

Valuation Report

Castle Rock Business Park

Mary Muller Drive, Hillsborough, Christchurch

25th January 2019

Augusta Industrial Fund No 1 Limited

This valuation has been prepared for Augusta Industrial Fund No 1 Limited for use by prospective investors (on a non-reliance basis) in that company, capital raising, financial reporting and mortgage security purposes only



Executive Summary

Castle Rock Business Park - Mary Muller Drive, Hillsborough, Christchurch



The property comprises thirteen industrial premises constructed between 2000 and 2015 occupied by sixteen different lessees subject to varying lease terms and conditions. All buildings will have a New Building Standard (NBS) in excess of 67% with the final completion of that work being 15 and 17 Mary Muller Drive, which is nearing completion.

The buildings are located on a single title containing 7.9456 hectares, fronting Mary Muller Drive and Chapmans Road, located in the eastern industrial suburb of Hillsborough. The buildings were designed and built at the time to be sold individually.

The property is currently leased in excess of \$4.0 million per annum, and has a short weighted average lease term (WALT) for this class of asset of 3.80 years by income, or 3.55 years by area.

Our assessment of value reflects the short term WALT, multiple tenants to spread risk, range of buildings from general warehousing to specialised office and processing areas, and vendor underwriting of vacant tenancies and leases expiring within the next twelve months.

Valuation

Prepared For	Augusta Industrial Fund No 1 Limited
Valuation Purpose	Market Valuation use by prospective investors (on a non-reliance basis) in that company, capital raising, financial reporting and mortgage security purposes
Date of Valuation	25 th January 2019
Date of Inspection	25 th January 2019
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	Industrial General-Christchurch City Council
Tenure	Freehold – Computer Freehold Register 372602 Canterbury Land Registry
Interest Valued	100% Freehold Interest
Adopted Value (as complete)	\$55,000,000 plus GST (if any)

Property Particulars

Net Lettable Area	Total	33,527 sqm
	Office	7,664 sqm
	Warehouse	25,768 sqm
	Retail	96 sqm
Current Vacancy (% Total NLA)		0 sqm (0.00%)
Car Parking (Ratio)		499 bays (1:67)
Site Area		79,456 sqm

Financial Summary

Gross Passing Income	\$4,755,267	(\$142 /sqm)
Gross Market Income	\$4,828,209	(\$144 /sqm)
Adopted Outgoings	\$688,762	(\$21 /sqm)
Net Passing Income	\$3,974,145	(\$119 /sqm)
Net Market Income	\$4,139,447	(\$123 /sqm)
Weighted Average Lease Term (by Income)		3.80 years
Weighted Average Lease Term (by Area)		3.55 years

Cap Approach Assumptions

Adopted Cap Rate	7.29%
Discount Rate (PV of Adjustments)	7.29%
Discount Rate (Other Income)	8.00%
Allowances for Expiries Occurring within	24 months
Allowances for Capex Occurring within	24 months
Market Income Capitalisation	\$56,340,000
Passing Income Capitalisation	\$54,351,000

DCF Approach Assumptions

Discount Rate	8.00%
Terminal Yield	7.54%
Adopted Lease Term (Office)	6.0 years
Adopted Lease Term (Warehouse)	6.0 years
Weighted Rental Growth (Avg. 10yr)	0.98%
CPI (Avg. 10yr)	1.99%
Value based on DCF Approach	\$53,849,000

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.

Valuation Analysis

Equivalent Yield	7.46%	Rate/sqm of NLA	\$1,640/sqm
Initial Yield (Net Passing Income)	7.23%	Internal Rate of Return (10 year)	7.68%
Initial Yield (Notional Fully Leased Income)	7.39%		

Executive Summary

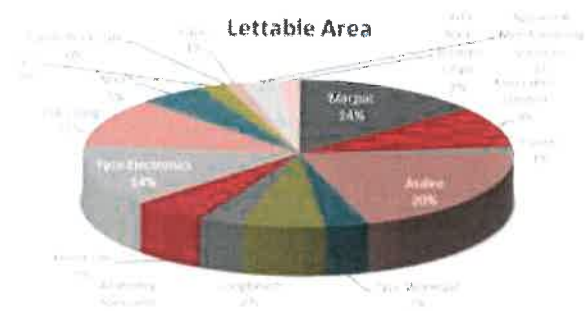
Financial Details & Critical Analysis

Tenancy Overview

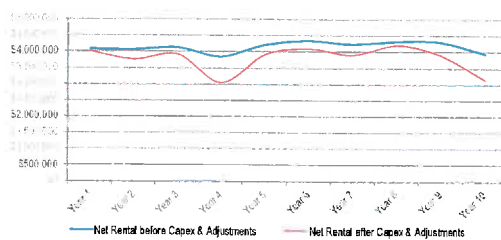
Tenant	Net Income	Area (sqm)
Miscpac	\$404,927	4,833
Kiwi Labels Limited	\$292,176	2,937
Contec	\$119,950	500
Asaleo	\$615,226	6,709
Tyco Wormald	\$207,649	1,106
Longbeach	\$251,224	2,090
Assembly Specialist	\$201,379	1,127
Xtend Life	\$476,256	1,803
Tyco Electronics	\$636,775	4,549
TSB Living	\$250,000	6,609
Nood	\$118,118	1,661
Tyco	\$139,604	553
Castle Rock Café	\$47,572	96
Elgas	\$74,518	340
Apparel & Merchandising Solutions	\$117,862	1,018
Castle Rock Business Park	\$104,085	495
Total	\$4,057,320	33,527

Note: Income above excludes Other Income

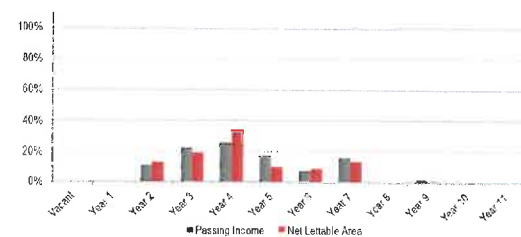
Tenant by Lettable Area



Projected Net Cash Flow



Lease Expiry Profile



Valuer

Mark Foster ANZIV, SPINZ
 Registered Valuer - Director
 +64 3 375 6624
mark.foster@ap.jll.com

Property Performance

Market Performance

- The Christchurch industrial market is in a transitional period after strong growth post-earthquake.
- Industrial vacancy across Christchurch sits at 6.3%, being lower in the preferred western locations and higher in the eastern locations.
- Industrial activity is concentrated to the western and southern quadrants of Christchurch in the industrial suburbs of Middleton, Wigram, Sockburn, Hornby and Islington.
- Rental rates have plateaued over the past two years and remain in the \$100.00 to \$130.00 psm range for prime and newly built warehouse space with a push back from occupiers at the upper end of the range. Secondary warehouse rentals remain in the \$70.00 to \$100.00 psm range.
- We anticipate only modest rental growth in the short to medium term given the large increases in supply seen post-earthquake. The market is still adjusting to these new levels.
- Both prime and secondary yields have firmed over the preceding two-year period reflective of a property market with continued strong buyer demand but lack of attractive investments offered. Prime yields range from 6.0% to 7.0% with secondary yields at 7.0% to 9.0%.

Asset Performance

- The property is located in the eastern industrial area of Hillsborough, forming part of Castle Rock Business Park.
- The land is zoned Industrial General that allows for the existing development.
- The improvements were constructed between 2000 and 2015, and range from general industrial structures to office and specialised processing facilities.
- The area is readily accessible to the Port of Lyttelton and major transportation links.
- The more specialised buildings have been constructed with Kingspan Architectural Panel or a similar PIR panel product which has high fire rating properties when compared to some other panel options.

Cash Flow Performance

- The property is currently 100% occupied with major occupiers including Macpac, Tyco, Asaleo and Xtend Life.
- The passing rent reflects an overall rate of \$119 per square metre of NLA, which is considered to be in line with our opinion of market rental rates.
- The weighted average lease term (by income) of 3.80 years is considered to be slightly short for this class of asset, with investors particularly attracted to properties with slightly longer lease profiles.
- We have not been supplied with an operating expense budget and made our own estimates in completing our assessment.
- Major upgrades include the refurbishment of the Macpac tenancy, and strengthening of the Kiwi Labels building from 50% to 67%, and from 60% to 67% for the Tyco building. This work has been completed by the previous vendor.
- We have reinspected the Macpac tenancy and find that the office upgrade is nearing completion. As part of that upgrade there has been an extension of the upper floor mezzanine office space. This work is not yet complete and we will undertake a re-measurement of the premises at our next involvement. We suggest that at first review there will be growth in the rental level to reflect the upgrading which has taken place.
- 15 Mary Muller Drive have had structural strengthening and a refit of their office area at the rear. 17 Mary Muller Drive has been subject to strengthening raising its NBS to 67% from 60%.
- We have allowed for refurbishment cost upon individual lease expiry in our calculations.

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

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often 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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1 Introduction

1.1 Instructions

We refer to your instructions dated 11th December 2018 requesting that we undertake a market valuation of the freehold interest of Mary Muller Drive, Hillsborough, Christchurch (the Subject/Property), as at 25 January 2019 for and on behalf of Augusta Industrial Fund No 1 Limited. We understand that the valuation is to be relied upon for use by prospective investors (on a non-reliance basis) in that company, capital raising, financial reporting 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.

Furthermore, we confirm:

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

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

- Augusta Industrial Fund Limited (or its subsidiaries)
- EY (Ernst & Young)
- ASB Bank Limited (as Security Trustee)
- ASB Bank Limited (as Lender)
- ANZ Bank New Zealand Limited
- Westpac Bank 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	25 th January 2019
Date of Inspection	25 th January 2019
Date of Preparation of Report	29 th January 2019

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

1.3 Basis of Valuation

Market Value

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

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

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:

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

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

1.6 Specific Assumptions

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

- Confirmation of lease details and passing rents as supplied;
- Confirmation of NBS ratings of the individual buildings as supplied;
- Floor areas supplied with our instructions determined based on previous valuations of the properties;
- Vendor leasing the vacant office tenancy at 10a Chapmans Road for a term of three years at an annual rent of \$104,085 plus GST and property outgoings;
- Vendor underwriting the two leases expiring in 2019 for a further twelve-month term to TSB Living and Johnson Control (Tyco New Zealand) at the existing level of rental;
- Vendor completing the refurbishment of the Macpac tenancy and strengthening to 67% of the Kiwi Labels and Tyco tenancies;
- Excludes the rent reduction to Macpac whilst refurbishment is undertaken or the reassessment of rent now that the refurbishment is nearing completion;
- Confirmation that some of the buildings have been constructed in Kingspan or other equivalent PIR panel which has an acceptable fire rating and properties;

2 Property Description

Castle Rock Business Park comprises thirteen industrial and office premises, located upon a large site area of 7.9456 hectares, located in the eastern industrial area of Hillsborough. Although currently contained on one title, the buildings were designed to be sold individually.

Development occurred between 2000 and 2015. All buildings are strengthened to a minimum 67% NBS, although those structures completed after the Canterbury earthquakes are 100% NBS.



The property is 100% occupied with the previous vendor leasing the vacant office area of 2 Mary Muller Drive for a three-year term as a condition of the sale. The previous vendor has also underwritten the two leases expiring in 2019 to TSB Living and Johnson Controls (Tyco New Zealand Limited), for a further twelve-month term.

The development that has occurred is generally of a good quality and ranges from general warehouses, specialised office and manufacturing premises, to standalone offices. There is a degree of specialisation in a number of the premises and a number were design build projects.

The property is currently leased in excess of \$4.0 million per annum, with the majority of leases, under a net, or semi net basis. The lease to Nood is under a gross basis. We believe the passing rental largely equates to market.

This is a unique property offering a significant cash flow generated from multiple tenants, with potential to survey and sell the properties individually, tempered by the short term WALT, and degree of specialisation for a number of the premises. As a consequence, we believe the applicable yield to lie to the mid-range of market parameters.

3 Land Particulars

3.1 Location

The best concept of the land content is with reference to the locational and aerial imagery below which identifies the block of land comprising 7.9456 hectares situated to the southern and eastern sides of Mary Muller Drive in the Hillsborough Industrial area. Access to the number of the buildings is off Mary Muller Drive which extends in an easterly direction from Chapmans Road. The land itself is now principally level in contour but was subject to filling.

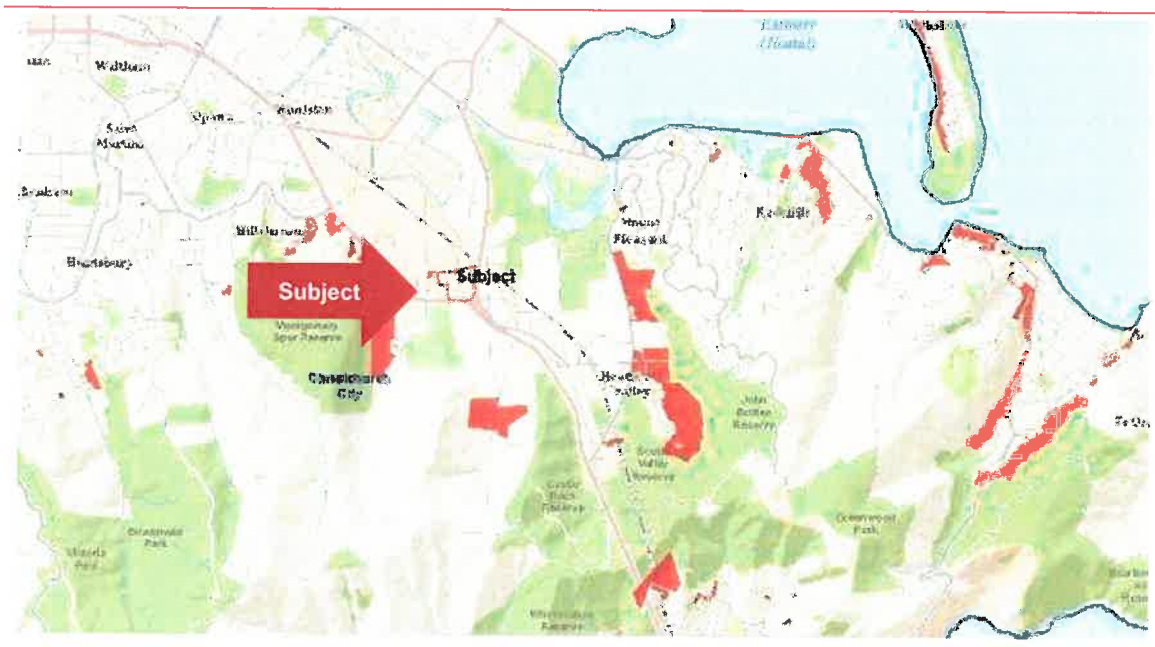
The sites have available normal commercial utility services and vehicle access is suitable for both smaller vehicles and trucks.

The most recent development in this immediate location would be the Portlink Industrial Park which forms a continuation of Kennaway Drive. A number of large scale industrial occupiers have already taken space in the subdivision including the bulk warehousing element of Kathmandu, Elastomer Products, Online distribution, Boxman and New Zealand Express Transport. Whilst uptake in this development has been protracted there is some traction in the market for the balance of the sites which have been offered for sale.

Woolston generally has had some regeneration in terms of the Tannery which is a boutique retailing complex that was redeveloped from an older industrial building. In Broad Street a significant warehouse structure is presently under construction by Apollo.

The subject property is located to the eastern side of Chapmans Road with the main characteristics of the locality including the properties proximity to Rail links, The Port of Lyttelton and is generally recognised as a secondary industrial location. Essentially this is an industrial location where any inherent office development has been created to support either distribution or a warehousing operation.

The following map identifies the approximate location of the Property:



Source: Google Maps

3.2 Title Particulars

Title Reference:	372602
Tenure:	Fee Simple
Legal Description:	Lot 2 Deposited Plan 392999
Area:	7.9456 hectares more or less
Registered Proprietor(s):	Castle Rock Properties Limited
Encumbrances:	<p>The Record of Title details the following encumbrances:</p> <ul style="list-style-type: none">• 866124 Notice declaring Port Hills Road to be a limited access road - 9.5.1972 at 9.00 am• Subject to a right to drain water in gross over parts marked DC, DB, D, V and C on DP 392999 in favour of Christchurch City Council created by Transfer 155441.1 - 10.11.1977 at 11:27 am• Subject to a right to convey Liquid Petroleum Gas in gross over parts marked BC, BB, B, V and W on DP 392999 in favour of Liguigas Limited created by Transfer 656960.1 - 12.12.1986 at 9:50 am• Land Covenant in Transfer A419135.8 - 6.8.1999 at 3.40 pm (affects part formerly Lot 1 DP 81355). Relates to land formerly associated with the site which has been used for residential type development. This is a mutual covenant for those sites to maintain quality within that component of the development.• 6209162.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 9.11.2004 at 9:00 am. Relates to the initial subdivision of the land in that at that time the Council required the developers to comply with a monitoring and management plan for 212 Port Hills Road prepared by URS NZ Limited dated May 2004 relating to site contamination issues a management plan regarding that issue.• Subject to a right to drain sewage over part marked AB on DP 392999 created by Easement Instrument 6209162.10 - 9.11.2004 at 9:00 am• Appurtenant to part formerly Lot 2 DP 306637 herein is a right to drain sewage created by Easement Instrument 6209162.10 - 9.11.2004 at 9:00 am• The easement created by Easement Instrument 6209162.10 is subject to Section 243 (a) Resource Management Act 1991• Subject to a right to convey electric power in gross over parts marked A and AB on DP 392999 in favour of Orion New Zealand Limited created by Transfer 6209162.11 - 9.11.2004 at 9:00 am• The easement created by Transfer 6209162.11 is subject to Section 243 (a) Resource Management Act 1991• Subject to a right to drain water in gross over parts marked A and AB on DP 392999 in favour of Christchurch City Council created by Transfer 6209162.12 - 9.11.2004 at 9:00 am• The easement created by Transfer 6209162.12 is subject to Section 243 (a) Resource Management Act 1991• Subject to a right of way, right to convey electricity, telecommunications, computer media, water and gas, right to drain water and sewage over part marked E on DP 392999, right to drain water over part marked F, BB and DB on DP 392999 and a right to convey water and power over part marked G on DP 392999 created by Easement Instrument 7720194.2 - 20.2.2008 at 9:00 am• Some of the easements created by Easement Instrument 7720194.2 are subject to Section 243 (a) Resource Management Act 1991• Subject to a right (in gross) to convey electricity over part marked E and G on DP 392999 in favour of Orion New Zealand Limited created by Transfer 7720194.3 - 20.2.2008 at 9:00 am• The easements created by Transfer 7720194.3 are subject to Section 243 (a) Resource Management Act 1991• Subject to a right (in gross) to convey electricity over part marked A on DP 476483 in favour of Orion New Zealand Limited created by Easement Instrument 9825718.2 - 12.12.2014 at 10:03 am• 11149395.3 Mortgage to ASB Bank Limited - 2.7.2018 at 5:19 pm.• 11312157.1 records a Caveat by Augusta Industrial Fund No. 1 Limited protecting the contract they have on the property.

Source: Land Information New Zealand



Easement Map

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 Certificate of Title appended to this report.

Our valuation is made on the basis that the Property is free of any further unregistered encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value.

3.3 Site Details

The site comprises 7.9456 hectares, depicting the vehicle access to the land via Mary Muller Drive which is a 20-metre-wide carriageway adequate for both small and larger vehicle access and egress. The site has available the standard commercial utility services.

Site Area:	<u>Area of Lot 2:</u>	7.9456 ha
	Total Area:	7.9456 ha

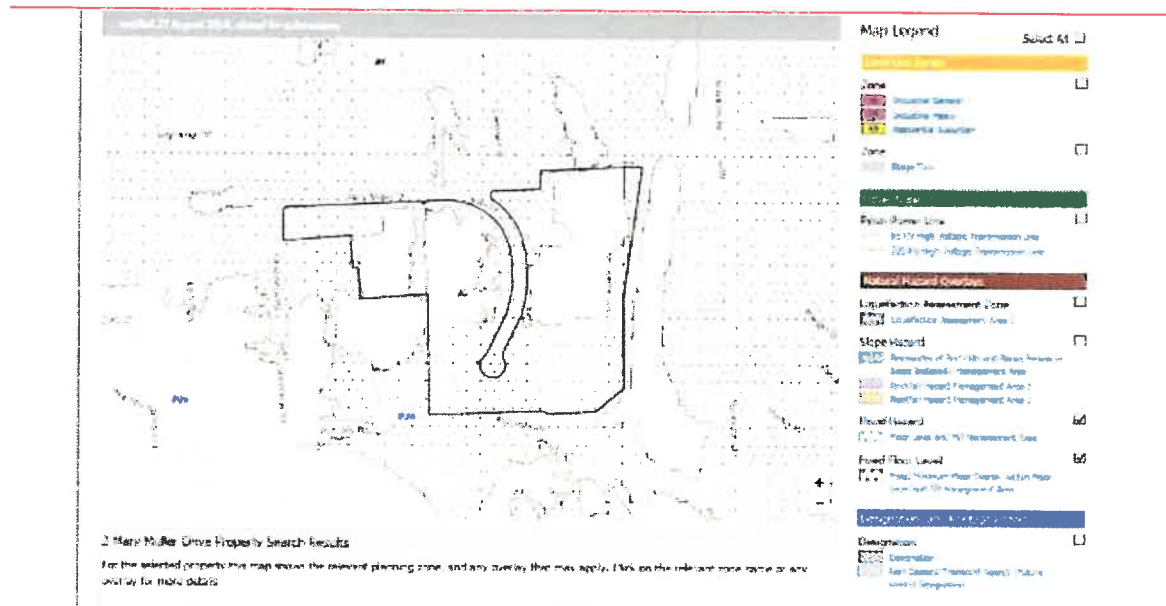


We have not been provided with a geotechnical assessment for the total parcel of land content. However, we have a Geo Technical assessment carried out for 12 Mary Muller Drive for the Xtend Life building. This report carried out by Elliott Sinclair, dated April 2012 used 6 CPT's with refusal at 18.7 to 27.7 metres below ground. Soils tests identified uncontrolled fill across the site which Elliott Sinclair recommended excavation of this material and replacement with controlled compaction. We have included the executive summary of this report as an appendix to our report.

3.4 Resource Management

Local Authority:	Christchurch City Council
Planning Instrument:	Christchurch City Council's Operative District Plan
Operative Date:	19 th December 2017, subject to outstanding appeals and variations
Zoning:	IG - Industrial General
Objectives:	The Industrial General Zone recognises and provides industrial and other compatible activities that can operate in close proximity to more sensitive zones, due to the nature and limited effects of activities (such as noise, odour and traffic), and providing a buffer between residential areas and the Industrial Heavy Zone.

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. We note from inspection of the proposed City Pan that parts of the location have been identified as a flood hazard area and would be subject to consultation with local council as to building floor levels.



3.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1st August 2016, being Assessment Number 22491 40700, is as follows:

Land Value	\$8,350,000
Improvements Value	\$32,750,000
Capital Value	\$41,100,000
Current Year Rates	\$307,105

Capital Value, defined by S2(1) Rating Valuations Act 1998, is the sum that the owner's estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require.

We note however that rating valuations do not take account of a number of key issues affecting value, 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.

Under the Listed Land Use Register the property has been identified as a land fill site and that a number of detailed site investigations have been carried out on the property from 1994 and extending through to 2004. The reports related to contamination from previous use and the concentrations of certain metals and sulphates required an ongoing groundwater management monitoring program. A summary of these investigations are attached to this report. The ongoing management program would be interpreted as a negative factor by most investors. The land is near fully development and therefore disturbance is likely to be minimal.

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

3.7 Heritage

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

4 Improvements

4.1 Overview

The Castle Rock Portfolio comprises 12 buildings situated on Mary Muller Drive which have been constructed over the last 16 years comprising large format commercial industrial type buildings which have been built for specific tenants. We do not intend to fully describe all the buildings and layout but more to give an overview of the improvements as both parties involved are familiar with the land and building content.

Given the number of buildings involved, to ease the readability of the content, we have focussed on lease details and conditions for each individual tenancy. Finally, we have commented in relation to earthquake repairs, strength in terms of NBS and general condition.

2 Mary Muller Drive – Elgas Limited, AMS and Castle Rock

This building is situated at the corner of Chapmans Road and Mary Muller Drive. The building was constructed circa 2000 and is principally now formed in three parts being the office area referred to as 10A Chapmans Road leased to Elgas, the office and warehousing space leased to Apparel & Merchandising Solutions (AMS) and the balance vacant office area which is being leased to Castle Rock as part of the contract agreement.



The office element is constructed on a reinforced concrete foundation with concrete tilt panel walls supporting a Parapet iron roof and aluminium window joinery.



Elgas Offices

Internally the office area is extensively partitioned to include a reception, various offices, cafeteria amenities and board room.



Reception

A canopy extends out over the entry to the building and two courtyards have been formed along the northern side of the office facility, one for board room use, the second outside the cafeteria. A portion of this space remains vacant and has been adopted into a lease commitment to Castle Rock Limited. Internally the office is of a high specification including suspended ceilings, air conditioning and flush mounted lighting.



AMS Reception and Parking

The office for AMS and associated amenities area are of similar construction to the office itself. The area is carpeted and is tiled at the entry, has a suspended ceiling and is well lit.



AMS Interior Warehouse

The warehouse distribution area lies to the eastern end of the site and is formed in concrete tile panel which has recently had an iron cladding to the exterior. The structure is supported on precast iron walls, has an RSJ steel portal frame, galvanised purlins, netting and sisalation and has tray roofing with Clearlite insets. Within the warehouse area lighting is by way of suspended incandescent lights and a container height door is set in the northern wall to a 4.3 metre height. The stud height within the warehouse is 6.1 metres to the knee rising 7.2 metres at the hip.

Our apportionment of the measured space is as follows:

Elgas Tenancy

Office 340 square metres

Carparks 10 parks

Vacant Offices to Longbeach

Offices 495 square metres

Carparks 24 parks

AMS

Offices and amenities 326.6 square metres

Office warehouse 119.1 square metres

Warehouse 572.3 square metres

Carparks 12 parks

Condition of Improvements

We have been informed that the building has been strengthened to meet 67% NBS and there are some minor cosmetic tidying to the vacant space once a tenant is identified.

Compliance

We have been provided a copy Building Warrant of Fitness 52805 completed by FFP which expires in 1st September 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004 and it is in a band of NBS percentages which would not be discounted by any incoming investor or funded by banks. The current market norm of 67% NBS is the standard rate without discounting values to meet banking, insurance, health and safety requirements. The building meets this standard.

We note from the summary we have been provided that this building had a NBS post-earthquake of 50% and subsequent correspondence with Barrie Clarke has identified that the strengthening has been completed on this building to a level of 67% NBS.

Executed Lease Details

Executed Deed of Lease for Elgas

Lessee	Elgas Limited
Demised Premises	Part of the building at 10A Chapmans Road
Commencement Date	1 st October 2017
Expiry Date	30 September 2027
Lease Term	10 years with two rights of renewal of five years each
Commencement Rent	\$73,200 plus GST
Current Rent	\$74,518 plus GST
Rental Review Provisions	First review was 1/12/2018 with CPI. Market rental in October 2022, 2027 and 2032
Outgoings Recovery	100%
Permitted Use	Administration offices

Executed Deed of Lease for AMS

Lessee	Apparel and Merchandising Solutions Limited
Demised Premises	2 Mary Muller Drive
Commencement Date	1 st December 2017
Expiry Date	30 th November 2023
Lease Term	6 years with two rights of renewal of three years each
Commencement Rent	\$116,580 plus GST
Current Rent	\$117,862 plus GST

Rental Review Provisions	First review was 1/12/2018 with an annual fixed 2% increase. The market rental at renewal is capped at 10%.
Outgoings Recovery	100%
Permitted Use	Administration offices

Lease to Castle Rock

Lessee	Castle Rock
Demised Premises	2 Mary Muller Drive
Commencement Date	15 December 2018
Expiry Date	14 December 2021
Lease Term	3 years
Commencement Rent	\$104,085 plus GST
Current Rent	\$104,085 plus GST
Rental Review Provisions	Nil
Outgoings Recovery	100%
Permitted Use	Administration offices

4 Mary Muller Drive – Macpac Limited

This building was constructed originally for Kathmandu circa 2000 era and is now occupied by Macpac. The building comprises a single level office type facility towards the road frontage and a large distribution bulk warehouse at the rear.



The building is formed on a conventional concrete foundation and floor slab with tilt slab panel walls, single glazed aluminium window joinery to the office areas and metal roofing.



Offices

Internally the office area has been subdivided to create a reception space with the rear area being partitioned to provide offices to outside walls and open plan areas centrally. The space includes floor coverings, ceilings, flush mounted fluorescent lighting and air conditioning. The space is currently being fully refitted and upgraded with some layout changes. Toilet areas and staff cafeterias have been modernised and a deck added to the cafeteria space. In addition, the mezzanine office areas have been extended and modernised. This work is nearing completion and we feel it appropriate to re-measure the space once work is complete.



Reception

The warehouse at the rear is of a precast concrete construction, utilises an RSJ steel portal frame, galvanised purlins, netting sisalation and tray roofing with Clearlite inset.



Warehouse Space

Lighting is by way of suspended Tungsten light fittings. The warehouse space provides good clear span space with 4.6 metre container height automated roller doors principally set in the eastern wall. The warehouse has a stud height to the portal knee of 7 metres rising to 9.5 metres at the apex of the hip.



Internal Warehouse

Contained within the warehouse area are the staff amenities including male and female toilets, cafeteria and workroom. At mezzanine level there are two basic offices with the balance area being open mezzanine storage.



Cafeteria



Mezzanine

Our measurement of the structure prior to the alterations indicates the following:

Office area	925.7 square metres
Warehouse Space	3502.2 square metres
Warehouse Office and Amenities	209.9 square metres
Mezzanine Area	195.3 square metres
Surplus Land	1375 0 square metres
Surplus Land	1375 0 square metres
Carparks	13 spaces

Condition of Improvements

This building has been remediated post seismic activity. The office was being refurbished at the date of inspection and is nearing completion.

Yard areas were clear allowing for good distribution access and egress.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF51588 which expires in 1st May 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

Further to the analysis carried out by Engenium Consulting we note that this building has been remediated post seismic activity of 2011 and currently has an NBS of 67%.

Executed Deed of Lease

Lessee	Macpac Limited
Demised Premises	That land situated at Mary Muller Drive, Christchurch comprising 8958 m ² more or less being the areas outlined in yellow on the plan annexed to this Deed together with the buildings and improvements situated on the land being part of the land more particularly comprised in certificate of title 372602.
Lettable Area	Car Parking 13 spaces
Commencement Date	1 st July 2018
Expiry Date	30 th June 2022
Lease Term	4 years with two right of renewal of 4 years

Commencement Rent	\$431,720 plus GST
Current Rent	\$215,880 plus GST (Reflects the discount negotiated by the tenant for one year around modification to offices and disruption).
Rental Review Provisions	On each anniversary of the commencement date the rent shall be increased by CPI by 1% and then to market at the renewal date.
Outgoings Recovery	100% with the following removed from the standard outgoings; <ol style="list-style-type: none"> 1. New Zealand Fire Service charges and the maintenance charges in respect of all fire detection and firefighting equipment, 7. Cleaning maintenance and repair charges including charges for repainting, decorative repairs and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair). 8. The provisioning of toilets and other shared facilities. 10. Yard and carparking area maintenance and repair charges but excluding charges for structural repairs to the building. 11. Body Corporate charges for insurance premiums and related valuation fees and reasonable management administration expenses. 13. The costs incurred and payable by the landlord in supplying to the territorial authority a building warrant of fitness and obtaining report as required by Section 45 of the Building Act 1991
Permitted Use	Light manufacturing, distribution, warehousing and associated offices
Special Provisions	Tenant's Obligations <p>8.1 The tenant shall (subject to any maintenance covenant by the Landlord) be responsible to :</p> <p>(a) Maintain the premises</p> <p>In a proper and workman like manner and to the reasonable requirements of the Landlord keep and maintain the interior of the premises including the Landlord's fixtures and fittings in the same clean order repair and condition as they were in at the commencement of this lease and will at the end or earlier determination of the term quietly yield up the same in the like clean order repair and condition. In each case the Tenant shall not be liable for fair wear and tear arising from reasonable use. Where the premises re damaged by fire flood explosion lightning storm earthquake volcanic activity or any risk against which the Landlord is required to use its reasonable endeavors to insure , then the Tenant is liable for the cost of making good that damage...</p>
Guarantee	No.

6 Mary Muller Drive – Kiwi Labels Limited

This building was constructed 2001 with an additional warehouse added in 2003. The interior of the offices has recently been redecorated as part of the redefining of the brand to Kiwi Labels.



The offices are formed utilising a reinforced concrete foundation and floor slab with precast concrete panel walls, iron tray roofing and aluminium window joinery.



Building Frontage



New Reception

Construction of the warehouse uses an RSJ steel portal frame, part of which is encased in concrete, supporting galvanised purlins, netting, sisalation and a hipped iron tray roof. The warehouse area has a 5.4 metre height to the portal knee rising to 7 metres at the hip.



Interior Warehouse

Situated within the warehouse area is a maintenance and workroom which is fully lined, has a Gib board ceilings with fluorescent mounted lighting and is carpeted. This office area is air conditioned with wall mounted heat pumps, includes a suspended ceiling with recessed fluorescent lighting and is carpeted.

The measurements are as follows:

Office area	442.5 square metres
Warehouse	1294.8 square metres
Warehouse Extension	1083.4 square metres
Workroom	116.4 square metres
Carparking	26 spaces.

Condition of Improvements

This building has been repaired of earthquake damage and has a structural strengthening of 50% NBS, which is currently being upgraded to 67% by the vendor.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF50463 which expires in 1st September 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

6 Mary Muller Drive

Executed Deed of Lease

Lessee	Blue Star Groups (Kiwi Labels)
Demised Premises	Those premises situated at 6 Mary Muller Drive, Christchurch shown on the plan annexed as the Sixth Schedule comprising 4908 sqm or thereabouts, being part of the land in certificate of title 372602 including carparking areas, landscaped areas, a building comprising 2918.5 sqm or thereabouts and all other improvements owned by the Landlord forming part of the premises.
Commencement Date	1 st April 2018
Expiry Date	31 st March 2024
Lease Term	6 years with one three year right of renewal
Commencement Rent	\$297,708 plus GST less an annual rebate of \$8,000 per year for the first term of the lease (5 years remaining).
Current Rent	\$297,708 plus GST
Rental Review Provisions	Fixed rental until Market review in 1 st April 2021
Outgoings Recovery	100%, excluding management expense
Permitted Use	Printing and stationery manufacture, warehouse and office administration
Guarantee	No

8 Mary Muller Drive – Contec



This is a single level office building which was constructed circa 2008 with construction utilising a reinforced concrete foundation and floor slab with concrete panel walls, metal tray roofing, aluminium window joinery, is fully partitioned, has a suspended ceiling and is carpeted.



Office Façade

The building internally has been subdivided into a reception area towards the road frontage which includes the manager's office.



Reception

There are separate data rooms, peripheral offices and cafeteria around the outside circumference of the building and a central open core office.

Internally the space is pleasantly fitted out includes a suspended ceiling with recessed fluorescent lighting, air conditioned and is carpeted.



Internal Offices

The building is pleasantly sited amongst well established landscaping which includes a small cafeteria courtyard off the rear of the cafeteria. This cafeteria includes stainless steel inset sink with formica benching, open shelving, vinyl flooring and access to the external courtyard.

The measurement of the tenancy indicates an area of 500.4 square metres along with 19 formed parks.

Condition of Improvements

This building had been remediated post seismic events of 2010/2011 and was in a tidy condition.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF54560 which expires in 1st September 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule an earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

Further to the analysis carried out by Engenium Consulting Engineers we note that the Detailed Engineering Evaluation (DEE) has been assessed at 67% of current NBS standard.

Executed Deed of Lease

Lessee	Contec Group International Limited
Demised Premises	The land and buildings situated at 8 Mary Muller Drive as outlined in yellow on the attached Plan being part of identifier No 372602
Commencement Date	24 th March 2018
Expiry Date	23 rd March 2023
Lease Term	5 years with one right of renewal of 5 years
Commencement Rent	\$119,950 plus GST
Current Rent	\$119,950 plus GST plus \$885 for capitalisation of fence
Rental Review Provisions	Every 2 years from commencement date to market
Outgoings Recovery	100%
Permitted Use	Professional offices
Guarantee	No

10 Mary Muller Drive – Tyco New Zealand Limited (Wormald Building)



This building was constructed in 2013 on a raised concrete foundation with external walls formed on a timber frame, variations of 50mm Kingspan and Eterpan Ventclad with express joints, double glazed external joinery within the office area, suspended ceilings, ducted air conditioning and recessed fluorescent lighting.



Exterior Offices

The area is partitioned providing for reception area, office and management areas, administration office, amenities and training room.



Reception



Open Plan Office

Towards the rear is an industrial workshop formed in tilt slab panels supported on RSJ steel portal framework with galvanised purlins, netting, sisalation and tray roofing with ceiling mounted fluorescent lighting. Access is available to the warehouse unit via two oppositely mounted roller doors which provide access to the northern and southern courtyard.

Included within the warehouse area is some partitioned space and there is a caged area towards the rear which is a tenant's improvement.



Warehouse Area

The measured area for the structure is as follows:

Office	732.1 square metres
Warehouse	374.1 square metres
Carparks	26 spaces

Condition of Improvements

This building was constructed in 2013 and is in very tidy order as it is only 5 years of age.

Compliance

This building carries a current Warrant of Fitness issued by Wormald as Compliance Schedule WOF55589 which expires in 1st July 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

Further to the analysis carried out by Engenium Consulting Engineers we note that this building was built post-earthquake and is 100% of the current NBS Standard.

Executed Deed of Lease

Lessee	Tyco New Zealand Limited
Demised Premises	The Landlord's land and building (s) comprising an area of approximately 750 m ² (Office) and an area of approximately 375m ² (Warehouse) as shown on the attached Site Plan
Commencement Date	11 th March 2013
Expiry Date	10 th March 2021
Lease Term	8 years with two rights of renewal of 4 years each
Commencement Rent	\$175,000 plus GST
Current Rent	\$213,781 plus GST
Rental Review Provisions	2 yearly from commencement date to market with the next review in 11/3/2019. A reviewed rent will not be less than the annual rent payable as at the commencement date of the initial term of this lease and not increased by more than the amount equal to a 20% increase in the annual rent that is payable prior to the first review date in respect of the first rent review. In respect of subsequent rent reviews, a 10% increase in the annual rent of the payable rent prior to the relevant review date.
Outgoings Recovery	Semi gross lease
Permitted Use	Any use permitted under the provisions of the District Plan
Fixtures and Fittings	Landlord's Floor coverings HVAC Internal fixed partitions Type 2 fire alarm system Tenant's Sprinkler system and alarms IT equipment including pre-wire Signage Blinds and furnishings White ware Security system (excluding the Type 2 fire alarm system) Pallet racking and cages Reception desk

12 Mary Muller Drive – Xtend Life

This building was completed early 2013 and is a relatively specialised structure utilised for the creation of natural supplements in essence to improve life in more senior years.



The building was specifically designed by Chris Prebble Architecture to cater for the needs of the company and includes the internal fitout which supports the sterile and temperature controlled environment that is required by this tenant.



Processing Space at Rear

The building has a high degree of partitioning including an open reception area with adjoining board room, cafeteria and staff meeting room, partitioned offices, open plan offices, amenities and the area to the east providing production area with the distribution and despatch areas to the rear.



Reception

The interior of the processing area has been intensively fitted out including all insulated Kingspan panel walls, drained floors, refrigeration units and elements of fixed benching. The Laboratory areas include ceiling mounted fluorescent lighting to a relatively high lux factor.

The building itself is formed on a concrete foundation and floor slab with exterior wall panels to the office being Kingspan architectural wall panels, the high walls to the warehouse area are horizontally laid Kingspan roof and wall panels. Internal dividing walls are a Kingspan cool store panel.

The tenant investment includes exterior lighting, signage, bike stand, dust extraction unit and the Hvac condenser which was located to the rear of the building. The dust extraction plant is a tenant investment and internal racking and blinds are also their responsibility.



Distribution Area

In essence therefore we have a purpose built structure for this tenant which has required a high degree of investment from the landlord. Contained within the lease document is an area of future expansion land which is positioned at the rear of the building. This excess land has been specifically identified in the lease under Clause 46.1 at 390 square metres marked "future expansion".

Our measurement of the building identifies the office area at:

Office, Toilet and Amenities area 636.5 square metres

Processing Area	811.3 square metres
Warehouse	355.2 square metres
Carparks	35 spaces
Excess land	390 square metres

Condition of Improvements

This building was constructed in 2013 and is in very tidy order as it is only 5 years of age.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF55586 which expires in 1st June 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes.

The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

Further to the analysis carried out by Engenium Consulting Engineers we note that the Detailed Engineering Evaluation (DEE) has been assessed at 100% of current NBS standard.

12 Mary Muller Drive

Executed Deed of Lease	
Lessee	Xtend-Life Natural Products (Int.) Limited
Demised Premises	The land situated at 12 Mary Muller Drive, Christchurch being part of the land comprised in Certificate of Title 372602 including improvements on the land comprising offices, staffroom and toilet areas (611.87 m ²) and processing areas (1,193.3 m ²) all as shown on the plan attached to this Lease as the Fourth Schedule. Car Parking 35 spaces
Commencement Date	18 th March 2013
Expiry Date	17 th March 2023
Lease Term	10 years with three rights of renewal of 3 years each
Commencement Rent	\$476,256 plus GST
Current Rent	\$476,256 plus GST
Rental Review Provisions	2 yearly from commencement date.
Outgoings Recovery	100% including reasonable management expenses.

Permitted Use	The manufacture, warehousing and distribution of health care products, offices and ancillary use and any other use permitted by the District Plan
Special Provisions	<p data-bbox="572 320 770 347">Extension of Building</p> <p data-bbox="572 365 1390 495">46.1 The Site Plan attached to this Lease as the Fourth Schedule depicts an area outlined in orange containing 390m² marked "Future Expansion". Subject to the provisions of this clause 46, the Tenant shall have an option exercisable by notice in writing served on the Landlord to require the Landlord to extend the building forming part of the Premises within the area marked "Future Expansion" (Works).</p> <p data-bbox="572 510 1390 618">46.2 The Tenant may exercise the option conferred under clause 46.1 only where there is a period of five years or more left to run under the current term of the Lease (including any renewal which must have been exercised) at the date of practical completion of the Works as reasonably projected at the time of the Tenant's notice.</p> <p data-bbox="572 633 1390 741">46.3 The Plans and Specifications for the Works shall be drawn by the Tenant and presented to the Landlord for approval, provided that such approval shall not be unreasonably or arbitrarily withheld where the proposed Works are compatible with existing buildings forming part of the Premises and conform with the quality standards of those existing buildings.</p> <p data-bbox="572 757 1390 831">46.4 The rental payable by the Tenant for the extended premises shall be calculated in accordance with the following formula. (net cost of Works to Landlord x 1.15) x 0.10 =additional rent for extended premises).</p> <p data-bbox="572 846 1390 976">For the purposes of the above formula the "net cost of Works" shall mean and include all professional fees reasonably incurred, all application and consent fees, development levies and Local Authority charges of every kind, all costs of labour and materials payable to contractors and subcontractors and any other cost reasonably incurred in the construction and completion of the Works.</p> <p data-bbox="572 992 1390 1178">46.5 The rental for the extended premises shall be paid from the date of practical completion of the Works or the date of issue of a code compliance certificate or certificate for public use in respect of the Works (whichever is the later) by monthly instalment in advance as in the lease provided for the balance of the then current term on the dates and in the manner applicable in relation to the rent payable for the existing buildings forming part of the Premises. The rental for the extended premises shall be reviewed in the same manner and on the same dates as are reserved for rent reviews under this Lease.</p> <p data-bbox="572 1193 1390 1379">46.6 Once the plans and specifications for the extended premises have been approved by the Landlord, the Landlord will apply for all resource consents and building consents required for the Works. Upon receipt of the consents, the Landlord shall provide full copies to the Tenant. The Landlord's obligation to construct the Works shall be conditional upon the Landlord and the Tenant (both acting reasonably) being satisfied as to the terms and conditions of the consents and advising the other party accordingly within 10 working days of the date on which copies of the consents shall have been supplied to the Tenant.</p> <p data-bbox="572 1395 1390 1525">46.7 Programme: The Landlord will provide a programme for completion of the Works (Programme) to the Tenant for approval within 10 Working Days of the date of satisfaction of the conditions in clause 46.6. Subject to the Tenant's approval, the Landlord will adopt the Programme in respect of the Works and will use its best endeavours to meet the critical dates specified in the Programme.</p> <p data-bbox="572 1541 1390 1671">46.8 The Landlord shall, following the satisfaction of the conditions in clause 46.6 cause the Works to be completed substantially in accordance with the approved detailed plans and specifications in a good, professional and workmanlike manner to accepted architectural and engineering standards and in accordance with the terms of the resource and building consents issued for the Works. The Landlord shall in completing the Works:</p> <ul style="list-style-type: none"> <li data-bbox="644 1686 1390 1771">A. ensure that the Works are carried out in accordance with sound and accepted architectural and engineering standards and that the Building is structurally sound and watertight; <li data-bbox="644 1798 1390 1861">B. comply with all proper requirements of all relevant local and other authorities and all relevant legislation; <li data-bbox="644 1888 1390 1939">C. notify the relevant authorities on completion and obtain a Code Compliance Certificate. <p data-bbox="572 1966 1390 2016">46.9 Variations and Alterations to Detailed Plans and Specifications for Works: The Landlord shall in consultation with the Tenant be entitled to make minor alterations and variations to the</p>

Detailed Plans and Specifications which may become necessary during the course of the construction of the Works by reason of any matters beyond the control of the Landlord including but not limited to:

A. the requirements and directions of the relevant authorities; or

B. the practical requirements of the construction of the Works including the dictates of good building practice and/or the availability of materials, provided that such alterations or variations do not materially affect the value, usefulness or appearance of the extended Premises to the Tenant and provided that written consent to the Variation has been given by the Tenant such consent not to be unreasonably or arbitrarily withheld.

46.10 Substitution of Materials: If through unavailability or delays in availability of materials or if through any cause beyond the reasonable control of the Landlord it is impractical to incorporate in the Works any material, finish, product or system referred to in the Detailed Plans and Specifications, then the Landlord may with the written consent of the Tenant substitute an alternative material, finish, product or system provided such substitution adheres to or preserves the quality and intent as stated in the Detailed Plans and Specifications. The Tenant shall not unreasonably or arbitrarily withhold any consent required under this clause.

46.11 The Landlord acknowledges that the Tenant shall at all reasonable times by arrangement with the Landlord or the Contractor be entitled to inspect the Premises during the progress of the erection and construction of the Works provided that in so doing it shall not impede or interfere with the contractor engaged to construct the Works or any subcontractor.

46.12 Certificate of Practical Completion: The Landlord's Engineer shall be responsible for certifying the Practical Completion of the Works. The certificate shall list any remedial works required. The furnishing to the Tenant of a certificate by the Engineer shall be conclusive evidence as between the parties that Practical Completion has been achieved.

46.13 The Landlord will rectify at its cost within a reasonable time during the period of 90 days from the date of practical completion (Maintenance Period) any defects or omissions which may appear in relation to the Works or arising from faulty materials or workmanship or (subject to clauses 46.9 and 46.10) work not in accordance with the Detailed Plans and Specifications as are notified by the Tenant in writing to the Landlord prior to the expiry of the Maintenance Period.

46.14 If the Landlord fails to carry out the remedying of any defects in accordance with its obligations under this Agreement (in particular in accordance with the requirements of clause 46.13 within a reasonable time of notice of any defect being given to the Landlord by the Tenant), the Tenant shall be entitled to employ other suitably qualified parties to carry out the repair of any defect, and to invoice the costs of such work to the Landlord such invoice to be paid by the Landlord within 28 days of receipt.

The Tenant shall, regard to the nature of the defect, endeavour to give the landlord at least 10 days' notice of its intention to carry out or cause to be carried out such work, and the

Landlord shall be entitled to commence such remedy or repair within that time, and complete the remedy or repair within a reasonable time in a continuous manner following such commencement.

46.15 Notwithstanding the provisions of the Lease the Tenant shall not be liable at any time for repair or maintenance obligations arising from defects in respect of the construction of the Building or Premises.

46.16 If the Landlord sells, assigns or disposes of the Premises before completion of the Works to a Purchaser:

A. the Landlord shall use its reasonable endeavours to procure the transfer and assignment to the Purchaser of the benefit of all warranties and/or guarantees given by manufacturers and/or suppliers of materials, systems and processors forming part of the Works;

B. where it is not legally possible or it is impractical for the benefit of such warranties and/or guarantees to be assigned or transferred as provided in clause 46.16A above, then the Landlord shall hold the benefit of the same in trust for and on behalf of the Purchaser and will at the request of the Purchaser, take all reasonable steps to enforce such warranties and/or guarantees.

Landlord's Maintenance

47.1 The following terms are added to clause 11 as clauses 11.4 and 11.5 respectively.

"11.4 Where any building service or any of the Landlord's fixtures and fittings require replacement or overhaul due to fair wear and tear, or persistent failure to operate efficiently or to provide an adequate service for any other reason, other than any breach by the Tenant of the Tenant's obligations under this Lease, the Landlord will at its cost overhaul or replace that building service or the relevant fixtures and fittings.

11.5 Where the Landlord is liable for any repairs in accordance with the provisions of this clause 11 and where the Landlord has failed to carry out the repairs for which it is liable following receipt of written notice from the Tenant, allowing the Landlord not less than one month for the purpose, the Tenant shall be entitled to carry out the repairs and to recover the cost from the Landlord whether in cash or by setting the amount due by the Landlord off against the rental payable by the Tenant under this Lease."

Additions and Alterations

48.1 The following term is added to clause 20 as clause 20.3

"20.3 The Tenant's obligation to reinstate internal partitioning in the Premises under clause 20.1 shall not apply where the additions or alterations were approved by the Landlord in writing unless the requirement to make good and to reinstate was reasonably imposed as a condition of the Landlord's consent."

Landlord Shall Insure

49.1 The following term is added to clause 23 as clause 23.2.

"23.2 In the event that the Tenant is able to secure insurance for the Premises which meets the requirements of the provisions of clause 23.1 and which affords greater protection to both parties than any insurance arranged by the Landlord, at no additional cost to the Landlord, the Landlord agrees to vary this Lease to allow the Tenant to insure the Premises provided that all claims paid under the policy of insurance in respect of the Premises shall be paid to the Landlord."

Partial Destruction

50.1 The following term is added to clause 27 as clause 27.5.

"27.5 If the building is damaged or should a force majeure event arise then the Tenant shall be entitled to engage a suitably qualified expert to determine the likely consequences of such damage or event. If the expert acting reasonably shall determine that it is unlikely that such damage will be capable of being repaired or the force majeure event overcome so that the Premises are able to be used and accessed by the Tenant in a normal manner (save for minor finishing works) within 9 months of the date of such damage or force majeure event (except due to failure on the part of the Tenant) then the Tenant may within 10 days of the date of the expert's determination terminate this lease by notice in writing to the Landlord. In this clause 27.5 "force majeure event" shall mean any event or circumstance beyond the reasonable control of the Tenant which prevents the Tenant from having reasonable and convenient use and enjoyment of the Premises for their intended purpose, including:

- (a) damage or destruction of neighbouring buildings which make the Premises unsafe;
- (b) failure of supply or inconsistent supply of essential public utilities to the Premises (such as electricity, water, sewerage); or
- (c) a requirement or restriction imposed by, or any action of, central or local government."

Ownership of Fixtures, Fittings and Equipment

51.1 Attached to this Lease as the Fifth Schedule is an updated outline specification compiled following completion of the development of the Premises which lists the fittings, fixtures and certain equipment which are present in the Premises (Inventory).

51.2 The Landlord acknowledges that those items specified in the Inventory to be "Extend-life Investments" are the property of the Tenant.

51.3 The Tenant acknowledges that all items in the Inventory other than those included in clause 51.2 are the property of the Landlord.

Guarantee

Yes.

14 Mary Muller Drive – TE Connectivity

This site is positioned adjoining the cul de sac head and formally provided the building occupied by Wyatt Whitcliffe. A new building was constructed on this site over the 2014 year and was ready for occupation by TE Connectivity in mid-2015.



TE Connectivity was an existing tenant at the substantial 15 Mary Muller Drive address and decided to relocate to a new building constructed at 14 Mary Muller Drive. The building has architectural merit and has been constructed of conventional materials and form. The office area provides two storey accommodation formed on an engineered foundation with a combination of steel and timber formwork supporting wood grained titan board with inset double glazed aluminium joinery and a tray iron roof.

To offset the architectural merit of the building the area around the offices has been landscaped to include well planted garden plots, aggregate paths and lawn areas.



Offices

A rectangular element of office space links the main executive offices through to the warehouse. Internally the ground floor office provides a reception, adjoining meeting rooms, executive offices, amenities and the balance in open plan office. The first floor includes further meeting rooms, partitioned offices and amenities. An aesthetically pleasing element of the office is the voided space centrally located.



Reception



Interior Offices

The warehouse is significant and is formed on an engineered slab utilising an RSJ steel portal frame with galvanised purlins, netting, sisalation and tray roofing. Extending out from the distribution warehouse is a canopy. There is also a covered bike stand which is depicted in the image below.



Warehouse and Canopy

Internally the warehouse space has been divided into a number of components including manufacturing, amenities, warehousing and distribution. The manufacturing element of the building has been specifically tailored for the tenant in that it provides an electrostatic floor, painted floors, extensive tracking for electrical cabling all in a very sterile environment.



Interior Manufacturing

Immediately adjoining this workspace is the staff amenities areas including locker rooms, male and female toilets, first aid room and cafeteria.



Cafeteria

To the north of the work room, accessed by automatic air curtains, is the warehouse and distribution space. This space provides good clear span storage accessed via two automatic container height doors and had a stud height of 6 metres to the portal knee rising to 9 metres at the hip. Positioned outside the distribution warehouse is a secure compound. Included within this area is a small fire box.



Interior Warehouse

Situated to the north eastern quadrant of the site is an expansive car park area and truck access points from Mary Muller Drive. This area includes the bike park and the staff courtyard.

Our measurement of the space provides the following breakdowns of leasable areas:

Ground and first floor office	645 square metres
Maintenance Office	83 square metres
Factory	2010.6 square metres
ME Workshop	85.9 square metres
Warehouse 1	698.4 square metres
Warehouse office	13.1 square metres
Metal Press	132.2 square metres
Low Stud area	87.9 square metres
Stairwell to Mezzanine	13.9 square metres
Mezzanine	85 square metres
Cafeteria and amenities	397.1 square metres
Warehouse 2	306.2 square metres
Mezzanine	86.5 square metres
Canopy	72.2 square metres
Carparking	71 carparks

Condition of Improvements

This buildings construction was completed in mid-2015 and is in very tidy order.

Compliance

This building carries a current Warrant of Fitness issued by Building Compliance Management as Compliance Schedule WOF50100 which expires in 1st February 2019. This is due to need renewing.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

As the building was constructed post-earthquake and has an NBS of 100 %.

14 Mary Muller Drive

Unexecuted Deed of Lease

Lessee	Tyco Electronics New Zealand Limited
Demised Premises	Part of the Lessor's property situated at 14 Mary Muller Drive, Hillsborough and comprised in certificate of title 372602 (Canterbury Land Registry) containing 8,650 m ² or thereabout as more particularly shaded on the plan attached as the sixth schedule together with all buildings, improvements, carparking spaces and landscaped areas likewise shown on the plan attached as the sixth schedule.
Commencement Date	3 rd July 2015
Expiry Date	2 nd July 2025
Lease Term	10 years with two rights of renewal of 3 years each
Commencement Rent	\$619,967.31 plus GST
Current Rent	\$661,993 plus GST
Rental Review Provisions	CPI+1% on every anniversary of the commencement date throughout the term. Market assessment at renewals.
Outgoings Recovery	100% with the following clauses removed; 9. The cost of ground maintenance i.e. lawns, gardens and planted areas including plant hire and replacement, and the cost of repair of fences, 11. Body Corporate charges for insurance premiums and related valuation fees and management administration expenses. 12. Management Expenses
Permitted Use	Research and development and product support offices, light manufacturing and any other use permitted under the District Plan

Special Provisions

17. Assignment

17.1 Notwithstanding the provisions of clause 33.1 to 33.3, the Tenant shall be entitled to assign the lease to any corporation which both prior to the assignment and subsequent to the assignment has as its ultimate holding (or parent) company TE Connectivity Ltd (a corporation listed on the New York Stock Exchange).

17.2 Any assignment permitted by clause 17.1 must be documented in a form that is acceptable to the Landlord (acting reasonably), at the cost of Tenant. The Landlord acknowledges that an assignment that is correctly documented in the then current ADLS standard form Deed of Assignment of Lease shall be sufficient of the purposes of this clause 17.2.

17.3 Other than its obligations to comply with the requirements of clauses 17.1 and 17.2, and subject to the Tenant's ongoing obligations to the Landlord as assignor, the Tenant shall have no other obligations in relation to such assignment.

18. Option to register Lease

The Tenant may at its election and cost (both legal and surveying) register this lease and the Landlord shall do what is required to enable this lease to be registered, including providing access rights to enable the surveying of the Premises obtaining the consent of any mortgagee and producing all necessary documentation to enable registration. Nothing in this clause 18 shall require the Landlord or the Tenant to undertake or complete a subdivision of the land nor to provide a separate title for the Premises.

19. CPI Rent Review Formula

If Y minus X is equal to or less than zero (0), then the formula referred to in clause 2.5(a) is:

$$NR=CR \times 101\%$$

If Y minus X is greater than zero (0), then the formula referred to in clause 2.5(a) is:

$$NR=\frac{Y \times CR}{X} \times 101\%$$

Landlords Fixtures and Fittings

All mechanical services including HVAC.
All fire alarms, fire extinguishers and installed sprinkler systems.
All carpets and floor tiles throughout the building.

Guarantee

Crossed out but not signed

17 Mary Muller Drive – Tyco Safety (Johnson Controls)

This comprises a smaller office tenancy which was created on the site circa 2005.



The building has been formed on a reinforced concrete foundation and floor slab with external cladding including a mixture of horizontal iron cladding and some precast concrete panel, iron roofing, single glazed aluminium window joinery and internal linings of Gibraltar board.



Office Building

Internally the space has been divided into a waiting room, a number of partitioned offices, a central meeting room, open plan offices to the rear (with one including a Lundia storage unit), workroom and amenities. The space we understand has been upgraded recently by way of layout and décor.



Internal Office Area



Workroom Space

Extending out from the entry foyer is a curved canopy and the building is well positioned on the allotment with gardens, expansive lawn and carparks.

Our measurement of the structure in accordance with Boma indicates an area of 652.5 square metres along with 37 formed carparks.

Condition of Improvements

The building has been remediated post-earthquake with some epoxy repairs to floors, stopping and repainting internally and new carpets within the office area.

The building offered a comfortable office environment with no obvious deferred maintenance.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF53535 which expires in 1st June 2019.

Engineering Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes.

The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule and earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

Further to the analysis carried out by Engenium Consulting Engineers we note that the Tyco Safety NBS equates to 67% as per the report dated 6 November 2013. We have been informed that the NBS% has been elevated from 60% to 67% recently.

Executed Deed of Lease	
Lessee	Tyco New Zealand Limited
Demised Premises	That part of the Land described in item 1 as outlined on the plan attached as schedule 4, together with the Building and the Carparks described in item 4.
Lettable Area	Car Parks 37 spaces
Commencement Date	17 th June 2016
Expiry Date	16 th June 2019 (underwritten by the vendor for a further 12 months until 16 th June 2020)
Lease Term	3 year lease and no rights of renewal
Commencement Rent	\$143,221 plus GST
Current Rent	\$143,221 plus GST
Rental Review Provisions	Fixed till expiry
Outgoings Recovery	Semi gross lease
Permitted Use	Research and development and product support offices, light manufacturing, distribution and any other use permitted under the provisions of the District Plan
Fixtures and Fitting	<p>Landlord's fixtures and fittings:</p> <ul style="list-style-type: none"> Carpet Electrical wiring Lighting Air conditioning systems Irrigation systems Exit signs Hot water system <p>Tenant's fixtures and fittings:</p> <ul style="list-style-type: none"> Fire alarm systems Security systems

Door locks

Signage on the building

Signage on street front

PABX systems

Data and phone cabling

Fire extinguishers

Dishwashers

Shelves (moveable)

Window blinds

Computer racks and equipment

Towel holders

Wall hangings, whiteboards, screens, pictures...etc

Chilled water dispenser

15 Mary Muller Drive – TSB Living Limited and Nood Trading Limited

This is a substantial building which took occupancy in mid-2003 and we assume this was the date of construction. The building was formerly occupied by Tyco Electronics prior to their move to the new building in 2015.



The building is of significance and includes three separate components comprising office, open span warehouse and amenities/workroom space within the warehousing area.

The office block is occupied by TSB Living and constructed on a concrete reinforced foundation with precast concrete panel walls, iron roofing, canopy entry and single glaze aluminium window joinery.



Office and Carparks

Internally this space has been divided into a central reception area and board room, a number of formed offices with open plan office to the rear, central cafeteria and toilet. This area has been recently repainted and refreshed. This work has continued at the rear with removal of partitions and upgrading of space.



Reception



Rear Office Space

Access is provided from the offices into the warehouse area which principally provides a large open span space divided in two by a tilt panel wall. We understand that the floor slab includes anti-static properties. The structure utilises tilt panel walls supported on an RSJ steel portal frame with galvanised purlins, netting sisalation, tray roofing with Clearlite insets.



Warehouse

There is a row of intermediary pillars which extend down the centre of the building. The roof has a 5.5 metre stud to the portal knee extending up to 8 metres height at the apex of the roof.



Interior TSB Warehouse



Interior Nood Warehouse

To the northern side of the warehouse is a large staff cafeteria and amenities block with both male and female toilets. The cafeteria includes twin stainless steel sinks, three bench units, two water heating units and vinyl flooring. Situated outside the cafeteria is a courtyard area which includes a timber pergola over with Novalite roof, paved surface, outdoor seating area which is closed off from the parking area and landscaped. This area is being shared between the two tenants as is the common yard.

The female toilet includes five cubicles, one paraplegic cubicle, lockers, three basins and vinyl flooring. The males' toilets including five stalls, three urinals, three basins and vinyl flooring.



Common Toilets and Amenities

Condition of Improvements

The building has been remediated post-earthquake with some epoxy repairs to floors. In addition, the earthquake strengthening has been completed. The building includes large power distribution power boards and has been originally wired for a number of large machines. Within the warehouse a number of support platforms remain for carrying cables around the building.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF53601 which expires in 1st June 2019.

Earthquake Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule an earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

We note from the enclosed Engenium Consulting report that the Tyco Electronics building was assessed in a report dated 10 May 2012 as having a NBS percentage of 67%.

The space provides the following breakdowns of TSB Living leasable areas:

Office	607 square metres
Warehouse	2943 square metres
Amenities	59 square metres
Carparking	76 carparks

Executed Deed of Lease

Lessee	TSB Living Limited	
Demised Premises	That part of the Land described and outlined on the plan together with the Building and the Carparks described.	
Lettable Area	Car Parks	76 spaces
Commencement Date	1 June 2017	
Expiry Date	1 June 2019 (Underwritten by the vendor for further 12 months until 1 st June 2020)	
Lease Term	2 Years with a further term of 2 years	
Commencement Rent	\$250,000 plus \$8,500 fit out rent plus GST	
Current Rent	\$250,000 plus \$8,500 fit out rent plus GST	
Rental Review Provisions	Review at renewal	
Outgoings Recovery	100%	

Positioned in the rear Nood warehouse is a small foreman's office and situated along the eastern and northern sides of the building are automated roller doors.

The space provides the following breakdowns of Nood leasable areas:

Warehouse Office	45.6 square metres
Warehouse	1615.5 square metres
Carparking	29 carparks

Executed Deed of Lease

Lessee	Nood Trading Limited	
Demised Premises	That part of the Land described and outlined on the plan together with the Building and the Carparks described.	
Lettable Area	Car Parks	29 spaces
Commencement Date	1 August 2018	
Expiry Date	1 August 2021	
Lease Term	3 years	
Commencement Rent	\$152,150 plus GST	
Current Rent	\$152,150 plus GST	
Rental Review Provisions	At renewal but capped at 3% growth	
Outgoings Recovery	Nil gross lease	

11 Mary Muller Drive – Longbeach Holdings limited Head Office and Assembly Specialists Limited



The building was occupied from August 2008 and includes a large L shaped office complex with upper floor cafeteria, product support area and distribution warehouse towards the rear. The building has been significantly modified and upgraded internally for occupancy by the current tenants.



Street Facade

The building is constructed utilising precast concrete panels supported on RSJ portal frames encased in concrete with galvanised purlin netting, sisalation, tray roofing with Clearlite inset.

Internally the space incorporates a high profile entry into an open common reception area from which is either tenancy to the west or north.



Common Reception

To the western wing is an expansive open plan office area occupied by Longbeach Holdings Limited with quality partitioned offices, display and meeting rooms to the outside walls and central core. This area has been significantly fitted out within the last year.



Longbeach Offices



Meeting and Product Display Rooms

To the south eastern corner of the building is a product support work space which includes a suspended ceiling, and access through to warehousing and distribution.



Warehouse and Distribution

The first floor area provides for a recently redecorated staff cafeteria which extends out onto a decked space above the reception area.



Modernised Shared Cafeteria

The northern wing is separately leased to an associated tenant Assembly Specialists Limited who occupy principally workroom, office and distribution space. The construction of the building aligns itself with the Longbeach description above. These tenants share the reception area and cafeteria with Longbeach.



Workroom Area



Office Space

Condition of Improvements

When Kathmandu vacated the premises a significant program of repair and upgrading work was undertaken on the building. It now provides a very tidy well decorated environment for its current occupants

Compliance

This building carries a Warrant of Fitness WOF52830 which expired in 1st August 2018 and requires renewing.

Earthquake Information

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule an earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5.2004.

The summary prepared by Engenium Consulting identifies the Kathmandu tenancy has per the DEE report of 11th July 2013 as having a NBS of 67%.

The space provides the following breakdowns of Longbeach Holdings Limited leasable areas:

Office	1328.3 square metres
Warehouse	586.4 square metres
Share Common Cafeteria	175.6 square metres
Carparking	46 carparks

Executed Deed of Lease

Lessee	Longbeach Holdings Limited	
Demised Premises	That part of the Land described and outlined on the plan together with the Building and the Carparks described.	
Lettable Area	Car Parks	46 spaces
Commencement Date	1 st January 2017	
Expiry Date	31 st December 2021	
Lease Term	5 Years with a further 2 term of 4 years each	
Commencement Rent	\$250,158 plus GST	
Current Rent	\$251,237 plus GST	
Rental Review Provisions	Fixed 2% annually	
Outgoings Recovery	100% excluding management	

Positioned in the north is the Assembly Specialists space.

The space provides the following breakdowns of this leasable area:

Store	153.0 square metres
Production space	879.5 square metres
Common Café etc	94.7 square metres
Carparking	30 carparks

Executed Deed of Lease

Lessee	Assembly Specialists Limited	
Demised Premises	That part of the Land described and outlined on the plan together with the Building and the Carparks described.	
Lettable Area	Car Parks	30 spaces
Commencement Date	1 st January 2017	

Expiry Date	31 st December 2021
Lease Term	5 years and a further 2 terms of 4 years
Commencement Rent	\$199,512 plus GST
Current Rent	\$201,387 plus GST
Rental Review Provisions	Fixed at 2% annually
Outgoings Recovery	100% excluding management

9 Mary Muller Drive – SCA Hygiene Australasia Limited



The building was completed for occupation in 2009 and is a large bulk warehouse with a ten metre stud height to the knee of the portal frame extending up to 12 metres at the hip.

The office area has an external cladding of panels with an iron roof and single glazed aluminium window joinery.



Offices

Internally the lower level offers entry foyer, storage room, two formed offices, communications area, staff amenities and cafeteria with courtyard to the north. The upper floor includes open plan offices, board room cafeteria and toilets.



First Floor Offices

Internally the space is lined has a suspended ceiling, air conditioning and is carpeted. Service areas such as amenities and cafeteria have a vinyl to the floor. The cafeteria includes benching, under bench cupboards, Fisher and Paykel Dishdrawer, boiler unit and open storage cupboards. The sliding door provides access to the courtyard area which is paved and enclosed with privacy fencing.

The warehouse area has concrete panels to a half height, the building being supported on a RSJ steel portal frame with galvanised purlins, vertical iron external cladding to remaining wall height, tray roofing to the roof with Clearlite insets, sisalation and netting.



Warehouse

There are three container height doors set in the western side of the warehouse over which is an expansive canopy which is ten metres in width. These loading bays are at carpark level.

The warehousing to the south has a excavated loading dock with a further four doors having a 3 metre canopy extending over them which provide for truck loading. Fluorescent Lighting within the warehouse area is attached to ceilings.



Interior Warehouse

The full schedule under the lease identifies the tenant improvements including racking, office furniture and fixtures, data and voice communication, warehouse information systems, computers, wash room dispensers, kitchen white goods and furniture. The remainder of the items within the building are the landlords.

Our measurement of the building identifies the following areas:

Ground floor office	127.8 square metres
First Floor Offices	127.8 square metres
Warehouse	6002.1 square metres
Canopies (Main)	354.5 square metres
Canopies (Sunken)	97 square metres
F M Sprinkler allowance	6709.1 square metres
Carparks front	38 spaces

Condition of Improvements

This building has been remediated, repaired and strengthened since the earthquakes. The building was in a tidy state of repair with no obvious deferred maintenance.

Compliance

This building carries a current Warrant of Fitness issued by FFP as Compliance Schedule WOF54898 which expires in 1st August 2019.

Earthquake Situation

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule an earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5:2004.

The summary prepared by Engenium Consulting identifies that SCA Hygiene Australasia Limited has a NBS percentage of 73% as per the design features of the report dated May 2011.

9 Mary Muller Drive

Executed Deed of Lease	
Lessee	SCA Hygiene Australasia Limited
Demised Premises	All of the land and the building situated at Lot 2 Mary Muller Drive, Woolston comprising warehouse of approximately 6000 m ² and office/sales office of approximately 250 m ²
Lettable Area	Car Parking Minimum of 20 spaces
Commencement Date	1 st March 2009
Expiry Date	28 th February 2022
Lease Term	10 years with six further terms of 3 years each
Commencement Rent	\$441,000 plus GST
Current Rent	\$615,227 plus GST
Rental Review Provisions	Annual CPI adjustment plus 0.5% for the term of the lease. However, in Year 2 and at the end of every subsequent 5 th year from that date throughout the term and any renewal. There is a cap on market increase of 15% at first market review and then 10% thereafter.
Outgoings Recovery	100% with the following removed from clause 3; <ol style="list-style-type: none"> 5. Any insurance excess (but not exceeding \$500) in respect of a claim and, 7. Cleaning maintenance and repair charges including charges for repainting, decorative repairs and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair). 11. Body Corporate charges for insurance premiums and related valuation fees and management administration expenses, and; 12. Management expenses.
Permitted Use	Offices, administration, warehousing and storage, assembly, containerisation, logistics, distribution and sales of paper and other products
Special Provisions	<p>2.2 Rent Determinations</p> <p>States this shall be determined by a registered valuer.</p> <p>2.3 Interim Rent</p> <p>Original clause has been removed to now say "Pending determination of the new rent, the tenant continues to pay the rent immediately prior to the relevant rent review date."</p> <p>3.1 Outgoings</p> <p>Clause 3.5 now states "The outgoings shall be payable on demand," and 3.6 has been removed.</p>

6 Costs

Each party shall bear its own solicitors costs on the preparation of the deed of lease and any deed recording a renewal or variation of the lease.

11 Landlords Maintenance

11.1 sub clause b, c and d have been removed.

Additional Clauses

Rent Review

2.1A The parties agree that other than the dates rent review dates set out in the First Schedule in which case the rent will be reviewed in accordance with clauses 2.1 - 2.5 inclusive of this lease the rent will be increased in accordance with the following formula on each anniversary of the Commencement Date:

$$N = (A/B \times R) \times 100.5\%$$

Rent Determinations

2.2(c) In determining the reviewed rent of the premises the valuer shall only have regard to the Business Use and any similar use of warehouse or industrial use and not any other potential use and shall exclude the value of any additions, improvements, fixtures and fittings paid for and owned by the Tenant.

2.2(d) Notwithstanding any other provisions of this lease, any increase in the annual rent on the first rent review on the second anniversary of the Commencement Date shall not exceed 15% over the annual rent payable in the 12 months prior that review date and on any subsequent rent review the rent shall not exceed 10% over the annual rent payable in the 12 months prior to the applicable review date.

2.2(e) For the purpose of this clause the rental assessment excludes the value of the Tenant's goodwill and of any additions, improvements, chattels, fixtures and fittings and signage (including (but not limited to the items in the Fourth Schedule) paid for or owned by the Tenant and the value of any naming or signage rights held by the tenant pursuant to this lease.

Tenants Obligations

(b) provided that the Tenant shall not be obliged to make good fair wear and tear or the consequences of fire, storm, tempest, earthquake or inevitable accident and shall not be obliged to repave or reseal the yards and other areas;

(c) provided that the Tenant shall not be liable for replacement or relaying unless the need for such work is raised by a breach of Covenant under this lease by the Tenant;

Landlords Maintenance

11.4 The Landlord will repair and make good any design or inherent defects in the interior and exterior of the building, and any damage or disrepair due to fair wear and tear of the exterior of the building, within a reasonable time after receiving written notice from the Tenant of the need to do so

Right of Way

17.1 The Landlord must at all times use its best endeavours to ensure that the part of the property shown as "Existing R.O.W." on the attached plan and being registered on the title of the property in Easement Instrument 7720194.2 is at all-time kept clear and that the use of this part of the property, by any parties, does not in any way adversely affect the Tenant's access and egress to the property.

Additional Clauses

Compliance with Statutes and Regulations

21.2 Provided that this clause 21.2 will not apply while SCA Hygiene Australasia Pty Ltd or any associated company is the Tenant.

Landlord shall insure

23.2 At the reasonable request of the Tenant, the Landlord must produce details of the Landlord's insurances currently in effect under this lease including evidence of payment of the last premium. The insured policies shall be in the names of the Landlord and Tenant for their respective rights.

Partial Destruction

27.1 If the Landlord fails to proceed with reasonable speed to reinstate the premises after having received a request in writing from the Tenant to do so the matter will be referred for resolution under

clause 44 after which, the Tenant may give to the Landlord one month's written notice to terminate at the expiration of which the term shall cease without prejudice to the rights of either party against the other in respect of antecedent breaches of the Lease.

27.5 The repair and reinstatement under clause 27.1 must be carried out by the Landlord using materials of form of construction and according to a plan which will repair or reinstate, as nearly as possible, the Premises to the state it was in prior to the destruction or damage.

Notices

43.5 While the Tenant is a member of SCA Hygiene group of companies any notice to the Tenant under the Default Provisions must to be effective also be given to: Director Corporate Services at SCA Hygiene Australasia at its business address in Level 1, 6 Alderman Drive, Henderson, Auckland 1231.

Health and Safety in Employment Act, 1992

47.1 The Tenant shall comply with the Health and Safety in Employment Act, 1992 (the "HSEA") in respect of its fit-out, fixtures and fittings, equipment and any alternations made by the Tenant in or to the Premises and their use in the Premises as part of a place of work including without limitation ensuring that all significant hazards in respect of the same are identified and eliminated where practical, or isolated or minimised where elimination is impractical.

47.2 The Landlord shall (except if the Tenant is obliged to do so above) comply with the provision of the HSEA in respect of the premises and the property and the building, their use as a place of work, including without limitation ensuring that all significant hazards in or on the same are identified and eliminated or isolated where practical or minimised where elimination or isolation is impractical. The Landlord shall also ensure that all practical steps, including warning notification, monitoring and notification to relevant persons of the monitoring results, special training and protective steps are taken to ensure people in or about the property and building are not harmed by any hazard that may arise on or in the property or building.

47.3 The Landlord shall ensure that where it is a legal requirement in respect of the building and/or the premises there is in place a fire evacuation plan and that any legally required firefighting equipment or systems are in place in each case complying with all application legislation and regulations and which have been approved by all the relevant authorities, and that trial evacuations are held at not more than 6-monthly intervals or at lesser intervals as may be required by law. Where there is not legal requirement for an evacuation plan the landlord shall nevertheless ensure there is a proper evacuation procedure in place, details of which have been notified to the Tenant.

Tenants Fixtures and Fittings	<ol style="list-style-type: none">1. Racking.2. Office fixtures and furnishings.3. Data and voice communication infrastructure.4. Radio frequency warehouse information system infrastructure.5. Computers.6. Washroom dispensers.7. Kitchen white goods and furniture.
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Guarantee	Not signed but still in lease
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The Castle Rock Café



This building is a small building in relation to other structures in this location and was constructed circa 2006. Since then the courtyard area has been formed with a Louvre-tec roof.

The building is of a regular shape and is formed principally on a concrete foundation with concrete panel external walls, extensive glazing to the courtyard area and iron roof.



Exterior Façade

Internally the space is fitted out to a preparation area to the rear, counter and servery and dining area then extending out to roofed over courtyard to the northern side.



Outdoor Courtyard Area

Site improvements include paved courtyard area, landscaping and carparking.

Our view is that a large degree of the improvements contained within the shell of the building would be part of the business operation and owned by the tenant. The courtyard area is supporting a significant rental and we assume this reflects the ownership of the roof by the landlord.

Our measurement of net leasable area are the following:

Retail	95.7 square metres
Courtyard	42.8 square metres
Carparking	7 spaces

We note in addition to this tenancy there is an area of land comprising approximately 258 square metres of land available for development which is positioned to the east of the café property.

Condition of Improvements

This building has been remediated, repaired and strengthened since the earthquakes. The building was in a tidy state of repair with no obvious deferred maintenance.

Compliance

In the information provided to us we have no detail relating to the café. We assume that a Compliance Certificate exists and that it carries the normal hygiene certification for a business of this nature to continue to trade.

Earthquake Situation

Following recent events around the Christchurch region more focus has been placed on seismic ratings of buildings particularly in those areas known to be at risk of earthquakes. The Building Act 2004 requires council to adopt an earthquake prone building policy to insure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard or demolished. Policies vary between councils and often depend on the date on construction as to the course of action undertaken.

The Buildings Act 2004 and The Building Regulations 2005 define the meaning of an earthquake prone building. As a general rule an earthquake prone building will have a strength that is 33% or less of the seismic loading standard NZS1170.5:2004.

The summary prepared by Engenium Consulting identifies that Cafe has a NBS percentage of 73% as per the IEP report.

Castle Rock Café

Deed of Lease	
Assignee	Castle Rock Cafe
Demised Premises	Corner of Mary Muller Drive and Caephilly Place, Christchurch, as more particularly described in the lease
Date of Commencement	10 th July 2018
Expiry Date	10 th July 2020
Lease Term	2 years with 2 further 2 year terms of renewal.
Commencement Rent	\$47,572 plus GST

Current Rent	\$47,572 plus GST
Rental Review Provisions	Two yearly for the lease term and any renewed term
Outgoings Recovery	Assume recovery of outgoings
Permitted Use	Preparation and retail sale of food and associated products

Our discussion with the management team indicates that this lease have been either renegotiated or extended. We have requested the detail but at the date of the preparation of the report this information was not available.

4.2 Lettable Areas

The Property's total Net Lettable Area (NLA) is approximately 33,527 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
4 Mary Muller Dr	4,833
6 Mary Muller Dr	2,937
8 Mary Muller Dr	500
9 Mary Muller Dr	6,709
10 Mary Muller Dr	1,106
1/11 Mary Muller Dr	2,090
3/11 Mary Muller Dr	1,127
12 Mary Muller Dr	1,803
14 Mary Muller Dr	4,549
15 Mary Muller Dr	5,270
17 Mary Muller Dr	653
21 Mary Muller Dr	96
10a Chapmans Rd	835
Total NLA	33,527 square metres
Car parking	
Open Sapces	499
Total Car parking	499 spaces

The areas noted above have been provided with our instructions. We have undertaken our own onsite measure and this largely confirm with the areas as provided.

4.3 Condition and Repair

We inspected the interior and exterior of the property in December 2018 and have undertaken an exterior inspection of each structure. We have discussed changes with the management team and inspected the interiors of the Café and Macpac tenancy. The buildings appear 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.

We note that the buildings have several features that impose a requirement to obtain an annual Building Warrant of Fitness.

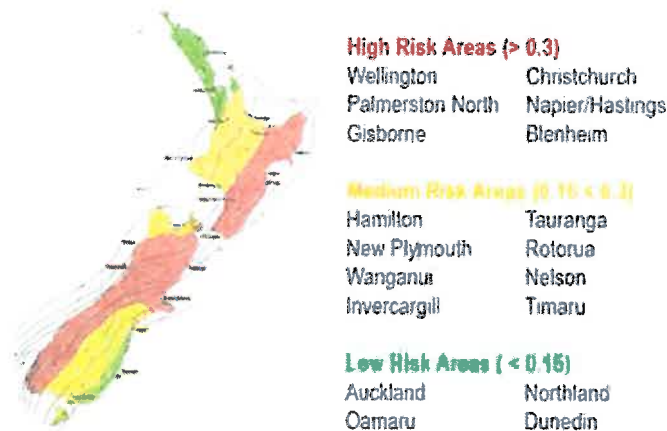
We are able to confirm that we have sighted current Warrant of Fitness for a number of the buildings, however a number displayed expired certificates. All buildings hold a current building warrant of fitness excluding 11 Mary Muller Drive.

4.4 Earthquake Strengthening Requirements

Building regulations relating to a buildings expected performance in an earthquake have remained largely unchanged since the Building Act 2004 and associated building standard AS/NZS1170.5:2004. This required as a general guide, that buildings with a seismic strength that is less than 33% of the New Building Standard (NBS) are deemed 'earthquake prone'. Buildings that have an assessed strength greater than 33% but less than 66% of the noted standard are classified 'earthquake risk'.

From 1 July 2017 the Building (Earthquake-prone Buildings) Amendment Act 2016 has been in force, which:

- Categorises New Zealand into three seismic risk areas based on a Z factor rating system as identified on the map below.



- Sets time frames for identification and correction of risk.

Risk Area	TA's to Identify Potential Earthquake-Prone Buildings within		Owners must Strengthen or Demolish Earthquake-Prone Buildings within	
	Priority	Other	Priority	Other
High	2 ½ years	5 years	7 ½ years	15 years
Medium	5 years	10 years	12 ½ years	25 years
Low	n/a	15 years	n/a	35 years

- Introduces a national Earthquake Prone Building Register <https://epbr.building.govt.nz/>.

We are not qualified to undertake a structural survey of the property, however have proceeded based on the information available, and the likely responses from market participants or regulatory entities in relation to that information for the impact Earthquake issues may have on the value of the property.

We note there may be instances where a building has been classified as not being earthquake prone under the Building Act, however is still unable to be insured. We strongly recommend all affected parties (building owners, lenders and occupiers) seek clarification on the insurability of the subject building. In the event that such investigation reveals that insurance cover is not able to be obtained then we reserve the right to revisit and if necessary amend our valuation report.

Refer appended Glossary for definition of:

- Priority Building
- Z Factor.

5 Property Income and Expenditure

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 major tenants within the Property are summarised as follows:

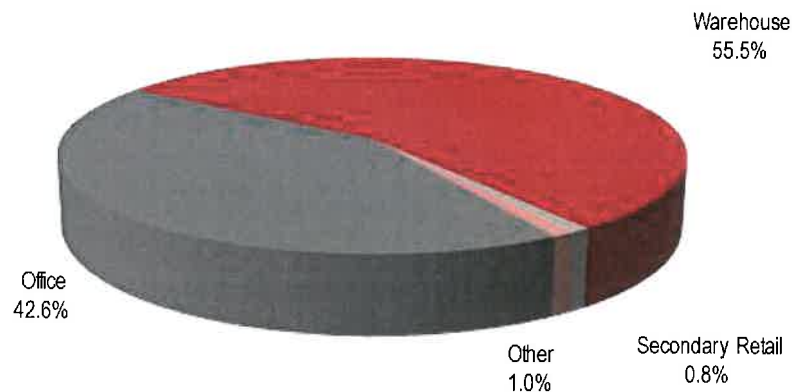
Tenant	Net Income	NLA	% NLA
1. Macpac	\$404,927	4,833	14.4%
2. Kiwi Labels Limited	\$292,176	2,937	8.8%
3. Contec	\$119,950	500	1.5%
4. Asaleo	\$615,226	6,709	20.0%
5. Tyco Wormald	\$207,649	1,106	3.3%
6. Longbeach	\$251,224	2,090	6.2%
7. Assembly Specialist	\$201,379	1,127	3.4%
8. Xtend Life	\$476,256	1,803	5.4%
9. Tyco Electronics	\$636,775	4,549	13.6%
10. TSB Living	\$250,000	3,609	10.8%
11. Nood	\$118,118	1,661	5.0%
12. Tyco	\$139,604	653	1.9%
13. Castle Rock Café	\$47,572	96	0.3%
14. Elgas	\$74,518	340	1.0%
15. Apparel & Merchandising Solutions	\$117,862	1,018	3.0%
16. Castle Rock Business Park	\$104,085	495	1.5%
Total	\$4,057,320	33,527 m²	100%

5.2 Building Income Analysis

We summarise the Property's income as follows:

Passing Income Component	Net Income	% Income
Office	\$1,729,818	42.6%
Warehouse	\$2,252,173	55.5%
Secondary Retail	\$34,304	0.8%
Other	\$41,025	1.0%
Total	\$4,057,320	100%

Building Income Analysis



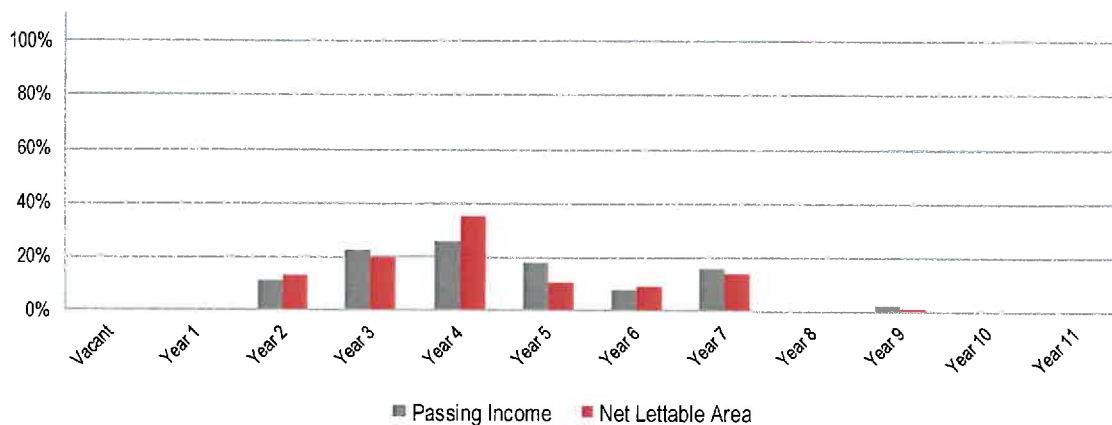
5.3 Weighted Average Lease Term and Expiry Profile

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

Weighted Average Lease Term Remaining	Years
By Area	3.55
By Income	3.80

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

Lease Expiry Profile



5.4 Building Outgoings and Recoveries

Lease Structures

The majority of the leases are structured on net basis (excluding Nood Trading Limited), with the tenants being responsible for payment of rates and other property expenses in addition to premises rental.

Building Outgoings

We have estimated outgoings summarised in the table below:

Category	Annual Amount	\$/sqm of NLA
Statutory Charges	\$267,048	\$7.97
Operating Expenses	\$421,714	\$12.58
Total Outgoings	\$688,762	\$20.54

We have sought confirmation from the relevant rating authorities in relation to the statutory charges.

We consider that the adopted outgoings rate of \$20.54 per square metre of NLA to be in line with market parameters.

5.5 Outstanding/Remaining Incentives

We have been provided with a schedule outlining the status of outstanding incentives. Current outstanding rental abatements and rent-free periods, as at the date of valuation, are summarised in the table below:

Tenant	Description	Nominal Remaining Incentive
	Lease Incentives	
Macpac - 4 Mary Muller Dr	Rent free	\$22,237
Macpac - 4 Mary Muller Dr	Rent free	\$4,129
Macpac - 4 Mary Muller Dr	Rent free	\$52,069
Macpac - 4 Mary Muller Dr	Rent free	\$1,199
Macpac - 4 Mary Muller Dr	Rent free	\$4,726
Kiwi Labels Limited - 6 Mary Muller Dr	Abatement	\$41,333
Total Outstanding Incentives/Abatements		\$125,693

The total amount of unexpired incentives is \$125,693, the present value of which is \$118,137.

5.6 Income Analysis

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

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	\$3,972,843	83.55%
Carparking Rental	\$229,149	4.82%
Future Lease Agreements	\$0	0.00%
Other Income	\$9,185	0.19%
Outgoings Recovery	\$544,090	11.44%
Gross Passing Income	\$4,755,267	100.00%
Unexpired Incentives in Year 1 (excludes capital contributions)	\$92,360	
Outgoings	\$688,762	
Net Passing Income	\$3,974,145	
Unexpired Incentives in Year 1	\$92,360	
Potential Net Income Fully Leased	\$4,066,505	

6 Market Commentary

6.1 General Market Overview

Economic Overview

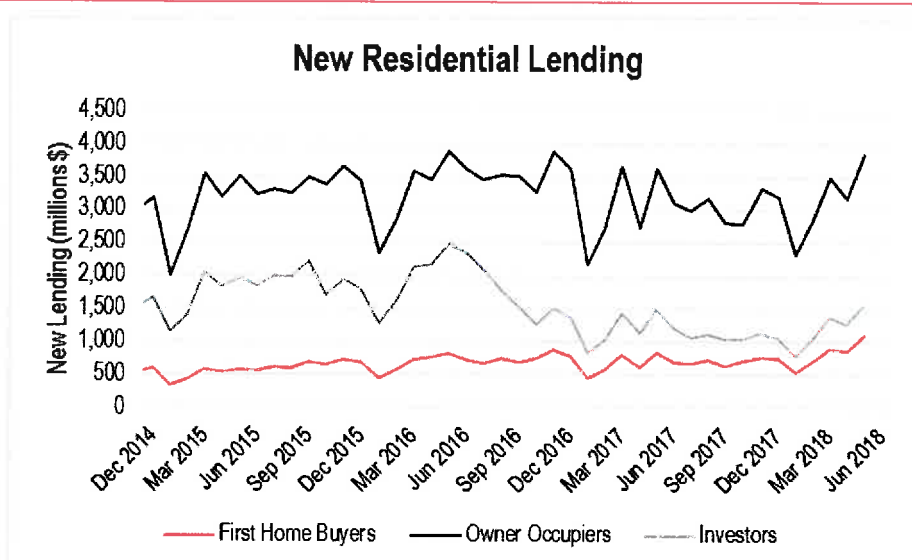
Businesses have remained downbeat in the wake of the new Labour-led Government taking office, with signs this is starting to affect real activity. The NZIER Quarterly Survey of Business Opinion (QSBO) showed a fall in business confidence to its lowest level since 2011, with the pessimism pervasive across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

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

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

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

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



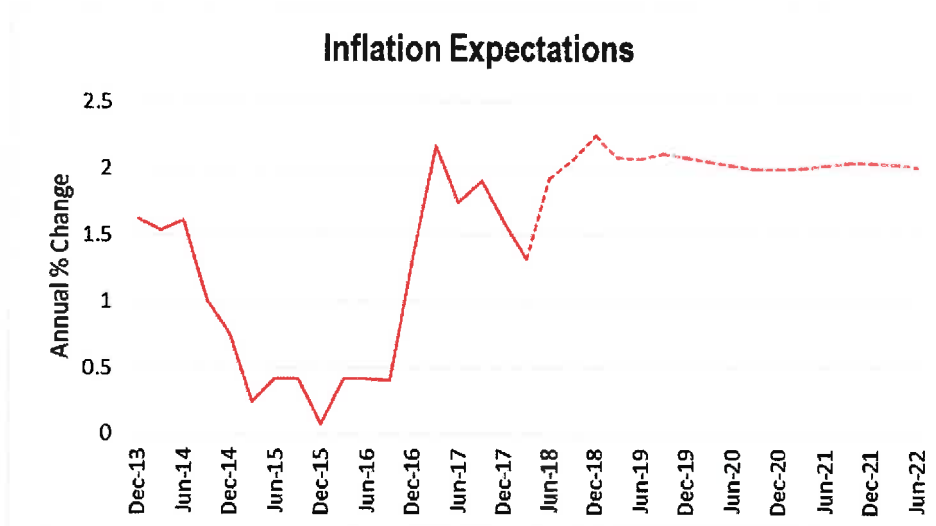
Source: RBNZ

6.2 Inflation and Interest Rates

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

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

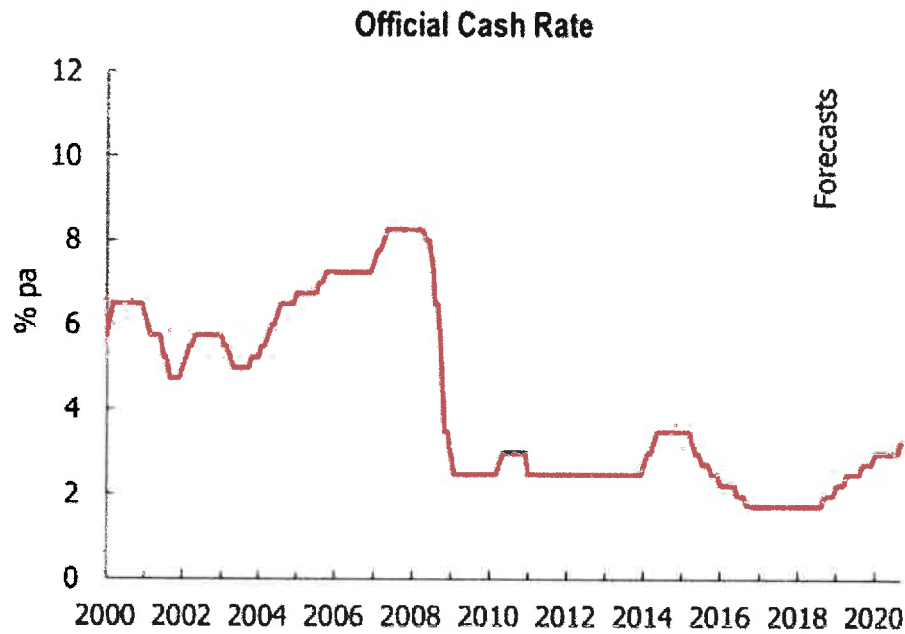
NZIER expect the annual rate of inflation to rebound over the remainder of this year. In the near term this will be driven partly by the effect of the recent rise of global oil prices. However, over the medium term we expect underlying inflation to firm as capacity pressures become more widespread. Although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



Source: NZIER

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

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



Source: NZIER

6.3 Population and Migration

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

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



Source: NZIER

6.4 Employment

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

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

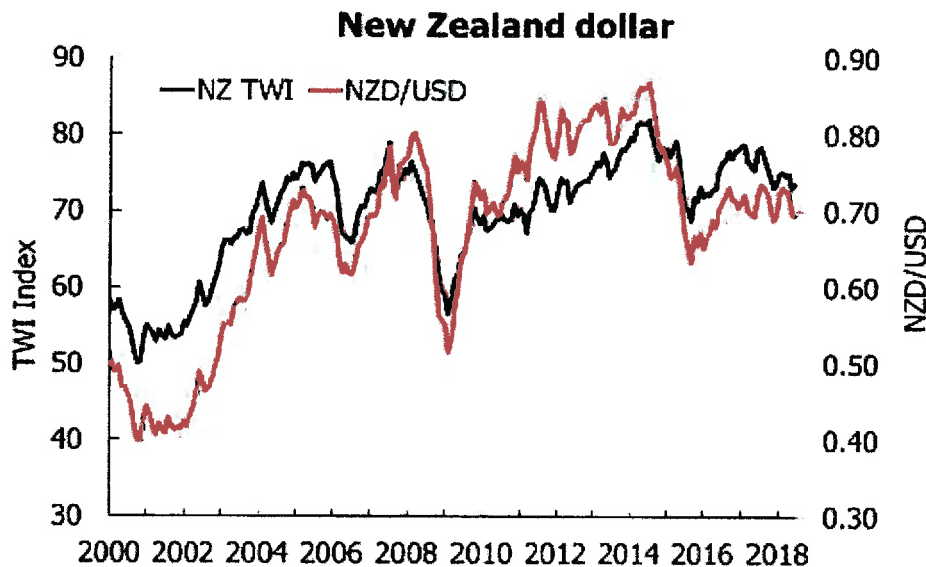
6.5 Business profits

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

6.6 Currency

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

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



Source: NZIER

6.7 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 May result sitting at 54.5 (a score over 50 indicates the sector is in expansion mode). The average over the past 3 months has been 55.6 compared to 53.2 in the 3 months prior to that.

6.8 Market Drivers: Retail

Retailers have become increasingly pessimistic in the face of higher costs and softer demand. Over half of retailers reported increased costs in the June quarter, but only a net 13 percent were able to raise prices. The continued low pricing pressures despite rising costs reflects the competitive retail environment. Retailers are not optimistic about an improvement in conditions over the remainder of the year. Increased business costs, such as the rise in the minimum wage, is also likely to have a disproportionately greater effect on employers in the retail sector given the relatively greater proportion of its workers on the minimum wage. This is likely adding to the pessimism amongst retailers, as will the recent fuel tax.

Although inflation pressures remain contained and interest rates are likely to remain on hold over much of 2018, the high level of household debt leaves the household sector vulnerable when interest rates eventually lift. This presents risks of a disorderly correction of house prices and drop in retail spending should households face difficulty in servicing their mortgages.

6.9 Market Drivers: Office

Office sector fundamentals remain favourable, as continued strong demand for professional services underpins demand for prime office space. However, despite low vacancy rates in the main cities and growth in office rents, demand for the construction of new office space has declined. In particular, consent issuance for new office space in Auckland has fallen sharply from the very high levels in late 2017. Demand for new office buildings in Wellington and Canterbury have also eased. These developments are in line with the easing in investment intentions for new buildings seen in the NZIER QSBO, where a net 4 percent of businesses indicated they planned to cut this type of investment. Architects also expect a softer pipeline of commercial construction for the coming year based on work in its own office.

Employment demand in business services sectors remains strong and hiring intentions has picked up, reflecting the continued strong demand for services.

6.10 Local Market Overview

Demand

Demand for Christchurch industrial space continued decelerating over 1H18. The pace of supply entering the market now exceeds overall demand, with vacancy increasing for a second consecutive period. The industrial vacancy rate shifted upward by 120 bps to 7.5% in the first half of the year, with all industrial precincts recording an increase in available space.

Net absorption was up notably on 2H17, reflecting demand still present in the market despite a softening of vacancy rates. Developers have been highly active post-quake, and secondary space has become less favourable, underpinning an uplift in vacant stock. Net absorption for 1H18 totalled 44,752 sqm, well above the 5,672 sqm recorded in the back end of 2017.

Supply

The stock base continues to expand on the back of an elevated development pipeline. Despite a slowdown in the post-quake construction boom, total stock saw a net increase of 97,771 sqm across the survey areas over the 1H18 survey period. The Hornby/Islington precinct continued to deliver the bulk of new supply, growing by ~77,460 sqm to 1.54 million sqm. The overall Christchurch stock base increased by 97,771 sqm to sit just shy of 3.7 million sqm.

We have observed a decrease in speculative builds, as developers react to a potential over-supply situation now developing. The bulk of new construction will be purpose built for specific tenants until the supply imbalance moderates. New development continues to focus on the Western industrial precincts, namely in the larger greenfield subdivisions of Waterloo Business Park and Hornby Quadrant. Wigram Business Park and Central Business Park, which form smaller offerings, are edging closer to being filled, with most sites now accounted for with planned or completed developments.

Asset Performance

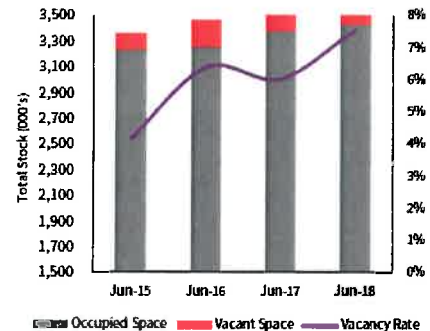
Rental growth remains absent from the market, with both prime and secondary rates declining during 1H18. The average combined prime rental rate softened to \$120 psm, a 9.1% Y-O-Y decrease. Similarly, secondary rents reached \$89 psm, the lowest rate since 2H13 and a 6.3% fall Y-O-Y.

The trend of decreasing rents is expected to continue across the second half of the year and into 2019. Although demand still remains, the oversupply in the market will see rents continue to drop off.

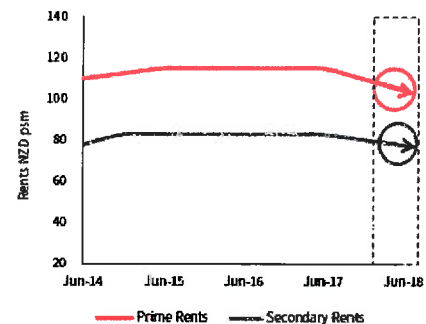
Transaction volumes were muted compared to the three previous halves, falling far below the NZD 120 million achieved in 1H17. The total transaction value for assets above NZD 5 million for 1H18 reached NZD 37 million. Investors remain keenly interested in acquiring tenanted, well located and new or refurbished stock, with capital from both local and international sources seeking a home in Christchurch.

A slowdown in purchasing activity can be attributed to a lack of quality and trophy assets coming to market, with owners of such assets keeping them tightly held.

Christchurch Industrial Vacancy and Occupied Space



Christchurch Industrial Rents (\$/m²)



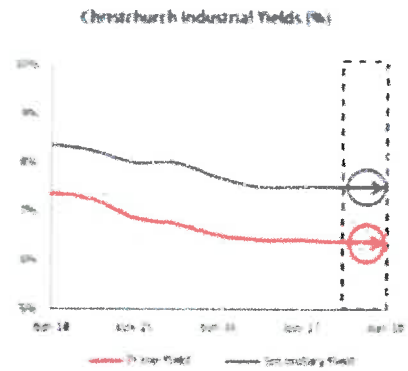
Christchurch Industrial Transactions			
Address	Suburb	Sale Price	Yield
88 Nowbray Street	Waltham	\$7.625 million	8.2%
24 Gallagher	Hornby	\$8.35 million	6.1%

12-Month Outlook

Demand is forecast to remain relatively stable for prime space over the remainder of 2018, with robust net absorption in the 1H18 demonstrating continued occupier demand.

While vacancy rates have climbed further in 1H18, the amount of new supply entering the market has begun to slow and this will continue into 2H18 allowing the supply demand imbalance to begin to moderate.

Demand for quality tenanted Christchurch industrial assets is forecast to remain robust over the second half of the year. Appetite from both local and international investors for prime trophy assets will continue, while demand for vacant secondary stock in need of capital expenditure will drop away. Investors are increasingly aware of the downside risk to these properties, as vacancy creeps up across the industrial markets and attracting and retaining a tenant increases in difficulty.



7 Leasing Evidence

7.1 Industrial 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:

Address	Component	Area	Rent	Total	Effective	Type
Woolston	Office	202.0	\$215.00	\$43,430	May-16	RR
	Warehouse	7806.0	\$114.00	\$889,884		
	Canopy	179.3	\$70.00	\$12,551		
	Carparks	66.0	\$8.00	\$27,456		
		8187.3		\$973,321		
Woolston	Offices & Amenities	395.0	\$215.00	\$84,925	Jul-17	NL
	Warehouse	3795.0	\$115.66	\$438,929		
	Canopy	1025.0	\$50.00	\$51,250		
		31.0	\$8.00	\$12,896		
		5215.0		\$588,000		
Hillsborough	Warehouse	2552.0	\$85.00	\$216,920	Aug-18	NL
	Enclosed Canopy	1198.0	\$80.00	\$95,840		
	Office	150.0	\$180.00	\$27,000		
	Carparks	45.0	\$10.00	\$23,400		
	Yard	9500.0	\$21.77	\$206,840		
		3900.0		\$570,000		
Hillsborough	Office	326.6	\$157.60	\$51,472	Dec-17	NL
	Warehouse office	7.1	\$99.40	\$706		
	Warehouse	684.3	\$85.00	\$58,162		
	Carparks	12.0	\$10.00	\$6,240		
		1018.0		\$116,580		
Hillsborough	Office	442.5	\$162.60	\$71,951	Apr-18	NL
	Warehouse	1294.8	\$85.00	\$110,058		
	Warehouse extension	1083.4	\$85.00	\$92,089		
	Workroom	116.4	\$110.00	\$12,804		
	Carparks	26.0	\$8.00	\$10,816		
		2937.1		\$297,718		
Hillsborough	Office	607.0	\$100.00	\$60,700	Sep-17	NL
	Warehouse amenities	86.4	\$75.00	\$6,480		
	Warehouse	2915.6	\$54.78	\$159,704		
	Carparks	76.0	\$8.00	\$31,616		
		3609.0		\$258,500		
Hillsborough	Office	22.3	\$125.00	\$2,788	Sep-18	NL
	Warehouse	1638.8	\$83.84	\$137,392		
	Carparks	29.0	\$8.00	\$12,064		
		1661.1		\$152,243		

The preceding displays the current rental range within the Hillsborough/Woolston area where warehouse space has been leasing between \$55 to \$115 per square metre. The lower range is an outlier. The majority of warehouse accommodation for existing modern accommodation is leasing around \$85 per square metre for medium stud heights. The upper range is for new space with stud heights of around 10 metres.

Attached offices are leasing from \$100 to \$215 per square metre, dependent upon the standard of accommodation and fitout provided. The upper range is for new accommodation, whilst existing accommodation of a reasonable standard is leasing between \$160 to \$180 per square metre.

Warehouse accommodation of an industrial standard is leasing in the vicinity of \$125 per square metre.

7.2 Standalone Office Leasing Evidence

In assessing a market rental profile for the standalone office 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:

Address	Component	Area	Rent	Total	Effective	Type
Hillsborough	Office	652.0	\$122.70	\$80,000	Dec-17	NL
	Carparks	10.0	\$10.00	\$5,200		
		662.0		\$85,200		
Hillsborough	Office	1194.0	\$213.03	\$254,360	Feb-18	NL
	Carparks	16.0	\$10.00	\$8,320		
		1210.0		\$262,680		
Hillsborough	Ground floor office	652.4	\$179.96	\$117,409	Jan-18	RR
	Mezzanine office	206.7	\$170.00	\$35,139		
	Mezzanine store	30.6	\$60.00	\$1,836		
	Carparks sealed	19.0	\$12.00	\$11,856		
	Carparks unsealed	13.0	\$10.00	\$6,760		
		889.7		\$173,000		
Hillsborough	Office	500.40	\$220	\$110,088	Mar-18	LR
	Carparks	19.00	\$10	\$9,880		
	Capitalised works			\$685		
		500.40		\$120,653		
Hillsborough	Office	340.00	\$200	\$68,000	Oct-17	LR
	Carparks	10.00	\$10	\$5,200		
		340.00		\$73,200		

There are few standalone offices within Hillsborough. The lower end of the range is a substantial area of 652 square metres leased at \$123 per square metre, whilst the majority of the evidence suggests a range between \$180 to \$220 per square metre for office accommodation of a reasonable standard.

7.3 Car Park Leasing Evidence

The preceding car park evidence ranges from \$8 to \$12 per week, with our assessment based on the lower end of the range in line with the most recent leasing evidence.

7.4 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 office market rental profile is displayed overleaf:

Premises	NLA	Passing Rental	Market Rental	Market Rental pa
Macpac - 4 Mary Muller Dr	926	\$109 /sqm	\$125 /sqm	\$115,713
Macpac - 4 Mary Muller Dr	210	\$94 /sqm	\$120 /sqm	\$25,188
Macpac - 4 Mary Muller Dr	3,502	\$71 /sqm	\$85 /sqm	\$297,687
Macpac - 4 Mary Muller Dr	195	\$29 /sqm	\$35 /sqm	\$6,836
Macpac - 4 Mary Muller Dr	1,375	\$16 /sqm	\$17 /sqm	\$22,688
Kiwi Labels Limited - 6 Mary Muller D	443	\$161 /sqm	\$165 /sqm	\$73,013
Kiwi Labels Limited - 6 Mary Muller D	2,378	\$83 /sqm	\$85 /sqm	\$202,147
Kiwi Labels Limited - 6 Mary Muller D	116	\$108 /sqm	\$110 /sqm	\$12,804
Contec - 8 Mary Muller Dr	500	\$220 /sqm	\$200 /sqm	\$100,080
Asaleo - 9 Mary Muller Dr	256	\$159 /sqm	\$165 /sqm	\$42,174
Asaleo - 9 Mary Muller Dr	6,002	\$80 /sqm	\$85 /sqm	\$510,179
Asaleo - 9 Mary Muller Dr	355	\$29 /sqm	\$35 /sqm	\$12,408
Asaleo - 9 Mary Muller Dr	6,709	\$8 /sqm	\$8 /sqm	\$50,318
Tyco Wormald - 10 Mary Muller Dr	732	\$219 /sqm	\$200 /sqm	\$146,420
Tyco Wormald - 10 Mary Muller Dr	374	\$89 /sqm	\$85 /sqm	\$31,799
Longbeach - 1/11 Mary Muller Dr	1,328	\$123 /sqm	\$125 /sqm	\$166,038
Longbeach - 1/11 Mary Muller Dr	586	\$70 /sqm	\$85 /sqm	\$49,844
Assembly Specialist - 3/11 Mary Mull	95	\$126 /sqm	\$125 /sqm	\$11,838
Assembly Specialist - 3/11 Mary Mull	153	\$100 /sqm	\$85 /sqm	\$13,005
Xtend Life - 12 Mary Muller Dr	637	\$225 /sqm	\$200 /sqm	\$127,300
Xtend Life - 12 Mary Muller Dr	355	\$150 /sqm	\$85 /sqm	\$30,192
Xtend Life - 12 Mary Muller Dr	390	\$13 /sqm	\$13 /sqm	\$5,070
Tyco Electronics - 14 Mary Muller Dr	390	\$245 /sqm	\$125 /sqm	\$48,800
Tyco Electronics - 14 Mary Muller Dr	397	\$179 /sqm	\$180 /sqm	\$71,478
Tyco Electronics - 14 Mary Muller Dr	2,011	\$117 /sqm	\$120 /sqm	\$241,272
Tyco Electronics - 14 Mary Muller Dr	86	\$97 /sqm	\$100 /sqm	\$8,590
Tyco Electronics - 14 Mary Muller Dr	13	\$173 /sqm	\$175 /sqm	\$2,293
Tyco Electronics - 14 Mary Muller Dr	132	\$123 /sqm	\$125 /sqm	\$16,525
Tyco Electronics - 14 Mary Muller Dr	14	\$92 /sqm	\$95 /sqm	\$1,321
Tyco Electronics - 14 Mary Muller Dr	306	\$97 /sqm	\$100 /sqm	\$30,620
Tyco Electronics - 14 Mary Muller Dr	87	\$46 /sqm	\$50 /sqm	\$4,325
TSB Living - 15 Mary Muller Dr	607	\$100 /sqm	\$150 /sqm	\$91,050
TSB Living - 15 Mary Muller Dr	59	\$110 /sqm	\$125 /sqm	\$7,375
Nood - 15 Mary Muller Dr	1,616	\$65 /sqm	\$75 /sqm	\$121,163
Nood - 15 Mary Muller Dr	46	\$41 /sqm	\$125 /sqm	\$5,700
Tyco - 17 Mary Muller Dr	653	\$184 /sqm	\$200 /sqm	\$130,500
Castle Rock Café - 21 Mary Muller D	43	\$310 /sqm	\$200 /sqm	\$8,560
Elgas - 10a Chapmans Rd	340	\$200 /sqm	\$200 /sqm	\$68,000
Apparel & Merchandising Solutions - 2	327	\$158 /sqm	\$165 /sqm	\$53,889
Apparel & Merchandising Solutions - 2	119	\$135 /sqm	\$135 /sqm	\$16,079
Castle Rock - 10a Chapmans Rd	495	\$190 /sqm	\$175 /sqm	\$86,625
Total	35,356 m²			\$3,066,900

7.5 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	\$3,972,843	\$3,931,863
Carparking Rental	\$229,149	\$207,584
Future Lease Agreements	\$0	\$0
Other Income	\$9,185	\$0
Outgoings Recovery	\$544,090	\$688,762
Gross Income	\$4,755,267	\$4,828,209
Unexpired Incentives in Year 1 (excludes capital contributions)	\$92,360	\$0
Outgoings	\$688,762	\$688,762
Contract Ground Rental	\$0	\$0
Net Income	\$3,974,145	\$4,139,447

8 Sales Evidence

8.1 Sales Transactions

In assessing a suitable capitalisation rates 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:

	39 Dakota Crescent, Wigram, Christchurch												
	<table border="0"> <tr> <td>Sale Price</td> <td>\$14,850,000</td> <td>Sale Date</td> <td>November/2018</td> </tr> <tr> <td>Initial Yield</td> <td>6.50%</td> <td></td> <td></td> </tr> </table> <p>The property comprises a modern distribution facility, constructed in 2004, of 8,422 square metres which is situated at the end of a cul-de-sac on an 18,190 square metre site. The building has a site coverage of 46% and comprises warehouse, cool storage and office accommodation with full drive through access. The property is leased to Turners and Growers for a term of twelve years with fixed annual 2.5% rental increases at a rental of \$965,000 per annum. The property sold in November 2018 providing a 6.50% yield on the passing income.</p>	Sale Price	\$14,850,000	Sale Date	November/2018	Initial Yield	6.50%						
Sale Price	\$14,850,000	Sale Date	November/2018										
Initial Yield	6.50%												
	66 Hammersmith Drive, Wigram, Christchurch												
	<table border="0"> <tr> <td>Sale Price</td> <td>\$3,500,000</td> <td>Sale Date</td> <td>October/2018</td> </tr> <tr> <td>Initial Yield</td> <td>6.70%</td> <td></td> <td></td> </tr> </table> <p>The property comprises an industrial premises, constructed in 2008, of 2,077 square metres which is situated on a 2,963 square metre site in Wigram. The premises comprises office, showroom and warehouse accommodation, which is accessed via two full height container roller doors. A wide canter-levered canopy extends almost the whole length of the warehouse across both tenancies. The property is leased to two well-known tenants; Fortress Fasteners and Clearlite Bathrooms at a net rental of \$234,483 per annum plus GST and outgoings. The property sold in October 2018 at auction for \$3,500,000 providing a 6.70% yield on the passing income.</p>	Sale Price	\$3,500,000	Sale Date	October/2018	Initial Yield	6.70%						
Sale Price	\$3,500,000	Sale Date	October/2018										
Initial Yield	6.70%												
	24 Gallagher Drive, Hornby, Christchurch												
	<table border="0"> <tr> <td>Sale Price</td> <td>\$8,350,000</td> <td>Sale Date</td> <td>March/2018</td> </tr> <tr> <td>Initial Yield</td> <td>6.08%</td> <td>WALE</td> <td>7.50yrs</td> </tr> </table> <p>The property comprises an industrial premises of 3,500 square metres situated on a 7,482 square metre site in Hornby. The premises has an NBS of 100% and is leased to Seed Force Limited for a term of ten years at a net rental of \$507,855 plus GST and outgoings. The property sold in March 2018 for \$8,350,000 providing a 6.08% yield on the passing income.</p>	Sale Price	\$8,350,000	Sale Date	March/2018	Initial Yield	6.08%	WALE	7.50yrs				
Sale Price	\$8,350,000	Sale Date	March/2018										
Initial Yield	6.08%	WALE	7.50yrs										
	704 Halswell Junction Road, Halswell, Hornby, Christchurch												
	<table border="0"> <tr> <td>Sale Price</td> <td>\$18,600,000</td> <td>Sale Date</td> <td>March/2018</td> </tr> <tr> <td>Initial Yield</td> <td>6.60%</td> <td>WALE</td> <td>8.08yrs</td> </tr> </table> <p>The property comprises an industrial premises of 9,663 square metres situated on a 2.2004 hectare site in Halswell. The premises comprises a 2005 constructed design build currently under contract for \$18,600,000 subject to seismic strengthening from 70% NBS to 100% NBS. The remaining lease term is 8.08 years and the initial yield on contract rent is 6.60%.</p>	Sale Price	\$18,600,000	Sale Date	March/2018	Initial Yield	6.60%	WALE	8.08yrs				
Sale Price	\$18,600,000	Sale Date	March/2018										
Initial Yield	6.60%	WALE	8.08yrs										
	52 Kennaway Road, Woolston, Christchurch												
	<table border="0"> <tr> <td>Sale Price</td> <td>\$9,400,000</td> <td>Sale Date</td> <td>June-2017</td> </tr> <tr> <td>Initial Yield</td> <td>6.26%</td> <td>Equivalent Yield</td> <td>6.20%</td> </tr> <tr> <td>IRR</td> <td>7.76%</td> <td>WALT</td> <td>10.00 years</td> </tr> </table> <p>The property comprises a substantial distribution facility located in Kennaway Road, Woolston. The property was completed in 2016 and contains a total area of 5,200 square metres contained in two separate high stud warehouses, with internal offices and attached canopies. The property has been sold subject to a 10 year lease to Online Distribution at an annual rental of \$588,000 plus GST, which we believe largely equates to market. Initial yield is 6.26%.</p>	Sale Price	\$9,400,000	Sale Date	June-2017	Initial Yield	6.26%	Equivalent Yield	6.20%	IRR	7.76%	WALT	10.00 years
Sale Price	\$9,400,000	Sale Date	June-2017										
Initial Yield	6.26%	Equivalent Yield	6.20%										
IRR	7.76%	WALT	10.00 years										
	31 Kennaway Road, Woolston, Christchurch												
	<table border="0"> <tr> <td>Sale Price</td> <td>\$15,900,000</td> <td>Sale Date</td> <td>March-2017</td> </tr> <tr> <td>Initial Yield</td> <td>6.84%</td> <td>WALT</td> <td>5.00 years</td> </tr> </table> <p>The property comprises a significant industrial premises occupied by Kathmandu as its national distribution centre with 5 years remaining on the current lease term. The property is located in Kennaway Road, Woolston. It sold for \$15,900,000 in March 2017 at an initial yield of 6.84%.</p>	Sale Price	\$15,900,000	Sale Date	March-2017	Initial Yield	6.84%	WALT	5.00 years				
Sale Price	\$15,900,000	Sale Date	March-2017										
Initial Yield	6.84%	WALT	5.00 years										



55 Lunds Road, Middelton, Christchurch

Sale Price	\$12,950,000	Sale Date	July-2018
Initial Yield	8.0%	WALT	5.00 years

The former Fletcher Steel premises located in Lunds Road, was leased to K & S Frighters for a 5 year term from July 2018 at an annual rental of \$1,035,000 plus GST. The substantial improvements comprise two separate warehouse and office blocks containing 9,157 square metres, located upon a total site area of 2.3472 hectares. The buildings have an NBS of 70%. The property sold for a 8.0 % yield reflective of the short term WALT, and substantial value quantum.



80 Shands Road, Hornby, Christchurch

Sale Price	\$6,500,000	Sale Date	November-2017
Initial Yield	7.5%	WALT	4.00 years

A substantial industrial property leased to Move Logistics at an annual rental of \$488,000 plus GST, with 4 years remaining on the lease term at the date of sale. The building was completed in 2003 and was strengthened to 80% NBS prior to sale. The rental is fixed for the remainder of the term with a review upon renewal. Total site area of 9,719 square metres with a building site cover of 54%.



375 Blenheim Road, Middelton, Christchurch

Sale Price	\$21,200,000	Sale Date	June-2018
Initial Yield	6.25%	WALT	15.00 years

Steel & Tube comprises a substantial industrial facility originally constructed in 1962 and extended in 1990, 2004 and 2018. The original warehouse has been reclad in steel in part although retains the original steel portal frame and floor. The buildings are located upon a 2.3706 hectare site with extensive frontage to Blenheim Road, a major arterial thoroughfare providing good profile. Building site cover is some 57%, and 74 carparks are located on site. The property sold via sale and leaseback, subject to a 15 year lease to Steel & Tube at an annual rental of \$1,324,107 plus GST.



704 Halswell Junction Road, Christchurch

Sale Price	\$18,600,000	Sale Date	April 2018
Initial Yield	6.60%	WALT	8.08 years

The property comprises an industrial premises of 9,663 square metres which is situated on a 2.2004 hectare site. The premises is leased to Metropolitan Glass and Glazing for a term of ten years from May 2016. The property sold in April 2018 for \$18,600,000 providing a 6.60% yield on the passing income.



24 Gallagher Drive, Hornby, Christchurch

Sale Price	\$8,350,000	Sale Date	March-2018
Initial Yield	6.08%	WALT	7.50yrs

The property comprises an industrial premises of 3,500 square metres situated on a 7,482 square metre site in Hornby. The premises has an NBS of 100% and is leased to Seed Force Limited for a term of ten years at a net rental of \$507,855 plus GST and outgoings. The property sold in March 2018 for \$8,350,000 providing a 6.08% yield on the passing income.



8-12 Iversen Terrace, Waltham, Christchurch

Sale Price	\$5,305,000	Sale Date	July-2017
Initial Yield	6.48%	Equivalent Yield	7.51%
IRR	7.92%	WALT	4.12 years

The property comprises an industrial premises located at 8-12 Iversen Terrace in Waltham. The building contains 3,035 square metres of office and warehouse accommodation leased to Goodyear & Dunlop Tyres and Image Holdings Limited. The property was purchased by Lane Fox Holdings Limited for \$5,305,000 providing a 6.48% yield on the passing income.



118 Hayton Road, Wigram, Christchurch

Sale Price	\$6,400,000	Sale Date	March-2017
Initial Yield	6.03%		

This property comprises an industrial premises located at 118 Hayton Road in Wigram. The building contains 3,400 square metres of office and warehouse accommodation leased to Best Health Limited for a term of nine years with three rights of renewal of five years each. The property sold in March 2017 for \$6,400,000 providing a 6% yield on the passing income.



128A Waterloo Road, Hornby, Christchurch

Sale Price	\$4,100,000	Sale Date	March-2017
Initial Yield	6.00%	WALT	12.00 years

This property comprises a 1,400 square metre industrial building situated on a 4,319 square metre site. There is currently a 12 year lease to a well-established tenant. The property sold in March 2017 for \$4,100,000 at a 6% yield.



Seymour Street, Hornby, Christchurch

Sale Price	\$38,900,000	Sale Date	October-2015
Initial Yield	6.76%	WALT	5.00 years

The sale comprises 5 adjoining tenancies that form part of Glassworks Industrial Park. The buildings are all of modern construction and are leased for varying terms with an average WALT of approximately 5 years. The building sold for \$38,900,000 providing a 6.76% return based on the actual income.



455 Blenheim Road, Sockburn, Christchurch

Sale Price	\$22,146,000.	Sale Date	October-2015
Initial Yield	7.62%		

This property comprises of four large buildings on a prominent 2.1 hectare property. The buildings cater for a mix of retail and warehouse buildings on a high profile site. The building sold for \$22,143,000 providing a 7.62% based on the contract rent of \$1,688,458.



Southpark Baigent Way, Middleton, Christchurch

Sale Price	\$28,005,000.	Sale Date	August 2016	October-2015
Initial Yield	7.33%			

The property comprise 16, 22, 25 & 31 Baigent Way occupied by a variety of industrial tenants, although Owens occupy This property comprises of four occupy over 75% of the park by area and 65% by income. Prior to the sale Owens had entered into a new 10 year lease and pay large buildings on a year lease. The property sold in August 2016 for a 7.33% yield.



15 Sir William Pickering Drive, Burnside, Christchurch

Sale Price	\$13,600,000	Sale Date	December-2017
Initial Yield	7.05%	WALT	4.70yrs

The property comprises a three level office building, constructed in 2014, of 2,627 square metres which is situated on a 5,141 square metre site in Burnside. The building is occupied by Fulton Hogan and sold in December 2017 for \$13,600,000 providing a 7.05% yield on the passing income.



245 Wooldridge Road, Burnside, Christchurch

Sale Price	\$36,500,000	Sale Date	June-2017
Initial Yield	7.34%	Equivalent Yield	7.07%
IRR	7.62%	WALT	15.00yrs

The Tait Campus comprises a commercial premises located on the corner of Wooldridge Road and Wairakei Road, Burnside, Christchurch. The building contains 6,582 square metres of A grade office accommodation leased to Tait Limited for a fifteen year term. The property was purchased by Landbroker Services Limited for \$36,500,000 providing a 7.34% yield on the passing income.

There have been two recent industrial sales in Kennaway Road, Woolston in close proximity of the subject, the first for a modern industrial premises leased to Online Distribution for a 10 year term, selling at a yield of 6.26% reflective of the significant lease term of 10 years. The property is considered superior and sets the lower limit. The second is for the Kathmandu distribution facility comprising a significant modern industrial building with medium WALT of 5.0 years which sold for a yield of 6.84%, and we believe is of some relevance.

55 Lunns Road comprises a substantial older industrial property leased to K & S Freighters for a 5 year term, which sold for a yield of 8.0%, reflective of the significant value quantum and short term WALT. 80 Shands Road is also subject to a short term WALT of 4.0 years and sold at a return of 7.5%, which is also reflective of the lack of a rent review provision during the remaining term of the lease.

There have been a number of recent industrial sales in 2018 for well-established tenants subject to long term leases including Steel and Tube in Blenheim Road, being an older industrial building subject to a 15 year lease and selling for a yield of 6.25%. Metro Glass in Halswell Junction Road sold for a 6.6% yield subject to an 8 year lease, and Seed Force sold at a yield of 6.08% with a WALT of 7.5 years. The yields achieved for these properties indicate the premium purchaser are prepared to pay for properties subject to long term leases.

We have also referenced three historic sales of industrial parks, the first in Seymour Street Hornby, where the buildings were of a modern standard and sold for an overall yield of 6.76% with a WALT of 5.0 years. We consider the property overall superior.

The second is a mixed industrial and showroom property in Blenheim Road which sold for a return of 7.62%, the buildings of an older standard and with some vacancy. Overall we consider the sale of some relevance.

Finally, Southpark Business Park in Middleton sold in August 2016 for a consideration of \$28,005,000 providing a 7.33% yield on the passing income. The property was occupied Owens Transport, Acrow, Staples and Heywards Trading at an annual rental of \$2,053,853 plus GST. All buildings were a minimum 67% NBS. Lease terms ranged between 1 and 10 years at the date of sale.

There have been two recent sales of suburban office buildings in Burnside, the first leased to Fulton Hogan with a medium term WALT of 4.7 years, which sold for a yield of 7.05%, and the Tait Campus subject to a long term lease term of 15 years, which sold for a yield of 7.34% for a significant value quantum of \$36,500,000. We believe these sales provide a reliable guide to the appropriate level of yield for the office buildings that form part of subject.

Finally, we are aware of the conditional sale of an industrial property in Hillsborough of a relocated older industrial warehouse containing just under 4,000 square metres and located on a large site of some 2.0 hectares. The property is subject to a 10-year lease and has sold for a 7.5% return, reflective of the standard of the warehouse.

In addition, a large suburban retail mall has sold in recent weeks for a reported sum of \$81.6ml to a Christchurch investor. The details of the contract are confidential but the property was 94% occupied and produced an income of \$6.82ml establishing a gross yield at 8.36%. This is reportedly the largest dollar value sale for commercial property in Christchurch's history.

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

Tenant	Cap Rate
1. Macpac	7.0%
2. Kiwi Labels Limited	6.8%
3. Contec	7.5%
4. Asaleo	7.5%
5. Tyco Wormald	7.0%
6. Longbeach	7.5%
7. Assembly Specialist	7.5%
8. Xtend Life	7.5%
9. Tyco Electronics	7.5%
10. TSB Living	7.3%
11. Nood	7.3%
12. Tyco	7.5%

Tenant	Cap Rate
13. Castle Rock Café	7.0%
14. Elgas	7.0%
15. Apparel & Merchandising Solutions	7.0%
16. Castle Rock Business Park	7.0%
Overall	7.29%

On an overall basis this equates as follows:

Variable	Input
Capitalisation Rate - Core Income	7.29%
Discount Rate	8.00%

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
<ul style="list-style-type: none">• Significant land holding;• Number of tenants to spread risk;• A number of post-earthquake constructed buildings;• Quality tenants; and• Proximity to Port of Lyttelton and transportation links	<ul style="list-style-type: none">• Properties located upon a single title;• A number of older structures with a NBS of 67%;• Short term WALT for this class of asset;• A number of specialised buildings;• Viewed as a secondary industrial area; and• Vendor underwriting vacant area
Opportunities	Threats
<ul style="list-style-type: none">• Potential to subdivide and sell separately; and• Further development of the land	<ul style="list-style-type: none">• Securing alternative lessee's in particular for the specialised buildings; and• Competing developments

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 6-9 months.

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

9.3 Most Probable Purchaser

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

9.4 Sales History

The subject property has not transacted for the last 5 years.

10 Valuation Rationale

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 7.29% on our adopted market rental profile and an 8.00% 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, 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	\$3,931,863
Car Parking Rental	\$207,584
Ideal Outgoings Recovery (Full Net Leases)	\$688,762
Total Market Rental	\$4,828,209
Less Outgoings Expenditure	(\$688,762)
Net Market Rental	\$4,139,447
Rental Adjustments	
Core Income Capitalised at a Weighted Capitalisation Rate of 7.29%	\$56,808,135
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$141,727
Present Value of Letting Up Allowances: 24 months	(\$268,168)
Present Value of All Unexpired & Forecast Incentives: 24 months	(\$118,137)
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$248,774)
Value of Other Income	\$25,589
Total Value Adjustments	(\$467,763)
Total Capitalised Value	\$56,340,372
Adopted Capitalised Value	\$56,340,000

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.

Unexpired and Forecast Incentives

We have deducted the present value of the outstanding unexpired incentive of \$118,137.

Future Lease Agreements & Stepped Rentals

We have deducted the present value of any shortfall in rental and outgoings payable due to leases agreed but with commencement dates after the date of valuation. The Macpac rental presently has been reduced to half its normal rate for 12 months until the upgrading of the offices are complete.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$248,774. This relates to a refurbishment fund for office fitout to retain the appeal of the space.

Other Income

We have allowed for the present value of any other income attributable to the Property. We have calculated the present value of the remaining income stream for other income resulting in a value addition of \$25,589.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$56,340,000.

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
Warehouse							10 year average		1.42%	
	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.75%	1.75%	1.75%	1.75%
Office							10 year average		0.60%	
	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%	1.00%	1.00%	1.00%	1.50%
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		2.00%	
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		2.00%	
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

Letting Up/Incentive/Leasing Cost Allowances

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

Capital Expenditure

Within our calculations we have made capital expenditure allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances we have made are summarised below:

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	\$67,054	Year 6	\$170,174
Year 2	\$200,245	Year 7	\$208,146
Year 3	\$144,437	Year 8	\$77,024
Year 4	\$438,461	Year 9	\$315,795
Year 5	\$193,230	Year 10	\$401,160

Total CAPEX allowances amount to \$2,215,725 (\$66.09 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.54% (a 0.25% a 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	1.25% 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 8.00% to the cash flows to produce a present value of \$53,849,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	7.23%	7.46%	7.74%
7.75%	\$55,728,000	\$54,754,000	\$53,843,000
8.00%	\$54,800,000	\$53,849,000	\$52,958,000
8.25%	\$53,893,000	\$52,963,000	\$52,094,000

10.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$56,340,000
Capitalisation Approach - Contract Income	\$54,351,000
Discounted Cash Flow Approach	\$53,849,000
Adopted Value	\$55,000,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure of **\$55,000,000** plus GST (if any).

The assessed value reflects an initial passing yield of 7.23%, an equivalent yield of 7.46%, an internal rate of return of 7.68%, and a rate of \$1,640 per square metre of Net Lettable Area, as leased.

11 Valuation

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 25 January 2019, is:

\$55,000,000 plus GST (if any)
Fifty Five Million Dollars plus GST (if any)

11.1 Mortgage Security Recommendation

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

11.2 Market Value Apportionment

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

In order to establish value parameters to the subject we have investigated recent land sales within the eastern industrial suburbs. 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	\$15,900,000
Improvements Value	\$39,100,000
Adopted Value	\$55,000,000

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 No 1 Limited for use by prospective investors (on a non-reliance basis) in that company, capital raising, financial reporting and mortgage security purposes. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

JLL, Valuation & Advisory



Mark Foster ANZIV, SPINZ
Registered Valuer - Director
+64 3 375 6624
mark.foster@ap.jll.com

Valuers Involvement in the preparation of this report:

Role	Name
Inspection of Property/Assets:	M P Foster
Calculations:	M P Foster & M J O'Connor
Information Review:	M P Foster
Reporting Authoring:	M P Foster
Quality Assurance/Reviewing	G J McDonald/Dale Winfield
Principal Valuer	M P Foster

Report linked to N:\030 VALUATIONS\VALUATIONS\Christchurch\Mary Muller Drive - Castle Rock Properties\Market Value Jan 2019\Prospectus\Castle Rock Properties - Mary Muller Drive - DCF - Jan 2019 - Prospectus.xlsm

N:\030 VALUATIONS\VALUATIONS\Christchurch\Mary Muller Drive - Castle Rock Properties\Market Value Jan 2019\MV Castle Rock Business Park Jan 2019 -Prospective valuation for Augusta.docx

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.
Quoted 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 initial net passing income from an investment divided by the sale price or value adopted for the investment expressed as a percentage.
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 and where 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Priority Building	Section 133AE Building (Earthquake-prone Buildings) Amendment Act 2016 - Meaning of priority building: <i>Located in an area of medium or high seismic risk and likely to be used in an emergency situation or generally providing education for greater than 20 people. Additionally, any unreinforced masonry that could fall on a public area or impede a transport route.</i>
Z Factor	The Z factor of an area is the seismic hazard factor that would be used to design a new building on a site in that area in accordance with the building code, verification methods and standards incorporated by reference into the building code or a verification method, as they relate to calculating Z factors.

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

Valuation Calculations

Property	Castle Rock Business Park - Mary Muller Drive, Hillsborough,
Property Description	Industrial
Net Lettable Area	33,527 square metres
Car Parking	499 spaces - 1 car park per 67.19 sqm
Prepared For	Augusta Industrial Fund No 1
Purpose	Financial Reporting and Mortgage Security Purposes
Date of Valuation	25 January 2019
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$55,000,000 plus GST (if any)



Valuation Analysis	
Initial Yield (Net Passing)	7.23%
Initial Yield (Fully Leased)	7.39%
Equivalent Yield	7.46%
Internal Rate of Return (Ten Year)	7.68%
Weighted Average Lease Term - Income	3.80 years
Weighted Average Lease Term - Area	3.55 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$1,640 /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	\$56,340,000
Value Based on Contract Capitalisation	\$54,351,000
Capitalisation Rate	7.29%

Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$4,201,991	\$4,139,447
Other Income	\$9,185	
Recoverable Outgoings	\$544,090	\$688,762
Gross Income	\$4,755,267	\$4,828,209
Total Outgoings	(\$688,762)	(\$688,762)
Less Year 1 Incentives	(\$92,360)	
Net Income	\$3,974,145	\$4,139,447

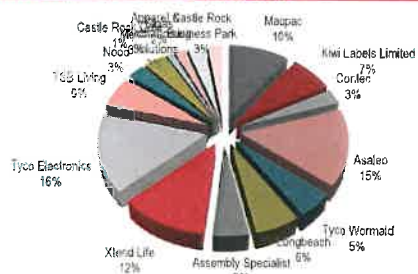
Discounted Cashflow Approach

Value Based on DCF Approach	\$53,849,000
Discount Rate	8.00%
Terminal Capitalisation Rate	7.54%
Nominal Assumed Rental Growth	0.99% pa
Nominal Assumed CPI	1.99% pa

DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	7.29%	7.54%	7.79%
7.75%	\$55,728,000	\$54,754,000	\$53,843,000
8.00%	\$54,800,000	\$53,849,000	\$52,958,000
8.25%	\$53,893,000	\$52,963,000	\$52,094,000

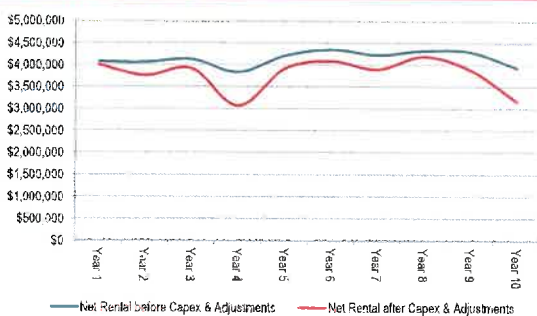
Major Tenant Occupancy Profile by Rental Income



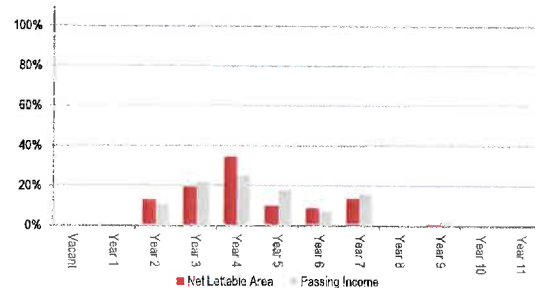
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$67,054	\$200,245	\$144,437
Letting Up	\$0	\$294,890	\$408,193
Unexpired Incentives	\$92,360	\$8,000	\$8,000

Projected Net Rental Cash Flow



Lease Expiry Profile





Market Income		
Lettable area rental		\$3,931,863
Car Parking Rental		\$207,584
Ideal Outgoings Recovery (Full Net Leases)		\$688,762
Total Market Rental		\$4,828,209
Less Outgoings Expenditure		(\$688,762)
Net Market Rental		\$4,139,447
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%		\$0
Core Income		\$4,139,447
Core Income Capitalised at a Weighted Capitalisation Rate of 7.29%		\$56,808,135
Value Adjustments		
Present Value of Rental Reversions		
Existing Tenancies		\$141,727
Vacant Tenancies		\$0
Present Value of Letting Up Allowances: 24 months		(\$268,168)
Present Value of All Unexpired & Forecast Incentives: 24 months		(\$118,137)
Present Value of Future Lease Agreements and Stepped Rentals		\$0
Present Value of Short Term Capital Expenditure: 24 months		(\$248,774)
Value of Other Income		\$25,589
Total Value Adjustments		(\$467,763)
Total Capitalised Value		\$56,340,372
Adopted Capitalised Value		\$56,340,000
Adopted Value		\$55,000,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	3.80 years	Initial Yield (Net Passing)	7.23%
By Area	3.55 years	Initial Yield (Fully Leased)	7.39%
Current Vacancies		Equivalent Market Yield	7.46%
By Area	0 sqm	Rate per m ² of NLA	\$1,640 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$3,974,145
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$4,066,505



Passing Income	
Lettable Area Rental	\$3,972,843
Car Parking Rental	\$229,149
Outgoings Recovery	\$544,090
Total Passing Rental	\$4,746,082
Less Outgoings Expenditure	(\$688,762)
Net Passing Income*	\$4,057,320
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	\$0
Core Income	\$4,057,320
Core Income Capitalised at a Weighted Capitalisation Rate of 7.57%	\$53,626,559
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	\$1,333,496
Vacant Tenancies	\$0
Present Value of Letting Up Allowances: 24 months	(\$268,168)
Present Value of All Unexpired & Forecast Incentives: 24 months	(\$118,137)
Present Value of Future Lease Agreements and Stepped Rentals	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$248,774)
Value of Other Income	\$25,589
Total Value Adjustments	\$724,006
Total Capitalised Value	\$54,350,565
Adopted Capitalised Value	\$54,351,000
Adopted Value	\$55,000,000

* Excludes adjustments for outstanding incentives and any other income



Discounted Cashflow Approach
 Castle Rock Business Park - Mary Muller Drive, Hillsborough, Christchurch
 25 January 2019

Discounted Cashflow Results		Sensitivity Analysis*		Terminal Yield		Key Property Statistics		Valuation Date		Terminal Period	
		Discount Rate	7.29%	7.54%	7.79%	Weighted Average Lease Term - Income	3.80 years	3.80 years	3.83 years	Weighted Average Lease Term - Area	4.23 years
PV of Rental Income	\$26,590,641	7.75%	\$55,726,000	\$54,754,000	\$53,843,000	Occupancy	100.00%	100.00%	96.34%	Initial Yield (Net Passing)	7.44%
PV of Terminal Value	\$27,258,051	8.00%	\$54,800,000	\$52,958,000	\$52,094,000	Initial Yield (Fully Leased)	7.23%	7.23%	7.39%	Capex Assumptions	7.55%
Acquisition Costs	\$0	8.25%	\$53,893,000	\$52,963,000	\$52,094,000	Total Allowance over DCF Period	\$2,215,725	\$2,215,725	\$66.09 /sqm	Proportion of Adopted Value	4.03%
Total Net Present Value	\$53,848,692	* Rounded Values									
Adopted Net Present Value	\$53,849,000										
Adopted Discount Rate	8.00%										
Internal Rate of Return	7.68%										

	24-Jan-2020	24-Jan-2021	24-Jan-2022	24-Jan-2023	24-Jan-2024	24-Jan-2025	24-Jan-2026	24-Jan-2027	24-Jan-2028	24-Jan-2029	24-Jan-2030
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Net Cashflow	\$4,003,951	\$3,760,986	\$3,918,606	\$3,068,137	\$3,916,914	\$4,087,300	\$3,900,975	\$4,192,051	\$3,889,800	\$3,164,693	\$0
Purchase Price	\$55,000,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$55,000,000										
Net Sale Price After Costs @ 1.25%											\$58,848,088
Annual Cashflow	(\$50,996,049)	\$3,760,986	\$3,918,606	\$3,068,137	\$3,916,914	\$4,087,300	\$3,900,975	\$4,192,051	\$3,889,800	\$3,164,693	\$58,848,088
Running Initial Yield	7.40%	7.38%	7.50%	6.97%	7.65%	7.90%	7.68%	7.86%	7.81%	7.15%	-
Running IRR	7.42%	7.03%	7.09%	7.35%	7.43%	7.50%	7.61%	7.52%	7.59%	7.68%	-

	24-Jan-2020	24-Jan-2021	24-Jan-2022	24-Jan-2023	24-Jan-2024	24-Jan-2025	24-Jan-2026	24-Jan-2027	24-Jan-2028	24-Jan-2029	24-Jan-2030
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income	\$4,298,851	\$4,227,668	\$4,278,462	\$4,012,281	\$4,303,983	\$4,433,851	\$4,305,466	\$4,383,752	\$4,353,209	\$4,072,243	\$0
Leasable Area and Car Park Income	\$544,090	\$530,195	\$561,078	\$557,877	\$654,523	\$671,975	\$694,452	\$728,114	\$748,092	\$680,735	\$0
Outgoings Recovery	\$9,185	\$9,185	\$9,185	\$685	\$685	\$0	\$0	\$0	\$0	\$0	\$0
Other Income	\$4,852,127	\$4,767,048	\$4,848,724	\$4,570,843	\$4,959,201	\$5,105,826	\$4,999,918	\$5,111,866	\$5,101,301	\$4,752,978	\$0
Gross Rental Income											
Rental Deductions	(\$92,360)	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)	(\$1,333)	\$0	\$0	\$0	\$0	\$0
Unexpired Incentives	(\$688,762)	(\$702,537)	(\$716,588)	(\$730,920)	(\$745,538)	(\$760,449)	(\$775,658)	(\$791,171)	(\$806,994)	(\$823,134)	\$0
Outgoings Expenditure											
Net Rental Cashflow	\$4,071,005	\$4,056,511	\$4,124,136	\$3,831,923	\$4,205,663	\$4,344,044	\$4,224,260	\$4,320,695	\$4,294,307	\$3,929,843	\$0
Rental Adjustments											
Leasing Up Allowances - Leasing Fees	\$0	(\$95,280)	(\$61,093)	(\$325,325)	(\$95,520)	(\$66,569)	(\$115,138)	(\$51,621)	(\$86,712)	(\$363,991)	\$0
Capital Expenditure	(\$67,054)	(\$200,245)	(\$144,437)	(\$438,461)	(\$183,230)	(\$170,174)	(\$208,146)	(\$77,024)	(\$315,795)	(\$401,160)	\$0
Net Cashflow	\$4,003,951	\$3,760,986	\$3,918,606	\$3,068,137	\$3,916,914	\$4,087,300	\$3,900,975	\$4,192,051	\$3,889,800	\$3,164,693	\$0
Purchase Price	\$55,000,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$55,000,000										
Net Sale Price After Costs @ 1.25%											\$58,848,088
Annual Cashflow	(\$50,996,049)	\$3,760,986	\$3,918,606	\$3,068,137	\$3,916,914	\$4,087,300	\$3,900,975	\$4,192,051	\$3,889,800	\$3,164,693	\$58,848,088
Running Initial Yield	7.40%	7.38%	7.50%	6.97%	7.65%	7.90%	7.68%	7.86%	7.81%	7.15%	-
Running IRR	7.42%	7.03%	7.09%	7.35%	7.43%	7.50%	7.61%	7.52%	7.59%	7.68%	-



Tenancy Schedule
 Castle Rock Business Park - Mary Muller Drive, Hillsborough, Christchurch
 25 January 2019

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises \$/sqm	Car Park pcpw	Net Market Rental Total	Premises \$/sqm	Car Park pcpw	Outgoings Recovery
1. Macpac	4 Mary Muller C	925.7	13	4.0 years	1-Jul-18	1-Jul-22	1-Jul-19	1 yearly	CPI	\$111,867	\$115.00	\$8.00	\$121,121	\$125.00	\$8.00	\$13,886
2. Macpac	4 Mary Muller C	209.9		4.0 years	1-Jul-18	1-Jul-22	1-Jul-19	1 yearly	CPI	\$20,985	\$99.98		\$25,188	\$120.00		\$3,149
3. Macpac	4 Mary Muller C	3,502.2		4.0 years	1-Jul-18	1-Jul-22	1-Jul-19	1 yearly	CPI	\$269,344	\$76.91		\$297,687	\$85.00		\$52,533
4. Macpac	4 Mary Muller C	195.3		4.0 years	1-Jul-18	1-Jul-22	1-Jul-19	1 yearly	CPI	\$6,837	\$35.01		\$6,836	\$35.00		\$2,930
5. Macpac	4 Mary Muller C	1,375.0		4.0 years	1-Jul-18	1-Jul-22	1-Jul-19	1 yearly	CPI	\$22,687	\$16.50		\$22,688	\$16.50		\$0
6. Kiwi Labels Limited	6 Mary Muller C	442.5	26	6.0 years	1-Apr-18	1-Apr-24	1-Apr-21	3 yearly	Market	\$82,766	\$162.60	\$8.00	\$83,829	\$165.00	\$8.00	\$8,257
7. Kiwi Labels Limited	6 Mary Muller C	2,378.2		6.0 years	1-Apr-18	1-Apr-24	1-Apr-21	3 yearly	Market	\$202,147	\$85.00		\$202,147	\$85.00		\$44,377
8. Kiwi Labels Limited	6 Mary Muller C	116.4		6.0 years	1-Apr-18	1-Apr-24	1-Apr-21	3 yearly	Market	\$12,795	\$109.92		\$12,804	\$110.00		\$2,172
9. Contac	8 Mary Muller C	500.4	19	15.0 years	24-Mar-08	24-Mar-23	24-Mar-20	2 yearly	Market	\$119,950	\$219.96	\$10.00	\$107,984	\$200.00	\$8.00	\$10,280
10. Asaleo	9 Mary Muller C	255.6	38	13.0 years	1-Mar-09	28-Feb-22	1-Mar-20	1 yearly	CPI	\$59,315	\$168.79	\$8.18	\$57,982	\$165.00	\$8.00	\$3,834
11. Asaleo	9 Mary Muller C	6,002.1		13.0 years	1-Mar-09	28-Feb-22	1-Mar-20	1 yearly	CPI	\$523,771	\$87.26		\$510,179	\$85.00		\$90,032
12. Asaleo	9 Mary Muller C	354.5		13.0 years	1-Mar-09	28-Feb-22	1-Mar-20	1 yearly	CPI	\$12,692	\$35.80		\$12,408	\$35.00		\$5,318
13. Asaleo	9 Mary Muller C	97.0		13.0 years	1-Mar-09	28-Feb-22	1-Mar-20	1 yearly	CPI	\$4,464	\$46.02		\$4,365	\$45.00		\$1,455
14. Asaleo	9 Mary Muller C	6,709.1		13.0 years	1-Mar-09	28-Feb-22	1-Mar-20	1 yearly	CPI	\$52,178	\$7.78		\$50,318	\$7.50		\$0
15. Tyco Wormaid	10 Mary Muller I	732.1	26	8.0 years	11-Mar-13	11-Mar-21	11-Mar-19	2 yearly	Market	\$178,241	\$225.00	\$10.00	\$157,236	\$200.00	\$8.00	\$10,982
16. Tyco Wormaid	10 Mary Muller I	374.1		8.0 years	11-Mar-13	11-Mar-21	11-Mar-19	2 yearly	Market	\$35,540	\$95.00		\$31,799	\$85.00		\$5,612
17. Longbeach	1/11 Mary Muller	1,328.3	46	5.0 years	1-Jan-17	1-Jan-22	1-Jan-20	1 yearly	Fixed	\$190,901	\$125.35	\$10.20	\$185,174	\$125.00	\$8.00	\$24,786
18. Longbeach	1/11 Mary Muller	175.6		5.0 years	1-Jan-17	1-Jan-22	1-Jan-20	1 yearly	Fixed	\$22,392	\$127.52		\$21,950	\$125.00		\$3,277
19. Longbeach	1/11 Mary Muller	586.4		5.0 years	1-Jan-17	1-Jan-22	1-Jan-20	1 yearly	Fixed	\$41,868	\$71.40		\$49,844	\$85.00		\$10,942
20. Assembly Specialist	3/11 Mary Muller	94.7	30	5.0 years	1-Jan-17	1-Jan-22	1-Jan-20	1 yearly	Fixed	\$27,988	\$127.52	\$10.20	\$24,318	\$125.00	\$8.00	\$1,767
21. Assembly Specialist	3/11 Mary Muller	879.5		5.0 years	1-Jan-17	1-Jan-22	1-Jan-20	1 yearly	Fixed	\$159,908	\$181.82		\$153,913	\$175.00		\$16,411
22. Assembly Specialist	3/11 Mary Muller	153.0		5.0 years	1-Jan-17	1-Jan-22	1-Jan-20	1 yearly	Fixed	\$15,606	\$102.00		\$13,005	\$85.00		\$2,855
23. Xtend Life	12 Mary Muller I	636.5	35	10.0 years	18-Mar-13	18-Mar-23	18-Mar-19	2 yearly	Market	\$157,764	\$224.99	\$8.00	\$141,860	\$200.00	\$8.00	\$7,297
24. Xtend Life	12 Mary Muller I	355.2		10.0 years	18-Mar-13	18-Mar-23	18-Mar-19	2 yearly	Market	\$53,274	\$149.98		\$30,192	\$85.00		\$16,667
25. Xtend Life	12 Mary Muller I	811.3		10.0 years	18-Mar-13	18-Mar-23	18-Mar-19	2 yearly	Market	\$260,148	\$320.66		\$243,390	\$300.00		\$0
26. Xtend Life	14 Mary Muller I	390.0		10.0 years	18-Mar-13	18-Mar-23	18-Mar-19	2 yearly	Market	\$5,070	\$13.00		\$5,070	\$13.00		\$0
27. Tyco Electronics	14 Mary Muller I	390.4	71	10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$128,099	\$250.56	\$8.20	\$78,336	\$125.00	\$8.00	\$5,856
28. Tyco Electronics	14 Mary Muller I	254.6		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$63,783	\$250.52		\$61,104	\$240.00		\$3,819
29. Tyco Electronics	14 Mary Muller I	397.1		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$73,278	\$184.53		\$71,478	\$180.00		\$5,957
30. Tyco Electronics	14 Mary Muller I	2,010.6		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$247,335	\$123.02		\$241,272	\$120.00		\$30,159
31. Tyco Electronics	14 Mary Muller I	85.9		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$8,806	\$102.51		\$8,590	\$100.00		\$1,289
32. Tyco Electronics	14 Mary Muller I	698.4		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$71,598	\$102.52		\$69,840	\$100.00		\$10,476
33. Tyco Electronics	14 Mary Muller I	13.1		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$2,343	\$178.85		\$2,293	\$175.00		\$197
34. Tyco Electronics	14 Mary Muller I	132.2		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$16,945	\$128.18		\$16,525	\$125.00		\$1,983
35. Tyco Electronics	14 Mary Muller I	87.9		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$8,558	\$97.36		\$8,351	\$95.00		\$1,319
36. Tyco Electronics	14 Mary Muller I	13.9		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$1,357	\$97.63		\$1,321	\$95.00		\$209
37. Tyco Electronics	14 Mary Muller I	306.2		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$31,385	\$102.50		\$30,620	\$100.00		\$4,593
38. Tyco Electronics	14 Mary Muller I	86.5		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$4,433	\$51.25		\$4,325	\$50.00		\$1,298
39. Tyco Electronics	14 Mary Muller I	72.2		10.0 years	3-Jul-15	3-Jul-25	3-Jul-19	1 yearly	CPI+1%	\$4,073	\$56.41		\$3,971	\$55.00		\$1,083
40. TSB Living	15 Mary Muller I	607.0	76	3.0 years	1-Jun-17	1-Jun-20	3-Jul-19	2 yearly	Market	\$92,316	\$100.00	\$8.00	\$122,666	\$100.00	\$8.00	\$12,470
41. TSB Living	15 Mary Muller I	59.0		3.0 years	1-Jun-17	1-Jun-20	3-Jul-19	2 yearly	Market	\$6,478	\$109.80		\$7,375	\$125.00		\$1,212
42. TSB Living	15 Mary Muller I	2,943.0		3.0 years	1-Jun-17	1-Jun-20	3-Jul-19	2 yearly	Market	\$151,206	\$51.38		\$220,725	\$75.00		\$60,460
43. Nood	15 Mary Muller I	1,615.5	29	3.0 years	1-Sep-18	1-Sep-21	1-Sep-19	1 yearly	CPI	\$149,453	\$85.04	\$8.00	\$133,227	\$75.00	\$8.00	\$0

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	
44. Nood	15 Mary Muller I	45.6		3.0 years	1-Sep-18	1-Sep-21	1-Sep-19	1 yearly	CPI	\$2,790	\$61.18		\$5,700	\$125.00		\$0	
45. Tyco	17 Mary Muller I	652.5	37	4.0 years	17-Jun-16	16-Jun-20	16-Jun-19	3 yearly	Market	\$143,221	\$190.01	\$10.00	\$145,892	\$200.00	\$8.00	\$9,788	
46. Castle Rock Café	21 Mary Muller I	95.7	7	2.0 years	10-Jul-18	9-Jul-20	10-Jul-20	2 yearly	Market	\$34,304	\$320.42	\$10.00	\$31,622	\$300.00	\$8.00	\$1,966	
47. Castle Rock Café	21 Mary Muller I	42.8		2.0 years	10-Jul-18	9-Jul-20	10-Jul-20	2 yearly	Market	\$13,268	\$310.00		\$8,560	\$200.00		\$0	
48. Elgas	10a Chapmans I	340.0	10	10.0 years	1-Oct-17	1-Oct-27	1-Oct-22	5 yearly	Market	\$74,518	\$203.60	\$10.18	\$72,160	\$200.00	\$8.00	\$6,985	
49. Apparel & Merchandising	Mary Muller C	326.6	12	6.0 years	1-Dec-17	30-Nov-23	1-Dec-19	1 yearly	Fixed	\$58,866	\$160.75	\$10.20	\$58,881	\$165.00	\$8.00	\$6,710	
50. Apparel & Merchandising	Mary Muller C	119.1		6.0 years	1-Dec-17	1-Dec-23	1-Dec-19	1 yearly	Fixed	\$16,400	\$137.70		\$16,079	\$135.00		\$2,447	
51. Apparel & Merchandising	Mary Muller C	572.3		6.0 years	1-Dec-17	1-Dec-23	1-Dec-19	1 yearly	Fixed	\$42,596	\$74.43		\$48,646	\$85.00		\$11,757	
52. Castle Rock	10a Chapmans I	495.0	24	3.0 years	15-Dec-18	14-Dec-21	15-Dec-19	1 yearly	Fixed	\$104,085	\$190.10	\$8.00	\$96,609	\$175.00	\$8.00	\$10,169	
	GLA	42,044 sqm	499						Passing Rental	\$4,201,991			Market Rental	\$4,139,447		Outgoings Recovery	\$544,090
	NLA	33,527 sqm							Net Passing Rental	\$4,057,320						Vacant Outgoings	\$0
																Outgoings Shortfall	\$144,672
																Total Outgoings	\$688,762



Annualised Receivable Income
Castle Rock Business Park - Mary Muller Drive, Hillisborough, Christchurch
25 January 2019

Tenant Name	Premises	Year 1 24-Jan-2020	Year 2 24-Jan-2021	Year 3 24-Jan-2022	Year 4 24-Jan-2023	Year 5 24-Jan-2024	Year 6 24-Jan-2025	Year 7 24-Jan-2026	Year 8 24-Jan-2027	Year 9 24-Jan-2028	Year 10 24-Jan-2029
Macpac	Mary Muller C	\$113,694	\$117,012	\$120,522	\$72,047	\$127,272	\$127,272	\$127,740	\$130,081	\$130,548	\$110,737
Macpac	Mary Muller C	\$21,328	\$21,950	\$22,609	\$13,957	\$26,528	\$26,528	\$26,622	\$27,093	\$27,188	\$23,055
Macpac	Mary Muller C	\$273,743	\$281,731	\$290,183	\$232,625	\$330,681	\$330,681	\$335,686	\$345,676	\$349,813	\$269,219
Macpac	Mary Muller C	\$6,949	\$7,151	\$7,366	\$5,863	\$8,269	\$8,269	\$8,398	\$8,655	\$8,759	\$6,743
Macpac	Mary Muller C	\$23,058	\$23,730	\$24,442	\$18,167	\$23,574	\$23,574	\$23,887	\$24,425	\$24,978	\$24,978
Kiwi Labels Limited	Mary Muller C	\$82,766	\$82,766	\$84,571	\$84,932	\$84,932	\$85,152	\$86,393	\$86,393	\$87,504	\$89,059
Kiwi Labels Limited	Mary Muller C	\$202,147	\$202,147	\$209,791	\$211,319	\$211,319	\$163,782	\$220,393	\$224,793	\$227,936	\$232,683
Kiwi Labels Limited	Mary Muller C	\$12,795	\$12,795	\$13,231	\$13,318	\$13,318	\$10,321	\$13,888	\$14,166	\$14,363	\$14,662
Contec	Mary Muller C	\$119,950	\$119,950	\$119,950	\$119,950	\$65,484	\$109,183	\$109,183	\$110,303	\$111,872	\$112,983
Asaleo	Mary Muller C	\$60,565	\$62,069	\$62,196	\$35,270	\$60,175	\$60,175	\$60,917	\$61,660	\$62,386	\$36,922
Asaleo	Mary Muller C	\$534,814	\$548,097	\$549,213	\$422,123	\$564,533	\$574,712	\$579,802	\$593,054	\$599,680	\$459,792
Asaleo	Mary Muller C	\$12,960	\$13,282	\$13,309	\$11,080	\$14,956	\$15,237	\$15,377	\$15,734	\$15,912	\$12,200
Asaleo	Mary Muller C	\$4,558	\$4,671	\$4,681	\$3,789	\$5,099	\$5,193	\$5,240	\$5,361	\$5,421	\$4,157
Asaleo	Mary Muller C	\$53,278	\$54,601	\$54,712	\$39,357	\$52,197	\$53,107	\$53,562	\$54,771	\$55,376	\$42,458
Tyco Wormald	Mary Muller I	\$178,241	\$178,241	\$95,719	\$161,732	\$161,732	\$162,987	\$164,241	\$165,807	\$97,843	\$169,873
Tyco Wormald	Mary Muller I	\$35,540	\$35,540	\$26,117	\$34,734	\$35,341	\$35,645	\$36,364	\$36,724	\$28,157	\$38,198
Longbeach	Mary Muller I	\$191,219	\$195,044	\$182,062	\$125,847	\$188,770	\$190,290	\$191,050	\$193,394	\$194,567	\$114,937
Longbeach	Mary Muller I	\$22,429	\$22,878	\$21,355	\$14,892	\$22,338	\$22,494	\$22,573	\$22,831	\$22,961	\$13,557
Longbeach	Mary Muller I	\$41,938	\$42,776	\$39,929	\$43,974	\$52,769	\$53,915	\$54,144	\$55,660	\$55,963	\$43,283
Assembly Specialist	Mary Muller I	\$28,034	\$28,595	\$26,692	\$16,640	\$24,960	\$25,262	\$25,414	\$26,807	\$26,003	\$15,389
Assembly Specialist	Mary Muller I	\$160,175	\$163,378	\$152,505	\$129,832	\$155,799	\$157,148	\$157,418	\$159,548	\$159,974	\$122,319
Assembly Specialist	Mary Muller I	\$15,632	\$15,945	\$14,883	\$11,101	\$13,322	\$13,441	\$13,465	\$13,650	\$13,687	\$10,467
Xtend Life	Mary Muller I	\$157,764	\$157,764	\$157,764	\$157,764	\$86,133	\$143,615	\$143,615	\$145,123	\$147,235	\$148,715
Xtend Life	Mary Muller I	\$53,274	\$53,274	\$53,274	\$53,274	\$27,397	\$31,746	\$32,301	\$32,698	\$33,377	\$33,862
Xtend Life	Mary Muller I	\$260,148	\$260,148	\$260,148	\$260,148	\$192,642	\$255,916	\$260,395	\$263,595	\$269,068	\$272,977
Xtend Life	Mary Muller I	\$5,070	\$5,121	\$5,125	\$5,125	\$3,956	\$5,318	\$5,399	\$5,458	\$4,156	\$5,645
Tyco Electronics	Mary Muller I	\$130,191	\$133,990	\$138,010	\$142,232	\$146,537	\$150,954	\$153,734	\$150,954	\$150,954	\$84,955
Tyco Electronics	Mary Muller I	\$64,825	\$66,716	\$68,718	\$70,820	\$72,974	\$75,163	\$77,339	\$84,384	\$84,384	\$64,514
Tyco Electronics	Mary Muller I	\$74,475	\$76,648	\$78,947	\$81,363	\$83,837	\$86,352	\$89,029	\$91,740	\$94,644	\$76,093
Tyco Electronics	Mary Muller I	\$251,375	\$258,710	\$266,471	\$274,623	\$282,974	\$291,463	\$299,304	\$259,107	\$259,107	\$262,148
Tyco Electronics	Mary Muller I	\$8,950	\$9,211	\$9,487	\$9,778	\$10,075	\$10,377	\$10,682	\$9,314	\$9,314	\$9,424
Tyco Electronics	Mary Muller I	\$72,767	\$74,891	\$77,138	\$79,497	\$81,915	\$84,372	\$86,830	\$75,729	\$75,729	\$76,624
Tyco Electronics	Mary Muller I	\$2,381	\$2,451	\$2,524	\$2,601	\$2,681	\$2,761	\$1,569	\$2,428	\$2,428	\$2,443
Tyco Electronics	Mary Muller I	\$17,222	\$17,724	\$18,256	\$18,814	\$19,387	\$19,968	\$11,379	\$17,740	\$17,740	\$17,847
Tyco Electronics	Mary Muller I	\$8,698	\$8,952	\$9,220	\$9,502	\$9,791	\$10,085	\$7,464	\$9,632	\$9,632	\$9,806
Tyco Electronics	Mary Muller I	\$1,379	\$1,419	\$1,462	\$1,507	\$1,553	\$1,599	\$914	\$1,438	\$1,438	\$1,447
Tyco Electronics	Mary Muller I	\$31,898	\$32,828	\$33,813	\$34,848	\$35,907	\$36,985	\$26,667	\$33,202	\$33,202	\$33,594
Tyco Electronics	Mary Muller I	\$4,505	\$4,637	\$4,776	\$4,922	\$5,072	\$5,224	\$3,952	\$5,245	\$5,245	\$5,340
Tyco Electronics	Mary Muller I	\$4,140	\$4,260	\$4,388	\$4,522	\$4,660	\$4,800	\$3,615	\$4,770	\$4,770	\$4,857
TSB Living	Mary Muller I	\$110,097	\$71,739	\$123,224	\$123,224	\$123,705	\$125,149	\$125,693	\$95,495	\$107,824	\$129,389
TSB Living	Mary Muller I	\$7,001	\$4,302	\$7,375	\$7,745	\$7,391	\$7,440	\$7,466	\$5,657	\$6,375	\$7,650
TSB Living	Mary Muller I	\$191,759	\$165,544	\$220,725	\$220,725	\$221,456	\$222,479	\$223,684	\$169,500	\$228,204	\$228,204
Nood	Mary Muller I	\$150,574	\$153,411	\$118,542	\$168,102	\$168,102	\$168,820	\$172,412	\$173,120	\$173,120	\$165,072

Tenant Name	Premises	Year 1 24-Jan-2020	Year 2 24-Jan-2021	Year 3 24-Jan-2022	Year 4 24-Jan-2023	Year 5 24-Jan-2024	Year 6 24-Jan-2025	Year 7 24-Jan-2026	Year 8 24-Jan-2027	Year 9 24-Jan-2028	Year 10 24-Jan-2029
Nood	5 Mary Muller I	\$2,811	\$2,864	\$1,690	\$6,694	\$6,694	\$6,792	\$6,792	\$6,920	\$6,920	\$4,153
Tyco	7 Mary Muller I	\$147,447	\$87,295	\$149,866	\$149,866	\$150,196	\$151,845	\$152,259	\$128,606	\$117,566	\$156,754
Castle Rock Café	1 Mary Muller I	\$34,304	\$32,764	\$31,681	\$31,713	\$31,748	\$31,787	\$31,827	\$31,872	\$31,920	\$31,971
Castle Rock Café	1 Mary Muller I	\$13,268	\$8,430	\$8,704	\$8,704	\$8,805	\$6,766	\$9,148	\$9,148	\$9,183	\$8,769
Elgas	1a Chapmans F	\$74,518	\$74,518	\$74,518	\$74,518	\$74,518	\$74,518	\$74,518	\$74,595	\$49,833	\$69,556
Apparel & Merchandising S	Mary Muller C	\$59,062	\$60,244	\$61,449	\$62,678	\$53,099	\$44,842	\$59,789	\$60,572	\$60,832	\$61,851
Apparel & Merchandising S	Mary Muller C	\$16,454	\$16,783	\$17,119	\$17,461	\$14,793	\$12,195	\$16,260	\$16,460	\$16,527	\$16,793
Apparel & Merchandising S	Mary Muller C	\$42,596	\$42,596	\$42,596	\$42,596	\$35,497	\$47,289	\$51,588	\$53,159	\$53,302	\$55,041
Castle Rock	1a Chapmans F	\$104,085	\$104,085	\$95,411	\$64,734	\$97,100	\$97,856	\$98,234	\$99,418	\$100,010	\$89,075
Total Receivable Rental Income		\$4,298,851	\$4,227,668	\$4,278,462	\$4,012,281	\$4,303,993	\$4,433,851	\$4,305,466	\$4,383,752	\$4,353,209	\$4,072,243

Record of Title



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



R. W. Muir
Registrar-General
of Land

Identifier 372602
Land Registration District Canterbury
Date Issued 20 February 2008

Prior References

25911 25912

Estate Fee Simple
Area 7.9456 hectares more or less
Legal Description Lot 2 Deposited Plan 392999

Registered Owners

Castle Rock Properties Limited

Interests

866124 Notice declaring Port Hills Road to be a limited access road - 9.5.1972 at 9:00 am

Subject to a right to drain water in gross over parts marked DC, DB, D, V and C on DP 392999 in favour of Christchurch City Council created by Transfer 155441.1 - 10.11.1977 at 11:27 am

Subject to a right to convey Liquid Petroleum Gas in gross over parts marked BC, BB, B, V and W on DP 392999 in favour of Liquigas Limited created by Transfer 656960.1 - 12.12.1986 at 9:50 am

Land Covenant in Transfer A419135.8 - 6.8.1999 at 3.40 pm (affects part formerly Lot 1 DP 81355)

6209162.8 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 9.11.2004 at 9:00 am

Subject to a right to drain sewage over part marked AB on DP 392999 created by Easement Instrument 6209162.10 - 9.11.2004 at 9:00 am

Appurtenant to part formerly Lot 2 DP 306637 herein is a right to drain sewage created by Easement Instrument 6209162.10 - 9.11.2004 at 9:00 am

The easement created by Easement Instrument 6209162.10 is subject to Section 243 (a) Resource Management Act 1991

Subject to a right to convey electric power in gross over parts marked A and AB on DP 392999 in favour of Orion New Zealand Limited created by Transfer 6209162.11 - 9.11.2004 at 9:00 am

The easement created by Transfer 6209162.11 is subject to Section 243 (a) Resource Management Act 1991

Subject to a right to drain water in gross over parts marked A and AB on DP 392999 in favour of Christchurch City Council created by Transfer 6209162.12 - 9.11.2004 at 9:00 am

The easement created by Transfer 6209162.12 is subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way, right to convey electricity, telecommunications, computer media, water and gas, right to drain water and sewage over part marked E on DP 392999, right to drain water over part marked F, BB and DB on DP 392999 and a right to convey water and power over part marked G on DP 392999 created by Easement Instrument 7720194.2 - 20.2.2008 at 9:00 am

Some of the easements created by Easement Instrument 7720194.2 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey electricity over part marked E and G on DP 392999 in favour of Orion New Zealand Limited created by Transfer 7720194.3 - 20.2.2008 at 9:00 am

The easements created by Transfer 7720194.3 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey electricity over part marked A on DP 476483 in favour of Orion New

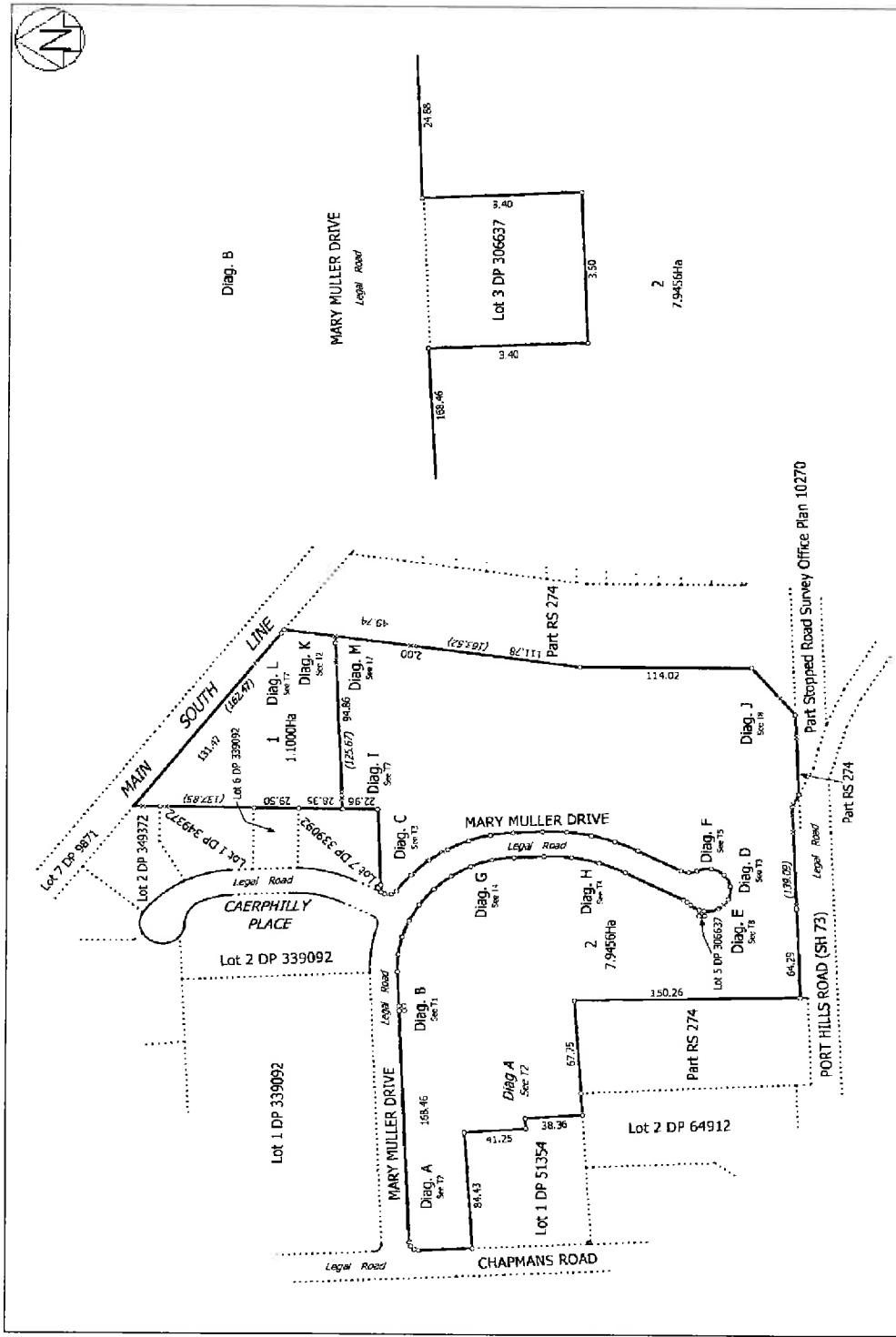
Identifier

372602

Zealand Limited created by Easement Instrument 9825718.2 - 12.12.2014 at 10:03 am

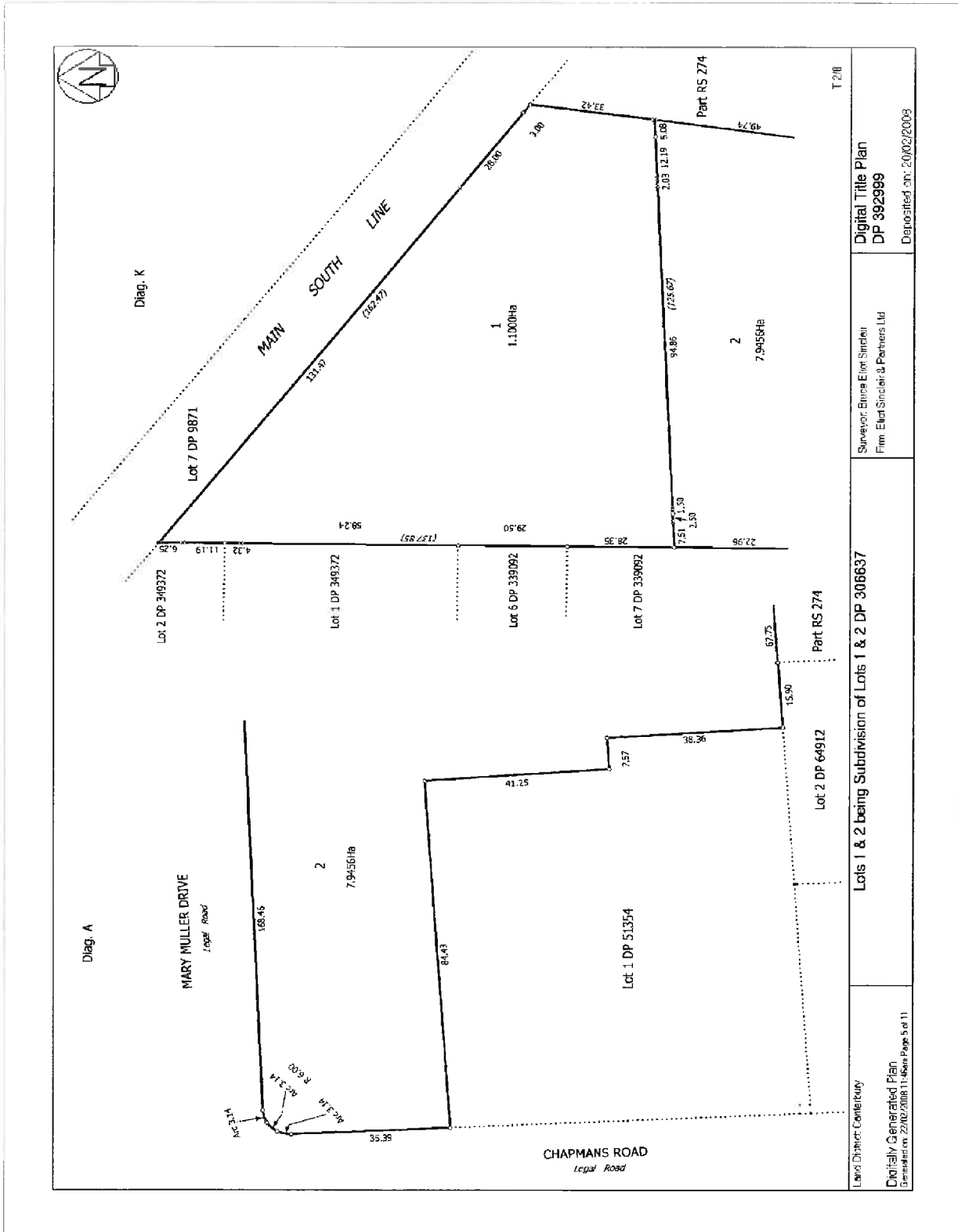
11149395.3 Mortgage to ASB Bank Limited - 2.7.2018 at 5:19 pm

11312157.1 CAVEAT BY AUGUSTA INDUSTRIAL FUND NO.1 LIMITED - 10.12.2018 at 10:19 am

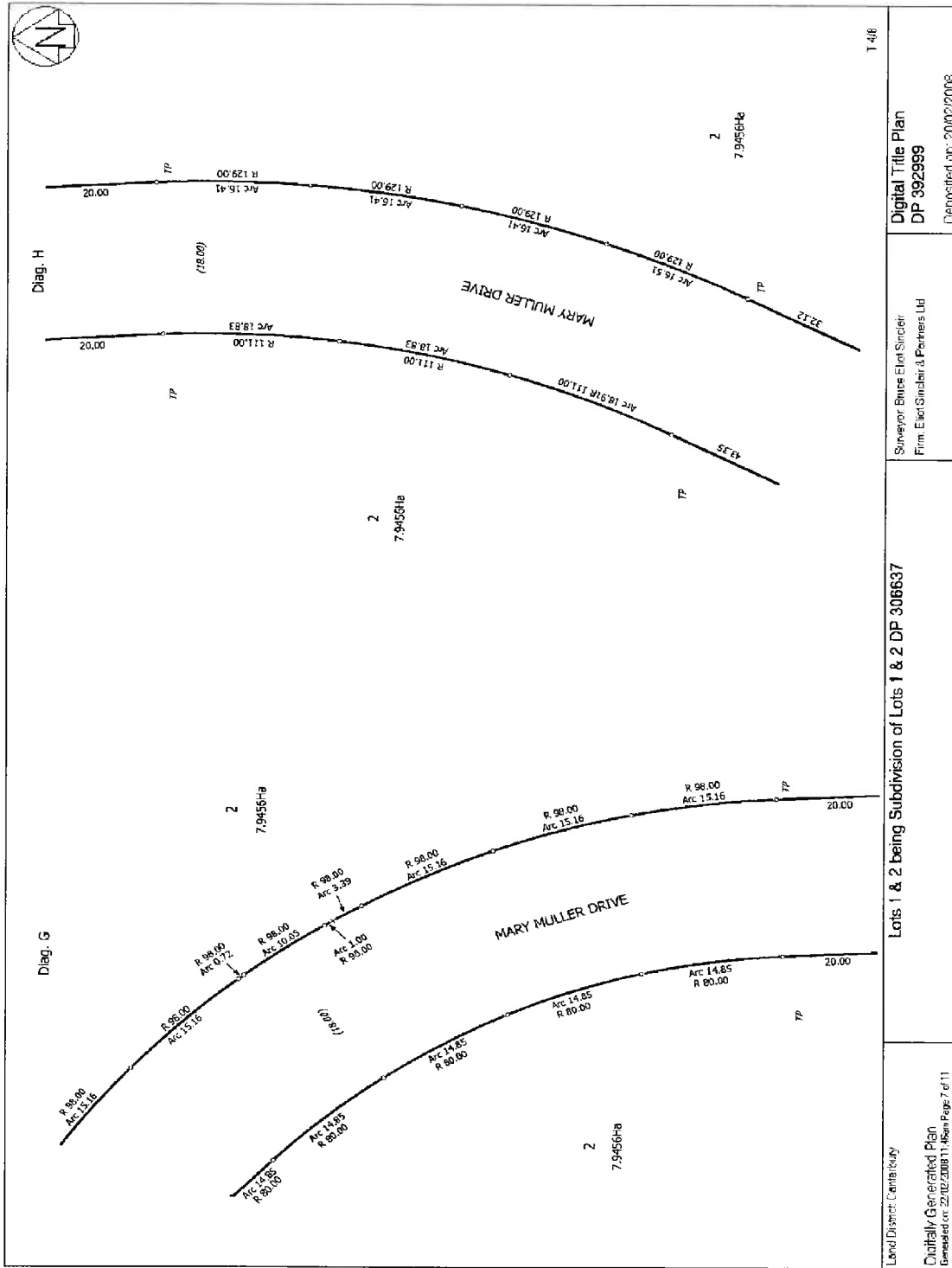


T 118

Lead District: Centenary Digitally Generated Plan Generated on: 22/02/2008 11:46am Page 4 of 11	Lots 1 & 2 being Subdivision of Lots 1 & 2 DP 306637	Surveyor: Bruce Elliot Sinclair Firm: Elliot Sinclair & Partners Ltd	Digital Title Plan DP 392999 Deposited on: 20/02/2008
-------------------------------------------------------------------------------------------------------	------------------------------------------------------	-------------------------------------------------------------------------	-------------------------------------------------------------



Land Director: Conditutory	Surveyor: Elnora Elnor Sinclair Firm: Elnor Sinclair & Partners Ltd	Digital Title Plan DP 392999
Digitally Generated Plan Generation: 22/02/2019 11:46am Page 5 of 11	Lots 1 & 2 being Subdivision of Lots 1 & 2 DP 308637	
		Deposited on: 20/02/2009



14/6

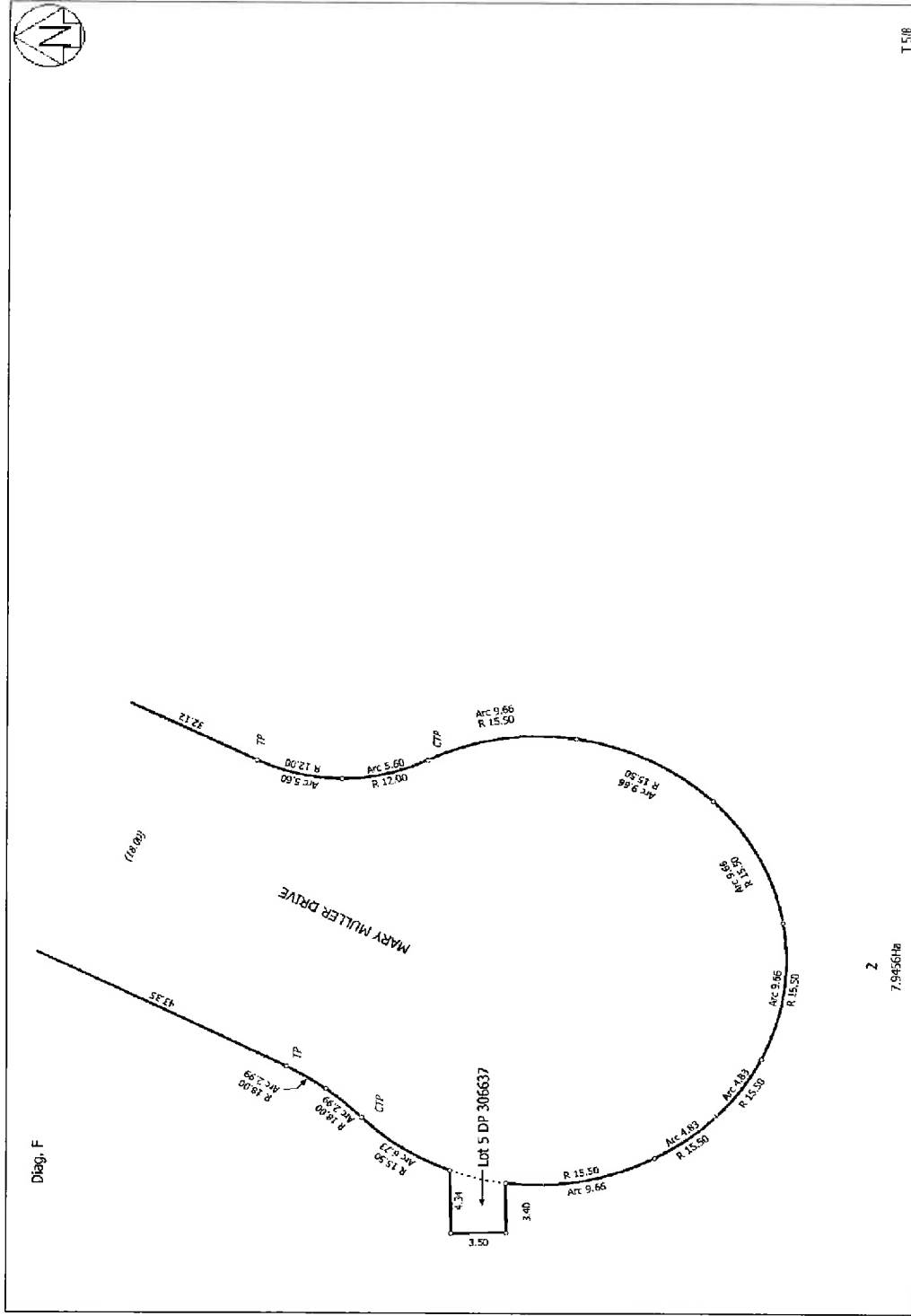
Digital Title Plan
DP 392999

Surveyor: Bruce Elia Sincier
Firm: Elia Sincier & Partners Ltd

Deposited on: 20/02/2008

Lots 1 & 2 being Subdivision of Lots 1 & 2 DP 306637

Land District: Canterbury
Digitally Generated Plan
Generated on: 22/02/2008 11:46am Page 7 of 11



T 518
2 7.9456Ch
Lots 1 & 2 being Subdivision of Lots 1 & 2 DP 306637
Surveyor: Bruce Elliot Sinclair Firm: Elliot Sinclair & Partners Ltd
Digital Title Plan DP 392999 Deposited on: 20/02/2008
Land District: Canterbury Digitally Generated Plan Generated on: 22/02/2008 11:45am Page 8 of 11

A 419135.8 T

TRANSFER

Land Transfer Act 1952

This page does not form part of the Transfer.

JS

TRANSFER
Land Transfer Act 1952

If there is not enough space in any of the panels below, cross-reference to and use the approved Annexure Schedule: no other format will be received.

Land Registration District

CANTERBURY

Certificate of Title No. All or Part? Area and legal description — *Insert only when part or Stratum, CT*

Continued on Page 2 Annexure Schedule

Transferor Surnames must be underlined

CASTLE ROCK PROPERTIES LIMITED

Transferee Surnames must be underlined

CASTLE ROCK PROPERTIES LIMITED

Estate or Interest or Easement to be created: *Insert e.g. Fee simple; Leasehold in Lease No.; Right of way etc.*

~~SEE SAMPLE SUBJECT TO A LAND COVENANT~~
Continued on Page 3 Annexure Schedule

Consideration

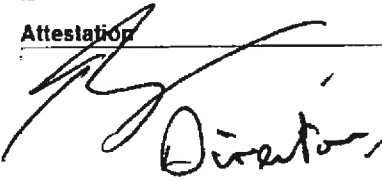
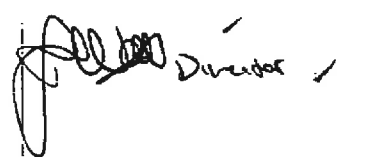
\$1.00

Operative Clause

For the above consideration (receipt of which is acknowledged) the TRANSFEROR TRANSFERS to the TRANSFEE all the transferor's estate and interest described above in the land in the above Certificate(s) of Title and if an easement is described above such is granted or created.

Dated this 30TH day of July 1999

Attestation


Director

Director

Signed in my presence by the Transferor and Transferee CASTLE ROCK
Signature of Witness PROPERTIES LIMITED

Witness to complete in BLOCK letters
(unless typewritten or legibly stamped)

Witness name
Occupation
Address

Signature, or common seal of Transferor

Certified correct for the purposes of the Land Transfer Act 1952

Certified that no conveyance duty is payable by virtue of Section 24(1) of the Stamp and Cheque Duties Act 1971
(DELETE IN APPLICABLE CERTIFICATE)

S. A. JEFFERY

SOLICITOR
Solicitor for the Transferee
CHRISTCHURCH

Annexure Schedule

Insert below
"Mortgage", "Transfer", "Lease" etc

TRANSFER

Dated 30/7/99

Page 2 of 4 Pages

SCHEDULE A

FIRSTLY:

("The Dominant Lots")

Lot 1	DP 80487	CT 46A/1220	All
Lot 2	DP 80487	CT 46A/1221	All
Lot 3	DP 80487	CT 46A/1222	All
Lot 4	DP 80487	CT 46A/1223	All
Lot 5	DP 80487	CT 46A/1224	All
Lot 6	DP 80487	CT 46A/1225	All
Lot 7	DP 80487	CT 46A/1226	All
Lot 8	DP 80487	CT 46A/1227	All
Lot 9	DP 80487	CT 46A/1228	All
Lot 10	DP 80487	CT 46A/1229	All
Lot 11	DP 80487	CT 46A/1230	All
Lot 12	DP 80487	CT 46A/1231	All
Lot 13	DP 80487	CT 46A/1232	All
Lot 14	DP 80487	CT 46A/1233	All
Lot 15	DP 80487	CT 46A/1234	All
Lot 16	DP 80487	CT 46A/1235	All
Lot 17	DP 80487	CT 46A/1236	All
Lot 18	DP 80487	CT 46A/1237	All
Lot 19	DP 80487	CT 46A/1238	All
Lot 20	DP 80487	CT 46A/1239	All
Balance CT	DP 80487	CT 46A/1240	All

SECONDLY:

("The Servient Lots")

Lot 1	DP 80487	CT 46A/1220	All
Lot 2	DP 80487	CT 46A/1221	All
Lot 3	DP 80487	CT 46A/1222	All
Lot 4	DP 80487	CT 46A/1223	All
Lot 5	DP 80487	CT 46A/1224	All
Lot 6	DP 80487	CT 46A/1225	All
Lot 7	DP 80487	CT 46A/1226	All
Lot 8	DP 80487	CT 46A/1227	All
Lot 9	DP 80487	CT 46A/1228	All
Lot 10	DP 80487	CT 46A/1229	All
Lot 11	DP 80487	CT 46A/1230	All
Lot 12	DP 80487	CT 46A/1231	All
Lot 13	DP 80487	CT 46A/1232	All
Lot 14	DP 80487	CT 46A/1233	All
Lot 15	DP 80487	CT 46A/1234	All
Lot 16	DP 80487	CT 46A/1235	All
Lot 17	DP 80487	CT 46A/1236	All
Lot 18	DP 80487	CT 46A/1237	All
Lot 19	DP 80487	CT 46A/1238	All
Lot 20	DP 80487	CT 46A/1239	All
Balance CT	DP 80487	CT 46A/1240	All

If this Annexure Schedule is used as an expansion of an instrument, all signing parties and either their witnesses or their solicitors must put their signatures or initials here.

[Handwritten signatures and initials]

Annexure Schedule

Insert below "Mortgage", "Transfer", "Lease" etc

TRANSFER

Dated 30/7/99

Page 3 of 4 Pages

Continuation of "Estate or Interest or Easement to be created"

WHEREAS it is the transferor's intention to create for the benefit of each of the other dominant Lots firstly described in Schedule A the Land Covenants set out in Schedule B over each of the Servient Lots secondly described in Schedule A to the intent that each of the servient Lots shall have the burden and each of the other dominant Lots shall have the benefit of, and the stipulations and restrictions set out in Schedule B hereto and that each of the owners and occupiers of the other dominant Lots may enforce the observance of such stipulations against any of the owners for the time being of the said servient Lots.

AND AS INCIDENTAL to the transfer of the fee simple so as to bind the servient Lots and for the benefit of the other dominant Lots the transferee DOTH HEREBY COVENANT AND AGREE in the manner set out in the Schedule B hereto so that the covenants run with each of the dominant Lots and the servient Lots as described in Schedule A.

FOREVER [Handwritten signature]

SCHEDULE B

"Estate or Interest or Easement to be Created" (Covenant as follows)

The Registered Proprietor shall not:

- (a) Erect or permit to be erected on the land any building in other than new materials.
(b) Construct any building on the land with an external cladding (except for the cladding of soffits or gable ends) or unrelieved flat sheet fibrolite, hardiflex or similar materials.
(c) Leave the outside of any dwellinghouse unfinished, or any exterior walls or doors unpainted or unstained except where cedar cladding or decorative brick-stone are used.
(d) Erect or permit to be erected on the land any fence or boundary wall of any material containing cement board sheets or panels, corrugated iron and metal sheeting.
(e) Permit or suffer the said land to be occupied or used as a residence either by the erection of temporary structures or the placing thereon of caravans and/or vehicles used for human habitation.
(f) Permit or suffer any rubbish or noxious substances to accumulate and/or be placed on the land, or permit grass and/or weeds to grow to such height so as to become unsightly.
(g) Suffer any dog or other pet to be kept in or about the property which dog or other pet is likely to cause a nuisance or annoyance to other neighbouring occupiers or detract from the subdivision and in particular without otherwise limiting this restriction not to keep on or about the property any dog which in whole or in part appears to be a Pit Bull Terrier, Rottweiler or Doberman Pinscher.

If this Annexure Schedule is used as an expansion of an instrument, all signing parties and either their witnesses or their solicitors must put their signatures or initials here.

[Handwritten signatures and initials]

Annexure Schedule

Insert below
"Mortgage", "Transfer", "Lease" etc

TRANSFER

Dated

30/7/99

Page

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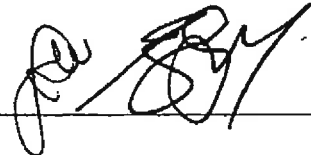
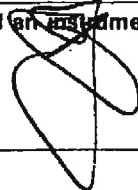
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Pages

- (h) (In respect of Lots 6 and 7) Erect or construct any fencing on the south boundary of the land which detracts from the open vista of the adjacent land and in particular shall ensure that no more than 20% of the face area of the fence shall be of solid material.
- (i) (In respect of Lots 8 and 9) Erect or construct any fencing on the north boundary of the land which detracts from the open vista of the adjacent land and in particular shall ensure that no more than 20% of the face area of the fence shall be of solid material.

If this Annexure Schedule is used as an expansion of an instrument, all signing parties and either their witnesses or their solicitors must put their signatures or initials here.



Annexure Schedule

TRANSFER

Dated

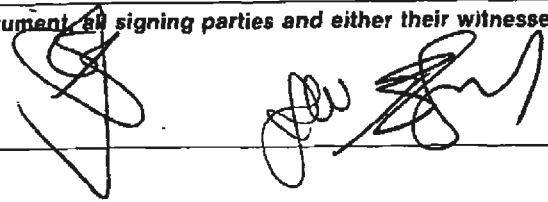
Page

of

Pages

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If this Annexure Schedule is used as an expansion of an instrument, all signing parties and either their witnesses or their solicitors must put their signatures or initials here.

Handwritten signatures and initials in black ink, located in the bottom right corner of the page, below the instruction text.

Approved by Registrar-General
of Land under No. 1995/1004

To: The District Land Registrar
Land Information New Zealand
CHRISTCHURCH

TRANSFER

Land Transfer Act 1952

FINANCE AND DISCOUNTS LIMITED as Mortgagee
by virtue of Mortgage No. A403694.2 HEREBY
CONSENTS to the registration of the within
instrument.

DATED: 30/7/99

SIGNED by FINANCE AND DISCOUNTS
LIMITED

R. F. Lusk
Director

Witnessed by: *S. Murphy*
Suzanne Marie Murphy

Authorised
Person 76/99

LENDING ALPHABETICALLY

To: The District Land Registrar
Land Information New Zealand
CHRISTCHURCH

HENRY GILES AND COMPANY LIMITED as Mortgagee
by virtue of Mortgage No. A403694.3 HEREBY
CONSENTS to the registration of the within
instrument.

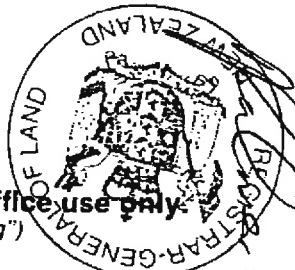
DATED: 19 July 1999

SIGNED by HENRY GILES AND COMPANY
LIMITED by its director Bernard
Giles Marlow in the presence of:

B. Giles Marlow
Director

Law Firm Acting

M P Wolfe
Solicitor
Christchurch



3.40 06.AUG.99 A 419135.8
PARTICULARS ENTERED IN REGISTER
LAND REGISTRY CANTERBURY
FOR REGISTRAR - GENERAL OF LAND



Auckland District Law Society
REF: 4135

This page is for Land Registry Office use only
(except for "Law Firm Acting")



JLL

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

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

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

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