

Upper Brook Street, Manchester – Financial Viability Statement

June 2023

Private and Confidential

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Report title: Upper Brook Street – Financial Viability Statement

Prepared by: Dale Robinson

Status: Final Report

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For and on behalf of Avison Young (UK) Limited

1. Introduction

- 1.1 McLaren Property Ltd and Kadans' Science Partner (the Applicant), are seeking full planning permission to enable the delivery of a Sci-Tech and purpose-built student accommodation scheme (PBSA) on land at Upper Brook Street, Manchester. The new sci-tech floor space would be developed by Kadans' in-house team while the student accommodation would be developed by McLaren Property.
- 1.2 Avison Young (AY) has been appointed by the Applicant to prepare an independent assessment of scheme viability; the purpose of which is to:
 - a) Demonstrate that the quantum of student development proposed is the minimum necessary to balance the risk profile and scheme viability inclusive of wider public realm and community benefits.
 - b) Demonstrate that the PBSA scheme is deliverable, which is a key strand of the Council's student housing policy¹
- 1.3 The report is a technical annex to the application and is intended to form a material consideration in the eventual determination of this application.
- 1.4 The assessment should be read in conjunction with the supporting development appraisals as well as the documents submitted as part of the planning application.

Basis of Reporting

- 1.5 Our report has been prepared in accordance with the RICS Professional Statement Financial Viability in Planning: Conduct, and Reporting, 1st edition, May 2019. This document sets out mandatory requirements on conduct and reporting in relation to viability assessments for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at.
- 1.6 The Professional Statement sets out the mandatory reporting and process requirements for all viability assessments prepared on behalf of, or by applicants, reviewers, decisionmakers and plan-makers.
- 1.7 This assessment has been undertaken in accordance with these mandatory reporting requirements, which are set out under the sub-headings below and expanded on where relevant in this document.

Objectivity, Impartiality and Reasonableness Statement

- 1.8 This assessment has been carried out by an RICS member who has acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. Furthermore the RICS member who has undertaken this report is a suitably qualified practitioner and RICS Registered Valuer with sufficient skills, expertise and knowledge to provide a robust and objective assessment.
- 1.9 The RICS member has extensive experience in advising on financial viability assessments and up-to-date knowledge of the planning system gained through previous viability experience and working alongside Avison Young's local and national planning teams.

Confirmation of Instructions and Absence of Conflicts of Interest

- 1.10 The terms of engagement for this instruction are appended to the rear of this report².

¹ Policy H12 – Purpose Built Student Accommodation.

² Refer to Appendix 1.

- 1.11 We have previously provided initial viability advice to McLaren on the subject site but this report supersedes our previous work.
- 1.12 We also confirm that, to the best of our knowledge, no conflict of interest arises in preparing the advice requested.

No Contingent Fee Statement

- 1.13 In preparing this assessment, no performance-related or contingent fees have been agreed.

Confirmation Where the RICS Member is Acting on Area-Wide and Scheme-Specific Assessments

- 1.14 Neither Avison Young or the RICS member has undertaken an area-wide viability assessment concerning existing or future planning policies against which the proposed scheme could be assessed in the future.

Justification of Evidence

- 1.15 All inputs into this assessment have been reasonably justified as explained in further detail throughout this report. We have aimed to provide thorough detail regarding our approach and assumptions to limit the need for clarifications and subsequent negotiations with the LPA's appointed reviewer following submission of this report.
- 1.16 It is noted that where the appointed reviewer disagrees with elements of this assessment, the parties should always seek to resolve differences of opinion where possible.

Benchmark Land Value (BLV)

- 1.17 As outlined previously the purpose of this assessment is to demonstrate that the quantum of PBSA proposed is the minimum necessary to balance the risk profile and scheme viability and ultimately demonstrate that the PBSA scheme is deliverable, which is a key strand of the Council's student housing policy.
- 1.18 In this context we don't believe that a BLV is required, as this assessment does not concern a viability in planning matter regarding commuted sums or affordable housing.
- 1.19 Instead the assessment, as part of demonstrating that the scheme is deliverable, includes the agreed land values for both sites. This is expanded upon further within Section 5.

Engagement

- 1.20 We confirm that we have advocated, and will advocate reasonable, transparent and appropriate engagement between the parties at all stages of the viability process.

Non-technical summary

- 1.21 A non-technical summary has been prepared and presented independently of this main report.

Timescales

- 1.22 We confirm that adequate time has been allowed to produce this assessment having regard to the scale of this particular project. We further confirm that this assessment has been carried out in accordance with Section 4 – Duty of Care and Due Diligence of the Professional Statement and that full consideration has been given to the matters referenced in Section 4.
- 1.23 Further to the mandatory RICS reporting requirements the assessment has also been undertaken with due regard to the RICS Guidance Note: Assessing viability in planning under the National Planning Policy

Framework 2019³ for England, 1st edition March 2021 and the latest Planning Policy guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to viability.

- 1.24 The advice contained within this report does not constitute a valuation of the site in accordance with RICS Valuation – Global Standards January 2022 and should not be relied upon as such⁴.
- 1.25 This report has been prepared for the sole use of our client, based on the scope of work and on the terms and conditions agreed with our client. Whilst facts have been rigorously checked, Avison Young can take no responsibility for any damage or loss suffered because of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced, or referred to without prior approval. Any such reproduction should be credited to Avison Young

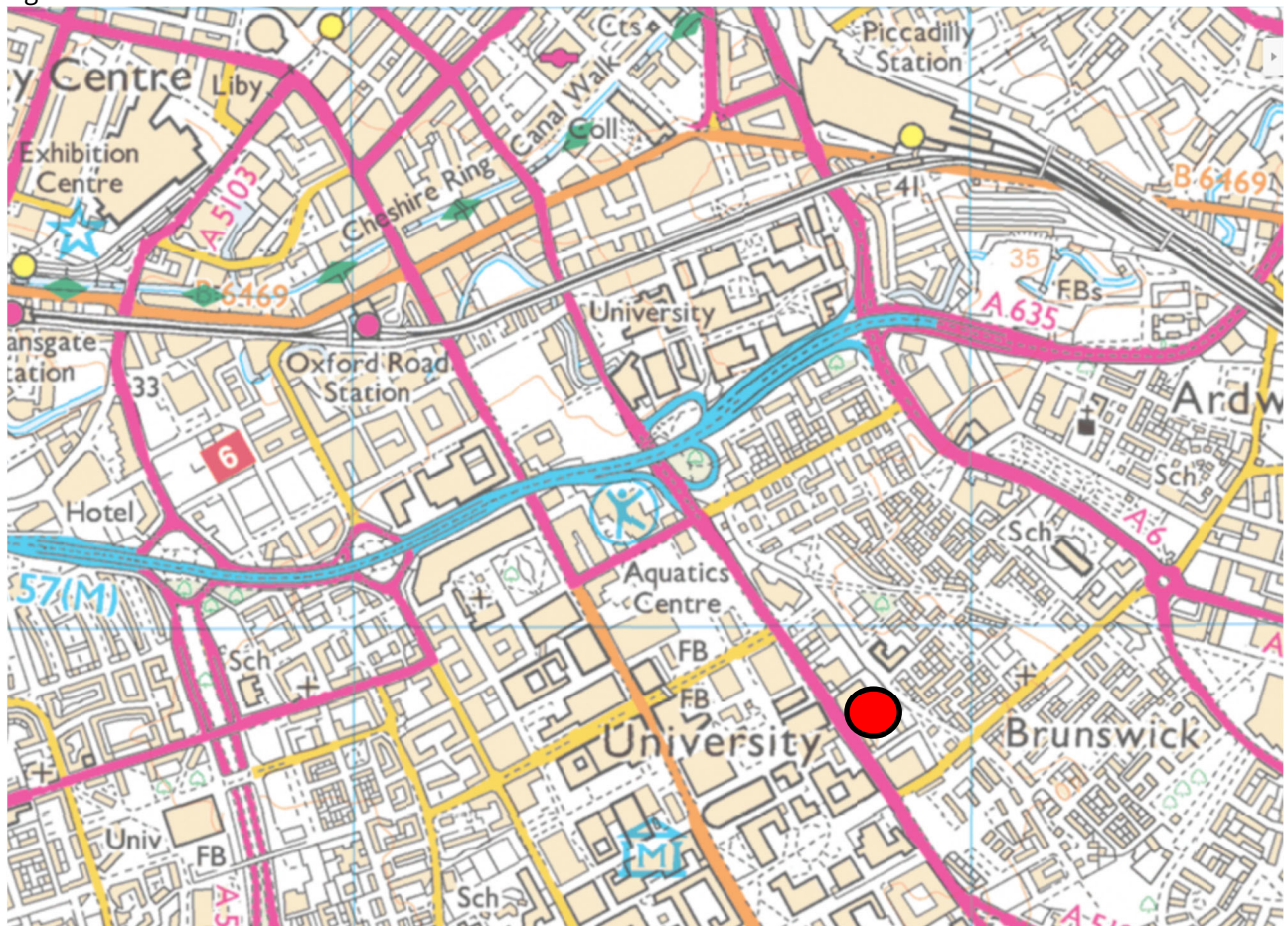
³ It should be noted that although the latest version of the NPPF is July 2021 the guidance remains valid.

⁴ The assessment is prepared for assessing the viability of development to assist with planning matters, either plan/policy making, or decision taking. The assessment, therefore, constitutes an exception from valuation technical and performance standards ('VPS') 1 – 5 of the Red Book, and is not a formal valuation and should not be relied upon as such

2. Site Description and Location

- 2.1 The site is located within the Brunswick area of Ardwick, on the edge of the city centre. It sits along the arterial road of Upper Brook Street, with Brunswick residential neighbourhood to the East and Manchester University campuses to the west. .
- 2.2 Upper Brook Street, is a primary arterial and bus route into the city centre from the south east, connecting both Ardwick and the University to the Mancunian Way Ring Road.
- 2.3 The site is approximately 10 minutes' walk from Manchester Piccadilly and Oxford Road stations. The site is also served by numerous bus services on both Upper Brook Street and Oxford Road to the west.

Figure 2.1 – Location Plan



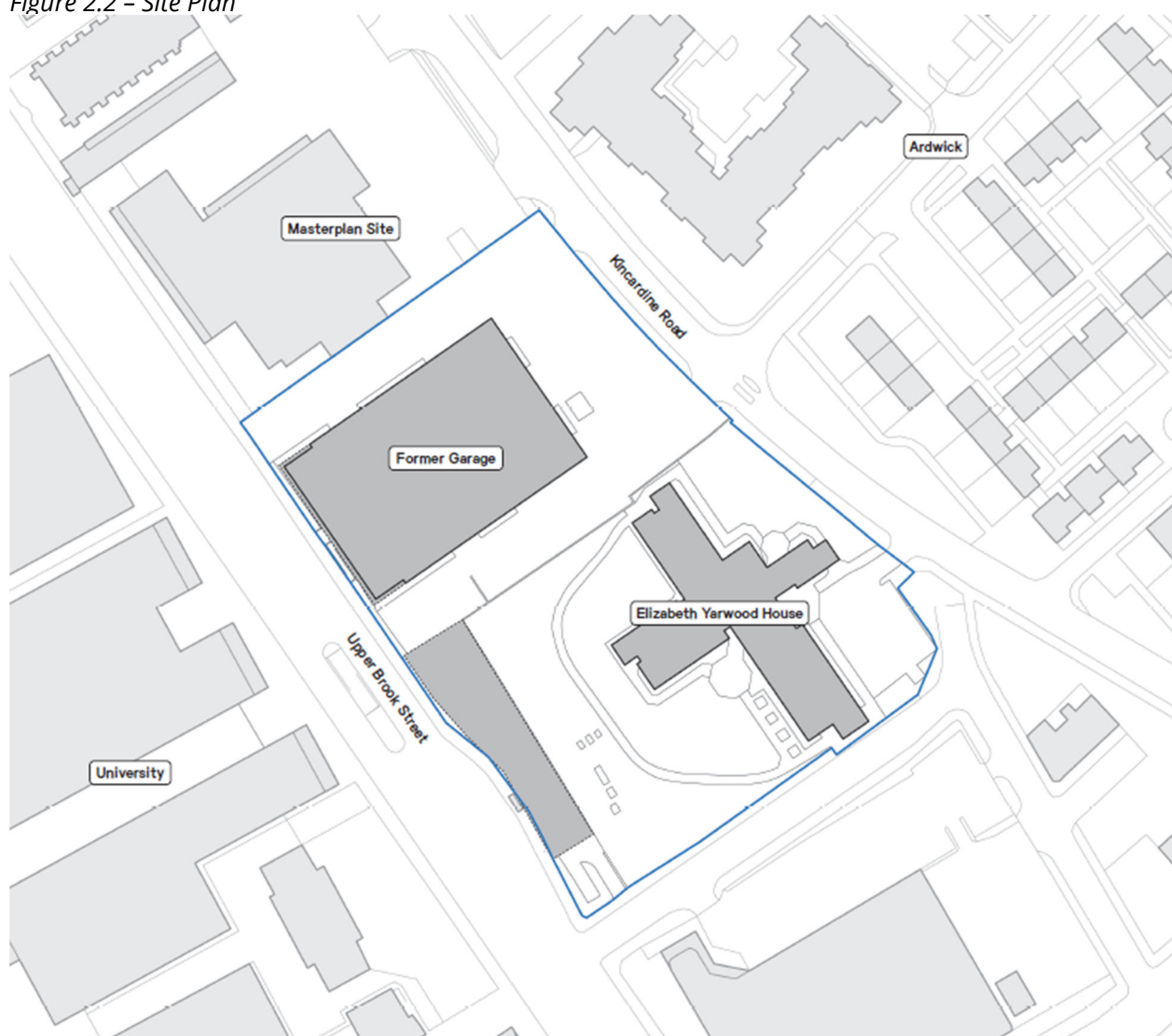
Source: Avison Young/Nimbus Maps

 The site

- 2.4 The University of Manchester's main campus is directly opposite the site, on the western side of Upper Brook Street, including the National Graphene Institute, the Manchester Engineering Campus and the Sir Henry Royce Institute.
- 2.5 To the north of the site is a vacant single storey commercial building and the Grade II* listed "Former Unitarian Chapel" which now functions as student accommodation. This land is also identified for redevelopment in the Oxford Road Corridor SRFG and is being brought forward by Property Alliance Group and Moda Living.

- 2.6 To the east of the site is Kincardine Road, beyond which is a 4 to 6 storey student accommodation building and 2 storey residential dwellings that form part of the wider Brunswick Estate.
- 2.7 To the south of the site is Cottenham Street; beyond which is the Tai Wu restaurant and W.H Lung Supermarket.
- 2.8 The site is currently split into two distinct halves with two very different uses. The northern half of the site is occupied by an old car showroom and garage. These buildings have been vacant for a number of years and are visually detrimental to the overall appearance of the surrounding area. The hard standing around the garage is currently being used for surface car parking, accessed from Kincardine Road. This part of the site is owned by McLaren Property Ltd and extends to circa 1.45ha (1.11 acres).
- 2.9 The southern part of the site is occupied by Elizabeth Yarwood Court, a two storey red brick building set within landscaped gardens. Previously used as sheltered housing, the building ceased to be operational in June 2021 with the services being transferred to the recently opened Brunswick Village Extra Care. This part of the site is owned by Manchester City Council and extends to circa 0.59ha (1.45 acres).

Figure 2.2 – Site Plan



Source: Upper Brook Street – Design and Access Statement

- 2.10 Demolition of the existing structures on site, would be necessary to facilitate the construction of the proposed development.

- 2.11 The site is identified for redevelopment within the Oxford Road Corridor Strategic Regeneration Framework Guidance document (SRF)⁵, for mixed commercial uses in line with the SRF being a priority for the Upper Brook Street site.
- 2.12 The site also sits within a wider illustrative masterplan (known as the “Upper Brook Street Masterplan”), which indicates how the principle of the SRF can be delivered and is being jointly promoted by the Applicant, alongside Property Alliance Group and Moda Living.

Figure 2.3 – Location of site within wider Upper Brook Street Masterplan



Source: Upper Brook Street – Design and Access Statement

⁵ Deloitte (2019) Oxford Road Corridor Strategic Regeneration Framework Guidance.

3. Summary of the Proposed Scheme

- 3.1 The scheme comprises of two separate buildings, Sci-Tech and PBSA, on adjacent plots with surrounding public realm.

Sci-Tech Building

- 3.2 The proposed Sci Tech building will be constructed on the southern portion of the site and will provide approximately 20,075q.m (216,088sq.ft) GIA of combined laboratory and ancillary office space along with a ground floor publicly accessible café, meeting room suites throughout the building, and a secure cycle store and cycle changing.
- 3.3 The net office / laboratory area is circa 13,266sq.m (142,795sq.ft).
- 3.4 The building massing is split into a low level 6 storey block (inc. plant) to Kincardine Road, extending up to 9 storeys (inc. plant) at Upper Brook Street, with an atrium to the centre of the floorplates that houses informal breakout spaces and forum seating at ground floor.
- 3.5 The building will be targeting BREEAM Excellent.

Ground Floor General Arrangement

- 3.6 The reception is directly connected to a publicly accessible café.
- 3.7 The atrium is at the heart of the project and begins the vertical circulation of the building with a forum stairs leading to the first breakout space and main feature stairs at the first floor. This space faces the café. Apart from its ability to bring natural light into the centre of the building, the base of the atrium is a central space for visual and social connections. Connected to the atrium, a potential incubator space will provide active frontage, and give a glimpse of the building use to Upper Brook Street.
- 3.8 The cycle store and changing facilities are located at the Kincardine end of Thorburn Walk, offering the staff a dedicated and secure cycle entrance into the building. Visitor cycle parking is located closer to the main entrance with links to reception.

Typical Floor Arrangement

- 3.9 The typical floor level accommodates laboratory and office spaces on a structural grid. The floorplate, is organised around the central atrium that connects the different floors, including alternating breakout spaces, flipping at every level. The specific use and tenancy splits are speculative, but each floorplate has the ability to split into a maximum of 4 tenants and has an indicative 60%:40% laboratory / office split.
- 3.10 Four cores serve the floor plate, each of them incorporating different services, sanitary facilities and lifts to provide for the laboratories use requirements. An additional lift core provides 4 passenger lifts opening out onto the atrium.
- 3.11 The circulation around this atrium leads to the tenant(s) entrances as well as the breakout spaces and the communal meeting rooms.

Upper Floor General Arrangement

- 3.12 The building is higher on Upper Brook Street with 3 levels of additional offices. The fifth level has the capacity to accommodate both office and laboratory tenants and is also the last level having a breakout space. The two highest floors have a reduced floor to ceiling height, which favours office or light laboratory use.

3.13 The schedule of accommodation associated with the Sci Tech building is summarised in Table 3.1.

Table 3.1 – Sci Tech Schedule of Accommodation

Level / Floor	Gross Internal (GIA)	Meeting Rooms	Office / Lab (NIA)
Roof	41 (440)	-	-
7	1,202 (12,941)	157 (1,690)	832 (8,952)
6	1,187 (12,779)	-	983 (10,586)
5	1,446 (15,567)	-	971 (10,453)
4	3,268 (35,173)	150 (1,620)	2,434 (26,200)
3	3,268 (35,173)	-	2,585 (27,820)
2	3,268 (35,173)	-	2,585 (27,820)
1	3,227 (34,737)	150 (1,620)	2,292 (24,668)
0	3,168 (34,100)	-	585 (6,295)
Totals	20,075 (216,088)	458 (4,929)	13,266 (142,795)

Source: Upper Brook Street – Design and Access Statement

Purpose Built Student Accommodation (PBSA)

- 3.14 Two student blocks will be constructed on the northern portion of the site. The proposed PBSA scheme is arranged in two parallel building blocks with central cores, which are linked on the ground floor to form spaces for indoor and outdoor student amenities. The block facing Upper Brook Street has 23 storeys and the block facing Kincardine Road has 9 storeys. The scheme will have an overall GIA of circa 25,388sq.m (273,283sq.ft). On the ground floor there will be circa 379sq.m (4,080sq.ft) of flexible community and retail spaces, for local businesses such as café, bookshop, grocery etc, on the ground floor⁶.
- 3.15 The building will also be targeting BREEAM Excellent.
- 3.16 A total of 737 beds are to be provided distributed across a variety self-contained en site studios (standard, accessible and enlarged/convertible) and cluster bedrooms (standard, accessible and enlarged/convertible). Clusters are all en-suite and are grouped into flats of either 6, 7 or 8.
- 3.17 The schedule of accommodation for the PBSA block is summarised below.

⁶ A 293.2sq.m (3,157sq.ft) Community Centre is located on Kincardine Road and a 71.9sq.m (774sq.ft) commercial unit is proposed on Upper Brook Street corner.

Table 3.2 – PBSA Schedule of Accommodation

Bedroom Type	Number Units	Proportion
Studio	252	34.2%
Accessible Studio	8	1.1%
Enlarged Studio	28	3.8%
Cluster Bedroom	443	60.1%
Accessible Cluster Bedroom	1	0.1%
Enlarged Cluster bedroom	5	0.7%
Total	737	100%

Source: Upper Brook Street – Design and Access Statement

Typical Studio

- 3.18 Studios are designed as completely self-contained spaces. They include a kitchenette, a dining area, wardrobe, storage spaces and a desk for studying.

Accessible Studio

- 3.19 Accessible studios are provided with a fully wheelchair accessible bathroom, wheelchair accessible kitchenette facilities, charging area for a powered wheelchair, wardrobe, storage spaces and a desk for studying.

Enlarged Studio

- 3.20 Enlarged studios are available to be converted into fully accessible studios depending on demand and special user's requirements. These enlarged studios will be provided with bathrooms as wet rooms, cooking area, wardrobe, storage spaces and a double desk for studying.

Typical Cluster Bedroom

- 3.21 Clusters are laid out in a typical plan fashion, with a cluster hallway providing access to each bedroom area and a shared kitchen. Each bedroom is en-suite and fully furnished.

Accessible Cluster Bedroom

- 3.22 Accessible cluster bedrooms will be provided with a fully wheelchair accessible bathroom, charging area for a powered wheelchair and will be fully furnished.

Enlarged Cluster Bedroom

- 3.23 The enlarged cluster rooms have been designed to allow them to be converted into fully accessible bedrooms. These bedrooms will be provided with bathrooms as wet rooms and will be fully furnished.

Student Amenities

- 3.24 Student amenities are provided on the ground floor, first floor, and top floor of the Upper Brook Street building block.
- 3.25 The ground floor amenity space is divided into different zones with different uses. These zones give the opportunity for students to work in quiet areas individually or in groups, relax, socialise or play with other residents. In addition, students have access to gym, games room, private dining rooms, cinema and laundry facilities.
- 3.26 The ground floor amenity space spreads to first floor with access to a landscaped roof terrace. The roof terrace will provide a private recreational space for students, with spaces for gathering and activities, as well as quiet contemplation. A more open area to the south of the terrace will allow for flexibility of use.

- 3.27 The top floor amenity zone could be used for small events or as a study space.

Public Realm

- 3.28 The proposed development also provides a significant amount of new / high quality public realm, including a new east-west route connecting Ardwick with the University and beyond. The route will provide an attractive and safe environment for walking and cycling, whilst providing opportunities for seating and external amenity space to support ground floor uses within both buildings.
- 3.29 The proposed development would contain very limited car parking spaces and would be designated solely as accessible parking spaces. Secure, indoor cycle parking will be provided within both buildings, with dedicated showers and changing facilities also being provided within the Sci-Tech building. Visitor cycle parking will also be provided within the public realm.

4. Methodology

4.1 Financial viability for planning purposes is defined as:

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

4.2 There is no single approach for assessing viability, but an accepted method of valuation is the ‘residual method’. This is explained further in the RICS Guidance Note (Valuation of Development Property – 1st Edition, October 2019). In summary this valuation approach recognises that the value of a development scheme is a function of several elements. These include:

- The value of the completed development (GDV).
- The direct costs of developing the scheme (TCC).
- The return (profit) to the developer for taking the development risk and delivering the scheme.
- The cost or value of the land.

4.3 Normally the residual method of valuation is used in two basic ways. In the first instance it can be used to assess the level of return (profit) generated from the proposed project where the cost of the land is an input into the appraisal. In the second option it can be used to establish a ‘residual site value’ by inputting a predetermined level of profit. The consequential outputs of both options can then be compared to a benchmark to assess the viability of the scheme.

4.4 This assessment is based on the first option, with the resultant output from our appraisal being the residual profit. This can be expressed through the simple calculation below.

Gross Development Value (GDV) (minus) Total Costs (including land value) = Residual Profit

- Gross Development Value (GDV) includes all sales income generated by the development.
- Total Development Costs (TDC) includes construction costs, professional fees, planning/S106 obligations, land value and finance / interest charges etc.
- Developer’s Profit is expressed by reference to a percentage of the Total Development Costs or Gross Development Value. It can also be expressed by reference to an Internal Rate of Return (IRR) or Return on Capital Employed (ROCE).

Developer’s Target Profit

4.5 In simple terms, only when the development value exceeds the total project costs can a scheme be considered viable. A scheme will not proceed where development costs exceed revenue (i.e. where the scheme is loss making). However, even in circumstances where a very modest profit is generated it does not always meet the expectations of the developer. Therefore, when undertaking a viability assessment, a minimum profit needs to be identified.

4.6 Planning Practice Guidance (PPG) states⁷ that for the purpose of plan making an assumption of 15% to 20% of gross development value (GDV) may be considered a suitable return to developers to establish the viability of plan policies. It further states that plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned

⁷ Paragraph: 018 Reference ID: 10-018-20190509

development. It also states that alternative figures may also be appropriate for different development types.

- 4.7 Whilst the reference within PPG is clearly aimed towards viability in plan making many practitioners also refer to the guidance within PPG for viability in decision making. However, at the application and decision-making stage the level of return needs to have regard to the scale and complexity of the project in question, its cash efficiency, the scale of investment required and the embedded risk in the project.
- 4.8 With respect to this project, we would highlight the following:
- The project is a large complex project in an urban location on a constrained site, enhancing the construction risks.
 - Current cost estimates are subject to a much higher level of uncertainty than would normally be the case due to continuing cost inflation.
 - Increasing interest rates, together with wider economic concerns, are causing developers and investors to reprice assets. The market is still in a period of 'pricing discovery' meaning there is a higher level of uncertainty on the schemes estimated net development value, than would normally be the case.
- 4.9 Because, this assessment is focussed on demonstrating 'deliverability' of the scheme the profit included in the assessment needs to reflect the applicant's 'target profit'. In this instance and reflecting the inherent risk associated with the scheme the Applicant is seeking to achieve a blended scheme profit of 12.5% on costs.

5. Appraisal Assumptions

- 5.1 Assessing viability requires judgements which are informed by the relevant available information / evidence. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market.
- 5.2 Para 008 of the PPG states that any viability assessment should reflect the governments recommended approach to defining key [standardised] inputs as set out in National Planning Guidance.
- 5.3 Para 010 of PPG⁸ further states that any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners and infrastructure and affordable housing providers. It also states that any viability assessment should follow the governments recommended approach to assessing viability as set out in the National Planning Guidance and be proportionate, simple, transparent, and publicly available.
- 5.4 The RICS Guidance Note⁹ published earlier this year provides further guidance to practitioners on the evidence that could be used.

Gross Development Value

- 5.5 Para 011¹⁰ states that for a viability assessment of a specific site or development, market evidence from the actual site or from existing developments can be used. The RICS Guidance note also advocates the use of evidence from the actual site (if available/applicable) or from existing developments.

PBSA Rents

- 5.6 We have obtained evidence on rental values for purpose built student accommodation within close proximity of the site, which includes the following schemes:

Table 5.1 – Comparable Schemes for Rental Value Evidence

ID	Scheme	Provider
1	Artisan Heights	Unite Students
2	Parkway Gate	Unite Students
3	Mill Point	Unite Students
4	Piccadilly Point	Unite Students
5	Circle Square	Vita Student
6	Manchester Student Village(MSV)	Dwell Student Living
7	New Medlock House	Unite Students
8	First Street	Vita Student
9	Sir Charles Groves Hall	Unite Students
10	Kincardine Court	Unite Students
11	Canvas	Canvas Manchester

Source: Avison Young

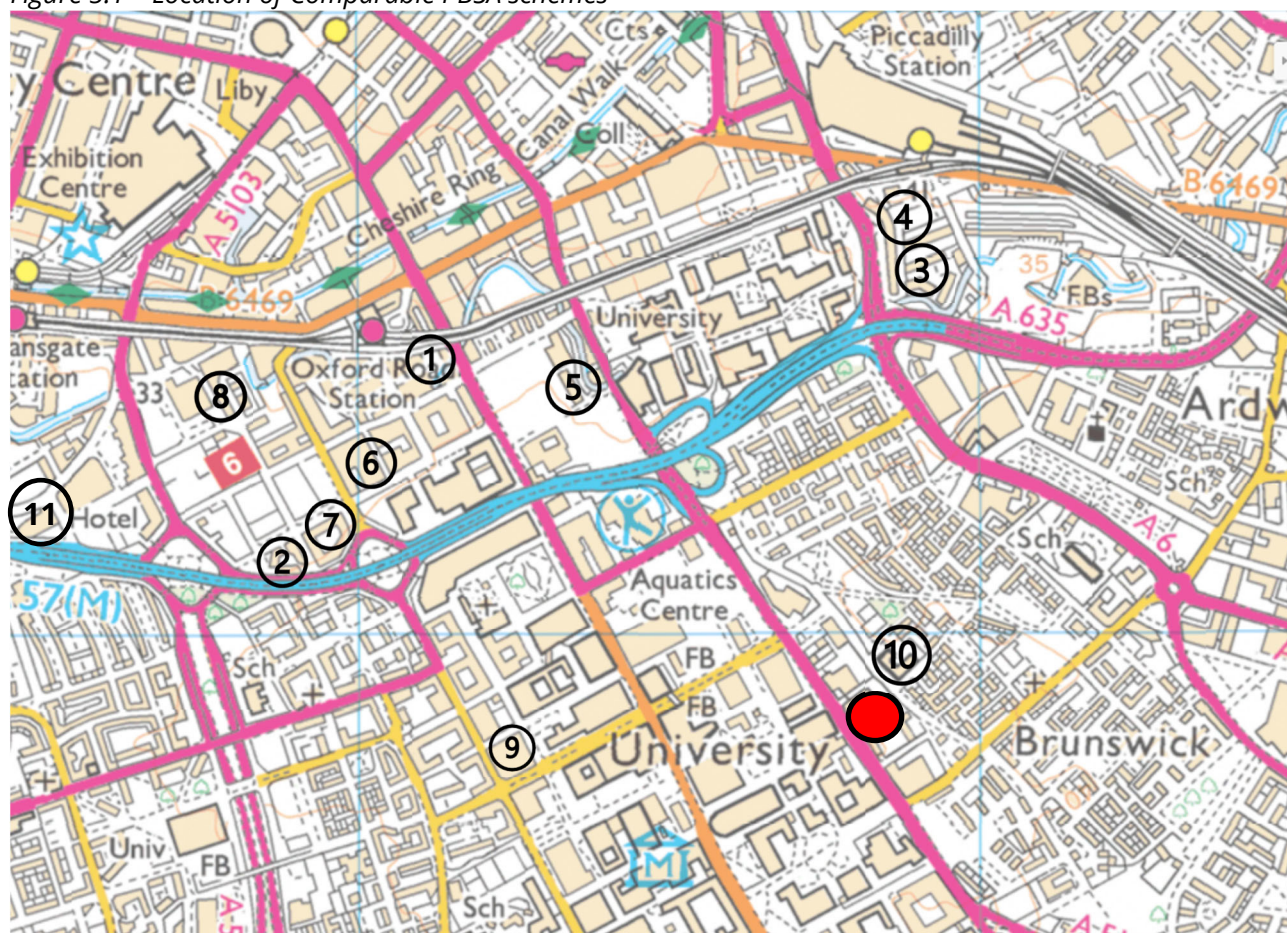
- 5.7 Figure 5.1, shows the location of these schemes relative to the subject site. As highlighted, most of the schemes, with the exception of Sir Charles Groves Hall and Kincardine Court, are situated to the north of Mancunian Way.

⁸ Ref ID: 10-010-20180724

⁹ Assessing viability in planning under the National Planning Policy Framework 2019 for England

¹⁰ Ref ID: 10-011-20180724

Figure 5.1 – Location of Comparable PBSA schemes



Source: Avison Young and Nimbus Maps

 The site

5.8 A summary of the rental range for these schemes based on rents for the 23 / 24 academic year is provided below¹¹

Table 5.2 – Ensuite Rents (£per week)

ID	Scheme	Min Rent	Max Rent	Average Rent
1	Artisan Heights	£152	£235	£196
2	Parkway Gate	£192	£237	£213
3	Mill Point	£195	£201	£199
4	Piccadilly Point	£189	£211	£200
5	Circle Square	£394	£451	£424
6	Manchester Student Village	£192	£192	£192
7	New Medlock House	£196	£206	£199
8	First Street	-	-	-
9	Sir Charles Groves Hall	£176	£215	£194
10	Kincardine Court	£204	£213	£209
11	Canvas	£299	£379	£346

¹¹ A detailed rental schedule for the PBSA comparable schemes is included at Appendix 2.

Table 5.3 – Studio Rents (£per week)

ID	Scheme	Min Rent	Max Rent	Average Rent
1	Artisan Heights	£295	£309	£302
2	Parkway Gate	£289	£298	£294
3	Mill Point	-	-	-
4	Piccadilly Point	£279	£304	£292
5	Circle Square	£429	£634	£499
6	Manchester Student Village	£248	£276	£267
7	New Medlock House	£190	£190	£190
8	First Street	£388	£449	£422
9	Sir Charles Groves Hall	£235	£308	£262
10	Kincardine Court	-	-	-
11	Canvas	£394	£499	£427

- 5.9 When reflecting on this evidence the Applicant is mindful of the Council's concerns over affordability and their objective of securing a more diverse pipeline of new PBSA within the City at affordable prices.
- 5.10 Within this context we have discounted the evidence from Circle Square, First Street and Canvas as the rents being charged in these schemes are unlikely to be unaffordable to the majority of students, which is contrary to the Council's objective of securing more PBSA flats at affordable prices.
- 5.11 Recognising the Council's objective of securing more PBSA flats at affordable prices the Applicant is targeting rents at the lower end of the rental scale. On this basis, the following rents have been incorporated into our assessment.

Table 5.4 – PBSA Rental Assumptions

Room	Occupancy	Term (weeks)	Rent (£per week)	Rent (£ per annum) ¹²
All Studios ¹³	Single	51	£255	£13,005
All Cluster Rooms ¹⁴	Single	51	£205	£10,455

- 5.12 We have assumed voids and bad debt of 3% and also made an allowance for sundry income of £150 per bed space per annum.

PBSA Operational Expenditure

- 5.13 Actual operating expenditure will vary significantly each year depending on the stage within the life cycle that the building is at. We have adopted a 'straight line' approach to average annual costs over the life of the investment. We have assumed that the subject rents will be charged inclusive of utility charges.
- 5.14 We would expect operational costs (inclusive of management fee and sinking fund/lifecycle costs etc.) to be broadly in the region of 23% of the gross operating income.

¹² Assuming a 51 week term

¹³ Average rents across all studios - standard, accessible and enlarged

¹⁴ Average rents across all clusters - standard, accessible and enlarged

Retail / Community Rents

- 5.15 We have assumed a rental value of £231psm (£21.50psf) and a rent free period of 6 months. We have assumed no rental income from the community centre.

PBSA Capital Value

- 5.16 We are not aware of any recent PBSA transactions upon which to form an opinion on pricing. However, our student specialist has advised given the location of the proposed scheme it would be highly attractive to both student and investors once completed. They advised that prime yields for regional cities such as Manchester are currently forecast at circa 5.25% having moved out in recent months from a peak of circa 4.50% in 2022. Whilst there has been limited transactional evidence to underpin this outward movement, recent market processes and investor sentiment would suggest pricing around this level.
- 5.17 We have also referred to the Knight Frank prime yield guide (April 2023) which shows yields of between 5% and 5.25% for prime regional direct lets, which are classified as stable. These yields are based on modern purpose built and fully stabilised schemes.
- 5.18 Within this context we have applied a yield of 5.25%.

Life Science Rents

- 5.19 Manchester Oxford Road Corridor is recognised as a global leader in tech and life sciences. The three main locations include Circle Square, City Labs and Manchester Science Park.

Circle Square

- 5.20 Is a new neighbourhood for digital and tech businesses, a number of properties are available offering high quality flexible office space, including co working, serviced and managed workspace. Asking rents for office space are £323psm (£30psf) but JLL are marketing space at £339psm (£31.50psf). Recent transactions have exceeded the asking rents with achieved rents ranging between £323psm and £33psf. The average achieved rent is £343psm (£31.83psf). Office space is also available in the technology centre at asking rents of £253psm (£23.50psf). Cost for meeting rooms range between £30 and £50 per hour or £180 to £1,500 per day.

City Labs

- 5.21 City Labs is a hub for health innovation and precision medicine. The Citylabs campus is home to a cluster of diagnostics, MedTech, digital health and genomics businesses driving the future of healthcare. Located within Manchester University NHS Foundation Trust's Oxford Road campus. Office space is currently available from circa £274psm (£25.50psf). Lab space is available from £290psm (£27psf). Meeting rooms are also available from £40 per hour. City Labs 4 will be the newest development coming to the Citylabs campus and will provide 11,613sq.m (125,000sq.ft) office and lab space. We understand the quoting rents are circa £430psm (£40psf).

Manchester Science Park

- 5.22 The park is an established park and offers office space, lab space and specialist 1:1 business support in the heart of the largest clinical, academic campus in Europe. Asking rents for offices and lab space start from £145psm (£13.50psf). New build / modern properties with space available to rent include:

- Base. This is an 8,454sq.m (91,000sq.ft) office and maker-space development, which will be a hub for Industry 4.0, computer engineering, energy technology and low carbon, robotics, light manufacturing, materials science, gaming and animation businesses. Offering flexible, secure, leased or managed sustainable office space, and makerspace workshop capability, it will also be

home to the Manchester Innovation Activities Hub (MIAH). Asking rents for office and lab space are £296psm (£27.50psf). Meeting rooms are available from £20 per hour.

- Bright Building. sits at the heart of Manchester Science Park and offers affordable, high spec office space with flexible leases. It's already the home of several world-leading digital and tech businesses. The building also includes a large shared informal breakout space, meeting rooms, event space, studio gym, outdoor garden, an onsite cafe and pub, car parking and secure cycle storage, showers and kit drying room. Asking rents for office and lab space are £285psm (£26.50psf). Meeting rooms are available from £30 per hour.
- Greenheys will be a new 12,170sq.m (131,000sq.ft) highly specialist lab space with supporting office space for diagnostic, genomics, biotech and precision medicine due for completion in spring 2026. No information has been released yet on asking rents but we anticipate asking rents to be in the region of £430psm (40psf).

5.23 In additional we have anecdotal evidence from Track Real Estate¹⁵ who state that current headline rents are between £431psm (£40psf) and £452psm (£42psf).

5.24 For the purpose of our appraisal we have adopted a rental value of £430psm (£41psf)

5.25 For the meeting rooms we have assumed an hourly charge of £40per hour and assumed 50% occupancy¹⁶.

¹⁵ Track Real Estate provide strategic commercial property advice to investors and occupiers on life sciences, laboratory & office space to let.

¹⁶ This equates to £41,600 per annum per meeting room. This revenue has been calculated as follows: Five working days at 8hrs per day equals a total of 40hours per week over 1 year equates to a total of 2,080hrs. At £40per hour this equates to revenue £83,200 assuming 100% occupancy. At 50% occupancy the total income from one meeting room is £41,600.

Figure 5.2 – Location of comparable Sci Tech Schemes



Source: Avison Young and Nimbus Maps

 The site

Life Science Capital Value

5.26 Over the past 12 months we are aware of the following transactions.

- *101 Barbirolli Square.* Sold for £47m in December 2022, reflecting an initial yield of 5.75%. La Francaise bought the building from AEW Investors. Around half of the building is let to Swedish Bank Handelsbanken with the remaining space let to multiple occupiers. The building underwent a high quality refurbishment in 2018.

- *Sunlight House*. Sold for £42m in August 2022 reflecting an initial yield of 4.45%. The property was acquired by a joint venture between Kinrise and real estate fund Karrev. The property was recently refurbished and has a vacancy rate of 19%. Tenants at Sunlight House include Booking.com, which occupies around 5,760sq.m (62,000sq.ft) at the building but is to depart for Allied London's Manchester Goods Yard soon. The Department for Levelling Up, Housing & Communities accounts for around 25% of rental income at Sunlight House.
- *Manchester Ship Canal House*. The property was bought by Grosvenor in June 2022 for £33.65m, reflecting an initial yield of 5.07%. The 6,782sq.m (73,000sq.ft) property is nearly fully let with only a single office suite vacant on the top floor.
- *16, John Dalton Street*. The circa 58,500sq.ft building was sold by Helical in May 2022 to Mayfair Capital IM Ltd for £34.5m, reflecting an initial yield of 5%. The property is 76% let to eight occupiers including law firm Kennedys and Aew Architects.

- 5.27 Within their Big 6 Office market report (H2 2022) JLL state that prime yields have moved out to 5.5% reflecting the recent market correction.
- 5.28 The Lambert Smith Hampton Regional Office Report 2023 quotes prime yields of 5.25%.
- 5.29 Within their Office Q4 2022 Market Beat report Cushman and Wakefield quoted prime yields of 5.75%.
- 5.30 For the purpose of our assessment a yield of 5.25% has been adopted.

Development Costs

- 5.31 Para 012 PPG¹⁷ states that the assessment of costs should be based on evidence which is reflective of local market conditions. The latest RICS Guidance¹⁸ also states that a full quantity surveyor's cost report showing how costs have been estimated should be made available for site-specific viability.

Construction Costs

Costs of PBSA Block

- 5.32 The costs for the student block have been estimated, by Abacus, to be in the region of £71,964,182, which equate to circa £97,644.7517 per bed¹⁹. A breakdown of these costs is presented in Table 5.5.

Table 5.6 – PBSA Costs

Key Elements	Total (£)
Building Works	£55,237,620
External Works	£1,492,158
Preliminaries	£7,942,169
Overheads and Profit	£3,880,317
Risk/Design Development and provisional sums	£2,419,329
Infrastructure	£992,588
Total	£71,964,182

Source: Abacus

¹⁷ Reference ID:10-012-20180724

¹⁸ Assessing viability in planning under the National Planning Policy Framework 2019 for England.

¹⁹ Based on 737 beds, the exact cost would be £103,120.76.

Costs of Sci Tech Block

- 5.33 The costs for the Sci Tech block have been estimated, by Gardiner and Theobald, to be in the region of £77,820,000²⁰, which equates to circa £3,875psm (£360psf)²¹. A breakdown of these costs is presented in Table 5.6.

Table 5.6 – Sci Tech Costs

Key Elements	Total (£)
Site Enabling	£900,000
Shell and Core	£63,810,000
Fit out	£11,660,000
Infrastructure	£1,450,000
Total	£77,820,000

Source: Gardiner and Theobald

Developers Contingency

- 5.34 A developers contingency equal to 5% of the construction costs has been included within our appraisal

Project Fees

- 5.35 We have included project fees, which covers planning, architecture, QS, structural engineer, services engineer, project manager, specialist fees and surveys, legal, insurances and other fees etc at 8% of construction costs.

S.106 Contributions

- 5.36 No costs have been included for Section 106 contributions or Section 278 Works; however, the cost plans include allowances for the following:
- Upgrading the footpaths to UBS and Kincardine Road (£40,000).
 - Work to the road crossing on UBS (£80,000).
 - Works to the road crossing on Kincardine Road (£25,000).
- 5.37 If contributions over and above those outlined above are subsequently requested our appraisal will need to be updated.

CIL

- 5.38 The Council are not charging a Community Infrastructure Levy (CIL) in relation to any planning permission so no costs have been included in our appraisal.

Disposal Costs

- 5.39 The following allowances have been included within our appraisal:
- Sales agent fee based (PBSA and Sci Tech) on 0.5% of GDV
 - Sales legal fee based (PBSA and Sci Tech) on 0.25% of GDV
 - Letting agents' fees on life science floorspace at 10% of first year's rental value
 - Letting legal fees on life science floorspace at 5% of the first year's rental value

²⁰ Excluding inflation

²¹ Based on a GIA of 20,075q.m (216,088sq.ft), refer to Section 3.

Land Value

- 5.40 As outlined previously the purpose of this assessment is to demonstrate that the quantum of PBSA proposed is the minimum necessary to balance the risk profile and scheme viability, inclusive of wider public realm and community benefits and thereby demonstrate that the PBSA is deliverable, which is a key strand of the Council's student housing policy. In this context we don't believe that a BLV is required, as this assessment does not concern a viability in planning matter regarding commuted sums or affordable housing.
- 5.41 Instead the assessment, as part of demonstrating that the scheme is deliverable, includes the agreed land values for both sites. The values agreed are £3,800,000 for the PSBA block and £6,500,000 for the Sci Tech block.

Stamp Duty and Purchasers Costs on Residual Land Value

- 5.42 We have applied Stamp Duty in line with HMRC's prevailing rates. These are set out in Table 5.3.

Table 5.3 – Stamp Duty Thresholds for Non-Residential Land or Property²²

Purchase Price	SDLT Rate
Up to £150,000	0%
The next £100,000 (the portion from £150,001 to £250,000)	2%
The remaining amount (the portion over £250,000)	5%

Source: HM Customs and Revenue

- 5.43 In addition to stamp duty purchasers' costs have also been included at 1.8%.

Finance Costs and Timescales

- 5.44 It is difficult to establish what the appropriate rate of interest would be in the current market. Current margins are substantial and the current Bank of England base rate is 4.50%, which is expected to rise to circa 4.75%/ 5.0%, as the Bank of England continues to grapple with inflation. It is also widely recognised that the approach to development varies widely and is influenced by the equity invested in the site along with the financial organisation / strength of the developer. The interest rates can, therefore, differ widely between these approaches.
- 5.45 For the purpose of our appraisal we assumed an interest rate of 6.5%.
- 5.46 In terms of timescales our assessment is based on the following timescales.
- 6 months lead in /mobilisation to construction, including demolition.
 - 24 months construction programme for both student and Sci Tech blocks.
 - Investment sale on Practical Completion.

²² The HMRC Guidance states that non – residential properties include commercial property such as shops or offices, agricultural land, forests and any other land or property transaction which is not used as a dwelling and six or more residential properties bought in a single transaction.

6. Appraisal Results

- 6.1 The results of our baseline assessment are summarised in Table 6.1 and a copy of our appraisal is included at Appendix 3.

Table 6.1- Summary of Base Appraisal

Item	£
PBSA – Gross Development Value	£121,374,754
Sci Tech – Gross Development Value	£113,893,238
Total Gross Development Value	£235,267,992
Purchasers Costs	(£15,977,223)
Net Development Value / Realisation (A)	£219,290,768
Acquisition Costs / Land Value	£10,300,000
Stamp Duty and Purchasers Costs	£679,400
PBSA Block – Construction Costs	£71,964,181
Sci Tech Block – Construction Costs	£77,820,000
Developers Contingency	£7,489,209
Project Fees	£11,982,734
Marketing and Disposal Costs	£2,646,086
Finance	£12,359,594
Total Costs (B)	£195,241,205
Profit (A- B)	£24,049,564
Profit on Cost	12.32%

Source: Avison Young Base Appraisal

	Target profit of 12.5% exceeded
	Marginally below ²³ the target profit of 12.5%
	Below target profit of 12.5%

- 6.2 As demonstrated above our base case appraisal generates a profit of 12.32%, which is only marginally lower than the Applicant's target profit of 12.5%, demonstrating that the overall scheme (including the student block) is deliverable, which is a key strand of the Council's student housing policy.

²³ I.e. within 0.25%

7. Sensitivity Analysis

7.1 Within this section of our report, we consider the impact on viability of various scenarios. The purpose of this exercise is to demonstrate that the quantum of development proposed is the minimum necessary to bring forward the scheme.

7.2 The scenarios considered, which are not exhaustive, are set out in Table 7.1.

Table 7.1 – Sensitivity Matrix

	Scenario	Profit		Target Profit
		£	% on Cost	
1	Exclude 22 nd floor resulting in the loss of 14 studios.	£23,281,287	12.03%	12.5%
2	Same as scenario 1 but with a 5% increase in construction costs ²⁴ .	£14,371,735	7.10%	12.5%
3	Same as scenario 1 but with a 5% decrease in construction costs ²⁵	£32,190,847	17.43%	12.5%
4	Same as scenario 3 but also excludes 21 st floor (in addition to 22 nd floor) resulting in the loss of 28 studios and 14 cluster beds.	£30,955,375	17.05%	12.5%
5	Same as scenario 4 but also excludes 20 th floor, resulting in the total loss (including floors 21 and 22) of 42 studios and 28 cluster beds.	£29,719,904	16.66%	12.5%
6	Same as scenario 5 but also excludes 19 th floor, resulting in the total loss (including floors 20, 21 and 22) of 56 studios and 42 cluster beds.	£28,484,432	16.26%	12.5%
7	Same as scenario 6 but with a change in yields of 25bps. This would crease the yield on the PBSA and Sci Tech space to 5.5%.	£19,299,931	11.02%	12.5%
8	Same as scenario 6 but with a reduction in the Sci Tech rents to £409psm (£38psf).	£21,005,034	12.00%	12.5%
9	Same as scenario 2 but with an increase in the PBSA rents to £265pw for studios and £225pw for clusters	£22,253,369	10.99%	12.5%

	Target profit of 12.5% exceeded
	Marginally below ²⁶ the target profit of 12.5%
	Below target profit of 12.5%

²⁴ Increases PBSA costs to £102,526 per bed and the Sci Tech space to £81,711,000 equating to £4,070psm (£378psf).

²⁵ Decreases PBSA costs to £92,762.514 per bed and the Sci Tech space to £73,929,000 equating to £3,683psm (£342psf).

²⁶ i.e within 0.25%

- 7.3 Scenario's 3, 4, 5 and 6 generate profits which exceed the target profit of 12.5%, but these all assume a 5% decrease in construction costs, which is unlikely in the current inflationary cycle we are in, rendering these scenarios hypothetical.
- 7.4 Scenario 1 shows the impact of excluding one floor from the PBSA block, which shows a profit of 12.03%, which is below the target of 12.5%. Scenario 2 also shows the impact of a 5% increase in construction costs alongside a reduction in height (removal of 22nd floor). This scenario shows the profit is significantly below the target of 12.5% which will be worsened with additional cost increases and or a further loss of floors from the PBSA block.
- 7.5 As outlined previously the market is currently in a period of 'pricing discovery' and Scenario 7 explores the impact of a softening of investment yields by 25bps. Under this scenario the profit would fall to 11.02% which is below the target profit of 12.5%.
- 7.6 Scenario 8 considers a reduction in the Sci Tech rent to £409psm (£38psf) in addition to the loss of floors 19, 20, 21 and 22 of the PBSA block (a total reduction of 56 studios and 42 cluster flats). This scenario also assumes a 5% decrease in construction costs. The scenario highlights that only a small change on the Sci Tech rent would reduce the profit to circa 12% which is below the target of 12.5%.
- 7.7 Based on the results of our base appraisal (refer to Section 6) and the previous sensitivities we believe the scale of the student block proposed is the minimum necessary to balance the risk profile and scheme viability to ensure a deliverable scheme inclusive of wider public realm and community benefits

8. Conclusions

- 8.1 McLaren Property Ltd and Kadans' Science Partner (the applicant), are seeking full planning permission for a Sci-Tech and purpose-built student accommodation scheme (PBSA) on land at Upper Brook Street, Manchester. The new Sci-Tech floor space would be developed by Kadans' in-house team while the student accommodation would be developed by McLaren Property.
- 8.2 Avison Young (AY) has been appointed to prepare an independent assessment of scheme viability; the purpose of which is to:
- Demonstrate that the quantum of student development proposed is the minimum necessary to balance the risk profile and scheme viability, inclusive of wider public realm and community benefits.
 - Demonstrate that the PBSA scheme is deliverable, which is a key strand of the Council's student housing policy.
- 8.3 Because, this assessment is focussed on demonstrating 'deliverability' of the scheme the profit included in the assessment reflects the applicant's 'target profit'. In this instance and reflecting the inherent risk associated with the scheme the Applicant is seeking to achieve a blended scheme profit of 12.5% on costs.
- 8.4 We also don't believe that a BLV is required, as this assessment does not concern a viability in planning matter regarding commuted sums or affordable housing. Instead the assessment, as part of demonstrating that the scheme is deliverable, includes the agreed land values for both sites. Land values of £3,800,000 have been included for the PBSA block and £6,500,000 for the Sci Tech block.
- 8.5 Our base case appraisal generates a profit of 12.32%, which is only marginally below than the target profit of 12.5%, thereby, demonstrating that the scheme (including the PBSA block) is deliverable, which is a key strand of the Council's student housing policy.
- 8.6 Based on the results of our base appraisal and sensitivities we believe the scale of the student block proposed is the minimum necessary to balance the risk profile and scheme viability to ensure a deliverable scheme, inclusive of wider public realm and community benefits.

Appendix 1

Terms of Engagement

Avison Young (UK) Limited Standard Terms of Appointment

PARTIES

- (1) Avison Young (UK) Limited incorporated and registered in England and Wales with company number 6382509 whose registered office is at 3 Brindleyplace, Birmingham, B1 2JB, United Kingdom (**Avison Young**).
- (2) The Client named in the Letter of Appointment (**Client**)

1. Interpretation

The following definitions and rules of interpretation apply in this appointment:

Additional Services: any additional services which Avison Young agrees to provide in accordance with clause 6.

Fee: the fees for the Services and any Additional Services (if any) as set out in the Letter of Appointment.

Force Majeure Event: means any circumstance not within a party's reasonable control including, without limitation: acts of God, flood, drought, earthquake or other natural disaster; epidemic or pandemic; terrorist attack, civil war, civil commotion or riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations; nuclear, chemical or biological contamination or sonic boom; any law or any action taken by a government or public authority, including without limitation imposing an export or import restriction, quota or prohibition, or failing to grant a necessary licence or consent; collapse of buildings, fire, explosion or accident; any labour or trade dispute, strikes, industrial action or lockouts; any interruption or failure of utility service

Insolvent: a party is insolvent if: a party is making a voluntary arrangement with its creditors, entering administration or going into liquidation; or a security holder taking possession, or a receiver or an administrative receiver being appointed over all or any part of the property or the assets of the party; or any other similar or analogous event in another jurisdiction.

Letter of Appointment: the letter by Avison Young which sets out the details of the Client and the Services and the Fee together with other details relating to the Service which may be appropriate to this appointment.

Material: all designs, drawings, models, plans, specifications, design details, photographs, brochures, reports, notes of meetings, CAD materials, calculations, data, databases, schedules, programmes, bills of quantities, budgets and any other materials provided in connection with the Services and all updates, amendments, additions and revisions to them and any works, designs, or inventions incorporated or referred to in them for any purpose relating to the Services.

Services: the Services set out in the Letter of Appointment and the Additional Services (if any).

VAT: value added tax imposed by the Value Added Tax Act 1994, or any similar tax in addition to or replacing it from time to time.

2. Appointment

- 2.1. The Client appoints Avison Young to carry out the Services, subject to the terms of this appointment.
- 2.2. This appointment takes effect from the date when Avison Young begins performing the Services, regardless of the date of this appointment.
- 2.3. This appointment consists of these Avison Young Terms and the Letter of Appointment.
- 2.4. Avison Young shall deem the Client to have accepted the terms of this appointment (including the details set out in the Letter of Appointment) within 30 days of their issue unless the Client has notified Avison Young otherwise in writing.

3. Consultant's Obligations

- 3.1. Avison Young warrants and undertakes that it shall comply with the terms of this appointment.
- 3.2. Avison Young warrants and undertakes that it shall act with reasonable skill and care:
 - 3.2.1. when performing the Services;
 - 3.2.2. to comply with any Act of Parliament, any instrument, rule or order made under any Act of Parliament; and any regulation or bye-law of any local authority, statutory undertaker or public or private utility or undertaking that has any jurisdiction over the Services or with those systems or property the Services is or will be connected.

Avison Young (UK) Limited Standard Terms of Appointment

4. Client Obligations

- 4.1. The Client undertakes promptly to provide Avison Young with all information, assistance and materials that Avison Young may request from time to time to facilitate the proper and timely performance of the Services. The Client warrants that all information provided by it to Avison Young will be accurate and complete, and that it is entitled to provide the same to Avison Young for its use without recourse to any third party.
- 4.2. The Client undertakes promptly to carry out all such actions and provide all such resources (if any) as may be required of the Client in the Letter of Appointment.
- 4.3. The Services will be provided at Avison Young's premises when the nature of the work permits. If any of Avison Young's personnel are to perform any Services at the Client's premises, the Client shall ensure that such personnel are allowed access to such premises upon reasonable prior notice during normal business hours and shall take full responsibility for the safety and security of Avison Young's personnel whilst at such premises.

5. Remuneration

- 5.1. The payment terms set out in clauses 5.5 to 5.7 shall apply to all Services not covered under the Housing Grants, Construction and Regeneration Act 1996. The payments terms set out in clauses 5.8 to 5.14 apply to Services which are covered under the Housing Grants, Construction and Regeneration Act 1996.
- 5.2. The Client shall pay the Fee, together with any reasonable expenses and disbursements, which shall be Avison Young's entire remuneration under this appointment.
- 5.3. The Client shall pay Avison Young any VAT properly chargeable on the Services. Any amount expressed as payable to Avison Young under this appointment is exclusive of VAT unless stated otherwise.
- 5.4. The Fee shall be calculated and paid in instalments in accordance with the dates set out in the Letter of Appointment or if not set out, the Fee shall be paid at intervals of not less than one month, beginning one month after Avison Young begins performing the Services.

To the extent that the Fee is not set out in the Letter of Appointment, Avison Young will be entitled to charge a Fee based on its current hourly rates (which are available on request), and on the number of hours it has worked on the matter.

- 5.5. Avison Young shall submit to the Client an invoice for each instalment of the Fee, together with any supporting documents that are reasonably necessary to check the invoice. The invoice and supporting documents (if any) shall specify the sum that Avison Young considers will become due on the relevant instalment date.
- 5.6. Payment shall be made within 30 days of the date of the Invoice.
- 5.7. Avison Young reserves the right to charge interest and debt recovery costs in respect of any amounts not paid in accordance with clause 5.6. Interest will be calculated in accordance with the "Late Payment of Commercial Debts (Interest) Act 1998".
- 5.8. Avison Young shall submit to the Client an invoice for each instalment of the Fee, together with any supporting documents that are reasonably necessary to check the invoice. The invoice and supporting documents (if any) shall specify the sum that Avison Young considers will become due on the payment due date in respect of the instalment of the Fee, and the basis on which that sum is calculated.
- 5.9. Payment shall be due on the date Avison Young submits each invoice (**payment due date**).
- 5.10. No later than five days after the payment due date, the Client shall notify Avison Young of the sum that the Client considers to have been due at the payment due date in respect of the payment and the basis on which that sum is calculated.
- 5.11. The **final date for payment** shall be 30 days after the payment due date.
- 5.12. Unless the Client has served a notice under clause 5.13, it shall pay Avison Young the sum referred to in the Client's notice under clause 5.10 (or, if the Client has not served notice under clause 5.10, the sum in the invoice referred to in clause 5.8) (the **notified sum**) on or before the final date for payment.
- 5.13. Not less than five days before the final date for payment (the **prescribed period**), the Client may give Avison Young notice that it intends to pay less than the notified sum (a pay less notice). Any pay less notice shall specify:

Avison Young (UK) Limited Standard Terms of Appointment

5.13.1. the sum that the Client considers to be due on the payment due date; and

5.13.2. the basis on which that sum is calculated.

5.14. If the Client fails to pay an amount due to Avison Young by the final date for payment and fails to give a pay less notice, then the Client shall pay interest calculated in accordance with the "Late Payment of Commercial Debts (Interest) Act 1998".

6. Additional Services

6.1. Each party shall notify the other as soon as reasonably practicable if it becomes apparent that Additional Services are likely to be required, and such notice will identify the required services.

6.2. Additional Services may arise as a result of the following:

6.2.1. a change in the scope, size, complexity or duration of the Services;

6.2.2. any other changes to the Services as set out in the Letter of Appointment;

6.2.3. any material delay or disruption to the Services; or

6.2.4. any other cause outside Avison Young's reasonable control and which it could not reasonably have foreseen at the date of this appointment.

6.3. If the Client provides a notice under clause 6.1, then as soon as reasonably practicable after receiving the notice, Avison Young shall provide the Client with a written estimate of the change to the Fee in respect of the Additional Services. If Avison Young provides a notice under clause 6.1, Avison Young shall provide the Client with a written estimate of the change to the Fee in respect of the Additional Services at the same time it provides the notice.

6.4. The Fee for the Additional Services shall be calculated by agreement between the parties.

6.5. At the Client's discretion, acting reasonably, it may instruct Avison Young to carry out the Additional Services. For the avoidance of doubt, Avison Young shall only perform Additional Services on receipt of a written instruction to do so by the Client.

6.6. Any Fee payable by the Client in respect of Additional Services shall be included in the next invoice following performance of the Additional Services.

7. Limitation of Liability – PLEASE READ THIS SECTION CAREFULLY

7.1. Without affecting any other limitation in this appointment, Avison Young's liability under or in connection with this appointment shall be limited to £5,000,000 in total for all claims arising. This limit shall apply however that liability arises including a liability arising by breach of contract, arising by tort (including the tort of negligence) or arising by breach of statutory duty. Nothing in this appointment shall exclude or limit Avison Young's liability for:

7.1.1. death or personal injury caused by Avison Young's negligence; or

7.1.2. fraud or fraudulent misrepresentation.

7.2. None of Avison Young's employees, directors or consultants individually has a contract with the Client or owes the Client a duty of care or personal responsibility. The Client agrees that it will not bring any claim against any such individuals personally in connection with the Services.

7.3. If the Client suffers loss as a result of Avison Young's breach of contract or negligence, Avison Young's liability shall be limited to a just and equitable proportion of the Client's loss having regard to the extent of responsibility of any other party. Avison Young's liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an appointment between the Client and them, difficulty in enforcement, or any other cause.

7.4. Avison Young shall have no liability to the Client under this appointment in respect of loss of profits, loss of revenue or business, loss of goodwill or reputation or any other indirect or consequential losses.

7.5. The Services and any Material produced in connection with the Services are provided for the Client's benefit alone and solely for the purposes of the instruction to which it relates. The Services or any Material may not, without Avison Young's written consent, be used or relied upon by any third party, even if that party pays all or part of Avison Young's Fees, or is permitted to see a copy of the Materials Avison Young create. If Avison Young provides written consent for a third party to rely on the Services or the Materials, it may be subject to a further fee, and any such third party will be deemed to have accepted the terms and conditions set out in this appointment.

Avison Young (UK) Limited Standard Terms of Appointment

7.6. Avison Young shall not be liable for any loss or damage suffered or incurred by the Client arising from Avison Young's delay in performing or failure to perform the Services and/or any of its obligations under this appointment where such delay or failure results from a Force Majeure Event.

8. Suspension

- 8.1. The Client may, at any time, suspend performance of all or part of the Services by giving written notice to Avison Young. Subject to clause 9.1, Avison Young shall resume performance of the Services as soon as reasonably practicable after receiving a written notice to do so from the Client.
- 8.2. Avison Young may suspend the performance of any or all of its Services and other obligations under this appointment by giving not less than seven days' notice to the Client of its intention to do so in the event that the Client fails to pay an invoice in accordance with the relevant payment provisions set out in clause 5.
- 8.3. In the event of a suspension in accordance with this appointment, the Client shall pay Avison Young an amount in respect of any costs and expenses reasonably incurred by Avison Young as a result of such suspension.

9. Termination

- 9.1. Avison Young may immediately terminate its engagement under this appointment by giving written notice to the Client if:
 - 9.1.1. a suspension of the Services in accordance with clause 8.1 continues for a continuous period of six months; and
 - 9.1.2. the Client does not instruct Avison Young to resume the Services within 30 days of receiving a written notice from Avison Young requiring it to do so.
- 9.2. Either party may immediately terminate this appointment by giving written notice to the other party if:
 - 9.2.1. the other party is in material breach of its obligations under this appointment and fails to remedy that breach within 14 days of receiving written notice requiring it to do so; or
 - 9.2.2. the other party becomes Insolvent; or
 - 9.2.3. a Force Majeure Event continues for a period of more than 30 days.

9.3. Either party may terminate this appointment at any time for any reason by giving no less than 30 days written notice to the other party.

10. Consequences of Termination

- 10.1. On termination the Client shall immediately pay Avison Young:
 - 10.1.1. any amount properly due for payment under this appointment at the date of termination; and
 - 10.1.2. a fair and reasonable proportion of the next instalment of the Fee, together with any expenses and disbursements, commensurate with the Services properly performed at the date of termination; and
 - 10.1.3. any expenses, disbursements or costs necessarily incurred by Avison Young as a direct result of termination (unless the termination arises as a result of Avison Young's default).
- 10.2. Termination of Avison Young's engagement under this appointment shall not affect any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of this appointment which existed at or before the date of termination.

11. Copyright and Intellectual Property

- 11.1. Avison Young owns all intellectual property rights (including copyright) relating to the Material it produces.
- 11.2. On payment of the Fee, Avison Young grants to the Client an irrevocable, non-exclusive, non-terminable, royalty-free licence to copy and make full use of any Material prepared by, or on behalf of, Avison Young for any purpose relating to the project or the property to which the Services relate.
- 11.3. Avison Young shall not be liable for use of the Material for any purpose other than that for which it was prepared and/or provided.
- 11.4. The Client may, at any time (whether before or after completion of the Services, or after termination of Avison Young's engagement under this appointment), request a copy or copies of (some or all of) the Material from Avison Young. On the Client's payment of Avison Young's reasonable charges for providing the copy (or copies), Avison Young shall provide the copy (or copies) to the Client.

Avison Young (UK) Limited Standard Terms of Appointment

12. Confidentiality

- 12.1. Each party undertakes that it shall not at any time disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other party belongs, except as permitted by clause 12.2.
- 12.2. Each party may disclose the other party's confidential information:
 - 12.2.1. to its employees, officers, representatives, contractors, sub-contractors or advisers who need to know such information for the purposes of exercising the party's rights or carrying out the party's obligations under or in connection with this appointment. Each party shall ensure that its employees, officers, representatives, contractors, sub-contractors or advisers to whom it discloses the other party's confidential information comply with this clause 12; and
 - 12.2.2. as may be required by law, to a court of competent jurisdiction or any governmental or regulatory authority.
- 12.3. No party shall use any other party's confidential information for any purpose other than to exercise its rights and perform its obligations under or in connection with this appointment.

13. Anti-Money Laundering

- 13.1. Avison Young operate an anti-money laundering policy in compliance with the Money Laundering Regulations 2007 and the Money Laundering Regulations 2017, The Proceeds of Crime Act 2002, The Terrorism Act 2000 and subordinate legislation. Avison Young may require the Client to provide information (including proof of identity or income) from time to time to enable Avison Young to verify the Client's identity. For the avoidance of doubt this may require Avison Young to request and retain information relating to the directors and the "beneficial owners" of the Client, as is required under the legislation.
- 13.2. Any failure to provide such information within seven days of such a request shall give Avison Young the right to terminate this appointment in accordance with Clause 9.2.1 of this appointment.

14. Bribery Act

- 14.1. In order to Comply with the Bribery Act 2010, either party must inform the other if it becomes aware of any person (employee, agent, intermediary, contractor, private individual, commercial organisation or public official) connected (in any way) with this appointment who has committed an offence under the Bribery Act 2010 (or any equivalent legislation).
- 14.2. Avison Young reserves the right to terminate this appointment in accordance with Clause 9.2.1 should it reasonably believe that a breach or likely breach of the Bribery Act 2010 (or any equivalent legislation) has occurred.

15. Data Protection

As a result of Avison Young's relationship with the Client, Avison Young may collect or retain personal data about the Client. If the Client is a company, this may include information about the Client's employees, officers, or shareholders. If the Client is a person, this may include information about the Client's family members. Avison Young will only use such data for the purposes of providing the Services, or for related purposes such as updating Client records, money laundering compliance and other legal and regulatory compliance, and we may need to disclose this information to appropriate persons in relation to such matters. In providing any personal data to Avison Young, the Client confirms that it has informed the individuals concerned and obtained any necessary consent to the transfer to Avison Young and for Avison Young's use of their data for these purposes.

16. Professional Indemnity Insurance

- 16.1. Avison Young shall maintain professional indemnity insurance to cover its liabilities arising out of this appointment for a period beginning on the date of this appointment and ending 6 years after the date of completion of the Services provided that such insurance is available at commercially reasonable rates and terms with reputable insurers lawfully carrying on insurance business in the UK.
- 16.2. Whenever the Client reasonably requests, Avison Young shall send the Client a broker letter/certificate to evidence that Avison Young's professional indemnity insurance is in force.

Avison Young (UK) Limited Standard Terms of Appointment

17. Complaints

In the event that the Client has a complaint the Client shall be entitled to have access to the complaints handling procedure maintained by Avison Young which contains a dispute resolution process as required by the Royal Institution of Chartered Surveyors (RICS) rules of conduct (details of which are available from Avison Young on request).

18. Unoccupied Premises or Properties

Avison Young accepts no liability or responsibility for the security, maintenance or repair of, or for any damage to any premises or properties to which the Services relate. The Client shall take all necessary action to protect such premises or property and to ensure that they have adequate insurance cover in place.

19. Joint and Several Liability

If at any time the Client shall consist of more than one person, the obligations on the Client under this appointment shall be enforceable against each of them on a joint and several basis.

20. Assignment and Subcontracting

- 20.1. Neither party shall assign or subcontract its rights or obligations under this appointment without the prior written consent of the other party such consent not to be unreasonably withheld or delayed.
- 20.2. If the Client wishes to instruct Avison Young to use a specific contractor or consultant, Avison Young shall instruct such contractor on the Client's behalf. The Client retains all responsibility for any such contractors or consultants and will undertake all due diligence and investigation in relation to their competences and resources. Avison Young accepts no responsibility or liability for the acts of any consultants or contractors appointed at the Client's request.

21. Notice

A notice given to a party under or in connection with this appointment shall be in writing and delivered by hand or by recorded delivery post to the address recorded in the Letter of Appointment or such other address as the party may specify from time to time by written notice to the other.

22. Liability Period

Neither party shall commence any legal action against the other under this appointment after six years from the date of completion of the Services.

23. Third Party Rights

Except in relation to clause 7.2, a person who is not a party to this appointment shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this appointment.

24. Entire Agreement

- 24.1. This appointment constitutes the entire agreement between the parties and supersedes and extinguishes all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
- 24.2. Each party agrees that in entering into this appointment it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this appointment.
- 24.3. Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this appointment.
- 24.4. No variation to this appointment will be binding unless agreed in writing by both parties.
- 24.5. Nothing in this clause shall limit or exclude any liability for fraud.

25. Severance

If any provision or part-provision of this appointment is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this appointment.

Avison Young (UK) Limited Standard Terms of Appointment

26. Non-Solicitation

- 26.1. The Client agrees that both during and for a period of twelve months after the term of this Appointment, the Client shall not (and shall procure that none of its subsidiary or associated companies shall) without the prior written consent of Avison Young:
- 26.1.1. directly or indirectly employ or engage any person who is (or was at any time during the term of this Appointment) a director, member, employee, agent or contractor of Avison Young and with whom the Client has had dealings pursuant to this Appointment (a "relevant person"), or solicit or induce any such relevant person to terminate their employment or engagement with Avison Young;
- 26.1.2. engage or accept services from or otherwise deal with any company, partnership or other entity of which any relevant person is a director, member, employee, agent or contractor.
- 26.2. In granting its consent hereunder, if it agrees to do so, Avison Young shall be entitled to make such consent conditional upon the payment by the Client to Avison Young of a fee equal to 50% of the relevant person's average annual salary or earnings during the preceding 12 months, which equates roughly to the cost to Avison Young of replacing such relevant person.

27. Governing Law and Jurisdiction

- 27.1. This appointment and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales and each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the appointment.
- 27.2. If the Services are provided primarily in Scotland then the appointment and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with Scots law and each party irrevocably agrees that the courts of Scotland shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the appointment.

Appendix 2

PBSA Rental Comps

Sept 2023 - August 24 Calendar Year

Operator	Asset Name	Room Type	Floor	Type	Size (sq.m)	Price per person perWeek	Weeks
Unite Students	Artisan Heights	Classic		Ensuite		152	51
		Premium 1		Ensuite		200	51
		Premium 2		Ensuite		235	51
		Premium 1		Studio		295	51
		Premium 2		Studio		309	51
Unite Students	Parkway Gate	Classic		Ensuite		195	51
		Classic		Ensuite		192	44
		Classic		Accessible Ensuite		195	51
		Premium 2		Ensuite		232	51
		Premium 2		Ensuite		237	44
		Premium 1		Ensuite		224	44
		Premium 1		Ensuite		214	51
		Premium 1		Studio		289	51
Unite Students	Mill Point	Classic		Studio		298	51
		Classic		Ensuite	14	195	51
		Classic		Ensuite	14	201	44
Unite Students	Picaddilly Point	Premium 1		Ensuite	17	201	44
		Classic		Ensuite	12	189	51
		Premium 1		Ensuite		201	51
		Premium 2		Ensuite		211	51
		Classic		Studio	27	279	51
Vita Student	Circle Square	Premium 1		Studio	27	304	51
		Lite	8	Studio	16	476	45
		Lite	8	Studio	16	435	52
		Lite	1	Studio	16	476	45
		Lite	16	Studio	16	437	52
		Lite	8	Studio	16	432	52
		Lite	15	Studio	16	448	52
		Lite	1	Studio	16	432	52
		Lite	13	Studio	16	486	45
		Lite	1	Studio	16	472	45
		Lite	13	Studio	16	441	52
		Lite	1	Studio	16	429	52
		Lite	7	Studio	16	478	45
		Lite	8	Studio	16	479	45
		Lite	16	Studio	16	481	45
		Lite	7	Studio	16	434	52
		Lite	15	Studio	16	493	45
		Premium	2	Studio	20	475	52
		Premium	14	Studio	20	488	52
		Premium	9	Studio	20	483	52
		Premium	14	Studio	20	537	45
		Premium	10	Studio	20	484	51
		Premium	10	Studio	20	533	45
		Premium	4	Studio	20	477	52
		Premium	6	Studio	20	471	52
		Premium	6	Studio	20	519	45
		Premium	2	Studio	20	523	45
		Premium	9	Studio	20	532	45
		Premium	9	Studio	20	532	45
		Premium	9	Studio	20	483	52
		Premium	4	Studio	20	525	45
		Premium	8	Studio	20	533	45
		Premium	10	Studio	20	486	52
		Premium	10	Studio	20	535	45
		Premium	10	Studio	20	486	52
		Premium	2	Studio	20	478	52
		Premium	8	Studio	20	484	52
		Premium	10	Studio	20	535	45
		Premium	16	Studio	20	490	52
		Premium	16	Studio	20	539	45
		Premium	3	Studio	20	526	45
		Premium Plus	14	Studio	31	520	45
		Premium Plus	14	Studio	31	472	52
		Delux	3	Studio	26	567	45
		Delux	8	Studio	26	519	52
		Delux	7	Studio	26	508	45
		Delux	5	Studio	26	510	52
		Delux	8	Studio	26	465	52
		Delux	7	Studio	26	461	52
		Delux	5	Studio	26	561	45
		Delux	6	Studio	26	571	45
		Delux	8	Studio	26	512	45
		Delux	6	Studio	26	519	52
		Delux	8	Studio	26	571	45
		Delux	1	Studio	26	513	45
		Delux	1	Studio	26	466	52
		Delux	3	Studio	26	515	52
		Delux	1	Studio	26	464	52
		Delux	1	Studio	26	511	45
		Ultimate Vita	10	Studio	40	634	45
		Ultimate Vita	10	Studio	40	576	52
		Cluster	11	Ensuite	16	451	45

		Cluster	11	Ensuite	16	410	52
		Cluster	7	Ensuite	16	447	45
		Cluster	7	Ensuite	16	406	52
		Cluster	7	Ensuite	16	448	45
		Cluster	7	Ensuite	16	407	52
		Cluster	7	Ensuite	16	446	45
		Cluster	7	Ensuite	16	405	52
		Cluster	16	Ensuite	16	398	52
		Cluster	6	Ensuite	16	438	45
		Cluster	2	Ensuite	16	394	52
		Cluster	2	Ensuite	16	434	45
Dwell Student Living	Manchester Student Village	Silver Cluster		Standard Non Ensuite		156	51
		Silver Cluster		Non Ensuite		160	51
		Silver Cluster		Large Non Ensuite		162	51
		Platinum		Studio		276	51
		Bronze Cluster		Non Ensuite		143	51
		Bronze Cluster		Non Ensuite		147	44
		Bronze Cluster		Medium Non Ensuite		152	44
		Bronze Cluster		Medium Non Ensuite		148	51
		Bronze Cluster		Large Non Ensuite		154	44
		Bronze Cluster		Large Non Ensuite		150	51
		Bronze Plus Cluster		Non Ensuite		151	51
		Bronze Plus Cluster		Non Ensuite		156	44
		Silver Cluster		Large Non Ensuite		162	51
		Silver Cluster		Large Non Ensuite		162	44
		Silver Plus Cluster		Non Ensuite		162	51
		Gold Cluster		Ensuite		192	51
		Silver Cluster		Medium Non Ensuite		160	51
		Silver Cluster		Medium Non Ensuite		158	44
		Platinum		Studio		276	51
		Gold		Studio		248	51
Unite Students	New Medlock House	Classic Cluster		Ensuite		196	51
		Classic Cluster		Non Ensuite		154	51
		Premium 1 Cluster		Non Ensuite		169	51
		Premium 1 Cluster		Ensuite		206	51
		Classic		Studio		190	51
		Premium Cluster		Ensuite		196	51
Vita Student	First Street	Classic	10	Studio	18	447	45
		Classic	10	Studio	18	406	52
		Class	10	Studio	18	445	45
		Classic	10	Studio	18	404	52
		Classic	10	Studio	18	448	45
		Classic	10	Studio	18	407	52
		Classic	8	Studio	18	445	45
		Classic	8	Studio	18	404	52
		Classic	1	Studio	18	400	52
		Classic	1	Studio	18	440	45
		Classic	1	Studio	18	388	45
		Classic	1	Studio	18	388	52
		Classic Plus	6	Studio	18	444	45
		Classic Plus	6	Studio	18	403	52
		Classic Plus	7	Studio	18	445	45
		Classic Plus	7	Studio	18	404	52
		Classic Plus	9	Studio	18	447	45
		Classic Plus	9	Studio	18	406	52
		Classic Plus	2	Studio	18	442	45
		Classic Plus	2	Studio	18	401	52
		Classic Plus	8	Studio	18	408	52
		Classic Plus	8	Studio	18	449	45
		Classic Plus	9	Studio	18	444	45
		Classic Plus	9	Studio	18	403	52
Unite Students	Sir Charles Groves Hall	Classic Cluster		Ensuite	14	190	42
		Classic Cluster		Ensuite	14	215	51
		Classic Cluster		Accessible Ensuite	14	176	44
		Classic		Studio	17	254	51
		Premium		Studio	15	235	51
		Classic		Accessible Studio	14	254	51
		Premium 1		Studio	18	259	51
		Delux		Studio	17	260	51
		Premium 2		Studio	32	308	51
Unite Students	Kincardine Court	Premium 1 Cluster		Ensuite		213	51
		Classic Cluster		Ensuite		204	51
Canvas	Canvas Manchester	Gold Cluster		Ensuite		349	51
		Gold Cluster		Ensuite		349	51
		Gold Cluster		Ensuite		344	51
		Gold Cluster		Ensuite		344	51
		Gold Cluster		Ensuite		379	44
		Gold Cluster		Ensuite		379	44
		Gold Cluster		Ensuite		374	44
		Gold Cluster		Ensuite		299	44
		Bronze Cluster		Ensuite		334	51
		Bronze Cluster		Ensuite		369	44
		Bronze Cluster		Ensuite		369	44
		Bronze Cluster		Ensuite		339	51
		Bronze Cluster		Ensuite		334	44
		Bronze Cluster		Ensuite		304	51
		Bronze Cluster		Ensuite		314	51
		Bronze Cluster		Ensuite		339	44
		Cluster		Silver Ensuite		344	51

Cluster	Silver Ensuite	374	44
Cluster	Silver Ensuite	374	44
Cluster	Silver Ensuite	369	44
Cluster	Silver Ensuite	344	51
Cluster	Silver Ensuite	329	51
Cluster	Silver Ensuite	339	51
Cluster	Silver Ensuite	319	44
Platinum	Studio	419	51
Platinum	Studio	464	44
Platinum	Studio	469	44
Platinum	Studio	429	51
Platinum	Studio	419	51
Silver	Studio	409	51
Silver	Studio	394	51
Silver	Studio	439	44
Silver	Studio	404	51
Gold	Studio	449	44
Gold	Studio	419	51
Gold	Studio	419	51
Gold	Studio	414	51
Gold	Studio	394	51
Bronze	Studio	439	44
Bronze	Studio	409	51
Bronze	Studio	394	51
Diamond	Studio	499	44
Diamond	Studio	439	51
Cluster	Non Ensuite	304	51
Cluster	Non Ensuite	294	51
Cluster	Non Ensuite	334	44
Cluster	Non Ensuite	349	44
Cluster	Non Ensuite	324	51
Cluster	Non Ensuite	324	51
Cluster	Non Ensuite	319	51
Cluster	Non Ensuite	354	44
Cluster	Non Ensuite	354	44

Appendix 3

Development Appraisals

Upper Brook Street
Manchester

Base Appraisal

Upper Brook Street
Manchester

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	288			13,005	2,771,626	3,745,440	2,771,626
PBSA - Cluster Rooms	449			10,455	3,473,778	4,694,295	3,473,778
PBSA - Sundry Income	737			150	110,550	110,550	110,550
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,480	143,569			12,351,990	14,546,321	12,351,990

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,771,626	YP @	5.2500%	19.0476	52,792,869
PBSA - Cluster Rooms					
Current Rent	3,473,778	YP @	5.2500%	19.0476	66,167,206
PBSA - Sundry Income					
Current Rent	110,550	YP @	5.2500%	19.0476	2,105,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					235,267,992

GROSS DEVELOPMENT VALUE235,267,992

Purchaser's Costs		(15,977,223)
Effective Purchaser's Costs Rate	6.79%	(15,977,223)

NET DEVELOPMENT VALUE219,290,768

NET REALISATION219,290,768

OUTLAY

ACQUISITION COSTS

Fixed Price - PBSA Block	3,800,000	
Fixed Price - Life Science Block	6,500,000	
Total Acquisition	10,300,000	
		10,300,000
Stamp Duty		494,000
Purchasers Costs	1.80%	185,400
Effective Stamp Duty Rate	6.60%	
		679,400

CONSTRUCTION COSTS

PBSA - Developers Contingency	5.00%	3,598,209
Sci Tech -Developers Contingency	5.00%	3,891,000
		7,489,209

Other Construction

PBSA - Construction Costs	737 un	97,644.75 /un	71,964,181
Sci Tech - Construction Costs			77,820,000
			149,784,181

PROFESSIONAL FEES

Project Fees	8.00%	11,982,734
		11,982,734

MARKETING & LETTING

Letting Agent Fee	10.00%	599,604
Letting Legal Fee	5.00%	299,802
		899,405

DISPOSAL FEES

Sales Agent Fee	0.50%	1,164,454
Sales Legal Fee	0.25%	582,227
		1,746,681

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)		
Land		1,783,289
Construction		10,576,305
Total Finance Cost		12,359,594

TOTAL COSTS195,241,205

PROFIT

Upper Brook Street
Manchester

24,049,564

Performance Measures		
Profit on Cost%	12.32%	
Profit on GDV%	10.22%	
Profit on NDV%	10.97%	
Development Yield% (on Rent)	6.33%	
Equivalent Yield% (Nominal)	5.25%	
Equivalent Yield% (True)	5.43%	
IRR% (without Interest)	17.72%	
Rent Cover	1 yr 11 mths	
Profit Erosion (finance rate 6.500)	1 yr 10 mths	

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 1

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	274			13,005	2,636,894	3,563,370	2,636,894
PBSA - Cluster Rooms	449			10,455	3,473,778	4,694,295	3,473,778
PBSA - Sundry Income	723			150	108,450	108,450	108,450
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,452	143,569			12,215,158	14,362,151	12,215,158

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,636,894	YP @	5.2500%	19.0476	50,226,549
PBSA - Cluster Rooms					
Current Rent	3,473,778	YP @	5.2500%	19.0476	66,167,206
PBSA - Sundry Income					
Current Rent	108,450	YP @	5.2500%	19.0476	2,065,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					232,661,672

GROSS DEVELOPMENT VALUE232,661,672

Purchaser's Costs		(15,799,994)	
Effective Purchaser's Costs Rate	6.79%		(15,799,994)

NET DEVELOPMENT VALUE216,861,678

NET REALISATION216,861,678

OUTLAY

ACQUISITION COSTS

Fixed Price - PBSA Block	3,800,000		
Fixed Price - Life Science Block	6,500,000		
Total Acquisition		10,300,000	
			10,300,000
Stamp Duty		494,000	
Purchasers Costs	1.80%	185,400	
Effective Stamp Duty Rate	6.60%		
			679,400

CONSTRUCTION COSTS

PBSA - Developers Contingency	5.00%	3,529,858	
Sci Tech -Developers Contingency	5.00%	3,891,000	
			7,420,858

Other Construction

PBSA - Construction Costs	723 un	97,644.75 /un	70,597,154
Sci Tech - Construction Costs			77,820,000
			148,417,154

PROFESSIONAL FEES

Project Fees	8.00%	11,873,372	
			11,873,372

MARKETING & LETTING

Letting Agent Fee	10.00%	599,604	
Letting Legal Fee	5.00%	299,802	
			899,405

DISPOSAL FEES

Sales Agent Fee	0.50%	1,151,423	
Sales Legal Fee	0.25%	575,711	
			1,727,134

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		1,783,289	
Construction		10,479,779	
Total Finance Cost			12,263,068

TOTAL COSTS193,580,391

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

23,281,287

Performance Measures

Profit on Cost%	12.03%
Profit on GDV%	10.01%
Profit on NDV%	10.74%
Development Yield% (on Rent)	6.31%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	17.44%
Rent Cover	1 yr 11 mths
Profit Erosion (finance rate 6.500)	1 yr 9 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 2

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	274			13,005	2,636,894	3,563,370	2,636,894
PBSA - Cluster Rooms	449			10,455	3,473,778	4,694,295	3,473,778
PBSA - Sundry Income	723			150	108,450	108,450	108,450
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,452	143,569			12,215,158	14,362,151	12,215,158

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,636,894	YP @	5.2500%	19.0476	50,226,549
PBSA - Cluster Rooms					
Current Rent	3,473,778	YP @	5.2500%	19.0476	66,167,206
PBSA - Sundry Income					
Current Rent	108,450	YP @	5.2500%	19.0476	2,065,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					232,661,672

GROSS DEVELOPMENT VALUE232,661,672

Purchaser's Costs	(15,799,994)
Effective Purchaser's Costs Rate	6.79%
	(15,799,994)

NET DEVELOPMENT VALUE216,861,678

NET REALISATION216,861,678

OUTLAY

ACQUISITION COSTS				
Fixed Price - PBSA Block	3,800,000			
Fixed Price - Life Science Block	6,500,000			
Total Acquisition		10,300,000		
			10,300,000	
Stamp Duty		494,000		
Purchasers Costs	1.80%	185,400		
Effective Stamp Duty Rate	6.60%			
			679,400	

CONSTRUCTION COSTS				
PBSA - Developers Contingency	5.00%	3,706,350		
Sci Tech -Developers Contingency	5.00%	4,085,550		
			7,791,900	

Other Construction				
PBSA - Construction Costs	723 un	102,526.98 /un	74,127,007	
Sci Tech - Construction Costs			81,711,000	
			155,838,007	

PROFESSIONAL FEES				
Project Fees	8.00%	12,467,041		
			12,467,041	

MARKETING & LETTING				
Letting Agent Fee	10.00%	599,604		
Letting Legal Fee	5.00%	299,802		
			899,405	

DISPOSAL FEES				
Sales Agent Fee	0.50%	1,151,423		
Sales Legal Fee	0.25%	575,711		
			1,727,134	

FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost			12,787,056	

TOTAL COSTS202,489,943

PROFIT				
			14,371,735	

Upper Brook Street
Manchester
Sensitivity Analysis

Performance Measures		
Profit on Cost%		7.10%
Profit on GDV%		6.18%
Profit on NDV%		6.63%
Development Yield% (on Rent)		6.03%
Equivalent Yield% (Nominal)		5.25%
Equivalent Yield% (True)		5.43%
IRR% (without Interest)		12.90%
Rent Cover	1 yr 2 mths	
Profit Erosion (finance rate 6.500)	1 yr 1 mth	

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 3

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	274			13,005	2,636,894	3,563,370	2,636,894
PBSA - Cluster Rooms	449			10,455	3,473,778	4,694,295	3,473,778
PBSA - Sundry Income	723			150	108,450	108,450	108,450
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,452	143,569			12,215,158	14,362,151	12,215,158

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,636,894	YP @	5.2500%	19.0476	50,226,549
PBSA - Cluster Rooms					
Current Rent	3,473,778	YP @	5.2500%	19.0476	66,167,206
PBSA - Sundry Income					
Current Rent	108,450	YP @	5.2500%	19.0476	2,065,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					232,661,672

GROSS DEVELOPMENT VALUE232,661,672

Purchaser's Costs		(15,799,994)	
Effective Purchaser's Costs Rate	6.79%		(15,799,994)

NET DEVELOPMENT VALUE216,861,678

NET REALISATION216,861,678

OUTLAY

ACQUISITION COSTS

Fixed Price - PBSA Block	3,800,000		
Fixed Price - Life Science Block	6,500,000		
Total Acquisition		10,300,000	
			10,300,000
Stamp Duty		494,000	
Purchasers Costs	1.80%	185,400	
Effective Stamp Duty Rate	6.60%		
			679,400

CONSTRUCTION COSTS

PBSA - Developers Contingency	5.00%	3,353,365	
Sci Tech -Developers Contingency	5.00%	3,696,450	
			7,049,815

Other Construction

PBSA - Construction Costs	723 un	92,762.51 /un	67,067,295
Sci Tech - Construction Costs			73,929,000
			140,996,295

PROFESSIONAL FEES

Project Fees	8.00%	11,279,704	
			11,279,704

MARKETING & LETTING

Letting Agent Fee	10.00%	599,604	
Letting Legal Fee	5.00%	299,802	
			899,405

DISPOSAL FEES

Sales Agent Fee	0.50%	1,151,423	
Sales Legal Fee	0.25%	575,711	
			1,727,134

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		1,783,289	
Construction		9,955,790	
Total Finance Cost			11,739,078

TOTAL COSTS184,670,831

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

32,190,847

Performance Measures

Profit on Cost%	17.43%
Profit on GDV%	13.84%
Profit on NDV%	14.84%
Development Yield% (on Rent)	6.61%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.30%
Rent Cover	2 yrs 8 mths
Profit Erosion (finance rate 6.500)	2 yrs 6 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 4

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	260			13,005	2,502,162	3,381,300	2,502,162
PBSA - Cluster Rooms	435			10,455	3,365,465	4,547,925	3,365,465
PBSA - Sundry Income	695			150	104,250	104,250	104,250
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,396	143,569			11,967,913	14,029,511	11,967,913

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,502,162	YP @	5.2500%	19.0476	47,660,229
PBSA - Cluster Rooms					
Current Rent	3,365,465	YP @	5.2500%	19.0476	64,104,086
PBSA - Sundry Income					
Current Rent	104,250	YP @	5.2500%	19.0476	1,985,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					227,952,232

GROSS DEVELOPMENT VALUE227,952,232

Purchaser's Costs		(15,479,752)
Effective Purchaser's Costs Rate	6.79%	(15,479,752)

NET DEVELOPMENT VALUE212,472,480

NET REALISATION212,472,480

OUTLAY

ACQUISITION COSTS				
Fixed Price - PBSA Block	3,800,000			
Fixed Price - Life Science Block	6,500,000			
Total Acquisition		10,300,000		
			10,300,000	
Stamp Duty		494,000		
Purchasers Costs	1.80%	185,400		
Effective Stamp Duty Rate	6.60%			
			679,400	

CONSTRUCTION COSTS				
PBSA - Developers Contingency	5.00%	3,223,497		
Sci Tech -Developers Contingency	5.00%	3,696,450		
			6,919,947	

Other Construction				
PBSA - Construction Costs	695 un	92,762.51 /un	64,469,944	
Sci Tech - Construction Costs			73,929,000	
			138,398,944	

PROFESSIONAL FEES				
Project Fees	8.00%	11,071,916		
			11,071,916	

MARKETING & LETTING				
Letting Agent Fee	10.00%	599,604		
Letting Legal Fee	5.00%	299,802		
			899,405	

DISPOSAL FEES				
Sales Agent Fee	0.50%	1,127,875		
Sales Legal Fee	0.25%	563,938		
			1,691,813	

FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land		1,783,289		
Construction		9,772,390		
Total Finance Cost			11,555,679	

TOTAL COSTS181,517,105

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

30,955,375

Performance Measures

Profit on Cost%	17.05%
Profit on GDV%	13.58%
Profit on NDV%	14.57%
Development Yield% (on Rent)	6.59%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	21.93%
Rent Cover	2 yrs 7 mths
Profit Erosion (finance rate 6.500)	2 yrs 5 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 5

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	246			13,005	2,367,430	3,199,230	2,367,430
PBSA - Cluster Rooms	421			10,455	3,257,151	4,401,555	3,257,151
PBSA - Sundry Income	667			150	100,050	100,050	100,050
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,340	143,569			11,720,667	13,696,871	11,720,667

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,367,430	YP @	5.2500%	19.0476	45,093,909
PBSA - Cluster Rooms					
Current Rent	3,257,151	YP @	5.2500%	19.0476	62,040,966
PBSA - Sundry Income					
Current Rent	100,050	YP @	5.2500%	19.0476	1,905,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					223,242,792

GROSS DEVELOPMENT VALUE223,242,792

Purchaser's Costs	(15,159,510)
Effective Purchaser's Costs Rate	6.79%
	(15,159,510)

NET DEVELOPMENT VALUE208,083,282

NET REALISATION208,083,282

OUTLAY

ACQUISITION COSTS				
Fixed Price - PBSA Block	3,800,000			
Fixed Price - Life Science Block	6,500,000			
Total Acquisition		10,300,000		
			10,300,000	
Stamp Duty		494,000		
Purchasers Costs	1.80%	185,400		
Effective Stamp Duty Rate	6.60%			
			679,400	

CONSTRUCTION COSTS				
PBSA - Developers Contingency	5.00%	3,093,630		
Sci Tech -Developers Contingency	5.00%	3,696,450		
			6,790,080	

Other Construction				
PBSA - Construction Costs	667 un	92,762.51 /un	61,872,594	
Sci Tech - Construction Costs			73,929,000	
			135,801,594	

PROFESSIONAL FEES				
Project Fees	8.00%	10,864,128		
			10,864,128	

MARKETING & LETTING				
Letting Agent Fee	10.00%	599,604		
Letting Legal Fee	5.00%	299,802		
			899,405	

DISPOSAL FEES				
Sales Agent Fee	0.50%	1,104,328		
Sales Legal Fee	0.25%	552,164		
			1,656,492	

FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land		1,783,289		
Construction		9,588,990		
Total Finance Cost			11,372,279	

TOTAL COSTS178,363,378

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

29,719,904

Performance Measures

Profit on Cost%	16.66%
Profit on GDV%	13.31%
Profit on NDV%	14.28%
Development Yield% (on Rent)	6.57%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	21.56%
Rent Cover	2 yrs 6 mths
Profit Erosion (finance rate 6.500)	2 yrs 5 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 6

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	232			13,005	2,232,698	3,017,160	2,232,698
PBSA - Cluster Rooms	407			10,455	3,148,837	4,255,185	3,148,837
PBSA - Sundry Income	639			150	95,850	95,850	95,850
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,284	143,569			11,473,421	13,364,231	11,473,421

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,232,698	YP @	5.2500%	19.0476	42,527,589
PBSA - Cluster Rooms					
Current Rent	3,148,837	YP @	5.2500%	19.0476	59,977,846
PBSA - Sundry Income					
Current Rent	95,850	YP @	5.2500%	19.0476	1,825,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					218,533,352

GROSS DEVELOPMENT VALUE218,533,352

Purchaser's Costs		(14,839,268)
Effective Purchaser's Costs Rate	6.79%	(14,839,268)

NET DEVELOPMENT VALUE203,694,084

NET REALISATION203,694,084

OUTLAY

ACQUISITION COSTS				
Fixed Price - PBSA Block	3,800,000			
Fixed Price - Life Science Block	6,500,000			
Total Acquisition		10,300,000		
			10,300,000	
Stamp Duty		494,000		
Purchasers Costs	1.80%	185,400		
Effective Stamp Duty Rate	6.60%			
			679,400	

CONSTRUCTION COSTS				
PBSA - Developers Contingency	5.00%	2,963,762		
Sci Tech -Developers Contingency	5.00%	3,696,450		
			6,660,212	

Other Construction				
PBSA - Construction Costs	639 un	92,762.51 /un	59,275,244	
Sci Tech - Construction Costs			73,929,000	
			133,204,244	

PROFESSIONAL FEES				
Project Fees	8.00%	10,656,340		
			10,656,340	

MARKETING & LETTING				
Letting Agent Fee	10.00%	599,604		
Letting Legal Fee	5.00%	299,802		
			899,405	

DISPOSAL FEES				
Sales Agent Fee	0.50%	1,080,781		
Sales Legal Fee	0.25%	540,391		
			1,621,172	

FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land		1,783,289		
Construction		9,405,591		
Total Finance Cost			11,188,879	

TOTAL COSTS175,209,652

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

28,484,432

Performance Measures

Profit on Cost%	16.26%
Profit on GDV%	13.03%
Profit on NDV%	13.98%
Development Yield% (on Rent)	6.55%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	21.17%
Rent Cover	2 yrs 6 mths
Profit Erosion (finance rate 6.500)	2 yrs 4 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 7

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	232			13,005	2,232,698	3,017,160	2,232,698
PBSA - Cluster Rooms	407			10,455	3,148,837	4,255,185	3,148,837
PBSA - Sundry Income	639			150	95,850	95,850	95,850
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,284	143,569			11,473,421	13,364,231	11,473,421

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,232,698	YP @	5.5000%	18.1818	40,594,516
PBSA - Cluster Rooms					
Current Rent	3,148,837	YP @	5.5000%	18.1818	57,251,580
PBSA - Sundry Income					
Current Rent	95,850	YP @	5.5000%	18.1818	1,742,727
PBSA - Retail					
Market Rent	16,641	YP @	5.5000%	18.1818	
(6mths Rent Free)		PV 6mths @	5.5000%	0.9736	294,571
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.5000%	18.1818	42,578,873
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.5000%	18.1818	63,868,309
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.5000%	18.1818	2,269,091
Total Investment Valuation					208,599,668

GROSS DEVELOPMENT VALUE208,599,668

Purchaser's Costs	(14,163,777)
Effective Purchaser's Costs Rate	6.79%
	(14,163,777)

NET DEVELOPMENT VALUE194,435,890

NET REALISATION194,435,890

OUTLAY

ACQUISITION COSTS				
Fixed Price - PBSA Block	3,800,000			
Fixed Price - Life Science Block	6,500,000			
Total Acquisition		10,300,000		
			10,300,000	
Stamp Duty		494,000		
Purchasers Costs	1.80%	185,400		
Effective Stamp Duty Rate	6.60%			
			679,400	

CONSTRUCTION COSTS				
PBSA - Developers Contingency	5.00%	2,963,762		
Sci Tech -Developers Contingency	5.00%	3,696,450		
			6,660,212	

Other Construction				
PBSA - Construction Costs	639 un	92,762.51 /un	59,275,244	
Sci Tech - Construction Costs			73,929,000	
			133,204,244	

PROFESSIONAL FEES				
Project Fees	8.00%	10,656,340		
			10,656,340	

MARKETING & LETTING				
Letting Agent Fee	10.00%	599,604		
Letting Legal Fee	5.00%	299,802		
			899,405	

DISPOSAL FEES				
Sales Agent Fee	0.50%	1,031,653		
Sales Legal Fee	0.25%	515,826		
			1,547,479	

FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land		1,783,289		
Construction		9,405,591		
Total Finance Cost			11,188,879	

TOTAL COSTS175,135,960

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

19,299,931

Performance Measures

Profit on Cost%	11.02%
Profit on GDV%	9.25%
Profit on NDV%	9.93%
Development Yield% (on Rent)	6.55%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	16.43%
Rent Cover	1 yr 8 mths
Profit Erosion (finance rate 6.500)	1 yr 7 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 8

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	232			13,005	2,232,698	3,017,160	2,232,698
PBSA - Cluster Rooms	407			10,455	3,148,837	4,255,185	3,148,837
PBSA - Sundry Income	639			150	95,850	95,850	95,850
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	38.00	2,170,484	2,170,484	2,170,484	2,170,484
Sci Tech - Labs	1	85,677	38.00	3,255,726	3,255,726	3,255,726	3,255,726
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,284	143,569			11,045,036	12,935,846	11,045,036

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,232,698	YP @	5.2500%	19.0476	42,527,589
PBSA - Cluster Rooms					
Current Rent	3,148,837	YP @	5.2500%	19.0476	59,977,846
PBSA - Sundry Income					
Current Rent	95,850	YP @	5.2500%	19.0476	1,825,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,170,484	YP @	5.2500%	19.0476	41,342,552
Sci Tech - Labs					
Current Rent	3,255,726	YP @	5.2500%	19.0476	62,013,829
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					210,373,637

GROSS DEVELOPMENT VALUE210,373,637

Purchaser's Costs		(14,284,407)	
Effective Purchaser's Costs Rate	6.79%		(14,284,407)

NET DEVELOPMENT VALUE196,089,230

NET REALISATION196,089,230

OUTLAY

ACQUISITION COSTS			
Fixed Price - PBSA Block	3,800,000		
Fixed Price - Life Science Block	6,500,000		
Total Acquisition		10,300,000	
			10,300,000
Stamp Duty		494,000	
Purchasers Costs	1.80%	185,400	
Effective Stamp Duty Rate	6.60%		
			679,400

CONSTRUCTION COSTS			
PBSA - Developers Contingency	5.00%	2,963,762	
Sci Tech -Developers Contingency	5.00%	3,696,450	
			6,660,212

Other Construction			
PBSA - Construction Costs	639 un	92,762.51 /un	59,275,244
Sci Tech - Construction Costs			73,929,000
			133,204,244

PROFESSIONAL FEES			
Project Fees	8.00%	10,656,340	
			10,656,340

MARKETING & LETTING			
Letting Agent Fee	10.00%	556,765	
Letting Legal Fee	5.00%	278,383	
			835,148

DISPOSAL FEES			
Sales Agent Fee	0.50%	1,039,982	
Sales Legal Fee	0.25%	519,991	
			1,559,974

FINANCE			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		1,783,289	
Construction		9,405,591	
Total Finance Cost			11,188,879

TOTAL COSTS175,084,196

Upper Brook Street
Manchester
Sensitivity Analysis
PROFIT

21,005,034

Performance Measures

Profit on Cost%	12.00%
Profit on GDV%	9.98%
Profit on NDV%	10.71%
Development Yield% (on Rent)	6.31%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	17.32%
Rent Cover	1 yr 11 mths
Profit Erosion (finance rate 6.500)	1 yr 9 mths

Upper Brook Street
Manchester
Sensitivity Analysis

Scenario 9

Upper Brook Street
Manchester
Sensitivity Analysis

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA - Studio Rooms	274			13,500	2,737,260	3,699,000	2,737,260
PBSA - Cluster Rooms	449			11,500	3,820,990	5,163,500	3,820,990
PBSA - Sundry Income	723			150	108,450	108,450	108,450
PBSA - Retail	1	774	21.50	16,641	16,641	16,641	16,641
Sci Tech - Offices	1	57,118	41.00	2,341,838	2,341,838	2,341,838	2,341,838
Sci Tech - Labs	1	85,677	41.00	3,512,757	3,512,757	3,512,757	3,512,757
Sci Tech - Meeting Rooms	3			41,600	124,800	124,800	124,800
Totals	1,452	143,569			12,662,736	14,966,986	12,662,736

Investment Valuation

PBSA - Studio Rooms					
Current Rent	2,737,260	YP @	5.2500%	19.0476	52,138,286
PBSA - Cluster Rooms					
Current Rent	3,820,990	YP @	5.2500%	19.0476	72,780,762
PBSA - Sundry Income					
Current Rent	108,450	YP @	5.2500%	19.0476	2,065,714
PBSA - Retail					
Market Rent	16,641	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	308,965
Sci Tech - Offices					
Current Rent	2,341,838	YP @	5.2500%	19.0476	44,606,438
Sci Tech - Labs					
Current Rent	3,512,757	YP @	5.2500%	19.0476	66,909,657
Sci Tech - Meeting Rooms					
Current Rent	124,800	YP @	5.2500%	19.0476	2,377,143
Total Investment Valuation					241,186,965

GROSS DEVELOPMENT VALUE241,186,965

Purchaser's Costs	(16,379,714)
Effective Purchaser's Costs Rate	6.79%
	(16,379,714)

NET DEVELOPMENT VALUE224,807,251

NET REALISATION224,807,251

OUTLAY

ACQUISITION COSTS

Fixed Price - PBSA Block	3,800,000			
Fixed Price - Life Science Block	6,500,000			
Total Acquisition		10,300,000		
			10,300,000	
Stamp Duty		494,000		
Purchasers Costs	1.80%	185,400		
Effective Stamp Duty Rate	6.60%			
			679,400	

CONSTRUCTION COSTS

PBSA - Developers Contingency	5.00%	3,706,350		
Sci Tech -Developers Contingency	5.00%	4,085,550		
			7,791,900	

Other Construction

PBSA - Construction Costs	723 un	102,526.98 /un	74,127,007	
Sci Tech - Construction Costs			81,711,000	
				155,838,007

PROFESSIONAL FEES

Project Fees	8.00%	12,467,041		
			12,467,041	

MARKETING & LETTING

Letting Agent Fee	10.00%	599,604		
Letting Legal Fee	5.00%	299,802		
			899,405	

DISPOSAL FEES

Sales Agent Fee	0.50%	1,194,049		
Sales Legal Fee	0.25%	597,025		
			1,791,074	

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost			12,787,056	

TOTAL COSTS202,553,882

PROFIT

22,253,369

Upper Brook Street
Manchester
Sensitivity Analysis

Performance Measures		
Profit on Cost%		10.99%
Profit on GDV%		9.23%
Profit on NDV%		9.90%
Development Yield% (on Rent)		6.25%
Equivalent Yield% (Nominal)		5.25%
Equivalent Yield% (True)		5.43%
IRR% (without Interest)		16.52%
Rent Cover	1 yr 9 mths	
Profit Erosion (finance rate 6.500)	1 yr 7 mths	

Contact details

Enquiries

Dale Robinson
0113 280 8074
dale.robinson@avisonyoung.com

Visit us online

avisonyoung.com

Avison Young

6th Floor, 1 City Square, Leeds, LS1 2AL

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