



26745/MH

28 April 2020

Lakhi Maa Limited  
c/- [Dennis@cpcnz.com](mailto:Dennis@cpcnz.com)

**Attention: Dennis Parbhu**

Dear Dennis

## **MARKET VALUATION – AS IF COMPLETE 114 ADELAIDE ROAD, MOUNT COOK, WELLINGTON**

In accordance with instructions received from Dennis Parbhu on behalf of Lakhi Maa Limited, we provide our opinion of the “as if complete” market value for the subject property as at 28 April 2020.

We note this letter should be read in conjunction with our previous market valuation dated 6 August 2019, though we note the 2019 valuation was of the underlying land value.

As instructed, we have based this valuation on the following assumptions:

- Retention and conversion of existing building carcass into open plan character commercial offices with contemporary bathrooms and staff amenities.
- Seismic upgrading to not less than 70% NBS
- Ground floor 433m<sup>2</sup> net lettable floor area
- Level 1 net lettable floor area 231m<sup>2</sup>
- Property outgoings estimated at \$85psm

We note your advice that you only require a short form letter confirming our concluded value at this time.

Please note this letter does not comply with the valuation report writing standards set down by the International Valuation Standards Committee and the Property Institute of New Zealand. All other aspects of the Standards have been complied with including an external inspection of the property, a review and analysis of occupancy arrangements, research and analysis of relevant market evidence, and consideration of legal, physical, locational and zoning aspects, together with current market and economic conditions.

### ***Covid-19 – Material Uncertainty***

The outbreak of the Coronavirus (COVID-19) was declared by the World Health Organisation as a ‘Global Pandemic’ on 11 March 2020. Since that time there has been increased adverse impact on global financial markets. There have been travel restrictions implemented by most countries and economic stimulus packages announced by most governments. Market activity is being impacted in almost every sector and there is a major reduction in liquidity across all investment markets. In terms of the property markets it is difficult at the current time to determine if this is a short term liquidity issue or a longer term concern. The illiquidity in property markets means there will be a time delay in

establishing transactional evidence to demonstrate actual pricing and what the adjustment from pre-pandemic values is with certainty.

As at the valuation date, in the absence of sufficient post virus transactions, we have also had regard to wider market trends emerging as discussed in our various market commentaries to inform opinions of value. The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation(s) is/are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty (and a higher degree of caution) should be attached to our valuation than would normally be the case. Furthermore, this valuation is current at the date of valuation only. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of all property under frequent review as valuation advice will be outdated significantly more quickly than is normally the case (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.

### **Current Improvements**

The improvements currently comprise a circa 1900 two storey historic hotel which is noted as the former Tramway Hotel, and listed on the Wellington City Council's Heritage Buildings List (Reference 397). The Tramway Hotel is historically significant for its 100 years as a licensed hotel. The building is earthquake prone and in our opinion has reached the end of both its physical and economic life. We note the demolition or relocation of any listed heritage building or object is a discretionary activity (unrestricted).

We refer you to **Appendix 1** and **Appendix 2** for supporting Sales Evidence, and our Valuation Calculations.

Having regard to available market evidence and factors outlined in the body of this report and appendices, we confirm our assessed "as if complete" market value of the property as at 28 April 2020 as follows:

<i>Market Income Approach</i>	
Capitalised at 6.50%	\$2,560,000
<i>Discounted Cashflow Approach</i>	
Discounted at 8.00%	\$2,530,000

Having regard to available market evidence and factors outlined in the body of this report, we confirm our assessed market value of the property as at the valuation date as follows:

**NZD\$2,550,000 plus GST, (if any)**  
**(TWO MILLION FIVE HUNDRED AND FIFTY THOUSAND DOLLARS)**

The above assessment of market value is analysed as follows:

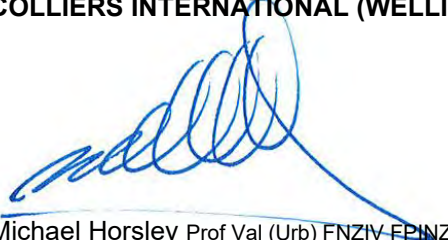
Equivalent Market Yield	6.52%
Terminal Yield	6.75%

Indicated IRR on Value	7.88%
Direct Comparison Rate (Value per sqm NLA)	\$3,840

We trust this brief letter satisfies your requirements. If you have any questions please contact the undersigned.

Yours sincerely

**COLLIERS INTERNATIONAL (WELLINGTON VALUATION) LIMITED**



Michael Horsley Prof Val (Urb) FNZIV-FPINZ  
**Registered Valuer**  
**Director - Valuation**



Nicholas Simon BBS (VPM)  
**Valuer**

This letter has been checked by <sup>MAH</sup>..... The purpose of the letter check is for the correction of grammatical and basic arithmetic errors only. The person who has checked this letter does not necessarily carry any responsibility in relation to the method of valuation adopted, analysis of sales/rental evidence or final value adopted within this letter.

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# APPENDIX 1

Leasing/Sales Evidence and Valuation Conclusions



## RENTAL EVIDENCE

Firstly we provide by way of table office leasing evidence on which our market rentals are based:

### Office Leasings

Premises	Tenant	Transaction Type	Effective Date	Premises Component	Floor Area sqm/ No Parks	Effective Gross Rental Rate per sqm
<b>TE ARO</b>						
1 Marion Street	Hello Cup Company	NL	Apr-20	Office - L1	124.00	\$317.97
8 Cambridge Terrace	Cannabis Science Institute of NZ	NL	Nov-19	Office - G	392.34	\$300.20
				Office - L1	251.74	\$295.00
				Office - L1 Balcony	51.91	\$135.00
				Office - L1 Deck	26.43	\$95.00
				Office - L2	255.49	\$290.00
				Office - L2 Deck	19.66	\$95.00
161 Cuba Street	Thames Pacific	NL	Oct-19	Office - Pt L2	190.00	\$387.92
2-12 Allen Street	Arts Council of NZ	NL	Aug-19	Office - L2	655.00	\$337.85
	Stephen Florentine Property	NL	Jun-18	Office - Pt L1	325.00	\$350.00
60 Cuba Street	Dnation T/A Storybox	NL	Apr-19	Office - L2	337.42	\$370.00
163-165 Tory Street	Havana Coffee Works/Lion Brewe	NL	Jan-19	Café	63.90	\$500.00
				Workshop	193.80	\$300.00
				Office - Mezz	140.60	\$275.00
				Office - Francis Pl	62.30	\$250.00
				Wkshp - Francis Pl	105.10	\$220.00
				Carparks	15.00	\$48.14
139 Tory Street	Powershop NZ	NLE	Nov-18	Office- L3	763.00	\$309.00
				Deck	80.00	\$100.00
15 Courtenay Place	Simmond Stewart	RR	Oct-18	Office - L6	167.30	\$307.50
	Publons	NL	Aug-18	Office - L4	167.70	\$300.00
15-20 Cambridge Terrace	FH 2018 t/a Full House Propert	NL	Jul-18	Office - Pt L2	150.00	\$320.00
15-20 Cambridge Terrace	Century 21	NL	Mar-18	Office - Pt L1	164.00	\$320.00

NL = New Lease, NLE = New lease to existing tenant, R = Renewal, RR = Rent Review

**1 Marion Street** new lease to Hello Cup Company Limited comprises walk-up character office with polished wooden floors, brick walls and exposed timber ceilings. Landlords fixtures and fittings include flooring, panel heaters, partitioning and storage, bathroom and kitchen facilities and lighting. On completion we consider the subject will present to a superior level.

A new lease to Cannabis Science Institute of NZ at **8 Cambridge Terrace**, comprising a three level 'turn of last century' character building constructed circa early 1900s originally as a private hotel. The space now comprises a mix of partitioned and open plan offices former bar/restaurant/office areas and amenities across the three levels with a large full height atrium/void area at the rear of the property. A lift (1,000 kg or 13 person capacity) and two stairwells access the upper floors. Level 1 features a large balcony overlooking Kent Terrace, and both upper levels comprise "internal" timber decks. There is various air-conditioning within the building. Landlords fixtures and fittings include lighting, air conditioning and fixed floor coverings. We consider a 'bulk discount' was applied here with these premises having been vacant for an extended period.

The Thames Pacific leasing at **161 Cuba Street** very much sets the upper level being of superior quality and location with lift access.

**2-12 Allen Street** comprises good quality character space with lift access. Superior location.

The Dnation leasing at **60 Cuba Street** on completion of works is to comprise as new character office space with exposed brick walls and timber floorboards. Walk up access only. Landlord owned fitout including meeting rooms, kitchen, lighting, bathrooms with shower, air-conditioning etc. Superior location.

The Powershop tenancy (level 1) **139 Tory Street** is a mixture of open plan and offices and is fully air-conditioned with lift access. Inferior quality space.

The leasings at **15 Courtenay Place** comprise New York industrial style office floors with refurbished kitchenette and toilets. Open plan, single lift access. Localised outlook.

The leasings at **15-20 Cambridge Terrace** both have good natural light and localised views. Landlord fitout includes floor coverings, air conditioning units and data caballing. The building is 100% NBS. Walk-up access only.

In considering the above evidence, we have adopted an overall "gross" rental of \$350psm over the ground floor and level one.

## SALES EVIDENCE

In mid-March 2020 the novel coronavirus (Covid-19) was officially characterised as a pandemic because of increased concern surrounding the inability to contain the spread of the virus. The impact of Covid-19 is yet to be known during these initial and uncertain times and it is hard to predict how each sector will respond. What we do know is the negative impact on the New Zealand economy is and will continue to be significant.

For this reason historical sales data requires deeper consideration and adjustment where necessary.

We have had regard to a range of pre covid-19 commercial sales which we describe below:

Property	Sale Price	Sale Date	WALT	Analysed Market Yield	Initial Yield	Internal Rate of Return	Value \$psm NLA
22 Courtenay Place cnr Blair Stre, Te Aro (Hummingbird, Bettys, vacant)	\$3,000,000	Dec-19	5.52	7.73%	4.68%	9.79%	\$3,265
13-15 Garrett Street, Te Aro (Fabric Store, Pour & Twist, Residential)*	\$2,610,000	Dec-19	1.01	7.02%	5.50%	9.74%	\$3,462
161 Cuba Street, Te Aro (Floriditas, Best Ugly Bagels, Resi)*	\$9,000,000	Nov-19	3.53	4.70%	3.33%	6.66%	\$7,070
113-121 Adelaide Road, Mt Cook (CCDHB, Royal NZ Blind Foundation, P3 Res)	\$10,100,000	Nov-19	8.93	5.79%	6.93%	7.61%	\$3,063
191-195 Cuba Street, Te Aro (Various)	\$5,000,000	Oct-19	2.53	7.80%	5.01%	9.16%	\$3,644
141 Cuba Street, Te Aro (Scopa, Residential Apartments)*	\$3,800,000	Oct-19	0.93	6.78%	6.26%	8.33%	\$6,529
38 Courtenay Place, Courtenay (BNZ)	\$7,000,000	Aug-19	4.31	6.64%	6.65%	8.04%	\$5,151
32 Cuba Street, Te Aro (Kate Sylvester, Jerram Tocker Barron Arc)	\$2,557,000	May-19	1.69	5.08%	5.21%	6.18%	\$12,696
6 Edward Street, Te Aro (Little Beer Quarter & Residential)*	\$2,490,000	Feb-19	1.80	6.83%	7.44%	8.83%	\$4,774
117 Riddiford Street, Newtown (Vacant (former Westpac Branch))	\$1,062,000	Apr-18	0.00	5.47%	0.00%	5.90%	\$2,854
26-28 Constable Street, Newtown (Vacant)	\$1,710,000	Mar-18	0.00	5.82%	0.00%	6.57%	\$2,553

\*= residential component

**22 Courtenay Place** comprises an earthquake prone three storey originally unreinforced masonry building originally constructed 1907 and in 1919. The building was strengthened in 1984 and in 1988

the lightweight third storey was added. The ground floor is currently divided into two bar/restaurant tenancies and there is basement space associated with one of the tenancies. The ground floor tenants are long term occupiers Hummingbird and Betty's. Our analysis is based on a new ten years lease over both ground floor tenancies (as advised). The upper levels have walk-up access and both floors have good natural light and a localized outlook. Level two has a high stud with a feature curved ceiling to the front. Both floors have various partitioning though we understand this is to be removed. The space is currently very dated by contemporary standards. Our analysis assumes these to be vacant with an upfront six month vacancy to allow for refurbishment works (to high quality character office). We have been provided with strengthening costs and office refurbishment costs. We have allowed total up front capital expenditure of \$1,834,400 (incl contingency) for these works.

**13-15 Garrett Street** comprises a circa 1930s building originally built as a printer workshop and associated offices. It now comprises a ground floor coffee shop plus showroom/workroom with level one a large six bedroom apartment and level two a seven bedroom apartment. A coffee shop occupies the small retail tenancy on an eight year term from 2017 though there is a three month termination clause in favour of the landlord. The Fabric Store occupies the showroom on a month to month arrangement. The upper floor apartments are subject to formal residential tenancy agreements due to expire in April and February 2020. The two residential apartments are very basic/dated by contemporary standards. Currently earthquake prone though analysis allows for \$267,530 up front for strengthening to 100% as per costings (Steve's Welding Services Limited 2019).

The Floriditas building on the corner of **Cuba Street and Swan Lane** sold in November 2019 for \$9m equating to an effective market yield of 4.70% . A four storey character building (heritage listed) comprising two ground floor retail tenants (Floriditas and Best Ugly Bagels), two floors of character office (two tenants per floor), and two as new apartments on the third floor. We note the apartments at time of sale were occupied by Airbnb though we have considered it prudent to treat them as vacant. Lift access to the upper floors. The building was recently strengthened to 80% NBS and has had a fire upgrade. This sale provides an indication of yields achievable for well finished, well leased mix use properties in Te Aro, though we note needs to be adjusted for the residential component and location.

Braille House located at **113-121 Adelaide Road** (opposite the subject) comprises a three story structure with a balcony on level two and basement parking built circa 1987. Essentially the building comprises two interconnected units while an adjoining site also forms part of the property and comprises a bitumen sealed yard/carpark. The primary tenant is the Capital & Coast District Health Board who occupies 1,756.24m<sup>2</sup> on part Level one and the entire Level two. Remaining tenants are Royal NZ Foundation of Blind and P3 Research Limited. We note the property sold with a weighted average lease term remaining of 8.93 years. This is a different asset class but helpful background for sales in the immediate area.

**191 Cuba Street** comprises a three storey, mixed use commercial building providing ground floor retail and upper floor office accommodation together with a generous roof top balcony and office suites, occupying a prominent position on the north of Cuba Street and Vivian Street (SH1). The building is heritage listed and was strengthened circa 2014 to achieve a seismic rating of 60% NBS. The ground floor provides three retail tenancies leased to Burger Fuel, Beer Factory Limited (trading as Chooky's Pub & Pantry) and Babylon Kebab with the commercial offices on the upper floors vacant since completion of strengthening works (958m<sup>2</sup>). Analysed on an investment basis (retaining the office accommodation), the sale indicated a passing yield of 5.01% and an effective market of 7.80%.



Potential remains for residential conversion although further strengthening works would also be required.

**141 Cuba Street** comprises a three storey, mixed use heritage commercial building originally built circa 1913 with an additional floor added circa 2001 and additional strengthening works also incorporated to the ground floor in 2004 and assessed to be 35-40% NBS (2018 DSA report). The property occupies a prominent position on the south eastern corner of Cuba Street and Ghuznee Street, opposite the southern end of the pedestrianised Cuba Mall. The ground floor provides two retail tenancies, Scopa restaurant occupies the majority of the ground floor, with a smaller tenancy (Steve's Fishing Shop) at the Ghuznee Street frontage. The upper floors are configured as one 'apartment' per floor with rooms rented individually with 7 bedrooms on Level 1 and 8 bedrooms on Level 2. Each level is standalone with generously proportioned common kitchen, living and bathrooms. This recent sale indicated a passing yield of 6.26% and an effective market yield of 6.78%, with approximately 50% of the income from the residential accommodation.

**38 Courtenay Place** comprises a four level commercial building situated on a prominent corner site within the Courtenay Place entertainment precinct. It provides 324 sqm retail accommodation with frontage to Courtenay Place and Allen Street, fully occupied by BNZ Bank. There are three levels of office accommodation (largely dental business) above totaling 1,045 sqm. The building has an NBS rating of 75% and a WALT of 4.31 years.

**32 Cuba Street** comprises ground floor retail premises and mezzanine floor office accommodation built circa 2005. Construction is of concrete foundations and structure with a structural steel and timber first floor, lightweight steel roof with aluminum joinery and fiber cement board cladding. Overhang from the mezzanine level plus canopies provides shop front shelter. Located at the lower end of Cuba Street a popular retailing precinct in close proximity to the Core CBD. The property is fully leased to Kate Sylvester, Jerram Tocker Barron Architects and Shout Advertising with a Weighted Average Lease Term remaining of 1.69 years. The sales shows an effective market yield of 5.08%. 70% NBS.

**6 Edward Street** comprises a three storey character building located in a short cul-de-sac on the CBD Fringe. The building is currently in mixed use with retail (bar) on the ground floor with two levels of residential apartments above, though it was originally utilised as a factory/warehouse. It was constructed circa 1905, however there have been a number of seismic strengthening works throughout the life of the building. The first and second floors of the building were refurbished to offer more modern residential accommodation with the first floor being converted from a character office/living space to a five bedroom apartment (level 2 a six bedroom apartment). The exterior has also recently been painted. NBS 43%.

**117 Riddiford Street** comprises a single storey commercial building with mezzanine level to the front previously occupied by Westpac as their Newtown branch and sold with vacant possession. The property is situated on the northern fringe of the Newtown commercial precinct close by Wellington Hospital. We understand this is to be converted to residential apartments.

**26-28 Constable Street** comprises a circa 1979 two level mixed use light industrial/office building with a ground floor showroom to Constable Street. Construction is of concrete foundations, concrete and concrete block walls with steel frame and long run steel roof. There are approximately 12 carparks to the rear. The space is currently vacant though was previously occupied by a plumbing firm. We note the office space is very dated by contemporary standards and we have allowed \$150psm for refurbishment

of this. Purchased by way of tender by an owner occupier who paid a premium in order to out price developers.

We have referred to transactions of investment properties on the CBD fringe that offer the best guide to the value of the subject property. There are of course physical, location and financial differences that make immediate comparison inappropriate. Accordingly adjustment to evidence is required for such factors. We note the majority of the above sales are in the superior Te Aro locality.

In considering the above, we have adopted a market capitalisation rate of 6.50% (6.25% pre covid-19) and have allowed an up-front vacancy/let up period of six months.

## VALUATION CONCLUSIONS

We refer you to **Appendix 2** that contains our updated valuation calculations and cash flow in detail. We summarise our conclusions hereunder:

### *Market Income Approach*

Capitalised at 6.50%	\$2,560,000
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### *Discounted Cashflow Approach*

Discounted at 8.00%	\$2,530,000
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Having regard to available market evidence and factors outlined in the body of this report, we confirm our assessed market value of the property as at the valuation date as follows:

**NZD\$2,550,000 plus GST, (if any)**  
**(TWO MILLION FIVE HUNDRED AND FIFTY THOUSAND DOLLARS)**

The above assessment of market value is analysed as follows:

Equivalent Market Yield	6.52%
Terminal Yield	6.75%
Indicated IRR on Value	7.88%
Direct Comparison Rate (Value per sqm NLA)	\$3,840

**Equivalent Market Yield:** The assessed annual market rent as a proportion of the assessed market value, the market value having been adjusted downwards/upwards to allow for the rental shortfall/overage.

**IRR (Internal Rate of Return):** The rate of return on the assessed market value, based on forecast cash inflows and outflows over the next 10 years, based on our assumptions relating to market rentals, rental growth, escalation in outgoings and capital expenditure.

# APPENDIX 2

Valuation in Detail



## VALUATION DETAILS

Valuation Date	28 April 2020	Cash Flow Model Date	1 May 2020
Interest Valued	Freehold Interest	Purpose of Valuation	Establish AIC Market Value

## CORE VALUATION ASSUMPTIONS

## Financial Details

Adopted Gross Market Income	\$232,400
Outgoings (pa)	\$56,355
Adopted Net Market Income	\$176,045

Total Vacancy 664.00 m<sup>2</sup> (100.00%)

Office NLA 231.00 m<sup>2</sup>  
Proportion of Occupied Office Area 0.00%

	Net	Gross
Average Passing Office Rental*	\$0/m <sup>2</sup>	\$0/m <sup>2</sup>
Average Market Office Rental	\$762/m <sup>2</sup>	\$1,006/m <sup>2</sup>

## Global Assumptions

Agents Leasing Fees (Gross)	15.00%
Renewal Leasing Fee (Gross)	0.00%

## 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

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

## Office

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	3 yearly rent reviews to market rent

## Traditional Valuation Approach

Core Market Capitalisation Rate	6.500%
Pending Vacancies Allowances within	12 months
Capital Expenditure Allowances for	12 months
Rental Reversions (PV)	Current tenants at expiry/market review with subsequent leases at 12 months

## Discounted Cash Flow Approach

Cash Flow Term	10 years	
Terminal Capitalisation Rate	+25.00 bps	6.750%
Terminal Allowances & Reversions within	12 months	
Discount Rate		8.000%
10 Yr Rental Growth	Office (Net Face)	2.11%
(compounded)	Office (Net Effective)	2.11%

## VALUATION CONCLUSIONS

## Traditional Valuation Approach

Market Yield Approach	\$2,560,000
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## Discounted Cash Flow Approach

Discounted Terminal Value	59%	\$1,486,165
NPV of Cash Flows	41%	\$1,042,135
Sum of Discounted Cash Flows		\$2,528,300
Less Acquisition Costs		-
Net Present Value		\$2,528,300
Rounded DCF Value		\$2,530,000

## ADOPTED VALUE

**\$2,550,000 - GST Exclusive**  
**(TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS)**

## RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison	\$3,840 per m <sup>2</sup> NLA	Terminal Initial Yield	6.53%
		Terminal Market Yield	6.75%
		Terminal Capital Value	\$4,834 per m <sup>2</sup> NLA
Equivalent Market Yield	6.52%	Rate of Increase in Capital Value	2.41%
		IRR (Incl. Capex)	7.88%
		IRR (Excl. Capex)	8.01%
		3 Year IRR (incl. Capex)	8.00%
Total Capital Expenditure (Nominal)	\$39,207	5 Year IRR (incl. Capex)	8.16%
% of Adopted Value (Nominal)	1.54%	7 Year IRR (incl. Capex)	7.59%

## Tenancy Schedule

114 Adelaide Road AIC, Mount Cook Wellington

Valuation Date: 28 April 2020



Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Passing Rent	Base Passing Rent \$/m <sup>2</sup>	Adopted Market Rent	Adopted Market Rent \$/m <sup>2</sup>	PV of Rental Reversion	Gross Rent \$/m <sup>2</sup>
1 Ground	Vacant	Retail	433.00	-	-	-	Gross	65.21%	-		-	-	151,550	350.00	-	350.00
2 Level 1	Vacant	Office	231.00	-	-	-	Gross	34.79%	-		-	-	80,850	350.00	-	350.00
<b>4 TOTALS</b>			<b>664.00</b>					<b>100.00%</b>			<b>-</b>		<b>232,400</b>		<b>-</b>	

#### Market Yield Calculations

Office		80,850
Retail		151,550
Industrial		-
Naming		-
Parking		-
Other		-
Telecoms		-
Storage		-
Warehouse		-
Market Income		232,400
Add Recoverable Outgoings		-
Total Gross Market Income		232,400
Less Outgoings	\$84.87/m <sup>2</sup>	56,355
Net Market Income		176,045

<b>Net Income</b>		<b>176,045</b>	
<b>Capitalised at</b>	<b>6.375%</b>	<b>6.500%</b>	<b>6.625%</b>
<b>Capitalised Value</b>	<b>\$2,761,490</b>	<b>\$2,708,385</b>	<b>\$2,657,283</b>

#### Capital Value Adjustments

<b>Existing Vacant Tenancy Allowances</b>			
Downtime	(116,200)	(116,200)	(116,200)
Downtime for Deferred Tenancy Commencement	-	-	-
Agents Leasing Fees	(34,860)	(34,860)	(34,860)
Incentives	-	-	-
Refurbishment Allowance	-	-	-
<b>Pending Vacancy Allowances (expiries within 12 months)</b>			
Downtime	-	-	-
Agents Leasing Fees	-	-	-
Incentives	-	-	-
Refurbishment Allowance	-	-	-
<b>PV Outstanding Current Incentives</b>	-	-	-
<b>PV Rental (Shortfall) / Overage</b>	-	-	-
<b>General Capital Expenditure Allowance (12 months)</b>	-	-	-
<b>Budgeted Capital Expenditure (12 months)</b>	-	-	-
<b>Other Adjustments</b>	-	-	-
<b>Total Adjustments</b>	<b>(151,060)</b>	<b>(151,060)</b>	<b>(151,060)</b>
<b>Assessed Capital Value as at 28 April 2020</b>	<b>\$2,610,430</b>	<b>\$2,557,325</b>	<b>\$2,506,223</b>
Value \$/m <sup>2</sup>	\$3,931	\$3,851	\$3,774
Rounded Market Capitalisation Value		\$2,560,000	
<b>Adopted Value as at 28 April 2020</b>		<b>\$2,550,000</b>	

#### Capital Value Analysis

Equivalent Market Yield	6.52%
Rate per metre of NLA	\$3,840/m <sup>2</sup>

## Discounted Cash Flow Assumptions

114 Adelaide Road AIC, Mount Cook Wellington



## Growth Assumptions

Calendar Year	Code	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10 Yr CAGR
Inflation (CPI)	1	1.50%	2.20%	1.80%	2.10%	2.10%	2.00%	2.20%	2.40%	2.50%	2.50%	2.50%	2.50%	2.24%
Office (Net Face)	4		0.00%	1.80%	2.10%	2.10%	2.00%	2.20%	2.40%	2.50%	2.50%	2.50%	2.50%	2.11%
Office (Net Effective)	5		0.00%	1.80%	2.10%	2.10%	2.00%	2.20%	2.40%	2.50%	2.50%	2.50%	2.50%	2.11%
Statutories	11		2.20%	1.80%	2.10%	2.10%	2.00%	2.20%	2.40%	2.50%	2.50%	2.50%	2.50%	2.24%
Operational	12		2.20%	1.80%	2.10%	2.10%	2.00%	2.20%	2.40%	2.50%	2.50%	2.50%	2.50%	2.24%
Capital expenditure	13		2.20%	1.80%	2.10%	2.10%	2.00%	2.20%	2.40%	2.50%	2.50%	2.50%	2.50%	2.24%

## Discounted Cash Flow Assumptions

## Lease Renewal Assumptions

Valuation Date	28 April 2020	Agents Fees - New Tenant (Year 1 Gross Rent)	15.0%
Commencement of Cash Flow	1 May 2020	Agents Fees - Renewal (Year 1 Gross Rent)	0.0%
Term of Cash Flow	10 years		
Discount Rate	8.000%	<b>Office</b>	
Terminal Yield	6.750%	Renewal Lease Term	6.0 years
Terminal Yield Variance over Market Cap Rate	+25.00 bps	Letting Up Period - Market	12 months
		Retention Probability (Letting Up, Leasing Fees)	50%
Acquisition Costs	0.00%	Letting Up Period - Applied	6 months
Disposal Costs	0.00%	Incentive Probability	0%
		Review Structure	2 yearly rent reviews to market rent
Total Budgeted Capital Expenditure	\$0 (Real) \$0 (Nominal)		
General Capital Expenditure Allowance applied from 1-May-2020	- \$0 (Real) \$0 (Nominal)		
Refurbishment Allowance on Initial Expiries	-		
Refurbishment Allowance on Secondary Expiries	\$150.0/m <sup>2</sup>		
Total Capital Expenditure (Real)	\$34,650		
% of Adopted Value (Real)	1.36%		
Total Capital Expenditure (Nominal)	\$39,207		
% of Adopted Value (Nominal)	1.54%		
1 Yr Summary	\$0 (Nominal)		

Level/Suite	Tenant	Year 1 1-May-20	Year 2 1-May-21	Year 3 1-May-22	Year 4 1-May-23	Year 5 1-May-24	Year 6 1-May-25	Year 7 1-May-26	Year 8 1-May-27	Year 9 1-May-28	Year 10 1-May-29
Ground	Vacant	75,775	151,550	154,398	157,245	160,508	163,772	81,886	173,450	173,450	182,231
Level 1	Vacant	40,425	80,850	82,369	83,888	85,629	87,370	43,685	92,533	92,533	97,218
	<b>Total Passing Income</b>	<b>116,200</b>	<b>232,400</b>	<b>236,767</b>	<b>241,133</b>	<b>246,138</b>	<b>251,142</b>	<b>125,571</b>	<b>265,983</b>	<b>265,983</b>	<b>279,449</b>
<b>Total Gross Passing Income</b>		<b>116,200</b>	<b>232,400</b>	<b>236,767</b>	<b>241,133</b>	<b>246,138</b>	<b>251,142</b>	<b>125,571</b>	<b>265,983</b>	<b>265,983</b>	<b>279,449</b>
Outgoings		56,623	57,508	58,610	59,840	61,076	62,349	63,771	65,327	66,960	68,634
Vacancy Allowance		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure		59,577	174,892	178,156	181,294	185,062	188,793	61,799	200,656	199,023	210,815
Capital Expenditure		-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance		-	-	-	-	-	-	39,207	-	-	-
Agents Fees		34,860	-	-	-	-	-	-	19,949	-	-
Incentives		-	-	-	-	-	-	-	-	-	-
Ground Rent		-	-	-	-	-	-	-	-	-	-
Other Adjustments		-	-	-	-	-	-	-	-	-	-
<b>Net Income after Capital Expenditure</b>		<b>24,717</b>	<b>174,892</b>	<b>178,156</b>	<b>181,294</b>	<b>185,062</b>	<b>188,793</b>	<b>22,593</b>	<b>180,708</b>	<b>199,023</b>	<b>210,815</b>



## Terminal Value Calculations

114 Adelaide Road AIC, Mount Cook Wellington



Level/Suite	Tenant	NLA	Terminal Rent		Shortfall/ Overage	Next Review or Expiry	Number of Months	PV (within 12mths) Reversions
			Market	Passing				
Ground	Vacant	433.00	186,787	182,231	4,556	30-Apr-33	36.0	-
Level 1	Vacant	231.00	99,648	97,218	2,430	30-Apr-33	36.0	-
<b>Total</b>		<b>664.00</b>	<b>286,435</b>	<b>279,449</b>				<b>-</b>

## Terminal Value Calculations - Market Approach

Office								99,648
Retail								186,787
Industrial								-
Naming								-
Parking								-
Other								-
Telecoms								-
Storage								-
Warehouse								-
Market Income								286,435
Add Recoverable Outgoings								-
Total Gross Market Income								286,435
Less Outgoings						\$105.07/m <sup>2</sup>		69,769
Net Market Income								216,666
Vacancy Allowance						0.00%		-
Net Income								216,666
Capitalised at								6.75%
<b>Capitalised Value</b>								<b>3,209,872</b>

## Terminal Value Adjustments

-								-
-								-
<b>Existing Vacant Tenancy Allowances</b>								
Downtime								-
Agents Leasing Fees								-
Incentives								-
Refurbishment Allowance								-
<b>Pending Vacancy Allowances (expiries within 12 months)</b>								
Downtime								-
Agents Leasing Fees								-
Incentives								-
Refurbishment Allowance								-
<b>NPV Outstanding Current Incentives</b>								-
<b>PV Rental Shortfall / (Overage)</b>								-
General Capital Expenditure Allowance (12 months)								-
Budgeted Capital Expenditure (12 months)								-
Other Adjustments								-
<b>Total Adjustments</b>								<b>-</b>

Assessed Terminal Value as at 28 April 2030

3,209,872

Value \$/m<sup>2</sup>

4,834

## Terminal Value Analysis

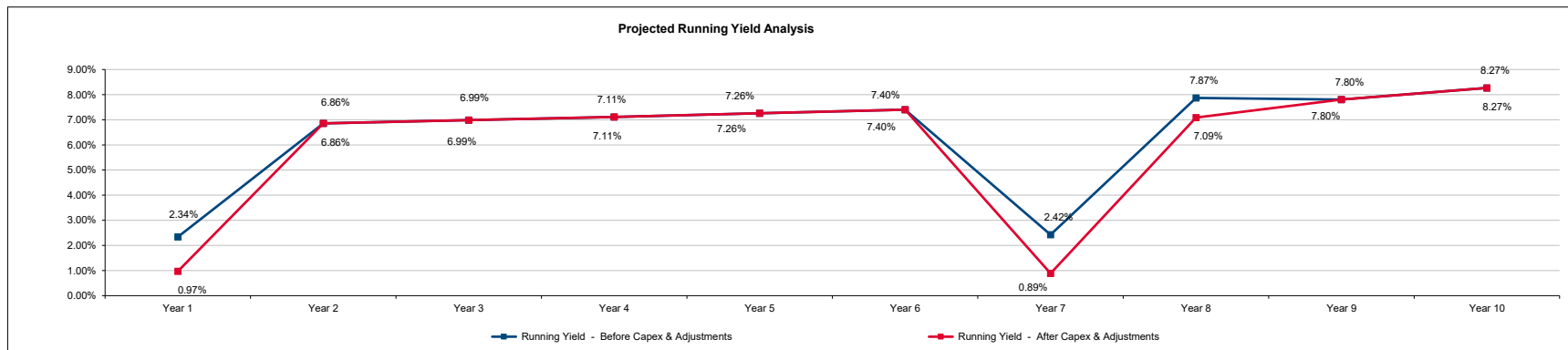
Terminal Initial Yield	6.53%
Equivalent Market Yield With Vacancy Factor	6.75%
Equivalent Market Yield Without Vacancy Factor	6.75%
Rate per metre of NLA	\$4,834/m <sup>2</sup>

Cash Flow Summary

114 Adelaide Road AIC, Mount Cook Wellington



For Year Commencing	Year 1 1-May-20	Year 2 1-May-21	Year 3 1-May-22	Year 4 1-May-23	Year 5 1-May-24	Year 6 1-May-25	Year 7 1-May-26	Year 8 1-May-27	Year 9 1-May-28	Year 10 1-May-29
Office	40,425	80,850	82,369	83,888	85,629	87,370	43,685	92,533	92,533	97,218
Retail	75,775	151,550	154,398	157,245	160,508	163,772	81,886	173,450	173,450	182,231
Industrial	-	-	-	-	-	-	-	-	-	-
Naming	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Telecoms	-	-	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	-	-	-	-
Warehouse	-	-	-	-	-	-	-	-	-	-
Outgoings Recoveries	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>116,200</b>	<b>232,400</b>	<b>236,767</b>	<b>241,133</b>	<b>246,138</b>	<b>251,142</b>	<b>125,571</b>	<b>265,983</b>	<b>265,983</b>	<b>279,449</b>
Outgoings	56,623	57,508	58,610	59,840	61,076	62,349	63,771	65,327	66,960	68,634
Vacancy Allowance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Net Income Before Capital Expenditure</b>	<b>59,577</b>	<b>174,892</b>	<b>178,156</b>	<b>181,294</b>	<b>185,062</b>	<b>188,793</b>	<b>61,799</b>	<b>200,656</b>	<b>199,023</b>	<b>210,815</b>
Capital Expenditure (Budgeted & General)	-	-	-	-	-	-	-	-	-	-
Refurbishment Allowance	-	-	-	-	-	-	39,207	-	-	-
Agents Fees	34,860	-	-	-	-	-	-	19,949	-	-
Incentives	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Net Income After Capital Expenditure</b>	<b>24,717</b>	<b>174,892</b>	<b>178,156</b>	<b>181,294</b>	<b>185,062</b>	<b>188,793</b>	<b>22,593</b>	<b>180,708</b>	<b>199,023</b>	<b>210,815</b>
Terminal Value										3,209,872
Disposal Costs										-
<b>Net Cash Flow</b>	<b>24,717</b>	<b>174,892</b>	<b>178,156</b>	<b>181,294</b>	<b>185,062</b>	<b>188,793</b>	<b>22,593</b>	<b>180,708</b>	<b>199,023</b>	<b>3,420,687</b>
Adopted Value @ 8.000%			\$ 2,550,000							
Acquisition Costs			\$ -							
Adopted Value before Acquisition Costs			\$ 2,550,000							
Running Yield - Before Capex & Adjustments	2.34%	6.86%	6.99%	7.11%	7.26%	7.40%	2.42%	7.87%	7.80%	8.27%
Running Yield - After Capex & Adjustments	0.97%	6.86%	6.99%	7.11%	7.26%	7.40%	0.89%	7.09%	7.80%	8.27%
Running Yield - Before Capex & incl. Adjustments	0.97%	6.86%	6.99%	7.11%	7.26%	7.40%	2.42%	7.09%	7.80%	8.27%
Running Yield - After Capex, Adjustments & incl. Acquisition Costs	0.97%	6.86%	6.99%	7.11%	7.26%	7.40%	0.89%	7.09%	7.80%	8.27%



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

114 Adelaide Road AIC, Mount Cook Wellington

Present Value of Cash Flows	\$2,528,300	
Discount Rate	8.000%	
Terminal Value	\$3,209,872	
Less Disposal Costs	-	
Net Terminal Value	\$3,209,872	
Discounted Terminal Value	\$1,486,165	58.78%
Discounted Cash Flow	\$1,042,135	41.22%
Sum of Discounted Cash Flows	\$2,528,300	
Less Acquisition Costs	-	
Present Value	\$2,528,300	
<b>Rounded Present Value</b>	<b>\$2,530,000</b>	
Rate \$/m <sup>2</sup>	\$3,810	
Rate of Increase in Capital Value	2.41%	
IRR (incl. Capex)	7.88%	
IRR (excl. Capex)	8.01%	
3 Year IRR (incl. Capex)	8.00%	
5 Year IRR (incl. Capex)	8.16%	
7 Year IRR (incl. Capex)	7.59%	

## Net Present Value Matrix

		Terminal Yield		
		6.500%	6.750%	7.000%
Discount Rate	7.500%	2,682,574	2,622,698	2,567,098
	7.750%	2,633,448	2,574,947	2,520,624
	<b>8.000%</b>	2,585,460	<b>2,528,300</b>	2,475,222
	8.250%	2,538,580	2,482,727	2,430,864
	8.500%	2,492,781	2,438,202	2,387,522

## IRR Matrix

		Terminal Yield		
		6.500%	6.750%	7.000%
Adopted Value	2,301,375	9.61%	9.31%	9.01%
	2,422,500	8.90%	8.59%	8.30%
	<b>2,550,000</b>	8.19%	<b>7.88%</b>	7.59%
	2,677,500	7.53%	7.22%	6.93%
	2,811,375	6.87%	6.57%	6.27%