

Executive Summary

Graham Street Service Centre - 35 Graham Street, Auckland CBD



35 Graham Street comprises a four-storey office building including one level of basement storage. Car parking for 11 cars is provided to the perimeter. The property provides approximately 9,880 sqm of office accommodation over three levels, with floor plates ranging from circa 2,900 sqm to 3,485 sqm. A large basement area of circa 2,525 sqm is currently utilised as storage.

The property is 100% vacant, having previously been occupied by Auckland Council.

We are also aware that the property owner has Resource Consent for further development of the property. We have been mindful of the potential for redevelopment of the property, however as per our specific instructions have valued the property 'As Is' with primary regard to its current configuration.

This summary should be read in conjunction with our full Valuation Report dated 31 March 2022.

Valuation

Prepared for	Asset Plus Limited
Valuation Purpose	Market Valuation for Financial Reporting Purposes
Date of Valuation	31 March 2022
Date of Report	27 April 2022
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	City Centre Zone – Auckland Unitary Plan (Operative in part, 15 November 2016)
Tenure	Fee Simple – Record of Title NA97B/101
Legal Description	Lot 1 Deposited Plan 47079 and Lot 1 Deposited Plan 68194 and Part Allotment 9-10 Section 20 Suburbs of Auckland
Site Area	4,841 sqm
Lettable Area	12,405 sqm
Adopted Value	\$56,000,000 plus GST, if any Fifty Six Million Dollars plus GST, if any

Valuation Analysis

Initial Yield (Fully Leased)	7.74%	Rate / sqm of Lettable Area	\$4,514
Equivalent Yield	5.96%	Current Vacancy	100.00%
Internal Rate of Return (10 years)	7.11%		

Tenancy Overview

Vacancy \$4,335,285 12,516 sqm

Financial Summary

Gross Passing Income	\$0
Gross Market Income	\$5,786,649
Adopted Outgoings	\$1,451,364
Net Passing Income	(\$1,451,364)
Net Passing Income (Fully Leased)	\$4,335,285
Net Market Income	\$4,335,285

Cap Approach Assumptions

Adopted Cap Rate	6.000%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$55,500,000
Passing Income Capitalisation	\$55,600,000

DCF Approach Assumptions

Discount Rate	7.000%
Terminal Yield	6.250%
Average Applied Rental Growth	2.57%
Value Based on DCF Approach	\$56,600,000

Valuers

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Property	Graham Street Service Centre - 35 Graham Street, Auckland CBD
Land Area	4,841 square metres
Lettable Area	12,405 square metres
Car Parking	11 spaces - 1 car park per 1127.71 sqm
Prepared For	Asset Plus Limited
Purpose	Internal Analysis Purposes
Date of Valuation	31 March 2022
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	\$56,000,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	-
Initial Yield (Fully Leased)	7.74%
Equivalent Yield	5.96%
Internal Rate of Return (Ten Year)	7.11%
Weighted Average Lease Term - Income	0.00 years
Weighted Average Lease Term - Area	0.00 years
Occupancy As Valued	0.00%
Capital Value per square metre of NLA	\$4,514 /sqm
Under/Over Renting Proportion	Under rented: (133%)

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

Capitalisation Approach

Value Based on Market Capitalisation	\$55,500,000
Value Based on Contract Capitalisation	\$55,600,000
Capitalisation Rate	6.00%

Discounted Cashflow Approach

Value Based on DCF Approach	\$56,600,000
Discount Rate	7.00%
Terminal Capitalisation Rate	6.25%
Nominal Assumed Rental Growth	2.57% pa
Nominal Assumed CPI	2.20% pa

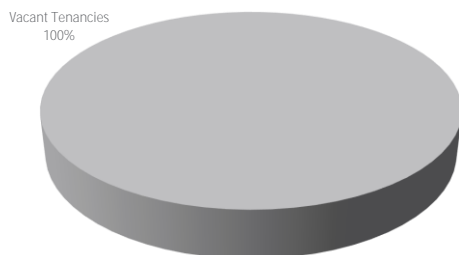
Contract and Market Rental Income Summary

	Contract	Market
Rental Income		\$4,335,285
Other Income		
Recoverable Outgoings		\$1,451,364
Gross Income		\$5,786,649
Total Outgoings	(\$1,451,364)	(\$1,451,364)
Less Year 1 Incentives		
Net Income	-\$1,451,364	\$4,335,285

DCF Sensitivity Analysis

Discount Rate	Terminal Yield		
	6.00%	6.25%	6.50%
6.75%	\$59,700,000	\$57,800,000	\$56,000,000
7.00%	\$58,400,000	\$56,600,000	\$54,800,000
7.25%	\$57,200,000	\$55,300,000	\$53,600,000

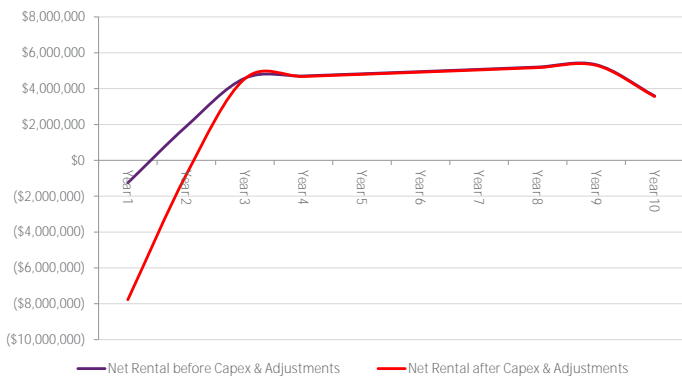
Major Tenant Occupancy Profile by Rental Income



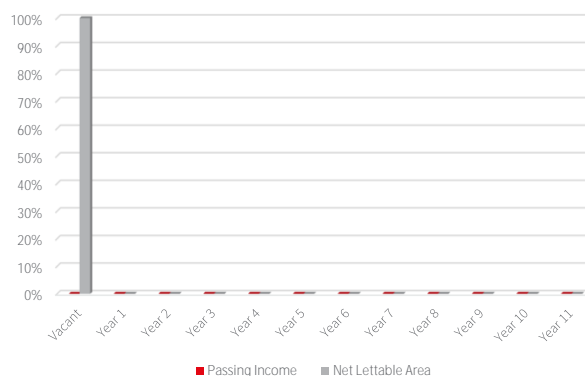
Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	\$5,563,946	\$2,691,000	\$27,852
Letting Up	\$9,313,948	\$0	\$0
Unexpired Incentives	\$0	\$0	\$0

Projected Net Rental Cash Flow



Lease Expiry Profile



	Contract Income	Market Income
Rental Income		
Lettable area rental	\$0	\$4,266,645
Car Parking Rental	\$0	\$68,640
Ideal Outgoings Recovery (Full Net Leases)	\$0	\$1,451,364
Total Rental Income	\$0	\$5,786,649
Less Outgoings Expenditure	(\$1,451,364)	(\$1,451,364)
Net Rental	(\$1,451,364)	\$4,335,285
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%	\$0	\$0
Core Income	(\$1,451,364)	\$4,335,285
Core Income Capitalised at 6.00%	(\$24,189,399)	\$72,254,743
Value Adjustments		
Present Value of Existing Rental Reversions	\$96,576,979	\$0
Present Value of All Outstanding Incentives	\$0	\$0
Vacancies - Letting Up Allowances:		
<i>Present Value of Downtime</i>	(\$4,256,839)	
<i>Present Value of Incentives</i>	(\$3,653,410)	
<i>Present Value of Leasing Fees</i>	(\$912,687)	
Expiries within the next 24 months - Letting Up Allowances:		
<i>Present Value of Downtime</i>	\$0	
<i>Present Value of Incentives</i>	\$0	
<i>Present Value of Leasing Fees</i>	\$0	\$0
Present Value of Future Lease Agreements and Stepped Rentals	\$0	\$0
Present Value of Short Term Capital Expenditure: 24 months	(\$7,967,907)	(\$7,967,907)
Value of Other Income	\$0	\$0
Total Value Adjustments	\$79,786,137	(\$16,790,843)
Total Capitalised Value	\$55,596,738	\$55,463,901
Adopted Capitalised Value	\$55,600,000	\$55,500,000
Adopted Value		\$56,000,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	0.00 years	Initial Yield (Net Passing)	-2.59%
By Area	0.00 years	Initial Yield (Fully Leased)	7.74%
Current Vacancies		Equivalent Market Yield	5.96%
By Area	12,405 sqm	Rate per sqm of Lettable Area	\$4,514 /sqm
Proportion of NLA	100.00%	Net Income	
By Market Income	\$4,335,285	Net Passing Income	-\$1,451,364
Proportion of Market Income	100.00%	Net Passing Income (Fully Leased)	\$4,335,285



Discounted Cashflow Approach
Graham Street Service Centre - 35 Graham Street, Auckland CBD
31 March 2022

Discounted Cashflow Results	
PV of Rental Income	\$17,550,405
PV of Terminal Value	\$39,003,099
Acquisition Costs	\$0
Total Net Present Value	\$56,553,505
Adopted Net Present Value	\$56,600,000
Adopted Value	\$56,000,000
Adopted Discount Rate	7.00%
Internal Rate of Return	7.11%

Sensitivity Analysis*	Terminal Yield		
	6.000%	6.250%	6.500%
Discount Rate 6.750%	\$59,700,000	\$57,800,000	\$56,000,000
7.000%	\$58,400,000	\$56,600,000	\$54,800,000
7.250%	\$57,200,000	\$55,300,000	\$53,600,000

* Rounded Values

Key Property Statistics	Valuation Date	Terminal Period
Weighted Average Lease Term - Income	0.00 years	0.00 years
Weighted Average Lease Term - Area	0.00 years	0.00 years
Occupancy	0.00%	0.00%
Initial Yield (Net Passing)	(2.59%)	0.00%
Initial Yield (Fully Leased)	7.74%	0.81%
Capex Assumptions		
Total Allowance over DCF Period	\$8,502,614	\$685.43 /sqm
Proportion of Adopted Value	15.18%	

Year Ending	30-Mar-2023 Year 1	30-Mar-2024 Year 2	30-Mar-2025 Year 3	30-Mar-2026 Year 4	30-Mar-2027 Year 5	30-Mar-2028 Year 6	30-Mar-2029 Year 7	30-Mar-2030 Year 8	30-Mar-2031 Year 9	30-Mar-2032 Year 10	30-Mar-2033 Year 11
Rental Income											
Lettable Area and Car Park Income	\$118,868	\$2,501,865	\$4,580,442	\$4,705,758	\$4,827,002	\$4,949,069	\$5,074,224	\$5,202,543	\$5,334,107	\$4,075,980	\$0
Outgoings Recovery	\$73,856	\$908,330	\$1,562,248	\$1,616,927	\$1,665,435	\$1,715,398	\$1,766,860	\$1,819,865	\$1,874,461	\$1,448,021	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Rental Income	\$192,724	\$3,410,195	\$6,142,690	\$6,322,685	\$6,492,437	\$6,664,467	\$6,841,083	\$7,022,409	\$7,208,569	\$5,524,002	\$0
Rental Deductions											
Unexpired Incentives - Rent Free/Abatements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Expenditure	(\$1,451,364)	(\$1,509,418)	(\$1,562,248)	(\$1,616,927)	(\$1,665,435)	(\$1,715,398)	(\$1,766,860)	(\$1,819,865)	(\$1,874,461)	(\$1,930,695)	\$0
Net Rental Cashflow	(\$1,258,640)	\$1,900,776	\$4,580,442	\$4,705,758	\$4,827,002	\$4,949,069	\$5,074,224	\$5,202,543	\$5,334,107	\$3,593,306	\$0
Rental Adjustments											
Unexpired Incentives - Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Up Allowances - Leasing Fees	(\$953,457)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditure	(\$5,563,946)	(\$2,691,000)	(\$27,852)	(\$28,687)	(\$29,548)	(\$30,434)	(\$31,348)	(\$32,288)	(\$33,257)	(\$34,254)	\$0
Net Cashflow	(\$7,776,043)	(\$790,224)	\$4,552,590	\$4,677,070	\$4,797,454	\$4,918,635	\$5,042,876	\$5,170,255	\$5,300,851	\$3,559,052	\$0
Purchase Price	\$56,000,000										
Acquisition Costs @ 0.00%	\$0										
Gross Purchase Price	\$56,000,000										
Net Sale Price After Costs @ 1.00%	\$76,725,000										
Annual Cashflow	(\$63,776,043)	(\$790,224)	\$4,552,590	\$4,677,070	\$4,797,454	\$4,918,635	\$5,042,876	\$5,170,255	\$5,300,851	\$3,559,052	\$76,725,000
Running Yield (pre acquisition costs)	0.00%	2.91%	7.02%	7.21%	7.39%	7.58%	7.76%	7.96%	8.15%	5.49%	-
Running Yield (post acquisition costs)	0.00%	2.91%	7.02%	7.21%	7.39%	7.58%	7.76%	7.96%	8.15%	5.49%	-
Running IRR	6.17%	7.98%	8.23%	8.32%	8.34%	8.36%	8.40%	6.70%	6.90%	7.11%	-



Tenancy Schedule
 Graham Street Service Centre - 35 Graham Street, Auckland CBD
 31 March 2022

Tenant Name	Premises	Tenancy Area sqm	Car Parks	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Contract Rental	Premises per sqm	Car Park pcpw	Outgoings Recovery	Net Market per sqm	Gross Market per sqm	Car Park pcpw	Net Market Rental
1. Vacant	Basement	2,525.0										\$0	\$150	\$267		\$378,750
2. Vacant	Ground	3,485.2										\$0	\$380	\$497		\$1,324,384
3. Vacant	Level 1	3,481.8	11									\$0	\$385	\$502	\$120.00	\$1,409,133
4. Vacant	Level 1 Deck	48.5										\$0	\$200	\$200		\$9,702
5. Vacant	Level 2	2,912.8										\$0	\$390	\$507		\$1,135,992
6. Vacant	Level 2 Deck	61.6										\$0	\$200	\$200		\$12,324
7. Vacant	Naming Rights	1.0										\$0	\$65,000	\$65,000		\$65,000

	GLA	12,516 sqm	11				Passing Rental	\$0		Outgoings Recovery	\$0				Market Rental	\$4,335,285
	NLA	12,405 sqm					Net Passing Rental	(\$1,451,364)		Vacant Outgoings	\$1,451,364					
										Outgoings Shortfall	\$0					
										Total Outgoings	\$1,451,364					



Annualised Receivable Income
Graham Street Service Centre - 35 Graham Street, Auckland CBD
31 March 2022

Tenant Name	Premises	Year 1 30-Mar-2023	Year 2 30-Mar-2024	Year 3 30-Mar-2025	Year 4 30-Mar-2026	Year 5 30-Mar-2027	Year 6 30-Mar-2028	Year 7 30-Mar-2029	Year 8 30-Mar-2030	Year 9 30-Mar-2031	Year 10 30-Mar-2032
Vacant	Basement	\$96,658	\$389,326	\$400,168	\$411,116	\$421,709	\$432,373	\$443,307	\$454,518	\$466,012	\$356,096
Vacant	Ground	\$0	\$692,423	\$1,399,276	\$1,437,559	\$1,474,598	\$1,511,888	\$1,550,122	\$1,589,322	\$1,629,513	\$1,245,169
Vacant	Level 1	\$0	\$736,733	\$1,488,818	\$1,529,551	\$1,568,960	\$1,608,637	\$1,649,316	\$1,691,025	\$1,733,789	\$1,324,849
Vacant	Level 1 Deck	\$2,476	\$9,973	\$10,251	\$10,531	\$10,802	\$11,076	\$11,356	\$11,643	\$11,937	\$9,122
Vacant	Level 2	\$0	\$593,927	\$1,200,231	\$1,233,069	\$1,264,839	\$1,296,825	\$1,329,619	\$1,363,243	\$1,397,718	\$1,068,045
Vacant	Level 2 Deck	\$3,145	\$12,668	\$13,021	\$13,377	\$13,722	\$14,069	\$14,425	\$14,789	\$15,163	\$11,587
Vacant	Naming Rights	\$16,588	\$66,815	\$68,676	\$70,555	\$72,372	\$74,203	\$76,079	\$78,003	\$79,976	\$61,112
Total Receivable Rental Income		\$118,868	\$2,501,865	\$4,580,442	\$4,705,758	\$4,827,002	\$4,949,069	\$5,074,224	\$5,202,543	\$5,334,107	\$4,075,980



Market Rental Income - Year Start
Graham Street Service Centre - 35 Graham Street, Auckland CBD
31 March 2022

Tenant Name	Premises	Year 1 31-Mar-2022	Year 2 31-Mar-2023	Year 3 31-Mar-2024	Year 4 31-Mar-2025	Year 5 31-Mar-2026	Year 6 31-Mar-2027	Year 7 31-Mar-2028	Year 8 31-Mar-2029	Year 9 31-Mar-2030	Year 10 31-Mar-2031
Vacant	Basement	\$378,750	\$389,298	\$400,140	\$411,283	\$421,684	\$432,348	\$443,281	\$454,491	\$465,984	\$477,768
Vacant	Ground	\$1,324,384	\$1,361,267	\$1,399,177	\$1,438,143	\$1,474,512	\$1,511,800	\$1,550,031	\$1,589,229	\$1,629,418	\$1,670,623
Vacant	Level 1	\$1,409,133	\$1,448,376	\$1,488,713	\$1,530,172	\$1,568,868	\$1,608,542	\$1,649,220	\$1,690,926	\$1,733,687	\$1,777,529
Vacant	Level 1	\$9,702	\$9,972	\$10,250	\$10,535	\$10,802	\$11,075	\$11,355	\$11,642	\$11,937	\$12,238
Vacant	Level 2	\$1,135,992	\$1,167,629	\$1,200,146	\$1,233,569	\$1,264,764	\$1,296,748	\$1,329,541	\$1,363,163	\$1,397,635	\$1,432,980
Vacant	Level 2	\$12,324	\$12,667	\$13,020	\$13,383	\$13,721	\$14,068	\$14,424	\$14,789	\$15,162	\$15,546
Vacant	Naming Rights	\$65,000	\$66,810	\$68,671	\$70,583	\$72,368	\$74,198	\$76,075	\$77,998	\$79,971	\$81,993
Total Market Rental		\$4,335,285	\$4,456,019	\$4,580,116	\$4,707,669	\$4,826,719	\$4,948,779	\$5,073,926	\$5,202,238	\$5,333,794	\$5,468,678