

Appendix 4
Development Appraisal Option 2.1

Colliers CRE

Development Appraisal

Perth City Hall

Option 2.1 - Retail Commercial

Perth City Hall
Perth

Report Date 28/04/2010

Prepared by Colliers CRE

**Perth City Hall
Option 2.1 - Retail Commercial**

Timescale (Duration in months)

Project commences Apr 2010

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Apr 2010				
Purchase	6	Apr 2010	Sep 2010	Phase Start	Start	0
Pre-Construction	9	Oct 2010	Jun 2011	Purchase	End	0
Construction	12	Jul 2011	Jun 2012	Pre-Construction	End	0
Post Development	3	Jul 2012	Sep 2012	Construction	End	0
Letting	24	Oct 2010	Sep 2012	Post Development	End	-24
Phase End		Oct 2012				
Phase Length	30					

Project Length 31 (Includes Exit Period)

Assumptions

Expenditure

- Professional Fees are based on Construction
- Purchaser's Costs are based on Gross Capitalisation
- Purchaser's Costs Deducted from Sale (Not added to Cost)
- Sales Fees are based on Net Capitalisation
- Sales Fees Added to Cost (Not deducted from Sale)

Receipts

- Show tenant's true income stream On
- Offset income against development costs Off
- Rent payment cycle Quarterly (Adv)
- Apply rent payment cycle to all tenants On
- Renewal Void and Rent Free apply to first renewal only Off

- Initial Yield Valuation Method Off
- Default Capitalisation Yield 0.0000%
- Apply Default Capitalisation to All Tenants Off
- Default stage for Sale Date Off
- Align end of income stream to Sale Date Off
- Apply align end of income stream to all tenants On
- When the Capital Value is modified in the cash flow Recalculate the Yield
- Valuation Tables are Annually in Arrears
- Rent Free method Defer start of Tenant's Rent

Finance

- Financing Method Basic (Interest Sets)
- Interest Compounding Period Quarterly
- Interest Charging Period Monthly
- Nominal rates of interest used
- Calculate interest on Payments/Receipts in final period Off
- Include interest and Finance Fees in IRR Calculations Off
- Automatic Inter-account transfers Off
- Manual Finance Rate for Profit Erosion Off

Calculation

- Site Payments In Arrears
- Other Payments In Arrears
- Negative Land In Arrears
- Receipts In Advance

- Initial IRR Guess Rate 8.00%
- Minimum IRR -100%
- Maximum IRR 99999%
- Manual Discount Rate Off
- IRR Tolerance 0.001000

- Letting and Rent Review Fees are calculated on Net of Deductions
- Development Yield and Rent Cover are calculated on Rent at Sale Date(s)
- Include Tenants with no Capital Value On

**Perth City Hall
Option 2.1 - Retail Commercial**

Assumptions

Include Turnover Rent Off
 Net of Non-Recoverable costs On
 Net of Ground Rent deductions On
 Net of Rent Additions/Costs On

Value Added Tax

Global VAT Rate 0.00%
 Global Recovery Rate 0.00%
 Recovery Cycle every 2 months
 1st Recovery Month 2 (May 2010)
 VAT Calculations in Cash Flow On
 GST Margin Calculations in Cash Flow Off

Residual

Land Cost Mode Residualised Land Value
 Multi-Phasing Separate Land Residual for each phase
 Target Type Profit on Cost

Phase Number	Target Value	Locked Value	Treat Neg Land as Revenue
Phase 1	20.00%	No	No

Distribution

Construction Payments are paid on S-Curve
 Sales Receipts are paid on Single curve
 Sales Deposits are paid on Monthly curve

Interest Sets

Interest Set 1

Debit Rate	Credit Rate	Months	Start Date
4.500%	0.000%	Perpetuity	Apr 2010

Loan Set 1

Debit Rate	Credit Rate	Months	Start Date
0.000%	0.000%	Perpetuity	Apr 2010

Inflation and Growth

Growth Sets

Growth Set 1

Inflation/Growth for this set is calculated in arrears
 This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Apr 2010

Inflation Sets

Inflation Set 1

Inflation/Growth for this set is calculated in arrears
 This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Apr 2010

APPRAISAL SUMMARY**COLLIERS CRE****Perth City Hall
Option 2.1 - Retail Commercial****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	Units	Unit Amount	Gross MRV
Stalls etc.	1 unit at	£40,000	40,000
	ft ²	Rate ft ²	Gross MRV
GF - Retail	5,926	£40.00	237,040
FF - Retail	8,011	£20.00	160,220
Totals	<u>13,937</u>		<u>397,260</u>

Investment Valuation

GF - Retail					
Market Rent	237,040	YP @	9.5000%	10.5263	
(3yrs Rent Free)		PV 3yrs @	9.5000%	0.7617	1,900,447
FF - Retail					
Market Rent	160,220	YP @	9.5000%	10.5263	
(3yrs Rent Free)		PV 3yrs @	9.5000%	0.7617	1,284,549
Stalls etc.					
Current Rent	40,000	YP @	12.0000%	8.3333	333,333
					3,518,329

GROSS DEVELOPMENT VALUE				3,518,329
Purchaser's Costs	5.7500%	(202,304)		
NET DEVELOPMENT VALUE				<u>3,316,025</u>

NET REALISATION **3,316,025****OUTLAY****ACQUISITION COSTS**

Residualised Price			(1,387,806)
Agent Fee			25,000
Legal Fee			15,000
Town Planning			40,000
Survey			20,000
			(1,287,806)

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
GF - Retail	14,193	£120.00	1,703,160	
FF - Retail	12,251	£120.00	1,470,120	
Totals	<u>26,444</u>		<u>3,173,280</u>	3,173,280
Contingency		10.0000%	317,328	317,328

PROFESSIONAL FEES

Professional Fees combined	10.0000%	317,328	317,328
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MARKETING & LETTING

Marketing			20,000
Letting Agent Fee	15.0000%	65,589	
Letting Legal Fee	5.0000%	21,863	
			107,452

DISPOSAL FEES

Sales Agent Fee	1.0000%	33,160	
Sales Legal Fee	0.2500%	8,290	
			41,450

Additional Costs

Arrangement Fee			30,000
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FINANCE

Multiple Finance Rates Used (See Assumptions)			64,322
Total Finance Cost			

TOTAL COSTS **2,763,354****PROFIT****552,671**

Perth City Hall**Option 2.1 - Retail Commercial****Performance Measures**

Profit on Cost%	20.0000%
Profit on GDV%	15.7083%
Profit on NDV%	16.6667%
Development Yield% (on Rent)	15.8235%
Equivalent Yield% (Nominal)	9.6846%
Equivalent Yield% (True)	9.6846%
Gross Initial Yield%	12.4281%
Net Initial Yield%	12.4281%
IRR	N/A
Rent Cover	1 yr 3 mths
Profit Erosion (finance rate 4.500%)	4 yrs 1 mth

Appendix 5
Development Appraisal Option 2.2

Colliers CRE

Development Appraisal

Perth City Hall

Option 2.2 - Cultural

Perth City Hall
Perth

Report Date 28/04/2010

Prepared by Colliers CRE

**Perth City Hall
Option 2.2 - Cultural**

Timescale (Duration in months)

Project commences Apr 2010

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Apr 2010				
Purchase	6	Apr 2010	Sep 2010	Phase Start	Start	0
Pre-Construction	9	Oct 2010	Jun 2011	Purchase	End	0
Construction	12	Jul 2011	Jun 2012	Pre-Construction	End	0
Post Development	3	Jul 2012	Sep 2012	Construction	End	0
Letting	24	Oct 2010	Sep 2012	Post Development	End	-24
Phase End		Oct 2012				
Phase Length	30					

Project Length 31 (Includes Exit Period)

Assumptions

Expenditure

- Professional Fees are based on Construction
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- Purchaser's Costs Deducted from Sale (Not added to Cost)
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- Sales Fees Added to Cost (Not deducted from Sale)

Receipts

- Show tenant's true income stream On
- Offset income against development costs Off
- Rent payment cycle Quarterly (Adv)
- Apply rent payment cycle to all tenants On
- Renewal Void and Rent Free apply to first renewal only Off

- Initial Yield Valuation Method Off
- Default Capitalisation Yield 0.0000%
- Apply Default Capitalisation to All Tenants Off
- Default stage for Sale Date Off
- Align end of income stream to Sale Date Off
- Apply align end of income stream to all tenants On
- When the Capital Value is modified in the cash flow Recalculate the Yield
- Valuation Tables are Annually in Arrears
- Rent Free method Defer start of Tenant's Rent

Finance

- Financing Method Basic (Interest Sets)
- Interest Compounding Period Quarterly
- Interest Charging Period Monthly
- Nominal rates of interest used
- Calculate interest on Payments/Receipts in final period Off
- Include interest and Finance Fees in IRR Calculations Off
- Automatic Inter-account transfers Off
- Manual Finance Rate for Profit Erosion Off

Calculation

- Site Payments In Arrears
- Other Payments In Arrears
- Negative Land In Arrears
- Receipts In Advance

- Initial IRR Guess Rate 8.00%
- Minimum IRR -100%
- Maximum IRR 99999%
- Manual Discount Rate Off
- IRR Tolerance 0.001000

- Letting and Rent Review Fees are calculated on Net of Deductions
- Development Yield and Rent Cover are calculated on Rent at Sale Date(s)
- Include Tenants with no Capital Value On

**Perth City Hall
Option 2.2 - Cultural**

Assumptions

Include Turnover Rent	Off
Net of Non-Recoverable costs	On
Net of Ground Rent deductions	On
Net of Rent Additions/Costs	On

Value Added Tax

Global VAT Rate	0.00%
Global Recovery Rate	0.00%
Recovery Cycle every	2 months
1st Recovery Month	2 (May 2010)
VAT Calculations in Cash Flow	On
GST Margin Calculations in Cash Flow	Off

Residual

Land Cost Mode	Fixed Land Value
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Distribution

Construction Payments are paid on	S-Curve
Sales Receipts are paid on	Single curve
Sales Deposits are paid on	Monthly curve

Interest Sets

Interest Set 1

Debit Rate	Credit Rate	Months	Start Date
4.500%	0.000%	Perpetuity	Apr 2010

Loan Set 1

Debit Rate	Credit Rate	Months	Start Date
0.000%	0.000%	Perpetuity	Apr 2010

Inflation and Growth

Growth Sets

Growth Set 1

Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Apr 2010

Inflation Sets

Inflation Set 1

Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Apr 2010

APPRAISAL SUMMARY**COLLIERS CRE****Perth City Hall
Option 2.2 - Cultural****Summary Appraisal for Phase 1****REVENUE****OUTLAY****ACQUISITION COSTS**

Town Planning			40,000	
Survey			20,000	
				60,000

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
GF - Cultural	14,193	£125.00	1,774,125	
FF - Cultural	12,251	£125.00	1,531,375	
Totals	<u>26,444</u>		<u>3,305,500</u>	3,305,500

Contingency		10.0000%	330,550	330,550
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PROFESSIONAL FEES

Professional Fees combined		10.0000%	330,550	330,550
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MARKETING & LETTING

Marketing			20,000	20,000
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Additional Costs

Arrangement Fee			30,000	30,000
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FINANCE

Multiple Finance Rates Used (See Assumptions)				
Total Finance Cost				135,539

TOTAL COSTS**4,212,139****PROFIT****(4,212,139)****Performance Measures**

Profit on Cost%	(100.0000)%
Profit on GDV%	0.0000%
Profit on NDV%	0.0000%

IRR	N/A
Profit Erosion (finance rate 4.500%)	N/A

Appendix 6
Development Appraisal Option 3.1

Colliers CRE

Development Appraisal

Perth City Hall - Option 3.1 - Partial Demolition and Re-Use of the Building:

Retail/Commercial led redevelopment

Perth City Hall
Perth

Report Date 29/04/2010

Prepared by Colliers CRE

