

# Valuation Advisory

Report prepared for Prospective Investors in Augusta Penrose Limited (on a non-reliance basis) for Capital Raising purposes

VISY

752 Great South Road, Penrose, Auckland

9 November 2020



# Executive Summary

## VISY - 752 Great South Road, Penrose, Auckland



The subject property is located on the north eastern side of Great South Road within the Penrose industrial precinct, with profile to Great South Road, McNab Street and the Southern Motorway. The subject is in close proximity to the on and off ramp of the Southern Motorway at Ellerslie Panmure Highway for both north and southbound travel. The subject is also well positioned for access to the Southwestern Motorway via Neilson Street.

The site comprises a total of 18 individual freehold titles, with a total area of approximately 8.6073 hectares. The building improvements densely cover the site, with some concrete sealed areas for car parking and storage. The property has a total floor area of approximately 67,655 square metres, spread across a number of buildings of which most were originally constructed in the 1920's, with parts of the property having since been extended and altered.

As at the date of valuation, the property was subject to a new 20 year triple net lease (tenant is liable for all outgoings and future capital expenditure over the lease term) to Visy Glass Operations (NZ) Limited with a commencement date of 25 February 2021, with five rights of renewal of 10 years each. The commencement rental is agreed at \$8,000,000 per annum plus GST with 3% fixed annual increases through the term with market reviews on renewal. The lease has a 12 month bank guarantee, and has Visy Glass Packaging Services Pty Ltd as a Guarantor, both providing additional income security.

Overall, the property provides a specialised industrial property let on a long term triple net basis to a strong tenant covenant, situated in a prime location with good profile to the Southern Motorway, and profile and access to both Great South Road and McNab Street. The triple net lease, long WALT (weighted average lease term), and fixed annual increases are all extremely attractive to investors given the existing low interest rate environment with government bonds and other secure investments providing record low returns.

We note that there are asbestos containing materials at the subject property, although this is unlikely to pose significant risk to human health during ongoing commercial/industrial land use. Please refer to section 2.14 of the report for further details. We have sighted an IEP Assessment Report prepared by Beca Limited dated April 2014 and the valuation reflects the seismic ratings stated within this report. Please refer to section 2.15 of the report for further details.

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.

## Valuation

Prepared for	Prospective Investors in Augusta Penrose Limited (on a non-reliance basis)
Valuation Purpose	Market Valuation for Capital Raising
Date of Valuation	9 November 2020
Date of Report	25 November 2020
Valuation Approaches	Capitalisation of Net Income, Discounted Cashflow Approaches, and Term and Reversion Approach
Zoning	Heavy Industry Zone – Auckland Unitary Plan Operative in Part

Tenure	Fee Simple – Record of Titles NA1067/112, NA1177/91, NA1365/12, NA1849/42, NA20C/873, NA382/277, NA403/108, NA458/263, NA666/122, NA666/123, NA666/124, NA666/125, NA666/126, NA666/127, NA666/128, NA666/129, NA713/211 and NA720/45.
Total Site Area	86,073 sqm
Lettable Area	67,655 sqm
<b>Adopted Value</b>	<b>\$180,000,000 plus GST, if any</b> One Hundred Eighty Million Dollars plus GST, if any

## Valuation Analysis

Initial Yield	4.44%	Rate / sqm of Lettable Area	\$2,661
Equivalent Yield	4.41%	Weighted Average Lease Term	20.00 years
Internal Rate of Return (10 years)	6.19%	Current Occupancy	100.00%

## Tenancy Overview

Visy Glass	\$8,000,000	67,655 sqm
------------	-------------	------------

## Financial Summary

Gross Passing Income	\$9,691,370
Gross Market Income	\$9,558,560
Adopted Outgoings	\$1,691,370
Net Passing Income	\$8,000,000
Net Market Income	\$7,867,190

## Cap Approach Assumptions

Adopted Cap Rate	4.50%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$177,000,000
Passing Income Capitalisation	\$177,000,000

## DCF Approach Assumptions

Discount Rate	6.00%
Terminal Yield	5.00%
Average Applied Rental Growth	2.40%
Value Based on DCF Approach	\$183,000,000

## Term & Reversion Approach (Deferred Land Value plus PV of Income)

Adopted Land Value	\$107,591,250	Commencement Rent	\$8,000,000
Average Applied Annual Growth	3.00%	Weighted Average Lease Term	20.00 years
Discount Rate	5.50%	NPV of Total Income	\$116,492,261
Deferred Land Value	\$64,659,900	Value Based on Term & Reversion Approach	\$181,000,000

## Valuers

**Wouter Robberts** SPINZ, ANZIV, MRICS  
Registered Valuer - Senior Director  
+64 9 363 0204  
[wouter.robber@ap.jll.com](mailto:wouter.robber@ap.jll.com)

**Brad Chemaly** BProp, BCom  
Registered Valuer  
+64 9 363 0287  
[brad.chemaly@ap.jll.com](mailto:brad.chemaly@ap.jll.com)

*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 9 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.

# Table of Contents

---

<b>1</b>	<b>Introduction</b>	<b>8</b>
1.1	Instructions	8
1.2	Valuation and Inspection Dates	8
1.3	Basis of Valuation	9
1.4	Relevant Valuation Standards & Disclosures	9
1.5	Information Sources	9
1.6	Specific Assumptions	10
<b>2</b>	<b>Property Particulars</b>	<b>11</b>
2.1	Location	11
2.2	Title Particulars	12
2.3	Site Details	17
2.4	Catchments and Hydrology	18
2.5	Resource Management	18
2.6	Rateable Value	20
2.7	Environmental Issues	20
2.8	Heritage	21
2.9	Improvements	21
2.10	Construction	21
2.11	Accommodation	22
2.12	Lettable Areas	27
2.13	Condition and Repair	28
2.14	Asbestos Containing Materials	28
2.15	Earthquake Strengthening Requirements	28
<b>3</b>	<b>Property Income and Expenditure</b>	<b>29</b>
3.1	Tenancy Overview	29
3.2	Lease Summary	29
3.3	Building Outgoings and Recoveries	31
3.4	Tenancy Schedule	32
3.5	Income Analysis	33
<b>4</b>	<b>Market Commentary</b>	<b>34</b>
4.1	Economic Overview	34
4.2	Auckland Industrial Market Summary	34
<b>5</b>	<b>Leasing Evidence</b>	<b>39</b>
5.1	Leasing Evidence	39
5.2	Market Rental Profile	43
5.3	Net Income Assessment	44
<b>6</b>	<b>Sales Evidence</b>	<b>45</b>
6.1	New Zealand Investment Sales Evidence	45
6.2	Australia Investment Sales Evidence	46
6.3	Land Sales Transactions	48
<b>7</b>	<b>Valuation Considerations</b>	<b>49</b>
7.1	\$WOT Analysis	49
7.2	Likely Selling Period	49

7.3	Most Probable Purchaser	49
7.4	Sales History	49
<b>8</b>	<b>Valuation Rationale</b>	<b>50</b>
8.1	Valuation Overview	50
8.2	Capitalisation Approach	50
8.3	Discounted Cash Flow Approach	51
8.4	Term & Reversion Approach (Deferred Land Value plus PV of Contract Income)	54
<b>9</b>	<b>Valuation</b>	<b>55</b>
9.1	Valuation Reconciliation	55
9.2	Valuation Conclusion	55
9.3	Involvement Statement	56

## Appendices

Appendix 1 – Valuation Definitions

Appendix 2 – Record of Title

Appendix 3 - Valuation Calculations – Term & Reversion Approach (Deferred Land Value plus PV of Contract Income)

# 1 Introduction

## 1.1 Instructions

We refer to instructions from Augusta Funds Management Limited requesting that we undertake a market valuation of the freehold interest of 752 Great South Road, Penrose, Auckland (the Subject/Property), as at 9 November 2020 for and on behalf of Prospective Investors in Augusta Penrose Limited (on a non-reliance basis). We understand that the valuation is to be relied upon for Capital Raising purposes only.

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

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

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;

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	9 November 2020
Date of Property Inspection	9 November 2020
Date of Preparation of Report	25 November 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.”*

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

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

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

## 1.4 Relevant Valuation Standards & Disclosures

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

- IVS (International Valuation Standards 2020) Framework and General Standards
- ANZVTIP 11 – Valuation Procedures – Real Property
- ANZVGN 8 – Valuations For Use in Offer Documents

## 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, plans, environmental due diligence report, and other site assessments supplied by the instructing party.

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:

- For the purposes of this assessment, our valuation is on the basis that the commencement date of the Lease is the date of valuation.
- We have not been provided with certified floor areas. We have relied on the floor areas provided to us which have been cross checked on site and through aerial view measurements from internal software. Given the nature of the site and the complexity of the improvements, we would recommend a certified floor area measurement be undertaken. We reserve the right to review our valuation should certified floor areas be provided which are materially different to those provided to us and adopted.
- 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

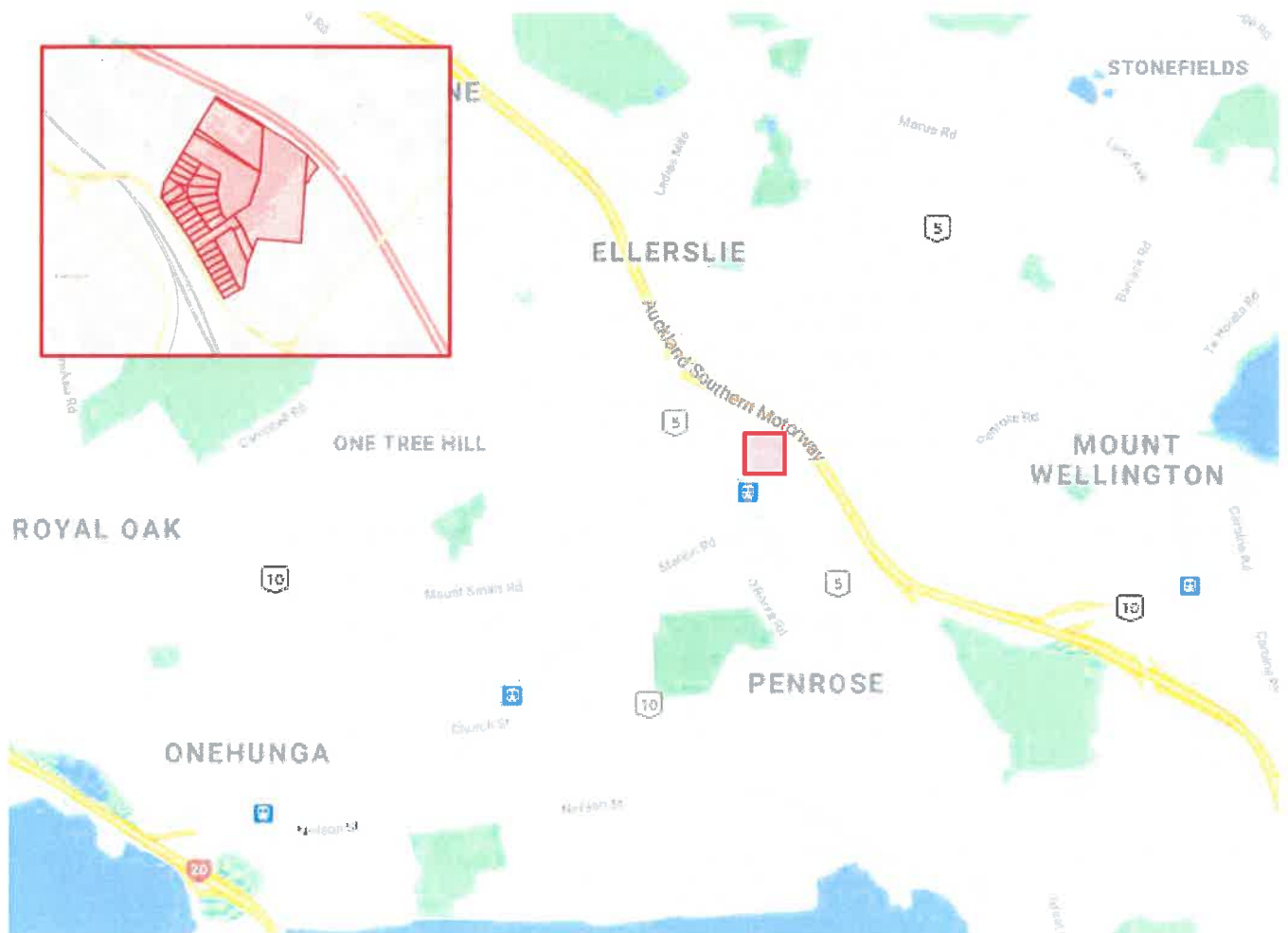
The subject property is located on the northern side of the main arterial route, Great South Road, within the Penrose industrial precinct. The subject is in close proximity to the Southern Motorway's on and off ramps at Ellerslie Panmure Highway for both northbound and southbound travel. Alternatively, the subject is also well positioned for access to the Southwestern Motorway via Neilson Street. The Southern Motorway is approximately 1.2 kilometres to the north west, while the Southwestern Motorway is approximately 5.1 kilometres to the south west.

Properties within the immediate surrounding comprise a variety of light and heavy industrial uses. Within the wider vicinity, there is a further mix of industrial use properties to the south, being part of the Penrose industrial precinct, while to the north, east and west are predominantly pockets of residential properties within the suburbs of Ellerslie, Mt Wellington, and One Tree Hill.

Café and restaurant amenities within the area can be found along Great South Road, with the Sylvia Park Shopping Centre being located at a further distance to the east. The Penrose Train Station is located across the road and approximately 200 metres to the south from the subject property.

From the subject property, logistic hubs are accessible at Auckland International Airport, which is approximately 14.7 kilometres to the south west via the Southwestern Motorway, and at the Ports of Auckland in Auckland CBD, approximately 11.1 kilometres to the north west via the Southern Motorway.

The following map identifies the approximate location of the Property:



Source: Google Maps

## 2.2 Title Particulars

The property is held within 18 Records of Title, summarised below:

Title Reference	NA20C/873
Tenure	Fee Simple
Legal Description	Allotment 254 Section 12 Suburbs of Auckland
Area	911 square metres more or less
Registered Owner	Visy Glass Property (NZ) Limited
Registered Interest	<ul style="list-style-type: none"><li>Subject to Section 8 Coal Mines Amendment Act 1950</li><li>8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am</li><li>9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm</li><li>9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am</li><li>11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm</li></ul>

Title Reference	NA382/277
Tenure	Fee Simple
Legal Description	Section 135-145, Section 149-150 and Section 198-202 Prescott Settlement
Area	1.5527 hectares more or less
Registered Owner	Visy Glass Property (NZ) Limited
Registered Interest	<ul style="list-style-type: none"><li>8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am</li><li>9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm</li><li>9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am</li><li>11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm</li></ul>

Title Reference	NA403/108
Tenure	Fee Simple
Legal Description	Section 2 and Part Section 1 Prescott Settlement
Area	1,846 square metres more or less
Registered Owner	Visy Glass Property (NZ) Limited
Registered Interest	<ul style="list-style-type: none"><li>8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am</li><li>9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm</li><li>9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am</li><li>11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm</li></ul>

Title Reference	NA458/263
Tenure	Fee Simple
Legal Description	Section 94 Prescott Settlement
Area	1.3241 hectares more or less
Registered Owner	Visy Glass Property (NZ) Limited
Registered Interest	<ul style="list-style-type: none"><li>8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am</li><li>9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm</li><li>9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am</li><li>11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm</li></ul>

Title Reference NA666/122  
Tenure Fee Simple  
Legal Description Section 188 Prescott Settlement  
Area 735 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/123  
Tenure Fee Simple  
Legal Description Section 189 Prescott Settlement  
Area 688 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/124  
Tenure Fee Simple  
Legal Description Section 190 Prescott Settlement  
Area 679 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/125  
Tenure Fee Simple  
Legal Description Section 191 Prescott Settlement  
Area 670 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/126  
Tenure Fee Simple  
Legal Description Section 192 Prescott Settlement  
Area 661 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/127  
Tenure Fee Simple  
Legal Description Section 193 Prescott Settlement  
Area 653 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/128  
Tenure Fee Simple  
Legal Description Section 194 Prescott Settlement  
Area 643 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA666/129  
Tenure Fee Simple  
Legal Description Section 195 Prescott Settlement  
Area 634 square metres more or less  
Registered Owner Visy Glass Property (NZ) Limited  
Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA713/211  
 Tenure Fee Simple  
 Legal Description Allotment 205 Prescott Settlement  
 Area 1,127 square metres more or less  
 Registered Owner Visy Glass Property (NZ) Limited  
 Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA720/45  
 Tenure Fee Simple  
 Legal Description Section 206 Prescott Settlement  
 Area 1.2141 hectares more or less  
 Registered Owner Visy Glass Property (NZ) Limited  
 Registered Interest

- Subject to an electricity right (in gross) over part marked B on Plan 160223 in favour of Mercury Energy Limited created by Transfer C581066.2 - 23.3.1994 at 11.01 am
- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA1067/112  
 Tenure Fee Simple  
 Legal Description Allotment 100 Section 12 Suburbs of Auckland  
 Area 2,400 square metres more or less  
 Registered Owner Visy Glass Property (NZ) Limited  
 Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference NA1365/12  
 Tenure Fee Simple  
 Legal Description Section 209 Prescott Settlement  
 Area 1,416 square metres more or less  
 Registered Owner Visy Glass Property (NZ) Limited  
 Registered Interest

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am
- 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm
- 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am
- 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

Title Reference	NA1177/91
Tenure	Fee Simple
Legal Description	Section 207-208 Prescott Settlement
Area	3.1932 hectares more or less
Registered Owner	Visy Glass Property (NZ) Limited
Registered Interest	<ul style="list-style-type: none"> <li>▪ Subject to Section 59 Land Act 1948</li> <li>▪ A450755 Compensation Certificate pursuant to Section 17 Public Works Amendment Act 1948 by The Minister of Works - 4.3.1970 at 2.00 pm (affects Section 207 Prescott Settlement)</li> <li>▪ A553666 Gazette Notice taking part of within land (13.2p) for the Auckland - Hamilton Motorway - 19.5.1971 at 9.00 am</li> <li>▪ 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am</li> <li>▪ 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm</li> <li>▪ 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am</li> <li>▪ 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm</li> </ul>

Title Reference	NA1849/42
Tenure	Fee Simple
Legal Description	Section 221 Prescott Settlement
Area	169 square metres more or less
Registered Owner	Visy Glass Property (NZ) Limited
Registered Interest	<ul style="list-style-type: none"> <li>▪ Subject to an electricity right (in gross) over part marked A on Plan 160223 in favour of Mercury Energy Limited created by Transfer C581066.2 - 23.3.1994 at 11.01 am</li> <li>▪ 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am</li> <li>▪ 9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm</li> <li>▪ 9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am</li> <li>▪ 11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm</li> </ul>

Source: Land Information New Zealand

There are numerous easements and encumbrances, with the encumbrance to Auckland Council and electricity easement in favour of Mercury Energy Limited summarised below:

- 9403913.1 Encumbrance to Auckland Council – This refers to the Council consenting projects described as ‘New storm water collection, treatment and disposal of soak holes for roof and paved surface areas, catchments 1 and 5 storm water upgrade works’, ‘AK 4 Project stormwater system’ and ‘Super structure for furnace’ on the Land. The Council has agreed to grant consent on the condition that the Encumbrancer enters into and registers this encumbrance. Essentially the Encumbrancer must ensure the works are suitably completed and regularly inspected, monitored and maintained.
- Electricity Right created by Transfer C581066.2 – This relates to an electricity supply right to transmit electric current and service such distribution substation and the machinery and equipment over those portions on the parcel of land marked “A” and “B” on Plan 160223. We understand that this is a small portion of land bordering McNab Street at the relevant Titles.
- 9901789.1 Variation of Encumbrance 9403913.1 - The variation relates to:
  - An addition to the project described as “Cullet yard stormwater treatment upgrade, installation of sandfilter, downstream defender and separation of roof water from paved stormwater”.
  - The definition for Building Consent is varied to include Building Consent no. “B/2013/12075”.
  - The definition of Onsite Stormwater Management System is extended to include the Cullet yard stormwater treatment upgrade, installation of sandfilter, downstream defender and separation of roof water from paved stormwater under Building Consent B/2013/12075.

- 8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - This relates to a certificate issued by Auckland Council that certifies that a building consent has been issued for the undertaking of building work on the subject property. However, the building work undertaken is subject to, or is likely to be subject to a natural hazard of inundation (including flooding, overland flow, storm surge, tidal effects, and ponding).
- A450755 Compensation Certificate pursuant to Section 17 Public Works Amendment Act 1948 by The Minister of Works (affects Section 207 Prescott Settlement) - This compensation certificate is in relation to compensation paid by the Crown to acquire a portion of the land at the subject property.
- A553666 Gazette Notice taking part of within land (13.2p) for the Auckland - Hamilton Motorway - This gazette notice gives effect to the Crown acquisition, in relation to A450755 Compensation Certificate, by declaring that the land was to be taken for the Auckland-Hamilton Motorway from and after the 10 May 1971. The acquired land (13.2 perches or approximately 334 square metres) is depicted within the gazette notice as a narrow strip shaped portion of the land along the northern boundary of the subject property and running parallel to the Southern Motorway.

We have assumed that this area of approximately 334 square metres has already been removed from the Title area.

We have considered these notifications in arriving at our opinion of value. Overall, we do not feel these would have a material impact on the saleability of the property. For a detailed summary of the dealings noted above, we refer you to the Records of Title appended to this report.

### 2.3 Site Details

The site comprises a total of 18 individual freehold titles with a combined land area of approximately 8.6073 hectares. The site is located on the corner of Great South Road and McNab Street, with accesses and extensive road frontages on both. The frontage to Great South Road is approximately 277 metres, and the frontage to McNab Street is approximately 248 metres. Along the northern boundary there is extensive profile to the Southern Motorway, with the boundary totalling approximately 278 metres.

The site is of a generally regular shape across a majority of the site, with the exception of the eastern boundary which jags in and out and as such results in an irregular shaped portion along this boundary. The site is relatively level in contour and the building improvements densely cover the site, with some concrete sealed areas for car parking and storage.

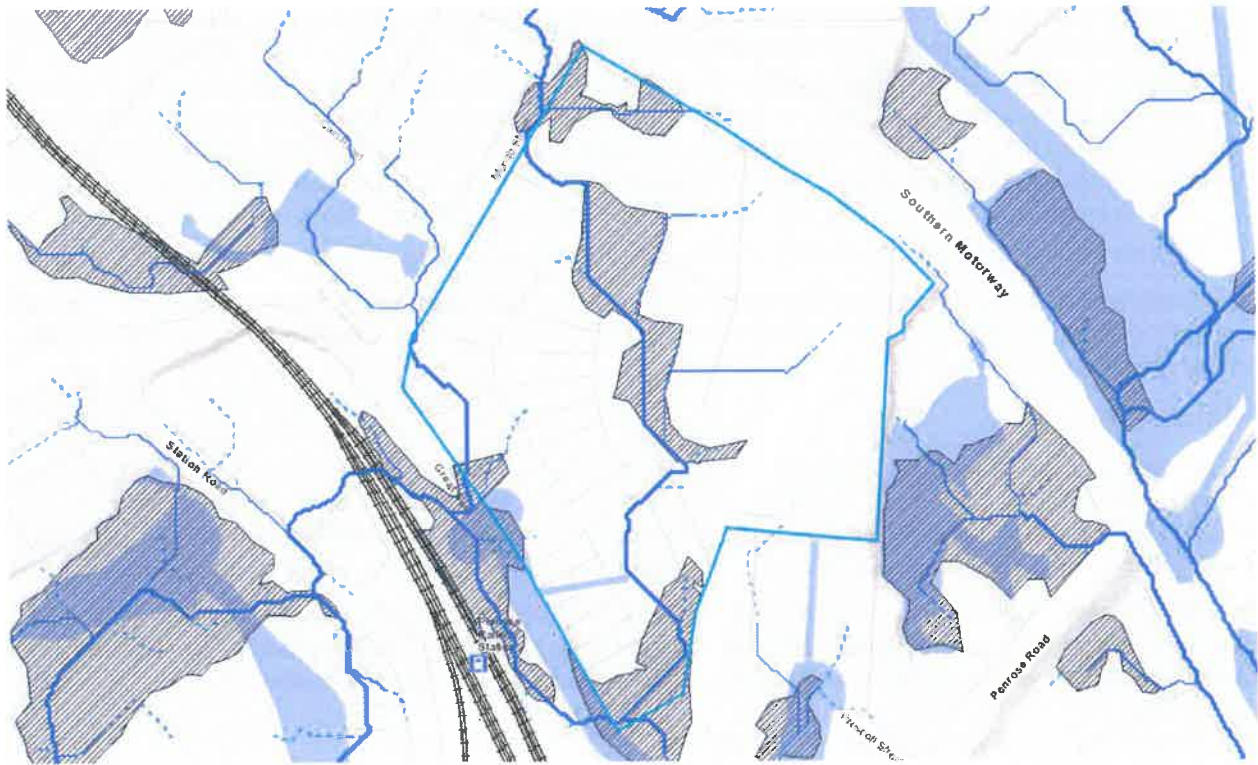
Site Area Total 8.6073 ha



Source: Emap

## 2.4 Catchments and Hydrology

According to Auckland Council GeoMaps, the property is subject to various overland flow paths (blue lines), flood plains (blue patches), and flood prone areas (black cross hatch). In addition, the LIM report sighted states that the subject property has a part of the site identified as 'Filled / Weak Ground'. We believe this has limited impact on the valuation given the existing improvements on site, however may have some impact should the site be subsequently redeveloped in the future.



Source: Auckland Council GeoMaps

## 2.5 Resource Management

### Auckland Unitary Plan (Operative in part, 15 November 2016)

Local Authority	Auckland Council
Planning Instrument	Auckland Unitary Plan
Operative Date	2016 – Operative in Part
Zoning	<b>Heavy Industry Zone</b>

This zone provides industrial activities that may produce objectionable odour, dust and noise emissions. Air quality emissions standards that are different to the rest of Auckland will often apply. A low level of air quality amenity applies in the Business – Heavy Industry Zone. A key attribute of the zone is that it contains sites large enough to accommodate large-scale industrial activities.

Activities sensitive to air discharges and activities sensitive to noise are not appropriate in the zone and buildings are expected to have a mainly functional standard of amenity.

#### Objectives

- Heavy industry operates efficiently and is not unreasonably constrained by other activities.
- Business – Heavy Industry Zone zoned land, and activities that are required to locate there because of the nature of their operation, and protected from the encroachment of activities sensitive to air discharges and activities sensitive to noise, and commercial activities that are more appropriately located in other business zones.
- The supply of large sites within the zone is not reduced by inappropriate fragmentation of those sites by subdivision.
- Adverse effects on the natural environment within the zone and on the amenity values of neighbouring zones are managed.

#### Development Controls

The Heavy Industry zone avoids activities which do not support the primary function of the zone. Policies of the zone include to manage subdivision so that it preserves the integrity of the zone for industrial use while allowing for the creation of sites for established activities, and to require development adjacent to open space zones, residential zones and special purpose zones to manage adverse amenity effects of those zones.

#### Building Height:

- Must not exceed 20 metres

#### Yards:

- Front: 2 metres. Yards are not required for internal roads or service lanes
- Rear: 5 metres, where the rear boundary adjoins a residential zone, an open space zone or special purpose zone
- Side: 5 metres, where the side boundary adjoins a residential zone, an open space zone or special purpose zone
- Riparian: 10 metres from the edge of permanent and intermittent streams
- Lakeside: 30 metres
- Coastal protection yard: 25 metres

#### Maximum impervious area:

- Must not exceed 10 per cent of the riparian yard

Permitted activities include, but are not limited to: workers accommodation, dairies up to 100 square metres gross floor area, food and beverage up to 120 square metres gross floor area, offices that are accessory to the primary activity on the site and does not exceed 30% of the building on the site or does not exceed 100 square metres, retail accessory to an industrial activity where the goods are manufactured on site and does not exceed 10% of buildings on the site, service stations, tertiary education facilities that are accessory to an industrial activity on the site, and industrial activities. In terms of development controls, the Heavy Industry zone permits the construction, additions and alterations to buildings, and the demolition of buildings.

Due to the industrial nature of the zone, sensitive activities such as commercial services, drive-through restaurants, entertainment facilities, garden centres, offices otherwise not provided for, retail up to 450 square metres per site, show homes, care centres, hospitals, recreation facilities, wholesalers, or rural activities are non-complying.

#### Controls

- Controls: Macroinvertebrate Community Index - Urban

#### Overlays

- Natural Resources: High-Use Aquifer Management Areas Overlay [rp] - Mt Wellington Volcanic Aquifer
- Natural Resources: Quality-Sensitive Aquifer Management Areas Overlay [rp] - Mt Wellington Volcanic Aquifer
- Natural Heritage: Regionally Significant Volcanic Viewshafts And Height Sensitive Areas Overlay [rcp/dp] - O4, One Tree Hill, Viewshafts
- Infrastructure: National Grid Corridor Overlay - National Grid Yard Compromised
- Infrastructure: National Grid Corridor Overlay - National Grid Subdivision Corridor [National Grid Corridor Overlay](#)

The National Grid is important to the social and economic well-being of Aucklanders and New Zealanders. All infrastructure owned or operated by Transpower New Zealand Limited comprises the National Grid. The areas within the National Grid Yard (Compromised and Uncompromised) are shown on the planning maps. The National Grid Yard (Uncompromised) areas are not generally compromised by the presence of existing buildings and are subject to limitations on new development. The National Grid Yard (Compromised) areas are generally compromised by the presence of existing buildings and are subject to fewer limitations than the National Grid Yard (Uncompromised). All parts of the National Grid Yard are subject to limitations on new activities sensitive to the National Grid. The main objective is to ensure efficient development, operation, maintenance and upgrading of the National Grid is not compromised by subdivision, use and development.

#### Activities permitted within the National Grid Yard (Compromised) overlay are:

- Network utilities (excluding buildings and structures for irrigation) and electricity generation that connect to the national grid;
- Any new building or structure, and alterations, that is not for activities sensitive to the national grid;
- Accessory buildings (excluding buildings containing sleeping areas) for activities sensitive to the national grid;
- Alterations to existing buildings that do not increase the building envelope or footprint.

Subdivision within the National Grid Subdivision Corridor is a Restricted Discretionary activity.

The Planning Map is detailed below with the National Grid Yard Compromised being the diagonal lined area and the National Grid Subdivision Corridor being the red shaded area:



Designations

- Designations: Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International Airport Ltd

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

## 2.6 Rateable Value

We have been advised that the Property's Rateable Value, as at July 2017, being Assessment Number 12344173005, is as follows:

Land Value	\$34,000,000
Improvements Value	\$18,000,000
Capital Value	\$52,000,000

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. Accordingly, market and rating values may vary significantly.

The variation between Rateable Value and market value are typically at their greatest where there are long leases in place, which are disregarded in the Rateable Value.

## 2.7 Environmental Issues

We have sighted an Auckland Council LIM for the property which with regards to contamination, states that "contaminants at this site have either been partially removed or properly contained and managed. As a result, any potential risks to human health and/or the environment are considered to have been appropriately mitigated and managed such that the site is suitable for its current land use. However, resource consent from Auckland Council may be required prior to any soil disturbance (including sampling soil), remediation, redevelopment, subdivision, or change of use of the site.

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 note that the Lease states that it is the Tenant's obligation to identify hazardous substances including asbestos and carry out works at its cost to comply with relevant legislation. The Tenant must also comply with Environmental Laws and must not knowingly do anything which may result in contamination occurring on the land or adjacent land. The Tenant's obligation to remediate contamination includes contamination which existed in, on or under the land prior to the commencement date however does not apply to contamination which migrates or has in the past migrated offsite (from the premises). Furthermore, on expiry of the lease the Tenant must undertake works as required within a commissioned Environmental Assessment to a standard suitable for the ongoing use of the premises for Heavy Industrial Activities.

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.

## 2.8 Heritage

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

## 2.9 Improvements

The property has a total floor area of approximately 67,655 square metres, spread across a number of buildings of which most were originally constructed in the 1920's, with parts of the property having since been extended and altered. The main improvements are the production lines within the buildings known as Tank 2, 3 and 4 which accommodate the furnaces and the manufacturing plant and equipment. These are very highly specialised areas across multiple floors. Most of the other buildings on site provide low to medium stud warehouses in average condition, together with various ancillary buildings providing office accommodation and some workshop and storage areas.



External – Warehouse 1



Internal – Tank 4

## 2.10 Construction

We briefly outline construction details to the building as follows:

Structure:	Concrete slabs, with a combination of steel or timber structures.
External Walls:	A combination of concrete base walls and/or long run metal.
Internal Walls:	Predominantly plasterboard lining to the office and amenities areas.
Roof:	A combination of timber purlins with intermittent translucent panels, netting and sisalation, or Super Six roofing.
Ceiling:	Acoustic tiles in a suspended grid system to the office and amenities areas.
Lighting:	A combination of recessed and surface mounted fluorescent lighting, and downlights to the office and amenities areas. Predominantly suspended industrial lighting to the warehouses.
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Ducted air conditioning, central fire sprinkler system.

## 2.11 Accommodation

### Administration Offices

The administration offices are located to the road front on Great South Road and provides heavily partitioned office accommodation over two levels. Amenities and a mix of open plan offices are provided as well as partitioned offices to the perimeter of the building. From the reception area, various doors lead to offices at the ground level, while the first floor offices are accessible via a stairway at the reception. The administration office building generally presents to a dated standard, except that of the reception area and first floor offices which present to an average condition.

The administration offices are generally constructed of a combination of vinyl and carpet flooring, plasterboard lined internal walls, partly glazed partitions, and a suspended grid ceiling with recessed fluorescent lights.



Partitioned Offices



Partitioned Offices

### Manufacturing Offices and Café

The manufacturing offices and café building is located to the western side of the property, opposite the administration office building. The accommodation provides a cafeteria/lunchroom to the ground floor and manufacturing offices to the first floor, which are accessed via a timber stairway. Bathroom amenities are also provided on the first floor. The stud height at the cafeteria/lunchroom measures approximately 4 metres.

General construction of the accommodation comprises vinyl flooring, plasterboard partitions, and a suspended grid ceiling with a combination of recessed and surface mounted lighting. Ducted air conditioning is installed throughout.



Café/Lunchroom



Manufacturing Offices

**Warehouse 7**

Warehouse 7 is located along the western boundary of the subject and is adjacent to the administration office building. The column interrupted warehouse provides 12 saw tooth bays, as well as two levels of functionally obsolete offices/low stud workrooms positioned along the northern end of the building which we were unable to access at the time of inspection. These areas generally present to a dated standard.

At the southern end of Warehouse 7 is an area known as “Main Store” which presents to a slightly better standard than the balance of the building, having been upgraded.

Construction generally consists of concrete flooring, and a combination of concrete block base walls with long run metal cladding above. We note that the roof is constructed of an asbestos containing material. Warehouse 7 is fully sprinklered.

Adjacent to Warehouse 7, on the eastern side, is the machine maintenance workshop which is a dated single gable structure. The workshop also provides a small component of offices and amenities over two levels internally. The workshop is fitted with a monorail crane and is fully sprinklered.

The machine maintenance workshop is generally constructed of concrete block base walls, Super Six asbestos corrugated sheet, and long run metal. Lighting within the workshop is provided by suspended fluorescent light fittings.



External – Warehouse 7



Internal – Warehouse 7

**Warehouse 1**

Warehouse 1 is located near the centre of the site and directly adjoins Warehouse 8 and Warehouse 3. It comprises a three-bay structure with three rows of supporting columns. The stud height measures approximately 3.9 metres at the lowest point and approximately 4.9 metres at the highest. In addition, to the front of Warehouse 1 internally is some office space which was being refurbished at the time of inspection.

The construction of the warehouse generally comprises timber beams and purlins with Super Six roofing, and concrete flooring which is commensurate in condition with the age of the building. The offices have been refurbished but are of a basic nature, comprising carpet flooring, plasterboard internal walls, and a suspended grid ceiling. The upper floor is being currently being used as a gym. Both the warehouse and offices are sprinklered.



External – Warehouse 1



Offices – Ground Floor

Warehouse 3

Warehouse 3 is adjacent to Warehouse 1, 4 and 8 and is a column interrupted, dual bay structure. Warehouse 3 has a recently constructed compressor room, which is fitted with a 5-tonne gantry crane. The stud height at Warehouse 3 measures approximately 5 metres to the underside of the timber trusses. We note that Warehouse 3 is fully sprinklered.

The construction of Warehouse 3 generally consists of a timber truss frames with steel columns and beams. In particular, the roof is constructed of timber purlins with intermittent translucent panels, netting and sisalation.

In addition, to the eastern end of Warehouse 3 is access into the packaging centre and machine maintenance room. The machine maintenance space includes a component of offices internally. The machine maintenance space generally presents to a modern standard.

The packaging centre and machine maintenance room features concrete block walls with long run metal cladding above, epoxy lined floors, and lightweight steel truss framing throughout.

Adjacent to the packaging centre and machine maintenance room is the Budpac area, which presents to a similar standard to the machine maintenance space, however the flooring is unlined.



Access to Warehouse 3



External – Warehouse 5

Warehouse 4, 5, 6 and 8

Warehouse 4, 5, 6 and 8 are located towards the north eastern side of the site and comprises an interconnected sprinklered three bay structure with a rear loading area (Warehouse 6), where a canopy is positioned. Access to Warehouse 6 from Warehouse 4 is enabled by a ramped access. Each warehouse provides a clear span area, where the stud height measures approximately 6 metres at the portal knee rising to approximately 10 metres at the apex. The condition of flooring vary from good in Warehouse 4 to poor in Warehouse 6.



External – Warehouses 6 and 8



Internal – Warehouse 4

---

**Batch House**

The batch house is located to the road front on McNab Street and is a highly specialised, high stud structure which is essentially a shell providing an external cover around key plant. We were unable to internally inspect this component. General construction of the batch house comprises a full steel truss frame with full height long run metal walls all around.



External – Batch House



Batch House External – Far Right of picture

---

**Storage/Factory/Maintenance/Mould and Machine Shops**

This accommodation is a series of interconnected buildings situated to the road front at the corner of McNab Street and Great South Road. The buildings make up storages and canopy structures, as well as a maintenance area that is within a character saw tooth bay structure. The condition of these buildings is generally of an average quality commensurate with the age. The areas within the accommodation have good natural lighting, provided by the saw tooth glazing and glazing to the road front.



Mould Shop



Factory Maintenance

---

## Tank 2, 3 and 4

This accommodation is positioned towards the centre of the site, surrounded by other improvements within the site. Tank 2, 3 and 4 forms the core of the entire facility and houses the glass manufacturing plant. Within the accommodation, there are six production lines within the three areas and is spread over multiple levels, including the basements. There are extensive mezzanine areas within these buildings.

The overall structure is made up of a combination of various roof forms and angles as the facility has been extended. Tank 2, 3 and 4 are generally constructed of a timber truss frame and purlins with epoxy lined flooring at the “cold end”, while at the “hot ends” the structure comprises heavy duty steel framing that is of a high stud nature, in particular Tank 4, which is the latest addition compared to Tank 2 and 3.



Internal – Tank 2



Internal – Tank 4

---

## Ancillary Buildings and Structures

Other building improvements at the subject includes several minor structures including:

- Fork hoist service building – very good condition
- Crusher and offices – high stud, good condition
- Carpenters shop – very poor condition
- Crushed product bin areas and canopies to yard
- Refractory/storage building



Storage Bays



Carpenters Shop

## 2.12 Lettable Areas

The Property's total Lettable Area is approximately 67,655 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Admin/Offices	1,742
Batch House	966
Cafeteria & Manufacturing Offices	1,368
Carpenters Shop	326
Combined Workshops / Factory Maintenance	848
Compressor Room	290
Milestone Centre (Credit Union)	666
Garage / S&V Workshop	185
Main Store	1,820
Mould Shop	1,178
AK4 (Old Tank 4/Resort)	5,981
Store 1/Electrial Workshop	366
Store 2/Machine Maintenance Workshop	604
Sub/Stn	160
Tank 2 Area	1,349
Tank 2 Cold End	2,026
Q & C Lab	191
Tank 3 Area	9,463
Tank 3 Cold End	4,456
Warehouse 1	8,061
Budpac/Machine Maint/Pack Centre	1,896
Warehouse 3A	3,226
Warehouse 3B	2,422
Warehouse 4	2,371
Warehouse 5	2,399
Warehouse 6	2,993
Warehouse 7	5,763
Warehouse 7 Offices	1,041
Warehouse 8	2,134
Tank 2 - Basement	890
Crusher Offices	87
Crusher	390
<b>Total Lettable Area</b>	<b>67,655 square metres</b>

We have not been provided with certified floor areas. We have relied on the floor areas provided to us which have been cross checked on site and through aerial view measurements from internal software. Given the nature of the site and the complexity of the improvements, we would recommend a certified floor area measurement be undertaken. We reserve the right to review our valuation should certified floor areas be provided which are materially different to those provided to us and adopted.

## 2.13 Condition and Repair

We inspected the interior and exterior of the property. The buildings appear to be in a fair but functional condition, although the condition of which is protected by the triple net nature of the lease. 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.

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 15 July 2021, and therefore assume that the property complies with the provisions of Compliance Schedule TCS/94/1328.

## 2.14 Asbestos Containing Materials

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.

We have been provided with a report prepared by Environmental Earth Sciences dated 5 December 2019 addressed to ACI Operations Pty Ltd. The advice was prepared to provide Environmental Due Diligence assessments and advice on the environmental condition of the five operational OI facilities across Australia and New Zealand. In our view the development risk for this asset is high due to the presence of contamination and general disturbance of the ground.

There are components of the claddings to the factory that appear to be Super Six or similar. The presence of asbestos roof cladding is still prevalent on older buildings throughout Auckland, and although this generally does not pose a problem if the claddings are well maintained and do not pose a problem in terms of rainfall runoff however in the case of the subject property some of the older warehouse structures are in poor condition. Therefore, we would recommend further investigations as to the strength and longevity of the asbestos materials on site.

We have sighted an Asbestos Register however we have not sighted a copy of the Asbestos Management Plan, and therefore assume the property has no onerous obligations in terms of management that may impact on the use, saleability or value of the property. The Asbestos Register suggested a primary action for the sighted asbestos as "Continue with routine inspections. Undertake planned removal as part of any further works in this area."

Furthermore we note that the Lease states that the Tenant acknowledges that it is responsible for identifying hazardous substances (if any), including asbestos, in the Premises and in a proper and workmanlike manner carry out any work at its cost to comply with any relevant legislation in respect of any identified hazardous substance. The Tenant shall be responsible for preparing and updating as necessary an asbestos management plan and an asbestos audit report that comply with all legal requirements and are kept current throughout the Term (including any renewed terms).

## 2.15 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.

We have sighted an IEP Assessment Report prepared by Beca Limited dated April 2014 and the valuation reflects the seismic ratings stated within this report.

We importantly note that the Lease states that the cost of a seismic report if required will be shared between the parties, however should works legally be required to be undertaken then the Tenant must at its own cost undertake the works at their own cost, albeit with no requirement to improve the condition of the property from when the Tenant first took possession of the premises. This clause however does not allow the Tenant to avoid its obligations to comply with the Laws and requirements of any Authorities.

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
Visy Glass	\$8,000,000	67,655	100.0%
<b>Total</b>	<b>\$8,000,000</b>	<b>67,655 sqm</b>	<b>100%</b>

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 occupier, however we consider the market would have a positive perception of the tenant VISY.

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

Weighted Average Lease Term Remaining	Years
By Area	20.00
By Income	20.00

### 3.2 Lease Summary

We summarise below the lease agreement to Visy Glass Operations (NZ) Limited:

Lease Summary	Visy Glass
Documents reviewed	Signed, undated Lease Agreement
Lessee	Visy Glass Operations (NZ) Limited
Guarantor	Visy Glass Packaging Services Pty Ltd
Demised premises	The whole of the land as contained in Records of Title NA1067/112, NA1177/91, NA1365/12, NA1849/42, NA20C/873, NA382/277, NA403/108, NA458/263, NA666/122, NA666/123, NA666/124, NA666/125, NA666/126, NA666/127, NA666/128, NA666/129, NA713/211 and NA720/45, being known as 752 Great South Road, Penrose, Auckland
Lettable Area	<i>Not specified in the Lease Agreement, however 67,655 square metres is adopted within the valuation.</i>
Commencement Date	25 February 2021 <i>This is assumed to be the date of valuation, being 9 November 2020, for the purpose of this valuation.</i>
Expiry Date	24 February 2041 <i>This is assumed to be 9 November 2040, for the purpose of this valuation.</i>
Lease Term	20 years with five rights of renewals of 10 years each
Commencement Rent	\$8,000,000 per annum plus GST and outgoings
Current Rent	\$8,000,000 per annum plus GST and outgoings
Rental Review Provisions	Fixed 3% increases per annum on each anniversary of the commencement date, with market reviews on renewal dates. On each renewal date the rent is to be reviewed to market, however the rent cannot be less than the rent on the termination date, being 24 February 2041.
Outgoings Recovery	Triple net lease – standard building operating expenses are recoverable from the tenant, including repairs and maintenance of a capital nature which the tenant would take and be subject to if the tenant was the owner of the premises provided always that (other than where required by law) the landlord must not encourage or procure any Authority to issue any notice or order in respect of the premises.
Permitted Use	Manufacturing glass packaging products, warehousing, distribution and ancillary uses and all uses permitted under the district plan.
Special Provisions	There are a number of special provisions within the Lease of which we recommend interested parties peruse a copy. We summarise the more important provisions below:

- **Bank Guarantee** – As per clause 11.1, the tenant must the landlord a bank guarantee equal to 12 months rent which, on the commencement date, is \$9,200,000.
- **Repair, Maintenance & Alterations** – As per Clause 14, The Tenant must keep the Premises and the Tenant's Property in good repair and condition, including all capital and structural works (to keep the buildings structurally sound and ensure services are in good working order) and all capital repair and replacement of the Landlord's Property (reasonable wear and tear excepted).
- **Seismic Works** – As per Clause 14.8, before or during the Term, the Landlord must not procure any seismic assessment for the buildings on the land unless requested by Auckland Council or some other Authority. If at any time during the term, Auckland Council issues a request requiring the Landlord to procure a seismic assessment for the buildings on the land, the Landlord must promptly provide a copy of the Request to the Tenant and arrange for the assessment to be prepared by an appropriate qualified and reputable industry expert jointly agreed upon by the parties. The cost of such assessment will be shared equally between the parties. If as a result of the seismic assessment Auckland Council (or the relevant Authority) issues a further notice to the Landlord legally requiring any works to be undertaken to the premises, the Landlord must promptly provide a copy of the notice to the Tenant and the Tenant must at its cost undertake works to the extent required by the notice and in accordance with the timeframe stipulated in the notice or otherwise required by law, notwithstanding clause 14.6 (no obligation to improve the condition of the premises).
- **Hazardous Substances** – As per Clause 15.5, the Tenant acknowledges that it is responsible for identifying hazardous substances (if any), including asbestos, in the Premises and in a proper and workmanlike manner carry out any work at its cost to comply with any relevant legislation in respect of any identified hazardous substance. The Tenant shall be responsible for preparing and updating as necessary an asbestos management plan and an asbestos audit report that comply with all legal requirements and are kept current throughout the Term (including any renewed terms).
- **Environmental Protection** – As per Clause 18.6, in respect of any contamination of the Premises of any kind, the Tenant must promptly undertake all audits, tests, surveys and other investigations necessary to determine the nature and extent of the pollution, do everything necessary to control, manage and where relevant, remove the pollution to the extent required to comply with the law; and pay all costs, charges and expenses in connection with satisfying the above obligations.
- **Contamination** – As per Clause 19, the Tenant must comply at all times with the Environmental Laws, and must not knowingly do anything which is or is likely to result in any Contamination occurring in, or under the Land or any adjacent land, ensuring that any Contamination of the Premises is promptly remediated to a standard suitable for use for Heavy Industrial Activities in accordance with the Environmental Laws.

The parties acknowledge that the Tenant's obligations to remediate Contamination under this clause 19.1 includes contamination which existed in, on or under the land prior to the Commencing Date; and has emanated or which is emanating from the Land prior to the Commencing Date. The Tenant is not responsible for remediating and does not indemnify (but does release) the Landlord in respect of any Contamination that migrated onto the Land from any adjacent land after the Commencement Date; and

- **Environmental Assessment Report** – As per Clause 19.2, where the Tenant has not exercised its option for a further term or there are no further terms left, the Landlord and Tenant must procure an Environmental Assessment Report. The Tenant must as soon as practicable after the Environmental Assessment Report has been completed, carry out the remediation works recommended by the Environmental Consultant in the Environmental Assessment Report to ensure that the contamination is remediated to a standard suitable for the ongoing use of the Premises for Heavy Industrial Activities.
- **No Sale to Competitor** – As per clause 20.4, the landlord must not, at any time during the term, sell assign, transfer or otherwise dispose of the land or the reversion in the premises or any interest in this lease to a competitor of the tenant, being Visy Glass Operations (NZ) Limited. A 'competitor' is defined in further detail under clause 1.1 Defined terms.
- **Option for a New Lease** – under clauses 22.1 and 22.2, we note that the Lease Agreement references option for a new lease which stipulates that a new lease is formed at each renewal date, being the same as the current lease subject to variations as listed under clause 22.2. The option window is to be not earlier than 36 months and not later than 24 months before the terminating date.
- **Damage & Destruction** – As per clause 23, this essentially states that should the premises be destroyed or substantially damaged, then the Landlord must either reinstate the premises or state that insurance proceeds are not sufficient to cover the reinstatement cost and can terminate the lease (notwithstanding if the Landlord has failed to comply with their insurance obligations). In addition, the Landlord is not obliged to reinstate the premises and may terminate the lease if the unexpired period is less than 5 years, unless the tenant agrees to a further 10 year option.  
If after 24 months from the date of damage and destruction, necessary approvals have not been obtained and the parties have not reached an agreement concerning the approvals, then either party may terminate the Lease by providing one months written notice.

If after 30 months from the date of damage and destruction, reinstatement is incomplete and the parties have not reached an agreement concerning the completion of the reinstatement works, then either party may terminate the Lease by providing one months written notice.

The Lease also states that the Tenant may not terminate the Lease or reduce payments under clause 23 if the damage is substantially caused by or rights under an insurance policy are prejudiced or cancelled because of the negligence of the Tenant.

- **Yielding Up & Make Good** – As per clause 26, this essentially states that the Tenant must have completed the make good works, except to the extent that the Landlord does not require, and ensure the premises are in a condition consistent with the Tenant having complied with its obligations under the Lease.

The Landlord acknowledges that the Tenants obligations do not give rise to any obligation to remove the Tenant’s property (including but not limited to the glass furnaces, contents of the batch houses, floor pits and exhaust stacks located on the premises), except to the extent that the Tenant’s property contains contamination or materials hazardous to human health (including asbestos).

- **Right of First Refusal to Purchase Land** – As per clause 32.1, the landlord covenants and agrees with the tenant that if the landlord desires to dispose of its freehold interest in the land at any time during the term then the landlord shall give the tenant (or its nominee) the right of first refusal to purchase the land subject to the terms and conditions within clause 32 of the lease.

Tenant’s Property	An extensive list of the tenant’s property is listed within Schedule 2 of the Lease Agreement.
Emergency Provisions	No emergency provisions are provided as part of the lease, however see above for Damage and Destruction Clauses in the lease.

### 3.3 Building Outgoings and Recoveries

The lease within the Property is structured on a triple net basis, with the tenant being responsible for payment of rates, standard building operating expenses, including repairs and maintenance of a capital nature, in addition to premises rental. We have adopted the following allowances for building outgoings within our calculations:

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$253,471	\$3.75
Operating Expenses	\$1,437,899	\$21.25
<b>Total Outgoings</b>	<b>\$1,691,370</b>	<b>\$25.00</b>

We have requested but not been provided with an outgoings budget for the property, and have estimated the likely building operating expenses with reference to the current rating authority statutory charges and our opinion of likely ongoing costs of insurance, building maintenance and running costs. Our opinion of the likely level of outgoings for the property is based on our involvement with similar properties.

### 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
Visy Glass	Admin/Offices	1,742.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$313,560	\$180		\$43,550	\$25
Visy Glass	Batch House	965.5		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$164,135	\$170		\$24,138	\$25
Visy Glass	Cafeteria & Manufacturing (	1,368.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$239,400	\$175		\$34,200	\$25
Visy Glass	Carpenters Shop	326.3		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$32,630	\$100		\$8,158	\$25
Visy Glass	Combined Workshops / Faci	847.5		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$93,225	\$110		\$21,188	\$25
Visy Glass	Compressor Room	290.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$31,900	\$110		\$7,250	\$25
Visy Glass	Milestone Centre (Credit Uni	666.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$103,230	\$155		\$16,650	\$25
Visy Glass	Garage / S&V Workshop	185.2		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$16,668	\$90		\$4,630	\$25
Visy Glass	Main Store	1,819.8		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$191,079	\$105		\$45,495	\$25
Visy Glass	Mould Shop	1,178.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$123,690	\$105		\$29,450	\$25
Visy Glass	AK4 (Old Tank 4/Resort)	5,980.5		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$717,660	\$120		\$149,513	\$25
Visy Glass	Store 1/Electrical Workshop	366.1		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$38,441	\$105		\$9,153	\$25
Visy Glass	Store 2/Machine Maintenance	604.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$69,460	\$115		\$15,100	\$25
Visy Glass	Sub/Stn	159.6		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$14,364	\$90		\$3,990	\$25
Visy Glass	Tank 2 Area	1,348.8		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$161,856	\$120		\$33,720	\$25
Visy Glass	Tank 2 Cold End	2,026.2		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$243,144	\$120		\$50,655	\$25
Visy Glass	Q & C Lab	191.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$30,560	\$160		\$4,775	\$25
Visy Glass	Tank 3 Area	9,463.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$1,182,875	\$125		\$236,575	\$25
Visy Glass	Tank 3 Cold End	4,456.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$557,000	\$125		\$111,400	\$25
Visy Glass	Warehouse 1	8,060.5		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$846,353	\$105		\$201,513	\$25
Visy Glass	Budpac/Machine Maint/Pac	1,896.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$227,520	\$120		\$47,400	\$25
Visy Glass	Warehouse 3A	3,226.3		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$371,025	\$115		\$80,658	\$25
Visy Glass	Warehouse 3B	2,422.1		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$266,431	\$110		\$60,553	\$25
Visy Glass	Warehouse 4	2,371.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$284,520	\$120		\$59,275	\$25
Visy Glass	Warehouse 5	2,398.7		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$269,854	\$113		\$59,968	\$25
Visy Glass	Warehouse 6	2,992.5		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$336,656	\$113		\$74,813	\$25
Visy Glass	Warehouse 7	5,762.7		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$576,270	\$100		\$144,068	\$25
Visy Glass	Warehouse 7 Offices	1,040.7		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$150,902	\$145		\$26,018	\$25
Visy Glass	Warehouse 8	2,134.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$202,730	\$95		\$53,350	\$25
Visy Glass	Tank 2 - Basement	890.2		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$80,118	\$90		\$22,255	\$25
Visy Glass	Crusher Offices	86.6		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$14,722	\$170		\$2,165	\$25
Visy Glass	Crusher	390.0		Nov 2020	Nov 2040	20.0 years	Nov 2021	1 yearly	Fixed	\$48,023	\$123		\$9,750	\$25
Aggregate		67,654.8								\$8,000,000			\$1,691,370	

### 3.5 Income Analysis

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

Passing Rental Analysis		
Lettable Area Rental	\$8,000,000	82.55%
Outgoings Recovery	\$1,691,370	17.45%
Gross Passing Income	\$9,691,370	100.00%
Outgoings	\$1,691,370	
Net Passing Income	\$8,000,000	

## 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.

### 4.2 Auckland Industrial Market Summary

Auckland enjoyed "business as usual" for most of 3Q20 with New Zealand reporting just over 100 days of zero community transmission of COVID-19. However, community transmission returned to New Zealand on 11 August which resulted in Alert Level 3 lockdown for Auckland while the rest of the country set at Level 2. As at the end of 3Q20, Auckland moved back to Alert level 2 with eased restrictions on gathering while New Zealand moved to Alert Level 1. COVID-19 appears to be broadly under control with few cases of community transmission in the country. While NZ remains in a favourable situation compared to our key trading partners with the virus not having as far ranging an impact on society and the domestic economy, borders remaining shut until further notice and continued uncertainty around the global outlook will continue to have an impact on the economy.

Overall, Auckland's industrial property sector has seen little change since 2Q20, although the gap between prime and secondary stock has continued to slowly widen. Continued high demand across the sector along with scarcity of supply has kept both supply and demand in short-term equilibrium, aided by the significant number of design-build projects under construction and high levels of pre-commitment observed for new developments.

Supported by persistently low vacancy in the sector, rents and incentives have both remained stable over 3Q20. In investment, the industrial sector remains favoured due to the resilience it has shown over the last few quarters. As a result, yields have also remained stable at 2Q20 levels for the time being, although despite the volatile economic environment we are beginning to see

yields decrease below the levels achieved prior to COVID-19 for prime assets as a result of competition for assets and the record low interest rate environment.

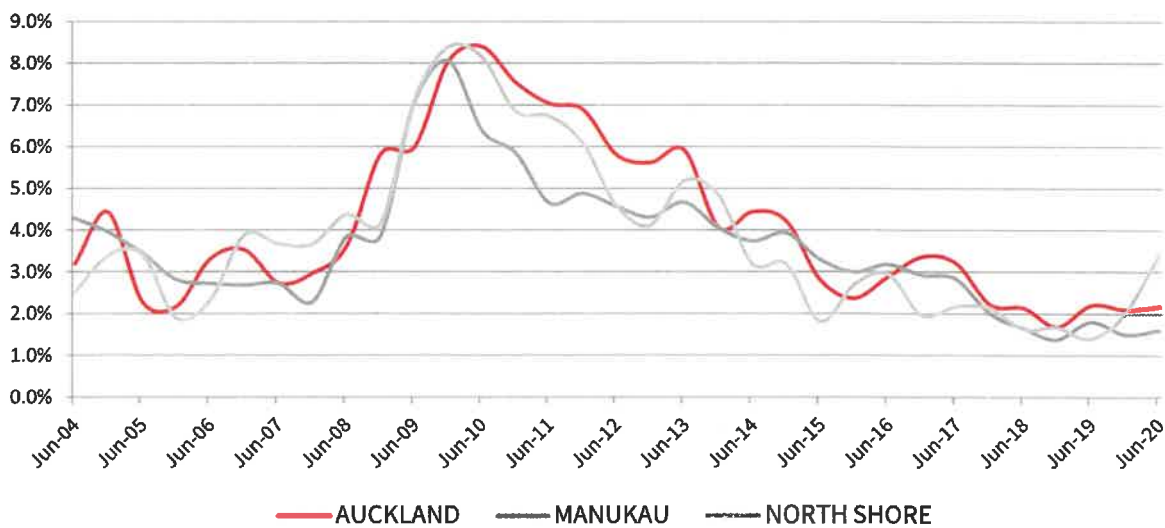
## Demand/Supply

Our 1H20 vacancy survey revealed that vacancy rose across the board over the first half of 2020. North Shore City industrial saw the largest increase in vacancy from 2.0% in 2H19 to 3.4% over 1H20, while Manukau City and Auckland City industrial vacancy each rose 10bps to 1.6% and 2.2% respectively over the half. Overall, vacancy for the Auckland Industrial market increased slightly from 1.8% to 2.1% during 1H20. Despite this increase however, vacancy within the Auckland industrial precincts continues to remain low overall when compared to the 10-year average of 3.7%.

With fewer tenants around than in previous quarters, the resulting re-balancing has seen a preference for shorter lease terms being committed to over 1H20, especially as uncertainty around the existing economic climate continues to be a prominent issue. Given continued robust demand for high quality space, prime stock vacancy in particular is expected to remain low for the foreseeable future. Any weakness in demand is expected to primarily impact secondary stock as occupiers look to move into new or better stock, continuing trends of a flight to quality.

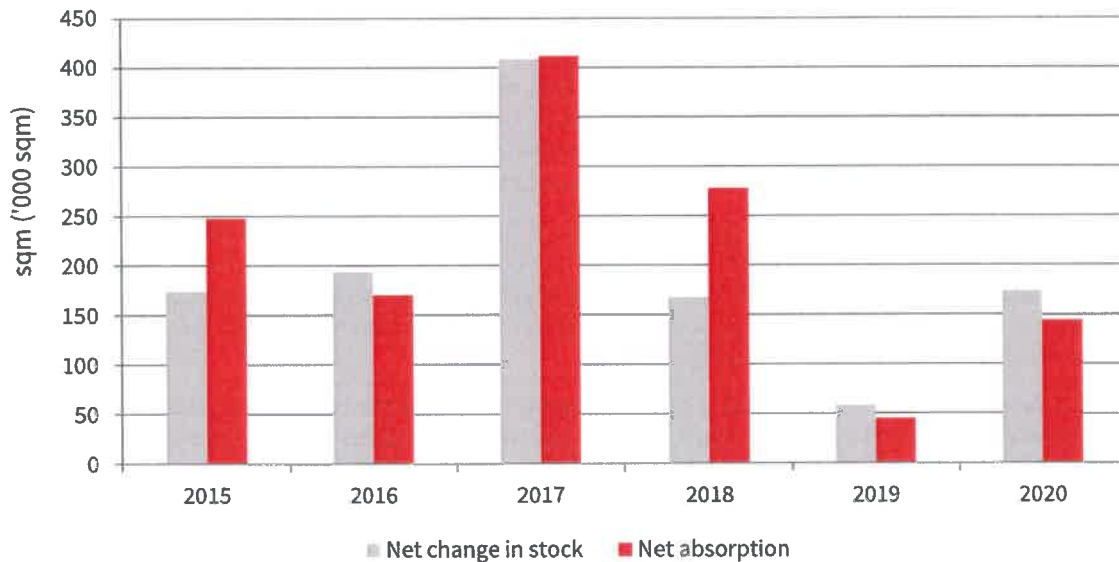
This extremely low vacancy overall continues to be a result of scarcity of development land and available stock, especially in the prime end of the market, across the sector. New Zealand's industrial development has been a combination of design-and-build and speculative builds. With that being said, the speculative builds are often leased before practical completion as supported by high occupier demand for new build. This combination has generally allowed net absorption to outpace net completions. We expect this trend to continue going forward, which will further support occupation levels as the majority of new future supply is pre-committed prior to practical completion.

## Auckland Industrial Vacancy



Source: JLL Research and Consulting

# Auckland Industrial Demand and Supply



Source: JLL Research and Consulting

While construction on Foodstuffs' 75,000 square metre distribution centre at The Landing Business Park continues, so too does construction on the Hilton Foods processing plant at LOGOS' Wiri logistics estate. Including these two projects, Manukau industrial continues to see the most action from the development pipeline, and we are currently aware of 68 projects at various stages of planning and construction in the sector. A number of projects have also completed over recent months, including five warehouse/office units with a collective NLA of over 10,000 square metres at 32-38 Patiki Road in Avondale by James Kirkpatrick Group in July.

Looking forward, we expect that projects under construction currently will likely go ahead as they typically have pre-committed tenants. Completion dates are expected to push out slightly however, given delays arising from the COVID-19 lockdowns over 2020 so far. As for medium term projects currently in planning, we expect the rate of these projects transitioning from the planning to construction phase to slow down. Limited supply should continue to support both existing rental levels and low vacancy levels.

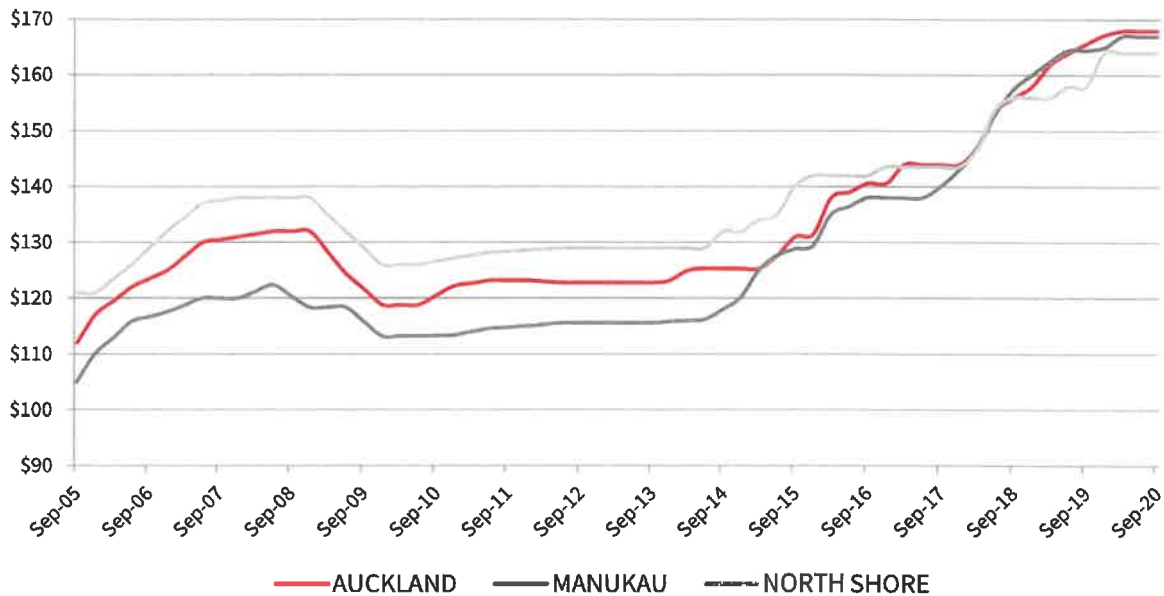
## Rents

Industrial prime rents have remained stable across the board for the third consecutive quarter. Prime Auckland City industrial rents currently sit at an average blended rate (warehouse / office) of approximately \$168 per square metre, while Manukau City and North Shore City rents remain at averages of approximately \$167 and \$164 per square metre respectively.

Rents for secondary stock have similarly remained stable since 2Q20, with Auckland City industrial rents stable at a blended rate of approximately \$136 per square metre, Manukau City industrial rents at approximately \$131 per square metre, and North Shore City industrial rents at approximately \$138 per square metre. Incentives have also remained stable over the quarter, with average prime and secondary incentives currently sitting at 2Q20 levels of 3.3% and 6.3% respectively.

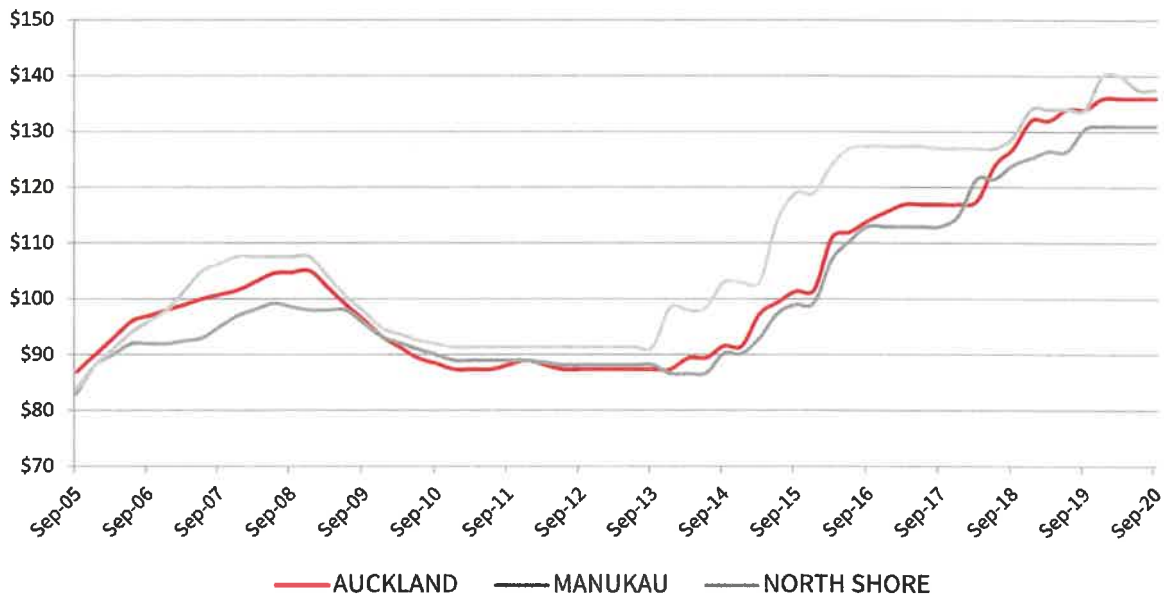
Given such low vacancy across Auckland's industrial sectors, particularly for prime assets, it is no surprise that rents and incentives have both remained stable over 3Q20. We do expect rents to resume rising, albeit slowly over the foreseeable future, as availability of new and second-hand accommodation remains tight. Moreover, rising land prices and construction costs are also expected to contribute to the upward pressure on rents as higher economic rents would be required to make construction feasible, restricting new supply. As with demand, the gap between prime and secondary rents is also expected to widen over time as trends of flight to quality continue.

## Auckland Industrial Prime Rents



Source: JLL Research and Consulting

## Auckland Industrial Secondary Rents



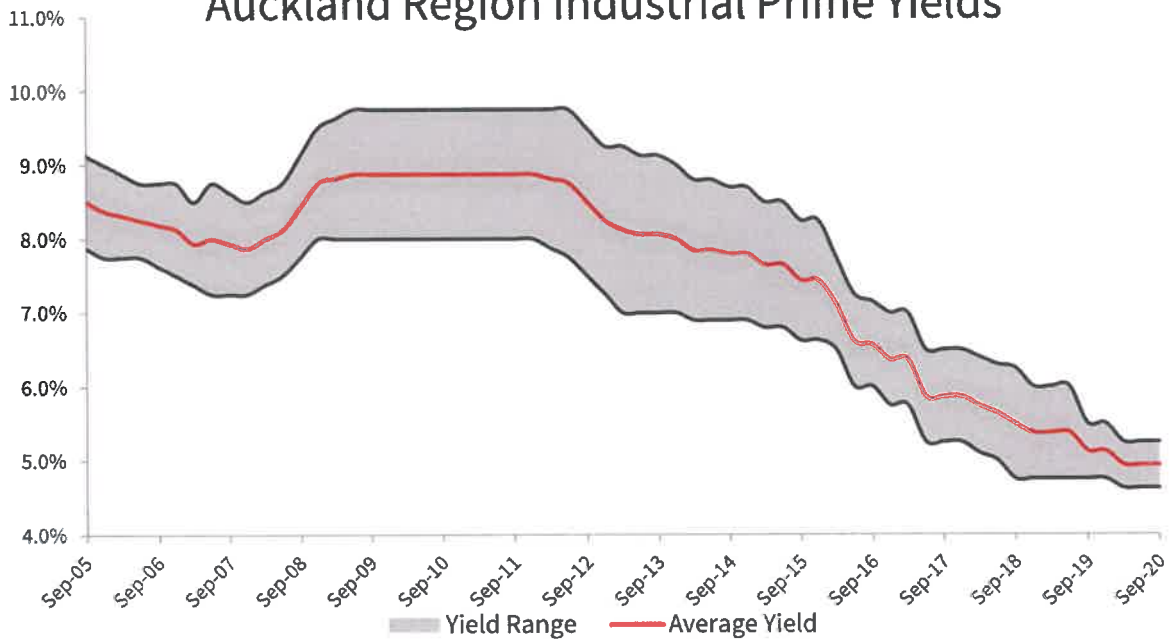
Source: JLL Research and Consulting

### Yields

Industrial remains a favoured sector for acquisition, having shown itself to be the most resilient of the commercial sectors over the last few quarters. Prime yields currently sit at an average of 4.94%, representing a range of 4.63% to 5.25%, while secondary yields remained at an average of 6.00%, representing a range of 5.50% to 6.50%.

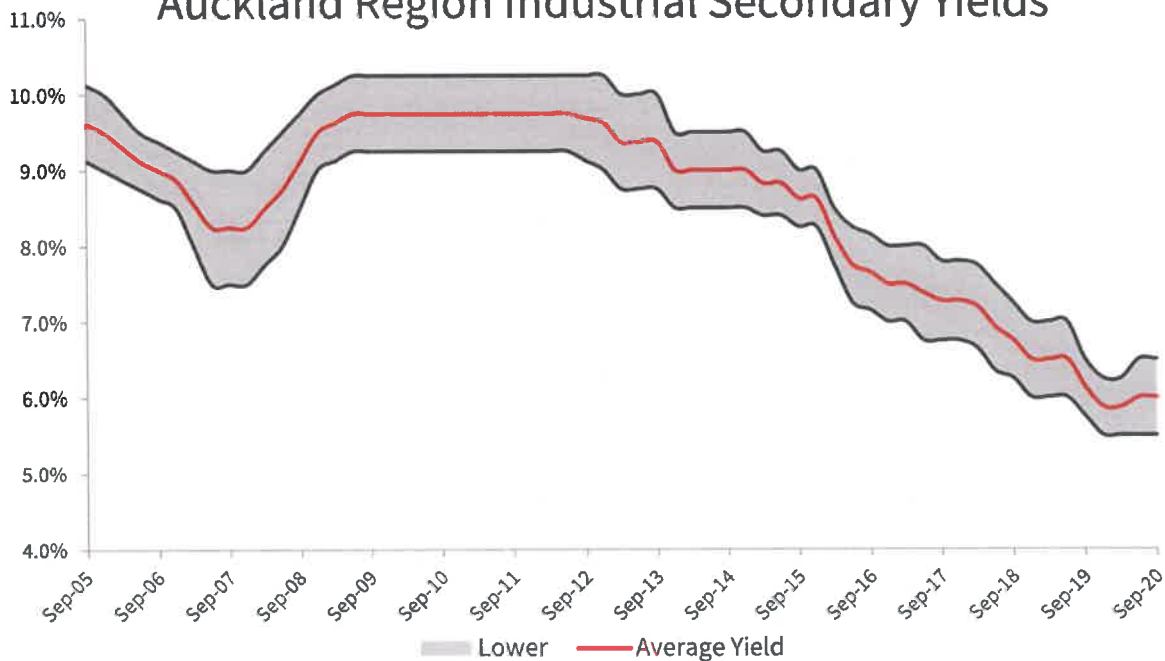
3Q20 saw the establishment of Industrie, a new joint venture between Stride Property Limited and a group of international institutional investors, operating through a special purpose vehicle advised by J.P. Morgan Asset Management. This establishment included the acquisition of 11 industrial properties for just under \$257 million from Stride's portfolio, along with new acquisitions over the quarter at 1 Ross Reid Place located in East Tamaki, and 468 Rosebank Road and 4-14 Patiki Road located in Rosebank. Together, these additional acquisitions combine to a value of \$41.7 million of acquisitions since Industrie's commencement in early July.

## Auckland Region Industrial Prime Yields



Source: JLL Research and Consulting

## Auckland Region Industrial Secondary Yields



Source: JLL Research and Consulting

### Market Outlook

The Auckland industrial sector has a generally positive outlook for the short to medium term, even with the effect of COVID-19. Further growth is forecast for the sector as it looks to be the most protected in these economic conditions. The general lack of prime stock for sale, favourable low interest rate environment and the increasing possibility of a negative OCR market next year will likely see yields firm in the short-medium term for prime stock, which was becoming evident towards the end of 3Q20.

Supported by low vacancy and robust demand for industrial space, rents are forecast to remain stable or increase over the coming years for primary grades, though rents for secondary grades are forecast to remain at existing levels for the time being. This view is driven by increasing demand for quality space and by developers needing to achieve higher rental levels in order to justify rising development costs.

Overall, we are confident that the Auckland industrial sector is in a good shape to cope with the stresses and strains that the market will face in the short to medium term. Importantly, in addition to a low interest rate environment and the attractiveness of the industrial sector due to the strong underlying fundamentals, the sector also remains a beneficiary of e-commerce.

## 5 Leasing Evidence

### 5.1 Leasing Evidence

In determining an appropriate market rental rate to apply to the subject property we have had primary regard to the following evidence:

<b>Manukau, Auckland</b>			
<b>Effective Date</b>	September 2020	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,275,300 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Warehouse	10,475.43 m <sup>2</sup>		\$103.98
Canopy	689.49 m <sup>2</sup>		\$65.00
Office	240.79 m <sup>2</sup>		\$230.00
Yard	3,066.65 m <sup>2</sup>		\$28.00
<b>Otahuhu, Auckland</b>			
<b>Effective Date</b>	June 2020	<b>Lease Basis</b>	Renewal
<b>Contract Rent</b>	\$1,190,458 pa		
<b>Rental Analysis</b>			<b>Rate</b>
GF Office & Amenities	528.19 m <sup>2</sup>		\$144.15
Mezzanine Office	641.70 m <sup>2</sup>		\$144.15
Mezzanine Factory Office	333.36 m <sup>2</sup>		\$96.10
Laboratory & Amenities	405.60 m <sup>2</sup>		\$108.11
Warehouse/Factory	9,723.91 m <sup>2</sup>		\$84.09
Canopy	69.60 m <sup>2</sup>		\$48.05
Warehousing Dispatch	1,368.00 m <sup>2</sup>		\$90.10
Dispatch Office	17.20 m <sup>2</sup>		\$96.10
<b>Mangere, Auckland</b>			
<b>Effective Date</b>	June 2020	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$625,000 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Warehouse	3,657.30 m <sup>2</sup>		\$123.24
Warehouse Amenities	98.50 m <sup>2</sup>		\$150.00
Office	600.00 m <sup>2</sup>		\$190.00
Yard	1,300.00 m <sup>2</sup>		\$35.00
<b>Mt Wellington, Auckland</b>			
<b>Effective Date</b>	April 2020	<b>Lease Basis</b>	Renewal
<b>Contract Rent</b>	\$2,415,540 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Office	1,467.0 m <sup>2</sup>		\$186.04
Mezzanine	233.0 m <sup>2</sup>		\$73.44
Warehouse	14,857.0 m <sup>2</sup>		\$122.39
Canopy	3,057.0 m <sup>2</sup>		\$58.75
Yard	3,735.0 m <sup>2</sup>		\$29.37
Courtyard	115.0 m <sup>2</sup>		\$107.71
Compressor	61.0 m <sup>2</sup>		\$88.12

---

**Onehunga, Auckland**

<b>Effective Date</b>	May 2020	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,900,000 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Warehouse	12,964.00 m <sup>2</sup>		\$112.50
First Floor Office	161.00 m <sup>2</sup>		\$250.00
Ground Floor Office	216.00 m <sup>2</sup>		\$250.00
Sealed Yard	13,552.00 m <sup>2</sup>		\$25.63

---

**Otahuhu, Auckland**

<b>Effective Date</b>	2020	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$6,400,000		
<b>Estimated Rental Analysis</b>			<b>Rate</b>
Main Offices	3,529.00 m <sup>2</sup>		\$245.00
Rail Siding Warehouse	24,798.00 m <sup>2</sup>		\$135.00
Rail Siding Warehouse Canopy	1,627.00 m <sup>2</sup>		\$72.50
Parcels Office	200.00 m <sup>2</sup>		\$224.50
Parcels Warehouse	5,259.00 m <sup>2</sup>		\$135.00
Parcels Warehouse Canopy	667.00 m <sup>2</sup>		\$72.50
Extra Heavy Duty Yard	15,275.00 m <sup>2</sup>		\$48.00
Heavy Duty Yard	7,454.00 m <sup>2</sup>		\$37.50
Covered Carparks	47 parks		\$20.00
Uncovered Carparks	394 parks		\$10.00
<b>Or Alternatively</b>			
Overall Rent (Net Lettable Area)	36,080.00 m <sup>2</sup>		\$177.38
<b>Or Alternatively</b>			
Overall Rent (Gross Lettable Area)	58,809.00 m <sup>2</sup>		\$108.83

---

**Penrose, Auckland**

<b>Effective Date</b>	November 2019	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,042,652 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Office Building	450.4 m <sup>2</sup>		\$230.00
Ground Floor Amenities	305.7 m <sup>2</sup>		\$200.00
First Floor Amenities	217.7 m <sup>2</sup>		\$200.00
Existing Canopy	185.0 m <sup>2</sup>		\$60.00
Warehouse 2	5,261.1 m <sup>2</sup>		\$100.00
Warehouse - Bulk Store	2,758.7 m <sup>2</sup>		\$100.00
New Canopy	280.0 m <sup>2</sup>		\$60.00
Pedestrian Canopy	75.0 m <sup>2</sup>		\$60.00

---

**Mt Wellington, Auckland**

<b>Effective Date</b>	November 2019	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$727,166 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Office	214.0 m <sup>2</sup>		\$170.00
Warehouse	4,755.0 m <sup>2</sup>		\$90.00
Breezeway	1,225.0 m <sup>2</sup>		\$70.00
Yard	5,840.0 m <sup>2</sup>		\$30.32

---

---

**Penrose, Auckland**

<b>Effective Date</b>	August 2019	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$395,000		
<b>Rental Analysis</b>			<b>Rate</b>
Building 1 - GF Office & Amenities	234.9 m <sup>2</sup>		\$200.00
Building 1 - L1 Office & Amenities	96.0 m <sup>2</sup>		\$200.00
Building 1 - Warehouse	1,166.7 m <sup>2</sup>		\$135.00
Building 2 - Warehouse	1,109.0 m <sup>2</sup>		\$90.00
Yard	750.0 m <sup>2</sup>		\$55.00
Carparks	20.0 parks		\$30.00 pcpw

---

**Mt Wellington, Auckland**

<b>Effective Date</b>	August 2019	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$403,000		
<b>Rental Analysis</b>			<b>Rate</b>
Building 1 - GF Office & Amenities	154.8 m <sup>2</sup>		\$155.00
Building 1 - Workshop	128.1 m <sup>2</sup>		\$105.00
Building 1 - Warehouse	944.5 m <sup>2</sup>		\$115.00
Building 2 - GF Office & Amenities	182.4 m <sup>2</sup>		\$175.00
Building 2 - L1 Office & Amenities	199.7 m <sup>2</sup>		\$185.00
Building 2 - Warehouse	1,487.0 m <sup>2</sup>		\$110.00
Yard/Storage Area	1,000.0 m <sup>2</sup>		\$25.00

---

**East Tamaki Auckland**

<b>Effective Date</b>	July 2019	<b>Lease Basis</b>	Rent Review
<b>Contract Rent</b>	\$1,340,000 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Ground Floor Office	371.55 m <sup>2</sup>		\$210.00
Mezzanine Office	168.52 m <sup>2</sup>		\$210.00
Warehouse	9,985.00 m <sup>2</sup>		\$118.00
Warehouse Offices	108.37 m <sup>2</sup>		\$165.00
Distribution Offices - Ground Floor	32.00 m <sup>2</sup>		\$165.00
Distribution Offices - First Floor	40.00 m <sup>2</sup>		\$165.00
Canopy Front	150.96 m <sup>2</sup>		\$60.00
Canopy New	160.00 m <sup>2</sup>		\$60.00

---

---

**Otahuhu, Auckland**

<b>Effective Date</b>	April 2019	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,111,715 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Main Office/Showroom	742.00 m <sup>2</sup>		\$180.00
Original Warehouse (Transit)	131.00 m <sup>2</sup>		\$105.00
Original Warehouse Office	131.00 m <sup>2</sup>		\$150.00
Original Warehouse	1,696.00 m <sup>2</sup>		\$105.00
New Showroom	576.00 m <sup>2</sup>		\$135.00
New Showroom Addition	252.00 m <sup>2</sup>		\$135.00
New Warehouse	2,034.00 m <sup>2</sup>		\$115.00
Warehouse Adjusted Mezzanine	434.00 m <sup>2</sup>		\$100.00
Warehouse Mezzanine	310.00 m <sup>2</sup>		\$80.00
Warehouse (Low Stud)	310.00 m <sup>2</sup>		\$80.00
New Warehouse Offices	122.00 m <sup>2</sup>		\$170.00
New Warehouse Amenities	122.00 m <sup>2</sup>		\$170.00
Front Yard	4,700.00 m <sup>2</sup>		\$45.00
Rear Yard	2,500.00 m <sup>2</sup>		\$30.00

---

**Mt Wellington, Auckland**

<b>Effective Date</b>	March 2019	<b>Lease Basis</b>	Rent Review
<b>Contract Rent</b>	\$700,200 pa		
<b>Rental Analysis</b>			<b>Rate</b>
Office, Amenities & Café	1,295.6 m <sup>2</sup>		\$169.55
Warehouse & Warehouse Addition	4,521.0 m <sup>2</sup>		\$97.70
Canopy	355.0 m <sup>2</sup>		\$52.50
Yard	450.0 m <sup>2</sup>		\$50.00

The industrial evidence above provides a range of rental rates from approximately \$85 to \$135 per square metre over the warehouse accommodation, \$145 to \$250 per square metre over the office and amenities, \$48 to \$70 per square metre over the canopy, and \$25 to \$50 over the yard area. From the outset we note there is a paucity of directly comparable evidence to the subject given the size and nature of the improvements, being of a specialised nature, and as such we have considered evidence from across the wider Auckland region. Having regard to the evidence above and also considering the new lease at the subject property with a commencement rent of \$8 million on a triple net basis, plus GST, we have adopted the following market rental profile as displayed overleaf.

We note that given the 20 year lease profile and fixed annual rental increases through the term, together with the high underlying land value, the slight variance between our adopted market rental profile and the passing rent will have limited impact on the value of the property.

## 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
Visy Glass	Admin/Offices	1,742.0		Nov 2021	Fixed	\$313,560	\$180		\$25	\$25	\$180	\$205		\$313,560
Visy Glass	Batch House	965.5		Nov 2021	Fixed	\$164,135	\$170		\$25	\$25	\$170	\$195		\$164,135
Visy Glass	Cafeteria & Manufacturing (	1,368.0		Nov 2021	Fixed	\$239,400	\$175		\$25	\$25	\$175	\$200		\$239,400
Visy Glass	Carpenters Shop	326.3		Nov 2021	Fixed	\$32,630	\$100		\$25	\$25	\$100	\$125		\$32,630
Visy Glass	Combined Workshops / Faci	847.5		Nov 2021	Fixed	\$93,225	\$110		\$25	\$25	\$110	\$135		\$93,225
Visy Glass	Compressor Room	290.0		Nov 2021	Fixed	\$31,900	\$110		\$25	\$25	\$110	\$135		\$31,900
Visy Glass	Milestone Centre (Credit Uni	666.0		Nov 2021	Fixed	\$103,230	\$155		\$25	\$25	\$155	\$180		\$103,230
Visy Glass	Garage / S&V Workshop	185.2		Nov 2021	Fixed	\$16,668	\$90		\$25	\$25	\$90	\$115		\$16,668
Visy Glass	Main Store	1,819.8		Nov 2021	Fixed	\$191,079	\$105		\$25	\$25	\$105	\$130		\$191,079
Visy Glass	Mould Shop	1,178.0		Nov 2021	Fixed	\$123,690	\$105		\$25	\$25	\$105	\$130		\$123,690
Visy Glass	AK4 (Old Tank 4/Resort)	5,980.5		Nov 2021	Fixed	\$717,660	\$120		\$25	\$25	\$120	\$145		\$717,660
Visy Glass	Store 1/Electrical Workshop	366.1		Nov 2021	Fixed	\$38,441	\$105		\$25	\$25	\$105	\$130		\$38,441
Visy Glass	Store 2/Machine Maintenanc	604.0		Nov 2021	Fixed	\$69,460	\$115		\$25	\$25	\$115	\$140		\$69,460
Visy Glass	Sub/Stn	159.6		Nov 2021	Fixed	\$14,364	\$90		\$25	\$25	\$90	\$115		\$14,364
Visy Glass	Tank 2 Area	1,348.8		Nov 2021	Fixed	\$161,856	\$120		\$25	\$25	\$120	\$145		\$161,856
Visy Glass	Tank 2 Cold End	2,026.2		Nov 2021	Fixed	\$243,144	\$120		\$25	\$25	\$120	\$145		\$243,144
Visy Glass	Q & C Lab	191.0		Nov 2021	Fixed	\$30,560	\$160		\$25	\$25	\$160	\$185		\$30,560
Visy Glass	Tank 3 Area	9,463.0		Nov 2021	Fixed	\$1,182,875	\$125		\$25	\$25	\$125	\$150		\$1,182,875
Visy Glass	Tank 3 Cold End	4,456.0		Nov 2021	Fixed	\$557,000	\$125		\$25	\$25	\$125	\$150		\$557,000
Visy Glass	Warehouse 1	8,060.5		Nov 2021	Fixed	\$846,353	\$105		\$25	\$25	\$100	\$125		\$806,050
Visy Glass	Budpac/Machine Maint/Pac	1,896.0		Nov 2021	Fixed	\$227,520	\$120		\$25	\$25	\$120	\$145		\$227,520
Visy Glass	Warehouse 3A	3,226.3		Nov 2021	Fixed	\$371,025	\$115		\$25	\$25	\$115	\$140		\$371,025
Visy Glass	Warehouse 3B	2,422.1		Nov 2021	Fixed	\$266,431	\$110		\$25	\$25	\$105	\$130		\$254,321
Visy Glass	Warehouse 4	2,371.0		Nov 2021	Fixed	\$284,520	\$120		\$25	\$25	\$120	\$145		\$284,520
Visy Glass	Warehouse 5	2,398.7		Nov 2021	Fixed	\$269,854	\$113		\$25	\$25	\$110	\$135		\$263,857
Visy Glass	Warehouse 6	2,992.5		Nov 2021	Fixed	\$336,656	\$113		\$25	\$25	\$110	\$135		\$329,175
Visy Glass	Warehouse 7	5,762.7		Nov 2021	Fixed	\$576,270	\$100		\$25	\$25	\$100	\$125		\$576,270
Visy Glass	Warehouse 7 Offices	1,040.7		Nov 2021	Fixed	\$150,902	\$145		\$25	\$25	\$80	\$105		\$83,256
Visy Glass	Warehouse 8	2,134.0		Nov 2021	Fixed	\$202,730	\$95		\$25	\$25	\$95	\$120		\$202,730
Visy Glass	Tank 2 - Basement	890.2		Nov 2021	Fixed	\$80,118	\$90		\$25	\$25	\$90	\$115		\$80,118
Visy Glass	Crusher Offices	86.6		Nov 2021	Fixed	\$14,722	\$170		\$25	\$25	\$170	\$195		\$14,722
Visy Glass	Crusher	390.0		Nov 2021	Fixed	\$48,023	\$123		\$25	\$25	\$125	\$150		\$48,750
Aggregate		67,654.8				\$8,000,000								\$7,867,190



### 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
<b>Rental Analysis</b>		
Lettable Area Rental	\$8,000,000	\$7,867,190
Outgoings Recovery	\$1,691,370	\$1,691,370
<b>Gross Income</b>	<b>\$9,691,370</b>	<b>\$9,558,560</b>
Outgoings	\$1,691,370	\$1,691,370
<b>Net Income</b>	<b>\$8,000,000</b>	<b>\$7,867,190</b>

## 6 Sales Evidence

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. The more relevant sales are summarised in the sales schedule and commentary below. Given the size, WALT and nature of the property we have had regard to a wide range of sales which we detail as follows:

### 6.1 New Zealand Investment Sales Evidence

The evidence below has been provided as it is comparable either by way of size, WALT, location, or condition.



#### 528-558 Rosebank Road, Rosebank, Auckland

<b>Sale Price</b>	\$65,552,043	<b>Sale Date</b>	October 2020
<b>Initial Yield</b>	5.20%	<b>Equivalent Yield</b>	4.95%
<b>IRR</b>	6.40%	<b>WALT</b>	6.17 years



#### Lot 9, 72 Tidal Road, Mangere, Auckland

<b>Sale Price</b>	\$48,834,674	<b>Sale Date</b>	September 2020
<b>Initial Yield</b>	4.82%	<b>Equivalent Yield</b>	4.88%
<b>IRR</b>	6.64%	<b>WALT</b>	10.86 years



#### Lot 2, 72 Tidal Road, Mangere, Auckland

<b>Sale Price</b>	\$21,418,000	<b>Sale Date</b>	June 2020
<b>Initial Yield</b>	4.95%	<b>Equivalent Yield</b>	4.83%
<b>IRR</b>	6.56%	<b>WALT</b>	15.00 years



#### 223 James Fletcher Drive, Otahuhu, Auckland

<b>Sale Price</b>	\$146,500,000*	<b>Sale Date</b>	March 2020
<b>Initial Yield</b>	4.43%	<b>Equivalent Yield</b>	4.58%
<b>IRR</b>	6.98%	<b>WALT</b>	14.91 years

\*Importantly, we note that this sale analysis excludes the land component which forms part of the sale.



#### 2 Station Road, Penrose, Auckland

<b>Sale Price</b>	\$8,000,000	<b>Sale Date</b>	August 2019
<b>Initial Yield</b>	4.94%	<b>Equivalent Yield</b>	4.94%
<b>IRR</b>	7.08%	<b>WALT</b>	12.00 years






#### 9 Stonehill Drive, Wiri, Auckland

<b>Sale Price</b>	\$17,200,000	<b>Sale Date</b>	September 2019
<b>Initial Yield</b>	4.64%	<b>Equivalent Yield</b>	4.61%
<b>IRR</b>	6.79%	<b>WALT</b>	10.00 years



#### 122 Ingram Road, Hamilton

<b>Sale Price</b>	\$71,022,730	<b>Sale Date</b>	July 2019
<b>Initial Yield</b>	4.93%	<b>Equivalent Yield</b>	4.93%
<b>IRR</b>	7.23%	<b>WALT</b>	20.00 years




	<b>101 McLaughlins Road, Wiri, Auckland</b>	<b>Sale Price</b>	\$18,159,000	<b>Sale Date</b>	June 2019
		<b>Initial Yield</b>	4.68%	<b>Equivalent Yield</b>	4.79%
		<b>IRR</b>	7.39%	<b>WALT</b>	10.00 years
	<b>12 Harbour Ridge Drive, Wiri, Auckland</b>	<b>Sale Price</b>	\$13,000,000	<b>Sale Date</b>	June 2019
		<b>Initial Yield</b>	4.87%	<b>Equivalent Yield</b>	4.78%
		<b>IRR</b>	7.07%	<b>WALT</b>	8.42 years
	<b>105 Wiri Station Road, Wiri, Auckland</b>	<b>Sale Price</b>	\$21,565,000	<b>Sale Date</b>	February 2019
		<b>Initial Yield</b>	4.16%	<b>Equivalent Yield</b>	5.00%
		<b>IRR</b>	7.49%	<b>WALT</b>	14.67 years

The sales above indicate a yield range of between circa 4.50% and 5.00% and IRR's generally between circa 6.50% and 7.50%, with the lower end of the yield range reflecting longer WALT, good tenant covenant, and good quality buildings. The recent sale of Toll provides a good comparable to the subject in terms of value quantum and the long WALT and strong tenant covenant, although we note that this site provides brand new buildings in a slightly inferior location. We would expect the subject to achieve a similar yield.

In addition to the above we have also considered 'non-industrial' assets with long weighted average lease terms to provide additional supporting evidence. We have considered a range of service station evidence with 15 year plus WALT's which have transacted at yields ranging between circa 4.00% and 4.75%. We retain the evidence on file. Furthermore, a regional industrial property recently sold for just under 4% initial yield. The property provides a low site coverage and is leased to a strong tenant covenant for in excess of 15 years. We note that it is of a significantly lower value quantum to the subject.

In addition to the evidence above, given the paucity of large industrial transactions in New Zealand we have also considered the following large industrial transactions from Australia.

## 6.2 Australia Investment Sales Evidence

	<b>15 Treforest Drive, Clayton, Victoria</b>	<b>Sale Price</b>	\$416,700,000	<b>Sale Date</b>	August 2020
		<b>Initial Yield</b>	4.19%	<b>Equivalent Yield</b>	4.19%
		<b>IRR</b>	5.27%	<b>WALT</b>	30.00 years
	<b>1 Sargents Road, Minchinbury, New South Wales</b>	<b>Sale Price</b>	\$181,500,000	<b>Sale Date</b>	May 2020
		<b>Initial Yield</b>	4.75%	<b>Equivalent Yield</b>	4.75%
		<b>IRR</b>	6.59%	<b>WALT</b>	7.00 years
	<b>41-59 Colemans Road, Dandenong, Victoria</b>	<b>Sale Price</b>	\$158,600,000	<b>Sale Date</b>	May 2020
		<b>Initial Yield</b>	4.30% (incl surplus land of 6.11ha)	<b>Equivalent Yield</b>	4.75% (excl surplus land of 6.11ha)
		<b>IRR</b>	6.23% (excl surplus land of 6.11ha)	<b>WALT</b>	7.00 years
	<b>10 Burando Road, Prestons, New South Wales, Australia</b>	<b>Sale Price</b>	\$175,400,000	<b>Sale Date</b>	May 2020
		<b>Initial Yield</b>	4.58%	<b>Equivalent Yield</b>	4.58%
		<b>IRR</b>	6.29%	<b>WALT</b>	7.00 years

**40-66 Lockwood Road, Erskine Park, New South Wales**

<b>Sale Price</b>	\$115,000,000	<b>Sale Date</b>	April 2020
<b>Initial Yield</b>	4.50%	<b>Equivalent Yield</b>	4.63%
<b>IRR</b>	6.31%	<b>WALT</b>	12.25 years

**61-65 Huntingwood Drive, Huntingwood**

<b>Sale Price</b>	\$397,800,000	<b>Sale Date</b>	December 2019
<b>Initial Yield</b>	4.52%	<b>Equivalent Yield</b>	4.52%
<b>IRR</b>	6.17%	<b>WALT</b>	32.00 years

**57 & 89 Lockwood Road, Erskine Park NSW**

<b>Sale Price</b>	\$107,000,000	<b>Sale Date</b>	May 2019
<b>Initial Yield</b>	5.26%	<b>Equivalent Yield</b>	4.58%
<b>IRR</b>	6.39%	<b>WALT</b>	10.61 years

**1 Eucalyptus Place, Eastern Creek NSW**

<b>Sale Price</b>	\$90,500,000	<b>Sale Date</b>	March 2019
<b>Initial Yield</b>	4.93%	<b>Equivalent Yield</b>	4.93%
<b>IRR</b>	6.39%	<b>WALT</b>	10.17 years

The above yields for industrial properties transacting for between circa \$100 and \$400 million shows the demand for large industrial properties and indicates that for good quality stock, the yield shift between lower value quantum and higher value quantum is not as significant as it has been in the past. It is evidence in the evidence above that the longer lease terms attract stronger yields. We consider the aforementioned sales in New Zealand to provide us good indication of a market yield achievable for the subject property, with 122 Ingram Road at a sale price of \$71,000,000 providing a good comparable given the lease term and tenant, although note the inferior location but superior quality of the improvements.

The historically low interest rate environment is also pushing yields for prime properties with long WALT's and strong tenant covenants to historic lows, with investors seeking a 'safe haven' investment to provide a yield premium to that achieved on Government Bonds or at Banks. When assessing investment parameters attainable for the subject we have been particularly conscious of the following:

- The locational characteristics
- The specialised and dated nature of improvements
- The 20 year triple net lease term
- The scale of the investment
- Guaranteed fixed annual rental growth
- Demand for long term leases in the current market
- Low interest rate environment

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

Valuation Input	
Capitalisation Rate	4.50%
Discount Rate	6.00%

### 6.3 Land Sales Transactions

Given the nature of the property, we have also undertaken a term and reversion approach, further discussed in section 8.4. In determining the value under this approach, we have had regard to the following sales:

Address	Sale Date	Sale Price	Area (sqm)	Rate	Initial Yield	WALT	Zone
Savill Drive & Alderman Place, Otahuhu	Sep-20	\$70,000,000	132,894	\$527 psm	2.80%	4.20 years	Light Industry
8-14 Mt Richmond Road, Mt Wellington	Jul-20	\$76,000,000	106,397	\$714 psm	4.44%	2.91 years	Light Industry
1-4 Patiki Road, Avondale	Jul-20	\$21,750,000	20,810	\$1,045 psm	6.05%	1.50 years	Heavy Industry
171 Pilkington Road, Point England	Jul-20	\$55,000,000	73,507	\$748 psm	-	-	Light Industry
33, 55 & 69 Kerwyn Avenue, East Tamaki	Jun-20	\$35,000,000	56,406	\$621 psm	4.57%	1.08 years	Heavy Industry
224 Neilson Street, Onehunga	Dec-19	\$32,000,000	34,956	\$915 psm	4.06%	0.92 years	Heavy Industry
Monahan Road, Mt Wellington	Aug-19	\$65,000,000	57,579	\$1,129 psm	5.08%	2.00 years	Light Industry
40 Leon Leicester Avenue, Mt Wellington	Jul-19	\$10,800,000	17,639	\$612 psm	-	-	Light Industry
1120 Great South Road, Mt Wellington	May-19	\$8,100,000	10,314	\$785 psm	-	-	Light Industry
1-11 Selwood Road, Henderson	Jun-19	\$14,105,000	21,700	\$650 psm	-	-	Heavy Industry
26 Ha Crescent, Wiri	Feb-19	\$13,750,000	21,900	\$628 psm	-	-	Heavy Industry
42, 60 & 70 Favona Road, Mangere	Dec-18	\$29,000,000	69,813	\$415 psm	Circa 4.00%	4.50 years	Light Industry
Roscommon Road, Wiri	Jul-18	\$56,000,000	100,000	\$565 psm	-	-	Heavy Industry
79 Carbine & 10 Clemow Drive, Mt Wellington	Oct-17	\$27,100,000	32,031	\$846 psm	4.16%	0.50 years	Light Industry

The above land sales typically range between circa \$600 and \$1,100 per square metre. We have had greatest regard to the sale of the Turners & Growers site on Monahan Road which was purchased by Goodman in August 2019. The site is approximately 5.7579 hectares and is zoned Light Industry. It has similar Motorway profile and is also a large industrial zoned site. It is currently improved with industrial and office buildings totalling approximately 23,600 square metres, providing holding income to Turners & Growers of approximately \$3.3 million per annum. The property sold for \$65 million, reflecting underlying land rate of \$1,129 per square metre. We note that approximately 9,500 square metres of the site is impacted by three designations. There are two National Grid Corridors with overhead power lines running along the north western boundary, adjacent to Mt Wellington Highway. The site is also impinged upon by designation 6774 East West Link Designation to NZTA, predominantly over 4 and 6 Monahan Road, at the north western boundary. The site is also affected by overland flow paths, leading into the site from the northern boundary and two flood prone areas situated to the northern boundary adjacent to Mount Wellington Highway.

Given the shortage of available industrial land in Auckland, especially Heavy Industry zoned land, we have seen a number of recent transactions at high levels, which highlights the sound supply and demand fundamentals of the Auckland Industrial market highlighted by record low vacancy levels and strong rentals being achieved on new builds.

Given the strong location of the subject, the relatively regular shaped nature of the site, the multiple frontages, Motorway profile, and Heavy Industry zoning, we believe the value of the subject land is in the order of \$1,200 and \$1,300 per square metre over the total site area of 86,073 square metres.

# 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"><li>▪ Freehold site.</li><li>▪ Long term lease of 20 years, with 5 further right of renewals of 10 years each.</li><li>▪ Strong tenant covenant with annual fixed rental increases of 3%.</li><li>▪ Triple net lease with the tenant responsible for capital expenditure.</li><li>▪ Parent guarantor and Bank Guarantee provided.</li><li>▪ Strong location and Heavy Industry zoning.</li><li>▪ Low interest rate environment and strong demand for industrial property.</li><li>▪ Motorway exposure, with signage potential.</li></ul>	<ul style="list-style-type: none"><li>▪ Asbestos containing materials present in the property.</li><li>▪ Dated and specialised nature of improvements restricting potential tenant pool were the existing tenant to leave.</li><li>▪ Flood prone areas running through the property.</li><li>▪ Large value quantum reducing potential purchaser pool.</li><li>▪ National Grid Corridor running through part of the property.</li><li>▪ Part of the land is listed as filled / weak ground.</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>▪ Refurbish the premises to attract a higher market rental.</li><li>▪ Explore the option of redeveloping the site at expiry of lease.</li><li>▪ Explore the opportunity to generate additional income through signage along the Motorway frontage.</li><li>▪ Interest rates are likely to decrease further in the short to medium term.</li></ul>	<ul style="list-style-type: none"><li>▪ The impact of the COVID-19 Coronavirus on the global economy and local property market is yet to be quantified and may be persistent.</li><li>▪ Global economic threat from our major trading partners.</li><li>▪ Local economic factors impacting negatively on economic growth and investor sentiment.</li><li>▪ Extended vacancy should the existing tenant vacate.</li><li>▪ Demolition costs or redevelopment costs being higher than anticipated due to the presence of asbestos.</li><li>▪ Unforeseen future contamination risks.</li></ul>

## 7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 6 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 a property fund, or an overseas investor.

## 7.4 Sales History

The subject property recently transacted in October 2020 at a consideration of \$178,300,000 plus GST (if any).

## 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.

In addition, we have had regard to the term and reversion approach whereby the deferred land value is added to the present value of the contract income. In order to determine the underlying land value, we have had regard to the following land sales, noting that they have much shorter remaining lease terms and are therefore more ripe for redevelopment. Please refer to section 8.4 for further details.

### 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 4.50%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$8,000,000	\$7,867,190
Ideal Outgoings Recovery (Full Net Leases)	\$1,691,370	\$1,691,370
<b>Total Rental Income</b>	<b>\$9,691,370</b>	<b>\$9,558,560</b>
Less Outgoings Expenditure	(\$1,691,370)	(\$1,691,370)
Net Rental Income	\$8,000,000	\$7,867,190
<b>Core Income Capitalised at 4.50%</b>	<b>\$177,777,778</b>	<b>\$174,826,433</b>
Value Adjustments		
Present Value of Existing Rental Reversions	(\$1,223,754)	\$1,769,417
<b>Total Value Adjustments</b>	<b>(\$1,223,754)</b>	<b>\$1,769,417</b>
<b>Total Capitalised Value</b>	<b>\$176,554,024</b>	<b>\$176,595,851</b>
Adopted Capitalised Value (say)	\$177,000,000	\$177,000,000

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.

#### Capital Deductions

The lease is a triple net lease and therefore we have not made any capital deductions, as any structural repairs to any buildings on the subject property, ongoing maintenance and capital expenditure will be at the lessee's cost.

#### Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$177,000,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	4.25%	\$187,000,000	\$187,000,000
Adopted Capitalisation Rate	4.50%	\$177,000,000	\$177,000,000
0.25%	4.75%	\$167,000,000	\$167,000,000

### 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 6.00% to the cash flows to produce a present value of \$183,000,000. Our DCF calculations are summarised overleaf:



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

## Revenue Projections

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

## Growth Rates

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

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office & Amenities							10 year average		2.40%	
	1.00%	1.50%	2.00%	2.50%	3.00%	3.25%	3.00%	2.75%	2.50%	2.50%
Industrial							10 year average		2.40%	
	1.00%	1.50%	2.00%	2.50%	3.00%	3.25%	3.00%	2.75%	2.50%	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%
Capex							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%
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.

## Capital Expenditure

Within our calculations we have not made capital expenditure allowances for any known upcoming costs as a result of the triple net lease structure.

## Estimated Terminal Sale Price

We have applied a terminal yield of 5.00% (a 50.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

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

## Transaction Costs

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

Transaction Costs	
Acquisition Costs	Nil
Disposal Costs	1.00% of the forecast Terminal Value

## Sensitivity Analysis

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

Discount Rate	Terminal Yield		
	4.75%	5.00%	5.25%
5.75%	\$192,000,000	\$186,000,000	\$180,000,000
6.00%	\$188,000,000	\$183,000,000	\$177,000,000
6.25%	\$185,000,000	\$179,000,000	\$174,000,000

### 8.4 Term & Reversion Approach (Deferred Land Value plus PV of Contract Income)

In addition to our Investment Approach, we have also looked at the property on a term and reversion basis, whereby the deferred land value is added to the present value of the contract income. In order to determine the underlying land value, we have had regard to the land sales in section 6.3, noting that they have much shorter remaining lease terms and are therefore more ripe for redevelopment.

Given the strong location of the subject, the relatively regular shaped nature of the site, the multiple frontages, Motorway profile, and Heavy Industry zoning, we believe the value of the subject land is in the order of \$1,200 and \$1,300 per square metre.

Sales Comparison Approach: 752 Great South Road, Penrose, Auckland		
Underlying Land Value		
Site Area	86,073 sqm	
Sensitivity:	<i>Net Land Rate</i>	<i>Indicated Value</i>
	\$1,200 psm	\$103,287,600
Estimated Land Value:	\$1,250 psm	\$107,591,250
	\$1,300 psm	\$111,894,900

We have then determined the Present Value of the Contract Income, with a commencement rent of \$8 million plus GST with fixed 3% increases per annum over the 20 year lease. We have adopted a discount rate of 6.00%, which analyses to a PV of Contract Income of \$116,492,261.

### Growth Rate

In formulating our opinion as to the appropriate projected land value growth rates for the subject property we have had regard to forecasts prepared in consultation with JLL Research.

We emphasise that the estimating of future values, interest rates and/or yields is a problematical and subjective exercise which at best, should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projections of such key elements involves assumptions respecting a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect the viability of a project and we draw your attention to this factor.

Against this brief background, we have applied a consistent nominal growth rate against the property of 3.00% per annum, which approximates longer term land value escalation rates.

Our workings under this approach are detailed in the Appendix.

# 9 Valuation

## 9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
<b>Investment Approach</b>	
Capitalisation Approach - Market Income	\$177,000,000
Capitalisation Approach - Contract Income	\$177,000,000
Discounted Cash Flow Approach	\$183,000,000
<b>Term &amp; Reversion Approach</b>	
Term & Reversion Approach	\$181,000,000
Adopted Value	\$180,000,000

## 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 \$180,000,000 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 9 November 2020, is:

**\$180,000,000 plus GST (if any)**

**One Hundred Eighty Million Dollars plus GST (if any)**

The assessed value reflects an initial passing yield of 4.44%, an equivalent yield of 4.41%, an internal rate of return of 6.19%, and a rate of \$2,661 per square metre of Lettable Area.

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

- Prospective Investors in Augusta Penrose Limited (on a non-reliance basis) – for Capital Raising

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 Involvement Statement

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

Inspection of Property	Wouter Robberts, Brad Chemaly
Calculations	Wouter Robberts, Brad Chemaly
Information Review	Wouter Robberts, Brad Chemaly, Jimmy Shi
Report Authoring	Brad Chemaly, Jimmy Shi
Quality Assurance	Dale Winfield
Principal Valuer	Wouter Robberts

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**

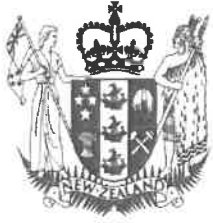
*Jones Lang LaSalle*

N:\1\ZVAL\VALUATIONS\Auckland City\Great South Road 752\Centria\Report and Workings\Great South Road, 752 MV Oct 2020.xlsm

# 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** NA20C/873  
**Land Registration District** North Auckland  
**Date Issued** 19 May 1971

---

**Estate** Fee Simple  
**Area** 911 square metres more or less  
**Legal Description** Allotment 254 Section 12 Suburbs of  
Auckland

**Registered Owners**  
Visy Glass Property (NZ) Limited

---

**Interests**

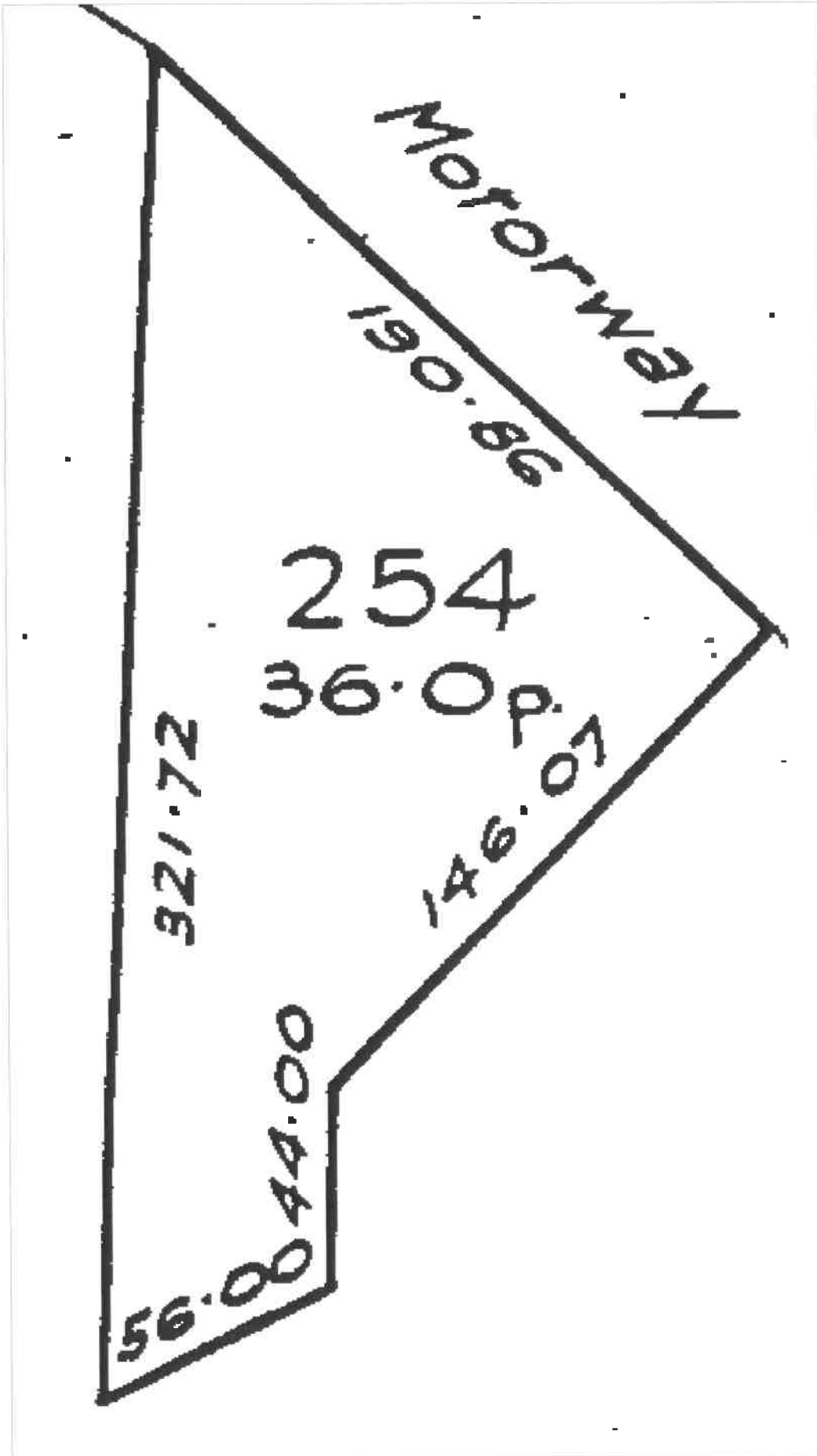
Subject to Section 8 Coal Mines Amendment Act 1950

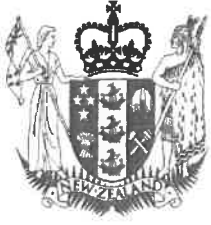
8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA382/277  
**Land Registration District** North Auckland  
**Date Issued** 14 February 1924

**Prior References**

NAPR166/226 WA 2539

---

**Estate** Fee Simple  
**Area** 1.5527 hectares more or less  
**Legal Description** Section 135-145, Section 149-150 and  
Section 198-202 Prescott Settlement

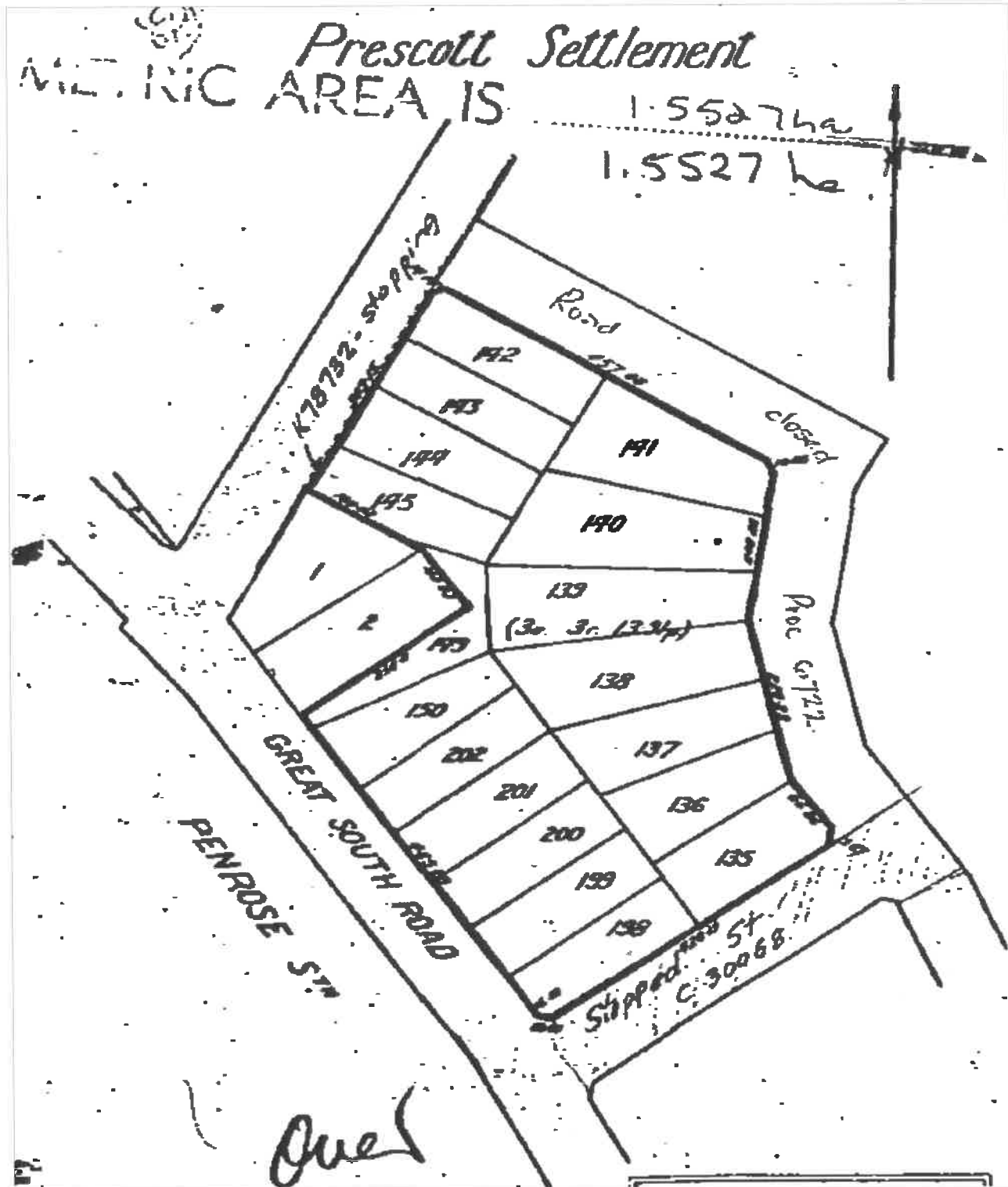
**Registered Owners**

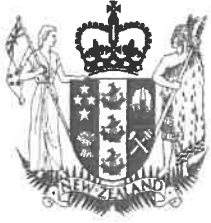
Visy Glass Property (NZ) Limited

---

**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am  
9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm  
9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am  
11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA403/108  
**Land Registration District** North Auckland  
**Date Issued** 01 November 1924

**Prior References**

NA218/100

---

<b>Estate</b>	Fee Simple
<b>Area</b>	1846 square metres more or less
<b>Legal Description</b>	Section 2 and Part Section 1 Prescott Settlement

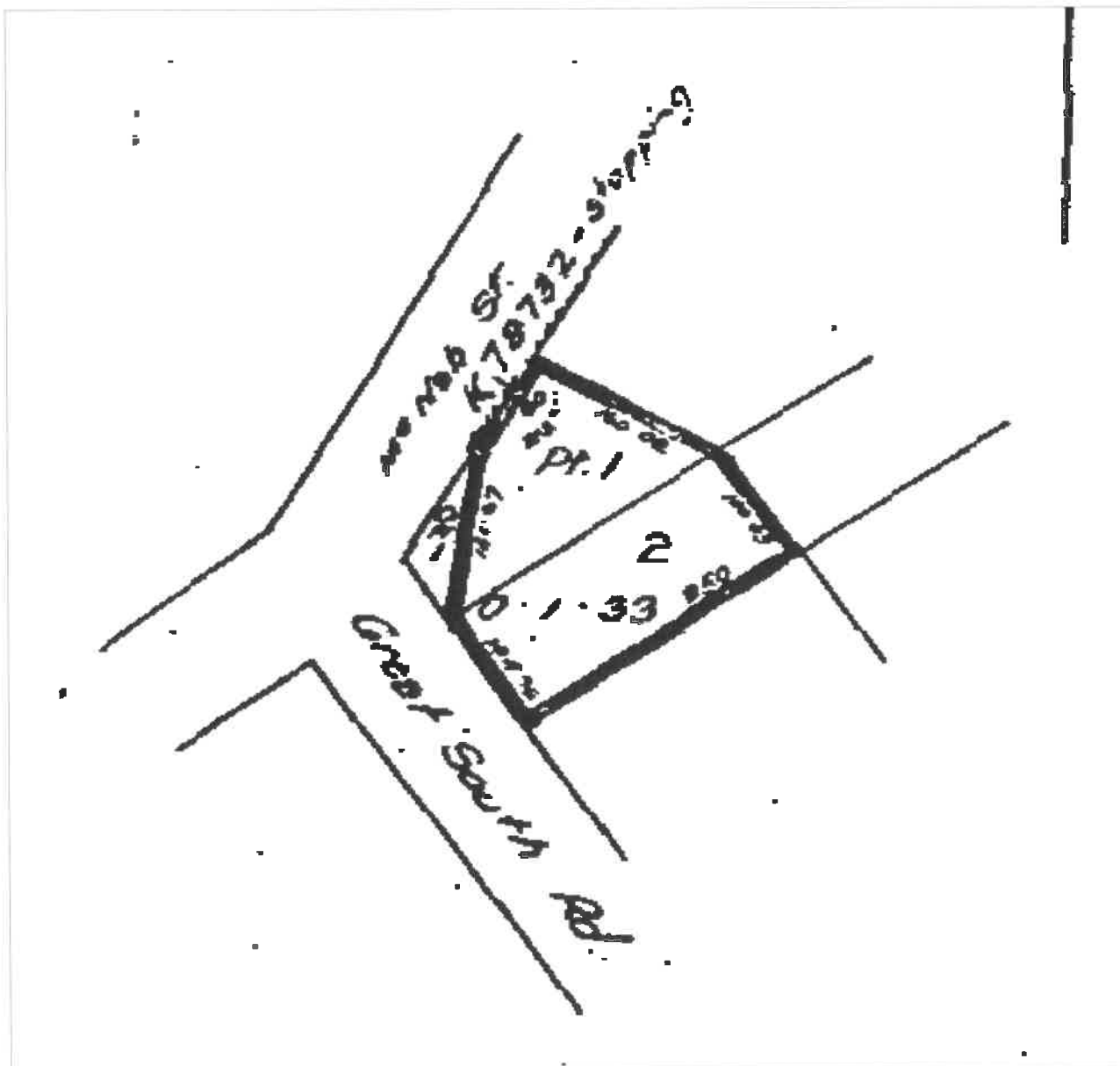
**Registered Owners**

Visy Glass Property (NZ) Limited

---

**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am  
9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm  
9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am  
11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA458/263  
**Land Registration District** North Auckland  
**Date Issued** 09 December 1927

**Prior References**

NAPR171/430 WA 2857

---

**Estate** Fee Simple  
**Area** 1.3241 hectares more or less  
**Legal Description** Section 94 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

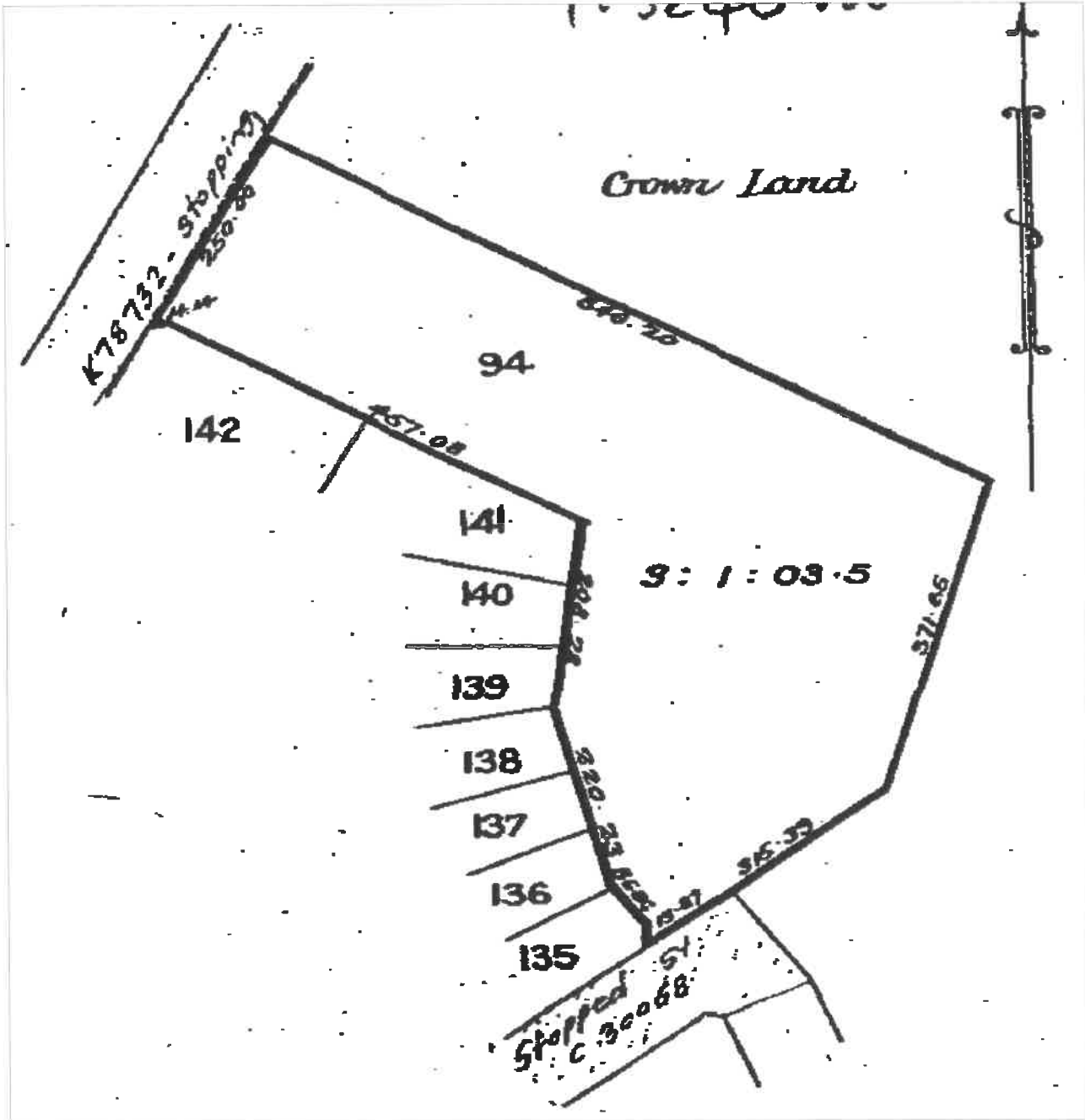
**Interests**

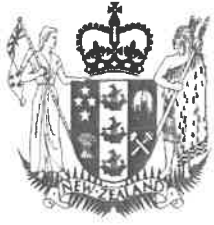
8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** NA666/122  
**Land Registration District** North Auckland  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/91 WA 3490

---

**Estate** Fee Simple  
**Area** 735 square metres more or less  
**Legal Description** Section 188 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

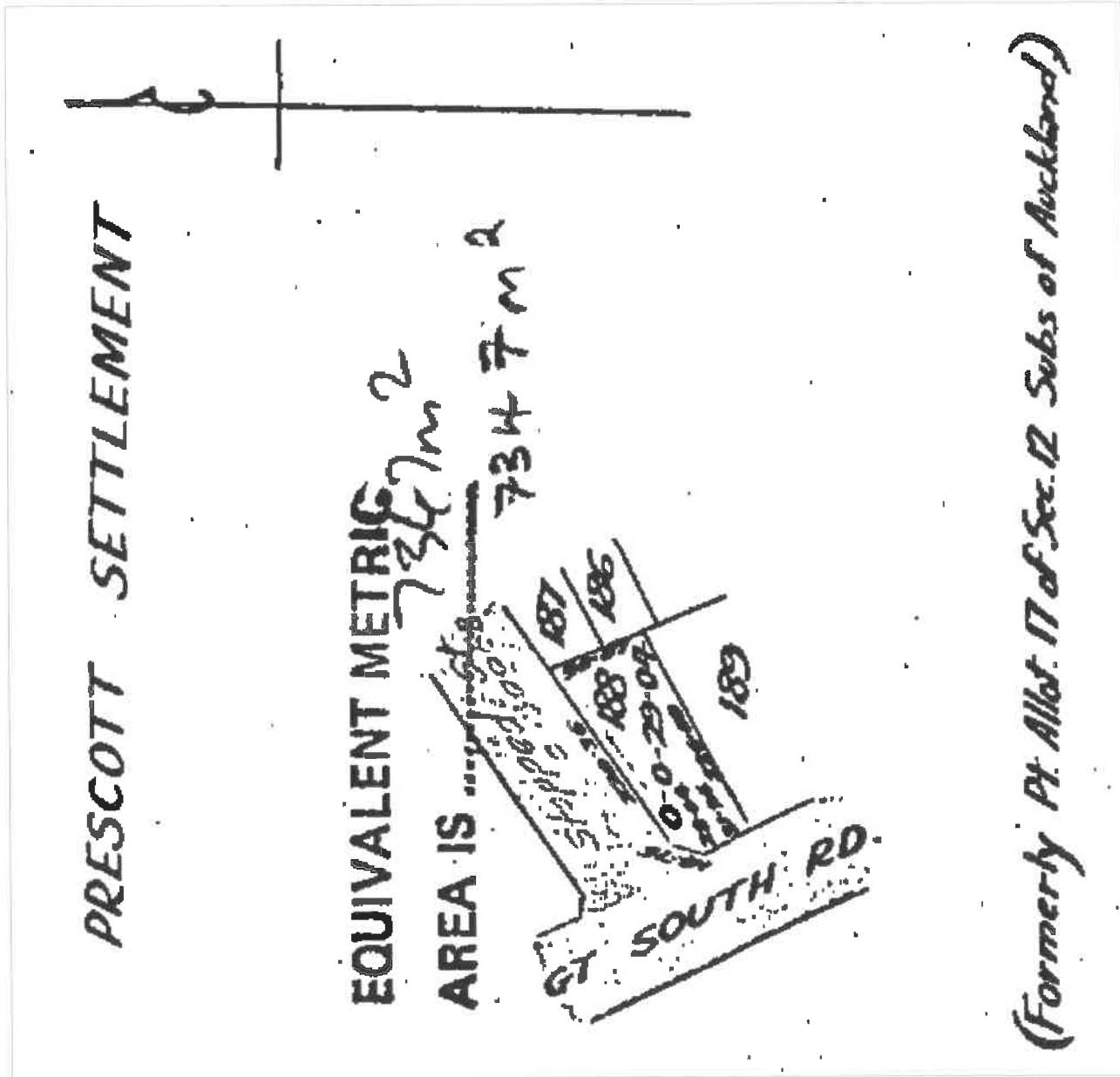
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** **NA666/123**  
**Land Registration District** **North Auckland**  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/92 WA 3490

---

**Estate** Fee Simple  
**Area** 688 square metres more or less  
**Legal Description** Section 189 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

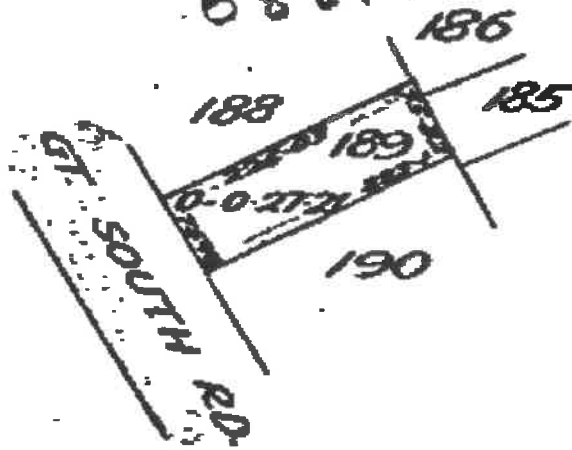
11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

# PRESCOTT SETTLEMENT

EQUIVALENT METRIC

AREA IS 688 m

688 m<sup>2</sup>



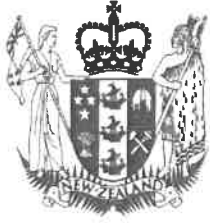
Formerly Pt. Allot. 17 Sec. 12 Subs of Auckland.

Scale: 2 Chains to an Inch.

R.G. Macmorran Chief Surveyor.

Comptrol, Surveyor.

J. Leather, Draughtsman.



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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA666/124  
**Land Registration District** North Auckland  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/93 WA 3491

---

**Estate** Fee Simple  
**Area** 679 square metres more or less  
**Legal Description** Section 190 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

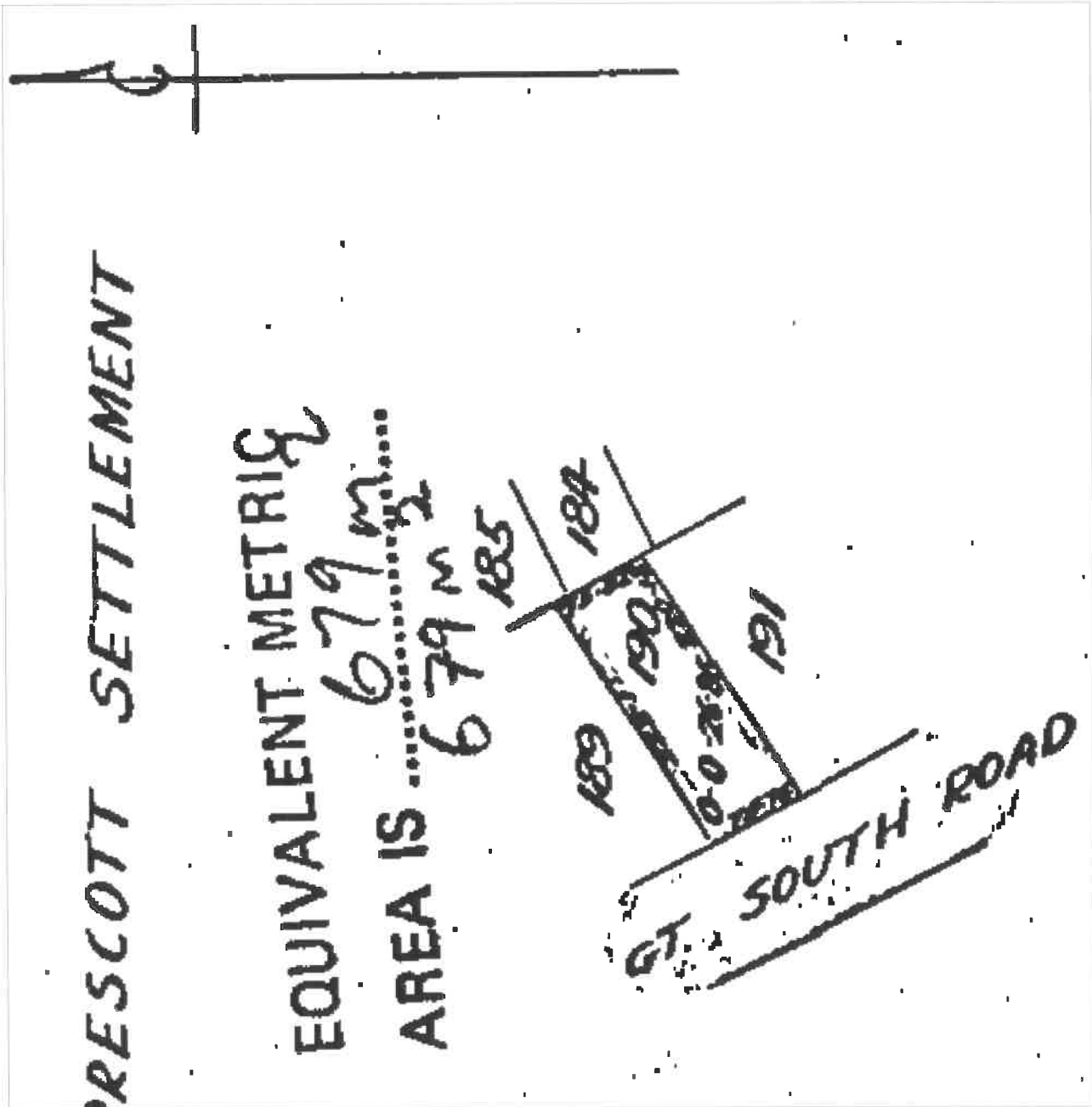
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA666/125  
**Land Registration District** North Auckland  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/94 WA 3491

---

**Estate** Fee Simple  
**Area** 670 square metres more or less  
**Legal Description** Section 191 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

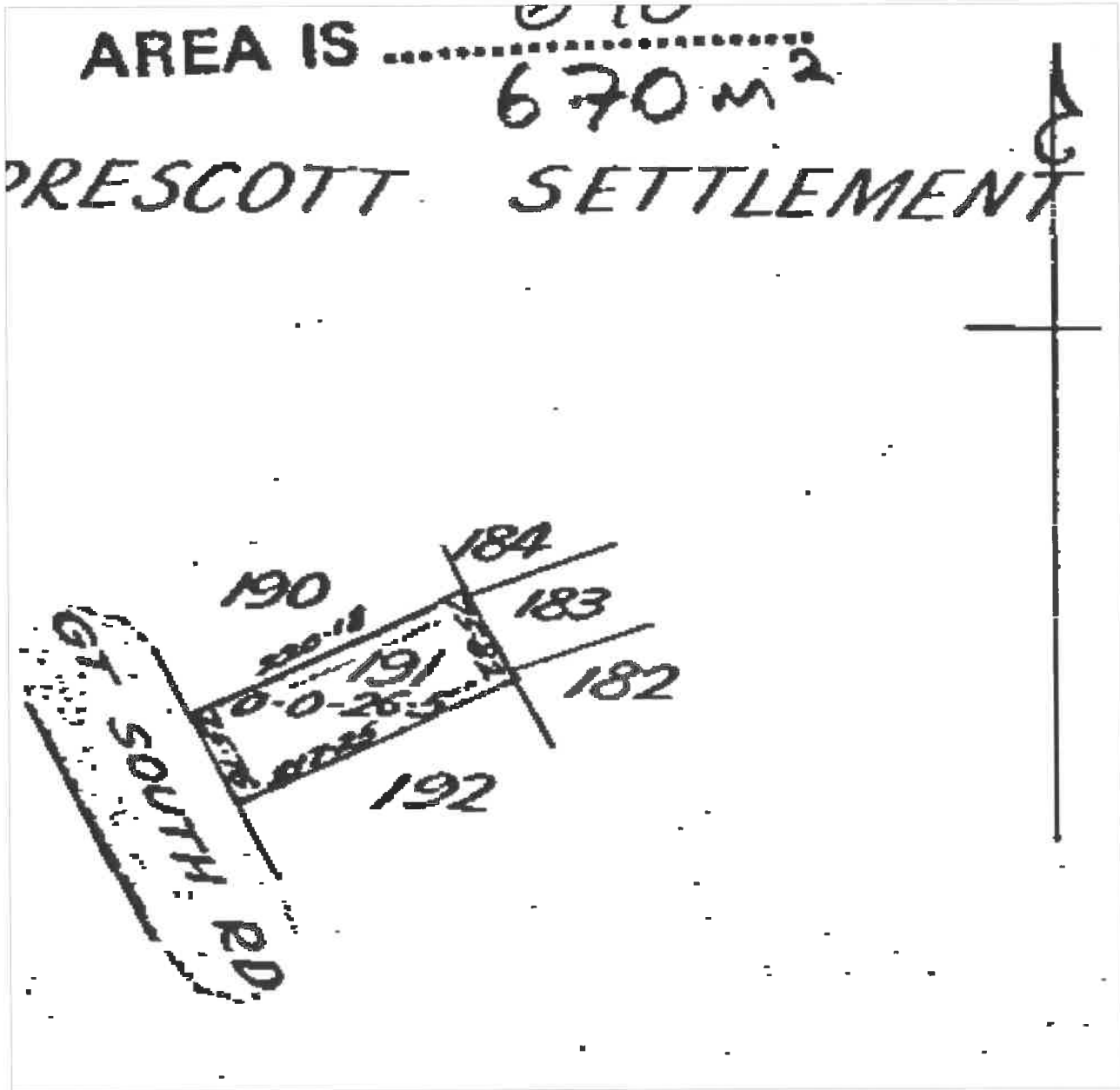
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** **NA666/126**  
**Land Registration District** **North Auckland**  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/95 WA 3491

---

**Estate** Fee Simple  
**Area** 661 square metres more or less  
**Legal Description** Section 192 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

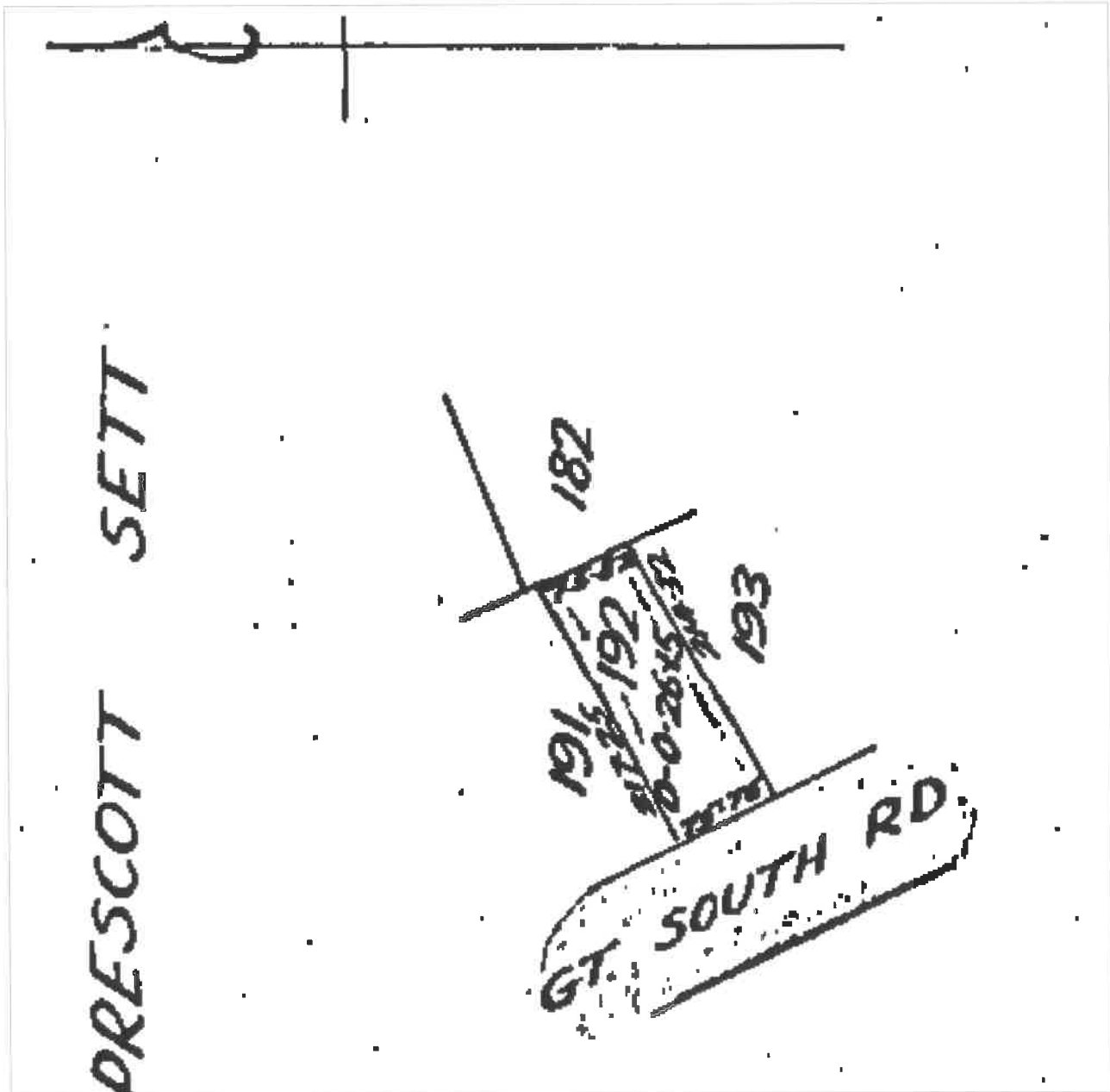
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA666/127  
**Land Registration District** North Auckland  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/96 WA 3491

---

**Estate** Fee Simple  
**Area** 653 square metres more or less  
**Legal Description** Section 193 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

**Interests**

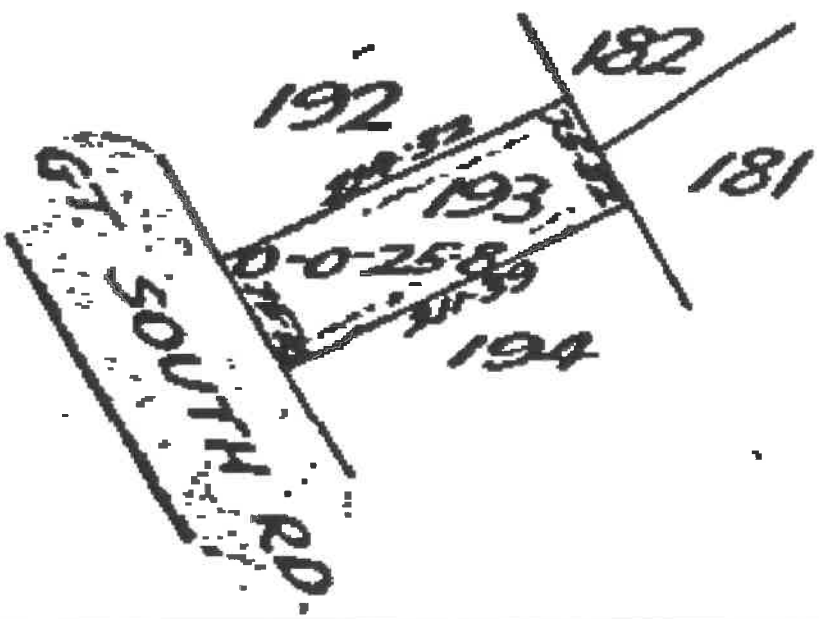
8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

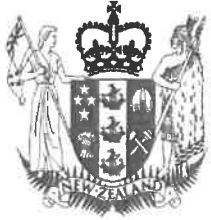
9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

COTT SETT.





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** NA666/128  
**Land Registration District** North Auckland  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/97 WA 3491

---

**Estate** Fee Simple  
**Area** 643 square metres more or less  
**Legal Description** Section 194 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

**Interests**

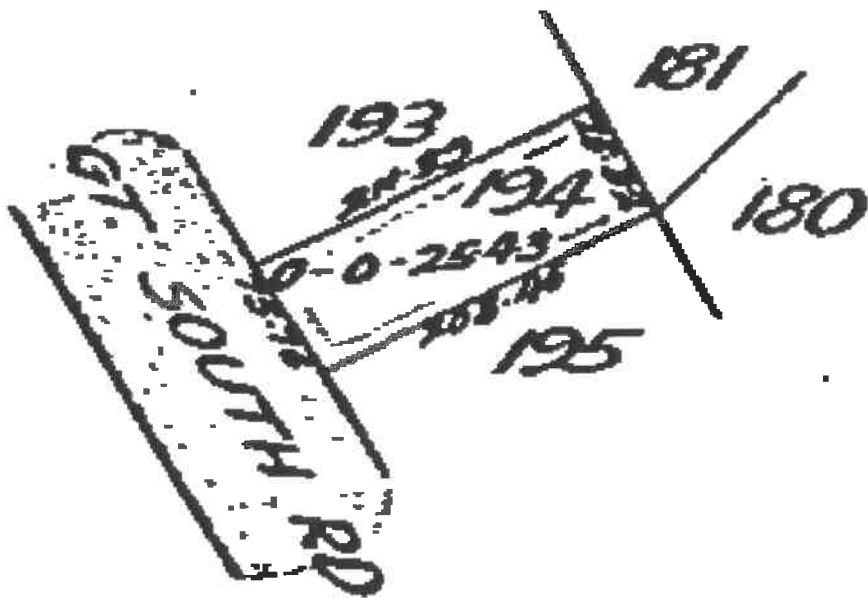
8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm

COTT      SETT.





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** **NA666/129**  
**Land Registration District** **North Auckland**  
**Date Issued** 12 October 1935

**Prior References**

NAPR179/98 WA 3491

---

**Estate** Fee Simple  
**Area** 634 square metres more or less  
**Legal Description** Section 195 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

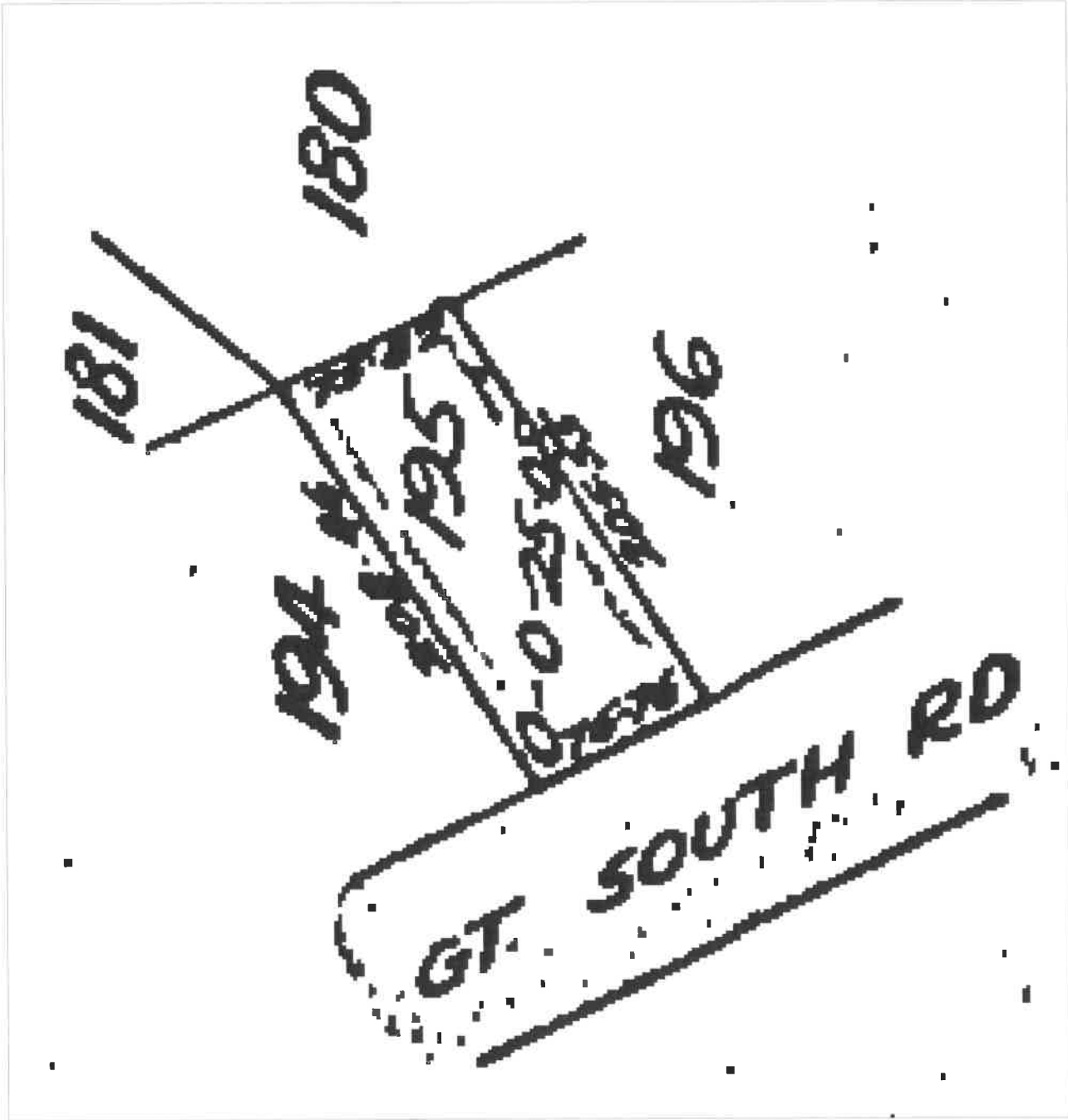
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** NA713/211  
**Land Registration District** North Auckland  
**Date Issued** 09 June 1939

**Prior References**

NAPR182/417 WA 3936

---

**Estate** Fee Simple  
**Area** 1127 square metres more or less  
**Legal Description** Allotment 205 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

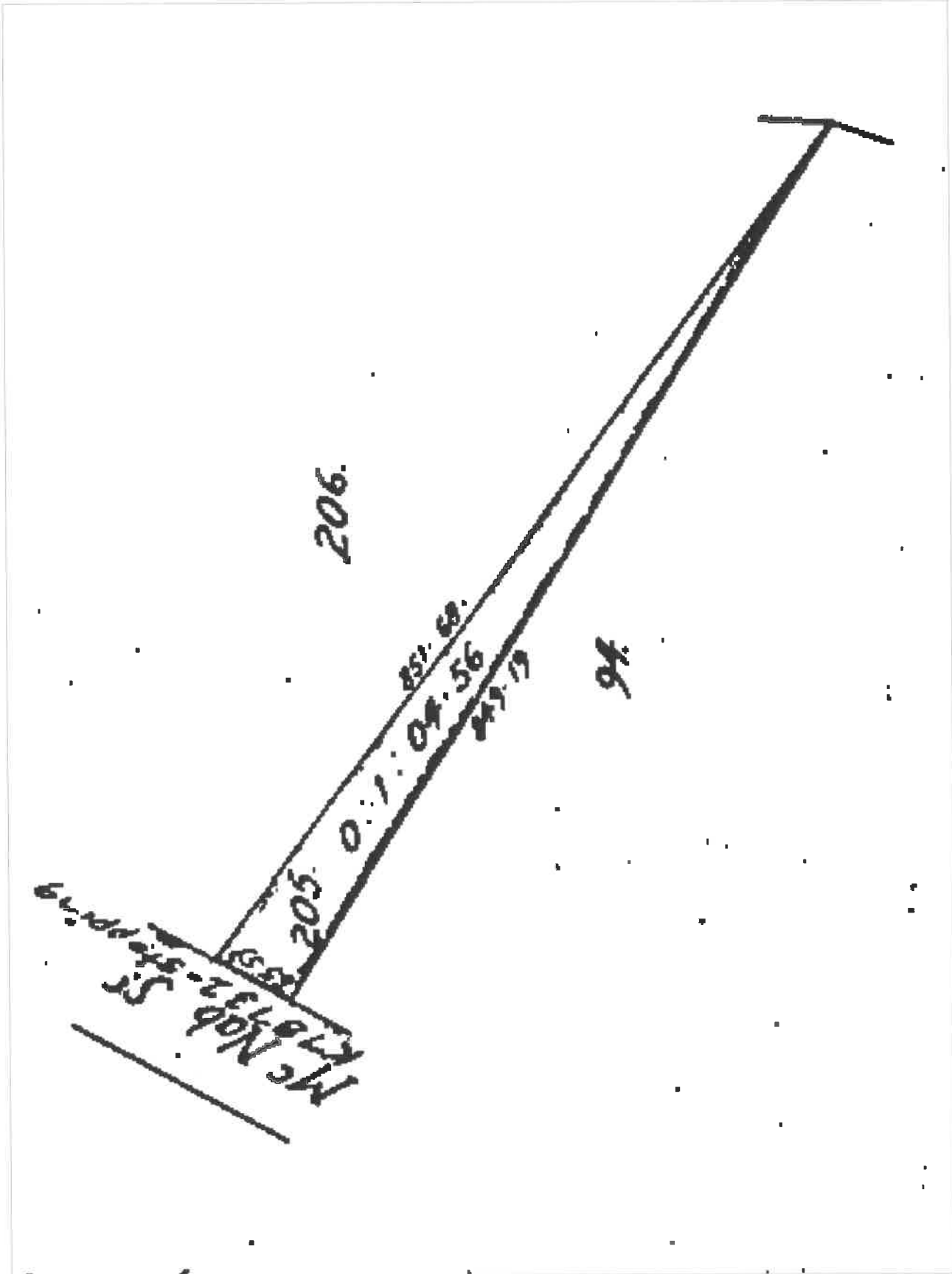
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA720/45  
**Land Registration District** North Auckland  
**Date Issued** 21 August 1939

**Prior References**

NAPR184/97 WA 3987

---

**Estate** Fee Simple  
**Area** 1.2141 hectares more or less  
**Legal Description** Section 206 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

**Interests**

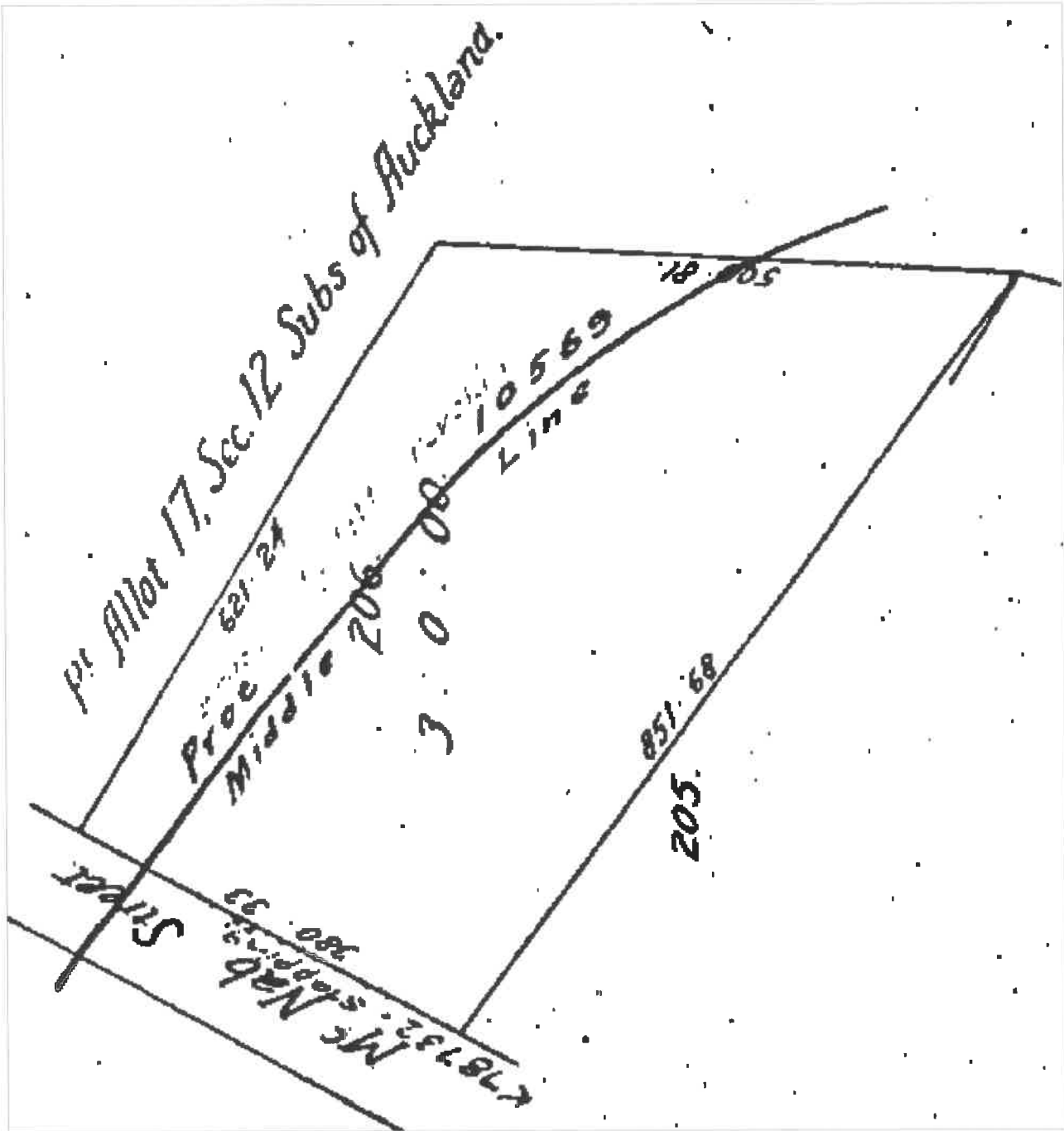
Subject to an electricity right (in gross) over part marked B on Plan 160223 in favour of Mercury Energy Limited created by Transfer C581066.2 - 23.3.1994 at 11:01 am

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** NA1067/112  
**Land Registration District** North Auckland  
**Date Issued** 19 March 1953

---

**Estate** Fee Simple  
**Area** 2400 square metres more or less  
**Legal Description** Allotment 100 Section 12 Suburbs of  
Auckland

**Registered Owners**  
Visy Glass Property (NZ) Limited

---

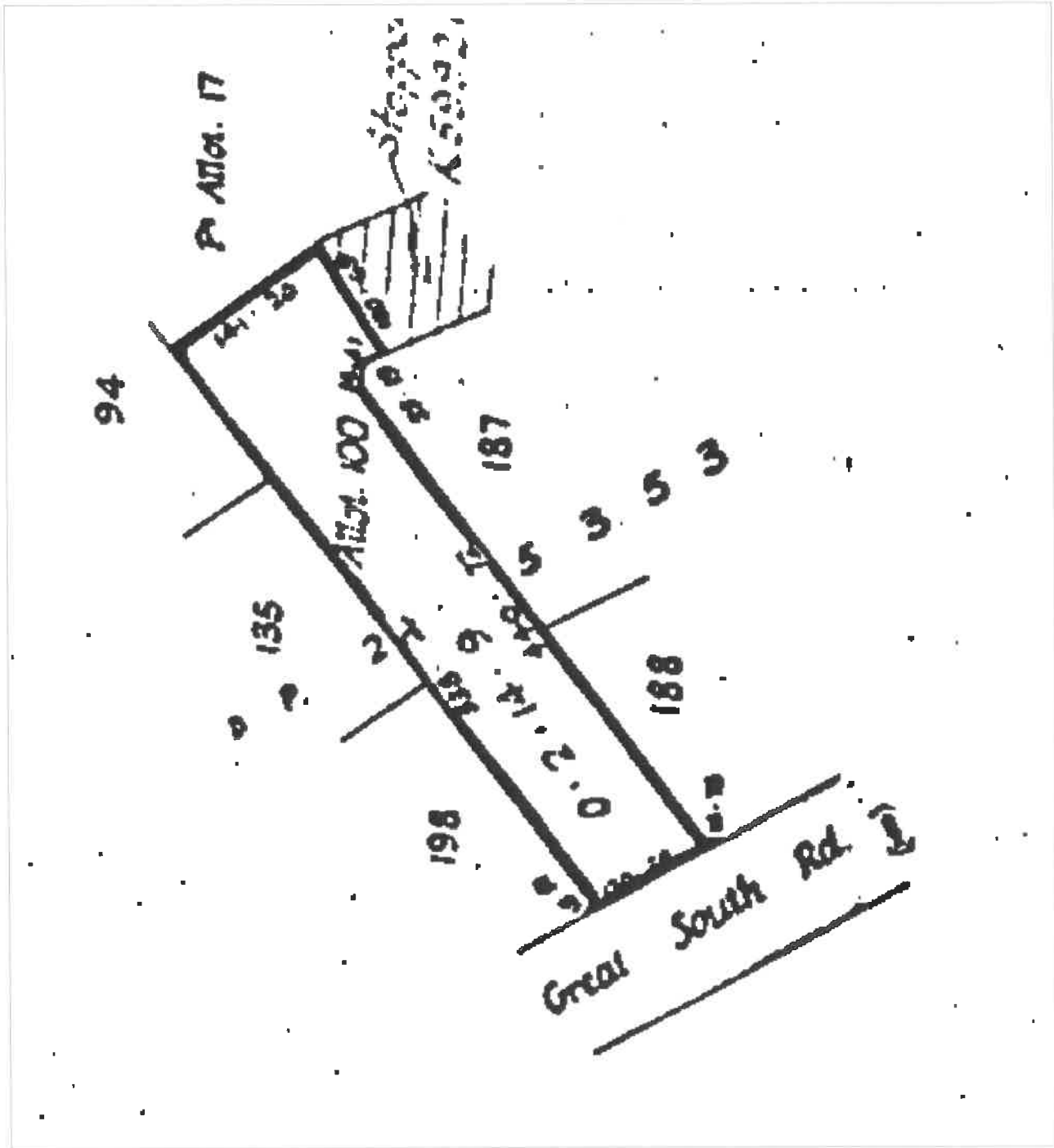
**Interests**

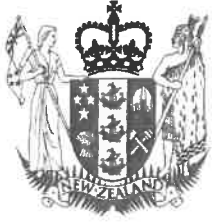
8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** NA1177/91  
**Land Registration District** North Auckland  
**Date Issued** 19 January 1956

**Part-Cancelled**

**Prior References**  
NAPR209/292

---

**Estate** Fee Simple  
**Area** 3.1932 hectares more or less  
**Legal Description** Section 207-208 Prescott Settlement

**Registered Owners**  
Visy Glass Property (NZ) Limited

---

**Interests**

Subject to Section 59 Land Act 1948

A450755 Compensation Certificate pursuant to Section 17 Public Works Amendment Act 1948 by The Minister of Works - 4.3.1970 at 2.00 pm(affects Section 207 Prescott Settlement)

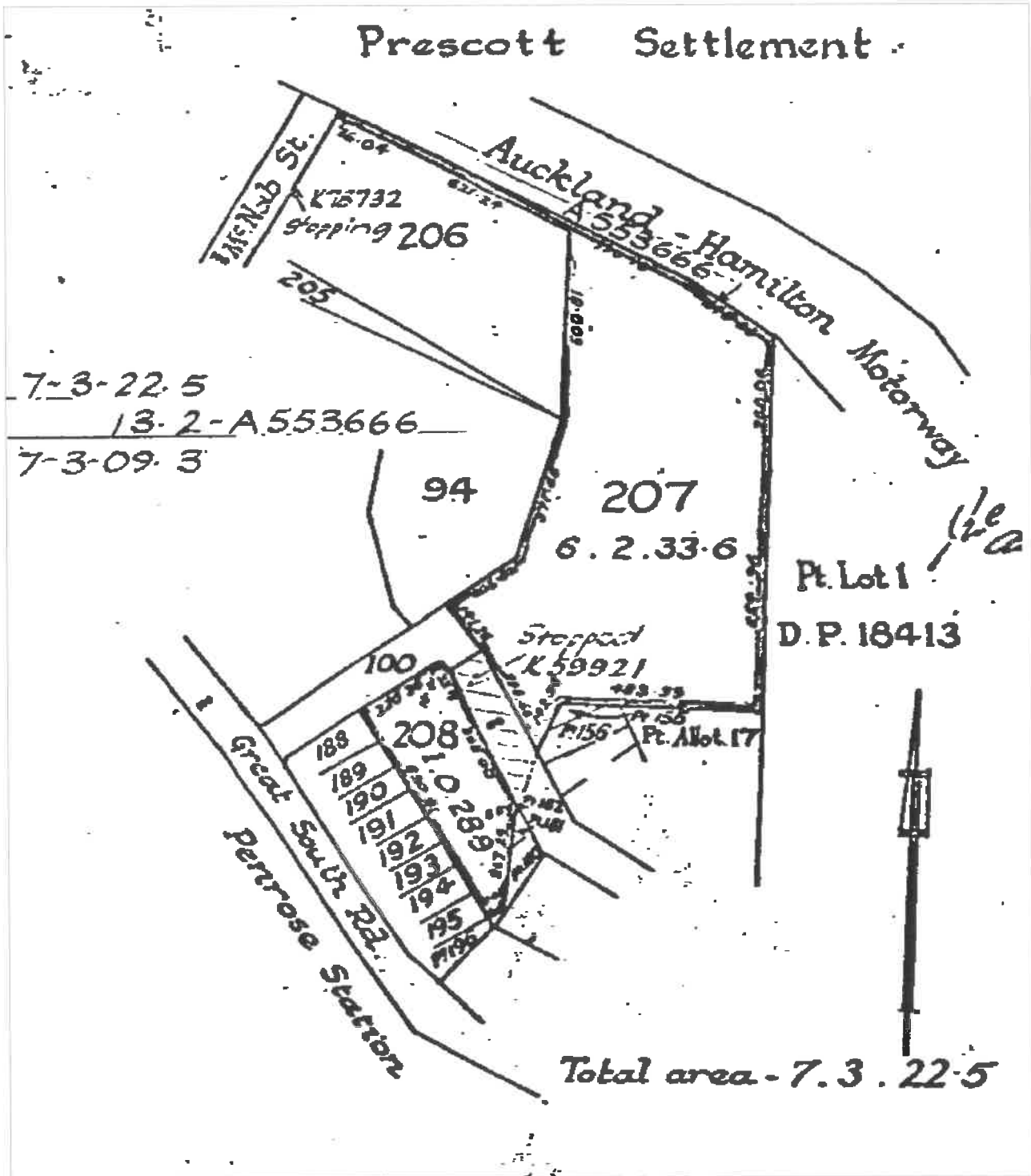
A553666 Gazette Notice taking part of within land (13.2p) for the Auckland - Hamilton Motorway - 19.5.1971 at 9.00 am

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA1365/12  
**Land Registration District** North Auckland  
**Date Issued** 05 March 1957

**Prior References**

NA1357/64

---

**Estate** Fee Simple  
**Area** 1416 square metres more or less  
**Legal Description** Section 209 Prescott Settlement

**Registered Owners**

Visy Glass Property (NZ) Limited

---

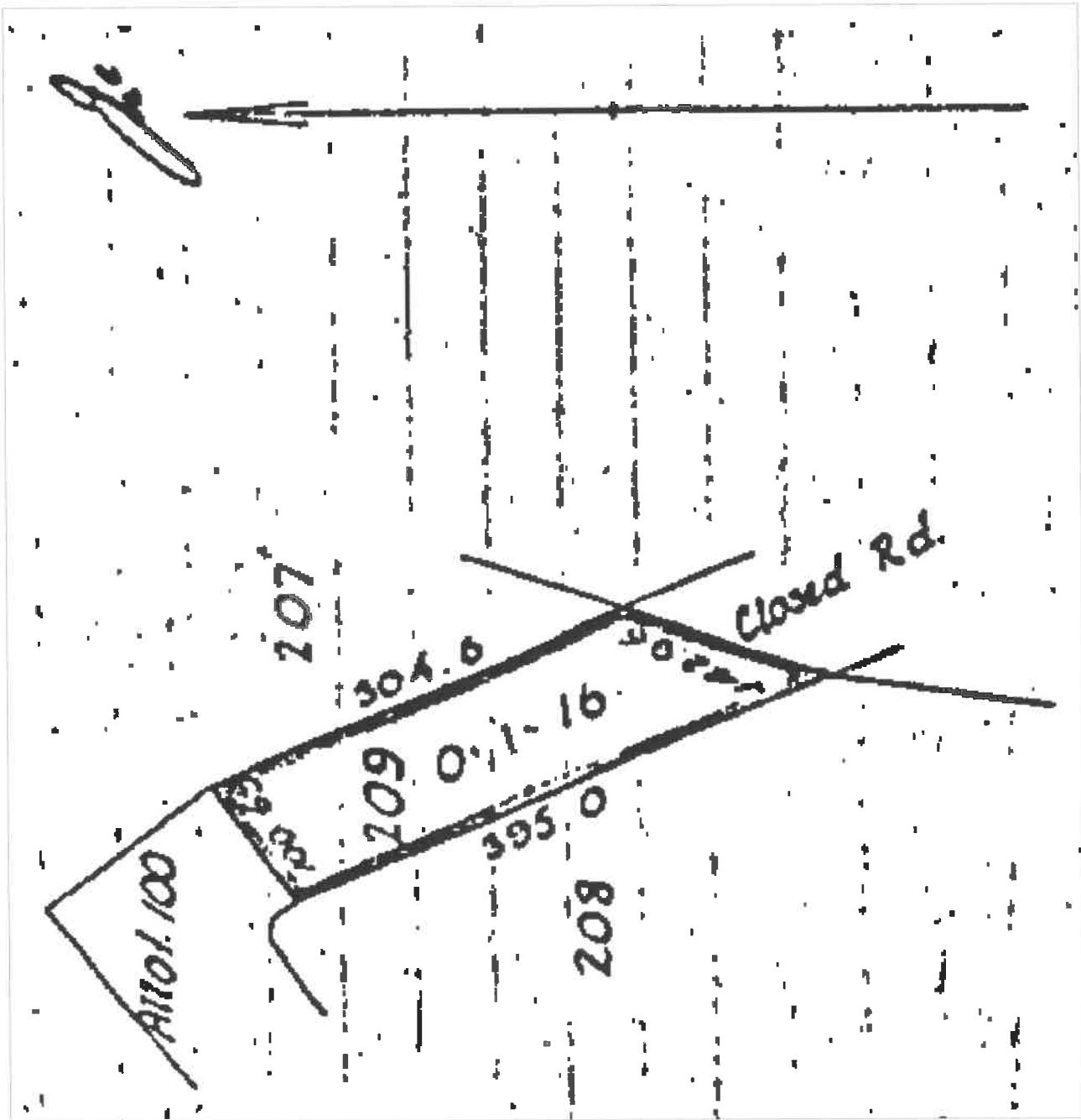
**Interests**

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm





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



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** NA1849/42  
**Land Registration District** North Auckland  
**Date Issued** 01 July 1960

---

**Estate** Fee Simple  
**Area** 169 square metres more or less  
**Legal Description** Section 221 Prescott Settlement

**Registered Owners**  
Visy Glass Property (NZ) Limited

---

**Interests**

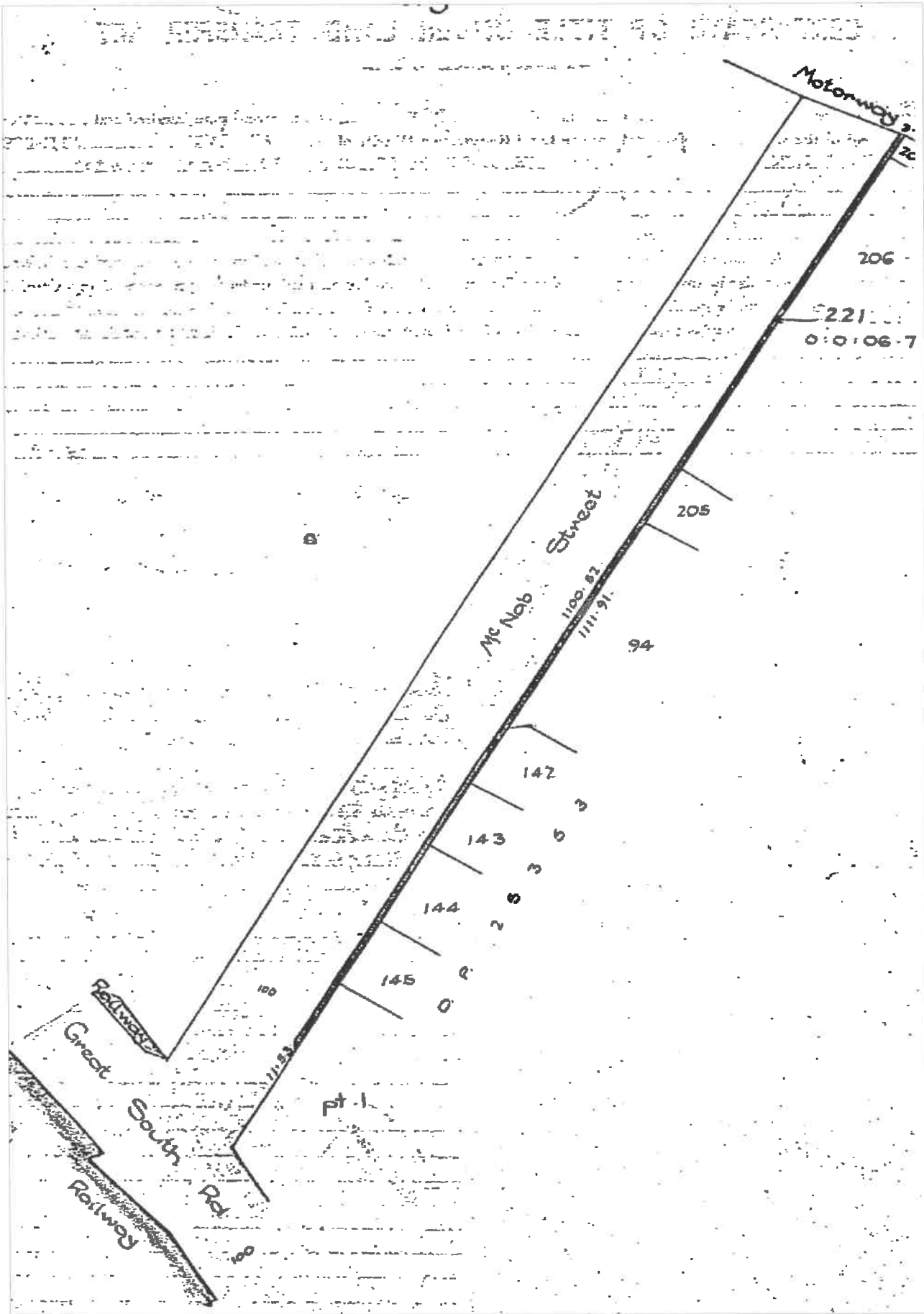
Subject to an electricity right (in gross) over part marked A on Plan 160223 in favour of Mercury Energy Limited created by Transfer C581066.2 - 23.3.1994 at 11:01 am

8697043.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation as a natural hazard - 15.2.2011 at 7:00 am

9403913.1 Encumbrance to Auckland Council - 20.5.2013 at 12:56 pm

9901789.1 Variation of Encumbrance 9403913.1 - 2.12.2014 at 9:06 am

11807066.2 Mortgage to Westpac Banking Corporation - 6.8.2020 at 6:08 pm



# Appendix 3 - Valuation Calculations – Term & Reversion Approach (Deferred Land Value plus PV of Contract Income)

**Term & Reversion Approach (Deferred Land Value plus PV of Income)**

**Lease Summary**

Annual Contract Rental	\$8,000,000
Annual Fixed Rent Review	3.00%
Lease Term	20.0 years
Commencement Date	9 Nov 2020
Discount Rate	6.00%

**Land Component**

Site Area	86,073 sqm
Market Rate Per Sqm	\$1,250
Annual Land Value Increase	3.00%
Discount Rate	5.50%

Year End	9 Nov 2021	9 Nov 2022	9 Nov 2023	9 Nov 2024	9 Nov 2025	9 Nov 2026	9 Nov 2027	9 Nov 2028	9 Nov 2029	9 Nov 2030	9 Nov 2031	9 Nov 2032	9 Nov 2033	9 Nov 2034	9 Nov 2035	9 Nov 2036	9 Nov 2037	9 Nov 2038	9 Nov 2039	9 Nov 2040
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Rental Income	\$8,000,000	\$8,240,000	\$8,487,200	\$8,741,816	\$9,004,070	\$9,274,193	\$9,552,418	\$9,838,991	\$10,134,161	\$10,438,185	\$10,751,331	\$11,073,871	\$11,406,087	\$11,748,270	\$12,100,718	\$12,463,739	\$12,837,652	\$13,222,781	\$13,619,464	\$14,028,048
Total Rental over 20 Years	\$214,962,996																			
<b>Net Present Value - Income</b>	<b>\$116,492,261</b>																			
Land Value	\$107,591,250	\$110,818,988	\$114,143,557	\$117,567,864	\$121,094,900	\$124,727,747	\$128,469,579	\$132,323,667	\$136,293,377	\$140,382,178	\$144,593,643	\$148,931,452	\$153,399,396	\$158,001,378	\$162,741,419	\$167,623,662	\$172,652,372	\$177,831,943	\$183,166,901	\$188,661,908
Land Value at Lease Expiry	\$188,661,908																			
<b>Deferred Land Value</b>	<b>\$64,659,900</b>																			
Total Value	\$181,152,161																			
Adopted Value	<del>\$181,000,000</del>																			
Rate/sqm of NLA	\$2,675																			
Rate/sqm of Land Area	\$2,103																			

**JLL offices**

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

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

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