

Value and Risk Advisory

Valuation Report

Childcare Facility

15 Castlepoint Drive, Takanini, Auckland

| | |
|--------------------------|---------------------------|
| Prepared For | PMG Direct Childcare Fund |
| Valuation Purpose | Capital Raise |
| Valuation Date | 19 August 2025 |



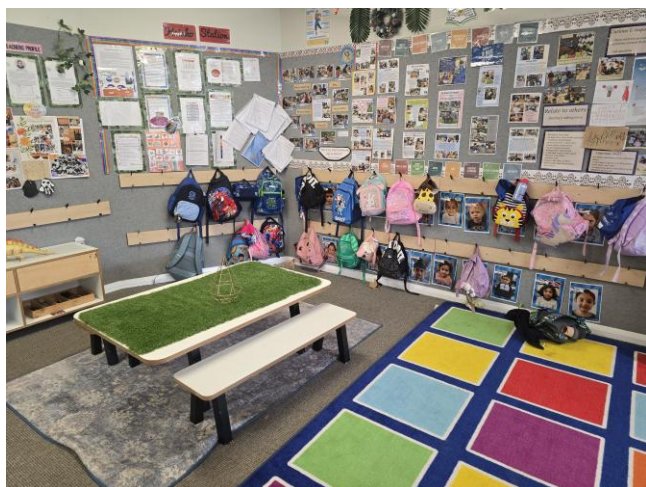
Photo of Property



Aerial Image of property (Source: Emap)

Executive Summary

Childcare Facility - 15 Castlepoint Drive, Takanini, Auckland



Adopted Market Value

\$5,050,000 plus GST, if any
Five Million Fifty Thousand Dollars plus GST, if any

Property Description

The property comprises a modern childcare facility situated at 15 Castlepoint Avenue in the South Auckland suburb of Takanini. The Centre was constructed in 2019 and has a floor area of approximately 517 sqm. It is licenced for a maximum of 99 children and has been fitted out to provide various activity areas, reception and staffroom, kitchen, laundry, bathrooms and children's sleep room. The northern yard provides a fully fenced outdoor play area and 16 car parking spaces are located in front of the building.

BestStart Educare Limited occupy the property on a twenty-year lease term which commenced on completion in 2019, with one further term of ten years. The current net contract rental is \$342,224 per annum plus GST, or \$66.48 per child per week, with annual rent reviews to the greater of CPI or 2%.

Property Details

| | |
|------------------------------------|---|
| Client Name and Intended User | PMG Direct Childcare Fund |
| Valuation Purpose and Intended Use | Market Valuation for Capital Raise |
| Valuation Date | 19 August 2025 |
| Report Date | 25 September 2025 |
| Basis of Value | Market Value in accordance with IVS – Effective January 2025 |
| Valuation Currency | \$NZD – New Zealand Dollars |
| Instructing Party | Matthew White – PMG Funds |
| Zoning | Mixed Housing Suburban Zone – Auckland Council |
| Tenure | Freehold – Record of Title 800412 |
| Seismic Summary | Unknown seismic rating – not identified on the Earthquake Prone Building Register |
| Site Area | 1,487 sqm |
| Lettable Area | 517 sqm |

Valuation Analysis

| | | | |
|------------------------------------|-------|-----------------------------|-----------------------|
| Initial Yield | 6.78% | Rate / sqm of Lettable Area | \$51,010 |
| Equivalent Yield | 6.39% | Weighted Average Lease Term | 13.83 years by income |
| Internal Rate of Return (10 years) | 8.15% | Current Occupancy | 100.00% |

Tenancy Overview

Best Start Kauri Flats \$342,224 517 sqm

Financial Summary

Net Passing Income \$342,224
Net Market Income \$296,010

Income Capitalisation Method Assumptions

Adopted Cap Rate 6.375%
Allowance for Capex/Expiries 24 months
Market Income Capitalisation \$5,100,000
Passing Income Capitalisation \$5,000,000

DCF Method Assumptions

Discount Rate 8.250%
Terminal Yield 6.625%
Average Applied Rental Growth 2.27%
Value based on DCF Method \$5,000,000

Comparable transactions method assumptions

Number of licensed children 80 children
Adopted rate per child \$51,000
Value based on CTM \$5,000,000

Valuers

Glenn Loraine
Registered Valuer - Director
+64 21 225 2020
glenn.loraine@jll.com

Zac Chan BProp, BCom
Assistant Valuer
+64 21 0834 5226
zac.chan@jll.com

SWOT Analysis

Strengths

- Freehold tenure.
- Developing residential locality in Takanini.
- Modern centre which is likely to have limited capital expenditure requirements over the short to medium term.
- Tenant is a leading nationwide childcare operator.
- Annual CPI reviews (collared at 2% minimum).
- Remaining lease term of 13.8 years which is considered to be of a long term.
- Lease provides a 6-month bank guarantee.

Weakness

- Continued difficulty in the industry in attracting 'qualified' staff and there is a need to fill roll numbers.
- High level of competition in the wider area.
- Specialised property.
- We consider the contract rent to be above market levels.

Opportunities

- Market expectations for further interest rate compression in 2025.
- The government funded 20 free hours scheme for 3- to 5-year-olds.
- Potential for increased interest from investors in the childcare sector.
- Increase rental at market review (renewal).

Threats

- Potential disruption to global economic growth because of trade tariff policies implemented by the United States.
- Limited funding increases.
- Government policy changes to the ECE sector.
- Impact of new competition on occupancy levels and cashflow.

ESG Considerations

Environmental, Social and Governance (ESG) factors increasingly reflect a growing awareness and importance of sustainability and responsible governance in real estate, which are in turn, reflecting on decision making for both occupiers and investors. The introduction of a recommendation in the International Valuation Standards 2025 for valuations to incorporate consideration to ESG factors, will continue to reinforce the importance of these issues.

Key considerations we have had in our assessment of Market Value are as follows:

- **Risk Management:** Properties with strong ESG performance are better positioned to manage regulatory risks, environmental liabilities (e.g., flooding, seismic risks), and potential reputational damage. These properties are more likely to maintain compliance with emerging legislation and attract long-term investment.
- **Tenant Attraction and Retention:** Properties that prioritise tenant well-being and satisfaction—through amenities, safety measures, and sustainability initiatives—are more likely to achieve higher occupancy rates and longer lease terms. This directly affects rental income and the overall financial performance of the property.
- **Energy and Cost Efficiency:** Buildings that implement energy-efficient technologies and water management systems typically have lower operational costs, which improves their net operating income. Additionally, properties that invest in renewable energy and carbon reduction programs may benefit from tax incentives and reduced energy consumption, further enhancing their financial viability.
- **Investor Demand:** Investors are increasingly prioritising ESG factors when evaluating potential investments, as properties that excel in these areas are perceived as lower-risk, more resilient to market changes, and aligned with broader sustainability goals. This can lead to higher demand and, subsequently, higher property values.
- **Regulatory and Market Trends:** The shift towards net-zero emissions targets, coupled with stricter sustainability regulations, means that properties failing to meet ESG standards may face obsolescence, higher compliance costs, and reduced marketability. Conversely, properties with high ESG ratings may experience enhanced marketability, attracting socially conscious investors and tenants.

Our consideration of the buildings ESG factors are limited to our ability as property valuers, in terms of how we would expect a prudent purchaser or potential occupier to approach the subject property.

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Appendices

Appendix 1 – Assumptions and Limitations

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Appendix 3 – Record of Title

1 Introduction

1.1 Instructions

We refer to instructions requesting that we provide an opinion of Market Value for the freehold interest of 15 Castlepoint Drive, Takanini, Auckland (the Subject/Property), as at 19 August 2025 for and on behalf of PMG Direct Childcare Fund. We understand that the valuation is to be relied upon for Capital Raise purposes only.

This Valuation Report has been prepared to comply with the current International Valuation Standards and the Guidance Papers prepared by the Property Institute of New Zealand. We confirm that as part of our instruction:

- The Principal Valuer is independent of the parties associated with the Subject Property including the instructing party and intended users of this Valuation Report.
- The Principal Valuer is authorised under The Valuers Act 1948 to practice as a Registered Valuer and has satisfied required professional education requirements for an assessment of this type.
- The Principal Valuer is suitably experienced and able to undertake a Market Value assessment of the Subject Property, and where applicable, has sought the advice of suitably qualified professionals who hold locational expertise.
- The Principal Valuer has no interest in the Subject Property, Instructing Party, Landlord, Tenant, or manager of the Subject Property that would reasonably affect the ability to provide an unbiased opinion of Market Value.
- The professional fee charged in relation to the assessment of Market Value has not been contingent on any aspect of this assessment.
- The provision of advice in relation to the Subject Property has been performed in accordance with the Property Institute of New Zealand and New Zealand Institute of Valuers Code of Ethics and Conduct.
- The Principal Valuer has made a personal inspection of the Subject Property.

The following parties may rely on the content of this Valuation Report as the Intended Users:

- PMG Direct Childcare Fund – capital raise purposes

The Valuation Report is confidential to the intended users to which it is addressed, for the intended use to which it refers. No responsibility is accepted to any third parties.

This Valuation Report, any part of the Valuation Report, or a reference to the content of the Valuation Report may not be published in any document, statement or made available to third parties without the prior written approval of JLL.

The Valuation Report can only be relied upon if it has been received directly from JLL, without any third-party intervention.

1.2 Valuation and Inspection Dates

The key dates that are relevant for our valuation are shown below:

| | |
|-----------------|-------------------|
| Valuation Date | 19 August 2025 |
| Inspection Date | 19 August 2025 |
| Report Date | 25 September 2025 |

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

1.3 Basis of Valuation

Market Value

Our assessment of Market Value has been undertaken with reference to the definition of Market Value as set out in the International Valuation Standards – effective January 2025, and endorsed by the New Zealand Institute of Valuers and Property Institute of New Zealand, as outlined below:

“Market value is the estimated amount for which an asset and/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 confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

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

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

1.4 Relevant Valuation Standards

Our assessment of Market Value has been prepared primarily with reference to the following Valuation Standards and Guidance documents:

- International Valuation Standards – Effective January 2025
- ANZVGP 108 – Valuations for Use in Offer Documents
- ANZVGP 111 – Valuation Procedures – Real Property

Our assessment also considers supplementary Valuation Standards and Guidance Documents published by the Standards Board of the Property Institute of New Zealand, as well as relevant New Zealand and International Case Law that impacts the commercial property market and accepted rent review methodology.

1.5 Information Sources

We have been provided with the following by the Instructing Party:

- Tenancy Schedule and Lease Documentation
- Operating Expense Budget

We have additionally referred to the following:

- Record of Title particulars memorialised by Land Information New Zealand
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority
- Sale and Lease information provided by various industry sources, such as real estate agents, property managers and building owners.
- Research and property industry and economic forecasts prepared by JLL Research, NZIER and other commentators.

Our assessment of market rental is based on a significant amount of information that has been sourced from the instructing party and industry sources. We have relied upon the accuracy of the information provided to us, and accept no liability if there are subsequently found to be inaccuracies or mistakes in the information we have relied upon.

2 Property Details

2.1 Location

The subject property is situated on the eastern side of Castlepoint Avenue, one site to the north of the intersection with Grandfolia Road within a newly developed subdivision on the eastern fringe of Takanini, a South Auckland suburb approximately 30 kilometres south of the Auckland CBD.

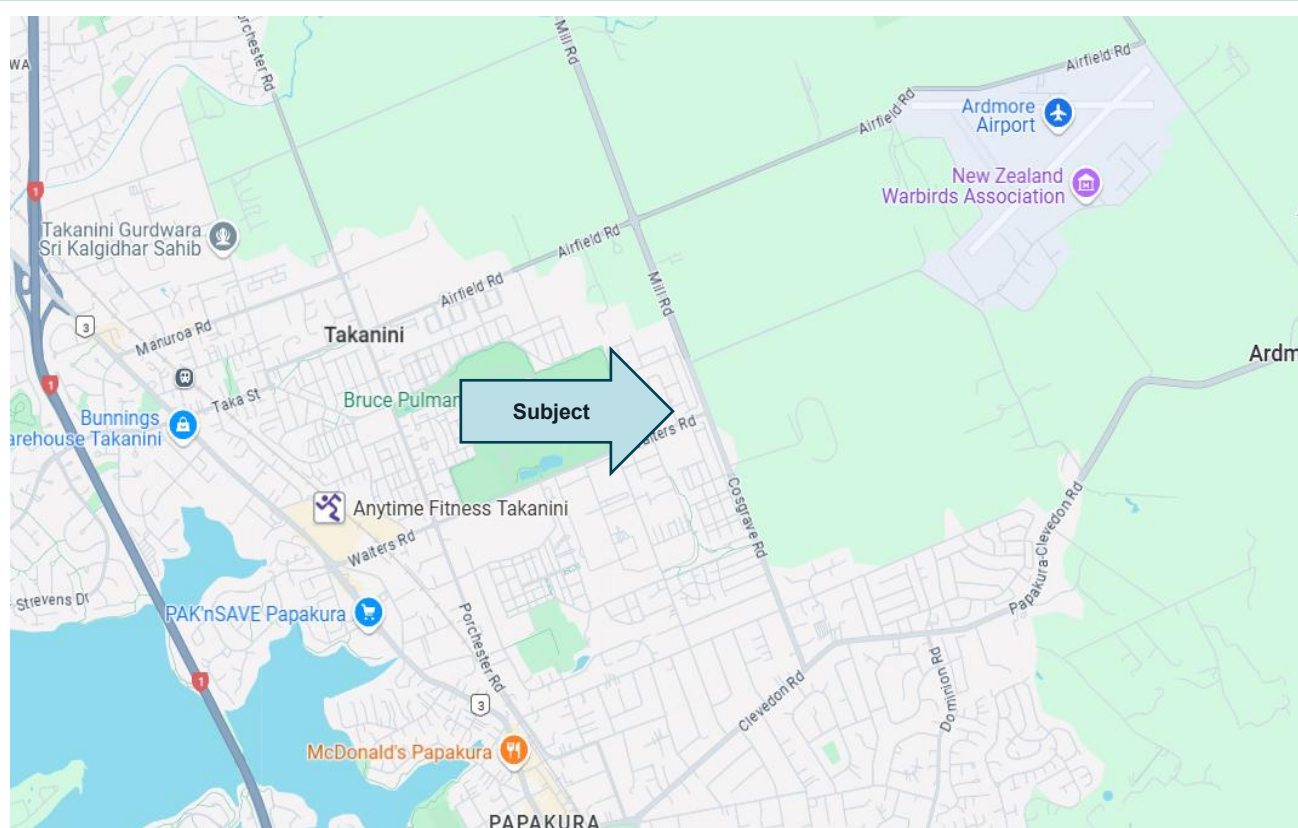
The immediate nearby surrounding area comprises predominately residential development with a predominance of new medium-density subdivision. The property is on the urban/rural fringe and further to the east are lifestyle blocks and farmland.

Childcare competition comes from the Creative Garden Early Learning Centre approximately 1.5 kilometres to the south of the subject plus another seven childcare services in the nearby Takanini area.

Approximately two kilometres west of the subject is the commercial centre of Takanini comprising various specialty and bulk retailers including the likes of The Warehouse, Countdown, Mitre 10 MEGA and the Takanini Town Centre.

Takanini is on the Southern commuter railway line with local stations in Takanini and Papakura. Additionally, the property is approximately three kilometres from the southern motorway system (SH1) with the nearest on/off-ramps being at Takanini.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title

| | |
|----------------------|--|
| Title Reference | 800412 |
| Tenure | Fee simple |
| Legal Description | Lot 103 Deposited Plan 515143 |
| Area | 1,478 square metres more or less |
| Registered Owner | PMG Direct Childcare Fund Trustees Limited |
| Registered Interests | <ul style="list-style-type: none"> ▪ 10919527.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 – 10.5.2018 at 2:07 pm ▪ Appurtenant hereto is a signage easement created by Easement Instrument 10919527.7 – 10.5.2018 at 2:07 pm ▪ Land Covenant in Easement Instrument 10919527.14 – 10.5.2018 at 2:07 pm ▪ Land Covenant in Easement Instrument 10919527.15 – 10.5.2018 at 2:07 pm ▪ 11167572.1 Surrender of the Land Covenant in Easement Instrument 10919527.15 over CT 800411 appurtenant hereto – 16.8.2018 at 4:28 pm ▪ 11167572.2 Surrender of the Land Covenant in Easement Instrument 10919527.15 over CT's 800404 & 800405 appurtenant hereto – 16.8.2018 at 4:28 pm ▪ Land Covenant in Easement Instrument 11167572.3 – 16.8.2018 at 4:28 pm ▪ Land Covenant in Easement Instrument 11167572.4 – 16.8.2018 at 4:28 pm ▪ 11167586.1 Surrender of the Land Covenant in Easement Instrument 10919527.15 over CT 800410 appurtenant hereto – 9.11.2018 at 3:57 pm ▪ Land Covenant in Easement Instrument 11167586.2 – 9.11.2018 at 3:57 pm ▪ 11167589.1 Surrender of Land Covenant 10919527.15 as to CT 807345 – 17.1.2019 at 4:44 pm ▪ Land Covenant in Easement Instrument 11167589.2 – 17.1.2019 at 4:44 pm ▪ 11304463.1 Surrender of the land covenant in Easement Instrument 10919527.15 as to RT 800403 – 20.2.2019 at 12:40 pm ▪ Land Covenant in Covenant Instrument 11304463.2 – 20.2.2019 at 12:40 pm ▪ 11167579.1 Surrender of the land covenant in Easement Instrument 10919527.15 as to RT 800406 – 12.6.2019 at 2:18 pm ▪ Land Covenant in Easement Instrument 11167579.2 – 12.6.2019 at 2:18 pm ▪ 11468281.1 Surrender of the land covenant in Easement Instrument 10919527.15 as to RT 807346 – 20.6.2019 at 10:17 am ▪ Land Covenant in Easement Instrument 11468281.2 – 20.6.2019 at 10:17 am ▪ 12854324.3 Mortgage to ASB Bank Limited – 31.10.2023 at 4:39 pm |

Source: Land Information New Zealand

We have considered these notifications in arriving at our opinion of value. We refer you to the Record of Title appended to this report.

Instruments of Note:

| Land covenant | Overall Description |
|--|--|
| Land Covenant in Easement Instrument 10919527.14 | <i>General covenants relating to subdivision, dwelling size, use, building materials, fencing pertaining to the surrounding subdivision .</i> |
| Land Covenant in Easement Instrument 10919527.15 | <i>Restricts surrounding properties from operating as a Childcare centre.</i> |
| Land Covenant in Easement Instrument 11167572.3 | <i>Surrounding properties are restricted from making any objections to the operation of a Child Care Centre or to any application for the resource consent of a Child Care Centre.</i> |
| Land Covenant in Easement Instrument 11167572.4 | |
| Land Covenant in Easement Instrument 11167586.2 | |
| Land Covenant in Easement Instrument 11167589.2 | |
| Land Covenant in Covenant Instrument 11304463.2 | |
| Land Covenant in Easement Instrument 11167579.2 | |
| Land Covenant in Easement Instrument 11468281.2 | |

2.3 Site Details

The site is rectangular in shape with a frontage of approximately 30 metres to Castlepoint Drive. The contour is generally level. The aerial photograph below shows the position of the improvements on the site.



Source: Emap

2.4 Resource Management

Auckland Unitary Plan – Operative in part (15 November 2016)

| | |
|----------------------|--|
| Local Authority | Auckland Council |
| Planning Instrument | Auckland Unitary Plan Operative in part (15 November 2016) |
| Zoning | <p>Mixed Housing Suburban</p> <p>The Residential – Mixed Housing Suburban Zone is the most widespread residential zone covering many established suburbs and some greenfields areas. Much of the existing development in the zone is characterised by one or two storey, mainly standalone buildings, set back from site boundaries with landscaped gardens.</p> <p>The zone enables intensification, while retaining a suburban built character. Development within the zone will generally be two storey detached and attached housing in a variety of types and sizes to provide housing choice. The height of permitted buildings is the main difference between this zone and the Residential – Mixed Housing Urban Zone which generally provides for three storey predominately attached dwellings.</p> |
| Objectives | <ul style="list-style-type: none"> ▪ Housing capacity, intensity and choice in the zone is increased. ▪ Development is in keeping with the neighbourhood's planned suburban built character of predominantly two storey buildings, in a variety of forms (attached and detached). ▪ Development provides quality on-site residential amenity for residents and adjoining sites and the street. ▪ Non-residential activities provide for the community's social, economic and cultural well-being, while being compatible with the scale and intensity of development anticipated by the zone so as to contribute to the amenity of the neighbourhood. |
| Permitted Activities | <p>Residential:</p> <ul style="list-style-type: none"> ▪ Up to two dwellings per site. ▪ The conversion of a principal dwelling existing as at 30 September 2013 into a maximum of two dwellings. ▪ Home occupations. |

| | |
|----------------------|---|
| | <ul style="list-style-type: none"> Supported residential care accommodating up to 10 people per site inclusive of staff and residents. Boarding houses accommodating up to 10 people per site inclusive of staff and residents. Visitor accommodation accommodating up to 10 people per site inclusive of staff and visitors. <p>Community:</p> <ul style="list-style-type: none"> Care centres accommodating up to 10 people per site excluding staff. <p>Development:</p> <ul style="list-style-type: none"> Demolition of buildings. Internal and external alterations to buildings. Accessory buildings. Additions to an existing dwelling. |
| Development Controls | <p>Building Height: 8m (+ 1m for 50% of roof)</p> <p>Height from boundary: 2.5m from side and rear</p> <p>Recession Plane: 45 degrees</p> <p>Yard: 3m front, 1m side and rear</p> <p>Maximum impervious area: 60%</p> <p>Building coverage: 40%</p> <p>Minimum Landscaped area: 40% of net site area</p> <p>Minimum unit floor area: 30m² - Studio 45m² - One bedroom</p> |
| Controls | <ul style="list-style-type: none"> Macroinvertebrate Community Index - Rural |
| Overlays | <ul style="list-style-type: none"> Natural Resources: High-Use Aquifer Management Areas Overlay [rp] - Clevedon West Waitemata Aquifer |
| Designations | <ul style="list-style-type: none"> Airspace Restriction Designations - ID 200, Ardmore Airport - Height Restrictions, Ardmore Airport Ltd Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International Airport Ltd |

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

2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 May 2024, being Assessment Number 36703/7796, is as follows:

| | |
|--------------------|-------------|
| Land Value | \$1,425,000 |
| Improvements Value | \$3,125,000 |
| Capital Value | \$4,550,000 |

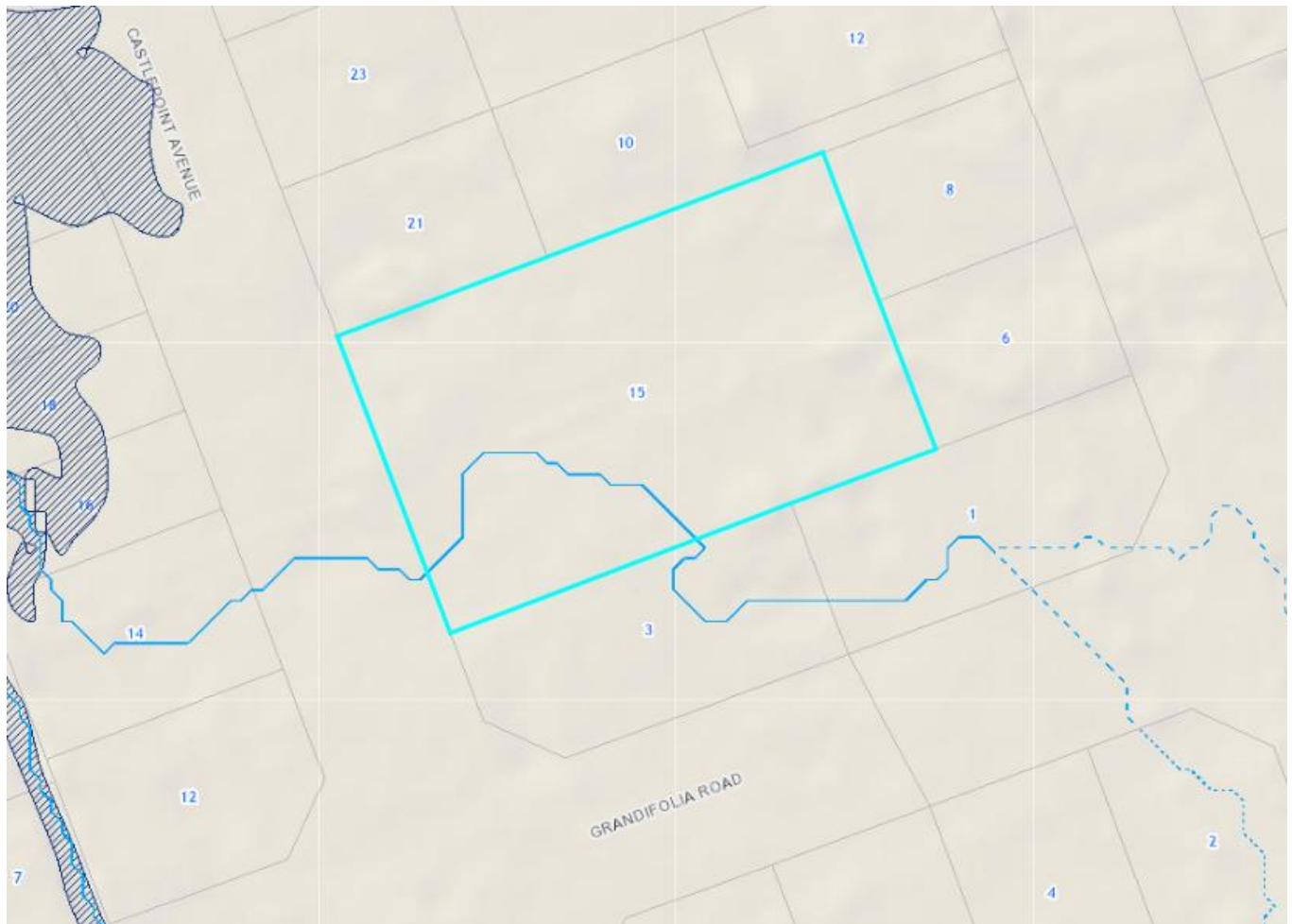
Rating valuations do not take account of a number of key issues affecting value, including land tenure and occupancy arrangements, and are often assessed on an indexed or desktop basis. As such, market and rating values may vary significantly.

2.6 Environmental Considerations

At our inspection of the property, we did not note any signs of land contamination. Importantly however we are not experts in contamination issues, and we have not been provided with an Environmental Audit. We have assumed that the property meets all relevant Health and Safety requirements. If the property's contamination status needs to be confirmed, we recommend third party advice is sought.

2.7 Identified Natural Hazards

We have reviewed the Auckland Council specific hazard information, and provide an excerpt of this information as below.



Source: Auckland Council

The property is affected by an overland flowpath which travels through part of the site. We have assumed for the purposes of this report adequate environmental engineering was conducted prior to achieving resource consent which will mitigate these issues. Should any information come to light that differs from the assumption above, we reserve the right to amend the valuation accordingly.

2.8 Heritage

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

2.9 Improvements

The subject comprises a purpose-built childcare facility with a floor area of approximately 517.4 sqm over two levels, plus a verandah of approximately 40.3 sqm on the eastern side of the building. The childcare centre also provides outdoor playground areas and an asphalt-sealed car park.

The building was constructed in circa 2019, with a mix of fibre cement (or similar) cladding panels and vertical cedar weatherboards to the exterior with a long run profiled metal roof. The interior of the building is predominately plasterboard with suspended acoustic tile ceilings.

The subject childcare operation has a licence for a maximum of 99 children, and has been fitted out to provide various children's activity areas, reception and staffroom, kitchen, laundry, bathrooms and a children's sleep room. To the exterior, is a fully fenced outdoor play area and 16 car parking spaces to the front of the building.



Internal – Classroom (from JLL's previous inspection in February 2025)



External – Playground

2.10 Construction

We briefly outline construction details to the building as follows:

| | |
|-------------------|---|
| Structure | Reinforced concrete slab foundation, timber framing. |
| External Walls | A combination of horizontal fibre cement (or similar) cladding panels and vertical shiplap cedar weatherboards. |
| Internal Walls | Painted plasterboard linings. |
| Roof | Profiled metal roofing |
| Ceiling | Plasterboard or tiled ceilings |
| Joinery | Aluminium |
| Lighting | A mixture of recessed spots, surface-mounted and pendant lighting. |
| Windows And Doors | Aluminium framing and double glazed windows and doors. |
| Key Services | Wall mounted air conditioning, smoke alarms. |

2.11 Lettable Areas

The Property's total Lettable Area is approximately 517 square metres. A summary of this Lettable Area is detailed as follows:

| Building floor area | |
|----------------------------|--------------------------|
| Accommodation/level | Lettable area |
| Childcare | 517 |
| Total lettable area | 517 square metres |
| Total car parking | 16 spaces |

The lettable areas have been surveyed by Yeomans and are dated March 2018. The plans are appended to the lease document.

2.12 Condition and Repair

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

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

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We confirm that we have sighted a Warrant of Fitness for the property current through to 6 June 2025, and therefore assume that the property complies with the provisions of the Compliance Schedule.

The Health and Safety at Work (Asbestos) Regulations 2016 place requirements on building owners and occupiers in terms of assessing the risks associated with asbestos within buildings. Worksafe New Zealand recommend that buildings constructed before January 2000 are assessed for materials likely to contain asbestos, and if found, formulate a management plan.

As the building was constructed after January 2000 we have not sought further information on asbestos within the property.

2.13 Capital Expenditure Allowances

We have made capital expenditure allowances within our valuation as follows:

- Our sinking fund allowance is based on \$15.00 per square metre of NLA

These assumptions equate to the following amounts through the 10 year DCF period:

| Capital Expenditure | | | | |
|---------------------|----------------------------|--------------|-----------------|----------|
| Year | Budgeted (post escalation) | Sinking Fund | Capex on Expiry | Total |
| Current | \$0 | | \$0 | \$0 |
| Year 1 | \$0 | \$8,021 | \$0 | \$8,021 |
| Year 2 | \$0 | \$8,262 | \$0 | \$8,262 |
| Year 3 | \$0 | \$8,522 | \$0 | \$8,522 |
| Year 4 | \$0 | \$8,778 | \$0 | \$8,778 |
| Year 5 | \$0 | \$9,041 | \$0 | \$9,041 |
| Year 6 | \$0 | \$9,312 | \$0 | \$9,312 |
| Year 7 | \$0 | \$9,591 | \$0 | \$9,591 |
| Year 8 | \$0 | \$9,879 | \$0 | \$9,879 |
| Year 9 | \$0 | \$10,176 | \$0 | \$10,176 |
| Year 10 | \$0 | \$10,481 | \$0 | \$10,481 |

2.14 Seismic Considerations

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

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

| | |
|---------------------------------------|----------------------------|
| Year of Building Construction | 2018 |
| National Risk Zone | Low |
| Compliance with New Building Standard | Assumed 34% NBS or greater |

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

We have not been provided with any documentation pertaining to the seismic integrity of the subject, however given the age and quality of improvements which comprise a two level building in a low risk zone, we believe that the absence of a seismic report would not be a material detriment on the market value of the property however may be required by a purchaser in the event of a sale.

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

3 Property Income and Expenditure

3.1 Tenancy Overview

We summarise below the lease agreement for the tenant:

| Lease Summary | Best Start |
|---------------------------------|--|
| Documents reviewed | Deed of Lease (signed and dated 25 June 2019). |
| Lessee | Best Start Educare Limited |
| Demised premises | The premises situated at 15 Castlepoint Avenue, Takanini described as Lot 103 DP 515143 comprised in Record of Title 800412 containing an internal area of 517.4m ² , verandah area of 40.3m ² and a playground area of 502.9m ² . |
| Car parks | 16 |
| Lease term and options | Twenty (20) years plus one right of renewal of ten (10) years |
| Commencement date | 6 June 2019 |
| Expiry date | 6 June 2039 |
| Final expiry date | 5 June 2049 |
| Commencement rent | \$270,400 plus GST per annum |
| Current rent | \$342,224 plus GST per annum |
| Rental review provisions | <p>CPI rent reviews: On each anniversary of the commencement date (except on market review dates) to the greater of 2% increase or CPI.</p> <p>Market rent reviews: Market rent review on the tenth anniversary of the commencement date and on the renewal date providing the rent payable shall not be increased or decreased by more than 7% of the annual rental payable immediately before review.</p> |
| Outgoings recovery | Net lease – standard building operating expenses are recoverable from the tenant. |
| Permitted use | Licensed child care facility. |
| Special provisions | <p>Bank Guarantee The Tenant shall procure a registered trading bank to deliver to the Landlord a bank guarantee guaranteeing an amount equal to 6-months rent inclusive of GST.</p> <p>Signage The Tenant will have the right to erect signage on the Premises as shown on the Signage Plan annexed as the Eighth Schedule in accordance with the provisions of clause 19.1 of the Second Schedule.</p> |
| Landlords fixtures and fittings | <p>Exterior Doors and Windows Aluminium joinery and double glazing Skylights x3</p> <p>Fire Safety Type 4 manual fire alarm system with automatic smoke detection</p> <p>Air Conditioning Heat pumps x14 internal units and associated external units Mechanical toilet exhaust and fan</p> <p>Electrical Services Phase 100 amp power connection In built sound system to playspaces Keypad lock to playspaces</p> <p>Communication Services Fibre connection for telephone services</p> <p>Hydraulic Services Commercial cold water supply Hot water cylinders x1 25mm double check valve backflow preventer Low pressure sewer grinder pump</p> <p>Other</p> |

| | |
|----------------------|---|
| | Full kitchen fixtures, fittings and cabinetry (excluding appliances) |
| | Full laundry fixtures, fittings and cabinetry (excluding appliances) |
| | Art bench fixtures, fittings and cabinetry |
| | Bathroom fittings and tapware |
| | Staff room and office cabinetry |
| | Reception desk and cabinetry |
| | All floor coverings (carpet and vinyl) |
| | Outdoor area fencing and retaining |
| | Landscape areas |
| Emergency provisions | Standard ADLS 'No Access In Emergency' provisions apply (Refer 27.5 & 27.6 of Deed of Lease). |

Our calculation of the property's Weighted Average Lease term is as noted below:

| Weighted average lease term remaining | Years |
|---------------------------------------|-------|
| By area | 13.83 |
| By income | 13.83 |

3.2 Building Outgoings and Recoveries

The lease is structured on a net basis, with the tenants being responsible for payment of rates and other property expenses in addition to premises rental. We have adopted the following allowances for building outgoings within our calculations:

| Adopted property outgoings | Per annum | Per sqm of lettable area |
|----------------------------|-----------------|--------------------------|
| Statutory charges | \$22,946 | \$44.35 |
| Operating expenses | \$11,716 | \$22.64 |
| Total Outgoings | \$34,662 | \$66.99 |

We consider that the adopted outgoings rate of \$66.99 per square metre of Lettable Area to be comparable with other developments

3.3 Income Analysis

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

| Passing rental analysis | | |
|-----------------------------|------------------|----------------|
| Lettable area rental | \$342,224 | 90.80% |
| Outgoings recovery | \$34,662 | 9.20% |
| Gross passing income | \$376,887 | 100.00% |
| Outgoings | \$34,662 | |
| Net passing income | \$342,224 | |

3.4 Tenancy Schedule

Our understanding of the Property's occupancy situation is detailed in the tenancy schedule below:

| Tenant name | Premises | Lettable area | Car parks | Lease start | Lease expiry | Lease term | Next review | Review frequency | Review type | Premises rental | Rental / sqm | Carpark rental | Car Park pcpw | Outgoings recovery | Recovery / sqm |
|------------------------|-----------|---------------|-----------|-------------|--------------|------------|-------------|------------------|-------------|-----------------|--------------|----------------|---------------|--------------------|----------------|
| Best Start Kauri Flats | Childcare | 517.4 | 16 | Jun 2019 | Jun 2039 | 20.0 years | Jun 2026 | 1 yearly | CPI | \$342,224 | \$661 | \$0 | | \$34,662 | \$67 |
| Aggregate | | 517.4 | 16 | | | | | | | \$342,224 | | \$0 | | \$34,662 | |

4 Market Commentary

4.1 Economic Overview

As at 19 September 2025:

| New Zealand Economic Indicators | |
|---------------------------------|---|
| Consumer Price Index (CPI) | As at 30 June 2025, annual CPI rose 2.7%, which was slightly below RBNZ expectations and up from the previous three quarters. This represents the fourth consecutive quarter where inflation has remained within the RBNZ's target band of 1% to 3%, though it continues to track near the upper end of this range. |
| Gross Domestic Product (GDP) | In the June 2025 quarter New Zealand's GDP contracted by 0.9%, which was sizeably weaker than both RBNZ and market expectations. GDP per capita also fell by 1.1%. This result follows two quarters of positive GDP growth, with annualised GDP growth remaining negative at 1.1%. |
| Official Cash Rate (OCR) | On 20 August 2025, the RBNZ cut the OCR by a further 25bps to 3.00%, in line with market expectations, following mixed signals of key economic indicators within the New Zealand economy. This decision continues the Committee's easing cycle, with a more dovish tone to their commentary than expected. The future trajectory of the OCR will be data dependent as the New Zealand economy recovers slowly, with scope to lower the OCR further if needed. |
| Government Bonds | The 90-day Bank Bill Benchmark Rate (BKBM) stands at 2.95%, while 10-year bond yields are 4.27%. |
| Unemployment Rate | In the June quarter of 2025, New Zealand's unemployment rate rose to 5.2%, which is the highest rate recorded since September 2020. Although this increase was slightly below market expectations, unemployment has risen 1.5% over the past 24 months due to current economic conditions. |
| Net Migration | As at 31 July 2025, New Zealand recorded a net migration gain of approximately 13,100 people over the preceding 12 months, which represents a substantial drop from the previous years' net gain of approximately 63,600 people. New Zealand's reported net migration continues to remain at similar levels to November 2022, which followed the post-pandemic border-reopening. |

With respect to New Zealand wider market statistics, we summarise the following:

| New Zealand Wider Market Statistics | |
|-------------------------------------|---|
| Residential Market | REINZ reports that in August 2025 the total number of sales fell by 3.7% year-on-year nationally, with the REINZ national median house price also decreasing to \$761,000, or by -0.5%. Auckland's median house price however rose 1.5% up to \$964,000. The national median days to sell is currently 48 days, falling 2 days from the previous year. |
| Building Consents | Tighter financial conditions and low confidence has continued to have an impact on the construction sector with the number of residential consents issued having slightly decreased in the year ending July 2025, with a total of 33,879 consents issued. This is down 0.1% from the same time in 2024 although is down approximately 33% from the peak in mid-2022. Commercial construction also remains relatively subdued although the total value of consents issued for the year ending July 2025 rose marginally totalling \$9.01 billion, up 0.8% from a year prior. This remains consistent with the pipeline of work remaining soft for non-residential construction. Price fluctuations may impact this data, with non-residential construction prices (as measured by the capital goods price index) down 0.2% for the year ended June 2025. |
| Construction | As per the RLB Forecast Report for Q2 2025, the long-term outlook for the construction industry remains positive despite a relatively disappointing recovery to date. Although there are signs of an uptick in residential construction, non-residential construction contracted further with the pipeline of work remaining soft. Interestingly, non-residential construction cost inflation reached its lowest level in over ten-years, with a 0.2% increase over the quarter, or 1.8% year-on-year, which indicates spare capacity within this sector. The short-term outlook for this sector however remains uncertain following global economic variability. |

4.2 Childcare Centre Commentary

There has been an expansion in the demand and level of services and care for early childhood care and education throughout New Zealand, reflecting both demand from parents and the Government's focus on the value of early childhood education.

An early childhood education and care (ECE) centre is a non-compulsory education and care service available for children aged up to 6 years, and is defined in the Education and Training Act 2020 as *premises that are used regularly for the education or care of 3 or more children (not being children of the persons providing the education or care or children enrolled at a school who are being provided with education or care before or after school) under the age of 6 years by day (or part of a day) but not for any continuous period of more than 7 days.*

Should the above service meet these criteria, it must be licensed under the Education (Early Childhood Centres) Regulations 2008, unless specifically exempted from this requirement by the Ministry of Education.

For ECE centres the regulations state that there must be no more than 150 children aged 2 years and over attending at any one time, and no more than 25 children under 2 years attending at any one time unless otherwise approved by the Secretary. The number of licence places achievable is dependent on the indoor and outdoor activity space requirements and the various other regulations including minimum standards for safety, management and staffing ratios.

ECEs provide sessional, all day, or flexible hour programmes for children from birth to school age. These may be privately owned, non-profit making or operated as an adjunct to the main purpose of a business or organisation. The majority of privately owned early childhood services are ECEs. Other early childhood services include home-based services and play centres. Kindergartens provide ECE services including sessional programmes for mainly three- and four-year-old children, with these being generally a mixture of privately owned and also community-based centres. In addition, Kōhanga Reo provide early childhood services which are operated under guidelines established by the Te Kōhanga Reo National Trust.

The Ministry of Education undertook a major review of early childhood education with the result being a 10-year Strategic Plan called In 'He taonga te tamaiti: Every child a taonga – The Early Learning Action Plan 2019-2029' which was announced in December 2019. The three main goals are increased participation and quality of Early Childhood Education services, improved quality of Early Childhood Education services and the promotion of collaborative relationships. The Strategic Plan and funding is also tied in with the focus on qualified staff with the funding rates which are in bands, depending on the ratio of qualified staff to children, reflecting the Government's strategy/focus.

In terms of the revenue achieved by the operation of an Early Childhood Education Centre, this is generally from two main sources being the Government funding from the Ministry of Education which pays a subsidy to childcare centres dependant on occupancy, and the quality of teacher services provided. The other main revenue source is private fees obtained from parents/caregivers. In general, the private fees obtained from parents on a weekly basis can range widely with these amounts dependant on the socio-economic location and the type and quality of services provided by the centre. The government subsidises up to 30 hours per week of education and care per child. Part of the 30 hours may include the higher 20-Hour ECE funding should the child be eligible.

The advent of the 20 hours free early childhood education has also no doubt had an impact on some businesses/operations, this being available for children aged 3, 4 or 5 years old.

Key highlights outlined within the Annual ECE Census Summary Report 2024 (published in February 2025) are as follows:

Participation

- The number of children attending licensed early childhood services increased from 191,602 in June 2023 to 194,597 in June 2024 (a 2% increase).
- The number of children attending licensed early childhood services increased for all ages except for children under 2. Children aged 3 had the greatest increase in numbers of children attending between 2023 and 2024.
- Education and Care centres continued to be the most common service type attended. 71% of the children participating in ECE during the census week were at an education and care centre.

Services

- There were 4,409 licensed early childhood services as of the June 2024. This is a 5% decrease in the number of licensed early childhood services since 2019: from 4,652 in 2019, to 4,409 in 2024.
- In 2024, occupancy rates for education and care services increased from the previous year to 78%. Occupancy rates for kindergartens remained at 81% and playcentres remained at 51%.
- In 2024, the proportion of services with wait lists for children aged under 2 decreased compared to 2023 (a 5.8 percentage point decrease for under 1-year-olds and a 5.1 percentage point decrease for 1-year-olds). The proportion of services with wait lists for children aged 2 or over decreased (a 2.0 percentage point decrease for 2-year-olds, 1.1 percentage point decrease for 3-year-olds, 1.1 percentage point decrease for 4-year-olds).

Teaching staff

- There were 33,309 teaching staff (qualified and unqualified) at licensed early childhood services and Te Kura (the Correspondence School) in June 2024. This was a 1% decrease from 33,736 in 2023.
- The number of qualified teaching staff increased by 2%, from 23,340 in 2023 to 23,699 in 2024; unqualified teachers decreased by 8% from 10,396 to 9,610.
- The proportion of Māori teaching staff who were qualified teachers increased to 68%, from 66%, and remained at 66% for Pacific teaching staff.

- The number of home-based educators at licensed home-based services decreased by 10% from 3,937 in 2023 to 3,534 in 2024. The number of Home-based Educators has fallen each year since 2018, when there were 7,700 Home-based Educators.

5 Leasing Evidence

5.1 Leasing Evidence

In assessing a market rental profile for the accommodation, we have had regard to recent rental evidence of childcare centres in the wider Auckland area. The evidence we have considered provides a range of \$55 to \$62 per child per week.

This section has been redacted for confidentiality purposes.

Based on the available evidence we have adopted a market rental of **\$57.50 per child per week**.

5.2 Net Income Assessment

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

| Passing versus market comparison | Passing per annum | Market per annum |
|--|-------------------|------------------|
| Rental Analysis | | |
| Lettable area rental | \$342,224 | \$296,010 |
| Outgoings recovery | \$34,662 | \$34,662 |
| Gross income | \$376,887 | \$330,672 |
| Outgoings | \$34,662 | \$34,662 |
| Net income | \$342,224 | \$296,010 |
| Potential net income fully leased | \$342,224 | \$296,010 |

5.3 Market Rental Profile

We have assessed the market rental profile for the property on a net basis. Our adopted market rental profile is as summarised below:

| Tenant name | Premises | Lettable area | Car Parks | Next review/expiry | Review type | Contract rental | Rental / sqm | Car park pcpw | Recovery / sqm | Ideal recovery | Net market / sqm | Gross market / sqm | Car park pcpw | Net market rental |
|------------------------|-----------|---------------|-----------|--------------------|-------------|-----------------|--------------|---------------|----------------|----------------|------------------|--------------------|---------------|-------------------|
| Best Start Kauri Flats | Childcare | 517.4 | 16 | Jun 2026 | CPI | \$342,224 | \$661 | | \$67 | \$67 | \$572 | \$639 | \$0 | \$296,010 |
| Aggregate | | 517.4 | 16 | | | \$342,224 | | | | | | | | \$296,010 |

6 Sales Evidence

6.1 Sales Transactions

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions which we retain on file.

This section has been redacted for confidentiality purposes.

We have adopted the following valuation inputs to apply to our assessed market rent:

| Valuation input | |
|---------------------|--------------------|
| Capitalisation rate | 6.375% |
| Discount rate | 8.250% |
| Rate per child | \$51,000 per child |

6.2 Subject Sale History

The subject property last transacted on 21 August 2023 for \$4,600,000 plus GST (if any).

7 Valuation Methodology

7.1 Valuation Approach

The valuation of commercial property in the New Zealand market has historically employed a combination of Income and Market Valuation Approaches. For investment properties, particular emphasis has been placed on the Income Capitalisation and Discounted Cash Flow Methods, while the Comparable Transactions Method has served either as a primary valuation approach or as a corroborative measure.

In formulating our opinion of Market Value, JLL has utilised a proprietary Valuation Model. This model has been developed to ensure calculations are performed with transparency, accuracy, and adherence to our internal standards of best practice methodology. The Valuation Model has undergone testing over an extended period and has been adopted for use as part of this valuation assessment.

The Valuation Model employed in our calculations incorporates the following Valuation Methods:

- **Income Capitalisation Method:** Involves determining a sustainable net income from the property and applying a capitalisation rate as a measure of expected return. Adjustments are made to the core value for items such as under/over renting, required capital expenditure, or current/upcoming vacancy. Calculations are undertaken on a static basis, as a snapshot in time, reflecting the valuer's opinion of the long-term sustainable net income from the property, considering both the Market and Contract Income methodologies.
- **Discounted Cashflow Method:** Forecasts the expected cashflow performance from the property over a 10-year period, based on our understanding of property and market-specific factors, such as key lease events, capital expenditure requirements, and likely growth in rental income and costs over the long term. The DCF method benchmarks, at the valuation date, what a prudent purchaser would consider the likely long-term cashflows from the property and applies an adopted Discount Rate to determine a net present value.
- **Comparable Transactions Method:** Comprises analysis of recent sales or leasing transactions of similar properties or premises to provide a basis for comparison (e.g., on a rate per child), alongside adjustments for factors such as location, quality, or time, to determine the likely market or market rental value of the subject property.

We detail the assumptions within our valuation approaches below.

7.2 Income Capitalisation Method

We have adopted a core capitalisation rate of 6.375%, with our calculations summarised below:

| Income capitalisation method | | |
|--|--------------------|--------------------|
| Rental income | Contract income | Market income |
| Lettable area rental | \$342,224 | \$296,010 |
| Ideal Outgoings Recovery (Full Net Leases) | \$34,662 | \$34,662 |
| Total rental income | \$376,887 | \$330,672 |
| Less outgoings expenditure | (\$34,662) | (\$34,662) |
| Net rental income | \$342,224 | \$296,010 |
| Core Income Capitalised at 6.38% | \$5,368,227 | \$4,643,294 |
| Value adjustments | | |
| Present value of existing rental reversions | (\$308,331) | \$430,852 |
| Present Value of Short Term Capital Expenditure: 24 months | (\$15,349) | (\$15,349) |
| Total value adjustments | (\$323,680) | \$415,503 |
| Total capitalised value | \$5,044,547 | \$5,058,797 |
| Adopted capitalised value (say) | \$5,000,000 | \$5,100,000 |

From our core value, present value adjustments (for rental reversions and short-term CAPEX) where appropriate have been made in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Rental Reversions

From the core value, we have added/deducted the present value of tenant rental reversions, which represents the present value of rental overage for the existing tenancy relative to our adopted rental profile.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$15,349.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$5,100,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

| Sensitivity analysis | | Contract approach | Market approach |
|------------------------------------|---------------|--------------------|--------------------|
| (0.25%) | 6.125% | \$5,200,000 | \$5,300,000 |
| Adopted capitalisation rate | 6.375% | \$5,000,000 | \$5,100,000 |
| 0.25% | 6.625% | \$4,900,000 | \$4,900,000 |

7.3 Discounted Cash Flow Method

We have undertaken a discounted cash flow analysis over a 10-year investment horizon to derive a net present value for the Property.

Discount Rate

In assessing an appropriate target discount rate for the property, we have considered primarily the analysis of recent comparable or benchmark property sales, the current level of risk free return, discussions with active property investors as well as consideration of the property's specific investment attributes.

We have applied a target discount rate of 8.250% to the cash flows to produce a present value of \$5,000,000. Our DCF calculations are summarised overleaf:

| Discounted cashflow summary | | Year ending | 18-Aug-2026 | 18-Aug-2027 | 18-Aug-2028 | 18-Aug-2029 | 18-Aug-2030 | 18-Aug-2031 | 18-Aug-2032 | 18-Aug-2033 | 18-Aug-2034 | 18-Aug-2035 | 18-Aug-2036 |
|---|-------------|-------------|----------------------|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | |
| Rental income | | | | | | | | | | | | | |
| Lettable area and car park income | | | \$344,013 | \$351,168 | \$358,482 | \$364,312 | \$366,133 | \$373,456 | \$380,925 | \$388,544 | \$396,314 | \$404,241 | \$0 |
| Outgoings recovery | | | \$34,662 | \$35,823 | \$36,898 | \$38,060 | \$39,202 | \$40,378 | \$41,589 | \$42,837 | \$44,122 | \$45,446 | \$0 |
| Gross rental income | | | \$378,675 | \$386,991 | \$395,380 | \$402,372 | \$405,335 | \$413,834 | \$422,515 | \$431,381 | \$440,437 | \$449,687 | \$0 |
| Rental deductions | | | | | | | | | | | | | |
| Outgoings expenditure | | | (\$34,662) | (\$35,823) | (\$36,898) | (\$38,060) | (\$39,202) | (\$40,378) | (\$41,589) | (\$42,837) | (\$44,122) | (\$45,446) | \$0 |
| Net rental cashflow | | | \$344,013 | \$351,168 | \$358,482 | \$364,312 | \$366,133 | \$373,456 | \$380,925 | \$388,544 | \$396,314 | \$404,241 | \$0 |
| Rental adjustments | | | | | | | | | | | | | |
| Unexpired incentives - capital contribution | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capital expenditure | | | (\$8,021) | (\$8,262) | (\$8,522) | (\$8,778) | (\$9,041) | (\$9,312) | (\$9,591) | (\$9,879) | (\$10,176) | (\$10,481) | \$0 |
| Net cashflow | | | \$335,992 | \$342,906 | \$349,960 | \$355,534 | \$357,092 | \$364,144 | \$371,334 | \$378,664 | \$386,139 | \$393,760 | \$0 |
| Purchase price | \$5,050,000 | After Costs | (\$5,050,000) | | | | | | | | | | |
| Sale Price | \$5,700,000 | After Costs | | | | | | | | | | | |
| Annual Cashflow | | | (\$4,714,008) | \$342,906 | \$349,960 | \$355,534 | \$357,092 | \$364,144 | \$371,334 | \$378,664 | \$386,139 | \$393,760 | \$5,586,000 |
| Present Value of Rental Cashflow | | | \$2,490,787 | | | | | | | | | | |
| Present Value of Terminal Value | | | \$2,528,261 | | | | | | | | | | |
| Allowance for Acquisition Costs | | | \$0 | | | | | | | | | | |
| Total Net Present Value (say) | | | \$5,000,000 | Resulting IRR | 8.15% | | | | | | | | |

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

Revenue Projections

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

Growth Rates

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

| Growth | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|-----------|--------|--------|--------|--------|--------|--------|-----------------|--------|--------|---------|
| Childcare | | | | | | | 10 year average | | 2.27% | |
| | 1.50% | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.25% | 2.25% |
| CPI | | | | | | | 10 year average | | 2.03% | |
| | 2.09% | 2.05% | 2.18% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Capex | | | | | | | 10 year average | | 3.05% | |
| | 3.35% | 3.00% | 3.15% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Outgoings | | | | | | | 10 year average | | 3.05% | |
| | 3.35% | 3.00% | 3.15% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |

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

Capital Expenditure

Within our calculations we have made capital expenditure allowances for any known upcoming costs, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances we have made are as summarised below, split between capex associated with a tenancy expiry or renewal, and general property expenditure:

| Cash Flow Year | Tenancy Capex | Building Capex | Total Capex |
|---------------------------------------|---------------|---------------------------------|-----------------|
| Year 1 | \$0 | \$8,021 | \$8,021 |
| Year 2 | \$0 | \$8,262 | \$8,262 |
| Year 3 | \$0 | \$8,522 | \$8,522 |
| Year 4 | \$0 | \$8,778 | \$8,778 |
| Year 5 | \$0 | \$9,041 | \$9,041 |
| Year 6 | \$0 | \$9,312 | \$9,312 |
| Year 7 | \$0 | \$9,591 | \$9,591 |
| Year 8 | \$0 | \$9,879 | \$9,879 |
| Year 9 | \$0 | \$10,176 | \$10,176 |
| Year 10 | \$0 | \$10,481 | \$10,481 |
| 10 Year Total | \$0 | \$92,062 | \$92,062 |
| Capex as a proportion of Value | 1.8% | Per Sqm of Lettable Area | \$177.93 |

The above allowances have been adjusted for forecast CPI movements throughout the cash flow.

Estimated Terminal Sale Price

We have applied a terminal yield of 6.625% (a 25.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value of the property, we have primarily had regard to the increased age of the property at the end of the cashflow and likely occupancy and net income profile for the property.

Transaction Costs

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

| Transaction Costs | |
|-------------------|--------------------------------------|
| Acquisition Costs | Nil |
| Disposal Costs | 2.00% of the forecast Terminal Value |

Sensitivity Analysis

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

| Discount Rate | Terminal Yield | | |
|---------------|----------------|--------------------|-------------|
| | 6.375% | 6.625% | 6.875% |
| 8.00% | \$5,200,000 | \$5,100,000 | \$5,000,000 |
| 8.25% | \$5,100,000 | \$5,000,000 | \$4,900,000 |
| 8.50% | \$5,000,000 | \$4,900,000 | \$4,900,000 |

7.4 Comparable Transactions Method

The Comparable Transactions Method involves analysis of comparable sales in order to derive a rate per licenced child, which after making appropriate allowances for physical and locational characteristics is then applied to the subject.

This approach can be used as a secondary check method to the income approaches, where buyers may not be pricing assets based on Discounted Cashflow analysis and where the analysed rate is a common and consistent metric for the type of property under consideration.

In our determination of rate per child to be applied to the subject, we have had regard to the sales evidence in this report, with adjustments made to reflect differences in location, size and building properties.

Based on our evidence and analysis we have adopted a rate of **\$51,000 per child** for the subject property.

| Comparable Transactions Method | | |
|---|--------------------|--------------------|
| Ministry of Education License | 99 children | |
| | Adopted Rate | Indicated Value |
| | \$49,000 per child | \$4,851,000 |
| | \$51,000 per child | \$5,049,000 |
| | \$53,000 per child | \$5,247,000 |
| Indicated Core Value | | \$5,049,000 |
| Adopted Comparable Transactions Method | | \$5,000,000 |

8 Valuation Reconciliation

8.1 Valuation Conclusion

The results of our valuation methods are:

| Methodology | Valuation |
|--|--------------------|
| Income Capitalisation Method - Market Income | \$5,100,000 |
| Income Capitalisation Method - Contract Income | \$5,000,000 |
| Discounted Cash Flow Method | \$5,000,000 |
| Comparable Transactions Method | \$5,000,000 |
| Adopted Value | \$5,050,000 |

Based on our review of the subject property, and subject to the comments and assumptions noted within this Valuation Report, our opinion of Market Value as at 19 August 2025, is:

\$5,050,000 plus GST (if any)

Five Million Fifty Thousand Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 6.78%, an equivalent yield of 6.39%, an internal rate of return of 8.15%, and a rate of \$51,010 per licenced child place.

We confirm that this report is confidential to the following intended users and for the specific use noted below:

- PMG Direct Childcare Fund – capital raise purposes

No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

8.2 Likely Marketing Period

Subject to our Special Assumptions and further comments noted within this Valuation Report, it is our opinion an appropriate marketing period for the subject property at the Valuation Date is up to 6 months.

The actual time to sell the property may vary depending on the number of potential buyers in the marketplace, availability of comparable properties, access to finance, and changes in market conditions subsequent to the valuation date.

8.3 Most Probable Purchaser

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

8.4 Involvement Statement

The following parties have been involved in the completion of this valuation:

| | |
|-----------------------------------|-------------------------|
| Inspection of Property | Glenn Loraine, Zac Chan |
| Calculations | Glenn Loraine, Zac Chan |
| Information Review | Glenn Loraine, Zac Chan |
| Report Authoring | Glenn Loraine, Zac Chan |
| Valuation Process Quality Control | Ben Johnson |
| Principal Valuer | Glenn Loraine |

JLL require that Valuation Reports are reviewed by a third party Registered Valuer prior to release for Valuation Process Quality Control purposes. The valuer noted as having undertaken the Valuation Process Quality Control review offers no opinion on the subject property.

Yours faithfully,

Jones Lang LaSalle, Value and Risk Advisory

Glenn Loraine
Registered Valuer - Director
+64 21 225 2020
glenn.loraine@jll.com

Zac Chan BProp, BCom
Assistant Valuer
+64 21 0834 5226
zac.chan@jll.com

Appendix 1 – Assumptions and Limitations

| Category | Details |
|------------------------------------|--|
| Valuation Scope and Purpose | <p>This valuation is current only as of the Valuation Date, based on property and market information available at that time. The assessed value may change significantly and unexpectedly over a short period due to general market movements or property-specific factors.</p> <p>We do not accept liability for losses arising from subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may affect the valuation, or such earlier date if it is reasonable to assume that a market participant acting prudently would be aware of any factors that affect the valuation.</p> <p>This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted if this report is used for any other purpose.</p> |
| Information and Assumptions | <p>We have assumed the information provided to us by the instructing party and industry sources is correct. We reserve the right to amend our calculations if this information proves incorrect.</p> <p>We have assumed all professional advice provided to us and relied upon is accurate.</p> <p>We have relied on building areas, income figures, and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible, these have been verified through lease documentation and physical measurements.</p> <p>Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.</p> |
| Legal | <p>This valuation assumes the premises are free from caveats, resource consent conditions, restrictions (including restrictions in other leases within the property), liens, mortgages, or charges which may impact the use of the property, other than what has been disclosed to us. We reserve the right to amend our calculations if there are undisclosed restrictions on the use of the subject property.</p> <p>We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases, physical checking of land dimensions and areas is difficult or impractical due to the proximity of adjoining buildings, steep terrain, or inaccessible title boundaries. We accept no responsibility if any of the land dimensions or the area shown on the title are found to be incorrect.</p> |
| Property Condition and Inspections | <p>We have conducted a visual inspection of the subject premises but haven't commissioned structural surveys or tested services. We can't confirm these are defect-free. We haven't inspected unexposed or inaccessible portions and can't certify they are defect-free. We've noted any apparent deterioration in our Valuation Report but can't warrant structural soundness or the absence of unsatisfactory materials.</p> <p>Unless stated otherwise, we've assumed that items like lifts, water systems, electrical systems, ventilation systems, and other devices, fittings, installations, or conveniences in the building work properly, function as designed, and comply with current building, fire, and government regulations and codes.</p> <p>Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is based on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions, and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.</p> <p>We note we are not experts in assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues, we reserve the right to amend the valuation assessment and any recommendations contained within this report.</p> <p>Any elements of deterioration apparent during our consideration of the general state of repair of the building/s have been noted or reflected in our valuation. We are, however, unable to give any warranty as to the structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.</p> <p>Unless otherwise noted we have not obtained a Land Information Memorandum or reviewed the information contained on the Council Property File. Our valuation is made of the basis that the property/premises comply with all relevant statutory regulations.</p> |
| Environmental | <p>We have assumed the property complies with all relevant environmental regulations. We haven't conducted environmental assessments and aren't qualified to detect the presence of hazardous materials.</p> <p>We have relied upon information provided to us and publicly available sources regarding natural hazards such as flood, fire, coastal inundation/climate risk and seismic issues. This includes assessments and data from local authorities and regulatory bodies. We are not experts in these issues and have reviewed the available information in our capacity as valuers.</p> |

| Category | Details |
|---------------------------------|--|
| Publication and Confidentiality | <p>The publishing of this report in whole or in part, referencing the valuation figures, or naming the valuer(s) involved in the preparation of this report is prohibited under our Terms of Engagement. Any special limitations, assumptions, or departures must be disclosed in any published document referencing our opinion of Market Value.</p> <p>This report is confidential to the intended users noted in the valuation report. We accept no responsibility if it is relied upon by any other party.</p> <p>An intended user can only rely on this valuation if received directly from JLL without any third-party intervention.</p> |
| Limitations | <p>This valuation is based on our professional judgement and is not a guarantee or prediction of future performance. Market conditions, including property values and rents, can change rapidly due to various factors.</p> <p>The reliant parties may use and rely on this Valuation Report for the stated intended uses. Where there is more than one reliant party, the interests of the reliant parties for each intended use are to be treated as a separate joint interest. Each of these joint interests is to be treated as a single claim, which cannot be split, in the event of a dispute or legal action related to that specific intended use. The total liability of the Valuer to all reliant parties combined for each intended use shall not exceed the liability that would have applied had there been only one reliant party for that intended use.</p> <p>This Valuation Report is not intended for use by, or reliance upon, any other parties not explicitly named as reliant parties in this report or in our Terms of Engagement. We accept no responsibility or liability to any third parties for any part of this report or its contents</p> |
| Financial | <p>Unless otherwise stated, all currencies within this report are in New Zealand Dollars.</p> <p>Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).</p> <p>We are not experts on GST or tax, and we recommend seeking advice from qualified experts. We may review and amend our valuation if this advice differs from our interpretation of current legislation and Inland Revenue Department rulings.</p> |

Appendix 2 – Valuation Definitions

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

Appendix 3 – Record of Title



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




R. W. Muir
Registrar-General
of Land

Identifier **800412**
Land Registration District **North Auckland**
Date Issued 10 May 2018

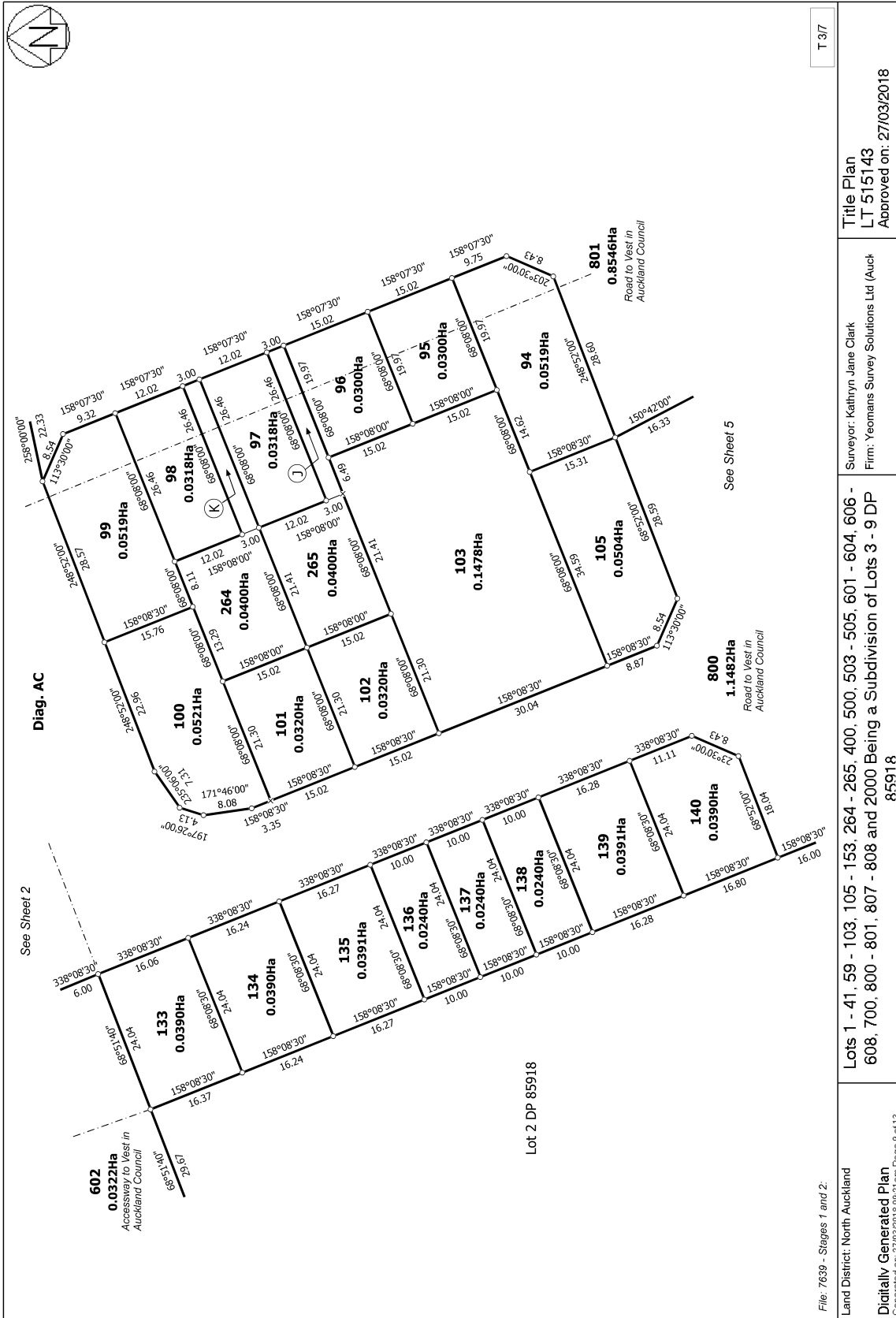
Prior References
NA47A/885

Estate Fee Simple
Area 1478 square metres more or less
Legal Description Lot 103 Deposited Plan 515143

Registered Owners
PMG Direct Childcare Fund Trustees Limited

Interests

10919527.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 10.5.2018 at 2:07 pm
Appurtenant hereto is a signage easement created by Easement Instrument 10919527.7 - 10.5.2018 at 2:07 pm
Land Covenant in Easement Instrument 10919527.14 - 10.5.2018 at 2:07 pm
Land Covenant in Easement Instrument 10919527.15 - 10.5.2018 at 2:07 pm
11167572.1 Surrender of the Land Covenant in Easement Instrument 10919527.15 over CT 800411 appurtenant hereto - 16.8.2018 at 4:28 pm
11167572.2 Surrender of the Land Covenant in Easement Instrument 10919527.15 over CT's 800404 & 800405 appurtenant hereto - 16.8.2018 at 4:28 pm
Land Covenant in Easement Instrument 11167572.3 - 16.8.2018 at 4:28 pm
Land Covenant in Easement Instrument 11167572.4 - 16.8.2018 at 4:28 pm
11167586.1 Surrender of the Land Covenant in Easement Instrument 10919527.15 over CT 800410 appurtenant hereto - 9.11.2018 at 3:57 pm
Land Covenant in Easement Instrument 11167586.2 - 9.11.2018 at 3:57 pm
11167589.1 Surrender of Land Covenant 10919527.15 as to CT 807345 - 17.1.2019 at 4:44 pm
Land Covenant in Easement Instrument 11167589.2 - 17.1.2019 at 4:44 pm
11304463.1 Surrender of the land covenant in Easement Instrument 10919527.15 as to RT 800403 - 20.2.2019 at 12:40 pm
Land Covenant in Covenant Instrument 11304463.2 - 20.2.2019 at 12:40 pm
11167579.1 Surrender of the land covenant in Easement Instrument 10919527.15 as to RT 800406 - 12.6.2019 at 2:18 pm
Land Covenant in Easement Instrument 11167579.2 - 12.6.2019 at 2:18 pm
11468281.1 Surrender of the land covenant in Easement Instrument 10919527.15 as to RT 807346 - 20.6.2019 at 10:17 am
Land Covenant in Easement Instrument 11468281.2 - 20.6.2019 at 10:17 am
12854324.3 Mortgage to ASB Bank Limited - 31.10.2023 at 4:39 pm



T 3/7

Title Plan
LT 515143
Approved on: 27/03/2018

Surveyor: Kathryn Jane Clark
Firm: Yeomans Survey Solutions Ltd (Auck

Lots 1 - 41, 59 - 103, 105 - 153, 264 - 265, 400, 500, 503 - 505, 601 - 604, 606 - 608, 700, 800 - 801, 807 - 808 and 2000 Being a Subdivision of Lots 3 - 9 DP 85918

File: 7639 - Stages 1 and 2.
Land District: North Auckland
Digitally Generated Plan
Generated on: 27/03/2018 09:21 am Page 6 of 13

Value and Risk Advisory

We are value and risk advisory experts supporting you through the changing world of real estate.

Level 16, HSBC Tower
188 Quay Street
PO Box 165
Auckland 1140

Phone: +64 9 366 1666

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