

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Other points to note:

1. Ground Rents – the Housing White Paper issued in December 2017 sets out that new houses and flats Ground Rents will be set at zero, removing any value attributable to the freehold interest.
2. Rental Growth – BDC have applied rental growth assumptions to each element of the appraisal. C&W disagree with this approach.

5. C&W Summary Points

Scheme Viability

- The total GDV in the [REDACTED] appraisal has marginally increased by circa [REDACTED].
- The total cost pre-finance in the [REDACTED] appraisal has decreased by circa [REDACTED].
- The interest and commitment fees in the [REDACTED] appraisal have increased, and therefore the total cost including finance, set up and interest in the [REDACTED] appraisal is circa [REDACTED] higher than the [REDACTED] appraisal.
- Therefore, the Profit on Cost (including finance) in the [REDACTED] appraisal is broadly in line with [REDACTED].

Ground Rent

- We note that the [REDACTED] appraisal still includes value attributable to the residential Ground Rents.
- Following the afore mentioned Housing White Paper, it is Cushman & Wakefield's in house view, along with some of our contemporaries, that we should now exclude any value attributable to Ground Rents in development appraisals of new build property going forward.
- We are now aware of a number of developers who are also excluding Ground Rents from their appraisals and we view this as an industry wide standard.

Appraisal Inputs

- We re-iterate our views from our report dated September 2017, attached.
- We would highlight that we previously considered the student accommodation exit yield of [REDACTED] to be somewhat bullish, and this has now moved in further to [REDACTED].
- We would still consider the DM fee of [REDACTED] to be high.

Funding

- We have reviewed the latest Heads of Terms for the [REDACTED] which we confirm are on the same terms as the previously proposed [REDACTED].
- The facility amount has been reduced from [REDACTED].
- The grounds for calculation for the [REDACTED].
- We also note that the new Agreement includes [REDACTED].