

## Executive Summary

### 35 Graham Street, Auckland

#### Brief Description

The property is located on an elevated site above Fanshawe Street, with harbour views (particularly from the upper floors) over the buildings in the Viaduct Quarter. 35 Graham Street comprises a four-storey office building. The building has large floor plates with atriums to provide natural light to the central areas.

The property is currently being marketed for sale with a leaseback to Auckland Council for two years, after which time their intention is to vacate the property.



**NOTE: This Summary should be read in conjunction with the full report – Reference 21038/KS**

#### Instruction & Approach

<b>Instructing Party</b>	Asset Plus Limited
<b>Reliant Party/s</b>	Asset Plus Limited
<b>Purpose of Report</b>	Internal Analysis Purposes Only.
<b>Interest Valued</b>	100%
<b>Date of Valuation</b>	1 April 2019
<b>Date of Inspection</b>	1 April 2019

#### Property Details

<b>Legal Description</b>	Lot 1, Deposited Plan 47079 and Lot 1 Deposited Plan 68194 and Part Allotment 9-10 Section 20 Suburbs of Auckland
<b>Tenure</b>	Freehold
<b>Proprietary Owner</b>	Auckland Council
<b>Land Area</b>	4,841 m <sup>2</sup>
<b>Lettable Area</b>	9,520.99 m <sup>2</sup>
<b>Zoning</b>	Business City Centre Zone
<b>Major Tenancies</b>	Auckland Council
<b>Current Net Contract Income</b>	\$3,975,000 per annum
<b>WALD</b>	2.00 years

#### Key Data & Assumptions

<b>Outgoings</b>	\$1,126,945 per annum
<b>Net Market Rental</b>	\$3,960,428 per annum
<b>Capex Assumptions</b>	7,313,458
<b>Letting Up Allowance</b>	9.0 months
<b>Tenant Retention</b>	50%
<b>Average Growth</b>	2.87% per annum
<b>Market Capitalisation Rate</b>	6.00%
<b>Discount Rate</b>	8.00%
<b>Terminal Capitalisation Rate</b>	6.25%



## Valuation Conclusions

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<b>Adopted Value (100%)</b>	<b>\$58,000,000 plus GST</b>
<b>Passing Initial Yield</b>	6.85%
<b>Equivalent Market Yield</b>	5.99%
<b>Internal Rate of Return (including capex)</b>	8.01%
<b>Internal Rate of Return (excluding capex)</b>	9.26%
<b>Direct Comparison Rate</b>	\$6,092/m <sup>2</sup> of NLA

## Valuers

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**KANE SWEETMAN BA, BPROP, MPINZ, FRICS**  
Registered Valuer  
National Director | Valuation & Advisory Services

**JACQUELINE FROST BBS (VPM)**  
Registered Valuer  
Associate Director

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**CIVAS Limited trading as COLLIERS INTERNATIONAL**  
Level 27, 151 Queen Street, Auckland 1010  
PO Box 1631, Shortland Street, Auckland 1140  
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NOTE: This Executive Summary must be read in conjunction with the full valuation report. We accept no responsibility for sole reliance on this summary.

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## **Valuation Calculations**

**Under Instruction From**

**Asset Plus Limited**



**As At**

**1 April 2019**

**Reference: 21038/KS**

## VALUATION DETAILS

Valuation Date	1 April 2019	Cash Flow Model Date	1 April 2019
Interest Valued	Freehold Interest	Purpose of Valuation	Internal Analysis

## CORE VALUATION ASSUMPTIONS

## Financial Details

Gross Passing Income (Fully Let)	\$5,101,945
Outgoings (pa)	\$1,126,945
Net Passing Income (Fully Let)	\$3,975,000
Net Passing Income (Current)	\$3,975,000

Passing Income is \$14,572 above current market levels

Over / Under rented % 0.37%

Fully Leased - over / under rented % 0.37%

Total NLA	9,520.99 m <sup>2</sup>
Total Carparks	11 parks
Office NLA	9,520.99 m <sup>2</sup>
Proportion of Occupied Office Area	100.00%

	Net	Gross
Average Passing Office Rental*	\$369/m <sup>2</sup>	\$488/m <sup>2</sup>
Average Market Office Rental	\$366/m <sup>2</sup>	\$485/m <sup>2</sup>

\*Passing rental averages are based on the proportion of occupied area.

## Global Assumptions

Agents Leasing Fees (Gross)	16.00%
Renewal Leasing Fee (Gross)	5.00%

## Office

Lease Term	6 years whole floors / 6 years suites
Letting Up - Market	12 months whole floors / 12 months suites
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months whole floors / 6 months suites
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

## Traditional Valuation Approach

Core Initial Capitalisation Rate	6.000%
Core Market Capitalisation Rate	6.000%
Pending Vacancies Allowances within	36 months
Capital Expenditure Allowances for	24 months
Rental Reversions (PV)	Current tenants at expiry/market review with subsequent leases at 36 months

## VALUATION CONCLUSIONS

## Traditional Valuation Approach

Initial Yield Approach	\$58,250,000
Market Yield Approach	\$58,000,000

Adopted Gross Market Income	\$5,087,372
Outgoings (pa)	\$1,126,945
Adopted Net Market Income	\$3,960,428

Total Vacancy	-
Retail NLA	0.00 m <sup>2</sup>
Proportion of Occupied Retail Area	0.00%

	Net	Gross
Average Passing Retail Rental*	\$0/m <sup>2</sup>	\$0/m <sup>2</sup>
Average Market Retail Rental	\$0/m <sup>2</sup>	\$0/m <sup>2</sup>

Refurb Allowance - Initial Expiries	\$500/m <sup>2</sup>
Refurb Allowance - Secondary Expiries	\$150/m <sup>2</sup>

## Retail

Lease Term	6 years
Letting Up - Market	12 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

## Discounted Cash Flow Approach

Cash Flow Term	10 years
Terminal Capitalisation Rate	+25.00 bps 6.250%
Terminal Allowances & Reversions within	12 months
Discount Rate	8.000%
10 Yr Rental Growth (compounded)	Office (Net Effective) 2.87%

## Discounted Cash Flow Approach

Discounted Terminal Value	67%	\$38,604,878
NPV of Cash Flows	33%	\$19,438,517
Sum of Discounted Cash Flows		\$58,043,395
Less Acquisition Costs		-
Net Present Value		\$58,043,395
Rounded DCF Value		\$58,000,000

## ADOPTED VALUE

**\$58,000,000 - GST Exclusive**  
**(FIFTY EIGHT MILLION DOLLARS)**

## RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison	\$6,092 per m <sup>2</sup> NLA	Terminal Initial Yield	6.13%
Passing Initial Yield	6.85%	Terminal Market Yield	6.25%
Equivalent Initial Yield	6.01%	Terminal Capital Value	\$8,759 per m <sup>2</sup> NLA
Equivalent Market Yield	5.99%	Rate of Increase in Capital Value	3.70%
Average Lease Duration	2.00 years	IRR (Incl. Capex)	8.01%
Weighted Lease Duration by Area	2.00 years	IRR (Excl. Capex)	9.26%
Weighted Lease Duration by Income (inc vacancy)	2.00 years	3 Year IRR (incl. Capex)	8.76%
Weighted Lease Duration by Income (exc vacancy)	2.00 years	5 Year IRR (incl. Capex)	8.65%
Total Capital Expenditure (Nominal)	\$7,313,458	7 Year IRR (incl. Capex)	8.67%
% of Adopted Value (Nominal)	12.61%		

## Tenancy Schedule

"As Is" 35 Graham Street, Auckland Central, Auckland

Valuation Date: 01 April 2019



Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Passing		Adopted Market		PV of Rental Reversion
											Rent	Rent \$/m <sup>2</sup>	Rent	Rent \$/m <sup>2</sup>	
1 Lower Ground Basement	Auckland Council	Storage	2,525.00	1-Apr-19	2.00	31-Mar-21	Net	0.00%	1 x 1		378,750	150.00	395,200	156.51	(43,262)
2 Ground	Auckland Council	Office	3,363.30	1-Apr-19	2.00	31-Mar-21	Net	35.33%	1 x 1		1,221,747	363.26	1,210,788	360.00	1,903
3 Ground Mezzanine	Auckland Council	Office	32.71	1-Apr-19	2.00	31-Mar-21	Net	0.34%	1 x 1		11,882	363.26	11,776	360.00	19
4 Level 1	Auckland Council	Office	3,342.95	1-Apr-19	2.00	31-Mar-21	Net	35.11%	1 x 1		1,231,069	368.26	1,220,177	365.00	1,867
5 Level 1 Balconies	Auckland Council	Other	48.51	1-Apr-19	2.00	31-Mar-21	Net	0.00%	1 x 1		9,702	200.00	9,702	200.00	-
6 Level 2	Auckland Council	Office	2,782.03	1-Apr-19	2.00	31-Mar-21	Net	29.22%	1 x 1		1,052,326	378.26	1,043,261	375.00	1,515
7 Level 2 Balconies	Auckland Council	Other	61.62	1-Apr-19	2.00	31-Mar-21	Net	0.00%	1 x 1		12,324	200.00	12,324	200.00	-
8 Parking	Auckland Council	Parking	11.00	1-Apr-19	2.00	31-Mar-21	Net	0.00%	1 x 1		57,200	5,200.00	57,200	5,200.00	-
<b>TOTALS</b>															
<b>10</b>			<b>9,520.99</b>					<b>100.00%</b>				<b>3,975,000</b>		<b>3,960,428</b>	<b>(37,959)</b>

## Capitalisation Approach

"As Is" 35 Graham Street, Auckland Central, Auckland

Valuation Date: 01 April 2019

**(Initial) Passing Yield Calculations**

Office	3,517,024		
Parking	57,200		
Other	22,026		
Storage	378,750		
Current Passing Income	3,975,000		
Add Recoverable Outgoings	1,126,945		
Add Estimated Gross Rental Value on Vacant Space	-		
Potential Gross Income Fully Let	5,101,945		

Less Vacancy Allowance	0.00%	-	
Less Outgoings	\$118.36/m <sup>2</sup>	1,126,945	

**Net Income** **3,975,000**

**Capitalised at** **5.750%** **6.000%** **6.250%**

**Capitalised Value** **\$69,130,435** **\$66,250,000** **\$63,600,000**

**Capital Value Adjustments****Existing Vacant Tenancy Allowances**

Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-

**PV of Pending Vacancy Allowances (expiries within 36 months)**

Downtime	(3,330,483)	(3,330,483)	(3,330,483)
Agents Leasing Fees	(483,063)	(483,063)	(483,063)
Incentives	-	-	-
Refurbishment Allowance	(4,236,486)	(4,236,486)	(4,236,486)

**PV Outstanding Current Incentives**

	-	-	-
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**General Capital Expenditure Allowance (24 months)** (37,568) (37,568) (37,568)

**Budgeted Capital Expenditure (24 months)** - - -

**Other Adjustments**

**Total Adjustments** (8,087,600) (8,087,600) (8,087,600)

**Assessed Capital Value as at 01 April 2019** **\$61,042,835** **\$58,162,400** **\$55,512,400**

*Value \$/m<sup>2</sup>* \$6,411 \$6,109 \$5,831

Rounded Initial Capitalisation Value \$58,250,000

**Adopted Value as at 01 April 2019** **\$58,000,000**

**Capital Value Analysis**

Actual Net Passing Income	\$3,975,000
Initial Yield	6.85%
Equivalent Initial Yield	6.01%
Rate per metre of NLA	\$6,092/m <sup>2</sup>

**Market Yield Calculations**

Office	3,486,002		
Parking	57,200		
Other	22,026		
Storage	395,200		
Market Income	3,960,428		
Add Recoverable Outgoings	1,126,945		
Total Gross Market Income	5,087,372		
Less Outgoings	\$118.36/m <sup>2</sup>	1,126,945	
Net Market Income	3,960,428		

Less Vacancy Allowance	0.00%	-	
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**Net Income** **3,960,428**

**Capitalised at** **5.750%** **6.000%** **6.250%**

**Capitalised Value** **\$68,877,002** **\$66,007,127** **\$63,366,842**

**Capital Value Adjustments****Existing Vacant Tenancy Allowances**

Downtime	-	-	-
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-

**PV of Pending Vacancy Allowances (expiries within 36 months)**

Downtime	(3,330,483)	(3,330,483)	(3,330,483)
Agents Leasing Fees	(483,063)	(483,063)	(483,063)
Incentives	-	-	-
Refurbishment Allowance	(4,236,486)	(4,236,486)	(4,236,486)

**PV Outstanding Current Incentives**

	-	-	-
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**PV Rental Shortfall / (Overage)** (37,959) (37,959) (37,959)

**General Capital Expenditure Allowance (24 months)** (37,568) (37,568) (37,568)

**Budgeted Capital Expenditure (24 months)** - - -

**Other Adjustments**

**Total Adjustments** (8,125,559) (8,125,559) (8,125,559)

**Assessed Capital Value as at 01 April 2019** **\$60,751,443** **\$57,881,568** **\$55,241,283**

*Value \$/m<sup>2</sup>* \$6,381 \$6,079 \$5,802

Rounded Market Capitalisation Value \$58,000,000

**Adopted Value as at 01 April 2019** **\$58,000,000**

**Capital Value Analysis**

Equivalent Market Yield	5.99%
Rate per metre of NLA	\$6,092/m <sup>2</sup>

## Discounted Cash Flow Assumptions

"As Is" 35 Graham Street, Auckland Central, Auckland



## Growth Assumptions

Calendar Year	Code	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	10 Yr CAGR
Inflation (CPI)	1	1.90%	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%
Office (Net Effective)	5		3.50%	3.50%	2.50%	2.50%	2.75%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.87%
Car Parking	10		3.50%	3.50%	2.50%	2.50%	2.75%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.87%
Statutories	11		1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%
Operational	12		1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%
Capital expenditure	13		1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%

## Discounted Cash Flow Assumptions

<b>Valuation Date</b>	1 April 2019
Commencement of Cash Flow	1 April 2019
Term of Cash Flow	10 years
Discount Rate	8.000%
Terminal Yield	6.250%
Terminal Yield Variance over Market Cap Rate	+25.00 bps
Acquisition Costs	0.00%
Disposal Costs	0.00%
Total Budgeted Capital Expenditure	\$476,050 pa (Real) \$476,050 pa (Nominal)
General Capital Expenditure Allowance applied from 1-Apr-2019	\$21.01/m <sup>2</sup> \$200,000 pa (Real) \$219,067 pa (Nominal)
Refurbishment Allowance on Initial Expiries	\$500.0/m <sup>2</sup>
Refurbishment Allowance on Secondary Expiries	\$150.0/m <sup>2</sup>
Total Capital Expenditure (Real)	\$6,864,693
% of Adopted Value (Real)	11.84%
Total Capital Expenditure (Nominal)	\$7,313,458
% of Adopted Value (Nominal)	12.61%
1 Yr Summary	\$19,835 (Nominal)

## Lease Renewal Assumptions

Agents Fees - New Tenant (Year 1 Gross Rent)	16.0%
Agents Fees - Renewal (Year 1 Gross Rent)	5.0%
<b>Office (Whole Floors)</b>	
Renewal Lease Term	6.0 years
Letting Up Period - Market	12 months
Retention Probability (Letting Up, Leasing Fees)	50%
Letting Up Period - Applied	6 months
Incentive Probability	0%
Review Structure	2 yearly rent reviews to market rent
<b>Car Parking</b>	
Renewal Lease Term	6.0 years
Letting Up Period - Market	12 months
Retention Probability (Letting Up, Leasing Fees)	50%
Letting Up Period - Applied	6 months
Incentive Probability	0%
Review Structure	2 yearly rent reviews to market rent

Level/Suite	Tenant	Year 1 01-Apr-19	Year 2 01-Apr-20	Year 3 01-Apr-21	Year 4 01-Apr-22	Year 5 01-Apr-23	Year 6 01-Apr-24	Year 7 01-Apr-25	Year 8 01-Apr-26	Year 9 01-Apr-27	Year 10 01-Apr-28
Lower Ground Basement	Auckland Council	378,750	378,750	104,074	416,296	420,478	433,025	437,730	451,845	338,884	357,393
Ground	Auckland Council	1,621,176	1,627,194	433,071	1,738,148	1,764,115	1,826,152	1,856,633	1,929,420	1,453,825	1,541,338
Ground Mezzanine	Auckland Council	15,767	15,825	4,212	16,904	17,157	17,760	18,057	18,765	14,139	14,990
Level 1	Auckland Council	1,628,081	1,634,063	434,996	1,745,812	1,771,866	1,834,259	1,864,845	1,938,064	1,460,268	1,548,320
Level 1 Balconies	Auckland Council	9,702	9,702	2,555	10,220	10,323	10,631	10,746	11,093	8,319	8,774
Level 2	Auckland Council	1,382,723	1,387,701	369,572	1,483,140	1,505,228	1,558,368	1,584,306	1,646,690	1,240,610	1,315,668
Level 2 Balconies	Auckland Council	12,324	12,324	3,245	12,982	13,112	13,504	13,650	14,090	10,568	11,145
Parking	Auckland Council	57,200	57,200	15,554	62,218	63,052	65,554	66,548	69,532	52,149	55,808
	<b>Total Passing Income</b>	<b>5,105,723</b>	<b>5,122,759</b>	<b>1,367,279</b>	<b>5,485,720</b>	<b>5,565,331</b>	<b>5,759,252</b>	<b>5,852,515</b>	<b>6,079,498</b>	<b>4,578,762</b>	<b>4,853,438</b>
	<b>Total Gross Passing Income</b>	<b>5,105,723</b>	<b>5,122,759</b>	<b>1,367,279</b>	<b>5,485,720</b>	<b>5,565,331</b>	<b>5,759,252</b>	<b>5,852,515</b>	<b>6,079,498</b>	<b>4,578,762</b>	<b>4,853,438</b>
	<b>Outgoings</b>	<b>1,130,723</b>	<b>1,147,759</b>	<b>1,169,953</b>	<b>1,192,203</b>	<b>1,215,740</b>	<b>1,241,441</b>	<b>1,268,132</b>	<b>1,295,397</b>	<b>1,323,248</b>	<b>1,351,698</b>
	<b>Vacancy Allowance</b>	-	-	-	-	-	-	-	-	-	-
	<b>-</b>	-	-	-	-	-	-	-	-	-	-
	<b>Net Income before Capital Expenditure</b>	<b>3,975,000</b>	<b>3,975,000</b>	<b>197,326</b>	<b>4,293,518</b>	<b>4,349,591</b>	<b>4,517,811</b>	<b>4,584,383</b>	<b>4,784,101</b>	<b>3,255,514</b>	<b>3,501,740</b>
	<b>Capital Expenditure</b>	<b>19,835</b>	<b>20,198</b>	<b>20,589</b>	<b>20,987</b>	<b>21,389</b>	<b>21,849</b>	<b>22,319</b>	<b>22,799</b>	<b>62,960</b>	<b>460,168</b>
	<b>Refurbishment Allowance</b>	-	-	<b>4,941,493</b>	-	-	-	-	-	<b>1,676,848</b>	-
	<b>Agents Fees</b>	-	-	<b>614,176</b>	-	-	-	-	-	-	<b>730,403</b>
	<b>Incentives</b>	-	-	-	-	-	-	-	-	-	-
	<b>Ground Rent</b>	-	-	-	-	-	-	-	-	-	-
	<b>Other Adjustments</b>	-	-	-	-	-	-	-	-	-	-
	<b>Net Income after Capital Expenditure</b>	<b>3,955,165</b>	<b>3,954,802</b>	<b>(5,378,932)</b>	<b>4,272,531</b>	<b>4,328,202</b>	<b>4,495,962</b>	<b>4,562,065</b>	<b>4,761,303</b>	<b>1,515,707</b>	<b>2,311,169</b>



## Terminal Value Calculations

"As Is" 35 Graham Street, Auckland Central, Auckland



Level/Suite	Tenant	NLA	Terminal Rent		Shortfall/ Overage	Next Review or Expiry	Number of Months	PV (within 12mths) Reversions
			Market	Passing				
Lower Ground Base	Auckland Council	2,525.00	484,188	476,524	7,663	30-Jun-34	63.0	-
Ground	Auckland Council	3,363.30	1,607,480	1,575,104	32,376	30-Jun-34	63.0	-
Ground Mezzanine	Auckland Council	32.71	15,634	15,319	315	30-Jun-34	63.0	-
Level 1	Auckland Council	3,342.95	1,619,944	1,587,317	32,627	30-Jun-34	63.0	-
Level 1 Balconies	Auckland Council	48.51	11,887	11,698	188	30-Jun-34	63.0	-
Level 2	Auckland Council	2,782.03	1,385,066	1,357,169	27,896	30-Jun-34	63.0	-
Level 2 Balconies	Auckland Council	61.62	15,099	14,860	239	30-Jun-34	63.0	-
Parking	Auckland Council	11.00	75,940	74,411	1,530	30-Jun-34	63.0	-
<b>Total</b>		<b>9,520.99</b>	<b>5,215,238</b>	<b>5,112,403</b>				<b>-</b>

## Terminal Value Calculations - Market Approach

Office	4,628,124
Parking	75,940
Other	26,986
Storage	484,188
Market Income	5,215,238
Add Recoverable Outgoings	1,358,848
Total Gross Market Income	6,574,085
Less Outgoings	\$142.72/m <sup>2</sup> 1,358,848
Net Market Income	5,215,238
Vacancy Allowance	0.00%
Net Income	5,215,238
<b>Capitalised at</b>	<b>6.25%</b>
<b>Capitalised Value</b>	<b>83,443,801</b>

## Terminal Value Adjustments

## Existing Vacant Tenancy Allowances

Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-

## Pending Vacancy Allowances (expiries within 12 months)

Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-

## NPV Outstanding Current Incentives

NPV Outstanding Current Incentives	-
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## PV Rental (Shortfall) / Overage

General Capital Expenditure Allowance (24 months)	46,027
Budgeted Capital Expenditure (24 months)	-
Other Adjustments	-
<b>Total Adjustments</b>	<b>46,027</b>

## Assessed Terminal Value as at 01 April 2029

Assessed Terminal Value as at 01 April 2029	83,397,774
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Value \$/m <sup>2</sup>	8,759
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## Terminal Value Analysis

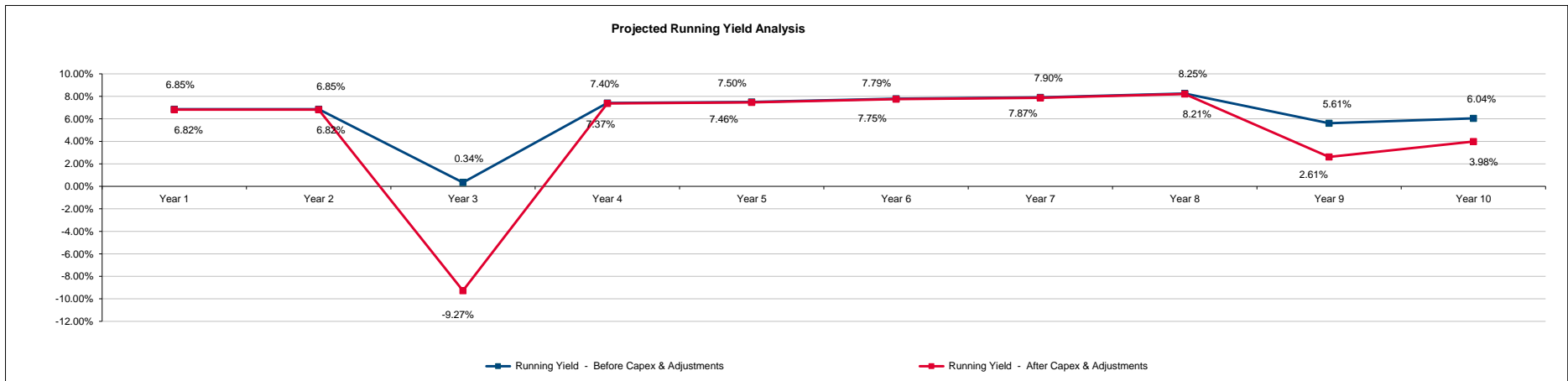
Terminal Initial Yield	6.13%
Equivalent Market Yield With Vacancy Factor	6.25%
Equivalent Market Yield Without Vacancy Factor	6.25%
Rate per metre of NLA	\$8,759/m <sup>2</sup>

Cash Flow Summary

"As Is" 35 Graham Street, Auckland Central, Auckland



For Year Commencing	Year 1 01-Apr-19	Year 2 01-Apr-20	Year 3 01-Apr-21	Year 4 01-Apr-22	Year 5 01-Apr-23	Year 6 01-Apr-24	Year 7 01-Apr-25	Year 8 01-Apr-26	Year 9 01-Apr-27	Year 10 01-Apr-28
Office	3,517,024	3,517,024	947,951	3,791,802	3,842,626	3,995,099	4,055,709	4,237,542	3,178,156	3,401,182
Parking	57,200	57,200	15,554	62,218	63,052	65,554	66,548	69,532	52,149	55,808
Other	22,026	22,026	5,800	23,202	23,435	24,134	24,396	25,183	18,887	19,919
Storage	378,750	378,750	104,074	416,296	420,478	433,025	437,730	451,845	338,884	357,393
Outgoings Recoveries	1,130,723	1,147,759	293,899	1,192,203	1,215,740	1,241,441	1,268,132	1,295,397	990,686	1,019,136
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>5,105,723</b>	<b>5,122,759</b>	<b>1,367,279</b>	<b>5,485,720</b>	<b>5,565,331</b>	<b>5,759,252</b>	<b>5,852,515</b>	<b>6,079,498</b>	<b>4,578,762</b>	<b>4,853,438</b>
Outgoings	1,130,723	1,147,759	1,169,953	1,192,203	1,215,740	1,241,441	1,268,132	1,295,397	1,323,248	1,351,698
Vacancy Allowance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Net Income Before Capital Expenditure</b>	<b>3,975,000</b>	<b>3,975,000</b>	<b>197,326</b>	<b>4,293,518</b>	<b>4,349,591</b>	<b>4,517,811</b>	<b>4,584,383</b>	<b>4,784,101</b>	<b>3,255,514</b>	<b>3,501,740</b>
Capital Expenditure (Budgeted & General)	19,835	20,198	20,589	20,987	21,389	21,849	22,319	22,799	62,960	460,168
Refurbishment Allowance	-	-	4,941,493	-	-	-	-	-	1,676,848	-
Agents Fees	-	-	614,176	-	-	-	-	-	-	730,403
Incentives	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Net Income After Capital Expenditure</b>	<b>3,955,165</b>	<b>3,954,802</b>	<b>(5,378,932)</b>	<b>4,272,531</b>	<b>4,328,202</b>	<b>4,495,962</b>	<b>4,562,065</b>	<b>4,761,303</b>	<b>1,515,707</b>	<b>2,311,169</b>
Terminal Value										83,397,774
Disposal Costs										-
<b>Net Cash Flow</b>	<b>3,955,165</b>	<b>3,954,802</b>	<b>(5,378,932)</b>	<b>4,272,531</b>	<b>4,328,202</b>	<b>4,495,962</b>	<b>4,562,065</b>	<b>4,761,303</b>	<b>1,515,707</b>	<b>85,708,943</b>
Adopted Value @ 8.000%										\$ 58,000,000
Acquisition Costs										\$ -
Adopted Value before Acquisition Costs										\$ 58,000,000
Running Yield - Before Capex & Adjustments	6.85%	6.85%	0.34%	7.40%	7.50%	7.79%	7.90%	8.25%	5.61%	6.04%
Running Yield - After Capex & Adjustments	6.82%	6.82%	-9.27%	7.37%	7.46%	7.75%	7.87%	8.21%	2.61%	3.98%
Running Yield - Before Capex & incl. Adjustments	6.85%	6.85%	-0.72%	7.40%	7.50%	7.79%	7.90%	8.25%	5.61%	4.78%
Running Yield - After Capex, Adjustments & incl. Acquisition Costs	6.82%	6.82%	-9.27%	7.37%	7.46%	7.75%	7.87%	8.21%	2.61%	3.98%



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

## DCF Summary

"As Is" 35 Graham Street, Auckland Central, Auckland

Present Value of Cash Flows	\$58,043,395	
Discount Rate	8.000%	
Terminal Value	\$83,397,774	
Less Disposal Costs	-	
Net Terminal Value	\$83,397,774	
Discounted Terminal Value	\$38,604,878	66.51%
Discounted Cash Flow	\$19,438,517	33.49%
Sum of Discounted Cash Flows	\$58,043,395	
Less Acquisition Costs	-	
Present Value	\$58,043,395	
<b>Rounded Present Value</b>	<b>\$58,000,000</b>	
Rate \$/m <sup>2</sup>	\$6,092	
Rate of Increase in Capital Value	3.70%	
IRR (incl. Capex)	8.01%	
IRR (excl. Capex)	9.26%	
3 Year IRR (incl. Capex)	8.76%	
5 Year IRR (incl. Capex)	8.65%	
7 Year IRR (incl. Capex)	8.67%	

## Net Present Value Matrix

		Terminal Yield		
		6.000%	6.250%	6.500%
Discount Rate	7.500%	62,005,377	60,319,446	58,763,201
	7.750%	60,815,002	59,167,812	57,647,329
	<b>8.000%</b>	59,652,820	<b>58,043,395</b>	56,557,773
	8.250%	58,518,085	56,945,476	55,493,837
	8.500%	57,410,073	55,873,355	54,454,846

## IRR Matrix

		Terminal Yield		
		6.000%	6.250%	6.500%
Adopted Value	52,345,000	9.72%	9.37%	9.03%
	55,100,000	9.04%	8.68%	8.34%
	<b>58,000,000</b>	8.37%	<b>8.01%</b>	7.67%
	60,900,000	7.73%	7.38%	7.04%
	63,945,000	7.11%	6.75%	6.41%

<b>Purpose of the Report</b>	Internal Analysis
<b>Type of Property</b>	Investment Style
<b>Method of Arriving at the Discount Rate</b>	Analysis of comparable sales, discussions with industry participants, consideration of the long term bond rate plus adjustment factors.
<b>Purchase and Sale Costs</b>	Included in the Discounted Cash Flow * <i>Costs are based upon the normal market terms of each party paying their own purchase/sale costs</i>
<b>Rest Periods</b>	Monthly, assumed cash received in arrears
<b>Term of the cash flow (years)</b>	10 Years
<b>Terminal Value</b>	Calculated using the market capitalisation approach * <i>We have taken the rental value in the 121 month, capitalised this and deducted or added the value of the shortfalls or overages.</i>
<b>Financing Costs and Taxation</b>	All cash flows are calculated before financing costs and tax.
<b>Returns</b>	Quoted in annual terms.
<b>Commencement Date</b>	Apr-19
<b>Inflows and Outflows</b>	The inflow comprises estimated revenue and the outflows the estimated costs.
<b>Specific Exceptions</b>	None
<b>Debt</b>	Calculations prepared on a pre-debt basis.
<b>Cash Flow Developer</b>	Colliers International Valuation & Advisory Services
<b>Tax</b>	All calculations are prepared on a net of Income Tax and other general taxes, including GST, basis but after the deduction of direct property taxes including Rates etc., if applicable unless specifically stated as below.

## Some definitions

Discounted Cash Flow	The method involves the discounting of the net cash flow on a monthly basis over the assumed cash flow period at an appropriate rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.
Initial yield	The initial net income at the date of transaction or valuation expressed as a percentage of the sale price or valuation.
Market yield	The assessed net market income divided by the sum of the sale price or the adopted value plus any capital adjustments to the core value such as letting up allowances, capital expenditure and present value of reversions (to obtain this net market income).
Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period or property resale value.
Discount rate	A rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, i.e., the rate of return the capital can earn if put to other uses having similar risk. (Determined with reference to 10-year bond and risk margin - Also referred to as the required rate of return).
Net Present Value	The measure of the difference between the discounted revenues, or inflows, and the costs, or outflows, in a DCF analysis. In a valuation that is done to arrive at Market Value, where discounted inflows and outflows and the discount rate are market derived.
Internal Rate of Return	The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects the total return over an investment horizon having regard to the assumed inherent growth and cost assumptions.

## Notes

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.