

Financial Viability Assessment: Covent Garden and Riverside House



Prepared for
PSP Warwick LLP

August 2017

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1 Introduction

PSP Warwick LLP ('the Applicant') has commissioned BNP Paribas Real Estate to provide an assessment of the financial viability of their proposed mixed use development ('the Proposed Development') at two sites in Leamington Spa ('the sites'), namely the Council's existing offices at Milverton House, Milverton Hill and land between Russell Street and Tavistock Street. The purpose of this report is to:

- Assess the residual land value generated by the Proposed Development; and
- Using the outputs of the appraisal, consider an appropriate level of affordable housing that the Proposed Development can viably provide, whilst ensuring that the scheme delivers competitive returns in line with requirements set out in the National Planning Policy Framework.

The overriding objective of the Development is to facilitate the reprovision of the Council's offices at nil cost. In the absence of cross-subsidy from a residential development on the existing site at Milverton Hill, the office reprovision cannot proceed.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 34 countries in Europe, Middle East, India and the United States of America, including 18 wholly owned and 16 alliances.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ('RPs').

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

The Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the provision of affordable housing.

In 2007, we were appointed by the Greater London Authority ('GLA') to review its 'Development Control Toolkit Model' (commonly referred to as the 'Three Dragons' model). This review included testing the validity of the Three Dragons' approach to appraising the value of residential and mixed use developments; reviewing the variables used in the model and advising on areas that required amendment in the re-worked toolkit and other available appraisal models and submitted our report in February 2012.

In addition, we are retained by the Homes and Communities Agency ('HCA') to advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report structure

This report is structured as follows:

- **Section two** provides a brief description of the Proposed Development;
- **Section three** describes the methodology that has been adopted;
- **Section four** outlines the inputs adopted within our appraisals;
- **Section five** sets out the results of the appraisals;
- Finally, in **Section six**, we draw conclusions from the analysis.

1.3 The Status of our advice

In accordance with PS 1.6 of the RICS Valuation – Professional Standards (January 2014 Edition) (the ‘Red Book’), the provisions of VPS 1 to VPS 4 are not of mandatory application and accordingly this report should not be relied upon as a Red Book valuation.

This report is addressed to the Applicant only and should not be reproduced without our prior consent.

We confirm that we are not instructed on a contingent or incentivised fee basis.

1.4 Confidentiality

This report is provided to Warwick District Council on a confidential basis. We request that the report not be disclosed to any third parties under the Freedom of Information Act (Sections 41 and 43 (2)) and Environmental Information Regulations 2004 Regulation 12(5).

2 Background and description of the Proposed Development

2.1 The sites

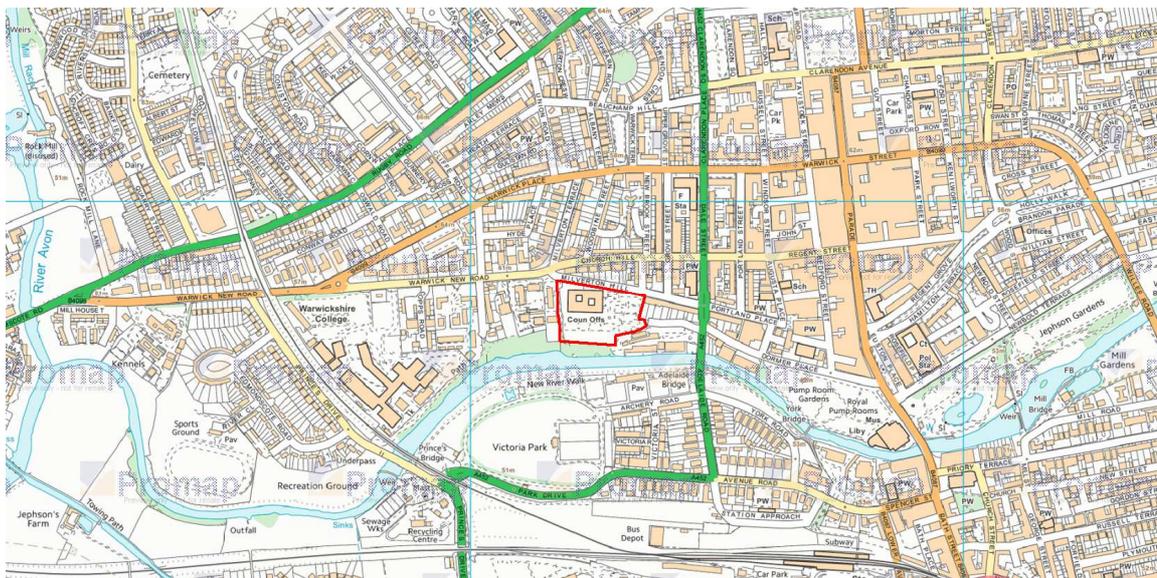
2.1.1 Riverside House, Milverton Hill, CV32 5HZ

The 1.88 ha Site is located in the centre of Leamington Spa, 0.7 miles north of Leamington Spa Station, providing access to the National Rail network (journey times of 33 minutes to Birmingham and 76 minutes to London). Leamington Spa's main retail and leisure facilities are located a short walk to the east of the site.

Other than the Council's offices, the area immediately surrounding the Site is predominantly residential with two to three storey period properties and a small number of modern three to four storey flatted blocks.

The Council's office buildings extend to circa 60,000 square foot GIA in a building of four storeys and surface car parking with 120 spaces.

Figure 2.1.1.1: Riverside House location plan



Source: Ordnance Survey/Promap

2.1.2 Land between Russell Street and Tavistock Street ('Covent Garden') CV32 5QB

The Covent Garden site currently accommodates a multi-storey and surface car park providing 511 car parking spaces which are available to members of the public daily between 7am and 8pm.

The site is located 0.4 miles to the north-east of Riverside House within Leamington Spa's main retail and leisure area.

Figure 2.1.2: Covent Garden location plan



Source: Ordnance Survey/Promap

2.2 The proposed Development

The Applicant is seeking planning permission for a comprehensive development of both sites with the overriding objective of re-providing the Council's offices at Covent Garden.

2.2.1 Covent Garden

The Applicant is seeking planning permission for demolition of the existing multi-storey car park and the development of 44 residential units; 31,173 square feet (2,896 square metres) of office floorspace; and a new car park providing 617 spaces (extending to 14,980 square metres).

A schedule of the residential accommodation is provided in Table 2.2.1 below (see also Appendix 1).

Table 2.2.1: Proposed residential accommodation

Unit type	No of units	Average floor area per unit (square feet)	Total floor area (square feet)	Total floor area (square metres)
1 bed/2 person	20	518	10,361	963
2 bed/4 person	19	805	15,286	1,420
2 bed/4 person duplex	5	835	4,176	388
Totals	44	678	29,823	2,771

2.2.2 Milverton Hill

Following re-provision of the Council's offices at the Covent Garden site, the existing offices will be redeveloped for residential use of up to 163,563 square feet (15,193 square metres) GIA. This scheme is currently in outline only.

3 Methodology

We have used *Argus Developer* ('Argus') to appraise the Proposed Development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuation. Further details can be access at www.argussoftware.com.

Argus is essentially a cash-flow model. Such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, including either the profit margin required or land costs. In our appraisals we include profit as a development cost.

The difference between the total development value and total costs equates to the residual land value ('RLV'). The model is normally set up to run over a development period from the date of the commencement of the project until the project completion, when the development has been constructed and is occupied.

The cash-flow approach allows the finance charges to be accurately calculated over the development period. This approach can accommodate more complex arrangements where a number of different uses are provided or development is phased.

In order to assess whether a development scheme can be regarded as economically viable it is necessary to compare the RLV that is produced with a benchmark land value. If the Proposed Development generates a RLV that is higher than the benchmark it can be regarded as being economically viable and therefore capable of providing additional affordable housing and Section 106 payments. However, if the Proposed Development generates a RLV that is lower than the benchmark it should be deemed economically unviable and the quantum of affordable housing may need to be adjusted until viability is achieved.

4 Assumptions

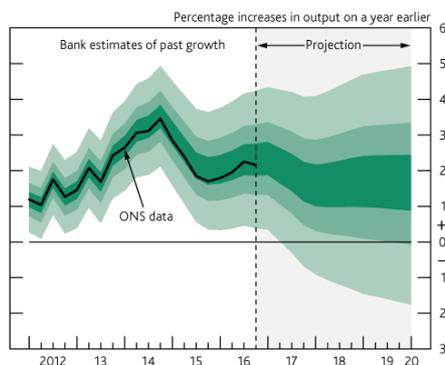
This section of the report sets out the general principles and assumptions which have been used to undertake an appraisal of the development proposals.

4.1 Housing Market Commentary

4.1.1 Economic and housing market context

The housing and commercial property markets are inherently cyclical. The historic highs achieved in the UK housing market by mid-2007 followed a prolonged period of real house price growth. However, a period of 'readjustment' began in the second half of 2007, triggered initially by rising interest rates and the emergence of the US subprime lending problems in the last quarter of 2007. The subsequent reduction in inter-bank lending led to a general "credit crunch" including a tightening of mortgage availability. The real crisis of confidence, however, followed the collapse of Lehman Brothers in September 2008, which forced the government and the Bank of England to intervene in the market to relieve a liquidity crisis.

The combination of successive shocks to consumer confidence and the difficulties in obtaining finance led to a sharp reduction in transactions and a significant correction in house prices in the UK, which fell to a level some 21% lower than at their peak in August 2007 according to the Halifax House Price Index. Consequently, residential land values fell by some 50% from peak levels. One element of government intervention involved successive interest rate cuts and as the cost of servicing many people's mortgages is linked to the base rate, affordability of repayments helped to boost demand for housing. This, together with a return to economic growth early in 2010 (see February 2017 Bank of England GDP fan chart below, showing the range of the Bank's predictions for GDP growth to 2020) meant that consumer confidence started to improve.



Source: Bank of England

During 2010 improved consumer confidence fed through into more positive interest from potential house purchasers. However, this brief resurgence abated with figures falling and then fluctuating in 2011 and 2012. The improvement in the housing market towards the end of 2012 continued through into 2013 at which point the growth in sales values improved significantly through to the last quarter of 2014, where the pace of the improvement was seen to moderate and continued to do so in 2015. 2016 saw a year of consolidation, with prices increasing in most regions of the country.

During the period to the end of 2016, it is important to note that affordability of housing has continued to build, as highlighted by the Office for National Statistics ('ONS') which noted that by 2015/16, incomes of non-retired households remained 1.26% lower than their pre-downturn levels in 2007/08.

Furthermore, stamp duty changes introduced on 4 December 2014 have impacted on some parts of the housing market in varying ways; for first time buyers, the burden has reduced, with lower stamp duty rates: up to £125,000 (0%) and up to £250,000 (2%). However, for purchasers of

higher value properties, stamp duty has increased, with properties in excess of £1,000,000 now charged at 10% stamp duty.

The referendum held on 23 June 2016 on the UK's membership of the EU resulted in a small majority in favour of exit. The immediate aftermath of the result of the vote was a fall in the Pound Sterling to a 31 year low and stocks overselling due to the earnings of the FTSE being largely in US Dollars. As the Pound dropped significantly this supported the stock market, which has since recouped all of the losses seen and is near the all-time highs. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. However there are tentative signs of improvement and resilience in the market. This includes The International Monetary Fund having revised its forecast for UK growth upwards, thereby partly reversing the cut it made to the forecast shortly after the referendum (1.9% to 1.7%). However it further trimmed its 2017 forecast from 1.3% to 1.1%, which stood at 2.2% prior to the Referendum.

The UK's first official growth figures since the referendum result vote have been published and exceed initial estimates. Growth for Q3 according to the ONS figures was 0.5%, higher than analyst's predictions of 0.3%. The ONS has highlighted that *"the pattern of growth continues to be broadly unaffected following the EU referendum"*. Initial expectations are that the better than expected GDP figures will deter the Bank of England Monetary Policy Committee from going ahead with any further or planned interest rate cuts.

The Economy has slowed slightly from the Q2 figure of 0.7% and the pattern is a slightly unbalanced one with the only sector of the economy continuing to grow being the services industry at 0.8%. The Chancellor, Phillip Hammond, noted that *"The fundamentals of the UK economy are strong and today's data show that the economy is resilient."* Data from the construction and manufacturing sector are on a continuing trend of stagnation, with construction contracting by 1.4% and manufacturing 0.4%. It was expected that manufacturing would be bolstered by the fall in the value of the pound, however this has failed to materialise. It is noted however that ONS Head of GDP Darren Morgan states that *"the economy grew slightly more in the last three months of 2016 than previously thought, mainly due to a stronger performance from manufacturing."* Overall the figures are better than expected, however experts have warned that forecasts for 2017 are lower, as Britain negotiates the terms of its exit from the EU with the remaining countries.

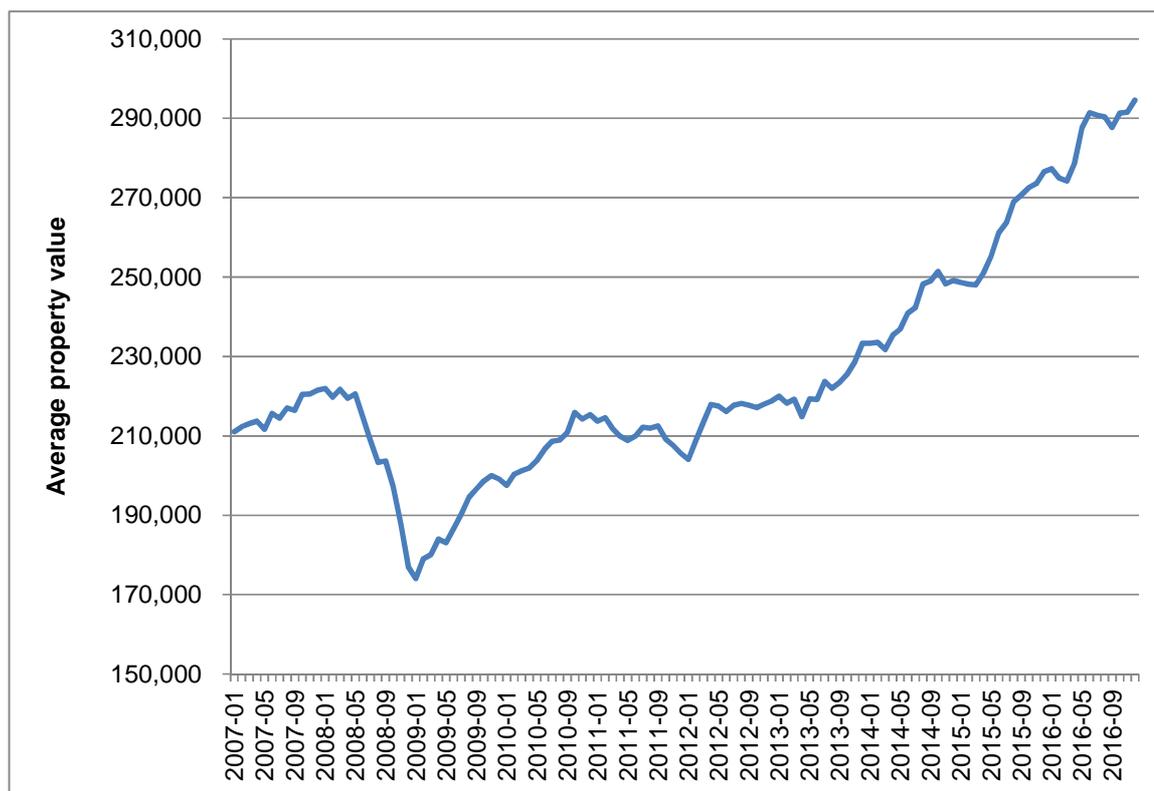
We also note that the Nationwide have reported that they consider "the outlook is uncertain, expecting the UK economy to slow through 2017 as heightened uncertainty weighs on business investment and hiring. This issue alongside "consuming spending, a key engine of growth in recent quarters, is also likely to be impacted by rising inflation in the months ahead as a result of a weaker pound."

All sources we have recently reviewed support the view that the economic outlook is uncertain, and the five year outlook for housing value growth in the UK will be *"almost wholly dependent on the UK's terms of exit from the EU and the agreements that we manage to put in place"* (JLL Unchartered Territory Report (UK Research November 2016, UK Residential Forecasts).

4.1.2 Local Housing Market

According to Land Registry data, residential sale prices in Warwick District fell by 22% from the peak of the market, in January 2008 to the bottom of the market in January 2009. House prices have significantly improved, currently standing at 32% above their peak levels in January 2017 (the latest month for which records are available).

Figure 4.1.2: Average residential property values (Land Registry)



Source: Land Registry

4.2 Gross Development Value ('GDV')

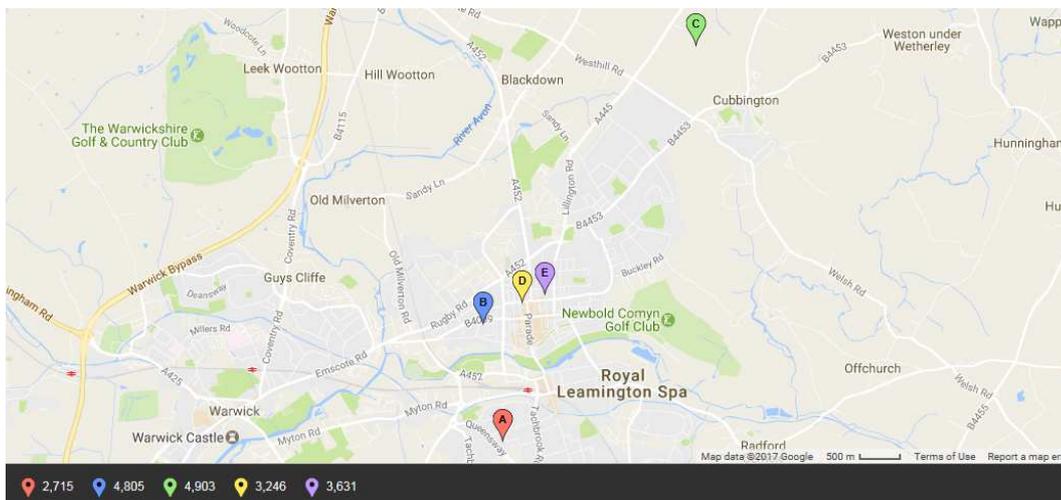
4.2.1 Residential Sales Values

We have considered the values achieved by new build development in Leamington Spa over the last twelve months, as summarised in Table 4.2.1.1. Taking the values of these developments into account alongside the micro-location of both schemes, we have assumed values of £380 per square foot for the Riverside House scheme and £400 per square foot for the Covent Garden scheme.

Table 4.2.1.1: New build achieved sales values

Scheme	Date of sales	Average value per sq ft	Comments
A. Queensway Court CV31 3LS	August to December 2016	£252	Over 55s scheme for shared ownership. Inferior location to subject sites
B. Arlington Lodge CV32 5BF	May to September 2016	£446	Churchill retirement scheme which typically achieve premiums above general needs residential developments
C. Walton Court CV32 5DL	September 2016	£455	Audley retirement scheme which typically achieve premiums above general needs residential developments
D. The Space CV32 5PP	July to November 2016	£302	Refurbishment scheme. Adjacent to Covent Garden site
E. Mitaka House CV32 5TP	November and December 2016	£337	Office to residential conversion

Figure 4.2.1.2: Location of comparables



Map source: Google

4.2.2 Ground rents

The residential units will be sold on a leasehold basis and will attract a ground rent income. We have assumed that the units will achieve an average ground rent of £300 per unit per annum, which we have capitalised at a 5% yield.

4.2.3 Office rents and yields

The Covent Garden development incorporates 31,173 square feet of office floorspace which the Council intends to occupy to release the Riverside House site for redevelopment. Our appraisal assumes a rent of £17 per square foot, with a six month rent free period. This reflects the upper end of the range of achieved rents on office lettings in Leamington Spa. The rental income is capitalised at a 6.5% yield.

4.2.4 Car park

The replacement car park will provide 617 car parking spaces, which we assume will be made available on the same terms as the existing car park. The charging arrangements are as follows:

Table 4.2.4.1: Car Park charging rates

Length of stay	Charge per period
0 – 30 minutes	£0.50
30 minutes – 1 hour	£1.00
1 hour – 1.5 hours	£1.50
1.5 hours – 2 hours	£2.00
2 hours – 2.5 hours	£2.50
2.5 hours or more	£3.00

The car park is assumed to be open from 7am to 8pm daily, reflecting the current operating hours.

Assuming that the car park achieves 70% occupancy on weekdays and 90% occupancy at weekends, total gross income would be in the region of £510,000 per annum, from which we have deducted 10% for management and maintenance costs. We have capitalised the net income of £459,000 at a yield of 5%, resulting in a value of £9.18 million.

4.3 Development Costs

4.3.1 Construction Costs

The Applicant has commissioned Arcadis to provide an indicative order of cost for the Covent Garden development (see Appendix 2). The total costs are as follows:

- Offices: £5,115,051 (£164 per square foot);
- Office fit out: £3,107,385 (£128 per square foot net area);
- Residential: £6,053,250 (£166 per square foot); and
- Car parking: £7,694,000 (£12,470 per space).

Site-wide preparation and demolition costs, utilities and enabling works will amount to £900,000.

As noted previously, the residential development at Riverside House is currently in outline only and there is no specific scheme to cost. We have therefore applied the RICS '*Building Cost Information Service*' ('BCIS') upper quartile build costs for residential – apartments 3-5 storeys. BCIS data currently indicates a cost of £142 per square foot (£1,525 per square metre). BCIS data excludes external works, so we have added an additional allowance of 15% of base build costs to account for these requirements. The build cost inclusive of external works is £163 per square foot (£1,758 per square metre).

In addition, we understand that a culvert will require diversion, for which we have included a provisional allowance of £725,000 in our appraisal.

4.3.2 Contingency

As noted above, the total construction costs are incorporated into our appraisal before application of a contingency. We have therefore included in our appraisal a contingency equating to 5% of construction costs which is in line with industry practice.

4.3.3 Professional Fees

We have assumed professional fees at 10% of construction costs, reflective of similar flatted developments. Taking into account the complexities of the scheme we consider this to be an optimistic assumption. It should be noted that this is lower than the 12% benchmark often used in appraisal toolkits produced by the Homes and Communities Agency and planning authorities.

4.3.4 Interest

Where development finance is available (which is only in a select number of situations) lenders are currently charging up to 5% above LIBOR with minimum rates of at least 7%. High arrangement (1-3%), monitoring (2-5%) and exit fees (1%) are also charged. These onerous lending terms have emerged due to the perceived risk of residential development in the current market.

We have adopted an interest rate of 7%, with no additional allowance for fees, which we consider to be a realistic assumption for a development of this nature in the current market. It should be noted that although a bank would not provide 100% of the funding required for the Proposed Development it is conventional to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.3.5 Developer's Profit

When considering the current funding climate, financial institutions have tightened their requirement for profit returns on schemes. Banks have raised their expectations in terms of risk and required returns that new developments offer. Consequently developers are currently

targeting profits of 20% of GDV for typical development schemes. Although it is unlikely that developers would be able to secure development finance for a scheme showing a profit of less than 20%, we have run a sensitivity analysis which tests the impact of a lower profit of 17%.

Where applicable, we have assumed a lower profit rate of 6% on revenue for the affordable housing element to reflect the reduced level of risk associated with these units.

4.3.6 Marketing and disposal

We have adopted the following marketing and disposal costs:

- Residential marketing at 1.5% of market GDV;
- Residential agent fees at 1.0% of market GDV;
- Legal fees at 0.5% of market GDV;
- Letting agent fees: 15% of first year's rent;
- Letting legal fees: 5% of first year's rent;
- Commercial sales agent fee: 1% of capital value; and
- Commercial sales legal fee: 0.5% of capital value.

4.3.7 Section 106 contributions

We have not incorporated any Section 106 contributions in our appraisals, pending detailed discussions on the Council's requirements.

4.3.8 Project Timetable

We have adopted the following assumed timings for construction and sales. These assumptions are indicative only and dependent on the Applicant's ability to secure vacant possession of each building in a timely manner. The current phasing plan currently assumes that the Applicant is able to secure vacant possession of Riverside House upon practical completion of the new offices at Covent Garden. We have assumed that planning permission is granted in November 2017.

Table 4.3.8.1: Indicative project timetable

Site	Activity	No of months	Start	Finish
Covent Garden	Lead in period for discharging planning conditions and site preparation	3	Month 1	Month 3
	Construction	18	Month 4	Month 21
	Sales	12	Month 22	Month 33
Riverside	Construction	18	Month 28	Month 45
	Sales	12	Month 46	Month 57

5 Appraisal Results

In this section, we consider the outputs of the appraisals and the implications for the viable level of affordable housing within the Proposed Development.

5.1 Benchmark Land Value

In order to assess the economic viability of the Proposed Development it is necessary to compare the residual land value it generates with an appropriate benchmark land value. This is often considered to be the Current Use Value ('CUV') of the Site, plus a premium to provide the landowner with sufficient incentive to pursue consent for residential development, rather than simply retaining the Site in its current use.

5.1.1 Riverside House

The existing office buildings extent to circa 60,000 square feet with 120 surface car parking spaces. The Applicant has received a valuation of the existing building undertaken by Colliers International which values the building at £3.44 million.

5.1.2 Covent Garden

The existing car park provides 511 spaces. For the purposes of establishing the existing use value of the site, we have paid regard to the Valuation Office draft 2017 valuation list, which indicates an annual market rent of £177,000. If a 6% capitalisation yield is applied, the existing use value would be £2.95 million.

The combined benchmark land value would therefore be £6.39 million. We have not added a premium as the Council's objective is to bring both sites forward to provide new offices, rather than to secure a return on a site disposal.

5.2 Appraisal Results

We have undertaken an appraisal of the Proposed Development at the two sites (attached as Appendix 3).

Our appraisal indicates that the residual values of the Proposed Development incorporating the re-provision of the Council's offices will be as follows:

- Covent Garden: -£6.30 million;
- Riverside: £3.37 million;
- Combined residual land value of -£2.94 million.

The combined residual land value is significantly lower than the benchmark land value of £6.39 million. However, if the Riverside site was not brought forward as housing, the Council would need to provide a significantly higher amount of subsidy to bring forward the Covent Garden proposals.

5.2.1 Sensitivity analysis – reduced profit

We have re-run our appraisal with a reduced profit to test the impact this might have on the residual land value, although we would stress again that depressing profit below the expected market level might put delivery at risk.

If a reduced profit of 17% were to be adopted, the residual land values would improve to -£5.56 million for Covent Garden and £4.36 million for Riverside (a combined total of -£1.2 million).

5.2.2 Sensitivity analysis – value growth over development period

We have undertaken an additional sensitivity analysis in which we have applied 3% real growth per annum to sales values of the proposed residential units. This growth has more impact on the residual land value generated by the Riverside House development, as sales do not start to complete until month 46 in the cashflow.

With growth applied, the residual land values would improve to -£5.72 million for Covent Garden and £6.83 million for Riverside, a combined total of £1.11 million.

5.2.3 Sensitivity analysis – reduced profit and value growth over development period

If the two sensitivity analyses above are run together (i.e. profit reduced from 20% to 17% and values grown over the development period, the residual land values would improve to -£4.96 million for Covent Garden and £7.95 million for Riverside, a combined total of £3.00 million.

A summary of the results is provided in Table 5.2.3.

Table 5.2.3: Summary of appraisal results

Assumptions	Covent Garden Residual Land Value (£ m)	Riverside Residual Land Value (£ m)	Combined Residual Land Value (£ m)
Base	-6.30	3.37	-2.94
Profit reduced from 20% to 17% of GDV	-5.56	4.36	-1.2
Values grown by 3% per annum in real terms	-5.72	6.83	1.11
Profit reduced from 20% to 17% of GDV and values grown by 3% per annum in real terms	-4.96	7.95	3.00

6 Conclusions

The overriding objective of the proposed Development is to reprovide the Council's offices via a route that minimises the capital required from the Council's own resources so that limited funds can be focused on provision of services. The proposed Development achieves this objective by generating cross-subsidy from residential development, both on the site where the new offices will be located, but also on the Council's existing office site.

The residential development therefore facilitates the reprovision of the Council's offices by generating a cross-subsidy that would otherwise have had to be found from the Council's own resources. As a consequence, there is no scope for the provision of affordable housing, as this would reduce the amount of cross-subsidy available for the office reprovision.

Our appraisals indicate that even with a fully private development, the combined residual land value generated by both sites is negative and also significantly short of the notional value of the two sites in their existing use. The Applicant will be reliant upon growth in future sales values to 'make good' the shortfall so that they can achieve a normal level of developer's return. Our sensitivity analysis which incorporates 3% per annum growth over the development period indicates that the development proposals are capable of generating a positive residual land value, albeit still short of the notional value of the sites in their existing use value. If the level of private housing were reduced to accommodate affordable housing, this position would worsen, which may threaten the delivery of the development.

Appendix 1 - Covent Garden area schedule

15159 WDC HQ Tavistock Street

Area Schedule Schedule REV M 04.05.17

	1	2	3	4	5	6	7	8	9	10	11	12	13	NSA SQM	NSA SQFT	GIFA SQM	%
0	50.3	75.55	79.85	71	50.3	50.3	46	46	50					519	5,590	700	74
1	73.73	75.55	79.85	71	50.3	76	46	46	73.6					592	6,373	724	82
2	73.73	75.55	79.85	71	50.3	76	46	46	73.6					592	6,373	724	82
3	48	24.4	24.4	24.4	24.4	24.5	53.6	71	50.3	76	46	46	73.6	587	6,314	724	81
4	49.2	48.55	48.55	48.55	48.55	71.7	46	46	73.6					481	5,174	516	93
														2,771	29,823	3,388	82

44 Apartments		
	NOS	%
1B2P	20	45%
2B4P	19	43%
2B4P Duplex	5	11%
TOTAL	44	100%

Key:

53.6	1B2P
71	2B4P
71.7	2B4P Duplex

962.60	48.13	518.07	10,361.43
1,420.06	74.74	804.50	15,285.53
388.00	77.60	835.29	4,176.43
2,770.66	62.97	677.80	29,823.38

36,468.43

Car Park Schedule

	SPACES	GIFA SQM
0	111	2,996
1	124	2,996
2	128	2,996
3	127	2,996
4	127	2,996
TOTAL	617	14,980

Offices Schedule

	NET SQM	GIFA SQM	NET SQFT	GFA SQFT
0	737	895	7,933	9,634
1	757	895	8,148	9,634
2	757	895	8,148	9,634
3 (plant)		211	-	2,271
TOTAL	2,251	2,896	24,230	31,173

Appendix 2 - Arcardis cost plan

Warwick District Council

HQ Office Relocation

Indicative Order of Cost Estimate - Rev E

July 2017

Contact

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Version Control

Issue	Revision Nr.	Date Issued	Description of Revision		Prepared By	Reviewed By
			Page Nr.	Comment		
1	A	19/12/2016		Indicative Order of costs - CHANGES - Omission of basement to office. - Removal of external works to courtyard within Office works and all costs allocated in residential works. - Reduction in M&E costs in residential, aligned with benchmarking. -Number of car parking space reduced, internal floor to slab levels increased.	Suki Bell	Craig Sanders
1	B	10/02/2017		Indicative Order of costs - CHANGES - Omission of Chamber Office on 4th floor. - Redesign of ground floor. - Amendments to car park layout. - Amendments to plant room. - Reassessment of costs. - Amendment due to ground floor slab level changes.	Gurpal Johal	Craig Sanders
1	C	06/03/2017		Amendments to specification following meeting with Architect on 27.02.2017.	Gurpal Johal	Craig Sanders
1	D	24/03/2017		Latest design received from Architect on 22.03.2017. Changes will need to be included within specification.	Gurpal Johal	Craig Sanders

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Section 1. Executive Summary

1.1 Overview

This Order of Cost Estimate 1D has been prepared for PSP Warwick LLP in Joint Venture with Warwick District Council (WDC) for the relocation of the WDC headquarters from its current location in Riverside to a new location within Leamington Spa town centre.

This Order of Cost Estimate 1D identifies the costs for the new purpose build WDC headquarters for approximately 250 members of WDC and associated car park and adjoining residential new build comprising 47 Nr apartments.

The estimate excludes costs associated with the following items as these are being managed by budgets set by PSP / WDC:

- Side wide clearance and enabling works
- Demolition of the exiting carpark
- Road and site works
- Professional fees
- Contingencies
- Loose furniture
- IT infrastructure and equipment
- Movement of CCTV centre
- Relocation costs
- CAT B relocation costs and professional fees (unless stated)

The estimated cost for the offices is £6,880,000 which equates to £221psf of the gross internal floor area of 31,173. The estimated cost for the carpark is £7,694,000 which equates to £12,449.84 per carpark space (total 618 Nr).

The estimated cost for the residential scheme is £5,659,000 which equates to £120,404 per apartment (total 47 Nr).

The rates used within the estimate and summarised here are dated 1st Quarter 2017 and are provided on a 'Current Fixed Price Basis'. No inflation adjustment has been included within this estimate.

This report includes the latest Value Engineering exercise up to 06.03.2017 following our meeting with the Architect and issue of the latest drawings on 22.03.2015.

1.2 Layout of this Report

The report is laid out in the following format:

Section's 1 - 3: Executive Summary, General Assumption & Exclusions and Information Used

Appendix A Office Cost Plan

Appendix B Residential Cost Plan

Appendix C Car Park Cost Plan

Appendix D Project Budget as set by Warwick District Council and PSP

1.3 High Level Summary

Element	Offices			Residential			Car Park	
	Total	£/m²	£/ft²	Total	£/m²	per/apt	Total	£/space
Substructure	382,000.00	131.91	12.25	239,000.00	70.54	6.55	Incl in Frame	Incl in Frame
Frame / Upper Floors / Stairs	630,000.00	217.54	20.21	907,000.00	267.71	24.87	5,275,825.00	8,536.93
Roof	256,000.00	88.40	8.21	273,000.00	80.58	7.49	Incl in Frame	Incl in Frame
External Walls / Windows / Ext.	912,000.00	314.92	29.26	815,000.00	240.55	22.35	777,892.00	1,258.72
Internal Walls / Internal Doors	55,000.00	18.99	1.76	415,000.00	122.49	11.38	Incl in Frame	Incl in Frame
Finishes	350,000.00	120.86	11.23	453,000.00	133.71	12.42	Incl in Frame	Incl in Frame
Fittings / Sanitary Fittings	140,000.00	48.34	4.49	434,000.00	128.10	11.90	50,000.00	80.91
Mechanical and Electrical	1,440,000.00	497.24	46.19	930,000.00	274.50	25.50	360,000.00	582.52
External Works	125,000.00	43.16	4.01	325,000.00	95.93	8.91	50,000.00	80.91
Preliminaries, Overheads and Profits (inc. Design Risk)	775,000.00	267.61	24.86	868,000.00	256.20	23.80	1,180,611.21	1,910.37
CAT B Fit out	1,816,557.00	627.26	58.27	-	-	-	-	-
Fees (inc. Contractor Design Fees)	Excl	Excl	Excl	Excl	Excl	Excl	Excl	Excl
Contingencies	Excl	Excl	Excl	Excl	Excl	Excl	Excl	Excl
Inflation (beyond 4Q2016 Start on site)	Excl	Excl	Excl	Excl	Excl	Excl	Excl	Excl
Total (on a Current Price Basis)	6,882,000.00	2,376	221	5,659,000.00	1,670	120,404	7,694,000.00	12,449.84

Section 2. General Assumptions and Exclusions

The following are key assumptions made in the preparation of the Stage 1 Order of Cost Estimate Rev D.

2.1 General

- Anticipated Form of Contract JCT Design and Build 2011 or 2016.
- Single stage tender
- All works to be in normal working hours
- Sufficient time will be allowed for design development
- Sufficiently experienced Contractor / Sub contractor used for works.
- Total vacant possession at start on site
- Assumed turn gates within office lobby will be procured through Cat B budget
- Car park costs have been based on Bourne Parking quote dated 11th November 2016, no adjustment for inflation currently included.
- Architect's specification will need to be changed in line with the agreed items from Value Engineering exercise up to 06.03.2017.

2.2 Exclusions (from base Cost Plans)

- VAT
- Legal fees
- No allowance has been made for dealing with localised contamination on site, due to infill of a former canal.
- Capital allowances or other incentives / grants
- Client finance costs and insurances
- Monitoring of adjacent buildings, and work to existing buildings.
- Employer risk / Construction contingency.
- Warranties.
- Finance costs / site acquisition costs.
- Archaeological excavations / surveys.
- Ecological surveys/ requirements.
- Works beyond the site boundary.
- Works to the highways
- Existing car park demolition and asbestos removal
- Significant contamination, site remediation / monitoring.
- Services upgrades and incoming costs.
- Major services diversions.
- Local infrastructure upgrades / Highway upgrades / improvements.
- PCSA costs.
- Building and Third Party Property Insurance.
- Weekend and out of hours working including accelerated working.
- Post Contract Client changes.
- Post completion maintenance agreements.
- Allowances to comply with any conservation/planning requirements.
- Payments associated with Rights of Light, Party Walls, etc.
- Professional Fees.
- No allowances made for any onerous planning conditions.
- Existing substation demolition and associated asbestos removal

Section 3. Information Used

Corstorphine + Wright Architects - March 2017

Drawing No	Title
15159	Area Schedule rev H 07.02.17
15159 - 0100 - 10	Level 0 Floor Plan Rev 10
15159 - 0101 - 09	Level 1 Floor Plan Rev 09
15160 - 0102 - 09	Level 2 Floor Plan Rev 09
15160 - 0103 - 09	Level 3 Floor Plan Rev 09
15161 - 0104 - 09	Level 4 Floor Plan Rev 09
15161 - 0105 - 05	Roof Plan Rev 05
15159 - 0300 - 06	Section 1 Rev 06
15159 - 0301 - 06	Section 2 Rev 06
15159 - 0302 - 03	Section 3 Rev 03
15159 - 0310 - 05	Elevations 1 Rev 05
15159 - 0311 - 05	Elevations 2 Rev 05
15159 - 0312 - 02	Elevations 3 Rev 02

Appendix A

Office Cost Plan

Warwick District Council - HQ Office Relocation Office

Ref	Element	Quantity	Unit	Rate	Totals		
					£	£/m2	£/sqft
1	<u>Substructure</u>						
	Site clearance (based on Commercial footprint)	1	item		0	-	-
	Pad foundations; including excavation, working space, reinforcement; formwork	937	m ²	250	234,250	80.9	7.51
	Ground slab (taken as larger area)	937	m ²	110	103,070	35.6	3.31
	Contamination - provisional sum	1	item		0	-	-
	Lift Pits	3	nr	15,000	45,000	15.5	1.44
	Substructure				382,320.00	132	12.26
2	<u>Superstructures</u>						
2.1	Frame						
	Steel frame - 43kg/m2 noted on engineers drawing , taken to 55kg/m2 to allow for secondary fittings etc	159	tn	1,750	278,250	96.1	8.93
	Extra; fire protection to steel frame	2,896	m ²	20	57,920	20.0	1.86
	Blockwork walls (core areas)	993	m ²	75	74,460	25.7	2.39
2.2	Upper Floors						
	Composite steel deck; concrete slab (floor 0-3)	1,790	m ²	65	116,350	40.2	3.73
	Plant mezzanine		Excl				
	Extra over for staircase		Excl				
2.3	Stairs						
	PCC staircases; including balustrades & vinyl floor finish (cost allowance based on per storey)	7	nr	12,500	87,500	30.2	2.81
	Enhanced finishes to client stairwell	1	item	10,000	10,000	3.5	0.32
	Creating steps to goods area at GF (new item)	1	item	2,500	2,500	0.9	0.08
	Superstructures				626,980.00	216	20.11

Warwick District Council - HQ Office Relocation Office

Ref	Element	Quantity	Unit	Rate	Totals		
3	Roof						
	Composite steel deck; concrete slab	937	m ²	65	60,905	21.0	1.95
	Kingspan Styrozone H350R & Optima -R Sarna single ply membrane	627	m ²	150	94,050	32.5	3.02
	Kalzip 18mm wbp ply; 2 layers 15mm soundbloc	310	m ²	200	62,000	21.4	1.99
	Concrete paving slabs on stools to terrace (assumed area 15 x5)		Excl				
	Precast concrete parapet to roof 1100mm high	95	m	300	28,500	9.8	0.91
	Mansafe / window cleaning facilities	1	item	10,000	10,000	3.5	0.32
	Roof terrace glazed balustrade & stainless steel hand rail; approx size of 15m x 5 taken		Excl				
	Roof				255,455.00	88	8.19
4	External Walls Windows and Doors						
4.1	External Walls						
	Precast concrete cladding panels - Generix Plus panel mid range	464	m ²	475	220,400	76.1	7.07
	Brick slip cladding system - Corium Taylor Maxwell	84	m ²	350	29,400	10.2	0.94
	Solid cavity wall (where resi & office meet and part front elevation)		Excl				
	Plant room Kalzip cladding	165	m ²	400	66,000	22.8	2.12
	Curtain Walling / windows - MX GD	751	m ²	350	262,850	90.8	8.43
	Party wall adjacent carpark - Cavity wall	290	m ²	100	28,980	10.0	0.93
4.2	External colonnade; including terracotta baguette brise solie					-	-
	Foundation - 1.00m x 1.00m x 1.00m	12	m ³	210	2,520	0.9	0.08
	Steel	17	t	1,700	29,308	10.1	0.94
	Cladding - Generix Plus panel mid range	210	m ²	350	73,500	25.4	2.36
	Levolux Aerofoils	453	m ²	350	158,410	54.7	5.08
4.3	Windows and External Doors						
	2no glazed sliding double doors to main entrance	2	nr	15,000	30,000	10.4	0.96
	Double glazed aluminium doors to roof terrace area	2	nr	1,500	3,000	1.0	0.10
	Double glazed aluminium doors to GF	2	nr	1,500	3,000	1.0	0.10
	PPC steel vertical bar gates to courtyard / carpark access	2	nr	2,500	5,000	1.7	0.16
						-	
	External Walls and Windows and Doors				912,368.00	315	29.27

Warwick District Council - HQ Office Relocation Office

Ref	Element	Quantity	Unit	Rate	Totals		
5	Internal Walls and Partitions and Internal Doors						
5.1	Internal Walls and Partitions						
	British Gypsum Blockwork / stud walls	334	m ²	75	25,050	8.6	0.80
	Movable walls to Chambers; approx 13m x 2.1 high; Part of CAT B		Excl				
5.2	Internal Doors						
	Door (single leaf) inc ironmongery -	24	nr	1,000	24,000	8.3	0.77
	Door (leaf and half) inc ironmongery - Communal doors	4	nr	1,500	6,000	2.1	0.19
	Internal Walls and Partitions & Internal Doors				55,050.00	19	1.77
6	Internal Finishes						
6.1	Wall Finishes						
	Plasterboard lining/plaster to internal face of external walls/ - included in external walls			Incl			
	Paint finish generally	2,086	m ²	6	12,515	4.3	0.40
	Extra; enhanced finishes to reception - allowance	1	item	25,000	25,000	8.6	0.80
	Extra; enhanced finishes to lift lobby		Excl.			-	
	Tiling 100% to toilets; PC £20/m2 supply	278	m ²	65	18,096	6.2	0.58
	Plasterboard column casings within office area	425	m ²	40	17,000	5.9	0.55
6.2	Floor Finishes						
	(Reception)						
	150 screed / raised access floor - all areas	2,702	m ²	35	94,570	32.7	3.03
	Stone floor tile (PC Sum for supply £50/m2) - Cat B		m ²	110	0	-	-
	(Other Areas)						
	Carpet tiles to lift lobbies / circulation	60	m ²	28	1,680	0.6	0.05
	Stairs	152	m ²	28	4,256	1.5	0.14
	Provisional sum for carpets to client staircase		Excl				
	Ceramic tiles to toilets and showers	165	m ²	70	11,550	4.0	0.37
	Vinyl sheet flooring to kitchenette - Cat B		m ²	55	0	-	-
	Paint / waterproofing sealant to plant room	194	m ²	20	3,880	1.3	0.12
	(Office Areas incl chamber)						
	Carpet tiles generally - Cat B		m ²	28	0	-	-
	Skirting; allowance	1	item	20,000	20,000	6.9	0.64

Warwick District Council - HQ Office Relocation Office

Ref	Element	Quantity	Unit	Rate	Totals		
6.3	Ceiling Finishes						
	Reception area; British Gypsum plasterboard MF ceiling; paint finish; including access provision	193	m ²	40	7,720	2.7	0.25
	Extra; features - allowance	1	item	10,000	10,000	3.5	0.32
	Circulation area; British Gypsum plasterboard MF ceiling; paint finish; including access provision	80	m ²	40	3,200	1.1	0.10
	Ecophon Combison 'Duo E' 600 x 600 suspended grid; to office	2,225	m ²	50	111,250	38.4	3.57
	(Toilets & Cleaners); British Gypsum plasterboard MF ceiling; paint finish; i	171	m ²	40	6,840	2.4	0.22
	Paint finish to plant room	211	m ²	6	1,266	0.4	0.04
	Internal Finishes (c)				348,822.80	120	11.19
7	Fitting and Furnishings, including Sanitary Fittings						
7.1	Fitting and Furnishings						
	(External)						
	Signage - Warwick District Council Signage Cat B	1	item	-	0	-	-
	(Reception)		Excl				
	Desk - allowance		Excl				
	Turnstiles		Excl				
	Entrance matt wells - Cat B	1	item		0	-	-
	Statutory signage - all floors	1	item	25,000	25,000	8.6	0.80
	(Offices)		Excl			-	
	Blinds		Excl				
	(Toilets)		Excl				
	Toilet cubicles and doors, incl IPS back panelling - maxwood Marante or equal approved		Excl				
	Standard units	32	nr	1,290	41,280	14.3	1.32
	Accessible units / disabled	5	nr	1,550	7,750	2.7	0.25
	Vanity unit; including mirrors	8	nr	2,500	20,000	6.9	0.64
	Mirrors to individual WC's	5	nr	200	1,000	0.3	0.03
	Kitchenette	1	Excl				

Warwick District Council - HQ Office Relocation Office

Ref	Element	Quantity	Unit	Rate	Totals		
7.2	Sanitary Appliances						
	Sanitary fittings generally comprising of:	1	item	45,000	45,000	15.5	1.44
	WC's; 32 Nr		Incl				
	Urinals; 2nr		Incl				
	WHB's;		Incl				
	Cleaners sinks; 3 Nr (allowance)		Incl				
	DOC M Packs; 5 Nr		Incl				
	Fitting and Furnishings, including Sanitary Fittings				140,030.00	48	4.49
8	Services						
	Mechanical and Electrical	2,896	m ³	498	1,442,208	498.0	46.27
						-	-
	Services				1,442,208.00	498	46.27
9	External works						
	Allowance for external works contribution to courtyard - Soft landscaping -		Excl				
	Allowance for external works contribution to courtyard -hard landscaping - 30% - now all in residential cost		Excl				
	Gas	1	item	10,000	10,000	3.5	0.32
	Water	1	item	5,000	5,000	1.7	0.16
	Electric	1	item	30,000	30,000	10.4	0.96
	Foul water	2,896	m ²	13	36,200	13	1
	Storm	2,896	m ²	15	43,440	15	1
	External works				124,640.00	43	4.00

Warwick District Council - HQ Office Relocation Office

Ref	Element	Quantity	Unit	Rate	Totals		
	Sub Total				4,287,873.80	1,481	137.55
	Preliminaries (incl. adjustment for parallel working)	12.5%			535,984	185.08	17.19
	OH&P	5.0%			241,193	83.28	7.74
	Contingency - incl. Contractor's risk & fixed price				0	-	-
	Inflation - see Executive Summary		Excl.			-	
	Prelims, OH&P & Design Risk				777,177.13	268	24.93
	CAT B COSTS (Based on NIA)	2,251	m ²	807	1,816,557	627.26	58.30
	CAT B COSTS				1,816,557.00	627	58.30
	Office Shell and Core Total (rounded)				6,881,607.93	2,376.00	221.00

Appendix B

Residential Cost Plan

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals		
					£	£/m2	£/sqft
1	<u>Substructure</u>						
	Site clearance		Excl			-	-
	Pad foundations; including excavation, working space, reinforcement; formwork	724	m ²	200	144,800	42.74	3.97
	Ground slab (taken as larger area)	724	m ²	110	79,640	23.51	2.18
	Contamination - provisional sum - excluded		Excl				
	Lift Pits	1	nr	15,000	15,000	4.43	0.41
	Substructure				239,440.00	70.67	6.57
2	<u>Superstructures</u>						
2.1	<u>Frame</u>						
	In situ concrete frame, including upper floors	3,388	m ²	250	847,000	250.00	23.23
	RC core walls - Included in Frame		Incl				
2.2	<u>Upper Floors - Included in frame</u>		Incl				
2.3	<u>Stairs</u>						
	PCC staircases; including balustrades; per flight	5	nr	10,000	50,000	14.76	1.37
	Timber staircase to duplex apartments	5	nr	1,500	7,500	2.21	0.21
	Provisional sum for carpets to staircase within apartments	5	nr	500	2,500	0.74	0.07
	Frame / upper floors / stairs				907,000.00	267.71	24.87
3	<u>Roof</u>						
	Composite steel deck; concrete slab - Included in frame		Incl				
	Zinc standing seam cladding; fixed to 2 layers 18mm wbp ply; 2 layers 15mm soundbloc - 529	540	m ²	265	143,100	42.24	3.92
	Terrace - Kingspan Styrozone H350R & Optima -R Sarna single ply membrane	195	m ²	215	41,925	12.37	1.15
	Precast concrete parapet to roof 1100mm high	79	m ²	300	23,700	7.00	0.65
	Roof terrace glazed balustrade & stainless steel hand rail; approx size of 15m x 5 take (nominal allowance to duplex apartments)	79	m	500	39,500	11.66	1.08
	Concrete paving slabs on stools to terrace (nominal allowance)	195	m ³	50	9,750	2.88	0.27

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals		
	Roof drainage allowance	1	item	15,000	15,000	4.43	0.41
Roof					272,975.00	80.57	7.49
4	<u>External walls and windows and doors</u>						
4.1	External Walls						
	Precast concrete cladding panels	322	m ²	475	152,950	45.14	4.19
	Kalzip cladding fixed to 2 layers 18mm wbp ply; 2 layers 15mm soundbloc	366	m ²	400	146,400	43.21	4.01
	Brick slip cladding system - Corrium Taylor Maxwell	537	m ²	350	187,950	55.48	5.15
	Double glazed aluminium windows with integrated louvres -	664	m ²	400	265,600	78.39	7.28
	Party wall adjacent carpark - blockwork	462		100	46,200	13.64	1.27
4.2	Windows and External Doors						
	External doors; double	2	nr	3,500	7,000	2.07	0.19
	External doors/gates; single	2	nr	1,000	2,000	0.59	0.05
	External doors to terrace	5	nr	1,500	7,500	2.21	0.21
External walls and windows and doors					815,600.00	240.73	22.36
5	<u>Internal Walls and Partitions and Internal Doors</u>						
5.1	Internal Walls and Partitions						
	Party walls; stud partitions & plasterboard	847	m ²	75	63,506	18.74	1.74
	Communal walls; stud partitions & plasterboard	907	m ²	75	67,991	20.07	1.86
	Apartment partitions; stud partitions & plasterboard	2,204	m ²	60	132,233	39.03	3.63
5.2	Internal Doors						
	Door (single leaf) inc ironmongery; to entrance of apartments	47	nr	800	37,600	11.10	1.03
	Door (single leaf) inc ironmongery; inside apartments	168	nr	500	84,000	24.79	2.30
	Door (single leaf) inc ironmongery; core areas	23	nr	750	17,250	5.09	0.47
	Door (double leaf) inc ironmongery; meter rooms	3	nr	1,000	3,000	0.89	0.08
	Door (single leaf) inc ironmongery; meter rooms	5	nr	750	3,750	1.11	0.10
	Door; riser doors incl ironmongery	8	item	750	6,000	1.77	0.16
Internal Walls and Partitions & Internal Doors					415,330.15	122.59	11.39

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals		
6	Internal Finishes						
6.1	Wall Finishes						
	Plasterboard lining/plaster to internal face of external walls/ - included in external walls						
	Paint finish Dulux Matt Emulsion, coloured polished pebble	8,532	m ²	5	42,660	12.59	1.17
	Tiling to Bathrooms; Sidmouth grey tiles 100%, excl. bath height at 800mm	1,069	m ²	60	64,159	18.94	1.76
6.2	Floor Finishes					-	
	Carpet to bedrooms	705	m ²	35	24,675	7.28	0.68
	Engineered contemporary New Forest Oak flooring to hallway, living room and kitchen	1,629	m ²	55	89,595	26.44	2.46
	Tiling to Bathrooms; Sidmouth grey tiles 100%, excl. bath area	383	m ²	60	22,980	6.78	0.63
	Corridor finishes	411	m ²	40	16,440	4.85	0.45
	Reception; Ceramic tiling	34	m ²	65	2,184	0.64	0.06
	Screed; 60 thick	3,162	m ²	7	22,131	6.53	0.61
	Skirting, including painting	1,350	m	15	20,250	5.98	0.56
6.3	Ceiling Finishes					-	
	Ventatec performance T24 Suspended grid; to communal areas	671	m ²	45	30,195	8.91	0.83
	Plasterboard MF ceiling; 2no layers Gypsum soundbloc; paint finish; including access provision; to intermediate floors	2,287		45	102,902	30.37	2.82
	Plasterboard MF ceiling; 1no layers Gypsum soundbloc; paint finish; including access provision; to top floor	430	m ²	35	15,050	4.44	0.41
	Internal Finishes				453,220.67	133.77	12.43
7	Fitting and Furnishings Including Sanitary Fittings						
7.1	Fitting and Furnishings						
	Wayfinding signage / post box	1	item	15,000	15,000	4.43	0.41
	Entrance matt wells		Excl				
	Kitchen comprising of:					-	
	Quartz units and worktops	47	nr	5,000	235,000	69.36	6.44

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals		
	Appliances - included					-	
	Gas hob	47	Incl				
	Electric single oven	47	Incl				
	Extractor	47	Incl				
	Microwave	47	Incl				
	Dishwasher	47	Incl				
	Fridge / freezer	47	Incl				
	Washer / Dryer	47	Incl				
	Built in wardrobes to bedrooms						
	1200mm wide / sliding door wardrobes; chrome hanging rails	61	nr	500	30,500	9.00	0.84
7.2	Sanitary Appliances						
	Sanitary fittings generally comprising of:						
7.3	To Apartments with 1nr wash room	34	nr	2,500	85,000	25.09	2.33
	WC's		Incl				
	WHB's		Incl				
	Vanity units		Incl				
	Shower screen		Incl				
	Heated towel rail		Incl				
	Mirror		Incl				
	Bath		Incl				
	Shower		Incl				
7.4	To Apartments with 2nr wash rooms	17	nr	4,000	68,000	20.07	1.86
	WC's		Incl			-	
	WHB's		Incl			-	
	Vanity units		Incl			-	
	Shower screen x 1		Incl			-	
	Heated towel rail x 1		Incl			-	
	Mirror		Incl			-	
	Bath x 1		Incl			-	
	Shower x 1		Incl			-	
Fitting and Furnishings, including Sanitary Fittings					433,500.00	127.95	11.89

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals		
8	Services						
	Mechanical and Electrical (based on per apartment REVISED AS PER AARON)	47	nr	19,750	928,250	273.98	25.45
	Services (e)				928,250.00	273.98	25.45
9	External works						
	Allowance for external works contribution to courtyard - Soft landscaping - 70% - all in Resi omitted from office	214	m³	80	17,120	5.05	0.47
	Allowance for external works contribution to courtyard -hard landscaping - 30% - all in Resi omitted from office	213	m²	100	21,300	6.29	0.58
	External refuge store	1	item	1,500	1,500	0.44	0.04
	External bike store, including 2nr single door and furniture	1	item	20,000	20,000	5.90	0.55
	PPC steel vertical bar & gates to bin / bike store	1	item	10,000	10,000	2.95	0.27
	Extra over for single gate	1	nr	800	800	0.24	0.02
	Extra over for double gate	1	nr	1,000	1,000	0.30	0.03
	External lighting	1	item	20,000	20,000	5.90	0.55
	Gas - allowance	1	item	25,000	25,000	7.38	0.69
	Water; inc infrastructure charges - allowance	1	item	30,000	30,000	8.85	0.82
	Electric; inc infrastructure charges - allowance	1	item	30,000	30,000	8.85	0.82
	Foul	3,388	m²	13	42,350	12.50	1.16
	Storm	3,388	m²	15	50,820	15.00	1.39
	Substation - size increase (increase from £43,500 to £55,000)	1	item	55,000	55,000	16.23	1.51
	External Works				324,890.00	95.89	8.91
	Sub Total				4,790,205.82	1413.87	131.35
	Preliminaries (incl. adjustment for parallel working)	12.5%			598,776	176.73	16.43
	OH&P	5.0%			269,449	79.53	7.39
	Contingency - incl. Contractor's risk & fixed price						
	Inflation - see Executive Summary		Excl.				
	Prelims, OH&P & Design Risk				868,224.80	256.26	23.81
	Residential Total (rounded)				5,658,430.62	1670.00	155.00
	Add and Omit Exercise						

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals
	<u>Omit</u>				
	Internal Stud Partitions	257.00	m2	60	15,420
	Skim	514.00	m2		0
	Emulsion	514.00	m2		0
	Skirting Board	230.00	m	15	3,450
					0
	Party Walls	256.00	m2	75	19,200
	Skim	512.00	m2		0
	Emulsion	512.00	m2		0
	Skirting Board	179.00	m	15	2,685
					0
					0
	Door (single leaf) inc ironmongery; to entrance of apartments	11.00	nr	800	8,800
	Door (single leaf) inc ironmongery; inside apartments	39.00	nr	500	19,500
					0
	Floor Finish				0
	Carpet to bedrooms	199.00	m2	35	6,965
	Engineered contemporary New Forest Oak flooring to hallway, living room and kitchen	398.00	m2	55	21,890
	Tiling to Bathrooms; Sidmouth grey tiles 100%, excl. bath area	112.00	m2	60	6,720
					0
	Ceiling Finishes				0
					0
	Plasterboard MF ceiling; 2no layers Gypsum soundbloc; paint finish; including access provision; to intermediate floors	709.00	m2	45	31,905
					0
	Roof				0
					0
	Terrace - Kingspan Styrozone H350R & Optima -R Sarna single ply membrane	52.00	m2	215	11,180
					0
	Fitting and Furnishings				0
	Wayfinding signage / post box	1	item	-	0
	Entrance matt wells		Excl		0

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals
	Kitchen comprising of:				0
	Quartz units and worktops	-3	nr	5,000	15,000
	Appliances - included				0
	Gas hob	44	Incl		0
	Electric single oven	44	Incl		0
	Extractor	44	Incl		0
	Microwave	44	Incl		0
	Dishwasher	44	Incl		0
	Fridge / freezer	44	Incl		0
	Washer / Dryer	44	Incl		0
	Sanitary Appliances				0
	Sanitary fittings generally comprising of:				0
	To Apartments with 1nr wash room	-14	nr	2,500	35,000
	WC's		Incl		0
	WHB's		Incl		0
	Vanity units		Incl		0
	Shower screen		Incl		0
	Heated towel rail		Incl		0
	Mirror		Incl		0
	Bath		Incl		0
	Shower		Incl		0
					0
	Preliminaries (incl. adjustment for parallel working)	12.50%		197,715	24,714
	OH&P	5.00%		222,429	11,121
	Contingency - incl. Contractor's risk & fixed price				
	Inflation - see Executive Summary	Excl			
	Total Omit				233,551
					0
	Add				0
					0
	Internal Stud Partitions	295.95	m2	60	17,757
	Skim	591.91	m2		0
	Emulsion	591.91	m2		0
	Skirting Board	281.52	m	15	4,223
					0

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals
	Party Walls	208.46	m2	75	15,635
	Skim	416.93	m2		0
	Emulsion	416.93	m2		0
	Skirting Board	146.29	m	15	2,194
					0
					0
	Door (single leaf) inc ironmongery; to entrance of apartments	10.00	nr	800	8,000
	Door (single leaf) inc ironmongery; inside apartments	61.00	nr	500	30,500
					0
	Floor Finish				0
	Carpet to bedrooms	328.00	m2	35	11,480
	Engineered contemporary New Forest Oak flooring to hallway, living room and kitchen	409.00	m2	55	22,495
	Tiling to Bathrooms; Sidmouth grey tiles 100%, excl. bath area	201.00	m2	60	12,060
					0
	Ceiling Finishes				0
					0
	Plasterboard MF ceiling; 2no layers Gypsum soundbloc; paint finish; including access	938.00	m2	45	42,210
					0
	Roof				0
					0
	Zinc standing seam cladding; fixed to 2 layers 18mm wbp ply; 2 layers 15mm soundbloc - 529	52	m2	265	13,780
					0
	Built in wardrobes to bedrooms				0
	1200mm wide / sliding door wardrobes; chrome hanging rails	7	nr	500	3,500
	To Apartments with 2nr wash rooms	7	nr	4,000	28,000
	WC's		Incl		0
	WHB's		Incl		0
	Vanity units		Incl		0
	Shower screen x 1		Incl		0
	Heated towel rail x 1		Incl		0
	Mirror		Incl		0
	Bath x 1		Incl		0
	Shower x 1		Incl		0
					0
	Brick slip cladding system - Corrium Taylor Maxwell	11.31	m2	350	3,959

Warwick District Council - HQ Office Relocation Residential

Indicative Order of Cost Estimate - Rev E

Ref	Element	Quantity	Unit	Rate	Totals
					0
	Preliminaries (incl. adjustment for parallel working)	12.5%		215,793	26,974
	OH&P	5.0%		242,767	12,138
	Contingency - incl. Contractor's risk & fixed price				0
	Inflation - see Executive Summary	Excl			
					0
					0
	Total Add				254,905
	Total Cost for Add and Omit				21,354
	Allowance for Sprinklers	3,388	m2	25	84,700
	Total				106,054.16

Appendix C

Car Park Cost Plan

Warwick District Council - HQ Office Relocation Carpark

Ref	Element	Quantity	Unit	Rate	Totals		
					£	£/m2	£/sqft
1	Substructure						
	Site clearance	3,033	m ³	5	0	-	-
	Pad / strip foundations		Incl	Incl in 2A. Frame		-	-
	Lift Pits		Incl	Incl in 2A. Frame		-	-
	Ground slab - Allowance for potential slab uplift	758	m ³	100	75,825	5.06	0.47
	Contamination - excluded		item		0	-	-
1.1	Frame						
	Carpark cost - Steel frame, montex carpark system; waterproofing 4 storey suspended ramped deck parking; 2nr closed pre-cast concrete stairs - In accordance with Bourne Parking quote 11th November 2016	617	nr	8,395.46	5,180,000	345.79	32.13
	Store on ground floor	1	item	20,000	20,000	1.34	0.12
	Substructure / Frame				5,275,825.00	350.86	32.60
2	Superstructures						
2.1	Upper Floors	1	item	Incl in 2A. Frame			
2.2	Roof	1	item	Incl in 2A. Frame			
2.3	Stairs / Ramps						
	Stairs	1	item	Incl in 2A. Frame			
	Ramps / levels	1	item	15,000	15,000	1.00	0.09
2.4	External Walls						
	Cladding - Generix Plus	830	m ²	350	290,500	19.39	1.80
	Levolux Aerofoils	865	m ²	350	302,750	20.21	1.88
	Blockwork wall	463	m ²	100	46,300	3.09	0.29
	Cavity wall	290	m ²	250	72,500	4.84	0.45
	Glazed Screen	351	m ²	142	49,842	3.33	0.31

Warwick District Council - HQ Office Relocation Carpark

Ref	Element	Quantity	Unit	Rate	Totals		
2.5	Windows and External Doors						
	External doors; single (to core areas)	1	nr	1,000	1,000	0.07	0.01
	Superstructure				777,892.00	51.93	4.82
3	Fitting and Furnishings Including Sanitary Fittings						
3.1	Fitting and Furnishings						
	Allowance for roller shutters	1	item	50,000	50,000	3.34	0.31
	Allowance for pay station machine		inc				
	Fitting and Furnishings, including Sanitary Fittings				50,000.00	3.34	0.31
4	Services						
4.1	Mechanical and Electrical						
	Above and below ground drainage	1	item	Incl in 2A. Frame			
	Lighting uplift allowance	1	item	35,000	35,000	2.34	0.22
	Charging Points (assumed 60nr)	60	nr	3,000	180,000	12.02	1.12
	Power/data to security/entrance barriers (assumed 2nr)	2	nr	1,500	3,000	0.20	0.02
	Intercom Entry system linked to reception / security - allowance	1	item	10,000	10,000	0.67	0.06
	Lift uplift from 2no. 8 person to 2no. 13 person - allowance	2	item	20,000	40,000	2.67	0.25
	Automatic Number Plate Recognition - allowance	1	item	20,000	20,000	1.34	0.12
	CCTV – allowance	1	item	40,000	40,000	2.67	0.25
	Power to Paystaion machine	1	item	2,000	2,000	0.13	0.01
	Water points	1	nr	15,000	15,000	1.00	0.09
	Subststation contribution	1	item	10,000	15,000	1.00	0.09
	Services				360,000.00	24.03	2.23
5	External Works						
	Provisional sum for External Works	1	item	10,000	10,000	0.67	0.06
	Allowance for drainage enhancements	2	item	20,000	40,000	2.67	0.25
	External Works				50,000.00	0.67	0.06
	Sub Total				6,513,717.00	162.60	15.11
	Preliminaries (incl. adjustment for parallel working)	12.5%			814,215	54.35	5.05
	OH&P	5.0%			366,397	24.46	2.27
	Contingency - incl. Contractor's risk & fixed price		Excl.				
	Inflation - see Executive Summary		Excl.				
	Prelims, OH&P & Design Risk				1,180,611.21	78.8	7.32
	Carpark (rounded)				7,694,328.21		

Appendix D

Project Budget Analysis

Project Budget as set by Warwick District Council and PSP

Project Budget update based on current information 24.03.17

Comments

Site-wide clearance and enabling works

Demolition and site clearance/remediation	Item	£	500,000
Utilities and other enabling works	Item	£	400,000
Total			£ 900,000

Site-wide clearance and enabling works

Demolition and site clearance/remediation	Item	£	500,000
Utilities and other enabling works	Item	£	400,000
Total			£ 900,000

ANY BLUE TEXT ARE COSTS ASSOCIATED WITH AMENDMENTS FOLLOWING DESIGN INFORMATION. IN COMPARISON TO PROJECT BUDGET SET BY WARWICK DISTRICT COUNCIL & PSP

Construction of new office building

Delivery of new office building

Road/site works	Item	£	50,000
Construction	28750 sqft	160 £	4,600,000
Professional fees at 5% (most inc above)	Item	£	232,500
Construction contingency at 5%	Item	£	240,000
Sub Total			£ 5,122,500

Construction of new office building

Delivery of new office building

Road/site works	Item	£	50,000
Construction	31,173 sqft	162 £	5,065,051
Professional fees at 5% (most inc above)	Item	£	255,753
Construction contingency at 5%	Item	£	255,753
Sub Total			£ 5,626,556

Abnormal foundations assumed included within enabling works. Based on 5% of road/site works + new construction cost percentage retained as project budget
Based on 5% of road/site works + new construction cost percentage retained as project budget

Category B fit-out (at £75/sq ft) and relocation costs

Fit-out works - on the NIA	26100 sqft	75 £	1,957,500
Professional fees at 14%	Item	£	274,050
Fit-out contingency	Item	£	97,875
Furniture	Item	£	300,000
IT Infrastructure and equipment (allowance)	Item	£	250,000
Move CCTV centre	Item	£	250,000
Relocation costs	Item	£	80,000
Sub Total			£ 3,209,425

Category B fit-out (at £75/sq ft) and relocation costs

Fit-out works - on the NIA	24,230 sqft	75 £	1,816,557
Professional fees at 14%	Item	£	254,317.98
Fit-out contingency 5%	Item	£	90,828
Furniture	Item	£	300,000
IT Infrastructure and equipment (allowance)	Item	£	250,000
Move CCTV centre	Item	£	250,000
Relocation costs	Item	£	80,000
Sub Total			£ 3,041,703

Area reduced to Nett / & reduction in basement
Based on 14% of Fit-Out total percentage retained as project budget
Based on 5% of Fit-Out total percentage retained as project budget

Category B fit-out (at £75/sq ft) and relocation costs

1. Employer's agent	Item	£	175,000
2. Quality monitoring	Item	£	75,000
3. Construction legals	Item	£	50,000
4. Planning supervisor	Item	£	20,000
Sub Total			£ 320,000
Total			£ 8,651,925

Category B fit-out (at £75/sq ft) and relocation costs

1. Employer's agent	Item	£	175,000
2. Quality monitoring	Item	£	75,000
3. Construction legals	Item	£	50,000
4. Planning supervisor	Item	£	20,000
Sub Total			£ 320,000
Total			£ 8,988,259

FEEES CURRENTLY ASSIGNED AS PROJECT BUDGET - FEE ALLOWANCE TO BE REVIEWED

Construction of replacement multi-storey car park

Per Space - all inclusive	650 nr	15,000 £	9,750,000
Total			£ 9,750,000

Construction of replacement multi-storey car park

Per Space - all inclusive	618 nr	12,450 £	7,694,000
Total			£ 7,694,000

Uplift to allow for items that may be missing from the Bourne car park quotation

Construction of new residential block

1. Construction of 36,000 sq ft gross at £120/sq ft	Item	£	4,363,636
2. Fees at 10%	Item	£	436,364
3. Construction contingency at 5%	Item	£	218,182
4. Other costs at 5%	Item	£	218,182
Total			£ 5,236,364

Construction of new residential block

1. Construction	36,468 sqft	158 £	5,765,000
2. Fees at 10%	Item	£	576,500
3. Construction contingency at 5%	Item	£	288,250
4. Other costs at 5%	Item	£	288,250
Total			£ 6,918,000

M&E cost reduced aligned to benchmarking, Includes Add and Omit Exercise
Based on 10% of construction cost
Based on 5% of construction cost
Based on 5% of construction cost

GRAND TOTAL £ 24,538,289

NEW GRAND TOTAL £ 24,500,259

Comments provided on the basis that:

- Costs are on a current fixed price basis and that there will be little or no tender price inflation between now and start on site
- Works procured on a single stage D&B basis
- Works undertaken under a single contract with no substantive restrictions on working hours or deliveries beyond those imposed by the site
- Costs exclude non-construction related fees, finance costs and VAT

Appendix 3 - Residual appraisal – base assumptions

PSP Warwick - Covent Garden and Riverside House

Summary Appraisal for Phase 1 Covent Garden

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Cov Gdn Residential	44	29,823	400.00	271,118	11,929,200

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Cov Gdn Offices	1	24,230	17.50	424,025	424,025	424,025	424,025
Cov Gdn Car Park	617			827	459,233	510,259	459,233
Cov Gdn Ground rents	44			300	13,200	13,200	13,200
Totals	662	24,230			896,458	947,484	896,458

Investment Valuation

Cov Gdn Offices							
Market Rent	424,025	YP @	6.5000%	15.3846			
		PV 1yr 3mths @	6.5000%	0.9243	6,029,636		
Cov Gdn Car Park							
Current Rent	459,233	YP @	5.0000%	20.0000	9,184,662		
Cov Gdn Ground rents							
Current Rent	13,200	YP @	5.0000%	20.0000	264,000		
					15,478,298		

GROSS DEVELOPMENT VALUE

27,407,498

Purchaser's Costs	6.80%	(985,510)	(985,510)
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NET DEVELOPMENT VALUE

26,421,988

NET REALISATION

26,421,988

OUTLAY

ACQUISITION COSTS

Residualised Price		(6,303,846)	(6,303,846)
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CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Cov Gdn Car Park	617 un	12,470	7,694,000
	ft²	Rate ft²	Cost
Cov Gdn Offices	31,173 ft ²	165.99 pf ²	5,174,406
Cov Gdn Residential	36,468 ft ²	165.99 pf ²	6,053,323
Totals	67,641 ft²		11,227,730

PSP Warwick - Covent Garden and Riverside House

Cov Gdn Contingency	5.00%	946,086	
Site wide demo and enabling		900,000	1,846,086
Other Construction			
Office fit out		3,107,385	3,107,385
PROFESSIONAL FEES			
Professional fees	10.00%	1,892,173	1,892,173
MARKETING & LETTING			
Marketing	1.50%	178,938	
Letting Agent Fee	10.00%	47,243	
Letting Legal Fee	5.00%	23,622	249,803
DISPOSAL FEES			
Sales Agent Fee	1.00%	264,220	
Sales Legal Fee	0.50%	132,110	396,330
FINANCE			
Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		(546,290)	
Construction		1,286,776	
Other		90,341	
Total Finance Cost			830,828
TOTAL COSTS			20,940,489
PROFIT			5,481,500
Performance Measures			
Profit on Cost%	26.18%		
Profit on GDV%	20.00%		
Profit on NDV%	20.75%		
Development Yield% (on Rent)	4.28%		
Equivalent Yield% (Nominal)	5.61%		
Equivalent Yield% (True)	5.82%		
IRR	62.96%		
Rent Cover	6 yrs 1 mth		
Profit Erosion (finance rate 7.000%)	3 yrs 4 mths		

PSP Warwick - Covent Garden and Riverside House

Summary Appraisal for Phase 2 Riverside

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Riverside Residential	170	123,560	380.00	276,192	46,952,714

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground rents	170	300	51,000	51,000

Investment Valuation

Ground rents					
Current Rent	51,000	YP @	5.0000%	20.0000	1,020,000

GROSS DEVELOPMENT VALUE

47,972,714

NET REALISATION

47,972,714

OUTLAY

ACQUISITION COSTS

Residualised Price			3,368,166	
Stamp Duty		5.00%	168,408	
Agent Fee		1.00%	33,682	
Legal Fee		0.80%	26,945	
				3,597,201

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Riverside Residential	154,451 ft²	163.00 pft²	25,175,459	25,175,459
Riverside Contingency		5.00%	1,258,773	
Riverside demolition and site prep			250,000	
				1,508,773
Other Construction				
Culvert diversion			725,000	
				725,000

PROFESSIONAL FEES

Professional fees		10.00%	2,590,046	
				2,590,046

MARKETING & LETTING

Marketing		1.50%	704,291	
				704,291

DISPOSAL FEES

Sales Agent Fee		1.00%	479,727	
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PSP Warwick - Covent Garden and Riverside House

Sales Legal Fee	0.50%	239,864	719,591
FINANCE			
Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		1,042,436	
Construction		1,453,963	
Other		861,412	
Total Finance Cost			3,357,811
TOTAL COSTS			38,378,171
PROFIT			9,594,543

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
Development Yield% (on Rent)	0.13%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR	22.13%
Rent Cover	188 yrs 2 mths
Profit Erosion (finance rate 7.000%)	3 yrs 3 mths

Appendix 4 - Residual appraisal – profit sensitivity analysis

**PSP Warwick - Covent Garden and Riverside House
Reduced profit**

Summary Appraisal for Phase 1 Covent Garden

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Cov Gdn Residential	44	29,823	400.00	271,118	11,929,200

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Cov Gdn Offices	1	24,230	17.50	424,025	424,025	424,025	424,025
Cov Gdn Car Park	617			827	459,233	510,259	459,233
Cov Gdn Ground rents	44			300	13,200	13,200	13,200
Totals	662	24,230			896,458	947,484	896,458

Investment Valuation

Cov Gdn Offices					
Market Rent	424,025	YP @	6.5000%	15.3846	
		PV 1yr 3mths @	6.5000%	0.9243	6,029,636
Cov Gdn Car Park					
Current Rent	459,233	YP @	5.0000%	20.0000	9,184,662
Cov Gdn Ground rents					
Current Rent	13,200	YP @	5.0000%	20.0000	264,000
					15,478,298

GROSS DEVELOPMENT VALUE

27,407,498

Purchaser's Costs	6.80%	(985,510)	(985,510)
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NET DEVELOPMENT VALUE

26,421,988

NET REALISATION

26,421,988

OUTLAY

ACQUISITION COSTS

Residualised Price		(5,563,593)	(5,563,593)
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CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Cov Gdn Car Park	617 un	12,470	7,694,000
	ft ²	Rate ft ²	Cost
Cov Gdn Offices	31,173 ft ²	165.99 pf ²	5,174,406
Cov Gdn Residential	<u>36,468 ft²</u>	165.99 pf ²	<u>6,053,323</u>

PSP Warwick - Covent Garden and Riverside House

Reduced profit

Totals	67,641 ft²		11,227,730	18,921,730
Cov Gdn Contingency		5.00%	946,086	
Site wide demo and enabling			900,000	
				1,846,086
Other Construction				
Office fit out			3,107,385	
				3,107,385
PROFESSIONAL FEES				
Professional fees		10.00%	1,892,173	
				1,892,173
MARKETING & LETTING				
Marketing		1.50%	178,938	
Letting Agent Fee		10.00%	47,243	
Letting Legal Fee		5.00%	23,622	
				249,803
DISPOSAL FEES				
Sales Agent Fee		1.00%	264,220	
Sales Legal Fee		0.50%	132,110	
				396,330
FINANCE				
Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			(493,096)	
Construction			1,286,776	
Other			119,122	
Total Finance Cost				912,802
TOTAL COSTS				21,762,716
PROFIT				4,659,273
Performance Measures				
Profit on Cost%			21.41%	
Profit on GDV%			17.00%	
Profit on NDV%			17.63%	
Development Yield% (on Rent)			4.12%	
Equivalent Yield% (Nominal)			5.61%	
Equivalent Yield% (True)			5.82%	
IRR			44.07%	
Rent Cover		5 yrs 2 mths		
Profit Erosion (finance rate 7.000%)		2 yrs 10 mths		

**PSP Warwick - Covent Garden and Riverside House
Reduced profit**

Summary Appraisal for Phase 2 Riverside

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Riverside Residential	170	123,560	380.00	276,192	46,952,714

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground rents	170	300	51,000	51,000

Investment Valuation

Ground rents					
Current Rent	51,000	YP @	5.0000%	20.0000	1,020,000

GROSS DEVELOPMENT VALUE

47,972,714

NET REALISATION

47,972,714

OUTLAY

ACQUISITION COSTS

Residualised Price			4,359,961	
Stamp Duty		5.00%	217,998	
Agent Fee		1.00%	43,600	
Legal Fee		0.80%	34,880	
				4,656,438

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Riverside Residential	154,451 ft ²	163.00 pf ²	25,175,459	25,175,459
Riverside Contingency		5.00%	1,258,773	
Riverside demolition and site prep			250,000	1,508,773
Other Construction				
Culvert diversion			725,000	725,000

PROFESSIONAL FEES

Professional fees		10.00%	2,590,046	2,590,046
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MARKETING & LETTING

Marketing		1.50%	704,291	704,291
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DISPOSAL FEES

PSP Warwick - Covent Garden and Riverside House

Reduced profit

Sales Agent Fee	1.00%	479,727	
Sales Legal Fee	0.50%	239,864	
			719,591

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		1,349,393	
Construction		1,453,963	
Other		934,399	
Total Finance Cost			3,737,756

TOTAL COSTS

39,817,353

PROFIT

8,155,361

Performance Measures

Profit on Cost%	20.48%
Profit on GDV%	17.00%
Profit on NDV%	17.00%
Development Yield% (on Rent)	0.13%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
 IRR	 18.79%
 Rent Cover	 159 yrs 11 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Appendix 5 - Residual appraisal – growth sensitivity analysis

**PSP Warwick - Covent Garden and Riverside House
With growth**

Summary Appraisal for Phase 1 Covent Garden

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Cov Gdn Residential	44	29,823	400.00	271,118	11,929,200	836,530	12,765,730

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Cov Gdn Offices	1	24,230	17.50	424,025	424,025	424,025	424,025
Cov Gdn Car Park	617			827	459,233	510,259	459,233
Cov Gdn Ground rents	44			300	13,200	13,200	13,200
Totals	662	24,230			896,458	947,484	896,458

Investment Valuation

Cov Gdn Offices							
Market Rent	424,025	YP @	6.5000%	15.3846			
		PV 1yr 3mths @	6.5000%	0.9243	6,029,636		
Cov Gdn Car Park							
Current Rent	459,233	YP @	5.0000%	20.0000	9,184,662		
Cov Gdn Ground rents							
Current Rent	13,200	YP @	5.0000%	20.0000	264,000		
					15,478,298		

GROSS DEVELOPMENT VALUE

28,244,028

Purchaser's Costs	6.80%	(985,510)	(985,510)
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NET DEVELOPMENT VALUE

27,258,519

NET REALISATION

27,258,519

OUTLAY

ACQUISITION COSTS

Residualised Price	(5,716,911)	(5,716,911)
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CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Cov Gdn Car Park	617 un	12,470	7,694,000
	ft ²	Rate ft ²	Cost
Cov Gdn Offices	31,173 ft ²	165.99 pf ²	5,174,406
Cov Gdn Residential	<u>36,468 ft²</u>	165.99 pf ²	<u>6,053,323</u>

**PSP Warwick - Covent Garden and Riverside House
With growth**

Totals	67,641 ft²		11,227,730	18,921,730
Cov Gdn Contingency		5.00%	946,086	
Site wide demo and enabling			900,000	1,846,086
Other Construction				
Office fit out			3,107,385	3,107,385
PROFESSIONAL FEES				
Professional fees		10.00%	1,892,173	1,892,173
MARKETING & LETTING				
Marketing		1.50%	191,486	
Letting Agent Fee		10.00%	47,243	
Letting Legal Fee		5.00%	23,622	262,351
DISPOSAL FEES				
Sales Agent Fee		1.00%	272,585	
Sales Legal Fee		0.50%	136,293	408,878
FINANCE				
Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			(504,113)	
Construction			1,286,776	
Other			105,361	
Total Finance Cost				888,025
TOTAL COSTS				21,609,716
PROFIT				5,648,803
Performance Measures				
Profit on Cost%			26.14%	
Profit on GDV%			20.00%	
Profit on NDV%			20.72%	
Development Yield% (on Rent)			4.15%	
Equivalent Yield% (Nominal)			5.61%	
Equivalent Yield% (True)			5.82%	
IRR			54.34%	
Rent Cover			6 yrs 4 mths	
Profit Erosion (finance rate 7.000%)			3 yrs 4 mths	

**PSP Warwick - Covent Garden and Riverside House
With growth**

‡ Inflation/Growth applied

Growth on Sales

Cov Gdn Residential

		Ungrown	Growth	Total
	Growth Set 1 at 3.000%	11,929,200	836,530	12,765,730

**PSP Warwick - Covent Garden and Riverside House
With growth**

Summary Appraisal for Phase 2 Riverside

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Riverside Residential	170	123,560	380.00	276,192	46,952,714	6,352,475	53,305,190

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground rents	170	300	51,000	51,000

Investment Valuation

Ground rents					
Current Rent	51,000	YP @	5.0000%	20.0000	1,020,000

GROSS DEVELOPMENT VALUE

54,325,190

NET REALISATION

54,325,190

OUTLAY

ACQUISITION COSTS

Residualised Price				6,827,936
Stamp Duty		5.00%		341,397
Agent Fee		1.00%		68,279
Legal Fee		0.80%		54,623
				7,292,235

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Riverside Residential	154,451 ft ²	163.00 pf ²	25,175,459	25,175,459

Riverside Contingency		5.00%	1,258,773	
Riverside demolition and site prep			250,000	1,508,773

Other Construction

Culvert diversion			725,000	725,000
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PROFESSIONAL FEES

Professional fees		10.00%	2,590,046	2,590,046
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MARKETING & LETTING

Marketing		1.50%	799,578	799,578
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DISPOSAL FEES

**PSP Warwick - Covent Garden and Riverside House
With growth**

Sales Agent Fee	1.00%	543,252	
Sales Legal Fee	0.50%	271,626	
			814,878

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		2,113,223	
Construction		1,453,963	
Other		986,997	
Total Finance Cost			4,554,183

TOTAL COSTS

43,460,152

PROFIT

10,865,038

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
Development Yield% (on Rent)	0.12%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
 IRR	 19.56%
 Rent Cover	 213 yrs
Profit Erosion (finance rate 7.000%)	3 yrs 3 mths

‡ Inflation/Growth applied

Growth on Sales

Riverside Residential	Growth Set 1 at 3.000%	Ungrown 46,952,714	Growth 6,352,475	Total 53,305,190
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Appendix 6 - Residual appraisal – combined sensitivity analysis

**PSP Warwick - Covent Garden and Riverside House
With growth and reduced profit**

Summary Appraisal for Phase 1 Covent Garden

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Cov Gdn Residential	44	29,823	400.00	271,118	11,929,200	836,530	12,765,730

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Cov Gdn Offices	1	24,230	17.50	424,025	424,025	424,025	424,025
Cov Gdn Car Park	617			827	459,233	510,259	459,233
Cov Gdn Ground rents	44			300	13,200	13,200	13,200
Totals	662	24,230			896,458	947,484	896,458

Investment Valuation

Cov Gdn Offices							
Market Rent	424,025	YP @	6.5000%	15.3846			
		PV 1yr 3mths @	6.5000%	0.9243	6,029,636		
Cov Gdn Car Park							
Current Rent	459,233	YP @	5.0000%	20.0000	9,184,662		
Cov Gdn Ground rents							
Current Rent	13,200	YP @	5.0000%	20.0000	264,000		
					15,478,298		

GROSS DEVELOPMENT VALUE

28,244,028

Purchaser's Costs	6.80%	(985,510)	(985,510)
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NET DEVELOPMENT VALUE

27,258,519

NET REALISATION

27,258,519

OUTLAY

ACQUISITION COSTS

Residualised Price	(4,957,344)	(4,957,344)
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CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Cov Gdn Car Park	617 un	12,470	7,694,000
	ft ²	Rate ft ²	Cost
Cov Gdn Offices	31,173 ft ²	165.99 pf ²	5,174,406
Cov Gdn Residential	<u>36,468 ft²</u>	165.99 pf ²	<u>6,053,323</u>

**PSP Warwick - Covent Garden and Riverside House
With growth and reduced profit**

Totals	67,641 ft²		11,227,730	18,921,730
Cov Gdn Contingency		5.00%	946,086	
Site wide demo and enabling			900,000	1,846,086
Other Construction				
Office fit out			3,107,385	3,107,385
PROFESSIONAL FEES				
Professional fees		10.00%	1,892,173	1,892,173
MARKETING & LETTING				
Marketing		1.50%	191,486	
Letting Agent Fee		10.00%	47,243	
Letting Legal Fee		5.00%	23,622	262,351
DISPOSAL FEES				
Sales Agent Fee		1.00%	272,585	
Sales Legal Fee		0.50%	136,293	408,878
FINANCE				
Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			(447,334)	
Construction			1,286,776	
Other			136,332	
Total Finance Cost				975,775
TOTAL COSTS				22,457,034
PROFIT				4,801,485
Performance Measures				
Profit on Cost%			21.38%	
Profit on GDV%			17.00%	
Profit on NDV%			17.61%	
Development Yield% (on Rent)			3.99%	
Equivalent Yield% (Nominal)			5.61%	
Equivalent Yield% (True)			5.82%	
IRR			40.14%	
Rent Cover			5 yrs 4 mths	
Profit Erosion (finance rate 7.000%)			2 yrs 10 mths	

**PSP Warwick - Covent Garden and Riverside House
With growth and reduced profit**

‡ Inflation/Growth applied

Growth on Sales

Cov Gdn Residential

		Ungrown	Growth	Total
	Growth Set 1 at 3.000%	11,929,200	836,530	12,765,730

**PSP Warwick - Covent Garden and Riverside House
With growth and reduced profit**

Summary Appraisal for Phase 2 Riverside

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Riverside Residential	170	123,560	380.00	276,192	46,952,714	6,352,475	53,305,190

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground rents	170	300	51,000	51,000

Investment Valuation

Ground rents					
Current Rent	51,000	YP @	5.0000%	20.0000	1,020,000

GROSS DEVELOPMENT VALUE

54,325,190

NET REALISATION

54,325,190

OUTLAY

ACQUISITION COSTS

Residualised Price				7,951,062
Stamp Duty		5.00%		397,553
Agent Fee		1.00%		79,511
Legal Fee		0.80%		63,608
				8,491,734

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Riverside Residential	154,451 ft ²	163.00 pf ²	25,175,459	25,175,459

Riverside Contingency		5.00%	1,258,773	
Riverside demolition and site prep			250,000	1,508,773

Other Construction

Culvert diversion			725,000	725,000
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PROFESSIONAL FEES

Professional fees		10.00%	2,590,046	2,590,046
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MARKETING & LETTING

Marketing		1.50%	799,578	799,578
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DISPOSAL FEES

**PSP Warwick - Covent Garden and Riverside House
With growth and reduced profit**

Sales Agent Fee	1.00%	543,252	
Sales Legal Fee	0.50%	271,626	
			814,878

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		2,460,827	
Construction		1,453,963	
Other		1,069,650	
Total Finance Cost			4,984,440

TOTAL COSTS **45,089,907**

PROFIT **9,235,282**

Performance Measures

Profit on Cost%	20.48%
Profit on GDV%	17.00%
Profit on NDV%	17.00%
Development Yield% (on Rent)	0.11%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
 IRR	 16.99%
 Rent Cover	 181 yrs 1 mth
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

‡ Inflation/Growth applied

Growth on Sales		Ungrown	Growth	Total
Riverside Residential	Growth Set 1 at 3.000%	46,952,714	6,352,475	53,305,190