

Valuation Advisory

Report prepared for Centuria NZ Property Fund for inclusion within
a Product Disclosure Statement

Anglesea Medical Centre

Corner Thackeray & Anglesea Streets, Hamilton

24 August 2021



Executive Summary

Anglesea Medical Centre - Corner Thackeray & Anglesea Streets, Hamilton



The subject comprises an extensive medical centre development known as Anglesea Medical Centre, located in Central Hamilton. The centre includes four low rise buildings with a total lettable area of 12,788 square metres. The property is situated upon a 24,383 sqm corner site bound by Thackeray Street, Tristram Street, Clarence Street and Anglesea Street, zoned Central City under the Hamilton City Council District Plan.

The medical centre was originally constructed circa 1960's and has been developed in stages and currently features four distinct complexes referred to as the Anglesea Clinic, Symmans House, Thackeray Complex and John Sullivan House. The overall development provides 449 sqm of retail accommodation and 12,339 sqm of office/medical accommodation along with 375 open car parking spaces spread throughout the site. Of these car parks, 157 spaces are leased to tenants for staff car parking, with the balance 218 car parking spaces are provided for customer car parking.

The centre is currently circa 99.4% occupied (by area) with four retail tenancies and 31 office and medical tenancies, with major tenants including Hamilton Radiology, Pathlab, A&E and Anglesea Sports & Rehab. A vendor underwrite is provided over 5 vacant units (1,011 sqm) expiring 30 September 2021, which we have included within our calculations. The property is producing a net income of \$3,627,752 per annum plus GST, with a weighted lease term of 4.42 years (by income).

The Novel Coronavirus (COVID-19) was declared a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Most recently, on 17 August 2021 New Zealand entered a nationwide Level 4 lockdown in an attempt to control an outbreak of the 'Delta' variant of COVID-19. Level 4 restricts all but 'essential' business. Consequently, there is less certainty in the marketplace, and we specifically note that our valuation has been conducted with reference to the definition of 'Market Value' outlined in this report, with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

The effective date of this valuation is 24 August 2021, with the country in Level 4 Lockdown. At this stage the Level 4 restrictions are expected to be relaxed for Hamilton and other areas outside of Auckland, and we do not expect a significant impact on our opinion of Market Value in terms of the subject property at the date of reporting.

Valuation

Prepared for	Centuria NZ Property Fund
Valuation Purpose	Market Valuation for inclusion within a Product Disclosure Statement
Date of Valuation	24 August 2021
Date of Report	23 August 2021
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Central City - Hamilton City Council City Living Precinct
Tenure	Freehold - Record of Title SA70D/431
Site Area	24,383 sqm
Lettable Area	12,788 sqm
Adopted Value	\$59,000,000 plus GST, if any Fifty Nine Million Dollars plus GST, if any

Valuation Analysis

Initial Yield	6.15%	Rate / sqm of Lettable Area	\$4,614
Initial Yield (Fully Leased)	6.20%	Weighted Average Lease Term	4.42 years by income
Equivalent Yield	5.93%	Current Occupancy	99.46%
Internal Rate of Return (10 years)	6.46%	Current Vacancy	0.54%

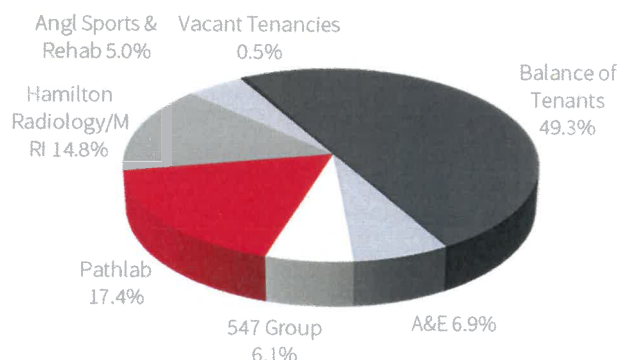
Tenancy Overview

A&E	\$251,033	789 sqm
547 Group	\$224,417	676 sqm
Pathlab	\$636,628	2,639 sqm
Balance	\$2,523,055	8,604 sqm
Vacancy	\$20,000	80 sqm
Total – Before Adjustments	\$3,655,132	12,788 sqm

Cap Approach Assumptions

Adopted Cap Rate	5.875%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$59,600,000
Passing Income Capitalisation	\$59,600,000

Major Occupiers



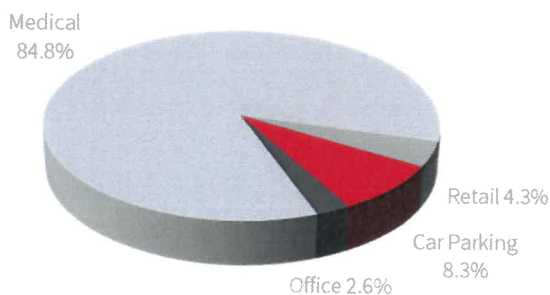
Financial Summary

Gross Passing Income	\$4,807,437
Gross Market Income	\$4,910,039
Adopted Outgoings	\$1,179,685
Net Passing Income	\$3,627,752
Net Passing Income (Fully Leased)	\$3,655,132
Net Market Income	\$3,730,354

DCF Approach Assumptions

Discount Rate	6.500%
Terminal Yield	6.125%
Average Applied Rental Growth	2.51%
Value Based on DCF Approach	\$58,900,000

Building Components



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Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 24 August 2021. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct, and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided, we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases, physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

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

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Appendices

Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

Appendix 3 – Lease Summaries

1 Introduction

1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the freehold interest of Corner Thackeray & Anglesea Streets, Hamilton (the Subject/Property), as at 24 August 2021 for Centuria NZ Property Fund. We understand that the valuation is to be relied upon for inclusion within a Product Disclosure Statement only.

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

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

We confirm:

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

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

1.2 Valuation and Inspection Dates

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

Date of Valuation	24 August 2021
Date of Property Inspection	11 August 2021
Date of Preparation of Report	23 August 2021

We advise that we have been instructed to value the Property as at 24 August 2021 which is our date of valuation. The Property was inspected on 11 August 2021 and our valuation reflects the valuer's view of the market at this date and does not purport to predict the future. Our assessment assumes that there is no material change to the Property or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuation if there are material changes to the Property or the market over this period.

1.3 Basis of Valuation

Market Value

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

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

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2020) Framework and General Standards
- ANZVGP 111 – Valuation Procedures – Real Property
- ANVGN 8 – Valuations for use in Offer Documents

1.5 Information Sources

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

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

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

1.6 Specific Assumptions

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

- The Anglesea and Bean Law buildings have been confirmed at 40% NBS and engineering design and costings have been received to seismically strengthen to not less than 67% NBS. The Agreement for Sale and Purchase includes a retention amount of \$1,850,000 to cover these works.

Accordingly, our valuation is prepared on the basis that the retention amount is sufficient to cover all seismic strengthening costs, including any rent and outgoings abatements and actual costs payable to affected tenants, and that the Anglesea and Bean Law buildings have achieved a seismic assessment of no less than 67% NBS.

- We have been provided with a technical due diligence report and comprehensive 10 year capital expenditure plan prepared by Hampton Jones. We include further details in Section 2.12. We have relied on this in preparing our valuation.
- The Novel Coronavirus (COVID-19) was declared a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Most recently, on 17 August 2021 New Zealand entered a nationwide Level 4 lockdown in an attempt to control an outbreak of the 'Delta' variant of COVID-19. Level 4 restricts all but 'essential' business.

Prior lockdown events in New Zealand have seen the impact of the virus and restrictions relatively limited as to the effects on the overall property market, with transactions and participant activity similar to pre-COVID in most sectors. At this point, we are not expecting a significant change in the trajectory of our markets, and have adopted a level of pragmatism in our approach to valuation in line with how we would expect the property to reasonably be treated as part of a hypothetical sale.

We note that property transactions may be slowed or suspended during the Level 4 provisions, with the circumstances and restrictions on non-essential services likely to hinder the operation of a properly functioning property market. We refer to the definition of Market Value outlined above and the principles of 'willing buyer', 'willing seller' acting 'prudently and without compulsion' as adopted within our valuation.

- The effective date of this valuation is 24 August 2021, with the country in Level 4 Lockdown. At this stage the Level 4 restrictions are expected to be relaxed for Hamilton and other areas outside of Auckland, and we do not expect a significant impact on our opinion of Market Value in terms of the subject property at the date of reporting.

There is potential for some rental abatements to apply to occupiers, however this will have no impact on our opinion of market rental or the appropriate investment parameters.

We do recommend reliant parties confirm our opinion of value for the subject property as part of review of this Valuation Report, as market and economic conditions may deteriorate if the lockdown periods are extended.

2 Property Particulars

2.1 Location

The subject property is situated upon a large site within a central Hamilton CBD location, bounded by Thackeray Street, Anglesea Street, Clarence Street and Tristram Street. The property benefits from its dual frontages and is located adjacent to the roundabout intersection of Thackeray Street and Tristram Street.

This location is near the heart of the Hamilton central retail area with the Centre Place Shopping Centre also situated along Bryce Street. Surrounding properties include multi-let, multi-level commercial buildings along Victoria Street, low rise commercial properties and large format retail properties. The Waikato Hospital is located approximately 1.9 kilometres south of the subject while the privately owned Anglesea Hospital is directly to the east on the corner of Anglesea and Knox Streets. Southern Cross Hamilton Hospital is also located nearby on the eastern side of the Waikato River on Von Tempsky Street, making the subject well located for medical specialists.

The Tristram precinct is a commercial development recently completed providing three levels of office accommodation and ground floor bulk retail is located nearby along Tristram Street. Also located 1.1 kilometres west at 179 Collingwood Street is a four level office building currently under construction. Buildings in the surrounding locality vary in age and are characterised by a wide variety of predominately commercial uses.

The Hamilton CBD retail environment has experienced a shift with the traditional Victoria Street retail strip purportedly having a lower pedestrian count than Ward Street in recent times. In recent times and still ongoing, Hamilton has experienced improved roading networks with the Waikato expressway improvements. Population growth is strong relative to many areas, with the Waikato region still considered a key location for infrastructure and the rural sector. Surrounding amenities include the Hamilton CBD bus terminal on Bryce Street which provide pedestrian flow for the subject. Other amenities include Seddon Park, a short distance to the north-west.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

Title Reference	SA70D/431
Tenure	Freehold
Legal Description	Lot 1 Deposited Plan South Auckland 89392
Area	2.4383 hectares more or less
Registered Owner	CNZPF Nominee Limited
Registered Interest	<ul style="list-style-type: none">▪ Fencing Covenant in Transfer B279319.1 (affects part) – <i>a piece of the land containing 1,434 sqm are subject to a right of way easement in consideration of \$180,000 paid to Civic Developments provided that the transferee shall be bound by a fencing covenant as defined in Section 2 of the Fencing Act 1978.</i>▪ Subject to Part IV A Conservation Act 1987 (Affects part)▪ Subject to Section 11 Crown Minerals Act 1991 (Affects part)▪ H511699 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 -(AFFECTS PART) – <i>the registered proprietor acknowledges for its self and for subsequent registered proprietor of parts of the land cannot without the prior consent of the Hamilton City Council transfer or lease any one of the allotments described in the certificate except in conjunction with the other lot described in the certificate.</i>▪ Subject to a right to convey electricity, telecommunications and computer media (in gross) over part marked A on DP 420124 in favour of Wel Networks Limited created by Easement Instrument 8550859.1 – <i>Anglesea Medical Properties as the Grantor and Wel Networks as the Grantee. The Grantor grants to the Grantee an exclusive and perpetual, full, free right, liberty and licence for all times for the Grantee, its engineers, surveyors, servants, agents, employees, contractors and invitees with or without vehicles laden or unladen and with materials, machinery and implements from time to time.</i>▪ 11709804.4 Mortgage to ASB Bank Limited

Source: Land Information New Zealand

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

2.3 Site Details

The site comprises a slightly regular shaped land parcel with a total land holding of 24,383 sqm. The property is located on a corner site bound by Thackeray Street, Anglesea Street, Tristram Street and Clarence Street within Hamilton's City Living Precinct. The site benefits from circa 97 metres frontage onto Anglesea Street, circa 13 metres frontage to Clarence Street, circa 216 metres frontage to Tristram Street and circa 161 metres frontage to Thackeray Street.

The site is essential level in contour with access to the site provided via Tristram Street, Thackery Street and Anglesea Street. The Anglesea Clinic building, Thackeray Complex and Symmans House building are situated to the centre and northern side of the site and John Sullivan House is located on the far southern side with car parks spread throughout the site.

Site Area

24,383 sqm



Source: Emap

2.4 Resource Management

Local Authority:	Hamilton City Council
Planning Instrument:	Hamilton City Operative District Plan – 18 October 2017
Zone	Central City Zone – Precinct 3 Ferrybank

Central City Zone

The Central City of Hamilton is the heart of the Waikato region. It is the primary centre for commercial, civic and social activities, and is the region's cultural and recreational hub.

City Living Precinct

The Central City of Hamilton is the heart of the Waikato region. It is the primary centre for commercial, civic and social activities, and is the region's cultural and recreational hub.

Objectives:

Central City Zone

- The Hamilton Central City is the heart of the Waikato region acting as a diverse, vibrant and sustainable metropolitan centre.
- The form, scale and diversity of activities support and facilitate the role of the Central City as the Regional Centre.
- Amenity values within the Central City that encourage the growth of a sizeable, centrally located residential community.
- Increased development opportunities are created by establishing a finer-grain street block pattern for pedestrian accessibility, emphasising links to key features and attractions.
- A pedestrian-oriented Central City.

City Living Precinct

- The Hamilton Central City is the heart of the Waikato region acting as a diverse, vibrant and sustainable metropolitan centre.

Policies:

- Safe, legible pedestrian connections are provided to surrounding areas, existing open spaces and local amenities.
- Safe, legible pedestrian connections are provided to surrounding areas, existing open spaces and local amenities.
- Residential development is close to existing amenities, including open spaces (such as opposite the north Tristram Street parks), passenger transport, supermarkets and sporting facilities.
- Development is required to contribute to fostering a high-amenity public and private environment to assist in establishing a sense of community within the inner City.
- High-quality living environments are encouraged through appropriately sized and located internal living spaces with adequate external outlook space.
- Commercial office, retail, service activities and amenities that complement (rather than compete with) the primary retail and office function of the Downtown Precinct are encouraged.
- The establishment of a diverse range of fringe, start-up and creative small businesses with an appropriate level of commercial activities and residential development is enabled.
- Flexible and adaptive floor space capable of accommodating different uses over time is required.

Development Controls:

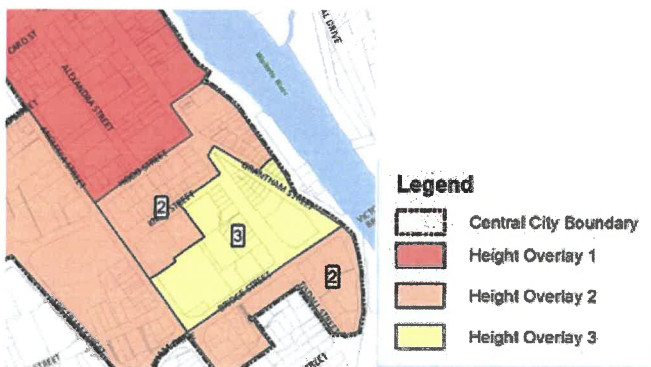
Maximum Site Coverage: 100%
 Building Intensity: 5:1
 Building Setback: 0m to all boundaries

Permitted activities within the zone include, but are not limited to: minor works, demolition of buildings (except heritage), service industry except noxious or offensive activities, all office activity, ancillary retail, retail tenancies over and under 250 sqm GLA, supermarkets, tourism ventures and information centres, restaurants/cafes places of assembly, and apartments at ground level.

Non-complying activities include, but are not limited to: Light industry except noxious or offensive activities, transport depots, yard based retail, single dwellings, residential centres and drive-thru services.

Central City Zone Overlays - under Appendix 5 of the District Plan, the subject site is shown to have the following overlays:

Height Overlays 2:



The subject site appears to be under height overlay 2. We summarise the permitted heights below:

Height Overlay 2

With no bonus: 16m
 With single bonus: 20m

Street Wall Height



The site is situated within the Central City Boundary.

Active Frontage Overlay Plan



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

2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 September 2018, being Assessment Number 04003-651-00, is as follows:

Land Value	\$12,400,000
Improvements Value	\$26,900,000
Capital Value	\$39,300,000

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

2.6 Environmental Issues

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

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

2.7 Heritage

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

2.8 Improvements

The subject comprises an extensive medical centre development known as Anglesea Medical Centre, located in Central Hamilton. The centre includes four buildings ranging from ground level to level 2 with a total lettable area of 12,788 square metres.

The medical centre was originally constructed circa 1960's and has been developed in stages and currently features four distinct complexes referred to as the Anglesea Clinic, Symmans House, Thackeray Complex and John Sullivan House. The overall development provides 449 sqm of retail accommodation and 12,339 sqm of office and medical accommodation along with 375 open car parking spaces spread throughout the site.



Building 3 - Exterior



John Sullivan House – Interior (4.12)

2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs and columns, with concrete beam construction.
External Walls:	A combination of masonry block, precast concrete panels, aluminium composite panels, monolithic cladding and glass façade.
Internal Walls:	Predominantly plasterboard lining to lettable areas.
Roof:	Mixture of long run metal and reinforced concrete slab with a waterproof membrane.
Ceiling:	Predominantly acoustic tiles in a suspended grid system.
Lighting:	Predominantly recessed fluorescent lighting.
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Ducted air conditioning, central fire sprinkler system, automatic doors, emergency lights, fire separations, access controlled doors, passenger lifts.

2.10 Accommodation

Building 1- Retail

Building 1 comprises 3 single level retail units located along Thackeray Street. The property provides three units ranging from 85 sqm to 165 sqm, fully occupied by Cucina Café, Extreme Nutrition and Gloxbox.

These units have been refurbished circa 2017 and present to a modern standard or retail accommodation. The units benefit from full height glazing providing good natural lighting. Cucina Café also has an associated covered outdoor seating area for customers.



Exterior – Cucina Café (1.01)



Exterior - Retail

Building 2 – Anglesea Clinic

Building 2 known as Anglesea Clinic comprises a 3 level building originally constructed circa 1960's, with additions and alterations undertaken circa 1992 and 2005. The building is located along Anglesea Street with car parking located to the front of the property. The property provides one retail unit of 114 sqm occupied by Hurusato Sushi, 15 medical units with a total lettable area of 3,290 sqm and two office units with a total lettable area of 347 sqm.

The units range from 59 sqm to 789 sqm across the ground floor to level 2. The 789 sqm unit is occupied by A&E who provide 24 hour health care. At the date of inspection there is one vacant unit on the ground floor and one on level one of which have been stripped and are undergoing refurbishments.

Access to the building is provided via the car park as well as a lobby which provides a lift and a stairwell to service the upper levels.

The fitout on each level varies depending on individual tenant's specific fitouts, however all levels are provided with ducted air-conditioning. General linings within the units comprises carpet or vinyl flooring, plasterboard linings, grid tile ceilings, and recessed fluorescent lighting.



Building 2 – Exterior



Level 1- Vacant (2.11)

Building 3 – Symmans House

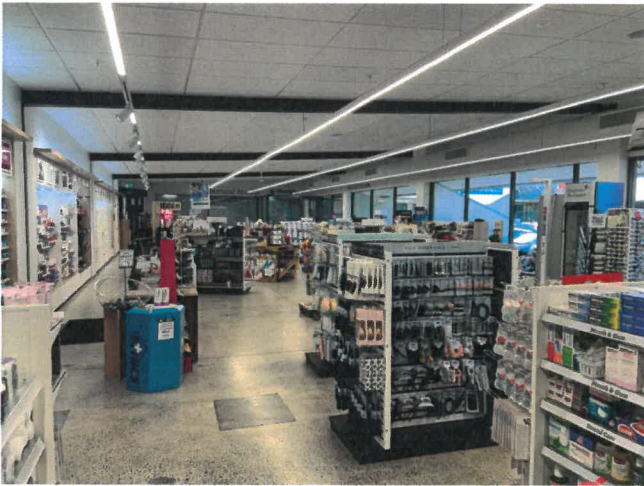
Building 3 known as Symmans House comprises a 2 level building completed circa 2007, with the pharmacy added via an extension in 2018. The building is located to the centre of the site and on the Thackeray Street and Tristram Street corner. The building is adjoining to the Anglesea clinic on the eastern side.

The property provides 14 medical units across the ground floor and level one ranging from 80 sqm to 1,753 sqm. The building provides a total lettable area of 6,973 sqm occupied by 10 medical tenancies, 4 units of which are vacant at the date of valuation.

Access to the building is provided via the car park as well as a lobby which provides a lift and a stairwell to service the upper levels.

Overall the units present to a good standard in line with their age and use. The pharmacy tenancy was recently extended in a northerly direction and now presents to a superior condition relative to the remainder of the building.

The fitout on each level varies depending on individual tenant's specific fitouts, however all levels are provided with ducted air-conditioning. General linings within the units comprises carpet or polished vinyl flooring, plasterboard linings, grid tile ceilings, and recessed fluorescent lighting.



Interior - Pharmacy At Anglesea (3.001)



Interior – Pathlab (3.12)



Interior – Lobby (3.004)



Interior - Anglesea Surgical (3.13b)

Building 4 – John Sullivan House

Building 4 known as John Sullivan House comprises a 3 level building constructed circa 2006. The building is located on the far southern side of the site towards the corner of Tristram Street and Clarence Street.

The property provides 4 medical units and one office unit across the ground floor to level 2 which are all leased at the date of valuation. The building provides 1,476 sqm of medical accommodation along with 250 sqm of office accommodation which present to a good standard in line with their age and use.

Access to the building is provided from the front of the building at the northern end with onsite car parking located to the front and to the east of the property. A passenger lift is provided to service the upper levels of the building.

The fitout on each level varies depending on individual tenant's specific fitouts, however all levels are provided with ducted air-conditioning. General linings within the units comprises carpet or polished vinyl flooring, plasterboard linings, grid tile ceilings, and recessed fluorescent lighting.



Building 4 – Exterior



Interior - Anglesea Gynaecology (4.12)

Car parking

A total of 375 on-grade car parks, reflecting 1 bay per 35 sqm of lettable area.

157 car parks are currently occupied by associated tenants of the centre for staff car parking and the balance 218 car parks are currently designated for visitor parks and do not attract a rental.

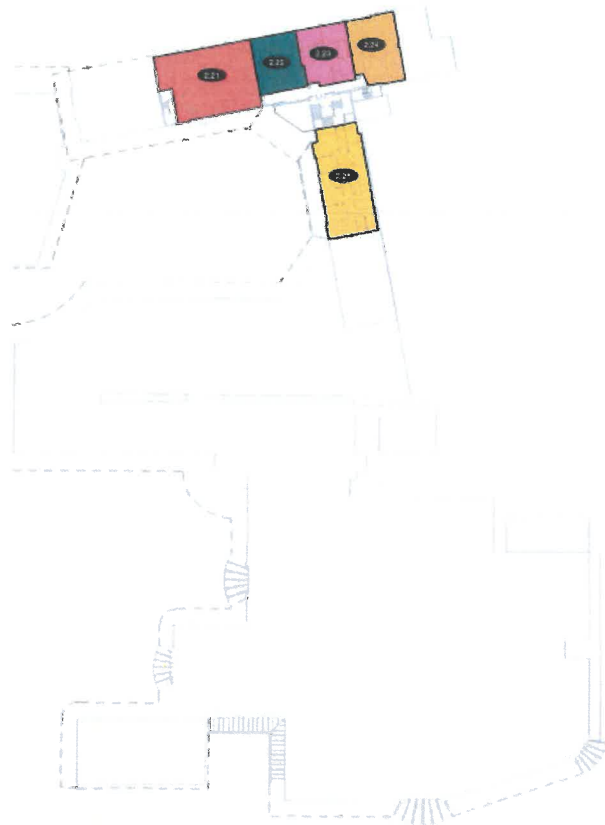
Car parking access is available from Anglesea Street, Thackeray Street and Tristram Street.



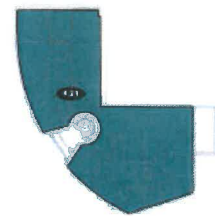
Open Car parks



View of car parks from building 3



Level 2



02. 2ND FLOOR LEVEL
Scale - 1:400 (A3)

2.11 Lettable Areas

The Property's total Lettable Area is approximately 12,788 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Building 1	Lettable Area
Ground	335
Building 1 Total Lettable Area	335 square metres
Building 2	Lettable Area
Ground	2,031
Level 1	998
Level 2	724
Building 2 Total Lettable Area	3,754 square metres
Building 3	Lettable Area
Ground	4,356
Level 1	2,617
Building 3 Total Lettable Area	6,973 square metres
Building 4	Lettable Area
Ground	671
Level 1	599
Level 2	456
Building 4 Total Lettable Area	1,726 square metres
Total Lettable Area	12,788 square metres
Car Parking	Spaces
Staff spaces	157
Visitor spaces	218
Total Car Parking	375 spaces

The areas noted above have been taken from lease documentation and plans provided by Centuria. We have assumed that these areas have been measured in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

2.12 Condition and Repair

We inspected the interior and exterior of the property. The buildings generally appear to have been well maintained. We have been provided with a Technical Due Diligence Report which outline areas of required maintenance. We provide further details below.

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

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the properties, the buildings known as Anglesea Clinic, Symmans House and Thackeray Complex share a BWOFF current through to 2 April 2022 and therefore assume that the property complies with the provisions of Compliance Schedule 56. The building known as John Sullivan House has a BWOFF current through to 4 July 2022 and therefore assume that the property complies with the provisions of Compliance Schedule 12193.

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

We have been provided with a copy of the Asbestos Management plan and register prepared by Dan Cambridge of Protec Consulting dated 21 October 2019. The plan outlined that asbestos containing materials are potentially present in the plant room of the Anglesea Clinic building. We recommend interested parties review a copy of this report.

We have been provided with a Technical Due Diligence Report prepared by Hampton Jones dated 6 December 2019. Below are the most pertinent issues which were identified during the inspection:

Building 1

- i. *Access – no safe internal access to the roof covering was available. We recommend safe internal access to the roof is provided for maintenance contractors and inspections.*

Building 2

- i. *Electrical – the ground floor distribution board within the riser cupboard is obstructed and non-compliant. It is recommended the obstruction is removed.*
- ii. *Electrical – the ground floor distribution board within the riser cupboard has blank and missing inserts. It is recommended the missing inserts are filled.*
- iii. *Electrical – the first floor inner conductors within the riser cupboard are exposed and non-compliant. Sheath conductors are recommended.*
- iv. *Electrical – the ground floor main switch board is obstructed and non-compliance. It is recommended the obstruction is removed.*
- v. *Gas – gas water heater to the sushi bar has no mechanical protection and has been damaged. It is recommended to install protection to pipework.*
- vi. *Gas – the gas pipe work has no identification. It is recommended to install identification stickers / tags.*
- vii. *Fire systems – electrical cables are not terminated within the fire sprinkler valve room. It is recommended to terminate and cap cables.*
- viii. *Roof B – galvanised barriers have been installed to the perimeter of the north portion of the roof and fixed to the concrete parapet walls. No barriers have been installed to the south portion of the roof. Parapet walls have an upstand of 800-900mm above the roof surface and fall of greater than 10m. We recommended that a barrier is installed to the perimeter of the roof covering as part of the roof replacement works. Access to the south portion of the roof coverings should be limited until the barriers to the perimeter have been installed.*
- ix. *Roof C – no barriers or fall restraint / arrest system have been installed to the roof. NZ Building Code recommends a minimum barrier height of 1100mm above the finished surface of the roof covering. We recommend that a barrier is installed to the perimeter of the roof covering or fall arrest system installed to the roof. Access to the roof should be limited until the barriers to the perimeter have been installed.*
- x. *Roof D – a fall arrest/restraint system has been installed to the roof covering. However, the system is not connected to the anchor points. No barriers or fall restraint/arrest system have been installed to the south portion of the roof.*

New Zealand Building Code recommends a minimum barrier height of 1100mm above the finished surface of the roof covering. We recommend the roof fall arrest/restraint system is reconnected and certified before use. Install a barrier to the south portion of the roof Access to the roof covering should be limited until the system has been certified.

Building 3

- i. Gas – the earth bonding to the gas meter is in poor condition and non-compliant. Install a new earth bonding is recommended.*
- ii. Barriers – a fall arrest / restrain system has been installed to the roof covering. However, the system is not connected to the anchor points. We recommend the roof fall arrest / restrain system is recommended and certified before use. Access to the roof covering should be limited until the system has been certified.*

Building 4

- i. Electrical – unprotected fuse board to the ground floor switch room. It is recommended to remove the fuse board if redundant or cover if still in use.*
- ii. Electrical – the ground floor MSB has non-compliant opening in the top. It is recommended to seal all unprotected openings.*
- iii. Electrical – the third switchboard has non-compliant openings in the top. It is recommended to seal all unprotected openings.*
- iv. Barriers – no barriers have been installed to the perimeter of the roof where the fall is over 1m. It is recommended to install a barrier or fall arrest system to the roof coverings.*

The report includes a 10 year capex budget for each building. We provide a summary below:

Building	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Building 1	\$14,000									\$15,000
Building 2	\$291,300	\$76,000	\$604,000	\$1,000	\$216,601	\$1,000	\$7,500	\$6,000	\$1,000	\$510,000
Building 3	\$30,000			\$15,000	\$30,000		\$110,000	\$675,000		
Building 4	\$32,000	\$1,000	\$1,000	\$1,000	\$276,000	\$1,000	\$136,000	\$351,000	\$76,000	\$1,625,000
Landscaping	\$28,000	\$305,000	\$22,500	\$7,500	\$522,500	\$37,500	\$70,000	\$182,500	\$30,000	\$65,500
Total	\$367,300	\$77,000	\$605,000	\$17,000	\$522,601	\$2,000	\$253,500	\$1,037,000	\$77,000	\$2,150,000

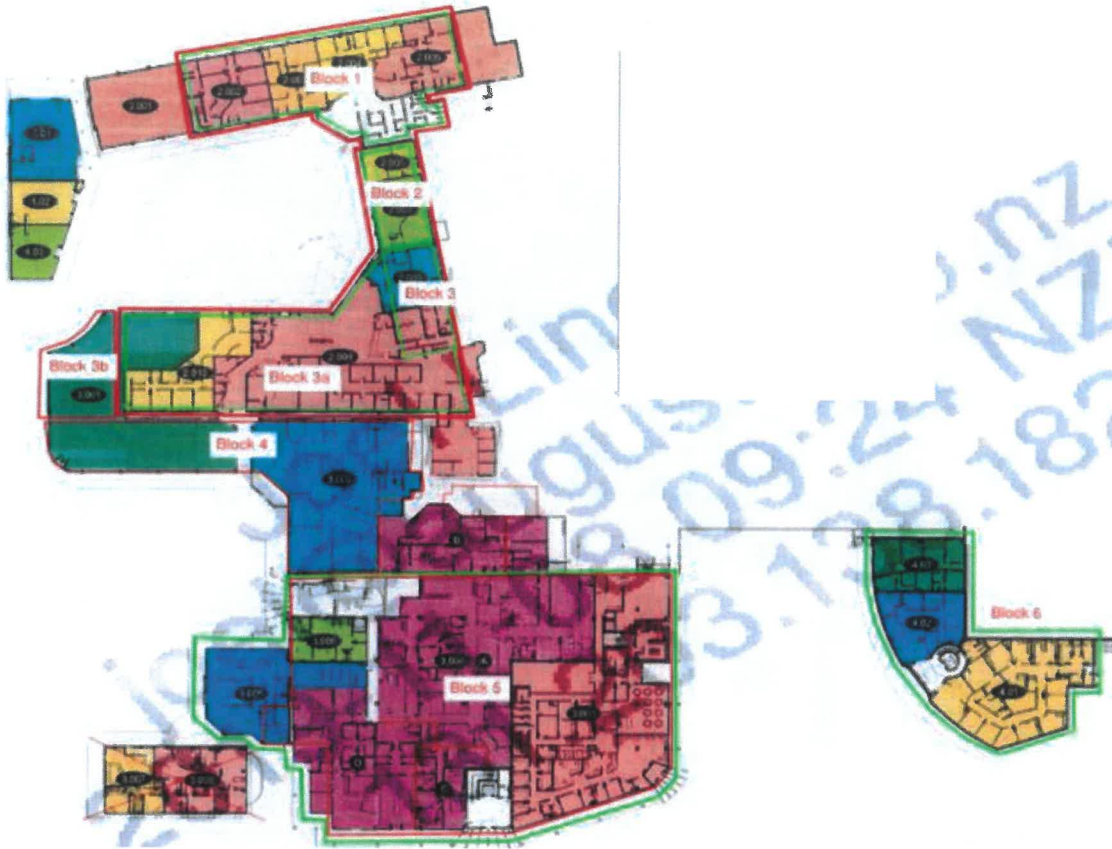
Additionally we are aware there is a separate allowance for upgrade works that is underway, with an additional deduction in year 1 of \$1,797,723 allowed for, to an aggregate year 1 amount of \$2,165,023.

We have included the above capex allowances within our valuation calculations. We recommend interested parties review a copy of the report.

2.13 Earthquake Strengthening Requirements

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

The centre was divided into 7 separate zones for the seismic assessments as shown below:



We outline the assessed NBS ratings of each component below:

Zone	Assessment	%NBS
Block 1 – 13 Thackeray Street	DSA - Gray Consulting Engineers – 20 March 2020	40%
Block 2 - Anglesea Clinic	IEP – JCA - 21 November 2019	40%
Block 3 – Anglesea Medical Complex	IEP – JCA - 21 November 2019	100%
Block 3a – Anglesea Medical Complex	IEP – JCA - 21 November 2019	>100%
Block 4 – café, Pharmacy, sports med	IEP – JCA - 21 November 2019	95%
Block 5 – Symmons House	IEP – JCA - 21 November 2019	70%
Block 6 – John Sullivan House	IEP – JCA - 21 November 2019	100%

We note the buildings do not appear on the Earthquake Prone Building Register as published here:

<https://epbr.building.govt.nz/>.

We have been provided with Detailed Seismic Assessment for Block 1 dated 20 March 2020. For the balance of the buildings we have been provided with IEP assessments conducted 21 November 2019 by JCA.

The Anglesea and Bean Law buildings have been confirmed at 40% NBS and engineering design and costings have been received to seismically strengthen to not less than 67% NBS. The Agreement for Sale and Purchase includes a retention amount of \$1,850,000 to cover these works.

Accordingly, our valuation is prepared on the basis that the retention amount is sufficient to cover all seismic strengthening costs, including any rent and outgoings abatements and actual costs payable to affected tenants, and that the Anglesea and Bean Law buildings have achieved a seismic assessment of no less than 67% NBS.

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

3 Property Income and Expenditure

3.1 Tenancy Overview

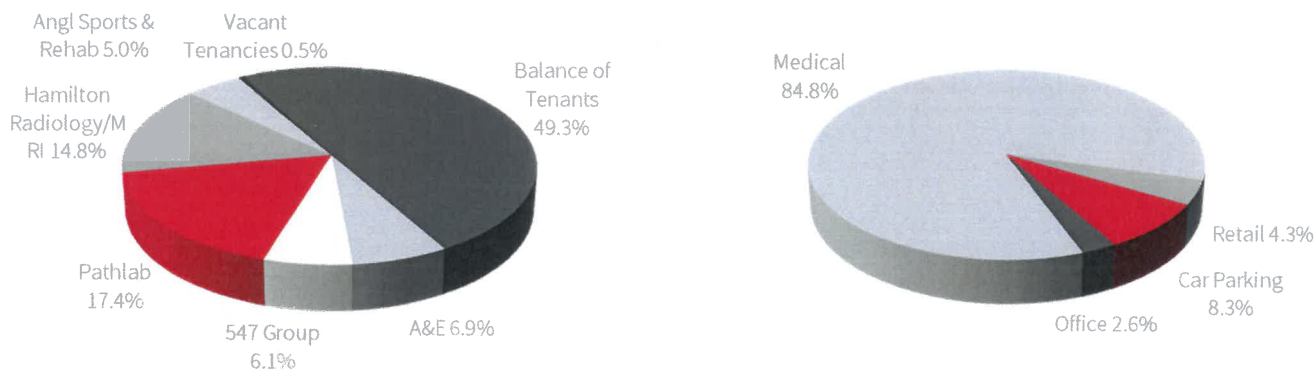
We have been provided with a tenancy schedule and with Lease documentation that was available at the time of valuation.

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

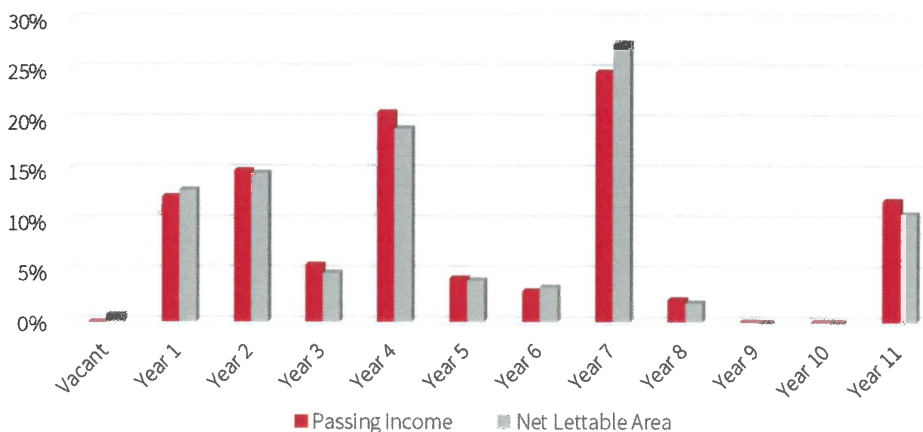
Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
A&E	\$251,033	789	6.2%
547 Group	\$224,417	676	5.3%
Pathlab	\$636,628	2,639	20.6%
Hamilton Radiology/MRI	\$539,145	1,845	14.4%
Angl Sports & Rehab	\$181,357	595	4.7%
Vacant Tenancies	\$20,000	80	0.6%
Balance of Tenants	\$1,802,553	6,165	48.2%
Total	\$3,655,132	12,788 sqm	100%

The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We are not qualified to advise you on the financial standing of the occupiers, however have formed a view on how we think the market would approach the tenancy profile of the property.

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



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



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

Weighted Average Lease Term Remaining	Years
By Area	4.41
By Income	4.42

3.2 Lease Summaries

Lease summaries are attached as an appendix.

3.3 Building Vacancy

As at the date of valuation, the Property has vacant accommodation of 80 square metres, which reflects 0.54% by income potential. Current vacant areas are summarised as follows:

Vacancy	Area	Proportion of Lettable Area	Market Income
Level 1 3.14b	80	0.6%	\$20,000
Total Vacancy	80 sqm	0.6%	\$20,000

3.4 Building Outgoings and Recoveries

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

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

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$373,372	\$29.20
Operating Expenses	\$806,313	\$63.05
Total Outgoings	\$1,179,685	\$92.25

The above allowances are based on the provided budget for the year ending 31 March 2022. We have had regard to the budget provided and have sought confirmation from the relevant rating authorities in relation to statutory charges and have considered the figures against the Property Council of New Zealand's (PCNZ) benchmarks and other similar buildings.

We consider that the adopted outgoings rate of \$92.25 per square metre of Lettable Area to be within market parameters for this type of asset in this location.

3.5 Tenancy Schedule

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

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Cucina Café	Ground 1.01	165.0	1	Oct 2017	Oct 2023	6.0 years	Nov 2022	2 yearly	Market	\$64,520	\$380	\$35	\$12,782	\$77
Extreme Nutrition	Ground 1.02	85.0		Oct 2017	Sep 2023	6.0 years	Nov 2021	2 yearly	Market	\$32,725	\$385		\$7,463	\$88
Globox	Ground 1.03	85.0		Feb 2018	Jan 2024	6.0 years	Nov 2021	2 yearly	Market	\$33,592	\$395		\$6,971	\$82
Hurusato Sushi	Ground 2.007	113.8	1	Oct 2020	Sep 2026	6.0 years	Oct 2021	2 yearly	Market	\$35,391	\$295	\$35	\$6,920	\$61
Vendor Underwrite	Ground 2.001	204.4		Aug 2021	Sep 2021	0.1 years			Market	\$61,320	\$300		\$18,856	\$92
Triton Hearing Clinic	Ground 2.002	158.0	4	Apr 2021	Mar 2025	4.0 years	Nov 2021	2 yearly	Market	\$54,647	\$297	\$38	\$16,069	\$102
ENT Surgeons	Ground 2.003	116.0	3	Nov 2019	Oct 2024	5.0 years	Nov 2022	2 yearly	Market	\$40,460	\$295	\$40	\$12,009	\$104
547 Group	Ground 2.004	342.7	5	Sep 2019	Nov 2031	12.2 years	Dec 2021	1 yearly	Fixed	\$117,240	\$312	\$40	\$31,614	\$92
Nuclear Medicine	Ground 2.008	128.7	2	Feb 2019	Jan 2023	4.0 years	Nov 2022	2 yearly	Market	\$42,127	\$295	\$40	\$10,891	\$85
A&E	Ground 2.009	789.0	16	Oct 2017	Sep 2022	5.0 years	Nov 2021	2 yearly	Market	\$260,957	\$291	\$38	\$62,861	\$80
Anglesea Clinic Dental	Ground 2.1	178.7	3	Jun 2017	May 2023	6.0 years	Jun 2023	2 yearly	Market	\$60,854	\$310	\$35	\$14,812	\$83
Vendor Underwrite	Level 1 2.11	291.0		Aug 2021	Sep 2021	0.1 years			Market	\$74,205	\$255		\$26,845	\$92
Onco Care	Level 1 2.11b	291.0	4	Dec 2021	Dec 2027	6.0 years	Dec 2022	1 yearly	CPI	\$81,070	\$250	\$40	\$26,845	\$92
Mackie Dental	Level 1 2.12	177.0	2	Nov 2021	Oct 2024	3.0 years	Nov 2023	2 yearly	Market	\$48,079	\$250	\$38	\$17,906	\$101
A&E Admin	Level 1 2.13	239.4		Oct 2017	Sep 2022	5.0 years	Nov 2021	2 yearly	Market	\$57,264	\$239		\$18,777	\$78
Waikato Heart	Level 2 2.21	223.0	2	Dec 2020	Nov 2026	6.0 years	Nov 2021	2 yearly	Market	\$57,755	\$245	\$30	\$11,341	\$51
Molemap	Level 2 2.22	96.1	1	Jun 2017	May 2023	6.0 years	Nov 2022	2 yearly	Market	\$26,105	\$250	\$40	\$10,086	\$105
Midland Neurology	Level 2 2.23	101.9	2	Apr 2021	Mar 2027	6.0 years	Nov 2022	2 yearly	Market	\$29,115	\$250	\$35	\$10,646	\$104
Anglesea Endodontics	Level 2 2.24	118.0	1	May 2018	Apr 2022	4.0 years	Nov 2021	2 yearly	Market	\$32,016	\$255	\$38	\$12,203	\$103
Bean Law	Level 2 2.25	185.0	5	Jul 2019	Jul 2022	3.0 years	Nov 2022	2 yearly	Market	\$48,875	\$215	\$35	\$14,124	\$76
547 Group	Ground 3.001	676.0	2	Jun 2018	Nov 2031	13.5 years	Dec 2021	1 yearly	Fixed	\$232,960	\$340	\$30	\$53,818	\$80
Angl Sports & Rehab	Ground 3.002	595.0	7	Sep 2007	Aug 2027	20.0 years	Nov 2021	2 yearly	Market	\$180,726	\$281	\$38	\$55,520	\$93
Pathlab	Ground 3.003	886.0	3	Feb 2018	Feb 2028	10.0 years	Nov 2022	2 yearly	Market	\$227,740	\$250	\$40	\$80,876	\$91
Hamilton Radiology/MR	Ground 3.004	1,394.5	40	May 2015	Apr 2025	10.0 years	Nov 2022	2 yearly	Market	\$428,398	\$255	\$35	\$127,511	\$91
Hamilton Radiology (PE)	Ground 3.009	450.0		Apr 2018	Mar 2023	5.0 years	Nov 2022	2 yearly	Market	\$112,500	\$250		\$40,890	\$91
Ham Rad	Ground 3.006	100.5	2	Apr 2018	Apr 2024	6.0 years	Nov 2021	2 yearly	Market	\$32,120	\$281	\$38	\$9,458	\$94
Vendor Underwrite	Ground 3.005	253.8		Aug 2021	Sep 2021	0.1 years			Market	\$76,140	\$300		\$23,413	\$92
Pathlab	Level 1 3.12	1,752.7	4	Feb 2018	Feb 2028	10.0 years	Nov 2022	2 yearly	Market	\$411,441	\$230	\$40	\$159,990	\$91
Anglesea Surgical	Level 1 3.13b	239.0	6	Feb 2021	Jan 2029	8.0 years	Feb 2023	2 yearly	Market	\$79,400	\$280	\$40	\$22,205	\$93
Vendor Underwrite	Level 1 3.13	157.3		Aug 2021	Sep 2021	0.1 years			Market	\$40,089	\$255		\$14,511	\$92
ADG	Level 1 3.11	181.4	1	Mar 2019	Feb 2024	5.0 years	Nov 2022	2 yearly	Market	\$47,170	\$250	\$35	\$13,973	\$77
Ham Rad	Level 1 3.15	102.3		Aug 2021	Nov 2021	0.3 years			Market	\$25,575	\$250		\$9,889	\$97
Vendor Underwrite	Level 1 3.14	104.6		Aug 2021	Sep 2021	0.1 years			Market	\$26,150	\$250		\$9,649	\$92
Vacant	Level 1 3.14b	80.0				0.0 years							\$0	\$0

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Anglesea OMS Dental	Ground 4.01	374.7	6	May 2016	May 2026	10.0 years	Nov 2022	2 yearly	Market	\$110,218	\$265	\$35	\$31,332	\$84
Bay Audiology	Ground 4.02	150.0	5	Sep 2021	Aug 2025	4.0 years	Nov 2023	2 yearly	Market	\$50,310	\$270	\$38	\$13,020	\$87
Mike Gordon Dental	Ground 4.03	146.5	3	Apr 2019	Mar 2025	6.0 years	Nov 2021	2 yearly	Market	\$43,887	\$265	\$33	\$12,733	\$87
Medical Assurance	Level 1 4.11	250.0	4	May 2020	Apr 2022	2.0 years	Nov 2021	2 yearly	Market	\$70,300	\$250	\$38	\$19,398	\$78
Anglesea Gynaecology	Level 1 4.12	349.0	7	Jan 2020	Dec 2031	12.0 years	Nov 2022	2 yearly	Market	\$98,320	\$240	\$40	\$29,237	\$84
Fertility Associates	Level 2 4.21	456.0	15	Jul 2021	Jun 2025	4.0 years	Jun 2023	2 yearly	Market	\$142,920	\$245	\$40	\$35,314	\$77
Visitor Spaces	Car Park Car park	0.0	218	Aug 2021	Aug 2022	1.0 years			Market	\$0	\$0		\$0	
Aggregate		12,788.0	375							\$3,694,682			\$1,112,755	



3.6 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$3,234,553	67.28%
Car Parking Rental	\$280,670	5.84%
Future Lease Agreements	\$179,459	3.73%
Outgoings Recovery	\$1,112,755	23.15%
Gross Passing Income	\$4,807,437	100.00%
Outgoings	\$1,179,685	
Net Passing Income	\$3,627,752	
Market Income on Vacant Areas	\$20,000	
Vacant Area Outgoings	\$7,380	
Potential Net Income Fully Leased	\$3,655,132	

4 Market Commentary

4.1 Economic Overview

As at 4 August 2021:

- The June 2021 Consumer Price Index rose 1.3% quarterly up from March 2021 and rose 3.3% on an annual basis compared to June 2020. This is noted as the biggest increase in nearly 10 years and was driven by higher prices for building materials and petrol.
- Gross Domestic Product (GDP) in March 2021 increased by 1.6% from the December 2020 quarter. On an annual basis, the average GDP declined by 2.3% over the year to March 2020. Falling exports and rising imports over March 2021 made a negative contribution to expenditure on GDP over the quarter.
- As at 14 July 2021, the Reserve Bank announced that the Official Cash Rate (OCR) remains unchanged being held at 0.25%. Several banks have recently increased term deposit and mortgage lending rates, reflecting an expectation that rate rises will likely occur earlier than previously anticipated, with most economists picking a 25 basis point increase to the OCR in August 2021.
- The 90-day Bank Bill Benchmark Rate (BKBM) sits at 0.50 as at 3 August 2021, which is historically low, but has crept up from the low point of 0.25 last achieved in November 2020. 10-year bonds currently sit at 1.51, remaining well above the low of 0.44 in September 2020.
- The unemployment rate is 4.0% as at June 2021, a 0.6% decrease from the March 2021 quarter. The current availability of staff suitable for employment is extremely low, with indicators showing high employment intentions alongside the greatest difficulties experienced sourcing staff since the mid-1970s.
- The REINZ median house price across New Zealand for June 2021 is at \$820,000. This is a 28.7% annual increase from June 2020 at a median house price of \$637,000. In March 2021 the Government announced a range of initiatives to increase supply and slow house price growth, including removal of interest deductibility for residential investment property and extension of the 'Bright Line Test' for tax on price gains to 10 years. Since the March 2021 tax announcement average house prices have risen by 2.4%.
- In terms of the construction sector, private backed development and construction is expected to be muted in the short term, however, the Government has announced their intention to fast track infrastructure spend as one method to kickstart the economy post the COVID-19 shutdown. The 2021 budget was announced 20 May, with health spending set to increase by \$5 billion over the 2021-2024 period and a \$3.8 billion Housing Acceleration Fund in the budget.

Restrictions on international arrivals remain in place, and we note a brief period of quarantine free travel with Australia was suspended from 23 July, due to the outbreak in New South Wales and other areas of the Delta variant of COVID-19.

The Pfizer COVID-19 vaccines rollout has slowly begun throughout New Zealand, with vaccinations for the general population proceeding based on age (starting with people aged over 60) or with at risk medical or demographic profiles. The majority of New Zealanders are expected to have access to the vaccine bookings in late October. As at 4 August there are approximately 770,000 people in New Zealand fully vaccinated.

4.2 Medical Sector Overview

The demand for private health care property by medical practitioners increased as a result of the health care reforms over the late 1980s and early 1990s. One of the objectives of the reforms was to increase the efficiency of the health sector by exposing it to market related forces.

The Ministry of Health is the government's principal advisor on health and disability policy. District health boards (DHBs) are responsible for providing or funding the provision of health services in their district. There are currently 20 DHBs in New Zealand. They are required to plan and deliver services regionally, as well as in their own individual areas.

The health system's funding comes mainly from Vote Health, which is \$24.398 billion in the 2021/22 budget. Other significant funding sources include the Accident Compensation Corporation (ACC), other government agencies, local government, and private sources such as insurance and out-of-pocket payments.

The Ministry of Health allocates more than three-quarters of the public funds it manages through Vote Health to DHBs, who use this funding to plan, purchase and provide health services, including public hospitals and the majority of public health services, within their areas.

The alternative to the public healthcare system is the private healthcare industry which includes a range of medical professionals and a network of privately owned day stay units and hospitals around New Zealand. The largest private health care provider in New Zealand is Southern Cross.

The government sector health fund is forecast to increase over the long run as the demand for health sector services continues to outstrip supply. Demand for private health care services is forecast to increase as a result of:

- Public sector health providers unable to supply the range and quantity of services demanded
- New Zealand's ageing population
- Rising demand for elective surgery

The private health sector trend to larger integrated medical practices offering a range of services out of purpose built premises is likely to continue with a number having been either constructed in recent years or proposed. Larger practices offer medical practitioners economies of scale and the synergies created by locating closer to a range of other specialist medical services.

The property investment opportunities in the health sector continue to increase as health care providers focus on investing capital in their core business by providing specialist health care services and leasing the property resources they require. We have also seen many instances of new design-build medical properties being developed for owner occupiers.

Generally, medical centre and specialist clinical rentals attract a premium over and above other smaller, less specialised medical rooms because of:

- Economies of scale and synergies created by grouping specialist practitioners together
- Critical mass of specialist services attract patients and medical personnel
- Greater range of general and specialist services within the same complex

Investments in health care property compete for capital with other property, money, bonds and equity market investments. Consequently, the return required for health care property investments reflects the markets view of the relative level and risk. The medical property sector in New Zealand has traditionally been seen as resilient with less price volatility shown in comparison to other property classes, particularly during past economic downturns.

The onset of the Covid-19 pandemic in early 2020 has re-enforced the resilience of the medical sector in times of economic uncertainty and there has been a renewed focus from investors for well-located and leased medical assets.

5 Leasing Evidence

5.1 Subject Leasing Evidence

In assessing a market rental profile for the subject accommodation, we have had regard to recent deals within the subject:

Property	Tenant	Level	Area sqm	Basis	Date	Type	Parking pcpw	Opex \$/sqm	Face Rent \$/sqm	Net Effective \$/sqm
Subject, Anglesea Medical Centre	Mackie Dental	2.12 - Pt 1	177	Net	Nov-21	LR	\$35	\$101	\$250	\$250
	Bay Audiology	4.02 - Pt G	150	Net	Sep-21	LR	\$35	\$87	\$270	\$245
	Fertility Associates	4.21 - Pt 2	456	Net	Jul-21	LR	\$35	\$77	\$254	\$242
	Pharmacy 547	2.006 - Pt G	57	Net	May-21	NL	-	\$68	\$348	\$348
	Triton Hearing Clinic	2.002 - Pt G	158	Net	Apr-21	LR	\$35	\$102	\$300	\$300
	Midland Neurology	2.23 - Pt 2	102	Net	Apr-21	LR	\$35	\$104	\$250	\$250
	Anglesea Surgical	3.13b - Pt 1	239	Net	Feb-21	NL	\$40	\$93	\$280	\$280
	Medical Assurance	4.11 - Pt 1	250	Net	May-20	LR	\$35	\$78	\$252	\$252
	Anglesea Gynaecology	4.12 - Pt 1	349	Net	Jan-20	LR	\$35	\$84	\$245	\$245

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

Within the subject there have been several transactions within the past 24 months with net effective rentals ranging from \$245 per sqm to \$348 per sqm.

Bay Audiology have renewed their premises of 150 sqm within building 4 at a face rate of \$270 per sqm. The tenant was provided 4 months rent free incentive reflecting a net effective rental of \$245 per sqm.

Fertility Associates have renewed their premises of 456 sqm within building 4 at a face rate of \$254 per sqm. The tenant was provided 2 months rent free incentive reflecting a net effective rental of \$242 per sqm.

Anglesea Surgical have taken a new lease over circa 239 sqm on level 1 of building 3 from February 2021 at \$280 per sqm. The tenancy was provided with base build specification (flooring, ceiling and lighting), with the tenant undertaking their own fitout.

5.2 Office Leasing Evidence

We have had regard to the following office evidence from within the wider Hamilton locality, detailed below:

Property	Area sqm	Basis	Date	Type	Net Effective \$/sqm
NZI Building, 227 Collingwood Street	583	Net	Pre-com	NL	Mid \$300's
	774	Net	Jan-20	RR	Mid \$300's
Tristram Precinct	352	Net	Pre-com	NL	High \$200's
ANZ Centre, 17 Grantham Street	304	Net	May-21	NL	Low \$300's
586 Victoria Street, Hamilton Central	706	Net	Mar-19	NL	High \$200's
210 Collingwood Street	80	Net	Nov-19	NL	High \$200's
	165	Net	Sep-19	NL	High \$200's

Property	Area sqm	Basis	Date	Type	Net Effective \$/sqm
5 Karewa Place	126	Net	Aug-19	NL	High \$200's
220 Tristram Street	90	Net	Mar-19	NL	Low \$300's

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

The above leasing evidence reflects net effective rents for good quality office accommodation in the Hamilton market generally between \$200 per sqm to \$400 per sqm. The range in rates is reflective of the size of each tenancy, profile and location within Hamilton, along with the nature and quality of improvements.

5.3 Medical Leasing Evidence

We have also had regard to the following medical evidence from throughout New Zealand, detailed below:

Property	Area sqm	Basis	Date	Type	Net Effective \$/sqm
2-6 Grenada Street, Mt Maunganui	584	Net	Pre-Com	NL	High \$300's
Heretaunga Street, Hastings	480	Net	Pre-Com	NL	Low \$300's
Ferguson Street, Palmerston North	3,047	Net	Mar-21	RN	Low \$200's
Kensington Crossing, Whangarei	145	Net	Feb-21	NL	Mid \$300's
Kensington Crossing, Whangarei	377	Net	Jul-20	NL	High \$200's
536 Kennedy Road, Greenmeadows, Napier	211	Gross	Apr-20	NL	Low \$300's
Park Street, Tauranga	567	Net	Apr-20	RN	Low \$300's
Witako Street, Lower Hutt	1,249	Net	Dec-19	NL	Low \$300's

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

The above evidence shows a range of rental rates of between \$240 and \$390 per sqm, dependent on various factors including location, quality and level of fitout and size, amongst others. At the upper end of the rental range are a number of modern new built facilities such as Heretaunga Street in Hastings, Witako Street in Lower Hutt and Kensington Crossing in Whangarei.

5.4 Retail Leasing Evidence

Property	Component	Area sqm	Basis	Date	Type	Net Effective \$/sqm
Subject, Anglesea Medical Centre	Retail	114	Net	Oct-20	LR	High \$200's
Home Straight 3, 21 Home Straight, Te Rapa	Retail	160	Net	Mar-19	NL	Mid \$300's
	Retail	63	Net	Mar-19	NL	High \$400's
	Retail	87	Net	Jan-19	NL	Low \$500's
	Retail	87	Net	Jan-19	NL	High \$400's
	Retail	106	Net	Nov-18	NL	Low \$400's
Poets Corner, Fifth Ave, Enderely	Retail	60	Net	Jan-19	NL	Low \$400's

Property	Component	Area sqm	Basis	Date	Type	Net Effective \$/sqm
373-375 Grey Street, Hamilton East	Retail	63	Net	Jun-18	NL	High \$200's
247 Killarne Road, Dinsdale	Retail	135	Net	Jun-18	NL	High \$300's

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

As reflected in the table above, suburban retail and café tenancies in the Hamilton market generally reflect net effective rentals of between \$280 and \$510 per sqm. This is largely dependent on size, location and profile of the tenancy.

Hurusato Sushi was subject to a lease renewal within the subject in October 2020 at a face rent of \$295 per sqm across a 114 sqm premises in building 2.

5.5 Market Rental Conclusion

The subject provides a range of medical and office units of varying standards, though note that little lessor fitout is provided, with tenants generally undertaking their own specialist fitouts. We have therefore assessed the market rentals on the basis of only the base build fitout provided.

Based on available market evidence we have adopted net market rentals of between \$230 and \$350 per sqm for the subject accommodation, with the range reflecting adjustments for size and position within the medical centre. We have been mindful of the overall annual quantum for each of the units.

In regard to the car parking we have considered the current car parking rates in the immediate and wider locality as detailed in the table above. Car park rents are location and format specific with the highest rates generally achieved for secured and covered spaces. The evidence above generally reflects rates of between \$30 - \$50 pcpw with the higher rates generally reflective of CBD locations. We note that the most recent transactions within the subject reflect \$40 pcpw. We have adopted a market rent of \$40 pcpw across the subject car parking spaces. We have not applied rental to the shared visitor parks.

Within the recently completed 21 Home Straight building there has been several new lettings for retail units. The net effective rents achieved reflects rates set between the low \$400's and the low \$500's per sqm for units of between 63 and 106 sqm. The larger 160 sqm unit was leased to a retail tenant which achieved a net effective rate in the mid \$300's per sqm. This building is located in a slightly inferior location further out of Central Hamilton, though provides superior quality accommodation.

For the subject retail units we have adopted market rents which are in line with the current passing rents of between \$365 and \$385 per sqm.

5.6 Market Rental Profile

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

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Cucina Café	Ground 1.01	165.0	1	Nov 2022	Market	\$64,520	\$380	\$35	\$77	\$92	\$365	\$457	\$40	\$62,340
Extreme Nutrition	Ground 1.02	85.0		Nov 2021	Market	\$32,725	\$385		\$88	\$92	\$381	\$473		\$32,347
Gloabox	Ground 1.03	85.0		Nov 2021	Market	\$33,592	\$395		\$82	\$92	\$385	\$477		\$32,721
Hurusato Sushi	Ground 2.007	113.8	1	Oct 2021	Market	\$35,391	\$295	\$35	\$61	\$92	\$300	\$392	\$40	\$36,220
Vendor Underwrite	Ground 2.001	204.4		Sep 2021	Market	\$61,320	\$300		\$92	\$92	\$300	\$392		\$61,320
Triton Hearing Clinic	Ground 2.002	158.0	4	Nov 2021	Market	\$54,647	\$297	\$38	\$102	\$92	\$300	\$392	\$40	\$55,720
ENT Surgeons	Ground 2.003	116.0	3	Nov 2022	Market	\$40,460	\$295	\$40	\$104	\$92	\$300	\$392	\$40	\$41,040
547 Group	Ground 2.004	342.7	5	Dec 2021	Fixed	\$117,240	\$312	\$40	\$92	\$92	\$300	\$392	\$40	\$113,210
Nuclear Medicine	Ground 2.008	128.7	2	Nov 2022	Market	\$42,127	\$295	\$40	\$85	\$92	\$300	\$392	\$40	\$42,770
A&E	Ground 2.009	789.0	16	Nov 2021	Market	\$260,957	\$291	\$38	\$80	\$92	\$290	\$382	\$40	\$262,090
Anglesea Clinic Dental	Ground 2.1	178.7	3	May 2023	Market	\$60,854	\$310	\$35	\$83	\$92	\$295	\$387	\$40	\$58,954
Vendor Underwrite	Level 1.2.11	291.0		Sep 2021	Market	\$74,205	\$255		\$92	\$92	\$250	\$342		\$72,750
Onco Care	Level 1.2.11b	291.0	4	Dec 2022	CPI	\$81,070	\$250	\$40	\$92	\$92	\$250	\$342	\$40	\$81,070
Mackie Dental	Level 1.2.12	177.0	2	Nov 2023	Market	\$48,079	\$250	\$38	\$101	\$92	\$250	\$342	\$40	\$48,410
A&E Admin	Level 1.2.13	239.4		Nov 2021	Market	\$57,264	\$239		\$78	\$92	\$240	\$332		\$57,456
Waikato Heart	Level 2.2.21	223.0	2	Nov 2021	Market	\$57,755	\$245	\$30	\$51	\$92	\$240	\$332	\$40	\$57,680
Molemap	Level 2.2.22	96.1	1	Nov 2022	Market	\$26,105	\$250	\$40	\$105	\$92	\$250	\$342	\$40	\$26,105
Midland Neurology	Level 2.2.23	101.9	2	Nov 2022	Market	\$29,115	\$250	\$35	\$104	\$92	\$250	\$342	\$40	\$29,635
Anglesea Endodontics	Level 2.2.24	118.0	1	Nov 2021	Market	\$32,016	\$255	\$38	\$103	\$92	\$250	\$342	\$40	\$31,580
Bean Law	Level 2.2.25	185.0	5	Jul 2022	Market	\$48,875	\$215	\$35	\$76	\$92	\$240	\$332	\$40	\$54,800
547 Group	Ground 3.001	676.0	2	Dec 2021	Fixed	\$232,960	\$340	\$30	\$80	\$92	\$330	\$422	\$40	\$227,240
Angl Sports & Rehab	Ground 3.002	595.0	7	Nov 2021	Market	\$180,726	\$281	\$38	\$93	\$92	\$280	\$372	\$40	\$181,160
Pathlab	Ground 3.003	886.0	3	Nov 2022	Market	\$227,740	\$250	\$40	\$91	\$92	\$240	\$332	\$40	\$218,880
Hamilton Radiology/MR	Ground 3.004	1,394.5	40	Nov 2022	Market	\$428,398	\$255	\$35	\$91	\$92	\$250	\$342	\$40	\$431,825
Hamilton Radiology (PE)	Ground 3.009	450.0		Nov 2022	Market	\$112,500	\$250		\$91	\$92	\$250	\$342		\$112,500
Ham Rad	Ground 3.006	100.5	2	Nov 2021	Market	\$32,120	\$281	\$38	\$94	\$92	\$280	\$372	\$40	\$32,300
Vendor Underwrite	Ground 3.005	253.8		Sep 2021	Market	\$76,140	\$300		\$92	\$92	\$290	\$382		\$73,602
Pathlab	Level 1.3.12	1,752.7	4	Nov 2022	Market	\$411,441	\$230	\$40	\$91	\$92	\$240	\$332	\$40	\$428,968
Anglesea Surgical	Level 1.3.13b	239.0	6	Feb 2023	Market	\$79,400	\$280	\$40	\$93	\$92	\$280	\$372	\$40	\$79,400
Vendor Underwrite	Level 1.3.13	157.3		Sep 2021	Market	\$40,089	\$255		\$92	\$92	\$250	\$342		\$39,325
ADG	Level 1.3.11	181.4	1	Nov 2022	Market	\$47,170	\$250	\$35	\$77	\$92	\$250	\$342	\$40	\$47,430
Ham Rad	Level 1.3.15	102.3		Nov 2021	Market	\$25,575	\$250		\$97	\$92	\$250	\$342		\$25,575
Vendor Underwrite	Level 1.3.14	104.6		Sep 2021	Market	\$26,150	\$250		\$92	\$92	\$250	\$342		\$26,150
Vacant	Level 1.3.14b	80.0		Vacant					\$0	\$92	\$250	\$342		\$20,000

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Anglesea OMS Dental	Ground 4.01	374.7	6	Nov 2022	Market	\$110,218	\$265	\$35	\$84	\$92	\$265	\$357	\$40	\$111,778
Bay Audiology	Ground 4.02	150.0	5	Nov 2023	Market	\$50,310	\$270	\$38	\$87	\$92	\$275	\$367	\$40	\$51,650
Mike Gordon Dental	Ground 4.03	146.5	3	Nov 2021	Market	\$43,887	\$265	\$33	\$87	\$92	\$275	\$367	\$40	\$46,522
Medical Assurance	Level 1 4.11	250.0	4	Nov 2021	Market	\$70,300	\$250	\$38	\$78	\$92	\$250	\$342	\$40	\$70,820
Anglesea Gynaecology	Level 1 4.12	349.0	7	Nov 2022	Market	\$98,320	\$240	\$40	\$84	\$92	\$250	\$342	\$40	\$101,810
Fertility Associates	Level 2 4.21	456.0	15	Jun 2023	Market	\$142,920	\$245	\$40	\$77	\$92	\$250	\$342	\$40	\$145,200
Visitor Spaces	Car Park Car park	0.0	218	Aug 2022	Market	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Aggregate		12,788.0	375			\$3,694,682								\$3,730,354



5.7 Net Income Assessment

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

Passing Versus Market Comparison	Passing per annum	Market per annum
Rental Analysis		
Lettable Area Rental	\$3,234,553	\$3,403,794
Car Parking Rental	\$280,670	\$326,560
Future Lease Agreements	\$179,459	\$0
Outgoings Recovery	\$1,112,755	\$1,179,685
Gross Income	\$4,807,437	\$4,910,039
Outgoings	\$1,179,685	\$1,179,685
Net Income	\$3,627,752	\$3,730,354
Market Income on Vacant Areas	\$20,000	
Vacant Area Outgoings	\$7,380	
Potential Net Income Fully Leased	\$3,655,132	\$3,730,354

6 Sales Evidence

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

6.1 Office Sales Transactions

Property Address	Sale Date	Sale Price	\$ / sqm	Initial	Equivalent	IRR	WALT
ANZ Centre, 17 Grantham Street, Hamilton	Under Contract	\$47,159,509	\$8,851	4.88%	4.79%	5.83%	5.90 years
26 Clearance Street, Hamilton	May-21	\$6,445,000	\$5,156	5.32%	5.23%	6.40%	5.83 years
Tristram Centre, Hamilton	Feb-20	Conf c\$110m	Conf.	Low 5%	Low 5%	High 6%	12.56 years
21 Home Straight, Te Rapa	Jan-20	Conf. c \$40m	Conf.	Mid 5%	Mid 5%	High 6%	7.36 years
Anglesea Medical Centre, Hamilton (subject)	Nov-19	\$55,000,000	\$3,297	6.45%	6.55%	7.26%	4.37 years

See further analysis below:



ANZ Centre, 17 Grantham Street, Hamilton

Sale Price	\$47,159,509	Sale Date	Under Contract
Initial Yield	4.88%	Equivalent Yield	4.79%
IRR	5.83%	WALT	5.90 years

The ANZ Centre comprises a modern five level commercial office building, plus basement car parking, located within the Hamilton CBD at 17-21 Grantham Street. The building completed circa 2014 provides an A-Grade Hamilton office asset with a total lettable area of approximately 5,328 sqm. The building is located upon a 2,904 sqm freehold site which adjoins the Waikato River, zoned Central City Zone under the Hamilton City Council with a Ferrybank Precinct Overlay.

The property is essentially fully leased. The property is currently producing a net income of \$2,301,513 per annum plus GST and a WALT of 5.90 years (by income).

The property is currently under contract for \$47,159,509, reflecting a 4.88% initial yield, a 4.79% equivalent yield, a 5.83% IRR and a land and buildings rate of \$8,851 per sqm.



26 Clarence Street, Hamilton

Sale Price	\$6,445,000	Sale Date	May 2021
Initial Yield	5.32%	Equivalent Yield	5.23%
IRR	6.40%	WALT	5.83 years

The property comprises a commercial office building with a total lettable area of 1,250 sqm, situated at 26 Clarence Street, Hamilton. The original building was constructed circa 1993 and has recently had a two level extension added to the rear, with a seismic rating of 100% NBS. The property also includes 5 onsite car parking spaces.

The property occupies a 2,009 sqm freehold site on the fringe of the Hamilton CBD. The property is neighbouring to the large Anglesea Medical Centre.

At the date of sale the property was fully leased to Waikato District Health Board, returning \$343,000 per annum. The lease is for a 6 year term, commencing March 2021, with annual fixed 1.75% increases.

The property sold in May 2021 for \$6,445,000, reflecting a 5.32% initial yield, a 5.23% equivalent yield, a 6.40% IRR and a land and buildings rate of \$5,156 per sqm.



Tristram Centre, Hamilton

Sale Price	Conf. circa \$110 m	Sale Date	February 2020
Initial Yield	Low 5%	Equivalent Yield	Low 5%
IRR	High 6%	WALT	12.56 years

The property comprises a recently completed 5 level office building with basement and onsite car parking, situated on a high profile corner position within Hamilton Central. The property provides approximately 17,411 sqm of net lettable space, including 5,250 sqm of recently refurbished bulk retail space provided on the ground floor and 12,413 sqm of newly development office accommodation located through from the ground floor to Level 3. In addition, storage/workshop, end of trip facilities and car parking space is provided to the basement level, with car parking also located within the podium/ground level.

The Tristram Centre, Hamilton sold in February 2020 for a confidential amount in excess of \$110,000,000, reflecting an initial and equivalent yield in the low 5% range, an IRR in the high 6% range and 12.56 year WALT.



21 Home straight, Hamilton

Sale Price	Conf. circa \$40m	Sale Date	January 2020
Initial Yield	Mid 5.00%	Equivalent Yield	Mid 5.00%
IRR	High 6.00%	WALT	7.36 years

The property comprises a recently completed, modern three level commercial building providing circa 6,438 square metres of office accommodation, 1,019 square metres of retail accommodation, 79 basement car parks and 130 on-grade car parks. The property is located on a 1.853 hectare site at the end of a cul-de-sac on Home Straight, Te Rapa, on the fringe of the Hamilton CBD.

The property is near fully leased by well known tenants such Inland Revenue. The property provides good quality Hamilton office accommodation.

The subject sold for a confidential amount in excess of \$40,000,000 in January 2020, reflecting an initial and equivalent yield in the min 5% range, an IRR in the high 6% range and a WALT of 7.36 years.



Anglesea Medical Centre, Hamilton

Sale Price	\$55,000,000	Sale Date	November 2019
Initial Yield	6.45%	Equivalent Yield	6.55%
IRR	7.26%	WALT	4.37 years

Anglesea Medical Centre is an extensive medical development situated on a 2.44 ha site within the Hamilton CBD. The property occupies a prominent corner site, bounded by Anglesea Street, Thackeray Street and Tristram Street. The Centre has been developed in stages and currently features three distinct complexes referred to as the Anglesea Clinic, Symmans House, and John Sullivan House.

The property comprises over 12,000 sqm of net lettable area and approximately 375 car parks. The 10 largest tenants account for over half the income and have been located at Anglesea Medical Centre for over 10 years. The occupancy rate is approximately 89% with a weighted average lease term of 4.2 years as at 1 April 2020. It has 28 medical-related tenants spread around three buildings, including Anglesea Clinic Urgent Care, Pathlab, Hamilton Radiology, Fertility Associates and Anglesea Pharmacy.

The property sold to Augusta in an initial agreement from early 2020, however due to COVID-19 related issues and deferment of a wider transaction with Augusta group the settlement was pushed out to late 2020.

6.2 Medical Sales Transactions

Property Address	Sale Date	Sale Price	\$ / sqm	Initial	Equivalent	IRR	WALT
Lower Hutt, Wellington	Aug-21	\$46.5 m		Confidential			15.9 years
Kensington Crossing, Whangarei	Jun-21	\$20.0 m	\$7,324	4.99%	5.09%	6.01%	7.2 years
Ormiston Medical, Auckland	Nov-20	\$24.1 m	\$10,060	3.87%	3.88%	-	15.0 years
Grace Hospital	Nov-20	\$95.0 m	\$9,843	4.97%	5.25%	7.28%	30.0 years
Manawa Building, 272-278 Antigua Street, Christchurch	Sep-20	~ \$80 m	\$8,173	~ 4.80%	~ 4.80%	~ 6.20%	24.6 years
148 Gillies Avenue, Epsom, Auckland	Sep-20	\$11.64 m	-	5.04%	5.00%	6.26%	5.6 years

In addition to the above, we are also aware of the details of a medical centre currently that is under contract in Palmerston North. The property occupies a site of 8,113 sqm and is improved with a circa 3,000 sqm building and 155 car parks. The property is leased to a single tenant who has been in occupation for many years and recently exercised a ten year right of renewal. The property is under contract to an experienced national investor with the sale price being in the range of \$17.0 - \$20 million and reflecting a sub 5.0% yield with a WALT of circa 9.5 years.

We detail a selection of sales below:



Lower Hutt Health Hub

Sale Price	\$46,500,000	Sale Date	August 2021
Initial Yield	Confidential	Equivalent Yield	Confidential
IRR	Confidential	WALT	15.9 years

A two-level purpose-built medical development offering health services, purpose built childcare centre and café. The construction has been built to an IL4 level and utilises timber rather than concrete. The property is well located being adjacent to both Boulcott Private Hospital and Hutt Hospital.

The property sold in August 2021 to Vital Healthcare who are adjoining owners of Boulcott Hospital for \$46,500,000. The sale price includes some adjacent expansion land.

We are aware of the details of the sale however are unable to disclose the full details for confidentiality reasons.



Kensington Crossing

Sale Price	\$20,000,000	Sale Date	June 2021
Initial Yield	4.99%	Equivalent Yield	5.09%
IRR	6.01%	WALT	7.2 years

The property provides the recently completed Kensington Crossing, a new 14 unit development with shared common areas, accommodating medical, convenience and service retail uses. The development provides 6 retail units ranging in size from 103 sqm to 479 sqm, while the remaining 8 units provide a larger medical block of approximately 1,484 sqm including shared common area. The building is single level with the exception of a mezzanine floor providing the staffroom and an office tenancy in the medical centre and the mezzanine floor in Snap Fitness.

The property sold in June 2021 for \$20,000,000. This sale reflects an initial yield of 4.99%, equivalent yield of 5.09% and an IRR of 6.01%.



211 Ormiston Road, Manukau

Sale Price	\$24,051,000	Sale Date	November 2020
Initial Yield	3.87%	Equivalent Yield	3.88%
IRR	5.90%	WALT	15.0 years

The property comprises a modern build three-level medical centre with the ground floor accommodating two retail tenancies and a café. The second and third floors provide predominately consulting rooms and open plan common areas. The property is situated on a prominent site with road frontage to Ormiston Road, Bonnette Road, Curtis Road and Haddington Drive within Flat Bush in South Auckland. The building is expected to be completed in early 2021.

The property is subject to a Head-Lease agreement with the initial term being 15 years with annual increases to CPI plus 1%. Carparks are not reviewable.

The property sold in November 2020 for \$24,051,000 which reflects an initial yield of 3.87%, an equivalent yield of 3.88% and an internal rate of return of 5.90%. The sale reflects a land and buildings rate of \$10,060 psm.



Grace Hospital, 281-335 Cheyne Road, Pyes Pa, Tauranga

Sale Price	\$95,000,000	Sale Date	November 2020
Initial Yield	4.97%	Equivalent Yield	5.25%
IRR	7.28%	WALT	30.0 years

The property comprises a modern private surgical hospital originally constructed in 2007 with subsequent additions. The hospital consists of a patient reception area, patient pre-op, theatre suite containing seven theatres, post-op recovery, 48 bed ward, together with administration and hospital support services including sterilisation rooms. At the southern end of the building is a day stay unit known as the Oropi Centre with two procedure rooms, various pre-op and post-op/PACU ward areas. To the north of the complex is Bay Radiology which extends out to the west and a separate two level building known as the Orthopaedic Centre that is linked to the main building via an enclosed walkway.

Grace Hospital is Tauranga's only private specialist surgical hospital. It is managed by Norfolk Southern Cross Limited, a partnership between Acurity Health Group Limited and Southern Cross Hospitals Limited.

The property sold to Vital Healthcare for \$95 million on a 30 year sale and leaseback arrangement with structured annual rental increases linked to CPI and market reviews every 10 years. The rental has a pre-agreed increase in year two that will increase the yield to 5.25% of purchase price. The sale reflects an initial yield of 4.97% (increasing in year 2), equivalent yield of 5.25%, and an IRR of 7.28%.



Manawa Building (HREF), 272-278 Antigua Street, Christchurch

Sale Price	Circa \$80,000,000	Sale Date	September 2020
Initial Yield	Circa 4.80%	Equivalent Yield	Circa 4.80%
IRR	Circa 6.20%	WALT	24.6 years

The property comprises a purpose built Health Research facility occupied jointly by ARA Institute and Canterbury District Health Board, via a 28 year lease over levels 1 to 5. Level 6 is currently vacant, however has a similar base build to the balance of the floors. The building has been constructed to Importance Level 3 seismic performance and provides specialist healthcare services with reticulated gases and fitout specific to the healthcare occupiers.

The property was marketed over 2020 with an initial contract agreed however failing to complete, due to COVID-19 related issues. A final agreement was announced in September 2020 with a proposed purchase of the building for circa \$80.0 million plus GST to a private investor.

JLL has been involved in this transaction, however, are awaiting confirmation of the final sale details, which are not currently in the market. On the basis of a short term underwrite over the vacant Level 6 space and a purchase price close to \$80 million the initial yield would be in the order of 4.8% with a similar equivalent yield, and an IRR around 6.2%.



148 Gillies Avenue, Epsom, Auckland

Sale Price	\$11,640,000	Sale Date	September 2020
Initial Yield	5.04%	Equivalent Yield	5.00%
IRR	6.26%	WALT	5.6 years

A private surgical facility with ground floor reception, consulting, operating and recovery rooms together with mezzanine offices. The building was constructed circa 1996 with an extension to the rear in 2001. Visitor parking is provided to the road front together with a rear undercroft level which provides staff car parking. The front façade was more recently refurbished in late 2017.

The subject has monolithic cladding and we understand that a technical due diligence report has identified some minor leaks, albeit estimated remediation costs are relatively minimal. The property is fully leased with a lease term remaining of 5.62 years, with 2 yearly rent reviews to market.

The property was acquired by Evolution in an off-market deal for \$11,635,000 with settlement occurring in September 2020. We understand that Evolution also own a share of the Endoscopy business. The sale represents an initial yield of 5.04%, equivalent yield of 5.00% and an IRR of 6.26%.

6.3 Market Capitalisation Rate Conclusion

We have had regard to a range of commercial sales from the wider Hamilton market as detailed above in addition to medical sales from throughout New Zealand. The sales evidence generally reflects initial yields of between 3.87% and 6.45% with equivalent yields of between 3.88% and 6.35%.

The ANZ Centre is currently under contract for \$47,500,000 following an on-market campaign. This sale reflects a 4.89% initial yield and a 4.80% equivalent yield. The property provides 4 levels of good quality office accommodation which is occupied by ANZ, QBE and Mercury providing strong tenant covenants and a good WALT of 5.99 years. The building is essentially fully leased with a one-year vendor underwrite across part of the ground floor and 4 car parking spaces. The property is located slightly to the east of the Hamilton CBD, overlooking the Waikato River. We consider this property to provide superior office accommodation with strong tenant covenants and long WALT.

The Tristram Centre, Hamilton sold in February 2020 for a confidential amount in excess of \$110,000,000, reflecting an initial and equivalent yield in the low 5% range, an IRR in the high 6% range and 12.56 year WALT. The property comprises a recently completed 5 level office building with basement and onsite car parking. The property benefits from its central Hamilton location and desirable long-term WALT at the date of sale, providing superior new build accommodation compared to the subject. We have been mindful of the quantum difference to the subject.

Kensington Crossing in Whangarei sold in June 2021 for \$20,000,000, reflecting an initial yield of 4.99% and an equivalent yield of 5.09%. The property provides 14 retail, medical and office units with a WALT of 7.2 years. The property provides a similar offering to the subject, however, on a smaller scale. The property is considered superior to the subject due to its modern offering and long WALT.

In addition to the above, we have also taken into consideration the sale of the subject property November 2019 for \$55,000,000. With the sale reflecting an initial yield of 6.45% and equivalent yield of 6.55%. We note that since the date of this transaction the market has continued to improve, with strengthened demand for assets such as the subject.

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

Valuation Input	
Capitalisation Rate	5.875%
Discount Rate	6.500%

7 Valuation Considerations

7.1 SWOT Analysis

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

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Central Hamilton location. ▪ Ample onsite car parking provided. ▪ Established Medical Centre with good tenant covenant. ▪ Approximately 99.4% leased. ▪ Freehold tenure. ▪ In close proximity to Waikato's primary public hospital and other local private hospitals. ▪ Weighted average lease term of 4.42 years. 	<ul style="list-style-type: none"> ▪ Hamilton locality seen as less favourable to potential investors for a property of this quantum. ▪ A total of 220 car parks are utilised as visitor parking and therefore generate no rental. ▪ Reasonable ongoing capex requirements given the age and style of the improvements.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Refurbish accommodation. ▪ Lease vacant / underwritten units. ▪ Increase rentals at market reviews and include fixed growth into leases. ▪ Develop specialist accommodation to increase cashflow. 	<ul style="list-style-type: none"> ▪ The economic and social impacts of COVID-19 have the potential to be persistent. ▪ Low interest rates have driven a significant asset price trend over the last few years, which may start to reverse as central bank rates and the cost of funding increase. ▪ Other developments occurring within the surrounding areas. ▪ Impact of unforeseen local or offshore events on investor confidence.

7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 6-9 months, assuming that the property is presented to the market in accordance with the specific assumptions noted in this report, and with an appropriate level of marketing. The actual time to sell the property may vary depending on the number of potential buyers in the marketplace, availability of comparable properties, access to finance, and changes in market conditions subsequent to the valuation date.

7.3 Most Probable Purchaser

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

7.4 Sales History

The subject property last transacted in November 2019 for \$55,000,000 plus GST (if any).

8 Valuation Rationale

8.1 Valuation Overview

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

8.2 Capitalisation Approach

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

We have adopted a core capitalisation rate of 5.875%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$3,392,042	\$3,403,794
Car Parking Rental	\$302,640	\$326,560
Ideal Outgoings Recovery (Full Net Leases)	\$1,112,755	\$1,179,685
Total Rental Income	\$4,807,437	\$4,910,039
Less Outgoings Expenditure	(\$1,179,685)	(\$1,179,685)
Net Rental Income	\$3,627,752	\$3,730,354
Core Income Capitalised at 5.88%	\$61,748,968	\$63,495,380
Value Adjustments		
Present Value of Existing Rental Reversions	\$1,726,554	(\$20,699)
Present Value of All Outstanding Incentives	(\$120,000)	(\$120,000)
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	<i>(\$6,813)</i>	
<i>Present Value of Leasing Fees</i>	<i>(\$4,331)</i>	<i>(\$11,143)</i>
Expiries within the next 24 months - Letting Up Allowances:		
<i>Present Value of Downtime</i>	<i>(\$372,158)</i>	
<i>Present Value of Leasing Fees</i>	<i>(\$212,646)</i>	<i>(\$584,804)</i>
Present Value of Future Lease Agreements and Stepped Rentals	(\$38,085)	(\$38,085)
Present Value of Short Term Capital Expenditure: 24 months	(\$3,162,831)	(\$3,162,831)
Total Value Adjustments	(\$2,190,308)	(\$3,937,562)
Total Capitalised Value	\$59,558,660	\$59,557,818
Adopted Capitalised Value (say)	\$59,600,000	\$59,600,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Letting Up Allowances

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

Future Lease Agreements & Stepped Rentals

We have deducted the present value of any shortfall in rental and outgoings payable due to leases agreed but with commencement dates after the date of valuation. This equates to (\$38,085).

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$3,162,831.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$59,600,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	5.625%	\$62,400,000	\$62,400,000
Adopted Capitalisation Rate	5.875%	\$59,600,000	\$59,600,000
0.25%	6.125%	\$57,000,000	\$57,000,000

8.3 Discounted Cash Flow Approach

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

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

Discount Rate

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

We have applied a target discount rate of 6.500% to the cash flows to produce a present value of \$58,900,000. Our DCF calculations are summarised overleaf:

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

Revenue Projections

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

Growth Rates

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

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Medical							10 year average			2.50%
	1.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%
CPI							10 year average			2.01%
	2.40%	1.70%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average			3.01%
	3.40%	2.70%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average			3.01%
	3.40%	2.70%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

Letting Up Allowances

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

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

Capital Expenditure

Within our calculations we have made capital expenditure allowances for any known upcoming costs, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances we have made are as summarised below, split between capex associated with a tenancy expiry or renewal, and general property expenditure:

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	\$450,764	\$2,238,634	\$2,689,398
Year 2	\$499,603	\$81,768	\$581,371
Year 3	\$168,688	\$661,734	\$830,422
Year 4	\$689,467	\$19,152	\$708,619
Year 5	\$150,949	\$606,419	\$757,368
Year 6	\$131,083	\$2,390	\$133,474
Year 7	\$1,483,041	\$312,072	\$1,795,114
Year 8	\$723,101	\$1,314,901	\$2,038,002
Year 9	\$288,529	\$100,564	\$389,093
Year 10	\$669,906	\$2,892,193	\$3,562,099
10 Year Total	\$5,255,131	\$8,229,827	\$13,484,959
Capex as a proportion of Value	22.9%	Per Sqm of Lettable Area	\$1,054.50

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

We have been provided with a technical due diligence report and comprehensive 10 year capital expenditure plan prepared by Hampton Jones. We have relied on this in preparing our valuation. Allowances are included for roof works, building service upgrades, external wall/cladding repairs, landscaping and wayfinding signage costs.

Estimated Terminal Sale Price

We have applied a terminal yield of 6.125% (a 25.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

Transaction Costs

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

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

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	5.875%	6.125%	6.375%
6.250%	\$61,800,000	\$60,000,000	\$58,400,000
6.500%	\$60,600,000	\$58,900,000	\$57,200,000
6.750%	\$59,500,000	\$57,700,000	\$56,100,000

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$59,600,000
Capitalisation Approach - Contract Income	\$59,600,000
Discounted Cash Flow Approach	\$58,900,000
Adopted Value	\$59,000,000

9.2 Valuation Conclusion

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market sentiment, we have adopted a rounded valuation figure of \$59,000,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 24 August 2021, is:

\$59,000,000 plus GST (if any)

Fifty Nine Million Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 6.15%, an equivalent yield of 5.93%, an internal rate of return of 6.46%, and a rate of \$4,614 per square metre of Lettable Area.

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

- Centuria NZ Property Fund– for inclusion within a Product Disclosure Statement

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

9.3 Involvement Statement

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

Inspection of Property	Ben Johnson, Hannah Robertson, Glenn Loraine
Calculations	Ben Johnson, Hannah Robertson, Glenn Loraine
Information Review	Ben Johnson, Hannah Robertson, Glenn Loraine
Report Authoring	Ben Johnson, Hannah Robertson, Glenn Loraine
Quality Assurance	Dale Winfield
Principal Valuer	Ben Johnson

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

Yours faithfully,
Jones Lang LaSalle, Valuation Advisory



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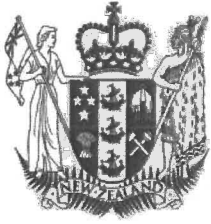
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Appendix 1 – Valuation Definitions

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

Appendix 2 – Record of Title



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




R. W. Muir
Registrar-General
of Land

Identifier SA70D/431
Land Registration District South Auckland
Date Issued 21 February 2001

Prior References

SA1001/69	SA1001/70	SA317/86
SA402/226	SA46B/387	SA50B/58
SA50B/59	SA50B/891	SA50D/823
SA551/93	SA554/95	SA554/98
SA699/23	SA712/239	

Estate	Fee Simple
Area	2.4383 hectares more or less
Legal Description	Lot 1 Deposited Plan South Auckland 89392

Registered Owners
CNZPF Nominee Limited

Interests

Fencing Covenant in Transfer B279319.1 (affects part)

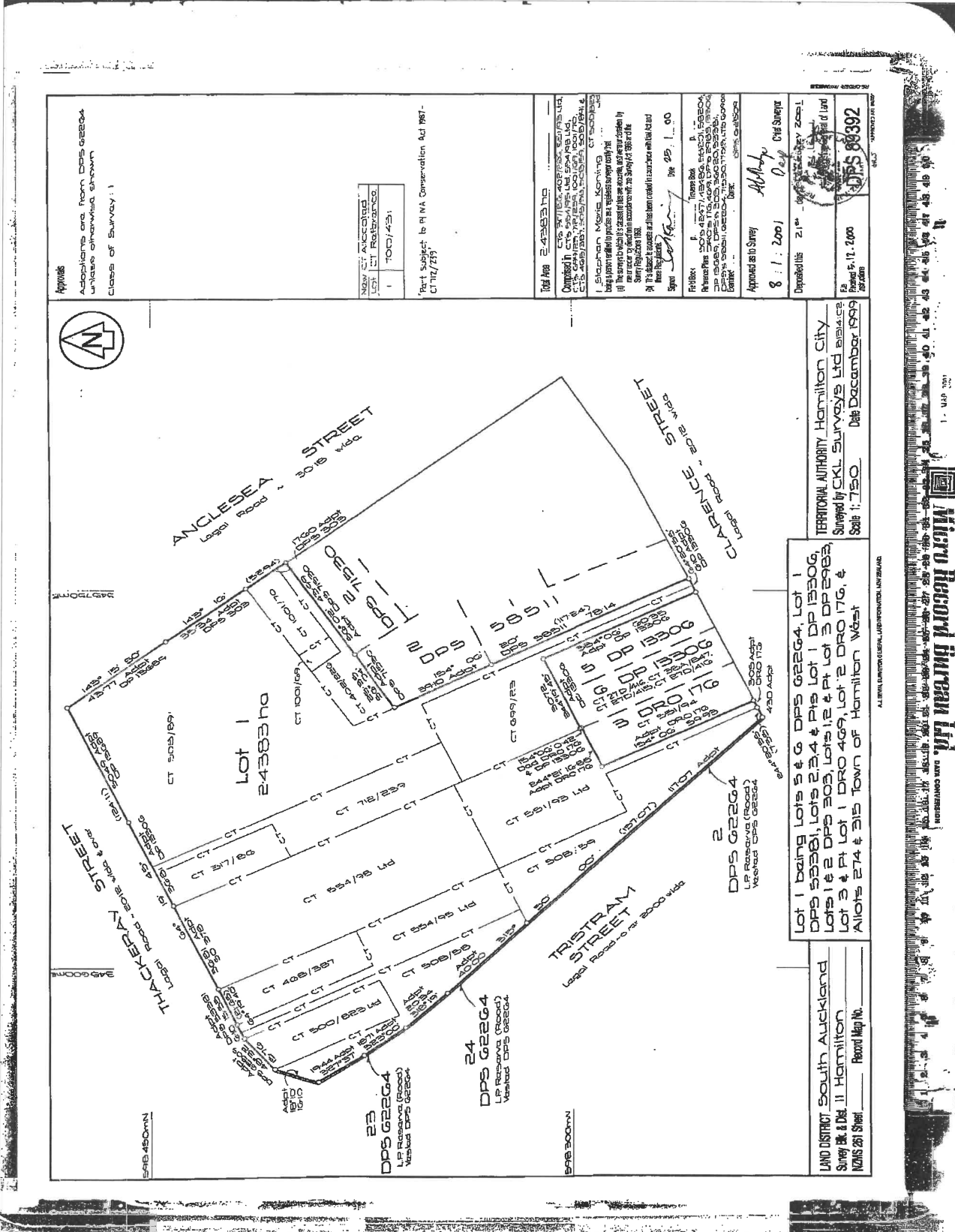
Subject to Part IV A Conservation Act 1987 (Affects part)

Subject to Section 11 Crown Minerals Act 1991 (Affects part)

H511699 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 23.2.1984 AT 1.55 PM (AFFECTS PART)

Subject to a right to convey electricity, telecommunications and computer media (in gross) over part marked A on DP 420124 in favour of Wel Networks Limited created by Easement Instrument 8550859.1 - 23.7.2010 at 7:00 am

11709804.4 Mortgage to ASB Bank Limited - 30.9.2020 at 4:02 pm



Approvals
 Additions are from DPS 62264
 unless otherwise shown
 Class of Survey: 1

NO.	CT	APPROVED	DATE
1	TOP/431		

'Part Subject to MVA Conservation Ad 1987 - CT112/735'

Total Area 24383 ha

Commission: In accordance with the provisions of the Land Survey Act, 1987, the Commission has caused this survey to be made and the boundaries to be shown as shown on this plan. The boundaries shown on this plan are the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987, and the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987, and the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987.

1. Stephen Mearns Consulting
 being a person entitled to practice as a registered surveyor under the Survey Act, 1987, has caused this survey to be made and the boundaries to be shown as shown on this plan. The boundaries shown on this plan are the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987, and the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987, and the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987.

2. The Surveyor General has caused this survey to be made and the boundaries to be shown as shown on this plan. The boundaries shown on this plan are the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987, and the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987, and the boundaries of the land as shown on the plan of the Survey of the District of Hamilton, 1987.

Approved as to Survey: 8/1/2001
 City Engineer
 Deposited this 21st day of February 2001
 Surveyed by CKL Surveys Ltd. Date December 1999
 Scale 1:750

LAND DISTRICT South Auckland
 Survey 28 & Dist. II Hamilton
 NZMS 261 Sheet _____ Record Map No. _____

Lot 1 being Lots 5 & 6 DPS 62264, Lot 1 DPS 53381, Lots 2, 3 & 4 P15 Lot 1 DP 13306, Lots 1 & 2 DPS 303, Lots 1, 2 & 4 P1 Lot 3 DP 2983, Lot 3 & 4 P1 Lot 1 DPO 469, Lot 2 DPO 176, & Allots 274 & 315 Town of Hamilton West

DPS 62264
 LP Reserve (Road)
 Vestibule DPS 62264

DPS 62264
 LP Reserve (Road)
 Vestibule DPS 62264

DPS 62264
 LP Reserve (Road)
 Vestibule DPS 62264

1 - MAP 1001

Micro Record Bureau Ltd

ALLEN LAMBERT CONSULTANTS LTD

1 - MAP 1001

Appendix 3 – Lease Summaries

Lease Summary	Pharmacy at Anglesea
Documents reviewed	Signed Deed of Lease dated 1 November 2018
Lessee	Pharmacy at Anglesea, 3.002
Demised premises	Corner of Anglesea Street and Thackeray Street, Hamilton
Lettable Area	676 sqm 2 car parks
Commencement Date	1 June 2018
Expiry Date	31 May 2028
Lease Term	10 years plus two rights of renewals of 6 years each
Commencement Rent	Total: \$232,960 per annum plus GST
Current Rent	Total: \$232,960 per annum plus GST
Rental Review Provisions	Market rent review 20 June 2020 then every second anniversary of that date. The annual rent payable as from the relevant market rent review date shall not be less than the annual rent payable as at the commencement date of the then current lease term.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Retailing and dispensary pharmacy
Special Provisions	First right of refusal: of the A&E premises. Rent Holiday: from 1 June 2018 to 1 September 2018 tenant does not have to pay rent for 496.3 sqm. ATM: The tenant sub leases an ATM on their premises to ASB

Lease Summary	Fertility Associates
Documents reviewed	Signed Deed of Lease dated 31 January 2007 Signed Deed of Variation dated 31 December 2013 Signed Deed of Renewal dated 11 June 2017 Signed Deed of Variation dated 1 December 2018 Rental Review Notice dated 6 May 2021
Lessee	Fertility Associates, 4.21
Demised premises	Second floor, Anglesea Medical Centre
Lettable Area	Level 2: 456 sqm 15 car parks
Commencement Date	Original: 1 July 2006 Current: 1 July 2021
Expiry Date	30 June 2025
Lease Term	4 years plus two rights of renewal of 4 years each
Commencement Rent	\$139,020 per annum plus GST
Current Rent	\$142,920 per annum plus GST
Rental Review Provisions	Market rent reviews two yearly on the anniversary of the commencement date. Next review: 30 June 2023 The annual rent payable as from the relevant market rent review date shall not be less than the annual rent payable as at the commencement date of the then current lease term.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Medical clinic specialising in all activities associated with male and female reproduction and general women's health

Lease Summary	Pathology Associates
Documents reviewed	Signed Deed of Lease dated 22 May 2018
Lessee	Pathology Associates
Demised premises	Anglesea Medical Centre, 3.003 & 3.012
Lettable Area	Ground floor: 886 sqm First floor: 1,752.7 sqm 7 car parks
Commencement Date	18 February 2018
Expiry Date	17 February 2028
Lease Term	10 years plus one right of renewal of 5 years
Commencement Rent	Total: \$626,777.50 per annum plus GST
Current Rent	Total: \$643,611 per annum plus GST
Rental Review Provisions	16 November 2018 and every two years on the anniversary of this date The annual rent payable as from the relevant market rent review date shall not be less than the annual rent payable as at the commencement date of the then current lease term.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	The provision of pathology and community laboratory services
Special Provisions	The lease may be terminated by the tenant upon 6 months written notice to the landlord if the tenants health board contract for the supply of pathology services is not renewed.
Landlords Fixtures and Fittings	Bathroom fittings and fixtures, fire protection, power, phone and data

Lease Summary	Hamilton Radiology
Documents reviewed	Signed Deed of Lease dated 26 November 2015 Signed Deed of Variation of Lease dated 4 April 2019
Lessee	Hamilton Radiology, 3.004
Demised premises	Ground floor, Anglesea Medical Centre, Hamilton
Lettable Area	Ground: 1,394.5 sqm 10 car parks
Commencement Date	1 May 2015
Expiry Date	30 April 2025
Lease Term	10 years plus two rights of renewal of 5 years each
Commencement Rent	Total: \$372,393 per annum plus GST
Current Rent	Total: \$428,398 per annum plus GST
Rental Review Provisions	Market review 16 November 2016 and every subsequent 2 nd anniversary of that date The annual rent payable as from the relevant market rent review date shall not be less than the annual rent payable as at the commencement date of the then current lease term.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	The provision of radiology consulting services comprising diagnostic imaging services, MRI scanner and ancillary uses, surgical consulting and admiration
Special Provisions	Deed of variation: an additional 100 sqm was added to the area which increased the rent.

Lease Summary		MoleMap
Documents reviewed	Signed Deed of Lease dated 2 May 2017 Signed Deed of Variation dated 1 December 2018	
Lessee	MoleMap, 2.22	
Demised premises	Second floor consulting suites, Anglesea Medical Centre, Hamilton	
Lettable Area	96.1 sqm 1 car park	
Commencement Date	June 2017	
Expiry Date	31 May 2023	
Lease Term	6 years plus one right of 6 years	
Commencement Rent	Premises: \$23,544.50 per annum plus GST Car parks: \$1,560 per annum plus GST Total: \$25,104.50 per annum plus GST	
Current Rent	Total: \$26,105.00 per annum plus GST	
Rental Review Provisions	Market rent reviews on 16 November 2018 and every second anniversary of that date The annual rent payable as from the relevant market rent review date shall not be less than the annual rent payable as at the commencement date of the then current lease term.	
Outgoings Recovery	Net lease	
Permitted Use	Offices and clinics	
Special Provisions	Deed of Variation: The deed increases the rent to \$24,025 per annum plus GST for the office premises and \$1,820 per annum plus GST for the car parks.	

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