

Over \$145m of sales for our first year in business.



Having completed our first year of business this month, we are celebrating over \$145m in sales, well above budget and a reflection of both my staff's

dedication and a return of confidence to the market.

By leveraging off our established client base and applying the old fashioned principles of quality service, our tight team of five has produced results comparable with the bigger agencies.

In fact, going by reported figures (Sunday Star Times July 10th), we sit second only to Colliers in profitability for the year.

Investment property has definitely been hot this quarter, with buyers chasing well leased buildings with strong tenant covenants, supported by prime lenders who have come back to the market with vigour, chasing funding deals and

ALBANY CENTRE \$44,500,000 Sold	PENROSE ESTATE \$34,000,000 Sold	MT WELLINGTON \$6,200,000 Sold	PORTFOLIO \$5,000,000 Sold
GENTRACK HOUSE \$12,543,000 Sold	MAURICE RD. \$3,200,000 Sold	SOHO SQUARE Confidential Sold	URS CENTRE \$21,275,000 Sold

"sharpening their pencils" to get the edge.

It is also encouraging to see a renewed level of interest from the development sector. Close of tender for Soho Square saw six well qualified bidders prepared to commit to a \$200m plus development. I am confident, given the opportunity, each of the six had both the financial and development ability to complete the deal.

This quarter has also seen the establishment of our leasing team, who with focus on the inner city are committed to building a strong reputation for delivering superior office space solutions. I trust you find value in the information contained in this quarterly report and I look forward to doing business with you in the near future.

Market 2011 Second Quarter Update - Return of Confidence

CBD Commercial (Q2)

The CBD office market has hit what can best be described as the bottom of the bathtub. Rents have stabilised, with promising evidence of improving tenant demand and office sales outperforming book values. For the first time since the fallout of the GFC in early 2008 we are beginning to see quality

office assets change hands above valuation, suggesting we are seeing a turning point where bullish buyers are pulling ahead of valuers relying on past transactional evidence. With future office supply pipelines dwindling and strong GDP growth forecasted for Auckland, we expect to see a quicker recovery in this market than originally anticipated.

	Prime	Secondary	Previous 6 mth trend
Vacancy	8.6%	16.5%	(Decreasing)
Rent	\$357.00	\$212.00	(Flat)
Yield	8.87%	10.13%	(Flat/Firming)
Incentives	15.8 mths	15.7 mths	(Decreasing)

Auckland Industrial (Q2)

Following the first decline in vacancy rates since 2006, the Auckland industrial market is down the path towards sustained recovery. A corresponding increase in land values, and rent for both the prime and secondary markets has heralded a return, albeit only marginally to improving capital values. Underscoring the emphasis on quality, prime industrial yields moved downwards

by 24 basis points over the past 6 months. A driver behind the industrial market's performance has been the region's lack of speculative development and static supply of land, which is eroded every year as the city moves closer to it's MUL. We anticipate these constraints will underpin Auckland industrial as a standout performer against the wider NZ market.

	Prime	Secondary	Previous 6 mth trend
Vacancy	2.7%	5.5%	(Decreasing)
Rent	\$109.6	\$68.6	(Increasing)
Yield	8.17%	10.13%	(Firming)
Land Value	\$450	\$200	(Increasing)

CBD Prime Retail (Q2)

Despite declining projectories for the retail market across Auckland, the CBD continues to split away from the pack recording stable rental rates and yields, as other sub markets record easing rent rolls and capital

depreciation. As a physically constrained precinct, we anticipate the CBD will continue its strong performance over the course of the year buoyed by the RWC, improving trade figures, and limited new supply.

	Average	High	Low	Previous 6 mth trend
Rent	\$2,400	\$3,250	\$1,700	(Flat)
Yield	6.65%	5.50%	7.50%	(Flat)

*SOURCE: Statistical data in this publication has been sourced and summarised from CB Richard Ellis research and is intended for general guidance only. No responsibility is accepted by CB Richard Ellis or Whillans Realty Group Ltd. for any omissions or errors contained within this report.

Auckland back on radar for Australian Investors



Analyst - Brendan Keenan
BCOM/BPROP

From an Australian perspective New Zealand has entered a unique phase in its commercial property cycle. Having hit the bottom of a three year easing period, the country and

Auckland in particular, are beginning to represent seriously good buying to our trans-tasman counterparts. While the net foreign inflow of capital from Australia remains negative following a drawn out deleveraging of Australian property funds, we have started to see the first anecdotal signs of a turnaround in this outflow.

Over the past 6 months we have fielded interest from high net worth private

investors, syndicates and even wholesale property funds looking to take advantage of their strong buying power. On the back of this enquiry we placed several properties into mainstream Australian press to gauge interest in Auckland. Response was overwhelming, picking up over 30 new buyers with an investment mandate over \$5mAUD.

With the Australian Dollar currently 25 cents stronger than the Kiwi and the spread between 90 day bank bill rates in both countries widening to 230 basis points, the cost of acquiring commercial property in New Zealand is becoming very attractive for these groups.

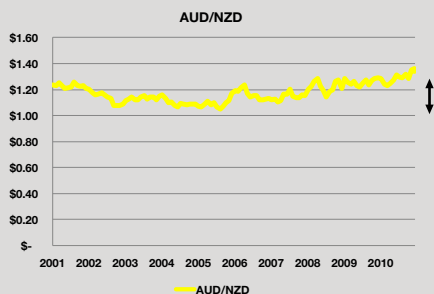
Auckland is a standout performer against the wider NZ market, with population growth rates on par with Australia's

capital cities, a key driver to growth in any property market.

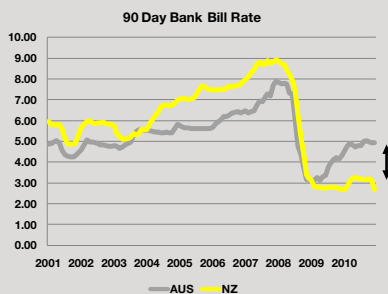
In addition to having a weaker currency and lower interest rates, our property cycle remains 9-12 months behind that of Australia's capital cities allowing buyers to enter the market while prices remain at their lowest.

We anticipate that if the current market conditions persist over the medium term we will start seeing a net inflow of Australian funds by the 1st half of 2012. With the largest network of offices in Australia, we would be pleased to discuss placing your property within this buyer pool.

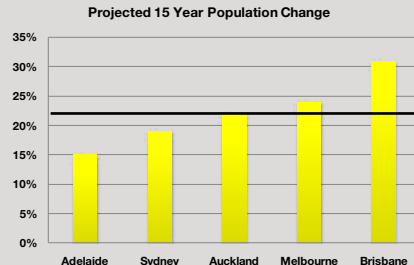
FX Arbitrage With Australia



Lower Cost of Borrowing



Similar Growth Profile



Soho Square Sold by Tender



Following 12 months pursuing a possible joint venture, receivers Grant Thornton approached Ray White Commercial seeking a process to produce a result for the American first mortgagee Fortress.

Having been widely promoted, we knew that all the buyers in a position to transact were already aware of the opportunity. The challenge was creating competitive tension for a \$200m+ development commitment, which had been on the market for over a year.

By running a tightly controlled off market invitation only campaign, we were able to bring 6 well qualified parties to the table, including several unconditional bids.

This resulted in the property being sold to Progressive Enterprises, one of New Zealand's most prolific developers for an undisclosed amount. A vote of confidence for the Auckland property market.

Soho Square Campaign Analysis

Address:	Soho Square
Campaign Type:	5 week off-market tender
Marketing Cost:	Nil
Tenders Received:	6 tenders
Campaign Tools:	Information Memorandum Due Diligence Website Contracts Supplied