

CBRE VALUATION & ADVISORY SERVICES

VALUATION REPORT

PORTFOLIO: HERITAGE LIFECARE REAL ESTATE PORTFOLIO

CLIENT: CENTURIA NZ HEALTHCARE PROPERTY FUND
LIMITED

FUND: NEW ZEALAND

VALUATION DATE: 22 DECEMBER 2021

CBRE

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15. Somerfield Rest Home
16. Albarosa, Camellia Court & Golden Age
17. Edith Cavell Lifecare
18. Brookhaven
19. Coldstream
20. Princes Court Lifecare
21. Highfield Lifecare
22. Redroofs Lifecare
23. Clutha Views Lifecare

HERITAGE LIFECARE REAL ESTATE PORTFOLIO



Palms Lifecare



Cantabria Lifecare



Telford Lifecare



Elizabeth R Lifecare



Roseneath Lifecare



Flaxmore Lifecare



Stillwater Lifecare



Somerfield Rest Home



Golden Age Complex



Edith Cavell Lifecare



Highfield Lifecare



Redroofs

VALUATION SUMMARY

This report has been prepared for inclusion within a Product Disclosure Statement and will be uploaded to the Companies Office Disclosure Register. Accordingly, in the interests of privacy and confidentiality, we have abbreviated or redacted the following report sections:

- *Rental Evidence (Sections 8.2): We have not included full details of the rental evidence considered in order to protect the privacy of the Lessors and Lessees involved. Notwithstanding, we have summarised the key comparators and provided market rental ranges.*
- *Sales Evidence (Section 9): We have excluded certain sales evidence considered, alternatively excluded key metrics which are confidential to protect the privacy of the parties involved.*
- *All detail on the financial performance (either actual, budgeted or proforma) and occupancy of Heritage Lifecare Limited in order to protect the privacy of the Vendor.*

Market Value as at 22 December 2021

\$194,875,000

(One Hundred and Ninety Four Million, Eight Hundred and Seventy Five Thousand Dollars)

The above valuation summary represents the aggregation of our individual asset valuations. Our valuations are on the freehold Land and Buildings plus GST, if any. Our valuation is strictly subject to the Special Assumptions contained within this report.

Key Attributes

Brief Description:

The Heritage Lifecare Portfolio with no fewer than 35 properties of various tenure, age, quality and presentation forms one of the larger aged care portfolios in New Zealand spread geographically throughout the country which collectively provide for a diverse product offering.

Heritage is in the progress of splitting the operating company from the property holding company in what will be the largest Opco/Propco deal seen in the New Zealand aged care sector. This valuation relates to a selection of 23 properties which provide for approximately:

- 623 Rest Home Beds
- 358 Dementia Beds
- 516 Hospital Beds
- 3 Residential Houses
- An estimated 4,850 sqm of development land

With a swing bed policy, the bed split is somewhat notional. We have relied upon our understanding of the historic demarcation however this means that occupancy for a given care category can exceed 100%.

Purpose:

Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement.

Interests Valued:	Freehold						
Basis of Valuation:	Market Valuation of the Land and Buildings						
Tenancy Profile:	The individual properties are to be leased by Heritage Lifecare Limited, or a subsidiary, for a term of 30 years from settlement subject to triple net leases providing long term cashflow security. Rights of renewal for 3 further terms of 20 years each extend the potential lease term to 90 years. The combined rent roll for the assets subject to this valuation is \$10,659,012 per annum plus GST and outgoings. Annual rent reviews are to the higher of 1% and CPI (capped at 4%). Market reviews apply on renewal subject to a cap and collar of plus or minus 10%. The portfolio is currently owner-operated, and the leasing arrangements as described above form a Special Assumption to this valuation.						
Valuation Approaches:	<table> <tr> <td>Care Facilities:</td><td>Capitalisation, Discounted Cashflow and Sales Comparison Approaches</td></tr> <tr> <td>Residential Properties:</td><td>Sales Comparison Approach</td></tr> <tr> <td>Development Land:</td><td>Sales Comparison Approach</td></tr> </table>	Care Facilities:	Capitalisation, Discounted Cashflow and Sales Comparison Approaches	Residential Properties:	Sales Comparison Approach	Development Land:	Sales Comparison Approach
Care Facilities:	Capitalisation, Discounted Cashflow and Sales Comparison Approaches						
Residential Properties:	Sales Comparison Approach						
Development Land:	Sales Comparison Approach						
COVID-19	The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a Global Pandemic on the 11 March 2020, has caused uncertainty in both local and global market conditions. Following the initial round of infection, the risk of further waves of contagion remains in which case a prolonged pandemic could have a significant (and yet unknown or quantifiable) impact on certain sectors of the property market, in particular where tenants face challenging trading conditions and as a result fall in default of their lease commitments. New Zealand begun using the Pfizer vaccine in March 2021 but the vaccine rollout was initially slower than many expected. This has improved following the community outbreak of the highly infectious Delta variant and subsequent Alert Level 4 Lockdown for New Zealand from 18th of August 2021 with the nation on track to hit a minimum level of inoculation of 90%. Over the past 18 months, the aged care sector in New Zealand has shown resilience following the initial outbreak in April 2020 with many operators reporting strong occupancy post the initial lockdown, however the sector has faced challenges with a short-term spike in costs associated with establishing preventive protocols, procurement of Personal Protective Equipment (PPE), and increased cleaning/laundry procedures to name a few. Notwithstanding the above, as restrictions ease, despite public health orders in regard to social gatherings and face coverings, the Delta variant has began spreading throughout the country and there remains a degree of uncertainty in the market because of the economic impacts of COVID-19. Questions remain over parts of the short to medium term performance of the Office and Retail occupier markets. The Tourism, Retail and Hospitality sectors remain the worst affected by the pandemic and some material value discounting has been evident.						

The Reserve Bank commenced raising the OCR from October 2021 with further rises signalled. Lenders have increased retail interest rates sharply in recent months.

Historical cycles have shown that commercial property yields can soften rapidly in the event of a market downturn. Should economic and property market conditions deteriorate in the future, then the market value of the individual assets may decline. This inherent risk factor should be considered in any lending or investment decisions.

Generally speaking, there has been a sufficient depth of recent transactions in most markets to provide considered valuation advice. However, given the wider global situation we recommend our valuations are reviewed periodically to reflect the duration and severity of impact that COVID-19 has on the local and international economy.

Sale:

The portfolio involving 23 properties is under contract for a total consideration of \$192,238,849 plus GST, which equates to a yield of 5.54% on contract, subject to various conditions, warranties and guarantees. Settlement is scheduled for 19th April 2022.

Prepared by CBRE Limited



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Senior Director – Retirement Housing and Healthcare
Principal Valuer



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Principal Valuer



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Registered Valuer
Director – Retirement Housing and Healthcare
Full Valuation and Analysis

1 INTRODUCTION

1.1 INSTRUCTIONS

Instructing Party:	Centuria Platform Investments Pty Limited
Purpose of Valuation:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement
Interest Valued:	Freehold
Basis of Valuation:	Market Valuation of the Land and Buildings
Date of Valuation:	22 December 2021
Report Issue Date:	18 February 2022

1.2 RELIANCE

Reliance: This valuation is strictly and only for the use of the following Reliant Parties and Purposes:

For Internal Evaluation and Acquisition Purposes:

- Centuria NZ Healthcare Property Fund Limited
- Centuria Platform Investments Pty Limited

For First Mortgage Security Purposes:

- ANZ Bank New Zealand Limited
- Industrial and Commercial Bank of China Limited, Auckland Branch

Financial Reporting Purposes:

- Ernst & Young Strategy and Transactions Limited
- Centuria NZ Healthcare Property Fund Limited

For Use in an Offer Document:

- Centuria NZ Healthcare Property Fund Limited
- Centuria Funds Management (NZ) Limited
- Centuria Platform Investments Pty Limited

CBRE do not extend reliance to any other parties (other than those named above). For clarity this includes any potential investors in the scheme.

No responsibility is accepted or assumed to any third party and no reliance is permitted by any third party other than Reliant Parties as named above, without our express written agreement.

The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Report and may not be relied on by others, other than the Reliant Parties. We do not assume any responsibility or accept any liability in circumstances where this valuation

is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if the Reliant Parties become aware of any factors that have any effect on the valuation.

Confidentiality: Any valuation service is confidential as between CBRE and the Reliant Party as specifically stated in the valuation advice/report. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE of the form and context in which it is to appear, which may be conditional on relevant third parties first executing (i) a reliance letter on terms approved by CBRE where the third party wishes to use and/or rely on the relevant information; or (ii) a non-reliance letter where the third party wishes to use the report for information purposes only.

Transmission: Only an original valuation report (hard and/or soft copy) received by the Reliant Parties directly from CBRE without any third-party intervention can be relied upon.

Restricted: No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation.

Copyright: As between CBRE, the Instructing Party and the Reliant Parties, all intellectual property rights in this Valuation Report are owned by CBRE. Neither the whole nor any part of the content of this valuation may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.

1.3 PURPOSE & SCOPE OF REPORT

This report is multi purpose including:

1. First Mortgage Security;
2. Financial Reporting; and
3. For Use in an Offer Document

1.3.1 VALUATIONS FOR FIRST MORTGAGE SECURITY

This valuation has been prepared for mortgage security purposes and may only be relied upon by ANZ Bank New Zealand Limited and Industrial and Commercial Bank of China, Auckland Branch.

In undertaking our valuation we have observed the requirements of the International Valuation Standards – IVS 400 Real Property Interests.

We have restricted any comment in relation to a mortgage recommendation in terms of a lending quantum or percentage as well as restricting any comment with reference to how lending against the asset should be conducted. This is in accordance with Australia and New Zealand Valuation and Property Standards ANZVGP112 - Valuation for Mortgage and Loan Security Purposes which became effective 1 July 2021. Clause 5.8 states:

“A lender may ask the Member to comment on the property’s suitability for mortgage security. Members may comment as appropriate. Members should note that lending for mortgage security is a commercial decision of the lender. The report should be qualified accordingly.

Members may provide a synopsis of the risk profile of the property based on the risk analysis assessment. Recommendations to reliant parties may include steps that may be taken to mitigate the risks identified.

Unless required by State or Federal legislation or, in the case of New Zealand, legislation such as The Trustee Act 1956 and amendments, the Lawyers and Conveyancers Act (Lawyers: Nominee Company) Rules 2008, or the Securities Act (Contributory Mortgages) Regulations 1988 or any lender whom the Member is aware is acting in the capacity as a Trustee, it is not generally appropriate for the Member to recommend a maximum or minimum loan percentage or amount or recommend a loan period.”

On this basis, we have not provided a mortgage recommendation. When considering advancing funds based on the conclusions reached in this report and our special assumptions detailed in this report, ANZ Bank New Zealand Limited and Industrial and Commercial Bank of China, Auckland Branch should be aware this report deals only with the level of security offered, further they should be aware of the following critical aspects of this portfolio in the current market including:

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a Global Pandemic on the 11th March 2020, has caused uncertainty in both local and global market conditions. The longer-term economic impact COVID-19 will ultimately have on the residential, retirement and aged care sectors in New Zealand is currently unknown and will largely depend on both the scale and longevity of the outbreak. Given the uncertainty, a degree of caution should be exercised when relying upon our valuation;
- The aged care sector is a micro market and a specialised property sector. Whilst market dynamics are influenced by both the wider market and the economic environment generally, value does remain strongly underpinned by occupancy, an ability to maintain cash flow, by the aging demographic profile of the New Zealand population and by cost barriers to new investment;
- The lender should be aware that with a portfolio of this scale the actual bed count and bed mix can be fluid. This recommendation is effective as at the date of valuation only and any advance of funds should take the changing dynamics of the portfolio into account;
- The lender should be aware that value associated with the properties is underpinned by the strength of the lease in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- Historical cycles have shown that commercial property yields can soften rapidly in the event of a market downturn. Should economic and property market conditions deteriorate in the future, then the market value of the individual assets may decline. This inherent risk factor should be considered in any lending or investment decisions.

Our recommendation is made on the level of security the subject properties offer only. We make no recommendation on the personal covenant of the mortgagor or their ability or willingness to meet their commitments under any loan agreement.

1.3.2 VALUATIONS FOR FINANCIAL REPORTING

Our valuation has been undertaken in accordance with the requirements of the 'Guidance Papers for Valuers & Property Professionals' NZVGP 502 Valuations of Real Property, Plant & Equipment for Use in NZ Financial Reports (effective 1 July 2021).

The objective of the valuation is to determine the fair value of the assets in accordance with NZ IFRS 13 for financial reporting purposes as at 22 December 2021.

The assets form Investment Property and the valuers in conducting this report has also observed the requirements of New Zealand International Accounting Standard 40 – Investment Property (NZ IAS 40) and NZ IFRS 13 – Fair Value Measurement, (New Zealand's equivalent to International Financial Reporting Standard 13).

The standards require that valuation techniques are appropriate in the circumstance and for which sufficient data are available to measure fair value. For the land and buildings, with income secured by a lease, capitalisation and cash flow-based valuations provide robust and logical methodology to determine value.

The properties valued are a group of properties to be transferred to the instructing entity. We have reported the aggregated values of the individual assets and acknowledge the possible existence of a premium/discount if transferred as a portfolio in a single transaction.

1.3.3 VALUATIONS FOR USE IN AN OFFER DOCUMENT

CBRE Limited acknowledges the inclusion of the valuation in a Product Disclosure Statement to be made available to prospective investors on the basis that recipients of the Product Disclosure Statement are made aware of the following liability disclaimers:

- a) None of the Product Disclosure Statement (PDS), the marketing materials for the offer or any information on the Disclose Register constitutes a recommendation by CBRE Limited or any of its respective directors, officers, employees, agents or advisors to subscribe for, or purchase, any securities. You must make your own independent investigation and assessment before deciding whether or not to apply for securities.
- b) This Valuation Report is strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in respect of the offer or the securities. Without limitation to the above, to the maximum extent permitted by law, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- c) CBRE Limited has prepared this Valuation Report on the basis of, and limited to, the financial and other information (including market information and third-party information) and have proceeded on the basis that the information is accurate, reliable and complete and confirms that it has not tested the information in that respect.
- d) Certain references to property value within the PDS have been extracted from a valuation report prepared for Centuria NZ Healthcare Property Fund Limited. This valuation report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As property investments of this nature are inherently complex and market

conditions can be subject to volatility, we require that any extracts must be read in concert with the full valuation report. No responsibility is accepted for any loss or damage arising as a result of reliance upon these extracts.

- e) This Full Valuation Report may not be reproduced in whole or in part without prior written approval of CBRE Limited.
- f) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the properties which form the portfolio.
- g) Use by, or reliance upon this Valuation Report by anyone other than the Reliant Parties is not authorised by CBRE Limited and CBRE Limited is not liable for any loss arising from such unauthorised use or reliance.

1.4 AS IF COMPLETE

The portfolio is currently operating as freehold going concerns which does not reflect the tenure, or security of the assets subject to the transaction. Our instructions are to value the freehold land and buildings only, hence we have not provided a value 'As Is'. This forms a departure from the valuation practice standards.

We have therefore provided a valuation on an "As If Complete" basis. In this instance, the points for completion include:

- Execution by the parties of the 'Lease' and 'Side Letter' in accordance with the final documents as provided to us without change;
- Confirmation of Landlord's Property and Tenant's Property for each site;
- Registration of the Leases with LINZ and the issue of Leasehold Records of Title recording the Tenant's interest in each site;
- Satisfactory completion of the proposed subdivisions and issue of Records of Title in accordance with the resource consent applications lodged with the relevant councils for;
 - Te Wiremu House Lifecare;
 - Broadview Lifecare;
 - Coldstream;
 - Clutha Views Lifecare.
- Confirmation or variation of the original valuation figure as at the date of valuation, following execution of the Leases and completion of the subdivisions.

The value "As If Complete" assessed herein is the Market Value of the individual properties as detailed within this report on the assumption that all Leases and subdivisions have been satisfactorily completed in all respects as at the date of this report. The valuation reflects the valuer's view of the market conditions existing as at the date of valuation and does not purport to predict future market conditions and the value at the actual completion date because of a time lag and unknown future market conditions.

Accordingly, the "As If Complete" valuation should be confirmed by a further review by the valuer, initiated and instructed by the Lender and/or issuer, on execution of the Leases and completion of the subdivisions. The right is reserved to review, and if necessary, vary the valuation conclusions in this report if there are any changes to that proposed or in property market conditions and prices.

1.5 PARTIAL INTEREST VALUATIONS

Our valuation of the Heritage Lifecare Real Estate Portfolio is confined to the land and buildings (where applicable) only and has been undertaken for the purpose of Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement.

Our valuation excludes the Tenant's business. It is possible that the sum of the partial interests may be greater or less than the sum of the parts. Therefore, our valuation should not be used in a summation approach to determine the value of the properties as a whole without first consulting with CBRE.

1.6 PROPERTIES VALUED

We detail in the following table the name and location of the properties valued which form part of the wider Heritage Lifecare Real Estate Portfolio:

PROPERTY INSPECTIONS			
No.	Name	Address	Inspection Date
1	Palms Lifecare	104 Harris Street	Auckland
2	Cantabria Lifecare	369 Old Taupo Road	Rotorua
3	Te Wiremu House Lifecare	621 Aberdeen Road	Gisborne District
4	Glengarry Lifecare	21 Glengarry Place	Hawke's Bay Region
5	Telford Lifecare	15 Telford Street	New Plymouth
6	Elizabeth R Lifecare	30 Elizabeth Grove	Taranaki Region
7	Annie Brydon Lifecare	71-79 Glover Road	South Taranaki
8	Colwyn House Lifecare	707 Duke Street	Hastings District
9	Broadview Lifecare	108 Mosston Road	Wanganui
10	Chiswick Park Lifecare	69A Maxwells Line	Palmerston North
11	Palmerston Manor Lifecare	117A Botanical Road	Palmerston North
12	Roseneath Lifecare	227 High Street South	Wairarapa
13	Flaxmore Lifecare	8 Clifford Avenue	Nelson
14	Stillwater Lifecare	43 and 44-60 Templemore Drive	Tasman District
15	Somerfield Rest Home	137 Barrington Street	Christchurch
16	Albarosa, Camellia Court & Golden Age	80-96 Harewood Road	Christchurch
17	Edith Cavell Lifecare	Cnr Head & Dryden Streets	Christchurch
18	Brookhaven	29 Alport Place	Christchurch
19	Coldstream	71 Park Street	Canterbury Region
20	Princes Court Lifecare	58 Princes Street	Ashburton
21	Highfield Lifecare	78A Avenue Road	Timaru
22	Redroofs Lifecare	15 Dunblane Street	Dunedin
23	Clutha Views Lifecare	64 Essex Street	Clutha District

All properties were inspected between 10 March 2021 and 15 December 2021.

1.7 DATE OF VALUATION

While our report has been issued on 18 February 2022, under the International Valuation Standards the valuation date is defined as the date on which the opinion of value applies, in this case we have adopted 22 December 2021 as the date of valuation.

1.8 DEFINITIONS

Market Value Definition

In accordance with the International Valuation Standards (IVS) effective 31 January 2020, the definition of market value is:

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

For additional definitions and terminology please refer to the 'Definitions' section appended to this report.

1.9 INDUSTRY PRACTICE

Subject to the assumptions and qualifications detailed within, this valuation report is issued in accordance with the 'Guidance Papers for Valuers & Property Professionals' effective 1 July 2021 and International Valuation Standards (IVS) effective 30 January 2020. Where these are at variance, the assumptions and qualifications included within this valuation report will prevail generally, and the International Valuations Standards will prevail over the 'Guidance Papers for Valuers & Property Professionals'.

We hereby certify that the Principal Valuer is suitably qualified and authorised to practise as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity/Instructing Party.

We confirm that the valuation has been completed by a registered valuer in the capacity as an independent registered valuer.

1.10 DISCLOSURE

The CBRE Retirement Housing & Healthcare valuation team has acted in a valuation capacity historically in respect to the Heritage Lifecare Portfolio for the vendor, Heritage Lifecare Limited and Adamantem Capital. This has primarily included providing valuations on the basis of freehold going concerns for first mortgage security, financial reporting and replacement cost insurance purposes.

Given it is the land and buildings which are the subject to this engagement, we do not consider that our past involvement influences our ability to provide an independent professional opinion of value for the individual assets, but bring this to the reader's attention for disclosure purposes.

1.11 VALUER PROFILE

This report has been completed by Michael Gunn, Senior Director – Retirement Housing and Healthcare, Tom Stafford, Director – Retirement Housing and Healthcare and Victoria Hird, Director – Retirement Housing and Healthcare in conjunction with the wider CBRE Retirement Housing and Healthcare division.

Given the scale of the portfolio and the current restrictions around travel with respect to the COVID-19 environment it has been necessary for members of the wider CBRE Retirement Housing and Healthcare division to conduct inspections. In this case the inspecting valuers are all Registered Valuers and have been named on the individual reports, while the senior team members have signed.

For clarity, senior team members of the team have, collectively, inspected the wider Portfolio historically.

Senior members of the division include:

Michael Gunn is a Registered Valuer in accordance with the Valuers Act 1948, holding a current practicing certificate. Michael has been a practicing valuer since 1998, is an Associate Member of the New Zealand Institute of Valuers (ANZIV), a Senior Member of the Property Institute of New Zealand (SPINZ) and a Member of the Royal Institution of Chartered Surveyors (MRICS).

Michael's experience encompasses all sectors of the real estate market including industrial, retail, and commercial property, specialising primarily in the health and aged care sectors since 2006 including retirement villages, rest homes, geriatric hospitals, specialist medical clinics and private surgical facilities.

Tom Stafford is a Registered Valuer in accordance with the Valuers Act 1948, holding a current practicing certificate. Tom has been a valuer since 2006, is an Associate Member of the New Zealand Institute of Valuers (ANZIV) and a Member of the Property Institute of New Zealand (MPINZ), who has specialised in the health and aged care sectors on a national basis since 2007.

Victoria Hird is a Registered Valuer in accordance with the Valuers Act 1948, holding a current practising certificate. Victoria has been a valuer since 2011, is a member of the Property Institute of New Zealand (MPINZ) and a Member of the Royal Institution of Chartered Surveyors (MRICS). Victoria's experience has focussed primarily in the health and aged care sectors in New Zealand and the United Kingdom, including retirement villages, rest homes, geriatric hospitals and other healthcare properties.

2 CRITICAL ASSUMPTIONS

Our valuation is provided subject to both our Disclaimers (refer later in this report), assumptions and qualifications.

Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Parties accept that the valuation contains certain assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation.

2.1 SPECIAL ASSUMPTIONS

In addition to the 'As If Complete' points noted in Section 1.4 of this report, the following assumptions are particularly critical to our valuation:

Information Provided: This document contains a significant volume of information which is directly derived from other sources, without verification by us including, but not limited to planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by CBRE as our own, even where it is used in our calculations. Where the content of this document has been derived, in whole or in part, from sources other than CBRE, CBRE does not warrant or represent that such information is accurate or correct.

To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.

Limited Scope of Inspection: Given that New Zealand moved to an Alert Level 4 lockdown on 18 August 2021, and then to the government's COVID-19 Protection Framework, also known as the traffic lights system, on Friday 3rd December 2021, as a precautionary approach, and in the best interest of residents given they make up the older population cohort and are most vulnerable, the staff of Heritage Lifecare and CBRE employees, we have undertaken an inspection program to ensure all individual assets have been inspected at least once in the 12 months prior to the valuation. In completing our assessment we have relied upon the previous inspections carried out on the properties between 10 March 2021 and 15 December 2021, information we hold on file and advice from the Heritage Lifecare Limited.

In certain cases, on the day of our inspection a facility has been in lockdown and it has not been possible to enter or carry out full inspections as a result of matters such as:

1. An influenza outbreak (Chiswick Park)

In this case we have completed an external inspection only.

Our valuation proceeds on the basis that the quality and finish of the accommodation inspected represent the balance of the accommodation in each facility. Our valuation is based upon the condition of the complex as at the date of our last inspection.

Extent of Investigations:	This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to each property. CBRE is not liable for any loss occasioned by a decision not to instruct further investigations.
Land and Buildings:	Our valuation is of the land and buildings only and does not reflect the freehold going concern or value of the lessee's business operation.
Retirement Village Improvements Excluded:	All retirement village buildings (and associated infrastructure servicing the retirement villages together with, but not limited to roading, street lighting, reticulation and pipes for potable water, stormwater, sewage, power, gas and fibre-optics etc), are to form Tenant improvements and are excluded from our valuation.
Records of Title:	We have perused the Titles(s) for all sites within the Portfolio. Our valuation is conducted on the basis that all improvements are constructed within title boundaries and that there are no encroachments of boundaries or setbacks. Should subsequent advice reveal this not to be the case then this valuation should be referred to the valuer for review.
Land Areas:	For reporting purposes, we have stated the land area as recorded by the Titles(s), with the exception of sites where subdivision is pending, in which case we have stated the proposed land area post subdivision. The latter relates to: 1. Te Wiremu House Lifecare 2. Broadview Lifecare 3. Coldstream 4. Clutha Views Lifecare
Leasehold Title:	All assets will be leased for an initial term of 30 years with the Leases to be registered with LINZ and for Leasehold Titles to be issued with Heritage Lifecare Limited registered as the Leasehold owner, while the freehold tenure (subject to this valuation) will be in the name of Centuria NZ Healthcare Property Fund Limited, or related party.
Lease Commencement Dates:	It is the intention that the portfolio will have a Lease commencement date of 19 April 2022. To align our valuation with the intent of the parties and for simplicity, for the purposes of our discounted cashflow approach we have aligned the Lease commencement date with the date of valuation. Given the lease term certain is for 30 years, any impact on value is immaterial.
Statutory Supervisor Encumbrance:	Our valuation has been undertaken, in part, for the purpose of first mortgage security. To this matter, our valuation makes no allowance for any Mortgage Priority Instruments registered on the existing Titles for the village scheme(s), which otherwise determines the Operator's obligations to the Statutory Supervisor be made first priority and any mortgages be treated as second priority. That is, we have proceeded on the understanding that any encumbrance to the Statutory Supervisor will be removed from the freehold Identifiers. We acknowledge an encumbrance to the Statutory Supervisor will be registered on the Leasehold Identifiers, limited to sites where occupational right agreements have been issued.
Trading Accounts:	All information provided by Heritage Lifecare Limited including trading accounts and occupancy as provided have been relied upon for valuation purposes, accordingly,

should these trading figures and accounts contain any material error or omissions, we reserve the right to amend our valuation as appropriate.

Site Exclusions: Our valuation excludes other assets owned and run by Heritage Lifecare including:

1. Maygrove Lifecare, 112 Riverside Road, Orewa
2. Ellerslie Gardens, 419 Ellerslie Panmure Highway, Cnr Clare Place, Auckland
3. St Lukes Close, 24 Te Mata Road, Havelock North
4. Kowhai Manor, 20 Threadneedle Street, Greymouth

Earthquake Status: Where applicable, our valuation does not make any adjustment to reflect an impediment, or requirement to carry out upgrade or structural repairs to any of the structures within the portfolio as a result of sub 67% NBS rating, or damage from earthquake events. We have proceeded on the basis that this is the responsibility of the Tenant under the Lease (triple net structure), which absolves the Landlord of any responsibility for the same (Refer to the Lease Clause 18.4 Seismic).

Resource Management: We have made enquiries to the relevant responsible authorities or through our own planning searches to ascertain the specific resource management situation for each property.

Contaminants: That the land is free of any contaminants that may detrimentally affect the value of individual facilities as developed. The right is reserved to review and if necessary, vary the valuation figure if any contamination or other environmental hazard is found to exist.

Head Office: Our valuation of the individual facilities has been completed on the basis of standalone assets with no allowance made for head office or corporate overhead expenses.

2.2 GST ASSUMPTIONS

Unless otherwise stated, all financial information and valuation calculations and assessments in this report are on the basis of plus GST (if any).

2.3 IMPROVEMENTS

We have prepared an individual report on each asset valued which provides a brief description of the general improvements on the site referenced. For the purposes of this valuation, we have proceeded on the basis that all improvements situated on the land comply with the relevant building codes and regulations. We advise that we have not carried out a structural survey of the improvements nor have we tested any of the services and are therefore unable to state that these are free from defect.

2.4 CONDITION AND REPAIR

Aged care assets by their very nature require continual expenditure to maintain the aesthetic appeal, structural integrity and hence, capital value of the asset.

A WSP property condition report dated 19 October 2021 summarises the overall condition of asset components including site, building exterior, building interior, resident rooms, ensuites, building services, villages, together with passive fire and compliance, asbestos and seismic.

The sites were assessed subject to a condition rating scaled between very good rated at 1.0 and very poor rated at 5.0 based on an asset data tool. Weighted conclusions averaged between 2.6 and 2.9 on the overall scale falling under the moderate coding.

Our valuation reflects the quality and condition of the building components as viewed on site.

2.5 OPERATING EQUIPMENT

Our valuation includes those items that form part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting etc that would normally pass with the sale of the property.

2.6 THE BUILDING ACT 2004

The Building Act 2004 is the legislation that governs the building industry in New Zealand. The Act aims to improve control of, and encourage better practices in, building design and construction, and sets out duties for building owners, managers and developers.

2.6.1 BUILDING WARRANT OF FITNESS

The Building Act 2004 requires all buildings, which have certain systems installed relating to health, safety and fire, to be issued with a Compliance Schedule. The Compliance Schedule sets out the minimum requirements for servicing, maintenance, and inspections of these systems, and forms the basis of the Building Warrant of Fitness.

We have proceeded with our valuation on the basis each property complies with the necessary legislation and has a current building warrant of fitness (where applicable).

2.6.2 EARTHQUAKE PRONE BUILDINGS POLICY

Section 131 of the Building Act 2004 requires all Territorial Authorities to adopt a policy on earthquake-prone buildings with Section 132 detailing how a policy is to be developed and managed. Buildings considered most at risk, typically built prior 1976, will require an Initial Evaluation Procedure (IEP) assessment to determine whether they are earthquake prone. An IEP looks at many aspects of a building which makes up its overall earthquake resilience including the size and shape of the building, the age of the building and the materials from which it was constructed and is a coarse measure of a building's likely performance in an earthquake. The IEP gives an indication of the percentage of New Building Standard (NBS), or more frequently known as Ultimate Limit State (ULS) strength of the building. Those buildings that have a strength that exceeds 1/3 (34%) of that required for new buildings by the design standard NZS1170.5:2004 meet the legally acceptable minimum level of structural performance of buildings in an earthquake, however a factor above 67% of NBS is considered as Low-Risk, as determined by the New Zealand Society for Earthquake Engineering (NZSEE).

Further to this, the Canterbury Earthquakes Royal Commission released Volume 4 of its Final Report, 'Earthquake-Prone Buildings', which covers a range of practice and policy issues relating to earthquake-prone buildings and how these buildings are identified and managed. The report specifically identifies the need for hazardous elements of unreinforced masonry (URM) buildings to be strengthened throughout New Zealand.

The Building (Earthquake-prone Buildings) Amendment Act 2016 (the Act) received Royal Assent on 13 May 2016 and came into force on 1 July 2017. The purpose of the amendment is to balance the risk posed by

Earthquake-Prone Buildings (EPB) with the significant cost and impact on owners to upgrade those buildings. The timeframes have been adjusted to better reflect the earthquake risk affecting each building.

Key amendments to the Building Act include:

- Definition of an EPB: In the case of a moderate earthquake the ultimate capacity is likely to be exceeded and a resulting collapse is likely to cause injury to a person or damage to property. The methodology for determining whether a building is earthquake-prone will be determined no later than 1 month after the Act comes into force. The % NBS threshold used for determining EPBs will not change under the new system provisions and will remain at <34% NBS.
- Categorisation of Earthquake Risk: Under the Act, New Zealand has now been divided into 3 distinct categories of earthquake risk from high, to medium and low. High risk areas will need to be assessed within 5 years and strengthened within 15 years; Medium risk areas assessed within 10 years and strengthened within 25 years; and Low risk areas will need to be assessed within 15 years and strengthened within 35 years.

Under the above policy changes, the applicable Territorial Authorities are categorised as follows:

Low Risk:	Auckland, Dunedin District, Clutha District
Medium Risk:	Rotorua District, South Taranaki District, Whanganui District, New Plymouth District, Nelson District, Timaru District
High Risk:	Gisborne District, Wairoa District, Hastings District, Carterton District, Palmerston North District, Tasman District, Christchurch City, Ashburton District

2.6.3 SEISMIC STRENGTH INVESTIGATIONS

We have been provided with seismic assessments for all of the properties in the form of either copies of full seismic reports or alternatively the relevant Initial Evaluation Procedure (IEP) calculations.

Based on the seismic assessments provided, it can be concluded that none of the properties forming the subject of this valuation are considered to be earthquake prone, all achieving a rating greater than 34% of NBS. While a vast majority of the buildings achieved a seismic rating greater than 67% of NBS, a selection of buildings, or part thereof, did not meet the 67% threshold, and therefore are categorised as earthquake risk buildings.

We summarise the results of these seismic tests for properties, or part of the properties, rated sub-67% NBS as follows:

- Cantabria Lifecare – With regards to the care facility, the Jasmine Wing and Sunflower Boarder was assessed at 60% NBS, and the Day Care Centre was assessed at 55% NBS.
- Roseneath Lifecare – The building was assessed at 50% - 60% NBS.
- Coldstream – The Chapel and Lills wings were both assessed at 40% NBS.
- Highfield Lifecare – The Day Care Centre was assessed at 60% NBS

We make additional observations as follows:

- Whilst there is no statutory requirement to upgrade properties between 33% and 66% NBS, the market exhibits a preference for buildings of 67% NBS compliance or greater. That it is more challenging to obtain bank funding where less than 67% NBS is apparent.
- On balance, whilst the primary cash-flow stream derived by the care facilities is not likely to be disrupted under the current legally acceptable NBS ratings, the market may add a risk premium to any standard investment returns for ratings less than 67% to reflect uncertainty around future funding opportunities by way of sub-standard NBS, alternatively a discount to reflect costs to bring an asset up to a minimum of 67% of NBS.
- Should a professional costing be made available to bring the respective properties up to (or greater) than 67% NBS rating, alternatively, where not previously available a detailed seismic assessment(s) be made available which shows an improved structural performance on the current IEP based NBS rating, we recommend the valuation be returned to the Valuer for consideration.

We refer the reader or any party relying on this report to the critical assumptions section of this report and to the aforementioned seismic documentation for a full and proper understanding of the seismic strength findings.

2.7 ENVIRONMENTAL CONDITIONS

2.7.1 SITE CONDITIONS

We do not carry out investigations on site in order to determine the suitability of ground conditions and services. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of properties which may have development potential, we assume that the site has load bearing capacity suitable for the anticipated form of development without the need for additional and expensive foundations or drainage systems.

2.7.2 SITE CONTAMINATION

We have been provided with LIM reports for each property within the portfolio, which we have reviewed in conjunction with other sources of publicly available council information in order to determine if site contamination may be present at any of the subject properties.

Our visual inspection of the properties and immediately surrounding properties revealed no obvious signs of site contamination. We have not undertaken any formal searches nor carried out any soil tests and are therefore unable to state whether or not the site is free from any chemical or other such detrimental contaminants. Our valuation is subject to the respective villages and facility sites being free from elevated levels of contaminants and have therefore made no allowance in our valuations for site remediation works.

2.7.3 ASBESTOS

We have been provided with Asbestos Survey Reports for the properties across the portfolio. These include Asbestos investigations undertaken by Golder Associates and Thomas Consultants across 2017, Babbage Consultants across 2018 and WSP in mid-2019. Additionally, we have been provided with Asbestos Management Plans for those properties where asbestos containing materials have been found.

We note areas of identified asbestos as follows:

- Cantabria Lifecare - Asbestos containing materials were found to be present in 28 of the samples including the fibre cement claddings and soffits, textured coatings to the ceilings in the Sunflower board, Jasmine Wing stairwells and Rose Wing laundry, Cement wall cladding and dust and debris in the Sunflower board hallway hatch, Waterproof membrane forming the roof to the independent living unit, The Cottage, and Decramastic roof tiles on the independent living unit, Orchard Unit 3.
- Te Wiremu House Lifecare – Asbestos containing materials were found to be present in 7 separate sample taken from ceilings, roof, internal wall linings, soffits and external walls.
- Annie Brydon Lifecare - Asbestos containing materials were found to be present in 2 separate samples taken from the sun shades and balustrade of the managers accommodation. Furthermore, it was assumed asbestos was present within the electrical switchboard of the managers accommodation.
- Chiswick Park Lifecare – Asbestos containing materials were presumed to be present within the flashboard in the power which is located within the electrical room.
- Palmerston Manor Lifecare - Asbestos containing materials were presumed to be present in the flashboards in the power boxes opposite rooms 21 and 33.
- Roseneath Lifecare – Asbestos containing materials were found to be present in 5 separate samples taken from within the main building/dementia wing and chalet.
- Albarosa, Camellia Court & Golden Age - Asbestos containing materials were found to present in two of the samples extracted from the textured ceiling coatings in the first-floor flats of Camellia Court.
- Edith Cavell Lifecare – Asbestos containing materials were found to be present in 1 sample taken from the soffits.
- Brookhaven - Asbestos containing materials were found to be present within the textured coated ceiling linings of the facility.
- Coldstream - Asbestos containing material was found to be present in pipe lagging in the Hutt & Heron Wings ceiling space.
- Princes Court Lifecare – Although no asbestos survey has been undertaken on the property, we have been provided with an Asbestos Management Plan which has been prepared on the presumption that asbestos containing materials are present.

The presence of asbestos containing materials within the majority of the complexes detailed above were in good condition and accordingly classified as being low or very low risk. Generally asbestos containing materials is not itself considered a problem until such time as it starts to deteriorate, or it is disturbed in some way. This includes demolition and removal at which time airborne asbestos fibres need to be contained and leaching of asbestos fibres into the ground eliminated.

However, some areas identified within the properties received a higher risk rating and required more immediate action, we detail these properties and the specific areas of concern as follows:

- Cantabria Lifecare – The textured ceiling within the hallway of the sunflower board were categorised high risk and are to be removed within 3 months. Additionally, a further 4 samples at various locations across the complex were categorised medium risk and to be removed within 3 months.
- Roseneath Lifecare – The exterior fibre cement panels of the main building/dementia wing were categorised medium risk and to be removed within 2 years.

Otherwise, there were no other areas of asbestos noted during our on-site inspections. We have not conducted formal searches. If asbestos materials are found to be present on-site, the valuation(s) must be referred back to the Valuer for further consideration and possible re-assessment.

2.7.4 FLOODING

Our research of the relevant hazard maps (as shown in LIM Reports provided) revealed that the majority of the Portfolio are not likely to be prone to flooding. We note exceptions as being:

- The Auckland Council GIS Viewer indicates Overland Flow Paths at Palms Lifecare running along Fairfield Street, Harris Street and West Street. Flood Plains cover a small part of the property at 9 Fairfield Street on the southern boundary together with part of the care facility car park adjacent to the intersection of Harris and West Streets on the northern side of the site. In addition, a significant portion of the combined site is identified as part of a Flood Prone Area.
- Glengarry Lifecare is located within an identified flood risk area
- Parts of the site at Telford Lifecare is identified as a ponding area and part of a stormwater management plan.
- Flaxmore Lifecare is identified as being in an area that may be at risk of flooding in the event of a flood event.
- Albarosa Rest Home, Camellia Court Rest Home & Golden Age are located within the Flood Management Area Overlay under the Christchurch District Plan.
- Part of the property at 40E Head Street, forming the south western portion of the site at Edith Cavell Lifecare is located within the Flood Management Area Overlay under the Christchurch District Plan.
- Brookhaven Retirement Village is located within the Flood Management Area Overlay under the Christchurch District Plan. Additionally, this property is predicted to within the extent of a 1 in 50 year flood event.
- Redroofs lifecare is located within an area with active floodwater alluvial fans. Active fans are those which flooding, deposition and/or erosion are possible within the next 500 years.

2.7.5 GEOTHERMAL HAZARDS

Cantabria Lifecare is located within the Rotorua District which is known for the Geothermal Fields on which the District is located. While there are geothermal bores on site at Cantabria, we are not aware of any Caution or Hazard Notices issued by Council for either site, or the recording of high concentrations of Hydrogen Sulphide gas.

2.7.6 LIQUEFACTION

The Liquefaction Management Area covers a large proportion of Christchurch City and provides Council with greater control over subdivision. The following properties are located within the Liquefaction Management Area (LMA) Overlay under the Christchurch District Plan:

- Somerfield Rest Home
- Albarosa, Camellia Court & Golden Age
- Edith Cavell Lifecare
- Brookhaven

All of the properties listed above are considered to be of medium liquefaction vulnerability by the Christchurch City Council, with the exception of Brookhaven Retirement Village, which is considered to be of high liquefaction vulnerability.

We note further properties outside of Christchurch considered to be susceptible to Liquefaction as follows:

- Te Wiremu House Lifecare is located within an area of moderate potential for liquefaction induced land damage in the event of a moderate to large earthquake
- Glengarry Lifecare has been identified as being located within an area where high liquefaction damage is possible
- Colwyn House Lifecare is located in an area considered to be of high liquefaction vulnerability
- The site comprising Broadview Lifecare is considered of moderate liquefaction susceptibility

2.8 MEMBERSHIP

Each care facility is a member of the New Zealand Aged Care Association.

2.9 LEGISLATION

Unless otherwise stated in our report, our valuation is on the basis that the property complies with the Building Act 2004, Health and Safety at Work Act 2015, Fire and Emergency New Zealand (Fire Safety, Evacuation Procedures, and Evacuation Schemes) Regulations 2018, Disabled Persons Community Welfare Act 1975, Health and Disability Services (Safety) Act 2001, Retirement Village Act 2003, Retirement Village (General) Regulations 2006, Code of Practice 2008 or it has no significant impact on the value of the property.

3 AGED CARE SERVICES

3.1 BACKGROUND

Private, corporate and not for profit sectors provide most services for people with age-related disabilities. Only a small proportion is provided by publicly owned hospital and health services and this proportion has declined over the last decade.

3.2 STATUTE AND CERTIFICATION BACKGROUND

The Ministry of Health is responsible for the funding of Aged Care Services, and the legislation relating to the provision of such services is the Health and Disability Services (Safety) Act 2001. It is the intention of the Act to promote the safe provision of health and disability services, to enable the establishment of consistent and reasonable standards for providing such services, to encourage providers of health and disability services to take responsibility for providing such services to the public safely, and to encourage the providers of health and disability services to continuously improve the quality of those services.

The Health and Disability Services (Safety) Act 2001 repealed the former Old People's Homes Regulations of 1987 and Hospital Act 1957. Among other things the new Act provided for new Health and Disability Standards to become mandatory from 1 October 2004 for existing properties. A two-year transition period from 1 October 2002 onward was set in place, and a system for the audit of aged care facilities requiring inspection/audit followed by certification, has followed.

Such audit is completed in the context of the Health and Disability Service Standards. There are six types of audit which include:

- Provisional audit
- Partial provisional audit
- Full audit
- Certification audit
- Surveillance audit (also known as spot audits)
- Verification audit

The audits are completed by designated audit agencies appointed by the Ministry of Health, and specific aged care audit tools have been established for guidance.

3.3 HEALTH AND DISABILITY SERVICES STANDARDS 2008

The Health and Disability Services Standards 2008 were gazetted on 2 October 2008. The Standards came into force on 1 June 2009 replacing the Health and Disability Standards 2001.

These are largely revised Standards rather than new Standards and are focused on outcomes for consumers.

The Health and Disability Services Standards 2008 focus on eight key areas including:

- Consumer rights
- Organisational management
- Continuum of service delivery

- Safe and appropriate environment
- Restraint minimisation
- Safe restraint practice
- Seclusion
- Infection control

There are 57 standards in total which are contained within four sets of standards including:

- NZS 8134.0:2008 Health and Disability Services (General) Standard
- NZS 8134.1:2008 Health and Disability Services (Core) Standards
- NZS 8134.2:2008 Health and Disability Services (Restraint Minimisation and Safe Practice) Standards
- NZS 8134.3:2008 Health and Disability Services (Infection Prevention and Control) Standards

In respect of accommodation, facilities and equipment, the emphasis of the audit requirements is on meeting the accommodation needs of older people including cultural issues, nutrition, hygiene, outdoor seating, privacy and the like.

As a result of the standards, a number of older facilities closed through inability to comply with the certification requirements. The religious and welfare organisations including trusts, Salvation Army and Presbyterian Support Services found it increasingly difficult to operate profitably, particularly where the facilities were older and requiring significant refurbishment to comply with both certification and market requirements.

The Health & Disability Services (Safety) Act 2001 requires regular review of the Health and Disability Services Standards. A staged review commenced in December 2018 and has now gone through extensive consultation with sector participants and stakeholders.

On 24th June 2021, under provision of the Health and Disability Services (Safety) Act 2001 the Minister of Health approved the Ngā Paerewa Health and Disability Services Standard (NZS 8134:2021) which come into effect on 28 February 2022. At this time the current standards will be revoked.

3.4 END OF THE MANAGED BED POLICY

Historically DHB's imposed regional restrictions on the contracting of new residential care capacity within the sector with such limitations known as 'Managed Bed Policies'.

With the passing of the Social Security (Long Term Residential Care) Amendment Act 2006 managed bed policies became illegal.

The DHBNZ interpreted the Act to mean that certification now becomes the principal determinant of the maximum number of residents a provider may provide services for at a facility.

Healthcare providers sought legal advice which confirmed the DHBNZ position that a service contract can no longer dictate bed numbers. The interpretation is that a contracted and certified provider can add more beds and, subject to audit, take additional subsidised residents.

The change also means that anyone can be placed in any bed subject to certification to provide the required category of care. The industry refers to this as the 'Swing Bed Policy' (now referred to as 'Dual Purpose' beds). A facility which is certified for a number of services can deliver any mix of services within the facility's

capacity. The mix of beds can therefore be altered at any time to suit demand. The DHB cannot impede this process. The subsidy is dependent upon certification, not specified contracted bed numbers for a given category of care.

In effect the passing of the Social Security (Long Term Residential Care) Amendment Act 2006 has meant that:

- Once someone has an ARRC contract they can provide any level of care, as long as they are certified to do so
- The contract cannot state the maximum number of residents to whom the services can be provided because the Act prohibits this

The end of the managed bed policy does not mean uncontrolled bed numbers. Bed demand is substantially controlled by available funding and hence fee subsidies. We are aware that the hurdle for subsidised rest home care has been raised as 'aging in place' and 'home based support service' policies are promoted resulting in a reduction in the level of rest home referrals coming through. This may pose a threat to rest home occupancy longer term and we are aware of operators seeking re-certification to provide higher care levels.

3.5 ASSET THRESHOLDS

Another significant change over time has been the increase in asset thresholds to enable older people to retain more of their assets and still qualify for a Government subsidy to help meet the cost of their care. From 1 July 2005, the asset thresholds increased from:

- \$15,000 to \$150,000 for a single or widowed person in care
- \$30,000 to \$150,000 for couples with both partners in care
- \$45,000 to \$55,000 for couples with a partner in care (house and car exempt)

There has been an annual increase to the asset thresholds of \$10,000 per annum effective from 1 July 2005 with the threshold from 1 July 2011 at \$210,000 for both a single or widowed person in care and for couples with both partners in care.

One of the biggest changes to the government budget for 2012 was a move away from the annual \$10,000 increase in the asset testing threshold, and instead indexed it to inflation. From 1 July 2021, the asset threshold increased to \$239,930 for single people or a couple where both are in care.

3.6 FEE RATES

For an extended time now there has been significant pressure on the Government to increase the subsidised fee rate on the basis that rest homes, medical and geriatric hospitals and dementia are severely under-funded. We review the recent history of gross fee rate increases over the past 15 years, including the fee increase from 1 July 2021 of 2.80%, as follows:

Effective Date		Historical Gross Fee Increases		
Year	Month	Rest Home	Hospital	Dementia
2005	July	3.00%	3.00%	3.00%
2006	March	4.00%	4.00%	4.00%
2006	July	3.10%	5.97%	5.97%
2007	July	6.93%	6.72%	7.07%
2008	July	2.80%	2.80%	2.80%
2009	April	0.50%	0.50%	0.75%
2009	July	4.50%	5.30%	4.50%
2010	July	1.73%	1.73%	1.73%
2010	October (GST Increase)	0.00%	0.00%	0.00%
2011	July	1.72%	1.72%	9.22%
2012	July	1.49%	1.49%	5.81%
2013	July	0.89%	0.89%	2.47%
2014	July	1.00%	1.00%	1.00%
2014	October	5.00%	0.00%	0.00%
2015	July	0.70%	0.70%	0.70%
2016	July	1.00%	1.00%	1.00%
2017 ²	July	1.80%	1.80%	1.80%
2018 ²	July	2.00%	2.00%	2.00%
2019 ²	July	3.20%	3.20%	3.20%
2020 ²	July	3.00%	3.00%	3.00%
2021 ²	July	2.80%	2.80%	2.80%
% Increase to July 2021 (Total)		48.16%	46.62%	59.82%
% Increase to July 2021 (Compounding)		60.51%	58.02%	79.33%
Time In Years		16	16	16
CPAAGR ³ (Total)		3.00%	2.90%	3.72%
CPAAGR ³ (Last 5 Years)		2.56%	2.56%	2.56%

NB: 1) Fee Increases Based on TLA Maximum Contribution Exclusive of GST

2) The increases as at July 2017 and subsequently are net of the dollar increase for the pay equity settlement

3) CPAAGR - Compound Per Annum Equivalent Growth Rate

It should be noted that fee increases are gross increases which do not automatically equate to the equivalent increase in net operating profit for service providers.

The most recent announcement confirms an across the board increase of 2.80% on rest home, hospital, dementia with effect from 1 July 2021, prior to the dollar adjustment for the pay equity settlement, providing operators with limited reprieve from cost pressures.

Notwithstanding that fee increases have outstripped the movement in CPI recently, the rising costs faced by operators, including increases in the minimum wage has placed pressure on profitability. Minimum wage increases over the last six years including the most recent increase which took effect from 1 April 2021 include:

- \$0.50 to \$14.75 per hour from 1 April 2015;
- \$0.50 to \$15.25 per hour from 1 April 2016;
- \$0.50 to \$15.75 per hour from 1 April 2017;
- \$0.75 to \$16.50 per hour from 1 April 2018;
- \$1.20 to \$17.70 per hour from 1 April 2019;

- \$1.20 to \$18.90 per hour from 1 April 2020; and
- \$1.10 to \$20.00 per hour from 1 April 2021

Operators have incurred additional costs associated with the COVID-19 outbreak and central government announced on 18 April 2020 \$26 m extra funding for the aged care sector. Many industry leaders said at the time this did not go far enough. Additional funding for expenses incurred by operators for subsequent lockdowns has not been forthcoming.

What has become clear is that the financial viability for a number of smaller operations has deteriorated to such an extent, a number have either closed, or signalled their intentions to close due to the funding formula decided for residential aged care which is based on average care hours per resident, employees' average level qualifications and average years of experience.

Smaller facilities which lack economics of scale, often run by private operators, welfare, trusts or religious based organisations which typically provide above average care hours per resident per day and employ more qualified and experienced staff, have been penalised under the funding model adopted and are most vulnerable.

Any increase in absolute profit is proving modest at best and as a general observation, though not always the case, profit expressed as a percentage of revenue has shown some softening. To compensate, we are seeing an increasing drive by operators to charge room premiums and there does not appear to be any strong consumer resistance to this charging regime as it progressively occurs.

The situation has not been helped by a shortage of registered nurses in the aged care sector with an increasing number of nurses leaving for District Health Boards in anticipation of better pay and conditions in public hospitals. The trend will continue as a result of the multi-employer collective agreement (MECA) which settlement was announced on 7 August 2018.

3.7 FEE RATES PER FACILITY

We detail the maximum contribution applying in each TLA region from 1 July 2021 per day excluding GST for the assets valued as follows:

MAXIMUM RATES BY TLA AS AT 1 July 2021 (PER DAY EXCLUDING GST)

Name	TLA Region	Rest Home	Dementia	Hospital	Psycho geriatric	Other
Palms Lifecare	Franklin District	\$153.34	-	\$243.15	-	-
Cantabria Lifecare	Rotorua District	\$153.77	\$206.25	\$243.65	-	-
Te Wiremu House Lifecare	Gisborne District	\$150.66	\$202.57	\$240.11	-	-
Glengarry Lifecare	Wairoa District	\$153.19	\$205.59	\$243.02	-	-
Telford Lifecare	New Plymouth District	\$153.19	-	\$243.02	-	-
Elizabeth R Lifecare	Stratford District	\$150.35	-	\$239.76	-	-
Annie Brydon Lifecare	South Taranaki District	\$150.95	-	\$240.45	-	-
Colwyn House Lifecare	Hastings District	-	\$205.59	\$243.02	-	\$289.33
Broadview Lifecare	Wanganui District	\$150.95	\$202.89	\$240.45	\$270.25	\$290.63
Chiswick Park Lifecare	Palmerston North City	\$152.63	-	\$242.36	-	-
Palmerston Manor Lifecare	Palmerston North City	\$152.63	-	\$242.36	-	-
Roseneath Lifecare	Carterton District	\$150.35	\$202.24	\$239.76	-	-
Flaxmore Lifecare	Nelson City	-	\$209.57	-	-	-
Stillwater Lifecare	Tasman District	\$156.60	\$209.57	\$246.91	-	-
Somerfield Rest Home	Christchurch City	-	\$206.93	-	-	-
Albarosa, Camellia Court & Golden Age	Christchurch City	\$154.32	\$206.93	-	-	-
Edith Cavell Lifecare	Christchurch City	\$154.32	-	\$244.29	-	-
Brookhaven	Christchurch City	\$154.32	\$206.93	-	-	-
Coldstream	Ashburton District	\$151.50	-	\$241.68	-	-
Princes Court Lifecare	Ashburton District	-	\$203.59	-	-	-
Highfield Lifecare	Timaru District	\$150.95	-	-	-	-
Redroofs Lifecare	Dunedin City	\$152.63	-	-	-	-
Clutha Views Lifecare	Clutha District	\$149.79	\$201.56	\$239.13	-	-

Where possible, Heritage supplement their care facility income by:

- Charging premium room fees over and above that received under the standard daily fee rate
- The provision of service packages to residents within units, apartments and serviced apartments, and
- The provision of rest home level care to residents accommodated within serviced apartments where there is demand, and where certification is held to do so

4 CARE BED DEMAND

4.1 AGED CARE SECTOR SUMMARY

New Zealand Aged Care Sector Summary

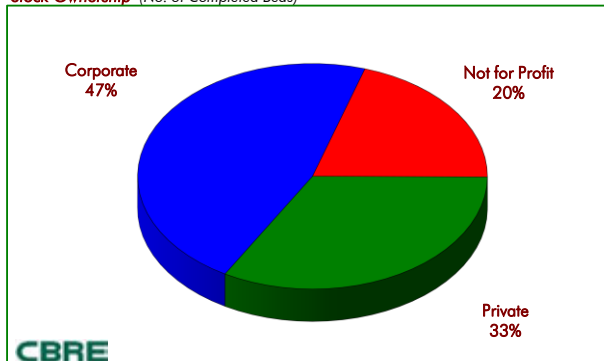
CBRE

Classification:	New Zealand	Population	Total	55+	65+	75+	85+
Number of Facilities (As at Dec 2021)	683	2018 Census	4,699,071	1,442,349	714,948	302,388	84,246
Bed Stock		2013 Census	4,241,349	1,255,842	607,005	260,904	73,404
Current Beds	40,051	2006 Census	4,027,149	1,039,173	495,438	230,058	56,631
Proposed Beds	7,517	2013 v 2018	457,722	186,507	107,943	41,484	10,842
Supply Growth	19%	2006 v 2013	214,200	216,669	111,567	30,846	16,773
MOH Certified Sector Beds		2018% of Catchment		30.7%	15.2%	6.4%	1.8%
MOH Certified Sector Beds As @ 27 November 2020	38,642	2013% of Catchment		29.6%	14.3%	6.2%	1.7%
Ratio 75+ Population to Supply (Population 75+ Per Bed)		2006% of Catchment		25.8%	12.3%	5.7%	1.4%
Existing	7.6:1	2013 v 2018	10.8%	1.1%	0.9%	0.3%	0.1%
Required	8.3:1	2006 v 2013	5.3%	3.8%	2.0%	0.4%	0.3%

Current Bed Stock²

Description	Corporate	Not for Profit	Private	Total
Rest Home	5,220	3,270	6,959	15,449
Hospital	7,965	3,813	3,838	15,616
Dementia	2,133	804	1,907	4,844
Other Beds	392	115	175	682
Care Suites	335	62	30	427
Assisted Living Suites	912	31	154	1,097
Certified SA	1,673	16	247	1,936
TOTAL	18,630	8,111	13,310	40,051
%	47%	20%	33%	100%

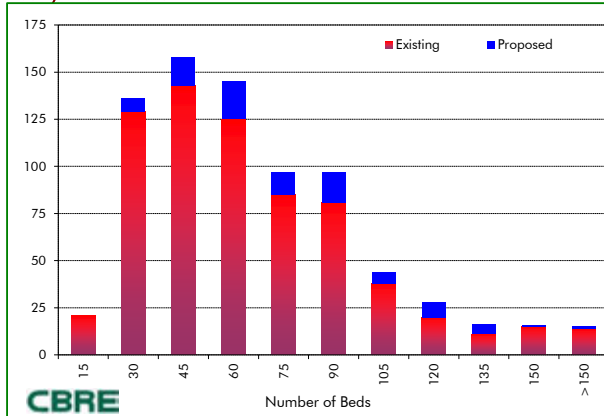
Stock Ownership (No. of Completed Beds)



Facility Ownership & Profile

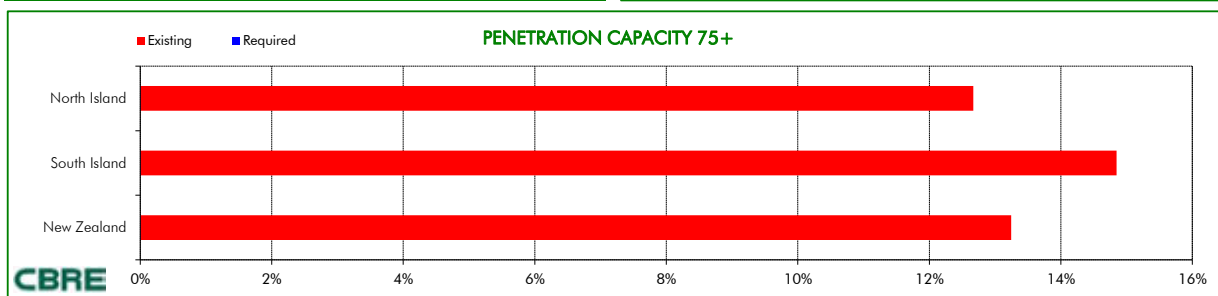
Description	Corporate	Not for Profit	Private	Total
Completed	232	120	302	654
Developing	10	8	11	29
Proposed	49	4	38	91
TOTAL	291	132	351	774
%	38%	17%	45%	100%

Facility Size Distribution



Average Facility Size (No. Beds)

Description	Corporate	Not for Profit	Private	Ave
Existing Facilities	77	63	43	59
Planned Expansions	39	26	40	36
Proposed Facilities	74	86	67	72



NB: 1) 75+ Penetration Capacity based off Statistics New Zealand Census 2018 data

2) With a swing bed policy, the bed split is somewhat notional. We have relied upon our understanding of the historic demarcation however this is subject to change

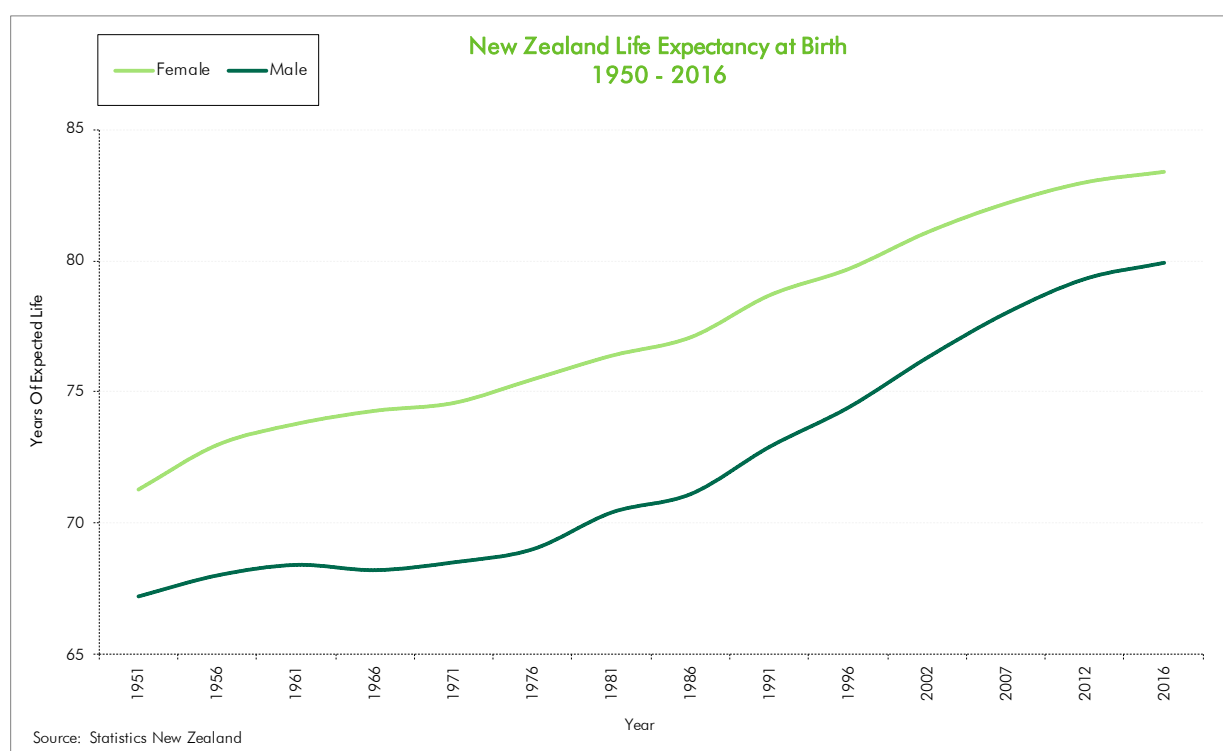
4.2 LIFE EXPECTANCY & DEMAND

Throughout the twentieth century there was a steady improvement in the average life expectancy of the population, at all ages, due to improved health services and living standards.

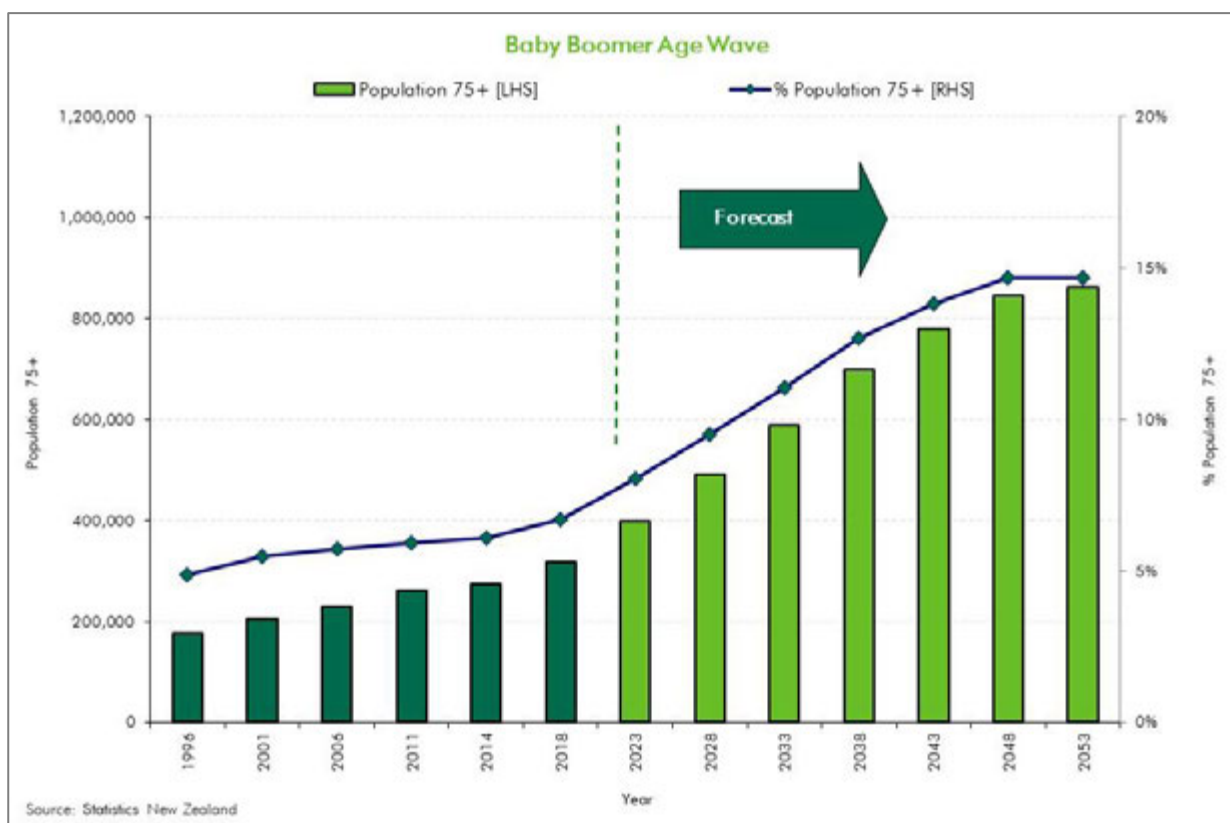
Like many OECD [Organisation for Economic Co-operation and Development] countries, New Zealand's is set to experience a major demographic shift which will result in a disproportionate representation of the elderly population in comparison to historical trends. This forecast change is well documented.

While improvements in medicine and the quality of life have provided a platform for people to survive to an older age, another major driver has been low fertility and birth rates affecting demographic compositions.

The following graph illustrates the improvement in the average life expectancy of the population:

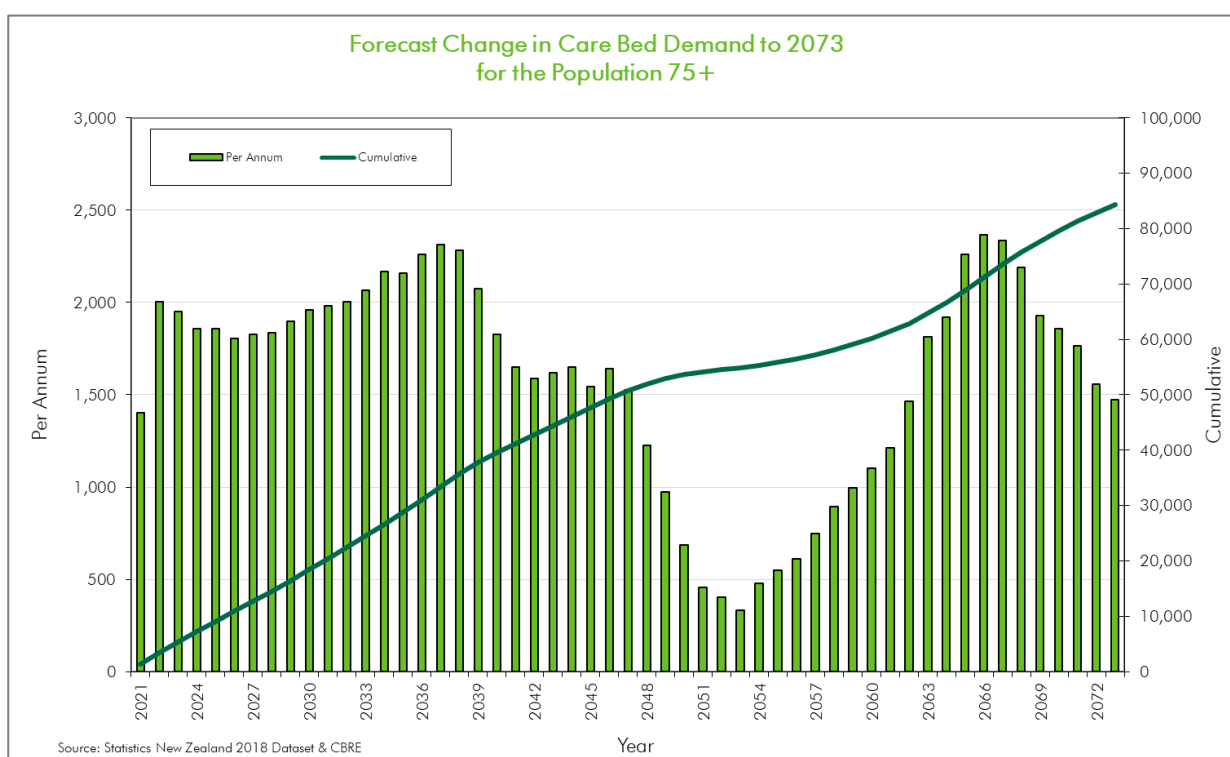


There are now more people surviving to an older age and over time an aging population will result in increased demand for aged care services. At a national level, demand is anticipated to grossly exceed current supply as the baby boomers (born between 1946 and the early 1960's) reach their later retirement years. The following graph illustrates the forecast increase in the 75+ population:



At a national level, the impact of the baby boomer generation on aged care bed demand will be significant. It is estimated that circa 10% of the population aged 75+ require aged residential care in any one year.

The following graph highlights the forecast change in the per annum bed demand together with the cumulative impact to 2073 based on Statistics New Zealand median growth projections. Adopting an average entry age into care at 82 would suggest demand will peak in 2037.

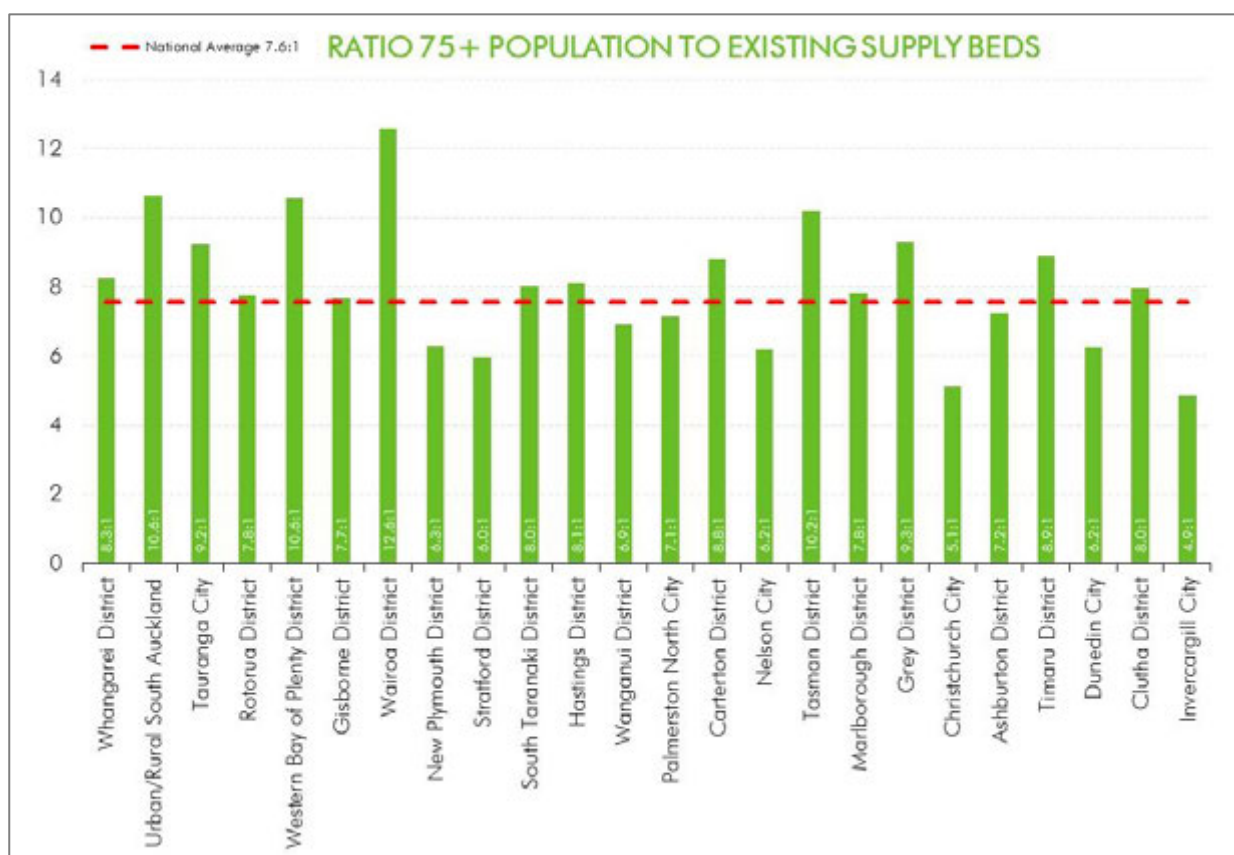


The graph illustrates that between 2022 and 2047 there will be good demand for aged residential care beds peaking at a forecast of circa 2,300 additional residents per annum. The rate of demand growth is then forecast to decline to a low of circa 400 additional residents per annum between 2050 and 2060 before rising steadily returning to strong levels of demand for aged residential care beds reaching another peak at a forecast of circa 2,300 additional resident per annum around 2066.

The markets' ability to meet escalating demand of this magnitude is untested and is expected to require a significant capital injection to increase current bed capacity.

4.3 COMPETITION

For each site we have considered the level of competition within the micro catchment. In order to gauge the intensity of the competition, at a micro level we have analysed the ratio of the population aged over 75 to known bed supply for the districts in which the Heritage Lifecare portfolio is located, detailed as follows:



Naturally the above ratios will intensify as proposed competition is brought on stream.

4.4 DEMOGRAPHIC PROFILES

4.4.1 PRIMARY CATCHMENT

Catchments can be defined by a combination of distance radii, drive time, physical constraints, socio economic constraints, location and intensity of competition however it is generally recognised within the wider aged care sector that in established metropolitan areas, the primary catchment for a care facility is generally within a 2 to 5 kilometre radius. For facilities in provincial towns, the primary catchment can be much greater.

4.4.2 DEMOGRAPHIC PROFILE SUMMARY

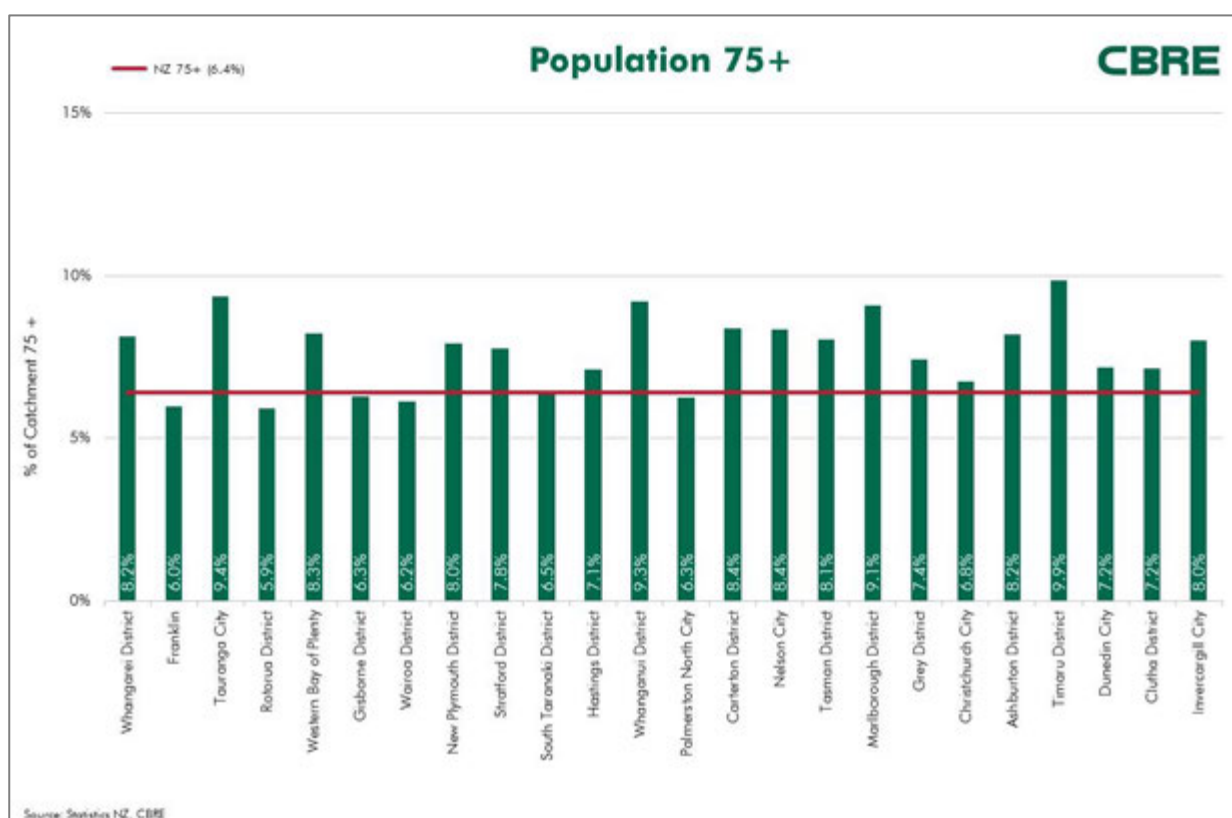
We provide a summary of the key demographics by Territorial Authorities based on the 2018 Census for each asset valued as an attachment to this report which includes New Zealand provided for comparative analysis purposes.

High ratios of the 75+ population together with a higher representation of Europeans is considered advantageous as trends do suggest that Europeans tend to be overrepresented in terms of occupancy than any other ethnicity. Reasons for this include cultural differences between Europeans and other ethnic groups (Asians, Pacific Islanders, and Maori etc), longer life expectancies, a generally higher level of affordability and increased acceptance for the product.

This needs to be balanced against the intensity of competition within a particular micro catchment.

4.4.3 POPULATION 75+

The below graphical illustration represents the percentage of usual resident population within the 75+ cohort with the New Zealand average trend line for the 75+ included for comparative purposes for the locations in which the Heritage Lifecare portfolio assets have a presence:



The portfolio at a specific geographical location is subject to a large variance in population composition, albeit with the majority of Territorial Authorities comparing favourably with the National Average.

5 MARKET COMMENTARY

5.1 COVID-19 MARKET UPDATE

The situation due to the COVID-19 pandemic has continued to evolve since the end of the first nationwide Alert Level 4 lockdown on 27 April 2020. Parts of the country, particularly Auckland, have undergone various Alert Level changes since then. Most recently, New Zealand was placed into a second Alert Level 4 lockdown from 18 August 2021 for an initial period of 7 days as a result of the highly infectious Indian Delta variant detected in the community. Auckland exited Alert Level 4 on 22 September 2021 while the remainder of the country gradually eased restrictions from 1 September 2021 allowing all businesses and services outside of Auckland to operate, and social gatherings, subject to following public health orders in regard to social gatherings and face coverings.

Outside of these Alert Level changes, whilst domestic economic activity is essentially functioning in a normal manner and domestic and global vaccination programmes have advanced, New Zealand's borders remain largely closed. A brief exception was the Trans-Tasman 'Bubble' with Australia which commenced in April 2021 before being paused on 23 July 2021, due to the Delta strain outbreak on the Australian eastern seaboard.

The market has shown better than expected sentiment upon exiting the initial Alert Level 4 lockdown which commenced 26 March 2020. Prime properties (particularly those leased to Government or healthcare providers, or those with long term leases to reputable tenants) remain strongly sought after with analysed yields firming from pre-lockdown, buoyed in part by interest rates which fell during 2020 to record low levels. Industrial property has proven to be the least affected sector with historically firm investment yields achieved. The residential market has surged since restrictions were lifted with values in many locations increasing by 20% to 30% over a 12-month period, in some cases nearing 50% coming off a low base.

Notwithstanding the above, there remains a degree of uncertainty in the market because of the longer-term economic impacts of COVID-19. Prime properties are strongly sought after, however questions remain over the office and retail leasing markets. The Tourism, Retail and Hospitality sectors remain the worst affected by the pandemic and material value discounting is evident. The Reserve Bank commenced raising the OCR from October 2021 with further rises signalled. Lenders have increased retail interest rates sharply in recent months.

To assist the economy, the Government initially set aside NZD\$50 billion for the "COVID-19 Response and Recovery Fund", which encompasses a range of initiatives to support economic recovery, the most significant of which was the Wage Subsidy Scheme. Further economic stimulus has been targeted including significant infrastructure investment.

Generally speaking, there has been a sufficient depth of recent transactions in most markets to provide considered valuation advice. However, as the Covid Delta strain spreads throughout the nation, and given the wider uncertainty we recommend our valuations are reviewed periodically to reflect the duration and severity of impact that COVID-19 has on the local and international economy.

5.2 ECONOMIC AND MONETARY TRENDS

For context, we include our sector market commentary below, noting it was largely written prior to the lockdown which commenced on 18 August 2021. Nevertheless, it provides context to the transactional evidence presented in this report.

Three factors stand out in regard to the COVID-19 induced economic cycle. First, unlike conventional recessions, it is both a demand shock and a supply shock. This is different to a normal demand shock only scenario, such as the GFC. Second, the amplitude of the cycle is significantly larger. Third, the duration, at least in the initial downward phase (not allowing for ongoing significant lockdowns), is shorter. All these three factors will bear on the way the economic cycle gets transmitted to the property market.

Economic growth has been stronger than expected with economic activity rising 2.8% in the June 2021 quarter as measured by gross domestic product (GDP). This follows a rise of 1.4% in the March 2021 quarter. A contributing factor was that there were fewer COVID-19 alert level restrictions during the June 2021 quarter in comparison to previous quarters. In addition, two-way quarantine free travel was introduced with Australia in April 2021 and with the Cook Islands in May 2021. We note however, quarantine-free travel with Australia was suspended in July 2021 as cases of the COVID-19 Delta variant began to emerge in Australia and has remained closed since. Whilst the community outbreak of the Delta variant in New Zealand in August 2021 resulted in Auckland's fifth lockdown and restrained activity, the impact will depend on the length of time the restrictions stay in place and the response of households and businesses. Prior to the recent lockdown and changes in Alert Levels, according to the Reserve Bank of New Zealand, economic activity in most sectors had returned to pre-COVID-19 levels, reflecting momentum in consumer spending, recovering business investment and robust export prices.

The NZ Treasury developed Activity Index shows the strong bounce back after lockdown. During the peak of lockdown in April, economic activity was 19% down on April 2019. In May, as we came out of Level 4 lockdown, activity bounced back to 6.5% below May 2019 and in June, economic activity was only 1% below June 2019. This compares well to early COVID-19 impact economic forecasts which generally indicated a circa 20% decline in economic activity for the entire Q2 period of April-June 2020.

On balance, despite the resilience evident in many areas of the economy, there are a range of possible growth/recovery scenarios that show both upside and downside risks. As underpinned by the sudden second lockdown for Auckland in August 2020, the third and fourth lockdowns in February 2021 and more recently the fifth lockdown in August 2021, the pace and duration of the economic recovery is highly uncertain. The "V" or "Nike swoosh" shape has been generally accepted as the most likely recovery scenario. It assumes that following lockdown, economic activity bounces back strongly and recovers to pre COVID 19 levels over a roughly 18 month period. This shows up as a "V" on an annual basis, or the "Nike swoosh" shaped trend when the forecast is looked at on a quarterly basis.

Putting aside a scenario of repeated domestic lockdowns, a slower recovery than the "V" shape is possible due to international conditions remaining challenging which negatively impacts our export markets and also results in a prolonged border shut down; delaying a full recovery of the tourism and education sectors beyond 2021. Overall, these point to a smaller than previous economy over a longer period which will have negative direct and second order impacts playing out through lower investment, consumption and employment.

At the same time, as proven by the strong rebound post the first lockdown, while downside risks are not to be underestimated, it is also possible that growth could surprise on the upside if the government stimulus is more effective than assumed, if returning Kiwis add a material net migration impetus to growth and/or if the nations vaccination rates reach a critical level to allow lockdown restrictions to be eased which is looking more likely.

It's tempting to extrapolate the depth of the current situation into very significant property market impacts. However, the evidence so far also indicates that this could overstate how this cycle will evolve. The GFC

experience, where trends played out during 16 quarters, may not be a reliable indicator of the way the spike may translate to vacancy. If organisations outside of industries, such as tourism, where the downside impacts will be drawn out decide to “look through” the downturn as relatively temporary, the decline in underlying demand may not translate into vacancy to the same degree as it did during the GFC.

The longer-term impact COVID-19 will have on the residential market, the retirement and aged care sectors in New Zealand is currently unknown and will largely depend on both the scale and longevity of the outbreak.

Following the initial round of infection, the risk of further waves of contagion remains in which case a prolonged pandemic could have a significant (and yet unknown or quantifiable) impact on certain sectors of the property market, in particular where tenants face challenging trading conditions and as a result fall in default of their lease commitments.

A Covid-19 vaccine which can be mass produced, is cost effective and readily distributed has now been established and is providing a glimmer of hope, albeit at a time where the virus had begun mutating. Production, distribution delays and/or hesitation by the public to receive a vaccine are potential challenges which may reduce the effectiveness of any vaccine rollout. New Zealand begun using the Pfizer vaccine in March 2021 but the vaccine rollout has been slower than many expected. This has improved recently following the community outbreak of the highly infectious Delta variant and subsequent Alert Level 4 Lockdown for New Zealand from 18th of August 2021 with the nation on track to hit a minimum level of inoculation of 90%.

Moving through 2020 and 2021, the residential market has shown resilience following the initial outbreak. Strong sales volumes and sales prices have been observed across the country. Contributing to this surge in demand has been the low interest rate environment, with the reserve bank cutting the Official Cash Rate to a record low 0.25% in March 2020 together with the removal of the Loan to Value Ratio restrictions in April 2020, which had been in place since 2013 (Loan to Value Ratio restrictions were reinstated by the RBNZ from 1 March 2021). We note a shift in the OCR on 6 October 2021 from 0.25% to 0.50%, and then to 0.75% on 24 November 2021 with the major retail banks subsequently passing on the increase to consumers.

The retirement village market has benefitted from the positive sentiment experienced with many operators reporting a surge in inquiries and sales nationwide post the 2020 lockdown. It is yet to be seen if this level of heightened activity can be maintained. There was a general expectation the residential market would follow a natural cycle to more moderate price growth, or even plateau, and this is now more likely following the government’s housing initiatives to disincentivise investment in housing announced 23 March 2021 including removing the ability of property investors to offset their interest expenses against rental income, extending the bright line test to 10 years and creating a \$3.8 billion housing acceleration fund to assist with increasing supply. Despite government’s intentions, at this point the housing market has not slowed. Operators continue to report strong sales volumes and ORA price increases are apparent. The New Zealand median house price achieved a record high of \$925,000 in November 2021 or 23.8% since November 2020.

Likewise, moving through 2020, the aged care sector in New Zealand has shown resilience following the initial outbreak in April 2020 with many operators reporting strong occupancy post the initial lockdown, however the sector has faced challenges with a short-term spike in costs associated with establishing preventive protocols, procurement of Personal Protective Equipment (PPE), and increased cleaning/laundry procedures to name a few.

Given the impact that COVID-19 might have on real estate markets in the future, a degree of caution should be exercised when relying upon our valuation. Values and incomes may change more rapidly and significantly than during standard market conditions. To this end we recommend that our valuation is reviewed periodically over the coming months.

5.3 CORPORATE ACTIVITY

The majority of the New Zealand aged care sector is held as freehold going concerns with historical transactions of a Opco/Propco nature limited.

We therefore detail in the following table corporate activity, noting that most of the market activity and transactions summarised are sales of property interests or property-based interests at the portfolio or enterprise level:

CORPORATE ACTIVITY				
Details	Asset Type	Sale Date	Number of Properties	Acquirer
Selwyn Portfolio	Retirement Villages	Nov-21	6 Villages	Metlifecare
Arena Living Portfolio	Retirement Villages	Oct-21	6 Villages	Arvida Group Limited
Metlifecare Portfolio	Villages and Care Facilities	Nov-20	29 Villages	Asia Pacific Village Group (EQT)
Brankin Family Trust	Villages and Care Facilities	Oct-20	3 Facilities	Promisia Integrative Ltd
Golden Healthcare Portfolio	Villages and Care Facilities	Nov-19	6 Facilities	Heritage Lifecare Limited
Sanderson Group Limited	Retirement Villages	Jun-19	3 Villages	Arvida Group Limited
Oceania	Villages and Care Facilities	Jul-18	5 Facilities	Heritage Lifecare Limited
Bupa	Villages and Care Facilities	Dec-17	12 Facilities	Heritage Lifecare Limited
Hurst Group	Villages and Care Facilities	Sep-17	3 Villages	Arvida Group Limited
Heritage Lifecare ²	Villages and Care Facilities	Apr-17	19 Facilities	Adamantem Capital
Anglican Care (Waiapu) Ltd	Villages and Care Facilities	Oct-16	10 Facilities	Heritage Lifecare Limited
Lend Lease	Retirement Villages	Feb-16	5 Villages	The Blackstone Group
Aria Group	Villages and Care Facilities	Jun-15	3 Facilities	Arvida Group Limited
Arvida Group Limited	Villages and Care Facilities	Dec-14	18 Facilities	Amalgamation & Initial Public Offering
Radius Residential Care Ltd ²	Predominately Care Facilities	Sep-14	19 Facilities	Knox Investment Partners
Metlifecare Portfolio ²	Villages and Care Facilities	Nov-13	25 Villages	Infratil Ltd and NZ Superannuation Fund
The Ultimate Care Group Portfolio	Villages and Care Facilities	Oct-13	17 Facilities	Windhaven Care Holdings Ltd
Metlifecare Portfolio	Villages and Care Facilities	Jun-12	25 Villages	PLC & VSL Merger & Capital Raising
Summerset Portfolio	Villages and Care Facilities	Oct-11	13 Villages	Initial Public Offering
Summerset Portfolio ²	Retirement Villages	Apr-10	12 Villages	Quadrant Private Equity Pty Ltd
Radius Residential Care Ltd ²	Care Facilities - Some LTO's	Mar-10	21 Facilities	Private Consortium

NB: 1) Equity International acquired a 28% stake in London based Renaissance Lifecare PLC and New Zealand based Sanctuary Residences.

2) Equity Stakes or shares

3) Management Rights

One of the most evident trends in the retirement and aged care sectors between 2004 and 2010 was the increased level of Australian interest and eventual end ownership, with most of the larger portfolios to become available prior to 2010 selling to Australian interests or institutions. At various times investors from the UK, USA and Asia have been active in the sector looking to secure equity stakes in established proven business models.

The global financial crisis resulted in a severe tightening of liquidity from capital markets and between 2008 and 2013 institutional and fund investors who were active prior to 2007 were no longer purchasing. While opportunities with scale were not in abundance during the period following, where opportunities were presented, they attracted interest from parties taking a cautious approach or opportunists offering significantly discounted prices in what was perceived to be a buyer's market. In the case where vendors did not have to sell, assets were generally withdrawn from the market.

Since the global financial crisis, capital constraints provided a barrier to concluding large scale deals, in particular for highly specialised assets such as retirement villages. Up until 2014 the depth of buyers active in the market was shallow with exit strategy options for large scale non-listed and private portfolios historically been listing on the New Zealand stock market.

Now we focus on the market post 2014.

An opportunity of scale rarely seen in the New Zealand market was the Arena Portfolio, formerly owned by Lend Lease comprising 5 retirement villages predominantly Auckland based with the exception of Ocean Shores. The portfolio was subject to an extended marketing campaign during 2014 with price expectations in the order of \$240,000,000. While the portfolio attracted interest from a range of parties, the disposal process failed to conclude a deal and the portfolio was withdrawn from the market in early 2015 for a short period before being marketed again. In February 2016 Blackstone Group LP, a US private equity firm announced they had secured the portfolio for an undisclosed sum subject to approval from the Overseas Investment Office.

During September 2014 the Board of Arvida Group Limited (formerly Hercules Limited) announced to the market the formation of a new aged care group seeking to combine 19 privately operated businesses, which once successfully amalgamated, would look to list on the NZX through an IPO. The Arvida prospectus outlined the inclusion of 492 villas, 574 studio and apartments and 1,002 care beds. Compared to the other major listed retirement operators on the NZX, Arvida has a largely care oriented retirement village structure. After a successful institutional book build during November 2014, Arvida began trading on the NZX on 18 December 2014.

Following the successful IPO in late 2014, Arvida announced on the 24 June 2015 that they were expanding into the Auckland market through a \$62,000,000 acquisition of the Aria portfolio of three high quality facilities with a high needs-based offering across 295 care beds, 70 serviced apartments and 9 new independent apartments. Subsequent acquisitions by Arvida include Lansdowne Park Retirement Village, Masterton for \$20,600,000 announced to the market on 25 May 2016, together with Bethlehem Views, Tauranga, Copper Crest Village Estate, Tauranga and Lauriston Park, Cambridge for approximately \$66,400,000. Settlement occurred in October 2016. In November 2016 Arvida announced they had Cascades, a large scale integrated aged care facility and retirement village located in Hamilton, under contract for \$21,200,000. Settlement occurred on 30 December 2016.

Arvida have continued expansion of their portfolio and on 12 September 2017 they announced the acquisition of Mary Doyle Lifecare situated in Havelock North, Strathallan in Timaru and 50% of Village at the Park in Wellington. Combined the assets comprise 315 care beds, 451 retirement units plus an additional 110+ units/beds to the development pipeline. The advised acquisition cost was \$106,000,000 excluding transaction costs. Completion of the acquisition occurred in October 2017.

Other transaction activity includes the sale of the Anglican Care (Waiapu) Limited Portfolio to Heritage Lifecare Limited. The deal was agreed in late 2016 with settlement in early 2017. The Anglican Care (Waiapu) Limited Aged Care and Retirement Village Portfolio with no fewer than 10 properties of various tenure, age, quality and presentation forms a medium scale aged care and retirement village portfolio in the context of the wider New Zealand market with a focussed geographical presence throughout the Hawkes Bay and wider Bay of Plenty Regions. Collectively the acquisition includes no less than 358 beds and 210 occupational right agreements together with adjoining residential properties. At the date of reporting the price remains undisclosed. CBRE acted for the buyer and has in depth knowledge of the sale parameters.

Oceania in late March 2017 lodged documents with the Companies Office as part of a process for an IPO of the portfolio and commenced trading on the NZX on 4 May 2017 making it the 5th retirement village/aged care operator on the NZX.

In addition, Heritage Lifecare Limited announced in December 2017 the acquisition of 12 properties to be acquired from Bupa with settlement 3 April 2018. The properties are of various tenure, age, quality and presentation with geographical presence spread throughout the lower North Island to the lower South Island. The acquisition of the facilities expands Heritage Lifecare's existing portfolio by 590 beds and 86 retirement units. At the date of reporting the price remains undisclosed.

In July 2018 Oceania Healthcare advised the market they were in the process of divesting in 5 of their sites identified as not suitable for upgrade or redevelopment, and therefore sites which do not fit within Oceania's future aged care plans. Heritage Lifecare Limited was the purchaser.

On the 25 June 2019 Arvida advised the market that they were acquiring three premium Sanderson Group villages being Bethlehem Country Club and Bethlehem Shores in Tauranga, and Queenstown Country Club in Queenstown for a combined consideration of approximately \$180,000,000. The acquisition of the villages adds 326 independent living units to Arvida's existing portfolio and provides for a future development pipeline of 504 units. Settlement of the transaction occurred on 31 July 2019.

In a continuation of recent acquisitions across New Zealand, Heritage Lifecare Limited announced in November 2019 the purchase of the Christchurch based Golden Healthcare Portfolio comprising 4 properties including 2 standalone dedicated aged care facilities and 2 integrated aged care and retirement village operations. Total stock totalled circa 345 aged care beds and 45 retirement village units. The purchase excluded Lady Wigram, which was retained by Golden Healthcare. The purchase price remains confidential.

In December 2019 Promisia announced to the market that they had entered a conditional agreement to acquire 3 aged care facilities for \$31.3 million being Ranfurly Residential Care Centre and Nelson Residential Care Centre, both in Feilding and Eileen Mary Residential Care Centre in Dannevirke. Completion was expected in the first quarter of 2020 however due to COVID-19 this was delayed until late October 2020.

In late December 2019 Metlifecare advised the market that they had entered into a Scheme Implementation Agreement (SIA) under which Asia Pacific Village Group Limited, an entity owned by Sweden's EQT Infrastructure IV fund, has agreed to acquire all Metlifecare shares for \$7.00 per share, subject to the necessary approvals.

While it is important to understand historical market activity, all of the above occurred pre-COVID-19.

Subsequently, post COVID-19, APVG gave notice to Metlifecare on 8 April 2020 of its intention to terminate the Scheme Implementation Agreement (SIA). The right to terminate was challenged by Metlifecare. On 5 July 2020 APVG provided on a without prejudice basis a non-binding indicative offer to acquire all Metlifecare shares for NZ\$6.00 per share which represents a discount of 14.3% in comparison with the original offer. The offer was approved at a shareholder vote held on 2nd October 2020 resulting in Metlifecare being removed from the NZX on 3 November 2020.

On 10 December 2020 Radius Residential Care Limited listed on the NZX making it the sixth retirement and aged care operator listed on the NZX.

Arvida Group Limited announced on 15 October 2021 they had entered a conditional agreement to purchase 100% of the shares of Arena Living Holdings Limited for approximately \$345 million. Arena Living owns 6 villages predominantly Auckland based with the exception of Ocean Shores in Tauranga. The portfolio was last purchased by Blackstone Group LP, a US private equity firm, for an undisclosed sum in February 2019. Completion was confirmed on 16 November 2021.

In November 2021 Metlifecare announced they had entered a contract at an undisclosed sum to acquire from The Selwyn Foundation six aged care facilities, the majority co-located with retirement villages, offering a varying degree of care over a range of bed stock levels, some with the ability to "swing" beds based on demand for a certain level of care. The assets provide for approximately 378 beds and 349 retirement units located in the North Island of New Zealand, from Whangarei in the North down to Wellington, including two care facilities located in Auckland. Many of the sites provide opportunity for redevelopment.

Introduction	Critical Assumptions	Aged Care Services	Care Bed Demand	Market Commentary	Portfolio Overview	Occupancy Details	Rental Considerations	Sales Evidence	Valuation Rationale	Definitions	Disclaimers	Demographics	Individual Reports

6 PORTFOLIO OVERVIEW

6.1 BRIEF PORTFOLIO OVERVIEW

The Heritage Lifecare Real Estate Portfolio with no fewer than 35 properties of various tenure, age, quality and presentation forms one of the larger aged care portfolios in New Zealand spread geographically throughout the country.

Heritage has entered a process to dispose of the real estate while they retain the operating business and the majority of the retirement village improvements. On this basis we have categorised the portfolio into three (3) distinct groups, broadly defined as:

1. Standalone Care Facilities;
2. Standalone Care Facilities Co-located with a Retirement Village where the retirement village:
 - a. Sits on a separate Title, or Titles;
 - b. Requires subdivision (pending) to separate the care from the village;
3. Co-Located sites where Retirement Village units are:
 - a. Located on the same Title(s) as the Care Facility;
 - b. Situated within the same building as the care facility.

Where it is not practical to complete a subdivision to separate the retirement village from the care facility (No. 3a and 3b above):

- a) All freestanding retirement village units will be classified as Tenant property; and
- b) All retirement village improvements which are contained within the same building as the care facility, will be classified as Landlord property.

In all cases it is the intention that the ownership of the below items will be retained by Heritage Lifecare Limited as Tenant, and excluded from our valuation:

1. All freehold retirement villages units which sit on separate Titles;
2. Adjoining residential properties, or land held on separate Titles, (e.g. the residential section located at 802 Rangiora Street, Hastings adjoining Colwyn House is retained by Heritage lifecare Limited and excluded)

All assets will be leased for an initial term of 30 years with the Leases to be registered with LINZ and for Leasehold Titles to be issued with Heritage Lifecare Limited registered as the Leasehold owner, while the freehold tenure of the land and buildings will be in the name of Centuria NZ Healthcare Property Fund Limited, or related party. This is a critical assumption underpinning our valuation.

Where sites are co-located, the Leases will be subject to, and concurrent with, any relevant Occupation Right Agreements [ORA's] or other leases and licences applying to the Land, and, from the day after the Commencement Date, the Tenant is entitled to receive all rental and other payments from any other resident, licensee or tenant of the Land (and the Landlord expressly acknowledges that during the term of the Lease

it has no right to recover rent, outgoings or any other amounts from the residents of the retirement village or in respect of any relevant ORA's, or other licensees or tenants.

This valuation relates to 23 of the 35 properties which form part of the Heritage Lifecare Real Estate Portfolio.

6.2 STOCK NUMBERS

We detail our adopted bed stock, including a notional split between care levels per site, and identify sites with adjoining residential properties, or development land, included in our value assessments as follows:

HERITAGE LIFECARE REAL ESTATE PORTFOLIO 22 DECEMBER 2021

Name	Care Beds					Total Beds	Total Houses	Land (Sqm)	Classification	Sub Category ¹
	RH	D	H	P	O					
Palms Lifecare	59	-	60	-	-	119	-	-	Co-Located	3b
Cantabria Lifecare	73	13	89	-	-	175	-	-	Co-Located	3b
Te Wiremu House Lifecare	36	14	35	-	-	85	-	1,450	Standalone	2b
Glengarry Lifecare	9	9	23	-	-	41	-	-	Standalone	1
Telford Lifecare	28	-	25	-	-	53	-	-	Co-Located	3a
Elizabeth R Lifecare	19	-	19	-	-	38	-	-	Co-Located	3a
Annie Brydon Lifecare	38	-	30	-	-	68	-	-	Co-Located	3b
Colwyn House Lifecare	-	20	2	-	49	71	-	-	Standalone	1
Broadview Lifecare	14	15	36	10	10	85	-	-	Standalone	2b
Chiswick Park Lifecare	26	-	25	-	-	51	-	-	Standalone	1
Palmerston Manor Lifecare	18	-	30	-	-	48	-	-	Standalone	1
Roseneath Lifecare	10	13	22	-	-	45	-	-	Standalone	2a
Flaxmore Lifecare	-	48	-	-	-	48	1	-	Standalone	1
Stillwater Lifecare	23	16	30	-	-	69	-	-	Co-Located	3b
Somerfield Rest Home	-	41	-	-	-	41	-	-	Standalone	1
Albarosa, Camellia Court & Golden Age	54	79	-	-	-	133	2	-	Standalone	2a
Edith Cavell Lifecare	28	-	21	-	-	49	-	-	Co-Located	3b
Brookhaven	51	41	-	-	-	92	-	-	Standalone	2a
Coldstream	21	-	37	-	-	58	-	-	Standalone	2b
Princes Court Lifecare	-	35	-	-	-	35	-	1,000	Standalone	1
Highfield Lifecare	44	-	-	-	-	44	-	-	Standalone	1
Redroofs Lifecare	50	-	-	-	-	50	-	2,400	Standalone	1
Clutha Views Lifecare	22	14	32	-	-	68	-	-	Standalone	2b
Total	623	358	516	10	59	1,566	3	4,850		
Portfolio Stock Ratio	40%	23%	33%	1%	4%	100%				

NB: 1) 1. Standalone Care Facilities;
2. Standalone Care Facilities Co-located with a Retirement Village where the retirement village:
a. Sits on a separate Identifier, or Identifiers;
b. Requires subdivision (pending) to separate the care from the village;
3. Co-Located sites where Retirement Village units are:
a. Located on the same
b. Situated within the same building as the care facility.

From a valuation perspective, in order to give efficacy to analysis and forecasting, our component bed allocations may differ from year to year according to actual demand.

We provide a summary of the physical capacity of each facility including total bed day capacity, ensuite ratio, single versus double beds and the bed to floor area ratios as follows:

HERITAGE LIFECARE REAL ESTATE PORTFOLIO BED STOCK 22 DECEMBER 2021

Name	Total Beds	Bed Day Capacity ¹	Ensuite Ratio Room	Ensuite Ratio Bed	Bed Ratio Single	Bed Ratio Double	Floor Area (Sqm)	Bed to Floor Ratio
Palms Lifecare	119	43,435	0.8%	0.8%	100.0%	-	4,335	1:36.4
Cantabria Lifecare	175	63,875	84.0%	84.0%	100.0%	-	10,169	1:51.5
Te Wiremu House Lifecare	90	32,850	14.1%	13.3%	88.9%	11.1%	4,090	1:48.1
Glengarry Lifecare	41	14,965	2.4%	2.4%	100.0%	-	1,098	1:26.8
Telford Lifecare	53	19,345	3.8%	3.8%	100.0%	-	1,603	1:30.2
Elizabeth R Lifecare	42	15,330	29.8%	29.8%	100.0%	-	1,783	1:42.5
Annie Brydon Lifecare	44	16,060	11.9%	11.4%	90.9%	9.1%	1,840	1:41.8
Colwyn House Lifecare	71	25,915	4.2%	4.2%	100.0%	-	2,748	1:38.7
Broadview Lifecare	85	31,025	18.8%	18.8%	100.0%	-	3,323	1:39.1
Chiswick Park Lifecare	51	18,615	3.9%	3.9%	100.0%	-	1,601	1:31.4
Palmerston Manor Lifecare	48	17,520	10.4%	10.4%	100.0%	-	1,408	1:29.3
Roseneath Lifecare	46	16,790	15.6%	15.2%	95.7%	4.3%	1,474	1:32.0
Flaxmore Lifecare	48	17,520	-	-	100.0%	-	1,316	1:27.4
Stillwater Lifecare	69	25,185	100.0%	100.0%	100.0%	-	3,035	1:44.0
Somerfield Rest Home	41	14,965	100.0%	95.1%	90.2%	9.8%	1,090	1:26.6
Albarosa, Camellia Court & Golden Age	133	48,545	90.1%	88.7%	97.0%	3.0%	5,637	1:42.4
Edith Cavell Lifecare	49	17,885	12.2%	12.2%	100.0%	-	2,565	1:42.8
Brookhaven	92	33,580	100.0%	100.0%	100.0%	-	2,552	1:27.7
Coldstream	58	21,170	15.5%	15.5%	100.0%	-	1,827	1:31.5
Princes Court Lifecare	35	12,775	-	-	100.0%	-	990	1:28.3
Highfield Lifecare	44	16,060	13.6%	13.6%	100.0%	-	1,245	1:28.3
Redroofs Lifecare	50	18,250	8.0%	8.0%	100.0%	-	1,475	1:29.5
Clutha Views Lifecare	68	24,820	22.1%	22.1%	100.0%	-	2,147	1:30.7
Total	1,552						59,352	1:38.2

The bed to floor area ratios across the facilities valued range between 1:26.6 sqm to 1:51.5 sqm, alternatively an average of 1:38.2 sqm. These compare against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the last 5 years prior to the release of the report.

Analysis conducted by CBRE for facilities built post the Grant Thornton report show an average of circa 47 square metres per bed.

A high provision of single rooms is considered positive, albeit we note the ratio of ensuites across the portfolio varies significantly.

6.3 DUAL PURPOSE BEDS

For each of the facilities we have identified known bed numbers. The bed numbers however should be treated as indicative only following the end of the managed bed policy and introduction of 'Swing Beds', now referred to as 'Dual Purpose Beds'.

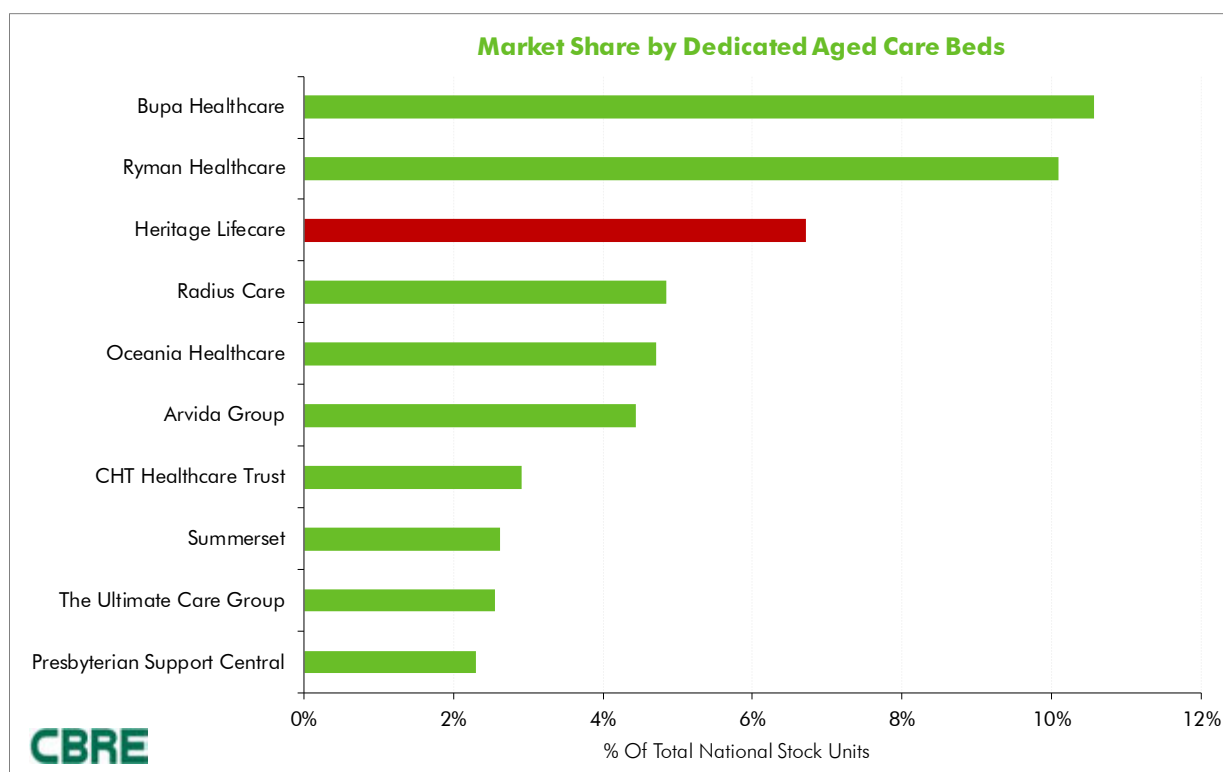
Dual Purpose Beds came about with the passing of the Social Security (Long Term Residential Care) Amendment Act 2006 whereby a rest home resident for example can occupy a hospital level bed if there is not demand from a resident with a need's assessment for hospital level care.

The ability to 'swing' beds means that the actual bed split can be somewhat arbitrary. A facility which is certified for different care levels can deliver any mix of care beds within the facility's capacity. The mix of beds can therefore be altered at any time to meet demand for a given category of care and our adopted bed count should be treated as notional.

The lack of consistency in allocated bed numbers between rest home and hospital does make performance analysis of a facility somewhat more difficult.

6.4 MARKET SHARE

The wider Heritage Portfolio has an estimated 6.7% market share of the wider New Zealand aged care sector by dedicated bed numbers making it the 3rd largest operator nationally.



6.5 CERTIFICATION

The Health and Disability Services (Safety Act) 2001 requires all providers of Hospital Care, both Medical and Geriatric, and Rest Home Care to be certified. A notice of Certification to provide these services has been identified at each site which we summarise in the following table:

HERITAGE LIFECARE REAL ESTATE PORTFOLIO CARE FACILITY CERTIFICATION 22 DECEMBER 2021

Name	Region	Years	Certification		Rest Home	Health Care Services		
			From	To		Medical	Hospital Geriatric	Mental Health
Palms Lifecare	Auckland	3	25 Aug 2021	25 Aug 2024	Y	Y	Y	
Cantabria Lifecare	Rotorua	3	31 Jan 2019	31 Jan 2022	Y	Y	Y	
Te Wiremu House Lifecare	Gisborne District	4	1 Jan 2020	1 Jan 2022	Y	Y	Y	
Glengarry Lifecare	Hawke's Bay Region	3	3 Apr 2019	3 Apr 2022	Y	Y	Y	
Telford Lifecare	New Plymouth	4	3 Apr 2019	3 Apr 2023	Y	Y	Y	
Elizabeth R Lifecare	Taranaki Region	4	3 Apr 2019	3 Apr 2023	Y	Y	Y	
Annie Brydon Lifecare	South Taranaki	4	13 Dec 2018	13 Dec 2022	Y	Y	Y	
Colwyn House Lifecare	Hastings District	3	1 Apr 2021	1 Apr 2024	Y	Y	Y	Y
Broadview Lifecare	Wanganui	4	3 Apr 2019	3 Apr 2023	Y	Y	Y	Y
Chiswick Park Lifecare	Palmerston North	4	27 Sep 2019	27 Sep 2023	Y	Y	Y	
Palmerston Manor Lifecare	Palmerston North	4	7 Sep 2019	7 Sep 2023	Y	Y	Y	
Roseneath Lifecare	Wairarapa	2	6 Aug 2021	6 Aug 2023	Y	Y	Y	
Flaxmore Lifecare	Nelson	3	3 Apr 2019	3 Apr 2022	Y			
Stillwater Lifecare	Tasman District	3	13 Dec 2019	13 Dec 2022	Y	Y	Y	
Somerfield Rest Home	Christchurch	4	29 Nov 2020	29 Nov 2024	Y			
Albarosa, Camellia Court & Golden Age	Christchurch	4	29 Nov 2020	29 Nov 2024	Y			
Edith Cavell Lifecare	Christchurch	4	1 Apr 2020	1 Apr 2024	Y	Y	Y	
Brookhaven	Christchurch	3	29 Nov 2020	29 Nov 2023	Y			
Coldstream	Canterbury Region	4	22 Jun 2019	22 Jun 2023	Y	Y	Y	
Princes Court Lifecare	Ashburton	3	30 Apr 2020	30 Apr 2023	Y			
Highfield Lifecare	Timaru	4	3 Apr 2019	3 Apr 2023	Y			
Redroofs Lifecare	Dunedin	3	3 Apr 2019	3 Apr 2022	Y			
Clutha Views Lifecare	Clutha District	4	16 Nov 2019	16 Nov 2023	Y	Y	Y	

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The bulk of the facilities have achieved either 3 or 4 year certification periods (96%) with the majority of facilities having dual certification for both Rest Home and Hospital level care.

7 OCCUPANCY DETAILS

The land and buildings (subject to exceptions) are to be sold to Centuria NZ Healthcare Property Fund Limited, or related party, whilst the daily operation of the individual facilities will be the responsibility of Heritage Lifecare Limited (or related subsidiary) as Tenant.

7.1 LEASE SUMMARY

We have been provided with a draft Deed of Lease with Heritage Lifecare Limited as Tenant. There are specific details related to each property that are to be included in each individual Lease, for example 'The Premises' description.

We provide a summary of the pertinent lease provisions common to all properties as follows:

Premises:	The premises is unique to each property (refer to individual leases)
Landlord:	Centuria Platform Investments Pty Limited
Tenant:	Heritage Lifecare Limited (or related subsidiary)
Guarantor:	Heritage Lifecare Limited
Commencement Date:	19 April 2022
Lease Term:	Thirty (30) years
Rights of Renewal:	Three (3) rights of renewal of twenty (20) years each
Renewal Date:	18 April 2052
Final Expiry Date:	18 April 2112 (if all rights of renewal are exercised)
	Refer to individual property lease
Rent Review Dates:	CPI rent reviews on the anniversary of the commencement date with Market rent reviews on each renewal date
CPI Rent Reviews:	The rent is reviewed to the greater of 1% or CPI on each anniversary of the commencement date, unless that anniversary is a market review date. The annual rent payable following a CPI rent review must never be more than 104% of the annual rent payable immediately before that CPI rent review date.
Market Rent Reviews:	The annual rent is to be reviewed to market on each renewal date. The annual rent payable following a market rent review must never be less than 90% or more than 110% of the annual rent payable immediately before that rent review date.
Contract Rent:	Refer to individual property leases
Outgoings:	The lease is structured on a triple net basis, with the Tenant required to pay 100% of property outgoings including rates, charges, levies, Building Warrant of Fitness, insurance premiums, and any costs incurred by the Landlord in relation to repair or maintenance, including capital and structural repair and replacements and structural work, in respect of the land and/or the premises.
Termination Clause 2.3:	While relevant ORAs are in place, the Tenant may not terminate, rescind or require a surrender of the lease or the term for any reason whatsoever.

Lease Guarantee on Renewal Clause 3.5:

The Tenant agrees that the grant of a lease renewal is subject to and conditional on the lease guarantee being renewed by the Guarantor or another person or entity of similar financial position approved by the Landlord.

The Tenant will be required to provide the Landlord with all financial information in respect of any proposed Guarantor reasonably required by the Landlord in order for the Landlord to properly assess the financial standing of the proposed Guarantor. This clause applies to each Renewal Term.

Clear Possession Clause 3.8:

The following clause applies to the leases for co-located sites only.

When the Tenant does not intend to renew the lease, and a retirement village is comprised within the land, then the Tenant will no later than the renewal notice date, provide notice to the Landlord with reasonable details of its plans for delivering the premises to the Landlord with any residents having vacated by the end of the lease term. The Tenant will consult with the Landlord, during the remaining period of the lease and in the five years prior to the final expiry date, regarding its plans for delivering the site to the Landlord with vacant possession. The Tenant will use all reasonable endeavours:

- during the last five years of the final term of the lease; and
- where the Tenant has not exercised its right to renew the lease by a renewal notice date, after the renewal notice date

to deliver vacant possession of the premises to the Landlord at the expiry of the lease and will keep the Landlord regularly and reasonably informed of its plans for, and progress in achieving, vacant possession.

Extension of Clear Possession Clause 3.9:

The following clause applies to the leases for co-located sites only.

If the Tenant has not, by the date that is six months prior to the end of the final expiry date (or where the lease has not been renewed, the current term), provided the Landlord with reasonable evidence that it will be able to deliver up vacant possession by expiry, the Tenant will be deemed to have served notice on the Landlord and the Landlord will be deemed to have granted an extension of the term of the lease for a further period of two years.

This clause will continue to apply and allow for subsequent rights of extension of two years each until vacant possession can be delivered.

During any extension of the term pursuant to this clause:

- the Tenant will use all reasonable endeavours to agree terms of relocation with any remaining resident(s), so as to allow vacant possession to be provided to the Landlord;
- the annual rent will be increased to the greater of current market rent or to the greater of CPI and 2%; and
- thereafter annually increased to the greater of CPI or 2%.

Right of First Refusal Clause 4.1:

If at any time during the term of this lease, the Landlord;

- decides to sell the Landlord's interest in the premises; or
- receives an offer to purchase the Landlord's interest in the premises and wishes to accept that offer,

Bank Guarantee Clauses 10.1 - 10.3:

the Landlord must immediately give written notice (Landlord's sale notice) to the Tenant setting out the terms in which the Landlord wishes to sell the premises, or the terms of the offer received. In the case of the Landlord's desire to sell, the offer must comprise the agreement for sale and purchase.

The Tenant will have 20 working days of receipt of the Landlord's sale notice in which to exercise the Tenant's right to purchase the premises, by serving written notice accepting the offer contained in the Landlord's sale notice (Clause 4.2).

If the Landlord wishes, or agrees, to offer more favourable terms than the terms contained in the Landlord's sale notice, the Landlord must first re-offer its interest in the premises to the Tenant on those more favourable terms by way of a further Landlord's sale notice. The Tenant will have 10 working days to accept the offer (Clause 4.4).

The Tenant will on or before the commencement date provide the Landlord with a bank guarantee.

The Tenant may aggregate its bank guarantee with the other bank guarantees required under other Group Leases, however, where the Landlord gives written notice to the Tenant that it intends to sell the premises, the Tenant will within 30 working days of receiving notice, procure the issue of a stand-alone Bank Guarantee applying only to the obligations under this Lease only (and a reduced aggregated bank guarantee applying to the Bank Guarantees required under other Group Leases), which will be provided to the Landlord in exchange for release of the previous aggregated Bank Guarantee (Clause 10.2).

The Landlord shall be entitled to request the Tenant provide a replacement Bank Guarantee:

- if the Landlord draws down on the Bank Guarantee; or
- following each rent review date,

so that the undrawn amount of the Bank Guarantee is always for an amount equivalent to six months of annual rent including GST (Clause 10.3).

Financial Information Clause 11.1:

The Tenant will provide the Landlord with consolidated management quarterly statements of financial performance in respect of the Group and such financial information of the Group as the Landlord reasonably requires in order to assist the Landlord's valuer with undertaking asset valuations of the premises.

Change of Management or Control Clause 13.4:

Where the Tenant is not listed on the NZX or the ASX stock exchange then any change in the legal or beneficial ownership of its shares (or the legal or beneficial ownership of any holding company of the Tenant (provided that holding company is not listed on the NZX or the ASX stock exchange)) which results in a change of effective management or control of the company, will require the written consent of the Landlord.

Prohibited Use Clause 15.3:

The following clause applies to the leases of standalone care home assets.

The Tenant will not be permitted to operate a retirement village and/or grant any ORAs at the premises.

Contamination and
Remediation
Clauses 18.2 & 18.3:

The Tenant will not contaminate the land or the premises during the term (Clause 18.2).

The Tenant will be required to decontaminate or remediate any contamination on the land where;

- the contamination has been caused by the Tenant; or
- the need to remediate contamination has arisen due to enforcement action by an Authority or as a result of a resource consent or land use consent application by the Tenant, ground works by the Tenant or a proposed change in use of the premises by the Tenant (Clause 18.3).

Maintain & Repair
Clause 20.1:

The Tenant must keep the premises clean and tidy and in good condition and good and substantial repair including undertaking all structural works and repairs and replacement of a capital or structural nature, including any necessary redecoration of external finishes and maintenance of the internal fabric, which the Tenant would take and be subject to if the Tenant was the owner of the premises.

The Tenant must complete any other works to the Landlord's property if reasonably required to fully operate the facility on the premises (whether by the Tenant or any future operator) and which are required due to material damage or such parts of the Landlord's property being beyond economic repair.

These obligations are not typical of a standard commercial lease, whereby structural repairs are the Landlord's responsibility. This is highly beneficial to the property owner as the Tenant is essentially required to undertake all capital expenditure associated with the properties i.e a 'Triple Net Lease' arrangement.

Subdivision
Clause 23.2:

Subject to obtaining Landlord's prior written approval, the Tenant, at their own cost, will be entitled to subdivide the land into two or more separate allotments in order to create separate records of title for the area comprising the aged care facility and the retirement village portion.

The Landlord and Tenant agree that they will each comply with their obligations under the Side Letter concerning the re-conveyance of the retirement village portion from the balance of the land and the annual rent will not be reduced as a result of the re-conveyance.

Tenant's Obligations on
Expiry or Termination
Clause 26.1:

The Tenant must vacate the premises on the later of the expiry date and the date the Lease is terminated or otherwise comes to an end. In vacating the premises, the Tenant must leave the premises in a clean and tidy condition but will not be under any obligation to remove fittings or fixtures, Tenant's property or to reinstate the building back to base building configuration.

The Tenant must make good any damage caused to the premises by the removal of the Tenant's property but must not remove any Landlord's property from the premises (Clause 26.2).

Guarantee
Schedule 1:

In consideration of the Landlord entering into this lease at the Guarantor's request, the Guarantor:

- guarantees payment of the rent and other money payable by the Tenant under the lease and the Tenant's performance of the Tenant's obligations

in the lease not only during the term of the lease but also during any period of holding over or renewal or extension of the term; and

- indemnifies the Landlord against all actions, proceedings, calls, claims, demands, losses, damages, costs, expenses or liabilities of any kind which the Landlord may suffer or incur in consequence of the Tenant's breach of any of the Tenant's obligations in this lease.

The guarantee and indemnity is for the benefit of and may be enforced by any person for the time being entitled to receive the rent under this lease.

Seismic:

The Tenant will carry out seismic or structural upgrade works but only in so far as those works are required by any Authority to be completed before the end of the term.

Permitted Use:

Any healthcare related uses and/or elderly accommodation.

We refer the reader to the full document per site for a complete understanding of its implications.

7.1.1 CONTRACT RENTAL

The assets are subject to a sale and lease back where the contract rental for the individual properties has been determined by the vendor as Tenant. In doing so rental has been based on a set percentage of the Heritage Lifecare 2022 FYE forecast EBITDAR, excluding realised gains.

In some cases, the EBITDAR reflects revenue earned by co-located retirement villages, but in all cases where this has been applied, the retirement village income forms the minority. Revised rental reflects those sites where retirement village income has subsequential been removed from the assessment. We detail in the following table a synopsis of the contract rental per site:

HERITAGE LIFECARE CONTRACT RENTAL

Name	Adjusted EBITDAR	Rental %	IM Rental	Revised Rental	Contract Rental P.A.	\$/Bed/Wk
Palms Lifecare			\$1,071,400		\$1,071,400	\$173
Cantabria Lifecare			\$1,163,400		\$1,163,400	\$128
Te Wiremu House Lifecare			\$399,000	\$406,908	\$406,908	\$92
Glengarry Lifecare			\$285,400		\$285,400	\$134
Telford Lifecare			\$336,200		\$336,200	\$122
Elizabeth R Lifecare			\$195,000		\$195,000	\$99
Annie Brydon Lifecare			\$515,800		\$515,800	\$146
Colwyn House Lifecare			\$499,000		\$499,000	\$135
Broadview Lifecare			\$335,200	\$322,359	\$322,359	\$73
Chiswick Park Lifecare			\$315,800		\$315,800	\$119
Palmerston Manor Lifecare			\$370,500		\$370,500	\$148
Roseneath Lifecare			\$140,700		\$140,700	\$60
Flaxmore Lifecare			\$325,900		\$325,900	\$131
Stillwater Lifecare			\$547,900		\$547,900	\$153
Somerfield Rest Home			\$387,000		\$387,000	\$182
Albarosa, Camellia Court & Golden Age			\$1,375,800		\$1,375,800	\$199
Edith Cavell Lifecare			\$446,300		\$446,300	\$175
Brookhaven			\$648,800		\$648,800	\$136
Coldstream			\$322,100	\$320,471	\$320,471	\$106
Princes Court Lifecare			\$131,200		\$131,200	\$72
Highfield Lifecare			\$86,700		\$86,700	\$38
Redroofs Lifecare			\$282,400		\$282,400	\$109
Clutha Views Lifecare			\$489,500	\$484,074	\$484,074	\$137
TOTAL/AVERAGE			\$10,671,000		\$10,659,012	\$131

The aggregate of the contract rentals across the group equates to \$10,659,012 per annum plus GST and outgoings, alternatively an average of \$131 per bed per week. Due to the approach taken, rental on a dollars per bed basis varies significantly across the sites.

7.1.2 RENT REVIEW PROVISIONS

The rent review provisions are as described in Clauses 6.1 to 6.11 of the lease which provide for:

1. CPI Reviews
2. Market Reviews on Renewal

We discuss each rent review scenario in more detail as follows:

Annual CPI Review

CPI Review Dates are defined as each anniversary of the Commencement Date, unless that anniversary of the Commencement Date is a Market Review Date.

Clause 6.1 states the Annual Rent on and from a CPI Rent Review date shall be the greater of:

- a. the Annual Rent payable immediately before that CPI Review Date plus 1%; and
- b. the Annual Rent immediately before that CPI Review Date subject to the formula $A \times (B / C)$

Whereby:

- A = the annual rent payable immediately before that CPI review date
- B = Current CPI (CPI number for the quarter published immediately before the relevant CPI Review Date)
- C = Previous CPI (CPI number for the quarter published immediately before the date which is one year prior to the CPI Review Date)

CPI means the Consumers Price Index (All Groups) as calculated by Statistics New Zealand and published quarterly (or such replacement index as reasonably nominated by the Landlord if the Consumers Price Index (All Groups) ceases to exist).

The annual rent payable following a CPI rent review must never increase by more than 4% of the annual rent payable immediately before that CPI rent review date.

Market Rent Reviews

The rent is reviewed to market on each renewal date using the process set out in Clauses 6.3 to 6.11. A summary of the process is as follows:

- The Landlord may in the period of 3 months before each market rent review date give notice (Landlord's Notice) to the Tenant setting out the Landlord's assessment of current market rent.
- The Tenant may dispute the current market rent within 20 working days of receiving the Landlord's Notice by written notice to the Landlord (Tenant's Notice). If the Tenant does not give Tenant's Notice, the Tenant will be taken to have accepted the current market rent set out in the Landlord's Notice.

- If the Tenant gives a Tenant's Notice, the Landlord and the Tenant must enter into negotiations to resolve the dispute, set out further in Clause 6.5.
- From the relevant rent review date until the date of determination of the current market rent, the Tenant must pay the greater of the average of the two rents proposed in the Landlord's Notice and the Tenant's Notice and the rent payable by the Tenant immediately before the relevant rent review date.
- If the Landlord fails to serve the Landlord's Notice on the Tenant before any rent review date, the Landlord will not forfeit the right to review the rent and instead that notice will have the same force as if it were served before that rent review date. In that case, the rent payable will backdate to and be payable from that rent review date.
- The annual rent payable by the Tenant following a market rent review date must never be less than 90% or more than 110% of the annual rent payable immediately before that rent review date.

7.1.3 TENANTS AND LANDLORD PROPERTY

Tenant property is to be defined and recorded in Schedule 2 of each Lease but is expected to include:

"Excluded Items comprise chattels as generally understood including detachable equipment (including washing machines, laundries, steamers and sanitisers, ovens, movable heating, cooling and air conditioning systems), medical/care and other moveable electronic equipment (including nurse call systems, beds and hoists), signage and furniture;"

Landlord property is to be defined and recorded in Schedule 3 of each Lease but is expected to include:

"Fixtures comprises fixtures and fittings as generally understood and all integrated building services comprising integrated heating, ventilation and air conditioning, vertical transport systems, fire protection systems, emergency lighting systems and floor and wall finishes but excludes the 'Excluded Items';"

7.1.4 CARE FACILITY TRADING PERFORMANCE

Under Clause 11.1 the lease states that the Tenant will provide the Landlord with consolidated management quarterly statements of financial performance in respect of the Group and such financial information of the Group as the Landlord reasonably requires in order to assist the Landlord's valuer with undertaking asset valuations of the premises.

Access to the Tenant's trading accounts is considered positive as it provides the Landlord with a clear picture of the Tenant's trading performance and ability to meet their financial obligations including rent.

7.1.5 LEASE EXPIRY PROFILE

The 30 year lease term provides long term cash flow security. There is provision for a further 3 lease renewals of 20 years each, extending the potential final expiry date to 2112 if all rights of renewal are exercised.

7.1.6 REGISTRATION OF LEASES

It is the intension of the parties that at the cost of the Tenant, the individual lease instruments will be registered with LINZ and that Leasehold Identifiers, securing the Tenant's interest in each property, will be created.

7.2 SIDE LETTER

A side letter to the Lease Deed has been drafted for the benefit of the parties to the lease which covers two key items including:

1. Development Proposals
2. Future Acquisition Opportunities

We discuss each in more detail as follows:

7.2.1 DEVELOPMENT PROPOSALS

The Landlord will make available to the Tenant an aggregate facility of up to \$25,000,000 (plus GST) to be utilised for undertaking developments in relation to leased land. A Tenant may, at any time prior to the fifth anniversary of the commencement date, request that the Landlord accommodate on the land, and wholly or partly fund, a development. A funding request, which must be for no less than \$500,000 (plus GST), will be accompanied by the following:

- A business case, project timetable, plans and specifications and analysis supporting that the development will generate an earnings uplift greater than the increase in rent expected to arise from the development.
- For developments that exceed a budget of \$3,000,000 (plus GST), the Landlord may require as a condition of the funding request that the development is executed under the supervision of a project architect or a qualified and competent project manager.
- Interest will accrue on development costs paid by the Landlord prior to completion at a rate equal to the sum of the higher of 3.5% or the margin over the New Zealand 10 year government bond yield on the commencement date implied by the incoming capitalisation rate and the New Zealand 10 year government bond yield at the date of the approval of the funding request.
- On or as soon as reasonably practicable following development completion, the Landlord and Tenant will enter into a variation of the relevant Lease to record an increase in rent payable from development completion. The increase to annual rent under the relevant lease will be equivalent to the aggregate of the development costs in relation to the development multiplied by the development proposal rentalised rate (plus GST).
- The Landlord and the Tenant acknowledge and agree that ownership of the items of the development funded for by the Landlord will vest in the Landlord.

7.2.2 FUTURE ACQUISITION OPPORTUNITIES

The parties acknowledge that the Tenant may identify future land acquisition opportunities that may be suitable for a sale and leaseback arrangement. If the Tenant is looking to acquire a freehold interest which will be used for the Tenant's care home business and the Tenant wishes to enter into a sale and leaseback arrangement in respect of some or all of that land then the Tenant will present the Landlord by notice, a first right for one such Landlord to acquire the land and buildings and for the Tenant to acquire the care home business.

The Landlord will have 20 working days to determine whether or not to accept the acquisition opportunity and to notify such acceptance to the Tenant in writing. If the Landlord does not notify proposal acceptance within that period, the Tenant is free to enter into any sale and leaseback arrangement with a third party.

If the Landlord provides notice of proposal acceptance, the Tenant and Landlord will negotiate in good faith to give effect to the sale and lease agreement in respect of the relevant land.

The Landlord and the Tenant will promptly enter into a lease under which the rental will be 45% of pro forma EBITDAR if the new lease is entered into on or prior to the fifth anniversary of the date of this agreement or market based if the new lease is entered into after the fifth anniversary.

Nothing in the side letter creates an obligation on the Tenant to offer a right of first refusal to the Landlord in relation to any acquisition opportunity involving more than five care home facilities.

7.2.3 TERMINATION

The provisions of the side letter terminate in the case of any development proposal or an acquisition opportunity following assignment of the lease, following the sale of the Property, a change of management or control, termination of the lease or as regards to all remaining Properties where the aggregate number of Properties leased by the Landlord and its related companies to the Guarantor and its related companies, falls below 20.

8 RENTAL CONSIDERATIONS

8.1 BACKGROUND

Critical to concluding value of the care facility land and buildings is the consideration of contract rent in comparison to market levels, to determine the risks associated with the cash flow, potential income growth, and the likelihood that the income stream could be duplicated, if necessary, within the prevailing market.

The traditional method of rental assessment by comparison of similar premises that have recently been subject to new leases or rent reviews. Adjustments are then made for factors at variance with those of the subject premises such as location, quality and presentation, size, bed mix, ensuite provision, lease terms and conditions, and other pertinent factors.

In this case, the care facility forms a specialised form of realty and market rental can be no greater than that able to be generated by an appropriately managed and marketed enterprise. The real estate itself dictates the type of business that is conducted and for the business to survive and to continue to generate a rent, a fair return must be available to the tenant for their investment and entrepreneurial skills.

The landlord is similarly entitled to a fair return for their investment however is not immune to the business risk simply because they are not operating the business. For specialised assets the real estate is inextricably linked to the business. However, in this instance, the Landlord's exposure is reduced by the over-arching parent company guarantee.

Unlike the general commercial markets which are free to function unfettered by government intervention, a major difference in the aged care market is that facilities are subject to central government subsidies which regulate, and in many cases cap the level of revenue a facility can generate. Therefore, unlike the general commercial market, irrespective of quality, a rest home in the local Territorial Authority will receive the same government fee rate per bed irrespective of location, single or double rooms, scale, age, quality and average room sizes to the detriment of higher quality facilities. This said, the growth in premium level fees across the sector has assisted to mitigate the uniformity of fee rate to some measure, albeit with wide variance in levels achieved evident.

We have canvassed the wider aged care market in order to determine market parameters however note a paucity of rental evidence for land and buildings, proving difficult to source as many facilities are either owner occupied, agreements are between related parties or subject to formula based reviews including CPI. Of the estimated 680 aged care facilities in New Zealand as recorded by CBRE, less than 9% of the market is subject to third party lease arrangements.

8.2 RENTAL EVIDENCE

In this version of the Valuation Report, we only provide a summary of the rental evidence considered in order to protect the privacy of the Lessors and Lessees involved.

As a general observation, rentals in the sector have historically ranged between \$80 to \$90 per bed per week for rest home beds and approximately \$120 plus per bed per week for hospital beds with the final rental subject to location, bed mix, ensuite provision, room sizes, scale of the facility and quality. More recently evidence we have observed has ranged between \$80 to \$125 per rest home bed and \$125 to \$165 per hospital bed. There are exceptions.

In our determination of market rentals we have considered rental on the following basis:

- As a function of free cash flow (i.e a % of Gross Revenue)
- An affordable rent based on the profitability of the business operation under the concept of average efficient management (i.e. as a % of Proforma EBITDAR); and
- A direct comparison approach on a rate per bed with consideration to \$ per sqm

We have based our rental assessments on the core care facility operations only as it is this component of each facility which is the primarily revenue generator, and not adjoining residential houses, nor development land. It is the intension of Heritage that retirement village units are excluded, and where not possible to be excluded, the retirement village improvements are retained by Heritage with the Landlord having no entitlement to any income from occupational rights agreements. Our approach is supported in principle by the drafting of the Lease where, for example in Clause 23.1 (Subdivision) it states the annual rent will not be reduced as a result of the re-conveyance of the retirement villages, where applicable.

In application of our rental approaches to individual care facilities throughout the portfolio we have applied the greatest weighting to the direct comparison approach, noting however this is broadly supported by Operational benchmarks. Notably, it has been the weighting of the direct comparison approach that has been favoured within arbitration awards which apply to the aged care sector, and we have followed this precedent.

Maintaining profitability across the sector is proving challenging given the increasing burden of compliance and the continued pressure on wage increases, in particular following passing of The Care and Support Workers (Pay Equity) Settlement Act 2017, which came into force from 1 July 2017 and the shortage of registered nurses which is likely to be exacerbated as a result of the multi-employer collective agreement (MECA) which settlement was announced on 7 August 2018.

COVID-19 has also caused a spike in operational costs associated with establishing preventive protocols, increased security, liaising with family members, testing incoming residents and staff for the virus, clinical procedures such as isolation including a stand down period for staff who test positive, higher staffing costs, higher agency costs in the short term with existing staff possibly more susceptible to take sick leave, procurement of Personal Protective Equipment (PPE), and increased cleaning/laundry procedures.

Historically, rental benchmarks for aged care operations analysed between 11.5% and 13.5% as a % of gross revenue and between 45.0% and 55.0% as a % of EBITDAR. While there exists limited evidence with reference to new leases post wage increases due to the Pay Equity Settlement, for reasons discussed above, we have seen the market recalibrate to reflect pressure on maintaining profitability, i.e. a firming of rental as a percentage of gross revenue.

8.3 MARKET RENTAL CONCLUSIONS

All matters considered, we detail our assessment of market rental per site, and compare this with contract rental. The following refers:

FREEHOLD LAND & BUILDINGS MARKET RENTAL ASSESSMENT - 22 DECEMBER 2021

Name	Adopted Market Rent			Contract Rental	Difference	
	Market Rent	\$/Sqm FA	\$/Bed Wk		\$	%
Palms Lifecare	\$885,000	\$204	\$143	\$1,071,400	\$186,400	21.06%
Cantabria Lifecare	\$1,150,000	\$113	\$126	\$1,163,400	\$13,400	1.17%
Te Wiremu House Lifecare	\$560,000	\$137	\$127	\$406,908	(\$153,092)	(27.34%)
Glengarry Lifecare	\$215,000	\$196	\$101	\$285,400	\$70,400	32.74%
Telford Lifecare	\$295,000	\$184	\$107	\$336,200	\$41,200	13.97%
Elizabeth R Lifecare	\$180,000	\$101	\$91	\$195,000	\$15,000	8.33%
Annie Brydon Lifecare	\$395,000	\$215	\$112	\$515,800	\$120,800	30.58%
Colwyn House Lifecare	\$590,000	\$215	\$160	\$499,000	(\$91,000)	(15.42%)
Broadview Lifecare	\$495,000	\$149	\$112	\$322,359	(\$172,641)	(34.88%)
Chiswick Park Lifecare	\$310,000	\$194	\$117	\$315,800	\$5,800	1.87%
Palmerston Manor Lifecare	\$320,000	\$227	\$128	\$370,500	\$50,500	15.78%
Roseneath Lifecare	\$300,000	\$204	\$128	\$140,700	(\$159,300)	(53.10%)
Flaxmore Lifecare	\$310,000	\$236	\$124	\$325,900	\$15,900	5.13%
Stillwater Lifecare	\$490,000	\$161	\$137	\$547,900	\$57,900	11.82%
Somerfield Rest Home	\$310,000	\$284	\$145	\$387,000	\$77,000	24.84%
Albarosa, Camellia Court & Golden Age	\$910,000	\$161	\$132	\$1,375,800	\$465,800	51.19%
Edith Cavell Lifecare	\$380,000	\$148	\$149	\$446,300	\$66,300	17.45%
Brookhaven	\$560,000	\$219	\$117	\$648,800	\$88,800	15.86%
Coldstream	\$355,000	\$194	\$118	\$320,471	(\$34,529)	(9.73%)
Princes Court Lifecare	\$200,000	\$202	\$110	\$131,200	(\$68,800)	(34.40%)
Highfield Lifecare	\$200,000	\$161	\$87	\$86,700	(\$113,300)	(56.65%)
Redroofs Lifecare	\$235,000	\$159	\$90	\$282,400	\$47,400	20.17%
Clutha Views Lifecare	\$430,000	\$200	\$122	\$484,074	\$54,074	12.58%
TOTAL/AVERAGE	\$10,075,000	\$170	\$124	\$10,659,012	\$584,012	5.80%

The contract rental exceeds our market assessments by an estimated \$584,012 per annum plus GST, or 5.80% across the combined rent roll.

8.4 OTHER CONSIDERATIONS

To test the robustness of our conclusions we have given consideration to other going concern operations typical in the wider market where land and building rentals are more common. These have been analysed as a percentage of gross revenue. Examples include childcare centres and pubs. Analysis of land and building rentals for these asset classes include:

- Childcare Centres 11% to 13%
- Pubs 8% to 10% (depending on revenue mix)

We note our rental conclusions are generally consistent with the above parameters, albeit lower than historical aged care benchmarks due, in part, to the larger quantum of pay equity settlements flowing through to facility gross revenue.

9 SALES EVIDENCE

In this version of the Valuation Report, we have excluded certain sales evidence considered, alternatively excluded key metrics which are confidential in order to protect the privacy of the parties involved.

9.1 LAND AND BUILDING SALES

It is essential that our individual asset assessments are benchmarked against market evidence, and we have therefore concentrated on sales of similar facilities where the end use is aged care oriented and subject to government funding. The market is characterised by low sale volumes across the country from which to draw conclusions and as such we have extended our investigations nationally. We detail sales considered pertinent to value as follows:

CARE FACILITY LAND & BUILDINGS

Property	Location	Sale Price	Sale Date	Total Beds	Initial Yield	Rate (\$/Bed)	Passing Multiple	WALT ² (Yrs)	Bed Density
Janelle Rest Home	Auckland	\$2,351,000	Oct 2021	21	4.68%	\$111,952	21.4	13.07	1:27 sqm
Glenbrae Rest Home & Hospital	Rotorua	\$5,400,000	Jun 2021	41	6.23%	\$131,707	16.0	13.45	1:35 sqm
Franklin Rest Home	Auckland	\$5,000,000	Feb 2021	44	5.97%	\$69,064	16.8	14.32	1:31 sqm
Jervois Residential Care	Auckland	\$10,700,000	Dec 2019	46	4.67%	\$232,609	21.4	6.79	1:30 sqm
Lexham Park	Bay of Plenty	\$6,925,000	May 2019	62	6.75%	\$111,694	14.8	4.98	1:42 sqm
Papakura Private Hospital	Auckland	\$4,380,000	Mar 2019	46	7.31%	\$95,217	13.7	10.18	1:29 sqm
Kumeu Village	Kumeu	\$13,000,000	Dec 2018	98	6.96%	\$132,653	14.4	14.78	1:44 sqm
Killarney Rest Home	Tauranga	\$1,400,000	Mar 2017	22	5.75%	\$63,636	17.4	N/A	1:26 sqm
Palmerston Manor	Palmerston North	\$3,700,000	Nov 2016	48	8.54%	\$77,083	11.7	7.13	1:29 sqm
Waverly House	Napier	\$1,612,000	Oct 2016	20	6.20%	\$75,600	16.1	12.40	1:28 sqm
Vogueshaven Rest Home	Napier	\$1,520,000	Apr 2016	26	9.59%	\$46,923	10.4	4.34	1:24 sqm
Marne Street Hospital	Dunedin	\$6,570,000	Mar 2016	53	7.63%	\$122,830	13.1	6.50	1:21 sqm
Orewa Secure Care	Auckland	\$2,000,000	Nov 2015	29	7.50%	\$68,966	13.3	7.53	1:31 sqm
Jervois Residential Care	Auckland	\$7,201,626	Oct 2014	46	8.33%	\$156,557	12.0	6.00	1:30 sqm
Baycare Home & Hospital	Paihia	\$2,650,000	Dec 2013	46	9.44%	\$57,609	10.6	12.71	1:31 sqm
Thornleigh	New Plymouth	\$2,980,000	Dec 2013	64	11.61%	\$46,563	8.6	10.66	1:31 sqm
Palm Grove	Auckland	\$2,700,000	Jul 2013	29	8.00%	\$93,103	12.5	7.00	1:19 sqm
Concord House	Auckland	\$1,450,000	May 2013	15	7.24%	\$76,667	13.8	2.92	1:21 sqm
St Helena's Care Centre	Christchurch	\$2,575,000	Apr 2013	52	12.57%	\$49,519	8.0	0.42	1:27 sqm

NB: 1) Sale includes multiple facilities

2) WALT = Weighted Average Lease Term to Expiry

Source: CBRE

The sales evidence indicates that historically yields have ranged anywhere between 7.24% and 13.33%, alternatively rates of between \$38,000 and \$157,000 per bed. Since 2016 initial yields have been between 4.68% and 7.31%, alternatively rates of between circa \$70,000 and \$133,000 per bed. There are exceptions.

Janelle Rest Home located at 25 Coles Crescent, Papakura provides a 1950's purpose built, single level care facility providing for 21 rest home beds, 2 dining rooms and 2 lounges. Ensuite bathrooms are provided to 10 rooms while the remaining 10 rooms have a private WC. All rooms include a heat pump and a heater. The property is subject to a new 10 year lease from June 2021 with three 10 year rights of renewal. The initial rental at commencement is \$110,000 per annum plus GST and outgoings, with 2 yearly rent reviews to CPI. The property sold in October 2021 for a consideration of \$2,351,000 plus GST, if any, reflecting an initial yield of 4.68%. IRR analyses to 6.51% over a 40 year period.

Glenbrae Rest Home & Hospital, 22 Hilda Street, Rotorua provides a purpose-built single level care facility situated within the grounds of the Glenbrae Village, a mature retirement village with strata title tenure first occupied in the early 1990's and further developed in stages. The care facility was constructed in two primary stages, the first providing administration, kitchen, laundry and 29 care beds built circa 1991 as a rest home. The second stage comprises 12 studio apartments built separately in circa 1992. During 2015 the landlord completed works to the building which included replacement of the cladding, modification to soffits and the addition of ensuites to the majority of rooms in the Glengarry and Rosewood Wings. The property is subject to a 10 year lease which commenced in 2004 with two further rights of renewal of 10

years each. The property is was rented at \$336,514 per annum plus GST and outgoings and the lease includes provision for market rent reviews every three years. The property sold to the tenant, Arvida, in June 2021 for a consideration of \$5,400,000 plus GST, if any, reflecting an initial yield of 6.23%. IRR analyses to 7.55% over a 40 year period.

Franklin Rest Home, 44 McNally Road, Pukekohe comprises a medium scale purpose-built care facility providing hospital and dementia level care for the elderly. The facility was constructed in circa 1975 to the outskirts of the town in a semi isolated pleasant rural interface, providing for a total 44 single rooms with handbasin provision together with a large area of future urban zoned land. The property sold in February 2021 to Oceania, the existing tenant, for a consideration of \$5,000,000 plus GST, if any. The property was subject to a 30-year lease from 24 August 2005 with 10 yearly rent reviews. The contract rental was \$181,465 per annum plus GST which compares to a market rental closer to \$300,000 per annum plus GST, reflects an initial yield of 5.97% excluding an allowance for the additional land or an equivalent yield of 8.72% reflecting the rental underage until the next market review. Oceania also acquired 4.0754 hectares of adjoining land at 43 & 45 Puni Road, for a combined land holding of 6.0953 hectares including the care facility site. Oceania intends to develop the wider site as an integrated retirement village and care facility complex. IRR analyses to 10.12% over a 40 year period.

Jervois Private Hospital and Rest Home, 300-302 Jervois Road, Herne Bay comprises two circa early 1900's villas that were extended, redesigned and refitted circa 1998/2001 so as to provide a dedicated rest home and geriatric facility. While well presented, a weakness was the limited provision of ensuites. The location is in the superior Auckland residential suburb of Herne Bay approximately 3 kms west of downtown Auckland. The facility provided for 46 beds plus lower ground floor administration in excess of the integrity of the care facility operation sited on a site of 3,946 square metres. The property sold subject to a sale and lease back to TerraNova Homes and Care Limited for a term of 6 years from 23 October 2014. There are no rights of renewal. The contract rental was set at \$600,000 per annum plus GST and outgoings (\$250 per bed per week) which compares to a market rental closer to \$325,000 per annum plus GST. The property sold 23 October 2014 for \$6,000,000 plus GST (if any) together with an additional payment of \$1,250,000 deferred by approximately 9 months, concluding a total consideration of \$7,250,000, equivalent to 8.33%. At this level the sale equates to an overall rate of \$1,837 per sqm of land area.

Subsequently the property was advertised for sale as at November 2019. The property has sold for \$10,700,000 plus GST (if any) with settlement in late December 2019. This equates to \$2,712 per sqm of land area. The property was sold subject to a lease to Sunrise Healthcare Limited for a term of 7 years from 1 October 2019. There are no rights of renewal. The contract rental was \$500,000 per annum plus GST, indicating an initial yield of 4.67%. Price paid (and yield analysed) ultimately underpinned by high land values.

Papakura Private Hospital comprises a purpose-built care facility originally constructed circa 1989 and extended in 2004 providing rest home and hospital level care for the elderly. The facility is situated off Youngs Road, a short distance west of Great South Road and provides for a small to medium scale with a mix of single and double rooms with some larger single rooms divided by concertina doors. Shared and exclusive ensuite provision is limited. The property was sold off market to the tenant in March 2019 for a consideration of \$4,380,000 plus GST, if any, with an analysed initial yield of 7.31%. The sale price indicates an overall rate of circa \$95,000 per bed. If an allowance is made for sale costs the initial yield equates to 7.07%. IRR analyses to 9.71% over a 40 year period.

Kumeu Village comprises a medium scale purpose-built care facility providing rest home, hospital and dementia level care for the elderly. The facility is situated on the corner of State highway 16 and Old Railway

Road a short distance east of Kumeu and approximately 24 kilometres north west of the Auckland CBD. The facility was completed in early 2015 and subsequently extended in 2018 to provide for 15 rest home beds, 48 hospital beds and 35 dementia beds. The facility sold in December 2018 after an open market campaign for a consideration of \$13,000,000 subject to a sale and leaseback arrangement for a term of 15 years at a contract rental of \$905,328.72 per annum plus GST subject to predetermined fixed rent reviews. The contract rental is considered full. Initial yield analyses to 6.96%. IRR analyses to 8.01% over a 40 year period.

In terms of evidence, while limited weighting can be placed on the following properties marketed for sale, they indicate a reasonably firm yield expectation by the Vendor's compared to historic benchmarks.

Golden Pond Private Hospital, situated at 47 Bracken Street, Whakatane is currently for sale as a freehold land and buildings investment. The complex comprises a purpose built, 50 bed care facility dating from circa 1989 and providing hospital and palliative level care for the elderly. Located approximately 1 kilometre from the Whakatane Town Centre, the facility is leased to Golden Pond Private Hospital Limited for a term of 12 years from April 2016 plus a right of renewal together with 2 yearly reviews indexed to the movement in any net percentage increase in prices received by the tenant from the Ministry of Health and 6 yearly market reviews. The current net rent is \$304,826 per annum plus GST. The facility was advertised for sale subject to tenders closing 6th December 2018, the later advertised for sale with an asking price of \$4,825,000 plus GST (if any), indicating an asking yield of 6.32%, alternatively a rate of \$96,500 per bed. We understand from agents marketing the property that, at the time there was good interest but that the asking yield has exceeded market expectations which are more in the order of 7%. The property has subsequently been taken off the market.

We also note Aspen Rest Home located at 27 McLean Street, Tauranga, a short distance from the commercial heart of the city and less than 1 kilometre from the Waikareao Expressway. The facility comprises a medium scale purpose-built care facility providing rest home level care for the elderly. The facility was progressively developed in stages over split levels from circa 1983 by the Salvation Army and has a lack future proofing with poor ensuite provision and is also below a current contemporary standard relative to bed to floor area ratio. Conversely the facility has 100% single rooms. There is an adjoining residential property which provides a circa 1930's bungalow of 130 sqm constructed with weatherboard exterior cladding and a concrete tile roof. The house provides four-bedroom accommodation converted to offices. There is a new 7 year lease in place commencing from 1 October 2019. The current net rent is \$474,000 per annum plus GST and outgoings with CPI rent reviews every two years. The facility was advertised for sale by Deadline Private Treaty closing 17 October 2019, unless sold prior. We have been advised by the marketing agent the property did not sell by Deadline Private Treaty and as at November 2021 remains on the market with an asking price of \$9,370,000 plus GST, if any, equating to a yield of 5.06%.

In addition to the above, Radius Care announced in July 2021 the acquisition of the land and buildings in 4 care facilities they leased from Ohaupo Holdings Limited. The properties included Taupaki Gardens in Kumeu, Windsor Court in Ohaupo, Heatherlea in New Plymouth and Elloughton Gardens in Timaru comprising a total of 277 aged care beds together with a small component of development potential for expansion. The reported purchase price was \$31.4 m, which indicates a yield on the passing rental of circa 7.06%, alternative \$111,733 per bed after allowance for the development potential. Facility scale ranged between 55 and 86 beds. Quality and age varied between the assets. Two of the facilities are co-located with retirement villages also operated by Radius. Remaining lease term and lease structure considered inferior to that proposed across the Heritage portfolio.

Another transaction of interest was the sale of the Radius Properties portfolio in December 2018 which comprises 5 care facilities geographically spread across the country including Arran Court in West Auckland, Kensington and St Joans Hospital in Hamilton, Peppertree in Palmerston North and Fulton Home, Dunedin. Cumulatively comprising no less than 450 beds, the freehold land and buildings were purchased by The Ultimate Care Group. At the date of reporting the consideration remains confidential. We have been advised the yield was in the order of 7% which was considered firm at the time of the transaction.

With yields in the general commercial markets at unprecedented lows, investors have been seeking alternative assets in search of higher returns which has been to the benefit of the aged care sector which has shown yield compression relative to historic comparators.

We are also cognitive of re-sale trends that have occurred for care facility land and building sales. Of the four resales of which we are aware of, three of the four have shown firming of the initial yield.

In our opinion, one of the reasons why the initial yields in the aged care market have not firmed to the same extent as that witnessed in the general commercial markets is that the aged care sector does not and has not experienced the same level of rental growth. This means limited capital appreciation and to compensate, owners need a higher return. For the Heritage Portfolio, this has been addressed through annual CPI reviews.

9.2 ALTERNATIVE ASSETS

With a limited pool of recent specialised aged care land and building sales evidence from which to draw conclusions, we have extended our considerations to include other specialist asset classes such as motels, rehabilitation centres, early learning centres and private surgical hospitals.

9.2.1 CHILDCARE CENTRE EVIDENCE

The motel market is dominated by freehold going concern sales however the early learning sector is more active in respect to land and building transactions, and of interest given their geographical spread across the country, smaller value quantum, like the aged care sector, income is subject to government funding and in many cases, they provide for fixed rental growth.

An analysis of early learning centre transactions since early 2021, show a reasonably tight band of between 4.8% and 6.1% based on contract rental, alternatively an average of 5.4%, typically with remaining lease terms of between 10 years and 15 years. Whilst purchasers in this market focus heavily on initial yield, analysis of equivalent yields indicates a similar range. Analysed IRR's range between circa 6.5% and 7.9%, or an average of circa 7% over a 10 cash flow horizon.

Sale prices for these transactions have ranged between the \$1,500,000 to circa \$6,000,000 range.

The majority of those analysed provide for purpose-built facilities with the softer end of the yield range represented by conversions. Because of the long lease terms and fixed/indexed rental review provisions, the early learning centre land and building market is reasonably liquid and keenly contested when opportunities present.

9.2.2 PRIVATE SURGICAL FACILITIES

Like the aged care market, private surgical facilities in New Zealand are tightly held by a small group of astute specialised investors, alternatively are owner occupied.

One recent sale of particular interest was Grace Hospital in Pyes Pa, Tauranga, acquired by Vital Healthcare in November 2020. The property at 281 Cheyne Road comprises a 3.527 hectare site containing a substantial three level private hospital building known as Grace Hospital. The purpose-built improvements were originally constructed in 2007, however have been subsequently extended. The property at 335 Cheyne Road is a 4,299 square metre site containing a substantial two-level medical centre. The property is known as the Grace Orthopaedic Centre and lies adjacent to the private Grace Hospital complex. The buildings are connected via corridor.

Grace Hospital is approximately 7 kilometres south of Tauranga CBD. The main Tauranga hospital is approximately 5 kilometres to the north. Pyes Pa is a relatively new and fast-growing suburb at the southern periphery of the Tauranga urban area.

The property was subject to a sale and lease back to the vendor, a joint venture between Evolution Healthcare (formerly Acuity Health Group) and Southern Cross, for 30 years from settlement.

The transaction was agreed off market at an initial yield of 5.25% based on the year 2 rental. The price of \$95,000,000, reflects an equivalent yield of 5.24% and IRR of 7.07%.

Vital will support Grace Hospital's \$50 m Master Plan to be built over the next 5 years.

9.2.3 AUSTRALIAN UNITY HEALTHCARE PROPERTY TRUST

Due to the scale and nature of the transaction, we have explored transaction activity in the Australian market where Opco/Propco deals are more common.

McKenzie Aged Care Group

The most recent transaction we are aware of was the acquisition by Australian Unity's Healthcare Property Trust (AUHPT) of three care facilities off McKenzie Aged Care Group for AUS\$93,650,000 (excluding acquisition costs) announced on 18 November 2021.

All facilities have been leased back to McKenzie Aged Care for an initial term of 25 years with annual CPI reviews, with the option for the Group to extend the leases by two additional 10-year periods.

The portfolio, based in Queensland accounts for 406 beds across three facilities including:

1. Seabrook, Deception Bay, Brisbane which comprises a single level purpose-built facility offering 122 places with Refundable Accommodation Deposits (RADS) ranging from \$550,000 to \$625,000.
2. Capella Bay, Capalaba, in Brisbane provides a modern three level purpose-built facility aged care facility dating from 2015 offering 133 places with RADS ranging from \$750,000 to \$800,000
3. The Terraces, Varsity on the Gold Coast provides for a three-level modern purpose-built aged care facility (constructed in 2008) offering 151 places with RADS ranging from \$475,000 to \$710,000

The sale reflects an initial yield of 5.25%, alternatively an average of circa \$230,000 per bed.

Infinite Group

While now more historic, Australian Unity Healthcare Property Trust acquired six aged care facilities Infinite Group for AUS\$134,790,000 (excluding transaction costs). The acquisition was settled in two tranches, the first three assets settling 19 December 2019, while the second group of three settled 31 January 2020.

Located in South East Queensland and Cairns, the portfolio provided for 831 beds across six facilities including:

1. Ipswich Aged Care Facility, Ipswich, a seven-level premium aged care facility providing unique elevated living for 96 places with RADS ranging from \$395,000 to \$575,000
2. Month Lofty Toowoomba Aged Care, Cornubia, provides for a 134-bed architecturally designed residential aged care facility built over 3 levels with RADS ranging from \$430,000 to \$650,000
3. Cornubia Aged Care Facility, Harlaxton, provides for a 133-bed architecturally designed residential aged care facility built over 3 levels with RADS ranging from \$440,000 to \$650,000
4. Edmonton Gardens Aged Care Facility, Edmonton provides for a 144-bed care facility located on the southern side of Cairns. RADS range between \$400,000 to \$650,000
5. Edge Hill Orchards Aged Care Facility, Manoora provides for a 182-bed care facility centrally located just west of the Cairns CBD with RADS ranging from \$400,000 to \$650,000
6. Caravonica Aged Care Facility, Caravonica is a 144-bed aged care facility located in Caravonica, Cairns with RADS ranging from \$400,000 to \$650,000

All properties were acquired under sale and leaseback agreements for 25 years with two further terms of 10 years each. The rents equate to \$217 per bed per week across all facilities with the rents subject to CPI reviews with a minimum of 1.5% and a maximum of 3.5% per annum.

In addition to the properties purchased, the Trust advanced significant loans to the tenant in the order of AUS\$91,440,000 to assist with the fitout of the premises. These loans are repayable to the Trust in four years and are secured by the property's fittings and fixtures. Interest on the loans is payable on a quarterly basis.

The sale reflects an initial yield of 6.97% across the entire group, alternatively an average of circa \$162,202 per bed.

9.3 YIELD CONSIDERATIONS

In forming a fundamental opinion on yield for the individual properties we have given consideration to the individual characteristics of the properties, relevant general and economic factors. Most importantly however is the strength of the Lease(s) in respect to rental, lease term and more importantly the tenant covenant. We outline the various positive and negative factors we feel will influence yield and demand as follows:

Factors considered positive to saleability include:

- Accommodation offers vital servicing to the local community.
- If the aged care sector continues to 'weather the COVID-19 storm' well, health care assets in a health-crises may be viewed as a defensive asset class by investors;
- Annual fixed rental growth mechanism (CPI) across the Lease term certain and renewals;
- Strong weighted average lease term certain of 30 years from lease commencement;
- Triple net lease provision providing for a passive investment opportunity;
- Strong tenant covenant to a national aged care service provider with an established business operation trading at each site for an extended period;

- There is a group covenant with the rent guaranteed by the parent holding company of the business (vs solely at an individual site) and there is a cross default in place providing further security to the Landlord;
- The Tenant will on or before the commencement date provide the Landlord with an unconditional bank guarantee for an amount equivalent to 6 months annual rent and rates (including GST).
- For sites which are over rented, the fixed predetermined annual rental growth with a collar at market review limits the ability for the contract rental to fall back to market;
- Strong investment market;
- Co-location and or integration of some facilities with the adjoining retirement village Operation providing a natural feeder complimenting the aged care operation;

Factors considered negative to saleability include:

- The specialised nature of the facilities with limited potential for an alternative use;
- The low bed-to-floor area ratio for much of the portfolio in comparison with modern care facilities;
- Potential lack of future proofing with low ensuite provision across the portfolio;
- The age and condition of many of the assets;
- For sites which are under rented, the fixed predetermined annual rental growth with a cap at market review limits the ability for the contract rental to get back to market;
- A high concentration of the portfolio is in provincial New Zealand;
- Value associated with the properties is underpinned by the strength of the lease in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion;
- The threat of rising interest rates with potential for yields to soften.

Many of the negatives outlined above however are more than mitigated by either the length of the lease term, triple net lease provisions and guarantee of the parent company.

When assessing values we have been conscious financial viability provides a cost barrier to entry for standalone competing facilities which helps to underpin value. This is driven by a number of factors including fee constraints, the high cost of construction, potential dominance of the micro-catchment by a facility, in particular for smaller settlements where Heritage are the only facility in the town, and where a facility has excess capacity or expansion potential which would cater to increasing demand. These barriers, together with the hurdle of securing new service agreements with the local DHB make it highly improbable for new competition to enter such markets. This provides a level of security for Heritage's established facilities and particularly so in those locations where they maintain a strong presence or are the sole provider.

On an individual asset basis, concluded values provide an affordable investment package likely to appeal to high net worth private investors, family trusts, syndicators, superannuation funds and specialist aged care investors alike. In our assessment of value at the individual asset level, we have adopted a yield on market rental ranging between 4.75% and 6.5%.

10 VALUATION RATIONALE

10.1 INTRODUCTION

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties (refer Market Commentary section), and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail below our principal approaches to value. (Refer to Special Assumptions section.)

10.2 CARE FACILITY VALUATION METHODOLOGY

The valuation methodology used for the freehold land and buildings is more conventional to traditional valuation practice, however our observations indicate the market functions on an unsophisticated approach to the analysis of and application of market benchmarks due largely to a general lack of sales volumes and market transparency within the sector.

We detail our primary approaches to value of the care facilities as follows:

- Capitalisation Approach
- Direct Comparison approach on a dollars per bed
- Discounted Cashflow

Irrespective of the approach adopted, the value conclusion nonetheless needs to be balanced against market evidence with further consideration given to key metrics including:

- \$ per sqm floor area
- \$ per sqm of land area
- Multiple on contract rental
- Multiple on market rental

10.2.1 CAPITALISATION APPROACH

In undertaking our valuation analysis, we have considered an investment approach which encapsulates the interest of land and buildings, determined by the capitalisation of market rental under the assumption the rental paid is affordable and sustainable by the business operation into perpetuity from the valuation date, at an appropriate investment yield. The adopted yield reflects the nature, location and tenancy profile of each property together with current market investment criteria, as evidenced by the sales evidence previously detailed.

Capital adjustments are then made to reflect any rental premium or shortfall in comparison to our assessment of market rental.

The following refers:

FREEHOLD LAND & BUILDINGS CAPITALISATION APPROACH - 22 DECEMBER 2021

Name	Market Rent	Market Cap Rate	Indicated Value	Adjustment	Adopted Value	Yield On Market	\$ Per Bed	Multiple
Palms Lifecare	\$885,000	4.75%	\$18,631,579	\$2,864,138	\$21,500,000	4.12%	\$180,672	24.3
Cantabria Lifecare	\$1,150,000	5.25%	\$21,904,762	\$195,341	\$22,100,000	5.20%	\$126,286	19.2
Te Wiremu House Lifecare	\$560,000	5.75%	\$9,739,130	(\$2,120,921)	\$7,600,000	7.37%	\$89,412	13.6
Glengarry Lifecare	\$215,000	6.50%	\$3,307,692	\$906,378	\$4,200,000	5.12%	\$102,439	19.5
Telford Lifecare	\$295,000	5.50%	\$5,363,636	\$585,378	\$5,950,000	4.96%	\$112,264	20.2
Elizabeth R Lifecare	\$180,000	6.00%	\$3,000,000	\$202,710	\$3,200,000	5.63%	\$84,211	17.8
Annie Brydon Lifecare	\$395,000	6.00%	\$6,583,333	\$1,632,494	\$8,200,000	4.82%	\$120,588	20.8
Colwyn House Lifecare	\$590,000	5.25%	\$11,238,095	(\$1,326,570)	\$9,900,000	5.96%	\$139,437	16.8
Broadview Lifecare	\$495,000	6.00%	\$8,250,000	(\$2,333,069)	\$5,900,000	8.39%	\$69,412	11.9
Chiswick Park Lifecare	\$310,000	5.75%	\$5,391,304	\$80,353	\$5,450,000	5.69%	\$106,863	17.6
Palmerston Manor Lifecare	\$320,000	5.75%	\$5,565,217	\$699,622	\$6,250,000	5.12%	\$130,208	19.5
Roseneath Lifecare	\$300,000	6.00%	\$5,000,000	(\$2,152,784)	\$2,850,000	10.53%	\$63,333	9.5
Flaxmore Lifecare	\$310,000	5.75%	\$5,391,304	\$220,277	\$5,600,000	5.54%	\$116,667	18.1
Stillwater Lifecare	\$490,000	5.00%	\$9,800,000	\$866,369	\$10,650,000	4.60%	\$154,348	21.7
Somerfield Rest Home	\$310,000	5.50%	\$5,636,364	\$1,094,032	\$6,750,000	4.59%	\$164,634	21.8
Albarosa, Camellia Court & Golden Age	\$910,000	5.25%	\$17,333,333	\$6,790,291	\$24,150,000	3.77%	\$181,579	26.5
Edith Cavell Lifecare	\$380,000	5.50%	\$6,909,091	\$942,004	\$7,850,000	4.84%	\$160,204	20.7
Brookhaven	\$560,000	5.75%	\$9,739,130	\$1,230,227	\$10,950,000	5.11%	\$119,022	19.6
Coldstream	\$355,000	6.00%	\$5,916,667	(\$466,629)	\$5,450,000	6.51%	\$93,966	15.4
Princes Court Lifecare	\$200,000	6.00%	\$3,333,333	(\$929,765)	\$2,400,000	8.33%	\$68,571	12.0
Highfield Lifecare	\$200,000	6.00%	\$3,333,333	(\$1,531,139)	\$1,800,000	11.11%	\$40,909	9.0
Redroofs Lifecare	\$235,000	5.50%	\$4,272,727	\$673,469	\$4,950,000	4.75%	\$99,000	21.1
Clutha Views Lifecare	\$430,000	6.50%	\$6,615,385	\$696,187	\$7,300,000	5.89%	\$107,353	17.0
TOTAL/AVERAGE	\$10,075,000	5.53%	\$182,255,418	\$8,818,390	\$190,950,000	5.28%	\$121,935	19.0

10.2.2 DIRECT COMPARISON APPROACH

It is essential that the valuation be benchmarked against market evidence and as an alternative approach we have considered a direct comparison on a per bed basis, albeit we have given no weighting to this approach given value is underpinned by the strength of the Leases and Tenant covenant, and not the bricks and mortar. The following refers:

FREEHOLD LAND & BUILDINGS DIRECT COMPARISON APPROACH - 22 DECEMBER 2021

Name	Rest Home RH	Dementia D	Hospital H	Psychogeriatric P	Other O	Average \$/Bed	Adopted Value	Yield On Market	\$ Per Bed
Palms Lifecare	\$165,254	-	\$190,000	-	-	\$177,731	\$21,150,000	4.18%	\$177,731
Cantabria Lifecare	\$100,000	\$110,000	\$135,000	-	-	\$118,543	\$20,750,000	5.54%	\$118,571
Te Wiremu House Lifecare	\$75,000	\$85,000	\$100,000	-	-	\$86,941	\$7,400,000	7.57%	\$87,059
Glengarry Lifecare	\$80,000	\$95,000	\$105,000	-	-	\$97,317	\$4,000,000	5.38%	\$97,561
Telford Lifecare	\$100,000	-	\$120,000	-	-	\$109,434	\$5,800,000	5.09%	\$109,434
Elizabeth R Lifecare	\$75,000	-	\$83,816	-	-	\$79,408	\$3,000,000	6.00%	\$78,947
Annie Brydon Lifecare	\$108,684	-	\$129,833	-	-	\$118,015	\$8,050,000	4.91%	\$118,382
Colwyn House Lifecare	-	\$120,000	\$140,000	-	\$140,000	\$134,366	\$9,550,000	6.18%	\$134,507
Broadview Lifecare	\$60,000	\$60,000	\$65,000	\$85,000	\$85,000	\$68,000	\$5,800,000	8.53%	\$68,235
Chiswick Park Lifecare	\$85,000	-	\$110,000	-	-	\$97,255	\$4,950,000	6.26%	\$97,059
Palmerston Manor Lifecare	\$125,000	-	\$140,000	-	-	\$134,375	\$6,450,000	4.96%	\$134,375
Roseneath Lifecare	\$55,000	\$65,000	\$72,273	-	-	\$66,333	\$3,000,000	10.00%	\$66,667
Flaxmore Lifecare	-	\$115,000	-	-	-	\$115,000	\$5,500,000	5.64%	\$114,583
Stillwater Lifecare	\$135,000	\$150,000	\$160,000	-	-	\$149,348	\$10,300,000	4.76%	\$149,275
Somerfield Rest Home	-	\$159,512	-	-	-	\$159,512	\$6,550,000	4.73%	\$159,756
Albarosa, Camellia Court & Golden Age	\$160,000	\$192,722	-	-	-	\$179,436	\$23,900,000	3.81%	\$179,699
Edith Cavell Lifecare	\$120,000	-	\$140,000	-	-	\$128,571	\$7,700,000	4.94%	\$157,143
Brookhaven	\$115,000	\$125,000	-	-	-	\$119,457	\$11,000,000	5.09%	\$119,565
Coldstream	\$75,000	-	\$105,000	-	-	\$94,138	\$5,450,000	6.51%	\$93,966
Princes Court Lifecare	-	\$65,000	-	-	-	\$65,000	\$2,300,000	8.70%	\$65,714
Highfield Lifecare	\$41,591	-	-	-	-	\$41,591	\$1,850,000	10.81%	\$42,045
Redroofs Lifecare	\$97,400	-	-	-	-	\$97,400	\$4,850,000	4.85%	\$97,000
Clutha Views Lifecare	\$95,000	\$105,000	\$115,000	-	-	\$106,471	\$7,250,000	5.93%	\$106,618
TOTAL/AVERAGE							\$186,550,000	5.40%	\$119,125

We acknowledge that the adopted rates above sit either towards the upper end or above historical land and building benchmarks on a rate per bed basis (for reasons discussed under this section). The approach none the less has its merits in application of relativities between sites.

10.2.3 DISCOUNTED CASHFLOW APPROACH

The discounted cash flow analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

Having regard to these factors, and given the long lease terms, we have carried out a discounted cash flow analysis over a 40-year investment horizon in which we have assumed that the property is sold at the commencement of the 41st year of the cash flow. The cash flow analysis, which comprises annual income streams, is based upon the following assumptions:

- CPI (NZIER Forecast) with Year 6+ at 2% per annum
- Market Rental Growth at 2% per annum
- Renewal Probability 100%
- Letting Up Allowance on Renewal Nil
- Disposal Cost Allowance at 2%

While this type of building by its very nature requires continual expenditure to maintain the aesthetic appeal, structural integrity and hence, capital value of the asset, in this case we have not incorporated a specific capital expenditure allowance throughout the term of our cash flow analysis in recognition of the requirement for an ongoing refurbishment program as under the Leases, which are triple net, this is the Tenant's responsibility.

We detail our value conclusion subject to a discounted cashflow approach as follows:

FREEHOLD LAND & BUILDINGS DISCOUNTED CASHFLOW APPROACH - 22 DECEMBER 2021

Name	Terminal Yield	Discount Rate	Adopted Value	Initial Yield	Market Yield	Indicated IRR	\$/Bed
Palms Lifecare	5.75%	6.75%	\$21,900,000	4.89%	4.04%	6.86%	\$184,034
Cantabria Lifecare	6.25%	7.25%	\$22,450,000	5.18%	5.12%	7.34%	\$128,286
Te Wiremu House Lifecare	6.75%	7.75%	\$7,550,000	5.39%	7.42%	7.69%	\$88,824
Glengarry Lifecare	7.50%	8.50%	\$4,400,000	6.49%	4.89%	8.91%	\$107,317
Telford Lifecare	6.50%	7.50%	\$6,100,000	5.51%	4.84%	7.66%	\$115,094
Elizabeth R Lifecare	7.00%	8.00%	\$3,300,000	5.91%	5.45%	8.21%	\$86,842
Annie Brydon Lifecare	7.00%	8.00%	\$8,600,000	6.00%	4.59%	8.34%	\$126,471
Colwyn House Lifecare	6.25%	7.25%	\$9,900,000	5.04%	5.96%	7.25%	\$139,437
Broadview Lifecare	7.00%	8.00%	\$5,800,000	5.56%	8.53%	7.88%	\$68,235
Chiswick Park Lifecare	6.75%	7.75%	\$5,600,000	5.64%	5.54%	7.93%	\$109,804
Palmerston Manor Lifecare	6.75%	7.75%	\$6,450,000	5.74%	4.96%	7.97%	\$134,375
Roseneath Lifecare	7.00%	8.00%	\$2,650,000	5.31%	11.32%	7.56%	\$58,889
Flaxmore Lifecare	6.75%	7.75%	\$5,750,000	5.67%	5.39%	7.93%	\$119,792
Stillwater Lifecare	6.00%	7.00%	\$10,800,000	5.07%	4.54%	7.09%	\$156,522
Somerfield Rest Home	6.50%	7.50%	\$6,950,000	5.57%	4.46%	7.71%	\$169,512
Albarosa, Camellia Court & Golden Age	6.25%	7.25%	\$25,300,000	5.44%	3.60%	7.58%	\$190,226
Edith Cavell Lifecare	6.50%	7.50%	\$8,050,000	5.54%	4.72%	7.69%	\$164,286
Brookhaven	6.75%	7.75%	\$11,300,000	5.74%	4.96%	7.97%	\$122,826
Coldstream	7.00%	8.00%	\$5,550,000	5.77%	6.40%	8.15%	\$95,690
Princes Court Lifecare	7.00%	8.00%	\$2,350,000	5.58%	8.51%	7.88%	\$67,143
Highfield Lifecare	7.00%	8.00%	\$1,650,000	5.25%	12.12%	7.50%	\$37,500
Redroofs Lifecare	6.25%	7.50%	\$5,100,000	5.54%	4.61%	7.72%	\$102,000
Clutha Views Lifecare	8.00%	8.50%	\$7,550,000	6.41%	5.70%	8.76%	\$111,029
TOTAL/AVERAGE			\$195,050,000	5.46%	5.17%		\$124,553

10.2.4 CARE FACILITY SUMMARY

We provide a summary of the market value position of the individual care facility assets valued at the date of valuation as follows:

FREEHOLD LAND & BUILDINGS CARE FACILITY VALUATION SUMMARY - 22 DECEMBER 2021

Name	Adopted Value	Initial Yield	Yield On Market	\$/Bed Physical	\$/Sqm FA	\$/Sqm ¹ Land	Multiple Contract	Multiple Market
Palms Lifecare	\$21,700,000	4.94%	4.08%	\$182,353	\$5,006	\$1,739	20.3	24.5
Cantabria Lifecare	\$22,300,000	5.22%	5.16%	\$127,429	\$2,193	\$752	19.2	19.4
Te Wiremu House Lifecare	\$7,600,000	5.35%	7.37%	\$89,412	\$1,858	\$599	18.7	13.6
Glengarry Lifecare	\$4,300,000	6.64%	5.00%	\$104,878	\$3,916	\$763	15.1	20.0
Telford Lifecare	\$6,050,000	5.56%	4.88%	\$114,151	\$3,774	\$373	18.0	20.5
Elizabeth R Lifecare	\$3,250,000	6.00%	5.54%	\$85,526	\$1,822	\$335	16.7	18.1
Annie Brydon Lifecare	\$8,400,000	6.14%	4.70%	\$123,529	\$4,566	\$744	16.3	21.3
Colwyn House Lifecare	\$9,900,000	5.04%	5.96%	\$139,437	\$3,603	\$1,576	19.8	16.8
Broadview Lifecare	\$5,850,000	5.51%	8.46%	\$68,824	\$1,761	\$242	18.1	11.8
Chiswick Park Lifecare	\$5,550,000	5.69%	5.59%	\$108,824	\$3,467	\$835	17.6	17.9
Palmerston Manor Lifecare	\$6,350,000	5.83%	5.04%	\$132,292	\$4,510	\$1,956	17.1	19.8
Roseneath Lifecare	\$2,750,000	5.12%	10.91%	\$61,111	\$1,866	\$562	19.5	9.2
Flaxmore Lifecare	\$5,700,000	5.72%	5.44%	\$118,750	\$4,331	\$1,625	17.5	18.4
Stillwater Lifecare	\$10,750,000	5.10%	4.56%	\$155,797	\$3,541	\$1,147	19.6	21.9
Somerfield Rest Home	\$6,850,000	5.65%	4.53%	\$167,073	\$6,284	\$2,695	17.7	22.1
Albarosa, Camellia Court & Golden Age	\$24,750,000	5.56%	3.68%	\$186,090	\$4,391	\$2,952	18.0	27.2
Edith Cavell Lifecare	\$7,950,000	5.61%	4.78%	\$162,245	\$3,099	\$1,813	17.8	20.9
Brookhaven	\$11,150,000	5.82%	5.02%	\$121,196	\$4,369	\$1,394	17.2	19.9
Coldstream	\$5,500,000	5.83%	6.45%	\$94,828	\$3,011	\$1,284	17.2	15.5
Princes Court Lifecare	\$2,400,000	5.47%	8.33%	\$68,571	\$2,424	\$805	18.3	12.0
Highfield Lifecare	\$1,750,000	4.95%	11.43%	\$39,773	\$1,406	\$411	20.2	8.8
Redroofs Lifecare	\$5,050,000	5.59%	4.65%	\$101,000	\$3,424	\$1,183	17.9	21.5
Clutha Views Lifecare	\$7,450,000	6.50%	5.77%	\$109,559	\$3,470	\$285	15.4	17.3
TOTAL/AVERAGE	\$193,300,000	5.51%	5.21%	\$123,436	\$3,257	\$875	18.1	19.2

NB: 1) \$/Sqm of Land is based on the total site excluding an allowance for development land

The valuations detailed are for the freehold land and buildings plus GST, if any on an individual asset basis.

10.3 RESIDENTIAL PROPERTIES

The traditional approach for valuing residential property is the sales comparison approach and in this regard, we have researched a number of transactions for similar type properties within the surrounding area where houses form part of the property, in order to determine market parameters. Consideration has been given where necessary to reflect the individual characteristics of properties such as location, size, quality, aspect and outlook. We believe this approach is appropriate in valuing the adjoining residential properties, and one which mirrors the market.

On the basis the residential properties form part of the leased premises, we have assessed market value and then applied a discount to reflect the impediment of the lease covenant, which prohibits the Landlord's ability to dispose of any houses while the leases are in place.

In the following table we detail the added value of adjoining residential properties within the portfolio:

RESIDENTIAL PROPERTIES

Name	Address	Location	Properties	
			No.	Value
Flaxmore Lifecare	8 Clifford Avenue	Nelson	1	\$ 325,000
Albarosa, Camellia Court & Golden Age	80-96 Harewood Road	Christchurch	2	\$ 310,000
Totals			3	\$ 635,000

Residential properties have been valued plus GST, if any.

10.4 DEVELOPMENT LAND

Surplus land can be comprised in a standalone title and/or part of the principal site. Where standalone we have subscribed a value, which can be captured independently, if desired, from the overall village. Where part of the principal site we have identified if there is the potential, be it town planning or economic, to expand the village and have assessed a value accordingly. This latter value, whilst identified as surplus land value, cannot be independently captured.

As a general rule, we have treated land with approvals and other vacant land clearly identified for future development as land for development in its highest and best use, valued using the sales comparison approach.

On the basis land forms part of the leased premises, we have assessed market value and then applied a discount to reflect the impediment of the lease covenant, which prohibits the Landlords ability to dispose of, or to redevelop the land while the leases are in place.

In the following table we detail the added value of development land within the portfolio:

DEVELOPMENT LAND					
Name	Address	Location	Undeveloped Land (sqm)	Total	\$/Sqm
Te Wiremu House Lifecare	621 Aberdeen Road	Gisborne	1,450	\$ 170,000	\$ 117
Princes Court Lifecare	58 Princes Street	Netherby	1,000	\$ 75,000	\$ 75
Redroofs Lifecare	15 Dunblane Street	Maori Hill	2,400	\$ 725,000	\$ 302
Totals			4,850	\$ 970,000	\$ 200

Development land has been valued plus GST, if any.

10.5 SUMMARY

We provide a summary of the market value position of the individual assets valued at the date of valuation as follows:

HERITAGE LIFECARE REAL ESTATE PORTFOLIO 22 DECEMBER 2021

Name	Care Facility	Residential House	Development Land	Market Value	%
Palms Lifecare	\$ 21,700,000	\$ -	\$ -	\$ 21,700,000	11.1%
Cantabria Lifecare	\$ 22,300,000	\$ -	\$ -	\$ 22,300,000	11.4%
Te Wiremu House Lifecare	\$ 7,600,000	\$ -	\$ 170,000	\$ 7,750,000	4.0%
Glengarry Lifecare	\$ 4,300,000	\$ -	\$ -	\$ 4,300,000	2.2%
Telford Lifecare	\$ 6,050,000	\$ -	\$ -	\$ 6,050,000	3.1%
Elizabeth R Lifecare	\$ 3,250,000	\$ -	\$ -	\$ 3,250,000	1.7%
Annie Brydon Lifecare	\$ 8,400,000	\$ -	\$ -	\$ 8,400,000	4.3%
Colwyn House Lifecare	\$ 9,900,000	\$ -	\$ -	\$ 9,900,000	5.1%
Broadview Lifecare	\$ 5,850,000	\$ -	\$ -	\$ 5,850,000	3.0%
Chiswick Park Lifecare	\$ 5,550,000	\$ -	\$ -	\$ 5,550,000	2.8%
Palmerston Manor Lifecare	\$ 6,350,000	\$ -	\$ -	\$ 6,350,000	3.3%
Roseneath Lifecare	\$ 2,750,000	\$ -	\$ -	\$ 2,750,000	1.4%
Flaxmore Lifecare	\$ 5,700,000	\$ 325,000	\$ -	\$ 6,025,000	3.1%
Stillwater Lifecare	\$ 10,750,000	\$ -	\$ -	\$ 10,750,000	5.5%
Somerfield Rest Home	\$ 6,850,000	\$ -	\$ -	\$ 6,850,000	3.5%
Albarosa, Camellia Court & Golden Age	\$ 24,750,000	\$ 310,000	\$ -	\$ 25,050,000	12.9%
Edith Cavell Lifecare	\$ 7,950,000	\$ -	\$ -	\$ 7,950,000	4.1%
Brookhaven	\$ 11,150,000	\$ -	\$ -	\$ 11,150,000	5.7%
Coldstream	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	2.8%
Princes Court Lifecare	\$ 2,400,000	\$ -	\$ 75,000	\$ 2,475,000	1.3%
Highfield Lifecare	\$ 1,750,000	\$ -	\$ -	\$ 1,750,000	0.9%
Redroofs Lifecare	\$ 5,050,000	\$ -	\$ 725,000	\$ 5,775,000	3.0%
Clutha Views Lifecare	\$ 7,450,000	\$ -	\$ -	\$ 7,450,000	3.8%
Totals	\$ 193,300,000	\$ 635,000	\$ 970,000	\$ 194,875,000	
Percentage	99.19%	0.33%	0.50%		100.0%

The valuations detailed are for the freehold land and buildings plus GST, if any on an individual asset basis.

The reader should be aware that value associated with the properties is underpinned by the strength of the lease in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.

10.6 SALE

The portfolio involving 23 properties is under contract for a total consideration of NZ\$192,238,849 plus GST, which equates to 5.54% on contract, subject to various conditions, warranties and guarantees. Schedule 1 of the sale and purchase agreement provides a list of the properties, the purchase price allocation and annual rental per property at commencement.

The aggregate of our individual valuations would suggest the purchase price is a fair reflection of market value.

10.7 INDIVIDUAL ASSET VALUES VERSUS PORTFOLIO VALUE

Our assessment reflects the aggregate of the individual Heritage Lifecare Real Estate Portfolio assets valued which combined form this valuation.

In this case the Heritage Lifecare Real Estate Portfolio forms an aggregation of complementary assets where it is the assets individually which have been valued.

The 'Guidance Papers for Valuers & Property Professionals' effective 1 July 2021, and more specifically NZVGP 502 - Valuations of Real Property, Plant & Equipment for Use in New Zealand Financial Reports do not provide any commentary on portfolio values. The former New Zealand Valuation Guidance Note 1 (Australia and New Zealand Valuation and Property Standards January 2012 Edition) meanwhile, which relates to financial reporting states at 5.2:

"Portfolios of investment properties or property, plant and equipment are usually valued on the basis of summing the individual asset values. The market value of such assets viewed or treated as a portfolio or as an assembled group of properties could exceed, or could be less than, the sum of the 'Market Value' of each asset individually..."

Further Valuation for Financial Reporting – former International Valuation Application, Section 6.8.1 is similar to the New Zealand standard and states:

"Portfolios: A collection or aggregation of properties held by a single ownership and jointly managed is referred to as a portfolio. The Market Value of such assets viewed or treated as a portfolio or as an assembled group of properties could exceed or could be less than the sum of the Market Value of each asset individually...."

Within the same section of the standards there is reference to the Australian reporting requirement (which is synonymous with the New Zealand reporting requirement) as follows:

"AUS 6.8.1.1 - It should be noted that the valuer is only required to report the possible existence of a premium or discount and is not required to quantify the actual premium or discount, unless specifically requested".

The former International Valuation Standards 2013, Section 300 which relates to financial reporting, states at Guidance Note 3:

"Fair value under IFRSs applies to the "unit of account" for an asset or liability as specified in the relevant standard. This is usually the individual asset or liability, but in some circumstances can apply to a group of related assets. IFRS 13 requires that, in the case of assets, it is necessary to determine whether the maximum value to market participants would be to use the asset in combination with other assets and liabilities as a group or to use the asset on a stand-alone basis. This requirement to state how individual assets are assumed to be aggregated with other potentially complementary assets is consistent with the requirements of IVS Scope of Work and IVS 103 Reporting."

Various factors influence the extent of the potential value difference between the sum of the individual assets and the value of a single portfolio sold in a single transaction including but not limited to:

1. The geographic diversity of the assets and ability to spread asset specific or location specific risk;
2. Scarcity and limited opportunities to obtain a portfolio of scale in a single transaction with potential efficiencies in acquisition costs, time savings, due diligence fees and most likely, holding costs;

3. The scale and quality of individual assets within the portfolio;
4. Intellectual property and technology associated with the entity or operation;
5. Implementation of quality assurance and information sharing systems;
6. Group procurement to achieve bulk purchase discounts with suppliers;
7. Management expertise;
8. Branding;
9. Head office costs;
10. Track record of development and the underlying (realised) earnings and operating cash flow performance;
11. Accumulated tax losses and the ability to protect the same;
12. Retention of senior management and front-line staff to ensure business continuity;
13. Other factors influencing the value of the business goodwill including increased market share;
14. Access to capital to conclude large sale acquisitions;
15. Market perception including opinion on assemblage premiums versus bulk discounts;
16. The risk appetite of investors, their acquisition approaches and pricing strategies;
17. Returns available from alternative investments classes;

It is difficult to source any directly comparable robust benchmarks and in this case there is no clear transactional evidence in New Zealand to support either a premium or discount at this time although anecdotal evidence from going concern transactions for the ACW Portfolio and Bupa assets acquired pre COVID-19 tend not to support a premium, while the Metlifecare takeover and Arvida's acquisition of Arena, both post COVID-19 indicate a discount.

10.8 MARKET RISK

Commercial property value growth has been strong for many sectors in recent years, even with the disruption caused by COVID-19 through 2020. This growth is largely attributable to historically low interest rates, alternative investment markets demonstrating more risk and volatility and low vacancy rates in some sectors (particularly industrial). Prime quality strongly leased property transactions continue to show some yields at historical lows.

Notwithstanding current buoyant conditions in many parts of the property market, the ongoing impact of COVID-19 on the global economy (including the emergence of more infectious strains) means that values and incomes may change more rapidly and significantly than during normal market conditions. We also note that the Reserve Bank increased the OCR from October 2021 with further rises signalled. Retail interest rates have risen sharply in recent months.

Historical cycles have shown that commercial property yields can soften rapidly in the event of a market downturn. Should economic and property market conditions deteriorate in the future, then the market value of this asset may decline. This inherent risk factor should be considered in any lending or investment decisions.

10.9 INDIVIDUAL REPORTS

Individual valuations are presented in the abbreviated reports attached, in the same order as listed in this preamble.

It should be noted that real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at

the date of valuation. No warranty can be given as to the maintenance of this value into the future. It is, therefore, recommended that the valuation be reviewed periodically.

We state that this report is for the use only by the reliant parties as names and for no other purpose. No responsibility is accepted to any third party for the whole or part of its contents.

Finally, neither the whole nor any part of this report shall be printed or published in any circular, document or publication without first obtaining the approval of CBRE to the form and context in which it is to appear.

11 DEFINITIONS

Capitalisation Rate (or Equivalent Yield)	The Capitalisation Rate applied within our valuation to the net income (as defined above). The term equivalent yield (as utilised within our analysis of comparable sales) essentially reflects a derived Capitalisation Rate based on the analysed purchase price.
Initial Yield	The net passing income as a percentage of the assessed value excluding any adjoining residential houses, or development land.
Terminal Yield	The capitalisation rate applied within our valuation to the net passing income forecast during Year 40 of our Discounted Cash Flow (DCF) analysis. From this capitalised amount, disposal costs are deducted to arrive at a net selling price at the end of Year 40 of the DCF.
Multiple	Also referred to as an earnings multiple, the multiple forms the inverse of the initial yield or capitalisation rate.
Discounted Cash Flow (DCF)	The primary method used in valuing retirement villages through the discounting of forecast future cash flows at an adopted target IRR.
Target IRR (Internal Rate of Return)	The discount rate applied to the annual net cash flow of the property and the hypothetical sale of the asset at the end of Year 40 to arrive at the adopted value (excluding any development land) using the Discounted Cash Flow approach.
IRR (Indicated)	The discount rate which results in a net present value of zero over a 40 year period given the forecast Net Cash Flow and Assessed Value. This analysis excludes the value of any development land, or care facility.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.
EBITDAR	Earnings Before Interest, Tax, Depreciation, Amortisation and Rent.
Proforma	A pro forma income statement is similar to a historical income statement, except it projects forecast Future Cash Flows rather than tracking the past.
Average Efficient Management (Average Competent Management)	The former International Valuation Guidance Note No. 12, Valuation of Trade Related Property, defines Reasonably Efficient Operator, or Average Competent Management under Paragraph 3.4 as 'A market based concept whereby a potential purchaser, and thus the Valuer, estimates the maintainable level of trade and future profitability that can be achieved by a competent operator of a business conducted on the premises, acting in an efficient manner. The concept involves the trading potential rather than the actual level of trade under the existing ownership so it excludes personal goodwill.'
Occupational Right Agreement (ORA)	Forms the legal agreement between Operator and Resident outlining the contractual rights of occupation including a right of exclusive occupation of a particular unit within a retirement village together with a right to use in common with other village residents the village community facilities in consideration of an Entry Price (i.e. Purchase Price).

12 DISCLAIMERS

Valuation Subject To Change	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movement or factors specific to the particular property). For the avoidance of doubt, this may include global financial crises or force majeure events. We do not accept liability for losses arising from such subsequent changes in value. Furthermore, values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Extent of Investigations	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct further investigations where considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Information Supplied By Others	This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity we have relied upon the information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. The Reliant Parties acknowledge that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Disclosure	CBRE must be advised in the event that the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting CBRE first to reassess any effect on the valuation.
Future Matters	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
Taxation & GST	Our valuation is plus GST, if any. We are not tax experts and have not been provided with tax or legal advice. The Reliant Party must make its own enquiries if they consider that GST applies.
Site Survey	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Parties should confirm this status by obtaining a current survey report and/or advice from a registered surveyor.
Property Titles	We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a future title search is undertaken which reveals additional easements or encumbrances, CBRE should be consulted to reassess any effect on the value stated herein.
Environmental Conditions	Unless otherwise stated, we have assumed that the site is free of elevated levels of contaminants or subsoil asbestos that would prevent the continuation of the current use of the

	property. Note our visual inspection is an inconclusive indicator of the actual site condition. We make no representation as to the actual environmental status of the subject property. If any formal testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon without first consulting CBRE to reassess any effect on the valuation.
Flooding Caution	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability or currency of the flood mapping reviewed. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary amend the valuation.
Asbestos/Hazardous Materials	Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess the valuation.
Planning Information	We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us. In the event that a Land Information Memorandum (LIM) report is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.
Inclusions & Exclusions	Our valuation includes those items that form part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting etc that would normally pass with the sale of the property.
Side Agreements	In the event that the Reliant Party becomes aware of any side agreements, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Floor Areas	Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance with the Property Council of New Zealand (PINZ PCNZ) Guide to Measurement of Rentable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from PINZ PCNZ guidelines. In the event that the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to CBRE for consideration and possible review of the valuation.
Condition & Repair	We are not building/structural experts and are therefore unable to certify the structural soundness of the improvements. Unless otherwise stated, we have not sighted a qualified engineer's structure survey of the improvements, or its plant and equipment. Any Reliant Parties would need to make their own enquiries in this regard. Unless otherwise stated, we have not sighted a structural report on the property, nor have we inspected unexposed or inaccessible portion of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials considered hazardous.
Currency	All dollars are NZ\$.
LIM & PIM	Unless otherwise stated, we have not obtained Land Information Memoranda (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.

Site Conditions	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).
Not a Structural Survey	We state that this is a valuation report, and not a Structural Survey.
Director's Clause	Under required circumstances, this report may have been co-signed by a Director of CBRE. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that he has discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.

13 DEMOGRAPHICS

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	Whangarei District	Franklin	Tauranga City	Rotorua District	Western Bay of Plenty	Gisborne District	Waikato District	New Plymouth District	Stratford District	South Taranaki District	Hastings District	Whangarei District	Palmerston North City	Canterbury District	Nelson City	Tasman District	Marlborough District	Grey District	Christchurch City	Ashburton District	Timaru District	Dunedin City	Clutha District	Invercargill City	New Zealand
Usual Resident Population	90,960	74,838	136,713	71,877	51,321	47,517	8,367	80,679	9,474	27,534	81,537	45,309	84,639	9,198	50,880	52,389	47,340	13,344	369,006	33,423	46,296	126,255	17,667	54,204	4,699,755
% of New Zealand	1.9%	1.6%	2.9%	1.5%	1.1%	1.0%	0.2%	1.7%	0.2%	0.6%	1.7%	1.0%	1.8%	0.2%	1.1%	1.1%	1.0%	0.3%	7.9%	0.7%	1.0%	2.7%	0.4%	1.2%	100.0%
% of Males	49.0%	49.6%	48.2%	48.9%	50.0%	49.2%	50.1%	49.1%	49.8%	50.7%	49.1%	48.4%	48.8%	49.2%	48.8%	49.7%	49.9%	50.7%	49.9%	50.9%	49.3%	48.1%	52.0%	48.9%	49.4%
% of Females	51.0%	50.4%	51.8%	51.1%	50.0%	50.8%	49.9%	50.9%	50.2%	49.3%	50.9%	51.6%	51.2%	50.8%	51.3%	50.3%	50.1%	49.3%	50.1%	49.1%	50.7%	51.9%	48.0%	51.1%	50.6%
Weighted Median Age	41	41	40	36	45	37	39	41	40	39	39	43	34	46	43	46	46	44	37	39	45	37	43	39	37
Age Distribution (%)																									
0-14	21.0%	21.1%	20.2%	22.4%	18.6%	23.7%	23.5%	20.4%	21.6%	22.6%	21.7%	19.7%	19.7%	18.9%	17.7%	18.2%	17.4%	19.2%	17.3%	20.4%	17.9%	15.8%	19.3%	19.5%	19.6%
15-19	5.8%	6.5%	5.6%	6.7%	5.7%	6.8%	6.6%	6.0%	6.0%	6.2%	6.7%	6.2%	7.5%	5.7%	5.8%	6.0%	5.0%	6.1%	6.3%	5.5%	5.6%	9.6%	5.9%	6.1%	6.4%
20-29	10.8%	10.7%	11.4%	13.0%	10.1%	11.6%	11.4%	10.9%	11.2%	11.0%	11.6%	10.8%	17.3%	8.2%	10.8%	8.6%	10.1%	10.7%	16.2%	12.3%	10.8%	17.0%	10.5%	12.5%	14.1%
30-39	10.9%	11.1%	12.3%	12.1%	9.7%	11.1%	9.8%	12.0%	11.6%	12.1%	11.0%	10.1%	12.6%	9.1%	11.6%	9.5%	10.9%	9.9%	13.9%	12.9%	10.3%	11.0%	11.2%	12.7%	13.0%
40-49	12.1%	14.6%	13.0%	12.8%	12.4%	12.1%	10.7%	13.2%	12.3%	12.7%	12.9%	12.0%	11.9%	13.1%	13.4%	14.0%	12.6%	12.9%	13.1%	12.5%	12.3%	12.0%	13.8%	12.7%	13.0%
50-59	13.7%	15.1%	12.3%	13.0%	15.2%	13.1%	13.6%	13.4%	14.0%	13.7%	13.5%	13.8%	11.7%	15.1%	14.7%	15.5%	14.6%	15.8%	12.8%	12.8%	14.5%	12.9%	15.0%	13.5%	13.0%
60-64	6.5%	5.8%	5.5%	5.5%	7.4%	6.1%	7.2%	6.3%	5.8%	6.1%	5.8%	6.8%	5.0%	7.5%	6.5%	7.4%	7.1%	7.0%	5.4%	5.8%	6.6%	5.7%	6.9%	5.9%	5.6%
65+	19.0%	15.1%	19.7%	14.4%	21.0%	15.5%	17.1%	18.0%	17.4%	15.7%	16.8%	20.6%	14.2%	22.4%	19.3%	20.9%	22.3%	18.3%	15.0%	17.9%	21.9%	16.1%	17.5%	17.2%	15.2%
75+	8.2%	6.0%	9.4%	5.9%	8.3%	6.3%	6.2%	8.0%	7.8%	6.5%	7.1%	9.3%	6.3%	8.4%	8.4%	8.1%	9.1%	7.4%	6.8%	8.2%	9.9%	7.2%	7.2%	8.0%	6.4%
85+	2.2%	1.5%	2.7%	1.6%	1.9%	1.8%	1.5%	2.5%	2.3%	1.7%	1.9%	2.7%	1.9%	2.1%	2.5%	1.9%	2.4%	2.0%	2.1%	2.4%	2.8%	2.2%	2.1%	2.5%	1.8%
Ethnic Distribution (%)																									
European	65.4%	72.6%	72.6%	52.8%	73.0%	48.6%	39.6%	75.8%	82.3%	69.7%	62.8%	68.9%	66.1%	82.6%	79.5%	86.0%	79.3%	84.9%	71.2%	78.5%	84.0%	78.9%	81.8%	74.6%	62.3%
Maori	25.5%	13.3%	16.2%	33.4%	17.3%	44.2%	54.8%	15.8%	12.8%	23.9%	23.9%	22.9%	16.3%	12.1%	9.8%	8.1%	12.0%	9.4%	9.1%	7.6%	8.4%	8.5%	11.4%	15.3%	14.7%
Pacific Island	3.3%	4.7%	2.6%	4.5%	2.4%	3.7%	2.8%	2.0%	1.3%	1.9%	7.0%	3.1%	4.6%	1.6%	2.2%	1.5%	2.8%	1.2%	3.5%	4.8%	1.8%	2.9%	1.7%	3.3%	7.2%
Asian	4.2%	7.5%	6.8%	7.9%	5.8%	2.4%	1.8%	4.6%	2.3%	3.0%	4.9%	3.6%	10.4%	1.9%	6.5%	2.6%	3.7%	2.7%	13.6%	6.9%	4.1%	7.1%	3.3%	5.0%	13.4%
Middle Eastern, Latin American and African	0.4%	0.7%	0.9%	0.5%	0.4%	0.4%	0.2%	0.6%	0.2%	0.4%	0.5%	0.4%	1.3%	0.2%	0.8%	0.4%	0.8%	0.4%	1.4%	1.2%	0.5%	1.3%	0.5%	0.5%	1.3%
Other	1.1%	1.1%	1.0%	0.9%	1.1%	0.8%	0.7%	1.3%	1.2%	1.2%	1.0%	1.1%	1.4%	1.5%	1.3%	1.4%	1.5%	1.4%	1.2%	1.0%	1.3%	1.3%	1.3%	1.3%	1.1%
Total Occupied Dwellings	33,192	25,548	50,919	25,461	18,672	16,614	3,036	31,212	3,723	10,761	28,482	18,249	30,789	3,672	20,196	20,127	19,176	5,460	139,722	13,155	19,323	48,993	7,206	21,762	1,673,880
Home Ownership Tenure (%)																									
Dwelling Owned by Occupier or Family Trust	67.5%	71.9%	66.7%	62.1%	74.8%	59.4%	60.8%	70.2%	70.4%	63.4%	66.4%	67.3%	62.8%	77.0%	68.7%	75.6%	72.5%	70.0%	63.5%	65.9%	72.4%	67.1%	70.2%	70.4%	64.5%
Dwelling Not Owned by Occupier	32.5%	28.1%	33.3%	37.9%	25.2%	40.6%	39.0%	29.8%	29.6%	36.6%	33.6%	32.8%	37.2%	23.0%	31.3%	24.4%	27.5%	30.1%	36.5%	34.1%	27.6%	32.9%	29.8%	29.6%	35.5%
Personal Income Distribution (%)																									
Up to \$5,000	11.3%	12.3%	10.4%	12.0%	10.6%	11.7%	11.8%	11.3%	11.4%	11.9%	11.8%	11.3%	13.4%	10.7%	10.7%	10.5%	8.8%	10.1%	12.2%	9.5%	9.7%	14.8%	10.6%	10.8%	12.9%
\$5,001 - \$10,000	4.7%	3.8%	3.8%	4.9%	4.3%	4.9%	5.6%	4.1%	4.2%	4.3%	4.6%	4.6%	5.3%	3.7%	4.4%	4.4%	4.0%	4.7%	4.8%	3.7%	3.9%	7.1%	4.5%	4.1%	4.7%
\$10,001 - \$20,000	20.9%	14.3%	17.8%	19.9%	18.8%	21.5%	26.8%	18.6%	20.0%	20.2%	19.0%	23.6%	17.4%	18.8%	18.4%	19.5%	18.6%	21.1%	16.4%	15.6%	19.7%	18.7%	17.8%	18.3%	16.9%
\$20,001 - \$30,000	16.3%	12.0%	16.1%	15.7%	15.9%	17.6%	17.6%	15.6%	16.1%	15.1%	16.7%	18.7%	14.0%	17.2%	17.1%	17.4%	16.8%	17.5%	13.7%	14.8%	16.5%	14.6%	16.1%	16.9%	13.7%
\$30,001 - \$50,000	20.3%	18.1%	21.4%	21.4%	21.5%	20.7%	21.3%	20.5%	21.4%	21.2%	21.8%	20.9%	21.0%	21.7%	22.3%	22.2%	23.0%	20.1%	21.1%	22.7%	21.1%	18.5%	22.9%	21.8%	20.2%
\$50,001+	26.6%	39.6%	30.4%	25.9%	28.8%	23.6%	16.9%	29.9%	26.8%	27.3%	26.1%	21.0%	28.9%	28.0%	27.1%	26.0%	28.8%	26.4%	31.8%	33.6%	29.2%	26.3%	28.1%	28.1%	31.6%
Weighted Median Personal Income	\$27,500	\$38,200	\$31,600	\$28,000	\$30,300	\$25,900	\$22,600	\$30,400	\$28,700	\$28,800	\$28,400	\$24,400	\$30,000	\$29,800	\$29,600	\$28,800	\$31,500	\$27,700	\$32,900	\$35,900	\$30,300	\$25,500	\$30,900	\$29,900	\$31,800
Population Receiving Superannuation (%)																									
% Residents - National Superannuation	22.5%	17.1%	23.3%	17.1%	24.0%	18.6%	20.9%	21.3%	20.9%	19.2%	19.9%	24.2%	16.5%	26.5%	21.9%	24.0%	25.4%	21.3%	16.8%	21.0%	25.2%	18.1%	20.4%	20.0%	17.3%
% Residents - Other Superannuation	2.6%	2.4%	2.9%	2.2%	2.4%	2.2%	2.1%	2.5%	1.6%	1.7%	2.3%	3.0%	3.0%	3.7%	3.8%	3.7%	3.5%	2.2%	2.5%	1.8%	2.8%	2.9%	1.6%	2.1%	2.4%

Source: Statistics New Zealand & CRRF

	Whangarei District	Franklin	Tauranga City	Rotorua District	Western Bay of Plenty	Gisborne District	Waikato District	New Plymouth District	Sturford District	South Taranaki District	Hastings District	Whangarei District	Palmerston North City	Canterbury District	Nelson City	Tasman District	Marlborough District	Grey District	Christchurch City	Ashburton District	Timaru District	Dunedin City	Clutha District	Invercargill City	New Zealand
65+ Usual Resident Population	17,325	11,304	26,979	10,362	10,755	7,344	1,440	14,484	1,644	4,332	13,689	9,312	12,054	2,055	9,849	10,968	10,548	2,448	55,377	5,979	10,140	20,286	3,084	9,345	715,173
% Males	46.9%	47.8%	44.5%	46.4%	49.5%	46.5%	51.7%	45.9%	46.7%	48.8%	46.3%	44.7%	44.4%	49.1%	45.9%	49.3%	48.7%	49.0%	44.4%	47.3%	46.0%	44.9%	48.4%	45.1%	46.6%
% Females	53.1%	52.2%	55.5%	53.6%	50.5%	53.5%	48.3%	54.1%	53.3%	51.2%	53.7%	55.3%	55.6%	50.9%	54.1%	50.7%	51.3%	51.0%	55.6%	52.7%	54.0%	55.1%	51.6%	54.9%	53.4%
Ethnic Distribution (%)																									
European	86.7%	88.1%	91.5%	76.9%	89.5%	69.9%	57.7%	91.7%	94.5%	85.7%	85.4%	87.7%	86.6%	94.0%	94.8%	95.0%	93.5%	94.8%	90.0%	95.8%	95.4%	93.5%	94.8%	90.6%	83.3%
Maori	10.1%	5.4%	5.5%	17.8%	7.5%	27.2%	39.0%	5.5%	4.1%	12.0%	10.3%	9.3%	5.6%	4.1%	2.9%	3.0%	4.5%	2.9%	3.2%	2.3%	2.5%	2.6%	4.1%	6.8%	6.6%
Pacific Island	0.7%	1.2%	0.5%	1.5%	0.6%	0.9%	1.2%	0.4%	0.4%	0.5%	1.8%	0.7%	1.6%	0.6%	0.5%	0.3%	0.3%	0.0%	1.1%	0.2%	0.3%	0.8%	0.3%	1.0%	2.7%
Asian	1.4%	4.4%	1.7%	2.9%	1.4%	1.0%	1.2%	1.2%	0.2%	0.9%	1.6%	1.0%	5.1%	0.3%	1.0%	0.6%	0.6%	1.0%	4.6%	0.8%	0.8%	1.9%	0.4%	0.7%	6.2%
Middle Eastern, Latin American and African	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.3%	0.0%	0.1%	0.1%	0.0%	0.0%	0.3%	0.0%	0.1%	0.3%	0.0%	0.1%	0.4%
Other	0.9%	0.8%	0.8%	0.8%	0.9%	0.9%	1.0%	1.1%	0.9%	0.8%	0.8%	1.0%	0.8%	1.0%	0.7%	1.2%	1.1%	1.3%	0.9%	0.8%	0.9%	1.0%	0.4%	0.9%	0.8%
Home Ownership Tenure (%)																									
Dwelling Owned by Occupier or Family Trust	76.6%	76.3%	77.0%	73.8%	79.1%	71.2%	72.0%	77.8%	77.4%	74.2%	75.0%	74.5%	74.6%	81.1%	78.0%	81.8%	80.4%	74.5%	74.7%	80.1%	80.1%	76.9%	78.4%	76.0%	74.2%
Dwelling Not Owned by Occupier	23.4%	23.7%	23.0%	26.2%	20.9%	28.8%	28.0%	22.2%	22.6%	25.8%	25.0%	25.5%	25.4%	18.9%	22.0%	18.2%	19.6%	25.5%	25.3%	19.9%	19.9%	23.1%	21.6%	24.0%	25.8%
75+ Usual Resident Population	7,431	4,521	12,816	4,275	4,242	2,997	522	6,423	732	1,785	5,817	4,200	5,340	774	4,263	4,233	4,320	999	25,077	2,754	4,590	9,084	1,257	4,365	302,508
% Males	44.4%	45.5%	42.6%	43.4%	48.2%	42.5%	51.1%	42.6%	42.2%	45.7%	43.4%	40.6%	41.5%	48.4%	43.3%	47.6%	46.7%	46.2%	40.9%	44.4%	43.2%	40.9%	44.2%	41.0%	43.6%
% Females	55.6%	54.5%	57.4%	56.6%	51.8%	57.5%	48.9%	57.4%	57.8%	54.3%	56.6%	59.4%	58.5%	51.6%	56.7%	52.4%	53.3%	53.8%	59.1%	55.6%	56.8%	59.1%	55.8%	59.0%	56.4%
Ethnic Distribution (%)																									
European	89.6%	91.3%	94.1%	81.2%	91.7%	76.0%	57.8%	93.5%	96.0%	88.5%	89.7%	91.4%	90.3%	95.5%	96.0%	96.0%	95.7%	95.8%	93.2%	96.5%	96.5%	95.1%	97.2%	92.9%	87.1%
Maori	8.1%	3.8%	3.9%	14.0%	6.5%	21.5%	37.3%	4.3%	2.4%	10.1%	7.1%	6.3%	4.0%	3.0%	2.4%	2.4%	3.2%	2.4%	2.0%	1.7%	1.9%	1.8%	2.4%	5.5%	4.9%
Pacific Island	0.5%	1.0%	0.4%	1.5%	0.3%	0.6%	1.6%	0.4%	0.4%	0.5%	1.2%	0.4%	1.0%	0.4%	0.3%	0.3%	0.2%	0.0%	0.8%	0.3%	0.3%	0.6%	0.2%	0.6%	2.2%
Asian	0.9%	3.2%	0.9%	2.5%	0.8%	1.1%	1.6%	0.9%	0.0%	0.5%	1.4%	1.0%	4.0%	0.4%	0.8%	0.3%	0.4%	0.9%	3.2%	0.7%	0.7%	1.6%	0.0%	0.4%	5.0%
Middle Eastern, Latin American and African	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.0%	0.1%	0.3%
Other	0.8%	0.6%	0.6%	0.6%	0.6%	0.8%	1.6%	0.8%	1.2%	0.3%	0.6%	0.8%	0.4%	0.8%	0.4%	0.9%	0.5%	0.9%	0.6%	0.6%	0.5%	0.7%	0.2%	0.6%	0.6%
Home Ownership Tenure (%)																									
Dwelling Owned by Occupier or Family Trust	72.5%	70.2%	73.4%	70.7%	73.3%	69.1%	66.2%	72.8%	76.4%	71.0%	70.9%	69.3%	70.7%	76.0%	73.5%	76.2%	75.5%	67.2%	70.6%	76.3%	74.0%	72.1%	72.9%	69.8%	69.7%
Dwelling Not Owned by Occupier	27.5%	29.8%	26.6%	29.3%	26.7%	30.9%	33.8%	27.2%	23.6%	29.0%	29.1%	30.7%	29.3%	24.0%	26.5%	23.8%	24.5%	32.8%	29.4%	23.7%	26.0%	27.9%	27.1%	30.2%	30.3%
85+ Usual Resident Population	2,040	1,119	3,759	1,137	978	858	132	1,989	210	456	1,584	1,239	1,584	189	1,302	1,008	1,128	270	7,908	801	1,314	2,814	357	1,347	84,354
% Males	39.4%	38.1%	38.5%	35.9%	42.3%	37.1%	50.0%	36.7%	41.4%	39.5%	35.8%	35.8%	36.0%	41.3%	37.6%	42.3%	40.4%	41.1%	35.6%	38.2%	38.6%	35.3%	35.3%	35.0%	37.6%
% Females	60.6%	61.9%	61.5%	64.1%	57.7%	62.9%	50.0%	63.3%	58.6%	60.5%	64.2%	64.2%	64.0%	58.7%	62.4%	57.7%	59.6%	58.9%	64.4%	61.8%	61.4%	64.7%	64.7%	65.0%	62.4%
Ethnic Distribution (%)																									
European	93.3%	94.5%	95.7%	86.8%	94.8%	83.2%	65.2%	95.1%	98.6%	92.3%	93.7%	94.7%	93.4%	93.9%	97.3%	97.1%	96.1%	97.7%	95.5%	97.4%	97.5%	96.3%	98.4%	95.2%	91.3%
Maori	4.9%	2.4%	2.8%	9.6%	4.5%	14.8%	28.3%	3.0%	0.0%	6.4%	4.1%	3.6%	2.4%	3.0%	1.8%	1.7%	2.9%	1.1%	1.3%	1.1%	1.6%	1.1%	1.6%	3.7%	3.1%
Pacific Island	0.4%	0.5%	0.2%	1.3%	0.3%	0.3%	2.2%	0.3%	0.0%	1.3%	1.3%	0.2%	0.6%	0.0%	0.2%	0.3%	0.3%	0.0%	0.4%	0.4%	0.2%	0.2%	0.0%	0.2%	1.5%
Asian	0.6%	2.4%	0.7%	2.0%	0.0%	1.0%	2.2%	0.9%	0.0%	0.0%	0.6%	0.7%	3.2%	1.5%	0.5%	0.3%	0.5%	1.1%	2.0%	0.7%	0.5%	1.5%	0.0%	0.2%	3.3%
Middle Eastern, Latin American and African	0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.3%	0.0%	0.0%	0.0%	0.2%
Other	0.6%	0.3%	0.6%	0.3%	0.3%	0.7%	2.2%	0.6%	1.4%	0.0%	0.4%	0.7%	0.4%	1.5%	0.2%	0.6%	0.3%	0.0%	0.6%	0.4%	0.2%	0.6%	0.0%	0.6%	0.5%
Home Ownership Tenure (%)																									
Dwelling Owned by Occupier or Family Trust	61.8%	60.1%	64.6%	64.3%	58.0%	63.3%	62.9%	60.8%	70.3%	60.2%	61.7%	56.1%	61.7%	60.4%	64.5%	66.4%	62.7%	59.0%	60.3%	61.6%	61.0%	60.6%	61.0%	58.7%	60.2%
Dwelling Not Owned by Occupier	38.2%	39.9%	35.4%	35.7%	42.0%	36.7%	37.1%	39.2%	29.7%	39.8%	38.3%	43.9%	38.3%	39.6%	35.5%	33.6%	37.3%	41.0%	39.7%	38.4%	39.0%	39.4%	39.0%	41.3%	39.8%

Source: Statistics New Zealand

14 INDIVIDUAL REPORTS

1. PALMS LIFECARE

Introduction
Critical Assumptions
Aged Care Services
Care Bed Demand
Market Commentary
Portfolio Overview
Occupancy Details
Rental Considerations
Sales Evidence
Valuation Rationale
Definitions
Disclaimers
Demographics
Individual Reports

PALMS LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$21,700,000

(Twenty One Million, Seven Hundred Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Palms Lifecare comprises a mature operational resident funded retirement village and aged care facility located in the town of Pukekohe. The original rest home opened in circa 1979 with various extensions occurring in the 1980's, 1990's and 2000's with the most substantial addition in 2006 which included 20 additional beds and 5 serviced apartments to the first floor. The standalone hospital facility was originally constructed in 2010 with 23 beds and subject to a major extension to the west providing a further 37 beds completed in 2015. While not included in this valuation the first retirement villas were completed in early 2002 with further villas added to the village in 2004 and 2008. The complex currently includes: ■ 119 Bed Care Facility ■ 31 Independent Living Units (excluded from this valuation) ■ 5 Serviced Apartments (excluded from this valuation)		
Land Area:	1.2480 Hectares (more or less)		
Zoning:	The site is zoned 'Residential Mixed Housing Suburban Zone' under the Franklin District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$1,071,400 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 4,335 sqm or 1:36.4 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 25 August 2021 for 36 months expiring 25 August 2024.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	

Date of Inspection:	3 December 2021
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS	Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer	Registered Valuer
Senior Director - Retirement Housing & Healthcare	Director - Retirement Housing & Healthcare
Principal Valuer	Principal Valuer
Property Inspected: Yes	Property Inspected: No

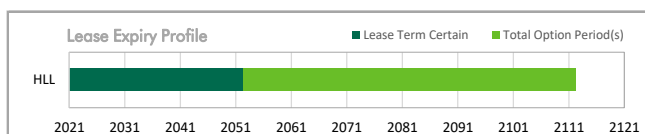
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$21,700,000
Initial Yield	4.94%
Yield on Market	4.08%
Indicated IRR	6.86%
Multiple on Contract Rental	20.3
Multiple on Market Rental	24.5
Average \$ Per Bed	\$182,353
\$/Sqm Floor Area	\$5,006
\$/Sqm Land Area	\$1,739

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$885,000
Capitalise In Perpetuity @	4.75%
Capitalised Value	\$18,631,579
Present Value Rental Premium to Expiry of Lease Term Certain	\$2,877,109
Market Value	\$21,500,000
Yield on Contract	4.98%
Yield on Market	4.12%
\$ Per Bed	\$180,672

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$1,071,400	\$885,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$173	\$143
Rent \$ Per Sqm Floor Area	\$247	\$204
Contract Variance to Market (Surplus P.A.)		\$186,400
Contract Variance to Market		21.06%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	6.75%
Terminal Yield	5.75%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$21,900,000
Yield on Contract	4.89%

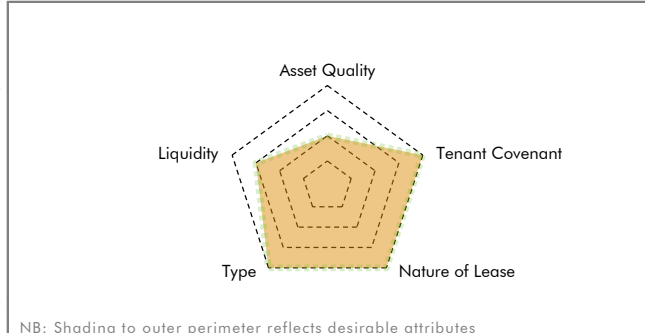
Care Facility Bed Summary

Total Beds	119
Bed Day Capacity	43,435
Ensuite to Room Ratio	1%
Ensuite to Bed Ratio	1%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:36.4 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
Rest Home	14	@	\$150,000	\$2,100,000
Rest Home (Premium)	45	@	\$170,000	\$7,650,000
Hospital	60	@	\$190,000	\$11,400,000
-	-	@	-	-
-	-	@	-	-
Total Equivalent Beds	119	@	\$177,731	\$21,150,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment, including Ryman's Possum Bourne Retirement Village which includes a 150 bed care facility.
- Only one room provides an ensuite with the remaining rooms providing either a private WC or hand basin only.
- The overall bed to floor area ratio of approximately 1:36.4 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

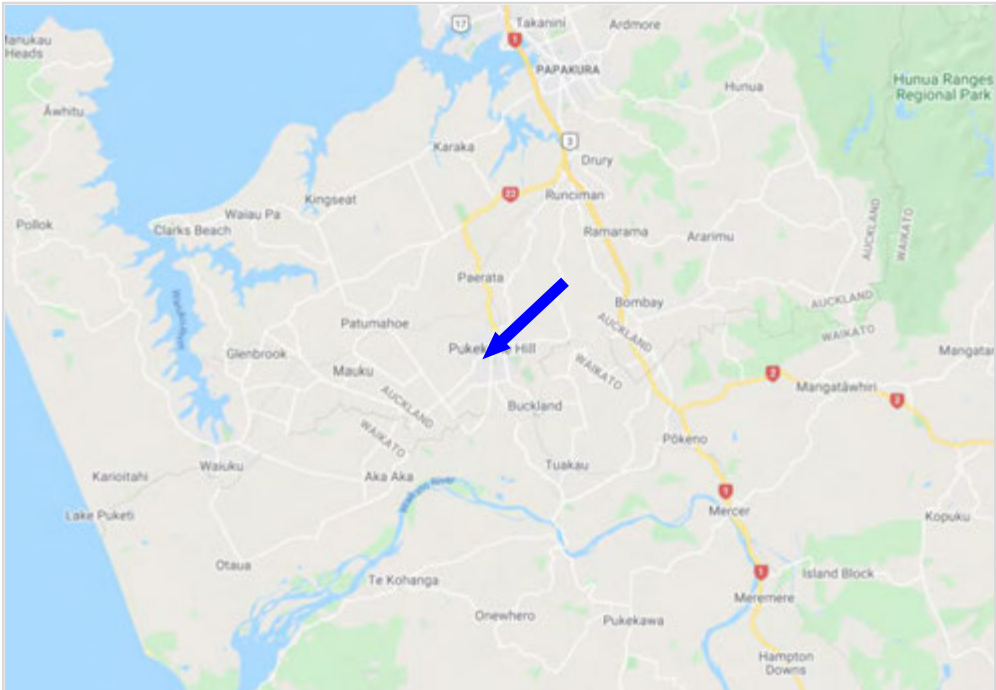
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

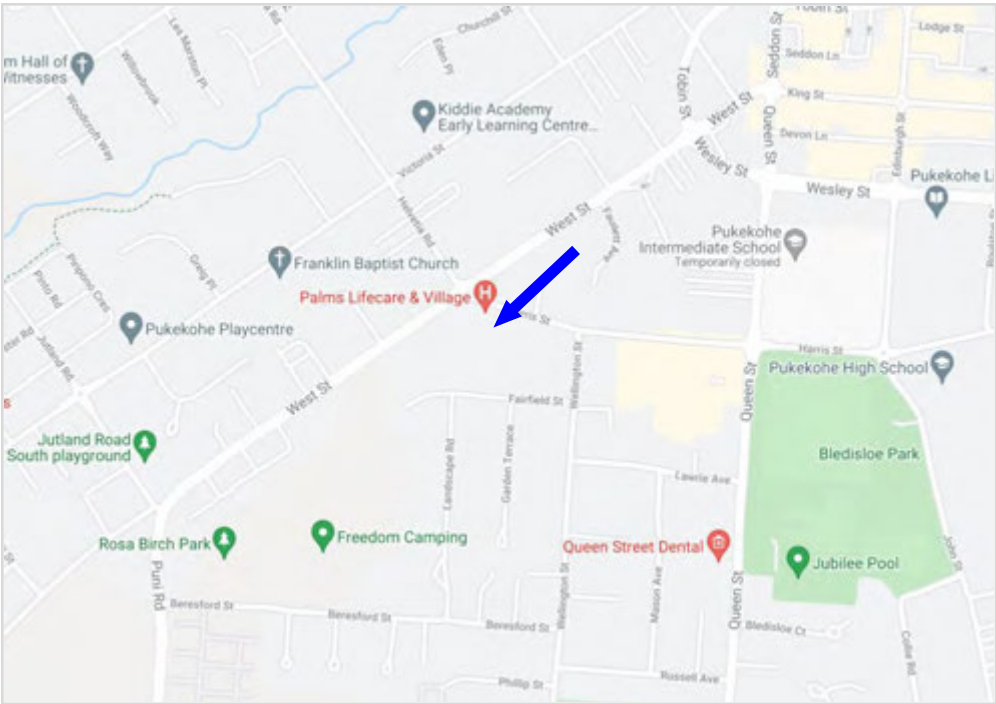
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation: The property is bound by West and Harris Streets to the north and Fairfield Street to the south.

Location: The property occupies a central suburban position within Pukekohe being located approximately 1 kilometre drive southwest of Pukekohe’s Town Centre and approximately 33 kilometres drive south of central Manukau.

Population: According to the 2018 Census, Southern Auckland has a usually resident population of approximately 454,107 people, showing an increase of 14.0% over the 2013 Census. Of the population, 4.1% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
 Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
NA 1942/20	Lot 11	DP 48755	759	Palms Retirement Village Limited	Freehold
NA 1A/1233	Lot 12	DP 48755	759	Palms Retirement Village Limited	Freehold
NA 2024/42	Lot 13	DP 48755	759	Palms Retirement Village Limited	Freehold
NA 1986/46	Lot 14	DP 48755	759	Palms Retirement Village Limited	Freehold
347371	Lot 1	DP 386759	1,160	Palms Retirement Village Limited	Freehold
NA 135B/305	Lot 1	DP 206900	2,666	Palms Retirement Village Limited	Freehold
NA 3A/994	Lot 15	DP 48953	759	Palms Retirement Village Limited	Freehold
NA 1959/30	Lot 16	DP 48953	759	Palms Retirement Village Limited	Freehold
127998	Lot 2	DP 330741	1,168	Palms Retirement Village Limited	Freehold
	Lot 2	DP 206900	1,789		

NA 1022/134	Lot 3	DP 38408	1,143	Palms Retirement Village Limited	Freehold
Total			12,480		

The titles described above include the retirement village component.

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- K88009 K88010 Building Line Restriction
- 9719108.1 Certificate pursuant to Section 77 Building Act 2004 that this Computer Register is subject to the condition imposed under Section 75(2) (also affects NA1986/46, NA1A/1233 and NA2024/42)
- 8643864.1 Certificate pursuant to Section 77 Building Act 2004 that this Computer Register is subject to the condition imposed under Section 75(2) (also affects NA1986/46, NA2024/42 and NA3A/994)
- 6347245.1 Certificate pursuant to Section 37 (2) Building Act 1991 (affects part formerly NA1128/184 and NA135B/305)
- 7668790.1, 5222765.2 & 6093936.10 10503302.16 Encumbrance to (now) Covenant Trustee Services Limited
- 7808523.1 & 7603095.1 Notice of the registration of Palms Village Limited as a Retirement Village subject to Section 22 of the Retirement Villages Act 2003 which provides priority for the rights of the residents ahead of the rights of holders of security interests
- D595158.8 & D595158.9 Consent Notice pursuant to Section 221(1) Resource Management Act 1991
- Subject to Section 241(2) Resource Management Act 1991 (affects DP 330741)

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 July 2017, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
Historic Title	-	\$4,900,000	\$16,900,000	\$21,800,000
Total		\$4,900,000	\$16,900,000	\$21,800,000

Auckland Council have advised that they will be amalgamating a number of the subject titles for rating purposes from 1 July 2022. Until the new record of title is issued, the rates are levied against the historic title.

Due to delays occasioned by COVID-19, a new 2021 rating valuation will be issued in early 2022 and will be the basis for the rates to be levied from 1 July 2022.

5 IMPROVEMENTS

Palms Lifecare comprises a mature operational resident funded retirement village and aged care facility located in the town of Pukekohe. The original rest home opened in circa 1979 with various extensions occurring in the 1980's, 1990's and 2000's with the most substantial addition in 2006 which included 20 additional beds and 5 serviced apartments to the first floor. The standalone hospital facility was originally constructed in 2010 with 23 beds and subject to a major extension to the west providing a further 37 beds completed in 2015. While not included in this valuation the first retirement villas were completed in early 2002 with further villas added to the village in 2004 and 2008. The complex currently includes:

- 119 Bed Care Facility
- 31 Independent Living Units (excluded from this valuation)
- 5 Serviced Apartments (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	22	-	-	37	-	59	-	59
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	59	-	-	-	1	60	1	60
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	81	-	-	37	1	119	1	119
Bed Day Capacity									43,435
Ensuite to Room Ratio									1%
Ensuite to Bed Ratio									1%
Single Bed Ratio									100%
Double Bed Ratio									-
Bed to Floor Area Ratio									1:36.4

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Suburb	RH	Care Beds H	D	O	Current Total	Future Supply	Forecast Total
Metlifecare Otua Clevedon Village	Clevedon					0	60	60
Glenbrook Rest Home	Glenbrook	19				19		19
Franklin Rest Home	Pukekohe	2	24	18		44		44
Lakeside Retirement Lodge	Pukekohe	30				30		30
Palms Lifecare	Pukekohe	61	59			120		120
Possum Bourne Retirement Village (Ryman)	Pukekohe	40	40	40	30	150		150
Metlifecare Pukekohe	Pukekohe					0	60	60
Waiuku Hospital and Rest Home	Waiuku	35	25			60		60
Total Beds		187	148	58	30	423	120	543
Percentage		44%	35%	14%	7%	100%	28%	128%

7 RENTAL ASSESSMENT

Our adopted market rental at \$885,000 per annum plus GST and outgoings compares to the contract rental of \$1,071,400 per annum which indicates a difference of -\$186,400 per annum, alternatively - 17.40%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 4.75% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$885,000

Capitalise In Perpetuity @ 4.75%

CAPITALISED VALUE \$18,631,579

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$885,000
Contract Rental	\$1,071,400
Rental Premium per Annum	\$186,400
Months to Lease Expiry	360
Discounted at	5.25%
	0.43% monthly

PRESENT VALUE OF RENTAL PREMIUM \$2,864,138

\$21,495,717

Sensitivity Analysis	Adopt	\$21,500,000
3.75% \$26,450,000	Initial Yield	4.98%
4.25% \$23,700,000	Yield on Market	4.12%
4.75% \$21,500,000	\$ Per Bed (Based on 119 Equivalent Beds)	\$180,672
5.25% \$19,700,000	\$ Per Sqm Floor Area	\$4,960
5.75% \$18,250,000	Multiple on Market	24.29

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	14	@	\$150,000	\$2,100,000
Rest Home (Premium)	45	@	\$170,000	\$7,650,000
Hospital	60	@	\$190,000	\$11,400,000
Total Equivalent Beds	119	@	\$177,731	\$21,150,000

Sensitivity Analysis	Adopt	\$21,150,000
\$172,731 \$20,555,000	Yield on Market	4.18%
\$177,731 \$21,150,000	Equivalent \$/Per Bed (Based on 119 Beds)	\$177,731
\$182,731 \$21,745,000	Multiple on Market	23.90

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	6.75%
Terminal Yield (On Year 40 Income)	5.75%
Terminal Value as a Percentage of Total Value	11.16%

Sensitivity Analysis	Adopt		\$21,900,000
-10%	\$19,700,000	Initial Yield	4.89%
-	\$21,900,000	Yield on Market	4.04%
10%	\$24,100,000	\$/Bed	\$184,034

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$21,500,000
Sales Comparison Approach:	Assessed Value:	\$21,150,000
Discounted Cash Flow Approach:	Assessed Value:	\$21,900,000
FREEHOLD LAND & BUILDINGS		\$21,700,000
Initial Yield		4.94%
Yield on Market		4.08%
\$ Per Bed (Based on 119 Physical Beds)		\$182,353
\$ Per Sqm Floor Area		\$5,006
\$ Per Sqm Land Area		\$1,739
Multiple on Contract		20.25
Multiple on Market		24.52

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

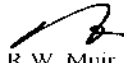
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **NA1942/20**
Land Registration District **North Auckland**
Date Issued 29 May 1961

Prior References
NA1942/13

Estate Fee Simple
Area 759 square metres more or less
Legal Description Lot 11 Deposited Plan 48755
Registered Owners
Palms Retirement Village Limited

Interests

K88009 Building Line Restriction

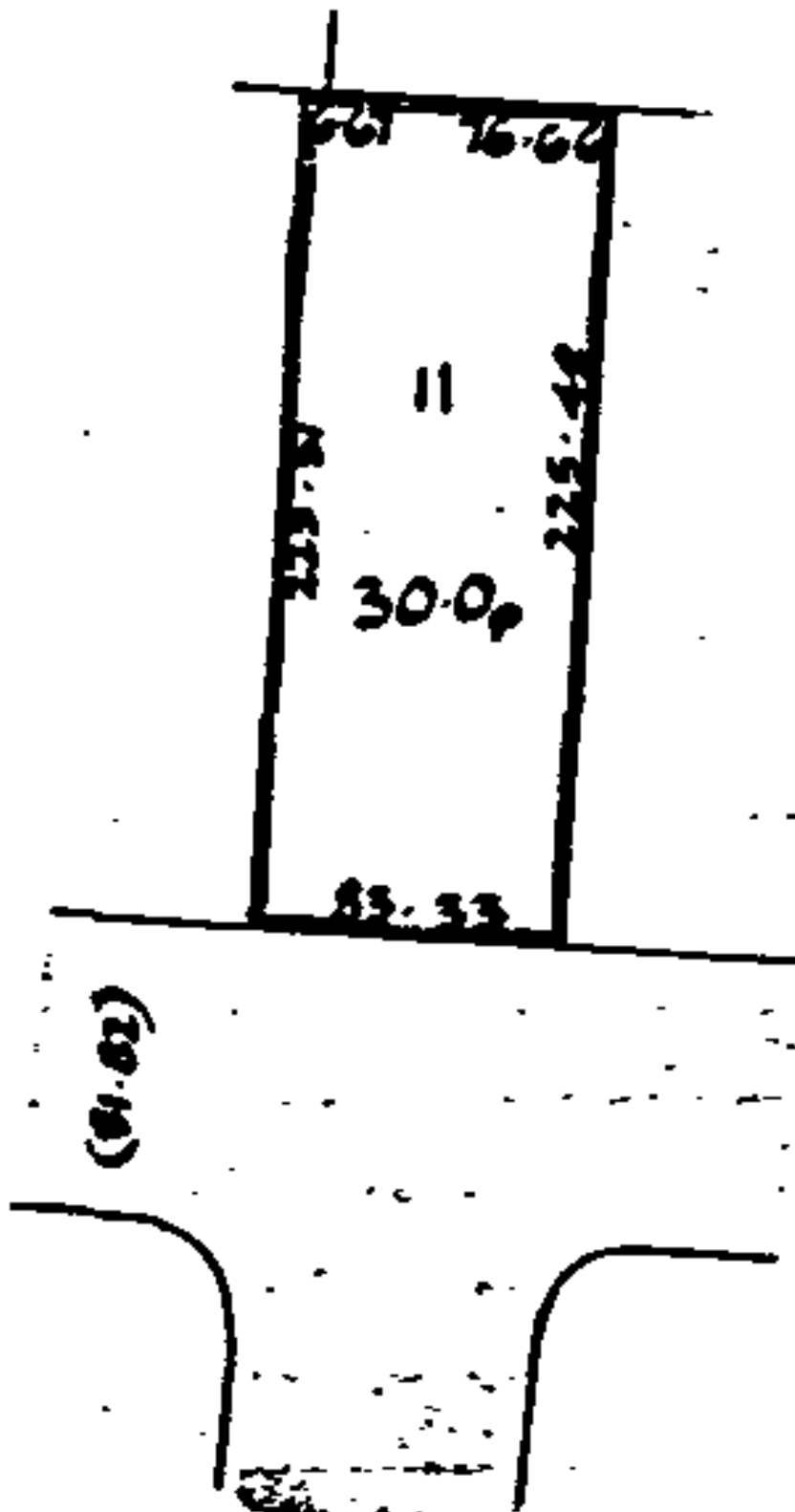
9719108.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA1986/46, NA1A/1233 and NA2024/42) - 7.5.2014 at 9:57 am

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

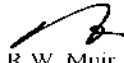
11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **NA1A/1233**
Land Registration District **North Auckland**
Date Issued 28 February 1963

Prior References
NA1959/24

Estate Fee Simple
Area 759 square metres more or less
Legal Description Lot 12 Deposited Plan 48755
Registered Owners
Palms Retirement Village Limited

Interests

K88009 Building Line Restriction

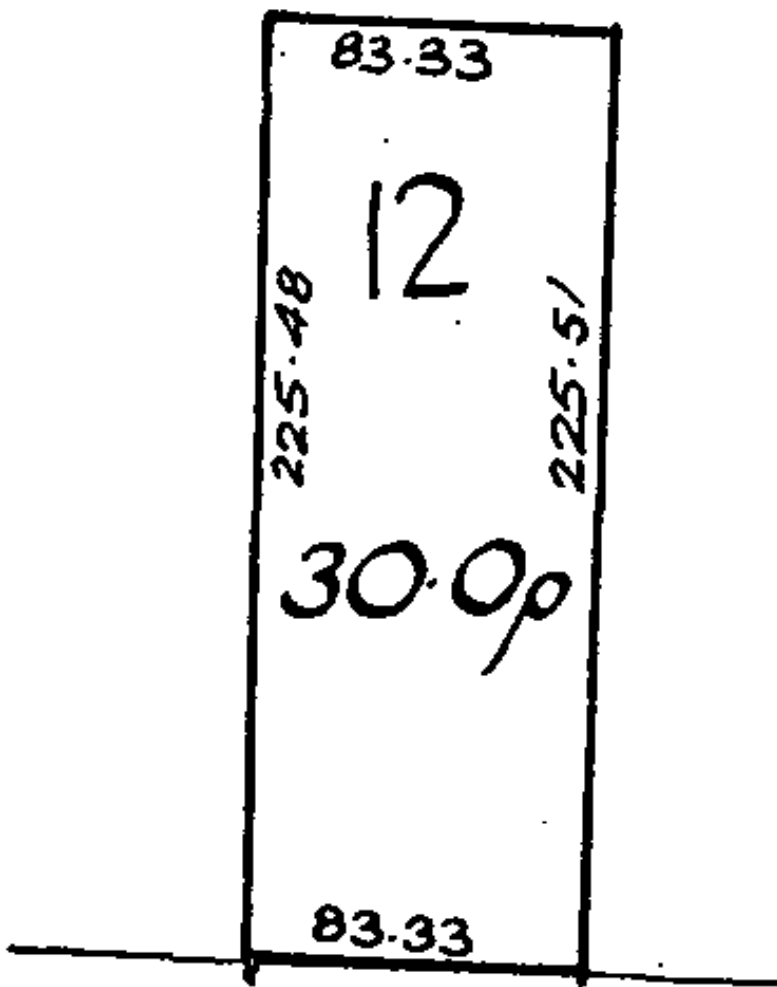
9719108.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA1942/20, NA1986/46 and NA2024/42) - 7.5.2014 at 9:57 am

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm



STREET

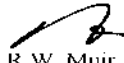
81.02





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




R.W. Muir
Registrar-General
of Land

Identifier **NA2024/42**
Land Registration District **North Auckland**
Date Issued 23 January 1962

Prior References
NA1942/13

Estate Fee Simple
Area 759 square metres more or less
Legal Description Lot 13 Deposited Plan 48755
Registered Owners
Palms Retirement Village Limited

Interests

K88009 Building Line Restriction

8643864.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA1986/46 and NA3A/994) - 24.11.2010 at 7:00 am

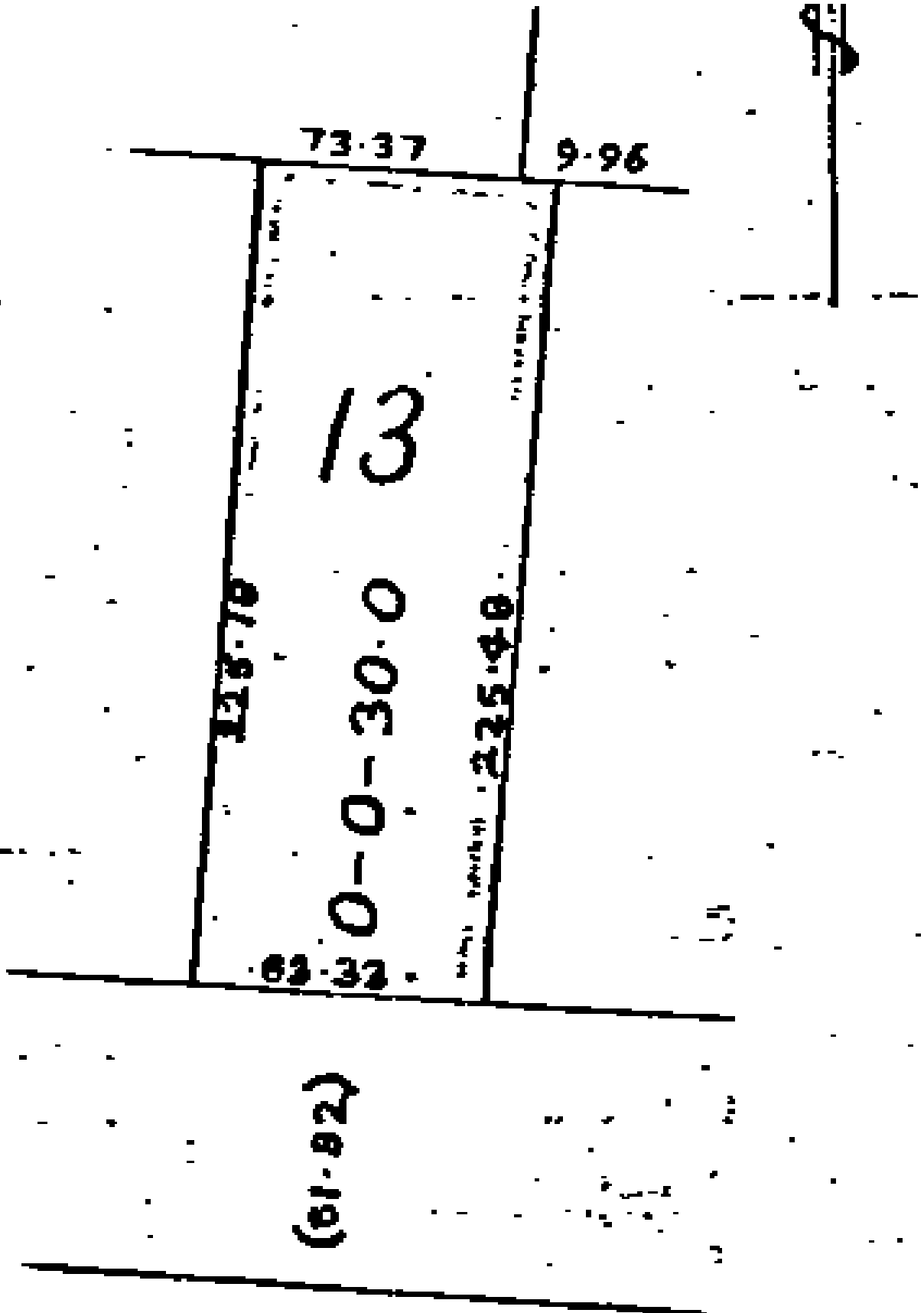
9719108.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA1942/20, NA1986/46 and NA1A/1233) - 7.5.2014 at 9:57 am

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

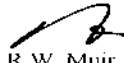
11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **NA1986/46**
Land Registration District **North Auckland**
Date Issued 28 September 1961

Prior References
NA1959/24

Estate Fee Simple
Area 759 square metres more or less
Legal Description Lot 14 Deposited Plan 48755
Registered Owners
Palms Retirement Village Limited

Interests

K88009 Building Line Restriction

8643864.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA2024/42 and NA3A/994) - 24.11.2010 at 7:00 am

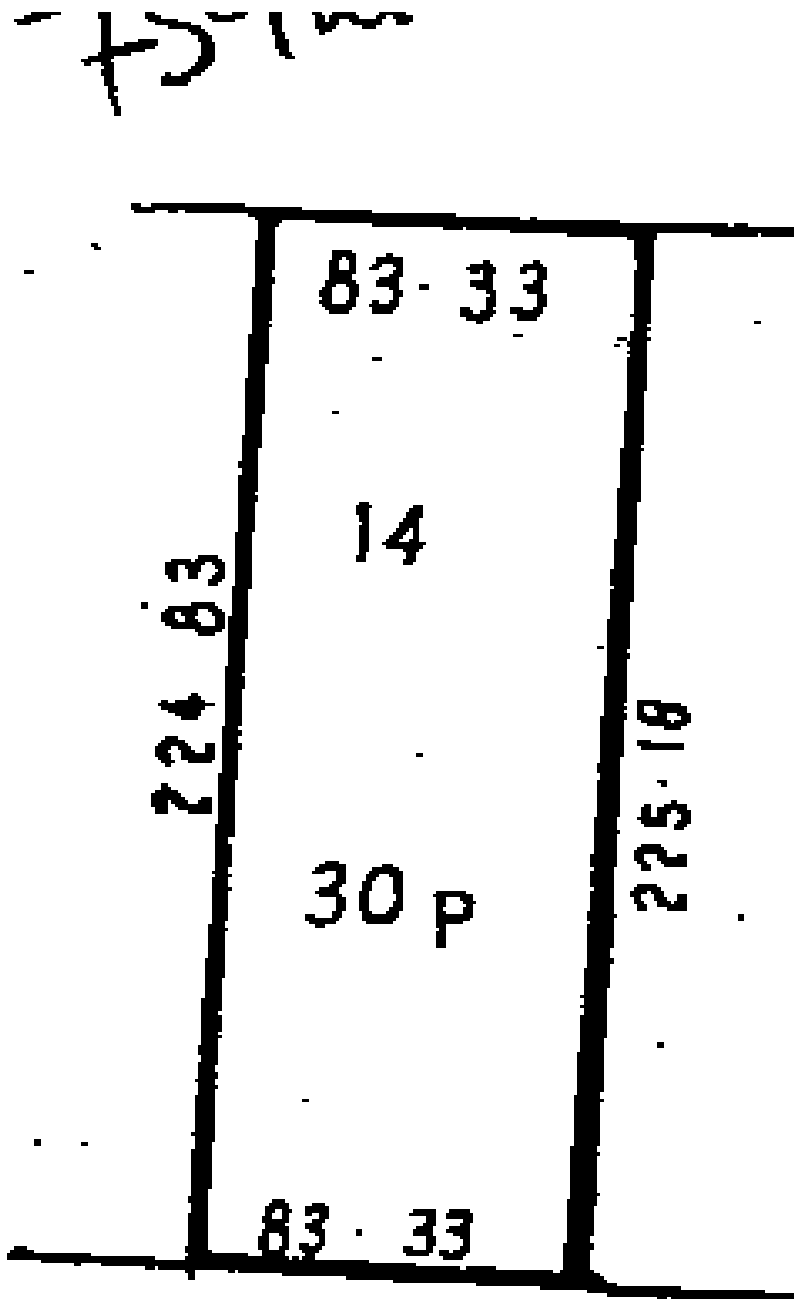
9719108.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA1942/20, NA1A/1233 and NA2024/42) - 7.5.2014 at 9:57 am

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm

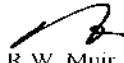


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**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy**




R.W. Muir
Registrar-General
of Land

Identifier **347371**
Land Registration District **North Auckland**
Date Issued 26 June 2007

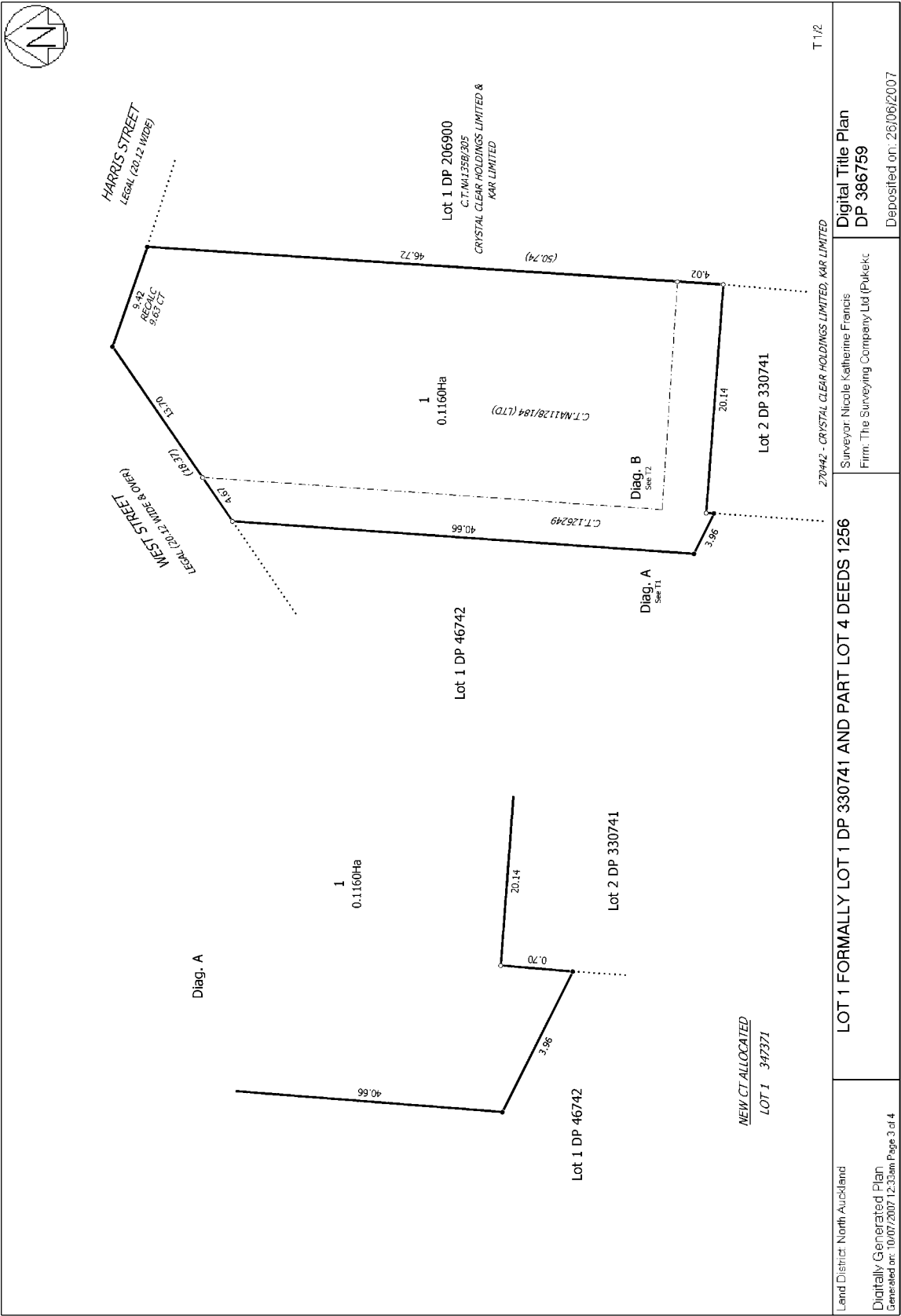
Prior References

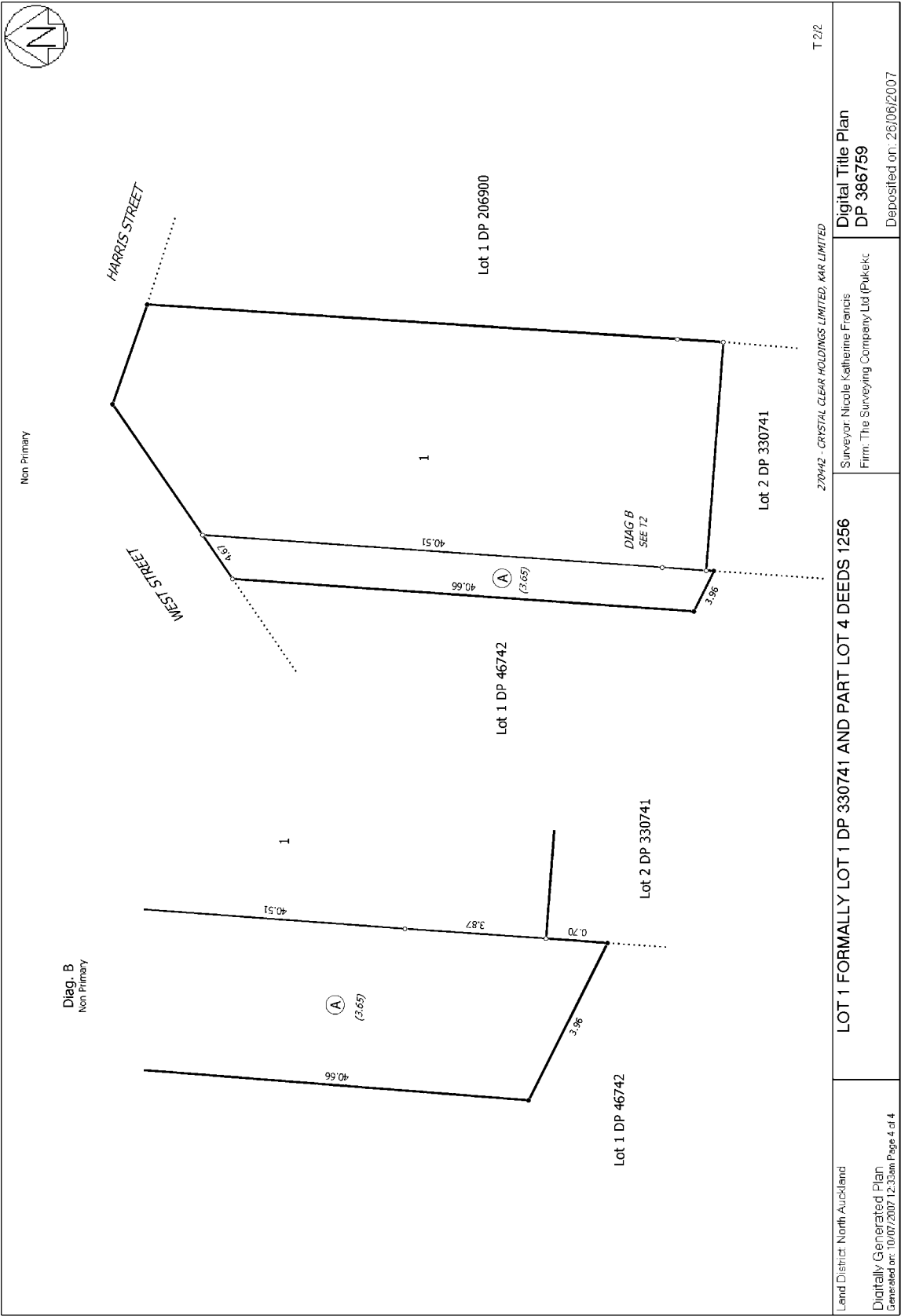
126249 NA1128/184

Estate Fee Simple
Area 1160 square metres more or less
Legal Description Lot 1 Deposited Plan 386759
Registered Owners
Palms Retirement Village Limited

Interests

Subject to a right of way over part marked A on DP 386759 created by Transfer 622155
The easements created by Transfer 622155 are subject to Section 351E (1) (a) Municipal Corporations Act 1954
6347245.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (AFFECTS PART FORMERLY
CTNA1128/184 and CT NA135B/305) - 15.3.2005 at 9:00 am
7603095.1 Notice of the registration of Palms Village as a Retirement Village. Subject to section 22 of the Retirement
Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- - 6.11.2007 at 9:00 am
10503302.16 Encumbrance to Covenant Trustee Services Limited - 25.8.2016 at 4:13 pm
10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm
10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm
10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm
11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm







RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **NA135B/305**
Land Registration District **North Auckland**
Date Issued 23 April 2001

Prior References

NA107B/362 NA1126/199

Estate Fee Simple
Area 2666 square metres more or less
Legal Description Lot 1 Deposited Plan 206900
Registered Owners
Palms Retirement Village Limited

Interests

D595158.8 Consent Notice pursuant to Section 221(1) Resource Management Act 1991 - produced 11.4.2001 at 9.06 am and entered 23.4.2001 at 9.00 am

6347245.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS NA1128/184) - 15.3.2005 at 9:00 am

Subject to a right of way over part marked A on DP 206900 created by Easement Instrument 7720746.1 - 20.2.2008 at 9:00 am

The easement created by Easement Instrument 7720746.1 is subject to Section 243 (a) Resource Management Act 1991
Appurtenant hereto is a right of way created by Easement Instrument 7720746.2 - 20.2.2008 at 9:00 am

The easement created by Easement Instrument 7720746.2 is subject to Section 243 (a) Resource Management Act 1991

10503302.16 Encumbrance to Covenant Trustee Services Limited - 25.8.2016 at 4:13 pm

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

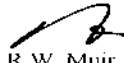
11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm

Micro Channel Data Conversion



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **NA3A/994**
Land Registration District **North Auckland**
Date Issued 17 January 1964

Prior References
NA1959/24

Estate Fee Simple
Area 759 square metres more or less
Legal Description Lot 15 Deposited Plan 48953
Registered Owners
Palms Retirement Village Limited

Interests

K88010 Building Line Restriction

7668790.1 Encumbrance to (now) Covenant Trustee Services Limited - 21.12.2007 at 9:00 am

7808523.1 Notice of the registration of Palms Village Limited as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 7.5.2008 at 9:00 am

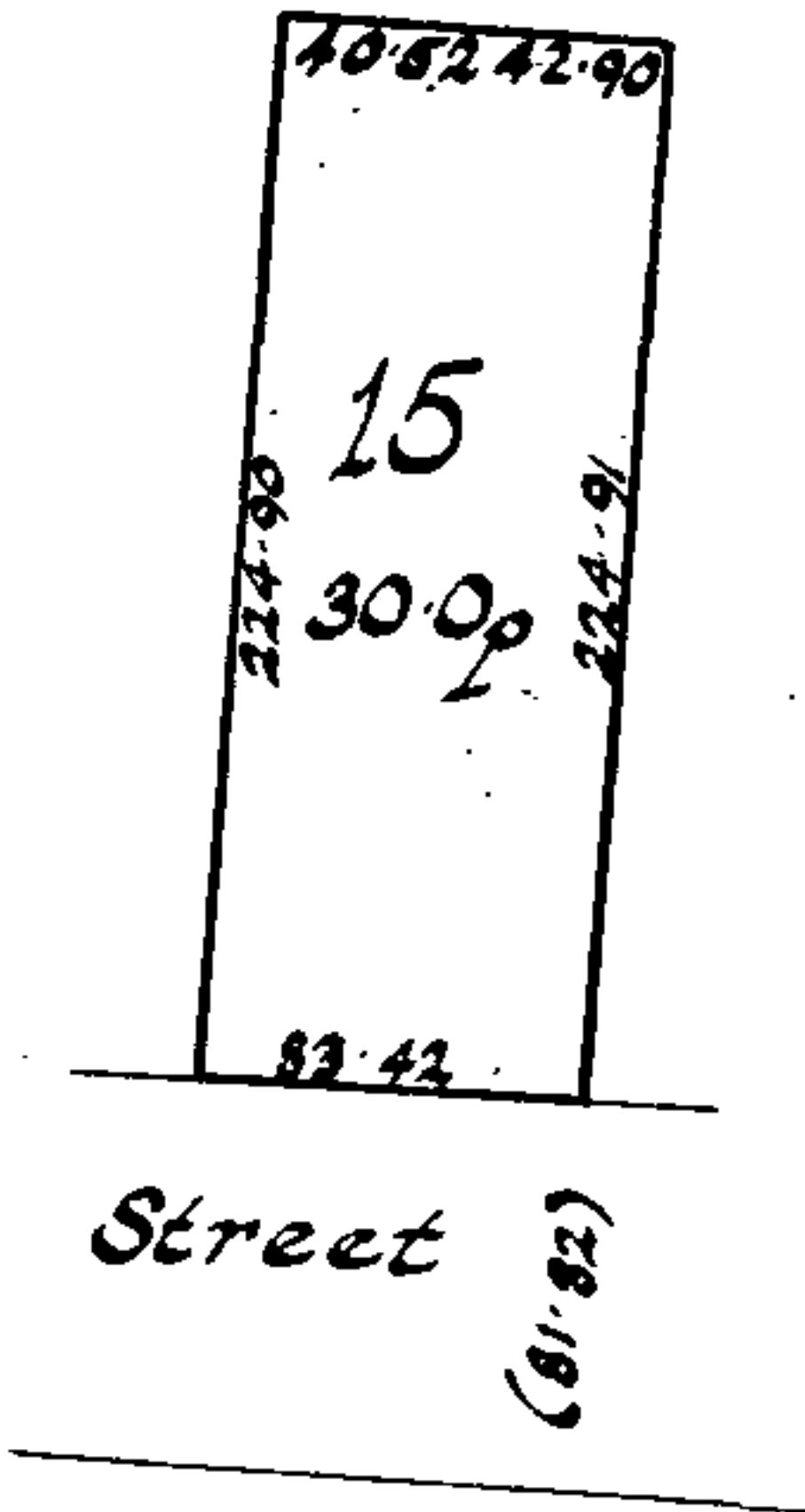
8643864.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS NA1986/46 and NA2024/42) - 24.11.2010 at 7:00 am

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

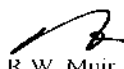
11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **NA1959/30**
Land Registration District **North Auckland**
Date Issued 17 August 1961

Prior References

NA1942/18

Estate Fee Simple
Area 759 square metres more or less
Legal Description Lot 16 Deposited Plan 48953
Registered Owners
Palms Retirement Village Limited

Interests

K88010 Building Line Restriction

7668790.1 Encumbrance to (now) Covenant Trustee Services Limited - 21.12.2007 at 9:00 am

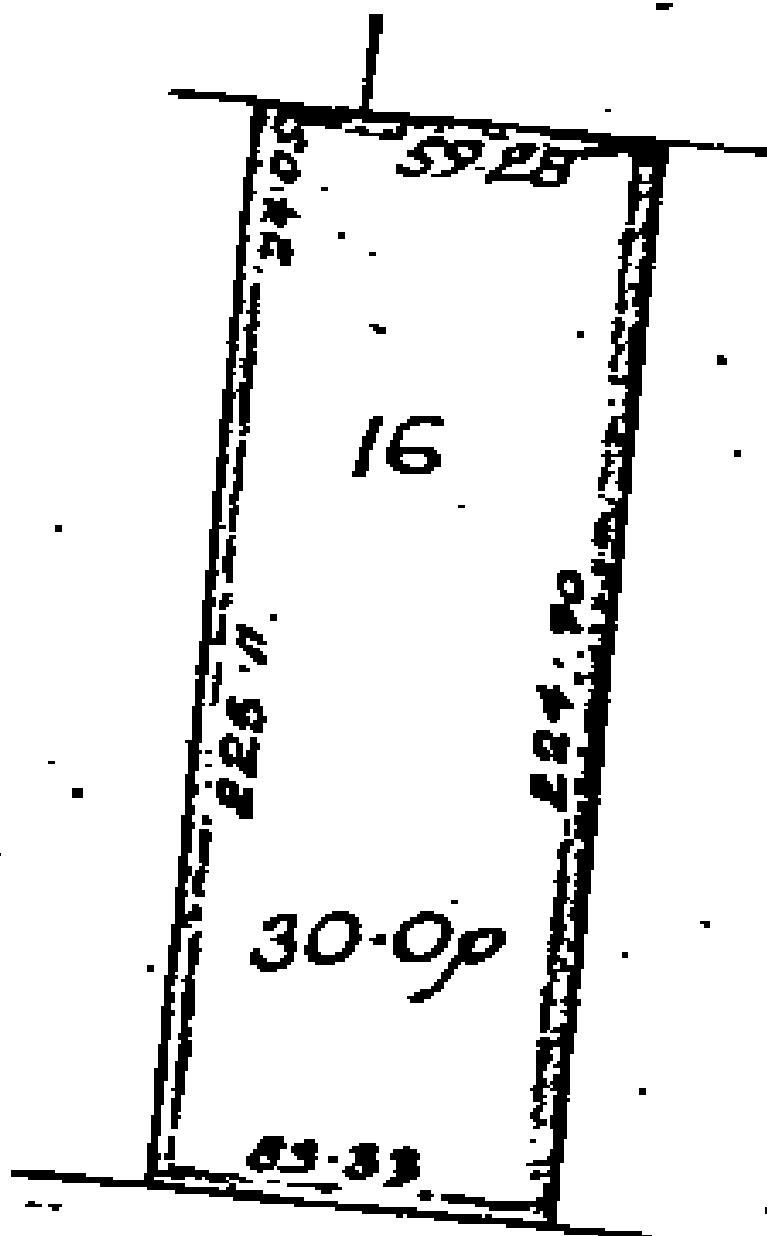
7808523.1 Notice of the registration of Palms Village Limited as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 7.5.2008 at 9:00 am

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm

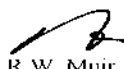


(01-02)



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **127998**
Land Registration District **North Auckland**
Date Issued 27 July 2004

Prior References

NA135B/306 NA89D/296

Estate Fee Simple
Area 2957 square metres more or less
Legal Description Lot 2 Deposited Plan 330741 and Lot 2
Deposited Plan 206900

Registered Owners

Palms Retirement Village Limited

Interests

D595158.8 Consent Notice pursuant to Section 221(1) Resource Management Act 1991 - Produced 11.4.2001 at 9.06 am and entered 23.4.2001 at 9.00 am(affects part)

D595158.9 Consent Notice pursuant to Section 221(1) Resource Management Act 1991 - Produced 11.4.2001 at 9.06 am and entered 23.4.2001 at 9.00 am(affects part)

Subject to Section 241(2) Resource Management Act 1991 (affects DP 330741)

6093936.10 Encumbrance to (now) Covenant Trustee Services Limited - 27.7.2004 at 9:00 am

7603095.1 Notice of the registration of Palms Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 6.11.2007 at 9:00 am

Appurtenant hereto is a right of way created by Easement Instrument 7720746.1 - 20.2.2008 at 9:00 am

The easement created by Easement Instrument 7720746.1 is subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over part marked B on DP 206900 created by Easement Instrument 7720746.2 - 20.2.2008 at 9:00 am

The easement created by Easement Instrument 7720746.2 is subject to Section 243 (a) Resource Management Act 1991

10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm

10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm

10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm

11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm

APPROVALS REGISTERED OWNERS CRYSTAL CLEAR HOLDINGS LIMITED (AS TO C.T. 1078/362) (AS TO C.T. 1078/362)		AUTHORIZED OFFICER PURSUANT TO SECTION 224(2) RESOURCE MANAGEMENT ACT 1991 AND THE RESOURCE MANAGEMENT ACT 1991, I HEREBY CERTIFY THAT THIS PLAN WAS APPROVED BY THE FRANKLIN DISTRICT COUNCIL PURSUANT TO SECTION 223 OF THE RESOURCE MANAGEMENT ACT 1991 ON THE 23rd DAY OF APRIL 2001, IN ACCORDANCE WITH THE SUBMISSION OF THE FRANKLIN DISTRICT COUNCIL DATED THIS DAY OF APRIL 2001.	
AUTHORIZED OFFICER MEMORANDUM OF EASEMENT'S PURPOSE RIGHT OF WAY LOT 1 LOT 2 LOT 1 LOT 2		CLASS OF SURVEY - CLASS 1 NEW C.T. ALLOCATED LOT 1... C.T. 1058/305... LOT 2... C.T. 1058/306... Total Area 4455m ² Comprised in C.T. 1078/362 (ALL) & C.T. 1078/362 (ALL)	
Being a person entitled to practice as a Registered Surveyor, I, the Surveyor, to which this plan relates are accurate, and were undertaken by me or under my direction in accordance with the provisions of the Survey Act 1976 and the Survey Regulations 1978. This plan is accurate, and has been created in accordance with the Survey Act and these Regulations. Dated at Auckland this 23rd day of April 2001.			
Field Book Reference Plan Exhibited Approved as to Survey 20/14/2001 Deposited this 23rd day of April 2001		Traversed Book Correct Approved as to Survey 20/14/2001 Deposited this 23rd day of April 2001	
File Received 11 APR 2001 DP206900		General of Land	

LAND DISTRICT	NORTH AUCKLAND
Survey Blk. & Dist.	
NZMS 261 Sheet	Record Map No.

PT LOT 4 DEEDS 1256

LOT 1 2666m²

LOT 2 1789m²

DP27176

DP38408

DP150453

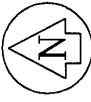
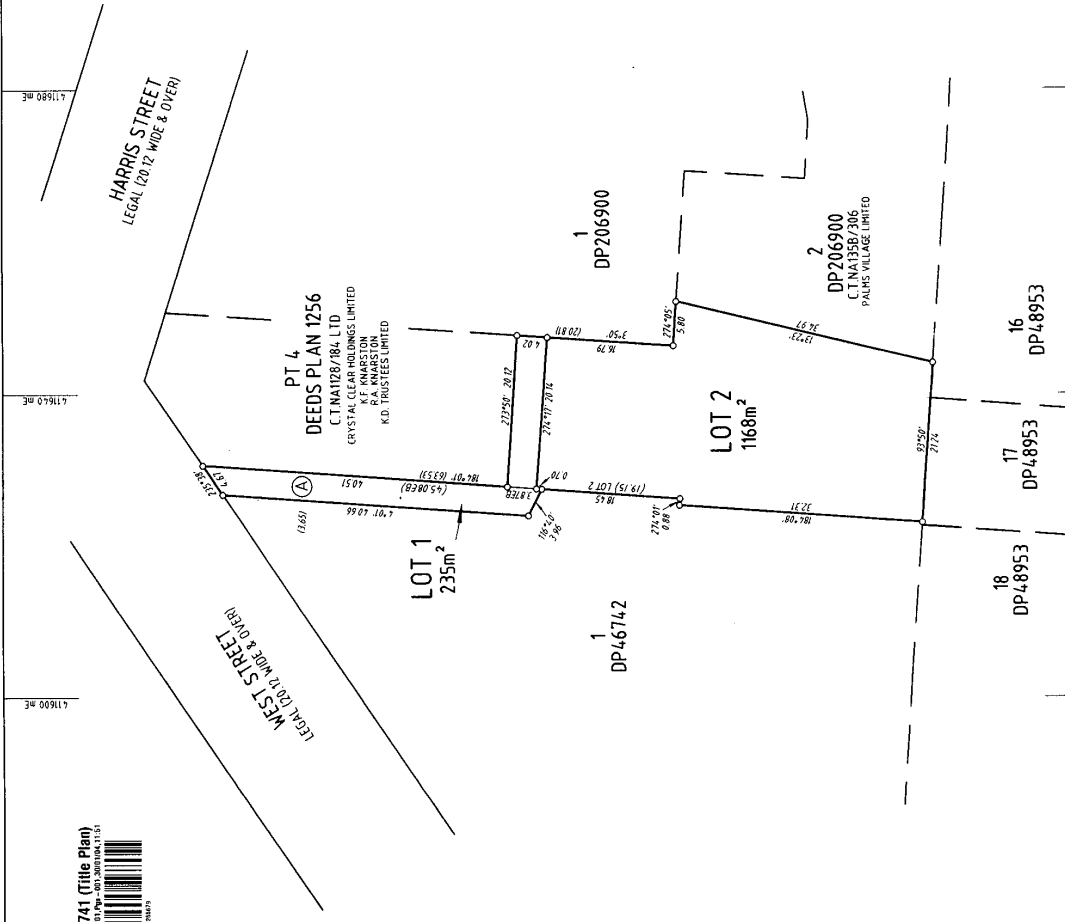
TERMINAL AUTHORITY FRANKLIN DISTRICT COUNCIL

Surveyed by THE SURVEYING COMPANY

Scale 1:100 Date OCTOBER - DECEMBER 2000

LOTS 1 & 2 BEING A SUBDIVISION OF

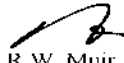
LOTS 1 & 2 DP38408 AND LOT 2 DP150453

		Approvals		REGISTERED OWNERS  MAURO COMERFORD LIMITED	
		I HEREBY CERTIFY THAT THIS PLAN WAS APPROVED BY THE FRANKLIN DISTRICT COUNCIL PURSUANT TO SECTION 223 OF THE RESOURCE MANAGEMENT ACT 1991 ON THE BASIS OF INFORMATION PROVIDED TO THE COUNCIL SUBJECT TO THE AMALGAMATION CONDITION SET OUT HEREON AND THAT THE OWNERS HAVE ENTERED INTO A COVENANT PURSUANT TO SECTION 220(1)(a) OF THE SAID ACT. (SEE 259931)		AUTHORIZED OFFICER 	
		EXISTING EASEMENTS		DOCUMENT TRANSFER 02155	
		PURPOSE RIGHT OF WAY		SERVIENT TENEMENT LOT 1	
LOT 1 235m ² DP46742		LOT 2 1168m ² DP206900 C.T. NA135B/206 PALMS VILLAGE LIMITED		AMALGAMATION CONDITION THAT LOT 2 HEREON BE TRANSFERRED TO THE OWNERS OF LOT 1 HEREON AND THAT ONE (1) COVENANT BE ENTERED INTO TO INCLUDE BOTH PARCELS (SEE 259931)	
		COVENANT CONDITION THAT THE OWNERS OF LOT 1 HEREON AND THE LAND IN C.T. NA135B/206 SHALL NOT, WITHOUT THE WRITTEN CONSENT OF THE SURVEYOR, GRANT OR ENTER INTO ANY COVENANT OR ANY PART THEREOF EXCEPT IN CONJUNCTION WITH THE OTHER OR OTHERS. (SEE 259931)		CLASS OF SURVEY = CLASS 1 NEW C.T. ALLOCATED	
LOT 1 C.T. 12624.9		LOT 2 & LOT 2 DP206900 C.T. 127998		Total Area 1403m ²	
Comprised in C.T. NA89D/296 (ALL)		JOHN MELVILLE GASSON OF PUNEKONE being a person entitled to practise as a licensed cadastral surveyor, (a) The surveys in which this dataset relates are accurate, and were undertaken by me or under my direction in accordance with the Cadastral Survey Act 2002 and the Surveyor-General's Rules for the Survey of Land 2002, and (b) This dataset is accurate, and has been created in accordance with that Act and these Rules		Signature  Date 09/09/2004	
Approved as to Survey by Land Information New Zealand on 09/09/2004		Deposited by Land Information New Zealand on 27/11/04		File DP330741	
TERRITORIAL AUTHORITY FRANKLIN DISTRICT COUNCIL		Surveyed by THE SURVEYING COMPANY		Scale 1:400	
Date NOVEMBER 2003		Date NOVEMBER 2003		Date NOVEMBER 2003	
NORTH AUCKLAND LAND DISTRICT		LOTS 1 & 2 BEING A SUBDIVISION OF LOT 1 DP150453		206860	



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




R.W. Muir
Registrar-General
of Land

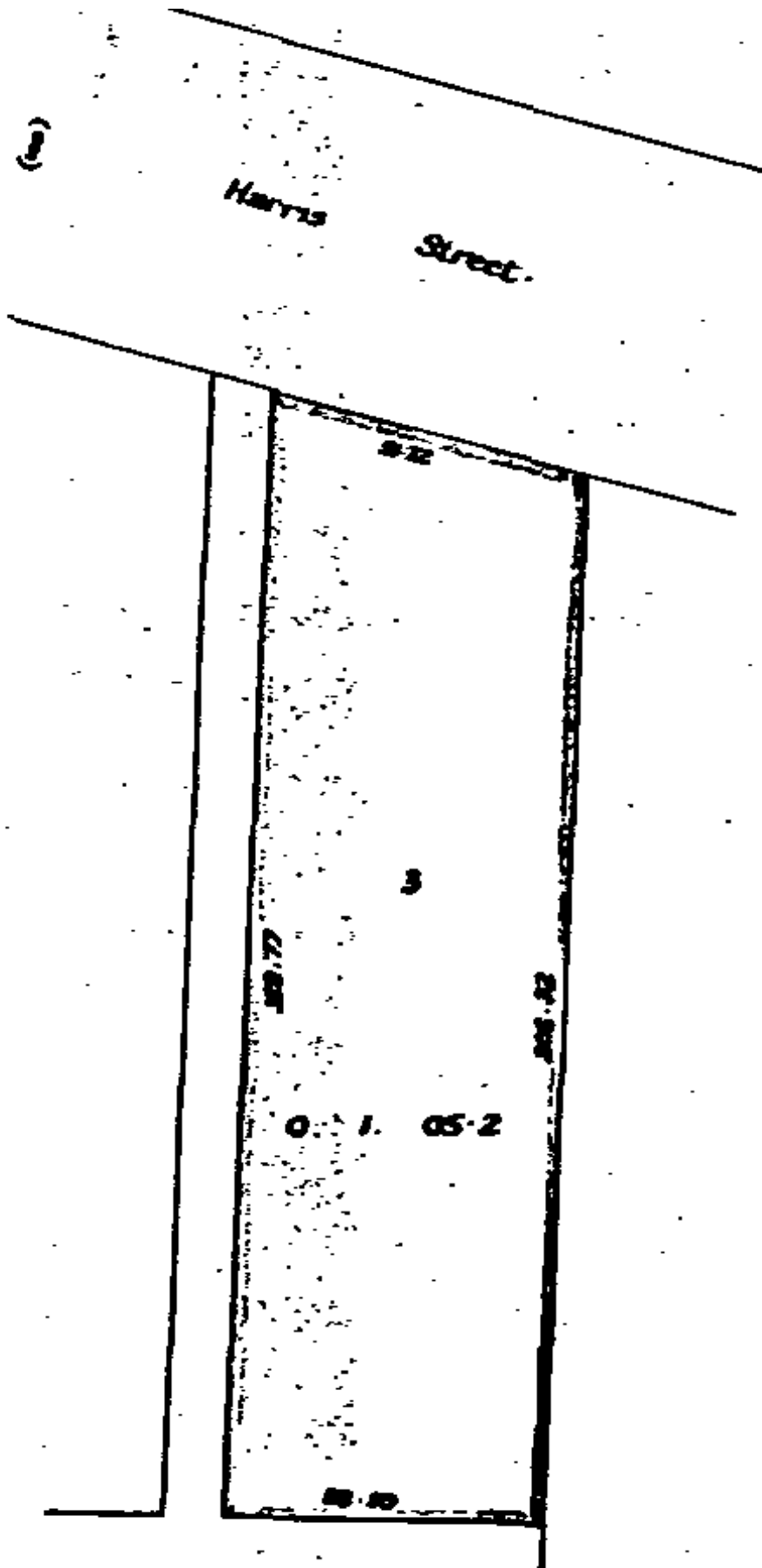
Identifier **NA1022/134**
Land Registration District **North Auckland**
Date Issued 21 January 1952

Prior References
NA595/5

Estate Fee Simple
Area 1143 square metres more or less
Legal Description Lot 3 Deposited Plan 38408
Registered Owners
Palms Retirement Village Limited

Interests

Fencing Agreement in Transfer 503882 - 21.1.1952
5222765.2 Encumbrance to (now) Covenant Trustee Services Limited - 15.5.2002 at 2:37 pm
7603095.1 Notice of the registration of Palms Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 6.11.2007 at 9:00 am
10503302.17 Mortgage to Bank of New Zealand - 25.8.2016 at 4:13 pm
10699807.6 Variation of Mortgage 10503302.17 - 28.2.2017 at 4:23 pm
10985892.4 Variation of Mortgage 10503302.17 - 13.12.2017 at 12:29 pm
11531601.1 Variation of Mortgage 10503302.17 - 26.8.2019 at 4:07 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

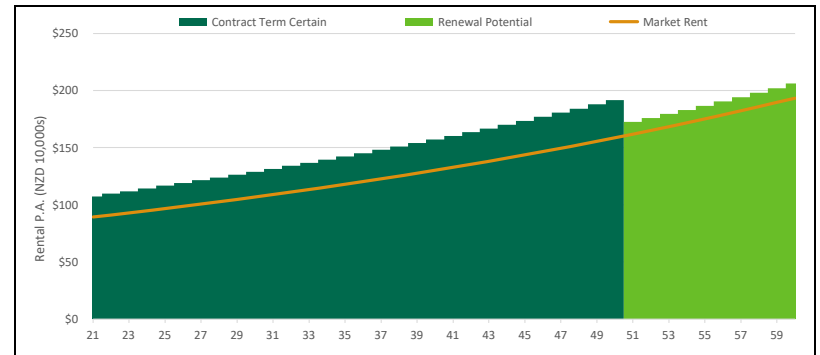
Discounted Cash Flow Summary

PV of Net Income	\$19,450,000
PV of Terminal Value	\$2,500,000
Total Net Present Value	\$21,950,000
PV of Disposal Costs	(\$50,000)
Adopted Value	\$21,900,000
Indicated IRR	6.86%
Initial Yield	4.89%
Yield on Market	4.04%
\$/Bed	\$184,034

Sensitivity Analysis

		Terminal Yield				
		5.25%	5.50%	5.75%	6.00%	6.25%
Discount Rate	6.00%	\$25,050,000	\$24,900,000	\$24,750,000	\$24,600,000	\$24,500,000
	6.25%	\$24,000,000	\$23,850,000	\$23,750,000	\$23,600,000	\$23,500,000
	6.50%	\$23,050,000	\$22,900,000	\$22,800,000	\$22,650,000	\$22,550,000
	6.75%	\$22,100,000	\$22,000,000	\$21,900,000	\$21,800,000	\$21,700,000
	7.00%	\$21,250,000	\$21,150,000	\$21,050,000	\$20,950,000	\$20,850,000
	7.25%	\$20,450,000	\$20,350,000	\$20,250,000	\$20,200,000	\$20,100,000
	7.50%	\$19,700,000	\$19,600,000	\$19,550,000	\$19,450,000	\$19,400,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	107	110	112	114	117	119	121	124	126	129	131	134	137	140	142	145	148	151	154	157	160	163	167	170	174	177	181	184	188	192	172	176	179	183	187	190	194	198	202	206	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	107	110	112	114	117	119	121	124	126	129	131	134	137	140	142	145	148	151	154	157	160	163	167	170	174	177	181	184	188	192	172	176	179	183	187	190	194	198	202	206	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																									3,400
Disposal Cost Allowance @ 2.0%																																									-68

NET CASHFLOW INCOME	107	110	112	114	117	119	121	124	126	129	131	134	137	140	142	145	148	151	154	157	160	163	167	170	174	177	181	184	188	192	172	176	179	183	187	190	194	198	202	206	3,332

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

2. CANTABRIA LIFECARE

CANTABRIA LIFECARE



Main Entrance



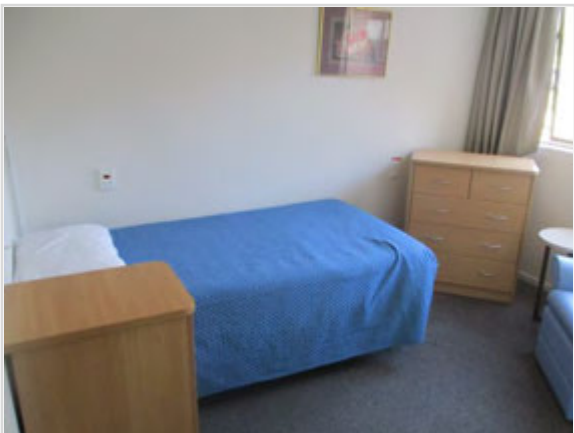
Care Facility Exterior



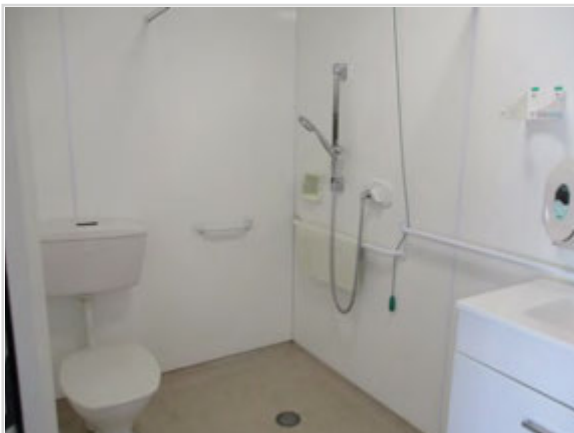
Dining Area



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$22,300,000

(Twenty Two Million, Three Hundred Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Cantabria Lifecare comprises a mature operational resident funded retirement village and aged care facility located in the residential suburb of Springfield, approximately 3.1 km's south west of Rotorua CBD. The site history dates back to the early 1980's following conversion of a former residential home to an aged care facility. Since then, the complex has evolved through a mix of various conversions and purpose-built additions across several buildings. The rest home dates from the early 1980's and the original hospital the mid to late 1980's. While excluded from this valuation, the village was first occupied circa 1980's with the last unit completed in 2013. The complex currently includes: ■ 175 Bed Care Facility ■ 37 Independent Living Units (excluded from this valuation) ■ 1 Serviced Apartment (excluded from this valuation)		
Land Area:	2.9641 Hectares (more or less)		
Zoning:	The site is zoned 'Residential 1' under the Rotorua District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$1,163,400 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 10,169 sqm or 1:55.9 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care, Hospital (Medical and Geriatric Services) and Residential Disability (Intellectual and Physical Services) from 31 January 2019 for 3 years expiring 31 January 2022.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	24 March 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

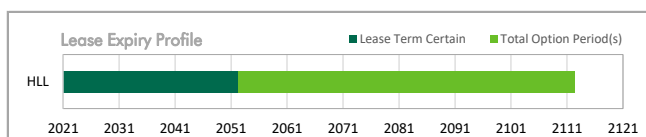
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$22,300,000
Initial Yield	5.22%
Yield on Market	5.16%
Indicated IRR	7.34%
Multiple on Contract Rental	19.2
Multiple on Market Rental	19.4
Average \$ Per Bed	\$127,429
\$/Sqm Floor Area	\$2,193
\$/Sqm Land Area	\$752

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$1,150,000
Capitalise In Perpetuity @	5.25%
Capitalised Value	\$21,904,762
Present Value Rental Premium to Expiry of Lease Term Certain	\$196,150
Market Value	\$22,100,000
Yield on Contract	5.26%
Yield on Market	5.20%
\$ Per Bed	\$126,286

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$1,163,400	\$1,150,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$128	\$126
Rent \$ Per Sqm Floor Area	\$114	\$113
Contract Variance to Market (Surplus P.A.)		\$13,400
Contract Variance to Market		1.17%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.25%
Terminal Yield	6.25%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.97%
Market Value	\$22,450,000
Yield on Contract	5.18%

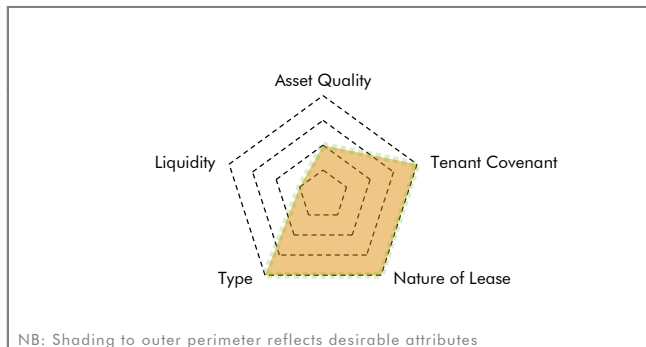
Care Facility Bed Summary

Total Beds	175
Bed Day Capacity	63,875
Ensuite to Room Ratio	84%
Ensuite to Bed Ratio	84%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:58.1 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	73 @	\$100,000	\$7,300,000
Hospital	89 @	\$135,000	\$12,015,000
Dementia	13 @	\$110,000	\$1,430,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	175 @	\$118,571	\$20,750,000

Property Risk Profile



NB: Shading to outer perimeter reflects desirable attributes

NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- All single rooms with a relatively high ensuite-to-room ratio at 84.0%, offering a degree of future proofing to the facility.
- Cantabria Lifecare provides the largest care facility within the Rotorua catchment, however there is a reasonable level of aged care competition within the immediate catchment.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- The overall bed to floor area ratio of approximately 1:51.5 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

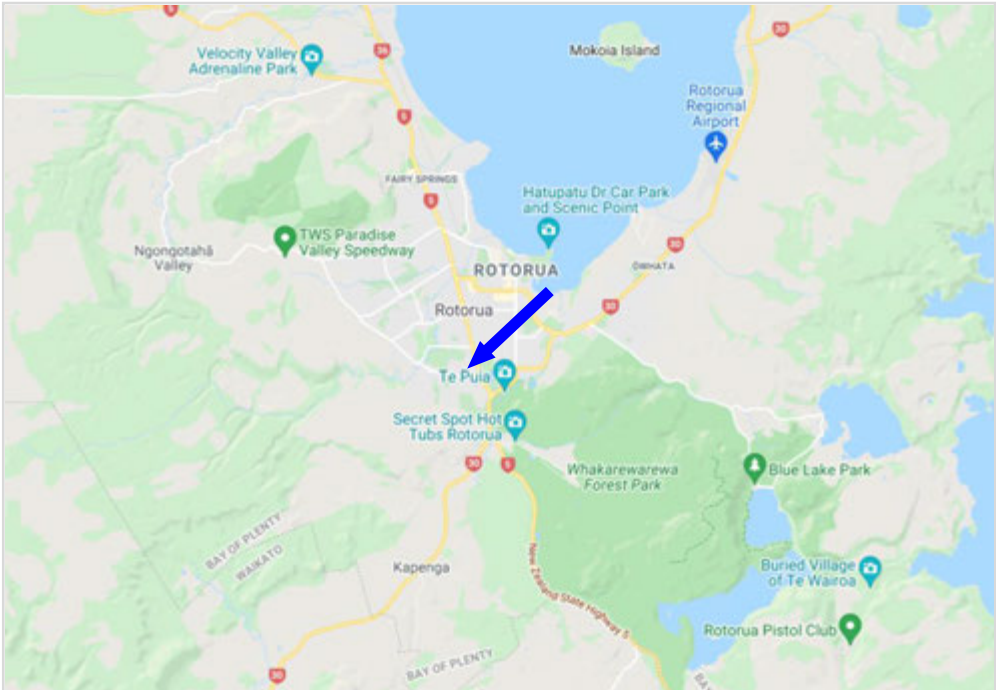
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

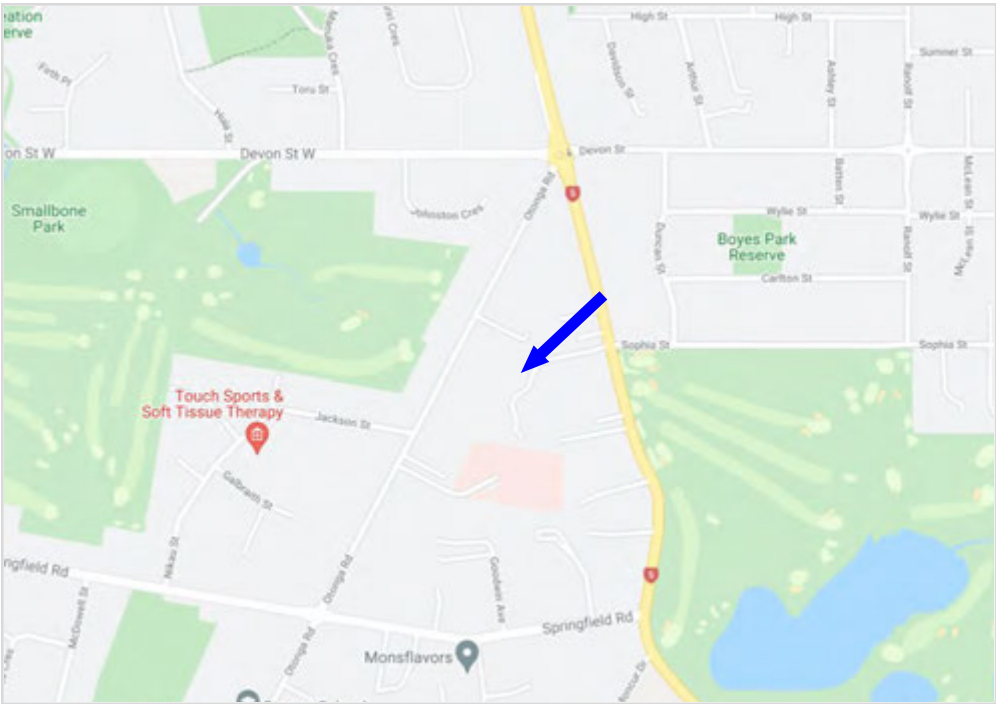
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:

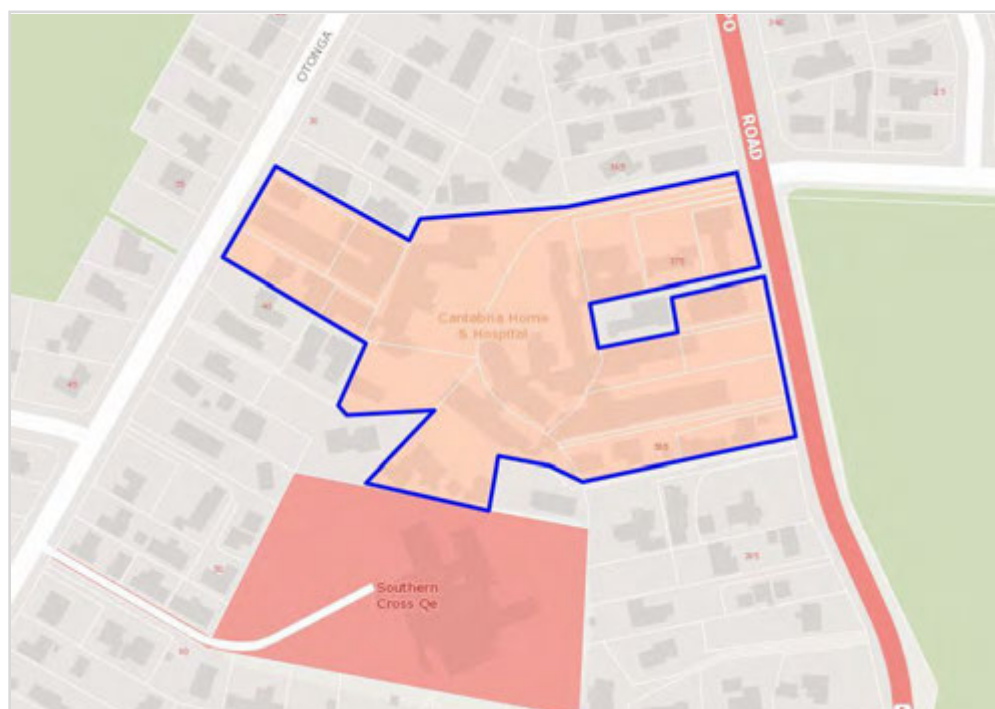


- Situation:** The property is bound by Old Taupo Road to the east and Otonga Road to the west.
- Location:** Located within the suburb of Springfield, situated in the south western fringe of central Rotorua.
- Population:** According to the 2018 Census, Rotorua District has a usually resident population of approximately 71,880 people, showing an increase of 10.1% over the 2013 Census.

Of the population, 5.9% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
 Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
SA25C/1179	Lot 2	DP 4059	1,062	Cantabria Village Limited	Freehold
SA4B/1355	Lot 4	DP 9130	3,495	Cantabria Village Limited	Freehold
SA1242/13	Part 16	DP 27272	278	Cantabria Village Limited	Freehold
SA4B/1353	Lot 2	DP 9130	1,882	Cantabria Village Limited	Freehold
SA15D/1256	Lot 1	DP 11647	862	Cantabria Village Limited	Freehold
SA15D/1257	Lot 2	DP 11647	1,216	Cantabria Village Limited	Freehold
SA17D/205	Lot 1	DP 18791	789	Cantabria Village Limited	Freehold
SA34D/206	Lot 2 Lot 1	DP 2923 DP 35081	4,727	Cantabria Village Limited	Freehold
SA34D/207	Lot 2	DP 2501	1,277	Cantabria Village Limited	Freehold
SA34D/457	Lot 95	DP 27272	4,717	Cantabria Village Limited	Freehold
SA712/261	Lot 17	DP 27272	2,324	Cantabria Village Limited	Freehold

SA1050/254	Lot 1	DP 1242	923	Cantabria Village Limited	Freehold
SA1062/150	Lot 3	DP 1242	1,452	Cantabria Village Limited	Freehold
SA1068/153	Lot 2	DP 1242	1,237	Cantabria Village Limited	Freehold
SA1278/67	Lot 1	DP 4059	822	Cantabria Village Limited	Freehold
SA1112/283	Lot 1	DP 2501	1,561	Cantabria Village Limited	Freehold
821813	Lot 1	DP 32123	1,017	Cantabria Village Limited	Freehold
Total			29,641		

The titles described above include the retirement village component.

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- Subject to Section 15 Rotorua Town Lands Act 1920
- 7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village subject to Section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- 10992479.12 Encumbrance to Covenant Trustee Services Limited
- 10992479.10 Certificate pursuant to Section 77 Building Act 2004 that this computer register is subject to the condition imposed under Section 75(2)
- H943087 Certificate Pursuant to Section 643(2) Local Government Act 1974
- H851750 & H973288 Certificate pursuant to Section 643(2) Local Government Act 1974
- B602252.1 Certificate pursuant to Section 37 Building Act 1991
- H846846.3 Encumbrance to Rotorua District Council
- Subject to Section 308(4) Local Government Act 1974
- Land Covenant in Transfer H623093.3
- H492331 Subject to conditions pursuant to Section 461 Local Government Act 1974 by The Rotorua District Council

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2020, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
369 Old Taupo Road	06580/22601	\$2,770,000	\$23,650,000	\$26,420,000
Total		\$2,770,000	\$23,650,000	\$26,420,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Cantabria Lifecare comprises a mature operational resident funded retirement village and aged care facility located in the residential suburb of Springfield, approximately 3.1 km's south west of Rotorua CBD. The site history dates back to the early 1980's following conversion of a former residential home to an aged care facility. Since then, the complex has evolved through a mix of various conversions and purpose-built additions across several buildings. The rest home dates from the early 1980's and the original hospital the mid to late 1980's. While excluded from this valuation, the village was first occupied circa 1980's with the last unit completed in 2013. The complex currently includes:

- 175 Bed Care Facility
- 37 Independent Living Units (excluded from this valuation)
- 1 Serviced Apartment (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	6	-	-	8	1	59	74	63	74
Double Rooms	-	-	-	-	-	-	-	-	-
Dementia									
Single Rooms	4	2	-	-	-	7	13	7	13
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	1	-	20	-	67	88	77	88
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	10	3	-	28	1	133	175	147	175
Bed Day Capacity									63,875
Ensuite to Room Ratio									84%
Ensuite to Bed Ratio									84%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:58.1

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Suburb	Care Beds				Current Total	Future Supply	Forecast Total
		RH	H	D	O			
Glenbrae Resthome and Hospital	Glenholme	13	28		10	51		51
Redwood Home & Hospital	Glenholme	28	23	16	15	82		82
Fergusson Home	Glenhome	44				44		44
Cantabria Lifecare	Pukehangi	73	89	13		175		175
The Gardens Rest Home and Hospital	Pukehangi	31	25			56		56
Lara Lodge	Sunnybrook	27				27		27
Ascend Quality Care	Victoria	34				34		34
The Care Village	Ngongotaha	27	14	40		81		81
Total Beds		277	179	69	25	550	0	550
Percentage		50%	33%	13%	5%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$1,150,000 per annum plus GST and outgoings compares to the contract rental of \$1,163,400 per annum which indicates a difference of -\$13,400 per annum, alternatively -1.15%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.25% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$1,150,000

Capitalise In Perpetuity @ 5.25%

CAPITALISED VALUE \$21,904,762

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$1,150,000
Contract Rental	\$1,163,400
Rental Premium per Annum	<u>\$13,400</u>

Months to Lease Expiry	360
Discounted at	5.75%
	0.47% monthly

PRESENT VALUE OF RENTAL PREMIUM \$195,341

\$22,100,103

Sensitivity Analysis		Adopt	\$22,100,000
4.25%	\$27,250,000	Initial Yield	5.26%
4.75%	\$24,400,000	Yield on Market	5.20%
5.25%	\$22,100,000	\$ Per Bed (Based on 175 Equivalent Beds)	\$126,286
5.75%	\$20,200,000	\$ Per Sqm Floor Area	\$2,173
6.25%	\$18,600,000	Multiple on Market	19.22

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	73	@	\$100,000	\$7,300,000
Hospital	89	@	\$135,000	\$12,015,000
Dementia	<u>13</u>	@	<u>\$110,000</u>	<u>\$1,430,000</u>

Total Equivalent Beds 175 @ \$118,543 \$20,745,000

Sensitivity Analysis		Adopt	\$20,750,000
\$113,543	\$19,870,000	Yield on Market	5.54%
\$118,543	\$20,750,000	Equivalent \$/Per Bed (Based on 175 Beds)	\$118,571
\$123,543	\$21,620,000	Multiple on Market	18.04

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.25%
Terminal Yield (On Year 40 Income)	6.25%
Terminal Value as a Percentage of Total Value	10.78%

Sensitivity Analysis	Adopt	
-10%	\$20,200,000	Initial Yield 5.18%
-	\$22,450,000	Yield on Market 5.12%
10%	\$24,700,000	\$/Bed \$128,286

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$22,100,000
Sales Comparison Approach:	Assessed Value:	\$20,750,000
Discounted Cash Flow Approach:	Assessed Value:	\$22,450,000
FREEHOLD LAND & BUILDINGS		\$22,300,000
Initial Yield		5.22%
Yield on Market		5.16%
\$ Per Bed (Based on 175 Physical Beds)		\$127,429
\$ Per Sqm Floor Area		\$2,193
\$ Per Sqm Land Area		\$752
Multiple on Contract		19.17
Multiple on Market		19.39

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

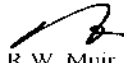
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **821813**
Land Registration District **South Auckland**
Date Issued 31 January 2018

Prior References
SA29D/759 SA29D/760

Estate Fee Simple
Area 1017 square metres more or less
Legal Description Lot 1 Deposited Plan South Auckland
32123

Registered Owners
Cantabria Village Limited

Interests

Subject to the provisions of Section 15 Rotorua Town Lands Act 1920

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.10 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS SA34D/206) - 31.1.2018 at 5:45 pm

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

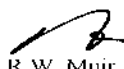
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm

1000



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **SA4B/1353**
Land Registration District **South Auckland**
Date Issued 29 June 1965

Prior References

SA1204/36 SA3A/401

Estate Fee Simple
Area 1882 square metres more or less
Legal Description Lot 2 Deposited Plan South Auckland 9130
Registered Owners
Cantabria Village Limited

Interests

Subject to a right of way over part coloured yellow on DPS 9130 specified in Easement Certificate S317522

Appurtenant hereto is a right of way specified in Easement Certificate S317522

The easements specified in Easement Certificate S317522 are subject to Section 351E (a) Municipal Corporations Act 1954

Subject to Section 15 Rotorua Town Lands Act 1920

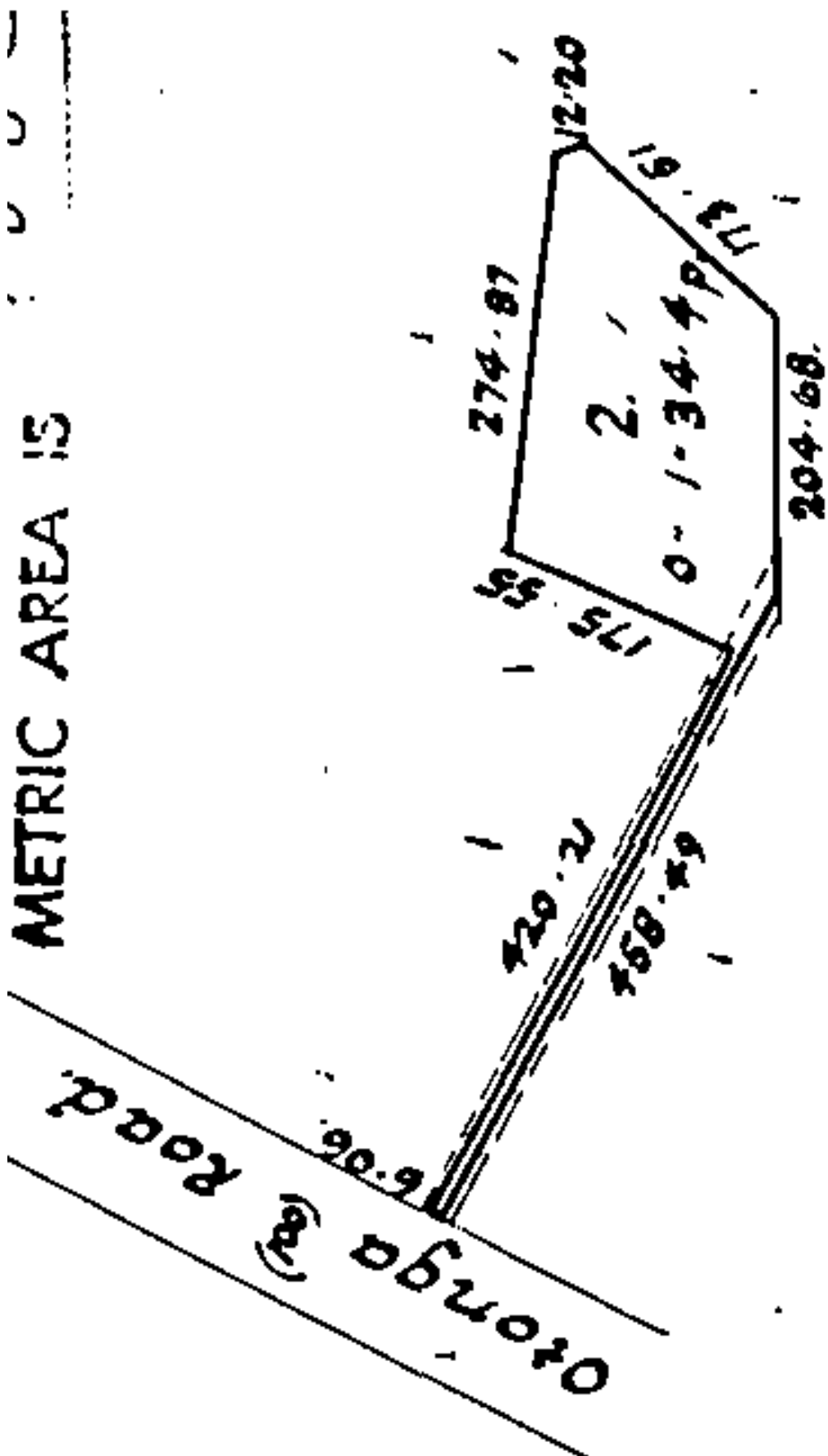
H943087 CERTIFICATE PURSUANT TO SECTION 643 (2) LOCAL GOVERNMENT ACT 1974 (AFFECTS CT SA4B/1355) - 2.4.1990 AT 12.10 PM

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **SA4B/1355**
Land Registration District **South Auckland**
Date Issued 29 June 1965

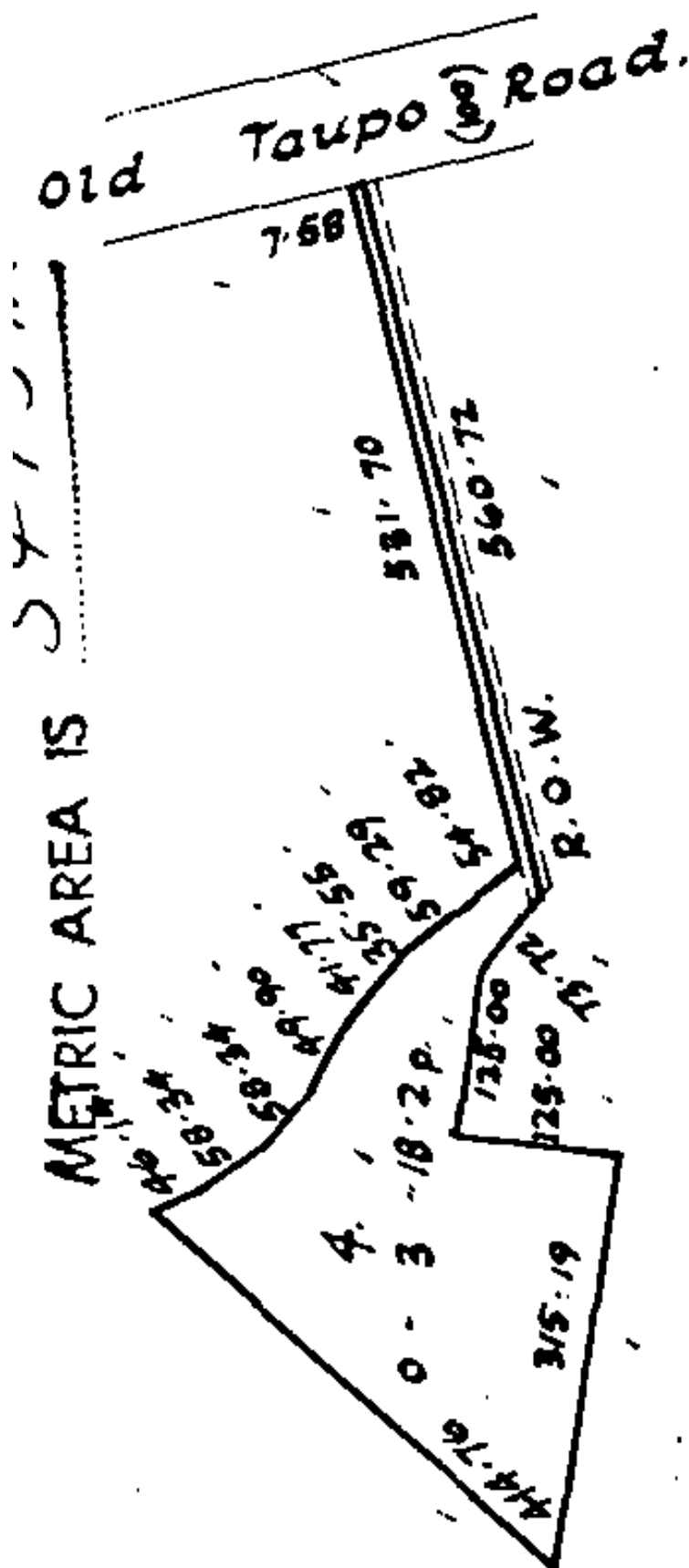
Prior References

SA3A/401

Estate Fee Simple
Area 3495 square metres more or less
Legal Description Lot 4 Deposited Plan South Auckland 9130
Registered Owners
Cantabria Village Limited

Interests

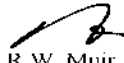
Appurtenant hereto is a right of way specified in Easement Certificate S280345
Subject to a right of way over part coloured blue on DPS 9130 specified in Easement Certificate S280345
The easements specified in Easement Certificate S280345 are subject to Section 351E (a) Municipal Corporations Act 1954
Subject to Section 15 Rotorua Town Lands Act 1920
H943087 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 (AFFECTS CT SA4B/1353) - 2.4.1990 AT 12.10 PM
B602252.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 (ALSO AFFECTS CT SA15D/1257) - 13.4.2000 AT 1.52 PM
7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am
10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm
10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **SA15D/1256**
Land Registration District **South Auckland**
Date Issued 03 August 1973

Prior References
SA1088/160

Estate Fee Simple
Area 862 square metres more or less
Legal Description Lot 1 Deposited Plan South Auckland
11647

Registered Owners
Cantabria Village Limited

Interests

Subject to Section 15 of the Rotorua Town Lands Act 1920

Appurtenant hereto are drainage and pipeline rights specified in Easement Certificate S616608 - 3.8.1973 at 11.15 am

The easements specified in Easement Certificate S616608 are subject to Section 351E (1) (a) Municipal Corporations Act 1954

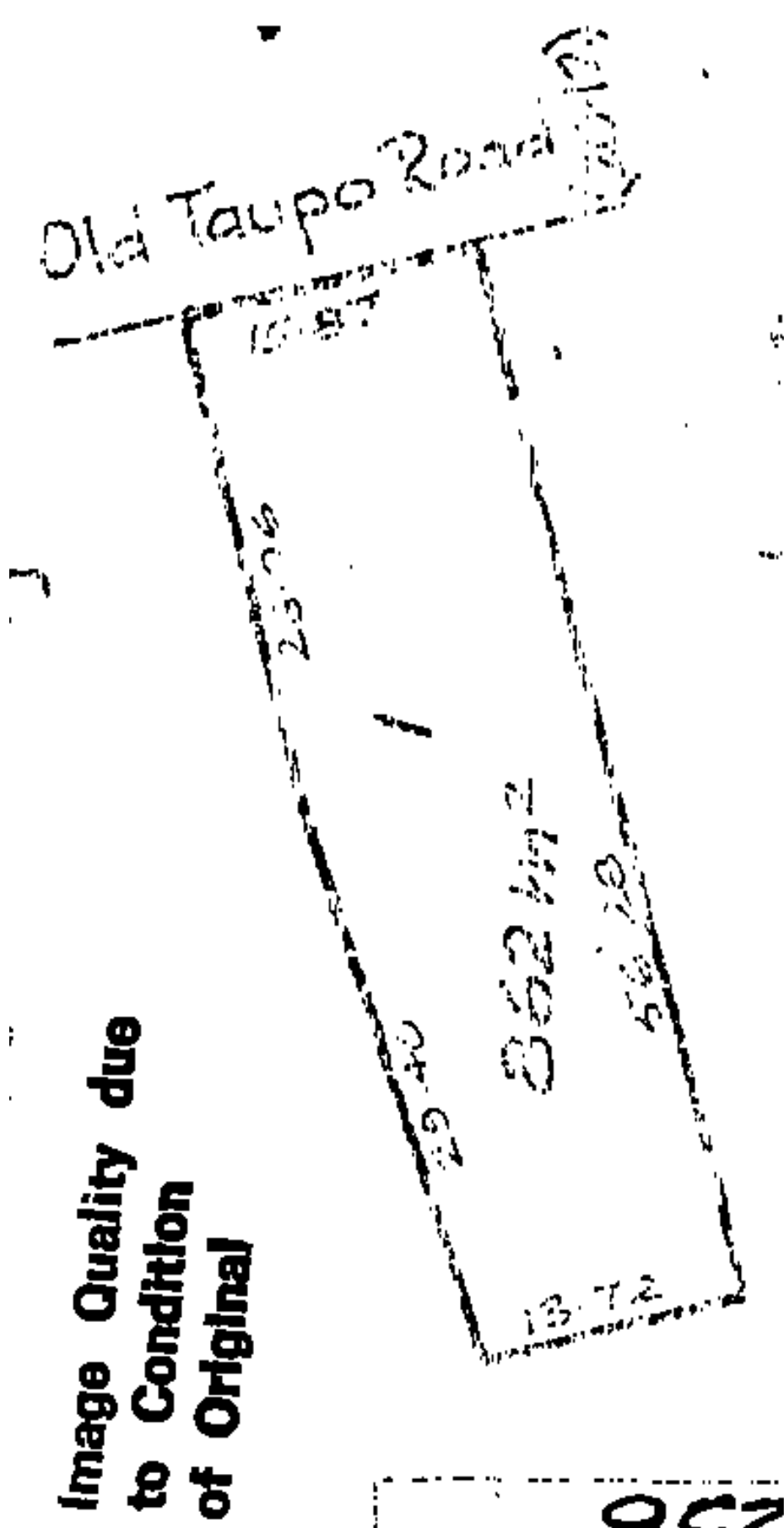
H973288 CERTIFICATE PURSUANT TO SECTION 643 (2) LOCAL GOVERNMENT ACT 1974 (AFFECTS CT SA15D/1257) - 22.8.1990 AT 9.06 AM

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

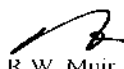
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **SA15D/1257**
Land Registration District **South Auckland**
Date Issued 03 August 1973

Prior References

SA1088/160

Estate	Fee Simple
Area	1216 square metres more or less
Legal Description	Lot 2 Deposited Plan South Auckland 11647

Registered Owners

Cantabria Village Limited

Interests

Subject to Section 15 of the Rotorua Town Lands Act 1920

Subject to drainage and pipeline rights over part coloured yellow on DPS 11647 specified in Easement Certificate S616608 - 3.8.1973 at 11.15 am

The easements specified in Easement Certificate S616608 are subject to Section 351E (1) (a) Municipal Corporations Act 1954

H973288 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 (AFFECTS CT SA15D/1256) - 22.8.1990 AT 9.06 AM

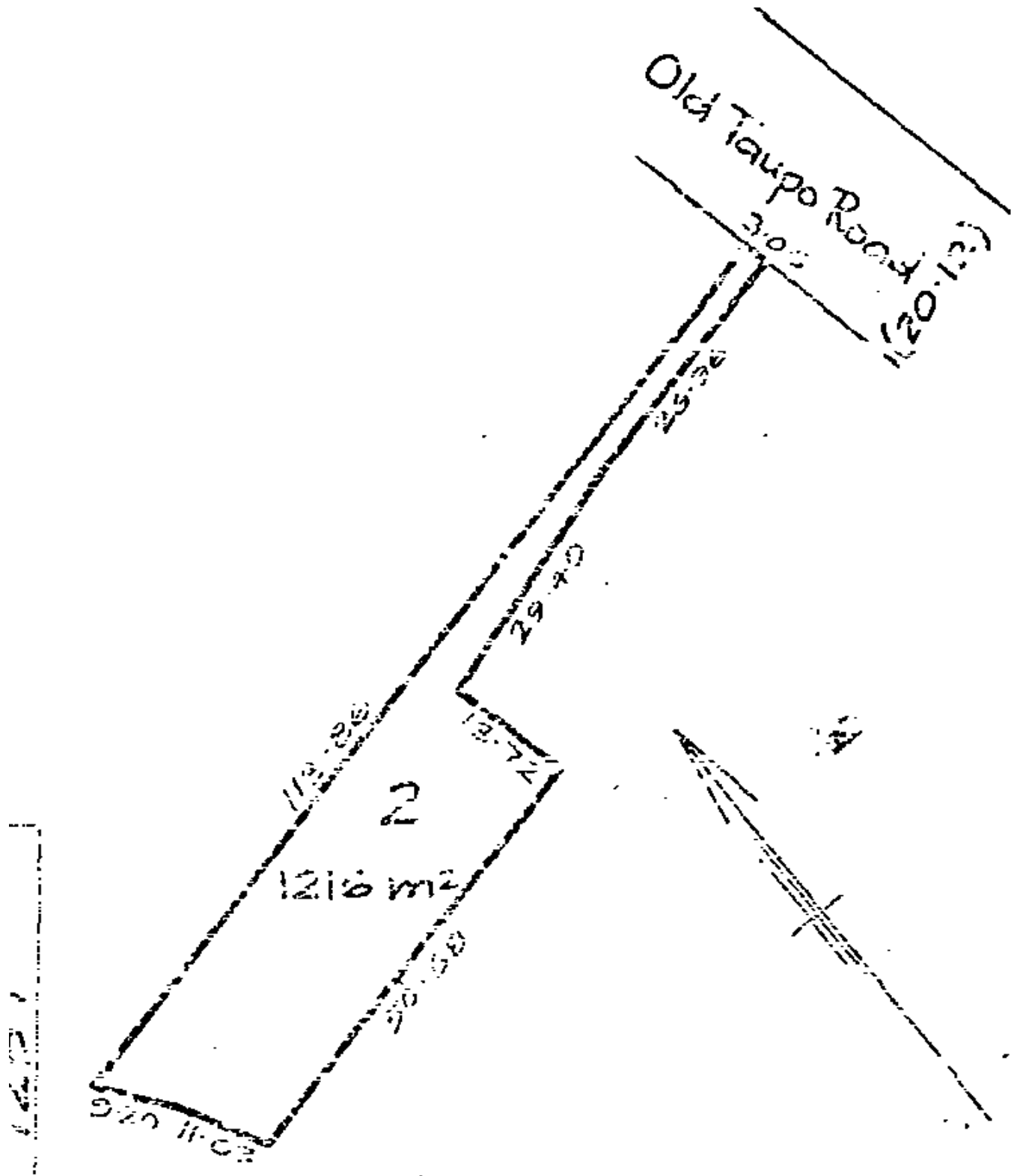
B602252.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 (ALSO AFFECTS CT SA4B/1355) - 13.4.2000 AT 1.52 PM

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

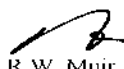
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **SA17D/205**
Land Registration District **South Auckland**
Date Issued 08 October 1974

Prior References
SA809/259

Estate	Fee Simple
Area	789 square metres more or less
Legal Description	Lot 1 Deposited Plan South Auckland 18791

Registered Owners
Cantabria Village Limited

Interests

Subject to the provision of Section 15 of the Rotorua Town Lands Act 1920

Appurtenant hereto is a right of way specified in Easement Certificate H013219.1 - 8.10.1974 at 11.14 am

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

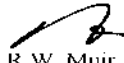
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm

Search Copy Dated 30/11/21 2:24 pm, Page 2 of 2
Page 147 of 753 Register Only



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




R.W. Muir
Registrar-General
of Land

Identifier **SA25C/1179**
Land Registration District **South Auckland**
Date Issued 16 January 1980

Prior References
SA809/258

Estate Fee Simple
Area 1062 square metres more or less
Legal Description Lot 2 Deposited Plan South Auckland 4059
Registered Owners
Cantabria Village Limited

Interests

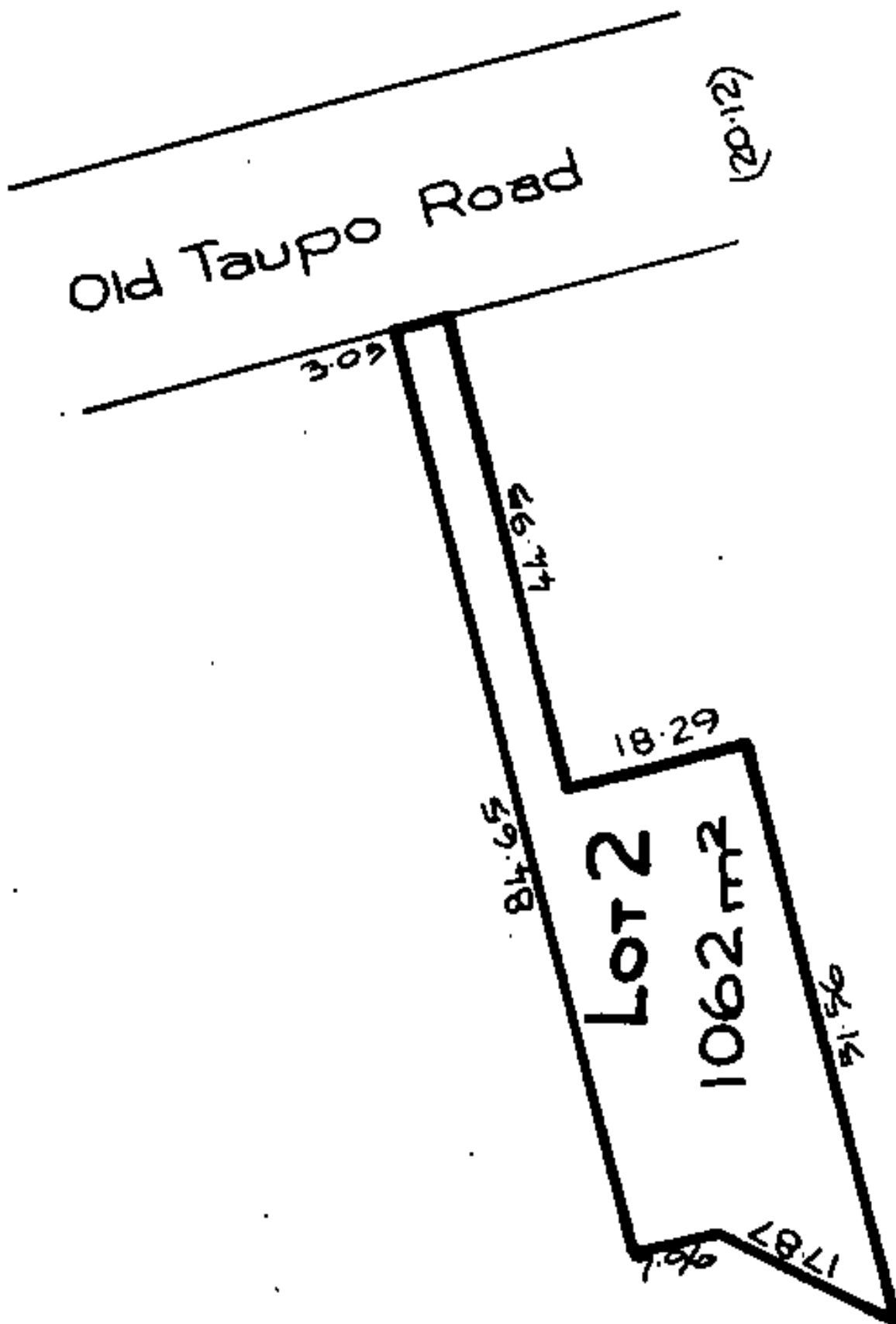
Subject to Section 15 of the Rotorua Town Lands Act 1920.

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

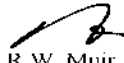
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **SA34D/206**
Land Registration District **South Auckland**
Date Issued 30 October 1985

Prior References
SA1753/65 SA29B/257

Estate Fee Simple
Area 4727 square metres more or less
Legal Description Lot 2 Deposited Plan South Auckland 2923
and Lot 1 Deposited Plan South Auckland
35081

Registered Owners
Cantabria Village Limited

Interests

Subject to Section 308 (4) Local Government Act 1974

Subject to Section 15 Rotorua Town Lands Act 1920

H492331 Subject to conditions pursuant to Section 461 Local Government Act 1974 and certifying that a private drain passes through part Lot 95 Plan 27272 (CT SA969/41) and serves the within land - 18.10.1983 at 9.07 am

Land Covenant in Transfer H623093.3 - 30.10.1985 (Affects Lot 1 DPS 35081)

H846846.3 Encumbrance to Rotorua District Council - 18.1.1989 at 2.40 pm

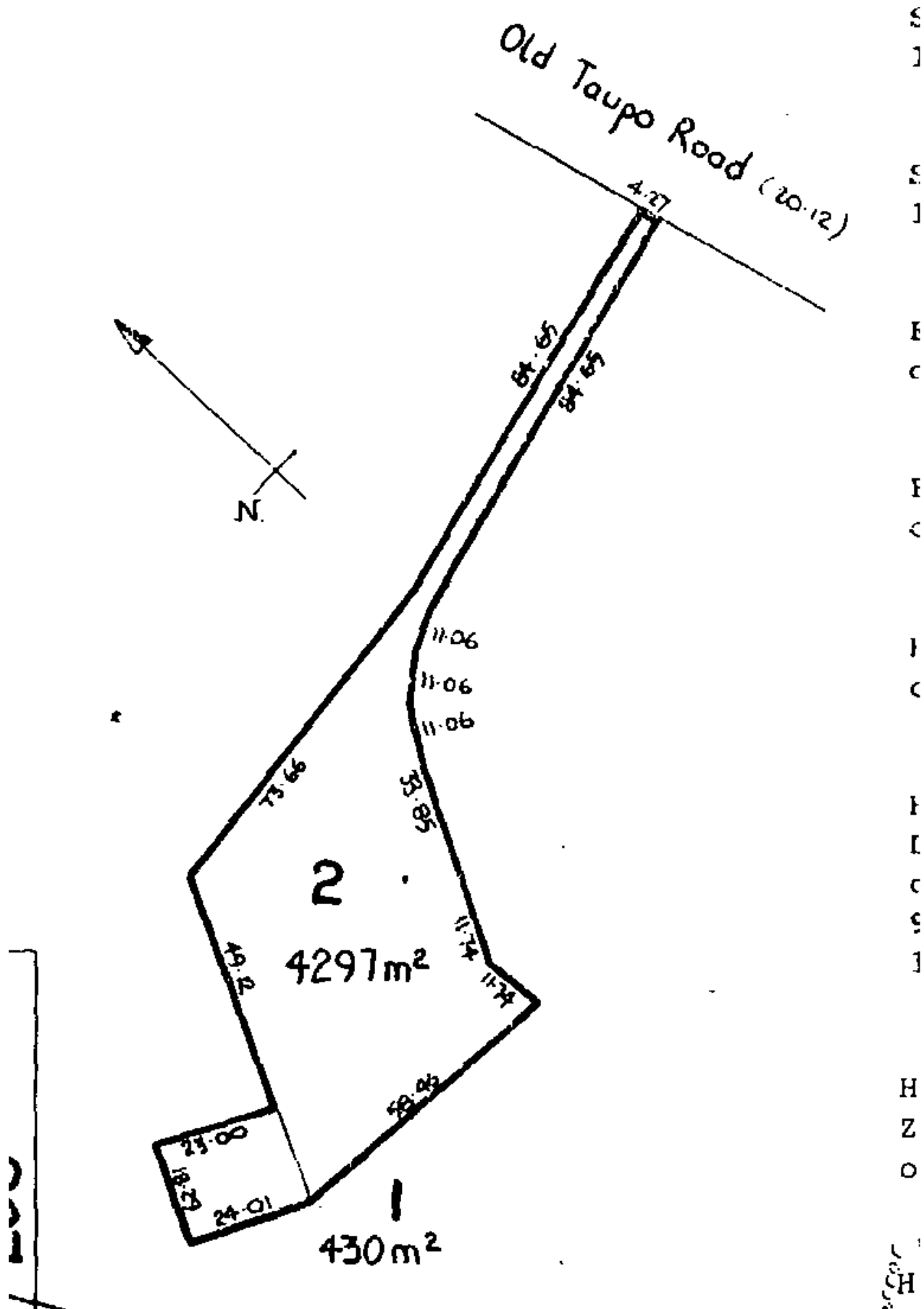
7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.10 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 821813) - 31.1.2018 at 5:45 pm

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **SA34D/207**
Land Registration District **South Auckland**
Date Issued 30 October 1985

Prior References

SA979/257

Estate Fee Simple
Area 1277 square metres more or less
Legal Description Lot 2 Deposited Plan South Auckland 2501
Registered Owners
Cantabria Village Limited

Interests

Subject to Section 15 Rotorua Town Lands Act 1920

H846846.3 Encumbrance to Rotorua District Council - 18.1.1989 at 2.40 pm

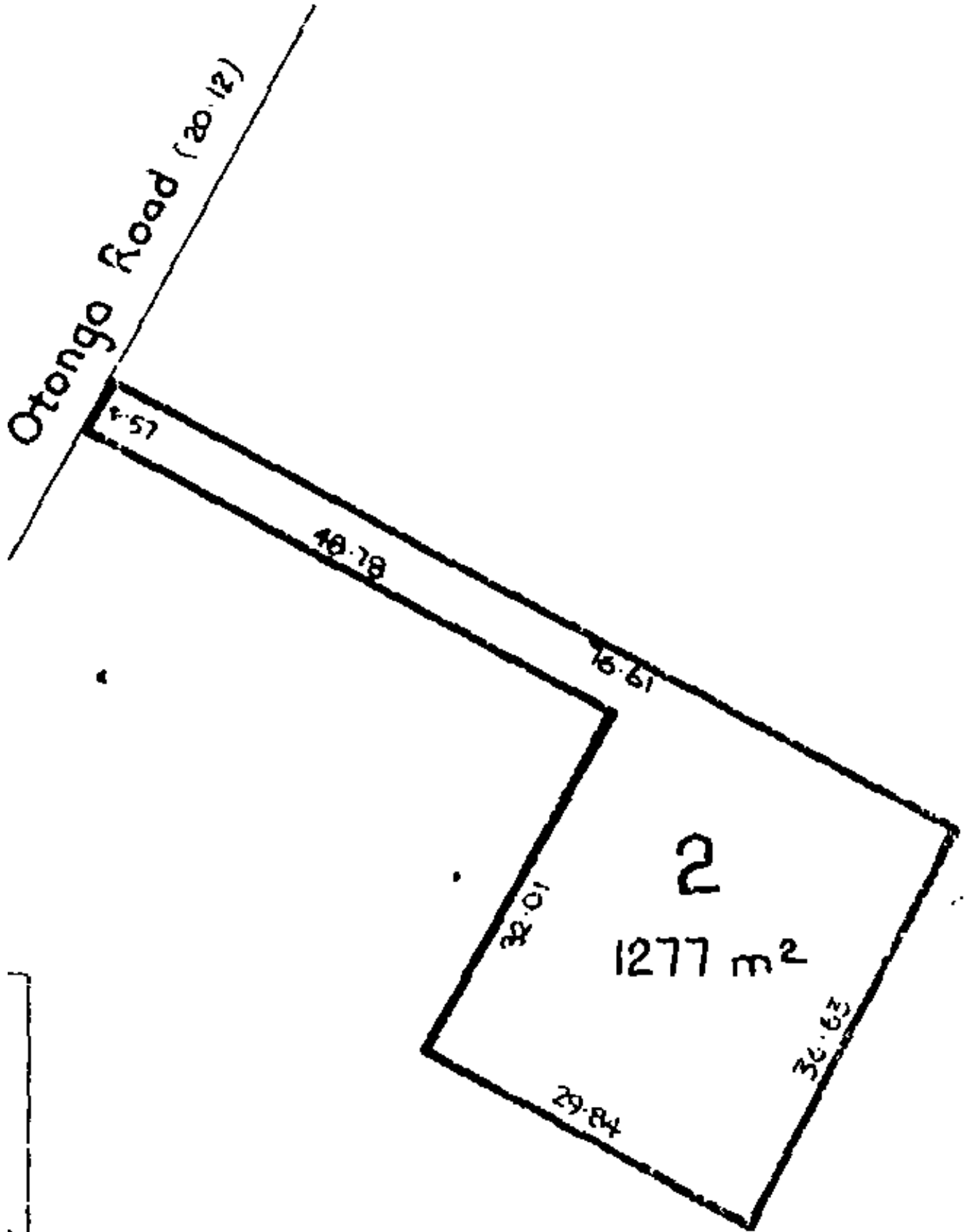
H851750 CERTIFICATE PURSUANT TO SECTION 643 (2) LOCAL GOVERNMENT ACT 1974 (AFFECTS CTSA 1112/283) - 10.2.1989 AT 9.12 AM

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

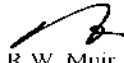
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **SA34D/457**
Land Registration District **South Auckland**
Date Issued 15 November 1985

Prior References
SA969/41

Estate Fee Simple
Area 4717 square metres more or less
Legal Description Lot 95 Deposited Plan 27272
Registered Owners
Cantabria Village Limited

Interests

Subject to Section 15 Rotorua Town Lands Act 1920

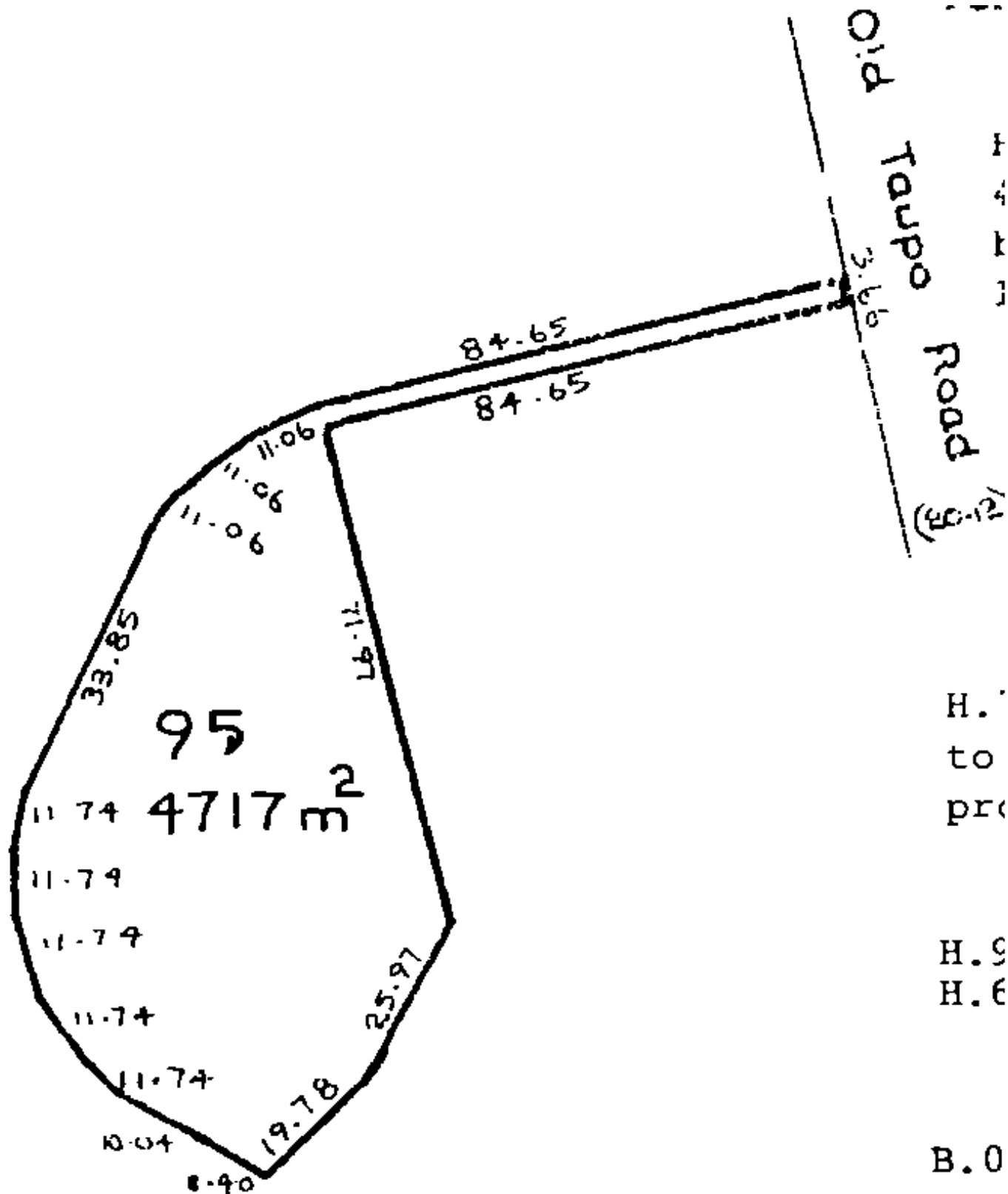
H492331 Subject to conditions pursuant to Section 461 Local Government Act 1974 by The Rotorua District Council - 18.10.1983 at 9:07 am

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm

10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm



H. 1
to
pro

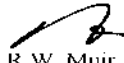
H. 9
H. 6

B. 0



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




R.W. Muir
Registrar-General
of Land

Identifier **SA712/261**
Land Registration District **South Auckland**
Date Issued 05 May 1939

Prior References
SA694/221

Estate Fee Simple
Area 2324 square metres more or less
Legal Description Lot 17 Deposited Plan 27272
Registered Owners
Cantabria Village Limited

Interests

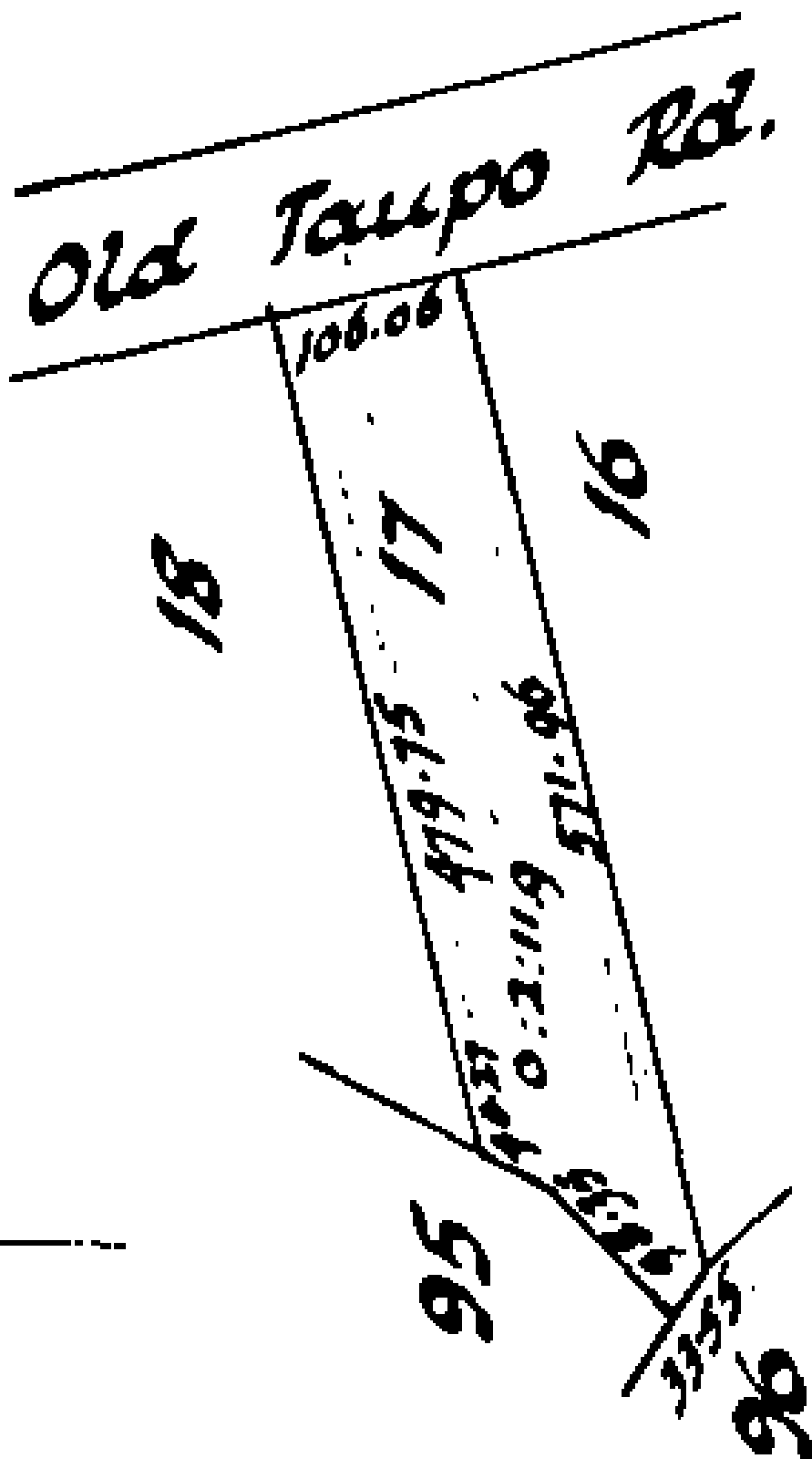
Subject to Section 15 Rotorua Town Lands Act 1920

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

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10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

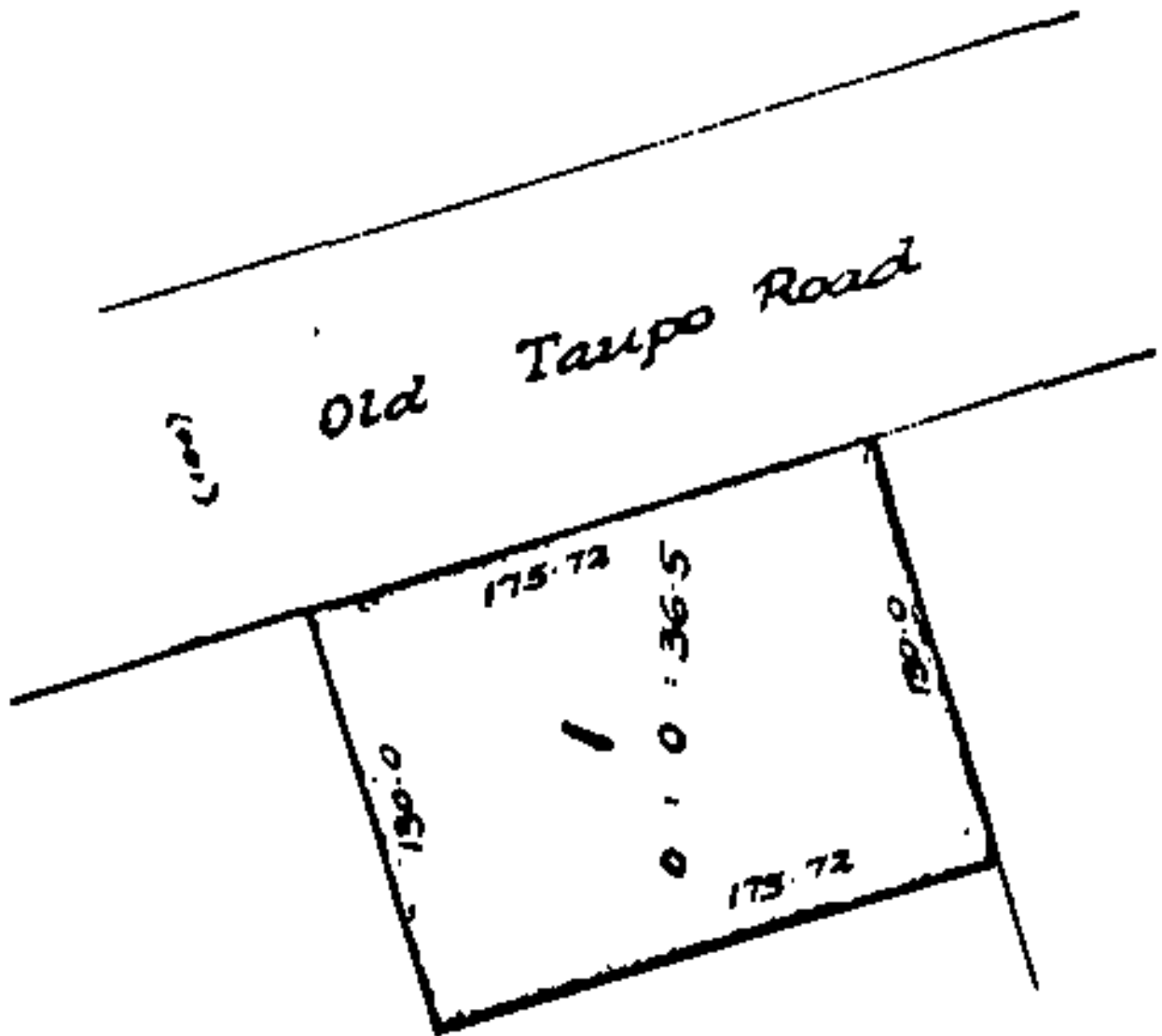
Identifier **SA1050/254**
Land Registration District **South Auckland**
Date Issued 14 November 1952

Prior References
SA805/238 SA805/240

Estate Fee Simple
Area 923 square metres more or less
Legal Description Lot 1 Deposited Plan South Auckland 1242
Registered Owners
Cantabria Village Limited

Interests

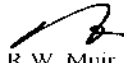
Subject to Section 15 Rotorua Town Lands Act 1920
H275654 Certificate of common private drain passing through or serving the within land - 29.2.1980 at 10:39 am
7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am
10992479.12 Encumbrance to Covenant Trustee Services Limited - 31.1.2018 at 5:45 pm
10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **SA1062/150**
Land Registration District **South Auckland**
Date Issued 27 January 1952

Prior References
SA805/238 SA805/240

Estate Fee Simple
Area 1452 square metres more or less
Legal Description Lot 3 Deposited Plan South Auckland 1242
Registered Owners
Cantabria Village Limited

Interests

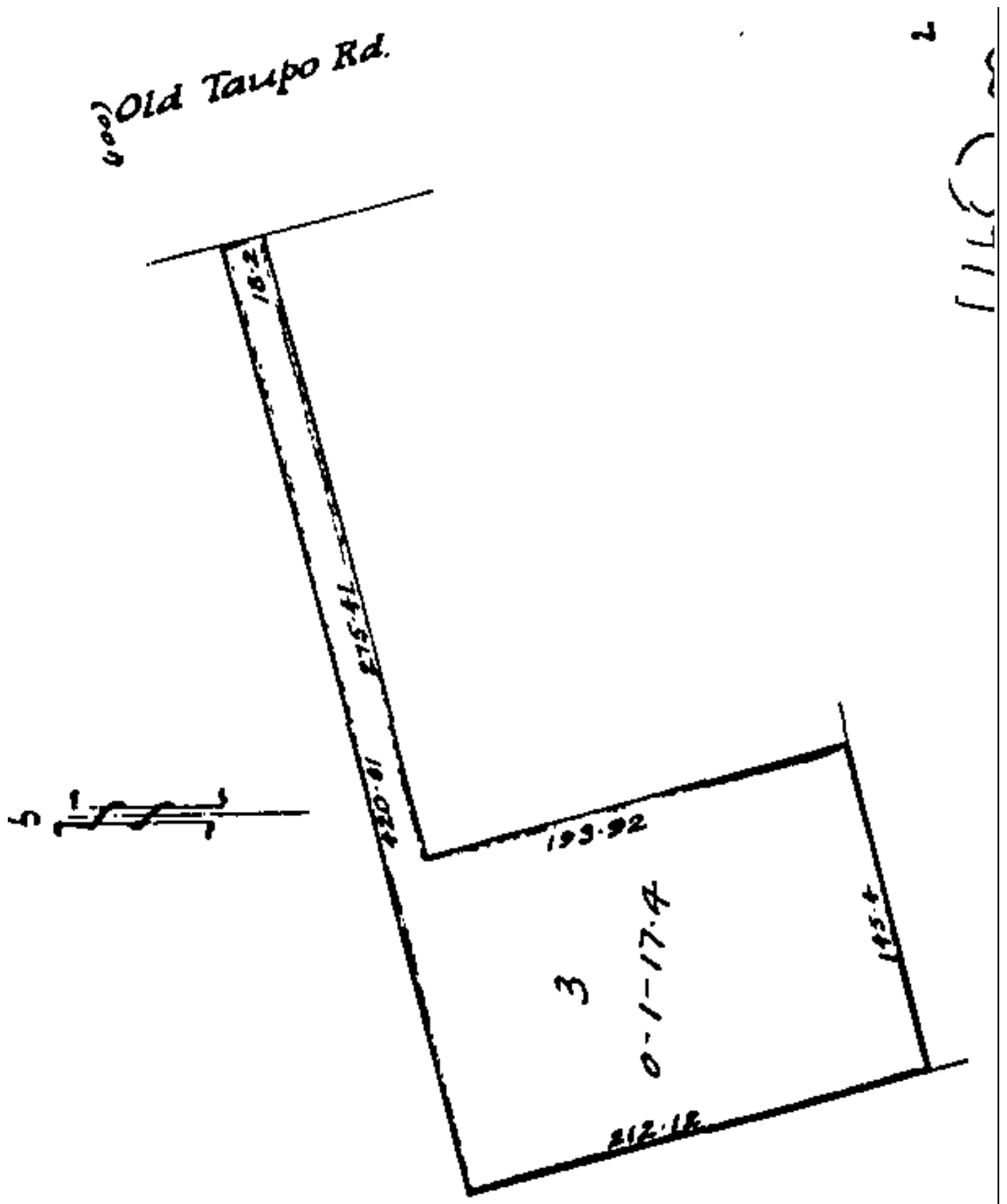
Subject to Section 15 of The Rotorua Town Lands Act 1920

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

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10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **SA1068/153**
Land Registration District **South Auckland**
Date Issued 01 April 1953

Prior References

SA805/238 SA805/240

Estate Fee Simple
Area 1237 square metres more or less
Legal Description Lot 2 Deposited Plan South Auckland 1242
Registered Owners
Cantabria Village Limited

Interests

Subject to Section 15 Rotorua Town Lands Act 1920

H275654 Certificate of Common private drain passing through or serving the within land - 29.2.1980 at 10:39 am

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

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10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

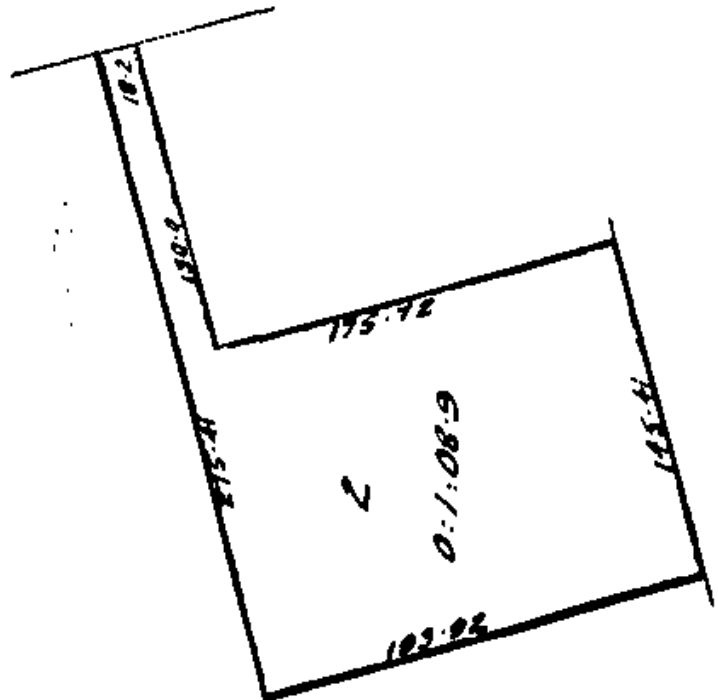
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm

NEW



Rotorua Borough

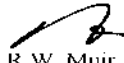
Old Taupo Rd





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




R.W. Muir
Registrar-General
of Land

Identifier **SA1112/283**
Land Registration District **South Auckland**
Date Issued 13 August 1954

Prior References

SA1088/28 SA826/246

Estate Fee Simple
Area 1561 square metres more or less
Legal Description Lot 1 Deposited Plan South Auckland 2501
Registered Owners
Cantabria Village Limited

Interests

Section 15 Rotorua Town Lands Act 1920

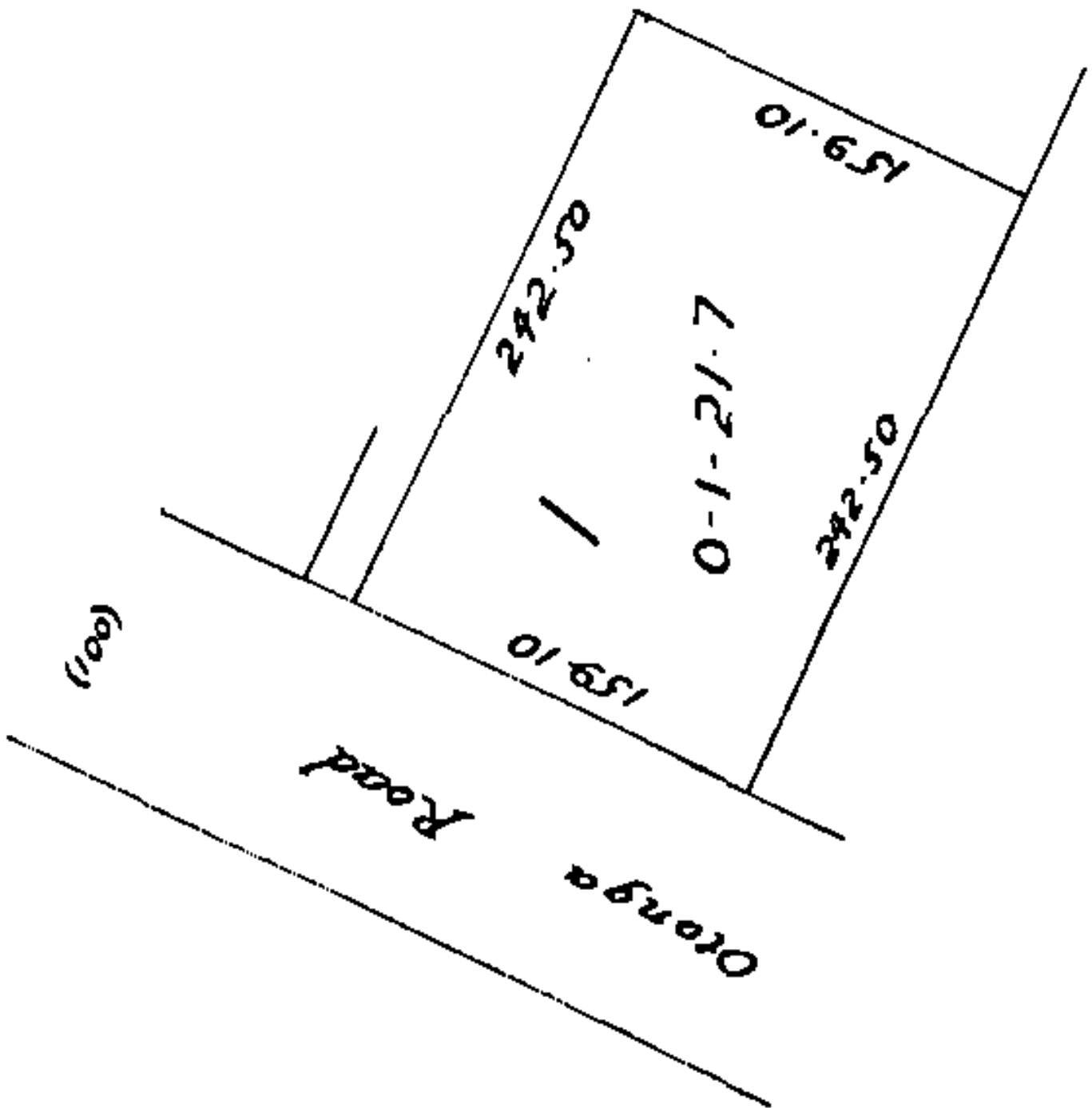
H851750 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 (AFFECTS CT SA34D/207) - 10.2.1989 AT 9:12 AM

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

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10992479.13 Mortgage to Bank of New Zealand - 31.1.2018 at 5:45 pm

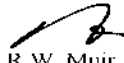
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





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




R.W. Muir
Registrar-General
of Land

Identifier SA1242/13
Land Registration District South Auckland
Date Issued 20 February 1956

Prior References
SA948/55

Estate Fee Simple
Area 278 square metres more or less
Legal Description Part Lot 16 Deposited Plan 27272
Registered Owners
Cantabria Village Limited

Interests

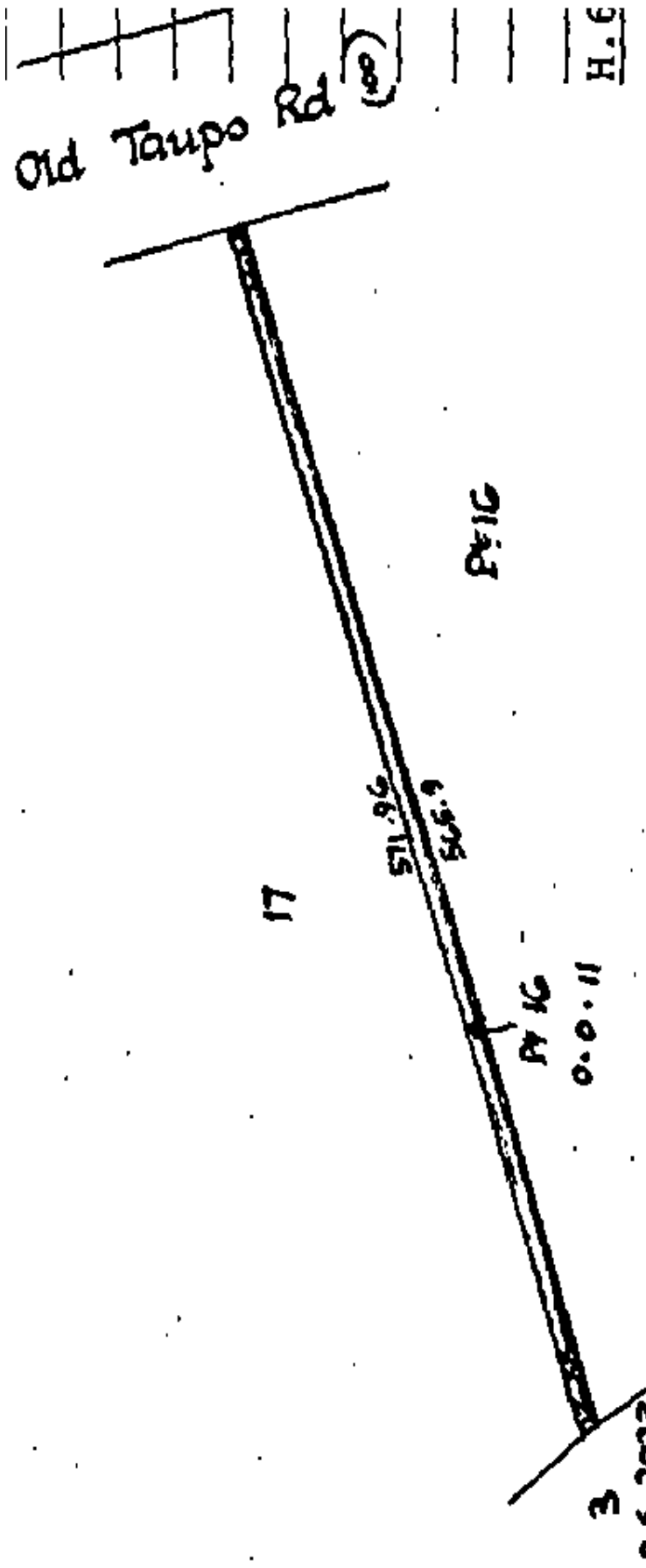
Subject to Section 15 of the Rotorua Town Lands Act 1920

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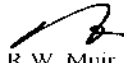
11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm





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




R.W. Muir
Registrar-General
of Land

Identifier SA1278/67
Land Registration District South Auckland
Date Issued 11 December 1956

Prior References
SA809/258

Estate Fee Simple
Area 822 square metres more or less
Legal Description Lot 1 Deposited Plan South Auckland 4059
Registered Owners
Cantabria Village Limited

Interests

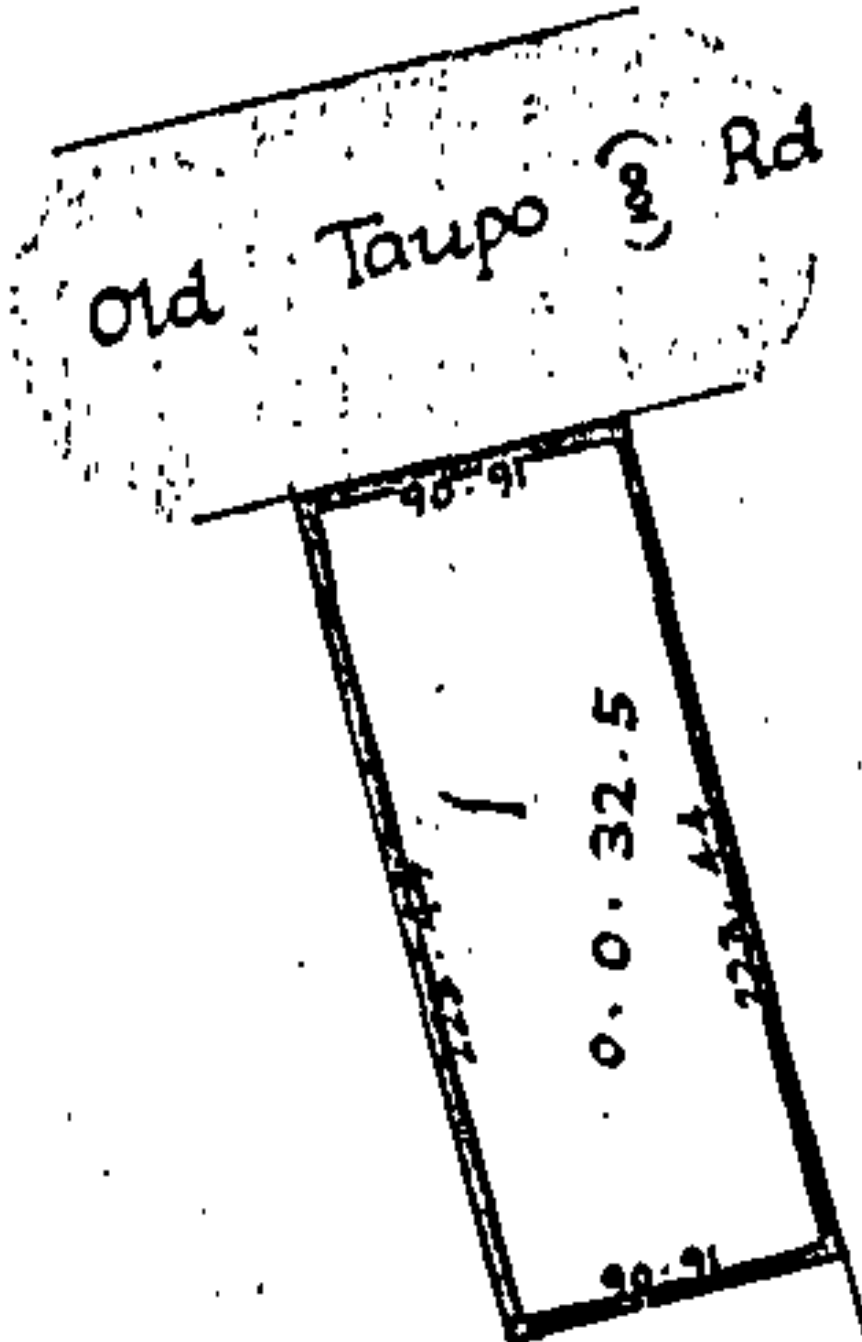
Subject to Section 15 of the Rotorua Town Lands Act 1920

7667335.1 Notice of the registration of Cantabria Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 20.12.2007 at 9:00 am

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11531630.1 Variation of Mortgage 10992479.13 - 26.8.2019 at 3:48 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

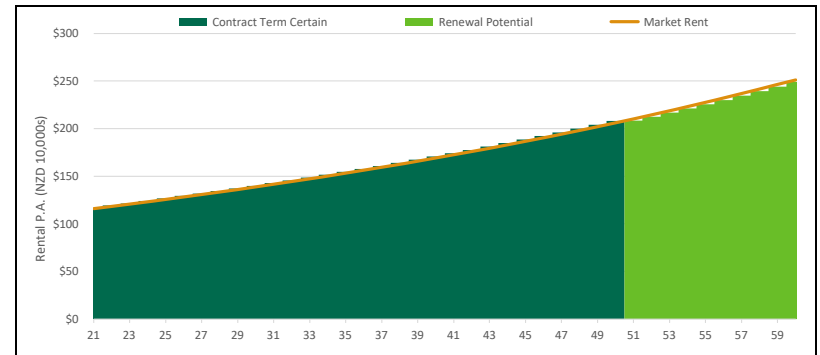
Discounted Cash Flow Summary

PV of Net Income	\$20,050,000
PV of Terminal Value	\$2,450,000
Total Net Present Value	\$22,500,000
PV of Disposal Costs	(\$50,000)
Adopted Value	\$22,450,000
Indicated IRR	7.34%
Initial Yield	5.18%
Yield on Market	5.12%
\$/Bed	\$128,286

Sensitivity Analysis

		Terminal Yield				
		5.75%	6.00%	6.25%	6.50%	6.75%
Discount Rate	6.50%	\$25,550,000	\$25,400,000	\$25,300,000	\$25,150,000	\$25,050,000
	6.75%	\$24,550,000	\$24,400,000	\$24,250,000	\$24,150,000	\$24,050,000
	7.00%	\$23,550,000	\$23,450,000	\$23,300,000	\$23,200,000	\$23,100,000
	7.25%	\$22,650,000	\$22,550,000	\$22,450,000	\$22,350,000	\$22,250,000
	7.50%	\$21,800,000	\$21,700,000	\$21,600,000	\$21,500,000	\$21,450,000
	7.75%	\$21,000,000	\$20,900,000	\$20,800,000	\$20,750,000	\$20,650,000
	8.00%	\$20,250,000	\$20,150,000	\$20,050,000	\$20,000,000	\$19,950,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	116	119	121	124	127	129	132	134	137	140	143	146	149	151	155	158	161	164	167	171	174	178	181	185	188	192	196	200	204	208	208	212	217	221	226	230	235	239	244	249	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	116	119	121	124	127	129	132	134	137	140	143	146	149	151	155	158	161	164	167	171	174	178	181	185	188	192	196	200	204	208	208	212	217	221	226	230	235	239	244	249	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																										4,060
Disposal Cost Allowance @ 2.0%																																										-81

NET CASHFLOW INCOME	116	119	121	124	127	129	132	134	137	140	143	146	149	151	155	158	161	164	167	171	174	178	181	185	188	192	196	200	204	208	208	212	217	221	226	230	235	239	244	249	3,979

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

3. TE WIREMU HOUSE LIFECARE

TE WIREMU HOUSE LIFECARE



Main Entrance



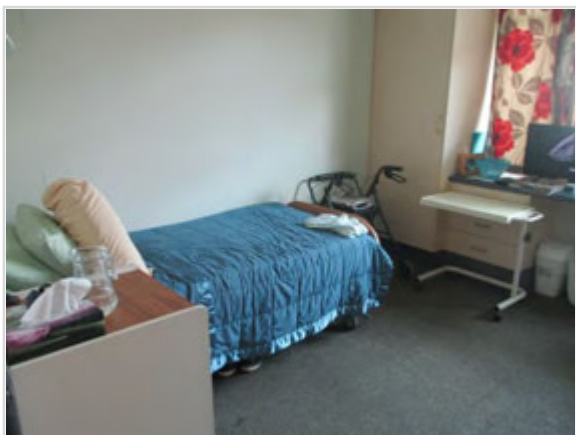
Care Facility Exterior



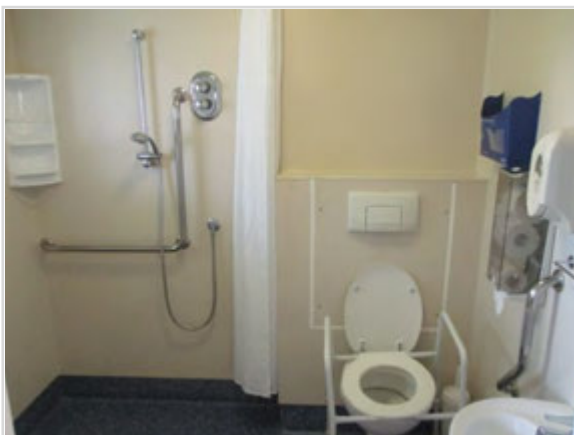
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$7,750,000

(Seven Million, Seven Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Te Wiremu House Lifecare comprises a large scale aged care facility co-located with a micro retirement village, located in the residential suburb of Te Hapara circa 2.5 kilometres to the north west of the Gisborne CBD. The care facility dates from circa 1959 with the 3 village units built in 2008. The complex currently includes: ■ 85 Bed Care Facility ■ 3 Independent Living Units (excluded from this valuation) ■ An estimated 1,450 sqm of development land		
Land Area:	1.3061 Hectares (subject to subdivision)		
Zoning:	The site is zoned 'General Residential ' under the Gisborne District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$406,908 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 4,090 sqm or 1:48.1 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 1 January 2020 for 48 months expiring 1 January 2022.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
	Development Land	Sales Comparison Subject to Deferment	
Date of Inspection:	10 March 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

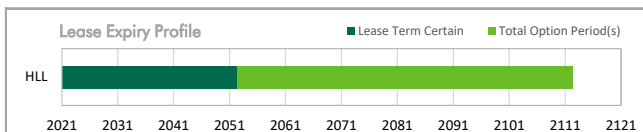
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$7,750,000
Initial Yield	5.25%
Yield on Market	7.23%
Indicated IRR	7.69%
Multiple on Contract Rental	19.0
Multiple on Market Rental	13.8
Average \$ Per Bed	\$86,111
\$/Sqm Floor Area	\$1,895
\$/Sqm Land Area	\$593

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$560,000
Capitalise In Perpetuity @	5.75%
Capitalised Value	\$9,739,130
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$2,128,934)
Market Value	\$7,600,000
Yield on Contract	5.35%
Yield on Market	7.37%
\$ Per Bed	\$89,412

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$406,908	\$560,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$92	\$127
Rent \$ Per Sqm Floor Area	\$99	\$137
Contract Variance to Market (Shortfall P.A.)		(\$153,092)
Contract Variance to Market		-27.34%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.75%
Terminal Yield	6.75%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$7,550,000
Yield on Contract	5.39%

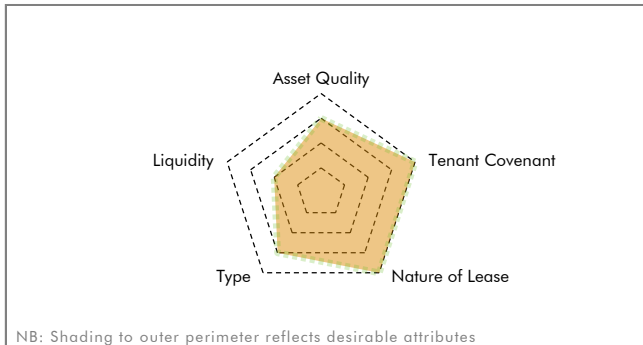
Care Facility Bed Summary

Total Beds	90
Bed Day Capacity	32,850
Ensuite to Room Ratio	14%
Ensuite to Bed Ratio	13%
Single Bed Ratio	89%
Double Bed Ratio	11%
Bed to Floor Area Ratio	1:45.4 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	36 @	\$75,000	\$2,700,000
Hospital	35 @	\$100,000	\$3,500,000
Dementia	14 @	\$85,000	\$1,190,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	85 @	\$87,059	\$7,400,000

Property Risk Profile



NB: Shading to outer perimeter reflects desirable attributes

NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- High proportion of single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- There exists a relatively intense level of aged care competition within the immediate catchment, including Ryman's Kiri Te Kanawa Retirement Village which includes a 117 bed care facility.
- Low ensuite-to-room ratio with only 14.1% of rooms having ensuite provision.
- The overall bed to floor area ratio of approximately 1:48.1 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

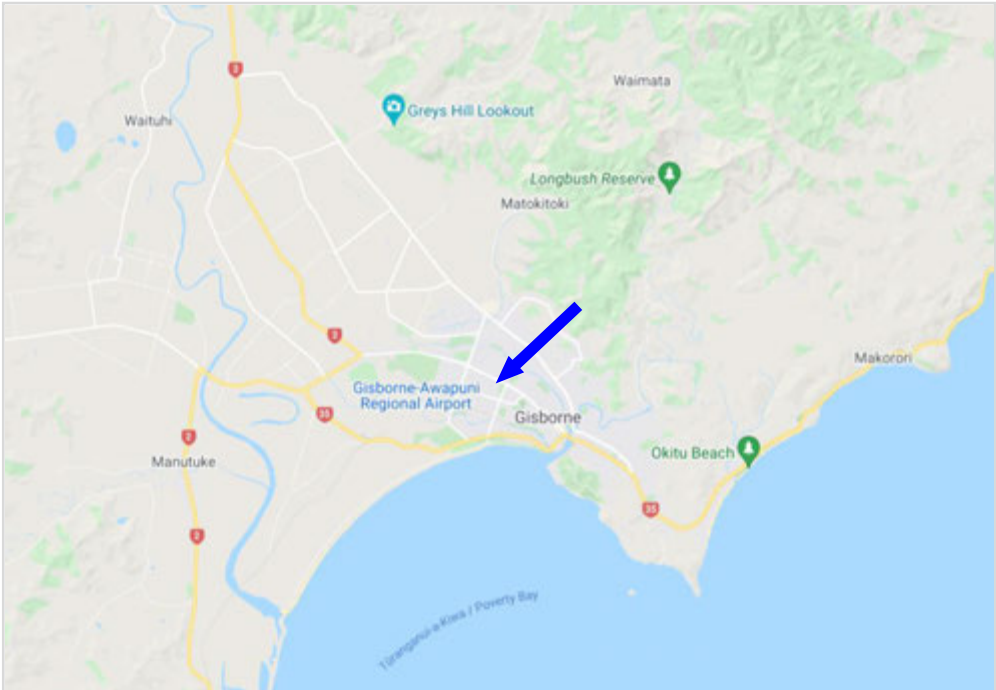
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

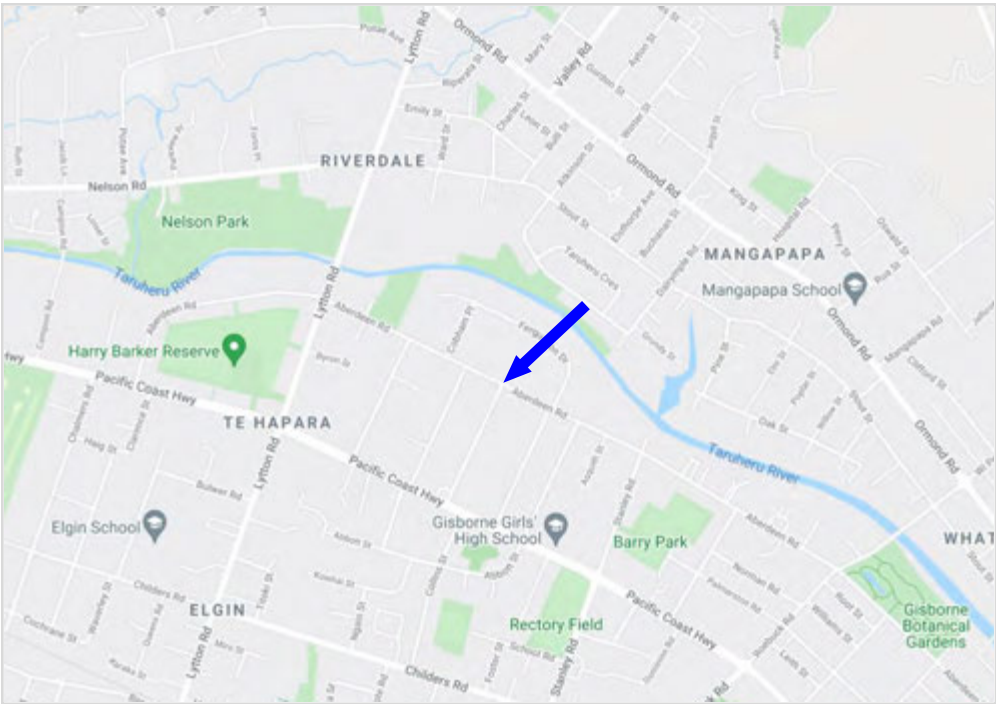
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation: Situated on the northern side of Aberdeen Road.

Location: The property is located to the north western fringe of Gisborne.

Population: According to the 2018 Census, Gisborne District has a usually resident population of approximately 47,520 people, showing an increase of 8.9% over the 2013 Census. Of the population, 6.3% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Proposed
Subdivision Plan:



Proposed Land Area: 13,061 sqm (subject to subdivision)

3 LEGAL DESCRIPTION

With subdivision pending and a new Identifier yet to be issued, we detail the parent Identifier prior to subdivision as follows:

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
GS2A/47	Lot 4	DP 3682	1,030	Heritage Lifecare Villages Limited	Freehold
GS108/143	Lot 3	DP 3682	1,012	Heritage Lifecare Villages Limited	Freehold
GS111/155	Lot 2	DP 4376	8,638	Heritage Lifecare Villages Limited	Freehold
	Lot 1 & 2	DP 3683			
GS133/77	Lot 1	DP 4982	678	Heritage Lifecare Villages Limited	Freehold
GS3A/97	Lot 6	DP 5391	850	Heritage Lifecare Villages Limited	Freehold
GS3A/96	Lot 5	DP 5391	845	Heritage Lifecare Villages Limited	Freehold
GS99/235	Lot 1	DP 3919	1,088	Heritage Lifecare Villages Limited	Freehold
Total			14,141		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 8279077.1 Notice of the registration Arohaina Village as a Retirement Village. Subject to Section 22 of the retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- 8311068.2 Encumbrance to Covenant Trustee Services Limited
- 10654098.1 Encumbrance to The Anglican Diocese of Waiapu

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 July 2021, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
617 Aberdeen Road	853003600	\$270,000	\$1,000	\$271,000
619 Aberdeen Road	853003601	\$270,000	\$0	\$270,000
621 Aberdeen Road	853003500	\$1,200,000	\$8,122,000	\$9,322,000
Total		\$1,740,000	\$8,123,000	\$9,863,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Te Wiremu House Lifecare comprises a large scale aged care facility co-located with a micro retirement village, located in the residential suburb of Te Hapara circa 2.5 kilometres to the north west of the Gisborne CBD. The care facility dates from circa 1959 with the 3 village units built in 2008. The complex currently includes:

- 85 Bed Care Facility
- 3 Independent Living Units (excluded from this valuation)
- An estimated 1,450 sqm of development land

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	1	-	-	31	11	43	11	43
Double Rooms	-	-	-	-	-	1	1	1	2
Dementia									
Single Rooms	-	14	-	-	4	-	18	-	18
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	1	-	-	12	-	13	-	13
Double Rooms	-	4	-	-	-	-	4	-	8
Specialised									
Single Rooms	-	6	-	-	-	-	6	-	6
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	26	-	-	47	12	85	12	90
Bed Day Capacity									32,850
Ensuite to Room Ratio									14%
Ensuite to Bed Ratio									13%
Single Bed Ratio									89%
Double Bed Ratio									11%
Bed to Floor Area Ratio									1:45.4

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

Development land comprises an estimated 1,450 sqm site located to the south west of the care facility with frontage to Aberdeen Road.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	RH	Care Beds H	D	Current O	Total	Future Supply	Forecast Total
Dunblane Lifestyle Care & Village	Kaiti	27	34	14		75		75
Leighton House	Kaiti	56				56		56
Beetham HealthCare	Lytton West	22	15	6		43	30	73
Kiri Te Kanawa Retirement Village	Lytton West	40	41	16	20	117		117
Te Wiremu House Lifecare	Te Hapara	36	35	14		85		85
Te Whare Hauora O Ngati Porou			11			11		11
Total Beds		181	136	50	20	387	30	417
Percentage		47%	35%	13%	5%	100%	8%	108%

7 RENTAL ASSESSMENT

Our adopted market rental at \$560,000 per annum plus GST and outgoings compares to the contract rental of \$406,908 per annum which indicates a difference of \$153,092 per annum, alternatively 37.62%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CARE FACILITY

8.1.1 Capitalisation Approach

All matters considered, we capitalise our assessed market rental at 5.75% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL	\$560,000

Capitalise In Perpetuity @	5.75%

CAPITALISED VALUE	\$9,739,130

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$560,000
Contract Rental	\$406,908
Rental Shortfall per Annum	(\$153,092)
Months to Next Review	360
Discounted at	6.25%
	0.51% monthly

PRESENT VALUE OF RENTAL SHORTFALL	(\$2,120,921)

\$7,618,209

Sensitivity Analysis		Adopt	\$7,600,000
4.75%	\$9,650,000	Initial Yield	5.35%
5.25%	\$8,550,000	Yield on Market	7.37%
5.75%	\$7,600,000	\$ Per Bed (Based on 85 Equivalent Beds)	\$89,412
6.25%	\$6,850,000	\$ Per Sqm Floor Area	\$1,858
6.75%	\$6,200,000	Multiple on Market	13.57

8.1.2 Direct Comparison Approach

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	36	@	\$75,000	\$2,700,000
Hospital	35	@	\$100,000	\$3,500,000
Dementia	14	@	\$85,000	\$1,190,000
Total Equivalent Beds	85	@	\$86,941	\$7,390,000

Sensitivity Analysis	Adopt	
\$81,941	\$6,965,000	Yield on Market 7.57%
\$86,941	\$7,400,000	Equivalent \$/Per Bed (Based on 85 Beds) \$87,059
\$91,941	\$7,815,000	Multiple on Market 13.21

8.1.3 Discounted Cash Flow Approach

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.75%
Terminal Yield (On Year 40 Income)	6.75%
Terminal Value as a Percentage of Total Value	12.00%

Sensitivity Analysis	Adopt	
-10%	\$6,800,000	Initial Yield 5.39%
-	\$7,550,000	Yield on Market 7.42%
10%	\$8,300,000	\$/Bed \$88,824

8.1.4 Valuation Reconciliation

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$7,600,000
Sales Comparison Approach:	Assessed Value:	\$7,400,000
Discounted Cash Flow Approach:	Assessed Value:	\$7,550,000
FREEHOLD LAND & BUILDINGS		\$7,600,000
Initial Yield		5.35%
Yield on Market		7.37%
\$ Per Bed (Based on 85 Physical Beds)		\$89,412
\$ Per Sqm Floor Area		\$1,858
\$ Per Sqm Land Area		\$582
Multiple on Contract		18.68
Multiple on Market		13.57

8.2 DEVELOPMENT LAND

We have considered the following comparable sales:

DEVELOPMENT LAND SALES EVIDENCE

Address	Location	Sale Date	Sale Price	Site Area (sqm)	Zoning	Rate Per sqm
29A Dalrymple Road	Mangapapa	Nov-21	\$260,000	511	General Residential	\$509
18 Diana Avenue	Mangapapa	Jul-21	\$385,000	851	General Residential	\$452
25 Lyndhurst Street	Awapuni	Dec-20	\$220,000	1,012	General Residential	\$217
429A Palmerston Road	Gisborne	Jun-21	\$285,000	475	General Residential	\$600
4 Heron Place	Te Hapara	Nov-21	\$360,000	877	General Residential	\$410
476 Gladstone Road	Te Hapara	Nov-21	\$340,000	1,012	General Residential	\$336
12 Fortis Place	Lytton	Nov-20	\$250,000	805	General Residential	\$311
190 Crawford Road	Kaiti	Jul-21	\$140,000	1,012	General Residential	\$138
55 Island Road	Kaiti	Sep-21	\$525,000	1,581	General Residential	\$332

On the basis the land forms part of the leased premises, we have assessed market value and then discounted the value to reflect the impediment of the lease covenant. The following refers:

DEVELOPMENT LAND

1) Freehold Land Value

Rate per Sqm

Notional Development Area	1,450 sqm	@	\$210 per sqm	\$304,500
Overall	1,450 sqm	@	\$210 per sqm	\$304,500

2) Deferment

Land Value Escalation	3.00% per annum	
Discount Rate	5.00% per annum	
Net Position Deferred	@ 1.94% GWDR	\$171,306

Sensitivity Analysis

-10%	\$155,000	Value Adopted	\$170,000
-	\$170,000	Discount From Unencumbered Freehold	44%
10%	\$185,000	Rate Per Square Metre	\$117

9 VALUATION SUMMARY

VALUATION SUMMARY

Operator's Interest	0.00%	\$0
Care Facility (Freehold Land and Buildings)	98.06%	\$7,600,000
Development Land	2.19%	\$170,000
	100.26%	\$7,770,000
Market Value		\$7,750,000

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

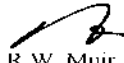
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **GS2A/47**
Land Registration District **Gisborne**
Date Issued 26 February 1968

Prior References
GS95/80

Estate Fee Simple
Area 1030 square metres more or less
Legal Description Lot 4 Deposited Plan 3682
Registered Owners
Heritage Lifecare Villages Limited

Interests
10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm
10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm
11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm

LAND TRANSFER ACT, 1915. Lands Form N:31

Land Transfer Office
 Received: 21st Aug. 1945
 Title Ref. 6-3-034
 Referred to Draughtsman 2-9-44

Approved as to Survey under Section 332 of the Land Transfer Act 1915, pursuant to a certificate of the Registrar, in the Borough of Gisborne on the day of June 1945.
 The Common Seal of the Mayor, Councillors and Burgesses of the Borough of Gisborne was hereto affixed in the presence of:-
H. M. T. T. T. T. Mayor.
W. J. T. T. T. Town Clerk.

Deposited this 30th day of August 1945
W. J. T. T. T. District Land Registrar.
For deposit & checking fee see form N:31

Approved as to Survey
W. J. T. T. T. Chief Surveyor.
 L.T. Draughtsman.
 Received: 21.9.1945
 Reference plans See Sht. A.B. 9.
2652, 2782.
 Field book 843 p. 2-3
 Traverse book 78 p. 11-12
 Examined by W. J. T. T. T.
 Recorded W. J. T. T. T.
 Correct L. T. Draughtsman

Approved,
W. J. T. T. T.
 Applicant (or Registered Owner)

Scale: 2 chs to an Inch Surveyed by Grant & Cooke Date: July 1945
I, Arthur Campbell Cooke of Gisborne Registered Surveyor and a holder of an annual practising certificate, do solemnly and sincerely declare that this plan has been made from surveys executed by me, that both plan and survey are correct, and have been made in accordance with the regulations under the Surveyors Act, 1938.
 And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Justices of the Peace Act, 1927.
 Declared at Gisborne this 24th day of August, 1945
W. J. T. T. T. Registered Surveyor
Stanley M. Matheson
 Justice of the Peace, for Gisborne or Notary Public

LOT 1-9
 SEC 106 & Pt 107 GISBORNE SUBURBAN
 Comprised in C.T.s. 3/193 & 234
 SURVEY DIST. 6 BLK.
 LAND DIST. GISBORNE LOCAL BODY BOROUGH OF GISBORNE
 Scale: 2 chs to an Inch Surveyed by Grant & Cooke Date: July 1945
I, Arthur Campbell Cooke of Gisborne Registered Surveyor and a holder of an annual practising certificate, do solemnly and sincerely declare that this plan has been made from surveys executed by me, that both plan and survey are correct, and have been made in accordance with the regulations under the Surveyors Act, 1938.
 And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Justices of the Peace Act, 1927.
 Declared at Gisborne this 24th day of August, 1945
W. J. T. T. T. Registered Surveyor
Stanley M. Matheson
 Justice of the Peace, for Gisborne or Notary Public

Total Area: 8-3-034

DP 3682



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **GS3A/96**

Land Registration District **Gisborne**

Date Issued 30 May 1969

Prior References

GS3A/3

Estate	Fee Simple
Area	845 square metres more or less
Legal Description	Lot 5 Deposited Plan 5391
Registered Owners	
Heritage Lifecare Villages Limited	

Interests

Appurtenant hereto is a right to drain water specified in Easement Certificate 83374

Appurtenant hereto is a right of way and rights to drain sewage and convey water specified in Easement Certificate 91909 - 30.5.1969 at 10.31 am

Subject to a right of way and to a right to drain sewage over part coloured yellow on DP 5391 specified in Easement Certificate 91909 - 30.5.1969 at 10.31 am

The easements specified in Easement Certificate 91909 are subject to Section 351E (1) (a) Municipal Corporations Act 1954

8279077.1 Notice of the registration of Arohaina Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 8.9.2009 at 9:00 am

8311068.2 Encumbrance to Covenant Trustee Services Limited - 6.5.2010 at 12:29 pm

10654098.1 Encumbrance to The Anglican Diocese of Waiapu - 7.7.2017 at 2:48 pm

10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm

10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm

11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm

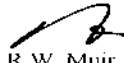
12206545.1 Notice changing the name of Arohaina Village in Notice 8279077.1 to Bruere Village - 3.8.2021 at 7:00 am

Search Copy Dated 30/11/21 3:01 pm, Page 2 of 2
Page 190 of 753 *Register Only*



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




R.W. Muir
Registrar-General
of Land

Identifier **GS3A/97**
Land Registration District **Gisborne**
Date Issued 30 May 1969

Prior References
GS3A/3

Estate Fee Simple
Area 850 square metres more or less
Legal Description Lot 6 Deposited Plan 5391
Registered Owners
Heritage Lifecare Villages Limited

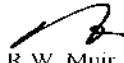
Interests

Appurtenant hereto are rights to drain water specified in Easement Certificate 83374
Appurtenant hereto is a right of way and a right to drain sewage specified in Easement Certificate 91909 - 30.5.1969 at 10.31 am
Subject to a right of way over part coloured yellow specified in Easement Certificate 91909 - 30.5.1969 at 10.31 am
The easements specified in Easement Certificate 91909 are subject to Section 351E (1) (a) Municipal Corporations Act 1954
8279077.1 Notice of the registration of Arohaina Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 8.9.2009 at 9:00 am
8311068.2 Encumbrance to Covenant Trustee Services Limited - 6.5.2010 at 12:29 pm
10654098.1 Encumbrance to The Anglican Diocese of Waiapu - 7.7.2017 at 2:48 pm
10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm
10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm
11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm
12206545.1 Notice changing the name of Arohaina Village in Notice 8279077.1 to Bruere Village - 3.8.2021 at 7:00 am



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **GS99/235**

Land Registration District **Gisborne**

Date Issued 10 June 1949

Prior References

GS95/263

Estate	Fee Simple
Area	1088 square metres more or less
Legal Description	Lot 1 Deposited Plan 3919
Registered Owners	
Heritage Lifecare Villages Limited	

Interests

Fencing Proviso in Transfer 43017

Fencing Proviso in Transfer 40484 - 10.6.1949

8279077.1 Notice of the registration of Arohaina Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 8.9.2009 at 9:00 am

8311068.2 Encumbrance to Covenant Trustee Services Limited - 6.5.2010 at 12:29 pm

10654098.1 Encumbrance to The Anglican Diocese of Waiapu - 7.7.2017 at 2:48 pm

10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm

10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm

11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm

12206545.1 Notice changing the name of Arohaina Village in Notice 8279077.1 to Bruere Village - 3.8.2021 at 7:00 am

LAND TRANSFER ACT, 1915.

Lands Form N.31

Land Transfer Office
Received: 1/11/49... (Grant & Cooke)
Title Ref. 95/263
Referred to Draughtsman: 11/11/49

Deposited this 12th day
of April 1949
District Land Registrar.

10/-
120

PT. 4
D.P. 2722
C.T. 95/263
D.P. 5391

DP 5390
PT. 3
D.P. 2722
C.T. 95/263
D.P. 5391

LOT I
0-1-03

GRAFTON RD

ABERDEEN

ROAD

DP 4962

TOTAL AREA 0-1-03

All hanging lines have been chained and observed twice
J. H. Francis Registered Surveyor

Approved as to Survey
Chief Surveyor.
11/11/49
L. T. Draughtsman.

Approved
James Blakely
Applicant (or Registered Owner)

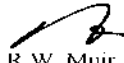
SURVEY DIST. 6 BLK.
LAND DIST. GISBORNE LOCAL BODY BOROUGH OF GISBORNE
Scale: 50 lks to an Inch
Surveyed by Grant & Cooke Date: March 1949
I, James Blakely, of Gisborne, Registered Surveyor and a holder of an annual practising certificate, do solemnly and sincerely declare that this plan has been made from surveys executed by me, that both plan and survey are correct, and have been made in accordance with the regulations under the Surveyors Act, 1938.
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Justices of the Peace Act, 1927.
Declared at Gisborne this 1st day of April, 1949.
Justice of the Peace, Mr. J. H. Francis, Registrar of the Court of the Peace for the Gisborne District.

DP 3919



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **GS108/143**
Land Registration District **Gisborne**
Date Issued 04 September 1953

Prior References
GS100/27

Estate Fee Simple
Area 1012 square metres more or less
Legal Description Lot 3 Deposited Plan 3682
Registered Owners
Heritage Lifecare Villages Limited

Interests
10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm
10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm
11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm

LAND TRANSFER ACT, 1915. Lands Form N:31

Land Transfer Office
 Received: 21st Aug. 1945
 Title Ref. 6-3-034
 Referred to Draughtsman 2-9-44

Approved as to Survey under Section 332 of the Land Transfer Act 1915, pursuant to a certificate of the Registrar, in the Borough of Gisborne, on the day of June, 1945.
 The Common Seal of the Mayor, Councillors and Burgesses of the Borough of Gisborne was hereto affixed in the presence of:-
H. H. H. H. H. H. Mayor.
W. H. H. H. H. H. Town Clerk.

Deposited this 30th day of August, 1945.
H. H. H. H. H. H. District Land Registrar.
For deposit & checking fee see form for 3682

All hanging lines have been chained and observed twice.
R. H. Cooke Registered Surveyor.

Total Area 8-3-034

LOTS 1-9
 SEC 106 & Pt 107 GISBORNE SUBURBAN
 Comprised in C.T.s. 3/193 & 234

Approved as to Survey
R. H. Cooke Chief Surveyor.
 L.T. Draughtsman.
 Received: 21.9.1945
 Reference plans See Sht. A.B. 9.
 Field book 843 p. 2-3
 Traverse book 78 p. 11-12
 Examined by H. H. H. H. H. H.
 Recorded W. H. H. H. H. H.
 Correct L. T. Draughtsman

SURVEY DIST. 6 BLK.
 LAND DIST. GISBORNE LOCAL BODY BOROUGH OF GISBORNE
 Scale: 2 chs to an Inch Surveyed by Grant & Cooke Date: July 1945
I, Arthur Campbell Cooke of Gisborne Registered Surveyor and a holder of an annual practising certificate, do solemnly and sincerely declare that this plan has been made from surveys executed by me, that both plan and survey are correct, and have been made in accordance with the regulations under the Surveyors Act, 1938.
 And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Justices of the Peace Act, 1927.
 Declared at Gisborne this 24th day of August, 1945
Stanley H. Matheson Justice of the Peace, for Gisborne or Notary Public
R. H. Cooke Registered Surveyor

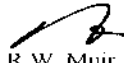
Approved,
W. H. H. H. H. H. Applicant (or Registered Owner)

DP 3682



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




R.W. Muir
Registrar-General
of Land

Identifier **GS111/155**
Land Registration District **Gisborne**
Date Issued 22 February 1955

Prior References
GS108/231

Estate Fee Simple
Area 8638 square metres more or less
Legal Description Lot 1-2 Deposited Plan 3682 and Lot 2
Deposited Plan 4376

Registered Owners
Heritage Lifecare Villages Limited

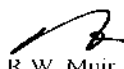
Interests
10654098.1 Encumbrance to The Anglican Diocese of Waiapu - 7.7.2017 at 2:48 pm
10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm
10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm
11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm

Search Copy Dated 30/11/21 3:01 pm, Page 3 of 3
Page 199 of 753 Register Only



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




R.W. Muir
Registrar-General
of Land

Identifier **GS133/77**
Land Registration District **Gisborne**
Date Issued 07 November 1963

Prior References

GS116/112

Estate Fee Simple
Area 678 square metres more or less
Legal Description Lot 1 Deposited Plan 4982
Registered Owners
Heritage Lifecare Villages Limited

Interests

8279077.1 Notice of the registration of Arohaina Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 8.9.2009 at 9:00 am
8311068.2 Encumbrance to Covenant Trustee Services Limited - 6.5.2010 at 12:29 pm
10654098.1 Encumbrance to The Anglican Diocese of Waiapu - 7.7.2017 at 2:48 pm
10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm
10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm
11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm
12206545.1 Notice changing the name of Arohaina Village in Notice 8279077.1 to Bruere Village - 3.8.2021 at 7:00 am

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

CBRE

Cash Flow Forecast

Year	Contract Term Certain (NZD 10,000s)	Renewal Potential (NZD 10,000s)	Market Rent (NZD 10,000s)
21	40		58
23	42		60
25	44		62
27	46		64
29	48		66
31	50		68
33	52		70
35	54		72
37	56		74
39	58		76
41	60		78
43	62		80
45	64		82
47	66		84
49	68		86
51		80	88
53		82	90
55		84	92
57		86	94
59		88	96

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

4. GLENGARRY LIFECARE

GLENGARRY LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$4,300,000

(Four Million, Three Hundred Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Glengarry Lifecare is situated within the former Telecom depot, converted in 1995, now forming a medium scale aged care facility. The property is situated within Wairoa's northern suburb of North Clyde, being on the northern side of the Wairoa River. The facility was subject to an extension in circa 2012 which added seven beds and a lounge. Accommodation provided is considered functional for its use, conversely, is below modern contemporary standards in terms of ensuite provision. The care provided on site is multi-faceted and includes rest home, dementia and hospital level care. The complex currently includes: ■ 41 Bed Care Facility		
Land Area:	5,636 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential' under the Wairoa District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$285,400 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,098 sqm or 1:26.8 sqm per bed		
Certification:	We confirm Heritage Lifecare (BPA) Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 3 April 2019 for 3 years expiring 3 April 2022.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	10 March 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

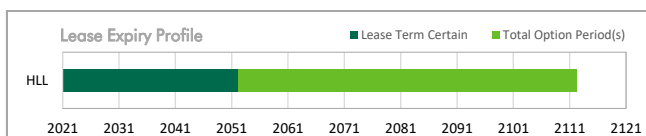
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$4,300,000
Initial Yield	6.64%
Yield on Market	5.00%
Indicated IRR	8.91%
Multiple on Contract Rental	15.1
Multiple on Market Rental	20.0
Average \$ Per Bed	\$104,878
\$/Sqm Floor Area	\$3,916
\$/Sqm Land Area	\$763

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$215,000
Capitalise In Perpetuity @	6.50%
Capitalised Value	\$3,307,692
Present Value Rental Premium to Expiry of Lease Term Certain	\$909,359
Market Value	\$4,200,000
Yield on Contract	6.80%
Yield on Market	5.12%
\$ Per Bed	\$102,439

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$285,400	\$215,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$134	\$101
Rent \$ Per Sqm Floor Area	\$260	\$196
Contract Variance to Market (Premium P.A.)		\$70,400
Contract Variance to Market		32.74%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.50%
Terminal Yield	7.50%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$4,400,000
Yield on Contract	6.49%

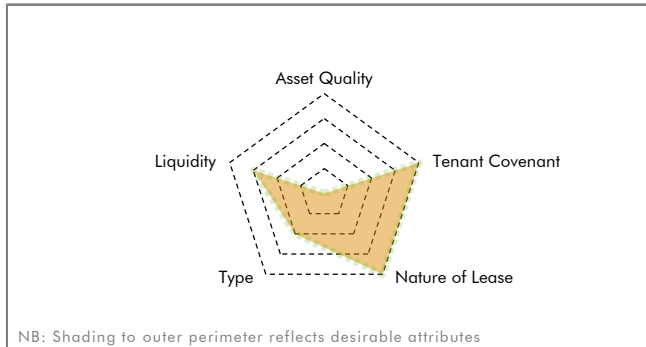
Care Facility Bed Summary

Total Beds	41
Bed Day Capacity	14,965
Ensuite to Room Ratio	2%
Ensuite to Bed Ratio	2%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:26.8 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	9 @	\$80,000	\$720,000
Dementia	9 @	\$95,000	\$855,000
Hospital	23 @	\$105,000	\$2,415,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	41 @	\$97,561	\$4,000,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.
- Glengarry Lifecare is the only aged care facility within Wairoa with no other competing facilities at present.
- The cost barrier to entry together with the hurdle of securing new funding agreements with the local DHB make it highly improbable for new competition to enter the local market which helps to under pin value.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- The overall bed to floor area ratio of approximately 1:26.8 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.
- Lack of ensuite provision with only one room having an ensuite.
- The facility kitchen is compact.

Opportunities

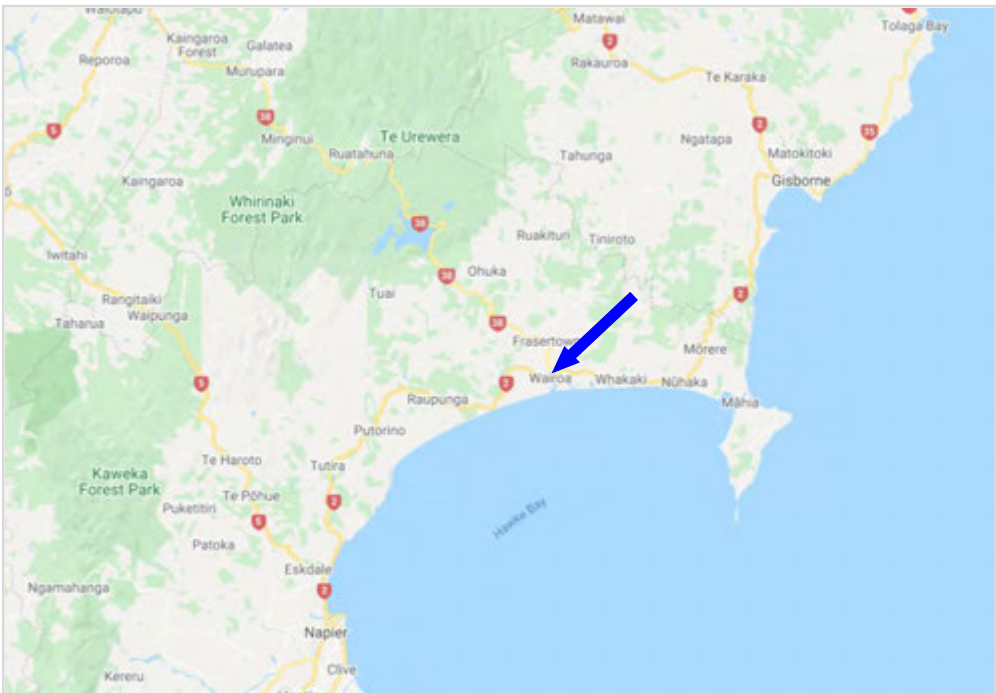
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

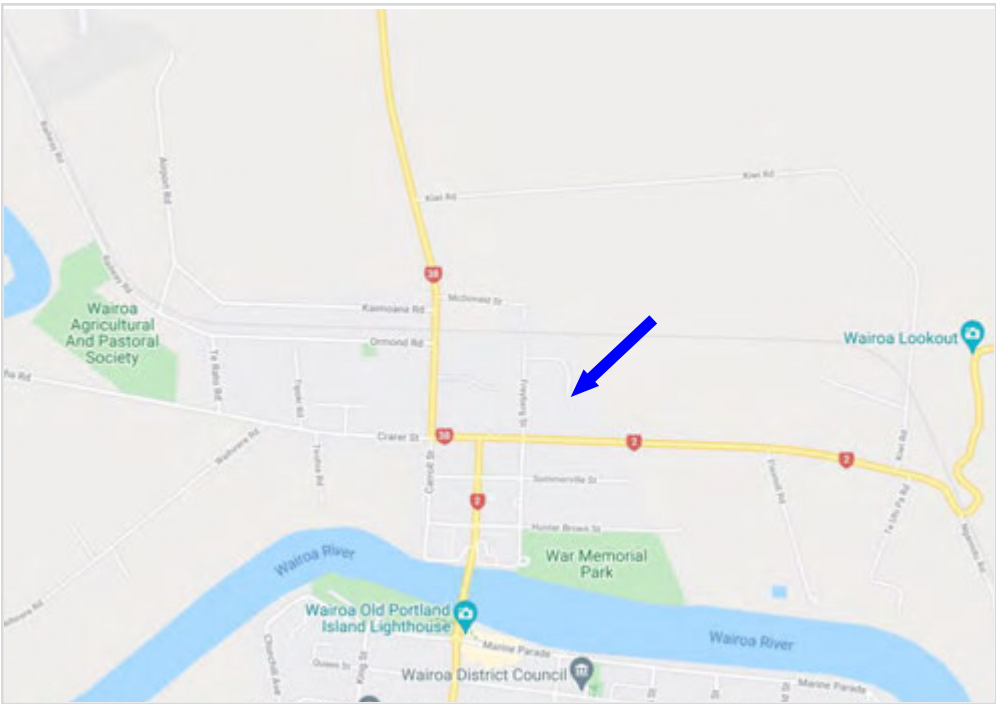
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation: Situated towards the end of Glengarry Place, a small cul-de-sac in Wairoa’s northern suburb of North Clyde.

Location: The property is located in Wairoa which is the northern most town within the Hawke’s Bay Region. Wairoa is situated on the northern shore of the Hawkes Bay at the mouth of the Wairoa River and to the west of Mahia Peninsula.

Population: According to the 2018 Census, Wairoa District has a usually resident population of approximately 8,370 people, showing an increase of 6.0% over the 2013 Census. Of the population, 6.2% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
HBM4/1074	Lot 13	DP 15303	5,636	Heritage Lifecare (BPA) Limited	Freehold
Total			5,636		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- Subject to Section 27B State-Owned Enterprises Act 1986 (which provides for the resumption of the land on the recommendation of the Waitangi Tribunal and which does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation)

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 August 2018, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
21 Glengarry Place	885009600	\$51,000	\$1,969,000	\$2,020,000
Total		\$51,000	\$1,969,000	\$2,020,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Glengarry Lifecare is situated within the former Telecom depot, converted in 1995, now forming a medium scale aged care facility. The property is situated within Wairoa's northern suburb of North Clyde, being on the northern side of the Wairoa River. The facility was subject to an extension in circa 2012 which added seven beds and a lounge. Accommodation provided is considered functional for its use, conversely, is below modern contemporary standards in terms of ensuite provision. The care provided on site is multi-faceted and includes rest home, dementia and hospital level care. The complex currently includes:

■ 41 Bed Care Facility

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	9	-	-	-	-	9	-	9
Double Rooms	-	-	-	-	-	-	-	-	-
Dementia									
Single Rooms	-	9	-	-	-	-	9	-	9
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	22	-	-	-	1	23	1	23
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	40	-	-	-	1	41	1	41
Bed Day Capacity									14,965
Ensuite to Room Ratio									2%
Ensuite to Bed Ratio									2%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:26.8

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Town	Care Beds				Current Total	Future Supply	Forecast Total
		RH	H	D	O			
Glengarry Lifecare	Wairoa	9	23	9		41		41
Total Beds		9	23	9	0	41	0	41
Percentage		22%	56%	22%	0%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$215,000 per annum plus GST and outgoings compares to the contract rental of \$285,400 per annum which indicates a difference of -\$70,400 per annum, alternatively -24.67%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.50% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$215,000

Capitalise In Perpetuity @ 6.50%

CAPITALISED VALUE \$3,307,692

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$215,000
Contract Rental	\$285,400
Rental Premium per Annum	\$70,400
Months to Lease Expiry	360
Discounted at	7.00%
	0.57% monthly

PRESENT VALUE OF RENTAL PREMIUM \$906,378

\$4,214,070

Sensitivity Analysis	Adopt	\$4,200,000
5.50% \$4,800,000	Initial Yield	6.80%
6.00% \$4,500,000	Yield on Market	5.12%
6.50% \$4,200,000	\$ Per Bed (Based on 41 Equivalent Beds)	\$102,439
7.00% \$4,000,000	\$ Per Sqm Floor Area	\$3,825
7.50% \$3,750,000	Multiple on Market	19.53

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	9	@	\$80,000	\$720,000
Dementia	9	@	\$95,000	\$855,000
Hospital	23	@	\$105,000	\$2,415,000

Total Equivalent Beds 41 @ \$97,317 \$3,990,000

Sensitivity Analysis	Adopt	\$4,000,000
\$92,317 \$3,785,000	Yield on Market	5.38%
\$97,317 \$4,000,000	Equivalent \$/Per Bed (Based on 41 Beds)	\$97,561
\$102,317 \$4,195,000	Multiple on Market	18.60

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.50%
Terminal Yield (On Year 40 Income)	7.50%
Terminal Value as a Percentage of Total Value	5.37%

Sensitivity Analysis	Adopt	
-10%	\$3,950,000	Yield on Contract 6.49%
-	\$4,400,000	Yield on Market 4.89%
10%	\$4,850,000	\$/Bed \$107,317

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$4,200,000
Sales Comparison Approach:	Assessed Value:	\$4,000,000
Discounted Cash Flow Approach:	Assessed Value:	\$4,400,000

FREEHOLD LAND & BUILDINGS	\$4,300,000
Initial Yield	6.64%
Yield on Market	5.00%
\$ Per Bed (Based on 41 Physical Beds)	\$104,878
\$ Per Sqm Floor Area	\$3,916
\$ Per Sqm Land Area	\$763
Multiple on Contract	15.07
Multiple on Market	20.00

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

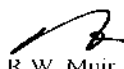
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **HBM4/1074**
Land Registration District **Hawkes Bay**
Date Issued 07 June 1990

Prior References
GN 350301.1

Estate Fee Simple
Area 5636 square metres more or less
Legal Description Lot 13 Deposited Plan 15303
Registered Owners
Heritage Lifecare (BPA) Limited

Interests

Subject to Section 27B State-Owned Enterprises Act 1986 (which provides for the resumption of land on the recommendation of the Waitangi Tribunal and which does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation)

Subject to Section 3 Petroleum Act 1937

Subject to Section 8 Atomic Energy Act 1945

Subject to Section 3 Geothermal Energy Act 1953

Subject to Sections 6 and 8 Mining Act 1971

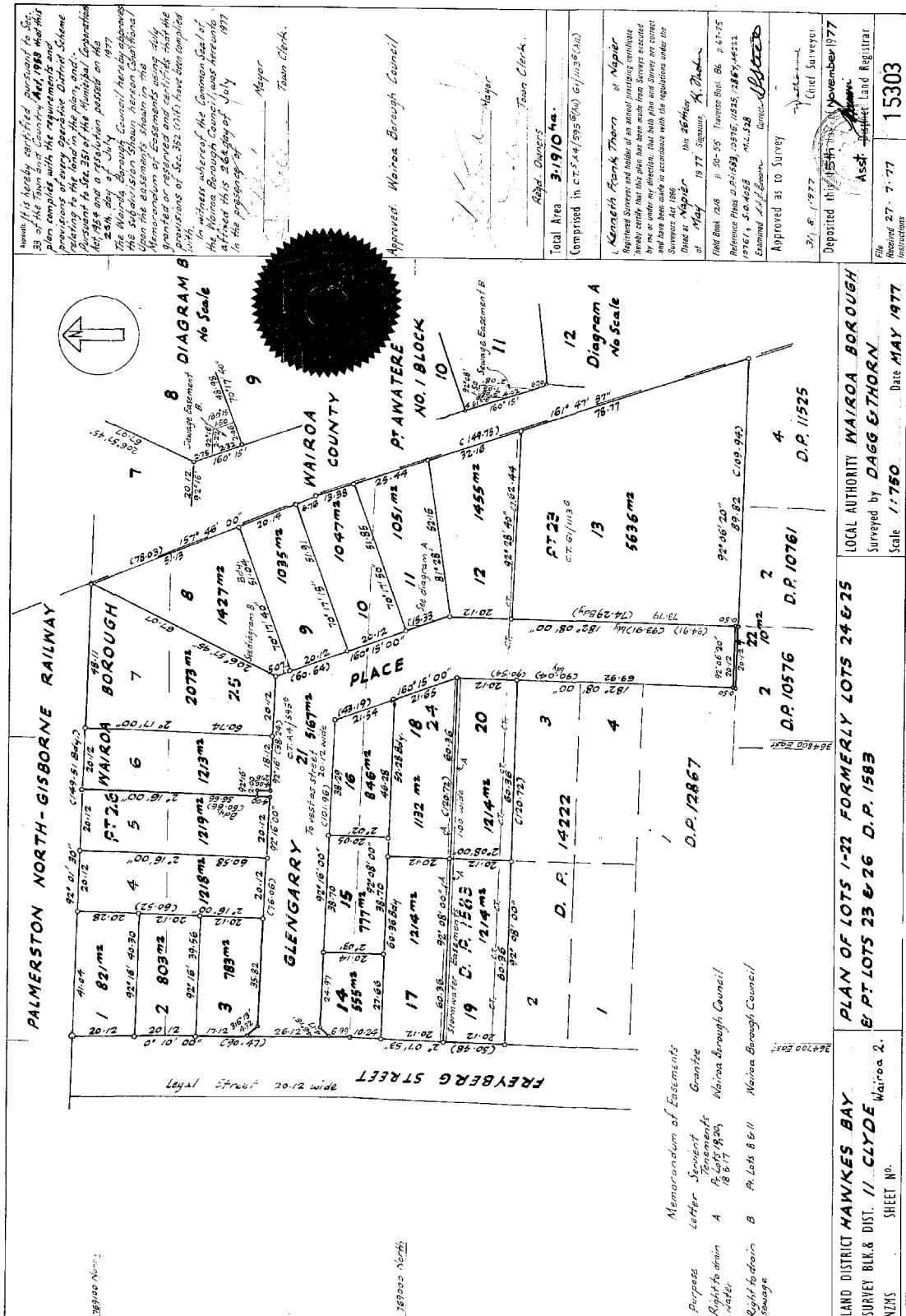
Subject to Section 5 Coal Mines Act 1979

Subject to Section 261 Coal Mines Act 1979

Subject to Part IV A Conservation Act 1987

11048561.9 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531632.1 Variation of Mortgage 11048561.9 - 26.8.2019 at 3:34 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

GLENGARRY LIFECARE, 21 GLENGARRY PLACE, WAIROA, HAWKE'S BAY REGION

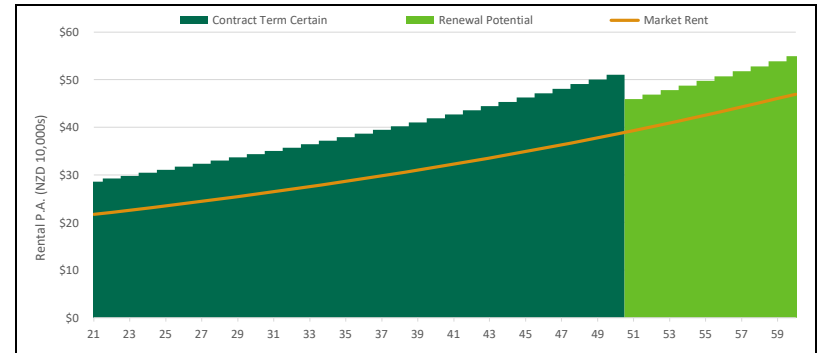
Discounted Cash Flow Summary

PV of Net Income	\$4,155,000
PV of Terminal Value	\$250,000
Total Net Present Value	\$4,405,000
PV of Disposal Costs	(\$5,000)
Adopted Value	\$4,400,000
Indicated IRR	8.91%
Initial Yield	6.49%
Yield on Market	4.89%
\$/Bed	\$107,317

Sensitivity Analysis

		Terminal Yield				
		7.00%	7.25%	7.50%	7.75%	8.00%
Discount Rate	7.75%	\$4,900,000	\$4,900,000	\$4,900,000	\$4,850,000	\$4,850,000
	8.00%	\$4,750,000	\$4,750,000	\$4,700,000	\$4,700,000	\$4,700,000
	8.25%	\$4,600,000	\$4,600,000	\$4,550,000	\$4,550,000	\$4,550,000
	8.50%	\$4,450,000	\$4,450,000	\$4,400,000	\$4,400,000	\$4,400,000
	8.75%	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,250,000
	9.00%	\$4,150,000	\$4,150,000	\$4,150,000	\$4,150,000	\$4,150,000
	9.25%	\$4,050,000	\$4,050,000	\$4,050,000	\$4,050,000	\$4,000,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																									
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Growth Forecasts																																																																																																																																																																																																																																																			
CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-																																																																																																																																																																																																								
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-																																																																																																																																																																																																							
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NET INCOME	29	29	30	30	31	32	32	33	34	34	35	36	36	37	38	39	39	40	41	42	43	44	44	45	46	47	48	49	50	51	46	47	48	49	50	51	52	53	54	55	-																																																																																																																																																																																																										
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

5. TELFORD LIFECARE

TELFORD REST HOME & HOSPITAL



Main Entrance



Care Facility Exterior



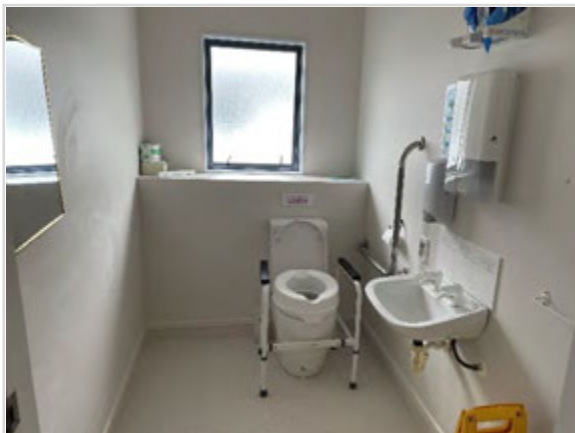
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$6,050,000
(Six Million, Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Telford Lifecare comprises a medium scale aged care operation providing rest home and hospital level care, co-located with a small scale resident funded retirement village located in the residential suburb of Merrilands, approximately 2 kilometres south east of the New Plymouth CBD. The original care facility was constructed in circa 1992 with major extensions completed in circa 1997 and 2001. The village was first occupied in circa 2006, however has been excluded from our valuation. The complex currently includes: ■ 53 Bed Care Facility ■ 16 Independent Living Units (excluded from this valuation)		
Land Area:	1.6201 Hectares (more or less)		
Zoning:	The site is zoned 'Residential A' under the New Plymouth District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$336,200 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,603 sqm or 1:30.2 sqm per bed		
Certification:	We confirm Heritage Lifecare (BPA) Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 3 April 2019 for 4 years expiring 3 April 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	15 December 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Victoria Hird, B.Prop, B.Com, MRICS
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

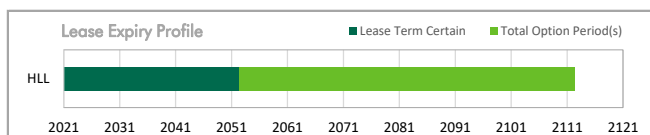
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$6,050,000
Initial Yield	5.56%
Yield on Market	4.88%
Indicated IRR	7.66%
Multiple on Contract Rental	18.0
Multiple on Market Rental	20.5
Average \$ Per Bed	\$114,151
\$/Sqm Floor Area	\$3,774
\$/Sqm Land Area	\$373

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$295,000
Capitalise In Perpetuity @	5.50%
Capitalised Value	\$5,363,636
Present Value Rental Premium to Expiry of Lease Term Certain	\$587,693
Market Value	\$5,950,000
Yield on Contract	5.65%
Yield on Market	4.96%
\$ Per Bed	\$112,264

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$336,200	\$295,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$122	\$107
Rent \$ Per Sqm Floor Area	\$210	\$184
Contract Variance to Market (Surplus P.A.)		\$41,200
Contract Variance to Market		13.97%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.50%
Terminal Yield	6.50%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$6,100,000
Yield on Contract	5.51%

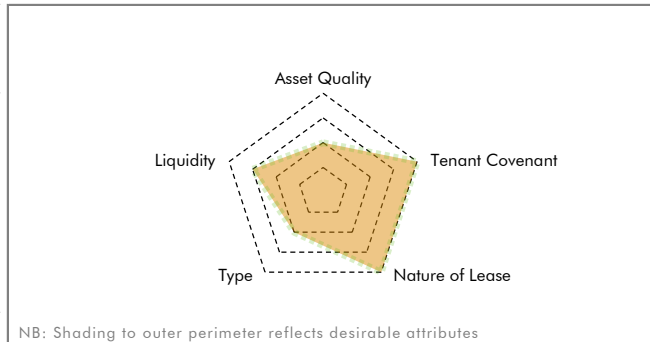
Care Facility Bed Summary

Total Beds	53
Bed Day Capacity	19,345
Ensuite to Room Ratio	4%
Ensuite to Bed Ratio	4%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:30.2 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	20 @	\$100,000	\$2,000,000
Rest Home (Premium)	8 @	\$100,000	\$800,000
Hospital	25 @	\$120,000	\$3,000,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	53 @	\$109,434	\$5,800,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment, including Ryman's Jean Sandel Retirement Village which includes a 111 bed aged care facility.
- Low ensuite-to-room ratio with only two rooms having ensuite provision, alternatively 3.8% of rooms.
- The overall bed to floor area ratio of approximately 1:30.2 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

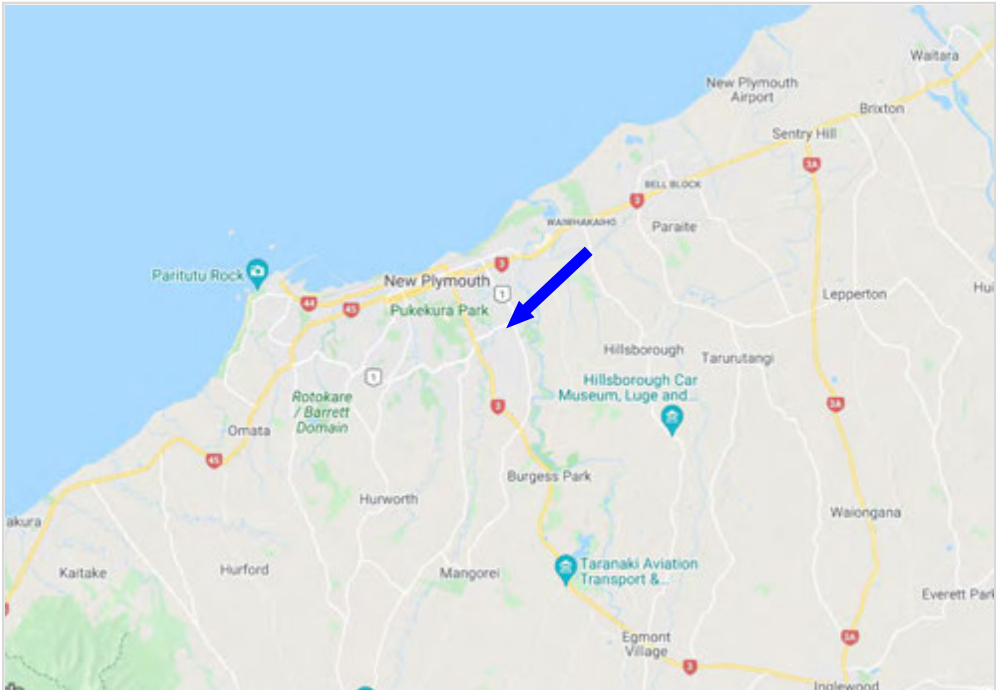
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

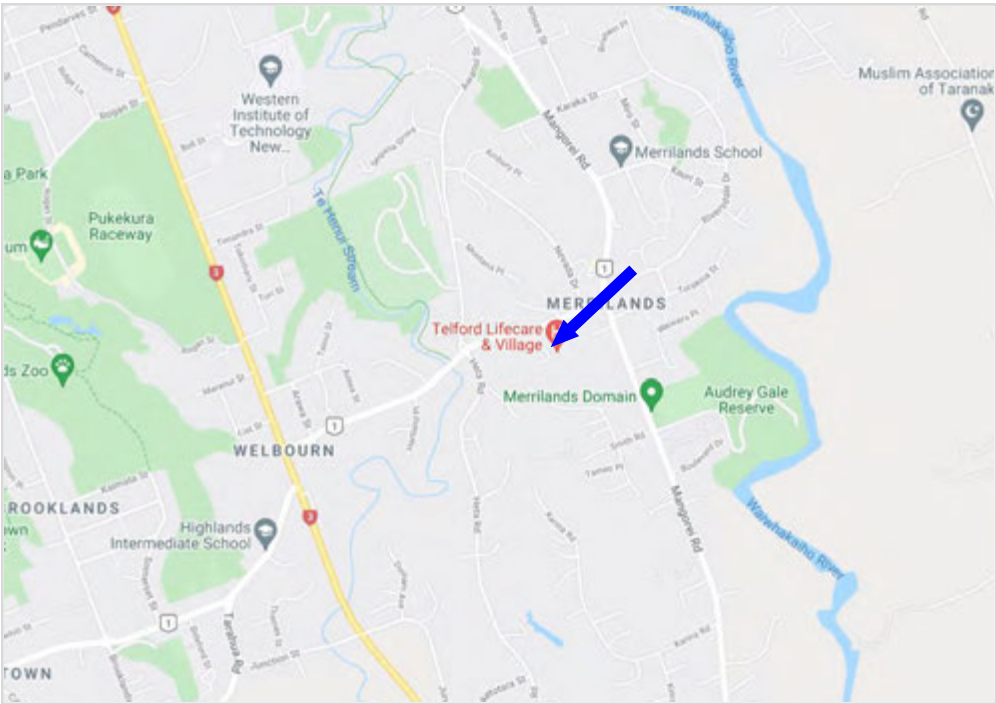
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:

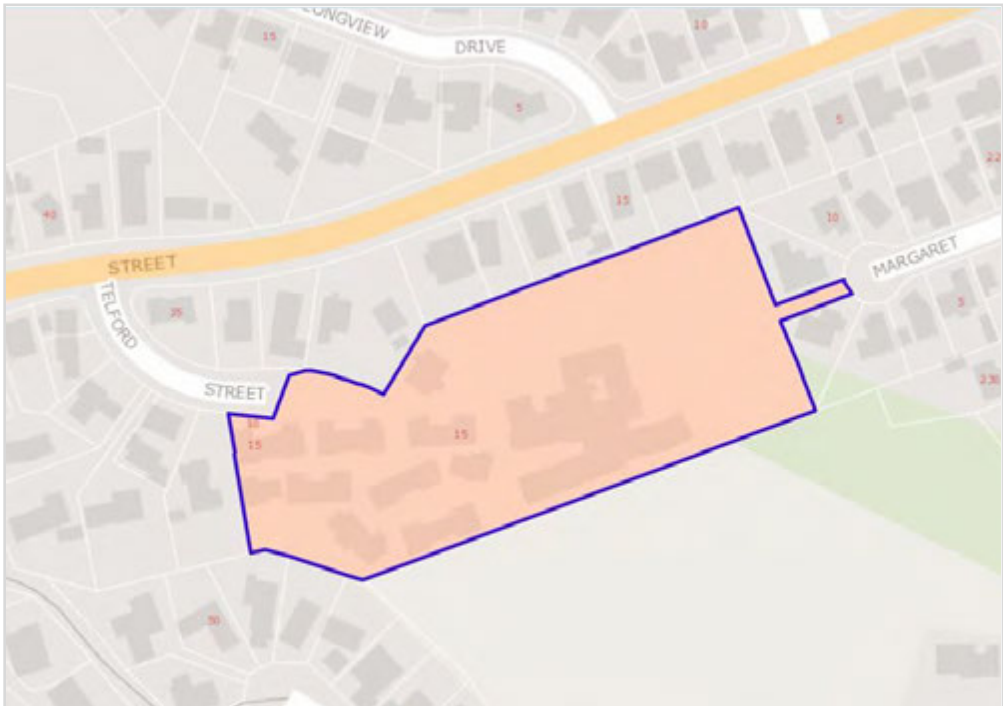


- Situation:** Situated at the end of Telford Street, a small cul-de-sac.
- Location:** Located within the suburb of Merrilands, approximately 2 kilometres south east of the New Plymouth central business district.
- Population:** According to the 2018 Census, New Plymouth District has a usually resident population of approximately 80,679 people, showing an increase of 8.7% over the 2013 Census.

Of the population, 7.9% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
TNJ2/80	Lot 6	DP 17172	16,201	Heritage Lifecare Villages Limited	Freehold
Total			16,201		

The title described above includes the retirement village component.

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 7603314.1 Notice of the registration of Telford Villages as a Retirement Village subject to Section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- 11048561.7 Encumbrance to Covenant Trustee Services Limited.

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2029, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
15 Telford Street	1165162605	\$884,000	\$4,966,000	\$5,850,000
Total		\$884,000	\$4,966,000	\$5,850,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Telford Lifecare comprises a medium scale aged care operation providing rest home and hospital level care, co-located with a small scale resident funded retirement village located in the residential suburb of Merrilands, approximately 2 kilometres south east of the New Plymouth CBD. The original care facility was constructed in circa 1992 with major extensions completed in circa 1997 and 2001. The village was first occupied in circa 2006, however has been excluded from our valuation. The complex currently includes:

- 53 Bed Care Facility
- 16 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	1	5	14	-	8	-	28	-	28
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	23	-	-	-	2	25	2	25
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	1	28	14	-	8	2	53	2	53
Bed Day Capacity									19,345
Ensuite to Room Ratio									4%
Ensuite to Bed Ratio									4%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:30.2

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Suburb	Care Beds				Current	Future	Forecast
		RH	H	D	O	Total	Supply	Total
Marinoto Rest Home	Inglewood	32				32		32
Kohatu Resthome	Waitara	24				24		24
Norfolk Lodge Rest Home	Waitara	23		17		40		40
Maida Vale Retirement Village	Bell Block	35	35		24	94		94
Summerset Pohutukawa Place	Bell Block					0	63	63
Sunhaven Rest Home & Private Hospital	Bell Block		23	17		40		40
Percy Sydney Care Home	Lepperton					0	52	52
Brooklands Rest Home	Brooklands	31				31		31
Rhapsody Rest Home and Private Hospital	Brooklands	26	46			72		72
Chalmers	Central	43	37			80		80
Riverside Lifecare	Highlands Park	21	25	19		65		65
Radius Thornleigh Park	Highlands Park	47	16			63		63
Summerset Mountain View	Hurworth	30	22		20	72		72
Telford Lifecare	Merrilands	28	25			53		53
Molly Ryan Lifecare and Retirement Village	Merrilees	27	6		28	61		61
Radius Heatherlea Care Centre	New Plymouth Central	35		20		55		55
Mission Rest Home	Strandon	23				23		23
Jean Sandel Retirement Village	Walers Gate	39	39	33		111		111
Coronation Lodge Rest Home	Welbourn	20				20		20
Tainui Resthome	Westown	58				58		58
Taurima Resthome	Westown	30				30		30
Total Beds		572	274	106	72	1,024	115	1,139
Percentage		56%	27%	10%	7%	100%	11%	111%

7 RENTAL ASSESSMENT

Our adopted market rental at \$295,000 per annum plus GST and outgoings compares to the contract rental of \$336,200 per annum which indicates a difference of -\$41,200 per annum, alternatively -12.25%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.50% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$295,000

Capitalise In Perpetuity @ 5.50%

CAPITALISED VALUE \$5,363,636

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$295,000
Contract Rental	\$336,200
Rental Premium per Annum	\$41,200
Months to Lease Expiry	360
Discounted at	6.00%
	0.49% monthly

PRESENT VALUE OF RENTAL PREMIUM \$585,378

\$5,949,014

Sensitivity Analysis	Adopt	
4.50% \$7,150,000	Initial Yield	5.65%
5.00% \$6,500,000	Yield on Market	4.96%
5.50% \$5,950,000	\$ Per Bed (Based on 53 Equivalent Beds)	\$112,264
6.00% \$5,500,000	\$ Per Sqm Floor Area	\$3,711
6.50% \$5,100,000	Multiple on Market	20.17

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	20	@	\$100,000	\$2,000,000
Rest Home (Premium)	8	@	\$100,000	\$800,000
Hospital	25	@	\$120,000	\$3,000,000
Total Equivalent Beds	53	@	\$109,434	\$5,800,000

Sensitivity Analysis	Adopt	
\$104,434 \$5,535,000	Yield on Market	5.09%
\$109,434 \$5,800,000	Equivalent \$/Per Bed (Based on 53 Beds)	\$109,434
\$114,434 \$6,065,000	Multiple on Market	19.66

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.50%
Terminal Yield (On Year 40 Income)	6.50%
Terminal Value as a Percentage of Total Value	8.90%

Sensitivity Analysis		Adopt	\$6,100,000
-10%	\$5,500,000	Initial Yield	5.51%
-	\$6,100,000	Yield on Market	4.84%
10%	\$6,700,000	\$/Bed	\$115,094

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$5,950,000
Sales Comparison Approach:	Assessed Value:	\$5,800,000
Discounted Cash Flow Approach:	Assessed Value:	\$6,100,000

FREEHOLD LAND & BUILDINGS	\$6,050,000
Initial Yield	5.56%
Yield on Market	4.88%
\$ Per Bed (Based on 53 Physical Beds)	\$114,151
\$ Per Sqm Floor Area	\$3,774
\$ Per Sqm Land Area	\$373
Multiple on Contract	18.00
Multiple on Market	20.51

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

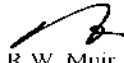
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TNJ2/80**
Land Registration District **Taranaki**
Date Issued 01 January 1870

Prior References
TND1/244

Estate Fee Simple
Area 1.6201 hectares more or less
Legal Description Lot 6 Deposited Plan 17172
Registered Owners
Heritage Lifecare Villages Limited

Interests

Subject to a right of way over parts coloured blue and yellow on DP 10870 created by Transfer 212360
7603314.1 Notice of the registration of Telford Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- - 6.11.2007 at 9:00 am
11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm
11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm
11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm

MA. ROBERTSON, SURVEYOR GENERAL, DEPARTMENT OF SURVEY AND LAND INFORMATION, NEW ZEALAND

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

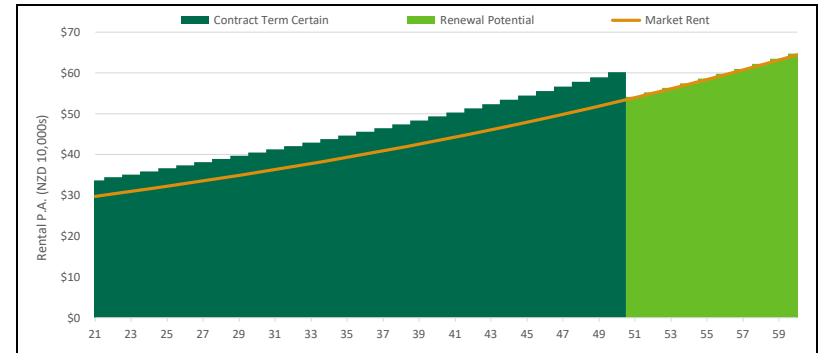
Discounted Cash Flow Summary

PV of Net Income	\$5,560,000
PV of Terminal Value	\$550,000
Total Net Present Value	\$6,110,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$6,100,000
Indicated IRR	7.66%
Initial Yield	5.51%
Yield on Market	4.84%
\$/Bed	\$115,094

Sensitivity Analysis

		Terminal Yield				
		6.00%	6.25%	6.50%	6.75%	7.00%
Discount Rate	6.75%	\$6,900,000	\$6,850,000	\$6,800,000	\$6,800,000	\$6,750,000
	7.00%	\$6,600,000	\$6,600,000	\$6,550,000	\$6,550,000	\$6,500,000
	7.25%	\$6,350,000	\$6,350,000	\$6,300,000	\$6,300,000	\$6,300,000
	7.50%	\$6,150,000	\$6,100,000	\$6,100,000	\$6,050,000	\$6,050,000
	7.75%	\$5,900,000	\$5,900,000	\$5,900,000	\$5,850,000	\$5,850,000
	8.00%	\$5,700,000	\$5,700,000	\$5,700,000	\$5,650,000	\$5,650,000
	8.25%	\$5,500,000	\$5,500,000	\$5,500,000	\$5,450,000	\$5,450,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

6. ELIZABETH R LIFECARE

ELIZABETH R LIFECARE



Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$3,250,000

(Three Million, Two Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Elizabeth R Lifecare & Village comprises a medium scale aged care facility integrated with a micro retirement village. The original care facility was constructed circa 1997, with extensions including the former maternity ward built circa 1998, and a 6 bed addition (F Wing) completed in approximately 2000. The independent villas were erected from 2000 through until 2004. The former maternity ward was fully refurbished in 2018 and has been used to provide boarding accommodation for the elderly, subject to periodic tenancies. Due to water ingress the entire care facility cladding was replaced in early 2018 including a fibre cement weatherboard cladding system and new joinery. The complex currently includes: ■ 38 Bed Care Facility ■ 9 Independent Living Units (excluded from this valuation)		
Land Area:	9,707 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential' under the Stratford District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$195,000 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,783 sqm or 1:42.5 sqm per bed		
Certification:	We confirm Heritage lifecare (BPA) Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 3 April 2019 for 4 years expiring 3 April 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	15 December 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS	Luke Hastie, B.Prop
Registered Valuer	Registered Valuer
Senior Director - Retirement Housing & Healthcare	Valuation & Advisory Services
Principal Valuer	Inspection
Property Inspected: No	Property Inspected: Yes

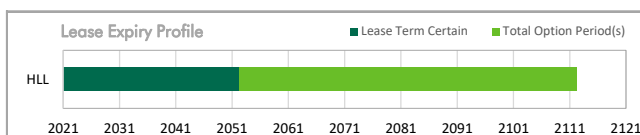
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$3,250,000
Initial Yield	6.00%
Yield on Market	5.54%
Indicated IRR	8.21%
Multiple on Contract Rental	16.7
Multiple on Market Rental	18.1
Average \$ Per Bed	\$77,381
\$/Sqm Floor Area	\$1,822
\$/Sqm Land Area	\$335

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$180,000
Capitalise In Perpetuity @	6.00%
Capitalised Value	\$3,000,000
Present Value Rental Premium to Expiry of Lease Term Certain	\$203,442
Market Value	\$3,200,000
Yield on Contract	6.09%
Yield on Market	5.63%
\$ Per Bed	\$84,211

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$195,000	\$180,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$99	\$91
Rent \$ Per Sqm Floor Area	\$109	\$101
Contract Variance to Market (Surplus P.A.)		\$15,000
Contract Variance to Market		8.33%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.00%
Terminal Yield	7.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.80%
Market Value	\$3,300,000
Yield on Contract	5.91%

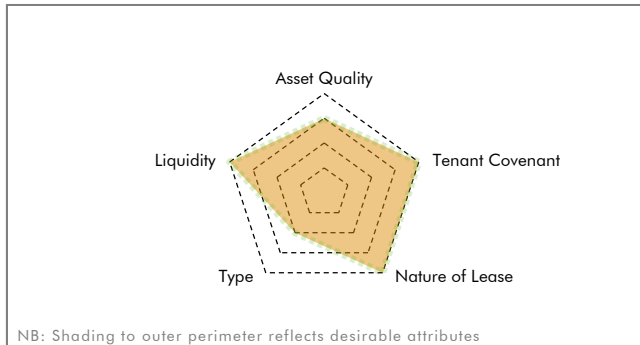
Care Facility Bed Summary

Total Beds	42
Bed Day Capacity	15,330
Ensuite to Room Ratio	30%
Ensuite to Bed Ratio	30%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:42.5 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	19 @	\$75,000	\$1,425,000
Hospital	14 @	\$80,000	\$1,133,333
Hospital (Premium)	5 @	\$95,000	\$459,167
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	38 @	\$78,947	\$3,000,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- Low ensuite-to-room ratio with only 29.8% of rooms having ensuite provision.
- The overall bed to floor area ratio of approximately 1:42.5 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

A map of Stratford, Victoria, Australia. The Port Phillip River flows through the area. A blue arrow points to 'Elizabeth R Lifecare & Village' located near Opunake Rd. Other landmarks include Stratford Primary School, Tsb Pool Stratford, and Avon Medical Centre. The map shows various streets such as Regan St, Cella St, and Opunake Rd.

Population: According to the 2018 Census, Stratford District has a usually resident population of approximately 9,474 people, showing an increase of 5.3% over the 2013 Census. Of

the population, 7.8% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
 Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
TNL2/583	Unit A and AU 4	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
TNL2/584	Unit B and AU 2 & ½ share in AU 1	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
TNL2/585	Unit C and AU 3 & ½ share in AU 1	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
TNL3/177	Unit D and AU 5	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
TNL3/178	Unit E and AU 6	DP 20717	N/A	Bruce McKenzie Moss	Stratum in Freehold
61177	Unit F and AU 7	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
61178	Unit G and AU 8	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold

247638	Unit H and AU 10	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
247639	Unit J and AU 15	DP 20717	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
231838	Unit K and AU 9 & 11-14	DP 326805	N/A	Robert Frank Gibson and Beryl Gibson	Stratum in Freehold
Total			9,707		

The titles described above include the retirement village component.

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 8323303.1, 8455119.1, 8519724.1, 8676375.1, 8705342.1, 9503408.2 & 10549519.1 Notice of registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to Section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- 11048561.7 Encumbrance to Covenant Trustee Services Limited

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Supplementary Record Sheet

The unit titles are subject to Supplementary Record Sheet TNL2/586. The Supplementary Record Sheets is encumbered by a memorial issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010 which states the body corporate owns the common property and the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

We refer the reader to the supplementary record sheet for a full breakdown of same.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 15 August 2020, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
Unit A 30 Elizabeth Grove	1209003225A	\$430,000	\$2,460,000	\$2,890,000
Unit B 30 Elizabeth Grove	1209003225B	\$62,000	\$243,000	\$305,000
Unit C 30 Elizabeth Grove	1209003225C	\$47,000	\$208,000	\$255,000
Unit D 30 Elizabeth Grove	1209003225D	\$62,000	\$243,000	\$305,000
Unit E 30 Elizabeth Grove	1209003225E	\$47,000	\$208,000	\$255,000
Unit F 30 Elizabeth Grove	1209003225F	\$47,000	\$228,000	\$275,000
Unit G 30 Elizabeth Grove	1209003225G	\$48,000	\$227,000	\$275,000
Unit H 30 Elizabeth Grove	1209003225H	\$62,000	\$243,000	\$305,000
Unit K 30 Elizabeth Grove	1209003225I	\$62,000	\$308,000	\$370,000
Unit J 30 Elizabeth Grove	1209003225J	\$62,000	\$263,000	\$325,000
Total		\$929,000	\$4,631,000	\$5,560,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Elizabeth R Lifecare & Village comprises a medium scale aged care facility integrated with a micro retirement village. The original care facility was constructed circa 1997, with extensions including the former maternity ward built circa 1998, and a 6 bed addition (F Wing) completed in approximately 2000. The independent villas were erected from 2000 through until 2004. The former maternity ward was fully refurbished in 2018 and has been used to provide boarding accommodation for the elderly, subject to periodic tenancies. Due to water ingress the entire care facility cladding was replaced in early 2018 including a fibre cement weatherboard cladding system and new joinery. The complex currently includes:

- 38 Bed Care Facility
- 9 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuites	Total Beds
Rest Home									
Single Rooms	12	6	-	-	-	-	18	-	18
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	-	-	21	1	2	24	13	24
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	12	6	-	21	1	2	42	13	42
Bed Day Capacity									15,330
Ensuite to Room Ratio									30%
Ensuite to Bed Ratio									30%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:42.5

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Town	Care Beds			Current O	Total	Future Supply	Forecast Total
		RH	H	D				
Elizabeth R Lifecare	Stratford	19	19			38		38
Marire Rest Home	Stratford	38				38		38
Maryann Rest Home and Hospital	Stratford	8	24	16		48		48
Total Beds		65	43	16	0	124	0	124
Percentage		52%	35%	13%	0%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$180,000 per annum plus GST and outgoings compares to the contract rental of \$195,000 per annum which indicates a difference of -\$15,000 per annum, alternatively -7.69%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$180,000

Capitalise In Perpetuity @ 6.00%

CAPITALISED VALUE \$3,000,000

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$180,000
Contract Rental	\$195,000
Rental Premium per Annum	\$15,000

Months to Lease Expiry	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL PREMIUM \$202,710

\$3,202,710

Sensitivity Analysis	Adopt	\$3,200,000
5.00% \$3,800,000	Initial Yield	6.09%
5.50% \$3,500,000	Yield on Market	5.63%
6.00% \$3,200,000	\$ Per Bed (Based on 38 Equivalent Beds)	\$84,211
6.50% \$2,950,000	\$ Per Sqm Floor Area	\$1,794
7.00% \$2,750,000	Multiple on Market	17.78

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	19	@	\$75,000	\$1,425,000
Hospital	14	@	\$80,000	\$1,133,333
Hospital (Premium)	5	@	\$95,000	\$459,167

Total Equivalent Beds 38 @ \$79,408 \$3,017,500

Sensitivity Analysis	Adopt	\$3,000,000
\$74,408 \$2,827,500	Yield on Market	6.00%
\$79,408 \$3,000,000	Equivalent \$/Per Bed (Based on 38 Beds)	\$78,947
\$84,408 \$3,207,500	Multiple on Market	16.67

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	7.79%

Sensitivity Analysis	Adopt	
-10%	\$2,950,000	Initial Yield 5.91%
-	\$3,300,000	Yield on Market 5.45%
10%	\$3,650,000	\$/Bed \$86,842

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$3,200,000
Sales Comparison Approach:	Assessed Value:	\$3,000,000
Discounted Cash Flow Approach:	Assessed Value:	\$3,300,000
FREEHOLD LAND & BUILDINGS		\$3,250,000
Initial Yield		6.00%
Yield on Market		5.54%
\$ Per Bed (Based on 38 Physical Beds)		\$85,526
\$ Per Sqm Floor Area		\$1,822
\$ Per Sqm Land Area		\$335
Multiple on Contract		16.67
Multiple on Market		18.06

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

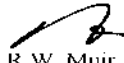
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier 61177
Land Registration District Taranaki
Date Issued 23 October 2002

Prior References
40970

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit F and Accessory Unit 7 Deposited
Plan 20717

Registered Owners
Heritage Lifecare Villages Limited

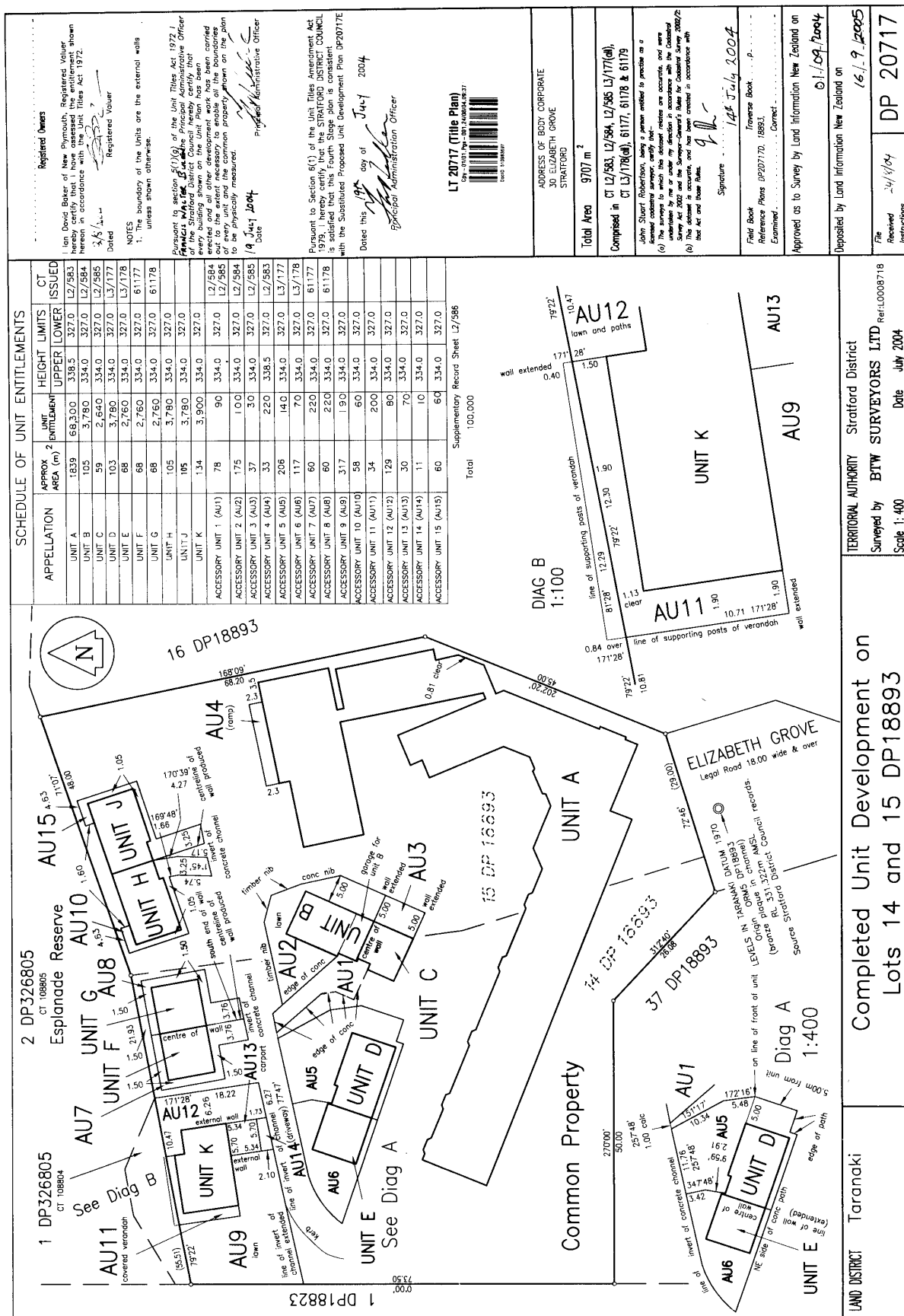
The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

8705342.1 Notice of the registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests - 25.2.2011 at 7:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm



**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNL2/586**
Land Registration District **Taranaki**
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
Lot 14-15 Deposited Plan 18893

Prior References
TNL2/518

Unit Titles Issued			
231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests**OWNERSHIP OF COMMON PROPERTY**

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

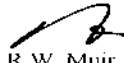
The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
UNIT TITLE
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **61178**
Land Registration District **Taranaki**
Date Issued 23 October 2002

Prior References
40970

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit G and Accessory Unit 8 Deposited
Plan 20717

Registered Owners
Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10549519.1 Notice of the registration of Elizabeth R Retirement Village as a Retirement Village subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 1.9.2016 at 7:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11085353.1 Mortgage to Bank of New Zealand - 13.4.2018 at 8:39 am

11531614.5 Variation of Mortgage 11085353.1 - 26.8.2019 at 3:56 pm

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNL2/586**
Land Registration District **Taranaki**
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
Lot 14-15 Deposited Plan 18893

Prior References
TNL2/518

Unit Titles Issued

231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

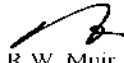
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475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **247638**
Land Registration District **Taranaki**
Date Issued 13 October 2005

Prior References
231839

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit H and Accessory Unit 10 Deposited
Plan 20717

Registered Owners
Heritage Lifecare Villages Limited

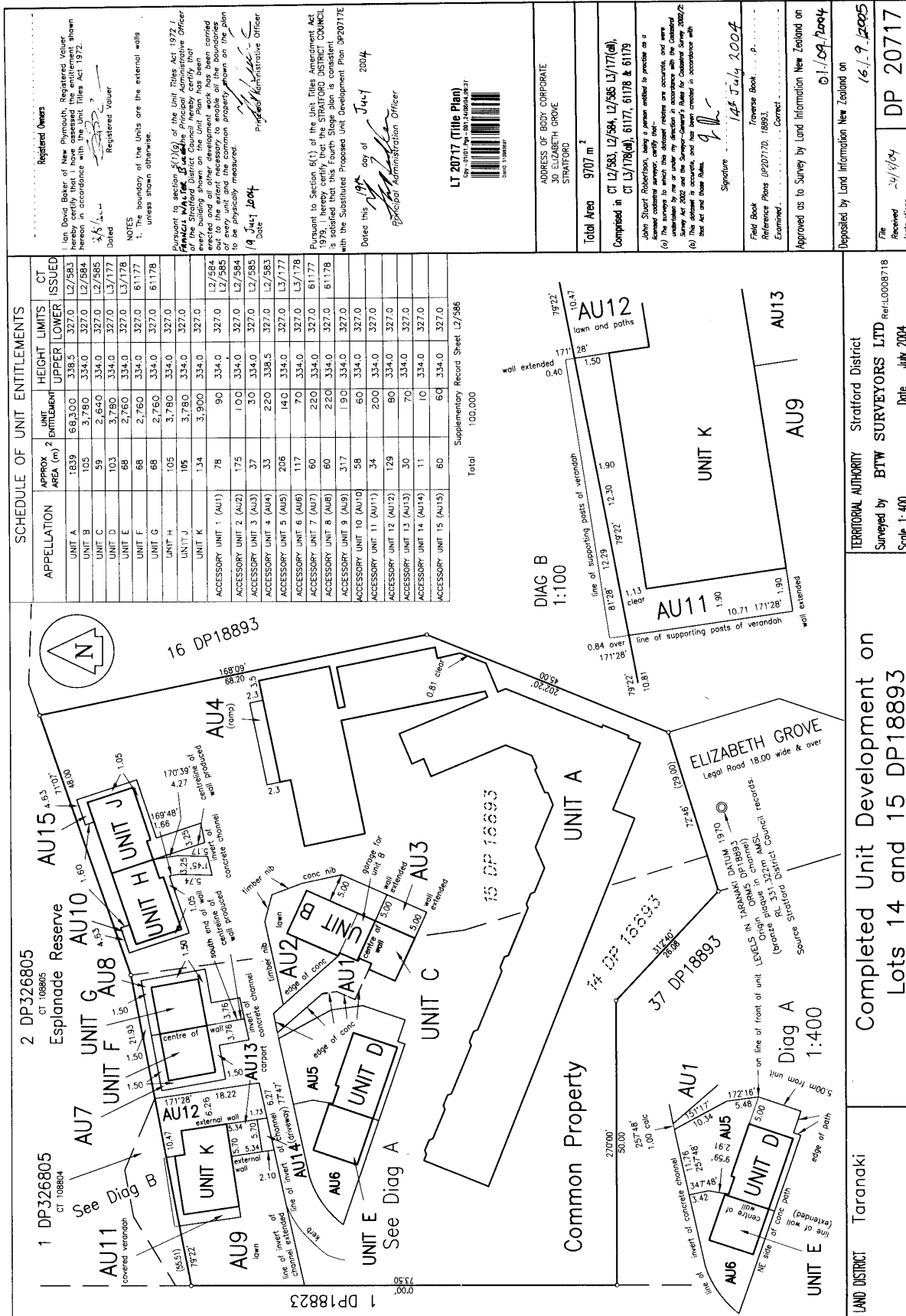
The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

8455119.1 Notice of the registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 30.3.2010 at 9:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm



**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNL2/586**
Land Registration District **Taranaki**
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
Lot 14-15 Deposited Plan 18893

Prior References
TNL2/518

Unit Titles Issued

231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

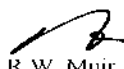
The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
UNIT TITLE
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **247639**
Land Registration District **Taranaki**
Date Issued 13 October 2005

Prior References
231839

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit J and Accessory Unit 15 Deposited
Plan 20717

Registered Owners
Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

8323303.1 Notice of the registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests - 23.10.2009 at 9:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNL2/586**
Land Registration District **Taranaki**
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
Lot 14-15 Deposited Plan 18893

Prior References
TNL2/518

Unit Titles Issued

231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests**OWNERSHIP OF COMMON PROPERTY**

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

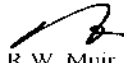
The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL2/583**
Land Registration District **Taranaki**
Date Issued 14 September 2000

Prior References
TNL2/518

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit A and Accessory Unit 4 Deposited
Plan 20717

Registered Owners
Heritage Lifecare Villages Limited

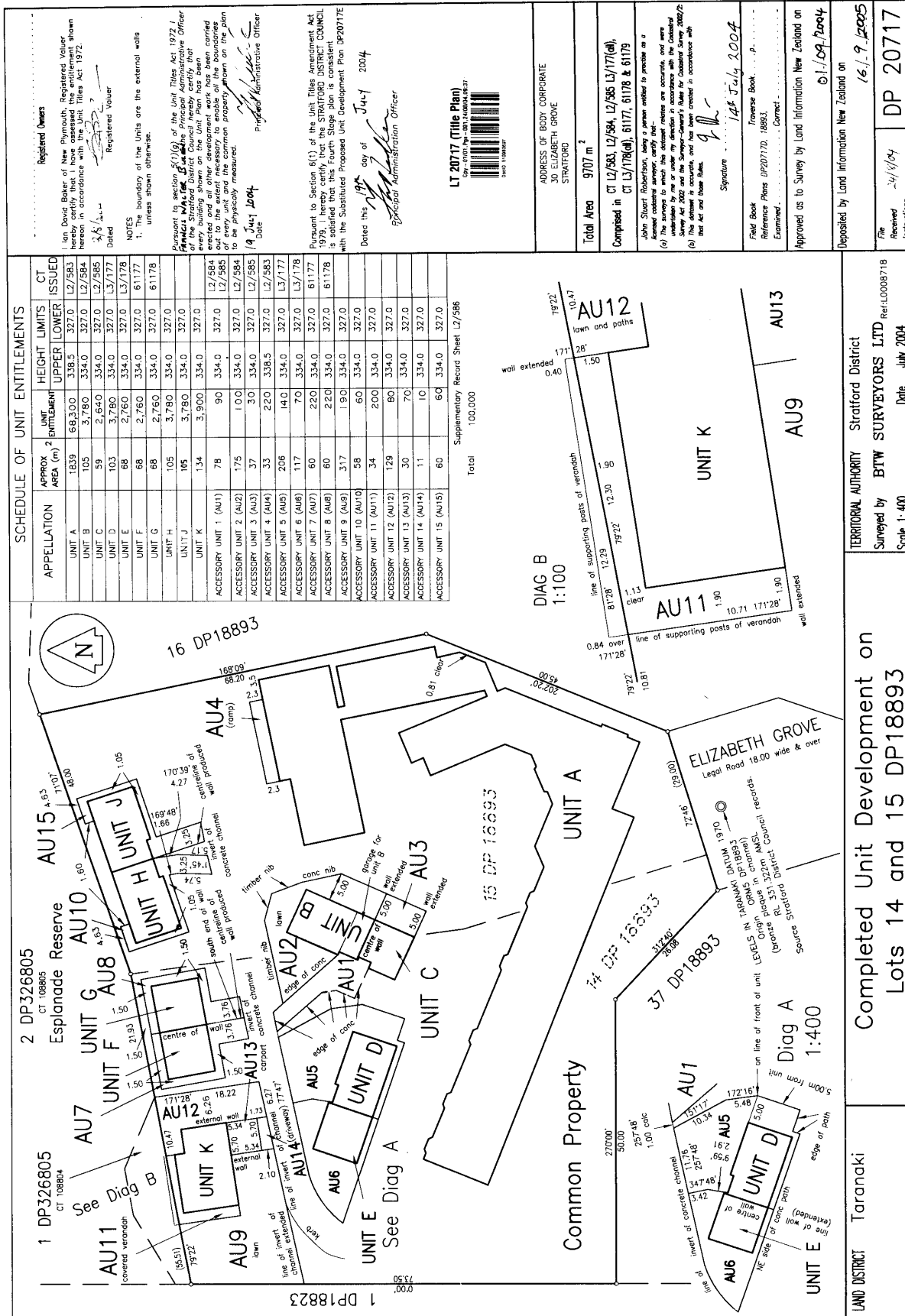
The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

8323303.1 Notice of the registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests - 23.10.2009 at 9:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm



**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier TNL2/586
Land Registration District Taranaki
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
Lot 14-15 Deposited Plan 18893

Prior References
TNL2/518

Unit Titles Issued

231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL2/584**
Land Registration District **Taranaki**
Date Issued 14 September 2000

Prior References
TNL2/518

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit B and Accessory Unit 2 and 1/2 share
in Accessory Unit 1 Deposited Plan 20717
Registered Owners
Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

9503408.2 Notice of the registration of Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 3.9.2013 at 7:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier

TNL2/586

Land Registration District

Taranaki

Date Issued

14 September 2000

Plan Number

DP 20717

Subdivision of

Lot 14-15 Deposited Plan 18893

Prior References

TNL2/518

Unit Titles Issued

231838

247638

247639

61177

61178

TNL2/583

TNL2/584

TNL2/585

TNL3/177

TNL3/178

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

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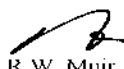
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475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL2/585**
Land Registration District **Taranaki**
Date Issued 14 September 2000

Prior References
TNL2/518

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit C and Accessory Unit 3 and 1/2 share
in Accessory Unit 1 Deposited Plan 20717
Registered Owners
Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

8519724.1 Notice of the registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests - 16.6.2010 at 9:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm

SCHEDULE OF UNIT ENTITLEMENTS

APPELLATION	APPROX AREA (m ²)	UNIT ENTITLEMENT	HEIGHT LIMITS UPPER LOWER	CT ISSUED
UNIT A	1639	68.300	338.3 327.0	L2/583
UNIT B	105	3.780	334.0 327.0	L2/583
UNIT C	59	2.640	334.0 327.0	L2/585
UNIT D	103	3.780	334.0 327.0	L3/177
UNIT E	68	2.760	334.0 327.0	L3/178
UNIT F	68	2.760	334.0 327.0	61177
UNIT G	68	2.760	334.0 327.0	61178
UNIT H	105	3.780	334.0 327.0	
UNIT I	105	3.780	334.0 327.0	
UNIT J	105	3.780	334.0 327.0	
UNIT K	134	3.900	334.0 327.0	
ACCESSORY UNIT 1 (AU1)	78	90	334.0 327.0	L2/584
ACCESSORY UNIT 2 (AU2)	175	100	334.0 327.0	L2/585
ACCESSORY UNIT 3 (AU3)	37	30	334.0 327.0	L2/585
ACCESSORY UNIT 4 (AU4)	33	220	338.5 327.0	L2/583
ACCESSORY UNIT 5 (AU5)	206	140	334.0 327.0	L3/177
ACCESSORY UNIT 6 (AU6)	117	70	334.0 327.0	L3/178
ACCESSORY UNIT 7 (AU7)	60	220	334.0 327.0	61177
ACCESSORY UNIT 8 (AU8)	60	220	334.0 327.0	61178
ACCESSORY UNIT 9 (AU9)	317	190	334.0 327.0	
ACCESSORY UNIT 10 (AU10)	58	60	334.0 327.0	
ACCESSORY UNIT 11 (AU11)	34	200	334.0 327.0	
ACCESSORY UNIT 12 (AU12)	129	80	334.0 327.0	
ACCESSORY UNIT 13 (AU13)	30	70	334.0 327.0	
ACCESSORY UNIT 14 (AU14)	11	10	334.0 327.0	
ACCESSORY UNIT 15 (AU15)	60	60	334.0 327.0	
Total		100,000		

Supplementary Record Sheet L2/586

Completed Unit Development on Lots 14 and 15 DP18893

TERRITORIAL AUTHORITY Stratford District
Surveyed by BTW SURVEYORS LTD
Date July 2004
Scale 1:400

LAND DISTRICT Taranaki

Ref: L0008718
DP 20717
File Received 24/4/04



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier TNL2/586
Land Registration District Taranaki
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
 Lot 14-15 Deposited Plan 18893

Prior References
 TNL2/518

Unit Titles Issued

231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

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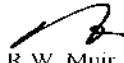
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475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL3/177**
Land Registration District **Taranaki**
Date Issued 06 June 2002

Prior References
40969

Supplementary Record Sheet
TNL2/586

Estate Stratum in Freehold
Legal Description Unit D and Accessory Unit 5 Deposited
Plan 20717

Registered Owners
Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

8676375.1 Notice of the registration of (now) Elizabeth R Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests - 18.1.2011 at 7:00 am

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier TNL2/586
Land Registration District Taranaki
Date Issued 14 September 2000
Plan Number DP 20717

Subdivision of
Lot 14-15 Deposited Plan 18893

Prior References
TNL2/518

Unit Titles Issued			
231838	247638	247639	61177
61178	TNL2/583	TNL2/584	TNL2/585
TNL3/177	TNL3/178		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

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475959.1 Change of rules of the Body Corporate - 18.12.2000 at 12.43 pm

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

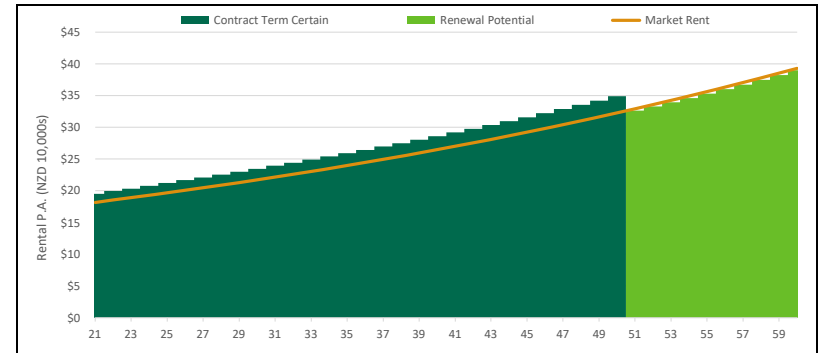
Discounted Cash Flow Summary

PV of Net Income	\$3,055,000
PV of Terminal Value	\$250,000
Total Net Present Value	\$3,305,000
PV of Disposal Costs	(\$5,000)
Adopted Value	\$3,300,000
Indicated IRR	8.21%
Initial Yield	5.91%
Yield on Market	5.45%
\$/Bed	\$86,842

Sensitivity Analysis

		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rate	7.25%	\$3,700,000	\$3,700,000	\$3,650,000	\$3,650,000	\$3,650,000
	7.50%	\$3,550,000	\$3,550,000	\$3,550,000	\$3,550,000	\$3,500,000
	7.75%	\$3,450,000	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000
	8.00%	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000
	8.25%	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000	\$3,150,000
	8.50%	\$3,100,000	\$3,100,000	\$3,100,000	\$3,050,000	\$3,050,000
	8.75%	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$2,950,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	20	20	20	21	21	22	22	23	23	23	24	24	25	25	26	26	27	27	28	29	29	30	30	31	32	32	33	34	34	35	33	33	34	35	35	36	37	37	38	39	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	20	20	20	21	21	22	22	23	23	23	24	24	25	25	26	26	27	27	28	29	29	30	30	31	32	32	33	34	34	35	33	33	34	35	35	36	37	37	38	39	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																										570
Disposal Cost Allowance @ 2.0%																																										-11

NET CASHFLOW INCOME	20	20	20	21	21	22	22	23	23	23	24	24	25	25	26	26	27	27	28	29	29	30	30	31	32	32	33	34	34	35	33	33	34	35	35	36	37	37	38	39	559

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

7. ANNIE BRYDON LIFECARE

ANNIE BRYDON LIFECARE



Care Facility Exterior



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$8,400,000
(Eight Million, Four Hundred Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

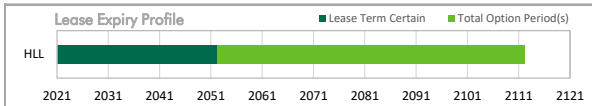
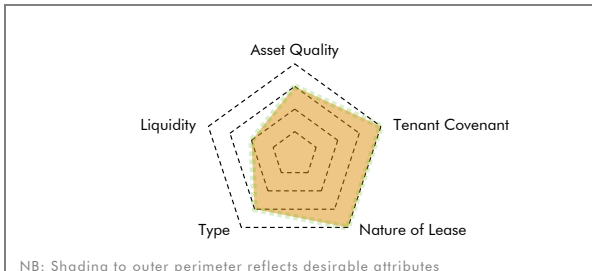
Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement
Interest Valued:	Freehold
Basis of Valuation:	Market Valuation of the Land and Buildings
Brief Description:	Annie Brydon Lifecare provides for a mature, fully operational, integrated retirement village and care facility complex comprising Annie Brydon Residential Village and Annie Brydon Lifecare. The complex is located in the township of Hawera to the southern coast of the South Taranaki District, approximately 75 kilometres south of New Plymouth. The aged care facility was progressively developed in stages with Brydon Court Rest Home opening in 1995, the Annie Brydon Rest Home wings opening in 1995 and 1998 respectively with a subsequent extension to the care facility in 2013. The village was first occupied circa 1995 and progressively developed in stages, however has been excluded from our valuation. The wider complex currently includes: ■ 68 Bed Care Facility ■ 35 Independent Living Units (excluded from this valuation) ■ 8 Independent Living Apartments (excluded from this valuation) ■ 24 Serviced Apartments (excluded from this valuation) ■ Managers Unit (excluded from this valuation)
Land Area:	1.7059 Hectares (more or less)
Zoning:	The majority of the site is zoned 'Residential Zone - Intensification Area' with part zoned 'Commercial Zone - Large Format Trade and Service' under the South Taranaki District Plan Operative 22 January 2021.
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$515,800 per annum plus GST and outgoings.
Floor Area:	The gross floor area approximates 1,840 sqm or 1:41.8 sqm per bed
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 13 December 2018 for 4 years expiring 13 December 2022.

Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches
Date of Inspection:	10 March 2021	
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.	

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS	Victoria Hird, B.Prop, B.Com, MRICS
Registered Valuer	Registered Valuer
Senior Director - Retirement Housing & Healthcare	Director - Retirement Housing & Healthcare
Principal Valuer	Principal Valuer
Property Inspected: No	Property Inspected: Yes

EXECUTIVE SUMMARY

Valuation Summary				Lease Summary		
Date of Valuation	22 December 2021			Tenant	Heritage Lifecare Limited	
Market Value	\$8,400,000			Commencement Date	19 Apr 2022	
Initial Yield	6.14%			Initial Expiry Date	18 Apr 2052	
Yield on Market	4.70%			Final Expiry Date (If All Options Taken)	18 Apr 2112	
Indicated IRR	8.34%			Initial Lease Term	30.0 Years	
Multiple on Contract Rental	16.3			Remaining Lease Term Certain	30.0 Years	
Multiple on Market Rental	21.3			Rights of Renewal	3 x 20 Years	
Average \$ Per Bed	\$190,909			Lease Expiry Profile 		
\$/Sqm Floor Area	\$4,566					
\$/Sqm Land Area	\$744					
Capitalisation Approach (Freehold Land and Buildings)				Rental Analysis		
Assessed Market Rental	\$395,000			Description	Contract	Market
Capitalise In Perpetuity @	6.00%			Net Rental P.A.	\$515,800	\$395,000
Capitalised Value	\$6,583,333			Rent % of Proforma EBITDAR		
Present Value Rental Premium to Expiry of Lease Term Certain	\$1,638,385			Rent % of Forecast Gross Revenue		
Market Value	\$8,200,000			Rent Per Bed Per Week	\$146	\$112
Yield on Contract	6.29%			Rent \$ Per Sqm Floor Area	\$280	\$215
Yield on Market	4.82%			Contract Variance to Market (Surplus P.A.)		\$120,800
\$ Per Bed	\$120,588			Contract Variance to Market		30.58%
DCF Approach (Freehold Land and Buildings)				Care Facility Bed Summary		
Cashflow Period	40 Years			Total Beds	44	
Target IRR	8.00%			Bed Day Capacity	16,060	
Terminal Yield	7.00%			Ensuite to Room Ratio	12%	
Compound Annual Market Rental Growth	2.00%			Ensuite to Bed Ratio	11%	
Compound Annual Contract Rental Growth	1.70%			Single Bed Ratio	91%	
Market Value	\$8,600,000			Double Bed Ratio	9%	
Yield on Contract	6.00%			Bed to Floor Area Ratio	1:41.8 sqm	
Direct Comparison Approach (Freehold Land and Buildings)				Property Risk Profile		
Description	Equivalent		\$ Per	Asset Quality  NB: Shading to outer perimeter reflects desirable attributes		
	Beds		Bed			
Suites (As Rest Home Equivalents)	24	@	\$105,000			
Brydon Rest Home	14	@	\$115,000			
Annie Brydon Rest Home & Hospital 1998	11	@	\$135,000			
Annie Brydon Rest Home & Hospital 1995	12	@	\$125,000			
Connection 2013	7	@	\$130,000			
Total Equivalent Beds	68	@	\$118,382			

NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- High proportion of single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- Low level of private ensuite provision.
- Industrial interface.
- The overall bed to floor area ratio of approximately 1:41.8 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

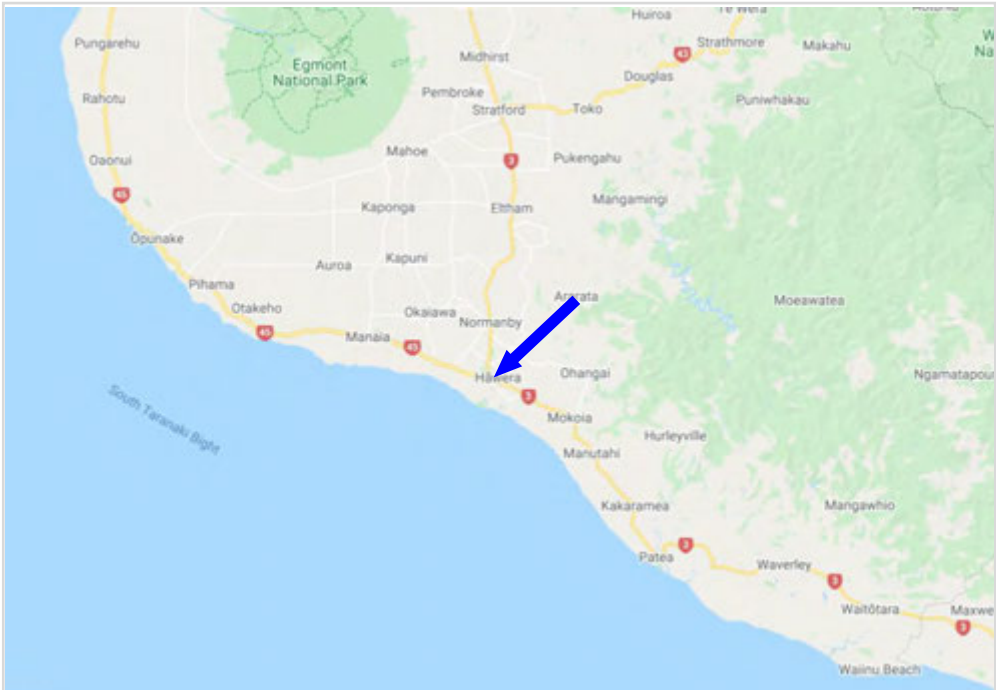
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

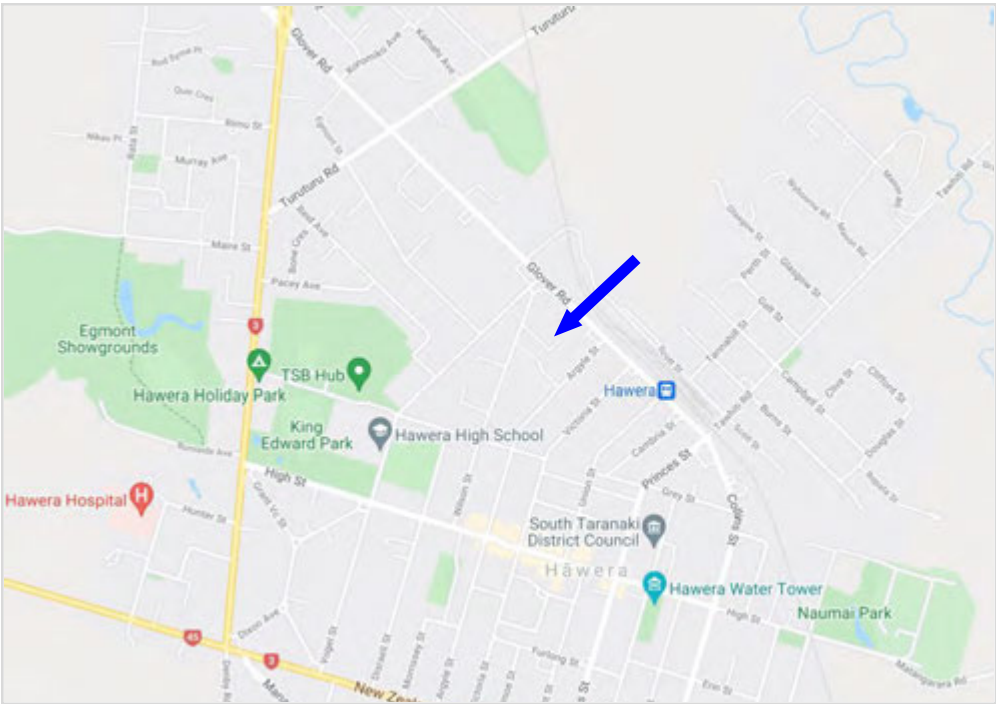
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** The property is bound by Glover Road to the north east, Wilson Street to the north west and Argyle Street to the south east.
- Location:** Located toward the southern coast of the South Taranaki District known as the South Taranaki Bight approximately 75 kilometres to the south of New Plymouth. Surrounding development comprises largely of low-cost modest housing of mixed era on full sites together with light manufacturing and service activities.

Population: According to the 2018 Census, South Taranaki District has a usually resident population of approximately 27,534 people, showing an increase of 3.6% over the 2013 Census. Of the population, 6.5% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
TNK2/420	Lot 2	DP 18778	2,645	Annie Brydon Village Limited	Freehold
TN134/209	Lot 1 Lot 2 Lot 13	DP 2455 DP 3497 DP 4247	2,044	Annie Brydon Village Limited	Freehold
TND2/1067	Lot 1	DP 8947	1,139	Annie Brydon Village Limited	Freehold
TN209/67	Lot 2	DP 7861	918	Annie Brydon Village Limited	Freehold
TN209/68	Lot 3	DP 7861	1,836	Annie Brydon Village Limited	Freehold
TNA2/1299	Lot 2 Lot 9	DP 9442 DP 3305	1,948	Annie Brydon Village Limited	Freehold
TN97/95	Lot 8	DP 3305	759	Annie Brydon Village Limited	Freehold
Total			11,289		

Stratum in Freehold

The Brydon Court Retirement Units form a strata title development comprising 20 Stratum in Freehold Unit Titles over two Supplementary Record Sheets. A detailed summary of the Stratum titles follows:

Identifier	Unit	Plan	Area (sqm)	Proprietor	Tenure
TNL1/19	Unit 1 and AU 1	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNL1/20	Unit 2 and AU 2	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNL1/21	Unit 3 and AU 3	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNL1/22	Unit 4	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNL1/23	Unit 5	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNL1/24	Unit 6	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNL1/25	Unit 7	DP 19267	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1026	Unit 1	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1027	Unit 2	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1028	Unit 3	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1029	Unit 4	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1030	Unit 5	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1031	Unit 6	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1032	Unit 7	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1033	Unit 8	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1034	Unit 9	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1035	Unit 10	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1036	Unit 11	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1037	Unit 12	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
TNK1/1038	Unit 13	DP 18556	N/A	Annie Brydon Village Limited	Stratum in Freehold
Total			5,770		

The titles described above include a portion of the retirement village component.

Copies of Supplementary Record Sheets are attached at the rear of this report which detail registered interests (refer Appendices).

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 7578432.1, 10967000.1 and 9724267.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003.
- 10511394.1, 9203817.1 and 10219981.1 Certificate pursuant to section 77 Building Act 2004.
- 10959813.1 Encumbrance to Covenant Trustee Services Limited.

Relevant to TNK2/420

- 451373.1 Lease Term 24 years 9 months and 21 days commencing on 10.6.1996 CT 44520 issued 5.6.1998

Relevant to TN134/209

- 436133.1 Lease Term 5 years commencing on 29.3.1996 extended to 30.3.2021 CT issued 8.10.1996 (with right of renewal)
- 450829.1 Variation of Lease 436133.1 extended to 30.3.2021

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

**Supplementary
Record Sheet**

The unit titles are subject to Supplementary Record Sheets TNK1/1039 & TNK3/231. The Supplementary Record Sheets is encumbered by a memorial issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010 which states the body corporate owns the common property and the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

There are various other interests registered including easements, rights of way, rights to convey power etc where the subject holding is either servient or dominant tenement. We refer the reader to the supplementary record sheet for a full breakdown of same.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2018, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
71 Glover Road	1233033200	\$360,000	\$4,740,000	\$5,100,000
79 Glover Road	1233033100	\$230,000	\$594,000	\$824,000
102 Wilson Street	1233039202	\$300,000	\$1,580,000	\$1,880,000
Unit 1, 102 Wilson Street	1233039201A	\$41,000	\$154,000	\$195,000
Unit 2, 102 Wilson Street	1233039201B	\$41,000	\$154,000	\$195,000
Unit 3, 102 Wilson Street	1233039201C	\$41,000	\$154,000	\$195,000
Unit 4, 102 Wilson Street	1233039201D	\$41,000	\$154,000	\$195,000
Unit 5, 102 Wilson Street	1233039201E	\$41,000	\$154,000	\$195,000
Unit 6, 102 Wilson Street	1233039201F	\$41,000	\$154,000	\$195,000
Unit 7, 102 Wilson Street	1233039201G	\$41,000	\$154,000	\$195,000
Unit 8, 102 Wilson Street	1233039201H	\$41,000	\$154,000	\$195,000
Unit 9, 102 Wilson Street	1233039201I	\$62,000	\$198,000	\$260,000
Unit 10, 102 Wilson Street	1233039201J	\$62,000	\$198,000	\$260,000
Unit 11, 102 Wilson Street	1233039201K	\$62,000	\$198,000	\$260,000
Unit 12, 102 Wilson Street	1233039201L	\$62,000	\$198,000	\$260,000
Unit 13, 102 Wilson Street	1233039201M	\$62,000	\$198,000	\$260,000
Unit 14, 102 Wilson Street	1233039203A	\$62,000	\$198,000	\$260,000
Unit 15, 102 Wilson Street	1233039203B	\$41,000	\$164,000	\$205,000
Unit 16, 102 Wilson Street	1233039203C	\$37,000	\$153,000	\$190,000
Unit 17, 102 Wilson Street	1233039203D	\$51,000	\$199,000	\$250,000
Unit 18, 102 Wilson Street	1233039203F	\$37,000	\$153,000	\$190,000
Unit 19, 102 Wilson Street	1233039203G	\$37,000	\$153,000	\$190,000
Unit 20, 102 Wilson Street	1233039203E	\$62,000	\$198,000	\$260,000
95 Argyle Street, Hawera	1233034200	\$295,000	\$2,595,000	\$2,890,000
97-99 Argyle Street, Hawera	1233034100	\$185,000	\$1,395,000	\$1,580,000
101 Argyle Street, Hawera	1233034000	\$120,000	\$760,000	\$880,000
Total		\$2,455,000	\$15,104,000	\$17,559,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Annie Brydon Lifecare provides for a mature, fully operational, integrated retirement village and care facility complex comprising Annie Brydon Residential Village and Annie Brydon Lifecare. The complex is located in the township of Hawera to the southern coast of the South Taranaki District, approximately 75 kilometres south of New Plymouth. The aged care facility was progressively developed in stages with Brydon Court Rest Home opening in 1995, the Annie Brydon Rest Home wings opening in 1995 and 1998 respectively with a subsequent extension to the care facility in 2013. The village was first occupied circa 1995 and progressively developed in stages, however has been excluded from our valuation. The wider complex currently includes:

- 68 Bed Care Facility
- 35 Independent Living Units (excluded from this valuation)
- 8 Independent Living Apartments (excluded from this valuation)
- 24 Serviced Apartments (excluded from this valuation)
- Managers Unit (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY									
Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Brydon Rest Home									
Single Rooms	14	-	-	-	-	-	14	-	14
Double Rooms	-	-	-	-	-	-	-	-	-
Annie Brydon Rest Home & Hospital 1998									
Single Rooms	-	11	-	-	-	-	11	-	11
Double Rooms	-	-	-	-	-	-	-	-	-
Annie Brydon Rest Home & Hospital 1995									
Single Rooms	-	7	-	-	-	1	8	1	8
Double Rooms	-	2	-	-	-	-	2	-	4
2013 Connection									
Single Rooms	-	-	-	6	-	1	7	4	7
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	14	20	-	6	-	2	42	5	44
Bed Day Capacity									16,060
Ensuite to Room Ratio									12%
Ensuite to Bed Ratio									11%
Single Bed Ratio									91%
Double Bed Ratio									9%
Bed to Floor Area Ratio									1:41.8

The dedicated care facility has capacity for 44 beds. Our value assessment is based on an equivalent 68 beds, including the care income from the 24 serviced apartments.

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 MANAGER'S UNIT

Excluded from this valuation.

5.5 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Town	Care Beds			Current	Future	Forecast	
		RH	H	D	O	Total	Supply	Total
Eltham Care Rest Home	Eltham	20		17		37		37
Annie Brydon Lifecare	Hawera	14	30		24	68		68
Trinity Home & Hospital	Hawera	9	45	24		78		78
Opunake Districts (The Cottage) Rest Home	Opunake	21				21		21
Te Mahana Resthome	Patea	19				19		19
Total Beds		83	75	41	24	223	0	223
Percentage		37%	34%	18%	11%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$395,000 per annum plus GST and outgoings compares to the contract rental of \$515,800 per annum which indicates a difference of -\$120,800 per annum, alternatively -23.42%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL	\$395,000
Capitalise In Perpetuity @	6.00%
CAPITALISED VALUE	\$6,583,333

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$395,000
Contract Rental	\$515,800
Rental Premium per Annum	\$120,800
Months to Lease Expiry	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL PREMIUM	\$1,632,494
	\$8,215,828

Sensitivity Analysis	Adopt	
5.00%	\$9,550,000	Initial Yield 6.29%
5.50%	\$8,800,000	Yield on Market 4.82%
6.00%	\$8,200,000	\$ Per Bed (Based on 68 Equivalent Beds) \$120,588
6.50%	\$7,700,000	\$ Per Sqm Floor Area \$4,457
7.00%	\$7,300,000	Multiple on Market 20.76

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Suites (As Rest Home Equivalents)	24	@	\$105,000	\$2,520,000
Brydon Rest Home	14	@	\$115,000	\$1,610,000
Annie Brydon Rest Home & Hospital 1998	11	@	\$135,000	\$1,485,000
Annie Brydon Rest Home & Hospital 1995	12	@	\$125,000	\$1,500,000
Connection 2013	7	@	\$130,000	\$910,000

Total Equivalent Beds **68** **@** **\$118,015** **\$8,025,000**

Sensitivity Analysis		Adopt	
\$113,015	\$7,685,000	Yield on Market	4.91%
\$118,015	\$8,050,000	Equivalent \$/Per Bed (Based on 68 Beds)	\$118,382
\$123,015	\$8,365,000	Multiple on Market	20.38

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	6.56%

Sensitivity Analysis		Adopt	
-10%	\$7,750,000	Initial Yield	6.00%
-	\$8,600,000	Yield on Market	4.59%
10%	\$9,450,000	\$/Bed	\$126,471

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$8,200,000
Sales Comparison Approach:	Assessed Value:	\$8,050,000
Discounted Cash Flow Approach:	Assessed Value:	\$8,600,000
FREEHOLD LAND & BUILDINGS		\$8,400,000
Initial Yield		6.14%
Yield on Market		4.70%
\$ Per Bed (Based on 68 Physical Beds)		\$123,529
\$ Per Sqm Floor Area		\$4,566
\$ Per Sqm Land Area		\$744
Multiple on Contract		16.29
Multiple on Market		21.27

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

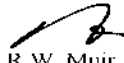
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

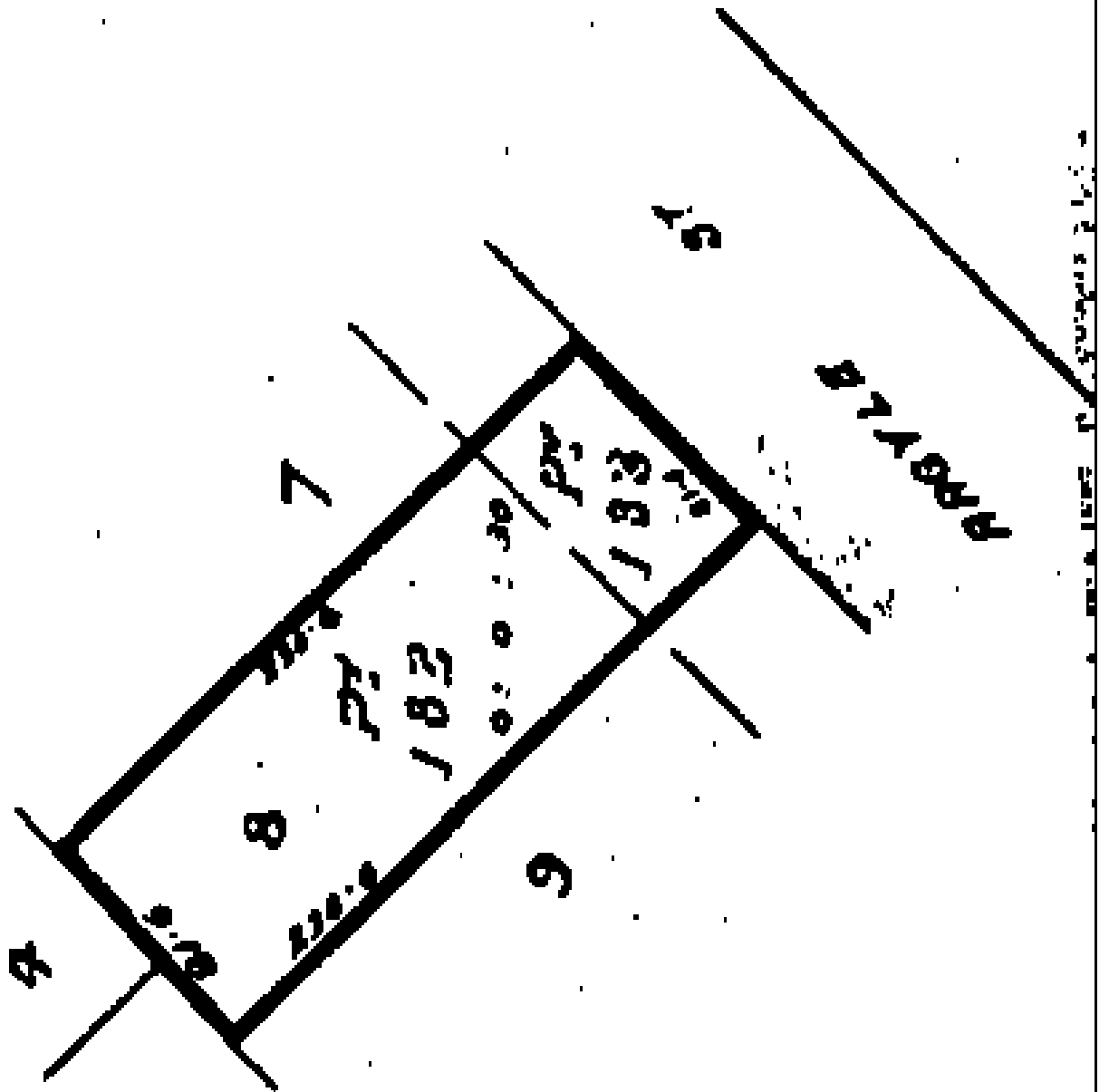
Identifier **TN97/95**
Land Registration District **Taranaki**
Date Issued 04 August 1920

Prior References
TN81/134

Estate Fee Simple
Area 759 square metres more or less
Legal Description Allotment 8 Deposited Plan 3305
Registered Owners
Annie Brydon Village Limited

Interests

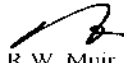
10967000.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 24.11.2017 at 7:00 am
10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm
10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm
11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm





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




R.W. Muir
Registrar-General
of Land

Identifier **TN134/209**

Land Registration District **Taranaki**

Date Issued 09 March 1935

Prior References

TN116/238 TN119/201 TN60/24

Estate	Fee Simple
Area	2044 square metres more or less
Legal Description	Lot 1 Deposited Plan 2455, Lot 2 Deposited Plan 3497 and Lot 13 Deposited Plan 4247

Registered Owners

Annie Brydon Village Limited

Interests

436133.1 Lease Term 5 years commencing on 29.3.1996 extended to 30.3.2021 CT 44521 issued - 8.10.1996 at 11:30 am (with right of renewal)

450829.1 Variation of Lease 436133.1 and extended to 30.3.2021 - 19.5.1998 at 11.11 am

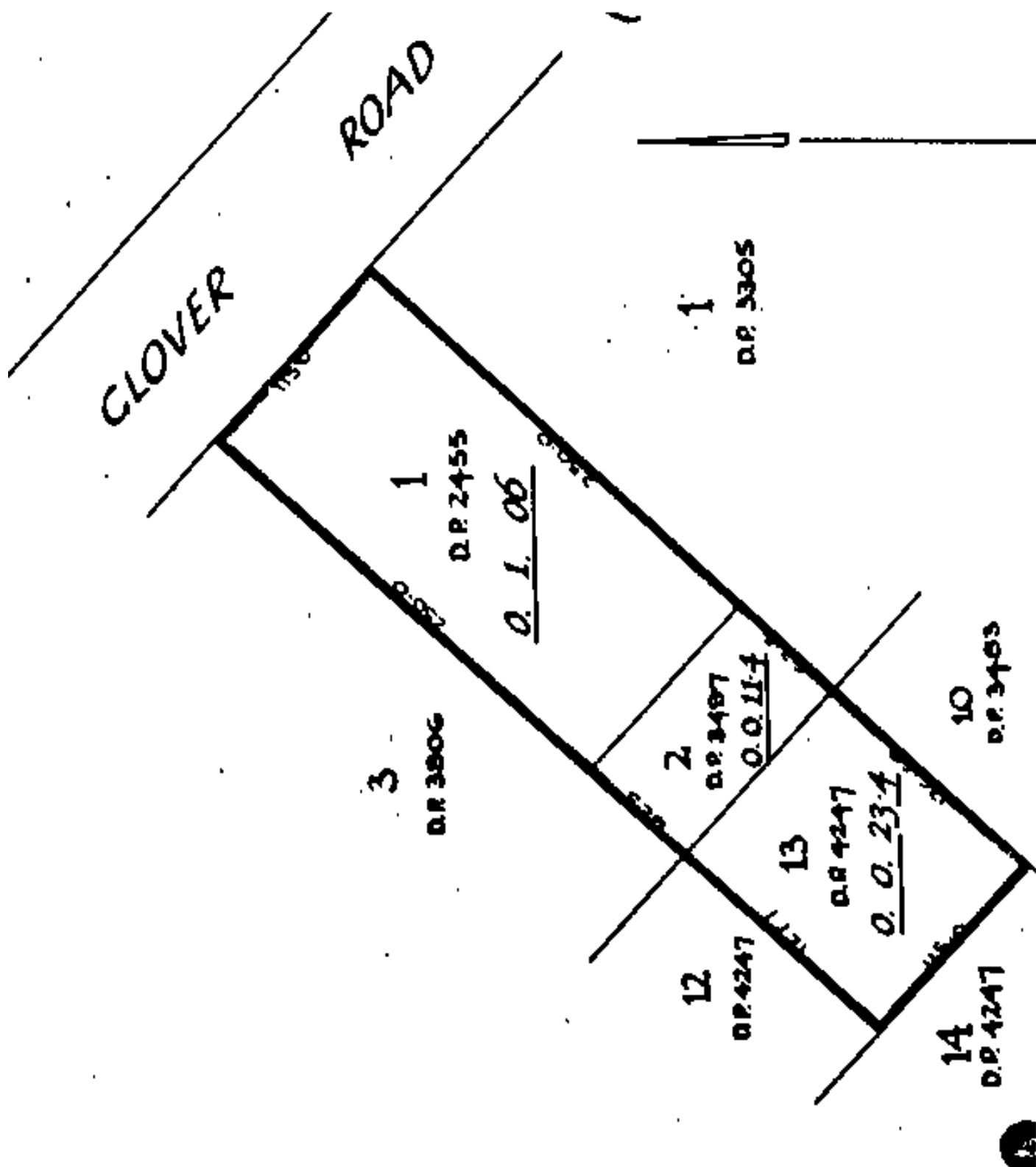
7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

9203817.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS TNK2/420) - 9.10.2012 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

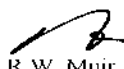
11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TN209/67**
Land Registration District **Taranaki**
Date Issued 26 March 1956

Prior References

TN87/120

Estate Fee Simple
Area 918 square metres more or less
Legal Description Lot 2 Deposited Plan 7861
Registered Owners
Annie Brydon Village Limited

Interests

Subject to rights of entry incidental to water drainage and pipeline rights (in gross) in favour of The Hawera Borough Council created by Transfer 81977

9724267.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 13.5.2014 at 7:00 am

10511394.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS TN209/68 and TNK1/1026) - 26.7.2016 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

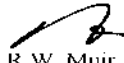
11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

1 2 3 4 5
20 273-32 273-36 36-38 37-38
P. 7861 P. 7862 P. 7863 P. 7864 P. 7865
ARGYLE



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TN209/68**
Land Registration District **Taranaki**
Date Issued 26 March 1956

Prior References
TN87/120

Estate Fee Simple
Area 1836 square metres more or less
Legal Description Lot 3 Deposited Plan 7861
Registered Owners
Annie Brydon Village Limited

Interests

Subject to rights (in gross) of entry incidental to water drainage and pipeline rights in favour of The Hawera Borough Council created by Transfer 81977

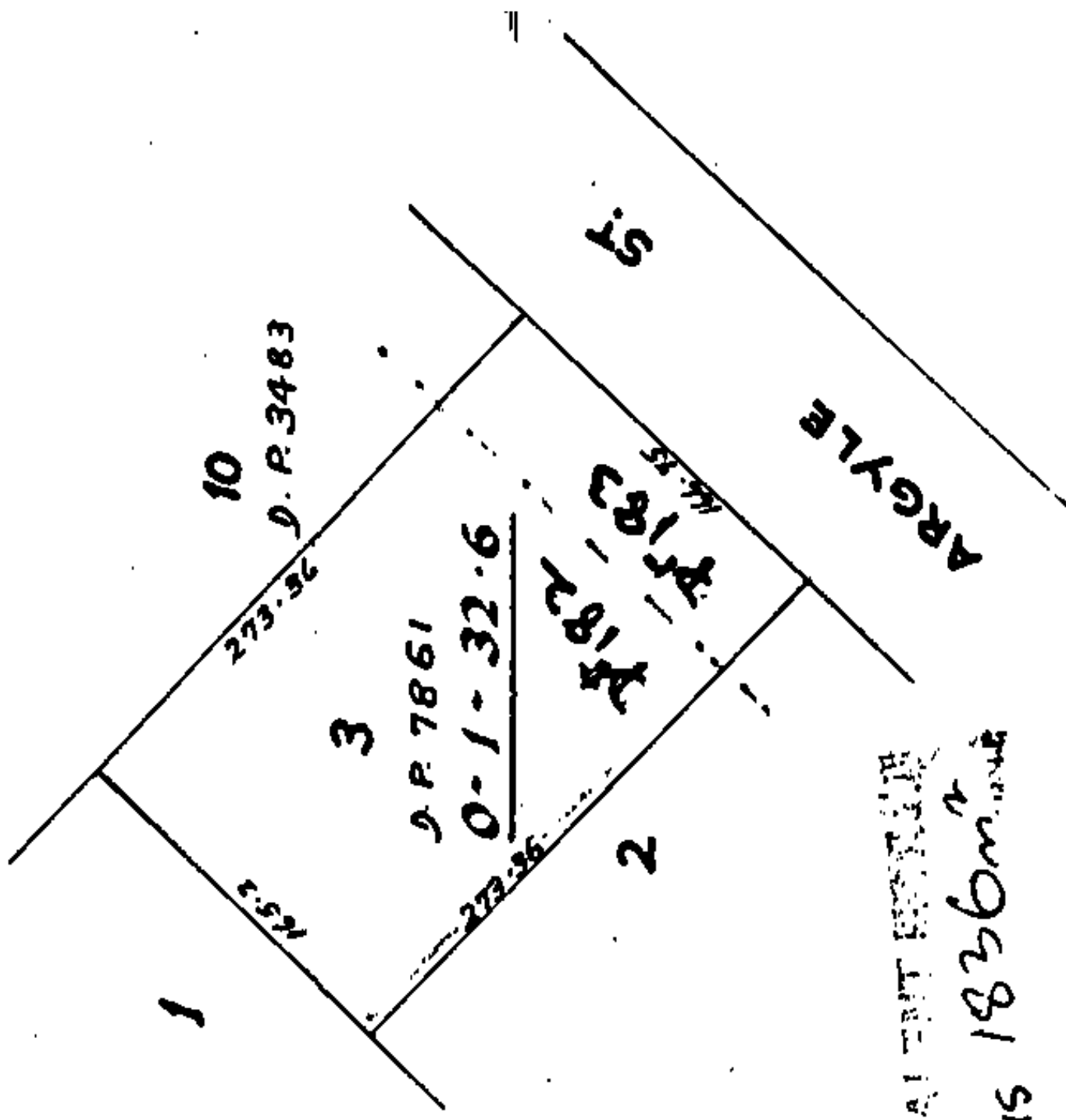
9724267.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 13.5.2014 at 7:00 am

10511394.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS TN209/67 and TNK1/1026) - 26.7.2016 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TNA2/1299**

Land Registration District **Taranaki**

Date Issued 06 August 1965

Prior References

TN88/278

Estate	Fee Simple
Area	1948 square metres more or less
Legal Description	Lot 2 Deposited Plan 9442 and Lot 9 Deposited Plan 3305

Registered Owners

Annie Brydon Village Limited

Interests

Subject to a water right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81978 (affects Lot 2 DP 9442)

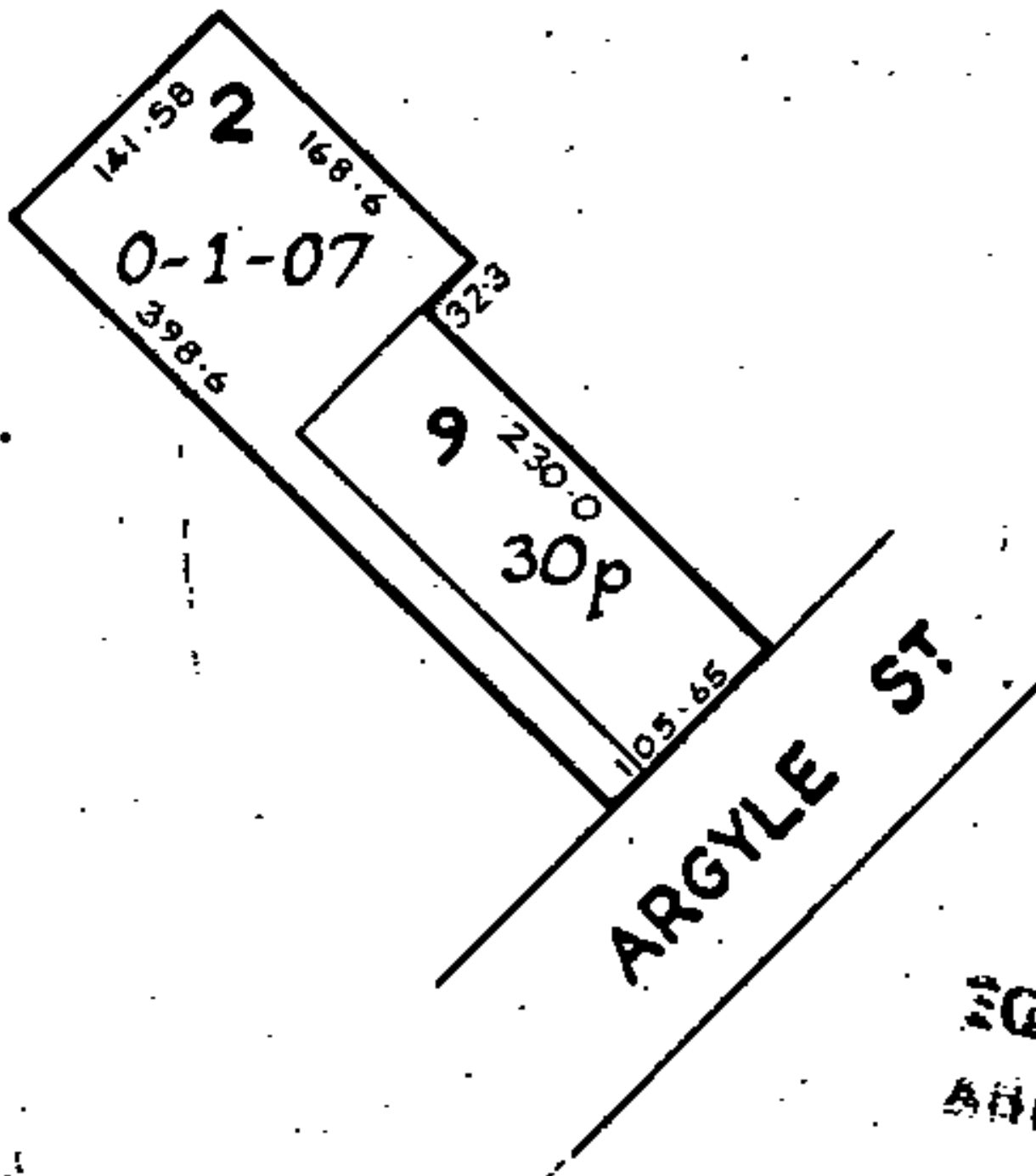
10219981.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) - 14.10.2015 at 11:13 am

10967000.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 24.11.2017 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm



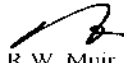
ARGYLE ST.

EQU
ARE



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TND2/1067**

Land Registration District **Taranaki**

Date Issued 26 May 1975

Prior References

TNA1/1186

Estate Fee Simple
Area 1139 square metres more or less
Legal Description Part Lot 1 Deposited Plan 8947

Registered Owners

Annie Brydon Village Limited

Interests

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

✓
GLOVER

Image Quality due
to Condition
of Original

RD

18.11

62.86

P41

1139m²

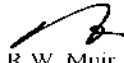
62.86

18.10



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1026**
Land Registration District **Taranaki**
Date Issued 09 August 1995

Prior References
TNK1/690

Supplementary Record Sheet
TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 1 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10511394.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS TN209/67 and TN209/68) - 26.7.2016 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

CENTIMETRES

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

12 SEP 1991 12 36 40

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests**OWNERSHIP OF COMMON PROPERTY**

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

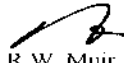
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1027**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 2 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

CENTIMETRES

12 SEP 1991

12 36 48



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

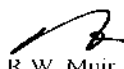
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1028**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 3 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

12 SEP 1995



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier TNK1/1039
Land Registration District Taranaki
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

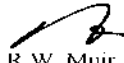
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1029**
Land Registration District **Taranaki**
Date Issued 09 August 1995

Prior References
TNK1/690

Supplementary Record Sheet
TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 4 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

12 SEP 1995



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

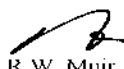
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1030**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold

Legal Description Unit 5 Deposited Plan 18556

Registered Owners

Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

Approved *[Signature]*

REGISTERED OWNERS
Address of Body Corporate
71 GLOVER ROAD, HAWERA

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Roy Bacon, Principal Officer of the South Taranaki District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the provisions of the Unit Titles Act 1972, and that the boundaries of every unit and the common property shown on the plan to be physically measured.

Dated at Hawera this 19th day of March 1995.

[Signature]
Principal Officer

I, Richard Alan Purdy of Auckland Registered Valuer, hereby certify that I have assessed the Unit Entitlement shown herein in accordance with The Unit Titles Act 1972.

Dated 19/03/95
[Signature]
Registered Valuer

Total Area
Comprised in CT K1-650 (ALL)

I, Robert Hugh Brown, Licensed Registered Surveyor and holder of an annual practicing certificate for the year 1995, hereby certify that this plan has been made from a survey conducted by me or under my direction, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any regulations made in substitution thereof.

Dated at Hawera this 19th day of March 1995
Field Book 3080 p. 19, 25
Reference Plans DP18431
Examined A. Hara Correct
Approved as to Survey
20/07/95 JND Registered Surveyor
Deposited this 20th day of July 1995
R.H.B. Gilberd
103111
Received C.C. 95
DP 18556

LAND DISTRICT Taranaki
SURVEY BLK. & DIST. V. Hawera
NZMS 261 SHT Q.21 RECORD MAP No 21-15

PLAN OF UNITS ON LOT 2 DP18431
Surveyed by R.H.B. Gilberd
Scale 1:400 Date March 1995

TERRITORIAL AUTHORITY South Taranaki Dist
Surveyed by R.H.B. Gilberd
Scale 1:400 Date March 1995

Approved pursuant to Section 223 of the Resource Management Act 1991 on the 19th day of May 1995.
The Common Seal of the South Taranaki District Council is affixed hereof in the presence of:
[Signature]
Chairman Judicial Committee
Pursuant to Section 224 of the Resource Management Act 1991, all conditions of the subdivision consent have been complied with to the satisfaction of the South Taranaki District Council.

Dated this 19th day of March 1995
[Signature]
General Manager

WILSON STREET
LEGAL ROAD 20.12 MIDE
550240N
550200N
550160N

1 DP18431
1 DP8371
13 DP4247
2 DP3497
2 DP9442
17 DP7119
16 DP7119
Common Property
Existing water drainage easement by T. 1007
Existing water drainage easement by T. 4.4% 20.1
IT 104.42
flush in sect
Datum for Heights is IT in terms of Survey Standards

CT Issued	Unit Description	Unit Entitlement	Approximate Floor Area	Heights Lower	Heights Upper
K1/1024	PU1	66	68m	104.0	111.0
K1/1027	PU2	64	67m	104.0	111.0
K1/1028	PU3	64	67m	104.0	111.0
K1/1029	PU4	66	68m	104.0	111.0
K1/1030	PU5	66	67m	104.0	111.0
K1/1031	PU6	64	67m	104.0	111.0
K1/1032	PU7	66	68m	104.0	111.0
K1/1033	PU8	66	71m	104.0	111.0
K1/1034	PU9	94	115m	104.0	111.0
K1/1035	PU10	95	115m	104.0	111.0
K1/1036	PU11	97	117m	104.0	111.0
K1/1037	PU12	97	117m	104.0	111.0
K1/1038	PU13	95	115m	104.0	111.0
Total Entitlement		1000			

Supplementary Record Sheet K1/1039

CENTIMETRES
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50
12 SEP 1995



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier TNK1/1039
Land Registration District Taranaki
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

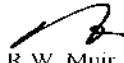
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1031**
Land Registration District **Taranaki**
Date Issued 09 August 1995

Prior References
TNK1/690

Supplementary Record Sheet
TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 6 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

12 SEP 1995

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests**OWNERSHIP OF COMMON PROPERTY**

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

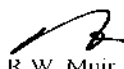
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1032**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold

Legal Description Unit 7 Deposited Plan 18556

Registered Owners

Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

12 SEP 1995



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

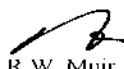
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1033**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 8 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

Approved *[Signature]*

REGISTERED OWNERS
Address of Body Corporate
71 GLOVER ROAD, HAWERA

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Roy Bacon, Principal Officer of the South Taranaki District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the provisions of the Unit Titles Act 1972, and that the boundaries of every unit and the common property shown on the plan to be physically measured.

Dated at Hawera this 19th day of March 1995.

[Signature]
Principal Officer

I, Richard Alan Purdy of Auckland Registered Valuer, hereby certify that I have assessed the Unit Entitlement shown herein in accordance with The Unit Titles Act 1972.

Dated 19/03/95
[Signature]
Registered Valuer

Total Area
Comprised in CT K1-650 (ALL)

I, Robert Hugh Brown, Licensed Surveyor, Registered Surveyor and holder of an annual practicing certificate for the year 1995, hereby certify that this plan has been made from a survey conducted by me or under my direction, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any regulations made in substitution thereof.

Dated at Hawera this 19th day of March 1995.

Field Book 3080 p. 19, 25 Titled DP 18431
Reference Plans DP 18431
Examined A. Hara Correct
Approved as to Survey
20/07/95 JND Registered Surveyor

Deposited this 20th day of August 1995
R.H.B. Gilberd
1033111
Received C.C. 95
DP 18556

LAND DISTRICT Taranaki
SURVEY BLK. & DIST. V. Hawera
NZMS 261 SHT Q.21 RECORD MAP No 2115

PLAN OF UNITS ON LOT 2 DP18431

TERRITORIAL AUTHORITY South Taranaki Dist
Surveyed by R.H.B. Gilberd
Scale 1:400 Date March 1995

WILSON STREET
LEGAL ROAD 20.12 M WIDE

1 DP18431
1 DP8371
16 DP7119
17 DP7119
13 DP4247
2 DP3497
2 DP9442

Common Property

Existing water drainage easement by T. 1007
Existing water drainage easement by T. 4.4% 20.1
IT flush in sect
IT

Datum for Heights is IT in Terms of Survey Standards

CT Issued	Unit Description	Approximate Floor Area	Unit Entitlement	Heights Lower	Heights Upper
K1/1024	PU1	68m	66	104.0	111.0
K1/1027	PU2	67m	64	104.0	111.0
K1/1028	PU3	67m	64	104.0	111.0
K1/1029	PU4	68m	66	104.0	111.0
K1/1030	PU5	68m	66	104.0	111.0
K1/1031	PU6	67m	64	104.0	111.0
K1/1032	PU7	68m	66	104.0	111.0
K1/1033	PU8	71m	66	104.0	111.0
K1/1034	PU9	115m	94	104.0	111.0
K1/1035	PU10	115m	95	104.0	111.0
K1/1036	PU11	117m	97	104.0	111.0
K1/1037	PU12	117m	97	104.0	111.0
K1/1038	PU13	115m	95	104.0	111.0
Total Entitlement			1000		

Supplementary Record Sheet K1/1039

Chairman Judicial Committee
South Taranaki District Council

Pursuant to Section 224 of the Resource Management Act 1991, the subdivision consent have been complied with to the satisfaction of the South Taranaki District Council.

Dated this 19th day of March 1995

General Manager

12 SEP 1995

CENTIMETRES

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests**OWNERSHIP OF COMMON PROPERTY**

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
UNIT TITLE
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1034**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold

Legal Description Unit 9 Deposited Plan 18556

Registered Owners

Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

12 SEP 1991



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

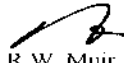
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1035**
Land Registration District **Taranaki**
Date Issued 09 August 1995

Prior References
TNK1/690

Supplementary Record Sheet
TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 10 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

Approvals

[Signature]

REGISTERED OWNERS

Address of Body Corporate
71 GLOVER ROAD, HAWERA

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Roy Bacon, Principal Officer of the South Taranaki District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the provisions of the Unit Titles Act 1972, and that the boundaries of every unit and the common property shown on the plan to be physically measured.

Dated at Hawera this 19th day of March 1995.

[Signature]
Principal Officer

I, Richard Alan Purdy of Auckland Registered Valuer, hereby certify that I have assessed the Unit Entitlement shown herein in accordance with the Unit Titles Act 1972.

Dated 19/03/95

[Signature]
Registered Valuer

Chairman Judicial Committee

[Signature]

Pursuant to Section 224 of the Resource Management Act 1991, the subdivision consent has been complied with to the satisfaction of the South Taranaki District Council.

Dated this 19th day of March 1995.

[Signature]
General Manager

Supplementary Record Sheet

CT Issued	Unit Description	Approximate Floor Area	Unit Entitlement	Heights
				Lower Upper
KI/1024	PU1	68m	66	104.0 111.0
KI/1027	PU2	67m	64	104.0 111.0
KI/1028	PU3	67m	64	104.0 111.0
KI/1029	PU4	68m	66	104.0 111.0
KI/1030	PU5	68m	66	104.0 111.0
KI/1031	PU6	67m	64	104.0 111.0
KI/1032	PU7	68m	66	104.0 111.0
KI/1033	PU8	71m	66	104.0 111.0
KI/1034	PU9	115m	94	104.0 111.0
KI/1035	PU10	115m	95	104.0 111.0
KI/1036	PU11	117m	97	104.0 111.0
KI/1037	PU12	117m	97	104.0 111.0
KI/1038	PU13	115m	95	104.0 111.0
Total Entitlement			1000	

Supplementary Record Sheet KI/1039

LAND DISTRICT Taranaki

SURVEY BLK. & DIST. V. Hawera

NZMS 261 SHT Q.21 RECORD MAP No 2115

PLAN OF UNITS ON LOT 2 DP18431

TERRITORIAL AUTHORITY South Taranaki Dist

Surveyed by R.H.B. Gilbert

Scale 1:400 **Date** March 1995

Approved as to Survey

[Signature]

Deposited this 19th day of March 1995

Received 10/3/11

Registered DP 18556

Field Book 3080 p. 19, 25 Taranaki Dist

Reference Plans DP18431

Examined A. Hara

Approved as to Survey

[Signature]

Deposited this 19th day of March 1995

Received 10/3/11

Registered DP 18556



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

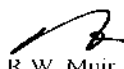
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1036**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold

Legal Description Unit 11 Deposited Plan 18556

Registered Owners

Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

Approvals

[Signature]

REGISTERED OWNERS

Address of Body Corporate
71 GLOVER ROAD, HAWERA

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Roy Bacon, Principal Officer of the South Taranaki District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the provisions of the Unit Titles Act 1972, and that the boundaries of every unit and the common property shown on the plan to be physically measured.

Dated at Hawera this 19th day of March 1995.

[Signature]
Principal Officer

I, Richard Alan Purdy of Auckland Registered Valuer, hereby certify that I have assessed the Unit Entitlement shown herein in accordance with the Unit Titles Act 1972.

Dated 19/03/95

[Signature]
Registered Valuer

CT Issued

Unit Description	Approximate Floor Area	Unit Entitlement	Heights Lower	Heights Upper
PU1	68m	66	104.0	111.0
PU2	67m	64	104.0	111.0
PU3	67m	64	104.0	111.0
PU4	68m	66	104.0	111.0
PU5	68m	66	104.0	111.0
PU6	67m	64	104.0	111.0
PU7	68m	66	104.0	111.0
PU8	67m	64	104.0	111.0
PU9	115m	94	104.0	111.0
PU10	115m	95	104.0	111.0
PU11	117m	97	104.0	111.0
PU12	117m	97	104.0	111.0
PU13	115m	95	104.0	111.0

Total Entitlement 1000

Supplementary Record Sheet K1/1039

PLAN OF UNITS ON LOT 2 DP18431

LAND DISTRICT Taranaki

SURVEY BLK. & DIST. V. Hawera

NZMS 261 SHT Q.21 RECORD MAP No 2115

TERRITORIAL AUTHORITY South Taranaki Dist

Surveyed by R.H.B. Gilbert

Scale 1:400 Date March 1995

Approved as to Survey

[Signature]
JND Registered Surveyor

Deposited this 19th day of March 1995

File 103111

Received 6.6.95

DP 18556





SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

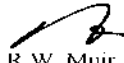
The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1037**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold

Legal Description Unit 12 Deposited Plan 18556

Registered Owners

Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

Approvals

[Signature]

REGISTERED OWNERS

Address of Body Corporate
71 GLOVER ROAD, HAWERA

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Roy Bacon, Principal Officer of the South Taranaki District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the provisions of the Unit Titles Act 1972, and that the boundaries of every unit and the common property shown on the plan to be physically measured.

Dated at Hawera this 19th day of March 1995.

[Signature]
Principal Officer

I, Richard Alan Purdy of Auckland Registered Valuer, hereby certify that I have assessed the Unit Entitlement shown herein in accordance with The Unit Titles Act 1972.

Dated 19/03/95

[Signature]
Registered Valuer

Chairman Judicial Committee

[Signature]

Pursuant to Section 224 of the Resource Management Act 1991, the subdivision consent has been complied with to the satisfaction of the South Taranaki District Council.

Dated this 19th day of March 1995.

[Signature]
General Manager

CT Issued

Unit Description	Approximate Floor Area	Unit Entitlement	Heights
			Lower Upper
PU1	68m	66	104.0 111.0
PU2	67m	64	104.0 111.0
PU3	67m	64	104.0 111.0
PU4	67m	66	104.0 111.0
PU5	68m	66	104.0 111.0
PU6	67m	64	104.0 111.0
PU7	67m	66	104.0 111.0
PU8	67m	66	104.0 111.0
PU9	115m	94	104.0 111.0
PU10	115m	95	104.0 111.0
PU11	117m	97	104.0 111.0
PU12	117m	97	104.0 111.0
PU13	115m	95	104.0 111.0
Total Entitlement		1000	

Supplementary Record Sheet K1/1037

LAND DISTRICT Taranaki

SURVEY BLK. & DIST. V. Hawera

NZMS 261 SHT Q.21 RECORD MAP No 2115

PLAN OF UNITS ON LOT 2 DP18431

TERRITORIAL AUTHORITY South Taranaki Dist

Surveyed by R.H.B. Gilbert

Scale 1:400

Date March 1995

Approved as to Survey

[Signature]

Deposited this 19th day of March 1995

Received 10/3/95

DP 18556

Total Area CT K1-650 (ALL)

Comprised in Robert Hugh Brown, Oliver Registered Surveyor and holder of an annual practicing certificate for the year 1995, has surveyed and prepared this plan in accordance with the provisions of the Unit Titles Act 1972 or any regulations made in substitution thereof. The plan has been made from a survey conducted by me or under my direction, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any regulations made in substitution thereof. Dated at Hawera this 19th day of March 1995.

[Signature]
Surveyor

Field Book 3080 p. 19, 25 Taranaki Dist

Reference Plans DP18431

Examined A. Hara

Approved as to Survey

[Signature]



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **TNK1/1038**

Land Registration District **Taranaki**

Date Issued 09 August 1995

Prior References

TNK1/690

Supplementary Record Sheet

TNK1/1039

Estate Stratum in Freehold
Legal Description Unit 13 Deposited Plan 18556
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

Approved *[Signature]*

REGISTERED OWNERS
Address of Body Corporate
71 GLOVER ROAD, HAWERA

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Roy Bacon, Principal Officer of the South Taranaki District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the provisions of the Unit Titles Act 1972, and that the boundaries of every unit and the common property shown on the plan to be physically measured.

Dated at Hawera this 19th day of 1995.

[Signature]
Principal Officer

I, Richard Alan Purdy of Auckland Registered Valuer, hereby certify that I have assessed the Unit Entitlement shown herein in accordance with the Unit Titles Act 1972.

Dated 19/11/95
[Signature]
Registered Valuer

Total Area
Comprised in CT K1-650 (ALL)

I, Robert Hugh Brown, Licensed Registered Surveyor and holder of an annual practicing certificate for the year 1995, hereby certify that this plan has been made from a survey conducted by me or under my direction, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any regulations made in substitution thereof.

Dated at Hawera this 19th day of March 1995
Field Book 3080 p. 19, 25
Reference Plans DP18431
Examined A. Hara Correct
Approved as to Survey
20/07/95 JND Registered Surveyor

Deposited this 20th day of July 1995
R.H.B. Gilberd
Registered Land Registrar
File 103111
Received 66.95 \$
103111
DP 18556

LAND DISTRICT Taranaki
SURVEY BLK. & DIST. V. Hawera
NZMS 261 SHT Q.21 RECORD MAP No 2115

PLAN OF UNITS ON LOT 2 DP18431

TERRITORIAL AUTHORITY South Taranaki Dist
Surveyed by R.H.B. Gilberd
Scale 1:400 Date March 1995

WILSON STREET
LEGAL ROAD 20.12 M WIDE

1 DP18431
1 DP8371
16 DP7119
17 DP7119
13 DP4247
2 DP3497
2 DP9442

Common Property

Existing water drainage easement by T. 1007
Existing water drainage easement by T. 4.4% 20.1
IT flush in sect
IT

Datum for Heights is IT in Terms of Survey Standards

CT Issued	Unit Description	Unit Entitlement	Approximate Floor Area	Heights Lower	Heights Upper
K1/1024	PU1	66	684	104.0	111.0
K1/1027	PU2	64	674	104.0	111.0
K1/1028	PU3	64	674	104.0	111.0
K1/1029	PU4	66	684	104.0	111.0
K1/1030	PU5	66	684	104.0	111.0
K1/1031	PU6	64	674	104.0	111.0
K1/1032	PU7	66	684	104.0	111.0
K1/1033	PU8	66	684	104.0	111.0
K1/1034	PU9	94	1154	104.0	111.0
K1/1035	PU10	95	1154	104.0	111.0
K1/1036	PU11	97	1174	104.0	111.0
K1/1037	PU12	97	1174	104.0	111.0
K1/1038	PU13	95	1154	104.0	111.0
Total Entitlement		1000			

Supplementary Record Sheet K1/1039

Chairman Judicial Committee
The Common Seal of the South Taranaki District Council is affixed hereof in the presence of.

Pursuant to Section 224 of the Resource Management Act 1991, the subdivision consent have been complied with to the satisfaction of the South Taranaki District Council.

Dated this 19th day of 1995

General Manager

12 SEP 1995

CENTIMETRES



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK1/1039**
Land Registration District **Taranaki**
Date Issued 09 August 1995
Plan Number DP 18556

Subdivision of
 Lot 2 Deposited Plan 18431

Unit Titles Issued

TNK1/1026	TNK1/1027	TNK1/1028	TNK1/1029
TNK1/1030	TNK1/1031	TNK1/1032	TNK1/1033
TNK1/1034	TNK1/1035	TNK1/1036	TNK1/1037
TNK1/1038			

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a water drainage pipeline right (in gross) over part in favour of The Hawera Borough Council created by Transfer 81977

Subject to a right to convey and lead water (in gross) over part marked A on DP 18431 in favour of The South Taranaki District Council created by Transfer 421420.1

Subject to a right of way over part marked A on DP 18778 created by Transfer 435735.5 - 20.9.1996 at 11.58 am

Subject to a right of way over part marked A on DP 19082 created by Transfer 436479.6 - 18.10.1996 at 11.45 am

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over parts marked A & B on DP 19607 created by Transfer 451650.8 - 12.6.1998 at 12.10 pm



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **TNK2/420**
Land Registration District **Taranaki**
Date Issued 20 September 1996

Prior References

TNK1/689

Estate Fee Simple
Area 2645 square metres more or less
Legal Description Lot 2 Deposited Plan 18778

Registered Owners

Annie Brydon Village Limited

Interests

Appurtenant hereto is a right of way created by Transfer 435735.5 - 20.9.1996 at 11.58 am

451373.1 Lease Term 24 years 9 months and 21 days commencing on 10.6.1996 CT 44520 issued - 5.6.1998 at 10:45 am

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

9203817.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS TN134/209) - 9.10.2012 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

APPROVALS
 APPROVED BY: [Signature]
 DATE: 28/09/95
 HAWERA DISTRICT COUNCIL

REGISTERED OWNERS
 Approved pursuant to Section 223 of the Resource Management Act 1991 and the Resource Management Act 1991, hereby certify that this plan has been made from a survey conducted in accordance with the provisions of the Survey Act 1980, on the day of the month of September 1995, in the presence of the South Taranaki District Council, hereinafter referred to as the Council.

DEPOSITED
 This plan is deposited in the office of the District Land Registrar, Hawera, on the day of the month of September 1995, in the presence of the District Land Registrar, Hawera, hereinafter referred to as the Registrar.

DEPOSITED
 This plan is deposited in the office of the District Land Registrar, Hawera, on the day of the month of September 1995, in the presence of the District Land Registrar, Hawera, hereinafter referred to as the Registrar.

NEW CT ALLOCATED

LOT 1	K2/419
LOT 2	K2/420

Total Area 7175m²
Comprised in CT K1-689 (ALL)

APPROVED AS TO SURVEY
 [Signature]
 Chief Surveyor

DEPOSITED
 This plan is deposited in the office of the District Land Registrar, Hawera, on the day of the month of September 1995, in the presence of the District Land Registrar, Hawera, hereinafter referred to as the Registrar.

APPROVED AS TO SURVEY
 [Signature]
 Chief Surveyor

DEPOSITED
 This plan is deposited in the office of the District Land Registrar, Hawera, on the day of the month of September 1995, in the presence of the District Land Registrar, Hawera, hereinafter referred to as the Registrar.

APPROVED AS TO SURVEY
 [Signature]
 Chief Surveyor

DEPOSITED
 This plan is deposited in the office of the District Land Registrar, Hawera, on the day of the month of September 1995, in the presence of the District Land Registrar, Hawera, hereinafter referred to as the Registrar.

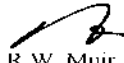


08 NOV 1995



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/19**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK3/230

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 1 and Accessory Unit 1 Deposited
Plan 19267

Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

U.S. GOVERNMENT PRINTING OFFICE: 1965 O - 348-000

1800-855-5555 | AVO INFORMATION NEW ZEALAND

18 DEC 1998



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK3/231**

Land Registration District **Taranaki**

Date Issued 04 February 1997

Plan Number DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19	TNL1/20	TNL1/21	TNL1/22
TNL1/23	TNL1/24	TNL1/25	

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

The part herein formerly contained in CT TNK2/487 is Subject to Part IV A Conservation Act 1987. Now also affect part formerly in CT TNK4/366- see Transfer 454754.1 - 17.10.1998

Every mineral existing in its natural condition in the within land formery part CT TN K2/487 is owned by the Crown see Transfer 454754.1 - 17.10.1998 (now also affects part formerly in CT TNK4/366)

Appurtenant hereto is a right of way created by Transfer 436479.6

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

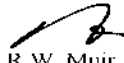
Appurtenant hereto is a right to drain sewage and convey electricity specified in Easement Certificate 451650.5 (affects part formerly Lot 2 DP 19607)

Appurtenant hereto is a right of way (affects part formerly Lot 2 DP 19607) and a right of way (affects part formerly Lot 3 DP 19607) created by Transfer 451650.8



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/20**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK3/726

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 2 and Accessory Unit 2 Deposited
Plan 19267

Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10967000.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 24.11.2017 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

REDEVELOPMENT OF UNITS ON LOT 1 DP19082 AND LOTS 2 AND 3 DP19607

LAND DIST Taranaki
SURVEY BLK & DIST V. Haveria
NZMS 2610.2.1. RECORD MAP No 215

TERRITORIAL AUTHORITY South Taranaki Dist.
Surveyed by R.H.B. Gilbert
Date 1-2-00
Date November 1997

Scale 1:200

REDEVELOPMENT OF UNITS ON LOT 1 DP19082 AND LOTS 2 AND 3 DP19607

Supplementary Record Sheet K3-231

CT Issued Description Unit Entitlement Approximate Floor Area Heights Lower Upper

LI-19	PU1	200	1304	104.5	111.5
LI-20	PU2	119	644	104.5	111.5
LI-21	PU3	151	934	104.5	111.5
LI-22	PU4	166	1054	104.5	111.5
LI-23	PU5	166	1054	104.5	111.5
LI-24	PU6	166	1054	104.5	111.5
LI-25	PU7	166	1054	104.5	111.5
LI-26	AU1	8	154	104.5	111.5
LI-27	AU2	8	154	104.5	111.5
LI-28	AU3	8	154	104.5	111.5
LI-29	AU4	8	154	104.5	111.5
LI-30	AU5	8	154	104.5	111.5
LI-31	AU6	8	154	104.5	111.5
LI-32	AU7	8	154	104.5	111.5
LI-33	AU8	8	154	104.5	111.5
LI-34	AU9	8	154	104.5	111.5
LI-35	AU10	8	154	104.5	111.5
LI-36	AU11	8	154	104.5	111.5
LI-37	AU12	8	154	104.5	111.5
LI-38	AU13	8	154	104.5	111.5
LI-39	AU14	8	154	104.5	111.5
LI-40	AU15	8	154	104.5	111.5
LI-41	AU16	8	154	104.5	111.5
LI-42	AU17	8	154	104.5	111.5
LI-43	AU18	8	154	104.5	111.5
LI-44	AU19	8	154	104.5	111.5
LI-45	AU20	8	154	104.5	111.5
LI-46	AU21	8	154	104.5	111.5
LI-47	AU22	8	154	104.5	111.5
LI-48	AU23	8	154	104.5	111.5
LI-49	AU24	8	154	104.5	111.5
LI-50	AU25	8	154	104.5	111.5
LI-51	AU26	8	154	104.5	111.5
LI-52	AU27	8	154	104.5	111.5
LI-53	AU28	8	154	104.5	111.5
LI-54	AU29	8	154	104.5	111.5
LI-55	AU30	8	154	104.5	111.5
LI-56	AU31	8	154	104.5	111.5
LI-57	AU32	8	154	104.5	111.5
LI-58	AU33	8	154	104.5	111.5
LI-59	AU34	8	154	104.5	111.5
LI-60	AU35	8	154	104.5	111.5
LI-61	AU36	8	154	104.5	111.5
LI-62	AU37	8	154	104.5	111.5
LI-63	AU38	8	154	104.5	111.5
LI-64	AU39	8	154	104.5	111.5
LI-65	AU40	8	154	104.5	111.5
LI-66	AU41	8	154	104.5	111.5
LI-67	AU42	8	154	104.5	111.5
LI-68	AU43	8	154	104.5	111.5
LI-69	AU44	8	154	104.5	111.5
LI-70	AU45	8	154	104.5	111.5
LI-71	AU46	8	154	104.5	111.5
LI-72	AU47	8	154	104.5	111.5
LI-73	AU48	8	154	104.5	111.5
LI-74	AU49	8	154	104.5	111.5
LI-75	AU50	8	154	104.5	



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK3/231**

Land Registration District **Taranaki**

Date Issued 04 February 1997

Plan Number DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19	TNL1/20	TNL1/21	TNL1/22
TNL1/23	TNL1/24	TNL1/25	

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

The part herein formerly contained in CT TNK2/487 is Subject to Part IV A Conservation Act 1987. Now also affect part formerly in CT TNK4/366- see Transfer 454754.1 - 17.10.1998

Every mineral existing in its natural condition in the within land formery part CT TN K2/487 is owned by the Crown see Transfer 454754.1 - 17.10.1998 (now also affects part formerly in CT TNK4/366)

Appurtenant hereto is a right of way created by Transfer 436479.6

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

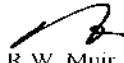
Appurtenant hereto is a right to drain sewage and convey electricity specified in Easement Certificate 451650.5 (affects part formerly Lot 2 DP 19607)

Appurtenant hereto is a right of way (affects part formerly Lot 2 DP 19607) and a right of way (affects part formerly Lot 3 DP 19607) created by Transfer 451650.8



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/21**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK3/727

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 3 and Accessory Unit 3 Deposited
Plan 19267

Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10967000.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 24.11.2017 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

OSU FORM 015 "APPROVED LM 92/06"

— I SUPPLY AN OVERSIZED GUNNAR AI — ALSO BUCKHAMTON NEW ZEALAND

18 DEC 1998



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier

TNK3/231

Land Registration District

Taranaki

Date Issued

04 February 1997

Plan Number

DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19

TNL1/20

TNL1/21

TNL1/22

TNL1/23

TNL1/24

TNL1/25

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

The part herein formerly contained in CT TNK2/487 is Subject to Part IV A Conservation Act 1987. Now also affect part formerly in CT TNK4/366- see Transfer 454754.1 - 17.10.1998

Every mineral existing in its natural condition in the within land formery part CT TN K2/487 is owned by the Crown see Transfer 454754.1 - 17.10.1998 (now also affects part formerly in CT TNK4/366)

Appurtenant hereto is a right of way created by Transfer 436479.6

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

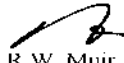
Appurtenant hereto is a right to drain sewage and convey electricity specified in Easement Certificate 451650.5 (affects part formerly Lot 2 DP 19607)

Appurtenant hereto is a right of way (affects part formerly Lot 2 DP 19607) and a right of way (affects part formerly Lot 3 DP 19607) created by Transfer 451650.8



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/22**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK3/728

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 4 Deposited Plan 19267
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10967000.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 24.11.2017 at 7:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

REGISTERED OWNERS

Address of Body Corporate

71 Glover Road, Haveria

Pursuant to Section 5(1)(g) of the Unit Titles Act 1972, I Demand Ray Beeson, Director of the Haveria District Council, hereby certify that every building shown on this plan has been erected and all other development has been carried out in accordance with the necessary to enable all the boundaries of every unit and the common property shown on the plan to be physically ascertained.

Dated at Haveria this 15th day of November 1997

[Signature]
Principal Officer

Approved pursuant to Section 223 of the Resource Management Act 1991 on the 22nd day of November 1997.
(No conditions imposed)

The Common Seal of the South Taranaki District Council is affixed hereto in witness whereof.

[Signature]
Chief Executive
of the Judicial Committee

Total Area

Compressed in C-31, K3-230, K3-231, K3-228, K3-227, K3-229, K4-355, K4-366

Robert, JAGOB, B. LOANSE, GILBERG

Registered Surveyor and holder of an annual practising certificate for the year 1997. I hereby certify that the plan shown on this plan is a true and correct copy of the original plan and that the survey has been made in accordance with the Survey Regulations 1972 or any regulations made thereunder.

Dated at Haveria this 15th day of November 1997

[Signature]
Field Book
Reference Photo DP-10082, DP-19607

Examined and Approved as to Survey

[Signature]
Chief Surveyor

Deposited this 15th day of November 1997

DP19267

REDEVELOPMENT OF UNITS ON LOT 1 DP19082 AND LOTS 2 AND 3 DP19607

LAND DIST Taranaki
SURVEY BLK & DIST V Haveria
NZMS 261.0.2.1 RECORD MAP No 21:15

TERRITORIAL AUTHORITY South Taranaki Dist...
Surveyed by R.H.B. Gilberg
Scale 1:200
Date November 1997

CT Issued

Unit Description	Approximate Floor Area	Unit Entitlement	Heights Lower	Heights Upper
PU1	1304	200	104.5	111.5
PU2	642	119	104.5	111.5
PU3	934	151	104.5	111.5
PU4	1054	166	104.5	111.5
PU5	1054	166	104.5	111.5
PU6	1054	166	104.5	111.5
PU7	1054	166	104.5	111.5
PU8	1054	166	104.5	111.5
PU9	1054	166	104.5	111.5
PU10	1054	166	104.5	111.5
PU11	1054	166	104.5	111.5
PU12	1054	166	104.5	111.5
PU13	1054	166	104.5	111.5
PU14	1054	166	104.5	111.5
PU15	1054	166	104.5	111.5
PU16	1054	166	104.5	111.5
PU17	1054	166	104.5	111.5
PU18	1054	166	104.5	111.5
PU19	1054	166	104.5	111.5
PU20	1054	166	104.5	111.5
PU21	1054	166	104.5	111.5
PU22	1054	166	104.5	111.5
PU23	1054	166	104.5	111.5
PU24	1054	166	104.5	111.5
PU25	1054	166	104.5	111.5
PU26	1054	166	104.5	111.5
PU27	1054	166	104.5	111.5
PU28	1054	166	104.5	111.5
PU29	1054	166	104.5	111.5
PU30	1054	166	104.5	111.5
PU31	1054	166	104.5	111.5
PU32	1054	166	104.5	111.5
PU33	1054	166	104.5	111.5
PU34	1054	166	104.5	111.5
PU35	1054	166	104.5	111.5
PU36	1054	166	104.5	111.5
PU37	1054	166	104.5	111.5
PU38	1054	166	104.5	111.5
PU39	1054	166	104.5	111.5
PU40	1054	166	104.5	111.5
PU41	1054	166	104.5	111.5
PU42	1054	166	104.5	111.5
PU43	1054	166	104.5	111.5
PU44	1054	166	104.5	111.5
PU45	1054	166	104.5	111.5
PU46	1054	166	104.5	111.5
PU47	1054	166	104.5	111.5
PU48	1054	166	104.5	111.5
PU49	1054	166	104.5	111.5
PU50	1054	166	104.5	111.5
PU51	1054	166	104.5	111.5
PU52	1054	166	104.5	111.5
PU53	1054	166	104.5	111.5
PU54	1054	166	104.5	111.5
PU55	1054	166	104.5	111.5
PU56	1054	166	104.5	111.5



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier

TNK3/231

Land Registration District

Taranaki

Date Issued

04 February 1997

Plan Number

DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19

TNL1/20

TNL1/21

TNL1/22

TNL1/23

TNL1/24

TNL1/25

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

The part herein formerly contained in CT TNK2/487 is Subject to Part IV A Conservation Act 1987. Now also affect part formerly in CT TNK4/366- see Transfer 454754.1 - 17.10.1998

Every mineral existing in its natural condition in the within land formery part CT TN K2/487 is owned by the Crown see Transfer 454754.1 - 17.10.1998 (now also affects part formerly in CT TNK4/366)

Appurtenant hereto is a right of way created by Transfer 436479.6

The easements created by Transfer 436479.6 are subject to Section 243 (a) Resource Management Act 1991

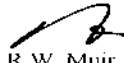
Appurtenant hereto is a right to drain sewage and convey electricity specified in Easement Certificate 451650.5 (affects part formerly Lot 2 DP 19607)

Appurtenant hereto is a right of way (affects part formerly Lot 2 DP 19607) and a right of way (affects part formerly Lot 3 DP 19607) created by Transfer 451650.8



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/23**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK4/365

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 5 Deposited Plan 19267
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

OSU FORM 015 "APPROVED LM 92/06"

— I SUPPLY AN OVERSIZED GIGABYTE | AND BUCKHAMPTON NEW ZEALAND

18 DEC 1998



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK3/231**

Land Registration District **Taranaki**

Date Issued 04 February 1997

Plan Number DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19	TNL1/20	TNL1/21	TNL1/22
TNL1/23	TNL1/24	TNL1/25	

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

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Appurtenant hereto is a right of way (affects part formerly Lot 2 DP 19607) and a right of way (affects part formerly Lot 3 DP 19607) created by Transfer 451650.8



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




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/24**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK4/366

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 6 Deposited Plan 19267
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

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10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

OSU FORM 015 "APPROVED LM 92/06"

— I SUPPLY AN OVERSEAS DELIVERY | ALSO DELIVERY WITHIN NEW ZEALAND

18 DEC 1998



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK3/231**

Land Registration District **Taranaki**

Date Issued 04 February 1997

Plan Number DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19	TNL1/20	TNL1/21	TNL1/22
TNL1/23	TNL1/24	TNL1/25	

Interests

OWNERSHIP OF COMMON PROPERTY

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(a) the body corporate owns the common property and

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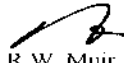
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**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
UNIT TITLE
Search Copy**




R.W. Muir
Registrar-General
of Land

Identifier **TNL1/25**
Land Registration District **Taranaki**
Date Issued 07 October 1998

Prior References
TNK4/366

Supplementary Record Sheet
TNK3/231

Estate Stratum in Freehold
Legal Description Unit 7 Deposited Plan 19267
Registered Owners
Annie Brydon Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7578432.1 Notice of the registration of Annie Brydon Residential Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 16.10.2007 at 9:00 am

10959813.10 Encumbrance to Covenant Trustee Services Limited - 13.12.2017 at 4:54 pm

10959813.11 Mortgage to Bank of New Zealand - 13.12.2017 at 4:54 pm

11531628.1 Variation of Mortgage 10959813.11 - 26.8.2019 at 3:52 pm

[illegible]



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier **TNK3/231**

Land Registration District **Taranaki**

Date Issued 04 February 1997

Plan Number DP 19267

Subdivision of

Lot 1 Deposited Plan 19082 and Lot 2 Deposited Plan 19607 and Lot 3 Deposited Plan 19607

Unit Titles Issued

TNL1/19	TNL1/20	TNL1/21	TNL1/22
TNL1/23	TNL1/24	TNL1/25	

Interests

OWNERSHIP OF COMMON PROPERTY

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APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

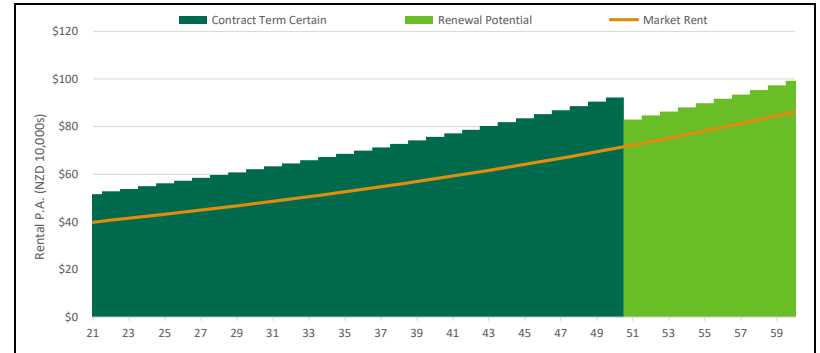
Discounted Cash Flow Summary

PV of Net Income	\$8,010,000
PV of Terminal Value	\$600,000
Total Net Present Value	\$8,610,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$8,600,000
Indicated IRR	8.34%
Initial Yield	6.00%
Yield on Market	4.59%
\$/Bed	\$126,471

Sensitivity Analysis

		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rate	7.25%	\$9,600,000	\$9,550,000	\$9,550,000	\$9,500,000	\$9,450,000
	7.50%	\$9,250,000	\$9,200,000	\$9,200,000	\$9,150,000	\$9,150,000
	7.75%	\$8,900,000	\$8,900,000	\$8,900,000	\$8,850,000	\$8,850,000
	8.00%	\$8,600,000	\$8,600,000	\$8,600,000	\$8,550,000	\$8,550,000
	8.25%	\$8,350,000	\$8,300,000	\$8,300,000	\$8,300,000	\$8,250,000
	8.50%	\$8,050,000	\$8,050,000	\$8,050,000	\$8,000,000	\$8,000,000
	8.75%	\$7,800,000	\$7,800,000	\$7,800,000	\$7,750,000	\$7,750,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	52	53	54	55	56	57	58	60	61	62	63	65	66	67	69	70	71	73	74	76	77	79	80	82	84	85	87	89	90	92	83	85	86	88	90	92	94	95	97	99	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	52	53	54	55	56	57	58	60	61	62	63	65	66	67	69	70	71	73	74	76	77	79	80	82	84	85	87	89	90	92	83	85	86	88	90	92	94	95	97	99	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																											1,250
Disposal Cost Allowance @ 2.0%																																											-25

NET CASHFLOW INCOME	52	53	54	55	56	57	58	60	61	62	63	65	66	67	69	70	71	73	74	76	77	79	80	82	84	85	87	89	90	92	83	85	86	88	90	92	94	95	97	99	1,225

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

8. COLWYN HOUSE LIFECARE

COLWYN HOUSE LIFECARE



Entrance



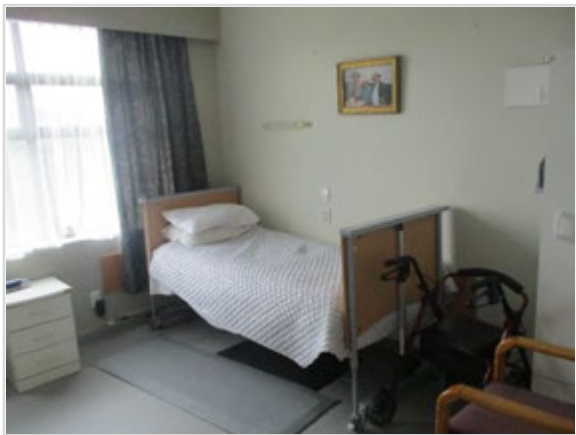
Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$9,900,000
(Nine Million, Nine Hundred Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Colwyn House Lifecare comprises a medium scale purpose built aged care facility, situated on a corner site located in the residential suburb of Mahora circa 2 kilometres to the north east of the Hastings CBD. The complex has been subject to staged construction from circa 1998 through 2013 together with internal alterations over time. Accommodation provided is considered functional for its use, conversely, is below modern contemporary standards in terms of ensuite provision. The care provided on site is multi-faceted and includes specialist psychogeriatric, hospital (medical and geriatric) and dementia level care. The complex currently includes: ■ 71 Bed Care Facility		
Land Area:	6,280 Square Metres (more or less)		
Zoning:	The site is zoned 'General Residential ' under the Hastings District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$499,000 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 2,748 sqm or 1:38.7 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical, Geriatric and Mental Health Services) from 1 April 2021 for 36 months expiring 1 April 2024.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	11 March 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

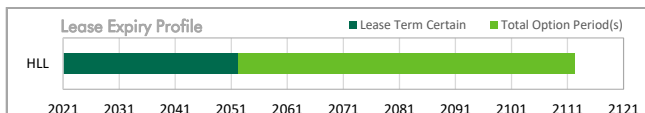
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$9,900,000
Initial Yield	5.04%
Yield on Market	5.96%
Indicated IRR	7.25%
Multiple on Contract Rental	19.8
Multiple on Market Rental	16.8
Average \$ Per Bed	\$139,437
\$/Sqm Floor Area	\$3,603
\$/Sqm Land Area	\$1,576

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$590,000
Capitalise In Perpetuity @	5.25%
Capitalised Value	\$11,238,095
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$1,332,060)
Market Value	\$9,900,000
Yield on Contract	5.04%
Yield on Market	5.96%
\$ Per Bed	\$139,437

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$499,000	\$590,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$135	\$160
Rent \$ Per Sqm Floor Area	\$182	\$215
Contract Variance to Market (Shortfall P.A.)		(\$91,000)
Contract Variance to Market		-15.42%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.25%
Terminal Yield	6.25%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$9,900,000
Yield on Contract	5.04%

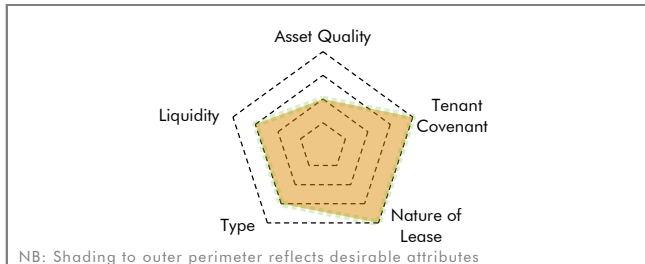
Care Facility Bed Summary

Total Beds	71
Bed Day Capacity	25,915
Ensuite to Room Ratio	4%
Ensuite to Bed Ratio	4%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:38.7 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Dementia	20 @	\$120,000	\$2,400,000
Hospital	2 @	\$140,000	\$280,000
Mental Health (Level 1)	44 @	\$140,000	\$6,160,000
Mental Health (Level 2)	5 @	\$140,000	\$700,000
Total Equivalent Beds	71 @	\$134,507	\$9,550,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- All single rooms offering a degree of future proofing to the facility.
- Corner front position providing good profile and multiple access points.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- There exists a relatively intense level of aged care competition within the immediate catchment, including Arvida's Mary Doyle Lifecare which provides a 204 bed aged care facility.
- Low ensuite-to-room ratio at 4.2% with only 3 rooms having private ensuite provision.
- The overall bed to floor area ratio of approximately 1:38.7 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.
- On site car parking is at a premium.

Opportunities

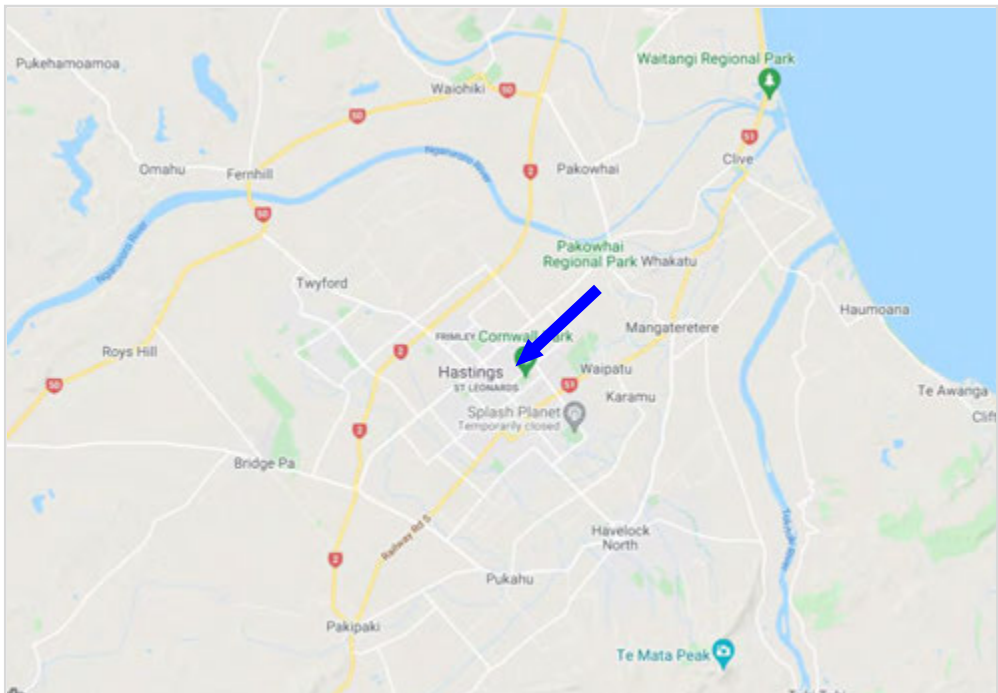
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

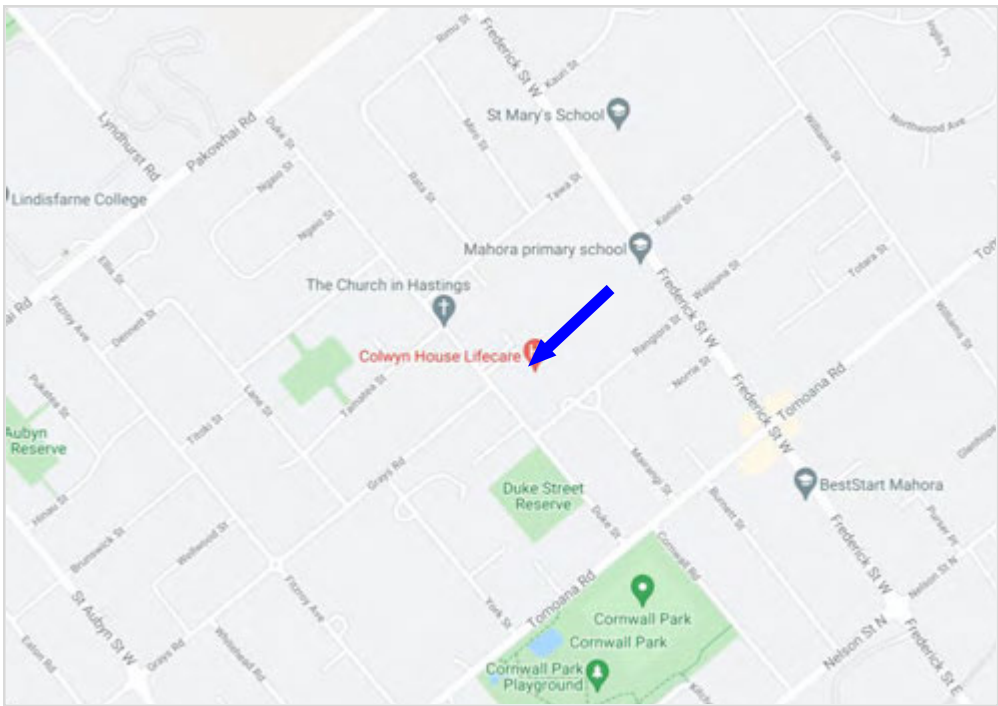
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** Situated on a corner site with frontage to Duke Street and Rangiora Street.
- Location:** Located within the suburb of Mahora, circa 2 kilometres to the north east of the Hastings CBD.
- Population:** According to the 2018 Census, Hastings District has a usually resident population of approximately 81,549 people, showing an increase of 11.3% over the 2013 Census.

Of the population, 7.1% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
445690	Lot 1	DP 10023	999	Heritage Lifecare Villages Limited	Freehold
	Lot 2	DP 10023	357		
	Lot 3	DP 10023	567		
	Lot 5	DP 10023	852		
	Lot 6	DP 10023	622		
	Lot 2	DP 4059	2,616		
	Lot 72	BLK XV	267		
Total			6,280		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 7187950.1 Certificate pursuant to Section 77 Building Act 2004 that this Computer Register is subject to the condition imposed under Section 75(2)

Affects land formerly held in CT's HB108/295, HBA2/587, HBG3/1008 and HBJ3/1145

■ 10654098.1 Encumbrance to The Anglican Diocese of Waiapu

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 August 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
701-707 Duke Street	1022043200	\$1,220,000	\$4,640,000	\$5,860,000
Total		\$1,220,000	\$4,640,000	\$5,860,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Colwyn House Lifecare comprises a medium scale purpose built aged care facility, situated on a corner site located in the residential suburb of Mahora circa 2 kilometres to the north east of the Hastings CBD. The complex has been subject to staged construction from circa 1998 through 2013 together with internal alterations over time. Accommodation provided is considered functional for its use, conversely, is below modern contemporary standards in terms of ensuite provision. The care provided on site is multi-faceted and includes specialist psychogeriatric, hospital (medical and geriatric) and dementia level care. The complex currently includes:

■ 71 Bed Care Facility

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Pohutukawa Wing									
Single Rooms	-	17	-	-	-	3	20	3	20
Double Rooms	-	-	-	-	-	-	-	-	-
Matai Wing									
Single Rooms	2	24	-	-	-	-	26	-	26
Double Rooms	-	-	-	-	-	-	-	-	-
Kowhai Wing									
Single Rooms	-	25	-	-	-	-	25	-	25
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	2	66	-	-	-	3	71	3	71
Bed Day Capacity									25,915
Ensuite to Room Ratio									4%
Ensuite to Bed Ratio									4%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:38.7

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	RH	Care Beds H	D	O	Current Total	Future Supply	Forecast Total
Voguehaven Rest Home	Clive	25				25		25
Colwyn House Lifecare	Mahora		2	20	49	71		71
Eversley Lifestyle Care & Village	Mahora	29	4	17		50	60	110
Summerville Rest Home	Mahora	17				17		17
Brittany Residential Care	Mayfair	26	34			60		60
Gracelands Nursing Complex	Waiohiki	36	41		11	88		88
Duart Lifestyle Care	Havelock North	20	46			66		66
Hillcrest Rest Home	Havelock North	20				20		20
Mary Doyle Lifecare	Havelock North	39	55	64	46	204		204
Summerset in the Vines	Havelock North	21	22			43		43
Waiapu House Lifecare	Havelock North	43	32			75		75
James Wattie Retirement Village	Havelock North					0	90	90
Metlifecare Havelock North	Havelock North					0	40	40
Total Beds		276	236	101	106	719	190	909
Percentage		38%	33%	14%	15%	100%	26%	126%

7 RENTAL ASSESSMENT

Our adopted market rental at \$590,000 per annum plus GST and outgoings compares to the contract rental of \$499,000 per annum which indicates a difference of \$91,000 per annum, alternatively 18.24%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.25% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$590,000

Capitalise In Perpetuity @ 5.25%

CAPITALISED VALUE \$11,238,095

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$590,000
Contract Rental	\$499,000
Rental Shortfall per Annum	(\$91,000)
Months to Next Review	360
Discounted at	5.75%
	0.47% monthly

PRESENT VALUE OF RENTAL SHORTFALL (\$1,326,570)

\$9,911,525

Sensitivity Analysis		Adopt	\$9,900,000
4.25%	\$12,550,000	Initial Yield	5.04%
4.75%	\$11,100,000	Yield on Market	5.96%
5.25%	\$9,900,000	\$ Per Bed (Based on 71 Equivalent Beds)	\$139,437
5.75%	\$8,950,000	\$ Per Sqm Floor Area	\$3,603
6.25%	\$8,100,000	Multiple on Market	16.78

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Dementia	20	@	\$120,000	\$2,400,000
Hospital	2	@	\$140,000	\$280,000
Mental Health (Level 1)	44	@	\$140,000	\$6,160,000
Mental Health (Level 2)	5	@	\$140,000	\$700,000
Total Equivalent Beds	71	@	\$134,366	\$9,540,000

Sensitivity Analysis		Adopt	
\$129,366	\$9,185,000	Yield on Market	6.18%
\$134,366	\$9,550,000	Equivalent \$/Per Bed (Based on 71 Beds)	\$134,507
\$139,366	\$9,895,000	Multiple on Market	16.19

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.25%
Terminal Yield (On Year 40 Income)	6.25%
Terminal Value as a Percentage of Total Value	12.52%

Sensitivity Analysis		Adopt	
-10%	\$8,900,000	Initial Yield	5.04%
-	\$9,900,000	Yield on Market	5.96%
10%	\$10,900,000	\$/Bed	\$139,437

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$9,900,000
Sales Comparison Approach:	Assessed Value:	\$9,550,000
Discounted Cash Flow Approach:	Assessed Value:	\$9,900,000
FREEHOLD LAND & BUILDINGS		\$9,900,000
Initial Yield		5.04%
Yield on Market		5.96%
\$ Per Bed (Based on 71 Physical Beds)		\$139,437
\$ Per Sqm Floor Area		\$3,603
\$ Per Sqm Land Area		\$1,576
Multiple on Contract		19.84
Multiple on Market		16.78

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **445690**
Land Registration District **Hawkes Bay**
Date Issued 24 September 2008

Prior References

HB108/295	HBA2/587	HBG3/1008
HBJ3/1145	HBW1/178	

Estate	Fee Simple
Area	6280 square metres more or less
Legal Description	Part Lot 2 Deposited Plan 4059 and Section 72 Block XV Heretaunga Survey District and Lot 1-3, 5-6 Deposited Plan 10023

Registered Owners

Heritage Lifecare Villages Limited

Interests

Subject to Part IV A Conservation Act 1987 (affects Lots 2-3 DP 10023)

Subject to Section 11 Crown Minerals Act 1991(affects Lots 2-3 DP 10023)

7187950.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) Affects land formerly held in CsT HB108/295, HBA2/587, HBG3/1008 and HBJ3/1145) - 12.1.2007 at 9:00 am

10654098.1 Encumbrance to The Anglican Diocese of Waiapu - 7.7.2017 at 2:48 pm

10654098.6 Mortgage to Bank of New Zealand - 7.7.2017 at 2:48 pm

10985892.5 Variation of Mortgage 10654098.6 - 13.12.2017 at 12:29 pm

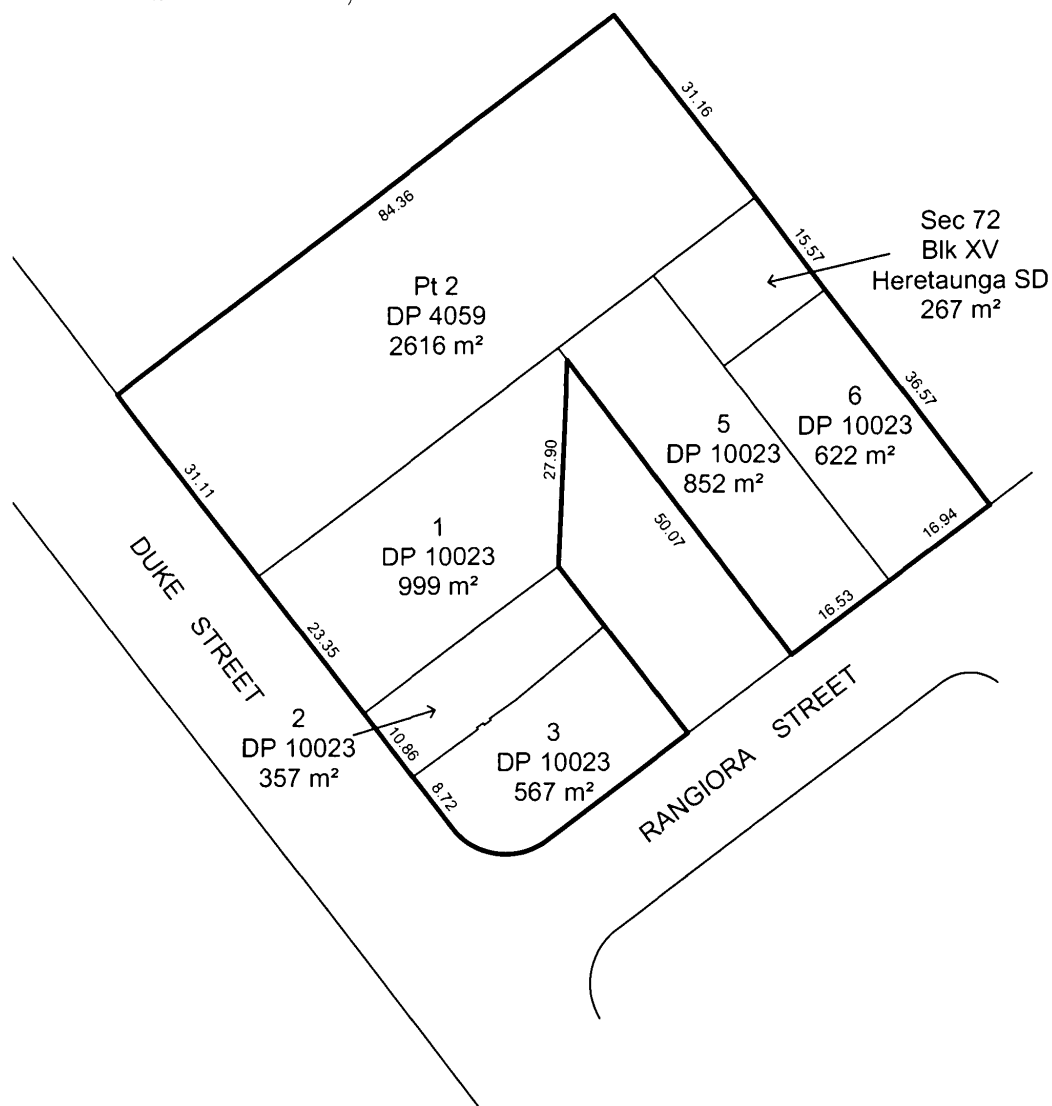
11531614.1 Variation of Mortgage 10654098.6 - 26.8.2019 at 3:56 pm

Title Diagram 445690

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Total area: 6280 m²

For further dimensions see SO 6685, DP 4059 and DP 10023

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

COLWYN HOUSE LIFECARE, 707 DUKE STREET, HASTINGS, HASTINGS DISTRICT

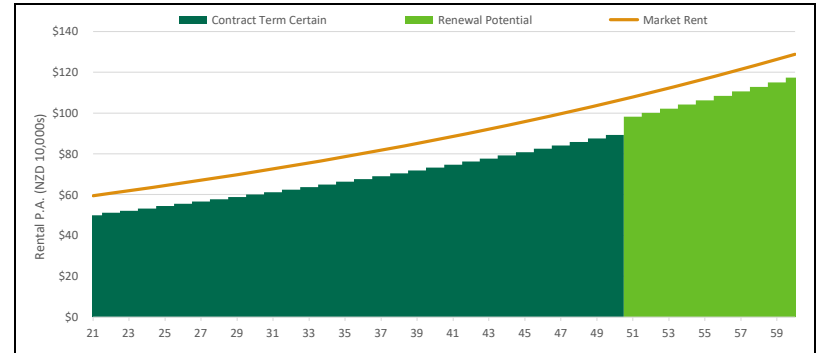
Discounted Cash Flow Summary

PV of Net Income	\$8,680,000
PV of Terminal Value	\$1,250,000
Total Net Present Value	\$9,930,000
PV of Disposal Costs	(\$30,000)
Adopted Value	\$9,900,000
Indicated IRR	7.25%
Initial Yield	5.04%
Yield on Market	5.96%
\$/Bed	\$139,437

Sensitivity Analysis

		Terminal Yield				
		5.75%	6.00%	6.25%	6.50%	6.75%
Discount Rate	6.50%	\$11,350,000	\$11,300,000	\$11,200,000	\$11,150,000	\$11,100,000
	6.75%	\$10,900,000	\$10,800,000	\$10,750,000	\$10,700,000	\$10,650,000
	7.00%	\$10,450,000	\$10,350,000	\$10,300,000	\$10,250,000	\$10,200,000
	7.25%	\$10,000,000	\$9,950,000	\$9,900,000	\$9,850,000	\$9,800,000
	7.50%	\$9,650,000	\$9,550,000	\$9,500,000	\$9,500,000	\$9,450,000
	7.75%	\$9,250,000	\$9,200,000	\$9,150,000	\$9,100,000	\$9,100,000
	8.00%	\$8,900,000	\$8,850,000	\$8,850,000	\$8,800,000	\$8,750,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	50	51	52	53	54	55	57	58	59	60	61	62	64	65	66	68	69	70	72	73	75	76	78	79	81	82	84	86	87	89	98	100	102	104	106	108	111	113	115	117	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	50	51	52	53	54	55	57	58	59	60	61	62	64	65	66	68	69	70	72	73	75	76	78	79	81	82	84	86	87	89	98	100	102	104	106	108	111	113	115	117	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																										2,080
Disposal Cost Allowance @ 2.0%																																										-42

NET CASHFLOW INCOME	50	51	52	53	54	55	57	58	59	60	61	62	64	65	66	68	69	70	72	73	75	76	78	79	81	82	84	86	87	89	98	100	102	104	106	108	111	113	115	117	2,038

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

9. BROADVIEW LIFECARE

BROADVIEW REST HOME & HOSPITAL



Care Facility Exterior



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$5,850,000

(Five Million, Eight Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Broadview Lifecare comprises a medium scale aged care operation providing rest home and hospital level care, integrated on site with a small scale resident funded retirement village located in the suburb of Castlecliff, approximately 3.26 kilometres west of the Whanganui CBD. The original care facility was constructed circa 1975 and was subject to an extension in circa 1992. During circa 2010 the facility underwent a major extension with the construction of an additional hospital and mental health unit to accommodate a further 43 beds over three levels. The 27 independent units were constructed in a staged development from circa 2010 through until 2014, however have been excluded from our valuation. Subdivision will be undertaken to separate the Independent Living Units. The complex currently includes: ■ 85 Bed Care Facility ■ 27 Independent Living Units (excluded from this valuation)		
Land Area:	8,674 sqm (subject to subdivision)		
Zoning:	The site is zoned 'General Residential Zone' under the Wanganui District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$322,359 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 3,323 sqm or 1:39.1 sqm per bed		
Certification:	We confirm Heritage Lifecare (BPA) Limited has certification to provide Rest Home Care and Hospital (Medical, Geriatric and Mental Health Services) from 3 April 2019 for 4 years expiring 3 April 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	11 March 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Victoria Hird, B.Prop, B.Com, MRICS
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

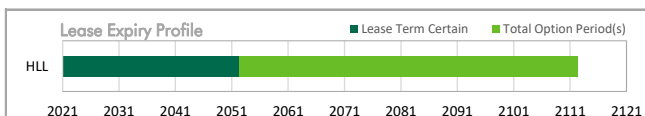
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$5,850,000
Initial Yield	5.51%
Yield on Market	8.46%
Indicated IRR	7.88%
Multiple on Contract Rental	18.1
Multiple on Market Rental	11.8
Average \$ Per Bed	\$68,824
\$/Sqm Floor Area	\$1,761
\$/Sqm Land Area	\$674

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$495,000
Capitalise In Perpetuity @	6.00%
Capitalised Value	\$8,250,000
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$2,341,488)
Market Value	\$5,900,000
Yield on Contract	5.46%
Yield on Market	8.39%
\$ Per Bed	\$69,412

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$322,359	\$495,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$73	\$112
Rent \$ Per Sqm Floor Area	\$97	\$149
Contract Variance to Market (Shortfall P.A.)		(\$172,641)
Contract Variance to Market		-34.88%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.00%
Terminal Yield	7.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$5,800,000
Yield on Contract	5.56%

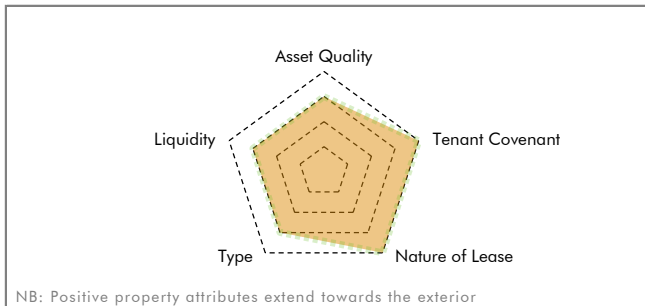
Care Facility Bed Summary

Total Beds	85
Bed Day Capacity	31,025
Ensuite to Room Ratio	19%
Ensuite to Bed Ratio	19%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:39.1 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	14 @	\$60,000	\$840,000
Hospital	36 @	\$65,000	\$2,340,000
Dementia	15 @	\$60,000	\$900,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	85 @	\$68,235	\$5,800,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- Certification to provide specialist mental health care, a niche in the aged care sector with limited competition in the North Island.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- Low ensuite-to-room ratio with only 18.8% of rooms having private ensuite provision.
- The overall bed to floor area ratio of approximately 1:39.1 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

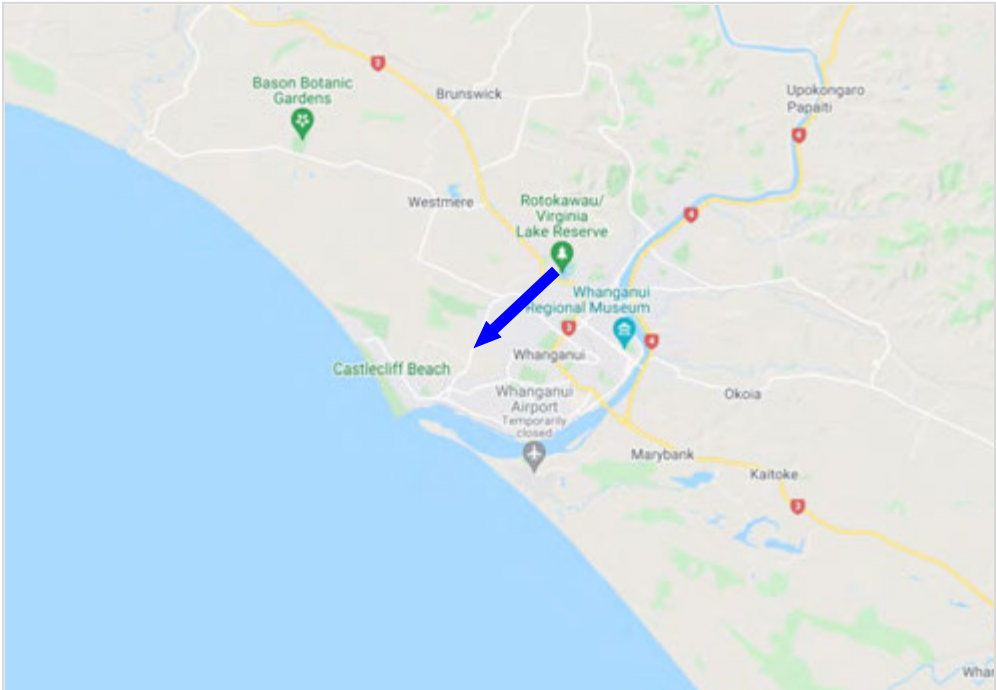
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

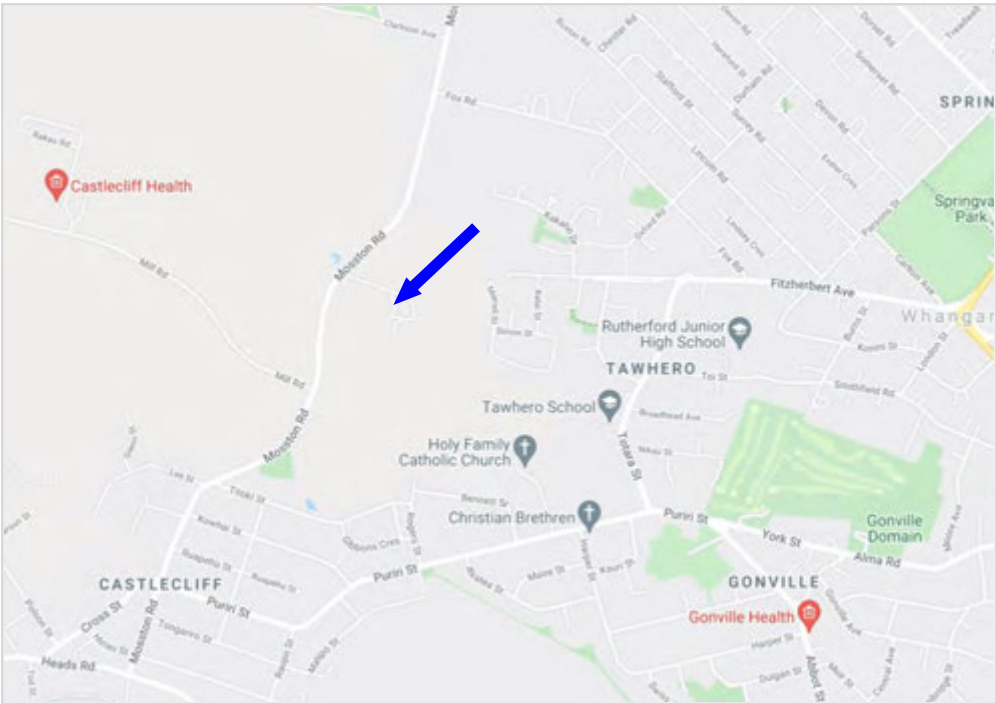
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation:	Situated to the east of Mosston Road.
Location:	Located within the suburb of Castlecliff, approximately 3.3 kilometres to the western periphery of central Wanganui.
Population:	According to the 2018 Census, Wanganui District has a usually resident population of approximately 45,321 people, showing an increase of 7.5% over the 2013 Census.

Of the population, 9.2% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Proposed
Subdivision Plan:



Proposed Land 8,674 sqm (subject to subdivision)
Area Lot 2:

3 LEGAL DESCRIPTION

With subdivision pending and a new Identifier yet to be issued, we detail the parent Identifier prior to subdivision as follows:

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
WN47B/390	Lot 2	DP 80713	24,141	Heritage Lifecare Villages Limited	Freehold
Total			24,141		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 8848898.1 Notice of the registration of Broadview Retirement Village as a Retirement Village subject to Section 22 Retirement Villages Act 2003 (which

provides priority for the rights of the residents ahead of the rights of holders of security interests)

■ 11048561.7 Encumbrance to Covenant Trustee Services Limited

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 July 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
108 Mosston Road	1314085800	\$400,000	\$11,750,000	\$12,150,000
Total		\$400,000	\$11,750,000	\$12,150,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Broadview Lifecare comprises a medium scale aged care operation providing rest home and hospital level care, integrated on site with a small scale resident funded retirement village located in the suburb of Castlecliff, approximately 3.26 kilometres west of the Whanganui CBD. The original care facility was constructed circa 1975 and was subject to an extension in circa 1992. During circa 2010 the facility underwent a major extension with the construction of an additional hospital and mental health unit to accommodate a further 43 beds over three levels. The 27 independent units were constructed in a staged development from circa 2010 through until 2014, however have been excluded from our valuation. Subdivision will be undertaken to separate the Independent Living Units. The complex currently includes:

- 85 Bed Care Facility
- 27 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	-	-	-	14	-	14	-	14
Double Rooms	-	-	-	-	-	-	-	-	-
Dementia									
Single Rooms	15	-	-	-	-	-	15	-	15
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	11	-	22	-	3	36	14	36
Double Rooms	-	-	-	-	-	-	-	-	-
Mental Health									
Single Rooms	-	9	-	-	-	1	10	1	10
Double Rooms	-	-	-	-	-	-	-	-	-
Psychogeriatric (Specialist Hospital Level Care)									
Single Rooms	-	9	-	-	-	1	10	1	10
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	15	29	-	22	14	5	85	16	85
Bed Day Capacity									31,025
Ensuite to Room Ratio									19%
Ensuite to Bed Ratio									19%
Single Bed Ratio									100%
Double Bed Ratio									-
Dorm Bed Ratio									-
Bed to Floor Area Ratio									1:39.1

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current O	Total	Future Supply	Forecast Total
		RH	H	D				
Lady Joy Rest Home	Aramoho	31				31		31
Broadview Lifecare	Springvale	14	36	15	20	85		85
Springvale Manor Rest Home	Springvale	5		22		27		27
Okere House	Springvale			25		25		25
Nazareth Rest Home	St Johns Hill	46				46		46
St Johns Hill Healthcare	St Johns Hill	32	28			60		60
Jane Winstone Retirement Village	St Johns Hill	29	20	20		69		69
Kowhainui Complex	St Johns Hill	37	42			79		79
Virginia Lodge Rest Home	St Johns Hill	21				21		21
New Vista	Wanganui Central	25	35			60		60
Masonic Court Rest Home	Wanganui East	56				56		56
Summerset in the River City	Wanganui East	22	15		12	49		49
Total Beds		318	176	82	32	608	0	608
Percentage		52%	29%	13%	5%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$495,000 per annum plus GST and outgoings compares to the contract rental of \$322,359 per annum which indicates a difference of \$172,641 per annum, alternatively 53.56%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL	\$495,000

Capitalise In Perpetuity @	6.00%

CAPITALISED VALUE	\$8,250,000

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$495,000
Contract Rental	\$322,359
Rental Shortfall per Annum	<u>(\$172,641)</u>
Months to Next Review	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL SHORTFALL	<u>(\$2,333,069)</u>

\$5,916,931

Sensitivity Analysis		Adopt	\$5,900,000
5.00%	\$7,550,000	Initial Yield	5.46%
5.50%	\$6,650,000	Yield on Market	8.39%
6.00%	\$5,900,000	\$ Per Bed (Based on 85 Equivalent Beds)	\$69,412
6.50%	\$5,300,000	\$ Per Sqm Floor Area	\$1,776
7.00%	\$4,750,000	Multiple on Market	11.92

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	14	@	\$60,000	\$840,000
Hospital	36	@	\$65,000	\$2,340,000
Dementia	15	@	\$60,000	\$900,000
Psychogeriatric	10	@	\$85,000	\$850,000
Mental Health	10	@	\$85,000	\$850,000
Total Equivalent Beds	85	@	\$68,000	\$5,780,000

Sensitivity Analysis		Adopt	
\$63,000	\$5,355,000	Yield on Market	8.53%
\$68,000	\$5,800,000	Equivalent \$/Per Bed (Based on 85 Beds)	\$68,235
\$73,000	\$6,205,000	Multiple on Market	11.72

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	12.13%

Sensitivity Analysis		Adopt	
-10%	\$5,200,000	Initial Yield	5.56%
-	\$5,800,000	Yield on Market	8.53%
10%	\$6,400,000	\$/Bed	\$68,235

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$5,900,000
Sales Comparison Approach:	Assessed Value:	\$5,800,000
Discounted Cash Flow Approach:	Assessed Value:	\$5,800,000
FREEHOLD LAND & BUILDINGS		\$5,850,000
Initial Yield		5.51%
Yield on Market		8.46%
\$ Per Bed (Based on 85 Physical Beds)		\$68,824
\$ Per Sqm Floor Area		\$1,761
\$ Per Sqm Land Area		\$674
Multiple on Contract		18.15
Multiple on Market		11.82

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

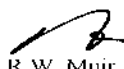
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **WN47B/390**

Land Registration District **Wellington**

Date Issued 17 March 1997

Prior References

WN38B/446

Estate	Fee Simple
Area	2.4141 hectares more or less
Legal Description	Lot 2 Deposited Plan 80713

Registered Owners

Heritage Lifecare Villages Limited

Interests

Appurtenant hereto is a right to drain sewage created by Easement Instrument 8012418.3 - 1.12.2008 at 9:00 am

The easements created by Easement Instrument 8012418.3 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey electricity over part marked A on DP 432330 in favour of Powerco Limited created by Easement Instrument 8452464.2 - 2.12.2010 at 11:54 am

8848898.1 Notice of the registration of Broadview Retirement Villages as a Retirement Village subject to Section 22 Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 26.8.2011 at 7:00 am

10918696.1 Surrender of the right to drain sewage as to the part marked F on DP 496413 and as to the part marked D on DP 473414 as to the portion contained within Lot 94 DP 511856 created by Easement Instrument 8012418.3 - 29.9.2017 at 3:49 pm

11048561.7 Encumbrance to Covenant Trustee Services Limited - 3.4.2018 at 3:48 pm

11048561.8 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531614.3 Variation of Mortgage 11048561.8 - 26.8.2019 at 3:56 pm

1

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

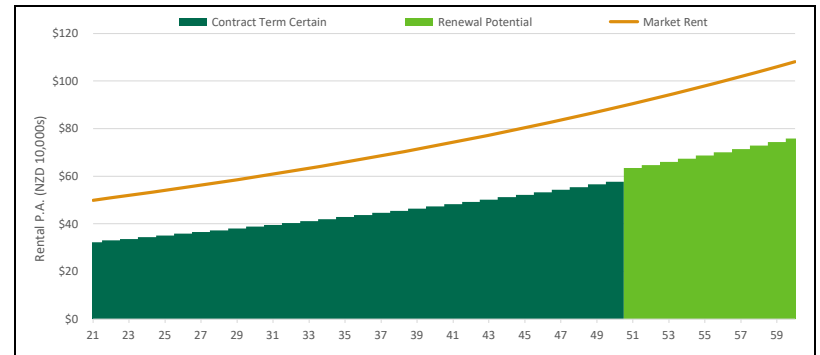
Discounted Cash Flow Summary

PV of Net Income	\$5,110,000
PV of Terminal Value	\$700,000
Total Net Present Value	\$5,810,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$5,800,000
Indicated IRR	7.88%
Initial Yield	5.56%
Yield on Market	8.53%
\$/Bed	\$68,235

Sensitivity Analysis

		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rate	7.25%	\$6,600,000	\$6,550,000	\$6,550,000	\$6,500,000	\$6,450,000
	7.50%	\$6,350,000	\$6,300,000	\$6,250,000	\$6,250,000	\$6,200,000
	7.75%	\$6,100,000	\$6,050,000	\$6,050,000	\$6,000,000	\$6,000,000
	8.00%	\$5,850,000	\$5,850,000	\$5,800,000	\$5,800,000	\$5,750,000
	8.25%	\$5,650,000	\$5,600,000	\$5,600,000	\$5,550,000	\$5,550,000
	8.50%	\$5,450,000	\$5,400,000	\$5,400,000	\$5,350,000	\$5,350,000
	8.75%	\$5,250,000	\$5,200,000	\$5,200,000	\$5,200,000	\$5,150,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	32	33	34	34	35	36	37	37	38	39	40	40	41	42	43	44	45	45	46	47	48	49	50	51	52	53	54	55	57	58	63	65	66	67	69	70	71	73	74	76	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	32	33	34	34	35	36	37	37	38	39	40	40	41	42	43	44	45	45	46	47	48	49	50	51	52	53	54	55	57	58	63	65	66	67	69	70	71	73	74	76	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																											1,560
Disposal Cost Allowance @ 2.0%																																											-31

NET CASHFLOW INCOME	32	33	34	34	35	36	37	37	38	39	40	40	41	42	43	44	45	45	46	47	48	49	50	51	52	53	54	55	57	58	63	65	66	67	69	70	71	73	74	76	1,529

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

10. CHISWICK PARK LIFECARE

CHISWICK PARK LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$5,550,000

(Five Million, Five Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Chiswick Park Lifecare comprises a purpose built aged care facility, erected circa 1986. The complex is located in the residential suburb of Awapuni, some 3.25 kms south west of the Palmerston North CBD. The facility provides a pleasant amenity in good condition, however is not considered to be future proofed long term through the lack of ensuite bathroom provision. The site is a rear allotment and is attractively landscaped. The complex currently includes: ■ 51 Bed Care Facility		
Land Area:	6,650 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential' under the Palmerston North City Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$315,800 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,601 sqm or 1:31.4 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care, Hospital (Medical and Geriatric Services) and Residential Disability (Physical Services) from 27 September 2019 for 4 years expiring 27 September 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	7 December 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

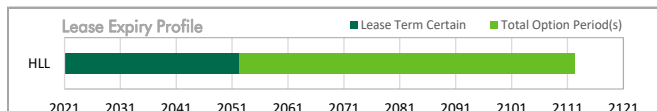
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$5,550,000
Initial Yield	5.69%
Yield on Market	5.59%
Indicated IRR	7.93%
Multiple on Contract Rental	17.6
Multiple on Market Rental	17.9
Average \$ Per Bed	\$108,824
\$/Sqm Floor Area	\$3,467
\$/Sqm Land Area	\$835

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$310,000
Capitalise In Perpetuity @	5.75%
Capitalised Value	\$5,391,304
Present Value Rental Premium to Expiry of Lease Term Certain	\$80,656
Market Value	\$5,450,000
Yield on Contract	5.79%
Yield on Market	5.69%
\$ Per Bed	\$106,863

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$315,800	\$310,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$119	\$117
Rent \$ Per Sqm Floor Area	\$197	\$194
Contract Variance to Market (Surplus P.A.)		\$5,800
Contract Variance to Market		1.87%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.75%
Terminal Yield	6.75%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.95%
Market Value	\$5,600,000
Yield on Contract	5.64%

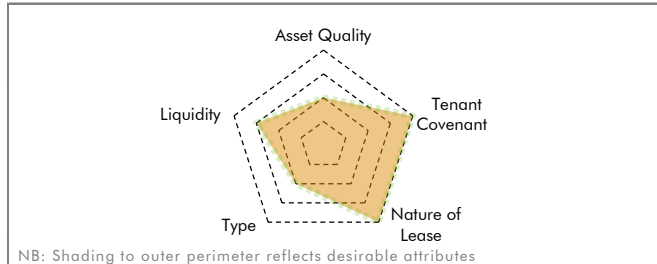
Care Facility Bed Summary

Total Beds	51
Bed Day Capacity	18,615
Ensuite to Room Ratio	4%
Ensuite to Bed Ratio	4%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:31.4 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
Rest Home	22	@	\$85,000	\$1,870,000
Rest Home (Premium)	4	@	\$85,000	\$340,000
Hospital	22	@	\$110,000	\$2,420,000
Hospital (Premium)	3	@	\$110,000	\$330,000
Total Equivalent Beds	51	@	\$97,059	\$4,950,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- There exists a relatively intense level of aged care competition within the immediate catchment, including Ryman's Julia Wallace Retirement Village which includes a 104 bed aged care facility.
- Low ensuite-to-room ratio with only one room having private ensuite provision.
- The overall bed to floor area ratio of approximately 1:31.4 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

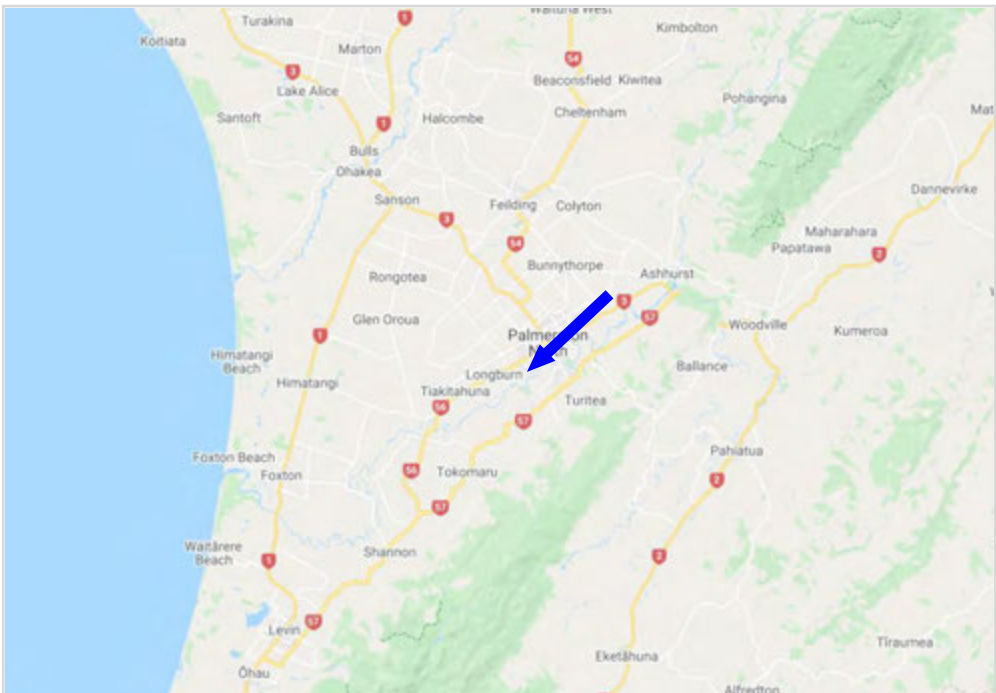
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

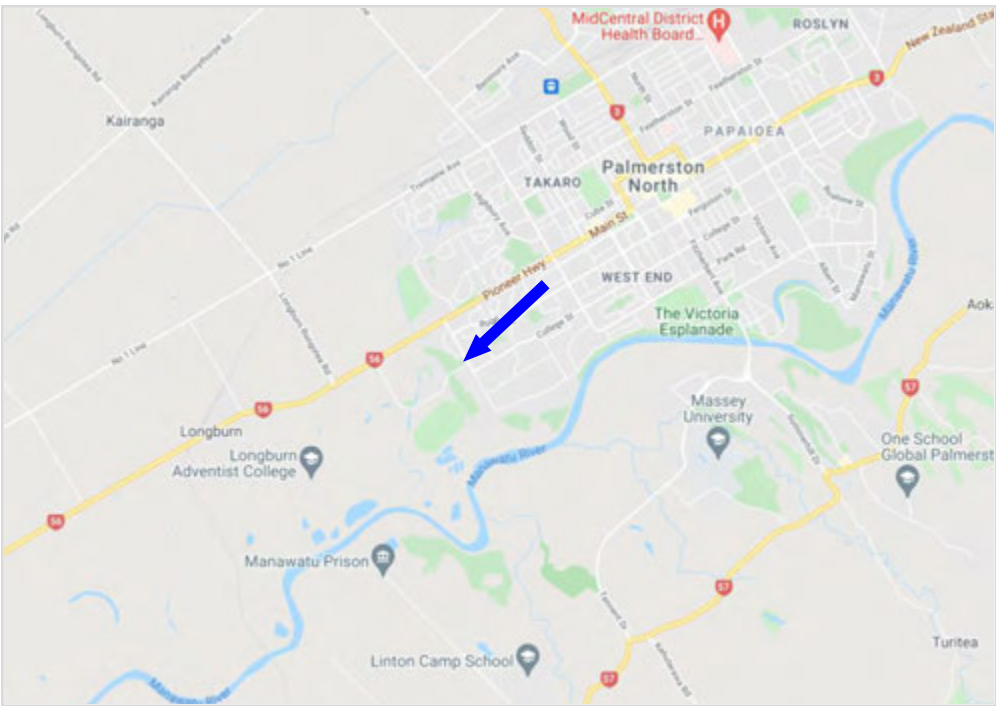
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** Situated on a rear site off the north eastern side of Maxwells Line, some 500 metres to the south east of Pioneer Highway.
- Location:** Located within Awapuni, an established residential suburb situated approximately 3.25 kilometres south west of Palmerston North.
- Population:** According to the 2018 Census, Palmerston North City has a usually resident population of approximately 84,645 people, showing an increase of 5.7% over the

2013 Census. Of the population, 6.3% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
WN26B/304	Lot 6	DP 24292	6,650	Heritage Lifecare Limited	Freehold
Total			6,650		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances.

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2021, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
69A Maxwells Line	14640/61000	\$2,700,000	\$2,800,000	\$5,500,000
Total		\$2,700,000	\$2,800,000	\$5,500,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Chiswick Park Lifecare comprises a purpose built aged care facility, erected circa 1986. The complex is located in the residential suburb of Awapuni, some 3.25 kms south west of the Palmerston North CBD. The facility provides a pleasant amenity in good condition, however is not considered to be future proofed long term through the lack of ensuite bathroom provision. The site is a rear allotment and is attractively landscaped. The complex currently includes:

- 51 Bed Care Facility

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	27	-	-	-	1	28	1	28
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	22	-	-	-	1	23	1	23
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	49	-	-	-	2	51	2	51
Bed Day Capacity									18,615
Ensuite to Room Ratio									4%
Ensuite to Bed Ratio									4%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:31.4

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Suburb	Care Beds			Current O	Total	Future Supply	Forecast Total
		RH	H	D				
Chiswick Park Lifecare	Awapuni	26	25			51		51
Brightwater Home	Brightwater	6	24	27		57		57
Julia Wallace Retirement Village	Clearview Park	20	43	21	20	104		104
Aroha Lifecare	Highbury	7	24	14		45		45
Palmerston Manor Lifecare	Highbury	18	30			48		48
Summerset Kelvin Grove	Kelvin Grove					0	60	60
Riverstone Retirement Village	Kelvin Grove	18	18	20		56		56
Metlifecare Palmerston North	Central	14	24			38		38
Willard Elderly Care	Papaioea	45				45		45
Woodlands Of Palmerston North	Papaioea	30		12		42		42
Karina Lifecare	Roslyn	37				37		37
Summerset on Summerhill	Summerhill	10	34			44		44
Masonic Court Rest Home and Hospital	Takaro	31	18			49		49
Olive Tree Rest Home	Takaro	24	17			41		41
Cook Street Nursing Care Centre	West End	13	17			30		30
Total Beds		299	274	94	20	687	60	747
Percentage		44%	40%	14%	3%	100%	9%	109%

7 RENTAL ASSESSMENT

Our adopted market rental at \$310,000 per annum plus GST and outgoings compares to the contract rental of \$315,800 per annum which indicates a difference of -\$5,800 per annum, alternatively -1.84%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.75% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$310,000

Capitalise In Perpetuity @ 5.75%

CAPITALISED VALUE \$5,391,304

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$310,000
Contract Rental	\$315,800
Rental Premium per Annum	<u>\$5,800</u>
Months to Lease Expiry	360
Discounted at	6.25%
	0.51% monthly

PRESENT VALUE OF RENTAL PREMIUM \$80,353

\$5,471,657

Sensitivity Analysis		Adopt	\$5,450,000
4.75%	\$6,600,000	Initial Yield	5.79%
5.25%	\$6,000,000	Yield on Market	5.69%
5.75%	\$5,450,000	\$ Per Bed (Based on 51 Equivalent Beds)	\$106,863
6.25%	\$5,050,000	\$ Per Sqm Floor Area	\$3,404
6.75%	\$4,650,000	Multiple on Market	17.58

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	22	@	\$85,000	\$1,870,000
Rest Home (Premium)	4	@	\$85,000	\$340,000
Hospital	22	@	\$110,000	\$2,420,000
Hospital (Premium)	3	@	<u>\$110,000</u>	<u>\$330,000</u>
Total Equivalent Beds	51	@	\$97,255	\$4,960,000

Sensitivity Analysis		Adopt	\$4,950,000
\$92,255	\$4,705,000	Yield on Market	6.26%
\$97,255	\$4,950,000	Equivalent \$/Per Bed (Based on 51 Beds)	\$97,059
\$102,255	\$5,215,000	Multiple on Market	15.97

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.75%
Terminal Yield (On Year 40 Income)	6.75%
Terminal Value as a Percentage of Total Value	8.93%

Sensitivity Analysis	Adopt	
-10%	\$5,050,000	Initial Yield 5.64%
-	\$5,600,000	Yield on Market 5.54%
10%	\$6,150,000	\$/Bed \$109,804

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$5,450,000
Sales Comparison Approach:	Assessed Value:	\$4,950,000
Discounted Cash Flow Approach:	Assessed Value:	\$5,600,000

FREEHOLD LAND & BUILDINGS	\$5,550,000
Initial Yield	5.69%
Yield on Market	5.59%
\$ Per Bed (Based on 51 Physical Beds)	\$108,824
\$ Per Sqm Floor Area	\$3,467
\$ Per Sqm Land Area	\$835
Multiple on Contract	17.57
Multiple on Market	17.90

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

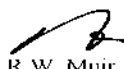
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **WN26B/304**
Land Registration District **Wellington**
Date Issued 13 September 1984

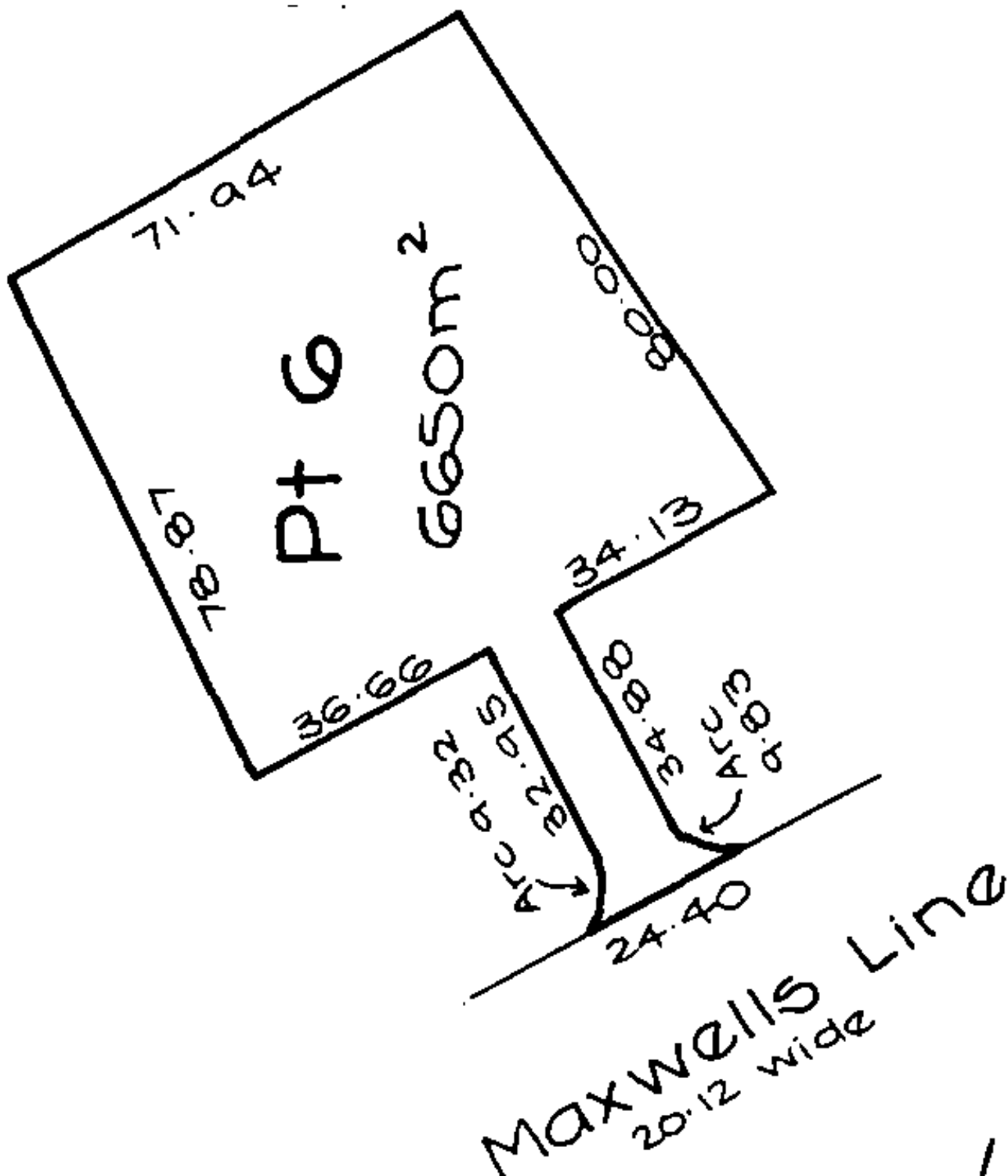
Prior References

WN25B/518

Estate Fee Simple
Area 6650 square metres more or less
Legal Description Part Lot 6 Deposited Plan 24292
Registered Owners
Heritage Lifecare Limited

Interests

Appurtenant hereto is a water drainage right specified in Easement Certificate B405485.3 - 14.11.1994 at 1:33 pm
11224446.9 Mortgage to Bank of New Zealand - 27.9.2018 at 3:38 pm
11531553.6 Variation of Mortgage 11224446.9 - 26.8.2019 at 4:18 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

CHISWICK PARK LIFECARE, 69A MAXWELLS LINE, AWAPUNI, PALMERSTON NORTH

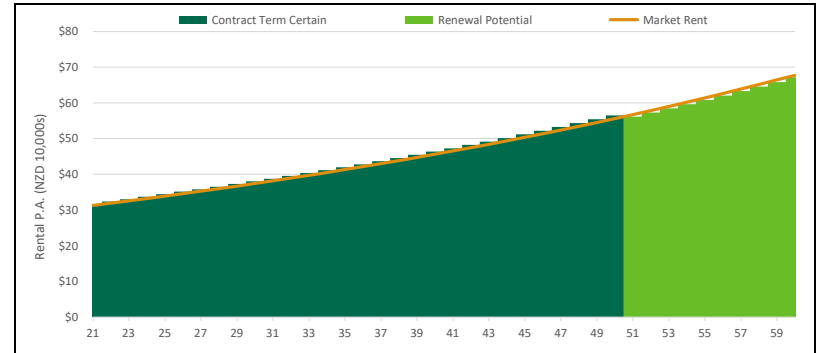
Discounted Cash Flow Summary

PV of Net Income	\$5,110,000
PV of Terminal Value	\$500,000
Total Net Present Value	\$5,610,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$5,600,000
Indicated IRR	7.93%
Initial Yield	5.64%
Yield on Market	5.54%
\$/Bed	\$109,804

Sensitivity Analysis

Discount Rate		Terminal Yield				
		6.25%	6.50%	6.75%	7.00%	7.25%
	7.00%	\$6,300,000	\$6,300,000	\$6,250,000	\$6,250,000	\$6,200,000
	7.25%	\$6,100,000	\$6,050,000	\$6,050,000	\$6,000,000	\$6,000,000
	7.50%	\$5,850,000	\$5,850,000	\$5,800,000	\$5,800,000	\$5,750,000
	7.75%	\$5,650,000	\$5,600,000	\$5,600,000	\$5,600,000	\$5,550,000
	8.00%	\$5,450,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,350,000
	8.25%	\$5,250,000	\$5,200,000	\$5,200,000	\$5,200,000	\$5,200,000
	8.50%	\$5,100,000	\$5,050,000	\$5,050,000	\$5,050,000	\$5,000,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

11. PALMERSTON MANOR LIFECARE

PALMERSTON MANOR LIFECARE



Main Entrance



Care Facility Exterior



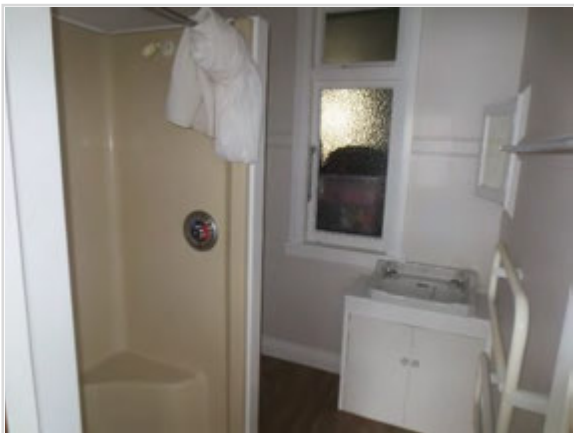
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$6,350,000

(Six Million, Three Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Palmerston Manor Lifecare is a purpose built care facility erected in two stages circa 1988 and 1999, providing an average standard of aged care accommodation with limited ensuite bathroom provision. The property is a rear allotment and site coverage is high. The facility is located in the residential suburb of Tokaro, some 2.3 kms north west of the Palmerston North CBD. The complex currently includes: ■ 48 Bed Care Facility		
Land Area:	3,246 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential' under the Palmerston North City Plan which became operative in 2000.		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$370,500 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,408 sqm or 1:29.3 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 7 September 2019 for 4 years expiring 7 September 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	7 December 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

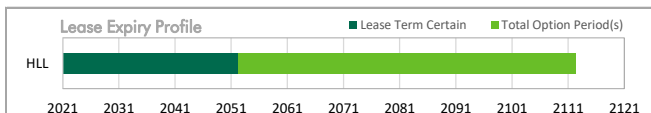
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$6,350,000
Initial Yield	5.83%
Yield on Market	5.04%
Indicated IRR	7.97%
Multiple on Contract Rental	17.1
Multiple on Market Rental	19.8
Average \$ Per Bed	\$132,292
\$/Sqm Floor Area	\$4,510
\$/Sqm Land Area	\$1,956

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$320,000
Capitalise In Perpetuity @	5.75%
Capitalised Value	\$5,565,217
Present Value Rental Premium to Expiry of Lease Term Certain	\$702,265
Market Value	\$6,250,000
Yield on Contract	5.93%
Yield on Market	5.12%
\$ Per Bed	\$130,208

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$370,500	\$320,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$148	\$128
Rent \$ Per Sqm Floor Area	\$263	\$227
Contract Variance to Market (Surplus P.A.)		\$50,500
Contract Variance to Market		15.78%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.75%
Terminal Yield	6.75%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$6,450,000
Yield on Contract	5.74%

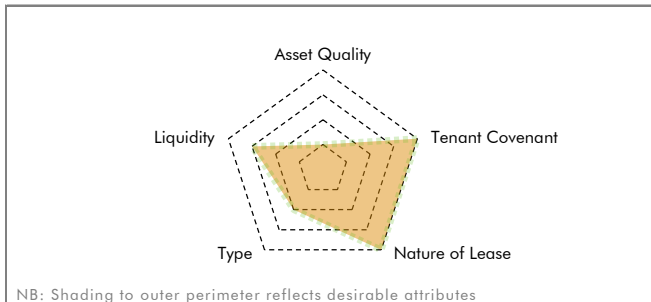
Care Facility Bed Summary

Total Beds	48
Bed Day Capacity	17,520
Ensuite to Room Ratio	10%
Ensuite to Bed Ratio	10%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:29.3 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	18 @	\$125,000	\$2,250,000
Hospital	30 @	\$140,000	\$4,200,000
-	- @	-	-
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	48 @	\$134,375	\$6,450,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment.
- Low ensuite-to-room ratio with only 10.4% of rooms having private ensuite provision.
- The overall bed to floor area ratio of approximately 1:29.3 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.
- Lack of outside storage and limited yard provision.

Opportunities

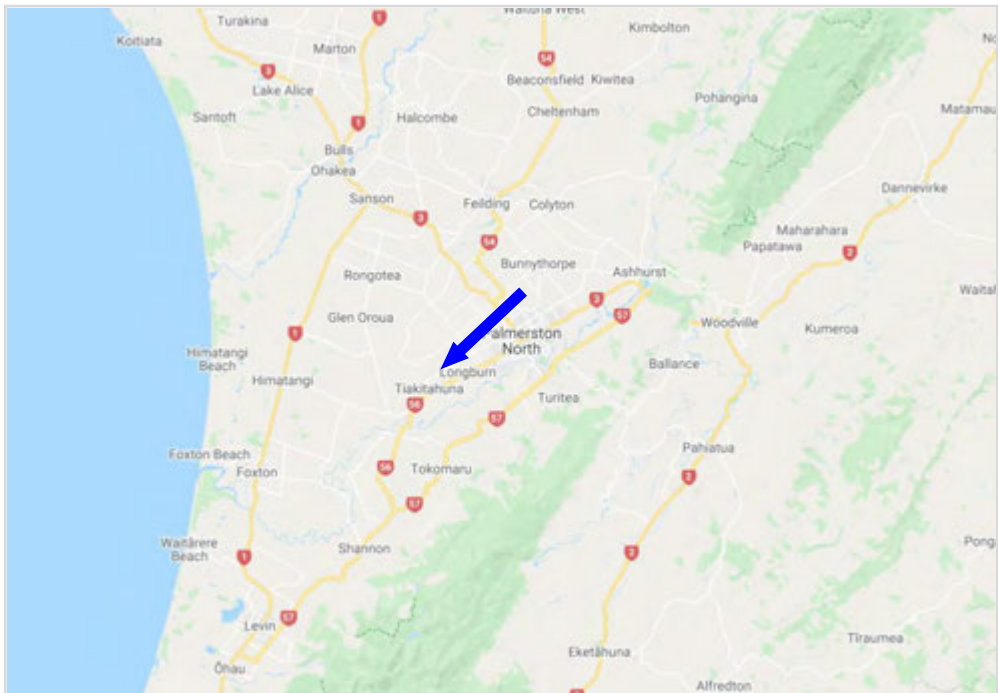
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

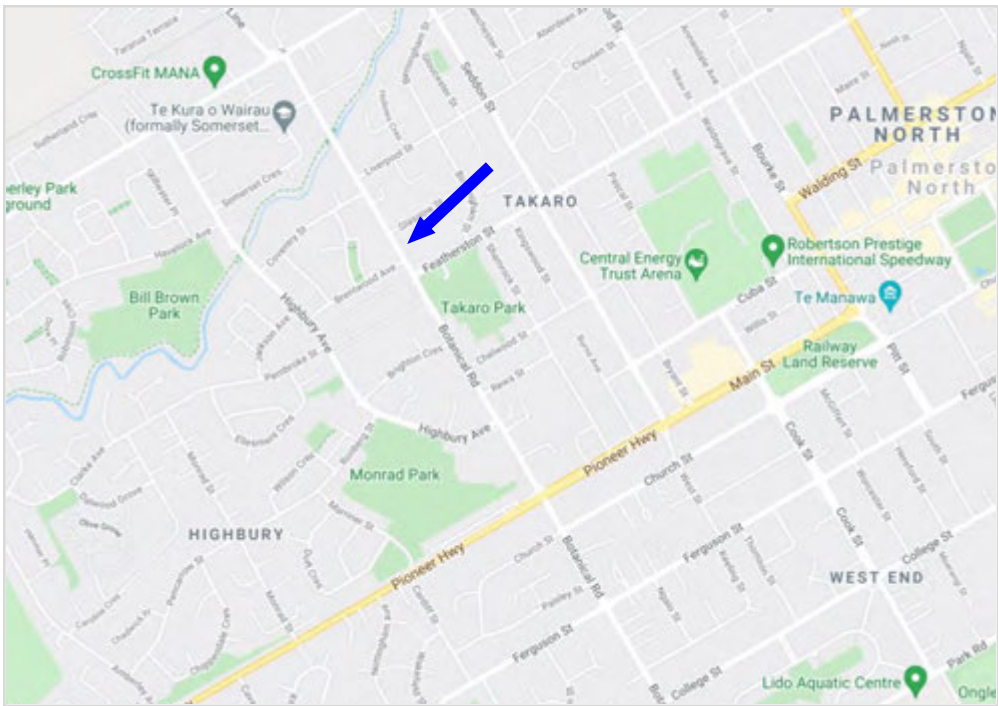
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** Situated on a rear site off the north eastern side of Botanical Road, some 100 metres to the north west of Featherston Street.
- Location:** Located in the established suburb of Takaro, situated approximately 2.3 kilometres west of Palmerston North CBD.
- Population:** According to the 2018 Census, Palmerston North City has a usually resident population of approximately 84,645 people, showing an increase of 5.7% over the

2013 Census. Of the population, 6.3% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
WN616/19	Lot 2	DP 17276	2,383	Heritage Lifecare Limited	Freehold
WN757/66	Lot 1	DP 19685	863	Heritage Lifecare Limited	Freehold
Total			3,246		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- B704258.1 Certificate pursuant to Section 37 Building Act 1991 (Affects CT WN757/66 and WN616/19)

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2021, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
117 Botanical Road	14540/30200	\$1,000,000	\$4,150,000	\$5,150,000
Total		\$1,000,000	\$4,150,000	\$5,150,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Palmerston Manor Lifecare is a purpose built care facility erected in two stages circa 1988 and 1999, providing an average standard of aged care accommodation with limited ensuite bathroom provision. The property is a rear allotment and site coverage is high. The facility is located in the residential suburb of Tokaro, some 2.3 kms north west of the Palmerston North CBD. The complex currently includes:

- 48 Bed Care Facility

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	14	-	-	-	-	14	-	14
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	20	-	2	8	4	34	5	34
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	34	-	2	8	4	48	5	48
Bed Day Capacity									17,520
Ensuite to Room Ratio									10%
Ensuite to Bed Ratio									10%
Single Bed Ratio									100%
Double Bed Ratio									-
Dorm Bed Ratio									-
Bed to Floor Area Ratio									1:29.3

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current O	Current Total	Future Supply	Forecast Total
		RH	H	D				
Chiswick Park Lifecare	Awapuni	26	25			51		51
Brightwater Home	Brightwater	6	24	27		57		57
Julia Wallace Retirement Village	Clearview Park	20	43	21	20	104		104
Aroha Lifecare	Highbury	7	24	14		45		45
Palmerston Manor Lifecare	Highbury	18	30			48		48
Summerset Kelvin Grove	Kelvin Grove					0	60	60
Riverstone Retirement Village	Kelvin Grove	18	18	20		56		56
Mellifecare Palmerston North	Central	14	24			38		38
Willard Elderly Care	Papaioea	45				45		45
Woodlands Of Palmerston North	Papaioea	30		12		42		42
Karina Rest Home	Roslyn	37				37		37
Summerset on Summerhill	Summerhill	10	34			44		44
Masonic Court Rest Home and Hospital	Takaro	31	18			49		49
Olive Tree Rest Home	Takaro	24	17			41		41
Cook Street Nursing Care Centre	West End	13	17			30		30
Total Beds		299	274	94	20	687	60	747
Percentage		44%	40%	14%	3%	100%	9%	109%

7 RENTAL ASSESSMENT

Our adopted market rental at \$320,000 per annum plus GST and outgoings compares to the contract rental of \$370,500 per annum which indicates a difference of -\$50,500 per annum, alternatively -13.63%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.75% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$320,000

Capitalise In Perpetuity @ 5.75%

CAPITALISED VALUE \$5,565,217

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$320,000
Contract Rental	\$370,500
Rental Premium per Annum	\$50,500
Months to Lease Expiry	360
Discounted at	6.25%
	0.51% monthly

PRESENT VALUE OF RENTAL PREMIUM \$699,622

\$6,264,840

Sensitivity Analysis		Adopt	\$6,250,000
4.75%	\$7,450,000	Initial Yield	5.93%
5.25%	\$6,800,000	Yield on Market	5.12%
5.75%	\$6,250,000	\$ Per Bed (Based on 48 Equivalent Beds)	\$130,208
6.25%	\$5,800,000	\$ Per Sqm Floor Area	\$4,439
6.75%	\$5,450,000	Multiple on Market	19.53

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	18	@	\$125,000	\$2,250,000
Hospital	30	@	\$140,000	\$4,200,000
Total Equivalent Beds	48	@	\$134,375	\$6,450,000

Sensitivity Analysis		Adopt	\$6,450,000
\$129,375	\$6,210,000	Yield on Market	4.96%
\$134,375	\$6,450,000	Equivalent \$/Per Bed (Based on 48 Beds)	\$134,375
\$139,375	\$6,690,000	Multiple on Market	20.16

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.75%
Terminal Yield (On Year 40 Income)	6.75%
Terminal Value as a Percentage of Total Value	8.06%

Sensitivity Analysis	Adopt		\$6,450,000
-10%	\$5,800,000	Initial Yield	5.74%
-	\$6,450,000	Yield on Market	4.96%
10%	\$7,100,000	\$/Bed	\$134,375

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$6,250,000
Sales Comparison Approach:	Assessed Value:	\$6,450,000
Discounted Cash Flow Approach:	Assessed Value:	\$6,450,000

FREEHOLD LAND & BUILDINGS	\$6,350,000
Initial Yield	5.83%
Yield on Market	5.04%
\$ Per Bed (Based on 48 Physical Beds)	\$132,292
\$ Per Sqm Floor Area	\$4,510
\$ Per Sqm Land Area	\$1,956
Multiple on Contract	17.14
Multiple on Market	19.84

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

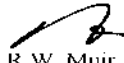
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **WN616/19**
Land Registration District **Wellington**
Date Issued 07 July 1954

Prior References
WN66/146

Estate Fee Simple
Area 2383 square metres more or less
Legal Description Lot 2 Deposited Plan 17276
Registered Owners
Heritage Lifecare Limited

Interests

B704258.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 (ALSO AFFECTS CT WN757/66) -
29.1.1999 AT 10.32 AM
11224446.9 Mortgage to Bank of New Zealand - 27.9.2018 at 3:38 pm
11531553.6 Variation of Mortgage 11224446.9 - 26.8.2019 at 4:18 pm

LAND TRANSFER ACT, 1915.

L.L. & S.-IN. 31

Land Transfer Office

Received.....27/1/1954.....17276

Title Ref.....C.T. 66/146

Referred to Draughtsman.....27/1/54

97271

Deposited this.....day

of.....March.....1954.....

District Land Registrar.

287

Plan of Subdivision of Lot 58, D.P. 461
being a part of ~~Rural~~ Section 287
Township of Palmerston North.

Total Area: 1.0.00

Approved as to Survey

[Signature] Chief Surveyor.

L.T. Draughtsman

Received.....27/1/54

Reference plans.....

Field book.....

Traverse book.....

Examined by.....

Recorded.....

Correct.....

L.T. Surveyor

Comprised in.....C.T. 66/146

SURVEY DIST. & BLK. X. KAIRANGA S.D.

LAND DIST. WELLINGTON LOCAL BODY PALMERSTON NORTH CITY

Scale: 1 chain to an inch. Surveyed by E.M. Sinclair Date: October, 1953.

I, E.M. Sinclair, of Palmerston North, Registered Surveyor and a holder of an annual practising certificate, do solemnly and sincerely declare that this plan has been made from surveys executed by me; that both plan and survey are correct, and have been made in accordance with the regulations under the Surveyors Act, 1938.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Justices of the Peace Act, 1927.

Declared at Palmerston North this 1st day of Dec. 1953.

before me- *[Signature]* Justice of the Peace, (or Solicitor, or Notary Public.)

E.M. Sinclair Registered Surveyor

Approved,

[Signature]

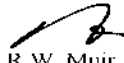
Applicant, (or Registered Owner.)

17276



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

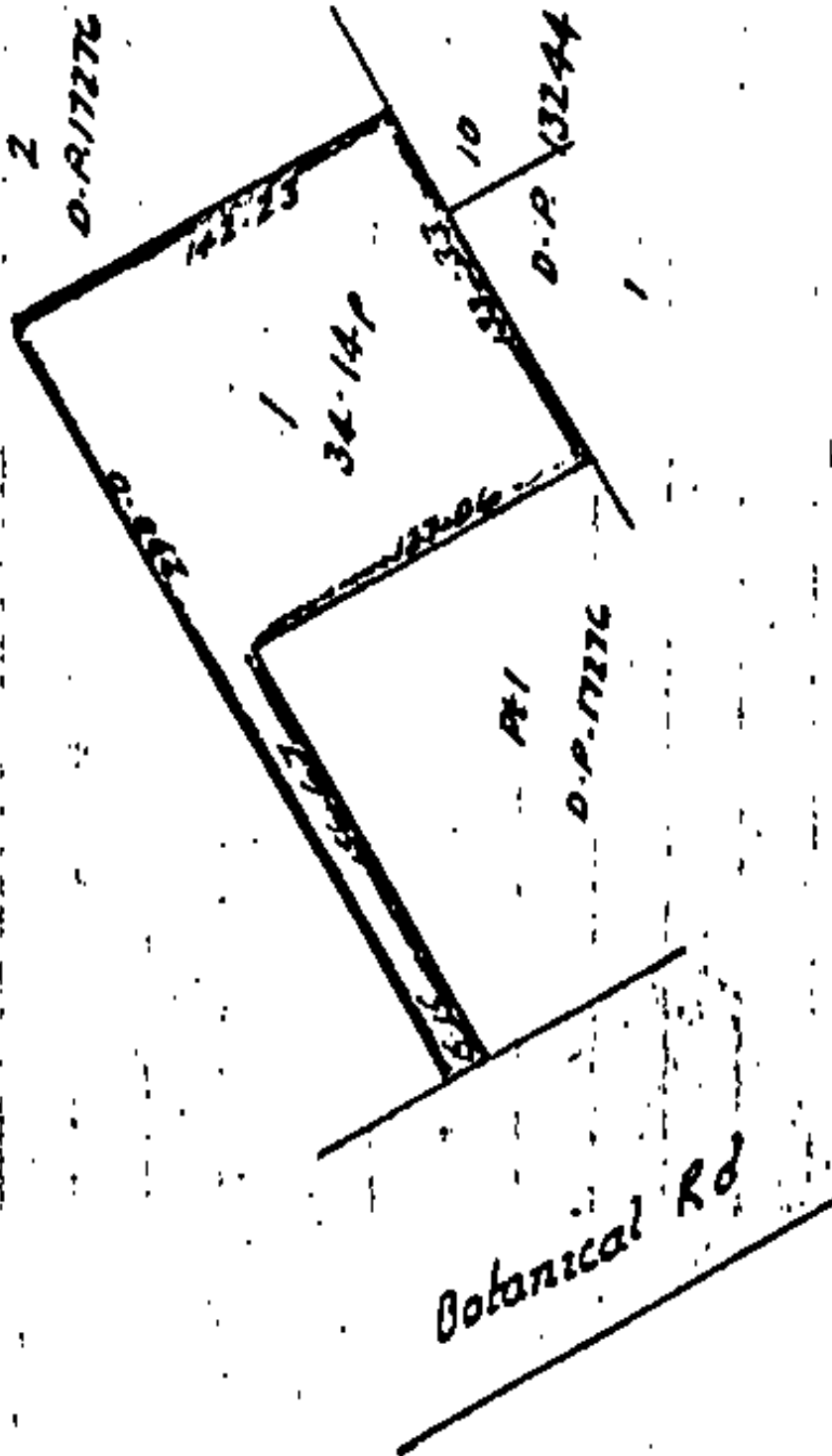
Identifier **WN757/66**
Land Registration District **Wellington**
Date Issued 13 September 1957

Prior References
WN608/253

Estate Fee Simple
Area 863 square metres more or less
Legal Description Lot 1 Deposited Plan 19685
Registered Owners
Heritage Lifecare Limited

Interests

B704258.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 (ALSO AFFECTS CT WN616/19) -
29.1.1999 AT 10.32 AM
11224446.9 Mortgage to Bank of New Zealand - 27.9.2018 at 3:38 pm
11531553.6 Variation of Mortgage 11224446.9 - 26.8.2019 at 4:18 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

CBRE

Sensitivity Analysis

		Terminal Yield				
		6.25%	6.50%	6.75%	7.00%	7.25%
Discount Rate	7.00%	\$7,250,000	\$7,200,000	\$7,200,000	\$7,150,000	\$7,150,000
	7.25%	\$7,000,000	\$6,950,000	\$6,950,000	\$6,900,000	\$6,900,000
	7.50%	\$6,750,000	\$6,700,000	\$6,700,000	\$6,650,000	\$6,650,000
	7.75%	\$6,500,000	\$6,450,000	\$6,450,000	\$6,450,000	\$6,400,000
	8.00%	\$6,250,000	\$6,250,000	\$6,250,000	\$6,200,000	\$6,200,000
	8.25%	\$6,050,000	\$6,050,000	\$6,000,000	\$6,000,000	\$6,000,000
	8.50%	\$5,850,000	\$5,850,000	\$5,850,000	\$5,800,000	\$5,800,000

The chart illustrates the components of rental price over time. The 'Contract Term Certain' period (years 21-50) shows a steady increase in rental price, reaching approximately \$67,000 by year 50. The 'Renewal Potential' period (years 50-59) shows a continued increase, reaching approximately \$71,000 by year 59. The 'Market Rent' line (orange) follows the total rental price, starting at approximately \$32,000 in year 21 and reaching approximately \$71,000 in year 59.

Year	Contract Term Certain (NZD 10,000s)	Renewal Potential (NZD 10,000s)	Market Rent (NZD 10,000s)
21	32	0	32
23	35	0	35
25	38	0	38
27	41	0	41
29	44	0	44
31	47	0	47
33	50	0	50
35	53	0	53
37	56	0	56
39	59	0	59
41	62	0	62
43	65	0	65
45	68	0	68
47	71	0	71
49	74	0	74
51	74	0	74
53	74	0	74
55	74	0	74
57	74	0	74
59	74	0	74

NET CASHFLOW INCOME	37	38	39	40	40	41	42	43	44	45	45	46	47	48	49	50	51	52	53	54	55	57	58	59	60	61	62	64	65	66	60	61	62	63	65	66	67	69	70	71	1,029

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12. ROSENEATH LIFECARE

ROSENEATH LIFECARE



Main Entrance



Care Facility Exterior



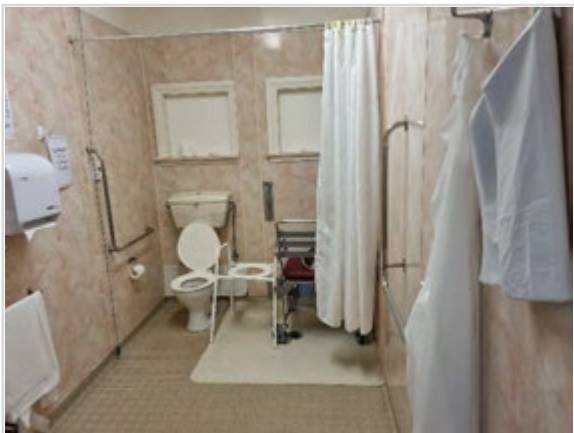
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$2,750,000

(Two Million, Seven Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement
Interest Valued:	Freehold
Basis of Valuation:	Market Valuation of the Land and Buildings
Brief Description:	Roseneath Lifecare comprises a small to medium scale aged care facility providing mixed levels of care in the township of Carterton. The care facility dates from the early 1950's, initially operating as a maternity hospital prior to conversion to an 11 bed rest home circa 1987. The original building fronts Howard Street and has been subject to various extensions and internal reconfiguration over the years including the addition of 2 beds in circa 1992, a further 7 beds added circa 1994 and a substantial L-shaped wing comprising 21 beds added in 1996. A 4 bed extension to the high dependency wing was completed in circa 2011, furthermore works completed in 2015 include the internal re-configuration of two existing rooms to form a single double room, conversion of adjoining sluice and bathroom to a single care room and refurbishment of the laundry. Adjacent to the care facility is Roseneath Village which comprises a maturing resident funded retirement village providing for 14 independent living units and has been excluded from our valuation. The complex currently includes: ■ 45 Bed Care Facility ■ 14 Independent Living Units (excluded from this valuation)
Land Area:	4,891 Square Metres (more or less)
Zoning:	The site is zoned 'Residential' under the Carterton District Plan
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$140,700 per annum plus GST and outgoings.
Floor Area:	The gross floor area approximates 1,474 sqm or 1:32.0 sqm per bed
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 6 August 2021 for 2 years expiring 6 August 2023.

Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches
Date of Inspection:	26 November 2021	
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.	

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS	Matt Stanley, B.Com (VPM)
Registered Valuer	Registered Valuer
Senior Director - Retirement Housing & Healthcare	Retirement Housing & Healthcare
Principal Valuer	Inspection
Property Inspected: No	Property Inspected: Yes

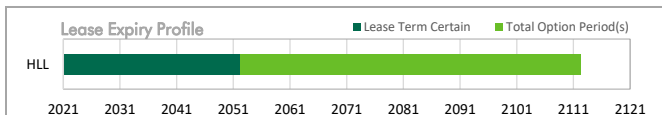
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$2,750,000
Initial Yield	5.12%
Yield on Market	10.91%
Indicated IRR	7.56%
Multiple on Contract Rental	19.5
Multiple on Market Rental	9.2
Average \$ Per Bed	\$59,783
\$/Sqm Floor Area	\$1,866
\$/Sqm Land Area	\$562

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$300,000
Capitalise In Perpetuity @	6.00%
Capitalised Value	\$5,000,000
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$2,160,553)
Market Value	\$2,850,000
Yield on Contract	4.94%
Yield on Market	10.53%
\$ Per Bed	\$63,333

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$140,700	\$300,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$60	\$128
Rent \$ Per Sqm Floor Area	\$95	\$204
Contract Variance to Market (Shortfall P.A.)		(\$159,300)
Contract Variance to Market		-53.10%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.00%
Terminal Yield	7.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$2,650,000
Yield on Contract	5.31%

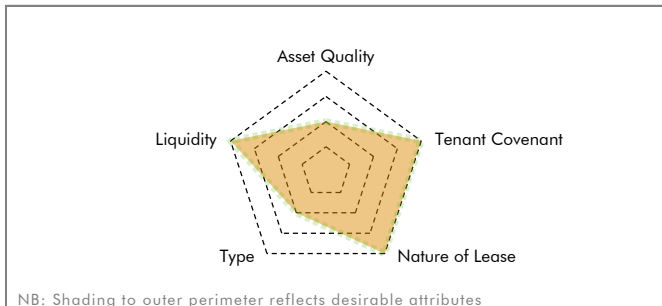
Care Facility Bed Summary

Total Beds	46
Bed Day Capacity	16,790
Ensuite to Room Ratio	16%
Ensuite to Bed Ratio	15%
Single Bed Ratio	96%
Double Bed Ratio	4%
Bed to Floor Area Ratio	1:32.0 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	10 @	\$55,000	\$550,000
Hospital (Single)	20 @	\$75,000	\$1,500,000
Hospital (Double)	2 @	\$45,000	\$90,000
Dementia	13 @	\$65,000	\$845,000
-	- @	-	-
Total Equivalent Beds	45 @	\$66,667	\$3,000,000

Property Risk Profile



NB: Shading to outer perimeter reflects desirable attributes

NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- High proportion of single rooms offering a degree of future proofing to the facility.
- Limited competition.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- Low ensuite-to-room ratio with only 15.6% of rooms having private ensuite provision.
- The overall bed to floor area ratio of approximately 1:32.0 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.
- The wider Wellington Region is prone to seismic activity with Wairarapa categorised as high risk.

Opportunities

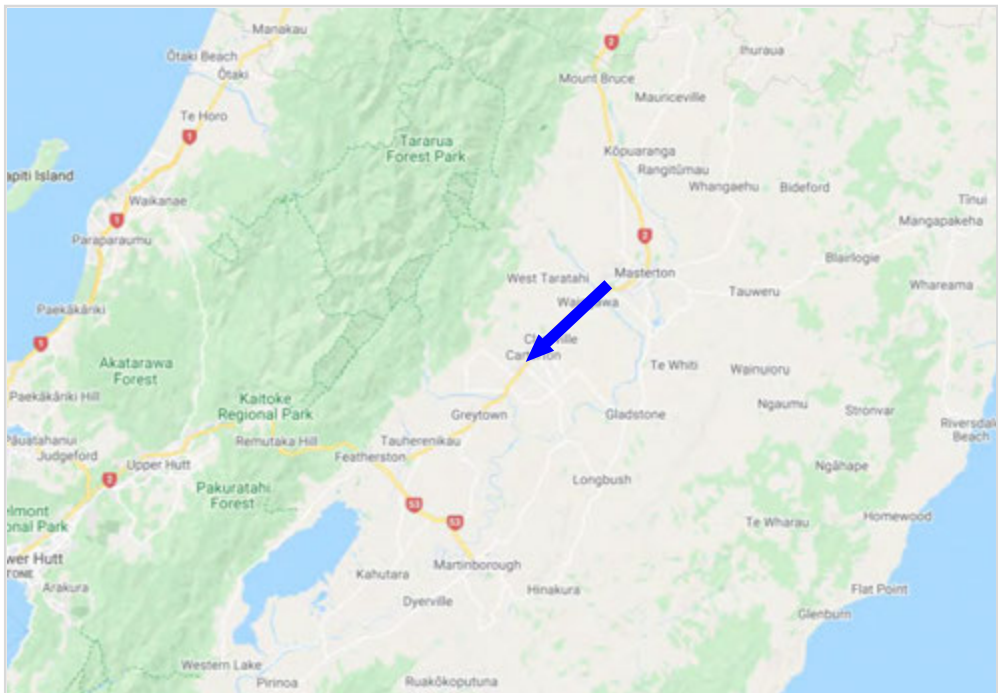
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

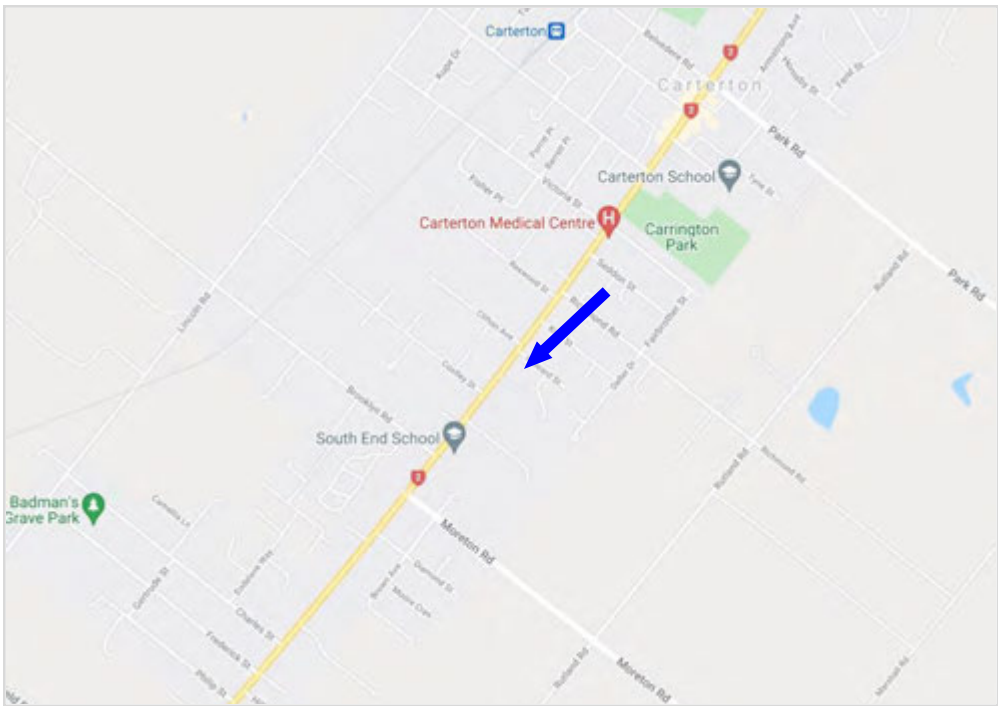
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



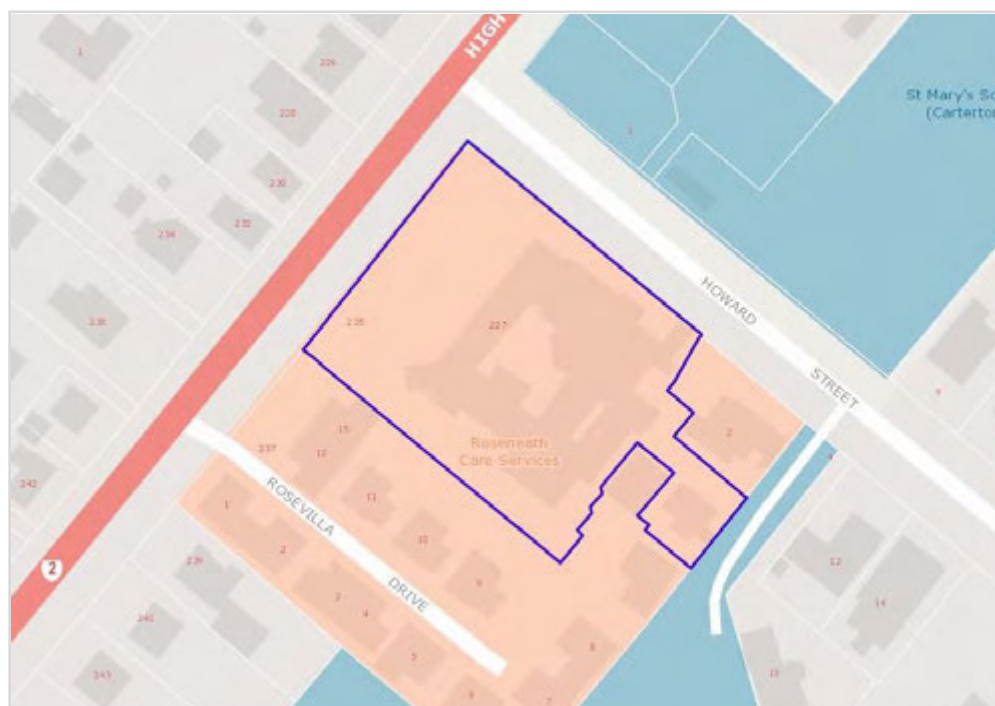
Immediate Locality Map:



Situation:	Situated to the east of High Street South (State Highway 2).
Location:	Located approximately 1 kilometre to the south west of Carterton’s commercial centre.
Population:	According to the 2018 Census, Carterton District has a usually resident population of approximately 9,198 people, showing an increase of 11.7% over the 2013 Census. Of the population, 8.6% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
688261	Lot 1	DP 484941	4,891	Roseneath Lifecare Limited	Freehold
Total			4,891		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 7518492.1 Notice of the registration of Roseneath Villas as a Retirement Village subject to Section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- 10093586.5 Encumbrance to Covenant Trustee Services Limited

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2020, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
227 High Street South	1822021101	\$400,000	\$2,200,000	\$2,600,000
Total		\$400,000	\$2,200,000	\$2,600,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Roseneath Lifecare comprises a small to medium scale aged care facility providing mixed levels of care in the township of Carterton. The care facility dates from the early 1950's, initially operating as a maternity hospital prior to conversion to an 11 bed rest home circa 1987. The original building fronts Howard Street and has been subject to various extensions and internal reconfiguration over the years including the addition of 2 beds in circa 1992, a further 7 beds added circa 1994 and a substantial L-shaped wing comprising 21 beds added in 1996. A 4 bed extension to the high dependency wing was completed in circa 2011, furthermore works completed in 2015 include the internal re-configuration of two existing rooms to form a single double room, conversion of adjoining sluice and bathroom to a single care room and refurbishment of the laundry. Adjacent to the care facility is Roseneath Village which comprises a maturing resident funded retirement village providing for 14 independent living units and has been excluded from our valuation. The complex currently includes:

- 45 Bed Care Facility
- 14 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Dementia									
Single Rooms	-	-	-	-	9	4	13	4	13
Double Rooms	-	-	-	-	-	-	-	-	-
Swing Beds									
Single Rooms	-	8	6	-	15	2	31	2	31
Double Rooms	-	-	-	-	-	1	1	1	2
Totals	-	8	6	-	24	7	45	7	46
Bed Day Capacity									16,790
Ensuite to Room Ratio									16%
Ensuite to Bed Ratio									15%
Single Bed Ratio									96%
Double Bed Ratio									4%
Bed to Floor Area Ratio									1:32.0

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION								
Name	Town	Care Beds				Current Total	Future Supply	Forecast Total
		RH	H	D	O			
Carter Court Rest Home Roseneath Lifecare	Carterton Carterton	24	18			42		42
		10	22	13		45		45
Total Beds		34	40	13	0	87	0	87
Percentage		39%	46%	15%	0%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$300,000 per annum plus GST and outgoings compares to the contract rental of \$140,700 per annum which indicates a difference of \$159,300 per annum, alternatively 113.22%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL	\$300,000
Capitalise In Perpetuity @	6.00%
CAPITALISED VALUE	\$5,000,000

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$300,000
Contract Rental	\$140,700
Rental Shortfall per Annum	(\$159,300)
Months to Next Review	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL SHORTFALL	(\$2,152,784)
	\$2,847,216

Sensitivity Analysis	Adopt	
5.00% \$3,850,000	Initial Yield	4.94%
5.50% \$3,300,000	Yield on Market	10.53%
6.00% \$2,850,000	\$ Per Bed (Based on 45 Equivalent Beds)	\$63,333
6.50% \$2,450,000	\$ Per Sqm Floor Area	\$1,933
7.00% \$2,150,000	Multiple on Market	9.50

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	10	@	\$55,000	\$550,000
Hospital (Single)	20	@	\$75,000	\$1,500,000
Hospital (Double)	2	@	\$45,000	\$90,000
Dementia	13	@	\$65,000	\$845,000

Total Equivalent Beds	45	@	\$66,333	\$2,985,000

Sensitivity Analysis		Adopt	
\$61,333	\$2,760,000	Yield on Market	10.00%
\$66,333	\$3,000,000	Equivalent \$/Per Bed (Based on 45 Beds)	\$66,667
\$71,333	\$3,210,000	Multiple on Market	10.00

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	16.17%

Sensitivity Analysis		Adopt	
-10%	\$2,400,000	Initial Yield	5.31%
-	\$2,650,000	Yield on Market	11.32%
10%	\$2,900,000	\$/Bed	\$58,889

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$2,850,000
Sales Comparison Approach:	Assessed Value:	\$3,000,000
Discounted Cash Flow Approach:	Assessed Value:	\$2,650,000

FREEHOLD LAND & BUILDINGS	\$2,750,000
Initial Yield	5.12%
Yield on Market	10.91%
\$ Per Bed (Based on 45 Physical Beds)	\$61,111
\$ Per Sqm Floor Area	\$1,866
\$ Per Sqm Land Area	\$562
Multiple on Contract	19.55
Multiple on Market	9.17

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **688261**
Land Registration District **Wellington**
Date Issued 14 July 2015

Prior References

WN127/36 WN45A/729 WN45A/730

Estate Fee Simple
Area 4891 square metres more or less
Legal Description Lot 1 Deposited Plan 484941
Registered Owners
Roseneath Lifecare Limited

Interests

7518492.1 Notice of the registration of Roseneath Villas as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 28.8.2007 at 9:00 am

Appurtenant hereto is a right of way created by Easement Instrument 10093586.4 - 14.7.2015 at 10:42 am

The easements created by Easement Instrument 10093586.4 are subject to Section 243 (a) Resource Management Act 1991

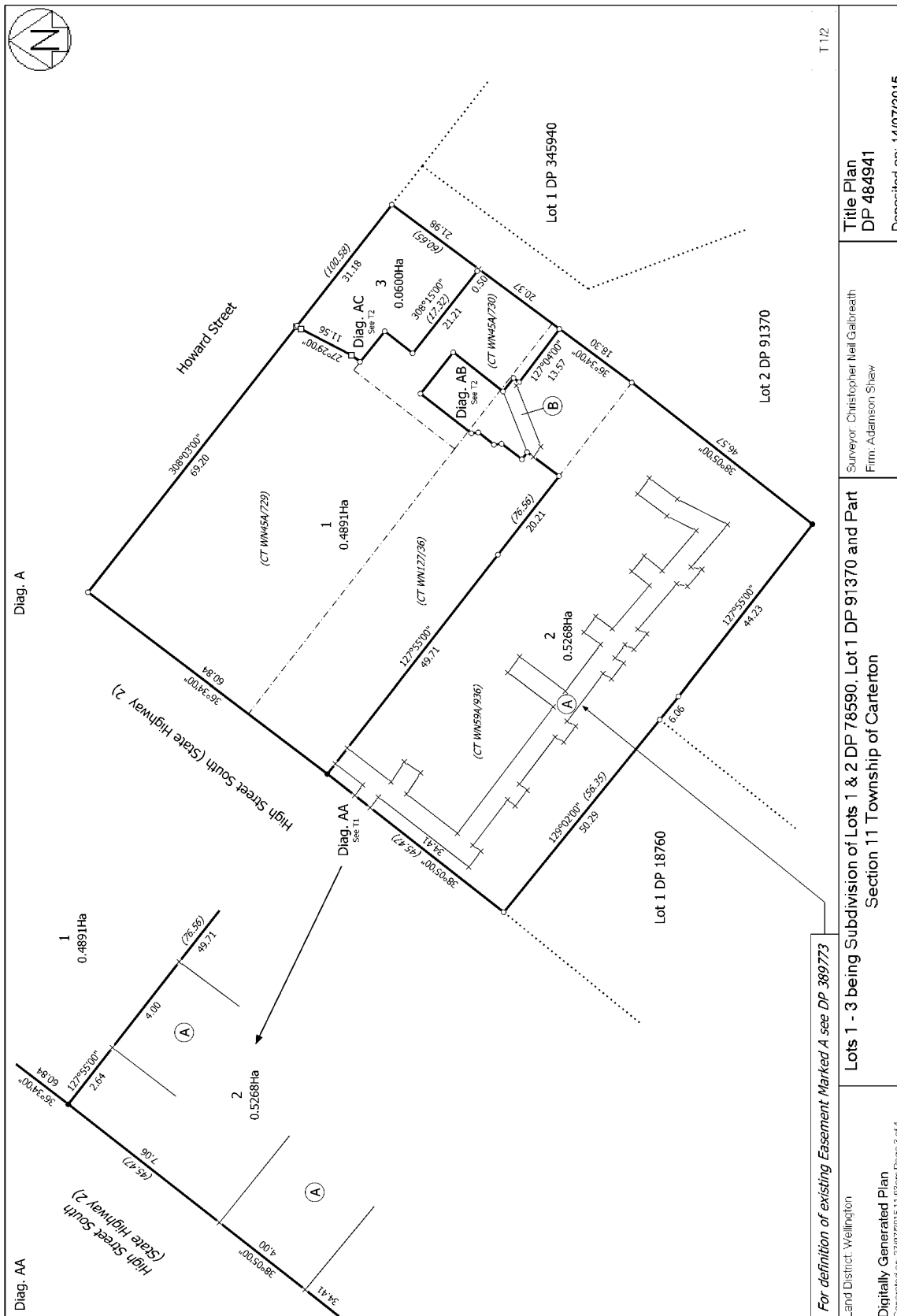
10093586.5 Encumbrance to Covenant Trustee Services Limited - 14.7.2015 at 10:42 am

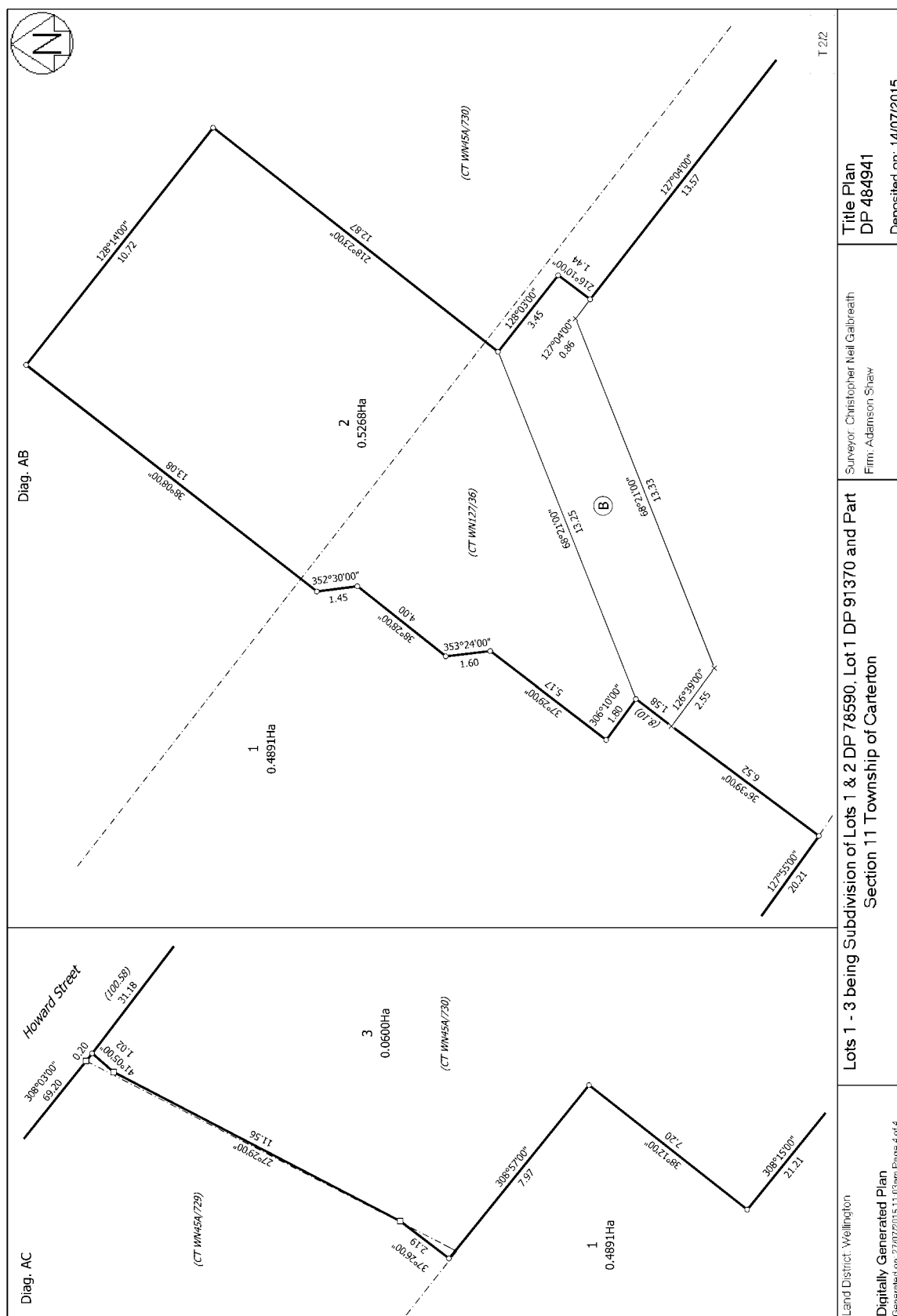
10375160.3 Mortgage to Bank of New Zealand - 1.4.2016 at 3:21 pm

10699807.14 Variation of Mortgage 10375160.3 - 28.2.2017 at 4:23 pm

10985892.8 Variation of Mortgage 10375160.3 - 13.12.2017 at 12:29 pm

11531592.1 Variation of Mortgage 10375160.3 - 26.8.2019 at 4:11 pm



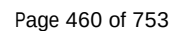


APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

Discounted Cash Flow Summary

Sensitivity Analysis

Cash Flow Forecast



13. FLAXMORE LIFECARE

FLAXMORE LIFECARE



Main Entrance



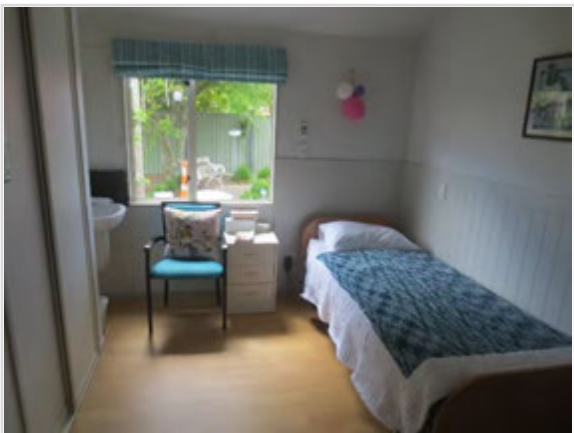
Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$6,025,000

(Six Million, Twenty Five Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement			
Interest Valued:	Freehold			
Basis of Valuation:	Market Valuation of the Land and Buildings			
Brief Description:	Flaxmore Lifecare comprises a medium scale aged care operation, located in the residential suburb of Bishopdale, approximately 3.1 kilometres south of the Nelson CBD. The purpose built facility was constructed in the 1990s and subject to a staged development. The property includes a 3 bedroom residential dwelling built circa 1990's, located on the main site, currently utilised as staff accommodation. The facility provides secure dementia care for the elderly with the accommodation considered functional for its use, conversely, below modern contemporary standards in terms of bed to floor area ratio and ensuite provision. The complex currently includes: ■ 48 Bed Care Facility ■ Adjoining Residential Property (4 Clifford Avenue)			
Land Area:	3,507 Square Metres (more or less)			
Zoning:	The site is zoned 'Residential' under the Nelson Resource Management Plan			
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$325,900 per annum plus GST and outgoings.			
Floor Area:	The gross floor area approximates 1,316 sqm or 1:27.4 sqm per bed			
Certification:	We confirm Heritage Lifecare (BPA) Limited has certification to provide Rest Home Care from 3 April 2019 for 36 months expiring 3 April 2022.			
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation,	DCF	& Sales Comparison Approaches
	Residential Property	Sales Comparison	Subject to	Deferment
Date of Inspection:	24 November 2021			

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$6,025,000
Initial Yield	5.41%
Yield on Market	5.15%
Indicated IRR	7.93%
Multiple on Contract Rental	18.5
Multiple on Market Rental	19.4
Average \$ Per Bed	\$125,521
\$/Sqm Floor Area	\$4,577
\$/Sqm Land Area	\$1,718

Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$310,000
Capitalise In Perpetuity @	5.75%
Capitalised Value	\$5,391,304
Present Value Rental Premium to Expiry of Lease Term Certain	\$221,109
Market Value	\$5,600,000
Yield on Contract	5.82%
Yield on Market	5.54%
\$ Per Bed	\$116,667

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.75%
Terminal Yield	6.75%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.87%
Market Value	\$5,750,000
Yield on Contract	5.67%

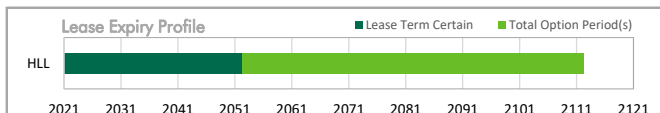
Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
-	-	@	-	-
-	-	@	-	-
Dementia	48	@	\$115,000	\$5,520,000
-	-	@	-	-
-	-	@	-	-
Total Equivalent Beds	48	@	\$114,583	\$5,500,000

NB: 1) Average Nominal Growth (pa) is Compounding

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



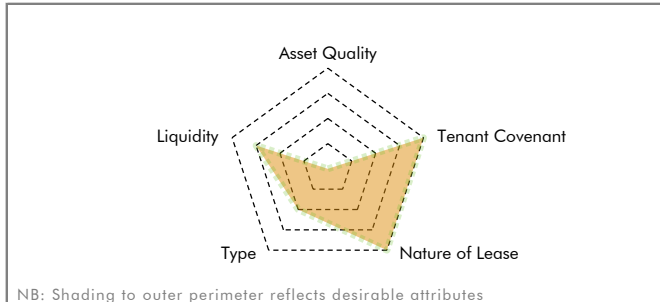
Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$325,900	\$310,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$131	\$124
Rent \$ Per Sqm Floor Area	\$248	\$236
Contract Variance to Market (Surplus P.A.)		\$15,900
Contract Variance to Market		5.13%

Care Facility Bed Summary

Total Beds	48
Bed Day Capacity	17,520
Ensuite to Room Ratio	-
Ensuite to Bed Ratio	-
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:27.4 sqm

Property Risk Profile



SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- High proportion of single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- The overall bed to floor area ratio of approximately 1:27.4 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

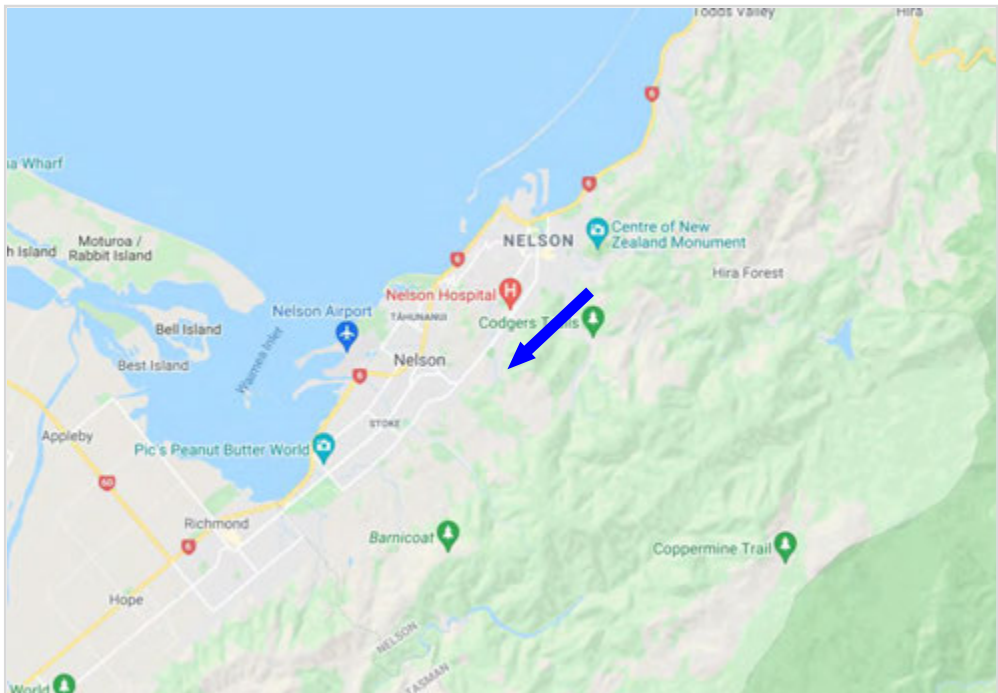
- If the aged care sectors does continue to 'weather the COVID-19 storm' well, health care assets in a health crises may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

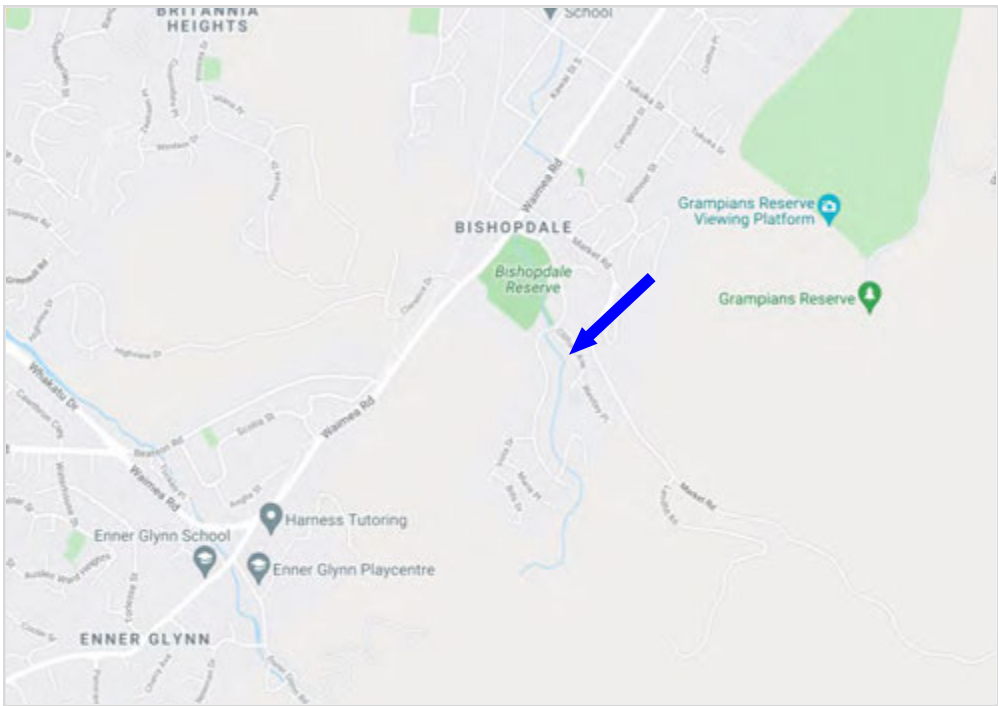
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation: Situated on the south western side of Clifford Avenue, one property removed from the intersection of Bishopdale Avenue.

Location: Located in the suburb of Bishopdale, a developing residential suburb on Nelson’s urban periphery adjacent to Grampians Reserve, some 3 kilometres south of the Nelson CBD.

Population: According to the 2018 Census, Nelson City has a usually resident population of approximately 50,871 people, showing an increase of 9.5% over the 2013 Census. Of the population, 8.4% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
NL11A/529	Lot 6-7	DP 15613	3,507	Heritage Lifecare (BPA) Limited	Freehold
Total			3,507		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- Land Covenant 317446.1 (affects Lot 6 DP 15613)

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2018, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
8 Clifford Avenue	19750-48603	\$670,000	\$3,250,000	\$3,920,000
Total		\$670,000	\$3,250,000	\$3,920,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Flaxmore Lifecare comprises a medium scale aged care operation, located in the residential suburb of Bishopdale, approximately 3.1 kilometres south of the Nelson CBD. The purpose built facility was constructed in the 1990s and subject to a staged development. The property includes a 3 bedroom residential dwelling built circa 1990's, located on the main site, currently utilised as staff accommodation. The facility provides secure dementia care for the elderly with the accommodation considered functional for its use, conversely, below modern contemporary standards in terms of bed to floor area ratio and ensuite provision. The complex currently includes:

- 48 Bed Care Facility
- Adjoining Residential Property (4 Clifford Avenue)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuites	Total Beds
Dementia									
Single Rooms	-	42	6	-	-	-	48	-	48
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	42	6	-	-	-	48	-	48
Bed Day Capacity									17,520
Ensuite to Room Ratio									-
Ensuite to Bed Ratio									-
Single Bed Ratio									100%
Double Bed Ratio									-
Bed to Floor Area Ratio									1:27.4

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

The residential property comprises a 3 bedroom dwelling built circa 1990's, located on the main site at 4 Clifford Road.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	RH	Care Beds H D	Current O Total	Future Supply	Forecast Total
Tui Glen Resthome	Atawhai	6		6		6
Flaxmore Lifecare	Bishopdale		48	48		48
Green Gables	Nelson			61		61
Coastal View Lifestyle Village	Nelson			0	80	80
Kensington Court Lifecare	Stoke	30	19	46		95
Otumarama Home and Hospital	Stoke	10	21	7		38
Tasman Nelson	Stoke	15	12	26		53
Whareama Rest Home and Hospital	Stoke	34	30		3	67
Ernest Rutherford Retirement Village	Stoke	20	49	25		124
Summerset in the Sun	Stoke	25	34	25		84
The Wood Lifecare	The Wood	30	47	38		115
Total Beds		170	212	99	207	688
Percentage		25%	31%	14%	30%	100%
					12%	112%

7 RENTAL ASSESSMENT

Our adopted market rental at \$310,000 per annum plus GST and outgoings compares to the contract rental of \$325,900 per annum which indicates a difference of -\$15,900 per annum, alternatively -4.88%.

8 VALUATION CALCULATIONS

8.1 CARE FACILITY

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1.1 Capitalisation Approach

All matters considered, we capitalise our assessed market rental at 5.75% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$310,000

Capitalise In Perpetuity @ 5.75%

CAPITALISED VALUE \$5,391,304

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$310,000
Contract Rental	\$325,900
Rental Premium per Annum	\$15,900
Months to Lease Expiry	360
Discounted at	6.25%
	0.51% monthly

PRESENT VALUE OF RENTAL PREMIUM \$220,277

\$5,611,581

Sensitivity Analysis	Adopt	
4.75%	\$6,750,000	Initial Yield 5.82%
5.25%	\$6,150,000	Yield on Market 5.54%
5.75%	\$5,600,000	\$ Per Bed (Based on 48 Equivalent Beds) \$116,667
6.25%	\$5,200,000	\$ Per Sqm Floor Area \$4,255
6.75%	\$4,800,000	Multiple on Market 18.06

8.1.2 Direct Comparison Approach

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Dementia 48 @ \$115,000 \$5,520,000

Total Equivalent Beds 48 @ \$115,000 \$5,520,000

Sensitivity Analysis	Adopt	
\$110,000	\$5,280,000	Yield on Market 5.64%
\$115,000	\$5,500,000	Equivalent \$/Per Bed (Based on 48 Beds) \$114,583
\$120,000	\$5,760,000	Multiple on Market 17.74

8.1.3 Discounted Cash Flow Approach

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.75%
Terminal Yield (On Year 40 Income)	6.75%
Terminal Value as a Percentage of Total Value	8.69%

Sensitivity Analysis	Adopt	\$5,750,000
-10%	\$5,200,000	Initial Yield 5.67%
-	\$5,750,000	Yield on Market 5.39%
10%	\$6,350,000	\$/Bed \$119,792

8.1.4 Valuation Reconciliation

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$5,600,000
Sales Comparison Approach:	Assessed Value:	\$5,500,000
Discounted Cash Flow Approach:	Assessed Value:	\$5,750,000

FREEHOLD LAND & BUILDINGS	\$5,700,000
Initial Yield	5.72%
Yield on Market	5.44%
\$ Per Bed (Based on 48 Physical Beds)	\$118,750
\$ Per Sqm Floor Area	\$4,331
\$ Per Sqm Land Area	\$1,625
Multiple on Contract	17.49
Multiple on Market	18.39

8.2 RESIDENTIAL

We have considered the following comparable sales:

RESIDENTIAL SALES EVIDENCE

St. Address No.	Sale Date	Sale Price	Land Area (m ²)	Floor Area (m ²)	Approx Age	\$/Sqm Floor Area
21 Westley Place	Oct-21	\$645,000	406	120	1990's	\$5,375
65 Bishopdale Avenue	May-21	\$778,275	-	134	1990's	\$5,808
10 Westley Place	Apr-21	\$718,500	560	140	1990's	\$5,132
2/34 Bishopdale Avenue	Mar-21	\$600,000	-	150	1980's	\$4,000
28 Market Road	Feb-21	\$651,000	576	150	1990's	\$4,340
27 Westley Place	Apr-21	\$700,000	365	170	1990's	\$4,118
103 Bishopdale Avenue	Apr-21	\$791,000	932	178	2010's	\$4,444
107 Bishopdale Avenue	May-21	\$835,000	948	182	2000's	\$4,588
15 Westley Place	Mar-21	\$758,000	329	190	1990's	\$3,989
8 Westley Place	Sep-21	\$870,000	560	230	1990's	\$3,783
19 Clifford Avenue	Jun-21	\$690,000	502	100	1990's	\$6,900

On the basis the residential property forms part of the leased premises, we have assessed market value and then discounted the value to reflect the impediment of the lease covenant. The following refers:

RESIDENTIAL PROPERTIES

4 Clifford Avenue, Bishopdale					\$665,000
Less GST					<u>\$86,739</u>
Gross Realisation (Excluding GST)					\$578,261
Deferment					
Escalation	3.00%	per annum			
Discount Rate	5.00%	per annum			
Net Position Deferred	<u>1.94%</u>	GWDR			\$324,759
Adopted Value (Plus GST, If Any)					\$325,000
Average Value Per Property					\$325,000
Overall \$/Sqm Floor Area					\$2,031
Overall \$/Sqm Land Area					\$585
Discount From Unencumbered Freehold					43.8%
Ratio of Value to Capital Value					-

9 VALUATION SUMMARY

VALUATION SUMMARY

Operator's Interest	0.00%	\$0
Residential	5.39%	\$325,000
Care Facility (Freehold Land and Buildings)	94.61%	\$5,700,000
Development Land	<u>0.00%</u>	<u>\$0</u>
	100.00%	\$6,025,000
Market Value		\$6,025,000

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

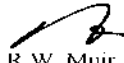
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **NL11A/529**

Land Registration District **Nelson**

Date Issued 26 May 1994

Prior References

NL10A/961 NL10A/962

Estate Fee Simple
Area 3507 square metres more or less
Legal Description Lot 6-7 Deposited Plan 15613

Registered Owners

Heritage Lifecare (BPA) Limited

Interests

Land Covenant 317446.1 - 20.5.1992 at 9.50 am (affects Lot 6 DP 15613)
320040.1 Fencing Covenant - 17.8.1992 at 11.15 am (affects Lot 7 DP 15613)
11048561.9 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm
11531632.1 Variation of Mortgage 11048561.9 - 26.8.2019 at 3:34 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

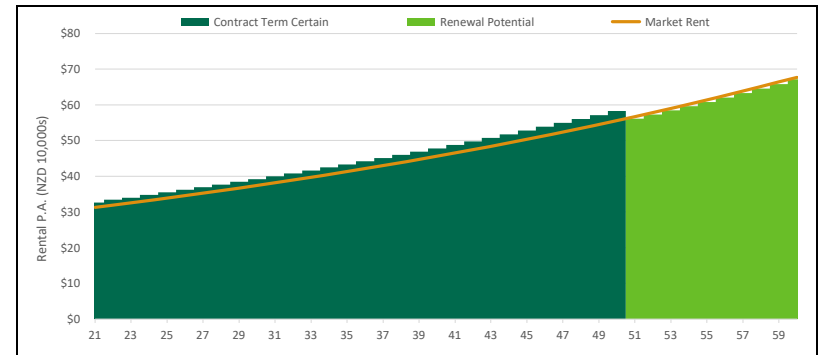
Discounted Cash Flow Summary

PV of Net Income	\$5,260,000
PV of Terminal Value	\$500,000
Total Net Present Value	\$5,760,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$5,750,000
Indicated IRR	7.93%
Initial Yield	5.67%
Yield on Market	5.39%
\$/Bed	\$119,792

Sensitivity Analysis

	Discount Rate	Terminal Yield				
		6.25%	6.50%	6.75%	7.00%	7.25%
	7.00%	\$6,500,000	\$6,450,000	\$6,450,000	\$6,400,000	\$6,400,000
	7.25%	\$6,250,000	\$6,200,000	\$6,200,000	\$6,150,000	\$6,150,000
	7.50%	\$6,000,000	\$6,000,000	\$5,950,000	\$5,950,000	\$5,900,000
	7.75%	\$5,800,000	\$5,750,000	\$5,750,000	\$5,750,000	\$5,700,000
	8.00%	\$5,600,000	\$5,550,000	\$5,550,000	\$5,550,000	\$5,500,000
	8.25%	\$5,400,000	\$5,400,000	\$5,350,000	\$5,350,000	\$5,350,000
	8.50%	\$5,200,000	\$5,200,000	\$5,200,000	\$5,150,000	\$5,150,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

14. STILLWATER GARDENS LIFECARE

STILLWATER LIFECARE



Main Entrance



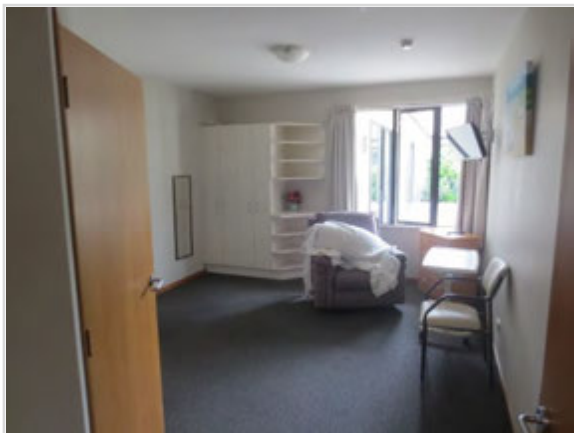
Care Facility Exterior



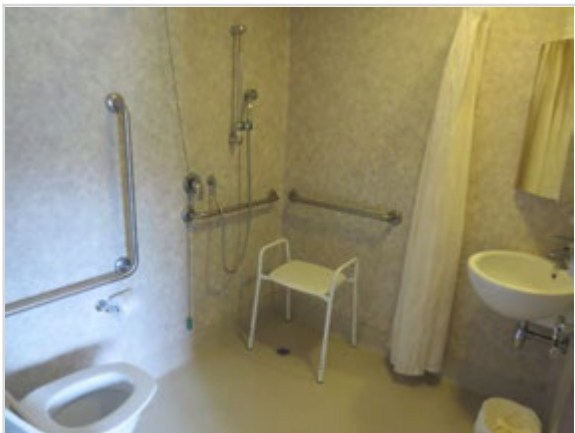
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$10,750,000

(Ten Million, Seven Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Stillwater Lifecare comprises a purpose built medium scale operation comprising mixed aged care accommodation integrated with apartments (some of which are serviced) and independent living units. The retirement village component is excluded from our valuation. The complex has been progressively developed from circa 2005 and is located within the residential suburb of Richmond some 12 kms to the south west of the Nelson CBD. The complex currently includes: ■ 69 Bed Care Facility ■ 24 Independent Living Units (excluded from this valuation) ■ 19 Independent Living Apartments (excluded from this valuation)		
Land Area:	9,374 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential' under the Tasman Resource Management Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$547,900 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 3,035 sqm or 1:44.0 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 13 December 2019 for 3 years expiring 13 December 2022.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	24 November 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this		

report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$10,750,000
Initial Yield	5.10%
Yield on Market	4.56%
Indicated IRR	7.09%
Multiple on Contract Rental	19.6
Multiple on Market Rental	21.9
Average \$ Per Bed	\$155,797
\$/Sqm Floor Area	\$3,541
\$/Sqm Land Area	\$1,147

Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$490,000
Capitalise In Perpetuity @	5.00%
Capitalised Value	\$9,800,000
Present Value Rental Premium to Expiry of Lease Term Certain	\$870,120
Market Value	\$10,650,000
Yield on Contract	5.14%
Yield on Market	4.60%
\$ Per Bed	\$154,348

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.00%
Terminal Yield	6.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.72%
Market Value	\$10,800,000
Yield on Contract	5.07%

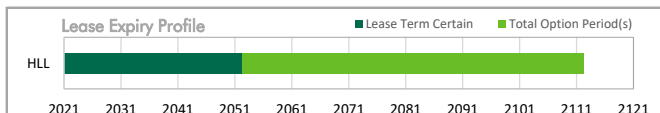
Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
Rest Home	23	@	\$135,000	\$3,105,000
Hospital	30	@	\$160,000	\$4,800,000
Dementia	16	@	\$150,000	\$2,400,000
-	-	@	-	-
-	-	@	-	-
Total Equivalent Beds	69	@	\$149,275	\$10,300,000

NB: 1) Average Nominal Growth (pa) is Compounding

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



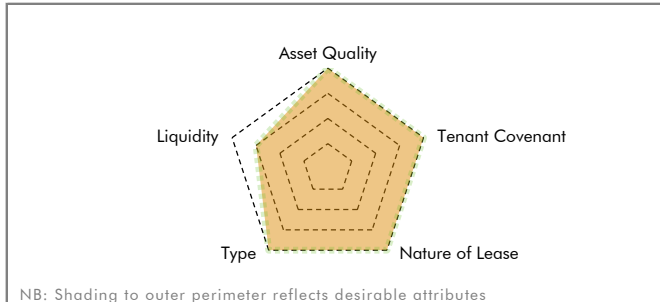
Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$547,900	\$490,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$153	\$137
Rent \$ Per Sqm Floor Area	\$180	\$161
Contract Variance to Market (Surplus P.A.)		\$57,900
Contract Variance to Market		11.82%

Care Facility Bed Summary

Total Beds	69
Bed Day Capacity	25,185
Ensuite to Room Ratio	100%
Ensuite to Bed Ratio	100%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:44.0 sqm

Property Risk Profile



NB: Shading to outer perimeter reflects desirable attributes

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- All single rooms, 100% ensuite provision and favourable bed to floor area ratios offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment.

Opportunities

- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

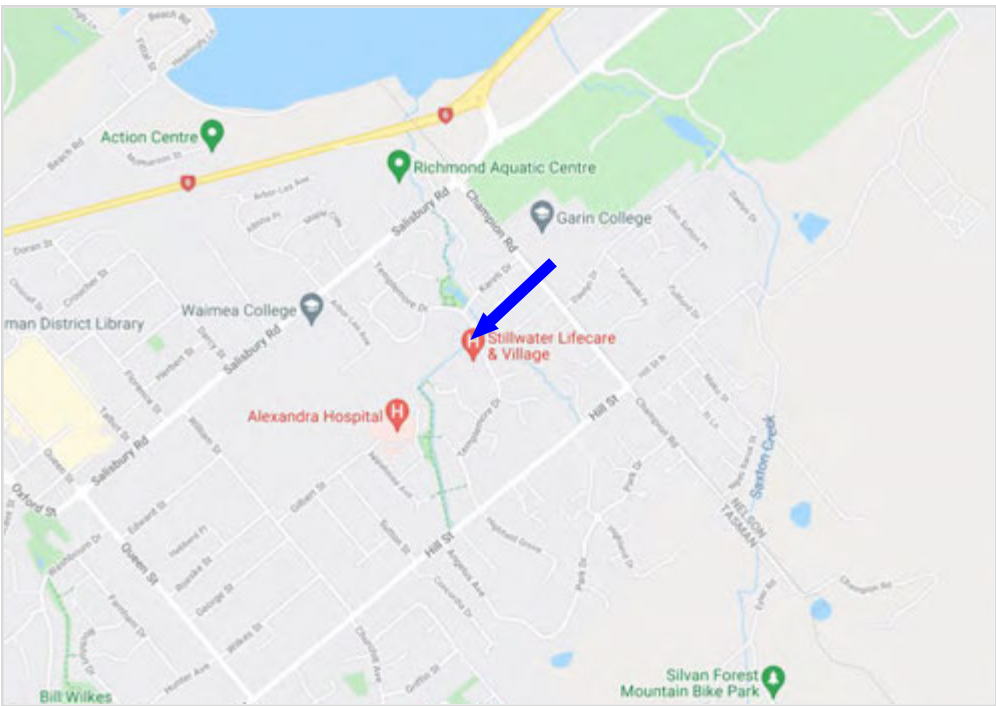
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:

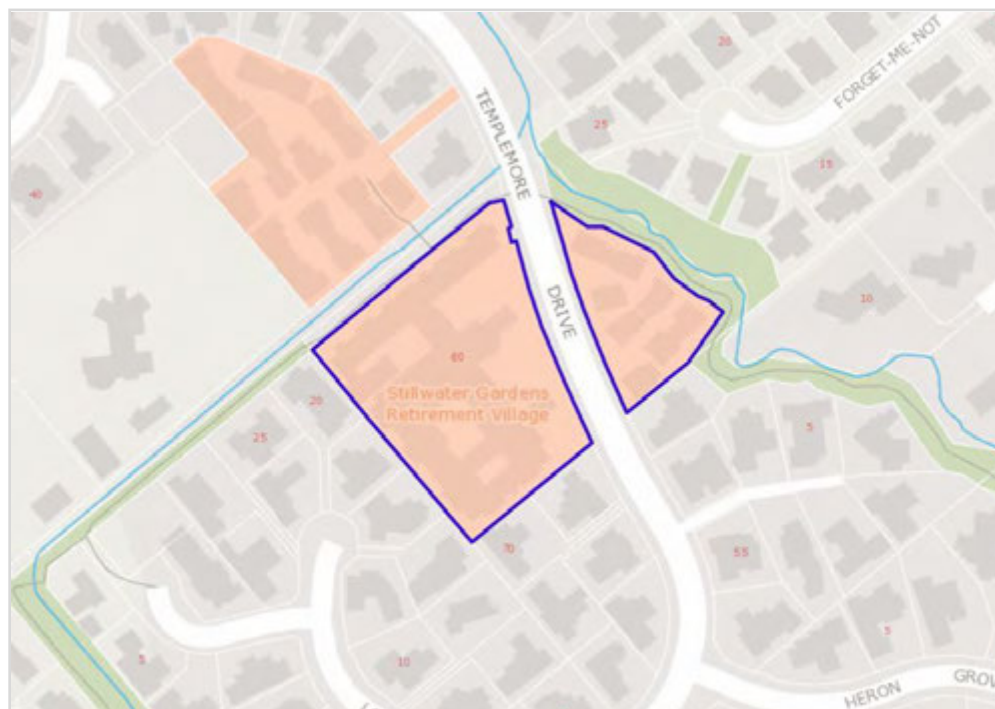


- Situation:** Situated in the suburb of Richmond, to the east and west of Templemore Drive, a local collector road which connects to Salisbury Road in the north and Hill Street in the south. The property is dispersed over three distinct sites with good profile to adjoining roadway.
- Location:** Located in Richmond sitting to the southern periphery of Nelson which lies on the southern shore of Tasman Bay, at the northern end of the South Island.

Population: According to the 2018 Census, Tasman District has a usually resident population of approximately 52,383 people, showing an increase of 11.1% over the 2013 Census. Of the population, 8.1% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
213972	Lot 1-2	DP 352146	9,374	Heritage Lifecare Villages Limited	Freehold
Total			9,374		

The title described above includes a portion of the retirement village component.

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- Subject to Section 241(2) Resource Management Act 1991 (affects DP352146)
- 6494787.7 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991
- Land Covenant in Easement Instrument 6545094.1
- 7518393.1 Notice of the registration of Stillwater Gardens Retirement Village as a Retirement Village subject to section 22 of the Retirement Villages Act 2003

(which provides priority for the rights of the residents ahead of the rights of holders of security interests)

■ 11305708.6 Encumbrance to Covenant Trustee Services Limited

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 October 2020, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
60 Templemore Drive	19610/29501	\$1,820,000	\$9,230,000	\$11,050,000
Total		\$1,820,000	\$9,230,000	\$11,050,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Stillwater Lifecare comprises a purpose built medium scale operation comprising mixed aged care accommodation integrated with apartments (some of which are serviced) and independent living units. The retirement village component is excluded from our valuation. The complex has been progressively developed from circa 2005 and is located within the residential suburb of Richmond some 12 kms to the south west of the Nelson CBD. The complex currently includes:

- 69 Bed Care Facility
- 24 Independent Living Units (excluded from this valuation)
- 19 Independent Living Apartments (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuites	Total Beds
Rest Home									
Single Rooms	-	-	-	-	-	23	23	23	23
Double Rooms	-	-	-	-	-	-	-	-	-
Dementia									
Single Rooms	-	-	-	-	-	16	16	16	16
Double Rooms	-	-	-	-	-	-	-	-	-
Hospital									
Single Rooms	-	-	-	-	-	30	30	30	30
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	69	69	69	69
Bed Day Capacity									25,185
Ensuite to Room Ratio									100%
Ensuite to Bed Ratio									100%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:44.0

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current O Total	Future Supply	Forecast Total
		RH	H	D			
Tui Glen Resthome	Atawhai	6			6		6
Flaxmore Lifecare	Bishopdale			48	48		48
Green Gables	Nelson				61		61
Coastal View Lifestyle Village	Nelson				0	80	80
Kensington Court Lifecare	Stoke	30	19		46		95
Otumarama Home and Hospital	Stoke	10	21		7		38
Tasman Nelson	Stoke	15	12	26	53		53
Whareama Rest Home and Hospital	Stoke	34	30		64	3	67
Ernest Rutherford Retirement Village	Stoke	20	49	25	124		124
Summerset in the Sun	Stoke	25	34		25		84
The Wood Lifecare	The Wood	30	47		38		115
Oakwoods Lifecare	Richmond	23	25		45		93
Waimea Plains Retirement Village	Richmond				0	81	81
Olive Estate	Richmond				0	70	70
Stillwater Lifecare	Richmond	23	30	16	69		69
Wensley House	Richmond	43			43		43
Summerset Richmond Ranges	Richmond				63		63
Jack Inglis Friendship Hospital	Motueka	32	26	19	77		77
Woodlands Rest Home & Village	Motueka	20	10		20		50
Wakefield Rest Home	Wakefield	20			20		20
Total Beds		331	303	134	335	1,103	1,337
Percentage		30%	27%	12%	30%	100%	121%

7 RENTAL ASSESSMENT

Our adopted market rental at \$490,000 per annum plus GST and outgoings compares to the contract rental of \$547,900 per annum which indicates a difference of -\$57,900 per annum, alternatively -10.57%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL	\$490,000

Capitalise In Perpetuity @	5.00%

CAPITALISED VALUE	\$9,800,000

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$490,000
Contract Rental	\$547,900
Rental Premium per Annum	\$57,900
Months to Lease Expiry	360
Discounted at	5.50%
	0.45% monthly

PRESENT VALUE OF RENTAL PREMIUM	\$866,369

\$10,666,369

Sensitivity Analysis		Adopt	\$10,650,000
4.00%	\$13,100,000	Initial Yield	5.14%
4.50%	\$11,750,000	Yield on Market	4.60%
5.00%	\$10,650,000	\$ Per Bed (Based on 69 Equivalent Beds)	\$154,348
5.50%	\$9,800,000	\$ Per Sqm Floor Area	\$3,509
6.00%	\$9,050,000	Multiple on Market	21.73

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	23	@	\$135,000	\$3,105,000
Hospital	30	@	\$160,000	\$4,800,000
Dementia	16	@	\$150,000	\$2,400,000

Total Equivalent Beds	69	@	\$149,348	\$10,305,000

Sensitivity Analysis		Adopt	
\$144,348	\$9,960,000	Yield on Market	4.76%
\$149,348	\$10,300,000	Equivalent \$/Per Bed (Based on 69 Beds)	\$149,275
\$154,348	\$10,650,000	Multiple on Market	21.02

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.00%
Terminal Yield (On Year 40 Income)	6.00%
Terminal Value as a Percentage of Total Value	10.91%

Sensitivity Analysis		Adopt	
-10%	\$9,700,000	Initial Yield	5.07%
-	\$10,800,000	Yield on Market	4.54%
10%	\$11,900,000	\$/Bed	\$156,522

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$10,650,000
Sales Comparison Approach:	Assessed Value:	\$10,300,000
Discounted Cash Flow Approach:	Assessed Value:	\$10,800,000
FREEHOLD LAND & BUILDINGS		\$10,750,000
Initial Yield		5.10%
Yield on Market		4.56%
\$ Per Bed (Based on 69 Physical Beds)		\$155,797
\$ Per Sqm Floor Area		\$3,541
\$ Per Sqm Land Area		\$1,147
Multiple on Contract		19.62
Multiple on Market		21.94

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

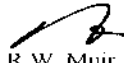
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **213972**
Land Registration District **Nelson**
Date Issued 14 July 2005

Prior References
140105

Estate Fee Simple
Area 9374 square metres more or less
Legal Description Lot 1-2 Deposited Plan 352146
Registered Owners
Heritage Lifecare Villages Limited

Interests

Subject to Section 241(2) Resource Management Act 1991 (affects DP 352146)

Subject to a right to drain water (in gross) over part Lot 1 DP 352146 marked A B and C on DP 352146 and a Right to drain sewage over part Lot 1 DP 352146 marked B D and E on DP 352146 in favour of Tasman District Council created by Easement Instrument 6494787.6 - 14.7.2005 at 9:00 am

The easements created by Easement Instrument 6494787.6 are subject to Section 243 (a) Resource Management Act 1991 6494787.7 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 - 14.7.2005 at 9:00 am

Land Covenant in Easement Instrument 6545094.1 - 24.8.2005 at 9:00 am

7518393.1 Notice of the registration of Stillwater Gardens Retirement Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 28.8.2007 at 9:00 am

Appurtenant to Lot 1 DP 352146 is a right of way and a right to convey electricity, telecommunications and computer media created by Easement Instrument 7607718.1 - 8.11.2007 at 9:00 am

11305708.6 Encumbrance to Covenant Trustee Services Limited - 12.12.2018 at 3:58 pm

11305708.7 Mortgage to Bank of New Zealand - 12.12.2018 at 3:58 pm

11531614.2 Variation of Mortgage 11305708.7 - 26.8.2019 at 3:56 pm

LT 352146 (Title Plan)
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APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

STILLWATER LIFECARE, 43 AND 44-60 TEMPLEMORE DRIVE, RICHMOND, TASMAN DISTRICT

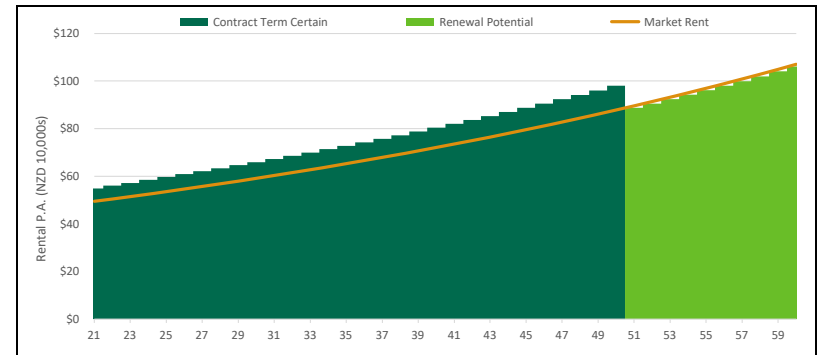
Discounted Cash Flow Summary

PV of Net Income	\$9,620,000
PV of Terminal Value	\$1,200,000
Total Net Present Value	\$10,820,000
PV of Disposal Costs	(\$20,000)
Adopted Value	\$10,800,000
Indicated IRR	7.09%
Initial Yield	5.07%
Yield on Market	4.54%
\$/Bed	\$156,522

Sensitivity Analysis

		Terminal Yield				
		5.50%	5.75%	6.00%	6.25%	6.50%
Discount Rate	6.25%	\$12,350,000	\$12,250,000	\$12,200,000	\$12,150,000	\$12,100,000
	6.50%	\$11,850,000	\$11,750,000	\$11,700,000	\$11,650,000	\$11,600,000
	6.75%	\$11,350,000	\$11,300,000	\$11,250,000	\$11,200,000	\$11,150,000
	7.00%	\$10,900,000	\$10,850,000	\$10,800,000	\$10,750,000	\$10,700,000
	7.25%	\$10,500,000	\$10,450,000	\$10,400,000	\$10,350,000	\$10,300,000
	7.50%	\$10,100,000	\$10,050,000	\$10,050,000	\$10,000,000	\$9,950,000
	7.75%	\$9,750,000	\$9,700,000	\$9,650,000	\$9,650,000	\$9,600,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

15. SOMERFIELD REST HOME

SOMERFIELD REST HOME



Care Facility Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$6,850,000

(Six Million, Eight Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Somerfield Rest Home is a specialised dementia care facility located in the residential suburb of Somerfield, approximately 4 kms to the south west of Christchurch CBD. Development has occurred in stages, incorporating two dwellings that were merged and fully redeveloped together with more contemporary upgrade and extension. The floor plan is compact compared to contemporary standards, nonetheless provides an attractive and homely atmosphere with all bedrooms having full private ensuite provision. The complex currently includes: ■ 41 Bed Care Facility		
Land Area:	2,542 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential Suburban Zone' under the Christchurch City Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$387,000 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,090 sqm or 1:26.6 sqm per bed		
Certification:	We confirm Heritage Lifecare (GHG) Limited has certification to provide Rest Home Care from 29 November 2020 for 4 years expiring 29 November 2024.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	6 December 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Matt Stanley, B.Com (VPM)
Registered Valuer
Retirement Housing & Healthcare
Inspection
Property Inspected: Yes

EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$6,850,000
Initial Yield	5.65%
Yield on Market	4.53%
Indicated IRR	7.71%
Multiple on Contract Rental	17.7
Multiple on Market Rental	22.1
Average \$ Per Bed	\$167,073
\$/Sqm Floor Area	\$6,284
\$/Sqm Land Area	\$2,695

Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$310,000
Capitalise In Perpetuity @	5.50%
Capitalised Value	\$5,636,364
Present Value Rental Premium to Expiry of Lease Term Certain	\$1,098,358
Market Value	\$6,750,000
Yield on Contract	5.73%
Yield on Market	4.59%
\$ Per Bed	\$164,634

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.50%
Terminal Yield	6.50%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$6,950,000
Yield on Contract	5.57%

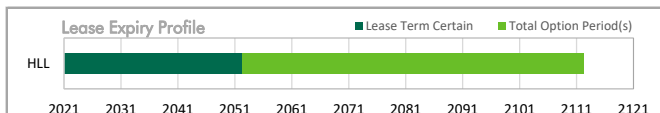
Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
Dementia (Single)	37	@	\$160,000	\$5,920,000
Dementia (Double)	4	@	\$155,000	\$620,000
-	-	@	-	-
-	-	@	-	-
-	-	@	-	-
Total Equivalent Beds	41	@	\$159,756	\$6,550,000

NB: 1) Average Nominal Growth (pa) is Compounding

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



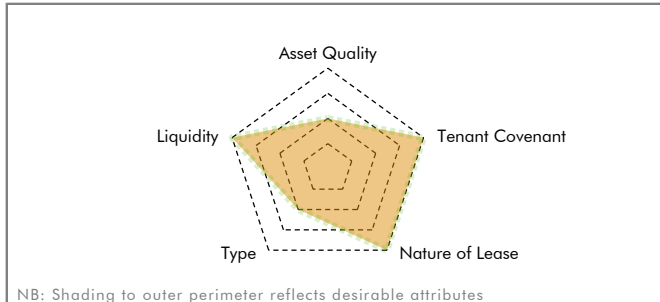
Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$387,000	\$310,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$182	\$145
Rent \$ Per Sqm Floor Area	\$355	\$284
Contract Variance to Market (Surplus P.A.)		\$77,000
Contract Variance to Market		24.84%

Care Facility Bed Summary

Total Beds	41
Bed Day Capacity	14,965
Ensuite to Room Ratio	100%
Ensuite to Bed Ratio	95%
Single Bed Ratio	90%
Double Bed Ratio	10%
Bed to Floor Area Ratio	1:26.6 sqm

Property Risk Profile



NB: Shading to outer perimeter reflects desirable attributes

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- High proportion of single rooms and private ensuite provision offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment.
- The overall bed to floor area ratio of approximately 1:26.6 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

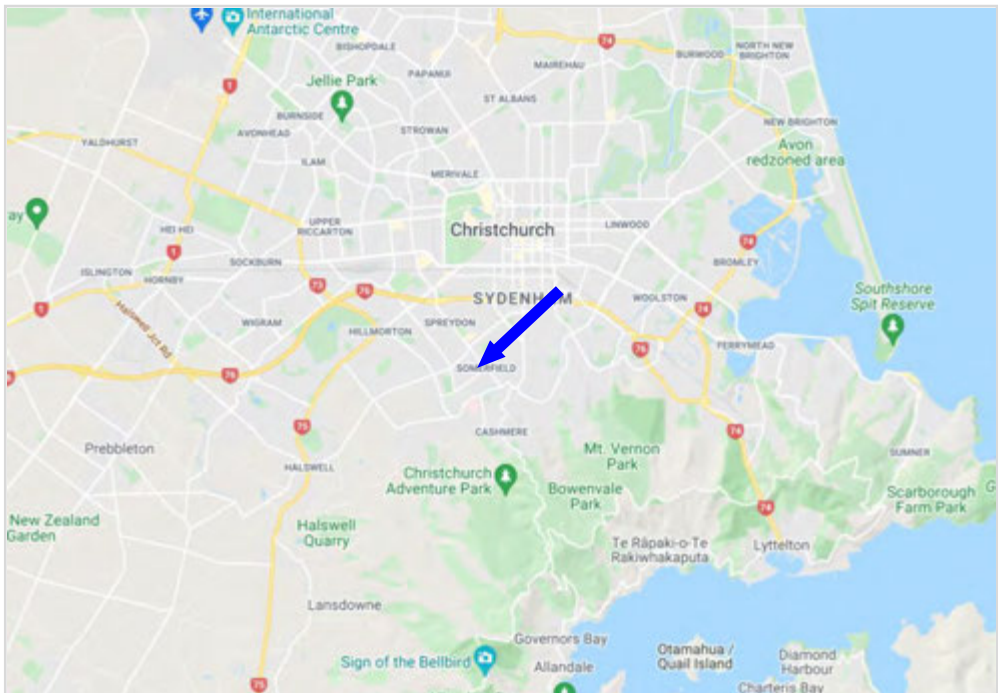
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

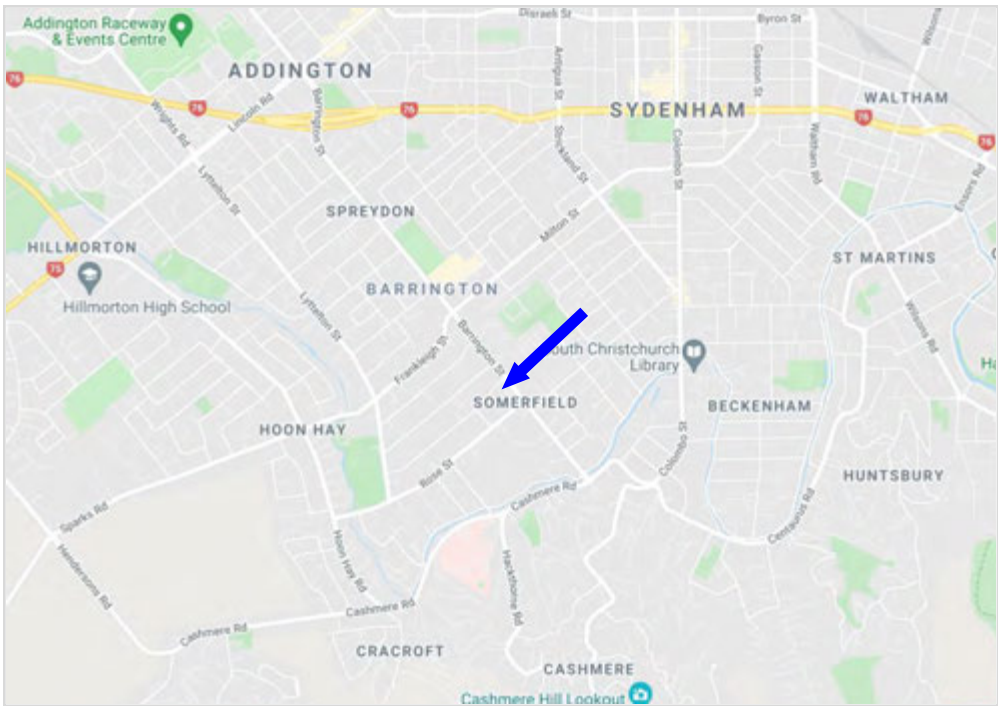
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** The subject property is located on the south-western corner of Barrington Street and Stanbury Avenue in the residential suburb of Somerfield.
- Location:** The property is located approximately 4 kilometres south west of the Christchurch CBD.
- Population:** According to the 2018 Census, Christchurch City has a usually resident population of approximately 369,006 people, showing an increase of 8.1% over the 2013 Census.

Of the population, 6.8% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
CB33F/1262	Lot 1	DP 55415	1,271	Heritage Lifecare (GHG) Limited	Freehold
CB33F/1263	Lot 2	DP 55415	1,271	Heritage Lifecare (GHG) Limited	Freehold
Total			2,542		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 5686338.1 Certificate pursuant to Section 37 (2) Building Act 1991 (affects CB33F/1262 & CB33F/1263).

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 August 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
141 Barrington Street	22612/37702	\$465,000	\$3,065,000	\$3,530,000
Total		\$465,000	\$3,065,000	\$3,530,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Somerfield Rest Home is a specialised dementia care facility located in the residential suburb of Somerfield, approximately 4 kms to the south west of Christchurch CBD. Development has occurred in stages, incorporating two dwellings that were merged and fully redeveloped together with more contemporary upgrade and extension. The floor plan is compact compared to contemporary standards, nonetheless provides an attractive and homely atmosphere with all bedrooms having full private ensuite provision. The complex currently includes:

- 41 Bed Care Facility

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Dementia									
Single Rooms	-	-	-	-	-	37	37	37	37
Double Rooms	-	-	-	-	-	2	2	2	4
Totals	-	-	-	-	-	39	39	39	41
Bed Day Capacity									14,965
Ensuite to Room Ratio									100%
Ensuite to Bed Ratio									95%
Single Bed Ratio									90%
Bed to Floor Area Ratio									1:26.6

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current Total	Future Supply	Forecast Total
		RH	H	D			
Avonlea Christchurch	Addington		6	57	63		63
Park Lane Retirement Village	Addington	18	24		45		87
Addington Lifestyle Care	Addington	11	37	28	21		97
Archer Home	Beckenham	55			55		55
Essie Summers Retirement Village	Beckenham	30	41	24	30		125
Thorrington Home	Beckenham	30		15	45		45
Rhodes on Cashmere	Cashmere				0	34	34
Somerfield Rest Home	Cashmere			41	41		41
Cashmere View Rest Home and Hospital	Lower Cashmere	29	54		20		103
Rose Court Lifecare	Lower Cashmere	30	24		21		75
Bishop Selwyn Lifecare	Spreydon	32	31		15		78
George Manning Lifecare	Spreydon	43	45		88		88
Nazareth House	Sydenham		80		80		80
Total Beds		278	342	165	152	34	971
Percentage		30%	36%	18%	16%	4%	104%

7 RENTAL ASSESSMENT

Our adopted market rental at \$310,000 per annum plus GST and outgoings compares to the contract rental of \$387,000 per annum which indicates a difference of -\$77,000 per annum, alternatively -19.90%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.50% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$310,000

Capitalise In Perpetuity @ 5.50%

CAPITALISED VALUE \$5,636,364

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$310,000
Contract Rental	\$387,000
Rental Premium per Annum	\$77,000
Months to Lease Expiry	360
Discounted at	6.00%
	0.49% monthly

PRESENT VALUE OF RENTAL PREMIUM \$1,094,032

\$6,730,395

Sensitivity Analysis	Adopt	
4.50%	\$8,000,000	Initial Yield 5.73%
5.00%	\$7,300,000	Yield on Market 4.59%
5.50%	\$6,750,000	\$ Per Bed (Based on 41 Equivalent Beds) \$164,634
6.00%	\$6,250,000	\$ Per Sqm Floor Area \$6,193
6.50%	\$5,850,000	Multiple on Market 21.77

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Dementia (Single)	37	@	\$160,000	\$5,920,000
Dementia (Double)	4	@	\$155,000	\$620,000
Total Equivalent Beds	41	@	\$159,512	\$6,540,000

Sensitivity Analysis	Adopt	
\$154,512	\$6,335,000	Yield on Market 4.73%
\$159,512	\$6,550,000	Equivalent \$/Per Bed (Based on 41 Beds) \$159,756
\$164,512	\$6,745,000	Multiple on Market 21.13

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.50%
Terminal Yield (On Year 40 Income)	6.50%
Terminal Value as a Percentage of Total Value	8.21%

Sensitivity Analysis	Adopt	
-10%	\$6,250,000	Initial Yield 5.57%
-	\$6,950,000	Yield on Market 4.46%
10%	\$7,650,000	\$/Bed \$169,512

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$6,750,000
Sales Comparison Approach:	Assessed Value:	\$6,550,000
Discounted Cash Flow Approach:	Assessed Value:	\$6,950,000
FREEHOLD LAND & BUILDINGS		\$6,850,000
Initial Yield		5.65%
Yield on Market		4.53%
\$ Per Bed (Based on 41 Physical Beds)		\$167,073
\$ Per Sqm Floor Area		\$6,284
\$ Per Sqm Land Area		\$2,695
Multiple on Contract		17.70
Multiple on Market		22.10

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **CB33F/1262**

Land Registration District **Canterbury**

Date Issued 11 October 1990

Prior References

CB23A/1019 CB23A/1020

Estate Fee Simple
Area 1271 square metres more or less
Legal Description Lot 1 Deposited Plan 55415
Registered Owners
Heritage Lifecare (GHG) Limited

Interests

901857.3 Easement Certificate specifying the following easements - 11.10.1990 at 9.40 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way and right to drain water	Lot 2 Deposited Plan 55415 - CT CB33F/1263	A DP 55415	Lot 1 Deposited Plan 55415 - herein	
Park	Lot 1 Deposited Plan 55415 - herein	Herein	Lot 2 Deposited Plan 55415	
Drain water	Lot 2 Deposited Plan 55415	-	Lot 1 Deposited Plan 55415 - herein	

The easements specified in Easement Certificate 901857.3 are subject to Section 309(1) (a) Local Government Act 1974 and the right of way to Condition 11 of Council's Consent as set out in Document 251928.1

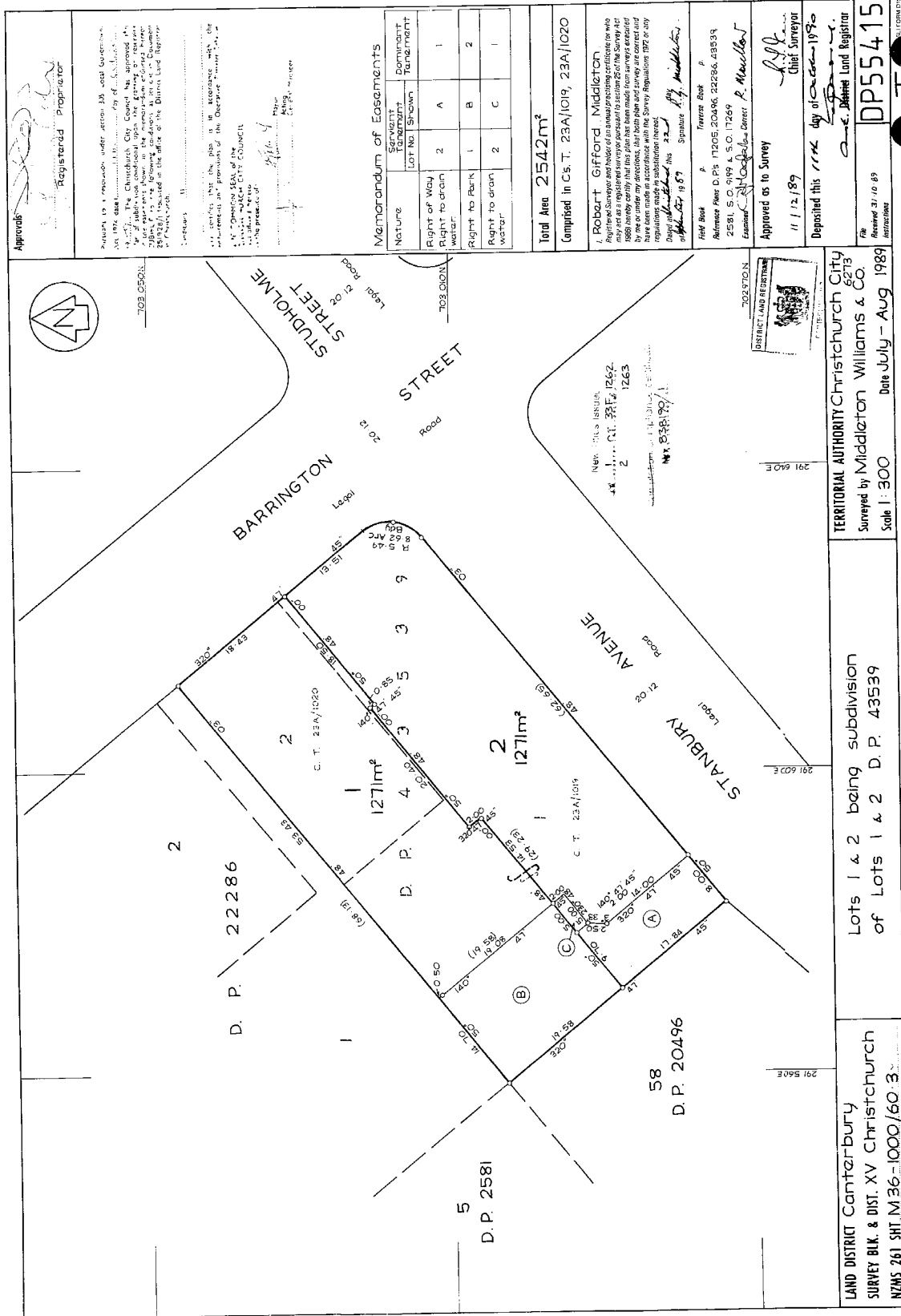
959357.1 Transfer creating the following easement in gross - 10.10.1991 at 11.42 am

Type	Servient Tenement	Easement Area	Grantee	Statutory Restriction
Right of way and rights to convey electric power	Lot 1 Deposited Plan 55415 - herein	Part Herein	The Christchurch City Council	

The right of way easement created by Transfer 959357.1 is subject to Condition 11 of Council's Consent in Document 251928.1

5686338.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS CB33F/1263) - 8.8.2003 at 9:00 am

11611844.9 Mortgage to Bank of New Zealand - 29.11.2019 at 2:30 pm





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **CB33F/1263**

Land Registration District **Canterbury**

Date Issued 11 October 1990

Prior References

CB23A/1019

Estate Fee Simple
Area 1271 square metres more or less
Legal Description Lot 2 Deposited Plan 55415
Registered Owners
Heritage Lifecare (GHG) Limited

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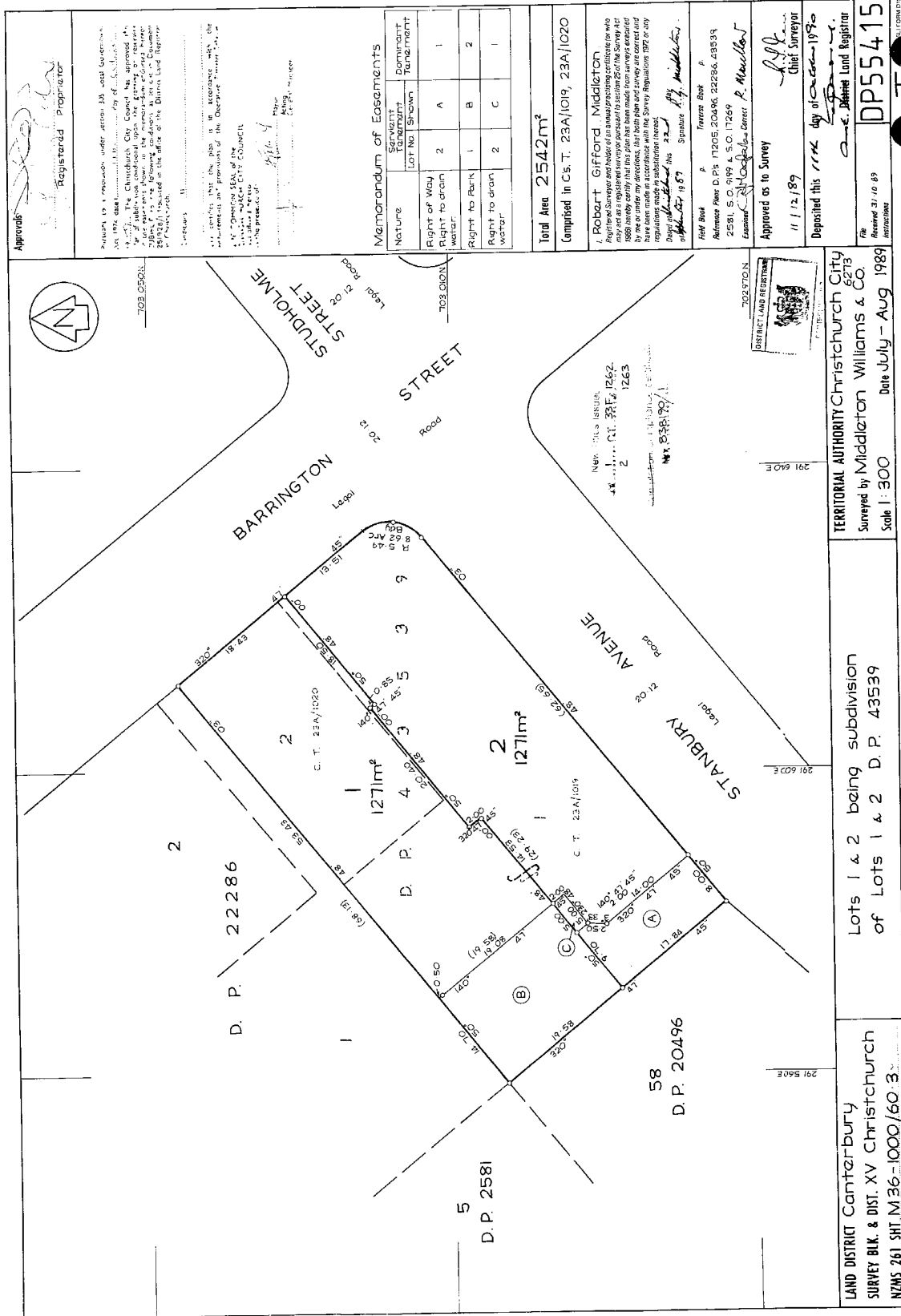
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Park	Lot 1 Deposited Plan 55415	-	Lot 2 Deposited Plan 55415 - herein	
Drain water	Lot 2 Deposited Plan 55415 - herein	Herein	Lot 1 Deposited Plan 55415	

The easements specified in Easement Certificate 901857.3 when created will be subject to Section 309(1) (a) Local Government Act 1974 and the right of way to Condition 11 of Council's Consent as set out in Document 251928.1

5686338.1 CERTIFICATE PURSUANT TO SECTION 37 (2) BUILDING ACT 1991 (ALSO AFFECTS CB33F/1262) - 8.8.2003 at 9:00 am

11611844.9 Mortgage to Bank of New Zealand - 29.11.2019 at 2:30 pm



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

SOMERFIELD REST HOME, 137 BARRINGTON STREET, CASHMERE, CHRISTCHURCH

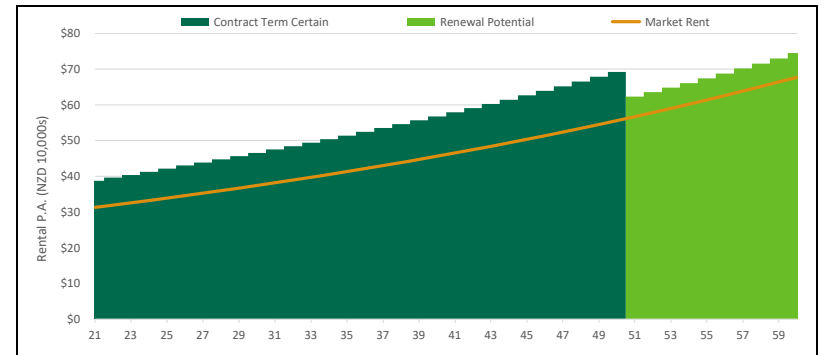
Discounted Cash Flow Summary

PV of Net Income	\$6,360,000
PV of Terminal Value	\$600,000
Total Net Present Value	\$6,960,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$6,950,000
Indicated IRR	7.71%
Initial Yield	5.57%
Yield on Market	4.46%
\$/Bed	\$169,512

Sensitivity Analysis

		Terminal Yield				
		6.00%	6.25%	6.50%	6.75%	7.00%
Discount Rate	6.75%	\$7,850,000	\$7,800,000	\$7,800,000	\$7,750,000	\$7,750,000
	7.00%	\$7,550,000	\$7,500,000	\$7,500,000	\$7,450,000	\$7,450,000
	7.25%	\$7,250,000	\$7,250,000	\$7,200,000	\$7,200,000	\$7,150,000
	7.50%	\$7,000,000	\$7,000,000	\$6,950,000	\$6,950,000	\$6,900,000
	7.75%	\$6,750,000	\$6,750,000	\$6,700,000	\$6,700,000	\$6,700,000
	8.00%	\$6,550,000	\$6,500,000	\$6,500,000	\$6,450,000	\$6,450,000
	8.25%	\$6,300,000	\$6,300,000	\$6,250,000	\$6,250,000	\$6,250,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

16. ALBAROSA, CAMELLIA COURT & GOLDEN AGE

ALBAROSA, CAMELLIA COURT & GOLDEN AGE



Golden Age Entrance



Albarosa Entrance



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$25,050,000
(Twenty Five Million, Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Albarosa, Camellia Court & Golden Age collectively comprise a large-scale, purpose-built care facility. The property is situated on a prominent site with four street frontages including Harewood Road and is located within 5 kms to the north west of the Christchurch CBD. The wider facility provides a comprehensive range of care including rest home, hospital and dementia. Golden Age Retirement Village includes 36 independent living units which have been established progressively in the period circa 2002-2014 and are excluded from our valuation. The wider complex currently comprises: ■ 133 Bed Care Facility ■ 2 Residential Apartments ■ 36 Independent Living Units (excluded from this valuation)		
Adopted Land Area:	8,383 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential Suburban Density Transition Zone' under the Christchurch City Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$1,375,800 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 5,637 sqm or 1:42.4 sqm per bed		
Certification:	We confirm Heritage Lifecare (GHG) Limited has certification to provide Rest Home Care from 29 November 2020 for 4 years expiring 29 November 2024.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	6 December 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

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Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

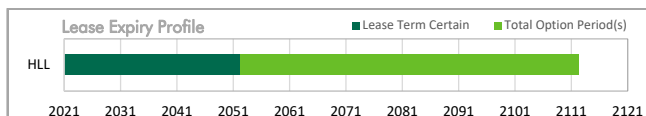
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$25,050,000
Initial Yield	5.49%
Yield on Market	3.63%
Indicated IRR	7.58%
Multiple on Contract Rental	18.2
Multiple on Market Rental	27.5
Average \$ Per Bed	\$188,346
\$/Sqm Floor Area	\$4,444
\$/Sqm Land Area	\$2,988

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$910,000
Capitalise In Perpetuity @	5.25%
Capitalised Value	\$17,333,333
Present Value Rental Premium to Expiry of Lease Term Certain	\$6,818,393
Market Value	\$24,150,000
Yield on Contract	5.70%
Yield on Market	3.77%
\$ Per Bed	\$181,579

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$1,375,800	\$910,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$199	\$132
Rent \$ Per Sqm Floor Area	\$244	\$161
Contract Variance to Market (Surplus P.A.)		\$465,800
Contract Variance to Market		51.19%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.25%
Terminal Yield	6.25%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$25,300,000
Yield on Contract	5.44%

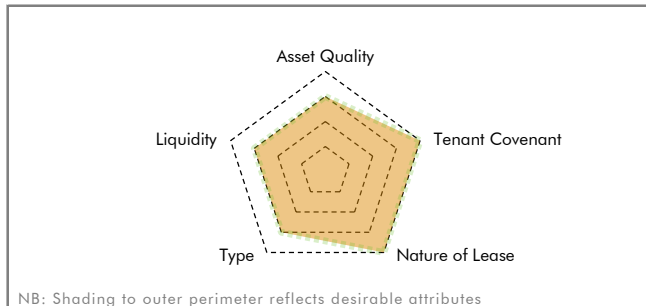
Care Facility Bed Summary

Total Beds	133
Bed Day Capacity	48,545
Ensuite to Room Ratio	90%
Ensuite to Bed Ratio	89%
Single Bed Ratio	97%
Double Bed Ratio	3%
Bed to Floor Area Ratio	1:42.4 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	54 @	\$160,000	\$8,640,000
Dementia (Albarosa)	40 @	\$210,000	\$8,400,000
Dementia (Camellia)	39 @	\$175,000	\$6,825,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	133 @	\$179,699	\$23,900,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- High proportion of single rooms offering a degree of future proofing to the facility.
- Well maintained and presented facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment.
- The overall bed to floor area ratio of approximately 1:42.4 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

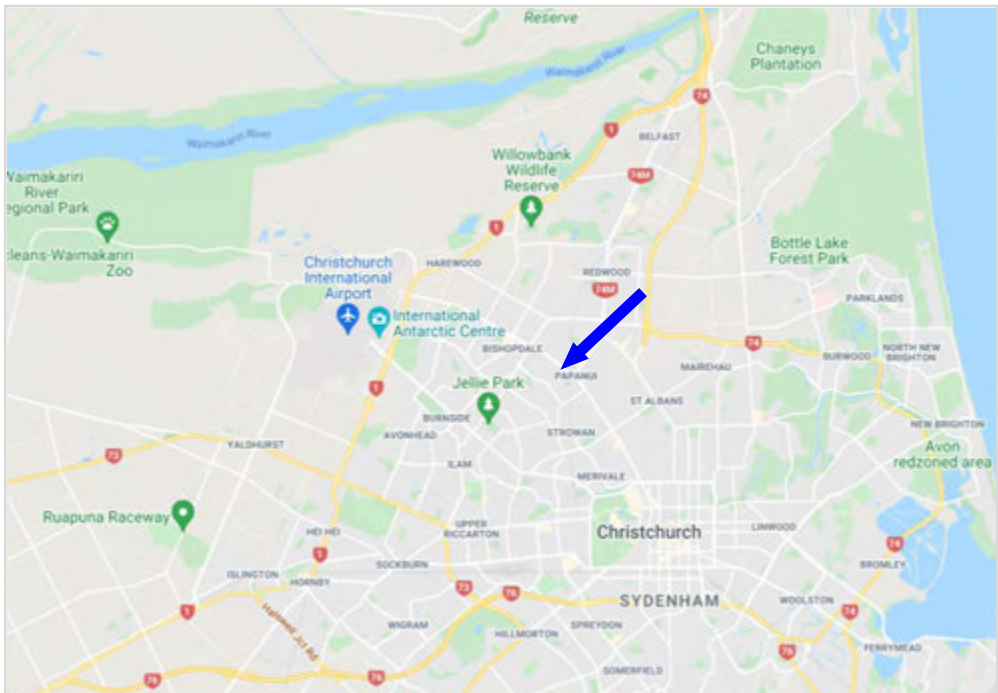
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

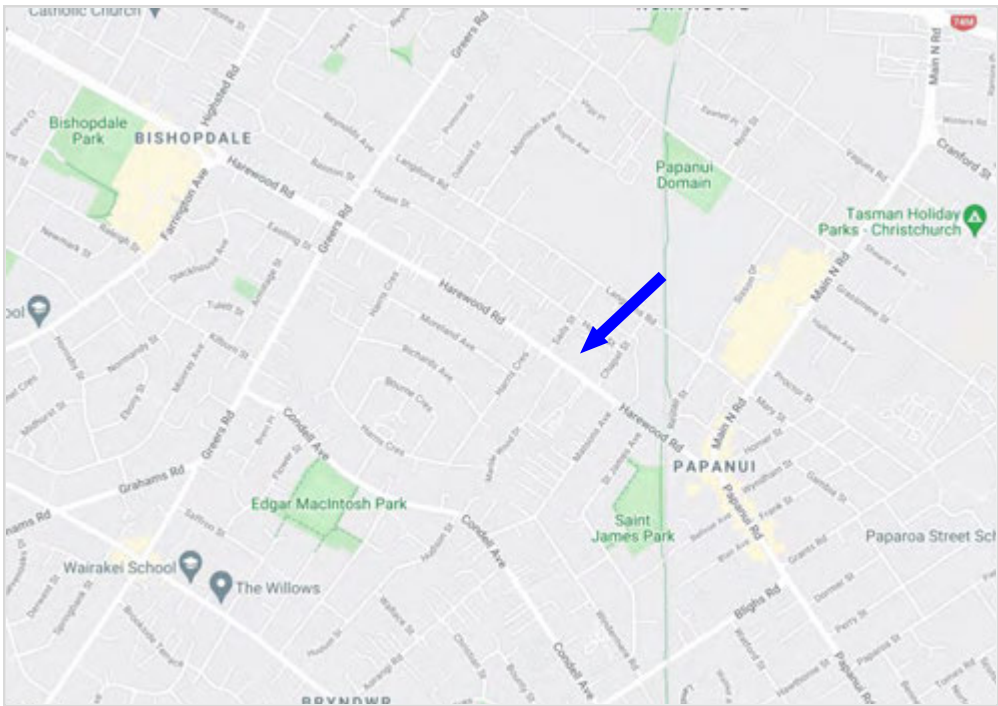
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:

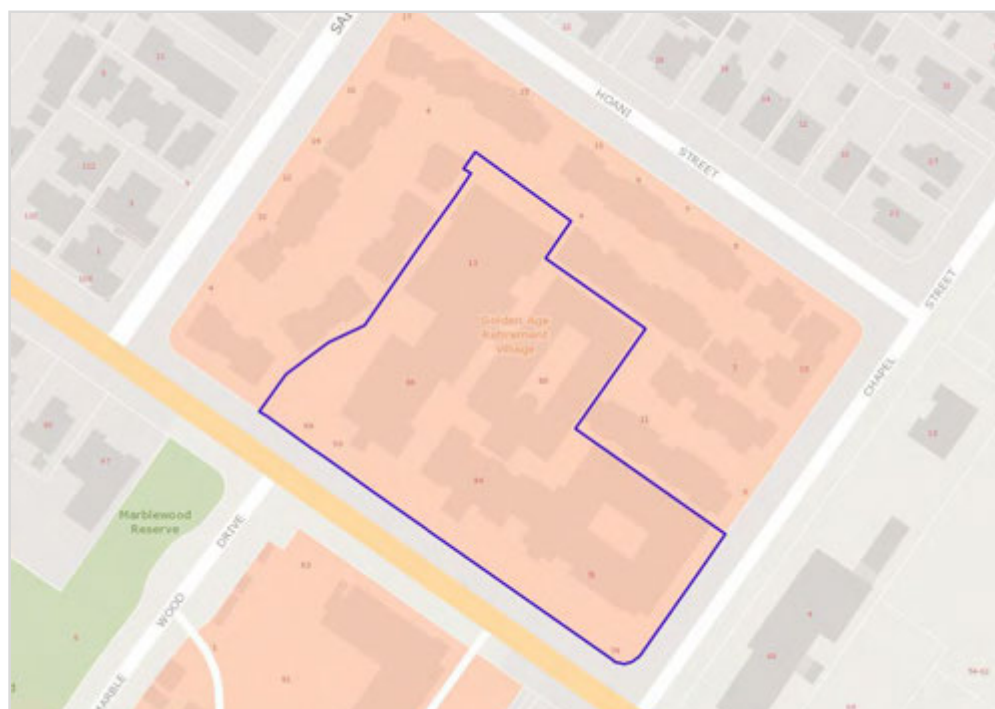


- Situation:** The wider property occupies the block bounded by Harewood Road, Sails Street, Hoani Street and Chapel Street.
- Location:** Located approximately 5 kilometres to the north west of the Christchurch CBD in the suburb of Papanui.
- Population:** According to the 2018 Census, Christchurch City has a usually resident population of approximately 369,006 people, showing an increase of 8.1% over the 2013 Census.

Of the population, 6.8% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
 Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
480120	Lot 2	DP 420988	8,383	Heritage Lifecare Villages (GHG) Limited	Freehold
Total			8,383		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 5351994.1 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 (affects part formerly Lot 13 & 14 DP 14979 and Lot 1 DP 23851)

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 August 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
84 Harewood Road	22182/1301	\$1,960,000	\$10,040,000	\$12,000,000
Total		\$1,960,000	\$10,040,000	\$12,000,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Albarosa, Camellia Court & Golden Age collectively comprise a large-scale, purpose-built care facility. The property is situated on a prominent site with four street frontages including Harewood Road and is located within 5 kms to the north west of the Christchurch CBD. The wider facility provides a comprehensive range of care including rest home, hospital and dementia. Golden Age Retirement Village includes 36 independent living units which have been established progressively in the period circa 2002-2014 and are excluded from our valuation. The wider complex currently comprises:

- 133 Bed Care Facility
- 2 Residential Apartments
- 36 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home (Golden Age)									
Single Rooms	-	-	-	-	-	50	50	50	50
Double Rooms	-	-	-	-	-	2	2	2	4
Dementia (Albarosa)									
Single Rooms	-	-	-	-	-	40	40	40	40
Double Rooms	-	-	-	-	-	-	-	-	-
Dementia (Camellia)									
Single Rooms	-	3	-	20	-	16	39	26	39
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	3	-	20	-	108	131	118	133
Bed Day Capacity									48,545
Ensuite to Room Ratio									90%
Ensuite to Bed Ratio									89%
Single Bed Ratio									97%
Double Bed Ratio									3%
Bed to Floor Area Ratio									1:42.4

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

Situated on the first floor of the care facility building are two apartments, currently utilised as office space. Apartment one provides for 2 bedrooms, bathroom, open plan kitchen and living with direct access to a balcony. Apartment 2 comprises 4 bedrooms with similar living amenity but is enhanced by a refurbishment of the kitchen area. Apartment 2 also has access to a double garage.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current O Total	Future Supply	Forecast Total
		RH	H	D			
Elmswood Retirement Village	Bryndwr	54	25		79		79
Radius Hawthorne	Bryndwr	69			24		93
Bethesda Rest Home & Hospital	Harewood-Papanui	46	45		91		91
Fitzroy of Merivale	Merivale	30			30		30
Merivale Retirement Village	Merivale	23	24		22	69	69
Nurse Maude Hospital	Merivale		40		40		40
Albarosa Rest Home	Papanui			40	40		40
Camellia Court Rest Home	Papanui			39	39		39
Golden Age	Papanui	54			54		54
Ngaio Marsh Retirement Village	Papanui	30	81		30	141	141
Wesley Rest Home and Hospital	Papanui	54	54		108		108
The Bellevue	Papanui				71	71	71
Parklands Hospital	Papanui-St Albans		72		63	135	135
Total Beds		360	341	79	210	990	990
Percentage		36%	34%	8%	21%	100%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$910,000 per annum plus GST and outgoings compares to the contract rental of \$1,375,800 per annum which indicates a difference of -\$465,800 per annum, alternatively - 33.86%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CARE FACILITY

8.1.1 Capitalisation Approach

All matters considered, we capitalise our assessed market rental at 5.25% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$910,000

Capitalise In Perpetuity @ 5.25%

CAPITALISED VALUE \$17,333,333

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$910,000
Contract Rental	\$1,375,800
Rental Premium per Annum	\$465,800
Months to Lease Expiry	360
Discounted at	5.75%
	0.47% monthly

PRESENT VALUE OF RENTAL PREMIUM \$6,790,291

\$24,123,624

Sensitivity Analysis	Adopt	\$24,150,000
4.25% \$28,200,000	Initial Yield	5.70%
4.75% \$25,950,000	Yield on Market	3.77%
5.25% \$24,150,000	\$ Per Bed (Based on 133 Equivalent Beds)	\$181,579
5.75% \$22,650,000	\$ Per Sqm Floor Area	\$4,284
6.25% \$21,375,000	Multiple on Market	26.54

8.1.2 Direct Comparison Approach

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	54	@	\$160,000	\$8,640,000
Dementia (Albarosa)	40	@	\$210,000	\$8,400,000
Dementia (Camellia)	39	@	\$175,000	\$6,825,000
Total Equivalent Beds	133	@	\$179,436	\$23,865,000

Sensitivity Analysis	Adopt	\$23,900,000
\$174,436 \$23,200,000	Yield on Market	3.81%
\$179,436 \$23,900,000	Equivalent \$/Per Bed (Based on 133 Beds)	\$179,699
\$184,436 \$24,530,000	Multiple on Market	26.26

8.1.3 Discounted Cash Flow Approach

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.25%
Terminal Yield (On Year 40 Income)	6.25%
Terminal Value as a Percentage of Total Value	7.56%

Sensitivity Analysis	Adopt	
-10%	\$22,800,000	Initial Yield 5.44%
-	\$25,300,000	Yield on Market 3.60%
10%	\$27,800,000	\$/Bed \$190,226

8.1.4 Valuation Reconciliation

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$24,150,000
Sales Comparison Approach:	Assessed Value:	\$23,900,000
Discounted Cash Flow Approach:	Assessed Value:	\$25,300,000

FREEHOLD LAND & BUILDINGS	\$24,750,000
Initial Yield	5.56%
Yield on Market	3.68%
\$ Per Bed (Based on 133 Physical Beds)	\$186,090
\$ Per Sqm Floor Area	\$4,391
\$ Per Sqm Land Area	\$2,952
Multiple on Contract	17.99
Multiple on Market	27.20

8.2 RESIDENTIAL

We have considered the following sales, noting however a paucity of any property considered to be directly comparable, i.e. apartment stock, larger floor plated residences, or those that are accessed via aged care residence. The majority of sales are subject to cross-lease arrangement or are of smaller scale.

RESIDENTIAL SALES EVIDENCE

RESIDENTIAL SALES EVIDENCE										
	St. Address No.	Suburb	Town	Sale Date	Sale Price	Floor Area (m²)	Beds	Approx Age	\$/Sqm Floor Area	
	69B	Aorangi Road	Bryndwr	Christchurch	Dec-20	\$535,000	160	2	1970's	\$3,344
	1/135	Sawyers Arms	Northcote	Christchurch	Nov-21	\$610,000	130	3	1980's	\$4,692
	2/9	Erica Street	Papanui	Christchurch	Mar-21	\$570,000	120	2	1960's	\$4,750
	1/98	Crofton Road	Harewood	Christchurch	Apr-21	\$465,000	120	2	1960's	\$3,875
	1/9	Tulloch Place	Papanui	Christchurch	Jun-21	\$471,000	120	2	1970's	\$3,925
	369A	Sawyers Arms	Harewood	Christchurch	Mar-21	\$481,000	110	2	1980's	\$4,373
	4A	Grassmere	Papanui	Christchurch	Sep-21	\$520,000	110	2	1990's	\$4,727
	1A/187	Matsons Avenue	Papanui	Christchurch	Sep-21	\$520,000	110	2	1970's	\$4,727
	3/189	Wairakei Road	Bryndwr	Christchurch	Dec-20	\$460,000	100	2	1980's	\$4,600
	1/3	Meadow Street	Papanui	Christchurch	Apr-21	\$470,000	100	2	1970's	\$4,700
	1A/450	Harewood Road	Harewood	Christchurch	Jun-21	\$387,000	100	2	1970's	\$3,870
	2/3	Meadow Street	Papanui	Christchurch	Jul-21	\$455,000	100	2	1970's	\$4,550

On the basis the residential property forms part of the leased premises, we have assessed market value and then discounted the value to reflect the impediment of the lease covenant. The following refers:

RESIDENTIAL PROPERTIES

4 Bed Apartment								\$380,000
2 Bed Apartment								\$255,000
Gross Realisation In Aggregate (Including GST, if any)								\$635,000
Less GST								\$82,826
Gross Realisation (Excluding GST)								\$552,174
Deferment								
Escalation				3.00%	per annum			
Discount Rate				5.00%	per annum			
Net Position Deferred				1.94%	GWDR			\$310,108
Gross Realisation In Aggregate (Plus GST, If Any)								\$310,000
Average Value Per Property								\$155,000
Overall \$/Sqm Floor Area								\$879
Block Deduction As % Of Gross Realisation								51.2%

9 VALUATION SUMMARY

VALUATION SUMMARY

Operator's Interest	0.00%	\$0
Residential	1.24%	\$310,000
Care Facility (Freehold Land and Buildings)	98.80%	\$24,750,000
Development Land	0.00%	\$0
	100.04%	\$25,060,000
Market Value		\$25,050,000

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

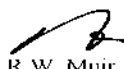
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **480120**
Land Registration District **Canterbury**
Date Issued 08 June 2010

Prior References

280119

Estate Fee Simple
Area 8383 square metres more or less
Legal Description Lot 2 Deposited Plan 420988
Registered Owners
Heritage Lifecare (GHG) Limited

Interests

Subject to Part IV A Conservation Act 1987 (affects part formerly Lot 5 & Lot 13-14 DP 14979, Lot 1 & 2 DP 82707)

Subject to Section 11 Crown Minerals Act 1991 (affects part formerly Lot 5 & Lot 13-14 DP 14979, Lot 1 & 2 DP 82707)

Subject to a right to drain sewage over part marked P-AZ-R, Q-AZ, M-BA-O and N-BA and a right to drain water over part marked AD-AE, AH-BB-BC-BD-AF, AG-BB, AI-BC and AJ-BD all on DP 368890 specified in Pipeline Certificate 469377 - 5.11.1957 at 1:45 pm

Appurtenant to part formerly Lots 2, 3 & 5 DP 14979 is a right to the passage of sewage and stormwater and appurtenant to part formerly Lots 1 & 2 DP 82707 and Lot 14 DP 14979 is a right to the passage of stormwater created by Pipeline Certificate 469377 - 5.11.1957 at 1:46 pm

Fencing Covenant in Transfer A474424.1 - 18.9.2000 at 11.02 am (affects part formerly Lot 2 DP 82707)

5351994.1 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 - 23.9.2002 at 11:21 am (affects part formerly Lot 13 & 14 DP 14979 and Lot 1 DP 23851)

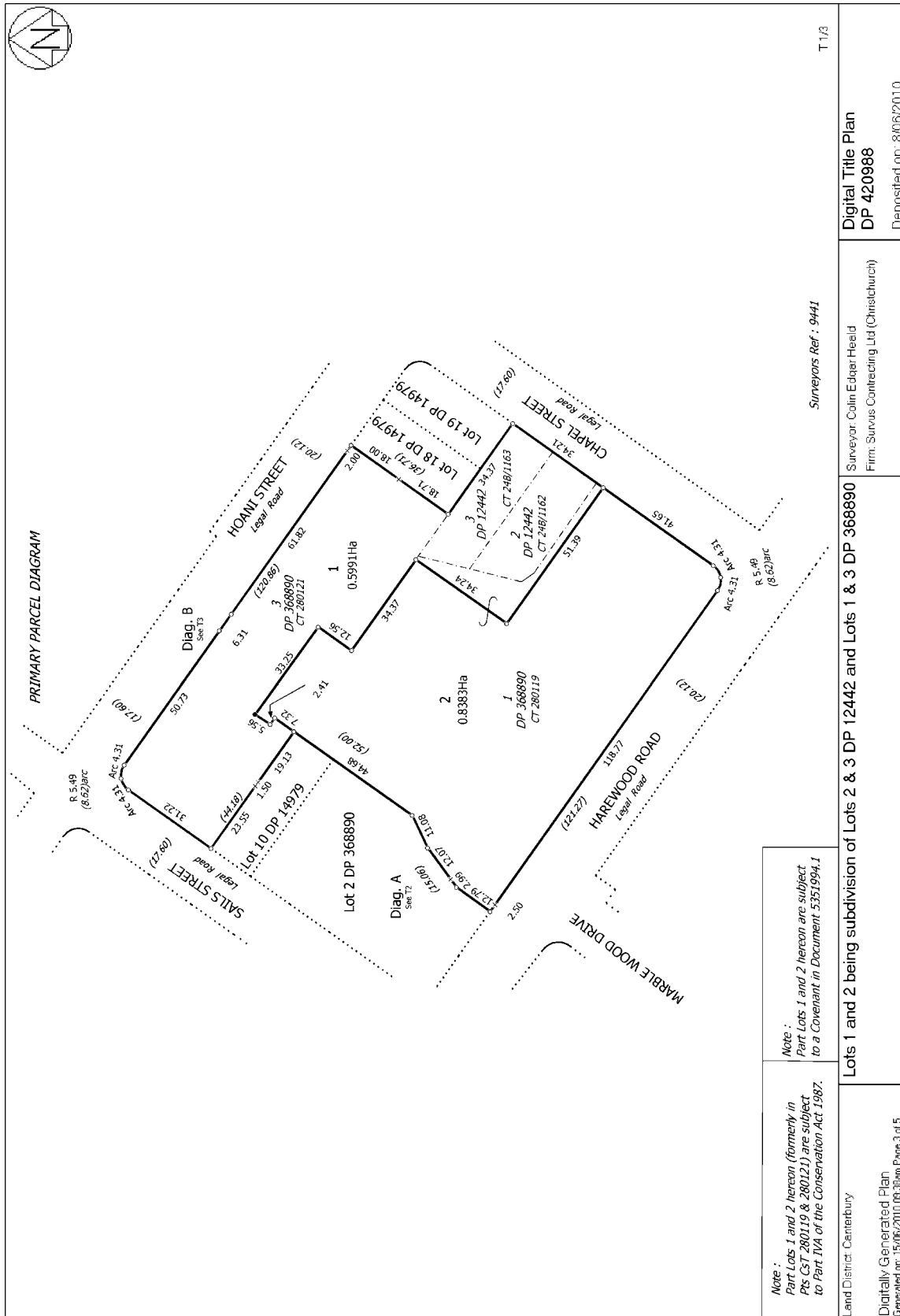
Subject to a right (in gross) to convey electric power over part marked H on DP 420988 in favour of Orion New Zealand Limited created by Transfer 5490313.1 - 17.2.2003 at 9:00 am

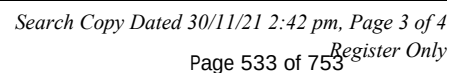
Appurtenant hereto is a right of way created by Easement Instrument 7926072.12 - 3.9.2008 at 9:00 am (affects part formerly Lot 1 DP 368890)

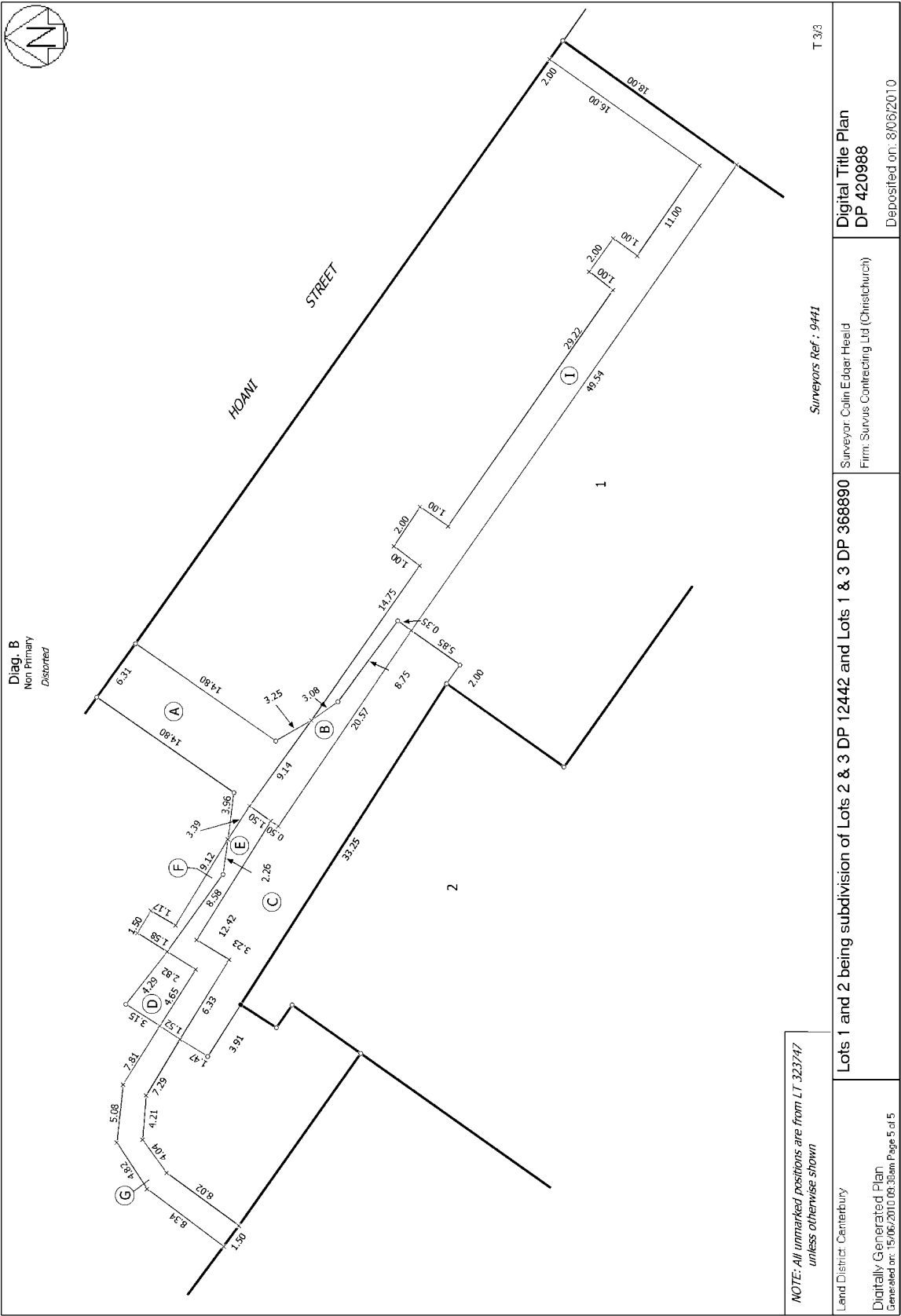
The easements created by Easement Instrument 7926072.12 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey electric power over part marked A on DP 329742 in favour of Orion New Zealand Limited created by Easement Instrument 8211513.1 - 19.7.2010 at 12:14 pm

11611844.9 Mortgage to Bank of New Zealand - 29.11.2019 at 2:30 pm







APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

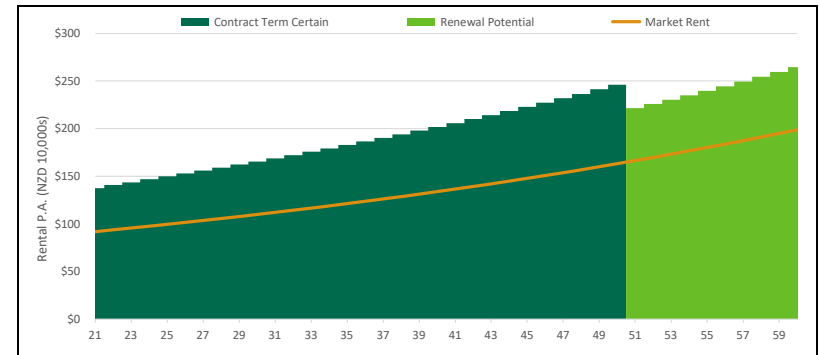
Discounted Cash Flow Summary

PV of Net Income	\$23,340,000
PV of Terminal Value	\$2,000,000
Total Net Present Value	\$25,340,000
PV of Disposal Costs	(\$40,000)
Adopted Value	\$25,300,000
Indicated IRR	7.58%
Initial Yield	5.44%
Yield on Market	3.60%
\$/Bed	\$190,226

Sensitivity Analysis

		Terminal Yield				
		5.75%	6.00%	6.25%	6.50%	6.75%
Discount Rate	6.50%	\$28,600,000	\$28,500,000	\$28,300,000	\$28,200,000	\$28,200,000
	6.75%	\$27,500,000	\$27,400,000	\$27,300,000	\$27,200,000	\$27,100,000
	7.00%	\$26,500,000	\$26,400,000	\$26,300,000	\$26,200,000	\$26,100,000
	7.25%	\$25,500,000	\$25,400,000	\$25,300,000	\$25,300,000	\$25,200,000
	7.50%	\$24,600,000	\$24,500,000	\$24,500,000	\$24,400,000	\$24,300,000
	7.75%	\$23,800,000	\$23,700,000	\$23,600,000	\$23,600,000	\$23,500,000
	8.00%	\$23,000,000	\$22,900,000	\$22,800,000	\$22,800,000	\$22,700,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	138	141	143	147	150	153	156	159	162	165	169	172	176	179	183	186	190	194	198	202	206	210	214	218	223	227	232	236	241	246	221	226	230	235	240	245	249	254	260	265	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	138	141	143	147	150	153	156	159	162	165	169	172	176	179	183	186	190	194	198	202	206	210	214	218	223	227	232	236	241	246	221	226	230	235	240	245	249	254	260	265	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																											3,210
Disposal Cost Allowance @ 2.0%																																											-64

NET CASHFLOW INCOME	138	141	143	147	150	153	156	159	162	165	169	172	176	179	183	186	190	194	198	202	206	210	214	218	223	227	232	236	241	246	221	226	230	235	240	245	249	254	260	265	3,146

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

17. EDITH CAVELL LIFECARE

EDITH CAVELL LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$7,950,000

(Seven Million, Nine Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Edith Cavell Lifecare comprises an integrated aged care facility co-located with a small scale retirement village. The main complex is operated on 60 beds comprising a core 49 dedicated aged care beds together with 11 ORA apartments and studios providing additional care services including rest home and hospital level care. Development has occurred progressively dating back to circa 1962 with a then change of use and extension, independent villas erected 1995-1996 and most recently the 2008-2010 expansion of the complex. The retirement village component has been excluded from our valuation. The location is in the seaside residential suburb of Sumner on the south-east urban periphery some 12 kms from the Christchurch CBD. The complex currently includes: ■ 49 Bed Care Facility ■ 7 Independent Living Units (excluded from this valuation) ■ 11 Serviced Apartments (excluded from this valuation)		
Land Area:	4,384 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential Suburban Zone' under the Christchurch City Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$446,300 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 2,565 sqm or 1:42.8 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 1 April 2020 for 4 years expiring 1 April 2024.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	

Date of Inspection: 3 May 2021

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS	Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer	Registered Valuer
Senior Director - Retirement Housing & Healthcare	Director - Retirement Housing & Healthcare
Principal Valuer	Principal Valuer
Property Inspected: No	Property Inspected: Yes

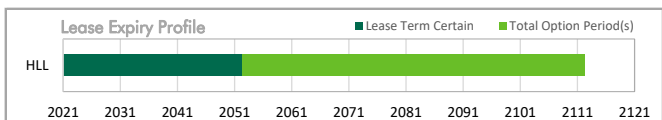
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$7,950,000
Initial Yield	5.61%
Yield on Market	4.78%
Indicated IRR	7.69%
Multiple on Contract Rental	17.8
Multiple on Market Rental	20.9
Average \$ Per Bed	\$162,245
\$/Sqm Floor Area	\$3,099
\$/Sqm Land Area	\$1,813

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$380,000
Capitalise In Perpetuity @	5.50%
Capitalised Value	\$6,909,091
Present Value Rental Premium to Expiry of Lease Term Certain	\$945,729
Market Value	\$7,850,000
Yield on Contract	5.69%
Yield on Market	4.84%
\$ Per Bed	\$129,053

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$446,300	\$380,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$175	\$149
Rent \$ Per Sqm Floor Area	\$174	\$148
Contract Variance to Market (Surplus P.A.)		\$66,300
Contract Variance to Market		17.45%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.50%
Terminal Yield	6.50%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$8,050,000
Yield on Contract	5.54%

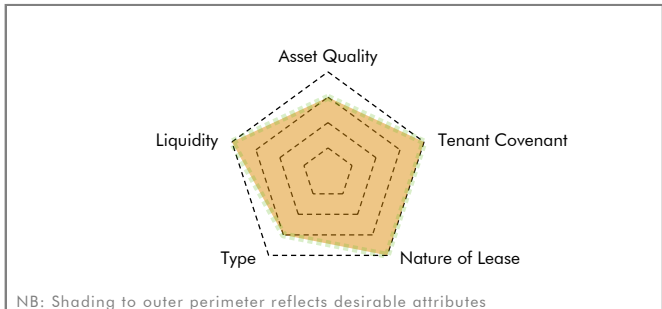
Care Facility Bed Summary

Total Beds	49
Bed Day Capacity	17,885
Ensuite to Room Ratio	12%
Ensuite to Bed Ratio	12%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:42.8 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	28 @	\$120,000	\$3,360,000
Hospital	21 @	\$140,000	\$2,940,000
-	- @	-	-
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	61 @	\$126,587	\$7,700,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.
- Co-location and integration with a (small scale) retirement village.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment.
- The overall bed to floor area ratio of approximately 1:42.8 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

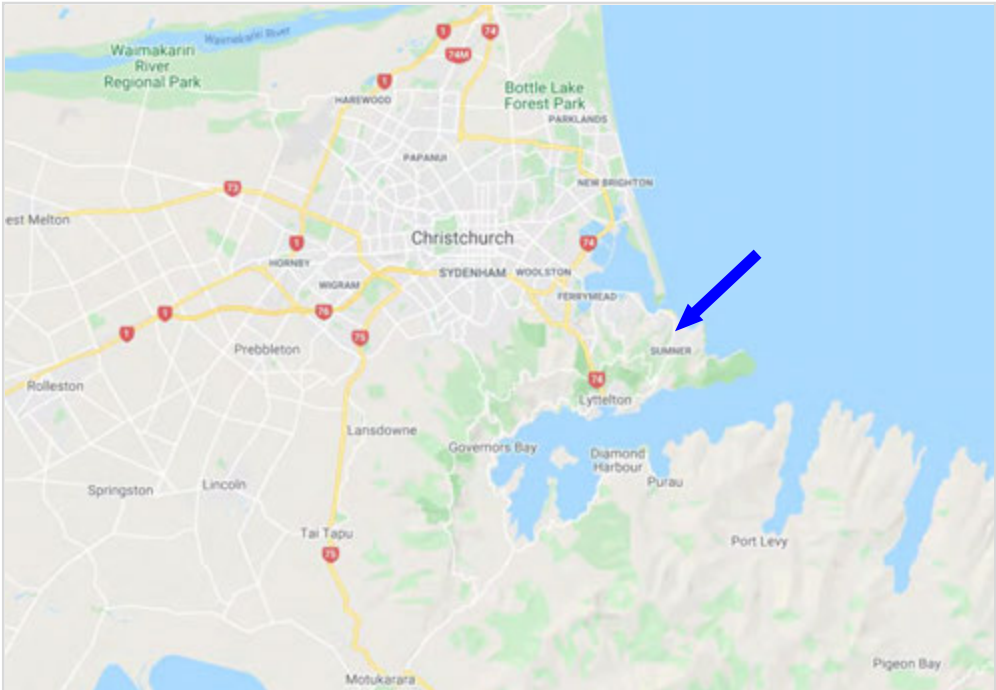
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

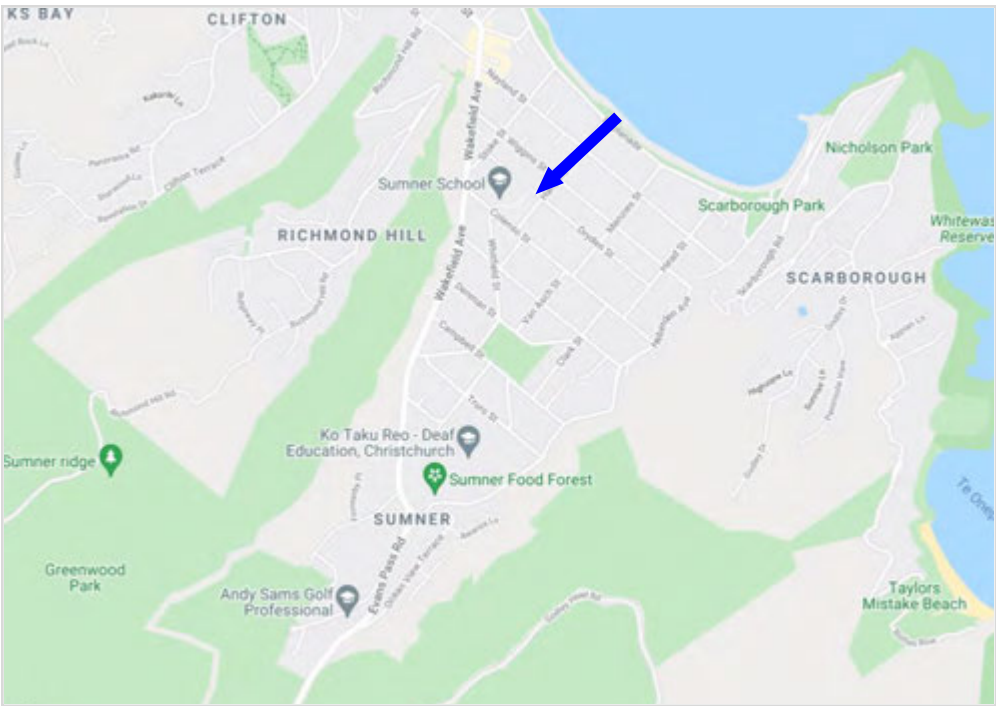
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



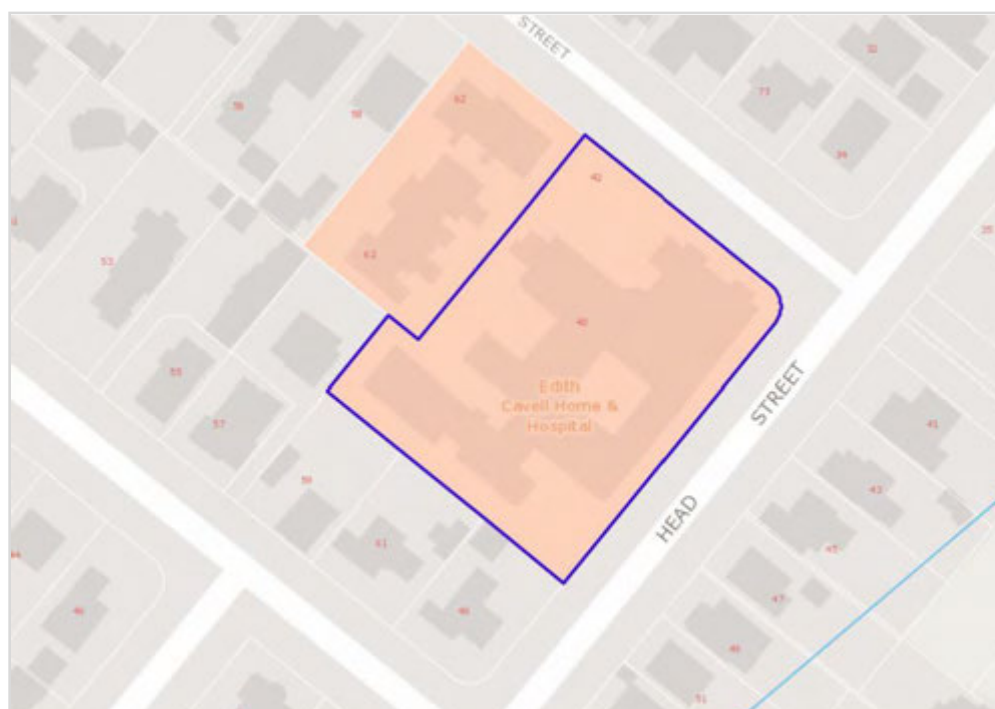
Situation: The property is positioned within the south western intersection of Head and Dryden Streets, some 500 metres back from the Esplanade and Sumner Beach and 1.0 km to the south east of the Sumner commercial centre, alternatively circa 12 kms to the south east of the Christchurch CBD.

Location: Sumner is a residential community that sits in the basin between Richmond Hill and Scarborough and the Port Hills to the south. The major attractions of the local community are the 'village' community and coastal proximity.

Population: According to the 2018 Census, Christchurch City has a usually resident population of approximately 369,006 people, showing an increase of 8.1% over the 2013 Census. Of the population, 6.8% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
520752	Unit 1F (South West wing of care facility)	DP 79934	N/A	Edith Cavell Retirement Village Limited	Stratum in Freehold
520753	Unit 2G (Main care facility component)	DP 79934	N/A	Edith Cavell Retirement Village Limited	Stratum in Freehold
CB45D/476	Unit B (Serviced Apartment 1) ¹	DP 79934	N/A	Edith Cavell Retirement Village Limited	Stratum in Freehold
CB45D/477	Unit C (Serviced Apartment 2) ¹	DP 79934	N/A	Edith Cavell Retirement Village Limited	Stratum in Freehold
CB45D/478	Unit D (Serviced Apartment 3) ¹	DP 79934	N/A	Edith Cavell Retirement Village Limited	Stratum in Freehold

CB45D/479	Unit E (Serviced Apartment 4) ¹	DP 79934	N/A	Edith Cavell Retirement Village Limited	Stratum in Freehold
Total			4,384		

1. Serviced apartments form part of the same unit title development although have been excluded from this assessment.

Relevant Interests:

We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 10354534.14 Encumbrance to Covenant Trustees Services Limited
- 7674010.1 & 9886968.1 Notice of the registration of Edith Cavell Village as a Retirement Village subject to Section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests)
- (Supplementary Record Sheet) A392615.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 by The Christchurch City Council

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Supplementary Record Sheet

The strata titled rooms are subject to Supplementary Record Sheets CB46D/8. The Supplementary Record Sheets is encumbered by a memorial issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010 which states the body corporate owns the common property and the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

There are various other interests registered including easements, rights of way, rights to convey power, etc where the subject holding is either servient or dominant tenement. We refer the reader to the supplementary record sheet for a full breakdown of same.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 August 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
40 Head Street	22920/32100A	\$1,830,000	\$3,730,000	\$5,560,000
40B Head Street	22920/32100B	\$43,000	\$76,000	\$119,000
40C Head Street	22920/32100C	\$43,000	\$76,000	\$119,000
40D Head Street	22920/32100D	\$50,000	\$81,000	\$131,000
40E Head Street	22920/32100E	\$50,000	\$81,000	\$131,000
Total		\$2,016,000	\$4,044,000	\$6,060,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Edith Cavell Lifecare comprises an integrated aged care facility co-located with a small scale retirement village. The main complex is operated on 60 beds comprising a core 49 dedicated aged care beds together with 11 ORA apartments and studios providing additional care services including rest home and hospital level care. Development has occurred progressively dating back to circa 1962 with a then change of use and extension, independent villas erected 1995-1996 and most recently the 2008-2010 expansion of the complex. The retirement village component has been excluded from our valuation. The location is in the seaside residential suburb of Sumner on the south-east urban periphery some 12 kms from the Christchurch CBD. The complex currently includes:

- 49 Bed Care Facility
- 7 Independent Living Units (excluded from this valuation)
- 11 Serviced Apartments (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	11	-	-	32	6	49	6	49
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	11	-	-	32	6	49	6	49
Bed Day Capacity									17,885
Ensuite to Room Ratio									12%
Ensuite to Bed Ratio									12%
Single Bed Ratio									100%
Bed to Floor Area Ratio (After allowance for 11 Apartments in Same Building)									1:42.8

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds				Current Total	Future Supply	Forecast Total
		RH	H	D	O			
Archer Home	Beckenham	55				55		55
Essie Summers Retirement Village	Beckenham	30	41	24	30	125		125
Thorrington Home	Beckenham	30		15		45		45
Rhodes on Cashmere	Cashmere					0	34	34
Somerfield Rest Home	Cashmere			41		41		41
Cashmere View Rest Home and Hospital	Lower Cashmere	29	54		20	103		103
Rose Court Lifecare	Lower Cashmere	30	24		21	75		75
Pacific Haven Residential Care	New Brighton	26				26		26
Rosewood Resthome and Hospital	North Linwood		40	26		66		66
Chatswood Rest Home	Opawa	25	29		41	95	18	113
Kowhai Rest Home	Opawa	28				28		28
Elms Court Rest Home	Opawa	15				15		15
Edith Cavell Lifecare	Sumner	28	21			49		49
Nazareth House	Sydenham		80			80		80
Brookhaven	Woolston	51		41		92		92
Total Beds		347	289	147	112	895	52	947
Percentage		39%	32%	16%	13%	100%	6%	106%

7 RENTAL ASSESSMENT

Our adopted market rental at \$380,000 per annum plus GST and outgoings compares to the contract rental of \$446,300 per annum which indicates a difference of -\$66,300 per annum, alternatively -14.86%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.50% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$380,000

Capitalise In Perpetuity @ 5.50%

CAPITALISED VALUE \$6,909,091

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$380,000
Contract Rental	\$446,300
Rental Premium per Annum	\$66,300
Months to Lease Expiry	360
Discounted at	6.00%
	0.49% monthly

PRESENT VALUE OF RENTAL PREMIUM \$942,004

\$7,851,095

Sensitivity Analysis	Adopt	
4.50%	\$9,400,000	Initial Yield 5.69%
5.00%	\$8,550,000	Yield on Market 4.84%
5.50%	\$7,850,000	\$ Per Bed (Based on 61 Equivalent Beds) \$129,053
6.00%	\$7,300,000	\$ Per Sqm Floor Area \$3,060
6.50%	\$6,800,000	Multiple on Market 20.66

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	28	@	\$120,000	\$3,360,000
Hospital	21	@	\$140,000	\$2,940,000
Care Facility Beds	49	@	\$128,571	\$6,300,000
Service Packages Rest Home Equivalent	12	@	\$120,000	\$1,419,335
Total Equivalent Beds	61	@	\$126,905	\$7,719,335

Sensitivity Analysis	Adopt	
\$121,905	\$7,415,196	Yield on Market 4.94%
\$126,905	\$7,700,000	Equivalent \$/Per Bed (Based on 61 Beds) \$126,587
\$131,905	\$8,023,474	Multiple on Market 20.26

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.50%
Terminal Yield (On Year 40 Income)	6.50%
Terminal Value as a Percentage of Total Value	8.70%

Sensitivity Analysis	Adopt	
-10%	\$7,250,000	Initial Yield 5.54%
-	\$8,050,000	Yield on Market 4.72%
10%	\$8,850,000	\$/Bed \$132,341

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$7,850,000
Sales Comparison Approach:	Assessed Value:	\$7,700,000
Discounted Cash Flow Approach:	Assessed Value:	\$8,050,000

FREEHOLD LAND & BUILDINGS	\$7,950,000
Initial Yield	5.61%
Yield on Market	4.78%
\$ Per Bed (Based on 49 Physical Beds)	\$162,245
\$ Per Sqm Floor Area	\$3,099
\$ Per Sqm Land Area	\$1,813
Multiple on Contract	17.81
Multiple on Market	20.92

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **520752**
Land Registration District **Canterbury**
Date Issued 30 September 2010

Prior References
CB46D/8

Supplementary Record Sheet
CB46D/8

Estate Stratum in Freehold
Legal Description Unit 1F Deposited Plan 79934
Registered Owners
Edith Cavell Retirement Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

9886968.1 Notice of the registration of Edith Cavell Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 6.11.2014 at 7:00 am

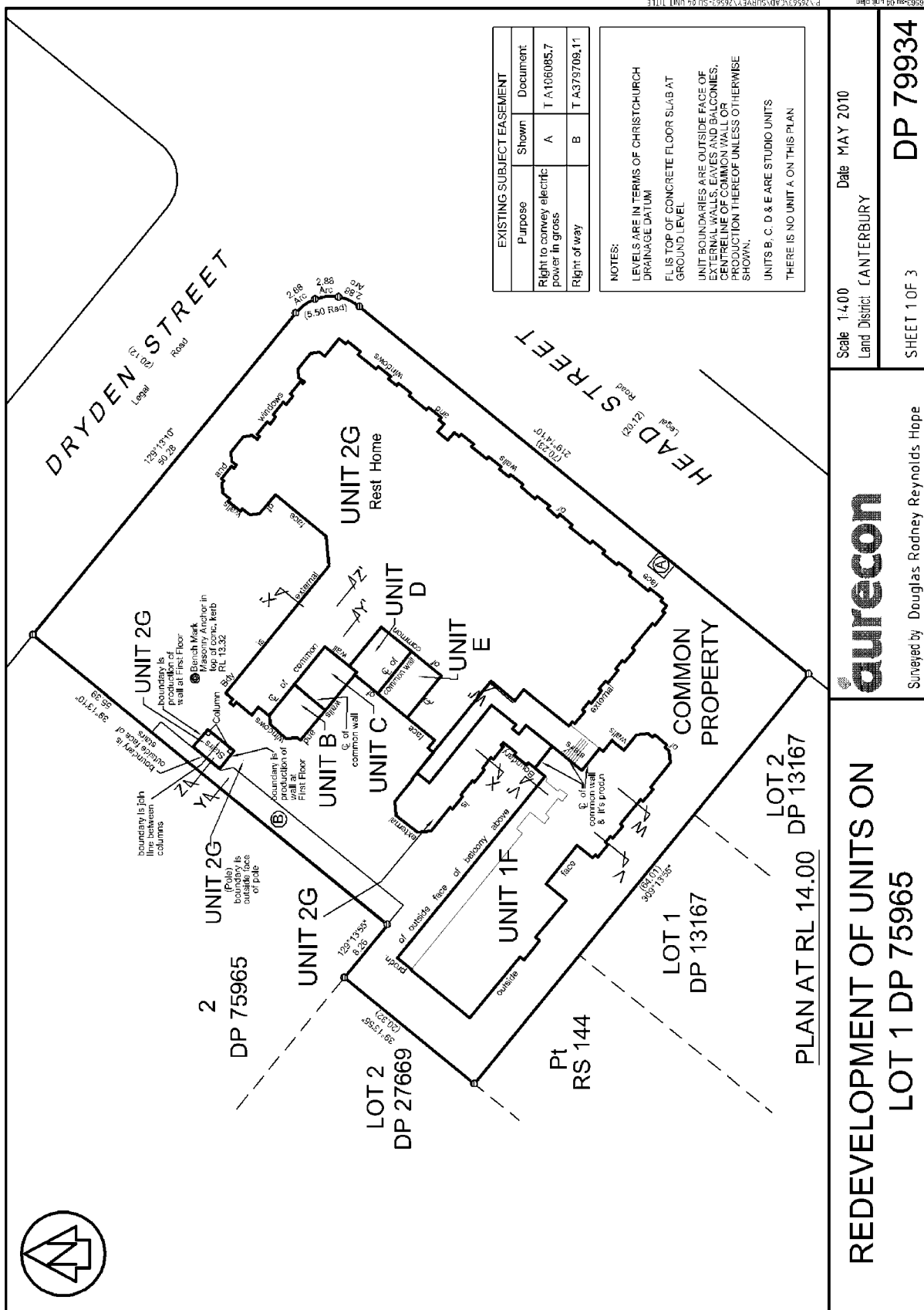
10354534.14 Encumbrance to Covenant Trustee Services Limited - 1.4.2016 at 2:38 pm

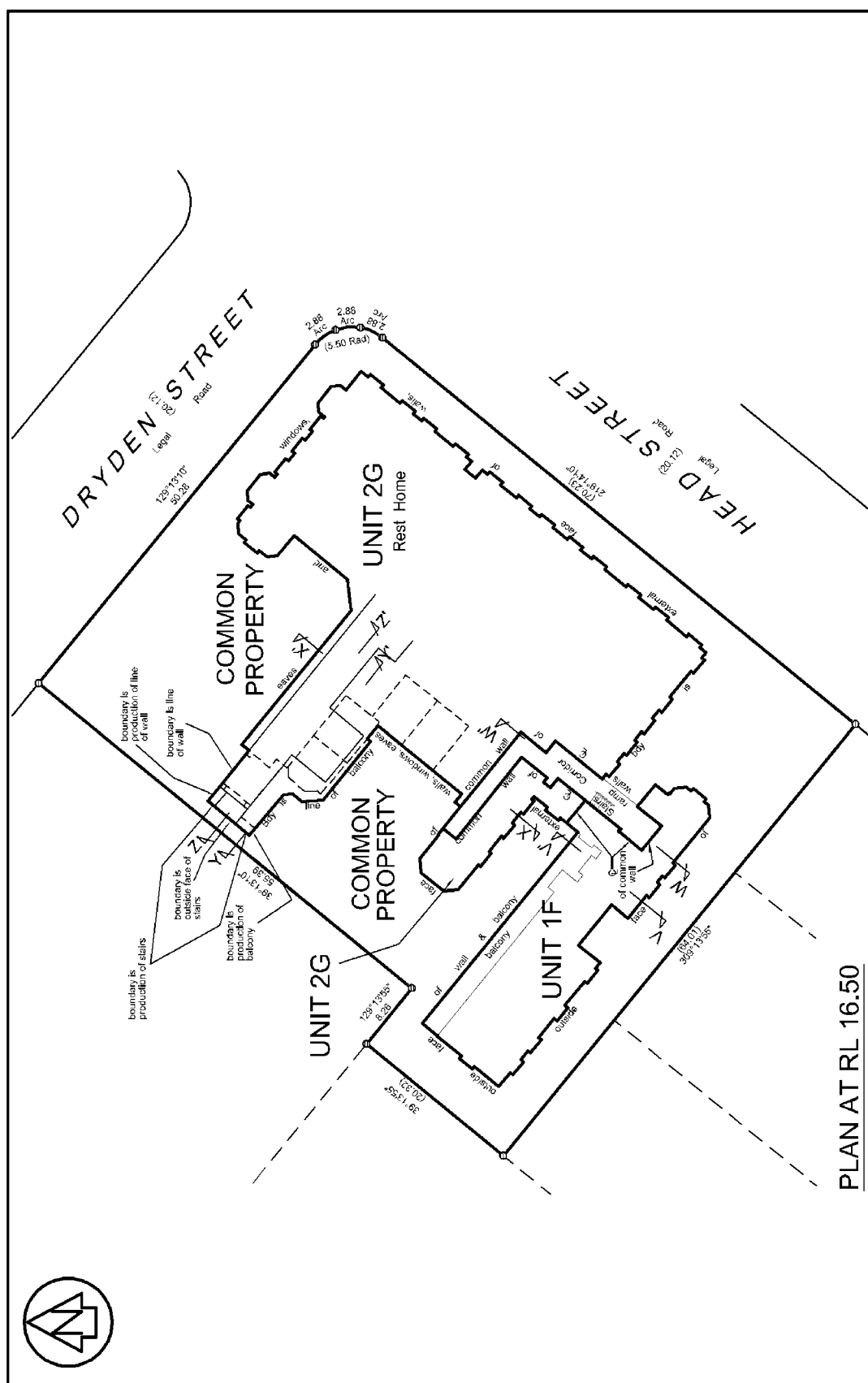
10354534.15 Mortgage to Bank of New Zealand - 1.4.2016 at 2:38 pm

10699807.7 Variation of Mortgage 10354534.15 - 28.2.2017 at 4:23 pm

10985892.6 Variation of Mortgage 10354534.15 - 13.12.2017 at 12:29 pm

11531575.1 Variation of Mortgage 10354534.15 - 26.8.2019 at 4:14 pm





Scale 1:16.50
Date MAY 2010
Land District CANTERBURY

DP 79934

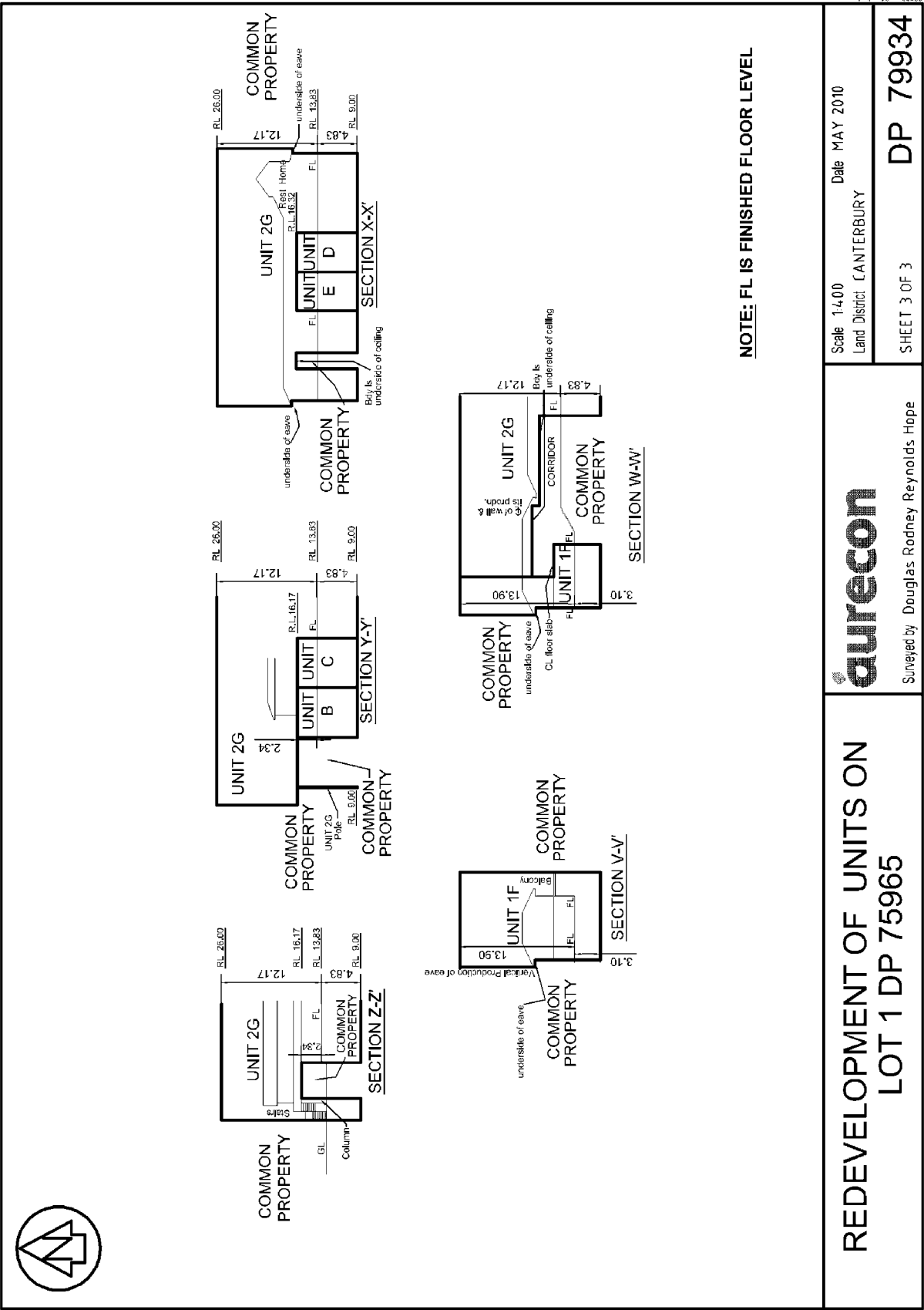
SHEET 2 OF 3

aurecon

Surveyed by Douglas Rodney Reynolds Hope

REDEVELOPMENT OF UNITS ON LOT 1 DP 75965

PLAN AT RL 16.50





SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB46D/8
Land Registration District Canterbury
Date Issued 26 February 1999
Plan Number DP 79934

Subdivision of
 Lot 1 Deposited Plan 75965

Prior References
 CB43C/1256

Unit Titles Issued			
520752	520753	CB45D/476	CB45D/477
CB45D/478	CB45D/479		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a right to convey electric power (in gross) over part herein marked A on DP 79565 to Southpower Limited created by Transfer A106085.7 - 12.4.1994 at 11.29 am

A379709.11 Transfer creating the following easements - 30.11.1998 at 3.02 pm

Type	Servient Tenement	Easement Area	Dominant Tenement
Right of way	Herein	B DP 75965	Lot 2 DP 75965 - CT CB44C/786

A392615.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 by The Christchurch City Council - 26.2.1999 at 11.50 am

A392615.10 Change of rules - 26.2.1999 at 11.50 am

Part of Unit A DP 79934 (57m²) & (0.8m²) has now become common property see Transfer 8478637.3 - 30.9.2010 at 5:06 pm

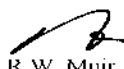
8478637.4 Transfer of part of the common property herein now comprising of Unit 1F DP 79934 to Edith Cavell Village Limited - 30.9.2010 at 5:06 pm . CT 520752 issued

8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **520753**
Land Registration District **Canterbury**
Date Issued 30 September 2010

Prior References
CB45D/475

Supplementary Record Sheet
CB46D/8

Estate Stratum in Freehold
Legal Description Unit 2G Deposited Plan 79934
Registered Owners
Edith Cavell Retirement Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7674010.1 Notice of the registration of Edith Cavell Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 10.1.2008 at 9:00 am

10354534.14 Encumbrance to Covenant Trustee Services Limited - 1.4.2016 at 2:38 pm

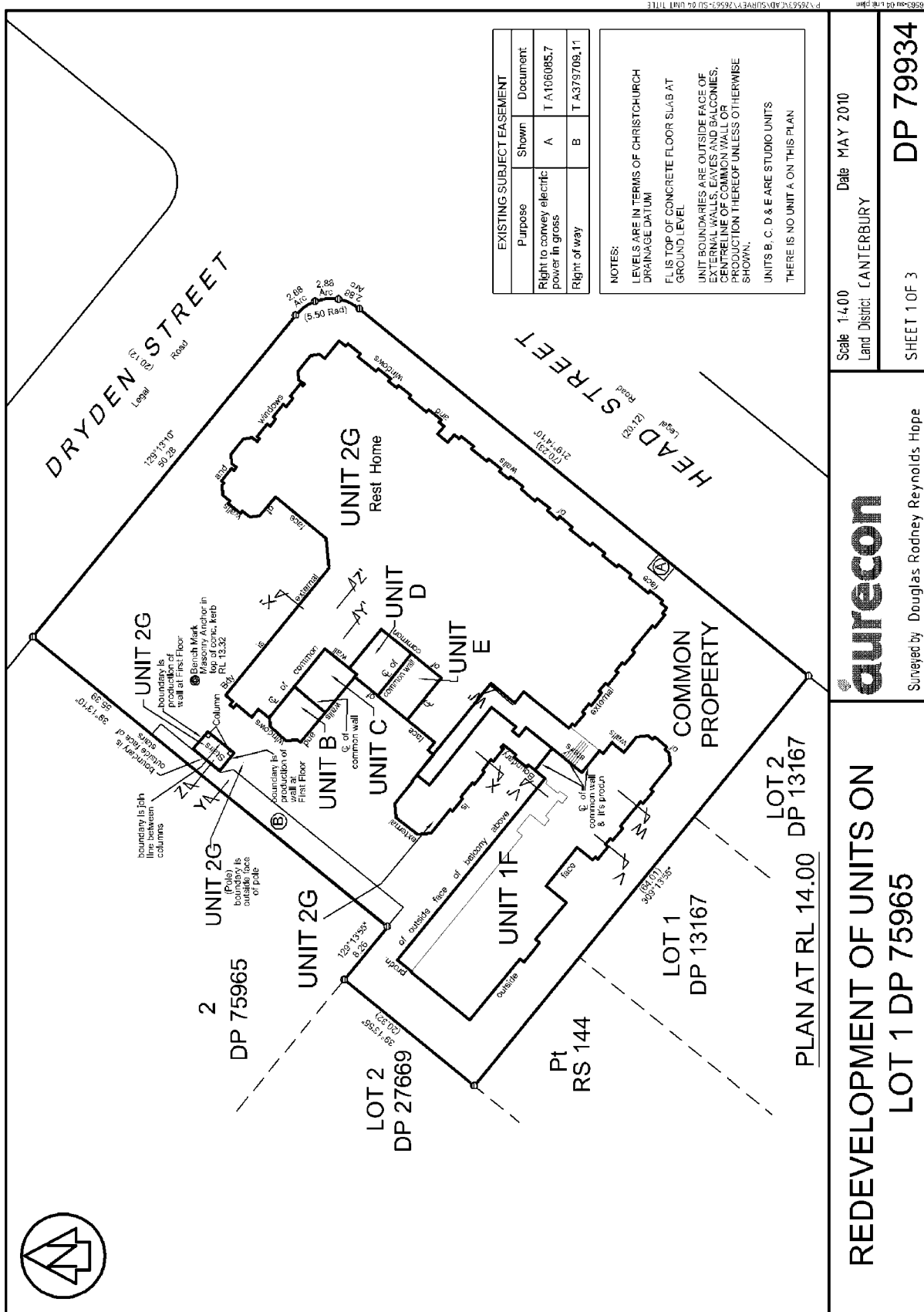
10354534.15 Mortgage to Bank of New Zealand - 1.4.2016 at 2:38 pm

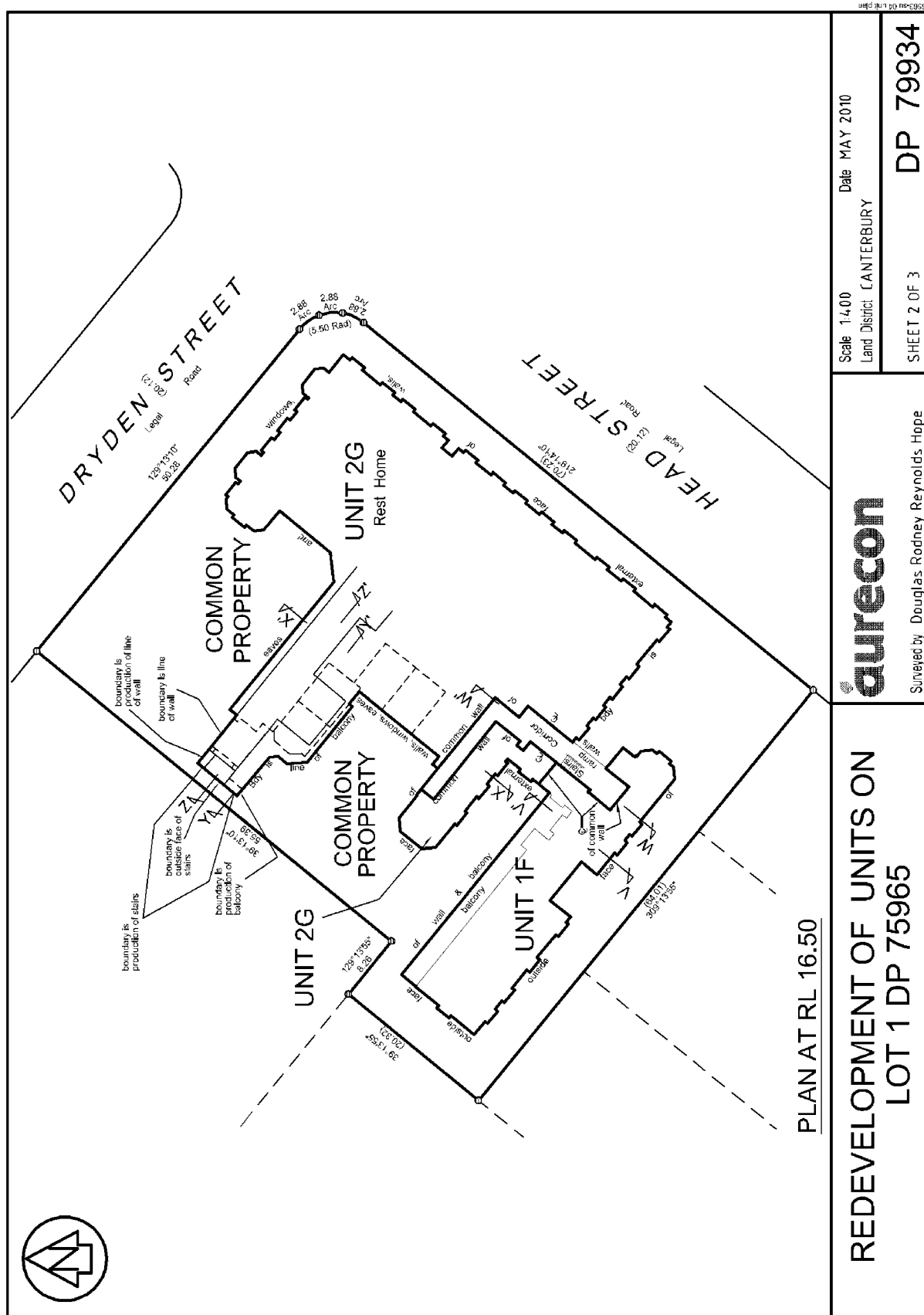
10699807.7 Variation of Mortgage 10354534.15 - 28.2.2017 at 4:23 pm

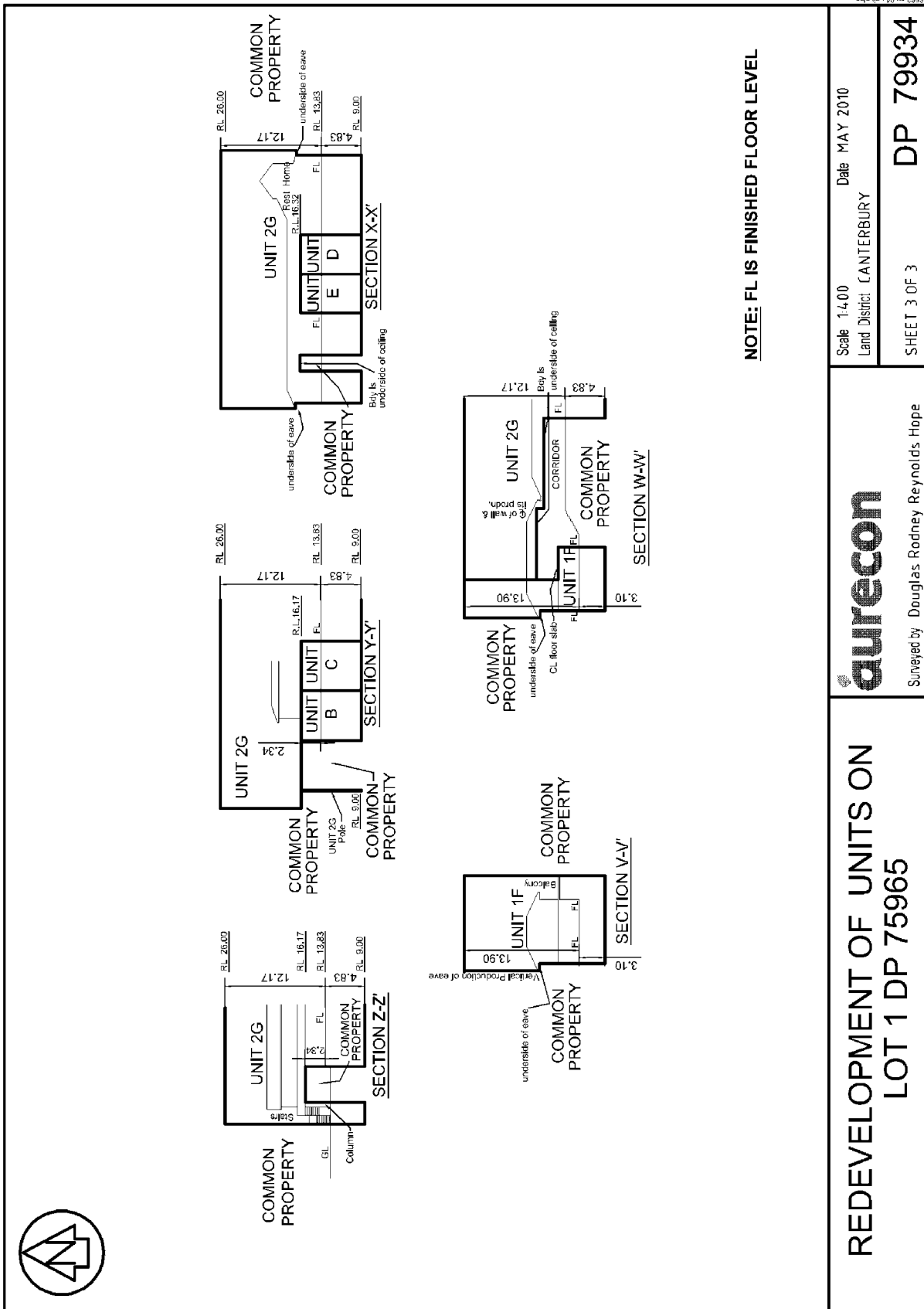
10985892.6 Variation of Mortgage 10354534.15 - 13.12.2017 at 12:29 pm

11531575.1 Variation of Mortgage 10354534.15 - 26.8.2019 at 4:14 pm

Search Copy Dated 30/11/21 2:39 pm, Page 3 of 7
Page 560 of 753 *Register Only*









SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB46D/8
Land Registration District Canterbury
Date Issued 26 February 1999
Plan Number DP 79934

Subdivision of
 Lot 1 Deposited Plan 75965

Prior References
 CB43C/1256

Unit Titles Issued

520752	520753	CB45D/476	CB45D/477
CB45D/478	CB45D/479		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to a right to convey electric power (in gross) over part herein marked A on DP 79565 to Southpower Limited created by Transfer A106085.7 - 12.4.1994 at 11.29 am

A379709.11 Transfer creating the following easements - 30.11.1998 at 3.02 pm

Type	Servient Tenement	Easement Area	Dominant Tenement
Right of way	Herein	B DP 75965	Lot 2 DP 75965 - CT CB44C/786

A392615.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 by The Christchurch City Council - 26.2.1999 at 11.50 am

A392615.10 Change of rules - 26.2.1999 at 11.50 am

Part of Unit A DP 79934 (57m²) & (0.8m²) has now become common property see Transfer 8478637.3 - 30.9.2010 at 5:06 pm

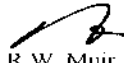
8478637.4 Transfer of part of the common property herein now comprising of Unit 1F DP 79934 to Edith Cavell Village Limited - 30.9.2010 at 5:06 pm . CT 520752 issued

8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **CB45D/476**
Land Registration District **Canterbury**
Date Issued 26 February 1999

Prior References
CB43C/1256

Supplementary Record Sheet
CB46D/8

Estate Stratum in Freehold
Legal Description Unit B Deposited Plan 79934
Registered Owners
Edith Cavell Retirement Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7674010.1 Notice of the registration of Edith Cavell Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 10.1.2008 at 9:00 am

10354534.14 Encumbrance to Covenant Trustee Services Limited - 1.4.2016 at 2:38 pm

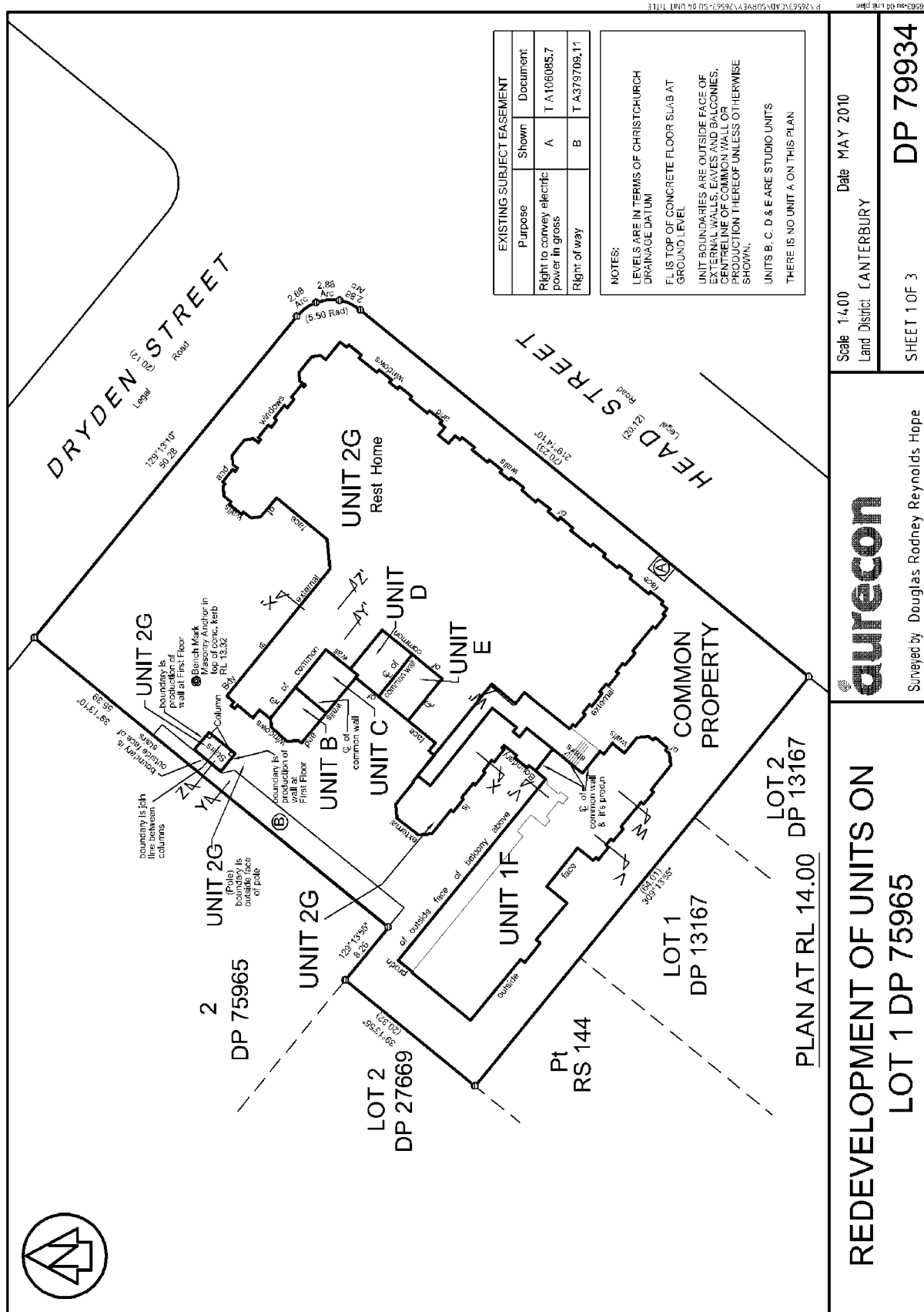
10354534.15 Mortgage to Bank of New Zealand - 1.4.2016 at 2:38 pm

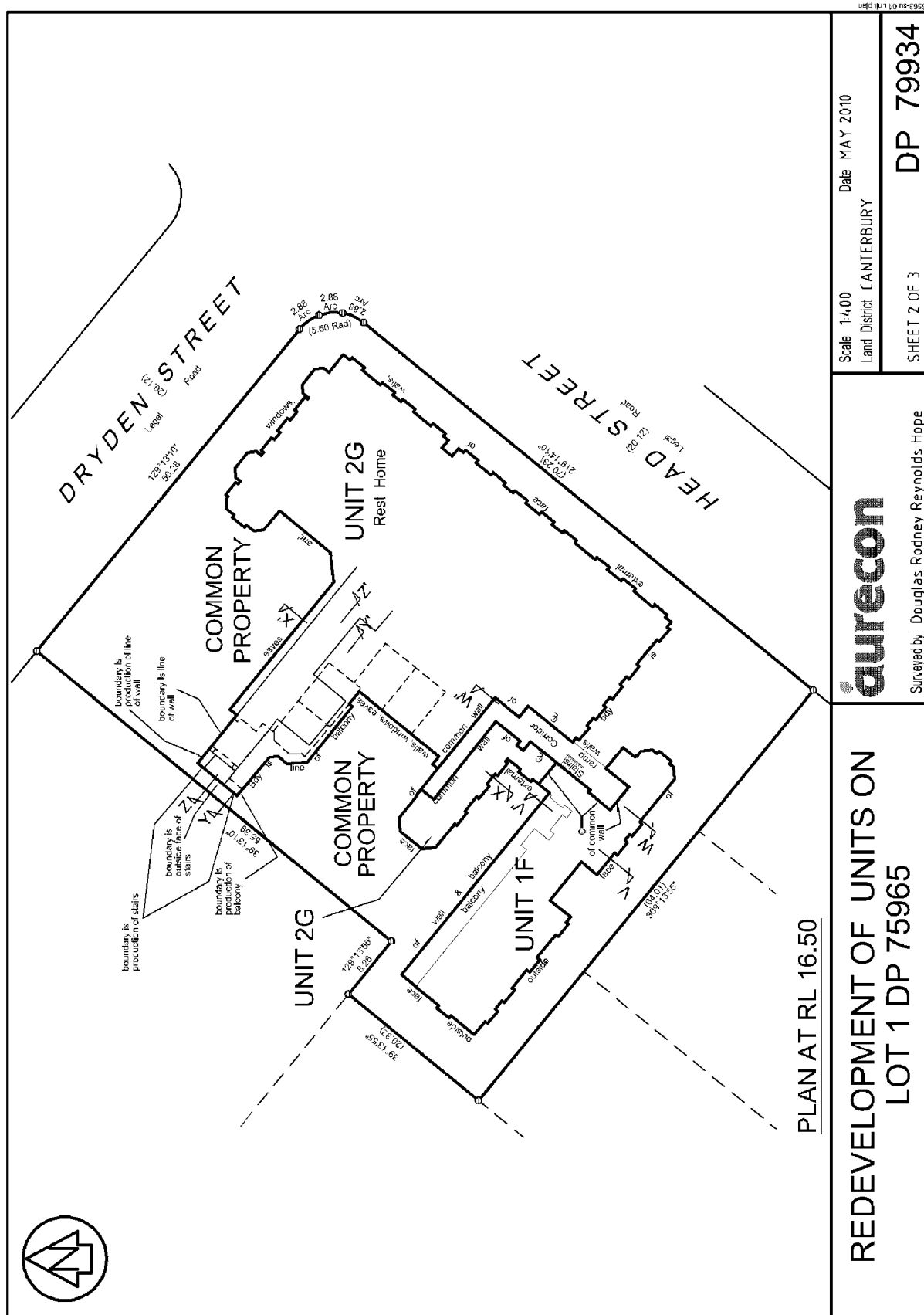
10699807.7 Variation of Mortgage 10354534.15 - 28.2.2017 at 4:23 pm

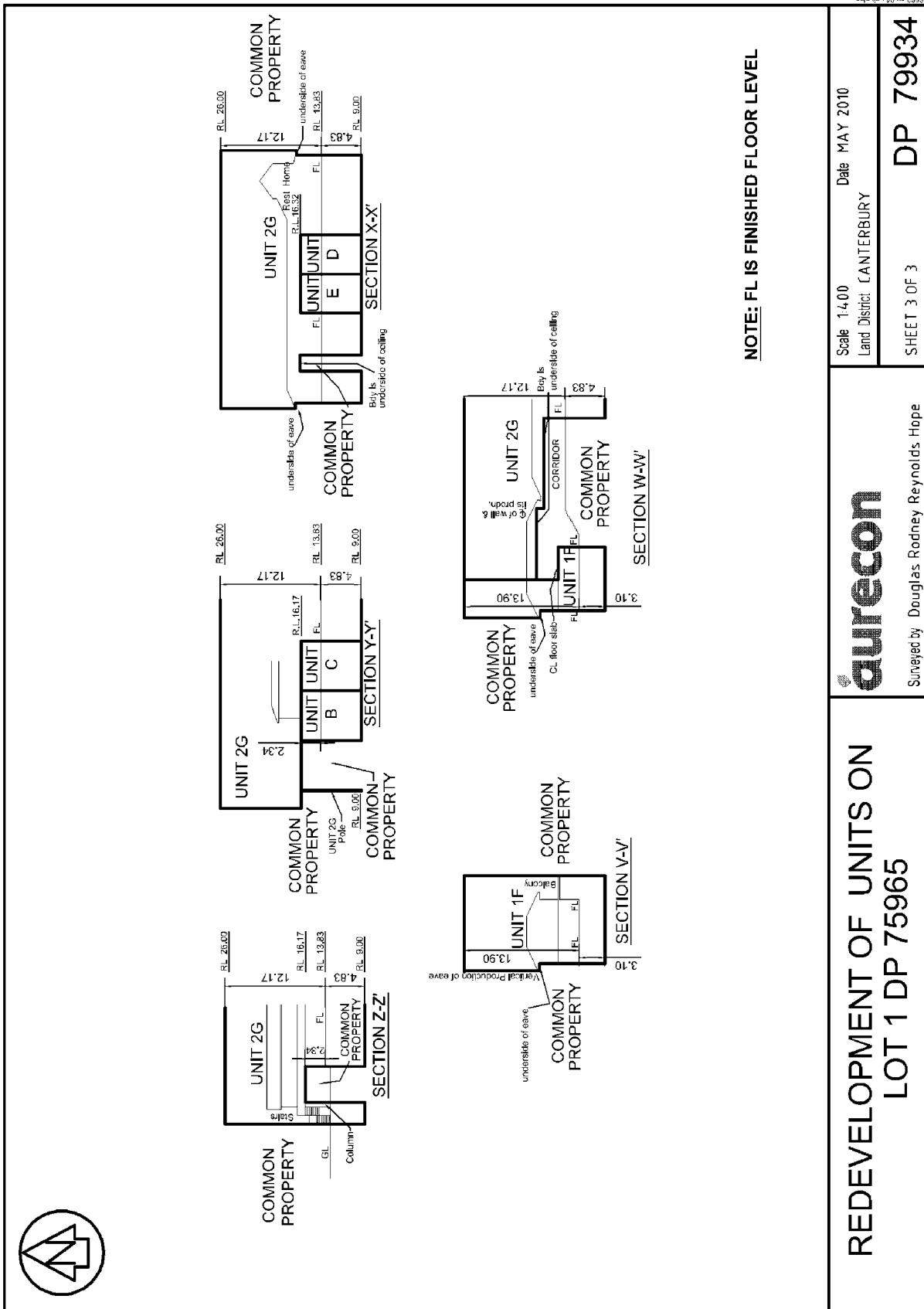
10985892.6 Variation of Mortgage 10354534.15 - 13.12.2017 at 12:29 pm

11531575.1 Variation of Mortgage 10354534.15 - 26.8.2019 at 4:14 pm

Search Copy Dated 30/11/21 2:35 pm, Page 3 of 7
Page 567 of 753 *Register Only*









SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB46D/8
Land Registration District Canterbury
Date Issued 26 February 1999
Plan Number DP 79934

Subdivision of
 Lot 1 Deposited Plan 75965

Prior References
 CB43C/1256

Unit Titles Issued			
520752	520753	CB45D/476	CB45D/477
CB45D/478	CB45D/479		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

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Subject to a right to convey electric power (in gross) over part herein marked A on DP 79565 to Southpower Limited created by Transfer A106085.7 - 12.4.1994 at 11.29 am

A379709.11 Transfer creating the following easements - 30.11.1998 at 3.02 pm

Type	Servient Tenement	Easement Area	Dominant Tenement
Right of way	Herein	B DP 75965	Lot 2 DP 75965 - CT CB44C/786

A392615.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 by The Christchurch City Council - 26.2.1999 at 11.50 am

A392615.10 Change of rules - 26.2.1999 at 11.50 am

Part of Unit A DP 79934 (57m²) & (0.8m²) has now become common property see Transfer 8478637.3 - 30.9.2010 at 5:06 pm

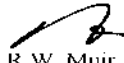
8478637.4 Transfer of part of the common property herein now comprising of Unit 1F DP 79934 to Edith Cavell Village Limited - 30.9.2010 at 5:06 pm . CT 520752 issued

8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **CB45D/477**
Land Registration District **Canterbury**
Date Issued 26 February 1999

Prior References
CB43C/1256

Supplementary Record Sheet
CB46D/8

Estate Stratum in Freehold
Legal Description Unit C Deposited Plan 79934
Registered Owners
Edith Cavell Retirement Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7674010.1 Notice of the registration of Edith Cavell Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 10.1.2008 at 9:00 am

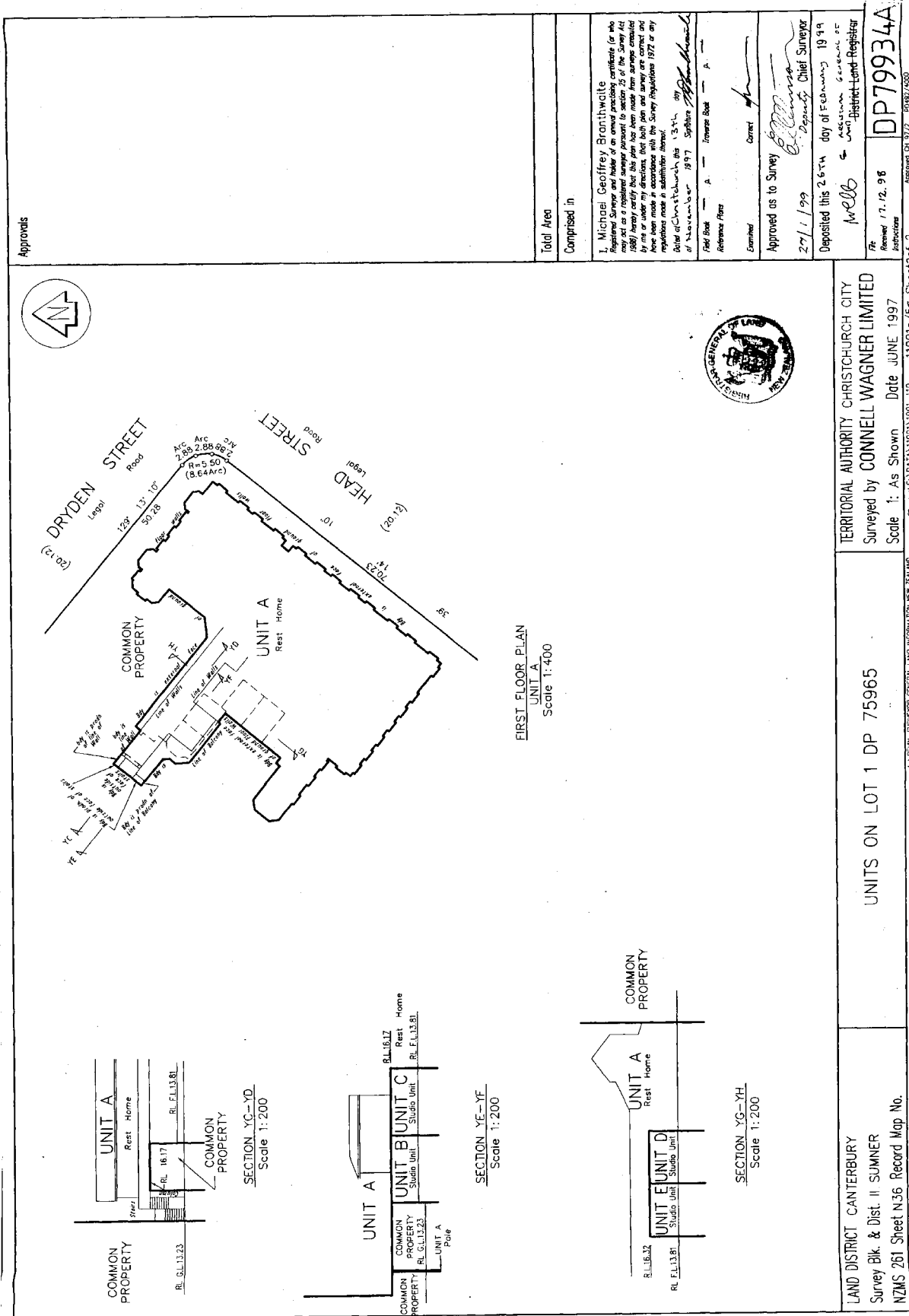
10354534.14 Encumbrance to Covenant Trustee Services Limited - 1.4.2016 at 2:38 pm

10354534.15 Mortgage to Bank of New Zealand - 1.4.2016 at 2:38 pm

10699807.7 Variation of Mortgage 10354534.15 - 28.2.2017 at 4:23 pm

10985892.6 Variation of Mortgage 10354534.15 - 13.12.2017 at 12:29 pm

11531575.1 Variation of Mortgage 10354534.15 - 26.8.2019 at 4:14 pm



Approved on 9/7/2 10482/450

DP79934A

17/12/98

27/1/99

26th day of February 1999

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

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11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

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11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

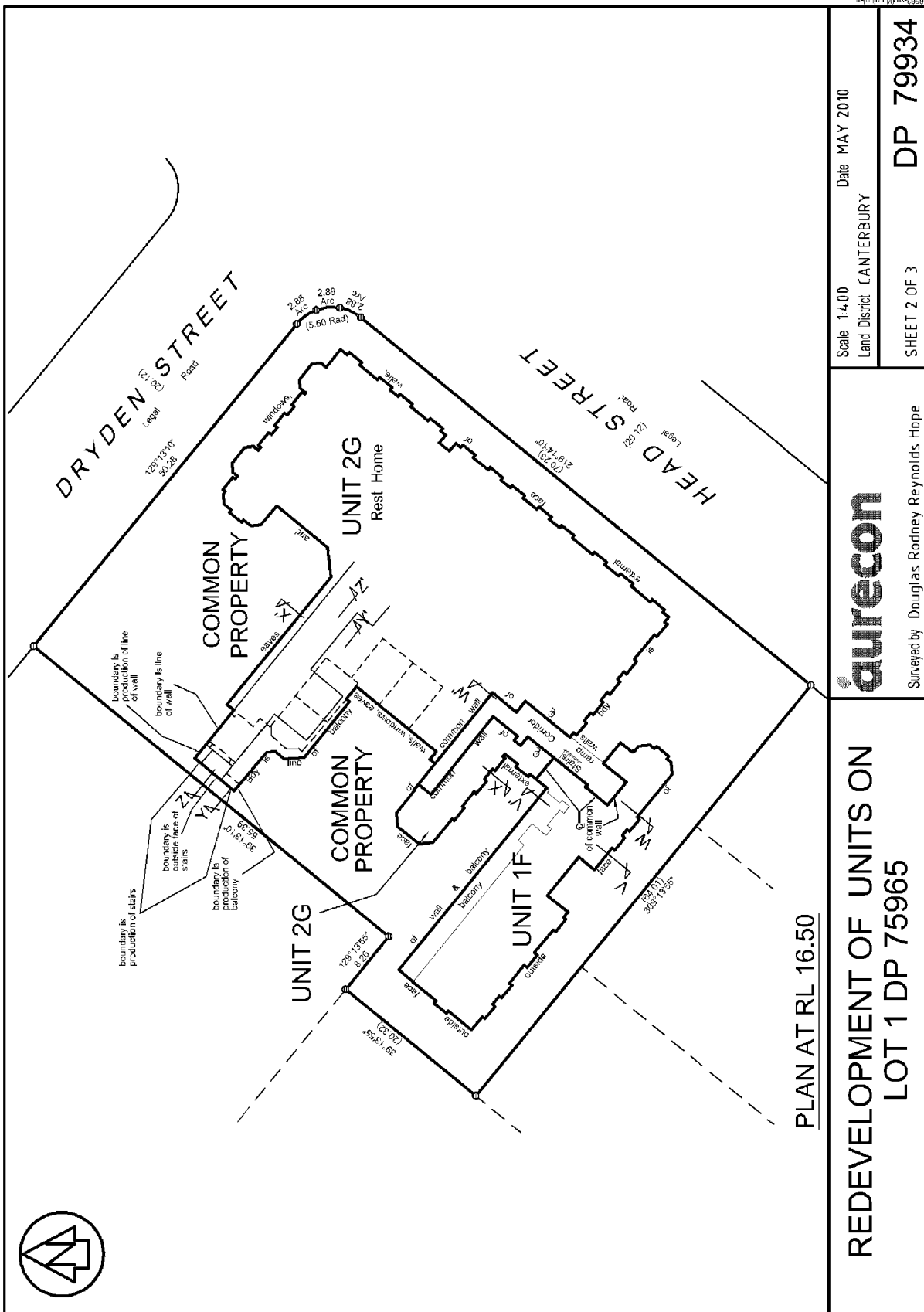
11/09/15/SC Sheet 2 of 2

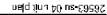
11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2

11/09/15/SC Sheet 2 of 2









SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier

CB46D/8

Land Registration District

Canterbury

Date Issued

26 February 1999

Plan Number

DP 79934

Subdivision of

Lot 1 Deposited Plan 75965

Prior References

CB43C/1256

Unit Titles Issued

520752

520753

CB45D/476

CB45D/477

CB45D/478

CB45D/479

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

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Subject to a right to convey electric power (in gross) over part herein marked A on DP 79565 to Southpower Limited created by Transfer A106085.7 - 12.4.1994 at 11.29 am

A379709.11 Transfer creating the following easements - 30.11.1998 at 3.02 pm

Type	Servient Tenement	Easement Area	Dominant Tenement
Right of way	Herein	B DP 75965	Lot 2 DP 75965 - CT CB44C/786

A392615.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 by The Christchurch City Council - 26.2.1999 at 11.50 am

A392615.10 Change of rules - 26.2.1999 at 11.50 am

Part of Unit A DP 79934 (57m²) & (0.8m²) has now become common property see Transfer 8478637.3 - 30.9.2010 at 5:06 pm

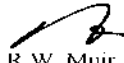
8478637.4 Transfer of part of the common property herein now comprising of Unit 1F DP 79934 to Edith Cavell Village Limited - 30.9.2010 at 5:06 pm . CT 520752 issued

8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



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




R.W. Muir
Registrar-General
of Land

Identifier **CB45D/478**
Land Registration District **Canterbury**
Date Issued 26 February 1999

Prior References
CB43C/1256

Supplementary Record Sheet
CB46D/8

Estate Stratum in Freehold
Legal Description Unit D Deposited Plan 79934
Registered Owners
Edith Cavell Retirement Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7674010.1 Notice of the registration of Edith Cavell Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 10.1.2008 at 9:00 am

10354534.14 Encumbrance to Covenant Trustee Services Limited - 1.4.2016 at 2:38 pm

10354534.15 Mortgage to Bank of New Zealand - 1.4.2016 at 2:38 pm

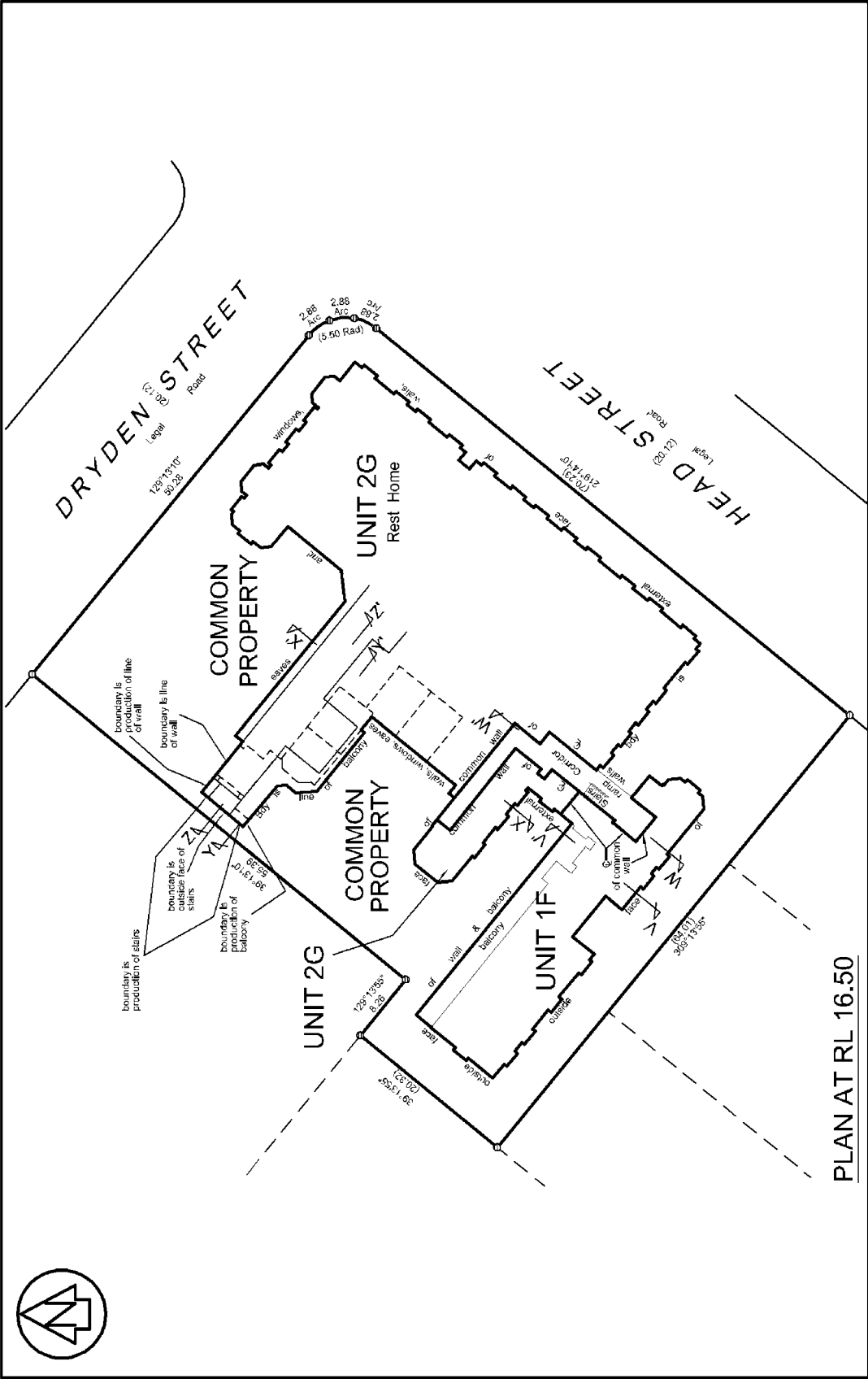
10699807.7 Variation of Mortgage 10354534.15 - 28.2.2017 at 4:23 pm

10985892.6 Variation of Mortgage 10354534.15 - 13.12.2017 at 12:29 pm

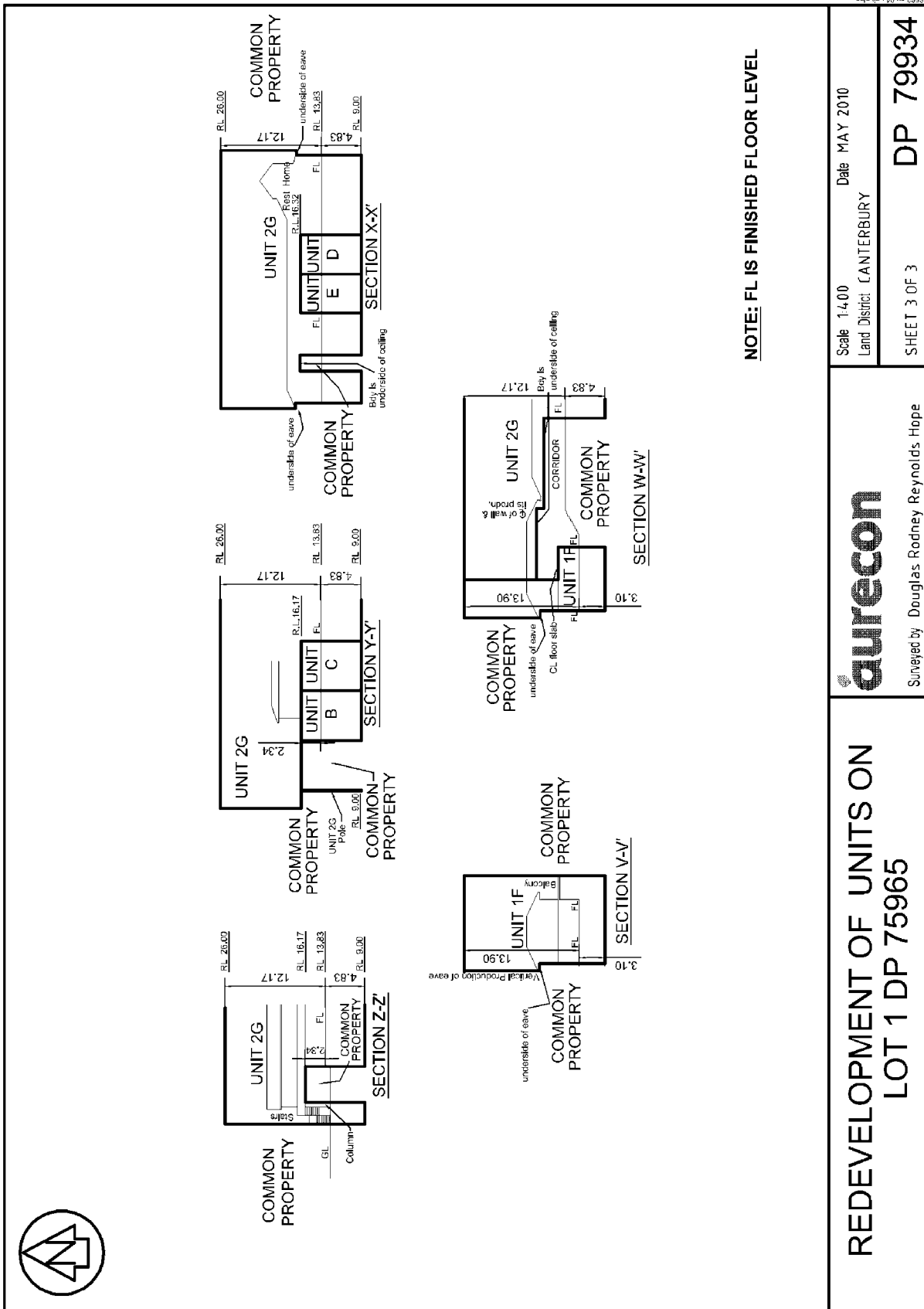
11531575.1 Variation of Mortgage 10354534.15 - 26.8.2019 at 4:14 pm

Search Copy Dated 30/11/21 2:39 pm, Page 3 of 7
Page 581 of 753 *Register Only*





REDEVELOPMENT OF UNITS ON LOT 1 DP 75965		aurecon Surveyed by Douglas Rodney Reynolds Hope	
Scale	1:400	Date	MAY 2010
Land District	CANTERBURY		
		SHEET 2 OF 3	DP 79934





SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB46D/8
Land Registration District Canterbury
Date Issued 26 February 1999
Plan Number DP 79934

Subdivision of
 Lot 1 Deposited Plan 75965

Prior References
 CB43C/1256

Unit Titles Issued			
520752	520753	CB45D/476	CB45D/477
CB45D/478	CB45D/479		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

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A379709.11 Transfer creating the following easements - 30.11.1998 at 3.02 pm

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Right of way	Herein	B DP 75965	Lot 2 DP 75965 - CT CB44C/786

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Part of Unit A DP 79934 (57m²) & (0.8m²) has now become common property see Transfer 8478637.3 - 30.9.2010 at 5:06 pm

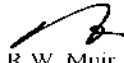
8478637.4 Transfer of part of the common property herein now comprising of Unit 1F DP 79934 to Edith Cavell Village Limited - 30.9.2010 at 5:06 pm . CT 520752 issued

8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



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




R.W. Muir
Registrar-General
of Land

Identifier CB45D/479
Land Registration District Canterbury
Date Issued 26 February 1999

Prior References
CB43C/1256

Supplementary Record Sheet
CB46D/8

Estate Stratum in Freehold
Legal Description Unit E Deposited Plan 79934
Registered Owners
Edith Cavell Retirement Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7674010.1 Notice of the registration of Edith Cavell Village as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - - 10.1.2008 at 9:00 am

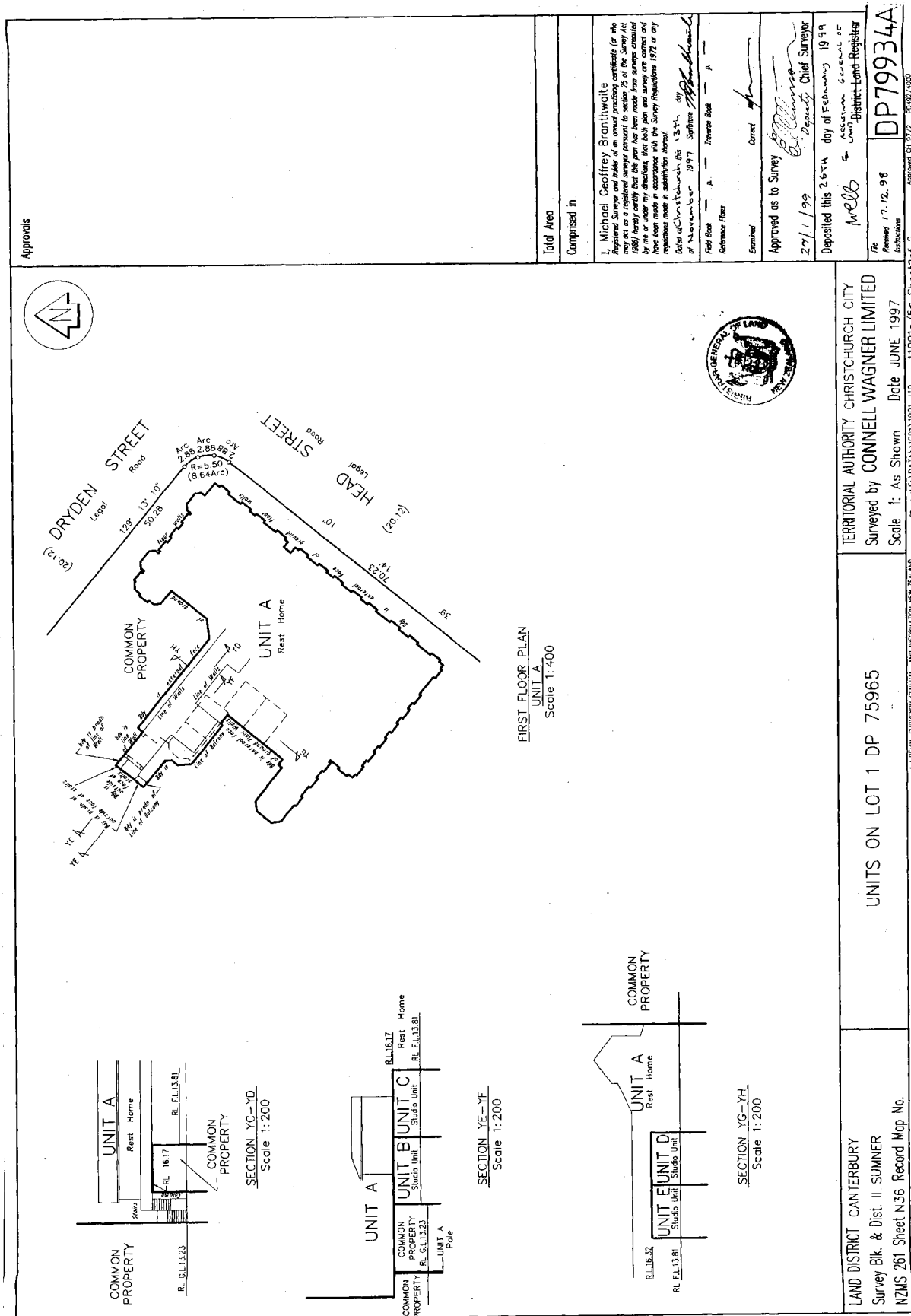
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10354534.15 Mortgage to Bank of New Zealand - 1.4.2016 at 2:38 pm

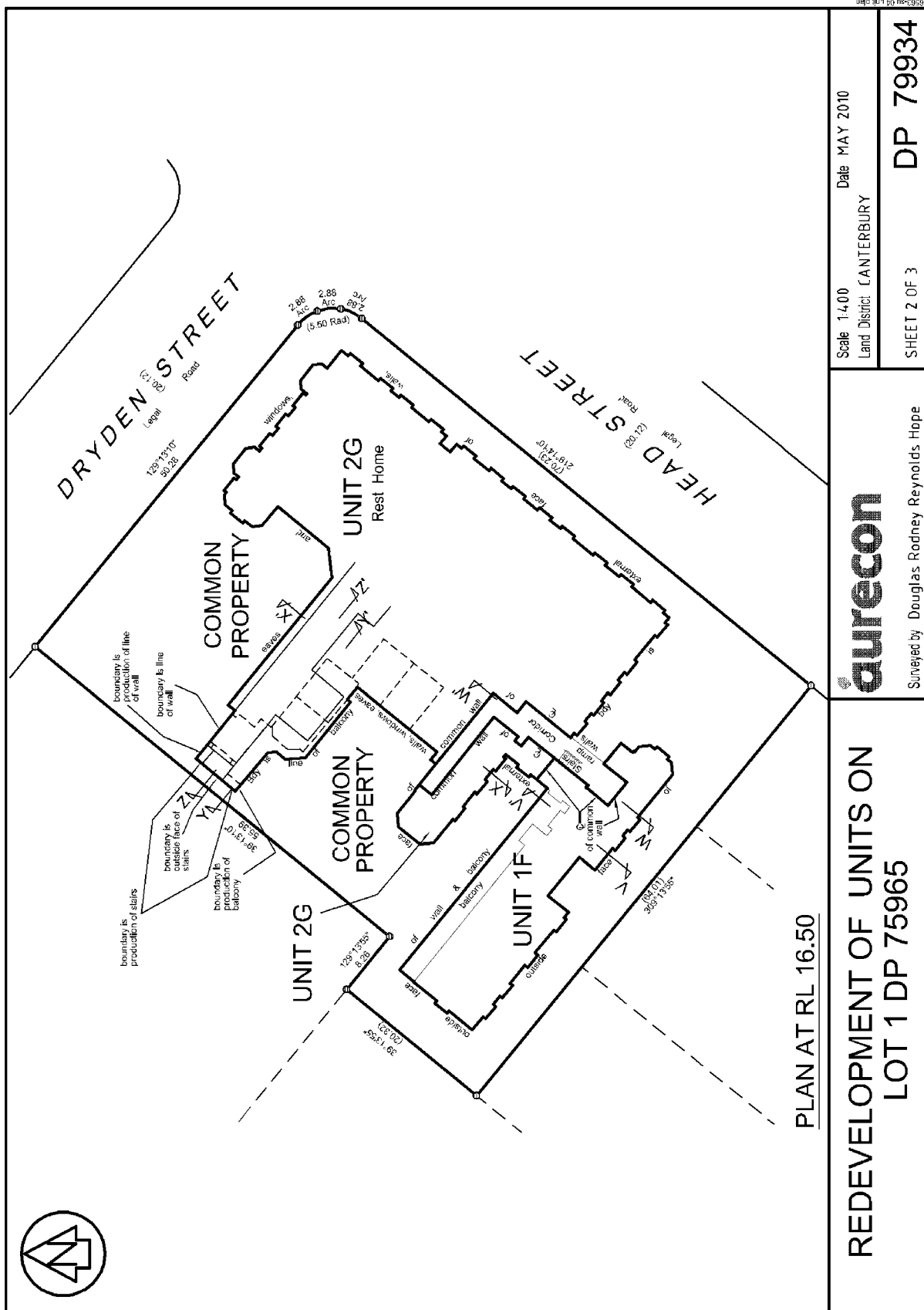
10699807.7 Variation of Mortgage 10354534.15 - 28.2.2017 at 4:23 pm

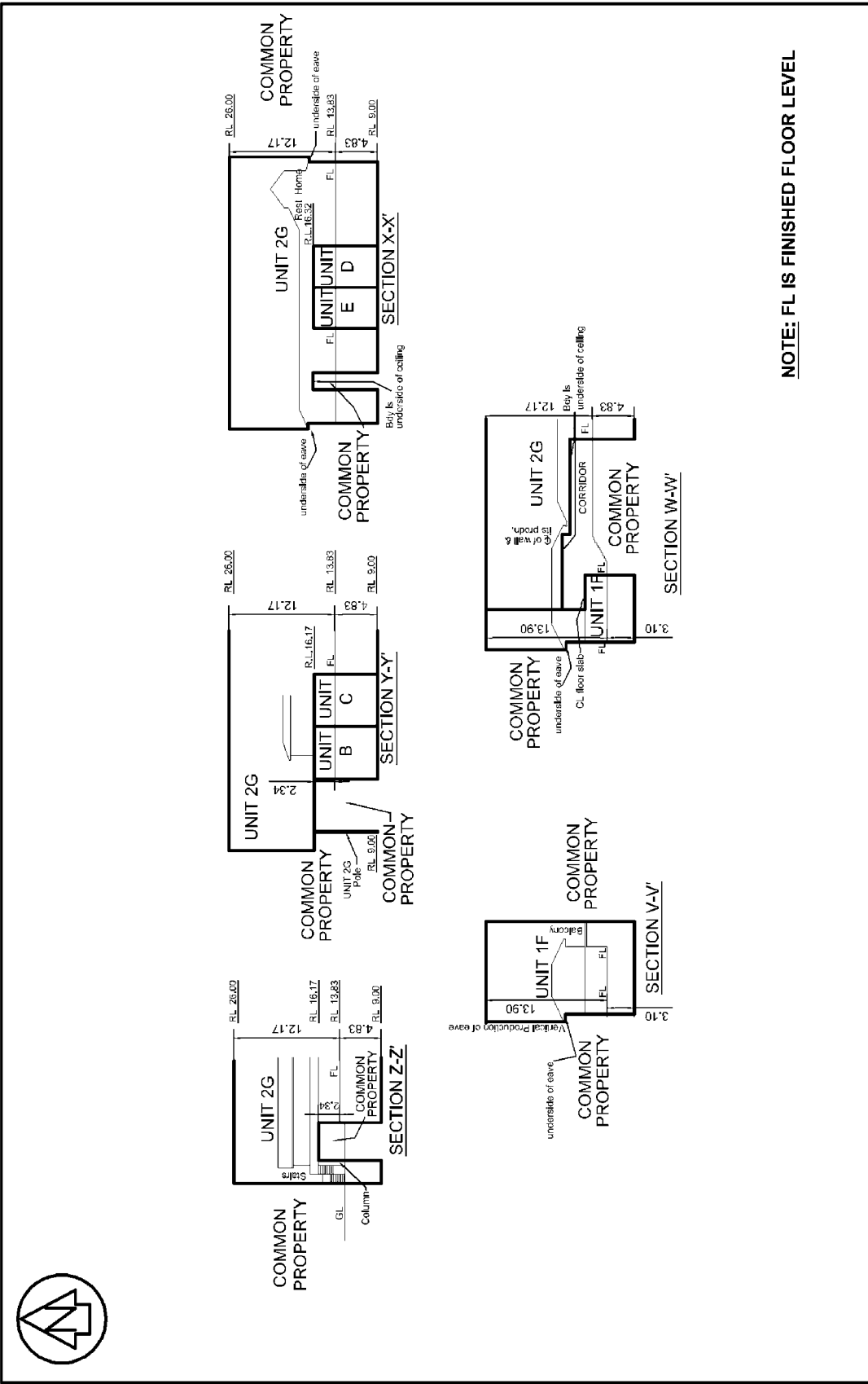
10985892.6 Variation of Mortgage 10354534.15 - 13.12.2017 at 12:29 pm

11531575.1 Variation of Mortgage 10354534.15 - 26.8.2019 at 4:14 pm









REDEVELOPMENT OF UNITS ON LOT 1 DP 75965			Surveyed by Douglas Rodney Reynolds Hope
Scale 1:400	Date MAY 2010		
Land District CANTERBURY			
SHEET 3 OF 3		DP 79934	



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB46D/8
Land Registration District Canterbury
Date Issued 26 February 1999
Plan Number DP 79934

Subdivision of
 Lot 1 Deposited Plan 75965

Prior References
 CB43C/1256

Unit Titles Issued			
520752	520753	CB45D/476	CB45D/477
CB45D/478	CB45D/479		

Interests

OWNERSHIP OF COMMON PROPERTY

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8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB46D/8
Land Registration District Canterbury
Date Issued 26 February 1999
Plan Number DP 79934

Subdivision of
Lot 1 Deposited Plan 75965

Prior References
CB43C/1256

Unit Titles Issued			
520752	520753	CB45D/476	CB45D/477
CB45D/478	CB45D/479		

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Right of way	Herein	B DP 75965	Lot 2 DP 75965 - CT CB44C/786

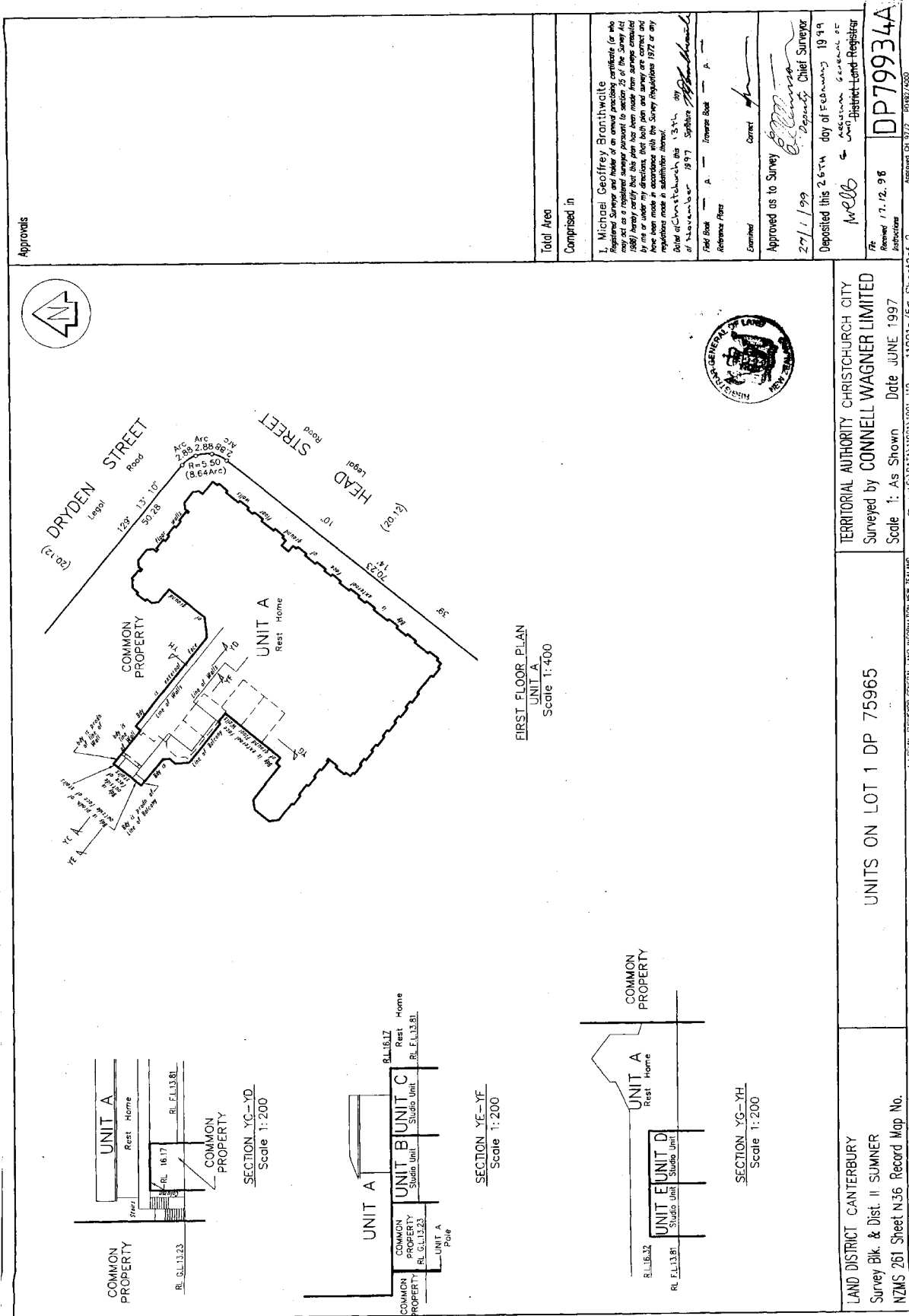
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Part of Unit A DP 79934 (57m²) & (0.8m²) has now become common property see Transfer 8478637.3 - 30.9.2010 at 5:06 pm

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8478637.9 Change of rules of the Body Corporate - 30.9.2010 at 5:06 pm



Approved on 9/7/92 10482/450

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Approved on 9/7/92 10482/450

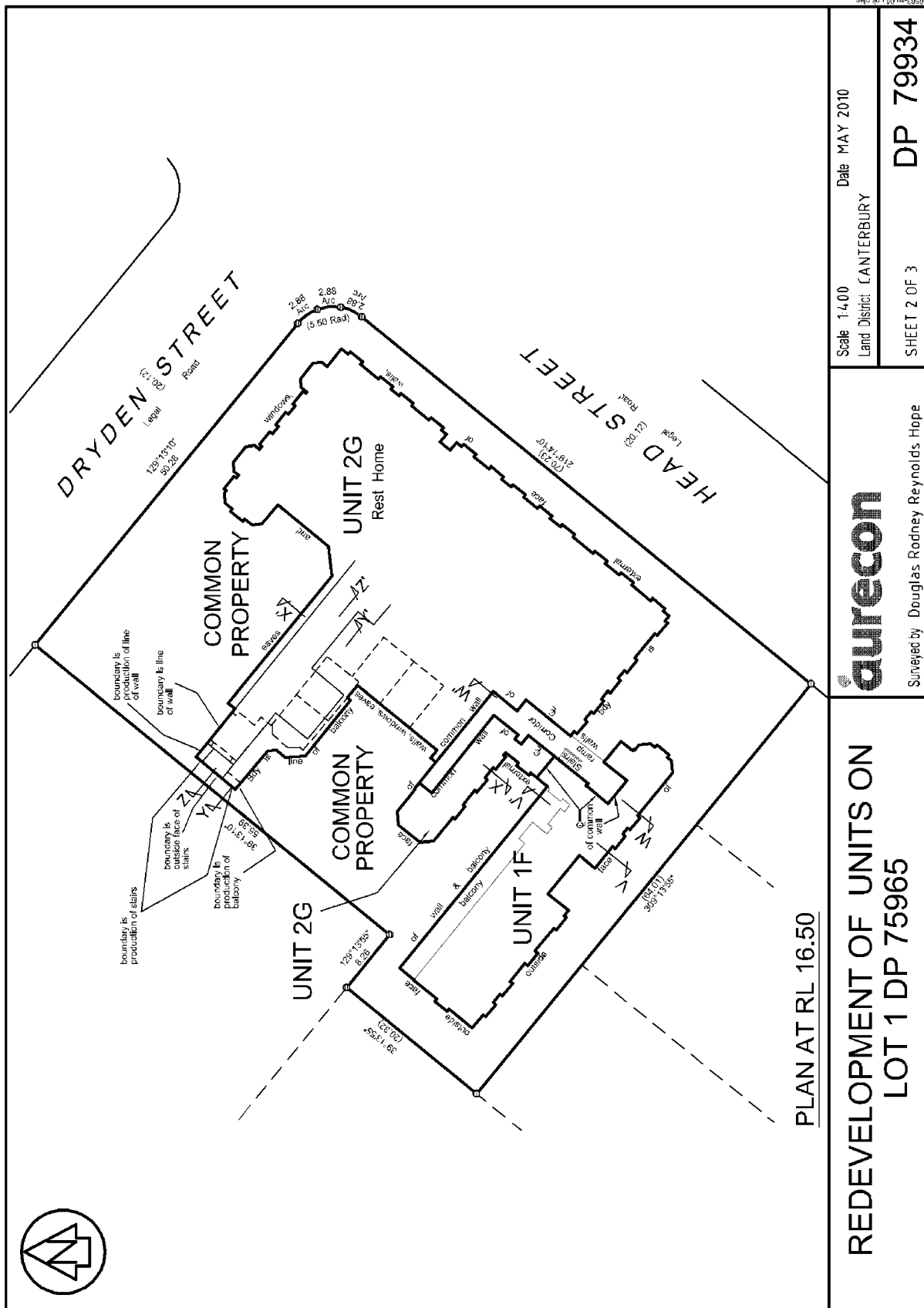
Approved on 9/7/92 10482/450

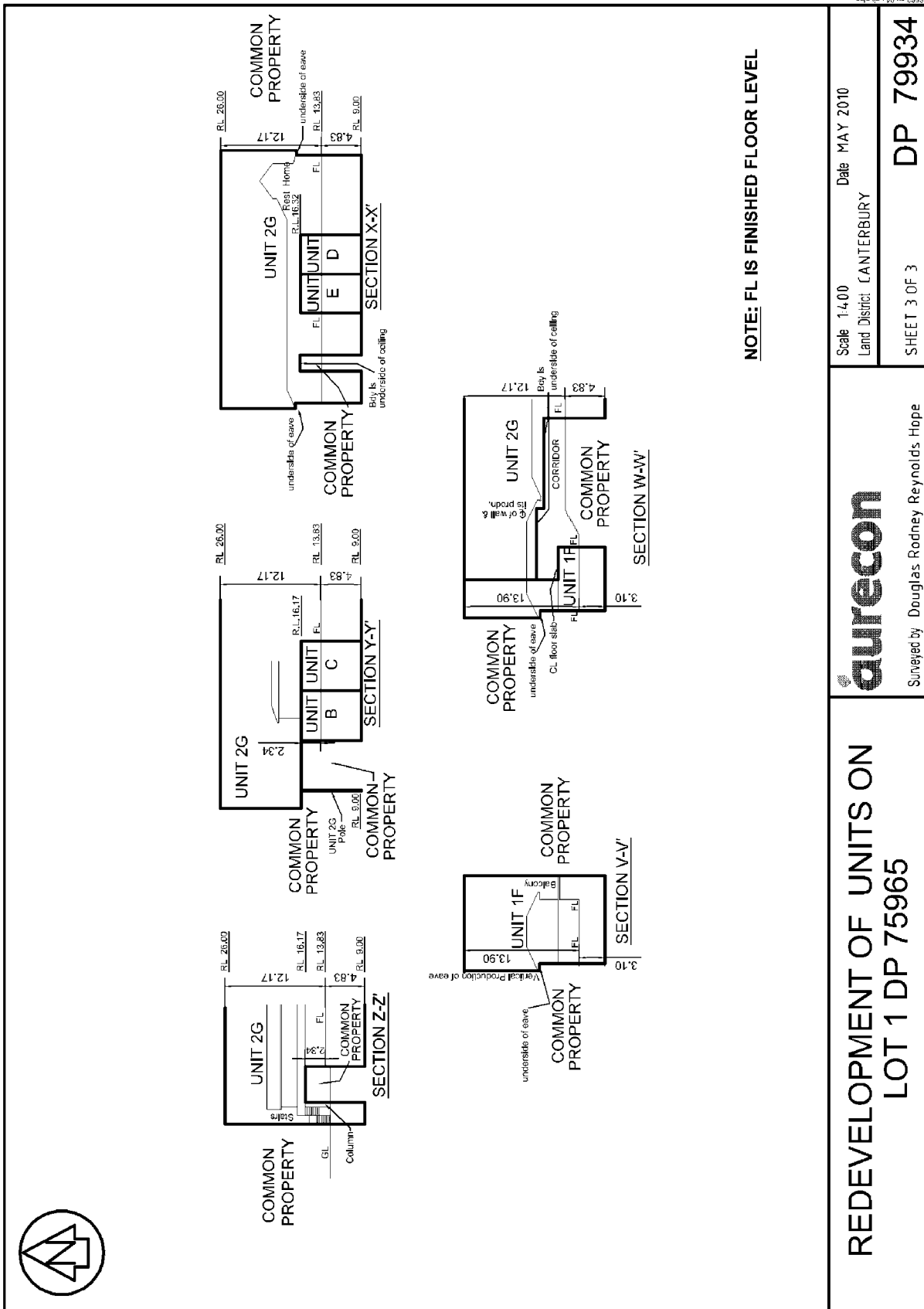
Approved on 9/7/92 10482/450

Approved on 9/7/92 10482/450

Approved on 9/7/92 10482/450







APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

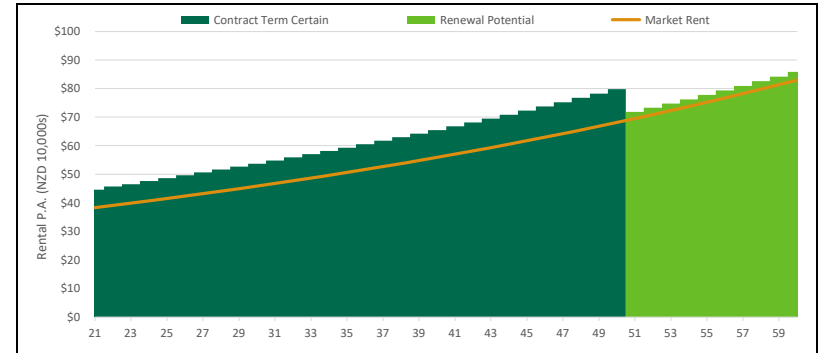
Discounted Cash Flow Summary

PV of Net Income	\$7,360,000
PV of Terminal Value	\$700,000
Total Net Present Value	\$8,060,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$8,050,000
Indicated IRR	7.69%
Initial Yield	5.54%
Yield on Market	4.72%
\$/Bed	\$164,286

Sensitivity Analysis

		Terminal Yield				
		6.00%	6.25%	6.50%	6.75%	7.00%
Discount Rate	6.75%	\$9,100,000	\$9,050,000	\$9,050,000	\$9,000,000	\$8,950,000
	7.00%	\$8,750,000	\$8,700,000	\$8,700,000	\$8,650,000	\$8,650,000
	7.25%	\$8,450,000	\$8,400,000	\$8,350,000	\$8,350,000	\$8,300,000
	7.50%	\$8,150,000	\$8,100,000	\$8,050,000	\$8,050,000	\$8,000,000
	7.75%	\$7,850,000	\$7,800,000	\$7,800,000	\$7,750,000	\$7,750,000
	8.00%	\$7,550,000	\$7,550,000	\$7,500,000	\$7,500,000	\$7,500,000
	8.25%	\$7,300,000	\$7,300,000	\$7,250,000	\$7,250,000	\$7,250,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	62	63	64	65	67	68	69	71	72	74	75	77	78	80	72	73	75	76	78	79	81	83	84	86	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	62	63	64	65	67	68	69	71	72	74	75	77	78	80	72	73	75	76	78	79	81	83	84	86	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																											1,290
Disposal Cost Allowance @ 2.0%																																											-26

NET CASHFLOW INCOME	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	62	63	64	65	67	68	69	71	72	74	75	77	78	80	72	73	75	76	78	79	81	83	84	86	1,264

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

18. BROOKHAVEN

BROOKHAVEN



Main Entrance



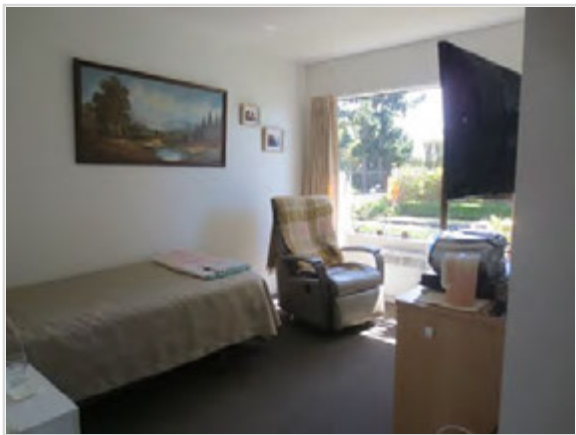
Care Facility Exterior



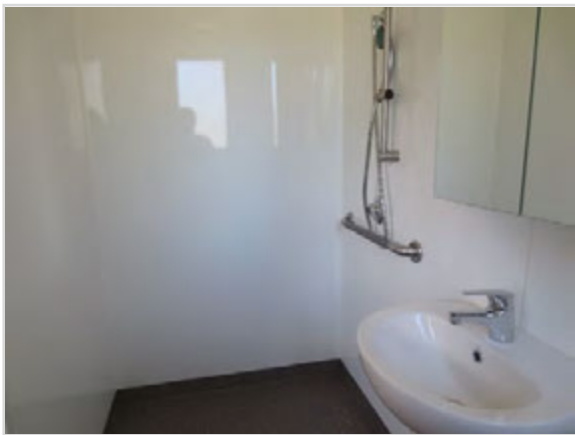
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$11,150,000

(Eleven Million, One Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Brookhaven comprises a large scale 92 bed rest home and dementia facility co-located with a small scale retirement village which is excluded from this valuation. The facility component was originally developed circa 1989 with further development and additions taking place from 1992 through to 2006. Aged care accommodation benefits from 100% ensuite and single bed provision throughout conversely, bed to floor area ratio is compact compared to modern contemporary standards. The complex is located in the residential suburb of Woolston, approximately 4 kilometres south-east of the Christchurch CBD. The complex currently includes: ■ 92 Bed Care Facility ■ 9 Independent Living Units (excluded from this valuation)		
Land Area:	8,000 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential Suburban Zone ' under the Christchurch City Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$648,800 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 2,552 sqm or 1:27.7 sqm per bed		
Certification:	We confirm Heritage Lifecare (GHG) Limited has certification to provide Rest Home Care from 29 November 2020 for 3 years expiring 29 November 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	3 May 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

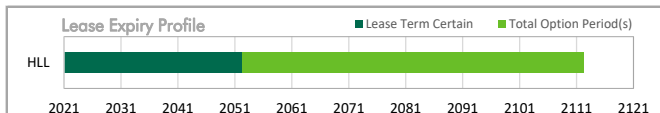
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$11,150,000
Initial Yield	5.82%
Yield on Market	5.02%
Indicated IRR	7.97%
Multiple on Contract Rental	17.2
Multiple on Market Rental	19.9
Average \$ Per Bed	\$121,196
\$/Sqm Floor Area	\$4,369
\$/Sqm Land Area	\$1,394

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$560,000
Capitalise In Perpetuity @	5.75%
Capitalised Value	\$9,739,130
Present Value Rental Premium to Expiry of Lease Term Certain	\$1,234,875
Market Value	\$10,950,000
Yield on Contract	5.93%
Yield on Market	5.11%
\$ Per Bed	\$119,022

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$648,800	\$560,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$136	\$117
Rent \$ Per Sqm Floor Area	\$254	\$219
Contract Variance to Market (Surplus P.A.)		\$88,800
Contract Variance to Market		15.86%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.75%
Terminal Yield	6.75%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$11,300,000
Yield on Contract	5.74%

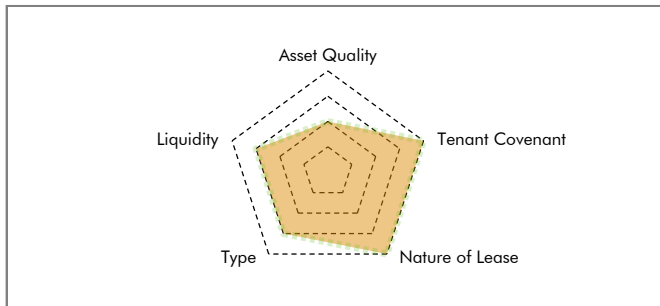
Care Facility Bed Summary

Total Beds	92
Bed Day Capacity	33,580
Ensuite to Room Ratio	100%
Ensuite to Bed Ratio	100%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:27.7 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	51 @	\$115,000	\$5,865,000
Dementia	41 @	\$125,000	\$5,125,000
-	- @	-	-
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	92 @	\$119,565	\$11,000,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- All single rooms with 100% private ensuite provision offering a degree of future proofing to the facility.
- Co-location with a (small) scale retirement village.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- The overall bed to floor area ratio of approximately 1:27.7 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

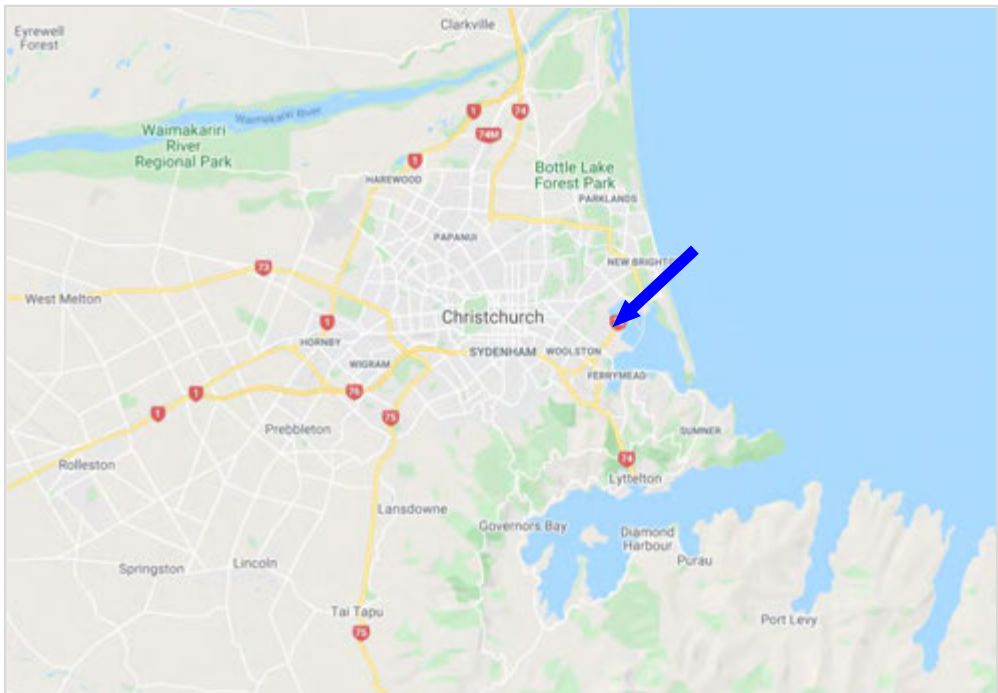
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

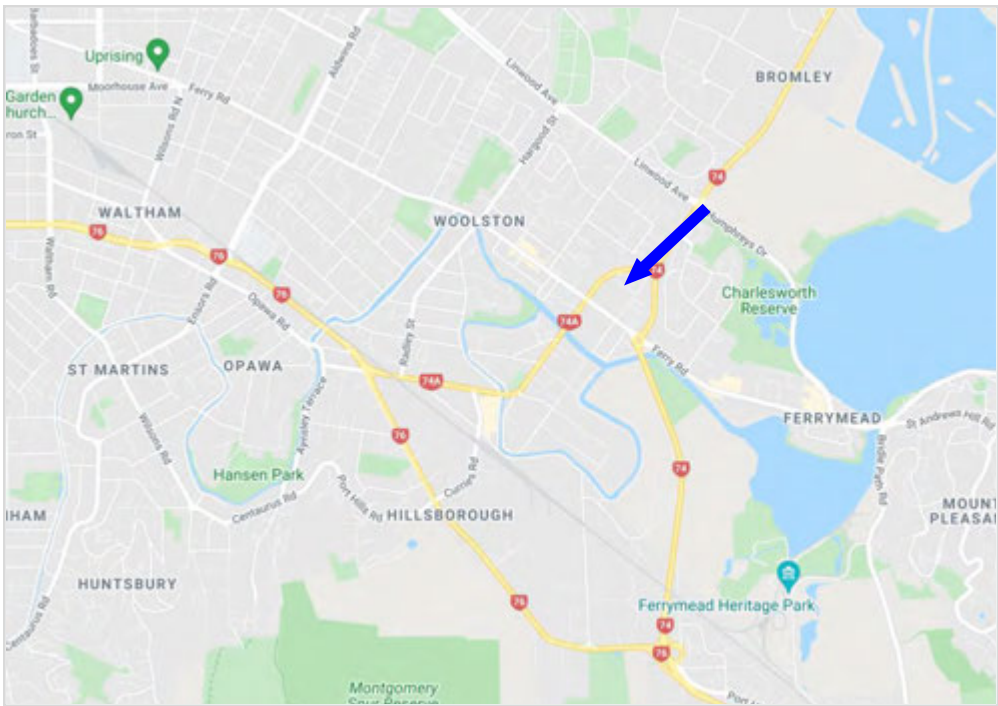
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation: The property is located on a large rear allotment to the north-west of Alport Place, a cul-de-sac off Ferry Road, in the suburb of Woolston. Some 4 kms to the south-east of the Christchurch CBD via the urban linkages of Moorhouse Avenue and Ferry Road.

Location: Some 4 kms to the south-east of the Christchurch CBD via the urban linkages of Moorhouse Avenue and Ferry Road.

Housing in the immediate locality comprises a mixture of early 1900’s villas through to 1980’s bungalows.

Woolston is a low value range residential location and whilst demographics are appropriate for a retirement village, residential property values and trends compromise achievable prices for retirement village units.

Population: According to the 2018 Census, Christchurch City has a usually resident population of approximately 369,006 people, showing an increase of 8.1% over the 2013 Census. Of the population, 6.8% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
405434	Lot 1	DP 398747	8000	Heritage Lifecare Villages (GHG) Limited	Freehold
Total			8,000		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 7030584.1 Encumbrance to Christchurch City Council

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 August 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
29 Alport Place	22460/30424	\$395,000	\$7,855,000	\$8,250,000
Total		\$395,000	\$7,855,000	\$8,250,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Brookhaven comprises a large scale 92 bed rest home and dementia facility co-located with a small scale retirement village which is excluded from this valuation. The facility component was originally developed circa 1989 with further development and additions taking place from 1992 through to 2006. Aged care accommodation benefits from 100% ensuite and single bed provision throughout conversely, bed to floor area ratio is compact compared to modern contemporary standards. The complex is located in the residential suburb of Woolston, approximately 4 kilometres south-east of the Christchurch CBD. The complex currently includes:

- 92 Bed Care Facility
- 9 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	-	-	-	-	51	51	51	51
Double Rooms	-	-	-	-	-	-	-	-	-
Dementia									
Single Rooms	-	-	-	-	-	41	41	41	41
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	92	92	92	92
Bed Day Capacity									33,580
Ensuite to Room Ratio									100%
Ensuite to Bed Ratio									100%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:27.7

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	RH	Care Beds H	D	Current O	Total	Future Supply	Forecast Total
Avon Lifecare	Avonside	26	38	19		83		83
Rosewood Resthome and Hospital	North Linwood		40	26		66		66
Chatswood Rest Home	Opawa	25	29		41	95	18	113
Kowhai Rest Home	Opawa	28				28		28
Elms Court Rest Home	Opawa	15				15		15
Edith Cavell Lifecare	Sumner	28	21			49		49
Brookhaven	Woolston	51		41		92		92
Total Beds		173	128	86	41	428	18	446
Percentage		40%	30%	20%	10%	100%	4%	104%

7 RENTAL ASSESSMENT

Our adopted market rental at \$560,000 per annum plus GST and outgoings compares to the contract rental of \$648,800 per annum which indicates a difference of -\$88,800 per annum, alternatively -13.69%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 5.75% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$560,000

Capitalise In Perpetuity @ 5.75%

CAPITALISED VALUE \$9,739,130

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$560,000
Contract Rental	\$648,800
Rental Premium per Annum	\$88,800
Months to Lease Expiry	360
Discounted at	6.25%
	0.51% monthly

PRESENT VALUE OF RENTAL PREMIUM \$1,230,227

\$10,969,357

Sensitivity Analysis		Adopt	\$10,950,000
4.75%	\$13,000,000	Initial Yield	5.93%
5.25%	\$11,900,000	Yield on Market	5.11%
5.75%	\$10,950,000	\$ Per Bed (Based on 92 Equivalent Beds)	\$119,022
6.25%	\$10,200,000	\$ Per Sqm Floor Area	\$4,291
6.75%	\$9,550,000	Multiple on Market	19.55

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	51	@	\$115,000	\$5,865,000
Dementia	41	@	\$125,000	\$5,125,000
Total Equivalent Beds	92	@	\$119,457	\$10,990,000
Sensitivity Analysis	Adopt			\$11,000,000
\$114,457	\$10,530,000	Yield on Market		5.09%
\$119,457	\$11,000,000	Equivalent \$/Per Bed (Based on 92 Beds)		\$119,565
\$124,457	\$11,450,000	Multiple on Market		19.64

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.75%
Terminal Yield (On Year 40 Income)	6.75%
Terminal Value as a Percentage of Total Value	8.02%

Sensitivity Analysis		Adopt	\$11,300,000
-10%	\$10,150,000	Initial Yield	5.74%
-	\$11,300,000	Yield on Market	4.96%
10%	\$12,450,000	\$/Bed	\$122,826

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$10,950,000
Sales Comparison Approach:	Assessed Value:	\$11,000,000
Discounted Cash Flow Approach:	Assessed Value:	\$11,300,000
FREEHOLD LAND & BUILDINGS		\$11,150,000
Initial Yield		5.82%
Yield on Market		5.02%
\$ Per Bed (Based on 92 Physical Beds)		\$121,196
\$ Per Sqm Floor Area		\$4,369
\$ Per Sqm Land Area		\$1,394
Multiple on Contract		17.19
Multiple on Market		19.91

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

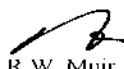
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier 405434
Land Registration District Canterbury
Date Issued 13 May 2008

Prior References
CB26F/1011

Estate Fee Simple
Area 8000 square metres more or less
Legal Description Lot 1 Deposited Plan 398747
Registered Owners
Heritage Lifecare (GHG) Limited

Interests

Appurtenant hereto is a right of way created by Transfer 679322 - 20.4.1966 at 2:56 pm

Subject to a right (in gross) to drain sewage over parts marked H and J on DP 398747 in favour of The Christchurch Drainage Board created by Transfer 806199 - 20.8.1970 at 11:10 am

Appurtenant hereto is a right of way and a right to drain sewage and water specified in Easement Certificate 514172.8 - 25.10.1984 at 11:54 am

The easements specified in Easement Certificate 514172.8 when created will be subject to Section 309(1)(a) Local Government Act 1974

A408099.1 Transfer surrendering the right to drain water specified in Easement Certificate 514172.8 over part Lot 5 marked O & P on DP 77766 CT CB44C/913 appurtenant hereto - 1.6.1999 at 11:30 am

7030584.1 Encumbrance to Christchurch City Council - 14.9.2006 at 9:00 am

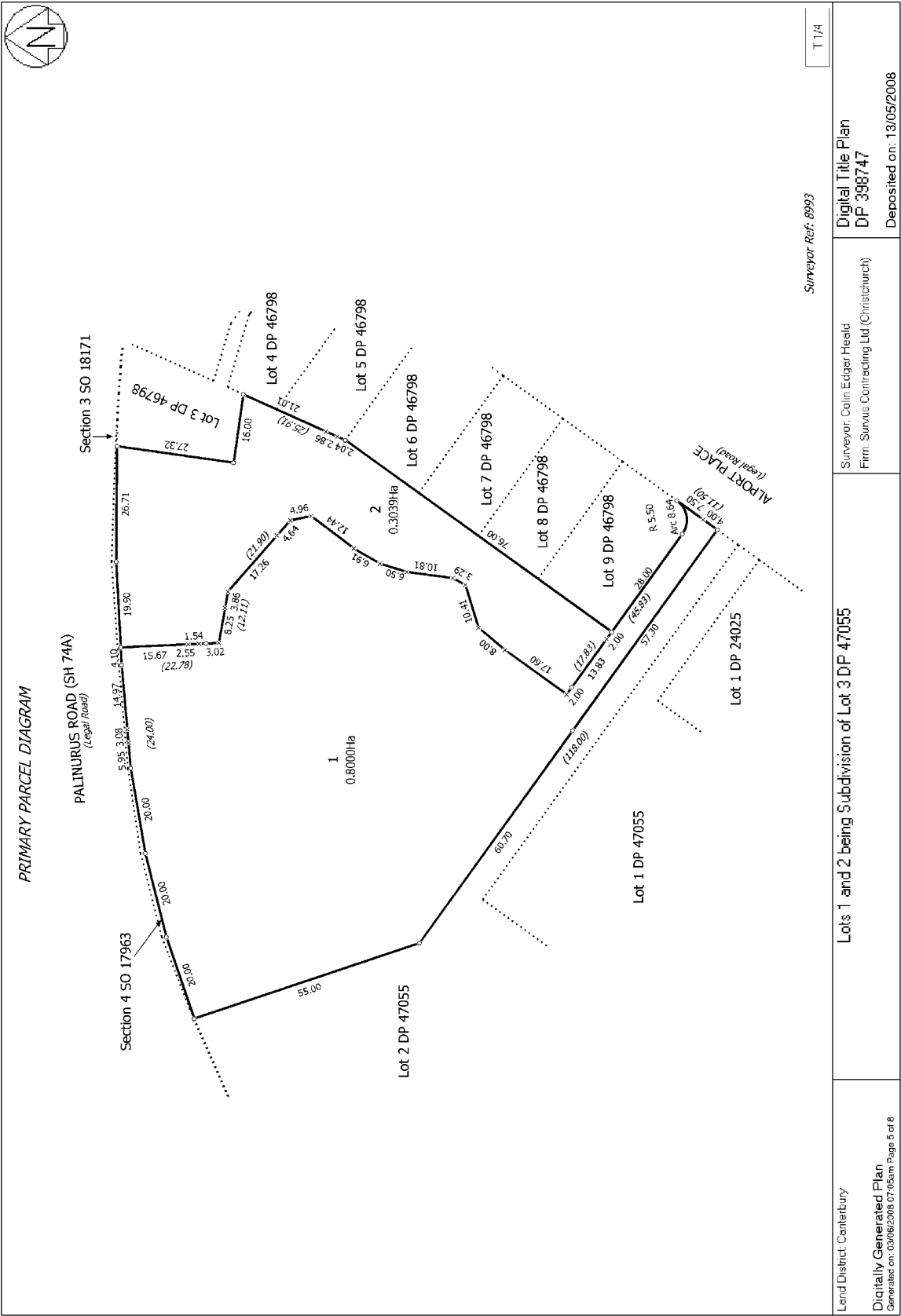
Appurtenant hereto is a right of way and a right to drain water and sewage and to convey water, electricity, telecommunications and computer media created by Easement Instrument 7813875.5 - 13.5.2008 at 9:00 am

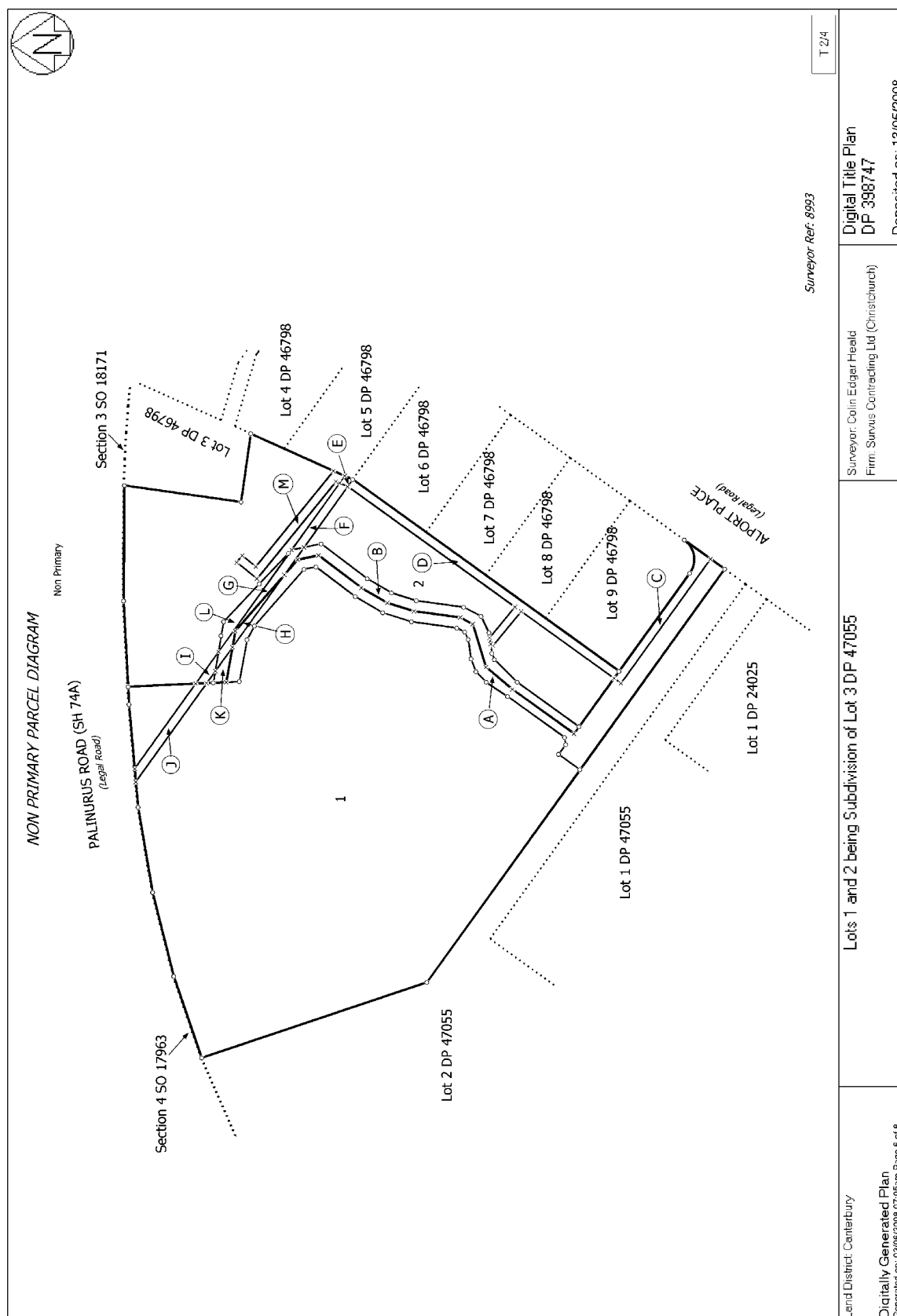
Subject to a right of way and a right to drain water and sewage and to convey water, electricity, telecommunications and computer media over parts marked A, C and H on DP 398747 created by Easement Instrument 7813875.5 - 13.5.2008 at 9:00 am

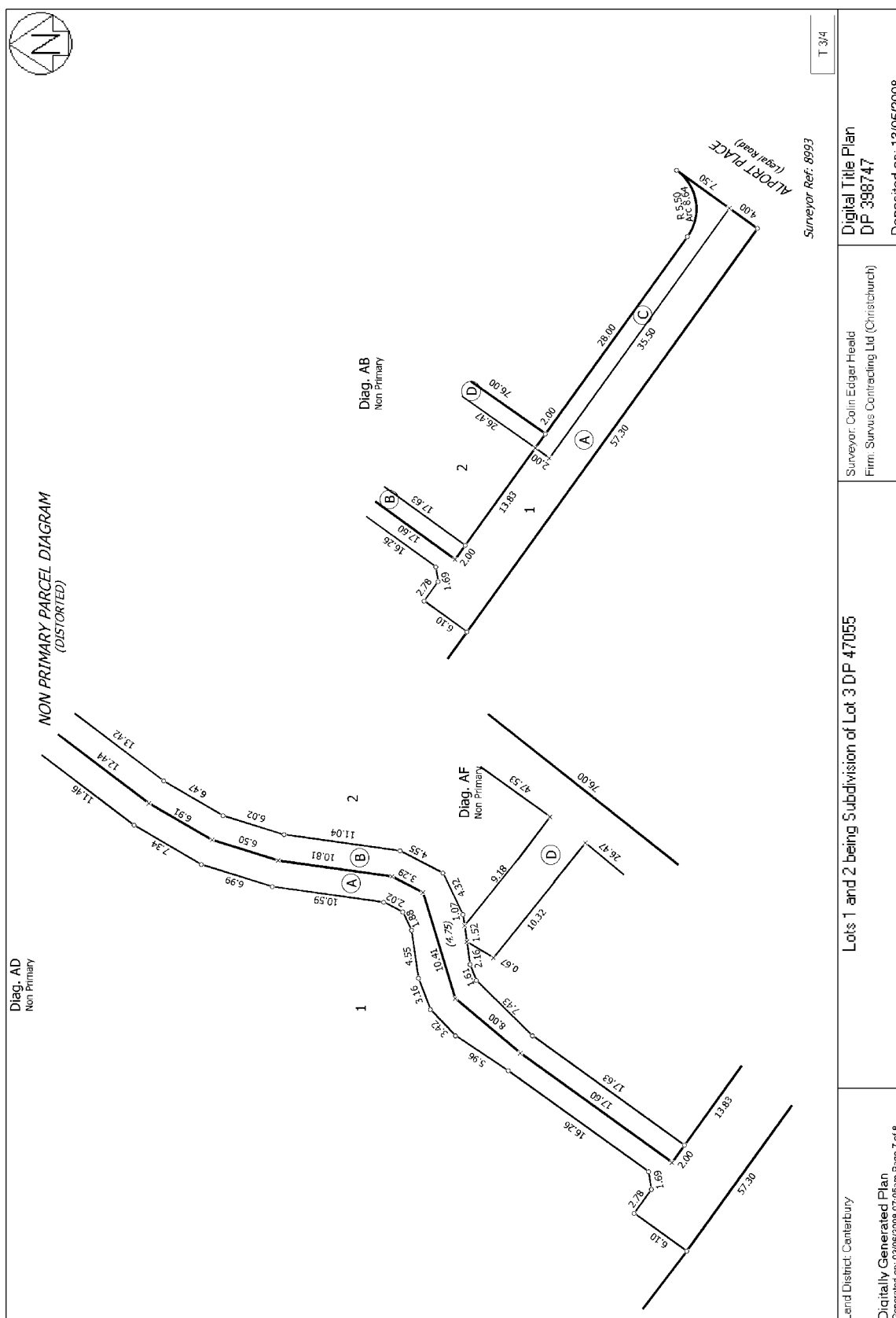
The easements created by Easement Instrument 7813875.5 are subject to Section 243 (a) Resource Management Act 1991

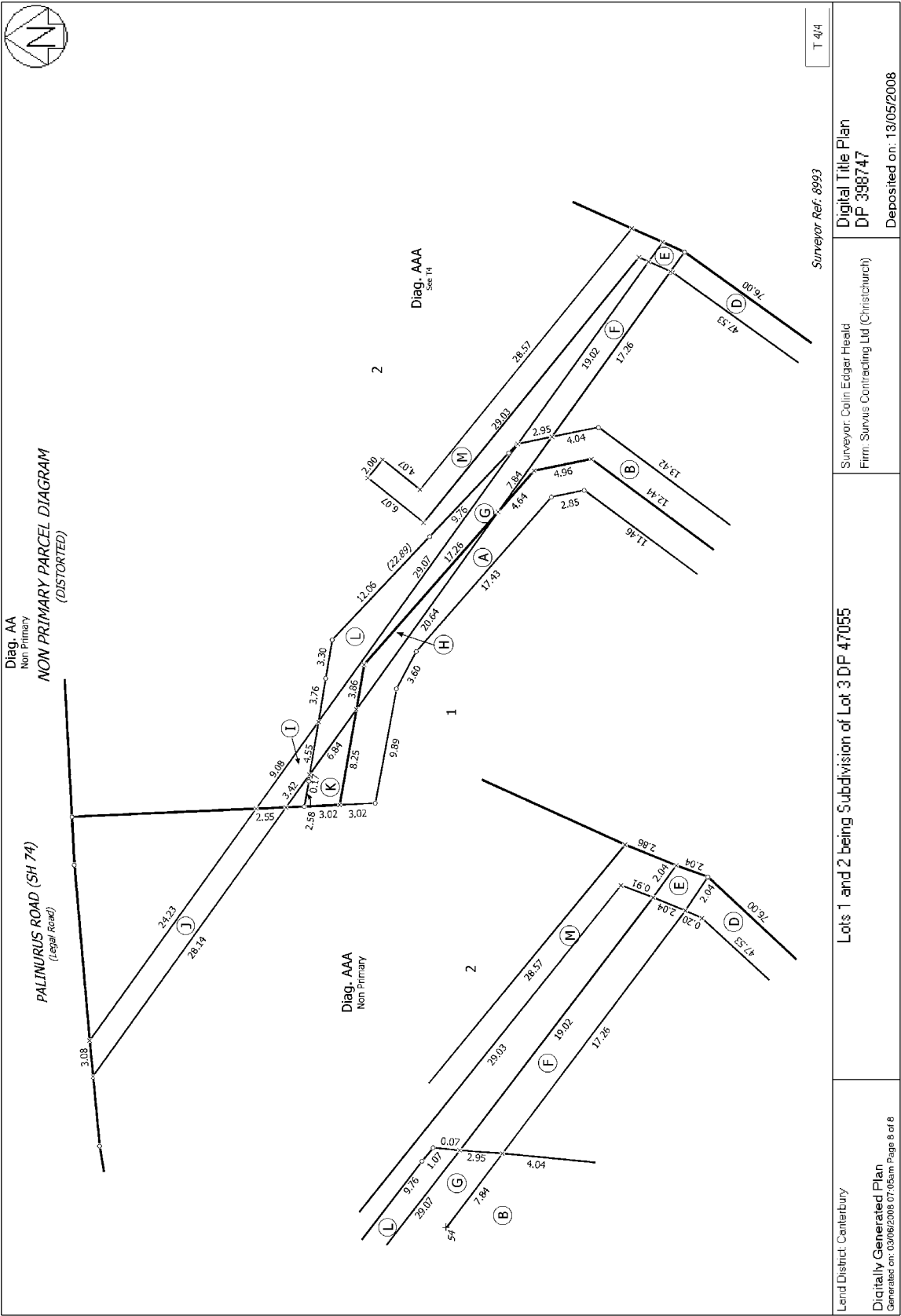
Subject to a right (in gross) to convey electricity over part marked C on DP 398747 in favour of Orion New Zealand Limited created by Easement Instrument 7813875.6 - 13.5.2008 at 9:00 am

11611844.9 Mortgage to Bank of New Zealand - 29.11.2019 at 2:30 pm









APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

Sensitivity Analysis

		Terminal Yield				
		6.25%	6.50%	6.75%	7.00%	7.25%
Discount Rate	7.00%	\$12,700,000	\$12,650,000	\$12,600,000	\$12,550,000	\$12,500,000
	7.25%	\$12,250,000	\$12,200,000	\$12,150,000	\$12,100,000	\$12,050,000
	7.50%	\$11,800,000	\$11,750,000	\$11,700,000	\$11,650,000	\$11,600,000
	7.75%	\$11,350,000	\$11,350,000	\$11,300,000	\$11,250,000	\$11,200,000
	8.00%	\$11,000,000	\$10,950,000	\$10,900,000	\$10,900,000	\$10,850,000
	8.25%	\$10,600,000	\$10,600,000	\$10,550,000	\$10,500,000	\$10,500,000
	8.50%	\$10,250,000	\$10,250,000	\$10,200,000	\$10,200,000	\$10,150,000

The chart illustrates the projected rental value over a 39-year period. The Y-axis represents the Rental P.A. in NZD 10,000s, ranging from \$0 to \$140. The X-axis shows years from 2021 to 2059. The dark green area represents the Contract Term Certain, which is the primary component of the rental value. The light green area represents the Renewal Potential, which becomes significant after 2051. The orange line represents the Market Rent, which is also shown from 2051 onwards.

Year	Contract Term Certain (NZD 10,000s)	Renewal Potential (NZD 10,000s)	Market Rent (NZD 10,000s)	Total Rental P.A. (NZD 10,000s)
2021	60	0	0	60
2023	62	0	0	62
2025	64	0	0	64
2027	66	0	0	66
2029	68	0	0	68
2031	70	0	0	70
2033	72	0	0	72
2035	74	0	0	74
2037	76	0	0	76
2039	78	0	0	78
2041	80	0	0	80
2043	82	0	0	82
2045	84	0	0	84
2047	86	0	0	86
2049	88	0	0	88
2051	90	0	0	90
2053	92	0	0	92
2055	94	0	0	94
2057	96	0	0	96
2059	98	0	0	98

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19. COLDSTREAM

COLDSTREAM



Main Entrance



Care Facility Exterior



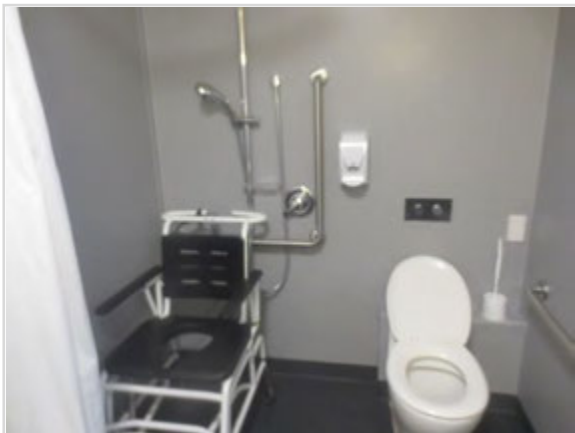
Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$5,500,000

(Five Million, Five Hundred Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Coldstream comprises a medium scale care facility co-located with a small mature resident funded retirement village, situated centrally within the Mid Canterbury township of Ashburton. The complex currently includes: ■ 58 Bed Care Facility ■ 11 Independent Living Units (excluded from this valuation)		
Land Area:	2,905 Square Metres (subject to subdivision)		
Zoning:	The site is zoned 'Residential A' under the Ashburton District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$320,471 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,827 sqm or 1:31.5 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 22 June 2019 for 4 years expiring 22 June 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	29 March 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Matt Stanley, B.Com (VPM)
Registered Valuer
Retirement Housing & Healthcare
Inspection
Property Inspected: Yes

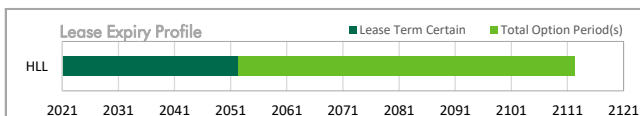
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$5,500,000
Initial Yield	5.83%
Yield on Market	6.45%
Indicated IRR	8.15%
Multiple on Contract Rental	17.2
Multiple on Market Rental	15.5
Average \$ Per Bed	\$94,828
\$/Sqm Floor Area	\$3,011
\$/Sqm Land Area	\$1,893

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$355,000
Capitalise In Perpetuity @	6.00%
Capitalised Value	\$5,916,667
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$468,313)
Market Value	\$5,450,000
Yield on Contract	5.88%
Yield on Market	6.51%
\$ Per Bed	\$93,966

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$320,471	\$355,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$106	\$118
Rent \$ Per Sqm Floor Area	\$175	\$194
Contract Variance to Market (Shortfall P.A.)		(\$34,529)
Contract Variance to Market		-9.73%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.00%
Terminal Yield	7.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$5,550,000
Yield on Contract	5.77%

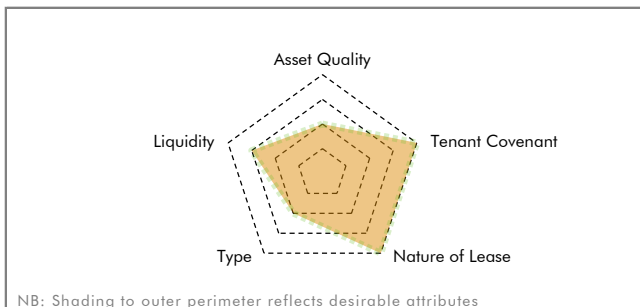
Care Facility Bed Summary

Total Beds	58
Bed Day Capacity	21,170
Ensuite to Room Ratio	16%
Ensuite to Bed Ratio	16%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:31.5 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
Rest Home	21	@	\$75,000	\$1,575,000
Hospital	37	@	\$105,000	\$3,885,000
-	-	@	-	-
-	-	@	-	-
-	-	@	-	-
Total Equivalent Beds	58	@	\$93,966	\$5,450,000

Property Risk Profile



NB: Shading to outer perimeter reflects desirable attributes

NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- The original 1958 convent building has been assessed through an Initial Earthquake Procedure (IEP) report as having a seismic structural rating of between greater than 40% of new building standard (NBS). Whilst this level does not trigger a compulsory upgrade, the building is considered of 'earthquake risk' being between 33% and 67% NBS.
- The overall bed to floor area ratio of approximately 1:31.5 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

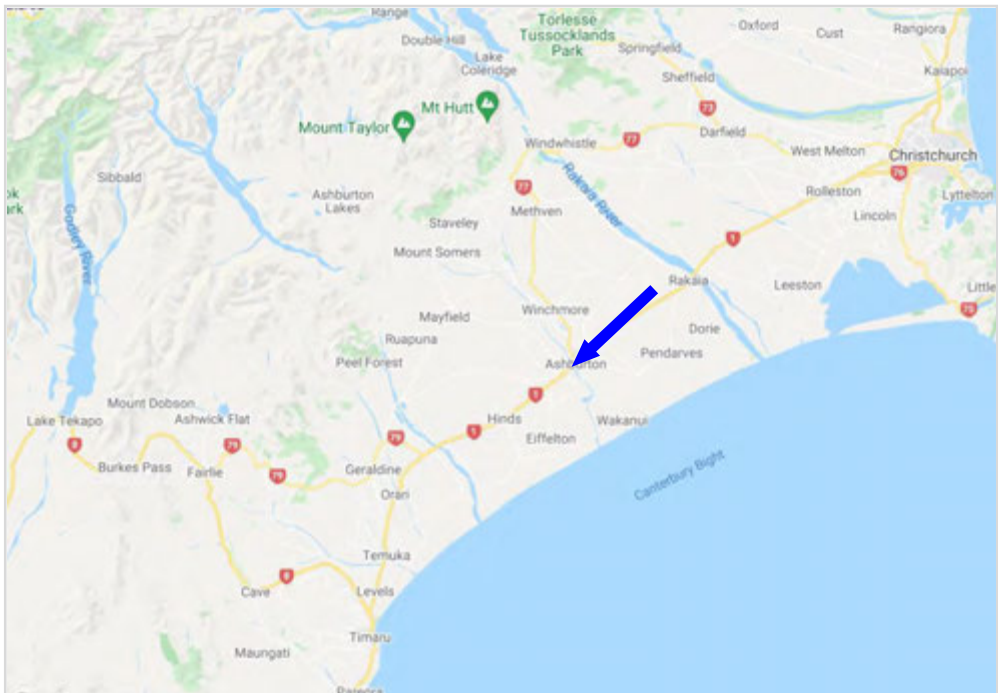
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.
- Purchase adjoining church land to provide for future development.

Threats

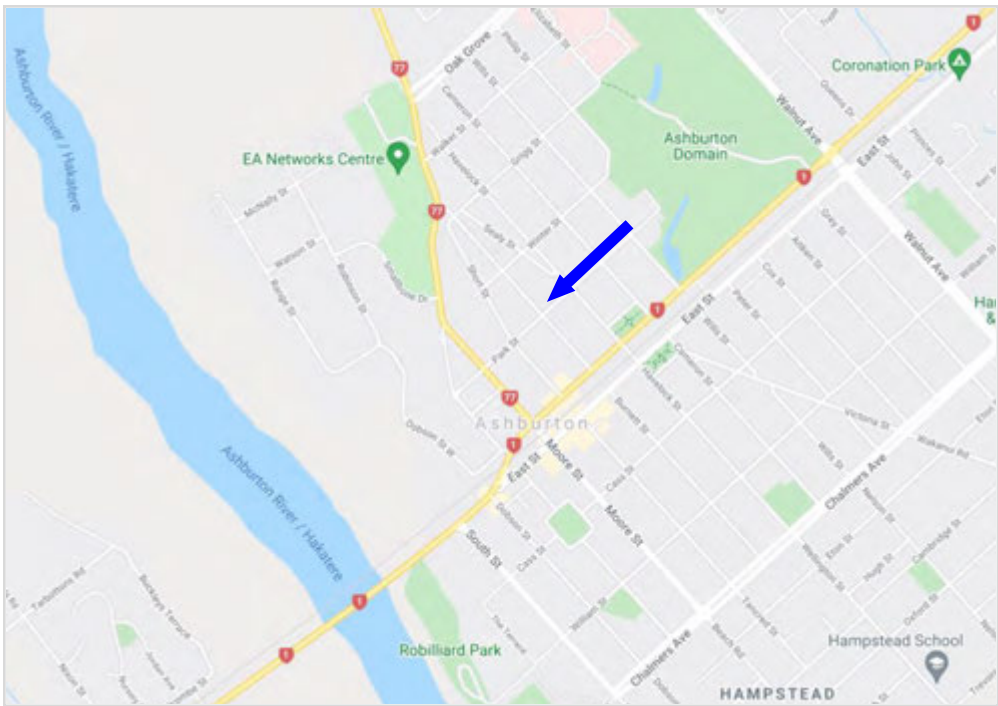
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



Situation: Coldstream is situated in Ashburton with the main site located on the north eastern side of Burnett Street, on the corner of Park Street, approximately 250 metres north west of the intersection with West Street (State Highway 1).

Location: Ashburton is a rural service town, supported largely by the dairy, grain and seed industries. It has enjoyed comparatively strong housing demand in part as a result of the buoyant local economy and in part through relocations following the Christchurch earthquakes. Surrounding development is mixed with the care facility site bordered by

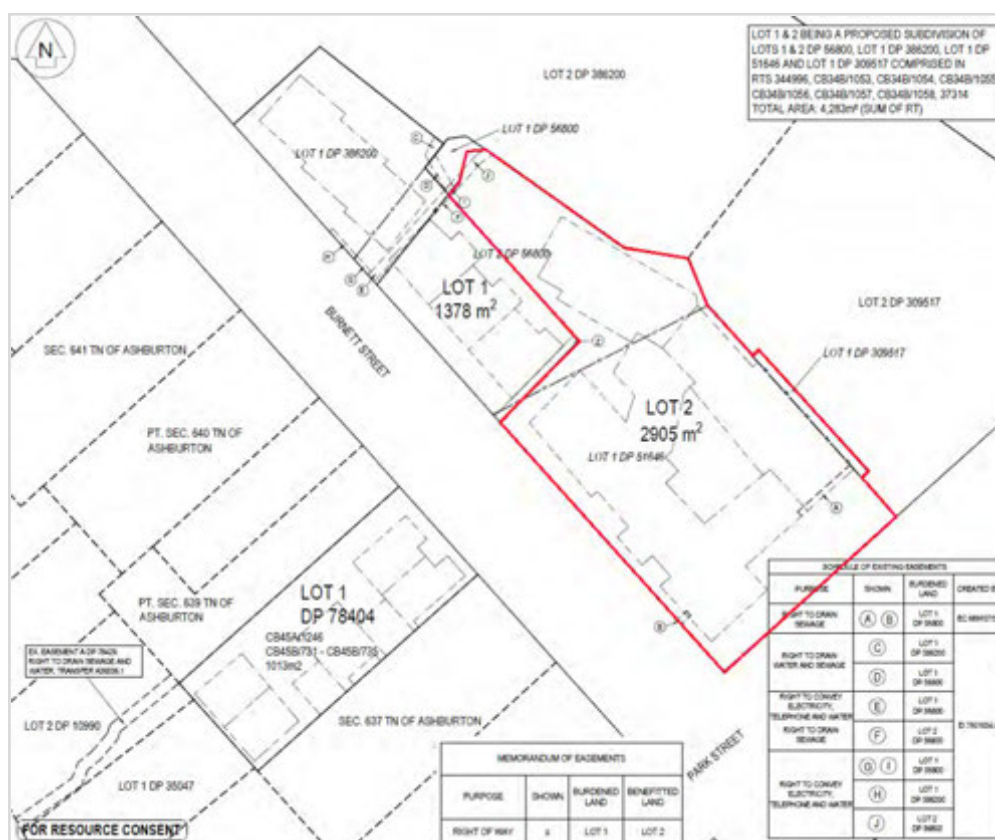
land relating to both the Church of the Holy Name and St Joseph's School. Other development in the surrounding area is predominantly residential in nature along with commercial and retail development along State Highway 1/West Street. Ashburton Hospital is categorised as a secondary level acute medical and surgical hospital that services the wider district. The closest Tertiary level care is located to the north in Christchurch.

Population:

According to the 2018 Census, Ashburton District has a usually resident population of approximately 33,426 people, showing an increase of 7.7% over the 2013 Census. Of the population, 8.2% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Proposed Subdivision Plan:



Proposed Land
Area (Lot 2):

2,905 sqm (subject to subdivision)

3 LEGAL DESCRIPTION

With subdivision pending and a new Identifier yet to be issued, we detail the parent Identifier prior to subdivision as follows:

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
344996	Lot 1	DP 386200	639	Heritage Lifecare Villages Limited	Freehold
37314	Lot 1	DP 309517	42	Heritage Lifecare Villages Limited	Freehold
Strata Title	Lot 1-2	DP 56800	3,602	Heritage Lifecare Villages Limited	Stratum in Freehold
Strata Title	Lot 1	DP 51646	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
CB34B/1056	Unit D & 1/6 Share in AU 1	DP 58130	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
CB34B/1057	Unit E & 1/6 Share in AU 1	DP 58130	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
CB34B/1058	Unit F & 1/6 Share in AU 1	DP 58130	N/A	Heritage Lifecare Villages Limited	Stratum in Freehold
Total			4,283		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 7663836.5 & 7601054.7 Covenant under Section 240 Resource Management Act 1991 (also affects CB34B/1058, 344996 & 37314)
- 11149002.13 Encumbrance to Covenant Trustee Services Limited

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Supplementary Record Sheet

The unit titles are subject to Supplementary Record Sheets CB28K/160. The Supplementary Record Sheets is encumbered by a memorial issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010 which states the body corporate owns the common property and the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

There are various other interests registered including easements, rights of way, rights to convey power etc where the subject holding is either servient or dominant

tenement. We refer the reader to the supplementary record sheet for a full breakdown of same.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 July 2021, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
45 Burnett Street	24540/26602	\$555,000	\$275,000	\$830,000
65 Burnett Street	24540/26811A	\$147,000	\$213,000	\$360,000
65 Burnett Street	24540/26811B	\$138,000	\$212,000	\$350,000
65 Burnett Street	24540/26811C	\$142,000	\$218,000	\$360,000
65 Burnett Street	24540/26811D	\$147,000	\$253,000	\$400,000
65 Burnett Street	24540/26811E	\$138,000	\$222,000	\$360,000
67 Park Street	24540/26811G	\$8,000	\$0	\$8,000
71 Park Street	24540/26811F	\$485,000	\$3,575,000	\$4,060,000
Total		\$1,760,000	\$4,968,000	\$6,728,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Coldstream comprises a medium scale care facility co-located with a small mature resident funded retirement village, situated centrally within the Mid Canterbury township of Ashburton. The complex currently includes:

- 58 Bed Care Facility
- 11 Independent Living Units (excluded from this valuation)

5.1 BED SUMMARY

The room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Chapel Wing									
Single Rooms	-	4	-	2	-	2	8	3	8
Double Rooms	-	-	-	-	-	-	-	-	-
Lills Wing									
Single Rooms	-	2	-	-	-	3	5	3	5
Double Rooms	-	-	-	-	-	-	-	-	-
Somers Wing									
Single Rooms	-	15	-	-	-	-	15	-	15
Double Rooms	-	-	-	-	-	-	-	-	-
Peel Wing									
Single Rooms	-	6	-	2	-	1	9	2	9
Double Rooms	-	-	-	-	-	-	-	-	-
Hutt Wing									
Single Rooms	-	9	-	-	1	1	11	1	11
Double Rooms	-	-	-	-	-	-	-	-	-
Heron Wing									
Single Rooms	-	10	-	-	-	-	10	-	10
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	46	-	4	1	7	58	9	58
Bed Day Capacity									21,170
Ensuite to Room Ratio									16%
Ensuite to Bed Ratio									16%
Single Bed Ratio									100%
Double Bed Ratio									-
Bed to Floor Area Ratio									1:31.5

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

There is no development land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	RH	Care Beds H	D	Current O	Current Total	Future Supply	Forecast Total
Cameron Court Resthome & Village	Allenton	32				32		32
Coldstream	Allenton	21	37			58		58
Rosebank Home and Hospital	Allenton	65	35			100		100
Radius Millstream	Allenton	20	40	20	19	99		99
Princes Court Lifecare	Netherby			35		35		35
Terrace View Retirement Village	Tinwald	27	16			43		43
Methven House		12				12		12
Total Beds		177	128	55	19	379	0	379
Percentage		47%	34%	15%	5%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$355,000 per annum plus GST and outgoings compares to the contract rental of \$320,471 per annum which indicates a difference of \$34,529 per annum, alternatively 10.77%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$355,000

Capitalise In Perpetuity @ 6.00%

CAPITALISED VALUE \$5,916,667

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$355,000
Contract Rental	\$320,471
Rental Shortfall per Annum	(\$34,529)
Months to Next Review	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL SHORTFALL (\$466,629)

\$5,450,037

Sensitivity Analysis		Adopt	\$5,450,000
5.00%	\$6,650,000	Initial Yield	5.88%
5.50%	\$6,000,000	Yield on Market	6.51%
6.00%	\$5,450,000	\$ Per Bed (Based on 58 Equivalent Beds)	\$93,966
6.50%	\$5,000,000	\$ Per Sqm Floor Area	\$2,984
7.00%	\$4,600,000	Multiple on Market	15.35

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	21	@	\$75,000	\$1,575,000
Hospital	37	@	\$105,000	\$3,885,000
Total Equivalent Beds	58	@	\$94,138	\$5,460,000
Sensitivity Analysis				Adopt
\$89,138	\$5,170,000	Yield on Market		6.51%
\$94,138	\$5,450,000	Equivalent \$/Per Bed (Based on 58 Beds)		\$93,966
\$99,138	\$5,750,000	Multiple on Market		15.35

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	9.10%

Sensitivity Analysis		Adopt	\$5,550,000
-10%	\$5,000,000	Initial Yield	5.77%
-	\$5,550,000	Yield on Market	6.40%
10%	\$6,100,000	\$/Bed	\$95,690

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$5,450,000
Sales Comparison Approach:	Assessed Value:	\$5,450,000
Discounted Cash Flow Approach:	Assessed Value:	\$5,550,000
FREEHOLD LAND & BUILDINGS		\$5,500,000
Initial Yield		5.83%
Yield on Market		6.45%
\$ Per Bed (Based on 58 Physical Beds)		\$94,828
\$ Per Sqm Floor Area		\$3,011
\$ Per Sqm Land Area		\$1,893
Multiple on Contract		17.16
Multiple on Market		15.49

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

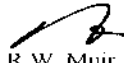
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **37314**
Land Registration District **Canterbury**
Date Issued 19 December 2007

Prior References
CB34A/1095

Estate Fee Simple
Area 42 square metres more or less
Legal Description Lot 1 Deposited Plan 309517
Registered Owners
Heritage Lifecare Villages Limited

Interests

Appurtenant hereto is a right to drain sewage specified in Easement Certificate 689107.3 - 25.6.1987 at 10:25 am
7663836.5 COVENANT UNDER SECTION 240 RESOURCE MANAGEMENT ACT 1991 (ALSO AFFECTS
CB34B/1058) - 19.12.2007 at 9:00 am

Subject to Section 242 (1) and (2) Resource Management Act 1991 (affects DP 309517)

Appurtenant hereto is a right of way and a right to park created by Easement Instrument 7663836.6 - 19.12.2007 at 9:00
am

The easements created by Easement Instrument 7663836.6 are subject to Section 243 (a) Resource Management Act 1991
11149002.13 Encumbrance to Covenant Trustee Services Limited - 22.6.2018 at 3:27 pm

11149002.14 Mortgage to Bank of New Zealand - 22.6.2018 at 3:27 pm

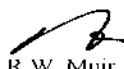
11531614.4 Variation of Mortgage 11149002.14 - 26.8.2019 at 3:56 pm

[illegible]



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **344996**
Land Registration District **Canterbury**
Date Issued 02 November 2007

Prior References
CB34A/1096

Estate Fee Simple
Area 639 square metres more or less
Legal Description Lot 1 Deposited Plan 386200
Registered Owners
Heritage Lifecare Villages Limited

Interests

Subject to a right to convey electricity, telephone and water over part marked H and a right to drain water and sewage over part marked C on DP 386200 created by Easement Instrument 7601054.5 - 2.11.2007 at 9:00 am

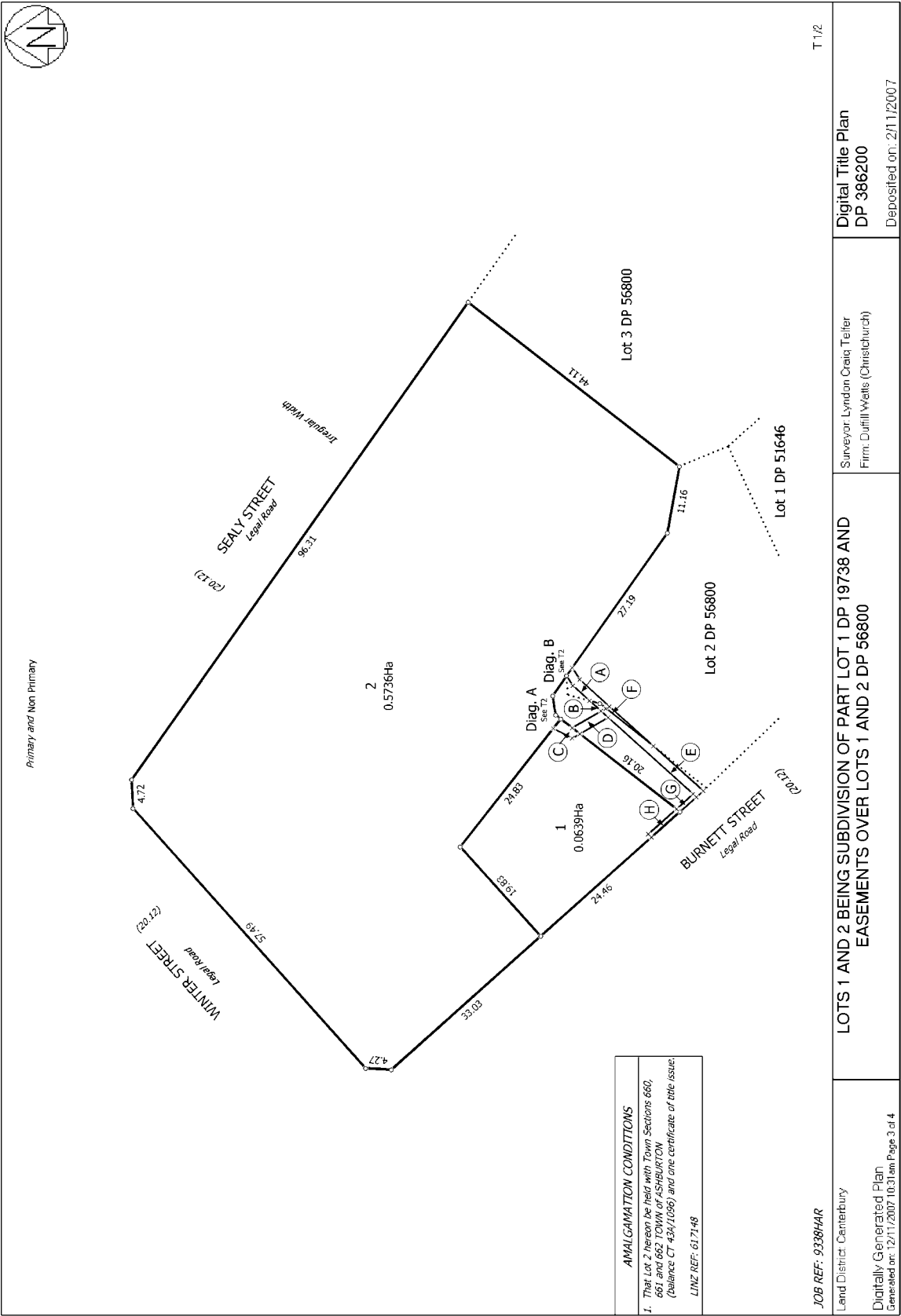
The easements created by Easement Instrument 7601054.5 are subject to Section 243 (a) Resource Management Act 1991
7601054.7 COVENANT UNDER SECTION 240 RESOURCE MANAGEMENT ACT 1991 (ALSO AFFECTS
CB34B/1058) - 2.11.2007 at 9:00 am

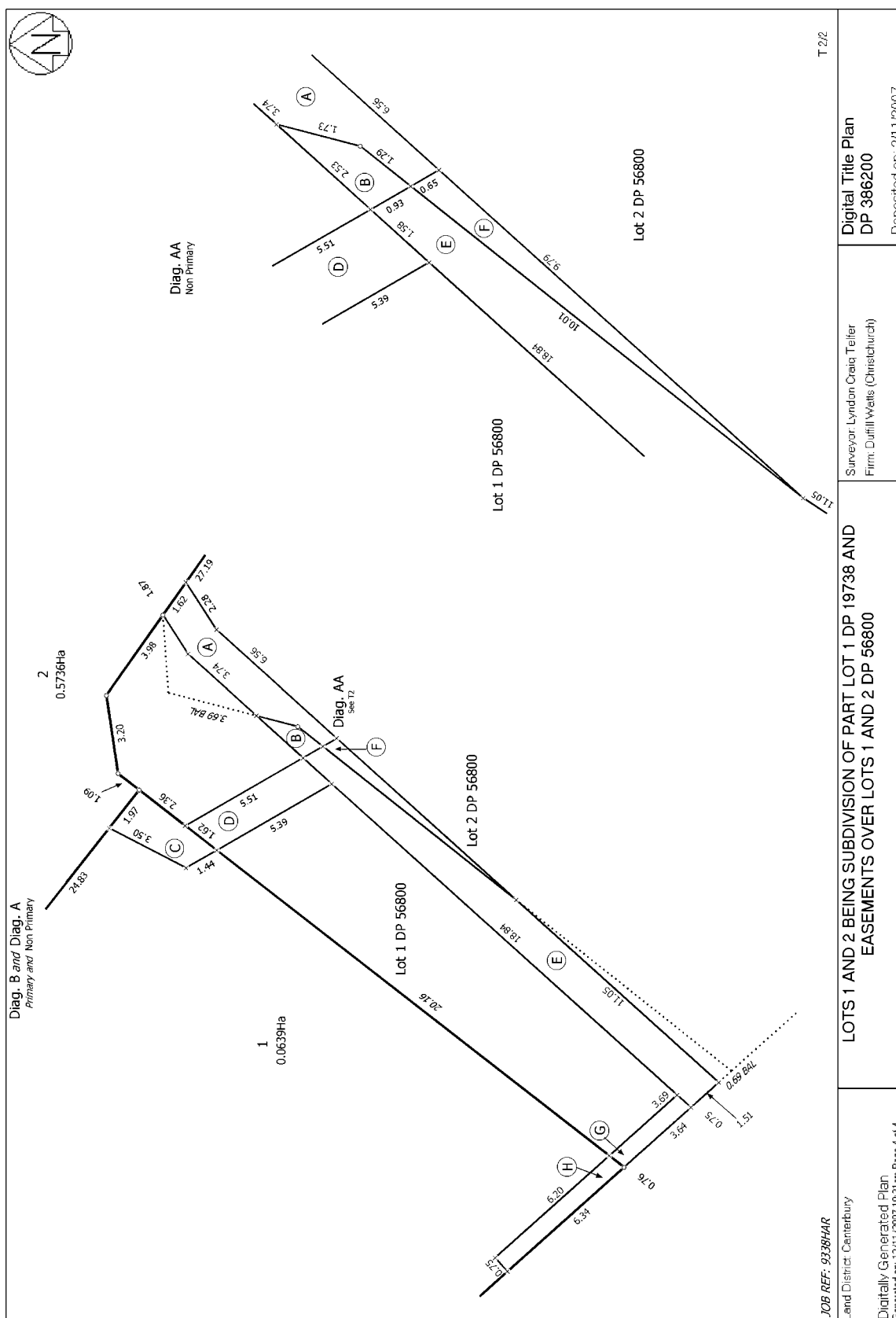
Subject to Section 242(1) and (2) Resource Management Act 1991 (affects DP 386200)

11149002.13 Encumbrance to Covenant Trustee Services Limited - 22.6.2018 at 3:27 pm

11149002.14 Mortgage to Bank of New Zealand - 22.6.2018 at 3:27 pm

11531614.4 Variation of Mortgage 11149002.14 - 26.8.2019 at 3:56 pm







SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB28K/160
Land Registration District Canterbury
Date Issued 27 June 1991
Plan Number DP 58130

Subdivision of

Lot 2 Deposited Plan 56800 and Lot 1 Deposited Plan 56800 and Lot 1 Deposited Plan 51646

Unit Titles Issued

CB34B/1053	CB34B/1054	CB34B/1055	CB34B/1056
CB34B/1057	CB34B/1058		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to Section 308 (4) Local Government Act 1974

Subject to a right to drain sewage over part herein appurtenant to Lot 3 DP 56800 (CT CB34A/1095) as specified in Easement Certificate 689107.3

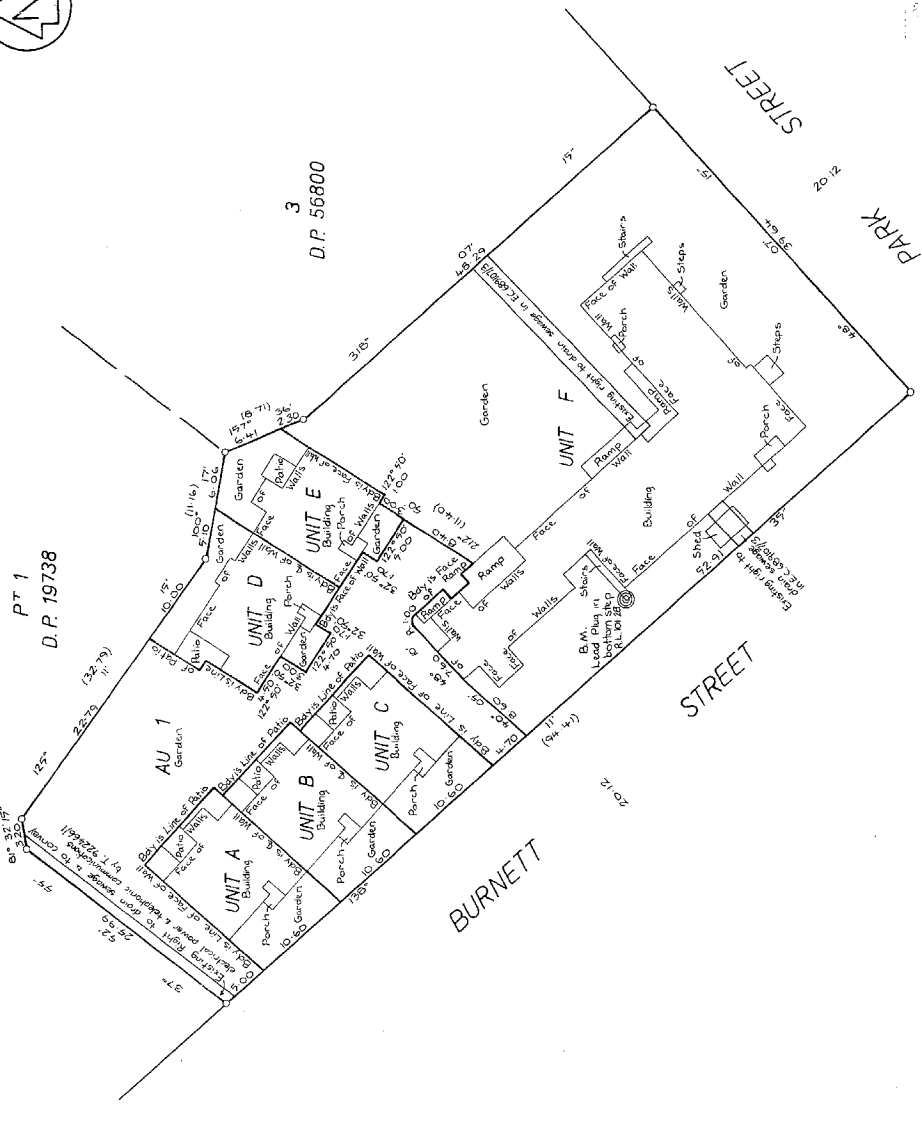
Subject to a right to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked B & G and over part Lot 2 DP 56800 herein marked A, a right to drain water and sewage over part Lot 1 DP 56800 herein marked D and a right to drain water and sewage and to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked E and over part Lot 2 DP 56800 herein marked F all on DP 386200 created by Easement Instrument 7601054.5 - 2.11.2007 at 9:00 am

The easements created by Easement Instrument 7601054.5 are subject to Section 243 (a) Resource Management Act 1991



PT 1
D.P. 19738

3
D.P. 56800



LAND DISTRICT CANTERBURY
SURVEY BLK. & DIST XIII ASHBURTON
NZMS 261 SHIT K 37 RECORD MAP No

UNITS ON LOTS 1 & 2 D.P. 56800 & LOT 1 D.P. 51646

TERRITORIAL AUTHORITY ASHBURTON DISTRICT
Surveyed by **MILES, GREGORY & FEAR (3876)**
Scale **1:300** Date **SEPTEMBER 1990**

Approved:  **PHILIPPA**
Address of Body Corporate: 71 PARK STREET ASHBURTON

UNIT		ENTITLEMENT	
Unit	Description	Approx Area	Height Limits
Unit A	177m ²	892	107.97 101.12
Unit B	177m ²	879	107.97 101.12
Unit C	173m ²	856	108.07 101.22
Unit D	194m ²	914	108.07 102.22
Unit E	193m ²	912	108.07 102.22
Unit F	193m ²	912	107.97 102.22
Total Unit Entitlement		10,000	

NOTE: Levels are in terms of Mean Sea Level Lyndon Datum 1937

Supplementary Record Sheet
Comprised in C.T. 34A/1094

I, Graham Harvey, Fowler of Christchurch, hereby certify that this plan has been made from surveys executed by me or under my directions, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any amendments thereof, and that the plan is a true and correct copy of the original plan as deposited with me.

Date of Christchurch No. 21, 97 day 1990

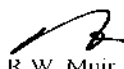
Field Book	P	Transit Book	P
Reference Plans	D.P.s 19738, 51646, 56800	Corner	-

Examined *[Signature]*
Approved as to Survey
3 14 191 *[Signature]* Deputy Chief Surveyor
Deposited this 29th day of May 1991
File No. **DP 58130**
Received 15. 2. 91
Inspector



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
UNIT TITLE
Search Copy




R.W. Muir
Registrar-General
of Land

Identifier **CB34B/1056**

Land Registration District **Canterbury**

Date Issued 29 May 1991

Prior References

CB34A/1094

Supplementary Record Sheet

CB28K/160

Estate Stratum in Freehold

Legal Description Unit D and 1/6 share in Accessory Unit 1
Deposited Plan 58130

Registered Owners

Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

11149002.13 Encumbrance to Covenant Trustee Services Limited - 22.6.2018 at 3:27 pm

11149002.14 Mortgage to Bank of New Zealand - 22.6.2018 at 3:27 pm

11531614.4 Variation of Mortgage 11149002.14 - 26.8.2019 at 3:56 pm

DOSLI FORM D15



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB28K/160
Land Registration District Canterbury
Date Issued 27 June 1991
Plan Number DP 58130

Subdivision of

Lot 2 Deposited Plan 56800 and Lot 1 Deposited Plan 56800 and Lot 1 Deposited Plan 51646

Unit Titles Issued

CB34B/1053	CB34B/1054	CB34B/1055	CB34B/1056
CB34B/1057	CB34B/1058		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to Section 308 (4) Local Government Act 1974

Subject to a right to drain sewage over part herein appurtenant to Lot 3 DP 56800 (CT CB34A/1095) as specified in Easement Certificate 689107.3

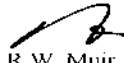
Subject to a right to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked B & G and over part Lot 2 DP 56800 herein marked A, a right to drain water and sewage over part Lot 1 DP 56800 herein marked D and a right to drain water and sewage and to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked E and over part Lot 2 DP 56800 herein marked F all on DP 386200 created by Easement Instrument 7601054.5 - 2.11.2007 at 9:00 am

The easements created by Easement Instrument 7601054.5 are subject to Section 243 (a) Resource Management Act 1991



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




R.W. Muir
Registrar-General
of Land

Identifier **CB34B/1057**

Land Registration District **Canterbury**

Date Issued 29 May 1991

Prior References
CB34A/1094

Supplementary Record Sheet
CB28K/160

Estate Stratum in Freehold
Legal Description Unit E and 1/6 share in Accessory Unit 1
Deposited Plan 58130

Registered Owners
Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

11149002.13 Encumbrance to Covenant Trustee Services Limited - 22.6.2018 at 3:27 pm
11149002.14 Mortgage to Bank of New Zealand - 22.6.2018 at 3:27 pm
11531614.4 Variation of Mortgage 11149002.14 - 26.8.2019 at 3:56 pm

DOSH FORM D15



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier

CB28K/160

Land Registration District

Canterbury

Date Issued

27 June 1991

Plan Number

DP 58130

Subdivision of

Lot 2 Deposited Plan 56800 and Lot 1 Deposited Plan 56800 and Lot 1 Deposited Plan 51646

Unit Titles Issued

CB34B/1053

CB34B/1054

CB34B/1055

CB34B/1056

CB34B/1057

CB34B/1058

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to Section 308 (4) Local Government Act 1974

Subject to a right to drain sewage over part herein appurtenant to Lot 3 DP 56800 (CT CB34A/1095) as specified in Easement Certificate 689107.3

Subject to a right to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked B & G and over part Lot 2 DP 56800 herein marked A, a right to drain water and sewage over part Lot 1 DP 56800 herein marked D and a right to drain water and sewage and to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked E and over part Lot 2 DP 56800 herein marked F all on DP 386200 created by Easement Instrument 7601054.5 - 2.11.2007 at 9:00 am

The easements created by Easement Instrument 7601054.5 are subject to Section 243 (a) Resource Management Act 1991



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




R.W. Muir
Registrar-General
of Land

Identifier **CB34B/1058**

Land Registration District **Canterbury**

Date Issued 29 May 1991

Prior References

CB34A/1094

Supplementary Record Sheet

CB28K/160

Estate Stratum in Freehold

Legal Description Unit F and 1/6 share in Accessory Unit 1
Deposited Plan 58130

Registered Owners

Heritage Lifecare Villages Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

7601054.7 COVENANT UNDER SECTION 240 RESOURCE MANAGEMENT ACT 1991 (ALSO AFFECTS 344996) -
2.11.2007 at 9:00 am

Subject to Section 242(1) and (2) Resource Management Act 1991 (affects DP 386200)

7663836.5 COVENANT UNDER SECTION 240 RESOURCE MANAGEMENT ACT 1991 (ALSO AFFECTS 37314) -
19.12.2007 at 9:00 am

Appurtenant to Unit F DP 58130 is a right of way and a right to park created by Easement Instrument 7663836.6 -
19.12.2007 at 9:00 am

The easements created by Easement Instrument 7663836.6 are subject to Section 243 (a) Resource Management Act 1991

11149002.13 Encumbrance to Covenant Trustee Services Limited - 22.6.2018 at 3:27 pm

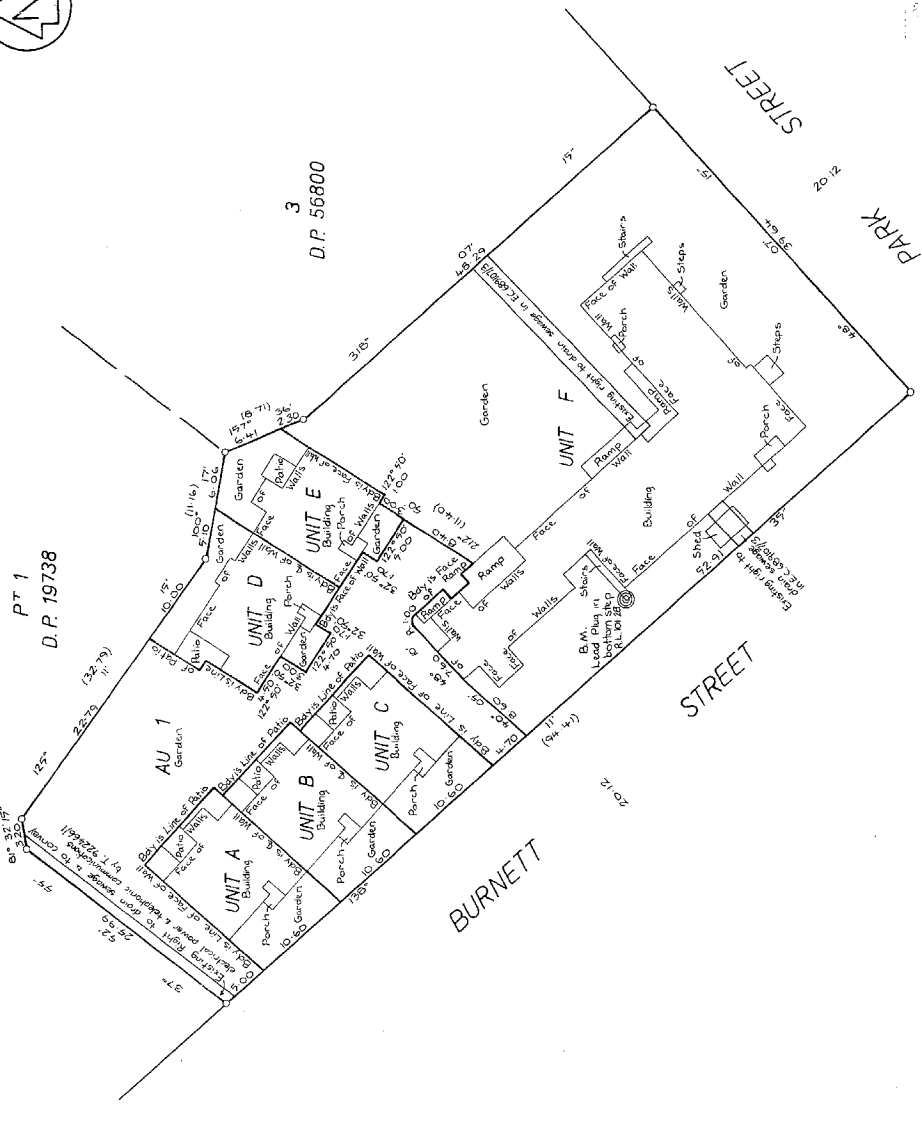
11149002.14 Mortgage to Bank of New Zealand - 22.6.2018 at 3:27 pm

11531614.4 Variation of Mortgage 11149002.14 - 26.8.2019 at 3:56 pm



PT 1
D.P. 19738

3
D.P. 56800



C.T.		UNIT		ENTITLEMENT		Height Limits	
Issued	Description	Approx Area	Unit	Entitlement	Lower	Upper	Lower
3/4/1053	Unit A	177m ²	892	107.57	101.12		
3/4/1053	Unit B	177m ²	892	107.57	101.12		
3/4/1053	Unit C	177m ²	892	107.57	101.12		
3/4/1053	Unit D	177m ²	892	107.57	101.12		
3/4/1053	Unit E	177m ²	892	107.57	101.12		
3/4/1053	Unit F	177m ²	892	107.57	101.12		
Total Unit Entitlement		10,000					

NOTE: Levels are in terms of Mean Sea Level. Datum 1937.

Supplementary Record Sheet
Comprised in C.T. 34A/1094.

Graham Harvey, Fowler of Christchurch, is hereby certified that this plan has been made from surveys executed by me or under my directions, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any amendments thereof, and that the plan is a true and correct copy of the original plan and survey.

Dated at Christchurch this 21st day of December 1990. Signatures: *[Signature]*

Field Book: P. 19738, 51644, 56800
Reference Plans: D.P.s 19738, 51644, 56800

Examined: *[Signature]* Correct: -

Approved as to Survey: *[Signature]* Property Chief Surveyor
314/191
Deposited this 29th day of May 1991

Received: *[Signature]* District Land Registrar
15.2.91
DP58130

LAND DISTRICT CANTERBURY
SURVEY BLK. & DIST XIII ASHBURTON
NZMS 261 SHIT K 37 RECORD MAP No

UNITS ON LOTS 1 & 2 D.P. 56800 &
LOT 1 D.P. 51646

TERRITORIAL AUTHORITY ASHBURTON DISTRICT
Surveyed by MILES, GREGORY & FEAR (3876)
Scale 1:300 Date SEPTEMBER 1990



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB28K/160
Land Registration District Canterbury
Date Issued 27 June 1991
Plan Number DP 58130

Subdivision of

Lot 2 Deposited Plan 56800 and Lot 1 Deposited Plan 56800 and Lot 1 Deposited Plan 51646

Unit Titles Issued

CB34B/1053	CB34B/1054	CB34B/1055	CB34B/1056
CB34B/1057	CB34B/1058		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to Section 308 (4) Local Government Act 1974

Subject to a right to drain sewage over part herein appurtenant to Lot 3 DP 56800 (CT CB34A/1095) as specified in Easement Certificate 689107.3

Subject to a right to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked B & G and over part Lot 2 DP 56800 herein marked A, a right to drain water and sewage over part Lot 1 DP 56800 herein marked D and a right to drain water and sewage and to convey electricity, telephone and water over part Lot 1 DP 56800 herein marked E and over part Lot 2 DP 56800 herein marked F all on DP 386200 created by Easement Instrument 7601054.5 - 2.11.2007 at 9:00 am

The easements created by Easement Instrument 7601054.5 are subject to Section 243 (a) Resource Management Act 1991



SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier CB37D/188
Land Registration District Canterbury
Date Issued 05 November 1998
Plan Number DP 78942

Subdivision of
Lot 1 Deposited Plan 78404

Prior References
CB45A/200

Unit Titles Issued			
CB45A/1246	CB45B/731	CB45B/732	CB45B/733
CB45B/734	CB45B/735		

Interests
OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Appurtenant hereto is a right to drain sewage and water over part Lot 2 DP 10990 marked A on DP 78429 CT CB450/159 created by Transfer A365736.1 - 25.8.1998 at 11.55 am

A376038.7 Change of rules - 5.11.1998 at 9.28 am

Approvals Signed for Harborough Holdings Limited
(Signature)
 Registered Proprietors
 I hereby certify that this plan was prepared in accordance with the provisions of the Land Registration Act 1991 and the Resource Management Act 1991 on the 18 day of June 1998

Principal Administrative Officer/Authorising Officer
(Signature)
 Address of Body Corporate
 71 Park Street
 Ashburton

Unit Description	Unit Area	Unit Enfranchisement	C.T. Issued
Unit A	120 m ²	1914	458/731
Unit B	160 m ²	1986	458/732
Unit C	160 m ²	2010	458/733
Unit D	155 m ²	1962	458/734
Unit E	150 m ²	1962	458/735
AUA 1	42 m ²	186	458/731
Total Enfranchisement		10000	

CON 4378384
 Supplementary Record Sheet 37D/188
 Compiled in C.T. 45A/200

Land Graham Harvey Fowler
 Registered Surveyor and Holder of a Licence to Survey in the Ashburton District
 1986 hereby certify that this plan has been made from surveys executed by me or under my direction, that both plan and survey are correct and have been made in accordance with the Survey Regulations 1972 or any regulations made thereunder, and that the land is situated in the 5th day of June 1998
 Signed at Christchurch
 of June 1998
 Field Book 761 p. 14
 Reference Plan DP 10990 35047 78404
 B.M. 311

Approved as to Survey
(Signature)
 District Land Registrar
 12/8/98
 Deposited this 5th day of November 1998

File DP 10990 35047 78404
 Received 2.7.98
 District Land Registrar
 DP78942

Units on Lot 1 DP 78404

TERRITORIAL AUTHORITY Ashburton District
 Surveyed by **Miles, Fowler & Fear**
 Scale 1:200 Date June 1998

LAND DISTRICT CANTERBURY
Survey Blk. & Dist. XIII Ashburton
NZMS 261 Sheet Record Map No.

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

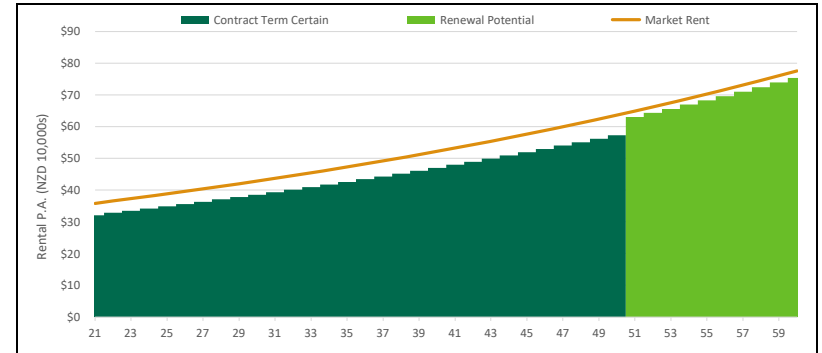
Discounted Cash Flow Summary

PV of Net Income	\$5,060,000
PV of Terminal Value	\$500,000
Total Net Present Value	\$5,560,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$5,550,000
Indicated IRR	8.15%
Initial Yield	5.77%
Yield on Market	6.40%
\$/Bed	\$95,690

Sensitivity Analysis

		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rate	7.25%	\$6,300,000	\$6,250,000	\$6,250,000	\$6,200,000	\$6,200,000
	7.50%	\$6,050,000	\$6,000,000	\$6,000,000	\$6,000,000	\$5,950,000
	7.75%	\$5,800,000	\$5,800,000	\$5,800,000	\$5,750,000	\$5,750,000
	8.00%	\$5,600,000	\$5,600,000	\$5,550,000	\$5,550,000	\$5,550,000
	8.25%	\$5,400,000	\$5,400,000	\$5,400,000	\$5,350,000	\$5,350,000
	8.50%	\$5,250,000	\$5,200,000	\$5,200,000	\$5,200,000	\$5,150,000
	8.75%	\$5,050,000	\$5,050,000	\$5,000,000	\$5,000,000	\$5,000,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	32	33	33	34	35	36	36	37	38	39	39	40	41	42	43	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	63	64	66	67	68	70	71	72	74	75	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	32	33	33	34	35	36	36	37	38	39	39	40	41	42	43	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	63	64	66	67	68	70	71	72	74	75	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																												1,120
Disposal Cost Allowance @ 2.0%																																												-22

NET CASHFLOW INCOME	32	33	33	34	35	36	36	37	38	39	39	40	41	42	43	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	63	64	66	67	68	70	71	72	74	75	1,098

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

20. PRINCES COURT LIFECARE

PRINCES COURT LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$2,475,000

(Two Million, Four Hundred and Seventy Five Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Princes Court Lifecare comprises a small scale standalone care facility, providing secure dementia level care, located in the Mid Canterbury township of Ashburton. The facility was originally constructed circa 1993 with further extension and reconfiguration taking place since this time. The bed to floor area ratio is considered intensive in relation to a modern contempered standard, influenced by the limited ensuite provision, conversely remains in tidy condition and provides a homely style of accommodation. The facility includes an area of vacant land at the rear which offers potential for future expansion. The complex currently includes: ■ 35 Bed Care Facility ■ An estimated 1,000 sqm of development land		
Land Area:	3,980 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential C' under the Ashburton District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$131,200 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 990 sqm or 1:28.3 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care from 30 April 2020 for 3 year expiring 30 April 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
	Development Land	Sales Comparison Subject to Deferment	
Date of Inspection:	7 December 2021		

General Limitations: This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Matt Stanley, B.Com (VPM)
Registered Valuer
Retirement Housing & Healthcare
Inspection
Property Inspected: Yes

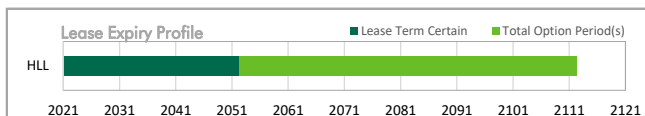
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$2,475,000
Initial Yield	5.30%
Yield on Market	8.08%
Indicated IRR	7.88%
Multiple on Contract Rental	18.9
Multiple on Market Rental	12.4
Average \$ Per Bed	\$70,714
\$/Sqm Floor Area	\$2,500
\$/Sqm Land Area	\$622

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$200,000
Capitalise In Perpetuity @	6.00%
Capitalised Value	\$3,333,333
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$933,120)
Market Value	\$2,400,000
Yield on Contract	5.47%
Yield on Market	8.33%
\$ Per Bed	\$68,571

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$131,200	\$200,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$72	\$110
Rent \$ Per Sqm Floor Area	\$133	\$202
Contract Variance to Market (Shortfall P.A.)		(\$68,800)
Contract Variance to Market		-34.40%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.00%
Terminal Yield	7.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$2,350,000
Yield on Contract	5.58%

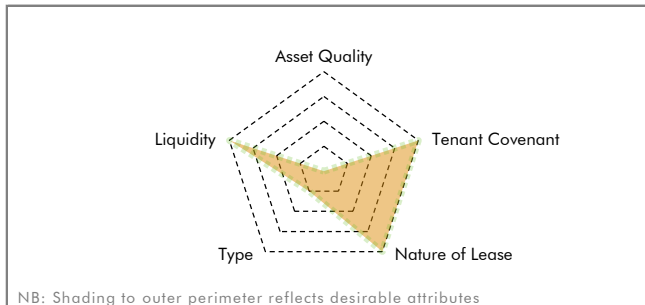
Care Facility Bed Summary

Total Beds	35
Bed Day Capacity	12,775
Ensuite to Room Ratio	-
Ensuite to Bed Ratio	-
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:28.3 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds		\$ Per Bed	Total Value
Dementia	35	@	\$65,000	\$2,275,000
-	-	@	-	-
-	-	@	-	-
-	-	@	-	-
-	-	@	-	-
Total Equivalent Beds	35	@	\$65,714	\$2,300,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- The overall bed to floor area ratio of approximately 1:28.3 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

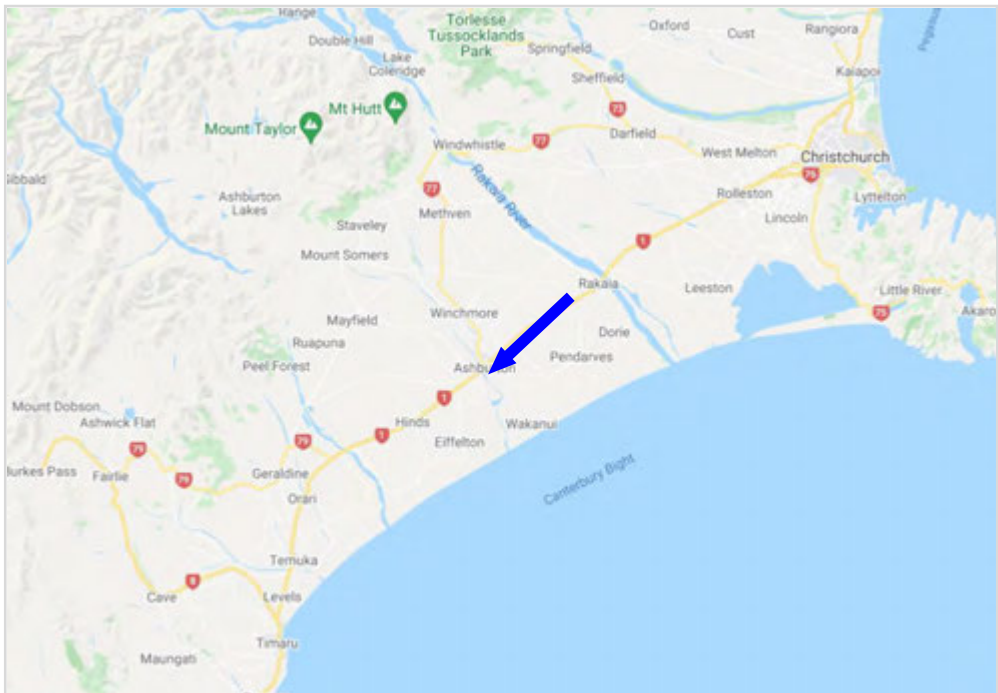
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

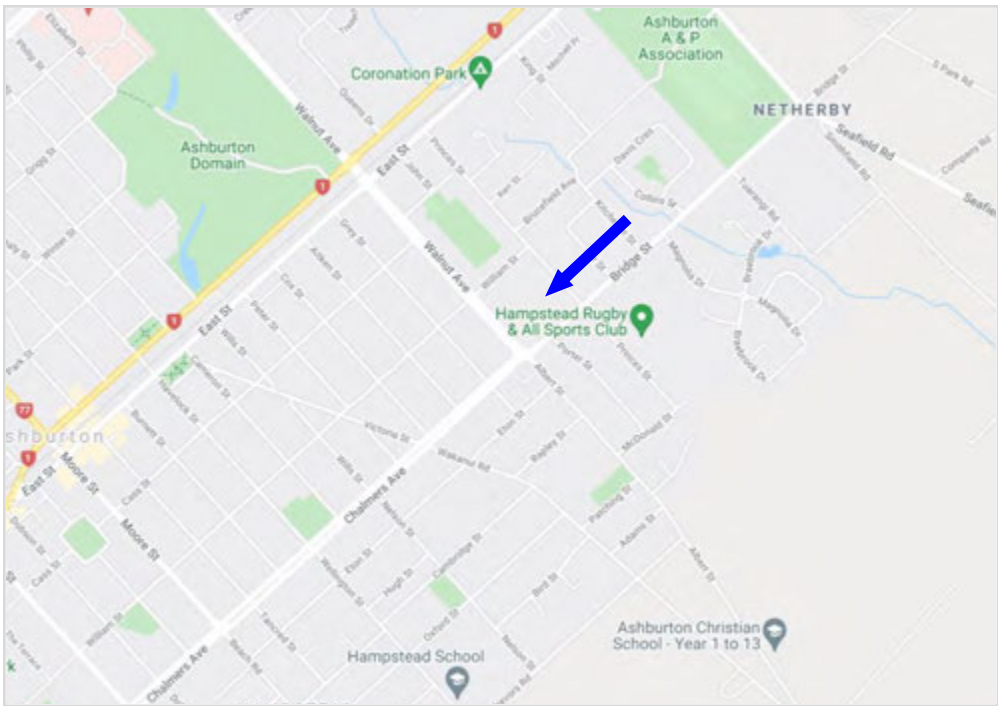
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** Situated to the south western side of Princes Street, a local collector road, approximately 550 metres south west of the intersection with East Street.
- Location:** Located in the suburb of Netherby, approximately 2.1 kilometres east of Ashburton town centre.
- Population:** According to the 2018 Census, Ashburton District has a usually resident population of approximately 33,426 people, showing an increase of 7.7% over the 2013 Census.

Of the population, 8.2% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
455919	Lot 1	DP 60613	3,980	Heritage Lifecare Limited	Freehold
	Lot 3	DP 414808			
Total			3,980		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- Subject to Section 241 (2) Resource Management Act 1991

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 July 2021, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
58 Princes Street	24566/9310	\$360,000	\$1,580,000	\$1,940,000
Total		\$360,000	\$1,580,000	\$1,940,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Princes Court Lifecare comprises a small scale standalone care facility, providing secure dementia level care, located in the Mid Canterbury township of Ashburton. The facility was originally constructed circa 1993 with further extension and reconfiguration taking place since this time. The bed to floor area ratio is considered intensive in relation to a modern contempered standard, influenced by the limited ensuite provision, conversely remains in tidy condition and provides a homely style of accommodation. The facility includes an area of vacant land at the rear which offers potential for future expansion. The complex currently includes:

- 35 Bed Care Facility
- An estimated 1,000 sqm of development land

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Hakaterere Wing									
Single Rooms	-	5	8	-	1	-	14	-	14
Double Rooms	-	-	-	-	-	-	-	-	-
Methven Wing									
Single Rooms	-	9	-	-	-	-	9	-	9
Double Rooms	-	-	-	-	-	-	-	-	-
Longbeach Wing									
Single Rooms	12	-	-	-	-	-	12	-	12
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	12	14	8	-	1	-	35	-	35
Bed Day Capacity									12,775
Ensuite to Room Ratio									-
Ensuite to Bed Ratio									-
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:28.3

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

Development land comprises an estimated 1,000 sqm site, located to the rear of the care facility.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current O	Current Total	Future Supply	Forecast Total
		RH	H	D				
Cameron Court Resthome & Village	Allenton	32				32		32
Coldstream	Allenton	21	37			58		58
Rosebank Home and Hospital	Allenton	65	35			100		100
Radius Millstream	Allenton	20	40	20	19	99		99
Princes Court Lifecare	Netherby			35		35		35
Terrace View Retirement Village	Tinwald	27	16			43		43
Methven House	Methven	12				12		12
Total Beds		177	128	55	19	379	0	379
Percentage		47%	34%	15%	5%	100%	0%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$200,000 per annum plus GST and outgoings compares to the contract rental of \$131,200 per annum which indicates a difference of \$68,800 per annum, alternatively 52.44%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CARE FACILITY

8.1.1 Capitalisation Approach

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$200,000

Capitalise In Perpetuity @ 6.00%

CAPITALISED VALUE \$3,333,333

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$200,000
Contract Rental	\$131,200
Rental Shortfall per Annum	(\$68,800)
Months to Next Review	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL SHORTFALL (\$929,765)

\$2,403,568

Sensitivity Analysis	Adopt	\$2,400,000
5.00%	\$3,050,000	Initial Yield 5.47%
5.50%	\$2,700,000	Yield on Market 8.33%
6.00%	\$2,400,000	\$ Per Bed (Based on 35 Equivalent Beds) \$68,571
6.50%	\$2,150,000	\$ Per Sqm Floor Area \$2,424
7.00%	\$1,950,000	Multiple on Market 12.00

8.1.2 Direct Comparison Approach

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Dementia	35	@	\$65,000	\$2,275,000
Total Equivalent Beds	35	@	\$65,000	\$2,275,000

Sensitivity Analysis	Adopt	\$2,300,000
\$60,000	\$2,100,000	Yield on Market 8.70%
\$65,000	\$2,300,000	Equivalent \$/Per Bed (Based on 35 Beds) \$65,714
\$70,000	\$2,450,000	Multiple on Market 11.50

8.1.3 Discounted Cash Flow Approach

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	12.09%

Sensitivity Analysis	Adopt	
-10%	\$2,100,000	Initial Yield 5.58%
-	\$2,350,000	Yield on Market 8.51%
10%	\$2,600,000	\$/Bed \$67,143

8.1.4 Valuation Reconciliation

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$2,400,000
Sales Comparison Approach:	Assessed Value:	\$2,300,000
Discounted Cash Flow Approach:	Assessed Value:	\$2,350,000

FREEHOLD LAND & BUILDINGS	\$2,400,000
Initial Yield	5.47%
Yield on Market	8.33%
\$ Per Bed (Based on 35 Physical Beds)	\$68,571
\$ Per Sqm Floor Area	\$2,424
\$ Per Sqm Land Area	\$603
Multiple on Contract	18.29
Multiple on Market	12.00

8.2 DEVELOPMENT LAND

We have considered the following comparable sales noting majority provide for single site allotments:

DEVELOPMENT LAND SALES EVIDENCE

Address	Location	Sale Date	Sale Price	Site Area (sqm)	Zoning	Rate Per sqm
15B Belt Road	Allenton	Mar-21	\$250,000	799	Residential C	\$313
4B Ben Elder Place	Netherby	Sep-20	\$160,000	744	Residential C	\$215
19A Davidson Street	Allenton	May-20	\$149,000	646	Residential C	\$231
19 Magnolia Drive	Netherby	Mar-21	\$160,000	701	Residential C	\$228
27 McDonald Street	Netherby	May-21	\$800,000	18,602	Residential C	\$43
71 Racecourse Road	Allenton	Apr-21	\$215,000	650	Residential C	\$331
2 Redhaven Rise	Netherby	Dec-20	\$160,000	700	Residential C	\$229
11 Redhaven Rise	Netherby	Dec-20	\$175,000	788	Residential C	\$222
51 Redhaven Rise	Netherby	Dec-20	\$170,000	738	Residential C	\$230

On the basis the land forms part of the leased premises, we have assessed market value and then discounted the value to reflect the impediment of the lease covenant. The following refers:

DEVELOPMENT LAND

1) Freehold Land Value

Rate per Sqm

Care Facility Rear Land	1,000 sqm	@	\$135 per sqm	\$135,000
Overall	1,000 sqm	@	\$135 per sqm	\$135,000

2) Deferment

Land Value Escalation	3.00% per annum	
Discount Rate	5.00% per annum	
Net Position Deferred	@ 1.94% GWDR	\$75,824

Sensitivity Analysis

-10%	\$70,000	Value Adopted	\$75,000
-	\$75,000	Discount From Unencumbered Freehold	44%
10%	\$85,000	Rate Per Square Metre	\$75

9 VALUATION SUMMARY

VALUATION SUMMARY

Operator's Interest	0.00%	\$0
Care Facility (Freehold Land and Buildings)	96.97%	\$2,400,000
Development Land	3.03%	\$75,000
	100.00%	\$2,475,000
Market Value		\$2,475,000

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **455919**
Land Registration District **Canterbury**
Date Issued 16 February 2009

Prior References

CB28B/51 CB35C/791

Estate Fee Simple
Area 3980 square metres more or less
Legal Description Lot 3 Deposited Plan 414808 and Lot 1
 Deposited Plan 60613

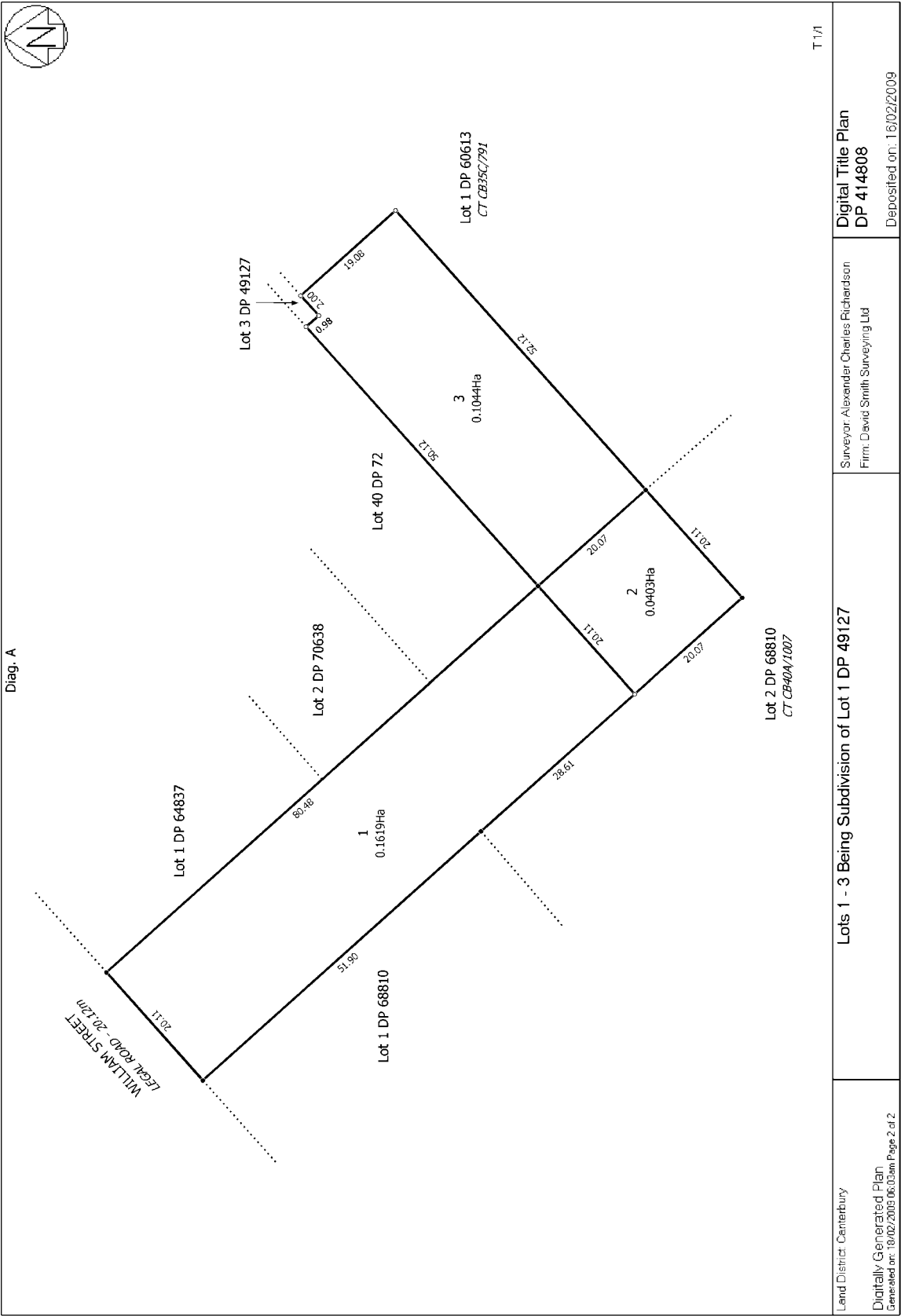
Registered Owners

Heritage Lifecare Limited

Interests

Subject to Section 241(2) Resource Management Act 1991 (affects DP 414808)
11410388.3 Mortgage to Bank of New Zealand - 30.4.2019 at 4:17 pm
11531553.2 Variation of Mortgage 11410388.3 - 26.8.2019 at 4:18 pm

Approve: 	
Total Area 2936m² Computed in CST 288/52 and 319/140 I DAVID WYSE SMITH, ASHBURTON Registered Surveyor and holder of an annual practicing certificate (for who may act as a registered surveyor pursuant to section 28 of the Survey Act 1988) hereby certify that this plan has been prepared and surveyed in accordance with the provisions of the Survey Regulations 1972 or any regulations made in substitution thereof. Dated at Ashburton this 12th day of Feb 1992 Signature <i>[Signature]</i>	Completion/Compliance/Condition Certificate No. Separate Approvals/Consents No. New Titles Issued Lot 1 CT 33C/791 Let CT
Field Book Traverse Book Reference Files DPs 72, B457, 16099, 16350, 19433, 35485, 39072 & 49127 SD 9001 DP 16442 Examined RW Henderson Approved as to Survey <i>[Signature]</i> S 15/92 Deputy Chief Surveyor Deposited this 11th day of May 1992	TERRITORIAL AUTHORITY Ashburton District Surveyed by David W. Smith File: 2074 Scale 1:500 Date Jan-April 1992
LAND DISTRICT Canterbury SURVEY BLK. & DIST. XIII Ashburton NZMS 261 SHT L37 RECORD MAP No	LOT 1 BEING AMALGAMATION OF LOTS 2 DP 49/27 AND 42 DP 72
DP 60613	DP 60613



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

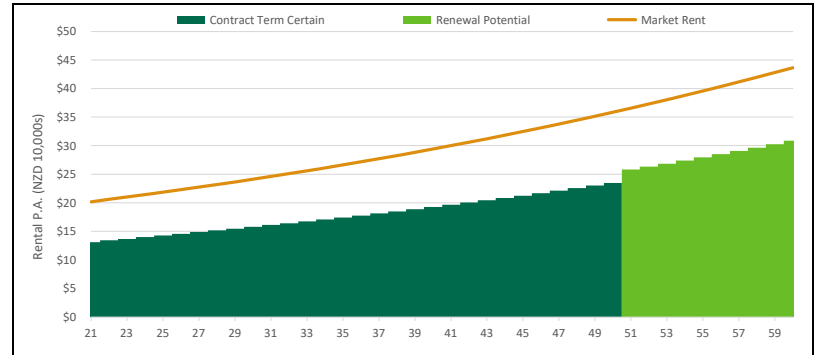
Discounted Cash Flow Summary

PV of Net Income	\$2,060,000
PV of Terminal Value	\$300,000
Total Net Present Value	\$2,360,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$2,350,000
Indicated IRR	7.88%
Initial Yield	5.58%
Yield on Market	8.51%
\$/Bed	\$67,143

Sensitivity Analysis

		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rate	7.25%	\$2,700,000	\$2,650,000	\$2,650,000	\$2,650,000	\$2,650,000
	7.50%	\$2,600,000	\$2,550,000	\$2,550,000	\$2,550,000	\$2,550,000
	7.75%	\$2,500,000	\$2,450,000	\$2,450,000	\$2,450,000	\$2,450,000
	8.00%	\$2,400,000	\$2,350,000	\$2,350,000	\$2,350,000	\$2,350,000
	8.25%	\$2,300,000	\$2,300,000	\$2,250,000	\$2,250,000	\$2,250,000
	8.50%	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
	8.75%	\$2,150,000	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

21. HIGHFIELD LIFECARE

HIGHFIELD LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$1,750,000

(One Million, Seven Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Highfield Lifecare comprises a medium scale purpose built rest home located in the residential suburb of West End, circa 1.5 kilometres to the west of the Timaru CBD. The facility was subject to a staged construction from circa 1989 through to 1996 together with more recent internal alterations thereafter. Accommodation provided is considered functional for its use including 100% single rooms, conversely, is below modern contemporary standards in terms of ensuite provision. The wider holding also includes a dated early century dwelling together with two adjoining vacant sites which have been excluded from the valuation. The complex currently includes: ■ 44 Bed Care Facility		
Land Area:	4,256 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential 1' under the Timaru District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$86,700 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,245 sqm or 1:28.3 sqm per bed		
Certification:	We confirm Heritage Lifecare (BPA) Limited has certification to provide Rest Home Care from 3 April 2019 for 4 years expiring 3 April 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	7 December 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of the statements within the Portfolio Preamble.		

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Matt Stanley, B.Com (VPM)
Registered Valuer
Retirement Housing & Healthcare
Inspection
Property Inspected: Yes

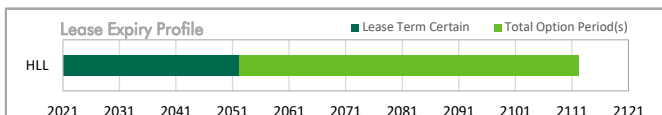
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$1,750,000
Initial Yield	4.95%
Yield on Market	11.43%
Indicated IRR	7.50%
Multiple on Contract Rental	20.2
Multiple on Market Rental	8.8
Average \$ Per Bed	\$39,773
\$/Sqm Floor Area	\$1,406
\$/Sqm Land Area	\$411

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$200,000
Capitalise In Perpetuity @	6.00%
Capitalised Value	\$3,333,333
Present Value Rental Shortfall until Expiry of Lease Term Certain	(\$1,536,664)
Market Value	\$1,800,000
Yield on Contract	4.82%
Yield on Market	11.11%
\$ Per Bed	\$40,909

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$86,700	\$200,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$38	\$87
Rent \$ Per Sqm Floor Area	\$70	\$161
Contract Variance to Market (Shortfall P.A.)		(\$113,300)
Contract Variance to Market		-56.65%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.00%
Terminal Yield	7.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	2.21%
Market Value	\$1,650,000
Yield on Contract	5.25%

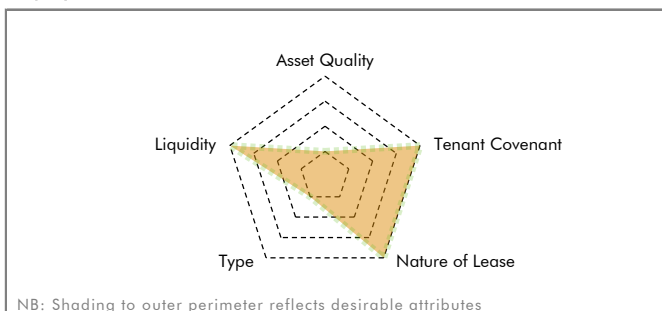
Care Facility Bed Summary

Total Beds	44
Bed Day Capacity	16,060
Ensuite to Room Ratio	14%
Ensuite to Bed Ratio	14%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:28.3 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	30 @	\$40,000	\$1,200,000
Rest Home (Premium)	14 @	\$45,000	\$630,000
-	- @	-	-
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	44 @	\$42,045	\$1,850,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- All single rooms offering a degree of future proofing to the facility.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- The overall bed to floor area ratio of approximately 1:28.3 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

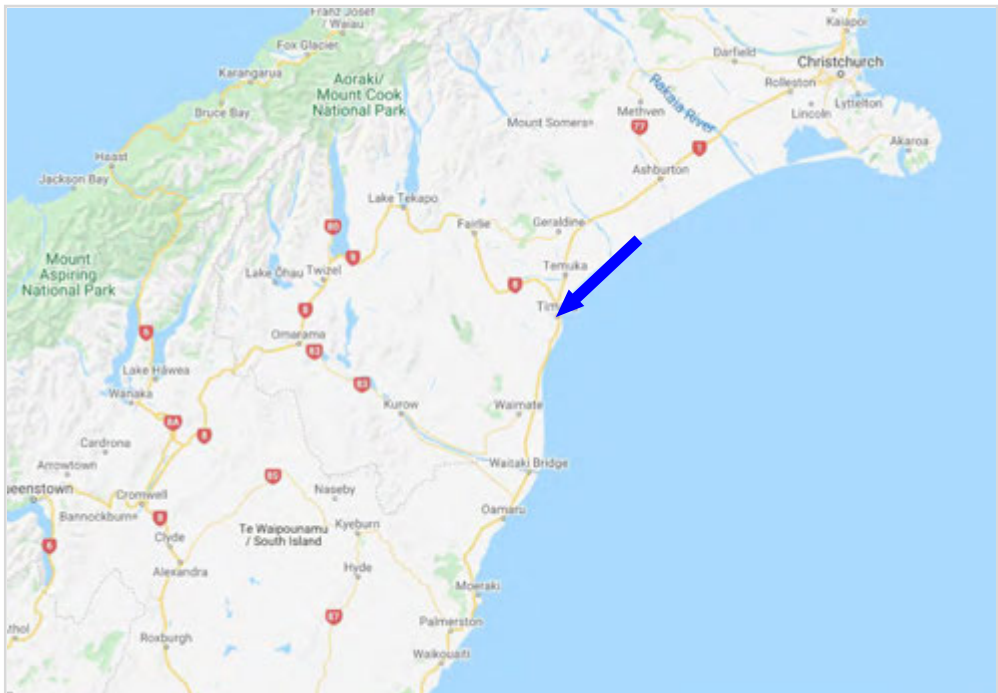
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

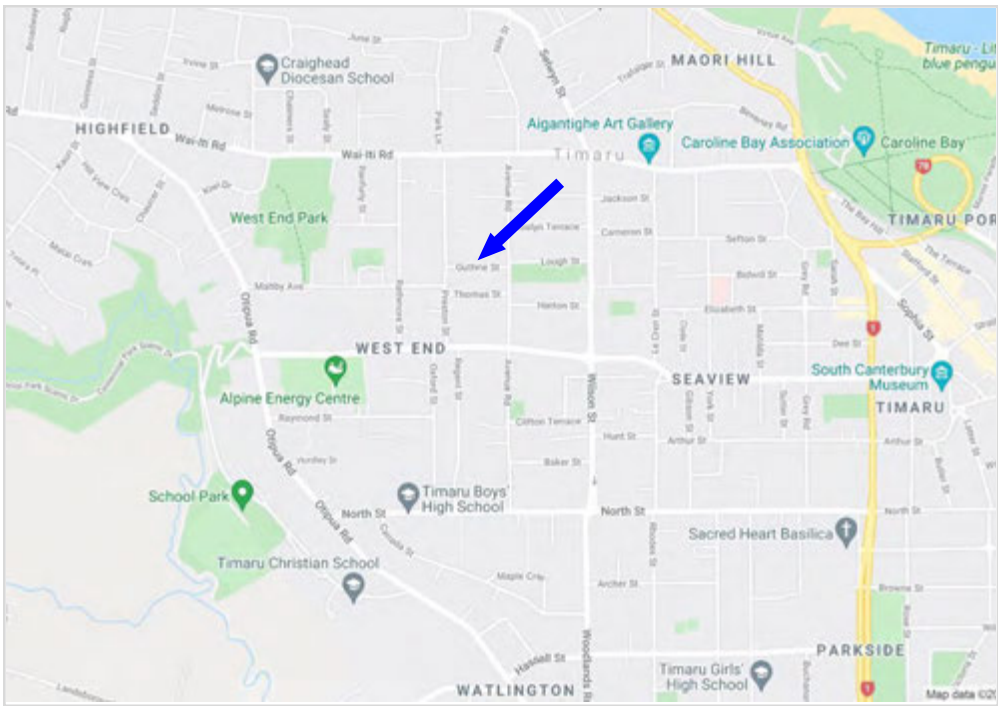
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



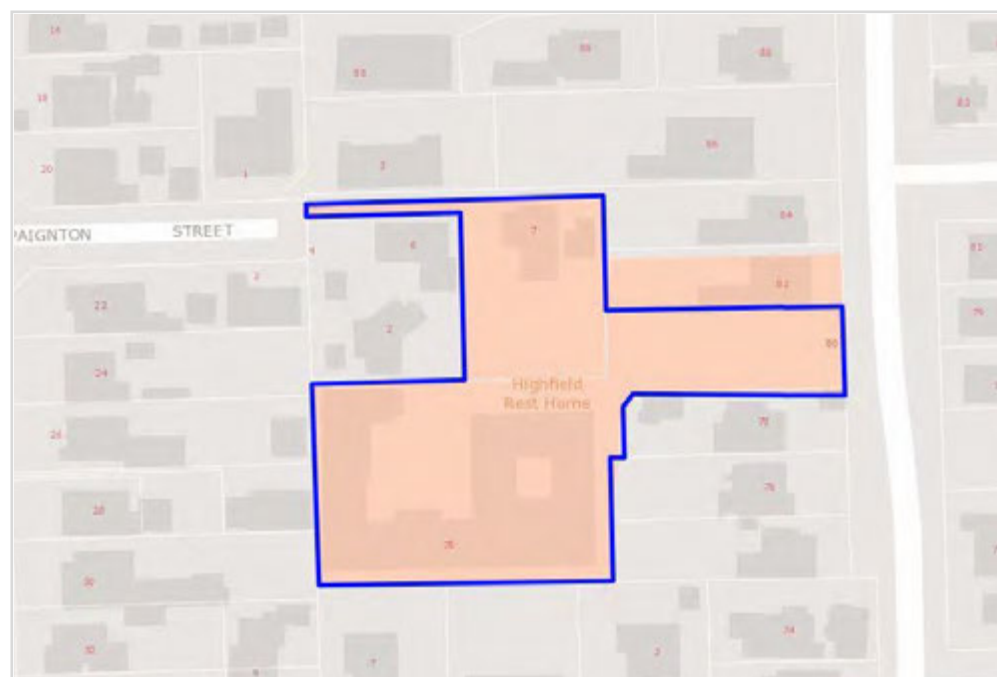
Immediate Locality Map:



Situation:	Situated to the west of Avenue Road.
Location:	Located in the suburb of West End, Timaru.
Population:	According to the 2018 Census, Timaru District has a usually resident population of approximately 46,287 people, showing an increase of 5.4% over the 2013 Census. Of the population, 9.9% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
CB41B/164	Lot 1	DP 71117	3,571	Heritage Lifecare (BPA) Limited	Freehold
CB15A/1	Lot 2 (1/2 Share)	DP 12891	685	Heritage Lifecare (BPA) Limited	Cross Lease
Total			4,256		

Leasehold
(Cross Lease)
Description

CB15A/1

- 28708.2 Flat 1 on Deposited Plan 35237, Garage 1 Deposited Plan 35237 and Shed 1 Deposited Plan 35237
- Term of 999 years from 30.9.1974

Relevant Interests:

We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 28708.2 Lease of Flat 1 and Garage 1 and Shed 1 DP 35237 Term 999 years from 30.9.1974 Composite CT CB15A/1 issued – 17.3.1976 at 9.43 am (affects fee simple)
- 28708.3 Lease of Flat 2 DP 35237 Term 999 years from 30.9.1974 Composite CT CB15A/2 issued – 17.3.1976 at 9.43 am (affects fee simple)

We note that the flat plan relating to cross lease property at 7 Paignton Street is in effect 'defective' and requires re-survey by reason it illustrates the former site

improvements, subsequently demolished and replaced by car parking associated with the incumbent care facility operation.

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 September 2020, detailed as follows:

RATING VALUATION				
Address	Valuation Reference	Land Value	Impts Value	Capital Value
78A Avenue Road	24960/14300	\$700,000	\$2,830,000	\$3,530,000
4 Paignton Street	24960/10700A	\$175,000	\$0	\$175,000
Total		\$875,000	\$2,830,000	\$3,705,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Highfield Lifecare comprises a medium scale purpose built rest home located in the residential suburb of West End, circa 1.5 kilometres to the west of the Timaru CBD. The facility was subject to a staged construction from circa 1989 through to 1996 together with more recent internal alterations thereafter. Accommodation provided is considered functional for its use including 100% single rooms, conversely, is below modern contemporary standards in terms of ensuite provision. The wider holding also includes a dated early century dwelling together with two adjoining vacant sites which have been excluded from the valuation. The complex currently includes:

- 44 Bed Care Facility

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	-	11	8	10	14	1	44	6	44
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	-	11	8	10	14	1	44	6	44
Bed Day Capacity									16,060
Ensuite to Room Ratio									14%
Ensuite to Bed Ratio									14%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:28.3

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

Adjoining residential property has been excluded from this valuation.

5.4 DEVELOPMENT LAND

Development land has been excluded from this valuation.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Town	Care Beds				Current Total	Future Supply	Forecast Total
		RH	H	D	O			
Geraldine Retirement Village	Geraldine	10			10	20		20
McKenzie HealthCare	Geraldine	9	35			44		44
Waihi Lodge Care Centre	Geraldine	19			3	22		22
Wallingford Rest Home	Temuka	32				32		32
Strathallan Lifecare	Timaru	12	44	20		76		76
Glenwood Home	Timaru	13	29			42	3	45
Margaret Wilson Complex	Timaru	40	21		8	69		69
The Croft Complex (Rest Home, Hospital, Deme	Timaru		33	22	24	79		79
Radius Elloughton Gardens	Timaru	31	55			86		86
Highfield Lifecare	Timaru	44				44		44
Total Beds		210	217	42	45	514	3	517
Percentage		41%	42%	8%	9%	100%	1%	101%

7 RENTAL ASSESSMENT

Our adopted market rental at \$200,000 per annum plus GST and outgoings compares to the contract rental of \$86,700 per annum which indicates a difference of \$113,300 per annum, alternatively 130.68%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.00% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$200,000

Capitalise In Perpetuity @ 6.00%

CAPITALISED VALUE \$3,333,333

Less Present Value of Rental Shortfall until Expiry of Lease Term Certain

Market Rental	\$200,000
Contract Rental	\$86,700
Rental Shortfall per Annum	(\$113,300)
Months to Next Review	360
Discounted at	6.50%
	0.53% monthly

PRESENT VALUE OF RENTAL SHORTFALL (\$1,531,139)

\$1,802,194

Sensitivity Analysis		Adopt	\$1,800,000
5.00%	\$2,450,000	Initial Yield	4.82%
5.50%	\$2,100,000	Yield on Market	11.11%
6.00%	\$1,800,000	\$ Per Bed (Based on 44 Equivalent Beds)	\$40,909
6.50%	\$1,550,000	\$ Per Sqm Floor Area	\$1,446
7.00%	\$1,350,000	Multiple on Market	9.00

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	30	@	\$40,000	\$1,200,000
Rest Home (Premium)	14	@	\$45,000	\$630,000
Total Equivalent Beds	44	@	\$41,591	\$1,830,000

Sensitivity Analysis		Adopt	
\$36,591	\$1,610,000	Yield on Market	10.81%
\$41,591	\$1,850,000	Equivalent \$/Per Bed (Based on 44 Beds)	\$42,045
\$46,591	\$2,050,000	Multiple on Market	9.25

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.00%
Terminal Yield (On Year 40 Income)	7.00%
Terminal Value as a Percentage of Total Value	17.22%

Sensitivity Analysis		Adopt	
-10%	\$1,500,000	Initial Yield	5.25%
-	\$1,650,000	Yield on Market	12.12%
10%	\$1,800,000	\$/Bed	\$37,500

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$1,800,000
Sales Comparison Approach:	Assessed Value:	\$1,850,000
Discounted Cash Flow Approach:	Assessed Value:	\$1,650,000
FREEHOLD LAND & BUILDINGS		\$1,750,000
Initial Yield		4.95%
Yield on Market		11.43%
\$ Per Bed (Based on 44 Physical Beds)		\$39,773
\$ Per Sqm Floor Area		\$1,406
\$ Per Sqm Land Area		\$411
Multiple on Contract		20.18
Multiple on Market		8.75

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
CROSS LEASE
Search Copy



R.W. Muir
Registrar-General
of Land

Identifier **CB15A/1**
Land Registration District **Canterbury**
Date Issued 17 March 1975

Prior References
CB493/119

Estate Fee Simple - 1/2 share
Area 1370 square metres more or less
Legal Description Lot 2 Deposited Plan 12891
Registered Owners
Heritage Lifecare (BPA) Limited

Estate	Leasehold	Instrument	L 28708.2
		Term	999 years from 30.9.1974
Legal Description	Flat 1 Deposited Plan 35237, Garage 1 Deposited Plan 35237 and Shed 1 Deposited Plan 35237		

Registered Owners
Heritage Lifecare (BPA) Limited

Interests

268077 Transfer creating the following easement (affects fee simple)

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Drainage and sewage pipe	Lot 2 Deposited Plan 2587 - CT CB493/121	-	Lot 2 Deposited Plan 12891 - herein	

268079 Transfer creating the following easement (affects fee simple)

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Drainage	Lot 2 Deposited Plan 12891 - herein	Part herein	Lot 1 Deposited Plan 12891 - CT CB493/120	

554670 Transfer creating the following easement - 3.7.1961 at 12.15 pm (affects fee simple)

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Drainage	Lot 2 Deposited Plan 12891 - herein	Part herein	Lot 2 Deposited Plan 21501 - CT CB890/51	

The easement created in Transfer 554670 is subject to Section 351 E (1) (a) Municipal Corporations Act 1954

28708.1 Transfer creating the following easement - 17.3.1975 at 9.43 am (affects fee simple)

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Drain water	Lot 2 Deposited Plan 2587 - CT CB493/121	Part	Lot 2 Deposited Plan 12891 - herein	

28708.2 Lease of Flat 1 and Garage 1 and Shed 1 DP 35237 Term 999 years from 30.9.1974 Composite CT CB15A/1 issued - 17.3.1975 at 9.43 am (affects fee simple)

28708.3 Lease of Flat 2 DP 35237 Term 999 years from 30.9.1974 Composite CT CB15A/2 issued - 17.3.1975 at 9.43 am
(affects fee simple)

Subject to a right to convey water over parts marked B and C on DP 428733 created by Easement Instrument 8636312.1 -
17.11.2010 at 4:38 pm

Appurtenant hereto is a right to convey water created by Easement Instrument 8636312.1 - 17.11.2010 at 4:38 pm

11048561.9 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531632.1 Variation of Mortgage 11048561.9 - 26.8.2019 at 3:34 pm

Approvals: <i>Mr. Fennell</i> M.E. FENNEL I hereby certify that the buildings shown hereon are within the boundaries of C.T. 453/119. <i>J.H. Lane</i>		Total Area Comprised in C.T. 453/119	
LOCAL AUTHORITY: City of Timaru Surveyed by: Cowan and Holmes Scale: 1:200 Date: July 1974		LAND DISTRICT: Canterbury SURVEY BLK. & DIST. X Arowhenua NZMS 177 SHEET NO. S.111	
FLATS ON LOT 2 D.P. 12891		APPROVED AS TO SURVEY Examined 4-9-74 Current <i>J.H. Lane</i> Approved as to Survey <i>J.H. Lane</i> Deposited this 9th day of September 1974 District Land Registrar File 1844 Received 29.8.74 Instructions DP35237	

Paignton Street

LEGAL STREET 12.79m WIDE

2

D. P. 12891

4

D. P. 10411

60° 46' 30"

89° 46' 30"

32.27

30'

146'

30'

62.49

179° 41'

4.87

179° 41'

LAND WITH FLAT 1

MUTUAL AREA

LAND WITH FLAT 2

FLAT 2

FLAT 1

SARAGE (FLAT 1)

SHED (FLAT 1)

25.87

179° 46' 30"

40' 23"

30'

40' 23"

30' 16"

60° 46' 30"

89° 46' 30"

30' 16"

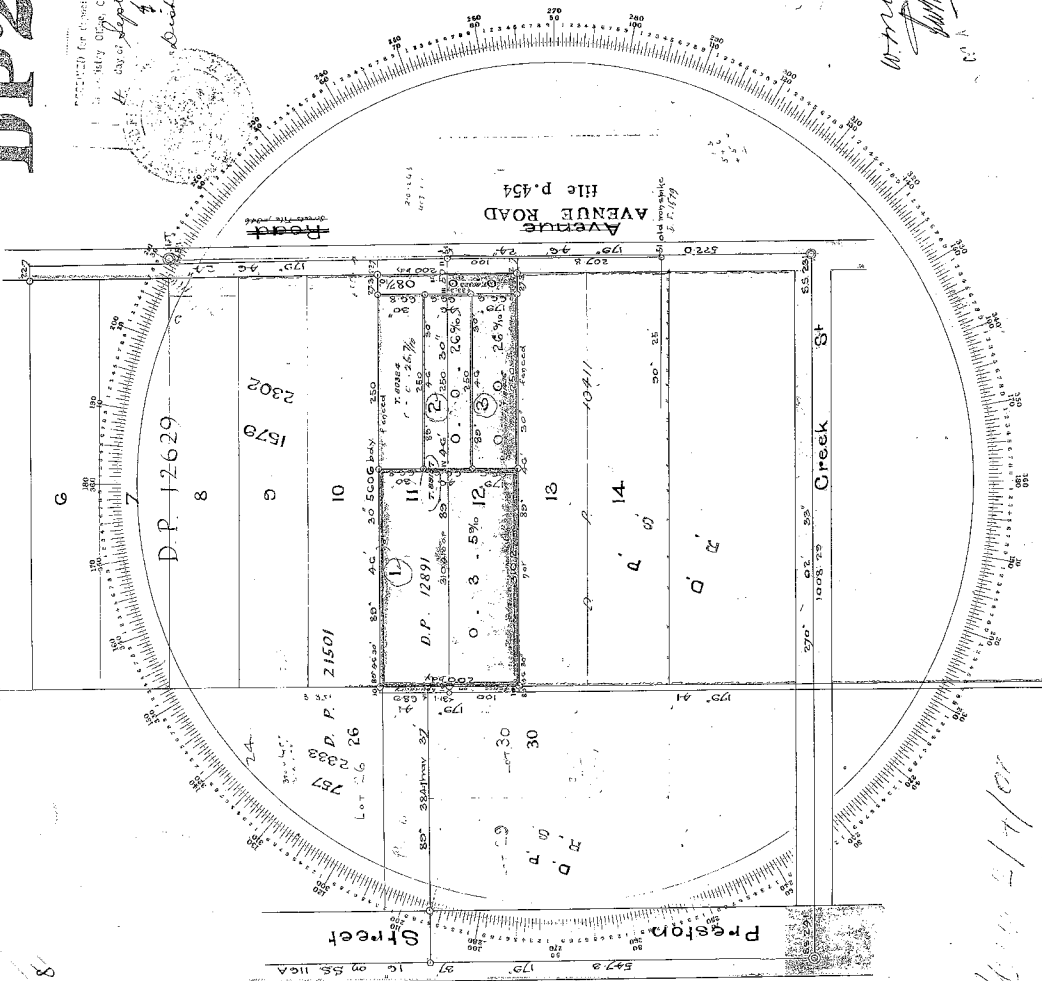
0.44 OFF

35.37

4'

179° 41'

DEPARTMENT OF LANDS AND SURVEY, NEW ZEALAND,
OFFICE OF LANDS AND SURVEY, NEW ZEALAND,
FOR SUBDIVISION OF LAND UNDER THE LAND TRANSFER ACT.



Plan of subdivision lots 11, 12, D.P. 1570 Timaru Borough
being Part R.S. 2302
situated in the Raymont and Murie

Licensed Surveyor.

September 1907

Sales: } obtain to an inch.

DECLARATION FOR SUBDIVISION OF LAND UNDER THE LAND TRANSFER ACT.

page
in accordance with the regulations of the Surveyor-General dated the seventeenth day of December, 1890.
1890.

20th day of October 1864 was thousand nine hundred & - - - - -, before me,

Declared to: Timothy, this _____

Declared At: Timaru

Instructions No.	Date
Field Book No.	Page
Traverse Reducement Book, Page	
Map received:	Examined:
Registered:	

Carroll McQuinnage

that this plan has been made from surveys executed by me, and that be

virtue of the provisions of an Act of the General Assembly of New Zealand

10

1919

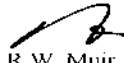
of the Pence for the Colonel of New Zealand

Page 694 of 753^R



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




R.W. Muir
Registrar-General
of Land

Identifier **CB41B/164**
Land Registration District **Canterbury**
Date Issued 19 August 1997

Prior References

CB40A/11 CB588/26

Estate Fee Simple
Area 3571 square metres more or less
Legal Description Lot 1 Deposited Plan 71117
Registered Owners
Heritage Lifecare (BPA) Limited

Interests

A313232.5 Transfer creating the following easements - 19.8.1997 at 2.25 pm

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Lot 1 Deposited Plan 71117 - herein	A DP 71117	Lot 2 Deposited Plan 71117 - CT CB41B/165	

Subject to Section 243(a) Resource Management Act 1991

11048561.9 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm

11531632.1 Variation of Mortgage 11048561.9 - 26.8.2019 at 3:34 pm

Approvals

R. K. Norrall
Signed on behalf of Highfield Best Home Limited

R. K. Norrall
Director

Approved pursuant to Section 223 of the Resource Management Act 1991 on the day of 25th August 1995

Memorandum of Easement

Nature	Servient Tenement	Dom. Ten.
Right of Way	1	A
2		

Total Area 4199 m²

Comprised in C.T. 40A/11, C.T. 598/26

1. Licensee, Cowan

Regulated Surveyor and holder of an annual practising certificate (or who may act as a regulated surveyor pursuant to section 25 of the Survey Act 1980) hereby certify that this plan has been made from surveys conducted in accordance with the Survey Regulations 1972 or any regulations made in substitution thereof.

Dated at Timaru this 11th day of July 1995.

Signature *[Signature]*

Field Book *[Blank]* Reverse Book *[Blank]*

Reference Plus O.P.s. 159, 2584, 2587, 1041, 12891, S.O. 62449.

Examiner *[Signature]* Correct

Approved as to Survey

R. K. Norrall
Chief Surveyor

Deposited this 19th day of August 1997

[Signature]
District Land Registrar

Received 20.11.95 DP71117

Approved 14.04.93 PDS/60000 DCS/1 FORM 515

Lot 1 CT 44B/164
Lot 2 CT 44B/165

Legal Road 20-12 Wide

Avenue Road

100 500 N

100 500 N

1 D.P. 12891

2 D.P. 2587

3 D.P. 2587

4 D.P. 10411

5 D.P. 10411

1 (3571 m²)

2 (628 m²)

3 (10411 m²)

4 (10411 m²)

5 (10411 m²)

1 D.P. 10411

2 D.P. 10411

3 D.P. 10411

4 D.P. 10411

5 D.P. 10411

LAND DISTRICT Canterbury

SURVEY BLK. & DIST. X Arrowhenua

NZMS 261 SHT J 39 RECORD MAP No 1000/798

Lots 1 & 2 being Subdivision of

Lots 3 & 4 D.P. 10411 and Lot 3 D.P. 2587.

TERRITORIAL AUTHORITY Timaru District

Surveyed by Cowan, Holmes & Brownie 1976

Scale 1:400 Date June 1995

W.A. ROBERTSON, DIRECTOR GENERAL, SURVEYOR GENERAL, DEPARTMENT OF SURVEY AND LAND INFORMATION, NEW ZEALAND

Supplied by the drawing room

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

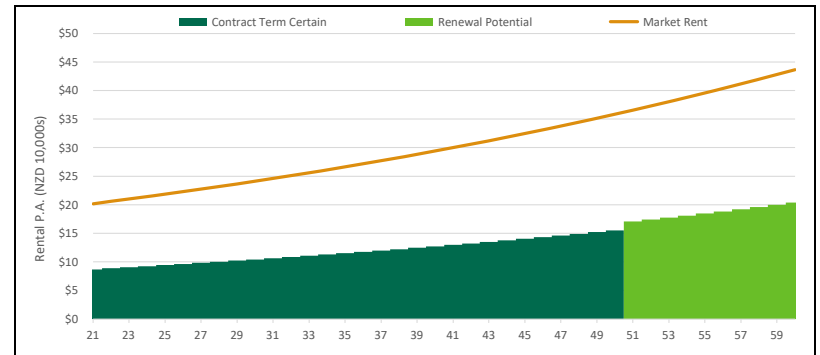
Discounted Cash Flow Summary

PV of Net Income	\$1,360,000
PV of Terminal Value	\$300,000
Total Net Present Value	\$1,660,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$1,650,000
Indicated IRR	7.50%
Initial Yield	5.25%
Yield on Market	12.12%
\$/Bed	\$37,500

Sensitivity Analysis

		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rate	7.25%	\$1,900,000	\$1,900,000	\$1,900,000	\$1,850,000	\$1,850,000
	7.50%	\$1,850,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
	7.75%	\$1,750,000	\$1,750,000	\$1,750,000	\$1,700,000	\$1,700,000
	8.00%	\$1,700,000	\$1,650,000	\$1,650,000	\$1,650,000	\$1,650,000
	8.25%	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,550,000
	8.50%	\$1,550,000	\$1,550,000	\$1,550,000	\$1,500,000	\$1,500,000
	8.75%	\$1,500,000	\$1,500,000	\$1,450,000	\$1,450,000	\$1,450,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	9	9	9	9	9	10	10	10	10	10	11	11	11	11	12	12	12	12	12	12	13	13	13	13	14	14	14	15	15	15	16	17	17	18	18	18	19	19	20	20	20	20	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	9	9	9	9	9	10	10	10	10	10	11	11	11	11	12	12	12	12	12	12	13	13	13	13	14	14	14	15	15	15	16	17	17	18	18	18	19	19	20	20	20	20	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																										630
Disposal Cost Allowance @ 2.0%																																										-13

NET CASHFLOW INCOME	9	9	9	9	9	10	10	10	10	10	11	11	11	11	12	12	12	12	12	12	13	13	13	13	14	14	14	15	15	15	16	17	17	18	18	18	19	19	20	20	20	20	617

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

22. REDROOFS LIFECARE

REDROOFS LIFECARE



Main Entrance



Care Facility Exterior



Kitchen



Laundry



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$5,775,000

(Five Million, Seven Hundred and Seventy Five Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Redroofs Lifecare comprises a medium scale purpose built care facility providing rest home level care for the elderly, together with 5 adjoining rental flats and a residential dwelling. The care facility was originally constructed for the Salvation Army in circa 1985 with a later extension constructed circa 2008. The rental units date from circa 1987 and the residential dwelling dates from circa 1960, both of which are in fair to average condition only. Highest and best use for both is as redevelopment land. The property is situated to the north western side of an elevated ridge line within the sought after residential suburb of Maori Hill located 2.8 kilometres to the northwest of the Dunedin city centre. The property benefits from an extensive panoramic northern outlook. The complex currently includes: ■ 50 Bed Care Facility ■ An estimated 2,400 sqm of development land		
Land Area:	6,670 Square Metres (more or less)		
Zoning:	The site is zoned 'Residential 1 under 'The District Plan' and General Residential 2 under 'The Second Generation Plan for Dunedin' under the Dunedin City Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$282,400 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 1,475 sqm or 1:29.5 sqm per bed		
Certification:	We confirm Heritage Lifecare (BPA) Limited has certification to provide Rest Home Care from 3 April 2019 for 3 years expiring 3 April 2022.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
	Development Land	Sales Comparison Subject to Deferment	

Date of Inspection:	7 December 2021
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS	Matt Stanley, B.Com (VPM)
Registered Valuer	Registered Valuer
Senior Director - Retirement Housing & Healthcare	Retirement Housing & Healthcare
Principal Valuer	Inspection
Property Inspected: No	Property Inspected: Yes

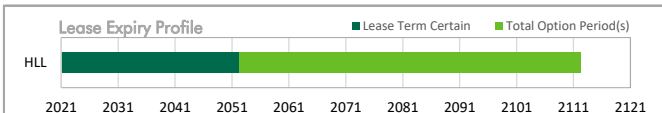
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$5,775,000
Initial Yield	4.89%
Yield on Market	4.07%
Indicated IRR	7.72%
Multiple on Contract Rental	20.4
Multiple on Market Rental	24.6
Average \$ Per Bed	\$115,500
\$/Sqm Floor Area	\$3,915
\$/Sqm Land Area	\$866

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$235,000
Capitalise In Perpetuity @	5.50%
Capitalised Value	\$4,272,727
Present Value Rental Premium to Expiry of Lease Term Certain	\$676,132
Market Value	\$4,950,000
Yield on Contract	5.71%
Yield on Market	4.75%
\$ Per Bed	\$99,000

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$282,400	\$235,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$109	\$90
Rent \$ Per Sqm Floor Area	\$191	\$159
Contract Variance to Market (Surplus P.A.)		\$47,400
Contract Variance to Market		20.17%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	7.50%
Terminal Yield	6.25%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$5,100,000
Yield on Contract	5.54%

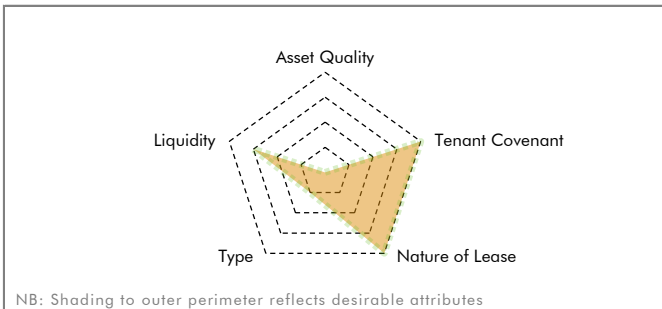
Care Facility Bed Summary

Total Beds	50
Bed Day Capacity	18,250
Ensuite to Room Ratio	8%
Ensuite to Bed Ratio	8%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:29.5 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	38 @	\$95,000	\$3,610,000
Rest Home (Premium)	12 @	\$105,000	\$1,260,000
-	- @	-	-
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	50 @	\$97,000	\$4,850,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- Located within an established and high priced residential suburb a short distance from Dunedin City central.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- There exists a relatively intense level of aged care competition within the immediate catchment.
- The overall bed to floor area ratio of approximately 1:29.5 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.
- Look to redevelop land associated with rental units and dwelling, recognising highest and best use.

Threats

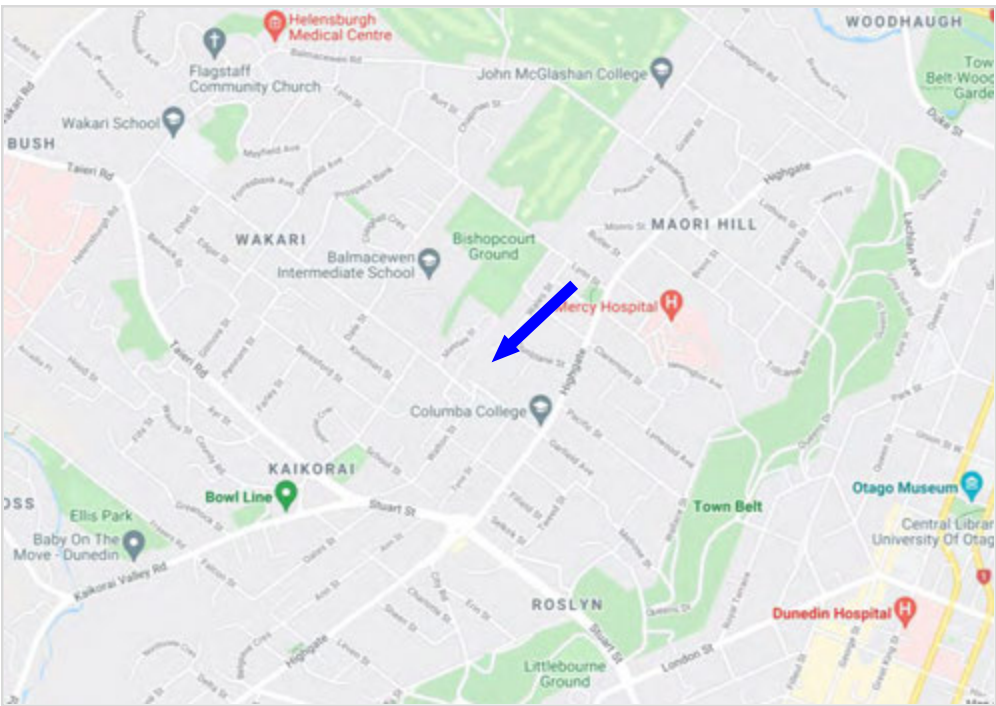
- Increased competition from new modern care facilities around the wider area.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:



- Situation:** Situated on the south western side of Dunblane Street, within the suburb of Maori Hill.
- Location:** Located 2.8 kilometres north west of central Dunedin. Dunedin is the second largest city in the South Island and is situated on the eastern coast of Otago, surrounding the head of Otago Harbour.
- Population:** According to the 2018 Census, Dunedin City has a usually resident population of approximately 126,243 people, showing an increase of 5.0% over the 2013 Census.

Of the population, 7.2% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Indicative Title
Boundaries:



3 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
OT379/102	Lot 1	DP 8039	6,670	Heritage Lifecare (BPA) Limited	Freehold
Total			6,670		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances.

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Title Search: We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 July 2019, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
15 Dunblane Street	26960-37100	\$1,710,000	\$3,770,000	\$5,480,000
Total		\$1,710,000	\$3,770,000	\$5,480,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Redroofs Lifecare comprises a medium scale purpose built care facility providing rest home level care for the elderly, together with 5 adjoining rental flats and a residential dwelling. The care facility was originally constructed for the Salvation Army in circa 1985 with a later extension constructed circa 2008. The rental units date from circa 1987 and the residential dwelling dates from circa 1960, both of which are in fair to average condition only. Highest and best use for both is as redevelopment land. The property is situated to the north western side of an elevated ridge line within the sought after residential suburb of Maori Hill located 2.8 kilometres to the northwest of the Dunedin city centre. The property benefits from an extensive panoramic northern outlook. The complex currently includes:

- 50 Bed Care Facility
- An estimated 2,400 sqm of development land

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
Rest Home									
Single Rooms	40	2	-	4	2	2	50	4	50
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	40	2	-	4	2	2	50	4	50
Bed Day Capacity									18,250
Ensuite to Room Ratio									8%
Ensuite to Bed Ratio									8%
Single Bed Ratio									100%
Double Bed Ratio									-
Dorm Bed Ratio									-
Bed to Floor Area Ratio									1:29.5

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

There are no retirement units.

5.3 RESIDENTIAL PROPERTY

Existing rental units and the residential dwelling have been treated as development land and hence no value attributable to this component.

5.4 DEVELOPMENT LAND

Development land comprises an estimated 2,400 sqm site, currently improved with 5 rental units dating from circa 1987 and a residential dwelling dating from circa 1960, both of which are in fair to average condition. Highest and best use for both is considered as redevelopment land.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION

Name	Suburb	Care Beds			Current O	Total	Future Supply	Forecast Total
		RH	H	D				
Marne Street Hospital	Andersons Bay		53			53		53
Glendale Retirement Home	Bradford	37				37		37
Little Sisters of the Poor Sacred Heart Home & H	Brockville	16	37			53		53
Radius Fulton Care Centre	Caversham	42	32	19		93		93
Highview Rest Home	Dunedin City Centre	22	16			38		38
Woodhaugh Rest Home	Dunedin North	84				84		84
Bradford Manor	Kaikorai Valley			26		26		26
St Andrews Home and Hospital	Kew		52	26		78		78
Redroofs Lifecare	Maori Hill	50				50		50
Yvette Williams Retirement Village	Roslyn	3	57	30	32	122		122
Ross Home and Hospital	North East Valley	40	60	24		124		124
Leslie Groves Hospital	Roslyn		31	40		71		71
Leslie Groves Home	Roslyn	34				34		34
Frances Hodgkins Retirement Village	St Clair	51			30	81		81
Home of St Barnabas	St Clair	41				41		41
St Clair Park Residential Centre	St Clair Park	37				37		37
Montecillo Veterans Home and Hospital	St Kilda	24	20			44		44
Oxford Court Lifecare	St Kilda	27	23			50		50
Queen Rose Boutique Retirement Home	St Kilda	29				29		29
Thornbury House	St Kilda			33		33		33
Summerset at Bishopscourt	Wakari	12	31		20	63		63
The Grange Lifecare	Mosgiel					0	132	132
Birchleigh Residential Care Centre	Mosgiel	33	24	23		80		80
Brooklands Retirement Village	Mosgiel	36				36		36
Mossbrae Hospital	Mosgiel		64			64		64
Taieri Court Rest Home	Mosgiel	33				33		33
Total Beds		651	500	221	82	1,454	132	1,586
Percentage		45%	34%	15%	6%	100%	9%	109%

7 RENTAL ASSESSMENT

Our adopted market rental at \$235,000 per annum plus GST and outgoings compares to the contract rental of \$282,400 per annum which indicates a difference of -\$47,400 per annum, alternatively -16.78%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CARE FACILITY

8.1.1 Capitalisation Approach

All matters considered, we capitalise our assessed market rental at 5.50% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$235,000

Capitalise In Perpetuity @ 5.50%

CAPITALISED VALUE \$4,272,727

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$235,000
Contract Rental	\$282,400
Rental Premium per Annum	\$47,400
Months to Lease Expiry	360
Discounted at	6.00%
	0.49% monthly

PRESENT VALUE OF RENTAL PREMIUM \$673,469

\$4,946,196

Sensitivity Analysis	Adopt	
4.50%	\$5,900,000	Initial Yield 5.71%
5.00%	\$5,350,000	Yield on Market 4.75%
5.50%	\$4,950,000	\$ Per Bed (Based on 50 Equivalent Beds) \$99,000
6.00%	\$4,600,000	\$ Per Sqm Floor Area \$3,356
6.50%	\$4,300,000	Multiple on Market 21.06

8.1.2 Direct Comparison Approach

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	38	@	\$95,000	\$3,610,000
Rest Home (Premium)	12	@	\$105,000	\$1,260,000
Total Equivalent Beds	50	@	\$97,400	\$4,870,000

Sensitivity Analysis	Adopt	
\$92,400	\$4,620,000	Yield on Market 4.85%
\$97,400	\$4,850,000	Equivalent \$/Per Bed (Based on 50 Beds) \$97,000
\$102,400	\$5,120,000	Multiple on Market 20.64

8.1.3 Discounted Cash Flow Approach

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	7.50%
Terminal Yield (On Year 40 Income)	6.25%
Terminal Value as a Percentage of Total Value	8.84%

Sensitivity Analysis	Adopt	
-10%	\$4,600,000	Initial Yield 5.54%
-	\$5,100,000	Yield on Market 4.61%
10%	\$5,600,000	\$/Bed \$102,000

8.1.4 Valuation Reconciliation

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$4,950,000
Sales Comparison Approach:	Assessed Value:	\$4,850,000
Discounted Cash Flow Approach:	Assessed Value:	\$5,100,000

FREEHOLD LAND & BUILDINGS	\$5,050,000
Initial Yield	5.59%
Yield on Market	4.65%
\$ Per Bed (Based on 50 Physical Beds)	\$101,000
\$ Per Sqm Floor Area	\$3,424
\$ Per Sqm Land Area	\$757
Multiple on Contract	17.88
Multiple on Market	21.49

8.2 DEVELOPMENT LAND

We have considered the following comparable sales:

DEVELOPMENT LAND SALES EVIDENCE

Address	Location	Sale Date	Sale Price	Site Area (sqm)	Zoning	Rate Per sqm
47A Hood Street	Wakari	Sep-21	\$351,000	504	General Residential 1	\$696
169 Shetland Street	Wakari	Jun-21	\$450,000	762	General Residential 1	\$591
12 Nursery Lane	Belleknowes	May-21	\$660,000	5,060	General Residential 1	\$130
65 Hawthorn Avenue	Mornington	May-21	\$377,500	523	General Residential 1	\$722
173 Shetland Street	Wakari	Apr-21	\$335,000	501	General Residential 1	\$669
17a Melrose Street	Roslyn	Mar-21	\$400,000	713	General Residential 1 & 2	\$561
44A Newport Street	Belleknowes	Jan-21	\$305,000	584	General Residential 1	\$522
6A Joshua Place	Helensburgh	Dec-20	\$360,000	2,012	Large Lot Residential 1	\$179
10 Arcadia Place	Halfway	Oct-20	\$352,000	1,401	General Residential 1	\$251

On the basis the land forms part of the leased premises, we have assessed market value and then discounted the value to reflect the impediment of the lease covenant. The following refers:

DEVELOPMENT LAND

1) Freehold Land Value

Rate per Sqm

Development Land	2,400 sqm	@	\$535 per sqm	\$1,284,000

Overall	2,400 sqm	@	\$535 per sqm	\$1,284,000

2) Deferment

Land Value Escalation	3.00% per annum	
Discount Rate	5.00% per annum	
Net Position Deferred	@ 1.94% GWDR	\$721,731

Sensitivity Analysis

-10%	\$650,000	Value Adopted	\$725,000
-	\$725,000	Discount From Unencumbered Freehold	44%
10%	\$800,000	Rate Per Square Metre	\$302

9 VALUATION SUMMARY

VALUATION SUMMARY

Operator's Interest	0.00%	\$0
Care Facility (Freehold Land and Buildings)	87.45%	\$5,050,000
Development Land	12.55%	\$725,000
	100.00%	\$5,775,000
Market Value		\$5,775,000

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **OT379/102**

Land Registration District **Otago**

Date Issued 19 May 1955

Prior References

OT257/180

Estate Fee Simple
Area 6670 square metres more or less
Legal Description Lot 1 Deposited Plan 8069
Registered Owners
Heritage Lifecare (BPA) Limited

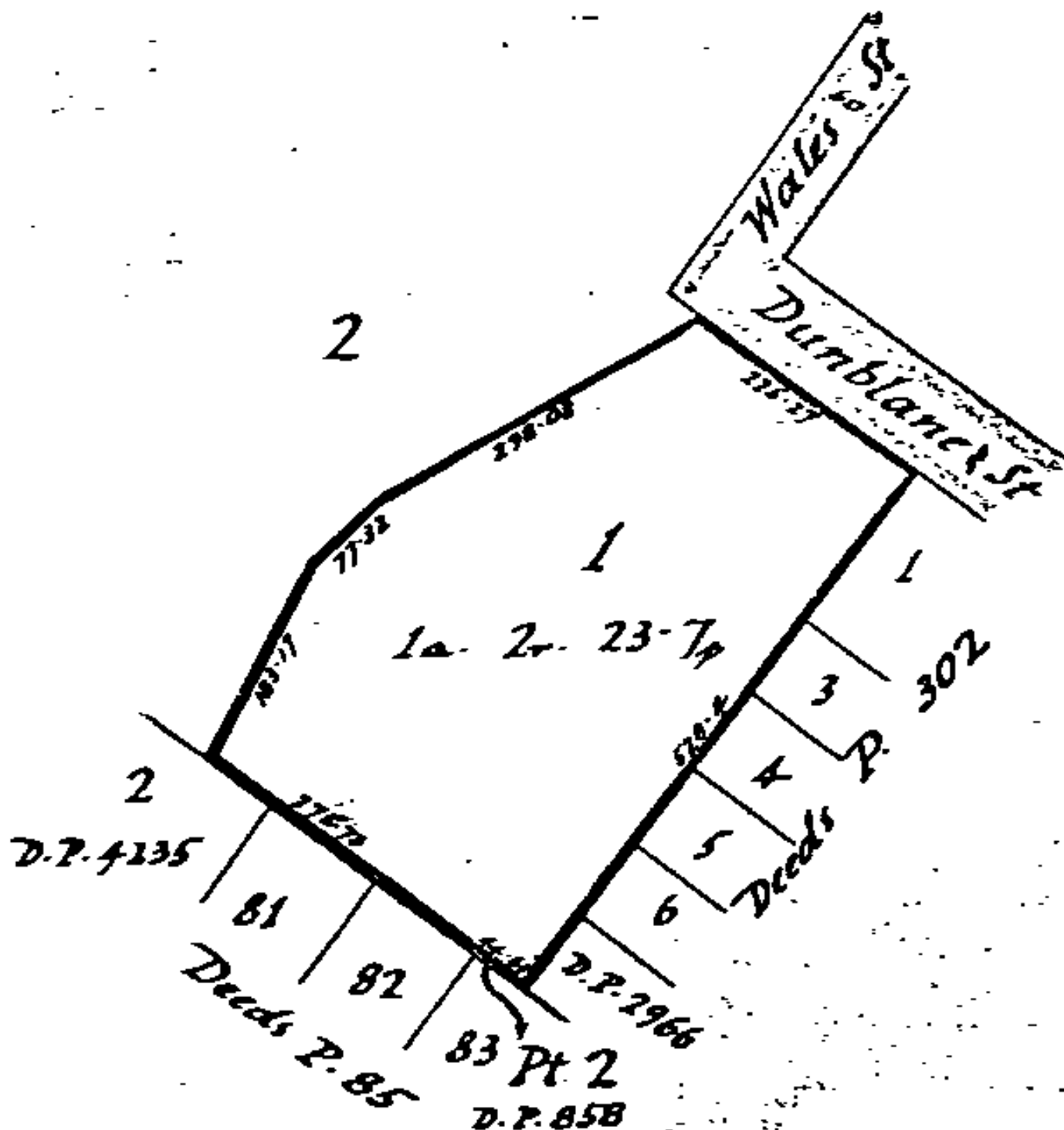
Interests

Subject to right of batter granted by Transfer 192552

Appurtenant hereto are Drainage Rights over part of the land in CT OT378/46 created by Transfer 194571 - 30.6.1955 at 2.38 pm

640988 Transfer creating the following easements in gross - 16.8.1985 at 1.38 pm

Type	Servient Tenement	Easement Area	Grantee	Statutory Restriction
Construct and operate a substation for the transmission of electrical energy	Lot 1 Deposited Plan 8069 - herein	Edged red Transfer 640988	Dunedin City Council	
11048561.9 Mortgage to Bank of New Zealand - 3.4.2018 at 3:48 pm				
11531632.1 Variation of Mortgage 11048561.9 - 26.8.2019 at 3:34 pm				



APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

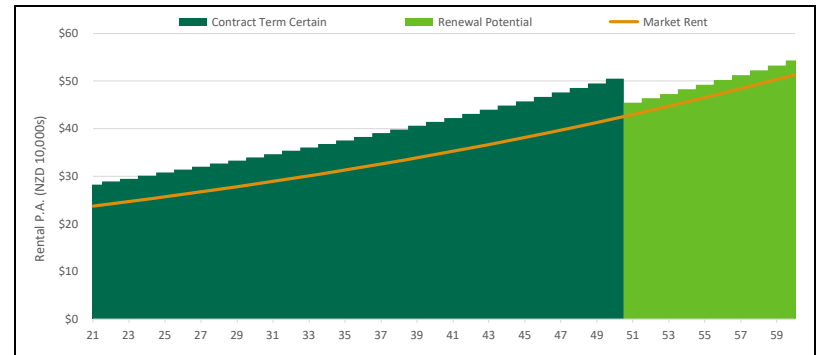
Discounted Cash Flow Summary

PV of Net Income	\$4,660,000
PV of Terminal Value	\$450,000
Total Net Present Value	\$5,110,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$5,100,000
Indicated IRR	7.72%
Initial Yield	5.54%
Yield on Market	4.61%
\$/Bed	\$102,000

Sensitivity Analysis

		Terminal Yield				
		5.75%	6.00%	6.25%	6.50%	6.75%
Discount Rate	6.75%	\$5,750,000	\$5,750,000	\$5,700,000	\$5,700,000	\$5,700,000
	7.00%	\$5,550,000	\$5,550,000	\$5,500,000	\$5,500,000	\$5,450,000
	7.25%	\$5,350,000	\$5,300,000	\$5,300,000	\$5,300,000	\$5,250,000
	7.50%	\$5,150,000	\$5,150,000	\$5,100,000	\$5,100,000	\$5,100,000
	7.75%	\$4,950,000	\$4,950,000	\$4,950,000	\$4,900,000	\$4,900,000
	8.00%	\$4,800,000	\$4,800,000	\$4,750,000	\$4,750,000	\$4,750,000
	8.25%	\$4,650,000	\$4,600,000	\$4,600,000	\$4,600,000	\$4,600,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	

Growth Forecasts

CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-

Rental Income

Heritage Lifecare Limited	28	29	29	30	31	31	32	33	33	34	35	35	36	37	38	38	39	40	41	41	42	43	44	45	46	47	48	49	50	51	45	46	47	48	49	50	51	52	53	54	-

Operating Expenses

OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NET INCOME	28	29	29	30	31	31	32	33	33	34	35	35	36	37	38	38	39	40	41	41	42	43	44	45	46	47	48	49	50	51	45	46	47	48	49	50	51	52	53	54	-

Capital Adjustments

Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CAPITAL ADJUSTMENTS

SELLING CONSIDERATIONS

Terminal Value																																										830
Disposal Cost Allowance @ 2.0%																																										-17

NET CASHFLOW INCOME	28	29	29	30	31	31	32	33	33	34	35	35	36	37	38	38	39	40	41	41	42	43	44	45	46	47	48	49	50	51	45	46	47	48	49	50	51	52	53	54	813

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

23. CLUTHA VIEWS LIFECARE

CLUTHA VIEWS LIFECARE



Main Entrance (Off Essex Street)



Care Facility Exterior



Kitchen



Care Facility Exterior



Example Care Room



Example Bathroom

VALUATION SUMMARY

Market Value as at 22 December 2021

\$7,450,000

(Seven Million, Four Hundred and Fifty Thousand Dollars)

This valuation is prepared on the basis of plus GST (if any)

Key Attributes

Purpose:	Internal Evaluation and Acquisition, First Mortgage Security, Financial Reporting Purposes and inclusion within a Product Disclosure Statement		
Interest Valued:	Freehold		
Basis of Valuation:	Market Valuation of the Land and Buildings		
Brief Description:	Clutha Views Lifecare comprises a medium scale purpose built aged care facility providing rest home, hospital and secure dementia accommodation co-located with a small scale retirement village which has been excluded from our valuation. The facility was originally built in circa 1991 with major additions completed in 1995 and 1996 respectively. The property is located in the provincial service township of Balclutha, within the Clutha District. The complex currently includes: ■ 68 Bed Care Facility ■ 8 Independent Living Units (excluded from this valuation) ■ Development land component (excluded from this valuation)		
Land Area:	6,037 sqm (subject to subdivision)		
Zoning:	The site is zoned 'Urban' under the Clutha District Plan		
Tenancy Profile:	The property is to be leased to Heritage Lifecare Limited for a term of 30 years together 3 further terms of 20 years each. The contract rental is \$484,074 per annum plus GST and outgoings.		
Floor Area:	The gross floor area approximates 2,147 sqm or 1:30.7 sqm per bed		
Certification:	We confirm Heritage Lifecare Limited has certification to provide Rest Home Care and Hospital (Medical and Geriatric Services) from 16 November 2019 for 4 years expiring 16 November 2023.		
Valuation Approaches:	Care Facility (Freehold Land & Buildings)	Capitalisation, DCF & Sales Comparison Approaches	
Date of Inspection:	22 April 2021		
General Limitations:	This short form report must be read in conjunction with the Portfolio Preamble document which contains our Critical Assumptions and Disclaimers. Reliance on this		

report and extension of our liability is conditional upon the reader’s acknowledgement and understanding of the statements within the Portfolio Preamble.

Prepared by CBRE Limited

Michael Gunn, B.Com (VPM), SPINZ, ANZIV, MRICS
Registered Valuer
Senior Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: No

Tom Stafford, B.Com (VPM), MPINZ, ANZIV
Registered Valuer
Director - Retirement Housing & Healthcare
Principal Valuer
Property Inspected: Yes

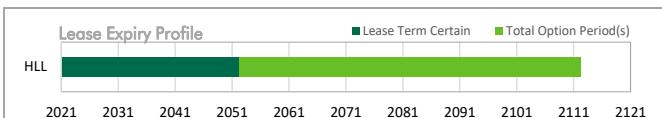
EXECUTIVE SUMMARY

Valuation Summary

Date of Valuation	22 December 2021
Market Value	\$7,450,000
Initial Yield	6.50%
Yield on Market	5.77%
Indicated IRR	8.76%
Multiple on Contract Rental	15.4
Multiple on Market Rental	17.3
Average \$ Per Bed	\$109,559
\$/Sqm Floor Area	\$3,470
\$/Sqm Land Area	\$1,234

Lease Summary

Tenant	Heritage Lifecare Limited
Commencement Date	19 Apr 2022
Initial Expiry Date	18 Apr 2052
Final Expiry Date (If All Options Taken)	18 Apr 2112
Initial Lease Term	30.0 Years
Remaining Lease Term Certain	30.0 Years
Rights of Renewal	3 x 20 Years



Capitalisation Approach (Freehold Land and Buildings)

Assessed Market Rental	\$430,000
Capitalise In Perpetuity @	6.50%
Capitalised Value	\$6,615,385
Present Value Rental Premium to Expiry of Lease Term Certain	\$698,477
Market Value	\$7,300,000
Yield on Contract	6.63%
Yield on Market	5.89%
\$ Per Bed	\$107,353

Rental Analysis

Description	Contract	Market
Net Rental P.A.	\$484,074	\$430,000
Rent % of Proforma EBITDAR		
Rent % of Forecast Gross Revenue		
Rent Per Bed Per Week	\$137	\$122
Rent \$ Per Sqm Floor Area	\$225	\$200
Contract Variance to Market (Surplus P.A.)		\$54,074
Contract Variance to Market		12.58%

DCF Approach (Freehold Land and Buildings)

Cashflow Period	40 Years
Target IRR	8.50%
Terminal Yield	8.00%
Compound Annual Market Rental Growth	2.00%
Compound Annual Contract Rental Growth	1.70%
Market Value	\$7,550,000
Yield on Contract	6.41%

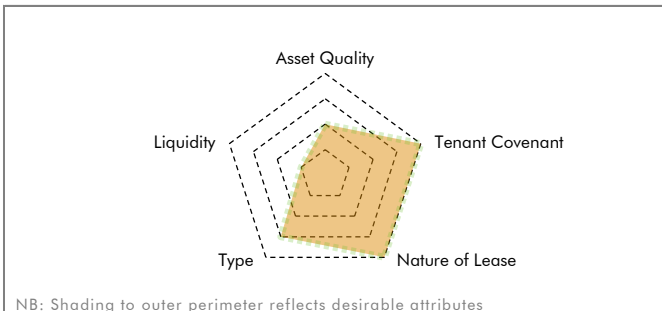
Care Facility Bed Summary

Total Beds	68
Bed Day Capacity	24,820
Ensuite to Room Ratio	22%
Ensuite to Bed Ratio	22%
Single Bed Ratio	100%
Double Bed Ratio	-
Bed to Floor Area Ratio	1:31.6 sqm

Direct Comparison Approach (Freehold Land and Buildings)

Description	Equivalent Beds	\$ Per Bed	Total Value
Rest Home	22 @	\$95,000	\$2,090,000
Dementia	14 @	\$105,000	\$1,470,000
Hospital	32 @	\$115,000	\$3,680,000
-	- @	-	-
-	- @	-	-
Total Equivalent Beds	68 @	\$106,618	\$7,250,000

Property Risk Profile



NB: 1) Average Nominal Growth (pa) is Compounding

SWOT & Risk Analysis

Strengths

- Favourable tenant covenant to Heritage Lifecare Limited who is the 3rd largest aged care provider in the country.
- A strong lease term certain of 30 years providing long-term cash flow security.
- Triple net lease providing a passive investment.
- Annual CPI rent reviews which provide guaranteed rental growth.
- As a standalone site, the asset provides an affordable and passive investment opportunity for a private investor looking to enter the aged care market.
- Limited competition in the Clutha District.

Weaknesses

- There is no provision for a market-based rent review until renewal providing potential for the discrepancy between the CPI adjusted rental and market rental levels to compound during the extended lease term.
- In the event the Tenant was to fail, it would be difficult to replicate the contract rental which is considered to be above market.
- The overall bed to floor area ratio of approximately 1:30.7 sqm compares against the Aged Residential Care Service Review released by Grant Thornton in September 2010, in which the average facility area per bed for all facilities surveyed was 37 square metres, and 41 square metres for facilities built in the 5 years prior to the release of the report.

Opportunities

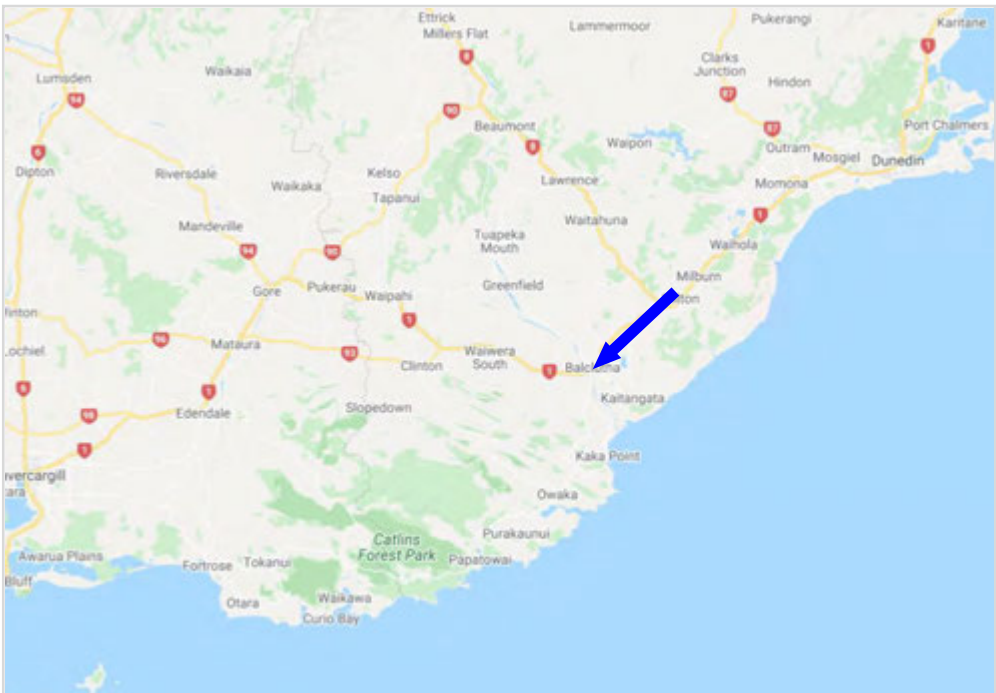
- If the aged care sector does continue to 'weather the COVID-19 storm' well, health care assets in a health crisis may be viewed as a defensive asset class by investors.
- To benefit from the continued aging of the surrounding catchment. To this point, unlike other asset classes (such as retail), the underlying driver of revenue (for the Tenant) still remains i.e. a rapidly aging population with demand needs based. Thus helping to support longevity of the business operation.

Threats

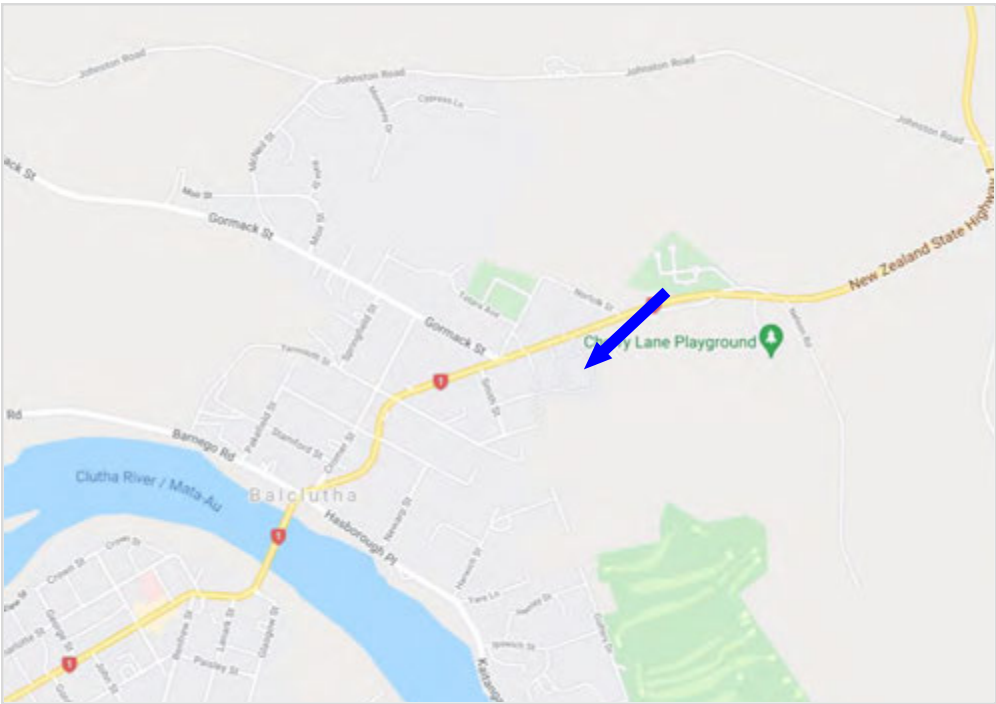
- Increased competition from new modern care facilities around the wider area, albeit cost barrier to entry likely to mitigate any new competition being constructed in the immediate catchment.
- The value associated with the property is underpinned by the strength of the lease proposed in respect to rental, lease term and more importantly the tenant covenant, and not the bricks and mortar themselves. It is important to note that should the Tenant covenant fail, there would be significant value erosion.
- The aged care sector is subject to high levels of regulation. Changes in legislation, certification, and/or accreditation requirements are a threat to the wider sector.

1 LOCATION

Wider Area Map:



Immediate Locality Map:

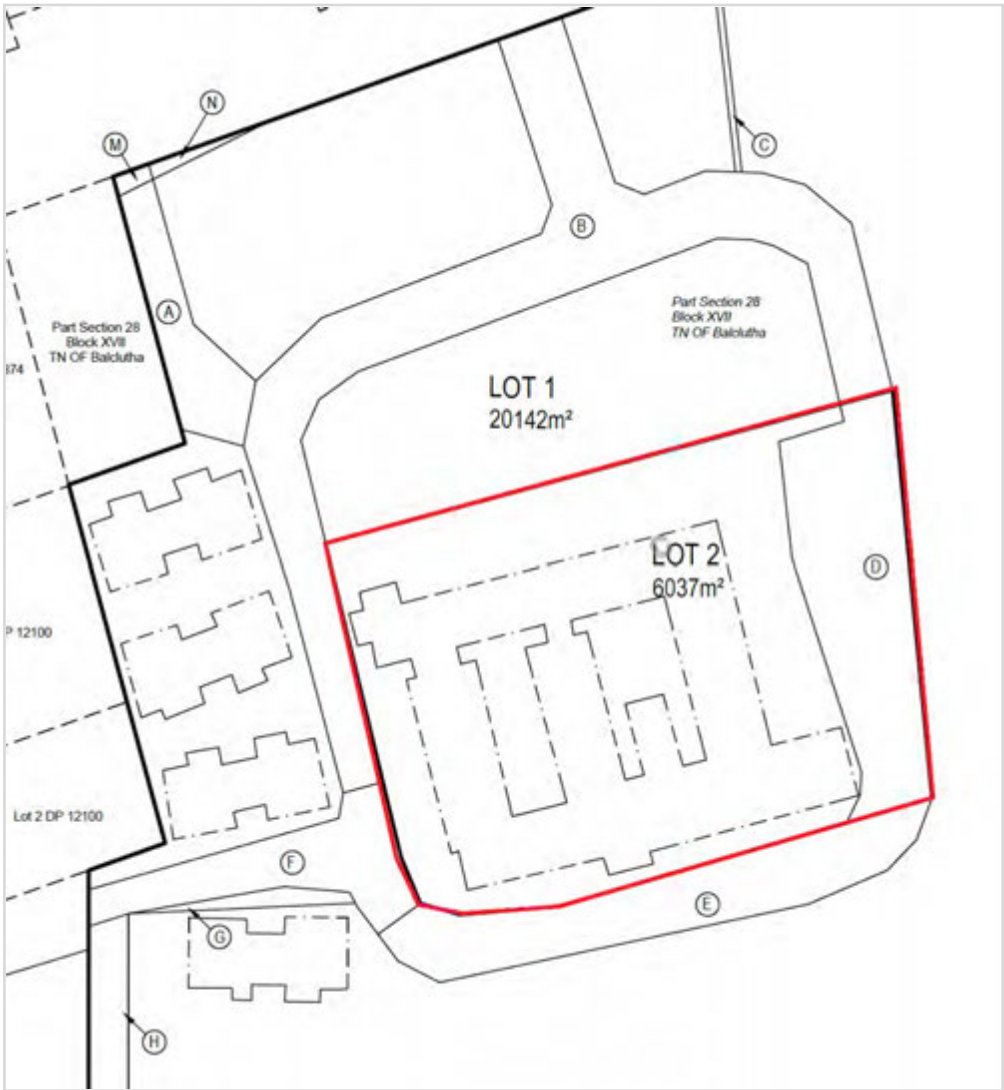


- Situation:** Situated fronting Essex Street/State Highway 1 which provides a major regional transport route connecting Gore to the south west and Dunedin to the north east.
- Location:** Located circa 1.5 kilometres to the north east of Balclutha commercial centre to the urban fringe.
- Population:** According to the 2018 Census, Clutha District has a usually resident population of approximately 17,667 people, showing an increase of 4.6% over the 2013 Census.

Of the population, 7.2% were over the age of 75, which compares to the national average at 6.4%.

2 SITE DESCRIPTION

Proposed
Subdivision Plan:



Proposed Land 6,037 sqm (subject to subdivision)
Area Lot 2:

3 LEGAL DESCRIPTION

With subdivision pending and a new Identifier yet to be issued, we detail the parent Identifier prior to subdivision as follows:

Identifier	Lot	Plan	Area (sqm)	Proprietor	Tenure
OT14D/489	Unit A & AU A1-A5	DP 22079	N/A	Clutha View Village Limited	Stratum in Freehold

OT14D/490	Unit B	DP 22079	N/A	Clutha View Village Limited	Stratum in Freehold
OT14D/491	Unit C & AU C1	DP 22079	N/A	Clutha View Village Limited	Stratum in Freehold
OT14D/492	Unit D & AU D1	DP 22079	N/A	Clutha View Village Limited	Stratum in Freehold
OT14D/493	Unit E & AU E1	DP 22079	N/A	Clutha View Village Limited	Stratum in Freehold
OT14D/494	Unit F & AU F1	DP 22079	N/A	Clutha View Village Limited	Stratum in Freehold
Total			26,179		

Relevant Interests: We refer the reader to the Appendices for a full copy of the Title Search including a detailed list of easements and encumbrances. Pertinent registrations of note include:

- 10730290.4 Encumbrance to Covenant Trustee Services Limited
- 10815929.1 & 10821701.1 Notice of the registration of Clutha Views as A Retirement Village. Subject to Section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the resident ahead of the rights of holders of security interests)

These easements and encumbrances reflect the as built nature of the property and have been reflected in our value conclusions.

We have disregarded the presence of any mortgage or other financial liens pertaining to the property on the basis they are discharged prior to any transfer.

Supplementary Record Sheet

The unit titles are subject to Supplementary Record Sheets OT14D/495. The Supplementary Record Sheets is encumbered by a memorial issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010 which states the body corporate owns the common property and the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

There are various other interests registered including rights of way etc where the subject holding is either servient or dominant tenement. We refer the reader to the supplementary record sheet for a full breakdown of same.

Title Search:

We refer you to the Appendix for copies of the relevant title documentation. We have proceeded on the basis there are no further easements or encumbrances not disclosed by the computer freehold register search which may affect market value.

4 STATUTORY RATING VALUATION

The effective date of the current rating valuation for the subject property is 1 October 2020, detailed as follows:

RATING VALUATION

Address	Valuation Reference	Land Value	Impts Value	Capital Value
64 Essex Street	28701/72500	\$560,000	\$5,580,000	\$6,140,000
Total		\$560,000	\$5,580,000	\$6,140,000

Rating valuations are a statutory requirement conducted once every three years.

5 IMPROVEMENTS

Clutha Views Lifecare comprises a medium scale purpose built aged care facility providing rest home, hospital and secure dementia accommodation co-located with a small scale retirement village which has been excluded from our valuation. The facility was originally built in circa 1991 with major additions completed in 1995 and 1996 respectively. The property is located in the provincial service township of Balclutha, within the Clutha District.

The complex currently includes:

- 68 Bed Care Facility
- 8 Independent Living Units (excluded from this valuation)
- Development land component (excluded from this valuation)

5.1 BED SUMMARY

The bed/room mix within the care facility is summarised as follows:

CARE FACILITY BED SUMMARY

Description	Room Only	Hand Basin	Shared WC	Shared WC & SH	Private WC	Private WC & SH	Total Rooms	Total Ensuities	Total Beds
A Wing (Dual Purpose)									
Single Rooms	-	-	-	8	-	3	11	7	11
Double Rooms	-	-	-	-	-	-	-	-	-
B Wing (Dual Purpose)									
Single Rooms	2	-	-	8	-	2	12	6	12
Double Rooms	-	-	-	-	-	-	-	-	-
H Wing (Dual Purpose)									
Single Rooms	-	22	8	-	-	1	31	1	31
Double Rooms	-	-	-	-	-	-	-	-	-
Balmoral Wing (Dementia)									
Single Rooms	-	1	12	-	-	1	14	1	14
Double Rooms	-	-	-	-	-	-	-	-	-
Totals	2	23	20	16	-	7	68	15	68
Bed Day Capacity									24,820
Ensuite to Room Ratio									22%
Ensuite to Bed Ratio									22%
Single Bed Ratio									100%
Bed to Floor Area Ratio									1:31.6

Refer to the appendices for a plan which shows the general layout and configuration of the complex.

5.2 RETIREMENT UNITS

Excluded from this valuation.

5.3 RESIDENTIAL PROPERTY

There are no residential properties.

5.4 DEVELOPMENT LAND

Excluded from this valuation.

6 CARE FACILITY COMPETITION

We have researched potential competing care facilities within the broader catchment and detail the most pertinent as:

CARE FACILITY COMPETITION							
Name	Suburb	Care Beds			Current O Total	Future Supply	Forecast Total
		RH	H	D			
Ribbonwood Rest Home		14			14		14
Clutha Views Lifecare		22	32	14	68		68
Holmdene Rest home		9	26		35		35
Ashlea Grove Rest Home		25		12	37		37
Lawrence Rural Health Centre		5			5		5
Total Beds		75	58	26	0	159	159
Percentage		47%	36%	16%	0%	100%	100%

7 RENTAL ASSESSMENT

Our adopted market rental at \$430,000 per annum plus GST and outgoings compares to the contract rental of \$484,074 per annum which indicates a difference of -\$54,074 per annum, alternatively -11.17%.

8 VALUATION CALCULATIONS

In arriving at our opinion of value, we have considered relevant general and economic factors, we have investigated recent sales transactions of comparable properties, and we have reviewed the various components that contribute to value. A variety of approaches have been considered and we detail as follows our principal methodology in establishing the freehold land and buildings value for the property.

8.1 CAPITALISATION APPROACH

All matters considered, we capitalise our assessed market rental at 6.50% before adjusting for any rental variance until expiry of the lease term certain. The following refers:

CAPITALISATION APPROACH

ASSESSED MARKET RENTAL \$430,000

Capitalise In Perpetuity @ 6.50%

CAPITALISED VALUE \$6,615,385

Plus Present Value of Rental Premium to Expiry of Lease Term Certain

Market Rental	\$430,000
Contract Rental	\$484,074
Rental Premium per Annum	\$54,074
Months to Lease Expiry	360
Discounted at	7.00%
	0.57% monthly

PRESENT VALUE OF RENTAL PREMIUM \$696,187

\$7,311,571

Sensitivity Analysis	Adopt	\$7,300,000
5.50% \$8,500,000	Initial Yield	6.63%
6.00% \$7,850,000	Yield on Market	5.89%
6.50% \$7,300,000	\$ Per Bed (Based on 68 Equivalent Beds)	\$107,353
7.00% \$6,850,000	\$ Per Sqm Floor Area	\$3,400
7.50% \$6,450,000	Multiple on Market	16.98

8.2 DIRECT COMPARISON APPROACH

We detail a sales comparison approach as follows:

DIRECT COMPARISON APPROACH - \$ Per Bed

Rest Home	22	@	\$95,000	\$2,090,000
Dementia	14	@	\$105,000	\$1,470,000
Hospital	32	@	\$115,000	\$3,680,000

Total Equivalent Beds 68 @ \$106,471 \$7,240,000

Sensitivity Analysis	Adopt	\$7,250,000
\$101,471 \$6,900,000	Yield on Market	5.93%
\$106,471 \$7,250,000	Equivalent \$/Per Bed (Based on 68 Beds)	\$106,618
\$111,471 \$7,580,000	Multiple on Market	16.86

8.3 DISCOUNTED CASH FLOW APPROACH

As an alternative approach we have prepared a discounted cash flow with key assumptions summarised as follows:

DISCOUNTED CASH FLOW APPROACH

Valuation Date	22 Dec 2021
Cash Flow Rests	Monthly Beginning of Period
Cash Flow Period	40 Years
Market Rental Growth P.A.	2.00%
Long Range CPI (Year 6+) P.A.	2.00%
Target Internal Rate of Return	8.50%
Terminal Yield (On Year 40 Income)	8.00%
Terminal Value as a Percentage of Total Value	5.91%

Sensitivity Analysis	Adopt	
-10%	\$6,800,000	Initial Yield 6.41%
-	\$7,550,000	Yield on Market 5.70%
10%	\$8,300,000	\$/Bed \$111,029

9 VALUATION RECONCILIATION

We establish market value of the freehold land and buildings as follows:

VALUATION RECONCILIATION

Capitalisation Approach:	Assessed Value:	\$7,300,000
Sales Comparison Approach:	Assessed Value:	\$7,250,000
Discounted Cash Flow Approach:	Assessed Value:	\$7,550,000

FREEHOLD LAND & BUILDINGS	\$7,450,000
Initial Yield	6.50%
Yield on Market	5.77%
\$ Per Bed (Based on 68 Physical Beds)	\$109,559
\$ Per Sqm Floor Area	\$3,470
\$ Per Sqm Land Area	\$1,234
Multiple on Contract	15.39
Multiple on Market	17.33

This valuation is prepared on the basis of plus GST (if any). This report must be read together with the Heritage Lifecare Real Estate Portfolio covering report dated 22 December 2021.

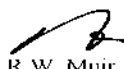
10 APPENDICES

APPENDIX I: TITLE DOCUMENTATION



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




R.W. Muir
Registrar-General
of Land

Identifier **OT14D/489**

Land Registration District **Otago**

Date Issued 30 October 1992

Prior References

OT12B/331

Supplementary Record Sheet

OT14D/495

Estate Stratum in Freehold

Legal Description Unit A and Accessory Unit A1, A2, A3, A4
and A5 Deposited Plan 22079

Registered Owners

Clutha Views Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10237464.3 Mortgage to Bank of New Zealand - 16.11.2015 at 4:56 pm

10348013.2 Variation of Mortgage 10237464.3 - 10.3.2016 at 12:08 pm

10699807.15 Variation of Mortgage 10237464.3 - 28.2.2017 at 4:23 pm

10730290.4 Encumbrance to Covenant Trustee Services Limited - 1.6.2017 at 12:42 pm

10730290.5 Mortgage Priority Instrument making Encumbrance 10730290.4 first priority and Mortgage 10237464.3 second priority - 1.6.2017 at 12:42 pm

10815929.1 Notice of the registration of Clutha Views as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 12.6.2017 at 7:00 am

10985892.1 Variation of Mortgage 10237464.3 - 13.12.2017 at 12:29 pm

11531609.1 Variation of Mortgage 10237464.3 - 26.8.2019 at 4:02 pm

1. MAP: *See* *Form* of *Consent* to *Survey* of *Clutha* District, hereby certify that I have assessed the unit entitlements shown in accordance with Unit Titles Act 1972.

Date: *1.10.91* Signature: *[Signature]*

PURSUANT to Section 5(1)(g) of the Unit Titles Act 1972, the principal administrative officer of the *Clutha* District, hereby certify that the building shown on this Unit Plan has been erected, and all other development work has been carried out, to the extent necessary to enable the boundaries of every unit and the common property shown on the plan to be physically measured.

[Signature] Principal Administrative Officer

ENTERED IN THE CONVEYANCE OFFICE

ADDRESS OF BODY CORPORATE
15 Bredalbine St.
Balclutha.

C.T. ISSUED	UNIT DESCRIPTION	APPROX. AREA	UNIT ENTITLEMENT		HEIGHT LIMITS
			UPPER	LOWER	
	UNIT A	15m ²	2.73		164'-60"
	AU A1	89m ²	14.90		"
	AU A2	25m ²	5.65		"
	AU A3	44m ²	10.31		"
	AU A4	89m ²	14.89		"
	AU A5	55m ²	14.36		"
	UNIT B	16m ²	6.72		164'-60"
	UNIT C	21m ²	7.23		164'-60"
	AU C1	13m ²	0.33		"
	UNIT D	20m ²	7.23		164'-60"
	AU D1	13m ²	0.33		"
	UNIT E	20m ²	7.23		164'-60"
	AU E1	13m ²	0.33		"
	UNIT F	21m ²	7.23		164'-60"
	AU F1	13m ²	0.33		"
TOTAL ENTITLEMENT			100.00		

SUPPLEMENTARY RECORD SHEET:

Total Area 2.6179 ha.

Comprised in CT 123/33

1. GEOFFREY WILLIAM BATES OF BALCLUTHA, Registered Surveyor, hereby certify that this plan has been made from surveys executed by me or under my directions, that both plan and survey have been made in accordance with the Survey Act 1980, and that the plan has been made in accordance with the Survey Act 1980 or any regulations made thereunder.

Dated at Balclutha, this 19th day of April 1991.

Signature: *[Signature]*

Field Book p. 1789, 1879, 2334
Reference Plan: 501, 1789, 1879, 2334
DP's: 12101, 12102, 12103, 12104, 12105, 12106, 12107, 12108, 12109, 12110, 12111, 12112, 12113, 12114, 12115, 12116, 12117, 12118, 12119, 12120, 12121, 12122, 12123, 12124, 12125, 12126, 12127, 12128, 12129, 12130, 12131, 12132, 12133, 12134, 12135, 12136, 12137, 12138, 12139, 12140, 12141, 12142, 12143, 12144, 12145, 12146, 12147, 12148, 12149, 12150, 12151, 12152, 12153, 12154, 12155, 12156, 12157, 12158, 12159, 12160, 12161, 12162, 12163, 12164, 12165, 12166, 12167, 12168, 12169, 12170, 12171, 12172, 12173, 12174, 12175, 12176, 12177, 12178, 12179, 12180, 12181, 12182, 12183, 12184, 12185, 12186, 12187, 12188, 12189, 12190, 12191, 12192, 12193, 12194, 12195, 12196, 12197, 12198, 12199, 12200, 12201, 12202, 12203, 12204, 12205, 12206, 12207, 12208, 12209, 12210, 12211, 12212, 12213, 12214, 12215, 12216, 12217, 12218, 12219, 12220, 12221, 12222, 12223, 12224, 12225, 12226, 12227, 12228, 12229, 12230, 12231, 12232, 12233, 12234, 12235, 12236, 12237, 12238, 12239, 12240, 12241, 12242, 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**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

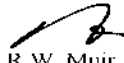
The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Appurtenant hereto is a right of way over part Lot 1 DP 7874 (CT OT371/63) and part Lot 1 DP 8060 (CT OT384/182) shown coloured red on diagram annexed to Proclamation 5638 created by the said Proclamation



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




R.W. Muir
Registrar-General
of Land

Identifier **OT14D/490**

Land Registration District **Otago**

Date Issued 30 October 1992

Prior References
OT12B/331

Supplementary Record Sheet
OT14D/495

Estate Stratum in Freehold
Legal Description Unit B Deposited Plan 22079
Registered Owners
Clutha Views Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10237464.3 Mortgage to Bank of New Zealand - 16.11.2015 at 4:56 pm

10348013.2 Variation of Mortgage 10237464.3 - 10.3.2016 at 12:08 pm

10699807.15 Variation of Mortgage 10237464.3 - 28.2.2017 at 4:23 pm

10730290.4 Encumbrance to Covenant Trustee Services Limited - 1.6.2017 at 12:42 pm

10730290.5 Mortgage Priority Instrument making Encumbrance 10730290.4 first priority and Mortgage 10237464.3 second priority - 1.6.2017 at 12:42 pm

10821701.1 Notice of the registration of Clutha Views as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 16.6.2017 at 7:00 am

10985892.1 Variation of Mortgage 10237464.3 - 13.12.2017 at 12:29 pm

11531609.1 Variation of Mortgage 10237464.3 - 26.8.2019 at 4:02 pm

A3

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

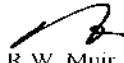
The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Appurtenant hereto is a right of way over part Lot 1 DP 7874 (CT OT371/63) and part Lot 1 DP 8060 (CT OT384/182) shown coloured red on diagram annexed to Proclamation 5638 created by the said Proclamation



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




R.W. Muir
Registrar-General
of Land

Identifier **OT14D/491**

Land Registration District **Otago**

Date Issued 30 October 1992

Prior References
OT12B/331

Supplementary Record Sheet
OT14D/495

Estate Stratum in Freehold
Legal Description Unit C and Accessory Unit C1 Deposited
Plan 22079

Registered Owners
Clutha Views Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10237464.3 Mortgage to Bank of New Zealand - 16.11.2015 at 4:56 pm

10348013.2 Variation of Mortgage 10237464.3 - 10.3.2016 at 12:08 pm

10699807.15 Variation of Mortgage 10237464.3 - 28.2.2017 at 4:23 pm

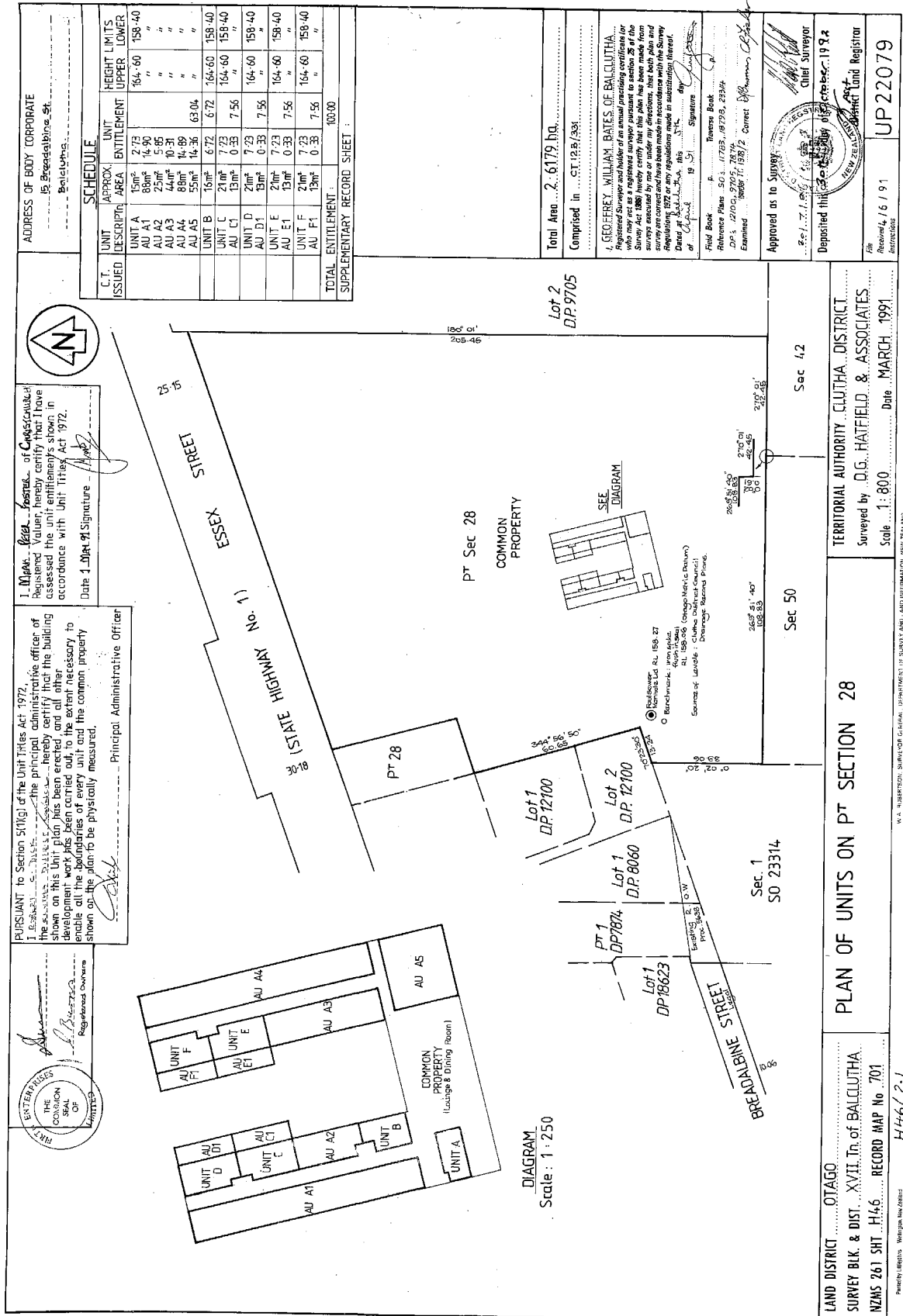
10730290.4 Encumbrance to Covenant Trustee Services Limited - 1.6.2017 at 12:42 pm

10730290.5 Mortgage Priority Instrument making Encumbrance 10730290.4 first priority and Mortgage 10237464.3 second priority - 1.6.2017 at 12:42 pm

10821701.1 Notice of the registration of Clutha Views as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 16.6.2017 at 7:00 am

10985892.1 Variation of Mortgage 10237464.3 - 13.12.2017 at 12:29 pm

11531609.1 Variation of Mortgage 10237464.3 - 26.8.2019 at 4:02 pm



**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Appurtenant hereto is a right of way over part Lot 1 DP 7874 (CT OT371/63) and part Lot 1 DP 8060 (CT OT384/182) shown coloured red on diagram annexed to Proclamation 5638 created by the said Proclamation



**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
UNIT TITLE
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R.W. Muir
Registrar-General
of Land

Identifier **OT14D/492**

Land Registration District **Otago**

Date Issued 30 October 1992

Prior References

OT12B/331

Supplementary Record Sheet

OT14D/495

Estate Stratum in Freehold

Legal Description Unit D and Accessory Unit D1 Deposited
Plan 22079

Registered Owners

Clutha Views Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10237464.3 Mortgage to Bank of New Zealand - 16.11.2015 at 4:56 pm

10348013.2 Variation of Mortgage 10237464.3 - 10.3.2016 at 12:08 pm

10699807.15 Variation of Mortgage 10237464.3 - 28.2.2017 at 4:23 pm

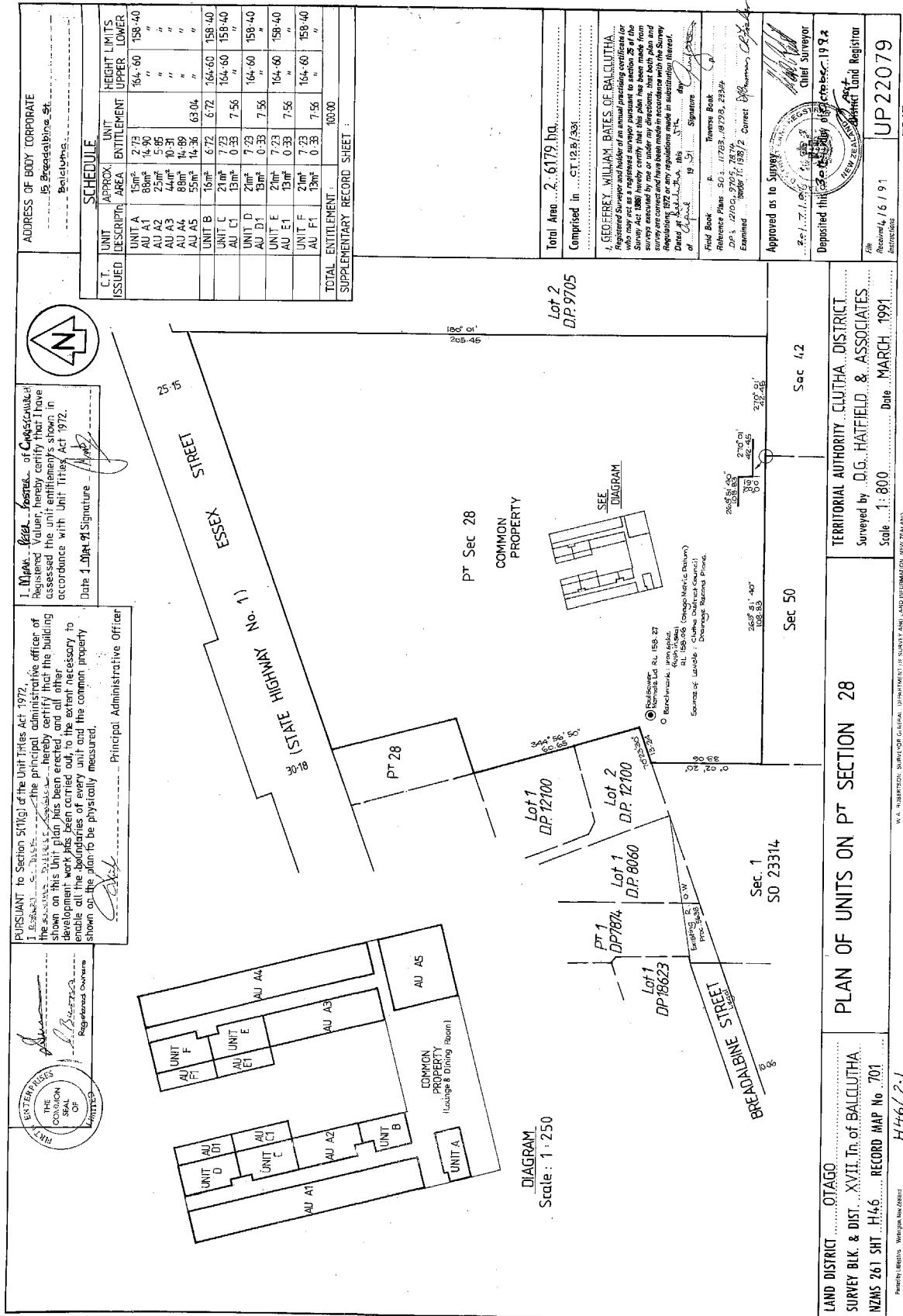
10730290.4 Encumbrance to Covenant Trustee Services Limited - 1.6.2017 at 12:42 pm

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UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

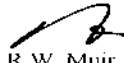
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Appurtenant hereto is a right of way over part Lot 1 DP 7874 (CT OT371/63) and part Lot 1 DP 8060 (CT OT384/182) shown coloured red on diagram annexed to Proclamation 5638 created by the said Proclamation



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




R.W. Muir
Registrar-General
of Land

Identifier **OT14D/493**

Land Registration District **Otago**

Date Issued 30 October 1992

Prior References
OT12B/331

Supplementary Record Sheet
OT14D/495

Estate Stratum in Freehold
Legal Description Unit E and Accessory Unit E1 Deposited
Plan 22079

Registered Owners
Clutha Views Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10237464.3 Mortgage to Bank of New Zealand - 16.11.2015 at 4:56 pm

10348013.2 Variation of Mortgage 10237464.3 - 10.3.2016 at 12:08 pm

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Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

(a) the body corporate owns the common property and

(b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

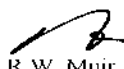
The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Appurtenant hereto is a right of way over part Lot 1 DP 7874 (CT OT371/63) and part Lot 1 DP 8060 (CT OT384/182) shown coloured red on diagram annexed to Proclamation 5638 created by the said Proclamation



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




R.W. Muir
Registrar-General
of Land

Identifier **OT14D/494**

Land Registration District **Otago**

Date Issued 30 October 1992

Prior References

OT12B/331

Supplementary Record Sheet

OT14D/495

Estate Stratum in Freehold

Legal Description Unit F and Accessory Unit F1 Deposited
Plan 22079

Registered Owners

Clutha Views Village Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet

10237464.3 Mortgage to Bank of New Zealand - 16.11.2015 at 4:56 pm

10348013.2 Variation of Mortgage 10237464.3 - 10.3.2016 at 12:08 pm

10699807.15 Variation of Mortgage 10237464.3 - 28.2.2017 at 4:23 pm

10730290.4 Encumbrance to Covenant Trustee Services Limited - 1.6.2017 at 12:42 pm

10730290.5 Mortgage Priority Instrument making Encumbrance 10730290.4 first priority and Mortgage 10237464.3 second priority - 1.6.2017 at 12:42 pm

10821701.1 Notice of the registration of Clutha Views as a Retirement Village. Subject to section 22 of the Retirement Villages Act 2003 (which provides priority for the rights of the residents ahead of the rights of holders of security interests) - 16.6.2017 at 7:00 am

10985892.1 Variation of Mortgage 10237464.3 - 13.12.2017 at 12:29 pm

11531609.1 Variation of Mortgage 10237464.3 - 26.8.2019 at 4:02 pm

[illegible]

**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972****Search Copy**

Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests

OWNERSHIP OF COMMON PROPERTY

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SUPPLEMENTARY RECORD SHEET UNDER UNIT TITLES ACT 1972

Search Copy

Identifier OT14D/495
Land Registration District Otago
Date Issued 30 October 1992
Plan Number DP 22079

Subdivision of
Part Section 28 Block XVII Town of Balclutha

Prior References
OT12B/331

Unit Titles Issued			
OT14D/489	OT14D/490	OT14D/491	OT14D/492
OT14D/493	OT14D/494		

Interests
OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

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ADDRESS OF BODY CORPORATE
15 Broadalbine St.
Balclutha.

SCHEDULE

C.T. ISSUED	UNIT DESCRIPTION	APPROX. AREA	UNIT ENTITLEMENT	HEIGHT LIMITS UPPER LOWER
	UNIT A	15m ²	2.73	164'-60" 158'-40"
	AU A1	89m ²	14.90	" "
	AU A2	25m ²	5.65	" "
	AU A3	44m ²	10.31	" "
	AU A4	89m ²	14.89	" "
	AU A5	55m ²	14.36	" "
	UNIT B	16m ²	6.72	164'-60" 158'-40"
	UNIT C	21m ²	7.23	164'-60" 158'-40"
	AU C1	13m ²	0.33	" "
	UNIT D	20m ²	7.23	164'-60" 158'-40"
	AU D1	13m ²	0.33	" "
	UNIT E	20m ²	7.23	164'-60" 158'-40"
	AU E1	13m ²	0.33	" "
	UNIT F	21m ²	7.23	164'-60" 158'-40"
	AU F1	13m ²	0.33	" "
	TOTAL ENTITLEMENT		100.00	

SUPPLEMENTARY RECORD SHEET :

Total Area 2.6179 ha.

Comprised in CT 123/33

1. GEOFFREY WILLIAM BATES OF BALCLUTHA
Registered Surveyor, who may act as a registered surveyor pursuant to section 26 of the Survey Act 1980 hereby certify that this plan has been made from surveys executed by me or under my directions, that both plan and certificate have been made in accordance with the Survey Regulations 1972 or any regulations made thereunder.
Dated at Balclutha, this 3rd day of April 1991. Signature *G. Bates*

Field Book
Reference Plan: 503, 1783, 1879, 2334
DP's: 12101, 12102, 12103, 12104, 12105, 12106, 12107, 12108, 12109, 12110, 12111, 12112
Examined *G. Bates* Correct

Approved as to Survey
2-1-7-1-91
Chief Surveyor

Deposited this 26th day of October 1991
District Registrar

File
Recorded 4/6/91
UP 22079

1. I, Mark Peter Foster, of Christchurch
Registered Valuer, hereby certify that I have assessed the unit entitlements shown in accordance with Unit Titles Act 1972.
Date 1. Dec 91 Signature *M. Foster*

PURSUANT to Section 5(1)(g) of the Unit Titles Act 1972,
I, *Mark Peter Foster*, the principal administrative officer of the *BALCLUTHA DISTRICT COUNCIL*, hereby certify that the building shown on this Unit plan has been erected, and all other development work has been carried out, to the extent necessary to enable the boundaries of every unit and the common property shown on the plan to be physically measured.

Principal Administrative Officer
Mark Peter Foster

PLAN OF UNITS ON PT SECTION 28

LAND DISTRICT OTAGO
SURVEY BLK. & DIST. XVII Tn of BALCLUTHA
NZMS 261 SHT H46 RECORD MAP No. 701

Scale: 1:250

DIAGRAM

Scale: 1:250

PLAN OF UNITS ON PT SECTION 28

TERRITORIAL AUTHORITY CLUTHA DISTRICT
Surveyed by *D.G. HATFIELD & ASSOCIATES*
Scale 1:800 Date **MARCH 1991**

W.A. KILBETTON, SURVEYOR GENERAL, DISTRICT OF SURVEY AND INFORMATION, WELLINGTON

APPENDIX II: DISCOUNTED CASH FLOW SUMMARY

CLUTHA VIEWS LIFECARE, 64 ESSEX STREET, BALCLUTHA, CLUTHA DISTRICT

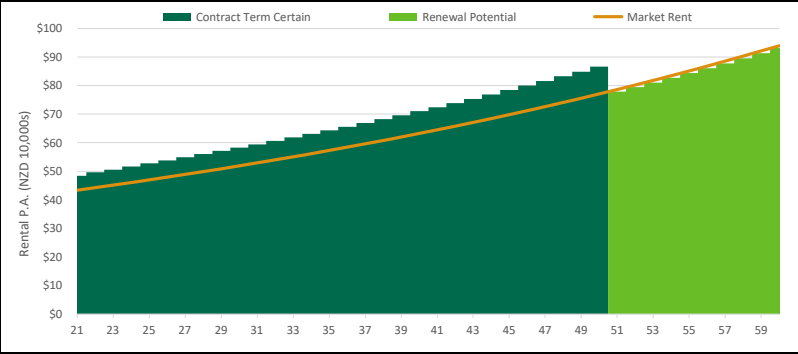
Discounted Cash Flow Summary

PV of Net Income	\$7,110,000
PV of Terminal Value	\$450,000
Total Net Present Value	\$7,560,000
PV of Disposal Costs	(\$10,000)
Adopted Value	\$7,550,000
Indicated IRR	8.76%
Initial Yield	6.41%
Yield on Market	5.70%
\$/Bed	\$111,029

Sensitivity Analysis

		Terminal Yield				
		7.50%	7.75%	8.00%	8.25%	8.50%
Discount Rate	7.75%	\$8,400,000	\$8,350,000	\$8,350,000	\$8,300,000	\$8,300,000
	8.00%	\$8,100,000	\$8,100,000	\$8,050,000	\$8,050,000	\$8,050,000
	8.25%	\$7,850,000	\$7,800,000	\$7,800,000	\$7,800,000	\$7,750,000
	8.50%	\$7,600,000	\$7,550,000	\$7,550,000	\$7,550,000	\$7,500,000
	8.75%	\$7,350,000	\$7,350,000	\$7,300,000	\$7,300,000	\$7,300,000
	9.00%	\$7,100,000	\$7,100,000	\$7,100,000	\$7,100,000	\$7,050,000
	9.25%	\$6,900,000	\$6,900,000	\$6,900,000	\$6,850,000	\$6,850,000

Cash Flow Forecast



Year Ending	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030	Dec 2031	Dec 2032	Dec 2033	Dec 2034	Dec 2035	Dec 2036	Dec 2037	Dec 2038	Dec 2039	Dec 2040	Dec 2041	Dec 2042	Dec 2043	Dec 2044	Dec 2045	Dec 2046	Dec 2047	Dec 2048	Dec 2049	Dec 2050	Dec 2051	Dec 2052	Dec 2053	Dec 2054	Dec 2055	Dec 2056	Dec 2057	Dec 2058	Dec 2059	Dec 2060	Dec 2061	Terminal Value
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	
Growth Forecasts																																										
CPI (%)	2.4%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-	
Market Rental (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
Rental Income																																										
Heritage Lifecare Limited	48	50	50	52	53	54	55	56	57	58	59	61	62	63	64	66	67	68	70	71	72	74	75	77	78	80	82	83	85	87	78	79	81	83	84	86	88	90	91	93	-	
Operating Expenses																																										
OPEX During Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	48	50	50	52	53	54	55	56	57	58	59	61	62	63	64	66	67	68	70	71	72	74	75	77	78	80	82	83	85	87	78	79	81	83	84	86	88	90	91	93	-	
Capital Adjustments																																										
Rent Shortfall - New Tenancies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letting Up Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Incentive Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (% Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessors Works/Make Good	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPITAL ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SELLING CONSIDERATIONS																																										
Terminal Value																																										1,190
Disposal Cost Allowance @ 2.0%																																										-24
NET CASHFLOW INCOME	48	50	50	52	53	54	55	56	57	58	59	61	62	63	64	66	67	68	70	71	72	74	75	77	78	80	82	83	85	87	78	79	81	83	84	86	88	90	91	93	1,166	

NB: 1) Cashflow figures are displayed in NZD 10,000's unless otherwise specified. Market Rent reviews are shaded grey where present.

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