

Deloitte Real Estate

Development Appraisal

Market Student Housing

Report Date: 18 February 2014

Market Student Housing

Summary Appraisal for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Term Time (less operating costs)	500	6,132	3,066,000	3,066,000
Non-Term Time	<u>500</u>	1,150	<u>575,000</u>	<u>575,000</u>
Totals	1,000		3,641,000	3,641,000

Investment Valuation

Term Time (less operating costs)

Current Rent 3,066,000 YP @ 6.2500% 16.0000 49,056,000

Non-Term Time

Current Rent 575,000 YP @ 6.2500% 16.0000 9,200,000

58,256,000

GROSS DEVELOPMENT VALUE

58,256,000

Purchaser's Costs	5.80%	(3,378,848)
Sales Agent Fee	1.00%	(582,560)
Sales Legal Fee	0.75%	(436,920)
		(4,398,328)

NET DEVELOPMENT VALUE

53,857,672

NET REALISATION

53,857,672

OUTLAY

ACQUISITION COSTS

CIL Surplus	1,136,160	
EUV plus premium	3,170,560	
Total Acquisition		4,306,720
		4,306,720

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Term Time (less operating costs)	142,500 ft ²	190.00 pf ²	27,075,000
			27,075,000
Contingency		5.00%	1,353,750
External Works		10.00%	2,707,500
Demolition			213,750
Mayoral CIL			324,345
S106			430,000
			5,029,345

PROFESSIONAL FEES

Professional Fees	10.00%	2,728,875
		2,728,875

Additional Costs

Arrangement Fee		274,494
		274,494

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)		
Land		566,658
Construction		2,225,380
Total Finance Cost		2,792,038

TOTAL COSTS

42,206,472

PROFIT

11,651,200

Performance Measures

Profit on Cost%	27.61%
Profit on GDV%	20.00%
Profit on NDV%	21.63%
Development Yield% (on Rent)	8.63%

Market Student Housing

Equivalent Yield% (Nominal)	6.25%
Equivalent Yield% (True)	6.50%
IRR	30.39%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 6.500%)	3 yrs 9 mths