

St Gabriel's – Viability Statement

July 2022

Private and Confidential

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Report title: St Gabriel's Viability Statement

Prepared by: Dale Robinson

Status: Final Report

Draft date: ©July

For and on behalf of Avison Young (UK) Limited

1. Introduction

- 1.1 Avison Young (AY) has been appointed by McLaren (the applicant) to prepare an independent assessment of scheme viability in relation to a development of 319 student beds within refurbished heritage buildings and new build development at St Gabriel's, on the edge of Manchester city centre.
- 1.2 The purpose of the viability assessment is to:
- a) Demonstrate that the quantum of development proposed is the minimum necessary to bring forward the development.
 - b) Justify demolition of non-designated heritage assets and the scale of new buildings; and
 - c) Demonstrate that the 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 appraisal 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, the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England, 1st edition March 2021 and the latest Planning Policy guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to viability.
- 1.6 The Royal Institution of Chartered Surveyors (RICS) also recommends that suitably qualified professionals are consulted in undertaking viability assessments to inform the planning process. Avison Young is a company regulated by the RICS and this assessment has been undertaken by Dale Robinson, MRICS, a Chartered Planning and Development Surveyor and Registered Valuer.
- 1.7 We confirm that neither Avison Young nor the RICS Surveyor have any prior involvement with the subject site which would affect the objectivity or independence of this Financial Viability Assessment. We also confirm that Avison Young has not agreed a contingency-based fee, or any other fee which is dependent on the outcome of this report.
- 1.8 The advice contained within this report does not constitute a valuation of the site in accordance with RICS Valuation – Global Standards 2020 and should not be relied upon as such.
- 1.9 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.

¹ Policy H12 – Purpose Built Student Accommodation

2. The Site and Surrounding Context

- 2.1 The site is located on Oxford Place, adjacent to Oxford Road, south of the city centre, in close proximity to the University of Manchester and Manchester Metropolitan University campuses. The site sits at the north-west edge of the Victoria Park Conservation Area.
- 2.2 The site formed part of the Victoria Park, Manchester's first gated residential park, which opened in 1837. The site includes a number of buildings comprising St Gabriel's Hall (including the original lodge and later extension), the adjacent Chapel, Woodthorpe Hall and St David's Hall. None of the existing buildings are listed, but St Gabriel's Hall and Woodthorpe Hall in particular are considered to provide a positive contribution to the conservation area. The Chapel, constructed in 1962, is considered to have some contribution to the conservation area. The St Gabriel's Hall extension building, and St David's Hall are considered to have a neutral contribution to the conservation area.
- 2.3 The site is bounded to the south by Oxford Place, and to the west, north and east by boundaries to adjacent properties. The site includes significant mature tree planting along its southern boundary to Oxford Place, which contributes positively to the character of the streetscape.
- 2.4 Building heights within the site vary between 2 and part 4/5 storeys. The site is situated immediately to the east of residential and student residential buildings of up to 8 storeys, with other buildings near to the site of 3 to 6 storeys in height.
- 2.5 Vehicular, pedestrian and cycle access to the site is via Oxford Place. There are currently separate access points to St Gabriel's Hall, Woodthorpe Hall and St David's Hall. A separate alley, outside the site boundary, links the site from the north edge to Hathersage Road.

Figure 1 – Location plan

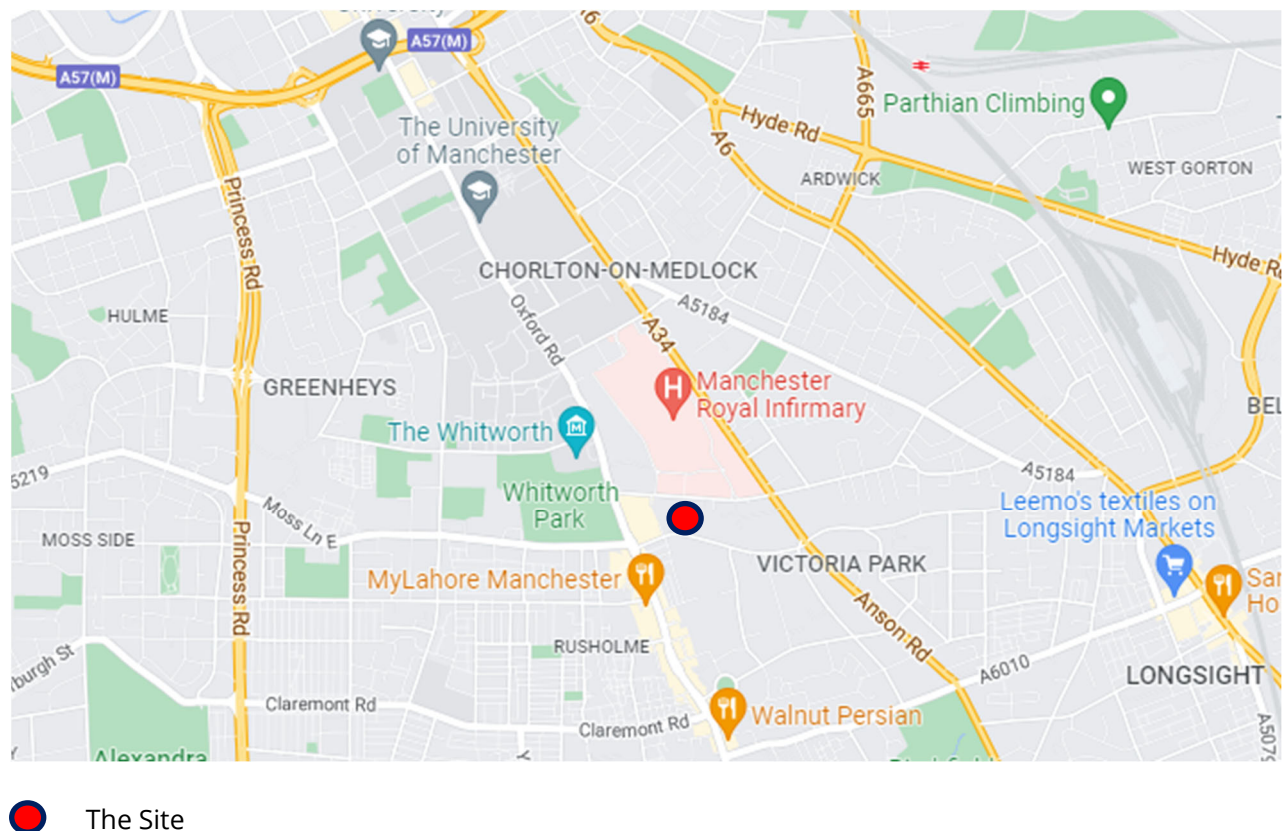
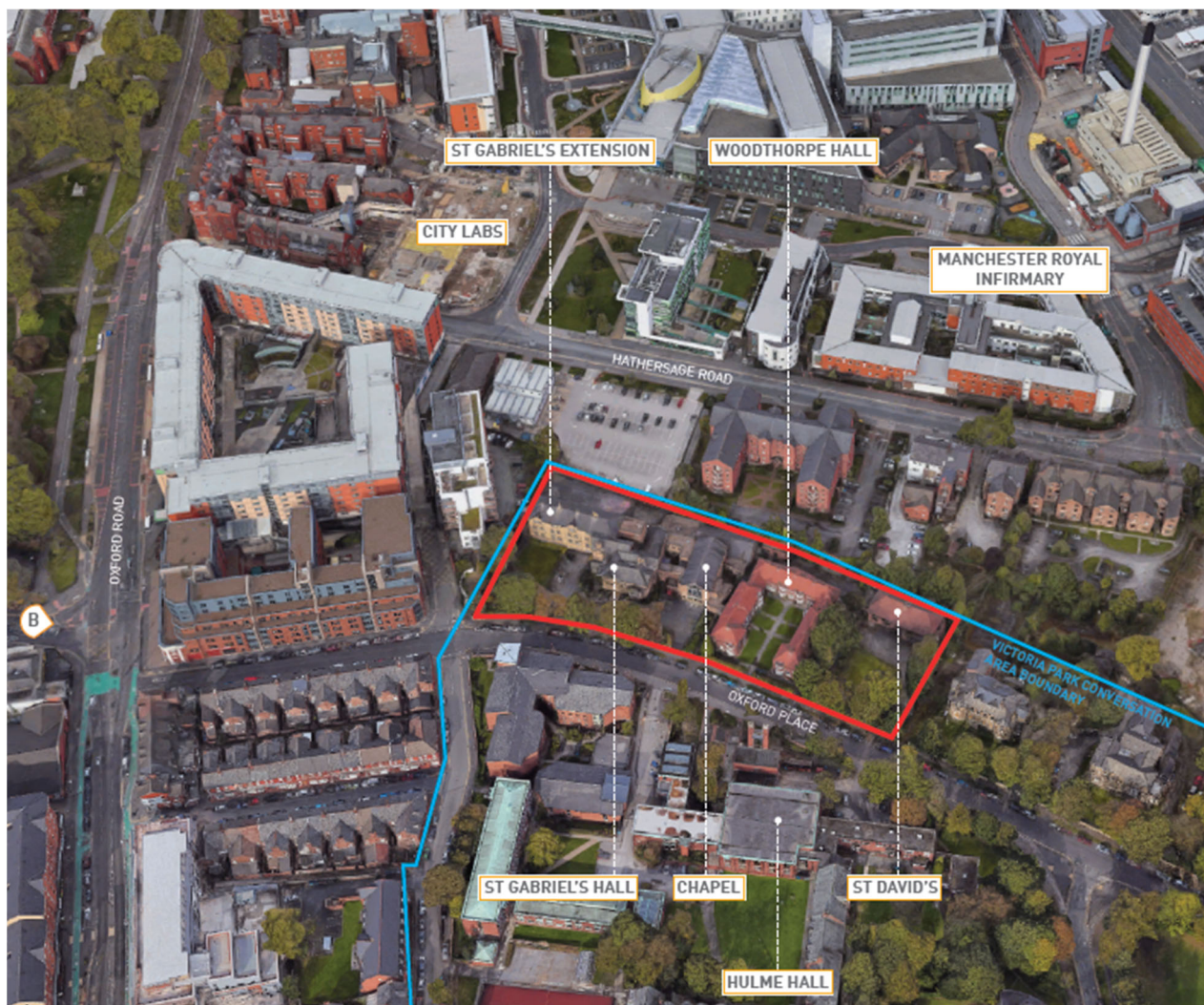


Figure 2 - Site Plan

Source: SimpsonHaugh Design and Access Statement – July 2022

3. Summary of the Proposed Scheme

- 3.1 The scheme comprises the construction of 2 new buildings together with the partial demolition / extension and remodelling of St Gabriel's, the Chapel and Woodthorpe Hall.
- 3.2 In total the scheme will provide 319 high quality, en-suite, purpose built student flats, associated communal amenity space, as well as hard and soft landscaping.
- 3.3 A summary of the schedule of accommodation is provided in Table 3.1.

Table 3.1 - Schedule of Accommodation Summary

Building	Cluster Rooms	Accessible Studios	Studios	Total No. Flats
St Gabriel's and the Chapel ²	-	-	13	13
Woodthorpe Hall ³	-	7	33	40
Building 3 ⁴	102	1	30	133
Building 4 ⁵	-	10	123	133
Total	102 (32%)	18 (6%)	199 (62%)	319

- 3.4 For further information on the schemes design principles please refer to the Design and Access Statement, and floorplans which have been submitted as part of the suite of application documents.

² Building 1 (refurbishment)

³ Building 2 (refurbishment)

⁴ New build

⁵ New build

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 Option 1, 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 and finance / interest charges etc.
- Land Value is expressed by reference to the price at which a reasonable landowner would be willing to sell their land for the development (also known as the Benchmark Land Value).
- 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).

Benchmark Land Value.

4.5 Para 013⁶ of the PPG provides guidance on the issue of benchmark land values and states that a benchmark land value should be established based on the Existing Use Value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'Existing Use Value plus (EUV+).

⁶ Reference ID: 10-013-20190509

- 4.6 In determining the benchmark land value, the PPG states at Para 014⁷ what factors should be considered when establishing the benchmark land value. It states that the benchmark land value should:
- Be based upon Existing Use Value (EUV).
 - Allow for a premium to landowners.
 - Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees; and
 - Be informed by market evidence including current uses, costs, and values. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.
- 4.7 PPG defines EUV at Para 015⁸. It states that EUV is the first component of calculating benchmark land value. It goes on to state that EUV is the value of the land in its existing use, which will vary depending on the type of site and development types. Para 015 is also clear in that EUV is not the price paid for the land and should also disregard hope value.
- 4.8 The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above EUV that goes to the landowner. Para 016 of PPG⁹ states that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a contribution to fully comply with policy requirements. Para 016 states that the process for establishing the premium will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. PPG states that policy compliance means that the development complies fully with up-to-date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. PPG also confirms that a decision maker can give appropriate weight to emerging policies.
- 4.9 PPG (para 17) also states that for the purpose of viability assessment Alternative Use Value (AUV) of the land may be informative in establishing benchmark land value. This refers to the value of land for uses other than its existing use. If applying alternative uses when establishing benchmark land value PPG states that these should be limited to those uses which would fully comply with up-to-date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. It further states that plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up-to-date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

⁷ Reference ID: 10-014-20190509

⁸ Reference ID: 10 - 015-20190509

⁹ Reference: 10-016-20190509

- 4.10 The RICS Professional Statement also provides guidance on the issue of benchmark land value. It states: In the interest of transparency, when providing benchmark land values in accordance with the PPG for an FVA, RICS members must report the:
- Current Use Value. CUV referred to as EUV or first component in the PPG. This equivalent use of terms (i.e., that CUV and EUV are often interchangeable) is dealt with in paragraph 150.1 of IVS 104 Bases of Value (2017).
 - Premium. Second component as set out in the PPG.
 - Market Evidence as adjusted in accordance with the PPG.
 - All supporting considerations, assumptions and justifications adopted including valuation reports, where available.
 - Alternative Use Value as appropriate (market value on the special assumption of a specified alternative use). It will not be appropriate to report an AUV where it does not exist.
- 4.11 The statement also confirms that the price paid is not allowable evidence for the assessment of BLV and cannot be used to justify failing to comply with policy.

Existing Use Value

- 4.12 Currently there are 110 student beds across St Gabriel's Hall and Woodthorpe Hall; 16% are en-suite and 84% are standard beds. We have, therefore, based our assessment of EUV based on student accommodation.
- 4.13 We have obtained evidence on rental values for student accommodation within close proximity of the site, which includes the following schemes:

Table 4.1. – Comparable Schemes

Scheme	Provider
Parkway Gate	Unite Students
Artisan Heights	Unite Students
New Medlock House	Unite Students
Moss Court	Allied Students
Bridgewater Heights	Unite Students
Rusholme Place	Campus Living Villages
Kincardine Court	Unite Students
Piccadilly Point	Unite Students
Mill Point	Unite Students
St Charles Groves Hall	Unite Students

- 4.14 Based on this evidence we have been able to draw the following broad conclusions.
- The asking rents for en suite rooms range between £7,750 and £13,515 per bed per annum, with an average rent of £9,307 per bed per annum.
 - The asking rents for non en suite rooms range between £5,145 and £6,850 per bed per annum, with an average of £5,904 per bed per annum.
 - The asking rents for studios range between £9,724 and £15,249 per bed per annum, with an average annual rent of £11,949 per bed per annum.

- 4.15 Recognising most of the evidence within Table 4.1 relates to modern purpose built student blocks. For the purpose of calculating the EUV we have applied values at the lower end of the range reflecting the quality of the existing stock. On this basis we have assumed a rental value of £5,145 per annum for the non en suite rooms and £7,750 per annum for the en suite rooms. This results in a gross annual rent of £611,798.
- 4.16 We would expect management fees¹⁰ to be broadly in the region of 23% of the gross operating income. We have also made an allowance of 3% for void / bad debt. This results in net operating income of circa £452,730 per annum.
- 4.17 We are not aware of any recent PBSA upon which to form an opinion on pricing. However, our head of Student Housing has indicated that they would expect a yield of 4.75% to 5% for prime, new build direct lets.
- 4.18 We have also referred to 'yield guides' published by CBRE and Knight Frank.
- CBRE's Property Yield Sheet (February 2022) shows yields of 5% for prime regional¹¹ direct lets and 4.65% for super prime¹² regional direct lets.
 - Knight Franks prime yield guide (January 2022) shows yields of 5% for prime regional direct lets.
- 4.19 These yields are based on modern purpose built and fully stabilised schemes and suggest that once stabilised a yield of 5% could be achieved. We have applied a 25-bps differential between pre-stabilised and stabilised yields. In addition, the existing property would represent a PBSA scheme within converted buildings and as such doesn't represent a truly modern purpose built block. We have, therefore, made a further adjustment in the yield of 50 bps to take this into account.
- 4.20 Within this context we have applied a yield of 5.75%, which when applied to the net operating income (£452,730) generates a capital value of £7,873,565 (say £7,875,000).
- 4.21 We have assumed the property will need some refurbishment before the rooms can be let and based on advice from our building surveying department have assumed a cost of £1,500 per room. This equates to an overall cost of £165,000. We have deducted this from the capital value.
- 4.22 For the purpose of our appraisal we have included an Existing Use Value of £7,710,000.

Premium

- 4.23 The HCA (now Homes England) Area Wide Viability Model (Annex 1 Transparent Viability Assumptions) is the only source of specific guidance on the level of premium. Whilst the document has been withdrawn many practitioners still refer to the guidance, which states: *There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied. Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas.*
- 4.24 Within our assessment we have applied a premium of 10% to our total EUV (£7,710,000). This premium is appropriate, considering the level of the EUV and the monetary amount more than the EUV that a 10% premium represents (£771,000).

¹⁰ Inclusive of management fee and sinking fund/lifecycle costs

¹¹ Defined as regional mature markets with healthy supply and demand ratio and generally more than one university

¹² Defined as regional towns and cities with restricted supply or restrictive planning policies

4.25 Within this context we have adopted a BLV of £8,481,000 (say £8,500,000), within our appraisal.

Developer's Profit

4.26 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 there is a negative profit). 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.

4.27 Planning Practice Guidance (PPG) states¹³ 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 development. PPG also advocates that a lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. It also states that alternative figures may also be appropriate for different development types.

4.28 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.

4.29 With respect to this project, we would highlight the following:

- The PBSA market is relatively mature, meaning there is less risk.
- The project is a large complex project including the restoration of a number of non-designated heritage assets, which will be delivered over moderate construction programme, which adds risk and uncertainty to the project .
- Due to the consequences of the Ukraine conflict, and the continuing impacts of Brexit and the Pandemic we anticipate that tender markets will be highly unpredictable as manufacturers and contractors reset their prices and their risk position. As a consequence the current cost estimate is subject to a much higher level of uncertainty than would normally be the case. For example, the current market is still very volatile with costs increasing in particular on concrete, rebar and steelwork with subcontractors unable to fix prices for any length of time. No allowance for cost inflation beyond Q2 2022 is included in the costs.

4.30 Within this context a reasonable profit would fall within the range of 10% and 15% on cost. For the purpose of this appraisal we have adopted a target profit of 12.5% on cost.

¹³ Paragraph: 018 Reference ID: 10-018-20190509

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 PPG¹⁴ 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 Note¹⁵ published earlier this year provides further guidance to practitioners on the evidence that could be used.

Gross Development Value

- 5.5 Para 011¹⁶ 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.

Purpose Built Student Accommodation Rents

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

Table 5.1 – Comparable Schemes

Scheme	Provider
Parkway Gate	Unite Students
Artisan Heights	Unite Students
New Medlock House	Unite Students
Moss Court	Allied Students
Bridgewater Heights	Unite Students
Rusholme Place	Campus Living Villages
Kincardine Court	Unite Students
Piccadilly Point	Unite Students
Mill Point	Unite Students
St Charles Groves Hall	Unite Students

Source: Avison Young

- 5.7 Based on this evidence we have been able to draw the following broad conclusions.
- The asking rents for en suite rooms range between £7,750 and £13,515 per bed per annum, with an average rent of £9,307 per bed per annum.

¹⁴ Ref ID: 10-010-20180724

¹⁵ Assessing viability in planning under the National Planning Policy Framework 2019 for England

¹⁶ Ref ID: 10-011-20180724

- The asking rents for non en suite rooms range between £5,145 and £6,850 per bed per annum, with an average of £5,904 per bed per annum.
- The asking rents for studios range between £9,724 and £15,249 per bed per annum, with an average annual rent of £11,949 per bed per annum.

5.8 Within our appraisal we have applied a rental value of £10,500 per bed per annum¹⁷ for the cluster rooms¹⁸ and £12,000¹⁹ per bed per annum for the studios.

5.9 We have assumed voids of 3% and also made an allowance for sundry income of £100 per room per annum.

Management Costs

5.10 We would expect management fees (inclusive of management fee and sinking fund/lifecycle costs) to be broadly in the region of 23% of the gross operating income.

Capital Value

5.11 We are not aware of any recent PBSA upon which to form an opinion on pricing. However, our head of Student Housing has indicated that they would expect a yield of 4.75% to 5% for prime, stabilised new build direct lets.

5.12 We have also referred to 'yield guides' published by CBRE and Knight Frank.

- CBRE's Property Yield Sheet (February 2022) shows yields of 5% for prime regional²⁰ direct lets and 4.65% for super prime²¹ regional direct lets.
- Knight Franks prime yield guide (January 2022) shows yields of 5% for prime regional direct lets.

5.13 These yields are based on modern purpose built and fully stabilised schemes and suggest that once stabilised a yield of 5% could be achieved. We would apply a 25-bps differential between pre-stabilised and stabilised yields.

5.14 Within this context we have applied a yield of 5%²². Whilst the existing buildings (St Gabriel's and Woodthorpe Hall) don't represent a truly modern purpose built block they will be fully reconfigured and refurbished to a standard equal to the new build elements. We have, therefore, applied a yield of 5% across both the new build and refurbished elements of the scheme.

Development Costs

5.15 Para 012 PPG²³ states that the assessment of costs should be based on evidence which is reflective of local market conditions. The latest RICS Guidance²⁴ also states that a full quantity surveyor's cost report showing how costs have been estimated should be made available for site-specific information.

¹⁷ This would equate to a rental value of £206 per week assuming a 51 week term

¹⁸ The cluster rooms are en-suite rooms.

¹⁹ This would equate to a rental value of £235 per week based on a 51 week term

²⁰ Defined as regional mature markets with healthy supply and demand ratio and generally more than one university

²¹ Defined as regional towns and cities with restricted supply or restrictive planning policies

²² This reflects a stabilised yield of 4.75% which is adjusted by 25bps to reflect a pre stabilised yield.

²³ Reference ID:10-012-20180724

²⁴ Assessing viability in planning under the National Planning Policy Framework 2019 for England.

- 5.16 The applicant has commissioned Arcadis to prepare a Stage 2 cost plan, which we have included at Appendix 1. The costs are summarised in Table 5.2 and are based on 2nd quarter 2022. Any allowance for inflation beyond Q2 2022 is excluded.

Table 5.2 - Development Costs

Cost Item	Cost (£)
Demolition	£940,000
St Gabriel's Hall and The Chapel	£3,130,000
Woodthorpe Hall	£2,460,000
Building 3 ²⁵	£9,700,000
Building 4 ²⁶	£9,920,000
Public Realm – Inside Site Boundary	£1,920,000
Alterations and repairs to existing buildings	£680,000
Total	£28,750,000

Source: Arcadis Stage 2 Cost Plan 2022

Abnormal Costs

- 5.17 The cost plan makes no allowance for abnormal costs. Therefore, if such costs are subsequently identified our appraisal will need to be updated.

Project Contingency

- 5.18 A contingency allowance equal to 5% of the total development costs (see Table 5.2) has been included within our appraisal.

Project Fees

- 5.19 Within our appraisal we have included project fees, which covers architecture, planning, survey, legal and other professional fees at 10%.

S.106 Contributions

- 5.20 We understand that there are no S106 obligations and we have, therefore, made no allowance within our appraisal for such costs. If contributions are subsequently requested our appraisal will need to be updated.

Disposal Costs

- 5.21 The following allowances have been included within our appraisal:

- Sales agent fee based on 0.75% of GDV
- Sales legal fee based on 0.25% of GDV

Finance Costs and Timescales

- 5.22 A finance cost of 6% has been assumed for the purpose of our appraisal.
- 5.24 In terms of timescales our assessment is based on the following timescales.

²⁵ Labelled as Building 01 in the cost plan

²⁶ Labelled as Building 02 in the cost plan

- Start on site in September 2023.
- 3 months lead in /mobilisation to construction of buildings 3 and 4, including demolition.
- 18 months construction programme for the new build elements (buildings 3 and 4). Start on site in January 2024.
- 3 months lead in / mobilisation for refurbishment of St Gabriel's and Woodthorpe Hall – starting February 2024.
- 12 month refurbishment works (St Gabriel's and Woodthorpe Hall) commencing in May 2024.
- Investment sale on Practical Completion.

Stamp Duty and Purchasers Costs on Residual Land Value

5.25 We have assumed 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 Property²⁷

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

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

²⁷ 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. Summary of Base Appraisal

- 6.1 The results of our assessment are summarised in Table 6.1 and a copy of our detailed base case appraisal is included at Appendix 2.

Table 6.1- Summary of Base Appraisal

Gross Development Value	£
St Gabriel's	£2,308,800
Woodthorpe Hall	£7,104,000
Building 3	£21,356,400
Building 4	£23,620,800
Sundry Income	£638,000
<i>Less Purchasers Costs</i>	-£3,656,520
Net GDV (A)	£51,371,480
Costs	
Benchmark EUV (including purchasers' costs)	£9,067,500
Demolition	£940,000
Construction Costs	£25,890,000
Public Realm	£1,920,000
Contingency	£1,437,500
Professional Fees	£2,875,000
Disposal Costs	£543,900
Finance	£2,382,281
Total Costs (B)	£45,056,181
Profit (A- B)	£6,315,299
Profit on Cost	14.02%

Source: Avison Young Base Appraisal

	Target profit of 12.5% exceeded
	Close to target profit of 12.5%
	Below target profit of 12.5%

- 6.2 As demonstrated above our base case appraisal generates a profit of 14.02%, which is higher than the target profit of 12.5%. In this respect our assessment has clearly demonstrated that the scheme is deliverable, which is a key strand of the Council's student housing policy²⁸.

Impact of Inflation

- 6.3 As outlined earlier no allowance for cost inflation beyond Q2 2022 is included in the costs. However, due to the consequences of the Ukraine conflict, and the continuing impacts of Brexit and the Pandemic we anticipate that tender markets will be highly unpredictable as manufacturers and contractors reset their prices and their risk position. As a consequence the current cost estimate²⁹ is subject to a much higher level of uncertainty than would normally be the case.

²⁸ Policy H12 – Purpose Built Student Accommodation.

²⁹ Refer to the cost plan included at Appendix 1.

- 6.4 Within Table 6.2 we have considered the impact of inflation on the development costs set out previously within Table 5.2 and what impact this could potentially have on viability and delivery of the scheme.

Table 6.2- Summary of Base Appraisal

Development Costs ³⁰	Inflation (%)	Increase in Costs	Profit	% Profit on Total Costs
£28,750,000	0%	£0	£6,315,299	14.02% ³¹
£28,750,000	2%	£575,000	£5,716,713	£12.52%
£28,750,000	4%	£1,150,000	£5,118,127	11.07%
£28,750,000	6%	£1,725,000	£4,519,541	9.65%
£28,750,000	8%	£2,300,000	£3,920,955	8.26%
£28,750,000	10%	£2,875,000	£3,322,369	6.91%

	Target profit of 12.5% exceeded
	Slightly below target profit of 12.5%
	Significantly target profit of 12.5%

- 6.5 We have sought advice from Arcadis who advise that likely inflation up to the point at which the project starts on site is likely to be in the region of 4% (£1,150,000).
- 6.6 As demonstrated in Table 6.2 an increase in costs of 4% (£1,150,000) would mean the profit from the scheme falls below the target of 12.5% on cost but only marginally so at circa 11.07%.

³⁰ Refer to Table 5.2

³¹ This the base case – refer to Table 6.1

7. Sensitivity Analysis

7.1 Within this section of our report, we consider the impact on viability of reducing the number of student bed spaces. 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 are set out in Table 7.1.

Table 7.1 – Sensitivity Matrix

Scenario	Profit		Target Profit
	£	% on Cost	
1 Exclude building 3	-£2,039,235	-6.14%	12.5%
2 Exclude building 4	-£3,863,634	-11.73%	12.5%
3 Exclude buildings 3 and 4.	-£12,218,169	-57.86%	12.5%
4 Same as scenario 3 but also excludes the public realm costs and demolition costs ³²	-£8,731,677	-49.52%	12.5%
5 Same as scenario 4 but rents increased on studio rooms within St Gabriel's and Woodthorpe Hall to £15,000per annum ³³ .	-£6,562,026	-37.17%	12.5%
6 Same as scenario 5 but the yield hardened to 4.75% ³⁴	-£5,985,487	-33.89%	12.5%
7 Same as scenario 6 but EUV reduced by 25% to £6,375,000	-£3,446,694	-22.89%	12.5%
8 Same as scenario 6 but EUV reduced by 50% to £4,250,000.	-£947,901	-7.51%	12.5%
9 Same as scenario 6 but EUV reduced by 75% to £2,125,0000	+£1,570,892	+15.55%	12.5%
10 Same as scenario 9 but rents put back to £12,000 per annum and yield at 5%.	-£1,169,719	-11.61%	12.5%
11 Same as scenario 10 but EUV reduced to £250,000	£1,052,746	13.41%	12.5%

	Target profit of 12.5% exceeded
	Slightly below target profit of 12.5%
	Significantly target profit of 12.5%

7.3 The evidence presented in Table 7.1 clearly demonstrates that the proposed scheme is the minimum necessary to create a viable / deliverable scheme.

³² A total saving of £2,860,000 (£1,920,000 public realm and £940,000 demolition)

³³ These are at the upper range of annual rents for studio apartments

³⁴ This would reflect stabilised yields

-
- 7.4 Whilst scenarios 9 and 11 generate a profit on cost which exceeds the target profit of 12.5% these scenarios are hypothetical and based on unrealistic assumptions in terms of the EUV and revenue (both rent and yield) projections.
- 7.5 The remaining scenarios unequivocally prove that the two new buildings (buildings 3 and 4) are fundamental to ensuring a deliverable scheme, without these elements the scheme would be unviable (generating a loss) and therefore not deliverable. The removal of the non-designated heritage assets is, therefore, essential to make way for the new accommodation.

8. Conclusions

- 8.1 Avison Young (AY) has been appointed by McLaren (the applicant) to prepare an independent assessment of scheme viability in relation to a development of 319 student beds within refurbished heritage buildings and new build development at St Gabriel's, on the edge of Manchester city centre.
- 8.2 The purpose of the viability assessment is to:
- a) Demonstrate that the quantum of development proposed is the minimum necessary to bring forward the development.
 - b) Justify demolition of non-designated heritage assets and the scale of new buildings; and
 - c) Demonstrate that the scheme is deliverable, which is a key strand of the Council's student housing policy.
- 8.3 In order for any land to be released for development, the scheme in question is required to generate the minimum acceptable level of return for the landowner, in the form of a benchmark land value based on the EUV + approach set out within PPG. The developer must also receive an acceptable level of return / profit for the level of risk that they take.
- 8.4 We have calculated a benchmark land value of £8,500,000 and applied a target profit which equates to 12.5% of the total development costs.
- 8.5 Our base case appraisal generates a profit of 14.02%, which is higher than the target profit of 12.5%. In this respect our assessment has clearly demonstrated that the proposed scheme is deliverable, in accordance with Policy H12 – Purpose Built Student Accommodation.
- 8.6 Market volatility as a result of the Ukraine conflict and the continuing impacts of Brexit and the Pandemic are making the tender markets highly unpredictable as manufacturers and contractors reset their prices and their risk position. As a consequence the current cost estimate is subject to a much higher level of uncertainty than would normally be the case. Through this assessment we have demonstrated that the scheme would still be profitable even if costs were to increase by 10% albeit the profit would be eroded to circa 7% of development costs, which is considerably below the target profit. The applicants cost consultant (Arcadis) advise that likely inflation up to the point at which the project starts on site is likely to be in the region of 4% (£1,150,000). An increase in costs to this extent would mean the profit from the scheme falls below the target of 12.5% on cost but only marginally so at circa 11%. On this basis the scheme is still considered to be deliverable after taking into consideration inflation.
- 8.7 Our evidence also clearly demonstrates that the proposed scheme is the minimum necessary to create a viable / deliverable scheme. The alternative scenarios tested unequivocally prove that the two new buildings are fundamental to ensuring a deliverable scheme, without these elements the scheme would be unviable and therefore not deliverable. Therefore, the removal of the non-designated heritage assets are necessary to make way for the new accommodation.

Appendix 1

Cost Plan

ST GABRIEL'S, MANCHESTER

Stage 2: June 2022

version rev D

OPTION (319 UNITS) - FULL DEMOLITION OPTION

Contents

Section 1.0	Executive Summary
Section 2.0	Elemental Summary Building 01 Building 02 St Gabriel's and The Chapel Woodthorpe Hall
Section 3.0	Area Schedules
Section 4.0	General and Key Assumptions
Section 5.0	Exclusions
Section 6.0	Information Used

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Version Control

Issue	Revision Nr.	Date Issued	Description of Revision		Prepared By	Reviewed By
			Page Nr.	Comment		
1	-	12-May-22		Internal Issue for Review	Kieran Ashcroft	Lee Mellor
2	A	16-May-22		Internal Issue for Review	Kieran Ashcroft	Lee Mellor
3	B	17-May-22		Formal Issue to Client	Kieran Ashcroft	Lee Mellor
4	C	19-May-22		Revised incoming power supply quote	Kieran Ashcroft	Lee Mellor
5	D	30-Jun-22		Formal Issue to Client - change to Building 02 (04)	Kieran Ashcroft	Lee Mellor

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Arcadis LLP is a limited liability partnership registered in England (registered number OC368843). A list of members' names and their professional qualifications may be inspected at our registered office, 80 Fenchurch St, London EC3M 4BY United Kingdom.

Regulated by RICS.

Section 1. Executive Summary - Stage 2 (318 Units)

1.1 Overview

This cost plan provides an indicative estimate for the proposed scheme at St Gabriel's in Manchester.

The basis of this cost plan is the Stage 2 design information provided by the Designers.

The scheme comprises the construction of 2 new buildings (01 and 02) together with the partial demolition / extension and remodelling of St Gabriel's, the Chapel and Woodthorpe Hall. A total 319 student residencies will be provided.

The rates used within the body of this estimate and summarised here are dated 2nd Quarter 2022. Any allowance for inflation beyond the 2nd Quarter 2022 is currently excluded from this cost plan.

Due to the consequences of the Ukraine conflict, we anticipate that tender markets will be highly unpredictable as manufacturers and contractors reset their prices and their risk position. The cost plan represents our best knowledge of the market on the date of issue. However, the current market has not been tested and as a result our estimate is subject to a much higher level of uncertainty than during normal times.

1.2 Layout of this Report

An Elemental Cost Summary for Building 01, Building 02, St Gabriel's and The Chapel and Woodthorpe Hall are included within Section 2 of this estimate. Section 3 details the area schedules for each building. Section 4 and 5 detail Assumptions and Exclusions. Section 6 references information used. Appendix A is the estimate breakdown. Appendix B is Cost Risks associated with Assumptions (budget risk figures excluded from Cost Plan)

1.3 Abnormals

There are **no allowances included for abnormals deleterious materials / Abnormal ground conditions or asbestos removal** within this cost plan; all excluded.

1.4 Inflation

No allowance for future inflation (beyond 2Q 2022) is included within this cost plan.

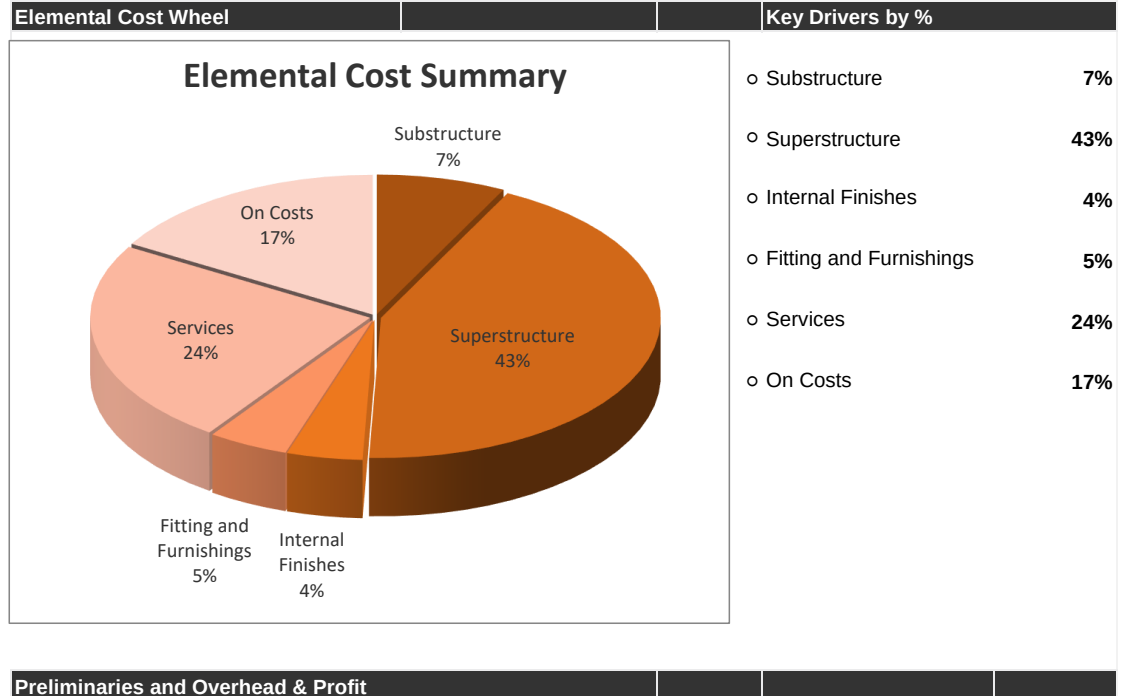
No allowance for inflation triggered by the conflict in Ukraine included within this cost plan.

Construction Costs	Total £	£/unit	GIA £/m²	GIA £/ft²
	£	319	9,647 m²	103,840 ft²
Demolition and Alteration Works	£ 940,000	£ 2,947	£ 97	£ 9
Building 01 39,073 ft²	£ 9,700,000	£ 72,932	£ 2,672	£ 248
Building 02 37,782 ft²	£ 9,920,000	£ 74,586	£ 2,826	£ 263
St Gabriel's and The Chapel 14,897 ft²	£ 3,130,000	£ 240,769	£ 2,262	£ 210
Woodthorpe Hall 12,088 ft²	£ 2,460,000	£ 61,500	£ 2,191	£ 204
Public Realm - Inside the Site Boundary	£ 1,920,000	£ 6,019	£ 199	£ 18
Public Realm - Outside the Site Boundary	Excluded	Excluded	Excluded	Excluded
TDD Report	£ 680,000			
Sub-Total A	£ 28,750,000	£ 90,125	£ 2,980	£ 277
Client Contingency - Excluded as advised by the Client	Excluded	Excluded	Excluded	Excluded
Sub-Total B	£ 28,750,000	£ 90,125	£ 2,980	£ 277
Abnormals	Excluded	Excluded	Excluded	Excluded
Sub-Total C	£ 28,750,000	£ 90,125	£ 2,980	£ 277
TPI to Start on Site	Excluded	Excluded	Excluded	Excluded
TPI to Construction Midpoint	Excluded	Excluded	Excluded	Excluded
CONSTRUCTION COST TOTAL	£ 28,750,000	£ 90,125	£ 2,980	£ 277

Section 2. Building 01 Cost Summary

Element			
	£	GIA £/m²	GIA £/ft²
Substructure	725,900	199.97	18.58
Substructure (a)	725,900	199.97	18.58
Frame	1,211,235	333.67	31.00
Upper Floors	Incl.	Incl.	Incl.
Roof	218,815	60.28	5.60
Stairs	50,125	13.81	1.28
External Walls	1,899,425	523.26	48.61
Windows and External Doors	35,000	9.64	0.90
Internal Walls	542,018	149.32	13.87
Internal Doors	231,575	63.79	5.93
Superstructure (b)	4,188,192	1,153.77	107.19
Wall Finishes	86,029	23.70	2.20
Floor Finishes	165,014	45.46	4.22
Ceiling Finishes	173,862	47.90	4.45
Internal Finishes (c)	424,906	117.05	10.87
Fittings and Furnishings	451,950	124.50	11.57
Fitting and Furnishings (d)	451,950	124.50	11.57
Sanitary Appliances	400,000	110.19	10.24
Mechanical Services	1,775,550	489.13	45.44
Electrical Services	Incl.	Incl.	Incl.
Lift Installations	70,000	19.28	1.79
M&E Builders Work	55,367	15.25	1.42
Services (e)	2,300,917	633.86	58.89
Sub Total (a+b+c+d+e)	8,091,864	2,229.16	207.09
Main Contractors Preliminaries	1,052,000	289.81	26.92
Sub Total	9,143,864	2,518.97	234.02
Main Contractor's Overheads & Profit	457,000	125.90	11.70
Sub Total	9,600,864	2,644.87	245.71
Contractors Risk	96,000	26.45	2.46
Sub Total	9,696,864	2,671.31	248.17
Design Risk	Excl.	Excl.	Excl.
Sub Total	9,696,864	2,671.31	248.17
Inflation Allowance	Exec Summary		
Sub Total	9,696,864	2,671.31	248.17
Total (rounded)	9,700,000	2,672.00	248.25

Gross Internal Floor Area: -			3,630 m²	39,073 ft²
Net Internal Floor Area: -			0 m²	0 ft²



These costs relate to site supervision, contractors overheads and the general management of the contract.

Preliminaries

These include for time related and fixed running costs and are typically split across the following headings; management and staff, site accommodation, services and welfare facilities, temporary works, temporary power and services, site security, health and safety provisions, producing O&M documentation.

Overhead & Profit

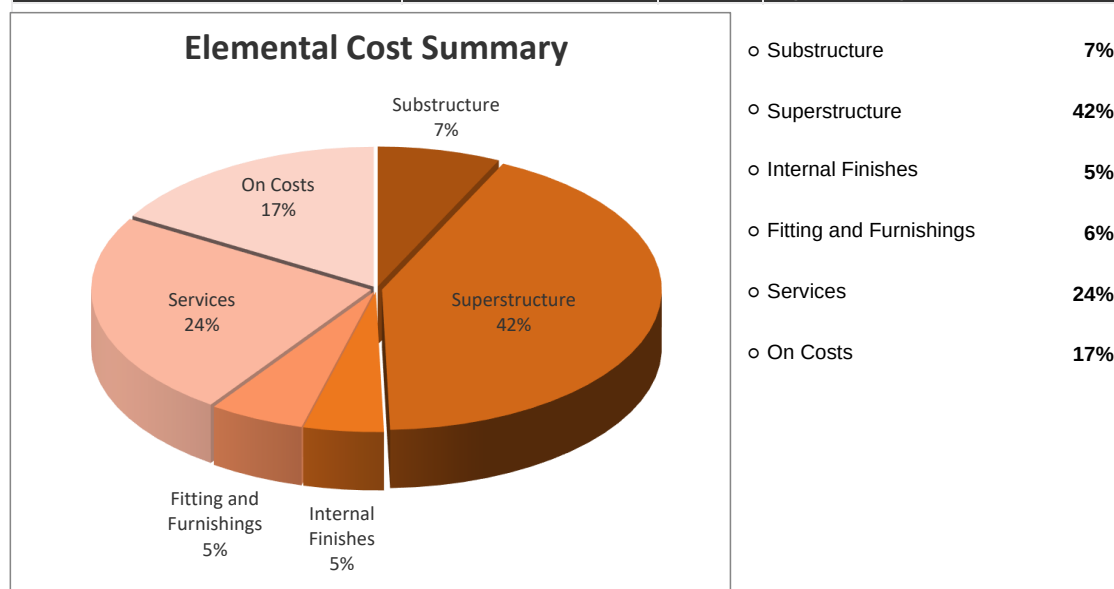
The Contractor's management overheads include; a proportion of the company's central overheads such as head office and staff costs which are not in the preliminaries, and an amount for profit.

Section 2. Building 02 Cost Summary

Element	£	GIA £/m²	GIA £/ft²
Substructure	707,109	201.46	18.72
Substructure (a)	707,109	201.46	18.72
Frame	1,226,206	349.35	32.46
Upper Floors	Incl.	Incl.	Incl.
Roof	243,820	69.46	6.45
Stairs	48,120	13.71	1.27
External Walls	1,865,910	531.60	49.39
Windows and External Doors	37,050	10.56	0.98
Internal Walls	543,681	154.89	14.39
Internal Doors	240,820	68.61	6.37
Superstructure (b)	4,205,607	1,198.18	111.31
Wall Finishes	92,822	26.45	2.46
Floor Finishes	176,555	50.30	4.67
Ceiling Finishes	190,221	54.19	5.03
Internal Finishes (c)	459,598	130.94	12.16
Fittings and Furnishings	547,800	156.07	14.50
Fitting and Furnishings (d)	547,800	156.07	14.50
Sanitary Appliances	409,000	116.52	10.83
Mechanical Services	1,775,550	505.85	47.00
Electrical Services	Incl.	Incl.	Incl.
Lift Installations	114,000	32.48	3.02
M&E Builders Work	56,687	16.15	1.50
Services (e)	2,355,237	671.01	62.34
Sub Total (a+b+c+d+e)	8,275,351	2,357.65	219.03
Main Contractors Preliminaries	1,076,000	306.55	28.48
Sub Total	9,351,351	2,664.20	247.51
Main Contractor's Overheads & Profit	468,000	133.33	12.39
Sub Total	9,819,351	2,797.54	259.90
Contractors Risk	98,000	27.92	2.59
Sub Total	9,917,351	2,825.46	262.49
Design Risk	Excl.	Excl.	Excl.
Sub Total	9,917,351	2,825.46	262.49
Inflation Allowance	Exec Summary		
Sub Total	9,917,351	2,825.46	262.49
Total (rounded)	9,920,000	2,826.00	262.56

Gross Internal Floor Area: -			3,510 m²	37,782 ft²
Net Internal Floor Area: -			0 m²	0 ft²

Elemental Cost Wheel			Key Drivers by %
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Preliminaries and Overhead & Profit			
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These costs relate to site supervision, contractors overheads and the general management of the contract.

Preliminaries

These include for time related and fixed running costs and are typically split across the following headings; management and staff, site accommodation, services and welfare facilities, temporary works, temporary power and services, site security, health and safety provisions, producing O&M documentation.

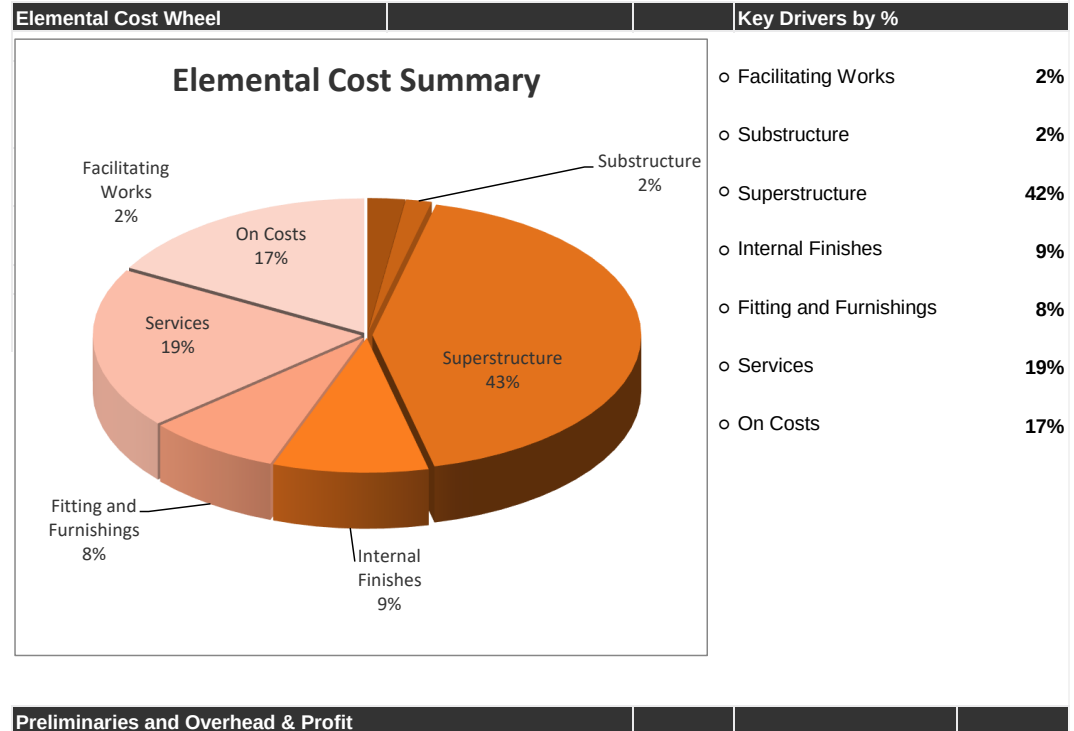
Overhead & Profit

The Contractor's management overheads include; a proportion of the company's central overheads such as head office and staff costs which are not in the preliminaries, and an amount for profit.

Section 2. St Gabriels' and The Chapel

Element	£	GIA £/m²	GIA £/ft²
Facilitating Works	70,340	50.82	4.72
Facilitating Works	70,340	50.82	4.72
Substructure	48,850	35.30	3.28
Substructure (a)	48,850	35.30	3.28
Frame	11,000	7.95	0.74
Upper Floors	Incl.	Incl.	Incl.
Roof	103,250	74.60	6.93
Stairs	121,400	87.72	8.15
External Walls	795,900	575.07	53.43
Windows and External Doors	58,500	42.27	3.93
Internal Walls	153,762	111.10	10.32
Internal Doors	83,695	60.47	5.62
Superstructure (b)	1,327,507	959.18	89.11
Wall Finishes	82,144	59.35	5.51
Floor Finishes	118,995	85.98	7.99
Ceiling Finishes	91,108	65.83	6.12
Internal Finishes (c)	292,247	211.16	19.62
Fittings and Furnishings	251,000	181.36	16.85
Fitting and Furnishings (d)	251,000	181.36	16.85
Sanitary Appliances	69,000	49.86	4.63
Mechanical Services	398,650	288.04	26.76
Electrical Services	Incl.	Incl.	Incl.
Lift Installations	100,000	72.25	6.71
M&E Builders Work	37,399	27.02	2.51
Services (e)	605,049	437.17	40.61
Sub Total (a+b+c+d+e)	2,594,993	1,874.99	174.19
Main Contractors Preliminaries	337,000	243.50	22.62
Sub Total	2,931,993	2,118.49	196.81
Main Contractor's Overheads & Profit	147,000	106.21	9.87
Sub Total	3,078,993	2,224.71	206.68
Contractors Risk	46,000	33.24	3.09
Sub Total	3,124,993	2,257.94	209.77
Design Risk	Excl.	Excl.	Excl.
Sub Total	3,124,993	2,257.94	209.77
Inflation Allowance	Exec Summary		
Sub Total	3,124,993	2,257.94	209.77
Total (rounded)	3,130,000	2,262.00	210.10

Gross Internal Floor Area: -			1,384 m²	14,897 ft²
Net Internal Floor Area: -			0 m²	0 ft²



Preliminaries and Overhead & Profit				
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These costs relate to site supervision, contractors overheads and the general management of the contract.

Preliminaries

These include for time related and fixed running costs and are typically split across the following headings; management and staff, site accommodation, services and welfare facilities, temporary works, temporary power and services, site security, health and safety provisions, producing O&M documentation.

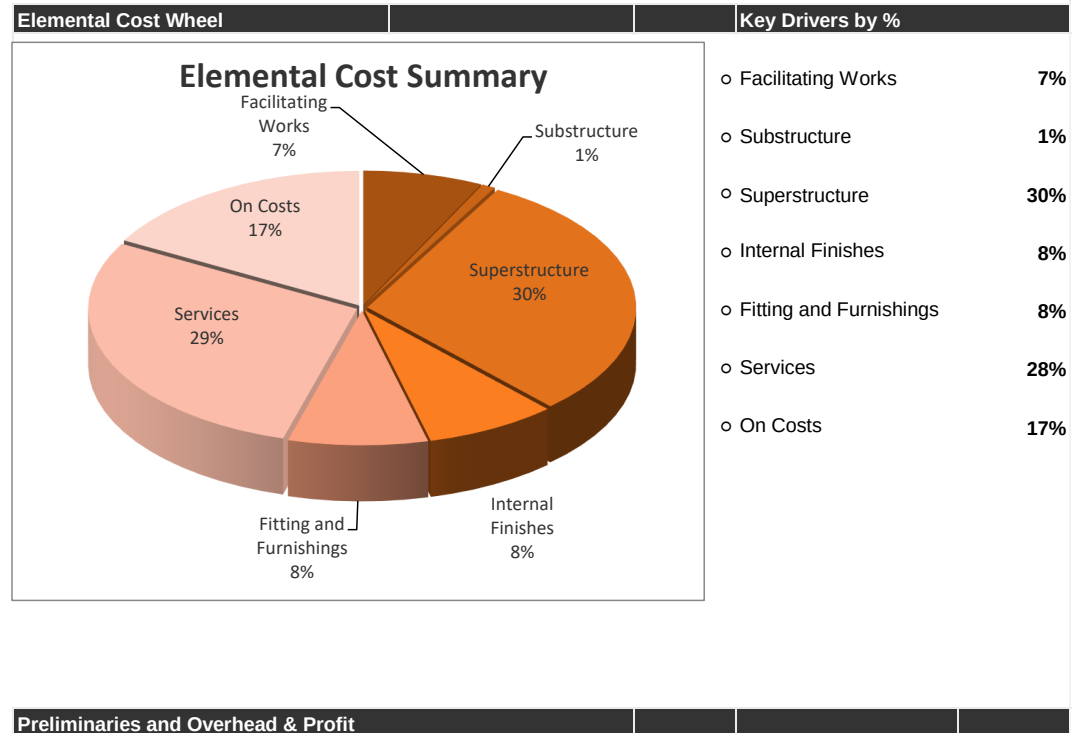
Overhead & Profit

The Contractor's management overheads include; a proportion of the company's central overheads such as head office and staff costs which are not in the preliminaries, and an amount for profit.

Section 2. Woodthorpe Hall

Element	£	GIA £/m²	GIA £/ft²
Facilitating Works	177,525	158.08	14.69
Facilitating Works	177,525	158.08	14.69
Substructure	20,000	17.81	1.65
Substructure (a)	20,000	17.81	1.65
Frame	0	0.00	0.00
Upper Floors	Incl.	Incl.	Incl.
Roof	110,500	98.40	9.14
Stairs	24,000	21.37	1.99
External Walls	296,850	264.34	24.56
Windows and External Doors	26,000	23.15	2.15
Internal Walls	198,546	176.80	16.43
Internal Doors	80,535	71.71	6.66
Superstructure (b)	736,431	655.77	60.92
Wall Finishes	56,416	50.24	4.67
Floor Finishes	58,961	52.50	4.88
Ceiling Finishes	79,277	70.59	6.56
Internal Finishes (c)	194,654	173.33	16.10
Fittings and Furnishings	205,750	183.21	17.02
Fitting and Furnishings (d)	205,750	183.21	17.02
Sanitary Appliances	127,000	113.09	10.51
Mechanical Services	534,000	475.51	44.18
Electrical Services	Incl.	Incl.	Incl.
Lift Installations	0	0.00	0.00
M&E Builders Work	40,050	35.66	3.31
Services (e)	701,050	624.27	58.00
Sub Total (a+b+c+d+e)	2,035,410	1,812.48	168.38
Main Contractors Preliminaries	265,000	235.98	21.92
Sub Total	2,300,410	2,048.45	190.31
Main Contractor's Overheads & Profit	115,000	102.40	9.51
Sub Total	2,415,410	2,150.86	199.82
Contractors Risk	36,000	32.06	2.98
Sub Total	2,451,410	2,182.91	202.80
Design Risk	Excl.	Excl.	Excl.
Sub Total	2,451,410	2,182.91	202.80
Inflation Allowance	Exec Summary		
Sub Total	2,451,410	2,182.91	202.80
Total (rounded)	2,460,000	2,191.00	203.51

Gross Internal Floor Area: -			1,123 m²	12,088 ft²
Net Internal Floor Area: -			0 m²	0 ft²



Preliminaries and Overhead & Profit			
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These costs relate to site supervision, contractors overheads and the general management of the contract.

Preliminaries

These include for time related and fixed running costs and are typically split across the following headings; management and staff, site accommodation, services and welfare facilities, temporary works, temporary power and services, site security, health and safety provisions, producing O&M documentation.

Overhead & Profit

The Contractor's management overheads include; a proportion of the company's central overheads such as head office and staff costs which are not in the preliminaries, and an amount for profit.

Section 3. Area Schedule Building 01

Proposed PRS Building Floor Area Schedule - Metric

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	m ²	m ²	m ²	%
Ground			802	0.00%
Level 01			802	0.00%
Level 02			802	0.00%
Level 03			802	0.00%
Level 04			422	0.00%
Total	-	-	3,630	0%

Proposed PRS Building Floor Area Schedule - Imperial

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	ft ²	ft ²	ft ²	%
Ground			8,633	0.00%
Level 01			8,633	0.00%
Level 02			8,633	0.00%
Level 03			8,633	0.00%
Level 04			4,542	0.00%
Total	-	-	39,073	0%

Proposed PRS Building Unit Schedule

Level	Bed	Accessible Bed	Studio	Accessible Studio	Total
	nr	nr	nr	nr	nr
Ground	18	-	5	1	24
Level 01	23	-	8	-	31
Level 02	23	-	8	-	31
Level 03	23	-	8	-	31
Level 04	15	-	1	-	16
Total	102	-	30	1	133
% Mix	77%	0%	23%	1%	100%

Notes to be read in conjunction with the Proposed Floor Area Schedule:

1) All areas referred to in this model are based on the area schedule issued by SimpsonHaugh Architects

Section 3. Area Schedule Building 02

Proposed PRS Building Floor Area Schedule - Metric

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	m ²	m ²	m ²	%
Ground			792	0.00%
Level 01			792	0.00%
Level 02			792	0.00%
Level 03			792	0.00%
Level 04			342	0.00%
Total	-	-	3,510	0%

Proposed PRS Building Floor Area Schedule - Imperial

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	ft ²	ft ²	ft ²	%
Ground			8,525	0.00%
Level 01			8,525	0.00%
Level 02			8,525	0.00%
Level 03			8,525	0.00%
Level 04			3,681	0.00%
Total	-	-	37,782	0%

Proposed PRS Building Unit Schedule

Level	Bed	Accessible Bed	Studio	Accessible Studio	Total
	nr	nr	nr	nr	nr
Ground	-	-	24	3	27
Level 01	-	-	29	2	31
Level 02	-	-	29	2	31
Level 03	-	-	29	2	31
Level 04			12	1	13
Total	-	-	123	10	133
% Mix	0%	0%	92%	8%	100%

Notes to be read in conjunction with the Proposed Floor Area Schedule:

1) All areas referred to in this model are based on the area schedule issued by SimpsonHaugh Architects

Section 3. Area Schedule St Gabriel's and The Chapel

Proposed PRS Building Floor Area Schedule - Metric

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	m ²	m ²	m ²	%
Lower Ground	273	297	570	47.89%
Ground	391	168	559	69.95%
Level 01	196	-	196	100.00%
Level 02	59	-	59	100.00%
Total	919	465	1,384	79%

Proposed PRS Building Floor Area Schedule - Imperial

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	ft ²	ft ²	ft ²	%
Lower Ground	2,939	3,197	6,135	47.89%
Ground	4,209	1,808	6,017	69.95%
Level 01	2,110	-	2,110	100.00%
Level 02	635	-	635	100.00%
Total	9,892	5,005	14,897	79%

Proposed PRS Building Unit Schedule

Level	Bed	Accessible Bed	Studio	Accessible Studio	Total
	nr	nr	nr	nr	nr
Lower Ground					-
Ground	-	-	8	-	8
Level 01	-	-	4	-	4
Level 02	-	-	1	-	1
Total	-	-	13	-	13
% Mix	0%	0%	100%	0%	100%

Notes to be read in conjunction with the Proposed Floor Area Schedule:

1) All areas referred to in this model are based on the area schedule issued by SimpsonHaugh Architects

Section 3. Area Schedule Woodthorpe Hall

Proposed PRS Building Floor Area Schedule - Metric

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	m ²	m ²	m ²	%
Ground			561	0.00%
Level 01			562	0.00%
Total	-	-	1,123	0%

Proposed PRS Building Floor Area Schedule - Imperial

Level	Residential	Amenity	Residential & Amenity	Net: Gross Efficiency
	NIA	NIA	GIFA	
	ft ²	ft ²	ft ²	%
Ground			6,039	0.00%
Level 01			6,049	0.00%
Total	-	-	12,088	0%

Proposed PRS Building Unit Schedule

Level	Bed	Accessible Bed	Studio	Accessible Studio	Total
	nr	nr	nr	nr	nr
Ground	-	-	13	7	20
Level 01	-	-	20	-	20
Total	-	-	33	7	40
% Mix	0%	0%	83%	18%	100%

Notes to be read in conjunction with the Proposed Floor Area Schedule:

1) All areas referred to in this model are based on the area schedule issued by SimpsonHaugh Architects

Section 4. General and Key Assumptions

The following are key assumptions made in the preparation of the Cost Estimate.

4.1 General

- Costs current at Q2 2022
- Inflation beyond Q2 2022 is excluded
- Overall design and construction period to be confirmed
- Anticipated form of Contract JCT Design and Build 2016
- Anticipated procurement route two stage Design and Build with Enabling Works contract for demolition / soft strip
- New works procured under a single contract with no phasing
- All works to be in normal working hours
- Sufficient time will be allowed for design development
- Local contractor / labour used for works
- Total vacant possession at start on site

4.2 Key Assumptions

- Site plateaued with only limited amounts of remodelling required
- Any Archaeological Works undertaken prior to Contract Start
- No abnormals or contamination / deleterious materials removal included.
- Window cleaning assumed by mewps to Buildings 01 and 02, and by pole to existing buildings.
- No BREEAM or exceptional requirements imposed by Lifetime Homes or National Technical Standard requirements
- Facades allowances based on an assumed floor to floor height of 3.3m to ground and 3m to upper floors of the new build Blocks 01 and 02
- No allowance included for any Listed Building consents or the like.
- External compound for ASHP, Bin Store and Generator (slab and perimeter fence)
- Allowance for repairing existing boiler house for MEP plant use
- Brick built sub-station
- Bike shelter secure but not fully weathertight (lightweight structure on concrete slab mesh wall to front, lightweight roof)

4.3 Assumed Building Specification (Buildings 01 and 02)

- | | |
|---|--|
| Substructure | ▪ Reinforced concrete slab, pile caps and ground beams, piling |
| Frame | ▪ Insitu concrete frame |
| Upper Floors | ▪ Insitu concrete slab (max 250 thick) |
| Roof | ▪ Insitu concrete slab (275 thick); warm roof system |
| Stairs | ▪ PCC Stairs; mild steel balustrades, stainless steel handrails |
| External Walls / Windows & External Doors | ▪ Blended rates have been included for the brickwork through wall. See Section 4.4.
▪ PPC aluminium windows |
| Internal Walls | ▪ Concrete core walls; plasterboard faced stud partitions |
| Finishes and Fittings | ▪ Allowance for floor finishes as noted in the estimate; mixture of carpet tile and vinyl plank; MDF painted skirtings
▪ Plasterboard ceilings, skimmed and painted to bedrooms, accessible to corridors
▪ Walls painted generally |
| Mechanical | ▪ Kitchens and Pod allowances as noted in 4.4
▪ Allowances for FF&E noted in 4.4
▪ Exposed blockwork and concrete to service areas - no decoration
▪ Arc Fault Detection to bedrooms, studios and cluster kitchens
▪ Ventilation MVHR to bedrooms, studios and cluster kitchens |
| Electrical | ▪ Electric panel heaters
▪ Boosted cold water installation
▪ Hot water by ASHP (centralised system)
▪ Podded bathroom installation new build, traditional to existing
▪ Sprinkler installation (excluding Amenity Areas) to New Build only
▪ Combination of pendant and LED lighting within bedrooms / studios
▪ White plastic cover plates for switches and sockets
▪ Door entry system
▪ Fire detection and alarm system
▪ 1nr lift to new building 01 and 2nr lifts to each new building 02 (3nr total to new build); 2nr platform lifts to St Gabriels & the Chapel |

Section 4. General and Key Assumptions

4.4 Key Allowances

- Façade through-wall rates:-
 - Solid Brickwork - £640/m2
 - PPC Aluminium Windows - £650/m2
- FF&E (Blocks 01 and 02):-
 - Cluster kitchens - £10,800/nr
 - Bedroom - £1,600/nr
 - Studio - £4,000/nr
 - Assisted studio - £4,250/nr
- FF&E Enhanced (St Gabriel's and The Chapel and Woodthorpe Hall):-
- Amenity Areas - £400/m2
- Studio - £5,000/nr
- Assisted studio - £5,250/nr
- Prefabricated Bathroom Pods (Blocks 01 and 02):-
 - Bedroom - £3,000/nr
 - Assisted bedroom - £4,000/nr
 - Studio - £3,000/nr
 - Assisted studio - £4,000/nr
- Insitu Bathrooms (St Gabriel's and The Chapel and Woodthorpe Hall):-
 - Studio - £3,000/nr
 - Assisted studio - £4,000/nr
- Main Contractor Preliminaries - 13.00%
- Main Contractor Overheads & Profit - 5.00%
- Main Contractor General Risk - 1.00% (New Build) / 1.5% (Existing)
- Main Contractor Design Risk - Excluded

Section 5. Exclusions List

5.1 General Exclusions

- Removal of deleterious materials / Abnormal ground conditions
- Diversion of existing services, protection of existing assets
- Costs arising from a Section 106 / 278 / CIL agreements
- External works or infrastructure costs, beyond the allowance made
- Reinforcement of services infrastructure
- Asset protection costs; Combined Sewer (culvert) etc.
- Works beyond the boundary of the site
- Strengthening of existing / adjacent buildings (if required)
- Show floors or any other marketing costs (including brochures, etc.)
- Out of hours and other working hour restrictions
- Artwork, furniture, internal planting and the like beyond allowances made
- Non-Recoverable VAT
- Triple glazing for thermal / acoustic requirements to façade - façade engineer to provide advice
- Main Contractor PCSA Costs
- Phasing, temporary works and other requirements imposed by third parties
- Value Added Tax (VAT)
- Project insurances (beyond contractors 'all risks')
- Weathertight structures for bin store and ASHP and Generator compounds
- Stairs and lift to roof level (ladder and roof access hatch assumed)
- Roof edge protection (raised parapets, balustrade etc.); mansafe
- Structural works to existing buildings beyond those identified within the estimate
- Due to the consequences of the Ukraine conflict, we anticipate that tender markets will be highly unpredictable as manufacturers and contractors reset their prices and their risk position. The cost plan represents our best knowledge of the market on the date of issue. However, the current market has not been tested and as a result our estimate is subject to a much higher level of uncertainty than during normal times.
- Existing berm removal - assume remove flags and 150mm build up for soft landscape pocket doors
- Developer's risk allowance/overall project contingency
- Design, statutory or commissioning fees, including Main Contract design fees and associated Main Contractor OH&P
- Independent Commissioning Management fees
- Site acquisition fees/costs, air rights, oversailing, rights to light (or any other third party compensations)
- Legal, planning, building control, NHBC fees and the like
- Monitoring of adjacent buildings, works to existing structures
- Local Authority charges, road closures, etc.
- Archaeological survey or excavation costs
- Site, architectural, building condition or monitoring surveys
- Compensation payments for road closures
- Compensation payments for parking bay suspensions
- The time and cost impact of any Party Wall Awards, Rights of Light matters and planning consents
- Client finance costs and insurances
- Any allowance for currency fluctuations
- Capital allowances or other incentives/grants
- No allowances included for the treatment of wet/dry rot within existing buildings
- No allowance included for any works required due to subsidence / structural failing of existing buildings
- Sprinklers to existing buildings
- New roof structures to existing buildings
- Lifts to Woodthorpe
- Full tanking / waterproofing system to St Gabriels basement; allowance of £50/m2 included; scope to be defined
- Green Roofs - **if 100% required to New Builds circa £325k uplift**
- Blue Roofs - alternative more cost effective solution
- Structural screeds

Section 6. Information Used

6.1 Stage 2 Design Information as follows:

- Apex Acoustic Report
- CPW - MEP Design
- Meinhardt - Civils, Structural, FRA
- Meinhardt - Highways, Traffic & Access
- OFR - Fire Strategy
- Reform - Landscape & Public Realm
- Simpson Haugh - Introduction, Architectural Design, Accommodation Schedule
- Simpson Haugh - Revised Building 02 (04) layout and GIFA

Appendix 2

Development Appraisal

St Gabriel's Appraisal
Base Appraisal

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Base Appraisal

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Building 3 - Clusters	102	10,500	792,540	1,071,000	792,540
Building 3 - Studios	31	12,000	275,280	372,000	275,280
Building 4 - Studios	133	12,000	1,181,040	1,596,000	1,181,040
Sundry Income	319	100	31,900	31,900	31,900
Totals	638		2,751,400	3,706,900	2,751,400

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Building 3 - Clusters					
Current Rent	792,540	YP @	5.0000%	20.0000	15,850,800
Building 3 - Studios					
Current Rent	275,280	YP @	5.0000%	20.0000	5,505,600
Building 4 - Studios					
Current Rent	1,181,040	YP @	5.0000%	20.0000	23,620,800
Sundry Income					
Current Rent	31,900	YP @	5.0000%	20.0000	638,000
Total Investment Valuation					55,028,000

GROSS DEVELOPMENT VALUE **55,028,000**

Purchaser's Costs	(3,656,520)
Effective Purchaser's Costs Rate	6.64%
	(3,656,520)

NET DEVELOPMENT VALUE **51,371,480**

NET REALISATION **51,371,480**

OUTLAY

ACQUISITION COSTS

Fixed Price	8,500,000	
Fixed Price	8,500,000	
		8,500,000
Stamp Duty		414,500
Effective Stamp Duty Rate	4.88%	
Purchasers Costs	1.80%	153,000
		567,500

CONSTRUCTION COSTS

Contingency	5.00%	1,437,500
Demolition		940,000
		2,377,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Building 3 Construction Cost	9,700,000
Building 4 Construction Cost	9,920,000
Public Realm	1,920,000
Alts and repairs to existing bldgs	680,000
	27,810,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Building 1	10.00%	970,000
Project Fees - Building 2	10.00%	992,000
Project Fees - Public Realm	10.00%	354,000
		2,875,000

DISPOSAL FEES

Sales Agent Fee	0.75%	407,925
Sales Legal Fee	0.25%	135,975
		543,900

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	979,212
Construction	1,337,407
Other	65,661

St Gabriel's Appraisal
Base Appraisal

Total Finance Cost	2,382,281
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TOTAL COSTS	45,056,181
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PROFIT	6,315,299
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Performance Measures

Profit on Cost%	14.02%
Profit on GDV%	11.48%
Profit on NDV%	12.29%
Development Yield% (on Rent)	6.11%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	20.09%
Rent Cover	2 yrs 4 mths
Profit Erosion (finance rate 6.000)	2 yrs 2 mths

St Gabriel's Appraisal
Scenario 1

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 1

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Building 4 - Studios	133	12,000	1,181,040	1,596,000	1,181,040
Sundry Income	<u>186</u>	100	<u>18,600</u>	<u>18,600</u>	<u>18,600</u>
Totals	372		1,670,280	2,250,600	1,670,280

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Building 4 - Studios					
Current Rent	1,181,040	YP @	5.0000%	20.0000	23,620,800
Sundry Income					
Current Rent	18,600	YP @	5.0000%	20.0000	372,000
Total Investment Valuation					33,405,600

GROSS DEVELOPMENT VALUE 33,405,600

Purchaser's Costs	(2,214,785)
Effective Purchaser's Costs Rate	6.63%
	(2,214,785)

NET DEVELOPMENT VALUE 31,190,815

NET REALISATION 31,190,815

OUTLAY

ACQUISITION COSTS

Fixed Price	8,500,000
Fixed Price	8,500,000
	8,500,000
Stamp Duty	414,500
Effective Stamp Duty Rate	4.88%
Purchasers Costs	153,000
	567,500

CONSTRUCTION COSTS

Contingency	5.00%	952,500
Demolition		940,000
		1,892,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Building 4 Construction Cost	9,920,000
Public Realm	1,920,000
Alts and repairs to existing bldgs	680,000
	18,110,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Building 2	10.00%	992,000
Project Fees - Public Realm	10.00%	354,000
		1,905,000

DISPOSAL FEES

Sales Agent Fee	0.75%	247,752
Sales Legal Fee	0.25%	82,584
		330,336

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)		
Land		979,212
Construction		879,841
Other		65,661
Total Finance Cost		1,924,715

TOTAL COSTS 33,230,051

PROFIT

(2,039,235)

Performance Measures

Profit on Cost%	-6.14%
Profit on GDV%	-6.10%

St Gabriel's Appraisal
Scenario 1

Profit on NDV%	-6.54%
Development Yield% (on Rent)	5.03%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	-0.34%
Rent Cover	-1 yrs -3 mths
Profit Erosion (finance rate 6.000)	N/A

St Gabriel's Appraisal
Scenario 2

APPRAISAL SUMMARY**AVISON YOUNG****St Gabriel's Appraisal
Scenario 2****Appraisal Summary for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Building 3 - Clusters	102	10,500	792,540	1,071,000	792,540
Building 3 - Studios	31	12,000	275,280	372,000	275,280
Sundry Income	<u>186</u>	100	<u>18,600</u>	<u>18,600</u>	<u>18,600</u>
Totals	372		1,557,060	2,097,600	1,557,060

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Building 3 - Clusters					
Current Rent	792,540	YP @	5.0000%	20.0000	15,850,800
Building 3 - Studios					
Current Rent	275,280	YP @	5.0000%	20.0000	5,505,600
Sundry Income					
Current Rent	18,600	YP @	5.0000%	20.0000	372,000
Total Investment Valuation					31,141,200

GROSS DEVELOPMENT VALUE 31,141,200

Purchaser's Costs	(2,060,805)
Effective Purchaser's Costs Rate	6.62%
	(2,060,805)

NET DEVELOPMENT VALUE 29,080,395**NET REALISATION 29,080,395****OUTLAY****ACQUISITION COSTS**

Fixed Price	8,500,000
Fixed Price	8,500,000
	8,500,000
Stamp Duty	414,500
Effective Stamp Duty Rate	4.88%
Purchasers Costs	1.80%
	153,000
	567,500

CONSTRUCTION COSTS

Contingency	5.00%	941,500
Demolition		940,000
		1,881,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Building 3 Construction Cost	9,700,000
Public Realm	1,920,000
Alts and repairs to existing bldgs	680,000
	17,890,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Building 1	10.00%	970,000
Project Fees - Public Realm	10.00%	354,000
		1,883,000

DISPOSAL FEES

Sales Agent Fee	0.75%	230,769
Sales Legal Fee	0.25%	76,923
		307,692

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	979,212
Construction	869,463
Other	65,661
Total Finance Cost	1,914,337

TOTAL COSTS 32,944,029**PROFIT****(3,863,634)**

St Gabriel's Appraisal
Scenario 2

Performance Measures		
Profit on Cost%		-11.73%
Profit on GDV%		-12.41%
Profit on NDV%		-13.29%
Development Yield% (on Rent)		4.73%
Equivalent Yield% (Nominal)		5.00%
Equivalent Yield% (True)		5.16%
IRR% (without Interest)		-5.90%
Rent Cover	-2 yrs -6 mths	
Profit Erosion (finance rate 6.000)		N/A

St Gabriel's Appraisal
Scenario 3

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 3

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		475,940	641,300	475,940

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Sundry Income					
Current Rent	5,300	YP @	5.0000%	20.0000	106,000
Total Investment Valuation					9,518,800

GROSS DEVELOPMENT VALUE **9,518,800**

Purchaser's Costs	(619,070)
Effective Purchaser's Costs Rate	6.50%
	(619,070)

NET DEVELOPMENT VALUE **8,899,730**

NET REALISATION **8,899,730**

OUTLAY

ACQUISITION COSTS

Fixed Price	8,500,000	
Fixed Price	8,500,000	
		8,500,000
Stamp Duty	414,500	
Effective Stamp Duty Rate	4.88%	
Purchasers Costs	153,000	
		567,500

CONSTRUCTION COSTS

Contingency	5.00%	456,500
Demolition		940,000
		1,396,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000	
Woodthorpe Hall Construction Cost	2,460,000	
Public Realm	1,920,000	
Alts and repairs to existing bldgs	680,000	
		8,190,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	354,000
		913,000

DISPOSAL FEES

Sales Agent Fee	0.75%	70,596
Sales Legal Fee	0.25%	23,532
		94,128

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	979,212
Construction	411,897
Other	65,661
Total Finance Cost	1,456,770

TOTAL COSTS **21,117,898**

PROFIT

(12,218,169)

Performance Measures

Profit on Cost%	-57.86%
Profit on GDV%	-128.36%
Profit on NDV%	-137.29%
Development Yield% (on Rent)	2.25%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

IRR% (without Interest) Out of Range

St Gabriel's Appraisal
Scenario 3

Rent Cover	-25 yrs -8 mths
Profit Erosion (finance rate 6.000)	N/A

St Gabriel's Appraisal
Scenario 4

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 4

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		475,940	641,300	475,940

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Sundry Income					
Current Rent	5,300	YP @	5.0000%	20.0000	106,000
Total Investment Valuation					9,518,800

GROSS DEVELOPMENT VALUE **9,518,800**

Purchaser's Costs	(619,070)
Effective Purchaser's Costs Rate	6.50%
	(619,070)

NET DEVELOPMENT VALUE **8,899,730**

NET REALISATION **8,899,730**

OUTLAY

ACQUISITION COSTS

Fixed Price	8,500,000	
Fixed Price	8,500,000	
		8,500,000
Stamp Duty	414,500	
Effective Stamp Duty Rate	4.88%	
Purchasers Costs	1.80%	153,000
		567,500

CONSTRUCTION COSTS

Contingency	5.00%	313,500
		313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Alts and repairs to existing bldgs	680,000
	6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	68,000
		627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	70,596
Sales Legal Fee	0.25%	23,532
		94,128

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	979,212
Construction	214,404
Other	65,661
Total Finance Cost	1,259,278

TOTAL COSTS **17,631,406**

PROFIT

(8,731,677)

Performance Measures

Profit on Cost%	-49.52%
Profit on GDV%	-91.73%
Profit on NDV%	-98.11%
Development Yield% (on Rent)	2.70%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

IRR% (without Interest) Out of Range

Rent Cover -18 yrs -4 mths

St Gabriel's Appraisal
Scenario 4

Profit Erosion (finance rate 6.000)

N/A

St Gabriel's Appraisal
Scenario 5

APPRAISAL SUMMARY**AVISON YOUNG****St Gabriel's Appraisal
Scenario 5****Appraisal Summary for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	15,000	144,300	195,000	144,300
Woodthorpe Hall - Studios	40	15,000	444,000	600,000	444,000
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		593,600	800,300	593,600

Investment Valuation

St Gabriel's - Studios					
Current Rent	144,300	YP @	5.0000%	20.0000	2,886,000
Woodthorpe Hall - Studios					
Current Rent	444,000	YP @	5.0000%	20.0000	8,880,000
Sundry Income					
Current Rent	5,300	YP @	5.0000%	20.0000	106,000
Total Investment Valuation					11,872,000

GROSS DEVELOPMENT VALUE 11,872,000

Purchaser's Costs	(779,088)
Effective Purchaser's Costs Rate	6.56%
	(779,088)

NET DEVELOPMENT VALUE 11,092,912**NET REALISATION 11,092,912****OUTLAY****ACQUISITION COSTS**

Fixed Price	8,500,000
Fixed Price	8,500,000
	8,500,000
Stamp Duty	414,500
Effective Stamp Duty Rate	4.88%
Purchasers Costs	153,000
	567,500

CONSTRUCTION COSTS

Contingency	5.00%	313,500
		313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Alts and repairs to existing bldgs	680,000
	6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	68,000
		627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	88,245
Sales Legal Fee	0.25%	29,415
		117,660

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)		
Land	979,212	
Construction	214,404	
Other	65,661	
Total Finance Cost		1,259,278

TOTAL COSTS 17,654,938**PROFIT****(6,562,026)****Performance Measures**

Profit on Cost%	-37.17%
Profit on GDV%	-55.27%
Profit on NDV%	-59.16%
Development Yield% (on Rent)	3.36%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	-26.71%
Rent Cover	-11 yrs -1 mths

St Gabriel's Appraisal
Scenario 5

Profit Erosion (finance rate 6.000)

N/A

St Gabriel's Appraisal
Scenario 6

APPRAISAL SUMMARY**AVISON YOUNG****St Gabriel's Appraisal
Scenario 6****Appraisal Summary for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	15,000	144,300	195,000	144,300
Woodthorpe Hall - Studios	40	15,000	444,000	600,000	444,000
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		593,600	800,300	593,600

Investment Valuation

St Gabriel's - Studios					
Current Rent	144,300	YP @	4.7500%	21.0526	3,037,895
Woodthorpe Hall - Studios					
Current Rent	444,000	YP @	4.7500%	21.0526	9,347,368
Sundry Income					
Current Rent	5,300	YP @	4.7500%	21.0526	111,579
Total Investment Valuation					12,496,842

GROSS DEVELOPMENT VALUE 12,496,842

Purchaser's Costs	(821,198)
Effective Purchaser's Costs Rate	6.57%
	(821,198)

NET DEVELOPMENT VALUE 11,675,644**NET REALISATION 11,675,644****OUTLAY****ACQUISITION COSTS**

Fixed Price	8,500,000	
Fixed Price	8,500,000	
		8,500,000
Stamp Duty	414,500	
Effective Stamp Duty Rate	4.88%	
Purchasers Costs	153,000	
		567,500

CONSTRUCTION COSTS

Contingency	5.00%	313,500
		313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Alts and repairs to existing bldgs	680,000
	6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	68,000
		627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	92,889
Sales Legal Fee	0.25%	30,963
		123,853

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)		
Land	979,212	
Construction	214,404	
Other	65,661	
Total Finance Cost		1,259,278

TOTAL COSTS 17,661,131**PROFIT****(5,985,487)****Performance Measures**

Profit on Cost%	-33.89%
Profit on GDV%	-47.90%
Profit on NDV%	-51.26%
Development Yield% (on Rent)	3.36%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
IRR% (without Interest)	-23.57%
Rent Cover	-10 yrs -1 mths

St Gabriel's Appraisal
Scenario 6

Profit Erosion (finance rate 6.000)

N/A

St Gabriel's Appraisal
Scenario 7

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 7

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	15,000	144,300	195,000	144,300
Woodthorpe Hall - Studios	40	15,000	444,000	600,000	444,000
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		593,600	800,300	593,600

Investment Valuation

St Gabriel's - Studios					
Current Rent	144,300	YP @	4.7500%	21.0526	3,037,895
Woodthorpe Hall - Studios					
Current Rent	444,000	YP @	4.7500%	21.0526	9,347,368
Sundry Income					
Current Rent	5,300	YP @	4.7500%	21.0526	111,579
Total Investment Valuation					12,496,842

GROSS DEVELOPMENT VALUE **12,496,842**

Purchaser's Costs	(821,198)
Effective Purchaser's Costs Rate	6.57%
	(821,198)

NET DEVELOPMENT VALUE **11,675,644**

NET REALISATION **11,675,644**

OUTLAY

ACQUISITION COSTS

Fixed Price	6,375,000	
Fixed Price	6,375,000	
		6,375,000
Stamp Duty	308,250	
Effective Stamp Duty Rate	4.84%	
Purchasers Costs	114,750	
		423,000

CONSTRUCTION COSTS

Contingency	5.00%	313,500	
			313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000	
Woodthorpe Hall Construction Cost	2,460,000	
Alts and repairs to existing bldgs	680,000	
		6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000	
Project Fees - Woodthorpe	10.00%	246,000	
Project Fees - Public Realm	10.00%	68,000	
			627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	92,889	
Sales Legal Fee	0.25%	30,963	
			123,853

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		734,121	
Construction		210,203	
Other		65,661	
Total Finance Cost			1,009,985

TOTAL COSTS **15,142,338**

PROFIT

(3,466,694)

Performance Measures

Profit on Cost%	-22.89%
Profit on GDV%	-27.74%
Profit on NDV%	-29.69%
Development Yield% (on Rent)	3.92%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
IRR% (without Interest)	-14.70%
Rent Cover	-5 yrs -10 mths

St Gabriel's Appraisal
Scenario 7

Profit Erosion (finance rate 6.000)

N/A

St Gabriel's Appraisal
Scenario 8

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 8

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	15,000	144,300	195,000	144,300
Woodthorpe Hall - Studios	40	15,000	444,000	600,000	444,000
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		593,600	800,300	593,600

Investment Valuation

St Gabriel's - Studios					
Current Rent	144,300	YP @	4.7500%	21.0526	3,037,895
Woodthorpe Hall - Studios					
Current Rent	444,000	YP @	4.7500%	21.0526	9,347,368
Sundry Income					
Current Rent	5,300	YP @	4.7500%	21.0526	111,579
Total Investment Valuation					12,496,842

GROSS DEVELOPMENT VALUE **12,496,842**

Purchaser's Costs	(821,198)
Effective Purchaser's Costs Rate	6.57%
	(821,198)

NET DEVELOPMENT VALUE **11,675,644**

NET REALISATION **11,675,644**

OUTLAY

ACQUISITION COSTS

Fixed Price	4,250,000	
Fixed Price	4,250,000	
		4,250,000
Stamp Duty	202,000	
Effective Stamp Duty Rate	4.75%	
Purchasers Costs	76,500	
		278,500

CONSTRUCTION COSTS

Contingency	5.00%	313,500	
			313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000	
Woodthorpe Hall Construction Cost	2,460,000	
Alts and repairs to existing bldgs	680,000	
		6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000	
Project Fees - Woodthorpe	10.00%	246,000	
Project Fees - Public Realm	10.00%	68,000	
			627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	92,889	
Sales Legal Fee	0.25%	30,963	
			123,853

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		489,030	
Construction		206,001	
Other		65,661	
Total Finance Cost			760,692

TOTAL COSTS **12,623,545**

PROFIT

(947,901)

Performance Measures

Profit on Cost%	-7.51%
Profit on GDV%	-7.59%
Profit on NDV%	-8.12%
Development Yield% (on Rent)	4.70%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
IRR% (without Interest)	-1.42%
Rent Cover	-1 yrs -7 mths

St Gabriel's Appraisal
Scenario 8

Profit Erosion (finance rate 6.000)N/A

St Gabriel's Appraisal
Scenario 9

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 9

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	15,000	144,300	195,000	144,300
Woodthorpe Hall - Studios	40	15,000	444,000	600,000	444,000
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		593,600	800,300	593,600

Investment Valuation

St Gabriel's - Studios					
Current Rent	144,300	YP @	4.7500%	21.0526	3,037,895
Woodthorpe Hall - Studios					
Current Rent	444,000	YP @	4.7500%	21.0526	9,347,368
Sundry Income					
Current Rent	5,300	YP @	4.7500%	21.0526	111,579
Total Investment Valuation					12,496,842

GROSS DEVELOPMENT VALUE 12,496,842

Purchaser's Costs	(821,198)
Effective Purchaser's Costs Rate	6.57%
	(821,198)

NET DEVELOPMENT VALUE 11,675,644

NET REALISATION 11,675,644

OUTLAY

ACQUISITION COSTS

Fixed Price	2,125,000	
Fixed Price	2,125,000	
		2,125,000
Stamp Duty	95,750	
Effective Stamp Duty Rate	4.51%	
Purchasers Costs	38,250	
		134,000

CONSTRUCTION COSTS

Contingency	5.00%	313,500
		313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Alts and repairs to existing bldgs	680,000
	6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	68,000
		627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	92,889
Sales Legal Fee	0.25%	30,963
		123,853

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	243,938
Construction	201,800
Other	65,661
Total Finance Cost	511,399

TOTAL COSTS 10,104,752

PROFIT

1,570,892

Performance Measures

Profit on Cost%	15.55%
Profit on GDV%	12.57%
Profit on NDV%	13.45%
Development Yield% (on Rent)	5.87%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
IRR% (without Interest)	22.31%
Rent Cover	2 yrs 8 mths

St Gabriel's Appraisal
Scenario 9

Profit Erosion (finance rate 6.000)2 yrs 5 mths

St Gabriel's Appraisal
Scenario 10

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 10

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		475,940	641,300	475,940

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Sundry Income					
Current Rent	5,300	YP @	4.7500%	21.0526	111,579
Total Investment Valuation					9,524,379

GROSS DEVELOPMENT VALUE **9,524,379**

Purchaser's Costs	(619,070)
Effective Purchaser's Costs Rate	6.50%
	(619,070)

NET DEVELOPMENT VALUE **8,905,309**

NET REALISATION **8,905,309**

OUTLAY

ACQUISITION COSTS

Fixed Price	2,125,000	
Fixed Price	2,125,000	
		2,125,000
Stamp Duty	95,750	
Effective Stamp Duty Rate	4.51%	
Purchasers Costs	1.80%	38,250
		134,000

CONSTRUCTION COSTS

Contingency	5.00%	313,500
		313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Alts and repairs to existing bldgs	680,000
	6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	68,000
		627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	70,596
Sales Legal Fee	0.25%	23,532
		94,128

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	243,938
Construction	201,800
Other	65,661
Total Finance Cost	511,399

TOTAL COSTS **10,075,027**

PROFIT

(1,169,719)

Performance Measures

Profit on Cost%	-11.61%
Profit on GDV%	-12.28%
Profit on NDV%	-13.14%
Development Yield% (on Rent)	4.72%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	-7.33%
Rent Cover	-2 yrs -5 mths

St Gabriel's Appraisal
Scenario 10

Profit Erosion (finance rate 6.000)N/A

St Gabriel's Appraisal
Scenario 11

APPRAISAL SUMMARY

AVISON YOUNG

St Gabriel's Appraisal Scenario 11

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
St Gabriel's - Studios	13	12,000	115,440	156,000	115,440
Woodthorpe Hall - Studios	40	12,000	355,200	480,000	355,200
Sundry Income	53	100	5,300	5,300	5,300
Totals	106		475,940	641,300	475,940

Investment Valuation

St Gabriel's - Studios					
Current Rent	115,440	YP @	5.0000%	20.0000	2,308,800
Woodthorpe Hall - Studios					
Current Rent	355,200	YP @	5.0000%	20.0000	7,104,000
Sundry Income					
Current Rent	5,300	YP @	4.7500%	21.0526	111,579
Total Investment Valuation					9,524,379

GROSS DEVELOPMENT VALUE **9,524,379**

Purchaser's Costs	(619,070)
Effective Purchaser's Costs Rate	6.50%
	(619,070)

NET DEVELOPMENT VALUE **8,905,309**

NET REALISATION **8,905,309**

OUTLAY

ACQUISITION COSTS

Fixed Price	250,000	
Fixed Price	250,000	
		250,000
Stamp Duty	2,000	
Effective Stamp Duty Rate	0.80%	
Purchasers Costs	4,500	
		6,500

CONSTRUCTION COSTS

Contingency	5.00%	313,500
		313,500

Other Construction

St Gabriels Halls Construction Cost	3,130,000
Woodthorpe Hall Construction Cost	2,460,000
Alts and repairs to existing bldgs	680,000
	6,270,000

PROFESSIONAL FEES

Project Fees - St Gabriel's	10.00%	313,000
Project Fees - Woodthorpe	10.00%	246,000
Project Fees - Public Realm	10.00%	68,000
		627,000

DISPOSAL FEES

Sales Agent Fee	0.75%	70,596
Sales Legal Fee	0.25%	23,532
		94,128

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	27,681
Construction	198,092
Other	65,661
Total Finance Cost	291,435

TOTAL COSTS **7,852,563**

PROFIT

1,052,746

Performance Measures

Profit on Cost%	13.41%
Profit on GDV%	11.05%
Profit on NDV%	11.82%
Development Yield% (on Rent)	6.06%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	25.28%
Rent Cover	2 yrs 3 mths

St Gabriel's Appraisal
Scenario 11

Profit Erosion (finance rate 6.000)

2 yrs 1 mth

Contact details

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