

PROPERTY DUE DILIGENCE REPORT

2, 3 AND 4 FRED THOMAS DRIVE, TAKAPUNA

17 MAY 2017



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LEGAL DUE DILIGENCE REPORT

DEFINITIONS

The following terms used in this Report have the following meanings:

Council means Auckland Council;

Landlord means the registered proprietor of the Property, which will be the Purchaser after settlement;

Leases means the leases and licences to occupy for the Property as more particularly detailed in the Tenancy Schedule and the Lease Review Reports;

Lease Review Reports means the lease review reports for the leases attached as Appendix 5;

LIMs means the Land Information Memoranda for the Property obtained from Council on 20 January and 26 January 2017 respectively;

Maat means Maat Consulting Limited;

Property means the land and buildings at 2, 3 and 4 Fred Thomas Drive, Takapuna, Auckland;

Purchase Agreement means the agreement for sale and purchase of the Property dated 7 April 2017 between the Vendor and the Purchaser, as varied by an addendum to that agreement dated 17 May 2017;

Purchaser means Maat and/or nominee;

RMA means the Resource Management Act 1991;

Settlement Date means the settlement date determined in accordance with the Agreement;

Tenancy Schedule means the tenancy schedule attached as Appendix 3;

Tenants means the tenants that lease or have a licence in respect of premises within the Property, pursuant to the Leases;

Titles means the title and associated plans for the Property included in Appendix 2; and

Vendor means Fred Thomas Drive Investments Limited.

A INTRODUCTION, PURPOSE AND STRUCTURE OF REPORT

Introduction

- 1 Anthony Harper has prepared this Report in connection with the proposed acquisition and syndication of the Property by Maat.

Purpose

- 2 The purpose of this Report is to identify key legal issues which have arisen from the legal due diligence exercise undertaken by Anthony Harper in respect of the Property, up to the date of this Report. In so doing, this Report does not address, or describe in detail, every document which has been reviewed by us as part of the legal due diligence. Instead, this Report highlights only those matters which we consider may have a material impact on value and which have arisen from the legal due diligence review of the Property undertaken by Anthony Harper.
- 3 We make various recommendations and note where further action is required.

Documents reviewed

- 4 This Report is based solely on our review of the following:
- (a) the Titles and the interests and memorials noted thereon as at the date of this Report;
 - (b) the LIMs;
 - (c) the Leases made available by the Vendor; and
 - (d) the responses to queries made to the Vendor and its solicitors during the conduct of our due diligence.

We have not reviewed any other information. In particular we make no comment on the separate reports obtained by Maat as part of its due diligence (valuation, building inspection, structural engineer confirmations).

Bases and assumptions

- 5 This Report has been produced for the benefit of, and is addressed to, Maat for use in connection with its proposed purchase and syndication of the Property. No responsibility or liability or duty of care is or will be accepted by Anthony Harper to any other party.
- 6 Further, this Report must not be distributed, circulated, quoted, referred to, relied upon or otherwise disseminated to or by any other entity or person at any time, other than by Anthony Harper or with Anthony Harper's prior written consent.
- 7 This Report has been prepared on the bases and assumptions set out in Appendix 1.

Executive Summary of Leases

- 8 Section B of this Report highlights briefly what we consider, on the basis of your instructions, to be the key items and most significant issues, which our due diligence review has raised in respect of the Leases. The key issues are those which in the context of the other matters are considered to be the most material and it may be that from a commercial perspective you do not consider them to be material risks.
- 9 This Report must be read in conjunction with the full reviews of the Leases within and must not be relied upon alone.

Next steps

10 We would be pleased to discuss any aspect of this Report with you if you wish.

Yours faithfully
ANTHONY HARPER

A handwritten signature in blue ink, appearing to read 'Tim Barclay', written in a cursive style.

Tim Barclay
Partner

B EXECUTIVE SUMMARY – LEASES

General

- 1 At the date of this Report, the Property is subject to 17 current tenancies, comprising a mix of office and medical tenants. Key terms of the tenancies are summarised in the Tenancy Schedule in Appendix 3. Separate reports in respect of each of the Leases to those Tenants are included within Appendix 5.
- 2 In addition there are a number of monthly carpark licences and storage licences. Those are summarised in Appendix 4.
- 3 The income from the Property currently comprises:
 - (a) \$3,785,768 plus GST per annum from the current tenancies (plus \$141,189 plus GST per annum from the initial vendor underwrites for the vacant space); and
 - (b) \$292,955 plus GST per annum from the monthly carpark and storage licences.

Form of Leases

- 4 The majority of the leases include a number of consistent amendments inserted by the Vendor and which are favourable to it as a landlord. Some of the leases to larger Tenants include provisions that are "tenant friendly". Any particular issues are summarised in the Key Issues section below.

Outgoings recovery

- 5 Most of the Leases are net leases, meaning that all usual outgoings are recoverable from Tenants in addition to the rent payable. The only exceptions are the leases to:
 - (a) The Electoral Commission, which is a gross lease (the Tenant is only responsible for direct consumables (electricity, gas and telephone) consumed by it within its premises; and
 - (b) Auckland Eye, where rates, insurance costs and utilities used by the Tenant are recoverable in the usual manner, but all other outgoings (including maintenance and repair costs, common area utilities, service charges, building WoF charges) are subject to a fixed outgoings recovery, initially at \$21,226.40 plus GST per annum and increasing annually to the higher of 2% and CPI. The Vendor has agreed to underwrite the shortfall in outgoings relating to the operation of the carpark building (which includes the Auckland Eye premises) for 24 months from the settlement date.
 - (c) Amplifon, where outgoings recovery (other than utilities used by the Tenant) is capped at \$68.64 per m² for the first 12 months (until 1/2/18).

Outgoings recovery for 3 Fred Thomas Drive

- 6 The car park building at 3 Fred Thomas Drive was built in 2015/2016. Following construction the Vendor increased outgoings charges to the tenants at 2 and 4 Fred Thomas Drive to recover operational costs of the car park building. However it is questionable whether this is allowed for under the leases, given that this building wasn't in existence when many of those leases were signed. AON, Property Partners and Yachting NZ challenged the increased costs, and as a result the Vendor reassessed outgoings for all tenants to reduce the recovery relating to the carpark.
- 7 As mentioned above, the Vendor has agreed to underwrite the shortfall in outgoings relating to the operation of the carpark building (which includes the Auckland Eye premises) for 24 months from the settlement date. After that time there will be a continuing shortfall in recovery of outgoings for the carpark. As existing leases expire and new leases are granted there should be an opportunity to ensure recoverability of operating expenses relating to the carpark building.

Trade restrictions

- 8 Some of the Leases include restrictions on the Landlord granting any other leases to competitors. Those trade restrictions are summarised in the following table:

Tenancy	Restriction
AON	<p>The Landlord must not lease any part of 4 Fred Thomas Drive as a language school, or for any business use which is likely to disrupt the Tenant's reasonable use and enjoyment of the premises.</p> <p>While AON is the Tenant, the Landlord must not allow any signage on the exterior of 4 Fred Thomas Drive or on common areas by any other insurance broker.</p>
Amplifon	<p>While Amplifon is the Tenant the Landlord must not lease any part of 4 Fred Thomas Drive to a tenant whose principal business is audiology or the retailing of hearing aids. There is an express carve out of this restriction in respect of the lease of part of the ground floor to GN Resound (NZ) Ltd.</p>
Auckland Eye	<p>There is a restriction on the Landlord leasing any other premises at 2, 3 or 4 Fred Thomas Drive for the principal use for ophthalmology or optometry services to the public. The restriction doesn't apply to the part of the ground floor of 2 Fred Thomas Drive used for those services.</p>
Green Cross Health	<p>The Landlord may not lease any other premises at 2 or 4 Fred Thomas Drive for the provision of general medical and specialist medical services to members of the public without the consent of the Tenant. This excludes theatres operated by specialist medical practitioners. This obligation only applies while this tenant conducts a medical practice.</p> <p>This Tenant has consented to the tenancy to Auckland Eye.</p>
Lukes Café	<p>The Landlord may not lease any other premises at 2 or 4 Fred Thomas Drive as a café.</p>

- 9 In addition many of the Leases include Landlord imposed restrictions on various uses by the respective Tenants.
- 10 It will be important when leasing the building going forward (and considering any requests for consent to an assignment or change of use) to observe the trade restrictions imposed by the various Tenants. Ideally new leases should include trade restrictions for the tenant which mirror the applicable restrictions in favour of existing Tenants.

Issues of note for particular tenancies:

11 ***Calamp Wireless Networks -***

This lease is expiring on 5 August 2017, and the Tenant has advised the Vendor that it does not wish to extend the lease on a long term basis. Instead, it has been agreed between the Vendor and this Tenant that its lease will be extended until 30 November 2017. The Vendor has agreed to underwrite the rent payable under this tenancy for a further period of 24 months from 1 December 2017 or when a replacement tenant has been found.

12 ***Yachting NZ -***

The Tenant has a right of early termination of this lease at any time during the remaining term on a minimum of three months written notice. The Vendor has advised that it has no

information as to whether or not Yachting NZ might exercise this break right in the future.

13 **GN Resound –**

The current term of this lease expires on 31 October 2017. The Tenant is required to give six months' of the exercise of its right of renewal for a further 6 year term, and at the date of this report has not yet given a renewal notice. The Vendor has indicated that the Tenant may only seek to renew in respect of part of this tenancy. If the Tenant does not renew at all, or renews in respect of only part of the premises, the Vendor has agreed to underwrite the rent payable for the premises (or vacant part) for 24 months from 1 November 2017 or when a replacement tenant has been found.

14 **Spencer Henshaw –**

- (a) The market rent review for these premises due on 15 August 2016 has not been undertaken. The Vendor has agreed to institute that rent review now, and if that results in the rent being less than \$235 per m² plus GST per annum, then the Vendor will underwrite the difference until the rent increases to that level or until the next market rent review date on 15 August 2018.
- (b) The Vendor and Spencer Henshaw are parties to a side letter signed in April 2017 relating to an access gate between 4 Fred Thomas Drive and 39 Barrys Point Road, which allows that gate (recently installed by Watercare) to remain in place to allow access for the Tenant for car parks it leases on the neighbouring property. The Tenant is under an obligation to remove the gate and reinstate the fence on expiry of the lease or its neighbouring carpark lease, or on 10 working days after notice from the Landlord. The Tenant is responsible for the repair and maintenance of the access way and any statutory requirements.

15 **AON –**

- (a) There is no obligation on this Tenant to repaint at the expiry of its lease.
- (b) The Tenant can elect not to remove and reinstate its fixtures, fittings and chattels at the expiry of the lease, and if it does remove any items its make good obligation is limited to fixing any damage required to render the premises safe and tenantable.
- (c) While AON remains the Tenant it must be given first option to meet competitors' quotes for insurance for 4 Fred Thomas Drive and place cover for the building (if it can meet competitors' pricing and the terms and conditions of cover are otherwise reasonably satisfactory).
- (d) The Tenant has exclusive signage rights in respect of the southern wall of the building at 4 Fred Thomas Drive, and the right to approve signage to the northern parts of the building at 4 Fred Thomas Drive provided it doesn't unreasonably withhold such consent.

16 **Liquid Financial Solutions –**

The Tenant does not have usual obligations to remove fitout and repair any resulting damage, as the fitout is owned by the Landlord.

17 **Riley Consultants –**

- (a) The Tenant is not obliged to remove any of its fixtures and chattels, and must not remove the initial fitout of the premises.
- (b) If the noise from air conditioning or vibration or noise from the floor exceeds noise/vibration levels that a reasonable tenant would expect, the Tenant may make a complaint to the Landlord. The Landlord must then engage an independent consultant to assess whether the disturbance goes beyond what a reasonable tenant would expect, and if it does the Landlord must (at its cost) follow any reasonable recommendations made by the consultant.

18 **Electoral Commission –**

This lease expires on 31 December 2017. The Vendor has agreed to underwrite the rent from this tenancy for a 12 month period from 1 January 2018.

19 **Amplifon –**

- (a) If Amplifon (or a related company) is the Tenant at the expiry of the lease, it is not obliged to repaint the premises, and nor is it obliged to remove and reinstate its initial fitout (except signage or rooftop antennae).
- (b) At any time during the initial term Amplifon has a right to surrender up to 10 carparks, by 1 months' notice in writing.
- (c) The Landlord must notify Amplifon if any office space within 2, 3 or 4 Fred Thomas Drive becomes available for lease, and if Amplifon is interested in that space the Landlord must conduct good faith discussions for at least 10 working days. However, the Landlord is not obliged to negotiate exclusively with Amplifon, and this provision doesn't amount to a right of first refusal.

20 **Auckland Eye –**

There are various relaxations of the usual restrictions on subleasing and sharing occupation without the Landlord's consent. Specifically:

- (a) The Tenant is free to sublet any part of the premises to opticians and/or ophthalmologists other than the Tenant, or to a joint venture comprising the Tenant and the Eye Institute Limited.
- (b) The Tenant is free to allow specialists to use the operating theatres on the premises for surgical procedures, on a session by session basis, and subject to various restrictions.
- (c) While the Tenant is Auckland Eye Ltd, it is free to share occupation of the operating theatre, recovery rooms, staff room and reception areas with Oasis Surgical Ltd (while it is a related company of Auckland Eye), subject to various restrictions. Oasis Surgical Ltd has signed the deed of lease to commit to adhering to those restrictions (including to ensure that its use doesn't breach the lease).

21 **Green Cross Health -**

- (a) There are various additional security arrangements in respect of this lease, including:
 - (i) A bank guarantee from ANZ for \$808,806 plus GST, to be released on 1 July 2019.
 - (ii) An assignment by way of security of subleases, dated 2013. This applies to all subleases of the premises. The Landlord is required to call on the bank guarantee before exercising its rights under this security. The assignment by way of security is noted on the personal property securities register by way of a financing statement registered on 26 June 2013 and expiring 26 June 2018.
 - (i) A Specific Security Agreement dated 5 October 2012. This grants to the Landlord security in the Lease, the Tenant's fitout, sublease bonds and sublease rentals, and the Lease incentive paid to the Tenant. The priority amount of the Landlord is \$10 million. The Specific Security Agreement is noted on the personal property securities register by way of a financing statement registered on 21 September 2012, and expiring on 21 September 2017.

The Vendor has agreed to assign its rights in the above securities (to the extent they are assignable) to the Purchaser on the settlement date.

- (b) The Tenant is not required to remove tenant's fixtures, fittings and chattels at the end of the lease.

- (c) The lease includes an indemnity from the Landlord in favour of the Tenant for any loss caused by a contaminant on the land.
- (d) There are six current subtenants of these premises, who are various medical specialists (individuals and companies).

22 **Reckitt Benckiser –**

If the Tenant renews the lease for a further 6 year term (after the current expiry of the lease in 2021), it is relieved from any obligation to remove and reinstate any fitout or other alterations it has made to the premises (but without limiting its other repair obligations including to repaint).

23 **Property Partners –**

- (a) The Tenant currently pays rent at a reduced level (\$271,384.40 plus GST p.a.) as part of an incentive package agreed with this tenant. There are agreed stepped increases as set out in the individual report for this Tenant in Appendix 5. The Vendor has agreed to "top up" the rent received in respect of this tenancy by way of an underwrite, so that the total amount received (from both the Tenant and the underwrite) is \$400,463 plus GST per annum from the settlement date. The Vendor underwrite continues until the rent payable by the Tenant is increased to \$400,463 plus GST per annum (on 1 September 2018).
- (b) The Tenant has an option (exercisable up to 30 May 2021) to take a lease of an additional 28 carparks within the new carpark building at 3 Fred Thomas Drive. The option may only be exercised once and for all 28 carparks. The rent payable for the additional carparks is that applying at the time of exercise of this option.

C GENERAL REVIEW – TITLE AND INTERESTS

General

- 1 The Property is comprised in Computer Freehold Registers (titles) NA89B/718 ("**Title 1**"), NA89B/719 ("**Title 2**") and NA88C/125 ("**Title 3**") and is a fee simple (freehold) estate of 15,223 square metres more or less. Copies of the titles are included in Appendix 2.

Matters benefitting the Property

Right of Way over Neighbouring Property

- 2 That part of the Property contained in Title 1 has the benefit of an easement creating a right of way over neighbouring property located near the northern end of Title 1 (cross-hatched in red on the Easement Plan included in Appendix 2). From Google Maps, the easement seems to be known as Asda Place.

Each party to the easement (the owner of the Property as the benefitting party, and the owner of the land subject to the easement), has the right to a reasonable contribution from the other towards the cost of maintenance and repair of the right of way to an appropriate standard. However, if any maintenance or repair is required solely due to any act or omission caused by either party, that party is solely responsible for the cost of remediation. If either party is partially responsible for any repair or maintenance, then the costs of remediation will be in proportion to the amount attributable to the act or omission that necessitated the repair.

Matters burdening the Property

Trunk Sewer Line

- 3 That part of the Property contained in Title 1 and Title 2 is subject to four interests describing trunk sewer lines that run through or near to the Property. Maps that show the locations of the sewer line can be viewed at Council.

Electricity Right

- 4 The Property is subject to an electricity right in gross in favour of the (then) Waitemata Electric Power Board, over areas "B", "C", "D", "E" on DP 150159 in respect of Titles 1 and 2, and over part of the Property contained in Title 3. We have highlighted these areas in pink and blue on the Easement Plan, which run along the roadside boundary of the Property. The easements will now be in favour of the current electricity provider.

The owner of the Property must not place or build (or allow to be placed or built) any structures on or plant (or allow to grow) any trees or shrubs on the easement area. They also must not allow or do any act that may interfere with the rights of the electricity provider under the easement. The placement of any other utility lines, cables, pipes etc., in the easement area is deemed to be an interference (unless the prior written agreement of the electricity provider is obtained).

The electricity provider is responsible for maintenance of the easement facility. However, it may charge the Property owner for the cost of any maintenance or other work done at the request of the Property owner or which is for the exclusive benefit of the Property owner.

Section 77 Building Act

- 5 The parts of the Property contained in Title 1 and Title 2 are subject to a certificate pursuant to section 77 of the Building Act 2004. The effect of this is that, as a building has been built across these two titles, neither title cannot be transferred or leased except in conjunction with the other. This is as expected.

D GENERAL REVIEW - LAND INFORMATION MEMORANDA (LIM)

General

- 1 A LIM Report was issued for 2 Fred Thomas Drive which encompasses Titles 1 and 3. A separate LIM report was issued for 4 Fred Thomas Drive which encompasses Title 2. Copies of the LIM Reports are uploaded separately to this Report to the Purchaser's disclosure register.

Zoning and existing use rights

Zoning

- 2 The zoning for the site under the Auckland Unitary Plan is Business – Mixed Use Zone (MUZ) under the Auckland Unitary Plan.
- 3 The MUZ provides for a range of permitted, controlled, restricted discretionary, discretionary and non-complying activities. Permitted activities include commercial services, food and beverage outlets, and offices up to 500 m² per tenancy, retail up to 200 m² per tenancy, healthcare facilities, tertiary education facilities, warehousing and storage. In respect of offices and retail outlets that do not meet the tenancy size limits, these are discretionary activities for which resource consent would be required. The permitted and discretionary rules relating to office tenancies are subject to a High Court appeal by Kiwi Property Group Limited and Kiwi Property Holdings Limited (Kiwi), who seek that the limits apply to individual "sites", as opposed to tenancies. In other words, Kiwi is seeking that the maximum provision of offices as of right on sites within the Business Mixed Use Zone be limited to 500 m².
- 4 Despite the tenancy size limits now imposed by the Unitary Plan given the MUZ zoning of the Property, we consider that it is very likely that the Property benefits from either consented development rights (i.e. the existing uses are authorised by existing resource/planning consents) or from existing use rights under section 10 of the Resource Management Act 1991, and that the leasing of offices of greater than 500 m² can continue.
- 5 It should be noted that:
 - (a) If all offices were to remain vacant within the buildings on the property for in excess of 12 months, then any existing use rights may be lost. That would appear to be unlikely.
 - (b) If offices were to be established within the recently completed car parking building at 3 Fred Thomas Drive (which has approval for retail and medical tenancies), then a resource consent will most likely be required if such office tenancy exceeds the 500 m² limit imposed in the MUZ.

Other matters of note

Contamination

- 6 The property at 2 and 4 Fred Thomas Drive has been used as a landfill in the past. The LIM advises that contaminants at 2 Fred Thomas Drive have either been partially removed or properly contained and managed and therefore, potential risks to human health are considered to be mitigated so that the site is suitable for its current use. The LIM does note that a resource consent may be required before any further development, soil disturbance, change of use etc. takes place.

The LIM for 4 Fred Thomas Drive states that no land contamination data is available in Council's regulatory records.
- 7 The Vendor has disclosed a 2009 URS report commissioned by the North Shore City Council in relation to landfill gas, which noted the following:
 - (a) Annual monitoring of four carpark gas probes and four carpark vent stacks had been carried out since 1998. The gas probes showed continuing high concentrations of landfill gas in the below ground landfill (at approximately 3 metres below ground). The gas vent stacks indicated generally negligible

concentrations of landfill gas.

- (b) Emissions sampling was carried out across the surface of the carpark in 2003, with no methane emissions detected.
- (c) Continuous monitoring below the surface of the buildings by gas alarm systems had not indicated any significant elevation of methane or carbon dioxide beneath the buildings.
- (d) Annual monitoring of the ground floors of the buildings had shown generally zero or negligible concentrations of methane, with elevated concentrations only present where unsealed floor penetrations and cracks existed.

The URS report considered that the external areas, buildings and occupants have not been subject to immediate risks as a result of landfill gas, and the gassing rate from the site was expected to be low and continue to reduce with time. The report considered that the existing treatment of the landfill gas risk was appropriate for the site, and routine gas sampling could be discontinued.

- 8 A further report was prepared for the vendor by Golder Associates in 2011 in relation to potential risks during the redevelopment of the building at 2 Fred Thomas Drive. This assessment considered that on-going maintenance and operation of the existing landfill gas mitigation measures (passive venting and gas detection systems within the buildings) provided an on-going level of protection commensurate with the landfill gas risks present at the site.
- 9 An engineering assessment was prepared for the vendor by Riley Consultants in 2014, in relation to construction of the car parking building at 3 Fred Thomas Drive. This report provided recommended measures for management of landfill material, leachate and gas during construction, and landfill gas protection measures for the new building.
- 10 Riley Consultants also prepared a site closure report for the vendor in relation to completion of the car parking building, dated 16 May 2017. The report confirms that:
 - (a) Gas monitoring was undertaken during excavation works, and no landfill gases were detected.
 - (b) A passive gas ventilation system was installed to provide protection for the new development from ingress of landfill gases.
 - (c) A gas monitoring and maintenance plan has been prepared, with the purpose of ensuring (among other things) that gas monitoring systems are maintained in working order and good repair.

Soil Issues

- 11 Soil issues at 2 Fred Thomas Drive have been recorded. Council has advised that this is due to the land being within a flood sensitive area and previously being a landfill. A soil report may be required with any future building and/or resource consent application.
- 12 A geotechnical assessment report by Riley Consultants was done in relation to the property in December 2014 and is on the Council's property file. This geotechnical assessment was undertaken to address the geotechnical, environmental and civil issues for the proposed car-parking building. Some of the report's specific aims were to assess the variability of ground conditions and provide geotechnical foundation recommendations for the proposed structure.

With regard to the geotechnical aspect of the report, in summary, it noted that landfill materials were found at the site as well as soft and hard alluvial soils. Due to these factors, the report considered a certain type of foundation for the building would be required, as detailed further in that report. We assume that the new carpark building was constructed in accordance with that required design.

Storm Water and Sewer Drains

- 13 A building consent was issued in May 2015 in relation to 2 Fred Thomas Drive, to build over storm water and sewer drains. A plan at page 12 of the LIM Report showing the

utility and underground services at the site, clearly shows that there are waste water and storm water drains and pipework that would be underneath the building at 2 Fred Thomas Drive.

A culvert/tunnel is shown on this plan to run alongside the eastern boundary of 2 Fred Thomas Drive (but on neighbouring property), and a pump station is shown to be located on neighbouring property to the east.

Page 13 of the LIM Report for 4 Fred Thomas Drive shows the utility and underground services at this site. It looks likely that storm water pipelines run underneath the car parking building. There are other storm water pipelines that may run either along the boundary of the main building or slightly within its boundary. It is difficult to tell exactly from the map within the LIM Report compared to the building boundary plan.

Planning Consents

- 14 Planning consents granted in relation to 2 Fred Thomas Drive are listed on pages 4 and 5 of the respective LIM Report. Planning consents granted in relation to 4 Fred Thomas Drive are listed on page 4 of the respective LIM Report.

A land use consent relating to 2 and 4 Fred Thomas Drive, for the "construction and operation of a parking building incorporating retail tenancies", states that the consent has been granted with "construction monitoring underway". Council advised that this indicates that the work associated with this consent has not yet been completed as it has not been signed off by the planning monitoring officer.

We have made further enquiries with the planning monitoring officer who has advised that there are a couple of outstanding documents that are required before the matter can be signed off. One such document is a site closure report and the other a report to prove the testing of the clean fill that was bought on to the site. The planning monitoring officer advised that these reports have most likely been done and are with the contamination land specialist at Council who may still be reviewing these reports. The officer advised that she would follow this up with the contamination land specialist and will let us have an update in due course.

Building Consents and outstanding Code Compliance Certificates

- 15 There are a number of building consents across 2 and 4 Fred Thomas Drive where code compliance certificates (**CCCs**) have not yet been issued.
- 16 In total, there are 27 outstanding CCCs across 2 and 4 Fred Thomas Drive. Of these, the Vendor has advised that:
- (a) 18 relate to works (generally office fit-out) that either no longer exist, or have been superseded by more recent tenancies, in which case they are not of concern.
 - (b) One relates to recent fit out works undertaken by a tenant and the Vendor is following up the relevant tenant as to why a CCC has not issued. It is the tenant's responsibility to satisfy Council requirements and obtain a CCC in relation to this consent in due course. There are covenants in the relevant lease that the purchaser can enforce against the tenant.
 - (c) One relates to recent fit out works by Auckland Eye which presently have a certificate of public use (until 30 June 2017). A CCC is to be applied for by the tenant.
 - (d) One relates to an application for a certificate of public use, which has now been withdrawn.
- 17 There are 6 consents for which it is unclear why CCCs have not been issued. This means that it cannot be assumed that the relevant building works were performed to the standard required by law, and potentially leaves exposure to enforcement action by the Auckland Council (by way of requiring the works to be completed to the relevant building code, or removed). However, these consents relate generally to internal fit out works (rather than structural building works), and the vendor has agreed to use commercially reasonable endeavours to complete the process for obtaining the code compliance certificates for up

to 12 months after settlement. The status of those consents is as follows:

2 FRED THOMAS DRIVE				
Consent number	Date	Description of works	T/L responsibility	Status
BD-1246873	16/4/2013	New internal partitions	Landlord.	CCC not issued. Council have advised the Vendor that the CCC should be re-applied for. The Vendor has arranged a final inspection and the CCC is expected to issue shortly.
BD-1255394	27/1/2016	Internal fitout	Tenant.	CCC not issued. Vendor advises that the tenant, Auckland Eye, has applied for a CCC. In the meantime, the tenant has a certificate for public use until 30 June 2017.

4 FRED THOMAS DRIVE				
Consent number	Date	Description of works	T/L responsibility	Status
BM-1241856	3/6/2011	Office fit out	Unclear	CCC not issued. The Vendor has arranged a final inspection and the CCC is expected to issue shortly.
BD-1242891	23/11/2011	Office fit out with structural work	Unclear	CCC not issued. The Vendor has arranged a final inspection and the CCC is expected to issue shortly.
BD-1246213	21/12/2012	Splitting existing tenancy	Vendor advises Tenants works	CCC refused. Vendor is enquiring with tenant as to why CCC not issued.
BD-1248221	19/9/2013	Office fit out	Landlord	CCC not issued. Vendor advises that a final inspection is being booked.

Building Warrants of Fitness

- 18 At 2 and 4 Fred Thomas Drive, the building warrants of fitness expire on 13 July 2017. The Vendor has agreed to arrange for new building warrants of fitness to be issued prior to the settlement date, and if they have not been obtained by settlement, the settlement date will extend to two working days after the issue of the building warrants of fitness.

The building warrant of fitness for 3 Fred Thomas Drive expires in April 2018.

Seismic Performance

- 19 The buildings at 2 and 4 Fred Thomas Drive have been through an initial evaluation procedure undertaken by the Council where they have been given a seismic performance rating of 53% of New Building Standard (NBS) which is a C grade rating. The Council has noted that the seismic performance rating is on the conservative side, therefore the buildings could have a higher performance rating.

The Vendor has separately provided initial evaluation procedure (IEP) reports prepared by Stephen Mitchell Engineers in April and June 2012 which evaluate the buildings as follows:

- 2 Fred Thomas Drive is rated at 146% of NBS, and is therefore an A+ rated building.
- 4 Fred Thomas Drive is rated at 102% of NBS, and is therefore an A+ rated building.

Those reports have been supplied by the Vendor to the Council, and we have confirmed with the Council that they are now noted on the property file maintained by the Council.

The Vendor has also supplied a December 2016 letter from BGT Structures (Auckland) Limited confirming that as the new carpark building at 3 Fred Thomas Drive was designed and constructed in 2015 to the latest building standards, it is rated at 100% of New Building Standard.

Please note that detailed engineering assessments would be required to determine the true structural integrity of the buildings.

Flooding sensitivity

20 The Property at 2 Fred Thomas Drive is located within a flood sensitive area, with a small section at the south-east side of the property being located within a flood plain area and flood prone area. Land to the west and south of the Property is also located within the flood plain area, with land to the east of the Property within the flood prone area. There is also an overland flow path that runs through the western side of the Property (where 2000 - 4000m² of water could flow in a flooding event), and one that runs near the eastern boundary of the Property (where it is calculated 3ha and above of water could flow).

The Property at 4 Fred Thomas Drive is also located within a flood sensitive area, a flood plain and flood prone area, as well as the south-east corner of the Property being within a sea spray area. There is also an overland flow path that runs along the western side of the Property (4000m² - 3ha of water flow), and the eastern and southern sides of the Property (3ha and above of water flow).

The Property at 2 and 4 Fred Thomas Drive is also within a Coastal Inundation Control area, which indicates that the coastal flooding may occur during extreme storm events.

E GENERAL REVIEW – AGREEMENT FOR SALE AND PURCHASE

General

- 1 The Agreement is a modified version of the ADLS/REINZ Ninth Edition 2012(5) form; as negotiated by the parties. The Agreement was signed on 9 April 2017, and has been amended by an addendum signed between the parties on 17 May 2017.

Key Commercial Terms

- 2 The key commercial terms of the Agreement are:
- (a) Price: \$60,850,000 plus GST (zero-rated);
 - (b) Conditions:
 - (i) Vendor's board approval by 26 April 2017 (satisfied);
 - (ii) Purchaser's due diligence by 17 May 2017 (satisfied); and
 - (iii) Purchaser's capital raising by 20 July 2017 (date extended by correspondence – to be satisfied);
 - (c) Deposit: \$1,500,000 payable on satisfaction of the Purchaser's capital raising condition (i.e. when the Agreement is unconditional); and
 - (d) Settlement date: 10 working days after the Agreement is declared unconditional, once the Purchaser's capital raising condition is satisfied – expected to be 3 August 2017.

Vendor Underwrites

- 3 The Vendor has agreed to provide underwrites in respect of the following premises within the Property:
- (a) The 158 m² vacant warehouse area on the ground floor of 4 Fred Thomas Drive, which is underwritten for 24 months from the settlement date at \$125 plus GST per square metre (\$19,730 plus GST per annum) plus usual outgoings;
 - (b) The 90 m² vacant mezzanine storage area on the ground floor of 4 Fred Thomas Drive, which is underwritten for 24 months from the settlement date at \$125 plus GST per square metre (\$11,250 plus GST per annum) plus usual outgoings;
 - (c) The 307 m² vacant area on Level 2 of 4 Fred Thomas Drive, and associated 11 car parks, which is underwritten for 24 months from the settlement date at \$275 plus GST per square metre and \$45 plus GST per park per week (total \$110,209 plus GST per annum), plus usual outgoings;
 - (d) The rent (but not outgoings) payable by Property Partners Limited in respect of its tenancy of level 2, 2 Fred Thomas Drive including carparks, which is underwritten to the extent that it is less than \$33,371.92 plus GST per month (\$400,463 plus GST per annum) for the period ending on 31 August 2018;
 - (e) The shortfall between the fixed sum of \$118,997.22 plus GST per annum (on account of the budgeted cost of operation of the carpark at 3 Fred Thomas Drive) and the amount recoverable from Tenants of the Property (budgeted to be \$37,480 plus GST for the financial year ending 31 March 2018 and \$92,078.47 plus GST for the financial year ending 31 March 2019), which shall be underwritten for 24 months from the settlement date.
 - (f) The 1,222 m² area on Level 2 of 4 Fred Thomas Drive, and associated 6 car parks, currently leased to The Electoral Commission, which is underwritten for a period of 12 months commencing on 1 January 2018 (being the first day following expiry of

that lease) at \$368 plus GST per square metre (gross rental) and \$47.50 plus GST per park per week (total \$464,820 plus GST per annum).

- (g) The 358.9m² area on the Ground Floor of 4 Fred Thomas Drive, and associated 10 car parks, currently leased to Calamp Wireless Networks Corporation Limited, which is underwritten for 24 months commencing on 1 December 2017 at \$260 plus GST per square metre per annum and \$40 plus GST per car park per week (\$114,134.80 plus GST per annum total), plus usual outgoings.
 - (h) The 784.64m² area on the Ground Floor of 4 Fred Thomas Drive, and associated 23 car parks, currently leased to GN Resound (NZ) Limited, which shall be underwritten for 24 months commencing on 31 October 2017 at \$250 plus GST per square metre per annum and \$36 plus GST per car park per week (\$239,600.00 plus GST per annum total) plus usual outgoings, if that tenant does not exercise its right of renewal from 1 November 2017.
 - (i) Any shortfall in the rent payable by Spencer Henshaw, if the rent review being instituted now by the Vendor (for the August 2016 rent review) results in the rent being less than \$235 per m² plus GST per annum, which shortfall will be underwritten until the rent increases to that level or until the next market rent review date on 15 August 2018.
- 4 The above underwrites are to be secured by the Vendor's solicitors retaining an agreed amount (to be determined prior to the settlement date) to cover the total expected underwrite liability from the purchase price on the settlement date, which will be disbursed to the Purchaser on a monthly basis to meet the underwrite obligations.

APPENDIX 1 BASES AND ASSUMPTIONS

This Report is subject to the qualifications set out below.

- 1 We have relied exclusively on the accuracy and completeness of the information made available to us and the results of our searches, and have not undertaken any separate verification of this information.
- 2 We have assumed:
 - (a) that all documents made available to us are authentic, complete and factually accurate, and that all copy documents are true and complete copies of the originals of them;
 - (b) that all signatures, stamps, seals and dates, if any, on all documents made available to us as originals or as copies of originals are genuine;
 - (c) that, where extracts only of a document have been made available to us, the extracts do not give a misleading view of the document as a whole;
 - (d) the accuracy of all searches conducted by us, the continuing correctness of those searches from the date of the relevant search until the date of this Report, and that further searches would not have revealed additional or different matters;
 - (e) the responses to the questions which we have put to the Vendor have been true and correct in all respects and have contained no material omissions;
 - (f) that all agreements, instruments and documents reviewed by Anthony Harper were duly authorised and validly executed, and that all necessary corporate actions to authorise their delivery and performance were taken and that the relevant parties to them then had all necessary capacity under their constitutions to do such things and that, except as otherwise expressly indicated, all documents are valid and binding on all parties to them;
 - (g) that such agreements, instruments and documents still exist and continue unamended and in full force and effect, and have not been varied, cancelled or superseded by some other document or agreement of which we are unaware; and
 - (h) that no information which is material in the context of the matters under review has been withheld from us.
- 3 Agreements comprised in documents made available to us may not in fact have been performed in accordance with their terms or at all.
- 4 Any term of any agreement comprised in the documents made available to us may have been amended already by the parties either orally or by conduct or by course of dealings without our being aware of such amendment. In addition, there may be agreements which are wholly oral of which we are unaware.
- 5 There may be breaches of the obligations of any of the parties to the documents made available to us which have not been disclosed.
- 6 This Report is based on the information provided to us at the date of this Report. Unless subsequently specifically agreed, no responsibility is undertaken to update this Report.
- 7 This Report is strictly limited to the matters stated in it, and does not extend and is not to be read as extending by implication to any other matter. Without limitation:
 - (a) this Report does not include any comments on the value of the Property;
 - (b) this Report does not include any comment on the development potential of the Property or any uses to which the Property may be put other than its existing use;

- (c) we make no comment on any documentation in relation to insurance, intellectual property or financial/accounting matters, including any budgets or details of operating expenses in relation to the Property – this documentation has been forwarded to you and is better reviewed by your property managers and accountants;
 - (d) we make no comment on the financial strength of any Tenant or the Tenants' respective ability to perform their obligation under the Leases;
 - (e) we have not reviewed the service and maintenance contracts to be taken over by the Purchaser; and
 - (f) except as otherwise expressly indicated, this Report does not advise on the commercial nature or effect of the transactions contemplated by or associated with the agreements and documentation referred to in this Report.
- 7.2 In addition, we have not carried out a "plan check" in respect of the Property to confirm that the Property complies with all relevant Resource Management Act requirements, and as such:
- (a) we have not inspected any regional or district council files in relation to the Property; and
 - (b) we have limited our planning investigations to reviewing the LIM in order to confirm that there are no outstanding requisitions or enforcement notices in respect of the Property and no outstanding resource consent conditions which are immediately apparent from our review of the LIM.
- 7.3 Our review does not extend to commenting on matters of business judgement or property valuation.
- 7.4 Views expressed in this Report are subject to any changes arising from subsequent review of any issues.



**COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952**

Search Copy



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

Prior References
NA88C/123

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

Proprietors
Fred Thomas Drive Investments Limited

Interests

A256162 Certifying the line of a trunk sewer - 7.11.1967 at 9:00 am
A256165 Certifying the line of a trunk sewer - 7.11.1967 at 9:00 am
A256160 Certifying the line of a trunk sewer - 7.11.1967 at 9:00 am
A333336 Certifying the line of a trunk sewer - 19.12.1968 at 9:00 am
Subject to an electricity right (in gross) over part marked C on DP 150159 in favour of the Waitemata Electric Power Board created by Transfer C205801.1
Appurtenant hereto is a parking right specified in Easement Certificate C363382.4 - 8.4.1992 at 2.46 pm
The easements specified in Easement Certificate C363382.4 are subject to Section 243 (a) Resource Management Act 1991
Appurtenant hereto is a right of way created by Easement Instrument 7421214.5 - 18.6.2007 at 9:00 am
8651186.6 Mortgage to Bank of New Zealand - 17.12.2010 at 4:31 pm
8651186.7 Mortgage to (now) Graham Maxwell Drury, Gloria Kaye Drury, SRHB 2006 Trustee Company Limited, Gregory John Smale, Felicity Lexy Smale, Keegan Alexander Trustee Company Limited, Shea Investments Limited and Northcote Rd 1 Holdings Limited - 17.12.2010 at 4:31 pm
10048219.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA89B/719) - 1.5.2015 at 7:00 am
10073679.1 Variation of Mortgage 8651186.6 - 8.7.2015 at 10:49 am



**COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952**



Search Copy

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

Prior References
NA88C/123

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

Proprietors
Fred Thomas Drive Investments Limited

Interests

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

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

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

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

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

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

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

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

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

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

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

Transaction Id
Client Reference 285822-24

Search Copy Dated 7/04/17 3:46 pm, Page 1 of 2
Register Only



**COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952**



Search Copy

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

Prior References
NA67B/200

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

Proprietors
Fred Thomas Drive Investments Limited

Interests

Subject to a electricity right (in gross) over part in favour of The Waitemata Electric Power Board created by Transfer C205801.1 - 26.10.1990 at 2:13 pm

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

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

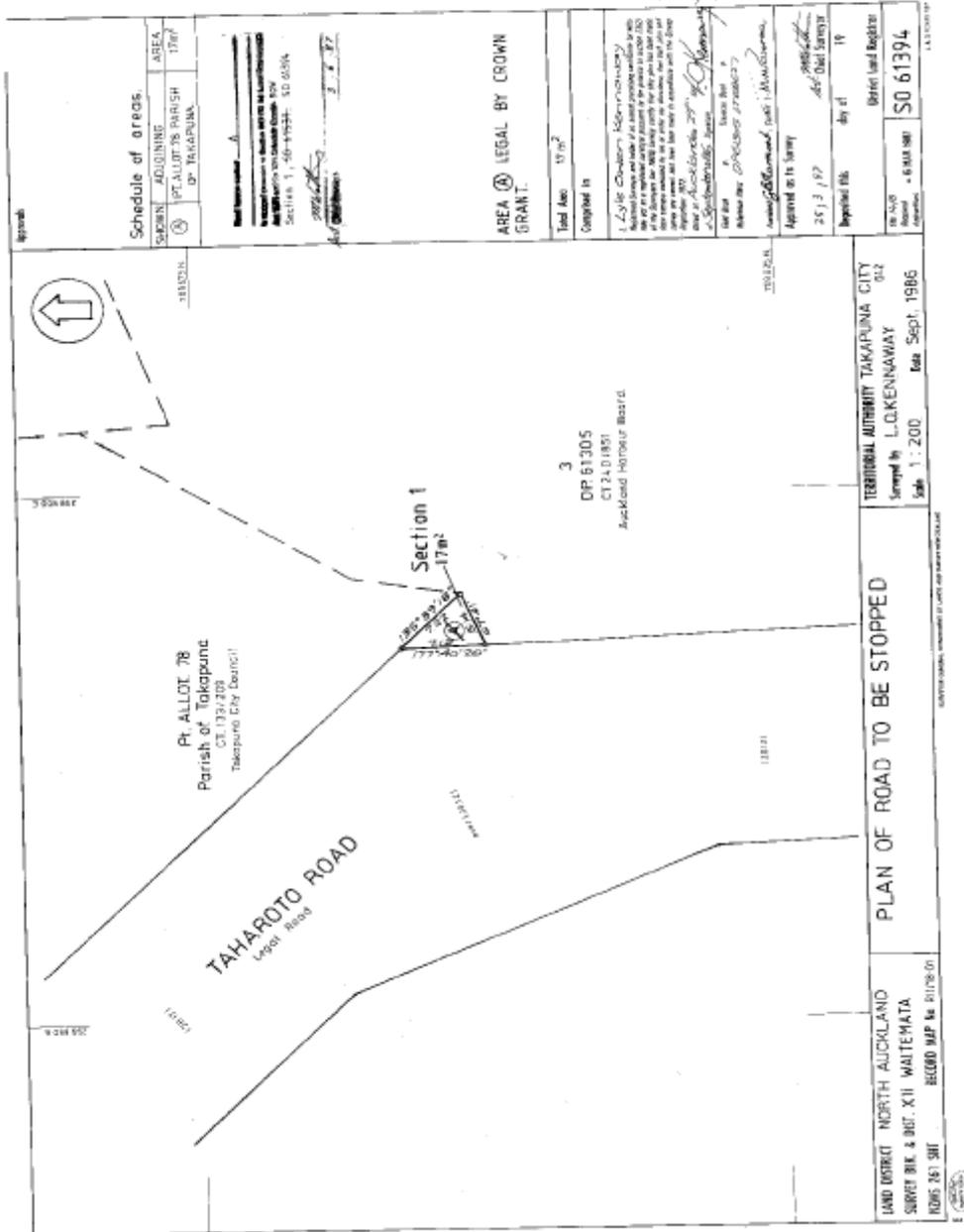
10073679.1 Variation of Mortgage 8651186.6 - 8.7.2015 at 10:49 am

Transaction Id
Client Reference 285822-24

Search Copy Dated 7/04/17 3:55 pm, Page 1 of 2
Register Only

Identifier

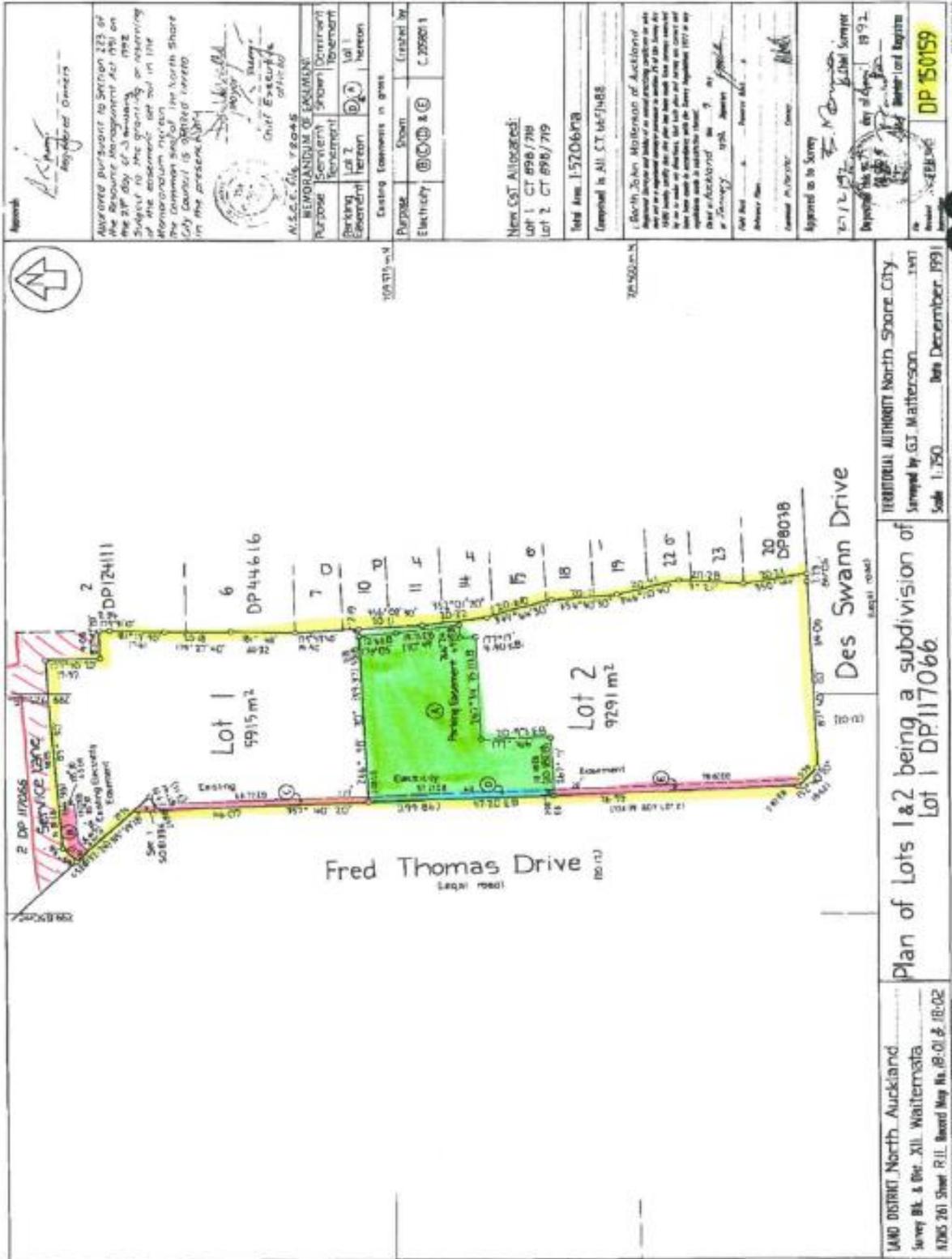
NA88C/125



Transaction Id
Client Reference 285822-24

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EASEMENT PLAN



APPENDIX 3 TENANCY SCHEDULE

Tenant Name	NLA (m2)	Lease Start Date	Lease Term	Lease Expiry	Type	Rights of Renewal	Next Rent Review Date	Current Annual Rent (excl GST)
Cal Amp Wireless Networks Corp	359	6/8/12	5 yrs	5/8/17 ¹	Net	Nil	Nil	\$114,134
Yachting NZ Inc	269	15/12/14	6 yrs	14/12/20	Net	Nil	15/12/18	\$87,684
GN Resound	784	1/11/11	6 yrs	31/10/17	Net	1 x 6 yrs	1/11/17	\$239,600
Spencer Henshaw Ltd	507	15/8/14	5 yrs	14/8/19	Net	1 x 1 year	15/8/18	\$160,653
AON New Zealand	1,203	1/3/11	6 yrs	28/2/23	Net	Nil	1/3/18	\$361,845
Liquid Financial Solutions Ltd (AMP)	161	1/1/15	3 yrs	31/12/17	Net	Nil	Nil	\$50,489
Riley Consultants Ltd	777	25/10/13	6 yrs and 7 mths	24/5/20	Net	1 x 6 yrs	25/10/17	\$226,208
Housing NZ Corporation	138	1/8/14	4 yrs	31/7/18	Net	1 x 4 yrs	1/8/18 (if renewed)	\$43,813
The Electoral Commission	1,222	1/3/17	10 mths	31/12/17	Gross	Nil	Nil	\$464,820
Amplifon New Zealand	1,201	1/2/17	9 yrs	31/1/26	Net	2 x 3 yrs	1/2/20	\$419,015
Auckland Eye Limited	530	31/5/16	10 yrs	30/5/26	Net ²	1 x 5 yrs	31/5/18	\$274,664
Green Cross Health	1,380	8/7/13	12 yrs	7/7/25	Net	1 x 6 yrs	8/7/19	\$615,159
Luke's Café	145	1/8/13	9 yrs, 3 mths	31/10/22	Net	1x 9 yrs	1/8/17	\$60,859
ASCC Ltd	310	1/12/15	3 yrs	30/11/18	Net	Nil	1/12/17	\$88,396
Wireless Nation Ltd	777	21/10/13	6 yrs	20/10/19	Net	1 x 6 yrs	21/10/17	\$101,629
Reckitt Benckiser (NZ) Ltd	615	16/7/15	6 yrs	15/7/2021	Net	1 x 6 yrs	16/7/17	\$205,416
Property Partners	1312	1/9/15	6 yrs	31/8/21	Net	1 x 6 yrs	1/9/17	\$271,384 ³
Total								\$3,785,768⁴

Notes:

1 Calamp Wireless has advised that it will not renew its lease beyond 5 August 2017 for a longer term, but has requested a 3 month extension until 5 November 2017.

2 The Auckland Eye lease is subject to various caps on outgoings recovery. See the report on that lease. That shortfall is the subject of an underwrite from the Vendor – see the note on Vendor underwrites in Section E of the General Review.

3 The Property Partners rent has been underwritten by the Vendor at \$400,463 plus GST per annum until the rent increases to that level on 1 September 2018.

4 This total excludes the Vendor underwrites for initial vacant space (\$141,189 plus GST p.a.).

APPENDIX 4 MONTHLY CARPARK/BASEMENT STORAGE LICENCES

Tenant Name	Carparks	Monthly \$ Fee per space (excl GST)	Total per annum charge (excl GST)
Liquid Financial Services	2 external allocated	195	11,760
	2 covered allocated	195	
	37m ² storage cage	200	
Amplifon New Zealand	24 external unallocated	173.33	49,919
AON	17 external unallocated	173.33	35,359.68
ASCC Limited	5 external unallocated	173.33	10,399.80
Auckland Eye Limited	1 covered allocated	195	2,340
Cal Amp Corporation	2 external unallocated	173.33	4,159.92
Green Cross Health	3 external unallocated	173.33	6,239.88
Housing New Zealand	12 external unallocated	173.33	24,959.52
NZI	6 external unallocated	173.33	17,159.76
	2 external allocated	195	
Property Partners	22.5 m ² storage cage	240	2,880
Reckitt Benckiser	30 external unallocated	173.33	62,398.80
Riley Consultants	3 external unallocated	173.33	13,259.88
	3 external allocated	195	
Spencer Henshaw	14 external unallocated	173.33	36,919.44
	19 m ² storage cage	250	
	34 m ² storage cage	400	
Wireless Nation	38 m ² storage cage	400	4800
Yachting NZ	3 external unallocated	173.33	6,239.88
Total per annum			\$288,795.60

APPENDIX 5 LEASE REVIEW REPORTS

Calamp Wireless Networks	
Premises	Tenancy C, Ground Floor, 4 Fred Thomas Drive – 358.9 m ² 10 car parks
Tenant	Calamp Wireless Networks Corporation Limited (a US incorporated company)
Guarantor	N/A
Other security	N/A
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008(2) form so does not contain many of the latest amendments.
Commencement date	6 August 2012
Current term / expiry date	5 years, 3 months and 24 days expiring 30 November 2017.
Remaining rights of renewal	Nil
Current rent	\$114,134.80 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Full outgoing recovery.
Rent review mechanism	Market Review: None remaining
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Commercial offices
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS provisions apply. In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works.
Landlord's repair / maintenance obligations	The lease includes a Landlord warranty that the electrical, plumbing, fire sprinkler, lighting, heating, HVAC and other such elements in the Premises were in good operating order at the commencement date, that the structural elements of the building were free from any material defects, and that the building does not contain any hazardous levels of mould or fungi, or any hazardous substances. If any non-compliance is found to exist as at the commencement date, or if any systems or elements should fail during the term, there is an obligation on the Landlord to rectify after receiving notice from the Tenant. This clause is unusual, but given the impending expiry of this lease it is unlikely to be of concern. Otherwise, standard ADLS provisions apply.
Termination rights of Tenant	None current (there was a previous break right which wasn't exercised by the tenant).
Trade restrictions imposed by Landlord	Premises not to be used for education services including a language school.
Trade restrictions imposed by Tenant	None.
Other material provisions	<ul style="list-style-type: none"> There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time.

Correct execution	Deed of Lease has been correctly executed.
Documents reviewed	Deed of Lease dated 13 July 2012 Deed of Review of Rental and Variation of Lease dated 9 December 2015 Supplemental letter dated 15 August 2012 Deed of Extension and Variation of Lease dated 7 June 2017

Yachting NZ	
Premises	Part Ground Floor, 4 Fred Thomas Drive – 269.84m ² Seven car parks (2 allocated and 5 unallocated)
Tenant	Yachting New Zealand Incorporated
Guarantor	N/A
Other security	N/A
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition (2008) form so does not contain many of the latest amendments.
Commencement date	15 December 2014.
Current term / expiry date	6 years expiring 14 December 2020.
Remaining rights of renewal	Nil
Current rent	\$87,684 plus GST per annum Note: This excludes license fees for casual car parks for this tenant (see separate report on carpark licenses)
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: N/A
	Fixed Rent Review: N/A
	CPI Review: 2 yearly, next review on 15 December 2018.
Permitted use	Commercial offices.
Tenant's repair obligations	There is a positive obligation on the Tenant to repaint during the last 6 months of the lease. Otherwise standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS provisions apply.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	The Tenant has the right to early termination of the lease at any time during the remaining term on a minimum of three months' written notice. The Vendor has advised that it has no information as to whether or not Yachting NZ might exercise this break right in the future.
Trade restrictions imposed by Landlord	Premises not to be used for: <ul style="list-style-type: none"> • Education services/language school • Café • Provision of general or specialist medical services to the public
Trade restrictions imposed by Tenant	None.
Other material provisions	There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time.
Correct execution	The Deed of Lease has been correctly executed.
Documents reviewed	Agreement to Lease (undated) Deed of Lease dated 21 December 2016.

GN Resound	
Premises	Tenancy 5, Ground Floor, 4 Fred Thomas Drive – 784.64 m ² 23 car parks
Tenant	GN Resound (NZ) Limited
Guarantor	N/A
Other security	N/A
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008 form so does not contain many of the latest amendments.
Commencement date	1 November 2011
Current term / expiry date	6 years expiring 31 October 2017
Remaining rights of renewal	1 x 6 years (6 months' notice to be given by 1 May 2017). As at 1 May 2017 this Tenant had not given notice to renew.
Current rent	\$239,600 plus GST p.a.
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: 1 Nov 2017 and 1 Nov 2020 (if lease is renewed). Rent on market review cannot fall below \$172,258 plus GST per annum.
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Commercial offices, laboratory and storage
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS provisions apply. In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	Premises not to be used for education services including a language school.
Trade restrictions imposed by Tenant	None.
Other material provisions	There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time.
Subleases	Part of the premises (178 m ²) is subleased to Everedgeip Ltd. The sublease expires on 31 October 2017.
Correct execution	Documents have been correctly executed.
Documents reviewed	Deed of Lease dated 16 March 2012 Deed of Review of Rental (property signed but undated)

Spencer Henshaw	
Premises	Part ground floor, 4 Fred Thomas Drive – 507.92 m ² , plus basement warehouse premises of 99.24 m ² 20 car parks
Tenant	Spencer Henshaw Limited
Guarantor	Cornelius Murphy and Rodney Spencer
Other security	N/A
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008 form so does not contain many of the latest amendments.
Commencement date	15 August 2010 (current term commenced 15 August 2014)
Current term / expiry date	5 years expiring 14 August 2019
Remaining rights of renewal	1 x 1 year (final expiry date 14 August 2020)
Current rent	\$160,653.60 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Full outgoing recovery.
Rent review mechanism	Market Review: 15 August 2016, 15 August 2018 Rent on market review not to fall below rent at commencement of current term (soft ratchet). Note: The 15 August 2016 market rent review has not yet been undertaken. The Vendor has agreed with the Issuer to commence that review, and if the office rent determined on the review is less than \$235 per m ² (it is currently \$225 per m ²), the Vendor has agreed to underwrite the difference until the next rent review date on 15 August 2018.
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Offices, plus storage within warehouse space
Tenant's repair obligations	Standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS reinstatement and make good provisions apply (Tenant must remove and make good on expiry).
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	None.
Trade restrictions imposed by Tenant	None.
Other material provisions	<ul style="list-style-type: none"> If the Tenant requires additional carparks, and the Landlord has additional parks available, the Landlord must lease the required number of spare parks available to the Tenant at then current rates. The Landlord and Tenant have signed a side letter dated 11

	<p>April 2017 relating to an access gate between 4 Fred Thomas Drive and 39 Barrys Point Road, which allows that gate (recently installed by Watercare) to remain in place to allow access for the Tenant for car parks it leases on the neighbouring property. The Tenant is under an obligation to remove the gate and reinstate the fence on expiry of the lease or its neighbouring carpark lease, or on 10 working days after notice from the Landlord. The Tenant is responsible for the repair and maintenance of the access way and any statutory requirements.</p>
Correct execution	Documents have been correctly executed.
Documents reviewed	<p>Deed of Lease dated 14 November 2011</p> <p>Deed of Renewal of Lease (undated)</p> <p>Deed of Extension and Variation of Lease dated 19 December 2014</p>

AON	
Premises	Whole of Level 1, 4 Fred Thomas Drive – 1183.49 m ² 35 car parks
Tenant	AON New Zealand
Guarantor	N/A
Other security	None.
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition (2008) form so does not contain many of the latest amendments.
Commencement date	1 March 2011 (original term). Current term commenced 1 March 2017.
Current term / expiry date	6 years expiring 28 February 2023.
Remaining rights of renewal	Nil
Current rent	\$361,845 plus GST p.a. (including signage fees of \$4,000 plus GST per annum) Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Full outgoings recovery
Rent review mechanism	Market Review: There are no further market reviews.
	Fixed Rent Review: N/A
	CPI Review: Annually on 1 March
Permitted use	Commercial offices
Tenant's repair obligations	There is no obligation to repaint at the expiry of the lease. Otherwise, standard ADLS repair obligations apply.
Make good and reinstatement obligations	The Tenant can elect not to remove and reinstate its fixtures, fittings and chattels at the expiry of the lease, and if it does remove any items its make good obligation is limited to fixing any damage required to render the premises safe and tenable.
Landlord's repair / maintenance obligations	The Tenant has a self-help remedy enabling it to carry out any repairs which are the responsibility of the Landlord and which the Landlord doesn't carry out after reasonable notice has been given, and to then recover any costs incurred from the Landlord. This is not unusual in a lease of this nature. Otherwise, standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	None.
Trade restrictions imposed by Tenant	The Landlord must not lease any part of 4 Fred Thomas Drive as a language school or for any business use which is likely to disrupt the Tenant's reasonable use and enjoyment of the premises. While AON is the Tenant, the Landlord must not allow any signage on the exterior of 4 Fred Thomas Drive or on common areas by any other insurance broker.
Other material provisions	<ul style="list-style-type: none"> While AON remains the Tenant it must be given first option to meet competitors' quotes for insurance for 4 Fred Thomas Drive and place cover for the building (if it can meet competitors' pricing and the terms and conditions of cover are

	<p>otherwise reasonably satisfactory).</p> <ul style="list-style-type: none"> • The Tenant has exclusive signage rights in respect of the southern wall of the building at 4 Fred Thomas Drive. • The Tenant has a right to approve signage to the northern parts of the building at 4 Fred Thomas Drive provided it doesn't unreasonably withhold such consent.
Correct execution	Deed of Lease has been correctly signed.
Documents reviewed	Deed of Lease dated December 2011 Agreement to Lease dated 5/4/11 Deed of Variation and Renewal of Lease and Rent Review

Liquid Financial Solutions	
Premises	Tenancy 3, Level 1, 4 Fred Thomas Drive – 161.71m ² 4 car parks
Tenant	Liquid Financial Solutions Limited
Guarantor	Russell Glen Jones and Peter Michael Moore
Other security	N/A
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008(2) form so does not contain many of the latest amendments.
Commencement date	1 January 2012 (original term). Current term commenced 1 January 2015.
Current term / expiry date	3 years expiring 31 December 2017.
Remaining rights of renewal	None.
Current rent	\$50,489.40 plus GST per annum
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: None remaining.
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Offices
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	The Tenant does not have usual obligations to remove fitout and repair any resulting damage, as the fitout is owned by the Landlord.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	Premises not to be used for education services including a language school.
Trade restrictions imposed by Tenant	None.
Other material provisions	There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time.
Correct execution	The Deed of Renewal of Lease is not correctly signed by Russell Glen Jones as guarantor. Otherwise, yes.
Documents reviewed	Deed of Lease dated 14 November 2011 Deed of Renewal of Lease dated 24 December 2014. Deed of Review of Rental dated 26 February 2015.

Riley Consultants	
Premises	Part level 1, 4 Fred Thomas Drive – 777.6 m ² , plus basement warehouse premises 20 car parks
Tenant	Riley Consultants Limited
Guarantor	N/A
Other security	N/A
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008(2) form so does not contain many of the latest amendments.
Commencement date	25 October 2013
Current term / expiry date	6 years and 7 months expiring 24 May 2020
Remaining rights of renewal	1 x 6 years
Current rent	\$226,208 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Full outgoings recovery. (Management fees recovered as outgoings must not exceed the management fees which would be payable to an independent professional management company.)
Rent review mechanism	Market Review: 25 May 2020 (if lease is renewed) Rent on market review not to fall below \$231,560 plus GST p.a.
	Fixed Rent Review: N/A
	CPI Review: 25 October every year except 25 October 2020
Permitted use	Commercial offices, plus storage within warehouse space
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	The Tenant is not obliged to remove any of its fixtures and chattels, and must not remove the initial fitout of the premises.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	The Tenant had a right to cancel the lease for up to 5 carparks, which it has exercised (reducing the number of carparks from 25 to 20).
Trade restrictions imposed by Landlord	Premises not to be used for education services including a language school.
Trade restrictions imposed by Tenant	None.
Other material provisions	<ul style="list-style-type: none"> There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time. If the noise from air conditioning or vibration or noise from the floor exceeds noise/vibration levels that a reasonable tenant would expect, the Tenant may make a complaint to the Landlord. The Landlord must then engage an independent

	consultant to assess whether the disturbance goes beyond what a reasonable tenant would expect, and if it does the Landlord must (at its cost) follow any reasonable recommendations made by the consultant. The Vendor is not aware of any such complaint having been made.
Correct execution	Documents have been correctly executed.
Documents reviewed	Deed of Lease dated 5 August 2014 Agreement to Lease dated 31 October 2013

Housing NZ	
Premises	Tenancy 4, Ground Floor, 4 Fred Thomas Drive – 138.52m ² 3 car parks (1 allocated, 2 unallocated)
Tenant	Housing New Zealand Corporation
Guarantor	None
Other security	None
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008(2) form so does not contain many of the latest amendments.
Commencement date	1 August 2014.
Current term / expiry date	4 years, expiring 31 July 2018.
Remaining rights of renewal	1 of 4 years expiring 31 July 2022.
Current rent	\$43,813 plus GST per annum.
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: 1 August 2018 (if renewed). The rent may not fall below the current rent.
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Commercial offices.
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS provisions apply. In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None
Trade restrictions imposed by Landlord	Premises not to be used for: <ul style="list-style-type: none"> • Education services/language school • Café • General medical practice or general or specialist medical services the public
Trade restrictions imposed by Tenant	None
Other material provisions	<ul style="list-style-type: none"> • There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time. • The 'no access' provisions from the more recent ADLS Deed of Lease form have been included in the lease, which allow for abatement of rent in the event that the Tenant cannot access the premises, or termination by the Tenant after nine months without access.
Correct execution	Yes.
Documents reviewed	Deed of Lease dated 26 June 2014.

Electoral Commission	
Premises	Part level 2, 4 Fred Thomas Drive – 1,222.48 m ² 6 car parks
Tenant	Electoral Commission (a Crown Entity)
Guarantor	N/A
Other security	N/A
Lease form	Deed of Fixed Term Tenancy on a bespoke form prepared for the Electoral Commission
Commencement date	1 March 2017
Current term / expiry date	10 months expiring 31 December 2017 Note: The Vendor has agreed to underwrite the rent from this tenancy for a 12 month period from 1 January 2018.
Remaining rights of renewal	Nil
Current rent	\$464,820 plus GST p.a.
Outgoings	Gross lease - only outgoings recoverable are direct consumables (electricity, gas and telephone charges) used by the Tenant within the premises.
Rent review mechanism	Market Review: N/A
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Commercial offices, and specifically as an electoral office. The premises may also be used for public access for the casting of early votes in the 3 weeks prior to the general election, but may not be used as a polling booth.
Tenant's repair obligations	The Tenant must leave the premises in the same condition as they were in at the commencement of the tenancy. There is no specific obligation to repaint the premises at the end of the 10 month term or to replace floor coverings (which is not unexpected).
Make good and reinstatement obligations	The Tenant must remove and make good any alterations and any chattels and make good damage at the end of the tenancy.
Landlord's repair / maintenance obligations	The Landlord is under the same obligations as would apply under an ADLS lease.
Termination rights of Tenant	The lease is terminable by either party on 5 days' notice if an earthquake, fire or other similar event limits access to the premises for more than one month.
Trade restrictions imposed by Landlord	None.
Trade restrictions imposed by Tenant	None.
Other material provisions	There are various specific provisions which are particular to the use of the premises as an electoral office, such as the right to erect temporary directional signage during the three week early voting period prior to the general election.
Correct execution	Deed has been correctly executed.
Documents reviewed	Deed of Fixed Term Tenancy dated 21 December 2016

Amplifon	
Premises	Part Level 2, 4 Fred Thomas Drive – 1201.6 m ² plus 18 m ² storage space 43 car parks (11 allocated and 32 unallocated)
Tenant	Amplifon NZ Limited
Guarantor	N/A
Other security	Bank guarantee of \$288,123 (6 months' rent and outgoings) from BNZ. The bank guarantee must be released after 5 years (in January 2022) if there has been no default, and Amplifon remains the tenant at that time. The bank guarantee will need to be assigned or reissued to the Purchaser on settlement of the purchase.
Lease form	ADLS Agreement to Lease signed. Modified ADLS Deed of Lease has not yet been signed.
Commencement date	1 February 2017
Current term / expiry date	9 years expiring 31 January 2026
Remaining rights of renewal	2 x 3 years
Current rent	\$419,015 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Full outgoings recovery Outgoings recovery (other than utilities used by the Tenant) is capped at \$68.64 per m ² for the first 12 months (until 1/2/18)
Rent review mechanism	Market Review: 3 yearly, next review on 1/2/2020 Market reviews on renewal dates are subject to a cap and collar at 107.5% and 92.5% respectively Market reviews that do not occur on renewal dates are subject to a soft ratchet (rent not to decrease below the rent at the commencement of that lease term)
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Commercial offices and ancillary dispatch function
Tenant's repair obligations	If Amplifon (or a related company) is the Tenant at the expiry of the lease, it is not obliged to repaint the premises. Otherwise, standard ADLS repair obligations apply.
Make good and reinstatement obligations	Standard ADLS provisions apply. In addition, the Tenant must pay an Occupation Fee (equal to the passing rent) for any period required after lease expiry for reinstatement works. But if Amplifon (or a related company) is the Tenant on expiry of the lease, it is not obliged to remove and reinstate its initial fitout (except signage or rooftop antennae)
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.

Termination rights of Tenant	At any time during the initial term Amplifon has a right to surrender up to 10 carparks, by 1 month's notice in writing.
Trade restrictions imposed by Landlord	<p>Premises not to be used for:</p> <ul style="list-style-type: none"> • Education services/language school • Café • General medical practice or for general or specialist medical services to the public • Any use associated with the sex industry • Optometrist/optamology
Trade restrictions imposed by Tenant	<p>While Amplifon is the Tenant, the Landlord must not lease any part of 4 Fred Thomas Drive to a tenant whose principal business is audiology or the retailing of hearing aids.</p> <p>There is an express carve out of this restriction in respect of the lease of part of the ground floor to GN Resound (NZ) Ltd.</p>
Other material provisions	<ul style="list-style-type: none"> • The Landlord must notify Amplifon if any office space within 2, 3 or 4 Fred Thomas Drive becomes available for lease, and if Amplifon is interested in that space the Landlord must conduct good faith discussions for at least 10 working days. However, the Landlord is not obliged to negotiate exclusively with Amplifon, and this provision doesn't amount to a right of first refusal. • The Landlord must use its reasonable endeavours: <ul style="list-style-type: none"> (a) to ensure that the building is managed to a good standard appropriate to the building (but without being liable for any other tenant's lack of repair); (b) to comply with all statutes and laws, except where the responsibility of the Tenant; and (c) to provide and maintain services to the building (but without any liability if there are external failures). • The Tenant has the right to install two rooftop antennae on the building. <p>The above provisions cease to apply if Amplifon or a related company ceases to be the Tenant.</p>
Correct execution	Agreement to Lease has been correctly executed. Deed of Lease has been correctly executed by Amplifon, but is still to be executed by the Vendor.
Documents reviewed	Agreement to Lease and agreed form of Deed of Lease.

Auckland Eye	
Premises	Whole of ground floor, 3 Fred Thomas Drive – 530.66 m ² 30 car parks
Tenant	Auckland Eye Limited
Guarantor	N/A
Other security	Bank guarantee for \$261,925 from ANZ (equal to 9 months' rent and outgoings). This will need to be assigned or reissued to the Purchaser on settlement.
Lease form	Modified ADLS Deed of Lease.
Commencement date	31 May 2016
Current term / expiry date	10 years expiring 30 May 2026
Remaining rights of renewal	1 x 5 years
Current rent	\$274,664 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Rates, insurance costs and utilities used by the Tenant in the premises are recoverable from the Tenant as outgoings in the usual manner. All other outgoings for maintenance and repair costs, common area utilities, service charges, building WoF charges etc are subject to a fixed outgoings recovery, initially at \$21,226.40 plus GST per annum and increasing annually to the higher of 2% and CPI. The Vendor has agreed to underwrite the shortfall in unrecoverable outgoings relating to the operation of the carpark at 3 Fred Thomas Drive for 24 months from the settlement date.
Rent review mechanism	Market Review: On renewal (31 May 2026)
	Fixed/CPI Rent Review: Annual increases on 31 May (other than the renewal date) to higher of 2% and CPI
Permitted use	Ophthalmology and/or optometry including associated uses
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. The Tenant is solely responsible at its cost for the installation, maintenance, repair and replacement (as necessary) of all mechanical, ventilation and air conditioning plant and equipment within the premises, which it must keep in good order and condition. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS provisions apply. In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.

Trade restrictions imposed by Landlord	Premises not to be used for: <ul style="list-style-type: none"> • Education services/language school • Café • General medical practice or for general or specialist medical services to the public (except for the permitted use of ophthalmology/optometry) • Any use associated with the sex industry.
Trade restrictions imposed by Tenant	There is a restriction against the Landlord leasing any other premises at 2, 3 or 4 Fred Thomas Drive for the principal use for ophthalmology or optometry services to the public. This restriction does not apply to the part of the ground floor of 2 Fred Thomas Drive used for those services.
Other material provisions	<ul style="list-style-type: none"> • The Tenant is free to sublet any part of the premises to opticians and/or ophthalmologists other than the Tenant, or to a joint venture comprising the Tenant and the Eye Institute Limited; • The Tenant is free to allow specialists to use the operating theatres on the premises for surgical procedures, on a session by session basis, and subject to various restrictions; • While the Tenant is Auckland Eye Ltd, it is free to share occupation of the operating theatre, recovery rooms, staff room and reception areas with Oasis Surgical Ltd (while it is a related company of Auckland Eye), subject to various restrictions. Oasis Surgical Ltd has signed the deed of lease to commit to adhering to those restrictions (including to ensure that its use doesn't breach the lease). • There are useful provisions (for the Landlord) allowing development of the surrounding land (with reasonable controls) and for relocating the 15 roadside carparks.
Correct execution	Deed of Lease has been correctly signed (though is undated).
Documents reviewed	Deed of Lease dated 8 November 2016 Agreement to Lease dated 27/3/15

Green Cross Health		
Premises	Part Ground Floor, 2 Fred Thomas Drive – 1,380.22m ² 40 car parks to be shared with the other ground floor tenant for the use of customers. 21 exclusive use car parks.	
Tenant	Green Cross Health Primary Limited (formerly Peak Primary Limited)	
Guarantor	None	
Other security	<p>Bank guarantee from ANZ for \$930,126.90 (including GST) to be released on 1 July 2019.</p> <p>Assignment by way of security of sublease, dated 2013. This applies to all subleases of the premises, and includes a power of attorney clause, however the Landlord is required to call on the bank guarantee before exercising its rights under this security.</p> <p>The assignment by way of security is noted on the personal property securities register by way of a financing statement registered on 26 June 2013 and expiring 26 June 2018.</p> <p>Deed of Priority dated 5 November 2014 by which the Landlord's rights under a General Security Agreement are made subject to ANZ's priority to an amount of \$12 million.</p> <p>Specific Security Agreement, dated 5 October 2012. This grants to the Landlord security in the Lease, the Tenant's fitout, sublease bonds and sublease rentals, and the Lease incentive paid to the Tenant. The priority amount of the Landlord is \$10 million. The Agreement includes a right for the Landlord to assign its rights.</p> <p>Deed of Priority dated 5 November 2014 by which the Landlord has priority over ANZ in relation to the security obtained by the Specific Security Agreement, to an amount of \$10 million.</p> <p>The Specific Security Agreement is noted on the personal property securities register by way of a financing statement registered on 21 September 2012, and expiring on 21 September 2017.</p> <p>The Vendor will assign these securities (to the extent they are assignable) to the Purchaser on the settlement date.</p>	
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition 2008(2) form so does not contain many of the latest amendments	
Commencement date	8 July 2013.	
Current term / expiry date	12 years, expiring 7 July 2025.	
Remaining rights of renewal	1 of 6 years, expiring 7 July 2031.	
Current rent	\$615,159.77 plus GST per annum	
Outgoings	Full outgoings recovery.	
Rent review mechanism	Market Review:	8 July 2025 (if renewed). The rent may not fall below the rent at the commencement date.
	Fixed Rent Review:	8 July 2019, 8 July 2022, 8 July 2028 (if renewed) Fixed increases at 2.5% compounding
	CPI Review:	N/A
Permitted use	Medical practice together with ancillary related uses.	
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise standard ADLS provisions apply.	

Make good and reinstatement obligations	The Tenant is not required to remove tenants fixtures, fittings and chattels at the end of the lease. Otherwise standard ADLS provisions apply.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None
Trade restrictions imposed by Landlord	Premises not to be used for: <ul style="list-style-type: none"> • Education services including a language school (but not including health seminars to medical professionals) • Café • For ophthalmology and/or optometry use
Trade restrictions imposed by Tenant	The Landlord may not lease any other premises at 2 or 4 Fred Thomas Drive for the provision of general medical and specialist medical services to members of the public without the consent of the Tenant. This excludes operating theatres operated by specialist medical practitioners. This obligation is subject to the Tenant being Peak Primary Limited or a tenant conducting a medical practice, and the Tenant complying with the Lease. The Tenant has consented to the tenancy to Auckland Eye.
Other material provisions	The lease includes an indemnity from the Landlord in favour of the Tenant for any loss caused by a contaminant on the land.
Correct execution	Yes.
Documents reviewed	Agreement to Lease dated 13 July 2012. Deed of Lease dated 2013. Deed of Variation of Lease dated 27 March 2015.
Subleases	The following subleases have been granted by the Tenant: <ol style="list-style-type: none"> 1. Archibald Joseph McGeorge 2. Area: 60.02m² shown as "Ophthalmology" on the plan attached to the sublease 3. Term: 5 years, 4 months, 6 days from 1 March 2014 – 6 July 2019 4. Renewal: 2 of 6 years, with final expiry of 5 July 2031 if both renewals exercised 5. Rental: \$33,904 at commencement. 6. Permitted use: Ophthalmology services. 7. Security: Bank guarantee for 12 months rental. We have not seen a copy of this. 8. Documents reviewed: Deed of Lease dated 3 February 2015, Agreement to Sublease dated 1 April 2014. 9. Lifespan Plus Limited 10. Area: 111.08m² 11. Term: 6 years, expiring 5 July 2019. 12. Renewal: 1 of 6 years, with final expiry of 5 July 2025 if exercised. 13. Rent: \$62,232 plus GST per annum at commencement. 14. Permitted use: Specialist medical

	<p>15. Security: Bank guarantee from BNZ for \$76,045.82 in favour of Peak Primary Limited.</p> <p>16. Documents reviewed: Agreement to Sublease dated 2012, Deed of Lease dated 6 July 2013.</p> <p>17. Accuron Radiology Limited</p> <p>18. Area: 81.57m²</p> <p>19. Term: 6 years, expiring 3 August 2019.</p> <p>20. Renewal: 1 of 6 years, with final expiry of 3 August 2025 if exercised.</p> <p>21. Rental: \$51,817 plus GST per annum at commencement.</p> <p>22. Permitted use: Nuclear imaging, CT and radiology services.</p> <p>23. Security: Bank guarantee from ANZ for \$35,000, in favour of Peak Primary Limited.</p> <p>24. Documents reviewed: Deed of Lease dated 4 August 2013.</p> <p>25. Fred Thomas Pharmacy (2015) Limited</p> <p>26. Area: 155.63m²</p> <p>27. Term: 12 years, expiring 5 July 2025.</p> <p>28. Renewal: 1 of 6 years, with final expiry of 5 July 2031 if exercised.</p> <p>29. Rental: \$100,739 per annum plus GST as at July 2015.</p> <p>30. Permitted use: Pharmacy.</p> <p>31. Security: ANZ Bank guarantee for \$125,721.48 in favour of Peak Primary Limited.</p> <p>32. Documents reviewed: Deed of Lease dated 6 July 2013, Deed of Assignment of Lease dated 31 July 2015.</p> <p>33. New Zealand Radiology Group Limited</p> <p>34. Area: 113.03m²</p> <p>35. Term: 6 years, expiring 5 July 2019.</p> <p>36. Renewal: 2 of 6 years, with final expiry of 5 July 2031 if both exercised.</p> <p>37. Rental: \$74,627 plus GST per annum at commencement.</p> <p>38. Permitted use: Specialist medical.</p> <p>39. Security: None.</p> <p>40. Documents reviewed: Deed of Lease dated 3 October 2013.</p> <p>41. Alexander Richard Turnbull</p> <p>42. No documents received.</p>
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Luke's Café	
Premises	Part of the ground floor, 2 Fred Thomas Drive, being 145 m ² . 10 car parks. These are shared with the other ground floor tenant, together with the 40 car parks allocated to the other ground floor tenant, for the use of customers/clients.
Tenant	Luke's Café Limited
Guarantor	Wenfeng Zhang
Other security	Bank guarantee of \$15,214.83 from ASB. This amount is to be updated upon renewal of the lease to a sum equivalent to 3 months of the rent then payable.
Lease form	Modified ADLS Deed of Lease. The lease is on the Fifth Edition (2008) form so does not contain many of the latest amendments.
Commencement date	1 August 2013
Current term / expiry date	9 years, 3 months, expiring 31 October 2022.
Remaining rights of renewal	1 of 9 years. Final expiry 31 October 2031.
Current rent	\$60,859.31 plus GST per annum.
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: 1 November 2022 (if renewed). The market renewal is subject to a hard ratchet (rent may not decrease).
	Fixed Rent Review: N/A
	CPI Review: Annually on 1 August, except for 1 August 2022.
Permitted use	Retail of coffee, tea and other beverages and café items without liquor license to a high quality café standard no less than the standard provided by a Sierra Café or Melba Café.
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS provisions apply.
Make good and reinstatement obligations	Standard ADLS provisions apply. In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	Premises not to be used for education services/language school.
Trade restrictions imposed by Tenant	The Landlord may not lease any other premises in the building or in 4 Fred Thomas Drive for use as a café.
Other material provisions	<ul style="list-style-type: none"> There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time. The Tenant is required to be open for minimum trading hours of 8.00am to 4.00pm, 7 days, except public holidays.
Correct execution	Yes.
Documents reviewed	Agreement to Lease (undated)

	<p>Deed of Lease dated 26 February 2015.</p> <p>Deed of Assignment of Lease dated 9 December 2015.</p> <p>Deed of Assignment of Lease dated 15 August 2016..</p>
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ASCC	
Premises	Part level 1, 2 Fred Thomas Drive – 310.89m2 7 car parks
Tenant	ASCC Limited
Guarantor	Graham Stuart Catley and Ivan James Hollows
Other security	Nil
Lease form	Modified ADLS Deed of Lease. The lease is on the Fourth Edition (2002) form so does not contain many of the latest amendments.
Commencement date	24 October 2003 (original term). Current term commenced 1 December 2015.
Current term / expiry date	Three years expiring 30 November 2018.
Remaining rights of renewal	Nil
Current rent	\$88,396.38 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on car park licences)
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: 1 December 2017. The rent cannot decrease at this time.
	Fixed Rent Review: N/A
	CPI Review: N/A
Permitted use	Commercial offices.
Tenant's repair obligations	Standard ADLS repair obligations apply.
Make good and reinstatement obligations	Standard ADLS provisions apply.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	None.
Trade restrictions imposed by Tenant	None.
Other material provisions	None.
Correct execution	Yes
Documents reviewed	Deed of Lease dated 7 July 2005 Agreement to Lease dated 23 November 2009. Deed of Extension, Variation, Partial Surrender and Renewal of Lease dated 11 November 2015. Deed of Assignment of Lease dated 8 November 2016 Deeds of Rent Review dated 22 December 2008, 8 June 2016.

Wireless Nation	
Premises	Part level 1, 4 Fred Thomas Drive – 777.6 m ² , plus basement warehouse premises 20 car parks
Tenant	Wireless Nation Limited
Guarantor	N/A
Other security	N/A
Lease form	Modified ADLS Deed of Lease.
Commencement date	21 October 2013
Current term / expiry date	6 years expiring 20 October 2019
Remaining rights of renewal	1 x 6 years (final expiry if renewal is exercised is 20 October 2025)
Current rent	\$101,629 plus GST p.a.
Outgoings	Full outgoings recovery.
Rent review mechanism	Market Review: 21 October 2019 (if lease is renewed) Rent on market review not to decrease (hard ratchet)
	Fixed Rent Review: N/A
	CPI Review: 21 October every year except 21 October 2019
Permitted use	Commercial offices.
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	Standard ADLS make good provisions apply (Tenant to remove its fixtures, fittings and chattels and make good on expiry of the lease). In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	Premises not to be used for: <ul style="list-style-type: none"> • education services including a language school; • a café; or • general or specialist medical services to members of the public.
Trade restrictions imposed by Tenant	None.
Other material provisions	There is a useful provision giving the Landlord the right to relocate the carparks under the lease from time to time.
Correct execution	Documents have been correctly executed.
Documents reviewed	Deed of Lease dated 11 November 2015 Agreement to Lease dated 26 September 2013

Reckitt Benckiser	
Premises	Part level 1, 2 Fred Thomas Drive – 615.54 m ² 20 car parks
Tenant	Reckitt Benckiser (New Zealand) Limited
Guarantor	N/A
Other security	N/A
Lease form	Modified ADLS Deed of Lease.
Commencement date	16 July 2015
Current term / expiry date	6 years expiring 15 July 2021
Remaining rights of renewal	1 x 6 years (final expiry on 15 July 2027 if renewal exercised)
Current rent	\$205,416 plus GST p.a. Note: This excludes licence fees for casual carparks for this tenant (see separate report on carpark licences)
Outgoings	Full outgoing recovery. Recoverable management fees must be "reasonable".
Rent review mechanism	Market Review: 16 July 2021 (if lease is renewed) Rent on market review not to fall below rent at commencement of the lease (soft ratchet)
	Fixed Rent Review: 3% per annum on 16 July, other than the renewal date
	CPI Review: N/A
Permitted use	Commercial offices
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	If the Tenant renews the lease for a further 6 year term, it is relieved from any obligation to remove and reinstate any fitout or other alterations it has made to the premises (but without limiting its other repair obligations including to repaint).
Landlord's repair / maintenance obligations	Standard ADLS provisions apply.
Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	Premises not to be used for: <ul style="list-style-type: none"> • education services including a language school; • a café; • general or specialist medical services to members of the public; or • any use associated with the sex industry.
Trade restrictions imposed by Tenant	None.
Other material provisions	<ul style="list-style-type: none"> • There are detailed provisions regarding reallocation of carparks during construction of the parking building on 3 Fred Thomas Drive, which are presumably now redundant given the

	<p>building has been constructed.</p> <ul style="list-style-type: none"> • There are other provisions giving the Landlord the right to relocate the car parks under the lease from time to time in other circumstances if such relocation is necessary.
Correct execution	Documents have been correctly executed.
Documents reviewed	<p>Deed of Lease dated 14 August 2015</p> <p>Agreement to Lease dated 8 June 2015</p>

Property Partners	
Premises	Level 2, 2 Fred Thomas Drive – 1312 m ² 20 car parks (8 allocated and 12 unallocated)
Tenant	Property Partners Limited
Guarantor	Ty Adam Jones and Steven Max Mikkelsen. Their liability is limited to an amount equal to 24 months' rent and outgoings.
Other security	N/A
Lease form	Modified ADLS Deed of Lease.
Commencement date	1 September 2015
Current term / expiry date	6 years expiring 31 August 2021
Remaining rights of renewal	1 x 6 years (final expiry 31 August 2027 if renewal exercised)
Current rent	\$271,384.40 plus GST p.a. Note: The Vendor has agreed to "top up" the rent received in respect of this tenancy by way of an underwrite, so that the total amount received (from both the Tenant and the underwrite) is \$400,463 plus GST per annum. The Vendor underwrite continues until the rent payable by the Tenant is increased to \$400,463 plus GST per annum (on 1 September 2018).
Outgoings	Full outgoings recovery. Recoverable management fees must be "reasonable".
Rent review mechanism	Market Review: 1 September 2021 (if lease is renewed) Rent on market review not to fall below \$366,480 plus GST p.a.
	Fixed Rent Review: Rent increases to: \$332,571 plus GST p.a. on 1/9/17 \$400,460 plus GST p.a. on 1/9/18 And then increases at 3% p.a. on 1 September each year (except on 1/9/21)
	CPI Review: N/A
Permitted use	Commercial offices
Tenant's repair obligations	There is a positive obligation for the Tenant to repaint during the last 6 months of the lease. Otherwise, standard ADLS repair provisions apply.
Make good and reinstatement obligations	Various items of fitout works (partitioning, feature flooring/lighting, kitchen cabinetry, data cabling etc), undertaken by the Landlord for the Tenant, are listed as being Landlord's fixtures and fittings in the lease. Despite them being listed as landlord items, the Tenant must remove and reinstate those items on expiry of the lease. In addition, the Tenant must pay an occupation fee (equal to the passing rent) for any period required after lease expiry for reinstatement works. Otherwise, standard ADLS provisions apply.
Landlord's repair / maintenance obligations	Standard ADLS provisions apply, although the Landlord is not responsible for repairing or maintaining the Landlord's fixtures and fittings carried out for the Tenant as described above.

Termination rights of Tenant	None.
Trade restrictions imposed by Landlord	<p>Premises not to be used for:</p> <ul style="list-style-type: none"> • education services including a language school; • a café; • general or specialist medical services to members of the public; • any use associated with the sex industry; or • as an optometrist or for optometry purposes.
Trade restrictions imposed by Tenant	None.
Other material provisions	<ul style="list-style-type: none"> • There are detailed provisions regarding reallocation of carparks during construction of the parking building on 3 Fred Thomas Drive, which are presumably now redundant given the building has been constructed. • There are other provisions giving the Landlord the right to relocate the carparks under the lease from time to time in other circumstances if such relocation is necessary. • The Tenant has an option (exercisable up to 30 May 2021) to take a lease of an additional 28 carparks within the new carpark building at 3 Fred Thomas Drive. The option may only be exercised once and for all 28 carparks. The rent payable for the additional carparks is that applying at the time of exercise of this option.
Correct execution	Documents have been correctly executed.
Documents reviewed	<p>Deed of Lease dated 28 July 2016</p> <p>Agreement to Lease dated 30 April 2015</p>