

ANNUAL COST ANALYSIS

200645 Office Building

New construction

Oslo

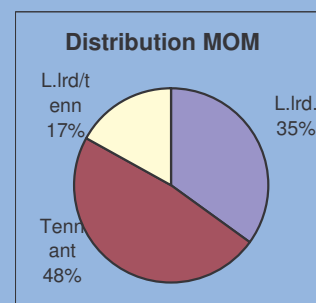
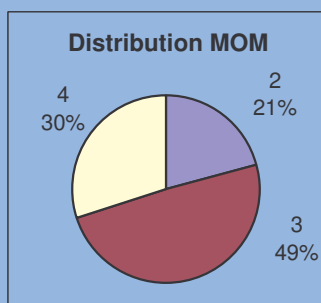
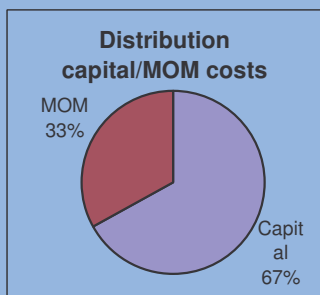
Information and assumptions

Tenant	Sample department	Calc. rate of return	6,3 %
Use of premises	Offices	Baseline € date	15- jul- 2006
Number of employees	320	Functional lifetime	60 years
Gross area	9.500 m2	Budget parameters	€ 17,10 mn
Value building		Value site	€ 1,21 mn

Illustration



Annual costs	Annual costs with baseline € value			15- jul- 2006
	Landlord's resp. and cost	Tenant's resp. and cost	Landlord's resp. - tenant's cost	Total annual cost
1 Capital cost	€ 1.222.239 € 128,66/m2			€ 1.222.239 € 128,66/m2
2 Management cost	€ 98.726 € 10,39/m2		€ 28.299 € 2,98/m2	€ 127.025 € 13,37/m2
3 Operating cost	€ 5.490 € 0,58/m2	€ 243.247 € 25,60/m2	€ 49.410 € 5,20/m2	€ 298.147 € 31,38/m2
4 Maintenance cost	€ 107.973 € 11,37/m2	€ 49.008 € 5,16/m2	€ 25.054 € 2,64/m2	€ 182.034 € 19,16/m2
Sum annual costs	€ 1.434.428	€ 292.255	€ 102.762	€ 1.829.445
per square metre	€ 150,99/m2	€ 30,76/m2	€ 10,82/m2	€ 192,57/m2
per employee	€ 4.483	€ 913	€ 321	€ 5.717



Calculated by:
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This model facilitates comparison of capital costs and annual administration, operation and maintenance costs using elementary financial mathematics, then adds them together to yield the building's total annual cost. Figure 1 illustrates this principle.

Capital costs (investment costs) are only part of the annual costs associated with owning, operating and maintaining a building. MOM costs comprise 35-50% of the total annual costs of the buildings, meaning they have a significant impact on rents. As a result, calculating correct MOM costs is as important as calculating correct investment costs.

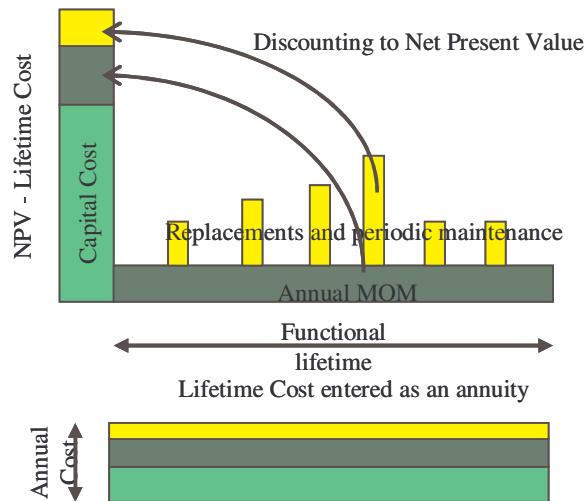


Figure 1 Annual Cost theory