Valuation Advisory

Report prepared for Westpac Banking Corporation on behalf of Oyster Industrial Property Limited for Mortgage Security purposes

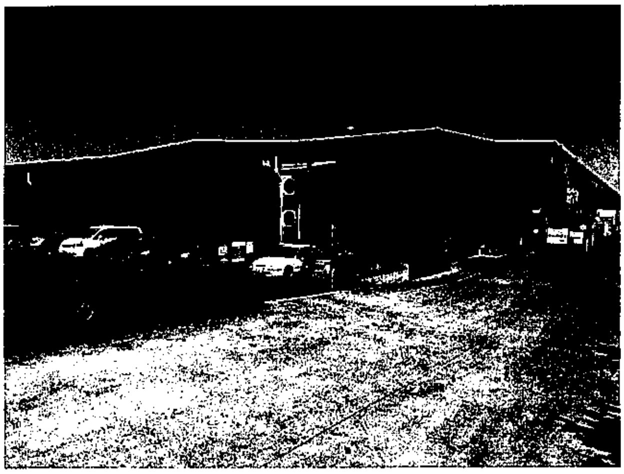
Cardinal Logistics

71 Westney Road, Mangere, Auckland

15 December 2020

Executive Summary

Cardinal Logistics - 71 Westney Road, Mangere, Auckland



The subject property comprises an industrial facility situated on an approximately 21,397 square metre land holding in Mangere, Auckland. The property is located to the western elevation of Westney Road, benefiting from good road frontage and proximity to the intersection with Montgomerie Road and Timberly Road.

Improvements to the property include a substantial industrial building providing column interrupted warehouse accommodation with a stud height of approximately 8.5 metres to the portal knee rising to approximately 11. 8 metres to the apex, offices situated over two levels located predominately with the warehouse envelope, a rear canopy and a breezeway canopy situated to the road facing portion of the building. The site has been improved to provide a combination of asphalt and concreted yard with approximately 62 car parks located towards the road frontage.

At the date of valuation, the property was occupied by Cardinal Logistics on a fifteen (15) year term from December 2014 with three rights of renewal of five (5) years each, annual fixed rent review of an increase of 1.4% and market reviews on every third anniversary of the commencement date. The lease is currently returning $2,039,532 per annum plus GST and outgoings, with a remaining WALT of 9 years (by income.)

The COVID-19 pandemic and associated restrictions have had a significant impact on the global and local economies. At the valuation date New Zealand is at 'Alert Level 1', with some caution evident following the second Coronavirus linked lockdown in August. Our valuation is based on our opinion of 'Market Value', incorporating an assumption of a willing buyer and seller.

Valuation

Prepared for	Westpac Banking Corporation
Valuation Purpose	Market Valuation for Mortgage Security
Date of Valuation	15 December 2020
Date of Report	16 December 2020
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Light Industry – Auckland Unitary Plan (Operative in part, 15 November 2016)
Tenure	Fee Simple – Record of Title 350475
Site Area	21,397 sqm
Lettable Area	17,414 sqm
Adopted Value	**$42,000,000 plus GST, if any** Forty Two Million Dollars plus GST, if any

Valuation Analysis

Initial Yield	4.91%	Rate / sqm of Lettable Area	$2,412
Initial Yield (Fully Leased)	4.86%	Weighted Average Lease Term	9.00 years
Equivalent Yield	4.75%	Current Occupancy	100.00%
Internal Rate of Return (10 years)	5.64%		

Tenancy Overview

Cardinal Logistics Limited	$2,039,532	17,414 sqm

Financial Summary

Gross Passing Income	$2,344,277
Gross Market Income	$2,277,265
Adopted Outgoings	$304,745
Net Passing Income (Less Rent Relief)	$2,060,483
Net Passing Income (Fully Leased)	$2,039,532
Net Market Income	$1,972,520

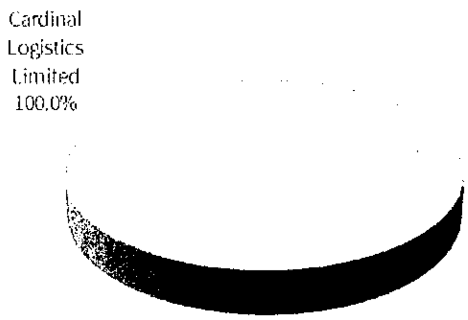
Cap Approach Assumptions

Adopted Cap Rate	4.625%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	$43,100,000
Passing Income Capitalisation	$43,100,000

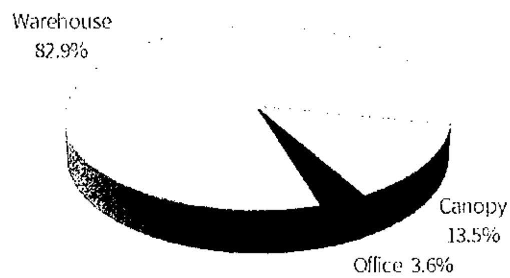
DCF Approach Assumptions

Discount Rate	6.00%
Terminal Yield	5.125%
Average Applied Rental Growth	2.40%
Value Based on DCF Approach	$40,900,000

Major Occupiers



Building Components



Valuer

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This is a summary only. It must not be relied on for any purpose. Jones Lang LaSalle's valuation of this asset is subject to assumptions, conditions and limitations as set out in the full text of this Valuation Report.

Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 15 December 2020. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 60 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 60 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided, we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases, physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

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

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Appendices

1 Introduction

1.1 Instructions

We refer to instructions from Oyster Industrial Property Limited requesting that we undertake a market valuation of the freehold interest of 71 Westney Road, Mangere, Auckland (the Subject/Property), as at 15 December 2020 for and on behalf of Westpac Banking Corporation. We understand that the valuation is to be relied upon for Mortgage Security purposes only.

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

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

We confirm:

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

The following parties may rely on this valuation report for the purposes stated above:

- Westpac Banking Corporation

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

1.2 Valuation and Inspection Dates

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

Date of Valuation	15 December 2020
Date of Property Inspection	15 December 2020
Date of Preparation of Report	16 December 2020

Our valuation reflects the valuer's view of the market as at the inspection date.

1.3 Basis of Valuation

Market Value

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

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

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2020) Framework and General Standards
- ANZVTIP 11 – Valuation Procedures – Real Property
- ANZVTIP 12 – Valuations for Mortgage & Loan Security Purposes

1.5 Information Sources

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

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

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

1.6 Specific Assumptions

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

- The Novel Coronavirus (COVID-19) was declared a 'Global Pandemic' by the World Health Organisation on 11 March 2020. This led to a significant range of restrictions on individuals and businesses locally and throughout the world. New Zealand experienced a nationwide Level 4 Lockdown in March-April this year, and more recently Auckland returned to Level 3 Lockdown in August as the virus re-emerged in community transmission. New Zealand is now at Level 1, however there are continued restrictions on international travel and some caution evident.

  The introduction of restrictions on people and businesses alongside significant economic stimulus packages have resulted in fluctuations in asset values, and we note that transactions agreed prior to or during the restrictions may or may not be indicative of current market conditions. We refer to the definition of Market Value outlined above and the principles of 'willing buyer', 'willing seller' acting 'prudently and without compulsion' as adopted within our valuation.

  Given the circumstances of COVID-19, we have had regard to a range of inputs and market evidence in coming to our opinion of Market Value. Notwithstanding this, there may be a greater range around our opinion of Market Value than would normally be the case.

2 Property Particulars

2.1 Location

The property is situated on the western side of Westney Road within the established industrial precinct of Airport Oaks. Westney Road is situated to the east of George Bolt Memorial Drive approximately two kilometres north of the Auckland Airport. George Bolt Memorial Drive is a major arterial route connecting the South Western Motorway to the Airport and can be accessed from via Kirkbride Road to the north or Verissimo Drive to the south.

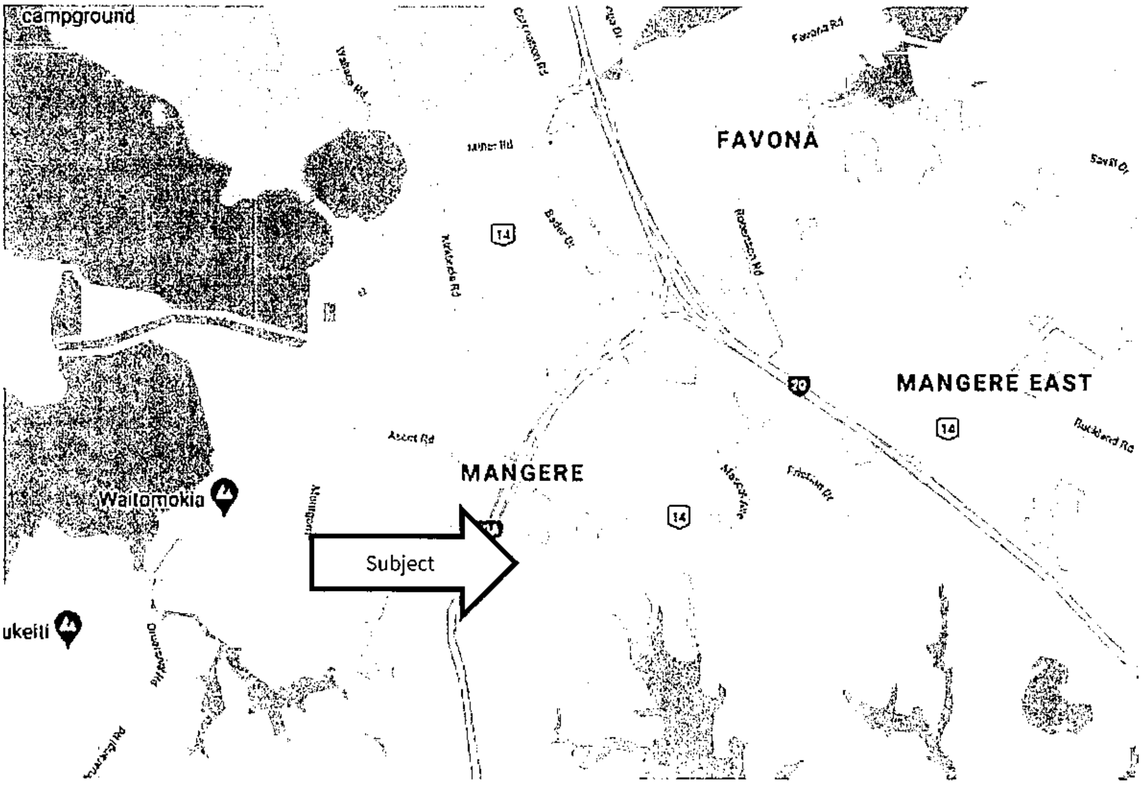
The linking of State Highway 20 to State Highway 1 is located nearby the subject property and has greatly aided access to and from the Auckland Airport locality. Overall, this is considered a popular and recognised industrial / commercial locality with suitable access to the majority of transportation modes, required for modern industrial uses.

Auckland CBD and the Ports of Auckland are approximately 26.2 kilometres to the north-east, and Auckland International and Domestic Airports are located approximately two kilometres to the south with many businesses in the area offering supplementary services particularly in the shipping / freight and logistics industries.

Established residential localities, located to the east and north of the subject, offer a steady source of skilled and unskilled labour. All normal services and utilities appear to be provided to the property.

In general, the property is located within an established industrial area of Auckland within close proximity to Auckland's International and Domestic Airports and is easily accessible via the State Highway 20 and State Highway 1.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

Title Reference	350475
Tenure	Fee Simple
Legal Description	Lot 1 Deposited Plan 387568
Area	2.1397 hectares (more or less)
Registered Owner	Westney Trustees Limited
Registered Interests	▪ 7645574.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 6.12.2007 at 9:00 am *This refers to the landowner's obligation to maintain a stormwater device.* ▪ Subject to a right (in gross) to drain water over parts marked BB, BC, MA, EA, L, EB, EC, MB, MC, N, C, O & J and access & water supply easements over parts marked BA, BB, BC & C on DP 387568 in favour of Manukau City Council created by Easement Instrument 7645574.5 - 6.12.2007 at 9:00 am ▪ The easements, except to drain water marked C on DP 387568, created by Easement Instrument 7645574.5 are subject to Section 243 (a) Resource Management Act 1991 ▪ Appurtenant hereto are right of way, right to convey water, gas, electricity, telecommunications & computer media and drain water & fire protection easements created by Easement Instrument 7645574.6 - 6.12.2007 at 9:00 am *This is related to the neighbouring site situated to the north west of the subject property. Car parking rights have been granted to the owner of Lot 2 DP 387568 under this instrument.* ▪ Subject to a right of way over parts marked BA, BB, BC, C, EA, EB, EC & N , right to convey water, gas, electricity, telecommunications & computer media over parts marked BA, BB, BC & C, fire protection over parts marked C, MA, MB, MC, N & O and parking over parts marked J, K, O, MA, MB & MC on DP 387568 created by Easement Instrument 7645574.6 - 6.12.2007 at 9:00 am ▪ The easements created by Easement Instrument 7645574.6 are subject to Section 243 (a) Resource Management Act 1991 ▪ 9924022.3 Mortgage to ANZ Bank New Zealand Limited - 12.12.2014 at 4:43 pm ▪ 10033573.1 Variation of Mortgage 9924022.3 - 16.4.2015 at 11:19 am

Source: Land Information New Zealand

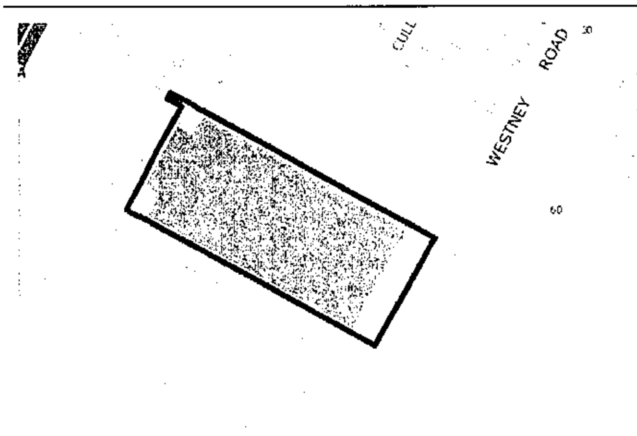
We have considered these notifications in arriving at our opinion of value. For a detailed summary of the dealings noted above, we refer you to the Record of Title appended to this report.

2.3 Site Details

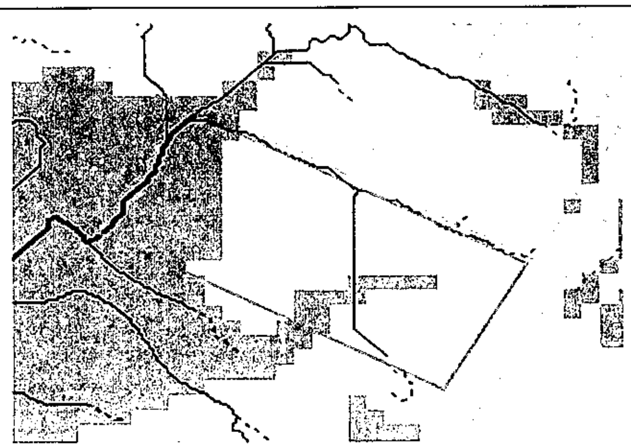
The subject property comprises a land holding of approximately 21,397 square metres which is regular in shape and relatively level in contour. Access is provided from Westney Drive and the site benefits from approximately 95 metres of road frontage.

We note that the site is subject to various overland flow paths and flood plains, however due to the already built nature of the property we assume that these have been properly mitigated and would not be likely to negatively impact the value of the property. The flow paths and flood plains are reflected in the image below:

Site Area:	21,397 square metres (more or less)



Source: Emap



Source: GeoMaps

2.4 Resource Management

Auckland Unitary Plan (Operative in part, 15 November 2016)

Local Authority	Auckland Council
Planning Instrument	Auckland Unitary Plan
Operative Date	2016 – Operative in Part
Zoning	**Light Industry Zone** This zone provides for light industrial activities that do not generate objectionable odour, dust or noise emissions. This includes light manufacturing, production, logistics, storage, transport and distribution activities. Due to the industrial nature of the zone, activities to air discharges are generally not provided for.
Objectives	▪ Light industrial activities locate and function efficiently within the zone. ▪ The establishment of activities that may compromise the efficiency and functionality of the zone for industrial activities is avoided. ▪ Adverse effects on amenity values and the natural environment, both within the zone and on adjacent areas, are managed. ▪ Development avoids, remedies or mitigates adverse effects on the amenity of adjacent public open spaces and residential zones.
Development Controls	The Light Industry zone provides for a range of light industrial activities to locate in the zone and avoids activities that do not support the primary function of the zone, with limited office, retail, and residential uses permitted. Building Height: Must not exceed 20 metres. Height in relation to boundary: ▪ Buildings must not project beyond a 35 degree recession plane measured from a point 6m vertically above ground level along the boundary of residential, open space or special purpose boundary. Yards: ▪ Front: 2 metres. Yards are not required for internal roads or service lanes ▪ Rear: 5 metres, where the rear boundary adjoins a residential zone, an open space zone or special purpose zone ▪ Side: 5 metres, where the side boundary adjoins a residential zone, an open space zone or special purpose zone ▪ Riparian: 10 metres from the edge of permanent and intermittent streams ▪ Lakeside: 30 metres ▪ Coastal protection yard: 25 metres Maximum impervious area: ▪ Must not exceed 10 per cent of the riparian yard Permitted activities include, but are not limited to: industrial and rural activities, worker's accommodation – one per site, service stations, dairies, drive-through restaurants, show homes, food and beverage services, garden centres, motor vehicle sales, marine retail, trade suppliers, and emergency services. Office, retail and tertiary education services that are accessory to an industrial activity are also permitted. In terms of development controls, the Light Industry zone permits the construction, additions and alterations to buildings, and the demolition of buildings. Due to the industrial nature of the zone, sensitive activities such as community facilities exceeding 450 square metres, dwellings, integrated residential accommodation, and office or retail activities that are not related to the predominant use on-site are non-complying.
Controls	Macroinvertebrate Community Index - Urban
Overlays	Natural Resources: High-Use Aquifer Management Areas Overlay [rp] - Manukau Southeast Kaawa Infrastructure: Aircraft Noise Overlay - Moderate aircraft noise area (MANA), Auckland Airport - moderate aircraft noise area Infrastructure: Aircraft Noise Overlay - Aircraft noise notification area (ANNA), Auckland Airport - aircraft noise notification area
Designations	Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International Airport Ltd

2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 July 2017 being Assessment Number 36200/3700, is as follows:

Land Value	$9,650,000
Improvements Value	$15,900,000
Capital Value	$25,550,000

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

2.6 Environmental Issues

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

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

2.7 Improvements

The property provides a large scale industrial facility comprising warehouse and office accommodation with construction completed circa mid 2000's. The warehouse accommodation is column interrupted and has a stud height of approximately 8.5 metres to the portal knee rising to 11.8 metres at the apex. Construction to the warehouse includes concrete foundations, steel portal frames, steel purlins and a long run metal roof. Lighting is provided by way of intermittent translucent panels and external walls are a combination of half height and full height concrete slab panels with long run metal above. A small canopy extends from the rear elevation of the warehouse and protects a roller door. The larger breezeway canopy is situated to the road facing portion of the warehouse and provides a semi-enclosed storage area as well as protects a roller door.

The offices are presented to a good standard and are situated over two levels, located to the south-eastern portion of the warehouse. The office accommodation benefits from integrated air conditioning and provides a combination of carpet and vinyl flooring, suspended ceiling tiles and recessed fluorescent lighting.

A smaller portion of warehouse office and amenities are also provided to the rear of the warehouse. Additionally, car parking for approximately 62 cars is provided on site and the yard is predominantly asphalt and concrete sealed.

Warehouse

First floor office

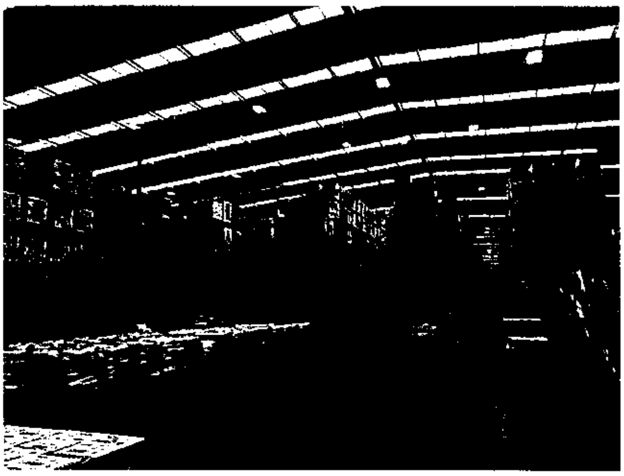
2.8 Construction

We briefly outline construction details to the building as follows:

Structure:	Concrete pad foundations with steel portal frame and supporting steel purlins to the warehouse.
External Walls:	A combination of full height and half height concrete slab panels with long run metal above.
Internal Walls:	Plasterboard lined and glazed partitions predominantly to the office area.
Roof:	Long run metal.
Ceiling:	Acoustic ceiling tiles to the office area.
Lighting:	Recessed fluorescent lighting to the offices and high output suspended industrial lighting to the warehouse supplementing intermittent translucent panels.
Key Services:	Integrated air conditioning to the offices.

2.9 Accommodation

Warehouse	The warehouse component comprises approximately 13,724 square metre of high stud accommodation, with two rows of columns over a warehouse width of approximately 93 metres. The warehouse has a stud height of approximately 8.50 metres at the portal knee, rising to approximately 11.80 metres at the apex. Access to the warehouse from the canopies is provided via two roller doors to the western elevation and a further two roller doors to the eastern elevation of the building, with an approximate 2,688 square metre breezeway canopy constructed externally to the eastern elevation and a further canopy of approximately 713 square metres to the western elevation. General construction of the warehouse is of concrete foundations and flooring, steel portal framing and a combination of full height precast concrete panels and precast concrete base panels with long run metal above to the walls. The roof is lined with long run metal, along with netting and sisalation. Lighting throughout the warehouse is provided via high output hanging industrial lighting, with additional supplementary natural light achieved via intermittent translucent panels.



Office & Amenities

The main office and amenities are located over two levels to the Westney Road frontage of the building, with entry achieved via double sliding doors into a reception/waiting area. Offices are a combination of both open plan and partitioned space. Male and female toilets, along with a staff kitchen/lunchroom area provide amenities to the ground floor. An additional office and a boardroom are also provided to the upper level. A smaller portion of warehouse office and amenities are also provided to the rear of the warehouse.

Internal linings comprise predominantly plasterboard walls, a combination of carpet and tile flooring and suspended ceilings in a grid panel system. Amenities are lined with a combination of plasterboard and suspended ceilings, with vinyl flooring. The lighting throughout the office areas is via recessed fluorescent lighting, which is supplemented by good levels of natural light via glazing to the perimeter. Incremental air conditioning provides climate control throughout the office areas.

2.10 Lettable Areas

The Property's total Lettable Area is approximately 17,414 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Office/Amenities	222
Warehouse	13,724
Warehouse Offices	67
Canopy (Front)	2,688
Canopy (Rear)	713
Total Lettable Area	17,414 square metres

The areas noted above have been taken from building plans provided by Oyster Industrial Property Limited. We have undertaken check measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand. Should certified floor area be provided, we reserve the right to amend our report accordingly.

2.11 Condition and Repair

We inspected the interior and exterior of the property. The building appears to have been well maintained with no significant deferred maintenance requirements evident.

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

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 28 May 2021, and therefore assume that the property complies with the provisions of Compliance Schedule 4206.

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

As the building was constructed after January 2000, we have not sought further information on asbestos within the property.

2.12 Earthquake Strengthening Requirements

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

As part of our valuation we have been made aware of the following information:

Year of Building Construction	Circa mid 2000's
National Risk Zone	Low
Compliance with New Building Standard	100% NBS
Assessment Type	IEP
Assessment Completed By	EQ Struc
Assessment Date	October 2014

We note the building does not appear on the Earthquake Prone Building Register as published here: https://epbr.building.govt.nz/.

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

3 Property Income and Expenditure

3.1 Tenancy Overview

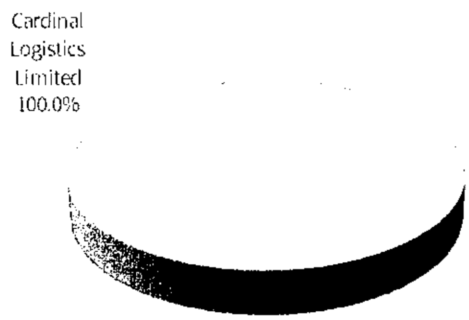
We have been provided with Lease documentation that was available at the time of valuation.

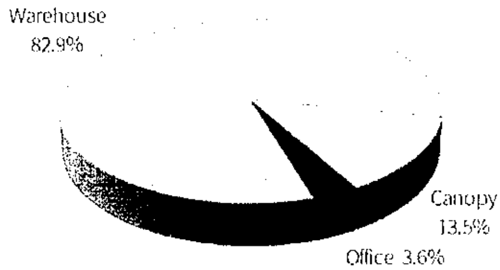
The net rental from the Property can be summarised as follows:

Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
Cardinal Logistics Limited	$2,039,532	17,414	100.0%
Total	$2,039,532	17,414sqm	100%

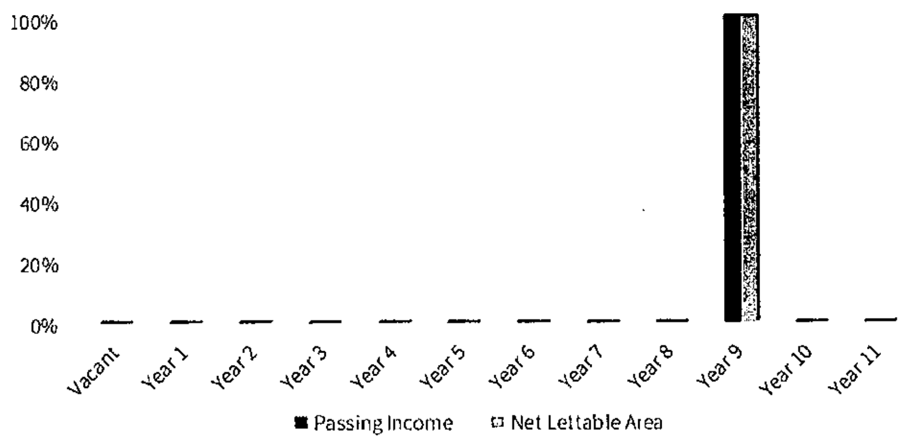
The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We are not qualified to advise you on the financial standing of the occupiers, however have formed a view on how we think the market would approach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

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





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



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

Weighted Average Lease Term Remaining	Years
By Area	9.00
By Income	9.00

3.2 Lease Summary

We summarise below the lease agreement for the tenant:

Lease Summary	Cardinal Logistics Limited
Documents reviewed	Signed Deed of Lease dated 11 December 2014
Lessee	Cardinal Logistics Limited
Demised premises	The land and warehouse situated at 71 Westney Road being Lot 1 DP 387568 together with the rights and interests recorded on Record of Title 350475
Lettable Area	17,414 square metres
Commencement Date	13 December 2014
Expiry Date	Fifteen years from the Commencement Date.
Lease Term	Fifteen years plus three rights of renewal of five (5) years each
Commencement Rent	$1,876,302 per annum plus GST
Current Rent	$2,039,532 per annum plus GST
Rental Review Provisions	**Fixed increase of 1.4%** on the anniversary of Commencement in the following years in the initial term: 2015, 2016, 2018, 2019, 2021, 2022, 2024, 2025, 2027, and 2028 **Greater of a Fixed 1.4% increase or Market Rent Reviews,** subject to a soft ratchet clause, falling on the anniversary of Commencement in the following years in the initial term 2017 2020 2023 2026: *When determining the current market rent the valuers will assess the value of the premises including the Mezzanine regardless of if has been removed by the Tenant.*
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant. *This includes cleaning, maintenance and repair charges for painting, periodic washing and decorating of the building, maintenance and repair of services that do not form part of a service maintenance contract, all costs for roof repairs, all costs associated with the maintenance of parking areas, roads and pavements and management expenses commencing at $20,000 per annum.*
Permitted Use	Warehouse, distribution, freight, and offices together with associated uses.
Special Provisions	Subject to a Guarantee whereby the Guarantor is the Company Director, who is obliged to provide a bank guarantee from a New Zealand registered bank of an amount equivalent to 18 month's rent and outgoings, reviewed each anniversary of commencement. <u>Clause 51 Mezzanine</u> The tenant has constructed a mezzanine level without obtaining relevant consents and will use its best endeavours to obtain a certificate of acceptance for this as soon as possible. <u>Rent Reduction and Deferral</u> A rental payment plan resulting from the Covid-19 pandemic provided the Tenant with a 50% rent reduction (excluding outgoings) for the months of April, May and June 2020, of which the balance of the rent unpaid was to be payable in six equal monthly payments commencing July 2020. At the date of valuation, the tenant is obliged to pay one final deferred payment at the first day of January 2021.
Landlords Fixtures and Fittings	Light fittings, Blinds, Carpets and Data Cabling
Emergency Provisions	The standard ADLS Deed of Lease prescribes an emergency provision under 'No Access In Emergency', being clauses 27.5 and 27.6, whereby if there is an emergency and the Lessee is unable to gain access to the premises to fully conduct the Lessee's business from the premises, then a fair proportion of the rent and outgoings shall cease to be payable for the no access period.

3.3 Building Outgoings and Recoveries

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

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

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	$143,308	$8.23
Operating Expenses	$161,437	$9.27
Total Outgoings	$304,745	$17.50

The provided Tenancy Schedule outlines only a portion of the property's outgoings which included Insurance Recoveries and Property Maintenance which we believe to be below market levels for this type of property. We have adopted a rate of $17.50 per square metre for the operating expenses and believe this to be in line with albeit slightly below market levels for this property.

3.4 Outstanding/Remaining Rental Abatements

A deferred or change in rental payment terms dated 31 March 2020 resulting from the Covid-19 pandemic provided the Tenant with a 50% rent reduction for the months of April, May and June 2020, of which the balance of the rent unpaid was to be payable in six equal monthly payments commencing July 2020. At the date of valuation tenant is obliged to pay one final deferred payment at the first day of January 2021. The total of this payment is $20,952.

3.5 Tenancy Schedule

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

Tenant Name	Premises	Lettable Area	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Cardinal Logistics Limited	Office/Amenities	222.0	Dec 2014	Dec 2029	15.0 years	Dec 2021	1 yearly	Fixed	$58,145	$262		$3,885	$18
Cardinal Logistics Limited	Warehouse	13,724.0	Dec 2014	Dec 2029	15.0 years	Dec 2021	1 yearly	Fixed	$1,690,659	$123		$240,170	$18
Cardinal Logistics Limited	Warehouse Offices	67.0	Dec 2014	Dec 2029	15.0 years	Dec 2021	1 yearly	Fixed	$15,858	$237		$1,173	$18
Cardinal Logistics Limited	Canopy (Front)	2,688.0	Dec 2014	Dec 2029	15.0 years	Dec 2021	1 yearly	Fixed	$227,295	$85		$47,040	$18
Cardinal Logistics Limited	Canopy (Rear)	713.0	Dec 2014	Dec 2029	15.0 years	Dec 2021	1 yearly	Fixed	$47,574	$67		$12,478	$18
Aggregate		17,414.0							$2,039,532			$304,745	

3.6 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	$2,039,532	87.00%
Outgoings Recovery	$304,745	13.00%
Gross Passing Income	$2,344,277	100.00%
Unexpired Rental Deferral Payment in Yr 1	($20,952)	
Outgoings	$304,745	
Net Passing Income	$2,060,483	
Unexpired Rental Deferral Payment in Yr 1	($20,952)	
Potential Net Income Fully Leased	$2,039,532	

4 Market Commentary

4.1 Economic Overview

As at 9 December 2020:

- The Consumer Price Index rose 0.7% in the September 2020 quarter, netting to a 1.4% increase in CPI for the September 2020 year. It is expected pricing pressure will soften over the next 12 months.
- Gross Domestic Product (GDP) was down 12.2% in the June 2020 quarter, which is the biggest quarterly decline of GDP in New Zealand on record, with this largely being caused by the strict restrictions that had been put in place on the activities of both households and businesses within the country and abroad.
- As at 11 November 2020, the Reserve Bank announced that the Official Cash Rate is being held at 0.25% following its emergency 75 basis point reduction from 1.00% in March 2020. The Monetary Policy Committee stated that additional stimulus would be provided in the form of a Funding for Lending Programme (FLP), which runs until late 2022 offering banks up to $28 billion of funding priced at the 0.25% OCR. The FLP will reduce funding costs for banks and is targeted to lower interest rates. There are expected to be further changes from the Reserve Bank in the short term, including potential for further cuts to the OCR or implementation of 'speed limits' targeting high LVR lending or other Macro Prudential tools.
- The 90-day Bank Bill Benchmark Rate (BKBM) was 0.27% as at 8 December 2020. This has reduced significantly from 2019 where it averaged 1.52%.
- The unemployment rate is 5.30% as at September 2020, which is a 1.3% increase from Q2 2020, the largest increase since the series began in 1986. The sharp rise in the unemployment rate indicates that people out of employment have started seeking work after being after being restricted from doing so in the June 2020 quarter, due to lockdown restrictions. Unemployment is forecast to increase significantly due to the effects of the COVID-19 pandemic.
- The REINZ median house price across New Zealand increased by 19.8% in October 2020 to $725,000, up from $605,000 in October 2019, and up from $689,000 (a lift of 5.2%) in September 2020. The number of residential properties sold in August across New Zealand increased by 25.0% from the same time last year (from 7,063 to 8,830) – the highest number of properties sold in an October month for 14 years, and the highest number of properties sold in any month since May 2016.
- In terms of the construction sector, private backed development and construction is expected to be muted in the short term, however the Government has announced their intention to fast track infrastructure spend as one method to kickstart the economy post the COVID-19 shutdown.

The whole of New Zealand is currently at COVID-19 Alert Level 1, with strict border controls remaining in place for those entering the country, including a 14-day managed isolation or quarantine period. The economic impact of these measures is likely to have longstanding effects, notwithstanding significant monetary and fiscal stimulus which has been implemented by the RBNZ and NZ Government to support New Zealanders and reduce the impact on the NZ economy.

Key initiatives taken to reduce the economic impacts of COVID-19 include the implementation of an increased $100 billion Large Scale Asset Purchase, a $50 billion Response and Recovery fund, a circa $17-$18 billion support package which is aimed at those sectors most affected by the impacts of the virus, a $6.25 billion Business Finance Guarantee Scheme for small to mid-sized enterprises (SME), a $4 billion Business Support Package, along with a $20 million Tertiary Support Package, and $50 million Media Support Package.

4.2 Auckland Industrial Market Summary

Auckland enjoyed "business as usual" for most of 3Q20 with New Zealand reporting just over 100 days of zero community transmission of COVID-19. However, community transmission returned to New Zealand on 11 August which resulted in Alert Level 3 lockdown for Auckland while the rest of the country set at Level 2. As at the end of 3Q20, Auckland moved back to Alert level 2 with eased restrictions on gathering while New Zealand moved to Alert Level 1. COVID-19 appears to be broadly under control with few cases of community transmission in the country. While NZ remains in a favourable situation compared to our key trading partners with the virus not having as far ranging an impact on society and the domestic economy, borders remaining shut until further notice and continued uncertainty around the global outlook will continue to have an impact on the economy.

Overall, Auckland's industrial property sector has seen little change since 2Q20, although the gap between prime and secondary stock has continued to slowly widen. Continued high demand across the sector along with scarcity of supply has kept both supply and demand in short-term equilibrium, aided by the significant number of design-build projects under construction and high levels of pre-commitment observed for new developments.

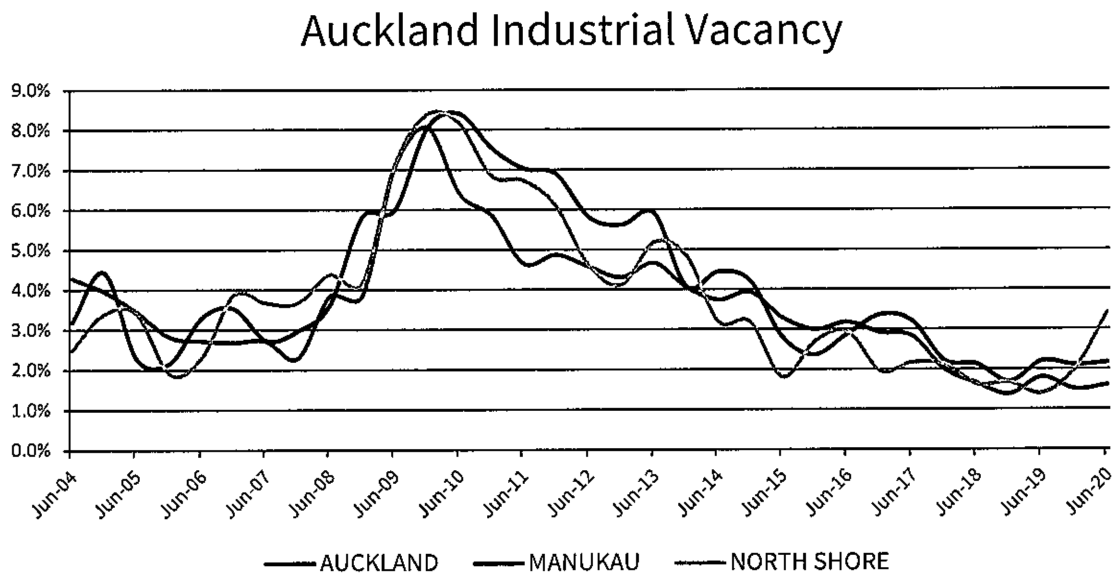
Supported by persistently low vacancy in the sector, rents and incentives have both remained stable over 3Q20. In investment, the industrial sector remains favoured due to the resilience it has shown over the last few quarters. As a result, yields have also remained stable at 2Q20 levels for the time being, although despite the volatile economic environment we are beginning to see yields decrease below the levels achieved prior to COVID-19 for prime assets as a result of competition for assets and the record low interest rate environment.

Demand/Supply

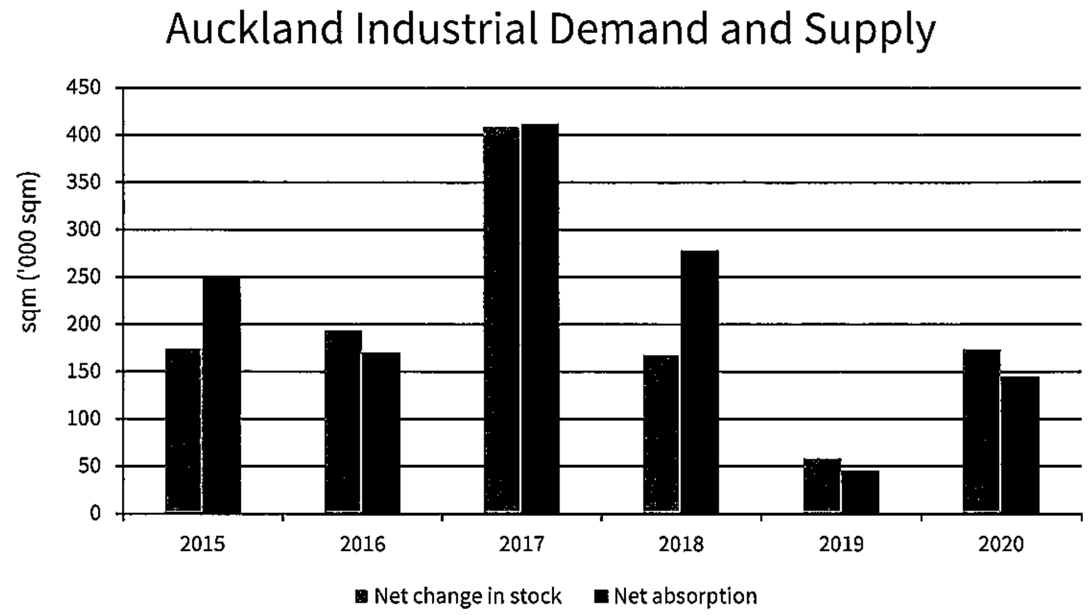
Our 1H20 vacancy survey revealed that vacancy rose across the board over the first half of 2020. North Shore City industrial saw the largest increase in vacancy from 2.0% in 2H19 to 3.4% over 1H20, while Manukau City and Auckland City industrial vacancy each rose 10bps to 1.6% and 2.2% respectively over the half. Overall, vacancy for the Auckland Industrial market increased slightly from 1.8% to 2.1% during 1H20. Despite this increase however, vacancy within the Auckland industrial precincts continues to remain low overall when compared to the 10-year average of 3.7%.

With fewer tenants around than in previous quarters, the resulting re-balancing has seen a preference for shorter lease terms being committed to over 1H20, especially as uncertainty around the existing economic climate continues to be a prominent issue. Given continued robust demand for high quality space, prime stock vacancy in particular is expected to remain low for the foreseeable future. Any weakness in demand is expected to primarily impact secondary stock as occupiers look to move into new or better stock, continuing trends of a flight to quality.

This extremely low vacancy overall continues to be a result of scarcity of development land and available stock, especially in the prime end of the market, across the sector. New Zealand's industrial development has been a combination of design-and-build and speculative builds. With that being said, the speculative builds are often leased before practical completion as supported by high occupier demand for new build. This combination has generally allowed net absorption to outpace net completions. We expect this trend to continue going forward, which will further support occupation levels as the majority of new future supply is pre-committed prior to practical completion.



Source: JLL Research and Consulting



Source: JLL Research and Consulting

While construction on Foodstuffs' 75,000 square metre distribution centre at The Landing Business Park continues, so too does construction on the Hilton Foods processing plant at LOGOS' Wiri logistics estate. Including these two projects, Manukau industrial continues to see the most action from the development pipeline, and we are currently aware of 68 projects at various stages of planning and construction in the sector. A number of projects have also completed over recent months, including five warehouse/office units with a collective NLA of over 10,000 square metres at 32-38 Patiki Road in Avondale by James Kirkpatrick Group in July.

Looking forward, we expect that projects under construction currently will likely go ahead as they typically have pre-committed tenants. Completion dates are expected to push out slightly however, given delays arising from the COVID-19 lockdowns over 2020 so far. As for medium term projects currently in planning, we expect the rate of these projects transitioning from the planning to construction phase to slow down. Limited supply should continue to support both existing rental levels and low vacancy levels.

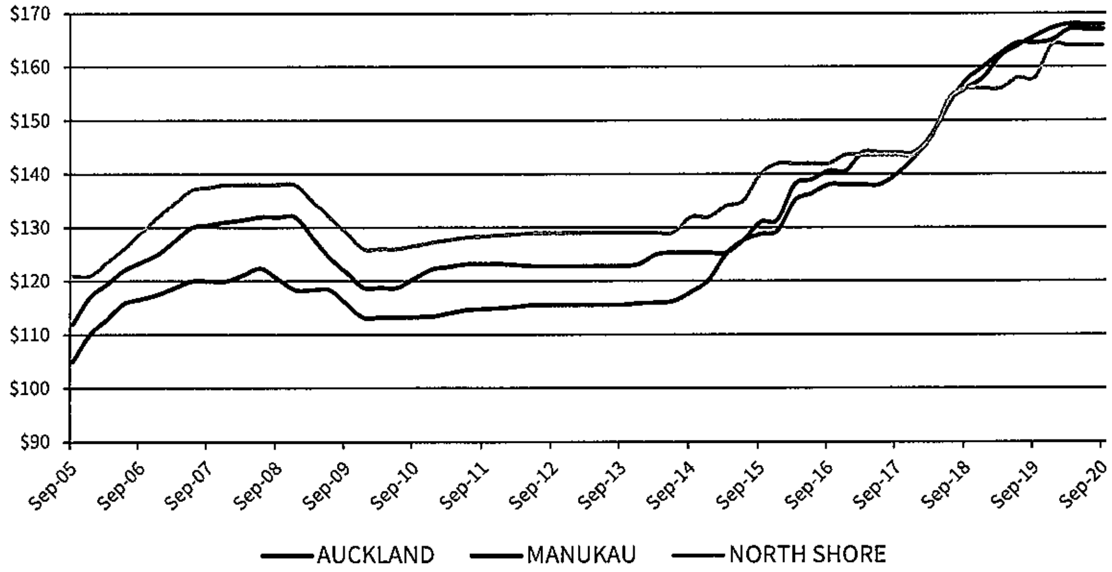
Rents

Industrial prime rents have remained stable across the board for the third consecutive quarter. Prime Auckland City industrial rents currently sit at an average blended rate (warehouse / office) of approximately $168 per square metre, while Manukau City and North Shore City rents remain at averages of approximately $167 and $164 per square metre respectively.

Rents for secondary stock have similarly remained stable since 2Q20, with Auckland City industrial rents stable at a blended rate of approximately $136 per square metre, Manukau City industrial rents at approximately $131 per square metre, and North Shore City industrial rents at approximately $138 per square metre. Incentives have also remained stable over the quarter, with average prime and secondary incentives currently sitting at 2Q20 levels of 3.3% and 6.3% respectively.

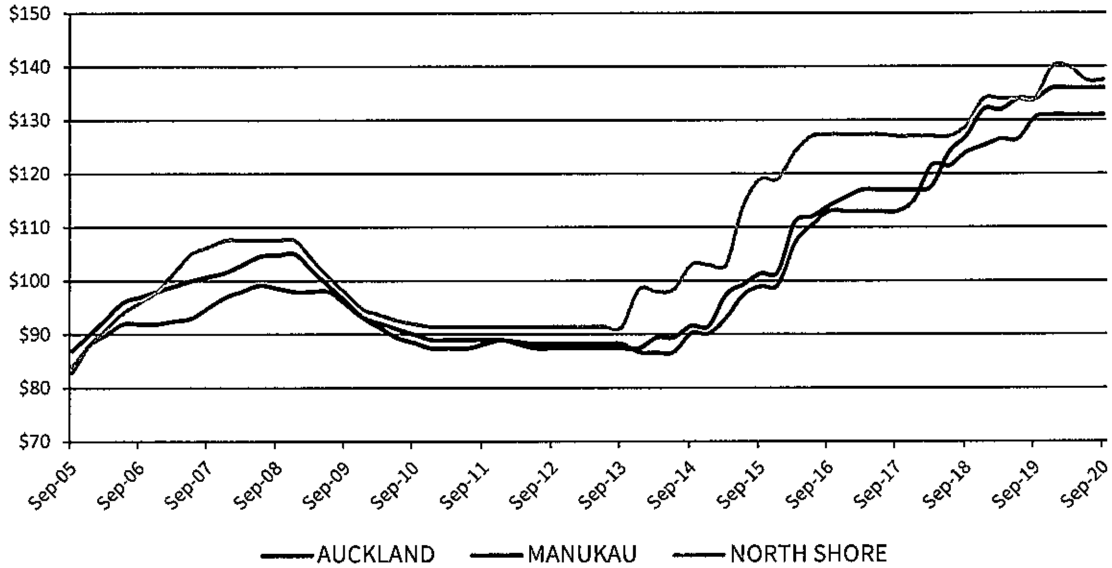
Given such low vacancy across Auckland's industrial sectors, particularly for prime assets, it is no surprise that rents and incentives have both remained stable over 3Q20. We do expect rents to resume rising, albeit slowly over the foreseeable future, as availability of new and second-hand accommodation remains tight. Moreover, rising land prices and construction costs are also expected to contribute to the upward pressure on rents as higher economic rents would be required to make construction feasible, restricting new supply. As with demand, the gap between prime and secondary rents is also expected to widen over time as trends of flight to quality continue.

Auckland Industrial Prime Rents



Source: JLL Research and Consulting

Auckland Industrial Secondary Rents

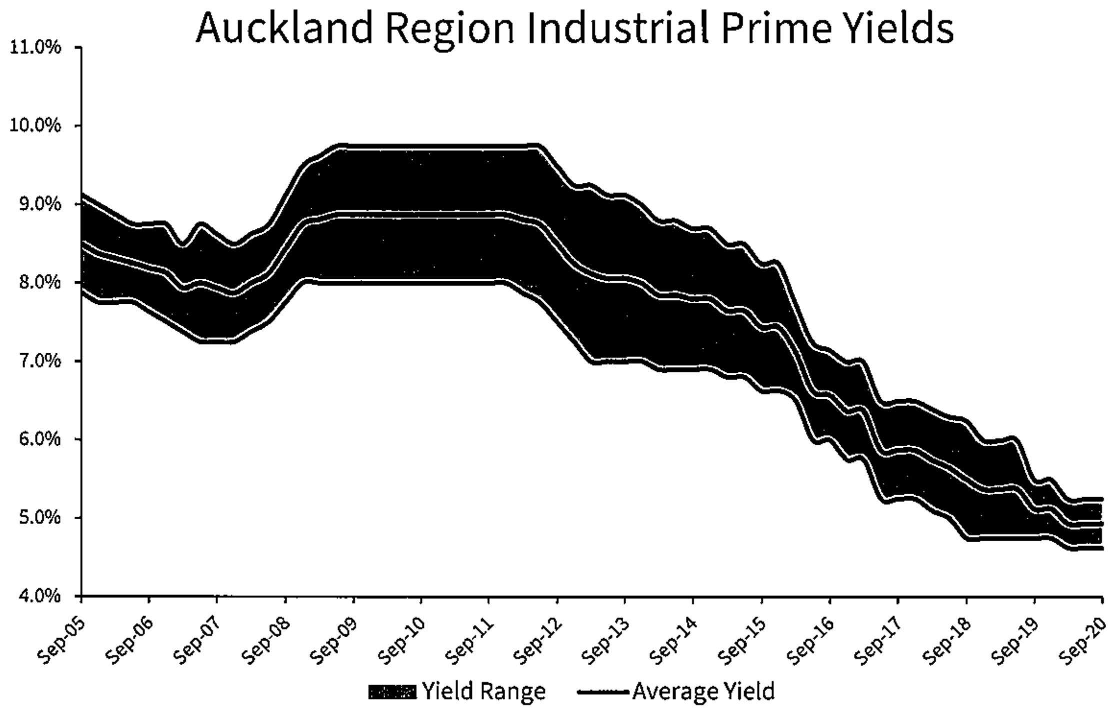


Source: JLL Research and Consulting

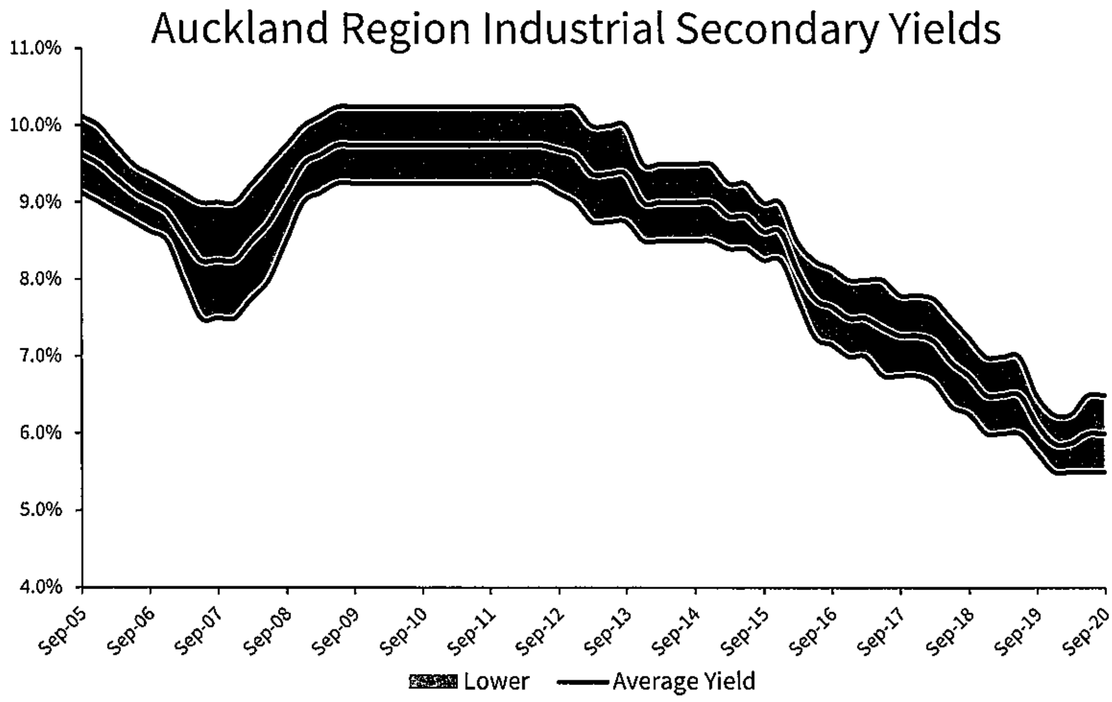
Yields

Industrial remains a favoured sector for acquisition, having shown itself to be the most resilient of the commercial sectors over the last few quarters. Prime yields currently sit at an average of 4.94%, representing a range of 4.63% to 5.25%, while secondary yields remained at an average of 6.00%, representing a range of 5.50% to 6.50%.

3Q20 saw the establishment of Industre, a new joint venture between Stride Property Limited and a group of international institutional investors, operating through a special purpose vehicle advised by J.P. Morgan Asset Management. This establishment included the acquisition of 11 industrial properties for just under $257 million from Stride's portfolio, along with new acquisitions over the quarter at 1 Ross Reid Place located in East Tamaki, and 468 Rosebank Road and 4-14 Patiki Road located in Rosebank. Together, these additional acquisitions combine to a value of $41.7 million of acquisitions since Industre's commencement in early July.



Source: JLL Research and Consulting



Source: JLL Research and Consulting

Market Outlook

The Auckland industrial sector has a generally positive outlook for the short to medium term, even with the effect of COVID-19. Further growth is forecast for the sector as it looks to be the most protected in these economic conditions. The general lack of prime stock for sale, favourable low interest rate environment and the increasing possibility of a negative OCR market next year will likely see yields firm in the short-medium term for prime stock, which was becoming evident towards the end of 3Q20.

Supported by low vacancy and robust demand for industrial space, rents are forecast to remain stable or increase over the coming years for primary grades, though rents for secondary grades are forecast to remain at existing levels for the time being. This view is driven by increasing demand for quality space and by developers needing to achieve higher rental levels in order to justify rising development costs.

Overall, we are confident that the Auckland industrial sector is in a good shape to cope with the stresses and strains that the market will face in the short to medium term. Importantly, in addition to a low interest rate environment and the attractiveness of the industrial sector due to the strong underlying fundamentals, the sector also remains a beneficiary of e-commerce.

5 Leasing Evidence

5.1 Leasing Evidence

In assessing a market rental profile for the accommodation, we have had regard to the lease within the property, together with recent rental evidence in the wider locality. We have had particular regard to the evidence detailed below:

8 Hautu Drive, Wiri, Auckland

Effective Date	May 2021	**Lease Basis**	Lease Renewal
Contract Rent	$1,727,790 pa	**Tenant**	AHM Ltd

The property comprises a high quality industrial facility which was constructed in 2009, providing high stud and column interrupted warehousing, with associated office and amenities to the road frontage and a large canopy extending from the western elevation of the warehouse. In addition, approximately 50 square metres of warehouse offices are provided within the warehouse envelope. Overall, the property is presented to a good standard.

The warehouse provides high stud warehouse accommodation, with one row of columns. The warehouse construction comprises concrete floors, steel portal framing, with a long run galvanised mild steel roof. The warehouse has a stud height of approximately 9.5 metres at the portal knee, rising to approximately 13.0 metres at the central apex. Access to the warehouse is provided by four roller doors of which two are covered by a canopy. Sprinklers are to be installed in the warehouse prior to the lease renewal date.

The property is fully occupied by Amalgamated Hardware Merchants Limited (AHM) and underwent a lease renewal on May 2021, whereby the annual rental was settled at $1,727,790 per annum plus GST. This rental is on a sprinklered basis with the landlord to install sprinklers and undertake an office refurbishment prior to the renewal date.

Rental Analysis			**Rate**
Offices & Amenities	806.40	m^2	$240.00
Warehouse Office	50.00	m^2	$200.00
Warehouse	10,250.00	m^2	$140.00
Canopy	1,275.00	m^2	$70.00

7-9 Niall Burgess Road, Mt Wellington, Auckland

Effective Date	April 2020	**Term**	7 years
Contract Rent	$2,415,540 pa	**Tenant**	DHL Supply Chain
Lease Basis	Renewal		

The property is situated to the southern side of Niall Burgess Road, approximately 100 metres from its intersection with Mt Wellington Highway, in Mt Wellington.

The site comprises an essentially rectangular shaped parcel, with a level contour, containing a total area of approximately 29,712 square metres. Improvements, setback from the road front, comprise a substantial industrial facility constructed in 1996 to a high specification, with a large distribution warehouse, associated offices over two levels, secure yard and canopy areas.

The property is subject to a lease renewal to DHL Supply Chain for a further seven years from 1 April 2020. We note that the market rent agreed between the parties and detailed in the Lease Renewal was higher, reflecting $125 per square metre over the warehouse, $190 per square metre over the offices, and $60 per square metre over the canopy, however it was agreed between the parties to adopt a lower commencement rent on renewal to soften the initial impact of the increase. The fixed annual increases are higher through the term however so that the total rent over the 7 years was still the same. The agreed rent from the renewal date are shown below:

Rental Analysis			**Rate**
Office	1,467.0	m^2	$186.04
Mezzanine	233.0	m^2	$73.44
Warehouse	14,857.0	m^2	$122.39
Canopy	3,057.0	m^2	$58.75
Yard	3,735.0	m^2	$29.37
Courtyard	115.0	m^2	$107.71
Compressor	61.0	m^2	$88.12

320 Ti Rakau Drive, East Tamaki, Auckland

Effective Date	March 2020	**Tenant**	Masport Limited
Contract Rent	$834,596 pa	**Lease Basis**	New Lease

The property comprises an industrial warehouse facility along with offices and is located to the western side of a shared 5.47 hectare site. The substantial site is on the corner of Ti Rakau Drive and Burswood Drive, and is occupied by multiple tenants including Bunnings Warehouse Botany, Supercheap Auto Botany and several other office tenants. Heavy vehicle access to the warehouse is only available via a driveway located at the rear of the shared site that connects onto Burswood Drive, while access to the offices is provided on Ti Rakau Drive.

The improvements measure approximately 6,332 square metres in total. The rear-located warehouse is accompanied with two levels of refurbished offices to the road front. Stud heights at the warehouse area measure approximately 7 metres at the portal knee rising to 9.3 metres at the apex. The warehouse features a full sprinkler system. A canopy is positioned to the western side of the warehouse where roller door access is provided.

The property was subject to a new lease in March 2020 at a net commencement rental of $834,596 per annum plus GST, based on the areas and rates below. We note that a 6 month rent free period was granted as an incentive to the new lease. At the time of the leasing transaction, the front office component was to commence in later 2020 as it was still occupied by the existing tenant.

Rental Analysis			**Face Rate**
Front Offices	720.80	m^2	$220.00
Warehouse Offices	238.20	m^2	$220.00
Warehouse	5,065.30	m^2	$115.00
Canopy	308.10	m^2	$60.00
Open Carparks	29.00	Parks	$15.00

72 Tidal Road, Mangere, Auckland

Effective Date	November 2019	**Term**	12 years
Contract Rent	$2,017,952 pa	**Tenant**	Confidential
Lease Basis	New Lease		

The property on completion will comprise a modern industrial building with some insulated panelling completed at the request of the tenant to suit their requirements. The warehouse is proposed to be high stud with a single row of centrally located supporting columns. The stud height is proposed to be approximately 10 metres at the portal knee, and is not proposed to be sprinklered. The two levels of offices will incorporate precast concrete and glazed exterior. Partitioning is proposed to be predominately painted plasterboard, with carpet floor coverings to the office areas. Ceilings will be suspended, with recessed LED lighting and a floor to ceiling height of approximately 3 metres. Office areas will have ducted air conditioning systems.

The lease was agreed in late 2019 with the areas and rates detailed below, for a term of 12 years from practical completion with fixed rental increases of 2.5% per annum, and market reviews on the 4th and 8th anniversary of the commencement date. We note there was a five month rent free incentive provided.

Rental Analysis			**Face Rate**
Warehouse	9,844.00	m^2	$145.00
Offices	1,456.00	m^2	$265.00
Canopy	1,500.00	m^2	$65.00
Deck	36.00	m^2	$110.00
Yard	4,680.00	m^2	$20.00
Carparks	93	Parks	$2.00

19 Nesdale Avenue, Wiri, Auckland

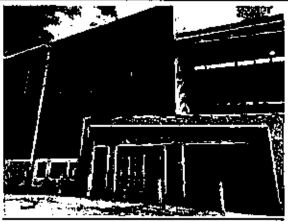
Effective Date	November 2019	**Lease Basis**	Rent Review
Contract Rent	$3,250,135 pa	**Tenant**	Cardinal Logistics

The property comprise a good quality industrial building constructed in circa 2013. The warehouse is situated centrally within the site and occupies a majority of the landholding. The warehouse comprises of a steel portal frame, with a stud height of approximately 11 metres at the portal knee rising to approximately 12.9 metres at the apex. The accommodation is column interrupted with two rows on columns down the length of the warehouse. There are three varieties of canopies, inwards, outwards and container, with each having a stud height of approximately 6.5 metres. The accommodation is sprinklered.

The office accommodation has a lettable area of approximately 630 square metres and is provided over two levels. The accommodation is predominantly open plan with a number of partitioned meeting rooms. Male and female amenities are provided to both levels. The exterior presents with Alucobond or similar panels together with exposed concrete panels. The office accommodation is serviced by a ducted air condition system.

The annual rent was reviewed in November 2019 at the areas and rates detailed below.

Rental Analysis			**Face Rate**
Warehouse	19,839.00	m²	$129.00
Ground Floor Offices	288.00	m²	$246.00
First Floor Offices	341.00	m²	$246.00
Amenities	77.00	m²	$201.00
Warehouse Offices	75.00	m²	$201.00
Canopy North (Breezeway)	3,190.00	m²	$74.00
Canopy South (Breezeway)	1,487.00	m²	$74.00
Canopy (Dock Facility)	1,967.00	m²	$78.00



240 Puhinui Road, Wiri, Auckland

Effective Date	November 2019	**Lease Basis**	Rent Review
Contract Rent	$1,834,114 pa	**Tenant**	Cardinal Logistics

The property comprises a modern, purpose built industrial premises situated on the southern side of Puhinui Road in Wiri, Auckland. The property has two points of access, from Puhinui Road and Nesdale Drive. Improvements comprise a high stud warehouse with a floor area of approximately 12,818 square metres together with some associated office space, a battery room, sprinkler room and large canopy areas.

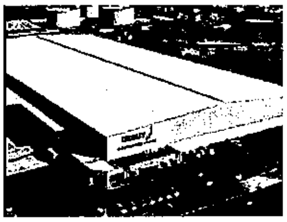
The sprinklered warehouse component provides high stud accommodation with a stud height of approximately 11 metres at the portal knee, rising to approximately 12.9 metres at the apex. There are two rows of internal columns. The main canopy is situated to the eastern providing a minimum operating height of approximately 6.5 metres.

The office and amenities area provides an open plan office, with toilets are provided. Alucabond or similar and exposed concrete panels form the exterior linings to perimeter walls. Internally, the area is lined predominately with painted plasterboard. Wall mounted split systems provide air conditioning throughout the office area and a fire sprinkler system is monitored through a fire alarm system.

The annual rent was reviewed in November 2019 at the areas and rates detailed below.

Rental Analysis			**Face Rate**
Warehouse	12,818.00	m²	$125.00
Offices (A)	288.00	m²	$211.00
Offices (B)	341.00	m²	$211.00
Battery Charging Room	77.00	m²	$125.00
Sprinkler Room	75.00	m²	$126.00
Canopy	3,190.00	m²	$73.00
Canopy Extention	1,487.00	m²	$66.00

25 Ha Crescent, Wiri, Auckland



Effective Date	September 2019	**Lease Basis**	Rent Review
Contract Rent	$2,230,000	**Tenant**	Croxley

The property comprises an industrial premises at 25 Ha Crescent in Wiri, Auckland. The property provides approximately 16,582 square metres of distribution warehouse, 392 square metres of office and amenities, and a canopy of 1,657 square metres. The warehouse is high stud and clear span.

The premises was leased to Croxley for a term of 6 years from September 2017, following a right of renewal with two yearly rent reviews to market. The market rent review in September 2019 was negotiated between valuers and represented $205 per square metre for the single level of office and amenities, $116 per square metre for the distribution warehouse, and $58 per square metre for the canopy. A specialist component is included in the rent payable at a rate of $6.98 per square metre for use of the sprinklers and charging bay. This component is increased at rent reviews and is included in the figure of the overall rental which represents $119.69 per square metre over the property.

Rental Analysis			**Rate**
Warehouse	16,582.4	m^2	$116.00
Office	392.00	m^2	$205.00
Canopy	1,657.2	m^2	$58.00
Specialist Component Rent	18,634	m^2	$6.98

Auckland Airport, Auckland

Effective Date	August 2019	**Term**	6 years
Contract Rent	$812,936.50 pa	**Tenant**	Confidential
Lease Basis	Lease Renewal		

The property provides an industrial and office space and is well located, with the Domestic Terminal to the east and the International Terminal to the north.

The warehouse comprises concrete block walls with long run metal above, and steel portal frame construction to both the roofing canopies and the warehouse. There is approximately 8 rapid doors and the warehouse and canopies are non-sprinklered, column interrupted and comprise a long run metal roof with sisalation and netting. The warehouse has a range of stud heights from approximately 7.4 metres at the portal knee rising to approximately 8.2 metres at the apex, and 5.3 metres at the knee rising to approximately 6.0 metres at the apex. The lunchroom within the warehouse component is part of the tenant's fit out. Air Cargo 4 comprises carpet flooring, recessed fluorescent lighting, heat sensors, predominantly plasterboard painted partitioning and suspended ceilings, with a height of approximately 2.45 metres. There is a main central reception area with offices generally comprising of glazed aluminium framing and painted plasterboard partitioning.

Rental Analysis			**Rate**
Office	775.00	m^2	$195.00
Warehouse	5,144.20	m^2	$110.00
Canopy	904.20	m^2	$60.00
Carparks	20	spaces	$40 ppkpw

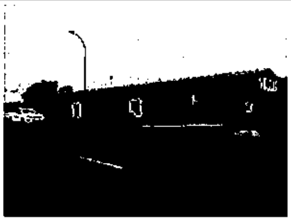
Auckland Airport, Auckland

Effective Date	August 2019	**Term**	6 years
Contract Rent	$1,140,821.80	**Tenant**	Confidential
Lease Basis	Lease Renewal		

The property provides an industrial and office and is well located, with the Domestic Terminal to the east and the International Terminal to the north.

The warehouse is of concrete structure with long run metal, sisalation, netting and sprinklers. General construction of the warehouse is a combination of painted concrete block and long run metal, generally of a lean to design to the perimeters with a small gable to the middle. The warehouse has a range of stud heights from approximately 5.8 metres at the portal knee rising to approximately 6.4 metres at the apex, and 6.6 metres at the knee rising to approximately 8.9 metres at the apex. Canopies run along the perimeters which are of a steel structure with long run metal roofing and suspended industrial lighting. There are approximately 15 roller doors of similar size protected by the canopies. The warehouse is of a dated nature with various extensions and of a column interrupted nature. The associated offices comprise carpet flooring, suspended ceilings with recessed fluorescent lighting, sprinklers, ducted air conditioning, heat pumps, and partitioning is predominantly painted plasterboard with minor sections being glazed with aluminium framing.

Rental Analysis			**Rate**
Office	1,546.00	m^2	$180.00
Warehouse	5,289.30	m^2	$106.00
Canopy	4,476.60	m^2	$60.00
Carparks	14	spaces	$40 ppkpw
Additional Carparks	2	spaces	$40 ppkpw



29 Neales Road, East Tamaki Auckland

Effective Date	July 2019	**Tenant**	Vulcan Steel Limited
Contract Rent	$1,340,000 pa	**Lease Basis**	Rent Review

The property comprises a purpose built industrial development which was originally constructed circa 1996, with extensions added in 1997 and 2001. The property provides a total net lettable area of approximately 11,016 square metres, presenting to a good standard overall.

Improvements include an approximate 9,985 square metre high-stud, column-interrupted warehouse, with a stud height of approximately 8.5 metres at the portal knee, rising to approximately 10.3 metres at the apex. Two canopies of approximately 151 and 160 square metres are provided to the front and rear perimeters of the warehouse, respectively. Approximately 540 square metres of office and amenity accommodation is located to the frontage of the property, with additional warehouse and distribution office accommodation provided to the rear of the warehouse.

There was a rent review in July 2019 settled at $1,340,000 per annum plus GST and outgoings, with the agreed rates displayed below:

Rental Analysis			**Rate**
Ground Floor Office	371.55	m^2	$210.00
Mezzanine Office	168.52	m^2	$210.00
Warehouse	9,985.00	m^2	$118.00
Warehouse Offices	108.37	m^2	$165.00
Distrubution Offices – Ground Floor	32.00	m^2	$165.00
Distribution Offices – First Floor	40.00	m^2	$165.00
Canopy Front	150.96	m^2	$60.00
Canopy New	160.00	m^2	$60.00

101 McLaughlins Road, Wiri, Auckland

Effective Date	June 2019	**Term**	10 years
Contract Rent	$849,310 pa	**Tenant**	Plumbing World Limited
Lease Basis	New Lease		

The property comprises a 9,605 square metre, regular shaped landholding, situated to the western side of McLaughlins Road, benefiting from dual street frontage to Stonehill Drive, within the industrial precinct of Wiri, Auckland. The property has recently been developed to provide an approximate 7,176 square metre modern, high quality and design built industrial facility. Improvements comprise an approximate 5,500 square metre high-stud, clear span warehouse, with a stud height of approximately 9.10 metres at the portal knee, rising to approximately 11.6 metres at the apex. An approximate 1,326 square metre drive-thru canopy lines the northern perimeter of the warehouse, with approximately 350 square metres of associated office and amenity accommodation located to the road frontage. The improvements are presented to a modern and high quality specification throughout.

The property was fully occupied by Plumbing World limited on an initial ten year term from date of sale (June 2019), with two further rights of renewal of five years each remaining. The lease is currently returning a net rental of $849,310 per annum plus GST, with rental reviews set annually to fixed 2% increases, with a market review on the fifth anniversary of the commencement date.

Rental Analysis			**Rate**
Warehouse	5,500.00	m^2	$125.32
Office	1,326.00	m^2	$230.00
Canopy	350.00	m^2	$60.00

Confidential, Mangere, Auckland

Effective Date	June 2019	**Term**	6 years
Contract Rent	$1,232,968 pa	**Tenant**	Confidential
Lease Basis	New Lease		

Improvements comprise an approximate 7,997 square metre warehouse, with 513 square metres of associated office and amenity accommodation. An 830 square metre canopy lines the warehouse, along with 1,874 square metres of yard. 50 uncovered car parking spaces are provided onsite.

The premises is subject to a new six year lease from 1 June 2019 returning $1,232,968 per annum net plus GST. Rental reviews are set annually to fixed 2.75% rental increases, with market reviews on renewal. A 3 month rent free incentive has been given by way of a 1 month incentive on the first, second and third anniversary of the commencement date.

Rental Analysis			**Face Rate**
Office	513.1	m^2	$240.00
Warehouse	7,997.0	m^2	$125.00
Yard	1,874.1	m^2	$30.00
Canopy	830.4	m^2	$65.00
Uncovered carparks	50	parks	$0.00

As demonstrated by the above evidence, recent rental transactions of a large scale for secondary quality improvements generally indicate net rentals ranging from $180 to $240 per square metre over the offices, $106 to $140 per square metre over the warehouse components and $60 to $78 per square metres over the canopy, largely dependent on the size, specification and location of the individual tenancy. We would expect the subject property to achieve rates towards the midpoint of the indicated ranges due to column interrupted warehouse and location.

We have had consideration to the local evidence of similar aged and scale of accommodation from within the South Auckland precinct with most rental transactions occurring in the industrial precinct of Mangere which we deem to form a good comparable to the subject.

We consider the large warehouses located at 7-9 Niall Burgess Road in Mt Wellington leased at $122 per square metre, 19 Nesdale Avenue located in Wiri and leased at $129 per square metre, 240 Puhinui Road located in Wiri with the warehouse leased at $125 per square metre and the office accommodation at $211 per square metre, and 25 Ha Crescent also located in Wiri with the warehouse leased at $116 per square metre and the office accommodation at $205 per square metre provides us a good indication of market rentals achievable for the subject property.

Having regard to the evidence above, we have adopted the market rental rates as displayed overleaf:

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5.2 Market Rental Profile

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

Tenant Name	Premises	Lettable Area	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Cardinal Logistics Limited	Office/Amenities	222.0	Dec 2021	Fixed	$58,145	$262		$18	$18	$210	$228		$46,620
Cardinal Logistics Limited	Warehouse	13,724.0	Dec 2021	Fixed	$1,690,659	$123		$18	$18	$120	$138		$1,646,880
Cardinal Logistics Limited	Warehouse Offices	67.0	Dec 2021	Fixed	$15,858	$237		$18	$18	$210	$228		$14,070
Cardinal Logistics Limited	Canopy (Front)	2,688.0	Dec 2021	Fixed	$227,295	$85		$18	$18	$80	$98		$215,040
Cardinal Logistics Limited	Canopy (Rear)	713.0	Dec 2021	Fixed	$47,574	$67		$18	$18	$70	$88		$49,910
Aggregate		17,414.0			$2,039,532								$1,972,520

5.3 Net Income Assessment

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

Passing Versus Market Comparison	Passing per annum	Market per annum
Rental Analysis		
Lettable Area Rental	$2,039,532	$1,972,520
Outgoings Recovery	$304,745	$304,745
Gross Income	$2,344,277	$2,277,265
Unexpired Rental Abatement in Yr 1	($20,952)	$0
Outgoings	$304,745	$304,745
Net Income	$2,060,483	$1,972,520
Unexpired Rental Abatement in Yr 1	($20,952)	
Potential Net Income Fully Leased	$2,039,532	$1,972,520

6 Sales Evidence

6.1 Sales Transaction

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

22 Aerovista Place, Wiri, Auckland

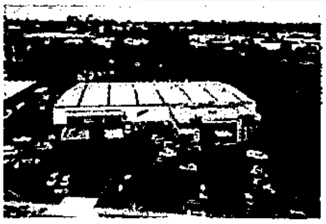
Sale Price	$9,500,000	**Sale Date**	November 2020
Initial Yield	4.36%	**Equivalent Yield**	4.35%
IRR	5.95%	**WALT**	9.75 years

The property comprises a circa 3,129 square metre freestanding industrial building situated on a relatively regular shaped 5,674 square metre Heavy Industry zoned site on the western side of Aerovista Place in Wiri. The property was constructed circa 2005 and has a 100% IEP rating and presents to a good condition overall.

The building is split into three units, made up of two larger medium stud warehouses with associated offices and amenities, and one smaller low stud workshop / warehouse. The offices are split over two levels and are of a generic layout, with both open-plan and partitioned areas with the amenities provided to the ground floor. The warehouses of Units 1 and 2 are clear-span with a stud height of approximately 7.5 metres at the knee, rising to approximately 9.1 metres at the apex. Unit 3, being the storage area, is a lean-to type space which adjoins Unit 2 and has a stud height of approximately 4.6 metres at the apex. The remainder of the site provides sealed areas with 35 marked car parks, and the site is secured with fencing around the entire site.

At the sale date the property was fully occupied by Transvisual who have been recently acquired by Royan Group who have a 75 year trading history. They entered into a new 10 year lease commencing in July 2020 at a net commencement rent of $414,326 per annum plus GST subject to annual 2.5% fixed rental increases. A 3 month bank guarantee was provided, and the lease included 2 further rights of renewal of 4 years each.

The property sold in October 2020 for $9,500,000 plus GST reflecting an initial yield of 4.36%. We have analysed the sale to reflect an equivalent yield of 4.35% and an IRR of 5.95%.



30 Apollo Drive, Rosedale, Auckland

Sale Price	$12,942,000	**Sale Date**	November 2020
Initial Yield	3.91%	**Equivalent Yield**	4.03%
IRR	5.35%	**WALT**	4.67 years

The property comprises an industrial building constructed circa 2001 situated on the southern side of Apollo Drive within the North Auckland suburb of Rosedale. The property is zoned General Business under the Auckland Unitary Plan and benefits from access to northern and western motorways via Constellation Drive or Tawa Drive.

Improvements to the property comprise approximately 2,342 square metres of well-presented warehouse accommodation with a stud height of approximately 7 metres at the portal knee rising to approximately 9 metres at the apex. Construction to the warehouse is concrete tilt-slab comprises concrete flooring. Office and amenities are provided on an air conditioned and carpeted basis with polished concrete flooring to the reception area. The office and amenities comprise approximately 702 square metres of modern accommodation. Additionally, approximately 90 square metres of canopy area and approximately 35 square metres of courtyard are provided. The property provides 55 on site car parking spaces.

At the date of sale, the property was leased to Sato New Zealand Limited who recently exercised a right of renewal for a term of five years commencing August 2020. The lease was returning a net annual rental of $505,892 per annum plus GST, subject to a market rent review in August 2023. The lease provides ones further right of renewal for a term of five years.

The property sold in November 2020 for $12,692,000 plus GST, reflecting an initial yield of 3.91%. We have analysed the sale to reflect an equivalent yield of 4.03% and an internal rate of return 5.35%. The sale price reflects a land and building rate of $4,154 per square metre.

528-558 Rosebank Road, Rosebank, Auckland

Sale Price	$65,552,043	**Sale Date**	October 2020
Initial Yield	5.20%	**Equivalent Yield**	4.95%
IRR	6.40%	**WALT**	6.17 years

The property comprises a large industrial land holding located along the south-eastern side of Rosebank Road in Rosebank, Auckland. The site is zoned Light Industry under the Unitary Plan and provides a total site area of circa 4.9841 hectares, making it one of the larger industrial blocks along the Rosebank peninsula.

The site is improved with 10 main buildings varying in age with the largest building in the centre of the site being constructed circa 1960's and the remaining buildings having been progressively developed since the 1980's. The most recent warehouse addition was completed circa 2002. The buildings have been recently refurbished and present to a moderate standard overall.

The property provides a total lettable area of approximately 29,506 square metres of varying quality and at the date of sale was leased to five separate tenants under various occupancy arrangements, with the primary occupier being ETEL, with the leases expiring in 2028. At the time of sale the property had a WALT of 6.17 years by income and was returning a total net income of $3,406,642 with most of the rents being topped up by the Landlord and as such there is limited rental uplift in the short term.

The property sold in October 2020 for $65,552,043 plus GST reflecting an initial yield of 5.20%. The sale has been analysed to reflect an equivalent yield of 4.95% and an internal rate of return of 6.40%. The sale price reflects an underlying land rate of $1,315 per square metre.

63 Tidal Road, Mangere, Auckland

Sale Price	$6,875,000	**Sale Date**	September 2020
Initial Yield	5.04%	**Equivalent Yield**	5.53%
IRR	7.41%	**WALT**	5.97 years

The property comprises a circa 2,970 square metre freehold industrial facility situated on Tidal Road in Mangere. The property provides approximately 2,222 square metres of warehouse accommodation, with internal infrastructure including a gantry crane, three-phase power supply and compressed air lines in situ. The warehouse is accessed via multiple roller doors to the eastern elevation. Office space is provided over two levels and includes a reception area, various offices, a board room and amenities. The yard area is fully concreted and secured by dual security gates and security fencing around.

At the time of sale, the property was leased to NZX-Listed Scott Technology NZ Limited with one year remaining on their initial six year lease term which commenced in September 2015. We understand the tenant has exercised a right of renewal for a further term of five years commencing October 2021. The lease was returning a net annual rental of $338,159, subject to a fixed uplift upon renewal to a net amount of $380,000 per annum. Fixed rent reviews of 2.5% occur annually and the lease provides two further rights of renewals of five years each. A Spark cell tower is located on site and is leased for a net rental of $8,000 per annum, expiring in May 2025. Overall, the property has a WALT of 5.97 years remaining.

The property sold in September 2020 for $6,875,000 reflecting an initial yield of 5.04%. The sale has been analysed to reflect an equivalent yield of 5.53% and an internal rate of return of 7.41%.

Lot 9, 72 Tidal Road, Mangere, Auckland

Sale Price	$48,800,000	**Sale Date**	September 2020
Initial Yield	4.82%	**Equivalent Yield**	4.88%
IRR	6.64%	**WALT**	10.86 years

The property comprises a 4.9885 hectare land parcel situated to the western side of Tidal Road within Mangere, described as Lot 9, 72 Tidal Road. On completion, the property will comprise a modern industrial facility with a total lettable area of approximately 14,985 square metres, including approximately 1,800 square metres of canopy. The yard area will comprise approximately 5,100 square metres. It will be split into two units, being Unit A and Unit B.

Unit A is on a 12 year lease with a net commencement rental of $2,017,952 per annum plus GST, with fixed 2.5% increases per annum on each anniversary of the commencement date. The rent will be reviewed to market on the 4th and 8th anniversary of the commencement date during the term, and thereafter on the Renewal Date. A five month rent free incentive has been provided however this has been underwritten by the vendor as part of the sale conditions.

Unit B was vacant at the time of transaction, however the rental on Unit B will be underwritten by the vendor on a 4 year lease with a net commencement rent of $338,321 per annum plus GST with annual fixed 2.5% increases on each anniversary of commencement date.

The property sold in September 2020 subject to completion, the 12 year lease and the vendor underwrites, for $48,800,000 reflecting an initial yield of 4.82%, an equivalent yield of 4.88%, and an IRR of 6.64%.

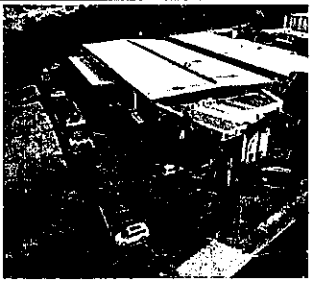
Lot 2, 72 Tidal Road, Mangere, Auckland

Sale Price	$21,418,000	**Sale Date**	June 2020
Initial Yield	4.95%	**Equivalent Yield**	4.83%
IRR	6.56%	**WALT**	15.00 years

The property comprises a 1.0890 hectare land parcel situated to the western side of Tidal Road within Mangere, currently being a development site. The property on completion will comprise a modern industrial facility with a total lettable area of approximately 5,690 square metres, including approximately 970 square metres of canopy. The yard area will comprise approximately 3,781 square metres, and there will be on-site parking for 13 vehicles. It will comprise of two standalone warehouses with associated offices, being Unit A and Unit B, leased to a single tenant.

On completion the property will be leased to Cardinal Logistics for a term of 15 years with a commencement rent of $1,070,917 per annum net plus GST with annual fixed increases of 1.50% with a market review on every 5th anniversary subject to a hard ratchet clause.

The property sold in June 2020 subject to completion and the 15 year lease, for $21,418,000 reflecting an initial yield of 4.95%, an equivalent yield of 4.83%, and an IRR of 6.56%. We note that the initial yield on contract rent is 5.00% however there is a $10,000 per annum liability to the Landlord to maintain the bank guarantee.



34 Apollo Drive, Rosedale, Auckland

Sale Price	$10,977,800	**Sale Date**	June 2020
Initial Yield	4.50%	**Equivalent Yield**	4.81%
IRR	6.59%	**WALT**	8.31 years

The property comprises approximately 3,368 square metre of building area including the canopy. The building was designed and built for current tenant RPM International Tool & Die Limited in 2005 and holds a seismic rating of 92%. The building overall consists of high-stud warehouse/workshop space with two levels of office and amenities at the road-front portion of the building, along with a separate rear warehouse tenancy leased to Mitre 10. RPM International's office areas are all air-conditioned and finished to a high standard, while the warehouses are fit with roller door access, stud heights ranging from 7.8 metres to 9.0 metres and includes gantry rails for RPM International's two gantry cranes. The lessor also owns two additional gantry cranes which RPM International leases. At the rear tenancy, a rectangular-shaped warehouse with a 2-level Portacom-style office, lunchroom and amenities is utilised as a storage facility by Mitre 10. Car parking onsite include 53 spaces.

The building is situated on a freehold site of approximately 5,160 square metres that is zoned General Business. The site has an approximate 53 metre frontage on Apollo Drive. Apollo Drive adjoins Constellation Drive, which subsequently enables quick access to the Northern Motorway.

At the time of sale, the property was fully leased by RPM International, on a new 10-year term commencing 1 June 2020; and Mitre 10, with approximately 2 years remaining on a 3-year lease that commenced 1 June 2019. Both leases grant the tenant's rights of renewal for further terms. The leases return a total net annual rental of $492,080 per annum plus GST.

The property sold in June 2020 for $10,977,800 plus GST, reflecting an initial yield of 4.50%, equivalent yield of 4.81%, internal rate of return of 6.59% and a land and building rate of $3,259 per square metre.

34, 38 & 42 Stonedon Drive, East Tamaki, Auckland

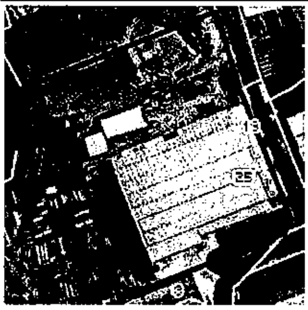
Sale Price	$13,750,000	**Sale Date**	June 2020
Initial Yield	5.45%	**Equivalent Yield**	5.52%
IRR	7.63%	**WALT**	12.00 years

The property comprises approximately a 15,111 square metre site across three freehold titles, being 34, 38 and 42 Stonedon Drive. The site is located on the western side of Stonedon Drive and situated within the well-established East Tamaki industrial precinct. The property is mostly regular in shape and essentially level in contour across the site.

Improvements to the property comprises a mix of 1990s buildings, including an approximate 1,030 square metre main warehouse and approximately 415 square metres of associated office accommodation over the ground and mezzanine levels. Other improvements to the property include five other dated, minor workshops and sheds at the northern-most lot, totalling approximately 861 square metres of accommodation in addition to the main warehouse and office building. The balance of the site forms the yard area and measure approximately 11,000 square metres over the three lots.

At the date of sale, the property was occupied by Intergroup Limited, who have agreed to a 12 year lease from settlement date which, for analysis, we assume to be the sale date. The lease has an agreed commencement rental of $750,000 plus GST per annum on a triple net lease basis, as well as three rights of renewal of 6 years each. The lease also incorporates fixed annual rental growth of 2.5% and market rent review every 6 years, governed by a hard ratchet. We note that the lease provides the lessee with an option to purchase the property on the fourth anniversary of the lease, and that the lease requires the lessee to obtain a bank guarantee.

The property was subject to a sale and leaseback arrangement and sold in June 2020 for $13,750,000 plus GST reflecting an initial yield of 5.45%. We have analysed the sale to reflect an equivalent yield of 5.52% and an IRR of 7.63%.



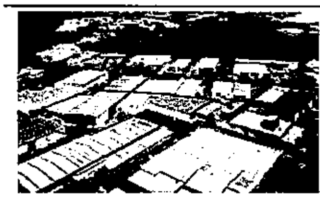
25 Langley Road, Wiri, Auckland

Sale Price	$35,990,000	**Sale Date**	December 2019
Initial Yield	5.35%	**Equivalent Yield**	5.85%
IRR	8.17%	**WALT**	12.00 years

The property currently comprises approximately 10,729 square metres of warehouse, 1,223 square metres of office accommodation, and 5,933 square metres of yard space. In addition, to the northern part of the site a new generic warehouse has been designed and consented by Auckland Council. This is currently under construction and will be completed circa May 2020. This will comprise a further 3,242 square metres of 11.50m (to the underside of the knee) stud warehouse and 121 square metres of office and amenities.

The property is subject to a 12 year sale and leaseback to Grayson Engineering with a total net annual rent (including over the new accommodation to be completed by May 2020) of $2,033,451 per annum plus GST, with annual fixed rent reviews of 2.50%, and a market review at year 6 subject to a 10% cap and collar.

The property sold in December 2019 for $35,990,000, reflecting an initial yield of 5.35%, an equivalent yield of 5.85%, and an IRR of 8.17%.



5 Sir William Avenue & 10 Barmac Place, East Tamaki, Auckland

Sale Price	$17,330,000	**Sale Date**	November 2019
Initial Yield	5.80%	**Equivalent Yield**	5.58%
IRR	7.61%	**WALT**	7.75 years

The property comprises three interconnecting industrial buildings totalling a net lettable area of 8,058 square metres. The buildings date from the late 1980's and 2000's. The site comprises various hardstand and asphalt sealed areas utilised for access, storage and manoeuvrability, with a total land area of approximately 12,449 square metres. The property is located within the East Tamaki industrial precinct with Light Industrial zoning under the Auckland Unitary Plan.

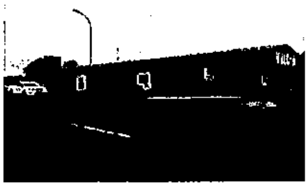
The main offices for 5 Sir William Avenue are positioned fronting the road with the original 1980's warehouse adjoining to the rear. The warehouse offers clear span accommodation with a stud height of circa 5.5 metres at the knee rising to circa 6.5 metres at the apex. At the rear of the site is a modern warehouse with adjoining canopy to a stud height of circa 8 metres at the knee rising to circa 9.1 metres at the apex.

10 Barmac Place comprises both medium and high stud warehouse accommodation with adjoining warehouse offices and amenities. The medium stud warehouse features clear span warehouse accommodation with a stud height of circa 7.1 metres at the knee rising to 7.5 metres at the apex. The high stud warehouse adjoins the eastern elevation of the medium stud warehouse component, comprising further clear span accommodation with a stud height of circa 9.9 metres at the knee rising to circa 10.6 metres at the apex.

At the date of sale, the property was leased to Integrated Packaging Group with rent set at $935,403 net per annum plus GST. The property is leased for a term of 12 years from August 2015 with two further right of renewals of 6 years. The lease also includes 2% yearly rental increases with rent reviews 3 yearly to market.

The property sold in November 2019 for $17,330,000, reflecting an initial yield of 5.80%, an equivalent yield of 5.58%, and an IRR of 7.61%. The sale price reflects a land and buildings rate of $2,151 per square metre.

27-29 Neales Road, East Tamaki, Auckland



Sale Price	$25,223,000	**Sale Date**	October 2019
Initial Yield	5.31%	**Equivalent Yield**	5.26%
IRR	7.55%	**WALT**	6.75 years

The property comprises a purpose-built industrial development which was originally constructed circa 1996, with extensions added in 1997 and 2001. The property provides a total net lettable area of approximately 11,016 square metres, inclusive of an industrial steel store and good quality office accommodation situated to the road frontage.

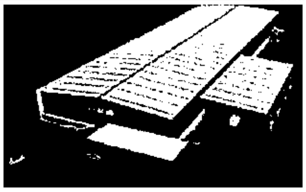
Improvements include an approximate 9,985 square metre high-stud, column-interrupted warehouse with a stud height of approximately 8.5 metres at the portal knee, rising to approximately 10.3 metres at the apex. Two canopies of approximately 151 and 160 square metres are provided to the front and rear perimeters of the warehouse, respectively. Approximately 540 square metres of office and amenity accommodation is located to the frontage of the property, with additional warehouse and distribution office accommodation provided to the rear of the warehouse.

Additional site improvements comprise predominantly concrete sealed yard space for carparking and vehicle manoeuvrability, along with some minor landscaping.

At the date of sale, the property was fully occupied by Vulcan Steel Limited on a renewed 15 year term from 1 July 2011, with no further rights of renewals remaining. The lease is currently returning a net rental of $1,340,000 per annum plus GST, with reviews set two yearly to market levels.

The property sold in October 2019 for $25,223,000, reflecting an initial yield of 5.31%, an equivalent yield of 5.26%, and an IRR of 7.55%. The sale price reflects a land and buildings rate of $2,290 per square metre.

9 Stonehill Drive, Wiri, Auckland



Sale Price	$17,200,000	**Sale Date**	September 2019
Initial Yield	4.64%	**Equivalent Yield**	4.61%
IRR	6.79%	**WALT**	10.00 years

The property comprises a newly built distribution centre at 9 Stonehill Drive, Wiri. The 5,200 square metre warehouse has a stud height of approximately 10 metres at the portal knee and provides 200 square metres over a single level of open plan offices. The site has secondary frontage along the northern boundary to Harbour Ridge Drive.

The property is leased to Nick Scali with a lease term of 10 years with two rights of renewals of 5 years each, and annual fixed rental increases of 2.5% through the lease term.

The property sold in September 2019 (settled in April 2020) for $17,200,000 plus GST. The tenant received a 5 month rent free period from the commencement date. The vendor is to provide a $220,000 payment to the purchaser upon settlement of the transaction. This sale price reflects an initial yield of 4.64%, an equivalent yield of 4.61%, and an IRR of 6.77%.

101 McLaughlins Road, Wiri, Auckland

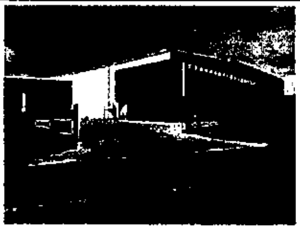
Sale Price	$18,159,000	**Sale Date**	June 2019
Initial Yield	4.68%	**Equivalent Yield**	4.79%
IRR	7.39%	**WALT**	10.00 years

The property comprises a 9,605 square metre, regular shaped landholding, situated to the western side of McLaughlins Road, benefiting from dual street frontage to Stonehill Drive, within the industrial precinct of Wiri.

The property has recently been developed to provide an approximate 7,176 square metre modern, high quality and design built industrial facility. Improvements comprise an approximate 5,500 square metre high-stud, clear span warehouse, with a stud height of approximately 9.10 metres at the portal knee, rising to approximately 11.6 metres at the apex. An approximate 1,326 square metre drive-thru canopy lines the northern perimeter of the warehouse, with approximately 350 square metres of associated office and amenity accommodation located to the road frontage. The improvements are presented to a modern and high quality specification throughout.

Plumbing World Limited occupies the premises on an initial ten year term from 20 June 2019, with two further rights of renewal of five years each remaining. At the time of sale, the lease was returning a net rental of $849,310 per annum plus GST, with rental reviews set annually to fixed 2% increases, with a market review on the fifth anniversary of the commencement date.

The property sold in June 2019 for $18,159,000 plus GST, reflecting an initial yield of 4.68%, an equivalent yield of 4.79%, and an IRR of 7.39%. We note that this property sold in conjunction with 12 Harbour Ridge Drive for a combined $31,159,000 plus GST, however $18,159,000 plus GST was apportioned to this property in the Sale and Purchase Agreement.



12 Harbour Ridge Drive, Wiri, Auckland

Sale Price	$13,000,000	**Sale Date**	June 2019
Initial Yield	4.87%	**Equivalent Yield**	4.78%
IRR	7.07%	**WALT**	8.42 years

The property comprises a 6,140 square metre, regular shaped landholding, situated to the eastern side of Harbour Ridge Drive, within the industrial precinct of Wiri, Auckland. The property was constructed in 2017 to provide an approximate 4,682 square metre modern, high quality and design built industrial facility.

Improvements comprise an approximate 3,500 square metre high-stud warehouse, with one row of columns and a stud height of approximately 9.50 metres at the portal knee, rising to approximately 11.55 metres at the apex. An approximate 690 square metre canopy lines the southern perimeter of the warehouse, with approximately 492 square metres of associated office and amenity accommodation located over two levels, towards the road frontage. The improvements are presented to a modern and high quality specification throughout.

At the date of sale, the property was fully occupied by NBL (New Zealand) Limited on an initial ten year term from 1 December 2017, with two further rights of renewal of five years each remaining. The property was returning a net rental of $632,948 per annum plus GST, with rental reviews set annually to fixed 2.5% increases, with a market review on the tenth and fifteenth anniversary of the commencement date (if renewed). The property has a remaining lease term of 8.42 years.

The property sold in June 2019 for $13,000,000 plus GST, reflecting an initial yield of 4.87%, an equivalent yield of 4.78%, and an IRR of 7.07%. We note that this property sold in conjunction with 101 McLaughlins Road for a combined $31,159,000 plus GST, however $13,000,000 plus GST was apportioned to this property in the Sale and Purchase Agreement.

The above transactions indicate that initial yields have ranged from approximately 3.91% to 5.80%, equivalent yields from 4.01% to 5.58%, IRRs from 5.35% to 8.17% and a sale price range of $6,800,000 to $66,000,000. These variances are largely dependent on tenant covenants, development potential, tenure, location, quality of improvements, guaranteed rental growth and lease terms.

The lower end of the yield range typically relates to properties with either modern accommodation, situated in prime locations, with medium to long term weighted average lease terms or are of a smaller value quantum, or have some redevelopment potential. Sales to the higher end of the yield range typically relate to properties with either secondary quality accommodation, in secondary locations and have short weighted average lease terms.

We consider the following sales to provide us a good indication of an equivalent yield achievable for the subject property:

- 528-558 Rosebank Road located in Avondale which sold at $65.5 million at an initial yield of 5.20%, equivalent yield of 4.95% and a weighted average lease term of 6.17 years.
- The two sales at 72 Tidal Road located in Mangere with the one property sold at $48.8 million at an initial yield of 4.82%, equivalent yield of 4.85% and a weighted average lease term of 10.8 years, and the other property which sold at $21.4 million at an initial yield of 4.95%, equivalent yield of 4.83% and a weighted average lease term of 15 years.
- 9 Stonehill Drive located in Wiri which sold at $17.2 million at an initial yield of 4.64%, equivalent yield of 4.61% and a weighted average lease term of 10 years.
- 12 Harbour Ridge Drive located in Wiri which sold at $13 million at an initial yield of 4.87%, equivalent yield of 4.78% and a weighted average lease term of 8.42 years.
- 101 McLauglins Road in Wiri which sold at $18.15 million at an initial yield of 4.68%, equivalent yield of 4.79% and a weighted average lease term of 10 years.

Many of the new lease deals and sales of such properties, are structured with fixed annual rental increases of circa 2.75% with the subject having an inferior rent review structure with annual increases of 1.4% and 3 yearly market rent reviews and as such we would expect it to achieve a higher yield than properties with a more favourable rent review structure.

When assessing the yield profile of the subject property, we have been mindful of the location, being situated within the highly sought after industrial precinct of Mangere, close to the Auckland International Airport, the large scale and quality of improvements and tenant covenant with a long term remaining lease term of 9 years. With the above in mind, we have adopted a yield towards the middle of the aforementioned range.

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

Valuation Input	
Capitalisation Rate	4.625%
Discount Rate	6.00%

7 Valuation Considerations

7.1 SWOT Analysis

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

Strengths	Weaknesses
▪ Situated in an established industrial location ▪ Good access to major transport links ▪ Fixed rent review structure with market rent review periodically every third anniversary of the commencement date ▪ Generic improvements could suit various occupiers ▪ Favourable long term weighted average lease term of 9 years. ▪ Bank guarantee and guarantor.	▪ High building coverage limits yard area and functionality ▪ Shared access to rear property gained via subject property (however currently also in occupation by Cardinal Freight)
Opportunities	**Threats**
▪ Increase rental at market review	▪ The economic and social impacts of COVID-19 have the potential to be persistent. ▪ Surrounding industrial and office development particularly upon Auckland Airport land, as well as the emergence of alternative industrial locations providing modern design build options, may limit medium to long term rental growth and re-leasing opportunities as a result of increased competition. ▪ Bank lending restrictions may reduce the potential pool of purchasers. ▪ Off-shore and local factors impacting negatively on economic growth, tenant demand and investor sentiment.

7.2 Likely Selling Period

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

7.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be a private investor, high net worth individual or institutional investor.

7.4 Sales History

The subject property last transacted in October 2014 for $25,100,000 plus GST (if any).

JLL has sighted an SPA between the vendor and the purchaser for $42,000,000.

8 Valuation Rationale

8.1 Valuation Overview

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

8.2 Capitalisation Approach

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

We have adopted a core capitalisation rate of 4.625%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	$2,039,532	$1,972,520
Ideal Outgoings Recovery (Full Net Leases)	$304,745	$304,745
Total Rental Income	$2,344,277	$2,277,265
Less Outgoings Expenditure	($304,745)	($304,745)
Net Rental Income	$2,039,532	$1,972,520
Core Income Capitalised at 4.63%	$44,097,981	$42,649,081
Value Adjustments		
Present Value of Existing Rental Reversions	($964,538)	$496,413
Present Value of All Outstanding Rental Abatement/Deferment	$20,952	$20,952
Present Value of Short Term Capital Expenditure: 24 months	($64,254)	($64,254)
Total Value Adjustments	($1,007,840)	$453,111
Total Capitalised Value	$43,090,141	$43,102,192
Adopted Capitalised Value (say)	$43,100,000	$43,100,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

From the core value, we have added/deducted the present value of tenant rental reversions, which represents the present value of rental overage / underage for each existing tenancy relative to our adopted rental profile.

Unexpired and Forecast Rental Abatements

We have allowed the present value of all outstanding rental deferral payments of ($20,952).

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $64,254.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $43,100,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	4.375%	$45,500,000	$45,500,000
Adopted Capitalisation Rate	4.625%	$43,100,000	$43,100,000
0.25%	4.875%	$40,900,000	$40,900,000

8.3 Discounted Cash Flow Approach

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

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

Discount Rate

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

We have applied a target discount rate of 6.00% to the cash flows to produce a present value of $40,900,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary		Year Ending	14-Dec-2021	14-Dec-2022	14-Dec-2023	14-Dec-2024	14-Dec-2025	14-Dec-2026	14-Dec-2027	14-Dec-2028	14-Dec-2029	14-Dec-2030	14-Dec-2031
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income													
Lettable Area and Car Park Income			$2,041,911	$2,070,498	$2,097,038	$2,099,485	$2,128,878	$2,156,166	$2,158,682	$2,188,903	$2,219,548	$622,829	$0
Outgoings Recovery			$304,745	$311,754	$317,989	$327,529	$337,355	$347,475	$357,900	$368,637	$379,696	$97,772	$0
Other Income			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income			$2,346,656	$2,382,252	$2,415,027	$2,427,014	$2,466,232	$2,503,642	$2,516,582	$2,557,540	$2,599,244	$720,601	$0
Rental Deductions													
Unexpired Incentives - Rent Free/Abatements			$20,952	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure			($304,745)	($311,754)	($317,989)	($327,529)	($337,355)	($347,475)	($357,900)	($368,637)	($379,696)	($391,087)	$0
Ground Rental													
Net Rental Cashflow			$2,062,863	$2,070,498	$2,097,038	$2,099,485	$2,128,878	$2,156,166	$2,158,682	$2,188,903	$2,219,548	$329,514	$0
Rental Adjustments													
Unexpired Incentives - Capital Contribution			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Letting Up Allowances - Leasing Fees			$0	$0	$0	$0	$0	$0	$0	$0	$0	($461,184)	$0
Capital Expenditure			($38,045)	($28,605)	($29,464)	($30,347)	($31,258)	($32,196)	($33,162)	($34,156)	($35,181)	($1,053,220)	$0
Net Cashflow			$2,024,818	$2,041,892	$2,067,575	$2,069,137	$2,097,620	$2,123,971	$2,125,520	$2,154,747	$2,184,367	($1,184,890)	$0
Purchase Price	$42,000,000	After Costs	($42,000,000)										
Sale Price	$48,900,000	After Costs											$48,166,500
Annual Cashflow			($39,975,182)	$2,041,892	$2,067,575	$2,069,137	$2,097,620	$2,123,971	$2,125,520	$2,154,747	$2,184,367	($1,184,890)	$48,166,500
Present Value of Rental Cashflow		$14,006,264											
Present Value of Terminal Value		$26,895,922											
Allowance for Acquisition Costs		$0											
Total Net Present Value (say)			$40,900,000	Resulting IRR	5.64%								

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

Revenue Projections

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

Growth Rates

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

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office							10 year average		2.40%	
	1.00%	1.50%	2.00%	2.50%	3.00%	3.00%	3.00%	2.75%	2.75%	2.50%
Warehouse							10 year average		2.40%	
	1.00%	1.50%	2.00%	2.50%	3.00%	3.00%	3.00%	2.75%	2.75%	2.50%
CPI							10 year average		1.83%	
	1.30%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		2.83%	
	2.30%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average		2.83%	
	2.30%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

Letting Up Allowances

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

Industrial	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	18 months	50%	0%	100%	$250	100%
	Year 1	18 months	50%	0%	100%	$250	100%
	Year 2	18 months	50%	0%	100%	$250	100%
	Year 3	18 months	50%	0%	100%	$250	100%
	Year 4	18 months	50%	0%	100%	$250	100%
	Year 5	18 months	50%	0%	100%	$250	100%
	Year 6	18 months	50%	0%	100%	$250	100%
	Year 7	18 months	50%	0%	100%	$250	100%
	Year 8	18 months	50%	0%	100%	$250	100%
	Year 9	18 months	50%	0%	100%	$250	100%
	Year 10	18 months	50%	0%	100%	$250	100%

Capital Expenditure

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

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	$0	$38,045	$38,045
Year 2	$0	$28,605	$28,605
Year 3	$0	$29,464	$29,464
Year 4	$0	$30,347	$30,347
Year 5	$0	$31,258	$31,258
Year 6	$0	$32,196	$32,196
Year 7	$0	$33,162	$33,162
Year 8	$0	$34,156	$34,156
Year 9	$0	$35,181	$35,181
Year 10	$1,016,983	$36,236	$1,053,220
10 Year Total	$1,016,983	$328,650	$1,345,633
Capex as a proportion of Value	3.2%	Per Sqm of Lettable Area	$77.27

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

Estimated Terminal Sale Price

We have applied a terminal yield of 5.125% (a 50.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

Transaction Costs

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

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

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	4.875%	5.125%	5.375%
5.75%	$43,100,000	$41,700,000	$40,400,000
6.00%	$42,300,000	$40,900,000	$39,600,000
6.25%	$41,500,000	$40,200,000	$38,900,000

JLL

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$43,100,000
Capitalisation Approach - Contract Income	$43,100,000
Discounted Cash Flow Approach	$40,900,000
Adopted Value	$42,000,000

9.2 Valuation Conclusion

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market sentiment, we have adopted a rounded valuation figure of $42,000,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 15 December 2020, is:

$42,000,000 plus GST (if any)

Forty Two Million Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 4.91%, an equivalent yield of 4.75%, an internal rate of return of 5.64%, and a rate of $2,412 per square metre of Lettable Area.

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

- Westpac Banking Corporation – for Mortgage Security

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

9.3 Mortgage Security Recommendation

Subject to the comments in this report, we consider the Property to be a suitable security for first mortgage purposes.

There remains some uncertainty around market parameters given the events of recent months, and we recommend caution is applied to lending at present.

9.4 Involvement Statement

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

Inspection of Property	Wouter Robberts
Calculations	Wouter Robberts
Information Review	Wouter Robberts
Report Authoring	Wouter Robberts
Quality Assurance	Brad Chemaly
Principal Valuer	Wouter Robberts

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

Yours faithfully,
Jones Lang LaSalle, Valuation Advisory

Wouter Robberts SPINZ, ANZIV, MRICS
Registered Valuer - Senior Director
+64 21 745 555
wouter.robberts@ap.jll.com

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Appendix 1 – Valuation Definitions

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

Appendix 2 – Record of Title

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **350475**
Land Registration District **North Auckland**
Date Issued 06 December 2007

Prior References
NA35C/1052

Estate	Fee Simple
Area	2.1397 hectares more or less
Legal Description	Lot 1 Deposited Plan 387568

Registered Owners
Westney Trustees Limited

Interests

7645574.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 6.12.2007 at 9:00 am

Subject to a right (in gross) to drain water over parts marked BB, BC, MA, EA, L, EB, EC, MB, MC, N, C, O & J and access & water supply easements over parts marked BA, BB, BC & C on DP 387568 in favour of Manukau City Council created by Easement Instrument 7645574.5 - 6.12.2007 at 9:00 am

The easements, except to drain water marked C on DP 387568, created by Easement Instrument 7645574.5 are subject to Section 243 (a) Resource Management Act 1991

Appurtenant hereto are right of way, right to convey water, gas, electricity, telecommunications & computer media and drain water & fire protection easements created by Easement Instrument 7645574.6 - 6.12.2007 at 9:00 am

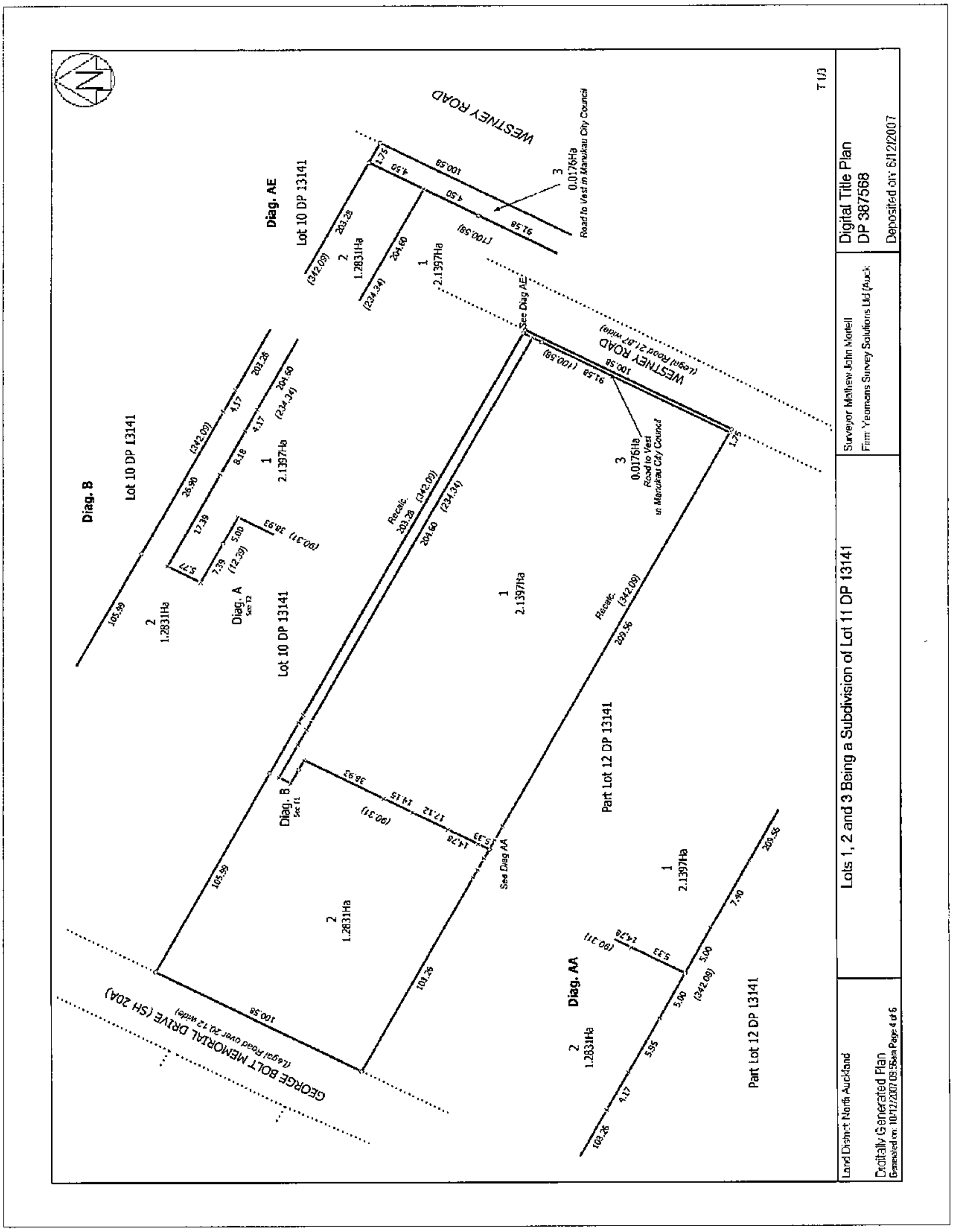
Subject to a right of way over parts marked BA, BB, BC, C, EA, EB, EC & N , right to convey water, gas, electricity, telecommunications & computer media over parts marked BA, BB, BC & C, fire protection over parts marked C, MA, MB, MC, N & O and parking over parts marked J, K, O, MA, MB & MC on DP 387568 created by Easement Instrument 7645574.6 - 6.12.2007 at 9:00 am

The easements created by Easement Instrument 7645574.6 are subject to Section 243 (a) Resource Management Act 1991

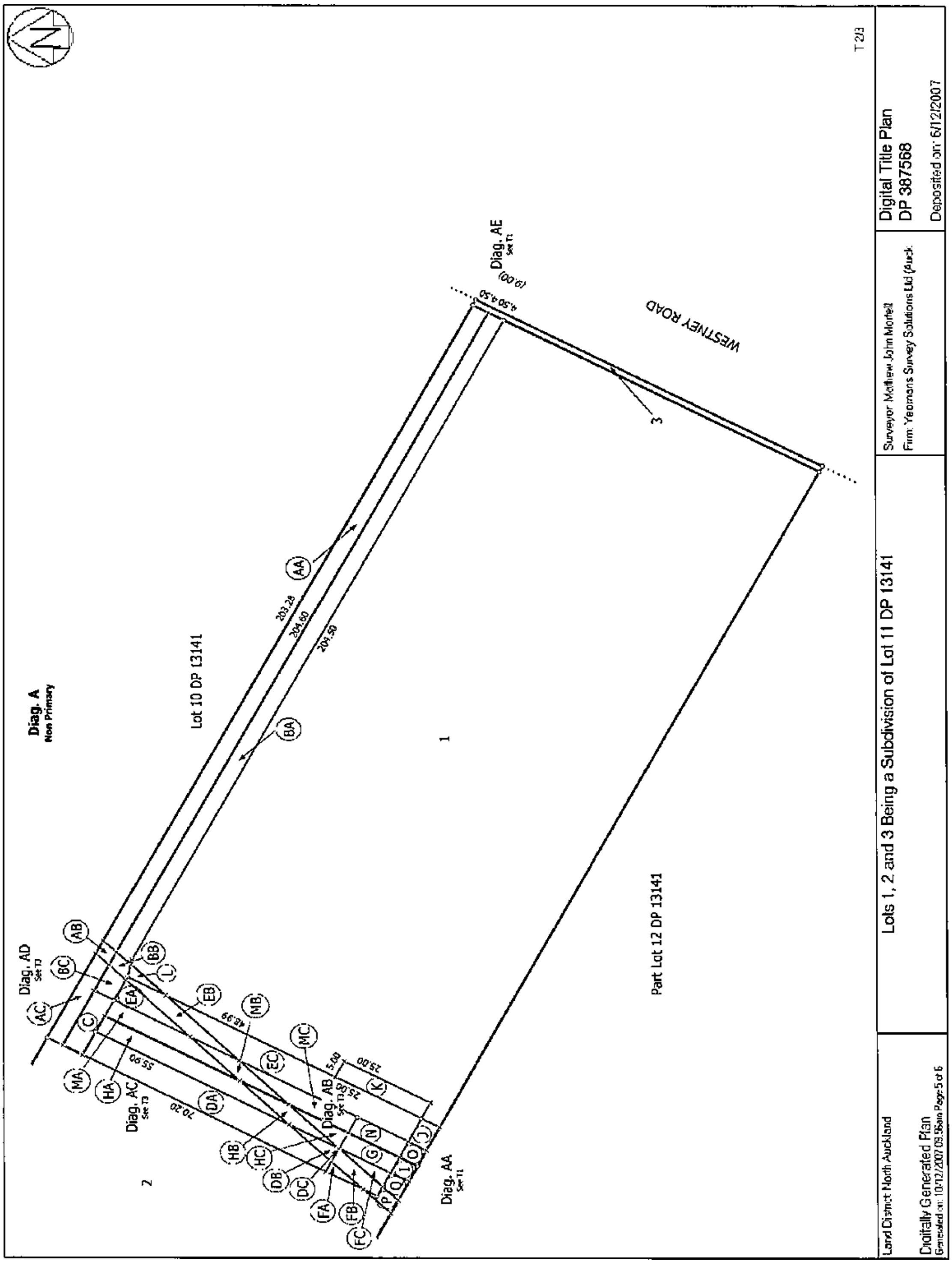
9924022.3 Mortgage to ANZ Bank New Zealand Limited - 12.12.2014 at 4:43 pm

10033573.1 Variation of Mortgage 9924022.3 - 16.4.2015 at 11:19 am

Identifier **350475**



Identifier **350475**



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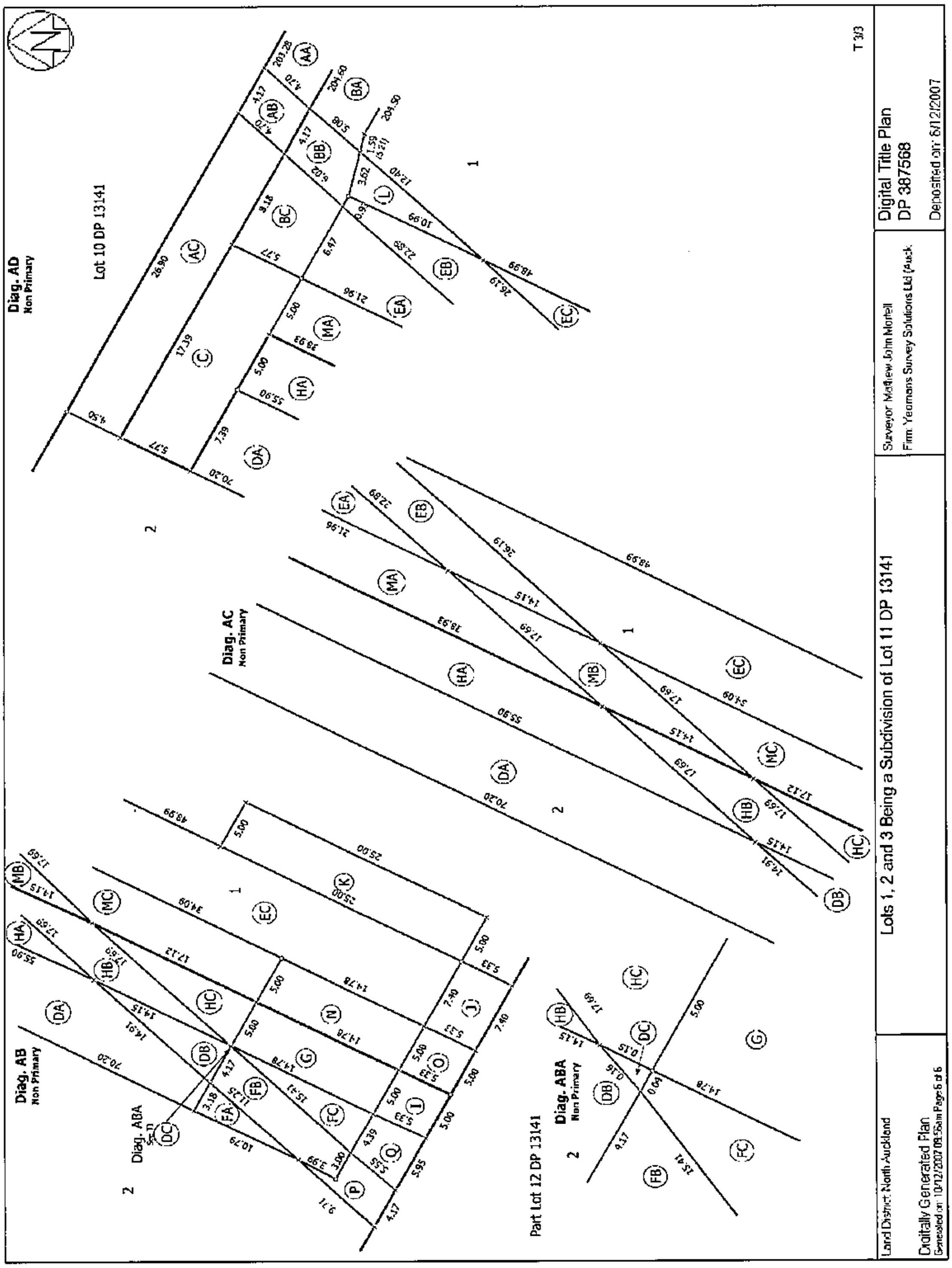

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