OFFICE VIABILITY STUDY

On behalf of

Maidstone Borough Council

Prepared by

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Date	Originator	Approved
13/01/2009	Nick Suter MRICS	Tim Butler FRICS
	……	……

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EXECUTIVE SUMMARY

GL Hearn has been commissioned by Maidstone Borough Council to carry out an assessment of the viability of office refurbishment and redevelopment in Maidstone Town Centre. The study utilises property valuation techniques to assess the viability of a number of scenarios in three hypothetical building types. The buildings are intended to be reflective of the existing stock in the town centre which was identified as being outdated and of poor quality by the Maidstone Borough Council Employment Land Study (GVA Grimley July 2008).

Maidstone Office Market

Maidstone is the County Town of Kent and has been a major destination for office occupiers for some time. It is an important regional hub for Kent and the South-East of England.

Office stock in the town centre is dominated by 1960's and 1970's built tower blocks which have deteriorated over a number of years although some have benefited from refurbishment. A high level of vacancy has been identified in the town centre, with a major factor for this being the poor quality of premises. The recent growth of Eclipse Park in an out of town location has shown a desire among some major companies to move out of the town centre to find the quality required. The success of the major Kings Hill development in West Malling has also been a draw for large occupiers and provides competition to Maidstone. In order to compete for these occupiers the town needs to improve the provision of quality office accommodation.

We have been instructed to focus particularly on three different parts of the town centre which are more particularly outlined in the main body of this report. The areas studied have minor differences between them but rental levels are generally consistent. Site A is in the retail heart of the town and appears to command marginally better rents because of this. An overriding value factor is car parking which was mentioned as a key concern by all of the local commercial sales and lettings agents we spoke to. All else being equal, if buildings have poor associated parking then the rental levels are significantly lower and void periods are significantly longer. This affects buildings in all conditions and locations.

Occupier Survey

As part of the research for this report a questionnaire was sent out to a number of office occupiers in the borough to ascertain their opinions on office accommodation in the town. There was a reasonable response to the survey although the sample number was low.

The results of the survey show that many companies have strong links with the town historically and are also committed to the area through staff resources and clients. There appears to be a strong desire to remain within the borough as opposed to neighbouring towns although only a small majority of respondents would prefer to be in the town centre rather than in an out of town location.

Further results showed that the biggest priorities for responding local occupiers when considering new offices are the quality of the premises, car parking and cost. It is generally considered by local agents that these and other priority considerations are best served in an out of town location than in the town centre.

Appraisals

We carried out appraisals using traditional valuation models for the three property types over the stated scenarios. To measure viability we initially carried out an existing condition valuation for each of the properties. We then assumed that this would constitute a fixed land price for any developer interested in refurbishing or redeveloping the buildings. This meant our valuations then showed a profit or loss to the developer for each proposed scheme. In our opinion viability can be achieved through the achievement of a positive value of sufficient quantum to make the risk of the scheme worthwhile to any potential developer. We consider that such a figure would be in the order of 15% profit on Gross Development Value (GDV) or 17.5% profit on costs employed in the course of the development process, including site acquisition.

Our valuations have assumed rent and yield levels which we feel are maintainable rather than those shown by the current depressed market or by the inflated market of 2006 / 2007. However, the buildings considered were generally older stock which is in a state of deterioration and we would expect values to fall in comparison to new stock over the short to medium term.

The majority of scenarios showed a loss to a developer and in many cases a very significant loss. It would therefore appear that these scenarios are not viable options under a traditional valuation approach. Scenario 3 appraisals did show some viability when ratios of uses and building sizes were altered. These generally resulted in buildings which were significantly taller than the original hypothetical buildings and this brings additional problems.

Small profits were shown in our appraisals for Site B and Site C when considering the cheaper refurbishment option, Scenario 1(ii). However these were significantly less than most developers would require in the market.

Similarly a profit was shown for Site C under Scenario 3 but it was again below the margins that would make this attractive to developers.

Conclusions and Recommendations

Most of the scenarios tested in this report did not prove to be viable options in terms of profitability to developers, although Scenario 3 did show viability with altered mixes of use and size. There is potential for some of the scenarios that as the buildings deteriorate further over time the existing condition values will drop further in comparison to the redeveloped values and in turn make the schemes more viable over the medium to long term (10 years plus). There is a question over the likely impact of the loss of empty property relief for business rates but it is yet to be proved whether this will force a redevelopment / refurbishment of a building or alternatively force rental values down as landlords seek to reduce void periods. This could speed up a drop in values for existing buildings and bring forward viability. In order to promote modern offices in the town centre in the short to medium term it may be necessary to consider

alternative approaches. For instance the establishment of an ‘office quarter’ with appropriate encouragement, whether through policy alone or financially, may secure the long term availability of quality town centre accommodation. A focused commercial setting with a density of quality employers is likely to be more attractive than piecemeal development on a building by building basis. The latter can create a disjointed feel whilst the former can have a magnetic effect if it is well promoted and correctly focused.

A further alternative may be mixed use schemes with a greater variety of contributing uses and possibly a lower level of office accommodation. This can make schemes more viable by including a greater proportion of more profitable uses such as residential, retail and leisure uses. This adheres to sustainability criteria but the appropriateness of different uses in particular locations is paramount to the success of schemes.

There is undoubtedly demand for office space in Maidstone town centre but questions of accessibility, car parking and build quality need to be addressed before occupiers will be willing to commit. There are underlying strengths to the town which ties in a number of large and loyal occupiers who would be keen to commit further into the future if the setting is right.

1 INTRODUCTION

1.1 Context

1.1.1 GL Hearn has been commissioned by Maidstone Borough Council to prepare an assessment of the viability of office refurbishment and redevelopment in Maidstone Town Centre. The purpose of this study is to examine whether the renewal of out-moded stock is a viable option, with or without cross-subsidy. This has included the basis of 100% reprovision of office stock followed by alternative mixes of use.

1.1.2 The report is in part a response to the Maidstone Borough Council Employment Land Study (GVA Grimley July 2008) which identified a high level of poor quality, vacant, office stock in Maidstone town centre.

1.1.3 This report will help inform the Council's future spatial and economic development decisions.

1.2 Methodology

1.2.1 This study assesses three generic building types which are typical of the existing stock in Maidstone Town Centre. Each building type has been valued in its assumed existing state and then valued in terms of a number of refurbishment and redevelopment scenarios.

1.2.2 The assumed building types are as follows:

<u>Site A</u>

1960's purpose built, steel framed, brick clad office block arranged over 5 floors with a lift and WC's to each floor, the net lettable area of each floor is approximately 4,000 sq ft. There is on-site parking for 75 cars.

<u>Site B</u>

1970's steel framed office set over retail units which are part of the freehold. Arranged over 6 floors with central service core including lifts and stairs, offices are separately lettable and comprise approximately 15,000 sq ft per floor. The shop units each have a covered service area at the rear. There is no on-site parking available.

<u>Site C</u>

Purpose built 1980's office block arranged over 4 floors with passenger lift and shared toilet facilities on floors 2 and 4. Net lettable area per floor is 2,000 sq ft. There are 15 on-site parking spaces.

1.2.3 We have been instructed to assume three different locations for these sites which are as follows:

Location for Site A

The main retail centre around Week Street / High Street. A position without a major retail frontage is assumed.

Location for Site B

The area bordered by Lower Stone Street, Romney Place and Mote Road to the south of the town centre.

Location for Site C

The area in and around Albion Place on the east side of the town centre.

Indicative location plans for these areas are included as Appendix I.

1.2.4 The valuation scenarios other than the 'as existing' scenario are as follows:

Scenario 1

Assessment of the viability of refurbishing the site for office uses only to provide at least the same quantity of office floorspace to modern standards. The cost of refurbishment should be assessed based on each of the 2 following situations;

- (i) Building has not been refurbished since original construction date.
- (ii) Building has been refurbished in 1990.

Scenario 2

Assessment of the viability of redeveloping the site for office uses only to provide at least the same quantity of office space to modern standards. This scenario should assume the site is vacant.

> *Scenario 2a: in the circumstances of Scenario 2 being demonstrably viable, quantify the extent to which the development could contribute to central Maidstone infrastructure requirements in the form of a central Maidstone 'tariff'.*

Scenario 3

If Scenario 2 is found not to be viable explore the potential for the provision of an element of residential development in order to cross-subsidise the provision of at least the equivalent office floorspace.

Scenario 4

As for 3, exploring the extent to which the development could meet the costs of the development contributions which would normally be required for the residential element of the scheme including on-site affordable housing if the number of dwellings exceeds 15.

1.2.5 In our opinion viability can be achieved through the achievement of a positive value of sufficient quantum to make the risk of the scheme worthwhile to any potential developer. We consider that such a figure would be in the order of 15% profit on Gross Development Value (GDV) or 17.5% profit on costs employed in the course of the development process, including site acquisition.

1.2.6 The research for this report has been drawn from discussions with agents and developers, desk-based research and an office occupier written survey. These combined resources have informed the inputs to the valuations in this report.

1.3 The remainder of this report is structured as follows:

- Section 2: Overview of the Maidstone Office Market
- Section 3: Planning and Regeneration Context
- Section 4: Occupier Survey
- Section 5: Appraisals
- Section 6: Conclusions and Recommendations

1.4 The report is supported by the following Appendices:

Appendix A – Summary of Valuation Results

Appendix B – Copy of Questionnaire

Appendix C – Questionnaire Results

Appendix D – Valuation Assumptions

Appendix E – Appraisal summaries

Appendix F – Rental Evidence Schedule

Appendix G – Summary of Planning Consents

Appendix H – Table of Valuation Inputs and Results

Appendix I – Map of three locations

2 THE MAIDSTONE OFFICE MARKET

2.1 The General Maidstone Market

2.1.1 We have assessed the existing office market in Maidstone through desktop research and discussions with local commercial property agents and developers active in the market. An occupier survey was also carried out and is detailed in section 3.

2.1.2 Maidstone is the County Town of Kent and has therefore traditionally been an important centre for the region. It is well located on important motorway routes connecting London with the Channel ports. The town has a strong retail centre which has been significantly strengthened by the Fremlin Walk development. It has traditionally been an important regional centre for offices with a mixture of locally founded businesses and branches of large national companies.

2.1.3 Development of new office stock has been relatively scarce in recent years with the only significant schemes at County Gate to the north of the town centre, and Eclipse Park, adjacent to the M20 motorway. The building stock in the town centre is generally dated with a high volume of 1960's and 1970's built office blocks. Approximately half of the office space in the borough is situated in the 'High Street Ward' in the town centre. The town centre offices have a predominance of local professional firm occupiers whilst major international businesses are more often found in out of town locations (Maidstone Borough Council Employment Land Study: GVA Grimley July 2008).

2.1.4 Around the town centre the largest office development has been County Gate to the north of the town centre and is predominantly under County Council occupation. Similarly Maidstone House has recently undergone refurbishment for occupation by Maidstone Borough Council. There are proposals for new development at Springfield Square also but these appear to be on hold at least until pre-lets can be agreed.

2.1.5 According to the Employment Land Study (July 2008) in 2004 the Borough of Maidstone had the highest amount of office floorspace of all boroughs in Kent at 281,000 sq m. Of that approximately 30,620 sq m was available at the time. The amount of floorspace in the borough has grown consistently since the mid-1980's.

2.2 Comments on the location for Site A

2.2.1 This area is dominated by the ground floor retail users primarily along Week Street, High Street and Fremlin Walk. Large office buildings in this area include Colman House, Brenchley House and Star House. There are a number of vacant floors in the larger buildings in this area with the best properties being those which have been refurbished and have a good level of associated car parking. Colman House is a good example of how a refurbished property can improve rental levels in the building.

2.2.2 This area is the closest of the three to Maidstone East railway station but also more difficult to directly access by car as there are pedestrianised areas and one-way streets.

2.2.3 Buildings in this area are generally let to multiple occupiers on a floor by floor basis. Rental levels tend to be between £10.00 - £15.00 psf dependent on the quality of the accommodation and the level of car parking available.

2.3 Comments on the location for Site B

2.3.1 This area is dominated by three office towers – Kent House, Medvale House and Miller House. None of these buildings have full occupancy and they all have a range of multiple lettings on a floor-by-floor or part of floor basis. There are also more modern and smaller buildings such as Knightrider Court which tend to be more popular and have higher rental levels.

2.3.2 Rental levels particularly reflect the level of car parking available to each building as well as the standard of fit-out. Local agents agree that the former is the most important factor however. Rental levels range between £7.00 - £15.00 psf.

2.3.3 Some local agents have indicated that proposed road changes in this area would help to improve it as an office location by improving visibility and accessibility. We understand that the Council is investigating the All Saints Link Road as a priority.

2.4 Comments on the location for Site C

2.4.1 Albion Place is characterised by four storey 1980's office buildings in terraces on either side of the street. The area has good road access but is the furthest away of the three areas from a train station but still easily accessible. The retail centre is only a short walk away.

2.4.2 We understand that most buildings were originally let on a floor by floor basis on institutional lease terms (25-30 year lease lengths). These were often to satellite offices for national insurance companies which is now an outmoded way of working. The leases have generally been subject to regular sub-letting and most buildings have available accommodation at the moment. Due to the dynamics of investments let to good covenants there is little onus on any party to improve the buildings until the leases expire. It is expected that a crunch point for this area will come over the next five years as these leases expire and landlords need to take positive action to maintain the value of their interests.

2.4.3 There is therefore a potential opportunity for the Council to set policies in place to influence the next step for landowners in this location. This may involve redevelopment for continuing commercial use or alternative uses as appropriate because refurbishment is unlikely to be viable in the short term.

2.4.4 Rental levels at present range from £5.00 - £12.00 per sq ft across building types in this location.

2.5 Out of Town Competition

2.5.1 There are a number of schemes which have or are likely to provide competition to Maidstone Town Centre. Eclipse Park has already been mentioned in this report. It is situated adjacent to the M20 motorway and is commencing phase 2 of its development with a pre-let to Towergate. The park offers new build property to pre-letting occupiers in a location easily accessible by car from a wide area, although as part of its planning conditions, there are restrictions on the number of car parking spaces and a green travel plan is being implemented.

2.5.2 Springfield Park is a proposed development, which has planning permission, located to the north-west of the town centre. We understand the developers are waiting for pre-let opportunities before breaking ground. The site has the potential to be a successful office location, due to its access to the motorway and the town centre, but current market conditions have contributed to a lack of substantial interest.

2.5.3 Kings Hill Park is located in West Malling, a short distance to the west of Maidstone and is a successful development on a major scale including office, residential and leisure facilities. It provides further 'out of town' competition to Maidstone Town Centre particularly in terms of attracting major national and international companies.

2.5.4 There are also competing towns in the region which have various strengths. Tonbridge, Ashford and Rochester all have established commercial centres. Ashford's particular strength relates to its international train station connecting to Continental Europe.

2.6 Summary

2.6.1 The Maidstone office market has a limited supply of modern stock at present. The town centre is dominated by 1960's and 1970's built office blocks which have generally deteriorated. There is still demand for these buildings as relatively cheap office space and those that have been refurbished have generally been successful at improving rental levels.

2.6.2 It is likely that as these buildings deteriorate further there will be falls in rental values and increasing vacancy rates. We would expect the impact of business rates charges on empty buildings to make this an issue for landlords more quickly than it is at present although it remains to be seen whether landlords will merely drop rental levels rather than pursuing redevelopment or refurbishment options. However, as the capital values of these buildings fall then owners will need to consider redevelopment options in order to safeguard their investments. This is a medium to long term (circa 10 years +) issue and for a more targeted step change in the provision of office accommodation policy intervention would need to occur to give appropriate stimulus.

2.6.3 Eclipse Park has challenged the dominance of the town centre in recent years and some major employers have moved to this location. The presence of purpose built new office facilities out of town is likely to further challenge values for aging stock in the town centre and compound the issues.

2.6.4 It is not only the newness of facilities driving these changes. All of the local agents we have spoken to and a number of the questionnaire respondents have highlighted car parking as one of the major issues affecting office demand in the area. As with most regional towns office workers tend to commute to and from work by car rather than using public transport. A lack of car parking is reflected strongly in rental levels and void periods and therefore in the capital values of buildings. It is unlikely that many developers would take on a speculative development of offices without parking spaces due to the additional risk of finding tenants at an appropriate rental level.

2.6.5 However, the provision of such a high level of additional parking conflicts with sustainability criteria and traffic management. Therefore an increase in commuters needs to be addressed through a combined sustainable transport policy which caters for public transport, park and ride schemes etc.

2.6.6 The three defined locations have various strengths and weaknesses but essentially all suffer from a problem of aging stock. Access to each is similar and they are all within a few minutes walk of the retail centre and reasonably close to the train station.

3 PLANNING AND REGENERATION CONTEXT

3.1 To inform the Office Viability Assessment, GL Hearn has considered the following:

1. Current Planning Policy considerations
2. Overview of recent planning consents provided by MBC
3. Consideration of possible Section 106 obligations

This information has been supplemented via discussions and meetings with MBC Planning staff.

3.2 Current Planning Policy Considerations

3.2.1 The following key policy documents have been considered for their influence upon the office market in Maidstone. We have focused on local planning policy considerations due to the nature and status of this assessment, however, an overview context of national and regional policy is provided.

3.2.2 Use Class B1 (Business)

Office development is classified as B1 (a) *"offices other than in a use within Class A2 (Financial and Professional Services)"* in the Use Classes Order (2005). The Order allows for permitted change of use from B1 to B8 (Storage or Distribution) where the development is no more than 235sqm.

It is also permitted for B2 (General Industrial) or B8 (Storage or Distribution) to change to B1 where the development is no more than 235 sqm.

3.3 National Policy

3.3.1 The Government's overarching policy objectives on the delivery of sustainable development through the planning system is set out within **Planning Policy Statement 1, 'Delivering Sustainable Development'** (PPS1, OPDM 2005). PPS1 promotes a positive planning framework to achieve sustainable development through encouraging social cohesion and inclusion, protection and enhancement of the environment, prudent use of natural resources, sustainable economic development, and integrating sustainable development into development plans.

3.3.2 To ensure the economy can prosper, the Government encourages planning authorities to make certain there are suitable locations available for industrial, commercial, retail, public sector, tourism, and leisure developments. The planning authorities in preparing development plans are encouraged to ***'focus developments that attract a large number of people, especially retail, leisure and office development, in existing centres to promote their vitality and viability****, social inclusion and more sustainable patterns of development'.*

3.3.3 PPG4 further specifies that locational demands on businesses are a key input to the preparation of development plans. Planning authorities are encouraged to seek to minimise the length and number of trips (in terms of the movement of goods and workforce), minimise road congestion, and promote sustainable modes of transport.

3.3.4 Draft Planning Policy Statement 4 "Planning for Sustainable Economic Development" (PPS4, CLG 2007) will replace PPG4 and places a greater emphasis upon understanding business needs and sustainable economic development in the broadest sense. It encourages Local Authorities to facilitate a supply of land to meet a range of business and employment needs but central to this is the flexibility to respond to a changing economy and new business needs. Thus, single land use designations are discouraged and better justification for land allocations are required. Draft PPS4 emphasises the need for effective and efficient reuse of derelict and vacant land and buildings; and highlights the need for economic development of high quality and contributing to a sustainable environment.

3.3.5 **Planning Policy Statement 6, 'Planning for Town Centres'** (PPS6, ODPM 2005) sets out the Government's objectives for town centres. The key objective to town centres is to promote their vitality and viability through *'planning for the growth and development of existing centre; and promoting and enhancing centres, by focusing development in such centres and encouraging a wide range of services in a good environment accessible to all'*. The main town centre uses to which this policy statement applies are retail, leisure, entertainment facilities, and the more intensive sport and recreation uses, offices, and arts, culture, tourism, and residential.

3.3.6 PPS6 specifies that, subject to other planning considerations, **residential or office development should be encouraged as appropriate uses above ground floor retail, leisure or other facilities within the town centre. PPS6 encourages planning authorities (both regional and local) to carry out assessments of the need for new office floorspace over the development plan document period.** Forecasting of future employment levels and the identification of regional spatial strategies of broad suitable locations where regionally significant office development should be located will be required at the regional level. Local needs assessments will be informed by the regional assessments and will form part of the evidence for development plan documents. **The town centre's role in the hierarchy and the centre's physical capacity to accommodate new office development are relevant to planning for new office development.**

3.3.7 **PPS6 further specifies that planning authorities should regularly collect information to measure the vitality and viability of town centre**. This includes gathering information on the diversity of main town centre uses, and the amount of retail, office and leisure floorspace in edge of centre and out of centre locations.

3.3.8 The consultation document **Proposed Changes to PPS6: Planning for Town Centres** has been issued and sets out revisions to PPS6 and takes forward the proposals to improve the effectiveness of town centre policy which were set out in the Planning White

Paper. The document is on consultation to 3 October 2008. The final revisions to PPS6 are not expected until early 2009.

3.3.9 There are no specific changes to office development within town centres. The changes seek to strengthen the 'town centre first' policy and give local authorities more scope to refuse out-of-town development proposals that threaten the survival of high streets. The changes retain the 'sequential test', introduce a tougher 'impact test' and remove the 'needs test'. In particular, proponents will be required to assess impact in terms of the positive and negative effects of proposals on town centre consumer choice and retail diversity, as well as investment and town centre trade. Changes are also proposed to give local authorities the power to cap the size of large retail development where this is justified.

3.3.10 The Government, in December 2005, announced a **New Growth Points** initiative whereby it would support a number of local areas wishing to pursue large scale and sustainable growth. **Maidstone was named by the Government in October 2006 as one of the 29 New Growth Points**. The intention of this initiative is to support early delivery of housing as part of growth plans; achievement of sustainable balanced growth including employment; ensure infrastructure and service provision meets demand from growth; and ensure effective delivery. Maidstone Borough Council has set out a number of strategic ambitions as part of this initiative including providing new, better located mixed use employment sites in town centre and urban fringes, including new higher and further education campuses, social and recreational facilities.

3.3.11 Part of this funding enables Maidstone Borough Council to deliver improvements for Maidstone with the ambition of creating a County Town to be proud of. More than £2 million is planned for High Street Improvements including pedestrianisation, new paving, lighting, planting and art work. Future improvements may include the All Saints Link Road which will allow the creation of a new pedestrianised heritage quarter around the Archbishop's Palace, the Tyrwhitt Drake Carriage Museum and All Saints Church.

3.4 Regional Policy

3.4.1 The relevant adopted regional planning guidance comprises **Regional Planning Guidance for the South East** (RPG9) published in March 2001. Although the South East Plan provides a greater level of regional guidance.

3.4.2 Policy Q5 confirms the region's existing network of larger town centres should be the focus for major retail, leisure and office developments, to support an urban renaissance, promote social inclusion and encourage more sustainable patterns of development.

3.4.3 Draft South East Plan

The **Draft South East Plan** is the emerging Regional Spatial Strategy for the South East. It replaces RPG9 and sets out a vision of the future of the South East region to 2026. The Plan was submitted to the Government on 31 March 2006. The Examination in Public commenced on the 28th November 2006 and the Panel Report was published

in August 2007. The Plan is currently subject to a further public consultation on the proposed changes by the Secretary of State published in 2008 and this consultation will run until 24th October 2008. The final publication of the South East Plan is expected in mid 2009.

3.4.4 **Maidstone is identified within the Plan as a Regional Hub. Policy AOSR2 recognises there will be new provision for housing and employment of sub regional significance within Maidstone.** An emphasis is placed on higher quality jobs to enhance its role as a county town and a centre for business. The policy further confirms Maidstone's Local Development Framework should establish a broad scale of new business and related development and give priority to the completion of the major employment sites.

3.4.5 Policy TC1 (Centres for Significant Change, Primary Regional Centres, and Secondary Regional Centres) lists the strategic network of town centres that will be the focus for major town centre developments; uses that attract large numbers of people; employment; and a range of housing. **Maidstone is identified within Policy TC1 as one of these centres (that is a Primary Regional Centre)**.

3.4.6 Policy TC2 (New Development and Redevelopment of Town Centre) states that the strategic network of town centres identified within Policy TC1 (which includes Maidstone) will be the prime focus for large scale leisure, office, culture and retail development.

3.4.7 **South East Plan (Proposed Modifications – Secretary of State)**

3.4.8 Maidstone has been identified as a primary regional centre, where the town centre is expected to undergo significant change.

3.4.9 "The county town of Kent serving as the focus for administrative, commercial and retail activities. Well related to strategic rail and road networks. Interchange point between intra and local rail services."

3.4.10 "Policy AOSR7: Maidstone Hub
The Local Development Framework at Maidstone will:

i. Make new provision for housing consistent with its growth role, including associated transport infrastructure
ii. Make new provision for employment of sub-regional significance, with an emphasis on higher quality jobs to enhance its role as the county town and a centre for business. The concentration of retail, leisure and service uses at the centre will allow close integration between employment, housing and public transport
iii. Confirm the broad scale of new business and related development already identified and give priority to completion of the major employment sites in the town
iv. Make Maidstone the focus for expansion and investment in new further or higher education facilities

v. Support high quality proposals for intensifying or expanding the technology and knowledge sectors at established and suitable new locations
vi. Ensure that development at Maidstone complements rather than competes with the Kent Thames Gateway towns and does not add to travel pressures between them
vii. Avoid coalescence between Maidstone and the Medway Gap urban area.

3.4.11 Maidstone is the county town of Kent, and serves as the focus for administrative, commercial and retail activities. It is designated as a hub under Policy SP2 of this Plan as it is well related to strategic rail and road networks and serves as an interchange point between intra and local rail services. It also offers opportunities for significantly higher levels of new housing development. An indicative 90% of new housing at Maidstone should be in or adjacent to the town. Associated infrastructure to support growth should include the South East Maidstone Relief Route and Maidstone Hub package. Local Authorities should investigate the need to avoid coalescence with the Medway Gap urban area.'

3.5 Kent and Medway Structure Plan

3.5.1 The **Kent and Medway Structure Plan** was adopted in July 2006 and sets out the broad strategy for the development and use of land for new homes, jobs, transport, shopping, recreation and services and is also expected to be largely superseded by the South East Plan.

Of particular relevance to Maidstone, Policy MA1 (Maidstone) of the Structure Plan states:

'Proposals for new office and residential uses should focus on the centre of Maidstone to provide close integration between employment, housing and public transport facilities.

Proposals to enhance and broaden the town centre's retail, leisure, tourism and cultural draw will be supported. Transport improvements to support these initiatives will include the A229 Upper Stone Street improvements and All Saints Link.'

3.5.2 The Structure Plan identifies the total provision for net additional floorspace for financial and professional services, business, industrial, and warehousing uses in Maidstone between 2001 and 2021 as 129,000 sqm. Maidstone Borough Council's Employment Land Study (GVA Grimley, July 2008) provides a more up to date understanding of requirement and projects a requirement of between 0.5 to 1.0% per annum increase in office floorspace between 2006 and 2026. The Study notes the current property market downturn will have a noticeable effect on the short term demand for employment land, with a reduction in investment and therefore demand for employment land. However, within the timeframe of the study – which is up to 2026 – GVA Grimley's expect the overall demand for employment land not to vary significantly. There might be a shift in demand from the short to the medium term with overall demand not being reduced significantly. In terms of gross floor area, the GVA Grimley Study projects an additional employment floorspace demand to 2026 of between 28,100 sqm and 56,200 sqm.

3.5.3 The Structure Plan sets out a strategic hierarchy of retail and service centres within Kent, comprised of Regional Centre, Sub-Regional Town and City Centres, Principal Town Centres, Urban Service Centres, and Rural Service Centres. Maidstone is identified as a Sub-Regional Town and City Centre comprised of a broad retail base serving a wide catchment area. It is further recognised that the centre will be supported and strengthened.

3.5.4 Policy EP14 (Development at the Hierarchy of Strategic Centres) of the Structure Plan states:

'*The role of Regional, Sub-regional, Principal and Urban and Rural Service Centres forming the strategic hierarchy of retail and service centres in Kent, as identified on the Key Diagram and in Table EP4, will be safeguarded.*

Development proposals which enhance the quality, range and choice of shopping and/or expand or diversify their service, business or leisure activities will be supported…'

3.5.5 Structure Plan Policy SS5 (Mixed Use in Town Centres and Inner Urban Areas) further identifies that first priority should be given to retail, service and leisure facilities. The policy also acknowledges that office, community, cultural and residential uses should also be provided, where practicable, as part of mixed use developments.

3.5.6 **The Kent and Medway Structure Plan Working Paper 2 (Revised), 'Economy, Workforce and Employment Land' acknowledges that Maidstone has been underperforming economically and losing out to neighbouring Boroughs with large business parks.** Town centre and other urban sites are seen as providing opportunity to improve this competitive situation. The Working Paper also recognises that the re-use of existing sites to address employment demand within Maidstone is also important *'substitution between existing and new provision would be appropriate to secure a supply of attractive land for business development that has good accessibility to the urban labour market and the strategic transport network. This should be accompanied by an emphasis on making best use of urban sites*.'

3.6 Maidstone Borough Wide Local Plan

3.6.1 The **Maidstone Borough Wide Local Plan** (Local Plan) was adopted on 20th December 2000. Under the Planning and Compulsory Purchase Act 2004, the Local Plan is being replaced by the Local Development Framework (LDF). The change over arrangements of the Act ensured the complete Local Plan was saved until September 2007. To avoid gaps before being replaced by the LDF, some policies of the Local Plan were saved by the Secretary of State for Communities and Local Government. Only these policies of the local plan remain in force as part of the Development Plan.

3.6.2 **Saved Policy ED1 of the Local Plan identifies a number of sites proposed for employment development,** two of these proposals sites are identified on the Maidstone Town Centre proposals map (Lockmeadow – Use B1a, Staceys Street – Use B1a, B1).

3.6.3 Saved Policy ED2 identifies a number of locations as already designated as existing areas of economic activity or areas with planning consent for economic development. A number of these sites are also identified on the Maidstone Town Centre proposals map (East and West of Lower Stone Street – B1; Fairmeadow and Bishops Way – B1; St Peter Street – B1 & B2; Session House Square – B1; Rocky Hill – B1; Tonbridge Road, Terrace Road, Rocky Hill – B1; Tonbridge Road – B1; Albion Place and Sittingbourne Road – B1) . The Council generally considers it important that these areas remain available for economic development uses.

3.6.4 Saved Policy ED7 states that development for employment (B1(a)) and leisure uses will be permitted within the Lockmeadow area. This area is located on the edge of the town centre and is identified as suitable for mixed use development.

3.6.5 Saved Policy ED8 identifies a number of uses of priority at the Maidstone East Station, including offices. The station lies on the northern edge of the town centre and is identified as suitable for mixed use development.

3.7 Maidstone Borough Council Local Development Framework

Maidstone's Local Development Framework is emerging and the Core Strategy Preferred Options (January 2007) is now being revised in light of national and regional planning policy developments and legislative changes. As advised by MBC we have not considered this document in this review.

3.8 High Street Ward Regeneration Strategy, February 2007

Elements of the Strategy including realignment of All Saints Link Road and improvements to Upper Stone Street are being developed and are expected to be taken forward as well as a Masterplan / Action Area Plan to inform the future of Maidstone's town centre.

The All Saints Link Road realignment is a significant project for the Town Centre and will allow the creation of a new pedestrianised heritage quarter around the Archbishop's Palace, the Tyrwhitt Drake Carriage Museum and All Saints Church. It will also calm traffic in Lower Stone Street.

3.9 Car Parking Policy

Planning Policy Guidance Note 13 (DCLG, 2001) recommends that councils adopt the maximum parking standards to promote sustainability. Annex D of PPG13 sets out the maximum parking standards for some non-residential use categories above defined thresholds and for Use B1 (including office) PPG13 recommends 1 space per 30sqm for developments of 1000sqm or more. The Guidance allows local authorities to set more

restrictive standards based upon local considerations including town centre locations and public transport accessibility.

Kent and Medway Structure Plan is supplemented by SPG 4: Kent Vehicle Parking Standards (July 2006). The SPG notes the local authorities should use their discretion when determining parking provision particularly economic considerations. The SPG establishes parking requirements as follows:

Offices of up to 500sqm: 1 space per 20sqm
Offices 500 to 2,500sqm: 1 space per 25sqm
Offices over 2,500sqm: 1 space per 30sqm
High Tech/Research/Light Industrial: 1 space per 35sqm

3.10 **Future Policy Considerations**

We note that the emerging Local Development Scheme is likely to make provision for a Town Centre Regeneration DPD or Action Area Plan which will contain detailed planning policies for the town centre. This Study may be used to inform the process of developing these future policy considerations.

3.11 **OVERVIEW OF RECENT PLANNING CONSENTS PROVIDED BY MAIDSTONE BOROUGH COUNCIL**

3.11.1 Attached at Appendix G, we provide a summary of recent Planning Consents extracted from information provided by Maidstone Borough Council. This information on recent applications for new office development; mixed use development; and, change of use from office (B1) use to alternative uses, supplements our understanding of the demand for office development as well as understanding the geographical spread of these applications. There have been a relatively small number of applications for office development over a ten year period which could be an indication of a lack of demand but equally may reflect a lack of available sites. The mix of out of centre and town centre applications is fairly even. Three of the applications were for change of use away from office (B1) although one of these is from B1 to A2 (financial and professional services). Only three of the applications were for mixed use development with office use a component of the proposed scheme.

3.11.2 Also from this information it has been possible to ascertain what financial contributions have been sought from other developments via Section 106 agreements. However, the information provided does not show a consistent rate per sq ft to be applied to developments such as those being considered in this report. It is quite possible that no obligation should be required if the amount of floorspace being developed is exactly the same as that which it replaces. In the absence of a tariff system we have adopted a rate of £40 per sq m to the net lettable areas of the buildings in this report.

4 OCCUPIER SURVEY

4.1 As part of the information gathering process a written questionnaire was developed by GL Hearn in conjunction with Maidstone Borough Council and sent out to an agreed list of 93 companies who occupy office premises in the borough. There was a 15% response rate to the questionnaire. This is just above the minimum response rate we would require for the survey results to be of any significant use. The number of respondents is nevertheless relatively low and this has relevance to the validity of the results. A copy of the questionnaire is included in Appendix B. Full tabulated results are included in Appendix C.

The questionnaire sought the opinions of the respondents with regard to Maidstone town centre as an office location. In particular it sought to establish the key drivers for occupiers when considering office premises and locations. It should be noted this did not include occupiers outside of Maidstone borough.

4.2 Respondent Profile

4.2.1 The companies that responded to the survey operate in a variety of business areas although the majority are involved with professional services including accounting and insurance companies. The majority of respondents (71%) stated that the reason for being located in Maidstone was that it is where the company was originally established.

4.2.2 54% of respondents had in excess of 20 employees based in Maidstone and all have occupied premises in the town for more than 6 years.

4.3 Strengths of Maidstone

4.3.1 When asked to choose the main benefits of locating in Maidstone as opposed to competing town centres the most popular responses were as follows (with the most popular listed first):

- workforce
- close proximity to clients / customers
- transport links

None of the respondents included ‘quality of premises’ as one of their answers.

4.4 Office Requirements

4.4.1 Respondents were asked to rank their top three considerations when choosing the location of new premises. The most popular answers were as follows (with the most popular listed first):

- quality of premises
- car parking
- road links

- access to clients / suppliers

'Local amenities' and 'Social/ nightlife' issues did not score at all.

4.4.2 When asked their top three considerations for the premises as opposed to the location the most popular responses were as follows (with the most popular listed first):

- cost
- car parking
- location
- Internal layout flexibility
- IT connections.

4.4.3 14% answered that they would be likely to pay a higher rent for a more modern building with 29% unlikely to pay a higher rent and 57% neither likely or unlikely.

4.5 **Town Centre vs Out of Town**

4.5.1 54% of respondents stated that they would prefer a town centre location to an out of town location with 17% having no preference. When asked where they would relocate if they had to move tomorrow the responses were split evenly between the town centre and 'out of town'.

4.5.2 For those who would move to a location in the town centre the most popular reasons were as follows (with the most popular listed first):

- staffing
- it is close to clients / customers
- cheaper premises

4.5.3 For those choosing to move to an out of town location the main reasons were

- road links
- better quality premises
- staffing

14% also added 'Car Parking' under the 'Other' section as a main reason for moving to an out of town location.

4.5.4 The respondents were asked to compare whether a number of factors were better catered for in the town centre or in an out of town location. The vast majority of respondents thought that 'access to public transport' and 'amenities' were better in the town centre. Whilst a majority thought that out of town locations have a higher 'quality of premises' (69%) and better 'car parking' (67%). 'Access to clients/suppliers' and 'road links' were deemed to be no better or worse in either location with an even split of responses for both.

4.6 Summary

4.6.1 The survey results show that occupiers in Maidstone have links to the town through their company history, their clients and suppliers and their workforce. None of the respondents stated that they would move to another town if they had to move tomorrow and that shows a certain attraction for the town and a confirmation of future demand.

4.6.2 One of the major drivers to come from a number of different questions was the issue of car parking. The survey results show that a majority of employees from responding businesses reside outside of Maidstone. It is possible to interpolate from this that a large number of employees are commuting from other towns and it is likely that a large percentage of those will be travelling by car. Some comments added by respondents suggested that a lack of car parking would drive them out of the town centre. An increase in office occupiers in the town centre is likely to add stress to the various transport modes available and this needs to be considered within the overall transport strategy.

4.6.3 There is a marginal majority perception that out of town locations have better parking, road links and better quality premises than town centre locations and these are key elements in the decision making process for companies seeking new premises.

5 APPRAISALS

5.1 Introduction

5.1.1 We have carried out a number of appraisals as per the scenarios set out in section 1. This section takes each scenario in turn and outlines the valuation inputs and results for each property. The main inputs and results are tabulated for comparison in Appendix H. Our detailed valuation assumptions are included in Appendix D.

5.1.2 We have split this section by site with each scenario outlined in turn. The values reported are taken from our market research. A summary table of available property and transacted property is included within Appendix F. We have allowed for maintainable values which we expect to be sustained over the medium term rather than relying on values appropriate to this particular moment in time when the market is in a relatively poor condition.

5.1.3 In order to assess the viability of each of these projects we have initially calculated a value as existing and we have then assumed that this would be the minimum price at which any developer would have to buy the property. We have applied this as a fixed land cost so that our appraisals will then show a profit or loss to the developer.

5.1.4 Valuations for Scenarios 1, 2 and 3 have been carried out using the residual method of valuation. This requires the estimation of the value of the completed scheme and the deduction of the costs required to achieve it. Our approach is based on published cost information sources and our previous experience of similar schemes, and our material assumptions are discussed later in this report. All quoted build costs are based on a gross internal area. Subjective judgements are involved in this valuation process and material changes in the input data may produce significant changes in the resultant valuation.

5.2 <u>SITE A</u>

Market Value As Existing

5.2.1 This scenario values the hypothetical building as it currently stands assuming no redevelopment or refurbishment other than minor decorating of suites as leases expire with costs covered by dilapidations payments from those leases. We have valued each property on an investment basis. We have allowed for purchaser's costs, totalling 5.7625%, to reflect stamp duty land tax (4%), legal (0.5%) and surveyor's fees (1%) plus VAT [1] on fees.

[1] VAT is included at 17.5%. We have ignored the current reduction to 15% as this is a temporary measure by HM Treasury.

5.2.2 We have carried out an investment appraisal for the building with the following base inputs:

Site A	
Size	20,000 sq ft net lettable area of offices
Rent psf	£10.00
Yield	7.75%
Value	**£2,000,000**

5.2.3 Our valuation assumes that the building would be most likely to let on a floor by floor basis to multiple tenants with appropriate void and rent free periods. The rental level reflects the good level of car parking to be assumed but also the poor assumed condition of an unrefurbished 1960's building.

Scenario 1

5.2.4 Scenario 1 assumes that the building is refurbished and then let out.

5.2.5 There are two elements to this scenario. Scenario 1(i) assumes that the building has not been refurbished since it was originally built. Scenario 1(ii) assumes that the building was last refurbished in 1990.

Site A Scenario 1 (i)	
Size	20,000 sq ft net lettable area of offices
Rent psf	£14.00
Yield	7.50%
Gross Development Value (GDV)	£3,470,000
Refurbishment Costs	£120 psf
Refurbishment period	6 months
Fixed Land Price	£2,000,000
Profit / Loss	**-£2,520,000**

Site A Scenario 1 (ii)	
Size	20,000 sq ft net lettable area of offices
Rent psf	£14.00
Yield	7.50%
Gross Development Value (GDV)	£3,470,000
Refurbishment Costs	£50 psf
Refurbishment period	6 months
Fixed Land Price	£2,000,000
Profit / Loss	**-£467,000**

5.2.6 The appraisals for this scenario show that the high cost of refurbishment, on the assumption the building has never been refurbished produce a large loss for a developer. The cheaper option also produces a significant loss.

5.2.7 We have also considered a residual value for the property in each case by taking developers profit at 15% of Gross Development Value. This produces a negative value of -£630,000 for Scenario 1(i) and a positive value of £1,140,000 for Scenario 1(ii). On a straight comparison of values it can be concluded that **refurbishment is not a viable option for this building as it does not improve the value.**

Rental levels would need to increase to £30 psf (Scenario 1(i)) and £20 psf (Scenario 1(ii) to make these viable.

Scenario 2

5.2.8 This scenario assumes that the building would be demolished and replaced with a new office building with at least the same amount of office accommodation. Our inputs are as follows:

Site A Scenario 2	
Size	20,000 sq ft net lettable area of offices
Rent psf	£20.00
Yield	7.00%
Gross Development Value (GDV)	£5,350,000
Construction Costs	£130 psf
Construction period	9 months
Fixed Land Price	£2,000,000
Profit / Loss	**-£1,590,000**

5.2.9 A higher rental value has been used to reflect new-build office property values and a better yield is used also.

5.2.10 This scenario produces a large loss for a developer. When utilising a fixed profit figure of 15% of GDV the valuation results in a residual value for the site of only £10,000. **Together these would indicate that it is not a financially viable option to redevelop this site for purely office use.**

Rental levels would need to increase to £32 psf to make this viable.

Scenario 3

5.2.11 This scenario assumes the existing building is demolished and a new building is constructed with at least the same amount of office accommodation plus additional floorspace for residential accommodation. We have assumed an additional two storeys for residential use to include a mixture of 8 x two bedroom flats and 5 x one bedroom flats. Our inputs are as follows:

Site A Scenario 3

Size	20,000 sq ft net lettable area of offices
	7,946 sq ft of residential
Rent psf	£20.00
Residential Value	£200,000 per 2 bedroom flat
	£160,000 per 1 bedroom flat
Yield	7.00%
Gross Development Value (GDV)	£7,700,000
Construction Costs	£130 psf
Construction period	9 months
Fixed Land Price	£2,000,000
Profit / Loss	**-£350,000**

5.2.12 The above produces a loss to the developer. When utilising a fixed profit figure of 15% of GDV the valuation results in a positive residual value for the site of £730,000, which is well below the existing condition value. **Together these would indicate that it is not a financially viable option to redevelop this site for 100% office re-provision with additional residential use.**

Rental levels would need to increase to £28 psf to make this viable.

5.2.13 We have altered the mix of office and residential accommodation to make the scheme viable in terms of the profit to a developer (15% of GDV). For this site the mixed use development becomes viable if the office accommodation is reduced from 5 floors to only 2 floors and 8 floors of residential accommodation are added, creating a 10 storey building in place of a 5 storey original building. Naturally this would severely reduce the amount office space and therefore be detrimental to the ambition of providing a good quantity of new office space.

5.2.14 If a full 5 floors of office accommodation is retained it would be necessary to add 8 floors of residential accommodation for the scheme to be viable. This would create a large 13 storey building. This also creates issues with a reasonably large amount of residential accommodation being brought to the market (52 units). The level of demand for high rise, town centre residential accommodation in Maidstone is untested although further research should give a clearer picture.

5.2.15 We have not assumed any element of affordable housing within the scheme or any of the Scenario 3 appraisals. It is likely that some level of affordable provision will be required by the local authority. Providers of social housing generally prefer to avoid high rise buildings due to a number of issues including service charge costs, maintenance, suitability etc. It is likely therefore that an alternative site will be required to fulfil this obligation. We have not included the cost of this in this study and it would be dependent on site availability and other factors. This could have a detrimental effect on viability as receipts from affordable housing are lower than those from private housing. However, by putting the affordable element on an alternate site the land value for it could be lower thereby negating this loss. The extent of any loss would also depend on the level of grant funding that may be available. In our experience the values of affordable housing

are in the region of 60 – 90% of private housing values. This would be reflected across 30 – 40% of the residential provision.

5.3 **SITE B**

Market Value As Existing

5.3.1 This scenario values the hypothetical building as it currently stands assuming no redevelopment or refurbishment other than minor decorating of suites as leases expire with costs covered by dilapidations payments from those leases.

5.3.2 We have carried out an investment appraisal for the building with the following inputs:

Site B	
Size	75,000 sq ft net lettable area of offices
	15,000 sq ft of net lettable retail
Rent psf	£7.50 for office areas
	£12.00 for retail areas
Yield	8.00% for office areas
	7.5% for retail areas
Value	**£7,000,000**

5.3.3 Our valuation assumes that the building would be most likely to let on a floor by floor basis to multiple tenants with the void and rent free periods being an average across the building. The rent and yield for the office areas reflect a building in poor condition and with no parking spaces for occupiers. The retail rent reflects the poor retail pitch for this part of the town.

Scenario 1

5.3.4 Scenario 1 assumes that the building is refurbished and then let out. Valuations have been carried out using the residual method of valuation.

5.3.5 There are two elements to this scenario. Scenario 1(i) assumes that the building has not been refurbished since it was originally built. Scenario 1(ii) assumes that the building was last refurbished in 1990.

Site B Scenario 1 (i)	
Size	75,000 sq ft net lettable area of offices
	15,000sq ft of net lettable retail
Rent psf	£12.00 psf for office areas
	£15.00 psf for retail areas
Yield	7.50% for office areas
	7.00 % for retail areas
Gross Development Value (GDV)	£14,100,000
Refurbishment Costs	£100 psf for office areas
	£45 psf for retail areas

Refurbishment period	6 months
Fixed Land Price	£7,000,000
Profit / Loss	**-£6,450,000**

Site B Scenario 1 (ii)

Size	75,000 sq ft net lettable area of offices
	15,000sq ft of net lettable retail
Rent psf	£12.00 psf for office areas
	£15.00 psf for retail areas
Yield	7.50% for office areas
	7.00 % for retail areas
Gross Development Value (GDV)	£14,100,000
Refurbishment Costs	£40 psf for office areas
	£29 psf for retail areas
Fixed Land Price	£7,000,000
Profit / Loss	**-£435,000**

5.3.6 The appraisals for this scenario show that the high cost of refurbishment, on the assumption the building has never been refurbished, produce a significant loss to the developer. The cheaper refurbishment option also produces a loss.

5.3.7 When utilising a fixed profit figure of 15% of GDV the valuation results in a negative residual value for Scenario 1(i) of -£350,000, and a positive value for Scenario 1(ii) of £5,480,000. **Together these would indicate that it is not a financially viable option although the cheaper refurbishment is reasonably close to existing values.**

Rental levels would need to increase to £22.50 psf (Scenario 1(i)) and £15 psf (Scenario 1(ii) to make these viable.

Scenario 2

5.3.8 This scenario assumes that the building would be demolished and replaced with a new office building with at least the same amount of office accommodation. Our inputs are as follows:

Site B Scenario 2

Size	75,000 sq ft net lettable area of offices
	15,000sq ft of net lettable retail
Rent psf	£17.00 psf for office areas
	£20.00 psf for retail areas
Yield	7.25% for office areas
	6.75 % for retail areas
Gross Development Value (GDV)	£20,830,000
Construction Costs	£110 psf
Fixed Land Price	£7,000,000
Profit / Loss	**-£5,175,000**

5.3.9 The above produces a significant loss to the developer. Utilising a fixed profit figure produces a positive value of £800,000 but it is significantly lower then the existing condition value. The rental values reflect the lack of car parking which prevents the building from achieving top rental values for new build properties. **This would not appear to be a viable option for this property.**

Rental levels would need to increase to £26 psf to make this viable.

Scenario 3

5.3.10 This scenario assumes the existing building is demolished and a new building is constructed with at least the same amount of office accommodation plus additional floorspace for residential accommodation. We have assumed an additional two storeys for residential use to include a mixture of 5 x three bedroom flats, 25 x two bedroom flats and 17 x one bedroom flats. Our inputs are as follows:

Site B Scenario 3	
Size	75,000 sq ft net lettable area of offices
	15,000sq ft of net lettable retail
	29,584 net residential area
Residential Values	£215,000 per 3 bedroom flat
	£200,000 per 2 bedroom flat
	£160,000 per 1 bedroom flat
Rent psf	£17.00 psf for office areas
	£20.00 psf for retail areas
Yield	7.25% for office areas
	6.75 % for retail areas
Gross Development Value (GDV)	£29,625,000
Construction Costs	£110 psf
Fixed Land Price	£7,000,000
Profit / Loss	**-£2,215,000**

5.3.11 The above again produces a loss to the developer. With a fixed profit figure the residual value is £2,930,000, well below the existing condition value. **This would not appear to be a viable option for this property.**

Rental levels would need to increase to £23 psf to make this viable.

5.3.12 We have altered the mix of office and residential accommodation to make the scheme viable in terms of the profit to a developer (15% profit on GDV). For this site the mixed use development becomes viable if the office accommodation is reduced from 5 floors to only 3 floors, the single floor of retail use is retained and 6 floors of residential accommodation are added, creating a 9 storey building. This would create a reduction in office accommodation but would include approximately 140 private residential units. We have not assumed any element of affordable housing within the scheme for the same reasons addressed in 5.2.15.

5.3.13 If a full 5 floors of office accommodation is retained with a single floor of retail then it would be necessary to add 6 floors of residential accommodation for the scheme to be viable. This would create a 12 storey building in place of the original 6 storey structure.

5.3.14 For both of these variations the level of residential accommodation is high for the location. It may be difficult to sell so many units in Maidstone which has an untested appetite for high rise living of this magnitude.

5.4 SITE C

Site Value As Existing

5.4.1 This scenario values the hypothetical building as it currently stands assuming no redevelopment or refurbishment other than minor decorating of suites as leases expire with costs covered by dilapidations payments from those leases.

5.4.2 We have carried out an investment appraisal for the building with the following inputs:

Site C	
Size	8,000 sq ft net lettable area of offices
Rent psf	£7.00
Yield	7.75%
Value	**£560,000**

5.4.3 The rental level reflects the reasonable level of car parking to be assumed but also the poor assumed condition of an unrefurbished 1980's building.

Scenario 1

5.4.4 Scenario 1 assumes that the building is refurbished and then let out. Valuations have been carried out using the residual method of valuation.

5.4.5 There are two elements to this scenario. Scenario 1(i) assumes that the building has not been refurbished since it was originally built. Scenario 1(ii) assumes that the building was last refurbished in 1990.

Site C Scenario 1 (i)	
Size	8,000 sq ft net lettable area of offices
Rent psf	£13.00
Yield	7.25%
Gross Development Value (GDV)	£1,350,000
Refurbishment Costs	£110 psf
Refurbishment period	6 months
Fixed Land Price	£560,000
Profit / Loss	**-£635,000**

Site C Scenario 1 (ii)

Size	8,000 sq ft net lettable area of offices
Rent psf	£13.00
Yield	7.25%
Gross Development Value (GDV)	£1,350,000
Refurbishment Costs	£45 psf
Refurbishment period	6 months
Fixed Land Price	£560,000
Profit / Loss	**£145,000**

5.4.6 The appraisals for this scenario again show that the high cost of refurbishment, on the assumption the building has never been refurbished, produce a negative value for the property. The cheaper refurbishment option does produce a profit for the developer which is equivalent to 10.74% of GDV. This makes the scenario potentially viable although it is not compelling.

5.4.7 Using a fixed developers profit produces a residual value for Scenario 1(i) of -£170,000 and for Scenario 1(ii) of £500,000. The latter is close to the existing use value.

Rental levels would need to increase to £23 psf (Scenario 1(i)) and £15 psf (Scenario 1(ii) to make these viable.

Scenario 2

5.4.8 This scenario assumes that the building would be demolished and replaced with a new office building with at least the same amount of office accommodation. Our inputs are as follows:

Site C Scenario 2

Size	8,000 sq ft net lettable area of offices
Rent psf	£18.00
Yield	7.00%
Gross Development Value (GDV)	£1,950,000
Construction Costs	£115 psf
Construction period	9 months
Fixed Land Price	£560,000
Profit / Loss	**-£100,000**

5.4.9 The above produces a negative value for the developer. Using a fixed profit produces a small positive land value of £55,000. **It would appear from this appraisal that the redevelopment of Site C is not a viable option.**

Rental levels would need to increase to £25 psf to make this viable.

Scenario 3

5.4.10 This scenario assumes the existing building is demolished and a new building is constructed with at least the same amount of office accommodation plus additional floorspace for residential accommodation. We have assumed an additional two storeys for residential use to include a 6 x two bedroom flats. Our inputs are as follows:

Site C Scenario 3	
Size	20,000 sq ft net lettable area of offices
	4,000 sq ft of residential
Rent psf	£18.00
Residential Value	£200,000 per 2 bedroom flat
Yield	7.00%
Gross Development Value (GDV)	£3,145,000
Construction Costs	£115 psf
Construction period	9 months
Fixed Land Price	£560,000
Profit / Loss	**£240,000**

5.4.11 The above produces a positive profit equivalent to 7.6% of the GDV which is less than half of the profit expectation we would expect. Using a fixed profit of 15% produces a residual land value of £350,000 which is below the value for existing use. Whilst these are positive figures it would still not be a viable option at this level.

Rental levels would need to increase to £21 psf to make this viable.

5.4.12 We have altered the mix of office and residential accommodation to make the scheme viable in terms of the profit to a developer (15% profit on GDV). For this site the mixed use development becomes viable if the office accommodation is retained at 4 floors and 4 floors of residential accommodation are added, creating an 8 storey building in place of the original 4 storey building. This would be significantly larger than the surrounding buildings that currently exist and would be of questionable worth on a single, relatively small, footprint. A developer is likely to require a larger site when undertaking such a tall building to improve the cost efficiency of the build. There is also a question as to the visual impact of such a high rise building in this location.

5.5 Exclusion of Scenario 2a and Scenario 4

5.5.1 Both Scenario 2a and Scenario 4 relied upon there being sufficient gain in Scenario 2 and 3 respectively for it to be able to meet the costs of development contributions such as affordable housing requirements. This has not been the case for either and therefore in the absence of such viability we have not pursued the matter of additional contributions.

5.6 Discussion of Scenario 3

5.6.1 Scenario 3 assumes a mixed use development of office and residential accommodation. This is a slightly unusual mix as developments more commonly have a strong retail or leisure element in them as part of mixed schemes. In recent years retail and residential values have been particularly strong and reliable which is part of the reason for this trend. Office space and residential space have not traditionally gone together although with separate access points there is no strong reason why they should not.

5.6.2 As part of our research for this report we have considered the viability of such a scheme by looking at projects elsewhere around the country. There are a number in the process of development at present but few high profile schemes which have been completed.

5.6.3 The **Edinburgh Quay** redevelopment at Lochrin Basin was voted the best regeneration project in Scotland in 2005. The scheme comprises 82,000 sq ft of Grade A office accommodation, 31,577 sq ft of licensed premises and 20 residential apartments. Take-up for all facets of the scheme were successful for what is a centrepiece development leading a masterplanned regeneration of the area.

5.6.4 **St Paul's Square, Liverpool,** is a major office and residential scheme which was completed in 2008. Take up of the office areas has been highly successful and includes two major banks. The first phase comprises 125,000 square feet of prime office space (pre-let to law firm Hill Dickinson), 50 apartments, a restaurant and a 400 space car park, all overlooking the square.

5.6.5 There are many further schemes involving office and residential use but they tend to include a wider mix of uses such as retail, leisure etc. This serves to improve the sustainability credentials of development particularly in town centre environments. It is not necessarily a reflection on the viability, or lack thereof, of such schemes. There is an element to this of the identifiable need in a particular location as well as the appropriate location of uses. This will rely on analysis of demand and supply for different use types as well as other factors including sustainability issues. A full mix of uses is desirable in sustainability terms but if there is a lack of demand for one or more of those uses then the scheme is no longer viable.

5.6.6 This study is based on a range of hypothetical building scenarios and appropriate mixes of use are often more dependent on specific locational factors and need to be addressed on a site by site basis. This needs to be combined with sustainability criteria, building density requirements and possible transportation issues to find an optimum outcome.

5.6.7 A further factor to be considered is the level of affordable housing provision which would be required in any significant new development. Values for affordable property are generally lower than private residential values and therefore either additional accommodation would be required or off site provision.

5.6.8 Another method which has been successfully used by local authorities around the country is to define an 'office quarter' location within a town to achieve the twin ambitions of regenerating a location and improving the quality of office stock in the town. We are aware of the success Redhill, for instance, has had in doing this in recent years. By creating a dedicated office area they were able to focus investment and development and mould a commercial setting to the benefit of occupiers. There is a benefit to like-minded businesses, particularly professional firms to be closely located in a business environment. As good quality firms establish themselves in a particular location it can have a magnetic effect drawing in those who wish to associate themselves with successful companies.

5.7 Summary

5.7.1 The appraisals outlined above cover a wide range of scenarios for the building types. None of the proposed scenarios produces a value which is higher than the existing condition value for any of the buildings, based on 100% reprovision of office accommodation and a similar bulk and location.

5.7.2 Scenario 1(i) assumed a major refurbishment of each of the sites for the first time since each was built. This scenario shows significant losses on each building. The costs for such a major refurbishment are not far below the cost to completely redevelop the property but the gain in rental value is not as significant. Therefore these generally do not work unless refurbished property rents were to rise significantly or costs to come down significantly. This may be the case in a situation of extreme high demand and low supply.

5.7.3 Scenario 1(ii) is one of the more successful scenarios and results in a positive residual value for all of the properties. There is the potential for changes in rental values and yields which could make these viable options for developers. This is particularly the case for Site C.

5.7.4 Scenario 2 also shows a positive value for each site but these are very low values compared to the existing condition values. It is unlikely that this scenario will become viable in the short to medium term.

5.7.5 Scenario 3 results in the second best values overall with all sites having a positive value and Site C showing a profit for the developer when using the fixed land price method. This is a direct benefit of having residential property included in the scheme which gives a better rate of profit per square foot than office property.

5.7.6 Scenario 4 has not been considered as it is reliant on Scenario 3 being viable in the first instance.

6 CONCLUSIONS

6.1 This section draws together the analysis undertaken for this study which has included desktop research, an occupier survey and detailed valuations. It summarises the results of these elements and interprets what they conclude about the viability of office redevelopment and refurbishment in Maidstone town centre. This is followed by recommendations and consideration of future study.

6.2 Maidstone Office Market

6.2.1 Our analysis of available market data, previous market reports and discussions with local agents enabled us to form a picture of the existing market. The Employment Land Study reported in July 2008 had already identified relatively high levels of office vacancy in the town centre and concluded that part of the reason for this was the poor quality of stock.

6.2.2 Our investigations were particularly focused on three specific locations which are outlined in Section 2. Our research did not show any particular area to be better than the others in general terms. They each have different strengths and weaknesses that make them appropriate to particular occupiers. More importantly across all areas of the town centre the level of car parking available is key to the success or failure of office premises when compared on a like for like basis. This has been a consistent theme among survey respondents and locally active commercial property agents.

6.2.3 Whilst the wider property market is experiencing a lull in activity at present there are still signs of demand in the town and most agents expect good demand for offices in the medium to long term although stock will need to keep up with requirements to prevent occupiers looking elsewhere. It should be again emphasised at this point that our opinion of the local market takes into account a long term view and is not prejudiced by significant highs or lows in the market. Values adopted are ones we consider to be sustainable.

6.3 Occupier Survey

6.3.1 A significant number of existing occupiers located within Maidstone Borough, who responded to our survey, want to be located in the town centre but at the moment they do not necessarily see that as being viable in terms of their particular requirements.

6.3.2 The quality of premises available and the level of car parking are both significant concerns for them in deciding the best location for their business. These stand out as the primary reasons for choosing one property over another as long as the cost does not become prohibitive.

6.3.3 A number of companies are committed to Maidstone through their history, their staff and the position of the town geographically and politically in Kent. Therefore there appears to be a desire to stay as long as office accommodation can satisfy certain requirements.

6.4 Scenario Appraisals

6.4.1 Our appraisals showed that none of the proposed scenarios involving 100% office reprovision and similar heights and locations were viable, in that they did not result in higher building values than existing or that they did not show a significant enough profit for a developer. Once the mixture of uses was altered and heights increased some Scenario 3 options were viable.

6.4.2 Major refurbishment was the least successful scenario due to the high costs of carrying out such work for relatively little gain. Major refurbishment can be nearly as costly as full redevelopment but only in rare cases would it command the same rental values.

6.4.3 The minor refurbishment option did produce profits on two of the schemes but these were considerably below developer expectations in the market. Site C was closer to market expectations than Site B and development scenarios may become more viable in profit terms if the value of existing buildings fall over time due to building deterioration.

6.4.4 We considered two redevelopment options neither of which proved to be particularly viable. The option including residential accommodation showed better results but only Site C was close to being a viable option.

6.4.5 A key element of the measurement of viability is the value of the buildings as they stand. The hypothetical buildings we have considered are assumed to be between 50 – 30 years old. Without a significant overhaul these buildings will continue to deteriorate and assuming normal market conditions it should be expected that rental and capital values of these buildings will fall in comparison to new build property. Therefore it can be assumed that as these buildings age the scenarios explored in this report could become more viable. We would expect this to become the case in the medium to long term (circa 10 plus years).

6.5 Car parking has been identified as a major issue by local commercial agents and existing occupiers alike. It is unlikely that any buildings which currently stand will be able to improve their level of parking without some element of additional land assembly or the construction of underground or multi-storey parking and it is likely to conflict with other sustainability objectives as noted in PPG13. It will also contribute additional stress on traffic flows around the town centre. Both of these options would add considerable expense to scenarios and whilst there would be increased value and demand it is still unlikely to be financially viable.

6.6 The adoption of an extended park and ride scheme has been suggested but from the limited feedback we have had it would seem most local occupiers want parking with their office. Research into the popularity of park and ride schemes has not constituted part of this report but anecdotally it would appear that occupiers primarily desire parking immediately associated with the buildings they occupy. A more holistic approach to transport policy to include elements of town centre parking, park and ride and public transport is required to provide solutions to this issue.

6.7 It may be prudent for the local authority to consider other areas around the town centre where land is available to promote office development. Sites including Springfield Park and Maidstone East train station offer the potential for major office development within a relatively short distance of the town centre. The former already has planning permission for office and residential development but pre-lets are awaited before work begins. Maidstone East has the advantage of being a relatively clear site with no buildings to demolish. Additional sites which may be appropriate include the Peugeot site and parts of the Medway Street car park.

6.8 The development of an office quarter can create a positive working environment with clients and service providers in close proximity. It is often desirable for occupiers and provides a strong focal point for commercial activity. A location close to the main train station would be desirable and in Maidstone this would also give relatively quick access to the motorway being to the north of the town centre.

6.9 Many other towns have found success in defining a particular office quarter in the town which is attractive to businesses. We are aware of the success that Redhill has had, for instance, in defining an area of the town for this kind of development. By promoting one particular part of the town they have focused new development of office accommodation with good take-up levels and rental levels growing above £23.00 psf.

6.10 An office quarter could be a solution as it has the potential to provide high density quality office accommodation, attract quality firms to a strong business environment and it could also satisfy sustainability requirements by focusing employment densities in a town centre location.

6.11 The addition of residential accommodation does undoubtedly add value, as does retail use in locations where it is appropriate to have shops. A different mix of uses which perhaps loses some office space may be more attractive to developers. It offers the opportunities to hedge risk across three property classes and includes the two that are traditionally most profitable. With the current level of vacancy in the town it could be the case that a small loss in the amount of office space nevertheless leads to an increase in occupied space as the quality improves.

6.12 None of the proposed scenarios that include 100% office reprovision and similar build heights have produced the level of return a developer would normally require. If Maidstone Borough Council wishes to promote the provision of good quality town centre offices there are nevertheless other options. These may involve mechanisms to aid land assembly or the use of ‘pump priming’ from economic regeneration agencies to encourage developers and improve financial viability. Investigation of alternative use mixes may provide more positive solutions. It is likely that a combination of these measures will be required for the future development strategy.

6.13 These scenarios have been tested on sustainable market values, but over the medium to long term (circa 10 plus years) there is the potential for this situation to change as values of existing older stock falls. Therefore policy could potentially be focused on

preparing the ground over the short term for redevelopment later when it becomes more financially viable and attractive.

6.14 **Future Planning and Economic Development Considerations**

6.15 Clearly the office market in Maidstone Town Centre is restricted by ageing office stock and the limited floorplates that this provides and other constraints including availability/cost of car parking. These factors mean that town centre locations struggle to compete with recent developments outside Maidstone's central area.

6.16 The challenge for Maidstone is to create an environment which is attractive to businesses whilst also improving commercial property values and enabling development.

6.17 Office use is an important component for town centre vibrancy and placemaking. The economic health of town centres depends upon a sustainable mix of uses creating economic activity throughout the day and into the evening. Town Centre retail and services benefit from having a significant daytime office employee presence.

6.18 Maidstone Borough Council faces a dilemma in considering what if any intervention is appropriate to guide future office development in Maidstone. Doing nothing is likely to see only piecemeal development within the town centre and continued seepage of office use to edge of centre and out of town sites which will have a long term impact on the economic viability of the town centre. Without intervention it is likely that Maidstone town centre will get worse before it gets better and the risk is allowing the natural balance to tip towards a long term spiral of decline.

6.19 The following options are identified for Maidstone Borough Council's consideration and further development but are not exhaustive:

(i) Revise Planning Policies to actively promote and protect office use within a pre-defined Town Centre Office Quarter.

(ii) Continue investment in town centre infrastructure to create the climate for investment utilising public sector investment (ie Growth Point funding) to improve traffic management, public transport, car parking, environmental enhancement etc.

(iii) A further assessment to inform the possibility of establishing a designated Office Quarter within Maidstone. This could include a review of land and property availability; market assessment; town centre zoning; and relocation and development phasing strategy.

(iv) Active intervention to assemble land to facilitate new mixed use development. Timing of land assembly is critical.

6.20 The Maidstone Borough Council Employment Land Study (GVA Grimley July 2008) identified a relatively large amount of vacant, ageing office stock in the town centre. This stock tends to fail to attract significant occupiers and therefore more new and refurbished accommodation is required to draw in the best firms. The underlying strengths of Maidstone as a location remain and there is undoubtedly a perceived benefit to existing occupiers to being associated with the town. The opportunity exists to focus future economic strategy by encouraging office development in an appropriate manner and ensuring the presence of good quality employers in the town for some time to come.

APPENDIX A

SUMMARY OF VALUATION RESULTS

Profit Achievable Based on a Fixed Land Cost

	Site A - Land Cost £2,000,000	Site B - Land Cost £7,000,000	Site C – Land Cost £560,000
Scenario 1	-£2,520,000	-£6,450,000	-£635,000
Scenario 1 (b)	-£467,000	£435,000	£145,000
Scenario 2	-£1,590,000	-£5,175,000	-£100,000
Scenario 3	-£350,000	-£2,215,000	£240,000

Residual Value based on Developers Profit of 15% of Gross Development Value

	Site A	Site B	Site C
Scenario 1	-£630,000	-£350,000	-170,000
Scenario 1 (b)	£1,140,000	£5,480,000	£500,000
Scenario 2	£10,000	£800,000	£55,000
Scenario 3	£730,000	£2,930,000	£350,000

APPENDIX B

COPY OF QUESTIONNAIRE

GL HEARN
Property Consultants

Please place a tick next to the appropriate answer and add comments where necessary

Name ……..
Position ……..
Company Name ……..
Telephone No. ……..
E-mail Address ……..

If you wish to remain anonymous please tick here ☐

Q1. What is your main business activity?

……..

Q2. What is your primary reason for being located in Maidstone?

It is where the company was established ☐
It is close to suppliers ☐
It is close to clients / customer base ☐
Transport links ☐
Other (Please specify below) ☐

Other / Comments …….
……..

Q3. What do you perceive to be the main benefits of locating in Maidstone as opposed to competing town centres? (e.g. Ashford, Tonbridge, Sevenoaks)

Amenities (Shops restaurants etc) ☐
It is close to suppliers ☐
It is close to clients / customer base ☐
Quality of premises ☐
Transport links ☐
Workforce ☐
Other (Please specify below) ☐

Other / Comments …….
……

Q4. Which of the following factors do you believe are better catered for in Maidstone town centre location or an out of town location:

	Town Centre	Out of Town
Access to public transport	☐	☐
Access to clients / suppliers	☐	☐
Amenities (Shops restaurants etc)	☐	☐
Road Links	☐	☐
Car Parking	☐	☐
Quality of Premises	☐	☐
Social / Nightlife	☐	☐

Other / Comments ……..
……

Q5. Please rank your top three considerations when considering office locations? (1 being the most important)

Access to public transport	…..
Access to clients / suppliers	…..
Amenities (Shops restaurants etc)	…..
Road Links	…..
Car Parking	…..
Quality of Premises	…..
Social / Nightlife	…..
Other (Please specify below)	…..

Other / Comments ……..
……

Q6. How important is the external appearance of an office building when considering occupying premises?

Very Important	☐
Fairly Important	☐
Neither Important or Unimportant	☐
Not important	☐

Comments ……..
……

Q7. Please rank your top three considerations when considering an office building? (1 being the most important)

Air Conditioning	…..
Car Parking	…..
Energy Efficiency	…..
Internal Layout Flexibility	…..
IT Connections	…..
Raised Floors	…..
Security	…..
Other (Please specify below)	…..

Other / Comments …….
……

Q8. How likely is it that you would be prepared to pay a higher rent for a more modern building?

Very likely	☐
Likely	☐
Neither likely or unlikely	☐
Unlikely	☐

Comments …….
……

Q9. Would you prefer a town centre location or out of town location if the buildings were of identical specification?

In town	☐
Out of town	☐
No preference	☐

Comments …….
……

Q10. If you were to relocate your business tomorrow would you relocate to:

Maidstone - Town Centre	☐
Maidstone – Out of town location	☐
Other towns	☐

Comments …….
……

Q11. What would be the main considerations for your choice in Q10. above?

Better quality premises ☐
Cheaper premises ☐
It is close to suppliers ☐
It is close to clients / customer base ☐
Transport links ☐
Staffing ☐
Other (Please specify below) ☐

Other / Comments ……..
……

Q12. Would you be willing to occupy office accommodation in a building which also contained separately accessed residential accommodation, assuming it was to the same standard as other office available?

Yes ☐
No ☐
No strong opinion ☐

Comments ……..
……

Any Additional Comments:

To assist our analysis of the above we would be grateful for some information about your company. There is no obligation to provide this however.

Q13. What is the size of your company in terms of employee numbers?

0-20 ☐
20-50 ☐
50-100 ☐
100+ ☐

Comments ……..
……

Q14. How many employees are based in premises in Maidstone?

0-20 ☐
20-50 ☐
50-100 ☐
100+ ☐

Comments ……..
……

Q15. How long has the business been established?

0-5 years ☐
5-15 years ☐
15-30 years ☐
30 + years ☐

Comments ……..
……

Q16. How long has the business occupied premises in Maidstone?

0-5 years ☐
5-15 years ☐
15-30 years ☐
30 + years ☐

Comments ……..
……

Thank you for your time in completing this survey.

Responses to the survey will be used by GL Hearn. Information and responses may be shared with Maidstone Borough Council. Please tick this box if you do NOT want your details passed to Maidstone Borough Council. ☐

The details will not be used for marketing purposes.

Please return your responses to Nick Suter at GL Hearn in one of the following ways:

Fax:	020 7851 4910
Scanned and e-mailed to:	nick_suter@glhearn.com
Post to:	Nick Suter GL Hearn 20 Soho Square London W1D 3QW

APPENDIX C

QUESTIONNAIRE RESULTS

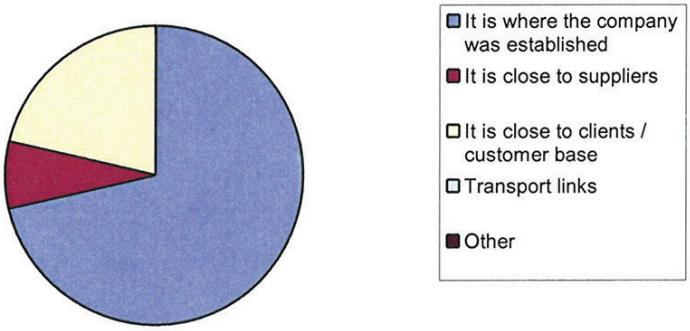
93 questionnaires were sent out and there were 14 responses equating to a response rate of 15%.

Q1. What is your main business activity?

Accountant	2
Charity	1
Insurance	4
IT Recruitment	1
Leisure / Travel	1
Loss adjuster	1
Retail	1
Solicitors	1
Trade Union	1

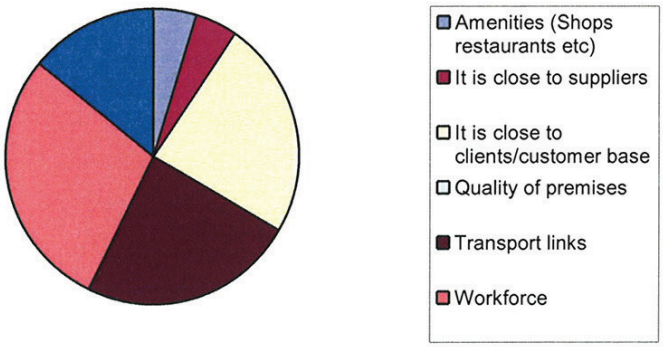
Q2. What is your primary reason for being located in Maidstone?

It is where the company was established	10
It is close to suppliers	1
It is close to clients / customer base	3
Transport links	0
Other	0



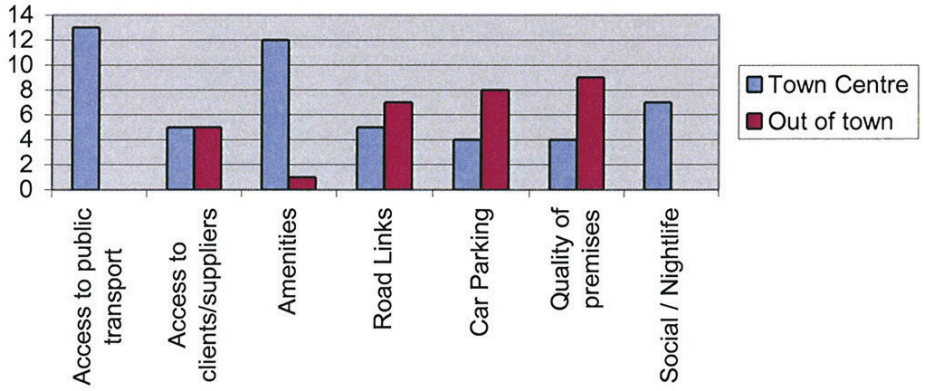
Q3. What do you perceive to be the main benefits of locating in Maidstone as opposed to competing town centres?

Amenities (Shops restaurants etc)	1
It is close to suppliers	1
It is close to clients/customer base	5
Quality of premises	0
Transport links	5
Workforce	6
Other	3



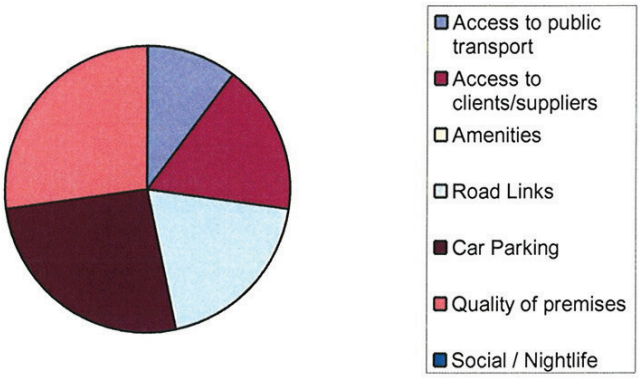
Q4. Which of the following factors do you believe are better catered for in Maidstone town centre location or in a location outside the town centre:

	Town Centre	Out of town
Access to public transport	13	0
Access to clients/suppliers	5	5
Amenities	12	1
Road Links	5	7
Car Parking	4	8
Quality of premises	4	9
Social / Nightlife	7	0



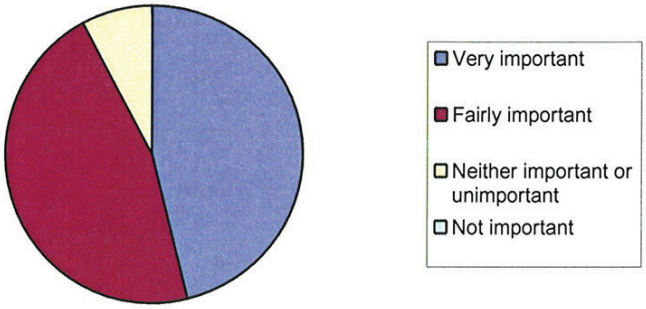
Q5. Please rank your top three considerations when considering office locations? (1 being the most important) 3 points for 1; 2 points for 2; 1 point for 3

Access to public transport	8
Access to clients/suppliers	13
Amenities	0
Road Links	15
Car Parking	20
Quality of premises	21
Social / Nightlife	0



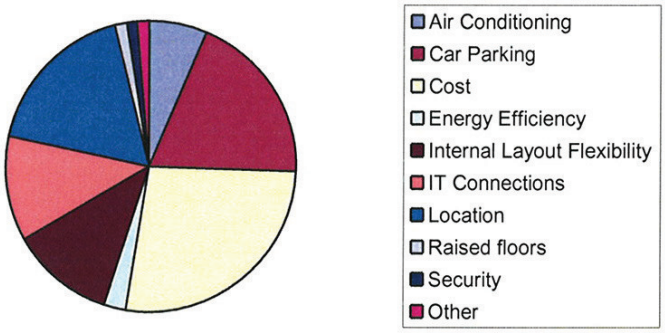
Q6. How important is the external appearance of an office building when considering occupying premises?

Very important	6
Fairly important	6
Neither important or unimportant	1
Not important	0



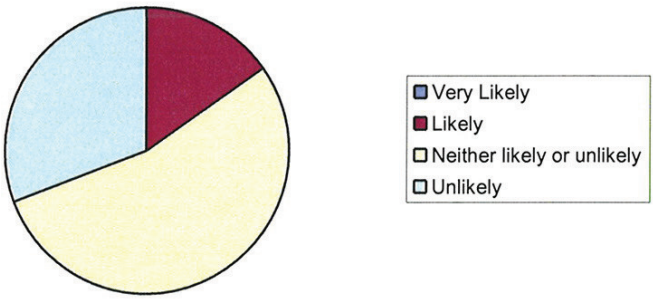
Q7. Please rank your top three considerations when considering an office building? (1 being the most important) 3 points for 1; 2 points for 2; 1 point for 3

Air Conditioning	5
Car Parking	15
Cost	21
Energy Efficiency	2
Internal Layout Flexibility	9
IT Connections	9
Location	14
Raised floors	1
Security	1
Other	1



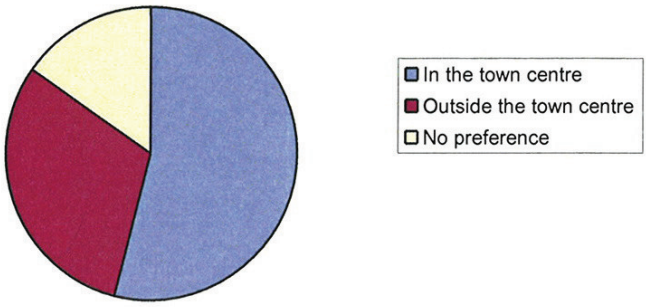
Q8. How likely is it that you would be prepared to pay a higher rent for a more modern building?

Very Likely	0
Likely	2
Neither likely or unlikely	7
Unlikely	4



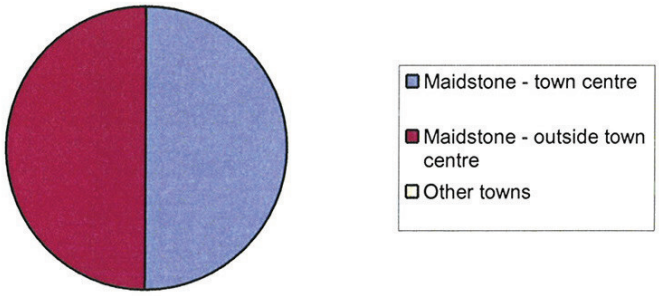
Q9. Would you prefer a town centre location or a location outside the town centre if the buildings were of identical specification?

In the town centre	7
Outside the town centre	4
No preference	2



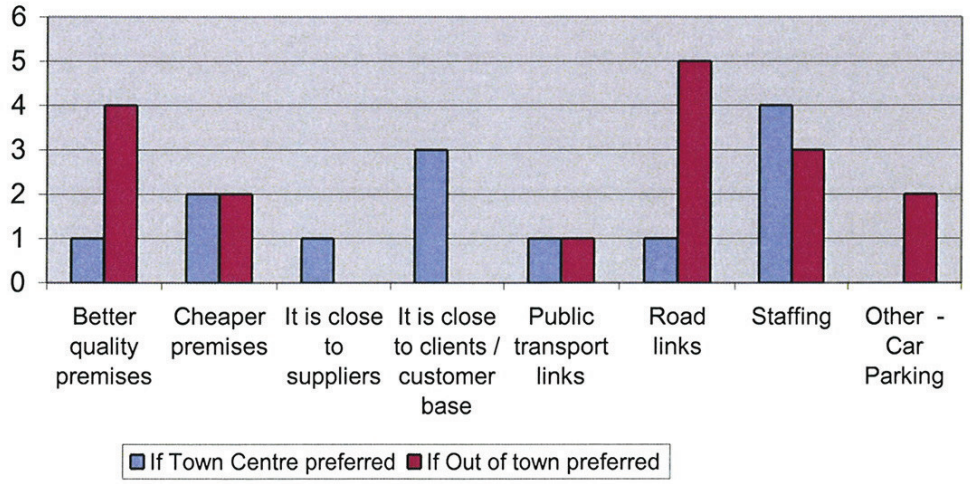
Q10. If you were to relocate your business tomorrow would you relocate to:

Maidstone - town centre	6
Maidstone - outside town centre	6
Other towns	0



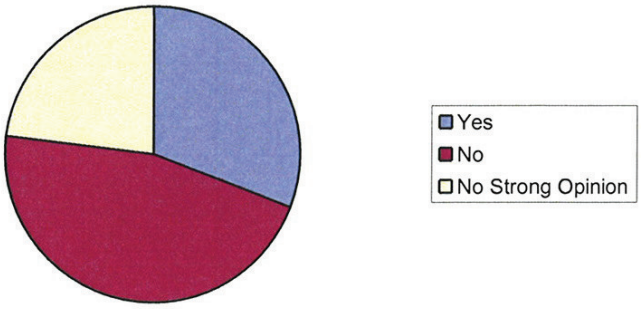
Q11. What would be the main considerations for your choice in Q10. above?

	If Town Centre preferred	If Out of town preferred
Better quality premises	1	4
Cheaper premises	2	2
It is close to suppliers	1	0
It is close to clients / customer base	3	0
Public transport links	1	1
Road links	1	5
Staffing	4	3
Other - Car Parking	0	2



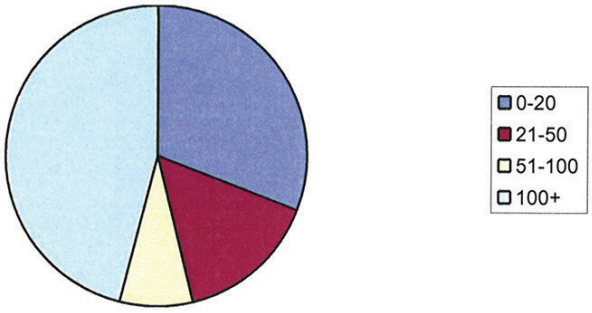
Q12. Would you be willing to occupy office accommodation in a building which also contained separately accessed residential accommodation?

Yes	4
No	6
No Strong Opinion	3



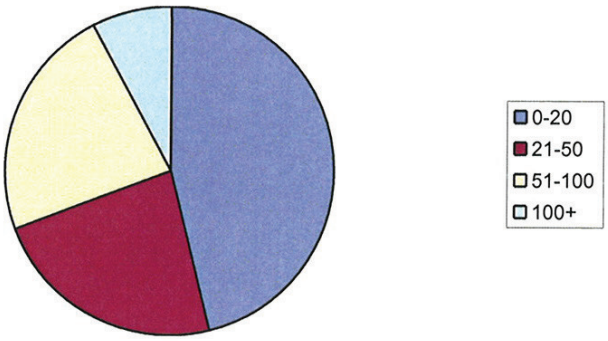
Q13. What is the size of your company in terms of employee numbers?

0-20	4
21-50	2
51-100	1
100+	6



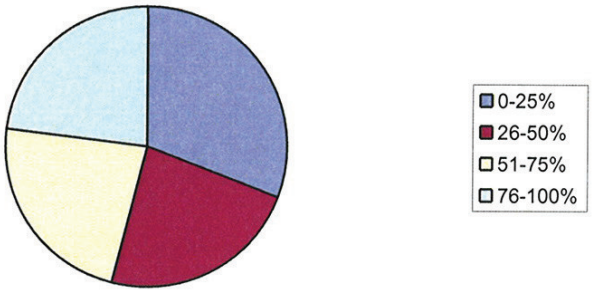
Q14. How many employees are based in premises in Maidstone?

0-20	6
21-50	3
51-100	3
100+	1



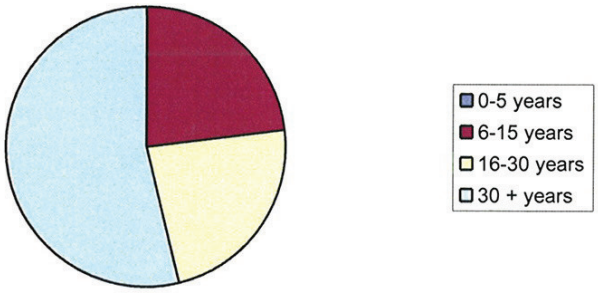
Q15. Approximately what proportion of employees live in Maidstone?

0-25%	4
26-50%	3
51-75%	3
76-100%	3



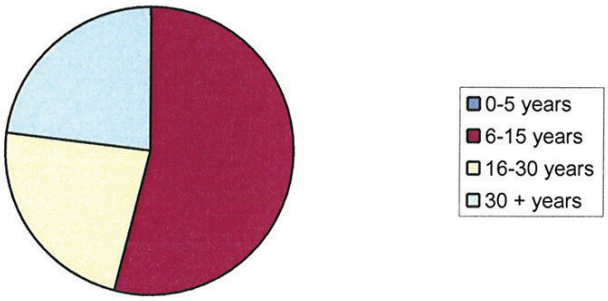
Q16. How long has the business been established?

0-5 years	0
6-15 years	3
16-30 years	3
30 + years	7



Q17. How long has the business occupied premises in Maidstone?

0-5 years	0
6-15 years	7
16-30 years	3
30 + years	3



Notes:
1) There were 14 respondents in total. Some answers show less than 14 respondents and this is due to questions either not answered by certain respondents or answered incorrectly.

2) Q 5 & Q 7 required respondents to rank their top three answers in order of importance with 1 being the most important. We have awarded 3 points to a No.1 answer, 2 points to a No. 2 and 1 point to a No.3.

APPENDIX D

VALUATION ASSUMPTIONS

CONTENTS - APPENDIX D

APPENDIX D – VALUATION ASSUMPTIONS

In carrying out this Valuation we have made the following assumptions in relation to each property. References to PS and UKPS are to the Practice Statements of the Valuation Standards published by the Royal Institution of Chartered Surveyors (6th Edition).

D1 BASIS OF VALUATION

1 **Market Value (MV)** as defined in PS 3.2:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion"

2 The basis of valuation is a statement of the fundamental terms upon which a hypothetical exchange is assumed to take place. Any change in basis is likely to have a material effect on the valuation.

3 In accordance with your instructions we have considered the value of the hypothetical properties on the basis of a number of Special Assumptions which are outlined in detail in the main body of this report.

4 We have not reflected any element of "marriage value" and have valued each property as a single property unit and not as part of any property portfolio.

5 We have valued the hypothetical premises on an investment basis and have assumed lettings without excessive voids or vacancies for the type of property concerned.

6 We have been instructed to assume values that would be maintainable in a normal market rather than values which are specific to the date of this report.

D2 CONDITION OF PREMISES

1 We have valued hypothetical building structures and have assumed condition commensurate with the age and type of building.

a) In the case of English properties, no allowances have been made for any rights, obligations or liabilities which might arise under the Defective Premises Act 1972. This Act does not apply to Scotland.

b) We have assumed there are no adverse ground conditions or latent defects, other than those specifically referred to, which would materially affect value.

c) We have assumed the floors and substructure have not been adversely affected by process chemicals and liquids including oil.

2 We have assumed that the land and buildings together with their uses:

a) are lawfully established and not in breach of any planning permission, Act of Parliament or regulation thereunder, by-law of a local authority, or similar provision or any conditions attached thereto,

b) will comply with the provisions as to user contained in any lease and conform to any enforceable restrictive covenant,

c) are served by easements for rights of way, support, services and emergency escape routes etc which are enjoyed as of right or will be renewable upon terms which will not materially affect value,

d) are not detrimentally affected by any highway, town planning or compulsory purchase proposals,

e) are not subject to outstanding notices requiring substantial works to be carried out.

3 We have assumed that adequate public and private utility services are available for the premises existing uses and that these services will continue for the foreseeable future without material change.

4 In cases where properties lie within or close to a flood plain or have a history of flooding we assume that building insurance is available without payment of an excessive premium or excess.

D3 **TENURE**

1 With regard to premises subject to a lease, and unless stated otherwise within Appendix A, we have assumed that:

a) any provision for the review of rent is upwards only to full market rent of the property on a shell basis], as existing at the time of our inspection, without any restrictions, assumptions, covenants or conditions which might materially affect the open market rental value, and

b) the provisions for the review of any rent will be operative on the dates referred to in the details of tenure, and

c) the lease freely permits sub-letting and assignment of the whole premises, and

d) the uses to which the premises are put comply with the covenants contained in the lease, and

e) there are no material breaches of covenants, and

f) there are no restrictive covenants or any other limitations whatsoever which might materially affect the open market capital value.

2 We have not read title documents or leases and have, therefore, assumed that the tenure information supplied to us by your company is correct an that good titles can be shown free of any encumbrances, borrowings, unusual or onerous charges or covenants which would materially affect the value.

D4 **TAXATION**

1 We have neither had regard to any allowances, grants or subsidies of any nature which may be available from Central or Local Government or any other body statutory or otherwise, nor any liability to repay such sums which may arise upon disposal.

2 We have not included VAT at the standard rate on any of the following:

a) Construction materials and services on new or altered non-domestic property.

b) Professional services.

c) Demolition costs and other similarly associated construction costs.

d) Receipts from the freehold sale of a new non-domestic building.

e) Receipts from the freehold sale of an existing non-domestic building.

f) Receipts from the sale of a lease or the rent on a lease of developed or undeveloped land.

Items a to d above will be charged VAT at the standard rate, items e and f are exempt but with an irrevocable option for VAT to be charged. The incidence of VAT on rents, capital receipts and construction work and services could be significant and we recommend this be investigated in detail before any decision is taken to proceed with a transaction.

3 In arriving at our opinion of value we have made no allowance for Capital Gains Tax or any other tax liability nor any allowance for expenses of realisation which might arise upon disposal whether deemed or otherwise.

D5 **ITEMS EXCLUDED**

1 All Plant and Machinery installed wholly or primarily in connection with industrial or commercial processes has been excluded from our opinion of value.

2 All antiques, fine art and chattels have been excluded from our opinion of value

D6 DISABILITY DISCRIMINATION ACT 1995 ('DDA')

1 The DDA imposes a duty to make physical alterations or adjustments to property occupied by employers with fifteen or more employees. This can impact on the value of the property interest.

2 Employers are under a duty to make reasonable changes to practices and procedures within the workplace to enable disabled people to do their jobs. This may extend to making physical alterations to the workplace. These provisions came into force in 1996, and further provisions came into effect in October 2004, when Part III of the Act came into force. This covers the provision of goods, services and facilities directly to the public. From this date, a service provider has to take reasonable steps to remove or alter any feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of services.

D7 FIRE SAFETY LAW

1 The Regulatory Reform (Fire Safety) Order 2005 came into effect on 1 October 2006 and applies to all non-domestic property. The Order replaces the certificate procedure under the Fire Precautions Act 1971 with a requirement for the 'responsible person' (e.g.: occupier or owner of a property) to make a suitable and sufficient assessment of the risks and to identify the fire precautions required to comply with the Order.

2 It is assumed that an adequate Fire Risk Assessment has been carried out and the significant findings recorded where there are more than five people employed on the premises.

D8 PLANNIING

1 All values reported for new developments are on the assumption the planning permission has been agreed in advance.

2 We understand that there is no local planning policy giving guidance for building heights. Whilst some of the heights included in our appraisals may seem excessive they are included for illustrative purposes.

APPENDIX E

APPRAISAL SUMMARIES

REPORT Valuation Summary

GL Hearn Limited

Report Date 12 January 2009
Valuation Date 29 August 2008

Property

Address Site A,Week St / Earl St Area
File/Ref No

Gross Valuation				£2,128,715
Capital Costs				£0
Net Value Before Fees				£2,128,715
Less	Stamp Duty	@ 4.00 %	-£80,509	
	Agents Acq. Fee	@ 1.00 %	-£23,649	
	Legal Acq. Fee	@ 0.50 %	-£11,824	
	(Fees include non-recoverable VAT @ 17.50 %)			
				-£115,982
Net Valuation				£2,012,733
			Say	£2,000,000
Equivalent Yield				7.7500%
True Equivalent Yield				8.0829%
Initial Yield (Deemed Rent)				0.0000%
Reversion Yield				9.3953%

Total Contracted Rent	£0	Total Current Rent	£0
Total Rental Value	£200,000	No. Tenants	5
Capital value per ft²	£100.00		

Running Yields based on @£2,128,715

Date	Gross Rent	Net Rent	Annual	*Quarterly*
29-Aug-2008	£0	£0	0.0000 %	*0.0000 %*
01-Mar-2010	£200,000	£200,000	9.3953 %	*9.9741 %*
29-May-2014	£0	£0	0.0000 %	*0.0000 %*
01-Dec-2015	£200,000	£200,000	9.3953 %	*9.9741 %*

REPORT Valuation Summary

GL Hearn Limited

Report Date 12 January 2009
Valuation Date 29 August 2008

Tenants

Tenant name	File / Ref No	Next Review	Expiry Date	Current Rent	ERV Method	ERV	Cap.Group	Val.Meth.	Yield 1	Yield 2	Gross Value
Freehold											
Ground FLoor		NA	28-May-2014	£0	Rounded	£40,000	Private	Hardcore	7.750		£425,743
First FLoor		NA	28-May-2014	£0	Rounded	£40,000	Private	Hardcore	7.750		£425,743
Second FLoor		NA	28-May-2014	£0	Rounded	£40,000	Private	Hardcore	7.750		£425,743
Third Floor		NA	28-May-2014	£0	Rounded	£40,000	Private	Hardcore	7.750		£425,743
Fourth Floor		NA	28-May-2014	£0	Rounded	£40,000	Private	Hardcore	7.750		£425,743
Total				£0		£200,000					£2,128,715

REPORT Valuation Summary

GL Hearn Limited

Report Date 12 January 2009
Valuation Date 29 August 2008

Property

Address Site B,Kent House / Miller House
File/Ref No

Gross Valuation				£7,415,529
Capital Costs				£0
Net Value Before Fees				£7,415,529
Less	Stamp Duty	@ 4.00 %	-£280,460	
	Agents Acq. Fee	@ 1.00 %	-£82,385	
	Legal Acq. Fee	@ 0.50 %	-£41,192	
	(Fees include non-recoverable VAT @ 17.50 %)			
				-£404,037
Net Valuation				£7,011,492
			Say	£7,000,000
Equivalent Yield				7.8722%
True Equivalent Yield				8.2057%
Initial Yield (Deemed Rent)				0.0000%
Reversion Yield				9.9885%

Total Contracted Rent	£0	Total Current Rent	£0
Total Rental Value	£740,700	No. Tenants	6
Capital value per ft²	£77.91		

Running Yields based on @£7,415,529

Date	Gross Rent	Net Rent	Annual	*Quarterly*
29-Aug-2008	£0	£0	0.0000 %	*0.0000 %*
01-Mar-2010	£178,200	£178,200	2.4031 %	*2.4396 %*
29-Aug-2010	£740,700	£740,700	9.9885 %	*10.6446 %*
29-Aug-2014	£178,200	£178,200	2.4031 %	*2.4396 %*
29-Aug-2016	£740,700	£740,700	9.9885 %	*10.6446 %*
29-May-2019	£562,500	£562,500	7.5854 %	*7.9592 %*
29-Nov-2020	£740,700	£740,700	9.9885 %	*10.6446 %*

REPORT Valuation Summary

GL Hearn Limited

Report Date 12 January 2009
Valuation Date 29 August 2008

Tenants

Tenant name	File / Ref No	Next Review	Expiry Date	Current Rent	ERV Method	ERV	Cap.Group	Val.Meth.	Yield 1	Yield 2	Gross Value
Freehold											
Ground Floor Retail		01-Mar-2015	28-May-2019	£0	Rounded	£178,200	Private	Hardcore	7.500		£2,019,480
First Floor Office		NA	28-Aug-2014	£0	Rounded	£112,500	Private	Hardcore	8.000		£1,079,210
Second Floor Office		NA	28-Aug-2014	£0	Rounded	£112,500	Private	Hardcore	8.000		£1,079,210
Third Floor Office		NA	28-Aug-2014	£0	Rounded	£112,500	Private	Hardcore	8.000		£1,079,210
Fourth Floor Office		NA	28-Aug-2014	£0	Rounded	£112,500	Private	Hardcore	8.000		£1,079,210
Fifth Floor Office		NA	28-Aug-2014	£0	Rounded	£112,500	Private	Hardcore	8.000		£1,079,210
Total				£0		£740,700					£7,415,529

REPORT Valuation Summary

GL Hearn Limited

Report Date 12 January 2009
Valuation Date 29 August 2008

Property

Address Site C,Albion Place
File/Ref No

Gross Valuation				£596,040
Capital Costs				£0
Net Value Before Fees				£596,040
Less	Stamp Duty	@ 4.00 %	-£22,543	
	Agents Acq. Fee	@ 1.00 %	-£6,621	
	Legal Acq. Fee	@ 0.50 %	-£3,310	
	(Fees include non-recoverable VAT @ 17.50 %)			
				-£32,474
Net Valuation				£563,567
			Say	£560,000
Equivalent Yield				7.7500%
True Equivalent Yield				8.0829%
Initial Yield (Deemed Rent)				0.0000%
Reversion Yield				9.3953%

Total Contracted Rent	£0	Total Current Rent	£0
Total Rental Value	£56,000	No. Tenants	4
Capital value per ft²	£70.00		

Running Yields based on @£596,040

Date	Gross Rent	Net Rent	Annual	*Quarterly*
29-Aug-2008	£0	£0	0.0000 %	*0.0000 %*
01-Mar-2010	£56,000	£56,000	9.3953 %	*9.9741 %*
29-May-2014	£0	£0	0.0000 %	*0.0000 %*
01-Dec-2015	£56,000	£56,000	9.3953 %	*9.9741 %*

REPORT Valuation Summary

GL Hearn Limited

Report Date 12 January 2009
Valuation Date 29 August 2008

Tenants

Tenant name	File / Ref No	Next Review	Expiry Date	Current Rent	ERV Method	ERV	Cap.Group	Val.Meth.	Yield 1	Yield 2	Gross Value
Freehold											
Ground Floor		NA	28-May-2014	£0	Rounded	£14,000	Private	Hardcore	7.750		£149,010
First Floor		NA	28-May-2014	£0	Rounded	£14,000	Private	Hardcore	7.750		£149,010
Second Floor		NA	28-May-2014	£0	Rounded	£14,000	Private	Hardcore	7.750		£149,010
Third Floor		NA	28-May-2014	£0	Rounded	£14,000	Private	Hardcore	7.750		£149,010
Total				£0		£56,000					£596,040

GL Hearn Limited

Development Appraisal

Site A Week St / Earl St

Refurb Scenario 1 - Fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site A Week St / Earl St
Refurb Scenario 1 - Fixed Land Price

Appraisal Summary for Part 1 Refurbishment

REVENUE

Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**
Ground Floor Office	4,000	£14.00	56,000
First Floor Office	4,000	£14.00	56,000
Second Floor Office	4,000	£14.00	56,000
Third FLoor Office	4,000	£14.00	56,000
Fourth Floor Office	4,000	£14.00	56,000
Totals	20,000		280,000

Investment Valuation

Ground Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
First Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
Second Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
Third FLoor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
Fourth Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
					3,666,634

GROSS DEVELOPMENT VALUE			3,666,634
Purchaser's Costs	5.76%	(199,778)	
NET DEVELOPMENT VALUE			3,466,857
Income from Tenants			
NET REALISATION			**3,466,857**

OUTLAY

ACQUISITION COSTS			
Fixed Price		2,000,000	
Stamp Duty	4.00%	80,000	
Agent Fee	1.00%	20,000	
Legal Fee	0.50%	10,000	
			2,110,000

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**	
Ground Floor Office	5,000	£120.00	600,000	
First Floor Office	5,000	£120.00	600,000	
Second Floor Office	5,000	£120.00	600,000	
Third FLoor Office	5,000	£120.00	600,000	
Fourth Floor Office	5,000	£120.00	600,000	
Totals	25,000		3,000,000	**3,000,000**
Contingency		3.00%	90,000	
				90,000

PROFESSIONAL FEES

Site A Week St / Earl St
Refurb Scenario 1 - Fixed Land Price

Professional Fees		5.00%	150,000	
				150,000
MARKETING & LETTING				
Letting Agent Fee		10.00%	28,000	
Letting Legal Fee		5.00%	14,000	
				42,000
DISPOSAL FEES				
Sales Agent Fee		1.00%	36,666	
Sales Legal Fee		0.50%	18,333	
				55,000
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Construction	6	Nov 2008		
Letting	6	May 2009		
Income Flow	6	Nov 2009		
Total Duration	21			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			99,982	
Construction			44,598	
Letting Void			194,091	
Other			201,142	
Total Finance Cost				539,813
TOTAL COSTS				**5,986,812**
PROFIT				
				(2,519,956)

Performance Measures	
Profit on Cost%	(42.09)%
Profit on GDV%	(68.73)%
Profit on NDV%	(72.69)%
Development Yield% (on MRV)	4.68%
Equivalent Yield% (Nominal)	7.50%
Equivalent Yield% (True)	7.86%
Gross Initial Yield%	7.64%
Net Initial Yield%	7.64%
	Out of Range
NPV at target rate of 0.00%	(1,980,143)
Rent Cover	-8 yrs -12 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site A Week St / Earl St
Refurb Scenario 1 - Fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Refurbishment											
Ground Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
First Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Second Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Third FLoor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Fourth Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Totals			**20,000**		**280,000**		**0**	**0**		**0**	**280,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Refurbishment												
Ground Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
First Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Second Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Third FLoor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Fourth Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Totals		**0**	**0**						**3,666,634**		**0**	**3,666,634**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site B Kent House area

Refurb Scenario 1

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site B Kent House area
Refurb Scenario 1

Appraisal Summary for Part 1

REVENUE

Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**
First Floor Office	15,000	£12.00	180,000
Second Floor Office	15,000	£12.00	180,000
Third FLoor Office	15,000	£12.00	180,000
Fourth Floor Office	15,000	£12.00	180,000
Fifth Floor Office	15,000	£12.00	180,000
Retail	15,000	£15.00	225,000
Totals	90,000		1,125,000

Investment Valuation

First Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Second Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Third FLoor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Fourth Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Fifth Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Retail					
Current Rent	225,000	YP @	7.0000%	14.2857	3,214,286
Rent Free	(225,000)	YP 6mths @	7.0000%	0.4752	
		PV 9yrs 6mths @	7.0000%	0.5258	(56,222)
					3,158,064
					14,943,674

GROSS DEVELOPMENT VALUE			14,943,674
Purchaser's Costs	5.76%	(814,210)	
NET DEVELOPMENT VALUE			14,129,463
Income from Tenants			
NET REALISATION			**14,129,463**

OUTLAY

ACQUISITION COSTS

Fixed Price		7,000,000	
Stamp Duty	4.00%	280,000	
Agent Fee	1.00%	70,000	
Legal Fee	0.50%	35,000	
			7,385,000

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**
First Floor Office	18,750	£100.00	1,875,000
Second Floor Office	18,750	£100.00	1,875,000
Third FLoor Office	18,750	£100.00	1,875,000
Fourth Floor Office	18,750	£100.00	1,875,000

Site B Kent House area
Refurb Scenario 1

Fifth Floor Office	18,750	£100.00	1,875,000	
Retail	16,667	£45.00	750,000	
Totals	110,417		10,125,000	**10,125,000**
Contingency		3.00%	303,750	
				303,750
PROFESSIONAL FEES				
Professional Fees		5.00%	506,250	
				506,250
MARKETING & LETTING				
Letting Agent Fee		10.00%	112,500	
Letting Legal Fee		5.00%	56,250	
				168,750
DISPOSAL FEES				
Sales Agent Fee		1.00%	149,437	
Sales Legal Fee		0.50%	74,718	
				224,155
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Construction	6	Nov 2008		
Letting	6	May 2009		
Income Flow	6	Nov 2009		
Total Duration	21			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			349,937	
Construction			150,517	
Letting Void			664,873	
Other			689,145	
Total Finance Cost				1,854,473
TOTAL COSTS				**20,567,378**
PROFIT				
				(6,437,915)

Performance Measures	
Profit on Cost%	(31.30)%
Profit on GDV%	(43.08)%
Profit on NDV%	(45.56)%
Development Yield% (on MRV)	5.47%
Equivalent Yield% (Nominal)	7.39%
Equivalent Yield% (True)	7.75%
Gross Initial Yield%	7.53%
Net Initial Yield%	7.53%
	Out of Range
NPV at target rate of 0.00%	(4,583,442)
Rent Cover	-5 yrs -9 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site B Kent House area
Refurb Scenario 1

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
First Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Second Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Third FLoor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Fourth Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Fifth Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Retail	1	15,000	15,000	15.00	225,000	0.00	0	0	0.00%	0	225,000
Totals			**90,000**		**1,125,000**		**0**	**0**		**0**	**1,125,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
First Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Second Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Third FLoor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Fourth Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Fifth Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Retail	0.0	0	0	7.00	Freehold			14.2857	3,158,064	6	0	3,158,064
Totals		**0**	**0**						**14,943,674**		**0**	**14,943,674**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site C Albion Place

Refurb Scenario 1 Fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site C Albion Place
Refurb Scenario 1 Fixed Land Price

Appraisal Summary for Part 1

REVENUE

Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**
Ground Floor Office	2,000	£13.00	26,000
First Floor Office	2,000	£13.00	26,000
Second Floor Office	2,000	£13.00	26,000
Third FLoor Office	2,000	£13.00	26,000
Totals	8,000		104,000

Investment Valuation					
Ground Floor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
First Floor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
Second Floor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
Third FLoor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
					1,434,483

GROSS DEVELOPMENT VALUE			1,434,483
Purchaser's Costs		5.76%	(78,158)
NET DEVELOPMENT VALUE			1,356,325
Income from Tenants			
NET REALISATION			**1,356,325**

OUTLAY

ACQUISITION COSTS			
Fixed Price		560,000	
Stamp Duty	4.00%	22,400	
Agent Fee	1.00%	5,600	
Legal Fee	0.50%	2,800	
			590,800

CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
Ground Floor Office	2,500	£110.00	275,000	
First Floor Office	2,500	£110.00	275,000	
Second Floor Office	2,500	£110.00	275,000	
Third FLoor Office	2,500	£110.00	275,000	
Totals	10,000		1,100,000	**1,100,000**
Contingency		3.00%	33,000	
				33,000

PROFESSIONAL FEES			
Professional Fees	5.00%	55,000	
			55,000
MARKETING & LETTING			
Letting Agent Fee	10.00%	10,400	
Letting Legal Fee	5.00%	5,200	
			15,600
DISPOSAL FEES			
Sales Agent Fee	1.00%	14,345	
Sales Legal Fee	0.50%	7,172	
			21,517

FINANCE

Timescale	**Duration**	**Commences**
Purchase	3	Aug 2008
Construction	6	Nov 2008
Letting	6	May 2009
Income Flow	6	Nov 2009
Total Duration	21	

Debit Rate 7.00% Credit Rate 4.50% (Nominal)

Site C Albion Place
Refurb Scenario 1 Fixed Land Price

Land	27,995	
Construction	16,352	
Letting Void	64,405	
Other	66,753	
Total Finance Cost		175,505
TOTAL COSTS		**1,991,422**
PROFIT		
		(635,098)

Performance Measures

Profit on Cost%	(31.89)%
Profit on GDV%	(44.27)%
Profit on NDV%	(46.82)%
Development Yield% (on MRV)	5.22%
Equivalent Yield% (Nominal)	7.25%
Equivalent Yield% (True)	7.59%
Gross Initial Yield%	7.25%
Net Initial Yield%	7.25%
	Out of Range
NPV at target rate of 0.00%	(459,593)
Rent Cover	-6 yrs -1 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site C Albion Place
Refurb Scenario 1 Fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
First Floor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
Second Floor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
Third FLoor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
Totals			**8,000**		**104,000**		**0**	**0**		**0**	**104,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
First Floor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
Second Floor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
Third FLoor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
Totals		**0**	**0**						**1,434,483**		**0**	**1,434,483**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site A Week St / Earl St

Refurb Scenario 1(b) - Fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site A Week St / Earl St
Refurb Scenario 1(b) - Fixed Land Price

Appraisal Summary for Part 1

REVENUE

Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**
Ground Floor Office	4,000	£14.00	56,000
First Floor Office	4,000	£14.00	56,000
Second Floor Office	4,000	£14.00	56,000
Third FLoor Office	4,000	£14.00	56,000
Fourth Floor Office	4,000	£14.00	56,000
Totals	20,000		280,000

Investment Valuation

Ground Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
First Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
Second Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
Third FLoor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
Fourth Floor Office					
Current Rent	56,000	YP @	7.5000%	13.3333	746,667
Rent Free	(56,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(13,340)
					733,327
					3,666,634

GROSS DEVELOPMENT VALUE			3,666,634
Purchaser's Costs	5.76%	(199,778)	
NET DEVELOPMENT VALUE			3,466,857
Income from Tenants			
NET REALISATION			**3,466,857**

OUTLAY

ACQUISITION COSTS			
Fixed Price		2,000,000	
Stamp Duty	4.00%	80,000	
Agent Fee	1.00%	20,000	
Legal Fee	0.50%	10,000	
			2,110,000

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**	
Ground Floor Office	5,000	£50.00	250,000	
First Floor Office	5,000	£50.00	250,000	
Second Floor Office	5,000	£50.00	250,000	
Third FLoor Office	5,000	£50.00	250,000	
Fourth Floor Office	5,000	£50.00	250,000	
Totals	25,000		1,250,000	**1,250,000**
Contingency		3.00%	37,500	
				37,500

PROFESSIONAL FEES

Site A Week St / Earl St
Refurb Scenario 1(b) - Fixed Land Price

Professional Fees		5.00%	62,500	
				62,500
MARKETING & LETTING				
Letting Agent Fee		10.00%	28,000	
Letting Legal Fee		5.00%	14,000	
				42,000
DISPOSAL FEES				
Sales Agent Fee		1.00%	36,666	
Sales Legal Fee		0.50%	18,333	
				55,000
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Construction	6	Nov 2008		
Letting	6	May 2009		
Income Flow	6	Nov 2009		
Total Duration	21			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			99,982	
Construction			18,582	
Letting Void			126,346	
Other			132,040	
Total Finance Cost				376,950
TOTAL COSTS				**3,933,950**
PROFIT				
				(467,093)

Performance Measures	
Profit on Cost%	(11.87)%
Profit on GDV%	(12.74)%
Profit on NDV%	(13.47)%
Development Yield% (on MRV)	7.12%
Equivalent Yield% (Nominal)	7.50%
Equivalent Yield% (True)	7.86%
Gross Initial Yield%	7.64%
Net Initial Yield%	7.64%
	Out of Range
NPV at target rate of 0.00%	(90,143)
Rent Cover	-1 yr -8 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site A Week St / Earl St
Refurb Scenario 1(b) - Fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
First Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Second Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Third FLoor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Fourth Floor Office	1	4,000	4,000	14.00	56,000	0.00	0	0	0.00%	0	56,000
Totals			**20,000**		**280,000**		**0**	**0**		**0**	**280,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
First Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Second Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Third FLoor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Fourth Floor Office	0.0	0	0	7.50	Freehold			13.3333	733,327	6	0	733,327
Totals		**0**	**0**						**3,666,634**		**0**	**3,666,634**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site B Kent House area

Refurb Scenario 1(b)

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site B Kent House area
Refurb Scenario 1(b)

Appraisal Summary for Part 1

REVENUE

Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**
First Floor Office	15,000	£12.00	180,000
Second Floor Office	15,000	£12.00	180,000
Third FLoor Office	15,000	£12.00	180,000
Fourth Floor Office	15,000	£12.00	180,000
Fifth Floor Office	15,000	£12.00	180,000
Retail	15,000	£15.00	225,000
Totals	90,000		1,125,000

Investment Valuation

First Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Second Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Third FLoor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Fourth Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Fifth Floor Office					
Current Rent	180,000	YP @	7.5000%	13.3333	2,400,000
Rent Free	(180,000)	YP 6mths @	7.5000%	0.4735	
		PV 9yrs 6mths @	7.5000%	0.5031	(42,878)
					2,357,122
Retail					
Current Rent	225,000	YP @	7.0000%	14.2857	3,214,286
Rent Free	(225,000)	YP 6mths @	7.0000%	0.4752	
		PV 4yrs 6mths @	7.0000%	0.7375	(78,854)
					3,135,431
					14,921,041

GROSS DEVELOPMENT VALUE			14,921,041
Purchaser's Costs	5.76%	(812,977)	
NET DEVELOPMENT VALUE			14,108,064
Income from Tenants			
NET REALISATION			**14,108,064**

OUTLAY

ACQUISITION COSTS

Fixed Price		7,000,000	
Stamp Duty	4.00%	280,000	
Agent Fee	1.00%	70,000	
Legal Fee	0.50%	35,000	
			7,385,000

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**
First Floor Office	18,750	£40.00	750,000
Second Floor Office	18,750	£40.00	750,000
Third FLoor Office	18,750	£40.00	750,000
Fourth Floor Office	18,750	£40.00	750,000

Site B Kent House area
Refurb Scenario 1(b)

Fifth Floor Office	18,750	£40.00	750,000	
Retail	16,667	£30.00	500,000	
Totals	110,417		4,250,000	**4,250,000**
Contingency		3.00%	127,500	
				127,500
PROFESSIONAL FEES				
Professional Fees		5.00%	212,500	
				212,500
MARKETING & LETTING				
Letting Agent Fee		10.00%	112,500	
Letting Legal Fee		5.00%	56,250	
				168,750
DISPOSAL FEES				
Sales Agent Fee		1.00%	149,210	
Sales Legal Fee		0.50%	74,605	
				223,816
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Construction	6	Nov 2008		
Letting	6	May 2009		
Income Flow	6	Nov 2009		
Total Duration	21			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			349,937	
Construction			63,180	
Letting Void			437,772	
Other			454,026	
Total Finance Cost				1,304,914
TOTAL COSTS				**13,672,480**
PROFIT				
				435,584

Performance Measures	
Profit on Cost%	3.19%
Profit on GDV%	2.92%
Profit on NDV%	3.09%
Development Yield% (on MRV)	8.23%
Equivalent Yield% (Nominal)	7.39%
Equivalent Yield% (True)	7.75%
Gross Initial Yield%	7.54%
Net Initial Yield%	7.54%
	9.00%
NPV at target rate of 0.00%	1,740,498
Rent Cover	5 mths
Profit Erosion (finance rate 7.000%)	5 mths

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site B Kent House area
Refurb Scenario 1(b)

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
First Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Second Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Third FLoor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Fourth Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Fifth Floor Office	1	15,000	15,000	12.00	180,000	0.00	0	0	0.00%	0	180,000
Retail	1	15,000	15,000	15.00	225,000	0.00	0	0	0.00%	0	225,000
Totals			**90,000**		**1,125,000**		**0**	**0**		**0**	**1,125,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
First Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Second Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Third FLoor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Fourth Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Fifth Floor Office	0.0	0	0	7.50	Freehold			13.3333	2,357,122	6	0	2,357,122
Retail	0.0	0	0	7.00	Freehold			14.2857	3,135,431	6	0	3,135,431
Totals		**0**	**0**						**14,921,041**		**0**	**14,921,041**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site C Albion Place

Refurb Scenario 1(b) Fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site C Albion Place
Refurb Scenario 1(b) Fixed Land Price

Appraisal Summary for Part 1

REVENUE					
Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**		
Ground Floor Office	2,000	£13.00	26,000		
First Floor Office	2,000	£13.00	26,000		
Second Floor Office	2,000	£13.00	26,000		
Third FLoor Office	2,000	£13.00	26,000		
Totals	8,000		104,000		
Investment Valuation					
Ground Floor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
First Floor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
Second Floor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
Third FLoor Office					
Current Rent	26,000	YP @	7.2500%	13.7931	358,621
					1,434,483
GROSS DEVELOPMENT VALUE				1,434,483	
Purchaser's Costs		5.76%	(78,158)		
NET DEVELOPMENT VALUE				1,356,325	
Income from Tenants					
NET REALISATION				**1,356,325**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			560,000		
Stamp Duty		4.00%	22,400		
Agent Fee		1.00%	5,600		
Legal Fee		0.50%	2,800		
				590,800	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
Ground Floor Office	2,500	£45.00	112,500		
First Floor Office	2,500	£45.00	112,500		
Second Floor Office	2,500	£45.00	112,500		
Third FLoor Office	2,500	£45.00	112,500		
Totals	10,000		450,000	**450,000**	
Contingency		3.00%	13,500		
				13,500	
PROFESSIONAL FEES					
Professional Fees		5.00%	22,500		
				22,500	
MARKETING & LETTING					
Letting Agent Fee		10.00%	10,400		
Letting Legal Fee		5.00%	5,200		
				15,600	
DISPOSAL FEES					
Sales Agent Fee		1.00%	14,345		
Sales Legal Fee		0.50%	7,172		
				21,517	

FINANCE

Timescale	**Duration**	**Commences**
Purchase	3	Aug 2008
Construction	3	Nov 2008
Letting	6	Feb 2009
Income Flow	6	Aug 2009
Total Duration	18	

Debit Rate 7.00% Credit Rate 4.50% (Nominal)

Site C Albion Place
Refurb Scenario 1(b) Fixed Land Price

Land	17,352	
Construction	2,646	
Letting Void	38,760	
Other	40,202	
Total Finance Cost		98,961
TOTAL COSTS		**1,212,878**
PROFIT		
		143,446

Performance Measures

Profit on Cost%	11.83%
Profit on GDV%	10.00%
Profit on NDV%	10.58%
Development Yield% (on MRV)	8.57%
Equivalent Yield% (Nominal)	7.25%
Equivalent Yield% (True)	7.59%
Gross Initial Yield%	7.25%
Net Initial Yield%	7.25%
	Out of Range
NPV at target rate of 0.00%	242,407
Rent Cover	1 yr 5 mths
Profit Erosion (finance rate 7.000%)	1 yr 7 mths

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site C Albion Place
Refurb Scenario 1(b) Fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
First Floor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
Second Floor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
Third FLoor Office	1	2,000	2,000	13.00	26,000	0.00	0	0	0.00%	0	26,000
Totals			**8,000**		**104,000**		**0**	**0**		**0**	**104,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
First Floor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
Second Floor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
Third FLoor Office	0.0	0	0	7.25	Freehold			13.7931	358,621	6	0	358,621
Totals		**0**	**0**						**1,434,483**		**0**	**1,434,483**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site A Week St / Earl St

Redevelop Scenario 2 - fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site A Week St / Earl St
Redevelop Scenario 2 - fixed Land Price

Appraisal Summary for Part 1

REVENUE

Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**
Ground Floor Office	4,000	£20.00	80,000
First Floor Office	4,000	£20.00	80,000
Second Floor Office	4,000	£20.00	80,000
Third FLoor Office	4,000	£20.00	80,000
Fourth Floor Office	4,000	£20.00	80,000
Totals	20,000		400,000

Investment Valuation

Ground Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 3mths @	7.0000%	0.2396	
		PV 9yrs 6mths @	7.0000%	0.5258	(10,080)
					1,132,778
First Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 3mths @	7.0000%	0.2396	
		PV 9yrs 6mths @	7.0000%	0.5258	(10,080)
					1,132,778
Second Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 3mths @	7.0000%	0.2396	
		PV 9yrs 6mths @	7.0000%	0.5258	(10,080)
					1,132,778
Third FLoor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 3mths @	7.0000%	0.2396	
		PV 9yrs 6mths @	7.0000%	0.5258	(10,080)
					1,132,778
Fourth Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 3mths @	7.0000%	0.2396	
		PV 9yrs 6mths @	7.0000%	0.5258	(10,080)
					1,132,778
					5,663,888

GROSS DEVELOPMENT VALUE			5,663,888
Purchaser's Costs	5.76%	(308,599)	
NET DEVELOPMENT VALUE			5,355,289
Income from Tenants			
NET REALISATION			**5,355,289**

OUTLAY

ACQUISITION COSTS

Fixed Price		2,000,000	
Stamp Duty	4.00%	80,000	
Agent Fee	1.00%	20,000	
Legal Fee	0.50%	10,000	
			2,110,000

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**	
Ground Floor Office	5,000	£130.00	650,000	
First Floor Office	5,000	£130.00	650,000	
Second Floor Office	5,000	£130.00	650,000	
Third FLoor Office	5,000	£130.00	650,000	
Fourth Floor Office	5,000	£130.00	650,000	
Totals	25,000		3,250,000	**3,250,000**
Contingency		3.00%	97,500	
Demolition			190,000	
Statutory/LA			80,000	

APPRAISAL SUMMARY — GL HEARN LIMITED

Site A Week St / Earl St
Redevelop Scenario 2 - fixed Land Price

				367,500
PROFESSIONAL FEES				
Architect		10.00%	344,000	
				344,000
MARKETING & LETTING				
Letting Agent Fee		10.00%	40,000	
Letting Legal Fee		5.00%	20,000	
				60,000
DISPOSAL FEES				
Sales Agent Fee		1.00%	56,639	
Sales Legal Fee		0.50%	28,319	
				84,958
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Pre-Construction	3	Nov 2008		
Construction	9	Feb 2009		
Letting	6	Nov 2009		
Income Flow	6	May 2010		
Total Duration	27			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			178,008	
Construction			95,181	
Letting Void			224,360	
Other			232,912	
Total Finance Cost				730,461
TOTAL COSTS				**6,946,919**
PROFIT				
				(1,591,630)

Performance Measures	
Profit on Cost%	(22.91)%
Profit on GDV%	(28.10)%
Profit on NDV%	(29.72)%
Development Yield% (on MRV)	5.76%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.06%
Net Initial Yield%	7.06%
	Out of Range
NPV at target rate of 0.00%	(861,169)
Rent Cover	-3 yrs -12 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site A Week St / Earl St
Redevelop Scenario 2 - fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
First Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Second Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Third FLoor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Fourth Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Totals			**20,000**		**400,000**		**0**	**0**		**0**	**400,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,132,778	6	0	1,132,778
First Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,132,778	6	0	1,132,778
Second Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,132,778	6	0	1,132,778
Third FLoor Office	0.0	0	0	7.00	Freehold			14.2857	1,132,778	6	0	1,132,778
Fourth Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,132,778	6	0	1,132,778
Totals		**0**	**0**						**5,663,888**		**0**	**5,663,888**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site B Kent House area

Redevelop Scenario 2 - Fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site B Kent House area
Redevelop Scenario 2 - Fixed Land Price

Appraisal Summary for Part 1

REVENUE					
Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**		
First Floor Office	15,000	£17.00	255,000		
Second Floor Office	15,000	£17.00	255,000		
Third FLoor Office	15,000	£17.00	255,000		
Fourth Floor Office	15,000	£17.00	255,000		
Fifth Floor Office	15,000	£17.00	255,000		
Retail	15,000	£20.00	300,000		
Totals	90,000		1,575,000		
Investment Valuation					
First Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Second Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Third FLoor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Fourth Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Fifth Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Retail					
Current Rent	300,000	YP @	6.7500%	14.8148	4,444,444
					22,030,651
GROSS DEVELOPMENT VALUE				22,030,651	
Purchaser's Costs		5.76%	(1,200,346)		
NET DEVELOPMENT VALUE				20,830,305	
Income from Tenants					
NET REALISATION				**20,830,305**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			7,000,000		
Stamp Duty		4.00%	280,000		
Agent Fee		1.00%	70,000		
Legal Fee		0.50%	35,000		
				7,385,000	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
First Floor Office	18,750	£110.00	2,062,500		
Second Floor Office	18,750	£110.00	2,062,500		
Third FLoor Office	18,750	£110.00	2,062,500		
Fourth Floor Office	18,750	£110.00	2,062,500		
Fifth Floor Office	18,750	£110.00	2,062,500		
Retail	16,667	£110.00	1,833,333		
Totals	110,417		12,145,833	**12,145,833**	
Contingency		3.00%	364,375		
Demolition			1,000,000		
Statutory/LA			380,000		
				1,744,375	
PROFESSIONAL FEES					
Professional Fees		10.00%	1,314,583		
				1,314,583	
MARKETING & LETTING					
Letting Agent Fee		10.00%	157,500		
Letting Legal Fee		5.00%	78,750		
				236,250	
DISPOSAL FEES					
Sales Agent Fee		1.00%	220,307		
Sales Legal Fee		0.50%	110,153		

APPRAISAL SUMMARY

GL HEARN LIMITED

Site B Kent House area
Redevelop Scenario 2 - Fixed Land Price

				330,460
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Construction	12	Nov 2008		
Letting	6	Nov 2009		
Income Flow	6	May 2010		
Total Duration	27			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			623,029	
Construction			518,659	
Letting Void			838,421	
Other			869,139	
Total Finance Cost				2,849,248
TOTAL COSTS				**26,005,749**
PROFIT				
				(5,175,444)

Performance Measures	
Profit on Cost%	(19.90)%
Profit on GDV%	(23.49)%
Profit on NDV%	(24.85)%
Development Yield% (on MRV)	6.06%
Equivalent Yield% (Nominal)	7.15%
Equivalent Yield% (True)	7.48%
Gross Initial Yield%	7.15%
Net Initial Yield%	7.15%
	Out of Range
NPV at target rate of 0.00%	(2,326,196)
Rent Cover	-3 yrs -3 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site B Kent House area
Redevelop Scenario 2 - Fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
First Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Second Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Third FLoor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Fourth Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Fifth Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Retail	1	15,000	15,000	20.00	300,000	0.00	0	0	0.00%	0	300,000
Totals			**90,000**		**1,575,000**		**0**	**0**		**0**	**1,575,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
First Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Second Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Third FLoor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Fourth Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Fifth Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Retail	0.0	0	0	6.75	Freehold			14.8148	4,444,444	6	0	4,444,444
Totals		**0**	**0**						**22,030,651**		**0**	**22,030,651**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

GL Hearn Limited

Development Appraisal

Site C Albion Place

Redevelop Scenario 2 Fixe land value

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site C Albion Place
Redevelop Scenario 2 Fixe land value

Appraisal Summary for Part 1

REVENUE					
Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**		
Ground Floor Office	2,000	£18.00	36,000		
First Floor Office	2,000	£18.00	36,000		
Second Floor Office	2,000	£18.00	36,000		
Third FLoor Office	2,000	£18.00	36,000		
Totals	8,000		144,000		
Investment Valuation					
Ground Floor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
First Floor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
Second Floor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
Third FLoor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
					2,057,143
GROSS DEVELOPMENT VALUE				2,057,143	
Purchaser's Costs		5.76%	(112,084)		
NET DEVELOPMENT VALUE				1,945,059	
Income from Tenants					
Ground Floor Office			27,000		
First Floor Office			9,000		
Second Floor Office			18,000		
Third FLoor Office			18,000		
				72,000	
NET REALISATION				**2,017,059**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			560,000		
Agent Fee		1.00%	5,600		
Legal Fee		0.50%	2,800		
				568,400	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
Ground Floor Office	2,500	£115.00	287,500		
First Floor Office	2,500	£115.00	287,500		
Second Floor Office	2,500	£115.00	287,500		
Third FLoor Office	2,500	£115.00	287,500		
Totals	10,000		1,150,000	**1,150,000**	
Statutory/LA			31,000		
				31,000	
PROFESSIONAL FEES					
Professional Fees		10.00%	115,000		
				115,000	
MARKETING & LETTING					
Letting Agent Fee		10.00%	14,400		
Letting Legal Fee		5.00%	7,200		
				21,600	
DISPOSAL FEES					
Sales Agent Fee		1.00%	20,571		
Sales Legal Fee		0.50%	10,286		
				30,857	
FINANCE					
Timescale	**Duration**	**Commences**			
Purchase	6	Aug 2008			
Construction	12	Feb 2009			
Income Flow	9	Feb 2010			

Site C Albion Place
Redevelop Scenario 2 Fixe land value

Total Duration	27		
Debit Rate 7.00% Credit Rate 4.50% (Nominal)			
Land		58,739	
Construction		40,877	
Other		103,066	
Total Finance Cost			202,682
TOTAL COSTS			**2,119,540**
PROFIT			
			(102,481)

Performance Measures

Profit on Cost%	(4.83)%
Profit on GDV%	(4.98)%
Profit on NDV%	(5.27)%
Development Yield% (on MRV)	6.79%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%
	3.40%
NPV at target rate of 0.00%	100,202
Rent Cover	-9 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site C Albion Place
Redevelop Scenario 2 Fixe land value

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
First Floor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
Second Floor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
Third FLoor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
Totals			**8,000**		**144,000**		**0**	**0**		**0**	**144,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	0	0	514,286
First Floor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	0	0	514,286
Second Floor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	0	0	514,286
Third FLoor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	0	0	514,286
Totals		**0**	**0**						**2,057,143**		**0**	**2,057,143**

GL Hearn Limited

Development Appraisal

Site A Week St / Earl St

Redevelop Scenario 3 - Fixed Land Price

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site A Week St / Earl St
Redevelop Scenario 3 - Fixed Land Price

Appraisal Summary for Part 1

REVENUE					
Sales Valuation	**ft²**	**Rate ft²**	**Gross Sales**		
1 bed	2,610	£306.51	800,000		
2 bed	5,336	£299.85	1,600,000		
Totals	7,946		2,400,000	**2,400,000**	
Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**		
Ground Floor Office	4,000	£20.00	80,000		
First Floor Office	4,000	£20.00	80,000		
Second Floor Office	4,000	£20.00	80,000		
Third FLoor Office	4,000	£20.00	80,000		
Fourth Floor Office	4,000	£20.00	80,000		
Totals	20,000		400,000		
Investment Valuation					
Ground Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 6mths @	7.0000%	0.4752	
		PV 9yrs 6mths @	7.0000%	0.5258	(19,990)
					1,122,867
First Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 6mths @	7.0000%	0.4752	
		PV 9yrs 6mths @	7.0000%	0.5258	(19,990)
					1,122,867
Second Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 6mths @	7.0000%	0.4752	
		PV 9yrs 6mths @	7.0000%	0.5258	(19,990)
					1,122,867
Third FLoor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 6mths @	7.0000%	0.4752	
		PV 9yrs 6mths @	7.0000%	0.5258	(19,990)
					1,122,867
Fourth Floor Office					
Current Rent	80,000	YP @	7.0000%	14.2857	1,142,857
Rent Free	(80,000)	YP 6mths @	7.0000%	0.4752	
		PV 9yrs 6mths @	7.0000%	0.5258	(19,990)
					1,122,867
					5,614,335
GROSS DEVELOPMENT VALUE				8,014,335	
Purchaser's Costs		5.76%	(305,899)		
NET DEVELOPMENT VALUE				7,708,437	
Income from Tenants					
NET REALISATION				**7,708,437**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			2,000,000		
Stamp Duty		4.00%	80,000		
Agent Fee		1.00%	20,000		
Legal Fee		0.50%	10,000		
				2,110,000	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
Ground Floor Office	5,000	£130.00	650,000		
First Floor Office	5,000	£130.00	650,000		
Second Floor Office	5,000	£130.00	650,000		
Third FLoor Office	5,000	£130.00	650,000		

Site A Week St / Earl St
Redevelop Scenario 3 - Fixed Land Price

Fourth Floor Office	5,000	£130.00	650,000	
1 bed	3,263	£130.00	424,125	
2 bed	6,670	£130.00	867,100	
Totals	34,933		4,541,225	**4,541,225**
Statutory/LA			80,000	
				80,000
PROFESSIONAL FEES				
Architect		10.00%	454,123	
				454,123
MARKETING & LETTING				
Letting Agent Fee		10.00%	40,000	
Letting Legal Fee		5.00%	20,000	
				60,000
DISPOSAL FEES				
Sales Agent Fee		1.00%	80,143	
Sales Legal Fee		0.50%	40,072	
				120,215
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Pre-Construction	3	Nov 2008		
Construction	9	Feb 2009		
Letting	6	Nov 2009		
Income Flow	6	May 2010		
Total Duration	27			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			178,008	
Construction			114,629	
Letting Void			212,987	
Other			189,838	
Total Finance Cost				695,462
TOTAL COSTS				**8,061,025**
PROFIT				
				(352,588)

Performance Measures	
Profit on Cost%	(4.37)%
Profit on GDV%	(4.40)%
Profit on NDV%	(4.57)%
Development Yield% (on MRV)	4.96%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.12%
Net Initial Yield%	7.12%
	3.38%
NPV at target rate of 0.00%	342,874
Rent Cover	-11 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site A Week St / Earl St
Redevelop Scenario 3 - Fixed Land Price

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
First Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Second Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Third FLoor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Fourth Floor Office	1	4,000	4,000	20.00	80,000	0.00	0	0	0.00%	0	80,000
Totals			**20,000**		**400,000**		**0**	**0**		**0**	**400,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,122,867	6	0	1,122,867
First Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,122,867	6	0	1,122,867
Second Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,122,867	6	0	1,122,867
Third FLoor Office	0.0	0	0	7.00	Freehold			14.2857	1,122,867	6	0	1,122,867
Fourth Floor Office	0.0	0	0	7.00	Freehold			14.2857	1,122,867	6	0	1,122,867
Totals		**0**	**0**						**5,614,335**		**0**	**5,614,335**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

SALES

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Sales £ pf²	Gross Sales £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount £	Net Sales £ pa
1 bed	5	522	2,610	306.51	800,000	0.00	0	0	0.00%	0	800,000
2 bed	8	667	5,336	299.85	1,600,000	0.00	0	0	0.00%	0	1,600,000
Totals			**7,946**		**2,400,000**		**0**	**0**		**0**	**2,400,000**

GL Hearn Limited

Development Appraisal

Site B Kent House area

Redevelop Scenario 3 - fixed Land Value

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site B Kent House area
Redevelop Scenario 3 - fixed Land Value

Appraisal Summary for Part 1

REVENUE					
Sales Valuation	**ft²**	**Rate ft²**	**Gross Sales**		
1 bed	8,874	£306.51	2,720,000		
2 bed	16,675	£299.85	5,000,000		
3 bed	4,035	£266.42	1,075,000		
Totals	29,584		8,795,000	**8,795,000**	
Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**		
First Floor Office	15,000	£17.00	255,000		
Second Floor Office	15,000	£17.00	255,000		
Third FLoor Office	15,000	£17.00	255,000		
Fourth Floor Office	15,000	£17.00	255,000		
Fifth Floor Office	15,000	£17.00	255,000		
Retail	15,000	£20.00	300,000		
Totals	90,000		1,575,000		
Investment Valuation					
First Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Second Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Third FLoor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Fourth Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Fifth Floor Office					
Current Rent	255,000	YP @	7.2500%	13.7931	3,517,241
Retail					
Current Rent	300,000	YP @	6.7500%	14.8148	4,444,444
					22,030,651
GROSS DEVELOPMENT VALUE				30,825,651	
Purchaser's Costs		5.76%	(1,200,346)		
NET DEVELOPMENT VALUE				29,625,305	
Income from Tenants					
NET REALISATION				**29,625,305**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			7,000,000		
Stamp Duty		4.00%	280,000		
Agent Fee		1.00%	70,000		
Legal Fee		0.50%	35,000		
				7,385,000	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
First Floor Office	18,750	£110.00	2,062,500		
Second Floor Office	18,750	£110.00	2,062,500		
Third FLoor Office	18,750	£110.00	2,062,500		
Fourth Floor Office	18,750	£110.00	2,062,500		
Fifth Floor Office	18,750	£110.00	2,062,500		
Retail	16,667	£110.00	1,833,333		
1 bed	11,093	£150.00	1,663,875		
2 bed	20,844	£150.00	3,126,563		
3 bed	5,044	£150.00	756,563		
Totals	147,397		17,692,833	**17,692,833**	
Contingency		3.00%	530,785		
Demolition			300,000		
Statutory/LA			380,000		
				1,210,785	

Site B Kent House area
Redevelop Scenario 3 - fixed Land Value

PROFESSIONAL FEES				
Professional Fees		10.00%	1,799,283	
				1,799,283
MARKETING & LETTING				
Letting Agent Fee		10.00%	157,500	
Letting Legal Fee		5.00%	78,750	
				236,250
DISPOSAL FEES				
Sales Agent Fee		1.00%	308,257	
Sales Legal Fee		0.50%	154,128	
				462,385
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	3	Aug 2008		
Construction	12	Nov 2008		
Letting	6	Nov 2009		
Income Flow	6	May 2010		
Total Duration	27			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			623,029	
Construction			660,514	
Letting Void			944,224	
Other			827,013	
Total Finance Cost				3,054,779
TOTAL COSTS				**31,841,315**
PROFIT				
				(2,216,010)

Performance Measures	
Profit on Cost%	(6.96)%
Profit on GDV%	(7.19)%
Profit on NDV%	(7.48)%
Development Yield% (on MRV)	4.95%
Equivalent Yield% (Nominal)	7.15%
Equivalent Yield% (True)	7.48%
Gross Initial Yield%	7.15%
Net Initial Yield%	7.15%
	1.91%
NPV at target rate of 0.00%	838,769
Rent Cover	-1 yr -5 mth
Profit Erosion (finance rate 7.000%)	N/A

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site B Kent House area
Redevelop Scenario 3 - fixed Land Value

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
First Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Second Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Third FLoor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Fourth Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Fifth Floor Office	1	15,000	15,000	17.00	255,000	0.00	0	0	0.00%	0	255,000
Retail	1	15,000	15,000	20.00	300,000	0.00	0	0	0.00%	0	300,000
Totals			**90,000**		**1,575,000**		**0**	**0**		**0**	**1,575,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
First Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Second Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Third FLoor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Fourth Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Fifth Floor Office	0.0	0	0	7.25	Freehold			13.7931	3,517,241	6	0	3,517,241
Retail	0.0	0	0	6.75	Freehold			14.8148	4,444,444	6	0	4,444,444
Totals		**0**	**0**						**22,030,651**		**0**	**22,030,651**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

SALES

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Sales £ pf²	Gross Sales £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount £	Net Sales £ pa
1 bed	17	522	8,874	306.51	2,720,000	0.00	0	0	0.00%	0	2,720,000
2 bed	25	667	16,675	299.85	5,000,000	0.00	0	0	0.00%	0	5,000,000
3 bed	5	807	4,035	266.42	1,075,000	0.00	0	0	0.00%	0	1,075,000
Totals			**29,584**		**8,795,000**		**0**	**0**		**0**	**8,795,000**

GL Hearn Limited

Development Appraisal

Site C Albion Place

Redevelop Scenario 3 Fixed Land Value

Report Date 12/1/2009

APPRAISAL SUMMARY — GL HEARN LIMITED

Site C Albion Place
Redevelop Scenario 3 Fixed Land Value

Appraisal Summary for Part 1

REVENUE					
Sales Valuation	**ft²**	**Rate ft²**	**Gross Sales**		
2 bed flats	4,002	£299.85	1,200,000		
Rental Area Summary	**ft²**	**Rate ft²**	**Gross MRV**		
Ground Floor Office	2,000	£18.00	36,000		
First Floor Office	2,000	£18.00	36,000		
Second Floor Office	2,000	£18.00	36,000		
Third FLoor Office	2,000	£18.00	36,000		
Totals	8,000		144,000		
Investment Valuation					
Ground Floor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
First Floor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
Second Floor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
Third FLoor Office					
Current Rent	36,000	YP @	7.0000%	14.2857	514,286
					2,057,143
GROSS DEVELOPMENT VALUE				3,257,143	
Purchaser's Costs		5.76%	(112,084)		
NET DEVELOPMENT VALUE				3,145,059	
Income from Tenants					
NET REALISATION				**3,145,059**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			560,000		
Agent Fee		1.00%	5,600		
Legal Fee		0.50%	2,800		
				568,400	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
Ground Floor Office	2,500	£115.00	287,500		
First Floor Office	2,500	£115.00	287,500		
Second Floor Office	2,500	£115.00	287,500		
Third FLoor Office	2,500	£115.00	287,500		
2 bed flats	5,003	£115.00	575,288		
Totals	15,003		1,725,288	**1,725,288**	
Contingency		3.00%	51,759		
Demolition			50,000		
Statutory/LA			31,000		
				132,759	
PROFESSIONAL FEES					
Professional Fees		10.00%	177,529		
				177,529	
MARKETING & LETTING					
Letting Agent Fee		10.00%	14,400		
Letting Legal Fee		5.00%	7,200		
				21,600	
DISPOSAL FEES					
Sales Agent Fee		1.00%	32,571		
Sales Legal Fee		0.50%	16,286		
				48,857	
FINANCE					
Timescale	**Duration**	**Commences**			
Purchase	3	Aug 2008			

Site C Albion Place
Redevelop Scenario 3 Fixed Land Value

Construction	9	Nov 2008		
Letting	6	Aug 2009		
Income Flow	6	Feb 2010		
Total Duration	24			
Debit Rate 7.00% Credit Rate 4.50% (Nominal)				
Land			37,352	
Construction			47,333	
Letting Void			81,053	
Other			63,151	
Total Finance Cost				228,889
TOTAL COSTS				**2,903,321**
PROFIT				
				241,737

Performance Measures

Profit on Cost%	8.33%
Profit on GDV%	7.42%
Profit on NDV%	7.69%
Development Yield% (on MRV)	4.96%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.00%
Net Initial Yield%	7.00%
	Out of Range
NPV at target rate of 0.00%	470,627
Rent Cover	1 yr 8 mths
Profit Erosion (finance rate 7.000%)	1 yr 2 mths

RENT & SALES SCHEDULE

GL HEARN LIMITED

Site C Albion Place
Redevelop Scenario 3 Fixed Land Value

RENT AND CAPITALISATION

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Rent £ ft²	MRV £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount£	Net MRV £ pa
Ground Floor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
First Floor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
Second Floor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
Third FLoor Office	1	2,000	2,000	18.00	36,000	0.00	0	0	0.00%	0	36,000
Totals			**8,000**		**144,000**		**0**	**0**		**0**	**144,000**

Heading	% Gearing	Fixed Gr. Rent	Total Gr. Rent	Yield%	Term (yrs)	Sinking Fund %	Tax on SF %	YP	Gross Cap. Rent	Rent Free Period	Rent Free Amount	Net Cap. Value
Ground Floor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	6	0	514,286
First Floor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	6	0	514,286
Second Floor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	6	0	514,286
Third FLoor Office	0.0	0	0	7.00	Freehold			14.2857	514,286	6	0	514,286
Totals		**0**	**0**						**2,057,143**		**0**	**2,057,143**

Rent Free income loss is calculated by deferring the start of the Tenant's Income.

SALES

Areas (Sq Feet)	Units	Area/Unit ft²	Total Net Area ft²	Sales £ pf²	Gross Sales £ pa	% Ded'n	Fixed Ded'n	Total Ded'n	Growth Rate %	Growth Amount £	Net Sales £ pa
2 bed flats	6	667	4,002	299.85	1,200,000	0.00	0	0	0.00%	0	1,200,000

APPENDIX F

RENTAL EVIDENCE SCHEDULE

Available Office Space

Address	Size Sq ft	Rent psf
Cornwallis House, Pudding Lane, ME14 1NY	2,485	£7.75
Colman House, ME14 1DN	11,079	£12.50
Mill House, Mill Street, ME15 6XH	6,055	£7.50
Globe House, 11-15 Pudding Lane, ME14 1AP	4,075	£10.42
Meadow House, Medway Street, ME14 1H	6,750	£10.95
Medway Bridge House, 1-7 Fairmeadow, ME14 1JP	8,442	£15.00
Brenchley House, 123-135 Week street, ME14 1RF	11,883	£9.12
Brenchley House, 123-135 Week street, ME14 1RF	9,816	£15.00
The Carriage House,Mill Street, ME15 6YE	4,435	£16.50
3rd Floor, Kent House, ME15 6LH	8,100	£14.00
Medvale House, Mote Road, ME15 6EP	5,806	£7.00
Link House, Knightrider Court, Knightrider Street, ME15 6LY	21,740	£16.50
Kestrel House, Knightrider Court, ME15 6LU	8,188	£18.00
Kent House, ME15 6LH	21,529	£14.00
GHL House, 12-14 Albion Place, ME14 5DZ	1,900	£5.00
Sussex House, 21-25 Lower Stone St, ME16 6YT	2,562	£12.00
Brecon House, 16-16a Albion Place	1,967	£8.01
White Trees House, 3 Ashford Road, ME14 5BJ	2,610	£13.41
Brooks House, 1 Albion Place	1,826	£10.32
Brecon House, 16-16a Albion Place	2,305	£11.82
Stoneborough House, ME15 6AW	28,567	£15.50
Westbrook House, 18-20 Albion Place, ME14 5DZ	4,177	£7.00
Pressprint House, 9 Station Road, ME14 1QJ	2,558	£9.77
Eclipse Park, Phase 2	220,002	£25.00
County Gate, 2 Stacey's Street, ME14 1ST	10855	£22.50
7 Station Road, ME14 1QJ	2,063	£13.50

Office Transactions

Address	Transaction Date	Lease Details	Size Sq ft	Rent psf
Regal House, 31-33 Albion Place, ME14 5DZ	15/06/2008	unknown	1,567	£11.49
Eclipse Park, Sittingbourne Road	09/02/2008	Pre-let	32,000	£21.00
Falcon House, College Road	01/07/2007	10 years	3,205	£13.19
Kent House, Romney Place, ME15 6LA	15/09/2007	unknown	2951	£7.50
Kent House, Romney Place, ME15 6LA	15/08/2007	unknown	4650	£7.25
Pressprint House, 9 Station Road, ME14 1QJ	14/07/2008	10 years	2,558	£8.80
GHL House, 12-14 Albion Place	01/07/2008	unknown	1,900	£5.00
Concorde House 10-12 London Road, ME16 8QA	01/06/2008	5 years	1,213	£7.50
Clarendon Place, King street, ME14 1BQ	13/03/2008	5 years with break at 1.5	1,556	£12.85
Colman House, King Street, ME14 1DN	02/01/2008	unknown	3,790	£12.50
Stoneborough House, King Street, ME15 6AW	01/01/2008	unknown	10,915	£13.10
1a London Road, ME16 8HS	01/10/2007	unknown	1,205	£12.45
Brenchley House, Week St, ME14 1RF	01/08/2007	5 years with break at 3	4,589	£14.25

APPENDIX G

SUMMARY OF PLANNING CONSENTS

Decision Date	Site Address	Reference Number	Applicant	Proposed Development	Decision	Office Related Conditions or Reasons for Refusal	S106 Planning Obligations (£)	Notes
26.11.1999	Land at Stacey Street, Maidstone	MA/99/1239	Milroy Properties	Erection of 2no. new office buildings (FULL)	Granted	None	N/A	No information regarding floor space available
29.03.2005	21-22 Fairmeadow and 26-28 Medway Street, Maidstone	MA/03/2109	Propan Investments Ltd	Change of use from offices to a mixed use comprising offices (263sqm) and 9no. residential apartments (FULL)	Granted	None	N/A	Development resulted in a net loss of 883sqm office space
01.08.2006	Springfield Park, Royal Engineers Road, Maidstone	MA/05/2350	Mountgrange (Maidstone) Ltd	Erection of class B1 offices comprising 3 No. buildings, residential accommodation comprising 192 No. flats, retail unit for class A1 and A3 use and additionally for use as a community hall and as a creche on the ground floor of the retail unit only, together with associated car parking, landscaping and amended access arrangements (FULL)	Granted	None	£650,000 in total sought as planning obligations £67,200 towards Maidstone Weald PCT £72,203 towards Community Facilities £304,343.13 towards KCC Education £10,000 towards Public Transport Infrastructure £130,000 towards Whatmans Park £100,000 towards Public Art	Development proposed 16,750sqm office floor space
04.08.2006	Site adjacent to the junction of King Street and Pads Hill, and Stoneborough House,	MA/06/0386	The Mall Corporation	Extensions and alterations to the Chequers shopping centre, comprising a part four, part five storey building providing an additional 3,032 sq.	Granted	None	£50,000 towards updating highway signage in and around town centre from “Chequers Shopping Centre” to “The Mall”	None

	Maidstone			m. (approx.) of retail area (Class A1) and 1844 sq. m. (approx.) of office space (Class B1) (FULL)			£150,000 towards the proposed Urban Traffic Management & Control System (UTMC) including: ○ Replacement of existing car park variable signs ○ Linkage of car parking counters ○ Link from UTMC to MBC Car Park Manager ○ Park and Ride sites or main surface car parks to the UTMC project	
14.08.2006	Haynes Bros Ltd, Ashford Road, Maidstone	MA/06/1189	Messrs. Haynes Ford	Single storey extension to offices totaling 350sqm	Granted	None	None	531sqm as car showroom
24.08.2006 (Appeal withdrawn on 18.03.2007)	Springfield Park, Royal Engineers Road, Maidstone	MA/06/0762	Mountgrange (Maidstone) Ltd	mixed use scheme comprising office space (B1 use Class), residential and retail development (A1 and A3 use Class) and associated car parking, with all matters reserved for future consideration (OUTLINE)	Appeal withdrawn	N/A	£650,000 in total sought as planning obligations (See below)	LPA minded to approve prior to applicant appealing against non-determination Planning permission granted for a scheme in 2006 (see below)
21.03.2007	Part of ground floor, Miller House, Lower Stone Street, Maidstone	MA/07/0327	BMP Associates Ltd.	Retrospective change of use from B1(a) office use to A2 (financial and professional services) use (FULL)	Granted	None	N/A	Development resulted in a net loss of 850sqft B1 office floor space
21.08.2007	Eclipse Business Park, Phase 2,	MA/07/1487	Gallagher Properties Ltd.	Variation of conditions 2, 6, 10 and 13 of MA/01/0249/04	Granted		No details available on-line	3,843sqm office space originally granted in 2001

	Sittingbourne Road, Maidstone			(reserved matters application for siting, design, external appearance, means of access and landscaping, pursuant to outline application MA/01/0249) for the erection of 9 buildings for employment purposes (Class B1 and B2) (FULL)				under MA/01/0249/04
10.12.2007	2nd Floor, Colman House, King Street, Maidstone	MA/07/2147	Ultralase Ltd.	Change of use from office (B1) to non-residential institution (D1) (FULL)	Granted	None	N/A	Unit proposed a net loss of 354sqm of office floor space Unit was vacant for 6 months and was subject to a vigorous marketing exercise to justify the loss of B1 use
01.08.2008	Proposed Kent Clinic (Institute), Newham Park, Bearsted Road, Weavering	MA/07/0382	United Medical, Practitioners Property LLP	Tertiary Medical Centre comprising a complex of 8no. buildings ranging from 2-4 storeys. (FULL)	Granted	None	£375,000 highway contribution £2,200 towards legal fees £3,000 towards monitoring panel to ensure compliance with the Deed	None

APPENDIX H

TABLE OF VALUATION INPUTS AND RESULTS

Table of Inputs

Existing Use	Rent psf	Avge Void	Avge Rent Free	Yield	Value
Site A Week st	10.00	9	9	7.75	**£2,000,000**
Site B Office	7.50	12	12	8.00	**£7,000,000**
Site B Retail	12.00	9	9	7.5	
Site C Albion Place	7.00	9	9	7.75	**£560,000**

Scenario 1 Refurb (Never Prev refurbished)	Rent psf	Avge Void (months)	Avge Rent Free (months)	Yield	Build Period	Build Costs psf	Residual Value Based on Profit of 15% GDV	GDV	Net Gain/Loss On Fixed Land Price
Site A Week st	14.00	6	6	7.50	6	120	**-£630,000**	**£3,470,000**	-£2,520,000
Site B Office	12.00	6	6	7.50	6	100	**-£350,000**	**£14,100,000**	-£6,450,000
Site B Retail	15.00	6	6	7	6	45			
Site C Albion Place	13.00	6	6	7.25	6	110	**-£170,000**	**£1,350,000**	-£635,000

Scenario 1 Refurb (refurbished in 1990)	Rent psf	Avge Void (months)	Avge Rent Free (months)	Yield	Build Period	Build Costs psf	Residual Value Based on Profit of 15% GDV	GDV	Net Gain/Loss On Fixed Land Price
Site A Week st	14.00	6	6	7.50	6	50	**£1,140,000**	**£3,470,000**	-£467,000
Site B Office	12.00	6	6	7.50	6	40	**£5,480,000**	**£14,100,000**	£435,000
Site B Retail	15.00	6	6	7.00	6	30			
Site C Albion Place	13.00	6	6	7.25	3	45	**£500,000**	**£1,350,000**	£145,000

Scenario 2 Redevelop Office	Rent psf	Avge Void (months)	Avge Rent Free (months)	Yield	Build Period	Build Costs psf	Residual Value Based on Profit of 15% GDV	GDV	Net Gain/Loss On Fixed Land Price
Site A Week st	20.00	6	6	7.00	9	130	**£10,000**	**£5,350,000**	-£1,590,000
Site B Office	17.00	6	6	7.25	12	110	**£800,000**	**£20,830,000**	-£5,175,000
Site B Retail	20.00	6	6	6.75	12	110			
Site C Albion Place	18.00	6	6	7.00	9	115	**£55,000**	**£1,950,000**	-£100,000

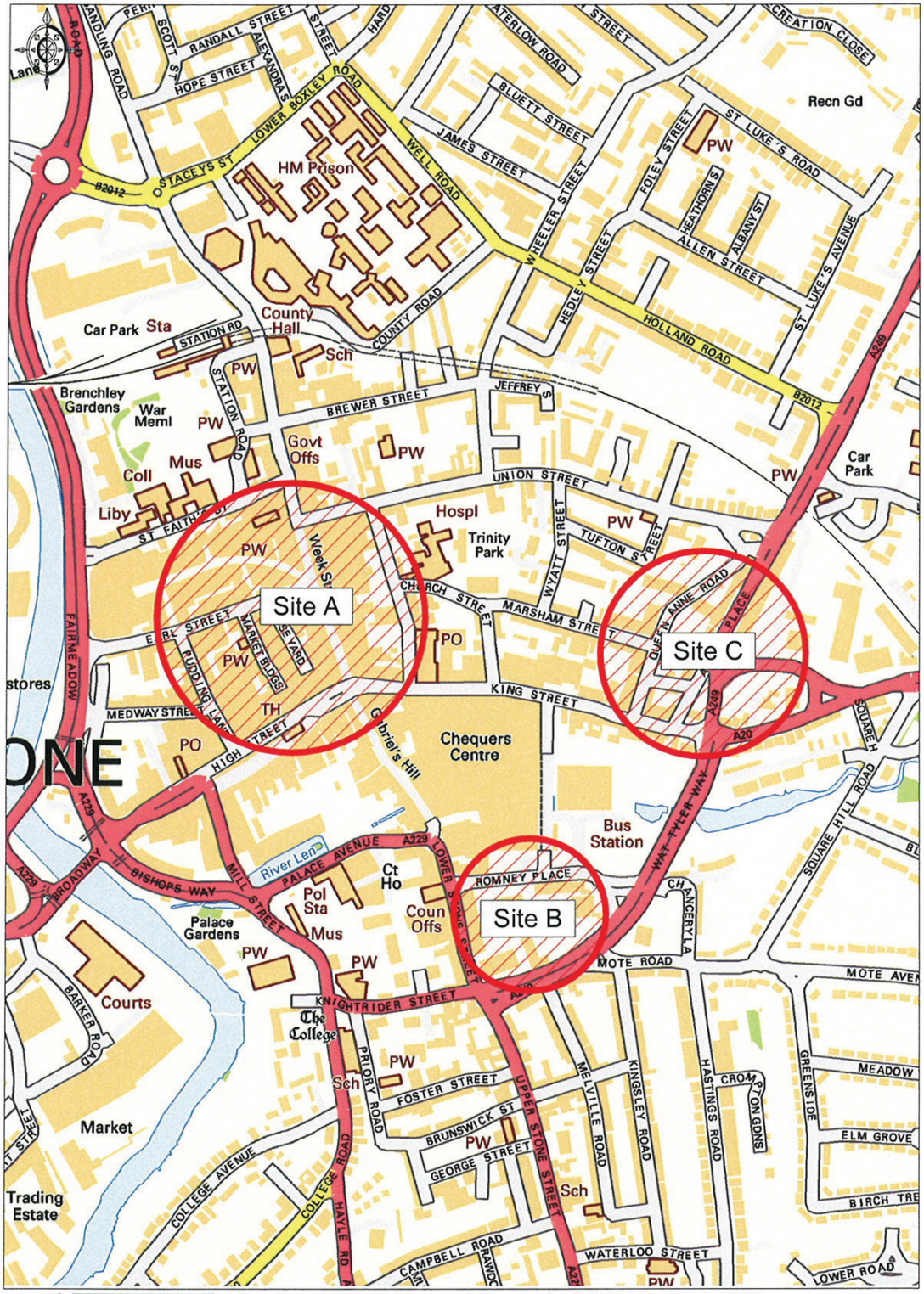
Scenario 3 Redevlop Office and Residential	Resi Capital Values Values			Build Costs psf	Residual Value Based on Profit of	GDV	Net Gain/Loss On Fixed Land Price
Site A Week St	1 bed - 150,000	2 bed - 200,000		130	**£730,000**	**£7,700,000**	-£350,000
Site B Kent House	1 bed - 150,000	2 bed - 200,000	3 bed - £215,000	150	**£2,930,000**	**£29,625,000**	-£2,215,000
Site C Albion Place		2 bed - 200,000		115	**£350,000**	**£3,145,000**	£240,000

NB - Office as per Scenario 2

APPENDIX I

MAP OF SITE LOCATIONS

Maidstone Office Viability Study - Site Locations



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