



**CUSHMAN &
WAKEFIELD**

BUSINESS SENSITIVE AND CONFIDENTIAL

Viability Assessment:

**Hartwell Garage, Newbridge
Road, Bath, BA1 2PP**

(Planning Ref:19/01854/OUT)

Final report

ON BEHALF OF BATH & NORTH EAST SOMERSET COUNCIL

17th January 2020

Contract Ref No: 1918AR00



Contents

1. INTRODUCTION	3
2. THE SITE & DEVELOPMENT OVERVIEW	6
3. CRITIQUE OF THE APPLICANT'S FVA	9
4. C&W VIABILITY ASSESSMENT	16
APPENDIX 1 – G&T COST REVIEW REPORT	18
APPENDIX 2 - C&W BASELINE APPRAISAL CALCULATIONS 40%	19
APPENDIX 3 - C&W VIABLE APPRAISAL CALCULATIONS 19%	20

1. INTRODUCTION

1.1 SCOPE & PURPOSE

This report has been prepared by Cushman & Wakefield (“C&W”) in response to instructions from Bath & North East Somerset Council (“the Council”) to provide development viability advice relating to Hartwell Garage, Newbridge Road, Bath, BA1 2PP (“the Site”).

The Site is owned by Oakhill Group Ltd (“the Applicant”) and extends to c. 3.67 acres. The Site previously accommodated a car dealership with the main building incorporating showroom and workshop space, and a separate body shop repair building.

The Applicant has submitted an outline application (ref: 19/01854/OUT), which proposes the demolition of the existing buildings and construction of replacement buildings comprising 104 residential units, 186 student bedrooms, and a commercial unit. All matters are reserved except for layout and access.

In conjunction with the application, the Applicant has appointed CBRE to submit a Financial Viability Assessment (“FVA”) in respect of the proposed development. The Applicant’s FVA states that the proposed development is unable to support the provision of a policy compliant level of Affordable Housing (40%), and remains marginally un-viable with the provision of 10% Affordable Housing (based on an assumed Affordable tenure of Affordable Rented Units).

In response to the Applicant’s above contention, the Council, in its capacity as Local Planning Authority, has appointed C&W as an independent consultant to provide specialist advice in respect of the financial viability of the Site, and to obtain an independent opinion on scheme viability and the levels of planning obligations which the Site can support (i.e. in terms of Affordable Housing plus other S106 / financial contributions).

This report outlines the approach taken by C&W in reviewing the Applicant’s viability appraisals and details C&W’s conclusions and recommendations in respect of scheme viability.

1.2 VIABILITY IN PLANNING

Before going into the detail of viability relating specifically to the proposed scheme, it is imperative to provide context on the issue of viability in planning more generally, and to review the nature of (and inter-relationships between) the stakeholders involved in the development process. A comprehensive understanding of these issues is a pre-requisite to the issue of development viability.

National Planning Policy

In March 2012 the Government published the National Planning Policy Framework (NPPF) which replaced all National Planning Policy Statements and Guidance Notes (with the exception of waste policies). The NPPF sets out the Government’s economic, environmental and social planning policies for England and articulates their vision of ‘sustainable development’.

A key principle of the NPPF is the presumption in favour of sustainable development, which requires Local Planning Authorities to plan positively for new development and approve all individual proposals wherever possible.

On 24th July 2018 the Ministry of Housing, Communities and Local Government published the first revision of the NPPF since 2012. It implements around 85 reforms announced previously through the

Housing White Paper, the planning for the right homes in the right places consultation and the draft revised NPPF consultation.

Updated Guidance Surrounding Viability

The recent updated Planning Practice Guidance on viability sits alongside the revised National Planning Policy Framework (NPPF 2018), which was published July 2018. The updated guidance advocates use of viability assessments at the plan-making, rather than the decision-taking, stage. An Existing Use Value (EUV) plus premium approach is required which categorically excludes the price paid for the land being used in viability assessments. The guidance also seeks to standardise the inputs into viability assessments.

The key message from the revised guidance is clear – a uniform approach should be taken to viability and under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. With the PPG, and the Parkhurst decision, local authorities will be proceeding with some considerable comfort in requiring that developers ensure (and show) that policy compliant costs are factored into the site acquisition costs. However, there are still a number of factors that will no doubt play out at planning appeals and in the courts, such as the approach to the developer's profit return and landowner premiums.

The courts have considered the issue of whether viability assessments should be confidential and increasingly the move has been toward demanding openness. The PPG covers this issue and provides that 'any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances'. It is not clear what those exceptional circumstances might be. The PPG refers to 'commercially sensitive information' and certainly previous attempts at non-disclosure included arguments that to reveal information in an assessment would result in developer competitors seeing the developer's development model which maybe a trade secret. It is questionable whether this would now be accepted as 'exceptional' and, therefore, a valid reason to withhold information.

Five key changes surrounding viability, introduced by the new PPG and NPPF updates, include:

- The NPPF sets out a plan-based approach to viability. Councils are advised to set out realistic expectations for affordable housing and infrastructure contributions from developers. Site promoters are advised to engage in viability discussions at the plan-making stage.
- Applicants must demonstrate whether a further viability assessment is justified at the application stage. This could include cases where further information on infrastructure or site costs is required or where significant economic changes have taken place since a plan was adopted.
- Viability assessments should be prepared on the basis that they will be made publicly available other than in "exceptional circumstances". In cases where exemptions are granted, an executive summary should still be made public.
- Land values used to inform viability assessments should be calculated using a site's Existing Use Value plus a premium for the landowner. Plan-makers, landowners, developers, infrastructure and affordable housing providers are invited to engage in this process.
- Councils can set out the circumstances in which viability review mechanisms may be appropriate in their Local Plans. Agreed via section 106 agreements, these "clawback clauses" allow viability to be re-assessed at points following planning permission, with Councils' able to secure greater levels of affordable housing if market conditions improve.

Local Planning Policy

Relevant to this report is Policy CP9 of the Council's adopted Core Strategy (adopted July 2014), which sets the Affordable Housing target for the authority area. C&W notes that the Site falls within the areas identified within Policy CP9 for 40% Affordable Housing provision (comprising 75% Social Rented / 25% Intermediate Sale).

RICS Financial Viability in Planning 1st Edition 2012

The *RICS Financial Viability in Planning 1st Edition 2012 Guidance Note* (RICS Viability GN) sets out best practice for practitioners involved in undertaking viability appraisal work. At section 2.1.2 it provides a RICS definition of 'financial viability' for the purposes of planning decisions:

“An objective financial viability test of the ability of a development project to meet its costs, including the cost of planning obligations, whilst ensuring an appropriate site value for the landowner and a market risk-adjusted return to the developer in delivering that project.”

1.3 REPORT LIMITATIONS

This report does not constitute a formal valuation of the Site, and thus any values given herein are exempt from the RICS Valuation – Global Standards 2017 (the “Red Book”).

C&W reserves the right to update, amend or vary our advice should the content of this report be disputed and / or the matter progresses to a planning Appeal, Hearing or Inquiry. Furthermore, it is important that unless otherwise agreed by C&W the contents of this report remain **Business Sensitive & Confidential**, and are for the sole use of the Council only. In the event that the Council wishes to share this document with either the Applicant or the Agent, prior approval from C&W should be sought.

2. THE SITE & DEVELOPMENT OVERVIEW

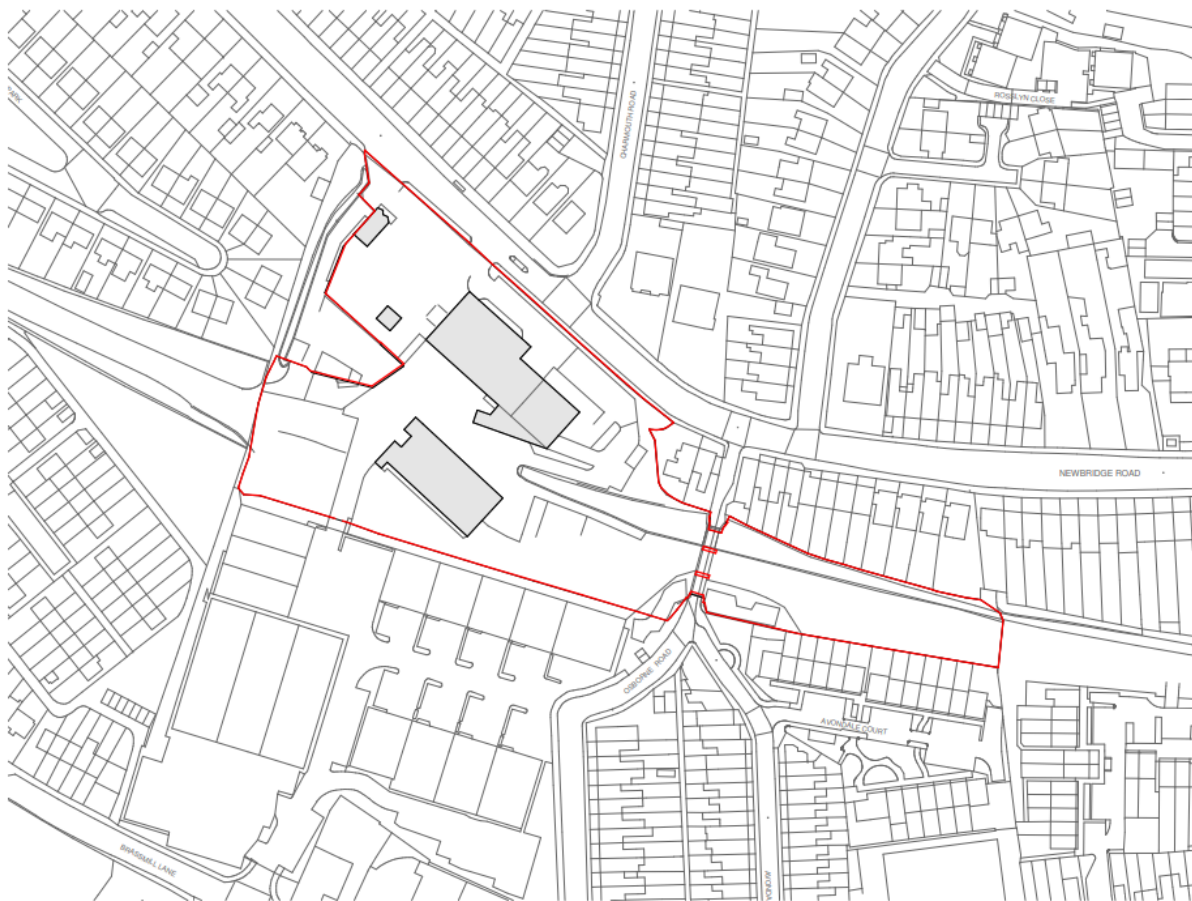
2.1 SITE LOCATION & DESCRIPTION

The Site is located in Newbridge, an area c. 1.8 miles to the west of Bath City Centre. The Site has an area of 3.67 acres and comprises previously developed brownfield land.

The Site previously accommodated a car dealership with the main building incorporating showroom and workshop space, and a separate body shop repair building. Historic uses on the Site include a quarry and railway line. To the north of the Site is a predominantly residential area along Newbridge Road. This residential character continues down Osborne Road to the east of the site. To the south of the Site sits a more industrial area along Brassmill Lane.

The site has a sloping topography, with 6.7m level change sloping downwards from the north-east to the south-west of the Site. The Site is located in a low risk flood area (Flood Zone 1).

We have obtained a Red Line plan and understand the Site extends to a gross area of 3.67 acres (1.49 ha).



Redline for indicative purposes only.

The Site comprises an area of commercial / industrial land, some of which is underused and semi derelict to the south of the Newbridge Road frontage. The former car showroom building is two-storeys in height fronting onto Newbridge Road and sits to the north of a two-storey building previously used as workshops located at the lower level.

The Site does not contain any Listed structures and there are no trees subject to a Tree Preservation Order (TPO) within the demise of the property. The Site sits directly to the west of Bath's Central

Conservation Area and a small area of the Site (proposed as car parking) to the west of Osborne Road, sits within this designated area. There are twin high-pressure large diameter sewers located to the south which have a significant protection easement, resulting in a total sewer protection area with a width of 15m, running along the Site’s southern boundary east to west adjacent to the former railway line.

The Applicant has provided the below accommodation schedule for the existing accommodation, which totals 54,674 sq ft (GIA).

Area	GIA (Sq M)	GIA (Sq Ft)
Showroom Office & Ancillary	778	8,369
First Floor Offices	425	4,576
Workshop and Parts	1,415	15,227
Canopy Display	270	2,911
Basement Stores	1,498	16,127
Body Shop	693	7,464
Total	5,079	54,674

2.2 PROPOSED DEVELOPMENT

The Applicant has applied for Outline Permission with all matters reserved except for access and layout comprising the demolition of the existing buildings on the site; construction of replacement buildings ranging in height from 3 to 5 storeys providing a mixed use development comprising up to 104 residential units (Class C3 Use), up to 186 student bedrooms (Sui Generis Use), and a commercial retail unit (flexible A1/A3 Use); formation of new vehicular access from Newbridge Road, construction of new access ramp, and provision of vehicle parking spaces; provision of new shared bicycle and pedestrian sustainable transport route through the site and formation of new access and linkages on the eastern and western boundary; provision of hard and soft landscaping scheme across entire site.

The proposed scheme will provide five blocks of residential and student accommodation (incorporating one retail unit) ranging from three to five storeys in height. The student blocks will provide a combination of studios and cluster flat accommodation. The residential blocks will provide 1 and 2 bed apartments.

The existing access from Newbridge Road will be retained and a new access provided at the eastern edge of the Site’s northern boundary fronting Newbridge Road, providing access for residential parking. A further access at the south-west corner of the Site will provide access for servicing, deliveries and car parking. There will be 117 car parking spaces provided across the Site.

The Applicant has provided an accommodation schedule showing the NIA’s and GIA’s for the Student and Residential blocks. We set out a summary of accommodation proposed in the tables below:

Residential

Type	No. of Units	GIA per Unit (Sq Ft)	Total GIA (Sq Ft)	NIA per Unit (Sq Ft)	Total NIA (Sq Ft)
1B1P	24	490	11,748	334	8,008
1B2P	40	790	31,581	538	21,528
2B3P	5	963	4,816	657	3,283
2B4P	35	1,105	38,688	754	26,372
Total	104		86,833		59,191

The above accommodation schedule reflects a gross to net area ratio for the residential element of the scheme of c. 68%. C&W note that the gross to net ratio stated appears low by industry standards. C&W’s experience of similar schemes in the area, we would normally expect to see gross to net area ratios across a range of 75% - 85%.

Student

Type	No. of Units	GIA per Unit (Sq Ft)	Total GIA (Sq Ft)	NIA per Unit (Sq Ft)	Total NIA (Sq Ft)
Studio	29	453	13,125	215	6,243
En-suite	157	308	48,348	151	23,659
Total	186		61,473		29,902

The above accommodation schedule reflects a gross to net area ratio for the student element of the scheme of c. 48% (bedrooms only). C&W note that the gross to net ratio stated appears low by industry standards. C&W’s experience of similar schemes in the area, we would normally expect to see gross to net area ratios across a range of 60% - 70% overall.

Commercial

Type	No. of Units	GIA (Sq Ft)
Retail Unit	1	1,593

The Applicant has also provided a proposed site plan, detailed below, which has been produced AWW architects (drawing no. 0110-P4 dated 18th March 2019).



3. CRITIQUE OF THE APPLICANT'S FVA

3.1 OVERVIEW OF APPLICANT'S APPRAISALS

In testing the viability of the proposed development, the Applicant has considered two Development Options for the Site, varying the mix of Affordable Housing.

The two options tested by the Applicant are as follows:

1. Baseline "Policy Compliant" 40% Affordable Housing residual based scenario comprising 100% Affordable Rented (AR) units let at 60% of Market Rent (noting AR dwellings are not compliant in tenure terms).
2. Sensitivity Tested 10% Affordable Housing fixed land value based scenario comprising 100% Affordable Rented units let at 80% of Market Rent.

The results of the Applicant's viability testing based on the above scenarios are summarised within the table below:

Affordable Provision	GDV	Land Value	Total Cost	Profit	Profit on Cost
40% Policy	£39.25M	- £1.69M (Negative Land Value)	£16.10M	£5.21M	15.31%
10% Policy	£43.03M	£2.5M (Fixed Land Value)	£38.45	£4.84M	11.91%

For the purpose of assessing the Applicant's viability assessment, C&W have reviewed the Applicant's "policy compliant" proposal (40% Affordable Housing) – a summary is set out below:

APPRAISAL INPUT	
REVENUES	
Residential Market	£13.55M
Residential Affordable	£6.39M
Student	£19.01M
Retail (A1/A3)	£299K
Total Revenue	£39.25M
COSTS	
Acquisition Costs	Nil
Construction Costs	£27.35M
Enabling/External Works	£2.66M
Contingency	£821K
CIL/S106	£1.58M
Professional Fees	£2.23M
Marketing / Sales / Legal	Nil
Finance Costs	£1.09M
Total Costs	£35.72M
Profit	£5.21M
Residual Land Value	- £1.69M
Benchmark Land Value	£2.50M
Viability "Surplus" / "Deficit"	-£4.19M

We have been provided with copies of the Applicant's 'live' appraisals. C&W have performed a shadow appraisal using Argus Developer software which has produced a land value of - £1.65M, broadly in line with the Applicant's residual land value.

In the following sub-sections, we review the inputs / assumptions adopted by the Applicant and provide an independent 'C&W View' in relation to the reasonableness of each assumption.

3.2 DEVELOPMENT PROGRAMME

The Applicant has assumed an 18-month construction period. The income from the investment sale of the student element of the scheme has been assumed at practical completion. The Applicant has also assumed income generated by the investment value of the residential units upon practical completion reflecting a scenario whereby they retain the investment as an income producing asset.

C&W consider the Applicant's assumptions are reasonable for a development of this nature in this location.

3.3 GROSS DEVELOPMENT VALUE

Residential Element

The Applicant has proposed a Build to Rent (BTR) model for the residential element of the scheme and have set out their financial modelling on the basis that they will hold the interest in the residential blocks as an investment. The Gross Development Value (GDV) of the residential units is calculated by applying rental values to each type of unit and then capitalising the projected 'net' annual rental income at a Net Initial Yield (NIY) of 4.25%, based on the net income receivable after deducting operational costs. The Applicant has provided assumptions for letting and management costs at 15% of the gross rental income.

The Applicant has assumed that all of the units will be let on Assured Shorthold Tenancy (AST) agreements for a rolling period of 12 months. No void period has been assumed and the Applicant's cash flow assumes full rental income from the point of practical completion.

The Applicant has provided limited comparable market rental evidence, that has not been analysed in relation to the subject scheme, to support their assumptions. The evidence put forward consists of the lettings of existing second-hand flats (not PRS schemes) – the evidence provided by the Applicant is not of the same product type or quality as proposed at the subject scheme.

C&W have therefore considered a number of comparable new-build BTR developments in Bath, to help assess the appropriate GDV for this element of the scheme.

Roseberry Place, Bath, BA2 3GU



Roseberry Place, a scheme developed by Deeley Freed, and funded by L&G, is located 1.2 miles to the south east of the subject scheme, in a comparably better riverside location.

Roseberry Place is an example of a prime PRS scheme in the city centre which provides clear and direct evidence on the level of premium which can be secured for this form of high-quality development in the city. The principle market for private rentals have been via the student market as well as a smaller percentage of young professional tenants.

In C&W's opinion, to account for the situation of the Site, a discount to the overall pricing achieved at Roseberry Place is appropriate (on an overall blended basis).

Roseberry Place has achieved close to 100% occupancy, with flats being let / re-let within one-week of becoming available on the market. Values achieved are as follows:

1 Beds – £1,100 – £1,500 pcm

2 Beds - £1,675 - £2,100 pcm

Leopold House, Percy Terrace, Bath, BA2 3GE



Leopold House, part of the Bath Riverside development (Crest Nicholson), is located c. 1.4 miles to the south-east of the Site in the area has been significantly regenerated in the past 2 years and provides an attractive riverside environment.

The location of this comparable is again considered superior to the subject Site and we would anticipate the proposed scheme to achieve values below those at Leopold House. The pricing achieved at Leopold House is as follows:

1 Beds – £900 - £1,000 pcm

2 Beds - £1,450 - £1,900 pcm

C&W have reviewed the above schemes and consider Roseberry Place to be the best comparable new build PRS scheme in the City, having discussed rental transactions with agents at Spring wharf and Carter Jonas who have led the lettings at Roseberry Place.

Having considered the location and characteristics of the subject Site relative to this the available comparable schemes, C&W consider that a discount of c.17.5% - 20% (to those achieved at Roseberry Place) is appropriate. C&W's analysis is therefore set out below.

Flat Type	Values Achieved at Roseberry Place £PCM	Roseberry Place (Mid-Point) £ PCM	C&W Discount Factor (@20%)	C&W View of Market Rent for Subject Scheme PCM
1B1P	£1,100 - £1,250	£1,175	20%	£940
1B2P	£1,300 - £1,500	£1,400	20%	£1,120
2B3P	£1,695 - £1,800	£1,747.50	20%	£1,400
2B4P	£1,900 - £2,100	£2,000	20%	£1,600

The Applicant has calculated the net rental income for the scheme by assuming that all the flats will be let out on 12 month Assured Shorthold Tenancy agreements and that the full rental income for the scheme will be receivable upon practical completion. These assumptions appear broadly reasonable.

However, the Applicant has deducted 15% of the Gross Rental Value to account for irrecoverable letting and management costs. Based on C&W's recent experience of the BTR / PRS sector, this assumption would appear incorrect. Based on a scheme of this type and nature, a figure of c. 25% is likely to be more appropriate in this instance, which will have a greater impact on the 'net' rental income received. C&W have therefore deducted 25% in the Gross to Net rental income assumption.

The Applicant has capitalised the 'net' rental income at a rate of 4.25%, which C&W considered to be reasonable. C&W have adopted the same capitalisation rate for the purposes of our appraisal assessment.

Affordable Housing

The Applicant has assumed Affordable Housing values at 60% of Market Rental values, as set out in the table above. C&W consider this assumption as reasonable as it accords with the Council's policy requirements as set out in the Planning Obligations SPD (2019).

Student Element

The Applicant has set out an investment approach to calculating the GDV for the student element of the scheme. They have then input the capital value generated via an investment sale assumed at practical completion based on a direct pre-let agreed in advance, with no allowance for a void period, incentives or agency fees.

The Applicant has made the following assumptions to reinforce their values:

Input	Applicant Assumption
Ensuite Rental Values	£170 per week
Studio Rental Values	£220 per week
Rental Term	44 weeks per annum
Occupancy	97%
Net Income	£1,065,365 per annum
NIY	5.25%
Management Costs	£1,800 per bed
GDV	£19,010,000

The Applicant has provided comparable market evidence to support their assumptions. C&W consider the Applicant's approach and assumptions as being reasonable for a scheme of this type and location of the city. C&W have therefore adopted the Applicant's values for the purposes of our own appraisals.

Commercial Element

The Applicant has assumed a rental value for the retail element of £15 per sq ft, which they have capitalised at a NIY of 8%. The Applicant has not provided any comparable market rental evidence to support their assumptions. However, given this relates to only a small proportion of the scheme the inputs adopted by the applicant for the commercial unit are considered reasonable.

3.4 DEVELOPMENT COSTS

Acquisition Costs

The Applicant's appraisal reflects Stamp Duty Land Tax (SDLT) at the Standard UK commercial rate, Agent's Fees at 1.00% and Legal fees at 0.50%. C&W are comfortable with the Applicant's assumptions.

Base Construction Costs

The Applicant has provided a cost estimate prepared by Curry and Brown Consultants, dated April 2019. The below table summarises the assumed base build costs for each element:

Item	GIA Sq Ft	Rate / Sq Ft	Total £
Residential – OM	47,751	£192.45	£9,189,733
Residential – AR	39,082	£192.45	£7,521,295
Student – Studio	13,125	£173.15	£2,272,573
Student – Cluster Beds	48,348	£173.15	£8,371,381
Total	148,306		£27,354,981

The cost information supplied by the Applicant has been reviewed by Gardner & Theobald (G&T), on behalf of the Council as a sub-consultant to C&W (report included at Appendix 1).

Having reviewed the information provided by the Applicant, G&T are of the opinion that the costs appear to be within reasonable parameters when compared to the level of costs established from benchmarking against similar schemes. Therefore, C&W have adopted the costs set out within the Curry & Brown report for the purposes of our own appraisals.

Other Construction Costs

The Applicant has provided the following summary of additional build costs for External and Enabling works which have been taken from the Curry and Brown cost estimate report:

Cost Item	Applicant Assumption (Curry and Brown report)
Enabling Works	
Demolition	£292,470
Site Works	£103,583
Drainage	£9,780
External Services	£16,500
Preliminaries	£63,350

Main Contractors OHP (6%)	£29,141
Construction Contingency (2%)	£10,296
Sub-total	£525,120
External Works	
Site Works	£1,035,744
Drainage	£346,012
External Services	£331,760
Preliminaries	£257,027
Main Contractors OHP (6%)	£118,233
Construction Contingency (2%)	£41,776
Sub-total	£2,130,552

The above cost schedule has also been reviewed by G&T (Appendix 1). Again, G&T are of the opinion that the costs contained in the Currie & Brown assessment appear to be within reasonable parameters when compared benchmarking against similar schemes. Therefore, C&W have adopted the costs set out within the Curry & Brown report for the purposes of our own appraisals.

Professional Fees

The Applicant has stated their assumption of professional fees at 8% of base construction and enabling works costs (£2,230,408). C&W consider this assumption to be reasonable.

Contingency

The Applicant has assumed a contingency of 3%. C&W consider this assumption to be reasonable.

Community Infrastructure Levy (CIL)

The Applicant has stated the CIL Liability to be £1.20M in the report and has applied this in the appraisal, they have split the CIL payment into three equal instalments of £111,487, which are incurred at the commencement of the project, at month 13 and lastly at practical completion. We are aware that the CIL charging schedule for Bath, sits at £100 per sq m for residential development and £200 per sq m for student development. The stated figure is in line with the CIL requirements of the Council, and therefore we consider these assumptions to be reasonable.

Section 106 Contribution

The Applicant has allowed for the following S106 items within their figures:

Cost Item	Applicant Assumption (£)
Bus Shelter Contribution	£20,000
Car Club Contribution	£28,800
Cycle Route Contribution	£285,000
Allotment Contribution	£25,628
Education Contribution	£20,408
Total	£379,836

It is recommended that the Council review and confirm the reasonableness of the above assumptions.

Finance Rate

Finance has been applied at 5.5%, inclusive of arrangement, monitoring and exit fees. This approach is considered reasonable.

Development Profit

The Applicant has assumed a developer's profit of 15% on Cost. C&W consider this to be a reasonable assumption and have adopted for the purposes of our assessment.

3.5 BENCHMARK LAND VALUE

The Applicant has provided a Benchmark Land Value (BLV) of £681K per gross acre against which the viability of the scheme has been tested. The Applicant's BLV is based on an undated Collier's valuation report produced for accounts purposes. We have been provided with a copy of the report which sets out the valuation methodology which has been used to arrive at the Fair Value for the property in its current use of £2.5M.

The recently updated Planning Practice Guidance (PPG) regarding viability, published in May 2019 provides an updated approach on assessing Benchmark Land Value (BLV) states that;

"To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements."

When assessing BLV, the updated PPG goes on to state that;

"EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development). Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence"

Having considered the Applicant's comparable information and having discussed the Site with our specialist Industrial Agency and Valuation Teams, C&W consider the Applicant's assumption of BLV to be reasonable and have therefore adopted £2.5M as an appropriate BLV for the purposes of our viability calculations.

4. C&W VIABILITY ASSESSMENT

4.1 KEY APPRAISAL INPUTS

C&W have undertaken a review of the Applicant's appraisals, as detailed above, and whilst the majority of inputs appear reasonable, there one key area where our view differs from that of the Applicant, which is detailed in the table below:

	APPLICANT'S ASSUMPTION	C&W'S VIEW
Gross Residential Rent Per Annum	£1.08M per annum	£1.29M per annum
Gross Residential Investment Value	£19.94M	£22.85M

4.2 C&W APPRAISAL ANALYSIS

C&W have prepared two independent viability appraisals (included at Appendix 2 & 3) based on the assumptions set out in section 3 of this report; a "policy compliant" appraisal and a "viable" appraisal. summary table of the Applicants "policy compliant" appraisal against C&W's "policy compliant" and "viable" appraisals are set out below:

APPRAISAL INPUT	Applicant 40%	C&W 40%	C&W 19%
REVENUES			
Residential Market	£13.55M	£15.72M	£22.06M
Residential Affordable	£6.39M	£7.13M	£3.33M
Student	£19.01M	£19.01M	£19.01M
Retail (A1/A3)	£299K	£299K	£299K
Total Revenue	£39.25M	£42.16M	£44.69M
COSTS			
Acquisition Costs	Nil	£29K	£158K
Construction Costs	£27.35M	£27.36M	£27.36M
Enabling/External Works	£2.66M	£2.66M	£2.66M
Contingency	£821K	£821K	£821K
CIL/S106	£1.58M	£1.58M	£1.58M
Professional Fees	£2.23M	£2.23M	£2.23M
Finance Costs	£1.09M	£1.42M	£1.58M
Total Costs	£35.72M	£36.08M	£36.38M

<i>Profit</i>	£5.21M	£5.50M	£5.83M
Residual Land Value	- £1.69M	+ £579K	+ £2.49M
<i>Benchmark Land Value</i>	£2.50M	£2.50M	£2.50M
Viability “Surplus” / “Deficit”	-£4.19M	-£1.92M	-£10K

4.3 C&W CONCLUSION

C&W have undertaken a comprehensive review of the Applicant’s viability assessment and consider the majority of Applicant’s assumptions to be reasonable.

However, the one element of the Applicant’s appraisal which appears to be understated, relates to the value of the residential accommodation (i.e. rental value of the developed PRS units).

Adopting C&W’s revenue assumptions, and other cost and value assumptions consistent with the Applicant, clearly indicates that a “policy compliant” scheme is not viable. As such, C&W has run some sensitivity analysis through adjusting the level of Affordable Housing, which indicates that the scheme becomes “viable” and “deliverable” at 19% Affordable Housing (Affordable Rented tenure @ 60% of Market Rent).

APPENDIX 1 – G&T COST REVIEW REPORT

**OAKHILL GROUP LTD – FORMER HARTWELL SITE,
NEWBRIDGE ROAD, BATH**
Review of Proposed Construction Costs

October 2019

CONTENTS

1. Cost Review	3
1.1. Information Provided	3
1.2. Estimated Costs.....	4
1.3. Key Observations	5
1.4. Summary.....	12

APPENDICES

APPENDIX A Summary of Comparative Estimated Costs

APPENDIX B G&T comparable preliminary indication of cost

APPENDIX C Currie & Brown Preliminary Order of Cost nr 1b (Viability Appendix C)

COST REVIEW

Cost Estimate

1.1. Summary Information Provided

- Viability Report – Oakhill Group, Newbridge Road Bath – prepared by CBRE Commercial:
 - Viability Report dated 18th April 2019
 - Including – Appendix C – 203913 Indication of Cost 1b – prepared by Currie & Brown – 2nd April 2019.
- The overall construction costs indicated within the Viability report are;

	Total	% of Total
Construction Cost	29,422,211	95.2
Project Fees	Excluded	0
Risks	588,445	1.9
Inflation	900,320	2.9
Total	30,910,976	

- Drawings – the following drawings have been provided;

1	Site Location Plan	AWW A DWG-NEW	100	P3
2	Proposed Site plan	AWW A DWG-NEW	110	P4
3	Existing Site plan	AWW A DWG-NEW	150	P3
4	Proposed Floor Plan (Lower GF)	AWW A DWG-NEW	201	P2
5	Proposed Floor plan - 001	AWW A DWG-NEW	202	P2
6	Proposed Floor plan - Newbridge road	AWW A DWG-NEW	203	P2
7	Proposed Floor Plan 001	AWW A DWG-NEW	204	P2
8	Proposed Floor Plan 002	AWW A DWG-NEW	205	P2
9	Proposed Floor plan 003 (roof)	AWW A DWG-NEW	206	P2

- In addition, further information submitted within the planning application ref. 18/05623/OUT has been made available on the planning portal and has been considered within our review.

1.2. Estimated Costs

1.2.1 Construction Costs

- The Estimated Project Cost provide by Currie and Brown is broken down across four elements of the project;
 - Enabling Works
 - External Works
 - Residential Build (88,425 sq.ft)
 - Student Accommodation (61,537 sq.ft)
- The residential blocks are proposed to provide;
 - 104 nr units, made up as;
 - 64 nr 1 bed units
 - 40 nr 2 bed units
- Student Accommodation provides 186 nr units, generally in clusters of 4 to 9 beds, with 28 of the units noted as studio type.

	GIFA (as stated in C&B Indication of Cost / m2	Estimated Construction Cost Indicated by Currie & Brown	Cost per m2 (GIFA)
Residential	8,215 m2	£16,711,027	£2,034
Student	5,717 m2	£10,643,955	£1,861
Facilitating Works		£525,123	
External Works		£2,130,552	
Total	13,932 m2	£30,010,656	£2,154

- These costs are noted as being current at 1Q 2019, and include contractor's preliminaries costs (main contract) along with allowance for overhead and profit.
- The above costs exclude Design Team Fees, Risk and Inflationary allowances (as noted in section 1.1 above).
- Tender cost inflation has been identified within Currie & Brown estimate based upon works commencing 2Q 2020 and a base cost date of 1Q 2019. This provision has been applied at a rate of 3% per annum.
- It is assumed that all works will be procured as a single contract.

1.3. Key observations

1.3.1. Construction Costs

From the information provided we have compiled an estimate of anticipated construction cost, utilising a similar structure to that provided in the viability report.

In summary, our comparative estimated costs are as follows;

Oakhill Group - Newbridge Road									
PRELIMINARY INDICATION OF COST									
Sep-19									
				GIFA - TOTAL		13932 m2		149963 sq.ft.	
CONSTRUCTION COST SUMMARY									
CONSTRUCTION COST		Currie & Brown	Cost per sq.ft	G&T Comparative Estimate					
		App C	(GIFA)	Total (£)	Cost per sq.ft				
				(GIFA)					
A	Facilitating / Demolition Works	£ 525,123	£ 4	572,818	4			1.81	
B	Building Works - Residential	£ 16,711,027	£ 111	14,105,200	94			44.59	
C	Building Works - Student	£ 10,643,955	£ 71	8,409,700	56				
D	External Works	£ 2,130,552	£ 14	2,518,571	17			7.96	
Sub Total		30,010,656	200	25,606,290	171			54.36	
E	Main Contractor's preliminaries	13%	incl.	0	3,328,818	22			
Sub Total		30,010,656	200	28,935,108	193			62.32	
F	Main Contractor's Overheads and Profit	6%	incl.	0	1,736,106	12			
Building Works Total		30,010,656	200	30,671,214	205			96.95	
G	Risk Allowance								
<i>i</i>	Design Risk Allowance	0%	excl.	excl.	0	0			
<i>ii</i>	Construction Risk Allowance	2%	incl.	incl.	0	613,424	4		
Sub Total		30,010,656	200	31,284,638	209			98.89	
H	Inflation to anticipated date of tender (3Q 2019 to 2Q 2020) -1.5% p.a	1.5%			900,320	6	351,952	2	1.11
J	Inflation to construction (2Q20 to 4Q 2021) - 1.5% p.a	Excluded	excl.	excl.	0	0			0.00
Start on site for main works 4Q 2020 - Mid Point 4Q 2021									
Total Estimated Construction Cost		30,910,976	206	31,636,590	211			100	
ESTIMATED ROUNDED CONSTRUCTION COST		£ 30,910,000	206	31,600,000	211			100.00	

The above costs include Preliminaries and contractor's overhead and profit, and also identifies our proposed allowances for contingency, risk and inflation.

The estimate compiled has been based upon current benchmark schemes of a similar nature, within G&T and BCIS databases.

External works have been measured from the design drawings and rates applied in line with current projects and contracts in the South West.

Details of our estimated costs are included in appendix A.

Residential Development;

Whilst we have identified preliminaries and overhead and profit allowances separately within the table above and within our estimated costs, the equivalent overall cost for the residential blocks is £16.895m. This is 3% greater than the estimated costs compiled by Currie & Brown (£16.383m).

Our estimated costs are based upon 3Q 2019 cost levels which will account for the majority of the variance with those compiled by Currie & Brown.

Having reviewed the costs provided within the viability report, and compiled our comparative estimate, the following observations relate to specific elements within the cost plan;

GARDINER & THEOBALD LLP

Review of Construction Costs – Oakhill Group, Newbridge Road, Bath
October 2019

- Disposal of non-hazardous arisings from excavation. We note that the rate applied of £85 per m3 would be insufficient to provide for current levels of landfill tax, levied by HMRC. At this stage, we would suggest that rates should include for this provision (£91.35/t), pending procurement of suitable disposal measures. This matter also affects the student build, facilitating and external works sections.
- Steel frame – current market levels observed are in the region of £2,750 per tonne (including fixings, painting etc. This compares with £1,800 per tonne within the viability but as quantities are small (65t), the cost effect can be considered to be insignificant.
- Roof construction – we note that rates for flat roof and the insulated roof deck appear lower than market expectations / benchmark projects; however, this difference in cost is again considered insignificant.
- Other minor differences between the respective estimated costs are noted in reviewing roof, metal cladding, internal walls and balconies elements of the superstructure.
- Floor finishing allowances appear low for carpet and ceiling finishes in apartments.
- We also note that no specific allowances have been made for subcontract preliminaries costs within the estimate.
- Overall, the variance between the estimated construction costs within the viability estimate and our assessment is 3%.

Student Accommodation;

Whilst we have identified preliminaries and overhead and profit allowances separately within the table above and within our estimated costs, the equivalent overall cost for the student blocks is £10.073m. This compares with £10.435m before contingency within the viability estimate; a difference of 3%.

Comparable costs per student room are;

Viability Estimate	£56,100
G&T Estimate	£54,150

The majority of the difference between our estimates is attributable to;

- Mechanical and Electrical Services – comparative allowances are £443 and £368 per m2 respectively, which reflects a difference of £400,000 between estimates. Comparative allowances per room are;
- Viability £13,602
- G&T estimate £11,311

This difference, whilst reflecting 4% of the overall cost for the student blocks is only 1.3% of the total costs and can therefore be considered insignificant.

As noted above, non-hazardous disposal rates have been noted to be insufficient to reflect current landfill tax provisions.

Facilitating / Enabling Works;

These works include the following elements;

- Demolitions
- Site Clearance and removal of hardstandings
- Hoardings and haul routes etc.
- Removal of services and drainage

The viability estimated costs (C&B Appendix C) total £514,826 before contingency.

We have reviewed and estimated these works at a comparative cost of £686,121

The significant differences between our estimates are;

- Subcontract preliminaries costs – no allowance has been made within the viability estimate for this cost, which we would expect to be incurred as groundworks / demolitions proceed in advance of the main works and would be carried out by specialist contractors. We have therefore allowed a provision of 12% of net costs equating to £61,000 within our estimate.
- Disposal of tarmacadam – as noted above we have allowed for landfill tax applicable to non-hazardous disposal, and this accounts for a difference of £89,000 within this section of the Works.

External Works;

Comparative estimated costs, before contingency are;

Viability appendix C £2,088,776

G&T estimated costs £3,016,744.

Both of the above allow for main contract preliminaries and overhead and profit.

The variance between estimates is generally attributable to this element of the Works.

Having measured the works from the available information, and using market level rates and prices, the major elements of difference are;

- Subcontract preliminaries costs – as above, no allowance is made within the estimate in appendix C. The allowance within our estimate (12%) is £234,400.
- Preparation;
 - Disposal of non-hazardous material – allow for landfill tax - £237,000
 - Party wall to Hanson – the allowance of £4,500 for works to this wall appears to be low. Having visited the existing basement levels, it is evident that the Hartwell building frame is connected into this all and structural works may well be required to stabilize / secure the wall. Along with any allowance in this section

(we have suggested suggest £31,500), this matter reflects a significant project risk.

- Hard landscaping;
 - Rates applied to access roads and footways appear low and insufficient to provide a standard construction (450mm thick for the road for instance) – difference £57,000
 - Tie in to highway – an allowance of £500 has been made – this appears low.
 - Existing car park deck – no allowance is evident for any works to the existing deck surfacing / waterproofing. We would suggest that an allowance of £30 per m² (£34,000) should be included.

- Walls and Features;
 - No allowance is made for works to the existing quarry wall which whilst currently within the Hartwell structure, will be exposed following demolition. We have included a sum of £28,000 against the 80m length of this face.
 - Cycle stands – whilst 292 nr are noted on drawing 110-4, only 10 have been priced in the estimate –this variance equates to £56,000.

- Drainage;
 - Pipework – rates and prices appear low when compared to current groundworks projects. Overall difference between the estimates in reflection of this is £110,000.
 - Hydrobrake controls – the rate of £4,000 appears low compared to current similar schemes.

1.3.2. Preliminaries Costs and Contractors Overhead and Profit

Preliminaries costs and contractor's overhead and profit have been included in the viability report as follows;

Preliminaries;

- Generally 15%

Overhead & profit;

- Generally 6%

Similar schemes in around Bristol and Bath currently indicate preliminaries levels of around 13%, and we would expect this level to be reflected across the whole site, were the works to be delivered as a single contract as indicated. We have therefore applied a level of 13% to our estimated costs.

Overhead and profit – an allowance of 6% has been made which is slightly below those currently experienced on schemes of a similar value locally. Whilst we would estimate the preliminaries costs at a slightly lower level than the viability report, we have allowed a 6% provision of OH & P within our estimates (appendix A).

The overall effect of this comparison is;

	Viability	G&T Estimated Costs
Preliminaries	3,620,450	3,328,800
Overhead & profit	1,665,400	1,736,100
Total	£5,285,850	£5,064,900

Comparative allowances within our estimated costs are within 4% of those included in the viability report.

1.3.3. Project Fees

Professional Fees have not been included within the Estimated Construction Costs in Appendix C of the Viability report.

The appraisal summary does provide for Professional Fees at a stated level of 8% of construction cost.

The value included is £2,230,408, which represents 7.2% of the stated construction costs.

This level appears low when compared to similar residential projects.

We would generally anticipate a level of approximately 12%, which, based upon our estimate of construction costs would equate to approximately £4.1m.

Section 106 / CIL;

The viability report provides for a level of CIL / s.106 contributions of £1.575m.

In the absence of sight of the draft s.106 agreement we are unable to comment further upon the level of this provision.

1.3.4. Risk and Contingency

Within the viability estimate report (Appendix C), allowance is made for risk and contingency as follows;

- Design risk –Not Applied
- Construction risk – 2%

A further 3% has been applied by CBRE within the viability Appraisals (Appendix B)

In establishing our comparative estimate of cost, at the current early stage of design, we would ordinarily apply two elements of contingency;

- Design development risk – 5%
- Construction risks – 5%

These allowances are in line with industry norms at this stage which we would consider to reflect a level of design information to RIBA stage 2 or similar.

Were these levels of contingency to be applied to our estimated costs for the Oakhill scheme, this would equate to the following values;

- Design development - £1.53m
- Construction contingency - £1.53m

1.3.5. Inflation to Construction

- The costs provided are stated to be at 1Q 2019 level.
- Tender price inflation;
 - The viability report includes an allowance of 3% to account for the period 1Q 2019 to 2Q 2020.
 - This is generally in line with the majority of published industry norms and Tender Price Indices.
 - Experience through 2019 indicates a tender inflation level of approximately 1.5% as published in our quarterly TPI reports.
 - We have based our estimated costs on current market levels – 4Q 2019 and therefore allowed for 3 quarter's inflation at a rate of 1.5% to cover the period up to anticipated tender in 2Q 2020 as noted.
- Construction cost inflation;
 - Inflation from the date of tender to mid-point of construction has not been considered within the viability report.
 - The documents indicate a construction commencement in 4Q2020 (main works) and on the basis of a 24 month construction period, we estimate a mid-point of construction 4Q 2021.
 - Were this allowance to be made from 2Q 2020 to 4Q 2021 at a currently anticipated rate of 1.5% p.a, this would equate to £768,000 based upon our estimate of construction cost.

1.4. Summary

- The Indicative costs included within Appendix C of the Viability Report are **£30.910m**.
- The indicative construction costs for residential and student accommodation are generally in line with market expectations and benchmarked costs.
- These account for over 85% of the total scheme costs.
- Our comparative estimated cost including the above is **£31.6000m**. This is within **2%** of the viability report, when considered on a similar basis.
- Comparative construction costs, including similar risk and contingency allowances;
 - Viability report £30.910m
 - G&T estimated £31.600m
 - The above vary by £0.690m, equivalent to 2%.
- Having reviewed the scheme and compiled comparative estimates of cost, there are several elements which we would suggest are further considered / queried;
 1. Subcontract preliminaries costs - clarity that these costs are provided for should be sought.
 2. Landfill tax provision – we have included for landfill tax related to the disposal of non-hazardous materials as noted within the viability report. This is not clearly evident within the viability estimate and we would suggest that confirmation is sought that adequate provision is made for the proposed means of disposal.
 3. Design risk allowance – no allowance for this contingency is evident within the viability estimate and we have maintained a similar view when compiling comparative estimates.
 4. Construction risk allowance appears low when considered against industry norms, however, we understand that further contingency is provided for within the appraisal.
 5. No provision has been made within the estimated costs for Inflation during the anticipated construction period (post tender).
- There are several areas of difference within enabling and external works estimates; however, as noted in section 1.3.1 above. In isolation these do not significantly affect the total cost.
- Comparable estimates of construction cost, presented in line with the structure of the viability estimate and included at **Appendix A**.
- Further specific elements of the estimated costs which would benefit from further discussion are;
 - Professional Fees – architecture and project management (applied within Viability Appraisal rather than Construction Estimate.
 - Works required to the existing party wall with Hanson
Works necessary to the Northern quarry wall.

APPENDIX A

Summary of comparative estimated costs

GIFA - TOTAL

13932 m2
149963 sq.ft.

CONSTRUCTION COST SUMMARY

CONSTRUCTION COST

				G&T Comparative Estimate				
				Currie & Brown App C	Cost per sq.ft (GIFA)	Total (£)	Cost per sq.ft (GIFA)	%
A	Facilitating / Demolition Works			£ 525,123	£ 4	572,818	4	1.81
B	Building Works - Residential			£ 16,711,027	£ 111	14,105,200	94	44.59
C	Building Works - Student			£ 10,643,955	£ 71	8,409,700	56	
D	External Works			£ 2,130,552	£ 14	2,518,571	17	7.96
			Sub Total	30,010,656	200	25,606,290	171	54.36
E	Main Contractor's preliminaries		13%	incl.	0	3,328,818	22	
			Sub Total	30,010,656	200	28,935,108	193	62.32
F	Main Contractor's Overheads and Profit		6%	incl.	0	1,736,106	12	
			Building Works Total	30,010,656	200	30,671,214	205	96.95
G	Risk Allowance							
i	Design Risk Allowance		0%	excl.	excl.	0	0	
ii	Construction Risk Allowance		2%	incl.	0	613,424	4	
			Sub Total	30,010,656	200	31,284,638	209	98.89
H	Inflation to anticipated date of tender (3Q 2019 to 2Q 2020) - 1.5% p.a		1.5%	900,320	6	351,952	2	1.11
J	Inflation to construction (2Q20 to 4Q 2021) - 1.5% p.a		Excluded	excl.	0	0		0.00
	Start on site for main works 4Q 2020 - Mid Point 4Q 2021							
	Total Estimated Construction Cost			30,910,976	206	31,636,590	211	100
ESTIMATED ROUNDED CONSTRUCTION COST				£ 30,910,000	206	31,600,000	211	100.00

APPENDIX B

G&T Comparative Estimate of Cost

Oakhill Group
Newbridge Road Redevelopment - Review of Cost Plan

Client: Cushman & Wakefield

Date: September 2019

CONTENTS

- 1** Control Issue Sheet
- 2** Basis, Assumptions & Exclusions
- 3** Cost Summary
- 4** Cost Breakdown

CONTROL ISSUE SHEET

Revision	Status	Prepared By	Authorised By
		A Smith	
0	Preliminary		A Smith - Partner
1	Issued	A J Smith	A Smith - Partner

BASIS, ASSUMPTIONS & EXCLUSIONS

This Cost Estimate has been prepared using the following design information:

Please note that further information is referenced in Currie & Brown Cost Plan, but not provided for review (Hydrock, NPA and Hoare Lea)

Drawing Reference List (Architectural)			Rev
Architect: AWW			No.
1	Site Location Plan	AWW A DWG-NEW	100 P3
2	Proposed Site plan	AWW A DWG-NEW	110 P4
3	Existing Site plan	AWW A DWG-NEW	150 P3
4	Proposed Floor Plan (Lower GF)	AWW A DWG-NEW	201 P2
5	Proposed Floor plan - 001	AWW A DWG-NEW	202 P2
6	Proposed Floor plan - Newbridge road	AWW A DWG-NEW	203 P2
7	Proposed Floor Plan 001	AWW A DWG-NEW	204 P2
8	Proposed Floor Plan 002	AWW A DWG-NEW	205 P2
9	Proposed Floor plan 003 (roof)	AWW A DWG-NEW	206 P2
10			

The following are a list of key assumptions and exclusions that have been made:-

Key Assumptions	
1	Estimated costs have been prepared using pricing levels @ 3Q 2019. Note that Currie & Brown estimate is based on 1Q 2019. We have allowed separate allowances included for tender and construction inflation
2	Allowances have been included for Main Contractor preliminaries and Main Contractor's overheads and profit across all construction works.
3	Design and construction risk allowances have been included to reflect the status of the design.
4	Areas are intended for the production of the Cost Estimate only and should not be relied upon for any other purpose.
5	Any specific client / other risk allowances deemed to be included elsewhere by the client and have not been provisioned for within this Cost Estimate.
6	No allowance has been made for any phasing of the works or for working outside of normal working hours.
7	The procurement strategy for the works is yet to be determined but is assumed to be a competitive process with a single stage design & build contract.
8	The designs comply with current Building Regulations
9	No contamination / any contamination issues to have been resolved by landowner prior to construction - other than where noted in Estimate.
10	It is assumed that the site has good ground conditions and the building shall be supported on piled foundations.

Key Assumptions	
11	Base date 3Q 2019
12	Inflation has been calculated using G&T Tender Price Index 3Q 2019
13	
14	
15	
16	
17	
18	
19	
20	

Key Exclusions	
1	Fees or costs associated with rights of lights agreements, party wall awards or over-sailing agreements, etc.
2	Value Added Tax
3	Archaeological investigations and exploratory or resulting works
4	Remediation
5	Loose fittings, furnishings and equipment and external furniture (FFE)
6	Asbestos removal - over and above £30,000 allowance made within facilitating works
7	Fees, works or costs associated with abnormal ground conditions
8	Underpinning of adjoining structures
9	Diversion of existing below ground services
10	Cost associated with LUL surveys and monitoring
11	All fixtures and fittings other than those specified
12	Land acquisition costs and fees
13	Client finance, legal or marketing costs
14	Planning application costs
15	Project insurances

Key Exclusions	
16	Section 106/278 contributions other than those indicated in the valibility report - NOT WITHIN THIS ESTIMATE
17	Benefits arising from any potential Capital Allowances or other government incentives / grants
18	Tenant's costs or contributions
19	Increased design criteria for bomb protection
20	IT hardware / active hubs
21	Fire Extinguishers and hose reels
22	
23	
24	
25	
26	
27	
28	
29	
30	

GIFA - TOTAL

13932 m2
149963 sq.ft.

CONSTRUCTION COST SUMMARY

CONSTRUCTION COST

			Currie & Brown App C	Cost per sq.ft (GIFA)	G&T Comparative Estimate		
			£	£	Total (£)	Cost per sq.ft (GIFA)	%
A	Facilitating / Demolition Works		525,123	4	572,818	4	1.81
B	Building Works - Residential		16,711,027	111	14,105,200	94	44.59
C	Building Works - Student		10,643,955	71	8,409,700	56	
D	External Works		2,130,552	14	2,518,571	17	7.96
	Sub Total		30,010,656	200	25,606,290	171	54.36
E	Main Contractor's preliminaries	13%	incl.	0	3,328,818	22	
	Sub Total		30,010,656	200	28,935,108	193	62.32
F	Main Contractor's Overheads and Profit	6%	incl.	0	1,736,106	12	
	Building Works Total		30,010,656	200	30,671,214	205	96.95
G	Risk Allowance						
i	Design Risk Allowance	0%	excl.	excl.	0	0	
ii	Construction Risk Allowance	2%	incl.	0	613,424	4	
	Sub Total		30,010,656	200	31,284,638	209	98.89
H	Inflation to anticipated date of tender (3Q 2019 to 2Q 2020) - 1.5% p.a	1.5%	900,320	6	351,952	2	1.11
J	Inflation to construction (2Q20 to 4Q 2021) - 1.5% p.a	Excluded	excl.	0	0		0.00
	Start on site for main works 4Q 2020 - Mid Point 4Q 2021						
	Total Estimated Construction Cost		30,910,976	206	31,636,590	211	100
ESTIMATED ROUNDED CONSTRUCTION COST			£ 30,910,000	206	31,600,000	211	100.00

COST BREAKDOWN		CURRIE & BROWN - Appendix C				G&T review					
	Quant	Unit	Rate	Total	Section Total	Quant	Unit	Rate	Total	Section Total	
5.0: Enabling Works					292,470						292,470
5.1A	Demolitions;										
	1	item	200,000	200,000		1	item	200,000	200,000		
	1	item	30,000	30,000		1	item	30,000	30,000		
	1	item	By Others			1	item	By Others			
	1	item	30,000	30,000		1	item	30,000	30,000		
	1,498	m2	15	22,470		1,498	m2	15	22,470		
	1	item	10,000	10,000		1	item	10,000	10,000		
6A	Site Works										
	1	Item	5,000	5,000	103,585	1	Item	5,000	5,000	192,695	
	280	m2	15	4,200		280	m2	15	4,200		
	4,689	m2	10	46,890		4,689	m2	10	46,890		
	469	m3	30	14,070		469	m3	220	103,180		
	1	Item	1,500	1,500		1	Item	1,500	1,500		
	465	m3	15	6,975		465	m3	15	6,975		
	125	m	150	18,750		125	m	150	18,750		
	2	nr	1,000	2,000		2	nr	1,000	2,000		
	2	nr	500	1,000		2	nr	500	1,000		
	4	nr	50	200		4	nr	50	200		
	1	Item	3,000	3,000		1	Item	3,000	3,000		
6B	Drainage & Services										
	146	m	30	4,380	26,280	146	m	30	4,380	26,280	
	27	nr	200	5,400		27	nr	200	5,400		
	50	m	30	1,500		50	m	30	1,500		
	1	Item	15,000	15,000		1	Item	15,000	15,000		
				S/T	422,335					S/T	
										511,445	
A	Preliminaries										
	15%			422,335	63,350	12%			511,445	61,373	
				S/T	485,685					S/T	
										572,818	
B	MC Overhead & Profit OH & P ' 6%										
	6%			485,685	29,141	EXCL.			572,818	See Summary	
				S/T	514,826					S/T	
										572,818	
C	Construction Contingency Contingency @ 2%										
	2%			514,826	10,297	EXCL.			572,818	See Summary	
				S/T	525,123					S/T	
										572,818	
To Summary					525,123						572,818

	Units 104	nr	GIFA	8215 m2 88425 sq.ft.		Units 104	nr	GIFA	8215 m2 88425 sq.ft.			
COST BREAKDOWN	CURRIE & BROWN - Appendix C					G&T review						
	Quant	Unit	Rate	Per m2 GIFA	Total	Section Total	Quant	Unit	Rate	Per m2 GIFA	Total	Section Total
6.1 Residential Building						1,461,200						1,758,000
1 Substructure	8,215	m2		178	1,461,200		8,215	m2		214	1,758,000	
Allow for piled foundations	8,215	m2			incl.		8,215	m2			incl.	
2 Superstructure - Residential;						6,621,500						6,884,200
2A Frame	8,215	m2		256	2,103,700		8,215	m2		270	2,218,100	
2B Upper Floors	8,215	m2		8	62,500		8,215	m2		8	65,700	
2C Roof	8,215	m2		76	620,400		8,215	m2		76	624,300	
2D Stairs	8,215	m2		22	184,000		8,215	m2		22	180,700	
2E External Walls	8,215	m2		301	2,468,800		8,215	m2		315	2,587,700	
2F Windows & External Doors	8,215	m2		30	243,600		8,215	m2		30	246,500	
2G Internal Walls & partitions	8,215	m2		83	684,500		8,215	m2		92	755,800	
2H Internal Doors	8,215	m2		31	254,000		8,215	m2		25	205,400	
3 Internal Finishes						1,289,500						1,429,400
3A Wall	8,215	m2		47	386,600		8,215	m2		54	443,600	
3B Floor	8,215	m2		72	590,500		8,215	m2		75	616,100	
3C Ceilings	8,215	m2		38	312,400		8,215	m2		45	369,700	
4 Fixtures & fittings						725,100						821,500
Fixtures	8,215	m2		88	725,100		8,215	m2		100	821,500	
5 Services						3,342,700						3,212,100
5A Sanitary Fittings	8,215	m2		24	198,100		8,215	m2			Included	
5F Mechanical installations	8,215	m2		227	1,863,800		8,215	m2		368	3,023,100	
5H Electrical installations	8,215	m2		139	1,137,800		8,215	m2		5	41,100	
5J Lift	8,215	m2		17	143,000		8,215	m2		18	147,900	
					S/T	13,440,000					S/T	14,105,200
A Preliminaries						2,016,000						0
Preliminaries	8,215	m2	15%	245	2,016,000		8,215	m2	EXCL.	14,105,200	See Summary	
					S/T	15,456,000					S/T	14,105,200
B MC Overhead & Profit OH & P ' 6%						927,360						0
	8,215	m2	6%	113	927,360		8,215	m2	EXCL.	14,105,200	See Summary	
					S/T	16,383,360					S/T	14,105,200
C Construction Contingency Contingency @ 2%						327,667						0
	8,215	m2	2%	40	327,667		8,215	m2	EXCL.	14,105,200	See Summary	
To Summary						16,711,027						14,105,200

	Units 186	nr	GIFA	5717 m2 61537 sq.ft.		Units 186	nr	GIFA	5717 m2 61537 sq.ft.			
	CURRIE & BROWN - Appendix C					G&T Review						
COST BREAKDOWN	Quant	Unit	Rate	Per m2 GIFA	Total	Section Total	Quant	Unit	Rate	Per m2 GIFA	Total	Section Total
7.1 Student Building						1,197,500						1,200,600
1 Substructure	5,717	m2		209	1,197,500		5,717	m2		210	1,200,600	
Allow for piled foundations	5,717	m2			incl.		5,717	m2			incl.	
2 Superstructure - Residential;						3,411,700						3,607,400
2A Frame	5,717	m2		259	1,478,000		5,717	m2		270	1,543,600	
2B Upper Floors	5,717	m2		2	11,700		5,717	m2		2	11,400	
2C Roof	5,717	m2		36	207,200		5,717	m2		40	228,700	
2D Stairs	5,717	m2		11	64,000		5,717	m2		11	62,900	
2E External Walls	5,717	m2		154	877,800		5,717	m2		166	949,000	
2F Windows & External Doors	5,717	m2		37	211,000		5,717	m2		37	211,500	
2G Internal Walls & partitions	5,717	m2		60	340,900		5,717	m2		70	400,200	
2H Internal Doors	5,717	m2		39	221,100		5,717	m2		35	200,100	
3 Internal Finishes						867,800						909,000
3A Wall	5,717	m2		38	217,800		5,717	m2		38	217,200	
3B Floor	5,717	m2		75	430,300		5,717	m2		76	434,500	
3C Ceilings	5,717	m2		38	219,700		5,717	m2		45	257,300	
4 Fixtures & fittings						454,500						485,900
Fixtures	5,717	m2		79	454,500		5,717	m2		85	485,900	
5 Services						2,629,000						2,206,800
5A Sanitary Fittings	5,717	m2		86	489,200		5,717	m2			Included	
5F Mechanical installations	5,717	m2		210	1,200,400		5,717	m2		368	2,103,900	
5H Electrical installations	5,717	m2		147	840,400		5,717	m2			Included	
5J Lift	5,717	m2		17	99,000		5,717	m2		18	102,900	
					S/T	8,560,500					S/T	8,409,700
A Preliminaries						1,284,075						0
Preliminaries	5,717	m2	15%	225	1,284,075		5,717	m2	EXCL.	8,409,700	See Summary	
					S/T	9,844,575					S/T	8,409,700
B MC Overhead & Profit OH & P ' 6%						590,675						0
	5,717	m2	6%	103	590,675		5,717	m2	EXCL.	8,409,700	See Summary	
					S/T	10,435,250					S/T	8,409,700
C Construction Contingency Contingency @ 2%						208,705						0
	5,717	m2	2%	37	208,705		5,717	m2	EXCL.	8,409,700	See Summary	
To Summary						10,643,955						8,409,700

COST BREAKDOWN		CURRIE & BROWN - Appendix C				G&T Review					
		Quant	Unit	Rate	Total	Section Total	Quant	Unit	Rate	Total	Section Total
8.1 External Works											
6A	Site Works										
	Preparation				321,163					590,049	
	Clearance	1	item	2,050	2,050		1	item	2,050	2,050	
	RL Excavation & Disposal	3,500	m3	35	122,500		3,500	m3	35	122,500	
	EO Non-Hazardous contaminated - incl. LFT (£91.35/T) -allows for 50%	1,750	m3	85	148,750		1,750	m3	220	385,000	
	Eo Break out obstructions	1	item	10,000	10,000		1	item	10,000	10,000	
	Filling to MU levels -Imported materail - 6F2 or similar	564	m3	45	25,363		564	m3	55	30,999	
	Works to boundary wall to Hanson plant - This is a structural party wall - suggest allowance for structural repairs, making good following removal of concrete floor beams etc.	60	m	75	4,500		420	m2	75	31,500	
	Retaining to cycle path adj. bridge	1	item	8,000	8,000		1	item	8,000	8,000	
	Hard landscaping - NB NPA Drawing Not provided for Review				298,597					381,473	
	DBM Footways & Cyclepaths	1,452	m2	28	40,656		943	m2	28	26,404	
	DBM Access Road & car park - assume CBR >5% - nom. 250mm GSB, 100mm Base, 60mm binder, 40mm surface	1,392	m2	40	55,680		1,726	m2	65	112,190	
	DBM Service Road	531	m2	40	21,240		470	m2	40	18,800	
	Regulating	200	m2	25	5,000		200	m2	25	5,000	
	New DM footway front of site - assume 250mm GSB, 80mm binder, 25mm surface	120	m2	20	2,400		120	m2	45	5,400	
	Paving PCC Setts on GSB subbase 250mm thk.	62	m2	60	3,720		62	m2	60	3,720	
	paving PCC slabs porous on 600mm clean stone	560	m2	85	47,600		560	m2	85	47,600	
	PCC Slabs to main entrance	31	m2	80	2,480		31	m2	80	2,480	
	Paving PCC Blocks -on GSB subbase 250mm thk.	163	m2	60	9,780		369	m2	60	22,140	
	Ditto Buff	748	m2	60	44,880		748	m2	60	44,880	
	Compacted Gravel finish - Car park 4	697	m2	45	31,365		451	m2	45	20,295	
	PCC Kerb -HB2 or similar	713	m	28	19,964		713	m	28	19,964	
	Edgings	574	m	18	10,332		574	m	15	8,610	
	Tie in new access to highway -incl. joint and local resurface - s.278	10	m	50	500		1	item	5,000	5,000	
	Line markings - access and resi spaces (117 nr less extg car park & CP4)	1	item	1,500	1,500		64	nr	50	3,200	
	Works to existing car park deck - waterproofing etc. - allow						1,143	m2	30	34,290	
	Lining to existing car park	1	item	1,500	1,500		1	item	1,500	1,500	

COST BREAKDOWN		CURRIE & BROWN - Appendix C				G&T Review			
6B	Drainage				346,014				480,606
	n.e 100mm - Foul water	744	m	42	31,094	744	m	90	66,960
	n.e 150mm - surface & foul	450	m	64	28,950	450	m	100	44,888
	n.e 225mm - surface water	183	m	95	17,385	183	m	120	21,869
	Eo removal contaminated spoil (incl. LFT @ £91.35/T (2019/20))	398	m3	85	33,830	398	m3	220	87,560
	road gullies	3	nr	250	750	3	nr	345	1,035
	RWP gullies & gratings	30	nr	50	1,500	30	nr	50	1,500
	SVP detail Cast iron	49	nr	150	7,350	49	nr	150	7,350
	Trapped floor gullies	12	nr	250	3,000	12	nr	250	3,000
	Rodding eyes	5	nr	100	500	5	nr	100	500
	Filter drain	194	m	50	9,700	194	m	50	9,700
	Aco channels - incl. ends & sumps	62	m	215	13,340	62	m	215	13,330
	Fin Drains to paved areas	86	m	180	15,480	86	m	180	15,480
	-Chambers - 450mm dia.	33	nr	750	24,750	33	nr	750	24,750
	Chambers 1200mm dia.	15	nr	2,000	30,000	15	nr	2,100	31,500
	Hydrobrake flow control chamber - o./a 2m dp, approx 2,100mm dia.	2	nr	4,000	8,000	2	nr	13,400	26,800
	Orifice control chamber	1	nr	4,000	4,000	1	nr	4,000	4,000
	EO contaminated spoil	61	m3	85	5,185	61	m3	85	5,185
	Connections to existing surface & foul	2	nr	2,000	4,000	2	nr	2,000	4,000
	Attenuation tank 1 - RC tank	72	m3	300	21,600	72	m3	300	21,600
	Attenuation tank 2 - RC tank	257	m3	300	77,100	257	m3	300	77,100
	Petrol interceptor incl. alarms etc.	1	Item	3,500	3,500	1	Item	7,500	7,500
	Clean and CCTV	1	Item	5,000	5,000	1	Item	5,000	5,000
6C	External Services				331,760				331,760
	<u>Residential blocks:</u>								
	Electricity	1	Item	35,000	35,000	1	Item	35,000	35,000
	Gas connections	1	Item	5,000	5,000	1	Item	5,000	5,000
	Water connections & Infra charges -nr of units	1	Item	70,700	70,700	1	Item	70,700	70,700
	BT / Broadband				EXCLUDED				EXCLUDED
	BWIC	1	Item	11,070	11,070	1	Item	11,070	11,070
	<u>Incoming Services - Student Blocks:</u>								
	Electricity	1	Item	35,000	35,000	1	Item	35,000	35,000
	Gas connections	1	Item	5,000	5,000	1	Item	5,000	5,000
	Water connections & Infra charges -nr of units	1	Item	39,900	39,900	1	Item	39,900	39,900
	Telephone	1	Item	1,000	1,000	1	Item	1,000	1,000
	BWIC	1	Item	8,090	8,090	1	Item	8,090	8,090
	<u>Incoming Services - Retail:</u>								
	Capped services	1	Item	5,000	5,000	1	Item	5,000	5,000
	BWIC	1	Item	500	500	1	Item	500	500
	External Lighting	1	Item	30,000	30,000	1	Item	30,000	30,000
	Fire Hydrant	1	Item	15,000	15,000	1	Item	15,000	15,000
	Substation	1	Item	60,000	60,000	1	Item	60,000	60,000
	BWIC	1	Item	10,500	10,500	1	Item	10,500	10,500
				S/T	1,713,516			S/T	2,284,270

COST BREAKDOWN		CURRIE & BROWN - Appendix C			G&T Review		
			B/F	1,713,516		B/F	2,284,270
A	Preliminaries			257,027			234,301
	Preliminaries - Civils <u>Subcontract</u> - applicable to Sections 6A & 6B	15%	1,713,516	257,027	12%	1,952,510	234,301
				1,970,543			2,518,571
B	MC Overhead & Profit OH & P ' 6%	6%	1,970,543	118,233	EXCL.	2,518,571	See Summary
				2,088,776			2,518,571
C	Construction Contingency Contingency @ 2%	2%	2,088,776	41,776	EXCL.	2,518,571	See Summary
				2,130,552			2,518,571
To Summary							2,518,571

APPENDIX C

Viability Report Appendix C Estimates (Currie & Brown)

Appendix C – Order of Cost Assessment



203913

Newbridge Road, Bath

Preliminary Order of Cost nr 1b

2 April 2019

6.1 Residential Summary

Gross Internal Floor Area (m2) **8,215** m2
Gross Internal Floor Area (sqft) **88,426** ft2

Ref	Description	Elemental Total	Cost £/m2	Cost £/ft2	% Cost
(1-)	Substructure				
1	Substructure	1,461,200	177.86	16.52	8.49
(2-)	SUPERSTRUCTURE				
2A	Frame	2,103,700	256.07	23.79	12.22
2B	Upper Floors	62,500	7.61	0.71	0.36
2C	Roof	620,400	75.52	7.02	3.60
2D	Stairs	184,000	22.40	2.08	1.07
2E	External Walls	2,468,800	300.51	27.92	14.34
2F	Windows and External Doors	243,600	29.65	2.75	1.42
2G	Internal Walls and Partitions	684,500	83.32	7.74	3.98
2H	Internal Doors	254,000	30.92	2.87	1.48
(3-)	INTERNAL FINISHES				
3A	Wall Finishes	386,600	47.06	4.37	2.25
3B	Floor Finishes	590,500	71.88	6.68	3.43
3C	Ceiling Finishes	312,400	38.03	3.53	1.81
(4-)	FIXTURES AND FITTINGS				
4A	Fixtures	725,100	88.26	8.20	4.21

6.1 Residential Summary

Gross Internal Floor Area (m2) **8,215** m2
Gross Internal Floor Area (sqft) **88,426** ft2

Ref	Description	Elemental Total	Cost £/m2	Cost £/ft2	% Cost
(5-)	SERVICES				
5A	Sanitary Fittings	198,100	24.11	2.24	1.15
5F	Mechanical Installations	1,863,800	226.87	21.08	10.83
5H	Electrical Installations	1,137,800	138.50	12.87	6.61
5J	Lift Installations	143,000	17.41	1.62	0.83
SUB-TOTAL BUILDING WORKS		13,440,000	1,635.95	151.99	78.08
A	PRELIMINARIES	2,016,000	245.39	22.80	11.71
B	MAIN CONTRACTOR'S OHP (6%)	927,360	112.88	10.49	5.39
C	CONSTRUCTION CONTINGENCY (2%)	327,667	39.88	3.71	1.90
TOTAL MAIN WORKS COST - 1Q 2019		16,711,027	2,034.10	188.98	97.09
D	INFLATION to 4th quarter 2020 (3%)	501,331	61.02	5.67	2.91
TOTAL MAIN WORKS COST - 4Q 2020		17,212,358	2,095.13	194.65	100.00

7.1 STUDENT - Summary

Gross Internal Floor Area (m2) 5,717 m2
Gross Internal Floor Area (sqft) 61,534 ft2

Ref	Description	Elemental Total	Cost £/m2	Cost £/ft2	% Cost
(1-)	Substructure				
1	Substructure	1,197,500	209.46	19.46	10.92
(2-)	SUPERSTRUCTURE				
2A	Frame	1,478,000	258.53	24.02	13.48
2B	Upper Floors	11,700	2.05	0.19	0.11
2C	Roof	207,200	36.24	3.37	1.89
2D	Stairs	64,000	11.19	1.04	0.58
2E	External Walls	877,800	153.54	14.27	8.01
2F	Windows and External Doors	211,000	36.91	3.43	1.92
2G	Internal Walls and Partitions	340,900	59.63	5.54	3.11
2H	Internal Doors	221,100	38.67	3.59	2.02
(3-)	INTERNAL FINISHES				
3A	Wall Finishes	217,800	38.10	3.54	1.99
3B	Floor Finishes	430,300	75.27	6.99	3.92
3C	Ceiling Finishes	219,700	38.43	3.57	2.00
(4-)	FIXTURES AND FITTINGS				
4A	Fixtures	454,500	79.50	7.39	4.15

7.1 STUDENT - Summary

Gross Internal Floor Area (m2) **5,717** m2
Gross Internal Floor Area (sqft) **61,534** ft2

Ref	Description	Elemental Total	Cost £/m2	Cost £/ft2	% Cost
(5-)	SERVICES				
5A	Sanitary Fittings	489,200	85.57	7.95	4.46
5F	Mechanical Installations	1,200,400	209.97	19.51	10.95
5H	Electrical Installations	840,400	147.00	13.66	7.67
5J	Lift Installations	99,000	17.32	1.61	0.90
SUB-TOTAL BUILDING WORKS		8,560,500	1,497.38	139.12	78.08
A	PRELIMINARIES	1,284,075	224.61	20.87	11.71
B	MAIN CONTRACTOR'S OHP (6%)	590,675	103.32	9.60	5.39
C	CONSTRUCTION CONTINGENCY (2%)	208,705	36.51	3.39	1.90
TOTAL MAIN WORKS COST - 1Q 2019		10,643,954	1,861.81	172.98	97.09
D	INFLATION to 4th quarter 2020 (3%)	319,319	55.85	5.19	2.91
TOTAL MAIN WORKS COST - 4Q 2020		10,963,273	1,917.66	178.17	100.00

Cost per bed	£58,942
---------------------	----------------

8.1 EXTERNAL WORKS - Summary

Ref	Description	Elemental Total	% Cost
(6-)	EXTERNAL WORKS		
6A	Site Works	1,035,744	47.20
6B	Drainage	346,012	15.77
6C	External Services	331,760	15.12
SUB-TOTAL BUILDING WORKS		1,713,516	78.08
A	PRELIMINARIES	257,027	11.71
B	MAIN CONTRACTOR'S OHP (6%)	118,233	5.39
C	CONSTRUCTION CONTINGENCY (2%)	41,776	1.90
TOTAL MAIN WORKS COST - 1Q 2019		2,130,552	97.09
D	INFLATION to 4th quarter 2020 (3%)	63,917	2.91
TOTAL MAIN WORKS COST - 4Q 2020		2,194,468	100.00

GARDINER & THEOBALD LLP

Independent Construction and Property Consultancy

2nd Floor, East Wing Quayside, 40-58 Hotwell Road, Bristol BS8 4UQ

gardiner.com

APPENDIX 2 - C&W BASELINE APPRAISAL CALCULATIONS 40%

Hartwell Garage - C&W Baseline Position
40% AH Provision

Development Appraisal
Cushman & Wakefield
28 October 2019

APPRAISAL SUMMARY**CUSHMAN & WAKEFIELD****Hartwell Garage - C&W Baseline Position
40% AH Provision**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Student - Cluster Beds	157	23,659	616.04	92,834	14,574,890
Student - Studios	<u>29</u>	<u>6,243</u>	710.40	152,932	<u>4,435,027</u>
Totals	186	29,902			19,009,918

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial Unit	1	1,593	15.00	23,895	23,895	23,895
OM - 1B1P	24	8,008	33.81	11,280	203,040	270,720
OM - 1B2P	19	10,226	24.97	13,440	191,520	255,360
OM - 2B4P	19	14,316	25.48	19,200	273,600	364,800
AR - 1B2P	21	11,302	14.98	8,064	127,008	169,344
AR - 2B3P	5	3,283	15.35	10,080	37,800	50,400
AR - 2B4P	<u>16</u>	<u>12,056</u>	15.29	11,520	<u>138,240</u>	<u>184,320</u>
Totals	105	60,784			995,103	1,318,839

Investment Valuation**Commercial Unit**

Current Rent	23,895	YP @	8.0000%	12.5000	298,688
OM - 1B1P					
Current Rent	203,040	YP @	4.2500%	23.5294	4,777,412
OM - 1B2P					
Current Rent	191,520	YP @	4.2500%	23.5294	4,506,353
OM - 2B4P					
Current Rent	273,600	YP @	4.2500%	23.5294	6,437,647
AR - 1B2P					
Current Rent	127,008	YP @	4.2500%	23.5294	2,988,424
AR - 2B3P					
Current Rent	37,800	YP @	4.2500%	23.5294	889,412
AR - 2B4P					
Current Rent	138,240	YP @	4.2500%	23.5294	3,252,706
					23,150,640

GROSS DEVELOPMENT VALUE**42,160,558****NET REALISATION****42,160,558****OUTLAY****ACQUISITION COSTS**

Residualised Price			578,680		
				578,680	
Stamp Duty			18,434		
Agent Fee		1.00%	5,787		
Legal Fee		0.75%	4,340		
					28,561

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
OM - 1B1P	11,748	192.45	2,260,903
OM - 1B2P	15,001	192.45	2,886,942
OM - 2B4P	21,002	192.45	4,041,835
AR - 1B2P	16,580	192.45	3,190,821
AR - 2B3P	4,816	192.45	926,839
AR - 2B4P	17,686	192.45	3,403,671
Student - Cluster Beds	48,348	173.15	8,371,456
Student - Studios	<u>13,125</u>	173.15	<u>2,272,594</u>
Totals	148,306		27,355,061
			27,355,061

Hartwell Garage - C&W Baseline Position

40% AH Provision

Developers Contingency	3.00%	820,652	
CIL - Student		861,150	
CIL - Residential		334,461	
S106 - Bus Shelter Contribution		20,000	
S106 - Car Club Contribution		28,800	
S106 - Cycle Route Contribution		285,000	
S106 - Allotment Contribution		25,628	
S106 - Education Contribution		20,408	
			2,396,099

Other Construction

Enabling Works		525,119	
External Works		2,130,552	
			2,655,671

PROFESSIONAL FEES

Professional Fees	8.00%	2,230,414	
			2,230,414

FINANCE

Debit Rate 5.50%, Credit Rate 0.00% (Nominal)			
Land		48,871	
Construction		1,367,998	
Total Finance Cost			1,416,869

TOTAL COSTS

36,661,355

PROFIT

5,499,203

Performance Measures

Profit on Cost%	15.00%
Profit on GDV%	13.04%
Profit on NDV%	13.04%
Development Yield% (on Rent)	2.71%
Equivalent Yield% (Nominal)	4.30%
Equivalent Yield% (True)	4.42%
 IRR	 24.52%
 Rent Cover	 5 yrs 6 mths
Profit Erosion (finance rate 5.500)	2 yrs 7 mths

**Hartwell Garage - C&W Baseline Position
40% AH Provision**

**Net MRV
at Sale**
23,895
203,040
191,520
273,600
127,008
37,800
138,240
995,103

**Hartwell Garage - C&W Baseline Position
40% AH Provision**

TIMESCALE AND PHASING CHART

CUSHMAN & WAKEFIELD

Hartwell Garage - C&W Baseline Position 40% AH Provision

Project Timescale	
Project Start Date	Jul 2019
Project End Date	Jan 2021
Project Duration (Inc Exit Period)	19 months

Phase 1

	Start Date	Duration	End Date	Jul 19	Jan 20	Jul 20	Jan 21
Project	Jul 2019	19	Jan 2021				
Purchase	Jul 2019	0 Month(s)					
Pre-Construction	Jul 2019	0 Month(s)					
Construction	Jul 2019	18	Dec 2020				
Post Development	Jan 2021	0 Month(s)					
Letting	Jan 2021	0 Month(s)					
Income Flow	Jan 2021	0 Month(s)					
Sale	Jan 2021	1 Month(s)	Jan 2021				
Cash Activity	Jul 2019	19	Jan 2021				
				1	7	13	19

**APPENDIX 3 - C&W VIABLE APPRAISAL
CALCULATIONS 19%**

DRAFT

Hartwell Garage - C&W Viable Position
19% AH Provision

Development Appraisal
Cushman & Wakefield
28 October 2019

APPRAISAL SUMMARY**CUSHMAN & WAKEFIELD****Hartwell Garage - C&W Viable Position
19% AH Provision**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Student - Cluster Beds	157	23,659	616.04	92,834	14,574,890
Student - Studios	<u>29</u>	<u>6,243</u>	710.40	152,932	<u>4,435,027</u>
Totals	186	29,902			19,009,918

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial Unit	1	1,593	15.00	23,895	23,895	23,895
OM - 1B1P	24	8,008	33.81	11,280	203,040	270,720
OM - 1B2P	30	16,146	24.97	13,440	302,400	403,200
OM - 2B4P	30	22,604	25.48	19,200	432,000	576,000
AR - 1B2P	10	5,382	14.98	8,064	60,480	80,640
AR - 2B3P	5	3,283	15.35	10,080	37,800	50,400
AR - 2B4P	<u>5</u>	<u>3,768</u>	15.29	11,520	<u>43,200</u>	<u>57,600</u>
Totals	105	60,784			1,102,815	1,462,455

Investment Valuation**Commercial Unit**

Current Rent	23,895	YP @	8.0000%	12.5000	298,688
OM - 1B1P					
Current Rent	203,040	YP @	4.2500%	23.5294	4,777,412
OM - 1B2P					
Current Rent	302,400	YP @	4.2500%	23.5294	7,115,294
OM - 2B4P					
Current Rent	432,000	YP @	4.2500%	23.5294	10,164,706
AR - 1B2P					
Current Rent	60,480	YP @	4.2500%	23.5294	1,423,059
AR - 2B3P					
Current Rent	37,800	YP @	4.2500%	23.5294	889,412
AR - 2B4P					
Current Rent	43,200	YP @	4.2500%	23.5294	1,016,471
					25,685,040

GROSS DEVELOPMENT VALUE**44,694,958****NET REALISATION****44,694,958****OUTLAY****ACQUISITION COSTS**

Residualised Price		2,489,384			2,489,384
Stamp Duty			113,969		
Agent Fee	1.00%		24,894		
Legal Fee	0.75%		18,670		
					157,533

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
OM - 1B1P	11,748	192.45	2,260,903
OM - 1B2P	23,686	192.45	4,558,330
OM - 2B4P	33,161	192.45	6,381,845
AR - 1B2P	7,895	192.45	1,519,439
AR - 2B3P	4,816	192.45	926,839
AR - 2B4P	5,527	192.45	1,063,647
Student - Cluster Beds	48,348	173.15	8,371,456
Student - Studios	<u>13,125</u>	173.15	<u>2,272,594</u>
Totals	148,306		27,355,052

APPRAISAL SUMMARY**CUSHMAN & WAKEFIELD****Hartwell Garage - C&W Viable Position****19% AH Provision**

Developers Contingency	3.00%	820,652	
CIL - Student		861,150	
CIL - Residential		334,461	
S106 - Bus Shelter Contribution		20,000	
S106 - Car Club Contribution		28,800	
S106 - Cycle Route Contribution		285,000	
S106 - Allotment Contribution		25,628	
S106 - Education Contribution		20,408	
			2,396,099

Other Construction

Enabling Works		525,119	
External Works		2,130,552	
			2,655,671

PROFESSIONAL FEES

Professional Fees	8.00%	2,230,414	
			2,230,414

FINANCE

Debit Rate 5.50%, Credit Rate 0.00% (Nominal)			
Land		213,027	
Construction		1,367,998	
Total Finance Cost			1,581,025

TOTAL COSTS**38,865,178****PROFIT****5,829,780****Performance Measures**

Profit on Cost%	15.00%
Profit on GDV%	13.04%
Profit on NDV%	13.04%
Development Yield% (on Rent)	2.84%
Equivalent Yield% (Nominal)	4.29%
Equivalent Yield% (True)	4.41%
IRR	23.57%
Rent Cover	5 yrs 3 mths
Profit Erosion (finance rate 5.500)	2 yrs 7 mths

Hartwell Garage - C&W Viable Position
19% AH Provision

Net MRV
at Sale
23,895
203,040
302,400
432,000
60,480
37,800
43,200
1,102,815

**Hartwell Garage - C&W Viable Position
19% AH Provision**

TIMESCALE AND PHASING CHART

CUSHMAN & WAKEFIELD

Hartwell Garage - C&W Viable Position 19% AH Provision

Project Timescale	
Project Start Date	Jul 2019
Project End Date	Jan 2021
Project Duration (Inc Exit Period)	19 months

Phase 1

	Start Date	Duration	End Date	Jul 19	Jan 20	Jul 20	Jan 21
Project	Jul 2019	19	Jan 2021				
Purchase	Jul 2019	0 Month(s)					
Pre-Construction	Jul 2019	0 Month(s)					
Construction	Jul 2019	18	Dec 2020				
Post Development	Jan 2021	0 Month(s)					
Letting	Jan 2021	0 Month(s)					
Income Flow	Jan 2021	0 Month(s)					
Sale	Jan 2021	1 Month(s)	Jan 2021				
Cash Activity	Jul 2019	19	Jan 2021				
				1	7	13	19