



## Commercial Market Valuation for Capital Raising Purposes

4 Ruffell Road  
Te Rapa  
Hamilton

Prepared for:  
Pacific Property Fund Limited  
C/- Property Managers Group  
PO Box 2034  
Tauranga  
3140

Attention: Daniel Lem

Date: 1 July 2022

Reference: 0422-30

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## 1. Executive Summary

- Instructed by:** Daniel Lem of Pacific Property Fund Limited (“The Company”)
- Intended Users:** Prospective subscribers for units in Pacific Property Fund Limited and ASB Bank Limited as Security Trustee.
- Purpose of Valuation:** Commercial Market Valuation on the subject property on the following basis:
- a) As is
  - b) On completion of the agreed extension

For capital raising purposes including use within the Product Disclosure Statement as required by the Financial Markets Conduct Act.

Our report is confidential to the parties to which it is addressed and to the prospective subscribers for units in Pacific Property Fund Limited as part of a capital raising exercise. No responsibility is accepted to any other third parties.

Neither the whole of the report, nor any part of it, or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval to the form and context in which it will appear. This does not preclude PMG Property Fund Management Limited from providing to prospective subscribers for units in Pacific Property Fund Limited.

- Date of Inspection/Valuation:** Inspection undertaken 29 April 2022. Valuation date 1 September 2022 but assessed as at 1 July 2022.

- Valuation:** a) As is
- NZD\$14,550,000**  
**(FOURTEEN MILLION FIVE HUNDRED AND FIFTY THOUSAND DOLLARS)**

Our valuation is on the basis of plus GST (if any) and reflects the following:

### Analysis

Value per sqm of GLA	\$4,560
Value per sqm of Land Area	\$896
Initial Yield	5.57%
Yield on Net Market Income	5.29%
Weighted Average Remaining Lease Term	14.92 years



**b) On completion of the agreed extension**

**NZD\$19,600,000**  
**(NINETEEN MILLION SIX HUNDRED THOUSAND DOLLARS)**

Our valuation is on the basis of plus GST (if any) and reflects the following:

***Analysis***

Value per sqm of GLA	\$4,080
Value per sqm of Land Area	\$1,207
Initial Yield	5.77%
Yield on Net Market Income	5.26%
Weighted Average Remaining Lease Term	14.92 years

**Valuation Approaches:** Capitalisation of income; land and buildings (plus surplus land); and discounted cashflow.

**Market Value Definition:** 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 where the parties had each acted knowledgeably, prudently and without compulsion (IVS 104).

**Coronavirus (COVID-19):** Local and international markets will come to terms with Coronavirus and the impact or unclear impact this may have on the property market. A regular review of our report should be undertaken as circumstances are prone to change over a short time frame. This is an integral part of any approved party relying on our report.

**Purchase Price:** **NZD\$14,000,000** as specified in a vendor executed Agreement for Sale and Purchase of Real Estate. There is provision for an adjustment of the purchase price to **NZD\$19,542,000** following certified completion of the workshop extension. Specific requirements in the Agreement are contained in the Assumptions section of our report below.

**1.1 Assumptions**

In preparing our valuation, we have made the following assumptions:

- That the improvements are not categorised as earthquake prone, which if so could affect value in certain market conditions.
- The Draft Deed of Lease between Pacific Property Fund Limited and Keith Andrews Trucks Limited referenced PMG818-2041 (9775825) and provided to us on 29 June 2022 is executed by the parties.
- Settlement date of 31 August 2022.
- The Tenant shall provide the Landlord with a bank guarantee to an amount equivalent to 12 months’ rent and outgoings (plus GST).
- For the expansion, any outgoings would be recoverable consistent with that provided in the Lease.



- The extension purchase price is \$19,542,000 with an initial yield of 5.79%.
- An initial net annual rent under the lease of \$810,000 plus GST.
- After certified completion of the extension, the net annual rent will increase by \$320,644 plus GST to \$1,130,644 plus GST.
- Annual indexed rental growth of 3% with 5% cap and collar market reviews every 5 years, except for when the market review date and the renewal date are the same, in which case the market rent review is fully ratcheted.
- A rentable area of not less than 3,191sqm, and a current yard area of not less than 10,063sqm.
- There are no changes to prevailing market conditions between the date of this report, and the date of valuation.

Should any of these assumptions change or not be met, we reserve the right to amend our valuation accordingly.

## 1.2 Key Considerations

**Condition:** Above average, being a quality fit for purpose commercial motor vehicle sales and service facility.

**Saleability:** Good, providing long term assured cashflow from an established commercial vehicle operator who has committed to a building extension, plus ongoing fixed rental increases of 3% per annum, apart from 5-yearly market reviews which are capped at 95% to 105% of the rent paid in the immediate 12 months. We consider the extension rent to be arguably above market, reflecting that some of the yard where rent was previously paid will be required for building development.

**Property Type:** A 2017 completed purpose-built commercial motor vehicle sales, administration, servicing and storage facility with an estimated premises rentable area of 3,191sqm all situated to a 16,243sqm freehold Industrial zoned site to the northern end of the Te Rapa industrial district in Hamilton.

The property is subject to a 15 year leaseback to KAT Te Rapa Limited from settlement date at a net annual rental of \$810,000 per annum, which we consider above market by some \$39,000. By our analysis, the contract rent represents \$168 per sqm for the premises and slightly over \$27 per sqm for some 10,063sqm of display, sealed and metalled yard.

There have been relatively few significant industrial investment transactions to date in 2022 with many investors adopting a 'wait and see' approach on the back of international uncertainty, and rising interest rates. Notwithstanding, this is a quality fit for purpose facility that offers a variety of options including expansion land, extensive frontage and a quality environment, all factors which we consider to have investment appeal.



## 2. Property Description

### 2.1 Legal Description and Interests

Identifier	465540
Land Registration District	South Auckland
Estate	Fee Simple
Area	1.6243 hectares more or less
Legal Description	Lot 3 Deposited Plan 417046
Registered Owners	Kat Te Rapa Limited

Lot	DP	Identifier	Area (sqm)
3	417046	465540	16,243
<b>Total Land Area</b>			<b>16,243</b>

#### Outstanding Interests:

Interests include:

- 8130920.1 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 30.3.2010 at 10:13 am
- 10783559.3 Mortgage to ASB Bank Limited - 30.5.2017 at 8:52 am

#### Interest Comments:

8130920.1 is a Consent Notice pursuant to Section 221 Resource Management Act 1991, registered on the Certificate/s of Title for Lots 1 and 3 advising that the property is reliant on ground soakage for stormwater disposal and that maintenance and replacement of soakage systems are the responsibility of the landowner.

We have considered these interests in assessing our value of the property.

### 2.2 Land Description

#### Site Description:

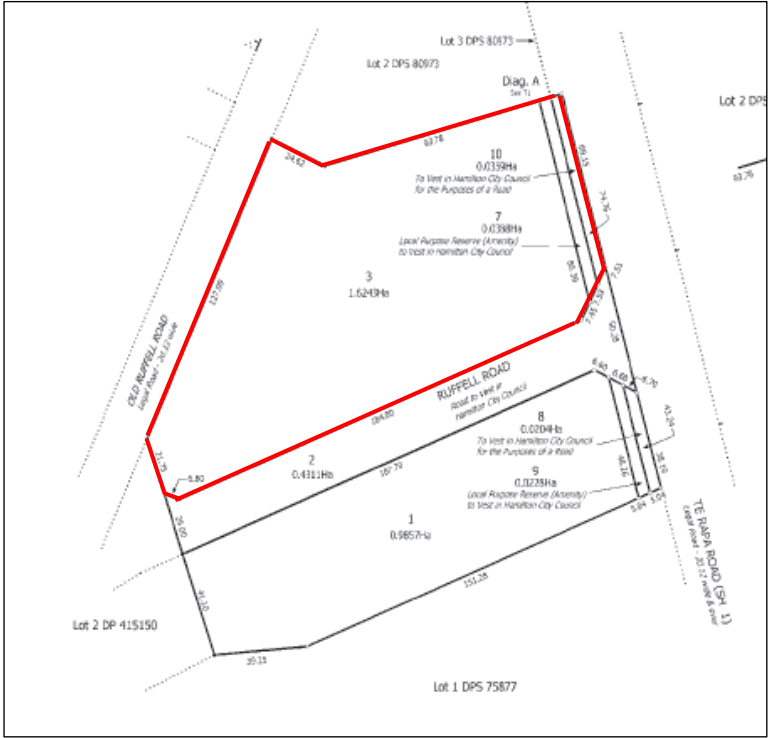
Lot 3 comprises an irregular shaped 1.6243ha site with easterly aspect to Te Rapa Road to which it has approximate frontage of 80.39m, southern aspect to Ruffell Road to which it has approximate frontage of 184m, and westerly aspect to old Ruffell Road to which it has frontage of 127.09m. There are angled corner boundaries between Te Rapa Road and Ruffell Road.

The improvements are centrally located on site being set back from Te Rapa Road to the canopy by approximately 17m. This allows vehicle display areas to Te Rapa Road, and vehicle storage and queuing areas to both the northern and southern side of the improvements and yard to the western end of the site which provides additional storage options.

The land is of level contour and has three road crossings to Ruffell Road and a further formed crossing to old Ruffell Road.

A site plan and aerial photo follow:





**Zoning:**

The land is zoned Industrial under the Hamilton Operative District Plan, October 2017.

The Industrial zone seeks to:

- Allow industrial activities to establish and operate within the zone in an efficient and effective manner.
- That non-industrial activities which establish and operate within the zone do not undermine the primacy, function, vitality and amenity of the central city, the sub-regional centres and the function of the lower order centres in the business hierarchy.

Permitted activities within the industrial zone provide for:

- New buildings and alterations and additions to existing buildings
- Demolition or removal of existing buildings
- Maintenance or repair of existing buildings
- Minor works
- Industrial activity
- Light industrial activity
- Service industrial activity
- Ancillary offices
- Ancillary retail
- Trade and industry training facilities
- Food and beverage outlets
- Wholesale retail and trade supplies
- Yard based retail on front sites adjoining various transport corridors
- Building improvement centres
- Passenger transport facilities
- Transport depot
- Parking lots and parking buildings
- Accessory building
- Motorised recreation activity
- Banks less than 200sqm

**Development Standards**

Development Intensity

There is no maximum site coverage outside of the amenity protection area or the Rotokauri Employment Area where maximum site coverage is 75%.

Building Setback

- 5m from the transport corridor boundary for local, collector and arterial transport corridors
- 15m from the edge of the expressway
- 940m for protected premises and facilities,





- 8m of any boundary adjoining any residential, special character or open space zones.

There are no setback requirements for all other boundaries.

Height Limit

20m, except for 10m in the Amenity Protection Area and 15m in the Rotokauri Employment area.

**Situation & Locality:**

Te Rapa Road is a sealed arterial route extending from the Hamilton CBD in the south through to Ngaruawahia in the north, being the former State Highway 1.

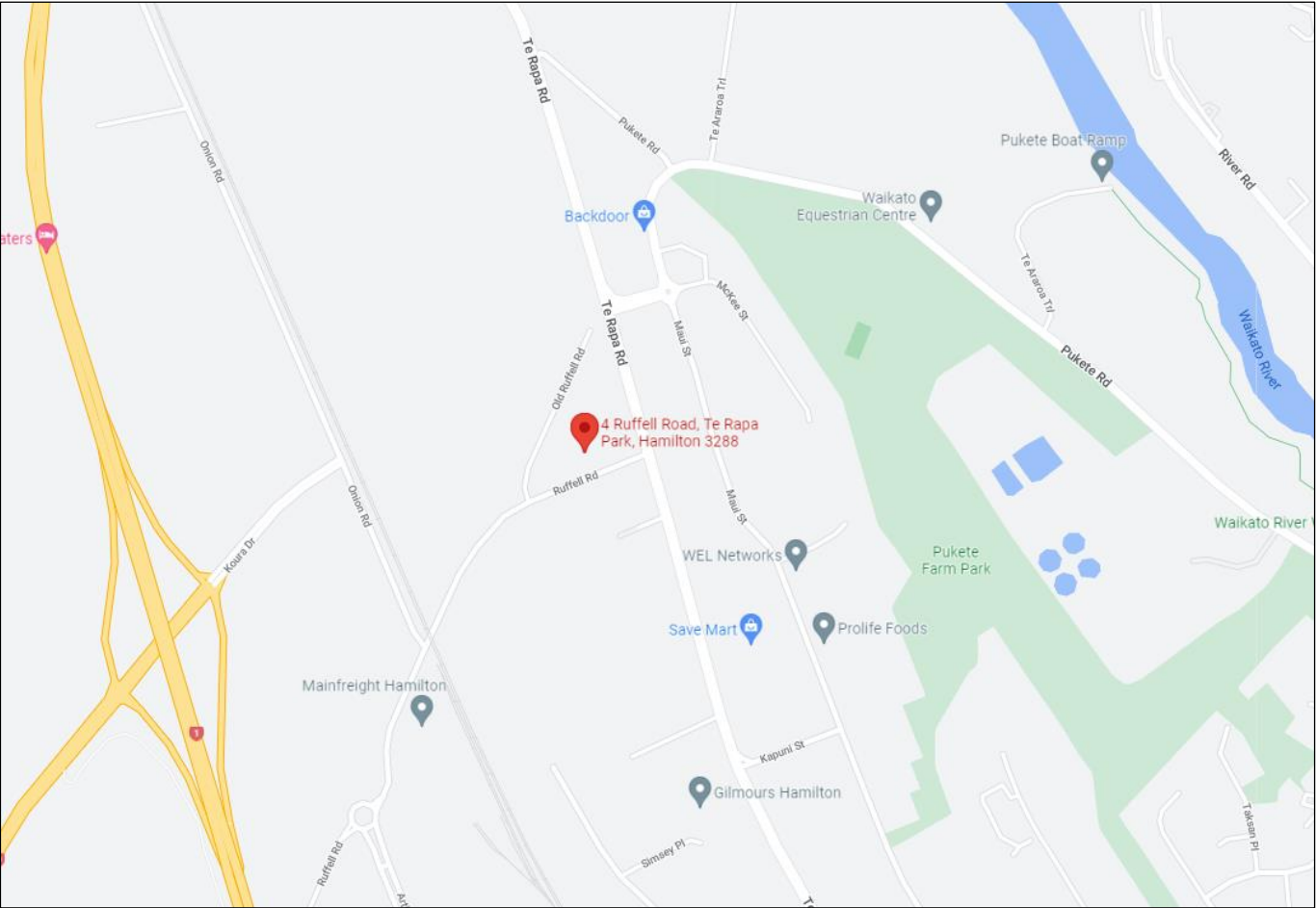
The subject property is situated to the north-western corner of the Ruffell Road and Te Rapa Road intersection toward the northern end of the established industrial district. It is within 800m of the landmark Te Rapa Fonterra milk processing factory.

Immediate surrounding development comprises a variety of industrial land uses including motor vehicle and commercial motor vehicle sales and service premises with frontage to Te Rapa Road. To the back streets is industrial development having occurred progressively from the 1990's. Beyond this, between the Waikato Expressway and Waikato River, much of the development is farmland although the land is zoned Deferred Industrial. Generally, the property fronting Te Rapa Road is of a good standard with a slightly lower standard in the back streets.

In this position, the property is approximately 8km north of the Hamilton CBD, is within 1.5km of the Waikato Expressway with Ruffell Road having been stopped during 2021 requiring back tracking to Arthur Porter Drive to gain access to the closest interchange.

Notwithstanding, an established industrial location to the northern periphery of development in Te Rapa, Hamilton.





In summary, an established industrial location of northern Te Rapa, Hamilton, New Zealand.



## 2.3 Description of Improvements

### Floor Area:

We have undertaken measurement at a height of 1.5m and to the external face of external walls. Our onsite measurements align closely with those contained in a Colliers valuation undertaken in May 2021. We have adopted these premises estimated areas in establishing our opinion of value. We differed slightly in our yard area estimations and have applied those that we calculated in our valuation.

#### Floor Area Summary

Description	Occupier	Rentable Area sqm	Total Property %
Showroom/Offices	Keith Andrews Trucks Limited	906.82	28.4%
Mezzanine Offices	Keith Andrews Trucks Limited	448.98	14.1%
Workshop	Keith Andrews Trucks Limited	932.25	29.2%
Undercroft workshop	Keith Andrews Trucks Limited	26.52	0.8%
Tool storage	Keith Andrews Trucks Limited	52.71	1.7%
Parts storage	Keith Andrews Trucks Limited	26.90	0.8%
Tool storage	Keith Andrews Trucks Limited	62.31	2.0%
Tool storage mezzanine	Keith Andrews Trucks Limited	62.31	2.0%
Parts storage mezzanine	Keith Andrews Trucks Limited	26.90	0.8%
Oil Storage	Keith Andrews Trucks Limited	65.80	2.1%
Mezzanine Plant/Storage	Keith Andrews Trucks Limited	30.19	0.9%
Truck Wash Bay	Keith Andrews Trucks Limited	179.68	5.6%
Showroom Canopy	Keith Andrews Trucks Limited	237.85	7.5%
Workshop Canopy	Keith Andrews Trucks Limited	131.80	4.1%
<b>Adopted Rentable Area</b>		<b>3191.02</b>	<b>100.0%</b>
<b>Other Areas</b>			
Display Yard	Keith Andrews Trucks Limited	1,445 sqm	14.4%
Expansion yard	Keith Andrews Trucks Limited	845 sqm	8.4%
Southern yard off Ruffell Rd	Keith Andrews Trucks Limited	2,230 sqm	22.2%
Northern side yard	Keith Andrews Trucks Limited	1,765 sqm	17.5%
Rear metal yard	Keith Andrews Trucks Limited	3,778 sqm	37.5%
<b>Total Other Areas</b>		<b>10,063 sqm</b>	<b>100.0%</b>
<b>Footprint &amp; Site Coverage Calculations</b>			
Approximate Footprint		2622.64	
Approximate Site Cover		16.1%	

On this basis we estimate that the property has an approximate footprint of 16% which is low in an industrial context. This provides either expansion possibilities, or an opportunity to subdivide some of the land, reflecting the overall generous frontage. We reiterate that these are estimated areas and would recommend a survey of the improvements so as to confirm measurements.

Plans contained within Schedule 3 of the Agreement for Sale and Purchase of Real Estate show the expansion area to the western end of the existing workshop. This will be of a consistent design and comprise some 1,613sqm which will include ground floor amenities and a small Level 1 office. The



expansion will be positioned on what was previously part of the concrete yard and part of the rear metal yard.

**General:**

A 2017 completed fit-for-purpose commercial motor vehicle sales, servicing and storage facility.

**Construction:**

Construction consists of:

Showroom & Mezzanine Office

<i>Foundations:</i>	Reinforced concrete slab
<i>Structural:</i>	RSJ frames
<i>Joinery:</i>	Aluminium framed commercial joinery, full height to the showroom
<i>Exterior:</i>	Profiled metal and precast panel in part
<i>Roof:</i>	Un sighted but presumably profiled metal or similar
<i>Stud Height:</i>	Showroom - 6.95m Mezzanine – 2.95m floor to suspended ceiling
<i>Lift:</i>	1x Schindler 1,000kg 13-person hydraulic lift

Internal linings consist of:

<i>Flooring:</i>	Polished concrete, carpet tiles, walls and ceilings
<i>Walls &amp; Ceilings:</i>	Painted plasterboard walls in places with extensive suspended ceiling on metal grid
<i>Lighting:</i>	LED throughout
<i>Air-conditioning:</i>	Generally both floor and ceiling mounted cassette units

Workshop

<i>Foundations:</i>	Reinforced concrete slab
<i>Structural:</i>	RSJ columns and beams
<i>Exterior:</i>	Concrete panel, profiled metal
<i>Roof:</i>	Profiled metal with translucent panelling
<i>Sprinklered:</i>	No
<i>Stud Height:</i>	7.5 to 8.6m
<i>Lighting:</i>	LED purlin hung



Truck Wash

<i>Foundations:</i>	Concrete slab
<i>Structural:</i>	Galvanised metal columns and beams
<i>Exterior:</i>	Precast concrete and profiled metal
<i>Roof:</i>	Profiled metal
<i>Stud Height:</i>	5.5 to 6.3m

**Layout & Amenities:**

Showroom and Mezzanine Office

The main pedestrian entrance opens onto a full height showroom with the mezzanine floor set back and sitting above steel beams below which are ground floor offices, reception and amenities. Closed tread metal stairs, steel railings and suspended steel rods provide access to the mezzanine office from the showroom, amenities, and administration areas. The mezzanine offices consist of open plan, management offices, training room, staff cafeteria, and amenities.

Workshop

The workshop is open plan with matching roller doors providing full drive-through capabilities to two of the three bays. Positioned within the workshop, to the eastern end is a locker overhang from the mezzanine offices whilst to the north-eastern corner is a training room overhang, also from the mezzanine. To the corner is a general parts store with mezzanine storage immediately above, whilst to the north-western corner is a double workshop providing secure lockup tool storage and mezzanine storage above. This extends through to the exterior with a secure oil store on grade and open mezzanine with safety railing overlooking the northern yard.

The truck wash is a freestanding structure situated to the northern side boundary.

**Fixtures & Fittings:**

Fixtures and fittings include:

Kitchen

- Quality kitchen environment with modern benchtop and appliance recesses

Bathrooms

- Generally ceramic hand basins and WCs



<b>Condition &amp; Repair:</b>	Above average, being a quality, fit for purpose commercial motor vehicle sales and service facility.
<b>Site Improvements:</b>	<p>These are extensive and include a number of road crossings off Ruffell and Old Ruffell Road with no vehicle access allowed off Te Rapa Road. The front display yard has a bitumen surface that extends back some 17m before the 8.4m wide canopy that extends the full width of the showroom. To the southern side of the showroom is open staff parking with a landscaped area screening that from the larger sealed concrete yard set back approximately 24m off Ruffell Road. The workshop canopy extends a full length at a width of approximately 3.7m. The concrete yard extends along to the western end of the improvements over where part of the expansion land is, and also to the northern side of improvements with a large formed access to Old Ruffell Road. Beyond the concreted area is a secure and metalled truck storage area with generally wire mesh fencing to boundaries.</p> <p>To the road frontage and carparking areas, is established landscaping.</p>
<b>Reticulation of Services:</b>	Telephone, electricity, sewage, storm water and town water are all available to the site.
<b>Building Warrant of Fitness:</b>	The property has a current Building Warrant of Fitness through to 23 January 2023.
<b>Code Compliance:</b>	<p>We assume all existing development on site has appropriate resource and building consent and has obtained Code Compliance Certification.</p> <p>We have also assumed that the proposed workshop expansion obtains all necessary resource and building consent, is completed in a timely manner, and is incorporated within the original lease agreement.</p>
<b>Seismic Rating:</b>	We have assessed our value on the basis that all improvements have a seismic rating of not less than 67% of New Building Standard.



Photos:



Southern aspect



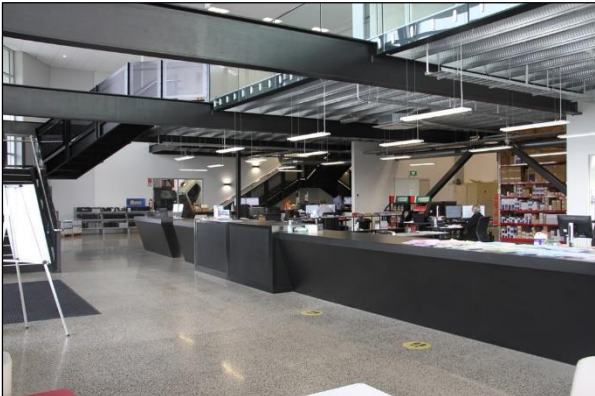
Te Rapa Road frontage



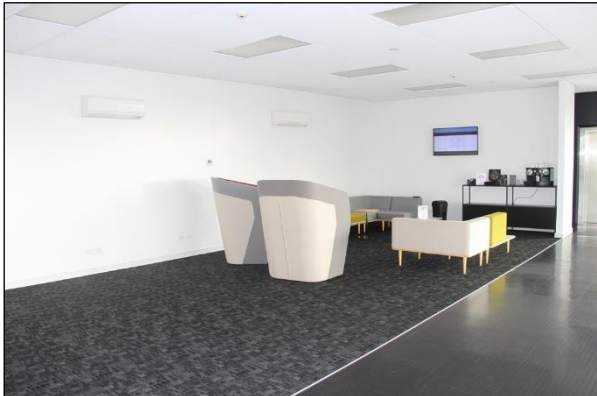
Eastern aspect



Showroom and mezzanine stairs



Showroom and office



Mezzanine office





Te Rapa Road frontage



Te Rapa Road frontage



Mezzanine bathroom



Boardroom



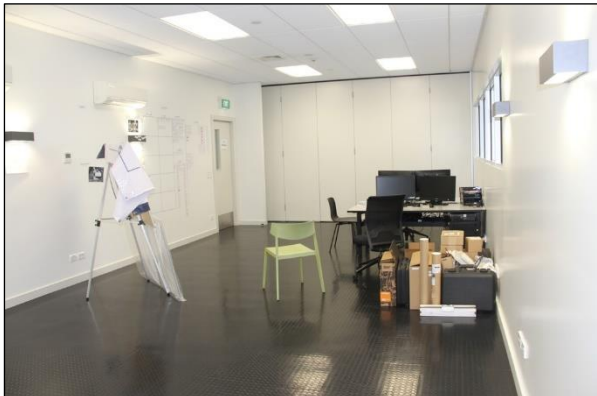
Mezzanine lunchroom



Showroom from mezzanine







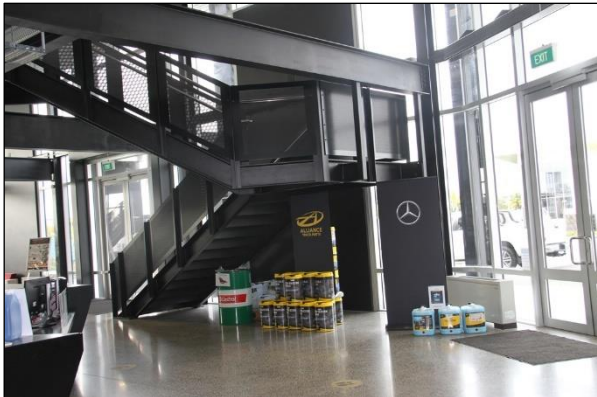
Training room



Locker



Men's bathroom



Entry stairs



Offices towards showroom



Workshop





Parts store



Workshop



Workshop



Workshop canopy



Workshop drive-through



Mezzanine storage





Training room cantilever



Lock-up tool storage



South-western aspect



South-western aspect



Truck wash



Metalled yard





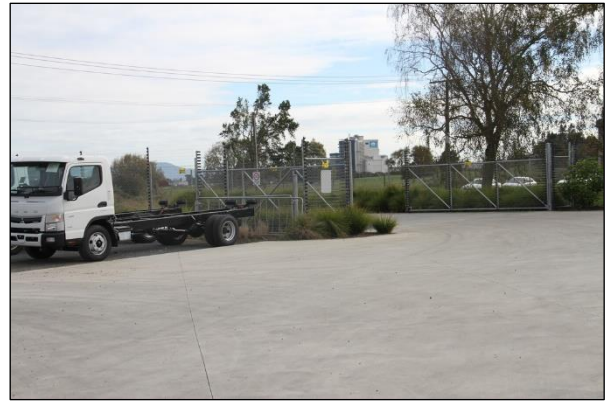
Metalled yard



Western elevation and metalled yard



Ruffell Road frontage



Old Ruffell Road access



Sealed yard



Front display





Front display



### 3. Occupancy Arrangements

#### 3.1 Lease Summary

A summary of the draft occupancy arrangements is contained below.

##### Draft Deed of Lease

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Landlord:	Pacific Property Fund Limited
Tenant:	Keith Andrews Trucks Limited
<del>Guarantor:</del>	
Lease Format:	Sixth Edition 2012 (5)
Premises:	All the land and buildings at 4 Ruffell Road, Te Rapa Park, Hamilton. The land is all the land comprised and described in Record of Title 465540.
Term:	15 years
Commencement Date:	1 September 2022
Rights of Renewal:	One right of renewal for a term of 10 years
Renewal Dates:	1 September 2037
Expiry Date:	31 August 2047
Annual Rental:	\$810,000 plus GST
Rent Payment Dates	The 1 <sup>st</sup> day of each month, starting on the 1 <sup>st</sup> day of September 2022.
Rent Review Dates:	<u>Fixed rent increase dates (clause 2.6)</u> Each anniversary of the commencement date (but excluding the market rent review dates) <u>Market rent review dates</u> 1 September 2027 (clause 2) 1 September 2032 (clause 2) 1 September 2037 (the renewal date – clause 32.1) 1 September 2042 (clause 2)
Business Use:	The sale and servicing of trucks
No Access Period:	9 months
Outgoings:	Full recovery of outgoings as provided under the Draft Deed of Lease, although amended as follows: 4. Amended from 'New Zealand Fire Service' to 'Fire and Emergency New Zealand'. 5. Any insurance excess (but not exceeding \$10,000) in respect of a claim and insurance premiums and related valuation fees (subject to clause 23.2).

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7. Cleaning, maintenance and repair charges including charges for repainting, decorative repairs, 'graffiti removal' and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, ~~but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair), repairs due to defects in design or construction, inherent defects in the building and renewal or replacement of building services.~~
12. Management expenses ~~(subject to subclause 3.7)~~
14. The costs incurred and payable by the Landlord for health and safety audits, and for site monitoring/contractor management relating to works carried out by the Tenant or any subtenant.
15. All other costs and expenses properly and reasonably assessed, charged, paid, or otherwise incurred in relation to the property, but excluding capital costs and expenses.

Additional Variations:

Second Schedule

2.1 (d) Market Rent Review

(i) Notwithstanding any other provision of this clause 2, the annual rent payable as from the relevant market rent review date that is not also a renewal date shall not be:

A) More than 5% above; or

B) More than 5% below:

The rent payable during the 12-month period immediately preceding the relevant market rent review date (ignoring any rent abatement)

(ii) The annual rent payable as from the market rent review date that is also a renewal date shall not be less than the rent payable during the 12-month period immediately preceding the relevant market rent review date (ignoring any rent abatement).

2.6 Fixed Rent Increases

With effect from each fixed rent increase date, the annual rent shall increase by 3%. For this purpose, any rent abatement shall be ignored.

22.2 No Noxious Use

The Tenant carrying out the business use in accordance with all applicable legal requirements shall not be in breach of clause 22.1. Without limitation to the foregoing, the Tenant may store and use dangerous goods or bring onto the premises dangerous goods vehicles, or vehicles carrying noxious loads, provided that such activities are conducted in accordance with all relevant legal requirements and are an incidental part of the business use.



#### 48.1 Measurement

The rentable area of the premises (and, if necessary, the building) shall be calculated in accordance with the PCNZ/PINZ Guide for Measurement of Rentable Areas (June 2013 Revision).

#### 50.1 Bank Guarantee

If the Tenant has not done so by the commencement date, the Tenant shall provide the Landlord with a bank guarantee in relation to the performance of the obligations of the Tenant under this lease (“the Bank Guarantee”). The Bank Guarantee shall:

- a) Be an irrevocable and unconditional undertaking by a New Zealand registered trading bank, or other financial institution approached by the Landlord, to pay to the Landlord an amount equivalent to 12 months’ rent and outgoings (plus GST, in each case), calculated at the rates respectively payable from the commencement date.
- b) Be in favour of the Landlord and its successors and assigns;  
Have an expiry date no earlier than 3 months after the expiry of the term; and
- c) Otherwise be in a form approved by the Landlord, such approval shall not be unreasonably withheld.

#### 50.2

If the provider of the Bank Guarantee pays an amount to the Landlord in connection with the Bank Guarantee, without being requested by the Landlord to do so, the Landlord may:

- a) Retain that amount until the date that is 3 months after the date of expiration or earlier termination of this lease (or any period of holding over)
- b) Retain all interest earned on that amount; and
- c) Apply the whole, or parts of that amount from time to time, to or towards making good any loss or damage sustained by the Landlord as a result of any breach by the Tenant.

#### Landlord’s Fixtures & Fittings:

- Ceiling tiles and grid
- All floor coverings
- All fencing and retaining walls (if any)
- All canopies
- All lifts
- All doors, including roller doors
- All full height glass and solid partitioning
- All kitchenettes, including all cupboards
- All handrails
- All electrical services, including:
  1. All mains supply cabling





- 
2. All switches and socket outlets, including data outlets (but excluding data cabling)
  3. All electrical conduits, ducting and trunking
  4. All light fittings
- All fire protection equipment, services and systems, either visible or non-visible (but excluding all water heaters)
  - All toilet/bathroom facilities
  - Mechanical services:
    1. All internal and external air conditioning units (excluding server room units)
    2. All controls (remote controls or wall/ceiling mounted)
    3. All ducting
    4. All ventilation and extraction diffusers and vents
- 

### **Lease Comment**

A comprehensive commercial lease with various modifications. The lease provides assured rental growth through the annual fixed increases which are fully ratcheted however the 5-yearly market reviews have a soft ratchet except where the market review is also the same as the renewal date, in which case it is fully ratcheted.

### **3.2 Outgoings**

Outgoings for the property as estimated are summarised along with rates below.

Item	Adopted Outgoings	
	\$pa	\$psm
Rates	56,108	17.58
Other Adopted Charges	37,111	11.63
<b>Total Adopted Outgoings</b>	<b>93,219</b>	<b>29.21</b>

Outgoings analyse to \$29.21 per sqm.



### 3.3 Analysis of Existing Rent

Our analysis of the existing contract rent is contained in the schedules below.

#### a) As is

Tenant	Tenancy	Area (sqm)	Passing Rent		Unrecovered Opex		Net Contract Rent		
			(\$pa)	(\$psm)	(\$pa)	(\$psm)	(\$pa)	(\$psm)	
<i>Tenancies</i>									
Keith Andrews Trucks Limited	Showroom/Offices	906.8	235,773	260.00	0	0.00	235,773	260.00	
Keith Andrews Trucks Limited	Mezzanine Offices	449.0	98,776	220.00	0	0.00	98,776	220.00	
Keith Andrews Trucks Limited	Workshop	932.3	125,854	135.00	0	0.00	125,854	135.00	
Keith Andrews Trucks Limited	Undercroft workshop	26.5	2,387	90.00	0	0.00	2,387	90.00	
Keith Andrews Trucks Limited	Tool storage	52.7	4,744	90.00	0	0.00	4,744	90.00	
Keith Andrews Trucks Limited	Parts storage	26.9	2,421	90.00	0	0.00	2,421	90.00	
Keith Andrews Trucks Limited	Tool storage	62.3	5,608	90.00	0	0.00	5,608	90.00	
Keith Andrews Trucks Limited	Tool storage mezzanine	62.3	3,427	55.00	0	0.00	3,427	55.00	
Keith Andrews Trucks Limited	Parts storage mezzanine	26.9	1,480	55.00	0	0.00	1,480	55.00	
Keith Andrews Trucks Limited	Oil Storage	65.8	6,251	95.00	0	0.00	6,251	95.00	
Keith Andrews Trucks Limited	Mezzanine Plant/Storage	30.2	2,264	75.00	0	0.00	2,264	75.00	
Keith Andrews Trucks Limited	Truck Wash Bay	179.7	28,749	160.00	0	0.00	28,749	160.00	
Keith Andrews Trucks Limited	Showroom Canopy	237.9	13,082	55.00	0	0.00	13,082	55.00	
Keith Andrews Trucks Limited	Workshop Canopy	131.8	5,931	45.00	0	0.00	5,931	45.00	
Keith Andrews Trucks Limited	Display Yard	1,445	65,025	45.00	0	0.00	65,025	45.00	
Keith Andrews Trucks Limited	Expansion yard	845	25,350	30.00	0	0.00	25,350	30.00	
Keith Andrews Trucks Limited	Southern yard off Ruffell Rd	2,230	66,888	30.00	0	0.00	66,888	30.00	
Keith Andrews Trucks Limited	Northern side yard	1,765	52,962	30.00	0	0.00	52,962	30.00	
Keith Andrews Trucks Limited	Rear metal yard	3,778	63,030	16.68	0	0.00	63,030	16.68	
<b>Total</b>		<b>13,254.0</b>	<b>810,000</b>	<b>61.11</b>	<b>0</b>	<b>0.00</b>	<b>810,000</b>	<b>61.11</b>	

This is our own analysis of the rental which may have been agreed differently between the parties.



**b) Upon completion of the agreed extension**

Tenant	Tenancy	Area (sqm)	Passing Rent		Unrecovered Opex		Net Contract Rent		
			(\$pa)	(\$psm)	(\$pa)	(\$psm)	(\$pa)	(\$psm)	
<i>Tenancies</i>									
Keith Andrews Trucks Limited	Showroom/Offices	906.8	235,773	260.00	0	0.00	235,773	260.00	
Keith Andrews Trucks Limited	Mezzanine Offices	449.0	98,776	220.00	0	0.00	98,776	220.00	
Keith Andrews Trucks Limited	Workshop	932.3	125,854	135.00	0	0.00	125,854	135.00	
Keith Andrews Trucks Limited	Undercroft workshop	26.5	2,387	90.00	0	0.00	2,387	90.00	
Keith Andrews Trucks Limited	Tool storage	52.7	4,744	90.00	0	0.00	4,744	90.00	
Keith Andrews Trucks Limited	Parts storage	26.9	2,421	90.00	0	0.00	2,421	90.00	
Keith Andrews Trucks Limited	Tool storage	62.3	5,608	90.00	0	0.00	5,608	90.00	
Keith Andrews Trucks Limited	Tool storage mezzanine	62.3	3,427	55.00	0	0.00	3,427	55.00	
Keith Andrews Trucks Limited	Parts storage mezzanine	26.9	1,480	55.00	0	0.00	1,480	55.00	
Keith Andrews Trucks Limited	Oil Storage	65.8	6,251	95.00	0	0.00	6,251	95.00	
Keith Andrews Trucks Limited	Mezzanine Plant/Storage	30.2	2,264	75.00	0	0.00	2,264	75.00	
Keith Andrews Trucks Limited	Truck Wash Bay	179.7	28,749	160.00	0	0.00	28,749	160.00	
Keith Andrews Trucks Limited	Showroom Canopy	237.9	13,082	55.00	0	0.00	13,082	55.00	
Keith Andrews Trucks Limited	Workshop Canopy	131.8	5,931	45.00	0	0.00	5,931	45.00	
Keith Andrews Trucks Limited	Workshop extension incl ground amenity	1,395.0	338,288	242.50	0	0.00	338,288	242.50	
Keith Andrews Trucks Limited	Extension Level 1 office	46.2	11,200	242.50	0	0.00	11,200	242.50	
Keith Andrews Trucks Limited	Extension canopy	172.1	10,737	62.41	0	0.00	10,737	62.41	
Keith Andrews Trucks Limited	Display Yard	1,445	65,025	45.00	0	0.00	65,025	45.00	
Keith Andrews Trucks Limited	Expansion yard - developed	0	0	0.00	0	0.00	0	0.00	
Keith Andrews Trucks Limited	Southern yard off Ruffell Rd	2,060	61,800	30.00	0	0.00	61,800	30.00	
Keith Andrews Trucks Limited	Northern side yard	1,765	52,962	30.00	0	0.00	52,962	30.00	
Keith Andrews Trucks Limited	Rear metal yard	3,230	53,887	16.68	0	0.00	53,887	16.68	
<b>Total</b>		<b>13,304.7</b>	<b>1,130,644</b>	<b>84.98</b>	<b>0</b>	<b>0.00</b>	<b>1,130,644</b>	<b>84.98</b>	

This is our own analysis of the rental following completion of the extension which may have been agreed differently between the parties. This is based on the provision for an adjustment of the purchase price from \$14,000,000 to \$19,542,000 following certified completion of the workshop extension. Based on a purchase price of \$14,000,000 and the initial rent of \$810,000 per annum, we have analysed a yield of 5.79%. Assuming the yield is the same for the extension purchase price of \$19,542,000, we have analysed the net annual rent on completion of the extension to be \$1,130,644 plus GST. Based on this number, the total rent increase after the expansion is \$320,644 p.a. This is also taking into account the loss of some yard rental which will be used for the expansion.



## 4. Rental Evidence

An integral part of undertaking an investment approach to value is assessing the relativity of the contract rent with the prevailing market rent, or in the situation where the premises is vacant, a probable market rent. A selection of these rentals is contained in the following schedules:

<b>Address</b>	Burbush		10 yrs
<b>Tenant</b>	Transport		Annual indexed
<b>Date</b>	Nov-21		
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Loading Bay	1298.0 sqm	\$115,994	\$89.36
Office	157.1 sqm	\$29,849	\$190.00
Warehouse 1	4002.0 sqm	\$460,230	\$115.00
Warehouse 2	3929.8 sqm	\$451,927	\$115.00
<b>Premises sub total</b>	<b>9386.9 sqm</b>	<b>\$1,058,000</b>	<b>\$112.71</b>
<b>Annual Rent</b>		<b>\$1,058,000</b>	



**Arthur Porter Drive, Burbush.** These premises were leased for a 10 year term from November 2021 at an annual rental of \$158,000 plus GST. The property consists of a single level office behind which is a covered loading bay and warehouse 1 and 2 behind. Our analysis of the contract rent indicates **\$190 per sqm** for the office, **\$115 per sqm** for the warehouse, and just under **\$90 per sqm** for the loading bay.

<b>Address</b>	Burbush	NL	10 yrs
<b>Tenant</b>	Industrial	Net	Fixed annual, market yr 5 & on renewal w cap/collar
<b>Date</b>	2021		5 months rent free
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Office	250.0 sqm	\$58,750	\$235.00
Warehouse	1985.0 sqm	\$238,200	\$120.00
Canopy	275.0 sqm	\$17,875	\$65.00
<b>Premises sub total</b>	<b>2510.0 sqm</b>	<b>\$314,825</b>	<b>\$125.43</b>
Yard	830 sqm	\$20,750	\$25.00
		\$335,575	
<b>Contract Rent</b>		<b>\$336,000</b>	<b>\$133.86</b>

**Cnr Chafer and Chalmers Road, Burbush.** These premises were subject to a new 10 year lease following completion of the development which was estimated in 2021. The net annual rental of \$336,000 per annum can be analysed at **\$235 per sqm** for the office, **\$120 per sqm** for some 1,985sqm of warehouse, and **\$65 per sqm** for the canopy. In addition, a sealed yard of 830sqm was leased at **\$25 per sqm**. The lease provides for fixed annual rent reviews with market reviews 5 yearly and on any renewal with a cap and collar. The tenant received 5 months' rent free.

<b>Address</b>	Burbush	NL	
<b>Tenant</b>	Industrial		
<b>Date</b>	2021		
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Warehouse	1060.8 sqm	\$121,992	\$115.00
Office	252.8 sqm	\$53,088	\$210.00
Canopy	245.7 sqm	\$13,514	\$55.00
<b>Premises sub total</b>	<b>1559.3 sqm</b>	<b>\$188,594</b>	<b>\$120.95</b>
<b>Contract Rent</b>		<b>\$188,594</b>	<b>\$120.95</b>



**Arthur Porter Drive, Burbush.** These premises were subject to a new lease from August 2021 at a net annual rent of \$209,000 plus GST. The rental reflected **\$121 per sqm** overall for the premises with the warehouse at **\$115 per sqm**, the office at **\$210 per sqm**, and the canopy at **\$55 per sqm**.

<b>Address</b>	Burbush	NL	8 yrs, 1*6yr renewals, 12 mths notice
<b>Tenant</b>	Transport	Net	2.75% p.a increases until market review start yr 5
<b>Date</b>	Jun-21		
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Office	353.3 sqm	\$70,658	\$200.00
Warehouse	2062.6 sqm	\$241,328	\$117.00
Warehouse Office	18.3 sqm	\$3,380	\$185.00
Canopy	201.1 sqm	\$9,554	\$47.50
<b>Premises sub total</b>	<b>2635.3 sqm</b>	<b>\$324,920</b>	<b>\$123.29</b>
<b>Outdoor Area</b>	13.1 sqm	\$787	\$60.00
Yard	1923 sqm	\$32,691	\$17.00
		\$33,478	
<b>Contract Rent</b>		<b>\$358,398</b>	<b>\$136.00</b>



**Arthur Porter Drive, Hamilton.** These premises were leased for an 8 year term from June 2021 at a net annual rental of \$358,398 plus GST. That represented **\$123.29 per sqm** for the premises plus **\$17 per sqm** for partly sealed secure yard. Individual rentals showed **\$200 per sqm** for the office, **\$117 per sqm** for the warehouse, and **\$47.50 per sqm** for the canopy. Lower overall specification than the subject.

<b>Address</b>	Te Rapa	NL	9 yrs
<b>Tenant</b>	Transport	Net	8m stud
<b>Date</b>	Mar-20		
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Office	353.0 sqm	\$73,424	\$208.00
Warehouse	1512.0 sqm	\$199,584	\$132.00
Canopy	192.0 sqm	\$10,944	\$57.00
Level 1 deck	18.0 sqm	\$1,710	\$95.00
<b>Premises sub total</b>	<b>2075.0 sqm</b>	<b>\$285,662</b>	<b>\$137.67</b>
<b>Annual Rent</b>		<b>\$286,000</b>	

**Hounsell Road, Te Rapa.** These premises were leased for 9 years from March 2020 at a net annual rental of \$286,000 plus GST which represented **\$137.67 per sqm** overall. Our analysis of the rental indicates \$208 per sqm for the office, **\$132 per sqm** for the warehouse, and **\$57 per sqm** for the canopy.

<b>Address</b>	Te Rapa	NL	3 yrs, No Renewal
<b>Tenant</b>	Automotive support	Net	6m & 7m stud
<b>Date</b>	May-21		
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Ground office	184.8 sqm	\$31,416	\$170.00
Level 1 office	298.4 sqm	\$50,733	\$170.00
Warehouse 6m to knee	1759.0 sqm	\$167,105	\$95.00
Warehouse 7m to knee	1463.7 sqm	\$146,370	\$100.00
Canopy	241.0 sqm	\$11,876	\$49.28
<b>Premises sub total</b>	<b>3946.9 sqm</b>	<b>\$407,500</b>	<b>\$103.24</b>
Yard approx	1500 sqm	\$22,500	\$15.00
<b>Annual Rent</b>		<b>\$430,000</b>	





**Kahikatea Drive, Te Rapa.** These premises were leased for a 3 year term with no renewal from May 2021. The property provides ground and first floor office accommodation with two warehouses, one providing a 6m stud and the newer warehouse, a 7m stud. The net annual rental was agreed at \$430,000 per annum with our analysis indicating **\$103.24 per sqm** overall for the premises, and **\$15 per sqm** for yard of approximately 1,500sqm. Rental rates within the accommodation range between **\$170 per sqm** for the office, and **between \$95 and \$100 per sqm** for the warehouse.

<b>Address</b>	Te Rapa	NL	5 yrs, 1*5yr Ren
<b>Tenant</b>	Automotive support	Net	
<b>Date</b>	May-21		
<b>Premises</b>	<b>Area sqm</b>	<b>\$p.a</b>	<b>\$per sqm</b>
Office	96.3 sqm	\$16,371	\$170.00
Workshop	469.6 sqm	\$49,308	\$105.00
Mezzanine	81.4 sqm	\$3,256	\$40.00
Canopy	233.5 sqm	\$11,558	\$49.50
<b>Premises sub total</b>	<b>880.8 sqm</b>	<b>\$80,493</b>	<b>\$91.39</b>
<b>Annual Rent</b>		<b>\$80,000</b>	

**Kahikatea Drive, Te Rapa.** Within the same property was a lease for a smaller tenancy of some 880sqm which was agreed at a net annual rental of \$80,000 per annum. Our analysis showed this to represent **\$170 per sqm** for the office, **\$105 per sqm** for the workshop, and **\$40 per sqm** for the mezzanine. This was a 5 year term from May 2021 with the lease providing one 5 year right of renewal.

#### 4.1 Market Rent Conclusion

The subject property provides a superior standard of commercial motor vehicles sales and service accommodation within a quality fit-for-purpose environment. This includes front display onto Te Rapa Road, high stud showroom with feature offices and mezzanine along with drive-through workshop. There is also significant road frontage allowing multiple vehicle crossings and surplus land for storage, waiting and parking. As such, we consider this a quality environment where we would anticipate the rent to be towards the upper end of evidence.

Reflecting this, we have applied **\$260 per sqm** for the showroom and ground offices, **\$220 per sqm** for the mezzanine offices, and **\$135 per sqm** for the workshop. For storage areas within the workshop we have applied **\$90 per sqm**, and for the mezzanine storage areas, **\$55 per sqm**. For the truck wash we have applied **\$130 per sqm**.

In relation to the display yard, we have applied **\$40 per sqm** reflecting it fronts directly onto Te Rapa Road, whilst for the sealed expansion and side yards we have applied **\$25 per sqm**, and for the secure metalled rear yard fronting Old Ruffell Road we have applied **\$14.50 per sqm**.

For the extension we have applied **\$200 per sqm** for the workshop and Level 1 office, and **\$60 per sqm** for the canopy. We acknowledge that this at the upper end of the evidence, however reflects some specialised aspects of the extension including full drive-through, an inspection pit, and the bathroom amenities within the area.



## 4.2 Market Rent Assessment

Having regard to the above rental evidence, we show our opinion of net market rent for the subject as follows:

### a) As is

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa) (\$psm)	Unrecovered Opex (\$pa) (\$psm)	Net Contract Rent (\$pa) (\$psm)	Net Market Rent (\$pa) (\$psm)
<i>Tenancies</i>						
Keith Andrews Trucks Limited	Showroom/Offices	906.8	235,773 260.00	0 0.00	235,773 260.00	235,773 260.00
Keith Andrews Trucks Limited	Mezzanine Offices	449.0	98,776 220.00	0 0.00	98,776 220.00	98,776 220.00
Keith Andrews Trucks Limited	Workshop	932.3	125,854 135.00	0 0.00	125,854 135.00	125,854 135.00
Keith Andrews Trucks Limited	Undercroft workshop	26.5	2,387 90.00	0 0.00	2,387 90.00	2,387 90.00
Keith Andrews Trucks Limited	Tool storage	52.7	4,744 90.00	0 0.00	4,744 90.00	4,744 90.00
Keith Andrews Trucks Limited	Parts storage	26.9	2,421 90.00	0 0.00	2,421 90.00	2,421 90.00
Keith Andrews Trucks Limited	Tool storage	62.3	5,608 90.00	0 0.00	5,608 90.00	5,608 90.00
Keith Andrews Trucks Limited	Tool storage mezzanine	62.3	3,427 55.00	0 0.00	3,427 55.00	3,427 55.00
Keith Andrews Trucks Limited	Parts storage mezzanine	26.9	1,480 55.00	0 0.00	1,480 55.00	1,480 55.00
Keith Andrews Trucks Limited	Oil Storage	65.8	6,251 95.00	0 0.00	6,251 95.00	6,251 95.00
Keith Andrews Trucks Limited	Mezzanine Plant/Storage	30.2	2,264 75.00	0 0.00	2,264 75.00	2,264 75.00
Keith Andrews Trucks Limited	Truck Wash Bay	179.7	28,749 160.00	0 0.00	28,749 160.00	28,749 160.00
Keith Andrews Trucks Limited	Showroom Canopy	237.9	13,082 55.00	0 0.00	13,082 55.00	13,082 55.00
Keith Andrews Trucks Limited	Workshop Canopy	131.8	5,931 45.00	0 0.00	5,931 45.00	5,931 45.00
Keith Andrews Trucks Limited	Display Yard	1,445	65,025 45.00	0 0.00	65,025 45.00	57,800 40.00
Keith Andrews Trucks Limited	Expansion yard	845	25,350 30.00	0 0.00	25,350 30.00	21,125 25.00
Keith Andrews Trucks Limited	Southern yard off Ruffell Rd	2,230	66,888 30.00	0 0.00	66,888 30.00	55,740 25.00
Keith Andrews Trucks Limited	Northern side yard	1,765	52,962 30.00	0 0.00	52,962 30.00	44,135 25.00
Keith Andrews Trucks Limited	Rear metal yard	3,778	63,030 16.68	0 0.00	63,030 16.68	54,781 14.50
<b>Total</b>		<b>13,254.0</b>	<b>810,000 61.11</b>	<b>0 0.00</b>	<b>810,000 61.11</b>	<b>770,327 58.12</b>

On this basis we consider the existing contract rent is above market by approximately \$40,000 per annum.

### b) On completion of agreed extension

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa) (\$psm)	Unrecovered Opex (\$pa) (\$psm)	Net Contract Rent (\$pa) (\$psm)	Net Market Rent (\$pa) (\$psm)
<i>Tenancies</i>						
Keith Andrews Trucks Limited	Showroom/Offices	906.8	235,773 260.00	0 0.00	235,773 260.00	235,773 260.00
Keith Andrews Trucks Limited	Mezzanine Offices	449.0	98,776 220.00	0 0.00	98,776 220.00	98,776 220.00
Keith Andrews Trucks Limited	Workshop	932.3	125,854 135.00	0 0.00	125,854 135.00	125,854 135.00
Keith Andrews Trucks Limited	Undercroft workshop	26.5	2,387 90.00	0 0.00	2,387 90.00	2,387 90.00
Keith Andrews Trucks Limited	Tool storage	52.7	4,744 90.00	0 0.00	4,744 90.00	4,744 90.00
Keith Andrews Trucks Limited	Parts storage	26.9	2,421 90.00	0 0.00	2,421 90.00	2,421 90.00
Keith Andrews Trucks Limited	Tool storage	62.3	5,608 90.00	0 0.00	5,608 90.00	5,608 90.00
Keith Andrews Trucks Limited	Tool storage mezzanine	62.3	3,427 55.00	0 0.00	3,427 55.00	3,427 55.00
Keith Andrews Trucks Limited	Parts storage mezzanine	26.9	1,480 55.00	0 0.00	1,480 55.00	1,480 55.00
Keith Andrews Trucks Limited	Oil Storage	65.8	6,251 95.00	0 0.00	6,251 95.00	6,251 95.00
Keith Andrews Trucks Limited	Mezzanine Plant/Storage	30.2	2,264 75.00	0 0.00	2,264 75.00	2,264 75.00
Keith Andrews Trucks Limited	Truck Wash Bay	179.7	28,749 160.00	0 0.00	28,749 160.00	23,358 130.00
Keith Andrews Trucks Limited	Showroom Canopy	237.9	13,082 55.00	0 0.00	13,082 55.00	13,082 55.00
Keith Andrews Trucks Limited	Workshop Canopy	131.8	5,931 45.00	0 0.00	5,931 45.00	5,931 45.00
Keith Andrews Trucks Limited	Workshop extension incl ground amenity	1,395.0	338,288 242.50	0 0.00	338,288 242.50	279,000 200.00
Keith Andrews Trucks Limited	Extension Level 1 office	46.2	11,200 242.50	0 0.00	11,200 242.50	9,237 200.00
Keith Andrews Trucks Limited	Extension canopy	172.1	10,737 62.41	0 0.00	10,737 62.41	10,323 60.00
Keith Andrews Trucks Limited	Display Yard	1,445	65,025 45.00	0 0.00	65,025 45.00	57,800 40.00
Keith Andrews Trucks Limited	Expansion yard - developed	0	0 0.00	0 0.00	0 0.00	0 0.00
Keith Andrews Trucks Limited	Southern yard off Ruffell Rd	2,060	61,800 30.00	0 0.00	61,800 30.00	51,500 25.00
Keith Andrews Trucks Limited	Northern side yard	1,765	52,962 30.00	0 0.00	52,962 30.00	44,135 25.00
Keith Andrews Trucks Limited	Rear metal yard	3,230	53,887 16.68	0 0.00	53,887 16.68	46,835 14.50
<b>Total</b>		<b>13,304.7</b>	<b>1,130,644 84.98</b>	<b>0 0.00</b>	<b>1,130,644 84.98</b>	<b>1,030,185 77.43</b>

On this basis we consider the rent post-completion of the extension is likely to be above market by approximately \$100,000 per annum. This reflects that some of the previously rentalised yard will be required for the extension, and therefore capable of a premises rent but no longer yard rent over that area.



## 5. Sales Evidence

In establishing our opinion of value, we have had regard to the following transactions.

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /Site Area
87 Kahikatea Dr Melville	Apr-22	\$9,100,000	3,947	10,149	5.60%	3.15 yrs	\$2,306	\$897
29-31 View Rd Wairau Valley	Mar-22	\$15,000,000	4,312	10,008	5.00%	0.89 yrs	\$3,479	\$1,499
13 Tawn Pl Pukete	Feb-22	\$6,200,000	1,950	3,000	4.39%	6.00 yrs	\$3,179	\$2,067
881 Arthur Porter Drive Hamilton	Sep-21	\$23,775,280	9,387	13,567	4.45%	10.00 yrs	\$2,533	\$1,752
2 Barnett Place Te Rapa	Sep-21	\$8,800,000	2,702	4,637	4.64%	10.00 yrs	\$3,257	\$1,898
8-10 Kaimiro Street Pukete	Jun-21	\$15,335,000	5,100	8,946	4.65%		\$3,007	\$1,714
2A Maui Street Pukete	Apr-21	\$11,750,000	4,477	9,964	4.77%	2.08 yrs	\$2,625	\$1,179
18 De Leeuw Place Te Rapa	Jul-21	\$7,000,000	1,853	5,033	Vacant		\$3,778	\$1,391
Raynes Rd Rukuhia	Dec-20	\$16,500,000	6,000	15,599	4.29%	20.00 yrs	\$2,750	\$1,058
13A Quentin Dr Hamilton Lake, Hamilton	Nov-20	\$36,250,000	11,645	31,074	3.92%	8.83 yrs	\$3,113	\$1,167
279 Kahikatea Dr Frankton	Oct-20	\$10,775,000	5,166	24,396	5.43%	3.44 yrs	\$2,086	\$442
22 Hounsell Dr Te Rapa	Sep-20	\$6,200,000	1,865	3,540	4.88%	9.00 yrs	\$3,324	\$1,751
19 Earthmover Cr Te Rapa	Aug-20	\$3,400,000	1,282	2,401	5.00%	6.00 yrs	\$2,652	\$1,416

### 5.1 Sales Commentary



**87 Kahikatea Drive, Melville** sold in April 2022 for **\$9,100,000** which represented an initial yield of **5.6%**. The property comprises a mixed age facility which at the time of sale at two tenants generating net income of \$510,000 per annum. The property had a weighted average lease term of 3.15 years with the sale price also analysing to **\$2,306 per sqm** on a land and buildings basis, and **\$897 per sqm** of land. In this regard, the property occupies a slightly irregular shaped 10,149sqm front site which widens towards the rear. Some future expansion possibilities may exist.



**29-31 View Road, Wairau Valley** sold in March 2022 for **\$15,000,000** which represented an initial yield of **5.0%**. The property provides 1970s built headquarters-style industrial accommodation comprised of circa 1,462sqm of office space and 2,773sqm of warehouse. We understand the previous owner occupier will vacate the premises in early April 2023 and a new tenant (a related party to the purchaser) will back fill the space. The rental over the short term until April 2023 is \$750,736 plus





GST per annum which represents an average of \$128 per sqm inclusive of car parking and yard. The sale price also represented **\$3,479 per sqm** on a combined land and buildings basis.



**13 Tawn Place, Pukete** sold in February 2022 for **\$6,200,000** which represented an initial yield of **4.39%**. The property was leased for 6 years and comprised a certified food-grade storage facility at a net annual rental of \$272,433 plus GST which represented some **\$140 per sqm** overall. The sale price also analyses to **\$3,179 per sqm** of rentable area.



**881 Arthur Porter Drive, Hamilton** sold in September 2021 for **\$23,775,280**. The property was subject to a 10 year lease to Normans Transport Limited that provided indexed annual growth. The sale price represented an initial yield of **4.45%** and **\$2,533 per sqm** on a combined land and buildings basis. The premises provide a comfortable environment with the office situated to the road frontage within the shell of the covered loading bay, behind which is high stud warehouse accommodation.



**2 Barnett Place, Te Rapa** sold in September 2021 for **\$8,800,000** which represented an initial yield of **4.64%**. The property was sold subject to a 10 year lease at a net annual rental of \$407,889 representing \$151 per sqm overall. The property consists of an industrial facility providing office and showroom over two levels to the road front with high stud warehouse directly behind. To the eastern boundary are a further two units with central access. The sale price also represented **\$3,257 per sqm** on a combined land and buildings basis.



**8-10 Kaimiro Street, Pukete** sold in June 2021 for **\$15,335,000** which represented an initial yield of **4.65%**. The property consists of an industrial facility providing ground and first floor offices with high stud warehouse directly behind. The property features a covered loading canopy which, somewhat unusually, extends over the accessway. The sale price also represented **\$3,007 per sqm** on a combined land and buildings basis.



**2A Maui Street, Pukete** sold in April 2021 for **\$11,750,000** which represented an initial yield of **4.77%**. At the time of sale, the property had 2 years and 1 month remaining on its lease to Riverlea Group who were to vacate the premises from May 2023. At the time of sale, the property was returning \$560,000 per annum at an average rent of \$125 per sqm. The sale price also represented **\$2,625 per sqm** on a combined land and buildings basis.



**18 De Leeuw Place, Te Rapa** sold vacant in July 2021 for **\$7,000,000**. The property consists of a freestanding industrial property containing some 1,853sqm all situated to a 5,033sqm site with secondary frontage but no access to Great South Road. The site coverage is approximately 37% although the position of the buildings allows full drive-around ability, reducing site efficiency. The sale represented **\$3,778 per sqm** on a combined land and buildings basis.





**Raynes Road, Rukuhia** sold in December 2020 for **\$16,500,000** which reflected a **4.29%** initial yield. The property was subject to a 20 year lease on completion of the development to a plastic injection moulding firm, Tekplas, at a net annual rental of \$707,260 per annum which reflects **\$117 per sqm** overall. The buildings have an approximate area of 6,000sqm all situated to a 15,599sqm freehold site. Surplus land for expansion exists. The sale price further represents **\$2,750 per sqm** on a combined land and buildings basis. A quality development close to Hamilton

airport.



**13A Quentin Drive, Hamilton Lake, Hamilton** sold in November 2020 for **\$35,250,000** which represented an initial yield of **3.92%**. This is a strongly located property occupied by Bunnings under a long term lease which had 8.83 years remaining at the time of transaction. Improvements comprise some 11,645sqm situated to a 31,074sqm Industrial zoned

site. The property occupies a high profile location to the corner of the Kahikatea Drive and Quentin Drive intersection which borders residential development generally to the east and south. The annual rental of \$1,420,000 represented **\$121.94 per sqm** overall. The sale price also represented **\$3,113 per sqm** on a combined land and buildings basis.



**279 Kahikatea Drive, Frankton** sold in October 2020 for **\$10,775,000** which represented an initial yield of **5.43%**. The property provides a 1980's facility with high stud warehouse and ground and first floor offices. The warehouse is occupied by PBT and the offices by Admark. The rentable area is some 5,166sqm, whilst the property occupies a 2.4396 hectare site which has a secondary egress to Wickham Street. The property had a weighted average lease term of 3.4 years and we note it had previously transacted in September 2018 for \$8,300,000. The most recent price

is \$2,475,000, or 29.8% higher.



**22 Hounsell Drive, Te Rapa** sold in September 2020 for **\$6,200,000** which represented an initial yield of **4.88%** on the back of a new 9 year lease to Global Valocity. The sale price represents **\$3,324 per sqm** on a combined land and buildings basis. Improvements consist of some 1,865sqm of high stud warehouse with associated offices, all situated to a 3,540sqm front site. Representative of strong demand for quality industrial property.



**19 Earthmover Crescent, Te Rapa** sold in August 2020 for **\$3,400,000** which represented an initial yield of **5.00%**. The property was sold with a 6 year lease to Safety Apparel Ltd and comprises a single level ground floor office showroom with a high stud warehouse immediately behind. It has a rentable area of some 1,282sqm and occupies a 2,401sqm front site. The sale further analyses to **\$2,652 per sqm** on a combined land and buildings basis.



## 5.2 Valuation Considerations

The subject property provides a quality commercial motor vehicle sales and service premises. It has the benefit of a long term lease to an established operator at the northern end of the Te Rapa industrial district in Hamilton. The Hamilton market has seen significant investor interest over the past 5 years and on the back of a strongly performing industrial market nationally. Improved roading networks between Auckland and Hamilton, and Hamilton and Tauranga have also assisted.

Arguably the premises contain an element of specialisation, however that specialisation is for a reasonably common use in the location of commercial motor vehicle sales, service and storage. We believe it to be one of the better examples of this type of facility in the location and if available we would anticipate other occupier interest could be reasonably expected.

On balance, we have applied an initial yield to the existing income, which in our opinion contains an element of over-renting, of **5.3%**. On a combined land and buildings basis we have applied **\$4,400 per sqm** which is above the majority of sales, however reflects that site coverage at the present time is low at some 16%. We have also considered the underlying value of the land and would anticipate this is likely to achieve some **\$450 per sqm**, reflecting the road frontages and various crossings the property has. To that we have made an allowance as the added value of improvements at **\$2,100 per sqm**.

### On completion of agreed extension

Reflecting that some of the surplus land will be developed, and there is a suggestion of over-renting, we have applied an initial yield following certified completion of the extension, of **5.4%**. On a combined land and buildings basis we have applied **\$4,150 per sqm** which is lower than the 'as is' approach but reflects more building area.



### 5.3 Land Value for Purchase Price Allocation

We have also been requested to provide an allocation of the purchase price as provided under clause 27 of the Agreement for Sale and Purchase of Real Estate. Our assessment of land value has been in accordance with the Rating Valuations Act 1998 and its definition.

“Land value”, in relation to any land, and subject to Sections 20 and 21 (if leased), means the sum that the owner’s estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if:

- a) Offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to impose; and
- b) No improvements have been made on the land

On this basis our allocation of Purchase Price is as follows:

<b>Purchase Price Allocation</b>		
Purchase Price		
\$810,000 p.a @	5.79%	\$14,000,000
Land Value		
16,243 sqm @	\$443 per sqm	\$7,200,000
<b>Value of Buildings, and fixtures and fittings</b>		<b>\$6,800,000</b>

### 5.4 SWOT Analysis

#### Strengths

- A quality commercial motor vehicles sales and service facility
- A long term lease to an established operator
- Significant expansion options on the existing site
- Assured annual indexed rental growth, save for 5-yearly market reviews

#### Weaknesses

- Expansion likely to reduce other development options for the property
- Expansion rent considered above market

#### Opportunities

- Complete the expansion
- Consider subdivision of any surplus land and selling separately

#### Threats

- Value sensitivity to yield or rental change
- International markets and recession



### 5.5 Discounted Cashflow Parameters

We have also modelled the property on the basis of discounted cashflow (DCF), with key assumptions outlined below.

	<u>As is</u>	<u>On completion of agreed extension</u>
Renewal Probability:	50%	50%
Make Good Allowance:	\$50 per sqm	\$50 per sqm
Vacancy Period:	6 months	6 months
New Lease Term:	6 years	6 years
New Lease Reviews:	2 yearly	2 yearly
Net Rent Incentive:	3 months	3 months
Capital Expenditure Allowance:	3.0% of net income p.a.	3.0% of net income p.a.
Terminal Yield:	5.6%	5.75%
Target IRR:	6.8%	6.95%

Our DCF calculations are contained in Appendix II of this report.

### Rating Valuation

Assessed as at 1st June 2021, Land Value \$4,220,000, Improvements Value \$2,180,000, Capital Value \$6,400,000.



## 6. Valuation

### a) As is

First, we have considered the capitalisation of income approach, whereby our assessed market income is capitalised into perpetuity at an appropriate capitalisation rate, with adjustments made for any variance between contract and market rent.

CAPITALISATION OF INCOME APPROACH			
		Market Rent	Contract Rent
<b>FULLY LEASED GROSS INCOME</b>		\$ 863,546	\$ 903,219
<b>Less: Outgoings</b>			
Recoverable Outgoings		\$ (93,219)	\$ (93,219)
<b>FULLY LEASED NET INCOME</b>		\$ 770,327	\$ 810,000
Capitalised at		5.30%	5.30%
<b>Capitalised Value</b>		\$ 14,534,462	\$ 15,283,019
<b>Capital Adjustments</b>			
Vacancies: Lease-Up Allowance	6 mths	-	
Leasing Commission	16.0%	-	
Total Lease-Up Costs		-	-
Rent-Free Incentive	3 mths	-	-
P.V. of Rental Surplus/Shortfall	5.30%	\$ 171,896	
Deferred Capitalised Rental Surplus/Shortfall	5.30%		\$ (580,700)
Rent Shortfall (New Leases)		-	-
P.V. of Unexpired Incentives		-	-
P.V. of Future Lease-up Allowances	30 mths	-	-
P.V. Of Future Lease Incentives	30 mths	-	-
P.V. of Annual Capital Expenditure	30 mths	\$ (58,562)	\$ (58,562)
P.V. of Make Good Allowance	30 mths	-	-
P.V. of Programmed Capital Expenditure	30 mths	-	-
P.V. of Future Refurbishment Allowance	30 mths	-	-
Total Capital Adjustments		\$ 113,334	\$ (639,262)
		\$ 14,647,797	\$ 14,643,757
<b>INDICATED VALUE</b>		\$ 14,650,000	\$ 14,650,000



Second, we have had regard to the land and buildings approach, whereby we apply our analysed rate per sqm to the total lettable area of the improvements.

Our calculations are detailed as follows.

LAND & BUILDINGS APPROACH				
4 Ruffell Road	3,191.0 sqm	@	\$4,300 per sqm	\$ 13,721,386
		@	\$4,400 per sqm	\$ 14,040,488
		@	\$4,500 per sqm	\$ 14,359,590
		<b>adopt</b>		\$4,400 per sqm
<b>INDICATED VALUE</b>				<b>\$ 14,050,000</b>
LAND VALUE				
4 Ruffell Road	16,243.0 sqm	@	\$425 per sqm	\$ 6,900,000
		@	\$450 per sqm	\$ 7,310,000
		@	\$475 per sqm	\$ 7,720,000
		<b>adopt</b>		\$450 per sqm
Added Value of Improvements	3191.02 sqm	@	\$2,100 per sqm	\$ 6,700,000
<b>INDICATED VALUE</b>				<b>\$ 14,000,000</b>

Our assessments are summarised and weighted as follows.

VALUATION SUMMARY		
	<u>Weighting</u>	<u>Assessment</u>
Capitalisation of Income Approach	50%	\$ 14,650,000
Land and Buildings Approach	15%	\$ 14,050,000
Land Value Approach	15%	\$ 14,000,000
Discounted Cash Flow Approach	20%	\$ 14,950,000
<b>ADOPTED MARKET VALUE</b>		<b>\$ 14,550,000</b>



**b) On completion of agreed extension**

First, we have considered the capitalisation of income approach, whereby our assessed market income is capitalised into perpetuity at an appropriate capitalisation rate, with adjustments made for any variance between contract and market rent.

<b>CAPITALISATION OF INCOME APPROACH</b>			
		<b>Market Rent</b>	<b>Contract Rent</b>
<b>FULLY LEASED GROSS INCOME</b>		<b>\$ 1,123,404</b>	<b>\$ 1,223,864</b>
<b>Less: Outgoings</b>			
Recoverable Outgoings		<u>\$ (93,219)</u>	<u>\$ (93,219)</u>
<b>FULLY LEASED NET INCOME</b>		<b>\$ 1,030,185</b>	<b>\$ 1,130,644</b>
Capitalised at		5.40%	5.40%
<b>Capitalised Value</b>		<b>\$ 19,077,503</b>	<b>\$ 20,937,857</b>
<b>Capital Adjustments</b>			
Vacancies: Lease-Up Allowance	6 mths	-	
Leasing Commission	16.0%	-	
Total Lease-Up Costs		-	-
Rent-Free Incentive	3 mths	-	-
P.V. of Rental Surplus/Shortfall	5.40%	\$ 434,278	
Deferred Capitalised Rental Surplus/Shortfall	5.40%		\$ (1,436,468)
Rent Shortfall (New Leases)		-	-
P.V. of Unexpired Incentives		-	-
P.V. of Future Lease-up Allowances	30 mths	-	-
P.V. Of Future Lease Incentives	30 mths	-	-
P.V. of Annual Capital Expenditure	30 mths	\$ (81,651)	\$ (81,651)
P.V. of Make Good Allowance	30 mths	-	-
P.V. of Programmed Capital Expenditure	30 mths	-	-
P.V. of Future Refurbishment Allowance	30 mths	-	-
Total Capital Adjustments		<u>\$ 352,627</u>	<u>\$ (1,518,119)</u>
		<b>\$ 19,430,129</b>	<b>\$ 19,419,738</b>
<b>INDICATED VALUE</b>		<b>\$ 19,450,000</b>	<b>\$ 19,400,000</b>

Second, we have had regard to the land and buildings approach, whereby we apply our analysed rate per sqm to the total lettable area of the improvements.

Our calculations are detailed as follows.





### LAND & BUILDINGS APPROACH

4 Ruffell Road	4,804.3 sqm	@	\$4,050 per sqm	\$	19,457,234
		@	\$4,150 per sqm	\$	19,937,659
		@	\$4,250 per sqm	\$	20,418,085
		<b>adopt</b>			<b>\$4,150 per sqm</b>

**INDICATED VALUE** **\$ 19,950,000**

### LAND VALUE

4 Ruffell Road	16,243.0 sqm	@	\$425 per sqm	\$	6,900,000
		@	\$450 per sqm	\$	7,310,000
		@	\$475 per sqm	\$	7,720,000
		<b>adopt</b>			<b>\$450 per sqm</b>

Added Value of Improvements	4804.26 sqm	@	\$2,300 per sqm	\$	11,050,000
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**INDICATED VALUE** **\$ 18,350,000**

Our assessments are summarised and weighted as follows.

### VALUATION SUMMARY

	<u>Weighting</u>		<u>Assessment</u>
Capitalisation of Income Approach	50%	\$	19,425,000
Land and Buildings Approach	20%	\$	19,950,000
Land Value Approach	5%	\$	18,350,000
Discounted Cash Flow Approach	25%	\$	19,900,000

**ADOPTED MARKET VALUE** **\$ 19,600,000**



## 6.1 Value Conclusions

In light of the contents of this report we confirm our opinion of market value for capital raising purposes for 4 Ruffell Road, Te Rapa Park, Hamilton as at 1 September 2022 but assessed on 1 July 2022, at:

### a) As is

**NZD\$14,550,000**  
**(FOURTEEN MILLION FIVE HUNDRED AND FIFTY THOUSAND DOLLARS)**

This valuation assessment is on the basis of plus GST (if any) and reflects the following:

#### Analysis

Value per sqm of GLA	\$4,560
Value per sqm of Land Area	\$896
Initial Yield	5.57%
Yield on Net Market Income	5.29%
Weighted Average Remaining Lease Term	14.92 years

### b) On completion of agreed extension

**NZD\$19,600,000**  
**(NINETEEN MILLION SIX HUNDRED THOUSAND DOLLARS)**

This valuation assessment is on the basis of plus GST (if any) and reflects the following:

#### Analysis

Value per sqm of GLA	\$4,080
Value per sqm of Land Area	\$1,207
Initial Yield	5.77%
Yield on Net Market Income	5.26%
Weighted Average Remaining Lease Term	14.92 years



**Compliance Statement**

This valuation has been performed in accordance with International Valuation Standards (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS) and we confirm that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge and the analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer has no interest in the subject property and the valuation fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards. The Valuer has satisfied professional education requirements and holds Professional Indemnity Insurance together with a current Valuers Practising Certificate;
- The Valuer has experience in the location and category of the property being valued and has made a personal inspection of the property;
- No one, except those specified in the report, has provided professional assistance.

Our valuation is subject to the attached Disclaimers.

Yours faithfully



Matt Tooman  
**Registered Valuer**  
**ANZIV, SPINZ**



David Cooper  
**Valuer**  
**PINZ**



## Disclaimers

1. **Valuation Subject to Change** This valuation is only current as at the date of valuation and is based on available information as at that date. The value assessed herein may change over a relatively short period including as a result of general market movement or factors specific to the property. These may include changes in national or international circumstances, environmental circumstances or force majeure events. Therefore, this valuation should be reviewed periodically, and no warranty is given by AIM Valuation Limited ("AIM") as to the maintenance of this value into the future. AIM does not accept liability for losses arising from subsequent changes in value.
2. **Information Supplied by Others** This valuation report includes information derived from other sources, provided by the Client. We have reviewed that information and have assumed that it is accurate. Unless otherwise stated, we have not independently verified that information. The Client acknowledges that AIM is not a specialist in the information from other sources and accepts that AIM is not liable in the event that that information is incorrect. If the information is found to be incorrect AIM reserve the right to reassess our opinion of value.
3. **Our Investigations** This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we have identified certain limitations to our investigations, you may instruct further investigations if you consider this appropriate. AIM is not liable for any loss occasioned by a decision not to conduct further investigations.
4. **Assumptions** Assumptions may be a necessary part of this valuation. AIM adopts assumptions because some items are unable to be accurately calculated or fall outside the scope of our expertise, or our instructions. Assumptions adopted by AIM will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer undertaking a similar valuation. However, the risk that any of the assumptions adopted in this document may be incorrect and have a material impact on the concluded value(s) should be taken into account.
5. **Property Documentation** Where applicable, our assessment of value is provided on the assumption that all Agreements, Leases, Licences, Deeds, Variations and other documentation relevant to establishing the value have been supplied in full. Our assumption includes that all Agreements, Leases, Licences, Deeds and Variations are executed or have been agreed to be executed without any changes and other documentation is the latest accurate available information.
6. **Side Agreements** In the event that the Client becomes aware of any side agreements, this valuation must not be relied upon before first consulting AIM to reassess any effect on the valuation.
7. **Disclosure** AIM must be advised in the event that the Client becomes aware of any changes relating to the information and advice provided by the Client. 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 AIM first to reassess any effect on the valuation.
8. **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 AIM at the date of this valuation. AIM does not warrant that such statements are accurate or correct.
9. **Site Survey** We do not commission site surveys and will acknowledge if one is provided to us. We have assumed there are no encroachments by or on the property, and the Instructing/Reliant Parties should confirm the status by obtaining a current survey report and/or advice from a registered surveyor.
10. **Property Titles** Our Record of Title search identifies all current easements, interests or encumbrances. In the event that a future title search is undertaken which reveals new or different easements, interests or encumbrances AIM should be consulted to reassess any effect on our assessed value.
11. **Contamination** Unless otherwise stated, we have assumed that the site is free of contaminants that would prevent the continuation of the current use or the planned development of the site. Unless otherwise noted, we have assumed that the improvements are free of contamination, or should contaminants 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 contamination within the property. We make no representation as to the actual environmental status of the property. If any formal testing is undertaken to assess the presence, if any, of contamination of the property and this is found to be positive, this valuation must not be relied upon without first consulting AIM to reassess any effect on the valuation.
12. **Hazardous Materials** Where the current use includes the storage and/or processing of hazardous materials, we assume the storage and processing to be compliant. We make no representation as to the actual status of hazardous materials on the property. If any testing or auditing is undertaken and identifies issues with hazardous materials on site, this valuation must not be relied upon before first consulting AIM to reassess the valuation.
13. **Earthquake-Prone Buildings** If the property is earthquake-prone, as defined by the Building Act and local government policies on Earthquake-Prone Buildings, then unless otherwise stated, our value estimate makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet policy and Building Act requirements. We are



not qualified to determine the Earthquake Rating of buildings. An assessment by a suitably qualified building engineer may be needed. If the building is later found to be earthquake-prone this valuation must not be relied upon before first consulting AIM to reassess the valuation.

14. Site Conditions Unless otherwise specified we have assumed the site is suitable for the current use. In the case the property has redevelopment potential, we proceed on the assumption the site is suitable for the planned redevelopment and would not incur development costs above those which prevail in the market.
15. Council Records Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Property File (PF) or Planning Advice from the Territorial Authority. In the case that the Client provides us with a LIM or PF we assume that these are current and accurate. In the event that the LIM or PF is provided later and found to be materially different to the resource management information detailed within the valuation, we reserve the right to amend our valuation.
16. Inclusions & Exclusions Unless otherwise stated, our valuation includes those items that form (or will 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, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed by the occupant or operator or are used in connection with the enterprise carried on within the property.
17. Floor Area Where we have not undertaken the floor area measurement, we have proceeded on the assumption that the floor areas provided have been calculated in accordance with the Property Council of New Zealand (PCNZ) and Property Institute of New Zealand (PINZ) Guide for the Measurement of Rentable Areas (GMRA). In those circumstances where specific areas are not covered by the GMRA the Client must provide any separately agreed definitions of Rentable Area. In the event that there is a material variance in Rentable Area, we reserve the right to review our valuation. Any measurement undertaken by AIM is an estimate of rentable area only.
18. Condition & Repair Unless otherwise stated, our valuation proceeds on the assumption that the structure and service installations of the building do not reveal any defects requiring significant expenditure that would have a material impact on the valuation conclusions. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.
19. Currency All values are in New Zealand Dollars \$NZD.
20. Valuation Standards The valuation report is carried out in accordance with the International Valuation Standards (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS).
21. Value Conclusion Our Value Conclusion does not include any deduction for the cost of realisation or the balance of any outstanding mortgages or other charges
22. Lease Covenant Strength Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease as and when they fall due and that there are no arrears of rent or undisclosed breaches of covenant.
23. Taxation and GST In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation has been undertaken on a plus GST (if any) basis, unless otherwise stated.
24. Confidentiality Our valuation report and its contents are confidential. It is prepared for the Client and Intended Users and for the Purpose stated. AIM accepts no responsibility or liability for use of and reliance on the valuation report by other parties for the same Purpose or other Purposes. Further, no responsibility is accepted to parties other than the Client for any errors or omissions whether of fact or opinion.
25. Publication Our valuation report or any part of it, may not be published or form a part of any other material or communication, without prior written approval of AIM. Such approval is required whether or not AIM is referred to by name and whether or not the report is combined with others.
26. Valuation Report Review This valuation report is signed by a Director of AIM, signifying that the valuation report has been peer-reviewed and the valuation methodology, calculations and the valuer's opinion of value have been discussed with the valuer.



Appendix I – Record of Title



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



*R. W. Muir*  
Registrar-General  
of Land

**Identifier** 465540  
**Land Registration District** South Auckland  
**Date Issued** 30 March 2010

**Prior References**  
SA1013/290

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<b>Estate</b>	Fee Simple
<b>Area</b>	1.6243 hectares more or less
<b>Legal Description</b>	Lot 3 Deposited Plan 417046

**Registered Owners**  
Kat Te Rapa Limited

**Interests**

8130920.1 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 30.3.2010 at 10:13 am  
10783559.3 Mortgage to ASB Bank Limited - 30.5.2017 at 8:52 am





## Appendix II – Discounted Cashflow Analysis

### a) As is

DISCOUNTED CASH FLOW SUMMARY											
<b>Selling Considerations</b>						<b>Purchase Considerations</b>					
Terminal Yield	5.60%	Target IRR				6.80%	Purchase Price	14,950,000			
Agent Commission	1.50%	Net Present Value				14,937,949	Legal Fees	0.50%	74,750		
Legal Fees	0.50%	INDICATED VALUE				14,950,000	Cost of Purchase	15,024,750			
<b>Valuation Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
<b>Year Ending</b>	<b>Aug-23</b>	<b>Aug-24</b>	<b>Aug-25</b>	<b>Aug-26</b>	<b>Aug-27</b>	<b>Aug-28</b>	<b>Aug-29</b>	<b>Aug-30</b>	<b>Aug-31</b>	<b>Aug-32</b>	<b>Aug-33</b>
<b>Income</b>											
Passing Rent (as occupied)	812,025	836,386	861,477	887,322	907,864	868,244	894,292	921,120	948,754	973,805	965,490
Car Park Rent	0	0	0	0	0	0	0	0	0	0	0
New Leases	0	0	0	0	0	0	0	0	0	0	0
Future Car Park Income	0	0	0	0	0	0	0	0	0	0	0
Recovered Outgoings	93,219	96,016	98,896	101,863	103,900	105,978	108,098	110,260	112,465	114,714	117,009
Rent Shortfall (New Leases)	0	0	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>905,244</b>	<b>932,402</b>	<b>960,374</b>	<b>989,185</b>	<b>1,011,764</b>	<b>974,223</b>	<b>1,002,390</b>	<b>1,031,380</b>	<b>1,061,219</b>	<b>1,088,519</b>	<b>1,082,499</b>
<b>Less</b>											
Recoverable Outgoings	(93,219)	(96,016)	(98,896)	(101,863)	(103,900)	(105,978)	(108,098)	(110,260)	(112,465)	(114,714)	(117,009)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	0	0	0	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	0	0	0	0	0	0	0	0	0	0	0
<b>Total Net Income</b>	<b>812,025</b>	<b>836,386</b>	<b>861,477</b>	<b>887,322</b>	<b>907,864</b>	<b>868,244</b>	<b>894,292</b>	<b>921,120</b>	<b>948,754</b>	<b>973,805</b>	<b>965,490</b>
<b>Adjustments</b>											
New Lease Commissions	0	0	0	0	0	0	0	0	0	0	0
New Lease Incentives	0	0	0	0	0	0	0	0	0	0	0
Annual Capital Expenditure (% of Income)	(24,361)	(25,092)	(25,844)	(26,620)	(27,236)	(26,047)	(26,829)	(27,634)	(28,463)	(29,214)	(28,965)
Make Good Allowance	0	0	0	0	0	0	0	0	0	0	0
Programmed Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
<b>Net Sale Price</b>											<b>16,769,486</b>
<b>NET CASH FLOW</b>	<b>787,664</b>	<b>811,294</b>	<b>835,633</b>	<b>860,702</b>	<b>880,628</b>	<b>842,197</b>	<b>867,463</b>	<b>893,487</b>	<b>920,291</b>	<b>944,591</b>	<b>16,769,486</b>





## b) On completion of proposed extension

DISCOUNTED CASH FLOW SUMMARY											
<b>Selling Considerations</b>						<b>Purchase Considerations</b>					
Terminal Yield	5.75%	Target IRR				6.95%	Purchase Price		19,900,000		
Agent Commission	1.00%	Net Present Value				19,880,205	Legal Fees		0.50% 99,500		
Legal Fees	0.50%	<b>INDICATED VALUE</b>				<b>19,900,000</b>	Cost of Purchase		19,999,500		
<b>Valuation Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
<b>Year Ending</b>	<b>Aug-23</b>	<b>Aug-24</b>	<b>Aug-25</b>	<b>Aug-26</b>	<b>Aug-27</b>	<b>Aug-28</b>	<b>Aug-29</b>	<b>Aug-30</b>	<b>Aug-31</b>	<b>Aug-32</b>	<b>Aug-33</b>
<b>Income</b>											
Passing Rent (as occupied)	1,133,471	1,167,475	1,202,499	1,238,574	1,267,248	1,211,945	1,248,303	1,285,752	1,324,325	1,354,984	1,295,852
Car Park Rent	0	0	0	0	0	0	0	0	0	0	0
New Leases	0	0	0	0	0	0	0	0	0	0	0
Future Car Park Income	0	0	0	0	0	0	0	0	0	0	0
Recovered Outgoings	93,219	96,016	98,896	101,863	103,900	105,978	108,098	110,260	112,465	114,714	117,009
Rent Shortfall (New Leases)	0	0	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>1,226,690</b>	<b>1,263,491</b>	<b>1,301,396</b>	<b>1,340,437</b>	<b>1,371,148</b>	<b>1,317,923</b>	<b>1,356,401</b>	<b>1,396,012</b>	<b>1,436,790</b>	<b>1,469,698</b>	<b>1,412,861</b>
<b>Less</b>											
Recoverable Outgoings	(93,219)	(96,016)	(98,896)	(101,863)	(103,900)	(105,978)	(108,098)	(110,260)	(112,465)	(114,714)	(117,009)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	0	0	0	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	0	0	0	0	0	0	0	0	0	0	0
<b>Total Net Income</b>	<b>1,133,471</b>	<b>1,167,475</b>	<b>1,202,499</b>	<b>1,238,574</b>	<b>1,267,248</b>	<b>1,211,945</b>	<b>1,248,303</b>	<b>1,285,752</b>	<b>1,324,325</b>	<b>1,354,984</b>	<b>1,295,852</b>
<b>Adjustments</b>											
New Lease Commissions	0	0	0	0	0	0	0	0	0	0	0
New Lease Incentives	0	0	0	0	0	0	0	0	0	0	0
Annual Capital Expenditure (% of Income)	(34,004)	(35,024)	(36,075)	(37,157)	(38,017)	(36,358)	(37,449)	(38,573)	(39,730)	(40,650)	(38,876)
Make Good Allowance	0	0	0	0	0	0	0	0	0	0	0
Programmed Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
<b>Net Sale Price</b>											<b>21,951,697</b>
<b>NET CASH FLOW</b>	<b>1,099,467</b>	<b>1,132,451</b>	<b>1,166,424</b>	<b>1,201,417</b>	<b>1,229,230</b>	<b>1,175,587</b>	<b>1,210,854</b>	<b>1,247,180</b>	<b>1,284,595</b>	<b>1,314,334</b>	<b>21,951,697</b>



## Appendix III – Tenancy Schedule

Tenant	GLA (sqm)	Car Parks	Contract Rent (\$pa) (\$psm)	Other Income	Outgoings (\$pa) (\$psm)	Car Park Rent (\$pa) (\$pw)	Lease Start	Lease Term	Lease Expiry	Option(s) (years)	Option Notice	Standard Review	Ratchet Clause	Next Review
<b>Tenancies</b>														
1 Keith Andrews Trucks Limited	13,254.0		810,000 61.11		93,219 7.03		1-Sep-22	15.00	31-Aug-37	1	12 mths	Ann. Indexed 3.0%/5.0yrly Market (Min 95.0%, Max 105.0%)	Soft	1-Sep-23
<b>Car Parks</b>														
Licensed Car Parks							Various		Various					
Vacant Car Parks														
<b>Total</b>	<b>13,254.0</b>		<b>810,000 61.11</b>		<b>93,219 7.03</b>									
<b>Total Annual Rent</b>			<b>810,000 (excluding outgoings from net leases)</b>				<b>Weighted Average Lease Term:</b>		<b>14.92 years</b>					

