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Registered Valuers



Approximate Boundaries Indicated

Photo: Courtesy of Colliers

Commercial Market Valuation for Mortgage Purposes

26 Sharpe Road
Rukuhia
Hamilton

Prepared for:
ASB Bank Limited
581 Cameron Road
Tauranga 3110

Your Client: PMG Funds Limited

Date: 7 November 2019

Reference: 1119-05

● commercial ● residential ● land

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1. Executive Summary

Instructed by:	Mr Nigel Lowe of PMG Funds Limited
Purpose of Valuation:	Market Value Assessment on the subject property for mortgage security purposes.
Date of Inspection/Valuation:	7 November 2019
Valuation:	NZD\$27,900,000 (TWENTY SEVEN MILLION NINE HUNDRED THOUSAND DOLLARS)

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

Analysis

Value per sqm of GLA	\$1,743
Value per sqm of Land Area	\$685
Initial Yield	5.56%
Yield on Net Market Income	5.56%
Weighted Average Remaining Lease Term	6.32 years

Valuation Approaches:	Capitalisation of income; land and buildings; and discounted cashflow.
Purchase Price:	NZD\$27,756,526 plus GST (if any) under an executed Agreement for Sale and Purchase of Real Estate.
Mortgage Recommendation:	As per current banking practice, we have not provided a specific mortgage recommendation, however subject to the contents and assumptions of this report; we confirm that the property provides appropriate security for the advance of first mortgage funds.

1.1 Assumptions

In preparing our valuation we have made the following assumptions:

- An annual contract rent of \$1,551,751 plus GST from March 2019.
- Any deferred maintenance or capital expenditure identified by an appropriately qualified building surveyor is undertaken by and at the cost of the vendor prior to settlement.

Should any of these assumptions change or not be met, we reserve the right to reassess our opinion of value accordingly.

1.2 Key Considerations

Condition:

Offices: Generally positioned within the shell of the warehouse and considered to provide average to good quality office accommodation in an industrial context.

Warehouse & Canopy: Good

Saleability:

Average to good, providing a significant industrial facility in the context of the Waikato region, leased to Torpedo 7 Limited which is wholly owned by the NZX listed The Warehouse Group, although at 6.43 years a slightly shorter than preferred unexpired lease term.

The property also has surplus land of some 1.7675ha which has an encumbrance to Waikato Regional Airport until 26 April 2114 but with both Deferral and Put Options at that time if not required for Core Airport Activities. That could allow further development opportunity in the interim.

Property Type:

A 2013 completed industrial building providing ground and first floor offices of some 577.68sqm of a total estimated rentable area of 16,009.69sqm. The floor area includes some 93.3% warehouse or canopy and occupies 3 sites with a combined land area of 40,710sqm. Site coverage is approximately 38.6%.

Torpedo 7 Limited lease Lot 2 DP 450467 and Lot 1 DP 44156 which contains a freehold land area of 23,035sqm. This Lease is for 10 years from 3 March 2016 with four 9-year rights of renewal available. The property has a net annual contract rent of \$1,551,751 plus GST at an average rent of \$96.93 per sqm which is considered market supported. Rent reviews are available on 3 March 2022 and 3 March 2026 and 3-yearly thereafter including subsequent renewal dates. The Lease provides rent increases of 2.5% for every 12 months since the last scheduled rent review date, with a market review available on each renewal date to between 90% and 110% of the annual rent payable immediately prior to the relevant review date.

The property occupies a north-eastern location in Titanium Park, a significant industrial subdivision adjoining Hamilton Airport some 15km south of Hamilton CBD. A variety of development has and continues to occur in the area. Industrial investment demand has included the 2019 sale of the nearby Visy Board manufacturing plant at an initial yield of 4.97% for a 36,000sqm facility.

Industrial investment demand is strong at present, particularly in recognised industrial locations and for larger assets with demand typically coming from syndicators, listed property trusts and high net worth individuals.



2. Property Description

2.1 Legal Description and Interests

25 Sharpe Road

Identifier	576455
Land Registration District	South Auckland
Estate	Fee Simple
Area	1.7675 hectares more or less
Legal Description	Lot 1 Deposited Plan 450467
Registered Owners	Raynes Road Warehouse LP

26 Sharpe Road

Identifier	576456
Land Registration District	South Auckland
Estate	Fee Simple
Area	1.9775 hectares more or less
Legal Description	Lot 2 Deposited Plan 450467
Registered Owners	Raynes Road Warehouse LP

341 Airport Road

Identifier	SA38B/452
Land Registration District	South Auckland
Estate	Fee Simple
Area	3260sqm more or less
Legal Description	Lot 1 Deposited Plan South Auckland 44156
Registered Owners	Raynes Road Warehouse LP

Record of Title

Address	Lot	DP	Identifier	Area (sqm)
25 Sharpe Rd	1	450467	576455	17,675
26 Sharpe Rd	2	450467	576456	19,775
341 Airport Rd	1	44156	SA38B/452	3,260
Total Land Area				40,710

Outstanding Interests:

Interests include:

576455

- B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm (affects part formerly Lot 13 DP 407016)

- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)
- 8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm
- Subject to a right (in gross) to convey water and sewage over part marked H on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey telecommunications, computer media and electricity over part marked H on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36pm
- The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991
- Appurtenant hereto is a right of way and a right to convey telecommunications and computer media created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm
- 8988849.18 Encumbrance to Waikato Regional Airport Limited - 3.4.2012 at 12:36 pm
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576456 and SA38B/452) - 1.11.2012 at 4:35 pm
- 10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 – 27.2.2019 at 7.00 am
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am

576456

- B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm

- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)
- 8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm
- Subject to a right (in gross) to convey water and sewage over parts marked D and C and a right of way pedestrian over part marked J all on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey telecommunications, computer media and electricity over parts marked D and C on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right of way and a right to convey telecommunications and computer media over part marked C on DP 450467 created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and SA38B/452) - 1.11.2012 at 4:35 pm
- 9260357.1 Encumbrance to Waipa District Council - 12.3.2013 at 11:10 am
- Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 461788 in favour of WEL Networks Limited created by Easement Instrument 9667772.2 - 27.5.2014 at 9:54 am
- 10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 – 27.2.2019 at 7.00 am
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and
- RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am

SA38B/452

- B537026.1 Gazette Notice declaring the adjoining State Highway No. 21 (Narrows Bridge - SH3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm
- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and 576456) - 1.11.2012 at 4:35 pm
- 10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm

Interest Comments:576455

8988849.18 is an encumbrance between Titanium Park Limited and Titanium Park Development Limited as Encumbrancer and Waikato Regional Airport Limited as Encumbrancee. We have assumed the affected land (Lot 1 DP 450467 1.7675 ha) will be owned by PMG.

This encumbrance provides:

- a) The Encumbrancee (Waikato Regional Airport) have an option to acquire for Core Airport Activities but only after 99 years ("Option Date") from 27 April 2015
- b) If Land is not required by the Encumbrancee on Option Date, then the Option Date can be deferred 50 years (perpetual option) subject to payment of a deferral fee
- c) The Encumbrancer (assumed PMG) have a Put Option after the Option Date which if exercised requires the Encumbrancee to purchase the Land and Improvements for \$1
- d) If the Encumbrancee exercises the right to acquire the Land prior to the Option Date the effect and implications of this Encumbrance shall be taken into account in the calculation of compensation under the compensation provisions as set out in the Public Works Act 1981

576456

9260357.1 is an encumbrance to Waipa District Council as the northern wall of the building constructed on Lot 2 DP 450467 does not comply with clause C.3 or C.4 of Schedule 1 of the Building Regulations 1992 ("The Building Code") and that the north wall is not constructed so as to prevent the effects of the spread of fire to the neighbouring property. This encumbrance shall remain until the building on Lot 2 DP 450567 complies with the Building Code, or until such other time as the encumbrance is considered by the Encumbrancer to no longer be required.

Common Interests to 576455 and 576456

B537026.1 confirms the adjoining State Highway 21 to be a limited access road.

B632968.1 identifies SA38B/452 as being a limited access road crossing.

11369927.1 Court Order pursuant to Section 317 of the Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT for 24715 excluding the area marked B on DP 531319. Area B sits to the western side of Lot 1 DP 450467

Common Interests to 576455, 576456 & SA38B/452

9226243.1 is a certificate affecting all 3 lots specifying they must not be transferred or leased except in conjunction with the other allotments.

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

2.2 Land Description

Site Description:

The buildings occupy Lot 1 DP 44156 containing 3,260sqm and Lot 2 DP 450467 containing 1.9775ha representing a combined land area of 23,035sqm. These sites can be accessed off a 10m wide and 68.4m long ingress strip at the southern end of Sharpe Road providing secure access to the yard and canopy areas. The main warehouse occupies a large proportion of this land being positioned to its northern, eastern and southern boundaries.

The encumbranced site is comprised in Lot 1 DP 450467 and contains 1.7675ha. That is partly sealed with open car parks for some 106 spaces. There is a grassed area to both the northern and southern end of the parking. The land is of a generally level contour.



Developed Land



Approximate boundaries indicated

Zoning & Town Planning:

The land is zoned Airport Business Zone (Titanium Park) under the Waipa District Plan 2016. The zone recognises that Hamilton International Airport is a facility of economic and social importance to the Waikato region. The business zone associated with it (Titanium Park) has been established to leverage off the advantages of locating industrial and business activities adjacent to an airport. Stated objectives include the ability to enable development of a strategic important business park around the airport, including integration of development with the airport's operational requirements, integration with the State Highway network, provision for public transport and other alternative transport modes such as walking and cycling, and provision for safe and sustainable road access from the road networks.

Further policy includes ensuring that the costs of any infrastructural services or upgrades needed... are met by those parties that create the need for such services or upgrades.

Permitted activities include:

- General and commercial aviation activities and buildings
- Industrial activities
- Transport and freight depots, and bus depots
- Vehicle rental and valet services, vehicle parking and storage
- Emergency service facilities
- Helicopter pads and facilities for their servicing and management



- Utility services and utility structures, including navigational aids and control towers
- Storage and sale of aircraft fuel and lubricants
- Service stations and commercial garages
- Cafes, restaurants, takeaway food outlets and licensed premises
- Visitor accommodation
- Places of assembly
- Conference facilities
- Offices (excluding Titanium Park Southern and Northern Precinct)
- Titanium Park Southern and Northern Precinct offices ancillary to any permitted activity
- Laboratories and research establishments
- Hire facilities and building supply outlets
- Storage warehouses
- Education facilities
- Aviation education training
- Retail activities and wholesale shops, subject to Rules 10.4.2.11 and 10.4.2.12
- Earthworks
- Temporary construction buildings
- Signs
- Demolition and removal of buildings and structures
- Relocated buildings

A selection of controlled and restricted discretionary activities is also provided.

Non-complying activities in the Northern Precinct include:

- Offices
- Retail activities and wholesale shops
- Visitor accommodation
- Healthcare facilities
- Education facilities

Development controls include:

Minimum Building Setback from Road Boundaries

Internal road boundaries not adjacent to a landscaped drainage swale:	3m
For sites adjacent to landscaped swale:	0m
For road boundaries fronting a State Highway:	5m
For all other sites fronting Raynes Road or a State Highway:	15m

Height

No building shall exceed 20m in height although some additional height requirements can apply.

Resource & Building Consent:

Building consents were issued for the erection of a new distribution centre/warehouse in October 2012 with Code Compliance Certification issued 20 June 2013. Further building consent was issued for the installation of a sprinkler and racking system in February 2013. A further building consent was issued to install extra racking into the existing warehouse in October 2018 with Code Compliance issued 30 April 2019.

We have proceeded on the basis that there are no outstanding building consents or Code Compliance Certification for the property as developed.

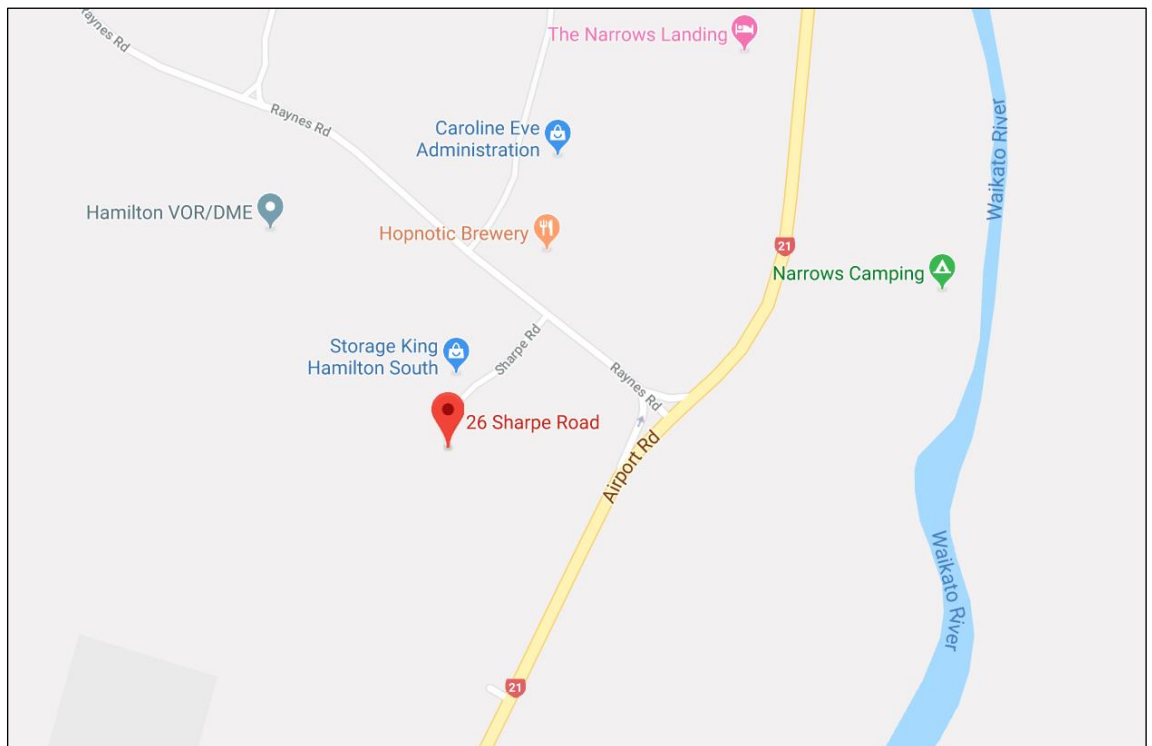
Situation & Locality:

Sharpe Road is a sealed no-exit road extending in a southerly direction off Raynes Road which in turn runs between Airport Road in the east and State Highway 3 effectively circling around Hamilton Airport.

Titanium Park is the industrial development occupying land to both the northern and southern end of Hamilton Airport to both its western and eastern sides. The location is seeing progressive development undertaken with the two most significant being the subject building occupied by Torpedo 7 and a freestanding building occupied by Visy Board. Other development includes smaller units whilst earthworks are being undertaken for development for Trade Depot on an adjoining site in Sharpe Road. Also, Mystery Creek, where field days and a variety of events are staged, is within 2km. Beyond the airport are generally rural, agricultural, equine and horticulture land uses.

In this position, the property is approximately 15km south of Hamilton's CBD, a similar distance north of Cambridge and Lake Karapiro. Auckland City is some 150km to the north via various State Highway and Waikato Expressway roads.

The wider area is favourably accessed to Hamilton, Rotorua and Tauranga.



In summary, a developing industrial location to the south of Hamilton city.

Southern Links

Southern Links is a \$600,000,000 transport network of State Highway and urban arterial routes linking SH1 from Kahikatea Drive in Hamilton to the Waikato Expressway at Tamahere and SH3 from Hamilton Airport to central and east Hamilton. The project ties in with the projected growth and development in the Peacocke Tamahere and Hamilton Airport areas.

In 2013 the route protection designations were lodged by the New Zealand Transport Agency in Hamilton City Council with the relevant councils. Ultimately this will provide improved access to the Hamilton Airport area, although the timing remains unknown.

2.3 Description of Improvements

Floor Area:

We have reviewed plans and measured rentable areas provided to us although no formal survey exists. On site we took selective check measurements which align with the areas provided. Accordingly, our estimation of rentable areas is contained in the following schedule.



Floor Area Summary

Description	Occupier	Rentable Area sqm	Total Property %
Ground Office	Torpedo 7 Ltd	288.84	1.8%
First Floor Office	Torpedo 7 Ltd	288.84	1.8%
Warehouse	Torpedo 7 Ltd	13245.05	82.7%
Charging Bay	Torpedo 7 Ltd	419.43	2.6%
Sprinkler Room	Torpedo 7 Ltd	37.82	0.2%
Loading Canopy	Torpedo 7 Ltd	1581.38	9.9%
Side Canopy	Torpedo 7 Ltd	105.63	0.7%
Workroom	Torpedo 7 Ltd	21.35	0.1%
Storage	Torpedo 7 Ltd	21.35	0.1%
Rentable Area		16009.69	100.0%

We estimate site coverage is approximately 38.6% over the entire land holding.

The Lease directive is for internal measurement which is contrary to the majority of externally measured industrial properties.

General:

A 2013 completed predominantly industrial building with strong canopy integration in a developing location of Titanium Park, south of Hamilton city.

Construction:

Construction consists of:

Warehouse

<i>Foundations:</i>	Reinforced concrete slab on compacted hardfill
<i>Flooring:</i>	Concrete
<i>Structural:</i>	RSJ columns and beams with internal structural support
<i>Exterior:</i>	Precast concrete panel to dado height with vertical profiled metal above
<i>Roof:</i>	Profiled metal on netting and sisalation over galvanised metal purlins
<i>Sprinklered:</i>	Yes
<i>Roller Doors:</i>	6 automatic roller doors to the western canopy loading area
<i>Ventilation:</i>	Roof mounted ventilation system
<i>Stud Heights:</i>	9.0m to 13.3m

Offices

<i>Flooring:</i>	Concrete slab to ground floor and screwed particle board or similar to the first floor
<i>Glazing:</i>	Aluminium framed
<i>Ceiling:</i>	Suspended ceiling on metal grid
<i>Lighting:</i>	Recessed lighting in frosted trays
<i>Air-conditioning:</i>	Roof mounted cassette systems
<i>Lifts:</i>	No
<i>Sprinklered:</i>	Yes

Layout & Amenities:

Vehicle access to the site splits to the west for staff and visitor parking on the surplus land, and straight ahead for goods delivery. The goods delivery has secure gated entry and opens onto a large sealed concrete yard which extends through to the goods loading canopy. Adequate B train circulation is available for both ingress and egress. The canopy extends into the warehouse which is a large high stud building with central column supports. To the southern side of the warehouse is an electric vehicle charging station. To the south-western corner of the building within the shell of the warehouse is ground and first floor offices and amenities. Extending from the first floor is an open deck looking out towards Hamilton Airport. Below the deck is pedestrian access to the carpark.

Fixtures & Fittings:

Standard fixtures and fittings within the tenancy includes:

Lunchroom

- 2 stainless steel sinks
- Formica benchtop with island servery
- Dishwasher recess
- Ample cupboarding
- Linoleum flooring

Male Bathroom

- 4 ceramic urinals
- 3 ceramic wc's
- 3 ceramic hand basins
- Linoleum flooring
- Locker room adjacent

Female Bathroom

- 4 ceramic wc's
- 3 ceramic hand basins
- Linoleum flooring
- Locker room adjacent

Condition & Repair:

Offices: Generally positioned within the shell of the warehouse and considered to provide average to good quality office accommodation in an industrial context.

Warehouse & Canopy: Good

Site Improvements:

These include the sealed driveway off the southern end of Sharpe Road onto a 10m wide access strip which breaks to the west for staff and visitor parking. That area has an asphalt seal with 106 open car parks available to a flood-lit area. To both the north and south of these car parks are grassed fields. Wire and mesh fencing is generally to boundaries with a landscaped area with established trees to the eastern Airport Road frontage.

Reticulation of Services:

Telephone, electricity and town water are all connected.

Building Warrant of Fitness:

The building has a current Warrant of Fitness valid until 20 June 2020 as issued by Argus Fire Protection.

Code Compliance:

Code Compliance Certification was issued for the following:

BC/0003/12	Stage 1 - Erect new distribution centre CCC issued 20 June 2013
BC/0028/13	Install sprinkler and racking systems in new building CCC issued 20 June 2013
BC/0944/18	Install extra racking into existing warehouse CCC issued 30 April 2019

We have proceeded on the basis that this is a complete summary of existing building consents and Code Compliance Certification, and that there are no outstanding Code Compliance Certificates.

Seismic Rating:

BCD Group were structural engineers for the development of the building which was constructed by Foster Construction in 2013. In a letter dated 11 September 2019, BCD Group confirmed that the building was designed in compliance with the then building code, and all necessary consents / approvals from the relevant lawful authorities as of 2013. The building was designed to a seismic loading of no less than 100% ULS loading. On that basis BCD Group confirm that would equate to 100% of New Building Standard rating as at the date of their letter.

We have proceeded on the basis that the building has an NBS rating as indicated by the above letter.



Photos:



Southern aspect – surplus land



Southern aspect – surplus land. Includes parking but not developed units



Open parking



Warehouse – eastern aspect



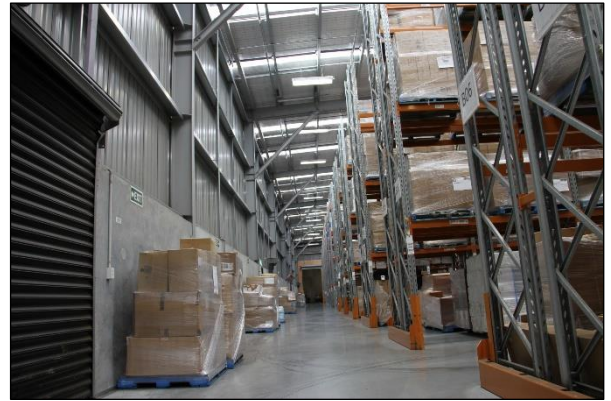
Landscaping to eastern boundary



Northern aspect



Internal warehouse



Internal warehouse



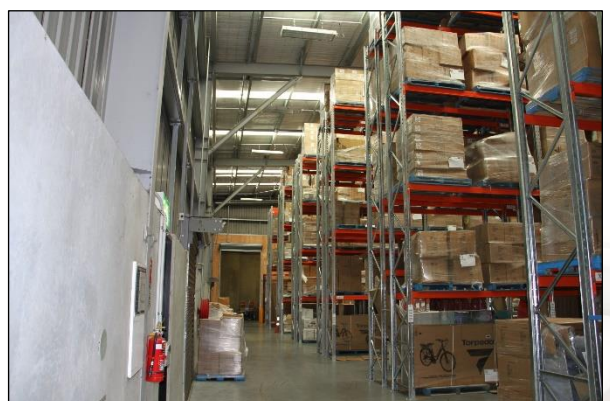
Internal warehouse



Load out area



Internal warehouse



Internal warehouse



Internal warehouse



Internal warehouse



Canopy



Canopy



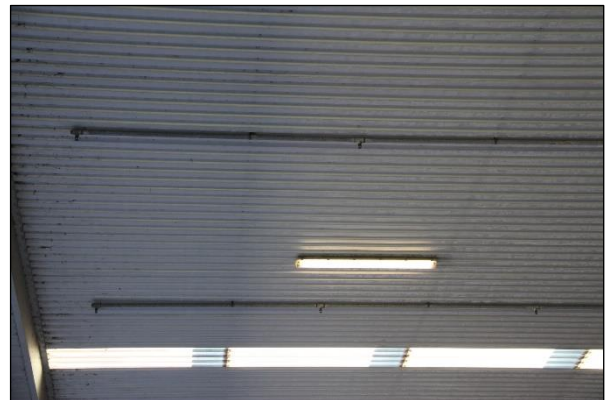
Yard and canopy



Yard and canopy



Yard



Sprinklers



Access road



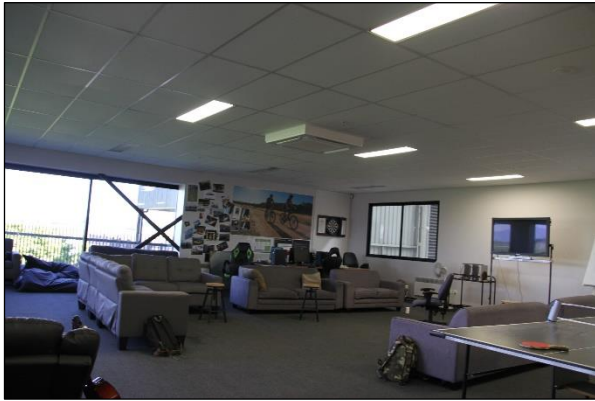
Male locker room



Male bathroom



Male bathroom



Level 1 office



Warehouse from Level 1



Level 1 office



Canopy from Level 1 deck



Level 1 kitchen



Level 1 deck



Outlook from Level 1 deck



Adjoining site – being developed for Trade Depot

3. Occupancy Arrangements

3.1 Lease Summary

Executed Deed of Lease dated 4 March 2016

Landlord:	Keewee Group Limited
Tenant:	Torpedo7 Limited
Guarantor:	
Lease Format:	Sixth Edition 2012 with variations
Premises:	All the land and building at Titanium Park, Hamilton Airport, the land being Lot 2 DP 450467 and Lot 1 DPS 44156 as more particularly described in identifiers 576456 and 38B/452 (South Auckland Land Registry) but excluding the area shown as area "C" on Lot 2 DP 450467 which the parties acknowledge is a shared accessway which may be used by the Tenant, its employees, customers and invitees in conjunction with the owner, occupiers, users and invitees from time to time of the adjacent land being Lot 1 DP 450467 and more particularly described in identifier 576455 (South Auckland Land Registry) (Adjacent Land).
Car Parks:	<ol style="list-style-type: none"> 1. The exclusive right to use the car parks which are located on Lot 2 DP 450467 and Lot 1 DPS 44156. 2. A licence to use those car parks situated on the Adjacent Land in the area hatched on the attached Carpark Plan on the terms set out in clauses 35.2, 35.3 and 35.4 during the term of this lease but subject to the right of the owner, occupiers, users and invitees from time to time of the Adjacent Land having the right to pass and repass over the vehicle lanes on the Adjacent Land and those car parks when they are not being used. To avoid doubt, the parties acknowledge that clause 35.1 shall not apply to the car parks situated on the Adjacent Land.
Term:	10 years
Commencement Date:	3 March 2016
Rights of Renewal:	Four rights of 9 years each
Renewal Dates:	3 March 2026, 3 March 2035, 3 March 2044 and 3 March 2053
Final Expiry Date:	2 March 2062
Initial Annual Rental:	Premises: \$1,450,000 plus GST
	Carpark: Nil
	Total: \$1,450,000 plus GST
Indexed Rent Review:	From 3 March 2019: \$1,551,751 plus GST
Rent Review Dates:	1 May 2016, 3 March 2019, 3 March 2022, 3 March 2026 and thereafter at 3 yearly intervals (including subsequent renewal dates)

Business Use:	Warehousing and distribution centre and subject to clauses 16.1 and 38.2, any other use permitted from time to time by the relevant territorial authority.
Proportion of Outgoings:	100%
Landlord's Insurance:	<p>Cover for the building and common areas against damage and destruction by fire, flood, explosion, lightning, storm, earthquake, and volcanic activity.</p> <p>Type of Cover: Full replacement and reinstatement (including loss, damage or destruction of windows and other glass), but subject to clause 23.5.</p> <p>Cover for the following additional risks: 12 month indemnity in respect of consequential loss of rent and outgoings; loss, damage or destruction of any of the Landlord's fixtures, fittings and chattels; and public liability.</p>
Outgoings:	Modified recovery of outgoings as provided under the Lease Format, specifically excluding management expenses, insurance valuation fees, and car parking maintenance and repair charges.
Additional Clauses:	<p><u>2.1 Rent Review</u></p> <p>Subject to clause 32.2, the annual rent may be reviewed by either party on each review date to the lower of:</p> <ul style="list-style-type: none"> a) The CPI adjusted rent; and b) The amount equivalent to the annual rent payable during the period of 12 months immediately preceding the relevant review date (disregarding any rent holiday) increased by 2.5% for every 12 months since the last scheduled rent review date (for example, if the last scheduled rent review date was 3 years prior, the increase would be 7.5%), <p>but in no circumstances shall the new rent on any rent review date be less than the rent payable at the commencement date of the then current term (disregarding any rent holiday). Neither party is entitled to initiate a rent review later than 6 months after a review date, time being of the essence.</p> <p><u>Floor Areas</u></p> <p>For the purposes of determining the rentable area of the premises (if applicable), reference shall be made to the definition of rentable area under Method of Measurement 3 in the "Guide for the Measurement of Rentable Areas" jointly published by Property Institute of New Zealand (PINZ) and the Property Council of New Zealand (PCNZ) (2006 revision) provided that:</p> <ul style="list-style-type: none"> a) pillars and abutments in the floor space shall be excluded from the rentable area; and b) the measurement of any parts of the premises which are enclosed by walls shall be taken to the internal face of those walls. <p><i>NB. Industrial premises are typically measured on a gross basis. The affect of this for the subject property is that the rentable area will be slightly smaller than an equivalent neighbouring property. However, the general indexation of the rent is unlikely to see this play any significant part in the</i></p>

establishment of rental. Upon expiry of the lease, it is likely to be of minor benefit to the Lessor as they should be able to lease out on a gross basis if that is the prevailing standard at that time.

8.6 Notwithstanding any other provision in this lease, if the Tenant is Torpedo7 Limited, the Tenant is not required to repaint or redecorate the interior and exterior of the building at the expiry or early termination of this lease.

11.1 Landlord's Maintenance

Subject to clause 8.3, the Landlord shall maintain all building services (including but not limited to air conditioning system) in the premises in good order and repair at all times. The Landlord shall replace major components of the building services at the Landlord's cost when their replacement is necessary to ensure the building services are in good order and repair. All replacements parts must be of no less a quality than the replaced part and all contractors undertaking the works must first be approved by the Tenant, such approval not to be unreasonably withheld or delayed. For the avoidance of doubt, the cost of consumables and regular service maintenance charges shall be payable by the Tenant as outgoings if the Tenant is not arranging the service maintenance contract directly pursuant to clause 8.3.

32.2 Market rent review on each renewal date

(d) Notwithstanding any other provision in this lease, the annual rent payable as from the relevant renewal date cannot be:

- (i) less than 90% of the annual rent payable immediately prior to the relevant renewal date; or
- (ii) more than 110% of the annual rent payable immediately prior to the relevant renewal date.

Landlord's Fixtures & Fittings:

Whiteware
All fixed floor coverings
IT fit out
Light and electrical fittings
Security system cameras / alarm / smoke detectors
Fixed joinery
All heating and ventilation systems
Lockers in men / womens changing rooms
Sanitaryware
Landscaping
Hard fitout of the office
Lunchroom
Changing facilities
Sprinklers
6 electronic mechanical doors

Overall Lease Comment

A comprehensive lease arguably slightly in favour of the Tenant. The overall rental change is to be the lower of CPI or 2.5%, but reviewed 3 yearly and 4 yearly from 2022. Arguably this may see the rent remain below market which could influence the occupiers' decision to relocate to alternate premises. It also could see lower rental reversion should an alternate occupier need to be secured.

Certain Landlord capital expenditure is likely at the end of the lease including repainting and general refurbishment. That is a cost that can be budgeted for prior to arising.

3.2 Outgoings

In the absence of an outgoing budget we have estimated potential costs based on outgoing charges regularly encountered in the industrial market. We have also had regard to prevailing Council rates for the property and show these in the following schedule:

Item	Adopted Outgoings	
	\$pa	\$psm
Rates	16,219	1.01
Other Adopted Charges	160,000	9.99
Total Adopted Outgoings	176,219	11.01

At an estimated \$11 per sqm, outgoing would be competitive in a local industrial context and compare with industrial outgoing of between \$15 to \$20 per sqm in an Auckland context.

3.3 Analysis of Existing Rent

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

Tenant	Tenancy	Area (sqm)	Passing Rent		Unrecovered Opex		Net Contract Rent	
			(\$pa)	(\$psm)	(\$pa)	(\$psm)	(\$pa)	(\$psm)
Tenancies								
Torpedo 7 Ltd	Ground Office	288.8	50,326	174.24	0	0.00	50,326	174.24
Torpedo 7 Ltd	First Floor Office	288.8	50,326	174.24	0	0.00	50,326	174.24
Torpedo 7 Ltd	Warehouse	13,245.1	1,324,505	100.00	0	0.00	1,324,505	100.00
Torpedo 7 Ltd	Charging Bay	419.4	37,749	90.00	0	0.00	37,749	90.00
Torpedo 7 Ltd	Sprinkler Room	37.8	3,404	90.00	0	0.00	3,404	90.00
Torpedo 7 Ltd	Loading Canopy	1,581.4	79,069	50.00	0	0.00	79,069	50.00
Torpedo 7 Ltd	Side Canopy	105.6	3,169	30.00	0	0.00	3,169	30.00
Torpedo 7 Ltd	Workroom	21.4	2,562	120.00	0	0.00	2,562	120.00
Torpedo 7 Ltd	Storage	21.4	641	30.00	0	0.00	641	30.00
Total		16,009.7	1,551,751	96.93	0	0.00	1,551,751	96.93

This is our own analysis of the existing contract rent which may have been agreed differently between the parties, and is a result of the indexation of the rent at the available March 2019 review.

4. Rental Evidence

An integral part of assessing an investment approach to value is assessing the relativity of the contract rent with the prevailing market rent, or in the situation where the premises is vacant, a probable market rent. A summary of recent larger leases from Hamilton and Auckland markets are summarised in the following schedules.

Address	122 Ingram Road	Rukuhia	NL	20 yrs, 5*10yr Renewals
Tenant	Visy Board (Hamilton) Ltd	Waipa	Net	2.5% fixed annual, market end yr 12, renewal
Date	Sep-19			Triple net lease incl structural
Premises	Area sqm	\$p.a	\$per sqm	
Office	684.0 sqm	\$136,800	\$200.00	
Warehouse	32062.6 sqm	\$3,045,947	\$95.00	
Canopy	3222.5 sqm	\$177,238	\$55.00	
Awnings	351.0 sqm	\$19,305	\$55.00	
Premises sub total	36320.1 sqm	\$3,379,290	\$93.04	
Yard	5000 sqm	\$125,000	\$25.00	
		\$3,504,290		
Contract Rent		\$3,500,000	\$96.37	



122 Ingram Road, Rukuhia. This property was subject to a leaseback to Visy Board (Hamilton) Ltd for 20 years from sale settlement of the property in September 2019. An analysis of the net contract rent of \$3,500,000 per annum indicates **\$200 per sqm** for the offices, **\$95 per sqm** for some 32,062.06sqm of warehouse, and **\$55 per sqm** for both the canopy and

awnings. In addition, a 5,000sqm concreted yard analyses to **\$25 per sqm**. The overall rental represents **\$93 per sqm** for the premises of some 36,320sqm, or **\$96.37 per sqm** inclusive of the yard rent. A quality modern industrial facility.

Address	216 Roscommon Rd	Wiri	NL	8 yrs, 2*4yr Renewals
Tenant	Jamestrong Australasia		Net	2% fixed annual, market 4 yrly
Date	Nov-18			4 mths rent free
Premises	Area sqm	\$p.a	\$per sqm	
Office	500.0 sqm	\$120,000	\$240.00	
Warehouse	8400.0 sqm	\$1,092,000	\$130.00	
Enclosed Load Out	1320.0 sqm	\$171,600	\$130.00	
Plant Room	150.0 sqm	\$22,500	\$150.00	
Canopy	435.0 sqm	\$26,100	\$60.00	
Premises sub total	10805.0 sqm	\$1,432,200	\$132.55	
Carparks		included	\$0.00	
Yard		included	\$0.00	
Annual Rent		\$1,432,200		



216 Roscommon Road, Wiri. Jamestrong Australasia entered into an 8-year lease for this 2018 completed high quality industrial property to the intersection of Langley Road. The premises comprise ground and first floor offices to the intersection with high stud industrial accommodation behind. The tenant requested an enclosed load out area. The rent was agreed at **\$240 per sqm** for the office, **\$130 per sqm** for the warehouse and enclosed load out area, both of which are sprinklered, **\$150 per sqm**

for the plant room and **\$60 per sqm** for the canopy. The overall rental represented \$1,432,200, or **\$132.55 per sqm**. Included in the rental was any car park or yard rental with extensive parking and yard options available.

Address	7 Stonehill Dr	Wiri	NL, 15yrs	New development
Tenant	Super Freight			Annual 2.5%
Date	Nov-18			Dual road frontage
Premises	Area sqm	\$p.a	\$per sqm	
Office	400.00	\$98,000	\$245.00	
Warehouse	2250.00	\$292,500	\$130.00	
Canopy	1400.00	\$91,000	\$65.00	
Premises sub Total	4050.00	\$481,500	\$118.89	
Yard	5650.00	\$282,500	\$50.00	
sub Total	9,700.0 sqm	\$764,000	\$78.76	
Rentalised Truck wash		\$27,000		
Rentalised Improvements		\$9,850		
Annual Rent		\$800,850		



7 Stonehill Drive, Wiri. This was a brand new quality industrial facility for Super Freight who subsequently acquired it. We understand that Super Freight had committed to a 15 year lease from November 2018 with rental rates agreed at **\$245 per sqm** for the single level office, **\$130 per sqm** for the high stud warehouse and **\$65 per sqm** for the canopy. In addition, a 5,650sqm yard which is sealed, marked, graded and secure, was leased at **\$50 per sqm**. This is a quality development in the Stonehill subdivision at the end of McLaughlins Road.

Address	105 Wiri Station Rd	Wiri	NL	15 yrs, 3*5yr Renewals
Tenant	HEB Construction		Net	2.5% p.a, market 5 yrly +/- 10%
Date	Oct-18			Seismic strengthening, comprehensive upgrade
Premises	Area sqm	\$p.a	\$per sqm	
Main Office	1451.1 sqm	\$326,504	\$225.00	
Warehouse	4649.8 sqm	\$488,232	\$105.00	
Warehouse Office	646.7 sqm	\$145,503	\$225.00	
Canopy	138.2 sqm	\$6,912	\$50.00	
Premises sub total	6885.9 sqm	\$967,151	\$140.45	
Carparks	0 spaces	\$0	\$0.00	
Yard	3,684 sqm	\$110,520	\$30.00	
Annual Rent		\$1,077,671		



105 Wiri Station Road, Wiri was leased to HEB Construction for a 15 year term following completion of a comprehensive upgrade. The Lease provides for 2.5% annual increases with market reviews at 5 yearly intervals, featuring a cap and collar of + or -10% of the immediate preceding rent. Offices make up some 30.5% of the rentable area. The initial rent was agreed

at **\$225 per sqm** for both the main office and warehouse office, **\$105 per sqm** for the sprinklered medium to high stud warehouse with some internal columns, and **\$50 per sqm** for a small canopy. Car parks were not rentalised, although a yard area of 3,684sqm pays **\$30 per sqm**.

Address	25 Ha Cres	Wiri	Rev	Renewed Sept 17 for 6 yrs
Tenant	Croxley		Net	Market Reviews
Date	Sep-19			Agreed between valuers
Premises	Area sqm	\$p.a	\$per sqm	
Office and amenities	392.0 sqm	\$80,360	\$205.00	
Distribution Warehouse	16582.4 sqm	\$1,923,558	\$116.00	
Canopy	1657.2 sqm	\$96,118	\$58.00	
Premises sub total	18631.6 sqm	\$2,100,036	\$112.71	
Yard		included	\$0.00	
Specialist Components Rent (sprinklers, charging bay)		\$130,064	\$6.98	
Annual Rent		\$2,230,000	\$119.69	



25 Ha Crescent, Wiri. These premises were subject to a 2 year review following the September 2017 six year renewal. The rent was negotiated between the valuers and represented **\$205 per sqm** for the single level office and amenities, **\$116 per sqm** for the distribution warehouse, and **\$58 per sqm** for the canopy. In addition, the lease provides for a specialist component

rent to increase at the same percentage as the base rate change. This amounted to \$130,064 per annum, or **\$6.98 per sqm**. The overall rental represents **\$119.69 per sqm** inclusive of the specialist component.

Address	New Ihumatao Rd	Airport	NL, ann 2.55%, 1*10yr & 1*8yr RoR	
Tenant	Bunnings		New Premises, 12 yrs, sprinklered	
Date	Agreed 2017, CD Mar 18		7 months rent free	
Premises	Area sqm	\$p.a	\$per sqm	
Office	450.0	\$99,000	220.00	
Cantilevered Mezz Office	130.0	\$35,750	275.00	
Warehouse	20,000.0	\$2,160,000	108.00	
Canopy	3,700.0	\$222,000	60.00	
Premises Sub Total	24,280.0	\$2,516,750	103.66	
Yard	10,841.0	\$0	0.00	
Car Parks	100.0	\$0	0.00	
Annual Rent		\$2,516,750		



New Ihumatao Road. In late 2016/early 2017 Bunnings agreed to a 12 year lease for a national distribution centre on Auckland Airport land within The Landing subdivision. Having considered occupying up to a 35,000sqm warehouse, this reduced to 20,000sqm at a rental of **\$108 per sqm** for high stud sprinklered accommodation. The 450sqm office was agreed at **\$220 per sqm**, whilst a cantilevered mezzanine office with amenities was a late addition to the plans with the rent set at **\$275 per sqm**. The average office rent was **\$232 per sqm**. Integrated

and sprinklered canopy was agreed at **\$60 per sqm**. There is no separate yard rental whilst the lease incorporates a 4 year option for the tenant to have an additional 5,000sqm developed, with no initial charge for this option. The warehouse and canopy are sprinklered at the cost of the lessor. A significant new leasing at the time.

4.1 Market Evidence Summary

There is limited evidence of similar size and quality in the immediate market with the exception of the Visy Board tenancy. That is a quality industrial environment of a particularly large scale where agreed rents were assessed at \$95 per sqm for sprinklered warehouse and \$200 per sqm for quality single level offices. That facility is approximately double the size of the subject.

In the wider Auckland market, rents for larger warehouses currently range between \$115 per sqm up to \$135 per sqm depending on the size, location and overall specification. Offices within those complexes are generally between \$200 and \$240 per sqm depending on whether they are an existing building that has been leased or brand new.

Applying the evidence to the subject, we consider it provides good quality sprinklered warehousing and canopy space in the context of the local market, although the offices and amenities are of a relatively average specification. Notwithstanding, we have applied market rents of **\$160 per sqm** for the ground and first floor office and amenities, **\$100 per sqm** for the warehouse, **\$90 per sqm** for the charging bay, and **\$55 per sqm** for the loading canopy. Areas not separately rentalised include the Level 1 deck off the lunchroom and car parks.

4.2 Market Rent Assessment

Therefore, having regard to the above rental evidence and commentary we show our assessment of market rent for the subject tenancy in the following schedule:

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa) (\$psm)		Unrecovered Opex (\$pa) (\$psm)		Net Contract Rent (\$pa) (\$psm)		Net Market Rent (\$pa) (\$psm)	
Tenancies										
Torpedo 7 Ltd	Ground Office	288.8	46,373	160.55	0	0.00	46,373	160.55	46,214	160.00
Torpedo 7 Ltd	First Floor Office	288.8	46,373	160.55	0	0.00	46,373	160.55	46,214	160.00
Torpedo 7 Ltd	Warehouse	13,245.1	1,324,505	100.00	0	0.00	1,324,505	100.00	1,324,505	100.00
Torpedo 7 Ltd	Charging Bay	419.4	37,749	90.00	0	0.00	37,749	90.00	37,749	90.00
Torpedo 7 Ltd	Sprinkler Room	37.8	3,404	90.00	0	0.00	3,404	90.00	3,404	90.00
Torpedo 7 Ltd	Loading Canopy	1,581.4	86,976	55.00	0	0.00	86,976	55.00	86,976	55.00
Torpedo 7 Ltd	Side Canopy	105.6	3,169	30.00	0	0.00	3,169	30.00	3,169	30.00
Torpedo 7 Ltd	Workroom	21.4	2,562	120.00	0	0.00	2,562	120.00	2,562	120.00
Torpedo 7 Ltd	Storage	21.4	641	30.00	0	0.00	641	30.00	641	30.00
Total		16,009.7	1,551,751	96.93	0	0.00	1,551,751	96.93	1,551,434	96.91

On this basis we consider the existing contract rent is broadly supported in the market. The next available review is in March 2022 and will see the annual rent increase 7.5% to \$1,667,792 plus GST.

5. Sales Evidence

In establishing our opinion of value we have had regard to the following investment transactions.

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /site
Waikato Investment Sales								
11-19 Karewa Pl Te Rapa, Hamilton	Oct-19	\$19,430,000	5,300	15,900	5.15%	7.00 yrs	\$3,666	\$1,222
122 Ingram Rd Rukuhia	Jul-19	\$71,020,000	36,320	85,105	4.93%	20.00 yrs	\$1,955	\$834
38D Northway St Te Rapa, Hamilton	Mar-19	\$17,000,000	8,771	19,915	6.06%	2.25 yrs	\$1,938	\$854
Auckland Investment Sales								
27-29 Neales Rd East Tamaki	Oct-19	\$25,250,000	10,705	16,019	5.31%	6.75 yrs	\$2,359	\$1,576
72 Tidal Rd Mangere	Aug-19	\$34,200,000	13,790		5.35%	12.00 yrs	\$2,480	
18 Noel Burnside Rd Wiri	Sep-19	\$10,000,000	5,030	9,968	6.27%	4.00 yrs	\$1,988	\$1,003
101 McLaughlins Rd & 12 Harbour Ridge Dr	Jun-19	\$31,159,000	11,858	15,745	4.97%	9.19 yrs	\$2,628	\$1,979
9 Richard Pearse Dr Mangere	Apr-19	\$17,386,960	5,470	17,141	5.11%	9.81 yrs	\$3,179	\$1,014
12-16 Brigade Rd Mangere	Apr-19	\$13,200,000	4,610	10,491	6.08%	7.50 yrs	\$2,863	\$1,258
51-61 Spartan Rd Takanini	Mar-19	\$17,200,000	4,350	24,192	5.35%	12.00 yrs	\$3,954	\$711

5.1 Waikato Investment Sales



11-19 Karewa Place, Te Rapa, Hamilton sold in October 2019 for **\$19,430,000** which represented an initial yield of **5.15%**. The property is occupied by Kmart under a 12 year lease from October 2014 who pay a net annual rent of \$1,000,000 per annum plus GST. There is no provision in the Lease for reviews until any renewal, with the rent representing **\$188 per**

sqm, with two 6 year terms provided. This is a large format retail offering directly opposite The Base in Te Rapa with immediate occupiers included Countdown, Mitre 10 Mega, Big Save Furniture and Super Cheap Autos. The sale price also represented **\$3,666 per sqm** on a combined land and buildings basis.



122 Ingram Road, Rukuhia sold in July 2019 for **\$71,020,000** representing the largest industrial transaction in Waikato history. The property consists of a brand new catering and distribution centre occupied by Visy Board under a 20 year lease providing annual fixed increases of 2.5% and a market review at the end of Year 12 and on each renewal. The

lease provides for five 10 year rights of renewal and constitutes a triple net lease whereby the tenant pays all outgoings including structural repairs and maintenance. Further the lease is guaranteed by Visy Industries Australia Pty Limited. The warehouse is fully sprinklered with a stud height of 8.4m rising to 13.4m at the apex. The transaction represented an initial yield of **4.93%**, and **\$1,955 per sqm** on a combined land and buildings basis. The average premises rental was **\$96.37 per sqm** inclusive of yard rent or **\$93 per sqm** excluding yard rent.



38D Northway Street, Te Rapa, Hamilton sold in March 2019 for **\$17,000,000** which represented an initial yield of **6.06%**. The property sold as part of a larger estate that had been offered to the market. The Lease to Steel and Tube had approximately 2.25 years remaining of a 14 year term, although provides 8 rights of renewal of 3 years each. Net annual rent excluding management is \$1,030,000 plus GST which represents **\$123 per sqm**. The property also occupies a 19,115sqm site whose rear boundary adjoins the railway, being south of The Base in a strong but rear industrial

location of Te Rapa.

5.2 Auckland Investment Sales



27-29 Neales Road, East Tamaki, sold in October 2019 for **\$25,250,000** which represented an initial yield of **5.31%**. The property is subject to a 15 year lease to Vulcan Steel Ltd from July 2011 with approximately 6.75 years remaining at the time of sale. The property occupies a 16,019sqm Business – Heavy Industry zoned site with the improvements comprising 5m stud

warehouse, gantry riling, and internal drive-through loading capacity. The overall rental which was reviewed in July 2019 and represents **\$125 per sqm**. We are aware that the property was actively sought by a range of institutional, syndicated and private investors.



72 Tidal Road, Mangere sold to NZX listed PFI in August 2019 for **\$34,200,000**. The property will be developed by Aintree Group for Supply Chain Solutions and is expected to be completed in February 2021. The development will contain some 10,410sqm of warehouse, 2,640sqm of breezeway canopy and 740sqm of office and be subject to a 12 year lease with fixed rental growth of 2.5% annually. The sale price will represent a **5.35%** return and show **\$2,480 per sqm** on a combined land and buildings basis. The annual rent represents **\$132.68 per sqm** overall.



18 Noel Burnside Road, Wiri sold in September 2019 for **\$10,000,000** which represented an initial yield of **6.27%** on the net contract rent of \$627,000 per annum. The property comprises a 6.75m stud warehouse with an internal roof truss compromising utility of some 5,030sqm occupying a 9,968sqm Business – Light Industry zoned site that immediately

adjoins some residential development. Full drive around available. The price also represented **\$1,988 per sqm** on a combined land and buildings basis. Dated accommodation.



101 McLaughlins Road and 12 Harbour Ridge Drive, Wiri, sold in June 2019 in a combined transaction at **\$31,159,000** which represented an initial yield of **4.97%**. The slightly larger property was leased to Plumbing World under a 10 year Lease from June 2019 that provides for fixed 2% annual reviews and market reviews on the 5th anniversary of the commencement

date subject to a 5% cap and collar. The second property was leased to NBL (New Zealand) for a 10 year term from December 2017 who were paying a net contract rent of \$632,948 plus GST. Their lease provides for fixed 2.5% market reviews on renewal at 10 and 15 years. The vendor had provided a rental underwrite of \$66,356 per annum through to June 2021. Acquired for syndication.



9 Richard Pearse Drive, Mangere sold April 2019 for **\$17,386,960** which represented an initial yield of **5.11%**. The property comprises a late 1990's industrial building with single level offices at 18.2% of rentable area, although 6,000sqm of yard/expansion land had been sealed and fenced and used for yard. The property sold with a 10 year lease to Apollo Motor Homes from February 2019 at a net contract rent of \$888,650 plus GST. Rent included 6,000sqm yard at \$40 per sqm. The lease provides 2.5% annual increases over the full duration of the term. The sale price also represented

\$3,179 per sqm on a combined land and buildings basis, and an IRR of 6.52%.



12-16 Brigade Road, Mangere sold April 2019 for **\$13,200,000** which represented an initial yield of **6.08%** and **\$2,863 per sqm** on a combined land and buildings basis. The property is a cool store and office distribution facility for My Food Bag which occupy the building on a 9 year lease from 2017 with 3 rights of renewal of 3 years each. The tenant is responsible for all maintenance and replacement of fitout and equipment, including refrigeration plant. The annual rent is \$802,067 plus GST with fixed annual increases of 2.2% from October 2020.



51-61 Spartan Road, Takanini sold in March 2019 for **\$17,200,000** which represented an initial yield of **5.35%**. The property was acquired by the listed industrial landlord PFI on the back of a new 12 year Lease to Maxi Trans at a net annual rental of \$920,000 plus GST. The property includes two sites with 51 Spartan Road comprising a gravel yard of 5,847sqm which was

rentalised at **\$27.50 per sqm**, whilst the sealed yard component on 61 Spartan Road was rentalised at **\$30 per sqm**. The tenant has the option to require the Lessor to build an additional 3,000sqm warehouse/workshop for which

they will obtain an agreed return of **7.25%**. Site coverage is relatively low at approximately 18%. The sale price can also analyse to **\$440 per sqm** of land plus **\$1,485 per sqm** of office and workshop improvements.

5.3 Investment Sales Conclusions

2019 has seen strong activity in the industrial market, particularly for larger assets when they have been offered. Demand has typically come from listed property trusts, syndicators and high net worth individuals. To a certain extent, the larger the size of the asset, the stronger the demand from these purchasers which has continued to see yields drive down, assisted by virtue of the low interest rate environment. In a number of transactions, and including the Visy Board facility near to the subject, initial yields have generally ranged between 4.9% and 5.4%. Those that have higher yields either have shorter weighted average lease terms, high site coverage, an element of specialisation, or more dated improvements.

Relating to the subject, it provides a modern, quality industrial facility in the popular Titanium Park surrounding Hamilton Airport. This subdivision has been progressively developed since the early 2010's and has matured over that time with significant development undertaken and further development earmarked on remaining land. It is arguably at a stage where critical mass is sufficient to offer natural appeal to the occupier market. The location to the south of Hamilton city provides strong access to the regional roading network with State Highway 1 conveniently located, whilst access to Auckland is via the less direct Cambridge or Gordington routes.

The unexpired remaining lease term at moderately over 6 years is toward the lower end of preferred initial investor appetite although the rent is considered at market and unlikely to exceed market through the indexation. As such, rental reversion on re-leasing at this point in time is likely to be fairly limited, although could change in the future. An additional consideration is the surplus land that is available, with overall site coverage approximately 40%, and natural expansion land to either side of the existing car park. That car park itself is somewhat unfavourably located in the middle of the expansion land, however development of smaller units or relocation of the carpark could become an option.

The Lease also requires certain capital expenditure obligations from the Landlord on any lease expiry with limited make good requirement. Also selected outgoings including management, carparking and yard repairs and maintenance, and insurance valuation fees are non-recoverable expenses under the Lease. Accordingly, these become grounds to apply a higher yield.

On balance, we have applied an initial yield of **5.55%** to both the contract rental and our market assessed rental, before making allowances for capital expenditure. We have also applied **\$1,750 per sqm** on a combined land and buildings basis, reflecting among other factors, the high warehouse and canopy ratio.

5.4 Land Sales

We have also had regard to industrial land sales in the immediate area with significant activity having been experienced over the past 24 months. A selection of land sales is contained below.

Industrial Land Sales

Address	Lot & DP	Suburb	Sale Date	Sale Price	Zone	Area sqm	\$per sqm
16 Airport Rd	Lot 1 DP 532862	Rukuhia	Aug-18	\$1,225,000	Airport Bus Zone	5,580 sqm	\$220 psm
18 Airport Rd	Lot 2 DP 532862	Rukuhia	Jun-18	\$3,750,000	Airport Bus Zone	30,016 sqm	\$125 psm
1/42 Airport Rd	Lot 3 DP 538512	Rukuhia	Mar-19	\$713,400	Airport Bus Zone	4,413 sqm	\$162 psm
2 & 3/42 Airport Rd	Lot 4 & 5 DP 538512	Rukuhia	Jul-19	\$1,411,250	Airport Bus Zone	10,611 sqm	\$133 psm
1 & 2/123 Ingram Rd	Lot 20 & 21 DP 534070	Rukuhia	Jan-19	\$1,054,620	Airport Bus Zone	7,533 sqm	\$140 psm
3/123 Ingram Rd	Lot 22 DP 534070	Rukuhia	Dec-18	\$395,000	Airport Bus Zone	2,606 sqm	\$152 psm
6/123 Ingram Rd	Lot 25 DP 534070	Rukuhia	Mar-19	\$583,000	Airport Bus Zone	3,763 sqm	\$155 psm
125 Ingram Rd	Lot 19 DP 534070	Rukuhia	Jan-19	\$390,000	Airport Bus Zone	2,730 sqm	\$143 psm
142A,B,&C Ingram Rd	Lot 27, 28, & 29 DP 535595	Rukuhia	Oct-18	\$3,141,396	Airport Bus Zone	16,830 sqm	\$187 psm
137 & 139 Ossie James Dr	Lot 13 & 14 DP 532727	Rukuhia	Aug-18	\$1,225,000	Airport Bus Zone	7,498 sqm	\$163 psm
5 Sharpe Rd	Lot 4 DP 473207	Rukuhia	Aug-18	\$1,197,995	Airport Bus Zone	7,729 sqm	\$155 psm
12 Sharpe Rd	Lot 2 & 3 DP459846	Rukuhia	Jul-18	\$7,108,125	Airport Bus Zone	57,675 sqm	\$123 psm

These sites are all situated within the Airport Business Zone and have sold at prices ranging between \$123 per sqm up to \$220 per sqm. Larger sales at 12 Sharpe Road, which is an adjoining site being developed for Trade Depot, sold at \$123 per sqm whilst the sites at 142A, B and C Ingram Road sold for the equivalent of \$187 per sqm comprising 3 adjoining subdivided lots acquired for storage purposes. The other large sale was at 16 Airport Road in June 2018 being a 3.0016ha site which sold for \$125 per sqm.

The availability of sites in the immediate area has diminished with many strategic positions having been taken. We anticipate the land which the subject occupies would have a current value in the order of **\$140 per sqm** however the land subject to the encumbrance is likely to be slightly less than that, reflecting the terms and conditions of the encumbrance. That said, we consider there is sufficient time before the Option Date that development of the surplus land could be considered.

5.5 SWOT Analysis

Strengths

- Adaptable and versatile large warehouse
- Considered leased at market levels
- Location growing in profile
- Surplus land

Weaknesses

- Arguably large in the context of the Waikato industrial market
- Unusual encumbrance on the surplus land
- Position of the existing carpark bisecting the surplus land
- Shorter lease term certain than many of the comparable sales, but with 4 renewals of 9 years each available



Opportunities

- Demonstrate strong and active management and achieve long term occupation
- Evaluate development options on surplus land

Threats

- Slowdown in the economy contributing to reduced occupier demand
- The tenant outgrowing the space and relocating
- Any yield expansion

5.6 Discounted Cashflow Parameters

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

Vacancy Period:	9 months
New Lease Term:	6 years
Rent Reviews:	3 yearly
Net Rent Incentive:	4 months
Make Good Allowance:	\$75 per sqm for the ground and first floor office, \$15 per sqm for the warehouse and industrial component
Renewal Probability:	50%
Terminal Yield:	5.75%
Target IRR:	6.95%
Growth:	2.5% per annum
Capital Expenditure:	We have allowed 4% per annum reflecting certain aspects of the Lease

5.7 Rating Valuation

Rating Valuation as at 1 August 2016

Address	LV	VI	CV
25 Sharpe Rd	\$1,270,000	\$0	\$1,270,000
26 Sharpe Rd	\$1,580,000	\$10,020,000	\$11,600,000
341 Airport Rd	\$410,000	\$0	\$410,000
Combined Total	\$3,260,000	\$10,020,000	\$13,280,000

6. Valuation

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

CAPITALISATION OF INCOME APPROACH			
		Market Rent	Contract Rent
FULLY LEASED GROSS INCOME		\$ 1,727,653	\$ 1,727,970
Less: Outgoings			
Recoverable Outgoings		\$ (176,219)	\$ (176,219)
FULLY LEASED NET INCOME		\$ 1,551,434	\$ 1,551,751
Capitalised at		5.55%	5.55%
Capitalised Value		\$ 27,953,759	\$ 27,959,483
Capital Adjustments			
P.V. of Rental Surplus/Shortfall	5.55%	\$ 1,682	
Deferred Capitalised Rental Surplus/Shortfall	5.55%		\$ (4,085)
Rent Shortfall (New Leases)		-	-
P.V. of Unexpired Incentives		-	-
P.V. of Future Lease-up Allowances	30 mths	-	-
P.V. Of Future Lease Incentives	30 mths	-	-
P.V. of Annual Capital Expenditure	30 mths	\$ (145,808)	\$ (145,808)
P.V. of Make Good Allowance	30 mths	-	-
P.V. of Programmed Capital Expenditure	30 mths	-	-
P.V. of Future Refurbishment Allowance	30 mths	-	-
Total Capital Adjustments		\$ (144,127)	\$ (149,893)
		\$ 27,809,632	\$ 27,809,591
INDICATED VALUE		\$ 27,800,000	\$ 27,800,000

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

Our calculations are detailed as follows.



LAND & BUILDINGS APPROACH

26 Sharpe Rd	16,009.7 sqm	@	\$1,650 per sqm	\$	26,415,989
		@	\$1,750 per sqm	\$	28,016,958
		@	\$1,850 per sqm	\$	29,617,927
		adopt			\$1,750 per sqm

INDICATED VALUE	\$ 28,000,000
------------------------	----------------------

Our assessments are summarised and weighted as follows.

VALUATION SUMMARY

	<u>Weighting</u>		<u>Assessment</u>
Capitalisation of Income Approach	50%	\$	27,800,000
Land and Buildings Approach	25%	\$	28,000,000
Discounted Cash Flow Approach	25%	\$	27,950,000

ADOPTED MARKET VALUE	\$ 27,900,000
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6.1 Value Conclusion

In light of the contents of this report we conclude our opinion of market value for mortgage purposes of 26 Sharpe Road, Rukuhia, Hamilton, as at 6 November 2019, at:

NZD\$27,900,000
(TWENTY SEVEN MILLION NINE HUNDRED THOUSAND DOLLARS)

This valuation assessment is on the basis of plus G S T (if any) and reflects the following

Analysis

Value per sqm of GLA	\$1,743
Value per sqm of Land Area	\$685
Initial Yield	5.56%
Yield on Net Market Income	5.56%
Weighted Average Remaining Lease Term	6.32 years

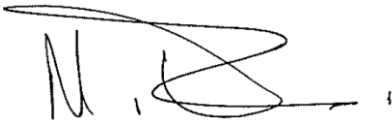
Compliance Statement

This valuation has been performed in accordance with International Valuation Standards (IVS) and we confirm that:

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

Our valuation is subject to the attached Disclaimers.

Yours faithfully



Matt Tooman
Registered Valuer
ANZIV, SPINZ

DISCLAIMERS

Valuation Subject to Change:	Premise 1 – This valuation is current as at the date of valuation only and is based on available information as at the date of valuation. The value assessed herein may change over a relatively short period including as a result of general market movement or factors specific to the particular property. This may include national or international global financial circumstances or force majeure events. Therefore, it should be reviewed periodically whilst no warranty is given by AIM Valuation Limited ("AIM") as to the maintenance of this value into the future.
Information Supplied by Others:	Premise 2 – This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity that information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. Any Instructing/Reliant Party properly able to rely on our report acknowledges that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Our Investigations:	Premise 3 – This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we have identified certain limitations to our investigations, this is to enable you to instruct further investigations if you consider this appropriate. AIM is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions:	Premise 4 – Assumptions are a necessary part of this valuation. AIM adopts assumptions because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by AIM will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer undertaking a similar valuation. However, the risk that any of the assumptions adopted in this document may be incorrect and have a material impact on the concluded value(s) should be taken into account.
Lease/Licence Documentation:	Premise 5 – Where applicable, our assessment of value is provided on the assumption that all Leases/Licences and Variations of Leases/Licences have been supplied in full and are all executed.
Disclosure:	Premise 6 – AIM must be advised in the event that the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting AIM first to reassess any effect on the valuation.
Future Matters:	Premise 7 – To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to AIM at the date of this document. AIM does not warrant that such statements are accurate or correct.
Site Survey:	Premise 8 – We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Instructing/Reliant Parties should confirm the status by obtaining a current survey report and/or advice from a registered surveyor.
Property Titles:	Premise 9 – We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by this brief Record of Title search which may affect market value. However, in the event that a future title search is undertaken which reveals additional easements or encumbrances, AIM should be consulted to reassess any effect on the value stated herein.
Environmental Conditions:	Premise 10 – Unless otherwise stated, we have assumed that the site is free of levels of contaminants or subsoil asbestos that would prevent the continuation of the current use of the property. Our visual inspection is an inconclusive indicator of the actual site condition. We make no representation as to the actual environmental status of the subject property. If any formal testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon without first consulting AIM to reassess any effect on the valuation.
Asbestos / Hazardous Materials:	Premise 11 – Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting AIM to reassess the valuation.
Site Conditions:	Premise 12 – We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of properties which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems.
Planning Information:	Premise 13 – We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us. In the event that a Land Information Memorandum (LIM) report is obtained and the information therein is later found to be materially different to the resource management information detailed within the valuation, we reserve the right to amend the valuation.
Inclusions & Exclusions:	Premise 14 – Our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting etc, that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed by the occupant or operator or are used in connection with the enterprise carried on within the property.
Side Agreements:	Premise 15 – In the event that the Instructing/Reliant Party becomes aware of any side agreements, this valuation must not be relied upon before first consulting AIM to reassess any effect on the valuation.
Floor Area:	Premise 16 – Where we have not undertaken the floor area measurement, we have proceeded on the premise that the floor areas provided have been calculated in accordance with the PCNZ/PINZ Method of Measurement of Lettable Areas. We recommend that a survey be undertaken to determine whether the areas provided differ from these guidelines. In the event that there is a material variance in areas, we reserve the right to review our valuation as assessed herein. Any measurement undertaken by AIM is an estimate of rentable area only.
Condition & Repair:	Premise 17 – We undertake inspections and conduct investigations as are, in our opinion, correct in our personal judgement, appropriate and possible in the particular circumstances. We have inspected the building; however, we advise that we have not carried out a structural survey nor tested any of the services or facilities and are therefore unable to state that these are free from defect. We advise that we have not inspected unexposed or inaccessible portions of the building and are therefore unable to state that these are free from rot, infestation, asbestos or other hazardous material. We have, however, viewed the general state of repair of the property and have provided relevant information in this regard within the main body of the valuation report. Our valuation proceeds on the premise that a detailed report of the structure and service installations of the building would not reveal any defects requiring significant expenditure that would have a material impact on the valuation conclusions. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.

Currency:	Premise 18 – All dollars are NZ\$.
International Valuation Standards Effective 31 January 2020 and Australia and New Zealand Guidance Notes:	Premise 19 – All valuations are carried out in accordance with the International Valuation Standards effective January 2020 and ANZVGN. Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.
Valuation Basis:	Premise 20 – No allowances are made in our valuation for any expenses of realisation or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.
LIM and PIM:	Premise 21 – Unless otherwise stated, we have not obtained Land Information Memoranda (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.
Lease Covenant Strength:	Premise 22 – Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
Taxation and GST:	Premise 23 – In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation has been undertaken on a plus GST (if any) basis.
Confidentiality and Disclaimer of Liability:	Premise 24 – Our valuation and report is strictly confidential to the party to whom it is addressed ("Instructing/Reliant Party") and is prepared solely for the specific purpose to which it refers. No responsibility whatsoever is accepted for reliance on the valuation report for other purposes. Further, no responsibility whatsoever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.
Publication:	Premise 25 – Neither the whole nor any part of our reports, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way without the written approval of AIM of the form and context of such publication or disclosure. Such approval is required whether or not AIM is referred to by name and whether or not the reports are combined with others.
Director's Clause:	Premise 26 – Under required circumstances, this report may have been co-signed by a Director of AIM. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that they have discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.



RECORDS OF TITLE



RECORD OF TITLE UNDER LAND TRANSFER ACT 2017 FREEHOLD Search Copy



R. W. Muir
Registrar-General
of Land

Identifier 576456
Land Registration District South Auckland
Date Issued 03 April 2012

Prior References

424714

Estate	Fee Simple
Area	1.9775 hectares more or less
Legal Description	Lot 2 Deposited Plan 450467

Registered Owners
Raynes Road Warehouse LP

Interests

B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)

8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm

Subject to a right (in gross) to convey water and sewage over parts marked D and C and a right of way pedestrian over part marked J all on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey telecommunications, computer media and electricity over parts marked D and C on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way and a right to convey telecommunications and computer media over part marked C on DP 450467 created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991

Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm

9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and SA38B/452) - 1.11.2012 at 4:35 pm

9260357.1 Encumbrance to Waipa District Council - 12.3.2013 at 11:10 am

Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 461788 in favour of WEL Networks Limited created by Easement Instrument 9667772.2 - 27.5.2014 at 9:54 am

10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created

Transaction Id
Client Reference vthomson001

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Identifier **576456**

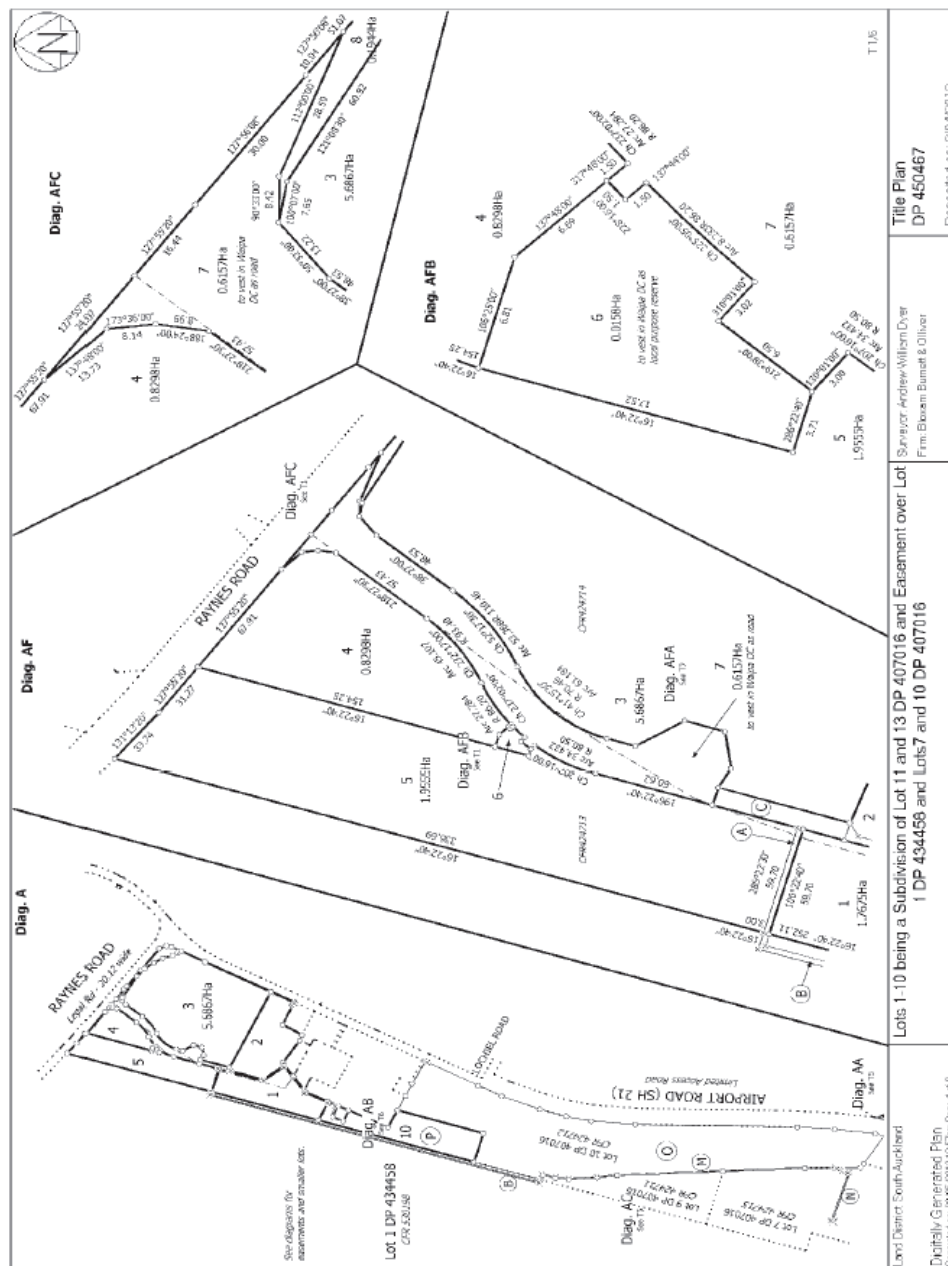
by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 – 27.2.2019 at 7.00 am

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am



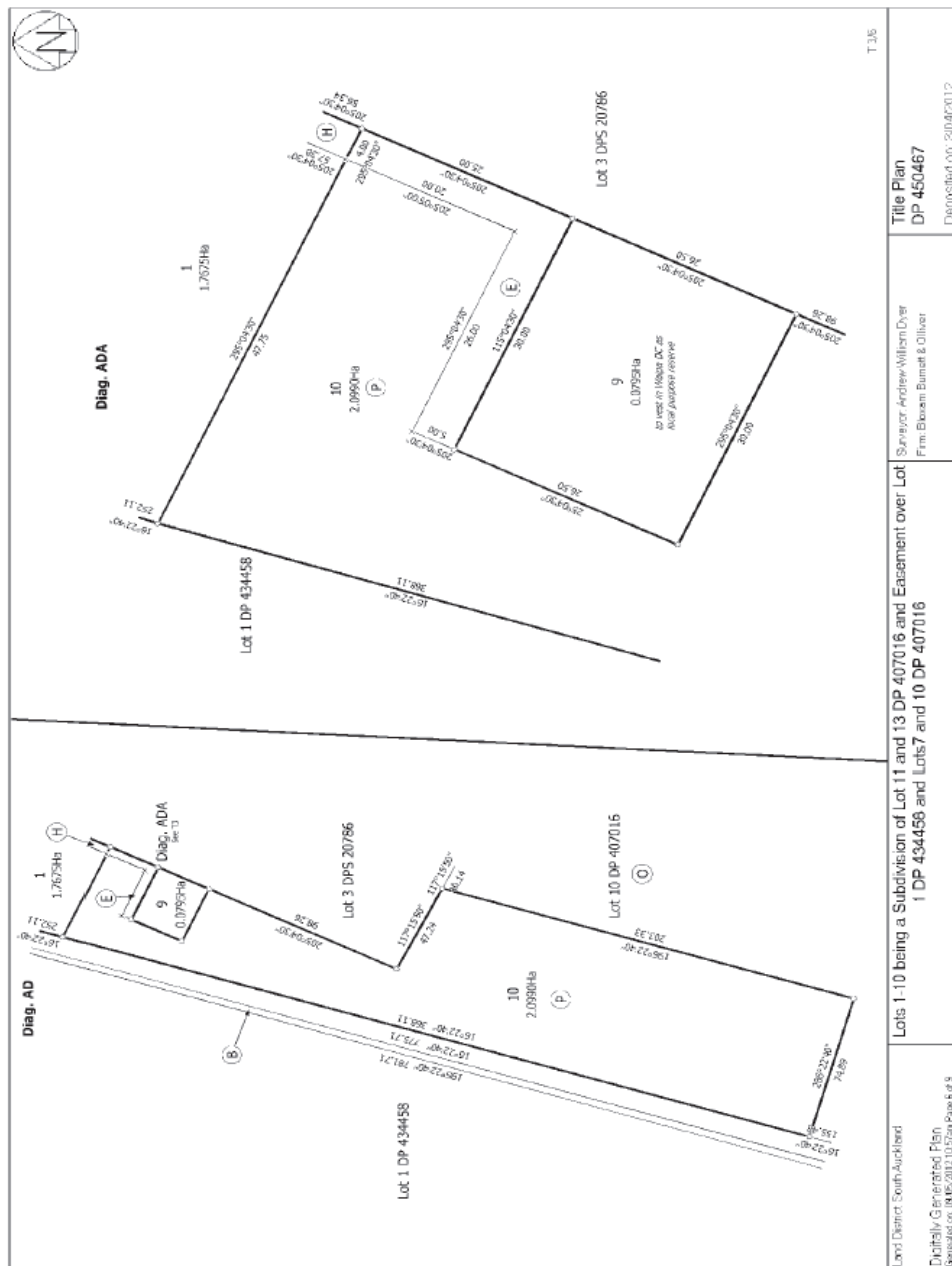
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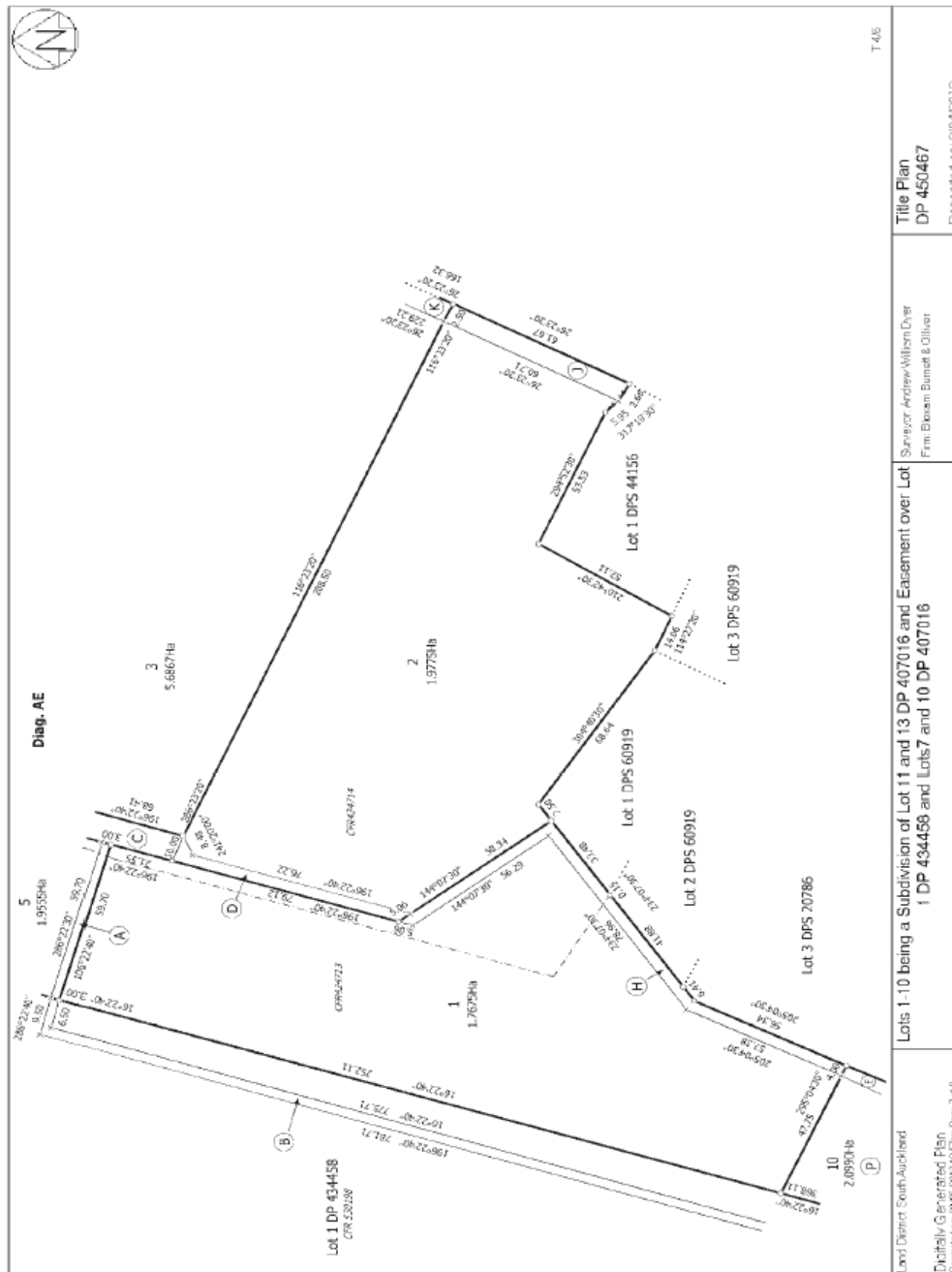


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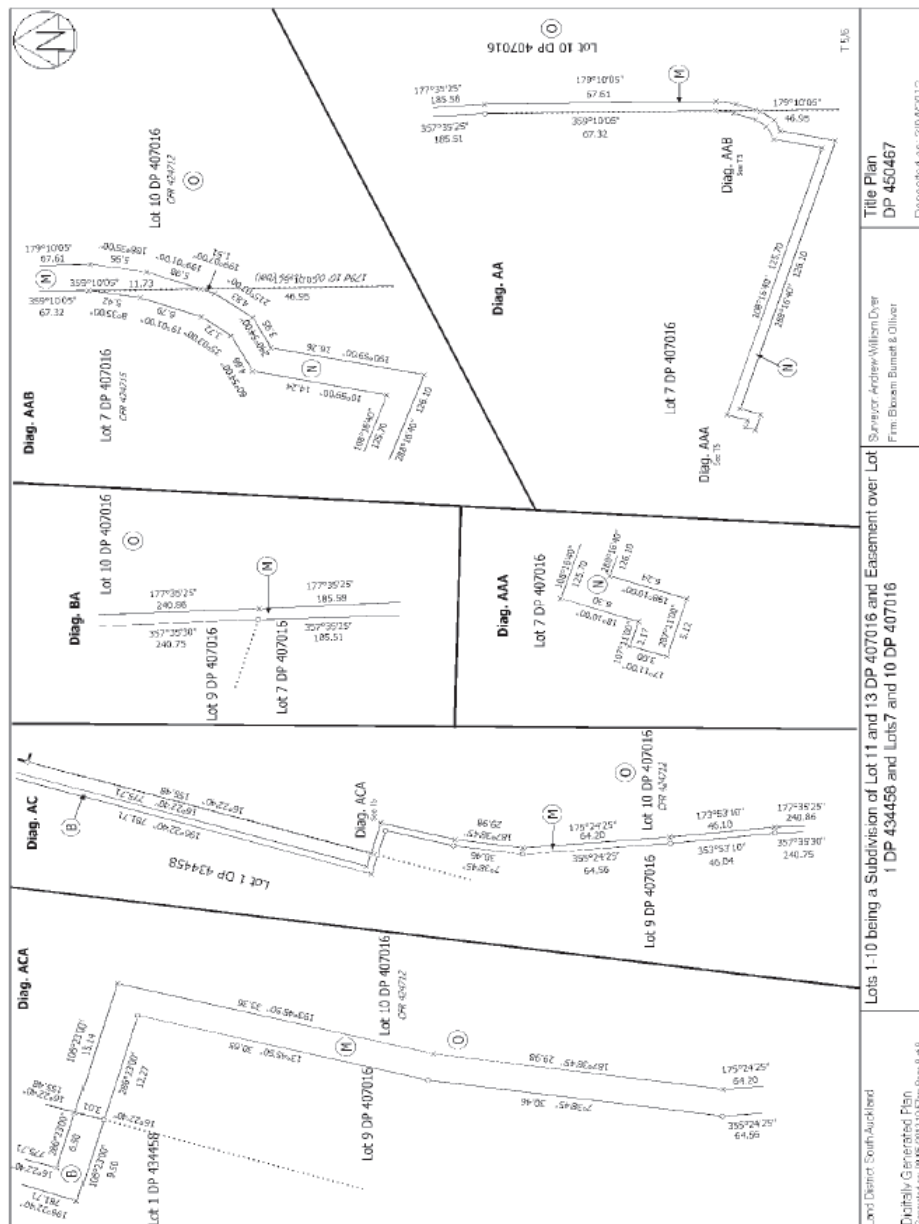
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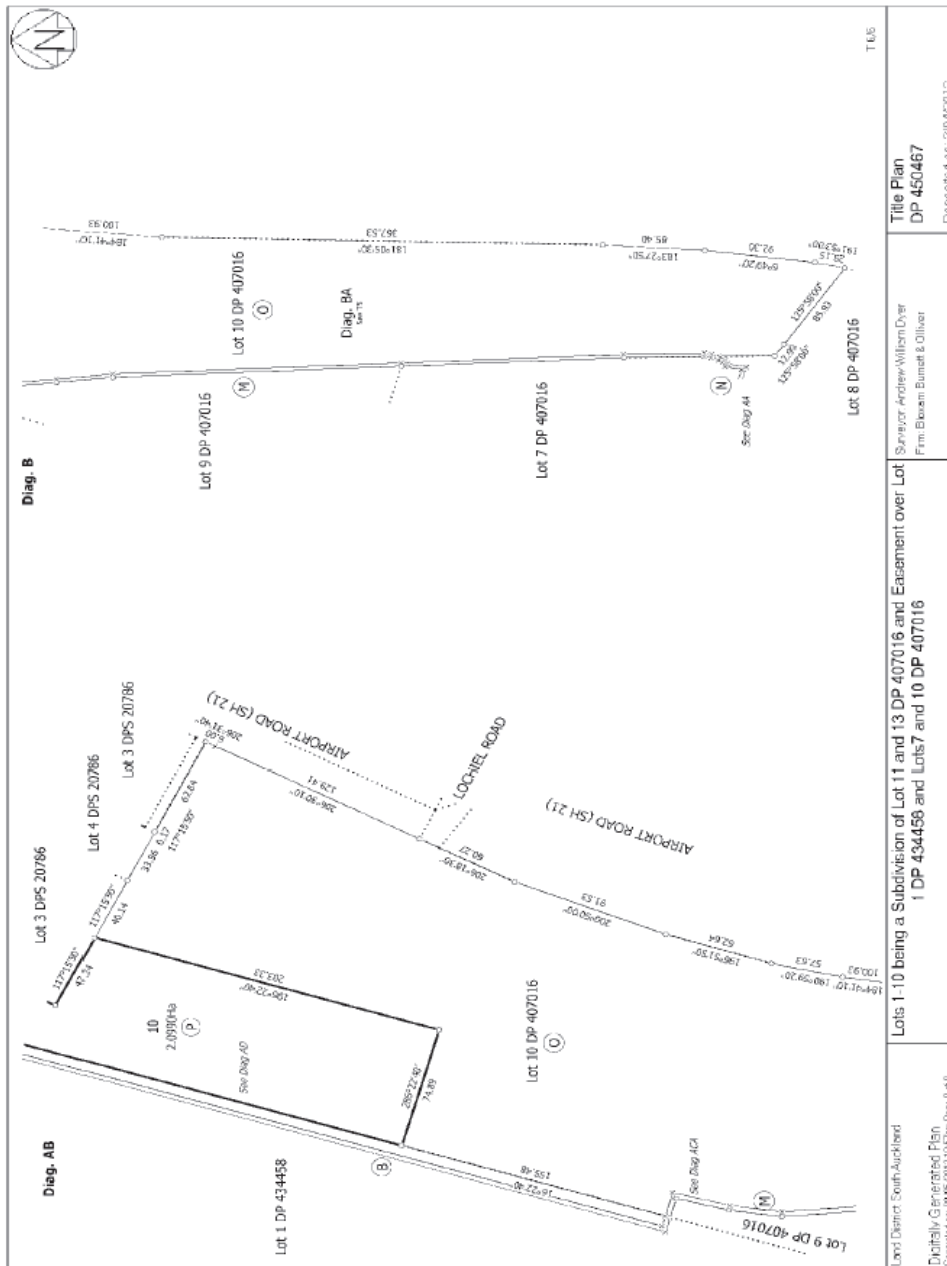
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Identifier

576456



T 6/6

Title Plan
DP 450467

Deposited on: 30/04/2012

Surveyor Andrew Wilson/Dyer
Firm Bowen Burnett & Oliver

Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot
1 DP 434458 and Lots 7 and 10 DP 407016

Land District South Auckland

Digitally Generated Plan
Generated on: 18/05/2012 10:57:00 Page 9 of 9



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



R.W. Muir
Registrar-General
of Land

Identifier 576455
Land Registration District South Auckland
Date Issued 03 April 2012

Prior References

424713 424714

Estate Fee Simple
Area 1.7675 hectares more or less
Legal Description Lot 1 Deposited Plan 450467

Registered Owners
Raynes Road Warehouse LP

Interests

B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm (affects part formerly Lot 13 DP 407016)

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)

8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm

Subject to a right (in gross) to convey water and sewage over part marked H on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey telecommunications, computer media and electricity over part marked H on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991

Appurtenant hereto is a right of way and a right to convey telecommunications and computer media created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991

Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm

8988849.18 Encumbrance to Waikato Regional Airport Limited - 3.4.2012 at 12:36 pm

9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576456 and SA38B/452) - 1.11.2012 at 4:35 pm

10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 - 27.2.2019 at 7.00 am

Transaction Id
Client Reference vthomson001

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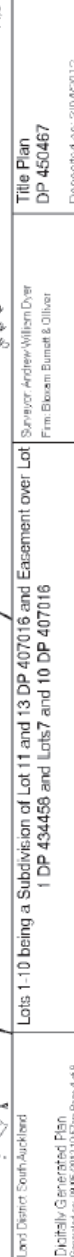


Identifier **576455**

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am



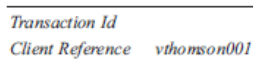
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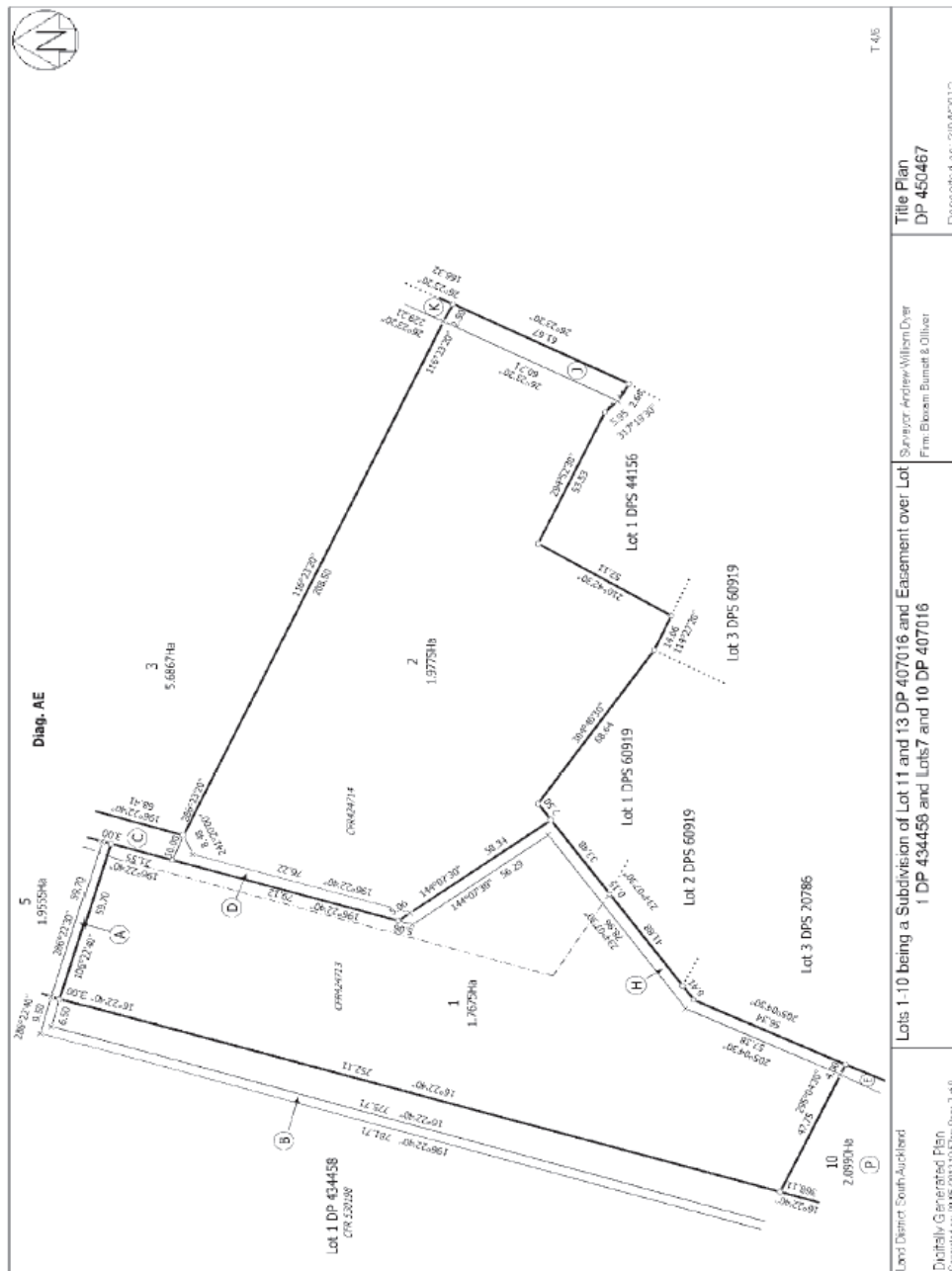
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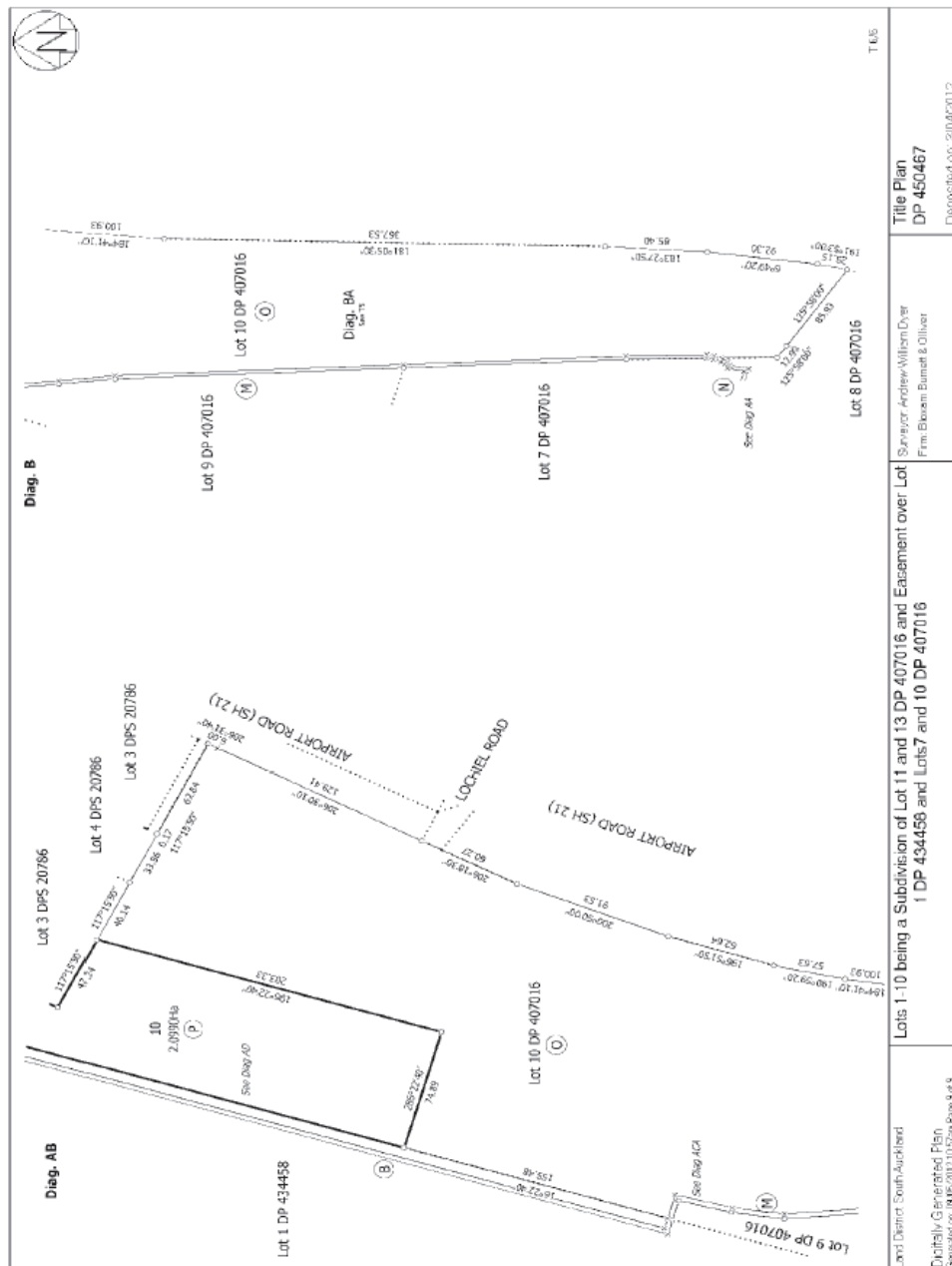
576455



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576455



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



R. W. Muir
Registrar-General
of Land

Identifier SA38B/452
Land Registration District South Auckland
Date Issued 30 April 1987

Prior References
SA17D/1254

Estate	Fee Simple
Area	3260 square metres more or less
Legal Description	Lot 1 Deposited Plan South Auckland 44156

Registered Owners
Raynes Road Warehouse LP

Interests

B537026.1 Gazette Notice declaring the adjoining State Highway No. 21 (Narrows Bridge - SH3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am

9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and 576456) - 1.11.2012 at 4:35 pm

10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm



SA38B/452

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DISCOUNTED CASHFLOW ANALYSIS

DISCOUNTED CASH FLOW SUMMARY

Selling Considerations

Terminal Yield	5.75%
Agent Commission	1.00%
Legal Fees	0.50%

Target IRR

6.95%

Net Present Value 27,929,958

INDICATED VALUE 27,950,000

Purchase Considerations

Purchase Price	27,950,000
Legal Fees	139,750
Cost of Purchase	28,089,750

Valuation Year	1	2	3	4	5	6	7	8	9	10	11
Year Ending	Nov-20	Nov-21	Nov-22	Nov-23	Nov-24	Nov-25	Nov-26	Nov-27	Nov-28	Nov-29	Nov-30
Income											
Passing Rent (as occupied)	1,551,751	1,551,751	1,580,847	1,590,545	1,590,545	1,590,545	397,636	0	0	0	0
Car Park Rent	0	0	0	0	0	0	0	0	0	0	0
New Leases	0	0	0	0	0	0	609,683	1,829,050	1,829,050	1,875,929	1,969,687
Future Car Park Income	0	0	0	0	0	0	0	0	0	0	0
Recovered Outgoings	176,219	180,625	184,237	187,922	191,680	195,897	116,673	204,211	208,500	212,878	217,349
Rent Shortfall (New Leases)	0	0	0	0	0	0	0	0	0	0	0
Total Income	1,727,970	1,732,376	1,765,084	1,778,467	1,782,225	1,786,442	1,123,993	2,033,262	2,037,550	2,088,807	2,187,036
Less											
Recoverable Outgoings	(176,219)	(180,625)	(184,237)	(187,922)	(191,680)	(195,897)	(200,011)	(204,211)	(208,500)	(212,878)	(217,349)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	0	0	0	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	0	0	0	0	0	0	0	0	0	0	0
Total Net Income	1,551,751	1,551,751	1,580,847	1,590,545	1,590,545	1,590,545	923,982	1,829,050	1,829,050	1,875,929	1,969,687
Adjustments											
New Lease Commissions	0	0	0	0	0	0	(164,575)	0	0	0	0
New Lease Incentives	0	0	0	0	0	0	(304,842)	0	0	0	0
Annual Capital Expenditure (% of Income)	(62,070)	(62,070)	(63,234)	(63,622)	(63,622)	(63,622)	(40,293)	(73,162)	(73,162)	(75,037)	(78,787)
Make Good Allowance	0	0	0	0	0	0	(155,238)	0	0	0	0
Programmed Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
Net Sale Price											33,942,858
NET CASH FLOW	1,489,681	1,489,681	1,517,613	1,526,923	1,526,923	1,526,923	259,034	1,755,888	1,755,888	1,800,892	33,942,858

TENANCY SCHEDULE

Tenant	GLA (sqm)	Car Parks	Contract Rent (\$pa)	Other Income (\$psm)	Outgoings (\$pa)	Outgoings (\$psm)	Car Park Rent (\$pa)	Car Park Rent (\$pw)	Lease Start	Lease Term	Lease Expiry	Option(s) (years)	Option Notice	Standard Review	Ratchet Clause	Next Review
Tenancies																
1 Torpedo 7 Ltd	16,009.7		1,551,751	96.93	16,219	1.01			3-Mar-16	10.00	2-Mar-26	4	3 mths	3.0 yrly Indexed 2.5%		3-Mar-22
Car Parks																
Licensed Car Parks									Various		Various					
Vacant Car Parks																
Total	16,009.7		1,551,751	96.93	16,219	1.01										
Total Annual Rent			1,551,751	(excluding outgoings from net leases)					Weighted Average Lease Term:			6.32 years				