



Report prepared for ASB Bank Limited and PMG Generation Fund  
Trustees Limited for Capital Raising and Mortgage Security  
purposes

Industrial Premises

67 Vickerys Road, Wigram

17 December 2019

# *Valuation Report*

# Executive Summary

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## Industrial Premises - 67 Vickerys Road, Wigram



An industrial design build initially constructed in the 1970's and further developed in 2003 and 2005 comprising an existing warehouse and extended by means of an adjoining new warehouse and associated offices and amenities, car parking and substantial sealed yard area. Both warehouses contain two gantry cranes whilst the office fit out is inclusive of floor coverings, partitioning and air-conditioning. A further warehouse addition was constructed 2005/2006 inclusive of secondary office, mezzanine and further gantry crane.

Construction is in the form of a conventional RSJ steel beam construction with part concrete encased legs, concrete slab foundation, mixed tilt slab walls and Zinalume or similar metal cladding enclosing the exterior walls which have a knee height of 6.5 metres. The 2002 constructed warehouse is similar inclusive of gantry crane rails, whilst the exterior comprises partly full height concrete tilt slabs as well as a combination of 1.55 metre high tilt slab panels with Zinalume or similar cladding above to the warehouse.

There are a total of 10 gantry cranes (5 pairs of two) situated on the premises. Of which the Tenant owns six (3 pairs of two) of the Krone Gantry 4 tonne model. The remaining gantry cranes belong to the landlord.

The property is located within the popular industrial sector of Sockburn, bordering on Wigram, nine kilometres to the south west of the Christchurch city core.

The subject property is currently at an NBS of 60% as per DSA report dated 13<sup>th</sup> June 2019 by CGW Engineers. We understand a remediation strategy is currently underway with an NBS of 90% to be achieved, which is part of the conditional contract in place. Our valuation is subject to this.

The premises is currently leased to Euro Corporation Limited which is a National Steel Distribution Company on a six (6) year term with five (4) years remaining and two (2) rights of renewal of four (4) years each. The lease was new as at 1<sup>st</sup> September 2018 which surrendered the previous lease which commenced in 2014 now with market rent reviews two (2) yearly.

The property provides significant parking providing 92 spaces.

Given the structure has an overall NBS of 60% to be upgraded to 90%, with 81% income coming from the warehouse and lease term remaining of five years, we believe that the yield is in the mid-range of market parameters between 6.25% and 6.75%.



## Valuation

Prepared for	ASB Bank Limited and PMG Generation Fund Trustees Limited
Valuation Purpose	Market Valuation for Capital Raising and Mortgage Security purposes
Date of Valuation	17 December 2019
Date of Report	13 January 2020
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Industrial Heavy – Christchurch City Council
Tenure	Fee Simple – 74967
Site Area	14,870 sqm
Lettable Area	6,421 sqm
<b>Adopted Value</b>	<b>\$10,300,000 plus GST, if any</b> Ten Million Three Hundred Thousand Dollars plus GST, if any

## Valuation Analysis

Initial Yield	6.46%	Rate / sqm of Lettable Area	\$1,604
Initial Yield (Fully Leased)	6.46%	Weighted Average Lease Term	4.67 years by income
Equivalent Yield	6.62%	Current Occupancy	100.00%
Internal Rate of Return (10 years)	7.86%	Current Vacancy	0.00%

## Tenancy Overview

Euro Corporation Limited	\$665,595	6,421 sqm
Total – Before Adjustments	\$665,595	6,421 sqm

## Financial Summary

Gross Passing Income	\$777,638
Gross Market Income	\$794,948
Adopted Outgoings	\$112,043
Net Passing Income	\$665,595
Net Passing Income (Fully Leased)	\$665,595
Net Market Income	\$682,905

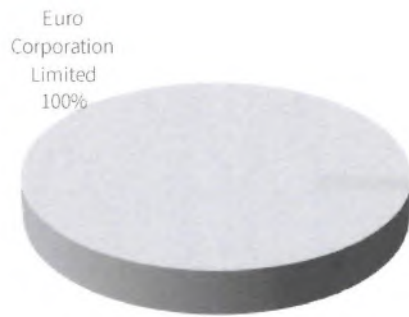
## Cap Approach Assumptions

Adopted Cap Rate	6.500%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$10,495,000
Passing Income Capitalisation	\$10,495,000

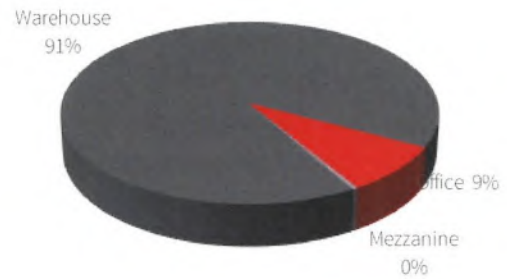
## DCF Approach Assumptions

Discount Rate	8.000%
Terminal Yield	6.750%
Average Applied Rental Growth	1.89%
Value Based on DCF Approach	\$10,206,000

### Major Occupiers



### Building Components



### Valuers

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



# Property Performance

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## Market Performance

- With vacancy rates hovering at consistently low levels, the market may be adjusting from a static to slowly progressive trend in rental rates although more time is required to confirm.
- Prime industrial space saw an increase of 2.7% from \$111 psm to \$114 psm from 4Q18 to the current period. Following the move in prime rents, secondary industrial space was up 2.3% from \$86 psm to \$88 psm, both given as blended rates.
- We are predicting further rental growth with new supply slowing down notably and stable occupier demand shifting the market back to equilibrium.
- Rental growth for secondary assets is forecast to be far less pronounced as occupiers continue to favour high NBS rated and well connected stock.

## Asset Performance

- The subject property is located within the Wigram Industrial Area, which is positioned to the north-east of Vickers Road, accessed off both Washbournes and Hayton Road.
- The property is zoned Industrial Heavy under the Christchurch District Plan which does offer the property a flexible use
- The improvements are in relatively good condition and are to be remediated to 90% NBS as part of the contract which is currently in place. The site has drive through ability with a turning circle positioned under the warehouse area to enable all weather and 24 hour operations. The site is 1.5km away from the State Highway 76 and circa 1km away from Carmen Road which turns into State Highway 1 running north to south.

## Cash Flow Performance

- The property is currently 100% occupied with the major occupier being Euro Corporation.
- The weighted average lease term for the property (by income) is 4.67 years, which we considered slightly short for this class of asset, with investors particularly attracted to properties with slightly longer lease profiles.
- We have not been provided with an outgoing budget and have adopted a rate of \$16.98 per square metre, which we believe to be in line with market rates.
- The warehouse space is showing signs of wear and tear due to the relatively heavy use of steel distribution. We have therefore allowed a capital expenditure allowance of \$5 per square metre upon expiry of the lease term.

## Critical Assumptions, Conditions & Limitations

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- The valuation is current as at the date of valuation only, being 17 December 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 Record of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.



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



# Table of Contents

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<b>1</b>	<b>Introduction</b>	<b>10</b>
1.1	Instructions	10
1.2	Valuation and Inspection Dates	10
1.3	Basis of Valuation	11
1.4	Relevant Valuation Standards & Disclosures	11
1.5	Information Sources	11
1.6	Specific Assumptions	11
<b>2</b>	<b>Property Particulars</b>	<b>12</b>
2.1	Location	12
2.2	Title Particulars	13
2.3	Site Details	14
2.4	Resource Management	14
2.5	Rateable Value	15
2.6	Environmental Issues	15
2.7	Heritage	16
2.8	Improvements	16
2.9	Construction	17
2.10	Accommodation	18
2.11	Lettable Areas	22
2.12	Condition and Repair	22
2.13	Earthquake Strengthening Requirements	22
<b>3</b>	<b>Property Income and Expenditure</b>	<b>23</b>
3.1	Tenancy Overview	23
3.2	Lease Summary	24
3.3	Building Outgoings and Recoveries	25
3.4	Tenancy Schedule	26
3.5	Income Analysis	27
<b>4</b>	<b>Market Commentary</b>	<b>28</b>
4.1	Economic Overview	28
4.2	Local Market Commentary	29
<b>5</b>	<b>Leasing Evidence</b>	<b>30</b>
5.1	Leasing Evidence	30
5.2	Market Rental Profile	33
5.3	Net Income Assessment	34
<b>6</b>	<b>Sales Evidence</b>	<b>35</b>
6.1	Sales Transaction	35
<b>7</b>	<b>Valuation Considerations</b>	<b>38</b>
7.1	SWOT Analysis	38
7.2	Likely Selling Period	38
7.3	Most Probable Purchaser	38
7.4	Sales History	38

<b>8</b>	<b>Valuation Rationale</b>	<b>39</b>
8.1	Valuation Overview	39
8.2	Capitalisation Approach	39
8.3	Discounted Cash Flow Approach	40
<b>9</b>	<b>Valuation</b>	<b>44</b>
9.1	Valuation Reconciliation	44
9.2	Valuation Conclusion	44
9.3	Mortgage Security Recommendation	44
9.4	Market Value Apportionment	44
9.5	Involvement Statement	45

## Appendices

Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

Appendix 3 – Listed Land Use Register

Appendix 4 – Discounted Cash Flow Calculations

# 1 Introduction

## 1.1 Instructions

We refer to instructions from Daniel Lem of PMG Funds Limited dated 30<sup>th</sup> August 2019 requesting that we undertake a market valuation of the freehold interest of 67 Vickerys Road, Wigram (the Subject/Property), as at 17 December 2019 for and on behalf of ASB Bank Limited and PMG Generation Fund Trustees Limited. We understand that the valuation is to be relied upon for Capital Raising and Mortgage Security purposes only.

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

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

We confirm:

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

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

## 1.2 Valuation and Inspection Dates

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

Date of Valuation	17 December 2019
Date of Property Inspection	17 December 2019
Date of Preparation of Report	13 January 2020

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



### 1.3 Basis of Valuation

#### Market Value

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

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

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

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

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

### 1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2017) Framework and General Standards
- NZVTIP 2 – Valuations for Use in New Zealand Financial Reports
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 2 – Valuations for Mortgage & Loan Security Purposes
- ANZVGN 9 Assessing Rental value

### 1.5 Information Sources

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

- Record of Title particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority;
- Sales and leasing data from various industry sources, including real estate agents;
- Market research and forecasts from JLL Research; and
- Lease documentation, building areas, tenancy schedule and budgets supplied by Cameron Darby of CBRE on behalf of Pacific Property Fund Limited. Our valuation is based on a significant amount of information that has been sourced from the instructing party or managing agent and other third parties. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed to us.

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

### 1.6 Specific Assumptions

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

- An NBS of equal to or greater than 90% NBS after the remediation has taken place.
- We have adopted the provided floor areas with such verified as best as possible on site. Access was restricted for measurement due to the business operation in progress and product storage.



## 2 Property Particulars

### 2.1 Location

The property lies nine kilometres to the west of the commercial core of Christchurch via Durham Street, Brougham Street and the Curletts Road Expressway or alternatively via Blenheim Road. Access from Curletts Road is via Parkhouse Road, Hayton Road and Pilkington Way.

The property is more particularly located within the Wigram/Sockburn industrial subdivision adjacent the former Wigram Airbase and was planned as a comprehensive industrial development precinct. This immediate area was developed more formerly in the 1980's.

Vickers Road extends north/south between Hayton Road and Pilkington Way, the area containing industrial and showroom/office/warehouse premises as well as the Canterbury Agricultural Park further to the south. The Christchurch Southern Motorway extension, lies to the south of Wigram Road.

Wigram/Sockburn is regarded as a prime suburban industrial address in Christchurch, well perceived by both tenants and investors and should provide satisfactory value growth over time, subject to wider economic and market influences.

The following map identifies the approximate location of the Property:



Source: Google Maps

## 2.2 Title Particulars

Title Reference	74967
Tenure	Fee Simple
Legal Description	Lot 1 Deposited Plan 319107
Area	1.4870 hectares more or less
Registered Owner	McKenzie properties 2013 Limited
Registered Interest	<ul style="list-style-type: none"> <li>42096.1 Resolution imposing a Building Line Restriction - 10.7.1975 at 9:35 am</li> <li><b>Appurtenant hereto is a right to drain sewage specified in Easement Certificate 176921.1 - 16.5.1978 at 1:34 pm - Outlines that the subject has the dominant tenement for the right to drain sewage over Lot 9 which is shown in the deposited plan outlined below.</b></li> <li>The easement specified in Easement Certificate 176921.1 is subject to Section 37 (1)(a) Counties Amendment Act 1961</li> <li>Subject to a right to drain water in gross over part marked A,B,C on DP 319107 to The Christchurch City Council created by Transfer 5746614.5 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9:00 am</li> <li>The easement created by Transfer 5746614.5 is subject to Section 243 (a) Resource Management Act 1991</li> <li><b>Subject to a right to convey sewage over part marked B, D on DP 319107 created by Easement Instrument 5746614.6 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9:00 am - This is an easement which runs on the north-eastern boundary of the property which runs alongside the watercourse. We note that the easement is covered with seal and is outside the building footprint and therefore we don't believe that this has any impact on value.</b></li> <li>The easement created by Easement Instrument 5746614.6 is subject to Section 243 (a) Resource Management Act 1991</li> <li><b>Subject to a right to convey electricity in gross over part marked E on DP 319107 to Orion New Zealand Limited created by Transfer 5746614.7 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9:00 am - This easement runs half way up the western boundary of the site and comes in ten metres at the end. Carrying electricity and currently sealed over and outside of the building envelope. We deem the easement to have no impact on value.</b></li> <li><b>The easement created by Transfer 5746614.7 is subject to Section 243 (a) Resource Management Act 1991 - Outlines that no easement shall be surrendered by the owner of the dominant tenement or merged by transfer to the owner of the dominant or servient tenement or be varied without written consent of the territorial authority.</b></li> <li>9812553.3 Mortgage to Westpac New Zealand Limited - 20.8.2014 at 4:39 pm</li> <li>11042428.1 Variation of Mortgage 9812553.3 - 1.3.2018 at 3:50 pm</li> </ul>

Source: Land Information New Zealand

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





## 2.3 Site Details

The property comprises an 1.4870 hectares site with frontage to Vickers Road of 100 metres and an average depth of 154 metres with the rear boundary being slightly irregular defined by a watercourse.

The land is predominantly flat and level in contour with the existing buildings having an approximate 43% site coverage.

**Easements detailed on the Deposited Plan include:**

- A sewage easement spanning the site width to the rear of the building improvements;
- A water drainage easement extending two metres inside the southern side boundary.
- An electricity easement extending predominantly 2.5 metres inside the northern side boundary to approximately half the site depth.

We were unable to carry out an accurate inspection of the surveyed boundaries but we would image that these correspond approximately with the location of the existing fence lines and other site markings. It would appear that the site is serviced with the normal utility services.

Site Area	Area of Lot 1 Deposited Plan 319107	1.4870 hectares more or less
	Total Area	1.4870 hectares more or less



Source: Emap

## 2.4 Resource Management

Local Authority:	Christchurch City Council
Planning Instrument:	Christchurch City Council's Operative District Plan
Operative Date:	19 December 2017, subject to outstanding appeals and variations
Zoning:	IH - Industrial Heavy
Objectives:	The Industrial Heavy Zone recognises and provides for industrial activities that generate potentially significant adverse effects on the surrounding environment (such as high levels of noise, odour and heavy traffic movements), or involve significant use and storage of hazardous substances, necessitating separation from more sensitive land use activities.

The existing improvements would appear to comply with the resource management requirements of the site. Further, we have assumed that the property benefits from existing use rights or has an applicable Resource Consent.

## 2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1<sup>st</sup> August 2016 being Assessment Number 23411 44201, is as follows:

Land Value	\$3,210,000
Improvements Value	\$3,190,000
Capital Value	\$6,400,000

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

## 2.6 Environmental Issues

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



*The information presented in this map is specific to the property you have selected. Information on nearby properties may not be shown on this map, even if the property is visible.*

### Summary of sites:

Site ID	Site Name	Location	HAIL Activity(s)	Category
983	Firth Industries Ltd	67 Vickerys Road, Wigram, Christchurch	A17 - Storage tanks or drums for fuel, chemicals or liquid waste; E4 - Concrete manufacture and bulk cement storage;	Partially Investigated

*Please note that the above table represents a summary of sites and HAILs intersecting the area of enquiry only.*

We note that we have searched the Listed Land Use Register and the site was previously used for concrete manufacture and bulk cement storage and Storage tanks or drums for fuel, chemicals or liquid waste.



This was partially investigated when the site was used under Firth Industries who are a concrete manufacturing company.

The detailed site investigating was carried out in 2001 with the summary noted below;

On 9 November 2001 1 underground storage tank (UST), with a capacity of 13,600 litres and used to hold diesel, was removed due to the closure of the site. The tank was reported to have been 16 years old and had some minor rusting and pitting. 11 soil samples were collected from the site, 8 were collected from the tank pit excavation, 1 from bedding material, 1 from beneath the vent lines and 1 from the dispensing bowser. 5 of the 11 soil samples were submitted for total petroleum hydrocarbon (TPH) analysis, 4 collected from the tank pit walls and base and 1 from beneath the bowser. This level of sampling is lower than the minimum recommended by the Ministry for the Environment (MfE) in "Guidelines for Assessing and Managing Petroleum Hydrocarbon Contaminated Sites in New Zealand" (1999). The samples yielded TPH concentrations of < 3mg/kg and 11 mg/kg. These concentrations comply with the MfE guidelines Tier 1 soil acceptance criteria for a commercial/industrial land use. Groundwater was encountered in the pit base (at 2.5 m below ground level) but no groundwater samples were collected. No assessment has yet been made of other activities undertaken at the site that may have the potential to cause contamination.

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

From the information stated above, it appears that any contamination is below the guidelines and therefore we believe that the previous use of the property has any diminishing impact on the value.

## 2.7 Heritage

We have not undertaken any formal heritage searches; the property is not notified on the District Plan as being a heritage structure and our valuation is made on the assumption that there are no heritage issues relating to the Property.

## 2.8 Improvements

An industrial design build constructed 1975 and 2003 comprising an existing warehouse refurbished and extended by means of an adjoining new warehouse and associated offices and amenities, carparking and substantial sealed yard area. Both warehouses contain two gantry cranes whilst the office fitout is inclusive of floor coverings, partitioning and air-conditioning.

A further warehouse addition was constructed 2005/2006 inclusive of secondary office, mezzanine and further gantry crane.



Road Frontage



Carparking



## 2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs and columns, with steel beam construction.
External Walls:	A combination of precast concrete panels and Zinalume or similar sheeting.
Internal Walls:	Predominantly plasterboard lining to lettable areas.
Roof:	Steel purlins, netting, sisalation and assumed galvanised corrugated iron or similar roofing with the inclusion of translucent sheeting providing additional natural lighting.
Ceiling:	Acoustic tiles in a suspended grid system to the office areas
Lighting:	Recessed fluorescent lighting to the offices and Halogen lighting to the warehouse
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Ducted and wall mounted air conditioning

## 2.10 Accommodation

### Warehouse

The original warehouse was constructed in 1975 in conjunction with a pre-stressed concrete plant and is located towards the northern side boundary of the land, set back from such by approximately 12.2 metres, this being a useable width for vehicle access. This warehouse has been refurbished utilising the existing steel portal frame structure with the addition of gantry crane rails. The existing concrete foundations and tilt slab exterior cladding to a height approximating 1.8 metres above the ground were retained, with a new concrete floor poured throughout and new Zinalume or similar metal cladding enclosing the exterior walls, which have a portal knee height approximating 6.5 metres. The existing roof support structure remains, inclusive of steel purlins, netting, sisalation and assumed galvanised corrugated iron or similar roofing with the inclusion of translucent sheeting providing additional natural lighting and a new stormwater disposal system. Two entrance doorways have been developed along the northern side boundary.



Warehouse Area



Warehouse Area

A further contiguous warehouse constructed during 2003 is alongside the older warehouse to its southern side, running an identical length but slightly wider. The interior construction is similar inclusive of gantry rails, although there is near full height concrete panels, as well as a combination of 1.55 metre high tilt slab panels with Zinalume or similar cladding above to the warehouse. Portal knee height again approximates 6.5 metres.

Vehicle doorways are double the width of the original warehouse but partly aligned allowing potential drive through access. Each warehouse comprises two Kone gantry cranes (2.0 tonne and 2 x 3.0 tonne), which are in the ownership of the Lessor.

A further warehouse was constructed in 2005/2006 encompassing a significant portion of the original sealed yard area. Construction is as per our previous description including effective stud height.

The extension is "L" shaped in design with good external access and internal linkage to the existing structure. Such warehouse overlaps the rear of the original offices with this area within the extension providing a mezzanine document storage area with stairwell access.

A further warehouse office with mezzanine storage above is developed within the southern most warehouse extension, whilst vehicle access links to the eastern most sealed rear yard.

We note a further remote control gantry crane (2 x 3.6 tonne) transverses part of this warehouse, being a Lessor improvement.



Warehouse Area with Gantry Crane



Warehouse Area with Gantry Crane

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## Offices

Single storey offices and amenities adjoin the warehouse towards the street frontage. Construction comprises concrete foundations and flooring, steel and timber framing, predominantly full double glazing to the street façade to the depth of the main office area, with the rear staff and amenity areas encompassing aluminium exterior joinery within a corrugated Zincalume wall cladding. Roofing is also of similar Zincalume cladding. Internally the main office area has a raking suspended ceiling. It comprises a combination of carpet and tiled flooring and is partitioned via predominantly glazed partitions into a general administration office, including reception, manager's office including adjoining boardroom, accountant and sales managers' offices.

To the rear is the staff/amenities area, encompassing Gibraltar board lined walls and ceilings and predominantly vinyl floor coverings. Timber framed partitioning subdivides this area into a hallway accessing staff room including kitchen facilities, staff office, men's, women's and paraplegic toilet facilities, each encompassing a shower.

The office accommodation and level of services is attractive, complimented by a combination of ducted and wall air conditioning systems servicing the main offices as well as staff office and staff room.



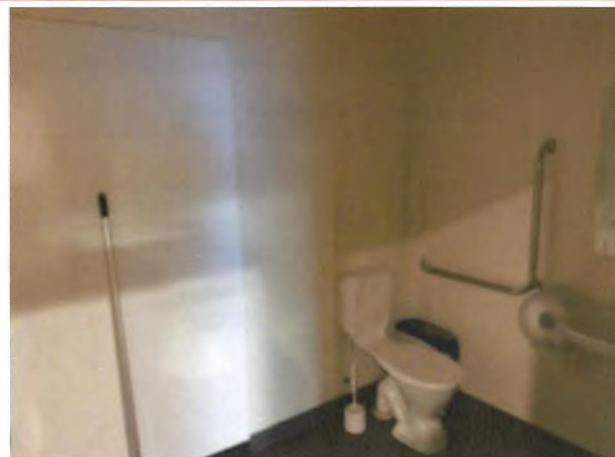
Open Plan Office Area



Offices



Cafeteria



Bathroom Facility

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## Other Improvements

Existing site development incorporates 54 designated sealed car parking spaces adjoining a landscaped frontage to Vickers Road. The balance of the yard area was originally sealed inclusive of drainage, providing further yard storage.



Carparking and Access Area



Carparking



## 2.11 Lettable Areas

The Property's total Lettable Area is approximately 6,421 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Warehouse	6,020
Office & Amentities	285
Warehouse Office	58
Mezzanine	58
Total Lettable Area	6,421 square metres
Car parking	Spaces
Car spaces	92
Total Car parking	92 spaces

The areas noted above have been checked and were taken from survey plans. Where the areas have not been surveyed we have undertaken a full measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

## 2.12 Condition and Repair

We inspected the interior and exterior of the property. The building appears to have been well maintained with no significant deferred maintenance requirements evident. Our valuation has had regard to the apparent state of repair and condition of the Property; however, we were not instructed to carry out a structural survey or to test any of the services available to the Property. We are therefore unable to report that the Property is free from further defect and we have assumed that no deleterious material was used in the construction.

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 1<sup>st</sup> November 2019, and therefore assume that the property complies with the provisions of Compliance Schedule which we have cited.

It is a requirement of the Health and Safety at Work (Asbestos) Regulations 2016 that buildings are required to have an Asbestos Management Plan that assesses improvements for the presence of asbestos, and if present, what steps are required to be taken to mitigate risks to health and safety. We have requested and not been provided with a copy of the Asbestos Management Plan, and therefore assume the property has no onerous obligations in terms of asbestos management that may impact on the use, saleability or value of the property.

## 2.13 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	1975 with 2003 and 2005 additions
National Risk Zone	High
Compliance with New Building Standard	60% NBS to be upgraded to 90% NBS
Assessment Type	DSA
Assessment Completed By	CGW Consulting Engineers
Assessment Date	June 2019

Our valuation is based on the building being remediated to 90% NBS which is to be completed prior to settlement. We believe that the market would be satisfied with the seismic strength and we do not believe that this has an impact on our capitalisation rate.

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

## 3 Property Income and Expenditure

### 3.1 Tenancy Overview

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

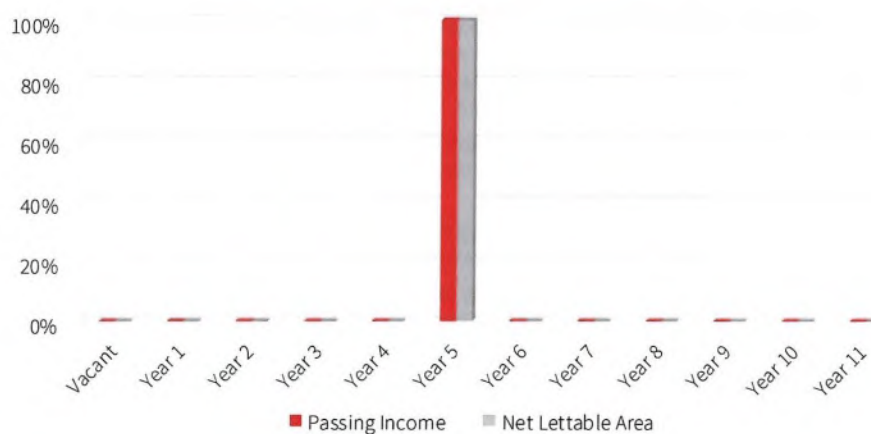
The net rental from the Property can be summarised as follows:

Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
Euro Corporation Limited	\$665,595	6,421	100.0%
Total	\$665,595	6,421 sqm	100%

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



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



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

Weighted Average Lease Term Remaining	Years
By Area	4.67
By Income	4.67



## 3.2 Lease Summary

We summarise below the lease agreements for a selection of single tenant:

Lease Summary	Euro Corporation Limited at Auckland
Documents reviewed	Signed Deed of Lease dated 21 <sup>st</sup> December 2019
Lessee	Euro Corporation Limited
Demised premises	All of the Landlords property situated at 67 Vickers Road, Christchurch, being the land in Certificate of Title 74987 including the warehouse area, the offices and amenities.
Lettable Area	Lettable Area not outlined in lease document Ninety two (92) car parking spaces
Commencement Date	1 September 2018
Expiry Date	31 <sup>st</sup> August 2024
Lease Term	Six (6) years plus two right (2) of renewal of four (4) years
Commencement Rent	Premises: \$665,595 Car Parking: Included Total: \$665,595 per annum plus GST
Current Rent	\$665,595 per annum plus GST
Rental Review Provisions	Two (2) yearly to market. Lease has a commencement rental ratchet. Next review 1 September 2020.
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	General industrial uses permitted under and which comply with Local Body requirements and ordinances.
Special Provisions	<ul style="list-style-type: none"> <li>49. The parties acknowledge that two Portacom buildings of approximately 12m x 2.5m each and a large compressor area situated on the premises and are acknowledged by the parties to be the property of the tenant. At the date of expiry of the term of the lease or on the surrender of the lease, the Landlord shall have the right to purchase from the Tenant at a price agreed upon by both parties and if no price can be agreed upon, the value is to be determined by a valuer experienced in valuing such equipment. In the event that the Landlord does not exercise the right to purchase Portacom buildings and/or the air compressor, the Tenant shall within one month of the expiry or surrender of the lease remove the buildings and the compressor equipment at its cost failing which the said Portacom buildings and compressor shall become the property of the Landlord.</li> <li>50. The Tenant acknowledges the compressed air pipe works, electrical cables and trays will remain on the premises at the expiry of or earlier determination of the lease and become property of the Landlord.</li> <li>51.1 There are 10 cranes (5 pairs of two) situated on the premises. The Tenant owns six (3 pairs of two) of the Kind Gantry 4 tonne, model EKR-Pro 10-3.6-1/1-12-Z10/1.7.</li> <li>51.2 In the event that at any time during the term of this Lease or on its expiry, the Tenant agrees to sell and the Landlord agrees to purchase the crane, the sale price will be determined by an independent experienced valuer of plant and machinery agreed upon by the Landlord and Tenant.</li> <li>51.3 At the expiry of the term of this lease or any greater termination of the Lease the Landlord has the option to purchase the cranes with the sale price determined in accordance with 51.2 herein. If the Landlord advises the Tenant it does not wish to purchase the cranes then within one month of the expiry of the Lease or its earlier determination the Tenant will pay the costs of removing the cranes from the premises.</li> </ul>
Landlords Fixtures and Fittings	Not specified on the lease.

### 3.3 Building Outgoings and Recoveries

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

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

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$49,902	\$7.77
Operating Expenses	\$62,141	\$9.68
Total Outgoings	\$112,043	\$17.45

We have requested but not been provided with an outgoings budget for the property, and have estimated the likely building operating expenses with reference to the current rating authority statutory charges and our opinion of likely ongoing costs of insurance, building maintenance and running costs. Our opinion of the likely level of outgoings for the property is based on our involvement with similar properties.



### 3.4 Tenancy Schedule

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

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Euro Corporation Lin Warehouse		6,020.0	92	Sep 2018	Aug 2024	6.0 years	Sep 2020	2 yearly	Market	\$606,440	\$93	\$10	\$105,046	\$17
Euro Corporation Lin Office & Amentii		285.0		Sep 2018	Aug 2024	6.0 years	Sep 2020	2 yearly	Market	\$49,875	\$175		\$4,973	\$17
Euro Corporation Lin Warehouse Offic		58.0		Sep 2018	Aug 2024	6.0 years	Sep 2020	2 yearly	Market	\$6,960	\$120		\$1,012	\$17
Euro Corporation Lin Mezzanine		58.0		Sep 2018	Aug 2024	6.0 years	Sep 2020	2 yearly	Market	\$2,320	\$40		\$1,012	\$17
Aggregate		6,421.0	92							\$665,595			\$112,043	

### 3.5 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$617,755	79.44%
Car Parking Rental	\$47,840	6.15%
Outgoings Recovery	\$112,043	14.41%
Gross Passing Income	\$777,638	100.00%
Outgoings	\$112,043	
Net Passing Income	\$665,595	



## 4 Market Commentary

### 4.1 Economic Overview

As at December 2019:

- The Consumer Price Index is 1.5% for the year to September 2019. NZIER forecast that CPI will remain close to the 2.0% mark over the next few years.
- Gross Domestic Product grew by 2.4% for the year to June 2019. The New Zealand economy reached a new milestone in this period, with the size of the economy breaking the \$300 billion dollar mark in current price terms for the first time.
- The Reserve Bank have maintained the Official Cash Rate at 1.0% in their November 2019 announcement, with employment remaining around the maximum sustainable level while inflation remains below the 2.0% mid-point. The RBNZ anticipates a lift in economic growth during 2020, largely due to low interest rates, higher wage growth and increased government spending and investment.
- On 5 December 2019 the RBNZ released their decision to increase the capital requirements on banks. The key decisions, which start to take effect from 1 July 2020, include banks' total capital increasing from a minimum of 10.5% now, to 18% for the four large banks and 16% for the remaining smaller banks. The average level of capital currently held by banks is 14.1%. Economic commentary on the decision is predicting the effect of this to increase retail interest rates by circa 25 to 50 basis points once changes are fully implemented.
- The 90-day Bank Bill Benchmark Rate (BKBM) was 1.24% as at November 2019. This averaged 1.76% for the year to date and has reduced relatively sharply over the last few months.
- Unemployment rate is 4.2% as at September 2019, which is close to historical lows. Upcoming increases to minimum wage and several collective negotiations within industries such as teachers and nurses may impact on employment levels over the medium term as wage expectations increase.
- The REINZ median house prices across New Zealand increased by 8.2% in the year to October 2019 to a new record high of \$607,500 - the first time the median house price for the country has crept over the \$600,000 mark. The number of residential properties sold across New Zealand in October decreased by -4.0% from the same time last year to 6,801 (down from 7,083). This is largely due to the Foreign Buyer ban which has impacted YOY sales volume. In October the median number of days to sell a property nationally decreased by 1 day from 35 to 34 when compared to October last year.
- The construction sector is in a balance of completing projects, limited appetite for risk from both contractors and financiers, however with remaining expectation of high costs and capacity constraints.

There remains risks to the global growth outlook, particularly driven via the US and foreign policy. There remains risks to the Chinese and European economies also, as geopolitical issues add to global uncertainty.

Overall the economic environment is positive, however with some risk issues following several years of strong growth and increasing asset values.

## 4.2 Local Market Commentary

### Demand

Demand for industrial stock in Christchurch has shown some stabilisation, with the vacancy rate only increasing by 10 bps from our 2H18 to 1H19 vacancy surveys, up to 4.9% from 4.8%. All surveyed precincts saw a slight increase with the exception of the east Christchurch area (Bromley and Woolston), which saw a drop of 60bps. The count for total net absorption also shows signs of the Christchurch industrial market stabilising further, now around only a tenth of what was recorded at the end of 2018.

### Supply

Christchurch's total stock base has grown slightly over 1H19 with ~15,000 sqm added in the first 6 months of 2019. This figure is much less than what JLL has previously recorded in past updates, with the June 2018 statistic sitting at ~98,000 sqm versus June 2019 at ~15,000 sqm, indicating a significant slow-down in the supply response.

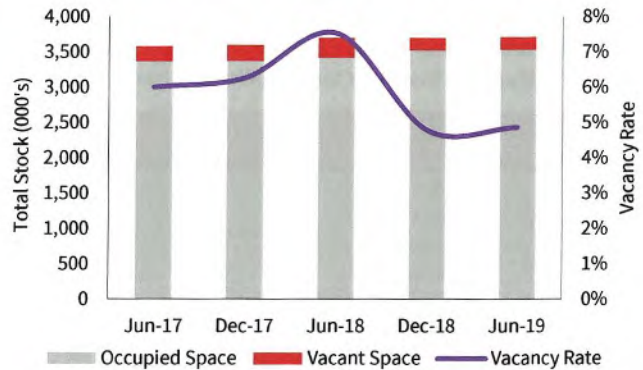
Developers will seek to mitigate oversupply issues and untenanted buildings by carefully selecting the projects they take on and building for specific tenants' needs.

### Asset Performance

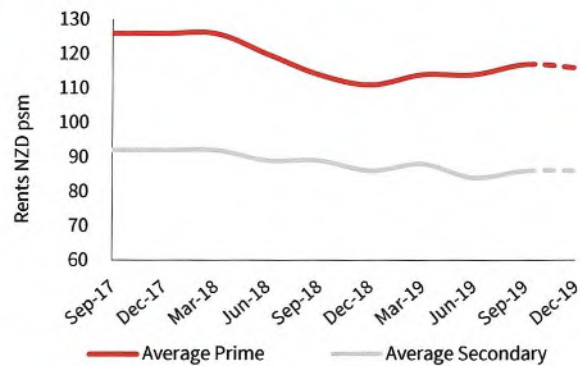
We have observed a slight uptick in the combined Christchurch industrial rental rates over the last quarter, with prime rents sitting at \$117 psm and secondary rents at \$86 psm, increases of 2.6% and 2.4% respectively from last quarter. There is little movement forecast for the rest of 2019 and into 2020 as new supply in the pipeline has slowed.

The average yields for the prime and secondary industrial sectors have hit post-earthquake lows this quarter with prime yields currently sitting at 6.23% and secondary yields at 7.13%, down 27bps and 37bps respectively from 2Q19 data.

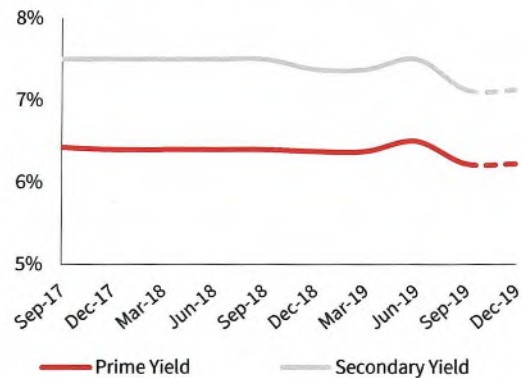
Christchurch Industrial Vacancy and Occupied Space



Christchurch Industrial Rents (\$/m<sup>2</sup>)



Christchurch Industrial Yields (%)





## 5 Leasing Evidence

### 5.1 Leasing Evidence

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

Property Address	Lessee	Component	Area/No	Rent \$psm/pcpw	Annual Rent	Effective	Comments
35 Hammersmith Drive	The Architectural Roofing Company	Warehouse	1364	\$85.00	\$115,940.00	Feb-20	Agreement to lease. 6 year term.
Wigram		Office	217	\$157.03	\$34,076.00		3 yearly RR to market.
		Carparks	24	8	\$9,984.00		
					\$160,000.00		
105 Nazareth Avenue	Unknown	Warehouse	188	\$85.00	\$15,980.00	Apr-19	New lease.
Addington		Office	155	\$138.86	\$21,524.00		Single roller door and mezzanine.
		Carparks	6	\$8.00	\$2,496.00		
		Total	343		\$40,000.00		
Unit A2 19 Avenger Crescent	TVH New Zealand Limited	Warehouse	400	\$100.00	\$40,000.00	Feb-19	New sublease.
Wigram		Canopy	50	\$55.00	\$2,750.00		2017 Build.
		Office and Amenities	136.5	\$200.00	\$27,300.00		
		Carparks	5	\$12.50	\$3,250.00		
					\$73,300.00		
Unit C2 198 Springs Road	Prime Pump Limited	Office	163	\$180.00	\$29,340.00	Apr-19	New lease.
Hornby		Workshop	68	\$95.00	\$6,460.00		
		Washbay	18	\$50.00	\$900.00		
		Sealed yard	1,527	\$19.21	\$29,332.00		
		Carparks	6	\$8.00	\$48.00		
					\$66,080.00		
5 Wigram Close, Wigram	Patton Limited	Warehouse	1,148	\$85.00	\$97,580.00	Oct-19	New lease. Commences October 2019. Signed May 2019.
		Office	247	\$160.00	\$39,520.00		
		Canopy	85	\$40.94	\$3,480.00		
		Carparks	17	\$5.00	\$4,420.00		
		Total			\$145,000.00		

35 Hammersmith Drive, Wigram	Paynes Aluminium					New Lease, April 2020, 85% NBS.
		Office and Amenities	62.0	\$202	\$12,500.00	5 tonne Gantry
		Warehouse	963	\$115.00	\$111,160.00	7.5m Stud
		Canopies	45	\$44.00	\$2,000.00	
		Carparks	17	\$10.00	\$8,840.00	
		Total			\$134,500.00	
106 Wigram Road	Traffic Control	Warehouse	970	\$110.00	\$106,700.00	Jun-18 New Lease
Wigram	Systems Limited	Canopy	250	\$50.00	\$12,500.00	
		Office	160	\$162.00	\$25,920.00	
		Carparks	19	\$10.00	\$9,880.00	
		Total	1,380		\$155,000.00	
56/U4 Hayton Road	Elite Hardware	Office and Amenities	41.28	\$160.00	\$6,604.80	Apr-18 New Lease
Wigram		Warehouse	327	\$95.58	\$31,254.66	6m Stud Height
		Carparks	5	\$10.00	\$2,600.00	
		Total	368.28		\$40,459.46	
254 Annex Road	ARE (NZ)	Showroom	88.8	\$200.00	\$17,760.00	Apr-18 New Lease
Middleton		Office and Amenities	84	\$180.00	\$15,120.00	
		Warehouse	199	\$110.81	\$22,051.19	
		Low Height Warehouse	45.7	\$75.00	\$3,427.50	
		Mezzanine	28.8	\$50.00	\$1,440.00	
		Carparks	8	\$12.50	\$5,200.00	
		Total	454.3		\$64,998.69	
19 Kilronan Place	Nymic Engineering	Office	87	\$155.00	\$13,485.00	Mar-18 New Lease
Wigram		Warehouse	571	\$95.19	\$54,353.49	
		Carparks	8	\$10.00	\$4,160.00	
		Total	658		\$71,998.49	
11 Kilronan Place		Warehouse	940	\$84.89	\$79,800.00	Mar-18 1990s Constructed
Wigram		Office	125	\$130.00	\$16,250.00	High Stud Warehouse
		Yard	200	\$10.00	\$2,000.00	
		Carparks	5	\$7.50	\$1,950.00	
		Total	1,065		\$100,000.00	



Blenheim Road, Middleton	Offices	747	220	\$164,340.00	Mar-18	Older Refurbished Premises
	Showroom	300	\$200.00	\$60,000.00		with Substantial Recent Extension
	Dispatch Office	104	\$175.00	\$18,200.00		High Profile Situation
	Warehouse	11,961	\$85.00	\$1,016,685.00		
	Canopy	550	\$55.00	\$30,250.00		
	Carparks	74	\$9.00	\$34,632.00		
	Total	13,662		\$1,324,107.00		
Halswell	Showroom	244.6	\$249.99	\$61,148.00	Mar-18	Modern
Junction Road, Halswell	Ground Floor Office	209	\$219.98	\$45,976.00		Extensive
	First Floor Office	239.1	\$220.03	\$52,609.00		Warehouse
	Warehouse Office	262.4	\$160.00	\$41,984.00		
	Warehouse	7,815	\$100.00	\$781,500.00		
	Warehouse Extension	332.4	\$100.00	\$33,239.00		
	Mezzanine Store	288	\$50.00	\$14,400.00		
	Blower Rooms	183	\$75.00	\$13,725.00		
	Bins	89	\$54.38	\$4,840.00		
	Surplus Land	3,200	\$20.34	\$65,098.00		
	Gantry Crane	1	\$54,000.00	\$54,000.00		
	Total	12,863.5		\$1,168,519.00		
19 Dakota Crescent	Warehouse	1,217	\$95.00	\$115,615.00	Oct-18	High Stud
Wigram	Office and Amenities	210	\$165.00	\$34,650.00		
	Carparks	25	\$12.00	\$15,600.00		
	Total	1,427		\$165,865.00		

The above mentioned evidence shows a range of warehouse rates between \$85 to \$115 per square metre with the majority of the evidence placed just under the \$100m2. The differentiation is for size, location, age and condition. We have adopted a rate of \$95 per square metre. We have made an allowance for the gantry cranes installed.

The office rents range between \$140 to \$220 per square metre. The range is depicted by the level of fit out provided, size and condition of the office. We have placed the office and amenities within the warehouse at a rate of circa \$135 per square metre. We have then placed the dedicated offices with a good level of fit out and in tidy condition at a rate of \$185 per square metre.

Carparks range from \$8 to \$15 per week per park. If we look at the subject to the number of parks provided, the underlying land value and the availability or otherwise of curb side car parking. We believe \$10 per week per park appropriate. We have outlined our adopted market rates in the table below:

## 5.2 Market Rental Profile

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

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Euro Corporation Lin Warehouse		6,020.0	92	Sep 2020	Market	\$606,440	\$93	\$10	\$17	\$17	\$95	\$112	\$10	\$619,740
Euro Corporation Lin Office & Amentii		285.0		Sep 2020	Market	\$49,875	\$175		\$17	\$17	\$185	\$202		\$52,725
Euro Corporation Lin Warehouse Offic		58.0		Sep 2020	Market	\$6,960	\$120		\$17	\$17	\$135	\$152		\$7,830
Euro Corporation Lin Mezzanine		58.0		Sep 2020	Market	\$2,320	\$40		\$17	\$17	\$45	\$62		\$2,610
Aggregate		6,421.0	92			\$665,595								\$682,905



### 5.3 Net Income Assessment

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

Passing Versus Market Comparison	Passing per annum	Market per annum
Rental Analysis		
Lettable Area Rental	\$617,755	\$635,065
Car Parking Rental	\$47,840	\$47,840
Outgoings Recovery	\$112,043	\$112,043
Gross Income	\$777,638	\$794,948
Outgoings	\$112,043	\$112,043
Net Income	\$665,595	\$682,905

## 6 Sales Evidence

### 6.1 Sales Transaction

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



#### 15 Pilkington Way, Wigram, Christchurch

<b>Sale Price</b>	\$6,460,000	<b>Sale Date</b>	September/2019
<b>Initial Yield</b>	6.81%	<b>Equivalent Yield</b>	6.19%
<b>IRR</b>	7.42%	<b>WALE</b>	4.67yrs

The property comprises a 2004 constructed Warehouse with associated offices. Leased to Fletcher Building subsidiary with 4.67 years remaining. The lease was on fixed 4% rent reviews two yearly and market reviews four yearly with a soft ratchet on the market reviews. The building has previously been remediated to 100% NBS. There was amortised works which are being paid by the tenant at \$43,503.72 + GST per annum ending 31/03/2023. There are a total of 23 car parks located at the front of the site.



#### 211 Opawa Road, Hillsborough, Christchurch

<b>Sale Price</b>	\$1,670,000	<b>Sale Date</b>	September/2019
<b>Initial Yield</b>	6.70%	<b>Equivalent Yield</b>	6.73%
<b>IRR</b>	7.39%	<b>WALE</b>	3.85yrs

This comprises a fully tenanted industrial building built post earthquakes within the Hillsborough suburb. Good access to the port and arterial routes. There are three tenancies with a total net lettable area of 795.38 square metres as well as 17 carparks. The warehouse space is divided internally with wire fencing. The offices are spread over two levels with some Port Hill outlook. The building has a combine net rental of \$112,251 pa + GST + OPEX. The current tenants are OTIS, Artisan Timbers and Medipak Specialist Medical Technology.



#### 8 Stark Drive, Wigram, Christchurch

<b>Sale Price</b>	\$11,800,000	<b>Sale Date</b>	August/2019
<b>Initial Yield</b>	6.19%	<b>Equivalent Yield</b>	6.28%
<b>IRR</b>	7.62%	<b>WALE</b>	10.00yrs

The principal improvement to the property is a modern warehouse office facility which has been developed primarily for food preparation and distribution. The interior has been constructed by way of Kingspan insulated panels to the food preparation packaging area, freezer area, blast freezer and docking areas. There is a two level office facility to the front of the property which includes a retail outlet to the ground floor providing bakery and café facility and workers café. The upper level includes office fit out to a high specification. The property was sold on a sale and leaseback of ten years commencing from the sale date with a 10 year WALT, annual rent reviews to the greater of CPI of 2.25% and market reviews every five years with a hard ratchet.





#### **40 Braeburn Drive, Hornby, Christchurch**

<b>Sale Price</b>	\$6,666,666	<b>Sale Date</b>	June/2019
<b>Initial Yield</b>	6.75%	<b>Equivalent Yield</b>	6.77%
<b>IRR</b>	7.90%	<b>WALE</b>	5.50yrs

The property comprises a single level industrial structure completed circa 1995 with Clearspan warehouse space having an approximate stud height of 6.0 metres running to 8.25 metres at the roof apex. The large enclosed canopy space is split into two areas, one original with concrete flooring, the second built 2003 and covering a significant area with asphalt flooring and effective stud height approximating 5.0 metres to 5.8 metres. The office and amenity areas are split in two. One space within the warehouse providing the amenities over two levels and dispatch office. The other main street facing offices provides a foyer area, five dedicated offices, meeting room, data room staffroom and open plan office area. The balance of the site provides onsite car parking for 12 cars and provides dual drive through access on the eastern and western sides of the site.

The property is subject to a 6.0-year lease to Summerland Express Freight Limited at an assessed net rental of \$450,000 plus GST.

An Initial Seismic Assessment report was completed by Lewis & Barrow Limited in March 2019. The findings indicate that the buildings have a seismic strength rating of 60% New Building Standard (NBS). The estimated cost to strengthen to 67% NBS is \$150,000.



#### **69 Magdala Place, Middelton, Christchurch**

<b>Sale Price</b>	\$1,750,000	<b>Sale Date</b>	June/2019
<b>Initial Yield</b>	Vacant	<b>Equivalent Yield</b>	6.52%
<b>IRR</b>	6.82%	<b>WALE</b>	Vacant

The sale comprises a modern 2000's built warehouse/office structure. The property was sold vacant with a split of 888 square metres of warehouse, 188 square metres of office and 12 car parks. The structure was 100% NBS. The warehouse was not clear span, medium stud and one roller door. The property was sold to an investor and currently for lease with an asking price of \$120,000



#### **220 Annex Road, Middelton, Christchurch**

<b>Sale Price</b>	\$2,650,000	<b>Sale Date</b>	June/2019
<b>Initial Yield</b>	6.90%	<b>Equivalent Yield</b>	8.11%
<b>IRR</b>	10.40%	<b>WALE</b>	0.96yrs

The property comprises a 1995 constructed two unit development which is separately leased on relatively short terms. The building area equates to approximately 2180 square metres split between warehouse, office and mezzanine areas. NBS of 100% with the warehouse being medium to high stud. Two gantry cranes installed, multiple access points to the site. Good street profile.



#### **22 Helanca Avenue, Wainoni, Christchurch**

<b>Sale Price</b>	\$765,000	<b>Sale Date</b>	February/2019
<b>Initial Yield</b>	7.92%	<b>Equivalent Yield</b>	7.74%
<b>IRR</b>	9.03%	<b>WALE</b>	1.47yrs

The property comprises a remediated industrial premises which has been split into two units. 67% NBS. Fee simple tenure. Passing rent of \$60,000 + GST & OPEX. Corner site with ten car parks in total. Tilt slab construction. Remediated premises. Two roller doors.





### **39 Dakota Crescent, Wigram, Christchurch**

<b>Sale Price</b>	\$14,850,000	<b>Sale Date</b>	November/2018
<b>Initial Yield</b>	6.50%	<b>Equivalent Yield</b>	6.50%
<b>IRR</b>	7.93%	<b>WALE</b>	12.00yrs

The property comprises a modern distribution facility, constructed in 2004, of 8,422 square metres which is situated at the end of a cul-de-sac on an 18,190 square metre site. The building has a site coverage of 46% and comprises warehouse, cool storage and office accommodation with full drive through access. The property is leased to Turners and Growers for a term of twelve years with fixed annual 2.5% rental increases at a rental of \$965,000 per annum. The property sold in November 2018 providing a 6.50% yield on the passing income.



### **23 Cumnor Terrace, Woolston, Christchurch**

<b>Sale Price</b>	\$6,100,000	<b>Sale Date</b>	August/2018
<b>Initial Yield</b>	7.58%	<b>Equivalent Yield</b>	7.79%
<b>IRR</b>	10.12%	<b>WALE</b>	5.48yrs

The sale comprises a modern premises which is split into two stages. Occupied currently by Spectrum Paint and Christchurch Powder Coaters with a WALT of circa 5.5 years. There is a portion of development land of some circa 3363 square metres. NBS of 100%, post EQ build. Rent reviews for tenancies mixture of fixed and market reviews with soft ratchet.



### **52 Kennaway Road, Woolston, Christchurch**

<b>Sale Price</b>	\$9,400,000	<b>Sale Date</b>	June/2017
<b>Initial Yield</b>	6.27%	<b>Equivalent Yield</b>	6.25%
<b>IRR</b>	7.49%	<b>WALE</b>	10.00yrs

The property comprises a substantial industrial premises located at 52 Kennaway Road in Woolston. There are two separate high stud warehouses, completed in 2016, containing 5,215 square metres of office and warehouse accommodation leased to Online Distribution. The property was purchased in June 2017 for \$9,400,000 providing a 6.27% yield on the passing income.

The abovementioned yields range from 6%-8% with the majority sitting in the mid 6% to 7% range. Given the overall NBS of 90%, 81% of income coming from the Warehouse, term of lease remaining at 5.00 years, we believe that the yield is in the mid-range of market parameters and therefore we have adopted a yield of 6.50% as outlined on the table below.

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

#### **Valuation Input**

Capitalisation Rate	6.500%
Discount Rate	8.000%

## 7 Valuation Considerations

### 7.1 SWOT Analysis

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

Strengths	Weaknesses
<ul style="list-style-type: none"><li>▪ Popular industrial location.</li><li>▪ Current demand in the Christchurch market place for industrial investment properties.</li></ul>	<ul style="list-style-type: none"><li>▪ Relatively short WALT.</li><li>▪ Property originally constructed in 1975 with CAPEX required in the medium term.</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>▪ Remediate the structure to 90% NBS (Which is to take place prior to settlement)</li><li>▪ Further develop the car parking area</li></ul>	<ul style="list-style-type: none"><li>▪ WALT if 5.00 years. Low for this type of asset and uncertainly surrounding future cash flows if tenant vacates at the expiry of the current term.</li><li>▪ Competing new industrial premises developed within the Christchurch market place at 100% NBS.</li></ul>

### 7.2 Likely Selling Period

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

### 7.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be an investor or owner occupier.

### 7.4 Sales History

The subject property last transacted in 18<sup>th</sup> October 2012 for \$5,450,000.



## 8 Valuation Rationale

### 8.1 Valuation Overview

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

### 8.2 Capitalisation Approach

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

We have adopted a core capitalisation rate of 6.500%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$617,755	\$635,065
Car Parking Rental	\$47,840	\$47,840
Ideal Outgoings Recovery (Full Net Leases)	\$112,043	\$112,043
Total Rental Income	\$777,638	\$794,948
Less Outgoings Expenditure	(\$112,043)	(\$112,043)
Net Rental Income	\$665,595	\$682,905
Core Income Capitalised at 6.50%	\$10,239,923	\$10,506,231
Value Adjustments		
Present Value of Existing Rental Reversions	\$255,359	(\$11,331)
Total Value Adjustments	\$255,359	(\$11,331)
Total Capitalised Value	\$10,495,282	\$10,494,900
Adopted Capitalised Value (say)	\$10,495,000	\$10,495,000

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



Our adopted adjustments are detailed as follows:

### Capital Deductions

We have made no allowance for the present value of CAPEX allowances over the next 24 months from the valuation date due to the CAPEX being applied in year 6 of our discounted cash flow when the lease is up for renewal.

### Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$10,495,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	6.250%	\$10,916,000	\$10,915,000
Adopted Capitalisation Rate	6.500%	\$10,495,000	\$10,495,000
0.25%	6.750%	\$10,106,000	\$10,106,000

### 8.3 Discounted Cash Flow Approach

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

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

#### Discount Rate

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

We have applied a target discount rate of 8.000% to the cash flows to produce a present value of \$10,206,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary		Year Ending	16-Dec-2020	16-Dec-2021	16-Dec-2022	16-Dec-2023	16-Dec-2024	16-Dec-2025	16-Dec-2026	16-Dec-2027	16-Dec-2028	16-Dec-2029	16-Dec-2030
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>Rental Income</b>													
Lettable Area and Car Park Income			\$673,598	\$689,603	\$696,490	\$710,262	\$596,303	\$736,769	\$736,769	\$744,954	\$785,877	\$791,900	\$0
Outgoings Recovery			\$112,043	\$115,180	\$118,405	\$121,958	\$104,680	\$129,385	\$133,266	\$137,264	\$141,382	\$145,624	\$0
Other Income			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Rental Income</b>			<b>\$785,641</b>	<b>\$804,784</b>	<b>\$814,895</b>	<b>\$832,220</b>	<b>\$700,983</b>	<b>\$866,154</b>	<b>\$870,035</b>	<b>\$882,218</b>	<b>\$927,259</b>	<b>\$937,523</b>	<b>\$0</b>
<b>Rental Deductions</b>													
Unexpired Incentives - Rent Free/Abatements			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure			(\$112,043)	(\$115,180)	(\$118,405)	(\$121,958)	(\$125,616)	(\$129,385)	(\$133,266)	(\$137,264)	(\$141,382)	(\$145,624)	\$0
<b>Ground Rental</b>													
<b>Net Rental Cashflow</b>			<b>\$673,598</b>	<b>\$689,603</b>	<b>\$696,490</b>	<b>\$710,262</b>	<b>\$575,367</b>	<b>\$736,769</b>	<b>\$736,769</b>	<b>\$744,954</b>	<b>\$785,877</b>	<b>\$791,900</b>	<b>\$0</b>
<b>Rental Adjustments</b>													
Unexpired Incentives - Capital Contribution			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees			\$0	\$0	\$0	\$0	(\$137,982)	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditure			\$0	\$0	\$0	\$0	(\$60,545)	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cashflow</b>			<b>\$673,598</b>	<b>\$689,603</b>	<b>\$696,490</b>	<b>\$710,262</b>	<b>\$376,840</b>	<b>\$736,769</b>	<b>\$736,769</b>	<b>\$744,954</b>	<b>\$785,877</b>	<b>\$791,900</b>	<b>\$0</b>
Purchase Price	\$10,300,000	After Costs	(\$10,300,000)										
Sale Price	\$11,838,000	After Costs											
Annual Cashflow			(\$9,626,402)	\$689,603	\$696,490	\$710,262	\$376,840	\$736,769	\$736,769	\$744,954	\$785,877	\$791,900	\$11,660,430
Present Value of Rental Cashflow	\$4,805,340												
Present Value of Terminal Value	\$5,401,035												
Allowance for Acquisition Costs	\$0												
<b>Total Net Present Value (say)</b>			<b>\$10,206,000</b>	<b>Resulting IRR</b>		<b>7.86%</b>							



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

### Revenue Projections

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

### Growth Rates

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

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Warehouse							10 year average		1.90%	
	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%
Office							10 year average		1.90%	
	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%
CPI							10 year average		1.96%	
	1.80%	1.80%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Mezzanine							10 year average		1.90%	
	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%
Outgoings							10 year average		2.96%	
	2.80%	2.80%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

### Letting Up Allowances

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

Warehouse	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	6 months	25%	0%	100%	\$7	100%
	Year 1	6 months	25%	0%	100%	\$7	100%
	Year 2	6 months	25%	0%	100%	\$7	100%
	Year 3	6 months	25%	0%	100%	\$7	100%
	Year 4	6 months	25%	0%	100%	\$7	100%
	Year 5	6 months	25%	0%	100%	\$7	100%
	Year 6	6 months	25%	0%	100%	\$7	100%
	Year 7	6 months	25%	0%	100%	\$7	100%
	Year 8	6 months	25%	0%	100%	\$7	100%
	Year 9	6 months	25%	0%	100%	\$7	100%
	Year 10	6 months	25%	0%	100%	\$7	100%

## Capital Expenditure

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

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	\$0	\$0	\$0
Year 2	\$0	\$0	\$0
Year 3	\$0	\$0	\$0
Year 4	\$0	\$0	\$0
Year 5	\$60,545	\$0	\$60,545
Year 6	\$0	\$0	\$0
Year 7	\$0	\$0	\$0
Year 8	\$0	\$0	\$0
Year 9	\$0	\$0	\$0
Year 10	\$0	\$0	\$0
10 Year Total	\$60,545	\$0	\$60,545
Capex as a proportion of Value	0.6%	Per Sqm of Lettable Area	\$9.43

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

## Estimated Terminal Sale Price

We have applied a terminal yield of 6.750 % (a 25.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

## Transaction Costs

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

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

## Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	6.500%	6.750%	7.000%
7.750%	\$10,603,000	\$10,383,000	\$10,179,000
8.000%	\$10,421,000	\$10,206,000	\$10,007,000
8.250%	\$10,244,000	\$10,034,000	\$9,840,000



## 9 Valuation

### 9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$10,495,000
Capitalisation Approach - Contract Income	\$10,495,000
Discounted Cash Flow Approach	\$10,206,000
Adopted Value	\$10,300,000

### 9.2 Valuation Conclusion

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure of \$10,300,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 17 December 2019, is:

**\$10,300,000 plus GST (if any)**

**Ten Million Three Hundred Thousand Dollars plus GST (if any)**

The assessed value reflects an initial passing yield of 6.46%, an equivalent yield of 6.62%, an internal rate of return of 7.86%, and a rate of \$1,604 per square metre of Lettable Area.

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

- ASB Bank Limited and PMG Generation Fund Trustees Limited – for Capital Raising and Mortgage Security

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

### 9.3 Mortgage Security Recommendation

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

### 9.4 Market Value Apportionment

We have been requested to provide an apportionment of the land and improvements within the Market Value as assessed.

In order to establish value parameters to the subject we have investigated recent land sales within the immediate locality. In the interest of brevity, we retain all sales evidence on file and outline our apportionment of the value assessed as follows:

Valuation Apportionment	Value
Land Value	\$3,346,000
Improvements Value	\$6,954,000
Adopted Value	\$10,300,000

This apportionment has been undertaken for accounting purposes only, and should not be utilised as an assessment of improvement indemnity or replacement value for insurance purposes.

## 9.5 Involvement Statement

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

Inspection of Property	David Hargreaves & Mike O'Connor
Calculations	David Hargreaves & Mike O'Connor
Information Review	David Hargreaves & Mike O'Connor
Report Authoring	David Hargreaves & Mike O'Connor
Quality Assurance	David Hargreaves
Principal Valuer	David Hargreaves

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

### **Experience**

'The principal signatory has a minimum of five years' experience in valuing the subject class of asset, has all appropriate qualifications and registrations enabling them to practice as a valuer and has not been subject at any stage to disciplinary action by the relevant professional governing body.'

### **Independence**

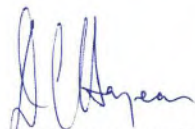
'The signatories have no direct or indirect pecuniary or other interests in the property being valued, and are not aware of any other potential conflicts of interest.'

### **Professional Indemnity Cover**

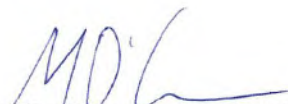
'We certify that Jones Lang LaSalle hold professional negligence insurance for an amount not less than 20% of the subject valuation assessment.'

Yours faithfully,

**Jones Lang LaSalle, Valuation & Advisory**



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## Appendix 1 – Valuation Definitions

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

## Appendix 2 – Record of Title





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



R. W. Muir  
Registrar-General  
of Land

**Identifier** 74967  
**Land Registration District** Canterbury  
**Date Issued** 15 October 2003

**Prior References**

CB15B/1394

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<b>Estate</b>	Fee Simple
<b>Area</b>	1.4870 hectares more or less
<b>Legal Description</b>	Lot 1 Deposited Plan 319107

**Registered Owners**

McKenzie Properties 2013 Limited

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**Interests**

42096.1 Resolution imposing a Building Line Restriction - 10.7.1975 at 9:35 am

Appurtenant hereto is a right to drain sewage specified in Easement Certificate 176921.1 - 16.5.1978 at 1:34 pm

The easement specified in Easement Certificate 176921.1 is subject to Section 37 (1)(a) Counties Amendment Act 1961

Subject to a right to drain water in gross over part marked A,B,C on DP 319107 to The Christchurch City Council created by Transfer 5746614.5 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9.00 am

The easement created by Transfer 5746614.5 is subject to Section 243 (a) Resource Management Act 1991

Subject to a right to convey sewage over part marked B,D on DP 319107 created by Easement Instrument 5746614.6 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9.00 am

The easement created by Easement Instrument 5746614.6 is subject to Section 243 (a) Resource Management Act 1991

Subject to a right to convey electricity in gross over part marked E on DP 319107 to Orion New Zealand Limited created by Transfer 5746614.7 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9.00 am

The easement created by Transfer 5746614.7 is subject to Section 243 (a) Resource Management Act 1991

9812553.3 Mortgage to Westpac New Zealand Limited - 20.8.2014 at 4:39 pm

11042428.1 Variation of Mortgage 9812553.3 - 1.3.2018 at 3:50 pm

11563882.1 CAVEAT BY PMG FUNDS LIMITED - 26.9.2019 at 4:58 pm

LT 319107 (Title Plan)  
Cp - 0101, Top - 010, 010/010/010

SEE DIAGRAM 'Y'

SEE DIAGRAM 'Z'

SEE DIAGRAM 'X'

Paradyne Place

Vickers Road

Watercourse

Accretion 313m<sup>2</sup>

Accretion 190m<sup>2</sup>

Accretion 13m<sup>2</sup>

Accretion 3.3m<sup>2</sup>

DP 45394  
CT CB27F/358

DP 40858  
CT CB19F/817

DP 36363  
CT CB15B/1394

DP 5207

DP 313398  
CT 52911

LOT 1 1.4870ha

LOT 2 2.6665ha

SEC 1  
SO 8342

Diagram 'Y' Not to scale

Diagram 'Z' Not to scale

Diagram 'X' Not to scale

LAND DISTRICT CANTERBURY  
Survey Blk. & Dist. XIV. CHRISTCHURCH  
NZMS 261 Sheet Record Map No.

LOTS 1 & 2 BEING SUBDIVISION OF LOT 1 DP 36363  
& EASEMENT OVER LOT 13 DP 40858

TERRITORIAL AUTHORITY CHRISTCHURCH CITY  
Surveyed by **Connell Wagner**  
Scale 1:1000 Date NOVEMBER 2002

21643/100 B 5

Approved as to Survey by Land Information NZ  
on 16.1.03

Deposited by Land Information NZ on 17.1.03

File Name 6-6-03 DP319107

Approval C1 91/2 P032/4006

Approvals

Registered Proprietor

MEMORANDUM OF EASEMENTS			
Nature	Lot No.	Shown	Grantee
Right to Conveyance	1	8, 9	Lot 2

MEMORANDUM OF EASEMENTS IN GROSS

Nature	Lot No.	Shown	Grantee
Right to Drain Water in gross	1	A, B, C	Christchurch City Council
Right to Convey Electricity in gross	1	E	Oran New Zealand Ltd

PROPOSED EASEMENT IN GROSS

Nature	Lot No.	Shown	Grantee
Right to Convey Electricity in gross	Lot 13	F	Oran New Zealand Ltd

I hereby certify that this plan was approved by the Christchurch City Council pursuant to Section 223 of the Resource Management Act 1991 on the 22nd day of April 2003 subject to the granting or reserving of the easements set out in the Memorandum hereon.

*Edward John Eakwell*  
Edward John Eakwell  
Authorised Officer

CLASS OF SURVEY: 1

CERTIFICATE OF TITLE ALLOCATED

Lot 1 74967  
Lot 2 74968

Total Area 4.1535ha

Comprised in CT CB15B/1394 & CT CB18F/817 (Esmt. only)

I, Douglas Rodney Reynolds, Hope, being a person entitled to practice as a licensed cadastral surveyor, certify that -

(a) the survey to which this document relates is accurate, and was undertaken by me or under my direction in accordance with the Cadastral Survey Act 2002 and the Surveyor-General's Rules for Cadastral Survey 2002/2;

(b) that document is accurate, and has been created in accordance with that Act and those Rules.

Dated on this 15th day of April 2003, signed *Douglas Rodney Reynolds*

Field Book DP 36363, 78156, 78565, 45394, 40858, 36363, 55765, 5207, LT 41578, SO 13678, 8342

Examined Correct





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



R. W. Muir  
Registrar-General  
of Land

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

**Identifier** 74967  
**Land Registration District** Canterbury  
**Date Issued** 15 October 2003

**Prior References**  
CB15B/1394

---

<b>Estate</b>	Fee Simple
<b>Area</b>	1.4870 hectares more or less
<b>Legal Description</b>	Lot 1 Deposited Plan 319107

**Original Registered Owners**  
Tubro Investments Limited

---

**Interests**

42096.1 Resolution imposing a Building Line Restriction - 10.7.1975 at 9:35 am  
Appurtenant hereto is a right to drain sewage specified in Easement Certificate 176921.1 - 16.5.1978 at 1:34 pm  
The easement specified in Easement Certificate 176921.1 is subject to Section 37 (1)(a) Counties Amendment Act 1961

5390799.2 Mortgage to Bank of New Zealand - 4.11.2002 at 9:00 am  
Subject to a right to drain water in gross over part marked A,B,C on DP 319107 to The Christchurch City Council created by Transfer 5746614.5 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9.00 am  
The easement created by Transfer 5746614.5 is subject to Section 243 (a) Resource Management Act 1991  
Subject to a right to convey sewage over part marked B,D on DP 319107 created by Easement Instrument 5746614.6 - Produced 30.9.2003 at 9:00 am and entered 15.10.2003 at 9.00 am  
The easement created by Easement Instrument 5746614.6 is subject to Section 243 (a) Resource Management Act 1991  
Subject to a right to convey electricity in gross over part marked E on DP 319107 to Orion New Zealand Limited created by Transfer 5746614.7 - 30.9.2003 at 9:00 am  
The easement created by Transfer 5746614.7 is subject to Section 243 (a) Resource Management Act 1991

5777324.1 Discharge of Mortgage 5390799.2 - 28.10.2003 at 9:00 am  
5777324.2 Transfer to Vickers Road Steel Limited - 28.10.2003 at 9:00 am  
5777324.3 Mortgage to The National Bank of New Zealand Limited - 28.10.2003 at 9:00 am  
6636323.1 Variation of Mortgage 5777324.3 - 7.11.2005 at 9:00 am  
9812553.1 Discharge of Mortgage 5777324.3 - 20.8.2014 at 4:39 pm  
9812553.2 Transfer to McKenzie Properties 2013 Limited - 20.8.2014 at 4:39 pm  
9812553.3 Mortgage to Westpac New Zealand Limited - 20.8.2014 at 4:39 pm  
11042428.1 Variation of Mortgage 9812553.3 - 1.3.2018 at 3:50 pm  
11563882.1 CAVEAT BY PMG FUNDS LIMITED - 26.9.2019 at 4:58 pm

**EASEMENT CERTIFICATE**

CANTERBURY

Land Registry Office

(IMPORTANT—Registration of this certificate does not of itself create any of the easements specified herein.)

I, TOLEDO HOLDINGS LIMITED a Company having its registered office at CHRISTCHURCH (as to an undivided one-half share) and JOHN GORDON RUTHERFORD of CHRISTCHURCH, SOLICITOR and DOROTHY Verna RUTHERFORD his wife (as to an undivided one-half share) NEW ZEALAND STRUCTURES HOLDINGS LIMITED at CHRISTCHURCH and ALLAN MYLES TURNBULL of CHRISTCHURCH, COMPANY DIRECTOR being the registered proprietor of the land described in Schedule 'A' hereto hereby certify that the easements specified in that Schedule, the servient tenements in relation to which are shown on a plan of survey deposited in the Land Registry Office at Canterbury on the 2nd day of May 1978 under No. 40858 are the easements which it is intended shall be created by the operation of Section 90A of the Land Transfer Act 1952.

**SCHEDULE 'A'**

C.T. Ref.	Nature of Easement (e.g. Right of Way etc.)	SERVIENT TENEMENT		Dominant Tenement Lot No. or other Legal Description
		Lot No. or other Legal Description	Identification of Part Subject to Easement	
18F/910 18F/911	Right to Drain Sewage	lot 7 ✓	Marked R.	18F/912 lot 8 ✓
16B/278 ✓	"	lot 3	Marked Q.	lot 7 on Deposited Plan No: 37434
15B/1394 ✓	"	lot 9	Marked P.	lot 1 on Deposited Plan No: 36363

1. The rights and powers set out in the Seventh Schedule to the Land Transfer Act 1952 are herein implied except as they are added to or substituted in Schedule 'B' hereto.

2. The terms, covenants, conditions, or restrictions set out in Schedule 'C' hereto shall attach to the easements specified therein.

Dated this 15th day of May 1978

Signed by the above-named JOHN GORDON RUTHERFORD  
in the presence of DOROTHY Verna RUTHERFORD

THE COMMON SEAL of  
TOLEDO HOLDINGS LIMITED  
was hereto affixed in  
the presence of -

THE COMMON SEAL OF  
NEW ZEALAND STRUCTURES HOLDINGS  
LIMITED was hereto affixed in the  
presence of:-

Witness:

Occupation:

SIGNED by the above-named  
ALLAN MYLES TURNBULL  
in the presence of:-



Solicitor for the Registered Proprietor

**SCHEDULE 'B'**

State whether any rights or powers set out here are in addition to or in substitution for those set out in the Seventh Schedule to the Land Transfer Act 1952.

**1. Rights and Powers:**

*N/A* *R/L*



176921/  
Easement Certificate specifying  
intended easements on D.P. 40858

18F/911

Nature

ST

DT

Right to  
drain sewage

4  
herein

lot 8  
18F/912

~~and to support 12 feet~~  
~~and to support 12 feet~~ - 16/5/1978 at 1.34pm

18F/908 (\* SEE BELOW)

"  
~~and to~~  
18F/913  
3  
herein  
\* (Below) - 16/5/1978 at 1.34pm  
D.P. 34434  
(168/078)

"  
9  
herein  
D.P. 36362  
(158/1394)  
and etc  
\* (Below)

18F/912

Nature

3 +

D.T.

Right to  
drain sewage

M. ~~18F/912~~  
(18F/911)

8  
(herein)

d + + etc  
(+ Bureau)

168/218

D.P.

3 40858

4

"  
d + + etc

(18F/908)

herein

(+ Bureau)

158/1394

D.P.

9 40858

1

"

18F/913

herein

d + + etc

\* above

THE WITHIN EASEMENTS WHEN CREATED WILL BE SUB-  
JECT TO SECTION 37 (1) (a) COUNTIES AMENDMENT ACT  
1961 & will satisfy the memorandum

of easements on Pl. 40858

ALL

## SCHEDULE 'C'

2. Terms, conditions, covenants, or restrictions in respect of any of the above easements:

(a) THE cost of maintenance and repair of the sewage pipes, water pipes, conduit pipes and mains shall be borne by the registered proprietor, or person claiming under him of the tenements, using the same in proportion which such rights are used by each of the registered proprietors or person claiming under him and so that no one registered proprietor or person claiming under him shall bear the cost of any such maintenance and repair in respect of any part which is not used by him.

(b) IF any such repair or maintenance becomes necessary through the omission, neglect or default of any one or more of the registered proprietors or person or persons claiming under him or them then that registered proprietor or person claiming under him or if more than one those registered proprietors or persons claiming under them shall bear the whole cost of such repair or maintenance.

(c) IF any dispute shall arise between any of the registered proprietors or persons claiming under them arising out of or touching or concerning these presents then such dispute shall be referred to Arbitration under the provisions of the Arbitration ~~under the provisions of the~~ ~~Arbitration Act 1908 and its Amendments.~~ PROVIDED HOWEVER that the provisions of the said Act are hereby clarified to the extent that any Arbitration shall be conducted by a Sole Arbitrator to be agreed upon by the parties to the dispute or failing agreement a Sole Arbitrator shall be appointed by the Chairman for the time being of the Christchurch Branch of the Institute of Surveyors or his nominee at the request of any of the registered proprietors involved or any persons claiming under such registered proprietors.



TOLEDO HOLDINGS LIMITED  
& JOHN GORDON RUTHERFORD  
& DOROTHY VERA RUTHERFORD  
N.Z. STRUCTURES HOLDINGS LIMITED  
A.M. TURNBULL

## EASEMENT CERTIFICATE

THE WITHIN EASEMENTS WHEN CREATED WILL BE SUBJECT TO SECTION 37 (1) (a) COUNTIES AMENDMENT ACT 1961

Registration of Transfer 186513/2  
creates the easements relative to Lot 3  
DP 40858 24/2/1978 at 10.13 AM  
Howe A.L.R.

Registration of 188012/2  
creates the within easements  
relative to Lot 7 DP 40858

Registration of Transfer 262971/1  
creates the within easements relative to  
Lot 9 DP 40858

RUTHERFORD & CO.  
SOLICITORS  
CHRISTCHURCH, N.Z.

THE CAXTON PRESS, CHRISTCHURCH

Particulars entered in the Register as shown in the Schedule of Land herein on the date and at the time stamped below.

District Land Registrar  
Assistant of the District of Canterbury



May 16 1 34 PM '79

158/1344

18F/911/18F908 18F913 18F912  
District Land Registry  
Christchurch No.2 165/278

0921/1

176921/1

# Appendix 3 – Listed Land Use Register

# Property Statement from the Listed Land Use Register

Visit [www.ecan.govt.nz/HAIL](http://www.ecan.govt.nz/HAIL) for more information about land uses.



Customer Services  
P. 03 353 9007 or 0800 324 636

PO Box 345  
Christchurch 8140

P. 03 365 3828  
F. 03 365 3194  
E. [ecinfo@ecan.govt.nz](mailto:ecinfo@ecan.govt.nz)

[www.ecan.govt.nz](http://www.ecan.govt.nz)

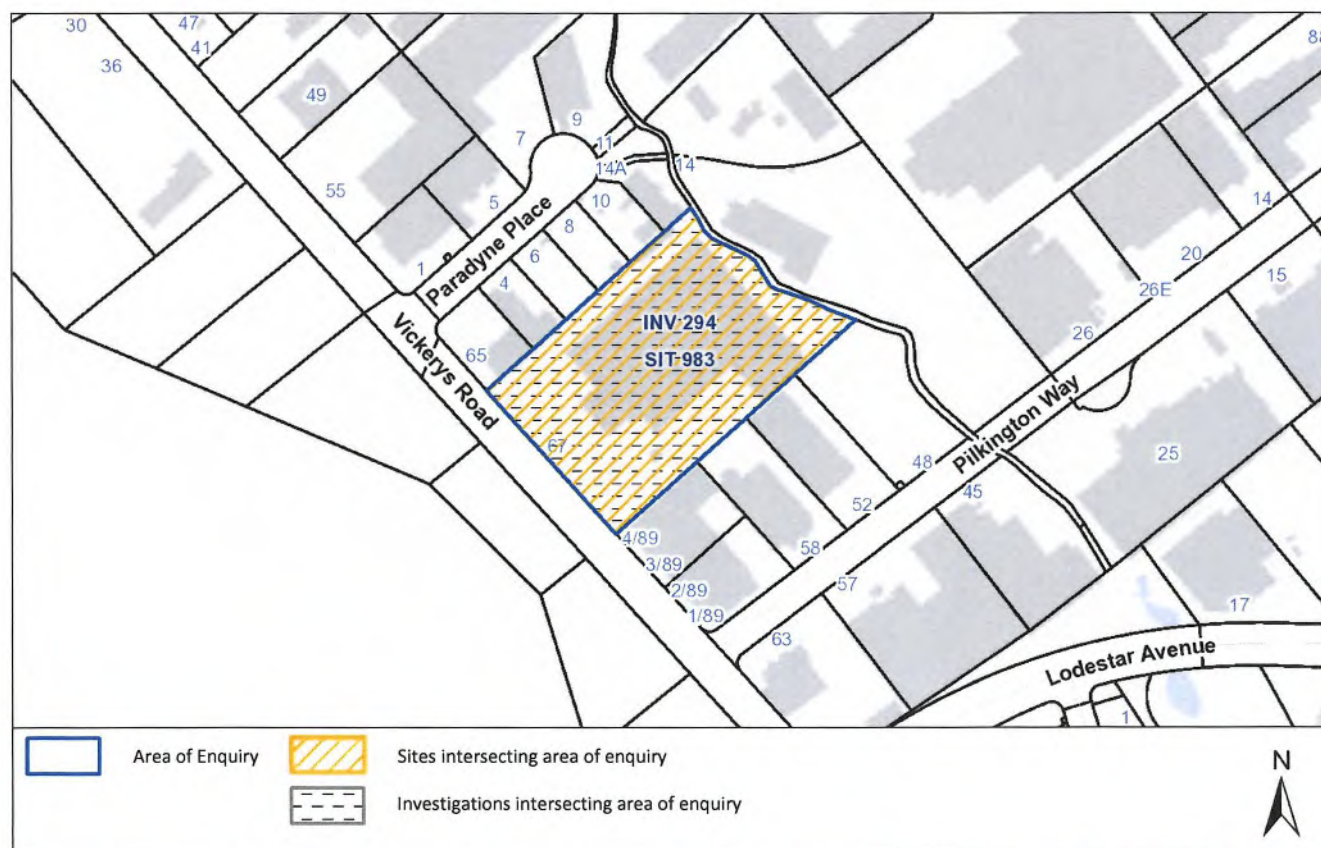
Date:

17 September 2019

Land Parcels:

Lot 1 DP 319107

Valuation No(s): 2341144201



The information presented in this map is specific to the property you have selected. Information on nearby properties may not be shown on this map, even if the property is visible.

## Summary of sites:

Site ID	Site Name	Location	HAIL Activity(s)	Category
983	Firth Industries Ltd	67 Vickers Road, Wigram, Christchurch	A17 - Storage tanks or drums for fuel, chemicals or liquid waste; E4 - Concrete manufacture and bulk cement storage;	Partially Investigated

Please note that the above table represents a summary of sites and HAILs intersecting the area of enquiry only.

## Information held about the sites on the Listed Land Use Register

**Site 983: Firth Industries Ltd** (Intersects enquiry area.)



<b>Site Address:</b>	67 Vickery Road, Wigram, Christchurch
<b>Legal Description(s):</b>	Lot 1 DP 319107
<b>Site Category:</b>	Partially Investigated
<b>Definition:</b>	Verified HAIL has been partially investigated.

Land Uses (from HAIL):	Period From	Period To	HAIL land use
	?	2001	Storage tanks or drums for fuel, chemicals or liquid waste
	?	?	Commercial concrete manufacture or commercial cement storage

#### Notes:

<b>3 Jul 2002</b>	Tank Pull report "UPSS Decommissioning at Precision Precast" received from URS NZ Ltd and BP in January 2002.
<b>2 Dec 2008</b>	The information held on our files for this site was appraised on 27 February 2008 and the LLUR site category changed to partially investigated. Although we hold report information about the removal of the diesel UST, at present there is no information about the other HAIL activities on site (i.e. former concrete precast operations).

#### Investigations:

<b>31 Jan 2002</b>	<b>INV 294: UPSS DECOMMISSIONING AT PRECISION PRECAST</b> (Detailed Site Investigation) BP Oil and URS Limited
--------------------	---

#### Summary of investigation(s):

On 9 November 2001 1 underground storage tank (UST), with a capacity of 13,600 litres and used to hold diesel, was removed due to the closure of the site. The tank was reported to have been 16 years old and had some minor rusting and pitting. 11 soil samples were collected from the site, 8 were collected from the tank pit excavation, 1 from bedding material, 1 from beneath the vent lines and 1 from the dispensing bowser. 5 of the 11 soil samples were submitted for total petroleum hydrocarbon (TPH) analysis, 4 collected from the tank pit walls and base and 1 from beneath the bowser. This level of sampling is lower than the minimum recommended by the Ministry for the Environment (MfE) in "Guidelines for Assessing and Managing Petroleum Hydrocarbon Contaminated Sites in New Zealand" (1999). The samples yielded TPH concentrations of < 3mg/kg and 11 mg/kg. These concentrations comply with the MfE guidelines Tier 1 soil acceptance criteria for a commercial/industrial land use. Groundwater was encountered in the pit base (at 2.5 m below ground level) but no groundwater samples were collected. No assessment has yet been made of other activities undertaken at the site that may have the potential to cause contamination.

#### Information held about other investigations on the Listed Land Use Register

For further information from Environment Canterbury, contact Customer Services and refer to enquiry number ENQ242688.

**Disclaimer:** *The enclosed information is derived from Environment Canterbury's Listed Land Use Register and is made available to you under the Local Government Official Information and Meetings Act 1987 and Environment Canterbury's Contaminated Land Information Management Strategy (ECan 2009).*

*The information contained in this report reflects the current records held by Environment Canterbury regarding the activities undertaken on the site, its possible contamination and based on that information, the categorisation of the site. Environment Canterbury has not verified the accuracy or completeness of this information. It is released only as a copy of Environment Canterbury's records and is not intended to provide a full, complete or totally accurate assessment of the site. It is provided on the basis that Environment Canterbury makes no warranty or representation regarding the reliability, accuracy or completeness of the information provided or the level of contamination (if any) at the relevant site or that the site is suitable or otherwise for any particular purpose. Environment Canterbury accepts no responsibility for any loss, cost, damage or expense any person may incur as a result of the use, reference to or reliance on the information contained in this report.*

*Any person receiving and using this information is bound by the provisions of the Privacy Act 1993.*

## Appendix 4 – Discounted Cash Flow Calculations

Property	Industrial Premises - Hypothetical Development - 67
Property Description	Industrial Warehouse & Office
Net Lettable Area	9,680 square metres
Car Parking	92 spaces - 1 car park per 105.22 sqm
Prepared For	ASB Bank Limited on behalf of PMG Generation Fund
Purpose	Feasibility Purposes
Date of Valuation	31 January 2020
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$15,785,000 plus GST (if any)

## Valuation Analysis

Initial Yield (Net Passing)	5.91%
Initial Yield (Fully Leased)	5.91%
Equivalent Yield	6.02%
Internal Rate of Return (Ten Year)	7.42%
Weighted Average Lease Term - Income	10.00 years
Weighted Average Lease Term - Area	10.00 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$1,631 /sqm
Under/Over Renting Proportion	Under rented: (2%)

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	\$15,826,000
Value Based on Contract Capitalisation	\$15,827,000
Capitalisation Rate	6.00%

## Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$933,275	\$950,585
Other Income		
Recoverable Outgoings	\$165,000	\$165,000
Gross Income	\$1,098,275	\$1,115,585
Total Outgoings	(\$165,000)	(\$165,000)
Less Year 1 Incentives		
Net Income	\$933,275	\$950,585

## Discounted Cashflow Approach

Value Based on DCF Approach	\$15,700,000
Discount Rate	7.50%
Terminal Capitalisation Rate	6.25%
Nominal Assumed Rental Growth	1.90% pa
Nominal Assumed CPI	1.96% pa

## DCF Sensitivity Analysis

Discount Rate	6.00%	6.25%	6.50%
7.25%	\$16,351,000	\$15,977,000	\$15,631,000
7.50%	\$16,066,000	<b>\$15,700,000</b>	\$15,362,000
7.75%	\$15,787,000	\$15,430,000	\$15,100,000

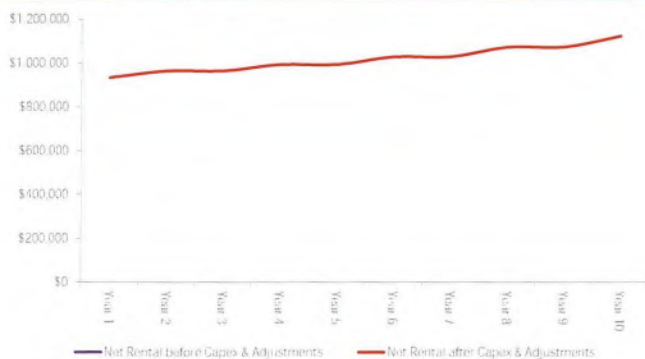
## Major Tenant Occupancy Profile by Rental Income



## Capex and Letting Up Assumptions

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

## Projected Net Rental Cash Flow



## Lease Expiry Profile







Rental Income	Contract Income	Market Income
Lettable area rental	\$885,435	\$902,745
Car Parking Rental	\$47,840	\$47,840
Ideal Outgoings Recovery (Full Net Leases)	\$165,000	\$165,000
<b>Total Rental Income</b>	<b>\$1,098,275</b>	<b>\$1,115,585</b>
Less Outgoings Expenditure	(\$165,000)	(\$165,000)
<b>Net Rental</b>	<b>\$933,275</b>	<b>\$950,585</b>
<b>Rental Adjustments</b>		
Less Long Term Vacancy Allowance @ 0.00%	\$0	\$0
<b>Core Income</b>	<b>\$933,275</b>	<b>\$950,585</b>
<b>Core Income Capitalised at 6.00%</b>	<b>\$15,554,583</b>	<b>\$15,843,083</b>

<b>Value Adjustments</b>		
Present Value of Existing Rental Reversions	\$272,170	(\$16,856)
Present Value of All Outstanding Incentives	\$0	\$0
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	\$0	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	\$0	\$0
Expires within the next 24 months - Letting Up Allowances:		
<i>Present Value of Downtime</i>	\$0	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	\$0	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0	\$0
Present Value of Short Term Capital Expenditure: 24 months	\$0	\$0
Value of Other Income	\$0	\$0

<b>Total Value Adjustments</b>	<b>\$272,170</b>	<b>(\$16,856)</b>
Total Capitalised Value	\$15,826,753	\$15,826,227
Adopted Capitalised Value	\$15,827,000	\$15,826,000
<b>Adopted Value</b>		<b>\$15,785,000</b>

## Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	10.00 years	Initial Yield (Net Passing)	5.91%
By Area	10.00 years	Initial Yield (Fully Leased)	5.91%
Current Vacancies		Equivalent Market Yield	6.02%
By Area	0 sqm	Rate per sqm of Lettable Area	\$1,631 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$933,275
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$933,275



Discounted Cashflow Approach  
Industrial Premises - Hypothetical Development - 67 Vickerys Road, Wigram  
31 January 2020

Discounted Cashflow Results

PV of Rental Income	\$7,187,923
PV of Terminal Value	\$8,512,162
Acquisition Costs	\$0
<b>Total Net Present Value</b>	<b>\$15,700,085</b>
Adopted Net Present Value	\$15,700,000
<b>Adopted Value</b>	<b>\$15,785,000</b>
Adopted Discount Rate	7.50%
Internal Rate of Return	7.42%

Sensitivity Analysis\*

Discount Rate	6.000%	6.250%	6.500%
7.250%	\$16,351,000	\$15,977,000	\$15,631,000
7.500%	\$16,066,000	<b>\$15,700,000</b>	\$15,362,000
7.750%	\$15,787,000	\$15,430,000	\$15,100,000

\* Rounded Values

Terminal Yield

Key Property Statistics

Weighted Average Lease Term - Income	10.00 years
Weighted Average Lease Term - Area	10.00 years
Occupancy	100.00%
Initial Yield (Net Passing)	5.91%
Initial Yield (Fully Leased)	5.91%

Capex Assumptions

Total Allowance over DCF Period	\$0
Proportion of Adopted Value	0.00%

Valuation Date

Terminal Period	0.00 years
Weighted Average Lease Term - Income	10.00 years
Weighted Average Lease Term - Area	10.00 years
Occupancy	100.00%
Initial Yield (Net Passing)	5.91%
Initial Yield (Fully Leased)	5.91%

Year Ending	30-Jan-2021	30-Jan-2022	30-Jan-2023	30-Jan-2024	30-Jan-2025	30-Jan-2026	30-Jan-2027	30-Jan-2028	30-Jan-2029	30-Jan-2030	30-Jan-2031
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income											
Lettable Area and Car Park Income	\$933,275	\$964,700	\$964,700	\$993,813	\$993,813	\$1,029,186	\$1,029,186	\$1,073,828	\$1,073,828	\$1,123,207	\$0
Outgoings Recovery	\$165,000	\$169,620	\$174,369	\$179,600	\$184,988	\$190,538	\$196,254	\$202,142	\$208,206	\$214,452	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$1,098,275	\$1,134,320	\$1,139,070	\$1,173,413	\$1,178,802	\$1,219,724	\$1,225,440	\$1,275,970	\$1,282,034	\$1,337,659	\$0
Rental Deductions											
Unexpired Incentives - Rent Free/Abateements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$165,000)	(\$169,620)	(\$174,369)	(\$179,600)	(\$184,988)	(\$190,538)	(\$196,254)	(\$202,142)	(\$208,206)	(\$214,452)	\$0
Net Rental Cashflow	\$933,275	\$964,700	\$964,700	\$993,813	\$993,813	\$1,029,186	\$1,029,186	\$1,073,828	\$1,073,828	\$1,123,207	\$0
Rental Adjustments											
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cashflow</b>	<b>\$933,275</b>	<b>\$964,700</b>	<b>\$964,700</b>	<b>\$993,813</b>	<b>\$993,813</b>	<b>\$1,029,186</b>	<b>\$1,029,186</b>	<b>\$1,073,828</b>	<b>\$1,073,828</b>	<b>\$1,123,207</b>	<b>\$0</b>
Purchase Price	\$15,785,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$15,785,000										
Net Sale Price After Costs @ 1.50%											\$17,543,835
<b>Annual Cashflow</b>	<b>(\$14,851,725)</b>	<b>\$964,700</b>	<b>\$964,700</b>	<b>\$993,813</b>	<b>\$993,813</b>	<b>\$1,029,186</b>	<b>\$1,029,186</b>	<b>\$1,073,828</b>	<b>\$1,073,828</b>	<b>\$1,123,207</b>	<b>\$17,543,835</b>
Running Yield (pre acquisition costs)	5.91%	6.11%	6.11%	6.30%	6.30%	6.52%	6.52%	6.80%	6.80%	7.12%	-
Running Yield (post acquisition costs)	5.91%	6.11%	6.11%	6.30%	6.30%	6.52%	6.52%	6.80%	6.80%	7.12%	-
Running IRR	6.00%	6.65%	6.91%	7.02%	7.20%	7.31%	7.44%	7.22%	7.33%	7.42%	-

[illegible]





Tenancy Schedule  
Industrial Premises - Hypothetical Development - 67 Vickerys Road, Wigram  
31 January 2020

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Contract Rental	Premises per sqm	Car Park pcpw	Outgoings Recovery	Net Market per sqm	Gross Market per sqm	Car Park pcpw	Net Market Rental
1. Euro Corporation Limited	Warehouse	6,020.0	92	31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$606,440	\$93	\$10.00	\$102,614	\$95	\$112	\$10.00	\$619,740
2. Euro Corporation Limited	Office & Amenity	285.0		31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$49,875	\$175		\$4,858	\$185	\$202		\$52,725
3. Euro Corporation Limited	Warehouse Office	58.0		31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$6,960	\$120		\$989	\$135	\$152		\$7,830
4. Euro Corporation Limited	Mezzanine	58.0		31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$2,320	\$40		\$989	\$45	\$62		\$2,610
5. Euro Corporation Limited	Hypothetical Store	2,000.0		31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$220,000	\$110		\$34,091	\$110	\$127		\$220,000
6. Euro Corporation Limited	Hypothetical Car	750.0		31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$37,500	\$50		\$12,784	\$50	\$67		\$37,500
7. Euro Corporation Limited	Hypothetical Yard	509.0		31-Jan-20	30-Jan-30	31-Jan-20	2 yearly	Market	\$10,180	\$20		\$8,676	\$20	\$37		\$10,180
	GLA	9,680 sqm	92					Passing Rental	\$933,275			Outgoings Recovery	\$165,000		Market Rental	\$950,585
	NLA	9,680 sqm						Net Passing Rental	\$933,275			Vacant Outgoings	\$0			
												Outgoings Shortfall	\$0			
												Total Outgoings	\$165,000			



Annualised Receivable Income  
Industrial Premises - Hypothetical Development - 67 Vickerys Road,  
31 January 2020

Tenant Name	Premises	Year 1 30-Jan-2021	Year 2 30-Jan-2022	Year 3 30-Jan-2023	Year 4 30-Jan-2024	Year 5 30-Jan-2025	Year 6 30-Jan-2026	Year 7 30-Jan-2027	Year 8 30-Jan-2028	Year 9 30-Jan-2029	Year 10 30-Jan-2030
Euro Corporation Limited	Warehouse	\$606,440	\$628,858	\$628,858	\$647,750	\$647,750	\$670,805	\$670,805	\$699,902	\$699,902	\$732,086
Euro Corporation Limited	Office & Amenities	\$49,875	\$53,521	\$53,521	\$55,150	\$55,150	\$57,113	\$57,113	\$59,591	\$59,591	\$62,331
Euro Corporation Limited	Warehouse Office	\$6,960	\$7,948	\$7,948	\$8,190	\$8,190	\$8,482	\$8,482	\$8,850	\$8,850	\$9,257
Euro Corporation Limited	Mezzanine	\$2,320	\$2,649	\$2,649	\$2,730	\$2,730	\$2,827	\$2,827	\$2,950	\$2,950	\$3,086
Euro Corporation Limited	Hypothetical Store	\$220,000	\$223,323	\$223,323	\$230,120	\$230,120	\$238,310	\$238,310	\$248,647	\$248,647	\$260,081
Euro Corporation Limited	Hypothetical Canopy	\$37,500	\$38,066	\$38,066	\$39,225	\$39,225	\$40,621	\$40,621	\$42,383	\$42,383	\$44,332
Euro Corporation Limited	Hypothetical Yard	\$10,180	\$10,334	\$10,334	\$10,648	\$10,648	\$11,027	\$11,027	\$11,506	\$11,506	\$12,035
Total Receivable Rental Income		\$933,275	\$964,700	\$964,700	\$993,813	\$993,813	\$1,029,186	\$1,029,186	\$1,073,828	\$1,073,828	\$1,123,207



Market Rental Income - Year Start  
Industrial Premises - Hypothetical Development - 67 Vickerys Road,  
31 January 2020

Tenant Name	Premises	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		31-Jan-2020	31-Jan-2021	31-Jan-2022	31-Jan-2023	31-Jan-2024	31-Jan-2025	31-Jan-2026	31-Jan-2027	31-Jan-2028	31-Jan-2029
Euro Corporation Limited	Warehouse	\$619,740	\$628,858	\$638,112	\$647,750	\$657,533	\$670,805	\$684,345	\$699,902	\$715,813	\$732,086
Euro Corporation Limited	Office & Amenities	\$52,725	\$53,521	\$54,330	\$55,150	\$55,983	\$57,113	\$58,266	\$59,591	\$60,945	\$62,331
Euro Corporation Limited	Warehouse Office	\$7,830	\$7,948	\$8,068	\$8,190	\$8,314	\$8,482	\$8,653	\$8,850	\$9,051	\$9,257
Euro Corporation Limited	Mezzanine	\$2,610	\$2,649	\$2,689	\$2,730	\$2,771	\$2,827	\$2,884	\$2,950	\$3,017	\$3,086
Euro Corporation Limited	Hypothetical Store	\$220,000	\$223,323	\$226,696	\$230,120	\$233,595	\$238,310	\$243,120	\$248,647	\$254,300	\$260,081
Euro Corporation Limited	Hypothetical Canopy	\$37,500	\$38,066	\$38,641	\$39,225	\$39,817	\$40,621	\$41,441	\$42,383	\$43,347	\$44,332
Euro Corporation Limited	Hypothetical Yard	\$10,180	\$10,334	\$10,490	\$10,648	\$10,809	\$11,027	\$11,250	\$11,506	\$11,767	\$12,035
Total Market Rental		\$950,585	\$964,700	\$979,026	\$993,813	\$1,008,823	\$1,029,186	\$1,049,959	\$1,073,828	\$1,098,240	\$1,123,207



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