



MARKET VALUATION

410 Victoria Street
Hamilton Central
Hamilton City

Client

PMG Direct Office Fund Trustees Limited

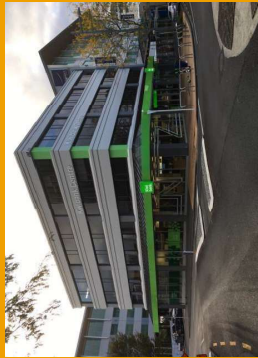
Valuation date

24 March 2020

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1.0 EXECUTIVE SUMMARY



410 Victoria Street, Hamilton Central, Hamilton City 3204

The subject property is on a prime corner site in Hamilton Central with frontages to Victoria Street and Alma Street. The building comprises four levels, with the ground level being occupied by Kiwibank. The carpark stacker is situated on a separate site at 12 Alma Street diagonally opposite.

PROPERTY DETAILS

Type of property	Office and Carpark
Zoning	City Centre Zone - Downtown Precinct
Year built	1983
Land area	851m ²
Rentable floor area	1,911m ²
NBS rating	92%

OCCUPANCY DETAILS

Number of tenants	7
Occupancy	93%
Net contract rent	\$578,047
Net market rent	\$575,407
WALT	3.5 years

VALUATION

\$8,500,000 plus GST (if any)

Yield on passing income	6.49%
Yield on market income	6.46%
Equivalent yield	6.25%
Resultant IRR	6.50%
\$/m² of rentable floor area	\$4,447

Contract for sale

We are not aware of any sale and purchase agreement in place for the subject property.

Previous sale

The property sold 3 December 2018 for \$7,980,000.

Valuation uncertainty

The COVID-19 virus is currently having a major impact on the New Zealand economy. The current Level 4 'lockdown' has effectively frozen the property market. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

INSTRUCTIONS

Instructed by	Francis Mitchell
Report prepared for	PMG Direct Office Fund Trustees Limited
Purpose of valuation	Market Value for mortgage lending, Capital Raising and Financial Reporting
Basis of valuation	Market Value - with existing tenancies
Valuation date	24 March 2020
Report issue date	15 April 2020

TelferYoung policy requires that reports cannot be reassigned for any purpose beyond 90 days from the date of valuation. This policy has been set to meet professional indemnity insurance requirements. It is a condition of this report that any valuation needing to be reassigned beyond 90 days may require re-inspection by the valuer with an update fee charged.

PREPARED BY

Doug Saunders	B Com (VPM); FNZIN; FPINZ Registered Valuer
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This report must be read in conjunction with TelferYoung (Waikato) Limited's Statement of Limiting Conditions and Valuation Policy.

2.0 RISK SUMMARY AND ASSUMPTIONS

RISK ANALYSIS

Strengths and opportunities

- Strong tenant covenants
- WALT is reasonable for the nature of the property
- Location
- Available carparking for tenants
- Lease the vacant space, otherwise the property is being used for highest and best use

Weaknesses and threats

- Older building
- Uncertain economic outlook in the short to medium term due to the COVID-19 pandemic.

Overall risk summary

The property is considered to have an average risk profile in comparison with other commercial properties in the locality.

Prior to the COVID-19 virus threat this sector of the market had been typified by reasonable demand by both investors and owner occupiers.

Since the Government's decision to place New Zealand under lockdown of minimum period of 4 weeks from 26 March 2020, the property market is effectively frozen. How the market reacts following this lockdown is unknown at present, and we must wait for market activity to consolidate to a level of measurable impact, if any.

Industrial properties are likely to be the least affected commercial property class, with offices moderately affected and retail most affected.

This is a secondary asset with a good tenant profile. The rental income is likely to be only slightly disrupted.

In summary, the risks associated with COVID-19 are expected to be relatively average in comparison to other commercial properties.

SIGNIFICANT ASSUMPTIONS AND SPECIAL ASSUMPTIONS

Significant Assumptions and Special Assumptions are those assumptions that are material to the valuation and could reasonably be expected to influence the decisions of the user.

Significant Assumptions are those where the assumed facts are consistent with, or could be consistent with those existing at the date of valuation. These are often the result of a limitation on the extent of the investigations or enquiries undertaken by the valuer.

Special Assumptions are those where the assumed facts differ from those existing at the date of valuation. These are often used to illustrate the effect of proposed changes on the value of the property.

Significant Assumptions and Special Assumptions made within this valuation are as follows:

- A full inspection of the interior of the tenancies was not able to be undertaken as a consequence of COVID-19. The valuation is based on our records of the property as inspected 18 April 2018 and confirmation from the owners that there have been no changes since that time. We were able to inspect the exterior and all of the common areas to each floor and in some cases look into the individual tenancies.

3.0 SCOPE OF WORK

The valuer

The valuation has been undertaken by Doug Saunders who provides this objective and unbiased valuation. The valuer has no material connection with the instructing party or interest in the property and has the appropriate qualifications and experience to undertake the valuation.

Our client

PMG Direct Office Fund Trustees Limited.

Other than the client or addressee, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.

Other intended users

Bank of New Zealand and PMG Generation Fund

We have not had independent and separate instruction from BNZ, however we have otherwise completed the valuation in accordance with the July 2017 BNZ 'Valuation Guidelines & Minimum Reporting Standards'.

Purpose of valuation

Market Value for mortgage lending, Capital Raising and Financial Reporting.

Asset valued

410 Victoria Street, Hamilton Central, Hamilton City 3204.

Basis of valuation

The property has been valued in accordance with NZ IAS 40 "Investment Property" and IFRS 13 for financial reporting purposes.

This requires assessment of fair value. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Fair Value is seen to be synonymous with Market Value as defined in International Valuation Standards 2020 as:

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

An "investment property" is a property held, or development property intended to be held primarily for capital growth or rental or similar income.

The valuation has also been undertaken for lending purposes by BNZ Bank. The value assessed is market value subject to the existing tenancies.

With New Zealand currently in COVID-19 Alert Level 4, the real estate market is effectively frozen. To form a pragmatic view of value during the lockdown period we have, by necessity, set aside the Level 4 status as a short-term aberration, in order for our concluded Value to meet the definition of Market Value.

Valuation currency

All dollars quoted in this report are NZD.

Important dates

Inspection date 24 March 2020

Valuation date 24 March 2020

Extent of investigations

We have carried out an inspection of exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defect is found, including structural defects, this information could impact on the value of the property.

Nature and source of information relied upon

Information used to prepare the valuation has been obtained from our property inspection and public records. Additional information relied on includes:

Name of Document	Source of Document
Tenancy Schedule	Frances Mitchell
Consolidated Opex Budget 2020	Frances Mitchell
Te Rito Partially signed Deed of Lease 2018	Frances Mitchell
Quotable Value Deed of Variation and Renewal signed and dated 7 February 2018	Frances Mitchell
Kiwi Bank Agreement to Lease (Level 2) signed and dated 8 March 2019	Frances Mitchell
Jacobs Deed of Lease unsigned	Frances Mitchell
Kiwi Bank Asbestos Management Report undertaken by Bernard Edwards of Asbestos Report Survey	Frances Mitchell

Reporting format

We have prepared a formal valuation report meeting appropriate professional standards.

This report must be read in conjunction with TelferYoung (Waikato) Limited's Statement of Limiting Conditions and Valuation Policy.

Valuation standards

Our valuation has been prepared in accordance with International Valuation Standards 2020 and Australia and New Zealand Valuation Guidance Notes and Technical Information Papers.

4.0 RECORD OF TITLE

4.1 TITLE INFORMATION

The property comprises four estates in Fee Simple, with Record of Title Identifiers issued as follows:

Identifier	Legal description	Area
SA10A/1377	Part Lot 44-45 Deposited Plan 1566	134 m ² (more or less)
SA10A/1378	Part Lot 44-45 Deposited Plan 1566	231 m ² (more or less)
SA10A/1379	Part Lot 44 Deposited Plan 1566	231 m ² (more or less)
300443	Lot 2 Deposited Plan 374486 and Lot 2 Deposited Plan South Auckland 74799	255 m ² (more or less)

All are located in the South Auckland Land Registration District.

We note the following interests:

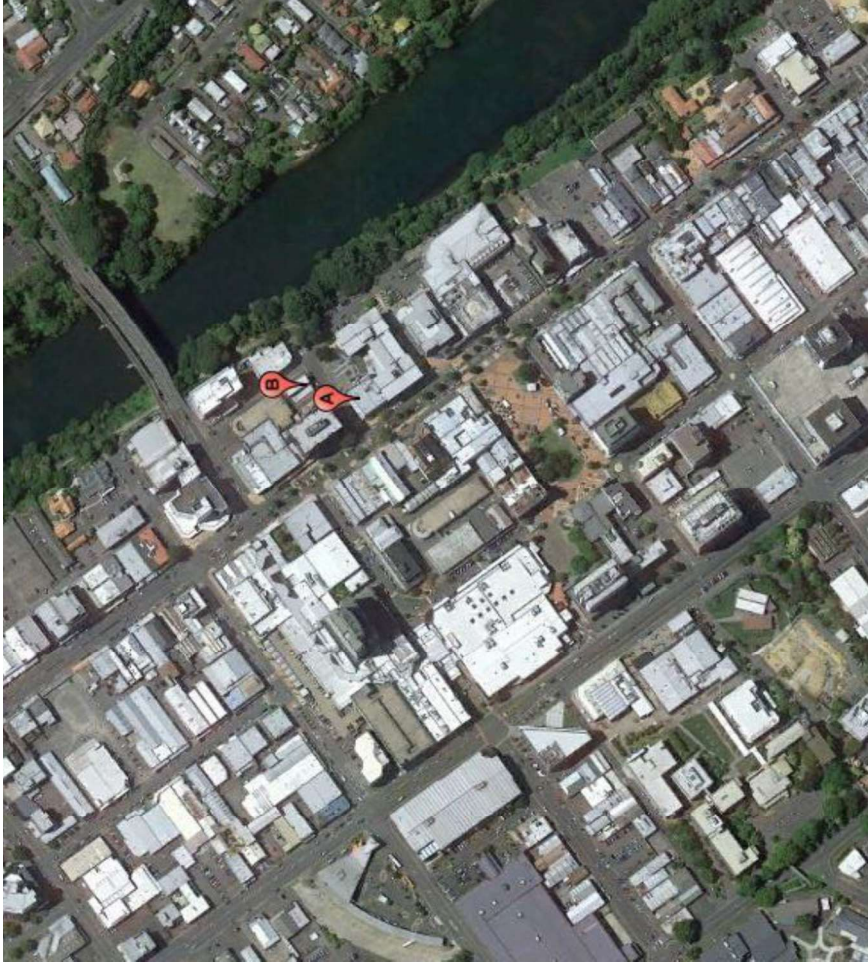
- H449246 Certificate Pursuant To Section 643(2) Local Government Act 1974 - 26.1.1983
- 11408931.3 Mortgage to ASB Bank Limited - 18.4.2019
- H449246 Certificate Pursuant To Section 643(2) Local Government Act 1974 - 26.1.1983
- 11408931.3 Mortgage to ASB Bank Limited - 18.4.2019
- Excepting pursuant to Section 19 Public Works Act 1928 any mines of coal and other minerals not taken by Proclamation S165717
- Subject to Section 11 Crown Minerals Act 1991
- Subject to Part IV A Conservation Act 1987
- Subject to Section 241(2) and Section 242(1) Resource Management Act 1991(affects DP 374486)
- Appurtenant hereto is a right of way created by Easement Instrument 7609180.11 - 9.11.2007
- The easements created by Easement Instrument 7609180.11 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right of way over part marked A DP 397919 created by Easement Instrument 7877247.2 - 15.7.2008
- 11408931.3 Mortgage to ASB Bank Limited - 18.4.2019

The registered owner(s) are recorded as: PMG Direct Office Fund Trustees Limited

See **Appendix A** for the Record(s) of Title.

5.0 LOCATION

5.1 LOCATION DETAILS



Location

The subject property is situated on the north-eastern corner of Victoria Street and Alma Street within Hamilton's Central Business District being some 100 metres north east of Garden Place.

The main retail shopping precinct within the city centre revolves around the Centre Place Shopping Mall located between Victoria Street, a short distance to the north and Ward, Anglesea and Bryce Streets. Centre Place includes a hospitality precinct of bars, cafés and restaurants with outdoor seating at the street side.

There are a number of other multi-storey office towers situated in the general vicinity along with traditional strip retail premises. Barton Street and Casabella Lane are located to the north-west of the subject and form a secondary retail precinct feeding into Centre Place while the principle hospitality precinct of the city is to the southern end of Victoria Street two blocks away.

6.0 LAND

6.1 SITE DESCRIPTION



Combined Sites

851 m² (more or less)

Shape

410 Victoria Street - 22.1 metres and return frontage to Alma Street 27.1 metres (site area 596m²)

Frontage:

12 Alma Street - 11.9 metres (site area 255m²)

Depth:

Victoria Street - 27.16 metres

Alma Street - 22.11 metres

Victoria Street: Approximately square

Alma Street: Rectangular

Both sites are level

All normal city services are available to each of the sites

Contour

Services

Comments

The subject site is located on a predominate corner on Victoria Street and Alma Street located in Hamilton Central, good pedestrian access is provided along both road frontages.

Certificate H449246 of the Title expels the registered proprietors from leasing or selling any of the allotments described in Section 3.0 Legal Description without Hamilton City Councils consent.

The second site is close by, diagonally opposite the main site and is rectangular in shape with a return frontage along the eastern side to a wide right of way.

We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns. We refer you to our Statement of Limiting Conditions and Valuation Policy on matters relating to potential contamination.

Contamination

7.0 RESOURCE MANAGEMENT

7.1 ZONING INFORMATION

Territorial authority Hamilton City Council

Plan status Operative

Zone City Centre Zone - Downtown Precinct

Zone description

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

Hamilton is growing and it is essential that the Central City recognises and provides for this growth through planning for development and urban design. Council's vision is for the Central City to be at the core of this growth and to guide development towards achieving a unique character that is representative of and enhances the City's social, cultural, economic and environmental wellbeing.

The Central City Zone will be divided into different Precincts, each with their own unique character, activities and rules. These Precincts are:

- Precinct 1: Downtown
- Precinct 2: Living City
- Precinct 3: Ferrybank

The Downtown Precinct will provide for the largest proportion of the region's commercial growth over the next 30 years. In order to achieve both commercial growth and higher residential densities within this precinct, taller building height is encouraged, providing buildings are well designed, adverse effects are mitigated, are appropriate to their setting and achieve public amenity bonuses to safeguard pedestrian amenities at ground level.

Permitted Activities and Development Controls within this Zone include the examples listed below.

Permitted activities

- Service Industry (except noxious or offensive)
- Offices <1000m² GFA per site
- Offices >1,000m² GFA per site

- Home-based business
 - Ancillary office
 - Retail < or equal to 250m² GFA per tenancy
 - Retail >250m² GFA (per tenancy)
 - Supermarkets
 - Tourism ventures and information centres
 - Restaurants, cafes, licensed premises (except sites fronting Victoria Street and any identified Primary or Secondary Active Frontage)
 - Places of assembly
 - Health care services at ground floor < or equal to 250m² GFA and above ground floor
 - Childcare facilities at ground floor < or equal to 250m² GFA and above ground floor
 - Community Centres at ground floor < or equal to 250m² GFA and above ground floor
 - Tertiary education and specialised training at ground floor < or equal to 250m² GFA and above ground floor
 - Apartments at ground floor excluding areas on the Primary or Secondary Active Frontages (refer Appendix 5: Figure 5-7)
 - Apartments above ground floor
 - Visitor accommodation
 - Ancillary residential units above ground floor
- Development controls**
- Site coverage: 100% maximum
 - Building intensity: 5:1 maximum floor area ratio
 - Permeable surfaces: Nil
 - Maximum height: without bonuses, are as follows:
 - Height Overlay 1: 16m
 - Height Overlay 2: 16m
 - Height Overlay 3: 13m
 - Building setbacks: minimum setbacks are as follows:
 - Front, side and rear boundaries: 0m
 - Boundary adjoining Riverfront Overlay: 5m

Comments

The District Plan became operative on 18 October 2017, following a resolution of Council on 21 September 2017.

7.2 RATING VALUATION

As at 1 September 2018:

Address	Land Value	Improvements	Capital Value
402 Victoria Street	\$1,340,000	\$3,250,000	\$4,590,000
12 Alma Street	\$435,000	\$345,000	\$780,000

Rating Valuations are conducted on a mass appraisal basis, generally once every three years, in order to provide a basis to assist territorial authorities to collect revenue through rates. Individual properties are not inspected on a regular basis and changes in the improvements may not be recorded. The rating values are expressed on a Freehold Estate basis.

Hamilton City Council voted in December 2017 to include a review of Capital Value Rating system in the ten-year financial plan review.

The change was built around a policy that was to see the new system being implemented over a ten-year period. The 2017/2018 year was the third year of the transition. As part of the 2018-2028 10-Year Plan the Council adopted a number of changes to the rating system.

A 3.8% average increase for existing ratepayers in 2019/2020

To shorten the transition period of the general rate from a land value basis to capital value basis. The transition of the general rate from land to capital value will be completed in 2020/2021. For 2019/2020, 23% will be set on land value as a targeted rate, with the remaining 77% set under the combination of the capital value general rate and UAGC. This means that if the property has a high proportion of its value in buildings, the rates may increase above the 3.8% average.

The three-year phased introduction of a Uniform Annual General Charge (UAGC) on each separately used or inhabited part (SUIP) of a rating unit. A UAGC is a fixed portion of rates,

applied on the same basis to all rating units, irrespective of their rating category. For 2018/2019 the UAGC was \$165. In 2019/2020 it is \$348.

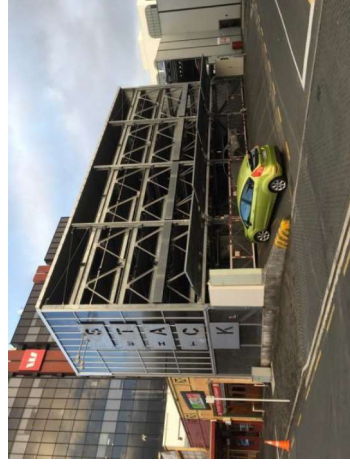
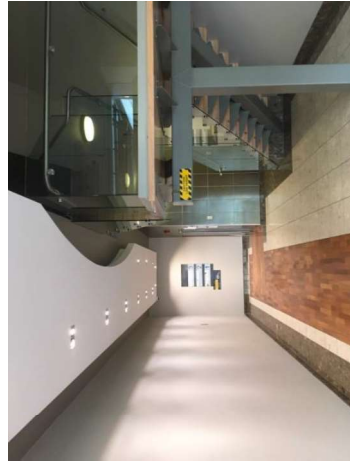
7.3 LAND INFORMATION MEMORANDUM

We have not been supplied with a Land Information Memorandum (LIM) relating to the property. Our report is subject to there being no outstanding requisitions or adverse information affecting this property. We reserve the right to amend our assessment should this not be the case.

8.0 IMPROVEMENTS

8.1 OVERVIEW

The property comprises a four-level office with corner aspect to Victoria Street and Alma Street and a car stacking structure situated on a separate site diagonally opposite in Alma Street.



8.2 BUILDING DETAILS

8.2.1 Floor areas

The floor areas are based on the 'The Guide for the Measurement of Rentable Areas' (revised June 2013) published jointly by the Property Council of New Zealand (PCNZ) and the Property Institute of New Zealand (PINZ), and also as summarised in Australia and New Zealand Real Property Guidance Notes (ANZRPNG) 4 – Methods of Measurement. The rentable floor areas are as follows:

	Rentable area (m ²)
Ground Floor	422.0
First Floor	495.1
Second Floor	498.6
Third Floor	494.9

See **Appendix B** for additional photographs.

Our valuation has been prepared on the basis of the improvements being located within the site boundaries and constructed strictly in accordance with the recommended practices, and free from any defect; unless otherwise stated within this report.

8.2.2 Construction

Foundation	Reinforced concrete columns and beams
Flooring	Concrete to all levels
Exterior walls	Concrete
Roofing	Unable to inspect
Stud height	2.50m
Joinery	Aluminium (single glazed)
Internal linings	Gibraltar Board
Ceilings	The ground floor is primarily lined with Gibraltar Board with the upper floors having a suspended ceiling
Natural lighting	Adequate for current use
Artificial lighting	Fluorescent
Services	Single lift servicing all floors. This is a Schindler lift with a capacity of 10 persons or 700kg.

8.2.3 Layout and accommodation

Due to the COVID-19 crisis the tenancies were all closed, and our access was to the common area on each floor and view from the street frontage to the ground floor. While the Kiwibank retail area was to be open our inspection needed to be carried out before retail opening hours. With your agreement we have based our valuation on our records of inspection in 2018 and your confirmation that there have been no changes to the property since that time.

The property is a four storey office building comprising a ground floor retail area trading as Kiwibank and three floors of offices above.

Extending around both frontages over the footpath is a glazed verandah with fluorescent tube lighting.

Ground Floor

The ground floor is accessed via automatic opening doors on Victoria Street, with fully glazed showroom windows to the two street frontages. The banking area is clear span throughout apart from the tenant's fitout. Off to one side are the service areas, these

include two sets of toilet accommodation together with a disabled persons toilet, cleaner's cupboard and a small kitchen area with a stainless steel sink bench and electric water heater.

Access to the lobby area is adjacent to Kiwibank off Victoria Street this gives access to a single Schindler passenger lift and staircase servicing all floors. There are automatic glazed double doors at the front, surrounded by fully glazed windows. The foyer has an attractive modern appearance.

Adjacent to the lift is a large storeroom in which the electric meters are situated.

First Floor

This floor is tenanted by Te Tume Paeroa, Early Childcare and part is vacant.

Landlord fitout includes floor coverings, ducted air-conditioning, kitchenette and toilet facilities.

We assume the tenant has provided all internal partitions, wall coverings, security system and the upgrade of the kitchen facility. The accommodation in each instance is therefore considered to be clear open space apart from two sets of toilet accommodation and an originally small kitchen. These amenities are the same on each floor.

Second Floor

This floor is tenanted by Department of Internal Affairs and Kiwibank

The internal fitout includes carpet floor coverings, suspended ceilings and ducted air conditioning.

Third Floor

This floor is tenanted by Darroch (QV) and Jacobs

The internal fitout includes carpet floor coverings, suspended ceiling and ducted air conditioning. The Darroch space is heavily partitioned providing a waiting/ reception area, two separate offices, boardroom (or third office), and a clear space office area.

8.3 CAR STACKER - 12 ALMA STREET

This is a basic structure housing a mechanical car stacker providing 32 secure carparks.

8.3.1 Construction

Foundation Concrete

Flooring Concrete

Exterior walls Concrete tilt slab, steel mesh and long run iron

Framing Steel

Roofing Iron

8.3.2 Layout and accommodation

The stacker has an open front with security gates at the ground level and full access to all of the eastern side at ground level off the right of way. There is a small canopy cover over each bay at this entry and an open carpark site in front of each entry. The stacker has internal levels accommodating a total of 32 cars which are mechanically moved internally to allow pick up and drop off at the ground floor level.

8.3.3 Building condition

Good.

8.4 BUILDING WARRANT OF FITNESS (BWOF)

The Building Act 2004 requires that all buildings which include certain specified systems must have a Compliance Schedule and a Building Warrant of Fitness (BWOF). The Act requires the various services and other facilities as set out in the Compliance Schedule to be inspected on a regular basis, and the Warrant of Fitness to be renewed annually.

A Building Warrant of Fitness has been issued for the subject property and this expires on 12 January 2021. It refers to Compliance Schedule NO 274.

8.5 EARTHQUAKE CATEGORISATION

We are not aware of an engineer's assessment being completed in respect of the seismic capacity of the structure. The valuation has been conducted on the basis that the building is a minimum of 34% NBS (new building standard). No allowance has been made for costs associated with obtaining an engineer's report or strengthening (if required) within our valuation assessment.

The Building (Earthquake-prone Buildings) Amendment Bill Act 2016 came into full effect as from 1 July 2017.

Under the new legislation:

- The threshold for defining an earthquake-prone building remains, with amendments to clarify certain aspects (including that it applies to parts of buildings). In practice, an earthquake-prone building is often referred to as one that is less than 34% of the New Building Standard (NBS).
- New Zealand is to be categorised into areas of high, medium and low seismic risk (with timeframes for identifying potentially earthquake-prone buildings of 5, 10 and 15 years, and timeframes for strengthening earthquake-prone buildings of 15, 25 and 35 years, dependent on the seismic risk of the area).

The new legislation:

- Excludes certain buildings (including most residential buildings). The methodology for identifying earthquake-prone buildings, will further target buildings that pose the greatest risk.
- Prioritises earthquake-prone education buildings, emergency service facilities and certain hospital buildings and buildings located on strategic routes, by requiring medium to high risk areas that are identified to be remediated in half the standard time.
- Introduces new requirements to remediate earthquake-prone buildings when substantial alterations are undertaken.
- Provides for an opt-in extension of up to 10 years to remediate Category 1 listed heritage buildings and those buildings on the National Historic Landmarks List.

- Provides for opt-in exemptions from the requirement to remediate for some buildings.
- Provides for a publicly available national register of earthquake-prone buildings.

At this time Hamilton City Council need to carry out an assessment of all buildings to identify if they might be earthquake prone, the territorial authority has 10 years to complete this and then notify owners who will then have 12 months to get an assessment from an engineer to either confirm that the building is or is not earthquake prone. After supplying this information to Council, Council have 5 years to confirm the earthquake prone status of the building and if confirmed as being earthquake prone the building will be placed on a national register. From this point the owner has the specified times to undertake the remedial repairs.

8.6 ASBESTOS REGULATIONS

The Health and Safety at Work (Asbestos) Regulations 2016 came into effect on 4 April 2018. The regulations require workplaces to be surveyed for asbestos, and, an Asbestos Register and Asbestos Management Plan be prepared for buildings. A copy of the Asbestos Management Plan must be accessible on site.

Where Asbestos is present it can be left undisturbed if there is no risk to people, or it can be encapsulated, isolated or removed. If left undisturbed, future refurbishment or demolition requires further survey and works planning (including safe removal of Asbestos by competent persons).

An Asbestos Survey has been completed by ASR Asbestos Survey reports 31 October 2018 for the subject office building, and no asbestos was identified.

8.7 OTHER IMPROVEMENTS

There is a small paved rear yard having direct access to Alma Street that is fenced and provides for two carparks end on end and pedestrian access to the rear service stairs.

9.0 OCCUPANCY DETAILS

9.1 INTRODUCTION

The property is subject to seven tenancies with area (180.0m²) on the first floor vacant. A summary of lease details is as follows.

9.2 LEASE SUMMARY

9.2.1 Kiwibank

Tenant	Kiwibank Limited	Outgoings	works, mail and parcel distribution) and/or any other use permitted under the operative district plan.
The premises	422m ² on the ground floor of the Landlord's premise (contained in Certificates of Title SA10A/1378, SA10A1377 and SA10A/ 1379) at 410 Victoria Street/ Alma Street, Hamilton		Outgoings recoverable from the tenant include: <ul style="list-style-type: none"> ■ Rates or levies to any local or territorial authority ■ Utility charges ■ Rubbish collection charges ■ Fire Service charges ■ Insurance premiums, excess and related valuation fees ■ Service contract charges ■ Cleaning, maintenance and repair charges (excluding structural and exterior maintenance) ■ The provisioning of toilets and other shared facilities ■ Costs associated with the building warrant of fitness ■ Maintenance and report of the external auto-doors at its premises.
Commencement date	8 April 2016		
Current commencement	8 April 2016		Unrecovered outgoings include: <ul style="list-style-type: none"> ■ Ground maintenance ■ Yard and carpark area maintenance and repair charges ■ Management expenses ■ Structural maintenance
Current term	Nine years		
Remaining renewal terms	Three of three years each		
Current annual rent	\$184,201 per annum plus outgoings and GST		

Rent reviews	Market 8 April 2022, 8 April 2025, 8 April 2028 and 8 April 2031 and CPI 8 April 2018 and 8 April 2020 with each adjustment being to CPI + 1% per annum	Special conditions	The standard 6th Edition of the Auckland District Law Society lease 2012 (4) has had a schedule of amendments made.
Rent review basis	Market and CPI		The tenant has naming rights and can put external signage on the building except on the canopy above the entrance to the upper floors. The naming rights of \$15,000pa are rent free for two years.
Ratchet clause	The annual rent payable as from the relevant rent review date shall not be less than the annual rent payable as at the commencement date of the initial lease term.		
Business use	The business of New Zealand Post Limited and/or Kiwibank Limited or any of their respective Associated Entities from time to time (without limitation including banking agency		The Landlord must maintain the building to Grade B under the grading system for earthquake /seismic risk prepared by the NZ Society for earthquake engineers June 2006. If a report finds the building to be less than Grade B, the

landlord has six months to repair, with a three month extension by agreement otherwise the tenant may give ten days notice to terminate.

The tenant also has the right where there is an event that stops access to the premise to stop paying rent and outgoings and if the period of non access is three months or more, they may terminate the lease. These provisions also apply where a report finds the building less than Grade B and where the premise cannot be used for its intended purpose.

The Rent review provision for CPI adjustment is amended to allow the rent to move up or down on review but not less than the initial commencement rent.

The tenant has the right to operate an ATM within the shop front.

9.2.2 Early Childhood NZ

Tenant	Te Rito Maioha Early Childhood New Zealand Incorporated
The premises	Level 1, 410 Victoria Street, Hamilton comprising approximately 234m ²
Commencement date	1 April 2018
Current commencement	1 April 2019
Current term	Six years
Remaining renewal terms	Three of three years each
Current annual rent	\$57,178 per annum plus outgoings and GST
Rent reviews	Market on Renewal and CPI on each anniversary of the Commencement Date
Rent review basis	Market and CPI

Modified ratchet clause to initial rental

Administration offices and Early Childhood Education

Outgoings recoverable from the tenant include:

- Rates or levies to any local or territorial authority
- Utility charges
- Rubbish collection charges
- Fire Service charges
- Insurance premiums, excess and related valuation fees
- Service contract charges
- Cleaning, maintenance and repair charges (excluding structural)
- The provisioning of toilets and other shared facilities
- Ground maintenance
- Yard and carpark area maintenance and repair charges
- Body Corporate charges
- Management expenses
- Costs associated with the building warrant of fitness

Unrecovered outgoings include:

- Structural maintenance

Not Applicable

Ratchet clause

Business use

Outgoings

Special conditions

9.2.3 Darroch Valuations

Tenant Quotable Value Limited

The premises That part of the Landlord's property being part Level 3, 410 Victoria Street, Hamilton and comprising 278.19m²

Commencement date 21 November 2011

Current commencement 21 November 2017

Current term Three years

Remaining renewal terms Three of three years

Current annual rent \$74,700 per annum plus outgoing and GST

Rent reviews Two yearly

Rent review basis Market

Ratchet clause Full ratchet clause

Business use Property Valuers

Outgoings Outgoings recoverable from the tenant include:

- Rates or levies to any local or territorial authority
- Utility charges
- Rubbish collection charges
- Fire Service charges
- Insurance premiums, excess and related valuation fees
- Service contract charges
- Cleaning, maintenance and repair charges (excluding structural)
- The provisioning of toilets and other shared facilities
- Management expenses
- Costs associated with the building warrant of fitness

Unrecovered outgoing include:

- Ground maintenance;

- Yard and carpark area maintenance and repair charges;
- Structural maintenance

Special conditions The premise cannot be used for the following uses;

Adult entertainment

Welfare facility

Education facility

Any use associated with the sex industry

9.2.4 Jacobs (NZ) Holdings Limited

Tenant Jacobs (NZ) Holdings Limited

The premises Part level 3, 410 Victoria Street Hamilton, Total area

216.67m² "Tenancy A" on attached plan highlighted in green including proportionate shares of common areas shaded yellow

Commencement date 1 July 2019

Current commencement 1 July 2019

Current term Three years

Remaining renewal terms Nil

Current annual rent \$50,917 per annum plus outgoing and GST

Rent reviews one year premise 1/7/2020, two years carpark 1/7/2022

Rent review basis Fixed 3%

Ratchet clause Deleted

Business use Commercial Offices

Outgoings Outgoings recoverable from the tenant include:

<ul style="list-style-type: none"> ■ Rates or levies to any local or territorial authority ■ Utility charges ■ Rubbish collection charges ■ Fire Service charges ■ Insurance premiums, excess and related valuation fees ■ Service contract charges ■ Cleaning, maintenance and repair charges (excluding structural) ■ The provisioning of toilets and other shared facilities ■ Ground maintenance ■ Yard and carpark area maintenance and repair charges ■ Management expenses ■ Costs associated with the building warrant of fitness 	<p>Current annual rent</p> <p>Rent reviews</p> <p>Rent review basis</p> <p>Ratchet clause</p> <p>Business use</p> <p>Outgoings</p>	<p>\$41,842 per annum plus outgoings and GST</p> <p>Three years</p> <p>Market</p> <p>The annual rent payable as from the relevant rent review date shall not be less than the annual rent payable as at the commencement date of the then current lease term.</p> <p>Commercial office</p> <p>Outgoings recoverable from the tenant include:</p> <ul style="list-style-type: none"> ■ Rates or levies to any local or territorial authority ■ Utility charges ■ Rubbish collection charges ■ Fire Service charges ■ Insurance premiums, excess and related valuation fees ■ Service contract charges ■ Cleaning, maintenance and repair charges (excluding structural) ■ The provisioning of toilets and other shared facilities ■ Ground maintenance ■ Yard and carpark area maintenance and repair charges ■ Management expenses ■ Costs associated with the building warrant of fitness
<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance <p>After the termination of the lease, the tenant needs to remove all fixtures, fittings and chattels in order to reinstate the premises to the same condition as at the commencement date of the lease, fair wear and tear excepted.</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>Special conditions</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>9.2.5 Kiwibank</p> <p>Tenant</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>The premises</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>Commencement date</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>Current commencement</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>Current term</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance
<p>Remaining renewal terms</p>	<p>Business use</p> <p>Outgoings</p>	<p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance

extension by agreement otherwise the tenant may give ten days notice to terminate.

The tenant also has the right where there is an event that stops access to the premise to stop paying rent and outgoings and if the period of non access is three months or more, they may terminate the lease. These provisions also apply where a report finds the building less than Grade B and where the premise cannot be used for its intended purpose.

9.2.6 Te Tumu Paeroa

Tenant Maori Trustee Established under the Maori Trustee Act 1953

The premises That part of the Landlords property being Level 1, 410 Victoria Street, Hamilton being a total area of 81.05m²

Commencement date 1 September 2014

Current commencement

Current term Three years

Remaining renewal terms One of three years

Current annual rent \$27,083 per annum plus GST

Rent reviews Each renewal date

Rent review basis Market

Ratchet clause Modified ratchet clause to initial rental

Business use Offices

Outgoings Outgoings recoverable from the tenant include:

- Utility charges
- Rubbish collection charges

- Cleaning, maintenance and repair charges (excluding structural)

Unrecovered outgoings include:

- Structural maintenance
- Rates or levies to any local or territorial authority;
- Fire Service charges;
- Insurance premiums, excess and related valuation fees;
- Service contract charges;
- Ground maintenance;
- Yard and carpark area maintenance and repair charges;
- Management expenses;
- Costs associated with the building warrant of fitness;
- The provisioning of toilets and other shared facilities;

The tenant acknowledges at the commencement that the carpet is in very good condition and that the internal walls had recently been repainted.

Special conditions

9.2.7 Department of Internal Affairs

Tenant Her Majesty the Queen acting by and through the Secretary for Internal Affairs

The premises Part of Level 2, 410 Victoria Street Hamilton being a total area of 316.64m²

Commencement date 15 September 2014

Current commencement

Current term Six years

Remaining renewal terms Three of three years each

Current annual rent \$83,910 per annum plus GST

Rent reviews Three yearly from the commencement date

9.3 OPERATING EXPENSES

Operating Expenses (OPEX)

Item	Budgeted Amount	\$/m ² of Rentable Area	% of Total
Local Authority Rates (ex GST)	\$37,506	\$19.62	29.8%
Charges for utilities	\$8,978	\$4.70	7.1%
Fire Service charges and maintenance of detection & equipment	\$1,850	\$0.97	1.5%
Insurance premiums, related valuation fees and any excess	\$13,515	\$7.07	10.7%
Air conditioning	\$11,035	\$5.77	8.8%
Cleaning	\$8,660	\$4.53	6.9%
Repairs and Maintenance	\$14,160	\$7.41	11.2%
Security	\$3,905	\$2.04	3.1%
BWOF and Building Act compliance costs	\$3,485	\$1.82	2.8%
Window Cleaning	\$4,305	\$2.25	3.4%
Pest control	\$1,200	\$0.63	1.0%
Health & Safety	\$3,250	\$1.70	2.6%
Management expenses	\$10,500	\$5.49	8.3%
The Stack	\$3,661	\$1.92	2.9%
Total	\$126,010	\$65.92	100.0%

The above schedule of property operating expenses relates to the office building only and is as provided by the owner. The level of outgoings is fairly typical for the type and location of the premises at \$65/m².

The following is an apportionment of the total outgoings between the tenancies. We have separated an amount that we believe to be unrecoverable from the Stack property at 12 Alma Street under the casual tenancies. These make up about 75% of the revenues from the car stacker, the balance is leased to the office tenants and some recovery is allowed through those leases.

Rent review basis	Market
Ratchet clause	No ratchet clause, rent on renewal not less than commencement rent
Business use	Commercial and Government office purpose
Outgoings	<p>Outgoings recoverable from the tenant include:</p> <ul style="list-style-type: none"> ■ Rubbish collection charges ■ Utility charges <p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ■ Structural maintenance ■ Rates or levies to any local or territorial authority; ■ Fire Service charges; ■ Insurance premiums, excess and related valuation fees; ■ Service contract charges; ■ Cleaning, maintenance and repair charges (excluding structural); ■ Ground maintenance; ■ Yard and carpark area maintenance and repair charges; ■ Management expenses; ■ Costs associated with the building warrant of fitness; ■ The provisioning of toilets and other shared facilities;
Special conditions	<p>The lease has many variations to the standard Auckland District Law Society lease format.</p> <p>The specifies that three carparks are included in the original rental and that no additional licence fee will be charged for them. On review in September 2017 the rental increased, and the lessor advises that the rent does not include the carpark licence fee for the three carparks.</p>

Operating Expense Apportionment

Tenant	Budgeted Amount	% of Total OPEX	OPEX \$/m ²	Recovered Amount	Unrecovered Amount
Kiwi Bank	\$27,936	20.40%	\$66.20	\$27,936	\$0
Te Tume Paeroa	\$5,343	3.9%	\$65.92	\$0	\$5,343
Early Childcare	\$15,424	11.3%	\$65.91	\$15,424	\$0
Part Vacant (level 1)	\$11,858	8.7%	\$65.88	\$11,858	\$0
Department of Internal Affairs	\$20,905	15.3%	\$66.02	\$0	\$20,905
Kiwi Bank (Office)	\$12,059	8.8%	\$65.90	\$12,059	\$0
Jacobs	\$14,277	10.4%	\$65.89	\$14,277	\$0
Darroch Valuations	\$18,145	13.3%	\$65.23	\$18,145	\$0
The Stack	\$10,983	8.0%	#DIV/0!	\$0	\$10,983
Total	\$136,930	100.00%		\$99,699	\$37,231

9.4 WEIGHTED AVERAGE LEASE TERM

The property has a current WALT of 3.5 years.

10.0 MARKET COMMENTARY

10.1 ECONOMIC OVERVIEW

The Official Cash Rate (OCR) was reduced to 0.25 percent as an economic stimulus to the Government's decision to place self-isolation requirements on all people entering New Zealand from 1am Sunday 15th March.

It is recognised that this measure, in response to COVID-19 virus threat, will have significant impact on the New Zealand economy and the Reserve Bank has moved quickly in direct response. The Government has introduced an economic package aimed at helping New Zealand businesses to survive this period of downturn.

At \$12.1 billion the government's stimulus package is worth 4 per cent of GDP - the most significant peace-time economic plan in modern NZ history.

The package had three components:

- Extra support for the health system to help it cope and slow any potential outbreak.
- To cushion the impact of the economic shock on business and workers, and support confidence.
- It is the first phase of a broader recovery package to support household incomes through the shock and to spur the economic recovery

To protect the vulnerable, all main benefits will rise by \$25 a week and the Winter Energy Payment for 2020 will double.

The hours test for the In-Work Tax Credit will be removed to help those facing variable hours.

The package features a \$500 million boost for health, \$8.7 billion in support for businesses and jobs and \$2.8 billion for income support and boosting consumer spending.

Notably the package includes reintroduction of the ability for commercial/industrial property owners to claim depreciation on the structure of property assets, at a rate of 2% per annum.

Despite the economic package offered economic growth is now uncertain for 2020. It is recognised that the current situation is in response to a medical event and once addressed

the economies around the world will be able to restore although it is recognised that some businesses may not survive economic impacts of the COVID-19 virus crisis.

While the global economic environment had shown signs of stabilising and trade tensions had receded somewhat, the COVID-19 (coronavirus) outbreak is now an international pandemic with the associated international response of countries worldwide closing their borders to travellers.

While unknown, it was originally thought that the overall economic impact of the coronavirus outbreak would be of a relatively short duration, with most of the impact in the first half of 2020. It represents a downside risk which could have a significant impact on some sectors, including tourism, hospitality, and those industries exporting to China. With the realisation that these sectors are being significantly affected, there is now a very real risk that the impact will be larger and more prolonged.

10.2 REGIONAL PROPERTY MARKET

The Waikato economy had followed national trends up to the recent events surrounding the COVID-19 measures effective from 15 March 2020. We anticipate the region will continue to follow national trends but note that some regions more effected by tourism and forestry will be subject to greater economic impact and subsequently we would anticipate demand for property in those regions such as The Bay of Plenty and Queenstown may subside until the path forward to restored business activity is clear.

Parts of the Waikato attract specific tourism such as Matamata (Hobbiton) and Waitomo (the caves) while the wider region is a route through which tourists pass toward The Bay of Plenty and south to Taupo. We anticipate many smaller businesses will feel this impact and we suspect that demand for property around those service activities will be low as business and tenants struggle to meet rental and mortgage commitments while the travel restrictions and requirement for non-essential public gatherings to be cancelled is in place.

Despite this recent massive intrusion on the national economy the Waikato region had been well positioned.

The dairy industry has an improved outlook with steady results from recent global auctions and an announcement by Fonterra of a \$6.35kgMS final payout for the last season and a forecast of \$6.25kgMS - \$7.25kgMS for the 2019/2020 season. However, there is pressure on

farmers for capital repayment of loans by the major Banks and we would anticipate the dairy economy to move slowly. At the same time the provincial urban centres and in particular Hamilton are experiencing positive markets through the residential and commercial activity.

Hamilton has had significant population growth recorded for the twelve months to September 2019 of 3600 people as compared to a previous ten year average of 755 people per year. This has placed demand on housing and brought income to the local economy. The City's population is recorded as 169,500 as at September 2019.

The volume of house sales in December 2019 increased by 4.3% on the same 12 month period to December 2018 and residential consents were up by 13.4% compared to a 13.8% increase nationally on the same twelve month period a year ago.

Tainui have completed the opening stage of development of the Inland Port at Ruakura which alongside the construction of the Hamilton section of the Waikato Expressway is seen to hold stimulus for the City and region as a whole through to the delayed completion of the expressway in 2021. This has been off-set by the purchase of a large landholding at the Northgate industrial development north of Te Rapa at Horotiu by Ports of Auckland who have now established the start of an inland port with one large warehouse and tenant Open Country Cheese onsite.

There had remained strong demand for commercial investment property with a sale in December 2019 recorded at 4.6 % for a modern investment property in Te Rapa. This level has been supported by subsequent sales with yields in the range of 4.75% - 5.75% now common on small and medium sized investments. Agents are reporting a lack of good quality investment stock particularly in the industrial market.

Demand is very strong toward the smaller sized investments which are subject to strong tenant covenant. Property falling within this category has sold at yields between 4.75% - 5.50% as mentioned above. Other sales of smaller investment packages are also below 6.0% generally being subject to shorter term leases to local tenants. The introduction of Auckland commercial investors and businesses relocating in the Hamilton market has been noticeable and has added to the demand.

One aspect from the recent sales is that demand has now lowered the yields on property that would otherwise not have been considered prime and we have seen yields of between

7.0% and 8.0% where previously these yields were 8.0% to 9.5%. A distinction in yields is still being made between perceived 'prime' and secondary investments.

Larger investments drawing from a smaller pool of investors have previously seen higher yields as these investors are more aware of the risks and returns required for large property investment. Under the current investment demand we know of three sales of assets at \$19.4M (5.15%), \$27.7 (5.65%) and \$71.2M (4.92%) and two properties under contract at between 5.07% and 5.75%, both substantial investments. The sale of a large, modern industrial property leased to Steel and Tube with 2.7 years remaining on the lease at 6.0% is indicative of the appetite for perceived strong tenant investment property.

All of the above activity is of course pre the COVID-19 measures taken in New Zealand. The market fundamentals have substantively changed but the impact of the measures on business are dramatic and we anticipate a pause in most property sectors particularly those associated with tourism, forestry and hospitality. There is early evidence that some investors are seeing this an opportunity as property may come to the market that otherwise wouldn't have.

The most recent Reserve Bank decision to drop the OCR to .25% as at 16 March 2020 is hoped to provide a stimulus for the economy however while it may help businesses cope with lost trade, we initially don't see the cheaper mortgages stimulating property investment while business confidence is shattered.

In general terms, there will be a very cautious approach to property investment over the coming months and any demand will be quite specific.

10.3 RENTAL MARKET

The office rental market was static for some years following the Global Financial Crisis of 2008, the central city had a reasonable level of office vacancy although as recorded in our TelferYoung June 2017 survey levels in the CBD declined slightly over the preceding three years. Vacancy peaked in 2012 at 18.61% reducing to 14.03% in 2017 and with continued occupancy particularly as older vacant buildings were refurbished.

A general level of confidence in the Waikato economy existed prior to the COVID-19 outbreak and subsequent measures taken to limit the spread. The CBD has seen several new office buildings either built or redeveloped including the old Farmers department

store for the District Health Board, PWC tower, ANZ building on Grantham, Genesis and the currently under construction new office for the Regional Council and OPUS. In addition, there is a recently announced low rise large office for ACC being built on the south western fringe.

At the same time there has been back filling of older office buildings following refurbishment providing for the smaller businesses.

All of the above was giving confidence to the CBD with a growing office population. We anticipate this will continue once the current health crisis is overcome.

Rentals in the new developments vary with the key tenants paying much higher levels than those established for the city's best quality offices. These office rental levels are required as a component of the construction cost and would not be seen as reflective of open market office rental transaction. Subsequent transactions have been completed in the same developments which, in our opinion reflect rentals associated with new offices under an open market negotiation. These agreements are at a lower level to the initial levels established with the key tenants, however are also above the higher rents within existing good quality stock.

In general, the office rental market has seen increase to bring good quality premise up toward more recent new build agreements and refurbished space. There is increasing vacant space in lower grade accommodation as the move by tenants is completed into the new buildings and those refurbished buildings. A decrease in the supply of 'D' Grade space is noted as buildings are demolished or refurbished.

The upward rental movement has been in office space that is of good quality and well located. The higher level of rental for the new office space, may have also been a catalyst for existing rentals to have crept up. The upward creep in office rentals has occurred through office rent reviews and new lease agreements by sitting tenants where obviously the cost of relocation is factored into the negotiation over establishing a new rent as part of the new lease at the existing accommodation.

Lower quality space that is more dated, lacks profile and carparking has not benefited from the upward rental growth seen in the superior space. At best rental levels are static and, in some instances, much lower levels are being achieved if the space has been vacant for a significant period.

Un-refurbished old space is difficult to lease particularly if parking is not available.

There is a low level of demand in the residential office market as this type of premise attracts more owner occupied demand and we have seen a move back into the CBD of some residential office tenants after the initial move out of the CBD some ten years ago.

It is currently too early to see the effects of the recent COVID-19 virus on the rental market although initial indications are potential tenants are cautious in regard to entering into new lease agreements. We are already aware of some landlords in some sectors passing on rental increases at market rental reviews, and deferring market rental reviews for an undetermined period of time to limit the additional pressure businesses may be facing at this time.

We are yet to see if supply is also be affected as existing office construction and refurbishment is likely to be completed but uncertainty would exist about the immediate commencement of new development.

586 Victoria Street, Hamilton Central

Tenant		Pathways	A new lease over level two of an office building which has undergone extensive refurbishment both internally and externally to provide high quality office accommodation. The lease includes a fitout to the maximum of \$126,000 initially provided by the Landlord but it recovered back over the six year term at \$60 per week. Outgoings are capped at \$60/m ² plus GST for the first term of six years.
Date		1 June 2019	
Type		New Lease	
Office	284.00 @	\$295/m ²	
Carparks	6.00 @	\$25/week	

103 Tristram Street, Hamilton Central

Tenant		EMA	The property is located on a prominent corner on the south western side of the CBD. This is a ground floor tenancy. The building has recently been refurbished.
Date		1 June 2019	
Type		New Lease	
Offices	222.70 @	\$243/m ²	
Parks	8.00 @	\$25/per Wk	

660 Victoria Street, Hamilton Central

Tenant		HCL	Level two of a refurbished low rise office building situated on the corner of London and Victoria Streets to the northern fringe of the City centre. Carparks are on Level 1, a secured carparking area. The premise includes signage rights.
Date		1 May 2019	
Type		New Lease	
Offices	585.00 @	\$242/m ²	
Ground Floor Common Area	21.00 @	\$0	
Carparks	3.00 @	\$30/week	
Signage Rights	1.00 @	\$6,000/unit	

127 Alexandra Street, Hamilton Central

Tenant		Vero		The front part of the second floor that has been refurbished to good quality office.
Date		1 April 2019		
Type		Renewal		
Office	227.70 @	\$265/m ²		
Open Carparks	4.00 @	\$40/week		

127 Alexandra Street, Hamilton Central

Tenant	Edison Consulting Group Limited			The rear part of level two of the Vero House building being good quality refurbished office space. The landlords works include some partitioning.
Date	1 April 2019			
Type	New Lease			
Office	231.20 @	\$251/m ²		
Carparks	3.00 @	\$30/week		

527-529 Victoria Street, Hamilton Central

Tenant		ANZ		A new lease to ANZ for the ground and first floor of the multi-story building located on the corner of Victoria and Bryce street within the heart of Hamilton's CBD as part of a sale and lease back of the property.
Date		31 March 2019		
Type		New lease		
Ground Floor	547.37 @	\$279/m ²		
First Floor	415.30 @	\$204/m ²		

5-6, 586 Victoria Street, Hamilton Central

Tenant	McCaw Lewis	Top two levels within a six story office development that is to be fully refurbished. Twenty open carparks are subject to a separate lease with similar terms reflecting \$30/week after analysis.
Date	10 February 2019	
Type	New Lease	
Offices	765.00 @	\$280/m ²
Balcony	149.00 @	\$50/m ²
Ground Floor Storage	5.00 @	\$0
Naming Rights	1.00 @	\$0

127 Alexandra Street, Hamilton Central

Tenant	Raukawa Charitable Trust	A small tenancy on the fourth floor of Vero House, located at the front.
Date	1 November 2018	
Type	Rent Review	
Office	97.80 @	\$280/m ²
Open Carparks	1.00 @	\$40/week

500 Victoria Street, Hamilton Central

Tenant	Heathshare	A regional Shared Services Agency situated at the third level of 500 Victoria Street.
Date	1 September 2018	
Type	New Lease	
Office (Level 3)	862.05 @	\$232/m ²
Carparks	5.00 @	\$42/week

678 Victoria Street, Hamilton Central

Tenant HD Geotechnical
Date 1 July 2018
Type New Lease

Office 190.00 @ \$240/m²
 Covered carparks 3.00 @ \$35/week

A rear office tenancy behind space at the corner with London Street as a consequence it has low profile with windows to the southern side and at the rear to the covered carpark area.

Level 2 678 Victoria Street, Hamilton Central

Tenant Harrison Grieson
Date 1 April 2018
Type New Lease

Office 190.00 @ \$251/m²
 Covered carparks 2.00 @ \$40/week

The front part of the second level of a commercial building at the corner with Victoria Street. The premise has low profile with a single door entrance on the Victoria Street frontage. The analysed rental includes the fixed increase through the first four year term. The space was refurbished to an "industrial" style with new ceiling, lighting and air conditioning. Three months rent free given.

11.2.2 Retail Rental Evidence

427 Victoria Street, Hamilton Central

Tenant The Goldsmith Gallery Limited
Date 1 March 2020
Type New Lease
Lease Areas 212.20 @ \$256/m²

A retail tenancy located about opposite side to Alma Street on the western side of Victoria Street between Garden Place and Ward Street.

109 Ward Street, Hamilton Central

Tenant Chartered Accounts Australia & New Zealand
Date 1 November 2019
Type New Lease
Office 166.00 @ \$388/m²
Carparks 2.00 @ \$48/week

A new lease of a ground floor retail space within the PWC building with two secured basement carparks. Incentives include a three months rent holiday.

509 Victoria Street, Hamilton Central

Tenant	SBS	A prominent corner site with Bryce Street within the central business district alongside the Centre Place retail development. The premise has front access only and is fitted out with suspended ceiling and air conditioning.
Date	23 August 2019	
Type	Rent Review	
Retail	310.79 @	\$449/m ²

1/311 Barton Street, Hamilton Central

Tenant	Elite Fitness	New lease of a large format retail store fronting Barton Street near the northern Fringe of Hamilton's CBD. Indicates \$170.91/m ² TOC Bare including carparks.
Date	1 August 2019	
Type	New Lease	
Retail/Warehouse	607.60 @	\$147/m ²
Carparks	8.00 @	\$35/week

11.3 MARKET RENT SUMMARY AND CONCLUSION

Based on the evidence available we analyse the following rental range:

Component	Rental Rate Range (TOC Bare)	
Offices	\$231.00/m ²	- \$295.00/m ²
Retail	\$147.00/m ²	\$449.00/m ²
Carparks	\$25.00/week	- \$45.00/week

The office evidence includes refurbished office space. This is a market that has developed over the last five years being developed out of older offices typically built in the late 1980's with smaller floor plates that are easily split to provide two to three tenancies per floor of between 100m² and 250m² which suits a lot of small professional businesses in the Hamilton market. The refurbishment provides a high standard of accommodation and at a higher rental rate because the office area is small, the overall annual rent is affordable to the business.

At the lower end (\$231/m² TOC Bare) is a new lease to Diverse Design in the ANZ building on the corner with Bryce Street. The building is still undergoing refurbishment so while the space has polished concrete floors, exposed ceilings and a modern glazed entry from the lifts, the foyer and street frontage has yet to be completed.

At the higher end is Pathways (\$295/m² TOC Bare) and McCaw Lewis (\$280/m²) in a refurbished six level office further north of Victoria Street. This work has just been completed.

What was Vero House in Alexandra Street underwent major refurbishment some eight years ago including the provision of a café beside the ground floor entrance. Initial leases have since been renewed and there has been further lettings which have shown an increase in the rent over this time. The rentals within the building now sit between \$250/m² and 280/m², the higher rentals being the more recent and smaller.

What was the Bayleys building is now NAI Harcourts at the corner of Victoria and London Streets. This was bought with significant vacancy and although relatively modern it was refurbished and several smaller tenancies created at rental levels for Harrison Grierson (\$251/m² TOC Bare) and HD Geotechnical (\$239/m² TOC Bare), the latter being a rear ground floor space with limited natural light.

Opposite to this building is an older office subject to some refurbishment lease to HCL at \$242/m² TOC Bare. The building refurbishment had been earlier, it does have on site carparking on a second level although this is difficult to access.

Overall the rentals for the better quality refurbishments and more recent sit between \$251/m² and \$295/m² TOC Bare. We note from within the subject building there have been several reviews and a new letting to Kiwibank at rates of \$256/m², \$270/m² (Jacobs) and \$278/m² (Darroch) TOC Bare.

On this basis we have adopted a rental rate of \$270/m² TOC Bare and then adjusted for the different levels of fitout including floor coverings, air conditioning and partitions.

Tenant	CMR TOC Bare	AC	Floor Cov	Partitions	Other	CMR TOC Fitout
Te Tume Paeroa	\$280 /m ²	\$13 /m ²	\$10 /m ²			\$303 /m ²
Early Childcare	\$270 /m ²	\$13 /m ²	\$10 /m ²			\$293 /m ²
Part Vacant (level 1)	\$270 /m ²	\$13 /m ²	\$10 /m ²			\$293 /m ²
Department of Internal Affairs	\$270 /m ²	\$13 /m ²	\$10 /m ²			\$293 /m ²
Kiwi Bank (Office)	\$270 /m ²	\$13 /m ²	\$10 /m ²			\$293 /m ²
Jacobs	\$270 /m ²	\$13 /m ²	\$10 /m ²			\$293 /m ²
Darroch Valuations	\$270 /m ²	\$13 /m ²	\$10 /m ²	\$10 /m ²		\$303 /m ²

Carpark rentals have come under considerable pressure with the slow move of office tenants back to the CBD, developments such as ANZ on Grantham, PWC, Genesis, and ACC have all taken sites that were previously used for parking and at the same time have added or will add more demand for parking when completed. The rentals being achieved have been reflected in the market rate (\$52.50/wk) adopted for the Stacker building. The ultimate rental reflected in the cashflow is a net cashflow from casual parks adjusted to account for a permanent vacancy of an average 1.5 cars per week and for a portion of unrecovered outgoings.

The naming rights for Kiwibank were agreed at a sum of \$15,000pa but were subject to two years rent free effectively meaning an annual rental of \$11,700pa. We have adopted a market level of \$12,500pa based on agreements reached for BNZ (\$15,000), Norris Ward (\$12,500), Genesis (\$15,000) and OPUS (\$15,000) but also having regard that McCaw Lewis

have signage rights at no cost and ANZ have naming rights at no cost allowing the landlord to use various space on the tower to advertise.

11.4 PASSING RENT ANALYSIS

Our analysis of the current passing rent is as follows:

Passing Rent Analysis							
Tenant	Outgoings	Rentable Area (m ²)	Area Rate (\$/m ²)	Premises Rent	Carpark Rent	Other Rent	Passing Rent
Kiwi Bank	Net	422.0	\$368.52	\$155,514	\$13,685	\$15,757	\$184,956
	Gross	81.1	\$270.01	\$21,884	\$5,200	\$0	\$27,084
Te Tume Paeroa	Net	234.0	\$221.47	\$51,823	\$5,355	\$0	\$57,178
	Net	180.0	\$0.00	\$0	\$0	\$0	\$0
Department of Internal Affairs	Gross	316.6	\$265.00	\$83,910	\$0	\$0	\$83,910
	Net	183.0	\$228.64	\$41,842	\$0	\$0	\$41,842
Jacobs	Net	216.7	\$235.00	\$50,917	\$2,860	\$0	\$53,777
	Net	278.2	\$239.76	\$66,700	\$0	\$8,000	\$74,700
Darroch Valuations	Gross	24 CP			\$54,600		\$54,600

11.5 MARKET RENT ANALYSIS

Our analysis of the market rent is as follows:

Market Rent Assessment							
Tenant	Outgoings	Rentable Area (m ²)	Area Rate (\$/m ²)	Premises Rent	Carpark Rent	Other Rent	Market Rent
Kiwi Bank	Net	422.0	\$258.80	\$109,214	\$13,650	\$12,500	\$135,364
	Gross	81.1	\$303.00	\$24,558	\$5,460	\$0	\$30,018
Te Tume Paeroa	Net	234.0	\$227.09	\$53,138	\$5,460	\$0	\$58,598
	Net	180.0	\$227.12	\$40,882	\$0	\$0	\$40,882
Department of Internal Affairs	Gross	316.6	\$293.00	\$92,776	\$0	\$0	\$92,776
	Net	183.0	\$225.37	\$41,243	\$0	\$0	\$41,243
Jacobs	Net	216.7	\$227.11	\$49,207	\$2,730	\$0	\$51,937
	Net	278.2	\$237.77	\$66,146	\$0	\$8,000	\$74,146
Darroch Valuations	Gross	24 CP			\$50,442		\$50,442
	Total market rent						\$575,407

12.0 SALES EVIDENCE

12.1 INTRODUCTION

To assist in establishing the Market Value of the property we have analysed relevant sales of investment properties. We summarise below brief definitions of salient valuation metrics to assist the reader:

Yield on passing income

Often referred to as initial yield, the passing yield represents the return on the current net income. It is calculated from a single period and is therefore implicit of inflation. It is calculated by dividing the net income by the sale price or value.

Yield on market income

This metric represents the return that would be achieved with the income at market level. It is based on a single period and is therefore implicit of inflation. It is calculated by dividing the market income by the sale price or value.

Equivalent yield

The equivalent yield represents the return on market income but reflecting known value adjustments such as income shortfalls/surpluses, vacancy, leasing costs and other capital

items that a market participant would recognise. It typically represents the relationship between passing and market income and is generally a 'weighted average' of the two.

Discount rate

This metric represents the opportunity cost of capital to a purchaser, being the annualised total return (capital and income) to the investor over a specified investment horizon, adjusted for inflation. It is the rate calculated/applied to convert future values to present value.

Weighted average lease term to run (WALT)

This is a risk measure and represents the weighted average period in which the leases will expire; it reflects the period in which the income from the property will be secure. The weightings have been calculated by income, but can also be calculated based on occupied area.

12.2 INVESTMENT SALES

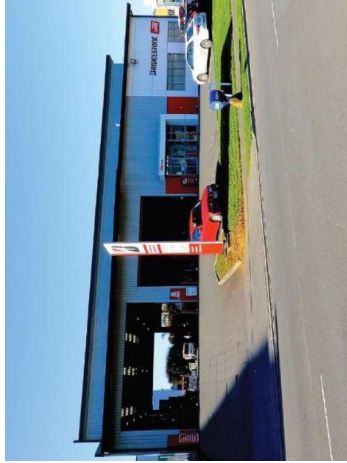
Sales analysed to assist in calculating the market value of the subject property include:

8 Karewa Place, Pukete



Sale date	27 September 2019	A modern industrial building occupied by two separate tenants, situated on the western side of Karewa Place within the Pukete Industrial locality. The site provides good access to main arterial routes including the Waikato Expressway.
Sale price	\$2,301,600	
Tenant	Cross Country Limited and Excel	
Yield on passing income	4.90%	
Yield on market income	5.41%	
Equivalent yield	5.26%	
Discount rate	6.19%	
Weighted avg. lease term	2.1 years	
\$/m ² of rentable area	\$2,491/m ²	

1 De Leeuw Place, Te Rapa Park



Sale date	2 August 2019
Sale price	\$2,805,000
Tenant	Bridgestone New Zealand
Yield on passing income	4.76%
Yield on market income	5.29%
Equivalent yield	5.28%
Discount rate	6.10%
Weighted avg. lease term	3.3 years
\$/m ² of rentable area	\$2,922/m ²

The property is located on the corner of De Leeuw Place and The Boulevard within Te Rapa Park. Access to the front of the building and client carparking is from The Boulevard while access to the yard area and rear of the building is via De Leeuw Place, this provides the benefit of drive through access for large trucks. Improvements comprise a large clear span warehouse with dual roller door drive through access and high stud. Office accommodation is located over two levels and includes staff amenities.

36 Bryce Street, Hamilton Central

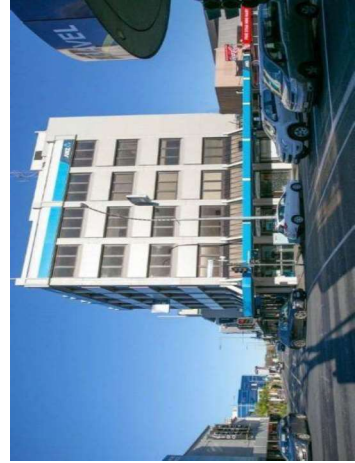


Sale date	30 May 2018
Sale price	\$3,000,000
Tenant	Co-operative Bank, TNT and
Yield on passing income	10.22%
Yield on market income	9.05%
Equivalent yield	9.29%
Discount rate	8.53%
Weighted avg. lease term	4.0 years
\$/m ² of rentable area	\$1,563/m ²

This development consists of a three storied commercial building with ground floor retail, two levels of offices and limited on-site carparking. Located to the northern side of Bryce Street it is centrally positioned within the CBD, but away from the main retail area.

Lease of three of the office tenancies were in effect rental guarantees to the vendor.

527-529 Victoria Street, Hamilton Central



Sale date	1 April 2019
Sale price	\$3,200,000
Tenant	
Yield on passing income	5.95%
Yield on market income	11.58%
Equivalent yield	7.50%
Discount rate	7.57%
Weighted avg. lease term	5.4 years
\$/m ² of rentable area	\$1,415/m ²

The ANZ building comprises a five level office structure that includes ground floor retail space. Situated on a prominent corner within the CBD the property has good profile.

103 Tristram Street, Hamilton Lake



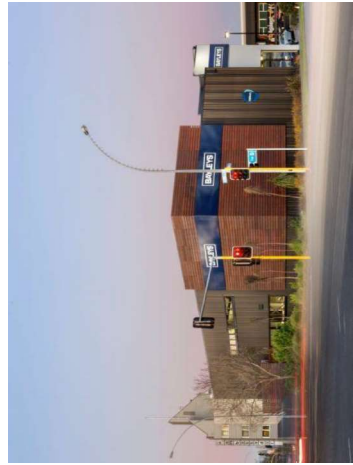
Sale date	19 June 2019	Two level commercial development, providing four office tenancies that underwent refurbishment some two years ago. There is good onsite carparking. The property is positioned on a prominent corner to the southern fringe of the CBD.
Sale price	\$3,300,000	
Tenant	EMC, GHD, Zambion and Russell	
Yield on passing income	6.11%	
Yield on market income	6.25%	
Equivalent yield	5.97%	
Discount rate	5.99%	
Weighted avg. lease term	3.5 years	
\$/m ² of rentable area	\$4,701/m ²	

95 The Boulevard, Te Rapa Park



Sale date	21 November 2019	The property comprises two levels of office accommodation and an attached clear span warehouse with associated area of secure yard and carparking located on a 2000m ² site. Sale and leaseback transaction.
Sale price	\$4,475,000	
Tenant	Wingers	
Yield on passing income	4.47%	
Yield on market income	3.64%	
Equivalent yield	3.86%	
Discount rate	3.11%	
Weighted avg. lease term	8.0 years	
\$/m ² of rentable area	\$3,504/m ²	

96 Ulster Street, Whitiorea



Sale date	6 December 2018	The property comprises a modern two storey office consisting of office, mezzanine and storage garage with 23 onsite carparks. Located in the north fringe of Hamilton CBD the property is on the prominent corner of Mill and Ulster Streets. This is a leaseback transaction.
Sale price	\$4,630,000	
Tenant	Bayleys Waikato	
Yield on passing income	4.84%	
Yield on market income	5.11%	
Equivalent yield	5.08%	
Discount rate	5.53%	
Weighted avg. lease term	9.7 years	
\$/m ² of rentable area	\$6,549/m ²	

586 Victoria Street, Hamilton Central



Sale date 5 July 2018
Sale price \$5,500,000
Tenant An older six level office tower at the northern fringe of the CBD. The building had a range of smaller tenancies but also a large area vacant. The property has the benefit of extensive open carparking at the rear, extending back to the bank of the Waikato River. The developer had a tenant secured for the top two floors.

Yield on passing income 2.19%
 Yield on market income 9.14%
 Equivalent yield 7.85%
 Discount rate 9.44%
 Weighted avg. lease term 1.6 years
 \$/m² of rentable area \$1,523/m²

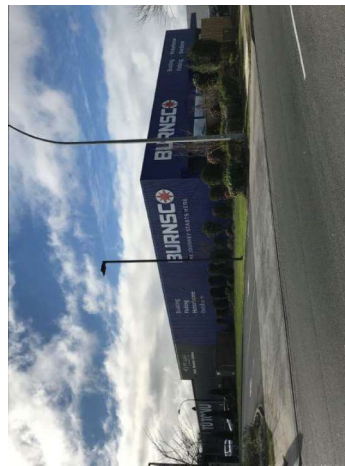
68 Harwood Street, Hamilton Central



Sale date Unconfirmed
Sale price \$6,800,000
Tenant This centrally located modern office building offers strong cashflow and potential healthy yield. An excellent freehold corner site with good carparking provides options to add value, including refurbishment, add a new building on the spare land, and/or residential or hotel conversion.

Yield on passing income 8.82%
 Yield on market income 0%
 Equivalent yield 0%
 Discount rate N/A
 Weighted avg. lease term N/A
 \$/m² of rentable area \$1,593/m²

20 Karewa Place, Pukete



Sale date 15 August 2019
Sale price \$7,000,000
Tenant Burnsco and Tu Tonu Limited
 The property comprises a new development incorporating two tenancies and 55 carparks. Positioned on Karewa Place the property's profile will increase upon the road extension being completed in the short term.

Yield on passing income 6.10%
 Yield on market income 4.63%
 Equivalent yield 4.88%
 Discount rate 5.19%
 Weighted avg. lease term 5.6 years
 \$/m² of rentable area \$2,188/m²

410 Victoria Street, Hamilton Central



Sale date

3 December 2018

Sale price

\$7,980,000

Tenant

Kiwibank and others

Yield on passing income

7.11%

Yield on market income

6.60%

Equivalent yield

6.27%

Discount rate

6.06%

Weighted avg. lease term

3.4 years

\$/m² of rentable area

\$4,175/m²

The building is an older four level office that has been well refurbished and was almost fully tenanted at the time of sale. The vendor provided a 12 month rental guarantee on two vacant areas in the building. The building is well located in the centre of the CBD with prominent corner exposure and is anchored by a ground floor lease to Kiwi Bank. The sale includes a small site opposite on Alma Street that is developed with a car stacker that provides 32 carparks for the office tenants as well as some casual carparking tenancies.

12.3 SALES SUMMARY

Address	Sale Date	Sale Price	WALT (years)	Passing Yield	Market Yield	Equivalent Yield	Discount Rate	\$/m ² Rentable Area
8 Karewa Place	Sep 2019	\$2,301,600	2.1	4.90%	5.41%	5.26%	6.19%	\$2,491
1 De Leeuw Place	Aug 2019	\$2,805,000	3.3	4.76%	5.29%	5.28%	6.10%	\$2,922
25 The Boulevard	Nov 2019	\$4,475,000	8.0	4.47%	3.64%	3.86%	3.11%	\$3,504
20 Karewa Place	Aug 2019	\$7,000,000	5.6	6.10%	4.63%	4.88%	5.19%	\$2,188
586 Victoria Street	Jul 2018	\$5,500,000	1.6	2.19%	9.14%	7.85%	9.44%	\$1,523
68 Hanwood Street	Sep 2018	\$6,800,000	0.0	8.82%	-	-	-	\$1,593
410 Victoria Street	Dec 2018	\$7,980,000	3.4	7.11%	6.60%	6.27%	6.06%	\$4,175
103 Tristram Street	Jun 2019	\$3,300,000	3.5	6.11%	6.25%	5.97%	5.99%	\$4,701
Ranges			<i>minimum</i>	2.19%	3.64%	3.86%	3.11%	\$1,415
			<i>maximum</i>	10.22%	11.58%	9.29%	9.44%	\$4,701

12.4 LAND SALES

227 Anglesea Street, Hamilton Central



Sale date
Sale price
Area
Rate/m²

5 November 2018
\$850,000
892 m² (more or less)
\$1,119.00/m²

A rear site with access via a shared ROW from Anglesea Street purchased by the adjoining owner to allow for expansion of their existing development. Allowance for demolition has been made within the assessment. A land value of \$1,119/m² is reflected over the net land area of 791m².

81 Victoria Street, Hamilton Central



Sale date
Sale price
Area
Rate/m²

29 May 2018
\$900,000
416 m² (more or less)
\$2,403.85/m²

Prominent corner site situated to the fringe of the city centre. Our analysis makes allowance for the demolition costs, as estimated by the purchaser, and reflects a land value of \$2,403.85/m².

530-540 Victoria Street, Hamilton Central



Sale date
Sale price
Area
Rate/m²

1 August 2019
\$1,380,000
750 m² (more or less)
\$2,040.00/m²

Two adjoining leasehold properties bought by developers undertaking the refurbishment of the ANZ office tower opposite and looking to provide carparking for tenants of the office building. After acquiring the leasehold interest, they bought the freehold and have allowed \$150,000 for the demolition. This is included in the analysis of the land at \$2,040/m² which also would include an 'adjoining owner' premium and the rear access benefit off Bryce Lane. The site has access across the rear at a basement level for the parking which with allowance for both factors would suggest a land value of \$1,700/m² as a standard site.

611-631 Victoria Street, Hamilton Central**Sale date**

4 June 2019

Sale price

\$3,588,000

Area3005 m² (more or less)**Rate/m²**\$1,207.00/m²

The property comprises a total 3,005m² commercial site located to the northern fringe of Hamilton CBD. The site has frontage to Victoria Street and a secondary access from Barton Road. It is currently occupied by a vacant two level commercial building and a vacant commercial site leased on a short term basis as a carpark. Land sale analysis indicates a land value of \$1,207/m² after an allowance for demolition cost.

12.5 SALES SUMMARY

Address	Sale date	Sale price	Land area	Land value (\$/m ²)
227 Anglesea Street	5 November 2018	\$850,000	892m ²	\$1,119.00
81 Victoria Street	29 May 2018	\$900,000	416m ²	\$2,403.85
530-540 Victoria Street	1 August 2019	\$1,380,000	750m ²	\$2,040.00
611-631 Victoria Street	4 June 2019	\$3,588,000	3005m ²	\$1,207.00
Land value range			\$194.74/m² - \$421.00/m²	

12.6 INVESTMENT PROFILE

In establishing appropriate investment benchmarks for the property we have considered its investment profile in terms of:

Location

The property is well located.

Building quality

An older building that has been refurbished. Some prior market resistance was noted around lower ceiling stud height but subsequent to refurbishment this does not appear to be a market factor. Overall an attractive appearance and with a modern entry from Victoria Street.

Tenant strength

The building has seven tenants which are all of what would be considered strong market perception including government tenants and Kiwibank.

Weighted average lease term to run

This is 3.8 years and given the nature of the development providing for smaller businesses we would anticipate this lower WALT being normal. Although lower number of tenancies allows some spread of risk of vacancy.

Contract rent vs market rent

The Contract rent is above market as a result of a premium paid by Kiwibank for the ground floor corner retail exposure in the main street. We note SBS Bank also paid a similar premium when establishing their business some years ago on the corner with Bryce Street.

Scale of investment

This is a medium sized investment in the Hamilton and Waikato market. We would anticipate a reasonably wide appeal to the investment market.

Land sales

The sales predominantly are of fringe sites for development and would suggest a land value in these locations of between \$1,000/m² and \$1,300/m². There has been a smaller corner site sale at the southern end of Victoria Street showing a high premium for the size and corner at \$2,403/m². Land bought at 530-540 Victoria Street to the north of the subject was analysed at \$2,040/m². These sites were bought to provide carparking for the ANZ Bank redevelopment opposite. With some allowance for the premium an adjoining owner purchase and having regard to the corner frontage and position of the subject we have adopted \$2,000/m² for the Victoria Street site and \$1750/m² for the smaller Alma Street site recognising it also has corner aspect to the right of way.

12.7 COVID-19 DISCUSSION

12.7.1 Introduction

Impact on owner occupiers and investors due to the current economic climate and the fast changing environment will cause hesitation in terms of purchase decisions. Business decisions will be delayed in the first instance as actual and potential impacts are measured. Historically in times of economic upheaval, such as the Global Financial Crisis (GFC), the first reaction was to do nothing. Transactions dried up initially, followed by a period where forced sale situations occurred. Should the current situation extend out beyond the short term and the market remains subdued, then the lower levels set by these initial transactions may well become the norm and the new accepted level.

At this time, it appears that sentiment is that this will be a relatively short term event, with media reporting China is already returning to normalcy.

There have been no notable sales since the COVID-19 pandemic took effect, however the buoyant optimism seen in the market previously has now evaporated. Purchasers may err on the side of caution however it is our view that there will be little impact on the yields initially, but this depends entirely on the duration of the lockdown.

Purchasers are more likely to consider the risk of reduced or loss of rental income over the next 12 months as businesses either fail or request rental relief from landlords. Another consideration would be the amount of time it would take to secure occupants for vacant premise.

12.7.2 Property specific comment

When undertaking our valuation, we have considered the following characteristics of the property that will largely determine the impact that the COVID-19 virus may have on its value:

Type of asset

The property's asset class is office. Office properties are moderately impacted by adverse economic events such as this. Post the lockdown phase (alert Level 4) it is anticipated that workers will return to office premise. At this stage, most professional services are continuing to operate, albeit potentially at reduced capacity which may also extend through a recovery period.

Quality of asset

This is fringe or secondary asset by virtue of the asset class and age of the building but with regard to the refurbishment. Investors will often sell fringe or secondary assets during uncertain economic times and purchasers will price risks more aggressively. Secondary assets are more susceptible to market downturns.

Tenant type and quality

The property is occupied by a mix of government and national tenants. Kiwibank are able to provide essential services during the lockdown period while the other tenants will not be able to occupy the building. These remaining tenants are likely to be impacted to a low degree during the lockdown period and through any adverse economic times following.

The income from the property is therefore expected to be only slightly impacted during the lockdown and subsequent recovery.

Location

The Hamilton investment market has matured over recent years with a noticeable number of national investors in the market and significant investment levels being a reflection of the confidence in the Hamilton market which as part of the "Golden Triangle" is seen to have good prospect of continued growth in the medium term as new businesses establish in the City and large projects such as the Waikato Expressway is completed, Tainui's inland port and Ports of Auckland inland port develop.

Valuation adjustments

In this instance, we have made a marginal adjustment to capitalisation rates and consider the impact is better encapsulated by making explicit adjustments to the valuation that reflect potential disruptions to the income profile.

Taking account of the above, we have made the following adjustments to the various valuation inputs:

- Rent rebates. An explicit allowance for rent rebates of \$18,496. This has been calculated at 1 month at 100% rebate. This does not include an allowance for operating expenses.
- Vacancies. We have extended the vacancy period within our valuation calculations to 9 months. Prior to COVID-19, we would have adopted 6 months for the vacant tenancy on Level 1.
- Capitalisation rate. We have softened the capitalisation rate slightly to price in the additional risks. We have therefore adopted a capitalisation rate at the upper end of the market range, which is more in line with prices early 2019.
- We have made an overall cashflow adjustment equating to six months rent and outgoings. While this is not anticipated we believe the market would make some form of adjustment for the risk. This is therefore spread across this adjustment and the softer capitalisation rate.

12.8 CONCLUSIONS

The market pre COVID-19 had responded to strong demand for investment property by a reduction in investment yields on commercial property. The evidence shown provides a clear indication of an equivalent yield range for well perceived investment, particularly in the industrial sector, at between 4.75% and 5.25% with one notable exception being the 25 The Boulevard sale in November at 3.86% equivalent yield. This property had been remodelled, leased long term to a well-regarded local tenant/business and with fixed rental growth despite the rental being above market.

Other sales include office bought for redevelopment being 586 Victoria Street (7.85%), 527-529 Victoria Street (7.50%) and 68 Harwood Street at 8.82% on passing income.

Examples of refurbished office include 103 Tristram Street at 5.97% and the earlier sale of the subject at 6.27%.

The higher level of yield for office has been typical in the Hamilton market. It would be reasonable to say that pre COVID-19 this equivalent yield would have sat around 6.0%.

The current economic climate and the fast-changing environment will cause hesitation in terms of purchase decisions. Business decisions will be delayed in the first instance as actual and potential impacts are measured. Historically in times of economic upheaval, such as the Global Financial Crisis (GFC), the first reaction was to do nothing. Transactions dried up initially, followed by a period where forced sale situations occurred. Should the current situation extend out beyond the short term and the market remains subdued, then the lower levels set by these initial transactions may well become the norm and the new accepted level.

At this time, it appears that sentiment is that this will be a relatively short-term event, with media reporting China is already returning to normalcy. Purchasers may err on the side of caution however it is our view that there will be little impact on the yields initially. Purchasers are more likely to consider the risk of reduced or loss of rental income over the next 12 months as businesses either fail or request rental relief from landlords. Another consideration would be the amount of time it would take to secure occupants for vacant premise.

In this instance, we have made a marginal adjustment to yields and consider the impact is better encapsulated by extending out the vacancy period of the vacant office on the first floor and to make an adjustment for the potential for lost rental income over the next twelve months to reflect the short-term hesitancy in the market. We have also built in lost cashflow over the next four weeks from the non-occupation.

The overall value equates to \$4,447/m² of the lettable area of the office which aligns with the office sale 103 Tristram street (\$4,701/m²) and the original sale of the subject in late 2018 at \$4,175/m².

13.0 VALUATION

13.1 HIGHEST AND BEST USE

The Market Value of an asset will reflect its 'highest and best use'. The highest and best use is the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

In this instance, in our opinion, the current use of the asset is the highest and best use.

13.2 VALUATION APPROACHES AND METHODS

To establish Market Value, as per International Valuation Standard 105, we have utilised the following recognised valuation approaches:

- Income Approach

13.2.1 Income Approach

The Income Approach is predicated on the conversion of net actual or market income, which either is or could be generated by an owner of the interest, to value.

Income Capitalisation

This method encompasses the conversion of net income (actual, market or notional) to value via the application of a capitalisation rate or yield (investment return). The basic premise of income capitalisation is that a property investor expects a pre-determined rate of return on their investment. The yield varies according to a number of factors including: risk, type & scale of investment, location, residual lease term and expected income and capital value growth. The two main variables, namely income and yield, are analysed from available rental and sales evidence.

Implicit adjustments are made when determining an appropriate yield to apply, however, in instances where the contract rent varies from market rent, the present value of the variation is adjusted against the capitalised value. The capitalised value may also be adjusted for costs associated with vacancy if existing or imminent, refurbishment/incentives and capital expenditure.

The contract rental income is \$578,047 per annum, plus GST. In an earlier section we established the market rent at a level of \$575,407 per annum, plus GST.

In relation to the investment yield we have analysed a wide range of sales. Based on the sales evidence, and reflecting the key investment criteria of the subject property, we have concluded an appropriate equivalent yield of 6.25% on the market cashflow. Our investment calculations are as follows:

Income Capitalisation

Market income

- Total Market Income \$575,407
- Less Unrecovered Outgoings (\$26,248)

Net market income \$549,159

Rental adjustments

- Unrecovered Management Allowance @ 2.50% (\$14,385)

Total net market income \$534,774

Net Market Income Capitalised

@ 6.25%

Market value- fully leased at market level \$8,556,383

Capital adjustments

- Present Value of Rental Reversions \$329,013
- Present Value of Initial Vacancy Void (\$29,900)
- Leasing Costs (\$6,950)
- Present Value of OPEX During Vacancy (\$8,835)
- Present Value of lost cashflow allowance Covid 19 (\$318,939)
- Imminent Vacancy Allowance (expiry within 12 months) (\$21,568)

Total capital adjustments (\$57,178)

Market value \$8,499,205

adopt \$8,500,000

Sensitivity Analysis

Equivalent Yield @ 6.00% = \$9,095,000
 @ **Adopted** = **\$8,730,000**
 @ 6.50% = \$8,390,000

Benchmark Analysis

Yield on Market Income 6.29%
 Initial Yield 6.49%
 Equivalent Yield 6.25%
 \$/m² of Rentable Floor Area \$4,447

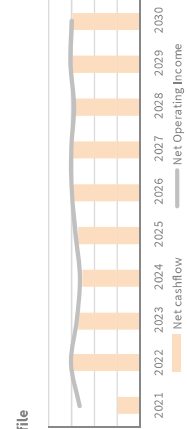
Discounted Cash Flow Method

Year ending	Mar-2021	Mar-2022	Mar-2023	Mar-2024	Mar-2025	Mar-2026	Mar-2027	Mar-2028	Mar-2029	Mar-2030	Mar-2031
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<i>Rental Income</i>											
■ Kiwi Bank	\$194,772	\$195,665	\$177,364	\$175,700	\$175,700	\$175,700	\$175,700	\$175,700	\$175,700	\$175,700	-
■ Te Tume Paeroa	\$12,414	\$30,318	\$30,318	\$30,318	\$15,696	\$31,393	\$31,393	\$31,868	\$32,344	\$32,344	-
■ Early Childcare	\$54,934	\$59,076	\$60,714	\$62,232	\$61,258	\$62,554	\$64,118	\$42,144	\$63,424	\$64,067	-
■ Part Vacant (level 1)	\$10,297	\$41,189	\$41,396	\$42,017	\$31,512	\$42,968	\$43,968	\$43,832	\$43,832	\$43,633	-
■ Department of Internal Affairs	\$85,078	\$93,238	\$93,238	\$62,683	\$96,383	\$96,383	\$96,856	\$99,221	\$99,221	\$99,722	-
■ Kiwi Bank (Office)	\$41,842	\$41,842	\$42,078	\$42,247	\$42,247	\$42,994	\$43,527	\$43,527	\$44,297	\$44,846	-
■ Jacobs	\$52,554	\$55,362	\$27,367	\$53,422	\$53,594	\$54,451	\$54,633	\$55,546	\$55,732	\$56,662	-
■ Darroch Valuations	\$74,700	\$74,929	\$75,386	\$50,257	\$77,157	\$77,157	\$78,708	\$78,708	\$80,290	\$80,290	-
■ The Stack	\$48,341	\$51,199	\$51,967	\$52,746	\$53,537	\$54,341	\$55,156	\$55,983	\$56,823	\$57,675	-
Total income	\$574,931	\$642,817	\$599,828	\$571,623	\$607,085	\$637,939	\$643,058	\$626,528	\$651,660	\$644,939	-
<i>Vacancy Allowance</i>											
■ Unrecovered Management Allowance @ 2.5% pa	(\$14,373)	(\$16,070)	(\$14,996)	(\$14,291)	(\$15,177)	(\$15,948)	(\$16,076)	(\$15,663)	(\$16,292)	(\$16,123)	-
<i>Operating Expenses</i>											
■ Less Unrecovered Opex	(\$26,248)	(\$26,747)	(\$27,255)	(\$27,800)	(\$28,384)	(\$29,008)	(\$29,675)	(\$30,417)	(\$31,178)	(\$31,957)	-
■ Less Opex During Vacancy	(\$8,997)	-	(\$7,608)	(\$6,600)	(\$3,301)	-	-	(\$6,023)	-	(\$3,639)	-
Total operating expenses	(\$49,618)	(\$42,817)	(\$49,859)	(\$48,690)	(\$46,862)	(\$44,957)	(\$45,752)	(\$52,103)	(\$47,469)	(\$51,720)	-
Net operating income	\$525,313	\$599,999	\$549,970	\$522,933	\$560,223	\$592,983	\$597,306	\$574,424	\$604,191	\$593,219	-
<i>Leasing & Capital Expenses</i>											
■ Commissions	-	(\$5,161)	(\$9,078)	(\$16,381)	(\$18,462)	(\$7,303)	-	(\$10,730)	-	(\$7,630)	-
■ Allowance for lost cashflow Covid 19 (6mths)	(\$338,873)	-	-	-	-	-	-	-	-	-	-
Total leasing & capital expenses	(\$338,873)	(\$5,161)	(\$9,078)	(\$16,381)	(\$18,462)	(\$7,303)	(\$10,730)	(\$10,730)	(\$7,630)	(\$7,630)	-
Net cashflow	\$186,440	\$594,838	\$540,892	\$506,552	\$541,761	\$585,680	\$597,306	\$563,694	\$604,191	\$585,590	-
Reversionary value											
■ Net Market Cashflow at Period End											\$589,969
■ Capitalised At Terminal Yield of: 6.75%											\$8,740,280
■ Plus PV Rental Surplus To Market Rental Reversion											\$67,523
■ Less Disposal Costs of: 0%											-
Net reversionary value											\$8,807,803
Net present value of net cash flows											\$3,832,209
Present value of terminal value											\$4,667,587

Indicated market value adopt **\$8,500,000**

Discounted cash flow summary

PV of Net Income:	\$3,832,209
PV of Terminal Value:	\$4,667,587
Total Net Present Value:	\$8,499,796
Disposal Costs:	-
Capital Items:	-
Adopted value (via this method):	\$8,500,000



Sensitivity analysis

Discount Rate	Terminal Yield
6.25%	6.50%
6.50%	6.75%
6.75%	7.00%

Discount Rate	Terminal Yield
6.25%	6.50%
6.50%	6.75%
6.75%	7.00%

13.3 VALUATION SUMMARY

Method	Value
Income Capitalisation	\$8,500,000
Discounted Cash Flow	\$8,500,000
Adopted Market Value	\$8,500,000

Based on our adopted value, the following investment benchmarks are indicated:

Yield on passing income	6.49%
Yield on market income	6.46%
Equivalent yield	6.25%
Resultant IRR	6.50%
\$/m² of rentable floor area	\$4,447

The Market Value can be apportioned as follows:

Land	Improvements	Market Value
\$1,640,000	\$6,860,000	\$8,500,000

13.4 CONTRACT FOR SALE

We are not aware of any sale and purchase agreement in place for the subject property.

13.5 PREVIOUS SALE DETAILS

The property sold 3 December \$7,980,000. Since the sale Kiwibank have taken a lease of part of the vacant office space at the time of sale and the rental on two of the other tenancies have been reviewed upward as have some of the carpark rentals.

13.6 MORTGAGE RECOMMENDATION

In compliance with requirements of the Australia and New Zealand Valuation and Property Standards, unless an intending lender expressly requests or has a stated policy requirement that such recommendation be provided by the valuer, no specific recommendation has been made as either to the suitability of the property as a lending security or the maximum loan as an amount or percentage of value.

14.0 STATEMENT OF LIMITING CONDITIONS AND VALUATION POLICY

Purpose

This valuation report has been completed for the specific purpose stated. No responsibility is accepted in the event that this report is used for any other purpose.

Responsibility to third party

Our responsibility in connection with this valuation is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Waikato) Limited and the author of the report. TelferYoung (Waikato) Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction of report

Neither the whole nor any part of this valuation and report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing the Valuer's signature.

Date of valuation

Unless otherwise stated, the effective date of the valuation is the date of the inspection of the property. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Legislation

We have not obtained a Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for this property which, unless otherwise stated, is assumed to conform to all requirements of the Resource Management Act 1991, the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992, the Building Act 2004 and any Historic Places Trust registration. Our valuation reports are prepared on the basis that properties comply with all relevant legislation and regulations

and that there is no adverse or beneficial information recorded on the Territorial Local Authority (TLA) property file, unless otherwise stated. Legislation that may be of importance in this regard includes the Health & Safety at Work Act 2015, the Fire Safety and Evacuation of Buildings Regulation 1992, and the Disabled Persons Community Welfare Act 1975.

Registrations

Unless otherwise stated, our valuation is subject to there being no detrimental or beneficial registrations affecting the value of the property other than those appearing on the title. Such registrations may include Waahi Tapu and Heritage New Zealand registrations.

Reliability of data

The data and statistical information contained herein was gathered for valuation purposes from reliable, commonly utilised industry sources. Whilst we have endeavoured to ensure that the data and information is correct, in many cases, we cannot specifically verify the information at source and therefore cannot guarantee its accuracy.

Assumptions

This report contains assumptions believed to be fair and reasonable at the date of valuation. In the event that assumptions are made, based on information relied upon which is later proven to be incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Waikato) Limited reserves the right to reconsider the report, and if necessary, reassess values.

GST

The available sources of sales data upon which our valuation is based generally do not identify whether or not a sale price is inclusive or exclusive of GST. Unless it has been necessary and possible to specifically verify the GST status of a particular sale, it has been assumed that available sale price data has been transacted on a plus GST (if any) basis, which is in accordance with standard industry practice for most commercial property. Should this interpretation not be correct for any particular sale or rental used as evidence, we reserve the right to reconsider our valuation.

Land survey

We have made no survey of the subject property and assume no responsibility in connection with these matters. Unless otherwise stated, the valuation has been assessed conditional upon all improvements being within the title boundaries.

Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, the valuation has been assessed conditional upon the land being firm and suitable ground for the existing and/or potential development, without the need for additional and expensive foundation and retaining work or drainage systems.

Contamination

We have not undertaken an environmental audit of the property. Unless otherwise stated, our valuation and report is conditional upon the land and buildings being unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Not a structural survey

Our inspection has been undertaken for valuation purposes only, and does not constitute a structural survey. Verification that the building is sound should be obtained from a suitably qualified building engineer. If the building is found to be unsound, this finding/new information is likely to impact on the value of the property.

Earthquake-prone buildings

We are aware that a number of buildings are, or may be potentially, affected by local territorial authority policies for 'earthquake-prone' buildings (Earthquake-Prone Building Policies) required to be in place under the Building Act 2004. The Earthquake-Prone Building Policies may require building owners to undertake engineering investigations and subsequent structural upgrading, demolition or other steps to meet the requirements of the Earthquake-Prone Building Policies. Unless otherwise stated, our valuation makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet the requirements of Earthquake Prone Building Policies. We are not qualified to determine the 'earthquake-prone' status of the buildings. Our valuation is therefore subject to a review, investigation and assessment of seismic performance of the building, by a suitably qualified building engineer, to determine the

'earthquake-prone' status of the building and where required, an estimate of any costs for structural upgrading, demolition or other steps required for the building to meet the requirements of Earthquake-Prone Building Policies. If the building is found to be 'earthquake-prone', this finding is likely to impact on the value of the property, and our valuation may materially alter as a result.

Systems

Our valuation has been assessed conditional upon all hot and cold water systems, electric systems, ventilating systems and other devices, fittings, installations or conveniences, including lifts and escalators where appropriate, as are in the building, being in proper working order and functioning for the purposes for which they were designed.

Market valuations

Market valuations are carried out in accordance with the Valuation Standards and Guidance Notes. Market Value is defined "The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.

Mortgage recommendation

Where an intending lender, by way of either general policy requirements or specific instruction, has required that a mortgage recommendation be provided in the valuation report, we have included a specific recommendation as to the suitability of the property as a security and the maximum loan as an amount or percentage of value. The valuation report has also included comment on commonly known, readily ascertainable and/or reasonably foreseeable property-specific and market factors as are relevant to the market value and marketability, to assist in informing the lender.

We note that the valuation provided in this report is our opinion of the market value, as at the valuation date, on a willing buyer/willing seller basis and does not allow for the potential consequences and costs of a forced sale. The value may change in the future because of market conditions and changes to the state of the subject property.

Water leaks and penetration effects

We are aware that a number of buildings have developed problems associated with water leaks, water penetration, weather-proofing, moisture and water exit control systems, mould, fungi, mildew, rot, decay, gradual deterioration, microorganisms, bacteria, protozoa or like forms. Problems can result from defects in design, construction methods and materials used, or any combination of defects.

Our valuation has been assessed conditional upon all buildings and structures being constructed strictly in accordance with recommended practices and free from defect unless otherwise stated. We are not qualified to undertake, nor have we undertaken, a structural survey of the buildings or structures. We accept no liability for any defects that may arise as a result of poor building design, construction methods or building materials. If you have any concerns, you should engage a suitably qualified person to report on this matter. Defects revealed by a suitably qualified expert may affect the value of the property.

Leases

The interpretation of leases or other contractual agreements referred to in this report is solely the opinion of the author and should not be construed as a legal interpretation. Furthermore, summaries of contractual agreements which may appear in the report or appendices, are presented for the sole purpose of giving the reader an overview of the salient facts thereof.

Tenancies

Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market perception of them. Unless otherwise advised, our valuation has been assessed subject to the tenant being independent of the owner and capable of meeting all financial obligations under the lease, and that there are no arrears of rent or undisclosed breaches of covenant. Further, our valuation is conditional upon all rents referred to in this report representing the rental arrangement stipulated in the contractual agreements pertaining to the tenant's occupancy, to the extent that such rents have not been prepaid, abated or inflated to reflect extraordinary circumstances, unless such conditions have been identified and noted in this report.

Professional indemnity cover

We have in force at the time of supplying the above valuation, current professional negligence insurance appropriate to the nature and level of our business activities. The Registered Valuer is covered by the policy.

Valuer's statement

This report has been undertaken by Doug Saunders who has inspected the property externally and internally. The Registered Valuer holds an Annual Practising Certificate.

Please contact the writer should you wish to discuss any matters raised in this report.

Yours faithfully

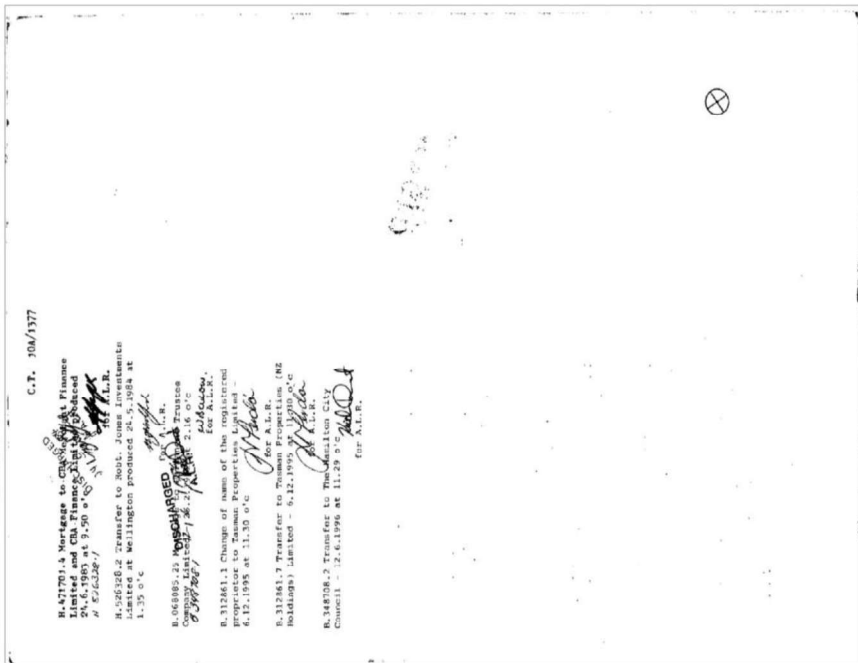
TelferYoung (Waikato) Limited



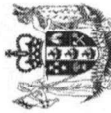
Doug Saunders - B Com (VPM); FNZIV; FPIINZ
Registered Valuer
Email: doug.saunders@telferyoung.com

APPENDIX

Identifier SA10A/1377



Transaction Id: SA10A/1377
Client Reference: 144444005
Historical Search Copy Dated 30/03/2019 9:50 am, Page 3 of 3



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



R. W. Nair
Registrar-General

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier SA10A/1377
Land Registration District South Auckland
Date Listed 24 February 1969

Prior References

SA80/64

Estate Fee Simple
Area 231 square metres more or less
Legal Description Part Lot 44-45 Deposited Plan 1566

Original Registered Owners

The Hamilton City Council

Interests

- H449246 CERTIFICATE PURSUANT TO SECTION 64(2) LOCAL GOVERNMENT ACT 1974 - 26.11.1983 AT 1.45 PM
- 5866534.1 Transfer to Glecher Properties Limited - 16.1.2004 at 9:00 am
- 5866534.2 Transfer to Chylie Properties Limited - 16.1.2004 at 9:00 am
- 5866534.3 Mortgage to Bank of New Zealand - 16.1.2004 at 9:00 am
- 11310393.1 Discharge of Mortgage 5866534.3 - 14.12.2018 at 5:00 pm
- 11310393.2 Transfer to PMG Capital Fund Limited - 14.12.2018 at 5:00 pm
- 11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm
- 11408931.1 Discharge of Mortgage 11310393.3 - 18.4.2019 at 4:27 pm
- 11408931.2 Transfer to PMG Direct Office Fund Trustees Limited - 18.4.2019 at 4:27 pm
- 11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

Transaction Id: SA10A/1377
Client Reference: 144444005
Historical Search Copy Dated 30/03/2019 9:50 am, Page 1 of 3



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



R. W. Nairn Registrar-General

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier SA10A/1379 and Registration District South Auckland Date Issued 24 February 1969

Prior References

SA80/64

Estate

Fee Simple 231 square metres more or less

Legal Description Part Lot 44 Deposited Plan 1566

Original Registered Owners

The Hamilton City Council

Interests

H449246 CERTIFICATE PURSUANT TO SECTION 64(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM

S866534.1 Transfer to Gletcher Properties Limited - 16.1.2004 at 9:00 am

S866534.2 Transfer to Chylie Properties Limited - 16.1.2004 at 9:00 am

S866534.3 Mortgage to Bank of New Zealand - 16.1.2004 at 9:00 am

11310393.1 Discharge of Mortgage S866534.3 - 14.12.2018 at 5:00 pm

11310393.2 Transfer to PMG Capital Fund Limited - 14.12.2018 at 5:00 pm

11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm

11408931.1 Discharge of Mortgage 11310393.3 - 18.4.2019 at 4:27 pm

11408931.2 Transfer to PMG Direct Office Fund Trustees Limited - 18.4.2019 at 4:27 pm

11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

Identifier SA10A/1379

References: Plan C/T: 80/64 Transfer No: S.44/0195 N.C. Order No. S.44/0195



Land and Title 69 REGISTER

CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate is issued to the Registrar-General of the Land Registration District of South Auckland in pursuance of the provisions of the Land Transfer Act 2017 and the Land Transfer Regulations 2017. It is issued to the Registrar-General of the Land Registration District of South Auckland in pursuance of the provisions of the Land Transfer Act 2017 and the Land Transfer Regulations 2017. It is issued to the Registrar-General of the Land Registration District of South Auckland in pursuance of the provisions of the Land Transfer Act 2017 and the Land Transfer Regulations 2017.

1986/4 Lease to the Mayor Councillors and Citizens of the City of Hamilton in and of the said funds



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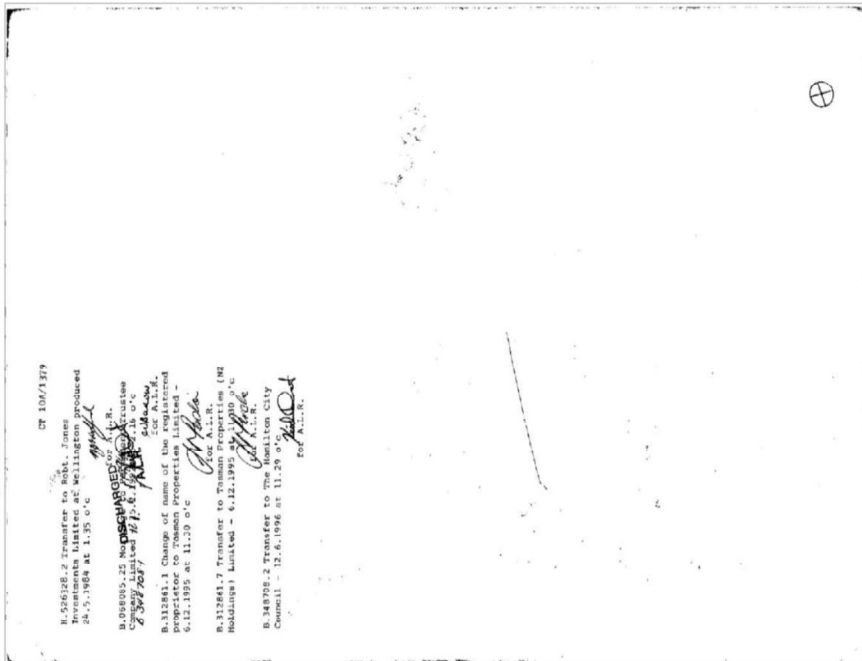
1986/4 Lease to the Mayor Councillors and Citizens of the City of Hamilton in and of the said funds

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1986/4 Lease to the Mayor Councillors and Citizens of the City of Hamilton in and of the said funds

Identifier SA10A/1379



Transaction Id: SA10A/1379
Client Reference: 14040005
Historical Search Copy Dated: 30/03/2019 9:50 am, Page: 3 of 3



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



R. W. Nair
Registrar-General

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier: **300443**
Land and Registration District: **South Auckland**
Date Entered: 09 November 2007

Prior References: SA60D682

Estate: Fee Simple
Area: 255 square metres more or less
Legal Description: Lot 2 Deposited Plan 374486 and Lot 2 Deposited Plan South Auckland 74799

Original Registered Owners: Chylie Properties Limited

Interests

Excepting pursuant to Section 19 Public Works Act 1928 any mines of coal and other minerals not taken by Proclamation S165717

Subject to Section 27B State-Owned Enterprises Act 1986 (which provides for the resumption of land on the recommendation of the Waitangi Tribunal and which does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation) (affects Lot 2 DP 374486)

Subject to Section 11 Crown Minerals Act 1991

Subject to Part IV A Conservation Act 1987

5866534.3 Mortgage of Lot 2 DPS 74799 to Bank of New Zealand - 16.1.2004 at 9:00 am

Subject to Section 24(1) and Section 24(2) Resource Management Act 1991 (affects DP 374486)

Appurtenant hereto is a right of way created by Easement Instrument 7609180.11 - 9.11.2007 at 9:00 am

The easements created by Easement Instrument 7609180.11 are subject to Section 243 (a) Resource Management Act 1991

7609180.13 CAVEAT BY CHYLIE PROPERTIES LIMITED - 9.11.2007 at 9:00 am (AFFECTS LOT 2 DPS 74799)

7713947.1 Departmental Dealing correcting the name of the Caveator in Caveat 7609180.13 from Chylie Properties Limited to Tairāwhiti Investments Limited - 29.2.2008 at 10:00 am

7877247.1 Withdrawal of Caveat 7609180.13 - 15.7.2008 at 9:00 am

Subject to a right of way over par marked A DP 397919 created by Easement Instrument 7877247.2 - 15.7.2008 at 9:00 am

9456683.1 Certificate pursuant to Section 14(3) Waikato Raupatu Claims Settlement Act 1995 removing memorial Subject to Section 27B State-Owned Enterprises Act 1986 (which provides for the resumption of land on the recommendation of the Waitangi Tribunal and does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation) - 12.7.2013 at 7:00 am

11310393.1 Discharge of Mortgage 5866534.3 - 14.12.2018 at 5:00 pm

11310393.2 Transfer to PMG Capital Fund Limited - 14.12.2018 at 5:00 pm

11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm

11408931.1 Discharge of Mortgage 11310393.3 - 18.4.2019 at 4:27 pm

11408931.2 Transfer to PMG Direct Office Fund Trustees Limited - 18.4.2019 at 4:27 pm

Transaction Id: 14040005
Client Reference: 14040005
Historical Search Copy Dated: 31/03/2019 3:22 pm, Page: 1 of 2

Identifier 300443

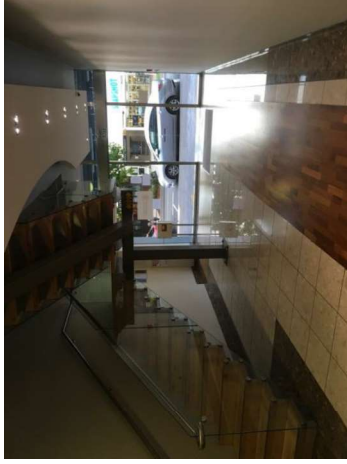
11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4.27 pm

Transaction Id: *Historical Search Copy Date: 3/10/2019 3:22 pm, Page 2 of 2*
Client Reference: *4ad4m005*

APPENDIX B ADDITIONAL PHOTOGRAPHS



Victoria Street frontage



Foyer from lift



Alma Street access to rear parking and access

NATIONWIDE

NATIONAL OFFICE

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E northshore@telferyoung.com
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+64 7 889 5990 (Morrinsville)
+64 7 827 2030 (Cambridge)

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L1, 1 Hutcheson Street, Blenheim 7201
E nelson@telferyoung.com
T +64 3 577 6060

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17 Dee Street
Timaru 7910
E canterbury@telferyoung.com
T +64 3 687 1220
L1, 130A Percival Street
PO Box 138, Rangiora 7440
E rangiora@telferyoung.com
T +64 3 313 5355

TelferYoung (Otago) Limited

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