

- London
- Glasgow
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MJW/lf/PS10966

5<sup>th</sup> August 2015

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Dear Mr Brown,

**EASTRY HOSPITAL SITE, MILL ROAD, EASTRY, KENT**

**1. Introduction**

In accordance with your recent instructions I write to set out my opinion of the financial viability of developing a 100 unit residential scheme on the site of the former Eastry Hospital ("the Site").

By way of background, I would confirm that our instructions are to prepare an assessment of the likely level of profit that the owner of the Site, Runnymede Investments Limited ("Runnymede"), is likely to earn in the event that the Site was developed out to provide a fully private housing scheme in accordance with the layout prepared by Guy Holloway Architects ("the Architect"). For ease of reference a copy of the Architect's Masterplan ("the Scheme") is attached to this letter as **Appendix 1**.

In addition to the residential development, the Scheme incorporates some 3,800 sq ft of commercial development designed for employment uses, in line with the planning policy aspirations of Dover District Council ("the LPA" or "the Council"). It should also be noted that the Site comprises a number of historically important listed buildings, situated at the front of the Site. These are described in more detail below.

We understand that this scheme is the subject of an undetermined planning application submitted by Runnymede in April 2014 to the Council under reference DOV/14/00240).

For the reasons set out in this letter we are of the opinion that residential developments represents the highest and best value use for the Site, albeit given the prevailing low level of house prices within the local area; the provision of commercial accommodation; and the high cost of restoring and converting the listed buildings on Site, the development of the Scheme is not commercially viable. In making this statement, the development profit forecast, of some 12.82% (as a return on all costs) is below the level that, in our opinion and experience, would be required by the market in the event that the Site was to developed by a third party.

Against this background, we are of the opinion that the Scheme cannot viably sustain the development of any affordable housing, or afford to make any form of Section 106 or CIL payment.

## 2. Factual background

Although the Site is well known to you, I would confirm that the site is situated in the village of Eastry, which lies 7 miles to the north-west of Deal, 12 miles to the south of Ramsgate and 10 miles to the north of Dover.

The Site, which is broadly level and a reverse 'L' in shape is situated on the south side of Mill Lane in Eastry, and extends to some 12 acres or 4.86 hectares. It includes a number of Grade II Listed Buildings located towards the front of the Site comprising a former hospital and work house building. We understand that these buildings have been substantially damaged following a fire at the property in December 2012.

The Site was acquired by Runnymede in November 2007 in consideration of the sum of £1,700,000. The Site was acquired in the open market, in competition, directly from the Department of Health ("the Department") and, as such, the price paid represented market value as at the date of acquisition.

The Site was acquired subject to an overage agreement which required Runnymede to pay an additional sum calculated by reference to a fixed price per square foot multiplied by the number of square feet for which planning permission was obtained.

Following discussions with the Department of Health, in March 2014 Runnymede entered into a supplemental agreement with the Department and negotiated the release of the overage arrangement. In consideration of the release of the overage provisions, a further sum of £400,000 was paid to the Department, who have no further interest in the Site.

Against this background, the total price paid by Runnymede to acquire the Site from the Department of Health was £2,100,000. As noted, this sum and the overage provisions were representative of market value and terms as at the date of the original acquisition in 2007. The amount paid to the Department in consideration of the release of the average obligations is the lowest sum that the Department was willing to accept.

This is an important point in that Runnymede does not seek to test the viability of the Scheme against anything other than the actual cost that it has incurred in acquiring the Site. The volatility in the UK and world economy that emerged in late 2007 and culminated in the Global Financial Crisis of September 2008, had a profound effect on the UK housing market in the period 2008 to date, and whilst the terms on which Runnymede agreed to acquire the Site may not be market terms now, they were at the time that they were agreed and they form the starting point for assessing the financial viability of any development that Runnymede may propose for the Site.

In the absence of Runnymede being able to progress a financially viable scheme, the Site will not come forward for development.

## 3. Proposed Scheme

We have been provided with a copy of the proposed scheme for which Runnymede seeks planning permission as shown on the Architects drawings No. 14.042.02. This shows proposals for the development of a scheme of 100 units; 20 of which are to be built within the shell of the existing

buildings known as The Range and Tewksbury House. The balance of the units are new build, and are to be developed within the site grounds of the former hospital.

The net saleable area of the proposed scheme is some 93,844 sq ft with units providing between 1 and 4 bedrooms in units of between 600 and 1,581 sq ft. A copy of the indicative layout is shown on the plan attached to this letter as **Appendix 1**.

In addition to the residential accommodation the scheme also provides 3,800 sq ft of commercial accommodation within the Chapel and Tewkesbury House situated towards the front of the Site. We understand that Runnymede propose to convert this accommodation for commercial and employment uses in accordance with the requirements LPA.

#### **4. Methodology**

In accordance with your instructions we have undertaken a development appraisal utilising industry standard methodology in order to assess the profitability of the proposed Scheme.

The property market adopts what is known as the residual method of valuation in order to assess the viability of development proposals through an assessment of scheme profit. This approach involves a consideration of the Gross Development Value of a development proposal from which the costs of development, including finance costs, site acquisition costs, Section 106 or CIL contributions are deducted.

The difference between the projected scheme revenue and forecast costs is the amount that, subject to the development being built out in accordance with the assumptions made in the appraisal that is likely to be available as development profit. The monetary amount of profit, which is generally expressed as a percentage of development cost or revenue, that is produced through the residual calculation is then compared to general industry benchmarks in order to assess whether or not the scheme, with any inherent planning liabilities (notably the provision of affordable housing and section 106 and/or CIL Payments), could be said to be commercially viable.

In the case of residential development schemes, the market generally considers that a "viable" scheme is one that generates a profit as a return on all cost of at least 15%. This minimum benchmark applies to what the market perceives as relatively straightforward developments, notably greenfield. In respect of more complicated development situations; for example involving the refurbishment of listed buildings (where the costs of conversion are difficult to estimate); brownfield developments (where there may be additional costs associated with the previous use of the site); or in locations where the scheme is of a significant size in a limited market; the level of profit required would be in excess of the minimum level of 15% profit on cost.

Based on these industry "typical" benchmarks if a scheme is likely to generate a profit that is below a benchmark of 15% of overall development costs, then that scheme is considered by the market to be financially unviable on any basis and is unlikely to be brought forward. On the contrary, where the viability of a scheme is in excess of these benchmark levels the surplus "additional" profit is notionally available to fund Section 106 and affordable housing obligations up to a policy compliant level.

However for a scheme such as the development of Eastry Hospital to be considered viable, I am of the opinion that the minimum profit that the market would require would be higher in order to reflect

the various additional construction and market risks to which the project is subject (listed building, brownfield site and limited local market with an extended sales period). To reflect these risks I consider that the minimum level of profit that would be required to render the development of the site viable is of the order of 17.50% to 20.00% return on cost.

The scheme that has been submitted to LPA does not include the provision of any affordable housing. Furthermore, Runnymede has indicated to the LPA that, based on its own internal assessment of viability, the Scheme cannot afford to make a Section 106 contribution.

The purpose of this letter is to test the reasonableness of these statements.

## 5. Viability Assessment

As noted we have prepared an assessment of the viability of the proposed Scheme having regard to the actual cost that Runnymede incurred in acquiring Site, coupled with current estimates of likely scheme revenue and build cost. The revenue and cost estimates have been provided to us by third parties and are detailed below.

We have incorporated the revenue and cost assumptions into an industry standard residual development model known as "Argus Developer". This is a commercially available programme that is widely used in the development industry and amongst valuation surveyors.

The information that we have been provided with in terms of revenue and development cost is as follows;

1. An estimate of residential scheme revenue prepared by Colebrook Sturrock dated May 2015. A copy of this note is attached as **Appendix 2**. The units have been priced on a unit by unit basis with values ranging from around £215 per sq ft, up to just under £300 per sq ft. or £230 per sq ft overall. These revenues, which have been split as between the listed buildings and new build units at averages of just under £188 per sq ft and £238 per sq ft respectively, have been carried forward into our development appraisal;
2. An explanatory note prepared by Simon Greaves prepared in July 2015 detailing the rationale and comparable evidence utilised in arriving at his opinion of revenue. A copy of this note is attached as **Appendix 3**;
3. A marketing report prepared by Caxton's detailing the marketing of the Site in the period to October 2013 and confirming that there was no market demand for the existing hospital in its current state for employment uses. A copy of this report, which includes an analysis of available competing office locations is attached as **Appendix 4**;
4. Marketing details prepared by Caxton's in relation to the proposed refurbished office accommodation in which a rent of £10 per sq ft is quoted. A copy of these details are attached as **Appendix 5**; and
5. Various quotations and estimates provided to Runnymede in relation to the cost of developing the Scheme in the period 2011 to 2014, as set out in **Appendix 6**; and

## 6. Details of the build cost adopted by DVS in their report dated November 2011.

In terms of build cost, the conversion of the listed buildings has been looked at in detail more recently than the remainder of the Scheme, which was considered in detail in 2011 and 2012 in relation to the 2010 application approved by committee, but unimplemented due to Section 106 requirements. We are advised that a consensus as to build cost was reached with DVS at the time, and this has been updated by Runnymede's in house construction team to current, 2015 prices.

Over the period 2011 to 2015 construction costs have increased significantly, particularly in the South-East as the property market and economy has recovered. According to BCIS, the all in Tender Price Index increased by almost 18% over the period, albeit that the level of increase in the residential sector, particularly in the South-East, has been substantially higher at some 27.50% (median cost - housing, mixed developments).

Based on these calculations, we have adopted a total cost of developing the Scheme of just under £13,850,000, which is equivalent to £141 per sq ft overall. In terms of a breakdown this reflects the following:

- Listed building and Tewkesbury House - £1,930,000 (Jenner estimate plus 5% inflation derived from BCIS TPI) which is equivalent to £168.66 per sq ft overall, including non-recoverable VAT; and
- New build costs based on an average cost of £137.28 per sq ft totalling just over £11.90m.

It should be noted that these costs include all estate roads and site services infrastructure.

The remaining inputs to our appraisal are based on our experience generally applied to the specific factors that would be taken into account in assessing the viability of developing the Scheme. Notable assumptions include an overall time scale of 30 months to develop and sell the Scheme, professional fees of 10% of cost and a finance charge of 6.50%.

A copy of our appraisal is attached to this letter as **Appendix 7**. In order to be consistent with Runnymede's adopted position, no allowance for the payment of any section 106 or CIL costs is included within the appraisal, nor is the provision of any affordable housing.

## 6. Conclusion

In summary the output of our appraisal is as follows;

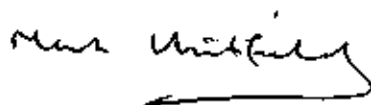
REVENUE	£21,832,590
COSTS (INCLUDING LAND)	£19,414,241
PROFIT	£ 2,418,349
PROFIT AS % COST	12.46%
PROFIT AS % REVENUE	11.06%

Although the Scheme is forecast to make a profit, the level of profit is significantly less than would be commercially acceptable to a third party developer. We understand that, having regard to the costs that Runneymede have already incurred (both site purchase costs and holding costs), they are prepared to proceed with the development of the Scheme at this reduced level of profit.

However, based on our analysis of the Scheme and the development appraisal that we have undertaken, we are of the opinion that having regard to the sub-optimal profitability of the Scheme, it cannot afford to provide any affordable housing, nor can it afford to make a section 106 payment.

I trust that the foregoing is self explanatory, albeit we would, of course, be pleased to outline our approach and appraisal to the LPA in more detail if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Whitfield", with a long horizontal flourish extending to the right.

**Mark Whitfield**  
**Partner**  
**For and on behalf of Montagu Evans**





# Former Eastry Hospital Masterplan (n.t.s)

Coloured masterplan using 14.042.29 Revision P5

guy hollaway  
ARCHITECTS

14 042 Forster Entry Hospital Schedule of Accommodation - 28.05.15									
A	B	C	D	E	F	G	H	Sales Prices, May-15	
Unit Number	Unit Type	Unit Type	No. of Beds	GFA (m2)	GFA (sqft)	£	£	€ per sq ft	
1	5 + Affordable Living								
2	U1	B	2	63.7	685.7	125000			182.30
3	U2	B	2	63.7	685.7	125000			182.30
4	U3	B	2	63.7	685.7	125000			182.30
5	U4	B	2	63.7	685.7	125000			182.30
6									
7	U5	B	2	63.7	685.7	125000			182.30
8	U6	B	2	63.7	685.7	125000			182.30
9	U7	B	2	63.7	685.7	125000			182.30
10	U8	B	2	63.7	685.7	125000			182.30
11									
12	U5	B	2	63.7	685.7	125000			182.30
13	U6	B	2	63.7	685.7	125000			182.30
14	U7	B	2	63.7	685.7	125000			182.30
15	U8	B	2	63.7	685.7	125000			182.30
16									
17	U9	C3	2	73.9	795.5	204000	204000	201.47	
18	U10	C1	2	71.5	769.6	204000	204000	205.72	
19									
20	U11	C1	2	71.5	769.6	204000	204000	205.72	
21	U12	C3	2	73.9	795.5	204000	204000	201.47	
22									
23	U13	The Range	2	83.1	894.8	197000	197000	205.79	
24	U14	M6-Hermon	2	83.1	894.8	197000	197000	205.79	
25	U15	The Range	2	83.1	894.8	197000	197000	205.79	
26	U16	M6-Hermon	2	83.1	894.8	197000	197000	205.79	
27	U17	The Range	2	78.4	843.9	162500	162500	208.15	
28	U18	M6-Hermon	2	78.4	843.9	162500	162500	208.15	
29	U19	The Range	3	103.4	1113	190000	190000	170.71	
30	U20	M6-Hermon	3	103.4	1113	190000	190000	170.71	
31	U21	The Range	4	78.4	843.9	162500	162500	208.15	
32	U22	M6-Hermon	4	78.4	843.9	162500	162500	208.15	
33									
34	U23	The Range	2	82.2	877.4	202000	202000	204.65	
35	U24	M6-Hermon	2	82.2	877.4	202000	202000	204.65	
36									
37	U25	C3	2	73.9	795.5	204000	204000	201.47	
38	U26	C1	2	71.5	769.6	204000	204000	205.72	
39	U27	C1	2	71.5	769.6	204000	204000	205.72	
40	U28	C2	2	71.5	769.6	204000	204000	205.72	
41	U29	C3	2	73.9	795.5	204000	204000	201.47	
42									
43	U30	C3	3	106.4	1145.3	255000	255000	222.65	
44	U31	C1	3	98.2	1057	208000	208000	215.70	
45	U32	C2	3	98.2	1057	208000	208000	215.70	
46	U33	C1	3	95.1	1021.6	228000	228000	222.74	
47	U34	D1	3	56.1	592.8	200000	200000	222.74	
48	U35	D2	3	56.1	592.8	200000	200000	222.74	
49	U36	D3	3	56.2	592.8	200000	200000	222.74	
50	U37	D3	3	106.4	1145.3	255000	255000	222.65	
51	U38	C3	2	73.9	795.5	204000	204000	201.47	
52	U39	C2	2	71.5	769.6	204000	204000	205.72	
53	U40	C1	2	71.5	769.6	204000	204000	205.72	
54	U41	C1	2	71.5	769.6	204000	204000	205.72	
55	U42	C1	2	71.5	769.6	204000	204000	205.72	
56	U43	C1	2	71.5	769.6	204000	204000	205.72	
57	U44	C3	2	73.9	795.5	204000	204000	201.47	
58									
59	U44	Unid Building	2	67.2	723.3	130000	130000	179.71	
60	U45	Unid Building	2	55.9	601.3	115000	115000	161.71	
61	U46	Unid Building	1	57.2	615.7	115000	115000	161.71	
62	U47	Unid Building	2	66.6	719	130000	130000	180.87	
63	U48	Unid Building	2	76.8	825.7	150000	150000	193.30	
64	U49	Unid Building	1	62.6	673.8	120000	120000	161.06	
65	U50	Unid Building	1	62.6	673.8	120000	120000	161.06	
66	U51	Unid Building	1	79.1	851.4	120000	120000	143.29	
67	U52	Unid Building	1	63.5	686.7	121000	121000	175.21	
68	U53	Unid Building	1	64.5	694.3	120000	120000	172.84	
69									
70	U54	End terrace	3	95.1	1013.6	202000	202000	202.65	
71	U55	M6-Hermon	3	95.1	1013.6	202000	202000	202.65	
72	U56	M6-Hermon	3	95.1	1013.6	202000	202000	202.65	
73	U57	End terrace	3	95.1	1013.6	202000	202000	202.65	
74									
75	U58	End terrace	2	71.5	769.6	204000	204000	205.72	
76	U59	M6-Hermon	2	71.5	769.6	204000	204000	205.72	
77	U60	End terrace	2	71.5	769.6	204000	204000	205.72	
78	U61	End terrace	2	71.5	769.6	204000	204000	205.72	
79	U62	End terrace	2	71.5	769.6	204000	204000	205.72	
80	U63	End terrace	2	71.5	769.6	204000	204000	205.72	
81	U64	End terrace	2	71.5	769.6	204000	204000	205.72	
82									
83	U64	Semi-detached	2	73.9	795.5	204000	204000	201.47	
84	U65	Semi-detached	2	71.5	769.6	204000	204000	205.72	
85									
86	U66	Semi-detached	2	71.5	769.6	204000	204000	205.72	





**Mark Whitfield  
Montagu Evans**

**Eastry Hospital site**

**Martin Brown has asked me to provide you with some background evidence for the sales values we have proposed for the above site. We have secured this from sales on new home sites in the area, combined with sales of comparable re-sale properties as flats have not been available on any of these sites.**

**The new homes sites in the area include,**

**Sholden Fields at Sholden, Deal. This is a large site of 230 units on the north western borders of the town (about 1 mile from the centre) by Ward Homes that provides a mix of 2,3 and 4 bed properties and includes affordable units. In terms of appeal I would suggest this represents a better location in that demand for homes in Deal and values achievable are 5-10% higher than those at Eastry.**

**The Eastry site is close to a village centre with its limited range of amenities including a single pub whereas Deal offers a comprehensive range of facilities and the High Speed rail service that broadens the towns appeal to younger purchasers. The Sholden Fields is also sufficiently separated from nearby development to be able to set its own values.**

**Based on their claimed sizes their 722ft<sup>2</sup> 2 bed home is averaging £277/ft<sup>2</sup>**

**There is a range of 3 bed homes from £234 - £286/ft<sup>2</sup> from 786ft<sup>2</sup> to 1,067ft<sup>2</sup>**

**Their 4 bed range starts at 1,192ft<sup>2</sup> rising to 1,446ft<sup>2</sup> and have sold at prices between £240 -£266/ft<sup>2</sup>.**

**At Stanhope Place, Deal Abbey New Homes have a scheme nearing completion of 44 No. 2,3 & 4 bedroom homes. This is located on a former school site in Mill Road, closer to the centre of town.**

**Their Wilton 2 bed terrace at 650ft<sup>2</sup> has achieved an average of £176,000 (end and mid-terrace combined) or £271/ft<sup>2</sup>.**

**Their Rushton 3 bed terrace (820ft<sup>2</sup>) has achieved from £195,000 to £208,000 or an average of £235/ft<sup>2</sup>.**

**Their Deene 3 bed semi (903ft<sup>2</sup>) has achieved £220,000 or £238/ft<sup>2</sup>**

**Their Stanwick 4 bed townhouse (1,250ft<sup>2</sup>) achieved £250,000 or £200/ft<sup>2</sup>**

**Persimmon Homes are building Timperley Place, off Church Lane, Sholden a mixed scheme of 65 units including 12 affordable units, including 2,3 & 4 bed homes. At an early stage their completed and exchanged sales include**

**Their Wootton 2 bed terrace at 613ft<sup>2</sup> has achieved £174,950 or £277/ft<sup>2</sup>. This included and is adjusted for fitted appliances, flooring and turfing worth c.£5k\*.**

**Their Walmer 4 bed townhouse at 1,207ft<sup>2</sup> has sold at £254,950 to include a package of carpets, turfing, appliances and £500 legals contribution. This equates to c. £207/ft<sup>2</sup>**

**Current pricing for available units ranges from £289/ft<sup>2</sup> for smaller 2 bed units (Wootton 613ft<sup>2</sup> and Lydden 639ft<sup>2</sup>), to £261/ft<sup>2</sup> for the Elvington (3 bed semi-detached) or £273/ft<sup>2</sup> for the detached variant.**

**The larger units are the Alkham (1,266ft<sup>2</sup>) priced at £248/ft<sup>2</sup> and Challock (1,443ft<sup>2</sup>) priced at £246/ft<sup>2</sup>**

**\*NB for the unsold units I have not allowed for price discounting but have allowed £5k per unit for sales incentives as above**

**At Bowman's Place, Sandwich Road, Whitfield Abbey New Homes are offering a site of 74 new homes, part of a larger site planned as part of Whitfield's expansion. Due to an infrastructure hold-up sales started only in April this year since when there have been 10 sales completions and 7 exchanges.**

**Their Wingham 4 bed detached (1,202 ft<sup>2</sup>) has achieved £215/ft<sup>2</sup>**

**Their Maxwell 4 bed detached at 1,558 ft<sup>2</sup> has achieved c. £312,000 net of incentives or £200/ft<sup>2</sup> .**

**They have reservations for**

**Their Fernwood (1,366ft<sup>2</sup>) 4 bed detached at £289,995 or £208/ft<sup>2</sup>\***

**Their Carney (1,138ft<sup>2</sup>) 3 bed semi-detached townhouse is available at £254,995 or £219/ft<sup>2</sup>\***

**Their Ripley (1,122ft<sup>2</sup>)4 bed detached is available at £289,995 or £254/ft<sup>2</sup> \***

**\*NB for the unsold units I have not allowed for price discounting but have allowed £5k per unit for sales incentives as above**

**In addition there are 2 smaller sites in nearby villages that may be considered.**

**At Woodnesborough (about 1½ miles distance) there is a development site called The Village by TG Designer Homes of 24 units from 2-5 beds backing onto farmland. At an early stage, 3 plots are reserved which are each 2 bed units of 820ft<sup>2</sup> which show an average of £291/ft<sup>2</sup>. However I understand that this includes a fully fitted kitchen with appliances, under-floor heating, landscaping, turfing, and carpeting throughout. Allowing a figure of say £5,000 for these elements the adjusted value/ft<sup>2</sup> is £280. You should be aware that the village has few amenities, no shop or pub and residents rely upon travelling to Sandwich (2 miles), Eastry or further afield.**

**In Ash, a comparable but better village lying about 2 miles to the west towards Canterbury, Rogate built 14 homes on a development called The Lanes, mainly terraced or semi-detached homes, comprising 11 No. 3 bed and 3 No. 4 bed homes in four terraces. These were sold between May & August last year and achieved values ranging from £228/ft<sup>2</sup> for a 4 bed end terrace (1,447 ft<sup>2</sup>) but average values were between £250 - £270/ft<sup>2</sup> for the remaining 3 bed properties averaging 1,110 ft<sup>2</sup>. In a better location this was a higher spec. scheme including Amtico flooring to ground floor and bathrooms, fully fitted kitchens including dishwasher and fridge freezer.**

#### **Flats**

**There are no flats currently being offered on any of these sites. However 2 recent re-sales at the Abbey Homes site (Archers Field) at Whitfield show 2 bed flats of between 517ft<sup>2</sup> and 559ft<sup>2</sup> achieving resale values of c. £210/ft<sup>2</sup> and selling between £116,000 and £118,000.**

#### **Comparison of proposed pricing to current market evidence**

#### **Flats**

**Based on the only available data from a recent development that included flats, a price of £200/ft<sup>2</sup> seems reasonable albeit that the B units proposed are bigger than the comparables. We have proposed a sale value of £135,000 and I feel this is too high based on this evidence. I have adjusted these to £125,000.**



**Based on the figures above I have not altered the Flat prices in the Range Building.**

**C1 - 2 bed units**

Smaller units such as this are clearly achieving higher prices/ft<sup>2</sup> but this is also size dependent where the smaller units in the range available achieve £275-£285/ft<sup>2</sup> for a typical 613-650ft<sup>2</sup> whereas the larger units proposed at Eastry are 770ft<sup>2</sup>. I have therefore amended the pricing of these units to reflect a £265/ft<sup>2</sup> average.

Although larger overall, I have not altered the anticipated prices achievable for The Range building.

**D1/D2/D3 variants**

These are mid-sized 3 bed units proposed between 1,000 and 1,145ft<sup>2</sup> with a median sales value proposed of £225/ft<sup>2</sup>. The lower achieved values at the Whitfield site and Church Lane, Sholden site suggest that this value should be adjusted to an average £220/ft<sup>2</sup> which I have applied.

**D4 semi-detached 3 bed units**

At 1,078ft<sup>2</sup> these are priced within the range of £225 to £240/ft<sup>2</sup>. I have made no adjustment to these as I feel these sit comfortably within the range achieved elsewhere and are in a better part of the site.

**Detached units 80-88 (E1, E2 & F)**

Although these units have southerly views over open farmland I cannot ignore the most recent evidence for the sale of similar sized detached homes nearby. Our estimate average price/ft<sup>2</sup> is £240. I have applied a more modest reduction from previous estimates to £235/ft

## MARKETING REPORT

**Applicant:** Runnymede Investments Limited

**Proposal:** Residential Redevelopment

**Location:** Former Eastry Hospital, Mill Lane, Eastry, Kent CT13 0LD

**Marketing:** Through Caxtons from 9<sup>th</sup> March 2009 to 10 October 2013

### 1. Marketing / Media

Caxtons commenced marketing in March 2009. There was a comprehensive range of advertising, details of which are shown below with copies attached.

### 2. Formal Offers Received

Caxtons have not received any formal offers for the premises.

### 3. Source of Enquiries

Four enquiries have been received as set out below.

- 24.05.10 Strutt and Parking in Canterbury for sales particulars
- 07.10.10, 27 July 2011 and 24.12.11 General enquires from individuals and details sent

### 4. Marketing Analysis

The hospital closed in 1997 and has been unused since this time. Caxtons have marketed the premises for sale and to let for office use for nearly three years. The lack of success is due to two main factors which are location and the prevailing market conditions. Eastry is a rural location and as such is not suited to large scale office development. Small offices take time to find occupiers for in Canterbury and Dover but rural areas are not suitable for many employees due to extended travelling times, lack of local service and higher housing costs.

We did not feel that it was appropriate to quote a price or rent on the marketing details. This was due to the size of the premises and the probability that most occupiers would wish to take on a smaller proportion of

the overall space. This is a frequently used approach when advertising unrefurbished space which is dilapidated.

The economy has also had a negative effect on the success of the marketing campaign. The lack of bank lending has severely reduced the number of businesses requiring office space. It will be some time before the currently available space is taken up again, and before new stock is required.

The following comments are from Locate In Kent who have assisted in marketing the site.

*The property has been logged on our system since March 2009.*

*We have received very little interest in the site. It has been put forward to clients on a few occasions but there has been no follow up to my knowledge. As you know demand for offices is slow at the moment and the enquiries we have had for Dover have been looking for town centre premises.*

*Another factor is Discovery Park in Sandwich. Hopefully this will soon come to the market but that could accommodate all the local office demand, particularly when you factor in the Enterprise Zone status (business rate exemption up to £55k per annum) and availability of Regional Growth Fund grants. There is circa 3 million sq.ft. of available space at Discovery Park which will have a significant impact on the commercial property market in East Kent.*

A residential use would no doubt create employment in the short term during the construction phase. Importantly, employment would also be required for ongoing maintenance of the buildings, grounds and communal areas of this site.

The development of a similar former hospital site at Chartham proved successful. The residential development has successfully incorporated some of the former hospital buildings.

In March 2013 we added further office space to our particulars in the form of the chapel building. This will provide 1884 sqft of modern office space within the original chapel building.

## **5 Comparative analysis**

There are a number of vacant offices available in the vicinity. We have offices available at Eurokent Business Park, Ramsgate, Discovery Park and Spratling Court, Manston.

	Space available	Asking Rent £psf	Caxtons Marketing Commenced
Eurokent	1775sqft	14	2008
Discovery	500,000	20	Feb 2013
Spratling	3000	8	Feb 2013

Whilst we have recently had enquiries for all of the above offices, take up appears to depend hugely on whether the offices are in an existing hub such as the former Pfizer plant or not. There has been no take up of the rental office space at Eurokent. Shell units have been bought and fitted as offices by occupiers but there have been no offers to take the office suite. Discovery park has seen reasonable take up of office space but this existing office space benefits from reduced rates and excellent on site facilities. Spratling Court Offices are converted from a barn and we have had no offers on the advertised space since marketing commenced in February 2013.

The offices at Eastry will provide good accommodation but they are relatively remote despite being on the village outskirts. It is apparent that lettings are achievable when office are close to coastal towns and established hubs which provide the facilities so often required by companies. These include good transport network, support services including catering facilities and good local housing stock. I would suggest that the subject premises would see good take up if they were offered as residential accommodation for which there is demand.

James Logan BSc (Hons) MRICS  
For and on behalf of Caxtons



1 Castle Street, Canterbury  
Kent, CT1 2QF  
Tel: 01227 788088  
Fax: 01227 450003



**FORMER EASTRY HOSPITAL  
MILL LANE  
EASTRY  
NEAR SANDWICH  
KENT  
CT13 0LD**

**PROPOSED REFURBISHED OFFICES  
UP TO 2,203 M<sup>2</sup> (23,704 FT<sup>2</sup>)**

**FOR SALE / TO LET  
ADDRESS OF PROPERTY**

Caxtons, for themselves and for vendors or lessors of the property whose agents they are, give notice that:

1. The particulars set out as a general outline only for the purpose of indicating the nature of the property and do not constitute part of an offer or contract.
2. The reference to any plans, measurements, diagrams, fixtures or fittings on the property must not constitute a representation unless stated to the contrary in writing by the agent or the seller.
3. No person is to be employed as Caxtons' sole or any authority to make or give approval or warranty whatsoever in relation to the property.

4. All descriptions, dimensions, references to condition and necessary permissions for use and occupation and other details are given without responsibility and any intending purchasers or tenants should verify or obtain any statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each item.

Where applicable, all figures quoted are net area only.

100, RUSSELL SQUARE, LONDON, E.C.4P, ENGLAND

Registered Office: James Park House, 45-47 Westgate Street, Canterbury, Kent, CT1 1EG

Registered in New Zealand



### **Location**

The offices are to be located in the former Eastry Hospital fronting Mill Lane, close to the village centre.

Eastry is approximately 3 miles south east of the Cinque Port of Sandwich, just off the A256 dual carriageway from Eastry to Dover, approximately 11 miles from the Port, town and A20/M20. The A2 at Whitfield is only 6 miles distant, so the property is well placed for the motorway network.

There is a main line station in Sandwich with London Charing Cross being approximately 2 hours.

### **Description**

The property is attractively situated and comprises two of the remaining buildings of the now Listed former hospital.

The remainder of the site to the rear is to be redeveloped for residential purposes.

It is proposed that the buildings will be fitted out to a high standard of finish and to any internal layout required by the tenant consistent with the restrictions of a Listed Building.

### **Accommodation**

	<b>Gross Int. Areas</b>	
	<b>M<sup>2</sup></b>	<b>FT<sup>2</sup></b>
<b>Main Building</b>		
Ground floor office	618	6650
First floor office	481	5176
Second floor office	167	1797
Basement storage	171	1839
<b>Total</b>	<b>1437</b>	<b>15462</b>
<b>Range building</b>		
Ground floor office	374	4024
First floor office	392	4218
<b>Total</b>	<b>766</b>	<b>8242</b>
<b>Total for both buildings</b>	<b>2203</b>	<b>23,704</b>

**Outside** – parking areas will be provided for both buildings.

### **Terms**

The offices are available for rent at £10psf or purchase on terms to be agreed. Expressions of interest are invited and further details and plans are available on request.

1 Castle Street, Canterbury  
Kent, CT1 2QF  
Tel: 01227 788088  
Fax: 01227 450003



### Rating

To be assessed by the Valuation Office.

### EPC

Results awaited, a copy of the report will be available upon request to prospective purchasers / tenants

### Legal Costs

The landlord's legal costs in respect of a letting will be the responsibility of the incoming tenant.

### Note

The buildings are currently in a poor state of repair and access is restricted.

### Viewing

Strictly by appointment through Sole Agents Caxtons on ☎ 01227 788088 James Logan (Extn 225) or Beverley Chaplin (Extn 240).

Caxtons act themselves and/or agents or lessors of the property whose agents they are, give notice that:

1. The particulars are set out as a general outline only for the guidance of intended purchasers or lessees, and do not constitute an offer or a part of an offer in contract.
2. The relevant energy performance information is a legal requirement of the Energy Performance of Buildings Regulations 2002. All energy performance information is to be given in accordance with the Energy Performance of Buildings Regulations 2002. Prospective purchasers and/or lessees should check the accuracy of such information for their own purposes.
3. No person is the employee or agent of Caxtons having authority to make or give representation or warranty whatsoever in relation to this enquiry.

4. All descriptions, dimensions, floor, ceiling conditions and two-way connections for the use, occupation, and other details are given without responsibility to any intending purchaser or lessee should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of such facts.

Where applicable the above quantities are approximate.

CAXTONS COMMERCIAL LIMITED Registered and Regulated Company  
Registered Office: 20, 21 & 22 Finsbury Square, London EC2A 3DF  
Legal Entity Number: 2629755



Chartered  
Building  
Company

Our ref: -AKR/akr/11-013

Your ref: -

Runnymede Homes Limited  
182 Brooklands Road  
Weybridge  
Surrey  
KT13 0RJ

4<sup>th</sup> March 2014

For the attention of Mr Martin Brown

Dear Martin,

**RE: - Indicative Costs for refurbishment and conversion of Existing Fire Damaged Listed Building and Tewksbury House into 12 Units.**

Further to our recent telephone conversation I have pleasure in submitting the following budget information.

The indicative costs to construct the above as shown on guy holloway drawings 13.028 – 45, 46, 47 & 48 would be in the sum of £1,837,500.00 including VAT. This is based upon carrying out the works in a traditional manor and under a traditional form of building contract, with the design aspects of the works remaining with yourselves.

I trust the above is sufficient for your purposes at this stage but should you wish to discuss any points or require any further information please do not hesitate to contact me.

I look forward to hearing from you again in the near future.

Yours sincerely,  
For Jenner (Contractors) Ltd



Andrew Ralph  
Estimating Director

**JENNER**

Building in Kent since 1876

Jenner (Contractors) Ltd  
Dartford House  
Park Farm Road  
Park Farm Industrial Estate  
Folkestone  
Kent CT21 3 5DZ

T 01622 250144  
F 01622 252443  
E [enquiries@jennergroup.co.uk](mailto:enquiries@jennergroup.co.uk)  
W [www.jennergroup.co.uk](http://www.jennergroup.co.uk)



Registered office  
Jenner (Contractors) Ltd  
Dartford House, Park Farm Road  
Park Farm Industrial Estate, Folkestone  
Kent CT21 3 5DZ

Registered in England No. 0441101  
VAT Registration No. 999 449 89

Questions  
All enquiries should be sent to  
3000 term 01622 250144  
1800 term 01622 252443  
ask@jennergroup.co.uk  
or 01622 250144  
or 01622 252443



# BUDGETARY ADVICE

## PROPOSED REDEVELOPMENT OF THE FORMER EASTRY HOSPITAL

ON BEHALF OF

RUNNYMEDE HOMES LTD

ISSUE 1  
10.10.11

**Coombs**  
... the constructive answer

## **Contents**

- **Proposed Budget Cost Sum Analysis**
- **Client's Provisional Sums**
- **Contractor's Provisional Sums**
- **Qualifications/ Exclusions**

### Proposed Budget Contract Sum Analysis

Preliminaries (80 weeks)	631,042.00
Flats Type A (2 blocks of 6 units @ £60,144)	721,728.00
Flats Type B (1 block of 4 units @ £68,274)	273,096.00
House Type C – 30 units	
C1 terraced (13 no. @ £73,922.00)	960,986.00
C1 semi-detached (4 no. @ £78,835.00)	315,340.00
C2 terraced (5 no. @ £74,214.00)	371,070.00
C3 semi-detached (3 no. @ £79,368.00)	238,104.00
C4 semi-detached (3 no. @ £82,780.00)	248,340.00
C5 semi-detached (2 no. @ £79,798.00)	159,596.00
Step/ staggers (4 no. @ £500.00)	2,000.00
House Type D – 26 units	
D1 semi-detached (3 no. @ £99,840.00)	299,520.00
D1 terraced (3 no. @ £97,476.00)	292,428.00
D2 terraced (2 no. @ £95,678.00)	191,356.00
D2 semi-detached (3 no. @ £97,330.00)	291,990.00
D2 detached (3 no. @ £98,509.00)	295,527.00
D4 semi-detached (2 no. @ £97,346.00)	194,692.00
D5 detached (2 no. @ £98,490.00)	196,980.00
D6 semi-detached (8 no. @ £97,368.00)	778,944.00
Step/ staggers (7 no. @ £500.00)	3,500.00
House Type E	
Detached (4 no. @ £181,831.00)	727,324.00
House Type F	
Detached (4 no. @ £164,447.00)	657,788.00
Refurbishment to externals of existing buildings	215,000.00
External works	2,261,540.00
	10,327,891.00
Overhead & profit recovery	275,893.00
	<u>£10,603,784.00</u>

NB/ the Bills above include the Provisional Sums

Client's Provisional Sum

Flats	Type A	Kitchen units @ £2500	12 no	30,000.00
	Type B	Kitchen units @ £2500	4 no.	10,000.00
House	C1 terrace	Kitchen units @ £2500	13 no.	32,500.00
	C1 Semi	Kitchen units @ £2500	4 no.	10,000.00
	C2 terrace	Kitchen units @ £2500	5 no.	12,500.00
	C3 semi	Kitchen units @ £2500	3 no.	7,500.00
	C4 semi	Kitchen units @ £2500	3 no.	7,500.00
	C5 semi	Kitchen units @ £2500	2 no.	5,000.00
House	D1 semi	Kitchen units @ £3500	3 no.	10,500.00
	D1 terrace	Kitchen units @ £3500	3 no.	10,500.00
	D2 terrace	Kitchen units @ £3500	2 no.	7,000.00
	D2 semi	Kitchen units @ £3500	3 no.	10,500.00
	D2 detached	Kitchen units @ £3500	3 no.	10,500.00
	D4 semi	Kitchen units @ £3500	2 no.	7,000.00
	D5 detached	Kitchen units @ £3500	2 no.	7,000.00
	D6 semi	Kitchen units @ £3500	8 no.	28,000.00
	E detached	Kitchen units @ £4500	4 no.	18,000.00
	E	Fire hearths @ £500	4 no.	2,000.00
	F detached	Kitchen units @ £4500	4 no.	18,000.00
	F	Fire hearths @ £500	4 no.	2,000.00
		Site clearance		10,000.00
		Gas supply complete		20,000.00
		Electrical supply complete		60,000.00
		Water supply complete		60,000.00
		Sight lines		5,000.00
				<b>£401,000.00</b>



**Contractor's Provisional Sums**

Break our existing roadways		5,000.00	
Small cycle stores		90,000.00	✓
Large cycle stores (L1)		91,000.00	✓
Large cycle stores (L2)		56,000.00	✓
Small bin stores	✓	9,000.00	✓
Large bin stores	✓	5,250.00	✓
Tree protection		2,500.00	
Street lighting		50,000.00	
BT supply complete		20,000.00	
Drainage/ unit with ground floor		80,000.00	
Self-binding gravel drive		7,200.00	
Steps/ handrails		7,000.00	
Resin based roadway		73,750.00	
Resin based footpath		67,900.00	
Pergola parking structures		31,500.00	
Bus stop signage		250.00	
Road signage (names)		2,500.00	
Bus layby		7,500.00	
Alterations to existing site entrance		10,000.00	
<b>Refurbishment Works to Exterior of Existing Building</b>			
Preliminaries	47,000.00		
Demolition	5,000.00		
Brickwork repairs	34,000.00		
Roof covering repairs	31,500.00		
Gutters	7,500.00		
Replacement windows	90,000.00		
		215,000.00	
		<b>£832,850.00</b>	

### Qualifications/ Exclusions

1. Any works which may be required in re-routing, removal or upgrade of existing services which may be found crossing the site.
2. Any works in the removal of contaminated materials which may be found on site. This includes any demolished or excavated materials.
3. Any works which may be required in connection with an archaeological survey.
4. All fees to the Local Authorities in connection with obtaining/ discharging of Planning Approval or Building Regulations.
5. Design fees including Robust Details.
6. NHBC or any other similar insurance cost.
7. Costs involved in testing for compliance with Building Regulations.
8. The works are to be completed in a continuous operation with a contract period of 80 weeks.
9. The works will be constructed in an economical sequence, not based upon a sales sequence.
10. Standard of properties to achieve Code Level 3.
11. Standard Form of Contract
12. Exclusion of a Bond if required
13. No allowance made for a Contingency Sum
14. Type D5 – no detailed drawing – assumed similar to other "D" type units

**Net Estimate**

Tender No. **c8189**  
 Title **Eastry Hospital Site**

Bill  
 Section

Ref.	Description	Quantity	Units	Rate	Extension
<b>Section Summary</b>					
04 A	SUBSTRUCTURES				36,151.48
04 B	STRUCTURAL FRAMEWORK				43,123.50
04 C	EXTERNAL WALLS				40,122.90
04 D	UPPER FLOORS & STAIRS				3,474.23
04 E	WINDOWS EXTERNAL DOORS				34,844.24
04 F	ROOF				25,277.85
04 G	INTERNAL WALLS				3,771.54
04 H	INTERNAL DOORS				9,776.57
04 I	MECHANICAL & ELECTRICAL				61,842.77
04 J	FIXTURES & FITTINGS				20,357.18
04 K	FINISHINGS				70,411.48
04 L	DECORATIONS				11,708.57
				<b>Grand Total</b>	<b>360,861.29</b>
<b>Bill Summary</b>					
04	Flats Type A	2.00		360,861.29	721,722.58
				<b>Grand Total</b>	<b>721,722.58</b>

**Summary**

**Net Estimate**

Tender No. c8189  
Title Eastry Hospital Site

Bill  
Section

Ref.	Description	Quantity	Units	Rate	Extension
<b>Section Summary</b>					
05 A	SUBSTRUCTURES				26,814.89
05 B	STRUCTURAL FRAMEWORK				31,530.00
05 C	EXTERNAL WALLS				31,316.29
05 D	UPPER FLOORS & STAIRS				2,973.18
05 E	WINDOWS & EXTERNAL DOORS				27,762.11
05 F	ROOF				18,033.63
05 G	INTERNAL WALLS				3,835.31
05 H	INTERNAL DOORS				7,301.62
05 I	MECHANICAL & ELECTRICAL				43,542.08
05 J	FIXTURES & FITTINGS				13,048.90
05 K	FINISHINGS				57,131.14
05 L	DECORATIONS				9,806.88
				Grand Total	<u>273,096.03</u>
<b>Bill Summary</b>					
05	FLATS TYPE B				273,096.03
				Grand Total	<u>273,096.03</u>

Summary

**Net Estimate**

Tender No. **c8189**  
Title **Eastry Hospital Site**

Bill  
Section

Ref.	Description	Quantity	Units	Rate	Extension
<b>Section Summary</b>					
01 A	Management & Staff				139,000.00
01 B	Site Accommodation				20,800.00
01 C	Services & Facilities				73,100.00
01 D	Mechanical Plant				13,200.00
01 E	Temporary Works				369,942.00
01 F	Project Specific Requirements				15,000.00
01 G	Design Fees				
				<b>Grand Total</b>	<b>631,042.00</b>
<b>Bill Summary</b>					
01	Preliminaries				631,042.00
				<b>Grand Total</b>	<b>631,042.00</b>

**Summary**

**Net Estimate**

Tender No. **c8189**  
Title **Eastry Hoospital Site**

Bill  
Section

Ref.	Description	Quantity	Units	Rate	Extension
<b>Section Summary</b>					
13 A	SUBSTRUCTURES				18,523.57
13 B	STRUCTURAL FRAMEWORK				18,230.00
13 C	EXTERNAL WALLS				22,112.30
13 D	UPPER FLOOR & STAIRS				2,417.47
13 E	WINDOWS & EXTERNAL DOORS				13,887.26
13 F	ROOF				13,876.48
13 G	INTERNAL WALLS & CHIMNEY				6,637.65
13 H	INTERNAL DOORS				3,857.90
13 I	MECHANICAL & ELECTRICAL				22,367.55
13 J	FIXTURES & FITTINGS				6,264.65
13 K	FINISHINGS				30,807.74
13 L	DECORATIONS				5,664.50
				<b>Grand Total</b>	<b>164,447.27</b>
<b>Bill Summary</b>					
13	HOUSE TYPE F	4.00		164,447.27	657,789.08
				<b>Grand Total</b>	<b>657,789.08</b>

**Summary**

Montagu Evans LLP

Runnymede Scheme (0% affordable)  
Fixed Land Cost plus Overage @ £400k

Project : Easry Hospital - Revised June 2015

Address :

Date : August 2015

Project Number :

GFA : 98,222

GLA : 97,644

Units : 100

Element	Cost Ratio	Elemental Amount	Cost/pf per Gross Leasable Area	Cost/pf per Gross Buildable Area	Cost per Unit	Amount	% of Total
<b>Phase 1</b>							
<b>Construction Costs</b>							
Con. - Commercial	100.00%		141.77	140.94	138,429.97		
Con. - Private Units	5.33%	738,393	7.56	7.52	7,383.93		
Con. - Listed Building	86.06%	11,913,021	122.00	121.29	119,130.21		
	8.61%	1,191,683	12.20	12.13	11,915.83	13,842,997	77.26%
<b>Net Building Cost (Excluding Site)</b>	<b>100.00%</b>	<b>13,842,997</b>	<b>141.77</b>	<b>140.94</b>	<b>138,429.97</b>	<b>13,842,997</b>	<b>77.26%</b>



Montagu Evans LLP

Runnymede Scheme (0% affordable)  
Fixed Land Cost plus Overage @ £400k

Project : Easry Hospital - Revised June 2015  
Address :

Date : August 2015  
Project Number :  
GFA : 98,222  
GLA : 97,644  
Units : 100

Element	Cost Ratio	Elemental Amount	Cost/psf per Gross Leasable Area	Cost/psf per Gross Buildable Area	Cost per Unit	Amount	% of Total
<b>Phase 1</b>							
<b>Acquisition Costs</b>							
Fixed Price	15.84%	1,700,000	22.46	22.33	21,930.00		
Stamp Duty	12.28%	68,000	17.41	17.31	17,000.00		
Other Acquisition	0.49%	400,000	0.70	0.69	680.00		
Town Planning	2.89%	25,000	4.10	4.07	4,000.00		
	0.18%		0.26	0.25	250.00	2,193,000	12.24%
<b>Professional Fees</b>							
Architect	10.00%	1,384,300	14.18	14.09	13,843.00	1,384,300	7.73%
<b>Marketing, Letting &amp; Disposal Costs</b>							
Sales Agent Fee	2.19%	302,827	5.10	5.07	4,982.41		
Sales Legal Fee	1.09%	151,414	3.10	3.08	3,028.27		
Marketing	0.32%	44,000	1.55	1.54	1,514.14		
			0.45	0.45	440.00	498,241	2.78%

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	Rate ft²	Unit Price	Gross Sales
Private Units	90	232.92	224,584	20,212,565
Listed Building	10	173.95	122,896	1,228,957
Totals	100			21,441,521

Rental Area Summary

Commercial	Units	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
	1	10.00	38,000	38,000	38,000

Investment Valuation

Commercial	Market Rent	YP @	PV 1yr 9mths @	415,147
	38,000	8.0000%	8.0000%	

**ELEMENTAL COST SUMMARY****MONTAGU EVANS LLP**

Runnymede Scheme (0% affordable)  
 Fixed Land Cost plus Overage @ £400k  
 GROSS DEVELOPMENT VALUE

21,856,669

Purchaser's Costs

5.80% (24,079)

(24,079)

**NET DEVELOPMENT VALUE**

21,832,590

**NET REALISATION**

21,832,590

**OUTLAY****ACQUISITION COSTS**

Fixed Price 1,700,000  
 Stamp Duty 68,000  
 Town Planning 25,000

4.00%

1,793,000

**Other Acquisition  
Other Acquisition**

400,000

400,000

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost
Commercial	4,378 ft <sup>2</sup>	168.66 pft	738,393
Private Units	86,779 ft <sup>2</sup>	137.28 pft	11,913,021
Listed Building	7,065 ft <sup>2</sup>	168.66 pft	1,191,583
<b>Totals</b>	<b>98,222 ft<sup>2</sup></b>		<b>13,842,997</b>

13,842,997

**PROFESSIONAL FEES**

Architect 1,384,300

1,384,300

**MARKETING & LETTING**

Marketing 44,000

44,000

**DISPOSAL FEES**

Sales Agent Fee 302,827  
 Sales Legal Fee 151,414

454,241

**FINANCE**

Debit Rate 6.50% Credit Rate 0.00% (Nominal)

Land 1,364,638  
 Construction 131,065

1,495,702

Total Finance Cost

**ELEMENTAL COST SUMMARY****MONTAGU EVANS LLP**

Runnymede Scheme (0% affordable)  
Fixed Land Cost plus Overage @ £400k

**TOTAL COSTS**

19,414,241

**PROFIT**

2,418,348

**Performance Measures**

Profit on Cost%	12.46%
Profit on GDV%	11.08%
Profit on NDV%	11.08%
Development Yield% (on Rent)	0.20%
Equivalent Yield% (Nominal)	8.00%
Equivalent Yield% (True)	8.42%
IRR	13.94%
Rent Cover	63 yrs 8 mths
Profit Erosion (finance rate 6.500%)	1 yr 10 mths