



## **Commercial Market Valuation for Capital Raising Purposes**

**402-410 Victoria Street & 12 Alma Street  
Central Hamilton  
Hamilton**

**Prepared for:  
PMG Direct Office Fund Trustees Limited  
C/- Property Managers Group  
PO Box 2034  
Tauranga 3140**

**Date: 22 September 2023**

**Reference: 0923-29**

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## 1. Executive Summary

<b>Instructed by:</b>	Luke Kinney
<b>Intended Users:</b>	Prospective subscribers for units in PMG Direct Office Fund Trustees Limited and ASB Bank Limited as Security Trustee.
<b>Purpose of Valuation:</b>	Commercial Market Valuation on the subject property for capital raising purposes including use within the Product Disclosure Statement as required by the Financial Markets Conduct Act.

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

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

**Date of Inspection/Valuation:** 22 September 2023

**Valuation:** **NZD\$6,700,000**  
**(SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS)**

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

### Analysis

Value per sqm of NLA	\$3,539
Value per sqm of Land Area	\$7,873
Initial Yield	8.48%
Yield on Net Market Income	8.59%
Weighted Average Remaining Lease Term	1.72 years

**Valuation Approaches:** Capitalisation of income; land and buildings; and discounted cashflow.

**Market Value Definition:** Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion (IVS 104).

**Purchase Price:** N/A

**Mortgage Recommendation:** N/A



## 1.1 Assumptions

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

- That the improvements are not categorised as earthquake prone, which if so could affect value in certain market conditions.
- An allowance for capital expenditure of \$1,067,000 to be incurred between June 2024 and June 2028.
- The car park stacker at 12 Alma Street functions effectively.
- Kiwibank and Te Rito Maioho will not renew their Leases in March 2025 and March 2024 respectively.
- Internal Affairs renewed for 3 years from 15 September 2023

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

## 1.2 Key Considerations

### Condition:

Generally good for age with active management evident.

### Saleability:

Mixed, with no significant office transactions in Hamilton for more than 2 years. Potentially offering investment appeal, and also potential conversion options, but likely to be price sensitive.

### Property Type:

A 1980's completed 4-level building currently used for ground showroom and upper level office accommodation. The building provides a rentable area of 1,893.15sqm and one onsite carpark with parking available in the building referred to as 'The Stacker' at 12 Alma Street. The Stacker is an automated 34 bay carpark stacking system which provides 5 levels of car stacking in total.

Estimated net annual income from both the improvements and carparking at the present 92.5% occupancy is \$580,122 per annum which represents some \$290 per sqm for the offices including ground floor. We consider this above market by approximately 9%, with our assessment of market rent for the entire holding on full occupancy being \$572,823 p.a. plus GST.

The office occupies 3 adjoining sites containing a freehold land area of 596sqm. The car park stacker at 12 Alma Street occupies a 255sqm freehold site.

The property occupies a City Centre – Downtown Precinct zoned site to the corner of Alma Street and Victoria Street in central Hamilton, neighbouring the Tainui Novotel and Ibis Hotels, with parking somewhat of a premium in the immediate location.

In summary, a centrally located office building to the eastern side of Hamilton CBD.



## 2. Property Description

### 2.1 Legal Description and Interests

#### 402-410 Victoria Street

Identifier SA10A/1377  
 Land Registration District South Auckland  
 Estate Fee Simple  
 Area 134sqm more or less  
 Legal Description Part Lot 44-45 Deposited Plan 1566  
 Registered Owners PMG Direct Office Fund Trustees Limited

Identifier SA10A/1378  
 Land Registration District South Auckland  
 Estate Fee Simple  
 Area 231sqm more or less  
 Legal Description Part Lot 44-45 Deposited Plan 1566  
 Registered Owners PMG Direct Office Fund Trustees Limited

Identifier SA10A/1379  
 Land Registration District South Auckland  
 Estate Fee Simple  
 Area 231sqm more or less  
 Legal Description Part Lot 44 Deposited Plan 1566  
 Registered Owners PMG Direct Office Fund Trustees Limited

#### 12 Alma Street

Identifier 300443  
 Land Registration District South Auckland  
 Estate Fee Simple  
 Area 255sqm more or less  
 Legal Description Lot 2 Deposited Plan 374486 and Lot 2 Deposited Plan South Auckland 74799  
 Registered Owners PMG Direct Office Fund Trustees Limited

#### Records of Title

Address	Lot	DP	Identifier	Area (sqm)
402 Victoria St	Part Lot 44-45	1566	SA10A/1377	134
402 Victoria St	Part Lot 44-45	1566	SA10A/1378	231
402 Victoria St	Part Lot 44	1566	SA10A/1379	231
12 Alma St	Lot 2 DP 374486 & Lot 2 DP 74799		300443	255
Total Land Area				851



## Outstanding Interests:

Interests include:

### SA10A/1379

- H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM
- 11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

### 300443

- Excepting pursuant to Section 19 Public Works Act 1928 any mines of coal and other minerals not taken by Proclamation S165717
- Subject to Section 11 Crown Minerals Act 1991
- Subject to Part IV A Conservation Act 1987
- Subject to Section 241(2) and Section 242(1) Resource Management Act 1991(affects DP 374486)
- Appurtenant hereto is a right of way created by Easement Instrument 7609180.11 - 9.11.2007 at 9:00 am
- The easements created by Easement Instrument 7609180.11 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right of way over part marked A DP 397919 created by Easement Instrument 7877247.2 - 15.7.2008 at 9:00 am
- 11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

## Interest Comments:

H449246 prevents transfer of any of the three titles except in conjunction with all allotments.

Easement instrument 7609180.11 identifies a right of way in Area A off Alma Street with subject having a dominant tenement over this accessway.

Easement instrument 7877247.2 relates to maintenance, repair or replacement obligations under the easements and also provides that the Grantor will grant a new easement appurtenant to the land legally described as Lot 1 Deposited Plan S74799 if Unit Plan 74864 is cancelled.

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

## 2.2 Land Description

### Site Description:

#### 402-410 Victoria Street

Three adjoining sites combine to provide a regular shaped 596sqm allotment with south-westerly aspect to Victoria Street to which it has frontage of 22.1m and north-westerly aspect to Alma Street to which it has frontage of 27.1m. The building occupies a large proportion of the site. The land is of level contour.

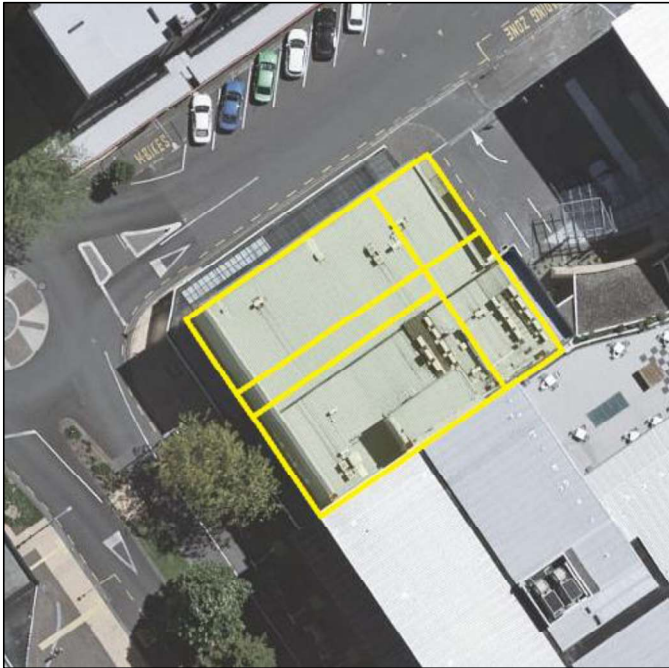




### 12 Alma Street

12 Alma Street contains a regular shaped 255sqm site with frontage to Alma Street of 11.9m to which it has south-easterly aspect. The car park stacking building is developed out from the south-western boundary. The site is of level contour.

Aerial photos follow:



### **Hamilton City District Plan:**

Both sites are zoned '**City Centre – Downtown Precinct**' under the City of Hamilton Operative District Plan from 2017. The city centre of Hamilton is the heart of the Waikato region. It is the primary centre for commercial, civic and social activities, and is the region's cultural and recreational hub. The City Centre zone is divided into three precincts, each with its own unique character, activities and rules. These precincts are:

- Precinct 1: Downtown
- Precinct 2: Living City
- Precinct 3: Ferry Bank

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

Permitted activities and development controls within this zone include:



### Permitted Activities

- Service Industry (except noxious or offensive)
- Offices more than 1,000sqm GFA per site
- Offices less than 1,000sqm GFA per site
- Home-based business
- Ancillary office
- Retail greater or equal to 250sqm GFA per tenancy
- Retail less than 250sqm GFA per tenancy
- Supermarkets
- Tourism ventures and information centres
- Restaurants, cafes, licensed premises (except sites fronting Victoria Street and any identified Primary or Secondary Active Frontage)
- Places of assembly
- Health care services at ground floor less or equal to 250sqm GFA and above ground floor
- Childcare facilities at ground floor less or equal to 250sqm GFA and above ground floor
- Community Centres at ground floor less or equal to 250sqm GFA and above ground floor
- Tertiary education and specialised training at ground floor less or equal to 250sqm GFA and above ground floor
- Apartments at ground floor excluding areas on the Primary or Secondary Active Frontages
- Apartments above ground floor
- Ancillary residential units above ground floor

### Development Control

- Site coverage: 100% maximum
- Building intensity: 5:1 maximum floor area ratio
- Permeable surfaces: Nil
- Maximum height: without bonuses, are as follows:
 

Height Overlay 1:	16m
Height Overlay 2:	16m
Height Overlay 3:	13m
- Building setbacks: minimum setbacks are as follows:
 

Front, side and rear boundaries:	0m
Boundary adjoining Riverfront Overlay:	5m

### **Zoning Comment:**

A central Hamilton commercial zone providing for a wide range of development options and occupancy types.





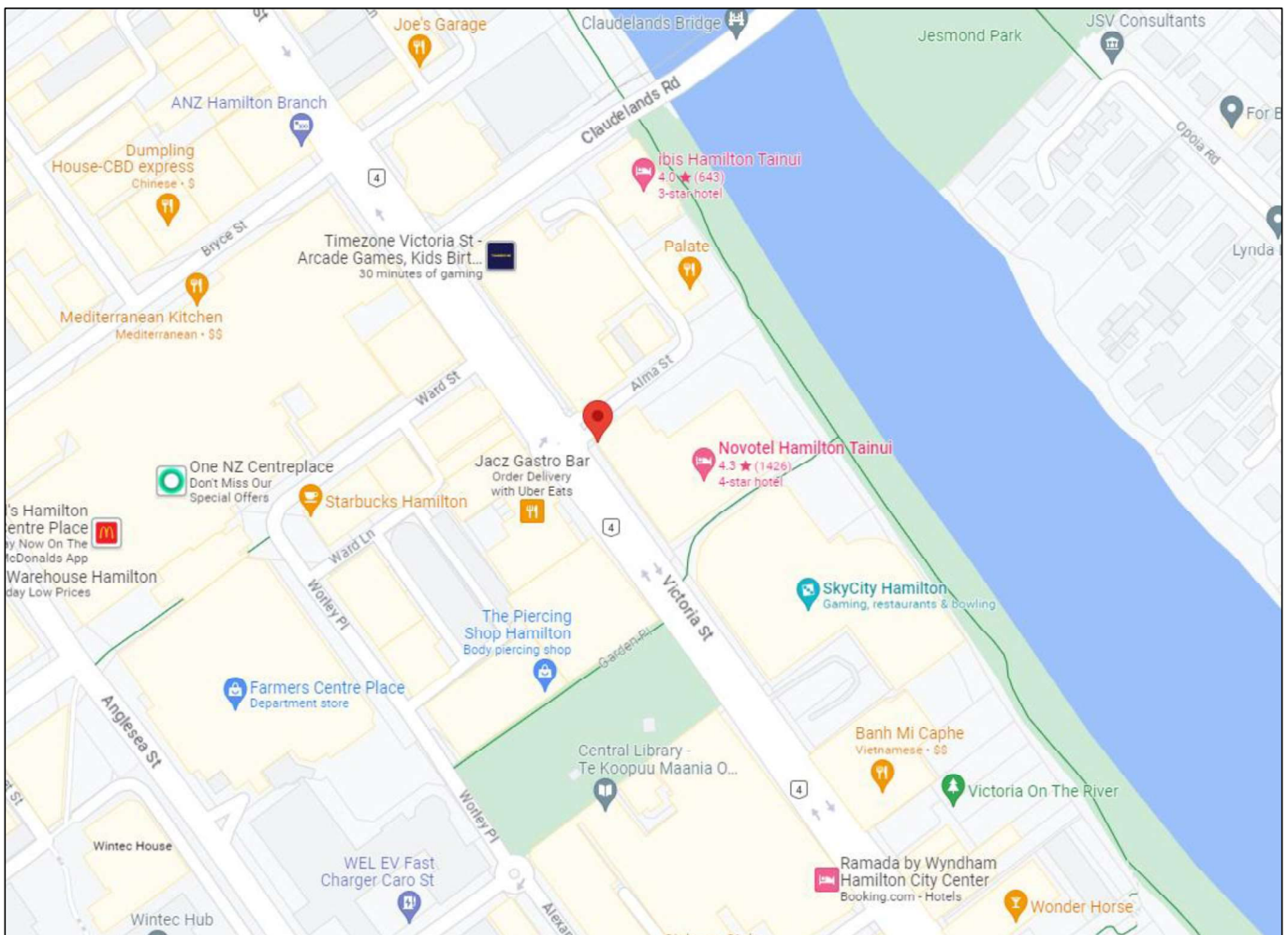
### Situation & Locality:

Victoria Street is a sealed, curbed and channelled principal street in the Hamilton CBD extending from the Forest Lake / Te Rapa Road intersection in the north-west through to Anzac Parade in the south-east. The subject property is centrally located on Victoria Street on its eastern side and at the corner of Alma Street. This is a central Hamilton CBD location.

Immediate surrounding development comprises a variety of land uses including hotel accommodation, food and beverage offerings, retail, apartments, entertainment, and civic style uses. Occupiers of note nearby include Westpac, Beca, and Tainui Holdings.

In this position the property is situated near Centre Place which has a variety of retail, movie, and eating options, whilst the central bus station is within an easy 500m walk. Central Auckland City is some 120km north to the north via State Highway 1.

In more recent times, the development of The Base has changed the face of the CBD with a number of significant retailers moving north.



In summary, an established central location of Hamilton's CBD.



## 2.3 Description of Improvements

**Floor Area:** A rentable area survey has been completed by Harrison Grierson for the property, with a summary of these areas shown in the following schedule.

Floor Area Summary			
Description	Occupier	Rentable Area sqm	Total Property %
Ground Floor	KiwiBank Limited	419.45	22.2%
Level 1 Tenancy 1	Te Whata A Tamihana Limited	79.94	4.2%
Level 1 Tenancy 2	Te Rito Maioha Early Childhood New Zealand Inc.	226.66	12.0%
Level 1 Tenancy 3	Te Tumu Paeroa Maori Trustee	180.64	9.5%
Level 2 Tenancy 1	KiwiBank Limited	178.56	9.4%
Level 2 Tenancy 2	Her Majesty the Queen...	314.40	16.6%
Level 3 Tenancy 1A	Windcave Limited	108.10	5.7%
Level 3 Tenancy 1B	Vacant	142.79	7.5%
Level 3 Tenancy 2	The New Zealand Automobile Association (Inc)	216.25	11.4%
Level 3 Tenancy 3	The New Zealand Automobile Association (Inc)	26.36	1.4%
<b>Adopted Rentable Area</b>		<b>1893.15</b>	<b>100.0%</b>
<b>Other Areas</b>			
Naming Rights	KiwiBank Limited		
<b>Carparking</b>			
	Covered Stacked	34	
Total Spaces		34	
Car Park ratio	1 space per	55.7	sqm

The car parking ratio is considered satisfactory for a central Hamilton location.

**General:** A well located 4-level commercial building dating from the 1980s having been progressively upgraded and occupying a visible corner site to the eastern side of Hamilton CBD.

**Construction:** Construction consists of:

### 402-410 Victoria Street

<i>Foundations:</i>	Concrete slab
<i>Structural:</i>	Predominantly reinforced concrete columns and beams
<i>Joinery:</i>	Aluminium framed, single glazed
<i>Exterior:</i>	Concrete panel and concrete block
<i>Roof:</i>	Unsighted

### Internal Linings - General

<i>Flooring:</i>	Carpet or carpet tiles over concrete with timber veneer over concrete to the service areas
<i>Stud Height:</i>	2.48m floor to the underside of suspended ceiling



<i>Walls &amp; Ceilings:</i>	Suspended ceiling on metal grid
<i>Lighting:</i>	Recessed lighting in reflective trays
<i>Air-conditioning:</i>	Ducted in-ceiling
<i>Smoke detectors:</i>	Yes
<i>Sprinklers:</i>	No

### **12 Alma Street – ‘The Stacker’**

<i>Foundations:</i>	Concrete slab
<i>Structural:</i>	Galvanised metal columns and beams
<i>Exterior:</i>	Precast concrete slab to the western elevation, corrugated iron to the northern elevation, and translucent panelling to the Alma Street frontage.
<i>Roof:</i>	Profiled metal

### **Layout & Amenities:**

### **402-410 Victoria Street**

#### **Ground Floor**

The ground floor provides a 3.1m stud showroom and has access points available off both Alma Street and Victoria Street. Kiwibank have occupied the property as a business hub, however the branch has permanently closed, notwithstanding their remaining lease commitment.

The main entrance to 410 Victoria Street is off Victoria Street with a double glazed automated door providing access onto a lobby with feature timber and steel stairs providing access to the upper levels. At approximately mid depth is the lift (Schindler 10 person – 750kg) which provides access to the upper three levels.

#### **Level 1 Tenancy 1 – Te Whata A Tamihana Limited**

Provided generally as open plan with offices partitioned to the northern elevation.

Stud Height: 2.44m floor to the underside of the suspended ceiling

#### **Level 1 Tenancy 2 – Te Rito Maioha Early Childhood New Zealand Inc**

This tenancy is located on the south-western corner of Level 1. It has fixed partitioning to the south-eastern and north-western end with the balance generally open plan. A small kitchenette is available although has no running water connection.



Level 1 Tenancy 3 – Te Waharoa Investments Ltd/Te Tumu Paeroa Maori Trustee

Open plan with one partitioned office to the south-eastern corner.

Level 2 – Te Tari Taiwhenua Internal Affairs

Entire floor occupation. The floor is slightly less open plan than Level 3 with a variety of offices partitioned. There are separate male and female bathrooms, although access was not available. The kitchen is of a slightly different configuration to Level 3.

Level 3 – The New Zealand Automobile Association (Inc)

The lift opens onto a shared service area which includes access to the three tenancies and the amenities.

The amenities include kitchen, bathroom, accessible bathroom, cleaners cupboard, and fire exit stairs situated to the north-eastern corner.

Positioned to the north-western corner of the building and generally providing open plan space with 3 partitioned offices to the eastern side.

Level 3 – Middle Tenancy

Currently vacant.

Level 3 – Windcave Limited

Generally open plan with selective partitioned offices.

Lift Car: Tiled floors, wood-panelled sides, profiled stainless steel doors (Schindler 10-person – 700kg)

**Fixtures & Fittings:**

Fixtures and fittings include:

Level 1

*Male Bathroom*

- 2x ceramic urinals
- 1x ceramic WC with fixed partitioning
- 1x ceramic hand basin

*Accessible Bathroom*

- 1x ceramic WC
- 2x ceramic hand basin
- Vinyl flooring



#### *Kitchen*

- Stainless steel sink
- Dishwasher recess
- Linoleum floor

#### **Level 3**

#### *Kitchen*

- Stainless steel sink
- Vinyl benchtop
- Fridge recess
- Dishwasher recess

#### *Bathroom*

- 3x ceramic WCs
- 3x ceramic hand basins

#### *Accessible Bathroom*

- 1x ceramic WC
- 1x ceramic hand basin
- Linoleum floor with drainage
- Hand-held shower with curtain and rails

<b>Condition &amp; Repair:</b>	Generally good for age with active management evident.
<b>Views:</b>	Northern aspect outlook to the Hamilton CBD and immediate surrounding development including the Westpac building and Ibis Hotel.
<b>Site Improvements:</b>	The building occupies the majority of the site apart from a single car park accessed off Alma Street. Extending from Level 1 on both the Alma Street and Victoria Street frontage is a metal framed canopy with a generally frosted Georgian glass roof.
<b>Reticulation of Services:</b>	Telephone, electricity, sewage, storm water and town water are all available to the site.
<b>Building Warrant of Fitness:</b>	The building has a Warrant of Fitness to 12 January 2024 as issued by Building Compliance New Zealand Ltd.
<b>Code Compliance:</b>	We assume all existing development on site has appropriate resource and building consent and has obtained Code Compliance Certification.
<b>Seismic Rating:</b>	We have assessed our value on the basis that all improvements have a seismic rating of not less than 67% of New Building Standard.
<b>Asbestos Report:</b>	An asbestos report was completed on the property on 31 October 2018 by ASR – Asbestos Survey Reports. Based on the assessment undertaken, no asbestos containing materials were located.



**Photos:**

**12 Alma Street – ‘The Stacker’ Carpark**



North-eastern aspect



Ground level



South-eastern aspect



Internal





**410 Victoria Street**



Western aspect



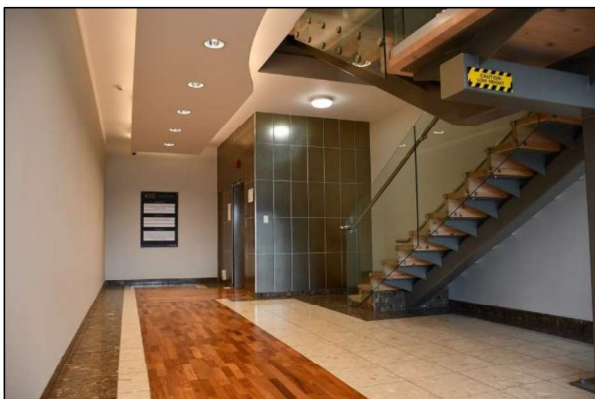
Victoria Street frontage



Victoria Street



Neighbouring property



Entrance lobby



Lift car







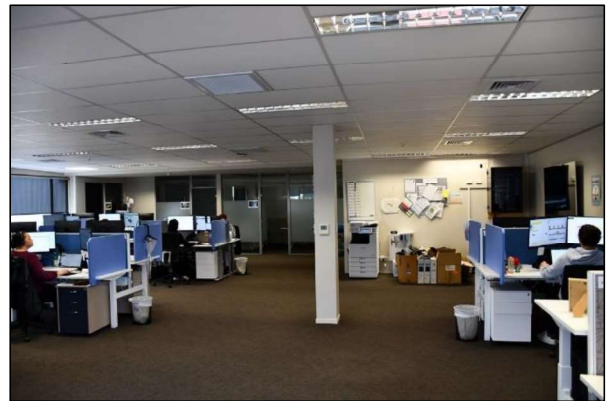
Footpath canopy



North-eastern aspect



Northern aspect



Level 3 office



Level 3 office



Fire exit





Level 3 office



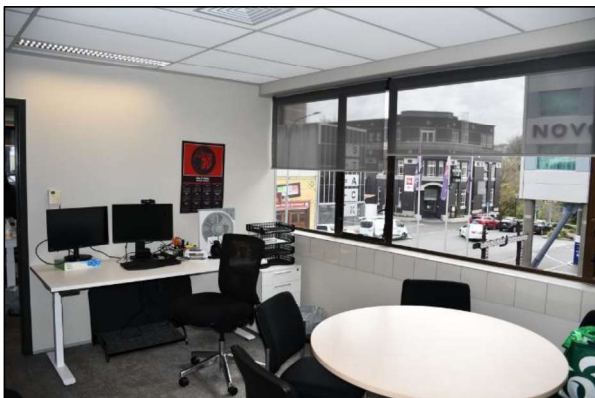
Common areas



Kitchenette



Level 1 office

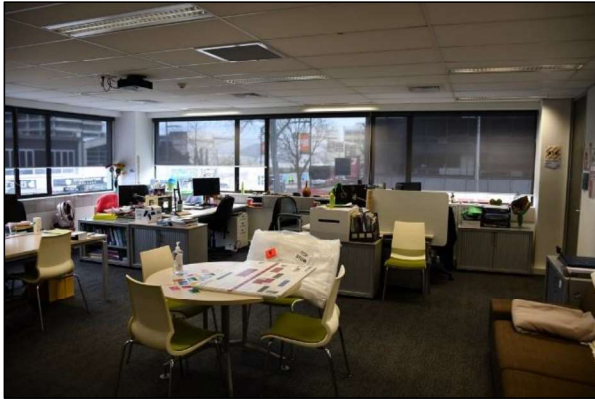


Level 1 office



Level 1 kitchenette





Level 1 office



Level 1 office



Level 1 office



### 3. Occupancy Arrangements

#### 3.1 Lease Summary

A summary of contractual occupancy arrangements is contained below.

#### **Ground Floor – Kiwibank Limited**

Executed Deed of Lease undated

Landlord:	Chylie Properties Limited
Tenant:	Kiwibank Limited
<del>Guarantor:</del>	
Lease Format:	ADLS Sixth Edition 2012 (4)
Premises:	422sqm on the ground floor of the Landlord's premises (contains in Certificates of Title SA10A/1378, SA10A/1377 and SA10A/1379) at 410 Victoria Street / Alma Street, Hamilton, as shown shaded in blue on the attached tenancy plan
Car Parks:	5 at the Landlord's stacker carpark at 10 Alma Street, Hamilton and at the premises
Term:	9 years
Commencement Date:	8 April 2016
Rights of Renewal:	Three of 3 years each
Renewal Dates:	8 April 2025, 8 April 2028, 8 April 2031
Final Expiry Date:	7 April 2034
Annual Rental:	<div>Naming Rights: \$ 15,000 plus GST</div> <div>Premises: \$147,700 plus GST</div> <div>Car Parks: \$ 13,000 plus GST</div> <div>Total: \$175,700 plus GST</div>
Rent Review Dates:	<div>1. Market rent review dates:</div> <div>8 April 2022, 8 April 2025, 8 April 2028 and 8 April 2031</div> <div>2. CPI rent review dates:</div> <div>8 April 2018, 8 April 2020 with each adjustment being to CPI + 1% per annum</div>
Business Use:	The business of New Zealand Post Limited and/or Kiwibank Limited or any of their respective associated Entities from time to time (without limitation including banking, agency works, mail and parcel distribution) and/or any other use permitted under the operative district plan.
Proportion of Outgoings:	22.17% which at commencement date is estimated to be \$27,430 plus GST per annum





Outgoings:	Mostly recoverable, with the exception of some changes such as structural repairs and exterior maintenance, maintenance of lawns, gardens and planted areas, yard and carparking area maintenance, and management expenses.
Landlord's Fixtures and Fittings and Chattels (if any):	<ul style="list-style-type: none"> <li>▪ Floor coverings</li> <li>▪ Ceilings</li> <li>▪ Lighting</li> <li>▪ Air conditioning plant and equipment</li> <li>▪ Basic partitions (amenities)</li> <li>▪ External joinery</li> </ul>
Further Terms:	<p><u>50.0 Naming Rights</u></p> <p>50.1 The Tenant shall have the naming rights for the building for the term of the Lease, on the following terms:</p> <ol style="list-style-type: none"> <li>1) during the term of the Lease, no other tenant shall be granted naming rights.</li> <li>2) the naming rights will be rent free for the first 2 years of the Lease, and the naming rights shall thereafter be payable at the rental recorded in the First Schedule.</li> <li>3) the Tenant shall be entitled to erect and display naming signs on the exterior of the building on the Victoria Street and Alma Street frontage, subject to the tenant obtaining the Landlord's prior written approval, such approval not to be unreasonably or arbitrarily withheld.</li> </ol> <p>50.2 Notwithstanding 50.1, signage located on the external face of the canopy is not permitted across the entranceway to the upper levels (i.e. south of the Tenant's ATM).</p> <p><u>51.0 Carparks</u></p> <p>51.1 The parties agree that from 8 April 2017 until the rent review date of 8 April 2017 until the rent review date of 8 April 2018 the annual rent payable for the carparks shall be \$50 plus GST each, so a total of \$13,000 plus GST per annum</p> <p><u>52.0 Counterparts</u></p> <p>52.1 This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute on instrument. This Deed may be executed on the basis of an exchange of facsimile copies or copies send by electronic transmission and execution of this Deed by such means is to be a valid and sufficient execution.</p> <p><u>53.0 Rental Holiday</u></p> <p>53.1 In consideration of the Tenant entering into this Lease the Landlord shall give to the Tenant a 6 month rental holiday from the Commencement Date. The Tenant shall continue to pay</p>



outgoings, its carpark rental and naming rights (subject to clause 50), from the Commencement Date.

### Lease Comment

The Lease does not provide for recovery of some outgoings such as management expenses. Kiwibank have indicated they will not renew as they have committed to alternate space in Union Square.

### Level 1 Tenancy 1 – Te Whata A Tamihana Limited

Executed Agreement to Lease dated 11 July 2023

Landlord:	PMG Direct Office Fund Trustees Limited
Tenant:	Te Whata A Tamihana Limited
Guarantor:	N/A
Lease Format:	Agreement to Lease
Premises:	Tenancy 1.1 of the Building, as shown outlined in red on the floor plan attached at Schedule A with a rentable area of 79.94sqm, inclusive of a pro rata share of the common areas on Level 1 of the Building
Car Parks:	N/A
Term:	2 years after commencement date
Commencement Date:	2 months after the Access Date (advised 13 September 2023)
Access Date:	1 July 2023 or the Surrender of Vision Engineer Lease, which is later.  From the Access Date until the new Lease is executed by the Parties, they shall be bound by the terms of the new Lease as if it had been duly executed by the Tenant and the Landlord.
Rights of Renewal:	
Final Expiry Date:	
Annual Rental:	\$250 per sqm net = \$19,985 per annum plus GST
Rent Review Dates:	On each anniversary of the Lease Commencement Date, the Annual Rent for the new Premises will increase by an amount equal to 2.5% of the Annual Rent payable for the 12 month period immediately preceding the date of the relevant Rent Review.
Permitted Use:	Commercial offices
Proportion of Outgoings:	Outgoings will be payable by the Tenant from the New Lease Commencement Date, based on the percentage that the rentable area of the New Premises bears to the total rentable area of the office space in the building.
Outgoings:	Outgoings will be payable from the Access Date and in accordance with clauses 3.1 to 3.7 inclusive of the New Lease. Outgoings for the year ending 31 March 2024 are estimated at \$86 per sqm.



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Further Terms:	<u>21. Security Deposit</u>
	(i) On or before the date that this Deed is signed by all parties, the Tenant shall pay the sum of \$5,148.14 to the Landlord's solicitor.....

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### Lease Comment

A fairly typical commercial Agreement to Lease with the parties expected to enter into a Deed of Lease as soon as practicable after this agreement is unconditional. The New Lease format shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012 (5) and will be prepared by the Landlord at its cost.

### **Level 1 Tenancy 2 – Te Rito Maioha Early Childhood New Zealand Incorporated**

Executed Deed of Lease undated

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Landlord:	Chylie Properties Limited						
Tenant:	Te Rito Maioha Early Childhood New Zealand Incorporated						
Guarantor:	N/A						
Lease Format:	ADLS Sixth Edition 2012 (5)						
Premises:	Part of the Landlord's premises being 234sqm of Level 1 outlined in red on the attached plan contained in certificate of title SA10A/1377, SA10A/1378 and SA10A/1379 at 410 Victoria Street, Hamilton together with SA60A/907 at 12 Alma Street, Hamilton						
Car Parks:	2						
Term:	6 years						
Commencement Date:	1 April 2018						
Rights of Renewal:	Three of 3 years						
Renewal Dates:	1 April 2024, 1 April 2027, 1 April 2030						
Final Expiry Date:	31 March 2033						
Annual Rental:	<table> <tr> <td>Premises:</td><td>\$50,310 plus GST</td></tr> <tr> <td>Car Parks:</td><td>\$ 5,200 plus GST</td></tr> <tr> <td>Total:</td><td>\$55,510 plus GST</td></tr> </table>	Premises:	\$50,310 plus GST	Car Parks:	\$ 5,200 plus GST	Total:	\$55,510 plus GST
Premises:	\$50,310 plus GST						
Car Parks:	\$ 5,200 plus GST						
Total:	\$55,510 plus GST						
Rent Review Dates:	<ol style="list-style-type: none"> <li>Market rent review dates On renewal</li> <li>CPI rent review dates: On each anniversary of the Commencement Date</li> </ol>						
Business Use:	Administration offices and early childhood education						
Proportion of Outgoings:	12.24% which at commencement date is estimated to be \$15,210 plus GST per annum.						

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Outgoings:	Full recovery of outgoings as provided under the Lease format.
Landlord's Fixtures and Fittings:	<ul style="list-style-type: none"> <li>■ Air conditioning units</li> <li>■ Floor coverings</li> <li>■ Ceiling tiles</li> </ul>

### Lease Comment

A fairly typical commercial net Lease with the tenant paying the outgoings in addition to rent. The Lease also provides for annual CPI-adjusted rental increases. Te Rito Maioho will not renew their Lease on 1 April 2024.

### **Level 1 Tenancy 3 – Te Tumu Paeroa Maori Trustee**

Executed Agreement to Lease dated 24 August 2020

Landlord:	PMG Direct Office Fund Trustees Limited
Tenant:	Maori Trustee established under Maori Trustee Act 1953 and trading as "Te Tumu Paeroa".
New Premises:	Part Level 1 of the Building, as shown outlined in red on the floorplan attached at Schedule A having a rentable area of 180sqm, inclusive of a pro-rata share of the common areas on Level 1 of the building.
Car Parks:	One
Term:	6 years
Commencement Date:	One month after the access date
Access Date:	<p>1 September 2020 or the date being the next working day following practical completion of the Landlord's work, which is the later.</p> <p>From the Access Date until the New Lease is executed by the Parties, they shall be bound by the terms of the New Lease as if it had been duly executed by the Tenant and the Landlord.</p>
Rights of Renewal:	N/A
Renewal Dates:	N/A
Final Expiry Date:	6 years after the commencement date
Annual Rental:	<p>Premises: \$235 per sqm = \$42,300 per annum plus GST (subject to final measurement)</p> <p>Car Parks: \$55 per park per week = \$2,860 per annum plus GST</p>
Rent Review Dates:	On each anniversary of the New Lease Commencement Date, the Annual Rent for the New Premises will increase by an amount equal to 3.00% of the Annual Rent payable for the 12 month period immediately preceding the date of the relevant Rent Review.
Permitted Use:	Commercial offices



Proportion of Outgoings:	Outgoings will be payable by the Tenant from the New Lease Commencement Date (based on the percentage that the rentable area of the New Premises bears to the total rentable area of the office space in the building.
Outgoings:	Outgoings will be payable from the Access Date and in accordance with clause 3.1 – 3.7 inclusive of the New Lease. Outgoings for the year ending 31 March 2021 are estimated at \$72.05 per sqm.
Special Conditions:	<p><u>Landlord's Work</u></p> <ul style="list-style-type: none"> <li>i. The Landlord will carry out certain works within the New Premises ("the Landlord's Work"). The Landlord's Work will be at the sole cost of the Landlord, who will use their reasonable endeavours to achieve Practical Completion of it by 31 August 2020.</li> <li>ii. The Landlord's Work will comprise the provision of a hard fitout within the New Premises, broadly in accordance with the plan attached at Schedule C of this Agreement and will include the following items: <ul style="list-style-type: none"> <li>▪ Construction of the new full height partition wall as shown on the attached plan;</li> <li>▪ The reconfiguration of the existing light fittings and installation of the new light switches to configure with the hard fitout.....</li> </ul> </li> </ul>

#### Lease Comment

A fairly typical commercial Agreement to Lease with the parties expected to enter into a Deed of Lease as soon as practicable after this agreement is unconditional. The New Lease format shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012 (5) and will be prepared by the Landlord at its cost.

#### Level 2 Tenancy 1 – Kiwibank Limited

Executed Agreement to Lease dated 8 March 2019

Landlord:	PMG Capital Fund Limited
Tenant:	Kiwibank Limited
Guarantor:	Not applicable
Lease Format:	Agreement to Lease
Premises:	Level 2, Tenancy A, as highlighted in green on the plan attached at Schedule A having a rentable area of 181.92sqm inclusive of a pro-rata share of the common areas in Level 2 of the building
Car Parks:	Not applicable
Term:	6 years from the lease commencement date
Commencement Date:	8 April 2019



Rights of Renewal:	One additional term of 6 years with a minimum of 6 months written notice from the tenant to exercise the Right of Renewal.
Renewal Dates:	8 April 2025
Final Expiry Date:	7 April 2031
Annual Rental:	\$230 per sqm net = \$41,841.60 plus GST
Rent Review Dates:	<p>Market rent review dates:</p> <p>On the 3<sup>rd</sup> anniversary of the lease commencement date and on the renewal date (if the lease is renewed in accordance with clause 8 of this agreement), the annual rent will be reviewed to the then current market rent of the premises with the annual rent on the review to be no less than the annual rent payable as at the lease commencement date.</p> <p>On the 3<sup>rd</sup> anniversary of the renewal date (if the lease is renewed in accordance with clause 8 of this agreement), the annual rent will be reviewed to the then current market rent for the premises with the annual rent on review to be no less than the annual rent payable as at the renewal date.</p>
Permitted Use:	Commercial offices
Proportion of Outgoings:	Outgoings will be payable by the tenant from the lease commencement date, based on the percentage that the rentable area of the premises bears to the total rentable area of the office space in the building.
Outgoings:	Recoverable
Special Conditions:	<p><u>Lease Incentive</u></p> <ol style="list-style-type: none"> <li>In consideration of the Tenant committing unconditionally to a Lease of the Premises in accordance with the terms and conditions of this Agreement, the Landlord will provide an incentive equivalent in value to 6 months Annual Rent plus GST ("Lease Incentive").</li> <li>The Lease Incentive will be granted by the Landlord to the Tenant by way of a net rent-free period during which the Tenant will be permitted to occupy the Premises without payment of Annual Rent for the period from the Lease Commencement Date until 30<sup>th</sup> September 2019 inclusive ("Rent Holiday").....</li> </ol>

### Lease Comment

A fairly typical commercial Agreement to Lease with the parties expected to enter into a Deed of Lease as soon as practicable after this agreement is unconditional. Kiwibank have indicated they will not renew as they have committed to alternate space in Union Square.



## **Level 2 Tenancy 2 – Her Majesty the Queen acting by and through the Secretary for Internal Affairs**

Executed Deed of Lease dated 20 November 2015

**Undated Deed of Rent Review**

**Deed of Variation and Renewal dated 10 October 2022**

Landlord:	Chylie Properties Limited PMG Direct Office Fund Trustees Limited										
Tenant:	Her Majesty the Queen acting by and through the Secretary for Internal Affairs										
<del>Guarantor:</del>											
Lease Format:	ADLS Sixth Edition 2012 (4)										
Premises:	Part of Level 2, 410 Victoria Street, Hamilton being a total area of 316.64sqm as shown shaded yellow on the attached plan										
Car Parks:											
Term:	6 years <b>3 years</b>										
Commencement Date:	15 September 2014 <b>15 September 2020</b>										
Rights of Renewal:	Three of 3 years <b>Two further rights of renewal of 3 years</b>										
Renewal Dates:	15 September 2020, 15 September 2023, 15 September 2026										
Final Expiry Date:	14 September 2029										
Annual Rental:	<table> <tr> <td>Premises:</td><td>\$79,160.00 plus GST</td></tr> <tr> <td>Car Parks:</td><td>\$ -</td></tr> <tr> <td>Total:</td><td>\$79,160.00 plus GST</td></tr> <tr> <td></td><td><b>\$83,910.00 plus GST as at 1 September 2017</b></td></tr> <tr> <td></td><td><b>\$90,892.24 plus GST as at 15 September 2020</b></td></tr> </table>	Premises:	\$79,160.00 plus GST	Car Parks:	\$ -	Total:	\$79,160.00 plus GST		<b>\$83,910.00 plus GST as at 1 September 2017</b>		<b>\$90,892.24 plus GST as at 15 September 2020</b>
Premises:	\$79,160.00 plus GST										
Car Parks:	\$ -										
Total:	\$79,160.00 plus GST										
	<b>\$83,910.00 plus GST as at 1 September 2017</b>										
	<b>\$90,892.24 plus GST as at 15 September 2020</b>										
Rent Review Dates:	1. Market rent review dates: Every 3 <sup>rd</sup> anniversary of the commencement date, being 15 September 2017, 15 September 2020, 15 September 2023, 15 September 2026										
Business Use:	Commercial and Government office purposes										
<del>Proportion of Outgoings:</del>											
Outgoings:	Outgoings not recoverable, with the exception of rubbish removal charges and consumables										
Landlord's Fixtures & Fittings:	<ul style="list-style-type: none"> <li>Floor coverings, carpets and vinyls, all new</li> <li>Air-conditioning, new</li> </ul>										



- Acoustic ceilings, new
- Fluro light fittings, 50% are new, rest in as new condition
- Inter-tenancy partition, as new, or new
- Dishwasher, as new
- Bathroom mirrors and fittings, as new condition

All of the above fixtures and fittings are in new condition at the commencement date.

**Additional Clauses:**

35.5 The parties acknowledge and agree the annual rent payable under this lease at the commencement date includes the car park licence of \$50 (plus GST) per park per week (being a total of \$7,800 plus GST per annum) (Licence Fee). The parties acknowledge no separate fee or rent in respect of the car parks shall be claimed or levied by the Landlord in addition to the licence fee.

**Lease Comment**

A gross Lease where most outgoings are not recovered from the tenant. The Lease also provides for a carparking licence inclusive of the rental, although from the tenancy schedule provided to us this tenant does not currently licence any car parks. Te Tari Taiwhenua have renewed their Lease for 3 years from 15 September 2023.

**Level 3 Tenancy 1A – Windcave Limited**

Executed Agreement to Lease dated 6 July 2022

Landlord:	PMG Direct Office Fund Trustees Limited
Tenant:	Windcave Limited
Guarantor:	N/A
Lease Format:	Agreement to Lease
Premises:	Tenancy 3.1A, to be created as part of a two-way split of what is currently Tenancy 3.1 on Level 3 of the building and broadly in accordance with the floor plan attached at Schedule A, and having a rentable area of 108.10sqm, inclusive of a pro-rata share of the common areas on Level 3 of the building (rentable area subject to measurement after completion of the Landlord's Work).
Car Parks:	One
Term:	3 years
Commencement Date:	One day after the date that practical completion of the Landlord's Work has been certified by the Landlord's Consultant. The indicated and adopted commencement date is 22 August 2022.
Rights of Renewal:	N/A



Renewal Dates:	N/A
Final Expiry Date:	3 years after the lease commencement date
Annual Rental:	Premises: \$245 per sqm net = \$26,484.50 plus GST Car Park: \$55 per park per week = \$2,860 plus GST
Rent Review Dates:	On each anniversary of the lease commencement date, the annual rent for the premises will increase by an amount equal to 2.5% of the annual rent payable for the 12 month period immediately preceding the date of the relevant rent review (ignoring any rent rebate or rent holiday)
Business Use:	Commercial offices
Proportion of Outgoings:	Outgoings will be payable by the tenant from the lease commencement date, based on the percentage that the rentable area of the premises bears to the total rentable area of the office space in the building.
Outgoings:	Outgoings will be payable from the lease commencement date and in accordance with clauses 3.1 to 3.5 inclusive of the lease. Outgoings for the year ending 31 March 2023 are estimated at \$82.37 per sqm.
Special Conditions:	<u>Landlord's Work</u> <ol style="list-style-type: none"> <li>The Landlord will carry out certain works within the premises ("the Landlord's Work"). The Landlord's Work will be at the sole cost of the Landlord, who will use their reasonable endeavours to achieve Practical Completion of it by 15 August 2022.</li> <li>The Landlord's Work will comprise the provision of a hard fitout within the Premises, in accordance with the plan at Schedule A of this Agreement and will include the following items:               <ul style="list-style-type: none"> <li>Demolition as required of any existing hard fitout within the premises, along with any associated make-good work;</li> <li>Construction of the full height inter-tenancy wall</li> <li>The reconfiguration of the light fittings and installation of new light switches to configure with the hard fitout...</li> </ul> </li> </ol> <u>Security Deposit</u> The tenant shall on the date that this agreement becomes unconditional and as the security for the performance of the tenant's obligations under the lease, pay to the Landlords solicitors, in cleared funds, the sum of \$18,000...

A fairly typical commercial Agreement to Lease with the parties expected to enter into a Deed of Lease as soon as practicable after this agreement is unconditional. The New Lease format shall be the Auckland District Law Society Deed of Lease Sixth Edition 2012 (5) and will be prepared by the Landlord at its cost.

### **Level 3 Tenancy 1B - Vacant**

Office tenancy of some 142.8sqm.



### **Level 3 Tenancy 2 & Tenancy 3– The New Zealand Automobile Association (Incorporated)**

Executed Deed of Lease dated 15 August 2023

Landlord:	PMG Direct Office Fund Trustees Limited						
Tenant:	The New Zealand Automobile Association (Incorporated) an incorporated society incorporated under no. 215426						
<del>Guarantor:</del>							
Lease Format:	ADLS Sixth Edition 2012 (5)						
Premises:	Parts of Level 3 of the building at 410 Victoria Street, Hamilton, such parts being known as Tenancy 3.2 and Tenancy 3.3, being shown, for indicative purposes, outlined in red on the attached plan, and having rentable areas (including proportionate shares of the common areas on Level 3) as follows: <table data-bbox="587 801 1018 945"> <tr> <td>Tenancy 3.2</td><td>216.25sqm</td></tr> <tr> <td>Tenancy 3.3</td><td>26.36sqm</td></tr> <tr> <td>Total:</td><td>242.61sqm</td></tr> </table>	Tenancy 3.2	216.25sqm	Tenancy 3.3	26.36sqm	Total:	242.61sqm
Tenancy 3.2	216.25sqm						
Tenancy 3.3	26.36sqm						
Total:	242.61sqm						
Car Parks:							
Term:	4 years						
Commencement Date:	1 July 2022						
Rights of Renewal:	One right of renewal, for a further term of 4 years						
Renewal Dates:	1 July 2026						
Final Expiry Date:	30 June 2030						
Annual Rental:	\$55,896.90 plus GST						
Rent Review Dates:	1. Fixed increase dates (clause 2.5) 1 July 2023, 2024, 2025, 2027, 2028, 2029 2. Market rent review dates: 1 July 2026						
Business Use:	Office accommodation						
Proportion of Outgoings:	Not specified						
Outgoings:	Full recovery of outgoings as provided under the lease format with some modifications regarding cleaning and maintenance costs						

### **Lease Comment**

A comprehensive commercial net Lease with the tenant paying the outgoings in addition to the rent, with some modifications for items such as asbestos removal or seismic strengthening if required. The Lease also provides monthly rental abatement of \$582.26 plus GST for each month during the initial term starting 1 July 2022 and 2% fixed annual increases.





### Car Parking Licence

We have also been provided a longstanding carpark licence agreement from 2008 with Westpac (NZ) Investments Limited. We understand they currently licence 20 car parks for \$52,000 plus GST per annum, reflecting \$50 per park per week.

In addition, another licensee licences one car park for \$55 per park per week with 4 others vacant.

### 3.2 Outgoings

Outgoings for the property as provided to us are shown in the following schedule.

Item	Budgeted 2023-24	Adopted Outgoings \$pa	\$psm
<b><i>Recoverable Expenses</i></b>			
Council Rates	48,600	48,600	25.67
Water Rates	800	800	0.42
Ground Rent	0	0	0.00
Electricity - Common Area	8,520	8,520	4.50
Rubbish Removal	3,276	3,276	1.73
Fire R&M	1,200	1,200	0.63
Fire PPM	1,199	1,199	0.63
Fire Alarm Monitoring	1,449	1,449	0.77
Insurance Excess	0	0	0.00
Insurance Premiums	18,525	18,525	9.79
Air Conditioning PPM	13,354	13,354	7.05
Air Conditioning R&M	2,500	2,500	1.32
Auto & Roller Door PPM	599	599	0.32
Auto & Roller Door R&M	500	500	0.26
Lift & Escalator PPM	6,439	6,439	3.40
Security Call Outs	482	482	0.25
Security PPM	3,058	3,058	1.62
Exterior Windows & Building PPM	4,237	4,237	2.24
Plumbing R&M	1,500	1,500	0.79
Electrical PPM	2,151	2,151	1.14
Electrical R&M	1,605	1,605	0.85
General R&M	2,140	2,140	1.13
Cleaning Consumables & Hygiene	4,121	4,121	2.18
Cleaning PPM	12,644	12,644	6.68
Access Control PPM	621	621	0.33
Access control R&M	500	500	0.26
Health & Safety Compliance	2,622	2,622	1.38
Management Fees	18,039	18,039	9.53
BWOF Compliance Inspections	1,717	1,717	0.91
<b><i>Non-Recoverable Expenses</i></b>			
Ground Rental	0	0	0.00
Other Non-Recoverable Expenses	0	0	0.00
<b>Total Recoverable Expenses</b>	<b>162,398</b>	<b>162,398</b>	<b>85.78</b>
<b>Non-Recoverable Expenses</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Operating Expenses</b>	<b>162,398</b>	<b>162,398</b>	<b>85.78</b>

At slightly under \$86 per sqm, this is consistent with prevailing levels of operating expenses.



### 3.3 Analysis of Existing Rent

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

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa)	Unrecovered Opex (\$pa)	Net Contract Rent (\$pa)	Passing Rent (\$psm)	Unrecovered Opex (\$psm)	Net Contract Rent (\$psm)
<b>Tenancies</b>								
KiwiBank Limited	Ground Floor	419.5	164,929	393.20	0	0.00	164,929	393.20
Te Whata A Tamihana Limited	Level 1 Tenancy 1	79.9	19,985	250.00	0	0.00	19,985	250.00
Te Rito Maioha Early Childhood New Zealand Inc.	Level 1 Tenancy 2	226.7	60,611	267.41	0	0.00	60,611	267.41
Te Tumu Paeroa Maori Trustee	Level 1 Tenancy 3	180.6	46,222	255.88	0	0.00	46,222	255.88
KiwiBank Limited	Level 2 Tenancy 1	178.6	41,842	234.33	0	0.00	41,842	234.33
Her Majesty the Queen...	Level 2 Tenancy 2	314.4	90,892	289.10	26,970	85.78	63,922	203.31
Windcave Limited	Level 3 Tenancy 1A	108.1	27,147	251.13	0	0.00	27,147	251.13
<b>Vacant</b>	Level 3 Tenancy 1B	142.8	0	0.00	12,249	85.78	0	0.00
The New Zealand Automobile Association (Inc)	Level 3 Tenancy 2	216.3	50,820	235.01	0	0.00	50,820	235.01
The New Zealand Automobile Association (Inc)	Level 3 Tenancy 3	26.4	6,195	235.01	0	0.00	6,195	235.01
KiwiBank Limited	Naming Rights	0.0	16,750	0.00	0	0.00	16,750	0.00
<b>Total</b>		<b>1,893.2</b>	<b>525,393</b>	<b>277.52</b>	<b>39,219</b>	<b>20.72</b>	<b>498,423</b>	<b>263.28</b>
<b>Total (excluding vacancies)</b>		<b>1,750.4</b>	<b>525,393</b>	<b>300.16</b>	<b>26,970</b>	<b>15.41</b>	<b>498,423</b>	<b>284.75</b>

Ten. No. Tenant	Car Parks	Contract Rent (\$pa)	(\$pcpw)
<b>Leased Parks</b>			
1 KiwiBank Limited	5	14,517	55.84
3 Te Rito Maioha Early Childhood New Zealand Inc.	2	6,265	60.24
4 Te Tumu Paeroa Maori Trustee	1	3,125	60.10
7 Windcave Limited	1	2,932	56.38
<b>Licensed Parks - Non-Building Tenants</b>			
1001 Kayla Lawton	1	2,860	55.00
1002 Westpac (NZ) Investments Limited	20	52,000	50.00
<b>Vacant Car Parks</b>			
<b>Vacant Carparks</b>	4	0	0.00
<b>Total</b>	<b>34</b>	<b>81,699</b>	<b>46.21</b>

Rent Summary	Contract Rent
Premises	498,423
Carparks	81,699
<b>Annual Rent</b>	<b>580,122</b>

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



## 4. Rental Evidence

### 4.1 Rental Commentary

Ground floor commercial or retail tenancy rents in the Hamilton CBD in more recent times have typically achieved between \$200 per sqm and \$400 per sqm for tenancies ranging anywhere in size between 70sqm and 370sqm.

At the present time, there are a number of ground floor tenancies available for lease in close proximity to the subject with slow demand evident. In more recent times, real estate agencies often absorbed some space vacated by banks as they downsized their retail footprint, but that demand has also cooled over the past 12 to 18 months.

Reflecting the current situation, we have applied a market rent of **\$300 per sqm** for the ground floor tenancy which reflects the favourable profile it receives, good natural light, and its central Hamilton CBD location. It also recognises that the location is on the eastern side of Victoria Street and not the Centre Place side which interacts with that facility.

More recent office leasing has seen rents generally above \$400 per sqm achieved in brand new quality office developments on the western side of the Hamilton CBD in and off Collingwood Street. In comparison, the existing 1980s and 1990s stock has typically achieved rents of between \$220 and \$260 per sqm, with that verified with the more recent leases in the subject property which have achieved between \$235 and \$250 per sqm. Reflecting the comments above, we have applied a market rent of **\$240 per sqm** for the office tenancies.

### Signage

There is an existing signage rental paid by Kiwibank of \$16,750 p.a. We are aware of no evidence that signage income would be generated from any new tenant, although this cannot be ruled out entirely if an occupier seeking profile were to lease the space.

### Car Parking









We have applied **\$50 per park per week** for parking spaces in The Stacker which is consistent with prevailing rents.

### 4.2 Market Rent Assessment

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

Tenant	Tenancy	Area (\$qm)	Passing Rent (\$pa)	Passing Rent (\$psm)	Unrecovered Opex (\$pa)	Unrecovered Opex (\$psm)	Net Contract Rent (\$pa)	Net Contract Rent (\$psm)	Net Market Rent (\$pa)	Net Market Rent (\$psm)
<b>Tenancies</b>										
KiwiBank Limited	Ground Floor	419.5	164,929	393.20	0	0.00	164,929	393.20	125,835	300.00
Te Whata A Tamihana Limited	Level 1 Tenancy 1	79.9	19,985	250.00	0	0.00	19,985	250.00	19,186	240.00
Te Rito Maioha Early Childhood New Zealand Inc.	Level 1 Tenancy 2	226.7	60,611	267.41	0	0.00	60,611	267.41	54,398	240.00
Te Tumu Paeroa Maori Trustee	Level 1 Tenancy 3	180.6	46,222	255.88	0	0.00	46,222	255.88	43,354	240.00
KiwiBank Limited	Level 2 Tenancy 1	178.6	41,842	234.33	0	0.00	41,842	234.33	42,854	240.00
Her Majesty the Queen...	Level 2 Tenancy 2	314.4	90,892	289.10	26,970	85.78	63,922	203.31	75,456	240.00
Windcave Limited	Level 3 Tenancy 1A	108.1	27,147	251.13	0	0.00	27,147	251.13	25,944	240.00
Vacant	Level 3 Tenancy 1B	142.8	0	0.00	12,249	85.78	0	0.00	34,270	240.00
The New Zealand Automobile Association (Inc)	Level 3 Tenancy 2	216.3	50,820	235.01	0	0.00	50,820	235.01	51,900	240.00
The New Zealand Automobile Association (Inc)	Level 3 Tenancy 3	26.4	6,195	235.01	0	0.00	6,195	235.01	6,326	240.00
KiwiBank Limited	Naming Rights	0.0	16,750	0.00	0	0.00	16,750	0.00	7,500	0.00
<b>Total</b>		<b>1,893.2</b>	<b>525,393</b>	<b>277.52</b>	<b>39,219</b>	<b>20.72</b>	<b>498,423</b>	<b>263.28</b>	<b>487,023</b>	<b>257.26</b>
<b>Total (excluding vacancies)</b>		<b>1,750.4</b>	<b>525,393</b>	<b>300.16</b>	<b>26,970</b>	<b>15.41</b>	<b>498,423</b>	<b>284.75</b>	<b>452,753</b>	<b>258.66</b>



Ten. No. Tenant	Car Parks	Contract Rent		Market Rent	
		(\$pa)	(\$pcpw)	(\$pa)	(\$pcpw)
Leased Parks					
1 KiwiBank Limited	5	14,517	55.84 	13,000	50.00
3 Te Rito Maioha Early Childhood New Zealand Inc.	2	6,265	60.24 	5,200	50.00
4 Te Tumu Paeroa Maori Trustee	1	3,125	60.10 	2,600	50.00
7 Windcave Limited	1	2,932	56.38 	2,600	50.00
Licensed Parks - Non-Building Tenants					
1001 Kayla Lawton	1	2,860	55.00 	2,600	50.00
1002 Westpac (NZ) Investments Limited	20	52,000	50.00 	52,000	50.00
Vacant Car Parks					
Vacant Carparks	4	0	0.00 	10,400	50.00
Total	34	81,699 	46.21	88,400	50.00

Rent Summary	Contract Rent	Market Rent
Premises	498,423	452,753
Carparks	81,699	78,000
<b>Annual Rent</b>	<b>580,122</b>	<b>530,753</b>
Market Rent on Vacant Premises	34,270	34,270
Market Rent on Vacant Cars	10,400	10,400
<b>Annual Rent</b>	<b>624,792</b>	<b>575,423</b>

On this basis, we consider contract rent on occupied space above market by circa \$50,000 p.a., with the bulk of this relating to the ground floor tenancy, and signage rent.



## 5. Sales Evidence

In establishing our opinion of value, to our knowledge there have been no significant office transactions in the Hamilton market over the past two years. As such, we have had regard to a variety of other commercial and industrial investment sales in that market so as to provide an overview of investment activity in that market. Thereafter we have summarised recent office sales in the Auckland market. These are contained below.

### Hamilton Investment Sales

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /Site Area
287-289 Kahikatea Dr Frankton	Sep-23	\$2,500,000	971	3,377	6.50%	6.0 yrs	\$2,575	\$740
54 & 68 Evolution Dr Horotiu	Nov-22	\$6,550,000	1,488	7,018	5.80%	8.00 yrs	\$4,402	\$933
8B De Leeuw Pl Te Rapa	Aug-22	\$3,150,000	995	2,954			\$3,166	\$1,066
4 Ruffell Rd Te Rapa	Aug-22	\$14,000,000	3,191	16,243	5.79%	15.0 yrs	\$4,387	\$862
13A Quentin Dr Hamilton Lake	Jun-22	\$37,500,000	11,645	31,074	4.35%	7.08 yrs	\$3,220	\$1,207
125 Thomas Road Rototuna	Jun-22	\$7,300,000	1,097	5,774	5.63%		\$6,655	\$1,264
87 Kahikatea Dr Melville	Apr-22	\$9,100,000	3,947	10,149	5.60%	3.15 yrs	\$2,306	\$897
13 Tawn Pl Pukete	Feb-22	\$6,200,000	1,950	3,000	4.39%	6.00 yrs	\$3,179	\$2,067

### 5.1 Sales Commentary



**287-289 Kahikatea Drive, Frankton** sold in September 2023 for **\$2,500,000** which represented an initial yield of **6.5%** on a reviewed net annual rent of \$162,500 plus GST. The property is subject to an 8 year lease from September 2022 and provides for indexed rental growth. The property occupies two adjoining sites of 3,377sqm zoned Industrial at that part of it which deviates from State Highway 1C and merges with Greenwood Street. The sale price also represented **\$2,575 per sqm** on a combined land and buildings basis and represented **\$740 per sqm** on a land basis.



**54 & 68 Evolution Drive, Horotiu** were subject to a sale and lease back in November 2022. The sale price of **\$6,550,000** represented an initial yield of **5.8%**. The property comprises a 2020 constructed purpose built industrial premises. The property provides some 837sqm of modern office accommodation over two levels at the front of the building, with a workshop at

the rear. There is a separate staff car park at the front of the site with a secure, sealed yard at the northern end of the property. The building is located towards the centre of the property with 68 Evolution Drive also providing a 2,500sqm metalled yard. The sale price also represents **\$4,402 per sqm** on a combined land and buildings basis,



and **\$933 per sqm** on a land basis. The property is located within the industrial area of Horotiu, it abuts the North Island main trunk, and is some 10km north of Hamilton's CBD.



**8B De Leeuw Place, Te Rapa** sold in August 2022 for **\$3,150,000**. The property provides a modern, high stud warehouse facility with two offices and amenity wings flanked to either side of the warehouse. Improvements have an area of some 995sqm which occupy a 2,954sqm rear site. There is a generous yard to the front of the improvements which is set towards the rear boundary, with this fenced and secure.



**4 Ruffell Road, Te Rapa** sold in August 2022 for **\$14,000,000** which represented an initial yield of **5.79%** on a net annual rental of \$810,000 plus GST. The property was a quality, fit for purpose facility that offered a variety of options including expansion land, extensive frontage and a quality environment. The average premises rent represented \$168 per sqm and slightly over \$27 per sqm for approximately 1 hectare of display and metalled yard. There was also provision for an adjustment of the purchase price to \$19,542,000 following certified completion of the workshop extension. That would see an increase in the rent of \$1,130,644.



**13 Quentin Drive, Hamilton Lake** resold in June 2022 for **\$37,500,000** which represented an initial yield of **4.35%**. The property had previously sold in November 2020 for \$36,250,000 which represented an initial yield of 3.92% at the time. Subsequently, additional rent has been generated from further improvements. The property occupies a strong

location to the corner of Kahikatea Drive in Hamilton, is improved with a Bunnings warehouse containing some 11,645sqm of improvements, all positioned to a 31,074sqm site. The sale also represented **\$3,220 per sqm** of improvements and **\$1,207 per sqm** of land.



**125 Thomas Road, Rototuna** sold in June 2022 for **\$7,300,000**. This is a modern, large format retail development that forms part of a suburban shopping centre and neighbours McDonald's and Countdown. The modern premises was leased to Palmers for \$411,052 per annum plus GST to 2028 with further rights of renewal. It provided a 1,097sqm building, a covered 1,306sqm yard, and 78 onsite car parks. The sale price analyses to an initial yield of **5.63%**, **\$6,655 per sqm** on a combined land and buildings basis, and **\$1,264 per sqm** on a land basis.



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







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

### Auckland Transactions

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /Site Area
18-20 Northcroft Street Takapuna	Jun-23	\$10,500,000	2,653	2,018	4.40%	0.99 yrs	\$3,958	\$5,203
7a Pacific Rise Mt Wellington	Dec-22	\$17,000,000	2,755	5,374	5.03%	0.91 yrs	\$6,171	\$3,163
4 Bond Street Grey Lynn	Oct-22	\$6,715,000	1,349	1,628	-	Vacant	\$4,977	\$4,125
190 Great South Road Epsom	Sep-22	\$6,615,000	1,096	1,587	-	Vacant	\$6,037	\$4,168
8 Rockridge Avenue Penrose	Aug-22	\$15,750,000	3,149	4,900	3.71%	-	\$5,001	\$3,214
27 Nugent St Grafton	Jun-22	\$6,800,000	671	397	-	Vacant	\$10,130	\$17,128
22 Dundonald St Eden Terrace	May-22	\$5,400,000	1,063	1,104	0.81%	-	\$5,080	\$4,891
60 Khyber Pass Road Grafton	Apr-22	\$21,000,000	5,060	2,293	2.87%	3.24 yrs	\$4,150	\$2,859



**18-20 Northcroft Street, Takapuna** sold partially tenanted in June 2023 for **\$10,500,000**. The premises are two neighbouring properties situated on separate titles comprising some 1,594sqm of office space and 22 car parks to 18 Northcroft Street. 20 Northcroft Street comprises of 1,059sqm across 3 levels including 72sqm of storage space and 17 car parks. 18 and 20 Northcroft Street are situated on

separate freehold titles of 1,004sqm and 1,014sqm, totalling 2018sqm of land. The land is zoned Business – Metropolitan Centre, with high rise development a feature of this location. Existing tenancies occupy 87.2% of the floor area. The properties are currently leased at a total analysed net contract income of \$489,819 per annum, reflecting an initial yield of **4.4%**. At full occupancy including notional rents based on the last rentals achieved for the vacant tenancies, we have analysed a net annual rent of \$559,302 plus GST. This reflects an estimated notional initial yield of **5.33%**. The sale price also represented **\$3,958 per sqm** on a combined land and buildings basis, or **\$5,200 per sqm** of land.







**7A Pacific Rise, Mt Wellington** sold tenanted in December 2022 for **\$17,000,000**. Originally a warehouse converted to office in 2008. The property provides a rentable area of 2,755sqm plus storage and a level 1 deck, and 111 carparks with 34 covered and secure. It occupies a 5,374sqm Business Park zoned site. Bought for part owner occupation with 3 existing

tenancies over 86.7% of the floor area at an average office rent of \$297 per sqm, and carpark rent of \$38.55 per park per week. Features including lift access to all floors, grey water harvesting, and individual amenities for each tenancy. The net contract income per annum was \$854,533 which analyses to an initial yield of **5.03%**. At full occupancy, the premises would achieve an estimated net annual market rental of \$1,131,811 plus GST. On this basis, the sale reflects a market yield of **6.66%**. The sale price also represented **\$6,170 per sqm** on a combined land and buildings basis.



**4 Bond Street, Grey Lynn** sold vacant in October 2022 for **\$6,715,000** to an owner occupier. The property is a 1970's built commercial building comprising ground and first floor office, showroom space, storage and warehouse accommodation situated to a Business - Mixed Use 1628sqm site with an 18m height limit. It is located on the eastern side of Bond Street and has dual access from Bond Street and Dean Street to the east of the property. The sale price represented **\$4,977 per sqm** on a combined land and buildings basis.



**190 Great South Road, Epsom**. This property sold vacant to an owner occupier in September 2022 for **\$6,615,000**. The property is located on the north-eastern side of Great South Road and enjoys frontage to both Great South Road and Patey Road. The sale price represented **\$6,037 per sqm** on a combined land and buildings basis, or **\$5,492 per sqm** excluding the value of the car parks. A visible property handy to public transport options, although a less recognised commercial location.



**8 Rockridge Avenue, Penrose** sold to a part owner occupier in August 2022 for **\$15,750,000**. At the sale date, the property returned a net income of \$583,779 per annum plus GST. The premises had a vacancy rate of 37.5%. Four tenants leased 1,928sqm of floor area at an average rent of **\$263 per sqm** and 99 of the property's 144 car parks are leased at an average rent of **\$35.02 per park per week**. The property had undergone a base build upgrade. The sale price represented **\$5,001 per sqm** on a combined land and buildings basis, or **\$3,457 per sqm** excluding the value of car parks. We analysed this sale to a market yield of **6.96%** based on full occupancy.



**27 Nugent Street, Grafton** sold vacant in June 2022 for **\$6,800,000**. The property is a comprehensively refurbished 3-level building, with the ground floor providing car parking, and two upper levels providing office accommodation. The sale analyses to **\$10,130 per sqm** on a combined land and buildings basis excluding the parking floor area. Larger, superior finish, less natural light.





**22 Dundonald Street, Eden Terrace** sold in May 2022 for **\$5,400,000** representing an initial yield of **0.81%**. At the sale date, the building was circa 85% vacant. The property's ground floor provides covered and secure carparking and one small office suite, together with a formal entry and stair lobby. The upper two levels provide relatively modern office accommodation. Currently, of the 1,063sqm available for rent, only 35sqm of the ground floor, and 115sqm of the second floor are tenanted. The sale also analyses to **\$5,080 per sqm** on a combined land and buildings basis.



**60 Khyber Pass Road, Grafton** sold in April 2022 for **\$21,000,000** representing an initial yield of 2.87%. At the sale date the building was 64% vacant. This modernised 1980's building provides some 5,060sqm of rentable area over 6 levels. Recent refurbishments were made to the building's exterior, the lobby and HVAC upgrades were made. In addition, the property

has a total of 93 car parks located in the basement and to the rear of the site. The sale analyses to **\$4,150 per sqm** on a combined land and buildings basis. Outlook is restricted to a southern aspect.

## 5.2 Valuation Considerations

The Hamilton office market is characterised by various buildings currently taken out of stock including the former Housing New Zealand building to the corner of the Tainui Bridge Road and Victoria Street, and the IRD building on Tainui Bridge Road. The nearby Tompkins Wake/Westpac occupied building is currently receiving a retrofit including a new awning and entrance lobby upgrade which will improve the standard of the occupancy experience. Any new office development in Hamilton has been occupied by the likes of corporates including PWC, ACC, and banks, with the subject building not offering a standard of accommodation that those occupiers would consider. As such, whilst the location is favourable in the context of Hamilton, demand from tenants is likely to be of a Government or local Government nature and potentially smaller local businesses or satellite offices for businesses.

An additional consideration is the performance of the stacked car park with our understanding that various retrieval issues can exist which require service maintenance callouts and delayed exiting or entering options. Carparking is at a premium in the location, so it is important this functions effectively.

There have been no commercial office investment sales of any significant note in Hamilton for some considerable time, although the strata title interest at 108 Anglesea Street is currently available. That building has a relatively low seismic rating and is in need of upgrading. We understand that a selection of interest has been received for potential re-positioning of that asset.

The most recent industrial transaction in Hamilton saw a yield of 6.5% paid for an established occupier on a long term lease. We would expect an office property to sell for a higher yield reflecting approaching vacancy and capital expenditure.

On balance, and reflecting the favourable location the property occupies but also some impending vacancy or re-leasing requirements and relatively soft ground floor and office demand, we have applied an initial yield of **7.25%** before making adjustments for likely vacancies and capital expenditures over the upcoming 48 months. We have also applied **\$3,750 per sqm** on a combined land and buildings basis.



### Hamilton CBD Office Market Overview

The Hamilton CBD office market has approximately 300,000sqm of floor area. The subject property is considered either lower Grade B or Grade C space. Grade B office vacancy increased to June 2023 from 5.7% to 7.7% whilst Grade C vacancy increased from 9.9% to 14.7%. Key movements included ACC vacating over 3,000sqm at 500 Victoria Street and moving into the Tainui Group Holdings developed office complex to the corner of Collingwood and Tristram Streets.

The general trend has seen tenants gravitate to newly developed space reflecting the general age and condition of the older 1980s and 1990s developed accommodation.

### 5.3 Programmed Capital Expenditure

We have been provided with a programmed capital expenditure budget for the property and summarise this in the following schedule.

Item	Item Cost	Planned Spend Date	Time from Val Date
Replace distribution boards	\$100,000	Jun-26	33 mths
Replace 21 a/c units	\$125,000	Jun-26	33 mths
Replace lift	\$180,000	Jun-24	8 mths
Refit L2 lobby and bathroom	\$150,000	Jun-27	45 mths
Refit L1 lobby and bathroom	\$150,000	Jun-25	21 mths
Paint front stairwell	\$15,000	Jun-26	33 mths
Rear stairwell compliance	\$30,000	Jun-26	33 mths
Replace and repaint window seals	\$130,000	Jun-27	45 mths
Replace roof	\$150,000	Jun-28	57 mths
Upgrade roof access & anchoring	\$37,000	Jun-26	33 mths
<b>Total Planned Expenditure</b>	<b>\$1,067,000</b>		

Any capital expenditure can change, whilst actual prices can vary from those budgeted. Notwithstanding, we have incorporated these programmed capital expenditure items in forming our opinion of value which replaces our usual approach of adopting a percentage of net annual income.

### 5.4 SWOT Analysis

#### Strengths

- Occupies a visible corner site
- Well maintained office building
- Convenience of the nearby car park stacking machine

#### Weaknesses

- Kiwibank are no longer in occupation and the space will require re-leasing
- Approaching capital expenditure
- Slightly lower than preferred internal stud heights



### Opportunities

- Consider conversion options
- Consider developing additional floors
- Investigate any electronic billboard possibilities
- Activate make good provisions in any of the leases
- Create smaller tenancies over the ground floor space and achieve potentially higher rents
- Acquire below its likely replacement value
- Potentially justify higher rentals if capital expenditure undertaken
- Long lead time to re-lease the ground floor

### Threats

- Competitive ground floor retail/showroom market with potential difficulty in finding a replacement occupier
- Capital expenditure cost exceeds budget
- If the building was not suitable for conversion
- Ongoing operational difficulties of the car park stacking mechanics
- Interest rates continuing to have a negative effect on property values
- Value sensitivity to yield or rental change

## **5.5 Discounted Cashflow Parameters**

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

Renewal Probability:	50%
Make Good Allowance:	\$50 per sqm
Vacancy Period:	Generally 6 months although 9 months for the ground floor
New Lease Term:	Generally 4 years with 6 years to the ground floor
New Lease Reviews:	2 yearly
Net Rent Incentive:	3 months
Capital Expenditure Allowance:	As outlined in our earlier section 5.3
Terminal Yield:	7.75%
Target IRR:	8.80%

Our DCF calculations are contained in Appendix II of this report

### Rating Valuation

Assessed as at 1st June 2021, Land Value \$5,875,000, Improvements Value \$1,945,000, Capital Value \$3,930,000.



## 6. Valuation

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

CAPITALISATION OF INCOME APPROACH			
		Market Rent	Contract Rent
<b>Passing Income</b>			
Occupied Space		\$ 445,253	\$ 508,643
Other Income		\$ 7,500	\$ 16,750
Leased Car Parks		\$ 23,400	\$ 26,839
Licensed Car Parks		\$ 54,600	\$ 54,860
<b>Total Passing Income</b>		<b>\$ 530,753</b>	<b>\$ 607,092</b>
<b>Plus: Recovered Outgoings</b>		<b>\$ 150,149</b>	<b>\$ 123,179</b>
<b>Total Gross Income</b>		<b>\$ 680,903</b>	<b>\$ 730,271</b>
<b>Plus: Gross Income from Vacancies</b>			
Vacant Floor Space		\$ 46,518	\$ 46,518
Vacant Other Income		-	-
Vacant Car Parks		\$ 10,400	\$ 10,400
<b>FULLY LEASED GROSS INCOME</b>		<b>\$ 737,821</b>	<b>\$ 787,190</b>
<b>Less: Outgoings</b>			
Recoverable Outgoings		\$ (162,398)	\$ (162,398)
Non-Recoverable Outgoings		-	-
Ground Rent		-	-
<b>FULLY LEASED NET INCOME</b>		<b>\$ 575,423</b>	<b>\$ 624,792</b>
Capitalised at		7.25%	7.25%
<b>Capitalised Value</b>		<b>\$ 7,936,869</b>	<b>\$ 8,617,815</b>
<b>Capital Adjustments</b>			
Vacancies: Lease-Up Allowance	6 mths	\$ (28,459)	
Leasing Commission	14.0%	\$ (7,969)	
Total Lease-Up Costs		\$ (36,428)	\$ (36,428)
Rent-Free Incentive	3 mths	\$ (11,167)	\$ (11,167)
P.V. of Rental Surplus/Shortfall	7.25%	\$ 52,777	
Deferred Capitalised Rental Surplus/Shortfall	7.25%		\$ (629,845)
Rent Shortfall (New Leases)		-	-
P.V. of Unexpired Incentives		\$ (17,905)	\$ (17,905)
P.V. of Future Lease-up Allowances	48 mths	\$ (274,833)	\$ (274,833)
P.V. Of Future Lease Incentives	48 mths	\$ (67,376)	\$ (67,376)
P.V. of Annual Capital Expenditure	48 mths	-	-
P.V. of Make Good Allowance	48 mths	\$ (53,120)	\$ (53,120)
P.V. of Programmed Capital Expenditure	48 mths	\$ (825,731)	\$ (825,731)
P.V. of Future Refurbishment Allowance	48 mths	-	-
Total Capital Adjustments		\$ (1,233,785)	\$ (1,916,407)
		\$ 6,703,084	\$ 6,701,408
<b>INDICATED VALUE</b>		<b>\$ 6,700,000</b>	<b>\$ 6,700,000</b>



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

Our calculations are detailed as follows.

LAND & BUILDINGS APPROACH				
410 Victoria Street	1,893.2 sqm	@	\$3,650 per sqm	\$ 6,909,998
		@	\$3,750 per sqm	\$ 7,099,313
		@	\$3,850 per sqm	\$ 7,288,628
		<b>adopt</b>		<b>\$3,750 per sqm</b>
<b>INDICATED VALUE</b>				<b>\$ 7,100,000</b>

Our assessments are summarised and weighted as follows.

VALUATION SUMMARY			
	<u>Weighting</u>		<u>Assessment</u>
Capitalisation of Income Approach	50%	\$	6,700,000
Land and Buildings Approach	20%	\$	7,100,000
Discounted Cash Flow Approach	30%	\$	6,400,000
<b>ADOPTED MARKET VALUE</b>			<b>\$ 6,700,000</b>

## 6.1 Value Conclusion

In light of the contents of this report we confirm our opinion of market value for capital raising purposes for 410 Victoria Street and 12 Alma Street, central Hamilton as at 22 September 2023, at:

**NZD\$6,700,000**  
**(SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS)**

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

<u>Analysis</u>	
Value per sqm of NLA	\$3,539
Value per sqm of Land Area	\$7,873
Initial Yield	8.48%
Yield on Net Market Income	8.59%
Weighted Average Remaining Lease Term	1.72 years





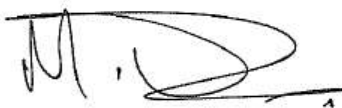
### **Compliance Statement**

This valuation has been performed in accordance with International Valuation Standards effective 31 January 2022 (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS) and we confirm that:

- IVS 104 define Market Value as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion;
- The statements of fact presented in the report are correct to the best of the Valuer's knowledge and the analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer has no interest in the subject property and the valuation fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards. The Valuer has satisfied professional education requirements and holds Professional Indemnity Insurance together with a current Valuers Practicing Certificate;
- The Valuer has experience in the location and category of the property being valued and has made a personal inspection of the property;
- No one, except those specified in the report, has provided professional assistance.

Our valuation is subject to the attached Disclaimers.

Yours faithfully



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



## Disclaimers

1. Valuation Subject to Change  
This valuation is only current as at the date of valuation and is based on available information as at that date. The value assessed herein may change over a relatively short period including as a result of general market movement or factors specific to the property. These may include changes in national or international circumstances, environmental circumstances or force majeure events. Therefore, this valuation should be reviewed periodically, and no warranty is given by AIM Valuation Limited ("AIM") as to the maintenance of this value into the future. AIM does not accept liability for losses arising from subsequent changes in value.
2. Information Supplied by Others  
This valuation report includes information derived from other sources, provided by the Client. We have reviewed that information and have assumed that it is accurate. Unless otherwise stated, we have not independently verified that information. The Client acknowledges that AIM is not a specialist in the information from other sources and accepts that AIM is not liable in the event that that information is incorrect. If the information is found to be incorrect AIM reserve the right to reassess our opinion of value.
3. Our Investigations  
This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we have identified certain limitations to our investigations, you may instruct further investigations if you consider this appropriate. AIM is not liable for any loss occasioned by a decision not to conduct further investigations.
4. Assumptions  
Assumptions may be a necessary part of this valuation. AIM adopts assumptions because some items are unable to be accurately calculated or fall outside the scope of our expertise, or our instructions. Assumptions adopted by AIM will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer undertaking a similar valuation. However, the risk that any of the assumptions adopted in this document may be incorrect and have a material impact on the concluded value(s) should be taken into account.
5. Property Documentation  
Where applicable, our assessment of value is provided on the assumption that all Agreements, Leases, Licences, Deeds, Variations and other documentation relevant to establishing the value have been supplied in full. Our assumption includes that all Agreements, Leases, Licences, Deeds and Variations are executed or have been agreed to be executed without any changes and other documentation is the latest accurate available information.
6. Side Agreements  
In the event that the Client becomes aware of any side agreements, this valuation must not be relied upon before first consulting AIM to reassess any effect on the valuation.
7. Disclosure  
AIM must be advised in the event that the Client becomes aware of any changes relating to the information and advice provided by the Client. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting AIM first to reassess any effect on the valuation.
8. Future Matters  
To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to AIM at the date of this valuation. AIM does not warrant that such statements are accurate or correct.
9. Site Survey  
We do not commission site surveys and will acknowledge if one is provided to us. We have assumed there are no encroachments by or on the property, and the Instructing/Reliant Parties should confirm the status by obtaining a current survey report and/or advice from a registered surveyor.
10. Property Titles  
Our Record of Title search identifies all current easements, interests or encumbrances. In the event that a future title search is undertaken which reveals new or different easements, interests or encumbrances AIM should be consulted to reassess any effect on our assessed value.
11. Contamination  
Unless otherwise stated, we have assumed that the site is free of contaminants that would prevent the continuation of the current use or the planned development of the site. Unless otherwise noted, we have assumed that the improvements are free of contamination, or should contaminants be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of contamination within the property. We make no representation as to the actual environmental status of the property. If any formal testing is undertaken to assess the presence, if any, of contamination of the property and this is found to be positive, this valuation must not be relied upon without first consulting AIM to reassess any effect on the valuation.
12. Hazardous Materials  
Where the current use includes the storage and/or processing of hazardous materials, we assume the storage and processing to be compliant. We make no representation as to the actual status of hazardous materials on the property. If any testing or auditing is undertaken and identifies issues with hazardous materials on site, this valuation must not be relied upon before first consulting AIM to reassess the valuation.
13. Earthquake-Prone Buildings  
If the property is earthquake-prone, as defined by the Building Act and local government policies on Earthquake-Prone Buildings, then unless otherwise stated, our value estimate makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet policy and Building Act requirements. We are not qualified to determine the Earthquake Rating of buildings. An assessment by a suitably qualified building engineer may be



needed. If the building is later found to be earthquake-prone this valuation must not be relied upon before first consulting AIM to reassess the valuation.

14. Site Conditions Unless otherwise specified we have assumed the site is suitable for the current use. In the case the property has redevelopment potential, we proceed on the assumption the site is suitable for the planned redevelopment and would not incur development costs above those which prevail in the market.
15. Council Records Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Property File (PF) or Planning Advice from the Territorial Authority. In the case that the Client provides us with a LIM or PF we assume that these are current and accurate. In the event that the LIM or PF is provided later and found to be materially different to the resource management information detailed within the valuation, we reserve the right to amend our valuation.
16. Inclusions & Exclusions Unless otherwise stated, our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting etc, that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed by the occupant or operator or are used in connection with the enterprise carried on within the property.
17. Floor Area Where we have not undertaken the floor area measurement, we have proceeded on the assumption that the floor areas provided have been calculated in accordance with the Property Council of New Zealand (PCNZ) and Property Institute of New Zealand (PINZ) Guide for the Measurement of Rentable Areas (GMRA). In those circumstances where specific areas are not covered by the GMRA the Client must provide any separately agreed definitions of Rentable Area. In the event that there is a material variance in Rentable Area, we reserve the right to review our valuation. Any measurement undertaken by AIM is an estimate of rentable area only.
18. Condition & Repair Unless otherwise stated, our valuation proceeds on the assumption that the structure and service installations of the building do not reveal any defects requiring significant expenditure that would have a material impact on the valuation conclusions. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.
19. Currency All values are in New Zealand Dollars \$NZD.
20. Valuation Standards The valuation report is carried out in accordance with the International Valuation Standards effective 31 January 2022 (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS).
21. Value Conclusion Our Value Conclusion does not include any deduction for the cost of realisation or the balance of any outstanding mortgages or other charges
22. Lease Covenant Strength Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease as and when they fall due and that there are no arrears of rent or undisclosed breaches of covenant.
23. Taxation and GST In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation has been undertaken on a plus GST (if any) basis, unless otherwise stated.
24. Confidentiality Our valuation report and its contents are confidential. It is prepared for the Client and Intended Users and for the Purpose stated. AIM accepts no responsibility or liability for use of and reliance on the valuation report by other parties for the same Purpose or other Purposes. Further, no responsibility is accepted to parties other than the Client for any errors or omissions whether of fact or opinion.
25. Publication Our valuation report or any part of it, may not be published or form a part of any other material or communication, without prior written approval of AIM. Such approval is required whether or not AIM is referred to by name and whether or not the report is combined with others.
26. Valuation Report Review This valuation report is signed by a Registered Valuer in the employ of AIM, and confirms the Registered Valuer has inspected the property, peer-reviewed the report, and been integral to the concluded value(s).



Appendix I – Record of Title

**410 Victoria Street**



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



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

**Prior References**  
SA80/64

---

**Estate** Fee Simple  
**Area** 134 square metres more or less  
**Legal Description** Part Lot 44-45 Deposited Plan 1566

**Registered Owners**  
PMG Direct Office Fund Trustees Limited

---

**Interests**

H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM  
11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

---

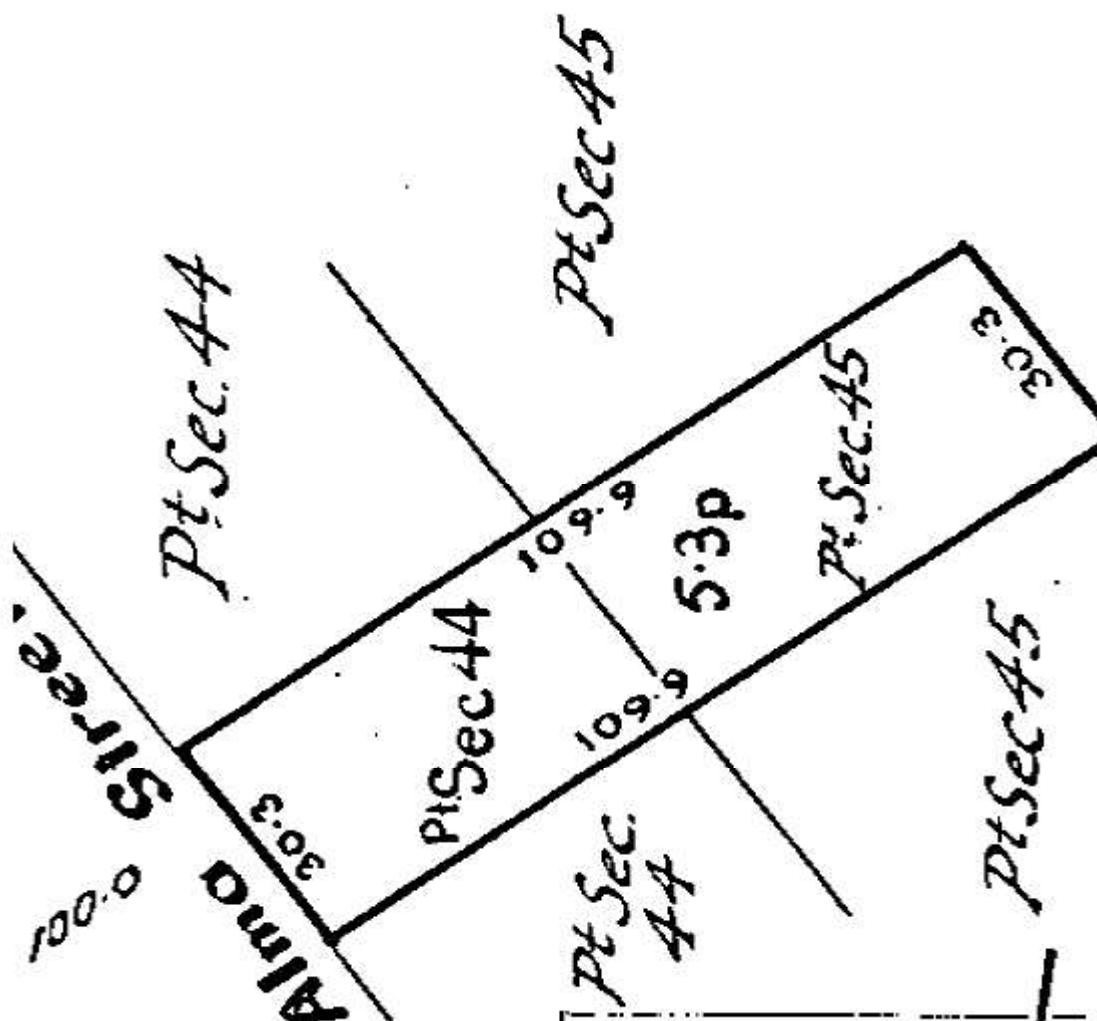
*Transaction Id*  
*Client Reference* mheadland001

*Search Copy Dated 18/09/23 9:29 am, Page 1 of 2*  
*Register Only*



Identifier

SA10A/1377



Transaction Id  
Client Reference mheadland001

Search Copy Dated 18/09/23 9:29 am, Page 2 of 2  
Register Only





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



**Identifier** SA10A/1378  
**Land Registration District** South Auckland  
**Date Issued** 24 February 1969

**Prior References**  
SA80/64

---

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

**Registered Owners**  
PMG Direct Office Fund Trustees Limited

---

**Interests**

H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM  
11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

---

*Transaction Id*  
*Client Reference* mheadland001

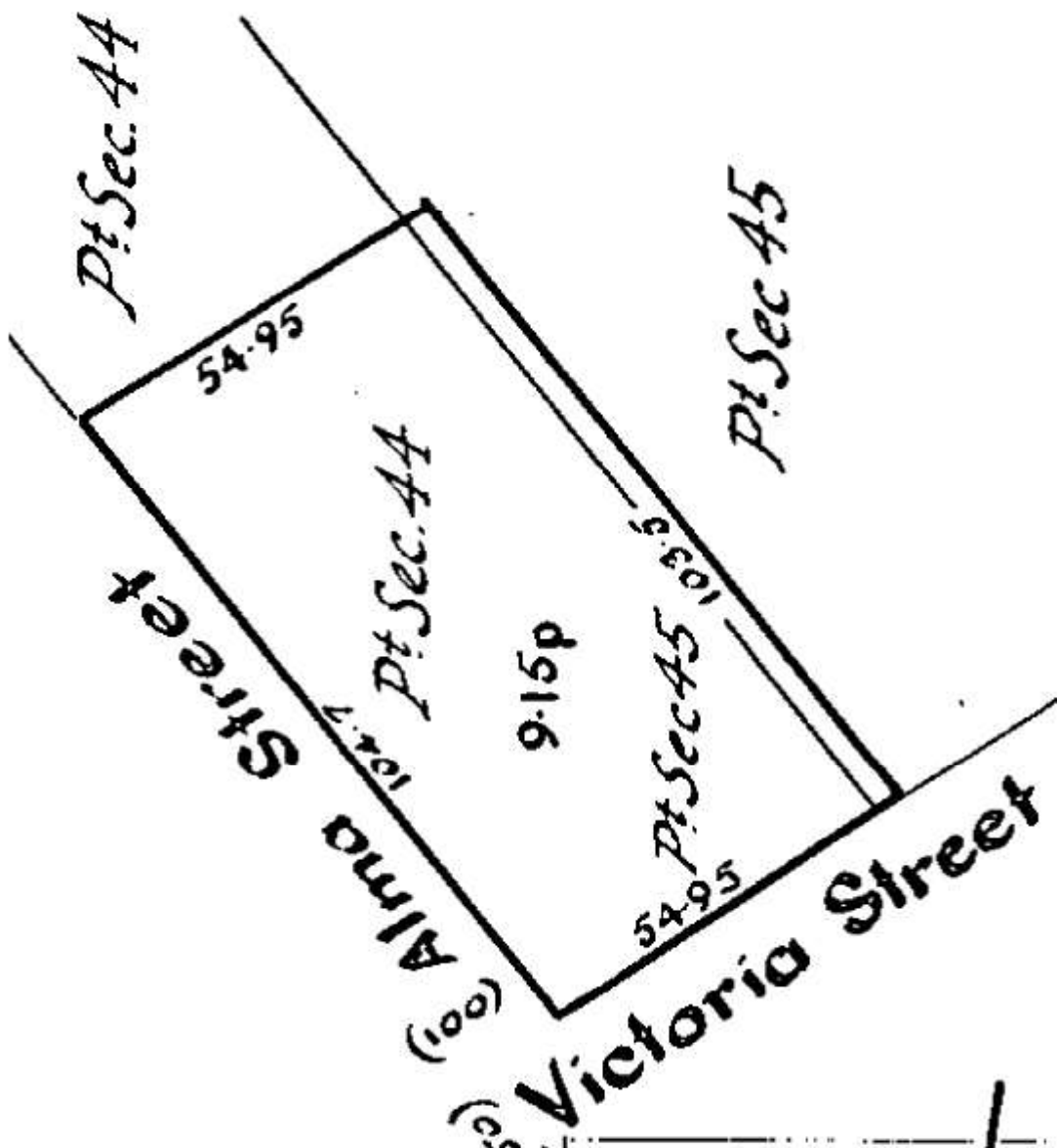
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*Register Only*





Identifier

SA10A/1378



Transaction Id  
Client Reference: mheadland001

Search Copy Dated 18/09/23 9:30 am, Page 2 of 2  
Register Only





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



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

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

**Prior References**  
SA80/64

---

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

**Registered Owners**  
PMG Direct Office Fund Trustees Limited

---

**Interests**

H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM

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

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*Transaction Id*  
*Client Reference* vthomson001

*Search Copy Dated 15/09/23 1:36 pm, Page 1 of 2*  
*Register Only*



Identifier

SA10A/1379

City of Hamilton

Pt. Sec. 44

Pt. Sec. 44

54.95

Pt. Sec. 44

103.6

9.15p

102.3

54.95

Victoria St. (6'1")

METRIC AREA IS 231m<sup>2</sup>

Transaction Id  
Client Reference vthomson001

Search Copy Dated 15/09/23 1:36 pm, Page 2 of 2  
Register Only



**12 Alma Street**



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



**Identifier** 300443  
**Land Registration District** South Auckland  
**Date Issued** 09 November 2007

**Prior References**  
SA60A/907 SA60D/682

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

**Registered Owners**  
PMG Direct Office Fund Trustees Limited

**Interests**

Excepting pursuant to Section 19 Public Works Act 1928 any mines of coal and other minerals not taken by Proclamation S165717  
Subject to Section 11 Crown Minerals Act 1991  
Subject to Part IV A Conservation Act 1987  
Subject to Section 241(2) and Section 242(1) Resource Management Act 1991(affects DP 374486)  
Appurtenant hereto is a right of way created by Easement Instrument 7609180.11 - 9.11.2007 at 9:00 am  
The easements created by Easement Instrument 7609180.11 are subject to Section 243 (a) Resource Management Act 1991  
Subject to a right of way over part marked A DP 397919 created by Easement Instrument 7877247.2 - 15.7.2008 at 9:00 am  
11408931.3 Mortgage to ASB Bank Limited - 18.4.2019 at 4:27 pm

*Transaction Id*  
*Client Reference* vthomson001

*Search Copy Dated 13/09/23 1:38 pm, Page 1 of 3*  
*Register Only*







300443





## Appendix II – Discounted Cashflow Analysis

DISCOUNTED CASH FLOW SUMMARY											
<b>Selling Considerations</b>	Terminal Yield	7.75%	Target IRR		8.80%						
	Agent Commission	1.75%	Net Present Value		6,396,548						
	Legal Fees	0.50%	INDICATED VALUE		6,400,000						
						<b>Purchase Considerations</b>					
						Purchase Price		6,400,000			
						Legal Fees		32,000		0.50%	
						Cost of Purchase		6,432,000			
Valuation Year	1	2	3	4	5	6	7	8	9	10	11
Year Ending	Sep-24	Sep-25	Sep-26	Sep-27	Sep-28	Sep-29	Sep-30	Sep-31	Sep-32	Sep-33	Sep-34
<b>Income</b>											
Passing Rent (as occupied)	496,857	354,420	178,314	0	0	0	0	0	0	0	0
Car Park Rent	23,806	13,329	3,415	0	0	0	0	0	0	0	0
New Leases	17,263	89,740	285,475	497,025	508,920	501,771	502,738	530,077	448,746	556,328	551,208
Future Car Park Income	68,073	78,632	89,301	94,077	96,194	98,469	100,931	103,454	106,041	108,692	111,409
Recovered Outgoings	119,582	111,688	128,145	173,224	177,593	173,574	174,761	181,349	159,675	187,882	189,167
Rent Shortfall (New Leases)	0	0	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>725,582</b>	<b>647,808</b>	<b>684,651</b>	<b>764,326</b>	<b>782,707</b>	<b>773,814</b>	<b>778,430</b>	<b>814,880</b>	<b>714,461</b>	<b>852,902</b>	<b>851,784</b>
<b>Less</b>											
Recoverable Outgoings	(162,398)	(167,270)	(172,288)	(177,457)	(181,006)	(184,626)	(188,319)	(192,085)	(195,927)	(199,845)	(203,842)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	(6,987)	(6,987)	(5,823)	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	(2,749)	(2,790)	(2,841)	(2,905)	(2,971)	(3,041)	(3,117)	(3,195)	(3,275)	(3,357)	(3,441)
<b>Total Net Income</b>	<b>553,448</b>	<b>470,761</b>	<b>503,699</b>	<b>583,964</b>	<b>598,730</b>	<b>586,147</b>	<b>586,994</b>	<b>619,600</b>	<b>515,260</b>	<b>649,700</b>	<b>644,502</b>
<b>Adjustments</b>											
New Lease Commissions	(7,048)	(11,034)	(42,968)	(11,035)	(3,833)	(12,086)	(16,956)	(12,057)	0	(36,282)	(19,326)
New Lease Incentives	(8,631)	(13,804)	(51,393)	(13,407)	(4,692)	(15,164)	(20,822)	(14,822)	0	(43,451)	(24,092)
Annual Capital Expenditure (% of Income)	0	0	0	0	0	0	0	0	0	0	0
Make Good Allowance	(11,541)	(36,379)	(6,539)	(4,891)	(3,977)	(12,746)	(15,653)	(12,407)	(29,479)	(13,934)	(17,082)
Programmed Capital Expenditure	(184,413)	(158,458)	(330,957)	(307,585)	(167,909)	0	0	0	0	0	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
Net Sale Price											8,984,509
<b>NET CASH FLOW</b>	<b>341,814</b>	<b>251,088</b>	<b>71,843</b>	<b>247,045</b>	<b>418,320</b>	<b>546,151</b>	<b>533,564</b>	<b>580,313</b>	<b>485,780</b>	<b>556,033</b>	<b>8,984,509</b>



## Appendix III – Tenancy Schedule

Tenant	NLA (sqm)	Car Parks	Contract Rent (\$pa)	Other Income	Outgoings (\$pa)	Car Park Rent (\$pa)	Lease Start	Lease Term	Lease Expiry	Option(s) (years)	Option Notice	Standard Review	Ratchet Clause	Next Review			
Tenancies																	
1 KiwiBank Limited	419.5	5	164,929	393.20	16,750	35,981	85.78	14,517	55.84	8-Apr-16	9.00	7-Apr-25	3	3 mths	3.0yrlly Market	Soft	Expiry
2 Te Whata A Tamihana Limited	79.9		19,985	250.00	6,857	85.78				13-Sep-23	2.00	12-Sep-25			Ann. Indexed 2.5%		13-Sep-24
3 Te Rito Maioha Early Childhood New Zealand Inc.	226.7	2	60,611	267.41	19,443	85.78		6,265	60.24	1-Apr-18	6.00	31-Mar-24	3	3 mths	Ann. CPI/6.0yrlly Market		Expiry
4 Te Tumu Paeroa Maori Trustee	180.6	1	46,222	255.88	15,496	85.78		3,125	60.10	1-Oct-20	6.00	30-Sep-26			Ann. Indexed 3.0%		1-Oct-23
5 KiwiBank Limited	178.6		41,842	234.33	15,317	85.78				8-Apr-19	6.00	7-Apr-25	1	6 mths	3.0yrlly Market		Expiry
6 Her Majesty the Queen...Internal Affairs	314.4		90,892	289.10						15-Sep-20	6.00	14-Sep-26	1	3 mths	3.0yrlly Market	Soft	Expiry
7 Windcave Limited	108.1	1	27,147	251.13	9,273	85.78		2,932	56.38	22-Aug-22	3.00	21-Aug-25			Ann. Indexed 2.5%		22-Aug-24
8 Vacant	142.8														Nil		Expiry
9 The New Zealand Automobile Association (Inc)	242.6		57,015	235.01	20,812	85.78				1-Jul-22	4.00	30-Jun-26	1	6 mths	Ann. Indexed 2.0%/4.0yrlly Market	Soft	1-Jul-24
10																	
Car Parks																	
Licensed Car Parks		21															
Vacant Car Parks		4						54,860	50.24	Various		Various					
Total																	
1,893.2    34    508,643    268.68    16,750    123,179    65.07    81,699    46.21																	
Total Annual Rent																	
607,092 (excluding outgoings from net leases)    Weighted Average Lease Term:    1.72 years																	

