

**Financial Viability Statement**  
Melville Building, Plymouth

**Prepared on behalf of:**  
Urban Splash Plymouth Ltd

April 2019

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**Client**

Urban Splash Plymouth Limited

**Date**

April 2019

# 1. Introduction

## **Instruction**

- 1.1 Turley has been appointed by Urban Splash Plymouth Limited (hereafter 'the Applicant') to objectively assess, and report upon, the financial viability of a potential redevelopment scheme relating to existing premises known as the Melville Building, Royal William Yard, Plymouth, PL1 3RP ('the subject property'). The scheme under consideration provides hotel, restaurant, and office uses ('the potential development') and is in line with an extant planning permission (Ref: 16/01376/FUL).
- 1.2 The purpose of this assessment is to test the financial viability of the extant scheme, as referenced within informative note 7 of the extant planning permission, which states that viability will be a material consideration should any application be submitted for alternative uses for the hotel use and a variation submitted in respect of the planning condition which references the provision of hotel use within the scheme.
- 1.3 The applicant does not regard the extant scheme as viable for development, with an alternative scheme, excluding the hotel, to be proposed via an application to remove existing planning condition 22 and vary condition 32.

## **Context**

### **Subject property Location & Access**

- 1.4 The subject property is the centrepiece building within the Royal William Yard. The building formed the administrative headquarters of the Yard, containing offices and associated storage and distribution areas. A distinctive clock tower is located centrally on its northern facade. Constructed between 1826 and 1835, the Melville building is grade I listed and is currently on the English Heritage Buildings at Risk Register owing to lack of preservation and repair.
- 1.5 Royal William Yard, as a whole, falls within the Stonehouse conservation area and contains numerous listed buildings and structures, most of which are listed grade I as buildings of exceptional interest.
- 1.6 The subject property is surrounded on each side by service roads and faces Royal William Yard Marina to the north.
- 1.7 The Applicant has confirmed that the Melville Building was acquired, along with the other undeveloped buildings of the Royal William Yard, on a 999 year lease by Urban Splash in 2012.

## **Planning History and Status**

### **Recent Planning Activity**

- 1.8 According to available records, the Melville building site has been the subject of three full planning applications (with associated listed building consents), the details of which are listed below:

- 00/00206/FUL: the South West Regional Development Agency submitted a planning application for *“Change of use of the ground floor (south east wing) to form office/film archive areas.”* Planning permissions was granted conditionally in April 2000.
- 13/02320/FUL (13/02321/LBC): Another Place Developments Ltd submitted a planning application for the *“change of use and conversion of building to form a hotel with ancillary uses and associated works to building, courtyard and quarry.”* Planning permissions was granted conditionally in March 2014.
- 16/01376/FUL (16/01376/LBC): Urban Splash submitted this application for *“Change of use to hotel and flexible mixed use including shops (Class A1), restaurants & cafe (Class A3), office (Class B1), residential (Class C3), non-residential institutions (Class D1), assembly & leisure and courtyard events space (Class D2). Reconfigure Devil's Point car park & overflow parking in reservoir.”* Planning permission was granted conditionally, subject to a S106 agreement, in May 2017.

#### **Submitted Planning Application**

- 1.9 Planning application 16/01376/FUL, as above, is the subject of this viability assessment. The application has permission ‘granted conditionally’ on 9 May 2017 and remains valid for two years, expiring on 9 May 2019. We are informed that the planning permission has been implemented.

#### **Disclaimer**

- 1.10 This report does not constitute a valuation, and cannot be regarded, or relied upon as a valuation as it falls outside of the RICS Valuation – Professional Standards (the ‘Red Book’)<sup>1</sup>.
- 1.11 This report provides a guide for feasibility in line with the purpose for which the assessment is required, as stated within the RICS Financial Viability in Planning (2012) Guidance Note<sup>2</sup>.

#### **Date of Appraisal**

- 1.12 The date of appraisal is the stated date on the cover of this report. Subject to all site specific variables remaining constant and, in the absence of substantial market or planning policy changes, the inputs to and conclusions of this report remain valid for a period of three months following final publication. Following the passing of this period, or subject to changes in market conditions or planning policy, Turley reserves the right to review both inputs and conclusions.

#### **Document Structure**

- 1.13 The following viability assessment report is structured as follows:
- **Section 2:** presents the relevant planning policy context.

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<sup>1</sup> RICS (2017) RICS Valuation, Global Standards 2017

<sup>2</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

- **Section 3:** confirms the approach and methodology to this viability assessment together with a brief review of the relevant current guidance for undertaking viability assessments.
- **Section 4:** sets out a summary of the principal assumptions and evidence used within this financial viability assessment.
- **Section 5:** derives the benchmark land value (BLV) or 'Site Value'.
- **Section 6:** summarises the results of viability assessment.
- **Section 7:** sets out concluding recommendations to the applicant and Council in respect of the viability results generated by the consented scheme, including a hotel, in accordance with the National Planning Policy Framework (NPPF)<sup>3</sup> and national Planning Practice Guidance for Viability (PPGV)<sup>4</sup>.

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<sup>3</sup> MHCLG (2019) National Planning Policy Framework (NPPF)

<sup>4</sup> MHCLG (2018) National Planning Practice Guidance – Viability

## 2. Planning Policy Context

2.1 This section of the document presents the relevant national and local planning policy context to viability assessment in respect of the potential development of the site.

### **National Planning Policy Framework**

2.2 The National Planning Policy Framework (NPPF) presents the Government's planning policies for England and how these are expected to be applied.

2.3 Paragraph 2 of the NPPF states that planning law requires planning applications to be determined in accordance with the development plan unless material considerations indicate otherwise<sup>5</sup>. The NPPF, along with emerging plans, are material considerations that must be accorded weight within planning decision-making.

### **Sustainable Development**

2.4 The presumption in favour of sustainable development runs as a 'golden thread' through decision-making and plan-making as set out within paragraph 11. However, the presumption in favour will not apply where specific policies in the NPPF indicate that development should be restricted.

### **Deliverability & Viability**

2.5 The NPPF confirms that it is the applicant's responsibility to demonstrate whether the circumstances affecting the development justify the requirement for the submission of a viability assessment at the application stage.

2.6 The Local Planning Authority, as decision maker, must determine the weight to be given to the submitted viability assessment having regard to all the circumstances in the case including the following:

- whether the Plan and viability evidence underpinning it is up to date; and
- whether there have been any changes in site circumstances since the Plan was brought into force.

2.7 All viability assessments, including those undertaken at plan-making stage, should reflect the recommended approach in national planning guidance<sup>6</sup>.

### **Planning Practice Guidance for Viability (PPGV)**

2.8 The Government's national planning guidance for understanding viability in both plan making and decision taking is set out within national Planning Practice Guidance for Viability (PPGV)<sup>7</sup>.

2.9 Detailed guidance is provided with regard to viability assessment in decision-taking upon individual schemes at the application stage. Firstly, it is the responsibility of the

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<sup>5</sup> Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990

<sup>6</sup> MHCLG (2019) National Planning Policy Framework (NPPF)

<sup>7</sup> MHCLG (2018) Planning Practice Guidance: Viability

applicant to demonstrate the particular circumstances justifying the need for viability assessment. Whilst not stated as exhaustive, examples stated in PPGV are:

- where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan;
- where further information on infrastructure or site costs is required;
- where particular types of development are proposed which may significantly vary from standard models of development for sale (for example BTR or housing for older people); or
- where a recession or similar significant economic changes have occurred since the plan was brought into force.

2.10 Paragraph 20 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value ('BLV') including the landowner premium, developer's return and costs).

2.11 Paragraph 10 confirms the applicant's viability assessment must be based upon and refer back to the viability assessment that informed the plan, and transparently present evidence of any change in site circumstances since the plan was brought into force. It should reflect the Government's recommended approach to defining key inputs as set out in PPG.

### **Adopted Local Policy**

2.12 For the purposes of this assessment, the Local Plan relevant to the potential Development of the site comprises the currently adopted Plymouth Core Strategy (2007) (hereafter the 'PCS').

### **Area Visions and Strategies**

2.13 Section 5 of the PCS sets out the Council's 'Strategic Objective and Policies' for delivering regeneration and the preparation of a series of Area Action Plans for key areas of the city with the greatest development pressures or opportunity or sensitivity to changes.

2.14 The Royal William Yard is within the Area Action Plan for 'Area Vision 2 – Millbay and Stonehouse', a priority area within the city owing to its "*opportunity for change, city wide importance, or urgent need for regeneration.*" The PCS designates the Royal William Yard built area as a location for mixed use regeneration. The Council's objectives to deliver their vision for these areas are to capitalise on the historic assets (of the area) and provide a mix of uses, with employment opportunities and business opportunities, local services, quality private and affordable housing and attractive places to socialise.

### **Community Infrastructure Levy (CIL)**

- 2.15 The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008 and is legislated by the CIL Regulations 2010 (as amended). Local authorities in England and Wales can elect to charge CIL on new development to assist in funding infrastructure associated with planned growth.
- 2.16 PCC CIL was formally adopted in 2013 and is applicable to all relevant developments that received planning permission on or after this date. The 'relevant' development types to which CIL is applicable are: residential; purpose built student accommodation; and superstores/supermarkets (and extensions) of 1000m<sup>2</sup> gross internal floor area or more.
- 2.17 Therefore, based upon the assessed uses for the redevelopment of the subject, CIL is not applicable to this viability assessment.

### **Emerging Development Plan**

- 2.18 PCC has allied with South Hams District Council and West Devon Borough Council to create a joint 'Plymouth and South West Devon Joint Local Plan' (hereafter 'JLP'), which was submitted to the Planning Inspectorate for independent examination on 31 July 2017. The JLP was adopted by the Council on 26 March 2019.
- 2.19 Upon adoption, the JLP will replace all previous development plans for each local authority, incorporating the existing policies in the PCS, and set their direction for the coming 20 years.
- 2.20 The Royal William Yard is referenced within the JLP in respect of its beneficial impact on Plymouth's waterfront, the visitor economy, cultural facilities and historic environment.
- 2.21 Policy PLY21, 'supporting the visitor economy', states support for proposals which protect and deliver growth in the visitor economy and core tourism areas, which includes the Royal William Yard. The policy specifically supports strategic opportunities for high quality hotels, particularly on sites which reinforce Plymouth's unique assets (waterfront, heritage and culture). Furthermore, the policy promotes other proposals which enhance Plymouth as a destination for all seasons, including effective use of the waterfront (and City Centre) for events, and those which support business tourism and tourist related business development.



## 3. Approach & Methodology

### The Role of Viability Assessment in Planning

- 3.1 This chapter provides the approach and methodology to this viability assessment set within the context of the legislative planning framework and recognised national practice guidance for undertaking viability assessments.

#### RICS Financial Viability in Planning Guidance Note (GN 94/2012)

- 3.2 The RICS Financial Viability in Planning (2012) Guidance Note<sup>8</sup> (hereafter ‘the Guidance’) is grounded in the statutory and regulatory planning regime. It provides a definitive and objective methodological framework for the preparation of scheme specific viability assessments for planning purposes, which concords with national best practice.

- 3.3 It defines financial viability for planning purposes as:

*‘An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project.’<sup>9</sup>*

- 3.4 The Guidance supports the use of the residual appraisal methodology where either the level of return or residual Land Value (RLV) can be an input, and the consequential output (either a residual land value or return respectively) can be compared to a benchmark ‘Site Value’ to assess the implications on viability.

- 3.5 Importantly, the Guidance defines Site Value, either input into a scheme specific viability assessment or as a benchmark, as follows:

*‘Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.’<sup>10</sup>*

- 3.6 The fundamental objective, therefore, is to ensure an efficient use of the site (land) and a fair return for the landowner and/or developer (risk adjusted) with reasonable planning obligations that can be realised through the efficient use of the land.

#### National Planning Practice Guidance for Viability (PPGV)

- 3.7 PPGV sets out the Government’s recommended approach and confirms the principles for conducting viability assessment as follows:

*‘Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of*

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<sup>8</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

<sup>9</sup> Ibid, p.4

<sup>10</sup> Ibid, p.4

*developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return’.*<sup>11</sup>

- 3.8 PPGV defines Site Value as the ‘benchmark land value’ (BLV), which should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. This approach is referred to as the ‘existing use value plus’ (EUV+). PPG confirms that the premium (i.e. ‘plus’) should:

*‘...reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements’.*<sup>12</sup>

### **Procedural Requirements**

- 3.9 The RICS Guidance recommends that practitioners are reasonable and transparent in both undertaking and reviewing FVAs. It specifically states at G5 on p.50:

*‘Where possible, differences of opinion should be resolved between consultants acting for the applicant and the council. Once the financial position has been established and agreed between consultants, this does not preclude further negotiation between the council and the applicant having regard to all material planning considerations.’*

- 3.10 Paragraph 4.5.2 on page 25 of the RICS Guidance states the following:

*‘Many local authorities will require, in respect of individual developments, an impartial and objective review of the viability assessment submitted as part of a planning application. These should be prepared by suitably qualified practitioners as set out in 4.2. It is recommended that once these reports have been prepared, the applicant is provided with a copy (in draft and final forms) to enable responses, if any, to be made to either the LPA or directly to the consultant undertaking the independent review’.*

- 3.11 This is reinforced by paragraph 4.5.3 on page 25, which states:

*‘Practitioners should be reasonable, transparent and fair in objectively undertaking or reviewing financial viability assessments. Where possible, practitioners should seek to resolve differences of opinion’.*

- 3.12 It is expected that the Council and any appointed reviewing practitioners will act to follow best practice, which is reflective of the transparent process of dialogue advocated by the RICS Guidance.

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<sup>11</sup> MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 010

<sup>12</sup> MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 013

## Methodology

- 3.13 In order to determine the viability of the potential development of the subject property, a residual valuation model with cash flow has been prepared using proprietary software Argus Developer.
- 3.14 The methodology for undertaking this viability assessment follows the residual appraisal method, which is that accepted by the RICS and recommended within RICS Professional Guidance<sup>13</sup>. The methodology is also consistent with the Government's recommended approach as set out in PPGV<sup>14</sup>.
- 3.15 The assessment calculates the cost to acquire, construct, and deliver the capital costs of the development scheme, which is set against the value of the development on the assumption it is completed in the current market.
- 3.16 This method is an industry standard approach for developers in calculating an appropriate bid to acquire land and premises for development. The residual land value (RLV) represents the sum available following the deduction of all costs, including allowance for developer's profit, from the net achievable revenue which can be derived from the potential scheme.
- 3.17 By definition, the RLV is the sum of money available to the developer to bid to buy the site / land. The methodology is expressed as follows:

$$\text{NAV} - (\text{TDC} + \text{P}) = \text{Residual Land Value (RLV)}$$

Where:

NAV = Net Achievable Value

TDC = Total Development Cost

P = Developers Profit (at a risk / market adjusted rate)

### Benchmark Land Value (BLV)

- 3.18 As set out above, both the Government's National Planning Guidance for Viability (PPGV) and RICS Guidance set out a requirement for viability assessment to compare the RLV of the potential development, as derived through the viability assessment, with the BLV (i.e. minimum return at which it is considered a reasonable landowner would be willing to sell their land) in order to determine whether the potential development is viable or unviable.

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<sup>13</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

<sup>14</sup> MHCLG (2018) National Planning Practice Guidance – Viability

## 4. Viability Assessment Assumptions

- 4.1 This section presents the principal assumptions used in the viability assessment. As recommended by the Guidance<sup>15</sup>, in undertaking a scheme specific viability assessment, the approach taken is to reflect industry benchmarks having regard to the specific circumstances of the potential development.

### Development Outputs

#### Potential Development

- 4.2 Gillespie Yunnie Architects ('GYA') have provided plans in respect of the scheme which was granted planning permission in 2016 (16/1376/LBC). The plans are attached at **Appendix 1** and set out potential uses comprising restaurants to the whole ground floor area except for a hotel reception area and office access, with hotel use across first and second floors of the western section of the building and office use across first and second floors of the eastern section of the building. Restaurant uses are set out over 10 units, the hotel provides 90 beds, and office uses are set out over 17 units.

#### Accommodation Schedule

- 4.3 GYA have provided an accommodation schedule, as attached at **Appendix 2** and as summarised in Table 4.1:

**Table 4.1: Melville Building Potential Development: Summary Accommodation Schedule**

Use	Floor	Beds	Sq m	Sq ft
Waterfront Restaurant	Ground		732	7,878
Restaurant	Ground		1,712	18,427
<b>Restaurant Total</b>			<b>2,444</b>	<b>26,305</b>
Hotel	Ground	0	116	1,249
Hotel	First	46	1,576	16,964
Hotel	Second	44	1,580	17,007
<b>Hotel Total</b>			<b>3,272</b>	<b>35,220</b>
Offices	Ground		75	808
Offices	First		1,254	13,497
Offices	Second		1,384	14,896
<b>Offices Total</b>			<b>2,713</b>	<b>29,201</b>
<b>Scheme Total</b>			<b>8,429</b>	<b>90,726</b>

Source: Gillespie Yunnie Architects, Accommodation Schedule

<sup>15</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

## Development Value

- 4.4 Lambert Smith Hampton (“LSH”) has provided advice in respect of the achievable rentals and investment yields that can be generated by the proposed uses.
- 4.5 Agents within LSH are well placed to provide advice in respect of Royal William Yard, having dealt with all commercial lettings to date within this historic location, and having experience of providing agency advice on a local and national basis in respect of each of the assessed uses.
- 4.6 In respect of restaurants, LSH has confirmed that the food and beverage (“F&B”) market is in a period of difficulty, with a number of high profile business closures. Plymouth has a number of current schemes providing elements of F&B uses, and demand for occupiers will be high.
- 4.7 Demand for water fronting units at the subject property is anticipated to be highest, with premium rents achievable and good quality F&B businesses are anticipated to occupy the three water fronting units. The remaining seven units do not have water frontages, and while creating providing generous units are likely to generate interest at reduced rental levels.
- 4.8 The subject property is regarded as offering a positive opportunity to create a new F&B hub, however the letting period to achieve full occupation is expected to take longer given current conditions in the F+B market.
- 4.9 In respect of the hotel offer, the location of the property is assessed as being inappropriate for a limited service/budget hotel brand, as they will seek opportunities with good access to public transport as a priority. The subject property is assessed as more appropriate for a boutique hotel operator.
- 4.10 The rental level achievable from a boutique operator will be higher than that from a budget hotel, but the investment sale yield will capitalise the investment at a lower rate due to the reduced level of covenant strength.
- 4.11 It is assessed that the office accommodation will be well received within the market, offering characterful units which have potential to appeal to local and national occupiers.
- 4.12 It is proposed that, for all uses, the building will be offered as a shell and care offer, with full internal fit out required by the occupiers.
- 4.13 It is anticipated that potential occupiers will demand a rent free period as an allowance towards the cost of the internal fit out. For simplicity and to improve the viability of the proposed scheme, a minimal 12 month rent free period has been adopted within the viability appraisals that are attached at **Appendix 3** (excel) **Appendix 4** (Argus), and an average 12 month void period is modelled within the cashflow attached at **Appendix 5**. In reality, the void and incentives are likely to be greater.
- 4.14 In summary, the advice received from LSH has generated rentals, gross investment yields and investment values as set in the schedule attached at **Appendix 6**.

## Development Costs

### Construction Costs

- 4.15 The Applicant instructed Ward Williams Associates ('WWA') to prepare a [construction] Cost Estimate for the potential development. The construction costs relate to the refurbishment and conversion of the Grade I listed building into a building capable of housing the three proposal uses, with the commercial accommodation provided to a shell and core finish.
- 4.16 The Cost Estimate provides a total development cost of £14,877,000 including costs of construction, preliminaries, design and build allowance, but **excluding hotel fit-out costs**, which are provided for information.
- 4.17 The Cost Estimate provided is dated Q1 2019. A copy of the document is provided in **Appendix 7** and the Cost Estimate has been adopted within the viability appraisals attached at **Appendix 3 and 4**.

### Other Development Costs

- 4.18 Other development costs are summarised in Table 4.3.

**Table 4.2: Other Development Costs**

Cost Heading	Rate	Commentary
Developer's Contingency	0%	Developer's contingency is regarded as valid cost, but has been excluded on this occasion. Contractor's Cost and Design Development Contingency are included in the WWA Cost Estimate, as attached at <b>Appendix 7</b> .
Professional Fees and Insurances	10%	At the low end of anticipated fees for a scheme of the type proposed, considering its Grade I listed status.
CIL	Nil	The proposed uses generate a nil CIL charge
Marketing	Nil	Marketing has been assumed to be included within the agent's fees, but it is likely that a significant specific allowance will be required.
Commercial Letting Agency Fee	10%	of annual rental
Commercial Letting Legal Fee	5%	of annual rental
Commercial Inv. Agency Fee	0.75%	of gross investment value
Commercial Inv. Legal Fee	0.25%	of gross investment value

Cost Heading	Rate	Commentary
Purchaser's costs	5.75%	Standard fees relating to stamp duty, agent's fee and legal fee
Finance	6.5%	Total blended cost of capital for financing the potential development via the market, which takes into account arrangement, monitoring and related fees/credits.
Developer's Return	20%	Total blended target return for risk of 20% on total scheme cost, in line with market requirements.
Land sale fees	Nil	The appraisal produces a negative residual land value, therefore, fees are assumed not to apply. However, in reality, conveyancing fees will have been incurred upon site purchase by the applicant.

*Source: Turley; the Applicant*

### **Development, Marketing & Sales Programme**

- 4.19 In line with advice from WWA, Turley has adopted a development period which includes a three month tender/site preparation period followed by a 24 month construction/redevelopment period, after which all units will be available for occupation on a shell and core basis. A 12 month void/rent free period is adopted within the cashflow.
- 4.20 The Development cash flow is attached at **Appendix 5**.

## 5. Site Value (or ‘Benchmark Land Value’)

- 5.1 Establishing the minimum level of financial return at which a reasonable landowner would be willing to release their land for development represents a critical component of a viability assessment. It will generally represent a premium over the existing use value (EUUV) and a reasonable incentive, in comparison with other options available, for the landowner to sell land for development, whilst allowing a sufficient contribution to comply with policy requirements.
- 5.2 The subject property has been in the ownership of Urban Splash for a number of years, forming part of its acquisition of the long leasehold of the property in 2012. The property is treated as having been purchased, effectively, at a nominal value in recognition of the anticipated costs to be incurred in bringing the existing listed building back into use.
- 5.3 Whilst unusual, in order to appropriately reflect this, Turley has applied a nominal £1 fixed land value within the viability appraisal. Any surplus residual land value (in excess of the nominal £1) is regarded as the indicator of viability.
- 5.4 Hence, if the residual land value generated by the potential development is positive, then it is to be regarded as viable with any surplus directed towards planning obligations (up to the relevant maxima dictated by policy and legislation).



## 6. Appraisal Results

6.1 This chapter presents the results of the assessment of financial viability arising from the potential redevelopment of the subject property.

### Viability Appraisal

6.2 A viability appraisal has been undertaken for the potential development of the subject property, which constitutes the creation of 10 restaurant/café units, a 90 bed boutique hotel and 17 office units within the Grade I listed Melville building, which is the former administrative headquarters of Royal William Yard and is regarded as an important and exciting opportunity to increase the commercial offer within the Yard, and Plymouth City Centre.

6.3 In order for the scheme to come forward, it is essential that the proposed uses are the most attractive to potential occupiers, generating the greatest levels of rental and investment value.

6.4 An unviable scheme will require external grant funding to enable the re-use of the important Grade I listed building and it is regarded as prudent and essential to ensure that the scheme is delivered with the lowest level of external funding.

6.5 A viability appraisal has been undertaken to assess the scheme that is generated by the extant planning permission, adopting rental and investment yields in line with advice received from Lambert Smith Hampton who are experienced in dealing with ongoing instructions within Royal William Yard, Plymouth City Centre and the wider regions. Construction costs accord with a Cost Estimate provided by Ward Williams Associates (WWA) Property and Construction Consultants.

6.6 The development appraisals attached at **Appendix 3 and 4** include a nominal fixed landowner's benchmark land value of £1.

6.7 The supporting Argus cashflow is attached at **Appendix 5**.

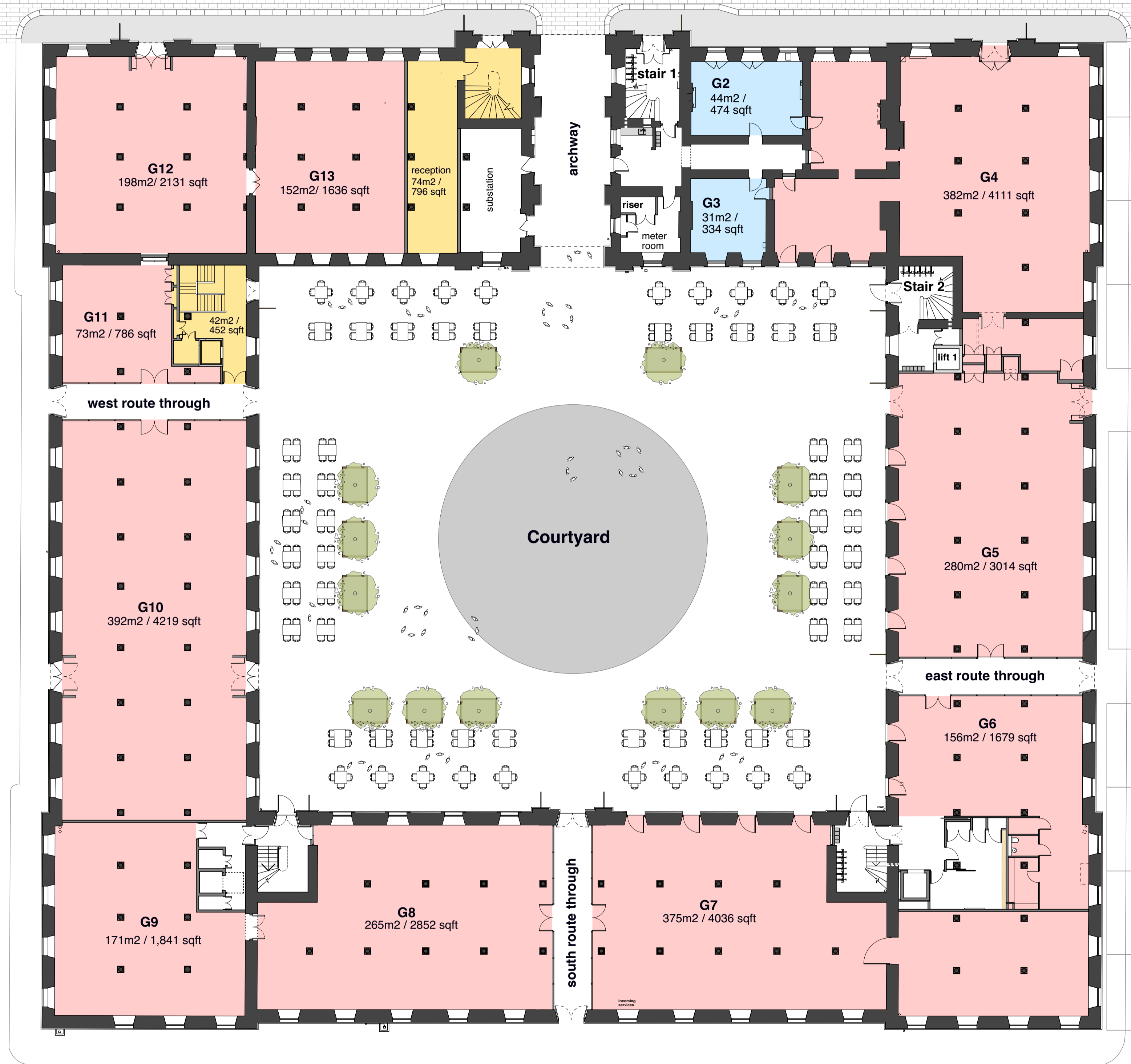
6.8 The appraisal applies a fixed land value of £1 and then generates a negative residual land value of circa -£6,440,000 when profit is applied at 20% of total costs. The negative residual land value sets out the viability gap that is generated by the assessed scheme, which includes a hotel.

## 7. Conclusions

- 7.1 Turley has been appointed by Urban Splash Plymouth Limited to objectively assess, and report upon, the financial viability of the potential redevelopment of the existing structures/premises constituting the Melville Building, Royal William Yard, Plymouth, PL1 3RP in line with the extant planning permission (Ref: 16/01376/FUL) to create a hotel-led mixed-use scheme ('the potential development').
- 7.2 The purpose of this assessment is to test the financial viability of the potential development of the subject property, taking into account the policy requirements set by Plymouth City Council ('PCC') as well as national planning policy and guidance, to demonstrate that the extant planning permission is not financially viable for development.
- 7.3 The viability assessment has been completed in accordance with expert advice in respect of sales values and construction costs, with other appraisal assumptions reflecting widely accepted current market expectations and reflecting the grade 1 listed nature of the subject property.
- 7.4 The results of viability assessment, summarised in section 6 (and confirmed within the appraisals attached at **Appendices 3 and 4**), demonstrate that the costs to be incurred in the restoration and conversion of Grade I listed Melville building are significantly in excess of the value that would be generated by the potential development upon completion.
- 7.5 This suggests that the Applicant will require considerable levels of external funding support to ensure that the potential development could be delivered, whilst ensuring that the developer is appropriately and reasonably rewarded for risk by way of a market facing profit level.
- 7.6 The Melville Building has been marketed for hotel use for many years, and it has become clear that the costs of converting and fitting out the grade I listed building are prohibitive either for a hotel operator to develop the hotel, or for Urban Splash to fit out the property and lease to an operator
- 7.7 One boutique hotel occupier expressed interest at the rental level adopted within the attached appraisal but, following detailed analysis of the proposition, the operator determined that the potential returns from the scheme were insufficient given the costs to convert the building into hotel use following completion of shell works. Therefore, whilst a hotel investment and yield have been adopted within the submitted appraisal, this value is regarded as somewhat hypothetical.
- 7.8 The appraisal generates a negative residual value of circa -£6,440,000, which clearly indicates the unviable position of the extant scheme and the value applied to the hotel use is regarded as highly speculative due to the lack of interest received for hotel use to date.

- 7.9 It is regarded as essential in the current economic climate that the hotel planning restriction use is removed from the permission to allow the applicant to bring forward viable pre-lets in the form of restaurant, cinema and office use.

## **Appendix 1: GYA Layout Plans**

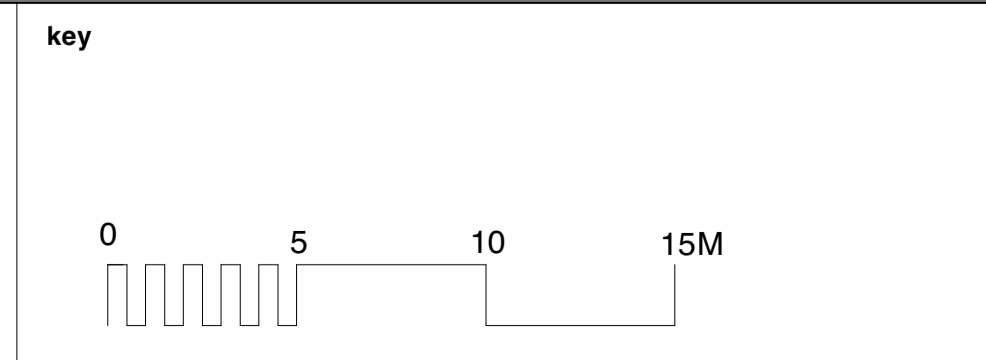


**KEY**

- Hotel 1533m2 / 16,500 sqft 15 bedrooms
- Office
- Restaurant / Retail

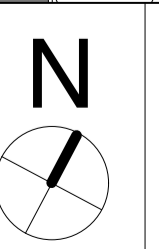
**general**

- all drawings are copyright
- do not scale drawing
- report all discrepancies to project administrator
- all dimensions to be checked on site



**notes**

# ground floor plan



**rev**

A	11.03.18	Issued to Client
B	12.03.18	Issued to Client
C	21.03.18	Issued to Client
D	22.03.18	Issued to Client
E	22.03.18	Issued to Client

project: <b>Melville, Royal William Yard</b>	date: March 2019	scale: 1:200@A1 1:400@A3	draw: cb
drawing title: <b>Proposed Ground Floor Plan</b>	job no: <b>1103</b>	drawing no: <b>SK-500</b>	rev: <b>E</b>

gillespie yunnie architects

Lower Tweed Mill Shimmers Bridge Dartington Devon TQ9 6JB t 01803 860010 f 01803 864929 e info@gyarchitects.co.uk

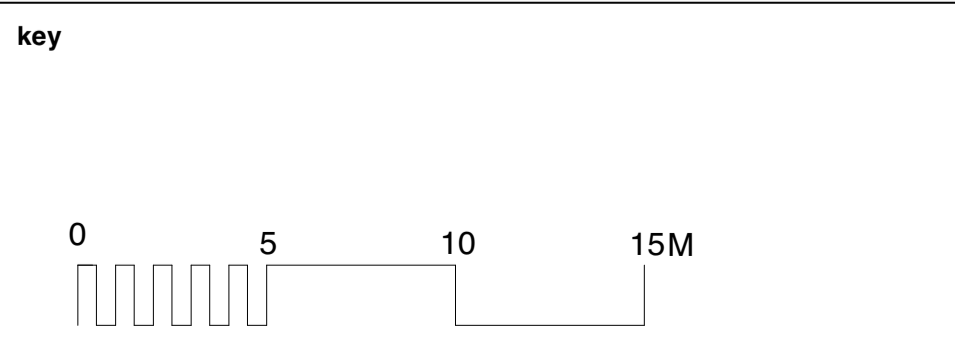


**KEY**

	Hotel	1576m <sup>2</sup> / 16,864 sqft	46 bedrooms
	Office		

**general**

- all drawings are copyright
- do not scale drawing
- report all discrepancies to project administrator
- all dimensions to be checked on site



**notes**

# first floor plan

<b>N</b> 	<b>rev</b>	A 11.03.19	Issued to Client
	B 12.03.19	Issued to Client	

<small>project:</small> <b>Melville, Royal William Yard</b>	<small>date:</small> March 2019	<small>scale:</small> 1:200@A1 1:400@A3	<small>drawn:</small> cb
<small>drawing title:</small> Proposed First Floor Plan	<small>job no:</small> <b>1103</b>	<small>drawing no:</small> <b>SK-501</b>	<small>rev:</small> <b>B</b>
<b>gillespie yunnie architects</b>			
<small>Lower Tweed Mill Shimmers Bridge Dartington Devon TQ9 6JB t 01803 860010 f 01803 864929 e info@gyarchitects.co.uk</small>			



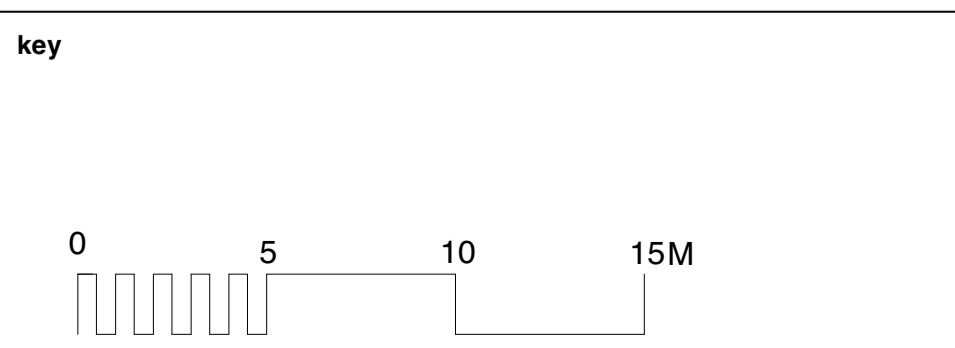


**KEY**

- Hotel      1580m<sup>2</sup> / 17,007 sqft      44 bedrooms
- Office

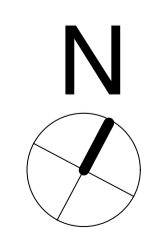
**general**

- all drawings are copyright
- do not scale drawing
- report all discrepancies to project administrator
- all dimensions to be checked on site



**notes**

# second floor plan



rev	date	description
A	11.03.19	Issued to Client
B	12.03.19	Issued to Client

project: <b>Melville, Royal William Yard</b>	date: November 2018	scale: 1:200@A1 1:400@A3	drawn: cb
drawing title: Proposed Second Floor Plan	job no: <b>1103</b>	drawing no: <b>SK-502</b>	rev: <b>B</b>
<b>gillespie yunnie architects</b>			
Lower Tweed Mill Shiners Bridge Dartington Devon TQ9 6JB t 01803 860010 f 01803 864929 e info@gyarchitects.co.uk			

## **Appendix 2: GYA Accommodation Schedule**



Melville Areas Schedule - Section 73 Application

Issued

- A 11.03.19
- B 12.03.19
- C 21.03.19
- D 22.03.19
- E 22.03.19

**Ground Floor**

net lettable area of ground floor units

Unit	Square m	Square ft	No. Bedrooms
G1 (meter room)	0	0	
G2	44	474	
G3	31	334	
G4	382	4111	
G5	280	3014	
G6	156	1679	
G7	375	4036	
G8	265	2852	
G9	171	1841	
G10	392	4219	
G11	73	786	
G12	198	2131	
G13	152	1636	
<b>Hotel</b>	<b>116</b>	<b>1249</b>	<b>0</b>
<b>NIA of GF</b>	<b>2635</b>	<b>28362</b>	

<b>GIA of GF</b>	<b>3110</b>	<b>33476</b>
------------------	-------------	--------------

**First Floor**

net lettable area of first floor units

Unit	Square m	Square ft	No. Bedrooms
F1	14	150	
F2	44	474	
F3	30	323	
F4	43	463	
F5	43	463	
F6	240	2583	
F7	215	2314	
F8	219	2357	
F9	180	1937	
F10	226	2433	
<b>Hotel</b>	<b>1576</b>	<b>16964</b>	<b>46</b>
<b>NIA of FF</b>	<b>2830</b>	<b>30461</b>	

<b>GIA of FF</b>	<b>3107</b>	<b>33443</b>
------------------	-------------	--------------

**Second Floor**

net lettable area of second floor units

Unit	Square m	Square ft	No. Bedrooms
S1	325	3498	
S2	231	2486	
S3	215	2314	
S4	354	3810	
S5	259	2788	
<b>Hotel</b>	<b>1580</b>	<b>17007</b>	<b>44</b>
<b>NIA of SF</b>	<b>2964</b>	<b>31903</b>	

<b>GIA of SF</b>	<b>3216</b>	<b>34617</b>
------------------	-------------	--------------

**Totals**

	Square m	Square ft	No. Bedrooms
Total NIA	8429	90726	90

Total GIA	9433	101536
-----------	------	--------

## **Appendix 3: Excel Appraisal**

<b>Revenue</b>				
<b>Commercial Income</b>				
	<b>Units</b>	<b>Total area (sq ft)</b>	<b>Rent (£/sq ft p.a.)</b>	<b>Total Rent (£ p.a.)</b>
<b>Waterfront Restaurant Unit Rental Income (ERV)</b>	3	7,878	24.00	189,072
Waterfront Restaurant Unit Investment Yield				7%
Waterfront Restaurant Unit Gross Investment Value				2,701,029
Less average rent free period/incentive of 12 months			PV 1 year @ 7%	176,702
Net Capitalised Waterfront Restaurant Investment Value				2,524,326
<b>Restaurant Unit Rental Income (ERV)</b>	7	18,427	15.00	276,405
Restaurant Unit Investment Yield				8%
Restaurant Gross Investment Value				3,455,063
Less average rent free period/incentive of 12 months			PV 1 year @ 8%	255,930
Net Capitalised Restaurant Investment Value				3,199,132
<b>Hotel Rental Income (ERV)</b>	1	35,220	12.80	450,816
Hotel Investment Yield				8%
Hotel Gross Investment Value				5,635,200
Less average rent free period/incentive of 12 months			PV 1 year @ 8%	417,422
Net Capitalised Hotel Investment Value				5,217,778
<b>Office Rental Income (ERV)</b>	17	29,201	14.40	420,478
Office Investment Yield				7.5%
Office Gross Investment Value				5,606,373
Less average rent free period/incentive of 12 months			PV 1 year @ 7.5%	391,142
Net Capitalised Office Investment Value				5,215,231
Total Capitalised Restaurant, Hotel and Office Investment Value				16,156,467
Less purchaser's costs (SDLT + 1% agent's fee and 0.5% legal fees)				1,039,670
<b>Total Net Capitalised Restaurant, Hotel and Office Investment Value</b>				<b>15,116,797</b>
<b>Construction Costs</b>				
Commercial construction costs in line with WWA Cost Estimate Q1 2019				<b>Gross Cost</b> 14,877,249
<b>Less Other Construction Costs</b>				<b>14,877,249</b>
Professional fees	10% of Cost Estimate total			1,487,725
Restaurant, Hotel & Office Unit Letting Agent	15% of Estimated Rental Value (ERV)			200,516
Restaurant, Hotel & Office Unit Letting Legal Fee	5% of Estimated Rental Value (ERV)			66,839
Restaurant, Hotel & Office Unit Investment Sale Agent Fee	0.75%			113,376
Restaurant, Hotel & Office Unit Investment Sale Legal Fee	0.5%			75,584
Finance	6.5%			2,216,249
Developer's Profit	20.0% of total cost			2,519,467
Benchmark Land Value				1
Total Other Construction Costs				<b>6,679,756</b>
				<b>Total Costs</b> 21,557,005
				<b>Viability Deficit -</b> 6,440,208

## **Appendix 4: Argus Appraisal**

Melville Building  
Plymouth

Development Appraisal  
Prepared by SCS  
Turley  
17 April 2019

**Melville Building  
Plymouth**

**Appraisal Summary for Phase 1 Melville**

Currency in £

**REVENUE**

**Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>
Waterfront Restaurant	3	7,878	24.00	63,024	189,072	189,072
Restaurant	7	18,427	15.00	39,486	276,405	276,405
Hotel	1	35,220	12.80	450,816	450,816	450,816
Office	<u>17</u>	<u>29,201</u>	<u>14.40</u>	<u>24,734</u>	<u>420,478</u>	<u>420,478</u>
<b>Totals</b>	<b>28</b>	<b>90,726</b>			<b>1,336,771</b>	<b>1,336,771</b>

**Investment Valuation**

**Waterfront Restaurant**

Market Rent	189,072	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	2,524,326

**Restaurant**

Market Rent	276,405	YP @	8.0000%	12.5000	
(1yr Rent Free)		PV 1yr @	8.0000%	0.9259	3,199,132

**Hotel**

Market Rent	450,816	YP @	8.0000%	12.5000	
(1yr Rent Free)		PV 1yr @	8.0000%	0.9259	5,217,778

**Office**

Market Rent	420,478	YP @	7.5000%	13.3333	
(1yr Rent Free)		PV 1yr @	7.5000%	0.9302	5,215,231

**Total Investment Valuation**

**16,156,466**

**GROSS DEVELOPMENT VALUE**

**16,156,466**

Purchaser's Costs			(1,039,669)	
Effective Purchaser's Costs Rate	6.43%		(1,039,669)	

**NET DEVELOPMENT VALUE**

**15,116,798**

**NET REALISATION**

**15,116,798**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price	1			
Fixed Price			1	
Residualised Price (Negative land)			(6,440,208)	(6,440,207)

**CONSTRUCTION COSTS**

**Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Waterfront Restaurant	7,878	163.98	1,291,834	
Restaurant	18,427	163.98	3,021,659	
Hotel	35,220	163.98	5,775,376	
Office	<u>29,201</u>	<u>163.98</u>	<u>4,788,380</u>	
<b>Totals</b>	<b>90,726 ft<sup>2</sup></b>		<b>14,877,249</b>	<b>14,877,249</b>

**PROFESSIONAL FEES**

Architect	10.00%	1,487,725
-----------	--------	-----------

**Melville Building  
Plymouth**

1,487,725

**MARKETING & LETTING**

Letting Agent Fee	15.00%	200,516	
Letting Legal Fee	5.00%	66,839	
			267,354

**DISPOSAL FEES**

Restaurant/Hotel/Off Inv Sale Fee	0.75%	113,376	
Rest/Hotel/Off Inv Sale Legal Fee	0.50%	75,584	
			188,960

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Construction		1,055,946	
Letting		1,160,303	
Total Finance Cost			2,216,249

**TOTAL COSTS**

**12,597,331**

**PROFIT**

**2,519,467**

**Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.59%
Profit on NDV%	16.67%
Development Yield% (on Rent)	10.61%
Equivalent Yield% (Nominal)	7.68%
Equivalent Yield% (True)	8.07%

IRR N/A

Rent Cover 1 yr 11 mths  
Profit Erosion (finance rate 6.500) 2 yrs 10 mths

## Appendix 5: Argus Cashflow



Melville Building  
Plymouth

Development Appraisal  
Prepared by SCS  
Turley  
17 April 2019

**Melville Building  
Plymouth**

**Detailed Cash flow Phase 1 (Melville)**

Monthly B/F	001:Mar 2019	002:Apr 2019	003:May 2019	004:Jun 2019	005:Jul 2019
	0	6,440,207	6,440,207	6,440,207	6,440,207
<b>Revenue</b>					
Cap - Waterfront Restaurant	0	0	0	0	0
Cap - Restaurant	0	0	0	0	0
Cap - Office	0	0	0	0	0
Cap - Hotel	0	0	0	0	0
<b>Disposal Costs</b>					
Restaurant/Hotel/Off Inv Sale Fee	0	0	0	0	0
Rest/Hotel/Off Inv Sale Legal Fee	0	0	0	0	0
Purchaser's Costs	0	0	0	0	0
<b>Unit Information</b>					
<b>Acquisition Costs</b>					
Residualised Price	6,440,208	0	0	0	0
Fixed Price	(1)	0	0	0	0
<b>Construction Costs</b>					
Con. - Waterfront Restaurant	0	0	0	0	(53,826)
Con. - Restaurant	0	0	0	0	(125,902)
Con. - Office	0	0	0	0	(199,516)
Con. - Hotel	0	0	0	0	(240,641)
<b>Professional Fees</b>					
Architect	0	0	0	0	(61,989)
<b>Marketing/Letting</b>					
Letting Legal Fee	0	0	0	0	0
Letting Agent Fee	0	0	0	0	0
<b>Net Cash Flow Before Finance</b>	<b>6,440,207</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(681,874)</b>
Debit Rate 6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	0	0	0	0
<b>Net Cash Flow After Finance</b>	<b>6,440,207</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(681,874)</b>
Cumulative Net Cash Flow Monthly	6,440,207	6,440,207	6,440,207	6,440,207	5,758,333

**Melville Building  
Plymouth**

**Detailed Cash flow Phase 1 (Melville)**

006:Aug 2019	007:Sep 2019	008:Oct 2019	009:Nov 2019	010:Dec 2019	011:Jan 2020	012:Feb 2020
5,758,333	5,072,766	4,383,485	3,690,510	2,993,843	2,293,301	1,589,066
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(53,826)	(53,826)	(53,826)	(53,826)	(53,826)	(53,826)	(53,826)
(125,902)	(125,902)	(125,902)	(125,902)	(125,902)	(125,902)	(125,902)
(199,516)	(199,516)	(199,516)	(199,516)	(199,516)	(199,516)	(199,516)
(240,641)	(240,641)	(240,641)	(240,641)	(240,641)	(240,641)	(240,641)
(61,989)	(61,989)	(61,989)	(61,989)	(61,989)	(61,989)	(61,989)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>
6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(3,693)	(7,407)	(11,100)	(14,794)	(18,668)	(22,361)	(26,055)
<b>(685,567)</b>	<b>(689,281)</b>	<b>(692,974)</b>	<b>(696,668)</b>	<b>(700,542)</b>	<b>(704,235)</b>	<b>(707,929)</b>
5,072,766	4,383,485	3,690,510	2,993,843	2,293,301	1,589,066	881,137

**Melville Building  
Plymouth**

**Detailed Cash flow Phase 1 (Melville)**

013:Mar 2020	014:Apr 2020	015:May 2020	016:Jun 2020	017:Jul 2020	018:Aug 2020	019:Sep 2020
881,137	169,151	(546,528)	(1,265,900)	(1,989,516)	(2,716,824)	(3,447,827)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(53,826)	(53,826)	(53,826)	(53,826)	(53,826)	(53,826)	(53,826)
(125,902)	(125,902)	(125,902)	(125,902)	(125,902)	(125,902)	(125,902)
(199,516)	(199,516)	(199,516)	(199,516)	(199,516)	(199,516)	(199,516)
(240,641)	(240,641)	(240,641)	(240,641)	(240,641)	(240,641)	(240,641)
(61,989)	(61,989)	(61,989)	(61,989)	(61,989)	(61,989)	(61,989)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>	<b>(681,874)</b>
6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(30,112)	(33,805)	(37,499)	(41,741)	(45,435)	(49,128)	(53,560)
<b>(711,986)</b>	<b>(715,679)</b>	<b>(719,373)</b>	<b>(723,615)</b>	<b>(727,309)</b>	<b>(731,002)</b>	<b>(735,434)</b>
169,151	(546,528)	(1,265,900)	(1,989,516)	(2,716,824)	(3,447,827)	(4,183,261)



**Melville Building  
Plymouth**

**Detailed Cash flow Phase 1 (Melville)**

027:May 2021 (9,441,620)	028:Jun 2021 (10,208,658)	029:Jul 2021 (10,980,713)	030:Aug 2021 (11,074,588)	031:Sep 2021 (11,168,463)	032:Oct 2021 (11,263,843)	033:Nov 2021 (11,359,224)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(53,826)	(53,826)	0	0	0	0	0
(125,902)	(125,902)	0	0	0	0	0
(199,516)	(199,516)	0	0	0	0	0
(240,641)	(240,641)	0	0	0	0	0
(61,989)	(61,989)	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<b>(681,874)</b>	<b>(681,874)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(85,164)	(90,181)	(93,875)	(93,875)	(95,380)	(95,380)	(95,380)
<b>(767,038)</b>	<b>(772,055)</b>	<b>(93,875)</b>	<b>(93,875)</b>	<b>(95,380)</b>	<b>(95,380)</b>	<b>(95,380)</b>
(10,208,658)	(10,980,713)	(11,074,588)	(11,168,463)	(11,263,843)	(11,359,224)	(11,454,604)



Melville Building  
Plymouth

Detailed Cash flow Phase 1 (Melville)

Page A 7

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041:Jul 2022  
(12,141,017)

---

2,524,326  
3,199,132  
5,215,231  
5,217,778

(113,376)  
(75,584)  
(1,039,669)

0  
0

0  
0  
0  
0

0

(66,839)  
(200,516)

---

**14,660,484**  
6.500%  
0.000%  
0  
**14,660,484**  
2,519,467



## **Appendix 6: Rental, Investment Yield and Investment Value Schedule**

## Rental Schedule

Floor	Unit	Use	NIA (sq m)	NIA (sq ft)	No. Bedrooms	Rental (£psf p.a.)	Rental (£ p.a.)
Ground	G1	Meter room	0	0			
Ground	G2	Office	44	474		10	4,740
Ground	G3	Office	31	334		10	3,340
Ground	G4	Waterfront Restaurant	382	4,111		24	98,664
Ground	G5	Restaurant	280	3,014		15	45,210
Ground	G6	Restaurant	156	1,679		15	25,185
Ground	G7	Restaurant	375	4,036		15	60,540
Ground	G8	Restaurant	265	2,852		15	42,780
Ground	G9	Restaurant	171	1,841		15	27,615
Ground	G10	Restaurant	392	4,219		15	63,285
Ground	G11	Restaurant	73	786		15	11,790
Ground	G12	Waterfront Restaurant	198	2,131		24	51,144
Ground	G13	Waterfront Restaurant	152	1,636		24	39,264
Ground	Hotel	Hotel	116	1,249	0	12.80	15,987
<b>Floor Total</b>			<b>2,635</b>	<b>28,362</b>			<b>489,544</b>
First	F1	Office	14	150		14	2,100
First	F2	Office	44	474		14	6,636
First	F3	Office	30	323		14	4,522
First	F4	Office	43	463		14	6,482
First	F5	Office	43	463		14	6,482
First	F6	Office	240	2,583		14	36,162
First	F7	Office	215	2,314		14	32,396
First	F8	Office	219	2,357		14	32,998

Floor	Unit	Use	NIA (sq m)	NIA (sq ft)	No. Bedrooms	Rental (£psf p.a.)	Rental (£ p.a.)
First	F9	Office	180	1,937		14	27,118
First	F10	Office	226	2,433		14	34,062
First	Hotel	Hotel	1,576	16,964	46	12.80	217,139
<b>Floor Total</b>			<b>2,830</b>	<b>30,461</b>			<b>406,097</b>
Second	S1	Office	325	3,498		15	52,470
Second	S2	Office	231	2,486		15	37,290
Second	S3	Office	215	2,314		15	34,710
Second	S4	Office	354	3,810		15	57,150
Second	S5	Office	259	2,788		15	41,820
Second	Hotel	Hotel	1,580	17,007	44	12.80	217,690
<b>Floor Total</b>			<b>2,964</b>	<b>31,903</b>			<b>441,130</b>
<b>Total</b>				<b>90,726</b>	<b>90</b>		<b>1,336,771</b>
<b>Total GIA</b>			<b>9,433</b>	<b>101,536</b>			

### Investment Value Schedule

Use	NIA (sq m)	NIA (sq ft)	Rental (£ p.a.)	Investment Yield	Rent Free Allowance (£)	Investment Value (£)
Waterfront Restaurant	732	7,878	189,072	7%	176,702	2,524,326
Restaurant	1,712	18,427	276,405	8%	255,930	3,199,132
Hotel	3,272	35,220	450,816	8%	417,422	5,217,778
Office	2,713	29,201	420,478	7.5%	391,361	5,215,231
<b>TOTAL</b>	<b>8,429</b>	<b>90,726</b>	<b>1,336,771</b>			<b>16,156,467</b>

## **Appendix 7: WWA Cost Estimate**



# Melville Building Hotel & Office Space

## Urban Splash

### Order of Cost Estimate Nr 2



# Contents

- Section 1 Introduction
- Section 2 Assumptions, Notes & Exclusions
- Section 3 General Summary
- Section 4 Summary of Building Cost
- Section 5 Information Used

Section 1  
Introduction





INTRODUCTION

**1 Introduction**

1.1 This report has been prepared by Ward Williams Associates on behalf of Urban Splash in order to provide an Order of Cost Estimate for the proposed project known as Melville, Royal William Yard, Plymouth. This Order of Cost Estimate has been prepared for feasibility purposes and is based on previous estimates and cost information for Phase 1 (East) and Phase 2 (West) works. This report should be treated in the context of limited design information and is based on numerous assumptions.

1.2 The project is the conversion of the entire Melville building into a 90 bedroom Hotel and Office Space situated at the Royal William Yard, Plymouth with a Gross Internal Floor Area of 9,541m<sup>2</sup> (102,698sqft). The Melville Project consists broadly of the following areas:

	m2	ft2	
'Shell & Core' works for Retail/Restaurant use (Ground Floor)	2495	26856	
'Shell & Core' works for Hotel use (Ground to Second Floors)	3246	34940	
'Shell & Core' works for Office use (Ground to Second Floors)	3135	33745	
'Landlord Areas' to Office space (Ground to Second Floors)	665	7158	
Plant Spaces (to Truss Level)	TBC	TBC	
<b>TOTAL</b>	<b>9541</b>	<b>102698</b>	<i>rounded</i>

1.3 The scope of this estimate are as GYA drawings:

- SK-500 (Rev E)
- SK-501 (Rev B)
- SK-502 (Rev B)

1.4 We have excluded all fit-out works to both office space and hotel space. The 'Shell & Core'/Landlords Specification is as GYA Base Build Definition. We have allowed to include 'facilitating works' to the Hotel space i.e. stairs, lifts and cores. We have included estimated costs associated with the fit-out of the hotel space for information. We have included costs associated with 'enabling works' i.e. demolitions, alterations and waterproofing the historic structure.

1.5 We have calculated costs for providing 'Shell & Core' to tenant spaces only. The offices and hotel will be left as 'base build' comprising of structure, base plant, capped services; leaving prospective tenants to complete the fit-out including heating, lighting, floors and ceilings. We have allowed to complete common areas and external works. Communal areas will be left complete with installation of stairs, lifts, WC's and kitchens to 'Core' areas.



## INTRODUCTION

### **2 Basis of Estimate**

2.1 This report has been prepared to provide an estimated cost for the construction works and is based upon the information listed in the "Information Used" section of this document however there are still many areas of the design which require resolution and we have made assumptions where required.

### **3 Cost Commentary**

The estimated project cost at 1st Quarter 2019 is circa £18,000,000 (rounded) excluding Client/Tenant fit-out and VAT. The hotel fit-out costs is circa £3,200,000 (rounded) which represents a cost per bedroom of approximately £36,000 (90Nr). This estimated cost is based upon assumed restoration techniques likely to be acceptable to English

3.1 Heritage.

3.2 This estimate has been based on a Management Contract procurement route and the costs presented are with an allowance for design team (or other) fees.

3.3 The assumed start on site will be 1Q 2019 with an overall build programme of circa 24 months. We have excluded inflation beyond 1Q 2019.

### **4 Assumptions and Exclusions**

4.1 Please refer to the separate section of this document; 'Assumptions, Notes and Exclusions' in Section 2.

Section 2  
Assumptions, Notes &  
Exclusions



ASSUMPTIONS AND EXCLUSIONS

**Assumptions**

- a* We have assumed the works will be procured in competitive tender on a Management Contract basis.
- b* We have assumed the work will start on site Q1 2019 and be constructed over a period of circa 24 months.
- c* We have made a general allowance for Contingencies of 7.5% to price and design risk.
- d* We have made a general allowance for BWIC based on 20% of the services costs.
- e* We have assumed un-hindered access and work to be carried out in a single phase.
- f* We have assumed that the Gross Internal Floor Area of the building is 9,541m<sup>2</sup> based upon GYA's drawings (see Section 5 'Information Used')
- g* All works to be undertaken during normal working hours.
- h* We have assumed all existing material stored on site will be removed prior to commencement.
- i* All arisings from demolitions are to be disposed off site.
- j* We have assumed that all works are to be carried out under one contract.
- k* We have made a general allowance for preliminaries at this stage, however this will be dependent upon the Management Contractor's final programme.
- l* Mechanical and electrical costs have been based on costs for other schemes of a similar nature.
- m* The rates used are based on 1st Quarter 2019.
- n* We have assumed that the tenants will fit-out the Hotel & Office space.
- o* We have assumed that the landlord will provide lift, stairs and cores as well as fit-out to the communal areas.

## Exclusions

- a* Site acquisition costs.
- b* VAT
- c* Costs associated with abnormal ground conditions
- d* Cost associated with the incidence and remediation of contaminated ground.
- e* Tender price inflation beyond 1st Quarter 2019.
- f* Temporary Health & Safety or Roof Clearance Works prior to start on site.
- g* Client set-up costs.
- h* Surface furnishes to ceilings, walls and floors (please refer to Hotel fit-out costs)
- i* All loose furniture, fixtures and fittings and associated interior design.
- j* Finance costs.
- k* Historic costs to date.
- l* Flood prevention works.
- m* Client contingency
- n* Costs associated with Section 106 and CIL contributions.
- o* Removal and disposal of existing rubble and materials currently stored on site.
- p* Attenuation to drainage.
- q* Works to Factory Cooperage and Central Building.
- r* Displacement of parking on site.
- s* Sprinkler and fire suppression systems.
- t* Phased completion of the works.
- u* Legal Fees

Section 3  
General Summary





ORDER OF COST ESTIMATE, MELVILLE BUILDING

				£	£/m2 (GIFA 9,541m2)	£/ft2 (GIFA 102,698ft2)
<u>Prime Cost of Construction (brought forward from 4.1 'Summary of Building Cost')</u>						
a	SECTION 1 - ENABLING WORKS			5,991,748	628	58
b	SECTION 2 - INTERNAL WORKS - OFFICE SPACE			2,525,640	265	25
c	SECTION 3 - INTERNAL WORKS - HOTEL SPACE			1,558,080	163	15
d	SECTION 4 - EXTERNAL WORKS			1,212,350	127	12
			<i>rounding</i>	2,182	0	0
<b>e</b>	<b>SUB TOTAL OF CONSTRUCTION COSTS</b>			<b>11,290,000</b>	<b>1,183</b>	<b>110</b>
<u>Contracting Costs - Assumed ICT 2011 MC &amp; MCWC/A</u>						
f	Preliminaries	17.5%	1,975,750	say 1,976,000	207	19
g	Management Contractor's Staff (included in above item)			inc	inc	inc
h	Management Contractor's Fee	5%	564,500	say 565,000	59	6
<b>i</b>	<b>SUB TOTAL OF CONTRACTING COSTS</b>			<b>2,541,000</b>	<b>266</b>	<b>25</b>
<b>j</b>	<b><u>TOTAL ESTIMATED CONSTRUCTION COST @ 1Q 2019 (EXCLUDING FEES, VAT &amp; CONTINGENCY)</u></b>			<b>13,831,000</b>	<b>1,450</b>	<b>135</b>
<u>Fees, Costs, Price &amp; Design Risk</u>						
k	Design Contingency	7.5%	1,037,325	say 1,046,000	110	10
l	Client Contingency			exc	exc	exc
m	Professional Fees			exc	exc	exc
n	Client Direct Costs			exc	exc	exc



ORDER OF COST ESTIMATE, MELVILLE BUILDING

*o* ESTIMATE PROJECT TOTAL COSTS @ Q1 2019 (EXCLUDING INFLATION, FEES, VAT, CLIENT

DIRECT COSTS & CONTINGENCY)

14,877,000	1,559	145
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*p* Allowance for increased costs from Q1 2019 to Q3 2020 @ (as current  
 BCIS TPI indices)

6.9%

exc

exc

exc

*q* Add Hotel Fit-Out Costs (brought forward from 4.3 'Hotel Fit-Out Costs')

3,201,407

336

31

*r* ESTIMATE PROJECT TOTAL COSTS INCLUDING HOTEL FIT-OUT @ Q1 2019 (EXCLUDING

INFLATION FEES, VAT, CLIENT DIRECT COSTS & CONTINGENCY)

18,078,407	1,895	176
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1,895

176



Section 4

## Summary of Building Cost





4.1 SUMMARY OF BUILDING COST

	Area (m2)	£/m2	£/ft2 <i>Rounded</i>	£
<u>SECTION 1 - ENABLING WORKS</u>	<u>9541</u>	<u>(GIFA 9,541m2)</u>	<u>(GIFA 102,698ft2)</u>	
1.1 Demolition & Alterations		125	12	1,192,625
1.2 Substructures		10	1	95,410
1.3 Frame, Upper Floors & Stairs		45	4	429,345
1.4 Roofing Works		198	18	1,889,118
1.5 Façade Stone Repairs		150	14	1,431,150
1.6 Windows & External Doors		100	9	954,100
A	<u>SECTION 1 - ENABLING WORKS - SUB-TOTAL</u>	<u>628</u>	<u>58</u>	<u>5,991,748</u>
<u>SECTION 2 - INTERNAL WORKS - OFFICE, RETAIL &amp; RESTAURANT SPACE</u>	<u>6295</u>	<u>(GIFA 6,295m2)</u>	<u>(GIFA 67,759ft2)</u>	
<u>Retail/Restaurant Space (Cat A Fit-Out)</u>	<u>2495</u>			
2.1 Internal Walls (repairs to historic stonework only)		75	7	187,125
2.2 Internal Doors		Exc	Exc	Exc
2.3 Wall Finishes		Exc	Exc	Exc
2.4 Ceiling Finishes		Exc	Exc	Exc
2.5 Floor Finishes		Exc	Exc	Exc
2.6 Fixtures & Fittings		Exc	Exc	Exc
2.7 M&E Installations (e/o ductwork, greasetraps and the like)		250	23	623,750
2.8 BWIC @ 20% of above item		50	5	124,750
<u>Office Space (Cat A Fit-Out)</u>	<u>3135</u>			
2.9 Internal Walls (repairs to historic stonework only)		75	7	235,125
2.10 Internal Doors		Exc	Exc	Exc
2.11 Wall Finishes		Exc	Exc	Exc
2.12 Ceiling Finishes		Exc	Exc	Exc



4.1 SUMMARY OF BUILDING COST

	Area (m2)	£/m2	£/ft2	£
2.13 Floor Finishes		Exc	Exc	Exc
2.14 Fixtures & Fittings		Exc	Exc	Exc
2.15 M&E Installations		200	19	627,000
2.16 BWIC @ 20% of above item		40	4	125,400
<u>Landlord Areas</u>	<u>665</u>			
2.17 Stairs, Cores, Lifts & Risers		165	15	109,725
2.18 Internal Walls		125	12	83,125
2.19 Internal Doors		38	4	25,270
2.20 Wall Finishes		38	4	25,270
2.21 Ceiling Finishes		49	5	32,585
2.22 Floor Finishes		95	9	63,175
2.23 Fixtures & Fittings		10	1	6,650
2.24 Sanitary Appliances		12	1	7,980
2.25 Disposal Installations		10	1	6,650
2.26 Mechanical & Electrical Installations		300	28	199,500
2.27 BWIC @ 20% of above items (2.15-2.17)		64	6	42,560
<b>B</b> <u>SECTION 2 - INTERNAL WORKS - OFFICE, RETAIL &amp; RESTAURANT SPACE - SUB-TOTAL</u>		<u>1596</u>	<u>151</u>	<u>2,525,640</u>
<u>SECTION 3 - INTERNAL WORKS - HOTEL SPACE</u>	<u>3246</u>	<u>(GIFA 3,246m2)</u>	<u>(GIFA 34,940ft2)</u>	
<u>Hotel Space (Cat A Fit-Out)</u>	<u>3246</u>			
3.1 Stairs, Cores, Lifts & Risers		165	15	535,590
3.2 Internal Walls (repairs to existing historic stonework)		75	7	243,450
3.3 Internal Doors		Exc	Exc	Exc
3.4 Wall Finishes		Exc	Exc	Exc
3.5 Ceiling Finishes		Exc	Exc	Exc



4.1 SUMMARY OF BUILDING COST

	Area (m2)	£/m2	£/ft2	£
3.6 Floor Finishes		Exc	Exc	Exc
3.7 Fixtures & Fittings		Exc	Exc	Exc
3.8 Mechanical & Electrical Installations		200	19	649,200
3.9 BWIC @ 20% of above item		40	4	129,840
C	<u>SECTION 3 - INTERNAL WORKS - HOTEL SPACE - SUB-TOTAL</u>	<u>480</u>	<u>45</u>	<u>1,558,080</u>
	<u>SECTION 4 - EXTERNAL WORKS</u>	<u>9541</u>	<u>(GIFA 9,541m2)</u>	<u>(GIFA 102,698ft2)</u>
4.1 External Works & Services (see breakdown from 4.2)	<i>rounded</i>	127	12	1,212,350
D	<u>SECTION 4 - EXTERNAL WORKS - SUB-TOTAL</u>	<u>127</u>	<u>12</u>	<u>1,212,350</u>
E	<b>SUB-TOTAL OF CONSTRUCTION COSTS</b>	<b>9541</b>	<b>110</b>	<b>11,287,818</b>



4.2 EXTERNAL WORKS

3.1 Disposal Installations

Surface water installations outside the Gross Internal Floor Area

		Quantity	Unit	Rate	TOTAL	Comments
A	Above ground installations; assumed re-use of cast iron soil vent pipes are used where possible but otherwise installations are entirely new and comprise uPVC waste pipework; routes TBC; provisional quantity pending confirmation of design.	15	Nr	550.00	8,250	
B	Above ground installations; assumed re-use of cast iron downpipes are used where possible but otherwise installations are entirely new and comprise of uPVC waste pipework; routes TBC; priced per disposal point; rainwater outlets to plant room plenums; provisional quantity pending confirmation of design.	6	Nr	550.00	3,300	
C	Above ground installations; allowance for repair work to cast iron downpipes; no decorations; allowance only.		item		10,000	
<b>DISPOSAL INSTALLATIONS TO SUMMARY</b>					<b>21,550</b>	

3.2 Hard Landscaping & Trees

D	Break up existing tarmac/concrete/granite sett surfacing to courtyard area.	1790	m2	45.00	80,550	
E	Break out existing concrete surfacing to allow for drainage channels and runs; dispose of all arisings off-site.		item		12,000	



4.2 EXTERNAL WORKS

		Quantity	Unit	Rate	TOTAL	Comments
A	Remove existing gravel and railings to front elevation and perimeter of Courtyard area; allow to dispose off-site.		item		6,500	
B	Granite paving to courtyard, entrance and area adjacent to front elevation.	750	m2	245.00	183,750	
C	"Events area" surface finish; black granite pavings	600	m2	270.00	162,000	
D	Allowance for central space; formation of tree pits approx. 3000mm in diameter (14nr); infrastructure for data and power to lighting (lighting included elsewhere); granite kerbs; slate chippings (assumed); provisional quantity pending confirmation of design.	750	m2	220.00	165,000	
E	Allowance for external lighting; to perimeter of the building (to Hotel side only); controlled lighting installation to tree pits in courtyard; provisional allowance pending confirmation of design.		item		110,000	
F	Freestanding planters; including planting and allowance for a small tree; to Hotel side only.	7	Nr	1,600.00	11,200	
G	Signage - assumed to be undertaken by the incoming Tenant.	exc			exc	
H	Benches; seats and the like; provisional allowance only.	3	Nr	3,000.00	9,000	
I	Bollards to archway; traffic quality, manually retractable and lockable; including reinforced concrete foundations;					



4.2 EXTERNAL WORKS

		Quantity	Unit	Rate	TOTAL	Comments
	provisional allowance pending confirmation of design.	4	Nr	2,700.00	10,800	
A	Chairs, tables and any other street furniture; excluded - assumed to be undertaken by the incoming Tenant.	exc			exc	
B	Demarcation of allocated parking and delivery areas; to Hotel area only.		item		25,000	
<b>HARD LANDSCAPING &amp; TREE TO SUMMARY</b>					<b>775,800</b>	

3.3 Services & Utilities Connections

C	Allowance for WPD substation relocation and HV supply; inc allowance for trenching, ductwork and reinstatement.		item		220,000	
D	Incoming water main; SWW supplies; including allowance for trenching.		item		55,000	
E	Incoming data and telephone lines; 1nr supply to meter room.		item		25,000	
F	Incoming gas mains; including allowances for trenching, meter and equipotential bonding etc.		item		55,000	
G	Drainage; manholes; pipework and trenching outside the footprint of the building; connection to Urban Splash landlord's system; excluding pumping stations etc and Section 185 agreements or the like.		item		55,000	



4.2 EXTERNAL WORKS

	Quantity	Unit	Rate	TOTAL	Comments
A					
					Extra over allowance for the above item; grease interceptor to restaurant kitchen; pending confirmation of design.
	1	Nr	5,000.00	5,000	
<b>SERVICES &amp; UTILITIES CONNECTIONS TO SUMMARY</b>				<b>415,000</b>	
<b>EXTERNAL WORKS TO GENERAL SUMMARY</b>				<b>1,212,350</b>	



4.3 HOTEL FIT-OUT COSTS

Quantity Unit Rate TOTAL Comments

2.1 Bedrooms

Generally

A	Internal walls	2842	m2	138.00	392,196
B	Ceilings, bulkheads and the like	2520	m2	145.00	365,400
C	Internal doors; fire-rated and acoustic lined.	105	Nr	800.00	84,000
D	Floor finishes	2520	m2	75.00	189,000
E	Bathroom pods	105	Nr	6,500.00	682,500
F	Internal party wall; acoustically lined wall to all floors.	30	m2	250.00	7,500

FF&E

G	Allowance for miscellaneous joinery, window boards, curtain battens etc; to guest bedrooms	105	Nr	150.00	15,750
H	Allowance for internal signage, fire signage, floor numbering etc	105	Nr	100.00	10,500
I	Allowance for fit-out to guest bedrooms.	105	Nr	250.00	26,250

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BEDROOMS TO SUMMARY **1,773,096**

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2.2 Lounge & Bar

J	Allowance for treatment to internal walls, cleaning to existing internal stone	inc		inc	inc
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4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Allowance for new acoustically lined, fire-rated ceilings.	215	m2	145.00	31,175	
B	Internal doors; single fire-rated door to staircase.	1	Nr	800.00	800	
C	Internal doors; toughened glass double frameless doors; assumed 2.4m high x 1.8m wide; manually operated; details TBC	2	Nr	2,700.00	5,400	
D	Floor finishes	215	m2	75.00	16,125	
E	Allowance for miscellaneous joinery, internal signage and the like; to lounge and bar.		item		1,500	
<b>LOUNGE &amp; BAR TO SUMMARY</b>					<b>55,000</b>	

2.3 Dining, Kitchen & Store

F	Internal walls; acoustic lined and fire rated; to kitchen and store.	90	m2	138.00	12,420	
G	Allowance for new acoustically lined, fire-rated ceilings	225	m2	145.00	32,625	
H	Internal doors; single fire-rated door.	1	Nr	800.00	800	
I	Floor finishes	225	m2	75.00	16,875	
J	Allowance for miscellaneous joinery, internal signage and the like; to dining, kitchen and store.		item		5,000	



4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Allowance for commercial kitchen including wall finishes to kitchen (fit-out of restaurant, bar and lounge excluded)		item		150,000	
B	Refrigeration to kitchen store excluded.	exc			exc	
<b>DINING, KITCHEN &amp; STORE TO SUMMARY</b>					<b>217,720</b>	

2.4 Reception

C	Internal walls; acoustic lined and fire rated; to store.	inc				'see 'Dining, Kitchen & Store''
D	Allowance for new acoustically lined, fire-rated ceilings	74	m2	145.00	10,730	
E	Floor finishes	74	m2	75.00	5,550	
F	Allowance for Reception desk and shelving, signage and the like		item		25,000	
G	Internal doors; to form lobby to Reception; toughened glass double frameless doors; assumed 2.4m high x 1.8m wide; manually operated; details TBC	2	Nr	2,700.00	5,400	
<b>RECEPTION TO SUMMARY</b>					<b>46,680</b>	

2.5 Meetings Space

H	Internal walls; acoustic lined and fire rated; to 'Events Space'	inc				'see 'Bedrooms''
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4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Allowance for new acoustically lined, fire-rated ceilings	105	m2	145.00	15,225	
B	Floor finishes	105	m2	75.00	7,875	
C	Allowance for general joinery items i.e. shelving, signage and the like		item		2,500	
D	Internal doors; from 'Gym & Spa' to 'Meetings Space'; toughened glass double frameless doors; assumed 2.4m high x 1.8m wide; manually operated; details TBC	1	Nr	2,700.00	2,700	
E	Internal doors; from corridor to 'Meetings Space'; double aluminium framed glazed doors; manually operated; details TBC	1	Nr	2,000.00	2,000	
<b>MEETINGS SPACE TO SUMMARY</b>					<b>30,300</b>	

2.6 Gym & Spa

F	Internal walls; acoustic lined and fire rated; to 'Gym & Spa'	exc			exc	
G	Glazed wall to public routes; frameless toughened glass partition; single thickness; top and bottom concealed channel fixings; glass fins (centres TBC); approximately 2900mm high	39	m2	750.00	29,250	
H	Doors to above item; from 'Gym & Spa' to 'route through'; toughened glass double frameless doors; assumed 2.4m high x 1.8m wide; manually operated; details TBC	1	Nr	2,700.00	2,700	



4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Allowance for new acoustically lined, fire-rated ceilings	250	m2	145.00	36,250	
B	Floor finishes	250	m2	75.00	18,750	
C	Allowance for general joinery items i.e. shelving, signage and the like		item		1,500	
D	Fit-out of gym equipment spa excluded. Assumed to be Tenant fit-out.		exc			exc
<b>GYM &amp; SPA TO SUMMARY</b>					<b>88,450</b>	

2.7 Circulation & Communal Areas

Stairs

E	Existing stairs; to the North (5) and South (3); allowance to clean existing granite slab treads and risers with granite landings; allowance for redecoration to existing metal balustrade and minor repairs to stairs.	inc		inc		inc <i>Included in Landlord Works</i>
F	Internal doors; double doors and frames; solid core; assumed 2.4m high x 1.8m wide; manually operated; assumed FD30s; ironmongery; details TBC.	inc		inc		inc <i>Included in Landlord Works</i>
G	New stairs (see 'Cores')	inc		inc		inc <i>Included in Landlord Works</i>

Corridors



4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Allowance for new acoustically lined, fire-rated ceilings	402	m2	145.00	58,290	
B	Floor finishes	402	m2	75.00	30,150	
C	Internal doors; double doors and frames; solid core; assumed 2.4m high x 1.8m wide; manually operated; assumed FD30s; ironmongery; details TBC.	9	Nr	1,400.00	12,600	
D	Allowance for internal signage, fire signage, floor numbering etc		item		7,500.00	

Cores & Risers

E	Concrete fair-faced blockwork; assumed 215mm thick; to form solid concrete lift shaft, risers and cores; two layers of 12.5mm fire-rated board fixed with adhesive dabs; joints taped; firestopping and sealant.					
F	Internal Lift Shaft Walls & Risers	inc		inc		inc <i>Included in Landlord Works</i>
G	Extra over above item for forming cores and service voids; assume timber studwork 140mm thick; two layers 12.5mm plasterboard with taped joints each side; 25mm thick acoustic insulation to each stud; complete with abutments, trimmings, head and sole plate details; tape joints ready to receive wall finishes.					
H	Generally	inc		inc		inc <i>Included in Landlord Works</i>



4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Extra for forming service void.	inc		inc		inc <i>Included in Landlord Works</i>
B	Internal doors; double doors and frames; solid core; assumed 2.4m high x 1.8m wide; manually operated; assumed FD30s; ironmongery; details TBC; to risers, cores and service voids.	inc		inc		inc <i>Included in Landlord Works</i>
C	New stairs; internal; assumed galvanised steel super structure; steel framed treads with oak timber inserts; 950mm wide; 3Nr storeys; galvanised steel balustrade assumed 1100mm high with oak timber hand rails; nosings and the like.	inc		inc		inc <i>Included in Landlord Works</i>
D	Provisional allowance for forming WC's, showers and staff changing to core areas not currently shown on design; includes cubicles and IPS, sanitaryware and the like.		item		50,000	
<b>CIRCULATION &amp; COMMUNAL AREAS TO SUMMARY</b>					<b>158,540</b>	

2.8 Boiler Rooms

E	Internal walls; acoustic lined and fire rated; to 'Boiler Rooms'	48	m2	138.00	6,624	
F	Allowance for new acoustically lined, fire-rated ceilings	10	m2	145.00	1,450	
G	Floor finishes	10	m2	45.00	450	
H	Internal doors; single doors and frames; solid core; assumed 2.4m high x 900mm wide; manually operated; assumed FD30s; ironmongery; details TBC.	1	Nr	500.00	500	



4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Internal doors; double doors and frames; solid core; assumed 2.4m high x 1.8m wide; manually operated; assumed FD30s; ironmongery; details TBC.	1	Nr	600.00	600	
B	Allowance for internal signage, fire signage, floor numbering etc		item		1,000	
<b>BOILER ROOMS TO SUMMARY</b>					<b>10,624</b>	

2.9 Store Rooms

C	Internal walls; acoustic lined and fire rated; to 'Store Rooms'	40	m2	138.00	5,520	
D	Allowance for new acoustically lined, fire-rated ceilings	5	m2	145.00	725	
E	Floor finishes	5	m2	95.00	475	
F	Internal doors; single doors and frames; solid core; assumed 2.4m high x 900mm wide; manually operated; assumed FD30s; ironmongery; details TBC.	2	Nr	500.00	1,000	
G	Allowance for Cleaners Sink	2	Nr	500.00	1,000	
H	Allowance for internal signage, fire signage, shelving etc		item		1,000	
<b>STORE ROOMS TO SUMMARY</b>					<b>9,720</b>	

2.10 Roof Terrace & Clock Tower



4.3 HOTEL FIT-OUT COSTS

		Quantity	Unit	Rate	TOTAL	Comments
A	Provisional allowance for works to roof terrace and clock tower pending confirmation of design.		item		250,000	
<b>ROOF TERRACE &amp; CLOCK TOWER TO SUMMARY</b>					<b>250,000</b>	

2.11 Mechanical and Electrical Services

Mechanical Installation

B	Generally	4105	m2	125.00	513,125	Assume connections to installed capped off services.
C	Sprinkler system	exc			exc	

Electrical Installation

D	Generally	4105	m2	105.00	431,025	Assume connections to installed capped off services.
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Lift Installations

E	Allowance for 8 person; hydraulic passenger lift; serving 2nr floors; ground to second floor; good quality fit-out.	inc		inc		inc Included in Landlord Works.
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Builder's Work in Connection

F	Mechanical Installations @ 20%		item		102,625	
G	Electrical Installations @ 20%		item		86,205	





4.3 HOTEL FIT-OUT COSTS

	Quantity	Unit	Rate	TOTAL	Comments
MECHANICAL & ELECTRICAL SERVICES TO SUMMARY				1,132,980	
HOTEL FIT OUT WORKS TO GENERAL SUMMARY				3,773,110	
<b>Adjustment for revised Hotel Fit-Out area</b>					
	4751	m2	794.17	3,773,110	
A	Hotel area (revised) construction costs based on GIFA rate			2,577,882	
	3246	m2	794.17		
<a href="#">Contracting Costs - Assumed JCT 2011 MC &amp; MCWC/A</a>					
B	Preliminaries		17.5%	451,129	
C	Management Contractor's Staff <i>(included in above item)</i>		inc	inc	
D	Management Contractor's Fee		5%	128,894	
E	<u>SUB TOTAL OF CONTRACTING COSTS</u>			580,023	
<a href="#">Fees, Costs, Price &amp; Design Risk</a>					
F	Design Contingency		7.5%	43,502	
G	Client Contingency		exc	exc	
H	Professional Fees		exc	exc	
I	Client Direct Costs		exc	exc	
J	<u>SUB TOTAL OF FEES, COSTS &amp; RISK</u>			43,502	
K	<u>ESTIMATED HOTEL FIT-OUT COSTS @ Q1 2019 (EXCLUDING VAT, CLIENT CONTINGENCY, PROFESSIONAL FEES &amp; CLIENT DIRECT COSTS)</u>			3,201,407	



## Section 5 Information Used



INFORMATION USED IN COMPILING COST PLAN

GILLESPIE YUNNIE ARCHITECTS

<u>Reference</u>	<u>Title</u>	<u>Revision</u>
1103-SK-500	Proposed Ground Floor Plan	E
1103-SK-501	Proposed First Floor Plan	B
1103-SK-502	Proposed Second Floor Plan	B
N/A	Melville Areas Schedules - Section 73 Application	B

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