour-led coalition government has been formed with the New Zealand First Party supported by a confidence and supply agreement from the Green Party. Implications of the change in government are unlikely to come through in the economic data until 2018. The data being released over Q3 and Q4 2017 continues to demonstrate the solid performance of the New Zealand economy. Dairy prices have recovered off the back of global supply tightening and increased demand out of China in particular. General economic indicators point towards continued growth around the 3% mark over the medium term, driven by supportive financial conditions, a strong construction sector, and high tourism numbers. On a global scale, the World Bank expects the global economy to expand by 2.8% and 3.0% in 2017 and 2018 respectively. China's 2016 growth of 6.8% is set to ease to 6.6% and 6.7% in 2017 and 2018 respectively. Overall, New Zealand's forecast GDP growth for the next three years sits above that of our major trading partners including Australia, the U.S, the U.K and the Euro Zone.

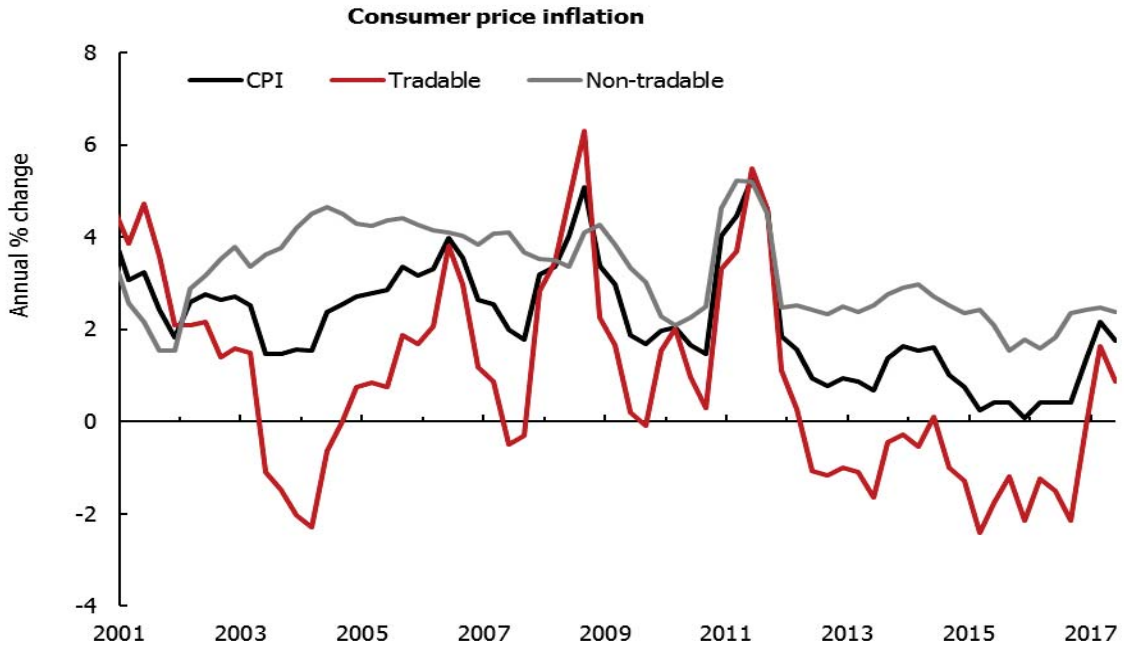
Major policy announced so far under the new government has focused on a rise in the minimum wage from \$15.75 per hour to \$20.00 per hour by 2021. Restrictions on immigration in particular foreign students, limitations on foreign investment into existing residential housing, government led construction of affordable housing under a programme called KiwiBuild, a \$1 billion fund for regional New Zealand and significant investment into infrastructure with major projects including light rail from Auckland CBD to the Airport and North-Western suburbs.

Housing market activity has eased in recent months, partly due to the recent election. A combination of further LVR restrictions, and tightening access to credit has dampened housing demand. The easing is particularly evident in Auckland, as the growing gap between house prices in Auckland and the rest of New Zealand has seen home buyers turn their attention to the regions. This has resulted in an increase in house price growth beyond Auckland, particularly in neighbouring regions. Stretched affordability is likely to limit the extent of further price growth in Auckland short term. However, population growth and the persistent shortage in supply caused by a number of constraining factors should continue to underpin housing demand longer term.

Offshore, uncertainty over global relations continues to present downside risks for New Zealand. However, for now the impact has been largely on sentiment rather than real activity. Global dairy prices are picking up as demand improves.

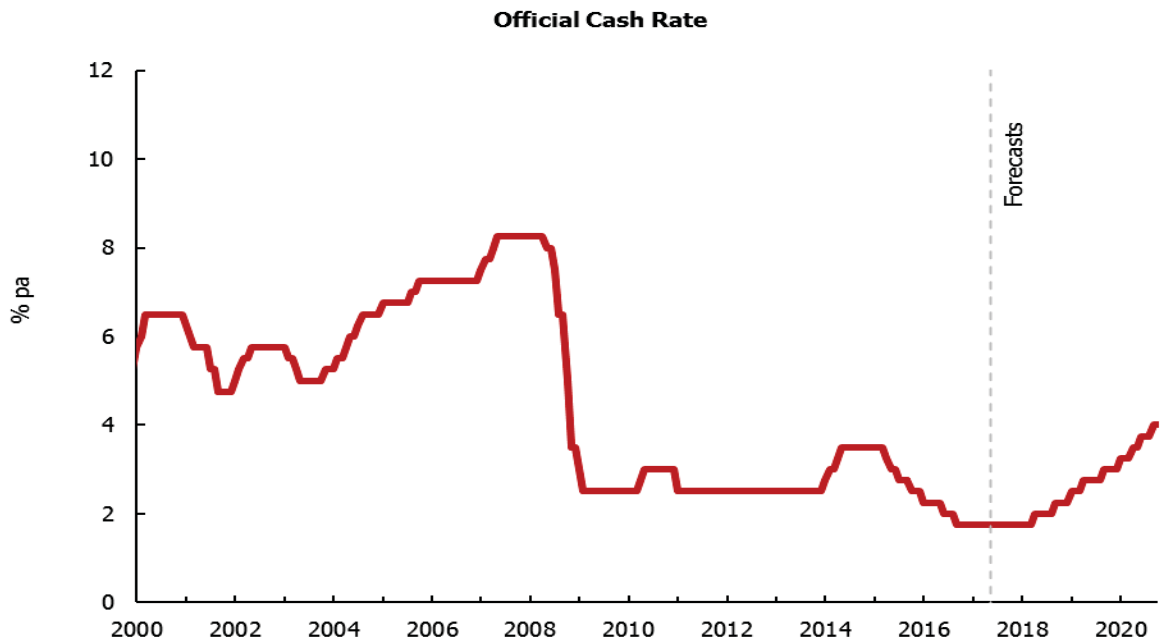
6.2 Inflation and Interest Rates

Consumer price inflation sits at 1.9% as at the September 2017 quarter. The high NZD over late 2016 and early 2017 dampened the price of imported household goods. Key drivers have included rises in food prices over the winter months (vegetables 6.2%), the cost of housing, household utilities, rates and rentals levels all increases whereas transportation costs were down including international airfares (-5.5%). Major capacity pressures look to be contained to the construction sector, with inflation in other areas less pronounced.



Source: NZIER

The Reserve Bank has kept the OCR at 1.75% since November 2016, and retained a neutral bias. The earlier lift in inflation had increased expectations that the next move in the OCR will be an increase, however inflation has since dropped back. There is little urgency for OCR increases and we do not expect and further changes until at least mid-2018. New government policy in regard to infrastructure spending and house building may put further capacity pressures on the construction sector, adding to inflationary pressures.

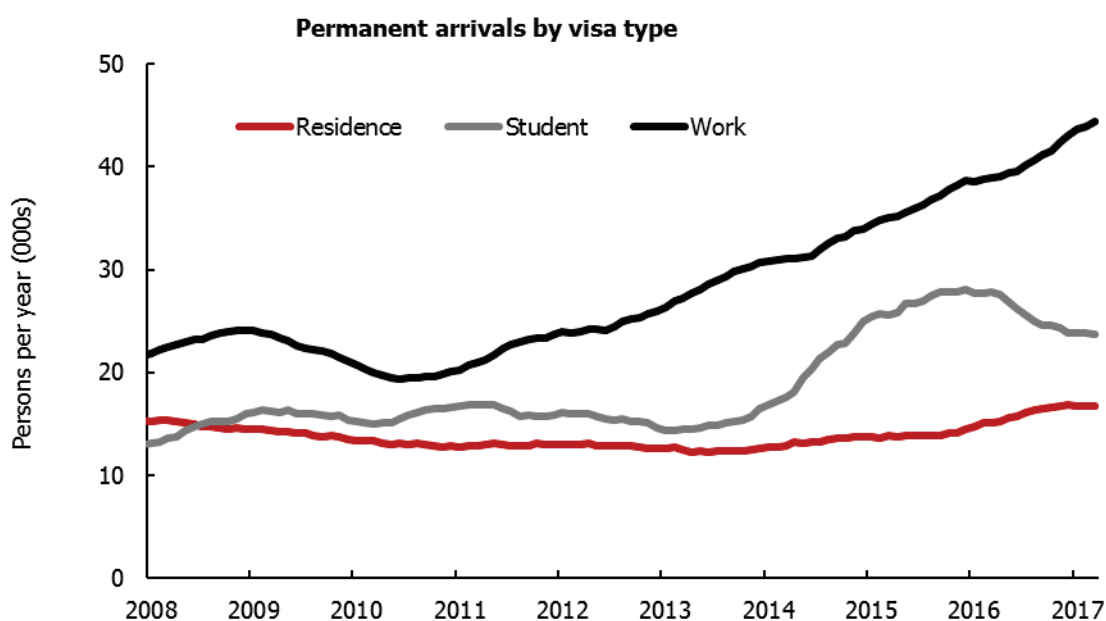


Source: NZIER

6.3 Population and Migration

Net migration into New Zealand continues to sit at elevated levels, although there are signs of moderation in some areas. Net migration hit a record level of 72,300 in the year to June 2017, this number has moderated to 71,000 in the year to September 2017. The number of migrants coming in on student visas is falling as the Government acts to tighten up on fraudulent student visa applications. In contrast, the number of migrants moving to New Zealand on work visas continues to surge. This reflects workers coming in to contribute to a wide range of sectors experiencing strong growth, including construction and hospitality. The Labour-led government has indicated intent to cut net migration numbers to a maximum of 30,000 per year. This is likely to have flow on effects in regard to economic indicators such as GDP growth and retail spending.

Meanwhile, net inflows from Australia are easing. We expect that as the Australian labour market continues to improve this will reduce both the number of returning Kiwis and Australian residents moving to New Zealand. We expect net migration to begin moderating later this year as job opportunities in the other major economies improve and tighter controls are implemented on entry into New Zealand



Source: NZIER

6.4 Employment

New Zealand unemployment fell to 4.6% in the September 2017 quarter from 4.8% in the June 2017 quarter. This is the lowest unemployment level since the December 2008 quarter which was 4.4%. In the September 2017 quarter 2,593 fewer people were unemployed.

The strongest growth sectors in the year to September were construction (up 11.8%) and the electricity, gas, water, and waste services sector (up 8.6%).

Auckland has seen 46,800 more people employed in the year to September 2017 (5.5% increase). The Waikato was up by 21,600 people (9.4%) while Bay of Plenty saw an additional 13,300 employed (9.2%). Wage inflation increased 1.9%, the largest annual increase since September 2012.

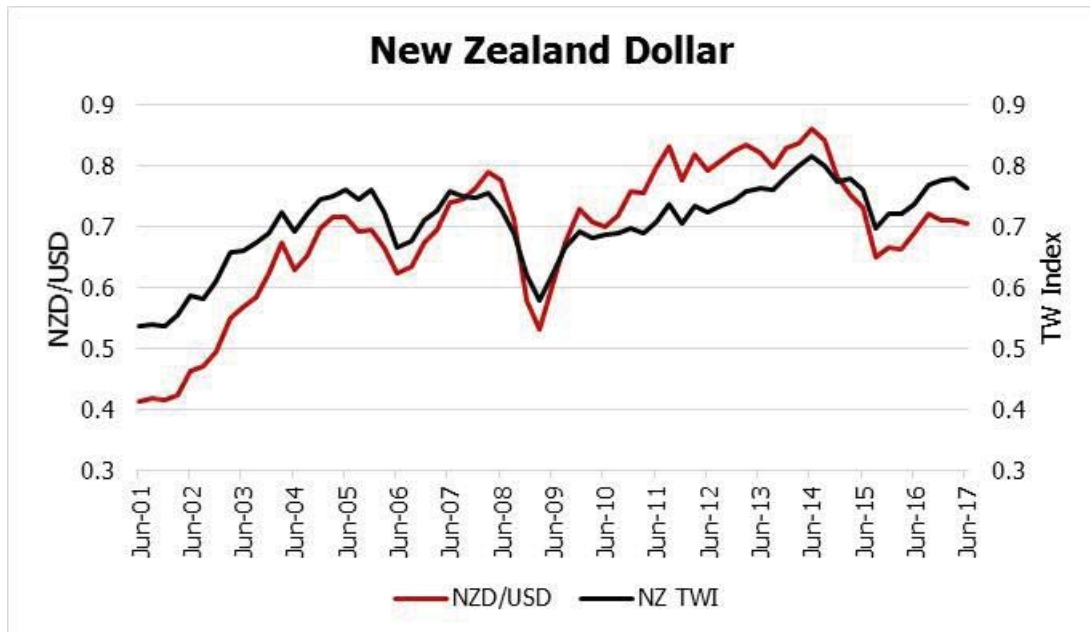
6.5 Business Confidence

Political uncertainty saw low business confidence throughout October as the interregnum before the coalition government was formed, impacting negativity across all sectors.

Business confidence fell to a net 10% of firms negative about the year ahead, from a previously net zero reading according to the ANZ Business Outlook. In seasonally adjusted terms, business confidence fell to a net -8% from a net 16%.

6.6 Currency

The New Zealand dollar has moderated post-election, but has recovered slightly on the back of low unemployment and New Zealand's more positive outlook relative to most other major economies. The USD is easing as markets pare back expectations of the extent of further tightening from the Federal Reserve. We expect that as the Federal Reserve continues to tighten over the remainder of 2017 the narrowing interest rate differential will drive a modest easing in the NZD/USD.



Source: NZIER

6.7 Market Drivers: Industrial

Demand for industrial buildings has been stable over the past year. Despite improved farm income from the recovery in global dairy prices, farmers have focused on paying down debt. With rural sector confidence improving we expect further improvements in farm income will flow through to a pick-up in on-farm investment including farm buildings and tractors later this year.

Manufacturing demand remains solid. The recent rebound in the New Zealand dollar presents a headwind to manufacturing exports, with manufacturers in the latest QSBO reporting a dip in export sales in the June quarter. That said, the sector has proved resilient to exchange rate movements. Meanwhile, strong construction activity continues to support domestic manufacturing demand.

The Business NZ PMI (performance of manufacturing index) indicates growth in manufacturing activity will moderate over the coming year, albeit from high levels.

6.8 Auckland Industrial Market Summary

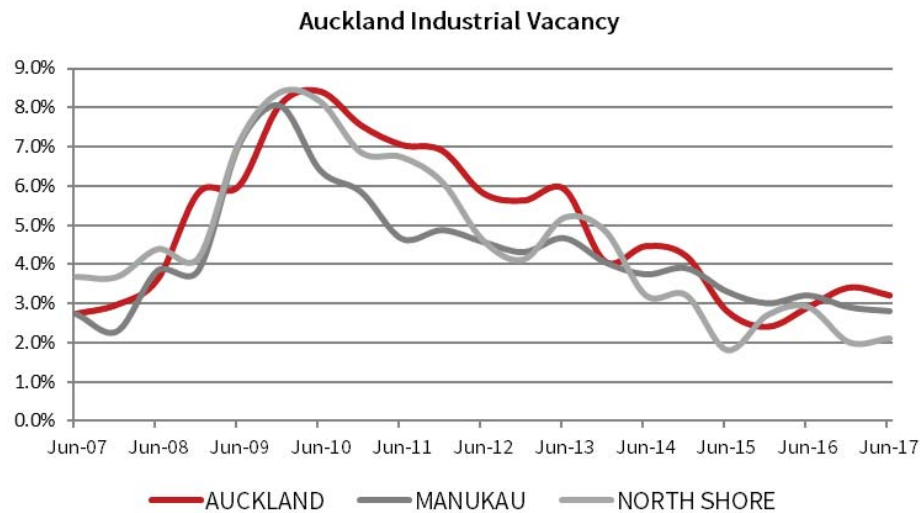
Auckland's industrial market remains in growth mode, stimulated by sustained occupier demand as businesses expand and the requirement for space increases. Overall industrial vacancy remained stable over 1H17, sitting at 2.9%.

In the Auckland City industrial market, Henderson vacancy decreased slightly to 1.6% over 1H17, the tightest vacancy across all survey markets. The Mt Wellington and Penrose precincts both increased marginally over 1H17, now sitting at 4.1% and 3.3% respectively. Similarly, Avondale vacancy rose over the same period to 3.4%, an increase of 69 basis points.

The Manukau precinct, which includes East Tamaki, Wiri and the Airport Corridor, decreased by 9 basis points over 1H17 to sit at 2.8%. While vacancy continues to trend downward, the pace of decrease slowed over 1H17. Strong demand for larger, modern premises spurred additional demand for South Auckland industrial space, where a growing proportion of this stock is located. The total survey market

increased by 161,800 square metres over 1H17 to reach a total of 4.79 million square metres of stock. Leasing and construction activity was largely focused in the Airport Corridor, where there is ample supply of suitably zoned greenfield land. East Tamaki and the Airport Corridor within the Manukau precinct both saw vacancy rates remain static over the period at 2.4% and 3.1% respectively. The Wiri area experienced a minor fall in vacancy, down 21 bps from 2H16 to sit at 3.4%.

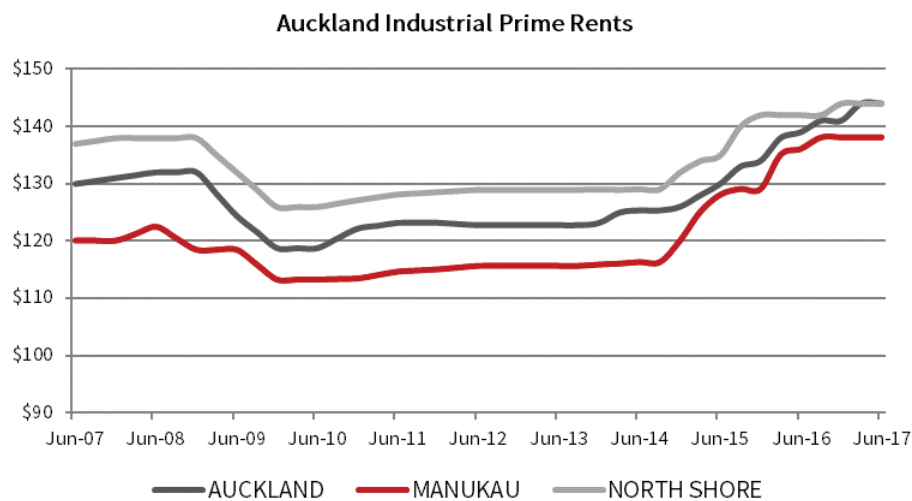
North Shore vacancy softened over 1H17, increasing by 20 bps to 2.2%. A rise in vacancy was observed across the Rosedale and North Harbour markets, rising to 1.8% and 2.4% respectively. Despite an increase in capacity within the Rosedale market the area still maintained the lowest vacancy rate across the locations surveyed on the North Shore. Wairau Valley vacancy firmed to 2.1% over the same period.



Source: JLL Research and Consulting

Business growth and expanding occupier footprints has ensured new supply is quickly absorbed, maintaining upward rental pressure across the Auckland region within the prime end of the market, while growth within the secondary market has slowed. Occupiers remain active in the market and this has helped maintain growth across prime industrial stock. The average prime combined rent now sits at NZD 142 per square metre, while secondary remains stationary at NZD 119 per square metre.

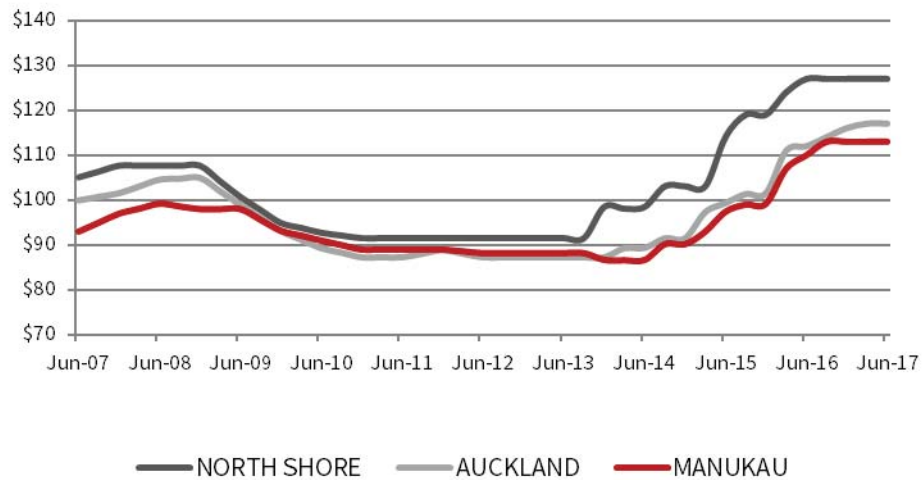
Tenants facing limited available prime options are increasingly being forced to consider secondary alternatives. Rising construction costs and land values will however affect the ability of the market to provide new stock beyond 2017 which will provide further competition for existing space. Incentivising is minimal in the market.



Source: JLL Research and Consulting

Rental growth is forecast to continue at a solid pace into 2018, on the back of strong underlying demand fundamentals and low vacancy. Secondary rents are similarly expected to see growth, a result of pent up demand in the prime sector.

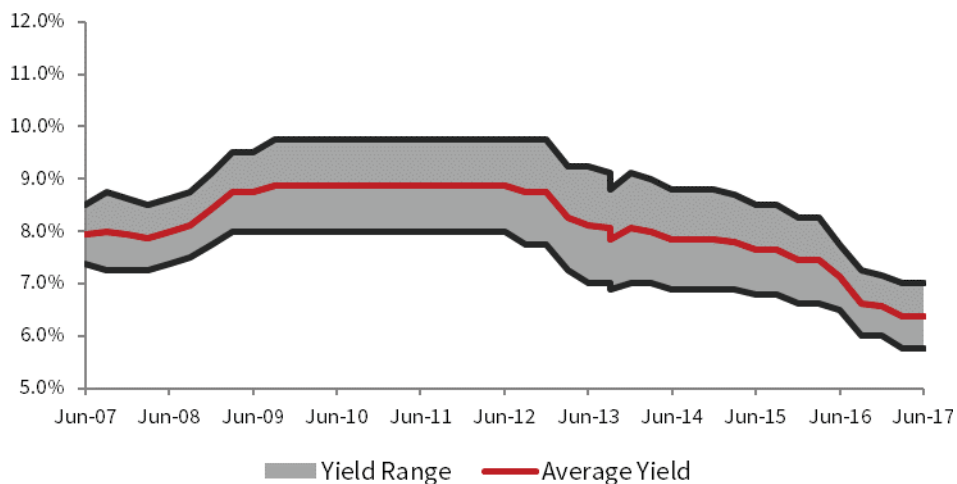
Auckland Industrial Secondary Rents



Source: JLL Research and Consulting

The scarcity of income producing industrial properties in relation to high investor demand combined with low vacancy rates and strong rental growth, has driven further yield compression across the prime Auckland market. Average prime yields continued on their downward trend to reach an average of 5.88%. Yields are forecast to continue firming over the remainder of 2017, likely bottoming out from early 2018 onwards. Growing demand for industrial properties from both offshore and local investors will continue to drive yield compression over the 2H17 period.

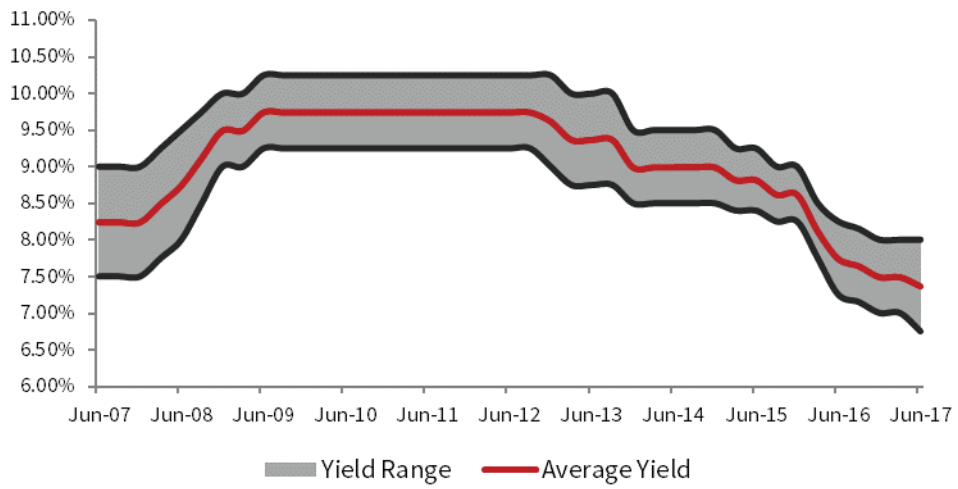
Auckland Region Industrial Yields : Prime



Source: JLL Research and Consulting

Increasing competition for quality industrial assets has forced investors to consider the secondary market as an alternative. Yields firmed to an average of 7.38% at the end of 1H17, down from 7.50% in 1Q17. There remains a strong interest for value-add opportunities in the secondary market and this will likely contribute to further yield compression over the remainder of 2017.

Auckland Regional Industrial Yields : Secondary



Source: JLL Research and Consulting

7 Leasing Evidence

7.1 Leasing Evidence

In assessing a market rental profile for the industrial 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:



Church Street, Penrose, Auckland

Effective Date	September 2017	Term	5 years and 3 months
Contract Rent	\$600,726 pa	Tenant	Confidential
Lease Basis	New Lease		

The property comprises an industrial property with a total lettable area of approximately 6,723 square metres, located on the corner of Church Street and Hugo Johnston Drive, within the industrial precinct of Penrose. Improvements comprise of an approximate 4,223 square metre warehouse which is fully sprinklered and has a stud height of approximately 9 metres. Office accommodation comprises approximately 1,226 square metres over two floors and is fully airconditioned. Warehouse amenities are approximately 333 square metres, canopy of approximately 941 square metres, yard of approximately 2,300 square metres and 55 car parking spaces.

The property has been leased for a term of 5 years and three months, returning \$600,726 per annum net plus GST.

Rental Analysis			Effective Rate
Warehouse	Warehouse	4,223.0 m ²	\$78.79
Warehouse	Warehouse Amenities	333.0 m ²	\$80.00
Office	Office	1,226.0 m ²	\$170.00
Canopy	Canopy	941.0 m ²	\$35.00
Yard	Yard	2,300.0 m ²	\$0.00
Car Parking	Parks	55 parks	\$0.00



Lockhart Place, Mt Wellington, Auckland

Effective Date	September 2017	Tenant	Confidential
Contract Rent	\$918,263 pa	Term	9 years
Lease Basis	New Lease		

The property comprises a substantial industrial facility developed in the 1990's, with a further warehouse and canopy extension in the late 2000's. The property provides a two bay high stud storage warehouse, a semi enclosed canopy, a low to medium stud food-grade production warehouse, various workshops and storage rooms and associated offices and amenities to the road front.

The property was leased in September 2017, returning \$918,263 per annum net plus GST.

Rental Analysis			Effective Rate
Office and Amenities		796.93 m ²	\$175.00
Manufacturing		3,314.43 m ²	\$118.63
Warehouse		2,873.00 m ²	\$110.12
Warehouse Offices/Workshop/Storage		431.98 m ²	\$83.00
Warehouse Canopy		689.80 m ²	\$48.41



Bruce McLaren Road, Henderson, Auckland

Effective Date	June 2017	Lease Basis	Rent Review
Contract Rent	\$1,044,491 pa	Tenant	Confidential

The property comprises two standalone warehouses with a interlink air bridge and associated office buildings located on the eastern side of Bruce McLaren Road, within the industrial suburb of Henderson. Improvements are of a semi specialised nature and are of a well maintained standard and has a good office to warehouse ratio to both buildings. The property is situated on a rear site with the western rail link running along the rear boundary of the property.

The property is leased for a term of eight (8) years from 28 June 2013 with two (2) rights of renewal of six (6) years each. Rent reviews are annually to CPI and market reviews on 28 June 2017, 2024, 2030 and the renewal dates.

The property recently underwent a rent review in June 2017, indicating a new rental of \$1,044,491 per annum.

Rental Analysis			Effective Rate
Warehouse A	Warehouse	4,444.7 m ²	\$90.00
Warehouse B	Warehouse	1,554.6 m ²	\$90.00
Office & Amenities A	Office	979.2 m ²	\$175.00
Office & Amenities B	Office	377.8 m ²	\$170.00
Office & Amenities C	Office	234.2 m ²	\$130.00
Office & Amenities D	Office	340.6 m ²	\$130.00
Office Storage	Storage	71.2 m ²	\$45.00
Store	Storage	406.8 m ²	\$25.00
Canopy	Canopy	524.4 m ²	\$45.00
Mezzanie	Mezzanine	593.9 m ²	\$45.00
Under Mezzanine	Mezzanine	593.9 m ²	\$45.00
Yards	Yards	3,400.0 m ²	\$25.00
Air Bridge & Stairs	Ancillary	144.4 m ²	\$130.00



Mt Wellington Highway, Mt Wellington, Auckland

Effective Date	May 2017	Term	Confidential
Contract Rent	\$396,000 pa	Tenant	Confidential
Lease Basis	New Lease		

The property comprises a 1990's industrial building with a high profile position on Mt Wellington Highway just to the south of its intersection with Vestey Drive. The building comprises two levels of offices to be refurbished for the incoming tenant with a 6.5 metre stud height warehouse to the rear. The warehouse is provided with three roller doors along the northern elevation protected by a cantilevered canopy and accessing a concrete and secured yard area. Ample car parking is provided to the road frontage.

The property was leased in May 2017 returning \$396,000 per annum net.

Rental Analysis			Effective Rate
Office		770.00 m ²	\$215.00
Office	Mezzanine Office	35.00 m ²	\$160.00
Warehouse		1,991.00 m ²	\$105.00
Canopy		332.00 m ²	\$50.00



Autum Place, Penrose, Auckland

Effective Date	April 2017	Term	7 years
Contract Rent	\$641,630 pa	Tenant	Confidential
Lease Basis	New Lease		

10 Autumn Place offers a substantial industrial building that appears to have been constructed in the 1980's located within the Auckland suburb of Penrose. Penrose is an established industrial precinct and is characterised by a range of industrial based activity ranging from 'A' grade distribution and manufacturing style warehousing through to smaller owner occupied units and workshops. The area has strong linkages to the City via a motorway interchange via the South Eastern Highway.

Accommodation comprises column interrupted high stud warehousing with two levels of associated offices and amenities situated to the south western corner of the building. The existing improvements present to a tidy standard having been well-maintained in recent years with no significant deferred maintenance evident during the course of our inspection.

The property has been leased for a term of seven years from 1 April 2017 with one right of renewal of 7 years and annual fixed rent increases of 2%. The property is currently leased for \$641,630 per annum plus GST and outgoing.

Rental Analysis			Effective Rate
Warehouse	Warehouse	4,970.0 m ²	\$100.00
Office	Office	567.0 m ²	\$170.00
Canopy	Canopy	202.0 m ²	\$50.00
Yard	Yard	1,907.0 m ²	\$20.00



Hugo Johnston Drive, Penrose, Auckland

Effective Date	March 2017	Term	8 years
Contract Rent	\$457,366 pa	Tenant	Confidential
Lease Basis	New Lease		

The property is located along the eastern edge of Hugo Johnston Drive within the highly regarded industrial precinct of Penrose. The site provides a total area of approximately 6,134 sqm which is configured in a rectangular shaped parcel extending in a westerly direction from the road.

Improvements to the site comprise a 1980s, medium-high stud distribution warehouse with two levels of offices and amenities situated to the road frontage. Improvements are set back from the road and occupy the majority of the site with balance areas comprising mostly asphalt or concrete seal to provide site circulation, on grade car parking or yard storage. Presentation is to a good standard with the current owner having kept the building well-maintained in recent years.

The property has been leased from 1 March 2017 for a term of 8 years with no right of renewal and annual fixed rent review increases of 2.5% per annum. The property is currently leased for a total rental of \$457,366 per annum plus GST and Outgoings. This rental reflects a rental rate of \$120 per square metre over the total floor area.

Rental Analysis			Effective Rate
Office	Lower Ground Office	256.3 m ²	\$185.00
Office	Upper Ground Office	543.9 m ²	\$205.00
Storage	Low Stud Storage	273.9 m ²	\$81.53
Warehouse	Warehouse	2311.0 m ²	\$104.94
Office	Warehouse Office	53.3 m ²	\$142.80
Mezzanine	Mezzanine	53.3 m ²	\$60.00
Canopy	Canopy	380.2 m ²	\$60.00



Vestey Drive, Mt Wellington, Auckland

Effective Date	February 2017	Term	6 years
Contract Rent	\$516,000 pa	Tenant	Confidential
Lease Basis	Lease Renewal		

The property comprises a modern high stud distribution warehouse building with associated offices and amenities, semi-detached adjoining the warehouse on the northern boundary situated on a rear position. The warehouse provides an "L" shaped, clearspan warehouse with a medium stud height and slightly offset roof pitching being 9 metres at the portal knee, rising to 12 metres at the apex. Access to the warehouse is via the western elevation with good height roller doors with a good quality canopy. There is on-site car parking. The offices are constructed over two levels and are presented on a carpeted, air-conditioned and suspended ceiling basis. The tenant extended the lease for a further 6 years from the date of renewal at an annual rental of \$516,000 per annum.

Rental Analysis			Effective Rate
Warehouse	Warehouse	3,718.0 m ²	\$120.00
Canopy	Canopy	181.0 m ²	\$50.00
Offices	Offices	696.0 m ²	\$180.00



Mays Road, Onehunga, Auckland

Commencement	December 2016	Tenant	Confidential
Contract Rent	\$500,000 pa	Lease Basis	New Lease

The property comprises an industrial warehouse with two levels of offices and amenities, medium stud warehousing and yard area. The property offers a large warehouse and large yard areas. There was a Deed of Variation of Lease whereby the landlord has agreed to upgrade the concrete floor slab to the warehouse, and as a result the commencement rental has increased to \$500,000 per annum. The warehouse has a stud height of approximately 5.8 metres at the portal knee, rising to approximately 9.5 metres at the apex.

Rental Analysis			Face Rate
Office		398.00 m ²	\$160.00
Warehouse		3,495.00 m ²	\$102.15
Mezzanine		79.00 m ²	\$50.00
Storage		116.00 m ²	\$46.09
Yard		3,500.00 m ²	\$20.00



Rosebank Road, Avondale, Auckland

Effective Date	October 2016	Lease Basis	Rent Review
Contract Rent	\$675,000 pa	Tenant	Confidential

The premises comprises an industrial building providing medium to high stud warehouse accommodation with associated office and amenities within an established industrial locality at 560 Rosebank Road, Avondale. The space comprises a 4,424 square metre warehouse, 1,125 square metres of office space, 132 square metres of amenity space, a 226 square metre canopy and 268 square metres of mezzanine storage. The premises was leased in October 2016, returning \$675,001 per annum. This lease reflects a premises rental rate of \$95 per square metre for warehouse, \$151 per square metre for ground floor office, \$160 per square metre for first floor office and amenity space, \$70 per square metre for mezzanine storage and \$45 per square metre for canopy space.

Rental Analysis			Effective Rate
Warehouse		4,424.0 m ²	\$95.00
Office	Ground Floor	574.9 m ²	\$150.78
Office	First Floor	549.8 m ²	\$160.00
Amenities	Warehouse	132.0 m ²	\$160.00
Mezzanine	Storage	268.3 m ²	\$70.00
Canopy		226.0 m ²	\$45.00

In order to determine market rentals appropriate to the subject property we have primarily sought market transactions predominantly within Auckland over the last 18 months. As demonstrated by the above evidence, recent rental transactions relating to industrial tenancies within the Auckland area indicates net effective rentals ranges from \$150 to \$215 per square metre over the offices, \$80 to \$120 per square metre over the warehouse components and \$35 to \$60 per square metre over the canopies, largely dependent on the size, specification and location of the individual tenancy.

The Auckland industrial market is experiencing strong growth on the back of a buoyant industrial market, low vacancies, high demand and limited new supply for good quality stock available for lease. Accordingly recent rent reviews in the area have shown positive growth.

In our view the warehouse and office rental rate would fall towards the lower end of the range "As is" due to the dated condition on the improvements. We would expect the building "As if Complete" to achieve rates towards the mid-point to upper end of the range due to the refurbishment being to a good standard with relatively new finishes and services.

7.2 Market Rental Profile "As Is"

In analysing the market rental for the industrial accommodation within the Property, we have had regard to the net structure of the leases executed. We have therefore assessed the market rental profile on a net basis.

Our adopted market rental profile is displayed below:

Premises	NLA	Passing Rental	Market Rental
Colorpak - Offices - Level 1	667	\$165 /sqm	\$145 /sqm
Colorpak - Original Warehouse	1,705	\$76 /sqm	\$65 /sqm
Colorpak - Offices and Amenities	2,521	\$160 /sqm	\$125 /sqm
Colorpak - Canopies	76	\$51 /sqm	\$60 /sqm
Colorpak - Deck	105	\$57 /sqm	\$60 /sqm
Colorpak - Warehouse 2	6,063	\$82 /sqm	\$90 /sqm
Colorpak - Warehouse - Bulk Store	2,175	\$99 /sqm	\$95 /sqm
Colorpak - Offices and Amenities	642	\$171 /sqm	\$145 /sqm
Colorpak - Basement Workshop / Offices	1,164	\$76 /sqm	\$75 /sqm
Colorpak - Canopies	186	\$51 /sqm	\$50 /sqm
Colorpak - Workshop (880 GSR)	1,147	-	\$65 /sqm
Total	16,448 m²		

7.3 Net Income Assessment "As Is"

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

Passing Versus Market Comparison	Passing pa	Market pa
Rental Analysis		
Lettable Area Rental	\$1,574,809	\$1,549,792
Outgoings Recovery	\$411,193	\$411,193
Gross Income	\$1,986,001	\$1,960,984
Outgoings	\$411,193	\$411,193
Net Income	\$1,574,809	\$1,549,792

8 Sales Evidence

8.1 Sales Transactions

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



(Subject) 860-880 Great South Road, Penrose, Auckland

Sale Price	\$16,500,000	Sale Date	March 2017
Initial Yield	<i>Confidential</i>	Equivalent Yield	6.80%
IRR	8.70%	WALE	<i>Confidential</i>

The subject property sold in March 2017 for \$16,500,000.



6 Hautu Drive, Wiri, Auckland

Sale Price	\$11,100,000	Sale Date	December 2017
Initial Yield	<i>Confidential</i>	Equivalent Yield	6.08%
IRR	8.01%	WALE	<i>Confidential</i>

The property comprises an industrial building with a stud height of an approximately 10.1 metres at the portal knee rising to approximately 13 metres at the apex and a single level of good quality associated office accommodation, including a drive through canopy.

The non sprinklered warehouse provides high stud, clearspan (approximately 60 metres) accommodation constructed with concrete floors, steel framing, precast concrete walls, under a long run galvanised mild steel roof, netting and sisalation. Industrial, incandescent lighting supplements the natural light provided by the intermitted translucent panels. Access to the warehouse is provided by three roller doors, protected by a canopy which extends off the northern elevation.

The adjoining single level office accommodation comprises an open plan office, a server room, a lunchroom (with outside courtyard), and male and female ablutions, both proved with a toilet and hand basin each. The office block is constructed with a combination of precast concrete and aluminium frame with glazing exterior walls, carpeted and vinyl floor coverings, painted plasterboard internal walls, suspended ceilings, ducted airconditioning and recessed and diffused lighting. The office accommodation provides direct access into the warehouse.



68-80 Stonedon Drive, East Tamaki, Auckland

Sale Price	\$32,577,000	Sale Date	December 2017 (Unconditional)
Initial Yield	<i>Confidential</i>	Equivalent Yield	6.25%
IRR	8.68%	WALE	<i>Confidential</i>

The property comprises approximately 18,126 square metres of industrial accommodation, located on the northern side of Stonedon Drive, within the industrial precinct of East Tamaki.

Improvements comprise of approximately 14,959 square metres of main warehouse with a stud height of approximately 9.5 metres at the portal knee, rising to approximately 11.7 metres at the apex, approximately 850 square metres of a combination of open plan and partitioned office accommodation attached to the main warehouse. The warehouse also includes a small dispatch office of approximately 404 square metres. There is a second building located to the south-eastern corner of the site, comprising of approximately 209 square metres of office accommodation and approximately 1,703 square metres of warehouse. The warehouse provides a stud height of approximately 9 metres at the portal knee, rising to approximately 9.8 metres at the apex. The offices are predominantly open plan with some partitioning.

The property benefits from full drive around access, full mesh security fencing with security gates and on-site parking.



84 Central Park Drive, Henderson, Auckland

Sale Price	\$9,100,000	Sale Date	September 2017
Initial Yield	<i>Confidential</i>	Equivalent Yield	5.52%
IRR	7.86%	WALE	<i>Confidential</i>

The property comprises approximately 4,244 square metres of lettable space, located on the western side of Central Park Drive, within the industrial precinct of Henderson.

Improvements comprise of approximately 600 square metres of modern office accommodation, approximately 3,044 square metres of high stud warehouse accommodation and approximately 600 square metres of canopy.



38 Harris Road and 73 Crooks Road, East Tamaki, Manukau

Sale Price	\$10,000,000	Sale Date	August 2017
Initial Yield	<i>Confidential</i>	Equivalent Yield	6.67%
IRR	8.38%	WALE	<i>Confidential</i>

The property comprises an industrial building with a floor area of approximately 5,980 square metres, located on a high profile corner, heavy industry zoned site over two titles.

38 Harris Road comprises approximately 4,870.90 square metres of gross lettable industrial space, located on the western side of Harris Road, East Tamaki. The improvements comprise two parallel positioned industrial premises with access to both units A and B provided from Harris Road. Unit A is located to the northern side of the site and includes predominantly an open plan office space to the first floor with industrial warehouse accommodation with basic office to the ground floor. There have been subsequent additions made to the original warehouse and has been partitioned into approximately four sections to allow for separate manufacturing areas.

Unit B is located to the southern side of the site and has similar aspects as Unit A to provide partitioned areas within the warehouse. Located to the eastern end is the original sawtooth designed warehouse which has been extended to the west. The property comprises basic warehouse, offices and amenities over the two levels to the northern side adjoining the warehouse. A sealed access-way runs between the two units which provides additional car parking and uncovered storage.

73 Crooks Road comprises three tenancies, on a 4,449 square metre site, within the industrial precinct of East Tamaki. The largest tenancy comprises a purpose built premises which includes a retail area with a single office, a warehouse utilised as dispatch and an adjoining workshop and wash bay. The first floor provides predominantly mezzanine area overlooking the warehouse and staff amenities including a lunch and locker room. The yard provided to the road frontage consists of a combination of sealed and unsealed areas.

Located to the west of the premises is an adjoining dated industrial property. The premises comprising a drive thru warehouse with steel canopy located to the rear which includes two levels of associated offices and an additional showroom area.

Further to the west is a secured, fenced parcel of vacant land that is currently leased.



2 Freight Place, Airport Oaks, Auckland

Sale Price	\$9,770,000	Sale Date	July 2017
Initial Yield	<i>Confidential</i>	Equivalent Yield	5.91%
IRR	8.16%	WALE	<i>Confidential</i>

The property comprises industrial accommodation situated on a corner site, with frontages to both Richard Pearse Drive and Freight Place within the industrial precinct of Airport Oaks. The improvements are presented to a good standard and comprise a high stud warehouse facility with associated offices and amenities and a low stud storage area. A sealed yard with a large drive through canopy is accessed via Richard Pearse Drive and Freight Place. In addition, sealed car parking is provided for approximately 36 spaces.

The office and amenities area has recently been refurbished.



100 Carbine Road, Mount Wellington, Auckland

Sale Price	\$36,800,000	Sale Date	July 2017
Initial Yield	Confidential	Equivalent Yield	6.74%
IRR	9.00%	WALE	Confidential

The property comprises a large industrial complex with approximately 29,526 square metres of lettable accommodation. The property is situated on an approximate 4.48 hectare, rear, Light Industry zoned site, situated on the eastern side of Carbine Road, within the industrial precinct of Mount Wellington.

Improvements comprise of a circa 1970's constructed warehouse with a stud height of approximately 7 metres at the portal knee and rising to approximately 10 metres at the apex. An extension was added to this circa 2005 providing clearspan warehouse accommodation with a stud height of approximately 9 metres at the portal knee and rising to approximately 11 metres at the apex, a separate two level office building with a large staff cafeteria at the front with air-conditioning. There is additional yard space surrounding the buildings. Prior to sale, the property was used as a distribution centre.



65 Hugo Johnston Drive, Mt Wellington, Auckland

Sale Price	\$14,250,000	Sale Date	May 2017
Initial Yield	Confidential	Equivalent Yield	5.76%
IRR	7.45%	WALE	Confidential

The property comprises a modern industrial premises originally constructed in the late 1990s providing high stud warehousing with two levels of office and amenities located to the road frontage.

In more recent years the office component has been extensively modernised and upgraded to provide a high quality fit out incorporating showroom, boardrooms, staff kitchenettes and a mixture of open plan and partitioned office suites. The warehouse was also recently extended providing an additional high stud storage component. The buildings have been well maintained and effectively provide 'as new' warehousing and offices.



4-6 Dryden Place, Mt Wellington, Auckland

Sale Price	\$3,325,000	Sale Date	January 2017
Initial Yield	Confidential	Equivalent Yield	5.44%
IRR	7.86%	WALE	Confidential

The property comprises a 1,174 square metre industrial building situated on a 2,100 square metre site, located on the eastern side of Dryden Place, Mount Wellington. The improvements comprise 296 square metres of office / amenities, 878 square metres of warehouse, and 27 car parking spaces. The ground floor office area provides mostly open plan offices with a meeting room located off the reception. The first floor offices comprise of an open plan office with a lunch room. The high stud warehouse can be accessed internally from the office with an all-weather area situated to the rear of the property for loading and unloading of inward and outward goods.



60 Hugo Johnston Drive, Penrose, Auckland

Sale Price	\$5,450,000	Sale Date	January 2017
Initial Yield	Confidential	Equivalent Yield	6.77%
IRR	7.83%	WALE	Confidential

The property comprises a 2,204 square metre industrial building situated on a 4,175 square metre, Heavy Industry zoned site, located on the eastern side of Hugo Johnston Drive, Penrose. The improvements comprise 1,117 square metres of office & amenities, 1,087 square metre warehouse and 58 car parking spaces. The office component was constructed circa 1990's with concrete tilt slab and glazing to the exterior. Internally the offices provide mostly open plan with some partitioning, carpet floor coverings, suspended ceilings with recessed fluorescent lighting, and air-conditioning. The warehouse provides a clear span space with concrete block construction and a long-run steel roof, RSJ steel portal frame, translucent panels, and hanging fluorescent lighting. The warehouse can be accessed via two roller doors from a secured sealed yard. We note the warehouse has been fitout with tenant improvements including an office and food preparation area.

At the date of sale the property was leased by three (3) separate tenants, with a total rental return of \$361,894 per annum.

The property sold in January 2017 for \$5,450,000 indicating an initial yield of 6.64%. We have analysed the sale to reflect an equivalent yield of 6.77% and an Internal Rate of Return of 7.83%.



132 Portage Road, Otahuhu, Auckland

Sale Price	\$4,500,000	Sale Date	January 2017
Initial Yield	Confidential	Equivalent Yield	6.72%
IRR	9.22%	WALE	Confidential

The property comprises a 2,324 square metre industrial building situated on a 4,960 square metre, Light Industry zoned site, located on the southern side of Portage Road, Otahuhu. The building was constructed circa 1980's with 203 square metres of single level offices located to the road frontage, 1,204 square metres of original warehouse and 803 square metres of new warehouse constructed circa 2008. In addition there is a 26 square metre mezzanine storage area and 664 square metres of canopy. The property has recently been refurbished and concerted for use as a food grade distribution facility which includes, warehouse chiller and production and loading areas.



27 Zelanian Drive, East Tamaki, Manukau

Sale Price	\$8,475,000	Sale Date	December 2016
Initial Yield	Confidential	Equivalent Yield	6.47%
IRR	8.28%	L & B Rate	\$1,540 psm

The property comprised a 5,680 square metre industrial building situated on an 8,924 square metre site located at the end of a cul-de-sac, at 27 Zelanian Drive, East Tamaki. The improvements comprise of 4,664 square metres of warehouse with a stud height of 6 metres at the knee, rising to 8.8 metres at the apex. In addition there is 322 square metres of office split over two levels, 499 square metres of amenities & café, 213 square metres of mezzanine, and 182 sqm of canopy.

The first floor office space comprises a reception area and partitioned offices, with the ground floor providing a large café and amenities. The warehouse provides full height concrete walls, steel portal framing and long-run metal roofing. The warehouse is column-interrupted.

The above transactions indicate that Initial yields have ranged from 5.22% to 9.54%, equivalent yields from 5.44% to 6.80% and Internal Rates of Return from 7.83% to 9.22%.

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. Sales to the higher end of the yield range typically relate to properties with either secondary quality accommodation, in secondary locations, have short weighted average lease terms or are of a high value quantum. Taking into account the age, scale and nature of the accommodation, location, value quantum, rent review structure and weighted average lease term, we have adopted a yield to the low to mid-point of the range.

Although the above indicates sales with lower yields, we have considered the current condition, layout and tenant covenant which would reflect a much higher yield than the above sales for the "As Is" valuation. Properties of this nature are generally purchased based on an underlying land value, plus holding income, less potential demolition costs. The sale of the subject property in March 2017 provides us with the most comparable yields for the "As Is" valuation.

"As if Complete" we would expect the subject property to be towards the mid-point of the range.

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

Variable	Input
Capitalisation Rate - Core Income	8.00%
Discount Rate	10.00%

8.2 Land Sales Evidence

In assessing a suitable land value for the surplus land of the Property, we have had regard to a range of industrial zoned transactions. The more relevant industrial land sales are summarised in the sales schedules and commentary below:

Address	Sale Date	Sale Price	Area (sqm)	Value (\$ /sqm)	AUP Zone
Ellerslie Panmure Highway, Mt Wellington	Sep-17	\$5,700,000	10,113	\$563	Mixed Use
Wilkinson Road, Ellerslie	Apr-17	\$4,000,000	4,547	\$880	Light Industry
Station Road, Penrose	Dec-16	\$5,750,000	12,901	\$446	Light Industry
Luke Street, Otahuhu	Sep-16	\$5,695,555	10,357	\$550	Mixed Use
Paisley Place, Mt Wellington	Jun-16	\$3,900,000	9,613	\$406	Light Industry
Cnr Jellicoe & Morrin Roads, Mt Wellington	Jun-16	\$4,080,000	6,074	\$672	Mixed Use
Jellicoe Road, Mt Wellington	Apr-16	\$990,000	1,317	\$752	Mixed Use
Marua Road, Mt Wellington	Apr-16	\$4,300,000	8,523	\$505	Light Industry
Smales Road, East Tamaki	Mar-16	\$4,100,000	6,725	\$610	Light Industry
Cheshire Street, Parnell	Aug-15	\$18,000,000	23,368	\$770	Mixed Use

The above sales represent a range of rates between \$406 and \$880 per square metre. We consider the subject to be at the mid-point of the range due to its location, size and shape.

9 Valuation Considerations

9.1 SWOT Analysis

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

Strengths	Weaknesses
<ul style="list-style-type: none"> Prominent position along Great South Road benefitting from easy access to the southern motorway, Auckland CBD and Auckland Airport. A large landholding offering an area of more than 2 hectares with an extended frontage to Great South Road and abutting the southern motorway. Accommodation provides functional warehousing of a medium stud nature that would suit a range of occupiers. Currently leased with an expiry date of 31 December 2018. Held within multiple certificates of title that could be sold down separately in the future. 	<ul style="list-style-type: none"> Dated accommodation that requires some degree of Capital Expenditure. The site is contaminated with hazardous building materials that will require capital attention in the future. Configuration of the buildings would restrict future occupiers. High portion of offices would be seen as a negative by some investors. WALT of less than 5 years is less desirable for a building of this age and condition. Vacancy risk at expiry of the current lease. Unknown IEP
Opportunities	Threats
<ul style="list-style-type: none"> Redevelop the front portion of the site in order to unlock value. Potential change of use to support trade retail or showroom activity. Negotiate lease extension in order to increase the WALT and appeal to investors. Negotiate surrender of lease over the front part of the site. 	<ul style="list-style-type: none"> External factors impacting negatively on our economy and property values. Rising construction costs impacting on the feasibility of any potential redevelopment Competition from surrounding development limiting market rental growth. Further contamination of the site.

9.2 Likely Selling Period

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

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

9.3 Most Probable Purchaser

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

9.4 Sales History

The subject property last transacted in March 2017 for \$16,500,000.

10 Valuation Rationale “As Is”

10.1 Valuation Overview

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

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

10.2 Valuation Criteria

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

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

We have adopted a core capitalisation rate of 8.00% on our adopted market rental profile and a 10.00% target discount rate.

10.3 Capitalisation Approach

Introduction

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

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$1,549,792
Ideal Outgoings Recovery (Full Net Leases)	\$411,193
Total Market Rental	\$1,960,984
Less Outgoings Expenditure	(\$411,193)
Net Market Rental	\$1,549,792
Rental Adjustments	
Core Income	\$1,549,792
Core Income Capitalised at 8.00%	\$19,372,394
Value Adjustments	
Existing Tenancies	\$26,087
Present Value of Letting Up Allowances: 24 months	(\$1,671,454)
Present Value of Short Term Capital Expenditure: 24 months	(\$1,172,641)
Total Value Adjustments	(\$2,818,008)
Total Capitalised Value	\$16,554,386
Adopted Capitalised Value	\$16,550,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Letting Up Allowances

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

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$1,172,641.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$16,550,000.

Our detailed calculations are annexed to this report.

10.4 Discounted Cash Flow Approach

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

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

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

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Industrial							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%
Prime Retail							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%
CPI							10 year average		1.95%	
	1.70%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		1.95%	
	1.70%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%

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

Letting Up/Incentive/Leasing Cost Allowances

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

Industrial Letting Up Allowances

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

Capital Expenditure

Within our calculations we have made capital expenditure allowances based on budgets provided, as noted previously within this report, 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 table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$1,010,000	Year 6	\$10,987
Year 2	\$174,647	Year 7	\$11,206
Year 3	\$10,363	Year 8	\$11,431
Year 4	\$10,560	Year 9	\$199,667
Year 5	\$10,771	Year 10	\$11,892

Total CAPEX allowances amount to \$1,461,525 (\$88.86 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 8.50% (the same as the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

Transaction Costs

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

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

Discount Rate

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

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

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 10.00% to the cash flows to produce a present value of \$16,300,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	8.25%	8.50%	8.75%
9.75%	\$16,870,000	\$16,590,000	\$16,320,000
10.00%	\$16,570,000	\$16,300,000	\$16,030,000
10.25%	\$16,280,000	\$16,010,000	\$15,750,000

10.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$16,550,000
Capitalisation Approach - Contract Income	\$16,550,000
Discounted Cash Flow Approach	\$16,300,000
Adopted Value	\$16,430,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present industrial market investment sentiment, we have adopted a rounded valuation figure of **\$16,430,000** plus GST (if any).

The assessed value reflects an initial passing yield of 9.58%, an equivalent yield of 8.05%, an internal rate of return of 9.88%, and a rate of \$999 per square metre of Net Lettable Area, as leased.

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

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 7 December 2017, is:

\$16,430,000 plus GST (if any)

Sixteen Million Four Hundred Thirty Thousand Dollars plus GST (if any)

11 Valuation “As if Complete”

We have been instructed to value the property on an “As If Complete” basis. The property “As If Complete” will comprise of a modern office extension off the original warehouse along with new roofing for the original warehouses and demolition of several buildings which will provide surplus land.

We note we have been provided with an Agreement to Lease for the “As if Complete” valuation based on an eight (8) year lease term from the date of valuation, with fixed annual reviews of 3.5%, with market reviews on every fourth anniversary and a total current rental of \$1,019,120 per annum.

We have been instructed to value the subject property on an ‘As if Complete’ basis on the assumption that the construction works are completed to a high standard in accordance with the broad parameters and specifications outlined to us.

11.1 Valuation Overview

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

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

11.2 Valuation Criteria

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

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

We have adopted a core capitalisation rate of 6.25% on our adopted market rental profile and an 8.25% target discount rate.

11.3 Capitalisation Approach

Introduction

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

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$1,019,120
Ideal Outgoings Recovery (Full Net Leases)	\$140,940
Total Market Rental	\$1,160,060
Less Outgoings Expenditure	(\$140,940)
Net Market Rental	\$1,019,120
Rental Adjustments	
Core Income	\$1,019,120
Core Income Capitalised at 6.25%	\$16,305,920
Value Adjustments	
Present Value of Short Term Capital Expenditure: 24 months	(\$14,524)
Total Value Adjustments	(\$14,524)
Total Capitalised Value	\$16,291,396
Adopted Capitalised Value	\$16,291,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Letting Up Allowances

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

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$14,524.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$16,291,000.

Our detailed calculations are annexed to this report.

11.4 Discounted Cash Flow Approach

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

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

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

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Industrial Warehouse							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%
Prime Retail							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%
CPI							10 year average		1.94%	
	1.80%	1.80%	1.80%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		1.94%	
	1.80%	1.80%	1.80%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%

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

Letting Up/Incentive/Leasing Cost Allowances

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

Industrial Letting Up Allowances

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

Capital Expenditure

Within our calculations we have made capital expenditure allowances based on budgets provided, as noted previously within this report, 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 table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$10,000	Year 6	\$5,488
Year 2	\$5,090	Year 7	\$5,598
Year 3	\$5,182	Year 8	\$5,710
Year 4	\$5,275	Year 9	\$59,472
Year 5	\$5,380	Year 10	\$5,940

Total CAPEX allowances amount to \$113,135 (\$12.04 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 6.50% (the same as the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

Transaction Costs

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

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

Discount Rate

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

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

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.25% to the cash flows to produce a present value of \$16,588,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	6.25%	6.50%	6.75%
8.00%	\$17,255,000	\$16,877,000	\$16,528,000
8.25%	\$16,957,000	\$16,589,000	\$16,247,000
8.50%	\$16,667,000	\$16,306,000	\$15,972,000

Surplus Land Component

To establish land values to the surplus, we have analysed vacant land sales in order to determine a rate per square metre. Utilising the land value rates established, we have made appropriate adjustments for physical and locational characteristics as well as general market growth so that an appropriate rate may be applied to the subject.

We have investigated a wide range of recent brownfields (redevelopment) sales, as well as extending our research across a wider geographical region to establish general parameters to determine whether any discounts for size should apply. We set out below our adopted additional value to the surplus land component of the property.

Surplus Land Valuation	Site Area	Rate psm	Market Value
	9,018 sqm @	\$750	\$6,763,500
Adopted Value			\$6,760,000

11.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$16,291,000
Capitalisation Approach - Contract Income	\$16,291,000
Discounted Cash Flow Approach	\$16,588,000
Adopted Value	\$16,440,000
Surplus Land Value	\$6,760,000
Adopted Value plus Surplus Land	\$23,200,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure of **\$16,440,000** plus GST (if any).

The assessed value reflects an initial passing yield of 6.20%, an equivalent yield of 6.19%, an internal rate of return of 8.38%, and a rate of \$1,750 per square metre of Net Lettable Area, as leased.

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

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 7 December 2017, is:

\$23,200,000 plus GST (if any)

Twenty One Million Three Hundred and Seventy Five Thousand Dollars GST (if any)

11.6 Mortgage Security Recommendation

We are aware that this report will be used for mortgage security purposes. General banking valuation standard requirements dictate that a specific sum shall not be recommended and that a focus on potential risks and threats associated with the property are included. We refer you to our SWOT analysis in this regard. We consider the property suitable for First Mortgage Security purposes.

Finally, and in accordance with our normal practice, we confirm that this report is confidential to Augusta Industrial Fund Limited for Full Disclosure, Acquisition Purposes and Mortgage Security Purposes.

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

Yours faithfully,

JLL, Valuation & Advisory



Wouter Robberts SPINZ, ANZIV, MRICS
Registered Valuer - National Director
+64 9 363 0204
wouter.robber@ap.jll.com



Charlie Todd Bcom VPM
Assistant Valuer
+64 6 363 0255
charlie.todd@ap.jll.com

Valuers Involvement in the preparation of this report:

Role	Name
Inspection of Property/Assets:	Wouter Robberts, Charlie Todd
Calculations:	Wouter Robberts, Charlie Todd
Information Review:	Wouter Robberts
Reporting Authoring:	Wouter Robberts
Quality Assurance/Reviewing	Glenn Loraine
Principal Valuer	Wouter Robberts

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.
Quoted 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 initial net passing income from an investment divided by the sale price or value adopted for the investment expressed as a percentage.
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 and where 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Priority Building	Section 133AE Building (Earthquake-prone Buildings) Amendment Act 2016 - Meaning of priority building: <i>Located in an area of medium or high seismic risk and likely to be used in an emergency situation or generally providing education for greater than 20 people. Additionally, any unreinforced masonry that could fall on a public area or impede a transport route.</i>
Z Factor	The Z factor of an area is the seismic hazard factor that would be used to design a new building on a site in that area in accordance with the building code, verification methods and standards incorporated by reference into the building code or a verification method, as they relate to calculating Z factors.

We recommend that the reader consult the International Valuation Standards Council – International Valuation Glossary <https://www.ivsc.org/standards/glossary>

Computer Interest Register



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA1137/135
Land Registration District North Auckland
Date Issued 20 April 1955

Prior References

NA695/223

Estate Fee Simple
Area 2023 square metres more or less
Legal Description Part Lot 2 Deposited Plan 27421

Proprietors

Penrith Holdings Limited

Interests

Fencing Agreement in Transfer 292404

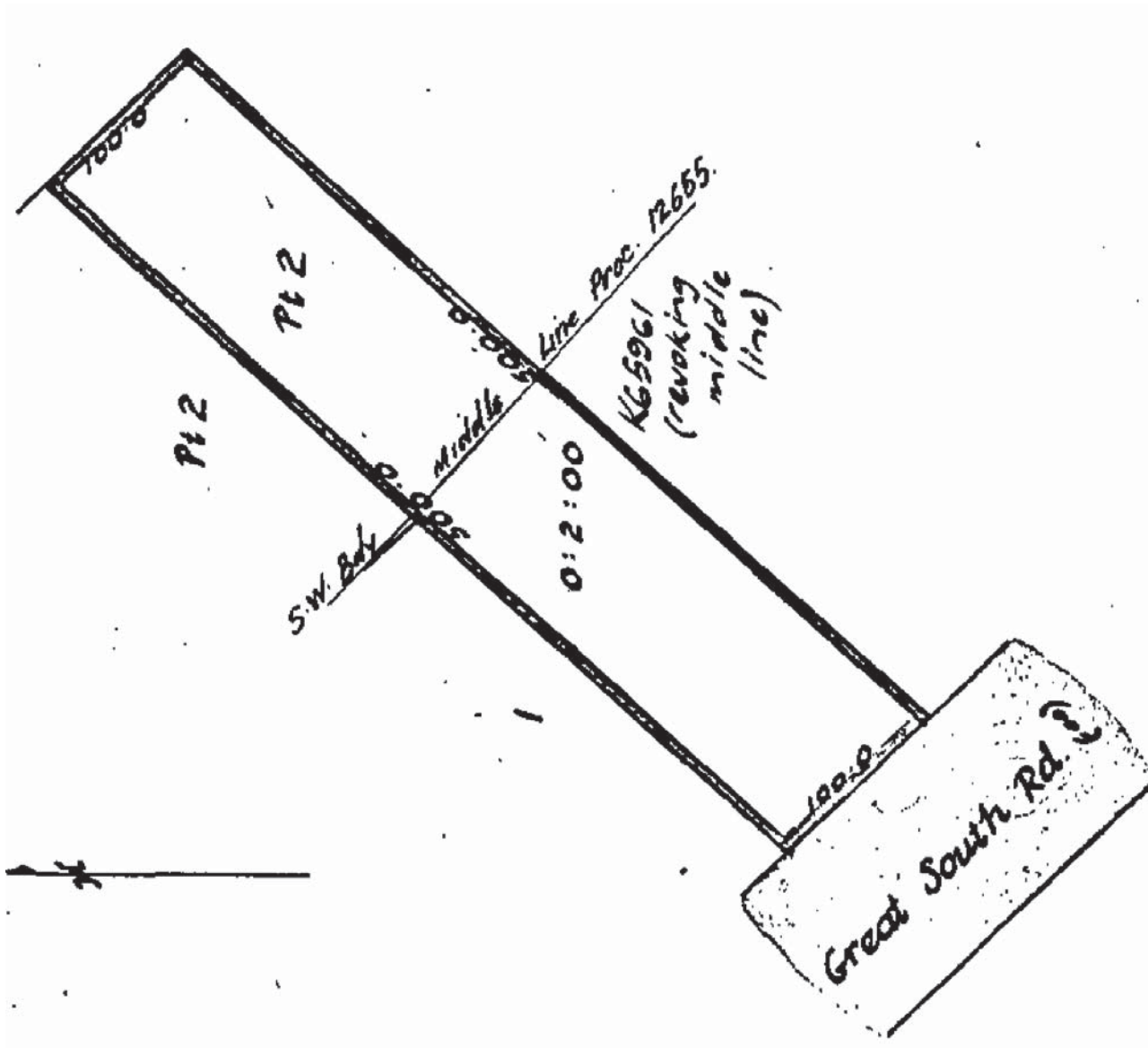
D256355.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 - 26.3.1998 AT 3:59 PM

7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

10826649.4 Mortgage to Bank of New Zealand - 30.6.2017 at 3:13 pm





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA1020/180
Land Registration District North Auckland
Date Issued 18 December 1951

Prior References

NA695/222 NA695/223

Estate Fee Simple
Area 2023 square metres more or less
Legal Description Lot 1 Deposited Plan 27421 and Part Lot 2
Deposited Plan 27421

Proprietors

Penrith Holdings Limited

Interests

Fencing Agreement in Transfer 292404

Fencing Agreement in Transfer 292403

Fencing Agreement in Transfer 503092 - 18.12.1951

D256355.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 - 26.3.1998 AT 3.59 PM

7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

10826649.4 Mortgage to Bank of New Zealand - 30.6.2017 at 3:13 pm

METRIC AREA IS 2024m²

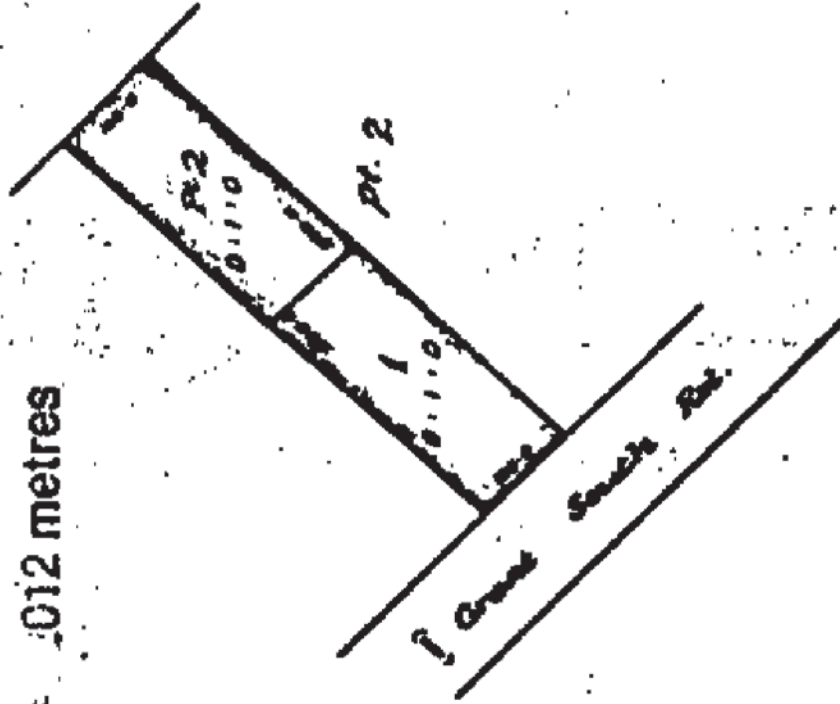
2024m²

Conversion Factors:

1 Acre = 4046.86m²

1 Perch = 35.237m²

1 Link = .012 metres





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA723/293
Land Registration District North Auckland
Date Issued 06 February 1940

Prior References

NA615/137

Estate Fee Simple
Area 2023 square metres more or less
Legal Description Lot 1 Deposited Plan 29269

Proprietors

Penrith Holdings Limited

Interests

Fencing Agreement in Transfer 318100 - 6.2.1940

7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

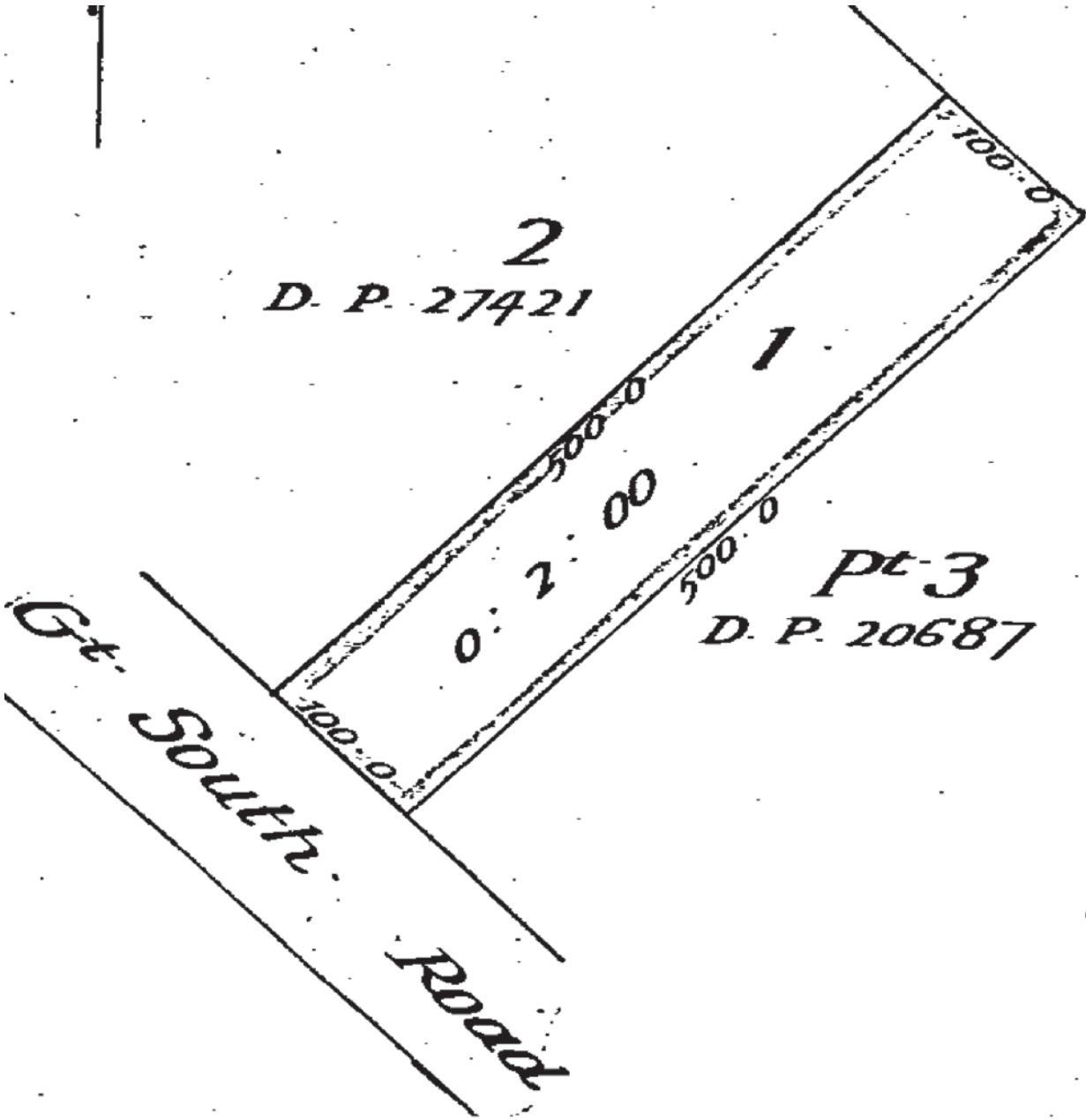
10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

10826649.4 Mortgage to Bank of New Zealand - 30.6.2017 at 3:13 pm

Identifier

NA723/293



2
D. P. 27421

1
Pt 3
D. P. 20687

Gt. South Road

4



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA717/111
Land Registration District North Auckland
Date Issued 16 August 1939

Prior References

NA615/137

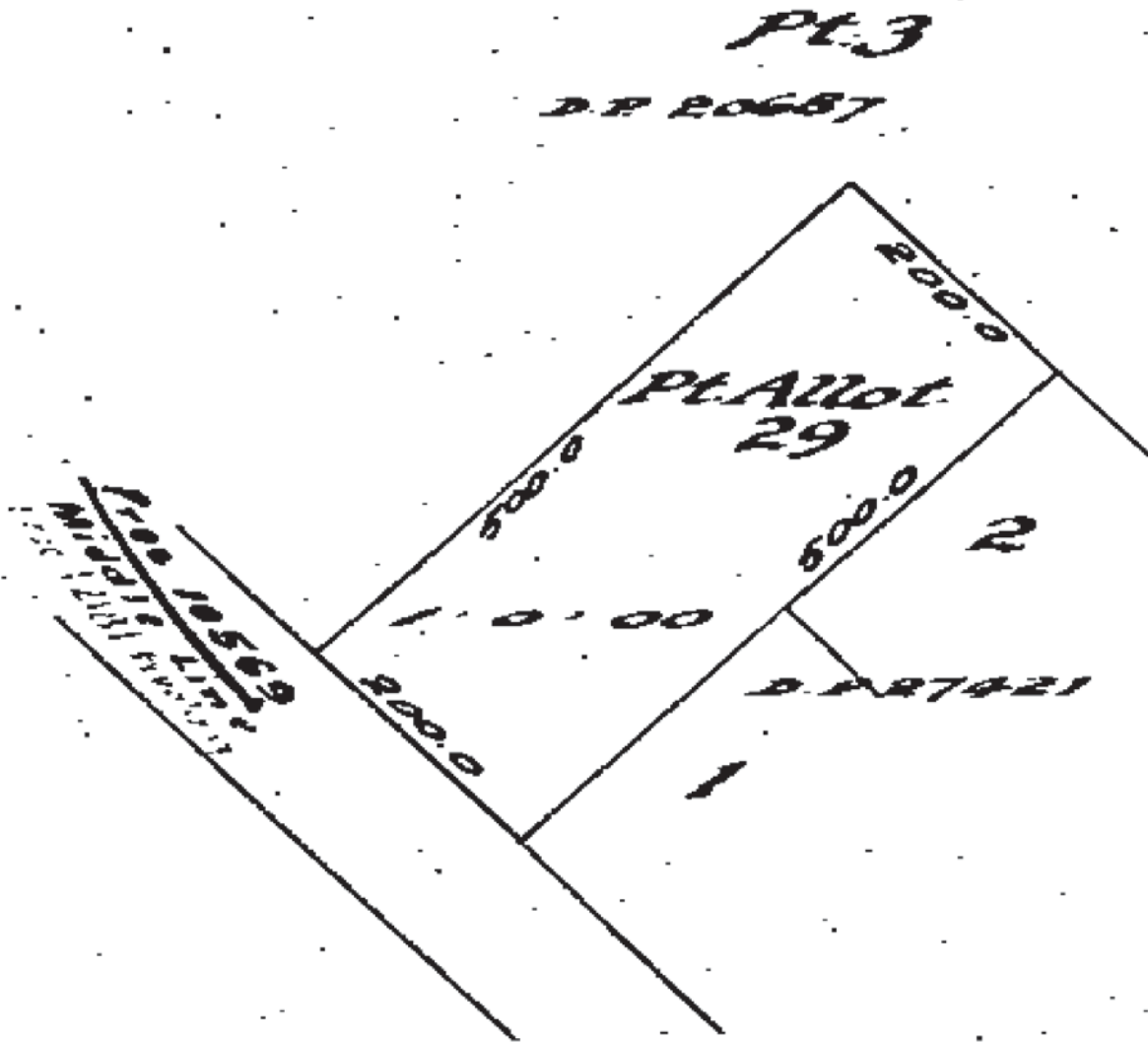
Estate Fee Simple
Area 4047 square metres more or less
Legal Description Lot 1 Deposited Plan 28959

Proprietors

Penrith Holdings Limited

Interests

10569 Proclamation defining middle line of road - 5.2.1941 at 9:30 am
7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am
10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm
10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm
10826649.4 Mortgage to Bank of New Zealand - 30.6.2017 at 3:13 pm





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA20D/1433
Land Registration District North Auckland
Date Issued 17 December 1971

Prior References

NA783/271

Estate Fee Simple
Area 4047 square metres more or less
Legal Description Lot 1 Deposited Plan 30597

Proprietors

Penrith Holdings Limited

Interests

Fencing Agreement in Transfer 341414

Subject to a right of way over part created by Transfer 630175

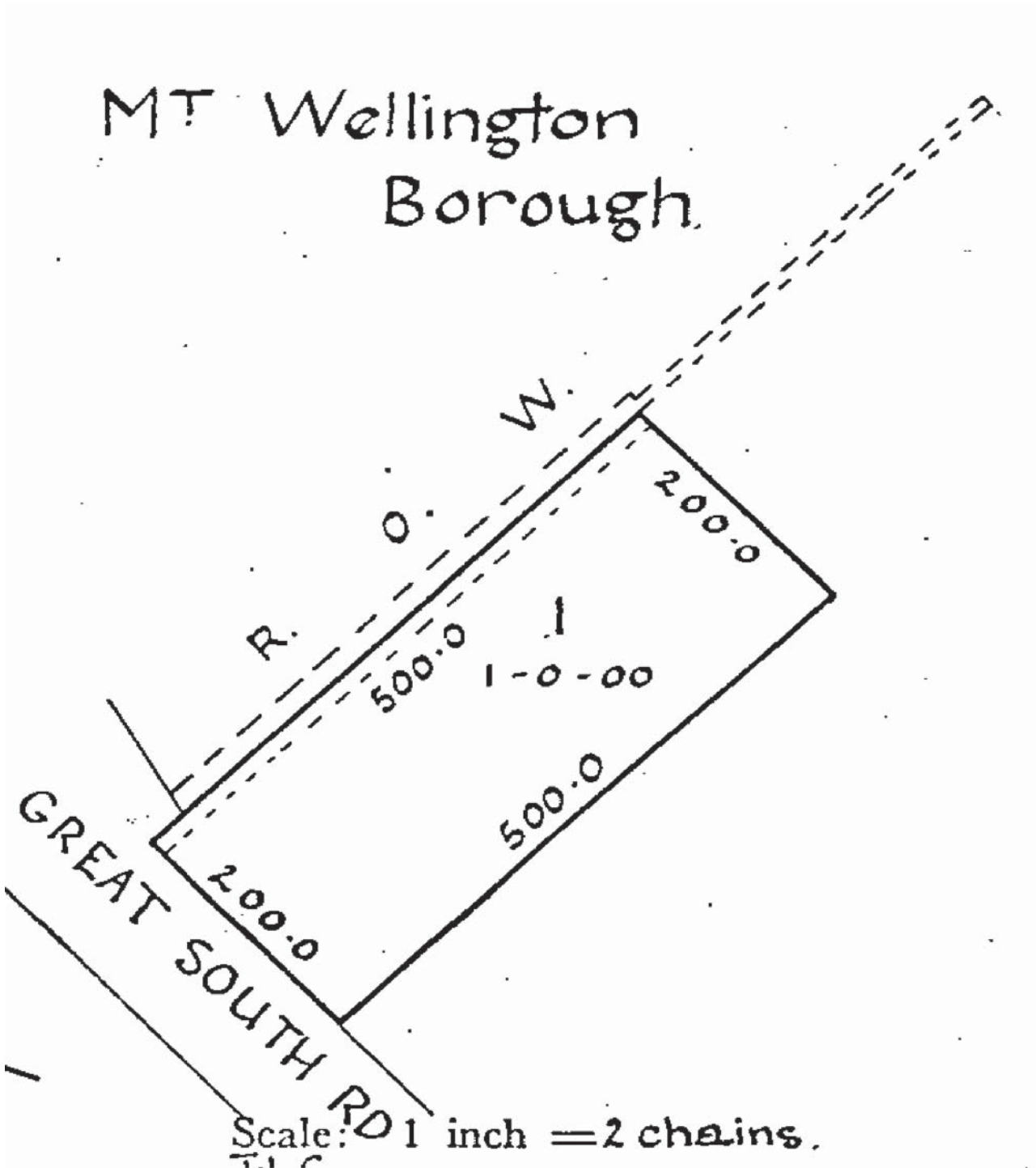
Appurtenant hereto is a right of way created by Transfer 630175

7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

10826649.4 Mortgage to Bank of New Zealand - 30.6.2017 at 3:13 pm





COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier NA2D/1065
Land Registration District North Auckland
Date Issued 23 February 1965

Prior References

NAPR1501/70

Estate Fee Simple
Area 9573 square metres more or less
Legal Description Allotment 123 Section 12 Suburbs of
Auckland

Proprietors

Penrith Holdings Limited

Interests

Subject to Section 59 Land Act 1948

Subject to a right of way over part created by Transfer 630175 - 19.11.1959 at 9.30 am

Appurtenant hereto are rights of way created by Transfer 630175 - 19.11.1959 at 9.30 am

A218746 Partial Surrender of rights of way Easement specified in Transfer 630175 - 3.5.1967 at 2.35 pm

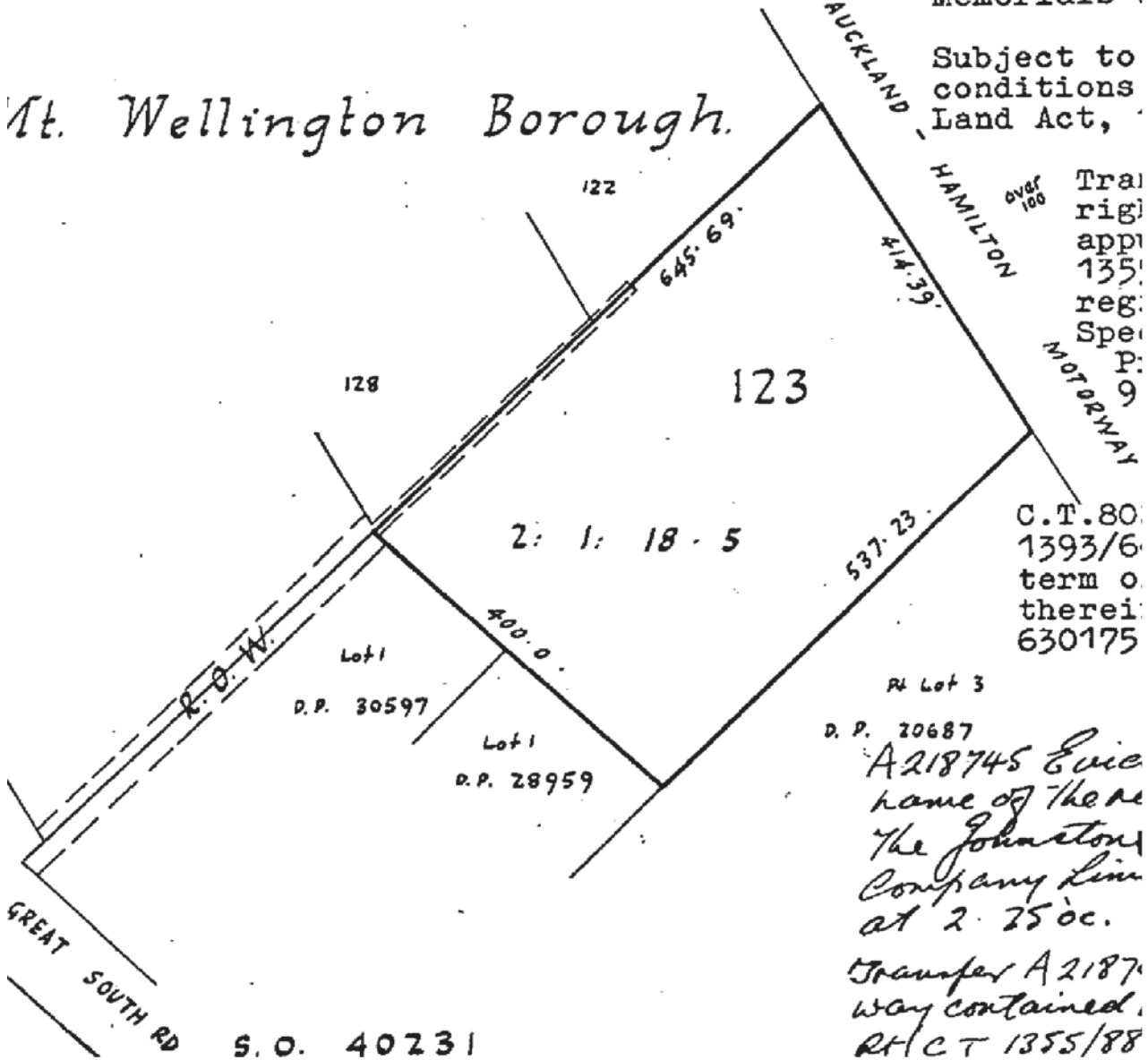
7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

10826649.4 Mortgage to Bank of New Zealand - 30.6.2017 at 3:13 pm

Mt. Wellington Borough.



Subject to conditions Land Act,

over 100 Trai rigi appl 135 reg Spe p: 9

C.T. 80 1393/6 term o therei 630175

At Lot 3
D.P. 20687
A218745 Eric
name of the
The Johnston
Company Limited
at 2.250c.
Transfer A2187
way contained.
R/C T 1355/88

Valuations Calculations “As Is”

Property	"As Is" and "As if Complete" - 862 Great South Road, Penrose,
Property Description	Industrial
Net Lettable Area	16,448 square metres
Car Parking	Nil
Prepared For	Augusta Funds Management Limited
Purpose	Acquisition
Date of Valuation	7 December 2017
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$16,430,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	9.58%
Initial Yield (Fully Leased)	9.58%
Equivalent Yield	8.05%
Internal Rate of Return (Ten Year)	9.88%
Weighted Average Lease Term - Income	1.08 years
Weighted Average Lease Term - Area	1.08 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$999 /sqm

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

Capitalisation Approach

Value Based on Market Capitalisation	\$16,550,000
Value Based on Contract Capitalisation	\$16,550,000
Capitalisation Rate	8.00%

Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$1,574,809	\$1,549,792
Other Income		
Recoverable Outgoings	\$411,193	\$411,193
Gross Income	\$1,986,001	\$1,960,984
Total Outgoings	(\$411,193)	(\$411,193)
Less Year 1 Incentives		
Net Income	\$1,574,809	\$1,549,792

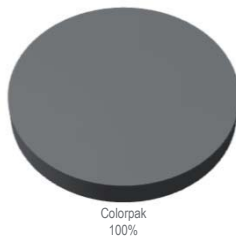
Discounted Cashflow Approach

Value Based on DCF Approach	\$16,300,000
Discount Rate	10.00%
Terminal Capitalisation Rate	8.50%
Nominal Assumed Rental Growth	2.77% pa
Nominal Assumed CPI	1.95% pa

DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	8.25%	8.50%	8.75%
9.75%	\$16,870,000	\$16,590,000	\$16,320,000
10.00%	\$16,570,000	\$16,300,000	\$16,030,000
10.25%	\$16,280,000	\$16,010,000	\$15,750,000

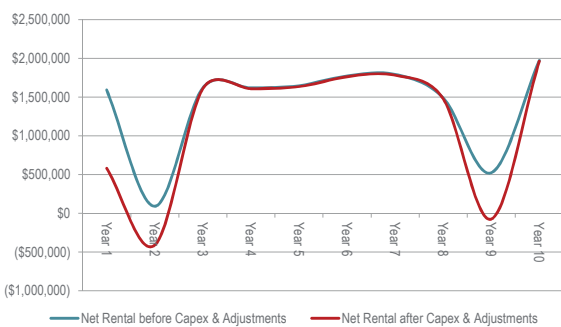
Major Tenant Occupancy Profile by Rental Income



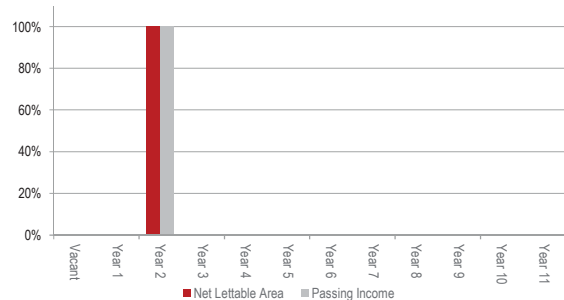
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$1,010,000	\$174,647	\$10,363
Letting Up	\$0	\$1,855,309	\$0
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile



Market Income		
Lettable area rental		\$1,549,792
Car Parking Rental		\$0
Ideal Outgoings Recovery (Full Net Leases)		\$411,193
Total Market Rental		\$1,960,984
Less Outgoings Expenditure		(\$411,193)
Net Market Rental		\$1,549,792
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%		\$0
Core Income		\$1,549,792
Core Income Capitalised at 8.00%		\$19,372,394
<hr/>		
Value Adjustments		
Present Value of Rental Reversions		
Existing Tenancies		\$26,087
Vacant Tenancies		\$0
Present Value of Letting Up Allowances: 24 months		(\$1,671,454)
Present Value of All Unexpired & Forecast Incentives: 24 months		\$0
Present Value of Future Lease Agreements and Stepped Rentals		\$0
Present Value of Short Term Capital Expenditure: 24 months		(\$1,172,641)
Value of Other Income		\$0
Total Value Adjustments		(\$2,818,008)
<hr/>		
Total Capitalised Value		\$16,554,386
Adopted Capitalised Value		\$16,550,000
Adopted Value		\$16,430,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	1.08 years	Initial Yield (Net Passing)	9.58%
By Area	1.08 years	Initial Yield (Fully Leased)	9.58%
Current Vacancies		Equivalent Market Yield	8.05%
By Area	0 sqm	Rate per m ² of NLA	\$999 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$1,574,809
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$1,574,809



Passing Income	
Lettable Area Rental	\$1,574,809
Car Parking Rental	\$0
Outgoings Recovery	\$411,193
Total Passing Rental	\$1,986,001
Less Outgoings Expenditure	(\$411,193)
Net Passing Income*	\$1,574,809
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$1,574,809
Core Income Capitalised at 8.00%	\$19,685,112
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	(\$287,703)
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$1,671,454)
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$1,172,641)
Value of Other Income	\$0
Total Value Adjustments	(\$3,131,798)
Total Capitalised Value	\$16,553,315
Adopted Capitalised Value	\$16,550,000
Adopted Value	\$16,430,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach
 "As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland
 7 December 2017

Discounted Cashflow Results	
PV of Rental Income	\$7,159,184
PV of Terminal Value	\$9,137,029
Acquisition Costs	\$0
Total Net Present Value	\$16,296,213
Adopted Net Present Value	\$16,300,000
Adopted Value	\$16,430,000
Adopted Discount Rate	10.00%
Internal Rate of Return	9.88%

Sensitivity Analysis*		
Discount Rate	8.25%	Terminal Yield 8.75%
	\$16,870,000	\$16,590,000
	\$16,570,000	\$16,300,000
	\$16,280,000	\$16,010,000
		\$15,750,000

* Rounded Values

Key Property Statistics					
Weighted Average Lease Term - Income	1.08 years	Valuation Date	06-Dec-2027	Terminal Period	4.58 years
Weighted Average Lease Term - Area	1.08 years		Year 10		4.58 years
Occupancy	100.00%		06-Dec-2026		100.00%
Initial Yield (Net Passing)	9.58%		Year 9		8.20%
Initial Yield (Fully Leased)	9.58%		Year 8		8.20%
Capex Assumptions					
Total Allowance over DCF Period	\$1,461,525		06-Dec-2025		\$88.86 /sqm
Proportion of Adopted Value	8.90%		Year 7		

Year Ending	06-Dec-2018	06-Dec-2019	06-Dec-2020	06-Dec-2021	06-Dec-2022	06-Dec-2023	06-Dec-2024	06-Dec-2025	06-Dec-2026	06-Dec-2027	06-Dec-2028
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income											
Lettable Area and Car Park Income	\$1,590,557	\$404,897	\$1,618,356	\$1,618,356	\$1,644,092	\$1,772,773	\$1,791,934	\$1,573,115	\$822,379	\$1,973,711	\$0
Outgoings Recovery	\$411,193	\$105,111	\$430,955	\$443,884	\$457,201	\$472,060	\$487,402	\$418,363	\$214,406	\$527,439	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$2,001,750	\$510,008	\$2,049,312	\$2,062,240	\$2,101,293	\$2,244,833	\$2,279,336	\$1,991,468	\$1,036,785	\$2,501,149	\$0
Rental Deductions											
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$411,193)	(\$420,444)	(\$430,955)	(\$443,884)	(\$457,201)	(\$472,060)	(\$487,402)	(\$502,024)	(\$514,574)	(\$527,439)	\$0
Net Rental Cashflow	\$1,590,557	\$89,564	\$1,618,356	\$1,618,356	\$1,644,092	\$1,772,773	\$1,791,934	\$1,489,445	\$522,211	\$1,973,711	\$0
Rental Adjustments											
Letting Up Allowances - Leasing Fees	\$0	(\$326,208)	\$0	\$0	\$0	\$0	\$0	\$0	(\$398,126)	\$0	\$0
Capital Expenditure	(\$1,010,000)	(\$174,647)	(\$10,363)	(\$10,560)	(\$10,771)	(\$10,987)	(\$11,206)	(\$11,431)	(\$199,667)	(\$11,892)	\$0
Net Cashflow	\$580,557	(\$411,291)	\$1,607,993	\$1,607,796	\$1,633,321	\$1,761,787	\$1,780,728	\$1,478,014	(\$75,581)	\$1,961,818	\$0
Purchase Price	\$16,430,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$16,430,000										
Net Sale Price After Costs @ 1.50%											\$23,699,100
Annual Cashflow	(\$15,849,443)	(\$411,291)	\$1,607,993	\$1,607,796	\$1,633,321	\$1,761,787	\$1,780,728	\$1,478,014	(\$75,581)	\$1,961,818	\$23,699,100
Running Initial Yield	9.68%	0.55%	9.85%	9.85%	10.01%	10.79%	10.91%	9.07%	3.18%	12.01%	-
Running IRR	9.55%	10.19%	10.45%	10.54%	10.62%	9.18%	9.42%	9.67%	9.80%	9.88%	-

Growth and Cost Assumptions

Industrial	Current Vacancies		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Growth Rate	-	2.25%	2.50%	3.00%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%	2.50%
Letting Up Assumption	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	\$0	\$0	\$164,477	\$0	\$0	\$0	\$0	\$0	\$0	\$186,008	\$0	\$0	\$0
Growth Rates	Average	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Ancillary	2.77%	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Carparking	2.77%	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
CPI	1.95%	1.70%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex	1.95%	1.70%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings	2.77%	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Ground Rental	2.77%	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Income	2.77%	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%



Tenancy Schedule
 "As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland
 7 December 2017

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pcpw	Net Market Rental Total	Premises \$/sqm	Car Park pcpw	Outgoings Recovery
1. Colorpak	Offices - Level	666.9		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$110,324	\$165.43		\$96,701	\$145.00		\$16,673
2. Colorpak	Original Warehouse	1,704.5		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$129,550	\$76.00		\$110,793	\$65.00		\$42,613
3. Colorpak	Offices and Amen	2,520.5		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$402,258	\$159.59		\$315,063	\$125.00		\$63,013
4. Colorpak	Canopies	75.6		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$3,831	\$50.67		\$4,536	\$60.00		\$1,890
5. Colorpak	Deck	104.6		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$5,963	\$57.00		\$6,276	\$60.00		\$2,615
6. Colorpak	Warehouse 2	6,062.5		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$499,175	\$82.34		\$545,625	\$90.00		\$151,563
7. Colorpak	Warehouse - Bulk	2,174.6		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$216,073	\$99.36		\$206,587	\$95.00		\$54,365
8. Colorpak	Offices and Amen	642.0		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$109,795	\$171.02		\$93,090	\$145.00		\$16,050
9. Colorpak	Basement Workshop /	1,163.5		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$88,431	\$76.00		\$87,263	\$75.00		\$29,088
10. Colorpak	Canopies	185.7		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$9,409	\$50.67		\$9,285	\$60.00		\$4,643
11. Colorpak	Workshop (880 G)	1,147.3		11.4 years	17-Aug-07	31-Dec-18	17-Aug-18	1 yearly	Fixed	\$0	\$0.00		\$74,575	\$65.00		\$28,683

GLA	16,448 sqm	0	Market Rental	\$1,549,792	Outgoings Recovery	\$411,193
NLA	16,448 sqm		Passing Rental	\$1,574,809	Vacant Outgoings	\$0
			Net Passing Rental	\$1,574,809	Outgoings Shortfall	\$0
					Total Outgoings	\$411,193



Annualised Receivable Income
"As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland
7 December 2017

Tenant Name	Premises	Year 1 06-Dec-2018	Year 2 06-Dec-2019	Year 3 06-Dec-2020	Year 4 06-Dec-2021	Year 5 06-Dec-2022	Year 6 06-Dec-2023	Year 7 06-Dec-2024	Year 8 06-Dec-2025	Year 9 06-Dec-2026	Year 10 06-Dec-2027
Colorpak	Offices - Level	\$111,427	\$26,299	\$100,979	\$100,979	\$102,584	\$110,614	\$111,809	\$98,156	\$51,313	\$123,151
Colorpak	Original Warehouse	\$130,845	\$30,402	\$115,694	\$115,694	\$117,534	\$126,733	\$128,103	\$112,460	\$58,791	\$141,098
Colorpak	Offices and Amenities	\$406,281	\$89,361	\$329,001	\$329,001	\$334,233	\$360,393	\$364,289	\$319,804	\$167,184	\$401,242
Colorpak	Canopies	\$3,869	\$1,118	\$4,737	\$4,737	\$4,812	\$5,189	\$5,245	\$4,604	\$2,407	\$5,777
Colorpak	Deck	\$6,022	\$1,604	\$6,554	\$6,554	\$6,658	\$7,179	\$7,257	\$6,370	\$3,330	\$7,993
Colorpak	Warehouse 2	\$504,167	\$137,807	\$569,764	\$569,764	\$578,825	\$624,129	\$630,875	\$553,836	\$289,530	\$694,871
Colorpak	Warehouse - Bulk	\$218,233	\$54,501	\$215,727	\$215,727	\$219,157	\$236,310	\$238,865	\$209,696	\$109,623	\$263,095
Colorpak	Offices and Amenities	\$110,893	\$25,626	\$97,208	\$97,208	\$98,754	\$106,484	\$107,635	\$94,491	\$49,397	\$118,553
Colorpak	Paint Workshop /	\$89,316	\$22,778	\$91,123	\$91,123	\$92,572	\$99,818	\$100,897	\$88,576	\$46,305	\$111,132
Colorpak	Canopies	\$9,503	\$2,424	\$9,696	\$9,696	\$9,850	\$10,621	\$10,736	\$9,425	\$4,927	\$11,825
Colorpak	Workshop (880 G)	\$0	\$12,979	\$77,874	\$77,874	\$79,112	\$85,304	\$86,226	\$75,697	\$39,572	\$94,973
Total Receivable Rental Income		\$1,590,557	\$404,897	\$1,618,356	\$1,618,356	\$1,644,092	\$1,772,773	\$1,791,934	\$1,573,115	\$822,379	\$1,973,711

Valuations Calculations “As if Complete”

Property	"As Is" and "As if Complete" - 862 Great South Road, Penrose,
Property Description	Industrial
Net Lettable Area	9,396 square metres
Car Parking	Nil
Prepared For	Bank of New Zealand
Purpose	Mortgage Security
Date of Valuation	7 December 2017
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$16,440,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	6.20%
Initial Yield (Fully Leased)	6.20%
Equivalent Yield	6.19%
Internal Rate of Return (Ten Year)	8.38%
Weighted Average Lease Term - Income	8.00 years
Weighted Average Lease Term - Area	8.00 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$1,750 /sqm

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

Capitalisation Approach

Value Based on Market Capitalisation	\$16,291,000
Value Based on Contract Capitalisation	\$16,291,000
Capitalisation Rate	6.25%

Discounted Cashflow Approach

Value Based on DCF Approach	\$16,588,000
Discount Rate	8.25%
Terminal Capitalisation Rate	6.50%
Nominal Assumed Rental Growth	2.77% pa
Nominal Assumed CPI	1.94% pa

Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$1,019,120	\$1,019,120
Other Income		
Recoverable Outgoings	\$140,940	\$140,940
Gross Income	\$1,160,060	\$1,160,060
Total Outgoings	(\$140,940)	(\$140,940)
Less Year 1 Incentives		
Net Income	\$1,019,120	\$1,019,120

DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	6.25%	6.50%	6.75%
8.00%	\$17,255,000	\$16,877,000	\$16,528,000
8.25%	\$16,957,000	\$16,589,000	\$16,247,000
8.50%	\$16,667,000	\$16,306,000	\$15,972,000

Major Tenant Occupancy Profile by Rental Income

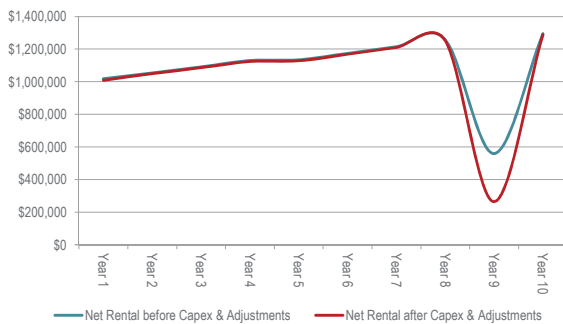


Graphic Packaging
100%

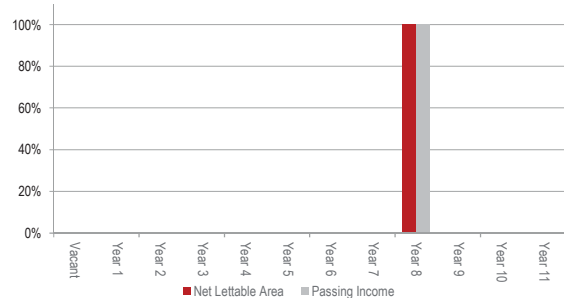
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$10,000	\$5,090	\$5,182
Letting Up	\$0	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile



Market Income		
Lettable area rental		\$1,019,120
Car Parking Rental		\$0
Ideal Outgoings Recovery (Full Net Leases)		\$140,940
Total Market Rental		\$1,160,060
Less Outgoings Expenditure		(\$140,940)
Net Market Rental		\$1,019,120
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%		\$0
Core Income		\$1,019,120
Core Income Capitalised at 6.25%		\$16,305,920
Value Adjustments		
Present Value of Rental Reversions		
Existing Tenancies		\$0
Vacant Tenancies		\$0
Present Value of Letting Up Allowances: 24 months		\$0
Present Value of All Unexpired & Forecast Incentives: 24 months		\$0
Present Value of Future Lease Agreements and Stepped Rentals		\$0
Present Value of Short Term Capital Expenditure: 24 months		(\$14,524)
Value of Other Income		\$0
Total Value Adjustments		(\$14,524)
Total Capitalised Value		\$16,291,396
Adopted Capitalised Value		\$16,291,000
Adopted Value		\$16,440,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	8.00 years	Initial Yield (Net Passing)	6.20%
By Area	8.00 years	Initial Yield (Fully Leased)	6.20%
Current Vacancies		Equivalent Market Yield	6.19%
By Area	0 sqm	Rate per m ² of NLA	\$1,750 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$1,019,120
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$1,019,120



Passing Income	
Lettable Area Rental	\$1,019,120
Car Parking Rental	\$0
Outgoings Recovery	\$140,940
Total Passing Rental	\$1,160,060
Less Outgoings Expenditure	(\$140,940)
Net Passing Income*	\$1,019,120
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$1,019,120
Core Income Capitalised at 6.25%	\$16,305,920
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$0
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	\$0
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$14,524)
Value of Other Income	\$0
Total Value Adjustments	(\$14,524)
Total Capitalised Value	\$16,291,396
Adopted Capitalised Value	\$16,291,000
Adopted Value	\$16,440,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach
 "As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland
 7 December 2017

Discounted Cashflow Results		Sensitivity Analysis*					Key Property Statistics								
		Discount Rate	6.25%	6.50%	6.75%	Weighted Average Lease Term - Income	8.00 years	8.00 years	8.00 years	8.00 years	8.00 years	8.00 years	8.00 years	8.00 years	Terminal Period
PV of Rental Income	\$7,366,279	8.00%	\$17,255,000	\$16,877,000	\$16,528,000	Occupancy	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	4.50 years	
PV of Terminal Value	\$9,222,182	8.25%	\$16,957,000	\$16,589,000	\$16,247,000	Initial Yield (Net Passing)	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	4.50 years	
Acquisition Costs	\$0	8.50%	\$16,667,000	\$16,306,000	\$15,972,000	Initial Yield (Fully Leased)	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	100.00%	
Total Net Present Value	\$16,588,461	* Rounded Values					Total Allowance over DCF Period	\$113,135	\$113,135	\$113,135	\$113,135	\$113,135	\$113,135	\$113,135	\$12.04 /sqm
Adopted Net Present Value	\$16,588,000					Proportion of Adopted Value	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%		
Adopted Value	\$16,440,000														
Adopted Discount Rate	8.25%														
Internal Rate of Return	8.38%														

Year Ending	06-Dec-2018 Year 1	06-Dec-2019 Year 2	06-Dec-2020 Year 3	06-Dec-2021 Year 4	06-Dec-2022 Year 5	06-Dec-2023 Year 6	06-Dec-2024 Year 7	06-Dec-2025 Year 8	06-Dec-2026 Year 9	06-Dec-2027 Year 10	06-Dec-2028 Year 11
Rental Income											
Lettable Area and Car Park Income	\$1,019,120	\$1,054,789	\$1,091,707	\$1,129,917	\$1,134,642	\$1,174,355	\$1,215,457	\$1,257,998	\$647,592	\$1,295,185	\$0
Outgoings Recovery	\$140,940	\$144,111	\$147,714	\$152,145	\$156,710	\$161,803	\$167,061	\$172,073	\$88,188	\$180,784	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$1,160,060	\$1,198,900	\$1,239,421	\$1,282,062	\$1,291,352	\$1,336,158	\$1,382,519	\$1,430,072	\$735,780	\$1,475,969	\$0
Rental Deductions											
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$140,940)	(\$144,111)	(\$147,714)	(\$152,145)	(\$156,710)	(\$161,803)	(\$167,061)	(\$172,073)	(\$176,375)	(\$180,784)	\$0
Net Rental Cashflow	\$1,019,120	\$1,054,789	\$1,091,707	\$1,129,917	\$1,134,642	\$1,174,355	\$1,215,457	\$1,257,998	\$559,405	\$1,295,185	\$0
Rental Adjustments											
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$235,450)	\$0	\$0
Capital Expenditure	(\$10,000)	(\$5,090)	(\$5,182)	(\$5,275)	(\$5,380)	(\$5,488)	(\$5,598)	(\$5,710)	(\$59,472)	(\$5,940)	\$0
Net Cashflow	\$1,009,120	\$1,049,699	\$1,086,525	\$1,124,642	\$1,129,262	\$1,168,867	\$1,209,860	\$1,252,289	\$264,483	\$1,289,244	\$0
Purchase Price	\$16,440,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$16,440,000										
Net Sale Price After Costs @ 1.50%											\$20,375,710
Annual Cashflow	(\$15,430,880)	\$1,049,699	\$1,086,525	\$1,124,642	\$1,129,262	\$1,168,867	\$1,209,860	\$1,252,289	\$264,483	\$1,289,244	\$20,375,710
Running Initial Yield	6.20%	6.42%	6.64%	6.87%	6.90%	7.14%	7.39%	7.65%	3.40%	7.88%	-
Running IRR	5.79%	7.26%	7.94%	8.30%	8.54%	7.91%	8.11%	8.21%	8.33%	8.38%	-



Tenancy Schedule
 "As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland
 7 December 2017

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pcpw	Net Market Rental Total	Premises \$/sqm	Car Park pcpw	Outgoings Recovery			
1. Graphic Packaging	Office Building	412.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$94,760	\$230.00		\$94,760	\$230.00		\$6,180			
2. Graphic Packaging	Ground Floor Amer	290.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$58,000	\$200.00		\$58,000	\$200.00		\$4,350			
3. Graphic Packaging	First Floor Amenii	186.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$37,200	\$200.00		\$37,200	\$200.00		\$2,790			
4. Graphic Packaging	Existing Canop	187.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$11,220	\$60.00		\$11,220	\$60.00		\$2,805			
5. Graphic Packaging	Warehouse 2	5,222.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$522,200	\$100.00		\$522,200	\$100.00		\$78,330			
6. Graphic Packaging	Warehouse - Bulk	2,745.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$274,500	\$100.00		\$274,500	\$100.00		\$41,175			
7. Graphic Packaging	New Canopy	273.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$16,380	\$60.00		\$16,380	\$60.00		\$4,095			
8. Graphic Packaging	Pedestrian Cano	81.0		8.0 years	7-Dec-17	6-Dec-25	7-Dec-18	1 yearly	Fixed	\$4,860	\$60.00		\$4,860	\$60.00		\$1,215			
	GLA	9,396 sqm	0						Passing Rental	\$1,019,120		Market Rental	\$1,019,120			Outgoings Recovery	\$140,940		
	NLA	9,396 sqm							Net Passing Rental	\$1,019,120							Vacant Outgoings	\$0	
																		Outgoings Shortfall	\$0
																		Total Outgoings	\$140,940



Annualised Receivable Income
"As Is" and "As if Complete" - 862 Great South Road, Penrose, Auckland
7 December 2017

Tenant Name	Premises	Year 1 06-Dec-2018	Year 2 06-Dec-2019	Year 3 06-Dec-2020	Year 4 06-Dec-2021	Year 5 06-Dec-2022	Year 6 06-Dec-2023	Year 7 06-Dec-2024	Year 8 06-Dec-2025	Year 9 06-Dec-2026	Year 10 06-Dec-2027
Graphic Packaging	Office Building	\$94,760	\$98,077	\$101,509	\$105,062	\$105,502	\$109,194	\$113,016	\$116,971	\$60,215	\$120,429
Graphic Packaging	Ind Floor Amer	\$58,000	\$60,030	\$62,131	\$64,306	\$64,575	\$66,835	\$69,174	\$71,595	\$36,856	\$73,711
Graphic Packaging	st Floor Amenit	\$37,200	\$38,502	\$39,850	\$41,244	\$41,417	\$42,866	\$44,367	\$45,920	\$23,638	\$47,277
Graphic Packaging	Existing Canop	\$11,220	\$11,613	\$12,019	\$12,440	\$12,492	\$12,929	\$13,382	\$13,850	\$7,130	\$14,259
Graphic Packaging	Warehouse 2	\$522,200	\$540,477	\$559,394	\$578,972	\$581,394	\$601,743	\$622,804	\$644,602	\$331,828	\$663,656
Graphic Packaging	arehouse - Bulk	\$274,500	\$284,108	\$294,051	\$304,343	\$305,616	\$316,313	\$327,383	\$338,842	\$174,429	\$348,858
Graphic Packaging	New Canopy	\$16,380	\$16,953	\$17,547	\$18,161	\$18,237	\$18,875	\$19,536	\$20,219	\$10,409	\$20,817
Graphic Packaging	pedestrian Cano	\$4,860	\$5,030	\$5,206	\$5,388	\$5,411	\$5,600	\$5,796	\$5,999	\$3,088	\$6,177
Total Receivable Rental Income		\$1,019,120	\$1,054,789	\$1,091,707	\$1,129,917	\$1,134,642	\$1,174,355	\$1,215,457	\$1,257,998	\$647,592	\$1,295,185



JLL

PricewaterhouseCoopers Tower
Level 16, 188 Quay Street
PO Box 165
Auckland 1140
Phone: +64 9 366 1666

JacksonStone House
Level 10, 3-11 Hunter St
PO Box 10-343
Wellington 6143
Phone: +64 4 499 1666

First Floor, 1 Papanui Road
Merivale
PO Box 6466
Christchurch 8442
Phone: +64 3 375 6600

COPYRIGHT © JONES LANG LASALLE IP, INC. 2018.

This publication is the sole property of Jones Lang LaSalle IP, Inc. and must not be copied, reproduced or transmitted in any form or by any means, either in whole or in part, without the prior written consent of Jones Lang LaSalle IP, Inc.

The information contained in this publication has been obtained from sources generally regarded to be reliable. However, no representation is made, or warranty given, in respect of the accuracy of this information. We would like to be informed of any inaccuracies so that we may correct them.

Jones Lang LaSalle does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on this publication.