135-149 Shaftesbury Avenue

Independent Viability Review

Prepared on behalf of the London Borough of Camden

20th March 2018

Planning reference: 2017/7051/P

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1.0 INTRODUCTION

1.1 We have been instructed by the London Borough of Camden ('the Council') to undertake a viability review in respect of a proposed redevelopment of 135-149 Shaftesbury Avenue.

1.2 The applicant, Capitalstart, has commissioned Iceni Projects to create a viability assessment to demonstrate the level of planning contributions the scheme can afford to deliver while still ensuring a competitive return is allowed for landowner and developer. The proposed scheme entails the following works:

The comprehensive refurbishment of the existing Grade II listed building and the provision of a new two storey roof extension and new basement level, providing a new four-screen cinema (Class D2) and spa (sui generis) at basement levels, a restaurant/bar (Class A3/A4) at ground floor level, a 94-bed hotel (Class C1) at part ground and first to sixth floors and associated terrace and bar (Class A4) at roof level, together with associated public realm and highways improvements.

1.3 The existing building is Grade II listed. It is currently in use as an Odeon Cinema. It is five storeys and has a four-screen cinema. The building is let to Odeon Cinema on a 56-year lease from March 1970.

1.4 We have undertaken a review of the following documentation which has been provided in support of the development appraisal:

- Condition report by Hallas & Co Chartered Surveyors – this was used to inform our assessment of the site's Existing Use Value
- Feasibility Study by The Hotel Management Company – this looked at the market for hotels and how the proposed scheme could perform financially. This is a highly detailed report which provides extensive market information in support of its findings.
- Independent Cinema Office report – this is a highly detailed report and provides market context/discusses the potential for a more upmarket cinema offering on this site.
- Food & Beverage – report on potential for additional revenues ancillary to the hotel.

1.5 We have had detailed discussions with Iceni regarding the viability position and the potential (or lack thereof) for the existing building to be refurbished. Our Viability Review has scrutinised the cost and value assumptions that have been adopted in Iceni's viability assessment, in order to determine whether the planning contributions being offered are the maximum that can reasonably be delivered.

1.6 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS1 of the RICS Valuation – Global Standards 2017 (the 'Red Book', the provisions of VPS1–5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book Valuation. The Valuation Date for this Viability Review is the date of this report, as stated on the title page. This Viability Review has been undertaken in accordance with the Terms & Conditions provided to the Council and with any associated Letters of Engagement, and should only be viewed by those parties that have been authorised to do so by the Council.

2.0 CONCLUSIONS & RECOMMENDATIONS

2.1 We have scrutinised the costs and value in the appraisal of the proposed scheme in order to determine whether any additional planning contributions (over and above those already being offered) could viably be delivered. In line with the DCLG's Planning Practice Guidance, this review looks at present-day costs and values rather than forecast future figures.

2.2 While the proposals would not provide residential floorspace, Camden Council has a mixed-use policy which seeks to secure affordable housing from mixed use development.

2.3 The scheme is shown to be in deficit even when the benchmark land value is set as zero. It was initially unclear why the applicant is proceeding with the scheme on this basis given the unacceptable financial performance indicated. We understand that it is willing to proceed with the scheme in spite of this insufficient level of profit, due to the limited other options available to it in respect of this site. Following our review, we are in agreement with the overall conclusion that the scheme falls far short of a 'break even' position and therefore no additional planning contributions (including affordable housing contributions) can viably be delivered.

2.4 Moreover, due to the nature of the disrepair to the building, the situation is likely to get worse over time as the building deteriorates further, thereby further compromising viability. This may in turn lead to a greater amount of 'enabling development' (i.e. additional floorspace) being required from the redevelopment, in order to cover the cost of the original cinema building's renovation.

2.5 The Iceni appraisal is a detailed Argus appraisal which includes a cashflow for all the revenues and costs; it generates a negative profit, of -£5.31m. This represents a -6.3% profit on Cost; and the total profit shortfall from the 17.5% profit on cost target, is £20.0m. Given that the Gross Development Value of the scheme is £64m, this would mean that a major uplift in scheme performance would be required in order to overcome this shortfall. This appraisal already includes CIL contributions.

2.6 We have also considered whether the proposed scheme is necessary in order to safeguard the future of this listed building. The argument is that, given the extent of the works required in order to refurbish the existing building so as to rectify its current disrepair, this means that a simple refurbishment is not a feasible option; it then follows that some degree of 'enabling development' is required in order to ensure the continued survival of the building and its cinema use.

2.7 The Condition Survey states that the building requires £10m of expenditure simply to rectify disrepair (which is less than the full cost of a refurbishment). The landlord can secure vacant possession by giving 6 months' notice, and we have been informed that agreement has been reached with the Odeon to secure vacant possession, but the terms of this agreement have not been provided. We have, however, been informed that Odeon has minimal repair liabilities under the terms of its lease (only to keep the building wind and watertight) thus could not be made to fund any substantial portion of the overall cost of rectifying the building's disrepair.

2.8 The lease is due to expire in 2026, and it is uncertain whether Odeon would renew. If they did *not* renew, then it would be necessary to find another tenant following a refurbishment and repairs.

2.9 The capital value of the existing building is estimated at £4.3m-£11.6m once refurbished – the difference being due to the range of revenues the refurbished cinema could make. The rental income estimate is £205,000-£550,000 and compares to the current rent of £138,000 which is considered to be an under-rented position. Given the extent of the required expenditure, the capital value is very likely to be *less* than the total cost of refurbishment; this means the site would have a negative residual land value and therefore a negative EUV, which strongly indicates that this option is unfeasible and that redevelopment is necessary in order to secure the continued, long-term use of the building.

2.10 A gross capital value of £7.6m is estimated by Independent Cinema Office for the building, following its refurbishment and an upgrade to provide an 'Everyman-style' standard of cinema. So even with this upgrade in place, this would still generate a negative residual land value, given the extent of the expenditure required. This shows that the proposed scheme is necessary as a form of 'enabling development' whereby the additional floorspace and new uses are necessary to generate the revenues to cross-subsidise the refurbishment and improvement works to the cinema. Therefore the hotel development and ancillary food and spa facilities are necessary in order to generate these revenues.

3.0 PROPOSED SCHEME VALUES

3.1 It is assumed in the appraisal that there is a rent equating to 10% of the revenues of the cinema, hotel and restaurant and this rent is capitalised (at 5%, 4.5% and 5% respectively) separately from the remainder of the revenues. This reflects the fact that the owner of the building could theoretically sell the freehold interest while retaining a leasehold. The remainder of the income is capitalised at a higher rate taking into account the higher risks of this income stream.

Hotel & Restaurant

3.2 The 94-bedroom hotel has been valued by The Hotel Management Company, together with the ancillary spa facilities. The occupancy rates start low but grow over time, and these are based on the average occupancy of 84.9% in the local market as detailed in HMC's report. This is a reasonable rate to apply, based on the market evidence we have viewed.

3.3 The revenues up to September 2026 are all included in a cashflow and the accumulated totals are added to the appraisal without any discounting being applied; the stabilised net income is then capitalised in perpetuity using an 'exit yield'. The restaurant's expenses and revenues are factored into these together with those for the hotel itself and for the spa facilities.

3.4 The room rates grow up to £238.53 per night by Year 3-5. The Hotel Market Analysis includes a range of prices from £274 per night for up to £500 a night (weekdays) for 4 to 5 star hotels in the area. However, it is necessary to take into account group bookings and other discounts which reduce the average room rates that should be applied to the proposed hotel. Taking into account these factors, we consider that room rate applied to be reasonable. The spa revenues are also estimated by HMC.

3.5 The yield is 8% applied to the hotel and this is typical of this type of hotel. We have been involved in a number of hotel schemes in London including a redevelopment of Fulham Town Hall. As part of this scheme we received advice from hotel experts Melvin Gold Consulting who applied a 'terminal exit yield' of 9.4% to the hotel; this is the same approach as Iceni has applied as the yield is applied to the final rent thus is an exit yield. The rate of 9.4% is higher but this reflects the inferior location of Fulham Town Hall as a hotel destination. This is a similar scheme in terms of being a unique development with substantial risk of variations in net income depending on how successful the completed hotel is. In this context we accept the hotel yields applied by Iceni. A higher yield of 10.50% has been applied to the restaurant in order to reflect the higher risk as restaurant incomes are highly variable especially ones such as this where it is uncertain how much interest the restaurant will gain by virtue of its association with the hotel and the retails. The fact that 10% of the rent has been capitalised at a lower yield of 4.5% to 5.0% serves to increase the capital value and counteract somewhat the higher yield of 10.5%.

Cinema

3.6 The stabilised cinema net income has been capitalised at 10.5%, which reflects the high degree of risk associated with this cinema venture. The other assumptions are set out in the highly detailed report by the Independent Cinema Office. The cinema will offer lower admissions than many of its West End rivals. The four-screen cinema will aim to provide a substantial portion of tickets to local people by providing them with discounts. Key assumptions include 40% occupancy (once stabilised) i.e. 40% of the available seats, and comparable evidence of typical rates are provided. This adds up to a total of £798,600 of box office revenue per annum.

3.7 The cinema expenditures are estimated by Iceni based on ICO advice. The cinema is not in an ideal location and this necessitates a large marketing spend due to the limited footfall. And this substandard location is also reflected in the yield that has been applied. The ICO report sets out in detail the assumptions regarding cinema performance, including the total gross box office spend and the predicted income and costs in the early years of the cinema. The ticket prices of £6.50 are lower than charged by many other West End cinemas but this is reasonable given the market this cinema will be targeting and its aim of showing 'second-runs' rather than new releases.

Food & Beverage

3.8 The report by the Ford Consultancy Group sets out in detail the food & beverage revenues that can be expected from the hotel, restaurant and cinema. The cinema will benefit from in-screen dining which will help to boost revenues. The main concern of FCG is the limited footfall at this location, and the lack of street-fronting retail entrances and windows in the proposed scheme's ground floor. This breaks down the revenues into breakfast, lunch and dinner and provides a details analysis of each of these.

4.0 DEVELOPMENT COSTS

4.1 The appraisal includes a range of costs in respect of the cinema's ongoing expenditure, which are from January 2018 up to September 2026. The point at which the rent stabilises is Sep 2024 after which it remains the same until the final period of Sep 2026. The investment valuation at the end of the period has not then been discounted back to present day. This is a reasonably short 'stabilisation period'. The entire total of costs (and revenues) up to the end of the cashflow period (Sep 2016) are included in the appraisals, and the investment valuation (YP perp) is dated at the end of this period appraisal effectively. The costs are split between build costs and operational costs.

4.2 There are 13.5% professional fees. These are fully itemised showing the allowance for each individual consultant. In view of the complexity of this project it is clear that this is a reasonable allowance.

4.3 Our Cost Consultant, Neil Powling, has undertaken a review of the cost plan, His full report is in **appendix one**, and the main conclusion is:

Our benchmarking yields an adjusted benchmark of £6,357/m² that compares to the Applicant's £6,681/m². Clearly the concepts and constraints on this project have lead to very high construction costs. Our benchmarking shows a difference of £2.5M of which about £1.5M is accounted for by the higher levels of preliminaries and OHP which leaves a difference of about £1M not particularly accounted for in the benchmarking. Despite this difference we believe a broad conclusion of reasonable costs is warranted, given the challenges that will most probably be experienced during construction.

4.4 The pre-construction period is 18 months and the construction period 24 months. Given the complexities of this scheme, this is a realistic allowance. The finance costs total £25m and include £5.27m for land and £19.73m for construction. It is not clear how the land finance has been calculated, given that there appears to be no residual land value in the appraisal (which is a profit output appraisal but has not 'fixed land cost'). We have, however, assessed the level of overall finance costs as a proportion of overall development costs and on this basis it is clear that the level of finance is reasonable.

4.5 Sales Agents fees of 1.5%, Sales Legal of 0.5%, and Marketing of £500,000, and Contingency of 5% are realistic allowances and are in line with those adopted in many other schemes we have been involved in.

Appendix One

135-149 Shaftsbury Avenue, Camden

Independent Cost Review

1 SUMMARY

1.1 The cost plan is divided into enabling works and construction works (comprising shell & core and fit out). The preliminaries for the enabling works are estimated at 18% and for the construction works 16.5%. Given the nature and risks of the enabling works we consider the level of preliminaries and the differential to be reasonable.

1.2 The overheads and profit (OHP) for the enabling works are estimated at 15% and for the construction works 6%. The allowance for the construction works we consider reasonable; we understand the high allowance for OHP to the enabling works but request market evidence for the level of 15% in this estimate.

1.3 The allowance for contingency is a total 10% split 5% for Design Development and 5% for construction. Given the nature of the project a largely new construction but within the constraints of retained facades we consider this allowance to be reasonable.

1.4 Our benchmarking has treated the façade retention, asbestos removal and vibration monitoring, together with the demolitions as abnormal costs. Similarly we have treated FF&E, OSE&E, and cinema seating and projection equipment as abnormal costs.

1.5 Our benchmarking yields an adjusted benchmark of £6,357/m^2 that compares to the Applicant's £6,681/m^2. Clearly the concepts and constraints on this project have lead to very high construction costs. Our benchmarking shows a difference of £2.5M of which about £1.5M is accounted for by the higher levels of preliminaries and OHP which leaves a difference of about £1M not particularly accounted for in the benchmarking. Despite this difference we believe a broad conclusion of reasonable costs is warranted, given the challenges that will most probably be experienced during construction.

2 METHODOLOGY

2.1 The objective of the review of the construction cost element of the assessment of economic viability is to benchmark the Applicant's costs against RICS Building Cost Information Service (BCIS) average costs. We use BCIS costs for benchmarking because it is a national and independent database. Many companies prefer to benchmark against their own data which they often treat as confidential. Whilst this is understandable as an internal exercise, in our view it is insufficiently robust as a tool for assessing viability compared to benchmarking against BCIS. A key characteristic of benchmarking is to measure performance against external data. Whilst a company may prefer to use their own internal database, the danger is that it measures the company's own projects against others of it's projects with no external test. Any inherent discrepancies will not be identified without some independent scrutiny.

2.2 BCIS average costs are provided at mean, median and upper quartile rates (as well as lowest, lower quartile and highest rates). We generally use mean or occasionally upper quartile for benchmarking. The outcome of the benchmarking is little affected, as BCIS levels are used as a starting point to assess the level of cost and specification enhancement in the scheme on an element by element basis. BCIS also provide a location factor compared to a UK mean of 100; our benchmarking exercise adjusts for the location of the scheme. BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. We generally consider both default and maximum 5 year average prices; the latter are more likely to reflect current regulations, specification, technology and market requirements.

2.3 BCIS average prices are available on an overall £ per sqm and for new build work on an elemental £ per sqm basis. Rehabilitation/conversion data is available an overall £ per sqm and on a group element basis ie. substructure, superstructure, finishings, fittings and services – but is not available on an elemental basis. A comparison of the applicants elemental costing compared to BCIS elemental benchmark costs provides a useful insight into any differences in cost. For example: planning and site location requirements may result in a higher than normal cost of external wall and window elements.

2.4 If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking that the costs are reasonable, and the benchmarking exercise must be undertaken with caution. The elemental split is not available from the BCIS database for rehabilitation work; the new build split may be used instead as a check for some, but certainly not all, elements. Works to existing buildings vary greatly from one building project to the next. Verification of costs is helped greatly if the cost plan is itemised in reasonable detail thus describing the content and extent of works proposed.

2.5 BCIS costs are available on a quarterly basis – the most recent quarters use forecast figures, the older quarters are firm. If any estimates require adjustment on a time basis we use the BCIS all-in Tender Price Index (TPI).

2.6 BCIS average costs are available for different categories of buildings such as flats, houses, offices, shops, hotels, schools etc. The Applicant’s cost plan should ideally keep the estimates for different categories separate to assist more accurate benchmarking. However if the Applicant’s cost plan does not distinguish different categories we may calculate a blended BCIS average rate for benchmarking based on the different constituent areas of the overall GIA.

2.7 To undertake the benchmarking we require a cost plan prepared by the applicant; for preference in reasonable detail. Ideally the cost plan should be prepared in BCIS elements. We usually have to undertake some degree of analysis and rearrangement before the applicant’s elemental costs can be compared to BCIS elemental benchmark figures. If a further level of detail is available showing the build-up to the elemental totals it facilitates the review of specification and cost allowances in determining adjustments to benchmark levels. An example might be fittings that show an allowance for kitchen fittings, bedroom wardrobes etc that is in excess of a normal BCIS benchmark allowance.

2.8 To assist in reviewing the estimate we require drawings and (if available) specifications. Also any other reports that may have a bearing on the costs. These are often listed as having being used in the preparation of the estimate. If not provided we frequently download additional material from the documents made available from the planning website.

2.9 BCIS average prices per sqm include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs include OHP but not preliminaries. Nor do average prices per sqm or elemental costs include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs. We consider the Applicants detailed cost plan to determine what, if any, abnormal and other costs can properly be considered as reasonable. We prepare an adjusted benchmark figure allowing for any costs which we consider can reasonably be taken into account before reaching a conclusion on the applicant's cost estimate.

2.10 We undertake this adjusted benchmarking by determining the appropriate location adjusted BCIS average rate as a starting point for the adjustment of abnormal and enhanced costs. We review the elemental analysis of the cost plan on an element by element basis and compare the Applicants total to the BCIS element total. If there is a difference, and the information is available, we review the more detailed build-up of information considering the specification and rates to determine if the additional cost appears justified. If it is, then the calculation may be the difference between the cost plan elemental £/m² and the equivalent BCIS rate. We may also make a partial adjustment if in our opinion this is appropriate. The BCIS elemental rates are inclusive of OHP but exclude preliminaries. If the Applicant's costings add preliminaries and OHP at the end of the estimate (as most typically do) we add these to the adjustment amounts to provide a comparable figure to the Applicant's cost estimate. The results of the elemental analysis and BCIS benchmarking are generally issued as a PDF but upon request can be provided as an Excel spreadsheet.

3 GENERAL REVIEW

3.1 We have been provided with and relied upon the Planning Viability Report issued by Iceni January 2018 including at Appendix 9 the Stage 2 Cost Plan Rev F - issued by Gardiner & Theobald dated 21 December 2017.

3.2 The cost plan has a base date of 4Q2017. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The BCIS all-in Tender Price Index (TPI) for 4Q2017 is 322 and for 1Q2018 318 – both figures are forecasts.

3.3 The cost plan is divided into enabling works and construction works (comprising shell & core and fit out). The preliminaries for the enabling works are estimated at 18% and for the construction works 16.5%. Given the nature and risks of the enabling works we consider the level of preliminaries and the differential to be reasonable.

3.4 The overheads and profit (OHP) for the enabling works are estimated at 15% and for the construction works 6%. The allowance for the construction works we consider reasonable; we understand the high allowance for OHP to the enabling works but request market evidence for the level of 15% in this estimate.

3.5 The allowance for contingency is a total 10% split 5% for Design Development and 5% for construction. Given the nature of the project a largely new construction but within the constraints of retained facades we consider this allowance to be reasonable.

3.6 We have extracted the cost information provided by the Applicant into a standard BCIS/NRM format to facilitate our benchmarking.

3.7 We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Camden of 129 that has been applied in our benchmarking calculations.

3.8 The building comprises a ground floor with seven floors plus roof plant above, and three levels of basement below providing a cinema and M&E service zone. The existing façade is retained with internal structures demolished and new floors constructed including a two storey roof extension.

3.9 We have calculated a blended rate for benchmarking the construction works as the table below.

3.10

Blended calculation	**GIA m²**	**%**	**BCIS £/m²**	**Blended £/m²**
Hotel	6,734	86.9%	2,783	2,418
Cinema	709	9.2%	1,976	181
Bar	306	3.9%	3,457	136
	7,749	100.0%		2,735

3.11 Refer to our attached file "Elemental analysis and BCIS benchmarking".

3.12 Our benchmarking has treated the façade retention, asbestos removal and vibration monitoring, together with the demolitions as abnormal costs. Similarly we have treated FF&E, OSE&E, and cinema seating and projection equipment as abnormal costs.

3.13 Our benchmarking yields an adjusted benchmark of £6,357/m² that compares to the Applicant's £6,681/m². Clearly the concepts and constraints on this project have lead to very high construction costs. Our benchmarking shows a difference of £2.5M of which about £1.5M is accounted for by the higher levels of preliminaries and OHP which leaves a difference of about £1M not particularly accounted for in the benchmarking. Despite this difference we believe a broad conclusion of reasonable costs is warranted, given the challenges that will most probably be experienced during construction.

BPS Chartered Surveyors
Date: 13th March 2018

135-149 Shaftsbury Avenue, Camden
Elemental analysis & BCIS benchmarking

	GIA m²		7,749		7,749		7,749		7,749		7,749	Hotel		Cinema	
		TOTAL		Enabling works		Total construction		S&C		Fit-out		LF100	LF129	LF100	LF129
		£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£/m²	£/m²	£/m²	£/m²
	Demolitions & strip out	**1,796,000**	**232**	**1,796,000**	**232**										
	Façade retention	**2,130,000**	**275**	**2,130,000**	**275**										
	Asbestos removal	**200,000**	**26**	**200,000**	**26**										
	Vibration monitoring	**200,000**	**26**	**200,000**	**26**										
1	**Substructure**	**5,034,300**	**650**	**5,034,300**	**650**							140	181	341	440
2A	Frame	2,024,000	261			2,024,000	261	2,024,000	261			141	182	42	54
2B	Upper Floors											54	70	136	175
2C	Roof	1,491,000	192			1,491,000	192	1,491,000	192			[illegible]	152	204	263
2D	Stairs	485,000	63			485,000	63	485,000	63			32	41	78	101
2E	External Walls	2,595,000	335			2,595,000	335	2,595,000	335			182	235	111	143
2F	Windows & External Doors											92	119	100	129
2G	Internal Walls & Partitions	608,250	78			608,250	78		0	608,250	78	68	88	97	125
2H	Internal Doors	361,200	47			361,200	47		0	361,200	47	67	86	31	40
2	**Superstructure**	**7,564,450**	**976**	**0**	**0**	**7,564,450**	**976**	**6,595,000**	**851**	**969,450**	**125**	754	973	799	1,031
3A	Wall Finishes	683,988	88			683,988	88			683,988	88	62	80	20	26
3B	Floor Finishes	394,180	51			394,180	51			394,180	51	60	77	10	13
3C	Ceiling Finishes	301,328	39			301,328	39			301,328	39	42	54	25	32
	Public area fit out	4,087,750	528			4,087,750	528			4,087,750	528				
	Corridors & DDA room fit out	515,028	66			515,028	66			515,028	66				
	BoH fit out	1,280,900	165			1,280,900	165			1,280,900	165				
3	**Internal Finishes**	**7,263,174**	**937**	**0**	**0**	**7,263,174**	**937**	**0**	**0**	**7,263,174**	**937**	164	212	55	71
4	**Fittings**	541,200	70			541,200	70			541,200	70	114	147	43	55
	FF&E to Hotel	**2,350,000**	**303**												
	OSE to Hotel	**705,000**	**91**												
	Seating to Cinema	**66,600**	**9**												
	Cinema projection equipment	**345,400**	**45**												
5A	Sanitary Appliances	448,400	58			448,400	58			448,400	58	114	147		0
5B	Services Equipment (kitchen, laundry)											30	39		0
5C	Disposal Installations	366,413	47			366,413	47	217,013	28	149,400	19	11	14		0
5D	Water Installations	628,360	81			628,360	81	472,960	61	155,400	20	68	88		0
5E	Heat Source	0	0			0	0		0	0	0	23	30		0
5F	Space Heating & Air Treatment	1,485,661	192			1,485,661	192	986,411	127	499,250	64	137	177		0
5G	Ventilating Systems	1,078,125	139			1,078,125	139	1,039,225	134	38,900	5	78	101		0
5H	Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	1,958,845	253			1,958,845	253	1,115,251	144	843,594	109	174	224		0
5I	Fuel Installations	46,296	6			46,296	6	46,296	6			5	6		0
5J	Lift Installations	528,000	68			528,000	68	528,000	68			35	45	31	40
5K	Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)	237,606	31			237,606	31	237,606	31			21	27		0
5L	Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)	853,393	110			853,393	110	682,393	88	171,000	22	57	74		0
5M	Special Installations - (window cleaning, BMS, medical gas)	212,850	27			212,850	27	212,850	27			57	74	3	4
5N	BWIC with Services	208,782	27			208,782	27	153,000	20	55,782	7	16	21		0
5O	Management of commissioning of services	100,000	13			100,000	13	100,000	13			10	13		0
	S/c prelims	947,000	122			947,000	122	947,000	122						
5	**Services**	**9,099,731**	**1,174**	**0**	**0**	**9,099,731**	**1,174**	**6,738,005**	**870**	**2,361,726**	**305**	836	1,078	34	44
6A	Site Works	325,000	42			325,000	42	325,000	42						
6B	Drainage	150,000	19			150,000	19	150,000	19						
6C	External Services - infrastructure upgrades	300,000	39												
6D	Minor Building Works														
6	**External Works**	**775,000**	**100**	**0**	**0**	**475,000**	**61**	**475,000**	**61**	**0**	**0**				
	SUB TOTAL	**38,070,855**	**4,913**	**9,360,300**	**1,208**	**24,943,555**	**3,219**	**13,808,005**	**1,782**	**11,135,550**	**1,437**	2,008	2,590	1,272	1,641
7	**Preliminaries 18% enabling; 16.5% construction**	**5,810,000**	**750**	**1,690,000**	**218**	**4,120,000**	**532**		**0**		**0**				
	Overheads & Profit 15% enabling; 6% construction	**3,410,000**	**440**	**1,660,000**	**214**	**1,750,000**	**226**		**0**		**0**				
	SUB TOTAL	**47,290,855**	**6,103**	**12,710,300**	**1,640**	**30,813,555**	**3,976**	**13,808,005**	**1,782**	**11,135,550**	**1,437**				
	Design Development risks 5%	2,190,000	283	640,000	83	1,550,000	200								
	Construction risks 5%	2,290,000	296	670,000	86	1,620,000	209								
	Employer change risks														
	Employer other risks	145	0	-300	0	445	0	-5	0	450	0				
	TOTAL	**51,771,000**	**6,681**	**14,020,000**	**1,809**	**33,984,000**	**4,386**	**13,808,000**	**1,782**	**11,136,000**	**1,437**				
			6,681		29%	33,984,000	71%								
	Benchmarking		2,735												
	Add Demolitions & strip out	232													
	Add Façade retention	275													
	Add Asbestos removal	26													
	Add Vibration monitoring	26													
	Add external works	100													
	Add additional cost of substructure	469													
	Add FF&E to Hotel	303													
	Add OSE to Hotel	91													
	Add Seating to Cinema	9													
	Add Cinema projection equipment	45													
	Add additional cost of internal finishes	726													
	Add additional cost of services	96													
		2,396													
	Add preliminaries - blended rate	406				Blended prelims		16.9%							
	Add OHP - blended rate	242	3,044			Blended OHP		8.6%							
			5,779												
	Add contingency 10%		578												
			6,357												
	Difference		324												
			2,507,698												