



Valuation Report

“As If Complete” and Fully Leased

Nido - Home Products Superstore

156 Central Park Drive, Henderson

5 February 2019

MAAT Property Group

This valuation has been prepared for MAAT Property Group for Potential Acquisition and Mortgage Security purposes only.



Executive Summary



The property is proposed to comprise a Home Products Superstore situated on Central Park Drive in Henderson. Our specific instructions are to value the property "As If Complete" and Fully Leased based on the proposed improvements providing furniture and homewares products. The offering would be a first of its kind within the New Zealand market. The concept would be most comparable to an IKEA or Index Living concept offering, which requires a significant building footprint. Comparable stores globally, provide store sizes in excess of 20,000 sqm to provide enough scale so that stock can be bought at bulk wholesale prices as well as ensuring the necessary scale to draw a wider market catchment. This store size is over double the size of a typical larger New Zealand department store and trade retail stores which ideally look to provide floor areas between 8,000 and 12,000 sqm. We are aware of Costco and IKEA looking to enter the New Zealand market, with the former actively seeking sites in Auckland. This is likely to provide a degree of competition for the subject.

Because of the unique and untested nature of the proposed offering in the New Zealand market together with the fact that most comparable stores in the Australasian market are owner occupied, there is limited market leasing and transactional evidence for a store of this size and type. We have therefore had regard to forecast trading based on extensive business cashflow forecasts, demographic reports and benchmarking of department store trading levels from existing occupiers in the New Zealand market. We have also cross-checked our adopted rates psm against recent leasing evidence for hardware and bulk retail accommodation.

We believe that the current turnover statistics for most department stores, discount department stores and trade retail stores in the New Zealand market, would mean that the current market could support such an offering. This is particularly highlighted by the success of low cost offerings such as Kmart on an Australasian scale, Costco in Australia and IKEA globally and in Australia where their sales have doubled since 2014. However the untested nature of the offering means that the risks associated with the development need to be considered in our adopted yield profile. We have had regard to recent large retail transactions with a discount to this evidence because of the offering being untested in New Zealand.

Our valuation has been prepared on an "As If Complete" and Fully Leased basis. We have been specifically instructed to assess the value based on the proposed development. This valuation assumes a lease will be structured based on 15 year lease with annual fixed rental increases of 2.00% per annum. The initial rental is proposed to be set at \$4,484,000 per annum plus GST and outgoings, which is slightly ahead of our expectations.

No allowances have been made for the cost to complete the development in these approaches. Furthermore, our valuation assumes the tenant benefits from on-going supplier contracts for the store and assumes an ongoing ability to stock household goods at lower levels to existing offerings in New Zealand to ensure the store benefits from a wider catchment area.

Given the specialised nature of the proposed development and that our report is to be relied upon for mortgage security, we have also provided a land valuation 'As If Complete' at the rear of this report. Our Land Value assessment 'As If Complete' value is assessed assuming the site is decontaminated and the excavation works have been completed. This is described in further detail within addendum one of this report. We have also provided an assessment on the basis that the completed development is provided on a vacant possession basis. This valuation assumes the areas will be redeveloped and leased to alternative occupiers. We refer you to our 'As if Complete' with Vacant Possession assessment in addendum two of this report.

We have previously prepared a full report for the Centre which complies with Valuation Standards. Due to the purpose of this valuation, the fact that content is likely to be readily available on the Companies Office website and potential breaches of confidentiality, this report has been provided in an abbreviated format.

Valuation - "As If Complete" and Fully Leased

Prepared For	MAAT Property Group for Potential Acquisition and Mortgage Security purposes
Date of Valuation	5 February 2019
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Light Industry – Auckland Unitary Plan Operative in part (15 November 2016)
Interest Valued	100% Freehold Interest hold in Fee Simple Register - 618171
Adopted 'As If Complete' Value	\$59,000,000 plus GST (if any)
Adopted Land Value	\$21,200,000 plus GST (if any) – Refer to addendum One
Adopted 'As If Complete' with Vacant Possession Value	\$38,900,000 plus GST (if any) – Refer to addendum Two

Property Particulars - "As If Complete"

Gross Lettable Area	Total – exc. loading dock	26,387 sqm
	Ground Floor	14,185 sqm
	First Floor	12,201 sqm
	Loading Dock	1,295 sqm

Financial Summary - "As If Complete"

Gross Passing Income	\$4,958,958	(\$188 /sqm)
Adopted Outgoings	\$474,958	(\$18 /sqm)
Net Passing Income	\$4,484,000	(\$170 /sqm)
Weighted Average Lease Term (by Area)		15.00 years

Cap Approach Assumptions - "As If Complete"

Adopted Cap Rate	7.63%
Discount Rate (PV of Adjustments)	7.63%
Allowances for Capex Occurring within	24 months
Market Income Capitalisation	\$58,261,000
Passing Income Capitalisation	\$58,212,000

DCF Approach Assumptions - "As If Complete"

Discount Rate	8.75%
Terminal Yield	7.88%
Adopted Lease Term	10.0 years
Weighted Rental Growth (Avg. 10yr)	1.83%
Value based on DCF Approach	\$59,549,000

Valuation Analysis - "As If Complete"

Equivalent Yield	7.53%	Rate/sqm of NLA	\$2,236/sqm
Initial Yield (Net Passing Income)	7.60%	Internal Rate of Return (10 year)	8.89%

Valuers

Dale Winfield BCom(VPM), MPINZ, MRICS
Registered Valuer - Senior Director
Head of Valuations & Advisory - New Zealand
+64 9 363 0212
dale.winfield@ap.jll.com

Liam Rooney BProp, MPINZ
Registered Valuer - Director
+64 9 363 0271
liam.rooney@ap.jll.com

Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- The valuation is current as at the date of valuation only, being 5 February 2019. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Certificate of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

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

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Valuation Definitions
Computer Interest Register
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Valuation Calculations - Vacant Possession

1 Introduction

1.1 Instructions

We refer to instructions requesting that we undertake a market valuation "As If Complete" and Fully Leased of 156 Central Park Drive, Henderson (the Subject/Property), as at 5 February 2019 for and on behalf of MAAT Property Group. We understand that the valuation is to be relied upon for Potential Acquisition and Mortgage Security purposes only.

We have previously prepared a full report for the Centre which complies with Valuation Standards. Due to the purpose of this valuation, the fact that content is likely to be readily available on the Companies Office website and potential breaches of confidentiality, this report has been provided in an abbreviated format.

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

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

Furthermore we confirm:

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

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

1.2 Valuation and Inspection Dates

The key Dates which are relevant for our valuation are shown in the table below:

	Dates
Date of Valuation	5 February 2019
Date of Inspection	5 February 2019
Date of Preparation of Report	5 February 2019

Our valuation reflects the valuer's view of the market as at the inspection date and does not purport to predict the future.

1.3 Basis of Valuation

Market Value

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

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

"As If Complete" Value

An "As If Complete" valuation means a valuation that assumes the proposed development to be in a completed state as at the date of valuation and reflects the current market conditions at the date of valuation. Further:

- Our 'As If Complete' valuation assessment is based on the assumption that construction has been completed to a high standard in accordance with the broad parameters and specifications outlined within the plans provided to us. Accordingly, the valuation reflects our view of existing market conditions as at the date of valuation and does not attempt to forecast future market fluctuations at the actual date of practical completion of the development. Our valuation does not make any allowances for the costs of construction of the development.
- We reserve the right to amend our valuation should any changes of material impact subsequently be made to the design concept of the development provided for the purpose of this valuation.
- All relevant council consents obtained and code of compliance is issued.

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2017) Framework and General Standards
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 2 – Valuations for Mortgage & Loan Security Purposes

Due to the abbreviated nature of this report, there may be some departures from these standards, however we can confirm that a full market valuation report has previously been completed.

1.5 Information Sources

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

- Certificate of Title particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority;
- Sales and leasing data from various industry sources, including sales and leasing real estate agents;
- Market research and forecasts from JLL Research; and
- Demographic reports, proposed plans and specifications supplied by the instructing party or managing agent.

Our valuation is based on a significant amount of information which is sourced from the instructing party or managing agent and other third parties, including but not limited to tenancy schedules, operating cost budgets, title, site, environmental and planning documents. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed by our client or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

1.6 Specific Assumptions

We have been specifically instructed to assess the value of the property based on the following assumptions:

- Our valuation has been prepared on an "As If Complete" and Fully Leased basis and should not be construed as an 'As Is' valuation assessment.
- No allowances have been made for the cost to complete the development.
- Our valuation assumes the tenant benefits from on-going supplier contracts for the store and assumes an ongoing ability to stock household goods at lower levels to existing offerings in New Zealand to ensure the store benefits from a wider catchment area.
- Our valuation has been prepared on an "As If Complete" and Fully Leased basis. We have been specifically instructed to assess the value based on the proposed development. This valuation assumes a lease will be structured based on 15 year lease with annual fixed rental increases of 2.00% per annum. The initial rental is proposed to be set at \$4,484,000 per annum plus GST and outgoings, which is slightly ahead of our expectations.

2 Property Description - “As If Complete”

The property is proposed to comprise a Home Products Store, named Nido, spread over two levels providing a unique offering in the New Zealand market, in-line with an IKEA store. The subject property benefits from exposure to Central Park Drive and access also from Lincoln Road. Adjoining infrastructure has been completed for the site including roading, street lights and traffic lights providing ease of access into the proposed development. The product range of the proposed development is likely to include the following:

- Furniture, floor coverings, housewares and textile goods retailing (major categories)
- Electrical and electronic goods retailing (minor category)
- Hardware, building and garden supplies (minor category)

The offering would be a first within the New Zealand market competing with the likes of Farmers, Kmart, The Warehouse and other department stores. Because of the unique and untested nature of the proposed offering in the New Zealand market together the fact that most comparable stores in the Australasian market are owner occupied, there is limited market leasing and transactional evidence for a store of this size and type.

We believe that the current turnover statistics for most department stores, discount department stores and trade retail stores in the New Zealand market, would mean that the current market could support such an offering. This is particularly highlighted by the success of low cost offerings such as Kmart on an Australasian scale, however the untested nature of the offering means that the risks associated with the development need to be considered in our adopted yield profile. We have had regard to recent large retail transactions with a discount to this evidence because of the offering being untested in New Zealand.

We note IKEA in Australia has released a strategy to expand from 10 to more than 20 stores, but most of the new outlets are proposed to be small format stores (10,000 to 20,000 sqm) in shopping centres.



3 Land Particulars

3.1 Location

The property is located on Central Park Drive within Henderson, Waitakere. The Auckland CBD is approximately 15 kilometres east of the subject property when accessed by the North-Western Motorway interchange, which, lies approximately 500 metres north of the subject property.

Surrounding development includes a mixture of retail and commercial developments including a PAK'nSAVE supermarket, Mitre 10 Mega, Repco, bulk retail tenants at 111 Lincoln Road among convenience retail premises including within the adjoining 305 Lincoln Road, Lincoln North Shopping Centre and 155 Lincoln Road. Action Indoor Sports is located a short distance to the east of the subject along Central Park Drive. Other developments include Trust Stadium, Waitakere Hospital and Westfield West City in Henderson to the South-east.

Public transport facilities include bus stops on Lincoln Road and Triangle Road providing transportation to and from the Auckland CBD.

In terms of major shopping centre and retail competition, Westgate Town Centre is likely to provide the highest form of competition in close proximity. NorthWest Shopping Centre comprises a Regional Shopping Centre anchored by Farmers and Countdown with numerous specialty and foodcourt related tenancies. While Westgate Lifestyle comprises a bulk retail centre anchored by Harvey Norman.

The remaining Westgate Town Centre provides a Mitre 10 Mega and significant residual development land which is zoned special area. A Bunnings Warehouse is also under construction in this area. This Centre and residual land will provide significant competition for the subject with potential for competition to be constructed in addition to the competition that already exists.

Additionally, Henderson and slightly further afield, New Lynn provide established and comprehensive retail offers including traditional enclosed malls, bulk retail and hardware offers. On an Auckland-wide scale, Costco has been rumoured to have been actively looking to acquire up to three Auckland sites.

The following map identifies the approximate location of the Property:



Source: Google Maps

3.2 Demographic Analysis

We have been provided with two separate retail impact assessment peer reviews prepared by Covec and Market Place economists. These reviews were completed in February and April of 2013 however the trading performance forecasts are based on 2016 figures and have further inflated these to 2018 figures. We have also been provided with a subsequent report prepared by Property Economics which was prepared in August 2015. All of the reports detail demographic analysis together with comments surrounding forecast trading performance.

We outline the main points of these assessments as follows:

Catchment Area

The reports detail that likely catchment area for a size of this type will be the total Auckland region as the size and offering would be unique drawing a wider market catchment.

In our opinion this would be correct as the subject would provide a differentiated offering similar to how Dress-Smart Onehunga is differentiated from a standard shopping centre, providing an Outlet offering.

In order for the store to be appealing to a wider catchment including areas outside of Auckland, the store will need to receive significant marketing in preliminary stages of trading.

Household Growth in Catchment

The reports detail forecast household growth and population forecasts, however we have only had regard to forecast population growth in the Property Economics report, as this was prepared in 2015. We outline the latest Auckland population forecasts from Statistics NZ as follows

	Projection						Total Change
	2018	2023	2028	2033	2038	2043	
Auckland Region	1,699,900	1,859,300	1,990,100	2,112,000	2,222,700	2,326,200	626,300
Percentage change p.a.		1.88%	1.41%	1.23%	1.05%	0.93%	32.44%

Source: Statistics NZ, 2018

Assessment of Centre Impacts

This section is prepared primarily from a point of view in what effect the subject store will have on existing Centres in Waitakere. Although the report is based on this point of view, we believe it is important to note that since the authoring of these reports, the Westgate Town Centre development has progressed significantly and now provides a Regional Shopping Centre, new bulk Retail centre, Mitre 10 Mega and a Bunnings Warehouse currently being under construction. Through our review of these reports, we believe that the impact of Westgate Town Centre is understated with the development of this Centre being in the preliminary stages in early 2013 and only near completion in August 2015. Based on this we believe that initial trading is likely to be lower than forecast estimates set out within these reports, however potential exists through trading up in later years.

Estimated Turnover

The demographic reports outline forecast trading performance as follows:

Report	Date of Preparation	Estimated Turnover Forecast
Property Economics	August 2015	\$52 - \$63 million (inflated to 2018)
Covec	February 2013	\$73 - \$84 million (inflated to 2018)
Market Place	April 2013	\$57 - \$73 million (inflated to 2018)

We have placed some reliance on these figures when assessing our market rent, however ultimately we have had regard to our retail database and market knowledge when estimating initial turnover for the store. Should these forecasts change, we reserve the right to review our valuation.

Summary

Through our review of these reports, we agree with a number of characteristics and have used these reports to assess the potential trading performance of the subject store upon completion.

3.3 Title Particulars

Title Reference:	618171
Tenure:	Fee Simple
Legal Description:	Lot 2 Deposited Plan 464917
Area:	31,373 square metres
Registered Proprietor(s):	Magsons Investments Limited

Encumbrances:

The Certificate of Title details the following encumbrances:

- 7738571.1 Mortgage to Bank of New Zealand – 26.3.2008
- 8333379.2 Encumbrance to Mitre 10 (New Zealand) Limited – 4.11.2009
- 9924451.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 – 23.1.2015
- 9924451.4 Encumbrance to the Auckland Council – 23.1.2015 – this encumbrance relates to stormwater work requirements for the original subdivision of the overall site. Our valuation is prepared on the basis that this does not have an onerous effect on the proposed development.
- 9924451.5 Mortgage Priority Instrument making Encumbrance 9924451.4 first priority, Encumbrance 8333379.2 second priority and Mortgage 7738571.1 third priority – 23.1.2015
- Subject to a right (in gross) to drain water over parts marked B, C & D on DP 464917 in favour of the Auckland Council created by Easement Instrument 9924451.6 – 23.1.2015
- The easement created by Easement Instrument 9924451.6 is subject to Section 243(a) Resource Management Act 1991
- Subject to a right to drain water over parts marked C, D & E on DP 464917 created by Easement instrument 9924451.7 – 23.1.2015
- Appurtenant hereto is a right of way created by Easement Instrument 9924451.7 – 23.1.2015
- Some of the easements created by Easement Instrument 9924451.7 are subject to Section 243(a) Resource Management Act 1991 (see DP 471769)
- 10130428.4 Consent Notice pursuant to Section 221 Resource Management Act 1991 – 3.11.2015
- Subject to a right (in gross) to convey electricity over part marked A on DP 464917 in favour of Vector Limited created by Easement Instrument 10130428.5 – 3.11.2015
- Subject to a right (in gross) to drain water over part marked F on DP 464917 in favour of Auckland Council created by Easement Instrument 10130428.6 – 3.11.2015
- The easements created by Easement Instrument 10130428.6 are subject to Section 243(a) Resource Management Act 1991
- Land Covenant in Easement Instrument 11164677.2 - this relates to a right of way which will be registered on the title in favour of the adjoining development situated at 301 Lincoln Road. Assuming the development is complete, this is unlikely to have a material impact on the value of the property.

Source: Land Information New Zealand

Encumbrance to Mitre 10 (New Zealand) Limited: The encumbrance restricts the development of any retailer that would be in direct competition to the Mitre 10 Mega on Lincoln Road. Hardware, building and garden supplies is minor category proposed for the development. Our valuation specifically assumes that this encumbrance does not impact on the store being able to stock these goods.

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

3.4 Site Details

The property currently comprises a 31,373 sqm site with direct frontage to Central Park Drive of approximately 26.3 metres although on completion the improvements will be provided with excellent exposure to both Central Park Drive and Lincoln Road through the multi-levelled nature of the improvements. The site benefits from close proximity to a main arterial route in Lincoln Road which also links to the North-Western motorway onramps.

Access to the site is provided by a new road constructed over Lot 4 DP 464917 with a single entrance for the development. The contour of the site is level. The improvements are proposed to be situated on the southern half of the site with open air parking for approximately 350 vehicles.

Site Area:

31,373 sqm



Source: EMAP

3.5 Resource Management

Local Authority: Auckland Council

Planning Instrument: Auckland Unitary Plan Operative in part (15 November 2016)

Zoning:

Light Industry Zone

This zone provides for light industrial activities that do not generate objectionable odour, dust or noise emissions. This includes light manufacturing, production, logistics, storage, transport and distribution activities. Due to the industrial nature of the zone, activities to air discharges are generally not provided for.

Objectives:

- Light industrial activities locate and function efficiently within the zone.
 - The establishment of activities that may compromise the efficiency and functionality of the zone for industrial activities is avoided.
 - Adverse effects on amenity values and the natural environment, both within the zone and on adjacent areas, are managed.
 - Development avoids, remedies or mitigates adverse effects on the amenity of adjacent public open spaces and residential zones.
-

Development Controls:

The Light Industry zone provides for a range of light industrial activities to locate in the zone and avoids activities that do not support the primary function of the zone, with limited office, retail, and residential uses permitted.

Building Height:

- Must not exceed 20m

Height in relation to boundary:

- Buildings must not project beyond a 35 degree recession plane measured from a point 6m vertically above ground level along the boundary of residential, open space or special purpose boundary.

Yards:

- Front: 2m. Yards are not required for internal roads or service lanes
- Rear: 5m, where the rear boundary adjoins a residential zone, an open space zone or special purpose zone
- Side: 5m, where the side boundary adjoins a residential zone, an open space zone or special purpose zone
- Riparian: 10m from the edge of permanent and intermittent streams
- Lakeside: 30m
- Coastal protection yard: 25m

Maximum impervious area:

- Must not exceed 10 per cent of the riparian yard

Permitted activities include, but are not limited to: industrial and rural activities, workers' accommodation – one per site, service stations, dairies, drive-through restaurants, show homes, food and beverage services, garden centres, motor vehicle sales, marine retail, trade suppliers, and emergency services. Office, retail and tertiary education services that are accessory to an industrial activity are also permitted. In terms of development controls, the Light Industry zone permits the construction, additions and alterations to buildings, and the demolition of buildings.

Due to the industrial nature of the zone, sensitive activities such as community facilities exceeding 450sqm, dwellings, integrated residential accommodation, and office or retail activities that are not related to the predominant use on-site are non-complying.

In addition to the above, we have been provided with a granted resource consent application effective 21 June 2016. The resource consent is for development and operation of a homeware retail store on two levels with a gross floor area of 27,275 sqm. The resource consent lapses five years after the date of the consent, being 21 June 2021. In addition, we have been informed that the instructing party has building consent for the foundations and slab.

A subsequent variation to the consent has been issued to provide a height limit of 24 metres with a slight variation to the building footprint and layout. This was granted effective 19 October 2018.

3.6 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 July 2017, is as follows:

Land Value	\$19,350,000
Improvements Value	-
Capital Value	\$19,350,000

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

3.7 Environmental Issues

We note the site is currently partly contaminated based on the former use as farmland. We have been informed the cost to decontaminate the site is approximately \$500,000 (plus GST).

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

4 Improvements - “As If Complete”

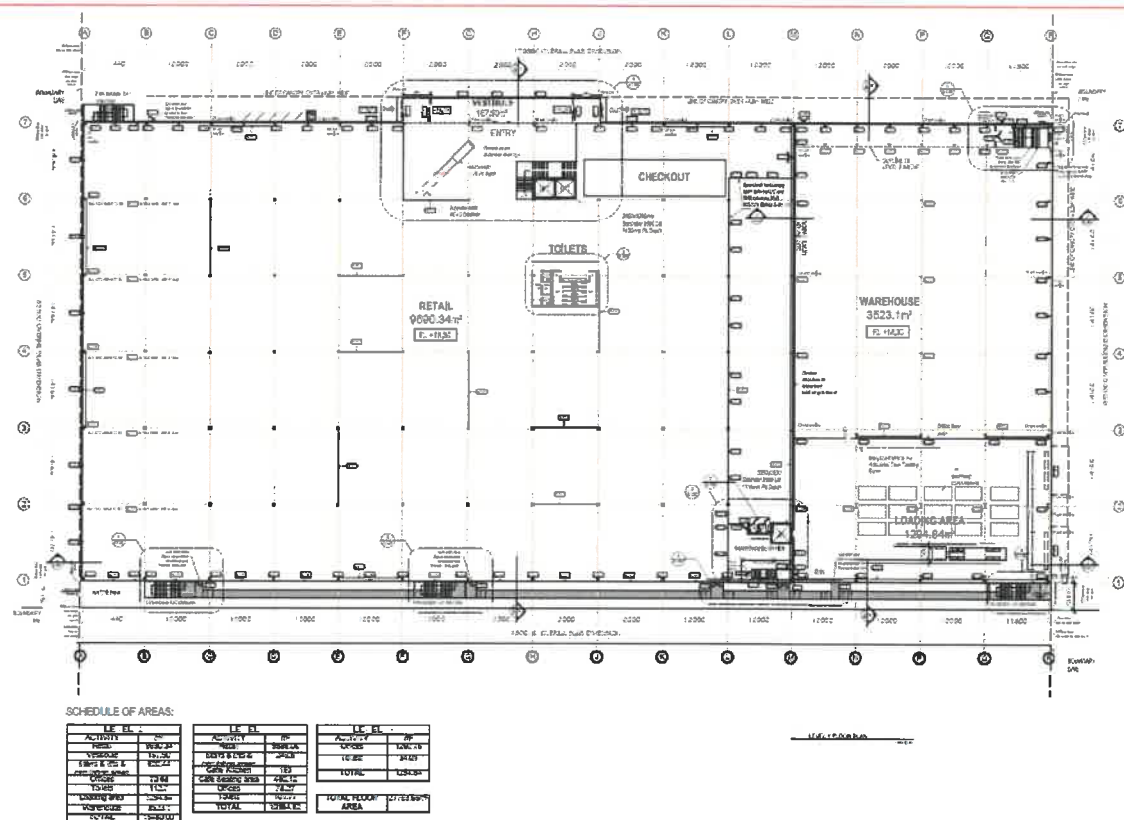
4.1 Overview

The property is proposed to comprise a bulk retail property spread over two levels providing main retail areas on the ground and first floor, a café, office and amenities, storeroom areas and a large loading area. A two level car parking building is also proposed to be constructed on site to provide over 650 car parking spaces. We have been informed that the property will be provided to a standard in-line with modern department store accommodation, including a combination of tiled and polished concrete flooring, some suspended ceilings areas, concrete panel construction and vertical transport provided from escalators and lifts.

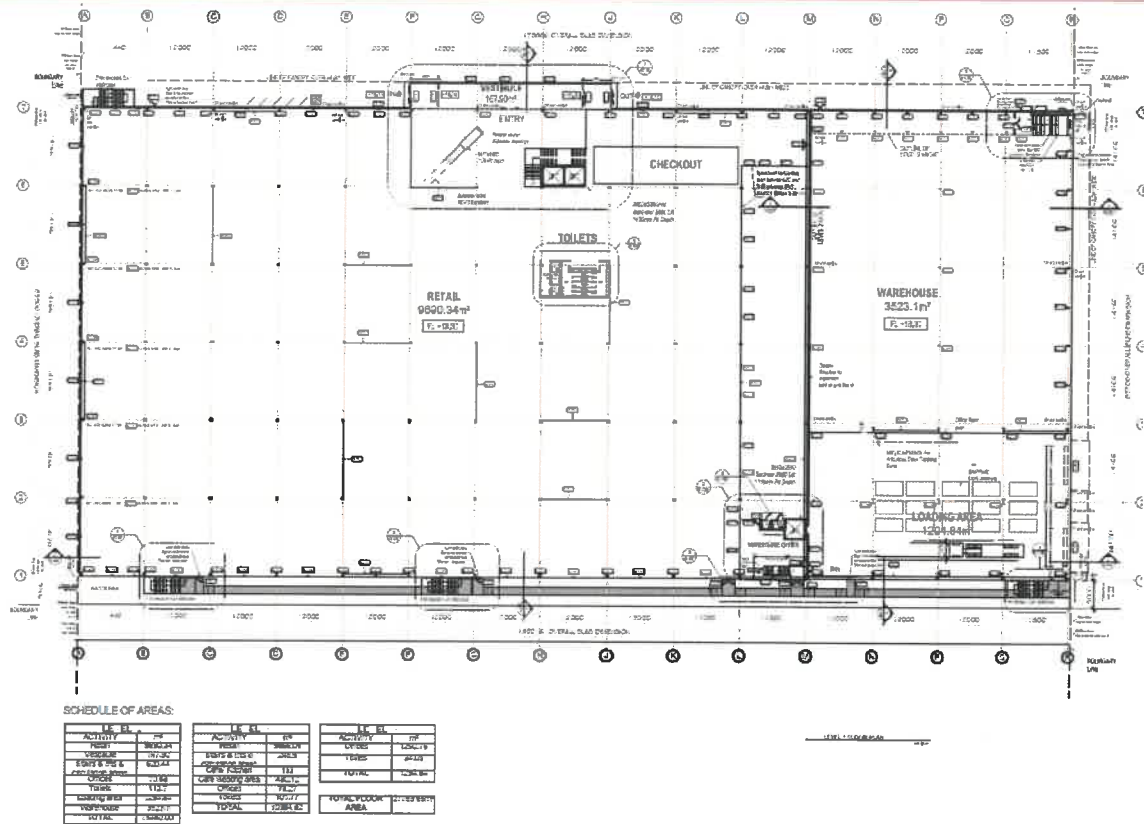
The ground floor will comprise 9,690 sqm of retail space, stairs, lift and circulation area of 620 sqm, office and amenities area of 183 sqm and a 3,523 sqm warehouse with an adjacent loading area of 1,295 sqm. Level 2 provides 9,886 sqm of retail space, stairs, lift and circulation area of 246 sqm, 1,397 sqm of office and amenity area and a 193 sqm kitchen/café with 480 sqm of seating area surrounding it.

Access to the site is provided via an extension to Soljan Drive that runs down the eastern side of the site, linking Central Park Drive with Paramount Drive.

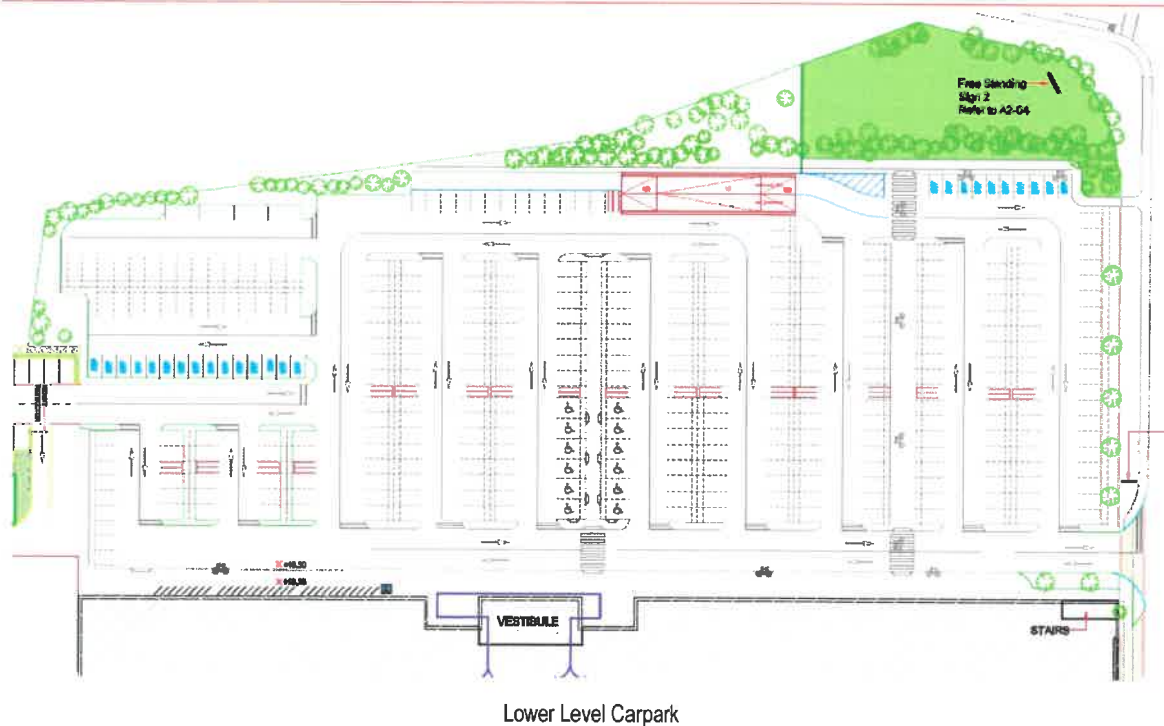
We outline the proposed development and layout in the plans below:

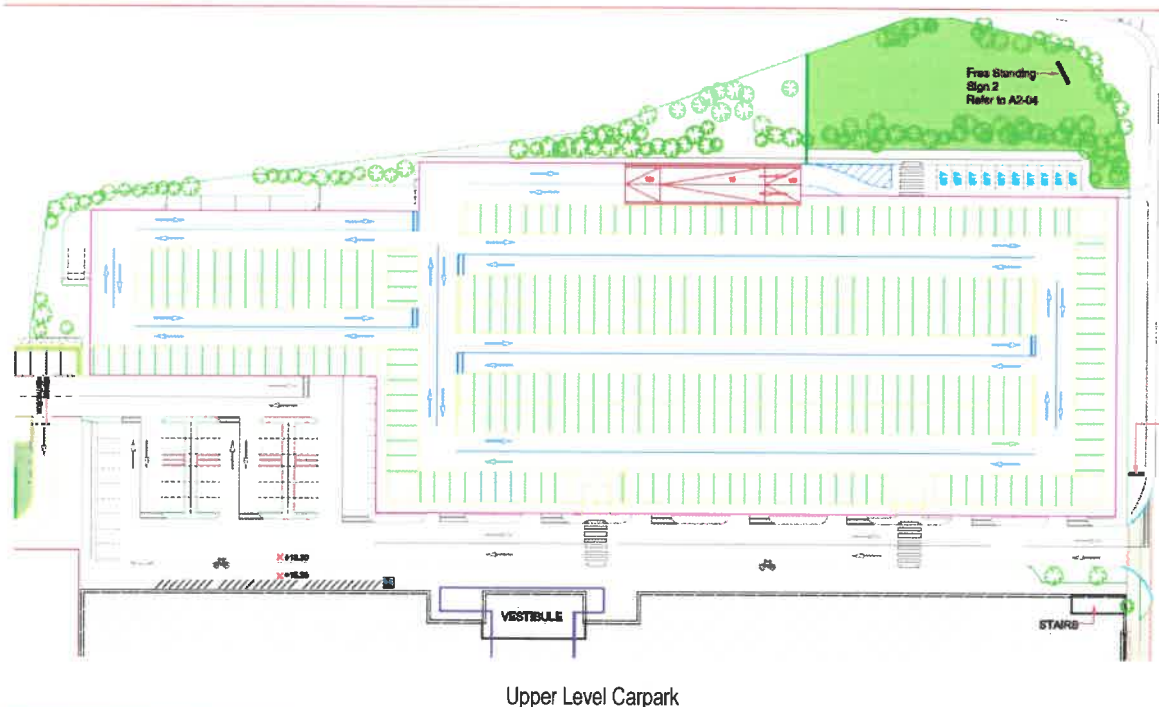


Ground Floor



Further, the car parking site plan for both levels is shown below:





4.2 Construction

We briefly outline the proposed construction details to the building as follows:

Structure:	Reinforced concrete slabs and columns, with RSJ steel portal frame.
External Walls:	Long-run galvanised iron and tilt slab concrete panel.
Internal Walls:	Plasterboard and exposed walls
Roof:	Long-run iron roof.
Ceiling:	A mixture of suspended and exposed grid ceilings in the main retailing area. Acoustic tiles in a suspended grid system on the mezzanine office floor.
Vertical Transportation:	Proposed to be provided from internal escalators and passenger lifts. We would envisage good lifts to be provided between floors also.
Lighting:	Recessed fluorescent lighting and hanging lighting units.
Windows and doors:	Aluminium framing and glazed windows.

4.3 Lettable Areas

The Property's total Lettable Area (GLA) is approximately 26,387 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Ground - Retail	9,690
Ground - Stairs, Lifts and Circulation Areas	620
Ground - Entry	168
Ground - Offices and Amenities	183
Ground - Loading Area	1,295
Ground - Warehouse	3,523
First - Retail	9,886
First - Stairs, Lifts and Circulation Areas	246
First - Café / Kitchen	193
First - Café Seating Area	480
First and Second - Offices and Amenities	1,397
Total NLA	27,681 square metres
Car parking	
Total Car parking	654 spaces

The areas noted above have been taken from proposed plans and specifications provided. Our valuation assumes that upon completion of the improvements, the areas will be measured in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

4.4 Earthquake Strengthening Requirements

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

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

Year of Building Construction	Proposed
National Risk Zone	Low
Compliance with New Building Standard (NBS)	Assumed to be 100% NBS

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

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

5 Property Income and Expenditure

5.1 Tenancy Overview - "As If Complete"

We summarise below the proposed lease terms which have been provided by the developer:

Proposed Lease		
Lessee	Magsons Investments Limited	
Demised Premises	The improvements situated on Lot 2, 156 Central Park Drive, Henderson	
Lettable Area	Retail	9,690.34 sqm
	Stairs, Lifts and Circulation Areas	620.44 sqm
	Entry	167.90 sqm
	Offices and Amenities	183.38 sqm
	Loading Area	1,294.84 sqm
	Warehouse	3,523.10 sqm
	Retail	9,886.06 sqm
	Stairs, Lifts and Circulation Areas	245.60 sqm
	Café / Kitchen	193.00 sqm
	Café Seating Area	480.12 sqm
	Offices and Amenities	1,396.61 sqm
	Initial Expiry Date	15 years following commencement
Commencement Rental	\$4,484,000 per annum plus GST and outgoings – based on a 7.6% return on a proposed sale price of \$59,000,000 plus GST (if any)	
Rights of Renewal	Two further terms of 10 years each	
Rental Review Provisions	Annual fixed increases of 2.0% per annum	
Outgoings Recovery	Assumed full net lease	
Rental Guarantee	Bank Guarantee \$2,000,000	
Permitted Use	A specialist retail centre	

Additionally, we have prepared an addendum highlighted the value difference if the property was structured under a slightly higher commencement rental.

We note we have not sighted any formal lease documentation and assume no onerous clauses are in place. Our valuation assumes a standard ADLS format or similar.

5.2 Weighted Average Lease Term and Expiry Profile - "As If Complete"

The weighted average lease term remaining, upon completion, will be 15 years under our notional lease assumptions as provided by the developer and tenant.

5.3 Building Outgoings and Recoveries - "As If Complete"

The lease will be structured on net basis, with the tenant being responsible for payment of rates and other property expenses in addition to premises rental. We have estimated operating expenses based on industry benchmarks which is summarised in the table below:

Category	Annual Amount	\$/sqm of NLA
Statutory Charges	\$207,736	\$7.87
Operating Expenses	\$267,222	\$10.13
Total Outgoings	\$474,958	\$18.00

We consider that the adopted outgoings rate of \$18.00 per square metre of GLA to be in-line with larger standalone bulk retail and trade retail accommodation throughout the New Zealand retail market.

5.4 Income Analysis - "As If Complete" and Fully Leased

We summarise the Property's total Passing Income as follows:

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	\$4,484,000	90.42%
Outgoings Recovery	\$474,958	9.58%
Gross Passing Income	\$4,958,958	100.00%
Outgoings	\$474,958	
Net Passing Income	\$4,484,000	

6 Market Commentary

6.1 Economic Summary

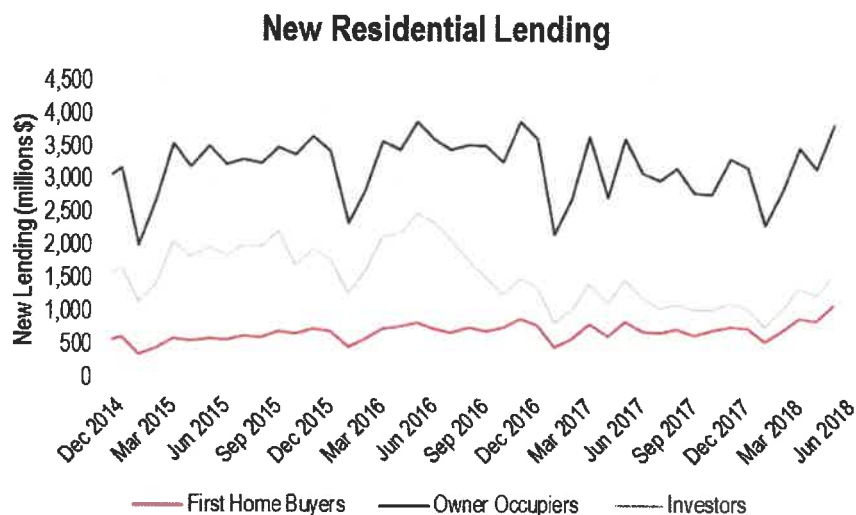
Businesses have remained downbeat in the wake of the new Labour-led Government taking office, with signs this is starting to affect real activity. The NZIER Quarterly Survey of Business Opinion (QSBO) showed a fall in business confidence to its lowest level since 2011, with the pessimism pervasive across the regions. Overall, a net 19 percent of businesses expect a deterioration in general economic conditions over the coming months.

A net 7 percent of businesses reported a lift in demand over the past quarter – the lowest level since 2013. Activity indicators point to a moderation in economic growth over the coming year.

There has been some softness in construction activity over early 2018, but this looks largely to reflect capacity and financing constraints rather than weaker demand. Although population growth is slowing on the back of an easing in net migration, the surge in population in recent years should continue to underpin underlying demand for construction.

Offshore, there remains downside risks to the global growth outlook. These risks stem from how the extensive amount of stimulus in the major economies, particularly the US, will be unwound. Tensions between the US and China, as well as renewed geopolitical issues in the Middle East, add to the global uncertainty.

The graph below displays new residential lending by borrower type since December 2014 as provided by the Reserve Bank. The data comprises total new lending per month and demonstrates the effect that the LVR restrictions have had on new lending to the investor segment of the market. The dips over December and January each year reflect the summer period where there is less property transacted and thus less new lending approved. New lending surged again through parts of 2017, although new lending to investors was well below the 2015 and 2016 average, suggesting the RBNZ macro-prudential controls are having the desired effect. New lending surged through Q2 2018, although this isn't an uncommon occurrence by historical standards given the typically lower volume of transactions over Q1. It is however worth noting that new lending to all buyer categories reached levels not seen since 2016.



Source: RBNZ

6.2 Inflation and Interest Rates

Domestic headline inflation over the year to March 2018 reduced to 1.1 percent as a high quarterly increase in early 2017 dropped out of the annual calculation. Annual inflation in the non-tradeables sector eased to 2.3 percent despite continued buoyant domestic demand. Annual inflation for traded goods and services was -0.4 percent, the first negative figure since late 2016.

The various measures of core inflation, which remove volatile components, have remained stable. The Reserve Bank's preferred measure has remained at 1.5 percent, with no apparent indication of upward pressure. Inflation expectations, as measured by the quarterly RBNZ survey, showed a modest decrease for the next one and two years, possibly reflecting the renewed reduction in the annual inflation rate.

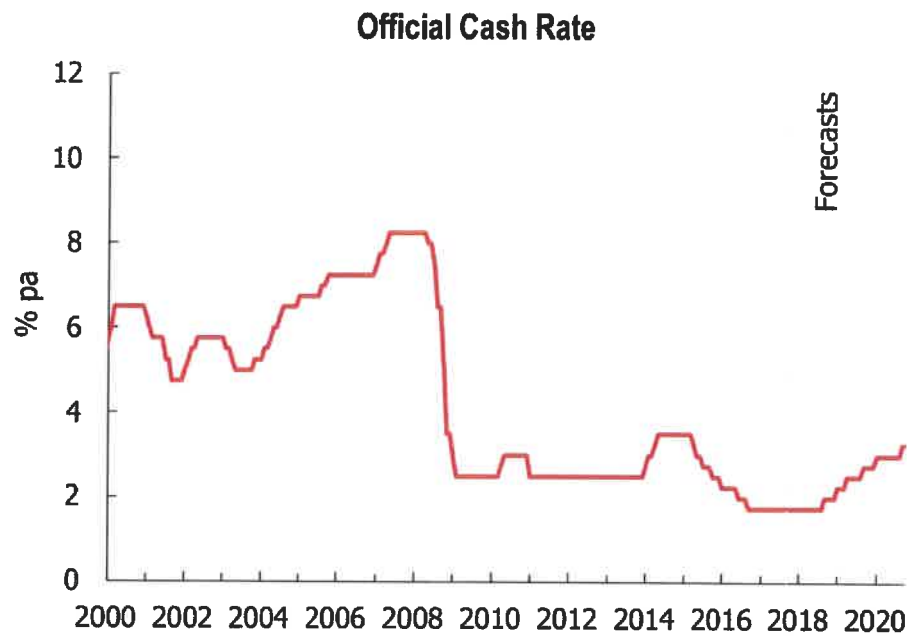
NZIER expect the annual rate of inflation to rebound over the remainder of this year. In the near term this will be driven partly by the effect of the recent rise of global oil prices. However, over the medium term we expect underlying inflation to firm as capacity pressures become more widespread. Although businesses are facing rising cost pressures, they are not yet able to lift prices by enough to fully pass on these increased costs.



Source: NZIER

The Reserve Bank kept the OCR on hold at 1.75% in June 2018 and indicated "monetary policy will remain accommodative for a considerable period. Numerous uncertainties remain and policy may need to adjust accordingly". NZIER expect that the Reserve Bank will next lift the OCR in early 2019.

There is increased conviction the next move in interest rates is up given the recent rise in inflation, as well as higher interest rate expectations globally. However, increased political uncertainty offshore, particularly in the US, means the Reserve Bank will likely be cautious about when it commences the tightening of monetary policy.

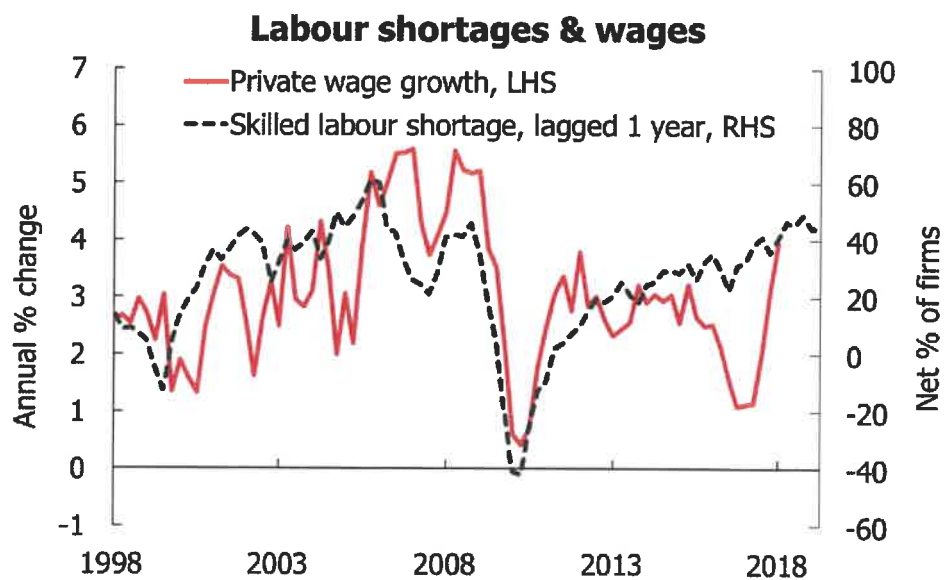


Source: NZIER

6.3 Population and Migration

Net migration continued to slow in recent months, as the number of people moving to New Zealand from other countries eases, and the number of people leaving New Zealand picks up. Stricter work visa requirements and the crackdown on fraudulent international student visas, has meant permanent arrivals are at the same level as a year ago. Departures on the other hand, are at their highest level in four years.

Part of the easing in net migration reflects a resumption in net outflows to Australia, as employment prospects across the Tasman improves. We expect that as the Australian labour market continues to improve this will encourage more people to move across the Tasman, with a further slowing in net migration as a result.



Source: NZIER

6.4 Employment

Employment demand in business services sectors remains solid, but we expect some moderation in employment growth over the coming years. This is reflected in the easing in the proportion of businesses indicating they expect to increase headcount. Employment demand is more likely to come about via an increase in hours worked. While there are still plans for expansion, some caution has crept in, particularly in the major urban regions such as Wellington.

The unemployment rate currently sits at 4.9% and is forecast to reach 4.4% over 2018. Concern areas for employers centre on changes to labour laws, the increases to the minimum wage and the disestablishment of 90-day trial periods for firms with over 19 employees.

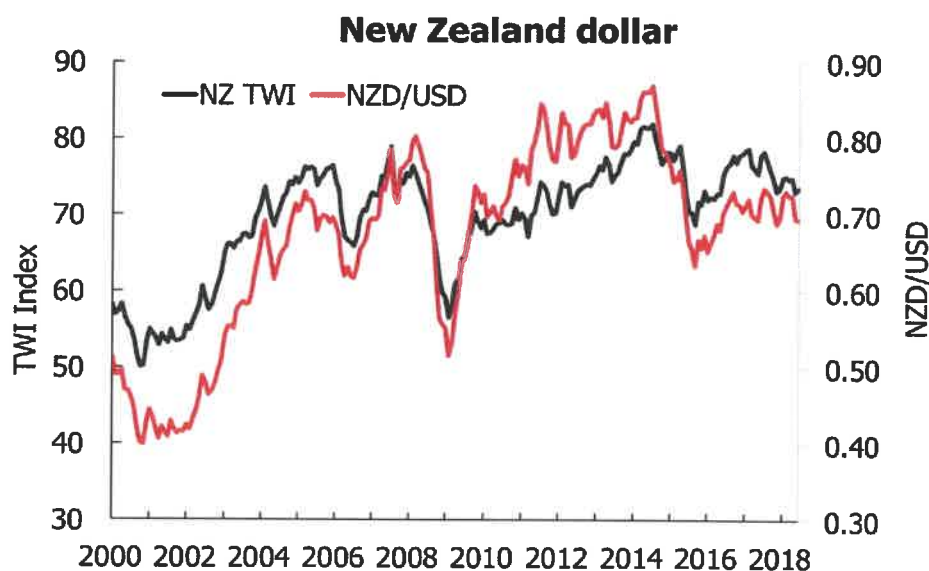
6.5 Business profits

Profitability continues to weaken, as businesses find it increasingly hard to pass on rising costs to customers. Unlike the past few years, businesses are no longer optimistic about an improvement in profitability. Should this continue, businesses are likely to pare back on investment and hiring plans.

6.6 Currency

The New Zealand dollar has eased in recent weeks, reflecting the more dovish tone of the Reserve Bank with its signal of the potential for interest rate cuts. Softer than expected data, including Q1 GDP and business confidence surveys, added to the downward pressure on the currency.

We expect the New Zealand dollar will track around current levels over the coming year. Beyond 2019 we expect some further modest easing of the New Zealand Dollar, as interest rates in the other major economies lift and reduce New Zealand's yield advantage.



Source: NZIER

6.7 Retail Trends

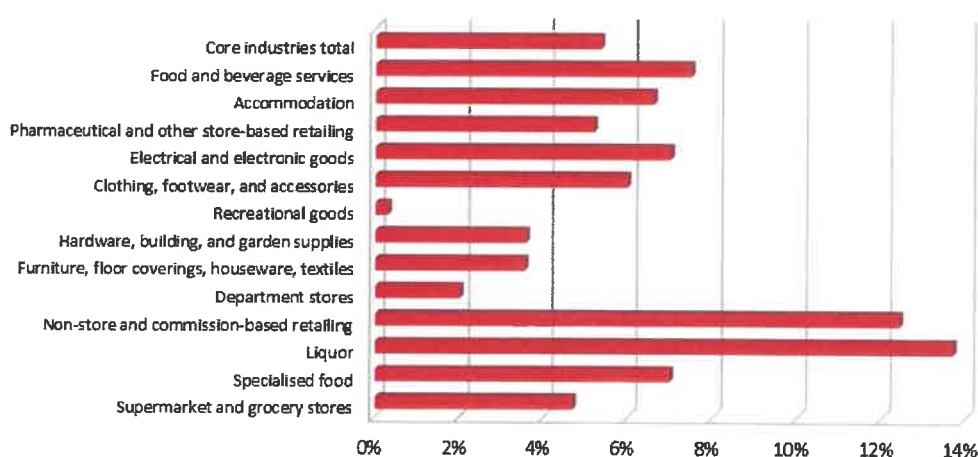
We outline below the annual percentage variance of sales values for the individual industry types, from the previous year to June 2018:

Industry type	Sales (\$m)	% of Total Sales	Annual % change
Supermarket and grocery stores	\$20,175	28.12%	4.69%
Specialised food	\$1,670	2.33%	6.98%
Liquor	\$1,659	2.31%	13.71%
Non-store and commission-based retailing	\$1,703	2.37%	12.41%
Department stores	\$5,007	6.98%	2.00%
Furniture, floor coverings, houseware, textiles	\$2,518	3.51%	3.54%
Hardware, building, and garden supplies	\$8,234	11.48%	3.56%
Recreational goods	\$2,374	3.31%	0.30%
Clothing, footwear, and accessories	\$3,745	5.22%	5.97%
Electrical and electronic goods	\$3,506	4.89%	6.99%
Pharmaceutical and other store-based retailing	\$5,625	7.84%	5.18%
Accommodation	\$4,104	5.72%	6.60%
Food and beverage services	\$11,417	15.92%	7.47%
Core industries total	\$71,736		5.34%
Core industries total (exc Non-store and commission-based retailing)	\$70,033		5.18%

*Source: Statistics New Zealand

These variances are further outlined in the graph below:

Retail Industry contributions to the change in sales values



In the year to June 2018 the total value of retail sales in New Zealand increased 5.34 percent from the previous year, with all 13 core industries seeing annual growth. We also note that excluding the non-store and commission based retailing the annual increase is still high, being 5.18 percent. Non-store and commission-based retailing is essentially online retailing although some of the turnover is included within the various other categories so this is not a true reflection of total online retailing's impact on sales.

It is estimated that the total percentage of online retailing to total core industry sales is just over 12 percent and increasing in the New Zealand market.

North and South Island

When we assess the variance in the value of sales from June 2018 in the North Island and South Island separately, we can see an annual increase in both the North Island and South Island sales. The North Island value of sales increased 3.84 percent and the South Island value of sales increased 3.65 percent. When including non-retail activity this provides a total increase of 4.86 percent in New Zealand for the total value of sales.

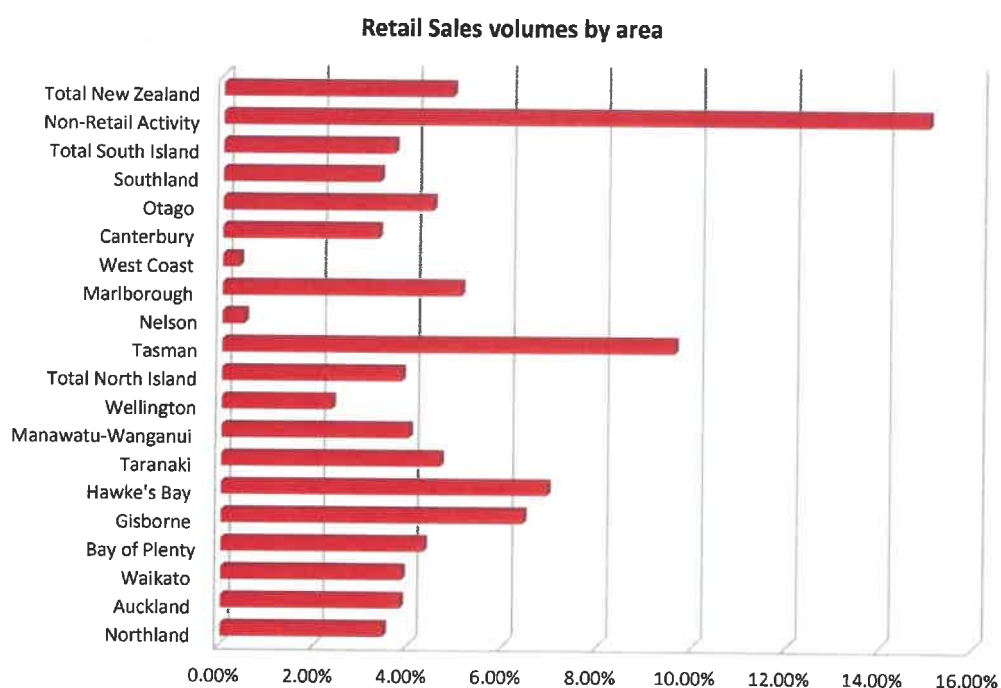
The increase in the North Island was largely due to the central regions showing favourable increases in sales values. The Hawkes Bay and Gisborne increased by 6.91 percent and 6.41 percent, respectively, while Taranaki and Bay of Plenty showed increases of 4.65 percent and 4.31 percent, respectively.

We summarise the variances in sales values for the separate areas in the table and graph below:

Area	Annual % Change
Northland	3.47%
Auckland	3.82%
Waikato	3.85%
Bay of Plenty	4.31%
Gisborne	6.41%
Hawke's Bay	6.91%
Taranaki	4.65%
Manawatu-Wanganui	3.99%
Wellington	2.35%
Total North Island	3.84%
Tasman	9.59%
Nelson	0.47%
Marlborough	5.07%
West Coast	0.36%
Canterbury	3.32%
Otago	4.47%
Southland	3.34%
Total South Island	3.65%
Non-Retail Activity	14.99%
Total New Zealand	4.86%

*Source: Statistics New Zealand

Non-Retail activity includes sales made by non-retail locations owned by retail businesses.



Despite net migration and consumer sentiment falling in recent times, retail spending has increased by a favourable amount in the June 2018 quarter, following moderate growth in March 2018. Moving forward, these factors, particularly net migration coupled with a cooling housing market are likely to slow growth outside of necessity-based retailing.

7 Competition

We summarise below the centres which are considered to compete for customer patronage within the trade area of the subject Centre



Lincoln Road Retail

Lincoln Road comprises a main arterial route within Waitakere providing convenience retail, fast food, supermarkets, bulk retail and trade retail tenants.

We believe that some areas of Lincoln Road including Mitre 10 Mega, The Warehouse and other bulk retail further west will provide competition to the subject although there would be limited opportunities to construct additional competing stores of the same scale as the subject.



Westgate Shopping Centre- Fernhill Drive, Waitakere, Auckland

The existing Westgate Shopping Centre comprises a Regional Shopping Centre which was originally constructed in 1998, with subsequent additions comprising the Pavilion and Westgate Drive Blocks having been completed during 2005 - 2006. Westgate is located at the current termination point of the North Western Motorway, and benefits from a consolidating residential catchment, which extends towards Auckland's North Shore.

Generally the existing Westgate Shopping Centre provides dated improvements and provides competition from a proximity perspective with some tenants likely to provide competition.



Westgate Town Centre

NorthWest Shopping Centre comprises a Regional Shopping Centre anchored by Farmers and Countdown with numerous specialty and foodcourt related tenancies.

Westgate Lifestyle comprises a bulk retail centre anchored by Harvey Norman.

The remaining Westgate Town Centre provides a Mitre 10 Mega and significant residual development land which is zoned a range of uses, some which provides a Bunnings Warehouse under construction.

This Centre and residual land will provide significant competition for the subject with potential for competition to be constructed in addition to the competition that already exists.



WestCity Shopping Centre

The property comprises a Regional Shopping Centre anchored by Farmers, Countdown, Event Cinemas and The Warehouse, in the West Auckland suburb of Henderson. In addition, the Centre provides 127 specialty tenancies and five large format stores in Number One Shoes, NZ Post, No 1 Mart, The 123 Mart and Japan Mart. The Centre was originally constructed in 1968 which has subsequently been extended and refurbished numerous times, most recently in 2004. The majority of the Centre's retail is focused over two levels, although The Warehouse and Event Cinemas are both located above these levels with additional carpark access.

Given the Regional Centre offer that WestCity provides, the impact is likely to be limited, although Farmers and The Warehouse will provide some competition.



Waitakere Mega Centre

The Waitakere Mega Centre is located on Vitasovich Avenue, Henderson. The Centre provides primarily large format retailers with limited specialty retail offerings. The Centre is anchored by Kmart, Briscoes and Rebel Sport, and is near fully leased with accommodation for 23 retailers. There are covered carparks beneath the Rebel Sport and Briscoes tenancies, with open air carparks through the centre of the site.

This Centre provides some competition to the subject from the likes of Kmart and Briscoes.

8 Leasing Evidence

8.1 Retail Leasing Evidence

Because of the unique and untested nature of the proposed offering in the New Zealand market together with the fact that most comparable stores in the Australasian market are owner occupied, there is limited market leasing and transactional evidence for a store of this size and type.

We are aware of agreements within Australian shopping centres where IKEA stores are essentially occupying their stores based on air-space licences where IKEA build and maintain their stores adjoining shopping centres, however only pay for the air-space in which they are occupying based on a similar structure to a ground lease. This allows the shopping centre to benefit from the IKEA offering and IKEA maintains its owner occupier equivalent structure. New stores for IKEA in Australia are targeted at 10,000 sqm to 12,000 sqm in shopping centres. Additionally, Costco have purchased sites in Australia to occupy their stores on an owner occupied basis.

Because there is limited comparable evidence, we have had regard to forecast trading and demographic reports and benchmarking of department store trading levels from existing occupiers in the New Zealand market making adjustment for physical differences. We have also cross-checked our adopted rates psm against recent leasing evidence for hardware and bulk retail accommodation.

Affordability Analysis

As mentioned above, we have been provided with three separate retail impact assessments. These reviews were completed in February and April of 2013 and August 2015. All of the reports detail demographic analysis together with comments surrounding forecast trading performance. We have provided summaries of these reports in Section 3.

The reports outline that the store will service the whole Auckland region, being the only offering of its kind in both the Auckland and New Zealand market. The primary catchment will be formed in West Auckland and fade by virtue of distance.

We have reviewed three demographic reports in detail which outline forecast trading performance as follows:

Report	Date of Preparation	Estimated Turnover Forecast
Property Economics	August 2015	\$52 - \$63 million (inflated to 2018)
Covec	February 2013	\$73 - \$84 million (inflated to 2018)
Market Place	April 2013	\$57 - \$73 million (inflated to 2018)

We note that since the authoring of these reports, the Westgate Town Centre development has progressed significantly and now provides a Regional Shopping Centre, Bulk Retail Centre and Mitre 10 Mega. Through our review of these reports, we believe that the impact of Westgate Town Centre is understated with the development of this Centre being in the preliminary stages in early 2013 and nearing completion in 2015. Based on this we believe that initial trading is likely to be lower than these estimates, however potential exists through trading up in later years.

In addition, we have benchmark trade retail and bulk retail stores throughout New Zealand from both an occupancy cost ratio and moving annual turnover per square metre basis.

We cannot disclose this information due to confidentiality constraints, however we outline the stores that we have benchmarked in the table below:

Tenant	Centre	Area
The Warehouse	Rotorua Central Shopping Centre	8,278
Farmers	NorthWest Shopping Centre	8,049
The Warehouse	Westgate Shopping Centre	7,414
The Warehouse	WestCity - Henderson	6,394
Farmers	WestCity - Henderson	4,801
The Warehouse	Eastgate Shopping Centre	8,903
Mitre 10	Cnr Te Irirangi Drive and Bishop Dunn Place, Botany	11,669
Farmers	Centre Place (South)	7,144
Farmers	The Plaza, Palmerston North	7,345
The Warehouse	The Pakuranga Plaza	7,365
The Warehouse	Sylvia Park Shopping Centre	10,594
Farmers	Bayfair Shopping Centre	8,016
The Warehouse	Northlands Shopping Centre	7,052
Farmers	Botany Town Centre	7,515
The Warehouse	Westgate Shopping Centre	7,409
The Warehouse	Silverdale Centre	7,778
Mitre 10 Mega	Southgate Retail Centre	11,197
Bunnings	Tower Junction	10,570
Farmers	Westfield Manukau City	7,994
Farmers	Westfield Queensgate	8,499
Farmers	The Base -Te Awa	9,803
The Warehouse	The Base - Bulk Retail	13,218
Mitre 10 MEGA	The Base - Bulk Retail	11,446
The Warehouse	Airpark Retail	10,363

Based on the stores noted above, we can confirm that these stores provide occupancy cost ratios between 4.00% and 10.00% with a general range of 7.00% to 9.50%. The moving annual turnover psm is generally within the range of \$2,000 psm to \$4,000 psm. Occupancy cost ratios of major department stores and discount department stores have increased in recent times, due to these stores providing a greater online presence, which places less reliance on traditional bricks and mortar sales.

Based on the forecast trading reports and our benchmarking analysis, we believe that the subject would be able to support \$57,500,000 (plus GST) in sales initially which would equate to \$1,917 psm. We would expect that the affordable occupancy cost ratio for a store of this type would sit within the range of 7.00% to 9.50%. We have therefore adopted a rental factor of 8.25% in order to calculate an affordable rental level.

Trade Retail

In order to assess the store based on a direct comparison approach, we have assessed comparable trade retail rentals as follows:

Location	Lessee	Date
Westgate	Bunnings	Pre-com
Hamilton South	Bunnings	Dec-17
Botany	Mitre 10 Mega	Nov-17
Rotorua	Bunnings	Oct-17
Palmerston North	Bunnings	Oct-17
Hamilton – Te Rapa	Bunnings	Oct-17
New Lynn	Bunnings	Sep-17
Grey Lynn	Bunnings	May-17
Takanini	Bunnings	Nov-16
Constellation Drive	Bunnings	Oct-16
New Lynn	Mitre 10 Mega	Oct-16
Manukau	Bunnings	Aug-16
Henderson	Mitre 10 Mega	Apr-16

Bulk Retail – Department Store

In addition to the trade retail leasing evidence outlined above, we have also had regard to recent multi-level department store evidence which is outlined as follows:

Address	Date
The Warehouse – Five Mile	Apr-17
The Warehouse – Tauriko	Oct-16
The Warehouse – Westgate	Oct-17
Famers – Rangiora	Sep-16
Farmers – Porirua	Sep-16
The Warehouse - Hastings	Jul-16
Harvey Norman – Westgate Zone 7	Jun-16
The Warehouse- Hamilton CBD	Mar-16
Farmers - NorthWest	Oct-15
Farmers- The Palms	Nov-14
Farmers- Hornby	Nov-14
Farmers- Centre Place	Oct-13
Farmers- New Lynn	Oct-12

In addition to the department store evidence outlined above, we are aware of recent new lettings to international fast fashion retailers within New Zealand. These deals remain confidential with the rentals being set off 'turnover only' deals at levels which the lessee deems affordable. We can confirm that the percentage rent factors have been set between 7% and 10% for these stores.

8.2 Market Rental Profile - "As If Complete" and Fully Leased

In analysing the market rental for the Property, we have had regard to the total occupancy cost of the store based on forecast trading levels and an affordable hypothetical occupancy cost ratio. We have also benchmarked our figures against trade retail and bulk retail stores within the New Zealand market to provide a hypothetical rental breakdown.

Through our benchmarking, we have adopted the following affordable rental analysis:

Affordable Rental Feasibility	\$ per annum	Resulting \$ psm
Forecast Trading Performance	\$58,500,000	\$2,217
Affordable Occupancy Cost Ratio %	8.25%	
Total Passing Rental	\$4,826,250	\$183
Less Outgoings Expenditure	\$474,958	\$18
Net Passing Rental	\$4,351,292	
Say	\$4,400,000	\$167

We have also prepared a sensitivity analysis based on the movements in moving annual turnover and occupancy cost ratio percentages as follows:

OCR %	Moving Annual Turnover		
	\$53,500,000	\$58,500,000	\$63,500,000
7.25%	\$3,878,750	\$4,241,250	\$4,603,750
7.75%	\$4,146,250	\$4,533,750	\$4,921,250
8.25%	\$4,413,750	\$4,826,250	\$5,238,750
8.75%	\$4,681,250	\$5,118,750	\$5,556,250
9.25%	\$4,948,750	\$5,411,250	\$5,873,750

The sensitivity analysis has been prepared to show the likely impact of the initial forecast trading when assessing an affordable commencement rental. In our opinion the higher end of the range at \$5,875,000 per annum is perceived too high on a direct comparison basis. Adopting \$4,826,250 less outgoings equates to a net rental of approximately \$4,350,000 per annum.

The passing rent assuming turnover of \$58,500,000 would equate to an occupancy cost ratio of 8.48%.

Finally, our adopted market rental can be assessed through the following hypothetical market breakdown based on comparable trade and bulk retail stores:

Premises	NLA	Passing Rental	Market Rental	Market Rental pa
Retail - Ground	9,690	\$210 /sqm	\$205 /sqm	\$1,986,520
Stairs, Lifts and Circulation Areas - Gr	620	\$210 /sqm	\$205 /sqm	\$127,190
Entry - Ground	168	\$210 /sqm	\$205 /sqm	\$34,420
Offices and Amenities - Ground	183	\$300 /sqm	\$295 /sqm	\$54,097
Loading Area - Ground	1,295	\$90 /sqm	\$90 /sqm	\$116,536
Warehouse - Ground	3,523	\$145 /sqm	\$140 /sqm	\$493,234
Retail - First	9,886	\$135 /sqm	\$130 /sqm	\$1,285,188
Stairs, Lifts and Circulation Areas - Fir	246	\$145 /sqm	\$140 /sqm	\$34,384
Café / Kitchen - First	193	\$350 /sqm	\$325 /sqm	\$62,725
Café Seating Area - First	480	\$140 /sqm	\$130 /sqm	\$62,416
Offices and Amenities - First and Sec	1,397	\$69 /sqm	\$65 /sqm	\$90,780
Total	27,681 m²			\$4,347,488

We have adopted a discounted rate over the first level reflecting the shallow nature of the occupier market for this asset class. It is likely that an alternative occupier would pay full rates over the ground level without a significant discount to surplus areas.

8.3 Net Income Assessment - "As If Complete" and Fully Leased

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

Passing Versus Market Comparison	Passing pa	Market pa
Rental Analysis		
Lettable Area Rental	\$4,484,000	\$4,347,488
Outgoings Recovery	\$474,958	\$474,958
Gross Income	\$4,958,958	\$4,822,446
Outgoings	\$474,958	\$474,958
Net Income	\$4,484,000	\$4,347,488

9 Sales Evidence

9.1 Sales Transactions

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



Bunnings, Westgate

The property comprises a circa 16,000 sqm purpose built trade retail store on a circa 17,000 sqm site, which is currently under construction in Westgate, Auckland. There is a pre-committed lease in place to Bunnings, the details of which are largely confidential, however we can disclose the lease is for a 12-year term, reflecting in excess of \$160 psm per annum plus GST with annual 2.5% fixed rental increases.



58-60 Roma Road, Mt Roskill

The property comprises a large site of approximately 13.12 hectares with the potential for redevelopment. The property currently comprises a support office and distribution centre for Foodstuffs North Island and was originally constructed circa 1960's. The property is zoned Light Industry under the Auckland Unitary Plan.

Goodman has acquired the property on a leaseback arrangement until Foodstuffs moves to a new purpose-built facility at Auckland Airport. The listed property trust intends to refurbish and reconfigure part the property on expiry of the Foodstuffs lease in 2021.



4 Kordel Place, East Tamaki, Auckland

The property comprises a 15,706 square metre freehold property situated on the southern side of Kordel Place, in a corner position to Kordel Place and Accent Drive, within the industrial precinct of East Tamaki. The property was constructed circa 2000 and was expanded in 2008 which brought the total net lettable area to approximately 12,205 square metres. The property is made up of two warehouses and associated offices and amenities. A large sealed yard and car parking building with 185 spaces. The buildings have an A-grade seismic rating.

The main warehouse includes lab, plant and change areas and a smaller warehouse provides a high-level racking area. Construction is by way of steel portals and precast concrete panels.

The office building provides approximately 1,829 square metres of open plan and partitioned space. This building is situated at the northwest side of the site.

At the sale date the property was leased to Vitaco Group on an 18 year lease term which commenced in April 2009, returning approximately \$1,745,527 per annum plus GST. The lease includes 3 yearly CPI rent reviews.



The Warehouse, 11 Coliseum Drive, Albany

The property comprises an 8,406 square metre The Warehouse bulk retail premises, together with basement carparking for 415 cars situated on a 16,039 square metre Metropolitan zoned site at 11 Coliseum Drive, Albany.

The property was occupied by The Warehouse returning \$1,318,112 per annum plus GST net rental with a 6.5 year WALT remaining and reviews to the lesser of market or CPI.



Bunnings, Hamilton South

The property comprises a new purpose built trade retail store situated in Hamilton South, leased to Bunnings on a new 12-year lease.

The building was completed in 2016 and provides for a modern trade retail format over approximately 9,705 square metres inclusive of main retail area, timber trade sales and drive through yard plus outdoor garden centre. Canopies and yard add another 2,458 sqm.



68-80 Stonedon Drive, East Tamaki, Auckland

The property comprises approximately 18,126 square metres of industrial accommodation, located on the northern side of Stonedon Drive, within the industrial precinct of East Tamaki.

Improvements comprise of approximately 14,959 square metres of main warehouse with a stud height of approximately 9.5 metres at the portal knee, rising to approximately 11.7 metres at the apex, approximately 850 square metres of a combination of open plan and partitioned office accommodation attached to the main warehouse. The warehouse also includes a small dispatch office of approximately 404 square metres. There is a second building located to the south-eastern corner of the site, comprising of approximately 209 square metres of office accommodation and approximately 1,703 square metres of warehouse. The warehouse provides a stud height of approximately 9 metres at the portal knee, rising to approximately 9.8 metres at the apex. The offices are predominantly open plan with some portioning.

The property benefits from full drive around access, full mesh security fencing with security gates and on-site parking.



Bunnings, New Lynn

The property comprises a new purpose built Bunnings Warehouse at 2-12 Titirangi Road, New Lynn. The property provides a lettable area of 10,722 square metres or 11,219 square metres including canopies.

The property sold with a new 12 year net lease to Bunnings Limited with rights of renewal until 2077. The rental was set at \$2,035,000 per annum plus GST net with fixed growth of 2.5% per annum.



Bunnings, Rotorua

The property comprises a Bunnings Warehouse situated at 26-48 Old Taupo Road, Rotorua. The property was purpose built in 2007 and provides a lettable area of 13,940 sqm including yards and canopies.

The property transacted as part of a portfolio of three Bunnings Warehouses, previously owned by Stride Holdings Limited, which was purchased by Investore Property Limited, a related entity. Although the two entities are of a related party nature, the transaction was structured based on market value. The three Bunnings properties were situated in Hamilton, Rotorua and Palmerston North and had recently entered into new 12 year leases with fixed 2.50% increases.



Bunnings, Te Rapa, Hamilton

The property comprises a purpose built Bunnings Warehouse trade retail complex. The property includes a total gross lettable area of approximately 12,763 sqm which includes the main retail warehouse together with a garden nursery, trade sales area, and mezzanine office with amenities.

The property transacted as part of a portfolio of three Bunnings Warehouses, previously owned by Stride Holdings Limited, which was purchased by Investore Property Limited, a related entity. Although the two entities are of a related party nature, the transaction was structured based on market value. The three Bunnings properties were situated in Hamilton, Rotorua and Palmerston North and had recently entered into new 12 year leases with fixed 2.50% increases.



Bunnings, Palmerston North

The property comprises a Bunnings Warehouse situated on the corner of Tremaine Avenue and Railway Road, Palmerston North, which was originally constructed in 2005 and has approximately 13,370 sqm of lettable area.

The property transacted as part of a portfolio of three Bunnings Warehouses, previously owned by Stride Holdings Limited, which was purchased by Investore Property Limited, a related entity. Although the two entities are of a related party nature, the transaction was structured based on market value. The three Bunnings properties were situated in Hamilton, Rotorua and Palmerston North and had recently entered into new 12 year leases with fixed 2.50% increases.



Placemakers Albany

The property comprises a 3,208 sqm trade retail building situated on an 11,900 sqm site at 24 Oteha Valley Road Extension, Albany.

The property was occupied by Placemakers Albany returning \$770,000 per annum with a WALT of 5.42 years remaining.



Bunnings, Grey Lynn

The property comprises a new purpose built Bunnings Warehouse at 272 - 302 Great North Road, Grey Lynn. Situated on a 7,207 sqm site within Auckland's city fringe, the property comprises a lettable area of 8,872 sqm. There are two levels of carparking below the improvements at basement levels providing 212 spaces connected by two sets of travellators and lifts to the main retail and trade areas. The property sold with a new 12 year net lease to Bunnings Warehouse with rights of renewal until 2077. The rental was set at \$1,881,000 per annum plus GST net with fixed growth of 2.5% per annum.



Bunnings Warehouse, Takanini

Located on a 1.7 hectare corner site with approximately 120 metres frontage at 167-173 Great South Road, the property comprises a 10,433 sqm Bunnings Warehouse and 229 onsite carparks. The premises was purpose built in 2013 and is on the corner of main arterial Great South Road and Graham Street.

The property sold with a new 12 year lease back to Bunnings with built in rental growth and initial expiry in October 2028, with further lease term options until 2076.



The Warehouse, Hastings

The property comprises a 6,400 sqm The Warehouse on a 1.53 hectare site, which sold in July 2016. The property was purpose built in 2012 within The Park Mega Centre in Hastings and benefits from 100 metres of prime frontage to Karamu Road North (State Highway 2).

The property sold with a 12 year lease term expiring in March 2027 with built in annual CPI increases and five three year rights of renewal.

Further analysis on all of these transactions is held confidentially.

9.2 Yield Summary - "As If Complete" and Fully Leased

As mentioned through this report, our specific instructions are to value the property "As If Complete" and Fully Leased based on the proposed improvements providing a unique offering, comparable to an IKEA store providing low-cost furniture and homewares products.

The offering would be a first within the New Zealand market competing with the likes of Farmers, Kmart, The Warehouse and other department stores. The concept would be comparable to an IKEA store which requires a significant building footprint. Typical IKEA store sizes provide in excess of 20,000 sqm to provide enough scale so that stock can be bought at bulk wholesale prices. This store size is over triple the size of a typical New Zealand department store which ideally sit around 8,000 sqm.

The bulk retail and trade retail investment market has improved significantly in recent times with desirable properties generally transacting with yield profiles in the 5% range, however these properties are often at a lower dollar quantum to that of the subject.

We believe that the subject has the potential to provide a unique offering which could provide a highly sought after investment property, however the untested nature of the offering means that the risks associated with the development need to be considered in our adopted yield profile. We have had regard to recent large retail transactions, however we believe a discount to this evidence in the order of 200 to 250 basis points is required because of the offering being untested in New Zealand.

Additionally we note many of the stores have had tenants in place who are listed on stock exchanges or considered blue chip. In comparison the tenant to the subject, although very experienced in retail, does not have the same covenant strength or appeal.

Based on the sales evidence, particularly the most recent and anecdotal evidence of current transactions, we have adopted the following valuation inputs:

Variable	Input
Capitalisation Rate - Core Income	7.63%
Discount Rate	8.75%

10 Valuation Considerations

10.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property at the date of valuation given the current leasing terms and market conditions. Opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> Assumed 15 year lease upon completion New build nature of the improvements under "As If Complete" assumptions Situated within an established commercial area The proposed offering would suit the wider demographic Fixed rental growth built into notional lease Freehold title Desirable underlying freehold land Good carparking ratio for store The primary catchment of the Centre has significant growth forecasted in the medium term New build nature would provide an NBS rating of at least 100% Investment sentiment is strong within the New Zealand market, particularly in Auckland locations 	<ul style="list-style-type: none"> Specialised property Untested offering in the New Zealand market Improvements are significantly larger than a typical New Zealand department store offering Large investment quantum Large amount of office space which may reduce rental levels under a third party lease Tenant covenant could be perceived negatively by the market as a result of private ownership and value quantum of store Zoning does not provide for residential uses
Opportunities	Threats
<ul style="list-style-type: none"> Develop a complementary offer on the front portion of the residual land Subdivision or conversion, under an 'Alternative Use' scenario into a smaller generic retail or mixed use offering 	<ul style="list-style-type: none"> Interest rates increasing Competition in the area from Westgate Town Centre Deterioration of surrounding development Downturn in overall investment sentiment The retail offer, Nido, isn't successful in New Zealand leading to unknown alternative use. Construction cost increases impacting on development feasibility Overseas factors impacting on the local economy Impact of online sales and growing e-commerce market Potential for Costco to enter market IKEA potentially looking to expand into New Zealand

10.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 6-12 months. *This is an estimate of the time it might take for the Property to sell if it were marketed at the ascribed market value. The actual time it may take to sell the Property will be impacted upon by numerous factors including the marketing undertaken, eagerness of buyers both generally and also in relation to assets similar to the Property, availability of finance, and changes in market conditions subsequent to the valuation date.*

10.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property upon completion to be an overseas investor, high net worth individual or syndicator.

10.4 Sales History

The property has not transacted in its current use within the past three years, however we understand that the instructing party is looking to purchase the property for \$59,000,000 plus GST, which aligns to development costs.

11 Valuation Rationale - “As If Complete” and Fully Leased

11.1 Valuation Overview - “As If Complete” and Fully Leased

In arriving at our opinion of market value we have adopted the capitalisation of net income and discounted cash flow (DCF) approaches. Both results have then been cross checked using the direct comparison approach where the value is analysed on a rate per square metre of Net Lettable Area (NLA). Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

11.2 Valuation Criteria

After considering the sales evidence, market indicators and the level of investor sentiment for comparable commercial real estate and adjusting specifically for:

- The characteristics of the location;
- Quality of the improvements/building upon completion;
- Security of income cash flow; and
- Weighted remaining lease duration upon completion.

We have adopted a core capitalisation rate of 7.63% on our adopted market rental profile and an 8.75% target discount rate.

11.3 Capitalisation Approach - “As If Complete” and Fully Leased

Introduction

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property and the deduction of outgoings in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value. A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$4,347,488
Ideal Outgoings Recovery (Full Net Leases)	\$474,958
Total Market Rental	\$4,822,446
Less Outgoings Expenditure	(\$474,958)
Net Market Rental	\$4,347,488
Rental Adjustments	
Core Income	\$4,347,488
Core Income Capitalised at 7.63%	\$57,016,238
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$1,244,539
Total Value Adjustments	\$1,244,539
Total Capitalised Value	\$58,260,777
Adopted Capitalised Value	\$58,261,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

From the core value, we have added the present value of tenant rental reversions, which represents the present value of rental overage for each existing tenancy relative to our adopted rental profile. Further, we have allowed for downtime associated with the leasing up of any current vacancies within the Property.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$58,261,000.

Our detailed calculations are annexed to this report.

11.4 Discounted Cash Flow Approach - "As If Complete" and Fully Leased

We have undertaken a discounted cash flow analysis over a 10 year investment horizon to derive a net present value for the Property. The cash flow outputs are summarised and appended to this report.

We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value. The main valuation inputs used in our cash flow are summarised as follows:

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Bulk Retail							10 year average		1.83%	
	1.00%	1.75%	1.75%	1.85%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Offices and Amenities							10 year average		1.83%	
	1.00%	1.75%	1.75%	1.85%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CPI							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

Letting Up/Incentive/Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have also allowed for an incentive to the new tenant with associated probability for this incentive occurring. We have assumed a new lease term of 10.0 years and associated agents/leasing costs of 16.00%. Our allowances are outlined in the table below:

Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex \$/sqm	Probability
Vacant	9 months	75%	0 months	100%	\$20	100%
Year 1	9 months	75%	0 months	100%	\$20	100%
Year 2	9 months	75%	0 months	100%	\$20	100%
Year 3	9 months	75%	0 months	100%	\$20	100%
Year 4	9 months	75%	0 months	100%	\$20	100%
Year 5	9 months	75%	0 months	100%	\$20	100%
Year 6	9 months	75%	0 months	100%	\$20	100%
Year 7	9 months	75%	0 months	100%	\$20	100%
Year 8	9 months	75%	0 months	100%	\$20	100%
Year 9	9 months	75%	0 months	100%	\$20	100%
Year 10	9 months	75%	0 months	100%	\$20	100%

Capital Expenditure

Within our calculations we have made capital expenditure allowances based on budgets provided, as noted previously within this report, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$0	Year 6	\$82,725
Year 2	\$0	Year 7	\$562,528
Year 3	\$77,877	Year 8	\$860,668
Year 4	\$79,435	Year 9	\$1,170,508
Year 5	\$81,103	Year 10	\$89,544

Total CAPEX allowances amount to \$3,004,387 (\$113.86 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.88% (a 50 basis point margin to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

Transaction Costs

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

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

Discount Rate

In assessing the appropriate target discount rate for the property, we have considered the following factors:

- Analysis of recent comparable sales;
- Current level of the 10 year Government Bond Rate;
- Dialogue with active institutional investors and property trust investors; and
- Property's lease covenants and quality of improvements.

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.75% to the cash flows to produce a present value \$59,549,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	7.63%	7.88%	8.13%
8.50%	\$61,465,000	\$60,517,000	\$59,629,000
8.75%	\$60,475,000	\$59,549,000	\$58,681,000
9.00%	\$59,507,000	\$58,602,000	\$57,753,000

11.5 Valuation Reconciliation - "As If Complete" and Fully Leased

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$58,261,000
Capitalisation Approach - Contract Income	\$58,212,000
Discounted Cash Flow Approach	\$59,549,000
Adopted Value	\$59,000,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market investment sentiment, we have adopted a rounded valuation figure of **\$59,000,000** plus GST (if any).

The assessed value reflects an initial passing yield of 7.60%, an equivalent yield of 7.53%, an internal rate of return of 8.89%, and a rate of \$2,236 per square metre of Gross Lettable Area.

12 Valuation – “As If Complete” and Fully Leased

In accordance with your instructions we have assessed market value assessment of the development as follows.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 5 February 2019, is:

\$59,000,000 plus GST (if any)

Fifty Nine Million Dollars plus GST (if any)

12.1 Mortgage Security Recommendation

We are aware that this report will be used for mortgage security purposes. General banking valuation standard requirements dictate that a specific sum shall not be recommended and that a focus on potential risks and threats associated with the property are included. We refer you to our SWOT analysis in this regard.

Finally, and in accordance with our normal practice, we confirm that this report is confidential to **MAAT Property Group for Potential Acquisition and Mortgage Security Purposes**. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

JLL, Valuation & Advisory



Dale Winfield BCom(VPM), MPINZ, MRICS
Registered Valuer - Senior Director
Head of Valuations & Advisory - New Zealand
+64 9 363 0212
dale.winfield@ap.jll.com



Liam Rooney BProp, MPINZ
Registered Valuer - Director
+64 9 363 0271
liam.rooney@ap.jll.com

Valuers Involvement in the preparation of this report:

Role	Name
Inspection of Property/Assets:	Liam Rooney
Calculations:	Liam Rooney and Dale Winfield
Information Review:	Liam Rooney and Dale Winfield
Reporting Authoring:	Liam Rooney
Quality Assurance/Reviewing	Hannah Robertson
Principal Valuer	Liam Rooney and Dale Winfield

Addendum One – Land Value “As If Complete”

In addition to the “As If Complete” and Fully Leased value of the property upon completion, we have also been instructed to assess the value of the underlying land assuming that the site is decontaminated (estimated cost of \$500,000 plus GST) and the site is excavated and level providing a site which is ready to develop on.

In our opinion, the proposed concept may not be the highest and best use with the underlying land likely to experience strong demand from a number of developers looking to develop a variety of uses including alternative retail options, industrial accommodation among others. Based on this, we provide a land value assessed through the Direct Comparison Approach.

The land provides over three hectares with adjoining infrastructure already completed including roading, traffic lights and street lights.

Valuation

We have valued the subject property based on the Sales Comparison approach. The sales comparison approach effectively allows a direct comparison of the subject land to sales of other blocks of land with adjustments made when required for location, contour, aspect, views, as well as zoning. This methodology is most appropriate where there are transactions of similar parcels of land which require small levels of adjustment. Block sales that require larger adjustments could be considered less reliable as the adjustments become quite subjective.

Under this methodology we have reviewed and analysed a range of sales information in relation to development sites considered to form a useful basis of comparison. The sales are analysed back to a common denominator, in this case a rate against area per square metre. The rates are then considered against the subject being mindful of the differences in the physical, locational and zoning differences and adjusted to derive a rate considered applicable to apply to the property being considered.

Sales Evidence – Block Sales

The following table sets out details of the recent Auckland freehold land sales which we consider to be comparable to the subject property and therefore applicable in our determination of freehold land value. From the outset we note the paucity of retail and commercial land sales in the immediate area in the last 12 – 24 months. We have therefore included sales of large blocks of land that provide redevelopment potential within the surrounding Auckland Region.

We are aware these sales will require adjustment for time and the changes in market conditions since they occurred. However, adjustment and consideration with regards to the greater level of intensity of development upon the land is also necessary. We set out a range of sales considered in arriving at our assessment as follows:

Address	Sale Date	Sale Price	Area	Value \$ psm	Zone
221 – 227 Lincoln Road, Henderson	Under-con				Light Industry
58-60 Roma Road, Mt Roskill	Sep-18				Light Industry
655 Great South Road, Manukau	May-18				Metropolitan
201 Archers Road, Wairau Valley	Nov-17				Light Industry
79 Carbine Rd and 10 Clemow Dr	Sep-17				Light Industry
80 Mount Wellington Highway	Jun-17		Confidential		Mixed Use
258 Oteha Valley Road, Albany	Feb-17				Metropolitan Centre
3094 Great North Road, New Lynn	Oct-16				Metropolitan Centre
98 McClymonts Road, Albany	Feb-16				Bus 11A
Zone 7 Underlying Land	Sep-15				Massey North Special Area

Address	Sale Date	Sale Price	Area	Value \$ psm	Zone
Corner Fred Taylor Drive, Westgate	Jan-15				Massey North Special Area
Westgate Town Centre (Zone 5)	May-13				Special Area
17 Fred Taylor Drive, Westgate	Dec-12				Special Area

Based on the above sales and comments, we have adopted the following land value profile to the subject property:

Land Value	Area	\$ per annum	Resulting \$ psm
Direct Comparison Approach	31,374	\$675	\$21,177,450
Adopted Land Value			\$21,200,000
Resulting \$ psm			\$676

Addendum Two – “As If Complete” with Vacant Possession

Given the specialised nature of the proposed development and the fact that the proposed offer is relatively untested in the New Zealand market, we have prepared an assessment of the value of the property assuming the proposed development has been completed, although the improvements are provided on a vacant possession basis. This scenario could occur if the business is unsuccessful in the market.

In order to assess the value on this basis, we have investigated a number of proposed redevelopment schemes including conversion to smaller bulk retail uses, industrial accommodation, demolition of the improvements and mixed use schemes.

Based on the layout of columns, the size of the improvements, the proposed stud height of each floor, profile to the various areas and underlying zoning, we are of the opinion that the highest and best vacant possession value would be obtained through a redevelopment of these improvements to provide ground floor bulk retail accommodation, first floor office and self-storage facilities and second level storage areas.

We note from the outset that providing an assessment on this basis provides a number of subjective assumptions around costs to redevelop and reconfigure the various areas, likely tenant demand for these uses and the likely rental levels that could be achieved.

The improvements will provide near new build accommodation, although we have allowed for an additional \$6,500,000 for costs to reconfigure the improvements and an additional \$5,500,000 of tenant allowances including rental voids, incentives and leasing fees.

In the interests of brevity, we provide a breakdown of valuation calculations on this basis below and we have appended the vacant possession calculations to this report.

Under our alternative uses vacant possession scenario, we have adopted the following market rental profile:

Premises	NLA	Market Rental psm	Market Rental p.a
Ground - Bulk Retail	10,479	\$150 /sqm	\$1,571,802
Ground - Retail - Offices and Amenities	183	\$220 /sqm	\$40,344
Ground - Retail - Loading Area	1,295	\$75 /sqm	\$97,113
Ground - Bulk Retail	3,523	\$145 /sqm	\$510,850
First - Self Storage	8,522	\$120 /sqm	\$1,022,640
First - Offices and Amenities	1,595	\$220 /sqm	\$350,828
First - Storage	1,397	\$70 /sqm	\$97,763
Total	26,993 m²		\$3,691,339

As our valuation is assessed on a vacant possession basis, we have adopted the following letting up assumptions:

Ground Floor Retail Allowances

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

Self-Storage Allowances

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

Office and Amenities Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex \$/sqm	Probability
Vacant	6 months	75%	6 months	100%	\$0	100%
Year 1	6 months	75%	6 months	100%	\$120	100%
Year 2	6 months	75%	6 months	100%	\$120	100%
Year 3	6 months	75%	6 months	100%	\$120	100%
Year 4	6 months	75%	6 months	100%	\$120	100%
Year 5	6 months	75%	6 months	100%	\$120	100%
Year 6	6 months	75%	6 months	100%	\$120	100%
Year 7	6 months	75%	6 months	100%	\$120	100%
Year 8	6 months	75%	6 months	100%	\$120	100%
Year 9	6 months	75%	6 months	100%	\$120	100%
Year 10	6 months	75%	6 months	100%	\$120	100%

Valuation Calculations

Our calculations are summarised as follows:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$3,691,339
Ideal Outgoings Recovery (Full Net Leases)	\$462,572
Total Market Rental	\$4,153,911
Less Outgoings Expenditure	(\$462,572)
Net Market Rental	\$3,691,339
Rental Adjustments	
Core Income	\$3,691,339
Core Income Capitalised at 7.25%	\$50,915,019
Value Adjustments	
Present Value of Rental Reversions	
Vacant Tenancies	(\$2,797,513)
Present Value of Letting Up Allowances: 24 months	(\$391,592)
Present Value of All Unexpired & Forecast Incentives: 24 months	(\$2,379,018)
Present Value of Short Term Capital Expenditure: 24 months	(\$6,500,000)
Total Value Adjustments	(\$12,068,124)
Total Capitalised Value	\$38,846,895
Adopted Capitalised Value	\$38,847,000

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$38,847,000
Capitalisation Approach - Contract Income	\$38,952,000
Discounted Cash Flow Approach	\$37,921,000
Adopted Value	\$38,900,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market investment sentiment, we have adopted a rounded valuation figure of **\$38,900,000** plus GST (if any).

The assessed value reflects an equivalent yield of 7.24%, an internal rate of return of 7.45%, and a rate of \$1,514 per square metre of Net Lettable Area.

We refer you to the calculation sheets attached to this report for a breakdown of these calculations.

Valuation Definitions

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

We recommend that the reader consult the International Valuation Standards Council – International Valuation Glossary <https://www.ivsc.org/standards/glossary>

Computer Interest Register



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier 618171
Land Registration District North Auckland
Date Issued 03 November 2015

Prior References

641014

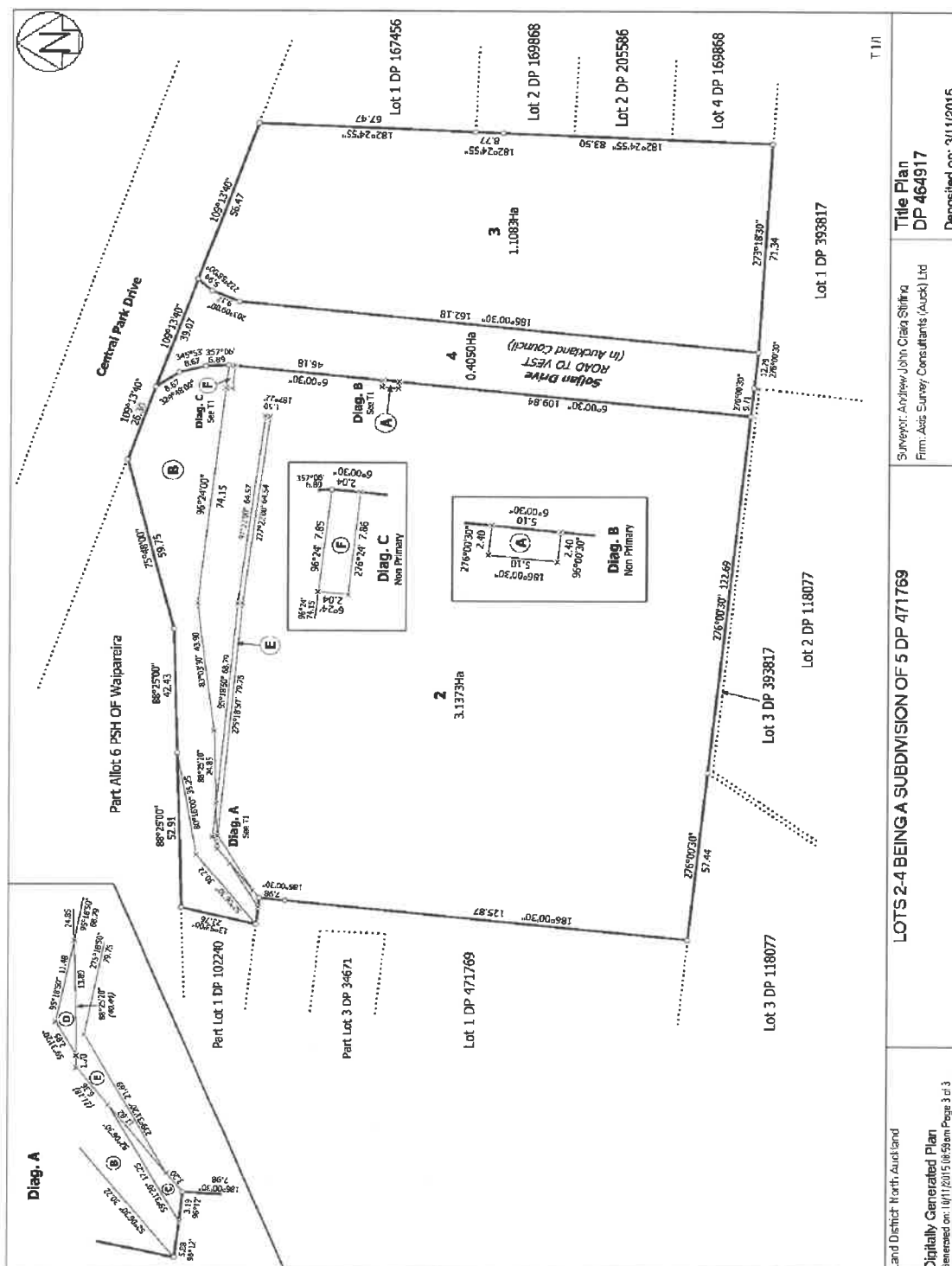
Estate Fee Simple
Area 3.1373 hectares more or less
Legal Description Lot 2 Deposited Plan 464917

Proprietors

Magsons Investments Limited

Interests

8333379.2 Encumbrance to Mitre 10 (New Zealand) Limited - 4.11.2009 at 9:20 am
9924451.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 23.1.2015 at 9:05 am
9924451.4 Encumbrance to the Auckland Council - 23.1.2015 at 9:05 am
9924451.5 Mortgage Priority Instrument making Encumbrance 9924451.4 first priority, Encumbrance 8333379.2 second priority and Mortgage 7738571.1 third priority - 23.1.2015 at 9:05 am
Subject to a right to drain water (in gross) over parts marked B, C & D on DP 464917 in favour of the Auckland Council created by Easement Instrument 9924451.6 - 23.1.2015 at 9:05 am
The easement created by Easement Instrument 9924451.6 is subject to Section 243(a) Resource Management Act 1991
Subject to a right to drain water over parts marked C, D & E on DP 464917 created by Easement Instrument 9924451.7 - 23.1.2015 at 9:05 am
10130428.4 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.11.2015 at 12:38 pm
Subject to a right to convey electricity (in gross) over part marked A on DP 464917 in favour of Vector Limited created by Easement Instrument 10130428.5 - 3.11.2015 at 12:38 pm
Subject to a right to drain water (in gross) over part marked F on DP 464917 in favour of the Auckland Council created by Easement Instrument 10130428.6 - 3.11.2015 at 12:38 pm
The easements created by Easement Instrument 10130428.6 are subject to Section 243 (a) Resource Management Act 1991
Appurtenant hereto is a right of way created by Easement Instrument 10169677.2 - 4.11.2016 at 2:08 pm
Land Covenant in Easement Instrument 11164677.2 - 15.8.2018 at 8:51 am



Land District North Auckland	LOTS 2-4 BEING A SUBDIVISION OF 5 DP 471769	Surveyor: Andrew John Craig Shilling Firm: Axis Survey Consultants (Auck) Ltd	Title Plan DP 464917	Deposited on: 3/11/2015
Digitally Generated Plan (Generated on: 10/11/2015 10:59:59am) Page 3 of 3				

Valuation Calculations - “As If Complete” and Fully Leased

Property	Nido - Home Products Superstore - 156 Central Park Drive,
Property Description	Bulk Retail
Net Lettable Area	26,387 square metres
Car Parking	654 spaces - 1 car park per 40.35 sqm
Prepared For	MAAT Property Group
Purpose	Potential Acquisition and Mortgage Security
Date of Valuation	5 February 2019
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$59,000,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	7.60%
Initial Yield (Fully Leased)	7.60%
Equivalent Yield	7.53%
Internal Rate of Return (Ten Year)	8.89%
Weighted Average Lease Term - Income	15.00 years
Weighted Average Lease Term - Area	15.00 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$2,236 /sqm

This information in this summary is derived from and should be read in conjunction with the full text of the accompanying report.

Capitalisation Approach

Value Based on Market Capitalisation	\$58,261,000
Value Based on Contract Capitalisation	\$58,212,000
Capitalisation Rate	7.63%

Discounted Cashflow Approach

Value Based on DCF Approach	\$59,549,000
Discount Rate	8.75%
Terminal Capitalisation Rate	7.88%
Nominal Assumed Rental Growth	1.84% pa
Nominal Assumed CPI	1.99% pa

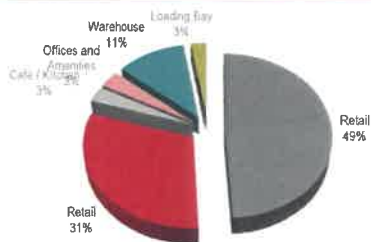
Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$4,484,000	\$4,347,488
Other Income		
Recoverable Outgoings	\$474,958	\$474,958
Gross Income	\$4,958,958	\$4,822,446
Total Outgoings	(\$474,958)	(\$474,958)
Less Year 1 Incentives		
Net Income	\$4,484,000	\$4,347,488

DCF Sensitivity Analysis

Discount Rate	7.63%	7.88%	8.13%
8.50%	\$61,465,000	\$60,517,000	\$59,629,000
8.75%	\$60,475,000	\$59,549,000	\$58,681,000
9.00%	\$59,507,000	\$58,602,000	\$57,753,000

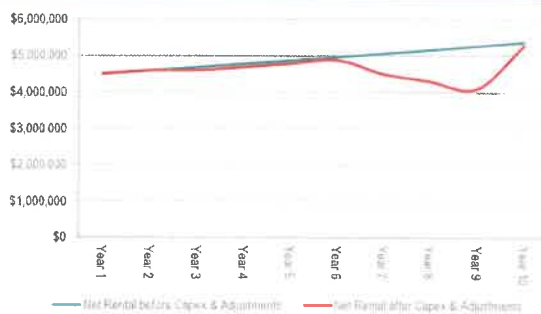
Major Tenant Occupancy Profile by Rental Income



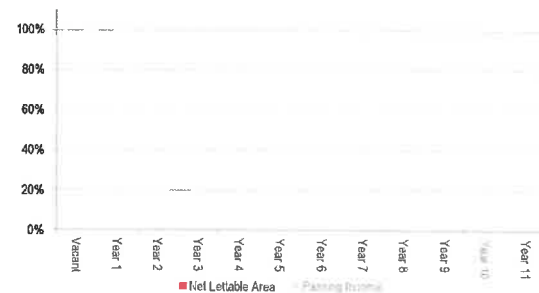
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$0	\$0	\$77,877
Letting Up	\$0	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile





Market Income	
Lettable area rental	\$4,347,488
Car Parking Rental	\$0
Ideal Outgoings Recovery (Full Net Leases)	\$474,958
Total Market Rental	\$4,822,446
Less Outgoings Expenditure	(\$474,958)
Net Market Rental	\$4,347,488
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$4,347,488
Core Income Capitalised at 7.63%	\$57,016,238

Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$1,244,539
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	\$0
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	\$0
Value of Other Income	\$0
Total Value Adjustments	\$1,244,539
Total Capitalised Value	\$58,260,777
Adopted Capitalised Value	\$58,261,000
Adopted Value	\$59,000,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	15.00 years	Initial Yield (Net Passing)	7.60%
By Area	15.00 years	Initial Yield (Fully Leased)	7.60%
Current Vacancies		Equivalent Market Yield	7.53%
By Area	0 sqm	Rate per m ² of NLA	\$2,236 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$4,484,000
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$4,484,000



Passing Income	
Lettable Area Rental	\$4,484,000
Car Parking Rental	\$0
Outgoings Recovery	\$474,958
Total Passing Rental	\$4,958,958
Less Outgoings Expenditure	(\$474,958)
Net Passing Income*	\$4,484,000
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$4,484,000
Core Income Capitalised at 7.63%	\$58,806,557
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	(\$594,611)
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	\$0
Present Value of All Unexpired & Forecast Incentives: 24 months	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	\$0
Value of Other Income	\$0
Total Value Adjustments	(\$594,611)
Total Capitalised Value	\$58,211,946
Adopted Capitalised Value	\$58,212,000
Adopted Value	\$59,000,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach
Nido - Home Products Superstore - 156 Central Park Drive, Henderson
5 February 2019

Discounted Cashflow Results		Sensitivity Analysis*			Terminal Yield			Key Property Statistics			Valuation Date	Terminal Period
PV of Rental Income	\$31,317,370	Discount Rate	7.63%	7.88%	8.13%	Weighted Average Lease Term - Income			15.00 years	5.00 years		
PV of Terminal Value	\$28,231,614	8.50%	\$61,465,000	\$60,517,000	\$59,628,000	Weighted Average Lease Term - Area			15.00 years	5.00 years		
Acquisition Costs	\$0	8.75%	\$60,475,000	\$59,549,000	\$58,681,000	Occupancy			100.00%	100.00%		
Total Net Present Value	\$59,548,983	9.00%	\$59,507,000	\$58,602,000	\$57,753,000	Initial Yield (Net Passing)			7.60%	8.24%		
Adopted Net Present Value	\$59,549,000	* Rounded Values			Initial Yield (Fully Leased)			7.50%	8.24%			
Adopted Value	\$59,000,000				Capex Assumptions			Total Allowance over DCF Period			\$3,004,387	\$113.86 /sqm
Adopted Discount Rate	8.75%				Proportion of Adopted Value			5.09%				
Internal Rate of Return	8.89%											
Year Ending	04-Feb-2020	04-Feb-2021	04-Feb-2022	04-Feb-2023	04-Feb-2024	04-Feb-2025	04-Feb-2026	04-Feb-2027	04-Feb-2028	04-Feb-2029	04-Feb-2030	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Rental Income												
Lettable Area and Car Park Income	\$4,491,473	\$4,581,303	\$4,672,929	\$4,766,387	\$4,861,715	\$4,958,949	\$5,058,128	\$5,159,291	\$5,262,477	\$5,367,726	\$0	
Outgoings Recovery	\$474,958	\$483,507	\$493,177	\$503,041	\$513,605	\$523,877	\$534,354	\$545,041	\$555,942	\$567,061	\$0	
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Gross Rental Income	\$4,966,431	\$5,064,810	\$5,166,106	\$5,269,428	\$5,375,320	\$5,482,826	\$5,592,483	\$5,704,332	\$5,818,419	\$5,934,787	\$0	
Rental Deductions												
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Outgoings Expenditure	(\$474,958)	(\$483,507)	(\$493,177)	(\$503,041)	(\$513,605)	(\$523,877)	(\$534,354)	(\$545,041)	(\$555,942)	(\$567,061)	\$0	
Net Rental Cashflow	\$4,491,473	\$4,581,303	\$4,672,929	\$4,766,387	\$4,861,715	\$4,958,949	\$5,058,128	\$5,159,291	\$5,262,477	\$5,367,726	\$0	
Rental Adjustments												
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Expenditure	\$0	\$0	(\$77,877)	(\$79,435)	(\$81,103)	(\$82,725)	(\$82,528)	(\$80,668)	(\$1,170,508)	(\$89,544)	\$0	
Net Cashflow	\$4,491,473	\$4,581,303	\$4,595,052	\$4,686,953	\$4,780,613	\$4,876,225	\$4,495,600	\$4,298,623	\$4,091,968	\$5,278,183	\$0	
Purchase Price	\$59,000,000											
Acquisition Costs @ 0.00%	\$0											
Gross Purchase Price	\$59,000,000											
Net Sale Price After Costs @ 1.50%												\$65,317,320
Annual Cashflow	(\$54,508,527)	\$4,581,303	\$4,595,052	\$4,686,953	\$4,780,613	\$4,876,225	\$4,495,600	\$4,298,623	\$4,091,968	\$5,278,183	\$65,317,320	
Running Initial Yield	7.61%	7.76%	7.92%	8.08%	8.24%	8.40%	8.57%	8.74%	8.92%	9.10%	-	
Running IRR	3.48%	6.49%	7.53%	8.08%	8.36%	8.52%	8.58%	8.70%	8.77%	8.89%	-	



Tenancy Schedule
Nido - Home Products Superstore - 156 Central Park Drive, Henderson
5 February 2019

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pcpw	Net Market Rental Total	Premises \$/sqm	Car Park pcpw	Outgoings Recovery
1. Retail	Ground	9,690.3	654	15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$2,034,971	\$210.00		\$1,986,520	\$205.00	\$0.00	\$174,426
2. Stairs, Lifts and Circulation	Ground	620.4		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$130,292	\$210.00		\$127,190	\$205.00		\$11,168
3. Entry	Ground	167.9		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$35,259	\$210.00		\$34,420	\$205.00		\$3,022
4. Offices and Amenities	Ground	183.4		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$55,014	\$300.00		\$54,097	\$295.00		\$3,301
5. Loading Area	Ground	1,294.8		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$116,536	\$90.00		\$116,536	\$90.00		\$0
6. Warehouse	Ground	3,523.1		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$510,850	\$145.00		\$493,234	\$140.00		\$63,416
7. Retail	First	9,886.1		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$1,334,618	\$135.00		\$1,265,188	\$130.00		\$177,949
8. Stairs, Lifts and Circulation	First	245.6		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$35,612	\$145.00		\$34,384	\$140.00		\$4,421
9. Café / Kitchen	First	193.0		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$67,550	\$350.00		\$62,725	\$325.00		\$3,474
10. Café Seating Area	First	480.1		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$67,217	\$140.00		\$62,416	\$130.00		\$8,642
11. Offices and Amenities	First and Secor	1,396.6		15.0 years	1-Feb-19	31-Jan-34	1-Feb-20	1 yearly	Fixed	\$96,081	\$68.80		\$90,780	\$65.00		\$25,139
	GLA	27,681 sqm	654						Passing Rental	\$4,484,000		Market Rental	\$4,347,488		Outgoings Recovery	\$474,958
	NLA	26,387 sqm							Net Passing Rental	\$4,484,000					Vacant Outgoings	\$0
															Outgoings Shortfall	\$0
															Total Outgoings	\$474,958

GLA 27,681 sqm
 NLA 26,387 sqm

654

Passing Rental \$4,484,000
 Net Passing Rental \$4,484,000

Market Rental \$4,347,488

Outgoings Recovery \$474,958
 Vacant Outgoings \$0
 Outgoings Shortfall \$0
 Total Outgoings \$474,958



Annualised Receivable Income
Nido - Home Products Superstore - 156 Central Park Drive, Henderson
5 February 2019

Tenant Name	Premises	Year 1 04-Feb-2020	Year 2 04-Feb-2021	Year 3 04-Feb-2022	Year 4 04-Feb-2023	Year 5 04-Feb-2024	Year 6 04-Feb-2025	Year 7 04-Feb-2026	Year 8 04-Feb-2027	Year 9 04-Feb-2028	Year 10 04-Feb-2029
Retail	Ground	\$2,038,363	\$2,079,130	\$2,120,713	\$2,163,127	\$2,206,390	\$2,250,517	\$2,295,528	\$2,341,438	\$2,388,267	\$2,436,032
Stairs, Lifts and Circulation ,	Ground	\$130,510	\$133,120	\$135,762	\$138,498	\$141,268	\$144,093	\$146,975	\$149,914	\$152,913	\$155,971
Entry	Ground	\$35,318	\$36,024	\$36,745	\$37,479	\$38,229	\$38,994	\$39,774	\$40,569	\$41,380	\$42,208
Offices and Amenities	Ground	\$55,106	\$56,208	\$57,332	\$58,479	\$59,648	\$60,841	\$62,058	\$63,299	\$64,565	\$65,856
Loading Area	Ground	\$116,730	\$119,064	\$121,446	\$123,875	\$126,352	\$128,879	\$131,457	\$134,086	\$136,768	\$139,503
Warehouse	Ground	\$511,701	\$521,935	\$532,374	\$543,021	\$553,882	\$564,959	\$576,258	\$587,784	\$599,539	\$611,530
Retail	First	\$1,336,842	\$1,363,579	\$1,390,851	\$1,418,688	\$1,447,041	\$1,475,982	\$1,505,502	\$1,535,612	\$1,566,324	\$1,597,650
Stairs, Lifts and Circulation ,	First	\$35,671	\$36,385	\$37,112	\$37,855	\$38,612	\$39,384	\$40,172	\$40,975	\$41,795	\$42,631
Café / Kitchen	First	\$67,663	\$69,016	\$70,396	\$71,804	\$73,240	\$74,705	\$76,199	\$77,723	\$79,278	\$80,863
Café Seating Area	First	\$67,329	\$68,675	\$70,049	\$71,450	\$72,879	\$74,336	\$75,823	\$77,340	\$78,886	\$80,464
Offices and Amenities	First and Secon	\$96,241	\$98,166	\$100,129	\$102,132	\$104,175	\$106,258	\$108,383	\$110,551	\$112,762	\$115,017
Total Receivable Rental Income		\$4,491,473	\$4,581,303	\$4,672,929	\$4,766,387	\$4,861,715	\$4,958,949	\$5,058,128	\$5,159,291	\$5,262,477	\$5,367,726

Valuation Calculations - Vacant Possession



Executive Summary

Property	Nido - Home Products Superstore - 156 Central Park Drive,
Property Description	Bulk Retail
Net Lettable Area	25,698 square metres
Car Parking	654 spaces - 1 car park per 39.29 sqm
Prepared For	MAAT Property Group
Purpose	Potential Acquisition and Mortgage Security
Date of Valuation	5 February 2019
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$38,900,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	(1.19%)
Initial Yield (Fully Leased)	9.49%
Equivalent Yield	7.24%
Internal Rate of Return (Ten Year)	7.45%
Weighted Average Lease Term - Income	0.00 years
Weighted Average Lease Term - Area	0.00 years
Occupancy As Valued	0.00%
Capital Value per square metre of NLA	\$1,514 /sqm

This information in this summary is derived from and should be read in conjunction with the full text of the accompanying report.

Capitalisation Approach

Value Based on Market Capitalisation	\$38,847,000
Value Based on Contract Capitalisation	\$38,952,000
Capitalisation Rate	7.25%

Contract and Market Rental Income Summary

	Contract	Market
Rental Income		\$3,691,339
Other Income		
Recoverable Outgoings		\$462,572
Gross Income		\$4,153,911
Total Outgoings	(\$462,572)	(\$462,572)
Less Year 1 Incentives		
Net Income	-\$462,572	\$3,691,339

Discounted Cashflow Approach

Value Based on DCF Approach	\$37,921,000
Discount Rate	7.75%
Terminal Capitalisation Rate	7.50%
Nominal Assumed Rental Growth	1.84% pa
Nominal Assumed CPI	1.99% pa

DCF Sensitivity Analysis

Discount Rate		Terminal Yield	
	7.25%	7.50%	7.75%
7.50%	\$39,713,000	\$38,739,000	\$37,827,000
7.75%	\$38,873,000	\$37,921,000	\$37,030,000
8.00%	\$38,052,000	\$37,122,000	\$36,251,000

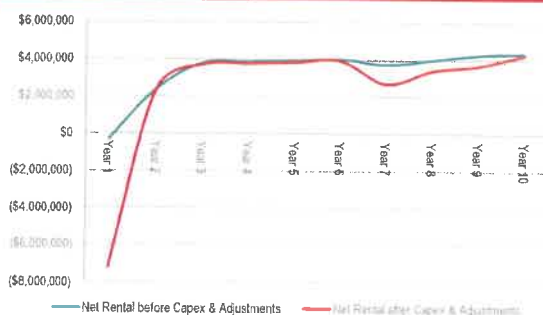
Major Tenant Occupancy Profile by Rental Income

Vacant
0%

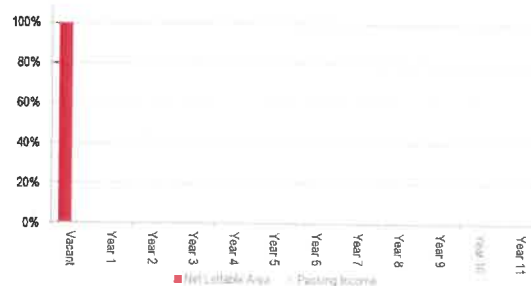
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$6,500,000	\$0	\$77,877
Letting Up	\$5,864,760	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile



**Market Income**

Lettable area rental	\$3,691,339
Car Parking Rental	\$0
Ideal Outgoings Recovery (Full Net Leases)	\$462,572
Total Market Rental	\$4,153,911

Less Outgoings Expenditure	(\$462,572)
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Net Market Rental	\$3,691,339
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Rental Adjustments

Less Long Term Vacancy Allowance @ 0.00%	\$0
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Core Income	\$3,691,339
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Core Income Capitalised at 7.25%	\$50,915,019
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Value Adjustments

Present Value of Rental Reversions	
Existing Tenancies	\$0
Vacant Tenancies	(\$2,797,513)
Present Value of Letting Up Allowances: 24 months	(\$391,592)
Present Value of All Unexpired & Forecast Incentives: 24 months	(\$2,379,018)
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$6,500,000)
Value of Other Income	\$0

Total Value Adjustments	(\$12,068,124)
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Total Capitalised Value	\$38,846,895
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Adopted Capitalised Value	\$38,847,000
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Adopted Value	\$38,900,000
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Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	0.00 years	Initial Yield (Net Passing)	-1.19%
By Area	0.00 years	Initial Yield (Fully Leased)	9.49%
Current Vacancies		Equivalent Market Yield	7.24%
By Area	25,698 sqm	Rate per m ² of NLA	\$1,514 /sqm
Proportion of NLA	100.00%	Net Income	
By Market Income	\$3,691,339	Net Passing Income	-\$462,572
Proportion of Market Income	100.00%	Net Passing Income (Fully Leased)	\$3,691,339



Passing Income	
Lettable Area Rental	\$0
Car Parking Rental	\$0
Outgoings Recovery	\$0
Total Passing Rental	\$0
Less Outgoings Expenditure	(\$462,572)
Net Passing Income*	(\$462,572)
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	(\$462,572)
Core Income Capitalised at 7.25%	(\$6,380,304)
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$0
Vacant Tenancies	\$54,602,431
Present Value of Letting Up Allowances: 24 months	(\$391,592)
Present Value of All Unexpired & Forecast Incentives: 24 months	(\$2,379,018)
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$6,500,000)
Value of Other Income	\$0
Total Value Adjustments	\$45,331,820
Total Capitalised Value	\$38,951,517
Adopted Capitalised Value	\$38,952,000
Adopted Value	\$38,900,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach
Nido - Home Products Superstore - 156 Central Park Drive, Henderson
5 February 2019

Discounted Cashflow Results		Sensitivity Analysis*			Terminal Yield		Key Property Statistics			Valuation Date	Terminal Period
PV of Rental Income	\$13,941,876	Discount Rate	7.25%	7.50%	7.75%	Weighted Average Lease Term - Income			0.00 years	1.14 years	
PV of Terminal Value	\$23,978,900		7.50%	\$39,713,000	\$38,739,000	\$37,827,000	Weighted Average Lease Term - Area		0.00 years	1.20 years	
Acquisition Costs	\$0		7.75%	\$38,873,000	\$37,921,000	\$37,030,000	Occupancy		0.00%	100.00%	
Total Net Present Value	\$37,920,776		8.00%	\$38,052,000	\$37,122,000	\$36,251,000	Initial Yield (Net Passing)		(1.19%)	3.54%	
Adopted Net Present Value	\$37,921,000	* Rounded Values					Initial Yield (Fully Leased)		9.49%	3.54%	
Adopted Value	\$38,900,000						Capex Assumptions				
Adopted Discount Rate	7.75%						Total Allowance over DCF Period		\$9,052,440	\$352.26 /sqm	
Internal Rate of Return	7.45%						Proportion of Adopted Value		23.27%		
Year Ending	04-Feb-2020	04-Feb-2021	04-Feb-2022	04-Feb-2023	04-Feb-2024	04-Feb-2025	04-Feb-2026	04-Feb-2027	04-Feb-2028	04-Feb-2029	04-Feb-2030
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income											
Leasable Area and Car Park Income	\$138,233	\$2,523,147	\$3,789,187	\$3,858,326	\$3,926,735	\$4,008,566	\$3,774,771	\$3,994,386	\$4,253,133	\$4,332,495	\$0
Outgoings Recovery	\$4,762	\$316,588	\$480,316	\$489,923	\$500,211	\$510,215	\$482,917	\$508,969	\$541,444	\$552,273	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$142,995	\$2,839,735	\$4,269,503	\$4,348,249	\$4,426,946	\$4,518,782	\$4,257,688	\$4,503,365	\$4,794,576	\$4,884,768	\$0
Rental Deductions											
Unexpired Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$462,572)	(\$470,898)	(\$480,316)	(\$489,923)	(\$500,211)	(\$510,215)	(\$520,419)	(\$530,828)	(\$541,444)	(\$552,273)	\$0
Net Rental Cashflow	(\$319,577)	\$2,368,837	\$3,789,187	\$3,858,326	\$3,926,735	\$4,008,566	\$3,737,268	\$3,972,527	\$4,253,133	\$4,332,495	\$0
Rental Adjustments											
Letting Up Allowances - Leasing Fees	(\$411,398)	\$0	\$0	\$0	\$0	\$0	(\$62,243)	\$0	\$0	\$0	\$0
Capital Expenditure	(\$6,500,000)	\$0	(\$77,877)	(\$79,435)	(\$81,103)	(\$82,726)	(\$82,726)	(\$573,779)	(\$585,254)	(\$89,544)	\$0
Net Cashflow	(\$7,230,976)	\$2,368,837	\$3,711,310	\$3,778,892	\$3,845,632	\$3,925,842	\$2,692,301	\$3,398,749	\$3,667,879	\$4,242,951	\$0
Purchase Price	\$38,900,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$38,900,000										
Net Sale Price After Costs @ 1.50%											\$50,582,705
Annual Cashflow	(\$46,130,976)	\$2,368,837	\$3,711,310	\$3,778,892	\$3,845,632	\$3,925,842	\$2,692,301	\$3,398,749	\$3,667,879	\$4,242,951	\$50,582,705
Running Initial Yield	0.00%	6.09%	9.74%	9.92%	10.09%	10.30%	9.61%	10.21%	10.93%	11.14%	-
Running IRR	5.75%	7.72%	8.14%	8.38%	8.10%	8.21%	8.28%	8.37%	7.26%	7.45%	-

Growth and Cost Assumptions

	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Offices and Amenities	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	1.83%						
Rental Growth Rate	-	1.00%	1.75%	1.75%	1.85%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Letting Up Probability	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Applied Incentive	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%
Incentive Months Equivalent	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Capex Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$420,197	\$0	\$0	\$0	\$0
Self Storage	Assumed Lease Term	10.0 years	Review Frequency	1 yearly	Average Growth	1.83%						
Rental Growth Rate	-	1.00%	1.75%	1.75%	1.85%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Letting Up Assumption	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%
Incentive Months Equivalent	5 months	5 months	5 months	5 months	5 months	5 months	5 months	5 months	5 months	5 months	5 months	5 months
Capex Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,017,458
Secondary Retail	Assumed Lease Term	10.0 years	Review Frequency	1 yearly	Average Growth	1.83%						
Rental Growth Rate	-	1.00%	1.75%	1.75%	1.85%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Letting Up Assumption	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months
Letting Up Probability	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Applied Incentive	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Incentive Months Equivalent	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months
Capex Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,671,699
Growth Rates	Average	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Ancillary	1.83%	1.00%	1.75%	1.75%	1.85%	2.00%						
Carparking	1.83%	1.00%	1.75%	1.75%	1.85%	2.00%						
CPI	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%						
Capex	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%						
Outgoings	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%						
Ground Rental	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%						
Other Income	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%						



Tenancy Schedule
Nido - Home Products Superstore - 156 Central Park Drive, Henderson
5 February 2019

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park popw	Net Market Rental Total	Premises \$/sqm	Car Park popw	Outgoings Recovery
1. Vacant	Ground	10,478.7	654										\$1,571,802	\$150.00	\$0.00	\$0
2. Vacant	Ground	183.4											\$40,344	\$220.00		\$0
3. Vacant	Ground	1,294.8											\$97,113	\$75.00		\$0
4. Vacant	Ground	3,523.1											\$510,850	\$145.00		\$0
5. Vacant	First	8,522.0											\$1,022,640	\$120.00		\$0
6. Vacant	First	528.5											\$116,262	\$220.00		\$0
7. Vacant	First	1,066.2											\$234,565	\$220.00		\$0
8. Vacant	First	1,386.6											\$97,763	\$70.00		\$0
	GLA	26,993 sqm	654						Passing Rental	\$0		Market Rental	\$3,691,339		Outgoings Recovery	\$0
	NLA	25,698 sqm							Net Passing Rental	(\$462,572)					Vacant Outgoings	\$462,572
															Outgoings Shortfall	\$0
															Total Outgoings	\$462,572



Annualised Receivable Income
Nido - Home Products Superstore - 156 Central Park Drive, Henderson
5 February 2019

Tenant Name	Premises	Year 1 04-Feb-2020	Year 2 04-Feb-2021	Year 3 04-Feb-2022	Year 4 04-Feb-2023	Year 5 04-Feb-2024	Year 6 04-Feb-2025	Year 7 04-Feb-2026	Year 8 04-Feb-2027	Year 9 04-Feb-2028	Year 10 04-Feb-2029
Vacant	Ground	\$0	\$802,521	\$1,615,646	\$1,844,459	\$1,675,306	\$1,708,543	\$1,743,131	\$1,778,315	\$1,814,209	\$1,850,828
Vacant	Ground	\$3,393	\$40,909	\$41,047	\$41,909	\$42,526	\$43,515	\$18,425	\$30,632	\$45,948	\$46,340
Vacant	Ground	\$97,113	\$98,089	\$99,819	\$101,580	\$101,580	\$105,564	\$107,694	\$109,868	\$112,086	\$114,348
Vacant	Ground	\$0	\$260,827	\$525,099	\$534,464	\$544,489	\$555,324	\$566,533	\$577,968	\$589,634	\$601,535
Vacant	First	\$0	\$865,929	\$1,051,166	\$1,069,912	\$1,089,982	\$1,111,672	\$1,134,110	\$1,157,001	\$1,180,355	\$1,204,179
Vacant	First	\$9,778	\$117,890	\$118,269	\$120,775	\$122,550	\$125,400	\$53,098	\$88,274	\$132,412	\$133,542
Vacant	First	\$19,727	\$237,850	\$238,654	\$243,669	\$247,252	\$253,002	\$107,129	\$178,098	\$267,148	\$269,428
Vacant	First	\$8,222	\$99,132	\$99,467	\$101,557	\$103,050	\$105,447	\$44,649	\$74,228	\$111,342	\$112,293
Total Receivable Rental Income		\$138,233	\$2,523,147	\$3,789,187	\$3,858,326	\$3,926,735	\$4,008,566	\$3,774,771	\$3,994,366	\$4,253,133	\$4,332,495



JLL

PricewaterhouseCoopers Tower
Level 16, 188 Quay Street
PO Box 165
Auckland 1140
Phone: +64 9 366 1666

JackStone House
Level 10, 3-11 Hunter St
PO Box 10-343
Wellington 6143
Phone: +64 4 499 1666

First Floor, 1 Papanui Road
Merivale
PO Box 6466
Christchurch 8442
Phone: +64 3 375 6600

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