

Option 1 - Construction and Capital Financing Generic Grade A office

<u>Capital Costs</u>	GIA m2	Cost/m2	Total Cost
Fees			
Design (c 15%)		Estimate	£1,013,250
Legal		estimate for modelling	£550,000
Finance			
Procurement			
Building Control			
Planning (s106/278 etc)			
Archaeology			
Licences and Easements			
Fees Total			£1,563,250
Construction			
Repairs to existing Building	1,757	£201	£354,000
Alteration to Guildhall	441	£2,605	£1,149,000
Alteration to existing office building	1,757	£887	£1,559,000
New North Annex	708	£2,451	£1,736,000
Glazed gallery btw North Annex & Ph 1B	116	£1,983	£231,000
Phase 1 B	345	£2,504	£864,000
New South Annex - A3 Restaurant	547	£967	£529,000
External Works	3,917	£138	£541,000
less RWSHP option			-£208,000
Construction Total			£6,755,000
extra over fit out costs to make grade A standard	1,104	£269	£298,000
Total			£298,000
Contingency (inclusive of project risk)		15%	£1,057,950
Inflation Factor		9.0%	£870,678
Total Capital Cost Phase			£10,544,878

<u>Capital Financing</u>	Type		
Approved CYC critical repairs and contingency			£350,000
Approved CYC Economic Infrastructure Fund			£1,000,000
			£1,350,000
Commercial Development Gain (Restaurant)	Capital Receipt		2,144,189
Commercial Development Gain (Cafe)	Capital Receipt		622,477
			£2,766,666
Self financing amount	CYC Borrowing	30 yr/6.14%	4,358,119
- amount of borrowing supported by rental income of	£267,589		£4,358,119
Grant funding potential	External Grant		-
			£0
Total Available Financing			£8,474,785
Funding requirement			£2,070,093

Development Memo

Commercial Development (rest 1)

	Lease length	XXX	Years
Estimated Gross Restaurant area:		480	m2
		5166.72	ft2
Lettable area		4133.38	80%
Rate ft2		45.00	
Net rent at sale		186,001.92	
Yield Factor		6%	
Capitalised Value		3,100,032	
Acquisition/Construction Costs:			
		5166.72	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)		185.00	
Gross fit out costs		955,843	
Net residual benefit		<u>2,144,189</u>	

Commercial Development (cafe 1)

	Lease length	XXX	Years
Estimated Gross Restaurant area:		191.7	m2
		2063.46	ft2
Lettable area		1650.77	80%
Rate ft2		35.00	
Net rent at sale		57,776.85	
Yield Factor		6%	
Capitalised Value		962,947	
Acquisition/Construction Costs:			
		2063.46	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)		165.00	
Gross fit out costs		340,471	
Net residual benefit		<u>622,477</u>	

Guildhall Review Option 1 - Generic grade A office - c 1,000m2 (11,000ft2) available

Assumptions

Capital

- Capital costs as per feasibility study costs as at 28/11/14 - Jackson Coles
- Includes for new build annex element, a significant capital cost driver
- Removes out costs associated with River Water Source Heat Pump (£208k)
- Includes additional fit out allowance (£25/ft2) to ensure grade A office standard achieved reflecting the targeted market

Revenue

- Assumes premium office rental income applied to c1,000 m2 @£177m2/£16.50ft2
- Lettable space modelled at 90% occupancy
- Assumes income from Guildhall & Council Chamber following refurb / adaption c£80k per annum
 - Annual Net Rental Income estimated at **£267,589**
 - Value that can be borrowed against Annual Net Income **£4,358,119**
- Note- this is a fully operational year modelled example and doesn't reflect early years pressures or rent free periods

Financial Overview

- Scheme capital costs	£10,544,878	
- 'Available' scheme financing (as approved / borrowing against projected income)	£8,474,785	
	Funding Gap as currently modelled	-£2,070,093 c£127k per annum income required to close gap
- Ability to close gap requires reduced capital costs or higher rental yields		

Pros

- Central York business address, desirable to Grade A office occupants
- Prime riverside offices with river views, highly marketable
- A range of office suites making good use of all available space
- Highly accessible location with good transport links
- Adjacent to City centre amenities including proposed on site restaurant / cafe bar.
- Assured Council use of Chambers

Cons

- Access off York Footstreets
- No obvious 'front door' and some 'shared' access with council use areas
- Mixed office styles / types between different areas of the building - could be too small for a major company
- No car parking on site

Option 2 - Construction and Capital Financing

Capital Costs	GIA m2	Cost/m2	Total Cost
Fees			
Design (c 15%)		Estimate	£992,850
Legal		estimate for modelling	£550,000
Finance			
Procurement			
Building Control			
Planning (s106/278 etc)			
Archaeology			
Licences and Easements			
Fees Total			£1,542,850
Construction			
Repairs to existing Building	1,757	£201	£354,000
Alteration to Guildhall	441	£2,605	£1,149,000
Alteration to existing office building	1,757	£887	£1,559,000
North Annex refurb	708	£2,451	£1,736,000
Glazed gallery btw North Annex & Ph 1B	116	£1,983	£231,000
Phase 1 B	345	£2,504	£864,000
New South Annex - A3 Restaurant	547	£967	£529,000
External Works	3,917	£138	£541,000
less RWSHP allowances			-£208,000
less Fit-out allowances			-£286,000
additional access core to 2nd floor ?			£150,000
Construction Total			£6,619,000
Fixture and Fittings			
Fit Out			£0
F&F Total			£0
Contingency (inclusive of project risk)		15%	£992,850
Inflation Factor		9.0%	£823,923
Total Capital Cost Phase			£9,978,623

Capital Financing			
Approved CYC critical repairs and contingency			£350,000
Approved CYC Economic Infrastructure Fund			£1,000,000
			£1,350,000
Commercial Development Gain (Restaurant)	Capital Receipt		2,144,189
Commercial Development Gain (Cafe)	Capital Receipt		622,477
			£2,766,666
Self financing amount	CYC Borrowing	30 yr/6.14%	5,464,243
- amount of borrowing supported by rental income of	£335,505		£5,464,243
Grant funding potential	External Grant		£0
Total Available Financing			£9,580,909
Funding requirement			£397,714

Development Memo

Commercial Development (rest 1)		
	Lease length	Years
Estimated Gross Restaurant area:	480	m2
	5166.72	ft2
Lettable area	4133.38	80%
Rate ft2	45.00	
Net rent at sale	186,001.92	
Yield Factor	6%	
Capitalised Value	3,100,032	
Acquisition/Construction Costs:		
	5166.72	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)	185.00	
Gross fit out costs	955,843	
Net residual benefit	2,144,189	

Commercial Development (cafe 1)		
	Lease length	Years
Estimated Gross Restaurant area:	191.7	m2
	2063.46	ft2
Lettable area	1650.77	80%
Rate ft2	35.00	
Net rent at sale	57,776.85	
Yield Factor	6%	
Capitalised Value	962,947	
Acquisition/Construction Costs:		
	2063.46	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)	165.00	
Gross fit out costs	340,471	
Net residual benefit	622,477	

Guildhall Review Option 2 - a commercial scheme

Assumptions

Capital		
- Capital costs as per feasibility study costs as at 28/11/14 - Jackson Coles		
- Includes for new build annex element, a significant capital cost driver		
- Removes out costs associated with River Water Source Heat Pump (£208k)		
- Removes additional fit out allowance for office accomodation		
Revenue		
- Assumes rental levels as follows at an occupancy rate of 80%	£10/ft2	for visitor attraction
	£25 / ft2 net	for additional GF cafe unit
	£25 / ft2 net	for additional GF / FF restaurant unit
	£20 / ft2 net	for additional commercial unit/leisure
- Assumes income from Guildhall & Council Chamber following refurb / adaption c£80k per annum		
	- Annual Net Rental Income estimated at	£335,505
	- Value that can be borrowed against Annual Net Income	£5,464,243

Financial Overview

- Scheme capital costs	£9,978,623	reduced costs as a result of 'shell standard' to most areas
- 'Available' scheme financing (as approved / borrowing against projected income)	£9,580,909	
	Funding Gap as currently modelled	-£397,714 c£25k per annum income required to close gap
- Ability to close gap requires reduced capital costs or higher rental yields		
- Potential to increase yields by selling long lease / freehold interests		

Pros	Cons
- Central York riverside location	Access off York Footsreets, potential difficulties for deliveries and servicing
- Prime riverside location with river views and some external spaces	No obvious 'front door' and some 'shared' accesss with council use areas - no passing trade
- A range of different unit sizes / configurations	trading at upper levels may be more difficult - esp given access arrangements
- Highly accessible location with good transport links	No car parking on site
- Adjacent to City centre amenities and attractions	adjacent to competing attractions / uses
- Heritage attraction of buildings	potential difficulties in conversion to this type of use and the intensity of servicing required
	ability to accomodate and draw custom to a larger number of units without a more accessible riverside is in doubt and this could compromise rental values

Option 3 - Construction and Capital Financing

Capital Costs	GIA m2	Cost/m2	Total Cost
Fees			
Design (c 15%)		Estimate	£1,096,500
Legal		estimate for modelling	£650,000
Finance			
Procurement			
Building Control			
Planning (s106/278 etc)			
Archaeology			
Licences and Easements			
Fees Total			
Construction			
Repairs to existing Building	1,757	£201	£354,000
Alteration to Guildhall	441	£2,605	£1,149,000
Alteration to existing office building	1,757	£887	£1,559,000
North Annex refurb	708	£2,451	£1,736,000
Glazed gallery btw North Annex & Ph 1B	116	£1,983	£231,000
Phase 1 B	345	£2,504	£864,000
New South Annex - A3 Restaurant	547	£967	£529,000
External Works	3,917	£138	£541,000
less RWSHP option			-£208,000
less Office Fit-out			-£286,000
Apartments	691	£1,000	£691,000
Apartments - specific lift			£150,000
Construction Total			£7,310,000
Fixture and Fittings			
Fit Out			£0
F&F Total			£0
Contingency (inclusive of project risk)		15%	£1,096,500
Inflation Factor		9.0%	£913,770
Total Capital Cost Phase			£11,066,770

Capital Financing			
Approved CYC critical repairs and contingency			£350,000
Approved CYC Economic Infrastructure Fund			£1,000,000
			£1,350,000
Commercial Development Gain (Restaurant)	Capital Receipt		2,144,189
Commercial Development Gain (Cafe)	Capital Receipt		622,477
			£2,766,666
Self financing amount	CYC Borrowing	30 yr/6.14%	7,768,624
- amount of borrowing supported by rental income of	£476,994		£7,768,624
Grant funding potential	External Grant		-
			£0
Total Available Financing			£11,885,290
Funding surplus			-£818,520

Development Memo

Commercial Development (rest 1)		
	Lease length	Years
Estimated Gross Restaurant area:	480	m2
	5166.72	ft2
Lettable area	4133.38	80%
Rate ft2	45.00	
Net rent at sale	186,001.92	
Yield Factor	6%	
Capitalised Value	3,100,032	
Acquisition/Construction Costs:		
	5166.72	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)	185.00	
Gross fit out costs	955,843	
Net residual benefit	2,144,189	

Commercial Development (cafe 1)		
	Lease length	Years
Estimated Gross Restaurant area:	191.7	m2
	2063.46	ft2
Lettable area	1650.77	80%
Rate ft2	35.00	
Net rent at sale	57,776.85	
Yield Factor	6%	
Capitalised Value	962,947	
Acquisition/Construction Costs:		
	2063.46	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)	165.00	
Gross fit out costs	340,471	
Net residual benefit	622,477	

Guildhall Review Option 3 - a commercial scheme with residential at upper floors

Assumptions

Capital		
- Capital costs as per feasibility study costs as at 28/11/14 - Jackson Coles		
- Includes for new build annex element, a significant capital cost driver		
- Removes out costs associated with River Water Source Heat Pump (£208k)		
- Adds additional lift / access core		
- Assumes flats at first and second floor levels		
Revenue		
- Income from 6 Apartments at 90% occupancy	£1450/£1850	high season
	£1250/£1550	low season
- Retains some (premium) office at GF level @ 90%	£16.50 / ft2	
- Assumes income from Guildhall & Council Chamber following refurb / adaption c£80k per annum		
- Annual Net Rental Income estimated at	£476,994	
- Value that can be borrowed against Annual Net Income	£7,768,624	

Financial Overview

- Scheme capital costs	£11,066,770	Highest capital cost because of costs of residential fit out to high standard
- 'Available' scheme financing (as approved / borrowing against projected income)	£11,885,290	
Funding Surplus as currently modelled	£818,520	

Pros

<ul style="list-style-type: none"> - Central York riverside location - Prime riverside location with river views and some external spaces - A range of different unit sizes / configurations - Highly accessible location with good transport links - Adjacent to City centre amenities and attractions - Heritage attraction of buildings - Assured Council use of Chambers 	<h3 style="background-color: yellow;">Cons</h3> <ul style="list-style-type: none"> - Access off York Footstreets, potential difficulties for delivery access and servicing - No car parking on site - Creating separate / protected residential access could be difficult - May be some conflict with residential uses - Potential difficulties in conversion to this type of use and the intensity of servicing required eg storage / waste & recycling areas - Potential conflict between residential and other uses - Potential lease hold issues for resi - if not holiday let
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Option 4 - Construction and Capital Financing

Capital Costs	GIA m2	Cost/m2	Total Cost
Fees			
Design (c 15%)		Estimate	£939,450
Legal		estimate for modelling	£550,000
Finance			
Procurement			
Building Control			
Planning (s106/278 etc)			
Archaeology			
Licences and Easements			
Fees Total			£1,489,450
Construction			
Repairs to existing Building	1,757	£201	£354,000
Alteration to Guildhall	441	£2,605	£1,149,000
Alteration to existing office building	1,757	£887	£1,559,000
North Annex refurb	487	£1,326	£646,000
additional 2nd floor			£598,000
Glazed gallery btw North Annex & Ph 1B	116	£1,983	£231,000
Phase 1 B	345	£2,504	£864,000
New South Annex - A3 Restaurant	547	£967	£529,000
External Works	3,917	£138	£541,000
less RWSHP option			-£208,000
Construction Total			£6,263,000
Fixture and Fittings			
Fit Out			£300,000
F&F Total			£300,000
Contingency (inclusive of project risk)		15%	£984,450
Inflation Factor		9.0%	£813,321
Total Capital Cost Phase			£9,850,221

Capital Financing			
Approved CYC critical repairs and contingency			£350,000
Approved CYC Economic Infrastructure Fund			£1,000,000
			£1,350,000
Commercial Development Gain (Restaurant)	Receipt		2,144,189
Commercial Development Gain (Cafe)	Receipt		622,477
			£2,766,666
Self financing amount	CYC Borrowing	30 yr/6.14%	5,898,312
- amount of borrowing supported by rental income of	362,156.38		£5,898,312
Grant funding potential	External Grant		-
			£0
Total Available Financing			£10,014,978
Funding surplus			-£164,757

Development Memo

Commercial Development (rest 1)

Estimated Gross Restaurant area:	480	m2
	5166.72	ft2
Lettable area	4133.38	80%
Rate ft2	45.00	
Net rent at sale	186,001.92	
Yield Factor	6%	
Capitalised Value	3,100,032	
Acquisition/Construction Costs:		
	5166.72	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)	185.00	
Gross fit out costs	955,843	
Net residual benefit	2,144,189	

Commercial Development (cafe 1)

Estimated Gross Restaurant area:	191.7	m2
	2063.46	ft2
Lettable area	1650.77	80%
Rate ft2	35.00	
Net rent at sale	57,776.85	
Yield Factor	6%	
Capitalised Value	962,947	
Acquisition/Construction Costs:		
	2063.46	ft2
Rate ft2 (incl kitchens/storage/interior/fit out)	165.00	
Gross fit out costs	340,471	
Net residual benefit	622,477	

Guildhall Review Option 4 - refurbished character offices with business club

Assumptions

Capital

- Capital costs as per feasibility study costs as at 28/11/14 - Jackson Coles
- Includes for new build annex element, a significant capital cost driver
- Removes out costs associated with River Water Source Heat Pump (£208k)

Revenue

- Office rentals at £15/ft2 based on easy in / out terms - 1mth notice period, 90% occupancy
- Service charge £19/ft2 to include all other costs
- Likely 24/7 access
- Some office suites to rent / but significant co-working / hot desk space
- Business club membership model for virtual office services at av £199/month
- Assumes income from Guildhall & Council Chamber following refurb / adaption c£80k per annum

- Annual Net Rental Income estimated at	£362,156
- Value that can be borrowed against Annual Net Income	£5,898,312

Financial Overview

- Scheme capital costs	£9,850,221
- 'Available' scheme financing (as approved / borrowing against projected income)	£10,014,978
Funding Surplus as currently modelled	£164,757

Pros

- Prime central York business address
- Central York riverside location
- Highly accessible location with good transport links
- Characterful Heritage offices attractive to certain industries - with potential for business club model
- Adjacent to City centre amenities and attractions
- Heritage attraction of buildings

Cons

- Access off York Footstreets, potential difficulties for delivery access and servicing
- No obvious front door to offices - some shared access
- No car parking on site
- Business model requires high levels of occupancy
- Requires management / operating partner with right ethos
- Some additional management implications / costs