Valuation for Existing Use

Property : No.598 Shanghai Street
Registered Site Area : 1,030 sq.ft.
Net Developable Site Area : 1,000 sq.ft.
Date of Valuation : 1 April 2011

Tenancy Schedule

Floor	GFA sq.ft.	Saleable Area	Rent (excl.)	Tenancy #
G	1,100	800	$45,000	01/03/2010
1	1,100	1,020	$14,000	01/11/2009
2	1,100	1,020	$9,000	01/08/2010
3	1,100	1,020	$6,000	01/12/2010
4	1,100	1,020	$4,000	01/07/2009
5	1,100	1,020	$5,000	01/07/2008

standard 3-year tenancy

Valuation

Floor	Rent	YP at 6% (0.5% p.m.) Unexpired	Factor	Term Value (a)	Saleable Area	Vacant Possession (VP) Value ($psf)	Lump Sum	PV Factor	Reversion Value (b)	Valuation (a+b)
G	$45,000	23 mths	21.68	$975,600	800	$28,000	$22,400,000	0.8916	$19,971,840	**$20,947,440**
1	$14,000	19 mhs	18.08	$253,120	1,020	$5,000	$5,100,000	0.9096	$4,638,960	**$4,892,080**
2	$9,000	28 mths	26.07	$234,630	1,020	$3,200	$3,264,000	0.8697	$2,838,701	**$3,073,331**
3	$6,000	32 mths	29.5	$177,000	1,020	$3,000	$3,060,000	0.8525	$2,608,650	**$2,785,650**
4	$4,000	15 mths	14.42	$57,680	1,020	$2,700	$2,754,000	0.9279	$2,555,437	**$2,613,117**
5	$5,000	3 mths	2.97	$14,850	1,020	$2,500	$2,550,000	0.9851	$2,512,005	**$2,526,855**
				$1,712,880			**$39,128,000**		$35,125,592	**$36,838,472**

Say, **$37 million**

Valuation A - Commercial/Office Redevelopment

Property :	No.600-606 Shanghai Street		
Registered Site Area :	4,120 sq.ft.	Class of Site :	A
Net Developable Site Area :	4,000 sq.ft.	Max. Plot Ratio :	15
Date of Valuation :	1 April 2011	Max. Site Coverage :	60%
Lease User :	Non-offensive Trades	OZP :	R(A)

Proposed Development

Floor	Usage	Bldg Area	Site Cov.	GFA (a)	Saleable (b)	Efficiency Ratio	Common Area (a-b)
G	Shop	4,000	100%	3,200	**2,000**	62.5%	1,200
1	Shop	4,000	100%	3,600	**2,500**	69.4%	1,100
2	Shop	4,000	100%	3,800	**2,700**	71.1%	1,100
3	Shop	4,000	100%	3,800	**2,750**	72.4%	1,050
4-22	Office	2,400 x 19	60%	2,400 x 19	**1,700 x 19**	70.8%	700
	Total	61,600	(P.R. = 15)	60,000	**42,250**	70.4%	17,750
							29.6%
							GFA

Gross Development Value (GDV)

Floor	Usage	Saleable	Unit Price $psf (N)		Valuation
G	Shop	**2,000**	28,600		$57,200,000
1	Shop	**2,500**	10,000		$25,000,000
2	Shop	**2,700**	9,000		$24,300,000
3	Shop	**2,750**	8,000		$22,000,000
4-22	Office	**32,300**	7,600		$245,480,000
		42,250		Total	$373,980,000

Refinements :

(a) Green features and the premium required

(b) Contingency and Marketing costs

(NB : Suggested not to account for transaction costs, to be in line with the market norm)

Valuation

				($ million)	
GDV					373.98
less Developer's Profit 15%					56.10
					317.88
less Development Costs					
i) Construction cost				($ million)	
Shop	16,000	3,200		51.20	
Office	45,600	2,600		118.56	
	61,600			169.76	
ii) Professional Fees 6%				1.06	
iii) Interest for 1 year, 4%				1.04	187.14
					130.74
PV 2 years	4%	p.a.			0.9246
Residual Site Value					120.88

Site Value, say **$121 million**

A.V. **2,017**

Valuation B - Commercial/Residential Redevelopment

Property :	No.600-606 Shanghai Street		
Registered Site Area :	4,120 sq.ft.	Max. P.R. :	15 (Non-domestic)
Net Developable Site Area :	4,000 sq.ft.		8 (Domestic)
Date of Valuation :	1 April 2011	Max. S.C. :	60% (Non-domestic)
Class of Site :	A		33.3% (Domestic)

Proposed Development B

Floor	Usage	Bldg Area	Site Cov.	GFA (a)	Saleable (b)	Efficiency Ratio	Common Area (a-b)
G	Shop	4,000	100%	3,200	**2,000**	62.5%	1,200
1	Shop	4,000	100%	3,600	**2,500**	69.4%	1,100
2	Shop	4,000	100%	3,800	**2,700**	71.1%	1,100
3	Office	4,000	100%	3,800	**2,750**	72.4%	1,050
	Sub-total	16,000	(P.R. = 3.6)	14,400	9,950	69.1%	4,450
4-20*	Residential	1,333 x 17	33.3%	1,333 x 17	**950 x 17**	71.3%	383
21-22	Duplex	829.5 x 2	20.7%	829.5 x 2	**1,276**	76.9%	383
	Sub-total	24,320	(P.R. = 6.08) *(note)*	24,320	17,426	71.7%	6,894
	Total	*40,320*	(P.R. = 9.68)	*38,720*	*27,376*	*70.7%*	11,344
	* 1 lift & 2 staircases						29.3%
note :	Composite bldg P.R. calculation						GFA
	Residential P.R. = 8 x (15-3.6) / 15			= 6.08			

Gross Development Value

Floor	Usage	Saleable	Unit Price $psf (N)		Valuation
G	Shop	**2,000**	26,000		$52,000,000
1	Shop	**2,500**	9,000		$22,500,000
2	Shop	**2,700**	8,000		$21,600,000
3	Office	**2,750**	7,600		$20,900,000
4-20	Residential	**16,150**	10,000		$161,500,000
21-22	Duplex	**1,276**	18,000		$22,968,000
		27,376		Total	$301,468,000

Valuation

			($ million)	($ million)
GDV				301.47
less Developer's Profits, 12%				0.85
				256.25
less Development Costs				
i) Construction cost				
Shop/Office	16,000	3,000	48.00	
Residential	24,320	2,200	53.50	
	40,320		101.50	
ii) Professional Fees 5%			1.05	
iii) Interest, for 1 year	4%		1.04	110.84
				145.41
PV 2 years	4%	p.a.		0.9246
Residual Site Value				134.44

Site Value, say **$134 million**

A.V. **3,461**

Valuation C - Site Merging (C/R)

Property :	598-606 Shanghai Street		
Registered Site Area :	5,150 sq.ft.	Max. P.R. :	15 (Non-domestic)
Net Developable Site Area :	5,000 sq.ft.		10 (Domestic)
Date of Valuation :	1 April 2011	Max. S.C. :	65% (Non-domestic)
Class of Site :	C		40% (Domestic)

Proposed Development

Floor	Usage	Bldg Area	Site Cov.	GFA (a)	Saleable (b)	Efficiency Ratio	Common Area (a-b)
G	Shop	5,000	100%	4,200	**3,000**	71.4%	1,200
1	Shop	5,000	100%	4,600	**3,500**	76.1%	1,100
2	Shop	5,000	100%	4,800	**3,700**	77.1%	1,100
3	Office	5,000	100%	4,800	**3,750**	78.1%	1,050
	Sub-total	20,000	(P.R. = 3.68)	18,400	13,950	75.8%	4,450
4-20	Residential	2,000 x 17	40.0%	2,000 x 17	**1,500 x 17**	75.0%	500
21-22	Duplex	1,875 x 2	23%	1,875 x 2	**3,250**	86.7%	500
	Sub-total	37,750	(P.R. = 7.55)	37,750	28,750	76.2%	9,000
	Total	*57,750*	(P.R. = 11.23)	*56,150*	***42,700***	*76.0%*	13,450
							24.0%

Remarks : Increase in plot ratio from 9.68 to 11.23 but a decrease in common area from 29.3% to 24%. GFA

Gross Development Value

Floor	Usage	Saleable	Unit Price $psf (N)		Valuation
G	Shop	**3,000**	28,600		$85,800,000
1	Shop	**3,500**	10,000		$35,000,000
2	Shop	**3,700**	9,000		$33,300,000
3	Office	**3,750**	8,000		$30,000,000
4-20	Residential	**25,500**	11,000		$280,500,000
21-22	Duplex	**3,250**	20,000		$65,000,000
		42,700		Total	$529,600,000

Valuation

			($ million)
GDV			529.60
less Developer's Profits, 15%			0.85
			450.16
less Development Costs			
i) Construction cost		($ million)	
Shop/Office 20,000	3,200	64.00	
Residential 37,750	2,500	94.38	
57,750		158.38	
ii) Professional Fees 5%		1.05	
iii) Interest, for 1.25 year	4%	1.05	174.61
			275.55
PV 2.5 years	4% p.a.		0.9066
Residual Site Value			249.82

Site Value, say **$250 million**

A.V. **4,452**

an increase of 28.6%

Marriage Value = $250 - $134 - $37 million
= $79 million