

Report

GVA 10 Stratton Street London W1J 8JR

CIL Development Viability Study: Additional Retail Testing Birmingham City Council

Draft 11th December 2013



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For and on behalf of GVA Grimley Ltd

Foreword

This Addendum is to be read in conjunction with GVA's 'CIL Economic Viability Assessment Birmingham City Council' of October 2012.

1. INTRODUCTION

- 1.1 GVA has been instructed by the Council to carry out further work in respect of two retail scenarios, supermarkets and city centre retail, to demonstrate the ability of different size and formats of retail stores to potentially contribute to a CIL Charge.
- 1.2 As noted in the Report of October 2012, it is open to the Council to show through its Core Strategy and other work what form of retail is anticipated to be delivered during the currency of the CIL Tariff, and to propose a CIL rate that can be afforded by those proposals even if it cannot be by other forms of the same development.

2. ANALYSIS

- 2.1 The 4 additional development schemes have been discussed and agreed with Officers at the Council, including a modified version of Scenario 15 (Scenario C). The details of the schemes are summarised in the Table below.
- 2.2 The appraisals we have undertaken are for a hypothetical scheme in the Study Area, and are not site specific. As such the appraisals are high level and cannot be used as an example of what an individual developer or operator would be prepared to pay for land at any given location. The appraisals do not account for sunk costs or abnormal costs, and assume for the convenience stores a single storey development. The majority of assumptions within the appraisals are generic based on market comparables the specifics of any scheme could have a significant impact on residual value e.g. site servicing costs.
- 2.3 If an operator was to construct a convenience or food store then, based on its own business model, it could potentially pay significantly more for the site than a developer; we have seen examples where an operator has offered more than double the bids from developers. We have sought to illustrate the potential difference in residual land value between the two approaches.

Table 1: Summary of Development Typologies

Scenario	Туре	GIA Sq M	Car Parking Spaces	Gross site Ha
Α	Convenience	1,500	90 surface	0.61
В	Convenience	2,700	150 surface	1.21

Scenario	Туре	GIA Sq M	Car Parking Spaces	Gross site Ha
С	Convenience (including petrol station)	5,000	250 surface	2.42
D	City Centre	6,968	0	0.69

2.4 A summary of the values adopted is set out in the Table below.

Table 2: Summary of Rents, Yields and Rent Free Periods

	Scenario	
	Rent per Sq M	£161
Α	Yield	6%
	Rent Free - months	12
	Rent per Sq M	£215
В	Yield	5%
	Rent Free – months	0
	Rent per Sq M	£215
С	Yield	5%
	Rent Free – months	9
	Rent per Sq M	£161-£215
D	Yield	5.5%
	Rent Free - months	24

Convenience Stores

2.5 We have made a number of standard assumptions as detailed below.

Table 3: Summary of Building Cost Assumptions

ltem	
Build Cost per sqm	£1,300 - £1,430
Professional Fees	10%
Contingency	3% - 5%
Letting Costs	15%
Investment Sale Costs	1.5%
Finance	7.5%

Item	
Profit on Costs	5% on Operator Led 15% on Developer Led

- 2.6 An additional cost of £1,000,000 has been added to Scenario C, to account for the build costs of the petrol filling station.
- 2.7 We have calculated the developer led schemes by reference to a profit of 15% on the development costs. Currently in respect of schemes involving convenience stores we would expect developers to seek c 15 17.5%.
- We have calculated the operator led schemes by reference to a profit of 5% on the Cost, which reflects the fact that operators are not seeking to make a profit on the development itself but to enable a development which allows them to derive income and profit from trading; we have seen appraisals from operators that have made no allowance for a profit. This also illustrates how effectively operators can submit substantially greater bids for land than developers.

City Centre

2.9 We have made a number of standard assumptions as detailed below.

Table 4: Summary of Building Cost Assumptions

Item	
Build Cost per sqm	£1,290
Professional Fees	12%
Contingency	4%
Letting Costs	15%
Investment Sale Costs	1.5%
Finance	7.5%
Profit on Costs	15%

2.10 We have calculated the scheme by reference to a profit of 15% on the development costs. It is assumed that the scheme would only be promoted by an owner who wishes to extend an existing centre, and who has secured pre-lets of a substantial part of the accommodation.

2.11 The Residual Land Value for each Scenario has been compared with a Base Land Value, which then allows for a margin from which CIL/S.106 can be provided (taking into account cashflow and finance charges).

Table 5: Base Land Values

Area	Per Hectare	Per Acre
City Centre	£17.3m	£7m
Inner Urban	£865,000	£350,000
Commercial Greenfield Sites	£865,000	£350,000

3. RESULTS

3.1 The appraisals are appended, and the Table below summarise the maximum CIL charges per square metre for the scenarios. We have assumed that there is effectively no payment required under a \$106 Agreement.

Table 6: Maximum CIL

			Max CIL per Sq M (40% Viability Cushion)		
			Developer led		Operator led
Scenario	Туре	GIA Sq M	Profit @ 20% GDV	Profit @ 15% Costs	Profit @ 5% Costs
Α	Convenience	1,500	£O	£O	£O
В	Convenience	2,700	£470	£624	£810
С	Convenience	5,000	£260	£410	£590
D	City Centre	6,968	£O	£0	n/a

3.2 The Table below details the CIL if it is assessed by reference to the Gross Development Value for each scenario.

Table 6: CIL if assessed by reference to the Gross Development Value

Scenario	Туре	GIA Sq M	3% of GDV	5% of GDV	7% of GDV
Α	Convenience	1,500	£70	£120	£170
В	Convenience	2,700	£120	£200	£290
С	Convenience	5,000	£120	£200	£270
D	City Centre	6,968	£90	£150	£210

Table 7: CIL if assessed by reference to the Costs excluding Land (Developer Led)

Scenario Type	GIA Sq M	3% of Costs	5% of Costs	7% of Costs
---------------	-------------	-------------	-------------	-------------

Α	Convenience	1,500	£60	£100	£150
В	Convenience	2,700	£60	£100	£140
С	Convenience	5,000	£70	£110	£160
D	City Centre	6,968	£60	£90	£130

Table 8: CIL if assessed by reference to the Costs including Land (Developer Led)

Scenario	Туре	GIA Sq M	3% of Costs	5% of Costs	7% of Costs
Α	Convenience	1,500	£60	£110	£150
В	Convenience	2,700	£110	£180	£250
С	Convenience	5,000	£100	£170	£240
D	City Centre	6,968	£80	£130	£180

4. CONCLUSIONS

- 4.1 It should also be noted that the appraisals have been undertaken on a high level basis, and that there can be exceptional costs for individual sites which can mean that the residual land value is materially reduced.
- 4.2 Within the City centre we consider that retail development is already seriously challenged and cannot afford a CIL payment
- 4.3 In the case of the food sector, there is an ability to make a sizeable contribution to CIL for certain categories of store.
- The analysis suggests that the results for Scenario A (1,500 sq m convenience store) are the most sensitive and unable to bear a material CIL contribution. Whilst the appraisals show that large stores, above c 2,000 sq m, can afford a significant CIL payment.



Report

Appendices

Retail	1 50	00.00 sq-m at 161	1 16 nsm/na		242,19	<u></u>
		<u>.</u>	1.40 psi11/pa			
Inv.Value-A		annual income	-1-1		242,19	
		oitalised at 6% Yi			4,036,50	
		Unpaid Rent: 12		ie	242,19	
	Less	Purchasers cost	ts at 5.8%		221,28 REVEN U	
COSTS					KLVLING	JL 3,373,027
Site Value					201,25	50
Site Stamp Dut	y at 4	.00%			8,05	50
Site Legal Fees	at 0	.75%			1,50)9
Site Agency Fe	es at 1	.00%			2,01	13
g ,					Site Cos	its 212,822
Retail	1.50	00.00 sq-m at 1,3	00 00 psm		1,950,00)()
Surface Parking		paces at 2,000.0	•		180,00	
Enabling Works	-	0.00 sq-m at 108			162,00	
Highways	1,50	0.00 39 TH at 100	3.00 psi i		100,00	
Contingency	at 5	.00%			119,60	
Professional Fe					239,20	
Pioressional re	es all	0.00%				
1 - 11: A	F+1	0.000/			Build Cos	
Letting Agents		0.00%			24,21	
Letting Legal Fo		.00%			12,11	
Invest.sale Age		.00%			38,15	
Invest.sale Leg	al Fees at 0	.50%			19,07 Disposal Fee	
INTEREST					Disposal ree	es 93,557 49,763
7.50% pa	on [Debt charged C	uarterly and co	mpounded Qu	ıarterly	
PROFIT	466,0	086			COS	TS 3,106,942
PROFIT/SALE	13.0	4%			PROFIT/CO	ST 15.00%
IRR	100.4	43%			RENT COVE	R 1.9 years
YIELD/COST	7.80	%				•
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00	
137.46	0	0	0	0	0	
	14.97%	10.23%	5.86%	1.82%	-1.93%	
145.46	136,250	31,875	0	0	0	
	15.00%	15.00%	11.84%	7.58%	3.64%	
153.46	273,250	168,750	64,500	0	0	
	15.00%	15.00%	15.00%	13.33%	9.18%	
161.46	410,000	305,750	201,250	97,000	0	
	15.00%	15.00%	15.00%	15.00%	14.70%	
169.46	547,000	442,500	338,250	233,750	129,250	
	15.00%	15.00%	15.00%	15.00%	15.00%	
177.46	684,000	579,500	475,000	370,750	266,250	
	15.00%	15.00%	15.00%	15.00%	15.00%	
185.46	820,750	716,250	612,000	507,500	403,000	
	15.00%	15.00%	15.00%	15.00%	15.00%	

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm

REVENUE	<u> </u>							
Retail		1,500	.00 sq-m at	161.46 psm	n/pa		242,190	
Inv.Valu	ıe-A	Net a	annual inco	me			242,190	
		Capi	talised at 6	% Yield			4,036,500	
		Less l	Jnpaid Rer	it: 12 Month	ns Income		242,190	
		Less F	Purchasers	costs at 5.8	%		221,283	3,573,02
COSTS							REVENUE	3,573,02
Site Val	ue						12,000	
Site Star	mp Duty	at 4.0	00%				480	
Site Leg	al Fees	at 0.7	75%				90	
Site Age	ency Fees	at 1.0	00%				120	
							Site Costs	12,69
Retail				1,300.00 ps	sm		1,950,000	
Surface	Parking	-	aces at 2,0				180,000	
Enabling	g Works	1,500	.00 sq-m at	108.00 psm	n		162,000	
Highwa	ys						100,000	
Conting	gency	at 5.0	00%				119,600	
Profession	onal Fees	at 10	.00%				239,200	
							Build Costs	2,750,80
Letting	Agents Fee	at 10	.00%				24,219	
	Legal Fees	at 5.0	00%				12,110	
_	ale Agents I						38,152	
	ale Legal Fe						19,076	
INTERES	т						Disposal Fees	93,55 43,47
		on D	obt charac	d Quartarly	, and com	nounded Ouerterly	,	43,47
7.50% p PROFIT	а	672,5		d Quarterry	and Con	pounded Quarterly	COSTS	2,900,51
PROFIT/	CVIE	18.829					PROFIT/COST	23.199
IRR	JALE	185.0					RENT COVER	
YIELD/C	OST	8.35%					REINI COVER	2.8 year
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00			
137.46	0	0	0	0	0			
	13.02%	9.28%	5.54%	1.79%	-1.96%			
145.46	0	0	0	0	0			
	17.66%	14.13%	10.59%	7.05%	3.51%			
153.46	56,500 20.00%	0 18.47%	0 15.11%	0 11.76%	0 8.41%			
	20.00%	10.47 70	10.1170	11.7070	0.4170			
161.46	182,250 20.00%	77,750 20.00%	0 19.19%	0 16.00%	0 12.81%			
	20.00 /0	20.00 /0	15.1570	10.00 /0	12.01/0			
169.46	307,750 20.00%	203,500 20.00%	99,000 20.00%	0 19.84%	0 16.81%			
177 46								
177.46	433,500 20.00%	329,000 20.00%	224,500 20.00%	120,250 20.00%	15,750 20.00%			
185.46	559,000	454,500	350,250	245,750	141,500			
100.40	20.00%	20.00%	20.00%	20,00%	20.00%			

Residual Site Value and Profit on GDV (%)

20.00%

20.00%

20.00%

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm

20.00%

20.00%

REVENUE		4.500.0						
Retail			· ·	61.46 psm/p	а		242,190	
Inv.Valu	e-A		nual incom				242,190	
			lised at 6%				4,036,500	
			•	12 Months Ir	ncome		242,190	
		Less Pu	rchasers co	sts at 5.8%			221,283	3,573,02
COSTS							REVENUE	3,573,02
Site Valu	ie						472,500	
Site Star	np Duty	at 4.00	%				18,900	
Site Leg	al Fees	at 0.75	%				3,544	
Site Age	ency Fees	at 1.00	%				4,725	
							Site Costs	499,66
Retail		1.500.0	0 sq-m at 1,	300.00 psm			1,950,000	
Surface	Parking		ces at 2,000				180,000	
Enabling	-	-	0 sq-m at 10				162,000	
Highway		1,000.0	o sq m at n	50.00 psi ii			100,000	
Conting	•	at 5.00	%				119,600	
0	onal Fees	at 10.00					239,200	
FIOIGSSIC	orial rees	at 10.0	0 70				Build Costs	2,750,80
							Dulla Costs	2,730,60
_	Agents Fee	at 10.0					24,219	
_	.egal Fees	at 5.00					12,110	
	ale Agents F						38,152	
Invest.sa	ale Legal Fe	es at 0.50	%			-	19,076	00.55
						L	Disposal Fees	93,55
INTEREST								58,78
7.50% pa	a		-	Quarterly ar	nd compoun	ded Quarterly		
PROFIT		170,219					COSTS	3,402,80
PROFIT/S	SALE	4.76%					PROFIT/COST	5.00
IRR		32.25%					RENT COVER	0.7 yea
YIELD/C		7.12%						
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00			
137.46	230,500	126,000	21,500	0	0			
	5.00%	5.00%	5.00%	1.82%	-1.93%			
145.46	380,750	276,250	172,000	67,500	0			
	5.00%	5.00%	5.00%	5.00%	3.64%			
153.46	531,000	426,750	322,250	217,750	113,500			
	5.00%	5.00%	5.00%	5.00%	5.00%			
161.46	681,500	577,000	472,500	368,250	263,750			
	5.00%	5.00%	5.00%	5.00%	5.00%			
169.46	831,750	727,250	623,000	518,500	414,000			
	5.00%	5.00%	5.00%	5.00%	5.00%			
177.46	982,000	877,500	773,250	668,750	564,500			
	5.00%	5.00%	5.00%	5.00%	5.00%			
185.46	1,132,500	1,028,000	923,500	819,000	714,750			
	5.00%	5.00% and Profit on	5.00%	5.00%	5.00%			

Residual Site Value and Profit on Cost (%) Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm.

Potail		2 700 (10 ca-m at 3	15.00 psm/p	13		580,500	
Retail Inv.Val	luo A		nual incom		oa .			
iiiv.vai	iue-A						580,500	
			alised at 5% urchasers co				11,610,000	10 072 525
		LESS FO	aiciiaseis cc	JSIS AT 3.0%			636,465 REVENUE	10,973,535
COSTS							KEVEIVOE	10,775,550
Site Va	lue						3,855,000	
Site Sta	amp Duty	at 4.00)%				154,200	
	gal Fees	at 0.75					28,913	
•	jency Fees	at 1.00)%				38,550	
J	, 3						Site Costs	4,076,663
Retail		2 700 (nn sa₋m at 1	,430.00 psm			3,861,000	
	e Parking		aces at 2,00	•			300,000	
	ng Works	-	aces at 2,00 00 sq-m at 1				270,000	
Contin		at 3.00		00.00 psiii			132,930	
	sional Fees	at 10.0					443,100	
FIOLESS	sionan ees	at 10.0	JO 70				Build Costs	5,007,030
							Build Costs	5,007,030
Letting	Agents Fee	at 10.0	00%				58,050	
Letting	Legal Fees	at 5.00)%				29,025	
	sale Agents I						109,735	
Invest.s	saie Ayeiiis i	ee at 1.00						
	_						54,868	
	sale Legal Fe							251,678
	sale Legal Fe						54,868	
Invest.s	sale Legal Fe ST	ees at 0.50	0%	Quarterly a	nd compounc	led Quarterly	54,868	
Invest.s	sale Legal Fe ST oa	ees at 0.50 on De)% bt charged	Quarterly a	nd compounc	led Quarterly	54,868	206,588
Invest.s INTERES 7.50% p	sale Legal Fe ST oa	ees at 0.50)% bt charged 76	Quarterly a	nd compounc	led Quarterly	54,868 Disposal Fees	206,588 9,541,959
Invest.s INTERES 7.50% PROFIT	sale Legal Fe ST oa	on De 1,431,5)% bt charged 76	Quarterly a	nd compounc	led Quarterly	54,868 Disposal Fees COSTS	206,588 9,541,959 15.00%
INTERES 7.50% ¢ PROFIT	sale Legal Fe ST oa /SALE	on De 1,431,5 13.05%)% bt charged 76	Quarterly a	nd compounc	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% p PROFIT PROFIT	sale Legal Fe ST oa /SALE	on De 1,431,5 13.05% 71.44%)% bt charged 76	Quarterly a 1,501.50	nd compounc 1,573.00	led Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% p PROFIT PROFIT	ST oa /SALE COST 1,287.00	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50	bt charged 76 1,430.00 2,577,500	1,501.50 2,374,500	1,573.00 2,171,500	led Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INVEST.S INTERES 7.50% F PROFIT PROFIT IRR YIELD/C	ST DO SST DO SALE COST 1,287.00	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50	0% bt charged 76 1,430.00	1,501.50	1,573.00	led Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INVEST.S INTERES 7.50% F PROFIT PROFIT IRR YIELD/C	ST oa /SALE COST 1,287.00 2,984,000 15.00% 3,410,000	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500	1,501.50 2,374,500 15.00% 2,800,500	1,573.00 2,171,500 15.00% 2,597,000	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% p PROFIT PROFIT IRR YIELD/O	ST	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00%	bt charged 76 1,430.00 2,577,500 15.00%	1,501.50 2,374,500 15.00%	1,573.00 2,171,500 15.00%	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% p PROFIT PROFIT IRR YIELD/O	ST oa /SALE COST 1,287.00 2,984,000 15.00% 3,410,000	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500	1,501.50 2,374,500 15.00% 2,800,500	1,573.00 2,171,500 15.00% 2,597,000	led Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INVEST.S INTERES 7.50% F PROFIT PROFIT IRR YIELD/O	ST poa //SALE COST 1,287.00 15.00%	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2.781,000 15.00%	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00%	1,501.50 2,374,500 15.00% 2,800,500 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00%	led Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INVEST.S INTERES 7.50% F PROFIT PROFIT IRR YIELD/O	ST oa /SALE COST 1,287.00 2,984,000 15.00% 3,410,000 15.00% 3,835,500	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500 15.00%	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,226,000 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% p PROFIT IRR YIELD/C 182.75 193.50	ST oa /SALE COST 1,287.00 15.00% 3,410,000 15.00% 3,835,500 15.00%	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500 15.00%	0% bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000 15.00%	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,226,000 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000 15.00%	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% p PROFIT IRR YIELD/C 182.75 193.50	ST oa /SALE COST 1,287.00 2,984,000 15.00% 3,410,000 15.00% 3,835,500 15.00% 4,261,500	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500 15.00% 4,058,000	0% bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000 15.00% 3,855,000	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,226,000 15.00% 3,652,000	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000 15.00% 3,449,000 15.00%	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INVEST.S INTERES 7.50% F PROFIT IRR YIELD/C 182.75 193.50 204.25	ST oa /SALE COST 1,287.00 15.00% 3,410,000 15.00% 4,261,500 15.00%	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500 15.00% 4,058,000 15.00%	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000 15.00% 3,855,000 15.00%	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,226,000 15.00% 3,652,000 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000 15.00% 3,449,000 15.00%	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INVEST.S INTERES 7.50% F PROFIT IRR YIELD/C 182.75 193.50 204.25	ST	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500 15.00% 4,058,000 15.00% 4,484,000 15.00%	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000 15.00% 3,855,000 15.00% 4,281,000	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,228,000 15.00% 3,652,000 15.00% 4,078,000 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000 15.00% 3,449,000 15.00%	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% pROFIT PROFIT IRR YIELD/C 182.75 193.50 204.25 215.00 225.75	ST	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,206,500 15.00% 4,058,000 15.00% 4,484,000 15.00%	0% bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000 15.00% 4,281,000 15.00%	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,228,000 15.00% 3,652,000 15.00% 4,078,000 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000 15.00% 3,449,000 15.00% 3,875,000 15.00%	ded Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	206,588 9,541,959 15.00%
INTERES 7.50% pROFIT PROFIT IRR YIELD/C 182.75 193.50 204.25 215.00 225.75	ST oa /SALE COST 1,287.00 2,984,000 15.00% 3,410,000 15.00% 4,261,500 15.00% 4,887,000 15.00% 5,113,000	on De 1,431,5 13.05% 71.44% 6.08% 1,358.50 2,781,000 15.00% 3,632,500 15.00% 4,058,000 15.00% 4,484,000 15.00% 4,910,000 15.00%	bt charged 76 1,430.00 2,577,500 15.00% 3,003,500 15.00% 3,429,000 15.00% 4,281,000 15.00% 4,707,000	1,501.50 2,374,500 15.00% 2,800,500 15.00% 3,228,000 15.00% 4,078,000 15.00% 4,504,000 15.00%	1,573.00 2,171,500 15.00% 2,597,000 15.00% 3,023,000 15.00% 3,449,000 15.00% 3,875,000 15.00% 4,301,000 15.00%	led Quarterly	54,868 Disposal Fees COSTS PROFIT/COST	251,678 206,588 9,541,959 15.00% 2.5 years

Residual Site Value and Profit on Cost (%) Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm

REVENUE		2.700.00	-+ 015 00	. /		F00 F00	
Retail		· · · · · · · · · · · · · · · · · · ·	n at 215.00 psm	ı/pa		580,500	
Inv.Value-	Α	Net annual ir				580,500	
		Capitalised a				11,610,000	
		Less Purchase	ers costs at 5.89	%		636,465	10,973,535
0.0070						REVENUE	10,973,535
COSTS						2.155.000	
Site Value	Duty	at 4.00%				3,155,000 126,200	
Site Stamp Site Legal I	-	at 4.00% at 0.75%				23,663	
Site Legari Site Agenc		at 0.75% at 1.00%				31,550	
site Agenc	Ly i ees	at 1.00%				Site Costs	3,336,413
						0.10 00313	0,000,110
Retail		2,700.00 sq-m	n at 1,430.00 ps	m		3,861,000	
Surface Pa	arking		t 2,000.00 ea.			300,000	
Enabling W	-	•	n at 100.00 psm	1		270,000	
Contingen		at 3.00%				132,930	
Professiona	-	at 10.00%				443,100	
						Build Costs	5,007,030
_etting Ag	ents Fee	at 10.00%				58,050	
etting Lec	gal Fees	at 5.00%				29,025	
nvest.sale	Agents Fee	at 1.00%				109,735	
nvest.sale	Legal Fees	at 0.50%				54,868	
	_					Disposal Fees	251,678
NTEREST							183,311
7.50% pa		on Debt cha	raed Ouarterly	and compour	nded Quarterly		100,011
PROFIT		2,195,103	. 9			COSTS	8,778,432
PROFIT/SAL	l F	20.00%				PROFIT/COST	25.01%
IRR		130.24%				RENT COVER	3.8 years
YIELD/COS	ST.	6.61%				NEITI OOTEN	o.o yours
	1,287.00	1,358.50	1,430.00	1,501.50	1,573.00		
182.75	2,389,000	2,186,000	1,983,000	1,780,000	1,576,500		
	20.00%	20.00%	20.00%	20.00%	20.00%		
102 E0	2.780.000	2 577 000	2 274 000	2 170 500	1 067 000		
193.50	2,780,000 20.00%	2,577,000 20.00%	2,374,000 20.00%	2,170,500 20.00%	1,967,000 20.00%		
	20.0070	20.0070	20.0070	20.0070	20.0070		
204.25	3,171,000	2,968,000	2,764,500	2,561,000	2,358,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
215.00	3,562,000	3,358,000	3,155,000	2,952,000	2,749,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
225.75	3,952,000	3,749,000	3,546,000	3,343,000	3,140,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
236.50	4,343,000	4,140,000	3,937,000	3,734,000	3,531,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
247.25	4,734,000	4,531,000	4,328,000	4,125,000	3,922,000		
23	20.00%	20.00%					
	20.0070	20.00%	20.00%	20.00%	20.00%		

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate ps

REVENUE							
Retail		2,700.00 sq	-m at 215.00 p	osm/pa		580,500	
Inv.Valu	e-A	Net annua	lincome			580,500	
		Capitalisec	at 5% Yield			11,610,000	
		Less Purcha	asers costs at !	5.8%		636,465	10,973,535
						REVENUE	10,973,535
COSTS							
Site Valu	ıe					4,688,000	
Site Stan	np Duty	at 4.00%				187,520	
Site Lega	al Fees	at 0.75%				35,160	
Site Age	ency Fees	at 1.00%				46,880	
						Site Costs	4,957,560
Retail		2,700.00 sq	-m at 1,430.00) psm		3,861,000	
Surface	Parking		at 2,000.00 e			300,000	
Enabling	-		-m at 100.00 p			270,000	
Conting	-	at 3.00%	·			132,930	
-	onal Fees	at 10.00%				443,100	
						Build Costs	5,007,030
Lettina A	Agents Fee	at 10.00%				58,050	
	egal Fees	at 5.00%				29,025	
_	ale Agents Fee	at 1.00%				109,735	
	ale Legal Fees	at 0.50%				54,868	
	3					Disposal Fees	251,678
INTEREST	<u>.</u>						234,288
7.50% pa		on Debt ch	narged Quarte	erly and com	oounded Quarterly		,
PROFIT		522,979	3	,	J	COSTS	10,450,556
PROFIT/S	SALE	4.77%				PROFIT/COST	5.00%
IRR		26.23%				RENT COVER	0.9 years
YIELD/C	OST	5.55%					,
	1,287.00	1,358.50	1,430.00	1,501.50	1,573.00		
182.75	3,692,000	3,489,000	3,286,000	3,083,000	2,879,500		
	5.00%	5.00%	5.00%	5.00%	5.00%		
400 50	4.450.500	2.050.500	2.752.000	2 550 000	2 2 4 7 000		
193.50	4,159,500 5.00%	3,956,500 5.00%	3,753,000 5.00%	3,550,000 5.00%	3,347,000 5.00%		
204.25	4,627,000	4,424,000	4,221,000	4,018,000	3,815,000		
	5.00%	5.00%	5.00%	5.00%	5.00%		
215.00	5,095,000	4,891,500	4,688,000	4,485,000	4,282,000		
	5.00%	5.00%	5.00%	5.00%	5.00%		
225.75	5,562,000	5,359,000	5,156,000	4,953,000	4,750,000		
	5.00%	5.00%	5.00%	5.00%	5.00%		
236.50	6,030,000	5,827,000	5,623,000	5,420,000	5,217,000		
200.00	5.00%	5.00%	5.00%	5.00%	5.00%		
247.25	6,497,000	6,294,000	6,091,000	5,888,000	5,685,000		
	5.00%	5.00%	5.00%	5.00%	5.00%		

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm.

Retail		5,000.00) sa-m at 21!	5.00 psm/pa		1,075,000	
Inv.Valu	ıe-A		nual income	-		1,075,000	
			ised at 5% Y			21,500,000	
				Months Inco	nme	806,250	
			chasers cos		THE		19,515,11
		<u> </u>	<u> </u>	13 41 0.070			19,515,11
COSTS							
Site Valu						5,514,000	
	mp Duty	at 4.00%				220,560	
Site Leg	jal Fees	at 0.75%	6			41,355	
Site Age	ency Fees	at 1.00%	6			55,140	
						Site Costs	5,831,055
Retail		5.000.00) sq-m at 1,3	00.00 psm		6,500,000	
	Parking		ces at 2,000			500,000	
Enabling	_	-) sq-m at 54.			270,000	
Pfs	g Works	0,000.00	, sq 111 at 0 1.	00 psiii		1,000,000	
Highwa	VC					500,000	
		at E 000	/				
Conting		at 5.00%				438,500	
Profession	onal Fees	at 10.00)%			877,000	
						Build Costs	10,085,500
Letting A	Agents Fee	at 10.00	0%			107,500	
Letting I	Legal Fees	at 5.00%	6			53,750	
Invest.sa	ale Agents Fe	ee at 1.00%	6			203,214	
Invest.sa	ale Legal Fee	es at 0.50%	6			101,607	
						Disposal Fees	466,070
INTEREST	T						587,766
7.50% p		on Deb	t charged C	Quarterly and	compounded (Quarterly	,
PROFIT		2,544,71	_	3	•	· ·	16,970,392
PROFIT/S	SALF	13.04%				PROFIT/COST	
IRR	o,	43.87%				RENT COVER	
YIELD/C	T2O°	6.33%				KENT GOVER	2.1 year.
TILLED O	1,157.00	1,228.50	1,300.00	1,371.50	1,443.00		
182.75	4,046,000	3,666,000	3,286,000	2,905,000	2,525,000		
	15.00%	15.00%	15.00%	15.00%	15.00%		
193.50	4,789,000	4,409,000	4,028,000	3,648,000	3,267,000		
	15.00%	15.00%	15.00%	15.00%	15.00%		
204.25	5,532,000	5,151,000	4,771,000	4,390,000	4,010,000		
	15.00%	15.00%	15.00%	15.00%	15.00%		
215.00	6,274,000	5,894,000	5,514,000	5,133,000	4,752,000		
	15.00%	15.00%	15.00%	15.00%	15.00%		
225.75	7,017,000	6,636,000	6,256,000	5,876,000	5,495,000		
	15.00%	15.00%	15.00%	15.00%	15.00%		
236.50	7,760,000	7,379,000	6,998,000	6,618,000	6,238,000		
	15.00%	15.00%	15.00%	15.00%	15.00%		
247.25	8,502,000	8,122,000	7,741,000	7,360,000	6,980,000		

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Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm.

REVENUE							
Retail		5,000.00 sq	-m at 215.00 p	sm/pa		1,075,000	
Inv.Value	e-A	Net annual				1,075,000	
		-	l at 5% Yield			21,500,000	
		•	d Rent: 9 Mont			806,250	
		Less Purcha	asers costs at 5	5.8%		1,178,639	19,515,111
COSTS						REVENUE	19,515,111
Site Valu	e					4,292,000	
Site Stan	np Duty	at 4.00%				171,680	
Site Lega	al Fees	at 0.75%				32,190	
Site Age	ncy Fees	at 1.00%				42,920	
						Site Costs	4,538,790
Retail		5,000.00 sq	-m at 1,300.00	psm		6,500,000	
Surface I	Parking	250 spaces	at 2,000.00 ea	a.		500,000	
Enabling		5,000.00 sq	-m at 54.00 ps	m		270,000	
Pfs			•			1,000,000	
Highway	'S					500,000	
Continge		at 5.00%				438,500	
Professio	nal Fees	at 10.00%				877,000	
						Build Costs	10,085,500
Letting A	gents Fee	at 10.00%				107,500	
	egal Fees	at 5.00%				53,750	
Invest.sa	le Agents Fee	at 1.00%				203,214	
Invest.sa	le Legal Fees	at 0.50%				101,607	
						Disposal Fees	466,070
INTEREST							522,139
7.50% pa	ì	on Debt ch	arged Quarte	erly and comp	ounded Quarter	ly	
PROFIT		3,902,611				COSTS	15,612,500
PROFIT/S	ALE	20.00%				PROFIT/COST	25.00%
IRR		73.09%				RENT COVER	3.6 years
YIELD/C	OST	6.89%					
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00		
182.75	2,939,000	2,593,000	2,247,000	1,901,000	1,556,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
193.50	3,620,000	3,274,000	2,928,000	2,582,000	2,237,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
204.25	4,302,000	3,956,000	3,610,000	3,264,000	2,918,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
215.00	4,984,000	4,638,000	4,292,000	3,946,000	3,600,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
225.75	5,664,000	5,319,000	4,974,000	4,628,000	4,282,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
236.50	6,346,000	6,000,000	5,654,000	5,308,000	4,962,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
0.47.05	7,028,000	6,682,000	6,336,000	5,990,000	5,644,000		
247.25		O OOZ UUU		O SERVICION	CLUMP CICIO		

Residual Site Value and Profit on GDV (%)

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm.

REVENU	E						
Retail			q-m at 215.00	psm/pa		1,075,000	
Inv.Val	ue-A	Net annua				1,075,000	
			ed at 5% Yield			21,500,000	
			id Rent: 9 Mo			806,250	
		Less Purch	nasers costs at	5.8%		1,178,639	19,515,111
COSTS						REVENUE	19,515,111
Site Va	lue					6,968,000	
Site Sta	ımp Duty	at 4.00%				278,720	
Site Leg	gal Fees	at 0.75%				52,260	
Site Ag	ency Fees	at 1.00%				69,680	
						Site Costs	7,368,660
Retail		5,000.00 s	q-m at 1,300.0	00 psm		6,500,000	
Surface	e Parking		es at 2,000.00	-		500,000	
	ng Works	•	q-m at 54.00 p			270,000	
Pfs						1,000,000	
Highwa	ays					500,000	
Conting	-	at 5.00%				438,500	
	ional Fees	at 10.00%				877,000	
						Build Costs	10,085,500
Letting	Agents Fee	at 10.00%				107,500	
	Legal Fees	at 5.00%				53,750	
_	sale Agents Fee					203,214	
	ale Legal Fees					101,607	
	Ü					Disposal Fees	466,070
INTERES	ST						665,853
7.50% p	oa	on Debt c	harged Quar	terly and con	npounded Q	uarterly	
PROFIT		929,028				COSTS	18,586,083
PROFIT/	/SALE	4.76%				PROFIT/COST	5.00%
IRR		18.87%				RENT COVER	0.9 years
YIELD/C	COST	5.78%					
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00		
182.75	5,214,000 5.00%	4,868,000 5.00%	4,522,000 5.00%	4,176,000 5.00%	3,830,000 5.00%		
193.50	6,029,000	5,683,000	5,337,000	4,991,000	4,646,000		
	5.00%	5.00%	5.00%	5.00%	5.00%		
204.25	6,844,000 5.00%	6,498,000 5.00%	6,152,000 5.00%	5,806,000 5.00%	5,460,000 5.00%		
215.00	7,660,000	7,314,000	6,968,000	6,622,000	6,276,000		
	5.00%	5.00%	5.00%	5.00%	5.00%		
225.75	8,475,000 5.00%	8,129,000 5.00%	7,783,000 5.00%	7,438,000 5.00%	7,092,000 5.00%		
236.50	9,290,000 5.00%	8,944,000 5.00%	8,598,000 5.00%	8,252,000 5.00%	7,906,000 5.00%		
247.25	10,106,000 5.00%	9,760,000 5.00%	9,414,000 5.00%	9,068,000 5.00%	8,722,000 5.00%		
Residua	al Site Value a						

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm

REVENUI Retail 1	_	5 574	00 ca-m at 1	188.00 psm/p	22	1,047,912	
Retail 2			-				
				5.00 psm/pa		199,735	
Retail 3			-	9.00 psm/pa	l	125,085	
Inv.Value	9-A		nnual income			1,372,732	
			alised at 5.5%		_	24,958,764	
				: 24 Months		2,745,464	
		Less F	Purchasers o	costs at 5.8%		1,368,250	20,845,050
COSTS						REVENUE	20,845,050
Site Valu	ie					4,778,000	
Site Starr	np Duty	at 4.00	0%			191,120	
Site Lega	l Fees	at 0.50	0%			23,890	
Site Ager		at 1.00	0%			47,780	
J	,					Site Costs	5,040,790
Survey						100,000	-,,
-						Initial Payments	100,000
Retail 1		5,574.	00 sq-m at 1	1,291.70 psn	า	7,199,936	
Retail 2		929.00	o sq-ft at 1,2	91.70 psf		1,199,989	
Retail 3		465.00	o sq-ft at 1,2	91.70 psf		600,641	
Demolitio	n					250,000	
Continge	ncy	at 4.00	0%			370,023	
_	nal Fees	at 12.0	00%			1,110,068	
						Build Costs	10,730,656
Letting A	gents Fee	at 10.0	00%			137,273	.,,
_	egal Fees	at 5.00				68,637	
_	le Agents Fe					235,905	
	le Legal Fee					117,953	
iiivest.sa	ic Logai i oc	,5 at 0.50	370			Disposal Fees	559,768
INTERES	ST					·	1,695,497
7.50% pa	ì	on Debt	charged Quarte	erly and compou	inded Quarterly		
PROFIT		2,718,3	339			COSTS	18,126,711
PROFIT/	SALE	13.04%	6			PROFIT/COST	15.00%
IRR		19.13%	6			RENT COVER	2.0 years
YIELD/C	OST 1,033.70	7.57% 1,162.70	1.291.70	1,420.70	1,549.70		
	1,055.70	1,102.70	1,291.70	1,420.70	1,049.70		
70.00%	2,005,500 15.00%	1,304,500 15.00%	603,000 15.00%	0 13.89%	0 6.53%		
80.00%	3,397,000 15.00%	2,696,000 15.00%	1,995,000 15.00%	1,294,000 15.00%	593,000 15.00%		
90.00%	4,788,000	4,087,000	3,386,000	2,685,000	1,984,000		
30.00%	15.00%	15.00%	15.00%	15.00%	15.00%		
100.00%	6,180,000 15.00%	5,478,000 15.00%	4,778,000 15.00%	4,076,000 15.00%	3,376,000 15.00%		
110.00%	7,571,000 15.00%	6,870,000 15.00%	6,169,000 15.00%	5,468,000 15.00%	4,767,000 15.00%		
120.00%	8,962,000 15.00%	8,262,000 15.00%	7,560,000 15.00%	6,859,000 15.00%	6,158,000 15.00%		
130.00%	10,354,000 15.00%	9,652,000 15.00%	8,952,000 15.00%	8,250,000 15.00%	7,550,000 15.00%		

X Axis: Retail Build Rate psm.

REVENUE	<u> </u>						
Retail 1		5,574.0	00 sq-m at 1	88.00 psm/j	ра	1,047,912	
Retail 2		929.00	sq-m at 21	5.00 psm/pa	l	199,735	
Retail 3		465.00	sq-m at 26	9.00 psm/pa	I	125,085	
Inv.Value	e-A		nual income	-		1,372,732	
		Capita	lised at 5.5%	6 Yield		24,958,764	
			Inpaid Rent:		Income	2,745,464	
			urchasers c			1,368,250	20,845,050
						REVENUE	20,845,050
COSTS Site Value	<u> </u>					3,629,000	
Site Stam		at 4.00	10/2			145,160	
Site Legal		at 0.50				18,145	
Site Legal Site Agen		at 0.00				36,290	
Site Agen	icy rees	at 1.00	70			Site Costs	2 929 505
Puruov.							3,828,595
Survey						100,000	100.000
Datail 1		E E74 (00 aa maat 1	204 70 505	_	Initial Payments	100,000
Retail 1			00 sq-m at 1	-	1	7,199,936	
Retail 2			sq-ft at 1,2	•		1,199,989	
Retail 3		465.00	sq-ft at 1,2	91.70 psf		600,641	
Demolition						250,000	
Continger	•	at 4.00				370,023	
Profession	nal Fees	at 12.0	0%			1,110,068	
						Build Costs	10,730,656
_etting Ag	gents Fee	at 10.0	0%			137,273	
•	egal Fees	at 5.00	1%			68,637	
	le Agents Fe		1%			235,905	
nvest.sale	le Legal Fee	s at 0.50	1%			117,953	
						Disposal Fees	559,768
NTERES							1,457,053
7.50% pa			•	rly and compou	inded Quarterly		
PROFIT		4,168,9	78			COSTS	16,676,071
PROFIT/S	SALE	20.00%)			PROFIT/COST	25.00%
IRR		27.61%)			RENT COVER	3.0 years
YIELD/CC	OST	8.23%					
	1,033.70	1,162.70	1,291.70	1,420.70	1,549.70		
70.00%	1,202,000	500,000	0	0	0		
	20.00%	20.00%	18.26%	12.20%	6.13%		
80.00%	2,478,000	1,777,000	1,076,000	375,000	0		
	20.00%	20.00%	20.00%	20.00%	17.53%		
90.00%	3,754,000	3,054,000	2,352,000	1,652,000	950,000		
	20.00%	20.00%	20.00%	20.00%	20.00%		
	5.024.000	4,330,000	3,629,000	2,928,000	2,227,000		
100 00%		4,550,000	3,023,000				
100.00%	5,031,000 20.00%	20.00%	20.00%	20.00%	20.00%		
	20.00%						
100.00%		20.00% 5,606,000 20.00%	20.00% 4,906,000 20.00%	20.00% 4,204,000 20.00%	3,504,000 20.00%		
110.00%	20.00% 6,308,000 20.00%	5,606,000 20.00%	4,906,000 20.00%	4,204,000 20.00%	3,504,000 20.00%		
	20.00%	5,606,000	4,906,000	4,204,000	3,504,000		
110.00%	20.00% 6,308,000 20.00% 7,584,000	5,606,000 20.00% 6,884,000	4,906,000 20.00% 6,182,000	4,204,000 20.00% 5,480,000	3,504,000 20.00% 4,780,000		

Residual Site Value and Profit on GDV (%) Y Axis: Retail Income psm/pa

Y Axis: Retail Income psm/pa X Axis: Retail Build Rate psm