Valuation Report

'As Is' and 'As if Complete'

862 Great South Road, Penrose, Auckland

31 October 2018

Augusta Industrial Fund Limited (or its subsidiaries)

This valuation has been prepared for Augusta Industrial Fund Limited (or its subsidiaries) for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising, and Mortgage Security and ASB Bank Limited for Mortgage Security purposes only.

Executive Summary

'As Is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland

862 Great South Road comprises a large Heavy Industry zoned industrial site offering a total area of 2.3737 hectares and located along the north eastern alignment of Great South Road within the industrial suburb of Penrose.

Improvements to the site comprise of a number of industrial buildings that date from the 1930's through to the 1990s offering a mixture of low stud and high stud warehousing with associated offices and amenities to the frontage. Portions of the building have been constructed using hazardous materials more particularly asbestos based building products although the current owner has repaired the majority of the asbestos roofing. We have considered this within our 'As is' valuations. In addition, we have considered the 'As is' surplus land now provided following the removal of a warehouse at 880 Great South Road.

Presentation of the improvements is to a dated standard reflective of the industrial use and building ages.

We are aware that Colorpak, have negotiated a lease extension over the premises for a term of approximately 2.50 years commencing in 17 August 2016 and expiring 31 December 2018. The lease covers all of the land and buildings situated on the freehold lots however the rental has been adjusted to reflect the obsolete nature of 880 Great South Road which has since been demolished.

We have been instructed to assess the property on both an 'As Is' and 'As If Complete' basis. The property 'As If Complete' will comprise of a modern office extension off the original warehouse along with new roofing for the original warehouses and demolition of several buildings which will provide surplus land.

We note we have been provided with an Agreement to Lease which we have adopted for the 'As if Complete' valuation based on an eight (8) year lease term from the date of valuation, with fixed annual reviews of 3.5% with market reviews every fourth anniversary and a total current rental of $1,019,120 per annum.

We have been instructed to value the subject property on an 'As if Complete' basis on the assumption that the construction works are completed to a high standard in accordance with the broad parameters and specifications outlined to us.

Valuation

Prepared For	Augusta Industrial Fund Limited (or its subsidiaries)
Additional Parties	Augusta Industrial Fund Limited (or its subsidiaries), Ernst & Young, ASB Bank Limited (as Security Trustee), ASB Bank Limited (as Lender), Westpac New Zealand Limited, Bank of New Zealand.
Valuation Purpose	Market Valuation for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising, and Mortgage Security and Mortgage Security
Date of Valuation	31 October 2018
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Heavy Industry – Auckland Unitary Plan Operative in part (15 November 2016)
Tenure	Freehold – Computer Freehold Register NA723/293, NA1137/135, NA1020/180, NA717/111, NA20D/1433, & NA2D/1065
Interest Valued	100% Freehold Interest
Adopted Value 'As Is'	**$15,600,000 plus GST (if any)**
Surplus Land Value 'As Is'	**$3,810,000 plus GST (if any)**
Total Adopted Value 'As Is'	**$19,410,000 plus GST (if any)**
Adopted Value 'As if Complete'	**$17,000,000 plus GST (if any)**
Surplus Land Value 'As if Complete'	**$7,450,000 plus GST (if any)**
Total Adopted Value 'As if Complete'	**$24,450,000 plus GST (if any)**

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

Property Particulars

Net Lettable Area	Total	15,300 sqm
Site Area		23,737 sqm

Financial Summary

Gross Passing Income	$1,362,510	($89 /sqm)
Gross Market Income	$1,929,225	($126 /sqm)
Adopted Outgoings	$382,510	($25 /sqm)
Net Passing Income	$980,000	($64 /sqm)
Net Market Income	$1,546,715	($101 /sqm)
Weighted Average Lease Term (by Income)		0.17 years
Weighted Average Lease Term (by Area)		0.17 years

Cap Approach Assumptions

Adopted Cap Rate	8.00%
Discount Rate (PV of Adjustments)	8.00%
Discount Rate (Other Income)	9.75%
Allowances for Expiries Occurring within	24 months
Allowances for Capex Occurring within	24 months
Market Income Capitalisation	$15,660,000
Passing Income Capitalisation	$15,670,000

DCF Approach Assumptions

Discount Rate	9.75%
Terminal Yield	8.50%
Adopted Lease Term	6.0 years
Weighted Rental Growth (Avg. 10yr)	2.82%
CPI (Avg. 10yr)	1.99%
Value based on DCF Approach	$15,540,000

Valuation Analysis

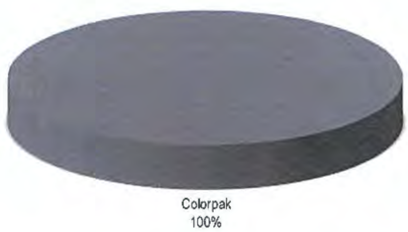
Equivalent Yield	8.03%	Rate/sqm of NLA	$1,020/sqm
Initial Yield (Net Passing Income)	6.28%	Internal Rate of Return (10 year)	9.69%
Initial Yield (Notional Fully Leased Income)	6.28%		

Financial Details & Critical Analysis

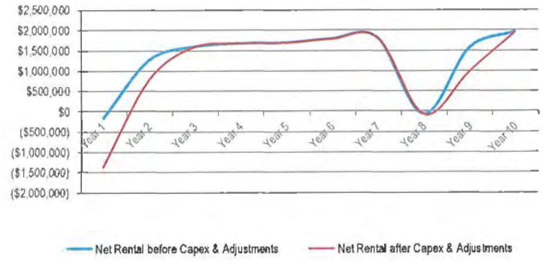
Tenancy Overview

Tenant	Net Income	Area (sqm)
Colorpak	$980,000	15,300
Total	$980,000	15,300

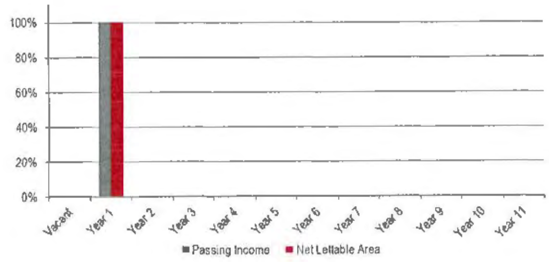
Tenant by Lettable Area



Projected Net Cash Flow



Lease Expiry Profile



Valuers

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Critical Assumptions, Conditions and Limitations

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

- The valuation is current as at the date of valuation only, being 31 October 2018. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Computer Interest Register as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Computer Interest Register.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.

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

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Appendices

1 Introduction

1.1 Instructions

We refer to instructions from Augusta Funds Management Limited dated 19 October 2018 requesting that we undertake a market valuation of the freehold interest on an 'As Is' and 'As if Complete' basis of 862 Great South Road, Penrose, Auckland (the Subject/Property), as at 31 October 2018 for Augusta Industrial Fund Limited (or its subsidiaries) on behalf of Augusta Industrial Fund Limited. We understand that the valuation is to be relied upon for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising, and Mortgage Security purposes only.

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

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

We confirm:

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

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

- **Augusta Industrial Fund Limited (or its subsidiaries)**
- **ASB Bank Limited**
- **Ernst & Young**
- **Westpac New Zealand Limited**
- **Bank of New Zealand**

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

1.2 Valuation and Inspection Dates

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

	Dates
Date of Valuation	31 October 2018
Date of Inspection	7 November 2018
Date of Preparation of Report	15 January 2019

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

1.3 Basis of Valuation

Market Value

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

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

Fair Value

The International Valuation Standards, International Financial Reporting Standards and other accounting standards define fair value as follows, this being generally synonymous with the concept of Market Value-

'...Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2017) Framework and General Standards
- NZVGN 1 – Valuations for Use in New Zealand Financial Reports
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 2 – Valuations for Mortgage & Loan Security Purposes
- New Zealand Equivalent to International Accounting Standard 40 – Investment Property (New Zealand IAS40)
- IFRS 13 – Fair Value Measurement

1.5 Information Sources

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

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

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

1.6 Specific Assumptions

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

- We have been provided with specification plans for the property from ASC Architects Design Group. We have based our 'As if Complete' valuation on these plans. Should these plans change we reserve the right to amend our report accordingly.
- Our 'As if Complete' valuation is made on the basis of the proposed refurbishment being completed to a high standard of workmanship, and in compliance with the plans and specifications provided by the client and meeting all required building codes and compliance certification.
- The 'As if Complete' valuations are based on the assumption that the property is completed and available for sale as at the date of valuation, and transacts between a willing buyer and willing seller.
- Accordingly, the 'As if Complete' valuation must be confirmed by a further inspection on the completion of the improvements.
- Floor areas have been taken from Resource Consent plans provided by the instructing party and are approximate only. Should a registered survey of the property be undertaken once the construction works are complete showing a material difference in areas constructed, we reserve the right to amend our valuation accordingly.
- We note that we have been provided with an unsigned, draft Agreement to Lease for the 'As if Complete' valuation based on an eight (8) year lease term from the date of valuation, with fixed annual reviews of 3.5% and a proposed rental of $1,019,120 per annum.
- For our 'As if Complete' valuation we have been provided with plans outlining the land area for the future subdivision of Lots 2 and 3, we have been advised that that saleable area is 4,290 sqm and 4,480 sqm respectively. We have adopted these areas for our assessment.
- We have been provided with subdivision costs remaining for additional works on Lot 2 including asbestos removal, retaining walls and infilling. We have been advised these further costs are to be $1,100,000, which we have adopted in our valuation 'As Is'. Our 'As if Complete' valuation assumes these costs have been spent and works completed.

2 Property Description

862 Great South Road occupies a position towards the edge of the southern corridor business precinct along the north eastern side of Great South Road, Penrose. The land encompasses a total area of approximately 2.3737 hectares which more or less reflects an 'L' shaped configuration.

Contour to the site slopes initially at a gradual gradient from Great South Road before levelling off towards the rear of the site which rises and abuts the southern motorway. Improvements to the site were originally constructed in 1939 comprising a saw-tooth warehouse that has been progressively and extensively extended with the most recent addition completed circa 1980s.

Essentially the improvements can be categorised by office and amenities at the road frontage, low stud workshop and storage throughout the middle section of the building with the main manufacturing and production warehouse to the rear of the site. In addition a distribution style warehouse extends to the south east providing high stud accommodation. A separate building at 880 Great South Road provides further workshop and office accommodation however we note it is unused by the tenant and contains damaged Supersix roofing panels.

Given the age and nature of the improvements, we are aware that asbestos based building products were used in elements of the construction of the buildings. Although the current owner has repaired the majority of the asbestos roofing with the remaining to be completed by March 2018. We have considered this within our "As Is" valuations.

The entire property is currently leased by Colorpak with an extension of the current lease which commenced in August 2016 and is expiring 31 December 2018. Accordingly, the site provides a short term investment opportunity offering redevelopment potential given the prominent position along a busy stretch of Great South Road.

Existing Office- to be demolished

Existing warehouse and new office slab under construction adjacent

3 Land Particulars

3.1 Location

The Property is situated on the north-eastern side of Great South Road, approximately 230 metres north of its juncture with the South-Eastern Highway within the established industrial locality of Penrose, Auckland.

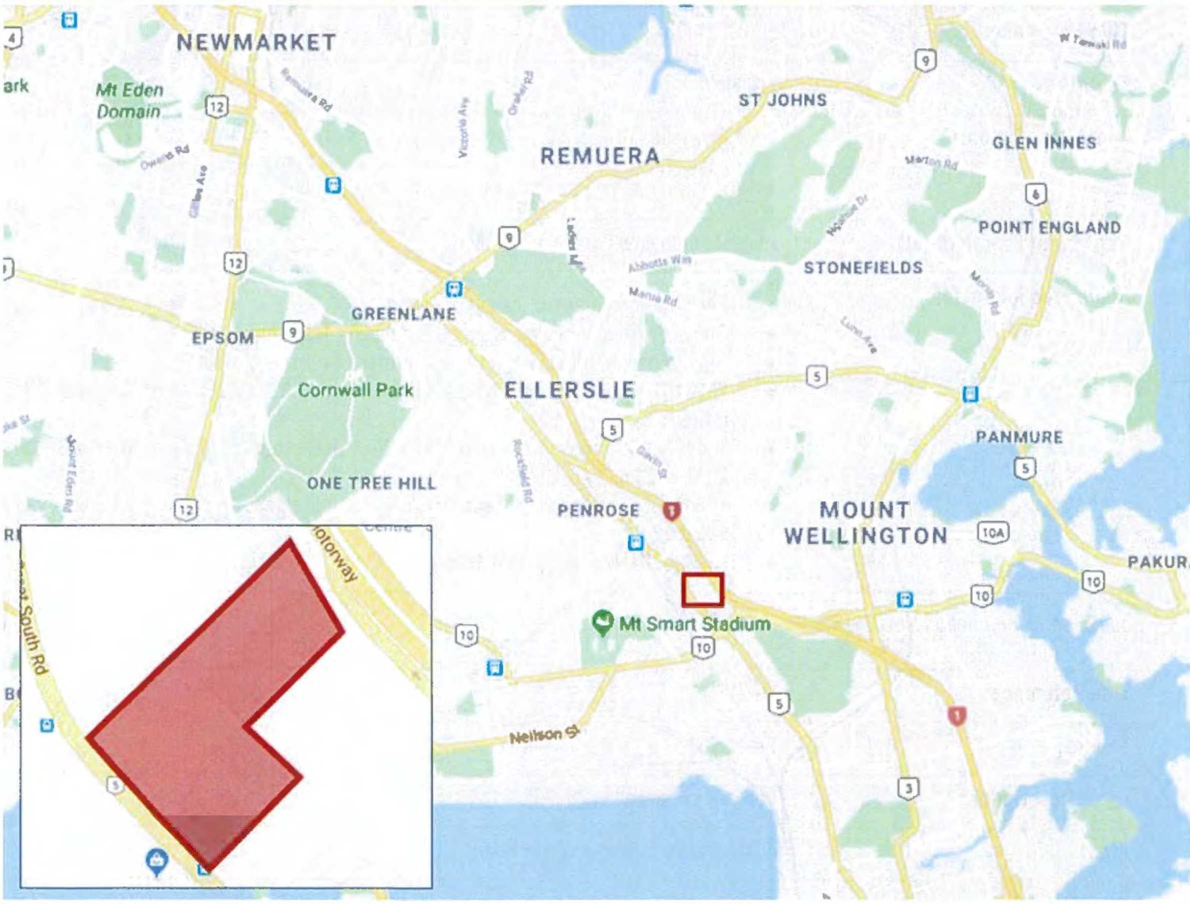
Great South Road is a main arterial route, offering local connectivity within the Penrose industrial precinct and linkages to established commercial and industrial localities to the north and south respectively.

The location benefits from ease of access and proximity to Southern Motorway interchanges, and has increased in profile over recent years, primarily due to the upgraded South Eastern Highway roading improvements and a number of new large scale industrial developments which have been completed.

Surrounding properties are typical of 1960's / 1970's vintage, comprising medium to larger scale industrial manufacturing facilities. The wider locality is characterised by established industrial development that caters for a range of activities, including general warehousing and light manufacturing through to heavy and noxious industries.

The Auckland Central Business District is located approximately 12 kilometres to the north east, while surrounding residential localities provide a stable source of both skilled and unskilled labour.

The following map identifies the approximate location of the Property:



Source: Google Maps

3.2 Title Particulars

The property is held within six computer freehold registers, summarised as follows:

Title Reference:	NA2D/1065
Tenure:	Freehold
Legal Description:	Allotment 123 Section 12 Suburbs of Auckland
Area:	9,573 square metres more or less
Registered Proprietor(s):	Augusta Industrial Fund No.2 Limited
Registered Interests:	• Subject to Section 59 Land Act 1948 • Subject to a right of way over part created by Transfer 630175 - 19.11.1959 • Appurtenant hereto are rights of way created by Transfer 630175 - 19.11.1959 • A218746 Partial Surrender of rights of way Easement specified in Transfer 630175 - 3.5.1967 • 7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 • 10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 • 10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 • 11139820.3 Mortgage to ASB Bank Limited - 15.6.2018

Source: Land Information New Zealand

Title Reference:	NA20D/1433
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 30597
Area:	4,047 square metres more or less
Registered Proprietor(s):	Augusta Industrial Fund No.2 Limited
Registered Interests:	• Fencing Agreement in Transfer 341414 • Subject to a right of way over part created by Transfer 630175 • Appurtenant hereto is a right of way created by Transfer 630175 • 7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 • 10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 • 10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 • 11139820.3 Mortgage to ASB Bank Limited - 15.6.2018

Source: Land Information New Zealand

Title Reference:	NA717/111
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 28959
Area:	4,047 square metres more or less
Registered Proprietor(s):	Augusta Industrial Fund No.2 Limited
Registered Interests:	• Relevant registrations10569 Proclamation defining middle line of road - 5.2.1941 • 7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007

	• 10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 • 10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 • 11139820.3 Mortgage to ASB Bank Limited - 15.6.2018

Source: Land Information New Zealand

Title Reference:	NA723/293
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 29269
Area:	2,023 square metres
Registered Proprietor(s):	Augusta Industrial Fund No.2 Limited
Registered Interests:	• Fencing Agreement in Transfer 318100 - 6.2.1940 • 7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 • 10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 • 10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 • 11139820.3 Mortgage to ASB Bank Limited - 15.6.2018

Source: Land Information New Zealand

Title Reference:	NA1020/180
Tenure:	Freehold
Legal Description:	Lot 1 Deposited Plan 27421 and Part Lot 2 Deposited Plan 27421
Area:	2,023 square metres more or less
Registered Proprietor(s):	Augusta Industrial Fund No.2 Limited
Registered Interests:	• Fencing Agreement in Transfer 292404 • Fencing Agreement in Transfer 292403 • Fencing Agreement in Transfer 503092 - 18.12.1951 • D256355.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 - 26.3.1998 • 7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 • 10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 • 10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 • 11139820.3 Mortgage to ASB Bank Limited - 15.6.2018

Source: Land Information New Zealand

Title Reference:	NA1137/135
Tenure:	Freehold
Legal Description:	Part Lot 2 Deposited Plan 27421
Area:	2,023 square metres
Registered Proprietor(s):	Augusta Industrial Fund No.2 Limited
Registered Interests:	• Fencing Agreement in Transfer 292404 • D256355.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 - 26.3.1998 • 7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 • 10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 • 10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 • 11139820.3 Mortgage to ASB Bank Limited - 15.6.2018

Source: Land Information New Zealand

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

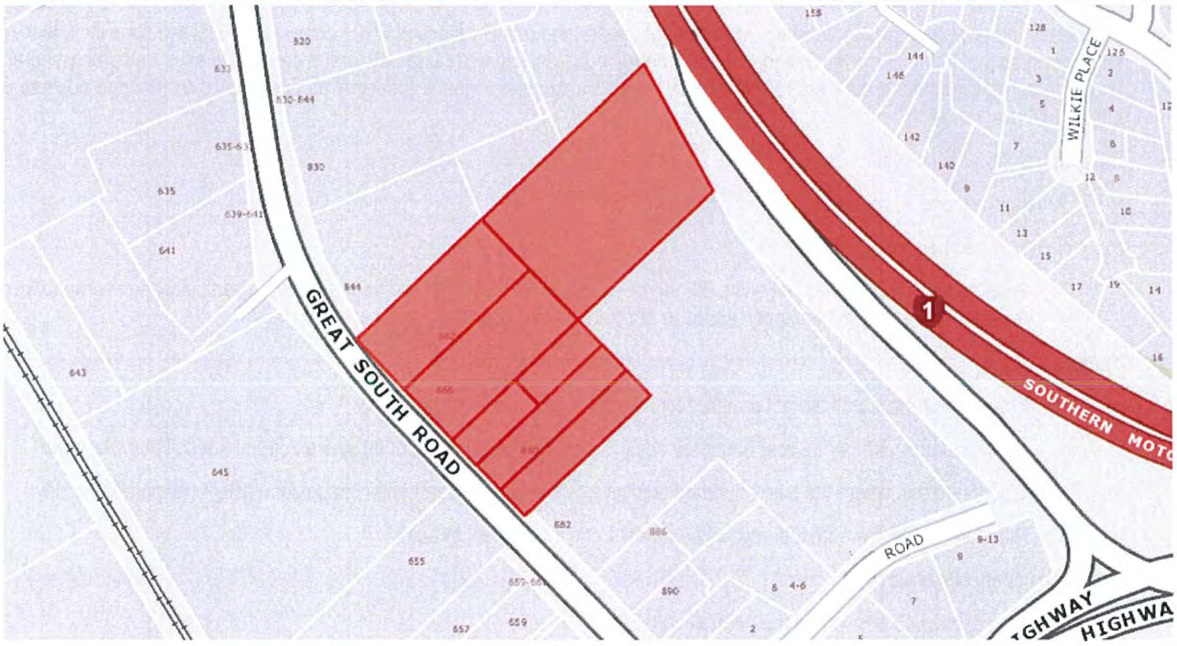
3.3 Site Details

The site comprises an aggregate industrial landholding providing a total area of approximately 2.3737 hectares formed by multiple lots and held within six Certificate(s) of Title. Boundaries to the north-west and south-east adjoin similar industrial zoned properties with the rear boundary abutting the southern motorway and the front boundary extending for 140 metres along Great South Road. The property forms an 'L' shaped landholding with profile and exposure to both Great South Road to the front of the site and the southern motorway to the rear.

Primary access is provided via multiple ingress/egress points along Great South Road with good access to the various components of the buildings. Contour initially falls at a moderate gradient away from Great South Road before levelling out and extending towards the rear boundary. Boundaries are demarcated with a mixture of pipe and chain-link security fencing along parts of the north western, north eastern and south eastern boundaries with the subject building constructed abutting the remaining boundaries. The main frontage to Great South Road is open with buildings being slightly set back to allow car parking, landscaping and access.

The site has been extensively developed since the 1930's providing a mixture of industrial buildings, office and amenities and storage components that occupy the majority of the site within two main structures. Balance areas that are not occupied by the building footprint are predominantly asphalt or concrete sealed to allow site circulation on-grade car parking, landscaping and some yard storage.

Site Area:	2.3737 hectares



Source: Emap

3.4 Resource Management

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

Heavy Industry Zone

This zone provides industrial activities that may produce objectionable odour, dust and noise emissions. Air quality emissions standards that are different to the rest of Auckland will often apply. A low level of air quality amenity applies in the Business – Heavy Industry Zone. A key attribute of the zone is that it contains sites large enough to accommodate large-scale industrial activities.

Activities sensitive to air discharges and activates sensitive to noise are not appropriate in the zone and buildings are expected to have a mainly functional standard of amenity.

Objectives:

- Heavy industry operates efficiently and is not unreasonably constrained by other activities.
- Business – Heavy Industry Zone zoned land, and activities that are required to locate there because of the nature of their operation, and protected from the encroachment of activities sensitive to air discharges and activities sensitive to noise, and commercial activities that are more appropriately located in other business zones.
- The supply of large sites within the zone is not reduced by inappropriate fragmentation of those sites by subdivision.
- Adverse effects on the natural environment within the zone and on the amenity values of neighbouring zones are managed.

Development Controls:

The Heavy Industry zone avoids activities which do not support the primary function of the zone. Policies of the zone include to manage subdivision so that it preserves the integrity of the zone for industrial use while allowing for the creation of sites for established activities, and to require development adjacent to open space zones, residential zones and special purpose zones to manage adverse amenity effects of those zones.

Building Height:

- Must not exceed 20 metres.

Height in relation to boundary:

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

Yards:

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

Maximum impervious area:

- Must not exceed 10 per cent of the riparian yard

Permitted activities include, but are not limited to: workers accommodation, dairies up to 100 sqm gross floor area, food and beverage up to 120 sqm gross floor area, offices that are accessory to the primary activity on the site and does not exceed 30% of the building on the site or does not exceed 100 sqm, retail accessory to an industrial activity where the goods are manufactured on site and does not exceed 10% of buildings on the site, service stations, tertiary education facilities that are accessory to an industrial activity on the site, and industrial activities.

Due to the industrial nature of the zone, sensitive activities such as commercial services, drive-through restaurants, entertainment facilities, garden centres, offices otherwise not provided for, retail up to 450 sqm per site, show homes, care centres, hospitals, recreation facilities, wholesalers, or rural activities are non-complying.

Modification:

- Notice of Requirements, NoR 7: Proposed Northern Runway, Airspace Restriction Designations, Notified, 15/02/2018

Overlays:

- Natural Resources: High-Use Aquifer Management Areas Overlay [rp] - Mt Wellington Volcanic Aquifer
- Natural Resources: Quality-Sensitive Aquifer Management Areas Overlay [rp] - Mt Wellington Volcanic Aquifer

- Natural Heritage: Regionally Significant Volcanic Viewshafts And Height Sensitive Areas Overlay [rcp/dp] - O3, One Tree Hill, Viewshafts
- Natural Heritage: Regionally Significant Volcanic Viewshafts And Height Sensitive Areas Overlay [rcp/dp] - O4, One Tree Hill, Viewshafts

Controls:

- Macroinvertebrate Community Index - Urban

Designations:

- Designations - 1675, Road Widening, Designations, Auckland Transport
- Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International Airport Ltd

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

3.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 July 2017, being Assessment Number 12342339925, is as follows:

Land Value	$7,000,000
Improvements Value	$9,500,000
Capital Value	$16,500,000
Annual Rates (including GST)	*$88,178.77 incl. GST*

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

3.6 Environmental Issues

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

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

3.7 Hazardous Materials

The property currently contains hazardous materials in the form of asbestos based products, although we have noted that hazardous areas are being repaired and have been informed that all the asbestos will be removed by the end of March 2019, once all buildings are demolished. We have made an allowance for this in our valuation calculations for the 'As Is' basis.

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

3.8 Heritage

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

4 Improvements

4.1 Overview 'As is'

Improvements to the site comprise a large manufacturing and production facility that dates from the 1930s. There are two structures to the site with the main building occupying the majority of the land and incorporating a mixture of office and amenities, storage, low stud and high stud warehousing. Additionally, at 880 Great South Road there is a freestanding workshop and office block that is vacant due to contamination issues as a result of damage to some supersix roof panels.

Construction to the site was first completed in 1939 with multiple extensions, modifications and refurbishment occurring through to the 1980s.

A significant portion of office and amenities occupies the front of the building facing Great South Road which was under-utilised by the current tenant given the scale and nature of these areas. At the rear of the office and amenities is the main production and manufacturing warehouses offering a mixture of low stud and high stud accommodation.

Access to the warehouse areas is provided via a number of roller doors along the north western elevation with the southern warehouse extension benefitting from roller door access to Great South Road, albeit to the rear of the workshop at 880 Great South Road. A canopy at the rear of the warehouse provides all-weather protection for loading/unloading of stock.

We have been advised that hazardous substances in the form of asbestos related products were used in the construction phase of many aspects of the building including floor tiles, ceiling panels and the Supersix roofing panels.

Within our valuation we have adopted costs provided to us for the remaining refurbishment and mitigation of deferred capex items. The costs adopted have not been verified and we reserve the right to reassess our valuation if actual construction quotes or budgets are provided.

Presentation of the improvements is overall to a dated condition although offers functional warehousing that appears to suit the current tenant

Existing Office- to be demolished

Existing warehouse and new office slab under construction adjacent

4.2 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs, with steel beam and columns construction.
External Walls:	A combination of masonry block and aluminium sheeting with some glazing to office areas.
Internal Walls:	Predominantly plasterboard lining to lettable office areas.
Roof:	Mixture of timber or steel truss with more recent extensions of a portal frame design. Roofing provides a combination of supersix panels and long run profile metal sheets.
Ceiling:	Mixture of suspended acoustic panels and painted plaster to office areas.
Lighting:	Recessed fluorescent lighting and incandescent bulbs to office areas with high output mercury halide bulbs to warehouse components.
Windows and doors:	Predominantly aluminium joinery.

4.3 Accommodation

Offices & Amenities:

Office and amenities are located at the front of the site set back from the road frontage and constructed over three levels. Presentation is to an average condition reflecting the age of construction. An aluminium casement door from the front car park leads to the reception and sign in desk which is double height in nature and completed with tiled flooring, painted plaster walls and glazing to the front. To both sides of the reception are a combination of meeting/boardrooms and a corridor which extends in a south eastern direction providing access to open plan and partitioned office areas.

Internally the ground floor offices have been completed on a carpeted and suspended ceiling basis with partitions being painted plaster and lighting and services contained within the suspended ceiling. Lighting is by way of fluorescent tubes with some incandescent bulbs to amenity areas supplemented by natural light via glazed panels to the external walls.

A closed tread steel framed staircase provides access to the first floor accommodation which again provides a mixture of open plan and partitioned meeting areas that have been completed on a suspended ceiling, painted plaster and carpeted basis. Lighting to the first floor is provided by predominantly recessed fluorescent tubes, supplemented by good levels of natural light via glazed panel inserts along the frontage. Fire protection to office and amenity areas is by way of heat detectors and sprinklers. The first floor comprises a number of separate male and female toilets. The first floor was not being occupied at the date of valuation.

Given the contour of the site, there is a basement storage area to the northern end of the office and amenities accessed from the ground floor offices and providing low stud storage. This area was not occupied at the date of valuation.

First Floor Office - Vacant

Ground Floor Office

Low Stud Storage & Engineer Workshops:

The storage/workshop areas are contained within a saw-tooth designed industrial building that appears to from part of the original building that was completed in 1939. External walls are a mixture of concrete block and brick with the structure being a mixture of timber framing with some use of steel beams and posts.

A heavy duty timber floor splits the accommodation between upper floor storage with excavation beneath providing engineer workshops. The mezzanine level has been converted to a mixture of low stud storage, printing stores and amenity by way of two large staff cafeteria. The larger of the two cafeterias was not being used by the tenant with the cafeteria at the rear of this space being the main staff kitchen and lunchroom.

The mezzanine has been completed with a mixture of vinyl floor coverings and timber floor boards with internal linings being predominantly painted plaster. The ceiling has been left exposed with lighting achieved via high output incandescent bulbs with fluorescent tubes in parts which have been mounted to the underside of the roofing truss. Good levels of natural light are achieved via the saw tooth design and glazed panels. The mezzanine area was not fully utilised during the course of inspection with large components being vacant.

Beneath the mezzanine is the engineer workshops and storage. The workshops offer low stud accommodation accessed directly from the main warehouse. Lighting throughout is provided by high output incandescent bulbs and fluorescent tubes.

Low Stud Workshop

Engineers Workshop

Warehouse A:

The warehouse is effectively divided into two structures being Warehouse 'A' and Warehouse 'B'. Warehouse 'A' extends from the rear of the front office and mezzanine towards the southern motorway and provides a medium stud, column interrupted space. Warehouse A is the older of the two warehouse buildings with construction by way of steel beam and columns supporting a steel truss roof. External cladding is a mixture of concrete block and vertical run metal sheeting. We note that the roof is completed with supersix roofing panels.

Warehouse 'A' is used as the main production hall offering a medium stud height to the underside of the steel truss. The warehouse is fully sprinklered throughout.

Roller doors along the north-west side of the building envelope allows vehicle ingress / egress with several aluminium casement doors allowing personnel entry. Additional access to the cafeteria, workshop and towards the front offices is achieved internally via a number of entry points.

At the rear of warehouse 'A' is a canopy extending towards the side boundary offering all weather protection for loading / unloading purposes.

A number of control offices of a portacom design are located within the warehouse and an ablution block is provided to the front of this area.

Warehouse B:

Warehouse 'B' runs perpendicular to Warehouse 'A', extending towards the southern boundary of the site. A speed door joins directly to Warehouse 'A' connecting the two buildings.

Warehouse 'B' was completed at a later date and provides a modern design with steel beam and truss frames and a central row of supporting columns. A single roller door provides direct entry to the front of the site which connects to Great South Road.

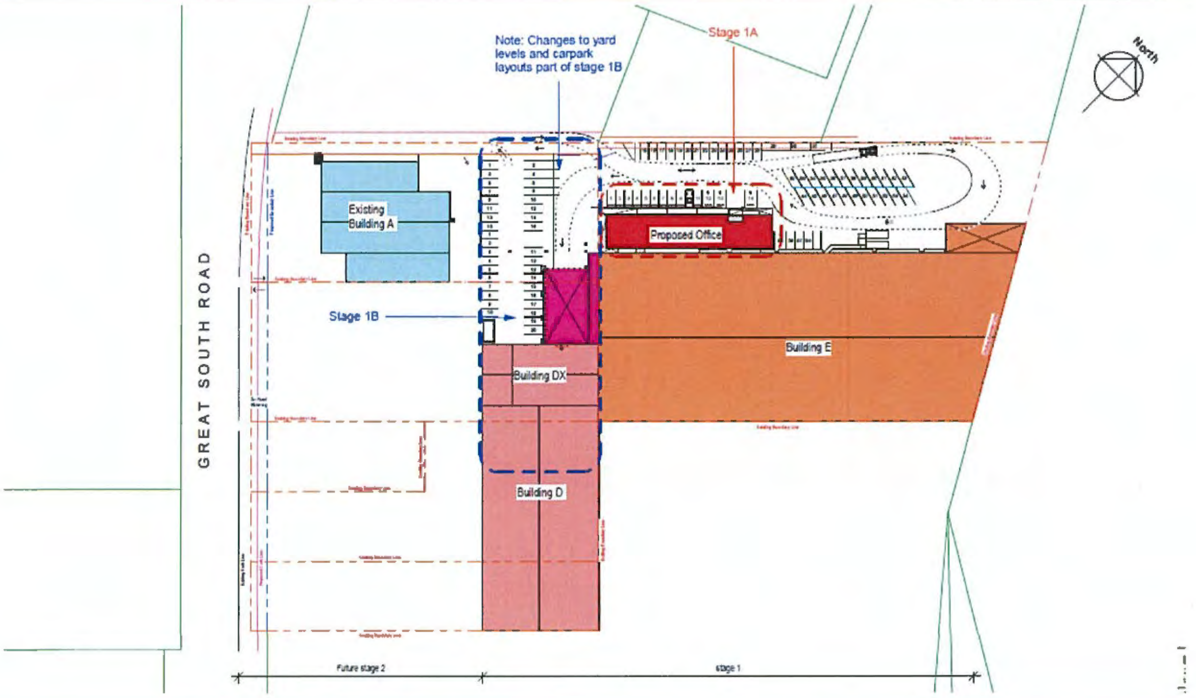
The warehouse is predominantly used as a despatch warehouse with racking used for the storage of completed product.

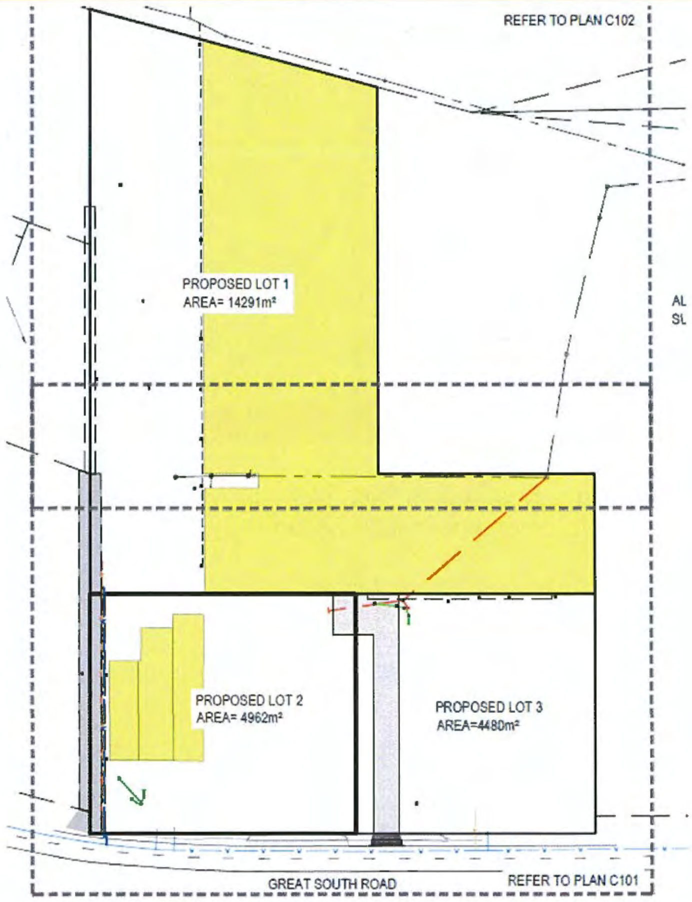
A small portacom office is located next to the external roller door which is completed on a painted plaster lined basis with carpet floor coverings.

4.4 Overview 'As if Complete'

The property "As If Complete" will comprise of a modern office extension off the original warehouse along with new roofing for the original warehouses and demolition of several buildings which will provide surplus land.

We outline below the proposed plan for the subject property:





We note that the buildings highlighted in blue have been disregarded. We have been asked to assess the property based on these buildings having been demolished and providing additional land. We have also been advised that the saleable area of future Lot 2 is 4,290 sqm allowing for the ROW easement over the left boundary. We have adopted this area within our 'As if Complete' valuation.

4.5 Lettable Areas 'As is'

The Property's total Net Lettable Area (NLA) is approximately 15,300 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Offices - Level 1	667
Original Warehouse	1,705
Offices and Amenities	3,163
Canopies	261
Deck	105
Warehouse 2	6,063
Warehouse - Bulk Store	2,175
Basement Workshop / Offices	1,164
Total NLA	**15,300 square metres**

The areas noted above have been taken from survey plans and lease documentation. We have also undertaken a full measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

4.6 Lettable Areas 'As if Complete'

Accommodation / Level	
Office Building	412
Ground Floor Amenities	290
First Floor Amenities	186
Existing Canopy	187
Warehouse 2	5,222
Warehouse - Bulk Store	2,745
New Canopy	273
Pedestrian Canopy	81
Total NLA	**9,396 square metres**

The areas noted above have been taken from plans provided to us by the client. Should these areas differ we reserve the right to amend our report accordingly.

4.7 Condition and Repair

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

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

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 20 June 2019.

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

4.8 Earthquake Strengthening Requirements

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

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

Year of Building Construction	1930's to 1990's
National Risk Zone	Low
Compliance with New Building Standard (NBS)	Unconfirmed

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

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

5 Property Income and Expenditure – 'As Is'

5.1 Tenancy Overview

We have been provided with a tenancy schedule and also with Lease documentation that was available at the time of valuation. The tenant within the Property is summarised as follows:

Tenant	Net Income	NLA	% NLA
1. Colorpak	$980,000	15,300	100.0%
Total	$980,000	15,300 m²	100%

5.2 Lease Summary

We summarise below the lease agreement for the tenant:

Lease Summary	Graphic Packaging
Lessee	Graphic Packaging International New Zealand Limited (formerly Colorpak NZ Limited)
Commencement Date	17 August 2007
Expiry Date	31 December 2018
Lease Term	Two (2) years and four (4) months and fourteen (14) days.
Commencement Rent	$1,315,400 per annum plus GST
Current Rent	$980,000 per annum plus GST
Rental Review Provisions	No further reviews under the varied lease term.
Outgoings Recovery	Net lease
Permitted Use	Manufacturing, warehousing, associated offices and carparking.

We recommend that the reader peruse a copy of the Lease document/s.

5.3 Building Income Analysis

We summarise the Property's income as follows:

Passing Income Component	Net Income	% Income
Industrial	$980,000	100.0%
Total	$980,000	100%

5.4 Building Vacancy

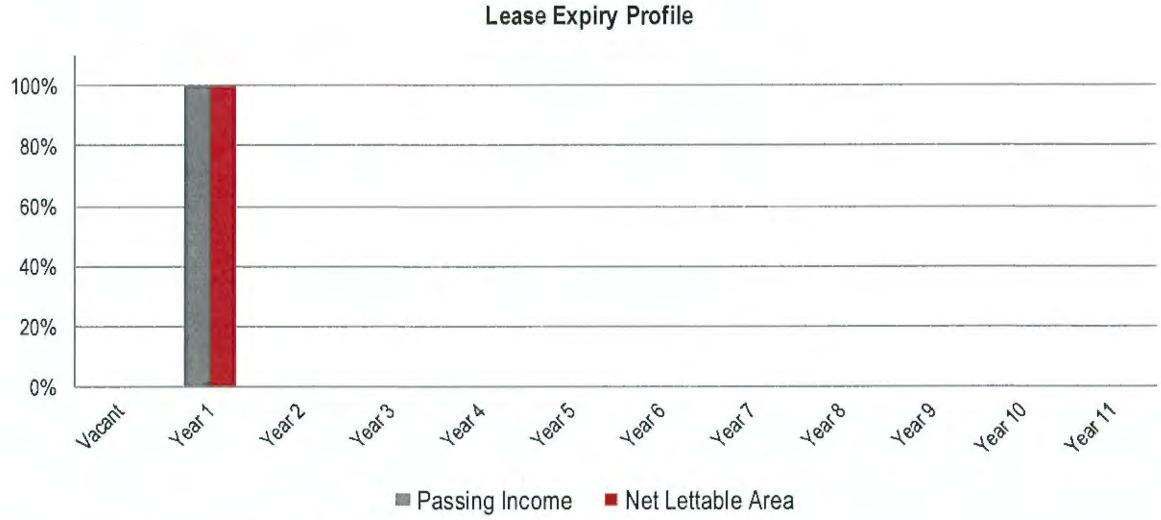
As at the date of valuation, the Property was fully tenanted.

5.5 Weighted Average Lease Term and Expiry Profile

The weighted average lease term remaining, as at the date of valuation, is:

Weighted Average Lease Term Remaining	Years
By Area	0.17
By Income	0.17

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



5.6 Building Outgoings and Recoveries

Lease Structures

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

Building Outgoings

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

Category	Annual Amount	$/sqm of NLA
Statutory Charges	$76,677	$5.01
Operating Expenses	$305,833	$19.99
Total Outgoings	**$382,510**	**$25.00**

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

5.7 Income Analysis

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

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	$980,000	71.93%
Outgoings Recovery	$382,510	28.07%
Gross Passing Income	**$1,362,510**	**100.00%**
Outgoings	$382,510	
Net Passing Income	**$980,000**	

6 Market Commentary

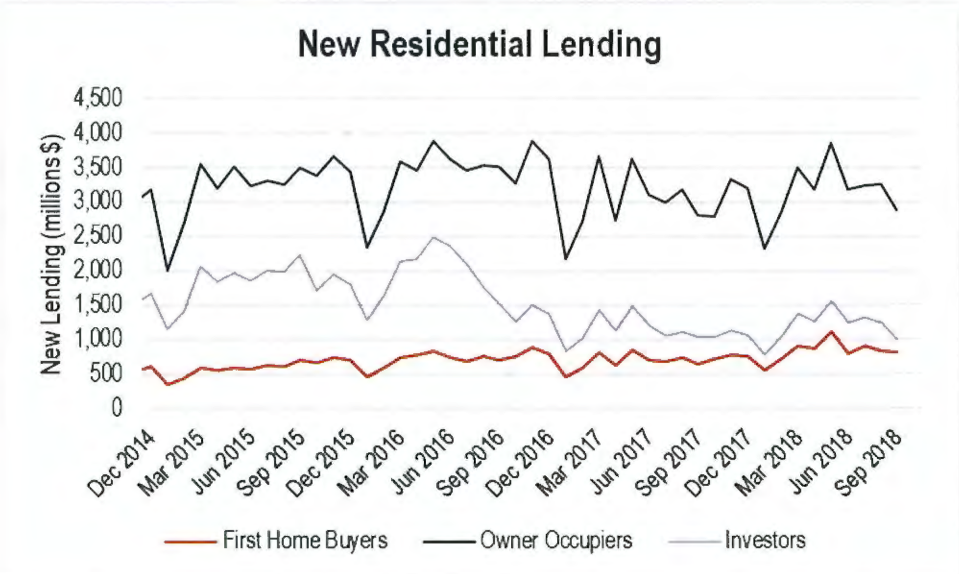
6.1 General Market Overview

Businesses have remained downbeat in the wake of the Labour-led Government taking office, with signs this is starting to affect real activity. The NZIER Quarterly Survey of Business Opinion (QSBO) showed less pessimism after declining for six straight months, business confidence bounced in September, rising to -38.3 from -50.3 previously. Activity indicators point to a moderation in economic growth over the coming year.

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

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

The graph below displays new residential lending by borrower type since December 2014 as provided by the Reserve Bank. The data comprises total new lending per month and demonstrates the effect that the LVR restrictions have had on new lending to the investor segment of the market. The dips over December and January each year reflect the summer period where there is less property transacted and thus less new lending approved. New lending surged again through parts of 2017, although new lending to investors was well below the 2015 and 2016 average, suggesting the RBNZ macro-prudential controls are having the desired effect. New lending surged through Q2 and Q3 2018, although this isn't an uncommon occurrence by historical standards given the typically lower volume of transactions over Q1. It is however worth noting that new lending to all buyer categories reached levels not seen since 2016.



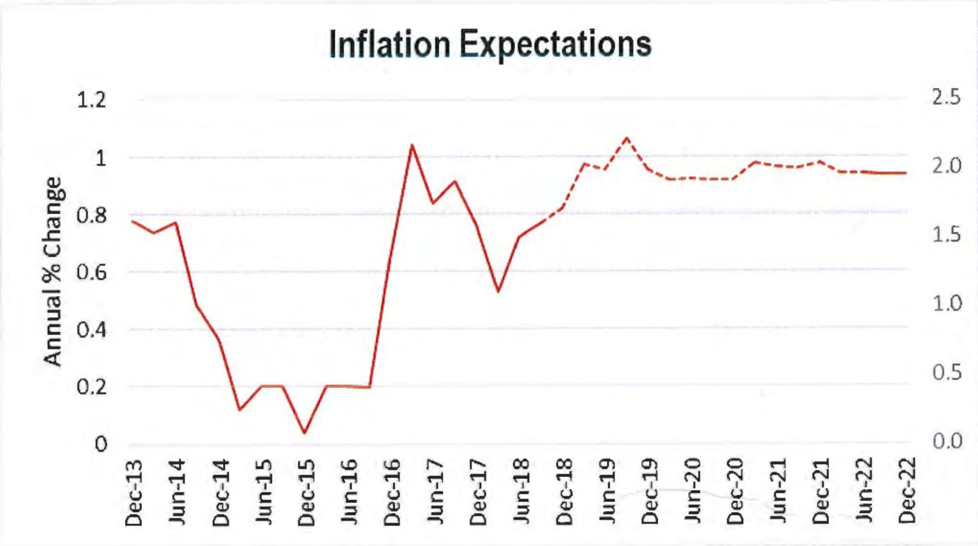
Source: RBNZ

6.2 Inflation and Interest Rates

Domestic headline inflation over the year to September 2018 increased to 1.9 percent. Annual inflation in the non-tradeables sector rose to 2.6 percent due to continued buoyant domestic demand. Annual inflation for traded goods and services was 0.8 percent, increasing 0.6 percentage in the last quarter alone.

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

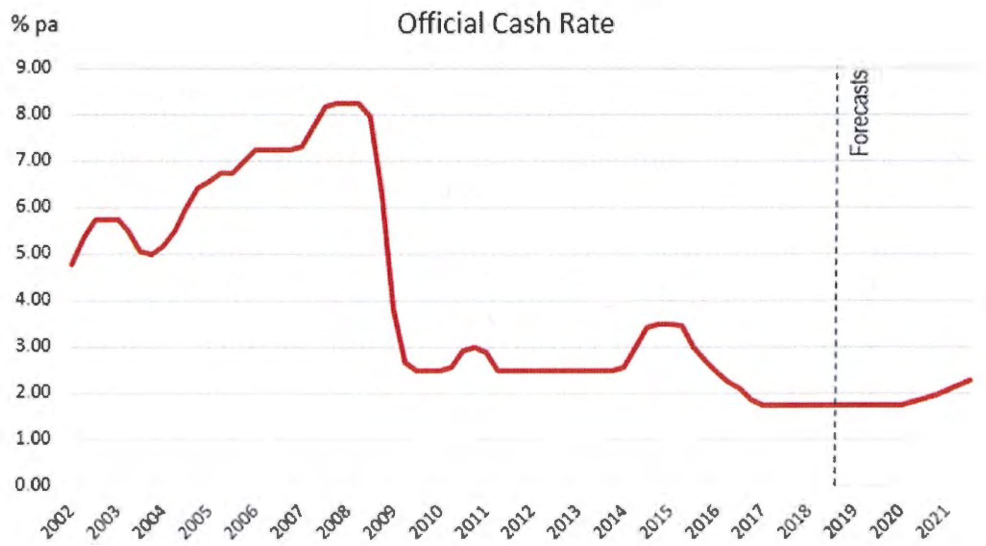
NZIER expect the annual rate of inflation to rebound over the remainder of this year. In the near term this will be driven partly by the effect of the recent rise of global oil prices. However, over the medium term we expect underlying inflation to firm as capacity pressures become more widespread. Although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



Source: NZIER

The Reserve Bank kept the OCR on hold at 1.75% in November 2018 and indicated "we expect to keep the OCR at this level through 2019 and into 2020. The next move could be up or down". NZIER expect that the Reserve Bank will next lift the OCR in mid-2020.

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

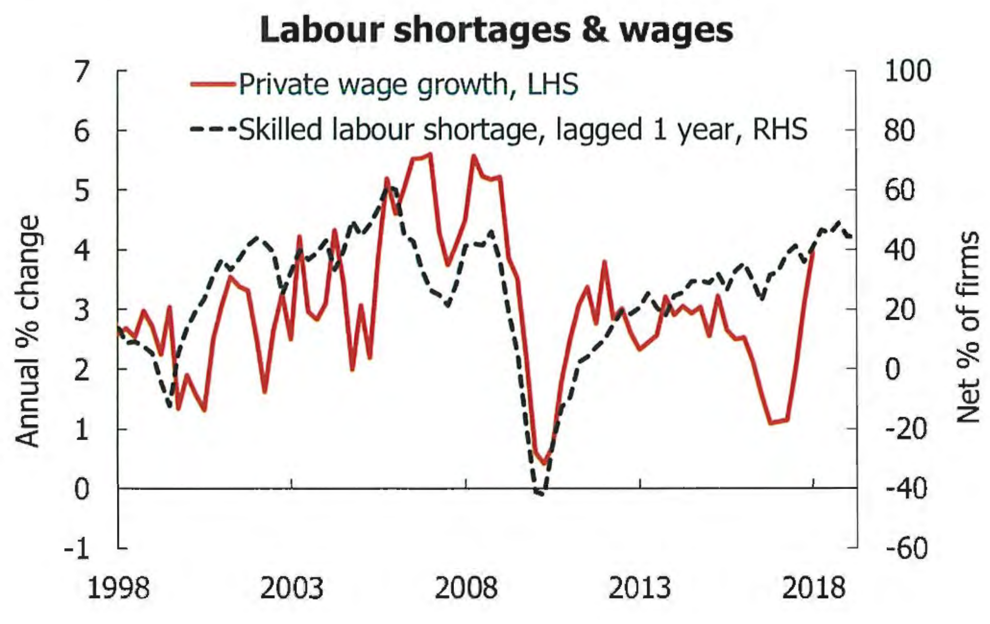


Source: NZIER

6.3 Population and Migration

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

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



Source: NZIER

6.4 Employment

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

The unemployment rate currently sits at 3.9%, the lowest unemployment rate in over 10 years and highest employment rate since Statistics New Zealand began the current employment series 30 years ago. Concern areas for employers centre on changes to labour laws, the increases to the minimum wage and the disestablishment of 90-day trial periods for firms with over 19 employees.

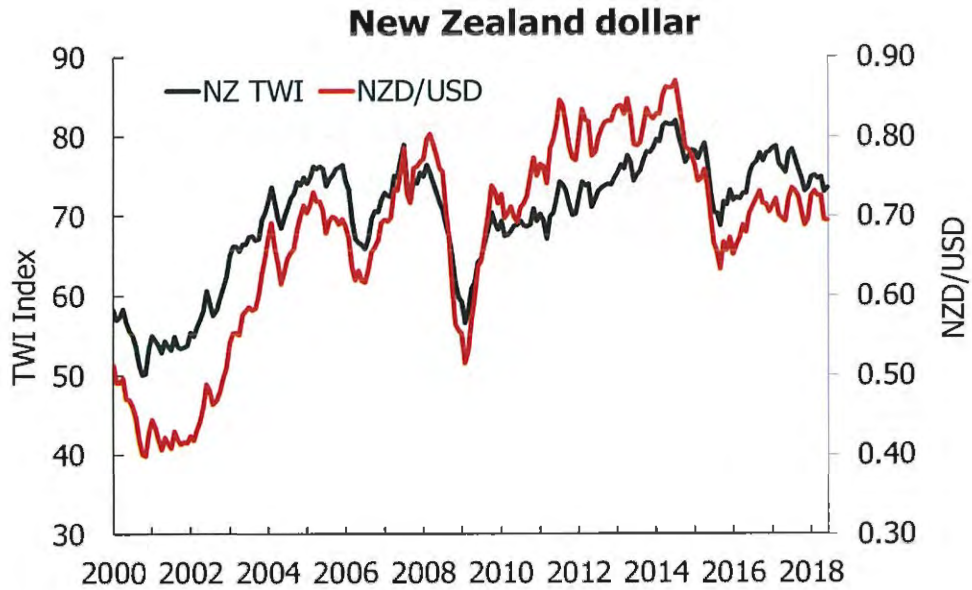
6.5 Business profits

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

6.6 Currency

The New Zealand dollar has lifted in recent weeks, reflecting that firms surveyed for the latest business outlook survey were the least pessimistic since May.

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



Source: NZIER

6.7 Market Drivers: Industrial

Demand for industrial buildings has improved over the past year. Farmers had initially used the improvement in farm income to repay debt, but as confidence has grown that farm incomes will continue to improve this has seen focus turn towards on-farm investment. We expect spending on farm buildings and tractors will continue to pick up over the coming year.

Manufacturing sector confidence has fallen on the back of softer demand and increased costs. Domestic demand has been particularly weak, while export sales have also softened. The easing in construction work reduced dairy and meat processing is likely to have contributed to the softness in domestic demand. The recent depreciation in the NZ dollar should improve the competitiveness of manufacturing exporters over the coming year. Meanwhile, the continued rise in costs has led to a substantial weakening in profitability.

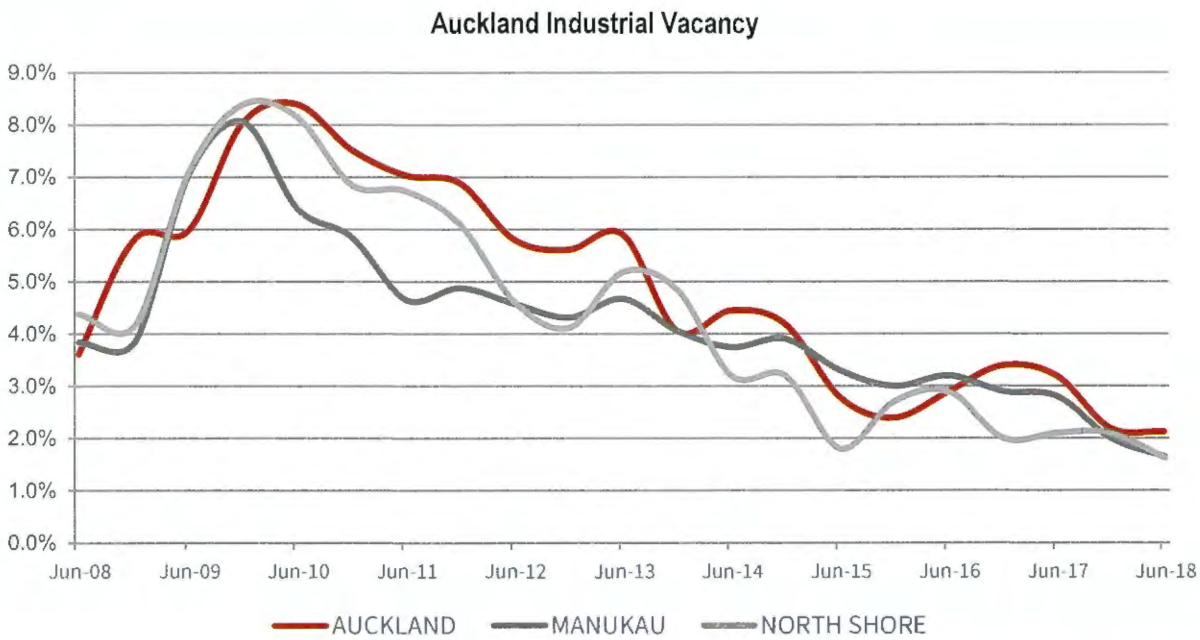
The Business NZ PMI also points to weaker manufacturing confidence, although some expansion in activity is still expected. The PMI has advanced in recent months, with the August result sitting at 52.0 (a score over 50 indicates the sector is in expansion mode). The average over the past 3 months has been 52.7 compared to 55.2 in the 3 months prior to that.

6.8 Auckland Industrial Market Summary

The total vacancy rate for the Auckland Industrial market has hit another record low of only 1.8%, despite a net addition to supply of over 115,000 sqm. This highlights strong occupier demand as businesses expand and floor area requirements increase. The North Shore precinct in particular saw the sharpest decline in vacancy over 1H18, dropping 50bps from 2.1% to 1.6%. The Manukau precinct, which includes East Tamaki, Wiri and the Airport Corridor, ties with the North Shore, also sitting at 1.6%, followed by the Auckland City precinct, which is now recorded as 2.1%.

Strong demand for larger, modern premises spurred additional demand for South Auckland industrial space, where a growing proportion total stock is located. Leasing and construction activity was largely focused on the Airport Corridor, where there is ample supply of suitably zoned greenfield land.

Strong performance has translated into the growth of the industrial sector footprint, with supply continuing to play catch-up with demand through redevelopment, refurbishment and new build activities. Annual net absorption for 1H18 was over 278,000 sqm, as the industrial sector continues to expand. Annual net absorption is down from the peak recorded during 1H17, but still remains well above post-GFC levels.



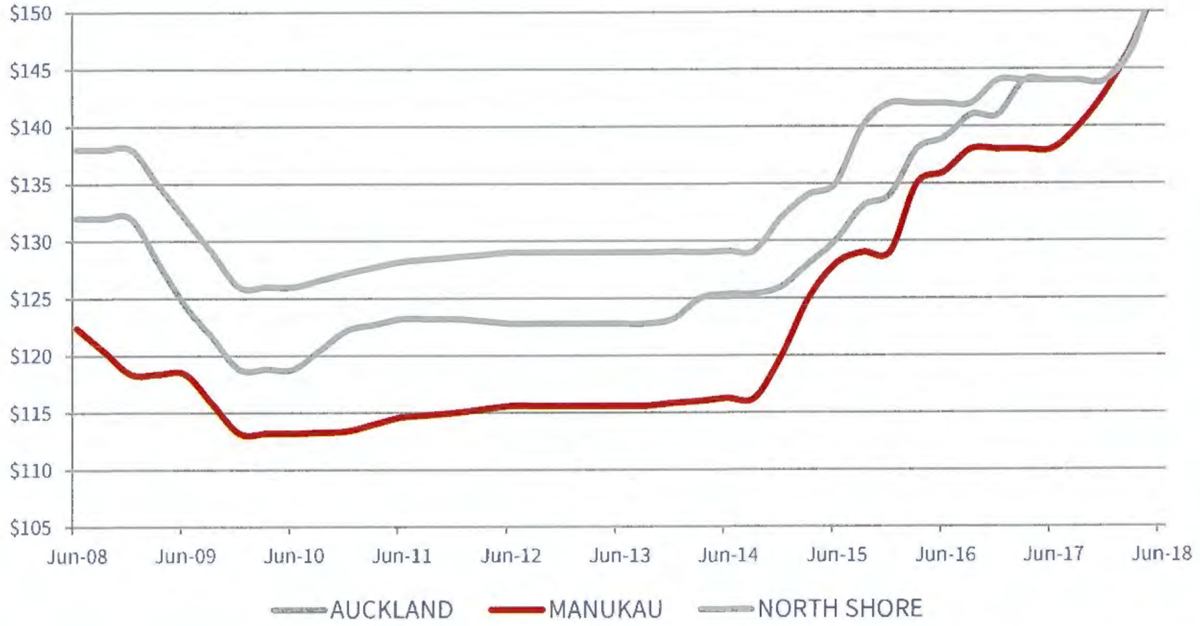
Source: JLL Research and Consulting

Strong performance across the Auckland industrial markets has continued to motivate a substantial supply response. Development activity delivered a net increase in stock of 115,000 sqm during 1H18. Increase in supply remained focused on South Auckland as the Manukau precinct (Airport Corridor, Manukau, Wiri and East Tamaki) had the highest net gain of 76,269 sqm, bringing stock tracked to 4.92 million sqm.

The Auckland City precinct (Penrose, Avondale, Mt Wellington & Henderson) saw a net gain of 37,106 sqm, bringing total tracked stock levels to 4.39 million sqm. The North Shore precinct saw a minor increase of 2,237 sqm, bringing the total stock base to 1.76 million sqm. Land constraints continue to hamper the ability to bring new supply into the North Shore industrial market.

Over the next 12 months, substantial new supply will continue to filter into the market. We are currently tracking in excess of 261,000 sqm already under construction. One of the most significant projects tracked within the development pipeline is the 65,000 sqm distribution centre for Foodstuffs within the Airport precinct, which will add significantly to the Auckland International Airport (AIA) portfolio when completed in 2020.

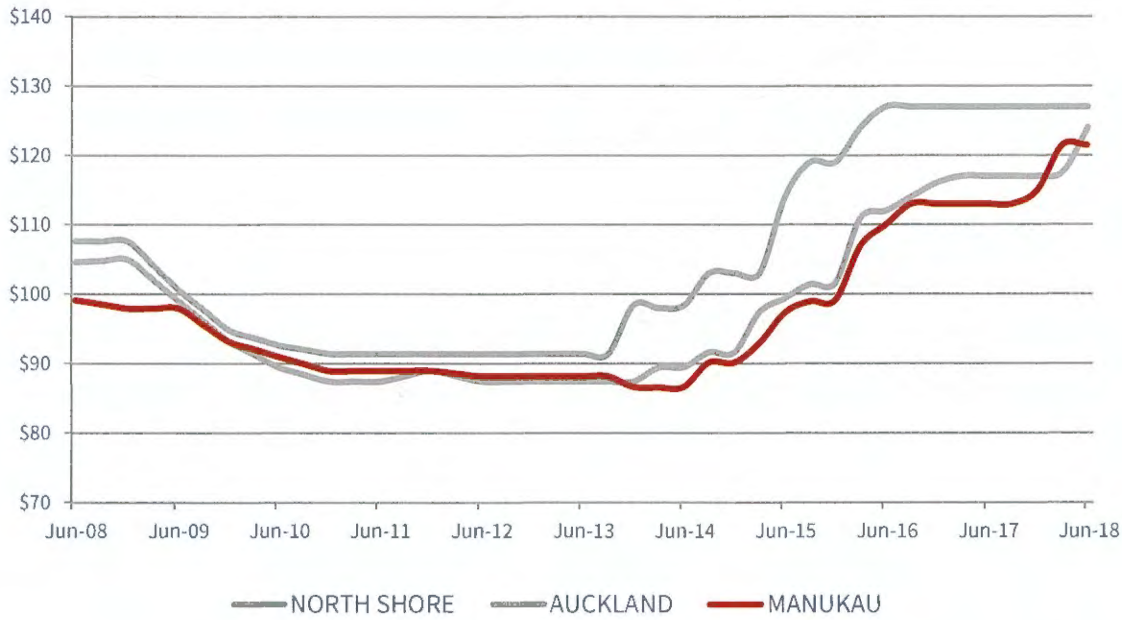
Auckland Industrial Prime Rents



Source: JLL Research and Consulting

Rental growth has continued at a solid pace over 2018, on the back of strong underlying demand fundamentals and record low vacancy. The average prime combined rent has now climbed to reach $154 psm. Secondary rents saw similar growth, albeit at a slightly more subdued pace than prime rents. The average secondary combined rent is now recorded at $124 psm. Rising construction costs and land values have also contributed to the growth in market rents with higher rentals being required to achieve feasibility.

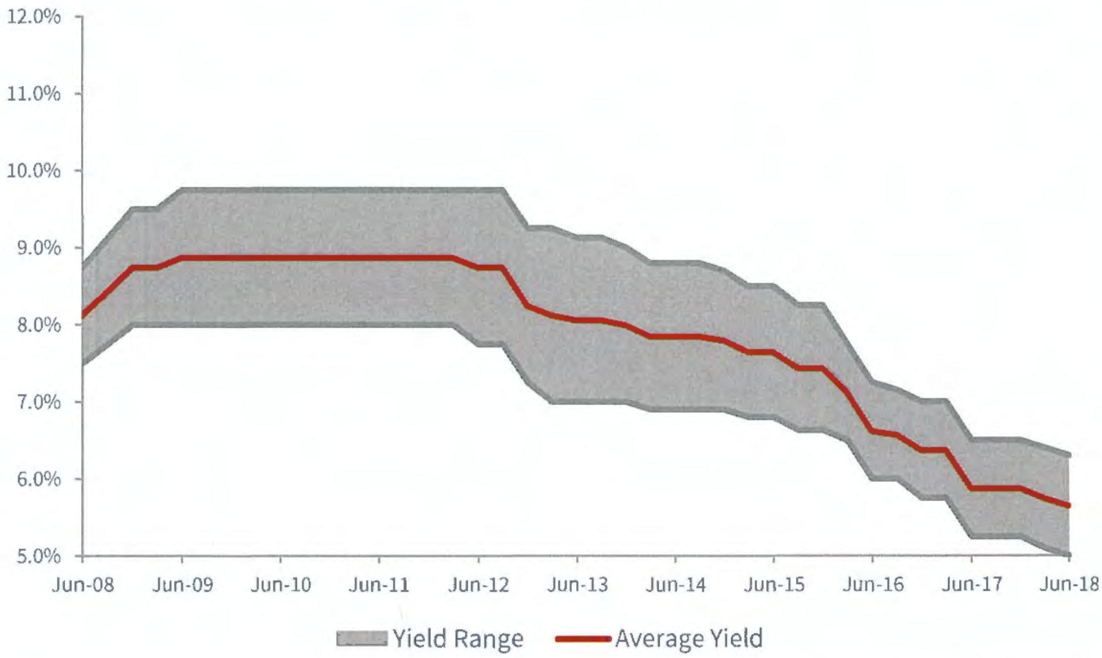
Auckland Industrial Secondary Rents



Source: JLL Research and Consulting

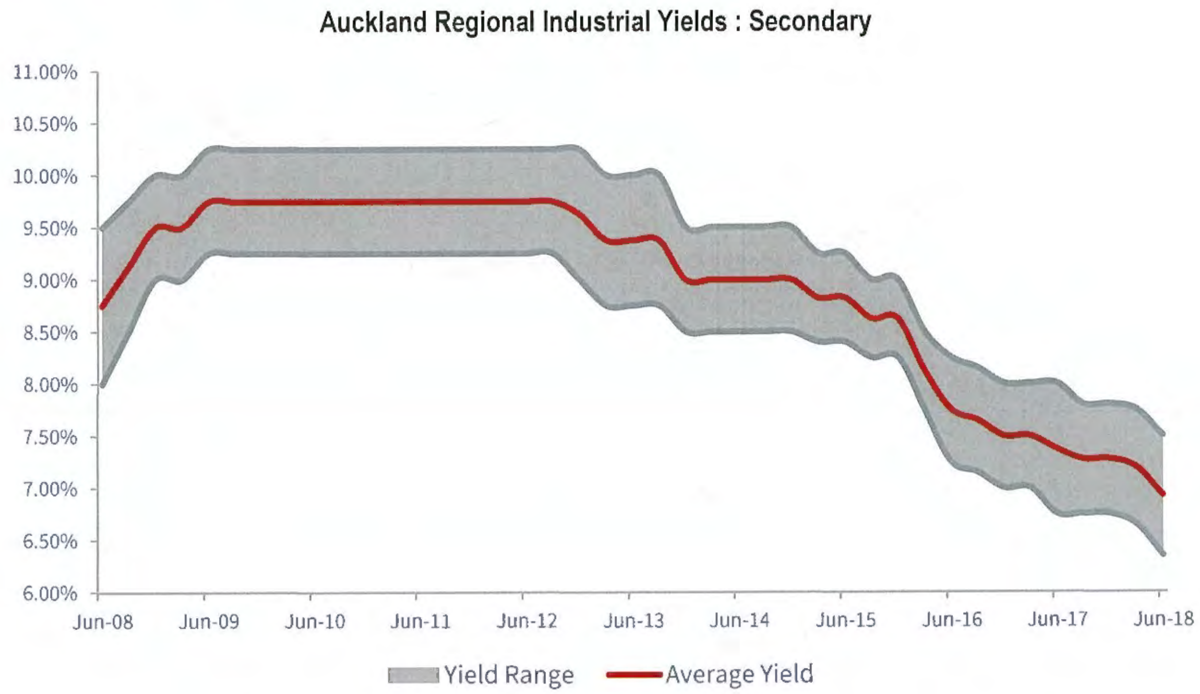
Yield compression outperformed expectations in 1H18, reaching further into record territory. Average prime industrial yields have tightened by 23bps to 5.65%, while average secondary industrial yields have tightened further by 35bps to 6.93%. Rental growth and yield compression have compounded capital value growth. Prime capital values increased steeply from 2H17, reaching record levels at $2,717 psm. Secondary capital values have increased by 9.0%, from $1,645 psm to $1,793 psm in 1H18.

Auckland Region Industrial Yields : Prime



Source: JLL Research and Consulting

Investor confidence in the market remains strong, especially for long-term industrial holdings. However, with stock being tightly held, sale volumes are down on 2H17. We anticipate further yield compression for the remainder of 2018 and 1H19, driven by high investor demand. Interest rate movements and access to funding will dictate yield levels thereafter. Based on these projections we expected yields to level out and soften from late 2019.



Source: JLL Research and Consulting

7 Leasing Evidence

7.1 Leasing Evidence

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

Subject Property - 862-880 Great South Road, Penrose, Auckland

Effective Date	Pre-Com	**Term**	8 years
Contract Rent	$1,019,120 pa	**Tenant**	Graphic Packaging International NZ Limited
Lease Basis	New Lease		

862 Great South Road comprises a large Heavy Industry zoned industrial site located along the north eastern alignment of Great South Road within the industrial suburb of Penrose.

The property 'as if complete' has been leased by Graphic Packaging International NZ Limited based on an eight (8) year lease term with fixed annual reviews of 3.5% with market reviews every fourth anniversary and a total current rental of $1,019,120 per annum.

Rental Analysis			Effective Rate
Office Building	412.0	m²	$230.00
Ground Floor Amenities	290.0	m²	$200.00
First Floor Amenities	186.0	m²	$200.00
Existing Canopy	187.0	m²	$60.00
Warehouse 2	5,222.0	m²	$100.00
Warehouse - Bulk Store	2,745.0	m²	$100.00
New Canopy	273.0	m²	$60.00
Pedestrian Canopy	81.0	m²	$60.00

15C Rockridge Avenue, Penrose, Auckland

Effective Date	August 2018	**Term**	10 years
Contract Rent	$505,170 pa	**Tenant**	Checkpoint NZ Ltd
Lease Basis	New Lease		

Unit C comprises a modern industrial building situated on the north eastern side of Rockridge Avenue, a cul-de-sac off O'Rorke Road, within the industrial precinct of Penrose. The facility has been constructed to enable it to be divided up into three tenancies. The property is made up of a warehouse and two, 2 level office blocks along the eastern elevation, with a further office block at t western elevation. The warehouse has a stud height of 9 metres at the portal knee. The property is fully fire sprinklered.

The unit because subject to a new 10 year lease to Checkpoint NZ Ltd in August 2018, returning $505,170 per annum plus GST. The lease includes annual fixed 2.5% rent reviews.

Rental Analysis			Face Rate
Offices	300.00	m²	$250.00
Warehouse	2,870.00	m²	$135.00
Canopy	335.00	m²	$60.00
Car Parking	29	parks	$15.00

10 Arthur Brown Place, Mt Wellington, Auckland

Effective Date	March 2018	**Term**	6 years
Contract Rent	$363,390 pa	**Tenant**	Smartbox Limited
Lease Basis	Lease Renewal		

The property comprises a good quality, second tier industrial building with offices and amenities over two levels centrally located to the front with L-shaped medium stud warehouse behind. The property was constructed in the early 1990s with extensions in 1996. The building was split into two separate tenancies, each having two levels of offices and medium warehousing. Smartbox occupy the southern most tenancy. The proeprty is situated at the end of Arthur Brown Drive, a cul-de-sac off Carbine Road.
The offices have been split into two, each tenancy having a separate entrance to the ground floor from the road front directly into the ground floor offices. Both tenancies have been subdivided to suit the tenants however the ground floor includes open plan office space, toilet amenities and kitchenette. The warehouse has a stud height of 5.2 metres to 7.0 metres at the knee rising to 8.8 metre to the apex, with two rows of internal columns.
Smartbox renewed their lease for a term of six years from March 2018 at contract rental of $363,390 per annum. They received a rent free incentive. Net effective rates displayed.

Rental Analysis			Effective Rate
Offices	342.00	m²	$184.00
Warehouse	2,760.00	m²	$102.00

25 O'Rorke Road, Penrose, Auckalnd

Effective Date	December 2017	**Term**	12 years
Contract Rent	$681,994 pa	**Tenant**	Hydraulink
Lease Basis	Rent Renew		

The premises comprise a modern industrial facility with two levels of offices and a clear span warehouse to a stud of 9 metres at the knee, with 30 Mpa floor and precast concrete walls to a height of 2.2 metres with long run steel above. The proeprty is situated in the western side of O'Rorke Road, within Penrose. The property is fully sprinklered with the rates displayed including sprinkler rental. The warehouse was extended in 2015 to a similar specification as the existing warehouse.

The premises is leased to Hydraulink for a 12 year term and underwent a market rent review in December 2017 where the rent was set at $681,994 per annum plus GST. The lease includes two yearly market rent reviews and a full ratchet clause.

Rental Analysis			Face Rate
Offices/Showroom	835.00	m²	$245.00
Amenities	67.00	m²	$245.00
Warehouse	2,017.00	m²	$127.00
Warehouse Extension	989.00	m²	$127.00
Canopy	503.00	m²	$72.00
Courtyard	54.00	m²	$11.00
Car Parking	68.00	parks	$12.00

3 Westfield Place, Penrose, Auckland

Effective Date	December 2017	**Term**	14 years and 6 months
Contract Rent	$936,018 pa	**Tenant**	Mazda Motors of New Zealand Limited
Lease Basis	Rent Review		

The property comprises an approximate 6,563 square metre industrial building constructed circa 1990's, located on the southern side of the Westfield cul-de-sac, within the industrial precinct of Mount Wellington, Auckland. Improvements comprise of approximately 5,466 square metres of warehouse accommodation, approximately 354 square metres of warehouse offices, approximately 763 square metres of office accommodation and approximately 1,156 square metres of canopy space

The property has been leased by Mazda Motors of New Zealand Limited for a term of 14 years and six months, returning $936,018 per annum net plus GST.

Rental Analysis			Effective Rate
Warehouse	5,446.0	m²	$117.74
Warehouse Office	354.0	m²	$190.62
Office	763.0	m²	$213.04
Canopy	1,156.0	m²	$56.06

12-14 Lockhart Place, Mt Wellington, Auckland

Effective Date	September 2017	**Tenant**	Confidential
Contract Rent	$918,263 pa	**Term**	9 years
Lease Basis	New Lease		

The property comprises a substantial industrial facility developed in the 1990's, with a further warehouse and canopy extension in the late 2000's. The property provides a two bay high stud storage warehouse, a semi enclosed canopy, a low to medium stud food-grade production warehouse, various workshops and storage rooms and associated offices and amenities to the road front.

The property was leased in September 2017, returning $918,263 per annum net plus GST.

Rental Analysis			**Effective Rate**
Office and Amenities	796.93	m²	$175.00
Manufacturing	3,314.43	m²	$118.63
Warehouse	2,873.00	m²	$110.12
Warehouse Offices/Workshop/Storage	431.98	m²	$83.00
Warehouse Canopy	689.80	m²	$48.41

395 Church Street, Penrose, Auckland

Effective Date	September 2017	**Term**	5 years and 3 months
Contract Rent	$600,726 pa	**Tenant**	Easy2c Limited
Lease Basis	New Lease		

The property comprises an industrial property with a total lettable area of approximately 6,723 square metres, located on the corner of Church Street and Hugo Johnston Drive, within the industrial precicnt of Penrose. Improvements comprise of an approximate 4,223 square metre warehouse which is fully sprinklered and has a stud height of approximately 9 metres. Office accommodation comprises approximately 1,226 square metres over two floors and is fully airconditioned. Warehouse amenities are approximately 333 square metres, canopy of approximately 941 square metres, yard of approximately 2,300 square metres and 55 car parking spaces.

The property has been leased by Goodman Property Trust to Easy2C Limited for a term of 5 years and three months, returning $600,726 per annum net plus GST.

Rental Analysis				**Effective Rate**
Warehouse	Warehouse	4,223.0	m²	$78.79
Warehouse	Warehouse Amenities	333.0	m²	$80.00
Office	Office	1,226.0	m²	$170.00
Canopy	Canopy	941.0	m²	$35.00
Yard	Yard	2,300.0	m²	$0.00
Car Parking	Parks	55	parks	$0.00

Autum Place, Penrose, Auckland

Effective Date	April 2017	**Term**	7 years
Contract Rent	$641,630 pa	**Tenant**	*Confidential*
Lease Basis	New Lease		

10 Autumn Place offers a substantial industrial building that appears to have been constructed in the 1980's located within the Auckland suburb of Penrose.

Accommodation comprises column interrupted high stud warehousing with two levels of associated offices and amenities situated to the south western corner of the building. The existing improvements present to a tidy standard having been well-maintained in recent years with no significant deferred maintenance evident during the course of our inspection.

The property has been leased for a term of seven years from 1 April 2017 with one right of renewal of 7 years and annual fixed rent increases of 2%. The property is currently leased for $641,630 per annum plus GST and outgoings.

Rental Analysis				**Effective Rate**
Warehouse	Warehouse	4,970.0	m²	$100.00
Office	Office	567.0	m²	$170.00
Canopy	Canopy	202.0	m²	$50.00
Yard	Yard	1,907.0	m²	$20.00

38A and 38B Harris Road, East Tamaki, Auckland

Effective Date	April 2017	**Term**	8 years
Contract Rent	$482,191 pa	**Tenant**	Glen Dimplex Australasia Limited
Lease Basis	Rent Review		

The property comprises approximately 4,871 square metres of gross lettable industrial accommodation, located on the western side of Harris Road, East Tamaki. The improvements comprises two parallel positioned industrial premises with access to both units A and B provided from Harris Road. Unit A is located to the northern side of the site and includes predominantly an open plan office space to the first floor with industrial warehouse accommodation with basic office to the ground floor. There have been subsequent additions made to the original warehouse and has been partitioned into approximately four sections to allow for separate manufacturing areas.

Unit B is located to the southern side of the site and has similar aspects as Unit A to provide partitioned areas within the warehouse. Located to the eastern end is the original sawtooth designed warehouse which has been extended to the west. The property comprises basic warehouse, offices and amenities over the two levels to the northern side adjoining the warehouse. A sealed access-way runs between the two units which provides additional car parking and uncovered storage.

The property is leased to Glen Dimplex Australasia Limited for a further renewal term of 4 years commencing from 1 December 2015, with a market review on the 26 April 2017 and subject to a soff ratchet clause whereby the rent payable from the review date shall be less than the annual rent payable as at the commencement date of the current lease term.

Rental Analysis				**Effective Rate**
Office	First Floor Office – Unit A	246.2	m²	$165.00
Office	Ground Floor Office – Unit A	201.6	m²	$130.00
Office	Warehouse Office – Unit A	81.4	m²	$120.00
Warehouse	Existing Warehouse – Unit A	1,839.5	m²	$87.50
Warehouse	New Warehouse – Unit A	306.5	m²	$110.00
Office	Ground Floor Office – Unit B	92.5	m²	$140.00
Office	First Floor Office – Unit B	92.5	m²	$140.00
Warehouse	Manufacturing – Unit B	792.0	m²	$85.00
Warehouse	Old Warehouse – Unit B	934.0	m²	$92.50
Warehouse	New Warehouse – Unit B	284.6	m²	$110.00

41-71 Great South Road, Otahuhu, Auckland

Effective Date	April 2017	**Lease Basis**	Rent Review
Contract Rent	$1,638,333 pa	**Tenant**	New Zealand Comfort Group Limited

The property comprises a large industrial manufacturing complex well located on Rosebank Peninsula. The improvements comprise a steel portal frame warehouse with two levels of office accommodation located within the warehouse envelope, positioned to the road frontage and a smaller standalone warehouse situated to the rear of the property. The warehouse components comprise column interrupted, low to medium stud, sprinklered accommodation. Two shared access ways, along both the eastern and western sides of the warehouse component allow for carparking and access to both warehouses.

Rental Analysis			**Effective Rate**
Ground Floor Office	981.5	m²	$157.50
First Floor Office	252.6	m²	$160.00
Rear Office Building	956.4	m²	$145.00
Warehouse	15,412.1	m²	$70.00
Amenities & Cafe	1,077.9	m²	$125.00
Basement Store/Carpark	625.1	m²	$35.00
Rear WarehouseMezzanine	923.4	m²	$35.00
Loading Canopy	269.3	m²	$55.00
Canopies	296.7	m²	$45.00
Latex Store	168.0	m²	$45.00
Guard Hut	32.8	m²	$35.00

In order to determine market rentals appropriate to the subject property we have primarily sought market transactions predominantly within Auckland over the last 18 months. As demonstrated by the above evidence, recent rental transactions relating to industrial tenancies within the Auckland area indicates net effective rentals ranges from $130 to $250 per square metre over the offices, $70 to $135 per square metre over the warehouse components and $35 to $72 per square metre over the canopies, largely dependent on the size, specification and location of the individual tenancy.

The Auckland industrial market is experiencing strong growth on the back of a buoyant industrial market, low vacancies, high demand and limited new supply for good quality stock available for lease. Accordingly, recent rent reviews in the area have shown positive growth.

In our view the warehouse and office rental rate would fall towards the lower end of the range 'As Is' due to the dated condition on the improvements. We would expect the building 'As if Complete' to achieve rates towards the mid-point to upper end of the range due to the refurbishment being to a good standard with relatively new finishes and services.

7.2 Market Rental Profile

In analysing the market rental for the accommodation within the Property, we have had regard to the net structure of the leases executed. We have therefore assessed the market rental profile on a net basis. Our adopted market rental profile is displayed below:

Premises	NLA	Passing Rental	Market Rental	Market Rental pa
Colorpak - Offices - Level 1	667	$103 /sqm	$145 /sqm	$96,701
Colorpak - Original Warehouse	1,705	$47 /sqm	$65 /sqm	$110,793
Colorpak - Offices and Amenities	2,521	$99 /sqm	$125 /sqm	$315,063
Colorpak - Canopies	76	$32 /sqm	$60 /sqm	$4,536
Colorpak - Deck	105	$35 /sqm	$60 /sqm	$6,276
Colorpak - Warehouse 2	6,063	$51 /sqm	$100 /sqm	$606,250
Colorpak - Warehouse - Bulk Store	2,175	$62 /sqm	$100 /sqm	$217,460
Colorpak - Offices and Amenities	642	$106 /sqm	$145 /sqm	$93,090
Colorpak - Basement Workshop / Offices	1,164	$47 /sqm	$75 /sqm	$87,263
Colorpak - Canopies	186	$32 /sqm	$50 /sqm	$9,285
Total	**15,300 m²**			**$1,546,715**

7.3 Net Income Assessment

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

Passing Versus Market Comparison	Passing pa	Market pa
Rental Analysis		
Lettable Area Rental	$980,000	$1,546,715
Outgoings Recovery	$382,510	$382,510
Gross Income	**$1,362,510**	**$1,929,225**
Outgoings	$382,510	$382,510
Net Income	**$980,000**	**$1,546,715**

8 Sales Evidence

8.1 Sales Transactions

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

20 Mahunga Drive, Mangere, Auckland

Sale Price	$36,400,000	**Sale Date**	November 2018
Initial Yield	6.91%	**Equivalent Yield**	7.12%
IRR	8.86%	**WALE**	7.17 years

The property comprises a large scale manufacturing site constructed circa 1970 with various additions and alterations since.

Two levels of modern office accommodation are located to the Mahunga Drive road frontage. The main factory space provides for sprinklered, medium to low stud space with an approximately 5 metre stud to the base of the saw tooth, and column interruptions at each saw tooth section. Additions at the eastern and south elevations provide for column interrupted space with a height clearance of approximately 7 metres to the underside of the steel truss roof structure. Good access is provided via roller doors, some of which are fitted with 'speed curtains'. Lighting is provided via translucent light strips, supplemented by high bay lights.

The property is leased to Oji Fibre Solutions (NZ) Limited for 12 years commencing 1 January 2014 with two further rights of renewals of 5 years each and annual CPI based rental increases with market reviews on 1 January 2019 and renewal dates.

The property sold in November 2018 for $36,400,000, indicating an initial yield of 6.91%, equivalent yield of 7.12%, an IRR of 8.86% and a weighted average lease term of 7.17 years.

88 Carbine Road, Mt Wellington, Auckland

Sale Price	$15,100,000	**Sale Date**	October 2018
Initial Yield	4.81%	**Equivalent Yield**	5.31%
IRR	7.53%	**WALE**	2.90 years

The property comprises a modern industrial building situated on an approximately 10,380 square metre site in Mt Wellington. The property provided a total net lettable area of approximately 5,815 square metres, split between two units, each with office / showroom accommodation to the road frontage over two levels and high stud warehouse to the rear.

The property is occupied by two tenants – Patton Limited and Pact Group with a combined WALT of 2.9 years remaining, which is currently returning a combined net income of $726,998 per annum plus GST.

The property sold in October 2017 for $15,100,000, indicating an initial yield of 4.81%, equivalent yield of 4.81% and IRR of 7.53%.

4 Kordel Place, East Tamaki, Auckalnd

Sale Price	$27,500,000	**Sale Date**	September 2018
Initial Yield	6.35%	**Equivalent Yield**	5.90%
IRR	6.83%	**WALT**	8.58 Years

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

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

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

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

The property sold in September 2018 for $27,500,000 plus GST reflecting an initial yield of 6.35%, an equivalent yield of 5.90%, an IRR of 6.83% and a remaining lease term of 8.58 years.

641 Great South Road, Penrose, Auckland

Sale Price	$4,150,000	**Sale Date**	August 2018
Initial Yield	5.12%	**Equivalent Yield**	4.99%
IRR	7.17%	**WALE**	6.00 years

The property comprises a circa 1980's industrial building situated on an approximately 3,840 square metre site, located at 641 Great South Road, Penrose, Auckland. The property is accessed from Great South Road and provides a total net lettable area of approximately 2,095 square metres, which comprises a medium stud warehouse, and generic office accommodation.

The property was purchased via a sale and leaseback transaction, with a new six-year lease agreed to Plastic Rotational Moulding, in August 2018. The lease has four right of renewals, of three years each. The property is producing a net income of $212,430 per annum plus GST with a remaining lease term of 6 years.

We have analysed this sale to reflect an equivalent yield of 5.17% and an Internal Rate of Return of 6.99%.

12 Ha Crescent, Wiri, Auckland

Sale Price	$11,150,000	**Sale Date**	June 2018
Initial Yield	4.57%	**Equivalent Yield**	5.22%
IRR	7.68%	**WALE**	4.17 years

The property comprises a high quality industrial building situated on an approximately 6,500 square metre site, located at 12 Ha Crescent, Wiri, Auckland. Improvements are positioned to the road frontage and the property provides a total net lettable area of approximately 5,211 square metres which comprises a high stud warehouse, canopy and modern office accommodation.

At the sale date the property was leased to Irvine International Floors Ltd for a term of 8 years, commencing in September 2014. The property was returning approximately $510,000 per annum plus GST. The property sold in June 2018 for $11,150,000 plus GST with an initial yield of 4.57%, an equivalent yield of 5.22%, an IRR of 7.68% and a remaining lease term of 4.17 years.

104-140 Neilson Street, Onehunga, Auckland

Sale Price	$15,150,000	**Sale Date**	May 2018
Initial Yield	5.00%	**Equivalent Yield**	5.31%
IRR	7.75%	**WALT**	8.58 Years

The property comprises a purpose built bus depot located at 104-140 Neilson Street, Onehunga. Improvements provide a total net lettable area of approximately 2,112 square metres which comprises a recently refurbished workshop, office component, and medium stud warehouse. Two purpose built structures constructed by the tenant include a bus washing facility and refuelling station. The yard provides approximately 16,385 square metres of secured asphalt sealed yard.

At the date of valuation the property is leased to Auckland Transport Corporation Limited, for a term of fifteen (15) years commencing 1 November 2011. The property has a current net passing income of $757,202 per annum plus GST, and a remaining lease term of 8.58 years. The sale indicates an initial yield of 5.00%, equivalent yield of 5.31% and IRR of 7.75%.

51 Aintree Avenue, Airport Oaks, Auckland

Sale Price	$9,200,000	**Sale Date**	April 2018
Initial Yield	4.83%	**Equivalent Yield**	5.07%
IRR	7.56%	**WALE**	5.25 Years

The property comprises a high quality industrial building situated on an approximately 5,830 square metre site, located at 51 Aintree Avenue, Airport Oaks. Improvements are positioned to the road frontage and the property provides a total net lettable area of approximately 3,752 square metres which comprises a high stud warehouse, canopy and modern office accommodation.

At the date of sale the property is leased to Husqvarna Group Limited, for a term of six (6) years commencing 16 June 2017. The property has two (2) right of renewals, of six (6) years each. The property sold for $9,200,000, with a net passing income of $444,500 per annum plus GST, indicating an initial yield of 4.83%. The property has an IRR of 7.56%, equivalent yield of 5.07%, and a remaining lease term of 5.25 years.

6 Hautu Drive, Wiri, Auckland

Sale Price	$11,100,000	**Sale Date**	December 2017
Initial Yield	6.27%	**Equivalent Yield**	6.08%
IRR	8.01%	**WALE**	5.67 years

The property comprises an industrial building with a stud height of an approximately 10.1 metres at the portal knee rising to approximately 13 metres at the apex and a single level of good quality associated office accommodation, including a drive through canopy.

The non sprinklered warehouse provides high stud, clearspan (approximately 60 metres) accommodation constructed with concrete floors, steel framing, precast concrete walls, under a long run galvanised mild steel roof, netting and sisolation. Industrial, incandescent lighting supplements the natural light provided by the intermitted translucent panels. Access to the warehouse is provided by three roller doors, protected by a canopy which extends off the northern elevation.

The adjoining single level office accommodation comprises an open plan office, a server room, a lunchroom (with outside courtyard), and male and female ablutions, both proved with a toilet and hand basin each. The office block is constructed with a combination of precast concrete and aluminium frame with glazing exterior walls, carpeted and vinyl floor coverings, painted plasterboard internal walls, suspended ceilings, ducted airconditioning and recessed and diffused lighting. The office accommodation provides direct access into the warehouse.

The property is leased to Cavalier Bremworth Limited for a term of six (6) years (from the renewal date being 6 August 2017) with annual rental increases of 2%. Cavalier Bremworth Limited are currently leasing the property for $688,200.

The property sold in December 2017 for $11,100,000 reflecting an initial yield of 6.27% and a weighted average lease term of 5.67 years. We have analysed the sale to reflect an equivalent yield of 6.08% and an internal rate of return of 8.01%.

68-80 Stonedon Drive, East Tamaki, Auckland

Sale Price	$32,577,000	**Sale Date**	December 2017 (Unconditional)
Initial Yield	6.25%	**Equivalent Yield**	6.25%
IRR	8.68%	**WALE**	6.00 years

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

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

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

The property is currently under contract for $32,577,000 under a sale and lease back to Steel & Tube for a term of ten (10) years with a break clause after year six (6) stated in the lease. The sale is due to go unconditional on 20 December 2017. Steel & Tube will be paying $2,036,087 per annum, reflecting an initial yield of 6.25% and a weighted average lease term of 6.00 years. We have analysed the sale to reflect an equivalent yield of 6.25% and an internal rate of return of 8.68%.

(Subject) 860-880 Great South Road. Penrose, Auckland

Sale Price	$19,050,000	**Sale Date**	December 2017
Initial Yield	8.27%	**Equivalent Yield**	6.08%
IRR	7.95%	**WALE**	1.08 years

The subject property sold in December 2017 for $19,050,000.

38 Harris Road and 73 Crooks Road, East Tamaki, Manukau

Sale Price	$10,000,000	Sale Date	August 2017
Initial Yield	6.49%	Equivalent Yield	6.67%
IRR	8.38%	WALE	2.33 years

The property comprises an industrial building with a floor area of approximately 5,980 square metres, located on a high profile corner, heavy industry zoned site over two titles.

38 Harris Road comprises approximately 4,870.90 square metres of gross lettable industrial space, located on the western side of Harris Road, East Tamaki. The improvements comprise two parallel positioned industrial premises with access to both units A and B provided from Harris Road. Unit A is located to the northern side of the site and includes predominantly an open plan office space to the first floor with industrial warehouse accommodation with basic office to the ground floor. There have been subsequent additions made to the original warehouse and has been partitioned into approximately four sections to allow for separate manufacturing areas.

Unit B is located to the southern side of the site and has similar aspects as Unit A to provide partitioned areas within the warehouse. Located to the eastern end is the original sawtooth designed warehouse which has been extended to the west. The property comprises basic warehouse, offices and amenities over the two levels to the northern side adjoining the warehouse. A sealed access-way runs between the two units which provides additional car parking and uncovered storage.

The property is leased to Glen Dimplex Australasia Limited for a further renewal term of 4 years commencing from 1 December 2015, with two yearly rent reviews to market.

73 Crooks Road comprises three tenancies, on a 4,449 square metre site, within the industrial precinct of East Tamaki. The largest tenancy comprises a purpose built Hirepool premises which includes a retail area with a single office, a warehouse utilised as dispatch and an adjoining workshop and wash bay. The first floor provides predominantly mezzanine area overlooking the warehouse and staff amenities including a lunch and locker room. The yard provided to the road frontage consists of a combination of sealed and unsealed areas.

Located to the west of the Hirepool premises is an adjoining dated industrial property leased to Steel K Recycling. The premises comprising a drive thru warehouse with steel canopy located to the rear which includes two levels of associated offices and an additional showroom area.

Further to the west is a secured, fenced parcel of vacant land that is currently leased to Alpha Laborities (NZ) Limited for yard storage.

The two properties sold together in August 2017 for $10,000,000, reflecting an initial yield of 6.49% and a weighted average lease term of 2.33 years. We have analysed the sale to reflect an equivalent yield of 6.67% and an internal rate of return of 8.38%

100 Carbine Road, Mount Wellington, Auckland

Sale Price	$36,800,000	Sale Date	July 2017
Initial Yield	6.17%	Equivalent Yield	6.74%
IRR	9.00%	WALE	0.25 years

The property comprises a large industrial complex with approximately 29,526 square metres of lettable accommodation. The property is situated on an approximate 4.48 hectare, rear, Light Industry zoned site, situated on the eastern side of Carbine Road, within the industrial precinct of Mount Wellington.

Improvements comprise of a circa 1970's constructed warehouse with a stud height of approximately 7 metres at the portal knee and rising to approximately 10 metres at the apex. An extension was added to this circa 2005 providing clearspan warehouse accommodation with a stud height of approximately 9 metres at the portal knee and rising to approximately 11 metres at the apex, a separate two level office building with a large staff cafeteria at the front with air-conditioning. There is additional yard space surrounding the buildings. Prior to sale, the property was used as a distribution centre.

The above transactions indicate that initial yields have ranged from 4.57% to 8.27%, equivalent yields from 4.99% to 7.12% and Internal Rates of Return from 6.83% to 9.00%.

The lower end of the yield range typically relates to properties with either modern accommodation, situated in prime locations, with medium to long term weighted average lease terms or are of a smaller value quantum. Sales to the higher end of the yield range typically relate to properties with either secondary quality accommodation, in secondary locations, have short weighted average lease terms or are of a high value quantum. Taking into account the age, scale and nature of the accommodation, location, value quantum, rent review structure and weighted average lease term, we have adopted a yield to the upper end of the range.

Although the above indicates sales with lower yields, we have considered the current condition, layout and tenant covenant which would reflect a much higher yield than the above sales for the 'As Is' valuation. Properties of this nature are generally purchased based on an underlying land value, plus holding income, less potential demolition costs. The sale of the subject property in March 2017 provides us with the most comparable yields for the 'As Is' valuation.

On an "As if Complete" basis we would expect the subject property to be towards the mid-point of the range.

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

Variable	Input
Capitalisation Rate - Core Income	8.00%
Discount Rate	9.75%

8.2 Land Sales Evidence

In assessing a suitable land value for the surplus land of the Property, we have had regard to a range of industrial zoned transactions. The more relevant industrial land sales are summarised in the sales schedules and commentary below:

Address	Sale Date	Sale Price	Area (sqm)	Value ($ /sqm)	AUP Zone
Subject Property – Surplus Land, Lot 3	*Under Contract*	*Circa $3,930,000*	*4,480*	*$877**	*Heavy Industry*
586 Oruarangi Road, Mangere	Jun-18	$5,450,000	9,999	$545	Light Industry
250 Roscommon Road, Wiri, Auckland	Mar-18	$8,000,000	17,400	$459	Heavy Industry
257 Ti Rakau Drive, East Tamaki	Feb-18	$9,000,000	8,173	$1,101	Light Industry
Ellerslie Panmure Highway, Mt Wellington	Sep-17	$5,700,000	10,113	$563	Mixed Use
Wilkinson Road, Ellerslie	Apr-17	$4,000,000	4,547	$880	Light Industry
149 Wiri Station Road, Wiri	Jan-17	$4,875,705	10,053	$485	Heavy Industry
Station Road, Penrose	Dec-16	$5,750,000	12,901	$446	Light Industry
Luke Street, Otahuhu	Sep-16	$5,695,555	10,357	$550	Mixed Use
Paisley Place, Mt Wellington	Jun-16	$3,900,000	9,613	$406	Light Industry
Cnr Jellicoe & Morrin Roads, Mt Wellington	Jun-16	$4,080,000	6,074	$672	Mixed Use
Jellicoe Road, Mt Wellington	Apr-16	$990,000	1,317	$752	Mixed Use
153 -157 Marua Road, Mt Wellington	Apr-16	$4,300,000	8,523	$505	Light Industry
Smales Road, East Tamaki	Mar-16	$4,100,000	6,725	$610	Light Industry

**Lot 3, Subject Property: The agreed sale rate is $1,000 psm, less total subdivision costs. We further outline details of the sale below.*

The above sales represent a range of rates between $406 and $1,101 per square metre. We consider the subject to be at the mid-point of the range due to its location, size and shape.

The subject surplus land totals 8,770 square metres, though plan provided show this is to be split into two lots, Lot 2 being 4,962 square metres and Lot 3 being 4,480 square metres. We have been advised that the Lot 3 surplus land has sold unconditionally for $1,000 per square metre less total subdivision costs of approximately $550,000 (excluding margin), providing an indicative sale rate of approximately $877 per square metre plus GST.

Land Sales Summary

When assessing a rate per square metre as a block site, we have been mindful to the following:

- The size of the subject site at 8,770 square metres (or two lots of 4,290 square metres and 4,480 square metres respectively).
- Excellent road exposure
- Located close to the motorway network
- The buoyant demand for industrial zoned land in the location and Auckland in general
- Development potential
- Generally level contour
- Regular shape

Based on the evidence and comments outlined above, we have adopted a vacant land rate of **$850** per square metre to the subject surplus land.

9 Valuation Considerations

9.1 SWOT Analysis

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

Strengths	Weaknesses
• Prominent position along Great South Road benefitting from easy access to the southern motorway, Auckland CBD and Auckland Airport. • A large landholding offering an area of more than 2 hectares with an extended frontage to Great South Road and abutting the southern motorway. • Accommodation provides functional warehousing of a medium stud nature that would suit a range of occupiers. • Held within multiple certificates of title that could be sold down separately in the future. • Agreed lease to current tenant for property 'as if complete'. Provides longer term WALT.	• Dated accommodation that requires some degree of capital expenditure. • The site is contaminated with hazardous building materials that will require capital attention in the future. • Configuration of the buildings would restrict future occupiers. • High portion of offices would be seen as a negative by some investors. • Unknown IEP
Opportunities	**Threats**
• Redevelop the front portion of the site in order to unlock value. • Potential change of use to support trade retail or showroom activity.	• External factors impacting negatively on our economy and property values. • Rising construction costs impacting on the feasibility of any potential redevelopment • Competition from surrounding development limiting market rental growth. • Further contamination of the site.

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 6 months.

This is an estimate of the time it may take to sell the property if it were to be marketed at our opinion of market value. The actual time to sell the property will be impacted on by a range of factors such as the level of marketing undertaken, the number of potential buyers, availability of comparable properties, accessibility of finance and changes in market conditions subsequent to the valuation date.

9.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be a private investor or syndicator.

9.4 Sales History

The subject property last transacted in December 2017 for $19,050,000.

10 Valuation Rationale 'As Is'

10.1 Valuation Overview

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

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

10.2 Valuation Criteria

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

- The characteristics of the location;
- Quality of the improvements/building;
- Leasing covenants/security of income cash flow;
- Weighted remaining lease duration; and
- Expiry profile of tenancies.

We have adopted a core capitalisation rate of 8.00% on our adopted market rental profile and a 9.75% target discount rate.

10.3 Capitalisation Approach

Introduction

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

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	$1,546,715
Ideal Outgoings Recovery (Full Net Leases)	$382,510
Total Market Rental	**$1,929,225**
Less Outgoings Expenditure	($382,510)
Net Market Rental	**$1,546,715**
Rental Adjustments	
Core Income	$1,546,715
Core Income Capitalised at 8.00%	**$19,333,938**
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	($94,151)
Present Value of Letting Up Allowances: 24 months	($2,207,441)
Present Value of Short Term Capital Expenditure: 24 months	($1,369,811)
Total Value Adjustments	**($3,671,402)**
Total Capitalised Value	**$15,662,535**
Adopted Capitalised Value	**$15,660,000**

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Letting Up Allowances

Within our capitalisation calculations we have made present value letting up allowances for those tenancies that are expiring over the next 24 months. This letting up allowance includes rental and outgoings void (downtime) as well as leasing / agents fees with leasing up the captured lease expiry's.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $1,369,811.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $15,660,000.

Our detailed calculations are annexed to this report.

10.4 Discounted Cash Flow Approach

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

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

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

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Industrial							10 year average		2.82%	
	2.75%	2.75%	3.00%	3.25%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%
CPI							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

Letting Up/Incentive/Leasing Cost Allowances

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

Industrial Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex $/sqm	Probability
Vacant	12 months	100%	0 months	100%	$10	100%
Year 1	12 months	100%	0 months	100%	$10	100%
Year 2	12 months	100%	0 months	100%	$10	100%
Year 3	12 months	100%	0 months	100%	$10	100%
Year 4	12 months	100%	0 months	100%	$10	100%
Year 5	12 months	100%	0 months	100%	$10	100%
Year 6	12 months	100%	0 months	100%	$10	100%
Year 7	12 months	100%	0 months	100%	$10	100%
Year 8	12 months	100%	0 months	100%	$10	100%
Year 9	12 months	100%	0 months	100%	$10	100%
Year 10	12 months	100%	0 months	100%	$10	100%

Capital Expenditure

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

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	$1,210,000	Year 6	$11,030
Year 2	$163,184	Year 7	$11,251
Year 3	$10,384	Year 8	$11,476
Year 4	$10,591	Year 9	$183,843
Year 5	$10,814	Year 10	$11,939

Total CAPEX allowances amount to $1,634,511 ($106.83 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 8.50% (a 50 basis point softening to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

Transaction Costs

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

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

Discount Rate

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

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

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 9.75% to the cash flows to produce a present value of $15,540,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	8.25%	8.50%	8.75%
9.50%	$16,130,000	$15,840,000	$15,570,000
9.75%	$15,830,000	**$15,540,000**	$15,270,000
10.00%	$15,530,000	$15,250,000	$14,990,000

10.5 Surplus Land Component

To establish land values to the surplus, we have analysed vacant land sales in order to determine a rate per square metre. Utilising the land value rates established, we have made appropriate adjustments for physical and locational characteristics as well as general market growth so that an appropriate rate may be applied to the subject.

We have investigated a wide range of recent brownfields (redevelopment) sales, as well as extending our research across a wider geographical region to establish general parameters to determine whether any discounts for size should apply. We set out below our adopted additional value to the surplus land component of the property.

Surplus Land Valuation	Site Area	Rate psm	Market Value
	4,480 sqm @	$850	$3,808,000
Adopted Value			**$3,810,000**

10.6 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$15,660,000
Capitalisation Approach - Contract Income	$15,670,000
Discounted Cash Flow Approach	$15,540,000
Adopted Value	**$15,600,000**
Surplus Land Value	$3,810,000
Adopted Value	**$19,410,000**

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market investment sentiment, we have adopted a rounded valuation figure of **$15,600,000** plus GST (if any).

The assessed value reflects an initial passing yield of 6.28%, an equivalent yield of 8.03%, an internal rate of return of 9.69%, and a rate of $1,020 per square metre of Net Lettable Area, as leased.

11 Valuation - 'As Is'

In accordance with your instructions we have assessed the market value of the 100% freehold interest in the property as follows.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 31 October 2018, is:

$19,410,000 plus GST (if any)

Nineteen Million Four Hundred and Ten Thousand Dollars plus GST (if any)

12 Valuation Rationale 'As if Complete'

We have been instructed to value the property on an 'As If Complete' basis. The property 'As If Complete' will comprise of a modern office extension off the original warehouse along with new roofing for the original warehouses and demolition of several buildings which will provide surplus land.

We note we have been provided with an Agreement to Lease for the 'As if Complete' valuation based on an eight (8) year lease term from the date of valuation, with fixed annual reviews of 3.5%, with market reviews on every fourth anniversary and a total current rental of $1,019,120 per annum.

We have been instructed to value the subject property on an 'As if Complete' basis on the assumption that the construction works are completed to a high standard in accordance with the broad parameters and specifications outlined to us.

12.1 Valuation Overview

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

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

12.2 Valuation Criteria

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

- The characteristics of the location;
- Quality of the improvements/building;
- Leasing covenants/security of income cash flow;
- Weighted remaining lease duration; and
- Expiry profile of tenancies.

We have adopted a core capitalisation rate of 6.00% on our adopted market rental profile and an 8.25% target discount rate.

12.3 Capitalisation Approach

Introduction

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

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	$1,019,120
Ideal Outgoings Recovery (Full Net Leases)	$140,940
Total Market Rental	$1,160,060
Less Outgoings Expenditure	($140,940)
Net Market Rental	$1,019,120
Rental Adjustments	
Core Income	$1,019,120
Core Income Capitalised at 6.00%	$16,985,333
Value Adjustments	
Present Value of Short Term Capital Expenditure: 24 months	($14,545)
Total Value Adjustments	($14,545)
Total Capitalised Value	$16,970,788
Adopted Capitalised Value	$16,970,000

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

Our adopted adjustments are detailed as follows:

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $14,545.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $16,970,000.

Our detailed calculations are annexed to this report.

12.4 Discounted Cash Flow Approach

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

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

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

Revenue Projections

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

Growth Rates

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

Growth	1	2	3	4	5	6	7	8	9	10
Industrial							10 year average		2.77%	
	2.25%	2.50%	3.00%	3.00%	3.25%	3.25%	3.00%	2.50%	2.50%	2.50%
CPI							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		1.99%	
	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

Letting Up/Incentive/Leasing Cost Allowances

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

Industrial Letting Up Allowances

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

Capital Expenditure

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

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	$10,000	Year 6	$5,515
Year 2	$5,090	Year 7	$5,625
Year 3	$5,192	Year 8	$58,593
Year 4	$5,296	Year 9	$5,853
Year 5	$5,407	Year 10	$5,970

Total CAPEX allowances amount to $113,597 ($12.09 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 6.25% (a 25 basis point softening to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

Transaction Costs

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

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

Discount Rate

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

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

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.25% to the cash flows to produce a present value of $17,040,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	6.00%	6.25%	6.50%
8.00%	$17,750,000	$17,340,000	$16,960,000
8.25%	$17,440,000	**$17,040,000**	$16,670,000
8.50%	$17,140,000	$16,750,000	$16,390,000

12.5 Surplus Land Component

To establish land values to the surplus, we have analysed vacant land sales in order to determine a rate per square metre. Utilising the land value rates established, we have made appropriate adjustments for physical and locational characteristics as well as general market growth so that an appropriate rate may be applied to the subject.

We have investigated a wide range of recent brownfields (redevelopment) sales, as well as extending our research across a wider geographical region to establish general parameters to determine whether any discounts for size should apply. We set out below our adopted additional value to the surplus land component of the property.

Surplus Land Valuation	Site Area	Rate psm	Market Value
	8,770 sqm @	$850	$7,454,500
Adopted Value			$7,450,000

12.6 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$16,970,000
Capitalisation Approach - Contract Income	$16,970,000
Discounted Cash Flow Approach	$17,040,000
Adopted Value	$17,000,000
Surplus Land Value	$7,450,000
Adopted Value	$24,450,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market investment sentiment, we have adopted a rounded valuation figure of **$17,000,000** plus GST (if any).

The assessed value reflects an initial passing yield of 5.99%, an equivalent yield of 5.99%, an internal rate of return 8.28%, and a rate of $1,809 per square metre of Net Lettable Area, as leased.

13 Valuation 'As if Complete'

In accordance with your instructions we have assessed the market value of the 100% freehold interest in the property as follows.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 31 October 2018, is:

$24,450,000 plus GST (if any)

Twenty Four Million Four Hundred and Fifty Thousand Dollars plus GST (if any)

14 Mortgage Security Recommendation

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

14.1 Market Value Apportionment – 'As Is'

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

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

Valuation Apportionment	Value
Land Value	$11,870,000
Surplus Land	$3,810,000
Improvements Value	$3,730,000
Adopted Value	$19,410,000

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

Finally, and in accordance with our normal practice, we confirm that this report is confidential to Augusta Industrial Fund Limited (or its subsidiaries) for Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising, and Mortgage Security and ASB Bank Limited for Mortgage Security Purposes. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

JLL, Valuation & Advisory

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Head of Valuations & Advisory - Industrial
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wouter.robberts@ap.jll.com

Sophie Louis BProp
Assistant Valuer
+64 9 363 0237
sophie.louis@ap.jll.com

Valuers Involvement in the preparation of this report:

Role	Name
Inspection of Property/Assets:	Wouter Robberts / Sophie Louis
Calculations:	Wouter Robberts
Information Review:	Wouter Robberts
Reporting Authoring:	Wouter Robberts / Sophie Louis
Quality Assurance	Glenn Loraine
Principal Valuer	Wouter Robberts

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

Valuation Definitions

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

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

Computer Interest Register

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **NA1137/135**
Land Registration District **North Auckland**
Date Issued 20 April 1955

Prior References
NA695/223

Estate	Fee Simple
Area	2023 square metres more or less
Legal Description	Part Lot 2 Deposited Plan 27421

Proprietors
Augusta Industrial Fund No.2 Limited

Interests

Fencing Agreement in Transfer 292404

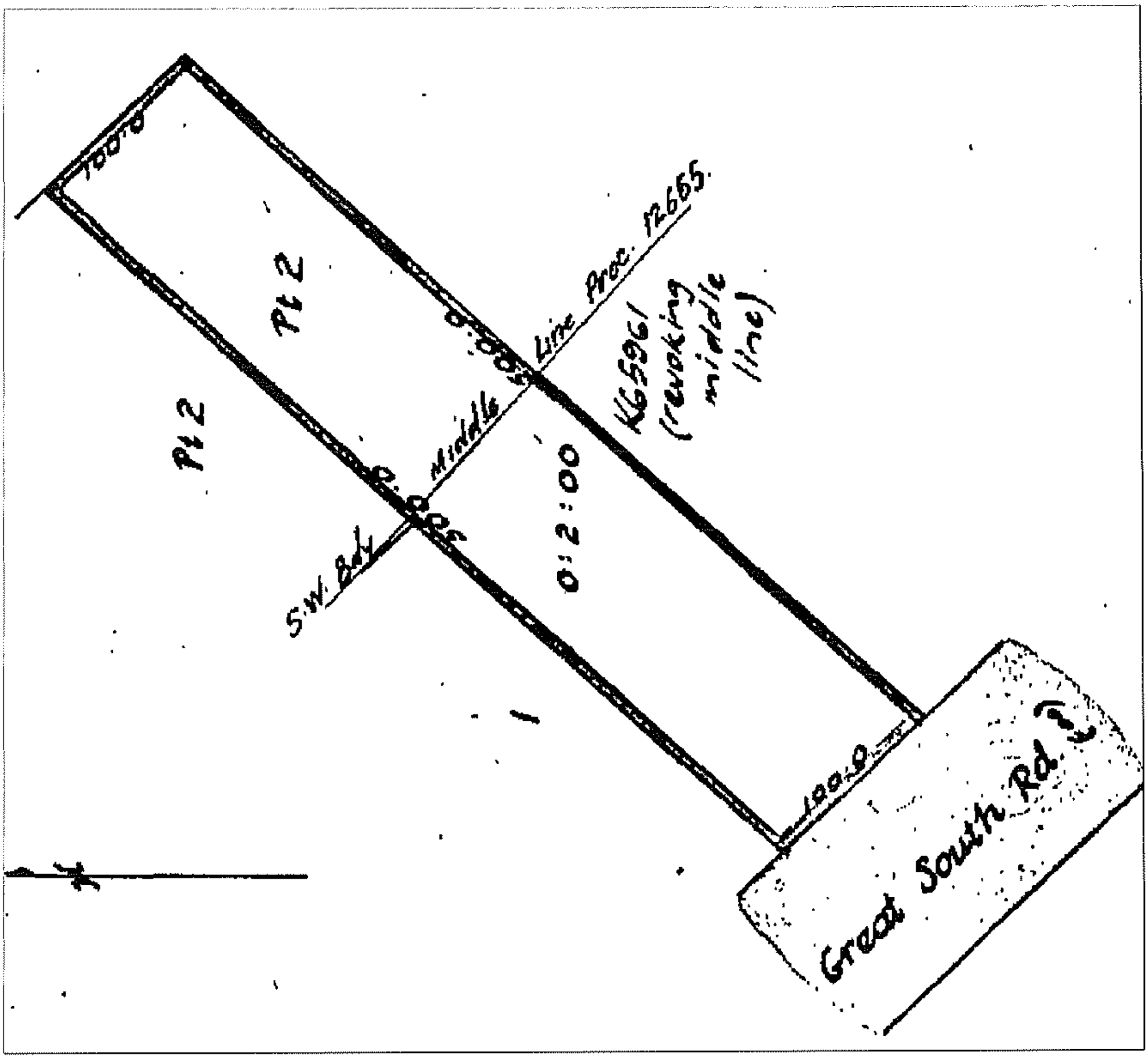
D256355.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 - 26.3.1998 AT 3.59 PM

7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

11139820.3 Mortgage to ASB Bank Limited - 15.6.2018 at 4:46 pm


100.0
Pt 2
Pt 2
Line Proc. 12665.
Middle
K65961 (revoking middle line)
0:2:00
S.W. Bdy
100.0
Great South Rd.

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier	**NA1020/180**
Land Registration District	**North Auckland**
Date Issued	18 December 1951

Prior References
NA695/222 NA695/223

Estate	Fee Simple
Area	2023 square metres more or less
Legal Description	Lot 1 Deposited Plan 27421 and Part Lot 2 Deposited Plan 27421

Proprietors
Augusta Industrial Fund No.2 Limited

Interests

Fencing Agreement in Transfer 292404

Fencing Agreement in Transfer 292403

Fencing Agreement in Transfer 503092 - 18.12.1951

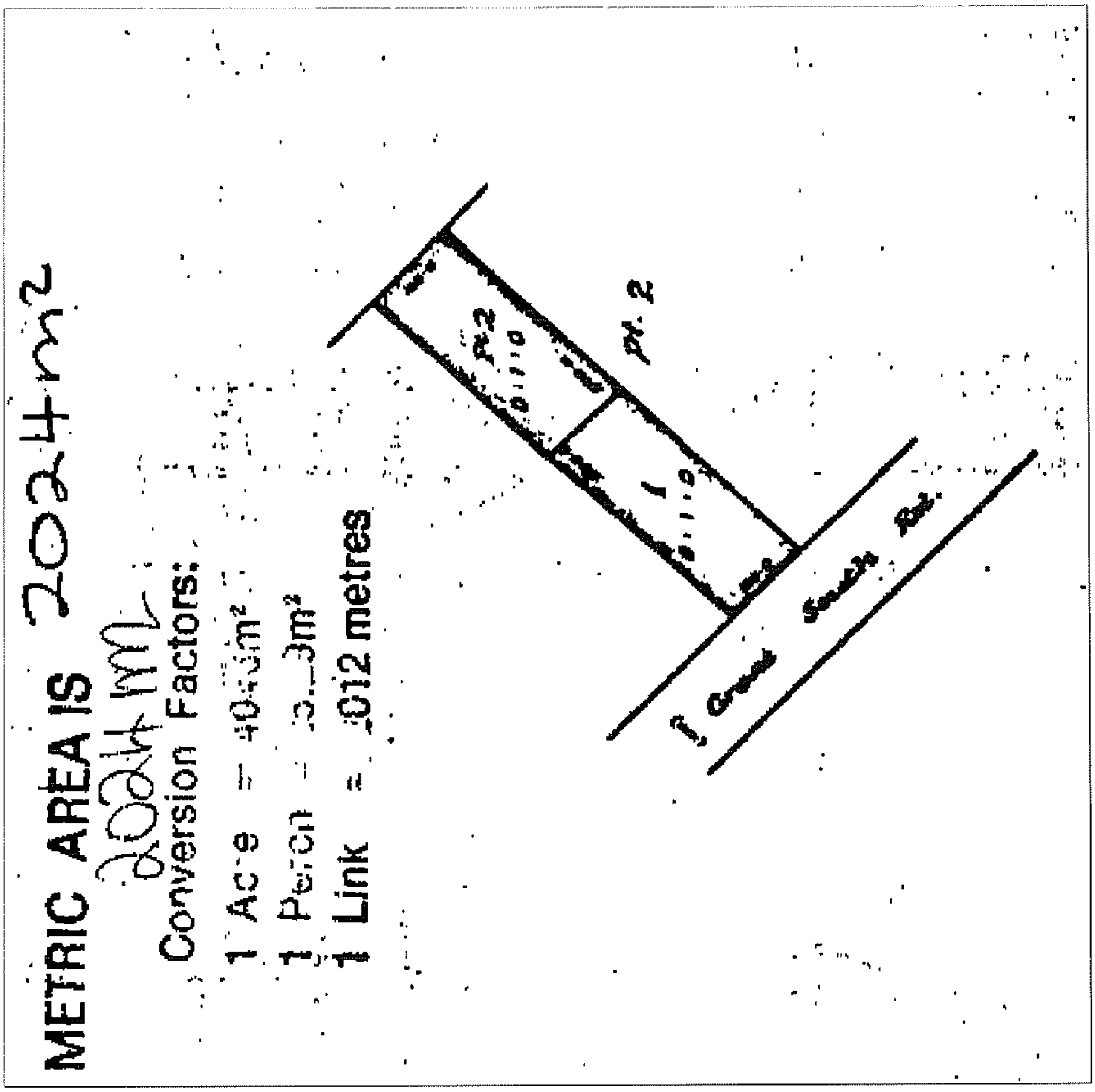
D256355.1 CERTIFICATE PURSUANT TO SECTION 37 BUILDING ACT 1991 - 26.3.1998 AT 3.59 PM

7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

11139820.3 Mortgage to ASB Bank Limited - 15.6.2018 at 4:46 pm


METRIC AREA IS 2024m²
2024 m2
Conversion Factors:
1 Acre =
1 Perch =
1 Link =
metres
Pt. 2
Pt. 2
1
Great South Rd.

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier NA723/293
Land Registration District North Auckland
Date Issued 06 February 1940

Prior References
NA615/137

Estate	Fee Simple
Area	2023 square metres more or less
Legal Description	Lot 1 Deposited Plan 29269

Proprietors
Augusta Industrial Fund No.2 Limited

Interests

Fencing Agreement in Transfer 318100 - 6.2.1940

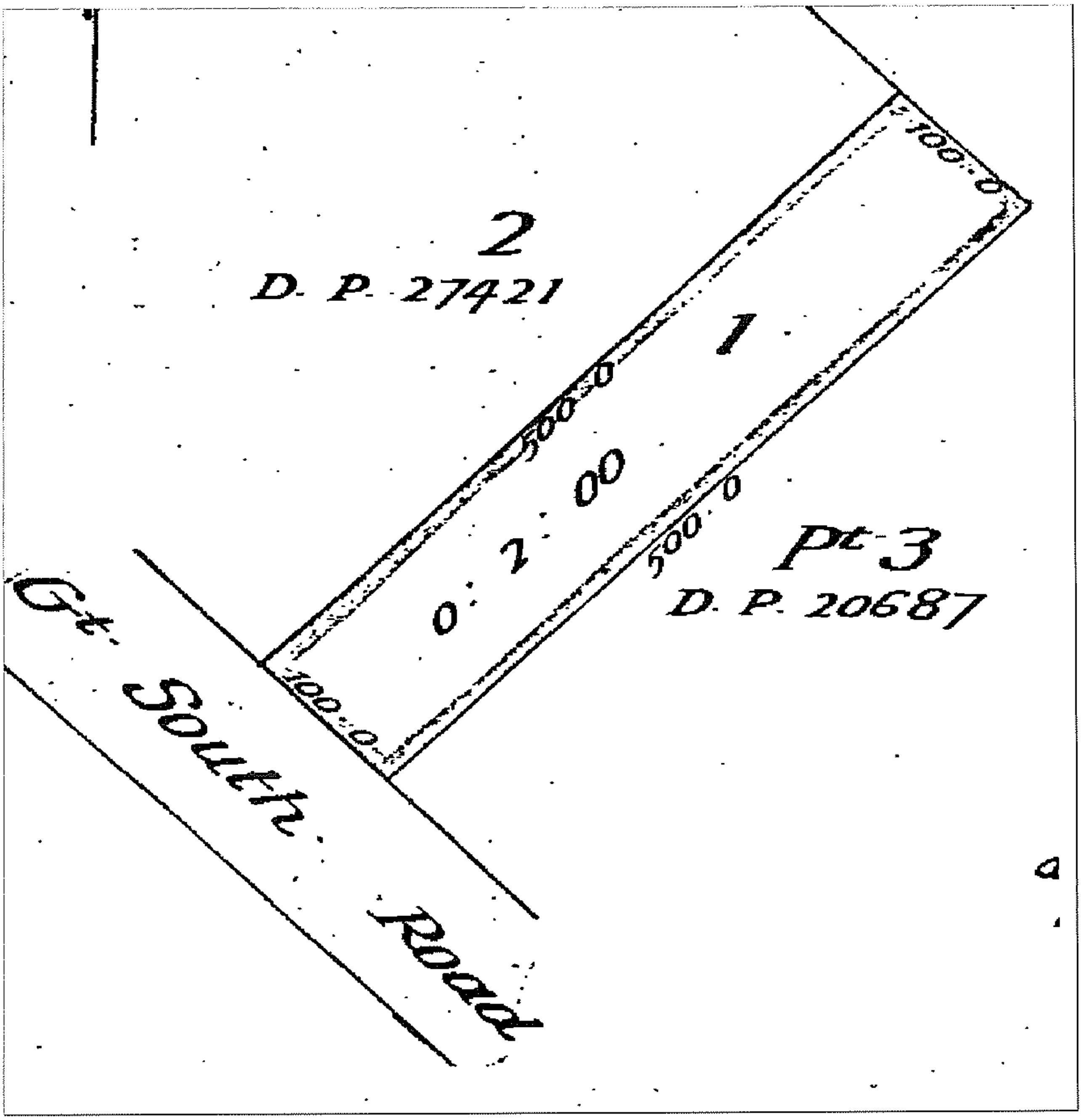
7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

11139820.3 Mortgage to ASB Bank Limited - 15.6.2018 at 4:46 pm

Identifier NA723/293



COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **NA717/111**
Land Registration District **North Auckland**
Date Issued 16 August 1939

Prior References
NA615/137

Estate	Fee Simple
Area	4047 square metres more or less
Legal Description	Lot 1 Deposited Plan 28959

Proprietors
Augusta Industrial Fund No.2 Limited

Interests

10569 Proclamation defining middle line of road - 5.2.1941 at 9.30 am

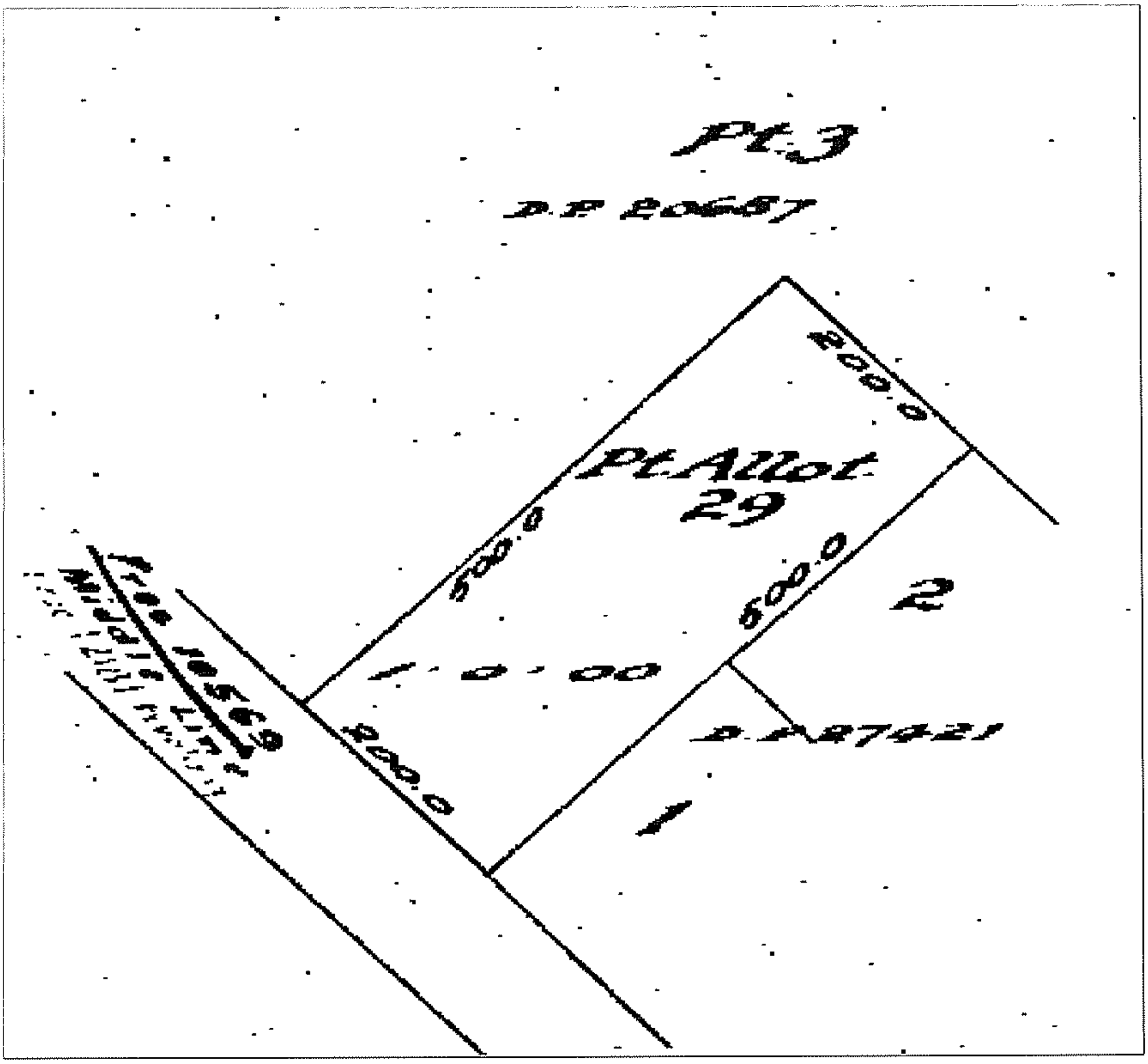
7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

11139820.3 Mortgage to ASB Bank Limited - 15.6.2018 at 4:46 pm

Identifier **NA717/111**



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UNDER LAND TRANSFER ACT 1952

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R.W. Muir
Registrar-General
of Land

Identifier **NA20D/1433**
Land Registration District **North Auckland**
Date Issued 17 December 1971

Prior References
NA783/271

Estate	Fee Simple
Area	4047 square metres more or less
Legal Description	Lot 1 Deposited Plan 30597

Proprietors
Augusta Industrial Fund No.2 Limited

Interests

Fencing Agreement in Transfer 341414

Subject to a right of way over part created by Transfer 630175

Appurtenant hereto is a right of way created by Transfer 630175

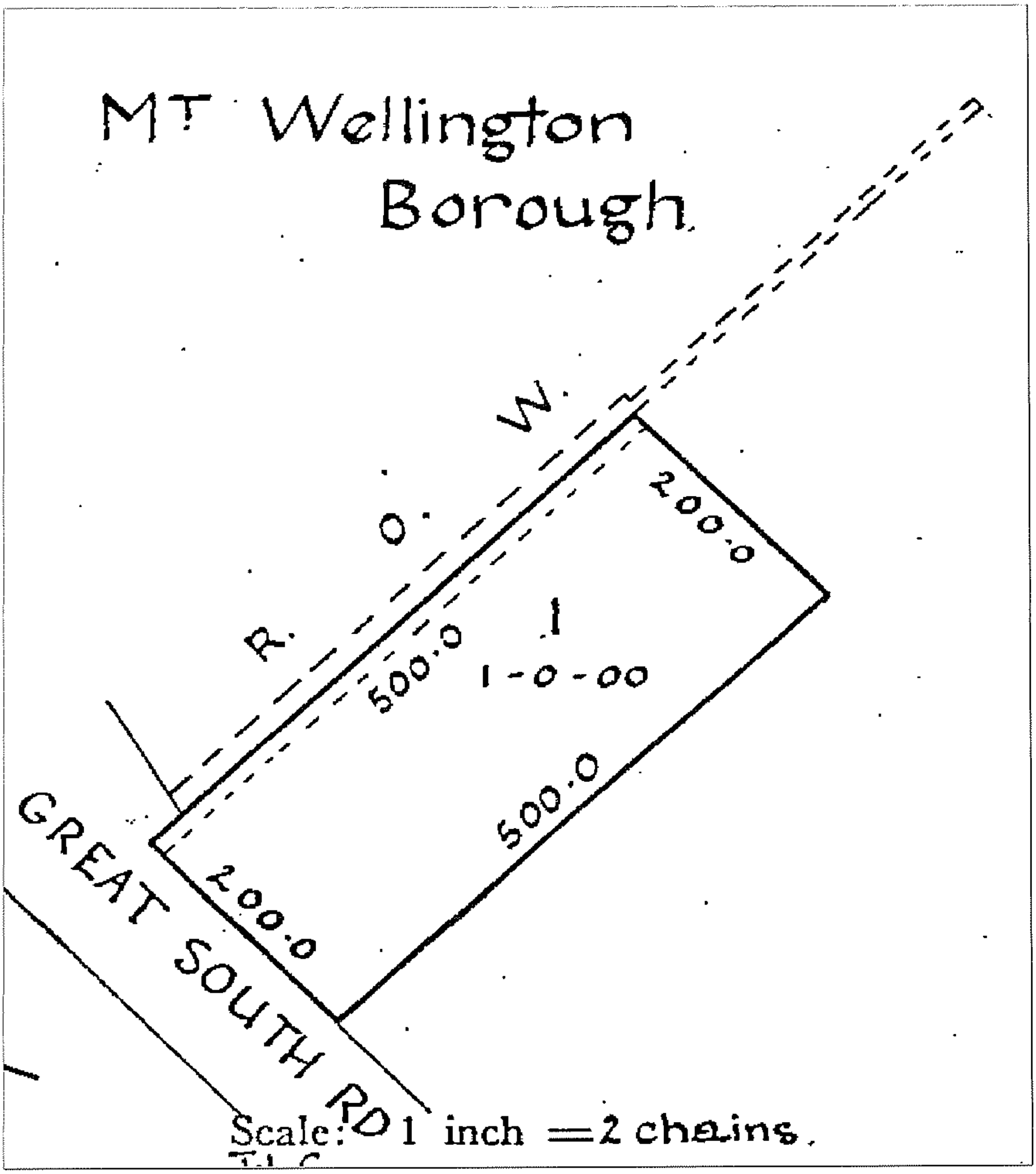
7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

11139820.3 Mortgage to ASB Bank Limited - 15.6.2018 at 4:46 pm

Identifier NA20D/1433



COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

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R.W. Muir
Registrar-General
of Land

Identifier	**NA2D/1065**
Land Registration District	**North Auckland**
Date Issued	23 February 1965

Prior References
NAPR1501/70

Estate	Fee Simple
Area	9573 square metres more or less
Legal Description	Allotment 123 Section 12 Suburbs of Auckland

Proprietors
Augusta Industrial Fund No.2 Limited

Interests

Subject to Section 59 Land Act 1948

Subject to a right of way over part created by Transfer 630175 - 19.11.1959 at 9.30 am

Appurtenant hereto are rights of way created by Transfer 630175 - 19.11.1959 at 9.30 am

A218746 Partial Surrender of rights of way Easement specified in Transfer 630175 - 3.5.1967 at 2.35 pm

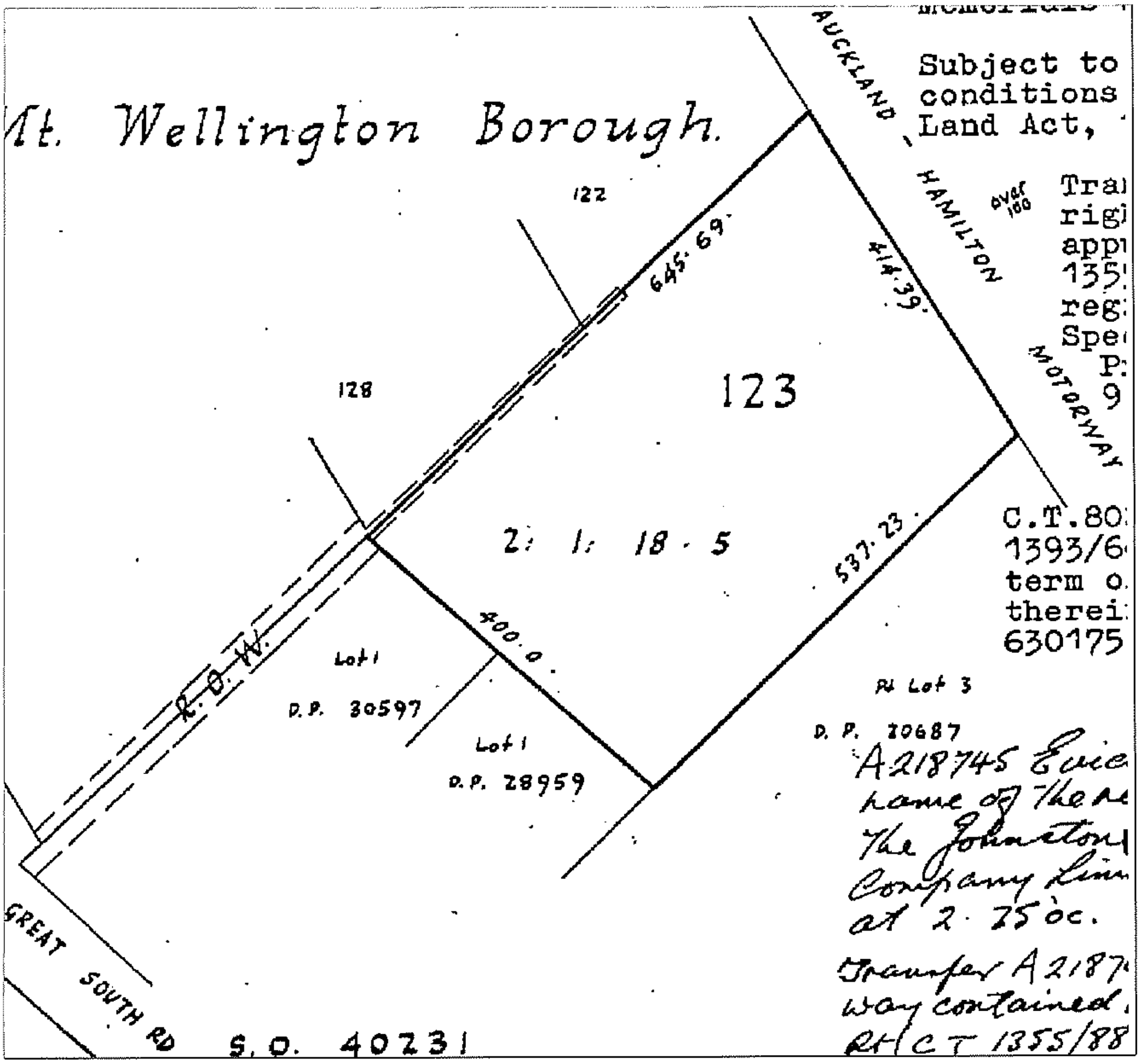
7526157.5 Lease Term 9 Years commencing 17.8.2007 (Right of Renewal) CT 377620 issued - 3.9.2007 at 9:00 am

10416839.2 Variation of Lease 7526157.5 and extension of term to now 31 December 2017 - 21.6.2016 at 3:24 pm

10500585.4 Variation of Lease 7526157.5 and extension of term 31 December 2018 - 1.8.2016 at 2:54 pm

11139820.3 Mortgage to ASB Bank Limited - 15.6.2018 at 4:46 pm

Identifier **NA2D/1065**



Valuations Calculations 'As Is'

Executive Summary

Property	'As Is' - 862 Great South Road, Penrose, Auckland
Property Description	Industrial
Net Lettable Area	15,300 square metres
Car Parking	Nil
Prepared For	Augusta Industrial Fund Limited
Purpose	Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising, and Mortgage Security
Date of Valuation	31 October 2018
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	$15,600,000 plus GST (if any)
Surplus Land	$3,810,000 plus GST (if any)
Adopted Value	**$19,410,000 plus GST (if any)**

Valuation Analysis

Initial Yield (Net Passing)	6.28%
Initial Yield (Fully Leased)	6.28%
Equivalent Yield	8.03%
Internal Rate of Return (Ten Year)	9.69%
Weighted Average Lease Term - Income	0.17 years
Weighted Average Lease Term - Area	0.17 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	$1,020 /sqm

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

Capitalisation Approach

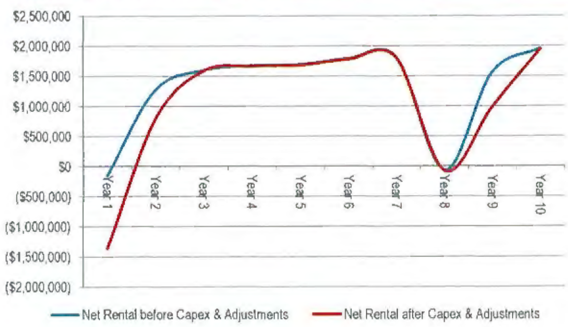
Value Based on Market Capitalisation	$15,660,000
Value Based on Contract Capitalisation	$15,670,000
Capitalisation Rate	8.00%

Discounted Cashflow Approach

Value Based on DCF Approach	$15,540,000
Discount Rate	9.75%
Terminal Capitalisation Rate	8.50%
Nominal Assumed Rental Growth	2.82% pa
Nominal Assumed CPI	1.99% pa

Major Tenant Occupancy Profile by Rental Income

Projected Net Rental Cash Flow



Contract and Market Rental Income Summary

	Contract	Market
Rental Income	$980,000	$1,546,715
Other Income		
Recoverable Outgoings	$382,510	$382,510
Gross Income	$1,362,510	$1,929,225
Total Outgoings	($382,510)	($382,510)
Less Year 1 Incentives		
Net Income	**$980,000**	**$1,546,715**

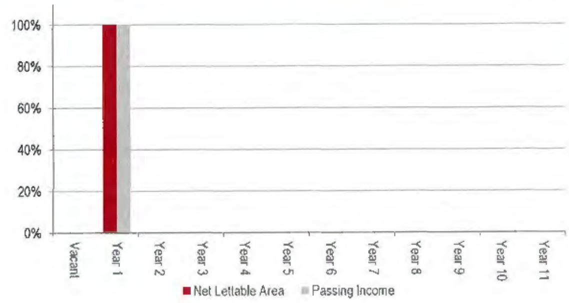
DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	8.25%	8.50%	8.75%
9.50%	$16,130,000	$15,840,000	$15,570,000
9.75%	$15,830,000	**$15,540,000**	$15,270,000
10.00%	$15,530,000	$15,250,000	$14,990,000

Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	$1,210,000	$163,184	$10,384
Letting Up	$1,986,480	$317,837	$0
Unexpired Incentives	$0	$0	$0

Lease Expiry Profile



Capitalisation Approach - Market Income
'As Is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Market Income	
Lettable area rental	$1,546,715
Car Parking Rental	$0
Ideal Outgoings Recovery (Full Net Leases)	$382,510
Total Market Rental	**$1,929,225**
Less Outgoings Expenditure	($382,510)
Net Market Rental	**$1,546,715**
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	**$1,546,715**
Core Income Capitalised at 8.00%	**$19,333,938**

Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	($94,151)
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	($2,207,441)
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	($1,369,811)
Value of Other Income	$0
Total Value Adjustments	**($3,671,402)**
Total Capitalised Value	$15,662,535
Adopted Capitalised Value	$15,660,000
Adopted Value	**$15,600,000**

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	0.17 years	Initial Yield (Net Passing)	6.28%
By Area	0.17 years	Initial Yield (Fully Leased)	6.28%
Current Vacancies		Equivalent Market Yield	8.03%
By Area	0 sqm	Rate per m² of NLA	$1,020 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	$0	Net Passing Income	$980,000
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	$980,000

Capitalisation Approach - Contract Income
'As Is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Passing Income	
Lettable Area Rental	$980,000
Car Parking Rental	$0
Outgoings Recovery	$382,510
Total Passing Rental	**$1,362,510**
Less Outgoings Expenditure	($382,510)
Net Passing Income*	**$980,000**
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	**$980,000**
Core Income Capitalised at 8.00%	**$12,250,000**
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$6,993,653
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	($2,207,441)
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	($1,369,811)
Value of Other Income	$0
Total Value Adjustments	**$3,416,401**
Total Capitalised Value	$15,666,401
Adopted Capitalised Value	$15,670,000
Adopted Value	**$15,600,000**

* Excludes adjustments for outstanding incentives and any other income

JLL

Discounted Cashflow Approach
'As Is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Discounted Cashflow Results	
PV of Rental Income	$6,166,782
PV of Terminal Value	$9,374,503
Acquisition Costs	$0
Total Net Present Value	**$15,541,285**
Adopted Net Present Value	$15,540,000
Adopted Value	**$15,600,000**
Adopted Discount Rate	9.75%
Internal Rate of Return	9.69%

Sensitivity Analysis*		Terminal Yield	
Discount Rate	8.25%	8.50%	8.75%
9.50%	$16,130,000	$15,840,000	$15,570,000
9.75%	$15,830,000	**$15,540,000**	$15,270,000
10.00%	$15,530,000	$15,250,000	$14,990,000

* Rounded Values

Key Property Statistics	Valuation Date	Terminal Period
Weighted Average Lease Term - Income	0.17 years	4.17 years
Weighted Average Lease Term - Area	0.17 years	4.17 years
Occupancy	100.00%	100.00%
Initial Yield (Net Passing)	6.28%	8.12%
Initial Yield (Fully Leased)	6.28%	8.12%
Capex Assumptions		
Total Allowance over DCF Period	$1,634,511	$106.83 /sqm
Proportion of Adopted Value	10.48%	

Year Ending		30-Oct-2019 Year 1	30-Oct-2020 Year 2	30-Oct-2021 Year 3	30-Oct-2022 Year 4	30-Oct-2023 Year 5	30-Oct-2024 Year 6	30-Oct-2025 Year 7	30-Oct-2026 Year 8	30-Oct-2027 Year 9	30-Oct-2028 Year 10	30-Oct-2029 Year 11
Rental Income												
Lettable Area and Car Park Income		$163,333	$1,330,904	$1,597,085	$1,676,930	$1,692,899	$1,790,642	$1,810,190	$301,698	$1,632,625	$1,959,151	$0
Outgoings Recovery		$63,752	$324,496	$397,183	$405,127	$413,634	$421,907	$430,345	$73,159	$373,109	$456,686	$0
Other Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income		$227,085	$1,655,400	$1,994,268	$2,082,057	$2,106,533	$2,212,549	$2,240,535	$374,857	$2,005,735	$2,415,836	$0
Rental Deductions												
Unexpired Incentives		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure		($382,510)	($389,395)	($397,183)	($405,127)	($413,634)	($421,907)	($430,345)	($438,952)	($447,731)	($456,686)	$0
Net Rental Cashflow		($155,425)	$1,266,005	$1,597,085	$1,676,930	$1,692,899	$1,790,642	$1,810,190	($64,095)	$1,558,004	$1,959,151	$0
Rental Adjustments												
Letting Up Allowances - Leasing Fees		$0	($317,837)	$0	$0	$0	$0	$0	$0	($385,101)	$0	$0
Capital Expenditure		($1,210,000)	($163,184)	($10,384)	($10,591)	($10,814)	($11,030)	($11,251)	($11,476)	($183,843)	($11,939)	$0
Net Cashflow		**($1,365,425)**	**$784,984**	**$1,586,701**	**$1,666,339**	**$1,682,085**	**$1,779,612**	**$1,798,940**	**($75,571)**	**$989,059**	**$1,947,211**	**$0**
Purchase Price	$15,600,000											
Acquisition Costs @ 0.00%	$0											
Gross Purchase Price	$15,600,000											
Net Sale Price After Costs @ 1.50%												$23,768,050
Annual Cashflow		**($16,965,425)**	**$784,984**	**$1,586,701**	**$1,666,339**	**$1,682,085**	**$1,779,612**	**$1,798,940**	**($75,571)**	**$989,059**	**$1,947,211**	**$23,768,050**
Running Initial Yield		0.00%	8.12%	10.24%	10.75%	10.85%	11.48%	11.60%	0.00%	9.99%	12.56%	-
Running IRR		10.07%	10.38%	10.53%	10.72%	10.85%	8.93%	9.14%	9.46%	9.61%	9.69%	-

Growth and Cost Assumptions

	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Industrial	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	2.82%						
Rental Growth Rate	-	2.75%	2.75%	3.00%	3.25%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Letting Up Assumption	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	$0	$153,004	$0	$0	$0	$0	$0	$0	$172,138	$0	$0	$0

Growth Rates	Average	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Ancillary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Carparking	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CPI	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Ground Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Tenancy Schedule
'As Is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises $/sqm	Car Park pcpw	Net Market Rental Total	Premises $/sqm	Car Park pcpw	Outgoings Recovery
1. Colorpak	Offices - Level	666.9		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$68,654	$102.95		$96,701	$145.00		$16,673
2. Colorpak	Original Warehou	1,704.5		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$80,618	$47.30		$110,793	$65.00		$42,613
3. Colorpak	Offices and Ameni	2,520.5		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$250,324	$99.32		$315,063	$125.00		$63,013
4. Colorpak	Canopies	75.6		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$2,384	$31.53		$4,536	$60.00		$1,890
5. Colorpak	Deck	104.6		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$3,710	$35.47		$6,276	$60.00		$2,615
6. Colorpak	Warehouse 2	6,062.5		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$310,636	$51.24		$606,250	$100.00		$151,563
7. Colorpak	Warehouse - Bulk S	2,174.6		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$134,461	$61.83		$217,460	$100.00		$54,365
8. Colorpak	Offices and Ameni	642.0		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$68,325	$106.43		$93,090	$145.00		$16,050
9. Colorpak	Basement Workshop /	1,163.5		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$55,031	$47.30		$87,263	$75.00		$29,088
10. Colorpak	Canopies	185.7		11.4 years	17-Aug-07	31-Dec-18		1 yearly	Market	$5,855	$31.53		$9,285	$50.00		$4,643

GLA	15,300 sqm	0	Passing Rental	$980,000	Market Rental	$1,546,715	Outgoings Recovery	$382,510
NLA	15,300 sqm		Net Passing Rental	$980,000			Vacant Outgoings	$0
							Outgoings Shortfall	$0
							Total Outgoings	$382,510

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Annualised Receivable Income
'As Is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Tenant Name	Premises	Year 1 30-Oct-2019	Year 2 30-Oct-2020	Year 3 30-Oct-2021	Year 4 30-Oct-2022	Year 5 30-Oct-2023	Year 6 30-Oct-2024	Year 7 30-Oct-2025	Year 8 30-Oct-2026	Year 9 30-Oct-2027	Year 10 30-Oct-2028
Colorpak	)ffices - Level	$11,442	$83,208	$99,850	$104,842	$105,840	$111,951	$113,173	$18,862	$102,072	$122,486
Colorpak	iginal Warehou	$13,436	$95,334	$114,401	$120,120	$121,264	$128,265	$129,665	$21,611	$116,946	$140,336
Colorpak	ces and Ameni	$41,721	$271,102	$325,323	$341,587	$344,840	$364,750	$368,732	$61,455	$332,562	$399,075
Colorpak	Canopies	$397	$3,903	$4,684	$4,918	$4,965	$5,251	$5,309	$885	$4,788	$5,746
Colorpak	Deck	$618	$5,400	$6,480	$6,804	$6,869	$7,266	$7,345	$1,224	$6,625	$7,950
Colorpak	Warehouse 2	$51,773	$521,661	$625,993	$657,289	$663,548	$701,859	$709,522	$118,254	$639,923	$767,908
Colorpak	ehouse - Bulk S	$22,410	$187,118	$224,542	$235,768	$238,013	$251,755	$254,503	$42,417	$229,539	$275,446
Colorpak	ces and Ameni	$11,388	$80,101	$96,122	$100,927	$101,888	$107,771	$108,947	$18,158	$98,261	$117,913
Colorpak	ent Workshop /	$9,172	$75,087	$90,104	$94,609	$95,510	$101,024	$102,127	$17,021	$92,109	$110,531
Colorpak	Canopies	$976	$7,989	$9,587	$10,067	$10,163	$10,749	$10,867	$1,811	$9,801	$11,761
Total Receivable Rental Income		$163,333	$1,330,904	$1,597,085	$1,676,930	$1,692,899	$1,790,642	$1,810,190	$301,698	$1,632,625	$1,959,151

Valuation Calculations 'As If Complete'

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Executive Summary

Property	'As if Complete' - 862 Great South Road, Penrose, Auckland
Property Description	Industrial
Net Lettable Area	9,396 square metres
Car Parking	Nil
Prepared For	Augusta Industrial Fund Limited
Purpose	Use by Prospective Investors (on a non-reliance basis) in that Company, Financial Reporting, Capital Raising, and Mortgage Security
Date of Valuation	31 October 2018
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	$17,000,000 plus GST (if any)
Surplus Land	$7,450,000 plus GST (if any)
Adopted Value	**$24,450,000 plus GST (if any)**

Valuation Analysis

Initial Yield (Net Passing)	5.99%
Initial Yield (Fully Leased)	5.99%
Equivalent Yield	5.99%
Internal Rate of Return (Ten Year)	8.28%
Weighted Average Lease Term - Income	8.00 years
Weighted Average Lease Term - Area	8.00 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	$1,809 /sqm

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

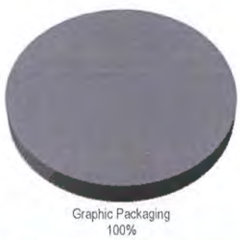
Capitalisation Approach

Value Based on Market Capitalisation	$16,970,000
Value Based on Contract Capitalisation	$16,970,000
Capitalisation Rate	6.00%

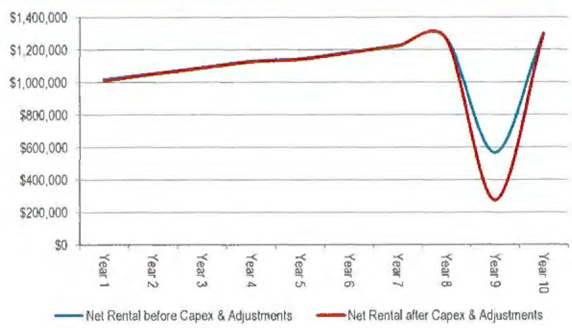
Discounted Cashflow Approach

Value Based on DCF Approach	$17,040,000
Discount Rate	8.25%
Terminal Capitalisation Rate	6.25%
Nominal Assumed Rental Growth	2.82% pa
Nominal Assumed CPI	1.99% pa

Major Tenant Occupancy Profile by Rental Income



Projected Net Rental Cash Flow



Contract and Market Rental Income Summary

	Contract	Market
Rental Income	$1,019,120	$1,019,120
Other Income		
Recoverable Outgoings	$140,940	$140,940
Gross Income	$1,160,060	$1,160,060
Total Outgoings	($140,940)	($140,940)
Less Year 1 Incentives		
Net Income	**$1,019,120**	**$1,019,120**

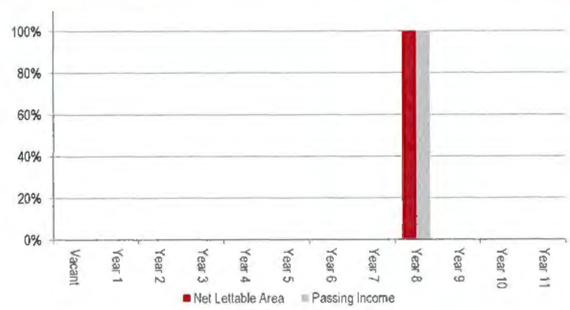
DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	6.00%	6.25%	6.50%
8.00%	$17,750,000	$17,340,000	$16,960,000
8.25%	$17,440,000	**$17,040,000**	$16,670,000
8.50%	$17,140,000	$16,750,000	$16,390,000

Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	$10,000	$5,090	$5,192
Letting Up	$0	$0	$0
Unexpired Incentives	$0	$0	$0

Lease Expiry Profile



Market Income	
Lettable area rental	$1,019,120
Car Parking Rental	$0
Ideal Outgoings Recovery (Full Net Leases)	$140,940
Total Market Rental	**$1,160,060**
Less Outgoings Expenditure	($140,940)
Net Market Rental	**$1,019,120**
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	**$1,019,120**
Core Income Capitalised at 6.00%	**$16,985,333**

Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$0
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	$0
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	($14,545)
Value of Other Income	$0
Total Value Adjustments	**($14,545)**
Total Capitalised Value	$16,970,788
Adopted Capitalised Value	$16,970,000
Adopted Value	**$17,000,000**

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	8.00 years	Initial Yield (Net Passing)	5.99%
By Area	8.00 years	Initial Yield (Fully Leased)	5.99%
Current Vacancies		Equivalent Market Yield	5.99%
By Area	0 sqm	Rate per m² of NLA	$1,809 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	$0	Net Passing Income	$1,019,120
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	$1,019,120

Capitalisation Approach - Contract Income
As is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Passing Income	
Lettable Area Rental	$1,019,120
Car Parking Rental	$0
Outgoings Recovery	$140,940
Total Passing Rental	**$1,160,060**
Less Outgoings Expenditure	($140,940)
Net Passing Income*	**$1,019,120**
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	**$1,019,120**
Core Income Capitalised at 6.00%	**$16,985,333**
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$0
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	$0
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	($14,545)
Value of Other Income	$0
Total Value Adjustments	**($14,545)**
Total Capitalised Value	$16,970,788
Adopted Capitalised Value	$16,970,000
Adopted Value	**$17,000,000**

* Excludes adjustments for outstanding incentives and any other income

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Discounted Cashflow Approach
As is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Discounted Cashflow Results	
PV of Rental Income	$7,404,012
PV of Terminal Value	$9,638,576
Acquisition Costs	$0
Total Net Present Value	**$17,042,588**
Adopted Net Present Value	$17,040,000
Adopted Value	**$17,000,000**
Adopted Discount Rate	8.25%
Internal Rate of Return	8.28%

Sensitivity Analysis*	Terminal Yield		
Discount Rate	6.00%	6.25%	6.50%
8.00%	$17,750,000	$17,340,000	$16,960,000
8.25%	$17,440,000	**$17,040,000**	$16,670,000
8.50%	$17,140,000	$16,750,000	$16,390,000

* Rounded Values

Key Property Statistics	Valuation Date	Terminal Period
Weighted Average Lease Term - Income	8.00 years	4.50 years
Weighted Average Lease Term - Area	8.00 years	4.50 years
Occupancy	100.00%	100.00%
Initial Yield (Net Passing)	5.99%	6.02%
Initial Yield (Fully Leased)	5.99%	6.02%
Capex Assumptions		
Total Allowance over DCF Period	$113,597	$12.09 /sqm
Proportion of Adopted Value	0.67%	

Year Ending		30-Oct-2019 Year 1	30-Oct-2020 Year 2	30-Oct-2021 Year 3	30-Oct-2022 Year 4	30-Oct-2023 Year 5	30-Oct-2024 Year 6	30-Oct-2025 Year 7	30-Oct-2026 Year 8	30-Oct-2027 Year 9	30-Oct-2028 Year 10	30-Oct-2029 Year 11
Rental Income												
Lettable Area and Car Park Income		$1,019,120	$1,054,789	$1,091,707	$1,129,917	$1,146,020	$1,186,131	$1,227,645	$1,270,613	$650,831	$1,301,662	$0
Outgoings Recovery		$140,940	$143,477	$146,346	$149,273	$152,408	$155,456	$158,565	$161,737	$82,486	$168,271	$0
Other Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income		$1,160,060	$1,198,266	$1,238,053	$1,279,190	$1,298,428	$1,341,587	$1,386,211	$1,432,350	$733,317	$1,469,933	$0
Rental Deductions												
Unexpired Incentives		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure		($140,940)	($143,477)	($146,346)	($149,273)	($152,408)	($155,456)	($158,565)	($161,737)	($164,971)	($168,271)	$0
Net Rental Cashflow		$1,019,120	$1,054,789	$1,091,707	$1,129,917	$1,146,020	$1,186,131	$1,227,645	$1,270,613	$568,345	$1,301,662	$0
Rental Adjustments												
Letting Up Allowances - Leasing Fees		$0	$0	$0	$0	$0	$0	$0	$0	($234,661)	$0	$0
Capital Expenditure		($10,000)	($5,090)	($5,192)	($5,296)	($5,407)	($5,515)	($5,625)	($5,738)	($59,765)	($5,970)	$0
Net Cashflow		**$1,009,120**	**$1,049,699**	**$1,086,515**	**$1,124,621**	**$1,140,613**	**$1,180,616**	**$1,222,020**	**$1,264,875**	**$273,919**	**$1,295,692**	**$0**
Purchase Price	$17,000,000											
Acquisition Costs @ 0.00%	$0											
Gross Purchase Price	$17,000,000											
Net Sale Price After Costs @ 1.50%												$21,295,700
Annual Cashflow		**($15,990,880)**	**$1,049,699**	**$1,086,515**	**$1,124,621**	**$1,140,613**	**$1,180,616**	**$1,222,020**	**$1,264,875**	**$273,919**	**$1,295,692**	**$21,295,700**
Running Initial Yield		5.99%	6.20%	6.42%	6.65%	6.74%	6.98%	7.22%	7.47%	3.34%	7.66%	-
Running IRR		6.86%	7.77%	8.18%	8.48%	8.68%	7.98%	8.08%	8.16%	8.25%	8.28%	-

Growth and Cost Assumptions

Industrial	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	2.82%						
Rental Growth Rate	-	2.75%	2.75%	3.00%	3.25%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$53,912	$0	$0

Growth Rates	Average	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Ancillary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Carparking	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CPI	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings	1.99%	1.80%	2.00%	2.00%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Ground Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Tenancy Schedule
As is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises $/sqm	Car Park pcpw	Net Market Rental Total	Premises $/sqm	Car Park pcpw	Outgoings Recovery
1. Graphic Packaging	Office Building	412.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$94,760	$230.00		$94,760	$230.00		$6,180
2. Graphic Packaging	Ground Floor Amer	290.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$58,000	$200.00		$58,000	$200.00		$4,350
3. Graphic Packaging	First Floor Amenit	186.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$37,200	$200.00		$37,200	$200.00		$2,790
4. Graphic Packaging	Existing Canop	187.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$11,220	$60.00		$11,220	$60.00		$2,805
5. Graphic Packaging	Warehouse 2	5,222.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$522,200	$100.00		$522,200	$100.00		$78,330
6. Graphic Packaging	Warehouse - Bulk S	2,745.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$274,500	$100.00		$274,500	$100.00		$41,175
7. Graphic Packaging	New Canopy	273.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$16,380	$60.00		$16,380	$60.00		$4,095
8. Graphic Packaging	Pedestrian Cano	81.0		8.0 years	31-Oct-18	30-Oct-26	31-Oct-19	1 yearly	Fixed	$4,860	$60.00		$4,860	$60.00		$1,215

GLA	9,396 sqm	0	Passing Rental	$1,019,120	Market Rental	$1,019,120	Outgoings Recovery	$140,940
NLA	9,396 sqm		Net Passing Rental	$1,019,120			Vacant Outgoings	$0
							Outgoings Shortfall	$0
							Total Outgoings	$140,940

Annualised Receivable Income
As is' and 'As if Complete' - 862 Great South Road, Penrose, Auckland
31 October 2018

Tenant Name	Premises	Year 1 30-Oct-2019	Year 2 30-Oct-2020	Year 3 30-Oct-2021	Year 4 30-Oct-2022	Year 5 30-Oct-2023	Year 6 30-Oct-2024	Year 7 30-Oct-2025	Year 8 30-Oct-2026	Year 9 30-Oct-2027	Year 10 30-Oct-2028
Graphic Packaging	Office Building	$94,760	$98,077	$101,509	$105,062	$106,559	$110,289	$114,149	$118,144	$60,516	$121,031
Graphic Packaging	ınd Floor Amei	$58,000	$60,030	$62,131	$64,306	$65,222	$67,505	$69,868	$72,313	$37,040	$74,080
Graphic Packaging	st Floor Amenit	$37,200	$38,502	$39,850	$41,244	$41,832	$43,296	$44,812	$46,380	$23,757	$47,513
Graphic Packaging	Existing Canop	$11,220	$11,613	$12,019	$12,440	$12,617	$13,059	$13,516	$13,989	$7,165	$14,331
Graphic Packaging	Warehouse 2	$522,200	$540,477	$559,394	$578,972	$587,224	$607,777	$629,049	$651,066	$333,488	$666,975
Graphic Packaging	ehouse - Bulk S	$274,500	$284,108	$294,051	$304,343	$308,681	$319,484	$330,666	$342,240	$175,301	$350,603
Graphic Packaging	New Canopy	$16,380	$16,953	$17,547	$18,161	$18,420	$19,064	$19,732	$20,422	$10,461	$20,921
Graphic Packaging	edestrian Cano	$4,860	$5,030	$5,206	$5,388	$5,465	$5,656	$5,854	$6,059	$3,104	$6,207
Total Receivable Rental Income		$1,019,120	$1,054,789	$1,091,707	$1,129,917	$1,146,020	$1,186,131	$1,227,645	$1,270,613	$650,831	$1,301,662

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