

Valuation Report

Manawa Children's Village

70 Ward Street, Trentham, Upper Hutt City

Valuation Date 31 August 2025

Inspection Date 28 August 2025

Client PMG Direct Childcare Fund Trustees Limited

Amended Version 2 (redacted)



Front



Street view

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1 Valuation Summary

VALUATION SUMMARY 31 August 2025

MARKET VALUE **\$4,775,000** (plus GST, if any)
 (Hypothetical Apportionment: Land - \$1,250,000 | Improvements - \$3,525,000)

Initial (Passing) Yield	6.87%	Income Capitalisation Method Value	4,825,000
Reversionary Yield (Yield on Market Income)	5.88%	Capitalisation Rate	5.85%
Equivalent Yield	5.92%	Discounted Cash Flow Method Value	4,700,000
Indicated IRR	7.33%	Target IRR	7.50%
\$per License of Licences	\$53,056	Terminal Yield	6.35%
\$per License of Land Area	\$2,388		

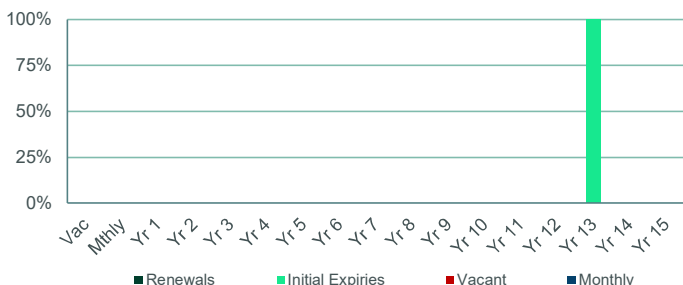
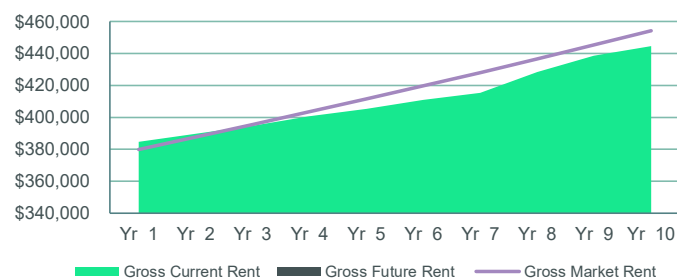
PROPERTY PARTICULARS

Brief Description	A modern, purpose build childcare facility that is licenced for 90 children. The centre was constructed circa 2022 and consists of five separate structures or "pods" comprising four oval shaped, outer pods and a central, octagonal shaped pod. A 15 year lease is in place from 1st February 2023 with a right of renewal for a further 10 years. 16 car parks are provided.		
Site Area	2,000 sqm		
Site Coverage	28.5%		
No. Licences	90		
Zoning	High Density Residential		

TENANCY PROFILE

Tenant	Expiry	Licence (children)	Net Contract Rent	Net Market Rent
Conscious Education Limited	31-Jan-38	90	287,937	280,800
Other Income				
Fitout Rental			40,243	
WALE by Income	12.4 years			
Over/Under Renting (On Occupied)	2.5% over rented			

PROPERTY INCOME PROFILE LEASE EXPIRY PROFILE



CASH FLOW ASSUMPTIONS

Growth Forecasts	5 Year	10 Year	Future Assumptions	Childcare
CPI	2.03%	2.02%	Renewal Prob.	50.00%
Outgoings	2.03%	2.02%	Existing Vac. Lease Up	6.0 mths
Building CAPEX	2.03%	2.02%	Future Lease Up	6.0 mths
Childcare Net Market Rent	2.00%	2.00%	Lease Term	6.0 yrs
			Leasing Commissions	16.00%
			Rent Reviews	2 Yr Eff Mkt
			Refurb. Allowance	-
Capital Expenditure				
Ongoing Capex	30,240	62,309		
% of Adopted Value	0.63%	1.30%		

SIGNATORIES

Principal Valuer



John Kovacs | BBS (VPM), MPINZ;
Registered Valuer
Valuation & Advisory Services
Property Inspection - Yes | Job Involvement - Valuation & Analysis

Conditional Terms

This summary must not be acted on in isolation and must not be read independently of the valuation report in its entirety. This valuation and summary are subject to all content, assumptions, disclaimers, qualifications and recommendations in the report. The report is prepared for the use of and reliance by the Reliant Party only and limited only to the Purpose specifically stated. No responsibility is accepted or assumed to any third party for the whole or any part of the report.

SWOT & Risk Analysis

Strengths & Opportunities

- Strong central government support of ECE with over 60% of business revenue typically derived from Ministry of Education (MoE) funding.
- Substantial parental take up of ECE to date (circa 96%) with further penetration targeted by central government.
- Adjoins Wallaceville Estate, a new subdivision of approximately 700 new, modern homes currently under development and thought to be around 80% complete.
- A modern, recently completed centre of good quality, contemporary construction and design.
- A 15 year lease with a WALE of 12.4 years.

Weaknesses & Threats

- Societal attitudes to ECE can be impacted by negative publicity around childcare.
- Limited alternative uses for realty without substantial reconfiguration implying reversionary risk.
- Continued difficulty in the childcare industry in attracting qualified staff.
- Political risk associated with industry reliance on government subsidisation.
- Current rent is considered to be slightly above market.
- Competition between childcare centres.

We refer you to the Market Risk Comment below.

Overall Risk Summary

The property is considered to have a low to medium risk profile in comparison with commercial properties in the locality.

Market Risk Comment

Global Economy Risks	Global markets remain under pressure from heightened economic uncertainty stemming from the ongoing trade war between the United States and its trading partners. These tensions have disrupted trade flows, supply chains, and investment strategies. While global interest rates have generally been declining, the longer-term outlook is increasingly uncertain. These developments present downside risks to New Zealand's economic activity and inflation trajectory.
Local Economy Risks	On 20 August 2025, the OCR was lowered by 25 basis points to 3.00%, reflecting subdued domestic activity and easing inflationary pressures. While inflation is currently near the top of the Reserve Bank's 1-3% target band, it is expected to return to the 2% midpoint by mid-2026. Economic outlook remains uncertain due to global trade restrictions and policy uncertainty, dampening household and business spending. Future Reserve Bank policy decisions will be determined by the outlook for inflationary pressure, with scope for further OCR reductions if medium-term inflation continues to ease.
Commercial Property Sector Risks	Transaction volumes were at historical lows throughout 2024, following similar subdued conditions in 2022-2023. As of 2025 general market sentiment has improved, and activity has increased driven in large part by lower mortgage rates. However, this nascent transactional activity has not been even across the country and structural challenges remain in certain sectors. In particular, Wellington office, shopping centres, larger scale properties with seismic risk, and assets relying on international capital.
Market Risk Summary	Our conclusions in this report are based on data and market sentiment as at the date of valuation. Experience has shown that market behaviour can rapidly change during periods of volatility. Given the current economic uncertainty, it is recommended that Reliant Parties review this valuation periodically.

2 Scope of Work

2.1 Instructions

Key Constituents	
Client	PMG Direct Childcare Fund Trustees Limited.
Instructing Party	Matthew White
Other Intended User	ASB Bank Limited.
Intended Use	Financial recording, mortgage security, and for use as a public document for Capital Raising.
Asset Valued	70 Ward Street, Trentham, Upper Hutt City 5018.
Basis of Valuation	Market Value - As Is - Subject to existing occupancy arrangements.
Date of Inspection	28 August 2025
Date of Valuation	31 August 2025
Date of Report Issue	1 October 2025
Amendment	This report has been amended and is noted as Version 2. The wording has been updated in the section "Other Intended User" and "Intended Use" essentially inserting ASB Bank Limited as the intended user and adding mortgage security to the line intended use.
Valuation Currency	All dollars quoted in this report are NZD.

2.2 Market Value Definition

IVS Market Value Definition In accordance with the International Valuation Standard, the definition of 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 and where the parties had each acted knowledgeably, prudently and without compulsion."

We have also had regard to the requirements of the New Zealand Equivalent to International Financial Reporting Standard 13 (NZ IFRS 13). In particular, we have considered NZ IFRS 13 Fair Value Measurement, which adopts the following definition of Fair Value:

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

Fair Value under NZ IFRS 13 is generally synonymous with the concept of Market Value under IVS.

Under IVS, the date of valuation is the date at which our opinion of value applies, which in this case is 31 August 2025. This is different to the date of inspection which is 26 August 2025. Our valuation is on the basis that there are no material changes between the Inspection Date and Date of Valuation.

2.3 Industry Practice

Report Format Our valuation has been prepared in accordance with International Valuation Standards (effective 31 January 2025) and Guidance Papers for Valuers and Property Professionals published by the Australian Property Institute (API), Property Institute of New Zealand (PINZ) and New Zealand Institute

of Valuers (NZIV).

Valuer Declaration

We hereby certify that John Kovacs is suitably qualified and authorised to practise as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity/Instructing Party.

Prior Involvement CBRE have previously assessed the value of this property for PMG Direct Childcare Fund dated 31 March 2025 at \$4,775,000 plus GST (if any).

2.4 Financial Reporting Standard

NZ IAS 16

The valuation is undertaken in accordance with the requirements of NZVGP 502 – Valuations of Real Property, Plant & Equipment for Use in New Zealand Financial Reports. The property is an operational asset, and in undertaking the valuation, the valuer has also observed the requirements of New Zealand International Accounting Standard 16, Property, Plant, and Equipment (NZIAS16).

Financial Reporting Purposes

Financial Reporting Purposes means for the use in the preparation and issue of financial reports by the client in the general course of the client's operations only. This report is not to be used for any purpose other than those specifically mentioned within this report.

2.5 Reliance and Confidentiality

Reliance Period

CBRE policy requires that reports cannot be reassigned for any purpose beyond 90 days from the date of valuation. We do not assume any responsibility or accept any liability in circumstances after the expiration of 3 months from the date of valuation, or such earlier date if the Client or Intended Users become aware of any factors that have any effect on the valuation.

Confidentiality

The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Report and may not be relied on by anyone other than the Client and named Intended Users.

No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation. That is no advice or representation is being provided to or made to any noteholders/subsidiaries/beneficiaries/affiliates or investors of the above- named reliant parties. Reliance and duty of care is strictly only extended to PMG Direct Childcare Fund Trustees Limited and ASB Bank.

Any valuation service is confidential as between CBRE, the Client and any Intended Users as specifically stated in the valuation advice/report. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE.

As between CBRE, the Client and the Intended Users, all intellectual property rights in this Valuation Report are owned by CBRE.

2.6 Extent of Investigations

Extent of Investigations

We have carried out an inspection of exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defect is found, including structural defects, this information could impact on the value

of the property.

2.7 Information Provided

Summary

We have been provided with the following key information which has been relied upon within our report:

Document	Source
Deed of Lease	PMG Direct Childcare Fund Trustees Limited
Deed of Variation	PMG Direct Childcare Fund Trustees Limited
OPEX Budget, Tenancy Schedule	PMG Direct Childcare Fund Trustees Limited

Our valuation is undertaken on the basis that provided information is accurate. Should this not be the case, we reserve the right to amend our valuation.

2.8 Special and Significant Assumptions

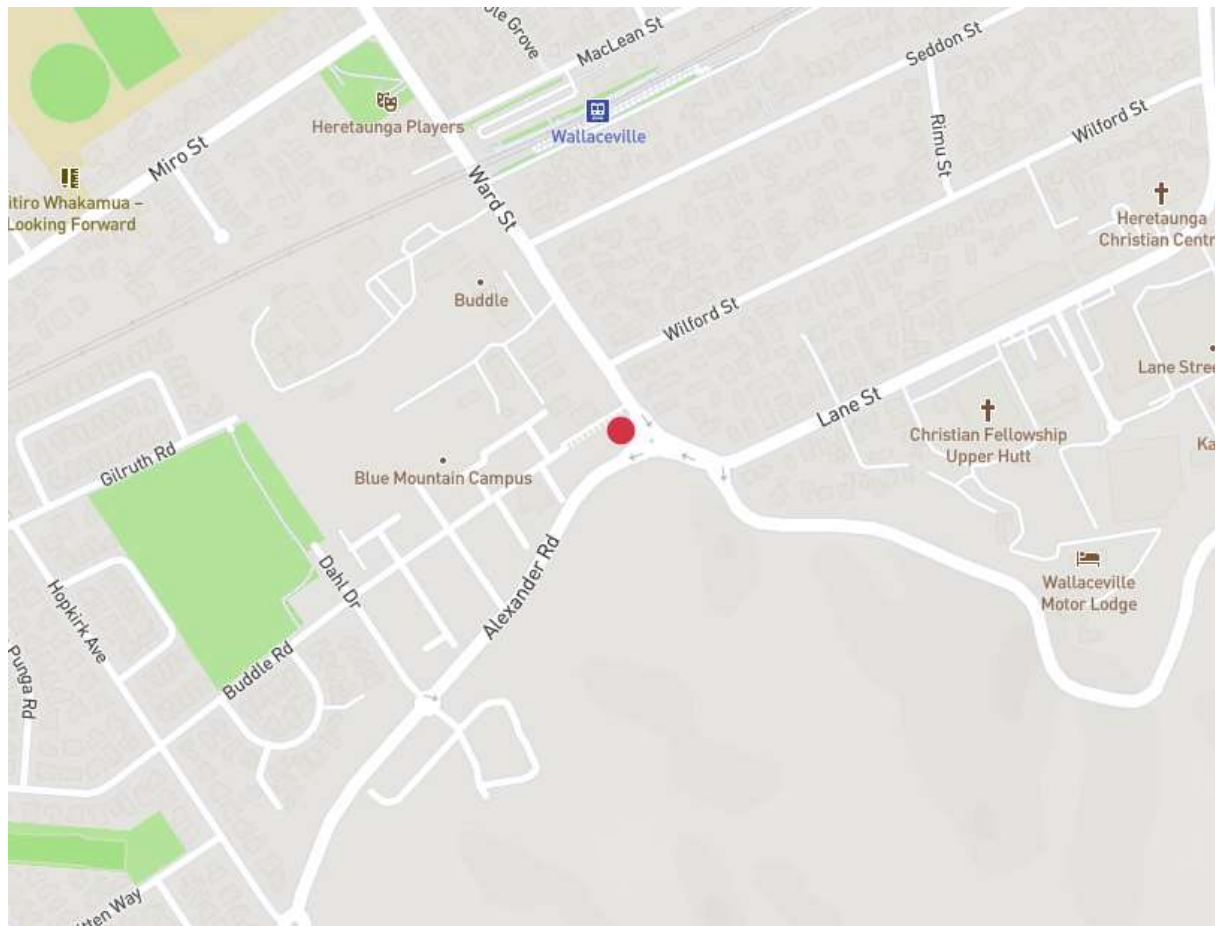
Preface

Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Parties accept that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation. Refer to the Disclaimers, Limitations and Qualifications Section, which is pertinent to this valuation report.

3 Land

3.1 Location

Local Map



Location Overview

Upper Hutt is a small subsidiary city of Wellington, situated some 33 kilometres to the northeast at the base of the Rimutaka Hills. The city functions as an important industrial, commercial, residential, recreational and farming centre within the Wellington metropolitan region and contains the bulk of the region's water catchments.

The subject property is located in Wallaceville, a suburban neighbourhood in Upper Hutt, situated within a five minute drive of the town centre and approximately 34 kilometres from Wellington's Central Business District. Overall, Wallaceville is a growing medium sized Upper Hutt suburb with a population of circa 2,400 (2018 census). The population of Upper Hutt is forecast to reach 44,130 in 2022 and grow to 52,198 by 2043.

Access to State Highway 1 is via State Highway 58 connecting to the Transmission Gully Motorway at Pauatahanui approximately 20km to the west of the subject. Access to State Highway 2 through to Wellington City and the Wairarapa is approximately 6km.

Regular bus services are provided within Upper Hutt as well as the Hutt Valley Line that provides commuter rail traffic to and from Wellington and the Wairarapa. Accordingly transport linkages are considered very good.

Surrounds

Immediately surrounding development includes residential homes constructed in the 1950's – 1970's and some pockets of light industrial development. The property also adjoins Wallaceville Estate, a new subdivision of approximately 700 homes that is currently under development.

The National Centre for Biosecurity and Infectious Disease, and the National Biocontainment Laboratory is located a short distance along Ward Street. Also within the area is Trentham Military Camp and Hutt International Boys School.

Given the scale of the residential development in the area, we consider the area will have the demand to sustain the subject and existing childcare centres.

As far as we are aware there are no proposed developments that are detrimental to childcare centres within the surrounding area of the subject property.

3.2 Resource Management

Territorial Local Authority	Upper Hutt City
Plan Status	Operative
Zone	High Density Residential – This zone allows for a more intensive land use. Residential areas within the City are characterised by mainly low rise dwellings sited on individual allotments. Past architectural styles, settlement patterns and geographical factors have resulted in diverse residential characteristics and form, resulting in a range of individual neighbourhoods.
Indicative Permitted Uses	<ul style="list-style-type: none"> ▪ Residential dwellings. ▪ Rest homes and community care housing. ▪ Passive recreation.
Key Development Controls	<ul style="list-style-type: none"> ▪ Minimum site area of 300 m² per allotment (front and rear sites), net of access. ▪ Shape factor of 10 metres, and a requirement to have a 6 metre diameter external living circle. ▪ Maximum height of development is 8 metres, with height planes in place. ▪ Maximum site coverage is 45%, and there are side and front boundary setbacks. ▪ A maximum of three dwellings per site. ▪ Building height of up to 11 metres. ▪ Within a 60 degree recession plane measured vertically at 4 metres above ground level. ▪ Setbacks of 1.5 metres from the front boundary; 1 metre from the side and rear boundaries. ▪ Building site coverage maximum of 50% net site area. ▪ Outdoor living space of at least 20m² (for ground floor accommodation). ▪ An outlook space is required for habitable rooms. ▪ A minimum of 20% of the street façade to be glazed. ▪ Minimum of 20% of a developed site at ground floor requires landscaping with green vegetation. ▪ The above is the new Draft Zone created through Plan Change 50.
Zoning Comments	<p>The Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill is designed to improve housing supply by speeding up implementation of the National Policy Statement on Urban Development (NPS-UD). The new Intensification Streamlined Planning Process (ISPP) will enable tier 1 councils to implement the intensification required by the NPS-UD at least one year earlier than under standard RMA timeframes.</p> <p>Tier 1 councils will be required to adopt Medium Density Residential Standards (MDRS) with some of the proposed standards to include; up to three dwellings on one site, increased height limits to allow three storey development, increased site coverage of 50%, and reduced boundary setbacks. Councils will be able to make zoning less permissive than the MDRS in areas including nationally significant structures, natural hazards, open space, heritage, and consistency with iwi participation legislation.</p> <p>The advice is provided for valuation purposes only, and the reader is advised to seek the advice of a suitably qualified Resource Management professional for further detail in this regard.)</p>

3.3 Rating Valuation

Summary As at 1 July 2022:

Land Value	Improvements Value	Capital Value
\$800,000	\$3,800,000	\$4,600,000

Rating Valuations are conducted on a mass appraisal basis, generally once every three years, in order to provide a basis to assist territorial authorities to collect revenue through rates. Individual properties are not inspected on a regular basis and changes in the improvements may not be recorded. The rating values are expressed on a Freehold Estate basis.

3.4 Land Information Memorandum

Summary We have not been supplied with a Land Information Memorandum (LIM) relating to the property. Our report is subject to there being no outstanding requisitions or adverse information affecting this property. We reserve the right to amend our assessment should this not be the case.

3.5 Site Description

Aerial
Photograph



Land Area 2,000 m² (more or less)
 Shape Generally rectangular, curved frontage to roundabout on Alexander Road.
 Contour Easy contour
 Access Easy access off Ward Street to the car park at the rear of the property.
 Services We understand all normal city services are available to the site.

Comments	The land comprises a corner site which is adjacent to the roundabout where Alexander Road, Ward Street and Land Street intersect. This position has good profile to reasonable vehicular traffic volumes which should increase given further development of the area. Wallaceville Estate which is residential subdivision where 700 sections are or will be available. The proposed site is situated in an area which will be known as the Urban Precinct and will comprise 152 homes generally of intensive nature.
Flood Risk	The property does not appear to be affected by any flooding hazards and is not situated within any flood hazard, ponding area or overland flow path as shown on the District Plan Zoning Map. No flood hazards are indicated on the Upper Hutt District Plan Xplorer GIS system.
Contamination	<p>As part of our investigations, we have made enquiry to the Greater Wellington Regional Council confirmed the property is on the Contaminated Site Register/Hazardous Activities and Industries List (HAIL). The registration relates to:</p> <p>File No: SN/04/103/02.</p> <p>Site Name: AgResearch Institute Wallaceville.</p> <p>HAIL: Chemical manufacture, application and bulk storage, Cemeteries and waste recycling, treatment and disposal, Chemical manufacture, application and bulk storage, Chemical manufacture, application and bulk storage, Cemeteries and waste recycling, treatment and disposal.</p> <p>HAIL Sub: Chemical manufacture, formulation or bulk storage, Waste disposal to land (excluding where biosolids have been used as soil conditioners), Livestock dip or spray race operations, Storage tanks or drums for fuel, chemicals or liquid waste, Waste disposal to land (excluding where biosolids have been used as soil conditioners).</p> <p>Category: Contamination Acceptable Managed/Remediated for.</p> <p>We have been provided a Detailed Site investigation dated 12 February 2015 prepared by ENGEO. Based on the conclusions from this report, it appears the land where the proposed site will be situated is suitable for residential, high density residential and commercial/industrial use.</p> <p>Our valuation is conditional upon the land and buildings being unaffected by harmful contaminants or noxious materials which may impact on value.</p> <p>We are not environmental experts and we do not know the extent of contamination (if any). Should subsequent investigations reveal the presence of contaminated material, we reserve the right to revisit our valuation.</p>

3.6 Record of Title

Identifier	982474
Land registration	Wellington
Legal description	Lot 200 Deposited Plan 558888
Estate	Fee Simple
Area	2,000 m ² (more or less)
Registered owner(s)	Alexander Ward Limited
Interests	<ul style="list-style-type: none"> ▪ Subject to Part IV A Conservation Act 1987 ▪ Subject to Section 11 Crown Minerals Act 1991 ▪ 6929949.1 Compensation Certificate pursuant to Section 19 Public Works Act 1981 - 3.7.2006 at

9:00 am

- Appurtenant hereto are rights to drain sewage and rights to drain water created by Easement Instrument 7486594.5 -
- 2.8.2007 at 9:00 am
- Land Covenant in Easement Instrument 9659786.1 - 6.5.2014 at 5:05 pm
- Land Covenant in Easement Instrument 10059320.1 - 26.6.2015 at 12:49 pm
- Land Covenant in Easement Instrument 10059320.2 - 26.6.2015 at 12:49 pm
- Land Covenant in Easement Instrument 10215980.1 - 29.10.2015 at 9:28 am
- Land Covenant in Easement Instrument 10215980.2 - 29.10.2015 at 9:28 am
- Land Covenant created by Easement Instrument 10948058.15 - 9.11.2017 at 4:14 pm
- 11201625.1 Partial Surrender of the land covenant created by Easement Instrument 10059320.2-23.10.2018 at 9:20 am
- Land Covenant in Easement Instrument 11201625.5 - 23.10.2018 at 9:20 am
- Appurtenant hereto is a right of way created by Easement Instrument 11290227.3 - 7.12.2018 at 5:04 pm
- The easements created by Easement Instrument 11290227.3 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Covenant Instrument 12073872.1 - 31.3.2021 at 4:16 pm
- 12396164.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 15.3.2022 at 3:59 pm
- Appurtenant hereto is a right of way, right to convey water and right to drain sewage created by Easement Instrument
- 12396164.3 - 15.3.2022 at 3:59 pm
- The easements created by Easement Instrument 12396164.3 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant (in gross) in favour of Wallaceville Developments (No 2) Limited created by Covenant Instrument
- 12396164.4 - 15.3.2022 at 3:59 pm
- 12420402.4 Mortgage to Westpac New Zealand Limited - 5.5.2022 at 4:41 pm

Comments

A number of covenants are registered on the title, several of which require the registered proprietor to not complain about or inhibit Trentham Army Camp from carrying out military training activities, Wellington Racing Club from carrying out horse racing activities, and covenants not to use the nearby pedestrian / cycle connection for gaining access to the retirement village or using the retirement village as a thoroughfare.

The owner also covenants not to complain about or inhibit activities on a nearby site, nor to complain about or inhibit future subdivision and construction on nearby land.

Also included is a covenant that restricts the principle use of the site to early learning services and the provision of associated services, and to prohibit subdivision of the site.

We have provided a brief description of the covenants above, however we are not legal experts and we recommend legal advice be sought if further clarification is required.

Title Search

We refer you to the Appendix for copies of the relevant title documentation.

4 Improvements

4.1 Property Description

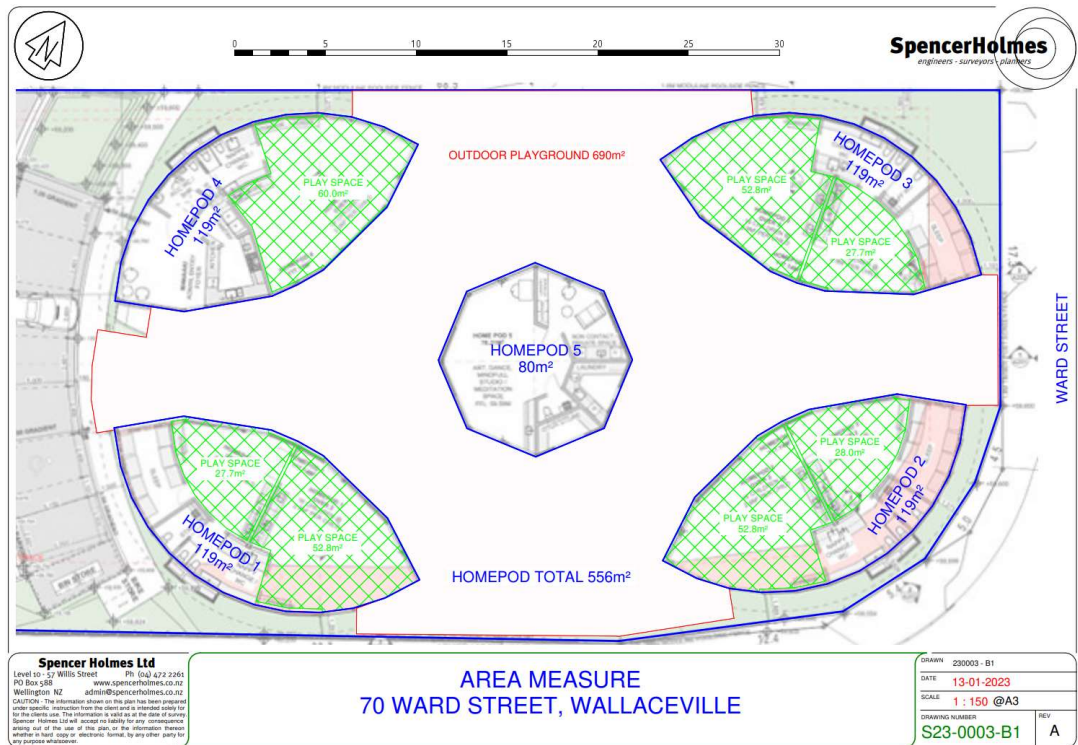
Brief Description A modern, purpose build childcare facility that is licenced for 90 children. The centre was constructed circa 2022 and consists of five separate structures or “pods” comprising four oval shaped, outer pods of approximately 119m² each, and a central octagonal shaped pod of approximately 80m². A 15 year lease is in place from 1st February 2023 with a right of renewal for a further 10 years. 16 car parks are provided.

Our valuation has been prepared on the basis of the improvements being located within the site boundaries and constructed strictly in accordance with the recommended practices, and free from any defect; unless otherwise stated within this report.

Floor Areas

There are no published guidelines to determine the rentable floor areas for childcare centres. Our valuation is based on the measurements to the external walls (i.e. gross floor area) in line with our analysis of the market evidence. Most of the original childcare centres were converted from residential properties which are measured on a gross floor area basis, and this has continued to the present time. Further, the measurement guidelines state that freestanding, purpose-built buildings should be measured on a gross basis.

Due to the irregular shape of the improvements, it was not possible to accurately measure and calculate the rentable floor area of the property, however the measurements that were taken onsite and subsequent calculations indicate that floor areas are in line with area measure prepared by Spencer Holmes Ltd as below.



RENTABLE FLOOR AREA	
	m ²
Hotoke Pod	119
Ngahuru Pod	119
Raumati Pod	119
Koanga Pod	119
Heart Pod	80
TOTAL FLOOR AREA	556

AREA SCHEDULE			
Tenant	Category	Lic.	Car Parks
Conscious Education Limited	Childcare	90.0	
Totals		90.0	

Building Warrant of Fitness (BWOF) The Building Act 2004 requires that all buildings which include certain specified systems must have a Compliance Schedule and a Building Warrant of Fitness (BWOF). The Act requires the various services and other facilities as set out in the Compliance Schedule to be inspected on a regular basis, and the Warrant of Fitness to be renewed annually.

A Building Warrant of Fitness has been issued for the subject property and this expires on 31 Jan 2026.

Fire Prevention Manual alarm boxes, illuminated exit signage, smoke detectors, and fire extinguishers.

Seismic Comment As far as we can ascertain from our enquiries, there has been no assessment of the seismic performance of this building.

The building is of modern design and construction and is unlikely to be discounted by the market if offered for sale without a seismic assessment. Although more recently, there have been instances of some large corporate and Government occupiers requiring seismic assessments on buildings constructed post 2004. While buildings built to code post 2004 should be 100% of the New Building Standards, some of these investigations have shown that some buildings have been found to be less than 100% new building standard.

Only a structural engineer can determine the seismic strength of the building. In the event that a seismic assessment was undertaken that confirmed the property is earth-quake prone, the value of the property may be materially affected and a review of this valuation should be sought.

Asbestos The Health and Safety at Work (Asbestos) Regulations 2016 came into effect on 4 April 2018. The regulations require workplaces to be surveyed for asbestos, and, an Asbestos Register and Asbestos Management Plan be prepared for buildings if it is reasonably likely that asbestos or ACM might be present. A copy of the Asbestos Management Plan must be accessible on site.

As this property comprises a recent new build we assume that asbestos or Asbestos Containing Materials (ACM) will not be present in the structure and a report will not be required.

4.2 Construction Details

Foundation	Concrete
Flooring	Concrete
Exterior Walls	Vertical timber
Framing	Timber
Roofing	Corrugated colorsteel, corrugated polycarbonate
Joinery	Aluminium, double glazed
Internal Linings	Plasterboard, acoustic panels.
Ceilings	Plasterboard.
Services	Manual alarm boxes, illuminated exit signage
Building Condition	The buildings were constructed circa 2022/2023 and are presented in good condition both internally and externally.

4.3 Accommodation

Layout and Accommodation The centre comprises five single level, oval shaped structures or 'Pods'. The central 'Heart Pod' contains the reception area, office and staff area, while the surrounding Hotoke, Ngahuru, Raumati and Koanga Pods comprise the separate childcare facilities with each having a main activity area, a smaller secondary activity area and sleeping room, and a change area and toilets. The Hotoke Pod differs by having only one main activity area, and includes the kitchen for the centre with an adjoining bathroom.

Hotoke Pod

Entry/foyer: An entry/reception type area, open to the kitchen, overlay flooring.

Kitchen: Stainless steel sinkbench and benchtops, second stainless steel sink, pantry, dishwasher, ceramic hob, dual under bench ovens, under-mounted extractor, overlay flooring.

Bathroom: Situated off the entry, hand basin, disabled shower, toilet, extractor fan, overlay flooring.

Main Activity Area – An open space with a heat pump, ranchslider to the exterior, benchtop with stainless steel sink and cupboards, overlay flooring.

Change area/toilets: Fitted change table with stainless steel laundry tub and cupboards, double storage cupboard, two children's toilets, stainless steel washtub, separate staff toilet with hand basin, overlay flooring.

Ngahuru Pod

Main Activity Area: An open space, fitted bench top with stainless steel sink and cupboards below, dishwasher, heat pump, ranchslider to exterior, overlay flooring.

Second Activity Area: A smaller space, heat pump, ranchslider to the exterior, fitted benches with stainless steel sinks and cupboards below, overlay flooring.

Change area/toilets : Fitted change table with stainless steel sink, laundry tub insert, cupboards above and below, double storage cupboard, two children's toilets, stainless steel wash basin, overlay flooring, separate staff toilet with hand basin, overlay flooring.

Sleeping room: A separate room, heat pump, carpet flooring.

Raumati Pod

Main Activity Area: An open space, fitted bench top with stainless steel sink and cupboards below,

dishwasher, heat pump, ranchslider to exterior, overlay flooring.

Second Activity Area: A smaller space, heat pump, ranchslider to the exterior, fitted benches with stainless steel sinks and cupboards below, overlay flooring.

Change area/toilets: Fitted change table with stainless steel sink, laundry tub and cupboards below and above, double storage cupboard, two children's toilets, stainless steel wash basin, overlay flooring, separate staff toilet with hand basin, overlay flooring.

Sleeping room: A separate room, heat pump, carpet flooring.

Koanga Pod

Main Activity Area: An open space, fitted bench top with stainless steel sink and cupboards below, dishwasher, heat pump, ranchslider to exterior, overlay flooring.

Second Activity Area: A smaller space, heat pump, ranchslider to the exterior, fitted benches with stainless steel sinks and cupboards below, overlay flooring.

Change area/toilets : Fitted change table with stainless steel sink, laundry tub insert, cupboards above and below, double storage cupboard, two children's toilets, stainless steel wash basin, overlay flooring, separate staff toilet with hand basin, overlay flooring.

Sleeping room: A separate room, heat pump, carpet flooring.

Heart Pod 5 - Administration

Main office/reception Area: An open space with a sloping ceiling and exposed rafters, a laminate benchtop with melteca cabinets and stainless steel sink, heat pump, ranchslider to exterior, overlay flooring.

Staff Area: A smaller space, heat pump, fitted desk, laminate benchtop with melteca cabinets and stainless steel sink, dishwasher, overlay flooring.

Toilet: A separate toilet, fitted vanity, extractor fan, overlay flooring.

4.4 Site Development

Site Development Site development is of a good standard and includes aluminium pool type fencing, concrete paths and patio areas, timber fencing, artificial lawns, sand pits, loose bark chip, and simple site planting.

A dedicated carparking area provides parking for 16 cars including a disabled car park.

4.5 Photographs

Photographs



Hotoke Pod



Koanga Pod



Ngahuru pod



Raumati Pod



Heart pod



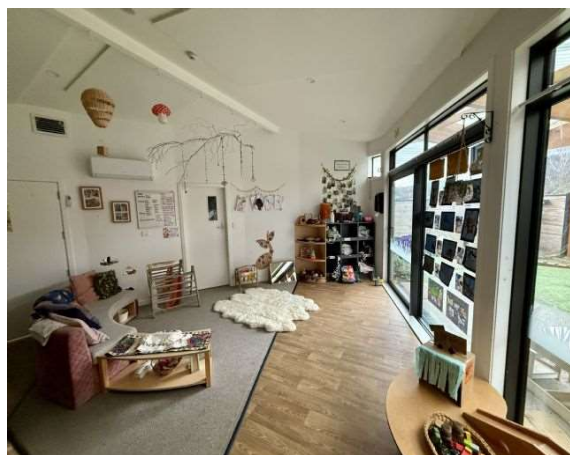
Heart Pod - Interior



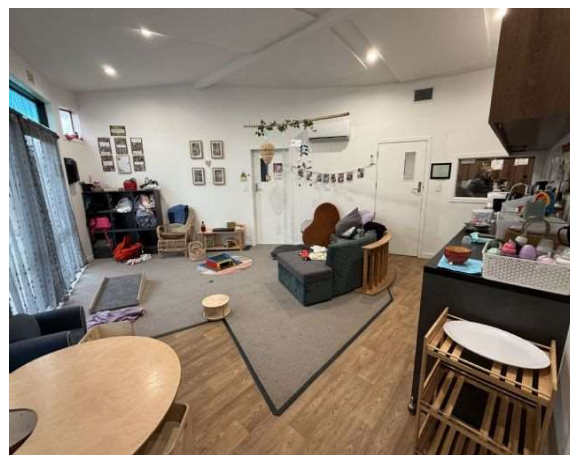
Hotoke Pod - Kitchen



Ngahuru Pod - Main activity area



Ngahuru - Secondary activity area



Raumati Pod - Main Activity area



Raumati Pod - Service area



Koanga Pod - Main activity area

4.6 Environmental, Social, Governance (ESG)

Overview:

IVS 2025 requires valuers to explicitly consider ESG (Environmental, Social and Governance) risk and benefit factors when assessing market value. ESG is often associated with issues such as climate change and pollution; however, these relate specifically to the Environmental pillar, while the term ESG itself encompasses more far-reaching goals.

With ESG now playing a much more prominent role in how companies operate, major commercial property investors are embedding ESG considerations into every stage of the property lifecycle, from due diligence to acquisitions and from leasing to asset management. As commercial property owners take steps to implement changes and mitigate risks, having an effective ESG framework is emerging as a key benchmark for achieving strong growth and maintaining profitability.

Subject ESG

Considerations:

For comments on Environmental factors, we refer you to the Site Description, Resource Management and SWOT Analysis/Risk sections of this report for any potential flooding and contamination issues identified.

We do not consider there to be any additional ESG specific risk/benefit factors that would materially affect the market value of the subject property, outside of any factors specifically noted elsewhere within this report. We are not currently aware of any instances where such factors or lack of policy have influenced prices of similar properties in the local market, albeit there may be an influence in time.

Please note that we are not experts in climate change and are not suitably qualified to comment on any associated potential impacts on value without a comprehensive environmental report, or on any associated insurance risks in relation to coverage and/or premium impact.

4.7 Capital Expenditure

Overview Major assets require continual expenditure to maintain the aesthetic appeal, structural integrity, and hence their capital value. We have incorporated a specific capital expenditure allowance throughout the term of our cash flow analysis in recognition of the requirement for an ongoing refurbishment program.

Capital Expenditure Assumptions We have allowed:

- A minimum capital expenditure allowance equivalent to 1.50% of gross income per annum.

CAPITAL EXPENDITURE SUMMARY				
	Year Range			Total
	1 - 3	4 - 6	7 - 11*	
Ongoing Capex	18,152	18,249	32,653	69,054
TOTAL CAPITAL EXPENDITURE (adopted)	18,152	18,249	32,653	69,054
% of Adopted Value	0.38%	0.38%	0.68%	1.45%

5 Occupancy Details

5.1 Introduction

Overview Unless otherwise stated in this report, our valuation is prepared on the basis that the rental income referred to in this report will be payable in full at all times by tenant(s) in accordance with obligations under leases or agreements to lease. This includes the obligation to pay operating expenses.

The Scope of Work does not extend to making any enquiries as to the financial position or covenant strength of a tenant. Our broader observation of the nature and likely market perception of the tenant(s) is included in the preceding Risk Analysis summary and at the Market Rent Assessment section of this report.

5.2 Lease Summary

Grow ECE Limited

The Premises	Lot 200 DP 558888 (record of title 982474) comprising 2,000 square metres (more or less) and including buildings located on the land.
Commencement Date	01 February 2023
Current Commencement	01 February 2023
Current Term	15 years
Remaining Renewal Terms	One of ten years
Current Annual Rent	\$287,937 plus outgoings and GST
Rent Reviews	CPI two yearly from commencement, market reviews five yearly.
Rent Review Basis	CPI and market reviews
Ratchet Clause	The rent shall not be less than the annual rent payable immediately prior to the relevant rent review date.
Business Use	Childcare facility and including any uses which may be supplementary to or associated with that principal use.
Outgoings	<p>Outgoings recoverable from the tenant include:</p> <ul style="list-style-type: none"> ▪ Rates or levies to any local or territorial authority ▪ Utility charges ▪ Rubbish collection charges ▪ Fire Service charges ▪ Insurance premiums, excess and related valuation fees ▪ Service contract charges ▪ Cleaning, maintenance and repair charges ▪ Ground maintenance ▪ Yard and carpark area maintenance and repair charges ▪ Management expenses ▪ Costs associated with the building warrant of fitness <p>Unrecovered outgoings include:</p> <ul style="list-style-type: none"> ▪ Structural maintenance
Special Conditions	Not Applicable

5.3 Outgoings

Outgoings
Comment

We have been provided with an outgoings schedule as below, however we note the centre is leased on a net basis.

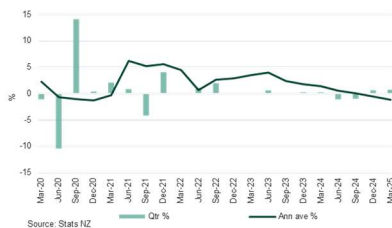
OUTGOINGS SCHEDULE			
	Adopted		
	Year Ending: 31 Mar 25		
	Total \$pa	Total \$/Lic.	
STATUTORY EXPENSES			
Municipal/Council Rates	42,723	474.70	
Total Statutory Expenses	42,723	474.70	
OPERATING EXPENSES			
Insurance Premiums	31,335	348.17	
Air Conditioning/Ventilation	3,295	36.61	
Fire Protection/Public Address	1,788	19.87	
Repairs & Maintenance	9,881	109.78	
Security/Access Control	977	10.85	
Administration/Management Fee	5,284	58.71	
BWOF	1,319	14.65	
Total Operating Expenses	53,878	598.65	
TOTAL OUTGOINGS	96,601	1,073.34	

6 Market Overview

6.1 Economic Overview

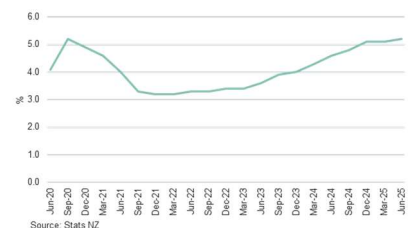
- GDP** Domestically, GDP grew by 0.8% in the March 2025 quarter, marking the second consecutive quarter of growth and confirming recovery from the brief recession in late 2024. Growth was broad-based across primary, goods-producing, and services sectors, with notable strength in business services and manufacturing, particularly in machinery and equipment production. However, recent indicators suggest a slowdown in activity since March, with consumer confidence and construction activity remaining subdued.
- Migration** Migration has slowed significantly, with a net gain of 26,400 people in the year to March 2025—just a quarter of the previous year’s figure. This decline reflects both fewer arrivals and a record number of departures, which may impact housing demand and labour market dynamics.
- Inflation** Annual inflation rose to 2.7% in Q2 2025, up from 2.5% in Q1, remaining within the RBNZ’s target band. While administered prices and food costs have contributed to near-term inflationary pressure, core inflation continues to ease. Central banks globally have responded with rate cuts, though the extent of easing may be constrained by geopolitical risks and trade tensions.
- Interest Rates** On 20 August the Reserve Bank of New Zealand (RBNZ) reduced the Official Cash Rate (OCR) by 25 basis points to 3.00% in response to subdued domestic activity and easing inflation pressures. This move aligns with earlier projections and signals potential for further easing should medium-term inflation continue to decline.
- Summary** In the property sector, sentiment remains cautious amid economic uncertainty. Both occupier and investment market conditions are expected to remain soft over the coming quarters. However, the falling interest rate environment is anticipated to support higher sales volumes in 2025, as we enter Spring, particularly in residential markets.

GDP



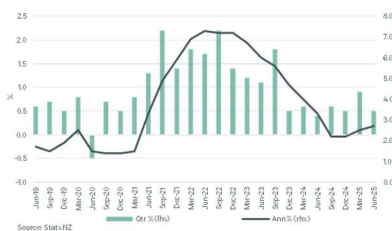
In the first quarter of 2025, GDP grew by 0.8%. The rise was stronger than most had anticipated. During the March 2025 quarter, activity rose across all three major industry sectors: primary, goods-producing, and services. Economists remain cautious due to global uncertainty.

Unemployment Rate



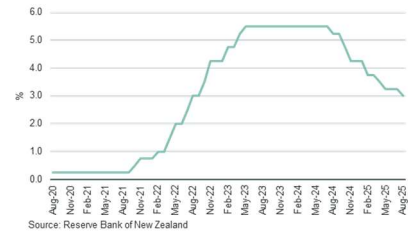
Unemployment rate rose to 5.2% in the June 2025 quarter, marking the highest level since 2020. The labour market continues to show signs of weakness, with minimal job growth and a noticeable rise in underutilisation.

CPI Inflation



After peaking in late 2022, inflation has been steadily falling due to higher interest rates and weakening economic conditions. The latest figures show inflation within the RBNZ target band of 1% - 3%, with the latest Monetary Policy Statement from RBNZ indicating an expectation that inflation will remain within the target band over the medium term.

Interest Rates



The RBNZ cut the OCR by 25 basis points to 3% and signalled that further cuts are likely. Market expectations are that the OCR will fall to circa 2.5% by early 2026. Retail interest rates are not expected to fall materially further, as banks have already priced in most of the expected changes.

The Ministry of Education regularly releases updated statistics on the ECE sector. The latest statistics are effective February 2025, of which the key findings can be summarised as follows:

ECE Supply

The following refers to supply of ECE providers nationally:

Number of ECE Service Providers at 1 February 2025										
Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAG
Casual Education & Care	10	10	8	8	7	7	7	5	3	-12.52%
Correspondence School	1	1	1	1	1	1	1	1	1	0.00%
Education & Care	2,495	2,558	2,585	2,670	2,701	2,736	2,741	2,712	2,666	0.74%
Home-based	472	476	437	453	424	392	353	277	248	-6.90%
Hospital-based	20	22	22	20	20	20	20	20	20	0.00%
Kindergarten	656	658	655	654	661	664	663	669	674	0.30%
Kōhanga Reo	460	454	453	444	444	434	423	413	416	-1.11%
Playcentre	427	421	407	403	404	398	389	386	382	-1.23%
Total	4,541	4,600	4,568	4,653	4,662	4,652	4,597	4,483	4,410	-0.32%

There were 4,410 licenced services at February 2025. This number was down 5.7% from 2020. Compounding Annual Growth (CAG) equates -0.32% over the 9 years shown.

Education and Care services decreased in number by -1.66% in 2024, lower than the longer term trend (CAG -0.32%). Education and Care services make up 60.45% of all licenced services by number which has increased from 54.9% in 2016.

The following table shows total licence capacity by service type, with Education and Care services being the prime driver of growth:

Number of ECE Service Places at 1 February 2025										
Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAG
Casual Education & Care	318	283	283	283	238	189	205	155	124	-9.94%
Education & Care	119,686	126,112	132,420	139,241	143,394	146,771	148,785	148,598	148,433	2.42%
Home-based	33,933	31,879	31,676	30,878	28,719	25,645	22,840	17,315	15,965	-8.04%
Hospital-based	332	386	386	460	457	440	464	464	436	3.07%
Kindergarten	25,442	25,648	25,871	25,821	25,866	26,309	26,369	26,659	26,672	0.53%
Playcentre	11,621	11,365	11,112	11,018	11,077	10,857	10,681	10,596	10,523	-1.10%
Te Kōhanga Reo	13,039	12,763	12,706	12,784	12,856	12,702	12,392	12,511	11,909	-1.00%
Total	204,371	208,436	214,454	220,485	222,607	222,913	221,736	216,298	214,062	0.52%

Overall compound average annual growth is -0.51% with stronger decline of 2.36% experienced in the Education and Care category. The latest year shows an effectively no change in capacity of Education and Care services

Anecdotally, we also note the increasingly significant development interest in the sector, in part we suspect due to population growth brought about by high net migration to New Zealand, combined with strong institutional interest in Education and Care businesses and the generally benign economic environment.

Network Management

The Ministry of Education has announced they will bring into effect a Network Management function in relation to childcare facilities. The Government set an objective for early learning services to be part of a planned and coherent education ecosystem that is supported, accountable and sustainable. Network management is one of the actions designed to support this objective, as it establishes a new process to manage the supply of new early childhood services. From 1 February 2023 anyone wanting to operate a new licensed early childhood service will need to apply for network management approval from the Minister of Education before applying for licensing.

The aim of Network Management is to reduce the risk of oversupply of facilities within any particular locality as well ensure the financial viability of a centre. This proposal is expected to result in a slowing of supply of childcare centres and reduce the risk of oversupply.

This was repealed in June 2024. It was seen as a barrier to entry for potential new early learning services by limiting supply and market competition.

ECE Demand

The following shows year on year ECE participation:

Number of ECE Service Places at 1 February 2025										
Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAG
Correspondence	414	367	324	312	333	391	428	424	381	-0.92%
Education & Care	129,488	132,221	134,701	135,237	130,908	135,341	128,436	136,777	139,044	0.79%
Home-based	18,818	18,440	18,267	17,196	15,022	13,879	11,326	10,514	9,887	-6.90%
Kindergarten	30,832	29,787	29,048	28,238	27,483	27,638	25,099	26,743	27,565	-1.24%
Playcentre	13,502	13,326	9,734	9,452	8,268	9,332	8,352	9,361	9,592	-3.73%
Te Kōhanga Reo	8,621	8,631	8,514	8,488	8,334	8,116	7,832	8,207	8,512	-0.14%
Total	201,675	202,772	200,588	198,923	190,348	194,697	181,473	192,026	194,981	-0.37%

Overall, ECE take-up has declined in the last 9 years, with a CAG of -0.37% with the majority of the declines experienced in 2020 and 2021 due to the impact of COVID-19 on the sector. The Education and Care sector is the only sector to have experienced growth across the last 9 years at a CAG of 0.79%. All categories, with the exception of Correspondence Schools, recorded a decline in enrolments in 2020 with an overall decline of 4.3% for the year however enrolments recovered partially in 2021 with overall growth of 2.3%.

In terms of enrolments by age category, the following refers:

Enrolments in ECE Services By Age Group Year End June 2024										
Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAG
0 - 12 Months	10,076	10,549	9,538	9,319	7,939	9,808	9,788	9,352	9,193	-1.01%
1 Year Olds	28,066	28,467	28,725	28,217	25,840	29,274	28,460	30,696	28,341	0.11%
2 Year Olds	41,250	42,504	42,326	42,626	39,965	41,556	39,242	42,490	44,015	0.72%
3 Year Olds	58,529	57,052	56,725	55,588	53,957	53,139	48,843	51,477	53,883	-0.91%
4 Year Olds	61,592	61,763	59,675	59,229	57,578	57,680	52,080	54,325	55,931	-1.07%
5 or More	2,048	2,341	2,803	3,483	4,781	3,142	2,921	3,591	3,559	6.33%
Unknown	114	96	796	461	288	98	139	95	56	-7.59%
Total	201,561	202,676	199,792	198,462	190,060	194,599	181,334	191,931	194,922	-0.37%

In 2016 the percentage of under 2's of the total ECE enrolments was 18.92% and has now grown to 19.26%. This is a good indicator of the overall health of the sector and is likely to flow through to better uptake of over twos places over the coming two to three years.

The following table details the annual occupancy rates of ECE services:

Annual Occupancy Rates Year End June 2024										
Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAG
Education & Care	81%	80%	80%	79%	78%	77%	77%	77%	78%	-0.42%
Kindergarten	84%	84%	84%	82%	83%	83%	82%	81%	82%	-0.27%
Playcentre	52%	52%	52%	48%	48%	53%	49%	51%	51%	-0.22%

Despite an increase in enrolments in Education & Care Services across this period, the increase in supply has resulted in a decline in overall occupancy rates. The occupancy rate of Education & Care Services by Regional Council is detailed in the following table:

Annual Occupancy Rates Year										
Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAG
Northland Region	79%	81%	82%	82%	81%	80%	80%	78%	78%	-0.14%
Auckland Region	83%	81%	80%	78%	77%	74%	73%	73%	76%	-0.97%
Waikato Region	80%	80%	80%	79%	78%	77%	77%	78%	78%	-0.28%
Bay of Plenty Region	78%	79%	79%	78%	78%	78%	80%	80%	81%	0.39%
Gisborne Region	82%	81%	81%	81%	79%	79%	77%	77%	77%	-0.67%
Hawke's Bay Region	81%	79%	77%	77%	76%	78%	80%	79%	79%	-0.40%
Taranaki Region	82%	81%	82%	84%	83%	79%	81%	83%	83%	0.09%
Manawatū-Whanganui Regic	79%	78%	78%	79%	80%	78%	79%	79%	80%	0.15%
Wellington Region	80%	81%	81%	82%	82%	82%	82%	83%	84%	0.56%
West Coast Region	76%	75%	78%	77%	72%	66%	75%	76%	78%	0.29%
Canterbury Region	80%	79%	77%	77%	76%	75%	76%	78%	79%	-0.15%
Otago Region	79%	78%	78%	79%	78%	80%	82%	82%	81%	0.28%
Southland Region	87%	86%	84%	84%	86%	84%	85%	86%	84%	-0.43%
Tasman Region	76%	74%	72%	73%	75%	79%	80%	79%	79%	0.37%
Nelson Region	82%	79%	79%	81%	84%	82%	80%	80%	80%	-0.38%
Marlborough Region	82%	82%	83%	86%	80%	83%	84%	81%	81%	-0.12%
Total Average	80%	78%	78%	78%	79%	78%	80%	80%	80%	-0.01%

The majority of regions have experienced declines in occupancy across the period due largely to increased supply across most of the country. The declines have been limited however with cumulative

average growth rates in all regions of between -3% and 1%.

Outlook

As with any market, risk of oversupply applies in the ECE sector and this is exacerbated by some comparatively low barriers to entry for new services accessing the market. There are exceptions however where high land prices, increasing construction costs and resource consenting difficulties do present some significant challenges around developing new supply.

At the current time, we are aware of some significant development interest in the ECE sector, in all likelihood as developers see the opportunity to achieve stronger margins than other sectors presently permit. We note however, that there has been strong growth in ECE development for a number of years now and the statistics indicate that occupancy rates have remained relatively stable with demand increasing.

The Ministry of Education remains resolute in achieving increases in hours attended and in the age brackets within which children access ECE and the current rate of ECE attendance within new school starters was reported to be 97% in 2021. This decreased to 95.6% in 2023

The proportion of children aged 3 and 4 participating in ECE for 10 hours or more per week increased from 74% in 2016 to 78% in 2024. For 3 year olds, this measure increased from 69% in 2017 to 74% in 2024 For 4 year olds, this measure increased from 79% in 2017 to 82% in 2024 Participation rates decreased over the COVID-19 impacted years.

The challenge for developers and operators will be to keep pace with population growth without getting too far ahead of it, be mindful of competitive supply pipelines and to allow themselves to be led by the core demand for ECE spaces instead of unqualified optimism. If the sector does not follow these basic market principles, we are likely to see imbalance in supply and demand, which could weaken business viability in some markets, and in turn realty values.

Funding

In 2007, the Government introduced the provision of 20 hours fully funded ECE for three and four year olds which provides a higher level of funding for centres that choose to be part of the scheme. Centres can receive funding for a maximum six hours per child per day and up to 20 hours per week for three and four year olds. Importantly, the subsidised rate for the 20 ECE hours is higher than the standard over 2's rate and is claimed per child rather than on a per licence basis.

In 2023, the Ministry of Education introduced the pay parity op-in scheme to address the disparity in pay between certified teachers working in education and care services and their counterparts working in kindergartens. The scheme provides higher funding rates to education and care services that attest to paying their certified teachers at least the salary amounts described in the Funding Handbook. Four opt-in funding rates are available to services. Services that do not opt-in to the pay parity scheme have less funding available. The four funding rates are as follows:

- Base Funding Rates

The set of funding rates available to education and care and hospital-based services who pay all employed certificated teachers at least Step 1 of the salary scale.

- Parity Funding Rates

A higher set of funding rates available to education and care and hospital-based services who pay all employed certificated teachers according to Steps 1 to 6 of the salary scale.

- Extended Parity Funding Rates

A higher set of funding rates available to education and care and hospital-based services who pay all employed certificated teachers according to Steps 1 to 11 and the management step of the salary scale.

- Full Parity Funding Rates

A higher set of funding rates available to education and care and hospital-based services who pay all employed certificated teachers according to Steps 1 to 11 and the management step of the salary scale.

Funding condition related to the Full Parity Salary Scale are effective from 1 November 2023.

The dollar per funded child hour for 'Education and Care Services', GST inclusive under a Base Funding Rate scenario are as follows:

\$ per funded child hour (including GST)	Rates from 1 January 2023			Rates from 1 December 2023		
	Under 2	2 and over	20 Hours ECE	Under 2	2 and over	20 Hours ECE
100% certificated teachers	14.16	8.3	13.55	15.07	8.75	14
80-99% certificated teachers	13.56	7.5	12.79	14.47	7.95	13.24
50-79% certificated teachers	12.28	6.47	11.65	13.19	6.92	12.1
25-49% certificated teachers	9.91	5.16	10.24	10.82	5.61	10.69
0-24% certificated teachers	8.48	4.28	9.33	\$9.39	4.73	9.78

\$ per funded child hour (including GST)	Rates from 1 January 2024			Rates from 1 March 2024		
	Under 2	2 and over	20 Hours ECE	Under 2	2 and over	20 Hours ECE
100% certificated teachers	15.48	8.99	14.39	15.48	8.99	15.03
80-99% certificated teachers	14.87	8.17	13.61	14.87	8.17	14.22
50-79% certificated teachers	13.55	7.11	12.44	13.55	7.11	12.99
25-49% certificated teachers	11.11	5.76	10.99	11.11	5.76	11.47
0-24% certificated teachers	9.64	4.85	10.05	9.64	4.85	10.49

\$ per funded child hour (including GST)	Rates from 1 January 2025		
	Under 2	2 and over	20 hours ECE
100% certificated teachers			\$15.79
80-99% certificated teachers			\$15.17
50-79% certificated teachers			\$13.82
25-49% certificated teachers			\$11.33
0-24% certificated teachers			\$9.83

The above rates increase incrementally for centres opting in to the different levels of pay parity with the highest rates received under full pay parity as follows:

\$ per funded child hour (including GST)	Rates from 1 November 2023			Rates from 1 December 2023		
	Under 2	2 and over	20 Hours ECE	Under 2	2 and over	20 Hours ECE
100% certificated teachers	\$16.19	\$9.48	\$15.46	17.97	\$10.37	\$16.35
80-99% certificated teachers	\$15.59	\$8.68	\$14.70	17.37	\$9.57	\$15.59
50-79% certificated teachers	\$14.09	\$7.47	\$13.37	15.87	\$8.36	\$14.26
25-49% certificated teachers	\$11.32	\$5.93	\$11.68	13.1	\$6.82	\$12.57
0-24% certificated teachers	\$9.63	\$4.89	\$10.63	11.41	\$5.78	\$11.52

\$ per funded child hour (including GST)	Rates from 1 January 2024			Rates from 1 March 2024		
	Under 2	2 and over	20 Hours ECE	Under 2	2 and over	20 Hours ECE
100% certificated teachers	15.48	8.99	14.39	15.48	8.99	15.03
80-99% certificated teachers	14.87	8.17	13.61	14.87	8.17	14.22
50-79% certificated teachers	13.55	7.11	12.44	13.55	7.11	12.99
25-49% certificated teachers	11.11	5.76	10.99	11.11	5.76	11.47
0-24% certificated teachers	9.64	4.85	10.05	9.64	4.85	10.49

\$ per funded child hour (including GST)	Rates from 1 January 2025		
	Under 2	2 and over	20 hours ECE
100% certificated teachers			\$18.60
80-99% certificated teachers			\$17.98
50-79% certificated teachers			\$16.43
25-49% certificated teachers			\$13.56
0-24% certificated teachers			\$11.80

Typically, government funding accounts for between 60% and 75% of an Education and Care service's revenue, the balance being from private fees.

ECE Land and Buildings Market

With revenue strongly underpinned by Government funding, the subject has the potential to provide considerable appeal as an investment option in comparison with more conventional property that may be subject to greater tenancy risk and/or increased inherent obsolescence.

Many investment assets in this submarket are structured on long lease terms, often with fixed or CPI related rent reviews and correspondingly, they can offer a good passive investment profile.

Conversely, the inherent specialisation in the improvements and discrepancy in rents under existing and alternative use scenarios means that in the event of vacancy, the investor is exposed to significant reversionary risk and as such, yields are often marginally higher than for more generic investment property and the more so as lease terms wind down.

The cost to establish alternative premises appears to be the key determinant in rental levels and by comparison with other specialised real estate types, the setup costs for childcare assets are generally quite low. Consenting, high land values and construction costs tend to be the biggest cost and risk areas, which vary according to the relevant local authority.

Childcare centres are now well established in their own right as attractive property investments. Investors range from those with a strong understanding of the business to those purchasing a longer term 'hands off' cash flow. On the whole, childcare facilities are too small to attract large scale institutional interest, although there has been limited institutional and syndication presence in the market in New Zealand primarily for new purpose-built centres with long remaining lease terms.

There is normally a discrepancy between values for new built centres and older conversions. Additionally, the value quantum has an effect on the yields paid by investors with a significantly smaller pool of buyers for larger, higher value centres than for those of a lower value quantum.

One of the key drivers in Childcare land and buildings yields is the cost of debt with properties being occupied under long leases with generally predictable rental profiles. Debt costs reduced considerably between 2016 and 2020 leading to downward pressure on yields however with the Reserve Bank increased the Official Cash Rate through 2022 and 2023 there was softening in childcare centre yields as a result. Recently the RBNZ reduced the OCR by 25 bps to 3.0%, following a 25bps cut in May 2025. While sentiment may have improved, there will likely be a lag before any transactions occur.

There were very few transactions of childcare centres from 2022 to 2024, and this trend continued into 2025 despite a number of properties being taken to the market which aligns with other property classes.

If economic and property market conditions deteriorate further in the future, then the market value of this asset is likely to decline. This inherent risk factor should be considered in any lending or investment decisions.

7 Market Rent Assessment

Market Rent Income-based valuation assessments consider the cash flow that could be, or is, generated from the property. Part of the process is a review of the potential rental earning capacity, or Market Rent. Market Rent is defined in International Valuation Standard 102 as:

“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.”

To establish a market rental for the premise we have made comparison with recent rental settlements for comparable accommodation in the wider location.

The best evidence is that of new leasing agreements of comparable premises in the same or similar locations with the date of the transaction being as close as possible to the subject rent review date. Regard can also be had to lease renewals and rent reviews where these are consistent with the new lease evidence, however carry less weight.

Adjustments made for variation in factors such as the size and quality of accommodation, location and where the lease terms are varied.

7.1 Rental Evidence

RENTAL EVIDENCE				
Premises	Accommodation	Licence/Area	Net Rent	Rent Date
Confidential	Licence	130.00	\$3,120/child	1 May 2024
	Building Rate	474m ²	\$856/m ²	
Confidential	Licence	110.00	\$2,808/child	1 September 2024
	Building Rate	625m ²	\$440/m ²	
Confidential	Licence	125.00	\$3,028/child	1 March 2024
	Building Rate	745m ²	\$508/m ²	
Confidential	License	120.00	\$2,500/child	1 April 2024
	Building Rate	695m ²	\$432/m ²	
Confidential	Licence	120.00	\$2,496/child	11 July 2024
	Building Rate	578m ²	\$518/m ²	
Confidential	Licence	98.00	\$2,924/child	1 January 2024
	Building Rate	500m ²	\$573/m ²	
Confidential	Licence	100.00	\$2,725/child	1 April 2023
	Building Rate	860m ²	\$317/m ²	
Confidential	Licence	102.00	\$3,256/child	20 February 2024
	Building Rate	427m ²	\$778/m ²	
Confidential	Licence	80.00	\$2,750/child	1 February 2025
	Building Rate	407m ²	\$540/m ²	
Confidential	Licence	50.00	\$2,400/Child	1 April 2025
	Building Rate	267m ²	\$449/m ²	
Confidential	License	110.00	\$3,048/child	23 December 2024
	Building Rate	535m ²	\$627/m ²	

7.2 Rental Evidence Commentary

Confidential

Tenant	Confidential
Date	1 May 2024
Type	New Lease

Vendor leaseback

A 1990s purpose-built childcare centre with extension in 2019, licensed for 130 children located on a rear site within a residential area. The building is of a residential style and is well presented internally with an above average specification and has an excellent outdoor area. 15 years new lease with annual fixed 2% and market reviews. Current rent is \$405,600 which equates to \$3,120/child/pa or \$60/child/wk. Alternatively, it analyses to a building rate of \$856/m².

Confidential

Tenant	Confidential
Date	1 September 2024
Type	Rent Review

A converted commercial building originally constructed as a restaurant, that now accommodates a childcare centre with a licence for up to 110 children. The rental of \$303,000 was set by review in September 2024 and equates to \$2,755/child/pa or \$52.97/child/wk. Alternatively, the rental analyses to \$485/m² of building floor area. Occupancy is subject to a 12 month demolition clause.

Confidential

Tenant	Confidential
Date	1 March 2024
Type	CPI rent review

A new purpose built high spec childcare centre on a corner site adjacent to a neighbourhood centre in an established suburb. Good onsite parking to rear. Licenced for 125 children. Mixed housing urban zone. The current rental of \$378,518 pa was set in March following a CPI Review and equates to \$3,028/child/pa or \$58.23/child/wk. Alternatively, it analyses to a building rate of \$508/m².

Confidential

Tenant	Confidential
Date	1 April 2024
Type	New Lease - Leaseback

This property comprises a two-level purpose-built childcare facility constructed circa 2016/2017. The premise is situated on a large rear site with access via a shared right of way, within the predominantly industrial area. The building is constructed to an above average specification including first floor office and staff amenity. It is licenced for 120 child placements reflecting \$2,500/child/pa or \$48/child/wk. Alternatively, it analyses to a building rate of \$432/m².

Confidential

Tenant	Confidential
Date	11 July 2024
Type	New Lease

A modern/near new purpose built childcare centre licenced for 120 children located on a prominent corner in the town centre with good exposure to the State Highway . The building has an architectural design. Good onsite parking. Current rent is \$ 299,520 which equates to \$2,496/child/pa or \$48/child/wk. Alternatively, it analyses to a building rate of \$518/m².

Confidential

Tenant	Confidential
Date	1 January 2024
Type	Rent review

A modern, purpose built centre within a new commercial building that opened in February 2018. The lease agreement commenced in November 2017 for a term of 15 years with two rights of renewal for 5 years. The centre is licenced for 98 children with the rental reviewed in January 2023 to \$286,569 pa equating to \$2,924.17/child/pa or \$56.23/child/week. We understand the centre has a rentable floor area of 500m² with the rental analysing to a building rate of \$573/m².

Confidential

Tenant	Confidential
Date	1 April 2023
Type	Rent Review

A commercial building of some 860m² that has been converted to a childcare facility with a licence for 100 children. The current rental set at review in April 2024 is \$272,497 which equates to a rental of \$2,724.97 per child pa, of \$52.40 per child per week. Alternatively, it analyses to a building rate of \$317/m².

Confidential

Tenant	Confidential
Date	20 February 2024
Type	New Lease

A large childcare centre was originally constructed in the mid-2000s then converted to a childcare centre around 2012 in a semi-rural area. The building is to be fully renovated and upgraded to accommodate 80 to 103 children with resource consent approved. The lease is agreed on 102 licensed children. 3 months rent free. MOE license hasn't been approved yet. Lease to be commenced on practical completion. The current rent is \$336,804 which equates to \$3,256/child/wk or \$62.62/child/wk. Alternatively, it analyses to a building rate of \$778/m².

Confidential

Tenant	Confidential
Date	1 February 2025
Type	Rent review

This is a 2019 purpose built childcare centre situated on a 1,618 square metre residential zoned site. This is a prominent location next to a major shopping centre and on a main connector road. It has been constructed to an average modern specification and incorporates a good level of internal fixtures and fittings. Licensed for 80 children. Current rent is \$220,000 which equates to \$2,750/child/pa or \$52.88/child/wk. Alternatively, it analyses to a building rate of \$541/m².

Confidential

Tenant	Confidential
Date	1 April 2025
Type	Rent review

A circa-2002 built purpose-built single level childcare centre with licence for 50 children on a 713 square metre site. Basic design and presentation and occupies an irregular shaped site. To the rear there is an outdoor play area with shade canopies, storage garage, concrete paving, boundary fencing and landscaping. The current rent is \$120,000 which equates to \$2,400/child/pa or \$46.15/child/wk. Alternatively, it analyses to a building rate of \$449/m².

Confidential

Tenant	Confidential
Date	23 December 2024
Type	Rent Review - CPI

This property comprises a converted office building into a childcare facility that is licenced for 110 child placements. The structure has an area of approximately 535m² and was fully retrofitted to provide a very good standard of accommodation. There are two separate playground areas provided which are fully fenced.

The premise has a shared carpark with a block of studio units and is positioned on a rear site. The rental set at review is \$335,327 which equates to \$3,048/child/pa or \$58.62/child/wk. Alternatively, it analyses to a building rate of \$627/m².

7.3 Rental Evidence Conclusions

Summary

The rental evidence comprises larger centres with licence capacities of between 50 – 130 children, while floor areas range from 267m² through to 860m². These centres are either modern purpose built facilities comparable to the subject facility or are modern conversions of existing commercial buildings. This category of property is typically analysed on a rate per child basis, either per annum or per week and we have included both for convenience.

A building rate per square metre of rentable floor area can also be analysed and we have also analysed on this basis for reference, however this metric tends to be less reliable in relation to childcare facilities, and the rate per child is seen as the primary metric of analysis.

The rental parameters indicated by the above rental evidence can be summarised as follows;

Component	Rental Rate Range
Rental per child per annum	\$2,400 - \$3,256 /child/pa
Rental per child per week	\$46.15 - \$62.62 /child/wk
Building Rate	\$317 - \$856 /m ²

The subject centre is rather unique in its construction and design with a number of smaller, independent structures whereas the majority of centres comprise a large buildings or occasionally two. The centre is well appointed with good quality fixtures and fittings and the outdoor areas are well developed.

The most comparable sales are summarised as follows;

27 Hobsonville Road is smaller centre and is an older building though the interior is well presented and well appointed, and in this regard it is comparable to the subject pods. The centre is licensed for 130 children and the rental analyses to \$3,120/child/pa or \$60/child/wk and is considered comparable to the subject.

99-203 Beach Haven Road is a modern purpose built centre that is licenced for up to 125 children and is understood to be well appointed internally and includes good onsite parking. The rental analyses to \$3,028/child/pa or \$58.23/child/wk and is considered broadly comparable to the subject.

[REDACTED] is a modern purpose built centre that is part of a larger commercial building and is licenced for 98 children. The centre is well presented and well located and the rental analyses to \$2,924/child/pa or \$56.23/child/wk. While the centre is considered broadly comparable to the subject in terms of quality, the rent review dates to January 2024 and is now somewhat light.

██████████ is an older mid-2000's building that was converted for childcare use circa 2012 in a semi-rural area. This is a new lease and appears based on a full renovation and upgrade of the centre. The rental analyses to \$3,256/child/pa or \$62.62/child/wk which is considered to cap the upper end of the rental range for the subject.

██████████ is a converted office building that now provides childcare facilities for up to 110 children. The building is understood to have been retrofitted to a very good standard and the rental which was set at a CPI review analyses to \$3,048/child/pa or \$58.62/child /wk.

Conclusions Based on our analysis of the available rental evidence, we have established an appropriate market rental range for the subject premises as follows:

Component	Rental Rate
Rental per child per annum	\$3,000 - \$3,250 /child/pa
Rental per child per week	\$58.00 - \$62.00 /child/wk
Building Rate	\$475 - \$525/m ²

7.4 Market Rent Assessment

Overview Having regard to the market evidence and consideration of the subject property, we assess the current market rental at \$3,120/child/pa or \$60/child/wk which equates to \$280,800 per annum. This analyses to a building rate of \$505/m² which lies comfortably within the range indicated by the evidence.

Net contract rent and net market rental are analysed as follows;

NET RENT SCHEDULE					
Tenant	Car Lic. Parks	Net Contract Rent		Net Market Rent	
		\$pa	\$rate	\$pa	\$rate
Conscious Education Limited					
Childcare Centre	90.0	287,937	62 per lic pwk	280,800	60 per lic pwk
Totals	90.0	-	287,937	62 per lic pwk	280,800 60 per lic pwk

8 Sales Evidence

Overview	To assist in establishing the Market Value of the property we have analysed relevant sales of investment properties. We summarise below brief definitions of salient valuation metrics to assist the reader.
Initial yield	The initial yield is the return on the current net income. It is calculated from a single period and is therefore implicit of inflation. It is calculated by dividing the net income by the sale price or value.
Yield on market income	This is the return that would be achieved with the income at market level. It is based on a single period and is therefore implicit of inflation. It is calculated by dividing the market income by the sale price or value.
Equivalent yield	The equivalent yield represents the return on market income but reflecting known value adjustments such as income shortfalls/surpluses, vacancy, leasing costs and other capital items that a market participant would recognise. It typically represents the relationship between passing and market income and is generally a 'weighted average' of the two.
Discount rate	This is the rate of return used to convert a monetary sum, payable or receivable in the future, into a present value. This represents the total return (capital and income) to the investor over a specified investment horizon, adjusted for inflation.
Weighted average lease expiry (WALE)	This is a risk measure and represents the weighted average period in which the leases will expire; it reflects the period in which the income from the property will be secure. The weightings have been calculated by income, but can also be calculated based on occupied area.

8.1 Investment Sales

SALES EVIDENCE								
Address	Sale Date	Sale Price	Initial Yield	Market Yield	Equivalent Yield	Discount Rate	WALE	Licence \$/child
Confidential	October 2023	\$2,047,500	8.00%	8.00%				\$27,300
Confidential	October 2024	\$2,070,000	N/A	6.40%	6.07%	7.53%		\$41,400
Confidential	October 2023	\$2,300,000	7.12%	7.12%	7.09%	9.13%	12.0 years	\$32,857
Confidential	September 2024	\$2,310,000	7.58%	7.58%	7.58%	9.15%	1.1 years	\$33,000
Confidential	August 2024	\$2,370,000	7.20%	7.39%	7.38%	9.36%	9.2 years	\$32,466
Confidential	October 2023	\$2,650,000	7.25%	7.25%	7.24%	10.51%	12.0 years	\$33,125
Confidential	October 2023	\$3,390,000	6.99%	6.85%	6.90%	8.60%	15.0 years	\$42,375
Confidential	November 2023	\$3,500,000	6.89%	6.89%	6.89%	8.40%	9.4 years	\$41,176
Confidential	August 2023	\$4,600,000	6.98%				16.0 years	\$46,465
Confidential	January 2025	\$4,700,000	6.38%	6.38%	6.37%	8.06%	11.4 years	\$39,167
Confidential	October 2023	\$5,100,000	6.08%	6.08%	6.08%	7.90%	11.9 years	\$38,346
Confidential	November 2023	\$5,300,000	7.14%	6.75%	6.95%	8.70%	13.3 years	\$42,400
Confidential	September 2023	\$5,300,000	6.69%	6.69%	6.69%	8.50%	15.0 years	\$42,742
Confidential	March 2024	\$5,800,000	6.17%	6.17%	6.18%	7.79%	16.8 years	\$55,238
Ranges		Min.	6.01%	6.00%	5.73%	7.36%	1.1 years	\$27,300/ch
		Max.	8.00%	8.00%	7.58%	10.51%	18.0 years	\$55,238/ch

8.2 Investment Sales Evidence Commentary

Confidential

Sale Date	October 2023		
Sale Price	\$2,047,500		
Tenant	Confidential		
Initial Yield	8.00%	Discount Rate	N/A
Market Yield	8.00%	Weighted Av. Lease Expiry	N/A
Equivalent Yield	N/A	\$/Child	\$27,300

A modern purpose-built childcare facility constructed circa 2013 with a licence for 75 children. The property sold with a ten-year lease in place to a national tenant with over 20 centres throughout the country. We do not have full detail of the lease however the marketing agent advised it included built in rental growth and market review provisions. Given we have not been provided with full detail, we have weighted this evidence accordingly.

Comparability: A purpose built centre, an older building, smaller rentable area, smaller licence capacity, inferior

Confidential

Sale Date	October 2024		
Sale Price	\$2,070,000		
Tenant	Confidential		
Initial Yield	N/A	Discount Rate	7.53%
Market Yield	6.40%	Weighted Av. Lease Expiry	N/A
Equivalent Yield	6.07%	\$/Child	\$41,400

At the time of sale the building was being rebuilt from the floor up after a fire. Completion of the proposed works was included as part of the transaction and therefore this sale is effectively a new build and will provide a basic modern childcare facility of average quality and specification. The former centre had Resource Consent and MOE license for 50 children but it is large enough to potentially accommodate 130, subject to MOE criteria and Resource Consent. The purchaser intends to submit resource consent for 80 child placements on settlement. The increase in child placements is reflected in the agreed sale price.

Comparability: An older building, an industrial conversion, inferior quality of improvements

Confidential

Sale Date	October 2023		
Sale Price	\$2,300,000		
Tenant	Confidential		
Initial Yield	7.12%	Discount Rate	9.13%
Market Yield	7.12%	Weighted Av. Lease Expiry	12.0 years
Equivalent Yield	7.09%	\$/Child	\$32,857

A 2010 purpose built high spec childcare centre within an industrial area. Good onsite parking. Licenced for 70 children. Sold with a 12 year leaseback with annual CPI and 4 yearly market review.

Comparability: An older building, smaller rentable floor area, lower licence capacity, inferior location

Confidential

Sale Date	September 2024		
Sale Price	\$2,310,000		
Tenant	Confidential		
Initial Yield	7.58%	Discount Rate	9.15%
Market Yield	7.58%	Weighted Av. Lease Expiry	1.1 years
Equivalent Yield	7.58%	\$/Child	\$33,000

The property comprises a modern preschool/nursery complex originally built in the 2000s and converted to a early childhood education centre in 2019. It is positioned on an irregular shaped site on the large parcel with two paddocks. The preschool/nursery is licensed for 70 children including a maximum of 20 children under 2 years old. The property had a short residual lease term but likely to be renewed based on conversations with tenant who had recently taken the business over.

Comparability: Inferior quality of improvements, lower licence capacity, inferior location

Confidential

Sale Date	August 2024		
Sale Price	\$2,370,000		
Tenant	Confidential		
Initial Yield	7.20%	Discount Rate	9.36%
Market Yield	7.39%	Weighted Av. Lease Expiry	9.2 years
Equivalent Yield	7.38%	\$/Child	\$32,466

This is a purpose-built preschool licenced for 73 child placements. The building was constructed in 2018. The lease allows for annual CPI rent reviews. This sale has now gone unconditional but is awaiting settlement.

Comparability: A purpose built centre, lower licence capacity, inferior location

Confidential

Sale Date	October 2023		
Sale Price	\$2,650,000		
Tenant	Confidential		
Initial Yield	7.25%	Discount Rate	10.51%
Market Yield	7.25%	Weighted Av. Lease Expiry	12.0 years
Equivalent Yield	7.24%	\$/Child	\$33,125

This property comprises a circa 1990 single level structure originally developed as an industrial premise and has undergone significant refurbishment works for utilisation as a childcare facility. It is licensed for 80 child placements. Sold with a 12 year leaseback with 4 yearly market review and fixed 2% annual increase.

Comparability: An older building, industrial conversion, inferior quality of improvements, lower licence capacity

Confidential

Sale Date	October 2023		
Sale Price	\$3,390,000		
Tenant	Confidential		
Initial Yield	6.99%	Discount Rate	8.60%
Market Yield	6.85%	Weighted Av. Lease Expiry	15.0 years
Equivalent Yield	6.90%	\$/Child	\$42,375

A 2019 purpose-built childcare centre on a 1,562sqm freehold site situated a large terrace residential catchment. Licenced for 80 children. Sold with a new 15 year leaseback with annual 2% fixed increase and 4 yearly CPI. Reflects \$42,375 per child.

Comparability: A purpose built centre, smaller rentable floor area, lower licence capacity

Confidential

Sale Date	November 2023		
Sale Price	\$3,500,000		
Tenant	Confidential		
Initial Yield	6.89%	Discount Rate	8.40%
Market Yield	6.89%	Weighted Av. Lease Expiry	9.4 years
Equivalent Yield	6.89%	\$/Child	\$41,176

A split risk investment, anchored by a childcare centre with 11 years remaining on the current term and supported by a popular café returning \$241,134 plus GST p.a. with fixed annual rental increases. Older building almost completely reconstructed to create a purpose built childcare centre plus separate café situated in a suburban location. Licensed for 85 children. Reflects \$41,176 per child.

Comparability: An older building rebuilt for childcare purposes, slightly lower licence capacity, slightly lower WALT

Confidential

Sale Date	August 2023		
Sale Price	\$4,600,000		
Tenant	Confidential		
Initial Yield	6.98%	Discount Rate	N/A
Market Yield	N/A	Weighted Av. Lease Expiry	16.0 years
Equivalent Yield	N/A	\$/Child	\$46,465

A 2019 purpose built childcare centre licenced for 99 children, located on a road front site within the new high density residential development. Close to school. The building enjoys a high specification and has good on site parking. Sold with 16 years remaining lease terms plus further ROR's and annual CPI and market reviews.

Comparability: A purpose built modern centre, slightly larger licence capacity, comparable

Confidential

Sale Date	January 2025		
Sale Price	\$4,700,000		
Tenant	Confidential		
Initial Yield	6.38%	Discount Rate	8.06%
Market Yield	6.38%	Weighted Av. Lease Expiry	11.4 years
Equivalent Yield	6.37%	\$/Child	\$39,167

This property comprises a modern purpose-built childcare facility constructed circa 2016/2017 and is licenced for 120 child placements. It is situated on a rear site and accessed via a shared right of way with surrounding development being a mixture of residential and commercial. The long term lease includes allowance for annual fixed rental increases and market reviews six yearly.

Comparability: A purpose built centre, larger licence capacity, similar WALT, comparable

Confidential

Sale Date	October 2023		
Sale Price	\$5,100,000		
Tenant	Confidential		
Initial Yield	6.08%	Discount Rate	7.90%
Market Yield	6.08%	Weighted Av. Lease Expiry	11.9 years
Equivalent Yield	6.08%	\$/Child	\$38,346

A purpose built childcare facility constructed in 2009. The development is licenced for 133 child placements and is leased to a national operator with 70 centres throughout New Zealand. It was leased on a 15 year term with final expiry in 2050. All situated on a large, freehold site of 6,703m². The majority of the site is zoned residential Price reflects \$38,349 per child.

Comparability: An older purpose built centre, similar WALT, larger licence capacity, slightly superior

Confidential

Sale Date	November 2023		
Sale Price	\$5,300,000		
Tenant	Confidential		
Initial Yield	7.14%	Discount Rate	8.70%
Market Yield	6.75%	Weighted Av. Lease Expiry	13.3 years
Equivalent Yield	6.95%	\$/Child	\$42,400

A 2022 built high-specification childcare centre on a corner site adjacent to a neighbourhood centre in an established suburb. Good onsite parking to rear. Licenced for 125 children. Mixed housing urban zone. Sold with a 15 year lease with annual CPI and 7 yearly market review. Rent had been increased by CPI and was slightly above market. Reflects \$42,400 per child.

Comparability: A modern purpose built centre, larger rentable floor area, larger licence capacity, superior

Confidential

Sale Date	September 2023		
Sale Price	\$5,300,000		
Tenant	Confidential		
Initial Yield	6.69%	Discount Rate	8.50%
Market Yield	6.69%	Weighted Av. Lease Expiry	15.0 years
Equivalent Yield	6.69%	\$/Child	\$42,742

A modern purpose built childcare centre built in 2020 on a corner site, that is licenced for 124 children. Adjacent to a river. Above average building specification. Sold with a new 15 year leaseback with fixed 2% annual increase and 4 yearly market review. Leased at market level. Sale price reflects \$42,742 per child.

Comparability: A modern purpose built centre, larger rentable floor area, larger licence capacity, longer WALT, superior

Confidential

Sale Date	March 2024		
Sale Price	\$5,800,000		
Tenant	Confidential		
Initial Yield	6.17%	Discount Rate	7.79%
Market Yield	6.17%	Weighted Av. Lease Expiry	16.8 years
Equivalent Yield	6.18%	\$/Child	\$55,238

A new modern purpose-built childcare facility licensed for 105 child placements constructed to above average standard of specification. Leased for an 18 year term from 2023, with annual CPI increases and market reviews, four yearly. The property is situated within a developing residential location.

Comparability: A modern purpose built centre, larger rentable floor area, larger licence capacity, longer WALT, superior

8.3 Investment Profile

Overview	In establishing appropriate investment benchmarks for the property we have considered its investment profile in terms of:
Location	Located adjacent to a new residential subdivision within Upper Hutt. Situated on a corner site with good profile.
Building Quality	Good quality modern building, completed circa 2023.
Tenant Strength	The Tenant is an established early childhood education provider with centres in Papamoa, Pukekohe and Ngaruawahia. Additionally, parties associated with the Tenant have established other centres and early childhood related businesses.
Weighted Average Lease Expiry	The property has a WALT of 12.4 years. This would be considered long for a commercial property investment both locally and nationally.
Contract Rent vs Market Rent	The assessed market rental lies slightly below the contract rental. Rentals for new centres often lie at the upper end of the market as they are typically based on a return on investment to the developer.
Scale of	The property would be considered a mid-scale commercial property investment in the Wellington

Investment market.

8.4 Sales Evidence Conclusion

Conclusion A range in benchmarks is evident with key variables being location, building grade, lease security, and value quantum. The lower yields are consistently achieved where the investment is a well-located and a purpose-built centre, subject to long lease term and/or national tenant covenant. Affordability will also see yield compression.

In concluding the adopted investment parameters, we have particularly taken note of the following value drivers for the subject property:

- A modern purpose built facility
- Good quality, contemporary construction and design.
- Licenced for up to 90 children
- A WALT of 12.4 years
- Adjoins a new subdivision of approximately 700 new homes.

Considering all of the sales evidence discussed, together with the asset specific attributes highlighted in the SWOT and Risk Analysis Section of this report, we conclude investment parameters for the subject property as follows:

- Capitalisation Rate: 5.85%
- Target IRR: 7.50%

9 Valuation

9.1 Introduction

Highest and Best Use The Market Value of an asset will reflect its 'highest and best use'. The highest and best use is the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

The current use of the asset is the highest and best use.

Approaches and Methods In arriving at our opinion of value, we have considered relevant general and economic factors and have investigated recent sales and leasing transactions of comparable properties (as previously detailed).

We have utilised the following valuation approach(es) and methods as defined by IVS :

- Income Approach
 - Income Capitalisation Method
 - Discounted Cash Flow Method
- Market Approach
 - Comparable Transactions Method

9.2 Income Capitalisation Method

Overview This method encompasses the conversion of net market income to value via the application of a capitalisation rate (investment return). The basic premise of income capitalisation is that a property investor expects a pre-determined rate of return on their investment. The capitalisation rate varies according to several factors including risk, type & scale of investment, location, residual lease term and expected income and capital value growth. The two main variables, namely market income and capitalisation rate, are analysed from available rental and sales evidence.

The adopted fully leased net income has been capitalised in perpetuity from the valuation date at a capitalisation rate of 5.85%, which reflects the nature, location and tenancy profile of the property when compared with analysis of comparable sales evidence.

We have then made various capital adjustments to the calculated core value, including:

- Calculation of reversions to market rent.
- Capital expenditure allowances.
- Allowance for the fitout rental

Our valuation calculations are detailed as follows:

INCOME CAPITALISATION METHOD		
	Lic.	Market
RENTAL INCOME		
Conscious Education Limited	90.0	280,800
NET INCOME		280,800
CAPITALISED VALUE Capitalised In Perpetuity @ 5.85%		4,800,000
CAPITAL ADJUSTMENTS		
Tenant Rent Adjustments		
- PV of Rent Reversions		6,198
Other Income		
- PV of Fitout Rental @ 6.75% (34 mths)		37,659
Present Value of Capital Expenditure		
- Capital Expenditure (1.50% of Gross Income)	24 months	(11,246)
Total Adjustments		32,611
INCOME CAPITALISATION VALUE		4,832,611
INCOME CAPITALISATION VALUE ADOPTED		4,825,000
Sensitivity Analysis		
	5.600%	5,050,000
	5.850%	4,825,000
	6.100%	4,625,000

9.3 Discounted Cash Flow Method

Overview

The Discounted Cash Flow method allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. A wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure, costs associated with the initial purchase of the property, and also its disposal at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the commencement of the 11th year. The cash flow analysis comprises monthly income streams which we have discounted on a monthly basis.

The analysis proceeds on a before tax basis, and while we have not qualified any potential taxation benefits associated with the property, we are of the view that these are an issue which a prospective purchaser would reflect in its consideration. The analysis is predicated on the assumption of a cash purchase. No allowance for interest and other funding costs have been made.

Key Allowances & Assumptions

Accommodation Type	Forecast Rental Growth (10-year average)	Renewal Probability	Lease Up Period
Childcare	2.00%	50%	6.0 months

Capital Expenditure: Refer to Capital Expenditure section for specific comments.

Terminal Yield: 6.35%

In establishing the terminal capitalisation rate, we have had regard to anticipated market conditions at that time, locational and physical attributes and lease profile.

Target IRR: 7.50%

The adopted rate represents the overall rate of return to an investor over a specific investment horizon. This rate has been assessed based on our analysis of recent transactions, and the allowance and projections in our

cash flow. We provide our full workings as follows:

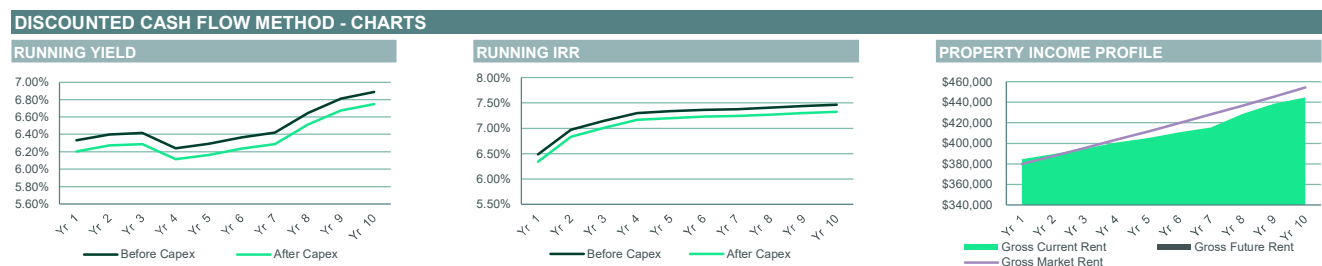
GROWTH ASSUMPTIONS												
Valuation Period		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Year Ending		Aug-26	Aug-27	Aug-28	Aug-29	Aug-30	Aug-31	Aug-32	Aug-33	Aug-34	Aug-35	Aug-36
	CAGR											
	5 yr											
	10 yr											
EXPENSE GROWTH												
CPI	2.03%	2.02%	2.07%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Statutory Expenses	2.03%	2.02%	2.07%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Operating Expenses	2.03%	2.02%	2.07%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capital Expenditure	2.03%	2.02%	2.07%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
NET MARKET RENT												
Childcare	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

FUTURE LEASE ASSUMPTIONS												
Valuation Period		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Year Ending		Aug-26	Aug-27	Aug-28	Aug-29	Aug-30	Aug-31	Aug-32	Aug-33	Aug-34	Aug-35	Aug-36
CHILDCARE												
	Unit											
	Default											
Renewal Probability	%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lease Up	mths	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Lease Term	yrs	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Lease Costs - New Leases	%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%

DISCOUNTED CASH FLOW METHOD - ANALYSIS												
PURCHASE CONSIDERATIONS				DCF SUMMARY				SENSITIVITY ANALYSIS				
Purchase Price	4,714,290			Discount Rate	7.50%							
Legal/Due Diligence	(5,886)	0.13%		DCF Result	4,708,405							
Other	-											
SELLING CONSIDERATIONS				ADOPT				Target				
Terminal Yield	6.35%			4,700,000			7.000%					
Agent Commissions	1.75%			Year 1 Cash Flow Yield	6.21%		7.500%		5,100	4,875	4,675	
Legal/Due Diligence	0.13%			Income %	45.69%		8.000%		4,925	4,700	4,525	
Other	-			Terminal Value %	54.31%				4,750	4,550	4,375	
				Terminal WALE by Income	2.43 yrs							

DISCOUNTED CASH FLOW METHOD - FORECAST												
Valuation Period		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Year Ending		Aug-26	Aug-27	Aug-28	Aug-29	Aug-30	Aug-31	Aug-32	Aug-33	Aug-34	Aug-35	Aug-36
INCOME												
Major Tenants												
Conscious Education Limited		288	291	294	298	300	304	306	317	325	329	332
Total Majors Income		288	291	294	298	300	304	306	317	325	329	332
Other Income												
Fitout Rental		14	15	12	-	-	-	-	-	-	-	-
Total Other Income		14	15	12	-	-	-	-	-	-	-	-
Recoverable Outgoings												
		97	99	101	103	105	107	109	111	113	116	118
Total Income		399	404	407	401	405	411	415	428	439	445	450
OUTGOINGS												
Statutory Expenses		(43)	(44)	(45)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Operating Expenses		(54)	(55)	(56)	(57)	(58)	(60)	(61)	(62)	(63)	(64)	(66)
Total Outgoings		(97)	(99)	(101)	(103)	(105)	(107)	(109)	(111)	(113)	(116)	(118)
NET INCOME		302	306	306	298	300	304	306	317	325	329	332
CASH FLOW ADJUSTMENTS												
Ongoing Capex Allowance (1.50% of Gross Income)		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)
Total Adjustments		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)
NET INCOME (incl Cash Flow Adjustments)		296	300	300	292	294	298	300	311	319	322	325
SELLING CONSIDERATIONS												
Sale Price												5,378
Agent Commissions												(94)
Legal & Other Fees												(7)
Net Sales Proceeds												5,277
NET CASH FLOW		296	300	300	292	294	298	300	311	319	322	5,277
Running Cash Yield (After Capex)		6.21%	6.27%	6.29%	6.11%	6.16%	6.24%	6.29%	6.51%	6.67%	6.75%	-

DISCOUNTED CASH FLOW METHOD - CALCULATIONS				TERMINAL VALUE - CALCULATIONS			
Sum of Discounted Cash Flows		2,154,083		Gross Market Income		460,243	
PV of Terminal Value		2,560,207		Less Outgoings		(117,950)	
				Net Market Income		342,294	
				Core Capital Value @ 6.35%		5,390,451	
NPV (before Acquisition Costs)		4,714,290		Reversions		-	
Acquisition Costs @ 0.13%		(5,886)		Exp. Allowances (24 months)		-	
NPV		4,708,405		Capex & Misc		(12,681)	
DCF VALUE ADOPTED		4,700,000		Terminal Value (before disp. costs)		5,377,770	



9.4 Comparable Transactions Method

Overview This method utilises information about transactions involving assets that are the same as (or similar to) the subject asset to arrive at an indication of value, using appropriate units of comparison. In this instance we have analysed the comparable sales evidence to a rate per square metre of land and/or buildings.

Direct comparison using the Comparable Transactions Method is considered to be one of the best methods of valuation however seldom are any two properties directly comparable due to differences in age, floor area, quality, location, lease terms and cash flows.

This approach considers Market Value by comparing directly the property with sales of other similar properties. A unit of comparison is analysed, in this instance the rate per licenced child, in order to provide a practical basis of comparison where evidence is limited to properties with fewer similarities. Adjustments for a range of variables may also need to be considered.

Our calculations are as follows;

COMPARABLE TRANSACTIONS METHOD - LETTABLE AREA		
Licenses		90.0 sqm
	<u>Rate \$per License</u>	<u>Calculated Value</u>
	52,700	4,743,000
	52,750	4,747,500
	52,800	4,752,000
Comparable Transactions Method Value Adopted		4,750,000
\$per License		52,778

9.5 Valuation Reconciliation

Valuation Reconciliation Having regard to these methods and the available market evidence, we have reconciled the market value for the subject property as follows:

VALUATION RECONCILIATION		Date of Valuation: 31 August 2025
Income Capitalisation Method	Assessed Value	4,825,000
	Capitalisation Rate	5.85%
Discounted Cash Flow Method	Assessed Value	4,700,000
	Target IRR	7.50%
	Terminal Yield	6.35%
Comparable Transactions Method - Lettable Area	Assessed Value	4,750,000
	\$per License of Licenses	52,750
MARKET VALUE ADOPTED		4,775,000
	Initial (Passing) Yield	6.87%
	Equivalent Yield	5.92%
	Reversionary Yield (Yield on Market Income)	5.88%
	Indicated IRR	7.33%
	\$per License of Licenses	53,056
	\$per License of Land Area	2,388
	WALE by Income	12.4 years

Further Comments We have applied an equal weighting between the adopted methods.

The above valuation is plus GST (if any).

9.6 Mortgage Recommendation

Mortgage Recommendation Our report is undertaken for mortgage security purposes and may be relied upon by ASB Bank Limited for the advance of first mortgage funds only. In undertaking our valuation, we have observed the requirements of IVS 400 Real Property Interests and ANZVGP 112 – Valuations for Mortgage and Loan Security Purposes. We confirm that the property is satisfactory for the advance of first mortgage funds only and recommend lending within normal first mortgage lending parameters.

9.7 Additional Reporting

Previous Sale A sale and purchase agreement dated 9 July 2021 was agreed for purchase of the property “off the plans” prior to construction, at a sale price of \$4,800,000 plus GST, later increased by a deed of variation to \$5,018,000 plus GST (if any).

Contract of Sale As far as we are aware, the property is not being marketed for sale or is subject to a sale and purchase agreement.

Reasonable Marketing Period Under current market condition, we consider a selling period of 3-6 months is reasonable.

10 Disclaimers & Qualifications

Valuation Subject To Change	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including because of general market movement or factors specific to the particular property). For the avoidance of doubt, this may include global financial crises or force majeure events. We do not accept liability for losses arising from such subsequent changes in value. Furthermore, values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Lease Documentation	Where applicable, our assessment of value is provided on the assumption that all leases are executed and that individual lease provisions are in accordance with the tenancy information provided.
Disclosure	CBRE must be advised if the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting CBRE first to reassess any effect on the valuation.
Taxation & GST	Unless otherwise stated, all financial information and valuation calculations and assessments in this report are on a plus GST (if any) basis. We are not tax experts and have not been provided with tax or legal advice. The Reliant Party must make its own enquiries if they consider that GST applies.
Site Survey	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Parties should confirm this status by obtaining a current survey report and/or advice from a registered surveyor.
Property Titles	We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by our title search which may affect market value. However, if a future title search is undertaken which reveals additional easements or encumbrances, CBRE should be consulted to reassess any effect on the value stated herein.
Environmental Conditions	Unless otherwise stated, we have assumed that the site is free of elevated levels of contaminants or subsoil asbestos that would prevent the continuation of the current use of the property. Note our visual inspection is an inconclusive indicator of the actual site condition. We make no representation as to the actual environmental status of the subject property. If any formal testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon without first consulting CBRE to reassess any effect on the valuation.
Flooding Caution	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability, or currency of the flood mapping reviewed. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary, amend the valuation.
Asbestos/Hazardous Materials	Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess the valuation.
Planning Information	We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us. If a Land Information Memorandum (LIM) report is obtained, and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.

Inclusions & Exclusions	Our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant/operator) or are used in connection with the enterprise carried on within the property.
Side Agreements	If the Reliant Party becomes aware of any side agreements, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Floor Areas	Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance with the Property Council of New Zealand (PINZ PCNZ) Guide to Measurement of Rentable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from PINZ PCNZ guidelines. If the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to CBRE for consideration and possible review of the valuation.
Condition & Repair	We are not building/structural experts and are therefore unable to certify the structural soundness of the improvements. Unless otherwise stated, we have not sighted a qualified engineer's structure survey of the improvements, or its plant and equipment. Any Reliant Parties would need to make their own enquiries in this regard. Unless otherwise stated, we have not sighted a structural report on the property, nor have we inspected unexposed or inaccessible portion of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials considered hazardous.
Currency	All dollars are NZ\$.
LIM & PIM	Unless otherwise stated, we have not obtained Land Information Memoranda (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.
Lease Covenant Strength	We do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. We assume that tenants are capable of meeting their financial obligations and there are no undisclosed rental arrears or breaches of covenant.
Site Conditions	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).
Not a Structural Survey	We state that this is a valuation report, and not a Structural Survey.
Director's Clause	Under required circumstances, this report may have been co-signed by a Director of CBRE. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that they have discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.
Reliance	For the avoidance of doubt, nothing in this valuation report will constitute any legal recommendation or advice in relation to investment, or an offer or solicitation for the purpose of or for sale of any securities, financial instrument or products or other services. CBRE are not liable to any purchasers and/or investors in their own decisions in relation to any purchasing or investments from the services provided.
Market Movement	Values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.

Extent of Investigations	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct any further investigations considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions	Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Party accepts that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may influence the valuation.
Information Supplied by Others	This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity we have relied upon the information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed by you, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. The Reliant Party acknowledges that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may influence the valuation.
Future Matters	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
Industry Practice	Subject to the assumptions and qualifications detailed within, this valuation report is prepared and issued in accordance with the International Valuation Standards published by the IVSC and adopted by PINZ, as well as relevant and applicable valuation guidelines published by the PINZ as Guidance Papers, Technical Information Papers and Valuation Protocols.

APPENDICES

A. Record of Title



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




R. W. Muir
Registrar-General
of Land

Identifier 982474
Land Registration District Wellington
Date Issued 15 March 2022

Prior References
854341

Estate Fee Simple
Area 2000 square metres more or less
Legal Description Lot 200 Deposited Plan 558888

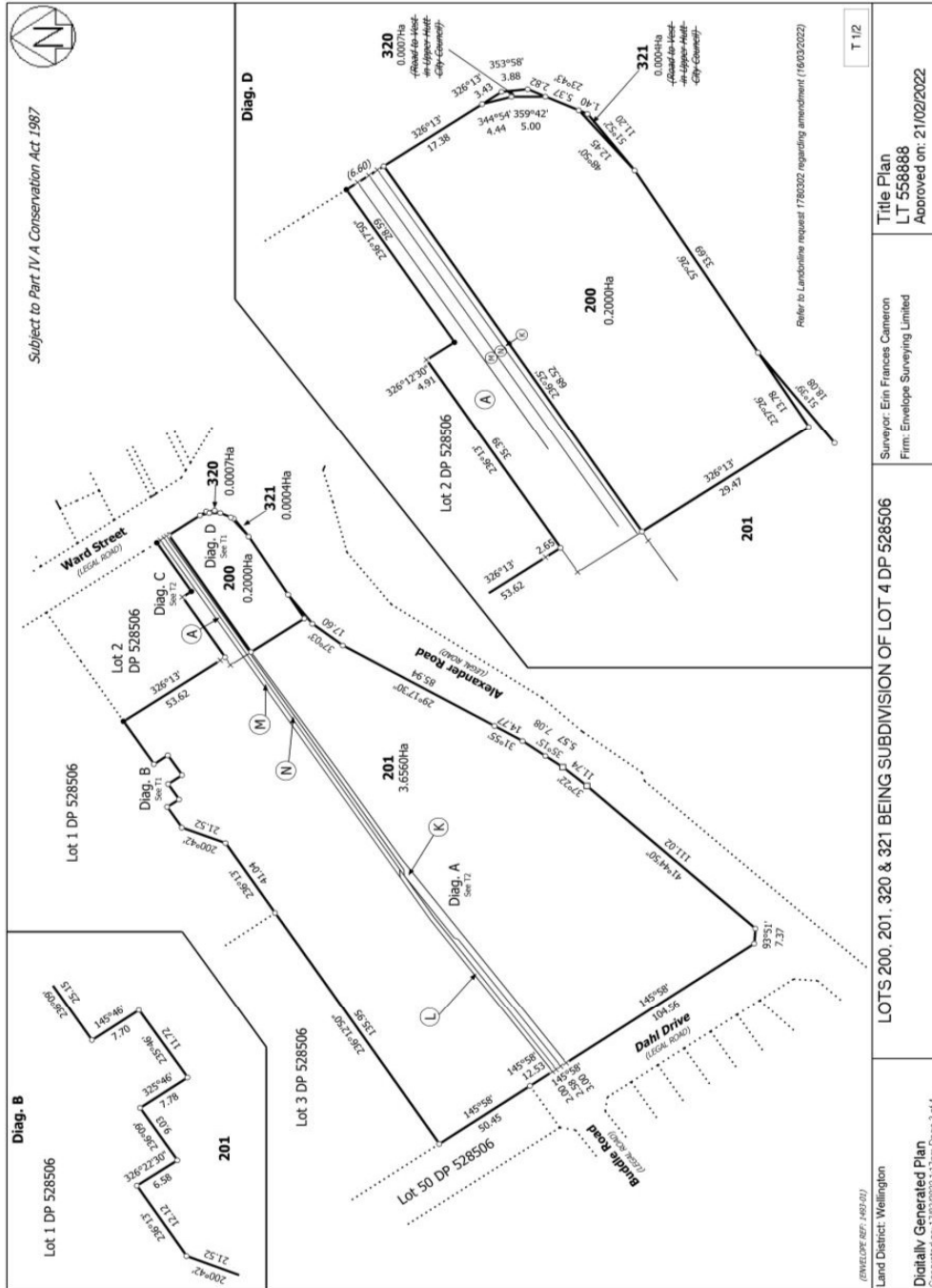
Registered Owners
Alexander Ward Limited

Interests

Subject to Part IV A Conservation Act 1987
Subject to Section 11 Crown Minerals Act 1991
6929949.1 Compensation Certificate pursuant to Section 19 Public Works Act 1981 - 3.7.2006 at 9:00 am
Appurtenant hereto are rights to drain sewage and rights to drain water created by Easement Instrument 7486594.5 - 2.8.2007 at 9:00 am
Land Covenant in Easement Instrument 9659786.1 - 6.5.2014 at 5:05 pm
Land Covenant in Easement Instrument 10059320.1 - 26.6.2015 at 12:49 pm
Land Covenant in Easement Instrument 10059320.2 - 26.6.2015 at 12:49 pm
Land Covenant in Easement Instrument 10215980.1 - 29.10.2015 at 9:28 am
Land Covenant in Easement Instrument 10215980.2 - 29.10.2015 at 9:28 am
Land Covenant created by Easement Instrument 10948058.15 - 9.11.2017 at 4:14 pm
11201625.1 Partial Surrender of the land covenant created by Easement Instrument 10059320.2- 23.10.2018 at 9:20 am
Land Covenant in Easement Instrument 11201625.5 - 23.10.2018 at 9:20 am
Appurtenant hereto is a right of way created by Easement Instrument 11290227.3 - 7.12.2018 at 5:04 pm
The easements created by Easement Instrument 11290227.3 are subject to Section 243 (a) Resource Management Act 1991
Land Covenant in Covenant Instrument 12073872.1 - 31.3.2021 at 4:16 pm
12396164.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 15.3.2022 at 3:59 pm
Appurtenant hereto is a right of way, right to convey water and right to drain sewage created by Easement Instrument 12396164.3 - 15.3.2022 at 3:59 pm
The easements created by Easement Instrument 12396164.3 are subject to Section 243 (a) Resource Management Act 1991
Land Covenant (in gross) in favour of Wallaceville Developments (No 2) Limited created by Covenant Instrument 12396164.4 - 15.3.2022 at 3:59 pm
12420402.4 Mortgage to Westpac New Zealand Limited - 5.5.2022 at 4:41 pm

Identifier

982474

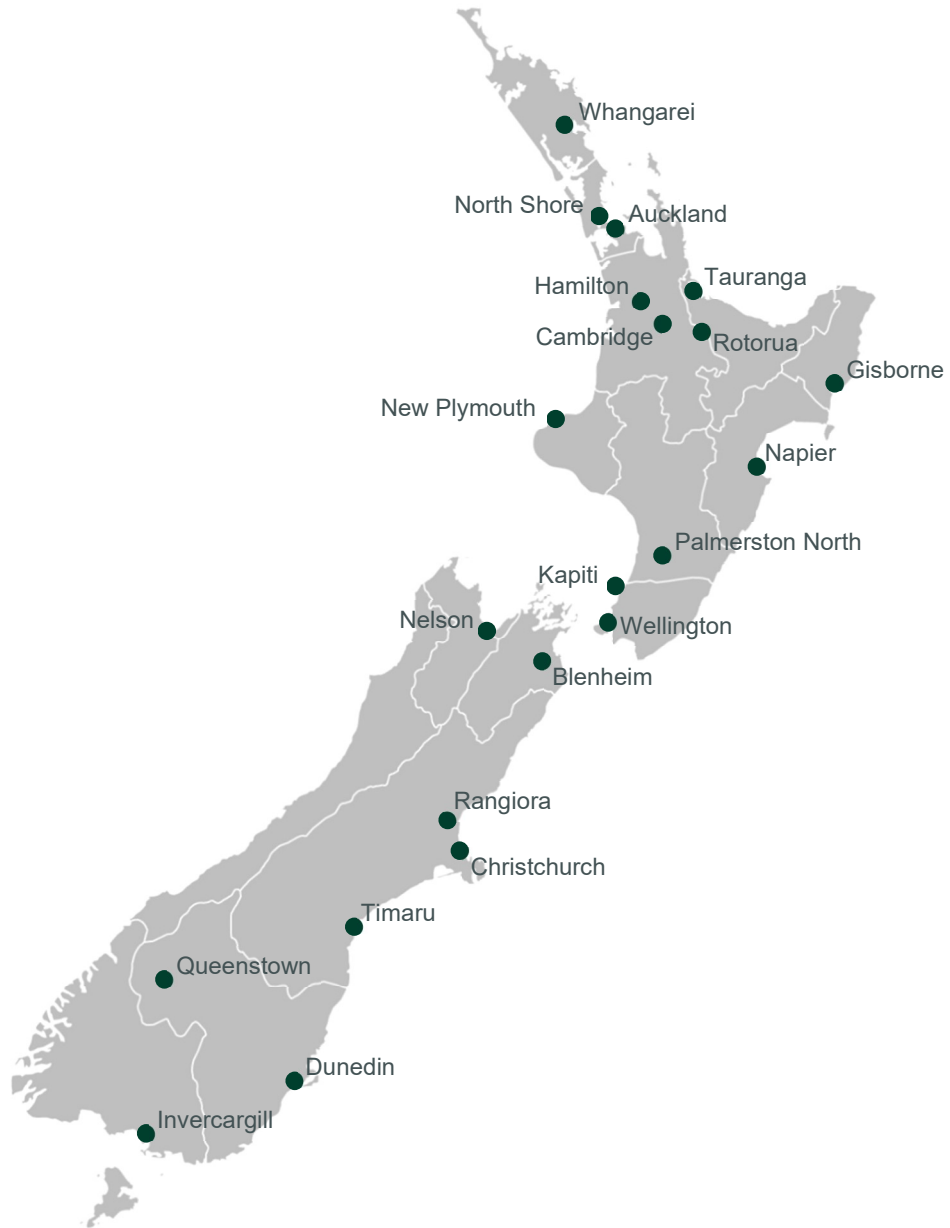


T 1/2
Title Plan LT 558888 Approved on: 21/02/2022
Surveyor: Erin Frances Cameron Firm: Envelope Surveying Limited
LOTS 200, 201, 320 & 321 BEING SUBDIVISION OF LOT 4 DP 528506
(ENVELOPE REF: 1483107) Land District: Wellington Digitally Generated Plan Generated on: 17/03/2022 11:17pm Page 3 of 4

B. Valuation Terminology & Definitions

Terminology	Definition
Net Income Estimate, Fully Leased	The total current net income for the subject property plus the estimated income from vacant tenancies. The total current net income is the sum of the current base, outgoing recoveries and sundry income, less total outgoing expenses (including non-recoverable expenses). The estimated income from vacant tenancies reflects our market assessment of gross rent for these tenancies.
Net Passing Income	The sum of the current base, outgoing recoveries and sundry income, less total outgoing expenses (including non-recoverable expenses).
Outstanding Tenant Incentives	The total cost of all outstanding tenant incentives as at the date of valuation including unexpired rent free periods, outstanding fitout or cash contributions and rental discounts.
Initial Yield	Initial yield reflects the net contract income (including any outgoing for vacant tenancies) as a percentage of the assessed value.
Adopted Capitalisation Rate (or Equivalent Yield)	The capitalisation rate applied within our valuation to the net income estimate fully leased (as defined above). The term equivalent yield (as utilised within our analysis of comparable sales) essentially reflects a derived capitalisation rate based on the analysed purchase price adjusted for any under/over renting, surplus land, capital expenditure, vacancy allowances and other below the line adjustments.
Terminal Yield	The capitalisation rate applied within our valuation to the net passing income forecast during Year 11 of our Discounted Cash Flow (DCF) analysis. From this capitalised amount capital adjustments are made to arrive at a selling price for the property at the end of Year 10 of the DCF. Our adopted Terminal Yield is supported by the estimated terminal occupancy profile and the capital expenditure allowed throughout the cash flow, and at the end of the projection, which reflects efficient asset management practices in ensuring the property maintains its competitive position with its peer group.
Target Internal Rate of Return (IRR)	The discount rate applied to the annual net cash flows of the property and the hypothetical sale of the property at the end of Year 10 to arrive at the adopted value (excluding any balance land) using the Discounted Cash Flow method.
Ten Year IRR (Indicated)	The Internal Rate of Return which the property would achieve over a 10 year period given the forecast net cash flow and assessed value. This analysis excludes the value of any balance land.

CBRE OFFICE LOCATIONS



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