

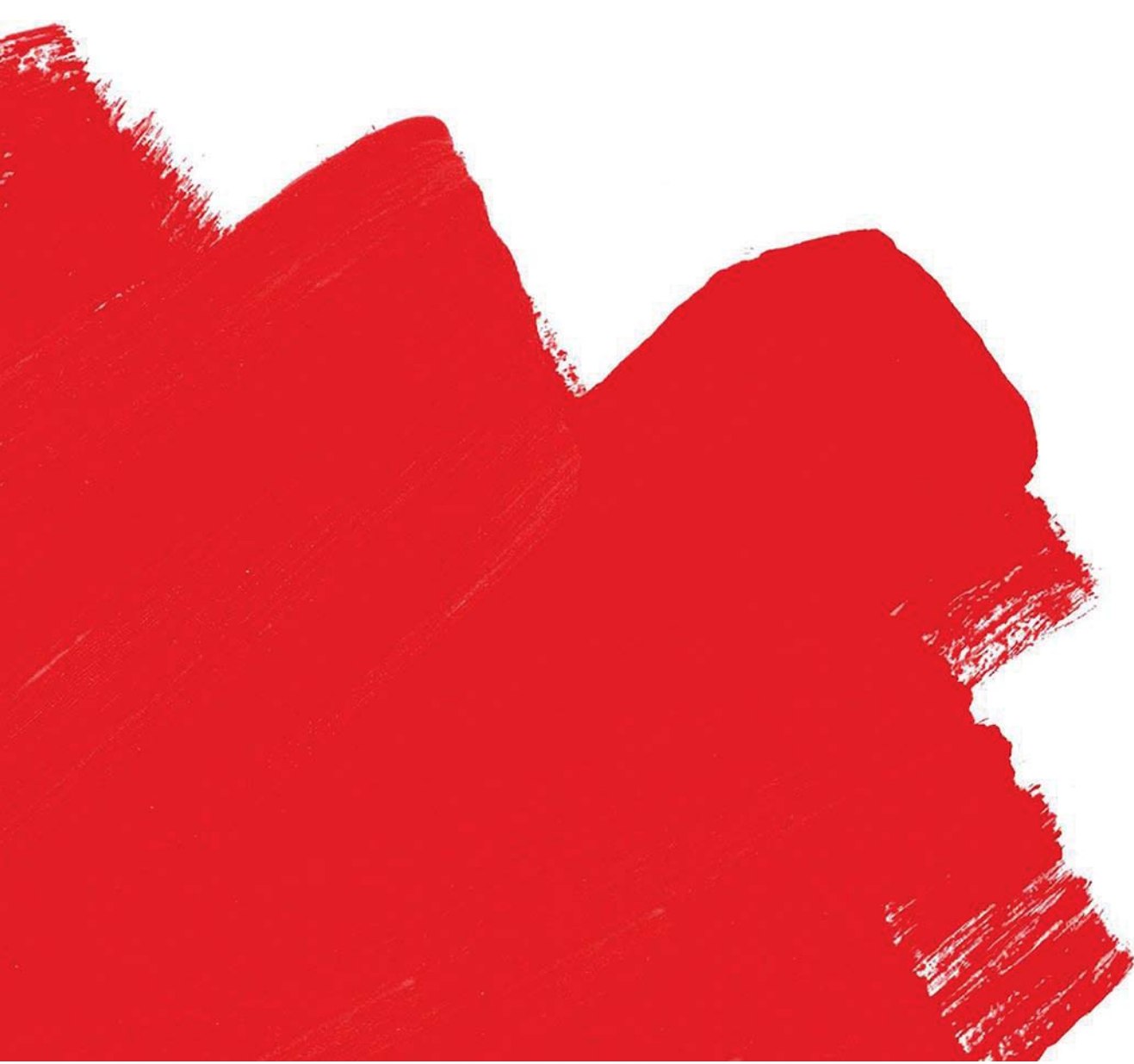
Valuation Advisory

Report prepared for Pacific Property Fund Limited for inclusion
within a Product Disclosure Statement

Stake Glass

3 Distribution Lane, Sockburn, Christchurch

28 November 2020



Executive Summary

Stake Glass - 3 Distribution Lane, Sockburn, Christchurch



The subject property comprises a high quality workshop with two storey offices/amenities constructed in 2016 with a workshop extension undertaken in 2017 and a further warehouse addition currently nearing construction completion. The workshop/warehouse space of clear span design is high stud and accessed by three roller doors which are canopy weather protected. Construction allows for the operation of two gantry cranes (tenant owned) encompassing the entire industrial space. The offices/amenities are fully fitted out with floor coverings, partitions, air conditioning and lighting to a high standard. Site works comprise a concrete yard providing access/egress and 22 car parks as well as attractive frontage landscaping.

The improvements are developed on a 4,488 square metre front lot (inclusive of part private road carriageway) alongside other recently developed premises within the popular south western industrial business suburb of Sockburn, located some 7.5 kilometres from the Christchurch CBD.

The proposed sale and leaseback by Stake Glass is for a 10 year term at an annual net rental of \$370,000 plus GST. The rental is in line with market for such modern, attractive space. Rental growth is built in with annual 1.50% increases and market reviews 5 yearly with a hard ratchet clause. A Tenant bank guarantee is provided to pay to the Landlord an amount equivalent to 9 months' rent and outgoings, plus GST, calculated at the rates respectively payable from the commencement date.

Stake Glass is independently owned and operated having invested around \$10+ million in this one-of-a-kind glass processing plant in the South Island. The plant has a special high-tech furnace making it one of the most innovative in the country. The current warehouse addition will allow further investment in specialist machinery to house a new glass storage technology system to assist production and improve health and safety. This should allow the company to grow its current 8% market share in the glass market which is managed from its on site national sales and support office hub at the subject address.

Industrial property has solidified its lead in the market as the 'go-to' asset class throughout New Zealand as we see an unrepresented demand for investment property resulting in strong market yields. The subject property emphasises this given the prime quality asset (location and improvements) and a local but growing tenant with an asset commitment through technology producing a product supporting the essential construction industry.

Our valuation is undertaken on an 'as if complete' basis with the 10 year lease commencing upon such completion and sale settlement.

The COVID-19 pandemic and associated restrictions have had a significant impact on the global and local economies. At the valuation date New Zealand is at 'Alert Level 1', with some caution evident following the second Coronavirus linked lockdown in August. Our valuation is based on our opinion of 'Market Value', incorporating an assumption of a willing buyer and seller, and further assumptions outlined below.

Valuation

Prepared for	Pacific Property Fund Limited
Valuation Purpose	Market Valuation for inclusion within a Product Disclosure Statement
Date of Valuation	28 November 2020
Date of Report	23 December 2020
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Industrial Heavy Zoning – Christchurch City Council
Tenure	Fee Simple – Record of Title 661160 in the Canterbury Land Registry
Site Area	4,488 sqm
Lettable Area	2,756 sqm
Adopted Value (As if complete)	\$7,500,000 plus GST, if any Seven Million Five Hundred Thousand Dollars plus GST, if any

Valuation Analysis

Initial Yield	4.93%	Rate / sqm of Lettable Area	\$2,721
Initial Yield (Fully Leased)	4.93%	Weighted Average Lease Term	10.00 years by income
Equivalent Yield	4.94%	Current Occupancy	100.00%
Internal Rate of Return (10 years)	6.59%	Current Vacancy	0.00%

Tenancy Overview

Stake Glass	\$370,000	2,756 sqm
Total – Before Adjustments	\$370,000	2,756 sqm

Financial Summary

Gross Passing Income	\$425,120
Gross Market Income	\$425,736
Adopted Outgoings	\$55,120
Net Passing Income	\$370,000
Net Passing Income (Fully Leased)	\$370,000
Net Market Income	\$370,616

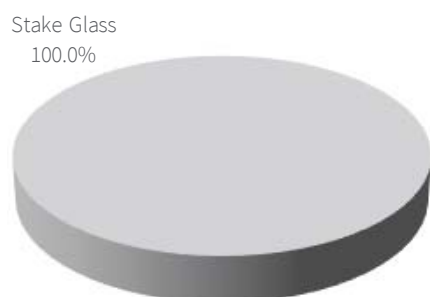
Cap Approach Assumptions

Adopted Cap Rate	5.000%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$7,412,000
Passing Income Capitalisation	\$7,412,000

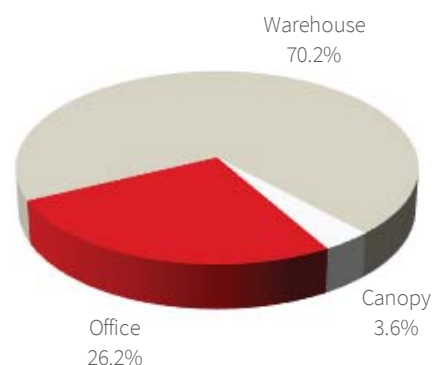
DCF Approach Assumptions

Discount Rate	6.500%
Terminal Yield	5.000%
Average Applied Rental Growth	1.95%
Value Based on DCF Approach	\$7,553,000

Major Occupiers



Building Components



Valuers

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

Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 28 November 2020. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 60 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 60 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

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

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Appendices

Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

Appendix 3 – Valuation Calculations

1 Introduction

1.1 Instructions

We refer to instructions from Daniel Lem requesting that we undertake a market valuation of the freehold interest of 3 Distribution Lane, Sockburn, Christchurch (the Subject/Property), as at 28 November 2020 for and on behalf of Pacific Property Fund Limited. We understand that the valuation is to be relied upon for inclusion within a Product Disclosure Statement only.

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

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

We confirm:

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

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

- Pacific Property Fund Limited

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

1.2 Valuation and Inspection Dates

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

Date of Valuation	28 November 2020
Date of Property Inspection	28 November 2020
Date of Preparation of Report	23 December 2020

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

1.3 Basis of Valuation

Market Value

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

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

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

1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2020) Framework and General Standards
- ANZVTIP 11 – Valuation Procedures – Real Property
- ANZVTIP 12 – Valuations for Mortgage & Loan Security Purposes

1.5 Information Sources

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

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

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

1.6 Specific Assumptions

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

- Satisfactory completion of the warehouse addition in accordance with the plans and specifications provided, together with a Code Compliance Certificate issued by the Christchurch city Council.
- The Novel Coronavirus (COVID-19) was declared a ‘Global Pandemic’ by the World Health Organisation on 11 March 2020. This led to a significant range of restrictions on individuals and businesses locally and throughout the world. New Zealand experienced a nationwide Level 4 Lockdown in March-April this year, and more recently Auckland returned to Level 3 Lockdown in August as the virus re-emerged in community transmission. New Zealand is now at Level 1, however there are continued restrictions on international travel and some caution evident.

The introduction of restrictions on people and businesses alongside significant economic stimulus packages have resulted in fluctuations in asset values, and we note that transactions agreed prior to or during the restrictions may or may not be indicative of current market conditions. We refer to the definition of Market Value outlined above and the principles of ‘willing buyer’, ‘willing seller’ acting ‘prudently and without compulsion’ as adopted within our valuation. Given the circumstances of COVID-19, we have had regard to a range of inputs and market evidence in coming to our opinion of Market Value. Notwithstanding this, there may be a greater range around our opinion of Market Value than would normally be the case.

2 Property Particulars

2.1 Location

The subject property is located to the northern side of Distribution Lane situated immediately north of Main South Road and near the Main South Road/Blenheim Road roundabout. Distribution Lane is a private road accessed from either Racecourse Road or William Lewis Drive within the popular industrial suburb of Sockburn some 7.50 kilometres south west of the Christchurch CBD. This immediate area was an original freezing works site and has been significantly re-developed over the past decade. Predominant development surrounding the subject comprises a combination of small and larger industrial business facilities.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

Title Reference	661160
Tenure	Fee Simple
Legal Description	Lot 11 Deposited Plan 477298
Area	4488 square metres more or less
Registered Owner	Avenger Lane Holdings Limited
Registered Interest	<p>9335088.2 Encumbrance to Alliance Group Limited - 30.4.2013 at 4:26 pm – <i>The encumbrancer covenants with the Encumbrancee that it will not, nor will it allow any other party to undertake any activity which involves: the processing of livestock, meat, or any by-product derived from livestock. The covenants shall not prevent the Encumbrancer using the land for: the freezing, chilling or storage of any carcass and/or further processed meat or by-product derived from livestock provided such livestock has been processed other than on the land, and utilising milk derived from any livestock for the purposes of processing dairy products.</i></p> <p>Subject to a right (in gross) to convey electricity over part herein marked B, S on DP 477298 in favour of Orion New Zealand Limited created by Easement Instrument 9777315.11 - 14.7.2014 at 4:02 pm</p> <p>Subject to a right (in gross) to drain water over part herein marked S on DP 477298 in favour of the Christchurch City Council created by Easement Instrument 9777315.12 - 14.7.2014 at 4:02 pm</p> <p>Subject to a right (in gross) to drain water over part herein marked S on DP 477298 in favour of the Christchurch City Council created by Easement Instrument 9777315.13 - 14.7.2014 at 4:02 pm</p> <p>Subject to a right (in gross) to convey telecommunications and computer media over part herein marked B on DP 477298 in favour of Enable Networks Limited created by Easement Instrument 9777315.14 - 14.7.2014 at 4:02 pm</p> <p>Subject to a right to drain sewage over part marked B on DP 477298 created by Easement Instrument 9777315.15 14.7.2014 at 4:02 pm</p> <p>The easements created by Easement Instrument 9777315.15 are subject to Section 243 Resource Management Act 1991</p> <p>Subject to a right of way, rights to drain water and sewage, rights to convey water, gas, electricity, telecommunications and computer media over part marked B, S on DP 477298 created by Easement Instrument 9819074.12 - 11.9.2014 at 12:36 pm</p> <p>Appurtenant hereto is a right of way, rights to drain water and sewage, rights to convey water, gas, electricity, telecommunications and computer media created by Easement Instrument 9819074.12 - 11.9.2014 at 12:36 pm</p> <p>The easements created by Easement Instrument 9819074.12 are subject to Section 243 (a) Resource Management Act 1991</p> <p>Land Covenant in Easement Instrument 9819074.13 - 11.9.2014 at 12:36 pm (limited as to duration) – <i>a mutual covenant over the allotment to protect the integrity of the subdivision. We recommend the perusal of this document appended hereto.</i></p> <p>9819074.14 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 11.9.2014 at 12:36 pm – <i>Any structure requiring a building consent must have a specific foundation designed by a suitably qualified engineer.</i></p> <p>10247806.1 Mortgage to Bank of New Zealand - 11.11.2015 at 4:13 pm</p> <p>10284655.1 Variation of Mortgage 10247806.1 - 14.12.2015 at 11:37 am</p> <p>Subject to a right (in gross) to convey electricity over part marked A and B on DP 490978 in favour of Orion New Zealand Limited created by Easement Instrument 10383319.1 - 18.5.2016 at 3:58 pm</p>

Source: Land Information New Zealand

We have considered these notifications in arriving at our opinion of value. In addition to the notifications commented on above the service easements relate to an electricity kiosk located at the site frontage and for the conveyancing of services and right of way within Distribution Lane which is a private road carriageway. For a detailed summary of the dealings noted above, we refer you to the Record of Title appended to this report.

2.3 Site Details

The site comprises an inside allotment to the northern side of Distribution Drive. The site is near regular in shape with a curved frontage and being level in contour. The total land area is inclusive of part of the Distribution Lane road carriageway as this is a private road. We estimate the net building site area approximates 4,000 sqm, leaving approximately 488 sqm developed as road carriageway inclusive of curb-side car parking. The net site area has approximate dimensions of 58.60 metres frontage by 68.3 metres depth.

Land Area 4,488 square metres



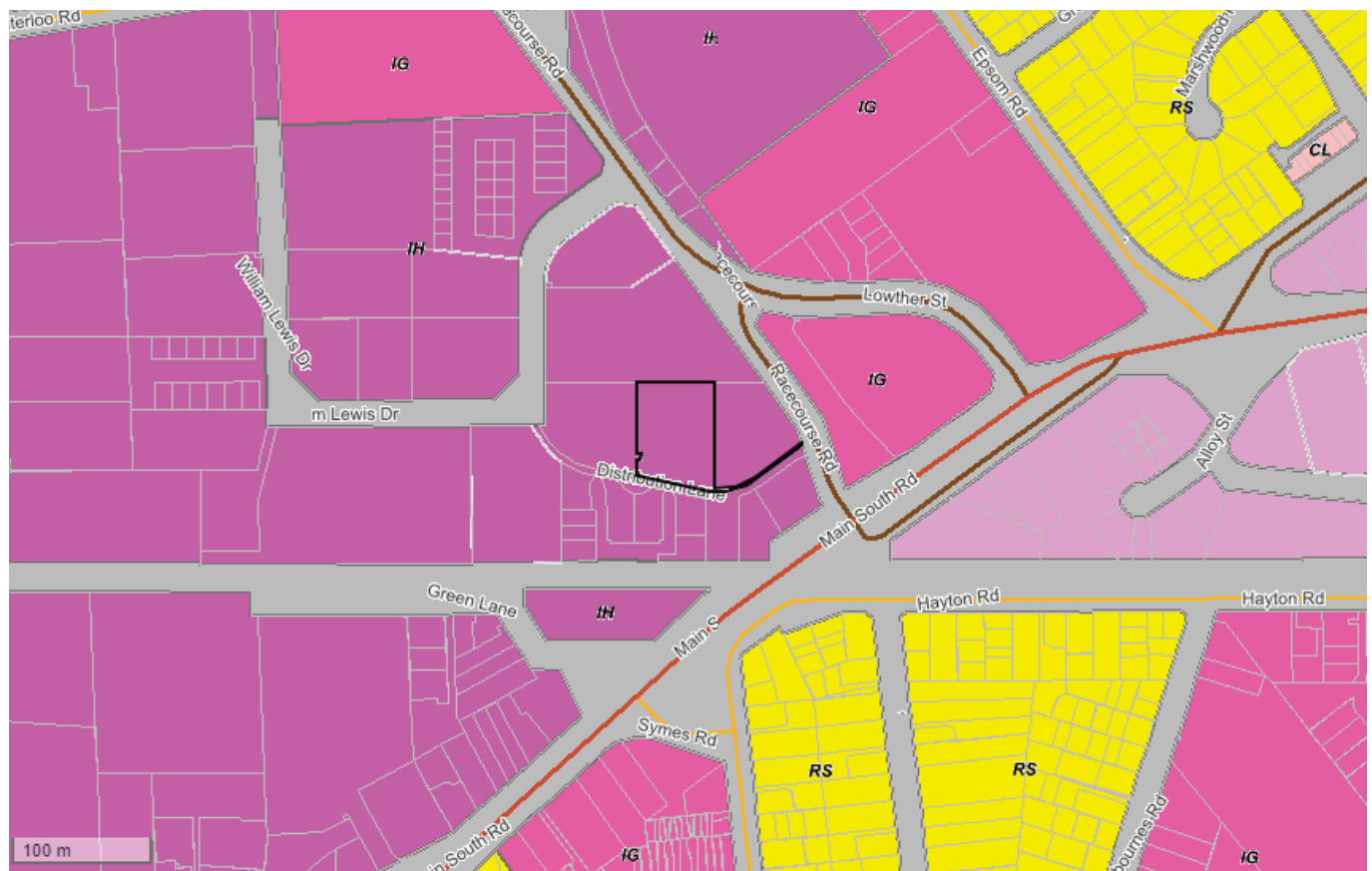
Source: Emap

2.4 Resource Management

Local Authority	Christchurch City Council
Planning Instrument	Christchurch City Council's Operative District Plan
Operative Date	19 December 2017, subject to outstanding appeals and variations
Zoning	IH – Industrial Heavy
Objectives	The Industrial Heavy Zone recognises and provides for industrial activities that generate potentially significant adverse effects on the surrounding environment (such as high levels of noise, odour and heavy traffic movements), or involve significant use and storage of hazardous substances, necessitating separation from more sensitive land use activities.

The property is subject to the following notations:

- Christchurch International Airport Protection Surfaces - describes where rules exist to protect the operational airspace surrounding the airfield. These rules limit the height of structures, vegetation or other activities thus removing physical, operational or navigational impediments to the safe operation of aircraft in the vicinity of the airfield.



3 Distribution Lane Property Search Results

The information below is relevant to the selected property. Click on the blue text below for more details.

Land Use Zones	Other Notations
<p>Zone</p> <p>IH Industrial Heavy Zone</p>	<p>Airport Protection</p> <p> Christchurch International Airport Protection Surfaces</p>

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

2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at 1 August 2019 being Assessment Number 23422/16422, is as follows:

Land Value	\$1,230,000
Improvements Value	\$3,010,000
Capital Value	\$4,240,000

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

2.6 Environmental Issues

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

We have searched Environment Canterbury's Listed Land Use Register (LLUR) in relation to contaminated or potentially contaminated land. Such identifies properties listed on the Hazardous Activities & Industries List (HAIL). The property is listed as a HAIL property in regard to its former use as a meat processing works. A Detailed Site Investigation (DSI) was undertaken by Davie Lovell Smith in 2014 with respect to contaminants and fill on the site and we refer you to a copy of the Property Statement appended hereto.

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

2.7 Heritage

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

2.8 Improvements

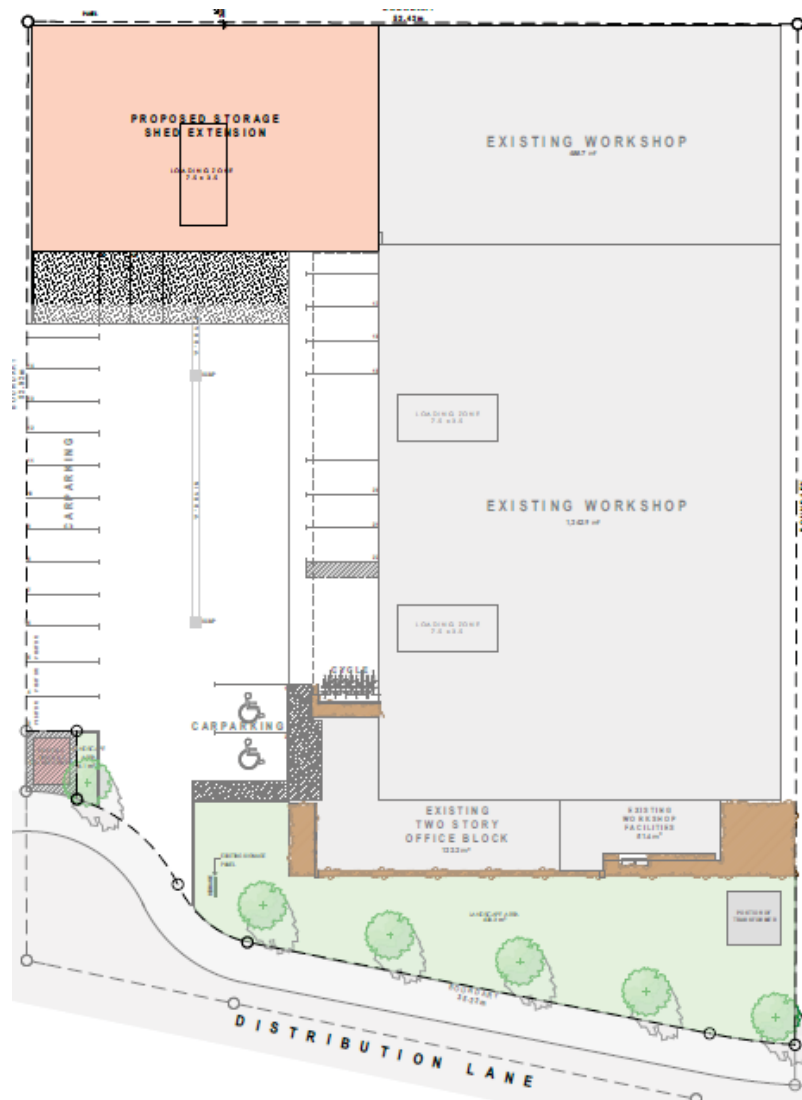
The subject property comprises a high quality workshop with two storey offices/amenities constructed in 2016 with a workshop extension undertaken in 2017 and a further warehouse addition currently nearing construction completion. The workshop/warehouse space of clear span design is high stud and accessed by three roller doors which are canopy weather protected. Construction allows for the operation of two gantry cranes (tenant owned) encompassing the entire industrial space. The offices/amenities are fully fitted out with floor coverings, partitions, air conditioning and lighting to a high standard. Site works comprise a concrete yard providing access/egress and 22 car parks as well as attractive frontage landscaping.



2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs supporting steel portal frames of clear span design.
External Walls:	A combination of full height precast concrete panels, precast concrete panels to intermediate height with Zinalume above and an office glazed façade.
Internal Walls:	Predominantly plasterboard lining to offices and significant glazed office partitioning.
Roof:	Zinalume colourcote roofing with Duralite translucent roof inserts.
Ceiling:	Acoustic tiles in a suspended grid system and plasterboard to offices.
Lighting:	Predominantly flush LED lighting.
Windows and doors:	Aluminium framing and double glazed windows.
Key Services:	<p>Workshop/warehouse:</p> <p>Stud height range workshop 8.5m – 9.6m. Working height 6.5m for 5.0 Tonne gantry. Stud height range warehouse 8.7m – 9.3m. Working height 5.0m for 2.5 Tonne gantry. Three motorised roller vehicle doors (5.50m wide x 5.00m high).</p> <p>Offices/amenities:</p> <p>F4 electronic fire alarm system. Wall mounted inverter air conditioning units. Vinyl and carpet tile floor coverings</p> <p>Ground floor subdivision: reception/office, boardroom, workshop office, staffroom, amenities. First floor subdivision: seven partitioned offices, staffroom, amenities.</p>



2.10 Accommodation

Workshop/Warehouse



New - under construction



New - under construction



Existing workshop

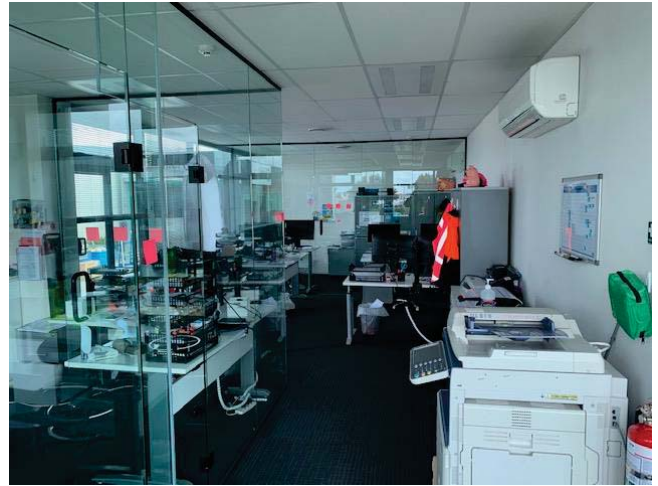


Existing workshop

Offices & Amenities



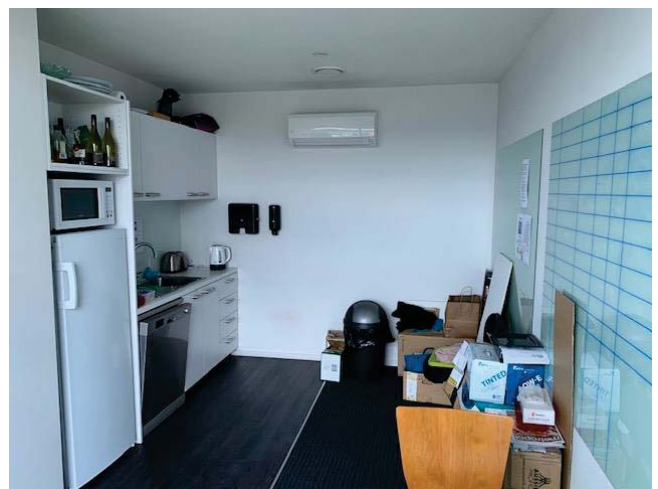
Ground Floor



First Floor



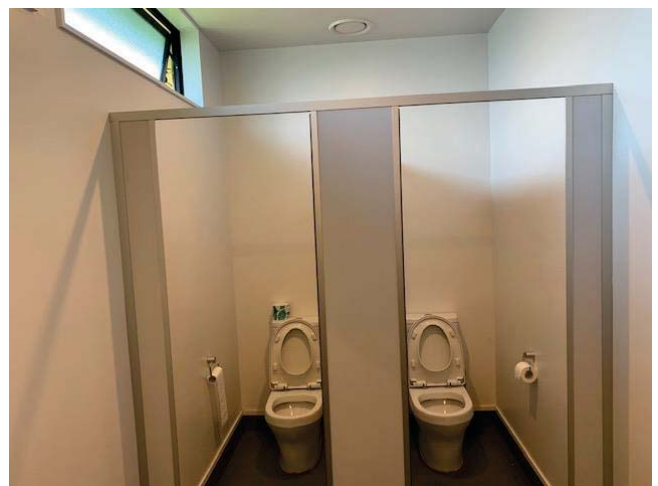
Ground Floor



First Floor



Ground Floor



Ground Floor

2.11 Lettable Areas

The Property's total Lettable Area is approximately 2,756 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Office	319
Warehouse	2,169
Canopy	269
Total Lettable Area	2,756 square metres
Car Parking	
Car Parking	Spaces
Open spaces	22
Total Car Parking	22 spaces

The areas noted above have been measured by us in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

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. Completion of the warehouse addition, canopy and yard area is however required.

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 1 August 2021 for the existing completed improvements, and therefore assume that the property complies with the provisions of Compliance Schedule 56618.

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 Earthquake Strengthening Requirements

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

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

Year of Building Construction	2016, 2017 and 2020 (under construction)
National Risk Zone	High
Compliance with New Building Standard	Assumed 100% NBS. Constructed/being constructed under current building code.

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 have been provided with Lease documentation that was available at the time of valuation.

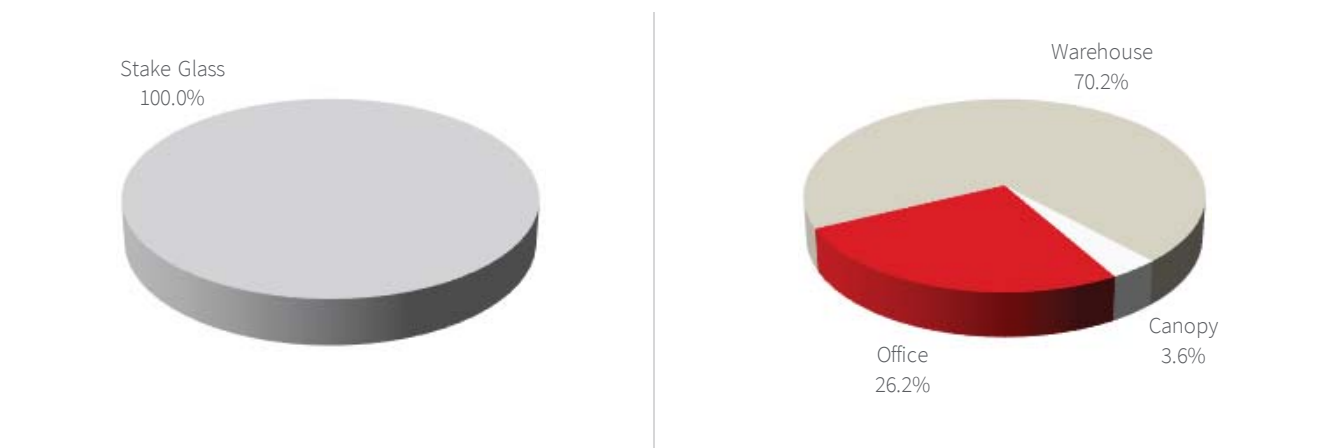
The net rental from the Property can be summarised as follows:

Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
Stake Glass	\$370,000	2,756	100.0%
Total	\$370,000	2,756 sqm	100%

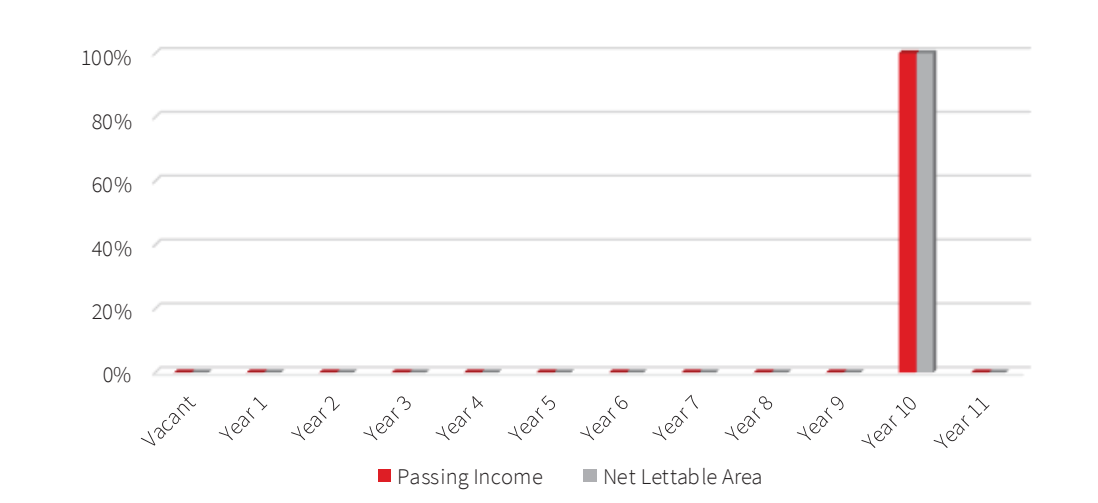
The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We are not qualified to advise you on the financial standing of the occupiers, however have formed a view on how we think the market would approach the tenancy profile of the property.

The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We believe that already potential purchasers are re-categorising tenant covenants with preference for those operating essential services versus non-essential services, the latter affected by ADLS lease rental abatements. The current tenant is operating as a glass manufacturer and supplier and under a lockdown environment we would not expect this business to be fully operational. Despite this, we believe that the impact of Covid-19 on covenant strength to be minimal with demand for the service and supply of goods and services supporting the essential construction industry to remain steady.

The net rental from the property can be analysed by occupier and component proportion as follows:



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



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

Weighted Average Lease Term Remaining	Years
By Area	10.00
By Income	10.00

3.2 Lease Summary

We summarise below the lease agreement for the current occupier:

Lease Summary	Glaziers Choice Limited (Trading as Stake Glass)
Documents reviewed	Agreement to Lease – unsigned and undated. Draft Deed of Lease – signed but undated (ADLS Sixth Edition 2012 (5))
Lessee	Glaziers Choice Limited (Trading as Stake Glass)
Demised premises	All the land and buildings at 3 Distribution Lane, Sockburn, Christchurch, but excluding the auxiliary shed (owned by the Tenant) that was on the property as at 27 October 2020.
Lettable Area (JLL Assessment)	Office: 319.10 sqm Warehouse: 2,168.80 sqm Canopy: 268.50 sqm Car Parks: 22 car parks
Commencement Date	The settlement date under the Agreement for Sale and Purchase.
Expiry Date	10 years from the commencement date.
Lease Term	10 years plus one right of renewal of 10 years
Commencement Rent	Total: \$370,000 per annum plus GST
Rental Review Provisions	5 yearly to market. The annual rent payable as from the relevant market rent review date shall not be less than the annual rent payable during the 12-month period immediately preceding the relevant market rent review date. Annual fixed 1.5% increases excepting market rent review dates.
Outgoings Recovery	Net lease – 100% standard building operating expenses are recoverable from the tenant.
Permitted Use	Processing and manufacturing of glass, and storage, showroom and associated offices.
Special Provisions	<p>Reinstatement</p> <p>48.1 To the extent required by the landlord, on reasonable written notice to the Tenant, the Tenant shall, by no later than the end or earlier termination of the term, remove from the premises all fixtures and fittings, and the Auxiliary Shed, and make good any damage.</p> <p>Tenant Additions</p> <p>49.1 The Landlord acknowledges that the Tenant intends to construct an additional shed or other auxiliary building within the premises during the term. The Tenant shall comply with clause 20.1 in this regard and the Landlord shall not unreasonably withhold consent to the erection of such additions by the Tenant.</p> <p>Bank Guarantee</p> <p>50.1 If the Tenant has not done so by the commencement date, the Tenant shall, within 10 working days after the commencement date (time being of the essence), provide the Landlord with a bank guarantee ("the Bank Guarantee"), being an irrevocable and unconditional undertaking by a New Zealand registered trading bank, or other financial institution approved by the Landlord, to pay to the Landlord an amount equivalent to 9 months' rent and outgoings, plus GST, calculated at the rates respectively payable from the commencement date.</p> <p>50.2 The Bank Guarantee shall: (a) be in favour of the Landlord and its successors and assigns; (b) have an expiry date no earlier than 3 months after the expiry of the initial term of this lease; (c) otherwise be in a form approved by the Landlord, such approval not to be unreasonably withheld; and (d) be released with effect from the effective date of any assignment of this lease that takes place in compliance with clause 33.</p> <p>50.3 If the Tenant is in breach of this lease, the Landlord may demand payment under the Bank Guarantee for an amount equal to that required to make good any loss or damage sustained by the Landlord as a result of that breach.</p> <p>50.4 If the Landlord has recourse to the Bank Guarantee, then the Tenant shall, within 10 working days (time being of the essence), provide the Landlord with a replacement Bank Guarantee for an</p>

	amount equivalent to 9 months' rent and outgoings, plus GST, calculated at the rates respectively payable as at the date of the relevant event. Clause 50.2 shall again apply.
50.5	If the provider of the Bank Guarantee pays an amount to the Landlord, without being requested by the Landlord to do so, the Landlord may: (a) retain that amount until the date that is 3 months after the date of expiration (including any holding over period) or earlier termination of this lease; (b) retain all interest earned on that amount; and (c) apply the whole, or parts of that amount from time to time, to or towards making good any loss or damage sustained by the Landlord as a result of any breach by the Tenant.
50.6	The Landlord shall return the Bank Guarantee to the Tenant promptly after the date that is 3 months after the date of expiration (including any holding over period) or earlier termination of this lease.
Landlords Fixtures and Fittings	None stated except for the auxiliary shed
Emergency Provisions	No Access in Emergency 27.5 That in the event of an emergency and the Tenant is unable to gain access to the premises to fully conduct business, then a fair proportion of the rent and outgoings shall cease to be payable on the date when the Tenant became unable to access the premises until the inability ceases. 27.6 If the Tenant is unable to gain access to the premises for a period of 9 months either party may terminate this lease.

3.3 Building Outgoings and Recoveries

The lease within the Property is structured on a net basis, with the tenant being responsible for payment of rates and other property expenses in addition to premises rental.

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

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$30,000	\$10.88
Operating Expenses	\$25,120	\$9.11
Total Outgoings	\$55,120	\$20.00

We consider that the adopted outgoings rate of \$20.00 per square metre of Lettable Area to be within market parameters.

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	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Stake Glass	Office	319.1	22	Nov 2020	Nov 2030	10.0 years	Nov 2021	1 yearly	Market	\$96,935	\$250	\$15	\$6,381	\$20
Stake Glass	Warehouse	2,168.8		Nov 2020	Nov 2030	10.0 years	Nov 2021	1 yearly	Market	\$259,640	\$120		\$43,370	\$20
Stake Glass	Canopy	268.5		Nov 2020	Nov 2030	10.0 years	Nov 2021	1 yearly	Market	\$13,425	\$50		\$5,369	\$20
Aggregate		2,756.4	22							\$370,000			\$55,120	

3.5 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$352,840	83.00%
Car Parking Rental	\$17,160	4.04%
Outgoings Recovery	\$55,120	12.97%
Gross Passing Income	\$425,120	100.00%
Outgoings	\$55,120	
Net Passing Income	\$370,000	
Potential Net Income Fully Leased	\$370,000	

4 Market Commentary

4.1 Economic Overview

As at 17 November 2020:

- The Consumer Price Index rose 0.7% in the September 2020 quarter, netting to a 1.4% increase in CPI for the September 2020 year. It is expected pricing pressure will soften over the next 12 months.
- Gross Domestic Product (GDP) was down 12.2% in the June 2020 quarter, which is the biggest quarterly decline of GDP in New Zealand on record, with this largely being caused by the strict restrictions that had been put in place on the activities of both households and businesses within the country and abroad.
- As at 11 November 2020, the Reserve Bank announced that the Official Cash Rate is being held at 0.25% following its emergency 75 basis point reduction from 1.00% in March 2020. The Monetary Policy Committee stated that additional stimulus would be provided in the form of a Funding for Lending Programme (FLP), which is due to commence in December. The FLP will reduce funding costs for banks and is targeted to lower interest rates. It is noted that the Committee is also prepared to use additional monetary tools if and when needed, namely reducing the OCR even further.
- The 90-day Bank Bill Benchmark Rate (BKBM) was 0.26% as at 17 November 2020. This has reduced significantly from 2019 where it averaged 1.52%.
- The unemployment rate is 5.30% as at September 2020, which is a 1.3% increase from Q2 2020, the largest increase since the series began in 1986. The sharp rise in the unemployment rate indicates that people out of employment have started seeking work after being after being restricted from doing so in the June 2020 quarter, due to lockdown restrictions. Unemployment is forecast to increase significantly due to the effects of the COVID-19 pandemic.
- The REINZ median house price across New Zealand increased by 19.8% in October 2020 to \$725,000, up from \$605,000 in October 2019, and up from \$689,000 (a lift of 5.2%) in September 2020. The number of residential properties sold in August across New Zealand increased by 25.0% from the same time last year (from 7,063 to 8,830) – the highest number of properties sold in an October month for 14 years, and the highest number of properties sold in any month since May 2016.
- In terms of the construction sector, private backed development and construction is expected to be muted in the short term, however the Government has announced their intention to fast track infrastructure spend as one method to kickstart the economy post the COVID-19 shutdown.

The whole of New Zealand is currently at Alert Level 1, with strict border controls remaining in place for those entering the country, including a 14 managed isolation or quarantine period. The economic impact of COVID-19 is likely to have longstanding effects, notwithstanding significant monetary and fiscal stimulus which has been implemented by the RBNZ and NZ Government to support New Zealanders and reduce the impact on the NZ economy.

Key initiatives taken to reduce the economic impacts of COVID-19 include the implementation of an increased \$100 billion Large Scale Asset Purchase, a circa \$17-\$18 billion support package which is aimed at those sectors most affected by the impacts of the virus, a \$6.25 billion Business Finance Guarantee Scheme for small to mid-sized enterprises (SME), along with a \$20 million Tertiary Support Package, and \$50 million Media Support Package. In addition to the above, as per the Government's 2020 Budget announcement on May 14, further key initiatives taken in response to COVID-19 include a \$50 billion Response and Recovery fund, along with a \$4 billion Business Support Package.

Within the respective property markets all sectors are not faring equally.

Industrial

Industrial has solidified its lead in the market as the 'go-to' asset class throughout New Zealand at both ends of the risk spectrum from defensive investment through to speculative development. A number of deals on long leases to the best covenants have transacted at astonishing historic low net initial yields and the long-term supply/demand imbalance continues to support speculative development from the largest landowners.

Retail

Retail understandably continues to face headwinds with borders remaining shut and a notable move away the high street CBD retail experience as the premiere focus of shoppers' wants. Yet, people have still been spending a lot domestically on consumer goods with electronic card spending in the November quarter (compared to 2019) up by 3.3% for core retail industries which gives the sector hope. Retailers who are adapting and meeting market demand for experience, particularly in suburban locations, are seeing upside that was unexpected even pre-COVID.

Office

The narrative for office is not uniform across the country and represents a multi-layered story within a story of a divergent locational market experience in Auckland, Wellington and Christchurch respectively and, within each City, between primary and secondary grade space. There are clear submarkets within markets at a city, regional and national level and a micro-market asset by asset approach to analysis, strategy decision making and realistic forecasting is more important than ever.

Back to basics

Irrespective of the asset class, three key 'back to basics' trends apply to all markets that we observe and report on, and we expect these themes to remain in high priorities for market participants in 2021. These are:

1. **A flight to quality.** There is a clear focus for investors on seeking to secure primary assets in respective markets. This is illustrated by yields undoubtedly diverging across the different property sectors with price now driven more clearly by individual investment characteristics than property sector.
2. **Location, location, location.** The practicality of real estate has been heightened during 2020 to including the importance of accessibility and a compelling and safe user experience. A useable and practical location is of increasing relevance to investors and occupiers alike and we do not see this changing in 2021.
3. **Needs vs Wants.** 'Essential services' has been a watchword in many contexts during 2020; no more so in property markets. Assets that help to provide essential services or support core societal needs are undoubtedly outperforming more wants based real estate opportunities in the present climate.

4.2 Local Market Commentary

Demand

Demand for industrial space in Christchurch remained strong over 1H20. Supported by positive net absorption, prime vacancy fell 80 bps to 3.1%, while secondary vacancy fell 240 bps to 4.3%.

Although secondary stock observed a greater decrease in vacancy, demand for industrial space remains higher for prime stock. We expect this trend to continue given new supply injections have slowed as Christchurch's industrial market has stabilised. Here, the proportion of higher quality stock now available is further reducing secondary demand.



Supply

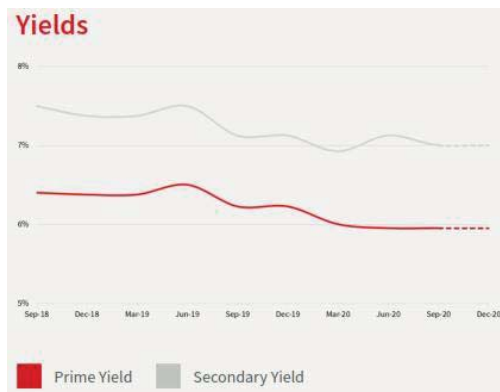
While 1H20 only saw 430 sqm of net completions, we are currently aware of around 35 pipeline projects within our survey boundaries, with most expected to complete in the next two years. Like Christchurch's office sector, the supply pipeline for industrial space has begun to normalise in recent quarters as post-earthquake rebuilds are completed. As such, we have observed significantly fewer net completions since 1H18. The effects of COVID-19 have only exacerbated the slowdown and various developments have experienced a push-back in completion date.



Asset Performance

Prime and secondary rents have remained practically unchanged in the last year, averaging \$117 psm and \$86 psm respectively. Meanwhile, average prime yields remain at 5.95%, while secondary yields firmed 13bps to 7.00%. This has however changed significantly post covid-19 lockdown where the yield range has compressed to within the parameters of 5.00% to 6.00% based on modest evidence to date.

Industrial has proven itself to be the most resilient asset class across New Zealand over recent quarters, and with market fundamentals well-supported by interest in the industrial asset class, yields are anticipated to remain relatively low going forward.



5 Leasing Evidence

5.1 Leasing Evidence

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

Property Address	Lessee	Component	Area/No	Effective
25 John Morten Place Rolleston	Drummond and Etheridge	Warehouse	1,944	Jun-20
		Office	133	
		Carparks	29	
32 Link Drive Rolleston	Pack Tech Moulding	Warehouse	1,822	Jun-20
		GF Offices	218	
		L1 Offices	218	
		Production room	728	
		Production office	23.80	
		L1 Storage	22.20	
		Tool room	158.30	
		Plant room	28.60	
		Cooling Rm	19.10	
		Canopy	169.56	
		Carparks	14	
22 Islington Avenue Islington	Terranota Limited	Warehouse	1,355	Sep-20
		Office	134	
		Carparks	12	
1 Baigent Way Middleton	NZ Safety	Showroom	633.72	Mar-20
		Offices & Amenities	185.91	
		Mezzanine Offices	108.17	
		Warehouse	548.57	
		Conveyor	242.7	
		Canopy	47.5	
		Carparks	41	
		Surplus Land	1,045	
Surplus Seal	1,045			

Property Address	Lessee	Component	Area/No	Effective
788 Halswell Junction Road	A Class Coaches 2008 Limited	Warehouse	751.4	Aug-20
Islington		Office	259.8	
		Canopy	151	
		Warehouse Office	20.5	
		Car Parks	12	
		Yard	1,379.65	
35 Hammersmith Drive	The Architectural Roofing Company	Warehouse	1,364	Feb-20
Wigram		Office	217	
		Carparks	24	
Rolleston	Confidential	Office & Amenities	200	Oct-19
		Warehouse	9,000	
		Canopy	1,625	
		Carparks	62	

The preceding evidence displays the current rental levels for industrial premises in the outer suburbs of Christchurch. Warehouse space typically lies in the vicinity of \$80 to \$120 per square metre which is differentiated by condition and location. The warehouse provides a high stud space with good access and the additional cost of gantry rails and electrical track even though the actual gantry cranes remain in tenant ownership. We have adopted a rental rate to the upper level of market parameters at \$120 per square metre for the subject.

The office component rentals range in the vicinity of \$120 to \$250 per square metre. The range is depicted by the level of fit out provided, size and condition of the office. We suggest the subject property given its quality presentation and condition inclusive of the substantial internal glazed partition approximates a rental rate to the upper end of market parameters and we believe \$250 per square metre appropriate.

Given the number of car parks provided and the demand for car parking in the area we have assessed the car parks at a rate of \$15 per park per week. This is exclusive of the canopy which is above 8 of the 22 carparks and accordingly our assessed rental for this essential canopy (weather protection to south and western orientation) of \$50 per square metre is considered appropriate.

We believe that the impact of Covid-19 on rental rates to be minimal with demand for the service and supply goods and services in the industrial space expected to remain steady.

5.2 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
Stake Glass	Office	319.1	22	Nov 2021	Market	\$96,935	\$250	\$15	\$20	\$20	\$250	\$270	\$15	\$96,935
Stake Glass	Warehouse	2,168.8		Nov 2021	Market	\$259,640	\$120		\$20	\$20	\$120	\$140		\$260,256
Stake Glass	Canopy	268.5		Nov 2021	Market	\$13,425	\$50		\$20	\$20	\$50	\$70		\$13,425
Aggregate		2,756.4	22			\$370,000								\$370,616

5.3 Net Income Assessment

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

Passing Versus Market Comparison	Passing per annum	Market per annum
Rental Analysis		
Lettable Area Rental	\$352,840	\$353,456
Car Parking Rental	\$17,160	\$17,160
Outgoings Recovery	\$55,120	\$55,120
Gross Income	\$425,120	\$425,736
Outgoings	\$55,120	\$55,120
Net Income	\$370,000	\$370,616
Potential Net Income Fully Leased	\$370,000	\$370,616

6 Sales Evidence

6.1 Sales Transaction

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. We have concentrated our sales analysis on 2020 and post Covid-19 sales which we have considered within New Zealand's main centres for comparability. The more relevant sales are summarised in the sales schedule and commentary below:

Christchurch



32 Link Drive, Rolleston, Selwyn District

The property comprises a recently constructed industrial premises within the iZone Business Hub in Rolleston. Accommodation is of good quality and incorporates approximately 1,823 square metres of 8m stud warehouse and 438 square metres of two-level office space as well as further specialist accommodation including an insulation lined production room. The premises is currently leased to Pack Tech Moulding Limited who commenced a ten year lease on 1 April 2018 with a further two rights of renewal of six years each. Rent reviews are fixed annual 2% increases from 2023 with market reviews on renewal. The sale price reflects an initial yield of 5.39% and our analysis shows an IRR of 6.53%



40 Hands Road, Middleton, Christchurch

The property comprises an older industrial premises within the suburb of Middleton, Christchurch. Construction comprises a concrete foundation with concrete encased steel beams and steel purlins with 2x roller door access. A breakdown of areas encompasses 333 square metres of warehouse, 96 square metres of offices and 36 square metres of mezzanine with five car parks. The property sold with vacant possession and we have analysed the sale which shows a 6.53% equivalent yield, a 7.69% IRR and a value per square metre of Lettable Area of \$1,849.



25 Canada Crescent, Hornby, Christchurch

A 2000's built warehouse sold with vacant possession in Hornby South, Christchurch. Construction incorporates tilt slab concrete to the fully sprinklered warehouse approximating 1484 sqm with a 7m stud height to the portal knee. A canopy (350 sqm) extends over the two motorised roller doors to the western side of the building and there is a security fenced yard/access to the warehouse which incorporates 20 car parks. The property was advertised for lease at \$180,000 per annum net and we believe this to be within market parameters for a property of this nature. This equates to an Equivalent Yield of 6.24% and an IRR of 6.77%.



28-30 Klondyke Drive, Hornby South, Christchurch

This comprises a 2010's built warehouse/office structure comprising tilt slab construction positioned on an inside allotment within the Hornby South suburb of Christchurch. The property has a split of 1,298sqm clear span warehouse with a 6m stud, 80sqm offices, 600sqm yard, 23 car parks and 192sqm canopy with container height roller door access. The property was sold off market with a lease in place to Agrippa Paints Limited under a single ADLS lease with a contract rent of \$206,000 p.a. which we believe to be within market parameters. Rent reviews are 2 yearly with two further terms of renewal of four years each from 2024. We have analysed this sale which equates to a 6.11% equivalent yield which relates to \$1,590 psm NLA and an IRR of 7.30%.



69 Hayton Road, Wigram, Christchurch

This property comprises a modern 1,498 square metre industrial building with a 5.8m stud height and 22 car parks situated on a 2,978 square metre site. The property sold to an owner occupier in June 2020 for \$2,550,000. We have analysed this sale which equates to a 6.49% Equivalent Yield which relates to \$1,702 psm NLA and an Internal Rate of Return of 7.83%.



7-9 Grayson Avenue, Wiri, Auckland

The property comprises three interconnected industrial facilities situated over three land holdings with the main component located on a corner position on the western side of Grayson Avenue with frontage to both Brett and Grayson Avenues. The lot is situated approximately 80 metres south of Grayson Avenue's intersection with Puhinui Road. Grayson Avenue links main arterial roads Puhinui Road and Cavendish Drive which provide access to the Southern Motorway, State Highway 20 and access to the Auckland Airport.

The improvements have a high site coverage and therefore the sale of the property was inclusive of two separate titles being 2 and 9 Brett Avenue which comprise approximately 1,055 square metres and 845 square metres respectively to provide additional car park and yard area. 2 Brett Avenue is situated to the south western corner of the main land holding and 9 Brett Avenue is situated directly opposite. The overall land area of the three separate lots totalled approximately 20,363 square metres

The property provides a net floor area of approximately 15,375 square metres comprising three main warehouse facilities and offices situated over two levels. The largest warehouse comprises approximately 6,225 square metres, the second largest comprises approximately 3,100 square metres and the smaller comprises approximately 1,696 square metres. Each warehouse component has internal access to the other to provide a functional flow for the tenants use. The facilities have been fitted out significantly with tenant specialised equipment.

The property is leased to Cavalier Bremworth on a six year term with one right of renewal of six years with commencement upon settlement. The commencement net rental has been agreed at \$1,600,000 per annum plus GST and is subject to fixed annual rent reviews of an increase of 2%, with a market rent review on renewal.



17 Ha Crescent, Wiri, Auckland

The property comprises a substantial rectangular shaped land holding of approximately 7,786 square metres and is zoned Heavy Industry under the Auckland Unitary Plan. The property is situated on the north eastern corner of Ha Crescent with drive through access and extensive frontage to Roscommon Road. The property has a total floor area of approximately 5,117 square metres comprising a single level of office accommodation fronting Roscommon Road and a clear-span warehouse with a stud height of approximately 9.5 metres at the portal knee and approximately 11.25 metres at the apex. The non-sprinklered warehouse accommodation is accessed via three roller doors protected by a north facing canopy (included in the net floor area). The property was constructed in 2013 providing improvements to a modern and functional quality. The property has good drive through circulation with dual access from Ha Crescent and Roscommon Road.

The property was leased to YHI NZ Limited on a lease term which commenced in July 2013 and the tenant has agreed to exercise their right of renewal due in July 2021 for a further term of six years. The property currently returns a net annual rental of \$581,082 per annum plus GST however is subject to a market rent review at July 2021 which has been agreed early at a net annual rental of \$715,252 plus GST. The lease provides for two yearly rent reviews to CPI and a market review in July 2027.



30 Apollo Drive, Rosedale, Auckland

The property comprises an industrial building constructed circa 2001 situated on the southern side of Apollo Drive within the North Auckland suburb of Rosedale. The property is zoned General Business under the Auckland Unitary Plan and benefits from access to northern and western motorways via Constellation Drive or Tawa Drive.

Improvements to the property comprise approximately 2,342 square metres of well-presented warehouse accommodation with a stud height of approximately 7 metres at the portal knee rising to approximately 9 metres at the apex. Construction to the warehouse is concrete tilt-slab comprises concrete flooring. Office and amenities are provided on an air conditioned and carpeted basis with polished concrete flooring to the reception area. The office and amenities comprise approximately 702 square metres of modern accommodation. Additionally, approximately 90 square metres of canopy area and approximately 35 square metres of courtyard are provided. The property provides 55 on site car parking spaces.

At the date of sale, the property was leased to Sato New Zealand Limited who recently exercised a right of renewal for a term of five years commencing August 2020. The lease was returning a net annual rental of \$505,892 per annum plus GST, subject to a market rent review in August 2023. The lease provides ones further right of renewal for a term of five years.



40-42 Apollo Drive, Rosedale, Auckland

The property comprises a circa 2000's freestanding industrial building situated on an approximate 3,760 square metre site on the south western side of Apollo Drive within the North-Auckland suburb of Rosedale.

Improvements comprise approximately 1,511 square metres of medium stud, clear span warehouse space with a stud height of approximately 6.84 metres at the portal knee, rising to approximately 7.70 metres at the apex. Approximately 764 square metres of office and amenity accommodation is located over two levels to the front of the site. The improvements are presented to a good quality specification throughout, and onsite carparking for approximately 48 open spaces are provided.

The property sold with a lease in place to B.E.P Marine returning a net annual rental of \$385,000 per annum plus GST, expiring in May 2022.



34 Apollo Drive, Rosedale, Auckland

The property comprises approximately 3,368 square metre of building area including the canopy. The building was designed and built for current tenant RPM International Tool & Die Limited in 2005 and holds a seismic rating of 92%. The building overall consists of high-stud warehouse/workshop space with two levels of office and amenities at the road-front portion of the building, along with a separate rear warehouse tenancy leased to Mitre 10. RPM International's office areas are all air-conditioned and finished to a high standard, while the warehouses are fit with roller door access, stud heights ranging from 7.8 metres to 9.0 metres and includes gantry rails for RPM International's two gantry cranes. The lessor also owns two additional gantry cranes which RPM International leases. At the rear tenancy, a rectangular-shaped warehouse with a 2-level Portacom-style office, lunchroom and amenities is utilised as a storage facility by Mitre 10. Car parking onsite include 53 spaces.

The building is situated on a freehold site of approximately 5,160 square metres that is zoned General Business. The site has an approximate 53 metre frontage on Apollo Drive. Apollo Drive adjoins Constellation Drive, which subsequently enables quick access to the Northern Motorway.

At the time of sale, the property was fully leased by RPM International, on a new 10-year term commencing 1 June 2020; and Mitre 10, with approximately 2 years remaining on a 3-year lease that commenced 1 June 2019. Both leases grant the tenants' rights of renewal for further terms. The leases return a total net annual rental of \$492,080 per annum plus GST.



Lot 2, 72 Tidal Road, Mangere, Auckland

The property comprises a 1.0890 hectare land parcel situated to the western side of Tidal Road within Mangere, currently being a development site. The property on completion will comprise a modern industrial facility with a total lettable area of approximately 5,690 square metres, including approximately 970 square metres of canopy. The yard area will comprise approximately 3,781 square metres, and there will be on-site parking for 13 vehicles. It will comprise of two standalone warehouses with associated offices, being Unit A and Unit B, leased to a single tenant.

On completion the property will be leased to Cardinal Logistics for a term of 15 years with a commencement rent of \$1,070,917 per annum net plus GST with annual fixed increases of 1.50% with a market review on every 5th anniversary subject to a hard ratchet clause.

Wellington



14 Jamaica Drive, Grenada North

14 Jamaica Drive comprises a circa 2,920 sqm warehouse with a generous stud height, along with office and car parking. Countdown recently entered into a 6 year lease from 1 December 2020, with 6 rights of renewal of 3 years each and annual 2% fixed rent increases.



15 Raiha Street, Elsdon, Porirua

This property comprises a warehouse currently occupied by Ultibend, leased through to 2026 with 2 rights of renewal of 5 years each. The building is rated 100% NBS. It provides modern warehousing with an area of approximately 2,980 sqm accessed via a generous yard area at the rear of the property. Office and amenities are located at the front of the premises over the ground and first floors.



Mitre 10, Kapiti Coast

The property comprises a purpose built trade retail premises situated on Kapiti Road within the Kapiti Landing bulk retail centre, in Paraparaumu, north of Wellington. The improvements comprise an 8,662 square metre store, which includes a main retail area, office, drive through, café and garden centre. In addition to this are canopies and yard areas. Carparking on the subject site is provided via non-exclusive use of 132 spaces.

The property is occupied by Mitre 10 Mega with a lease which commenced in March 2011 originally for an 18 year term with rental reviews at three yearly intervals indexed to CPI plus 3%.



PlaceMakers, Kapiti Coast

The property comprises a purpose built trade retail premises situated on Kapiti Road within the Kapiti Landing bulk retail centre, in Paraparaumu, north of Wellington. The improvements comprise a 7,044 square metre store, which includes warehouse, office, trade hall and yard areas. Carparking on the subject site is provided via non-exclusive use of 132 spaces.

The property is occupied by PlaceMakers with a lease which commenced in May-2017 originally for a 9 year term with rental reviews at three yearly intervals fixed at 4.5% and market reviews upon renewal.



180-202 Hutt Road, Kaiwharawhara

The property comprises a bulk retail property occupied by PlaceMakers in Wellington together with a secondary building which was earthquake prone and provided separate area which was essentially development land. The PlaceMakers tenant is in occupation on a new nine year lease, while the residual land provides a 2,330 sqm area. The lease provides annual fixed rental increases.

After deducting the residual land component, the investment component reflects an initial yield of 4.75%, an equivalent yield of 4.60% and an IRR of 5.99%.

Christchurch evidence suggests that yields have been compressing in the Industrial market as of late with vacant possession buildings selling in the 6.00% to 6.50% range whilst leased premises range from 5.00% to 6.00%.

Based on the sales evidence, we have adopted the following valuation inputs:

Valuation Input

Capitalisation Rate	5.000%
Discount Rate	6.500%

7 Valuation Considerations

7.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property, whereas opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none">▪ Popular Southwest Christchurch Industrial location▪ Recently constructed/new premises of excellent quality;▪ Minimum 100% NBS;▪ Long term lease, to a tenant of assumed good covenant with bank guarantee	<ul style="list-style-type: none">▪ No room for further expansion
Opportunities	Threats
<ul style="list-style-type: none">▪ No further opportunity	<ul style="list-style-type: none">▪ The economic and social impacts of COVID-19 have the potential to be persistent.

7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 3 months, assuming that the property is presented to the market in accordance with the specific assumptions noted in this report, and with an appropriate level of marketing. 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.

7.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be an investor.

7.4 Sales History

The subject property last transacted as vacant land on 25 November 2014 for \$1,166,880.

8 Valuation Rationale

8.1 Valuation Overview

In arriving at our opinion of market value we have had consideration to the capitalisation and discounted cashflow (DCF) approaches to valuation, along with a cross check via the market comparison approach.

8.2 Capitalisation Approach

The capitalisation approach involves the determination of a sustainable net income from the property, and the application of a capitalisation rate as a measure of expected return from the property. Adjustments are made to the core value for items such as under/over renting, required capital expenditure or current/upcoming vacancy.

We have adopted a core capitalisation rate of 5.000%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$352,840	\$353,456
Car Parking Rental	\$17,160	\$17,160
Ideal Outgoings Recovery (Full Net Leases)	\$55,120	\$55,120
Total Rental Income	\$425,120	\$425,736
Less Outgoings Expenditure	(\$55,120)	(\$55,120)
Net Rental Income	\$370,000	\$370,616
Core Income Capitalised at 5.00%	\$7,400,000	\$7,412,320
Value Adjustments		
Present Value of Existing Rental Reversions	\$12,320	\$0
Total Value Adjustments	\$12,320	\$0
Total Capitalised Value	\$7,412,320	\$7,412,320
Adopted Capitalised Value (say)	\$7,412,000	\$7,412,000

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

Our adopted adjustments are detailed as follows:

Rental Reversions

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

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$7,412,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	4.750%	\$7,802,000	\$7,802,000
Adopted Capitalisation Rate	5.000%	\$7,412,000	\$7,412,000
0.25%	5.250%	\$7,059,000	\$7,059,000

8.3 Discounted Cash Flow Approach

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

We note that a DCF analysis looks to forecast cashflow performance from the property over a future horizon based on an understanding and due diligence related to the property and the specific market in which it sits. The adopted forecasts incorporate what we consider reasonably foreseeable as at the valuation date in terms of key lease events, capital expenditure and likely growth in rental rates, costs and changes in property values over the cashflow term. We note that the actual cashflows associated with the property may vary significantly depending on management decisions, market conditions or unforeseeable events.

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 6.500% to the cash flows to produce a present value of \$7,553,000. Our DCF calculations are summarised overleaf:

Discounted Cashflow Summary	Year Ending	27-Nov-2021	27-Nov-2022	27-Nov-2023	27-Nov-2024	27-Nov-2025	27-Nov-2026	27-Nov-2027	27-Nov-2028	27-Nov-2029	27-Nov-2030	27-Nov-2031
	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	\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$0	\$0
Outgoings Recovery	\$55,120	\$56,388	\$57,516	\$59,241	\$61,018	\$62,849	\$64,734	\$66,676	\$68,677	\$70,737	\$0	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$425,120	\$431,938	\$438,699	\$446,142	\$453,723	\$464,306	\$472,213	\$480,267	\$488,471	\$496,828	\$0	\$0
Rental Deductions												
Unexpired Incentives - Rent Free/Abatements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$55,120)	(\$56,388)	(\$57,516)	(\$59,241)	(\$61,018)	(\$62,849)	(\$64,734)	(\$66,676)	(\$68,677)	(\$70,737)	\$0	\$0
Ground Rental												
Net Rental Cashflow	\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$0	\$0
Rental Adjustments												
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cashflow	\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$0	\$0
Purchase Price	\$7,500,000	After Costs	(\$7,500,000)									
Sale Price	\$8,782,000	After Costs										\$8,672,225
Annual Cashflow	(\$7,130,000)	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$8,672,225	\$8,672,225
Present Value of Rental Cashflow	\$2,932,691											
Present Value of Terminal Value	\$4,619,920											
Allowance for Acquisition Costs	\$0											
Total Net Present Value (\$say)	\$7,553,000	Resulting IRR	6.59%									



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

Revenue Projections

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

Growth Rates

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

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office							10 year average		1.95%	
	0.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.50%
Warehouse							10 year average		1.95%	
	0.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.50%
Canopy							10 year average		1.95%	
	0.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.50%
CPI							10 year average		1.83%	
	1.30%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings							10 year average		2.83%	
	2.30%	2.00%	3.00%	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.

Letting Up Allowances

We have not allowed for a letting up period given the 10 year lease coincides with our 10 year cash flow period.

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. In this instance given the near new/new development with single occupancy for 10 years we have not included any capital expenditure. The building/services will be under guarantee for some time and tenant maintenance provisions will cover anything else except fair wear and tear, which over the ten year lease term, considering the nature of the business operation, should be modest.

Estimated Terminal Sale Price

We have applied a terminal yield of 5.000% (the same as 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	1.25% 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	
	4.750%	5.000%	5.250%
6.250%	\$7,950,000	\$7,694,000	\$7,463,000
6.500%	\$7,802,000	\$7,553,000	\$7,327,000
6.750%	\$7,658,000	\$7,414,000	\$7,194,000

9 Valuation

9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$7,412,000
Capitalisation Approach - Contract Income	\$7,412,000
Discounted Cash Flow Approach	\$7,553,000
Adopted Value	\$7,500,000

9.2 Valuation Conclusion

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market sentiment, we have adopted a rounded valuation figure of \$7,500,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 28 November 2020, is:

\$7,500,000 plus GST (if any)

Seven Million Five Hundred Thousand Dollars plus GST (if any)

The assessed value reflects an initial passing yield of 4.93%, an equivalent yield of 4.94%, an internal rate of return of 6.59%, and a rate of \$2,721 per square metre of Lettable Area.

We confirm that this report is confidential to the following parties and for the specific purposes noted below:

- Pacific Property Fund Limited – for inclusion within a Product Disclosure Statement

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.

9.3 Mortgage Security Recommendation

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

There remains some uncertainty around market parameters given the events of recent months, and we recommend caution is applied to lending at present.

9.4 Market Value Apportionment

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

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

Valuation Apportionment	Value
Land Value	\$1,300,000
Improvements Value	\$6,200,000
Adopted Value	\$7,500,000

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

9.5 Involvement Statement

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

Inspection of Property	Graeme McDonald
Calculations	Graeme McDonald
Information Review	Graeme McDonald, Robert Clifford
Report Authoring	Graeme McDonald, Robert Clifford
Quality Assurance	Stephen Campen
Principal Valuer	Graeme McDonald

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

Yours faithfully,

Jones Lang LaSalle, Valuation Advisory

Jones Lang LaSalle

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Appendix 1 – Valuation Definitions

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

Appendix 2 – Record of Title



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




R. W. Muir
Registrar-General
of Land

Identifier **661160**
Land Registration District **Canterbury**
Date Issued 11 September 2014

Prior References

651827 CB47B/681

Estate Fee Simple
Area 4488 square metres more or less
Legal Description Lot 11 Deposited Plan 477298

Registered Owners

Avenger Lane Holdings Limited

Interests

9335088.2 Encumbrance to Alliance Group Limited - 30.4.2013 at 4:26 pm

Subject to a right (in gross) to convey electricity over part herein marked B, S on DP 477298 in favour of Orion New Zealand Limited created by Easement Instrument 9777315.11 - 14.7.2014 at 4:02 pm

Subject to a right (in gross) to drain water over part herein marked S on DP 477298 in favour of the Christchurch City Council created by Easement Instrument 9777315.12 - 14.7.2014 at 4:02 pm

Subject to a right (in gross) to drain water over part herein marked S on DP 477298 in favour of the Christchurch City Council created by Easement Instrument 9777315.13 - 14.7.2014 at 4:02 pm

Subject to a right (in gross) to convey telecommunications and computer media over part herein marked B on DP 477298 in favour of Enable Networks Limited created by Easement Instrument 9777315.14 - 14.7.2014 at 4:02 pm

Subject to a right to drain sewage over part marked B on DP 477298 created by Easement Instrument 9777315.15 - 14.7.2014 at 4:02 pm

The easements created by Easement Instrument 9777315.15 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way, rights to drain water and sewage, rights to convey water, gas, electricity, telecommunications and computer media over part marked B, S on DP 477298 created by Easement Instrument 9819074.12 - 11.9.2014 at 12:36 pm

Appurtenant hereto is a right of way, rights to drain water and sewage, rights to convey water, gas, electricity, telecommunications and computer media created by Easement Instrument 9819074.12 - 11.9.2014 at 12:36 pm

The easements created by Easement Instrument 9819074.12 are subject to Section 243 (a) Resource Management Act 1991

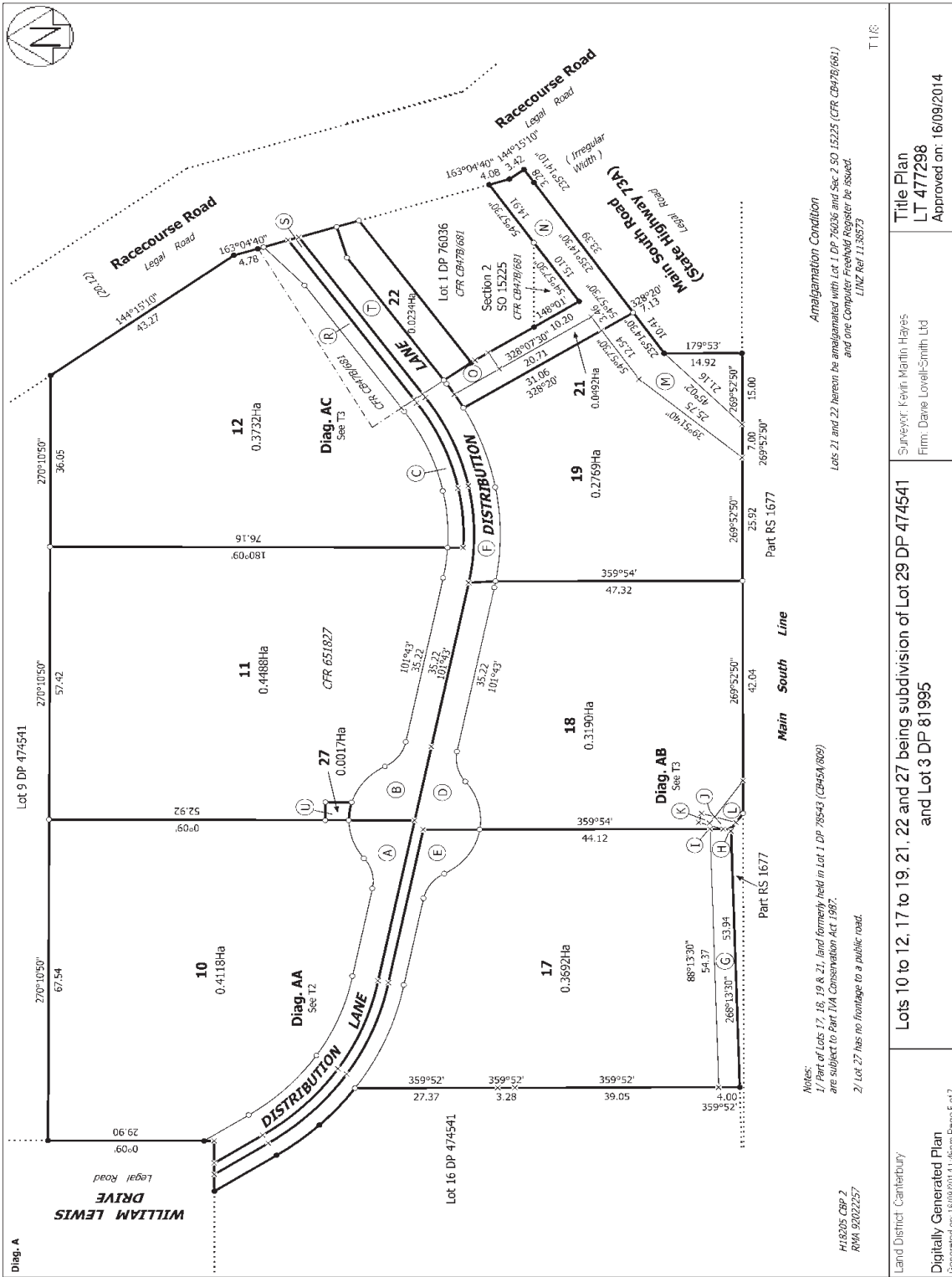
Land Covenant in Easement Instrument 9819074.13 - 11.9.2014 at 12:36 pm (limited as to duration)

9819074.14 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 11.9.2014 at 12:36 pm

10247806.1 Mortgage to Bank of New Zealand - 11.11.2015 at 4:13 pm

10284655.1 Variation of Mortgage 10247806.1 - 14.12.2015 at 11:37 am

Subject to a right (in gross) to convey electricity over part marked A and B on DP 490978 in favour of Orion New Zealand Limited created by Easement Instrument 10383319.1 - 18.5.2016 at 3:58 pm





Instrument No. 9335088.2
 Status Registered
 Date & Time Lodged 30 Apr 2013 16:26
 Lodged By Palframan, Fiona Jane
 Instrument Type Encumbrance



Affected Computer Registers **Land District**

26118

Canterbury

Annexure Schedule: Contains 8 Pages.

Encumbrancer Certifications

I certify that I have the authority to act for the Encumbrancer and that the party has the legal capacity to authorise me to lodge this instrument

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period

Signature

Signed by Lucy Jane Evelyn Glausiuss as Encumbrancer Representative on 12/04/2013 12:21 PM

Encumbrancee Certifications

I certify that I have the authority to act for the Encumbrancee and that the party has the legal capacity to authorise me to lodge this instrument

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period

Signature

Signed by Timothy Brian Lester as Encumbrancee Representative on 29/04/2013 08:31 AM

*** End of Report ***

Form E**Encumbrance instrument**

(Section 101 Land Transfer Act 1952)

Affected instrument Identifier and type (if applicable)	All/part	Area/Description of part or stratum
CB26118	All	

Affected instrument Identifier and type (if applicable)	All/part	Area/Description of part or stratum
CB26118	All	

Encumbrancer

CENTRAL BUSINESS PARK LIMITED

Encumbrancee

ALLIANCE GROUP LIMITED

Estate or interest to be encumbered*Insert e.g. Fee simple; Leasehold in Lease No. etc.*

Fee simple

Encumbrance Memorandum Number

Nil

Nature of security*State whether sum of money, annuity or rentcharge and amount*

Sum = \$50,000.00 plus GST

Encumbrance*Delete words in [], as appropriate*

<p>The Encumbrancer encumbers for the benefit of the Encumbrancee the land in the above computer register(s) with the above sum of money, annuity or rentcharge, to be raised and paid in accordance with the terms set out in the [Annexure Schedule(s)] and so as to incorporate in this Encumbrance the terms and other provisions set out in the Annexure Schedule(s) for the better securing to the Encumbrancee the payment(s) secured by this Encumbrance, and compliance by the Encumbrancer with the terms of this encumbrance.</p>
--

Form E *continued*

Terms

- 1 Length of term 30 years from the date of this Encumbrance Instrument
- 2 Payment date(s) On demand
- 3 Rate(s) of interest The Bank of New Zealand base rate on the Payment Date plus 5% per annum
- 4 Event(s) in which the sum, annuity or rentcharge becomes payable if the Encumbrancer is in breach of the Covenants.
- 5 Event(s) in which the sum, annuity or rentcharge ceases to be payable in accordance with the Annexure Schedule.

Covenants and conditions

Continue in Annexure Schedule(s), if required

In accordance with Annexure Schedule

Modification of statutory provisions

Continue in Annexure Schedule(s), if required

In accordance with Annexure Schedule

Form E *continued*

Annexure Schedule

Page 3 of 8 Pages

Insert instrument type

Encumbrance

*Continue in additional Annexure Schedule, if required***BACKGROUND**

- A. The Encumbrancer is registered as proprietor of the Land.
- B. The Encumbrancer has purchased the Land from the Encumbrancee.
- C. The Land has real value to the Encumbrancee. However, the Encumbrancee agreed to sell the Land to the Encumbrancer on the condition that the Encumbrancer enters into and registers this encumbrance instrument.

1. INTERPRETATION

1.1 **Definitions:** In this encumbrance instrument unless the context indicates otherwise:

- (a) "**Covenants**" means the covenants contained in the First Schedule of this encumbrance instrument;
- (b) "**Encumbrancer**" means the Encumbrancer named in this encumbrance instrument and includes the person for the time being registered as proprietor of the Land and any person claiming under the Encumbrancer but only for as long as that person is registered proprietor of the Land;
- (c) "**further processing**" means the processing of meat product derived from any Livestock in or beyond the carcass state including, without limitation, cutting, boning, packaging, preserving and preparation for consumption or sale in whatever form;
- (d) "**Land**" means the land in the identifier described on the front page;
- (e) "**Livestock**" means lamb, sheep, cattle (including calves), deer, horse, pig, ostrich or goat,
- (f) "**processing**" means any activity involved in the confinement, slaughter, evisceration and dressing of any Livestock to a meat carcass state;
- (g) "**processing of by-product**" means any activity, without limitation, involving the stripping, felling, processing, preservation, treatment, grading, rendering or packaging of any part or substance of Livestock (including offals) other than meat product.

Form E *continued*

Annexure Schedule

Page 4 of 8 Pages

Insert instrument type

Encumbrance

Continue in additional Annexure Schedule, if required

- 1.2 **Defined Expressions:** expressions defined in the main body of this encumbrance instrument have the defined meaning in the whole of this encumbrance instrument including the Background;
- 1.3 **Headings:** section, clause and other headings are for ease of reference only and do not affect this encumbrance instrument's interpretation;
- 1.4 **Joint and Several Liability:** an obligation by two or more persons binds those persons jointly and severally;
- 1.5 **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- 1.6 **Persons:** references to persons include references to individuals, companies, corporations, partnerships, firms, joint ventures, associations, trusts, organisations, governmental or other regulatory bodies or authorities or other entities in each case whether or not having separate legal personality;
- 1.7 **Plural and Singular:** words importing the singular number include the plural and vice versa;
- 1.8 **Schedules:** the schedules to this encumbrance instrument and the provisions and conditions contained in these schedules will have the same effect as if set out in the body of this encumbrance instrument;
- 1.9 **Sections, Clauses and Schedules:** references to sections, clauses and schedules are references to this encumbrance instrument's sections, clauses and schedules; and
- 1.10 **Statutes and Regulations:** references to any statutory provision includes any statutory provision which amends or replaces it, and any subordinate legislation made under it.

2. INTENTION OF ENCUMBRANCE

The intention of this encumbrance is to secure the ongoing performance by the Encumbrancer of the Covenants and the payment of the Sum. The Encumbrancee is only required to provide a release of this encumbrance instrument in the circumstances described in clause 8.

Form E *continued*

Annexure Schedule

Page 5 of 8 Pages

Insert instrument type

Encumbrance

*Continue in additional Annexure Schedule, if required***3. COVENANTS**

The Encumbrancer covenants with the Encumbrancee to observe and perform the Covenants.

4. SUM

For the avoidance of doubt the Encumbrancer agrees that it is liable to pay the Sum on each and every occasion that it is in breach of the Covenants. Where a breach of Covenant is not remedied by the Encumbrancer within one month of being requested to do so by the Encumbrancee then the Encumbrancer will, on demand from the Encumbrancee, pay a further Sum to the Encumbrancee and the Encumbrancer further agrees that it is liable to pay to the Encumbrancee further Sum(s), on demand from the Encumbrancee, at the expiry of each month thereafter until the breach is remedied to the satisfaction of the Encumbrancee.

5. INTEREST

The Encumbrancer agrees to pay interest to the Encumbrancee at the Rate of Interest on the amount of the Sum that is not paid in full on the Payment Date. Interest shall commence from the Payment Date and shall continue to accrue on such unpaid amount until the Sum payable under this encumbrance instrument is fully paid.

6. COSTS

The Encumbrancer shall pay all costs directly or indirectly attributable to enforcement and discharge of this encumbrance instrument and any documents associated with it.

7. FIRST CHARGE

This encumbrance instrument shall rank as a first charge in respect of the Land.

8. DISCHARGE/DISPENSATION

- (a) The Encumbrancer shall be entitled to a discharge of this encumbrance at the request and cost of the Encumbrancer on the expiry of the term (30 years from the date of this encumbrance) and any monies that become owing under this encumbrance instrument are fully paid.

Form E *continued*

Annexure Schedule

Page 6 of 8 Pages

Insert instrument type

Encumbrance

Continue in additional Annexure Schedule, if required

- (b) Additionally, the Encumbrancee at its sole and entire discretion may:
- (i) grant dispensation to the Encumbrancer on such terms and conditions as the Encumbrancee sees fit to undertake an activity which would otherwise be a breach of the Covenants, or
 - (ii) provide a discharge of this encumbrance notwithstanding the term of this encumbrance has not expired.

9. BREACH

Without prejudice to any other right or remedy that may arise at common law or otherwise it is acknowledged that in the event that there is a breach of this encumbrance instrument by the Encumbrancer that the Encumbrancee shall be entitled to pursue the Encumbrancer for damages and/or injunctive relief.

10. DELAYS

Any delay by the Encumbrancee in enforcing any rights or remedies in terms of this encumbrance instrument shall not in any circumstances be deemed to be a waiver of such right or remedy.

11. SEVERANCE

If any provision of this Encumbrance Instrument is or becomes illegal, invalid or unenforceable in any respect, that provision shall be read down to the extent necessary to make it legal, valid and enforceable or, if it cannot be read down, deemed severed from this Encumbrance Instrument. Such change shall not affect the legality, validity and enforceability of the other provisions of this Encumbrance Instrument.

12. ENCUMBRANCEE CONSENT

The Encumbrancee hereby consents to the registration of any of the following instruments executed by the Encumbrancer in respect of the Land:

- (a) The creation, variation or surrender of an easement (section 90E(3) Land Transfer Act 1952);
- (b) The variation of a mortgage instrument (section 102(4) Land Transfer Act 1952);

Form E *continued*

Annexure Schedule

Page 7 of 8 Pages

Insert instrument type

Encumbrance

Continue in additional Annexure Schedule, if required

- (c) the registration of a lease, a lease variation instrument or a surrender of a lease (sections 115(4), 116(7) and 120(5) Land Transfer Act);
- (d) the disposal of a licence or shares to which the licence relates (section 121I(1) Land Transfer Act 1952),

And this consent shall be deemed to be the consent of the mortgagee (which term includes Encumbrancee) as specified in the Land Transfer Act 1952, to the registration of a particular instrument specified in subparagraphs 12(a) to (d) above.

13. IMPLIED TERMS

Sections 203 and 204 of the Property Law Act 2007 apply to this Encumbrance, but otherwise (and without prejudice to the Encumbrancee's rights of action at common law as a rent charger or Encumbrancee and without waiving the Encumbrancee's rights under the Land Transfer Act 1952 and the Property Law Act 2007):

- (a) The Encumbrancee shall be entitled to none of the powers and remedies given to mortgagees by the Land Transfer Act 1952 and the Property Law Act 2007; and
- (b) No covenants on the part of the Encumbrancer and their successors in title are implied in this Encumbrance other than the covenants for further assurance implied by section 154 of the Land Transfer Act 1952.

14. CONTRACTS PRIVITY

The Encumbrancer acknowledges that the provisions of this encumbrance instrument are intended to confer benefits on the Encumbrancee and/or any subsidiary or related companies (as defined in the Companies Act 1993) whether that subsidiary or related company became such before or after the date of this encumbrance instrument and to create obligations on the part of the Encumbrancer which are enforceable at the suit of any of those companies whether by way of defence or otherwise pursuant to the provisions of the Contracts Privity Act 1982.

Form E continued

Annexure Schedule

Page 8 of 8 Pages

Insert instrument type

Encumbrance

Continue in additional Annexure Schedule, if required

FIRST SCHEDULE

(Covenants of Encumbrancer)

The Encumbrancer covenants with the Encumbrancee that it will not and nor will it allow any other party at any time to undertake or cause to be undertaken any activity on the Land which involves the following, or sell the Land or part thereof to any party in the knowledge having made reasonable enquiries that such party intends to establish and undertake an activity on the Land which involves the following:

- (a) The processing of any Livestock;
- (b) The further processing of meat being the product of any Livestock; or
- (c) The processing of by-product derived from any Livestock

The above covenants shall not prevent the Encumbrancer using the Land or allowing the Land to be used for:

- (a) The freezing, chilling or storage (cold or otherwise) of any carcass and/or further processed meat or by-product derived from Livestock provided such Livestock has been processed other than on the Land, and
- (b) Utilising milk derived from any Livestock for the purposes of processing dairy products.



View Instrument Details

Instrument No. 9819074.14
Status Registered
Date & Time Lodged 11 Sep 2014 12:36
Lodged By Glausius, Lucy Jane Evelyn
Instrument Type Consent Notice under s221(4)(a) Resource Management Act 1991



Affected Computer Registers	Land District
661159	Canterbury
661160	Canterbury
661161	Canterbury
661162	Canterbury
661163	Canterbury
661164	Canterbury
661165	Canterbury

Annexure Schedule: Contains 3 Pages.

Signature

Signed by Lucy Jane Evelyn Glausius as Territorial Authority Representative on 10/09/2014 09:09 AM

***** End of Report *****

IN THE MATTER OF the Resource Management Act 1991

AND

IN THE MATTER OF DP 474541 and Subdivision Consent Application RMA/92022257

**CONSENT NOTICE PURSUANT TO
SECTION 221, RESOURCE MANAGEMENT ACT 1991**

To: The Registrar General of Lands
Canterbury Land Registration District
LAND INFORMATION NEW ZEALAND

TAKE NOTICE that the land hereinafter described is subject to conditions in relation to a subdivision consent as follows:

Geotechnical lots 10-12, 17-19, 21 & 22

Any structure requiring a Building Consent in terms of the Building Act provisions shall have specific foundation design by a chartered engineer or by an appropriately qualified geotechnical engineer, with consideration for potentially high vertical settlement.

Tree protection Lot 19

The following trees growing in the positions shown on the attached plan are to be protected and preserved in accordance with good arboricultural practice

Tree 16 English Oak, *Quercus robur*
Tree 18 English Oak, *Quercus robur*

AND THAT you are hereby directed and required to register the same pursuant to Section 221 Resource Management Act 1991.

DESCRIPTION OF LAND BY CONSENT NOTICE

ALL THOSE parcel of land comprising:

- 0.4118 Ha being Lot 10 DP 477298 comprised in Computer Freehold Register 661159
- 0.4488Ha being Lot 11 DP 477298 comprised in Computer Freehold Register 661160
- 0.3732 Ha being Lot 12 DP 477298 comprised in Computer Freehold Register 661161
- 0.3692 Ha being Lot 17 DP 477298 comprised in Computer Freehold Register 661162
- 0.3190 Ha being Lot 18 DP 477298 comprised in Computer Freehold Register 661163
- 0.2769 Ha being Lot 19 DP 477298 comprised in Computer Freehold Register 661164
- 0.0492 Ha being Lot 21 DP 477298 comprised in Computer Freehold Register 661165
- 0.0234 Ha being Lot 22 DP 477298 comprised in Computer Freehold Register 661165

DATED this 15th day of August 2014

SIGNED for and on behalf of
CHRISTCHURCH CITY COUNCIL
pursuant to Section 252 of the
Local Government Act 1974



Pritchard, Bob
25/08/2014 11:02 AM

Principal Officer (for the purposes of
Section 221 Resource Management Act 1991)



Instrument No. 9819074.13
Status Registered
Date & Time Lodged 11 Sep 2014 12:36
Lodged By Glausiuss, Lucy Jane Evelyn
Instrument Type Easement Instrument



Affected Computer Registers Land District

661159	Canterbury
661160	Canterbury
661161	Canterbury
661162	Canterbury
661163	Canterbury
661164	Canterbury

Annexure Schedule: Contains 4 Pages.

Grantor Certifications

I certify that I have the authority to act for the Grantor and that the party has the legal capacity to authorise me to lodge this instrument

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period

I certify that the Mortgagee under Mortgage 9335088.3 has consented to this transaction and I hold that consent

I certify that the Encumbrancee under Encumbrance 9335088.2 has consented to this transaction and I hold that consent

Signature

Signed by Lucy Jane Evelyn Glausiuss as Grantor Representative on 10/09/2014 09:07 AM

Grantee Certifications

I certify that I have the authority to act for the Grantee and that the party has the legal capacity to authorise me to lodge this instrument

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period

Signature

Signed by Lucy Jane Evelyn Glausiuss as Grantee Representative on 10/09/2014 09:07 AM

*** End of Report ***

Easement instrument to grant easement or *profit à prendre*, or create land covenant

(Sections 90A and 90F Land Transfer Act 1952)

2009/6229EF APPROVED Registrar-General of Land
--

Grantor

CENTRAL BUSINESS PARK LIMITED

Grantee

CENTRAL BUSINESS PARK LIMITED

Grant of Easement or *Profit à prendre* or Creation of Covenant

The Grantor being the registered proprietor of the servient tenement(s) set out in Schedule A **grants to the Grantee** (and, if so stated, in gross) the easement(s) or *profit(s) à prendre* set out in Schedule A, **or creates** the covenant(s) **set out** in Schedule A, with the rights and powers or provisions set out in the Annexure Schedule(s)

Schedule A*Continue in additional Annexure Schedule, if required*

Purpose (Nature and extent) of easement; <i>profit</i> or covenant	Shown (plan reference)	Servient Tenement (Computer Register)	Dominant Tenement (Computer Register) or in gross
Land covenant		661159 661160 661161 661162 661163 661164	661159 661160 661161 661162 661163 661164

Easements or profits à prendre rights and powers (including terms, covenants and conditions)

Delete phrases in [] and insert memorandum number as required; continue in additional Annexure Schedule, if required

Unless otherwise provided below, the rights and powers implied in specified classes of easement are those prescribed by the Land Transfer Regulations 2002 and/or Schedule Five of the Property Law Act 2007

The implied rights and powers are hereby **[varied]** **[negatived]** **[added to]** or **[substituted]** by:

~~[Memorandum number _____, registered under section 155A of the Land Transfer Act 1952]~~

~~[the provisions set out in Annexure Schedule _____]~~

Covenant provisions

Delete phrases in [] and insert Memorandum number as require; continue in additional Annexure Schedule, if required

The provisions applying to the specified covenants are those set out in:

~~[Memorandum number _____, registered under section 155A of the Land Transfer Act 1952]~~

~~[Annexure Schedule _____]~~

Annexure Schedule

Page 3 of 4 Pages

2009/5043EF
APPROVED
Registrar-General of Land

Insert instrument type

Continue in additional Annexure Schedule, if required

LAND COVENANTS

The Grantor wishes to establish restrictive covenants over each of the lots described in the Certificates of Title listed in Schedule A of this Instrument for the benefit of all the other lots set out in Schedule A and wishes to be bound by the stipulations and restrictions set out herein.

NOW THEREFORE the Grantor is the registered proprietor of each of the said lots set out in Schedule A and HEREBY COVENANTS with itself to the intent that such covenants shall be restrictive covenants which shall take effect from the date hereof and continue hereafter in perpetuity for the benefit of all of the other lots set out in Schedule A (except the covenants in clause 1 below which shall expire on the date ten (10) years following the issue of title for the lots set out in Schedule A).

The Grantor and the Grantor's successors in title shall not:

1. Erect any building without Central Business Park Limited or its nominee ("the Developer") having first approved the exterior plans, outline exterior specifications and site plans. Street front fencing shall require the prior approval of the Developer if situated within the street front landscape zone. The Developer must not withhold approval in case of plans and specifications which provide for buildings or fences which are to be reasonably sited and which will not detract from the overall high standard of the development for the location in which the property will be situated. This covenant shall have no force or effect after then (10) years from the date of issue of title of the lots set out in Schedule A.
2. Use any second hand materials in the construction of buildings or improvements on the property.
3. Erect any fence containing cement board sheet or panels, corrugated iron, metal sheeting, mesh or wire provided that security fencing along the side and back boundaries may be constructed from mesh and wire.
4. Without the consent in writing of the Grantee (such not to be unreasonably withheld) place or allow to be placed on the property:
 1. Any satellite dish or aerial which is visible from any part of the road adjoining the property; or
 2. Storage of gas visible from the street in front of the property or the installation of control equipment for gas or meter boxes visible from the street front elevation of the property.
5. Carry out or permit to be carried out on the property any panel beating, spray painting or car, heavy vehicle or machinery wrecking or dismantling activities or any storage of accident damaged cars, heavy vehicles or machinery. Notwithstanding the foregoing the Grantor for the time being of Lot 12 Deposited Plan 477298 comprised In Certificate of Title 661161 may carry out or permit to be carried out on Lot 12 Deposited Plan 477298 spray painting activities.
6. If there is any breach or non-observance of any of the above covenants then, without prejudice to any other liability which the Grantor may have against the Grantee and any person or persons having the benefit of the covenants, the Grantor will upon written demand being made by the Grantee ("the Grantee's Notice"):

Annexure Schedule

2009/5043EF
APPROVED
Registrar-General of Land

Insert instrument type

Continue in additional Annexure Schedule, if required

- (a) remove or cause to be removed from the Lot any building, hardstand area or other structure constructed, erected or placed on the Servient Tenement in breach or non-observance of the Covenants;
- (b) replace any building material used in breach or non-observance of the Covenants; and
- (c) cease carrying out the restricted activity.

The Grantee's Notice shall specify a date for rectification of the Grantor's breach or non-observance.

7. If on the expiry of the Grantee's Notice the Grantor has not complied with the demands set out in the Grantee's Notice for rectification of the breach, then the Grantor will pay to the Grantee liquidated damages in the sum of \$100.00 per day from the expiry of the Grantee's Notice until such time as the breach has been rectified.

Appendix 3 – Valuation Calculations

Property	Stake Glass - 3 Distribution Lane, Sockburn, Christchurch
Property Description	Industrial Premises
Net Lettable Area	2,756 square metres
Car Parking	22 spaces - 1 car park per 125.29 sqm
Prepared For	Pacific Property Fund Limited
Purpose	Mortgage Security
Date of Valuation	28 November 2020
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$7,500,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	4.93%
Initial Yield (Fully Leased)	4.93%
Equivalent Yield	4.94%
Internal Rate of Return (Ten Year)	6.59%
Weighted Average Lease Term - Income	10.00 years
Weighted Average Lease Term - Area	10.00 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	\$2,721 /sqm
Under/Over Renting Proportion	Under rented: (0%)

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

Capitalisation Approach

Value Based on Market Capitalisation	\$7,412,000
Value Based on Contract Capitalisation	\$7,412,000
Capitalisation Rate	5.00%

Contract and Market Rental Income Summary

	Contract	Market
Rental Income	\$370,000	\$370,616
Other Income		
Recoverable Outgoings	\$55,120	\$55,120
Gross Income	\$425,120	\$425,736
Total Outgoings	(\$55,120)	(\$55,120)
Less Year 1 Incentives		
Net Income	\$370,000	\$370,616

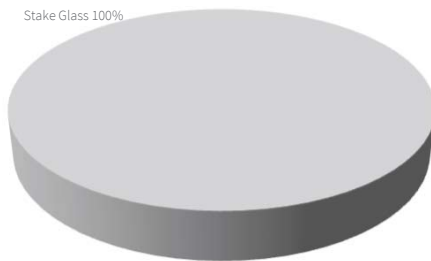
Discounted Cashflow Approach

Value Based on DCF Approach	\$7,553,000
Discount Rate	6.50%
Terminal Capitalisation Rate	5.00%
Nominal Assumed Rental Growth	1.95% pa
Nominal Assumed CPI	1.83% pa

DCF Sensitivity Analysis

Discount Rate	4.75%	5.00%	5.25%
6.25%	\$7,950,000	\$7,694,000	\$7,463,000
6.50%	\$7,802,000	\$7,553,000	\$7,327,000
6.75%	\$7,658,000	\$7,414,000	\$7,194,000

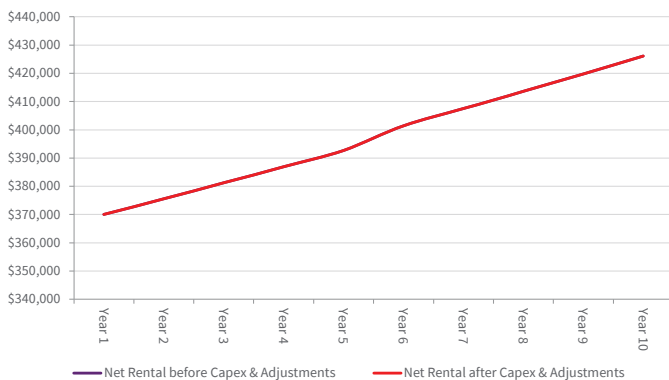
Major Tenant Occupancy Profile by Rental Income



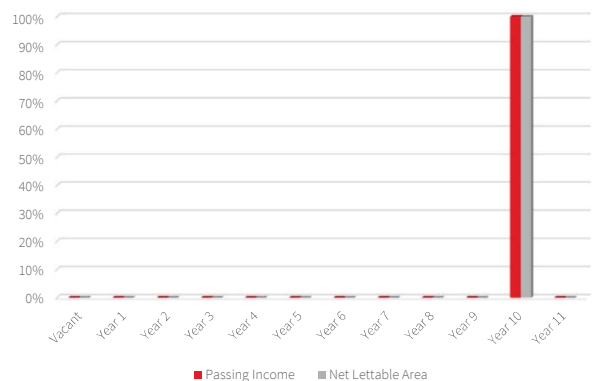
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$0	\$0	\$0
Letting Up	\$0	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile



Rental Income	Contract Income	Market Income
Lettable area rental	\$352,840	\$353,456
Car Parking Rental	\$17,160	\$17,160
Ideal Outgoings Recovery (Full Net Leases)	\$55,120	\$55,120
Total Rental Income	\$425,120	\$425,736
Less Outgoings Expenditure	(\$55,120)	(\$55,120)
Net Rental	\$370,000	\$370,616
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%	\$0	\$0
Core Income	\$370,000	\$370,616
Core Income Capitalised at 5.00%	\$7,400,000	\$7,412,320
Value Adjustments		
Present Value of Existing Rental Reversions	\$12,320	\$0
Present Value of All Outstanding Incentives	\$0	\$0
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	\$0	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	\$0	\$0
Expiries within the next 24 months - Letting Up Allowances:		
<i>Present Value of Downtime</i>	\$0	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	\$0	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0	\$0
Present Value of Short Term Capital Expenditure: 24 months	\$0	\$0
Value of Other Income	\$0	\$0
Total Value Adjustments	\$12,320	\$0
Total Capitalised Value	\$7,412,320	\$7,412,320
Adopted Capitalised Value	\$7,412,000	\$7,412,000
Adopted Value		\$7,500,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	10.00 years	Initial Yield (Net Passing)	4.93%
By Area	10.00 years	Initial Yield (Fully Leased)	4.93%
Current Vacancies		Equivalent Market Yield	4.94%
By Area	0 sqm	Rate per sqm of Lettable Area	\$2,721 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	\$0	Net Passing Income	\$370,000
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	\$370,000



Discounted Cashflow Approach
Stake Glass - 3 Distribution Lane, Sockburn, Christchurch
28 November 2020

Key Property Statistics		Valuation Date	Terminal Period
Weighted Average Lease Term - Income	10.00 years	10.00 years	0.00 years
Weighted Average Lease Term - Area	10.00 years	10.00 years	0.00 years
Occupancy	100.00%	100.00%	0.00%
Initial Yield (Net Passing)	4.93%	4.93%	0.00%
Initial Yield (Fully Leased)	4.93%	4.93%	5.14%

Sensitivity Analysis*		Terminal Yield
Discount Rate	4.750%	5.000%
6.250%	\$7,950,000	\$7,463,000
6.500%	\$7,802,000	\$7,327,000
6.750%	\$7,658,000	\$7,194,000

* Rounded Values

Capex Assumptions
 Total Allowance over DCF Period
 Proportion of Adopted Value

Year Ending	27-Nov-2021	27-Nov-2022	27-Nov-2023	27-Nov-2024	27-Nov-2025	27-Nov-2026	27-Nov-2027	27-Nov-2028	27-Nov-2029	27-Nov-2030	27-Nov-2031
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Discounted Cashflow Results											
PV of Rental Income	\$2,932,691										
PV of Terminal Value	\$4,619,920										
Acquisition Costs	\$0										
Total Net Present Value	\$7,552,611										
Adopted Net Present Value	\$7,553,000										
Adopted Value	\$7,500,000										
Adopted Discount Rate	6.50%										
Internal Rate of Return	6.59%										
Rental Income											
Lettable Area and Car Park Income	\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$0
Outgoings Recovery	\$55,120	\$56,388	\$57,516	\$59,241	\$61,018	\$62,849	\$64,734	\$66,676	\$68,677	\$70,737	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$425,120	\$431,938	\$438,699	\$446,142	\$453,723	\$464,306	\$472,213	\$480,267	\$488,471	\$496,828	\$0
Rental Deductions											
Unexpired Incentives - Rent Free/Abatements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$55,120)	(\$56,388)	(\$57,516)	(\$59,241)	(\$61,018)	(\$62,849)	(\$64,734)	(\$66,676)	(\$68,677)	(\$70,737)	\$0
Net Rental Cashflow	\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$0
Rental Adjustments											
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cashflow	\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$0
Purchase Price											
Acquisition Costs @ 0.00%	\$7,500,000										
Gross Purchase Price	\$7,500,000										
Net Sale Price After Costs @ 1.25%											\$8,672,225
Annual Cashflow	(\$7,130,000)	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092	\$8,672,225
Running Yield (pre acquisition costs)	4.93%	5.01%	5.08%	5.16%	5.24%	5.35%	5.43%	5.51%	5.60%	5.68%	-
Running Yield (post acquisition costs)	4.93%	5.01%	5.08%	5.16%	5.24%	5.35%	5.43%	5.51%	5.60%	5.68%	-
Running IRR	2.84%	4.95%	5.66%	6.02%	6.25%	6.42%	6.54%	6.37%	6.48%	6.59%	-



Tenancy Schedule
Stake Glass - 3 Distribution Lane, Sockburn, Christchurch
28 November 2020

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Contract Rental	Premises per sqm	Car Park pcpw	Outgoings Recovery	Net Market per sqm	Gross Market per sqm	Car Park pcpw	Net Market Rental
1. Stake Glass	Office	319.1	22	28-Nov-20	27-Nov-30	28-Nov-21	1 yearly	Market	\$96,935	\$250	\$15.00	\$6,381	\$250	\$270	\$15.00	\$96,935
2. Stake Glass	Warehouse	2,168.8		28-Nov-20	27-Nov-30	28-Nov-21	1 yearly	Market	\$259,640	\$120		\$43,370	\$120	\$140		\$260,256
3. Stake Glass	Canopy	268.5		28-Nov-20	27-Nov-30	28-Nov-21	1 yearly	Market	\$13,425	\$50		\$5,369	\$50	\$70		\$13,425

GLA	2,756 sqm	22	Passing Rental	\$370,000	Outgoings Recovery	\$55,120	Market Rental	\$370,616
NLA	2,756 sqm		Net Passing Rental	\$370,000	Vacant Outgoings	\$0		
					Outgoings Shortfall	\$0		
					Total Outgoings	\$55,120		



Annualised Receivable Income
Stake Glass - 3 Distribution Lane, Sockburn, Christchurch
28 November 2020

Tenant Name	Premises	Year 1 27-Nov-2021	Year 2 27-Nov-2022	Year 3 27-Nov-2023	Year 4 27-Nov-2024	Year 5 27-Nov-2025	Year 6 27-Nov-2026	Year 7 27-Nov-2027	Year 8 27-Nov-2028	Year 9 27-Nov-2029	Year 10 27-Nov-2030
Stake Glass	Office	\$96,935	\$98,389	\$99,865	\$101,363	\$102,883	\$105,001	\$106,576	\$108,175	\$109,798	\$111,445
Stake Glass	Warehouse	\$259,640	\$263,535	\$267,488	\$271,500	\$275,572	\$281,913	\$286,142	\$290,434	\$294,791	\$299,212
Stake Glass	Canopy	\$13,425	\$13,626	\$13,831	\$14,038	\$14,249	\$14,542	\$14,760	\$14,982	\$15,206	\$15,435
Total Receivable Rental Income		\$370,000	\$375,550	\$381,183	\$386,901	\$392,705	\$401,457	\$407,479	\$413,591	\$419,795	\$426,092



Market Rental Income - Year Start
Stake Glass - 3 Distribution Lane, Sockburn, Christchurch
28 November 2020

Tenant Name	Premises	Year 1 28-Nov-2020	Year 2 28-Nov-2021	Year 3 28-Nov-2022	Year 4 28-Nov-2023	Year 5 28-Nov-2024	Year 6 28-Nov-2025	Year 7 28-Nov-2026	Year 8 28-Nov-2027	Year 9 28-Nov-2028	Year 10 28-Nov-2029
Stake Glass	Office	\$96,935	\$96,935	\$98,892	\$100,888	\$102,924	\$105,001	\$107,388	\$109,830	\$112,327	\$114,880
Stake Glass	Warehouse	\$260,256	\$260,256	\$265,509	\$270,868	\$276,336	\$281,913	\$288,322	\$294,877	\$301,580	\$308,436
Stake Glass	Canopy	\$13,425	\$13,425	\$13,696	\$13,972	\$14,254	\$14,542	\$14,873	\$15,211	\$15,557	\$15,910
Total Market Rental		\$370,616	\$370,616	\$378,097	\$385,728	\$393,514	\$401,457	\$410,583	\$419,917	\$429,463	\$439,227

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