SEE A BRIGHTER WAY

Viability Review

Summary report

Clients: **EXETER CITY COUNCIL & CURLEW ALTERNATIVES PROPERTY L.P.**

Property: **THE HARLEQUINS CENTRE, PAUL STREET, EXETER, DEVON EX4 3TT**

Date: SEPTEMBER 2024

Non-Technical Summary

Location

- The application site address is The Harlequins Centre, Paul Street, Exeter, EX4 3TT.
- The site extends to a total of 1.04ha. It is within the central area of Exeter city with frontages to Queen Street and Paul Street, which are main highways within the city centre.
- The site lies on the northern edge of the established primary shopping frontages in High Street being approximately 200m to the south east.
- To the north are residential properties in Northernhay Street, various buildings occupied by Exeter College, the Rougemont Hotel and Exeter Central Station.
- The site incorporates a car park for circa 90 cars, accessed from Paul Street, and there is a further 440-space car park on the upper level of the adjacent Guildhall Shopping Centre accessed via Paul Street and a ramp which crosses the Harlequins Centre site.
- There is also a pedestrian link from the Harlequins Centre directly into the Guildhall Shopping Centre by way of an overhead walkway across Paul Street.

Description

- The Harlequins Centre is a small shopping centre built between 1984 and 1986. The centre is generally of contemporary design, of red brick with tile roof and aluminium windows and doors, save for the original retained facade fronting onto Queen Street (Nos 21-22).
- The majority of the buildings are orientated parallel with Paul Street, which drops down along its length from its junction with Queen Street at the northeast corner, down to the junction of North Street/Bartholomew Street East/Iron Bridge at the southwest end. This fall means that the building at the main entrance at the north-east end of the site is at grade with the highway, but at the south-west end of the site the building has a basement car park and further levels of accommodation (most recently occupied by a gym) below the main retail floor level.
- The south-west end of the site is occupied by a surface car park, which shares a vehicular access from Paul Street with the basement car park which is under the main building and a service yard which wraps around the rear of the building.
- The site is held by the applicant on a long leasehold basis from the Council as the freehold owner.

Proposed Development

- The proposed development involves the demolition of the existing Harlequins Centre save for the building fronting Queen Street (Nos 21-22) which will be retained – the ground and part first floors will continue to be occupied by Chime (a hearing centre) and the two upper floors will be included in the wider redevelopment of the site.
- The proposal seeks to introduce two purpose-built Co-Living buildings providing a total of 383 bedspaces. The two buildings will be split either side of the Guildhall Car Park access ramp which will be retained to provide access to the adjacent car park.
- Block 1 will provide a total of 143 studio rooms with a small kitchenette, bed and seating area and 107 cluster bedrooms grouped into 18 flats each with 5 or 6 bedrooms, sharing a central kitchen. Block 2 will provide 128 studio units.
- The open space between the two buildings will provide a publicly assessable landscape area with links through from Paul Street to Maddocks Row, and a small exhibition space explaining the history of the site and notably the City Wall.
- Vehicular access to the site will utilise an access point at a similar location to the existing, which will serve a basement car park providing 33 spaces, to be managed as a public car park by the City Council. In addition, a total of 184 cycle parking spaces for residents and visitors will be provided on the ground floor of the two blocks.
- Completion of the development would trigger the grant of a new headlease by the Council to the applicant at a geared ground rent subject to upward only reviews at five-yearly intervals.

Financial Viability Review

- Planning application 21/1104/FUL was approved in January 2022 subject to conditions and a Section 106 obligation including a requirement to provide 55 studio units and 21 cluster units as Affordable Accommodation.
- This equated to 20% of the total provision and, in line with Government guidance, those units/bedspaces are to be made available at no more than 80% of the open market rent and offered, in the first instance, to key workers.
- Following approval of the application, site owners Curlew Alternatives Property LP were faced with a situation where the scheme was not viable due to well publicised financial issues relating to increased costs of construction and borrowing.
- Curlew approached Exeter City Council (ECC) in mid-2023 to request that the Council consider revising the terms of the Section 106 agreement to enable the viable delivery of this important town centre site.
- To clearly understand the viability position, it was agreed that Burrows-Hutchinson Ltd be jointly appointed by the Council and the applicant to provide an independent financial viability appraisal ("IFVA") of the proposed development.

Engagement Process

- Burrows-Hutchinson collected material and evidence from the applicant and the wider market.
- The applicant provided significant background material, including demolition and construction costs, finance costs and potential returns, in order to inform the process. This was done in an open and transparent way.
- Quantity Surveyors, Randall Simmons, were instructed to advise Burrows-Hutchinson on construction costs, whilst advice regarding yields was sought from industry experts.
- Burrows Hutchinson provided their initial views in August 2023 based on certain assumptions and information provided by others, which led to further discussions between the Council and the Applicant.
- Following the initial series of discussions, certain of the assumptions, including Benchmark Land Value, debt costs and professional fees, were agreed.
- Further information regarding construction costs was provided by Quantity Surveyors, Rhomco, who had been involved in the project from inception, resulting in subsequent agreement on other relevant costs. This material is attached at Appendix 1.
- The key area of subsequent discussion related to the market investment yield applicable to the project, ranging from 4.75% to 5.25%. This small variation in percentage terms makes a significant difference to the calculation of scheme Gross Development Value and the overall appraisal outcome.
- The Applicant commissioned a detailed commentary from JLL on the funding market's expected approach in pricing a long leasehold, stabilised, co-living regional investment by reference to yields established on recent Build to Rent and Purpose-Built Student Accommodation (PBSA) transactions. This material is attached at Appendix 2.
- Following further discussions over the Autumn of 2023, several points were accepted by both parties resulting in a revised appraisal being issued in December 2023, including the market yield proposed by the Applicant, demonstrating that the scheme, as approved, was not viable.
- In light of an appraisal that demonstrated the lack of viability of the scheme, the Applicant requested that the Council consider an off-site contribution in lieu of the affordable housing on site.
- The major benefit of this to the scheme, and the appraisal, is that all units can be valued at full market rent resulting in increased revenue and a more attractive investment and funding proposition to the market.
- A revised appraisal was undertaken in April 2024 with no on-site affordable housing being provided. A copy of this appraisal entitled 'Harlequins Appraisal and Review Formula – Final AB 22-04-24' is attached in Appendix 3. This demonstrated the opportunity for the scheme to be viable (depending on the achievable investment yield) and for the additional value arising to be provided as a financial contribution towards offsite affordable housing.
- The Applicant subsequently set out a proposed payment structure for the off-site contribution, which it was agreed represented an equitable balance between the parties and would allow the Council to procure early delivery of affordable housing in advance (and regardless) of the scheme being progressed.

- Following consultation with Burrows-Hutchinson and further discussions with Council officers, this proposed structure was recommended as acceptable to the Council.

Contribution In Lieu & Payment Structure

- It is requested that the Section 106 be varied to replace the requirement for 20% on-site affordable housing with equivalent financial contributions which can be utilised for affordable housing delivery elsewhere in Exeter.
- These payments would comprise a combination of advance payments made on implementation and commencement of development and overage payments linked to achievement of minimum profit targets subject to viability review on completion of development.
- The aggregate of all payments should not exceed the equivalent value of 20% on-site affordable housing provision. In most situations involving a development that will not be ready for occupation prior to completion of all building works, the bulk of any financial Section 106 contributions will be due on or after practical completion and are typically paid in stages linked to occupation. It is therefore appropriate for any upfront contribution towards off-site affordable units in this case to be discounted using the agreed debt interest rate of 7%, as per the agreed appraisal model.
- Having regard to these ongoing market risks and factors, it is considered that the following payment structure represents an equitable arrangement and acceptable outcome in the circumstances:

    1. Advance payments totalling £2 million – to be made in two equal instalments – the first on the later of the signing of a Sc106 Deed of Variation or on implementation of the planning consent (no later than 24 January 2025) and the second on commencement of development as defined in the Section 106, being start of construction (excluding demolition).

       These payments can be utilised for early delivery of affordable housing (elsewhere in the City) and are not dependent upon completion of development.

    2. Overage payments following completion of development equating to 50% of any profit achieved above a minimum target return of £10.1m or 13% of scheme Gross Development Value (whichever is higher).

       The exact payment amounts are to be agreed or otherwise determined by an independent expert (appointed by agreement or by the RICS) following a full review and analysis of all development revenues and costs.

    3. The overage payments are to be made in two equal instalments – the first on completion of the valuation process and the second 12 months later.

       However, the Council may elect to defer the valuation for a period of up to 12 months in anticipation of improved market conditions and the Applicant may elect to make the overage payments in full upon completion of the valuation process.

    4. The total contributions under 1 and 2 above are not to exceed an agreed capped figure of £7.5 million. It should be noted that this exceeds the total payments that ordinarily would be receivable by the Council by £750,000 (according to the Base Case scenario), after discounting to reflect upfront payments of £2 million.

- This agreed structure and attached supporting material are the result of a long period of negotiation with Council officers and the consistent input of Burrows-Hutchinson as jointly appointed independent advisors.
- They represent an approach which it is considered will enable the delivery of this important city centre site and provide early funding for the Council to invest in much needed affordable housing within the City.
- This change to be secured through a Deed of Variation, to drafted and signed by all relevant parties.

Viability Summary – comparison of appraisals following negotiations			
	20% on site Affordable Housing.	**0% on site Affordable Housing.**	**Comment**
Benchmark Developers Profit	8.99% on GDV	13.00% on GDV	Minimum return deemed necessary to secure funding / investment approvals and implement the project
Gross Development Value (GDV)	£77,995,070 (5.25% yield)	£86,190,410 (5.00% yield)	
Net income	£4,110,416	£4,326,621	
Development costs:			
Land Cost	£6,885,000	£6,885,000	Benchmark land value in accordance with the NPPG on Viability (not purchase price).
Acquisition Costs	SLDT: 5.00% Agent: 1.00% Legal: 0.50%	SLDT: 5.00% Agent: 1.00% Legal: 0.50%	Typical rates plus VAT @ 20% plus VAT @ 20%
Construction Costs	£42,996,455	£42,996,455	Cost estimate provided by Applicant
Planning and land assembly costs	£7,277,969	£7,277,969	Including planning fees, site assembly & vacant possession costs, interim development costs and valuation costs.
Construction Contingency	£843,068	£843,068	2% agreed rate
Developer Contingency	£1,820,987	£1,820,987	3% agreed rate
Professional fees	5.0%	5.0%	Agreed rate for professional fees
Section 106 / CIL	**£729,051**	**£729,051**	
Marketing, mobilisation & fund monitoring	£448,850	£448,850	
Development management fee	3%	3%	Agreed rate
Finance	7%	7%	Current market rates

Residual Profit	£7,009,167 (8.99%)	£14,679,167 (17.03%)	The original appraisal fails to generate a minimum level of profit necessary to secure funding and allow delivery. The agreed appraisal generates an acceptable level of profit and financial s106 contributions equivalent to 20% profit generated is £6.75m if all paid upfront.

Conclusion

- The Council and the Applicant jointly appointed independent viability consultants, Burrows-Hutchinson, to assess the financial viability of the scheme in accordance with the NPPF, NPPG and RICS guidance.
- Burrows-Hutchinson relied upon information provided in undertaking this assessment on construction cost estimates provided by the Applicant, and otherwise relied upon its own enquiries and investigations.
- The benchmark land value was agreed at £6,885,000 and the appropriate benchmark developers profit for assessing the viability of the proposed scheme was agreed at 13% of GDV.
- The predicted realisable profit was modelled using Excel software (copies of which are included in the appendices).
- Appraisal inputs such as: land acquisition costs, professional fees, planning costs and finance rates were agreed or otherwise adopted by consultants based on experience of current market levels.
- The appraisals include Section 106 costs of £727,051.
- Burrows-Hutchinson's appraisal shows that a policy compliant scheme of 20% affordable housing produces a profit of £7.009 million (9% profit on GDV) which is significantly below the minimum benchmark profit level of 13% on GDV required to attract development funding and enable the scheme to proceed.
- A similar approach adopting the same inputs with 0% affordable housing generates a profit of £14.68 million (17% profit on GDV) which is above the required benchmark profit level of 13% on GDV.
- This would support off-site contributions in lieu of on-site affordable provision of £2 million in upfront payments on completion of a Section 106 deed of modification and implementation of the planning permission and additional overage payments linked to achievement of minimum profit targets on completion of development subject to viability review subject to an overall total of £7.5 million, which is broadly equivalent to 20% on-site affordable housing provision.

This non-technical summary should be read in conjunction with the attached documents.

Appendices

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Curlew Opportunities Limited
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For the attention of Greg Fox

By Post and E-mail

25th August 2023

Our Ref: P-1287/JAG

Dear Greg,

HARLEQUIN CENTRE, EXETER – COST PLAN

We write further to your email of the 14th August 2023 under which you enclosed the review of our cost plan on the above scheme by Randall Simmons.

As per our discussion we would make our brief comments on their findings as follows.

Building and measured works

- Internal walls – we note the position of Randall Simmonds however in our experience of over 6,000 PBSA/Co-Living schemes the internal walls is particularly susceptable to the acoustics and fire strategies which given the stage 2 nature of the scheme is yet to be developed and tested in full. Our allowance is reflective of delivered schemes.
- Internal Finishes – our skirting are in the internal wall and joinery packages, the floor finish is an Amtico spacia which already has the acoustic properties required save for a self levelling compound, again these costs are reflective of our recent and past experience.
- The FF&E allowances are market tested with Deanstore and reflective a higher offer due to this being Coliving. If this were PBSA there would be a nominal saving.
- MEP – Whilst working with Real the MEP installations were market tested and cost split is reflective of this.

As noted by Randall Simmons the delta between our views of prime construction costs is £158,000 and is diminimus in comparison to the scheme construction cost.

Preliminaries

Its fair to say that this is the element where we differ in cost greatest. Our cost plan allowance includes for the £250,000 pre contract fee, plus 130 weeks @£40,000/week plus a further £470,000 contingency due to Real's programme being only one contractors view, other contractors historically had longer programmes. It should also be noted that Exeter is a difficult region to procure and there is an operational car park ramp in the centre of the site, significant party wall protection, interface with existing adjacent buildings, suspended road bridge to the adjoining carpark and protection of historic monuments, this is a scheme which will require more than £35,000 prelims per week in our view.

The difference between our allowance and that proposed by Randall Simmonds is £1,120,000. In light of the above narrative and site specific nature, this allowance should be retained within any appraisal.

I hope the above is of use and addresses any queries you may have.

Yours sincerely

J.A. Gauregui

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13th September 2023

Greg Fox
Curlew
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Dear Greg

Harlequins Centre – Exeter

JLL has been instructed by Curlew to provide commentary on the Co-living market and investment yields in relation to the Harlequin Centre, Exeter.

To confirm, we have not been instructed to provide any formal valuation by you or any third party. Any information provided in this letter is provided for advisory purposes only and has not been carried out in accordance with the formal valuation requirements of the current valuation standards of the Royal Institution of Chartered Surveyors. Should you require formal valuation advice, please let us know and we will connect you with our Valuation Advisory business.

Co-Living Market Commentary

Demand for city living increased across the UK in 2022, and Exeter is specifically facing increased pressure on its housing market due to both increasing local population growth and a structural undersupply of housing.

The population in Exeter is forecast to continue to grow at rates above the UK average. This increase in population is met with a continued undersupply of homes in the city with the current shortfall of in excess of 3,000 homes expected to continue for the next 5 years.

As a consequence of the demand supply imbalance, which is creating increased housing pressures on cities, new forms of accommodation such as Co-Living are emerging, providing “more affordable" rental homes purposely designed for sharers.

Driven by consumer demand and changes in lifestyle and, technological advancements and the rise of the sharing economy, consumers’ property decisions are increasingly focused on value, access and flexibility over ownership.

Co-Living seeks to optimise the provision of personal and shared space, whilst simultaneously promoting social engagement between residents, through a community-centric, hospitality-led management structure.

Because of this, Co-Living is contributing to how these trends will continue and it will be at the forefront of shaping the way in which we live and to rethink the impacts on the space we utilise.

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In terms of the depth of the market, both from an investment and operational perspective, Co-Living remains a relatively immature market when compared the number of homes delivered or being delivered to PBSA, BTR and the open market.

As to be expected with a shortage of investment opportunities and operational stock, the depth of the market including the availability of transaction evidence is far more limited than say, the institutionally backed and more established BTR and PBSA markets.

Despite its immaturity, interest in the sector is very strong, and this is sentiment is supported by the substantial growth of the Co-Living market in the UK over the past five years. Since 2018, the number of operational beds has risen by 700%, increasing from 773 to 5,415.

Co-Living's growth story shows no signs of slowing, with the anticipated delivery over the coming years of 16,191 units which have gained planning permission and /or are currently under construction.

As with BTR in its early stages we expect that the increased delivery of more operational schemes will support further activity in the sector, and that Co-Living will become increasingly popular from both an occupier and investor perspective, and it will establish itself as its own institutional grade real estate asset class.

The table below details the number of units in the UK Co-Living sector presently including the number of units within the pipeline.

Table 1: Pipeline of Co-Living Units in UK (not yet delivered)

Status	Number of Units
Pre-application	3,223
Planning submitted	6,036
Planning approved	13,135
Construction	3,056
Open	5,415
Total	**30,865**

Source: JLL

Investment Market Transactions

The nascent nature of the Co-Living market means even pre-market turbulence there was limited transactional evidence.

In reviewing the available transactions, in particular those date pre mini budget, we must have regard to the recent volatility in the macroeconomic market, which has resulted in several investors reconsidering their strategy to accommodate rising debt costs and uncertainty in the market.

In the current phase of the cycle ("pricing discovery"), the market has become less reliant on income capitalisation (yield) valuation approach, focusing more on the explicit and detailed analysis of investment opportunities via Discounted Cash Flows (DCFs).

DCFs explicitly model the potential trajectory of an investment's potential performance over a relevant hold period focusing on required returns, i.e., cash on cash, equity multiple, un/geared IRR, which can be subsequently reflected as a target yield.

Even before the events of the mini-budget, inflation was driving the BoE to increase is its base rate. The knock-on effect of this is that unhedged debt increased in cost on a one-for-one basis. As such, given the base rate has risen from 0.1% in January 2022 to 5.25% today, the cost of new debt facilities has at least risen by c. 5%. Assuming investors' return expectations have not reduced over the course of 2022 and 2023, increased debt costs need to be (and have been) accommodated in investor appraisals.

As a consequence, whilst investment yields have softened (as investors adjust their required returns to accommodate higher debt costs) rent growth as well as future rental forecasts, have gone some way to arresting a more pronounced adjustment yields, underlining the resilience of the market, versus other non-residential real estate sectors.

Ultimately though despite strong rental growth, the cost of debt has in the case of stabilised assets more than doubled in the past 12 months. As a consequence, potential purchasers need to either be 100% equity funded or they need to change the acquisition yields in order to allow for higher debt costs.

To assess pricing for the Harlequins Centre, JLL have analysed a number of investment transactions within the UK BTR, Co-Living and PBSA sectors which provide a guide for potential yield. Naturally, we place a greater emphasis on those Co-Living transactions available, as detailed in the table below.

Table 2: Co-Living Transactions

Deal	Location	Type	Units	Date	Price	Yield
The Collective	Canary Wharf	Stabilised	705	Q3 2022	£190.0m	4.41%
The Mall	Ealing	Forward Fund*	81	Q4 2021	£20.0m	c.4.50%
Gladstone Road	Exeter	Forward Fund	133	Q3 2021	£17.0m	4.90%
College Road	Croydon	Forward Fund	817	Q1 2021	£200.0m	4.90%

**Not a 'pure forward fund'*

Of the transactions above, the most comparable is Gladstone Road, a Watkin Jones development forward funded by Ropemaker Properties Ltd. As discussed above, recent, and ongoing market conditions have resulted in a softening of yields and as such we would not expect a Co-living scheme to achieve a similar yield at today's date.

From a BTR perspective, transactions in the South West of England are also limited. The most recent comparable we can point to is CompasRock International's acquisition of Bow Square in Southampton in Q4 2022, prior to which is Bargate Square. Details below:

Table 4: BTR Transactions in the South West

Deal	Location	Type	Units	Date	Price	Yield
Bow Square	Southampton	Stabilised	279	Q4 2022	£60.0M	4.25%
Bargate Square	Southampton	Forward Fund	519	Q1 2022	£139.0M	4.25%

Whist the reported yield on Bow Square is 4.25%, our analysis shows that based on reversionary rents the yield to be circa 4.5%. Based on the factors discussed above and associated softening of yields we would anticipate that were this to be traded today, the yield would be 25 to 50bps softer.

It is generally accepted by the market that Co-Living yields are likely to sit approximately 50 to 75bps above that of those achieved in the more mature BTR sector, which would place a stabilised Co-living yield at c. 5.25%

Finally, from a PBSA perspective Brookfield's acquisition of Renslade House from Uavend in June of 2022 provides a comparable albeit also pre-mini budget with the expectation that yields in regional cities such as Exeter have softened c. 50bps. Considering Co-living yields are broadly accepted to sit outside those of BTR, but within or similar to PBSA we view 5.75% as a market adjusted upper boundary in terms of yield.

Table 3: PBSA Transactions Exeter

Deal	Location	Type	Units	Date	Price	Yield
Renslade House	Exeter	Stabilised	268	Q3 2022	£34.0M	5.25%

Thus, based on the above commentary and transactional evidence, our view is that that a Co-Living scheme at the Harlequins Centre, Exeter in the current market would likely achieve a Net Initial Yield in the region of 5.25% if it was sold on a stabilised basis.

Yours sincerely,

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Harlequins, Exeter

IFVA with On-site Affordable

Residual Output

Development Appraisal

Timetable

	Start	Time (months)	End
Project Start & Workup (Months)	01-Jan-25	1	31-Jan-25
Pre - Construction (Months)	01-Feb-25	6	31-Jul-25
Construction Period (Months)	01-Aug-25	28	30-Nov-27
Post PC before start of Academic Year	01-Dec-27	0	31-Dec-27

Stabilised Valuation at Mobilisation

Sensitivity 100%

Total Development GDV	%	Beds	Gross Rent	Net Income	Stabilised NIY	GDV	Purchasers Costs	NDV
Co-living - Market Rents	80.16%	307	£4,215,609	£4,064,816	5.25%	£77,425,070	6.80%	£ 72,500,000
Affordable Cluster Units	5.48%	21	£189,567					
Affordable Studios	14.36%	55	£642,345					
Commercial			--	£45,600	8.00%	£570,000	6.80%	£ 534,000
Total		**383**	**£5,047,521**	**£4,110,416**		**£77,995,070**		**£ 73,034,000**

Pre-Development Income & Costs

Pre-Development Income	DM Payable?	Income	Start	Duration	End	£/pa	
Pre-Dev Rent 1	No	--	01-Jul-19	14	31-Aug-20	£800,000	
Pre-Dev Rent 2	No	--	01-Jul-19	1	31-Jul-19	--	
Pre-Development Income Total		--					--

Pre-Development Cost		Cost	Start	Duration	End	£/pa	
Pre-Dev Cost 1	No	--	01-Jul-19	1	31-Jul-19	--	
Pre-Dev Cost 2	No	--	01-Jul-19	1	31-Jul-19	--	
Pre-Development Cost Total		--					--

Development Costs

Land Value		%	Cost	Start	Duration	End	£/bed	
Existing Use Value	Acq. Costs	6.80%	£5,570,665	Retail Rents	£505,705	p.a.	@ 8.50%	
Premium		20.0%	£1,114,133					
Benchmark Land Value (not purchase price)		**but say,**	**£6,685,000**				£17,454	**£6,685,000**

Curlew Acquisition Costs		%	Cost	Start	Duration	End	£/bed	
Acquisition Costs	No	6.8%	£454,580	01-Jan-25	1	31-Jan-25	£1,187	
Curlew Valuation	No		£18,000	01-Oct-19	1	31-Oct-19	£47	
Curlew Acquisition Costs Total		**0.0%**	**£472,580**				**£1,234**	**£472,580**

Site Assembly & VP		%	Cost	Start	Duration	End	£/bed	
Vacant Posession Costs	Yes		£2,509,969	01-Jan-25	62	28-Feb-30	£6,553	
Headlease Reneg + fees	No		£40,000	01-Jan-25	6	30-Jun-25	£104	
Site Assembly & VP Total			**£2,549,969**				**£6,658**	**£2,549,969**

Planning & Surveys		%	Cost	Start	Duration	End	£/bed	
Planning Fees	Yes	4.2%	£1,750,000	01-Apr-18	50	31-May-22	£4,569	
S106	Yes		£729,051	01-Mar-26	6	31-Aug-26	£1,904	
CIL	No		0.0%	01-Jun-24	22	31-Mar-26	--	
Guaranteed Offsite Payment for AH	No		--	01-Jun-24	1	30-Jun-24	--	
Planning & Surveys Total			**£2,479,051**				**£6,473**	**£2,479,051**

Construction Costs		%	Cost	Start	Duration	End	£/bed	
Construction Costs	Yes		£42,153,387	01-Aug-25	28	30-Nov-27	£110,061	
Construction Costs exc. Contingency			**£42,153,387**				**£110,061**	
Construction Contingency	No	2.0%	£843,068	01-Aug-25	28	30-Nov-27	£2,201	
Construction Costs Total			**£42,996,455**					**£42,996,455**

Design & Professional Fees		%	Cost	Start	Duration	End	£/bed	
Professional Fees	Yes	5.0%	£2,107,669	01-Apr-18	90	30-Sep-25	£5,503	
Design & Professional Fees Total			**£2,107,669**				**£5,503**	**£2,107,669**

Other Costs & Fees		%	Cost	Start	Duration	End	£/bed	
Other Costs & Fees Total			**£2,900,000**				**£7,572**	**£2,900,000**

Marketing & Mobilisation		%	Cost	Start	Duration	End	£/bed	
Mobilisation	Yes		£363,850	01-Jan-25	8	31-Aug-25	£950	
Eversfield - Fund Monitor	No		£85,000	01-Aug-25	28	30-Nov-27	£222	
Marketing & Mobilisation Total			**£448,850**				**£1,172**	**£448,850**

Contingencies		%	Cost	Start	Duration	End	£/bed	
Developer Contingency	No	3%	£1,366,589	01-Aug-24	1	31-Aug-24		
Contingencies Total			**£1,366,589**				--	**£1,366,589**

DM Fees & Finance Costs		%	Cost	Start	Duration	End	£/bed	
DM Fee		3.00%	£1,326,135	01-Jul-19	63	30-Sep-24	£3,462	
Development Finance Costs	Debit Rate	7.00%	£2,094,634	see calculation on Dev.Finance worksheet				
DM Fees & Finance Costs Total			**£3,420,770**				**£3,462**	**£3,420,770**

Total Development Costs	**£65,426,933**

Development Returns

Ungeared Project Performance	Affordable Housing % @ **20.00%** Exit Yield **5.25%**	Minimum required return	Variance
Developers Profit	**£7,607,067**	**£10,139,359**	**-£2,532,292**
Profit on Cost	**11.63%**	**15.50%**	**-3.87%**
Profit on GDV	**9.75%**	**13.00%**	**-3.25%**
Profit on NDV	**10.49%**	**13.88%**	**-3.39%**
Yield on Cost	**6.28%**	**6.28%**	**0.00%**

Harlequins, Exeter

Base Case IFVA

Residual Output

Development Appraisal

Timetable

	Start	Time (months)	End
Project Start & Workup (Months)	01-Jan-25	1	31-Jan-25
Pre - Construction (Months)	01-Feb-25	6	31-Jul-25
Construction Period (Months)	01-Aug-25	28	30-Nov-27
Post PC before start of Academic Year	01-Dec-27	0	31-Dec-27

Stabilised Valuation at Mobilisation

Sensitivity 100%

Total Development GDV		Beds	Gross Rent	Net Income	Stabilised NIY	GDV	Purchasers Costs	NDV
Co-living - Market Rents	80.16%	307	£4,215,609	£4,281,021	5.00%	£85,620,410	6.80%	£ 80,170,000
Affordable Cluster Units	5.48%	21	£189,567					
Affordable Studios	14.36%	55	£642,345					
Commercial			--	£45,600	8.00%	£570,000	6.80%	£ 534,000
Total		**383**	**£5,047,521**	**£4,326,621**		**£86,190,410**		**£ 80,704,000**

Pre-Development Income & Costs

Pre-Development Income	DM Payable?	Income	Start	Duration	End	£/pa	
Pre-Dev Rent 1	No	--	01-Jul-19	14	31-Aug-20	£800,000	
Pre-Dev Rent 2	No	--	01-Jul-19	1	31-Jul-19	--	
Pre-Development Income Total		--					--

Pre-Development Cost		Cost	Start	Duration	End	£/pa	
Pre-Dev Cost 1	No	--	01-Jul-19	1	31-Jul-19	--	
Pre-Dev Cost 2	No	--	01-Jul-19	1	31-Jul-19	--	
Pre-Development Cost Total		--					--

Development Costs

Land Value		%	Cost	Start	Duration	End	£/bed	
Existing Use Value	Acq. Costs	6.80%	£5,570,665	Retail Rents	£505,705 p.a.	@	8.50%	
Premium		20.0%	£1,114,133					
Benchmark Land Value (not purchase price)		**but say,**	**£6,685,000**				£17,454	**£6,685,000**

Curlew Acquisition Costs		%	Cost	Start	Duration	End	£/bed	
Acquisition Costs	No	6.8%	£454,580	01-Jan-25	1	31-Jan-25	£1,187	
Curlew Valuation	No		£18,000	01-Oct-19	1	31-Oct-19	£47	

Curlew Acquisition Costs Total		**0.0%**	**£472,580**				**£1,234**	**£472,580**
Site Assembly & VP		%	Cost	Start	Duration	End	£/bed	
Vacant Posession Costs	Yes		£2,509,969	01-Jan-25	62	28-Feb-30	£6,553	
Headlease Reneg + fees	No		£40,000	01-Jan-25	6	30-Jun-25	£104	
Site Assembly & VP Total			**£2,549,969**				**£6,658**	**£2,549,969**
Planning & Surveys		%	Cost	Start	Duration	End	£/bed	
Planning Fees	Yes	4.2%	£1,750,000	01-Apr-18	50	31-May-22	£4,569	
S106	Yes		£729,051	01-Mar-26	6	31-Aug-26	£1,904	
CIL	No		0.0%	01-Jun-24	22	31-Mar-26	--	
Guaranteed Offsite Payment for AH	No		--	01-Jun-24	1	30-Jun-24	--	
Planning & Surveys Total			**£2,479,051**				**£6,473**	**£2,479,051**
Construction Costs		%	Cost	Start	Duration	End	£/bed	
Construction Costs	Yes		£42,153,387	01-Aug-25	28	30-Nov-27	£110,061	
Construction Costs exc. Contingency			**£42,153,387**				**£110,061**	
Construction Contingency	No	2.0%	£843,068	01-Aug-25	28	30-Nov-27	£2,201	
Construction Costs Total			**£42,996,455**					**£42,996,455**
Design & Professional Fees		%	Cost	Start	Duration	End	£/bed	
Professional Fees	Yes	5.0%	£2,107,669	01-Apr-18	90	30-Sep-25	£5,503	
Design & Professional Fees Total			**£2,107,669**				**£5,503**	**£2,107,669**
Other Costs & Fees		%	Cost	Start	Duration	End	£/bed	
Other Costs & Fees Total			**£2,900,000**				**£7,572**	**£2,900,000**
Marketing & Mobilisation		%	Cost	Start	Duration	End	£/bed	
Mobilisation	Yes		£363,850	01-Jan-25	8	31-Aug-25	£950	
Eversfield - Fund Monitor	No		£85,000	01-Aug-25	28	30-Nov-27	£222	
Marketing & Mobilisation Total			**£448,850**				**£1,172**	**£448,850**
Contingencies		%	Cost	Start	Duration	End	£/bed	
Developer Contingency	No	3%	£1,366,589	01-Aug-24	1	31-Aug-24		
Contingencies Total			**£1,366,589**				--	**£1,366,589**
DM Fees & Finance Costs		%	Cost	Start	Duration	End	£/bed	
DM Fee		3.00%	£1,326,135	01-Jul-19	63	30-Sep-24	£3,462	
Development Finance Costs	Debit Rate	7.00%	£2,094,634	see calculation on Dev.Finance worksheet				
DM Fees & Finance Costs Total			**£3,420,770**				**£3,462**	**£3,420,770**
Total Development Costs								**£65,426,933**

Development Returns

Ungeared Project Performance	Affordable Housing % @	Minimum required return	Variance
	0.00%		
	Exit Yield		
	5.00%		
Developers Profit	£15,277,067	£11,204,753	£4,072,314
Profit on Cost	23.35%	17.13%	6.22%
Profit on GDV	17.72%	13.00%	4.72%
Profit on NDV	19.06%	13.88%	5.17%
Yield on Cost	6.61%	6.61%	0.00%

JLL SEE A BRIGHTER WAY