



FIELDHOUSE

21st January 2021

Liam Lanusz
DS2

94 Wandsworth Bridge Road
London SW6 2TF

T +44 (0)20 7013 0770
F +44 (0)20 7731 1964
E battersea@fhres.co.uk
www.fhres.co.uk

Dear Sirs

Re: 116a to 150a Queensway, London, W2 6LS

Further to our most recent correspondence on the above properties, as discussed, currently we are marketing the properties at levels that are lower than they should be, mainly because we are unable to offer anything more than a six month Tenancy, a factor driven by the requirement to achieve vacant possession for redevelopment.

As an example, we are currently advertising No. 132a Queensway at £2,400.00 pcm, we are receiving a positive number of enquiries and interest in the property but due to the above mentioned issues people are not willing to proceed. If we were able to offer a minimum period of 12 months, taking into consideration the current market conditions a figure in the region of £2,600.00 pcm.

The property in question is currently presented in a fair to good standard, however If the property was refurbished to a very high standard, in its current layout we would expect the property to achieve a much higher level of rent, a figure in excess of £3,000.00 pcm.

As a comparison, we have let the properties directly behind the Queensway Parade in Inverness Terrace, these achieved in excess of £3,000.00 pcm for a two bedroom on the first floor (circa 798 sq ft let on a 36 month tenancy) and in excess of £5,000.00 pcm for a three bedroom on the second floor (circa 1239 sq ft let on a 36 month Tenancy) albeit they are not above commercial premises.

Should you require any further information please do not hesitate to contact the undersigned.

Yours faithfully

Ben Faulkner
Fieldhouse Residential Ltd



RICS



Mr L Janusz
100 Pall Mall
St. James's
London
SW1Y 5NQ

21st January 2021

Dear Liam,

Thank you for your invite to provide a market valuation. The following units were inspected on 17th January 2021.

Unit	Approx sqft	Bedrooms
Inverness Terrace		
101	350	One bed
105	336	One bed
Queensway		
140a	1567	Three bed
136a	1080	Three bed

It is our opinion that the units are in reasonable condition and as such we do not feel that a reasonable landowner would refurbish the existing units.

Based upon our inspection of the units we feel that they could sell for the following price in the current market:

Unit	Valuation
Inverness Terrace	
101	£385,000
105	£385,000
Queensway	
140a	£1,400,000
136a	£1,300,000

We have based this on the following comparable evidence:

1 Bedroom comparables

Address	Type	Beds	Tenure	G. R.	Date of Sale	Asking Price	Selling Price	Agent	G. F. A.
Flat 9 (1st Floor), 45-47 Leinster Square, London W2 4PU	Flat	1	Leasehold; plus share of F/H	NKN	20/03/2020	£600,000 (£1,535 / ft ²)	£551,000 (£1,409 / ft ²)	Kinleigh Folkard & Hayward (Bayswater)	391 ft ² 36 m ²
Flat 8 (3rd Floor), 11 Queensborough Terrace, London W2 3TB	Flat	1	Leasehold; plus share of F/H	NKN	16/12/2020	£379,000 (£1,349 / ft ²)	£360,000 (£1,281 / ft ²)	Dexters (Westbourne Grove)	281 ft ² 26 m ²
Flat 7 (1st Floor), 22 Pembridge Gardens, London W2 4DX	Flat	1	Leasehold; 989 years approx unexpired, plus share of F/H	NKN	11/12/2020	£625,000 (£1,708 / ft ²)	£605,000 (£1,653 / ft ²)	Wilfords	366 ft ² 34 m ²

3 to 4 Bedroom comparables

Address	Type	Beds	Tenure	G. R.	Date of Sale	Asking Price	Selling Price	Agent	G. F. A.
9 The Baynards (Gnd Floor), 1 Chepstow Place, London W2 4TE	Flat	3	Leasehold; plus share of F/H	NKN	22/12/2020	£1,350,000 (£1,192 / ft ²)	£1,300,000 (£1,147 / ft ²)	Savills (Notting Hill)	1,133 ft ² 105 m ²
Flat 7 (4th/5th Floor), 11 Talbot Square, London W2 1TR	Flat	3	Leasehold; plus share of F/H	NKN	18/12/2020	£1,600,000 (£1,165 / ft ²)	£1,450,000 (£1,056 / ft ²)	Bective Leslie Marsh (Notting Hill)	1,373 ft ² 128 m ²
Flat 12 (1st/2nd Floor), 6-8 Clanricarde Gardens, London W2 4NA	Flat	3	Leasehold; plus share of F/H	NKN	02/12/2020	£1,199,500 (£1,127 / ft ²)	£1,200,000 (£1,128 / ft ²)	Kinleigh Folkard & Hayward (Bayswater)	1,064 ft ² 99 m ²
Flat 1 (2nd Floor), 10b Newton Road, London W2 5LS	Flat	3	Leasehold; Expiring 31/07/2210	TBA	27/11/2020	£2,200,000 (£1,747 / ft ²)	£1,965,000 (£1,561 / ft ²)	Savills (Notting Hill) / Homes One	1,259 ft ² 117 m ²
219 Peninsula Apartments (2nd Floor), 4 Praed Street, London W2 1JE	Flat	3	Leasehold; Expiring 07/08/3005	£250	11/11/2020	£1,299,000 (£1,380 / ft ²)	£1,235,000 (£1,312 / ft ²)	Fraser & Co (Paddington)	941 ft ² 87 m ²
Flat 4 (3rd/4th Floor), 40 St. Stephens Gardens, London W2 5NJ	Flat	3	Leasehold; Expiring 25/03/2119, plus share of F/H	NKN	28/10/2020	£1,895,000 (£1,596 / ft ²)	£1,760,000 (£1,483 / ft ²)	Strutt & Parker (Notting Hill)	1,187 ft ² 110 m ²

If we can provide any other information then please let me know.

Kind Regards



Olly Thorne
Sales Assistant Manager

Queensway - Amended Scheme Viability Appraisal

Avison Young & GLA Inputs
7 On-site affordable homes
WITHOUT PREJUDICE

Development Appraisal
DS2 LLP
06 December 2021

APPRAISAL SUMMARY**DS2 LLP****Queensway - Amended Scheme
Viability Appraisal****Appraisal Summary for Phase 1 Queensway****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	25	24,506	2,125.00	2,083,010	52,075,250
Affordable	<u>7</u>	<u>5,517</u>	250.00	197,036	<u>1,379,250</u>
Totals	32	30,023			53,454,500

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail (A1+A3) Pre-let	1	7,527	65.13	490,234	490,234	490,234
Office (B1) Pre-Let	1	43,642	73.29	3,198,522	3,198,522	3,198,522
Office (B1) Spec	1	43,642	73.29	3,198,522	3,198,522	3,198,522
Retail (A1+A3) Spec	<u>1</u>	<u>15,054</u>	65.13	980,467	<u>980,467</u>	<u>980,467</u>
Totals	4	109,865			7,867,745	7,867,745

Investment Valuation

Retail (A1+A3) Pre-let						
Market Rent	490,234	YP @	5.7500%	17.3913		
(1yr Rent Free)		PV 1yr @	5.7500%	0.9456	8,062,222	
Office (B1) Pre-Let						
Market Rent	3,198,522	YP @	4.5000%	22.2222		
(2yrs Rent Free)		PV 2yrs @	4.5000%	0.9157	65,088,501	
Office (B1) Spec						
Market Rent	3,198,522	YP @	4.5000%	22.2222		
(2yrs 6mths Rent Free)		PV 2yrs 6mths @	4.5000%	0.8958	63,671,653	
Retail (A1+A3) Spec						
Market Rent	980,467	YP @	5.7500%	17.3913		
(1yr 6mths Rent Free)		PV 1yr 6mths @	5.7500%	0.9196	15,679,947	

APPRAISAL SUMMARY**DS2 LLP****Queensway - Amended Scheme****Viability Appraisal**

Total Investment Valuation				152,502,324
----------------------------	--	--	--	-------------

GROSS DEVELOPMENT VALUE				205,956,824
--------------------------------	--	--	--	--------------------

Purchaser's Costs			(10,370,158)	
Effective Purchaser's Costs Rate	6.80%			(10,370,158)

NET DEVELOPMENT VALUE				195,586,666
------------------------------	--	--	--	--------------------

NET REALISATION				195,586,666
------------------------	--	--	--	--------------------

OUTLAY**ACQUISITION COSTS**

Fixed Price	42,296,000			
Fixed Price		42,296,000		
				42,296,000
Stamp Duty	5.00%	2,114,800		
Agent Fee	1.00%	422,960		
Legal Fee	0.80%	338,368		
				2,876,128

CONSTRUCTION COSTS

Construction	ft ²	Build Rate	ft ²	Cost
Construction Costs	211,231	396.46		83,744,687
Construction Contingency		5.00%		4,187,234
				87,931,921

PROFESSIONAL FEES

Professional Fees	10.00%	8,374,469		
				8,374,469

MARKETING & LETTING

Marketing - Residential		1.50%	781,129	
Marketing - Commercial	109,865 ft ²	2.00	219,730	
Letting Agent Fee		10.00%	786,774	
Letting Legal Fee		5.00%	393,387	

APPRAISAL SUMMARY**DS2 LLP****Queensway - Amended Scheme
Viability Appraisal**

2,181,020

DISPOSAL FEES

Sales Agent Fee - Residential	1.50%	781,129
Sales Agent Fee - Commercial	1.00%	1,421,322
Commercial Sales Legal Fee	0.50%	710,661
Residential Sales Legal Fee	25 un 1,000.00 /un	25,000

2,938,111

MISCELLANEOUS FEES

Borough CIL		3,071,139
Mayoral CIL		2,067,927
S106 Contributions		350,000
Additional Development Cost		745,000
Commercial Profit	15.00%	22,875,349
Residential Profit	17.50%	9,113,169
Affordable Profit	6.00%	82,755

38,305,338

TOTAL COSTS BEFORE FINANCE**184,902,988****FINANCE**

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	8,305,695
Construction	7,580,242
Other	245,214

Total Finance Cost 16,131,152

TOTAL COSTS**201,034,139****PROFIT****(5,447,474)****Performance Measures**

Profit on Cost%	-2.71%
Profit on GDV%	-2.64%
Profit on NDV%	-2.79%
Development Yield% (on Rent)	3.91%

APPRAISAL SUMMARY

DS2 LLP

Queensway - Amended Scheme

Viability Appraisal

Equivalent Yield% (Nominal)	4.69%
Equivalent Yield% (True)	4.83%
IRR% (without Interest)	3.93%
Rent Cover	-8 mths
Profit Erosion (finance rate 6.000)	N/A

Plot	Total No. of Bedrooms	Sqft	Sqm	Total GDV	GDV £/sqft
116a Queensway	3	1,144	106	£1,300,000	£1,136
118a Queensway	3	1,080	100	£1,300,000	£1,204
122a Queensway	3	1,080	100	£1,300,000	£1,204
124a Queensway	3	1,136	106	£1,300,000	£1,144
128a Queensway	3	1,567	146	£1,400,000	£893
130a Queensway	3	1,178	109	£1,300,000	£1,104
132a Queensway	3	1,080	100	£1,300,000	£1,204
134a Queensway	3	1,080	100	£1,300,000	£1,204
138a Queensway	3	1,080	100	£1,300,000	£1,204
142a Queensway	3	1,080	100	£1,300,000	£1,204
144a Queensway	3	1,150	107	£1,300,000	£1,130
150a Queensway	3	669	62	£750,000	£1,121
99 Inverness Terrace	1	463	43	£410,000	£886
101 Inveress Terrace	1	350	33	£385,000	£1,100
103 Inverness Terrace	1	350	33	£385,000	£1,100
105 Inverness Terrace	1	336	31	£385,000	£1,146
109 Inverness Terrace	3	736	68	£775,000	£1,053
111 Inverness Terrace	3	886	82	£1,050,000	£1,185
113 Inverness Terrace	3	846	79	£1,050,000	£1,241
120a Queensway	4	1,567	146	£1,450,000	£1,085
126a Queensway	3	1,190	111	£1,300,000	£1,092
136a Queensway	3	1,080	100	£1,300,000	£1,204
97 Inverness Terrace	1	350	33	£385,000	£1,100
107 Inverness Terrace	1	350	33	£385,000	£1,100
140a Queensway	3	1,567	146	£1,400,000	£893
146a Queensway	3	1,080	100	£1,300,000	£1,204
148a Queensway	3	1,080	100	£1,300,000	£1,204
		25,555	2,374	28,410,000	£1,112

30 October 2020

GIA (m²) **2,708** m²

Existing Residential Refurbishment

GIA (ft²) **29,149** ft²

Ref	Element	AY Assessment 30 October 2020	AY £/m ²	AY £/ft ²	Comments
1.0	Strip Out	135,400	50	5	
2.0	Minor Structural Alterations (substructure excluded)	270,800	100	9	
3.0	Superstructure (some limited envelope replacements to roof, windows and external wall repairs; internal walls and partitions due to reconfiguration of space)	1,624,800	600	56	
4.0	Landlord Shell & Core Services and Finishes	500,000	185	17	
5.0	Residential Fit-Out & Services	1,366,400	505	47	
6.0	External Works	200,000	74	7	
7.0	Incoming Services	110,000	41	4	
	Total Base Refurbishment Cost 4Q 2020 (Excl. VAT & Fees)	£ 4,207,400	£ 1,554	£ 144	
8.0	Main Contractor's Preliminaries	631,000	233	22	Included at 15%; reduced rate due to refurbishment
	sub total:	£ 4,838,400	£ 1,787	£ 166	
9.0	Main Contractor's Overheads & Profit	240,000	89	8	Included at 5%
	sub total:	£ 5,078,400	£ 1,875	£ 174	

30 October 2020

GIA (m²) **2,708** m²

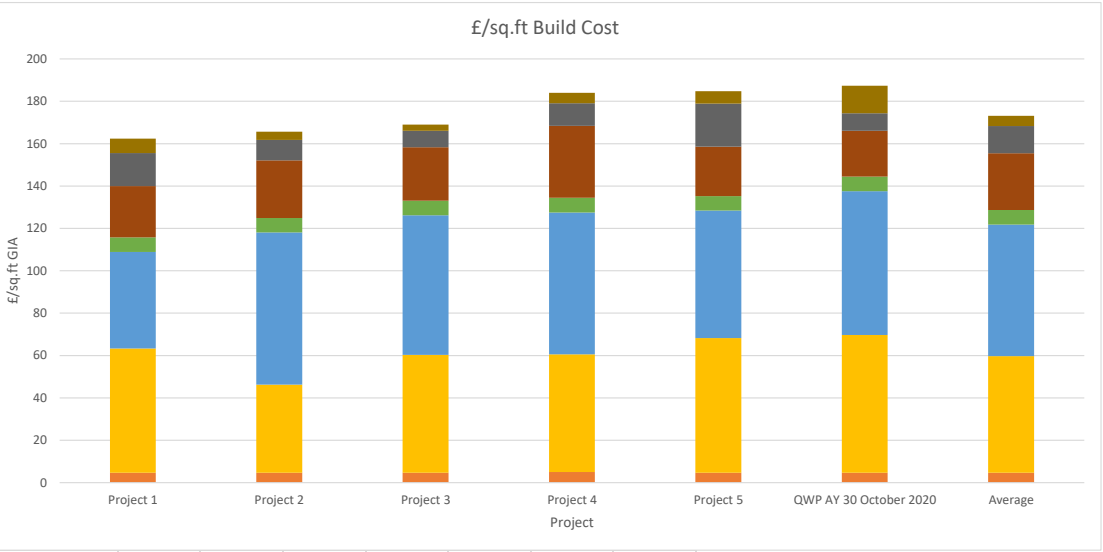
Existing Residential Refurbishment

GIA (ft²) **29,149** ft²

Ref	Element	AY Assessment 30 October 2020	AY £/m ²	AY £/ft ²	Comments
10.0	D&B Risk (Main Contractor)	0	0	0	Excluded
11.0	Balance	600	0	0	
	Total Construction Cost 4Q 2020 (Excl. VAT & Fees)	£ 5,079,000	£ 1,876	£ 174	
12.0	Contingency	380,000	140	13	Included at 7.5% due to being refurbishment project
13.0	Total Project Cost 4Q 2020 (Excl. VAT & Fees)	£ 5,459,000	£ 2,016	£ 187	

£/Sq.ft comparison

REF.	Strip out	Superstructure (some limited envelope replacements to roof, windows and external wall repairs; internal walls and partitions due to reconfiguration of space)	Landlord Shell & Core Services and Finishes & Residential Fit-Out, Services and incoming services	External Works	Incoming Services	Main Contractor's Preliminaries	Main Contractor's Overheads & Profit	D&B Risk, Balance and Contingency	Contingency	Total
Project 1	5	59	46	7	included	24	16	7	included	162
Project 2	5	42	72	7	included	27	10	4	included	166
Project 3	5	56	66	7	included	25	8	3	included	169
Project 4	5	56	67	7	included	34	11	5	included	184
Project 5	5	64	60	7	included	23	20	6	included	185
QWP AY 30 October 2020	5	65	68	7	included	22	8	13	included	187
Average	5	55	62	7	included	27	13	5	included	173



Above ground residential costs only
AY figures for strip out, structural alterations and external works have been used for normalisation purposes
Prices are at 4Q2020.



SCHEDULE OF AREAS

		sq ft*	sq m*	sq ft*	sq m*	sq ft*	sq m*	
16		Sixteenth	-	-	-	-	Terrace 8,051 (communal)	Terrace 748 (communal)
15		Fifteenth	10,258	953	-	-	-	-
14		Fourteenth	10,247	952	-	-	Terrace 6,652 (private)	Terrace 618 (private)
13		Thirteenth	Let to Sony Pictures Entertainment	-	-	-	-	-
12		Twelfth	Let to Sony Pictures Entertainment	-	-	-	-	-
11		Eleventh	Let to Sony Pictures Entertainment	-	-	-	-	-
10		Tenth	Let to Sony Pictures Entertainment	-	-	-	-	-
9		Ninth (Part)	Let to Sony Pictures Entertainment	-	-	-	-	-
8		Ninth (Part)	7,287	677	-	-	-	-
7		Eighth	16,501	1,533	-	-	-	-
6		Seventh	16,523	1,535	-	-	-	-
5		Sixth	16,533	1,536	-	-	-	-
4		Fifth	16,533	1,536	-	-	-	-
3		Fourth	16,533	1,536	-	-	-	-
2		Third	16,533	1,536	-	-	-	-
1		Second	16,533	1,536	-	-	-	-
G		First	15,296	1,421	-	-	-	-
		Ground	1,615	150	-	-	-	-
		Ground Restaurant	-	-	5,457	507	-	-
							-	-
		TOTAL	162,319**	15,080**	5,457	507	14,703	1,366

* Subject to measurement on practical completion. IPMS measurement on request.
** Excluding reception of 4,165 sq ft (387 sq m).

19,831 m²

213,456 IPF

Summary

Ref	Element	Arcadis Cost Plan Rev D dated 17 July 2020	AY Assessment 30 October 2020	Variance	AY £/m²	AY £/IPF	AY Comments	Arcadis Comments 14.01.2021
1.0	Demolition	3,000,000	2,500,000	(500,000)	126	12	Out of hours working excluded as per cost plan exclusions	Out of hours working excluded for Main Contract Works only. There is a need for the take away of demolition material to potentially be done outside of normal working hours due to site constraints. Allowance to remain.
2.0	Substructure	6,425,311	6,425,311	0	324	30		
3.0	Superstructure	28,740,577	27,475,823	(1,264,754)	1,386	129	See elemental tab of further info: exchange rate allowance omitted to Residential Façade	See elemental tab breakdown for individual comments. With regards to the exchange rate, the adjustment made was to allow for current day exchange rate from previous version of Cost Plan, which showed £1:£1.15. This item would not be covered by inflation
4.0	Internal Finishes	4,590,625	4,590,625	0	231	22		
5.0	Finishes & Fittings	2,250,685	2,250,685	0	113	11		
6.0	Cat-A & Fit-Out	7,179,953	6,503,535	(676,418)	328	30	Reduction of residential fit out to £325/IPF as per Whiteleys building	Please can you explain calculation of adjustment? Adjustment appears to have deducted allowance from the residential fit out for services. The current cost reflects our market testing and current benchmarking for services.
7.0	Services	15,963,445	15,006,255	(957,190)	757	70	See elemental tab of further info	See elemental tab breakdown for individual comments.
8.0	External Works	982,371	854,236	(128,135)	43	4	s/c preliminaries excluded - deemed included in m/c allowances	Sub contractor prelim allowance is to cover sub contractor prelims only. This is not a double up and the Main Contractor allowance does not cover s/c allowances. Value to remain.
9.0	Incoming Services	1,180,970	1,180,970	0	60	6		
	Total Base Construction Cost 4Q 2020 (Excl. VAT & Fees)	70,313,937	66,787,440	(£3,526,497)	3,348	313		
10.0	Main Contractor's Preliminaries	11,270,000	10,686,000	(584,000)	539	50	Included at 16%	
	sub total:	81,583,937	77,473,440	(£4,110,497)	3,907	363		
11.0	Main Contractor's Overheads & Profit	3,904,000	3,750,000	(154,000)	189	18	Included at 5% (not on demolition package)	
	sub total:	85,487,937	81,223,440	(£4,264,497)	4,096	381		
12.0	D&B Risk (Main Contractor)	0	0	0	0	0	Excluded from Argus appraisal summary	
13.0	Balance	1	560	559	0	0		
	Total Construction Cost 4Q 2020 (Excl. VAT & Fees)	85,487,938	81,224,000	(£4,263,938)	4,096	381		
14.0	Contingency	4,274,397	4,060,000	(214,397)	205	19	Included at 5%	
15.0	Total Project Cost 4Q 2020 (Excl. VAT & Fees)	89,762,335	85,284,000	(£4,478,334)	4,301	400		

Ref 3.0	Element	Arcadis Cost Plan Rev D dated 17 July 2020	AY Assessment 30 October 2020	Variance	AY Comments	Arcadis Comments 14.01.2021
	Frame and Upper Floors					
3.1	Exchange Rate Addition	61,221	0	(61,221)	Excluded - considered inflation	Exchange rate adjustment was to adjust to current day exchange rate from previous version of Cost Plan which showed £1:£1.15. Adjustment needs to remain and this item would not be covered by inflation
	Roof					
3.2	Reduction in roof area / allowances	449,434	171,780	(277,654)	Roof area appears to be overstated and may require review / further explanation of items. Total roof area of GF which does include elements of the residential building at low level is stated as being 2,837m². Current allowances appear to give a total roof area of 3,973m²	Is it possible to show the breakdown for the 3,937m² of roof area quoted? Checking the Cost Plan there is 552 m² of roof coverings for residential and 2,093 m² of roof coverings for commercial. This gives a total of 3,245m² (see breakdown below). The reason for the increase in quantity compared to the Ground floor dimensions is that there are coverings allowed for the terraces that sit outside the Ground floor area and also elements of blue roof sit underneath of paved finish. This means this area would be measured twice.
	External Walls, Doors & Windows					
3.3	Horizontal Bullnose; 780 thick on elevation plan	1,747,746	1344420	(403,326)	Rate of £2,000/m² utilised which is based upon market testing rate used elsewhere in cost plan	Slight increase in rate on the horizontal allows for a deeper profiles than the vertical. Also this picks up the connection detail where the vertical bullnose connects into the horizontal. This detail and methodology is currently unknown at this stage.
3.4	Exchange Rate Addition	372,067	0	(372,067)	Excluded - considered inflation	Exchange rate adjustment was to adjust to current day exchange rate from previous version of Cost Plan which showed £1:£1.15. Adjustment needs to remain and this item would not be covered by inflation
	Shell and Core Services - (Commercial)					
7.1	Ventilation	1,724,000	1000000	(724,000)	Ventilation elemental allowance appears to be high, reduced to c. £5.9/IPF	Please see breakdown below for the ventilation cost included in our Cost Plan. All of the services elements of this project have been market tested which informed the cost and are reviewed against our benchmarking. Note that this also picks up EO fire rated properties required to basement plant and the A3 fire rated ductwork for retail.
7.2	BWIC	470,550	347480	(123,070)	BWIC reduced to 4%	5% allowance is where we currently believe the market is and was backed up by market testing at this time
7.3	Subcontractor Prelims	1,284,602	1174482	(110,120)	Consequential reduction of Subcontractor prelims due to above	

Roof Finishes

Commercial		
Roof deck coverings		
To roof slab (biobiverse blue roof covering)	924.97	m2
To roof slab (louvre)	98.74	m2
To roof terrace slab	977.03	m2
To roof overrun slab	92.42	m2
Residential		
Roof deck coverings		
To roof slab (blue roof covering)	369.62	m2
To roof terrace slab	552.07	m2
To roof overrun slab	230.63	m2

Ventilation Cost Breakdown

Description	Quantity	Unit	Rate	Total
Plant & Equipment	15,714	m2	18	282,852
Office AHUs	3	nr	Included	Included
Smoke Extract system				
Builder work shaft (assumed 5m3/s)	8	floors	15,000	120,000
A3 Kitchen Extract				
A3 fire-rated ductwork	3	item	40,000	120,000
A3 Kitchen Extract fans	1	item	Excluded	Excluded
Toilet extract system	15,714	m2	5	78,570
Ductwork- distribution/risers	15,714	m2	45	707,130
Basement extra over fire rated properties	2,291	m2	135	309,285
Attenuators	1	item	Included	Included
Dampers	1	item	Included	Included
Extra Fire rated ductwork for Office Gym in basement	106	m2	135	14,310
Commissioning- seasonal	15,714	m2	2	33,587
Openable window - manual	1	item	Excluded	Excluded
Generally				
Testing & Commissioning @ 3.5%				58,301
Total				1,724,035

GREATERLONDONAUTHORITY			
London Plan: Policy S1 2 of the London Plan requires planning applicants to submit a Whole Life-Cycle Carbon (WLC) assessment: https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf			
Guidance and assessment template: Applicants should follow the GLA Whole Life-Cycle Carbon Assessments Guidance - March 2022, and the GLA WLC assessment template (https://www.london.gov.uk/sites/default/files/whole-life-cycle-carbon-assessment-guidance.pdf) which should be completed in full and submitted as an Excel document. Applicants should ensure they are familiar with the guidance in preparation for submitting their planning application.			
The following comments set out how the applicant's planning application stage WLC assessment complies with the policy and guidance.			
GLA Review_04/09/22	Applicant's response 14/11/2022	GLA Review_25/11/22	Applicant's response
General compliance comments			
1	The applicant has provided information within the project details section of the template under the Detailed planning stage tab, in line with the GLA Whole Life-Cycle Carbon Assessment guidance document.	--	
2	The assessment method stated does conform with BS EN 15978 and RICS Professional Statement and guidance, Whole Life carbon assessment for the built environment' (RICS PS) as set out in the GLA Whole Life-Cycle Carbon Assessment guidance document.	--	
3	The applicant has confirmed that the operational modelling methodology for Module B6 results follow SAP and TM64.	--	
4	The assessment has been completed with a reference study period of 60 years.	--	
5	The software tool used is listed in Appendix 1 of the GLA Whole Life-Cycle Carbon Assessment guidance document. The applicant has provided/should provide confirmation that the tool used follows BS EN 15978 and covers modules A-C as a minimum.	--	
6	The source of carbon data for materials and products, and EPD database stated within the assessment does come from acceptable sources as set out in the GLA Whole Life-Cycle Carbon Assessment guidance document.	--	
7	The applicant has confirmed that 95% of the cost allocated to each building element category has been accounted for in the assessment.	--	
8	The applicant has provided explanation of the third-party verification mechanisms that have been adopted to quality assure the assessment.	--	
9	The applicant has given permission for the GLA to submit the assessment to the Built Environment Carbon Database.	--	
Estimated WLC emissions			
10	The applicant has provided results that cover all of the life-cycle modules (A1-A5, B1-B5, B6-B7, C1-C4 and D).	--	
11	The applicant has provided results that fall within the WLC benchmarks but has not reasonably explained the reasons for any divergences from the WLC benchmark.	-- We confirm that the project (A-C) value of 1050k (A) module or 1050k, and (B-C) modules of 950k all fall below GLA benchmarks of 1400 (A-C), 950 (A), and 400 (B-C) (all figures in kgCO₂e/m² GFA). -- The project has achieved these results after careful choice of material (heavily recycled steel and cross-laminated timber). -- The building is fully electricified, which against a rapidly decarbonising UK grid leaves a small operational CO₂ (module B3) and hence WLC overall figures fall well below GLA benchmarks. -- See Section 2.3 in the Circular Economy and Whole Life Carbon Statement outlining the reason.	The additional clarification is welcomed. Nothing further required.
Retention of existing buildings and structures			
12	The applicant should confirm that options for retaining the existing buildings and structures have been fully explored before considering substantial demolition. It is not clear that this has been fully explored and should include an explanation of opportunities and limitations (some limited information was noted in section 3.1 of the accompanying report).	-- Section 3 outlines the existing building is a post WWII structure and of very poor quality. In its existing form, it cannot contribute meaningfully to the enrichment of its immediate area and because of its quality is also inconsistent with the prevailing character of the Queensway Conservation area. -- The project team has undertaken a full pre-demolition audit and is committed to maximising the recycling of all the elements of the existing structure. The 'Waste Management Forecast Summary' in Appendix 7.8 estimates 79.8% of the overall material will be recycled.	The additional clarification is welcomed. Nothing further required.
13	The applicant has provided the pre-construction demolition carbon related emissions.	--	
14	The applicant has provided the percentage estimates of the new building development which will be made up of existing elements.	--	
Key actions and further opportunities to reduce whole life-cycle carbon emissions			
15	The applicant has provided details of the main actions with the biggest impacts which have informed this stage of the assessment.	--	
16	The applicant has provided details of further potential opportunities which could be investigated as the design progresses, but which don't currently contribute towards the emissions reported in this WLC assessment.	--	
17	The applicant should provide an estimation of the WLC reduction (kgCO ₂ e/m ² GFA) for all actions and further potential opportunities stated within the template.	-- Please refer to the response in Q11 in relation to the overall breakdown of reductions against multiple modules (A-C). -- The estimation of the reduction in WLC emissions from the key actions and further potential opportunities, have been detailed in the WLC template as attached.	The additional clarification is welcomed. Nothing further required.
Material quantity, assumptions and end of life scenarios			
18	The applicant has completed the material quantity and end of life scenarios table in full.	--	
19	All material types and quantities have been/should be provided for all the applicable building element categories and align with the Assessment table. The follows points are noted: - It appears to be missing FFE elements so please include an estimation. - It is not clear what MEP systems have been included, please clarify. - Reinforcement has not been included within the concrete stairs, is this correct?	-- We are currently unable to assume any further detail on internal FFE due to the early design stage of the project. However, we will continuously update the WLC calculations throughout the design process as more reliable information becomes available. -- Current MEP WLC are based on high level assumptions, therefore a more detailed breakdown is not possible at this stage of the design process. -- The stairs have been modelled as pre-cast concrete, with all material detailing for the stairs provided by the structural team.	The additional clarification is welcomed. --The applicant should provide an estimation of FFE emissions. The WLC guidance document includes % contribution values, for example. Please respond here.
20	Assumptions made with respect to maintenance, repair and replacement cycles (Module B) have been stated.	--	
21	Material 'end of life' scenarios (Module C) has been filled out for all applicable significant materials and should align with the projects separate Circular Economy Statement.	--	
22	The applicant has provided an estimated mass (kg) of reusable and recyclable materials for each building element category.	--	
23	The applicant has provided details of the refrigerants (name, charge, annual leakage rate, GWP, end of life recovery rate).	--	
GWP potential for all life-cycle modules			
24	The applicant has completed the template table completely and all results do seem within a reasonable range. The applicant should clarify the following: - The values input for B2 and B3 are attributed to MEP services only. Please clarify whether a nominal value for the whole building has been added on this line or if additional B2 and B3 should be added across other elements. - As noted above, please include an estimation for FFE.	-- B2 and B3 have been calculated using the methodology highlighted under Section 2.5.11 in the London Plan Guidance. After a thorough search of existing literature, we are unable to identify any relevant estimations of how to breakdown the B2/B3 emissions into the different building element categories (RICS) at this time. Therefore the values for B2 and B3 account for the whole building and referenced under the building element: Services. -- We have also enquired through One Click LCA if they are able to provide any high level assumptions on B2/B3 emissions, however they were also unable to provide such responses. -- Please could you advise on any industry guidance we can apply to divide the total of value of B2 emissions into the required building element categories, for projects moving forward? -- We are currently unable to assume any further detail on internal FFE due to the early design stage of the project. However, we will continuously update the WLC calculations throughout the design process as more reliable information becomes available. -- Please let us know if you are aware of any high level estimation methodologies that can be applied to the project moving forward.	The additional clarification is welcomed. -- The breakdown of B2 emissions across different elemental categories should be decided on a case by case basis. In this instance, providing a lump sum in a single category is acceptable. -- As per comment 19, please include an estimation of FFE. Please respond here.

Response to financial viability information

GLA Case Number:	6352
Scheme Address:	114-150 Queensway & 97-113 Inverness Terrace, London, W2
Applicant:	MB QW (Guernsey) Limited
Local Planning Authority:	City of Westminster
Date:	4 March 2021 (DRAFT)
Prepared by:	Ricky Ching/ Jane Seymour

1. Introduction

1.1 This document represents the position of the Greater London Authority's Viability Team in relation to the following viability submission made in relation to the planning application on this site:

- FVA prepared by DS2, dated August 2020

The borough's review has not been received and should be requested.

1.2 This document is not a Financial Viability Assessment ("FVA"), nor is it a formal review. It is intended to provide advice to the Mayor and will also be provided to the LPA and the applicant.

1.3 This document sets out the extent to which the viability assessments submitted comply with the Mayor's Affordable Housing and Viability Supplementary Planning Guidance ("AH&VSPG") and National Planning Practice Guidance ("PPG") and provides comments on the inputs adopted in the FVA document(s).

1.4 This document covers the following (where appropriate):

- Proposed development and affordable housing.
- Site and context.
- Form and methodology of the FVA and Review.
- Viability inputs
- Gross Development Value.
- Development Costs.
- Benchmark Land Value.
- Appraisal results and analysis.
- Overall comment and recommended next steps.
- Photographs and plans.

Viability testing in a Covid-19 affected development market

- 1.5 PPG states that “Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it...Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers...” (PPG para 010).
- 1.6 During the Covid-19 pandemic, the available evidence is limited and potentially open to a range of interpretations. Market evidence of both current values and costs as well as outturn assumptions are important factors and are considered in this assessment. The weight to be applied to any evidence is a matter of judgement and for professionals involved and ultimately the decision-maker. Assessment of risk takes in to account the potential for market conditions to vary over the period of the development. This is particularly relevant in the current circumstances.

2. Proposed Development and Affordable Housing

- 2.1 The proposed scheme is described as follows:

Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class A1 and flexible A1/A3) at ground floor, residential units (Class C3) and Office (class B1) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court

- 2.2 The proposal would provide for 32 residential units situated on levels one to six above retail units on the ground floor. There is a mix of 1-bedroom, 2-bedroom and 3-bedroom units in the following configuration:

Unit Type	Private	Units	Total %
1-Bed	12		37.5%
2-Bed	17		53.1%
3 Bed	3		9.4%
Total	32		100%

(source: Turley, Aug 20)

- 2.3 The proposed development also provides for a total of 13,401 sqm (144,247 sq ft) GIA of commercial accommodation as follows:
- 11,187 sqm (120,416 sq ft) GIA of flexible B1 floor space on the first to sixth floors within the block at the north-west of the site.
 - There will be 2,214 sqm (23,831 sq ft) GIA of retail A1 and A3 uses on the ground floor across the site (11 units).
- 2.4 The overall floor areas are set out in the table below:

Use	Floorspace (Sq m GIA)	Floorspace (sq m GEA)	Floorspace (sq m NIA)
Retail (Class A1 + A3)	2,214	2,296	2,119
Office (Class B1(a))	11,187	11,580	8,319
Residential (Class C3)	3,634	3,843	2,789
Basement (plant, parking etc)	2,796	3,147	0
Total	19,831	20,866	13,227

(source: Turley, Aug 20)

2.5 The proposal includes no provision for affordable housing.

3. Site and Context

3.1 The site is 0.4 hectares (1.04 acres) and comprises 15 retail units on the ground floor level and 27 residential units on the first to third-floor level.

3.2 It is located in the Bayswater area, north of Hyde Park and Kensington Gardens. It is located in close proximity to both Bayswater and Queensway Underground Station (PTAL rating of 6b).

3.3 The existing building dates to the mid-20th century and the site was used in the past at various points as a school, terraced houses, a petrol station, maisonettes, flats, and shops.

3.4 The existing floor areas are set out in the table below.

Use	Floorspace (sq m) (GIA)	Floorspace (sq m) (GEA)
A1 Retail (Ground Floor)	3,150	3,216
A1/A2 (Basement)	466	482
C3 Residential	2,765	3,042
Total	6,380	6,740

(source: Turley, Aug 20)

3.5 The application site is located directly on the opposite side of Queensway from the Whiteleys development which is currently on site and will provide new leisure facilities including a cinema, retail, a hotel and offices as well as residential apartments and houses.

4. Form and Methodology of the FVA

4.1 DS2's assessment adopts profit as a fixed input within their appraisal producing a Residual Land Value which is compared with their assumed Benchmark Land Value.

5. Viability Inputs

Gross Development Value

Residential: Market Tenure

- 5.1 DS2 has relied on advice from Savills to adopt a average value of £2,125 per sq ft.
- 5.2 Direct new-build comparable evidence is relatively limited. The surrounding schemes are generally small scale have a bespoke character with values also reflective of their immediate location.
- 5.3 Savills have referenced some historic comparable evidence and a limited sample of second-hand transactions which establishes a very wide range in values. It is not clear what adjustments were undertaken to arrive at the unit schedule on the proposed pricing from the evidence.
- 5.4 It is noted the evidence from 50 Kensington Gardens Square appears to include some errors and the average value achieved is £1,974 psf as reported on Molior (see Appendix 3). Molior also reports that the developer is holding back 7 units pending completion of the Whiteley's scheme with asking prices currently averaging £2,400 psf.
- 5.5 This is a desirable central London location and the Whiteleys scheme will further improve this section of Queensway. Residential values of £2,400 per sq ft were assumed by the applicant on advice from Savills/Knight Frank when the Whiteleys scheme was subject to a viability assessment in 2019 and so the assumed values of £2,100 psf are considered to be underestimated.

Commercial Values

Retail Units

- 5.6 An average overall rent of £121.21 per sq ft (£225 ITZA for the retail and £70 psf overall for the assumed restaurant uses) has been assumed for the 11 retail units which has been capitalised at a yield of 4.75%. The total retail GDV is £55,609,516 which equates to £2,438psf.
- 5.7 The assumed yield of 4.75% seems very conservative taking into account the evidence provided and is justified in part on the basis of the impact of the pandemic. This location will be strengthened as a retail and leisure destination by the Whiteleys scheme and so a lower investment yield would be more appropriate.
- 5.8 DS2's appraisal shows a 12-month rent-free period and it appears a 12-month void/letting period has also been assumed in the cash flow. Although the rent free period seems reasonable, assuming an average 12 months void across all the units seems very pessimistic taking into account that presumably there will be a number of pre-lets.
- 5.9 This should be distinguished from the assumptions made for the existing retail units, it is anticipated that the new units will likely achieve a reduced void period compared with the older units being re-let.

Office space

- 5.10 An average rental value of £70 per sq ft has been assumed for the office space which has been capitalised at a yield of 4.5%. The total office GDV is £128,707,919. These assumptions seem conservative based on the evidence provided. The scheme will offer very good quality office space and a rent at the top end of the range would be more appropriate.
- 5.11 A total rent-free/ void period of 36 months has been assumed on both the pre-let and speculative space based on advice from Carter Jonas. This assumes 15 year leases are granted on the office space.
- 5.12 The GLA have recently been advised by Carter Jonas on a call-in scheme at Kingdom Street and their advice is that a total of 30 months void/rent free would be appropriate in this type of location. Reducing the total void/rent free period would impact significantly on the finance costs for this scheme.

Ground Rents

- 5.13 Ground rents within residential leases have not been included. Although the Government have indicated that they may bring forward legislation relating to the removal of ground rents, this is not currently in place.
- 5.14 Ground rents are likely to be included within the leases of the apartments used to evidence the residential values put forward and so it would be appropriate to either include ground rents in the appraisal of this scheme or increase the assumed sales values accordingly.

Grant Funding

- 5.15 The applicant should set out the extent to which any grant funding has been sought or considered.

Development Costs

Construction costs

- 5.16 DS2 has relied on a cost plan prepared by Arcadis which indicates a total build cost of £91,913,785 including 5% contingency and an allowance for D&B risk.
- 5.17 DS2 have taken out the D&B risk and used a lower figure of £89,762,335 in the their appraisal including a 5% contingency. This equates to £400 psf net of the contingency
- 5.18 The cost plan shows a cost of £579 per sq ft for the residential elements which is substantially above average residential build costs in London.
- 5.19 The Mayor's Affordable Housing & Viability SPG encourages LPAs to use cost consultants to rigorously assess scheme proposals and verify whether costs are appropriate taking into account pricing, quantities, specification and assumed development values. The LPA should instruct an independent Quantity Surveyor to carry out a full cost plan review. They should also advise on whether the assumed programme is reasonable.

Profit

5.20 The profit allowances adopted by DS2 are set out below.

Type of Development	Percentage of GDV
	DS2
Market Tenure Housing	17.50%
Commercial (Retail & Office)	15%

5.21 It is considered these assumptions are reasonable.

Professional fees

5.22 Professional fees of 10% on build costs have been adopted by DS2 which is reasonable.

Finance

5.23 A finance rate of 6.5% has been adopted by DS2. Whilst the headline rate is considered to be reasonable, the overall finance costs are very high and amount to over 15% of total costs.

5.24 This can be explained in part by the excessive void assumptions on the retail and office space.

5.25 Further information should be provided justify the total finance costs for this scheme.

Community Infrastructure Levy and Financial Section 106 Planning Obligations

5.26 DS2 has assumed an allowance of £3,381,370 for borough CIL, £2,159,307 for Mayoral CIL and £350,000 for payments relating to financial planning obligations. These amounts should be checked and verified by the LPA.

Rights of Light

5.27 There is a substantial development cost of £4 million in DS2's appraisal. Further information and explanation must be provided to justify this cost.

6. Benchmark Land Value

6.1 The Benchmark Land Value ("BLV") has been arrived at through an Existing Use Value Plus approach.

Existing retail

6.2 DS2 has provided a tenancy schedule (Appendix 8) which shows that the majority of the leases have been renegotiated to contract out of the Landlord and Tenant Act 1954 or have a break clauses/ agreement for redevelopment.

6.3 The exception is Tesco with a lease of 20 years from September 2015.

6.4 The table below shows the retail properties and the tenants.

Property	Tenant	Total Areas (sq ft)	ITZA (sq ft)
114	Boots The Chemist	8,771	2,864
116	EE	733	552
118/120	The Post Office	3,007	1482
122	Great Gifts & Souvenirs UK Limited	719	536
124	Hutchinson 3G UK Limited	840	572
126	CEX (Franchising) Limited	1,573	651
128/130	Superdrug Stores Plc	4,467	1,400
132	AB Enterprises (UK) Ltd	1,138	680
134 (Basement)	vacant		
134 (Ground)	vacant	529	529
136	Beauty Base Limited	909	615
138-144	Tesco	10,000	
146	Mr Ghanem	1,141	668
148	vacant	1,139	640
150	vacant	1,540	780
Total		43,912	-

(source: DS2, Aug 20)

- 6.5 The total passing rent is £1,133,160 pa. Only Tesco is on a rack rented lease where the passing rent equates to c£34psf which is stated was agreed on a concessionary basis.
- 6.6 The estimated market rent assumed is £2,408,740 pa (£55psf overall and c £180psf ITZA).
- 6.7 DS2 has adopted a term and reversion approach to the rental information adopting yields of 5.25% and 5.75% consistently on all the units/ tenants. The total EUV for the retail element is assessed at £34.3m. This equates to a capital value in the region of £780 per sq ft for the retail elements. This does not seem unreasonable.

Existing Residential

- 6.8 There is very little information provided on the occupation, leases or condition of the 27 residential units. It is understood DS2 has not undertaken a site visit and do not have knowledge of the condition of all the units save for the letting listings in Appendix 9 of their FVA.
- 6.9 GLA officers have carried out an external inspection of the site and noted that although some of the units benefit from an entrance from Queensway, the entrance to the units accessed from Inverness Terrace is very poor (see Appendix 1). None of the units benefit from balconies.
- 6.10 The 27 residential units have been valued on the basis that they could be sold, presumably on long leases. The freehold title information indicate a number historic long leases granted on the residential units but the Land Registry data does not show any recent transaction for any of the residential units which is unusual.
- 6.11 DS2 has made the following assumptions in relation to the existing residential units:
- One bed (6 units) Average price £416k
 - Three bed (20 units) Average price £1.335m
 - Four bed (1 unit) Average £1.7m
- 6.12 The overall average value assumed is £1,209 psf
- 6.13 The Inverness Terrace units in particular have poor access and the comparable evidence is generally of superior quality externally in attractive period mansion blocks. Images of some of the comparables are shown in Appendix 3
- 6.14 There are a number of one and two bed units for sale in the adjoining Hallfield Estate – a mid rise Local Authority development with landscaped gardens – at around £725-£825 psf
- 6.15 The letting listings provided by DS2 are un-dated and show 124a, 132a and 144a Queensway. All are 3-bedroom units with advertised rents of £2,000 - £2,400 per month, with the units requiring modernising at the lower end of this scale. This would seem to indicate that the overall specification of these flats is lower quality than typical of the area. The Build to Rent scheme at 117 Inverness Terrace has achieved rents of between £4,780 and £5,420 pcm for three bed units.

- 6.16 It has not been possible to deduce from DS2's tenancy schedule (Appendix 10) what values have been attributed to each of the units only their range of £400,000 to £1,700,000. Further details should be provided to support the values assumed for these residential units.

Premium

- 6.17 A premium of 20% has been applied by DS2 to arrive at a BLV of £78.24m. The premium is justified in part on a secure income stream which is not the case as the position on the residential units is unclear and the retail units are generally either vacant or on short term leases. The redevelopment potential of the site is also suggested as a rationale for this premium. Taking into account the fact that DS2 arrive at the conclusion that the scheme is in deficit despite making no contribution to affordable housing the proposed premium cannot be considered justified.
- 6.18 It is noted on the Land Registry that the whole site sold for £56,350,000 in June 2014

7. Appraisal Results and Analysis

- 7.1 DS2's appraisal adopts profit as a fixed input, producing a Residual Land Value of £48,195,645. This is lower than DS2's benchmark land value of £78,240,000, resulting in a deficit of approximately £30m.
- 7.2 As DS2, on behalf of the applicant, has identified that the scheme is generating a deficit, the applicant is required to demonstrate how the scheme is deliverable, in accordance with paragraph 3.10 of the Mayor's Affordable Housing & Viability SPG.

8. Overall Comments and Recommended Next Steps

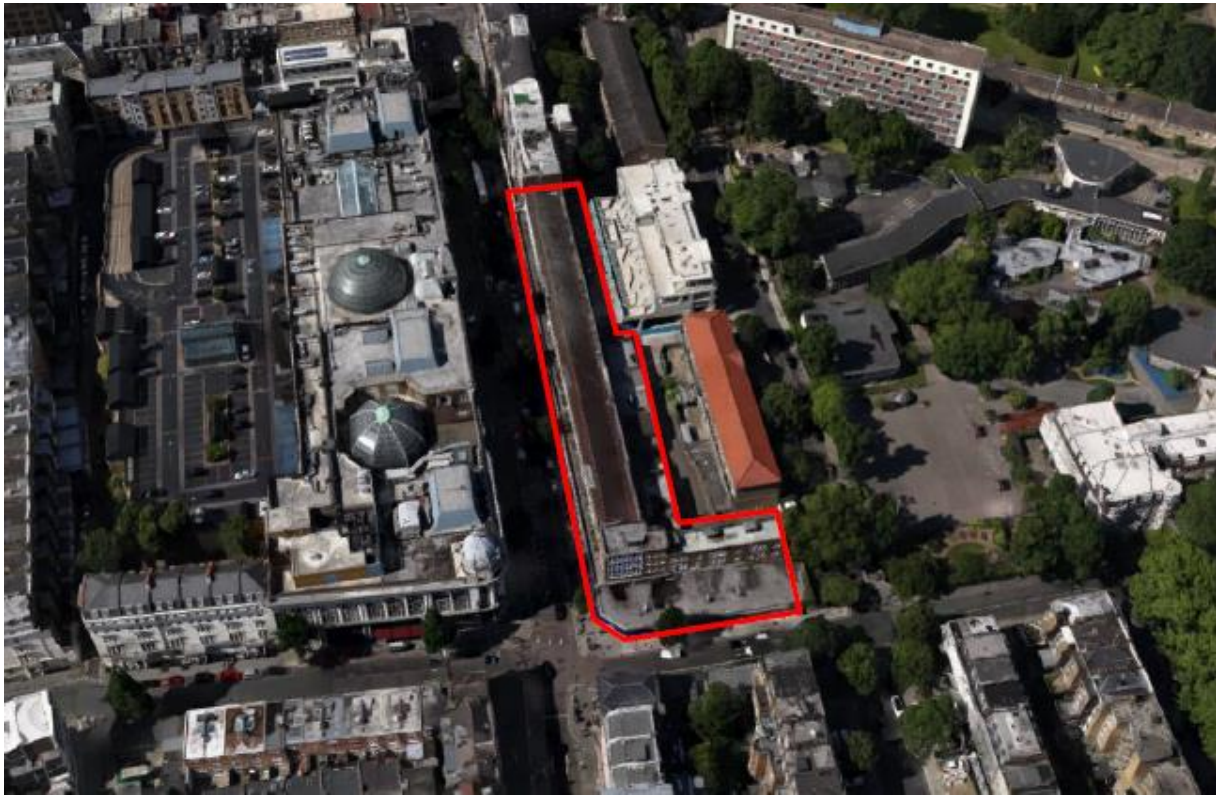
- 8.1 GLA officers consider that the development has the potential to provide either on site affordable housing or a PIL to provide affordable housing in the borough.
- 8.2 Further analysis and information is required in respect of
- Benchmark Land Value – in particular more information is required to support the values assumed for the existing residential units
 - The values of the proposed residential units
 - The letting and rent free period of the proposed office and retail space (which will impact on the finance cost)
 - Supporting information in respect of Rights to Light must be provided.
- 8.3 The cost plan should be reviewed on behalf of the LPA and should, amongst other matters, consider whether there is a clear alignment between the development's specification, assumed build costs, and development values.
- 8.4 Advice should also be provided on whether the development programme is reasonable is this is having a significant impact on viability through the finance costs.

9. Review Mechanisms

- 9.1 The Section 106, in accordance with the London Plan 2021 will need to include early and late-stage review mechanisms. The mechanisms should use the formulas set out in the Mayor's Affordable Housing and Viability SPG and the drafting should be based on the GLA's S106 Review Mechanisms template which is being provided alongside this document.
- 9.2 An appraisal that accounts for the comments set out in this document should be produced to identify the extent to which the proposal can deliver additional affordable housing.

Appendix 1 Photographs/ Plans

Google satellite map and OS plan



Site visit photos (February 2021)

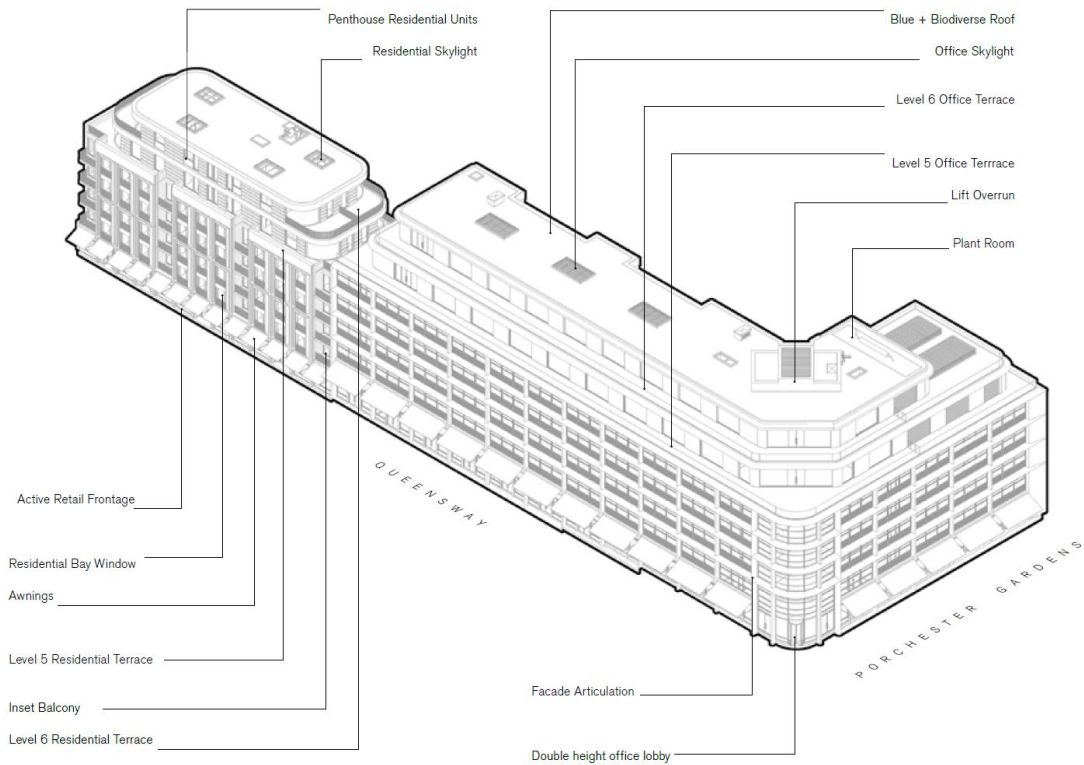
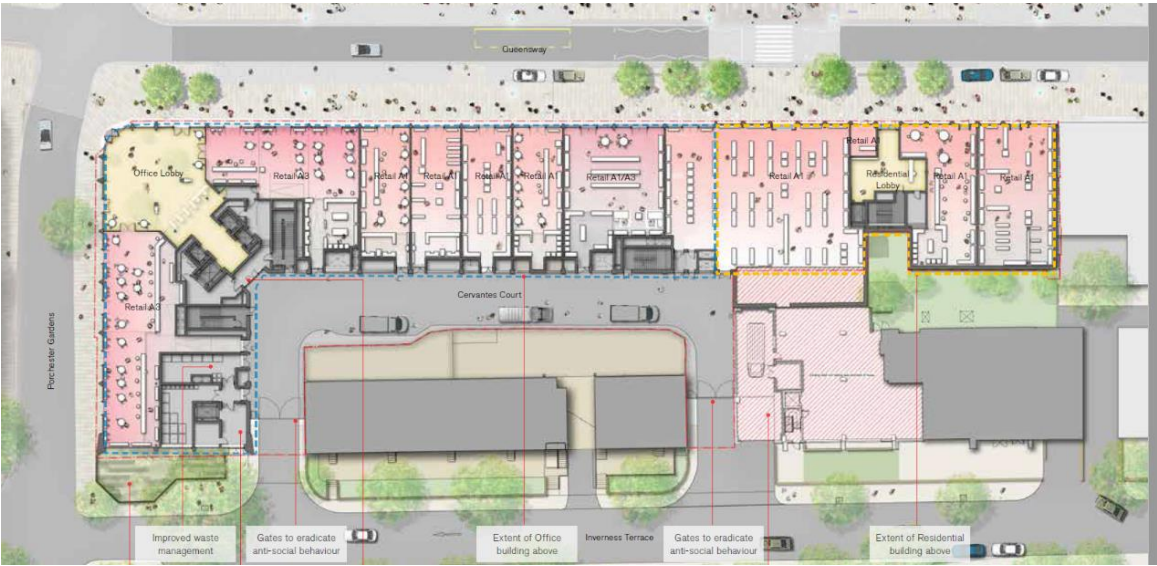


Entrance to residential units



Appendix 2 Proposed scheme

Proposed floorplan and elevated plan



Appendix 3

Comparable Evidence

50 Kensington Gardens Square (Compass House)

Unit	Address	Postcode	Unit Type	Tenure	Price Paid First Sale	Sale Completed	EPC Sq M	Sq Ft	£PSF
APARTMENT 2.1	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£1,270,000	09/01/2018	74	797	£1,594
APARTMENT 2.3	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£1,164,000	27/06/2018	58	624	£1,864
APARTMENT 2.4	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£950,000	31/01/2018	51	549	£1,730
APARTMENT 3.1	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£1,554,800	12/01/2018	74	797	£1,951
APARTMENT 4.5	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£2,085,000	27/06/2018	85	915	£2,278
APARTMENT 5.2	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£3,460,000	01/08/2018	153	1,647	£2,100
APARTMENT 5.4	50 KENSINGTON GARDENS SQUARE	W2 4AZ	Flat	Leasehold	£1,460,000	01/08/2018	59	635	£2,298

Average £1,974 psf

Images of DS2 residential comparables (existing units)

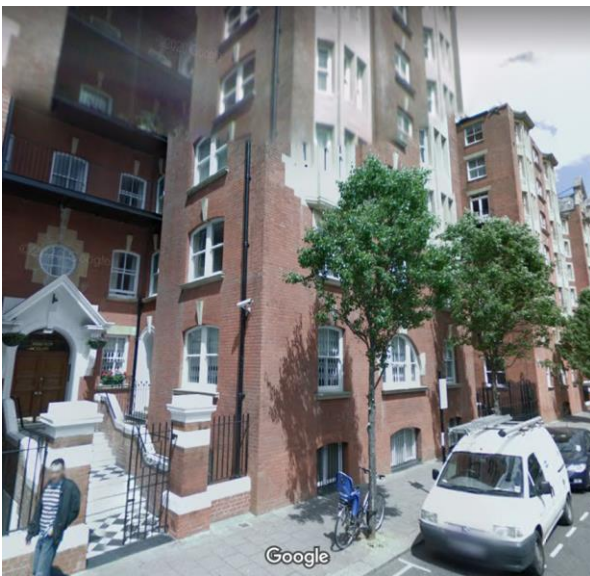
45 Cleveland Square



4-8 Radnor Place



Windsor Court



Our Ref: JGK/JF07/02C002471



22 April 2021

Westminster City Council
PO Box 732
Redhill
RH1 9FL

F.A.O: Nathan Barratt

Dear Sirs

Financial Viability Assessment: 114 – 150 Queensway and 113 Inverness Terrace, London W2

Following our last letter dated 17th March 2021, the applicant has been in contact to advise us of additional costs they wish to include within the development appraisal of the above scheme. These additional costs were not included within earlier iterations of their Financial Viability Assessment relating to the proposed redevelopment of this site.

We have requested that they provide an updated appraisal incorporating these additional costs and they have sent this across to us.

The additional cost they now wish to include relates to the cost of obtaining vacant possession from an existing tenant. The sum, which we have seen evidenced is for £3.5 million and allows the developer to obtain vacant possession for the period of the redevelopment.

In our last letter dated 17 March 2021 to you we advised that based on a revised Benchmark Land Value the scheme showed a surplus of £2.455 million which was equivalent to the provision of two intermediate units. An additional cost of £3.5 million would remove this surplus and create a deficit of £1,132,531 based on our inputs and opinion of blended profit requirements.

We do want to highlight, however, the sensitivities around the Benchmark Land value. As we made clear in our previous letter dated 17 March 2021 our conclusions on the Benchmark Land Value are stated with a degree of caution. This is for a number of reasons:

- Unknown quality of the existing residential units. Our inspection highlighted a wide mix of specifications and quality
- Unknowns regarding the fabric of the existing building. There could be large costs associated with maintaining it in its existing use.
- The retail market is particularly poor at the moment and there is a dearth of helpful comparable evidence upon which to base our opinion of both rent and yield. Much of the evidence we used was historic and pre-pandemic and justifying significant adjustments is very difficult in the absence of direct evidence.

Existing Use Value – Retail

Firstly, we address the sensitivities associated with the retail accommodation.

Having reviewed and discussed further with the applicant the supporting evidence for the retail element of the property we made adjustments which increased the BLV of the retail accommodation to £24.696 million. This was detailed in our letter of 17 March 2021.

The above figure includes the premium as we rely on market facing yields. The applicant considers there should be a further premium over this figure to reflect the BLV. We do not agree as given that there are costs to 'release' this site such as the vacant possession premium identified. The core EUV element underlying this if one tried to break it back is difficult to establish as there is no evidence for this. However, we would expect a further yield adjustment of say 50 basis points, producing a core EUV element of £22,500,000. On this basis our figure of £24.696m includes a premium of £2,196,000 (9%). The yield gap could be up to 100 basis points but in the absence of evidence we have adopted a 50 basis point differential.

Running a sensitivity analysis on our investment value shows that if we have overestimated the retail rental values by 10% (based on very limited evidence available today) then our BLV is too great by £1 million. If we were too optimistic on the yield applied (again given very limited evidence available) and evidence proved we should adopt 50 basis points higher, then the value would decrease by £1.5 million. If both rent and yield required adjustment the combined decrease in value is £3 million. If we were making these changes to the BLV, we would also need adjust the GDV for the proposed scheme as that also includes retail and any rental changes would apply to this as well.

The table below demonstrates this sensitivity:

Change in yield	Change in ERV				
	-10%	-5%	0%	+5%	+10%
-0.5%	£26,191,000	£27,157,000	£28,124,000	£29,411,000	£30,697,000
-0.25%	£24,906,000	£25,817,000	£26,727,000	£27,946,000	£29,166,000
0%	£23,739,000	£24,598,000	£24,696,000	£26,615,000	£27,773,000
+0.25%	£22,672,000	£23,485,000	£24,298,000	£25,400,000	£26,502,000
+0.5%	£21,693,000	£22,464,000	£23,235,000	£24,286,000	£25,337,000

Existing Use Value – Residential

With the residential element of the BLV our sensitivity testing shows that a decrease in end values per sq ft of £50 reduces the value by £1 million. A decrease of £100 per sq ft reduces the value by £2 million. For example if our end values for the units were over-optimistic by £100 per sq ft (reflecting the issues highlighted above and in our update of 17 March 2021) then our Benchmark Land Value would decrease by £2 million. This would remove the £1.1 million deficit and generate a small surplus of circa £900,000.

The table below demonstrates this sensitivity:

Change in sales value				
-£100	-£50	0	+£50	+£10%
£15,600,000	£16,637,000	£17,666,000	£18,695,000	£19,724,000

Conclusions on Sensitivity

Finally, if we reflect the overall sensitivity issues detailed above on both the residential and retail elements and adopt all the value movements discussed a reduced Benchmark Land Value of £37,293,000 (based on £15.6 million and £21.963 million highlighted in the tables above) is reflected. These sensitivities suggest that the deficit derived above of £1.132m would revert to a surplus of £4,460,000. Clearly there is a range up to this level depending on the variables that are adjusted. We appreciate this is a sensitivity analysis based on the uncertainty attached to valuing the existing property. However, it demonstrates the volatility applied to any calculation of the PIL

in the current market for this type of property and the sensitivity associated with our benchmark land value on the PIL outturn. This is a factor to reflect upon in any discussions with the applicant.

Yours faithfully



Jacob Kut MRICS
Principal / Senior Director
+44 020 7911 2829
jacob.kut@avisonyoung.com
For and on behalf of Avison Young (UK) Limited



Juliet Farrow MRICS
Associate Director
+44 020 7922 2843
Juliet.farrow@avisonyoung.com

GLA Carbon Emission Reporting Spreadsheet			
BACKGROUND AND PURPOSE			
The GLA has decided that from January 2019 and until central Government updates Part L with the latest carbon emission factors, planning applicants are encouraged to use the SAP 10 emission factors for referable applications when estimating CO₂ emission performance against London Plan policies. This is a new approach being taken by the GLA to reflect the decarbonisation of the electricity grid, which is not currently taken into account by Part L of Building Regulations. This approach will remain in place until Government adopts new Building Regulations with updated emission factors.			
This GLA Carbon Emission Reporting Spreadsheet facilitates the use of the SAP 10 emission factors and ensures a consistent and transparent process for updating Part L 2013 CO₂ emission performance. In particular, the approach has been developed to ensure that SAP 10 results can still be validated against supporting Part L 2013 BRUKL and SAP outputs.			
From January 2019 all GLA referable applications (including refurbishments) are expected to use this spreadsheet to report the anticipated carbon performance of a development. This includes planning applicants who are continuing to use SAP 2012 emission factors; although doing so will need to be supported by sufficient justification in line with the Energy Assessment Guidance. Applicants are required to submit this spreadsheet to the GLA alongside the energy assessment. It should be used for both domestic and non-domestic uses. The GLA will not accept the use of alternative methodologies or tools. This is to ensure consistency and to minimise the need for clarifications during the determination period.			
Planning applicants should use Part L 2013 BRUKL and SAP outputs to fill in this spreadsheet which serves as the final step in reporting the carbon emission performance of the proposed energy strategy. It is solely for the purpose of reporting to the GLA and does not replace Part L calculations submitted for Building Regulations approval.			
The spreadsheet has been developed to fit as wide a range of policy compliant approaches for referable schemes as possible. Any planning applicants with a policy compliant approach that the spreadsheet does not serve should contact the GLA at: environment@london.gov.uk. Applicants must not amend or alter the spreadsheet to suit non-policy compliant strategies. Any unauthorised amendment to the spreadsheet will invalidate the CO₂ emission calculations.			
Applicants should note that we will update the spreadsheet from time to time to ensure it remains fit for purpose. Applicants are expected to use the latest version at the time of the planning submission.			
Any feedback on this spreadsheet should be sent to: environment@london.gov.uk.			
METHODOLOGY			
Applicants are required to complete all light blue input cells in the applicable tabs ('Carbon Factors', 'Baseline', 'Be Lean', 'Be Clean', 'Be Green' and 'GLA Summary Tables').			

Input Data

For all applications, the input data required includes:

- Bespoke Carbon Factors (if applicable)
- Type of units modelled
- Area of units modelled (m²)
- Number of units modelled
- Total area represented by model (m²)
- Regulated energy consumption by end use (kWh p.a. for residential and kWh/m² p.a. for non-residential)
- Regulated energy consumption by fuel type (kWh/m² p.a. for non-residential)
- TER, DER and BER figures (kgCO₂/m² p.a.)
- TFEE and DFEE figures for residential (kWh//m² p.a.)
- Regulated energy demand figures (kWh p.a. for both residential and non-residential)
- Unregulated gas and electricity consumption figures (kWh p.a. for both residential and non-residential) **[In the 'GLA Summary tables' tab only]**
- Actual and notional building cooling demand (MJ/m²) **[In the 'GLA Summary tables' tab only]**

Applicants should update the highlighted cells with the type, area and number of modelled units. The consumption figures (kWh p.a. for domestic and kWh/m² p.a. for non-domestic) from the Part L modelling output reports should be reported and used to estimate the CO₂ emissions for each stage of the Energy Hierarchy. The TER, DER and BER figures from the Part L 2013 modelling output sheets should also be reported for cross-reference purposes. The applicant should ensure that the manually calculated TER, DER and BER figures are equal to the figures reported within the output sheets. TFEE and DFEE information should also be provided as well as unregulated uses consumption, energy demand figures and cooling demand performance.

The total carbon emissions figures in the 'GLA Summary tables' tab are now calculated based on the area input for 'Total area represented by model (m²)'. This input requirement has been added to ensure that the carbon emission figures align with the development area schedule (included within the DAS) rather than the number of representative models.

Required Part L Outputs for the GLA spreadsheet

Domestic Part L Outputs:

For the domestic conversion applicants are required to use the outputs from the SAP TER and DER worksheets. To assist in the conversion process the required SAP worksheet rows have been referenced in each input cell. For Space Heating and Hot Water applicants will be required to manually convert the SAP energy requirements to energy consumption by fuel type, the appropriate SAP rows for this calculation have also been listed. **Note.** The SAP worksheet rows are based on a communal heating system, which is an expectation for GLA referable schemes. Applicants proposing individual systems must first seek confirmation from the GLA as to whether the approach will be acceptable.

Non-domestic Part L Outputs:

The required Part L outputs from non-domestic modelling will be energy consumption by **fuel type** (e.g. grid electricity, natural gas). The energy consumption by end use (e.g. heating, hot water, cooling etc.) included in the BRUKL documents are no longer used to estimate the CO₂ emission performance with SAP 10 emission factors in this spreadsheet. This decision has been taken as the consumption figures provided in the BRUKL may include a mixture of fuel types, for instance heating may include energy consumption from gas boilers and electrically driven heat pumps. The required data can be found in:

- SBEM software: the required data is included in the output file ending "*sim.csv"
- Government approved software (such as IES and TAS): the required data is included in

the output file ending in "*BRUKL.inp" The above output files should be appended to the energy assessment document.

The above output files should be appended to the energy assessment document.

Regarding the non-domestic uses, the applicant can determine whether each individual unit will be modelled independently and apportioned to the entire scheme or whether a single model will be generated for the entire development. The applicant should, however, include the results from all BRUKL outputs generated for the proposed development under the "NON-DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS" sections.	
---	--

Note: GLA are aware that the Part L outputs for grid supplied electricity consumption does not account for power factor correction. Where power factor correction is present applicants may be required to amend the electricity consumption by the appropriate adjustment factor. The power factor correction is found in Table 1 of the Government's Approved Document L2A (ADL2A). Applicants should note in the appropriate cells where power factor correction has been applied.

Carbon Factors The carbon factors for SAP 2012 and SAP 10 scenarios have been provided in the 'Carbon Factors' tab. The table has been pre-populated with grid electricity and gas factors. Additional space has been included for alternative fuel factors that are included in Table 12 of the SAP 2012 and SAP 10 methodology document. For applications with non-domestic buildings connecting to external heat networks a bespoke carbon factor needs to be introduced, the applicant should provide the full calculation behind the introduced bespoke carbon factor.
--

The carbon factors for SAP 2012 and SAP 10 scenarios have been provided in the 'Carbon Factors' tab. The table has been pre-populated with grid electricity and gas factors. Additional space has been included for alternative fuel factors that are included in Table 12 of the SAP 2012 and SAP 10 methodology document. For applications with non-domestic buildings connecting to external heat networks a bespoke carbon factor needs to be introduced, the applicant should provide the full calculation behind the introduced bespoke carbon factor.

Validation Check A validation check is required for each model entered to ensure that the conversion is robust. Applicants must ensure that the calculated TER/DER/BER in this spreadsheet matches the actual values from the Part L 2013 BRUKL and SAP worksheets.	
--	--

A validation check is required for each model entered to ensure that the conversion is robust. Applicants must ensure that the calculated TER/DER/BER in this spreadsheet matches the actual values from the Part L 2013 BRUKL and SAP worksheets.

[illegible]

Table 1. CARBON (CO ₂) FACTORS			Notes
Fuel type	Fuel Carbon Factor (kgCO ₂ /kWh)		
	SAP 2012	SAP 10	
Natural Gas	0.216	0.210	SAP 2012 and SAP 10 carbon emission factors (Table 12).
Grid Electricity	0.519	0.233	
Enter Carbon Factor 1			These factors should be used where alternative fuel is used to grid gas and electricity. Carbon emission factors used here must be taken from Table 12 within the SAP 2012 and SAP 10 documents.
Enter Carbon Factor 2			
Enter Carbon Factor 3			
Enter Carbon Factor 4			Fuel type should be updated and referenced in Column A when additional carbon factor values have been added.
Bespoke DH Factor			This should only be used for non-domestic buildings that are connecting to District Heating (DH) networks. The network carbon factor should be calculated in line with Part L requirements and a seperate factors should be provided using SAP 2012 and SAP 10 fuel factors. Assumptions and workings should be shown below in Table 4.

Table 2. BESPOKE DH CARBON FACTOR CALCULATION METHODOLOGY
Please provide below details of the calculation methodology followed to establish the bespoke carbon factor, if applicable.

DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS														SAP 2012 CO2 PERFORMANCE										SAP10 CO2 PERFORMANCE					DEMAND
Unit identifier (e.g. plot number, dwelling type etc.)	Model total floor area (m²)	Number of units	Total area represented by model (m²)	VALIDATION CHECK		REGULATED ENERGY CONSUMPTION PER UNIT (kWh p.a.) - TER WORKSHEET						REGULATED CO2 EMISSIONS PER UNIT (kgCO2 p.a.)					REGULATED CO2 EMISSIONS PER UNIT					Fabric Energy Efficiency (FEE) Target Fabric Energy Efficiency (TFEE) (kWh/m²)							
				Calculated TER 2012 (kgCO2 / m2)	TER Worksheet TER 2012 (kgCO2 / m2)	Space Heating	Fuel type Space Heating	Domestic Hot Water	Fuel type Domestic Hot Water	Lighting	Auxiliary	Cooling	Space Heating	Domestic Hot Water	Lighting	Auxiliary	Cooling	2012 CO2 emissions (kgCO2 p.a.)	Space Heating	Domestic Hot Water	Lighting		Auxiliary	Cooling	SAP10 CO2 emissions (kgCO2 p.a.)	Calculated TER SAP10 (kgCO2 / m2)			
TER Worksheet (Row 4)				TER Worksheet (Row 273)		TER Worksheet (Row 211)		TER Worksheet (Row 219)		TER Worksheet (Row 232)	TER Worksheet (Row 231)	N / A																	
001	80.48	4	321.92	15.7	15.7	2425.15	Natural Gas	2402.19	Natural Gas	348.85	75			524	519	181	39	1,263	509	504	81	17		1,112	13.8	40.8			
002&006	60.45	8	483.6	17.8	17.9	1955.87	Natural Gas	2192.82	Natural Gas	277.32	75			422	474	144	39	1,079	411	460	65	17		953	15.8	44.1			
003&005	86.14	8	689.12	15.2	15.2	2570.72	Natural Gas	2444.38	Natural Gas	365.17	75			555	528	190	39	1,312	540	513	85	17		1,156	13.4	40.5			
004	68.62	4	274.48	16.7	16.7	2112.32	Natural Gas	2289.89	Natural Gas	306.33	75			456	495	159	39	1,149	444	481	71	17		1,013	14.8	42.1			
007	80.49	4	321.96	15.8	15.8	2470.75	Natural Gas	2401.16	Natural Gas	349.45	75			534	519	181	39	1,273	519	504	81	17		1,122	13.9	41.4			
008 PH	164.1	1	164.1	13.3	13.3	6046.35	Natural Gas	2579.07	Natural Gas	528.19	75			1,306	557	274	39	2,176	1,270	542	123	17		1,952	11.9	46.3			
009 PH	207.19	1	207.19	12.2	12.2	7475.82	Natural Gas	2597.47	Natural Gas	594.86	75			1,615	561	309	39	2,523	1,570	545	139	17		2,271	11.0	45.1			
010 PH	207.19	1	207.19	13.3	13.3	8520.57	Natural Gas	2590.3	Natural Gas	594.86	75			1,840	560	309	39	2,748	1,789	544	139	17		2,489	12.0	50.2			
011 PH	190.57	1	190.57	14.9	14.9	8987.79	Natural Gas	2575.42	Natural Gas	569.93	75			1,941	556	296	39	2,832	1,887	541	133	17		2,579	13.5	56.8			
Sum	2,860	32	2,860	15.4	-	95,276	N/A	75,813	N/A	11,446	2,400	0		20,580	16,376	5,941	1,246	0	44,141	20,008	15,921	2,667	559	0	39,155	13.7	43.85		
NON-DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS																													
Building Use	Area per unit (m²)	Number of units	Total area represented by model (m²)	VALIDATION CHECK		REGULATED ENERGY CONSUMPTION BY END USE (kWh/m² p.a.) TER - SOURCE: BRUKL OUTPUT						REGULATED ENERGY CONSUMPTION BY FUEL TYPE (kWh/m³ p.a.) TER - SOURCE: BRUKLINP or *SIM.CSV FILE				REGULATED ENERGY CONSUMPTION BY FUEL TYPE (kWh/m³ p.a.) - TER BRUKL				REGULATED CO2 EMISSIONS									
				Calculated TER 2012 (kgCO2 / m2)	BRUKL TER 2012 (kgCO2 / m2)	Space Heating	Fuel type Space Heating	Domestic Hot Water	Fuel type Domestic Hot Water	Lighting	Auxiliary	Cooling	Natural Gas	Grid Electricity	2012 CO2 emissions (kgCO2 p.a.)	Natural Gas	Grid Electricity	2012 CO2 emissions (kgCO2 p.a.)	Natural Gas	Grid Electricity	SAP10 CO2 emissions (kgCO2 p.a.)	BRUKL TER SAP10 (kgCO2 / m2)							
Combined Commer	14853	1	14853	27.9	27.9	2.81	Natural Gas	20.7	Natural Gas	23.58	8.89	12.62	23	44	414,796	23	44	414,796	23	44	225,503	15.2							
Sum	14,853	1	14,853	27.9	-	41,737	41,737	0	0	0	0	0	23	44	N/A	N/A	N/A	414,796	23	44	N/A	N/A	N/A	225,503	15.2				
SITE-WIDE ENERGY CONSUMPTION AND CO2 ANALYSIS																													
Use	Total Area (m²)	Calculated TER 2012 (kgCO2 / m2)	-	REGULATED ENERGY CONSUMPTION						REGULATED CO2 EMISSIONS		REGULATED CO2 EMISSIONS PER UNIT																	
				Space Heating (kWh p.a.)	N/A	Domestic Hot Water (kWh p.a.)	N/A	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)	2012 CO2 emissions (kgCO2 p.a.)	SAP10 CO2 emissions (kgCO2 p.a.)	Calculated TER SAP10 (kgCO2 / m2)																
Sum	17,713	25.9	-	137,013		75,813		11,446	2,400	0		458,937		264,658	14.9														

DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS														SAP 2012 CO2 PERFORMANCE					SAP10 CO2 PERFORMANCE					DOMESTIC ENERGY DEMAND DATA									
Unit Identifier (e.g. plot number, dwelling type etc.)	Model total floor area (m²)	Number of units	Total area represented by model (m²)	VALIDATION CHECK		REGULATED ENERGY CONSUMPTION PER UNIT (kWh p.a.) - 'BE LEAN' SAP DER WORKSHEET							REGULATED CO2 EMISSIONS PER UNIT (kgCO2 p.a.)					REGULATED CO2 EMISSIONS PER UNIT					Fabric Energy Efficiency (FEE) Dwelling Fabric Energy Efficiency (DfEE) (kWh/m²)	REGULATED ENERGY DEMAND PER UNIT PER ANNUM (kWh p.a.)									
				Calculated DER 2012 (kgCO2 / m2)	DER Worksheet DER 2012 (kgCO2 / m2)	Space Heating	Fuel type Space Heating	Domestic Hot Water	Fuel type Domestic Hot Water	Lighting	Auxiliary	Cooling	Space Heating	Domestic Hot Water	Lighting	Auxiliary	Cooling	2012 CO2 emissions (kgCO2 p.a.)	Space Heating CO2 emissions (kgCO2 p.a.)	Domestic Hot Water CO2 emissions (kgCO2 p.a.)	Lighting CO2 emissions (kgCO2 p.a.)	Auxiliary CO2 emissions (kgCO2 p.a.)		Cooling CO2 emissions (kgCO2 p.a.)	SAP10 CO2 emissions (kgCO2 p.a.)	Calculated DER SAP10 (kgCO2 / m2)	Space Heating (kWh p.a.)	Domestic Hot Water (kWh p.a.)	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)		
				DER Sheet (Row 384)	DER Sheet [(Row 307a) + (Row 367a x 0.01)]	Select fuel type	DER Sheet [(Row 310a) + (Row 367a x 0.01)]	Select fuel type	DER Sheet Row 332	DER Sheet (Row 313 + 331)	DER Sheet Row 315																						
001	80.48	4	321.92	14.0	14.0	1283.684211	Natural Gas	2335.021053	Natural Gas	347.07	244.99	79.34	277	504	180	127	41	1,130	270	490	81	57	18	916	11.4	34	1,161	2,113	347	211	321		
002&006	60.45	8	483.6	16.6	16.6	1272.736842	Natural Gas	2137.778947	Natural Gas	274.08	181	60.03	275	462	142	94	31	1,004	267	449	64	42	14	836	13.8	39.6	1,152	1,934	274	149	243		
003&005	86.14	8	689.12	15.6	15.6	2077.873684	Natural Gas	2375.168421	Natural Gas	364.94	267.72	97.18	449	513	189	139	50	1,341	436	499	85	62	23	1,105	12.8	42.1	1,880	2,149	365	225	394		
004	68.62	4	274.48	17.2	17.2	1848.905263	Natural Gas	2227.747368	Natural Gas	305.53	207.42	67.76	399	481	159	108	35	1,182	388	468	71	48	16	991	14.4	44.7	1,673	2,016	306	169	274		
007	80.49	4	321.96	14.5	14.5	1458.4	Natural Gas	2335.105263	Natural Gas	347.1	246.67	75.79	315	504	180	128	39	1,167	306	490	81	57	18	953	11.8	35.8	1,320	2,113	347	211	307		
008 PH	164.1	1	164.1	13.1	13.1	4506.336842	Natural Gas	2534.378947	Natural Gas	528.19	470.3	200.3	973	547	274	244	104	2,143	946	532	123	110	47	1,758	10.7	43.8	4,077	2,293	528	403	811		
009 PH	207.19	1	207.19	11.8	11.8	5224.147368	Natural Gas	2557.789474	Natural Gas	594.86	616.13	248.42	1,128	552	309	320	129	2,438	1,097	537	139	144	58	1,974	9.5	41.3	4,727	2,314	595	542	1,006		
010 PH	207.19	1	207.19	12.5	12.5	6042.821053	Natural Gas	2557.789474	Natural Gas	594.86	591.05	215.51	1,305	552	309	307	112	2,585	1,269	537	139	138	50	2,133	10.3	44.9	5,467	2,314	595	509	873		
011 PH	190.57	1	190.57	14.4	14.4	6955.357895	Natural Gas	2548.852632	Natural Gas	569.93	588.99	158.87	1,502	551	296	306	82	2,737	1,461	535	133	137	37	2,303	12.1	51.6	6,293	2,306	570	499	643		
Sum	2,860	32	2,860	14.9	-	67,898	N/A	73,894	N/A	11,399	8,653	2,972	14,666	15,961	5,916	4,491	1,543	42,576	14,258	15,518	2,656	2,016	693	35,141	12.3	41.18	61,431	66,856	11,399	7,306	12,038		
NON-DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS																																	
Building Use	Area per unit (m²)	Number of units	Total area represented by model (m²)	VALIDATION CHECK		REGULATED ENERGY CONSUMPTION BY END USE (kWh/m² p.a.) 'BE LEAN' BER - SOURCE: BRUKLINP OUTPUT							ULATED ENERGY CONSUMPTION BY FUEL TYPE (kWh/m² p.a.) 'BE LEAN' BER - SOURCE: BRUKLINP or *SIM.CSV					REGULATED CO2 EMISSIONS PER UNIT							REGULATED ENERGY DEMAND PER UNIT PER ANNUM (kWh p.a.)								
				Calculated BER 2012 (kgCO2 / m2)	BRUKL BER 2012 (kgCO2 / m2)	Space Heating (kWh/m² p.a.)	Fuel type Space Heating	Domestic Hot Water (kWh/m² p.a.)	Fuel type Domestic Hot Water	Lighting (kWh/m² p.a.)	Auxiliary (kWh/m² p.a.)	Cooling (kWh/m² p.a.)	Natural Gas	Grid Electricity		2012 CO2 emissions (kgCO2 p.a.)	Natural Gas	Grid Electricity		SAP10 CO2 emissions (kgCO2 p.a.)	BRUKL BER SAP10 (kgCO2 / m2)	Space Heating (kWh p.a.)	Domestic Hot Water (kWh p.a.)		Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)						
													#####	#####	#####	#####	#####	#####	#####	#####	#####	#####											
Combined Comm	14853	1	14853	18.6	18.6	5.15	Natural Gas	21.79	Natural Gas	13.37	8.06	3.43	26	25		276,885	26	25		168,156	11.3			N/A	120,755	279,831	208,982	119,715	308,051				
Sum	14,853	1	14,853	18.6	-	76,493	N/A	323,647	N/A	198,585	119,715	50,946	26	25	N/A	276,885	26	25		168,156	11.3				120,755	279,831	208,982	119,715	308,051				
SITE-WIDE ENERGY CONSUMPTION AND CO2 ANALYSIS																																	
Use	Total Area (m²)	REGULATED ENERGY CONSUMPTION										REGULATED CO2 EMISSIONS					REGULATED CO2 EMISSIONS						REGULATED ENERGY DEMAND PER UNIT PER ANNUM (kWh p.a.)										
		Calculated BER 2012 (kgCO2 / m2)	-	Space Heating (kWh p.a.)	N/A	Domestic Hot Water (kWh p.a.)	N/A	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)		2012 CO2 emissions (kgCO2 p.a.)		SAP10 CO2 emissions (kgCO2 p.a.)	Calculated BER SAP10 (kgCO2 / m2)		Space Heating (kWh p.a.)	Domestic Hot Water (kWh p.a.)	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)		Space Heating (kWh p.a.)	Domestic Hot Water (kWh p.a.)	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)						
Sum	17,713	18.0	-	144,390		397,541		209,983	128,368	53,918		319,461		203,296	11.5		182,186	346,687	220,381	127,021	320,089												

The applicant should complete all the light blue cells including information on the 'be clean' energy consumption figures and the 'be clean' DER.

SAP 2012 CO2 PERFORMANCE

SAP10 CO2 PERFORMANCE

DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS

Unit Identifier (e.g. plot number, dwelling type etc.)		Model total floor area (m²)	Number of units	Total area represented by model (m²)	Validation Check		Regulated Energy Consumption per Unit (kWh p.a.) - 'BE CLEAN' SAP DER Worksheet											Regulated CO2 Emissions per Unit (kgCO2 p.a.)										Regulated CO2 Emissions per Unit (kgCO2 p.a.)									
					Calculated DER 2012 (kgCO2 / m2)	DER Worksheet DER 2012 (kgCO2 / m2)	Space Heating (Heat Source 1)	Fuel type Space Heating	Domestic Hot Water (Heat Source 1)	Fuel type Domestic Hot Water	Space and Domestic Hot Water from CHP	Fuel type CHP	Total Electricity generated by CHP (-)	Lighting	Auxiliary	Cooling	Space Heating	Domestic Hot Water	Space Heating and DHW from CHP	Electricity generated by CHP	Lighting	Auxiliary	Cooling	2012 CO2 emissions (kgCO2 p.a.)	Space Heating	Domestic Hot Water	Space Heating and DHW from CHP	Electricity generated by CHP	Lighting	Auxiliary	Cooling	SAP10 CO2 emissions (kgCO2 p.a.)	Calculated DER SAP10 (kgCO2 / m2)				
					DER Sheet (Row 384)	DER Sheet (Row 307a + (Row 307b x 0.01))	Select fuel type	DER Sheet (Row 310b + (Row 307b x 0.01))	Select fuel type	DER Sheet [(Row 307a + 310a) + (Row 362 x 0.01)]	Select fuel type	DER Sheet [(Row 307a + 310a) + (Row 361 + 362)]	DER Sheet Row 332	DER Sheet (Row 313 + 331)	DER Sheet Row 315																						
001		80.48	4	321.92	14.0	14.0	1283.684211	Natural Gas	2335.021053	Natural Gas		347.07	244.99	79.34	277	504	180	127	41	1,130	270	490	81	57	18	916	11.4										
002&006		50.45	8	483.6	16.6	16.6	1272.736842	Natural Gas	2137.778947	Natural Gas		274.08	181	60.03	275	462	142	94	31	1,004	267	449	64	42	14	836	13.8										
003&005		86.14	8	689.12	15.6	15.6	2077.873684	Natural Gas	2375.168421	Natural Gas		364.94	267.72	97.18	449	513	189	139	50	1,341	436	499	85	62	23	1,105	12.8										
004		68.62	4	274.48	17.2	17.2	1848.905263	Natural Gas	2227.747368	Natural Gas		305.53	207.42	67.76	399	481	159	108	35	1,182	388	468	71	48	16	991	14.4										
007		80.49	4	321.96	14.5	14.5	1458.4	Natural Gas	2335.105263	Natural Gas		347.1	246.67	75.79	315	504	180	128	39	1,167	306	490	81	57	18	953	11.8										
008 PH		184.1	1	184.1	13.1	13.1	4306.336842	Natural Gas	2534.278947	Natural Gas		538.19	470.3	200.3	973	547	274	244	104	2,143	946	532	122	110	47	1,758	10.7										
009 PH		207.19	1	207.19	11.8	11.8	5224.147368	Natural Gas	2557.789474	Natural Gas		594.86	616.13	248.42	1,128	552	309	320	129	2,438	1,097	537	139	144	58	1,974	9.5										
010 PH		207.19	1	207.19	12.5	12.5	6042.821053	Natural Gas	2557.789474	Natural Gas		594.86	591.05	215.51	1,305	552	309	307	112	2,585	1,269	537	139	138	50	2,133	10.3										
011 PH		190.57	1	190.57	14.4	14.4	6955.357895	Natural Gas	2548.852632	Natural Gas		569.93	588.99	158.87	1,502	551	296	306	82	2,737	1,461	535	133	137	37	2,303	12.1										
Sum		2,860	32	2,860	14.9	-	67,898	N/A	73,894	N/A	0	N/A	0	11,399	8,653	2,972	14,666	15,961	0	0	5,916	4,491	1,543	42,576	14,258	15,518	0	0	2,656	2,016	693	35,141	12.3				

NON-DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS

				VALIDATION CHECK		REGULATED ENERGY CONSUMPTION BY END USE (kWh/m² p.a.) 'BE CLEAN' BER - SOURCE: BRUHL OUTPUT								REGULATED ENERGY CONSUMPTION BY FUEL TYPE (kWh/m² p.a.) 'BE CLEAN' BER - SOURCE: BRUHL/INP or *SIM.CSV FILE						REGULATED CO2 EMISSIONS PER UNIT												
Building Use	Area per unit (m²)	Number of units	Total area represented by model (m²)	Calculated BER 2012 (kgCO2 / m2)	BRUHL BER 2012 (kgCO2 / m2)	Space Heating	Fuel type Space Heating	Domestic Hot Water	Fuel type Domestic Hot Water	N/A	N/A	Total Electricity generated by CHP (-)	Lighting	Auxiliary	Cooling	Natural Gas	Grid Electricity	Bespoke DH Factor	Electricity generated by CHP (-)	N/A	2012 CO2 emissions (kgCO2 p.a.)	Natural Gas	Grid Electricity	Bespoke DH Factor	Electricity generated by CHP (-)	N/A	SAP 10 CO2 emissions (kgCO2 p.a.)	BRUHL BER SAP10 (kgCO2 / m2)				
Combined Comme	14853	1	14853	18.6	18.6	5.15	Natural Gas	21.79	Natural Gas	N/A	N/A	If applicable	0	13.37	8.06	3.43	26	25			N/A	276,885	26	25			N/A	168,156	11.3			
Sum	14,853	1	14,853	18.6	-	76,493	N/A	323,647	N/A			0	198,585	119,715	50,946	26	25	0	0		276,885	26	25	0	0		168,156	11.3				

SITE-WIDE ENERGY CONSUMPTION AND CO2 ANALYSIS

Use	Total Area (m ²)	Calculated BER 2012 (kgCO ₂ / m ²)	-	REGULATED ENERGY CONSUMPTION																				REGULATED CO2 EMISSIONS			REGULATED CO2 EMISSIONS PER UNIT	
				Space Heating (kWh p.a.)	N/A	Domestic Hot Water (kWh p.a.)	N/A	Space and Domestic Hot Water from CHP (kWh p.a.)	N/A	Electricity generated by CHP (kWh p.a.) <i>If applicable</i>	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)											2012 CO2 emissions (kgCO ₂ p.a.)			SAP 10 CO2 emissions (kgCO ₂ p.a.)	Calculated BER SAP10 (kgCO ₂ / m ²)
Sum	17,713	18.0	-	144,390		397,541		0		0	209,983	128,368	53,918											319,461			203,296	11.5

The applicant should complete all the light blue cells including information on the 'be green' energy consumption figures and the 'be green' DER.

DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS																	SAP 2012 CO2 PERFORMANCE							SAP10 CO2 PERFORMANCE																				
Unit Identifier (e.g. plot number, dwelling type etc.)				Validation Check				REGULATED ENERGY CONSUMPTION PER UNIT (kWh p.a.) - 'BE GREEN' SAP DER WORKSHEET												REGULATED CO2 EMISSIONS PER UNIT (kgCO2 p.a.)																								
Model total floor area (m²)	Number of units	Total area represented by model (m²)	Calculated DER 2012 (kgCO2 / m2)	DER Worksheet DER 2012 (kgCO2 / m2)	Space Heating (Heat Source 1)	Fuel type Space Heating	Domestic Hot Water (Heat Source 1)	Fuel type Domestic Hot Water	Space Heating (Heat source 2)	Fuel type Space Heating	Domestic Hot Water (Heat source 2)	Fuel type Domestic Hot Water	Space and Domestic Hot Water from CHP	Fuel type CHP	Total Electricity generated by CHP (-)	Electricity generated by renewable (-)	Lighting	Auxiliary	Cooling	Space Heating	Domestic Hot Water	Space Heating and DHW from CHP	Electricity generated by CHP	Electricity generated by renewable	Lighting	Auxiliary	Cooling	2012 CO2 emissions (kgCO2 p.a.)	Space Heating	Domestic Hot Water	Space Heating and DHW from CHP	Electricity generated by CHP	Electricity generated by renewable	Lighting	Auxiliary	Cooling	SAP10 CO2 emissions (kgCO2 p.a.)	Calculated DER SAP10 (kgCO2 / m2)						
				DER Sheet (Row 384)	DER Sheet (Row 307b + (Row 307b x 0.01))	Select fuel type	DER Sheet (Row 310b + (Row 307b x 0.01))	Select fuel type	If applicable DER Sheet (Row 307c + (Row 307c x 0.01))	Select fuel type	If applicable DER Sheet (Row 310c + (Row 307c x 0.01))	Select fuel type	If applicable DER Sheet (Row 307a + 310a) + (Row 302 x 0.01))	Select fuel type	If applicable DER Sheet (Row 307a + 310a) x (Row 302 x 0.01))	DER Sheet Row 380	DER Sheet Row 332	DER Sheet (Row 313 + 331)	DER Sheet Row 315					If applicable	If applicable	If applicable																		
001	80.48	4	321.92	13.6	13.6	470.95	Grid Electricity	966.74	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	347.07	244.79	77.55	244	502	0	0	0	0	180	127	40	1,094	110	225	0	0	0	81	57	18	491	6.1					
002&006	60.45	8	483.6	16.0	16.0	467.07	Grid Electricity	884.19	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	274.08	180.81	58.62	242	459	0	0	0	0	142	94	30	968	109	206	0	0	0	64	42	14	434	7.2					
003&005	86.14	8	689.12	14.9	14.9	761.22	Grid Electricity	983.54	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	364.94	267.54	95.04	395	510	0	0	0	0	189	139	49	1,283	177	229	0	0	0	85	62	22	576	6.7					
004	68.62	4	274.48	16.5	16.5	677.68	Grid Electricity	921.84	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	305.53	207.34	66.2	352	478	0	0	0	0	159	108	34	1,131	158	215	0	0	0	71	48	15	508	7.4					
007	80.49	4	321.96	14.0	14.0	534.87	Grid Electricity	966.74	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	347.1	246.49	74.08	278	502	0	0	0	0	180	128	38	1,126	125	225	0	0	0	81	57	17	505	6.3					
008 PH	164.1	1	164.1	12.5	12.5	1636.95	Grid Electricity	1126.66	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	528.19	471.32	197.52	850	580	0	0	0	0	274	245	103	2,050	381	260	0	0	0	123	110	46	921	5.6					
009 PH	207.19	1	207.19	11.2	11.2	1898.55	Grid Electricity	1126.46	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	594.86	617.13	244.74	985	585	0	0	0	0	309	320	127	2,326	442	262	0	0	0	139	144	57	1,044	5.0					
010 PH	207.19	1	207.19	11.8	11.8	2195.87	Grid Electricity	1126.46	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	594.86	592	212.46	1,140	585	0	0	0	0	309	307	110	2,451	512	262	0	0	0	139	138	50	1,100	5.3					
011 PH	190.57	1	190.57	13.5	13.5	2528.97	Grid Electricity	1122.72	Grid Electricity	0	Natural Gas	0	Natural Gas	0	Natural Gas	0	569.93	589.94	156.85	1,313	583	0	0	0	0	296	306	81	2,579	589	262	0	0	0	133	137	37	1,158	6.1					
Sum	2,860	32	2,860	14.3	-	24,821	N/A	30,855	N/A	0	N/A	0	N/A	0	N/A	0	0	11,399	8,651	2,912	12,882	16,014	0	0	0	5,916	4,490	1,511	40,613	5,783	7,189	0	0	0	2,656	2,016	679	16,323	6.4					
NON-DOMESTIC ENERGY CONSUMPTION AND CO2 ANALYSIS																																												
Use				Validation Check		REGULATED ENERGY CONSUMPTION BY END USE (kWh/m² p.a.) 'BE GREEN' BER - SOURCE: BRUKL OUTPUT												REGULATED ENERGY CONSUMPTION BY FUEL TYPE (kWh/m² p.a.) 'BE GREEN' BER - SOURCE: BRUKLINP or *SIM.CSV FILE										REGULATED CO2 EMISSIONS PER UNIT																
Area per unit (m²)	Number of units	Total area represented by model (m²)	Calculated BER 2012 (kgCO2 / m2)	BRUKL BER 2012 (kgCO2 / m2)	Space Heating	Fuel type Space Heating	Domestic Hot Water	Fuel type Domestic Hot Water									Electricity generated by CHP (-)	Electricity generated by renewable technology (-)	Lighting	Auxiliary	Cooling	Natural Gas	Grid Electricity	Bespoke DH Factor	Electricity generated by CHP (-)	Electricity generated by renewable technology (-)	Enter Carbon Factor 1	Enter Carbon Factor 2	Enter Carbon Factor 3	2012 CO2 emissions (kgCO2 p.a.)	Natural Gas	Grid Electricity	Bespoke DH Factor	Electricity generated by CHP (-)	Electricity generated by renewable technology (-)	Enter Carbon Factor 1	Enter Carbon Factor 2	Enter Carbon Factor 3	SAP10 CO2 emissions	BRUKL BER SAP10 (kgCO2 / m2)				
Combined Comme	14853	1	14853	23.0	23.0	1.76	Grid Electricity	18.84	Grid Electricity									If applicable	If applicable	13.37	8.06	3.43	0	44	0	0	0	0	0	0	0	341,677	0	44	0	0	0	0	0	0	0	0	153,393	10.3
Sum	14,853	1	14,853	23.0	-	26,141	N/A	279,831	N/A									0	0	198,585	119,715	50,946	0	44	0	0	0	0	0	0	0	341,677	0	44	0	0	0	0	0	0	0	0	153,393	10.3
SITE-WIDE ENERGY CONSUMPTION AND CO2 ANALYSIS																																												
Use				Total Area (m²)		REGULATED CO2 EMISSIONS										REGULATED CO2 EMISSIONS										REGULATED CO2 EMISSIONS PER UNIT																		
		Calculated BER 2012 (kgCO2 / m2)	-	Space Heating (kWh p.a.)	N/A	Domestic Hot Water (kWh p.a.)	N/A	Space Heating (kWh p.a.)	N/A	Domestic Hot Water (kWh p.a.)	N/A	Space and Domestic Hot Water from CHP (kWh p.a.)	N/A	Electricity generated by CHP (kWh p.a.) If applicable	Electricity generated by renewable (kWh p.a.) If applicable	Lighting (kWh p.a.)	Auxiliary (kWh p.a.)	Cooling (kWh p.a.)	Space Heating CO2 emissions	Domestic Hot Water CO2 emissions	Space Heating and DHW from CHP CO2 emissions If applicable	Electricity generated by CHP CO2 savings If applicable	Electricity generated by renewable CO2 savings If applicable	Lighting CO2 emissions	Auxiliary CO2 emissions	Cooling CO2 emissions	2012 CO2 emissions	Space Heating CO2 emissions	Domestic Hot Water CO2 emissions	Space Heating and DHW from CHP CO2 emissions if applicable	Electricity generated by CHP CO2 savings If applicable	Electricity generated by renewable CO2 savings If applicable	Lighting CO2 emissions	Auxiliary CO2 emissions	Cooling CO2 emissions	SAP10 CO2 emissions	Calculated BER SAP10 (kgCO2 / m2)							
Sum		17,713	0.0	-	50,962		310,686		0		0	0		0	0	209,983	128,366	53,858	12,882	16,058		0	0	0	5,916	4,490	1,511	382,490	5,783	7,234	0	0	0	2,656	2,016	679	171,715	9.7						

DOMESTIC

Table 1: Carbon Dioxide Emissions after each stage of the Energy Hierarchy for domestic buildings

	Carbon Dioxide Emissions for domestic buildings (Tonnes CO ₂ per annum)	
	Regulated	Unregulated
Baseline: Part L 2013 of the Building Regulations Compliant Development	44	50
After energy demand reduction	43	50
After heat network / CHP	43	50
After renewable energy	41	50

Table 2: Regulated Carbon Dioxide savings from each stage of the Energy Hierarchy for domestic buildings

	Regulated domestic carbon dioxide savings	
	(Tonnes CO ₂ per annum)	(%)
Savings from energy demand reduction	2	4%
Savings from heat network / CHP	0	0%
Savings from renewable energy	2	4%
Cumulative on site savings	3	8%
Annual savings from off-set payment	41	-
	(Tonnes CO ₂)	
Cumulative savings for off-set payment	1,224	-
Cash in-lieu contribution (£)	73,464	

Table 1: Carbon Dioxide Emissions after each stage of the Energy Hierarchy for domestic buildings

	Carbon Dioxide Emissions for domestic buildings (Tonnes CO ₂ per annum)	
	Regulated	Unregulated
Baseline: Part L 2013 of the Building Regulations Compliant Development	39	22
After energy demand reduction	35	22
After heat network / CHP	35	22
After renewable energy	18	22

Table 2: Regulated Carbon Dioxide savings from each stage of the Energy Hierarchy for domestic buildings

	Regulated domestic carbon dioxide savings	
	(Tonnes CO ₂ per annum)	(%)
Savings from energy demand reduction	4	10%
Savings from heat network / CHP	0	0%
Savings from renewable energy	17	43%
Cumulative on site savings	21	53%
Annual savings from off-set payment	18	-
	(Tonnes CO ₂)	
Cumulative savings for off-set payment	550	-
Cash in-lieu contribution (£)	32,981	

NON-DOMESTIC

Table 3: Carbon Dioxide Emissions after each stage of the Energy Hierarchy for non-domestic buildings

	Carbon Dioxide Emissions for non-domestic buildings (Tonnes CO ₂ per annum)	
	Regulated	Unregulated
Baseline: Part L 2013 of the Building Regulations Compliant Development	415	347
After energy demand reduction	277	347
After heat network / CHP	277	347
After renewable energy	342	347

Table 4: Regulated Carbon Dioxide savings from each stage of the Energy Hierarchy for non-domestic buildings

	Regulated non-domestic carbon dioxide savings	
	(Tonnes CO ₂ per annum)	(%)
Savings from energy demand reduction	138	33%
Savings from heat network / CHP	0	0%
Savings from renewable energy	-65	-16%
Total Cumulative Savings	73	18%

Table 5: Shortfall in regulated carbon dioxide savings

	Annual Shortfall (Tonnes CO ₂)	Cumulative Shortfall (Tonnes CO ₂)
Total Target Savings	145	-
Shortfall	72	2,162
Cash in-lieu contribution (£)	129,707	-

Table 3: Carbon Dioxide Emissions after each stage of the Energy Hierarchy for non-domestic buildings

	Carbon Dioxide Emissions for non-domestic buildings (Tonnes CO ₂ per annum)	
	Regulated	Unregulated
Baseline: Part L 2013 of the Building Regulations Compliant Development	226	156
After energy demand reduction	168	156
After heat network / CHP	168	156
After renewable energy	153	156

Table 4: Regulated Carbon Dioxide savings from each stage of the Energy Hierarchy for non-domestic buildings

	Regulated non-domestic carbon dioxide savings	
	(Tonnes CO ₂ per annum)	(%)
Savings from energy demand reduction	57	25%
Savings from heat network / CHP	0	0%
Savings from renewable energy	15	7%
Total Cumulative Savings	72	32%

Table 5: Shortfall in regulated carbon dioxide savings

	Annual Shortfall (Tonnes CO ₂)	Cumulative Shortfall (Tonnes CO ₂)
Total Target Savings	79	-
Shortfall	7	204
Cash in-lieu contribution (£)	12,268	-

SITE-WIDE

	Total regulated emissions (Tonnes CO ₂ / year)	CO ₂ savings (Tonnes CO ₂ / year)	Percentage savings (%)
Part L 2013 baseline	459		
Be lean	319	139	30%
Be clean	319	0	0%
Be green	382	-63	-14%
	-	CO ₂ savings off-set (Tonnes CO ₂)	-
Off-set	-	3,386	-

	Total regulated emissions (Tonnes CO ₂ / year)	CO ₂ savings (Tonnes CO ₂ / year)	Percentage savings (%)
Part L 2013 baseline	265		
Be lean	203	61	23%
Be clean	203	0	0%
Be green	172	32	12%
	-	CO ₂ savings off-set (Tonnes CO ₂)	-
Off-set	-	754	-

Building use	Energy demand following energy efficiency measures (MWh/year)						
	Space Heating	Hot Water	Lighting	Auxiliary	Cooling	Unregulated electricity	Unregulated gas
Domestic	61	67	11	7	12	95.7	0
Non-domestic	121	280	209	120	308	686.2	0

	Target Fabric Energy Efficiency (kWh/m ²)	Dwelling Fabric Energy Efficiency (kWh/m ²)	Improvement (%)
Development total	43.85	41.18	6%

	Area weighted average non-domestic cooling demand (MJ/m ²)	Total area weighted non-domestic cooling demand (MJ/year)
Actual	74.664	1108984.392
Notional	149.076	2214225.828

Our Ref: JGK/JF07/02C002471



22 April 2021

Westminster City Council
PO Box 732
Redhill
RH1 9FL

F.A.O: Nathan Barratt

Dear Sirs

Financial Viability Assessment: 114 – 150 Queensway and 113 Inverness Terrace, London W2

Following our last letter dated 17th March 2021, the applicant has been in contact to advise us of additional costs they wish to include within the development appraisal of the above scheme. These additional costs were not included within earlier iterations of their Financial Viability Assessment relating to the proposed redevelopment of this site.

We have requested that they provide an updated appraisal incorporating these additional costs and they have sent this across to us.

The additional cost they now wish to include relates to the cost of obtaining vacant possession from Tesco who have a long lease on their existing shop unit. The sum, which we have seen evidenced is for £3.5 million and allows the developer to obtain vacant possession from Tesco for the period of the redevelopment. Post development Tesco will then move into a new unit in the scheme.

In our last letter dated 17 March 2021 to you we advised that based on a revised Benchmark Land Value the scheme showed a surplus of £2.455 million which was equivalent to the provision of two intermediate units. An additional cost of £3.5 million would remove this surplus and create a deficit of £1,132,531 based on our inputs and opinion of blended profit requirements.

We do want to highlight, however, the sensitivities around the Benchmark Land value. As we made clear in our previous letter dated 17 March 2021 our conclusions on the Benchmark Land Value are stated with a degree of caution. This is for a number of reasons:

- Unknown quality of the existing residential units. Our inspection highlighted a wide mix of specifications and quality
- Unknowns regarding the fabric of the existing building. There could be large costs associated with maintaining it in its existing use.
- The retail market is particularly poor at the moment and there is a dearth of helpful comparable evidence upon which to base our opinion of both rent and yield. Much of the evidence we used was historic and pre-pandemic and justifying significant adjustments is very difficult in the absence of direct evidence.

Existing Use Value – Retail

Firstly, we address the sensitivities associated with the retail accommodation.

Having reviewed and discussed further with the applicant the supporting evidence for the retail element of the property we made adjustments which increased the BLV of the retail accommodation to £24.696 million. This was detailed in our letter of 17 March 2021.

The above figure includes the premium as we rely on market facing yields. The applicant considers there should be a further premium over this figure to reflect the BLV. We do not agree as given that there are costs to 'release' this site such as the Tesco premium. The core EUV element underlying this if one tried to break it back is difficult to establish as there is no evidence for this. However, we would expect a further yield adjustment of say 50 basis points, producing a core EUV element of £22,500,000. On this basis our figure of £24.696m includes a premium of £2,196,000 (9%). The yield gap could be up to 100 basis points but in the absence of evidence we have adopted a 50 basis point differential.

Running a sensitivity analysis on our investment value shows that if we have overestimated the retail rental values by 10% (based on very limited evidence available today) then our BLV is too great by £1 million. If we were too optimistic on the yield applied (again given very limited evidence available) and evidence proved we should adopt 50 basis points higher, then the value would decrease by £1.5 million. If both rent and yield required adjustment the combined decrease in value is £3 million. If we were making these changes to the BLV, we would also need adjust the GDV for the proposed scheme as that also includes retail and any rental changes would apply to this as well.

The table below demonstrates this sensitivity:

Change in yield	Change in ERV				
	-10%	-5%	0%	+5%	+10%
-0.5%	£26,191,000	£27,157,000	£28,124,000	£29,411,000	£30,697,000
-0.25%	£24,906,000	£25,817,000	£26,727,000	£27,946,000	£29,166,000
0%	£23,739,000	£24,598,000	£24,696,000	£26,615,000	£27,773,000
+0.25%	£22,672,000	£23,485,000	£24,298,000	£25,400,000	£26,502,000
+0.5%	£21,693,000	£22,464,000	£23,235,000	£24,286,000	£25,337,000

Existing Use Value – Residential

With the residential element of the BLV our sensitivity testing shows that a decrease in end values per sq ft of £50 reduces the value by £1 million. A decrease of £100 per sq ft reduces the value by £2 million. For example if our end values for the units were over-optimistic by £100 per sq ft (reflecting the issues highlighted above and in our update of 17 March 2021) then our Benchmark Land Value would decrease by £2 million. This would remove the £1.1 million deficit and generate a small surplus of circa £900,000.

The table below demonstrates this sensitivity:

Change in sales value				
-£100	-£50	0	+£50	+£10%
£15,600,000	£16,637,000	£17,666,000	£18,695,000	£19,724,000

Conclusions on Sensitivity

Finally, if we reflect the overall sensitivity issues detailed above on both the residential and retail elements and adopt all the value movements discussed a reduced Benchmark Land Value of £37,293,000 (based on £15.6 million and £21.963 million highlighted in the tables above) is reflected. These sensitivities suggest that the deficit derived above of £1.132m would revert to a surplus of £4,460,000. Clearly there is a range up to this level depending on the variables that are adjusted. We appreciate this is a sensitivity analysis based on the uncertainty attached to valuing the existing property. However, it demonstrates the volatility applied to any calculation of the PIL

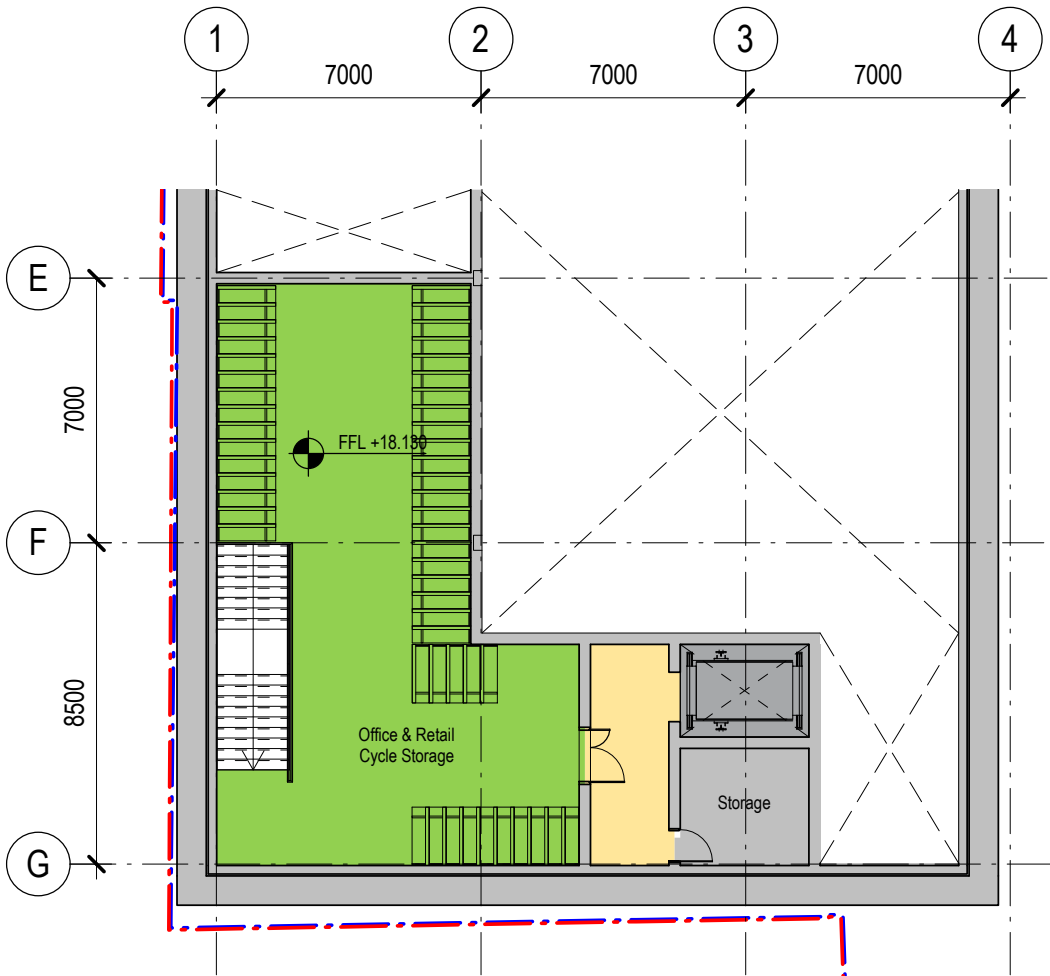
in the current market for this type of property and the sensitivity associated with our benchmark land value on the PIL outturn. This is a factor to reflect upon in any discussions with the applicant.

Yours sincerely

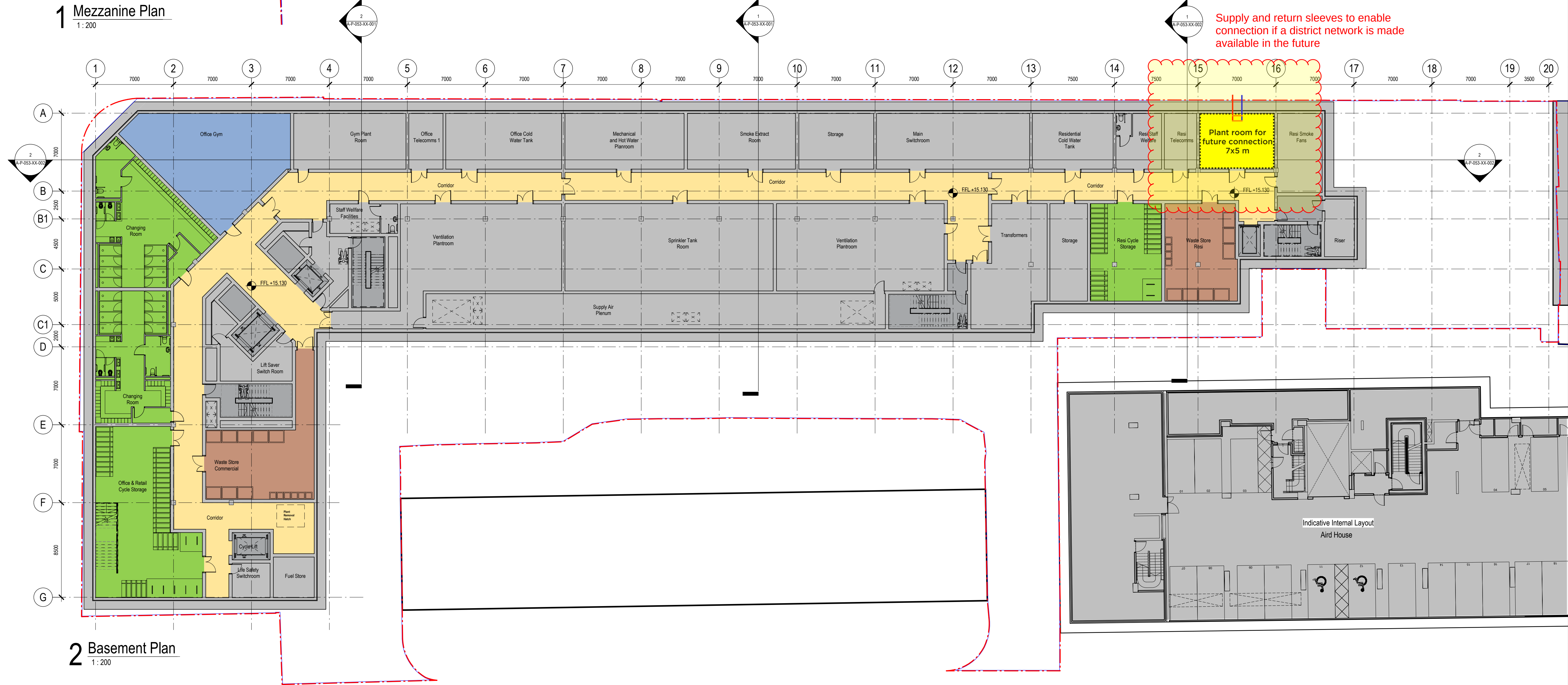
Jacob Kut MRICS
Principal / Senior Director
+44 020 7911 2829
jacob.kut@avisonyoung.com
For and on behalf of Avison Young (UK) Limited

Juliet Farrow MRICS
Associate Director
+44 020 7922 2843
juliet.farrow@avisonyoung.com

This information includes mapping data licensed from Ordnance Survey © with permission of the Controller of Her Majesty's Stationery Office © Crown copyright 2018. All rights reserved. Licence number 100022432.



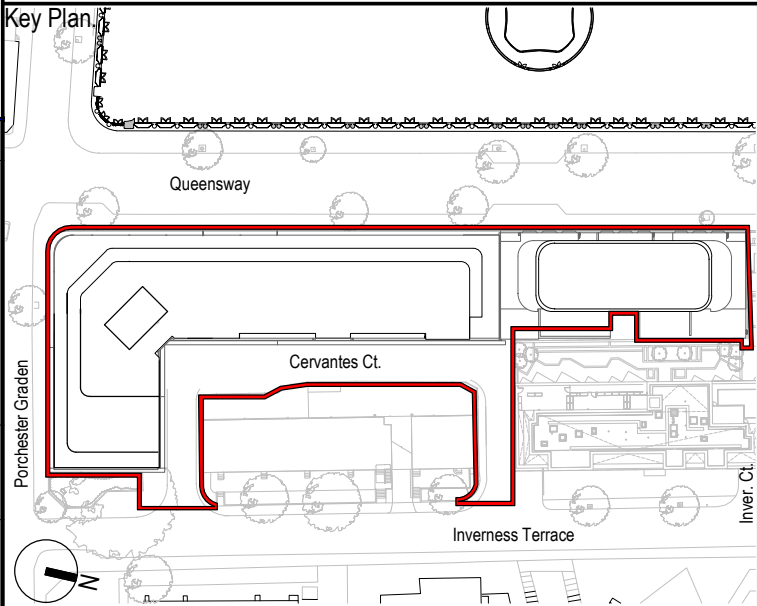
1 Mezzanine Plan
1 : 200



2 Basement Plan
1 : 200

General Notes
1. Do not scale drawings. Dimensions govern.
2. All dimensions are in millimeters unless noted otherwise.
3. All levels are in metres unless noted otherwise.
4. All dimensions shall be verified on site before proceeding with the work.
5. Foster + Partners shall be notified in writing of any discrepancies.
6. Any areas indicated on this sheet are approximate and indicative only.
7. This information includes mapping data licensed from Ordnance Survey and is strictly for use in preparation of information for this project. The Ordnance Survey copyright acknowledgement must be displayed on any document containing this data. At the end of its use, any Ordnance Survey data supplied by Foster + Partners must be deleted and all paper copies destroyed.
8. The Structure showed on the drawings is just indicative. For any information regarding the structure please refer to the structural information.

00	24/07/2020	Planning Application	RK
Rev.	Date	Reason For Issue	Chk



- Legend
- Residential 1 Bed Apartment
 - Residential 2 Bed Apartment
 - Residential 3 Bed Apartment
 - Residential Circulation
 - Residential Amenity
 - Office Space
 - Office Circulation/ Lobby
 - Office Toilets
 - Office Amenity
 - Office Amenity (no access)
 - Retail A1
 - Retail A3
 - Core
 - Utility Rooms
 - Waste
 - Site Boundary
 - Other land in ownership of the applicant

Foster + Partners

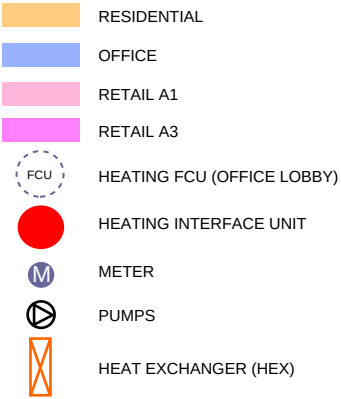
Riverside, 22 Hester Road
London SW11 4AN
T +44(0)20 7738 0455
F +44(0)20 7738 1107
www.fosterandpartners.com © Foster + Partners 2020

Client
MB (QW) Guernsey Limited

Project
2578 Queensway Parade
114-150 Queensway and 97-113
Inverness
London W2 6LS

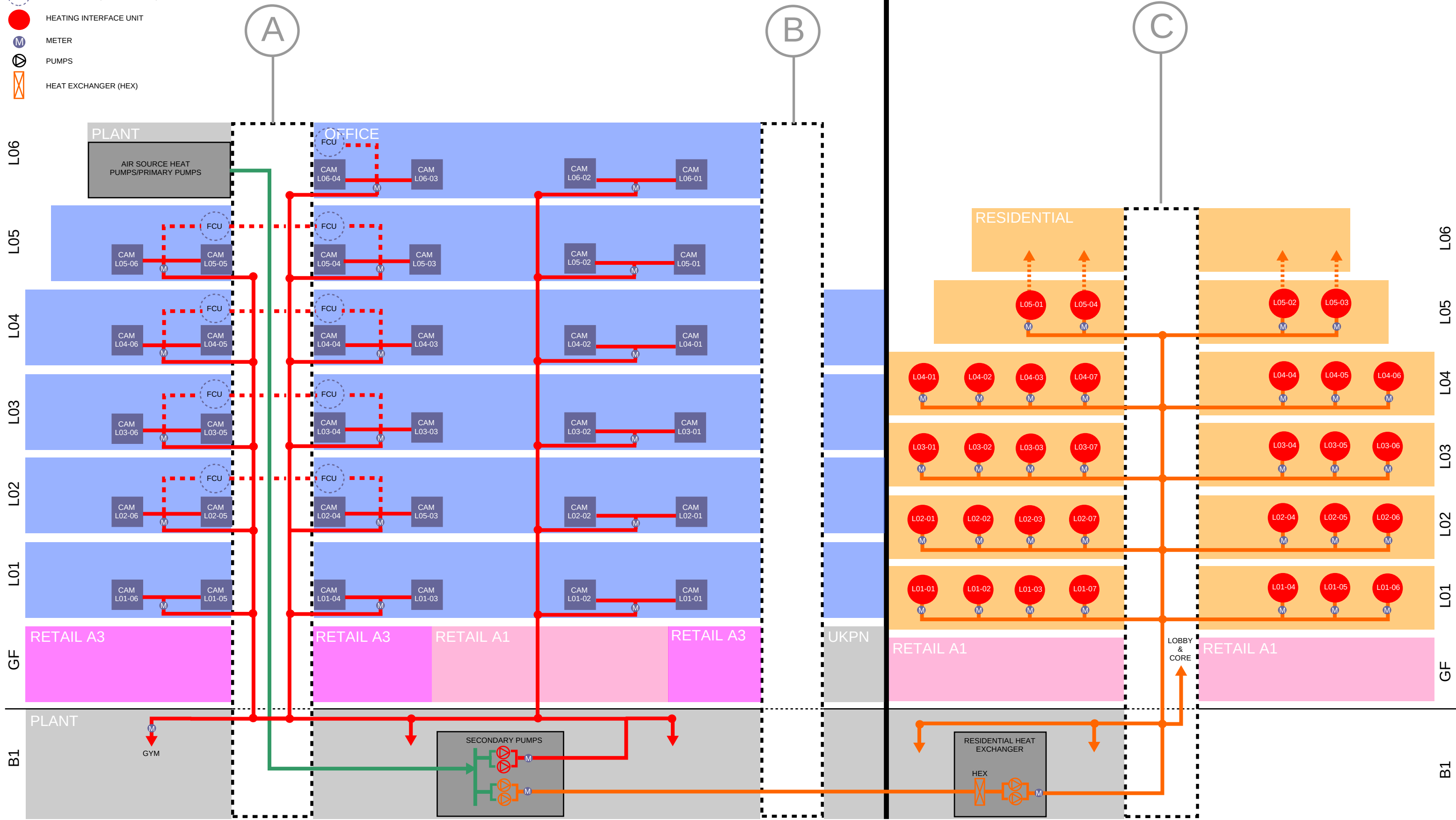
Title
GA Plans
Basement and Mezzanine Level

Project No 2578	Sheet First Issue Date 24/07/2020	Scale at ISO A1 1 : 200
Sheet Number A-P-031-B1-001	Revision 00	



OFFICES ←

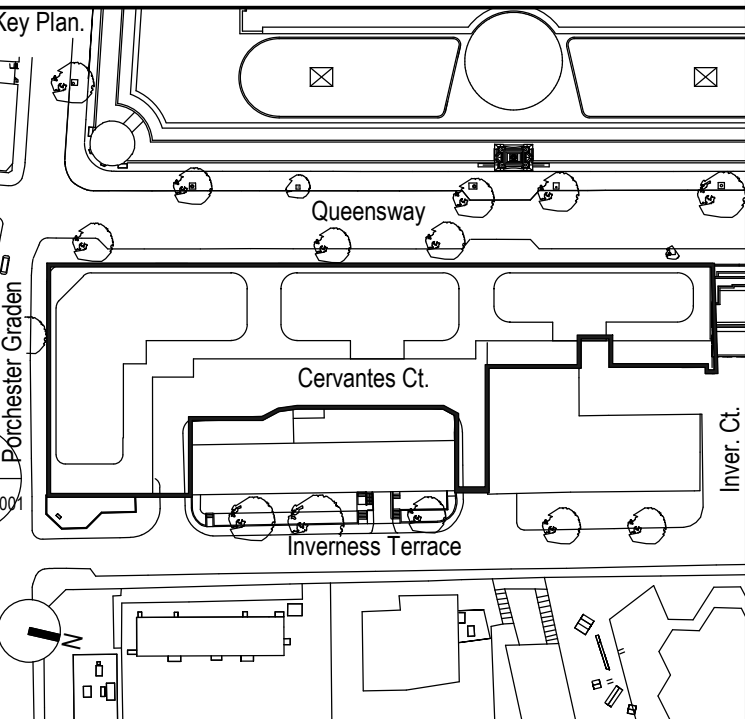
→ RESIDENTIAL



This information includes mapping data licensed from Ordnance Survey © with permission of the Controller of Her Majesty's Stationery Office © Crown copyright 2018. All rights reserved. Licence number: 100022432.

- General Notes
1. Do not scale drawings. Dimensions govern.
 2. All dimensions are in millimeters unless noted otherwise.
 3. All levels are in metres unless noted otherwise.
 4. All dimensions shall be verified on site before proceeding with the work.
 5. Foster + Partners shall be notified in writing of any discrepancies.
 6. Any areas indicated on this sheet are approximate and indicative only.
 7. This information includes mapping data licensed from Ordnance Survey and is strictly for use in preparation of information for this project. The Ordnance Survey copyright acknowledgement must be displayed on any document containing this data. At the end of its use, any Ordnance Survey data supplied by Foster + Partners must be deleted and all paper copies destroyed.
 8. The Structure showed on the drawings is just indicative. For any information regarding the structure please refer to the structural information.

01	10/07/2019	Stage 2 Coordination	JB
Rev.	Date	Reason For Issue	Chk



- Legend
- 1 Bed
 - 2 Bed
 - Amenity
 - Circulation
 - Core
 - Meeting Rooms
 - Offices
 - Toilets
 - Utility Rooms

Foster + Partners

Riverside, 22 Hester Road
London SW11 4AN
T +44(0)20 7738 0455
F +44(0)20 7738 1107
www.fosterandpartners.com

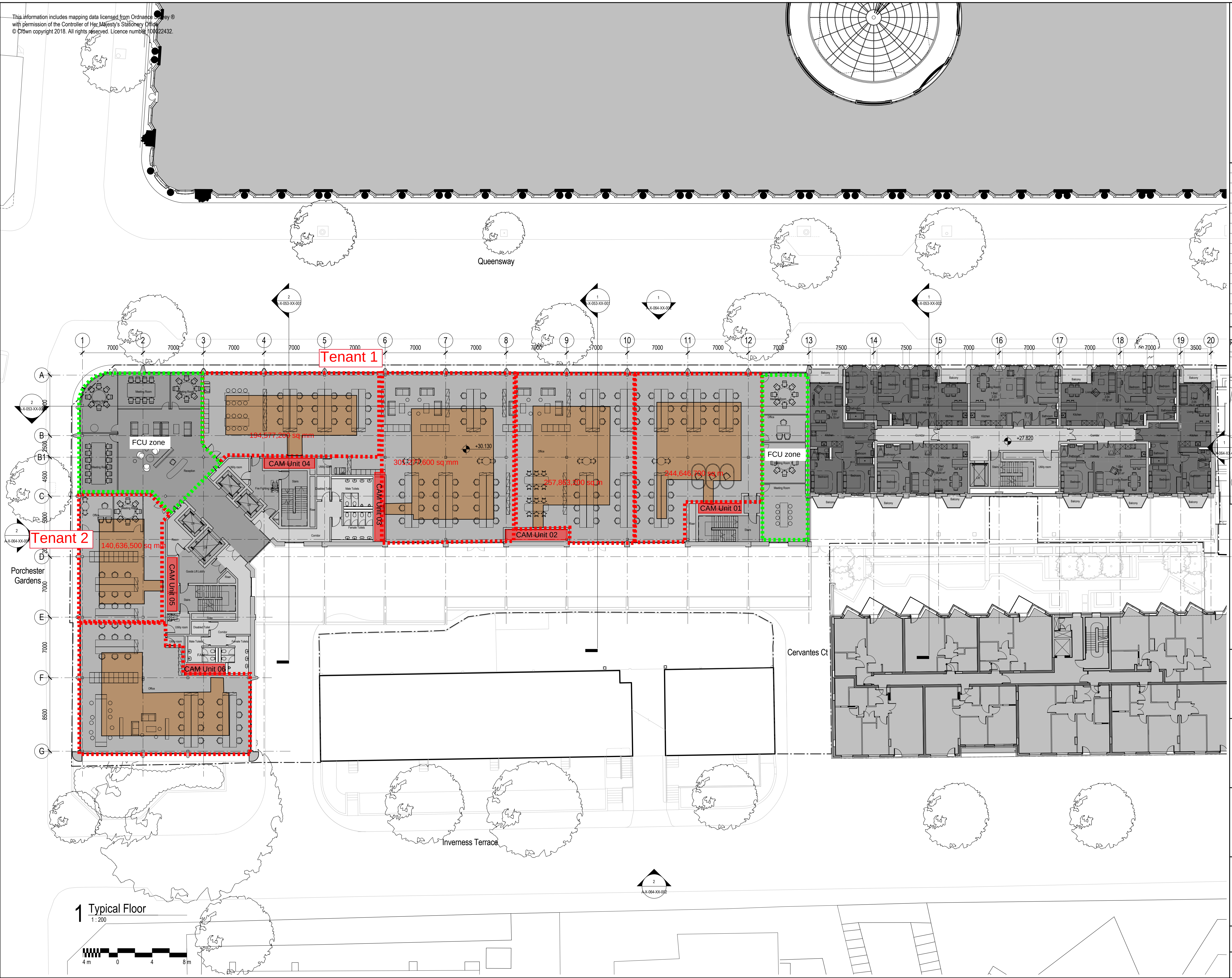
© Foster + Partners 2018

Client
MB (QW) Guernsey Limited

Project
2578 Queensway Parade
114-150 Queensway and 97-113
Inverness
London W2 6LS

Title
GA Plans
Second Floor-Fourth Floor

Project No	Sheet First Issue Date	Scale at ISO A1
2578	04/04/19	1 : 200
Sheet Number	Revision	
A-X-031-02-001	01	



1 Typical Floor
1 : 200



Appendix 5 (Response to Point 13)

Project Name	Queensway Parade	Author	Tania Guerra
Project No	55061	Revision	Draft
Date	03/11/2020		

Heat pumps are being proposed in the form of a (centralised) ASHP system. A COP of 2.6 is noted. for the domestic heat pumps with a SCOP of 4.03 for the non-domestic. Further information on the heat pumps should be provided including:

a. An estimate of the heating and/or cooling energy (MWh/annum) the heat pumps would provide to the development and the percentage of contribution to the site's heat loads.

At this stage of the assessment a rule of thumb was used to estimate the peak heating and cooling loads for the development. Heating/Cooling - 0.95MW/1.3MW

At Stage 4, detailed load calculations are carried out to optimise the system further.

b. Details of how the Seasonal Coefficient of Performance (SCOP) and Seasonal Energy Efficiency ratio (SEER) has been calculated for the energy modelling. This should be based on a dynamic calculation of the system boundaries over the course of a year i.e. incorporating variations in source temperatures and the design sink temperatures (for space heat and hot water).

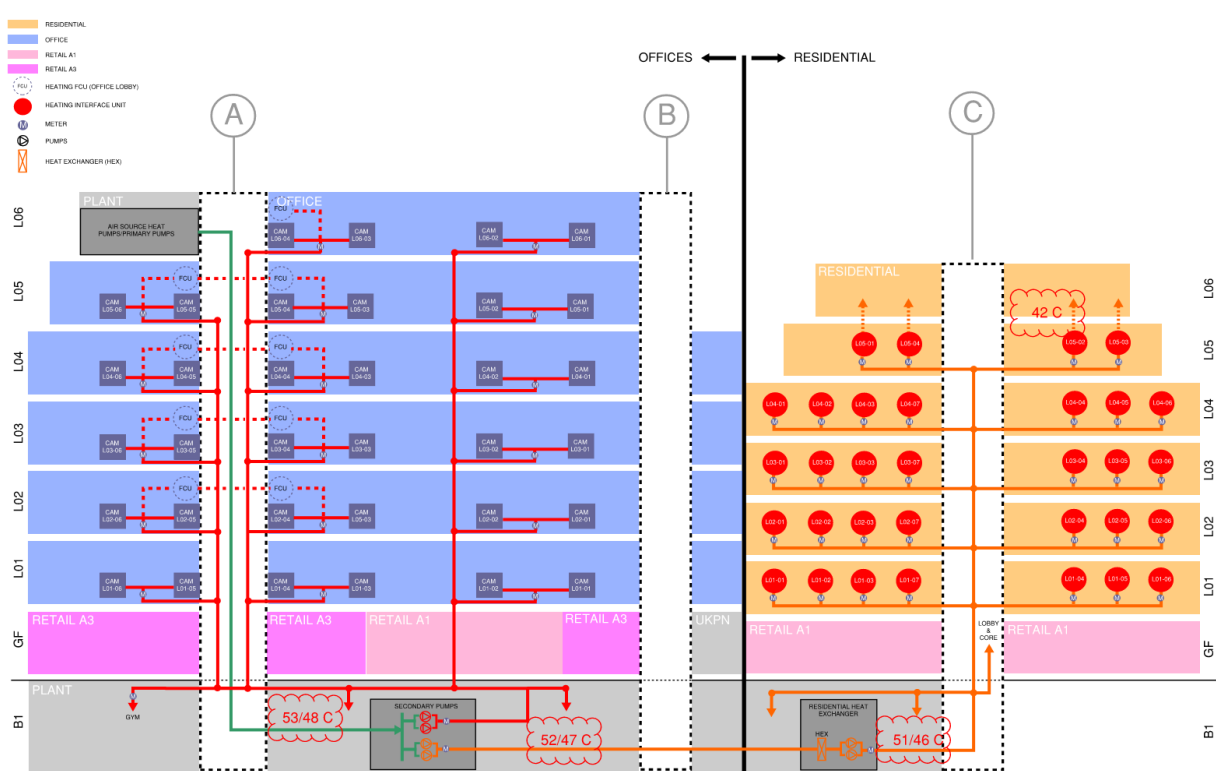
The Seasonal Energy Efficiency ratio has been calculated as shown in the table below. This calculation has been based on 12/6°C chilled water temperature for flow and return.

Part Load	Temp. in (C°)	Temp. out (C°)	Ambient (C°)	Cooling Cap. (kW)	Total power in (kW)	EER
100	12	7	35	677	217	3.12
74	**	7	30	500	134	3.74
47	**	7	25	318	70	4.55
21	**	7	20	142	28	5.08
SEER						4.36

The Seasonal Coefficient of Performance is SCOP = 4.03, a table like the one above for SEER will be provided. This is based on 53/48°C LTHW temperature for flow and return.

c. The expected heat source temperature and the heat distribution system temperature with an explanation of how the difference will be minimised to ensure the system runs efficiently. The distribution loss factor should be calculated based on the above information and used for calculation purposes.

The heat distribution temperatures are shown in the schematic below:



- Air source heat pump Low Pressure Hot Water (LPHW) flow/return temperature = 53/48 °C
- 1C drop for distribution losses 52/47 °C onto residential decoupling heat exchanger
- After the heat exchanger the LPHW on-HIU in each apartment = 51/46 °C
- LPHW to indirect HWS calorifier = 46 °C (subject to Hot Water Supply (HWS) coil selection)
- After HWS calorifier without immersion = 44 °C
- HWS calorifier stored water at 60 °C

For the distribution heat losses it has been carried out a comparison from different pipe sizes based on 70/50 °C & 52/48 °C, which is shown in the table below. It can be highlighted that the losses at 52/48°C are less than at 70/50 °C.

It has to be noted that these calculations are indicative only, as this information is not estimated during Stage 2 Planning. The pipework distribution losses will be calculated in later stages of the design when pipework has been drawn and sized.

Process:		Heating		Days		Hours	
Insulation Specs:		Other Insulation Specification		Winter		Summer	
				153		5088	
				3672			

Constants		2.5 W/m ² K	
Radiation coefficient of aluminium linel	CH	2.5	
coefficient	CH	3.1415927	
Assumed initial surface temperature	it	1 °C	
Margin		0%	

Item	Insulation Spec	DN (mm)	Length (m)	Temperature of medium (°C)	Ambient Air Temperature (°C)	External size (mm)	Insulation Thickness (mm)	Thermal Conductivity of Insulation, λ (W/mK)	Heat Loss (kW/m)	Surface Temperature (°C)	Heat Loss (kW)	Total kW per Phase	Total Winter kWh	Total Summer kWh
Primary Flow	Foam LTHW	32	50	70	18	42.4	40.0	0.025	6.8	24.3	0.34	1.1	5,730	4,135
	Foam LTHW	40	50	70	18	48.3	40.0	0.025	7.3	24.4	0.37			
	Foam LTHW	50	50	70	18	60.3	40.0	0.025	8.4	24.7	0.42			
	Foam LTHW	32	50	52	18	42.4	40.0	0.025	4.4	22.2	0.22	0.7	3,728	2,691
	Foam LTHW	40	50	52	18	48.3	40.0	0.025	4.8	22.4	0.24			
Primary Return	Foam LTHW	50	50	52	18	60.3	40.0	0.025	5.5	22.6	0.27			
	Foam LTHW	32	50	50	18	42.4	40.0	0.025	4.1	22.0	0.21	0.7	3,507	2,531
	Foam LTHW	40	50	50	18	48.3	40.0	0.025	4.5	22.1	0.22			
	Foam LTHW	50	50	50	18	60.3	40.0	0.025	5.2	22.3	0.26			
	Foam LTHW	32	50	47	18	42.4	40.0	0.025	3.8	21.6	0.19	0.6	3,175	2,292
Secondary Flow	Foam LTHW	40	50	47	18	48.3	40.0	0.025	4.1	21.7	0.20			
	Foam LTHW	50	50	47	18	60.3	40.0	0.025	4.7	21.9	0.23			
	Foam LTHW	32	50	69	18	42.4	40.0	0.025	6.6	24.2	0.33	1.1	5,618	4,055
	Foam LTHW	40	50	69	18	48.3	40.0	0.025	7.2	24.3	0.36			
	Foam LTHW	50	50	69	18	60.3	40.0	0.025	8.3	24.6	0.41			
Secondary Return	Foam LTHW	32	50	51	18	42.4	40.0	0.025	4.3	22.1	0.21	0.7	3,618	2,611
	Foam LTHW	40	50	51	18	48.3	40.0	0.025	4.6	22.2	0.23			
	Foam LTHW	50	50	51	18	60.3	40.0	0.025	5.3	22.4	0.27			
	Foam LTHW	32	50	49	18	42.4	40.0	0.025	4.0	21.9	0.20	0.7	3,396	2,451
	Foam LTHW	40	50	49	18	48.3	40.0	0.025	4.3	22.0	0.22			
External Primary Flow	Foam LTHW	50	50	49	18	60.3	40.0	0.025	5.0	22.2	0.25			
	Foam LTHW	32	50	46	18	42.4	40.0	0.025	3.6	21.5	0.18	0.6	3,065	2,212
	Foam LTHW	40	50	46	18	48.3	40.0	0.025	3.9	21.6	0.20			
	Foam LTHW	50	50	46	18	60.3	40.0	0.025	4.5	21.8	0.23			
	Foam LTHW	32	50	70	-4	42.4	40.0	0.025	9.7	4.6	0.48	2.31	11,776.22	8,499
External Primary Return	Foam LTHW	40	50	70	-4	48.3	40.0	0.025	10.5	4.8	0.52			
	Foam LTHW	50	50	70	-4	60.3	40.0	0.025	12.0	5.2	0.60			
	Foam LTHW	65	50	70	-4	76.1	40.0	0.025	14.1	5.6	0.70			
	Foam LTHW	32	50	53	-4	42.4	40.0	0.025	7.4	2.8	0.37	1.78	9,033.95	6,520
	Foam LTHW	40	50	53	-4	48.3	40.0	0.025	8.0	3.0	0.40			
External Primary Return	Foam LTHW	50	50	53	-4	60.3	40.0	0.025	9.2	3.3	0.46			
	Foam LTHW	65	50	53	-4	76.1	40.0	0.025	10.8	3.6	0.54			
	Foam LTHW	32	50	50	-4	42.4	40.0	0.025	7.0	2.5	0.35			
	Foam LTHW	40	50	50	-4	48.3	40.0	0.025	7.6	2.7	0.38	1.68	8,551.89	6,172
	Foam LTHW	50	50	50	-4	60.3	40.0	0.025	8.7	3.0	0.44			
Total PIPESWORK HEAT LOSS	Foam LTHW	65	50	50	-4	76.1	40.0	0.025	10.2	3.3	0.51			
	Foam LTHW	32	50	48	-4	42.4	40.0	0.025	6.8	2.3	0.34	1.62	8,230.86	5,940
	Foam LTHW	40	50	48	-4	48.3	40.0	0.025	7.3	2.4	0.37			
	Foam LTHW	50	50	48	-4	60.3	40.0	0.025	8.4	2.7	0.43			
	Foam LTHW	65	50	48	-4	76.1	40.0	0.025	9.8	3.0	0.49			
Total PIPESWORK HEAT LOSS											13,646			
											51.3		69,429.8	50,107.3
Equipment Losses											43.4		220,575	151,189
Total Heat Loss													290,005	209,296

d. Whether any additional technology is required for top up or during peak loads (e.g. hot water supply) and how this has been incorporated into the energy modelling assumptions.

Residential: The hot water is generated from central air source heat pumps and supplementary electric immersion heater is provided to raise the temperature of the water from 42°C to 60°C.

The supplementary electrical immersion has been calculated based on one hour warm-up as it follows:

$$1 \text{ bed} = \frac{125l * 4.2 * (60^{\circ}\text{C} - 44^{\circ}\text{C})}{3600} = 2.3 \text{ kW} \approx 3\text{kW}$$

$$2 \text{ bed} = \frac{170l * 4.2 * (60^{\circ}\text{C} - 44^{\circ}\text{C})}{3600} = 3.2 \text{ kW} \approx 4\text{kW}$$

$$3 \text{ bed} = \frac{210l * 4.2 * (60^{\circ}\text{C} - 44^{\circ}\text{C})}{3600} = 3.92 \text{ kW} \approx 4\text{kW}$$

There are 32 apartments consist of 12 units 1 bed, 17 units 2 beds and 3 units 3 beds, therefore the total additional technology required for top up is 116 kW.

To appropriately account for it in the energy model, resultant efficiency was calculated based on the supply temperature. Which provides an effective efficiency of ~2.2. (Based on HP COP 2.6 supply@44C and immersion top up to 60C)

Non-Residential: Instantaneous water heater (COP 1.0)

Proposal Attachments Details

Proposal Name	QUEL3004 - QWP
Proposal Number	PP-08182723
Version Number	1
Amended Attachments Only?	No
Submission Date	05/08/2020

Attachment:

Name	CIL questions
Status	NEW
File Name	cil_questions.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	401355
Document Reference	
Document Comments	
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	The location plan
Status	NEW
File Name	A-P-011-XX-001.pdf
File Type	application/pdf
Paper Size	

File Size (bytes)	445700
Document Reference	
Document Comments	
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-012-B1-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	335419
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-011-XX-002.pdf
File Type	application/pdf

Paper Size	
File Size (bytes)	421096
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-012-00-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	671962
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-012-01-001.pdf

File Type	application/pdf
Paper Size	
File Size (bytes)	716749
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-012-03-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	675750
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW

File Name	A-P-012-02-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	727614
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-012-XX-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	498761
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
-------------	--------------------

Status	NEW
File Name	A-P-012-XX-002.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	480655
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-B1-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	338247
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-012-RF-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	634665
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-00-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	675544
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-01-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	716581
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-03-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	675145
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-02-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	727335
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-XX-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	494164
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No

Date Details Amended	
-----------------------------	--

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-XX-002.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	487015
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-013-RF-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	638230
Document Reference	
Document Comments	EXISTING & DEMOLITION PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No

Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-011-XX-003.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	418343
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-00-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	502870
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic

Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-B1-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	357157
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-01-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	605214
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020

Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-03-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	841311
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-05-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	638771
Document Reference	
Document Comments	PROPOSED PLANS

Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-053-XX-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	449543
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-RF-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	524034
Document Reference	

Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-064-XX-002.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	1571732
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-064-XX-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	603979

Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-02-001.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	848169
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-031-06-001.pdf
File Type	application/pdf
Paper Size	

File Size (bytes)	632283
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Site & other plans
Status	NEW
File Name	A-P-053-XX-002.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	553160
Document Reference	
Document Comments	PROPOSED PLANS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Design & access statement
Status	NEW
File Name	LowRes_200724_DAS_July-2020_Part4.pdf
File Type	application/pdf

Paper Size	
File Size (bytes)	2301774
Document Reference	
Document Comments	DAS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Design & access statement
Status	NEW
File Name	LowRes_200724_DAS_July-2020_Part2.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9854234
Document Reference	
Document Comments	DAS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Design & access statement
Status	NEW
File Name	LowRes_200724_DAS_July-2020_Part1.pdf

File Type	application/pdf
Paper Size	
File Size (bytes)	9956193
Document Reference	
Document Comments	DAS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Design & access statement
Status	NEW
File Name	LowRes_200724_DAS_July-2020_Part3.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9959139
Document Reference	
Document Comments	DAS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Transport Assessment
Status	NEW

File Name	QWP_TA_6of6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	3874283
Document Reference	
Document Comments	TRANSPORT ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Transport Assessment
Status	NEW
File Name	QWP_TA_5of6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	3846731
Document Reference	
Document Comments	TRANSPORT ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Transport Assessment
-------------	----------------------

Status	NEW
File Name	QWP_TA_2of6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	4942152
Document Reference	
Document Comments	TRANSPORT ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Transport Assessment
Status	NEW
File Name	QWP_TA_4of6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	6405892
Document Reference	
Document Comments	TRANSPORT ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Transport Assessment
Status	NEW
File Name	QWP_TA_1of6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	6817415
Document Reference	
Document Comments	TRANSPORT ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Transport Assessment
Status	NEW
File Name	QWP_TA_3of6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	8651193
Document Reference	
Document Comments	TRANSPORT ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Flood risk assessment
Status	NEW
File Name	2170-FRA-190808_A3_Part4.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	3335086
Document Reference	
Document Comments	FRA
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Flood risk assessment
Status	NEW
File Name	2170-FRA-190808_A3_Part2.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	7702780
Document Reference	
Document Comments	FRA
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Flood risk assessment
Status	NEW
File Name	2170-FRA-190808_A3_Part1.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9592176
Document Reference	
Document Comments	FRA
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Flood risk assessment
Status	NEW
File Name	2170-FRA-190808_A3_Part3.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9680589
Document Reference	
Document Comments	FRA
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No

Date Details Amended	
-----------------------------	--

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part6.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	6900238
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part5.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	7614433
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No

Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part3.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9264523
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part4.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9473727
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic

Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part1.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	10181565
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part2.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9872432
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020

Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part7.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9667143
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part8.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9359579
Document Reference	
Document Comments	SMS

Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part12.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	6918456
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part10.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9285266
Document Reference	

Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part11.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	8986083
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part9.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9765948

Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part13.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	7538922
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part14.pdf
File Type	application/pdf
Paper Size	

File Size (bytes)	9597665
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part15.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9842671
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part16.pdf
File Type	application/pdf

Paper Size	
File Size (bytes)	9017525
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part18.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9240138
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part17.pdf

File Type	application/pdf
Paper Size	
File Size (bytes)	9917156
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part22.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	4096740
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW

File Name	2170-SMS-190808_A3_Part19.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9702278
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
Status	NEW
File Name	2170-SMS-190808_A3_Part20.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9812365
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Structural survey
-------------	-------------------

Status	NEW
File Name	2170-SMS-190808_A3_Part21.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	9238820
Document Reference	
Document Comments	SMS
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Daylight or Sunlight assessment
Status	NEW
File Name	10296-eh-20-0724 Daylight Sunlight Report _FULL.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	3773012
Document Reference	
Document Comments	Daylight Sunlight / External
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	User Defined Attachment
Status	NEW
File Name	55061_Queensway Parade_Uilities Strategy_230720.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	5934503
Document Reference	
Document Comments	UTILITIES STRATEGY
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Vent or Extraction statement
Status	NEW
File Name	55061_Queensway Parade_Ventilation and Extraction Statement_Rev 03.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	1964535
Document Reference	
Document Comments	V&E STATEMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Noise impact assessment
Status	NEW
File Name	Acoustic Report AS11149.190812.PCR1.3 - signed.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	2947384
Document Reference	
Document Comments	NIA
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	User Defined Attachment
Status	NEW
File Name	200724_55061 Sustainability Statement_v0.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	1526666
Document Reference	
Document Comments	SUSTAINABILITY STATEMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	User Defined Attachment
Status	NEW
File Name	200724_55061_Energy Strategy_v0.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	5492021
Document Reference	
Document Comments	ENERGY STRATEGY
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Economic statement
Status	NEW
File Name	Queensway Parade - Economic Social Value and Full Circle Assessment July 2020.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	2024423
Document Reference	
Document Comments	ECONOMIC SOCIAL VALUE FULL CIRCLE ASSESSMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No

Been Printed?	No
Date Details Amended	

Attachment:

Name	User Defined Attachment
Status	NEW
File Name	Queensway Parade Waste Management Plan Updated - 2020.07.31.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	1928879
Document Reference	
Document Comments	WASTE MANAGEMENT PLAN
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Statement of community involvement
Status	NEW
File Name	Queensway SOCI_FINAL_pt3.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	5635907
Document Reference	
Document Comments	STATEMENT OF COMMUNITY INVOLVEMENT
Date File Uploaded	31/07/2020

Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Statement of community involvement
Status	NEW
File Name	Queensway SOCI_FINAL_pt1.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	7570864
Document Reference	
Document Comments	STATEMENT OF COMMUNITY INVOLVEMENT
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Statement of community involvement
Status	NEW
File Name	Queensway SOCI_FINAL_pt2.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	8207976
Document Reference	
Document Comments	STATEMENT OF COMMUNITY INVOLVEMENT

Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Covering letter
Status	NEW
File Name	Queensway Parade Planning Cover Letter July 2020.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	1169809
Document Reference	
Document Comments	COVER LETTER
Date File Uploaded	31/07/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Daylight or Sunlight assessment
Status	NEW
File Name	2019-09-27_IntDaySun_IS06_10296 Daylight Sunlight Internal Assessment.pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	5829575

Document Reference	
Document Comments	DAYLIGHT SUNLIGHT AMENITY
Date File Uploaded	03/08/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

Attachment:

Name	Planning statement
Status	NEW
File Name	QUEL3004 - 114-150 Queensway Planning Statement August 2020(1).pdf
File Type	application/pdf
Paper Size	
File Size (bytes)	2811223
Document Reference	
Document Comments	PLANNING STATEMENT
Date File Uploaded	03/08/2020
Being Provided By	Electronic
Scale Bar Included?	No
Been Printed?	No
Date Details Amended	

GENERAL APPLICATIONS

REFERENCES	ADDRESS	PROPOSAL	DECISION
------------	---------	----------	----------

Deirdre Amisby

Determined by Director of Town Planning & Building Control

Signed and initialled :
I have considered the case officer’s delegated report and agree the assessment to be correct pursuant to the Openness of Local Government Bodies Regulations 2014, as set out in that report.

- 1. APO has agreed recommendation and initialled decision letter.
- 2. STO has checked agenda.
- 3. ATL or DPTP has initialled the schedule.
- 4. STO has checked/initialled and issued decision letter.

APP NO: 20/04934/FULL Agent: Mr Laurence Brooker / Turley Case Officer: Amanda Coulson Date Valid: 18.08.20 Date Amended: 24.03.2023 Target Decision Date: 17.11.2020 EOT Date (where relevant): 30.04.2023	114 - 150 Queensway London	Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class E) at ground floor, residential units (Class C3) and Office (Class E) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.	Agree minor changes to the draft decision letter to reflect minor changes to the layout of the residential block to address fire safety concerns raised by the GLA during Stage 2. Subject to the concurrence of the Mayor of London , grant conditional permission subject to a Section 106 agreement to secure the following : a)Provision of 11 intermediate units on site (5x London Living Rent) and 6 at Lower Quartile rents prior to the occupation of the market units .The affordable units to be provided at affordability levels to be agreed with the Head of Affordable Housing and Partnerships b) Provision of an early stage and late stage viability review mechanism, in accordance with policy H5 of the London Plan and the Mayor's Affordable Housing and Viability SPG; c) A financial contribution of £5,546.00 (index linked) towards improvements to play space in the vicinity of the development, payable on the commencement of development. d) Payment of a carbon offset payment of £341,871 index linked) payable on the commencement of development; e) Been seen energy monitoring f) Submit an Employment and Skills Plan, and payment of a financial contribution of £293,977.00 (index linked) payable on the commencement of development towards the Westminster Employment Service prior to commencement of development; g) Provision of lifetime (25 year) car club membership for each residential flat h)Costs of any highways works associated with the development (outside of the scope of the City Council's public realm and highways scheme for Queensway); and including Stopping Up i)Improvements to the Lady Samuels Garden prior to occupation of the development , including the feasibility of the keeping the garden in some form during construction and if not feasible to ensure that safe removal of the existing statue and plaque, their reinstatement and improvements to the Garden and at the applicant's cost j)Financial contribution of £20,000 for additional tree planting in the vicinity of the development (index linked) and payable on commencement of development k) Public art l)Provision of S106 agreement monitoring costs. 2.If the Section 106 agreement has not been completed within three months of the Committee resolution, then : a)The Director of Town Planning and Building Control shall consider whether the permission can be issued with additional conditions attached to secure the benefits listed above .If this is possible and appropriate , the Director of Town Planning and Building Control is authorised to determine and issue such a decision under delegated powers ; however if not : b)The Director of Town Planning and Building Control shall consider whether permission should be refused on the grounds that it has not proven possible to complete an undertaking within the appropriate timescale, and that the proposals are unacceptable in the absence of the benefits that would have been secured ; if so , the Director of Town Planning and Building Control is authorised to determine the application and agree appropriate reasons for refusal under Delegated Powers 3 a) That Committee authorises the making of a draft order pursuant to Section 247 of the Town and Country Planning Act 1990 for the stopping up of part of the public highway on the corner of Inverness Terrace and Queensway to enable this development to take place. b) That the Director of Town Planning and Building Control or other such proper officer responsible for the highways functions , be authorised to take all necessary procedural steps in conjunction with the making of the order and to make the order as proposed if there are no unresolved objections to the draft order. [PER]
--	---	--	---

Deirdre Amisby

Determined by Director of Town Planning & Building Control

Signed and initialled :

I have considered the case officer's delegated report and agree the assessment to be correct pursuant to the Openness of Local Government Bodies Regulations 2014, as set out in that report.

1. APO has agreed recommendation and initialled decision letter.

2. STO has checked agenda.

3. ATL or DPTP has initialled the schedule.

4. STO has checked/initialled and issued decision letter.



Determined by Director of Town Planning & Building Control

Signed and initialled :

I have considered the case officer's delegated report and agree the assessment to be correct pursuant to the Openness of Local Government Bodies Regulations 2014, as set out in that report.

1. APO has agreed recommendation and initialled decision letter.
2. STO has checked agenda.
3. ATL or DPTP has initialled the schedule.
4. STO has checked/initialled and issued decision letter.



Financial Viability Report

**114 - 150 Queensway, and 97 - 113 Inverness Terrace,
London, W2**

Prepared for Westminster City Council

Executive Summary



Exterior Photo



Interior Photo

Our instructions are to provide an independent assessment of the viability case made by DS2 in respect of the proposed development and to determine whether the applicant's affordable housing offer is the maximum reasonable amount. The applicant is proposing providing no affordable housing or payment in lieu as they consider it to be unviable when compared to their assessment of Benchmark Land Value.

The applicant has submitted a planning application for:

"Demolition of 114 - 150 Queensway and 97 - 113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to 6 upper floors, providing retail use (class A1 and flexible A1/ A3) at ground floor, residential units (Class C3) and office (Class B1) floor space at upper floors, with associated amenity space, basement level secure cycle parking, and ancillary facilities and plant, with servicing provision to Cervantes Court".

On the basis of Policies S16 of Westminster's City Plan 2016 and H4 of Westminster's UDP adopted January 2007 and the Council's Interim Guidance Note on Affordable Housing 2013, the proposal generates a requirement for 880 sqm of on-site affordable housing. If a payment in lieu were considered acceptable this would be a sum of £4,414,080.

We have undertaken a thorough assessment of the Benchmark Land Value for this property. We differ quite significantly from the values adopted by the applicant both on the existing retail and the residential.

On the retail we have made adjustments to both the rents and yield to be consistent with the Zone A rate achieved on the West Walk scheme located further up Queensway closer to Hyde Park and Queensway station. We have also made significant adjustments to the yield to ensure it is consistent with market sentiment and data prepared by large property consultancy firms. We have had to make consistent adjustments to the retail within the proposed scheme as the same factors apply to this also.

We have assessed the value of the existing residential accommodation on two bases as outlined in our report. We have looked at the existing rents and applied a yield and also considered a refurbishment scenario which could improve the end sales values. The existing residential compares poorly to that around with limited amenities, no lift and an unattractive layout with open walkways. We have taken this into consideration when assessing it against the comparable evidence.

We have tested a hypothetical scheme including 880 sq m of affordable residential in line with policy. We have not been provided with architects drawings for this and have therefore had to make high level adjustments in order to assess if a policy compliant amount of affordable housing would be viable. On the basis of our assessment to date we consider that a policy compliant quantum of affordable housing can be provided whilst maintaining viability. Our appraisal generates a profit level of 16.99% which is above the target level of 15.4%. It should be noted that if the 'Other Development Costs' which we have been unable to verify were to be included within our appraisal this would impact upon this conclusion. As yet we have been unable to confirm that these costs are appropriate to include.

draft

Our Ref: JGK/JF07/02C002471



21 December 2020

Westminster City Council
PO Box 732
Redhill
RH1 9FL

For the attention of: Nathan Barratt

Dear Sirs

Property: 114 - 150 Queensway, and 97 - 113 Inverness Terrace, London, W2

In accordance with your instructions we have inspected the above property in order to review the Financial Viability Assessment prepared by DS2 on behalf of the applicant MB QW (Guernsey) Limited.

Our instructions are to provide an independent assessment of the viability case made by DS2 in respect of the proposed development and to determine whether the applicant's affordable housing offer is the maximum reasonable amount. The applicant is proposing providing no affordable housing or payment in lieu as it is considered to be unviable when compared to their assessment of Benchmark Land Value.

In undertaking this exercise we have considered the Benchmark Value of the property reflecting the NPPF 2019, PPG 2019, GLA Guidance and RICS Guidance recognising that this is under consultation to be adapted to align with the NPPF.

In order to undertake this exercise you have asked us to consider the following:

- Review of the applicants inputs into the value of the proposed scheme including GDV and costs;
- Review of the applicants assessment of the Benchmark Land Value

Third Party Liability

This Report and Valuation is for the sole use of the party to whom it is addressed and no responsibility is accepted to any party who is not an addressee of the Report for the whole or any part of its contents, without our express consent.

Conflicts of Interest

In assessing any potential conflicts, we have adhered to the RICS Professional Statement – Conflicts of Interest, (1st Edition, March 2017) and the RICS Rules of Conduct.

As far as we are aware, we have no conflict of interest in relation to the provision of valuation advice in respect of the property. We have no ongoing or previous fee earning relationship with the borrower/vendor/parties nor the property. We are providing our advice as External Valuers in accordance with the provisions of the Red Book. Avison Young (UK) Limited is a regulated firm.

Limitation of Liability and Professional Indemnity Insurance

Our total liability in connection with this instruction and this Valuation Report is £5 million, as set out in the terms of appointment we provided to you. We confirm that we hold professional indemnity insurance to cover our liabilities arising in connection with this instruction and this Valuation Report.

Nature and Source of the Information Relied Upon

In preparing our valuation, we have been provided with information by the applicant. The extent to which this has been relied upon is referred to in our report.

Date and Extent of Inspection

The property was inspected on 28 October 2020 by Jacob Kut MRICS and Juliet Farrow MRICS, both RICS Registered Valuers within the Valuation Consultancy Department of our London office. Access was available to all external parts of the property and a selection of the residential element.

Yours faithfully

Jacob Kut MRICS
RICS Registered Valuer
Senior Director / Principal
Jacob.kut@avisonyoung.com
020 7911 2829
Valuation Consultancy
For and on behalf of
Avison Young (UK) Limited

Juliet Farrow MRICS
RICS Registered Valuer
Associate Director
Juliet.farrow@avisonyoung.com
020 7911 2843
Valuation Consultancy
For and on behalf of
Avison Young (UK) Limited

draft

Contents

1.	Introduction and Background	8
2.	Planning Policy Context.....	9
3.	Location and Situation	12
4.	Description of existing building and proposed scheme	13
5.	Floor Areas	15
6.	Methodology and Approach.....	18
7.	Benchmark Land Value	20
8.	Market Information Summary	29
9.	Build Cost and programme	44
10.	Outputs and results.....	46
11.	Sensitivity analysis	47
12.	Conclusion.....	47

Appendices

Appendix 1	Retail Investment Valuation
Appendix 2	Refurbishment Scenario Appraisal
Appendix 3	Appraisal of Policy Compliant Scheme
Appendix 4	Definitions and Reservations for Valuations

1. Introduction and Background

In accordance with your instructions and our fee proposal we report our conclusions on the review of the viability assessment undertaken by DS2 on behalf of MB QW (Guernsey) Limited In relation to the redevelopment of the property known as Queensway parade. The applicant has submitted a planning application for:

“Demolition of 114 - 150 Queensway and 97 - 113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground an up to 6 upper floors, providing retail use (class A1 and flexible A1/ A3) at ground floor, residential units (Class C3) and office (Class B1) floor space at upper floors, with associated amenity space, basement level secure cycle parking, and ancillary facilities and plant, with servicing provision to Cervantes Court”.

You have requested that we report on the following:

- i) Whether it would be viable for a policy compliant scheme to be delivered;
- ii) If a policy compliant scheme is not viable, advice on the maximum achievable quantum of on-site affordable housing which it would be viable to provide;
- iii) In the event that a payment in lieu is the only practical or viable option, to assess the maximum achievable payment that can be made. (Note - the payment is expected to be paid in full, upfront on commencement of development. However, it is recognised that there may be a small number of developments where a bigger payment is possible if it is paid on a phased basis)

Our assessment is based on viability methodology contained within the 2019 NPPF and 2019 NPG, GLA guidance and where relevant the RICS guidance. Our approach is detailed within this report.

In undertaking this exercise, we have had regard to the following national and regional guidance:

- National Planning Policy Framework 2019
- National Planning Guidance 2019
- GLA Affordable Housing And Viability Supplementary Planning Guidance (August 2017)
- The Housing SPG (November 2012) published by the Greater London Authority;
- RICS Guidance where appropriate

The specific Westminster City Council documents we have had regard to are as follows:

- Westminster City Plan (Revised November 2016)
- Westminster Draft City Plan

Our assessment has been undertaken in accordance with your brief, our fee proposal and our Terms of Engagement, which have been prepared in accordance with the *RICS Valuation – Global Standards 2017*.

2. Planning Policy Context

National Planning Policy Framework 2019

The National Planning Policy Framework (NPPF) 2019 sets out the Government's planning policies for England and how these are expected to be applied. It provides a framework within which locally-prepared plans for housing and other development can be produced. The NPPF places greater importance in achieving high quality design and undertaking engagement with local communities and it also provides a clearer framework in which to demonstrate doing so. At the same time, there is greater potential to increase the density and value of development in suitable, central locations. The NPPF imposes an incentive to process housing applications as quickly as possible and to work with developers in an attempt to speed up implementation and delivery, with implications for underperformance.

It also highlights that the planning system should be plan-led with 'Succinct and up-to-date plans' which 'should provide a positive vision for the future of each area' (Para. 15) with one of the key objectives being sustainable development. Within this framework it is outlined that plans 'should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required' (Para. 34). It goes on to state that 'where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities.' (Para. 62)

National Planning Guidance

The Planning Practice Guidance last updated 9 May 2019 defines the benchmark value as follows:

"...to define land value for any viability assessment, a Benchmark Land Value should be established on the basis of the Existing Use Value (EUV) of the land, plus a premium for the landowner. The premium of the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing its sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called "Existing Use Value plus" (EUV plus)".

The next section of the PPG goes on to define the factors that should be considered to establish the Benchmark Land Value. In summary it provides that the Benchmark Land Value should:-

- Be based upon existing use value.
- Allow for a premium to landowners.
- Reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.

The PPG goes on to state that the viability assessment should be undertaken using Benchmark Land Values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and value. Market evidence can also be used as a cross check of benchmark land value but should not be used in place of benchmark land values.

In effect, the assessment of benchmark value has two components.

- (a) The existing use value
- (b) A" plus".

The PPG states that:

For the purposes of viability assessment Alternative Use Value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing the Benchmark Land Value. If applying alternative uses when establishing the Benchmark Land Value these should be limited to those uses which would fully comply with up to date development plan policies including any policy requirements for contribution awards affordable housing at the relevant levels set out in the plan.

The London Plan

The London Plan is a regional spatial strategy for Greater London and covers the 32 Boroughs and the City of London. The aim of the plan is to set out a framework to co-ordinate and integrate economic, environmental, transport and social considerations over the next 20-25 years. The plan forms a London wide development context within which each Borough sets their local planning agendas.

The London Plan establishes the need for regional growth in housing and employment and identifies further development in the CAZ and associated opportunity areas as a means by which this requirement can be met. The London Plan seeks that the development should maximise the potential of sites, create or enhance the public realm, provide or enhance a mix of uses, respect local context, character and communities and be sustainable.

Policies within the plan state that whilst the Borough should seek the maximum reasonable amount of affordable housing it should not be at the cost of residential development. Negotiations should be site specific and take into consideration individual circumstances. Affordable housing is required to meet the needs of specific households which cannot be met on the open market.

The Draft London Plan seeks that 50% of all new homes delivered across London be affordable. In order to deliver this the Mayor is proposing a threshold approach to Viability whereby schemes offering the target amount are not required to submit viability information. Where schemes are not offering the required amount viability information must be scrutinised and review mechanisms put in place.

Westminster City Plan

The Westminster City Council City Plan (Revised November 2016) sets out strategic policies for the London Borough of Westminster. This document includes the Special Policies Areas and Policies Map Revision, as well as the previously adopted Basements Revision and Mixed-use Revision. This City Plan is the key policy document for determining planning applications in Westminster and it should take priority over Westminster City Council's saved UDP (January 2007). Under this plan the Council seeks that over 30% of new housing delivery be affordable (Strategic Policy S16 Affordable Housing and saved UDP Policy H4). Housing development proposals of over 1,000 sq m of additional floorspace or 10 units must provide a proportion of the floorspace as affordable housing. This should be provided on-site or when not practical or viable off-site. The interim guidance note on the provision of affordable housing sets out a further spatial expectation for 35% of floorspace to be affordable housing in this part of Westminster and this is also confirmed in Policy 9 of the Draft City Plan.

Westminster has a draft City Plan which is currently under consultation. This seeks that 35% of all new homes will be affordable where schemes are proposing ten or more units, have a site area of 0.5 hectares or more or are proposing 1,000 sq m or more of residential floorspace. In exceptional cases affordable housing provision can be made off-site where it has been sufficiently demonstrated that on-site provision is impractical or inappropriate. A payment in lieu may be accepted as the last resort if it is demonstrated that no sites are available for off-site provision.

The preferred tenure split is 60% 'intermediate' for rent or sale and 40% will be social rent or London Affordable Rent.

On the basis of Policies S16 of Westminster's City Plan 2016 and H4 of Westminster's UDP adopted January 2007 and the Council's Interim Guidance Note on Affordable Housing 2013, the proposal generates a requirement for 880 sqm of on-site affordable housing. If a payment in lieu were considered acceptable this would be a sum of £4,414,080.

CIL (Borough & Mayoral)

The applicant has adopted a total CIL sum of £5.54 million within their appraisal which is broken down as follows:

Mayoral CIL:	£2,159,307
Westminster CIL:	£3,381,370
Total:	£5,540,677

We have assumed that this sum is correct and adopted the same within our appraisals.

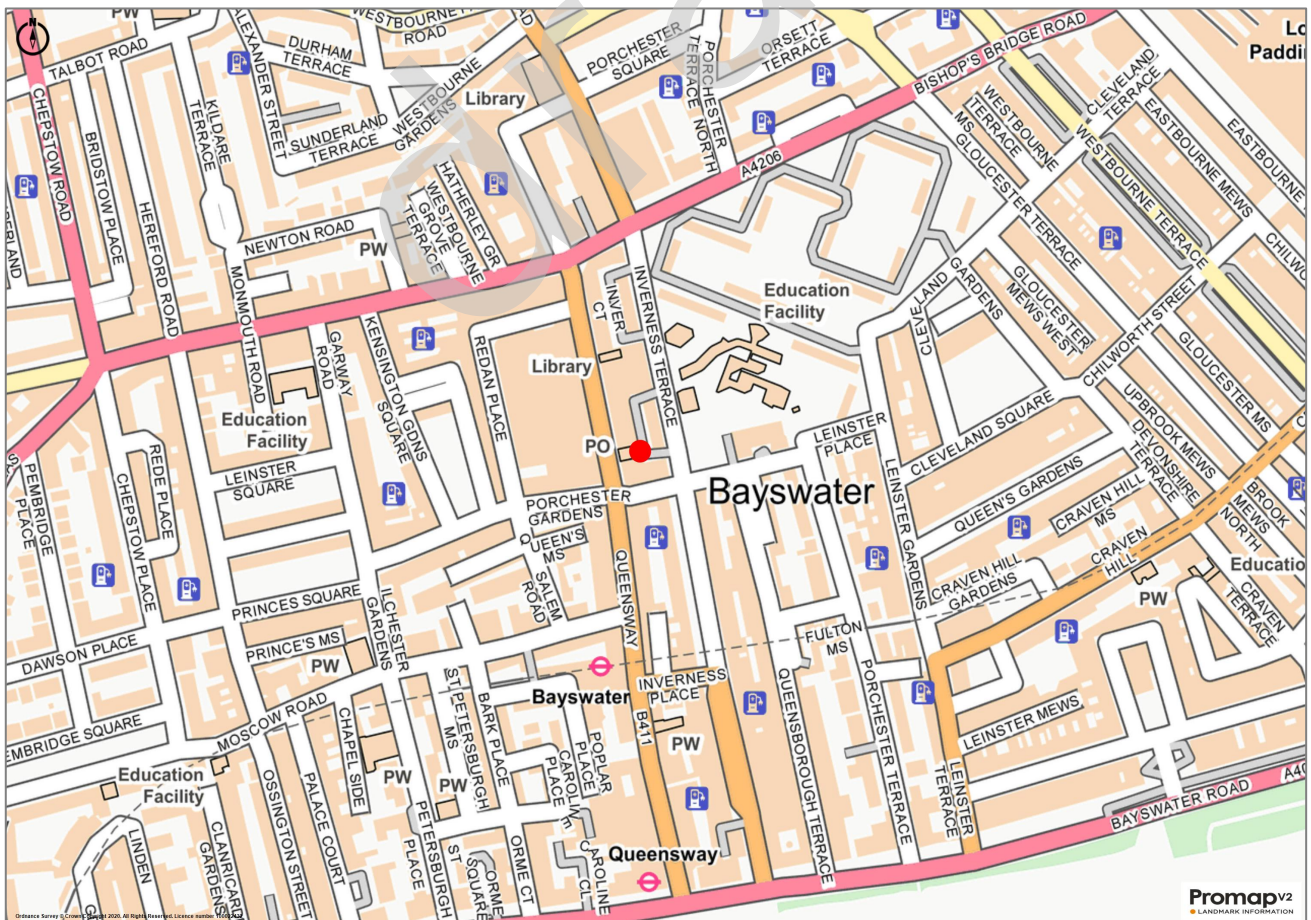
3. Location and Situation

The subject property is located within the London borough of Westminster and is situated between Queensway to the West, Porchester Gardens to the South and Inverness Terrace to the East.

The surrounding area has a mixed character of residential, office, leisure and retail uses. It is characterised by numerous different building types including some of architectural interest such as the Whiteleys centre which is situated directly opposite. This centre is currently under development and when completed will comprise a substantial new mixed use development including hotel, retail and leisure uses and high end residential.

The site is within proximity to three London Underground stations, Queensway and Bayswater are situated to the South and provide access to the Central, Circle and District lines and Royal Oak is situated to the North providing access to Hammersmith and City and Circle lines. Lancaster Gate, Paddington Station and Notting Hill Gate are also a short walk from the site. The site is also well served by a number of bus routes, bike hire docking stations and car club spaces.

We have provided a plan below showing the approximate situation of the property, which is denoted by a red circle.



4. Description of existing building and proposed scheme

Existing Building

The subject property comprises a mixed-use retail and residential property. At ground floor level and fronting Queensway are 15 retail units with occupiers including Tesco, Three, Boots, Superdrug and CEX. There are three unoccupied retail units.

On the upper floors over two to three storeys are 27 residential units including duplexes (predominantly comprising three bedrooms) and lateral flats predominantly comprising 1 bedroom. The flats are accessed from both Queensway and Inverness Terrace. Each flat has its own front door off an open walkway.

We inspected a number of flats and found that they presented in varying condition with differing specifications and fit out. For example, 128A had a very high-end specification and fit out including modern kitchen with high end appliances and stone worktops, fitted furniture and attractive fireplace, stone tiled floors and stone finished bathroom including jacuzzi bath and shower.

Other flats were in a more basic condition including small tired kitchens, basic carpet or linoleum flooring and tired basic bathroom fixtures and fittings.

The external communal walkway and entrance is basic with concrete stairs and no lift.

The shops all presented well and those with a multi-national occupiers were fitted out consistent with that brand. In particular the large Tesco store appeared to have recently been refitted and presented very well.



Exterior Photo



Interior Photo

The property dates from the mid-20th century and has a part flat, part pitched tiled roof. The residential element sits back from the front of the retail allowing the exposed walkway to access the flats to be at both the front and rear of the property.



The retail is serviced via Inverness Terrace with good loading facilities available for this location.

Proposed Development

The applicant has submitted a planning application for:

"Demolition of 114 - 150 Queensway and 97 - 113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground an up to 6 upper floors, providing retail use (class A1 and flexible A1/ A3) at ground floor, residential units (Class C3) and office (Class B1) floor space at upper floors, with associated amenity space, basement level secure cycle parking, and ancillary facilities and plant, with servicing provision to Cervantes Court".

The proposed development it's arranged in two connected but distinct buildings architecturally different to represent the differing uses within. At the northern end of the site fronting Queensway a contemporary residential mansion block is proposed to replace the existing residential accommodation on site. Retail units are proposed at ground floor level with 32 residential units above over five to six upper storeys. The residential apartments are accessed off Queensway. The property will comprise brick construction and be in the form of a modern mansion block.

The apartments will have views over the redeveloped Whiteleys building to the west, Cervantes Court and Hallfield Estate to the east and towards Kensington Gardens to the south. The scheme will be car free due to the strength of local transport links. The views and car free nature of the scheme need to be considered when assessing potential values. Most of the proposed units are one to two-bedroom units and most benefit

from private outside amenity space such as balconies or terraces. The proposed three-bedroom units are larger than is common.

To the South of the site a commercial office building fronting Queensway is proposed which wraps around to the Porchester Gardens elevation. This will comprise retail units at ground floor level with circa 11,000 sq m of office use above over 6 storeys. The office entrance is located at the junction of Queensway and Porchester Gardens. The office lobby is double height and designed to be transparent and welcoming with the opportunity for pop up events and informal meetings. It includes a coffee shop. The lobby includes three lifts and ensures the building is suitable for all.

The floorplates have been designed with a core situated in the corner allowing each floor to be split into two if required. The floorplates configure well for open plan working, cellular offices and co-working studios. There is the opportunity for open staircases to be created between floors. Floor to ceiling height of 3 metres are proposed to increase daylight infiltration.

At basement level office amenities include changing facilities (including showers and lockers) and cycle storage. A multi-purpose wellness / fitness space is also provided adjacent to the changing rooms and this will be available to office users for fitness and well-being purposes.

The basement level provides commercial, retail and residential cycle parking in addition to plant and servicing space.

5. Floor Areas

Existing Building

In accordance with your instructions we have not measured the property. We have been provided with the following floor areas by the applicant which we assume have been correctly prepared under the RICS Professional Statement – RICS Property Measurement 2nd edition, January 2018 and in compliance with the RICS Code of Measuring Practice, 6th edition published by the Royal Institution of Chartered Surveyors. We understand that it provides the following approximate Areas:-

Retail

Unit	Tenant	Areas	
		sq m (ITZA)	sq ft (ITZA)
114	Boots The Chemist	815 (266)	8,771 (2,864)

Unit	Tenant	Areas	
		sq m (ITZA)	sq ft (ITZA)
116	EE	68 (51)	733 (552)
118 / 120	The Post Office	279 (138)	3,007 (1,482)
122	Great Gifts and Souvenirs Ltd	67 (50)	719 (536)
124	Hutchinson 3G UK Limited	78 (53)	840 (572)
126	CEX (Franchising) Ltd	146 (60)	1,573 (651)
128 / 130	Superdrug Stores Plc	415 (130)	4,467 (1,400)
132	AB Enterprises (UK) Ltd	106 (63)	1,138 (680)
134	Vacant	49 (49)	529 (529)
136	Beauty Base Limited	84 (57)	909 (615)
138 - 144	Tesco	929	10,000
146	An Individual	106 (62)	1,141 (668)
148	Vacant	106 (59)	1,139 (640)
150	Vacant	143 (72)	1,540 (780)
Total		4,080	43,912

Residential

Unit	Bedrooms	Areas	
		sq m	sq ft
116a Queensway	3	106	1,144
118a Queensway	3	100	1,080
122a Queensway	3	100	1,080
124a Queensway	3	106	1,136
128a Queensway	3	146	1,567
130a Queensway	3	109	1,178
132a Queensway	3	100	1,080
134a Queensway	3	100	1,080

Unit	Bedrooms	Areas	
		sq m	sq ft
138a Queensway	3	100	1,080
142a Queensway	3	100	1,080
144a Queensway	3	107	1,150
150a Queensway	3	62	669
99 Inverness Terrace	1	43	463
101 Inverness Terrace	1	33	350
103 Inverness Terrace	1	33	350
105 Inverness Terrace	1	31	336
109 Inverness Terrace	3	68	736
111 Inverness Terrace	3	82	886
113 Inverness Terrace	3	79	846
120a Queensway	4	146	1,567
126a Queensway	3	111	1,190
136a Queensway	3	100	1,080
97 Inverness Terrace	1	33	350
107 Inverness Terrace	1	33	350
140a Queensway	3	146	1,567
146a Queensway	3	100	1,080
148a Queensway	3	100	1,080
Total		2,374	25,555

We have used a conversion factor of 10.764 in converting metric floor areas to imperial. We have rounded metric areas to two decimal places and imperial areas to the nearest whole unit.

Proposed Building

A summary of the gross internal floor areas for the proposed building are as follows:

Floor	Retail		Office		Residential		Shared		Total	
	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft
Basement 1	0	0	0	0	0	0	2,522.47	27,152	2,522	27,147
Basement Mezzanine	0	0	0	0	0	0	163.04	1,755	163	1,755
Ground	2,214	23,832	512.35	5,515	155.01	1,669	110.36	1,188	2,992	32,206
First	0	0	1,949.46	20,984	647.51	6,970	0	0	2,597	27,954

Floor	Retail		Office		Residential		Shared		Total	
	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft
Second	0	0	2,115.55	22,772	647.51	6,970	0	0	2,763	29,741
Third	0	0	2,115.55	22,772	647.51	6,970	0	0	2,763	29,741
Fourth	0	0	2,115.55	22,772	647.51	6,970	0	0	2,763	29,741
Fifth	0	0	1,372.07	14,769	491.40	5,289	0	0	1,863	20,053
Sixth	0	0	1,006.65	10,836	397.16	4,275	0	0	1,404	15,113
Totals	2,214	23,832	11,187	120,417	3,634	39,116	2,796	30,095	19,831	213,461

A summary of residential unit type is as follows:

Unit Type	Proposed Residential	
	Number	Percentage
1 bed	12	37.5%
2 bed	17	53.1%
3 bed	3	9.4%
Totals	32	100%

A more thorough breakdown of unit type and size can be found in Section 7 of this report where we discuss our appraisal inputs.

6. Methodology and Approach

Our approach to assessing the viability of the proposed scheme is based on the NPPF (2019) and the NPG on viability (2019) with further reference to RICS Guidance Note on Financial Viability and Planning, the first edition of which was published in September 2012, where still relevant recognising it is still being updated to align with the NPPF.

The viability PPG (2019) states that;

“Any viability assessment should follow the government’s recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available.”

The principle of viability is well established in that a site will not be released for development if it is not possible to achieve an appropriate land value and adequate developer's profit. However, what constitutes an appropriate land value in this context has been the subject of much debate.

The new Planning Policy Guidance (May 2019) on viability is explicit in its definition of EUV as;

"the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield."

With regards to the 'plus' element on EUV it states;

"The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements".

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment data sources to inform the establishment the landowner premium should include market evidence and can include benchmark land values from other viability assessments. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners."

The Mayoral Viability SPG (August 2017) approach to EUV;

"The existing use value (EUV) is independent of the proposed scheme. The EUV should be fully justified based on the income generating capacity of the existing use with reference to comparable evidence on rents, which excludes any hope value associated with development on the site or alternative uses. This evidence should relate to sites and buildings of a similar condition and quality or otherwise be appropriately adjusted. Where an existing use and its value to a landowner is due to be retained in a development (and not lost as is usually the case), a lower benchmark would be expected. Where a proposed EUV is based on a refurbishment scenario, or a redevelopment of the current use, this is an alternative development scenario and the guidance relating to Alternative Use Value (AUV) will apply."

We have based our assessment of Benchmark Land Value on the Existing Use of the property. We have undertaken an investment valuation of the retail accommodation capitalising rents at an appropriate yield consistent with market evidence - we comment later in this report about the yield evidence adopted to assess

the BLV. For the residential we have considered both the existing condition and value of the flats and also any uplift in value that may be achieved by undertaking a refurbishment (an Alternative Use Value).

Once the benchmark site value is established, it follows that if, on a policy-compliant basis, the proposed scheme produces a residual value below the benchmark value of the property, the scheme is not viable on a policy compliant basis and therefore it is necessary to test a number of alternative options to determine the maximum level of affordable housing the scheme can support.

7. Benchmark Land Value

The applicant has adopted the existing use value plus basis to assess their benchmark land value. The EUV is reported by the applicant based on the value of the existing site in its current condition and use which includes retail and residential. The applicant states that the plus reflects the minimum amount required in order to incentivise a reasonable landowner to release the site for development.

Retail Rental

The retail units have been valued using the investment basis of valuation. The applicant has been advised by Orme property as to current market rents for the retail units. The applicant's advisors DS2 then undertook a term and reversion valuation assuming the landowner serves notice to the current tenants so they can achieve vacant possession and then subsequently be left on market terms.

The table below sets out the passing and market rents as advised by Orme property:

Unit	Tenant	Areas		Passing Rent			Applicants opinion of Market Rent		
		sq m (ITZA)	sq ft (ITZA)	Per Annum	Per sq ft	ITZA	Per Annum	Per sq ft	ITZA
114	Boots The Chemist	815 (266)	8,771 (2,864)	£275,000	£31.35	£96.02	£429,600	£48.98	£150
116	EE	68 (51)	733 (552)	£65,000	£88.68	£117.75	£99,360	£135.55	£180
118 / 120	The Post Office	279 (138)	3,007 (1,482)	£110,000	£36.58	£74.22	£251,940	£83.78	£170
122	Great Gifts and Souvenirs Ltd	67 (50)	719 (536)	£46,000	£63.98	£85.82	£96,480	£134.19	£180
124	Hutchinson 3G UK Limited	78 (53)	840 (572)	£67,500	£80.36	£118.01	£102,960	£122.57	£180
126	CEX (Franchising) Ltd	146 (60)	1,573 (651)	£50,000	£31.79	£76.80	£117,180	£74.49	£180

Unit	Tenant	Areas		Passing Rent			Applicants opinion of Market Rent		
		sq m (ITZA)	sq ft (ITZA)	Per Annum	Per sq ft	ITZA	Per Annum	Per sq ft	ITZA
128 / 130	Superdrug Stores Plc	415 (130)	4,467 (1,400)	£50,000	£11.19	£35.71	£238,000	£53.28	£170
132	AB Enterprises (UK) Ltd	106 (63)	1,138 (680)	£9,600	£8.44	£14.12	£122,400	£107.56	£180
134	Vacant	49 (49)	529 (529)				£125,220	£236.71	£237
136	Beauty Base Limited	84 (57)	909 (615)	£52,000	£57.21	£84.55	£110,700	£121.78	£180
138 - 144	Tesco	929	10,000	£339,060	£33.91	n/a	£339,060	£33.91	n/a
146	An Individual	106 (62)	1,141 (668)	£69,000	£60.47	£103.29	£120,240	£105.38	£180
148	Vacant	106 (59)	1,139 (640)				£115,200	£101.14	£180
150	Vacant	143 (72)	1,540 (780)				£140,000	£90.90	£179
Totals		4,080	43,912	£1,133,160	£26		£2,408,740	£55	

The existing lease terms are flexible to allow for future redevelopment. As a result, the property is under rented by 112% based on the applicant's figures.

The supporting rental evidence provided by the applicant is as follows:

Address	Tenant	Transaction	Date	Rent per annum	Zone A Per sq ft
23 Queensway	Yeo Valley	Open Market Letting	November 2018	£135,000	£200
8 Queensway	Thunder Bird Chicken	Open Market Letting	Exchanged	£100,000 rising to £115,000	£100
19 Queensway	Amorino	Open Market Letting	Q4 2018	£95,000 rising to £102,500	£200
36 Queensway	Pizza Pilgrims	Open Market Letting	Exchanged	£95,000 rising to £110,000	£100
38 Queensway	Rosa's Thai	Open Market Letting	Exchanged	£95,000 rising to £110,000	£100
103 Queensway	Pizza Hut	Open Market Letting	April 2018	£144,000	£200
92 Queensway	Phoenica	Open Market Letting	February 2018	£112,500	£208

Address	Tenant	Transaction	Date	Rent per annum	Zone A Per sq ft
107 Queensway	Screwfix	Open Market Letting	October 2017	£130,000	£210

In addition to this evidence we are also aware of the following historic evidence from the local area:

Address	Tenant	Transaction	Date	Rent per annum	Zone A
7-9 Queensway	Pret	New Lease	March 2017	£235,000	£206
11 Queensway	Urban Barista	New Lease	Oct 2017	£117,500	£200
11a Queensway	Barry's	New Lease	July 2017	£188,984	£30 per sq ft
107 Queensway	Screwfix	New Lease	Oct 2017	£130,000	£200
115 Queensway	Fresh Bread Ltd	New Lease	May 2016	£113,000	£205
117 Queensway	Preto	Rent Review	May 2016	£137,000	£205
127 Queensway	Pret	Rent Review	March 2017	£126,500	£205

DS2 assume that new market leases would be let following a 12 month void which follows the end of the existing lease (they are all short term with the majority leases expiring between September 2020 and December 2023). They have allowed nine months rent free for the smaller units and 12 for the larger units. We consider that these assumptions appear reasonable and have adopted the same voids within our assessment of the Benchmark Land Value. In reality, it is unlikely that all the tenants will leave at the end of their term, however those that do not may negotiate an extended rent free given the current tenant driven market conditions.

We have allowed for void costs including re-letting fees at 15% of Market Rent and empty rates at 45% of the Market Rent.

The Tesco Store has 15 years remaining on the lease. They have also agreed to take a new store following redevelopment.

We have reviewed the leases associated with the existing tenancies and confirm they are all on short term flexible bases. We were not able to find any evidence to support the applicant's case that these rents were set at a level below Market Rent. The most recent rental evidence in the area has been within the WestWalk scheme owned by Bourne Capital. This is located at the southern end of Queensway close to the Underground Station and Hyde Park. The most recent evidence from this scheme shows Zone A rents of £100 per sq ft being achieved. This shows a significant decline since 2016/2017 based on the historic evidence we have collated.

The subject property is located further down Queensway in what we consider a poorer location. Therefore we consider that an appropriate Zone A rent should be at a discount to the £100 Zone A achieved in WestWalk.

We have reviewed the rents achieved in the most recent lettings at the subject property and note a tone of £85 Zone A being appropriate for the smaller units. This is supported by the rents agreed at 116 and 124 Queensway. The larger units are discounted from this to reflect quantum. To these larger units we have applied a Zone A rate of £75 per sq ft supported by the letting at the Post office. For the two largest units we have considered an overall rent more appropriate with £31 to £33 per sq ft being an appropriate range. Our overall opinion of Market Rent for the existing retail units is £1,380,440. This is considerably beneath the applicant's figure of £2,408,740.

Retail Yield

The applicants have applied a yield of 5.25% to the existing retail income, increasing this to 5.75% for the reversion. The supporting yield evidence provided by the applicant is as follows:

Address	Date	Area (sq ft)	Price (per sq ft)	Net Initial Yield	Comments
93 / 99 Queensway	February 2020	9,038	£11.75 million (£1,300)	4.43%	WAULT of 21.5 years to strong covenants of Barclays Bank and Spirit Group.
42 – 46 Queensway	Under offer	12,756	£11.5 million (£902)	4.66%	
75 – 85 Westbourne Grove	Available	12,390	£9 million (£762)	4.5%	3 retail units, a restaurant and office accommodation totalling 12,391 sq ft. Tenants include Pepperbrand Ltd, Devon and Devon London Ltd and Dignity Funerals. Short term lets with break options in 2023.
33 – 55 Westbourne Grove	Available	10,769	£11.25 million (£1,045)	4.25%	92% income from Planet Organic on a new 15 year lease. WAULT 14.5 years.

In addition, we have had regard to the following yield evidence:

Address	Date	Area (sq ft)	Price (per sq ft)	Net Initial Yield	Comments
268 Fulham Road, London SW10 9EW	November 2019	4,250	£2,100,000 (£494)	4.77%	Let to Sainsburys on a 15 year lease from February 2014. Cap and collar rent reviews (1% and 4% linked to RPI)

Address	Date	Area (sq ft)	Price (per sq ft)	Net Initial Yield	Comments
76 Brixton Hill, London SW2 1QW	June 2019	4,750	£2,750,000 (£579)	4.25%	Sainsbury's was under a 15-year lease through until April 2029 that was extended 5 years (until 28/4/2034) at or about the time of sale.
Unit C1 Grafton Building, Brunel Street Works, Canning Town, E16 4HQ	Under Offer		£1,457,195	4.5%	New 15 year lease to Sainsburys with RPI linked rent reviews subject to cap and collar of 4% and 1%. Tenant break option in year 10.
75-89 Wallis Road, Hackney Wick, London E9 5LN	Available	4,321	£2,350,000 (£544)	Quoting 5%, offer received reflecting 4.25%	15 year lease to Sainsburys with a tenant break option in year 10.

It is currently difficult to evidence retail yields with limited recent evidence available. We have therefore had regard to Prime Retail Yield tables produced by firms such as Savills and Knight Frank which clearly show a significant yield movement over the last 15 months. Based on these and discussions with our internal fund valuers who are reporting retail portfolio valuations as at December 2020 we consider that a yield of 6.25% is applicable for the existing retail units. There is limited retail evidence post the onset of the Covid 19 pandemic but sentiment is that the sector has been hit hard with occupiers suffering significant losses after being forced to shut. This has impacted market sentiment for the sector, which even prior to 2020 was seeing issues due to the increased nature of on-line shopping. It is important to emphasise that retail values were already under pressure pre-pandemic. The yield we have adopted will also have a bearing on the proposed scheme yield.

To put into context, for a new development in this location, perhaps 15 to 18 months ago, we would have adopted a retail yield of 4.5%. Yields have shifted significantly and based on our view and published data by other firms the yield on a new retail scheme would be in the order of 5.75%. (this is reflected below in our figures). The existing building is old and a mark-up of 50 basis points to 6.25% does not appear unreasonable.

We consider that the Tesco unit may achieve a slightly better yield based on the evidence available and have therefore adopted 4.5% on this unit which broadly reflects a capital value per sq ft of £655 per sq ft on this unit.

In order to formulate our opinion of BLV (including Existing Use Value) we have had regard to market yields. These are yields which have been achieved in market transactions. We therefore do not consider it applicable to apply a 'plus' in this case to the retail element as this is effectively factored into the market yields we have relied upon to formulate our opinion of the appropriate yield. The evidence reflects transactions in the market and on this basis these are yields reflecting the prices property would be 'released at'.

Our opinion of the Benchmark Land Value (which includes the 'plus') of the retail element of the existing property is £20.4 million (£465 per sq ft). A copy of our investment valuation is attached at Appendix 1.

Residential

The applicant has had regard to the following evidence in valuing the existing flats.

Address	Unit type	Area in sq ft	Price (per sq ft)	Date	AY Comments
Flat 12, 29 Westbourne Terrace, W2	1	518	£480,000 (£927)	June 2020	Basic specification in period building.
Flat 1a, 45 Cleveland Square, W2	1	430	£525,000 (£1,221)	May 2020	Basic specification in period building.
604 Westcliff Apartments, 1 South Wharf Road, W2	1	497	£568,000 (£1,143)	April 2020	Modern block. Better specification than the subject with comfort cooling and 24 hour concierge. Presents well.
Flat 9, 45-47 Leinster Square, W2	1	391	£551,000 (£1,409)	March 2020	Period building, basic specification.
Flat 5, 8 Spring Street, W2	1	522	£432,500 (£829)	February 2020	Period building above retail. Basic specification.
39 The Westbourne, 1 Artesian Rd, W2	3	1,230	£1,550,000 (£1,260)	July 2020	Well presented with modern fixtures and fittings.
27 Evesham House, Hereford Road, W2	3	1,287	£1,325,000 (£1,030)	June 2020	Portered block with lift and underground parking space. Unmodernised.
Flat 8, 4-8 Radnor Place, W2	3	1,066	£1,205,000 (£1,030)	February 2020	Modern interior with good quality fixtures and fittings. Presents well.
82 Lancaster Close, 13 - 15 St Petersburg Place, W2	3	1,140	£1,700,000 (£1,491)	December 2019	Well presented but with basic specification.
7 The Cloisters, 11 Salem Road, W2	3	1,235	£1,300,000 (£1,053)	November 2019	Modern block. Well presented flat.
26 Windsor Court, Moscow Road, W2	4	1,736	£2,150,000 (£1,238)	July 2020	Attractive period block. Basic specification fit out.
6 Raynham, Norfolk Crescent, W2	4	1,583	£1,965,000 (£1,241)	August 2018	Portered block. In need of refurbishment.
Flat 11, 4 Craven Hill, W2	4	1,604	£1,799,950 (£1,122)	February 2018	Period building. Basic specification.

In addition to this evidence provided, we have had regard to this additional comparable evidence:

Address	Unit type	Area in sq ft	Price (per sq ft)	Date	Comments
75 Arthur Court, Queensway, London W2 5HP	2 bed	706	£780,000 (£1,105)	September 2020	Art deco building. Well presented. Porter.
Flat 1 62a Queensway, London W2 3RL	2 bed	622	£615,000 (£989)	August 2020	Located above retail. Basic specification.
Flat 7, 36 Queensway, London W2 3RX	2 bed	838	£615,000 (£805)	February 2020	Attractive period building. Well presented.
102 Arthur Court, Queensway, London W2 5HP	2 bed	838	£600,000 (£716)	December 2019	Unmodernised. Within art deco building.
21 Ralph Court, Queensway, London W2 5HT	2 bed	702	£715,000 (£1,019)	November 2019	Newly refurbished within art deco portered block.
16 Queens Court, Queensway, London W2 4QN	3 bed	1,429	£1,200,000 (£805)	October 2019	Good specification. Neutral décor.
63 Arthur Court, Queensway, London W2 4QN	2 bed	799	£820,000 (£1,026)	June 2019	Top floor. Portered period building. Basic specification and fit out.

The applicant has applied an Existing Use Value of £30,900,000 to the residential component of the existing building. This equates to an average of £1,140,000 per unit and £1,209 per square foot. When compared to the valuation of the proposed development residential component this represents a discount of 52% from the capital values adopted or 43% on the average pound per square foot applied.

On our inspection many of the units we inspected were in poor condition. Others had a basic specification in some rooms but with new bathrooms and kitchens. Without inspecting every unit it is difficult to be able to judge accurately the total costs of refurbishment works required. That said our approach below to rely on passing rents reflects the condition of the property.

In order to derive the BLV for the residential element, we have therefore considered two bases:

- Existing Use Value and
- Assuming a refurbishment prior to sale.

Basis (a) would determine the Existing Use Value. Basis (b) determines the AUV. In effect this derives the bookends for a viability assessment and basis (b) computes the premium to basis (a). the applicant has not considered the property on this basis.

1. Existing Use Value – Basis (a)

Given the difficulty in being able to assess the quality of the existing accommodation based on the limited inspection we have analysed the passing rents which we consider are likely to reflect the varying quality of the accommodation. From an analysis of these rents we have computed the average passing rent psf. This enables comparison with market rents of the comparables and sets the existing property in the context of the comparable evidence. We have adopted the average rent per sq ft applicable to the flats that are let and then applied it to all vacant units. This equates to £18.81 per sq ft. this facilitates deriving an overall rental value for the property reflecting its existing condition.

It has been difficult to assess how the subject property compares to the comparable evidence available given it is unlike much of the evidence nearby. The existing residential is unattractive with undesirable access (via an open walkway) and no lift. Many of the flats we were inspected were in a tired condition and there was evidence of safety concerns with protective bars on windows and doors.

We have therefore analysed the comparable evidence provided alongside rental evidence from those comparables to assess an appropriate capitalisation rate of those comparables. Of particular use was the evidence of 62a Queensway. This sold in August 2020 but was let in March 2019 at £40 per sq ft. A period property located above retail opposite Bayswater Station we consider this strong evidence. The rent achieved here does indicate that the values for this property are higher and therefore the subject property would trade at a discount to the £989 per sq ft achieved in the August sale. A crude analysis shows the yield on this property would be in the region of 4%. As we consider the subject property weaker, we would expect to achieve a poorer yield and capital value than achieved here. 102 Arthur Court analyses to provide a similar capitalisation rate of 4.3% based on the quoting rent of £31 per sq ft marketed in May 2020. This analysis is on a gross basis.

It is of note that the passing rents at the property are significantly below the rents of other properties in the immediate area. Given flats are let on one-year AST's, these are not influenced by the pending redevelopment. This highlights the very poor condition of the property relative to the evidence, which has not been reflected in the applicant's assessment of £1,200 psf which relates to far better-quality property.

We consider an appropriate capitalisation rate for the subject property to be 4.5% (gross). Applying this to the average rental value achieved at the subject property generates a capital value of £10.68 million (£418 per sq ft) this assists in computing an existing use value. This appears low but reflects the significantly poorer quality of the property relative to the comparable evidence. As outlined above we have also considered the refurbishment scenario for comparison with this methodology.

2. Refurbishment scenario – Basis (b)

In this scenario we have applied a rate of £1,000 per sq ft to the flats assuming they have been refurbished. This is based on the evidence we have from the residential units that sold on Queensway, which appear to trade at a discount to surrounding streets. Our QS advised that an appropriate broad refurbishment cost would be in the region of £5,079,000 to include common parts with a contingency of 7.5% applicable. We have assumed a 12-month refurbishment period with 30% pre-sales and the remainder sold over a 12 month term. It is important to note that this sum in our view merely delivers a basic refurbishment of a very tired mid-twentieth century building to facilitate sales of individual flats.

Our appraisal on this basis generates a residual land value of £13.75 million. This is a 22% increase on the assumption that the property is sold in its existing condition. We summarise the inputs in the table below and a copy of our supporting appraisal is attached at appendix 2.

Input	Avison Young	Comments
GDV	£25,555,000	Based on £1,000 per sq ft
Construction cost	£5,079,000	Provided by our QS
Construction Contingency	£380,925	Based on 7.5% of refurbishment cost
Professional fees	10%	
Sales and marketing	2%	
Sales legal fee	£1,000 per unit	
Finance cost	6.5%	We have used a higher finance cost than in our appraisal of the proposed scheme as we have adopted a lower profit margin, this is a refurbishment rather than a new build with more risk and the type of developer purchaser is likely to be different
Stamp Duty	5%	
Agent fee	1%	
Legal fee	0.8%	
Profit level	10% profit on GDV	Reflecting a refurbishment.

Based on our analysis of the two scenarios we consider the residential element of the property has a Benchmark Land Value of £13.75 million. As this includes significant expenditure on refurbishment we classify this as an AUV and no premium is applicable. We note that this is also equal to applying a 28.75% premium to the units in the existing use value computed above.

Benchmark Land Value Conclusion

Our total opinion of Benchmark Land Value is £34.15 million. This is made up of two elements - retail and residential. The value of these elements is broken down as follows:

Retail: £20.4 million

Residential: £13.75 million

Total: £34,150,000

This compares to the applicants Benchmark Land Value of £78.24 million which includes a 20% premium that they have applied.

8. Market Information Summary

The applicant has adopted the following inputs into their Gross Development value of the proposed scheme:

GDV Element	Total GDV
Residential	£63,794,625
Offices	£128,707,919
Retail	£55,609,516
Total	£248,112,060

The supporting evidence provided by the applicant for these values is as follows:

Residential

The proposed scheme comprises 37 new apartments with a total saleable area of 30,025 sq ft. We are not aware of any on-site amenities available to tenants and assume that only a concierge and cycle parking is available.

The applicant has provided a pricing schedule and comparables report prepared by Savills. The report refers to the following new build residential comparable evidence:

1. Compass House
2. 22 Kensington Gardens Square
3. Queens, 96-98 Bishops Bridge Road
4. Westbourne House
5. The Hempel Collection
6. 7 - 12 Leinster Square

1. Compass House, 50 Kensington Gardens Square, W2 4BA

This converted office building provides 31 high quality, low rise apartments which were completed in 2018 apart from the penthouse which is anticipated to complete shortly. The property comprises a mix of studio, 1, 2 and 3 bedroom apartments. The property includes a Health Club with gym, pool and squash court. The property has a good specification including Miele appliances and comfort cooling. The property is located approximately a 5 minute walk from Bayswater Underground Station. The launch date was postponed a number of times as progression was slow but it is considered that of the 30 units available 10 remain (35%) and have done since the end of 2017, albeit some may have been retained by the developer. The applicant gives details of the following quoting and achieved prices:

Quoting Prices

Unit	Floor	Type	Size (sq ft)	Quoting price (per sq ft)
4.2	4	3	1647	£3,640,000 (£2,210)
3.2	3	3	1647	£3,590,000 (£2,180)
3.5	3	2	893	£2,110,000 (£2,363)
5.3	5	2	984	£2,310,000 (£2,348)
7.1	7	3	2777	£7,195,000 (£2,591)
2.5	2	2	904	£2,580,000 (£2,854)
3.3	3	2	990	£2,260,000 (£2,283)
3.4	3	2	1184	£2,480,000 (£2,095)
4.1	4	2	819	£1,990,000 (£2,430)
4.3	4	2	984	£2,290,000 (£2,327)
4.4	4	2	1141	£2,560,000 (£2,244)
5.1	5	2	822	£2,060,000 (£2,506)
Penthouse	7	3	2637	£7,200,000 (£2,730)
Average				£2,226 per sq ft

Achieved Prices

Unit	Floor	Type	Size (sq ft)	Sold price (per sq ft)	Date
5.2	5	3	1647	£3,460,000 (£2,100)	August 2018
5.4	5	1	638	£1,460,000 (£2,288)	August 2018
4.5	4	2	904	£2,085,000 (£2,306)	June 2018
2.3	2	1	624	£1,164,000 (1,864)	June 2018
2.1	2	2	797	£1,270,000 (£1,594)	January 2018
3.1	3	2	797	£1,554,000 (£1,949)	January 2018
2.4	2	2	1130	£950,000 (£841)	January 2018
5.3	5	2	992	£2,310,000 (£2,329)	December 2019
3.5	3	2	892	£2,110,000 (£2,365)	October 2019
Average				£1,960	

2. 22 Kensington Gardens Square, W2 4BE

This Grade II listed property has been converted to provide a collection of six 2 and 3 bedroom apartments. The property benefits from retained period features and scale. The scheme is a 5 minute walk from Bayswater Underground station and 10 minutes from Hyde Park. The apartments have Miele appliances and other high specification fittings. The applicants report refers to just one sale which took place in October 2017, a two bedroom duplex which achieved £2,550,000 reflecting £1,732 per sq ft. They refer to the following three units which were brought to the market but then withdrawn:

Unit	Floor	Type	Size (sq ft)	Quoting price (per sq ft)	Date
5	¾	3 bed	1,216	£1,995,000 (£1,641)	2018
1	G and LG	2 bed	1,442	£2,495,000 (£1,730)	2018
2	1	2 bed	1,453	£3,000,000 (£2,065)	2017
Average				£1,812	

We are aware of the following additional quoting prices:

Unit	Floor	Type	Size (sq ft)	Quoting price (per sq ft)	Date
3	2	2 bed	1,289	£2,500,000 (£1,939)	November 2017
4	3 / 4	3 bed	1,431	£2,900,000 (£2,027)	March 2017
6	G / LG	3 bed	1,636	£2,750,000 (£1,681)	January 2018
Average				£1,882	

3. Queens, 96-98 Bishops Bridge Road, W2 5AA

This former cinema site has been redeveloped to provide 16 new residential units located above ground floor retail. The art deco frontage was maintained and numerous sustainability features were incorporated including underfloor heating served by air source heat pumps and solar panels on the roof. The scheme is situated a 5 minute walk from Bayswater Underground station. The property completed in December 2014 and there have been no sales since 2017. The applicant refers to the following sales:

Unit	Floor	Type	Size (sq ft)	Sold price (per sq ft)	Date
208	2	2 bed	1,127	£1,650,000 (£1,464)	March 2017
304	3	3 bed	1,644	£2,700,000 (£1,642)	January 2016
206	2	2 bed	1,082	£1,925,000 (£1,779)	December 2015
104	1	2 bed	998	£1,567,000 (£1,571)	October 2015
101	1	3 bed	1,268	£1,937,500 (£1,528)	April 2015
Average				£1,597	

These sales are somewhat historic now.

4. Westbourne House, Westbourne Grove, W2 5RH

A former office building, Alchemi and JR Capital gained planning permission for change of use to 20 private residential units in 2013. Launched overseas in 2014 the units all sold by May 2017 with construction having completed in September 2015. The development offered residents private underground car parking (at a cost

of £90,000 per space) and 24 hour concierge. The applicant has provided the following evidence which included re-sales and original prices (which are somewhat historic now):

Unit	Floor	Type	Size (sq ft)	Sold price (per sq ft)	Date
201	2	3 bed	1,381	£2,300,000 (£1,665)	December 2019
101	1	3 bed	1,381	£2,250,000 (£1,629)	March 2019
402	4	1 bed	893	£1,325,000 (£1,484)	September 2017
401	4	2 bed	1,349	£1,325,000 (£982)	September 2017
303	3	2 bed	1,303	£1,810,000 (£1,389)	June 2017
601	6	2 bed	1,731	£2,474,000 (£1,429)	April 2017
403	4	2 bed	1,302	£1,748,000 (£1,343)	March 2017
501	5	3 bed	1,913	£3,895,000 (£2,036)	November 2015
203	2	2 bed	1,273	£2,180,000 (£1,712)	October 2015
204	2	2 bed	1,273	£2,180,000 (£1,712)	October 2015
304	3	2 bed	1,179	£2,230,000 (£1,891)	October 2015
404	4	2 bed	1,187	£2,230,000 (£1,879)	October 2015
Average				£1,606	

5. The Hempel Collection, 18-20 Craven Hill Gardens W2 3EA

Situated within a converted Victorian property, the Hempel Collection comprises 33 premium residences delivered by Amazon Property and British Land. Hempel Square offers 12 lateral apartments and 3 townhouses. Hempel Gardens offers 16 lateral apartments and two penthouses. Construction completed in August 2014. The apartments are of a high specification and 24 hour concierge and lifestyle management is available. We are aware of the following evidence at this property:

Unit	Floor	Type	Size (sq ft)	Sold price (per sq ft)	Date
Plot 13 Hempel Gardens	2	3 bed	1,636	£3,875,000 (£2,368)	March 2017
Plot 14 Hempel Gardens	3 and 4	3 bed	1,970	£3,699,033 (£1,877)	October 2017
Plot 14 Hempel Gardens	3	3 bed	1,625	£3,500,000 (£2,153)	September 2017
Plot 16 Hempel Gardens	3	3 bed	1,647	£3,500,000 (£2,125)	July 2017
Plot 6 Hempel Square	2	3 bed	1,808	£3,650,000 (£2,019)	November 2017
Plot 7 Hempel Square	2	2 bed	992	£2,300,000 (£2,319)	January 2015
Plot 4 Hempel Square	1	4 bed	2,519	£5,050,000 (£2,005)	July 2017
Plot 10 Hempel Square	4	3 bed	1,614	£3,500,000 (£2,169)	September 2016
Average				£2,129	

These sales are somewhat historic now.

6. 7 - 12 Leinster Square, W2 4PL

This development by Alchemi was completed in April 2016 and comprised the redevelopment of six adjoining Grade II listed terrace houses into 11 new luxury residences. The development included 5 townhouses and six 3 bedroom apartments each benefitting from impressive original features and a high specification fit out. On site amenities for residents include 24 hour concierge and bespoke lifestyle service. They also have private access to the Square. We are aware of the following evidence:

Unit	Floor	Type	Size (sq ft)	Sold price (per sq ft)	Date
	L/G/1	3	3,769	£4,787,000 (£1,270)	March 2019
	LG/G/1	3	3,601	£5,700,000 (£1,583)	January 2019
Triplex 12	LG / G / 1	3 bed	2,690	£3,400,000 (£1,264)	October 2018
Triplex 8	LG / G / 1	3 bed	3,420	£4,500,000 (£1,312)	November 2018

Triplex 7	LG / G / 1	3 bed	3,413	£6,000,000 (£1,758)	September 2017
Apartment 6	4	3 bed	1,662	£3,125,000 (£1,880)	July 2017
Apartment 4	3	3 bed	1,655	£3,325,000 (£2,009)	April 2016
Apartment 3	3	3 bed	2,025	£4,500,000 (£2,222)	July 2015
Average				£1,741	

Located to the west of the subject property this development shares a similar location to the subject property.

In addition to these new build schemes referred to by the applicant, we have had regard to these additional schemes:

21 Young Street, W8 5EH

A new build scheme by Grainger comprising 53 units arranged over 10 storeys and located in South Kensington. The development is situated equidistant between Kensington High Street and Kensington Square Garden, with High Street Kensington being the closest Underground station located approximately 5 minute walk from the development. The development includes a number of on-site amenities including 24 hour concierge, residents gym, private screening room, residents library, secure underground car parking and private residents garden.

Construction completed during quarter three of 2018 and to date 4 units remain unsold. We are aware of the following sales:

Unit	Floor	Type	Size (sq ft)	Sold price (per sq ft)	Date
8, The Gardens	G / 1	2 bed duplex	1,075	£2,460,000 (£2,288)	January 2019
Apartment 16	2	2 bed	936	£2,275,000 (£2,431)	March 2019
Apartment 27	3	1 bed	726	£1,588,000 (£2,189)	March 2019
4, The Gardens	G / 1 / 2	4 bed duplex	1,854	£4,100,000 (£2,211)	December 2018
7, The Gardens	G / 1	2 bed duplex	1,084	£2,525,000 (£2,329)	October 2018
Apartment 39	4	Studio	450	£1,108,888 (£2,462)	June 2018

Apartment 42	5	3 bed	1,634	£5,225,000 (£3,197)	February 2018
Average				£2,450	

Located south of the subject property, this development offers greater amenities than the subject property and could be considered to be in a more desirable location close to the high end shops and restaurants on Kensington High Street.

2 to 6 Inverness Terrace W2 3HU

This development is located on Inverness Terrace which runs parallel to Queensway and therefore very close to the subject site. The site provides 15 units within three Stucco fronted adjoining buildings and was completed in Q3 2017. Nine of the plots were sold by June 2017 following launch in December 2015. The remainder were let out by the developer.

The development has been completed to a high standard and benefits from period features and an attractive fit out but few on site amenities.

Property	No of beds	Area Sq. Ft	Floor	Sale Price	Sale Date	Price £ per Sq. Ft
Apartment 4	2	818	-	£2,080,000	Aug-17	2,543
Apartment 3	2	850	-	£2,205,000	Aug-17	2,593
Apartment 9	2	818	-	£2,080,000	Aug-17	2,543
Apartment 10	3	1,886	3-4	£3,900,000	Oct-18	2,068
Average						£2,437

5 Palace Court, W2 4LP

This development is located to the west of the subject site, and is situated close to Notting Hill Gate and Queensway underground stations. The site includes one four bedroom mews house that was demolished and rebuilt as part of the planning permission. The main period building was extensively refurbished to provide 6 residential flats. Work on the redevelopment of the site reportedly stated in April 2015 with practical completion of the works in June 2018.

We have collated the following evidence of sales and availability at this site:

Property	No of beds	Area Sq. Ft	Floor	Sale Price	Sale Date	Price £ per Sq. Ft
Flat 5	2	738	3	£1,350,000	October 2018	£1,829
Flat 2	1	640	GF	£1,100,000	August 2018	£1,719

Flat 6	2	1,363	4 and 5 th	£2,600,000	Available	£1,908
Flat 4	2	890	2	£1,700,000	May 2019	£1,910
Flat 3	2	850	1	£1,600,000	January 2019	£1,882
Average						£1,850

1 Palace Court, W2 4LP

This development is located within the same block as 5 Palace Court. The development provides 6 private units that gained planning consent in April 2015. The conversion to 6 residential units was commenced in October 2015 and completed in May 2018. The apartments range from two to three beds.

We are aware of the following asking prices and reservation dates:

Property	No of beds	Area Sq. Ft	Floor	Quoting Price	Price £ per Sq. Ft	Reservation Date
Garden Flat	3	1567	LGF and GF	£2,295,000	£1,465	Available
Flat 1	2	906	LG / G	£1,350,000	£1,490	January 2020
Flat 2	2	1065	First	£1,995,000	£1,873	March 2019
Penthouse	2	953	4	£1,750,000	£1,836	March 2020
Flat 4	2	910	3	£1,795,000	£1,973	May 2019
Average					£1,727	

The applicant has used the comparable evidence to formulate a pricing schedule for the proposed units which gives an overall average of £2,125 per sq ft.

The applicant refers within their report to the following second hand sales evidence:

Address	Floor	Unit type	Area in sq ft	Price (per sq ft)	Date
Flat 2, 18 Sussex Place, W2 2TP	1	2	861	£1,350,000 (£1,568)	July 2020
26 Windsor Court, Moscow Road, W2 4SN	5	4	1,736	£2,400,000 (£1,238)	July 2020
Flat A, 28 Alexander Street, W2 5NU	G/LG	3	1,255	£1,800,000 (£1,434)	June 2020
Flat 12, 29 Westbourne Terrace, W2 3UN	3	1	518	£480,000 (£927)	May 2020
Flat F, 22 Cleveland Square, W2 6DG	5	3	1,400	£1,999,950 (£1,429)	May 2020

Flat 4, 86 Westbourne Terrace, W2 6QE	G	2	876	£1,195,000 (£1,367)	April 2020
Flat 6 and 7, 15 Hyde Park Gardens, W2 2LU	2/3	5	5,643	£11,100,000 (£1,967)	May 2020
Flat 2, 1 Leinster Square, W2 4PL	1	1	593	£945,000 (£1,594)	May 2020
Flat 4, 42 Craven Hill Gardens, W2 3EA	1	2	948	£1,025,000 (£1,081)	March 2020
Flat 11, 31 Inverness Terrace, W2 3JR	1	3	1,149	£1,650,000 (£1,436)	March 2020
60 Kensington Square Gardens, W2 4BA	G	2	737	£915,000 (£1,242)	February 2020
Flat E, 32 Leinster Square, W2 4BA	3	2	678	£850,000 (£1,254)	December 2019
Flat 4, 30 Hyde Park Gardens, W2 2ND	2	1	803	£805,000 (£1,002)	December 2019
201 Westbourne House, 14-16 Westbourne Grove, W2 5RH	2	3	1,381	£2,300,000 (£1,665)	December 2019
Flat 1, 103 Westbourne Grove W2 4UW	1	2	566	£630,000 (£1,113)	December 2019
45 Corringham, 13-16 Craven Hill Gardens, W2 3EH	3 / 4	2	830	£816,100 (£983)	November 2019
Flat 7, 46 Inverness Terrace, W2 3JA	2	Studio	398	£370,000 (£930)	November 2019
Flat 3, 111 Westbourne Grove, W2 3JA	3	2	1,327	£1,630,000 (£1,228)	September 2019
16 Hilton House, 22 Craven Hill Gardens, W2 3EE	4	1	377	£550,000 (£1,459)	January 2019
Flat M, 19 Hyde Park Gardens, London W2 2LY	4	4	2,480	£2,950,000 (£1,190)	August 2019
31 Sussex Lodge, Sussex Place, London W2 2SQ	3	3	1,572	£1,650,000 (£1,050)	August 2019
49 Sussex Square, London W2 2SP	49	4	1,596	£2,420,000 (£1,516)	August 2019
19 - 22 Hyde Park Gardens, London W2 2LY	3 / 4	9	6,185	£6,800,000 (£1,099)	August 2019
22 Hyde Park Gardens, W2 2LY	3 / 4	5	3,650	£3,550,000 (£973)	August 2019

Residential Conclusions

Having reviewed the pricing schedule and supporting evidence we consider the average value of £2,125 per sq ft to be broadly acceptable and consistent with the evidence. There is limited recent evidence of new build schemes in this location with much of the nearby new build evidence rather historic. Indexes indicate, however, limited change in values over the time period from these comparables to today. Many of the comparables are also refurbished period buildings with more attractive outlooks than the subject property. These may also have some added appeal to some purchases looking for period features and quieter locations.

The first-floor units benefit from large terraces to the rear so these have been priced to reflect this, with the first floor values exceeding those of units on upper floors. In the case of the one-bedroom units the terraces appear of an almost equal size to the internal unit. We consider that the applicants pricing schedule fairly reflects the benefits associated with these units.

The pricing schedule and our GDV of the new build residential apartments reflects the following averages:

Type	Number	Average Size	Average Price	Average Price per sq ft
1 bed	12	665	£1,279,167	£1,927
2 bed	17	928	£1,908,824	£2,044
3 bed	3	2,093	£5,333,333	£2,543
	32			£2,125

Offices

The proposed development includes 89,060 sq ft of office floorspace. This will provide a Grade A specification. The floorplates range from circa 16,330 sq ft on the first floor to circa 6,996 sq ft on the sixth floor. The applicant has applied a blended average of £70 per sq ft based on the following rental evidence:

Address	Postcode	Building Type	Average Rent per sq ft	NIA leased in sq ft	Date
37 North Wharf Rd	W2 1BD	Refurbishment	£60	23,108	June 2020
55 North Wharf Rd	W2 1LA	New Build	£74.60	49,599	June 2019
47 - 49 Notting Hill Gate Estate South	W11 3JS	Refurbishment	£60	21,097	April 2019
Brunel Building	W2 1LA	New Build	£73.30	246,767	March 2019
10 Brock Street	NW1 3FG	New Build	£65	175,000	March 2019
5 Merchant Square	W2 1AY	Refurbishment	£60	159,110	December 2018
Verde	SW1E 5DH	Refurbishment	£70.10	38,533	June 2018
Nova North	SW1V 1JR	New Build	£74.90	183,717	December 2017

Address	Postcode	Building Type	Average Rent per sq ft	NIA leased in sq ft	Date
20 Eastbourne Terrace	W2 6LG	Refurbishment	£74	29,787	July 2016

In addition to this summary table provided by the applicant we have considered the following lettings:

Address	Tenant	Transaction	Date	Rent per sq ft
Brunel Building	Hellman & Friedman	New 15 year lease on 14 th and 15 th floor. 49,500 sq ft	January 2019	£87
	Paymentsense	New 15 year lease on the 9 th and 10 th floors. 33,000 sq ft.	January 2019	£77.50
	Coach	New 10 year lease on the 7 th floor. 16,523 sq ft.	June 2019	£75
	Alpha	New 10 year lease on 6 th floor. 16,533 sq ft.	April 2019	£77.50
10 Eastbourne Terrace, London W2	Cunnins	New 10 year term on the 3 rd floor. 4,490 sq ft.	November 2018	£65.00
47 – 69 Notting Hill Gate, London W11	Ovo Energy	New 10 year term on the first to fourth floors. 21,097 sq. ft	April 2019	£65.00
65 Alfred Road, London W2	What3words	10,023 sq ft on top floor. Flexible lease terms.	April 2018	£59.50
192 Sloane Street, London SW1X	Unknown	1,853 sq ft on second floor of modern office building. 5 year term.	June 2020	£83
Monreau House, 116 Brompton Road, London SW3	St James's Place Wealth Management	12,011 sq ft on the second and third floors of a modern office building. They took an additional lease on the first floor. 10 year term.	March 2020	£80 to £81

Office rental conclusions

Queensway is not an established office location. Office accommodation in this location is predominantly geared towards small business run by local residents. An example is Monmouth House where small suites of circa 1,500 sq ft are let on short terms for rents in the order of £42.50 per sq ft. Rents at Bayswater Business Centre located on Bayswater Mews are circa £30 per sq ft. This basic space is available in a range of sizes, again on short term basis if required.

The evidence outlined above is for established office locations where a number of large and established occupiers have located and thus offer the range of services and amenities required. As well as these locations we have also considered alternative locations which compare to the subject property, for example western

fringe locations of the main West End office district. We consider these locations to be Notting Hill where Ovo Energy pre-let 21,097 sq ft at £65 per sq ft in a refurbished 1960s building and Knightsbridge where rents are in the early £80s per sq ft.

Using the available evidence we have priced the office floors individually reflecting the following rental values:

Floor	Rent per sq ft
First	£67.50
Second	£70
Third	£72.50
Fourth	£75
Fifth	£80
Sixth	£82.50

We have applied a premium uplift of £5 per sq ft to the fifth and sixth floor which benefit from a terrace. In our experience these floors with outside space often trade at an enhanced premium to floors without.

These rental values generate an Estimated Market Rent of £6,527,079 which reflects £73.29 per sq ft on average. When valuing the individual floors we have had regard to the letting to Ovo where £65 per sq ft was achieved on a refurbished 1960s building (the subject property will provide brand new Grade A accommodation) and rents achieved at Paddington which are now up to £90 per sq ft. We consider a discount to Paddington to be appropriate given this is not an established office location, but consider a premium to the Ovo letting is likely as the proposed development will offer attractive brand new space.

DS2 have assumed 15-year lettings with 36 month rent free period incentives on pre-let office accommodation (30%) and 18 months' rent free on the specification office space. Having reviewed the available evidence, we consider the rate of pre-lets could be better. For example, Frogmore's developments in Notting Hill Gate were all pre-let (a total of 62,000 sq ft in 2018). Whilst the office occupational market is likely to go through a shift following the COVID-19 pandemic it is possible that this will have righted itself prior to the completion of this development. Thus, we do not consider an assumption of 50% pre-let to be unreasonable.

We have reviewed the rent-free periods granted on the lettings at the Brunel building and these broadly reflect 2 months rent free for every year of term certain granted to the tenant. Again, these lettings were pre-lets prior to 2020. However, we consider it appropriate to adopt similar rent frees here, applying 20 months rent free on 10-year term certain leases.

The applicant has provided the following investment evidence which They have had regard to in formulating their opinion of an appropriate office yield.

Address	Price	Net Initial Yield	Size Sq ft	Tenants	Lease Expiries	Date
35 North Wharf Rd, W2	£220,500,000	4.98%	237,801	Marks & Spencer plc	9.25 years unexpired	April 2019
2 Kensington Square, W8	£22,500,000	3.54%	21,259	MMC Ventures, Cinnamon Care Collection	Short term	December 2018
42 - 60 Kensington High Street, W 8	£53,800,000	3.75%	51,629	Uniqlo, Zara, Joe & The Juice	WAULT 6.2 years	September 2018
88 - 94 Westbourne Grove, W2	£12,000,000	4.21%	11,636	Deliberate PR Limited, King Media Management Ltd, Sainsburys	Short term	May 2017
One Kingdom Street, Paddington Central, 1 Kingdom Street, London W2	£292,000,000	4.85%	Freehold	263,310	Vodafone, MWB, Misys, Shire Pharmaceuticals	WAULT 6.8 years

In addition we have had regard to the following evidence:

Address	Price	Net Initial Yield	Tenure	Size Sq ft	Tenants	Lease Expiries	Date
Waterside House, 35 North Wharf Road, London W2	£220,500,000	4.98%	Freehold	266,549	Marks & Spencer	June 2023	April 2019
Yalding House, 152-156 Great Portland Street, London W1W	£40,000,000	4.25%	Freehold	35,000	Slack, Russell and Osborne and Partners, Caravan	2027	October 2020
7 Soho Square, London W1	£78,000,000	4%	Freehold	62,000	TripAdvisor	2023	October 2020

Office yield conclusions

DS2 have adopted a yield of 4.5%. Based on the size, location and market conditions we consider this to be a reasonable assumption of the yield that could be achieved at the subject property. We have therefore applied the same capitalisation rate to the office income.

Retail

The proposed scheme provides 23,831 sq ft of retail accommodation within use classes A1 and A3 (now all within Class E following an amendment to the use class order as at September 2020). The accommodation is all at ground floor level with frontage onto Queensway. Orme Retail advised the applicant on appropriate retail rents for the proposed development. These are supported by the same comparable evidence we have outlined within the Benchmark Land Value Section of our report as they also provide guidance for the value of the existing retail. A blended rate of £225 per sq ft Zone A or £70 per sq ft overall for the A3 units has been considered appropriate producing a combined rental value of £2,766,921 per annum.

We have reviewed the pricing schedule. We note that Orme have applied a 20% premium to the average Zone A rates they proposed for the existing retail units. We have therefore applied the same premium to the estimated rental values we have adopted for our value of the existing building. We have not been able to find any helpful evidence to support this premium between older retail units and newer retail units so have been guided by the applicant as to an appropriate percentage premium which appears logical for new retail units in a premium development which will be more attractive to tenants. The Zone A rates we have adopted range between £90 and £102 per sq ft. We consider that retailers will be willing to pay slightly better rents on new units as they will provide a better quality of accommodation alongside the same pitch. The accommodation offered by a brand new building will be more user friendly and most probably more economical for a tenant in terms of service charges and therefore they are likely to be willing to pay a premium over and above the existing rents on a mid-20th century building.

On the unit Tesco are to re-occupy we have assumed the same rent per sq ft overall as is currently being paid. For the A3 units which are likely to be let to restaurants or cafes we have applied an overall rate of £50 per sq ft which is a premium to the £33 per sq ft overall currently being achieved on the existing large units.

We have had regard to the same investment evidence as outlined in our benchmark land value section. The applicant has applied a yield of 4.75% to the proposed development. We have adjusted the retail yield applied to the Benchmark land value to fairly reflect market sentiment for the retail sector. We have made a slight adjustment to the yield for the proposed yield (50 basis points) to reflect the benefits to an investor of having a brand new building. This decreases maintenance costs and management and therefore we consider a sharper yield of 5.75% to fairly reflect the characteristics of the proposed retail units.

GDV Conclusions

GDV Element	Applicants GDV	Avison Young GDV
Residential (all private)	£63,794,625	£63,794,625
Offices	£128,707,919	£137,038,085
Retail	£55,609,516	£18,496,980
Total	£248,112,060	£219,329,690

Affordable Housing Values

In order to assess if the applicant could provide a policy compliant scheme, we have undertaken an appraisal including 880 sq m of affordable housing. To be policy compliant the tenure mix is 60% 'intermediate' for rent or sale and 40% social rent or London Affordable Rent. The applicant has not run this scenario nor provided any affordable housing values.

We have made the following broad assumptions as to the mix of the affordable units in order to assess appropriate capital values:

Unit Type	Assumed size in sq ft (average)	London Affordable Rent	London Living Rent
1 bed	550	3	3
2 bed	700	3	2
3 bed	850	2	1

We have adopted the following values within our assessment of a policy compliant scheme:

London Affordable Rent: £225 per sq ft

We have adopted the GLA published London Affordable Rents and applied a yield of 4.5% after a 20% adjustment for annual costs and 1% for bad debt. In practice there would be an element of service charge recovery which would improve the yield.

London Living Rent: £412 per sq ft

We have adopted the London Living Rents for Lancaster Ward in Westminster. From these we have deducted costs of 20% and an additional 1% for bad debts. We have capitalised the net income at 4.5% yield.

These are estimates based on standard market assumptions for these tenure types as the applicant has not provided any information in this regard.

9. Build Cost and programme

The table below summarises the costs adopted by the applicant compared to our assumptions and provides commentary where these differ or additional explanation is required.

Cost	Applicant	Avison Young	Comments
Construction Cost	£85,487,938	£81,224,000	Our QS has reviewed the cost information provided and considered a 5% deduction appropriate.

Construction Contingency	£4,274,397	£4,060,000	Construction contingency is equal to 5% of construction cost. Our QS considers this an appropriate addition and required.
Professional fees	10%	10%	
Marketing Residential	1.5%	1%	We have had regard to common market practice and the overall marketing figure. This is a relatively small scheme.
Marketing Commercial	£224,708 (based on £2 per sq ft)	£224,708 (based on £2 per sq ft)	
Letting Agent fee	10%	10%	
Letting Legal fee	5%	5%	
Sales agent fee Residential	1.5%	1%	
Sales agent fee Commercial	1%	1%	
Commercial Sales Legal fee	0.5%	0.5%	
Residential Sales Legal fee	£1,000 per unit	£1,000 per unit	
Borough CIL	£3,381,370	£3,381,370	Applicants figures adopted for present purposes.
Mayoral CIL	£2,159,307	£2,159,307	
S106 contributions	£350,000	£350,000	
Additional development cost	£4 million	£0	We have been unable to verify this figure so have run our appraisals without this figure.
Finance cost	6.5%	6%	Likely to be undertaken by a developer with significant resources and the ability to borrow at lower rates.
Stamp Duty	5%	5%	
Agent fee	1%	1%	
Legal fee	0.8%	0.8%	
Profit level	17.5% profit on GDV for residential and 15% profit on GDV for commercial	17.5% profit on GDV for residential and 15% profit on GDV for commercial 6% profit on GDV for affordable housing	

Development Timescales

The applicant has adopted the following development timescales:

Definition	Number of months
Pre-construction	6
Demolition	7
Construction	29
Letting period	13 (commercial sold at the end of this period)
Sale	7

We have reduced the overall construction period (including demolition) to 24 months. This is consistent with other developments we have been involved with. We have assumed a 6-month letting period for the remaining offices with 50% pre-let prior to completion.

For the retail the applicant has assumed an average 12 month letting void and 12 months' rent free incentive. We know Tesco are likely to take a new unit within the proposed development, and we consider that there may be additional pre-lets. We have therefore assumed 30% pre-lets on the retail with the remainder let after an average of 12 months.

Where our appraisal includes affordable housing, we have assumed that receipts occur throughout the build period. We have allowed for 50% pre-sales of the private residential, with the remainder sold over a 5 month period.

10. Outputs and results

In order to assess if the applicant is providing the maximum reasonable quantum of affordable housing we have firstly, used the inputs outlined in our report to undertake an appraisal of the proposed scheme on a policy compliant basis. In order for us to undertake this appraisal we have adjusted 880 sq m of private residential accommodation to affordable tenure with the split consistent with policy requirements. It should be noted that the scheme has only been designed with one residential core, so if affordable housing were to be provided on site design adjustments may have to be made to accommodate affordable housing on site. This may result in a reduction in net saleable area and may impact on our conclusions. We need to assess a scheme drawn up to include affordable units in order to fully assess this.

Our appraisal on the basis outlined above generates a profit level of 16.99% on GDV. This compares to a target profit level of 15.4%. Therefore, we consider (subject to the caveats above) that a policy compliant scheme is viable.

The Other Development Costs which we have been unable to verify would impact upon this conclusion, but as yet we have been unable to confirm that these costs are appropriate to include.

11. Sensitivity analysis

We have undertaken sensitivity analysis to see the impact of changes on variables on the profit level achieved and therefore the viability.

Firstly we have considered the impact of changes on office and retail rents and construction costs. If office rents were to decrease by £2.50 per sq ft then the scheme would become unviable. The same is true if construction costs increased by 5% (the build cost reported by the applicant).

Table of Profit Amount and Profit on GDV%

Construction: Gross Cost	Rent: Rate /ft ²				
	-5.00 /ft ²	-2.50 /ft ²	0.00 /ft ²	+2.50 /ft ²	+5.00 /ft ²
	68.29 /ft ²	70.79 /ft ²	73.29 /ft ²	75.79 /ft ²	78.29 /ft ²
-10.000%	£34,545,147	£39,671,878	£44,798,609	£49,925,340	£55,052,070
73,101,600	18.071%	20.160%	22.133%	24.000%	25.768%
-5.000%	£29,336,219	£34,462,950	£39,589,680	£44,716,411	£49,843,142
77,162,800	15.346%	17.513%	19.560%	21.496%	23.330%
0.000%	£24,127,290	£29,254,021	£34,380,752	£39,507,483	£44,634,213
81,224,000	12.622%	14.866%	16.986%	18.992%	20.891%
+5.000%	£18,918,362	£24,045,093	£29,171,824	£34,298,554	£39,425,285
85,285,200	9.897%	12.219%	14.413%	16.488%	18.453%
+10.000%	£13,709,434	£18,836,164	£23,962,895	£29,089,626	£34,216,357
89,346,400	7.172%	9.572%	11.839%	13.984%	16.015%

Secondly, we have considered the impact of changes in residential values. We have applied this to the private values only. This has a lesser impact, with residential values being able to decrease by over 5% and viability being maintained.

Table of Profit Amount and Profit on GDV%

Sales: Gross Sales	Construction: Gross Cost				
	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	73,101,600	77,162,800	81,224,000	85,285,200	89,346,400
-5.000%	£42,554,819	£37,345,891	£32,136,963	£26,928,034	£21,719,106
41,491,369	21.254%	18.652%	16.051%	13.449%	10.848%
-2.500%	£43,676,714	£38,467,786	£33,258,857	£28,049,929	£22,841,000
42,583,247	21.696%	19.109%	16.521%	13.934%	11.346%
0.000%	£44,798,609	£39,589,680	£34,380,752	£29,171,824	£23,962,895
43,675,125	22.133%	19.560%	16.986%	14.413%	11.839%
+2.500%	£45,920,504	£40,711,575	£35,502,647	£30,293,718	£25,084,790
44,767,003	22.566%	20.006%	17.446%	14.887%	12.327%
+5.000%	£47,042,398	£41,833,470	£36,624,541	£31,415,613	£26,206,684
45,858,881	22.994%	20.448%	17.902%	15.356%	12.810%

12. Conclusion

We have undertaken a thorough assessment of the Benchmark Land Value for this property. We differ quite significantly from the values adopted by the applicant both on the existing retail and the residential.

On the retail we have made adjustments to both the rents and yield to be consistent with the Zone A rate achieved on the West Walk scheme located further up Queensway closer to Hyde Park and Queensway station. We have also made significant adjustments to the yield to ensure it is consistent with market sentiment and data prepared by large property consultancy firms. We have had to make consistent adjustments to the retail within the proposed scheme as the same factors apply to this also.

We have assessed the value of the existing residential accommodation on two bases as outlined in our report. We have looked at the existing rents and applied a yield and also considered a refurbishment scenario which could improve the end sales values. The existing residential compares poorly to that around with limited amenities, no lift and an unattractive layout with open walkways. We have taken this into consideration when assessing it against the comparable evidence.

We have tested a hypothetical scheme including 880 sq m of affordable residential in line with policy. We have not been provided with architect's drawings for this and have therefore had to make broad adjustments in order to assess if a policy compliant amount of affordable housing would be viable. On the basis of our assessment to date we consider that a policy compliant quantum of affordable housing can be provided whilst maintaining viability. Our appraisal generates a profit level of 16.99% which is above the target level of 15.4%. It should be noted that if the 'Other Development Costs' which we have been unable to verify were to be included within our appraisal this would impact upon this conclusion. At present we have been unable to confirm that these costs are appropriate to include.

draft

Appendix 1

Retail Investment Valuation

draft

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** SCENARIO1

Valuation Date: 17/12/2020

Freehold

Value: 20,384,493

Net Rent: 1,133,160

Total ERV: 1,379,120

Net value / sqft 567

Average Unexpired Term: 5 yrs, 9 mths

Net Initial Yield: 5.208%

Nominal Equivalent Yield: 5.700%

True Equivalent Yield: 5.894%

Reversionary Yield: 6.338%

114, Boots the Chemist

Current	Gross income	275,000					
	Net Income				275,000		
	YP (6.250% for 4 months)	0.3201					88,024
Apr 2021	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 4 months)	0.9223					0
Apr 2022	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 1 year and 4 months)	0.8681					0
Apr 2023	Gross income	297,425					
	Net Income				297,425		
	YP (6.250% in perpetuity deferred for 2 years and 4 months)	13.8895					4,131,077
Unit Gross Value							4,219,100

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Apr 2022	1 Mnth	0.00%	-15%	-44,614	-44,614
Empty Rates		Apr 2021	1 Mnth	0.00%	-45%	-133,841	-133,841
						-178,455	

Adjusted Unit Value **4,040,645****116, EE**

Current	Gross income	65,000					
	Net Income				65,000		
	YP (6.250% for 2 years and 11 months)	2.5931					168,554
Nov 2023	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 2 years and 11 months)	0.7886					0
Nov 2024	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 3 years and 11 months)	0.5609					0
Aug 2025	Gross income	46,920					
	Net Income				46,920		
	YP (6.250% in perpetuity deferred for 4 years and 8 months)	12.0573					565,731
Unit Gross Value							734,284

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
-------------	-----------	-------	--------	----------	------	--------	-------



114 - 186 Queensway W2 EUV (Retail)

Portfolio: jf07

Scenario: SCENARIO1

Letting Fees	Nov 2024	1 Mnth	0.00%	-15%	-7,038	-7,038
Empty Rates	Nov 2023	1 Mnth	0.00%	-45%	-21,114	-21,114
					-28,152	

Adjusted Unit Value

706,132

118-120, The Post Office

Current	Gross income	110,000				
	Net Income			110,000		
	YP (6.250% for 2 years and 7 months)	2.3195				255,140
Jul 2023	Gross income	0				
	Net Income			0		
	YP (6.250% for 1 year deferred for 2 years and 7 months)	0.8047				0
Jul 2024	Gross income	0				
	Net Income			0		
	YP (6.250% for 1 year deferred for 3 years and 7 months)	0.7574				0
Jul 2025	Gross income	110,000				
	Net Income			110,000		
	YP (6.250% in perpetuity deferred for 4 years and 7 months)	12.1184				1,333,025

Unit Gross Value

1,588,165

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Jul 2024	1 Mnth	0.00%	-15%	-16,500	-16,500
Empty Rates		Jul 2023	1 Mnth	0.00%	-45%	-49,500	-49,500
						-66,000	

Adjusted Unit Value

1,522,165

122, Great Gifts and Souvenirs Ltd

Current	Gross income	0				
	Net Income			0		
	YP (6.250% for 1 year)	0.9412				0
Dec 2021	Gross income	0				
	Net Income			0		
	YP (6.250% for 9 months deferred for 1 year)	0.6694				0
Sep 2022	Gross income	45,560				
	Net Income			45,560		
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895				655,584

Unit Gross Value

655,584

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2021	1 Mnth	0.00%	-15%	-6,834	-6,834
Empty Rates		Dec 2020	1 Mnth	0.00%	-45%	-20,502	-20,502
						-27,336	

Adjusted Unit Value

628,248



114 - 186 Queensway W2 EUV (Retail)

Portfolio: jf07

Scenario: SCENARIO1

124, Hutchinson 3G UK Ltd

Current	Gross income	67,500					
	Net Income				67,500		
	YP (6.250% for 3 years)	2.6607					179,597
Dec 2023	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 3 years)	0.7847					0
Dec 2024	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 4 years)	0.5581					0
Sep 2025	Gross income	48,620					
	Net Income				48,620		
	YP (6.250% in perpetuity deferred for 4 years and 9 months)	11.9966					583,274

Unit Gross Value **762,871**

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2024	1 Mnth	0.00%	-15%	-7,293	-7,293
Empty Rates		Dec 2023	1 Mnth	0.00%	-45%	-21,879	-21,879
						-29,172	

Adjusted Unit Value **733,699**

126, CEX

Current	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year)	0.9412					0
Dec 2021	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 1 year)	0.6694					0
Sep 2022	Gross income	55,335					
	Net Income				55,335		
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895					796,240

Unit Gross Value **796,240**

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Jan 2022	1 Mnth	0.00%	-15%	-8,300	-8,300
Empty Rates		Dec 2020	1 Mnth	0.00%	-45%	-24,901	-24,901
						-33,201	

Adjusted Unit Value **763,039**

128/130, Superdrug Stores PLC

Current	Gross income	50,000					
	Net Income				50,000		
	YP (6.250% for 3 years)	2.6607					133,035

114 - 186 Queensway W2 EUV (Retail)**Portfolio:** jf07**Scenario:** SCENARIO1**128/130, Superdrug Stores PLC**

Dec 2023	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 3 years)	0.7847					0
Dec 2024	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 4 years)	0.7385					0
Dec 2025	Gross income	105,000					
	Net Income				105,000		
	YP (6.250% in perpetuity deferred for 5 years)	11.8161					1,240,694
Unit Gross Value							1,373,729

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2024	1 Mnth	0.00%	-15%	-15,750	-15,750
Empty Rates		Dec 2023	1 Mnth	0.00%	-45%	-47,250	-47,250
						-63,000	

Adjusted Unit Value **1,310,729****134 - Basement, VACANT**

Current	Gross income	0					
	Net Income				0		
	YP (6.000% for 1 year and 9 months)	1.6157					0
Sep 2022	Gross income	0					
	Net Income				0		
	YP (6.000% in perpetuity deferred for 1 year and 9 months)	15.0509					0
Unit Gross Value							0

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Sep 2022	1 Mnth	0.00%	-15%	0	0
Empty Rates		Dec 2020	1 Mnth	10.00%	-45%	0	0
						0	

Adjusted Unit Value **0****134 - Ground, VACANT**

Current	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year and 9 months)	1.6105					0
Sep 2022	Gross income	44,965					
	Net Income				44,965		
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895					647,022
Unit Gross Value							647,022

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Sep 2022	1 Mnth	0.00%	-15%	-6,745	-6,745



114 - 186 Queensway W2 EUV (Retail)

Portfolio: jf07

Scenario: SCENARIO1

Empty Rates	Dec 2020	1 Mnth	10.00%	-45%	-20,234	-20,234
					-26,979	

Adjusted Unit Value 620,043

136, Beauty Base Ltd

Current	Gross income	52,000				
Net Income				52,000		
YP (6.250% for 8 months)	0.6338					32,956
Aug 2021	Gross income	0				
Net Income				0		
YP (6.250% for 1 year deferred for 8 months)	0.9039					0
Aug 2022	Gross income	0				
Net Income				0		
YP (6.250% for 9 months deferred for 1 year and 8 months)	0.6429					0
May 2023	Gross income	52,275				
Net Income				52,275		
YP (6.250% in perpetuity deferred for 2 years and 5 months)	13.8195					722,413

Unit Gross Value 755,369

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Aug 2022	1 Mnth	0.00%	-15%	-7,841	-7,841
Empty Rates		Aug 2021	1 Mnth	0.00%	-45%	-23,524	-23,524
						-31,365	

Adjusted Unit Value 724,004

138-144, Tesco

Current	Gross income	339,060				
Net Income				339,060		
YP (4.500% for 14 years and 8 months)	10.5698					3,583,805
Aug 2035	Gross income	339,060				
Net Income				339,060		
YP (4.500% in perpetuity deferred for 14 years and 8 months)	11.6524					3,950,861

Unit Gross Value 7,534,667

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Aug 2035	1 Mnth	0.00%	-15%	-50,859	-50,859
						-50,859	

Adjusted Unit Value 7,483,808

132, AB Enterprises Ltd

Lease expired in Jan 2020 - assumed lease renewed at the same rent for another year (so assumed 2 year lease as per the schedule)

Current	Gross income	0				
Net Income				0		
YP (6.250% for 1 year)	0.9412					0

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** SCENARIO1**132, AB Enterprises Ltd**

Lease expired in Jan 2020 - assumed lease renewed at the same rent for another year (so assumed 2 year lease as per the schedule)

Dec 2021	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 1 year)	0.6694					0
Sep 2022	Gross income	56,780					
	Net Income				56,780		
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895					817,033
Unit Gross Value							817,033

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2021	1 Mnth	0.00%	-15%	-8,517	-8,517
Empty Rates		Dec 2020	1 Mnth	0.00%	-45%	-25,551	-25,551
						-34,068	

Adjusted Unit Value **782,965****146, An Individual**

Current	Gross income	69,000					
	Net Income				69,000		
	YP (6.250% for 1 month)	0.0806					5,563
Jan 2021	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 1 month)	0.9364					0
Jan 2022	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 1 year and 1 month)	0.6660					0
Oct 2022	Gross income	56,780					
	Net Income				56,780		
	YP (6.250% in perpetuity deferred for 1 year and 10 months)	14.3169					812,916
Unit Gross Value							818,479

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Jan 2022	1 Mnth	0.00%	-15%	-8,517	-8,517
Empty Rates		Jan 2021	1 Mnth	0.00%	-45%	-25,551	-25,551
						-34,068	

Adjusted Unit Value **784,411****148, VACANT**

Current	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year and 9 months)	1.6105					0
Sep 2022	Gross income	54,100					
	Net Income				54,100		
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895					778,470
Unit Gross Value							778,470

114 - 186 Queensway W2 EUV (Retail)**Portfolio:** jf07**Scenario:** SCENARIO1**Capital Adjustments**

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Sep 2022	1 Mnth	0.00%	-15%	-8,115	-8,115
Empty Ratres		Dec 2020	1 Mnth	10.00%	-45%	-24,345	-24,345
						-32,460	

Adjusted Unit Value**746,010****150, VACANT**

Current	Gross income			0			
Net Income					0		
YP (6.250% for 1 year and 9 months)	1.6105						0
Sep 2022	Gross income			66,300			
Net Income					66,300		
YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895						954,021

Unit Gross Value**954,021****Capital Adjustments**

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Sep 2022	1 Mnth	0.00%	-15%	-9,945	-9,945
Empty Ratres		Dec 2020	1 Mnth	10.00%	-45%	-29,835	-29,835
						-39,780	

Adjusted Unit Value**914,241****Summary of Unit Values**

114, Boots the Chemist	4,040,645
116, EE	706,132
118-120, The Post Office	1,522,165
122, Great Gifts and Souvenirs Ltd	628,248
124, Hutchinson 3G UK Ltd	733,699
126, CEX	763,039
128/130, Superdrug Stores PLC	1,310,729
134 - Basement, VACANT	0
134 - Ground, VACANT	620,043
136, Beauty Base Ltd	724,004
138-144, Tesco	7,483,808
132, AB Enterprises Ltd	782,965
146, An Individual	784,411
148, VACANT	746,010
150, VACANT	914,241
Total of Unit Values	21,760,139

Buyers Costs

Stamp Duty	(=4.9485%)	-1,008,725	
Legal Fees	0.8000%	-163,076	
Agent Fees	1.0000%	-203,845	
Total (=6.7485% of Say Value):			-1,375,646

Net Value**20,384,493**

114 - 186 Queensway W2 EUV (Retail)

Portfolio: jf07

Scenario: SCENARIO1

Running Yield Report

Date	Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
17/12/2020	21,834,553	-74,414	1,133,160	1,133,160	5.208%	5.190%
31/12/2020	21,855,055	-20,502	1,133,160	1,133,160	5.208%	5.185%
01/01/2021	21,855,055	0	1,087,160	1,087,160	4.996%	4.974%
14/01/2021	21,880,606	-25,551	1,087,160	1,087,160	4.996%	4.969%
15/01/2021	21,905,507	-24,901	1,077,560	1,077,560	4.952%	4.919%
16/01/2021	21,905,507	0	1,027,560	1,027,560	4.722%	4.691%
21/01/2021	21,931,058	-25,551	1,027,560	1,027,560	4.722%	4.685%
22/01/2021	21,931,058	0	958,560	958,560	4.405%	4.371%
25/04/2021	22,064,899	-133,841	958,560	958,560	4.405%	4.344%
26/04/2021	22,064,899	0	683,560	683,560	3.141%	3.098%
01/09/2021	22,088,423	-23,524	683,560	683,560	3.141%	3.095%
02/09/2021	22,088,423	0	631,560	631,560	2.902%	2.859%
01/01/2022	22,095,257	-6,834	631,560	631,560	2.902%	2.858%
15/01/2022	22,103,774	-8,517	631,560	631,560	2.902%	2.857%
16/01/2022	22,112,074	-8,300	631,560	631,560	2.902%	2.856%
22/01/2022	22,120,591	-8,517	631,560	631,560	2.902%	2.855%
26/04/2022	22,165,205	-44,614	631,560	631,560	2.902%	2.849%
02/09/2022	22,173,046	-7,841	631,560	631,560	2.902%	2.848%
17/09/2022	22,197,851	-24,805	796,925	796,925	3.662%	3.590%
30/09/2022	22,197,851	0	842,485	842,485	3.872%	3.795%
14/10/2022	22,197,851	0	899,265	899,265	4.133%	4.051%
15/10/2022	22,197,851	0	954,600	954,600	4.387%	4.300%
21/10/2022	22,197,851	0	1,011,380	1,011,380	4.648%	4.556%
25/04/2023	22,197,851	0	1,308,805	1,308,805	6.015%	5.896%
01/06/2023	22,197,851	0	1,361,080	1,361,080	6.255%	6.132%
02/08/2023	22,247,351	-49,500	1,361,080	1,361,080	6.255%	6.118%
03/08/2023	22,247,351	0	1,251,080	1,251,080	5.749%	5.624%
13/12/2023	22,268,465	-21,114	1,251,080	1,251,080	5.749%	5.618%
14/12/2023	22,268,465	0	1,186,080	1,186,080	5.451%	5.326%
31/12/2023	22,337,594	-69,129	1,186,080	1,186,080	5.451%	5.310%
01/01/2024	22,337,594	0	1,068,580	1,068,580	4.911%	4.784%
03/08/2024	22,354,094	-16,500	1,068,580	1,068,580	4.911%	4.780%
14/12/2024	22,361,132	-7,038	1,068,580	1,068,580	4.911%	4.779%
01/01/2025	22,384,175	-23,043	1,068,580	1,068,580	4.911%	4.774%
02/08/2025	22,384,175	0	1,178,580	1,178,580	5.416%	5.265%
13/09/2025	22,384,175	0	1,225,500	1,225,500	5.632%	5.475%
30/09/2025	22,384,175	0	1,274,120	1,274,120	5.855%	5.692%
31/12/2025	22,384,175	0	1,379,120	1,379,120	6.338%	6.161%
07/09/2035	22,435,034	-50,859	1,379,120	1,379,120	6.338%	6.147%

Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.

Running Yields and Net Initial Yield are based on say value plus buyer's costs 21,760,139.

Formulae as in Parry's Tables: rent annually in arrears.

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"

Cap Adj Running Yield is based on cumulative capital invested.

Appendix 2

Refurbishment Scenario Appraisal

draft

Queensway Parade Refurb Scenario

draft

Development Appraisal
Avison Young
18 December 2020

Queensway Parade Refurb Scenario
Summary Appraisal for Phase 1
Currency in £
REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	27	25,555	1,000.00	946,481	25,555,000

NET REALISATION **25,555,000**
OUTLAY
ACQUISITION COSTS

Residualised Price			13,767,235	
				13,767,235
Stamp Duty		5.00%	688,362	
Agent Fee		1.00%	137,672	
Legal Fee		0.80%	110,138	
				936,172

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Residential	27 un	188,111	5,079,000	5,079,000
Contingency		7.50%	380,925	
				380,925

PROFESSIONAL FEES

Other Professionals		10.00%	507,900	
				507,900

DISPOSAL FEES

Sales Agent Fee		2.00%	511,100	
Sales Legal Fee	27 un	1,000.00 /un	27,000	
				538,100

FINANCE

Debit Rate 6.50%, Credit Rate 0.00% (Nominal)				
Land			1,235,034	
Construction			170,165	
Other			384,968	
Total Finance Cost				1,790,167

TOTAL COSTS **22,999,499**
PROFIT
2,555,501
Performance Measures

Profit on Cost%	11.11%
Profit on GDV%	10.00%
Profit on NDV%	10.00%
IRR	14.21%
Profit Erosion (finance rate 6.500)	1 yr 8 mths

Appendix 3

Appraisal of Policy Compliant Scheme

draft

Queensway
Viability Appraisal

draft

Development Appraisal
Avison Young
21 December 2020

**Queensway
Viability Appraisal**
Summary Appraisal for Phase 1 Queensway
Currency in £
REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	1	20,553	2,125.00	43,675,125	43,675,125
Social Residential	1	3,789	225.00	852,525	852,525
Intermediate Residential	<u>1</u>	<u>5,683</u>	<u>412.00</u>	<u>2,341,396</u>	<u>2,341,396</u>
Totals	3	30,025			46,869,046

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail (A1+A3) Pre-let	1	7,527	48.80	367,349	367,349	367,349
Office (B1) Pre-Let	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Office (B1) Spec	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Retail (A1 and A3) Spec	<u>1</u>	<u>15,054</u>	<u>48.80</u>	<u>734,635</u>	<u>734,635</u>	<u>734,635</u>
Totals	4	111,641			7,629,192	7,629,192

Investment Valuation
Retail (A1+A3) Pre-let

Market Rent	367,349	YP @	5.7500%	17.3913	
(1mth Unexpired Rent Free)		PV 1mth @	5.7500%	0.9954	6,358,987

Office (B1) Pre-Let

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 1mth Unexpired Rent Free)		PV 1yr 1mth @	4.5000%	0.9534	69,147,358

Office (B1) Spec

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 6mths Rent Free)		PV 1yr 6mths @	4.5000%	0.9361	67,890,728

Retail (A1 and A3) Spec

Market Rent	734,635	YP @	5.7500%	17.3913	
(11mths Unexpired Rent Free)		PV 11mths @	5.7500%	0.9500	12,137,993
					155,535,065

GROSS DEVELOPMENT VALUE
202,404,111

Purchaser's Costs	(10,576,384)	
Effective Purchaser's Costs Rate	6.80%	(10,576,384)

NET DEVELOPMENT VALUE
191,827,727
NET REALISATION
191,827,727
OUTLAY
ACQUISITION COSTS

Fixed Price		34,150,000	
			34,150,000
Stamp Duty	5.00%	1,707,500	
Agent Fee	1.00%	341,500	
Legal Fee	0.80%	273,200	
			2,322,200

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction Costs	213,459	380.51	81,224,000
			81,224,000
Construction Contingency		5.00%	4,061,200
			4,061,200

PROFESSIONAL FEES

Professional Fees	10.00%	8,122,400	
			8,122,400

Queensway
Viability Appraisal
MARKETING & LETTING

Marketing - Residential		1.00%	436,751	
Marketing - Commercial	96,587 ft²	2.00 /ft²	193,174	
Letting Agent Fee		10.00%	762,919	
Letting Legal Fee		5.00%	381,460	
				1,774,304

DISPOSAL FEES

Sales Agent Fee - Residential		1.00%	436,751	
Sales Agent Fee - Commercial		1.00%	1,328,207	
Commercial Sales Legal Fee		0.50%	716,985	
Residential Sales Legal Fee	1 un	18,000.00 /un	18,000	
				2,499,943

MISCELLANEOUS FEES

Borough CIL			3,381,370	
Mayoral CIL			2,159,307	
S106 Contributions			350,000	
				5,890,677

FINANCE

Debit Rate 6.00%, Credit Rate 0.00% (Nominal)				
Land			5,646,029	
Construction			5,741,280	
Letting Void			6,014,941	
Total Finance Cost				17,402,250

TOTAL COSTS
157,446,975
PROFIT
34,380,752
Performance Measures

Profit on Cost%	21.84%
Profit on GDV%	16.99%
Profit on NDV%	17.92%
Development Yield% (on Rent)	4.85%
Equivalent Yield% (Nominal)	4.65%
Equivalent Yield% (True)	4.78%
IRR	16.01%
Rent Cover	4 yrs 6 mths
Profit Erosion (finance rate 6.000)	3 yrs 4 mths

Appendix 4

Definitions and Reservations for Valuations

draft

Definitions and Reservations for Valuations

Information

All information supplied by the Client, the Client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources is accepted as being correct unless otherwise specified.

Tenure

Title Deeds and Leases are not inspected (unless specifically stated) and, unless we are informed to the contrary, it is assumed that a property is free of any onerous covenants, easements, other restrictions or liabilities including mortgages, grants and capital allowances which may affect the value.

No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.

Tenants

Tenants' status is investigated only where we are so instructed and so specified in the valuation.

Plans

Any plans supplied are for identification purposes only unless otherwise stated. The valuation assumes site boundaries are as indicated to us. The reproduction of Ordnance Survey sheets has been sanctioned by the Controller of Her Majesty's Stationery Office, Crown Copyright reserved.

Site Areas

Site areas are normally computed from plans or the Ordnance Survey and not from a physical site survey. They are approximate unless otherwise indicated.

Floor Areas and Dimensions

Floor areas and dimensions are taken from inspection unless otherwise specified but are nevertheless approximate. Where provided by us, areas quoted are calculated in accordance with the RICS Professional Statement – RICS Property Measurement 2nd edition, January 2018 on the basis agreed with the Client, i.e. adopting either (1) The Code of Measuring Practice, 6th edition published by the Royal Institution of Chartered Surveyors, or (2) The International Property Measurement Standards (IPMS): Office Buildings, or (3) The International Property Measurement Standards (IPMS): Residential Buildings.

The following bases are those most frequently used under the Code of Measuring Practice, 6th edition:

Net Internal Area - Measured to the internal faces of external walls, excluding toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Gross Internal Area - Measured to the internal faces of external walls, including toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Gross External Area - Measured to the external faces of external walls, including toilets, permanent corridors, internal walls and partitions, stairwells, plant rooms etc.

Net Sales Area (NSA) – the GIA of a new or existing residential dwelling, subject to certain Conditions.

The following bases are those used under The International Property Measurement Standards (IPMS): Office Buildings:

IPMS 1 - The sum of the areas of each floor level of a building measured to the outer perimeter of external construction features and reported on a floor by floor basis.

IPMS 2 - Office - The sum of the areas of each floor level of an office building measured to the internal dominant face and reported on a component by component basis for each floor of a building.

IPMS 3 - Office - The floor area available on an exclusive basis to an occupier, but excluding standard facilities and calculated on an occupier-by-occupier or floor-by-floor basis for each building.

IPMS 2 - Residential: The sum of the areas of each floor level of a residential building measured to the internal dominant face, which may be reported on a component-by-component basis for each floor of a building.

IPMS 3 - Residential: The floor area available on an exclusive basis to an occupier.

Ground Conditions

Soil stability, mining and geological reports are not undertaken by us or normally inspected. Unless we are instructed to the contrary, we assume that the ground and any adjoining or nearby areas are not contaminated, that there are no dangerous materials in the vicinity and that it is capable of development without the need for abnormal costs on foundations and services.

Condition of Buildings, Plant Etc

Our inspection of a property does not constitute a structural survey. When preparing our valuation we have regard to apparent defects and wants of repair and take into account the age of the property. We do not however carry out the detailed search for defects which is undertaken as part of the structural survey neither do we necessarily set out the various defects when making the report. We do not inspect woodwork or other parts of the structure which are covered, unexposed or inaccessible.

Definitions and Reservations for Valuations

We do not arrange for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or any other deleterious materials or permanent woodwool shuttering or composite panelling has been used in the construction.

Unless so instructed we do not arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous material or techniques have been used in the construction of the property or has since been incorporated and the services are not tested.

We are therefore unable to report that the property is free from defect in these respects.

For valuation purposes we assume unless otherwise stated that the property (including associated plant and machinery, fixtures and fittings) is in serviceable order and will remain so for the foreseeable future. It will be assumed that the building/s is/are in good repair, except for defects specifically noted.

Asbestos Regulations

The Control of Asbestos Regulations 2012 came into force on 6 April 2012, updating previous asbestos regulations to take account of the European Commission's view that the UK had not fully implemented the EU Directive on exposure to asbestos (Directive 2009/148/EC). Your legal advisers should enquire as to compliance with these regulations and property owners will need to be able to provide confirmation as to the existence and condition of asbestos.

Fire Safety

The Regulatory Reform (Fire Safety) Order 2005 (The Order) replaces previous fire safety legislation including both the Fire Precautions Act 1971 and the Fire Precautions (workplace) Regulation 1997. Consequently any fire certificate issued under the Fire Precautions Act 1971 will cease to have any effect. The Order came into force completely on the 1st April 2006.

The Order applies to the majority of premises and workplaces in England and Wales although does not include people's private homes. It covers general fire precautions and other fire safety duties, which are needed to protect 'relevant persons' in case of fire in and around most 'premises'.

Under the order, anyone who has control in a premises or anyone who has a degree of control over certain areas may be classified as a 'responsible person'. It is thus the duty of such individual to comply with the requirements of the Order and make certain that all measures are taken to ensure the safety of all the people he or she is directly or indirectly responsible for.

The responsible person must then carry out a Fire Risk Assessment. In short this is a five-point process whereby fire hazards must be identified, relevant persons at risk recognised, potential risks reduced, staff training implemented and the whole assessment regularly reviewed. The assessment must pay particular attention to those at special risk such as disabled people, those who have special needs and young persons. Furthermore the responsible person must provide and maintain clear Means of Escape, Signs, Notices, Emergency Lighting, Fire Detection & Alarm and Extinguishers.

This approach is different from previous legislation, as it is now necessary to consider everyone who might be on your premises, whether they are employees, visitors or members of the public.

The Risk Assessment must be regularly reviewed and if necessary amended. Finally if the responsible person employs five or more people, the premises are licensed or the Inspector requires it then the Risk Assessment must be formally recorded.

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 effective 1 October 2015 require that landlords of residential property must provide (1) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (2) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. The landlord has a responsibility to ensure that the detectors are checked and in proper working order.

It is assumed that the property is compliant in regard to the above regulations.

Definitions and Reservations for Valuations

EWS1 Forms

Avison Young is not responsible for verifying the accuracy of any information contained within an EWS1 form provided to it for the purposes of Avison Young completing its Services. Avison Young shall be entitled to rely on the information contained within the EWS1 form as if it were true and accurate in all material respects. If the Client discovers that the information contained within the EWS1 form is inaccurate in any material way, the Client shall bring this to Avison Young's attention promptly so that the parties can discuss the impact it may have on the Services Avison Young has provided. Avison Young shall not be liable for any loss or damage or costs suffered or incurred by the Client arising either from the information contained within an 'EWS1' form or from Avison Young's reliance on it. For the avoidance of doubt Avison Young are not qualified to produce or complete EWS1 forms and under no circumstances shall we do so. EWS1 forms can only be completed by certain qualified practitioners.

Accessibility

From 1 October 2010, the Equality Act 2010 replaced previous anti-discrimination laws, including the Disability Discrimination Act, with a single Act to make the law simpler and to remove inconsistencies. The Equality Act protects the important rights of disabled people to access everyday facilities and services and to ensure that disabled workers are not disadvantaged. Our report will contain observations of a general nature on the extent to which we consider that the building would be regarded by the market as complying with the accessibility requirements of the Equality Act. We have not, however, carried out an in-depth study which would be required to reach a formal view.

Energy Performance Certificates

From 2008 Energy Performance Certificates (EPCs) are required for the sale, rental or construction of commercial buildings. The requirement was phased in over 6 months between 6 April and 1 October 2008. Commercial properties with a useful floor area of more than 10,000 sq m were affected from 6 April 2008, those exceeding 2,500 sq m had to comply from 1 July 2008 and the remaining properties had to comply from 1 October 2008. An EPC must be provided on the sale, rental or construction (or in some cases modification) subject to transitional arrangements. Non-compliance may lead to sanction under civil legislation, involving a financial penalty.

Unless stated to the contrary, our valuation assumes that the property has an Energy Performance Certificate (if required under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007) and that the Certificate will be maintained as required.

Services

It is assumed that the services and any associated controls or software, are in working order and free from defect.

Composite Panels and Insurance

We will not test any panels within the property to see whether there are any polystyrene insulated composite panels. The presence of such panels may result in the property being uninsurable, which would have an adverse impact on value.

Defective Premises Act 1972

Obligations or liabilities or any rights thereunder, whether prospective or accrued, are not reflected in valuations unless actually specified.

Environmental Issues

Our Valuation Report does not constitute an Environmental Audit or survey and nothing contained in it should be treated as a statement that there are no contamination or pollution problems relating to the property or confirmation that the property, or any process carried on therein, complies with existing or proposed legislation on environmental matters. If we have been provided with third party reports, we have accepted their contents as being correct.

Enquiries

Enquiries of local authorities and statutory undertakers are made verbally in respect of contingent liabilities such as road widening, road charges, redevelopment proposals and the possible effect of any town planning restrictions, and on occasion in respect of rating assessments. Local searches are not undertaken. No responsibility is accepted for any inaccurate information provided.

Generally it is assumed that buildings are constructed and used in accordance with valid Town Planning Consents, Permits, Licences and Building Regulation Approval, with direct access from a publicly maintained highway, that Town Planning Consents do not contain restrictions which may adversely affect the use of a property and that there are no outstanding statutory or other notices in connection with a property or its present or intended use.

Definitions and Reservations for Valuations

It is further assumed unless otherwise stated that all necessary licences, permits etc either run with the property or are transferable to a new occupier as appropriate.

Flooding Risk

The valuer will make enquiries concerning flooding risk where it is perceived to be of relevance as published by the Environmental Agency. However we are not qualified to definitively assess the risk of flooding and our valuation will assume no difficulties in this regard. Further, Avison Young shall not undertake any additional enquiries to confirm this information.

Plant, Machinery, Fixtures and Fitting

Unless otherwise specified, all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments, including:-

Fixed space heating, domestic hot water systems, lighting and mains services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial processes, sub-station buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant and machinery.

Unless otherwise specified, the following items are excluded:-

All items of process plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant, machinery, fixtures and fittings.

In the case of filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

Taxation and Grants

Value Added Tax, taxation, grants and allowances are not included in capital and rental values as, unless otherwise specified in the report, these are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Avison Young will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of grants or capital allowances, available to a purchaser of the property.

Market Value (MV)

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

Market Value provides the same basis as the OMV basis of value supported by the first four editions of the Red Book, but no longer used as a defined term.

Fair Value

1. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 2013).
2. The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13).

Depreciated Replacement Cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Note that this basis of valuation may not reflect the price achievable for the property on the open market.

Definitions and Reservations for Valuations

Operational Entities

The RICS advises that the most appropriate basis of valuation of properties normally sold as operational entities is Market Value as defined above. Such properties include public houses, hotels and other leisure uses, together with nursing homes, residential care homes, private hospital and petrol filling stations.

Our valuations reflect the following:-

- a) The market's perception of trading potential with an assumed ability on the part of the purchaser to renew existing licenses, consents, registrations and permits;
- b) That the property is offered with vacant possession throughout, although in the case of nursing and residential care homes, subject to the contractual rights of the patients/residents occupying the home from time to time;
- c) That trade fixtures, fittings, furniture, furnishings and equipment are included.

Our valuations also specifically assume, unless otherwise specified that the business will continue to operate at a level not significantly worse than that indicated to us.

Existing Use Value

The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

Market Rent

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Insurance

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate.

Reinstatement Cost Assessment

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, normally for insurance purposes, on the basis that:-

- a) the accommodation provided will be similar in construction, design and area to the existing buildings;
- b) the works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;
- c) unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hardstandings, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated, the reinstatement cost does not include any allowance for:-

- a) any loss of rent incurred during rebuilding;
- b) planning restrictions which a planning authority might impose;
- c) special foundations required for plant and machinery or due to adverse ground conditions;
- d) any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading "Plant, Machinery, Fixtures and Fittings" for details of items normally included);
- e) any effect of inflation on building costs occurring after the valuation date;
- f) VAT (except on professional fees) which will normally be payable in addition.

Note - A reinstatement cost assessment is not a valuation. The valuer's assessment of the reinstatement cost assessment should be regarded as an informal estimate and should not be used to arrange insurance cover.

Apportionment of Values

Apportionments provided between buildings, land and plant and machinery are normally for depreciation purposes only. In normal circumstances apportionments are not valuations and they should not be used for any other purpose unless specified in our report.

Definitions and Reservations for Valuations

Future Useful Economic Life

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

Compliance with Valuation Standards

Where applicable our valuations are in accordance with the RICS Valuation – Global Standards effective from 31 January 2020, published by the Royal Institution of Chartered Surveyors ("RICS"), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) "Listing Rules" ("Source Book") and "City Code on Takeovers and Mergers" ("Blue Book") as amended and revised from time to time. A copy is available for inspection.

RICS Investigations

The valuation may be investigated by the RICS for the purposes of the administration of the Institutions conduct and disciplinary regulations. Guidance on the operation of the RICS monitoring scheme including matters relating to confidentiality is available from www.rics.org.

Total Valuation

Where provided this is the aggregate of the value of each individual property. It is envisaged that properties would be marketed singly or in groups over an appropriate period of time. If all properties were to be sold as a single lot, the realisation would not necessarily be the same as the total of the valuations. This assumption is not applicable to valuations made for taxation purposes.

Legal Issues

Any interpretation of leases and other legal documents and legal assumptions is given in our capacity as Property Consultants (including Chartered Surveyors and Chartered Town Planners) and must be verified by a suitably qualified lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

Date, Market Conditions and Validity of Valuation

Valuations may be relied upon for the stated purpose as at the date specified. In normal market conditions the value may not change materially in the short term. However the property market is constantly changing and is susceptible to many external facets which can affect business confidence. If any reliance is to be placed on the valuation following any changes which could affect business confidence, then further consultation is strongly recommended. In any event, the valuation should not be considered valid after a period of three months.

Valuations and Reports

Valuations and Reports are only for the use of the party to whom they are addressed. They may be disclosed only to other professional advisors assisting in respect of that purpose. No responsibility is accepted to any third party for the whole or any part of the contents.

Reports should be considered in their entirety and should only be used within the context of the instructions under which they are prepared.

Neither the whole nor any part of a valuation, report or other document or any reference thereto may be included in any published article, document, circular or statement or published in any way without prior written approval of Avison Young of the form and context in which it may appear.

Warranties

The client warrants and represents that, to the best of its knowledge, information and belief, the information supplied by and on its behalf to Avison Young is true and accurate and that it will advise and instruct its third party advisers to advise Avison Young in the event that it and/they receive notice that any such information is either misleading or inaccurate.

Contact Details

Enquiries

Jacob Kut

029 7911 2829

Jacob.kut@avisonyoung.com

Visit us online

avisonyoung.co.uk

draft

Avison Young

65 Gresham Street, London EC2V 7NQ

© 2020 Avison Young (UK) Limited



**WESTMINSTER CITY COUNCIL
AFFORDABLE HOUSING PAYMENTS IN LIEU**

1. Introduction

This note was previously issued on 26 February 2018 setting our recommended approach to calculating payments in lieu of on-site affordable. The key principle is one of financial neutrality; the payment in lieu should be set at a level that does not incentivise an Applicant to opt for this route, but conversely – where it is agreed by the Council that a PIL is appropriate – the payment should not be set at a level that financially penalises the Applicant.

Clearly, one of the Council's concerns will be to ensure that any payments in lieu are sufficient to fund the delivery costs of units off-site. It is important to bear in mind that there will be other sources of funding to support provision of affordable housing alongside the PIL itself. These include the receipt that a Registered Provider ('RP') will pay to acquire a long lease in the affordable housing (equivalent to the sum they would have paid the Applicant had the affordable housing been provided on site). The combined payment in lieu and payment by the RP would fully fund the conversion of private units on other developments to affordable. If the payment is used to support affordable housing provision in an area where private values are lower, then the Council will be able to secure a greater number of affordable housing units than would have been possible on-site.

This note updates the underlying market values used in the 2018 version of the note to determine whether any changes to the payments in lieu are required as a result of changes over the intervening period.

The base market values were sourced from comparable transactions in June 2015 to support appraisals used to determine viable levels of Community Infrastructure Levy ('CIL') in Westminster.

2. Updating the payment in lieu

The payment in lieu is calculated by reference to the difference in value between affordable housing and private housing. It will therefore be necessary to update the payment in lieu on a regular basis to reflect changes in market values and values payable by Registered Providers for affordable housing. The latter can be sourced from Registered Providers.

Market values can be updated by applying indexation to the June 2015 values in Table 2.1. The most appropriate index is the Land Registry House Price Index, which can be sourced on line with data for the Royal Borough of Kensington & Chelsea.

For practical purposes, we would suggest that the payment in lieu is recalibrated on an annual basis at a common date (e.g. 1 April).

3. Establishing the amount of a payment in lieu

In the circumstances where it is agreed that a commuted sum payment to the Council is appropriate, it will be necessary to establish the value of the payment in lieu of 'on-site' affordable housing. The Council has indicated a preference for this to be based on a fixed rate per square metre of floorspace that would normally have been provided as affordable housing in line with Local Plan policy. The payment in lieu will be equivalent to the uplift in value resulting from the floor area that would have been provided as affordable housing being delivered as private housing. This approach will ensure a cost neutral impact on the developer.

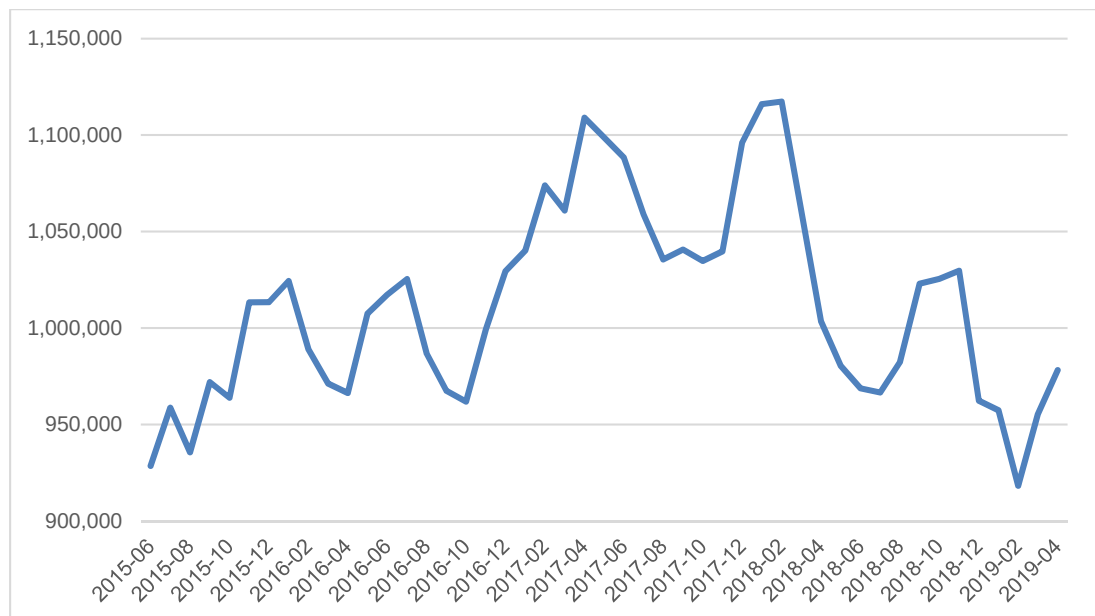
The payment in lieu per square metre is calculated using the following formula:

- (a) The Market Value of a square metre of floorspace in the Development

- LESS
- (b) The value of Affordable Housing per square metre (reflecting the blend between affordable rent and shared ownership)
- LESS
- (c) Additional Developer Costs (profit and marketing)
- Equals
- (d) The Commuted Sum Payment

The Market Value per square metre is derived from the Council's Community Infrastructure Levy ('CIL') Viability Study (June 2015), uprated by the change in the Land Registry House Price Index over the intervening period (there has been a change of 5% between June 2015 and April 2019). The trajectory of house prices in Westminster is shown in Figure 2.1. Although values increased sharply between 2015 and early 2018, much of this increase has fallen away. Values are therefore lower than they were at the time we previously calculated payments in lieu in February 2018 (although still higher than they were in June 2015) and consequently we have adjusted the payments in lieu downwards.

Figure 2.1: Land Registry House Price Index – Westminster City – June 2015 – April 2019



Source: Land Registry

For the three residential charging zones, the market values are as follows:

Table 2.1: Market values

Area	Average values £s per sq m (June 2015)	Average values £s per sq m (indexed) April 2019
Prime (Mayfair, Knightsbridge, Belgravia, Whitehall, Covent Garden, Strand, St John's Wood)	£22,400	£23,597



Area	Average values £s per sq m (June 2015)	Average values £s per sq m (indexed) April 2019
Core (Soho, Fitzrovia, Pimlico, Westbourne Grove, Paddington, Bayswater, Marylebone, Victoria)	£15,750	£16,592
Fringe (Lisson Grove, Church Street, Queens Park, Churchill)	£11,000	£11,588

The value of the affordable housing is the value that the Affordable Units would have sold for if they were sold to an RP. The “Value of the Affordable Housing” is the capitalised value of the net rental stream for Social and Affordable Rent (gross rent less service charge, management, maintenance, voids and bad debts), and the value of the first tranche sale plus the capitalised value of the net rental stream for the shared ownership units. For the purposes of establishing these values, we have relied upon the assumptions in the CIL Viability Study. As a result of rent caps introduced by central government, these values will not have changed over the intervening period. The affordable housing values are summarised in Table 2.2.

Table 2.2: Affordable housing values

Tenure	£s per square metre
Affordable rent	£1,600
Shared ownership	£3,200
Blended rate, based on tenure split of 60% rent and 40% shared ownership	£2,240

In a development appraisal, profit is applied at different rates to different tenures, reflecting their relative sales risk. Private housing is inherently more risky than affordable housing. This is developers typically enter into a contract with an RP prior to commencing construction, so all the affordable units are effectively pre-sold. In contrast, the Developer will need to build all the private units speculatively, hoping to sell them by the time the units are constructed or shortly thereafter. When considering the impact this has on a payment in lieu, affordable units that would have attracted a profit of 6% will be converted into private units, to which a 20% profit will be applied. The additional profit is reflecting in the payment in lieu calculation.

Similarly, the Developer will incur marketing costs of private units that they would not have incurred had the units been provided as affordable. This marketing cost typically amounts to 3% of private housing value.

4. The payments in lieu calculation

Table 4.1 applies the methodology set out in the previous section to the three CIL charging zones in the City. The result of applying this methodology is the following payments in lieu per square metre, which we have rounded to the nearest hundred. The previous February 2018 figures are shown in brackets.



- Prime: £17,700 (Feb 2018: £18,491);
- Core: £11,900 (Feb 2018: £12,450);
- Fringe: £7,800 (Feb 2018: £8,134).

Table 4.1: Payments in lieu calculation – per square metre

		Prime	Core	Fringe
Private value		£23,597	£16,592	£11,588
<i>Affordable Rented value</i>		£1,600	£1,600	£1,600
<i>Shared ownership value</i>		£3,200	£3,200	£3,200
Blended rate (60%/40% split)		£2,240	£2,240	£2,240
Uplift (affordable to private)		£21,357	£14,352	£9,348
Additional developer costs				
<i>Profit differential (20% less 6%)</i>	14%	-£2,990.02	-£2,009.26	-£1,308.71
<i>Marketing allowance</i>	3%	-£641	-£431	-£280
Net uplift in value		£17,727	£11,912	£7,759

5. Worked example

Applying the payment in lieu to a scheme of 20 units would result in the following payments, assuming schemes were brought forward in the three charging zones:

Table 4.1: worked example

Total number of units	20		
Average floor area per unit	75 sqm		
Private units	65%	13	975 sqm
Affordable units	35%	7	525 sqm
Payment in lieu	Prime	£17,700 x 525 sqm	= £9,292,500
	Core	£11,900 x 525 sqm	= £6,247,500
	Fringe	£7,800 x 525 sqm	= £4,095,000

*Take-up
rises slightly*

*Slight pick up
in availability*

*Investment
turnover weak*



THE LONDON OFFICE MARKET REPORT Q1 2021

MARKET ROUNDUP

Office demand is weak but improving



Availability increases slightly



Modest levels of future supply

Office demand is weak but improving

Q1 2021 began with the twin challenges of the government implementing a third national lockdown to combat the rise in Covid-19 infections and the United Kingdom finally embarking on a new trading relationship with the European Union. Amid this challenging backdrop the London leasing market continued to experience weak levels of activity with transactions at 1.2m sq ft – a rise of 6.7% compared with Q4 2020 but still considerably below the 10 year average of 3.0m sq ft. Take-up is 40% below pre-pandemic levels and on a rolling annual basis continues to fall but the rate of decline has eased. Occupiers remain cautious about the near-term outlook for the office market and have chosen to defer or delay decisions regarding their space occupation needs. As a result we have seen market activity dominated by lease re-gearings ahead of near-term expiries.

During Q1 2021, the majority of take-up in London was by professional services firms (45%), followed by financial services firms (18.5%) and technology, media and

telecoms companies (13.3%). The largest deals by floorspace were pre-let deals indicating confidence in the medium-term outlook for London offices and also a desire to secure occupation in the best-in-class office space which as our analysis of development data shows, will be in short supply. The largest deal in London was the pre-let at One Leadenhall where Latham Watkins LLP signed a 15 year lease on 250,000 sq ft at a rent of £81.00 per sq ft. The firm takes occupation of the building in 2026. The second largest deal was in the Farringdon market where ByteDance signed a 15 year lease on 86,000 sq ft at a rent of £90 per sq ft for occupation in 2022. Similar to Q4 2020, requirements for space across the London sub-markets are 7.5m sq ft and dominated by the professional services firms which represent 32.8% of active demand, financial services account for 24.8% and the technology, media and telecoms companies 19.6%.

Current indicators of the leasing market suggest activity levels are continuing to strengthen in Q2 2021. There have been three deals in excess of 390,000 sq ft of which the largest was a c.150,000 sq ft transaction. Furthermore, there is c.2m sq

ft of space under offer across London. The majority of this space is under offer to technology, media and telecoms companies (32%) followed by professional services companies (23%) and corporates (13%).

Availability increases slightly

After substantial rises in 2020, the rise in availability was only 2.4% in Q1 2021 taking the level of availability to c.18m sq ft. This represents a vacancy rate of 7.6% and compares to a 10 year average vacancy rate of 6.6%. Second-hand space accounts for 48% of overall availability while prime space is 52% of the total. Our definition of the London office market is relatively broad encompassing many new sub-markets where new supply has risen in recent quarters. Nonetheless, our data shows the availability of new and refurbished space is most acute in the West End sub-markets. During the quarter, we have seen a slight increase in tenant release space in the London market. This has risen from 3.1m sq ft in Q4 2020 to 3.5m sq ft in Q1 2021. Overall, there is an equal split between grade A and poorer quality grade's B and C office space. The breakdown of tenant release



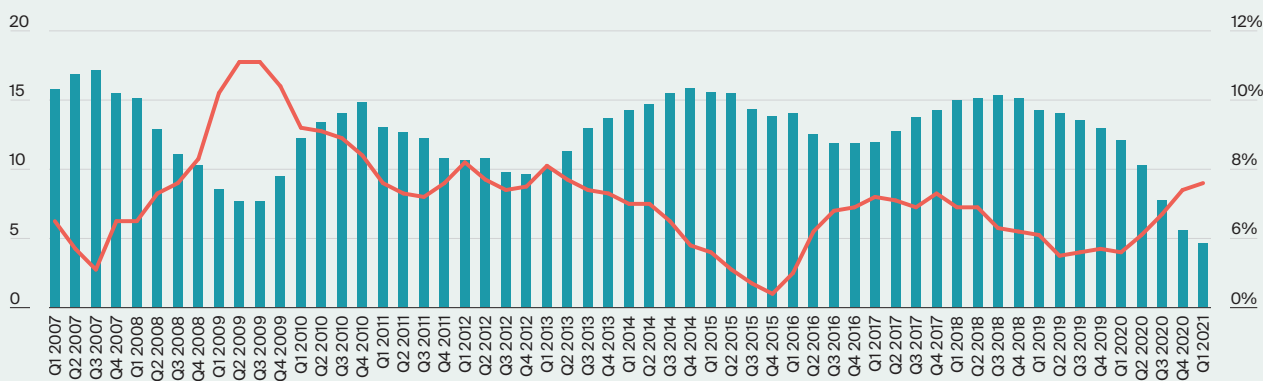
space shows a wide distribution across the London sub-markets. The only significant pockets of concentration are in the core City of London market (36%), Clerkenwell and Farringdon (15.5%) and in Victoria (12%). Unlike previous downturns, the amount of tenant release space has been very limited at this stage of the property cycle.



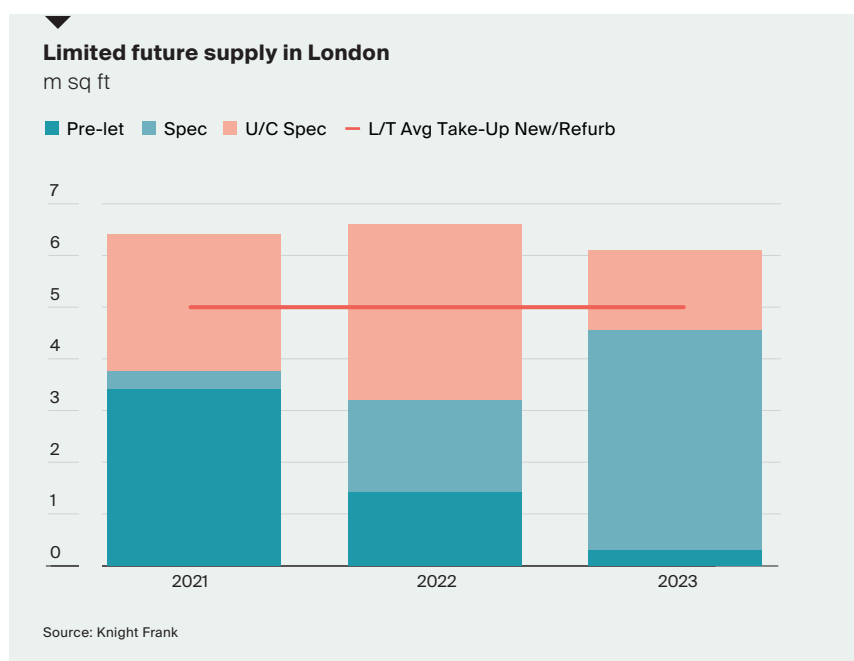
London vacancy rate stabilises

m sq ft

■ Rolling 4 Qtr Take-up (LHS) — Vacancy Rate (RHS)



Source: Knight Frank



◆◆

We expect the near-term economic uncertainty to recede as lockdown restrictions are lifted and the vaccination programme continues its rapid rollout

◆◆

Development completions to be absorbed by average levels of take-up

Future supply remains relatively constrained compared with previous cycles. Our analysis of the development pipeline data shows c.19.1m sq ft of completions in 2021-2023 and pre-lets comprise 27% of this total. Therefore, c.14m sq ft of space is speculative of which 6.4m sq ft are pipeline schemes which have not been started and may not complete during the next three years. This leaves c.7.5m sq ft of speculative space which is currently under construction and compares to a three year average take-up of new and refurbished space of c.15m sq ft. This emphasises our expectation that the post-pandemic London office market will be characterised by an under-supply of best-in-class office buildings especially as occupier demand will structurally change to meet with the requirements of a hybrid home-

office working model and satisfy Environmental and Social Governance (ESG) criteria. This was evidenced in our recent (Y)OUR SPACE research which surveyed 400 global occupiers and found the majority of occupiers will look to reconfigure their global office portfolios and remodel their workplaces in the next three years.

No change to prime rental levels

Given the limited leasing activity in Q1 2021, prime headline rents in London were unchanged for a third consecutive quarter. In the City of London, rents were £70 per sq ft with incentives at 27 months for a 10 year lease. In the West End, prime headline rents were £110 per sq ft and incentives were 24-27 months for a 10 year lease. There has also been no change to the drivers of rental growth in our model and we have therefore maintained our previous forecasts for Q1 2021. They show a slight

fall in prime headline rents in the City of London of 2.1% in 2021 before returning to growth in 2022-25. During the five year forecast period this is an annual average growth rate of 2.7%. In the West End, we expect prime headline rents to remain unchanged in 2021 and rising in 2022-25, an annual average growth rate of 2.3% during the five year forecast period. We expect the near-term economic uncertainty to recede as lockdown restrictions are lifted and the vaccination programme continues its rapid rollout. In the medium and long-term we believe there is greater upside risk to our forecasts as strong economic momentum fuels demand for office space. The main downside risk to our forecast is in the near-term from any further shutdown to economic activity from a rise in infection rates caused by Covid-19 variants. Our forecasts include a 10% reduction to office demand over the forecast period which we expect arises from a structural shift to new hybrid models of working.

Investment market activity affected by lockdown

The hardening of global travel restrictions combined with the national lockdown led to a substantial fall in investment transactions from £4.9bn in Q4 2020 to £1.3bn in Q1 2021 – just over one-third of the long-term quarterly average total. A breakdown of investment volumes by nationality shows that investors from the United Kingdom were most active, accounting for 36% of all transactions followed by 28.3% from Greater China, 16% from North America, 8% from the Middle East and just over 5% from continental Europe. Despite low levels of investment transactions, prime yields remained stable reflecting strong investor interest for best-in-class buildings with secure long-term income. In the City of London, prime yields were 4% and in the West



End were 3.5%. During Q1 2021, we have seen a rise in inflation expectations translate into higher benchmark government bond yields which at the end of Q1 2021 were 0.8%. However, there remains a sizeable and positive spread to prime yields and combined

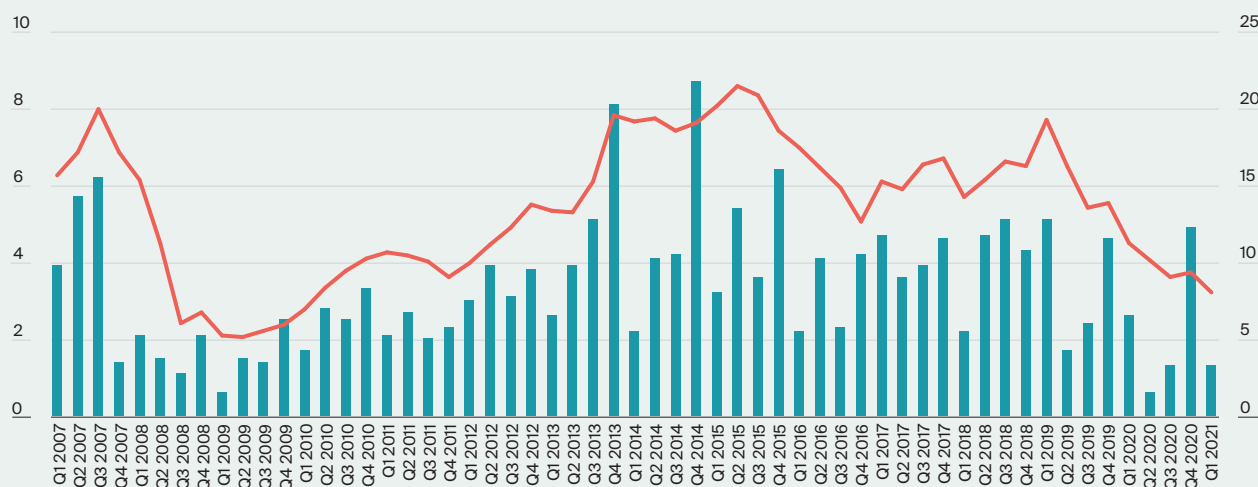
with expectations of above inflation growth in rents over the next five years, London offices remains attractive from a pricing perspective.



Weak investment volumes in London

£bn

■ Investment Volumes (LHS) — Rolling 4 Qtr Investment Volumes (RHS)



Source: Knight Frank

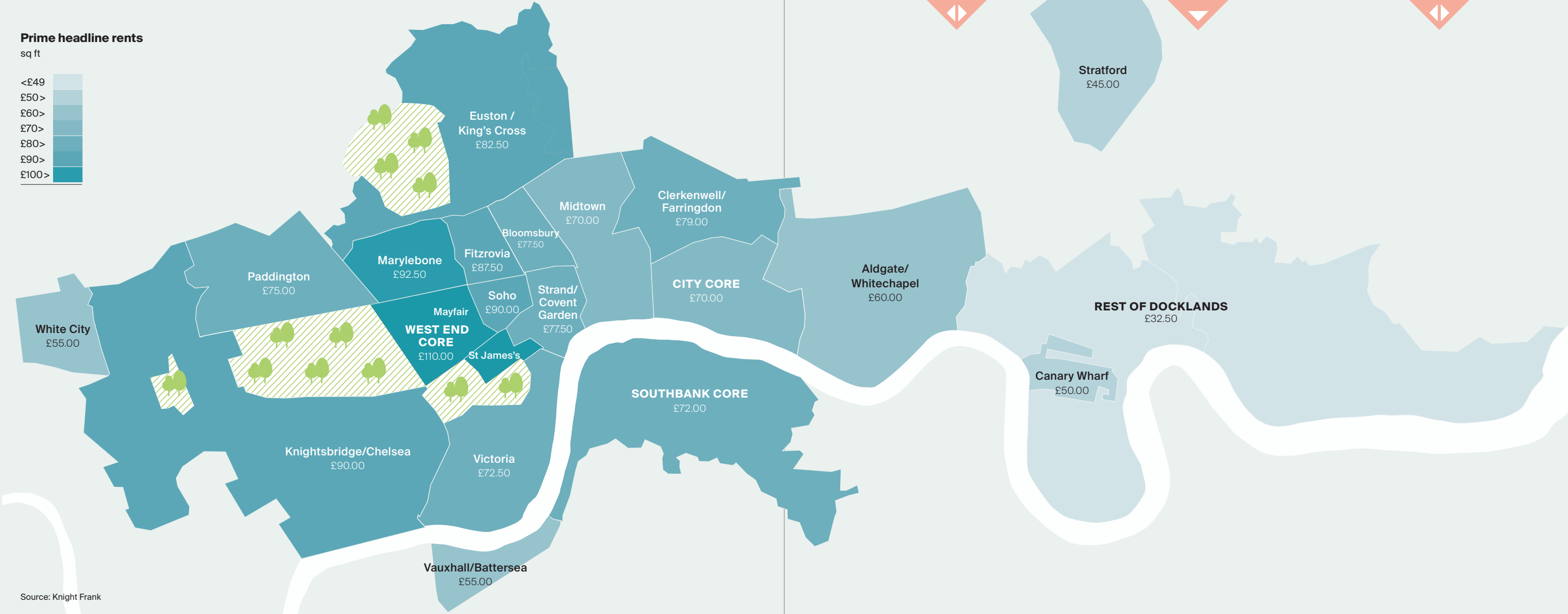
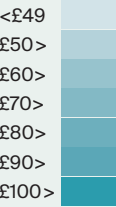
LONDON OFFICE MARKET

Performance dashboard Q1 2021

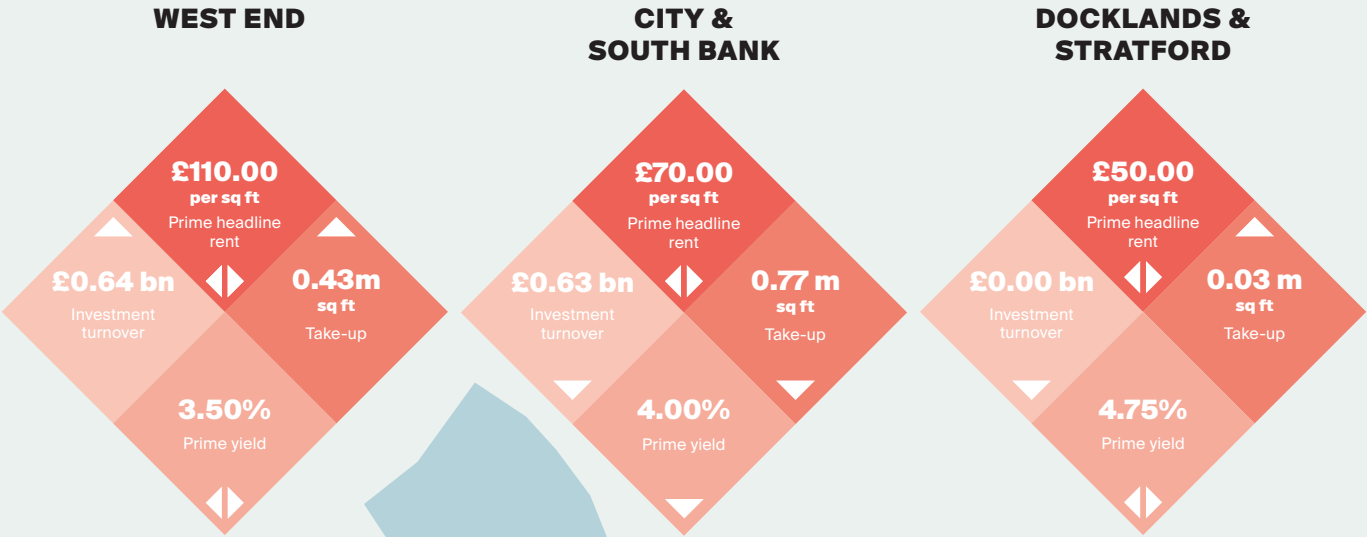
Key performance indicators

	▲1.21 m	▲18.04 m	▲7.6%	▲12.1 m
	TAKE-UP (SQ FT)	AVAILABILITY (SQ FT)	VACANCY RATE	UNDER CONSTRUCTION (SQ FT)
Change on				
Q4 2020	7.1% ▲	1.8% ▲	0.1% ▲	5.0% ▲
LTA	3.0 million sq ft	15.0 million sq ft	6.6%	9.2 million sq ft

Prime headline rents
sq ft



Source: Knight Frank



MARKETS IN REVIEW

THE CITY & SOUTHBANK



Arrows throughout the report show how values have increased, decreased or stayed the same since the last quarter unless specified

↔ **£70.00**

RENT
(PER SQ FT)

▲ **0.77 m**

TAKE-UP
(SQ FT)

▲ **8.6 m**

AVAILABILITY
(SQ FT)

▼ **£0.6 bn**

INVESTMENT
TURNOVER

↔ **4.00%**

PRIME YIELD

Take-up rises

Covid-19 is still having a significant impact on leasing activity across all sub-markets, with the third national lockdown stalling a return to the office. In the City and Southbank, take-up increased by 43% between Q4 2020 and Q1 2021, which translated into deals totalling 771,276 sq ft. However, this was still 56% down on the long-term average of 1.7m sq ft.

There were three transactions over 50,000 sq ft, with the largest transaction being Latham & Watkins' 250,000 sq ft pre-let at One Leadenhall, EC3. The professional sector was the dominant occupier type in Q1 2021, accounting for 60% of take-up in the City, this was followed by the financial sector with 18%.

The largest proportion of take-up was in the 100,000 sq ft+ bracket at 250,000



sq ft, however, this was due to a single transaction. This was followed by the 25,000-49,999 sq ft size bracket, which accounted for 22% of all City leasing transactions in Q1 2021. The majority of deals occurred in the core City of London sub-market representing 71% of transactions for the City and Southbank as a whole.

Active demand continues to grow

Active demand increased by 6% during Q1 2021 to 4.0m sq ft which was below the long-term average of 4.2m sq ft.

At the close of Q1 2021, there were 10 businesses seeking over 100,000 sq ft in the City and Southbank. The professional services sector, accounted for 52% of active demand in the City and Southbank totalling 2.1m sq ft, followed by the technology, media and telecoms sector at 19% (0.8m sq ft) and financial services made up 12% (0.5m sq ft) of active demand in the City.

Availability increases

Availability in the City increased in Q1 2021 to 8.6m sq ft, an increase of 3% on



the level recorded in Q4 2020, and 3% above the long-term average. At these levels, the overall vacancy rate in the City and Southbank equates to 6.7% – this is below the long term average of 7.0%.

Diving deeper into availability in City and Southbank, the amount of new and refurbished space available amounts to 5.4m sq ft, with second-hand availability totalling 3.2m sq ft. There are

currently 14 buildings in the City and Southbank which could accommodate a requirement of 100,000 sq ft+, the largest of which is 22 Bishopsgate with c.485,000 sq ft available.

There were 0.5m sq ft of development completions during the quarter, of which 42% remains available. Currently there is 4.6m sq ft of speculative space under construction in the City and Southbank, an increase of 12% on the previous quarter.

Investment activity declines

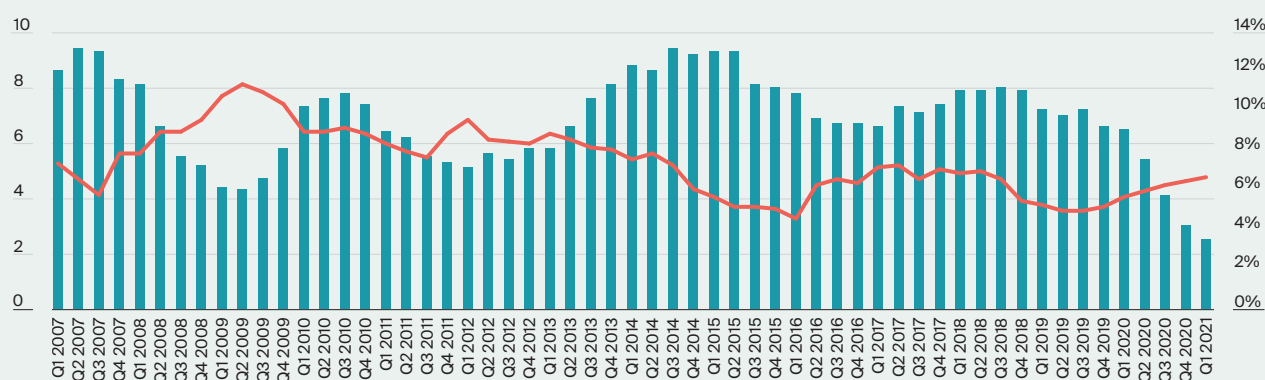
Total investment turnover saw a 70% fall on Q4 2020 reaching £0.6bn at the end of Q1 2021. This is significantly down on the £2.1bn recorded at the end of 2020.

There were 12 transactions in total for the quarter, with only one deal over £100m and three over £50m. The largest deal was 66 Shoe Lane which sold for £255.5m, purchased by Hong Kong's Wing Tai Properties. Overseas purchasers again dominated, accounting for 78% of transactions in the quarter. Yields remain stable at 4.00% for the City and Southbank.

Slight rise in City & Southbank vacancy rate

m sq ft

■ Rolling 4 Qtr Take-up (LHS) — Vacancy Rate (RHS)



Source: Knight Frank

MARKETS IN REVIEW

WEST END

↕ **£110.00**

RENT
(PER SQ FT)

▼ **0.4 m**

TAKE-UP
(SQ FT)

▲ **7.0 m**

AVAILABILITY
(SQ FT)

▼ **£0.6 bn**

INVESTMENT
TURNOVER

↕ **3.50%**

PRIME YIELD

Leasing activity decreases

West End leasing activity reached 434,427 sq ft during Q1 2021, representing a 17% decrease from the previous quarter. The ongoing effects of Covid-19 are still being felt with take-up remaining below the long-term average of 1.2m sq ft.

Of the 101 transactions registered during the quarter, the greatest number of deals were in the 0-5,000 sq ft bracket (83 deals), followed by the 5-10,000 sq ft bracket (eight deals). The largest and only leasing transaction over 50,000 sq ft during the quarter was the PVH pre-letting (50,052 sq ft) at One Wood Crescent in White City. This was followed by Waypoint Capital acquiring c.35,000 sq ft at 1 Berkeley Street in Mayfair.

The miscellaneous (23%) and the professional (20%) sectors dominated

◆◆
The largest deal in the quarter was the sale of 45 Pall Mall, purchased by JP Morgan Asset Management for £110m
◆◆

take-up in the quarter, with the total amount of space leased by each sector equalling 101,948 sq ft and 86,349 sq ft, respectively.

Active demand grows

Levels of active demand in the West End for the quarter increased by 22% on Q4 2020, amounting to 1.9m sq ft. However, this is still below the long term average of 2.1m sq ft. The technology, media and telecoms sector was the largest sector for the quarter accounting for 36% of

active requirements in the West End, followed by financial services with 35%.

Availability increases

Availability increased during the quarter reaching 7.0m sq ft, up from the 6.7m sq ft recorded in Q4 2020. New and refurbished availability grew by 13% during Q1 2021 to 2.5m sq ft, and secondary space remained stable at 4.5m sq ft.

The increase in the levels of availability has meant that the vacancy rate in the West End has risen to 8.1%, up from 7.7% in Q4 2020. The core West End market was the sub-market with the largest amount of availability in the West End with 1.5m sq ft, this has resulted in a vacancy rate of 9.7%.

There was 127,626 sq ft of development completions in the West End for the quarter.



Investment activity is weak

As with the City and Southbank, there was a significant decrease in office investment activity in the West End, decreasing by 78% to £0.6bn during Q1 2021. During the quarter, there were 15 transactions, of which only one was over £100m and six over £50m.

The largest deal in the quarter was the sale of 45 Pall Mall, purchased by JP Morgan Asset Management for £110m. This was followed by 51-52 New Bond Street, acquired by Motcomb Estates for £95m.

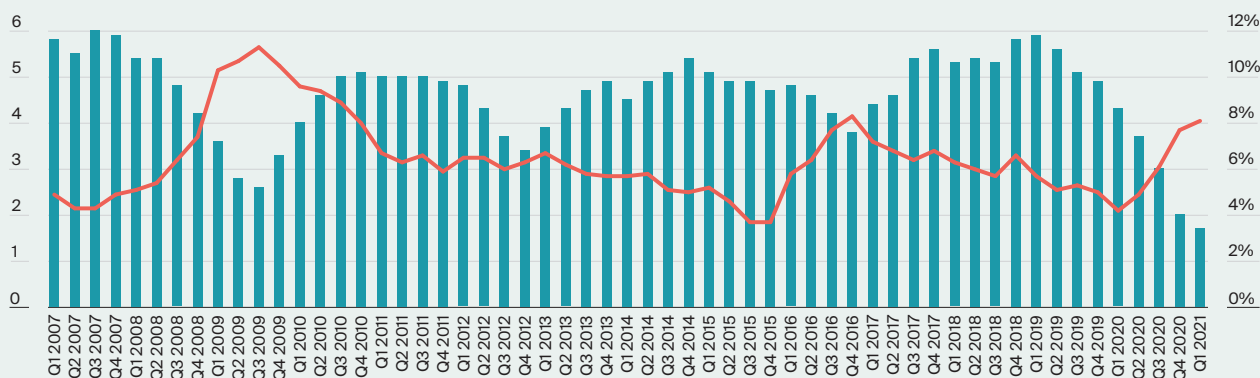
Prime yields during Q1 2021 remained stable at 3.50%.



Vacancy rate rises in West End

m sq ft

■ Rolling 4 Qtr Take-up (LHS) — Vacancy Rate (RHS)



Source: Knight Frank

MARKETS IN REVIEW

DOCKLANDS & STRATFORD

↔ **£50.00**

RENT
(PER SQ FT)

▼ **3,000**

TAKE-UP
(SQ FT)

▼ **2.3 m**

AVAILABILITY
(SQ FT)

↔ **0 m**

INVESTMENT
TURNOVER

↔ **4.75%**

PRIME YIELD

Take up falls

Take up in Q1 2021 was subdued in the Docklands and Stratford market reaching just over 3,000 sq ft, a fall on the 70,000 sq ft recorded in Q4 2020. The single transaction that occurred was in Outer Docklands at The South Quay Building, E14 where Yuanda leased 3,003 sq ft on the 10th floor.

Active Demand increases

Active requirements increased by 17% in Q1 2021 and currently stand at c.280,000 sq ft, although levels of demand are still below the long-term average of 500,000 sq ft. Nevertheless, we are tracking a number of occupiers currently located in other submarkets across London who are actively considering Docklands and Stratford as part of their wider search.

The professional services sector once again dominates the occupier profile of those looking for space accounting



for 61% of active requirements. This is followed by the public sector at 16%.

Supply declines

Supply levels in the Docklands and Stratford market declined by 11% in Q1 2021 compared with Q4 2020, and was 2.3m sq ft. Supply of new and refurbished stock now totals 1.5m sq ft.

Across Docklands and Stratford there are 10 units which could provide an occupier with 100,000 sq ft or more.

Development Pipeline

There is currently 0.9m sq ft under construction in the Docklands and Stratford market. However, 41% of this has already secured a tenant. There are two schemes currently under construction with 550,000 sq ft available, this is Cargo, 25 North Colonnade and YY London, 30 South Colonnade. The only scheme to complete in Q1 2021 was 20 Water Street in Wood Wharf.

Investment

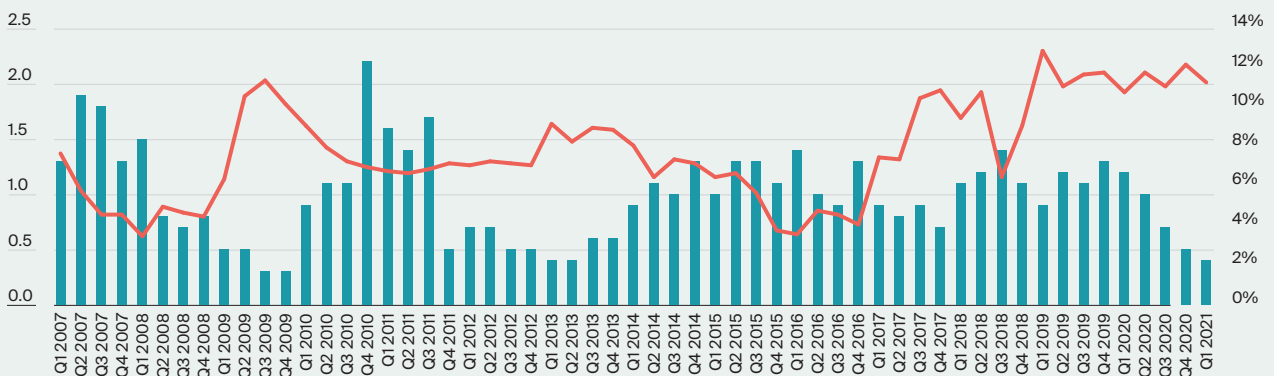
There were no investments transactions that took place in Docklands and Stratford in Q1 2021. The supply of investment stock remains extraordinarily limited, with just three assets available, two of which are in Canary Wharf and the third in the Wider Docklands area.



High vacancy rate in Docklands and Stratford

m sq ft

■ Rolling 4 Qtr Take-up (LHS) — Vacancy Rate (RHS)



Source: Knight Frank

KEY STATISTICS

						% CHANGE		10-YEAR QUARTERLY AVERAGE
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	3 MONTHS	12 MONTHS	
TAKE-UP (SQ FT)								
West End	0.66 m	0.43 m	0.34 m	0.52 m	0.43 m	-17%	-35%	1.16 m
City & Southbank	1.28 m	0.54 m	0.63 m	0.54 m	0.77 m	43%	-40%	1.74 m
Docklands & Stratford	0.09 m	0.27 m	0.06 m	0.07 m	0.03 m	-96%	-97%	0.25 m
Total London	2.00 m	1.26m	1.03m	1.13m	1.21m	7%	-40%	3.15 m
AVAILABILITY (SQ FT)								
West End	3.68 m	4.28 m	5.33 m	6.69 m	7.04 m	5%	91%	5.05 m
City & Southbank	7.16 m	7.47 m	7.99 m	8.37 m	8.61 m	3%	20%	8.32 m
Docklands & Stratford	2.26 m	2.48 m	2.42 m	2.55 m	2.28 m	-11%	1%	1.65 m
Total London	13.10 m	14.23 m	15.74 m	17.61 m	17.93 m	2%	37%	15.02 m
VACANCY RATE								
West End	4.2%	4.9%	6.1%	7.7%	8.1%	n/a	n/a	6.0%
City & Southbank	5.7%	6.0%	6.3%	6.5%	6.7%	n/a	n/a	7.0%
Docklands & Stratford	10.8%	11.2%	10.9%	12.2%	10.8%	n/a	n/a	8.0%
Total London	5.6%	6.1%	6.7%	7.4%	7.5%	n/a	n/a	6.7%
ACTIVE REQUIREMENTS (SQ FT)								
West End	2.15 m	1.49 m	1.36 m	1.52 m	1.86 m	22%	-13%	2.06 m
City & Southbank	4.44 m	3.51 m	2.82 m	3.75 m	3.96 m	6%	-11%	4.18 m
Docklands & Stratford	0.89 m	0.57 m	0.31 m	0.24 m	0.28 m	17%	-69%	0.50 m
Total London	9.21 m	8.14 m	7.40 m	7.55m	7.52m	0%	-18%	8.57 m
UNDER CONSTRUCTION (SQ FT)								
West End	4.89 m	5.37 m	4.48 m	4.22 m	4.38 m	4%	-10%	2.59 m
City & Southbank	5.92 m	7.74 m	7.61 m	6.57 m	6.76 m	3%	14%	6.02 m
Docklands & Stratford	0.91 m	0.72 m	0.72 m	0.72 m	0.93 m	29%	2%	0.60 m
Total London	12.10 m	13.84 m	12.81 m	11.51 m	12.07 m	5%	0%	9.21 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.08 m	0 m	0.29 m	0.18 m	0.13 m	-26%	63%	0.31 m
City	0.68 m	0.22 m	1.03 m	1.87 m	0.51 m	-73%	-25%	0.58 m
Docklands	0.30 m	-	-	-	0.21 m	-	-	0.61 m
Total London	1.06 m	0.22 m	1.32 m	2.05 m	0.85 m	-58%	-20%	1.50 m
INVESTMENT TURNOVER								
West End	£1.08 bn	£0.16 bn	£0.53 bn	£2.87 bn	£0.64 bn	-78%	-41%	£1.33 bn
City & Southbank	£1.48 bn	£0.43 bn	£0.35 bn	£2.06 bn	£0.63 bn	-69%	-57%	£2.11 bn
Docklands & Stratford	£0.03 bn	-	£0.38 bn	£0 bn	£0 bn	-	-	£0.37 bn
Total London	£2.59 bn	£0.59 bn	£1.26 bn	£4.93 bn	£1.27 bn	-74%	-51%	£3.70 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£115.00	£115.00	£110.00	£110.00	£110.00	0%	-4%	n/a
City & Southbank	£72.50	£72.50	£70.00	£70.00	£70.00	0%	-3%	n/a
Docklands & Stratford	£52.50	£52.50	£50.00	£50.00	£50.00	0%	-5%	n/a

CONTACTS

HEAD OF LONDON OFFICES

William Beardmore-Gray

william.beardmore-gray@knightfrank.com
+44 20 7861 1308

CO-CHAIR LONDON OFFICES

Philip Hobley

philip.hobley@knightfrank.com
+44 20 7861 1192

Angus Goswell

angus.goswell@knightfrank.com
+44 20 7861 5150

LONDON CAPITAL MARKETS

Nick Braybrook

nick.braybrook@knightfrank.com
+44 20 7861 1309

Jamie Pope

jamie.pope@knightfrank.com
+44 20 3909 6814

Anthony Barnard

anthony.barnard@knightfrank.com
+44 20 7861 1216

LONDON LEASING

Dan Gaunt

dan.gaunt@knightfrank.com
+44 20 7861 1314

Ian McCarter

ian.mccarter@knightfrank.com
+44 20 7861 1506

LONDON TENANT REPRESENTATION

Richard Proctor

richard.proctor@knightfrank.com
+44 20 7861 5159

LONDON LEASE ADVISORY

Simon Austen

simon.austen@knightfrank.com
+44 20 7861 1341

STRATEGIC ASSET MANAGEMENT

Tim Robinson

tim.robinson@knightfrank.com
+44 20 7861 1194

VALUATIONS

Rupert Johnson

rupert.johnson@knightfrank.com
+44 20 7861 1284

STRATEGIC CONSULTING

Neil McLocklin

neil.mclocklin@knightfrank.com
+44 20 3909 6836

FLEXIBLE OFFICE SOLUTIONS

Amanda Lim

amanda.lim@knightfrank.com
+44 20 3826 0661

LONDON DEVELOPMENT

Andrew Tyler

andrew.tyler@knightfrank.com
+44 20 7861 1319

LONDON RESEARCH

Shabab Qadar

shabab.qadar@knightfrank.com
+44 20 7861 1234

Atif Ludi

atif.ludi@knightfrank.com
+44 203 869 4766

Borys Tam

borys.tam@knightfrank.com
+44 203 861 6973

Recent market-leading research publications



The London Report 2021



London Offices Spotlight Q1 2021



Your Space 2021

General Note

This report has been prepared by Knight Frank Research, the research and consultancy division of Knight Frank. Knight Frank Research gratefully acknowledges the assistance given by the London office teams in the compilation and presentation of this material. Certain data sourced from LOD. All graph data sourced by Knight Frank.

Technical Note

The following criteria have been adopted in the preparation of this report.

- i. All floorspace figures quoted in this report refer to sq ft net.
- ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.
- iii. Availability refers to all space available for immediate occupation, plus space still under construction which will be completed within six months and which has not been let.
- iv. Availability and take-up are classified into three grades:
New/refurbished: Space under construction which is due for completion within six months or space which is currently on the market and is either new or completely refurbished.
Second-hand A Grade: Previously occupied space with air-conditioning.
Second-hand B Grade: Previously occupied space without air-conditioning.
- v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.
- vi. Under construction figures quoted in this report refer to developments of over 20,000 sq ft which are currently underway. They do not include properties undergoing demolition.
- vii. Investment figures quoted in this report refer to accommodation where the majority of income/potential income is from office usage and comprises transactions of £1 m and above.
The data includes standing investments, site purchases and funding transactions.
- viii. This report is produced to standard quarters.
Quarter 1: January 1 – March 31,
Quarter 2: April 1 – June 30,
Quarter 3: July 1 – September 30,
Quarter 4: October 1 – December 31

Knight Frank Research
Reports are available at
knightfrank.com/research



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. © Knight Frank LLP 2021. Terms of use: This report is published for general information only and not to be relied upon in any way. All information is for personal use only and should not be used in any part for commercial third party use. By continuing to access the report, it is recognised that a licence is granted only to use the reports and all content therein in this way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written approval from Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

DS2/DS1481
6th May 2021

Nathan Barrett
Area Planning Officer – North Team
Westminster City Council
PO Box 732
Redhill
RH1 9FL

DS2 LLP
100 Pall Mall
London SW1Y 5NQ
telephone 020 7004 1760
facsimile 020 7004 1790
www.ds2.co.uk

WITHOUT PREJUDICE
STRICTLY PRIVATE AND CONFIDENTIAL

Dear Nathan,

114-150 QUEENSWAY & 97-113 INVERNESS TERRACE, LONDON, W2 – AFFORDABLE HOUSING VIABILITY

We write in relation to the Financial Viability Assessment (hereafter 'FVA'), dated August 2020, the letter from Westminster City Council's (hereafter 'WCC') financial viability assessors, Avison Young (AY) dated 22 April 2021 and subsequent discussions between WCC and Turleys. This is regard to 114-150 Queensway & 97-113 Inverness Terrace (hereafter 'the Site').

The viability report and subsequent discussions relate to the proposed development at the Site above (hereafter 'the Development') submitted on behalf of MB QW (Guernsey) Limited (hereafter 'the Applicant').

Executive Summary

There remains a disagreement over the Benchmark Land Value (BLV) however to expediate reaching an agreement the Applicant agreed to carry forward discussions based upon AY's opinion of the BLV. AY state that the scheme derives a deficit on the basis of a 100% market scheme, as set out in their letter dated 22nd April 2021.

It is unreasonable in our opinion to use sensitivity analysis to try and justify that the scheme can viably provide a payment without looking at the sensitivity both ways and providing evidence to support the range of sensitivity carried out.

As set out below, the removal of the premium on the EUV already reflects AY's concerns around the lack of comparable evidence and condition of the existing building. We therefore believe it is inappropriate to then carry out further sensitivity on the BLV to account for AY's concerns.

RICS Professional Statement titled *"Financial viability in planning: conduct and reporting"* dated May 2019 explicitly states the need to arrive at an appropriate conclusion over the viability of the development considering the appraisal and sensitivity analysis carried out. It is DS2's opinion that AY have reached the conclusion that the scheme is in deficit, as referenced in the letter dated 22nd April. The addition of the sensitivity analysis at the end of the letter confuses the outcome and it is now unclear to the Applicant, and we suspect the Council, as to the final conclusion as to the quantum of obligations that can be secured in accordance with the NPPF paragraphs 54 to 57 and the CIL 122 Regulation .

The sensitivity is for information only, and although incorrectly applied, does not deviate from the conclusion that the scheme is in deficit. We suggest AY confirm their conclusion to you to enable the process to continue.

Background

The commentary below does not look to set out the full background of the viability discussions that have taken place since the submission of the FVA, but the relevant documentation and underlying assumptions which support the most recent discussions.

Avison Young (AY) reported to the Council in their letter dated 17th March 2021 that the scheme generates a surplus of £2,455,311. This was predicated on a Benchmark Land Value (BLV) of £42,296,000. AY stated that they *“do not consider it appropriate to apply a premium on this for the reasons outlined above (mainly uncertainty around the values and costs associated with the existing)”*. However, we would continue to note the NPPG requirement for an incentive for a landowner to release a site for alternative uses, when compared to the other options available. However, with the purposes of expediency, the Applicant agreed on a without prejudice basis to accept this.

To summarise, the £42,296,000 is based upon the following assumptions made by AY:

- **Existing Retail Rents** – Zone A rent ranging from £100 to £140 per square foot. These are informed by 133 Notting Hill Gate which AY state transacted in December 2019 at a Zone A rent of £128 per square foot. The Applicant has provided two transactions in 36 Queensway and 38 Queensway which transacted in June 2020 and a more comparable in terms of date of transaction and location than the comparables that AY are relying upon. This reflects a Zone A rent of £200 per square foot. AY dismiss this evidence yet adopt a single comparable in 133 Notting Hill Gate to inform their opinion on existing retail rents.
- **Existing Retail Yield** – 5.75% adopted for the term income and 6.25% for the reversionary yield. This seems to be mainly informed by Prime Yield Sheets appended to AY’s letter. The CBRE Prime Yield Sheet referred to by AY refers to 4.50% for Queensway yet 5.75% to 6.25% has been adopted.
- **Existing Residential** – AY are overestimating the costs involved of disposing of the units by factoring in finance and profit. A reasonable landowner would simply sell the units in their current condition. AY state that because of potential additional costs and lack of comparable evidence they consider it inappropriate to apply a premium.

It is clear to the applicant from the above that AY’s assumptions for both the existing retail and residential uses are on the cautious side even before the premium is removed.

AY’s appraisal which supported the surplus of £2,455,311 excluded Vacant Possessions costs and this cost was subsequently accepted as reasonable thus removing any surplus.

This was confirmed in AY’s letter dated 22nd April 2021 to the Council which states *“in our last letter dated 17 March 2021 to you we advised that based on a revised Benchmark Land Value the scheme showed a surplus of £2.455 million which was equivalent to the provision of two intermediate units. An additional cost of £3.5 million would remove this surplus and create a deficit of £1,132,531 based on our input and opinion of blended profit requirements.* The above concludes that based upon AY’s opinion on appraisal inputs **the scheme is unable to viably provide any affordable housing contribution.**

Paragraph 10 of the NPPG states that *“Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return”*. AY have undertaken this process and based upon the above statement concluded that the scheme creates a deficit.

Sensitivity Analysis

The RICS Professional Statement titled *“Financial viability in planning: conduct and reporting”* dated May 2019 makes it mandatory to provide sensitivity analysis as set out at paragraph 2.9, which states this is to:

- Allow the applicant, decision and plan maker to consider how changes in inputs to a financial appraisal affect viability; and
- Understand the extent of these results to arrive at an appropriate conclusion on the viability of the application scheme.

The RICS Guidance Note titled *“Valuation of development property”* dated October 2019 states that in regards to risk analysis, which the simplest form is sensitivity analysis that *“the rational basis for the choice of variations within sensitivity and scenario testing and the level of probabilities should be clearly set out when reporting valuations of development property”*.

AY have provided sensitivity in their letter dated 22nd April 2021 however the conclusions of this is based upon “downwards only” sensitivity on the BLV and does not consider the implications of other sensitivities in what is an extremely challenging market place for developers. We have briefly commented on the sensitivity carried out by AY below:

- AY have looked at the impact on the retail EUV if rents were overestimated by 10%. This is despite them already adopting rents significantly below what is currently being achieved on Queensway as summarised above. AY also look at the impact of the existing retail yields softening, despite AY removing the landowner premium to account for the lack of comparable evidence and CBRE reporting a yield of 4.50% being reasonable for Queensway. Adopting a yield of 50 BPS higher than the 6.25% currently adopted results in a yield of 6.75%, 225 BPS higher than CBRE’s opinion. No evidence has been provided to justify this yield shift or rent reduction.
- Assuming a 5% increase in ERV which would still be below the two comparables provided for Queensway and a 50 BPS yield shift on the yield to be closer to that reported by CBRE would result in a retail EUV of £28,124,000. A swing of c.£6.4m when compared to the sensitivity AY is adopting. This is based upon information provided to date and would result in an increased deficit to the £1.32m already being reported.
- AY have also looked at the impact on the residential EUV if values reduced due to lack of evidence/unknown condition of the building. This is already reflected in AY’s “base” position through the removal of the landowner premium. If AY wish to undertake this sensitivity, then the landowner premium should be included and then the sensitivity carried out to reflect the uncertainty that they state is around the condition of the existing building and lack of evidence.

Summary

In summary we would conclude that the contribution for affordable housing has been concluded at zero, as supported by AY’s letter dated 22nd April which indicates that the proposed scheme viability appraisal derives a deficit. However, the provision of the sensitivity analysis without any clear conclusion over the viability of the development by AY has left the Applicant unclear as to the final position, as is required for the purposes of a planning committee. Given the commitment to a viability review process in accordance with policy we would request that the conclusion that the scheme derives a surplus based upon AY’s opinion on appraisal inputs is upheld.

We would welcome a call to discuss this letter so that an agreement over the viability of the development can be agreed by both parties to allow for the scheme to be taken to committee.



Yours sincerely

DS2 LLP
May 2021

DS2/DS1481
8th December 2021

Nathan Barrett
Area Planning Officer – North Team
Westminster City Council
PO Box 732
Redhill
RH1 9FL

DS2 LLP
100 Pall Mall
London SW1Y 5NQ
telephone 020 7004 1760
facsimile 020 7004 1790
www.ds2.co.uk

**WITHOUT PREJUDICE
STRICTLY PRIVATE AND CONFIDENTIAL**

Dear Nathan,

**114-150 QUEENSWAY & 97-113 INVERNESS TERRACE, LONDON, W2 – AFFORDABLE
HOUSING VIABILITY UPDATE**

We write in relation to the Financial Viability Assessment (hereafter 'FVA'), dated August 2020, and subsequent discussions between the Council, Greater London Authority (GLA) and MB QW (Guernsey) Limited (hereafter 'the Applicant'). This is in regard to 114-150 Queensway & 97-113 Inverness Terrace (hereafter 'the Site').

The FVA and subsequent discussions relate to the proposed development at the Site (hereafter 'the Development') submitted on behalf of the Applicant.

The purpose of this letter is to provide an updated viability assessment of the Development following the subsequent revisions to the scheme as set out in Turley's letter to the Council on 11th November 2021, and subsequent letter submitted formally alongside the revised scheme at the beginning of December.

Background

The information provided below does not seek to set out the full background of the viability discussions that have taken place since the submission of the FVA, but a summary of the agreed position with the Council and the GLA.

The Council's independent assessors, Avison Young (AY) reported to the Council in their letter dated 17th March 2021 that the Development generated a surplus of £2,455,311 based upon the provision of 100 per cent private housing. AY indicated that the £2,455,311 surplus could provide two on-site intermediate housing units consisting of 2 x 1 bed units.

AY's appraisal which supported the surplus of £2,455,311 excluded Vacant Possessions costs which AY subsequently confirmed was a legitimate cost.

This was confirmed in AY's letter dated 22nd April 2021 to the Council which states *"in our last letter dated 17 March 2021 to you we advised that based on a revised Benchmark Land Value the scheme showed a surplus of £2.455 million which was equivalent to the provision of two intermediate units. An additional cost of £3.5 million would remove this surplus and create a deficit of £1,132,531 based on our input and opinion of blended profit requirements.* The above

concludes that based upon AY's opinion on appraisal inputs the Development is unable to viably provide any affordable housing contribution as they concluded the scheme was c. £1.1m in deficit.

Subsequent discussions followed between the Applicant and the GLA Viability Team who concluded that based upon a difference in opinion on certain appraisal inputs the Development could viably provide a higher affordable housing contribution of £4,500,000. These differences being as follows:

- Reduction in Vacant Possession costs to £745,000.
- Removal of average letting void period for the retail and office floorspace.

Further to a detailed review of the GLA Viability Team's appraisal, it became apparent that there were anomalies in the approach to developer profit and purchasers' costs. When making the correct adjustment to these inputs, the appraisal indicated that the maximum affordable housing contribution that the Development could viably provide based upon the GLA Viability Team's inputs was £3,220,000. Notwithstanding this and despite not agreeing with the GLA Viability Team's position, the Applicant made a commercial decision to commit to an affordable housing contribution of £4,000,000 and DS2 have been seeking to understand from Registered Providers whether this contribution could be delivered on site. Despite some initial interest from one Provider, to date there have been no formal offers and the deadline for expressions of interest has passed.

The appraisal results based upon the provision of a £4,000,000 affordable housing contribution are set out in Table 1 below. The supporting appraisal is provided at **Appendix 1**.

TABLE 1: QUEENSWAY APPRAISAL RESULTS, DECEMBER 2021		
Scheme	Benchmark Land Value	Deficit
Proposed Development	£42,296,000	(£1,017,603)

As above, and as set out in Turley's letter dated 11th November 2021, the Applicant approached 6 Registered Providers (RP) to ascertain their interest in acquiring on-site intermediate homes in lieu of a financial contribution, in accordance with Policy 9 of the City Plan 2019-2040.

It was also concluded that £4,000,000 could not deliver any off-site provision in the vicinity given the prohibitively high cost of acquiring sites around Queensway and the lack of available sites.

It should be noted that in reaching an agreement on the affordable housing contribution, the Applicant made significant concessions on certain appraisal inputs to expedite achieving a satisfactory local consent within a reasonable timeframe. The Applicant's view, in line with AYs, is that the Development is unable to viably support any affordable housing contribution.

Amendments to Development

Design Changes

Following recent discussions between the Applicant and the Council, the Applicant has taken into consideration comments received from officers on potential changes to the Development. Upon further consideration, the Applicant has agreed to make the following changes, which are summarised in detail in Turley's letter dated 11th November 2021.

- **Porchester Gardens and Inverness Terrace Corner** – Reduction in plant massing with the revisions reducing the massing of the 5th floor significantly on this part of the development, pulling the floor back by over 6m, while also making it narrower.
- **Eastern Elevation – Sense of Enclosure** – The rear elevation will be set back on the 1st to 4th floors by 1 meter between the cores. In addition, the 5th floor is set back by a further 1 meter, and then the 6th floor is set back by a further metre from the 5th floor.

The above changes reduce the total office area across the Development by 210 square meters (NIA), or 2,260 square feet.

Affordable Housing Proposal

Notwithstanding the submitted viability assessment which has been carried out in accordance with planning policy and professional guidance, indicating that an affordable housing contribution of £4,000,000 is in excess of the maximum amount of affordable housing the scheme can viably provide, it is understood by DS2 that the Council still consider the affordable housing offer to be unacceptable.

The Applicant have weighed up several options and have decided that in order to achieve a satisfactory local consent within a reasonable timeframe and recognising the strategic importance of delivering affordable housing, that they are willing to commit to the following affordable housing offer. This decision is a commercial decision taken by the Applicant with the view that the long-term economies of the scheme could improve overtime however it is proposed at significant additional risk:

- Seven on-site affordable homes provided as London Living Rent (intermediate product).
- The unit mix as follows:
 - Three 1 Bed Apartments averaging at 62 square meters.
 - Four 2 Bed Apartments averaging at 82 square meters.
- The apartments are:
 - Located on the first floor.
 - Accessed via a shared entrance and core with the private residential accessed from Queensway – as such the home would benefit from tenure blind architecture and arrival.

The updated affordable housing offer of seven affordable homes represents 22 per cent of the total on-site residential provision by unit. The proposal assumes that a Provider could be identified to acquire the units on a long lease and in the event that this is not possible (through vigorous market engagement), the Applicant would revert to the £4 million payment, which the applicant proposes is structured within the s.106.

Updated Viability Appraisal

An updated viability appraisal is attached at **Appendix 2** based upon the changes to the Development as set out above.

The viability appraisal has been updated to reflect the following:

- The provision of seven on-site affordable homes provided as London Living Rent. The affordable housing revenue has been profiled quarterly over the construction period.
- The affordable homes have been valued at an average value of £250 per square foot based upon Proval which is a specialist discounted cashflow software used by the RP sector. It is likely that due to the market value of the homes, high service charge and shared core with the market units that an average value less than £250 per square foot will be achieved.
- 6 per cent return on Gross Development Value (GDV) for the affordable housing reflecting the reduction in risk with a RP taking the affordable homes.
- Reduction in office NIA of 210 square meters, or 2,260 square foot. This resulting in the provision of 87,284 square foot NIA of office space, reduced from 89,544 square foot.
- Reduction costs adjusted to reflect the reduction in Gross Internal Area from 213,459 square foot to 211,231 square foot. A reduction of 2,228 square foot. The same average cost per square foot as assumed by AY has been adopted when calculating the updated construction costs. Due to the cost inflation issues being incurred over the past 12 months this is likely to understate the cost of delivering the Development.
- Updated Borough and Mayoral CIL taking into consideration the changes to the design. The following have been advised by Turley and are subject to change. The below figures take into account Social Housing Relief.
 - Borough CIL - £3,071,139
 - Mayoral CIL - £2,067,927

In updating the viability appraisal, the inputs assumed by AY and the GLA Viability Team have been used unless explicitly stated above. It should be noted that in the event that the appraisal was updated to reflect current day costs taking into cost inflation over the past 12 months, the deficit identified in Table 2 would be higher.

The updated viability appraisal indicates a reduction in GDV of circa. £12.97m when compared against the agreed viability appraisal at attached Appendix 1. This indicating a significant concession being made by the Applicant which further increases the viability challenges which the Development is currently experiencing.

The updated appraisal results are set out in Table 2 below.

TABLE 2: UPDATED QUEENSWAY APPRAISAL RESULTS, DECEMBER 2021		
Scheme	Benchmark Land Value	Deficit
Proposed Development	£42,296,000	(£5,447,474)

Summary

Table 2 indicates that the provision of seven on-site affordable homes provided as London Living Rent results in a deficit of c. £5.45m, indicating that the affordable housing offer is in excess of the maximum amount of affordable housing the Development can viably provide.

Table 3 below sets out the evolution of the deficit, illustrating the significant concessions may be the Applicant.

TABLE 3: PROGRESSION OF APPRAISAL RESULTS, DECEMBER 2021		
Scheme	Benchmark Land Value	Deficit
Development (100 per cent market submitted position)	£78,240,000	(£30,044,355)
Development (100 per cent market AY position)	£42,296,000	(£1,132,531)
Development (£4m contribution AY & GLA position)	£42,296,000	(£1,017,603)
Updated Scheme (7 on-site affordable homes)	£42,296,000	(£5,447,474)

When comparing the updated viability position against Table 1 which sets out the agreed financial viability appraisal, the deficit has increased from c. £1.02m to £5.45m, an increase of £4.43m. This is driven by a reduction in GDV of c. £12.97m due to the provision of on-site affordable housing and the reduction in office floorspace.

The Applicant in making the revised affordable housing offer have into consideration the need to achieve a satisfactory local consent within a reasonable timeframe and the prospects of the economics of the Development improving over the development period, which are not guaranteed.

The affordable housing offer is significantly in excess of that agreed as the maximum amount the Development can viably support by AY and the GLA Viability Team. As set out at the start of this letter, based upon AY's letter dated 22nd April, AY's appraisal concluded that the Development could not viably provide any affordable housing.

The updated affordable housing offer represent 22 per cent affordable housing (by units). The net uplift of residential apartments is 5 (27 currently on-site, 32 new homes proposed in total). The increase in NIA of the residential is under 100 square meters.

As such, there will be a reduction in the private residential accommodation on-site from 27 to 25, with two of the re-provided 'existing' homes, and all of the additional homes to be provided as on-site affordable.

Yours sincerely

DS2 LLP
December 2021

DS2/DS1481
28th January 2021

Nathan Barrett
Area Planning Officer – North Team
Westminster City Council
PO Box 732
Redhill
RH1 9FL

DS2 LLP
100 Pall Mall
London SW1Y 5NQ
telephone 020 7004 1760
facsimile 020 7004 1790
www.ds2.co.uk

WITHOUT PREJUDICE
STRICTLY PRIVATE AND CONFIDENTIAL

Dear Nathan,

114-150 QUEENSWAY & 97-113 INVERNESS TERRACE, LONDON, W2 - RESPONSE TO AVISON YOUNG (“AY”) REVIEW OF ‘FINANCIAL VIABILITY ASSESSMENT’

We write in relation to the Financial Viability Assessment (hereafter ‘FVA’), dated August 2020, and subsequent feedback from Westminster City Council’s (hereafter ‘WCC’) financial viability assessors, Avison Young in their draft report titled ‘Financial Viability Report’ (hereafter ‘AY review’) dated December 2020. This is regards to 114-150 Queensway & 97-113 Inverness Terrace (hereafter ‘the Site’).

The viability report and this letter relate to the proposed development at the Site above (hereafter ‘the Development’) submitted on behalf of MB QW (Guernsey) Limited (hereafter ‘the Applicant’).

Background

The description of the development is as follows:

“Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class A1 and flexible A1/A3) at ground floor, residential units (Class C3) and Office (class B1) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court”.

The Development will provide 32 residential units comprising a mix of one, two and three bed homes located on the first to sixth floors with a residential lobby on the ground floor. In addition to the residential provision, the Development provides a 13,401 sqm (144,247 sq ft) GIA of commercial accommodation. 12 flexible retail units (A1 & A3 uses) totalling 2,214 sqm (23,831 sq ft) GIA will be provided across the ground floor of the two blocks, three in the north block and nine in the south block. The first to sixth floors of the south block will be occupied by 11,187 sqm (120,416 sq ft) GIA of flexible office space (B1 use), with an entrance lobby located on the ground floor.

The FVA concluded that when comparing the current day Residual Land Value (‘RLV’) of the Development against the assumed Benchmark Land Value (‘BLV’), there was a deficit which indicated that the Development was unable to viably provide any affordable housing. The results of the FVA are provided in Table One below.

TABLE ONE: DS2 FVA RESULTS, JANUARY 2021		
Benchmark Land Value	Proposed Scheme RLV	Surplus / Deficit
£78,240,000	£48,195,645	(£30,044,355)

AY Review

AY have carried out a review of the FVA and concluded that the Development can provide a policy compliant amount of on-site affordable housing¹. The results are provided in Table Two below.

TABLE TWO: AY APPRAISAL RESULTS – PROFIT, JANUARY 2021		
Target Profit	Proposed Scheme Profit	Surplus / Deficit
15.4%	16.99%	1.59%

AY state within their report that if a payment in lieu were considered acceptable, then a sum of £4,414,080 would be reasonable.

Appraisal inputs areas of divergence

There are several areas of divergence between DS2 and AY on the appraisal inputs. This letter provides a response on the areas of divergence between the two assessors.

The areas of divergence on the appraisal input assumptions are summarised below;

- BLV Existing Retail Market Value;
- BLV Existing Residential Value;
- Proposed Scheme Office Value;
- Proposed Scheme Retail Value;
- Construction costs;
- Residential Marketing;
- Finance; and
- Project programme;

We have set out our comments regarding the AY Review in the Table Three below.

TABLE THREE: REVIEW OF DS2 & AY INPUTS – AREAS OF DISAGREEMENT, JANUARY 2021	
BENCHMARK LAND VALUE	
Input	DS2 Response
Existing Retail Market Rent	DS2 Retail Market Rent - £2,408,740 Avison Young Retail Market Rent - £1,380,440 AY undertook a site visit on 28th October 2020 and state in section four of their report that <i>“the shops all presented well and those with a multi-national occupiers were fitted out consistent with that brand. In particular the large Tesco store appeared to have recently been refitted and presented very well”</i>. The condition of the existing retail units is therefore not in dispute insofar that they are in a reasonable, lettable condition.

¹ As stated in the AY Review they have not considered the impact of introducing a separate core into the scheme to accommodate low cost rent.

	The Site provides 15 retail units fronting Queensway, with four of the 15 retail units currently vacant. The retail units' range in size from 719 square foot up to 10,000 square foot. DS2 undertook a term and reversion valuation to arrive at a value for the existing retail units. The term was informed by the current passing rents which is not in dispute with AY. The reversion was informed by market rents provided by the Applicant's retail advisors, Orme property. The general rental tone adopted was £170 to £180 per square foot Zone A resulting in a total market rent of £2,408,740. The exact breakdown is provided at pages 20 to 21 of the AY review. Orme Property provided comparable evidence to support the market rent assumptions which was provided to AY and is set out on pages 21 to 22 of the AY review. We would note that the information AY have provided in regard to 36 Queensway and 38 Queensway is incorrect. We understand that following discussions with AY post receipt of the AY review that this is an oversight. Information provided to AY on the 2nd December indicated that 36 Queensway and 38 Queensway transacted reflecting an average Zone A rate of £200 per square foot². Furthermore, information has since been provided to AY which supports this. The retail units referred to above transacted in June 2020 and as such are recent transactions reflecting current market conditions and therefore should be used to inform the market rents that could be achieved for the existing retail units in the event that the development proposals do not come forward. AY have also provided additional evidence on page 22 of the AY Report which supports a Zone A rent of £200 per square foot. AY state that they have been unable to find any evidence to support the Applicant's case that existing retail units are rented at a level below market rent. The Applicant disagrees with this statement for the reasons sets out below; 1) The evidence provided to AY and set out on page 21 of their report supports a Zone A rent of £200 per square foot. The most recent transactions being 36 Queensway and 38 Queensway which Orme property indicated transacted in June 2020 reflecting a Zone A rent of £200 per square foot. 2) As set out in DS2's letter to Avison Young on 2nd December 2020, Orme property provided rents which the existing retail units were achieving in March 2015 before any vacant possession initiatives were being discussed. The most recent lettings within the WestWalk scheme are 36 Queensway and 38 Queensway which transacted reflecting a Zone A rent of £200 per square foot. We disagree with AY's statement that the most recent evidence suggests Zone A rents of £100 per square foot are being achieved. In summary, we remain of the opinion that based upon the comparable evidence provided to date and the fact that 36 Queensway and 38 Queensway transacted reflecting a Zone A rent of £200 per square foot, that our opinion on the market rent of the existing retail units, as informed by Orme property, is reasonable.
Retail Yield	DS2: 5.25% term and 5.75% reversion Avison Young: 6.25% The net initial yields adopted by DS2 were informed by the comparable evidence set out in the FVA, and on page 23 of the AY review. This indicates net initial yields ranging from 4.25% to 4.66%. AY

² This calculated when applied to the average rent.

	have provided additional evidence set out in the AY review which indicates net initial yields ranging from 4.25% to 4.77%. Despite the above comparable evidence being provided, AY state that it is difficult to evidence retail yields with limited recent evidence available and therefore have had regard to Prime Retail Yield tables produced by firms such as Savills and Knight Frank which clearly show a significant yield movement over the last 15 months, the sentiment of which we would not disagree with, and also based on discussions with their own internal fund valuers. The Prime Retail Yield tables used by AY have not been provided and we are unable to verify any internal discussions with their own internal fund valuers. We accept that Covid-19 has had an impact on the retail sector and negatively impacted yields, however we do not agree with AY's opinion that a net initial yield of 6.25%³ for the existing retail units is reasonable, especially in the absence of any evidence to support this. In order to understand the impact that Covid-19 has had on retail yields, and noting AY refer to discussions with their own internal fund valuers, we have looked into recent financial publications of large Propcos such as British Land and Landsec in terms of half year results. This indicates the following; - British Land's half year results for the six months ending 30 September 2020, dated 18 November, indicate that they have seen a yield shift for their smaller, more focused retail of 33 bps up to 30 September 2020. This is in addition to a yield shift of 37 bps up until 31 March 2020. <u>In summary, British Land have seen a yield shift of 67 bps for the year up until 30 September 2020.</u> - Landsec's half yearly results for the six-months ending 30 September 2020, dated 10 November 2020, indicates that they have seen a yield shift for 'London retail' of 12 bps up to 30 September 2020. Landsec's annual report 2020 indicates that over the previous year they had seen a yield shift of 37 bps for 'London retail'. <u>In summary, Landsec have seen a yield shift of 49 bps over the previous 18 months up until 30 September 2020.</u> The above gives an indication of what valuers are advising large Propcos such as British Land and Landsec in terms of yield shifts for retail in London over the past 12 to 18 months. On the basis that a net initial yield of 4.5% was reasonable for new retail space 12 to 18 months ago and adjusting this by 50 bps to reflect an appropriate differential between new and old retail space, this would result in a net initial yield of 5.0%. If this was then adjusted by say 75 bps this would result in a net initial yield of 5.75% reflecting the shift in yield over the past 12 to 18 months. Furthermore, current occupiers such as Boots, EE, Superdrug and Tesco will attract a keener yield when compared to local occupiers and therefore the above adjustment may be overestimating the impact of Covid-19 on retail yields. We therefore remain of the opinion that our yield assumptions are reasonable and would note that this has also been reflected in the valuation of the proposed retail space.
Retail – Landowner Premium	DS2 – 20% AY – 0%

³ It is noted that AY adopt a keener yield assumption for the Tesco unit.

	In accordance with Paragraph 16 of the National Planning Policy Guidance (NPPG), a landowner premium was applied to the retail EUV which reflects an amount required to incentivise a reasonable landowner to bring forward land for development. DS2 adopted a landowner premium of 20% which is in the middle of the range stated in the GLA Affordable Housing and Viability SPG which states the premium could be 10% to 30%. We do however acknowledge that this must reflect site specific circumstances and will vary. In formulating our view on the premium that should be applied to the retail EUV, DS2 had regard to most of the existing retail units being occupied and providing a secure source of income, the existing retail units being in reasonable condition and as such there being no requirement or need to carry out any works to the existing retail units, and also the location of the existing retail units, fronting Queensway which benefits from a high footfall. AY have indicated that they do not consider it applicable to apply a 'plus' to the retail element in this case as it is effectively factored into the market yields they have relied upon to formulate their opinion of an appropriate yield. Furthermore, they state that the evidence reflects transactions in the market and on this basis, these yields are reflecting the prices property would be 'released at'. As stated above, AY have not provided evidence to support their yield assumptions and have relied upon conversions with their internal fund valuers and Prime Retail Yield tables. We therefore disagree with the statement 'the evidence reflects transactions in the market' because no transactions have been provided. As noted above, national, regional and local planning policy and guidance is clear that for sustainable development to be achieved, there needs to be a premium to the EUV (with reference to IVS 150.1 of the Valuation Standards) in order for landowner to deliver sites for development. Valuations undertaken for a variety of purposes including Investment Value (noting the value of an asset to the owner may be the same as the amount that could be realised from its sale to another party) and Market Value are undertaken in accordance with the RICS Valuation Global Standards effective from January 2020, and evidence is sought from a variety of sources, including transactions of both development sites but also going concerns. We note that AY regularly adopt such transactions in EUV, as does the sector as a whole, and we note that the RICS Guidance Note for planning viability advocates the use of the approach adopted by DS2 is consistent with the approach taken in other planning viability assessments, and one that is considered in accordance with the professional and planning policy requirements. The premium to the landowner represents an incentive over and above the existing options for the landowner, to release the Site for an alternative use / development.
Residential Value	DS2: £30.9 million (£1,209 psf) AY: EUV £10.68 million (£418 psf)/ AUV £13.75 million (£1,000 psf plus refurb costs) AY value the residential units reflecting an average £ per square foot of £418 and the existing retail units reflecting an average £ per square foot of £465. Furthermore, AY's valuation of the residential indicates that a reasonable landowner would sell the existing 27 residential apartments at an average £ per square foot of £418. We do not believe that this is reasonable given the location of the Site, the agreed value for the new build elements and with regard to second hand comp. The value of the existing residential units forms part of the BLV, with the other part being informed by the value of the existing retail units as set out above. The Site provides 27 residential units varying in size and condition. In arriving at a value for the existing residential units DS2 carried out

a unit by unit pricing schedule which was informed by comparable evidence within proximity to the subject Site as well marketing particulars outlining the condition of several of the apartments.

As previously stated, AY undertook a site visit on 28th October 2020 and inspected the existing retail units as well as a number of existing residential apartments. AY have provided in their report photos of the internals of some of apartments and state in section 4 of the AY Review that the apartments they inspected *“presented in varying condition with differing specifications and fit out”* and that *“128A had a very high-end specification and fit out”* and that other flats were in a more *“basic condition including small tired kitchens, basic carpet or linoleum flooring and tired basic bathroom fixtures and fittings”*.

AY then go on to state at section 7 of the AY Review that many of the units *“were in poor condition”*. This differs from their description set out at section 4.

AY have considered two bases in order to arrive at a BLV for the residential element. These are;

- Existing Use Value (based upon current passing rent); and
- Assuming a refurbishment prior to sale.

We comment on each of the above approaches below.

Existing Use Value

AY state that given the difficulty in being able to assess the quality of the existing accommodation they have analysed the passing rents which they consider are likely to reflect the varying quality of accommodation. AY state that they have adopted the average rent per square foot applicable to the flats that are let and then applied it to all vacant units. We are unsure how AY have arrived at a blended average £18.81 per square foot when the current passing rent equates to £337,264, which when divided by the area of the units (16,362 square foot) results in a blended average of £20.61 per square foot.

AY then go on to consider comparable evidence to inform an appropriate capitalisation rate. They refer to 62a Queensway which they state sold in August 2020 but was let in March 2019 at £40 per square foot. They consider that due to the location of the property that the subject property would trade at a discount to the £989 per square foot achieved in August. AY’s analysis indicates that the yield on the property would be in the region of 4%, but consider the subject property weaker, and as such expect to achieve a poorer yield. They also consider Arthur Court which provides a similar capitalisation rate of 4.3% based on the quoting rent of £31 per square foot.

AY note that the passing rents are significantly below the rents of other properties in the immediate area. They state that given the flats are let on one-year AST’s, these are not influenced by the pending redevelopment. They state this highlights the *“very poor condition of the property”* which has not been reflected in the applicant’s assessment of £1,200 per square foot. We disagree with this statement.

AY conclude that a capitalisation rate of 4.5% is reasonable which when applying to the average rental value achieved at the subject property generates a capital value of £10.68m (or £418 per square foot).

The Applicant disagrees with the approach taken by AY in that it is not reasonable to take the average £ per square foot arrived out from the passing rent in isolation and apply that to the remaining vacant units without considering the circumstances of each of the lettings entered into. The residential tenancy schedule issued to AY indicates a passing rent of £337,264 which equates

to an average £ per square foot of £20.61. The residential tenancy schedule is based upon a number of tenancies which were entered into at different dates.

The most recent lettings are the 6 apartments let to Imperial Accommodation Limited in October 2020. Due to the number of apartments let by Imperial Accommodation Limited, a discount to market rent was offered. This is further supported by the fact that the average £ per square foot for these units ranges from £15.00 to £17.78 whereas 132a Queensway which was let on a 24-month contract reflects a rent of £26.67 per square foot. We therefore disagree with AY's statement that the passing rents are currently let at below market rent due to poor condition of the units. The Applicant had the opportunity to let 6 apartments on a 12-month AST in one single transaction with the flexibility to gain vacant possession to enable the development proposals to come forward. Imperial Accommodation Limited also benefit from being able to sublet the apartments to students.

The existing residential units situated in Inverness Terrace reflect an average rent of £30 per square foot based upon a 12-month AST. Information provided by letting agents Fieldhouse Residential Ltd (attached at **Appendix One**) indicates that the rents that can be achieved are constrained by the ability to only offer short term contracts due to the need to achieve vacant possession for redevelopment. Fieldhouse Residential Ltd state that they have just let two properties directly behind the Queensway Parade in Inverness Terrace. These achieved the following;

- Two bedroom flat on the first floor achieved £3,000 pcm for a circa 798 sq ft unit on a 36 month tenancy. This reflecting an average £ per square foot of £45.
- Three bedroom flat on the second floor achieved £5,000 pcm for a circa 1,239 square foot unit on a 36 month tenancy. This reflecting an average of £ per square foot of £48.

This suggests that even when discounting the rent achieved to take into consideration the existing units are situated above a commercial unit, the existing residential units at Inverness Terrace are under rented.

Based upon the information known to date, it is understood that the larger units could command an average rent of £30 per square foot and the smaller units £40 per square foot if the development proposals were not being pursued by the Applicant.

The Applicant disagrees with AY's valuation of the existing residential units and is unaware of any residential units transacting at £418 per square foot within the area. AY refer to 62a Queensway which sold in August 2020. DS2's research indicates this sold for £615,000 however we are unable to find any information around the size and condition of the unit in order to understand whether the existing units would trade at a 58% discount on a £ per square foot basis. We welcome AY providing this information so we can assess whether such a significant discount is appropriate. The Applicant remains of the opinion that the value of the existing residential units should be assessed looking at comparable evidence within the market rather than taking the passing rent and applying an appropriate capitalisation rate in order to arrive at a capital value for the units.

In support of the valuation provided, we asked local Estate Agents Kinleigh Folkard & Hatward to carry out an inspection of four of the unoccupied units. These being 2 x 1 bed homes and 2 x 3 bed homes and provide their estimated value of the units in their current condition, reflecting current market circumstances. This advice is provided at **Appendix Two** and supported by comparable evidence. In summary this indicates;

- 101 Inverness Terrace (1 bed) - £385,000

- 105 Inverness Terrace (1 bed) - £385,000
- 140A Queensway (3 bed) - £1,400,000
- 136A Queensway (3 bed) - £1,300,000

The 1 bed units have been valued circa 4% less than that assumed by DS2 in their pricing assessment, with the 3-bedroom units being valued circa 7% less.

DS2 have updated their unit by unit pricing schedule to take into consideration the advice received by the Estate Agents. This is summarised below;

- The 1-bedroom apartments have been valued at £385,000 with the exception of 99 Inverness which is 10 sqm larger in size. A premium of £25,000 has been added to reflect that the unit is circa 25% larger.
- The 3-bedroom apartments have been valued as follows;
 - 140A Queensway at £1,400,000 as advised by the Estate Agent and 128A Queensway at £1,300,000 reflecting the known specification of the unit.
 - 136A Queensway at £1,300,000 as advised by the Estate Agent. This unit is 1,080 square foot and therefore the remaining 3-bedroom apartments with unit sizes ranging from 1,080 square to 1,190 square have also been valued at £1,300,000. There is an argument that the larger units should command a higher capital value however it is acknowledged the specification of some of the apartments vary.
 - 120A Queensway at £1,500,000 reflecting a slight premium to the 3 bedroom apartments due to the additional bedroom provided.

This results in a total GDV of £28,410,000, or £1,112 per square (pricing schedule attached at **Appendix Three**) which is still significantly higher than that assumed by AY. The Applicant therefore welcomes a further discussion with AY in order to reach an agreement over the value of the existing residential units.

The Applicant does not consider that it is appropriate to undertake a refurbishment scenario given that a majority of the units are currently occupied and therefore considered to be in a reasonable condition. Therefore, any reasonable landowner would likely sell the units in their existing condition rather than refurbish them. The Applicant however disagrees with the inputs informing the refurbishment appraisal for the following reasons;

- **Programme** – A 12-month refurbishment programme has been assumed to refurbish 27 residential units. This is considered unreasonable given that AY assume that the Development could be built out in 24 months which includes demolition, basement works and the provision of a circa 214,000 square foot residential led scheme.
- **Construction costs** – A refurbishment cost of £5,079,000 has been assumed which includes strip out, minor structural alterations, superstructure (replacements to roof, windows etc.), landlord shell and core services and finishes, residential fit out and services and external works etc.. The residential fit out and services reflects a cost of £50,000 per unit. It is unclear what level of specification the QS is targeting and whether it is aligned with AY's view of £1,000 per square foot. The Applicant's cost consultants have reviewed the cost plan provided. Their comments are provided at **Appendix Four**.
- **Residential values** – AY assume that the residential units would achieve an average £ per square foot of £1,000, or an average capital value of £946,000 after spending circa

	£5,000,000 in refurbishment costs. This is circa 50% of the value of new residential units proposed which seems excessive. In summary, the Applicant disagrees with the approaches taken by AY in assessing the value of the existing residential units and remain of the opinion that the value of the existing residential units is significantly in excess of the £13.75 million assumed by AY.
GROSS DEVELOPMENT VALUE	
Input	DS2 Response
Office Value	DS2: £70.00 per square foot blended rate Avison Young: £73.29 per square foot blended rate The Development provides 89,545 square foot (NIA) of flexible office space (B1 use) situated on levels 1 to 6. The floorplates for the first four levels are circa 18,000 square foot⁴, with level 5 being circa 11,000 square foot and level 6 being circa 7,500 square foot. In assessing the appropriate value for the office floorspace, the Applicant has been advised by General Projects, with DS2 also carrying out their own independent research. Table 7 in the FVA provides a list of comparable evidence which was used to inform the valuation of the proposed office floorspace. The majority of comparables provided are situated in superior locations compared to the Proposed Development. AY have provided additional comparable evidence on page 40 of their report. They acknowledge that the evidence provided <i>“is for established office locations”</i> therefore being in a superior location compared to the Development with AY stating <i>“Queensway is not an established office location”</i>. It is not in dispute that the Development is situated in an inferior location from an office occupier perspective when compared to the additional comparables provided by AY. DS2 have provided commentary on the comparable evidence provided by AY below. The Brunel Building, 55 North Wharf Road, London, W2 1LA The Brunel Building is situated to the north east of the Development in the Paddington Basin. It is situated in a superior location when compared to the Development through being situated in an established office location, being within a short walking distance to Paddington Station and also benefiting from overlooking the Regents Canal. The building is arranged over ground and 15 upper floors and provides 244,000 square foot NIA of office floorspace. The building provides a double-height ground floor reception and two large roof terraces. The building also offers an on-site retail/restaurant offering. The two roof terraces are provided on the 14th and 16th floors. The 16th floor terrace is a shared amenity for all tenants in the building. The evidence provided by AY in regard to the Brunel Building indicates a range in rents from £77.50 to £87.00 per square foot. These are set out below and commented upon accordingly. • 49,500 square foot of office space being leased on the 14th and 15th floor by Hellman & Friedman in January 2019 reflecting an average £ per square foot of £87. It is understood that 20,400 square foot of office space was let by Hellman & Friedman in January 2019 for the 14th and 15th floor. Furthermore, the 14th floor includes a 6,652 square foot private roof terrace. This therefore distorts the achieved rent stated. When factoring in the private roof

⁴ Level 1 floorplate is slightly smaller at circa 16,300 square foot.

terrace, the achieved rent is circa £66 per square foot. A schedule of areas for the Brunel Building is provided at **Appendix Five**.

- 33,000 square foot of office space being leased on the 9th and 10th floor by Paymentsense in January 2019 reflecting an average £ per square foot of £77.50.
- 10,000 square foot of office space being leased on the 7th floor by Coach in June 2019 reflecting an average £ per square foot of £75.00.
- 16,533 square foot of office space being leased on the 6th floor by Alpha in June 2019 reflecting an average £ per square foot of £77.50.

10 Eastbourne Terrace, London, W2 6LG

10 Eastbourne Terrace is situated to the north east of the Development and south of the Paddington Basin. The building is situated next to Paddington Station. The building is situated in a superior location when compared to the Development through being situated in a more established office location and also by being situated adjacent to Paddington Station. The building is arranged over basement, ground and four upper floors and provides 65,801 square foot NIA of office floorspace. It is understood that the building was fully refurbished to Cat A condition in 2016.

The evidence provided by AY indicates that 4,490 square foot of office space was leased by Cunnins in November 2018 reflecting an average £ per square foot of £65.00⁵.

DS2 are also aware that Smart Pension Limited leased 7,133 square foot of office space on the 3rd floor in December 2019 reflecting an average rent of £62.50 per square foot.

47-69 Notting Hill Gate, London, W11 3JS

47-69 Notting Hill Gate is situated to the west of the Development, directly opposite Notting Hill Gate station. The building is situated in a more established office location when compared to the Development, and from an occupier perspective has much more amenity in the immediate area in terms of food outlets, restaurants, gym etc. It is agreed with AY that the Development will provide a better product, but we do not agree with AY in how they simply present the scheme as a 'refurbished 60s buildings' for the reasons set out below.

The building is arranged over ground and 4 upper floors and provides 31,579 square foot NIA of floorspace. It is understood that the building underwent a comprehensive refurbishment in 2019 with a full back to frame grade A refurbishment being carried out with a new façade. This is supported by the design and planning statement that was submitted with the planning application for the changes to the existing building.

The evidence provided by AY indicates that Ovo Energy leased 21,097 square foot of office space on the first to fourth floors in April 2019. It is understood that the tenant leased this space in August 2018 and moved into the building when the refurbishment works were carried out in April 2019.

192 Sloane Street, London, SW1X 9QX

192 Sloane Street is situated to the south of the Development, just south of Knightsbridge Station. The scheme is situated on a prominent Sloane Street corner and has the benefit of numerous restaurants, bars, cafes and boutique retail outlets of Sloane Street, Brompton Road, the King's Road and Duke of York Square. We fundamentally disagree with the Knightsbridge submarket being a comparable to Queensway. Knightsbridge has been an established super prime residential location for 50 years, with clusters of London's leading luxury hotels, shops and department stores,

⁵ Based on information provided on CoStar as of 18th January 2021

and consequently attracts occupiers seeking to be in a very prestigious location. This is not comparable to Queensway which could be described as a former retail street with low end shops and limited office space.

116 Brompton Road, London, SW3 1JJ

The same comments made above in relation to 192 Sloane Street are also applicable to 116 Brompton Road. We do not agree that Queensway is comparable to Knightsbridge.

65 Alfred Road, London, W2

We have not considered 65 Alfred Road as this letting took place in April 2018.

Conclusions

AY state that using the available evidence they have priced the office floors individually reflecting the following rental values.

Floor	Rent per sq ft
First	£ 67.50
Second	£ 70.00
Third	£ 72.50
Fourth	£ 75.00
Fifth	£ 80.00
Sixth	£ 82.50

AY state that they have applied a premium uplift of £5 per square foot to the fifth and sixth floors which benefit from a terrace. AY conclude that these rental values generate an estimated market rent of £6,527,079 reflecting an average of £73.29 per square foot.

AY state the above pricing is based upon the Ovo letting of £65 per square foot and rents achieved at Paddington which are now up to £90 per square foot. They consider a discount to Paddington due to location, but a premium to the Ovo letting.

DS2 disagree with AY's pricing of the proposed office floorspace for the following reasons.

- It is agreed that Paddington is a superior location to the Development and as such a discount should be applied to the comparables provided.
- AY have valued the sixth floor reflecting an average £ per square foot of £82.50. There are no comparables provided to support this assumption. The lettings provided for Brunel Building indicates that a blended average of £87 per square foot was achieved on the 14th and 15th floors which benefit from a private terrace, views overlooking the canal, situated in the Paddington Basin, ground floor café/restaurant and being situated 6/7 floors higher than the Proposed Development. Discounting from the 14th and 15th at £2.50 per square foot (increments assumed by AY) to the sixth floor would not support a valuation of £82.50 for level 6 of the proposed office space.
- 16,523 square foot of office space was leased in the Brunel Building on the 10th floor by Coach in June 2019 at £75 per square foot. The floorplates are similar to that proposed at the Development. It is therefore unclear why AY are suggesting



that the Development could achieve in excess of what was achieved for superior office space situated on the 10th floor in the Brunel Building.

- 47-69 Notting Hill Gate is not just a “refurbished 1960s building”, it was a comprehensive refurbishment requiring planning permission which delivered Grade A space. It is accepted that the Proposed Development will provide a better product, however the Proposed Development is situated in an inferior location. Solely relying upon this comparable would indicate that an average £ per square foot of £65 was reasonable with perhaps a slight premium for the additional two storeys the Development will provide.
- The majority of the lettings referred to are Pre-Covid, therefore there is an argument that could be put forward that the comparables referenced need to be discounted to reflect current market circumstances. We would note that AY are ignoring current market conditions for the office market but when valuing the existing retail market, are heavily relying upon current market conditions to support their valuation.
- We are aware of the 5 Kingdom Street planning application which was determined by the GLA in October 2020. The scheme is situated west of the Brunel Building and provides circa 385,000 square foot of office space over 18 floors. Carter Jonas, on behalf of the GLA Viability Team were appointed to review the office valuation assumed in the submitted FVA. They concluded an average of £76.24 per square foot was reasonable for the scheme, valuing level 1 at £65 per square foot rising to £73 per square foot at level 6. The floorplates are of similar size to that provided by the Development. Whilst every scheme should be assessed on its own merits, we do not believe that the Development would achieve a higher £ per square foot than 5 Kingdom Street.

In summary, we do not agree with AY’s pricing of the proposed office scheme space and remain of the opinion that a blended average of £70 per square foot is reasonable, if not optimistic in light of the above.

Office pre-let and rent free periods

DS2 :30% pre-let with a 36 months’ rent free with the remaining speculative let with a 18-month rent free

AY: 50% pre-let with a 24 months’ rent free with the remaining speculate let with a 24-month rent free

AY have assumed that 50% of the development would be pre-let with a rent-free period of 24 months being granted. This is based upon the Frogmore development in Notting Hill Gate which AY indicate were all pre-let in 2018.

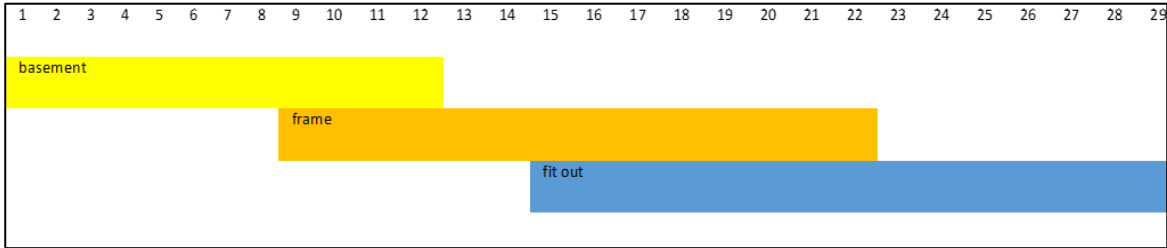
A pre-let period of 30% was adopted on the basis that before development funding could be secured and construction commenced, a pre-let would be required. It is difficult to robustly state whether the scheme would be 30% pre-let or 50% pre-let, however an argument could be forthcoming to state that in this current market pre-lets would be difficult to secure in light of the amount of office space that is becoming vacant. Furthermore, according to research carried out by

	Avison Young as of Q3 2020, of the 2.1 million square foot of office space under construction in West End/West London, only 17% of this space is pre-let.⁶ In regard to the rent free periods, AY indicate that they have reviewed the rent-free periods granted on the lettings at the Brunel building and these broadly reflect 2 months' rent free for every year of term certain granted to the tenant. Notwithstanding that, it is understood that rent free periods will expand as landlords compete to secure lettings with fewer footloose tenants by offering more generous incentives, and the Brunel Building lettings also took place in a more buoyant office market to that currently being experienced. In order to reach an agreement over the office valuation, the Applicant is willing to agree to AY's optimistic view on rent free periods on the basis that a 30% pre-let is accepted as being a reasonable assumption. <u>Capital value per square foot sense check</u> As a sense check, AY's valuation of the Development office space results in a Gross Development Value of £137,039,086, or circa £1,538 per square foot. The comparables provided by AY on page 42 of their report to support the office yield indicates an average capital value of between £927 up to £1,258 per square foot. It is accepted that the comparables cited vary in terms of location, quality, size etc., however AY's valuation is deriving an average capital value which is 18% higher than any of the comparables provided achieved. This indicates that AY are overvaluing the Development office space.
Retail Value	DS2: £121.31 per square foot blended average and 4.75% yield Avison Young: £48.80 per square foot blended average 5.75% yield Further to DS2's response on the existing retail market rents and yields, we remain of the opinion based upon the comparable information provided that our assumption on market rents and yield for the proposed retail space is reasonable. DS2 have therefore maintained the £121.31 per square foot blended average rent and 4.75% yield within our appraisal.
DEVELOPMENT COSTS	
Input	DS2 Response
Construction costs	DS2: £85,487,938 Avison Young: £81,224,000 The Applicant's cost consultants, Arcadis, have reviewed the cost estimate provided by AY and have provided their comments which are attached at Appendix Six. Arcadis have market tested their cost assumptions which are also checked to make sure that the costs are in line with their benchmarking, which is updated every quarter. DS2 therefore conclude that the construction costs provided by Arcadis are reasonable and have maintained them within our appraisal. The Applicant is happy for the two sets of cost consultants to engage directly in order to reach an agreement over the construction costs.
Residential Marketing	DS2: 1.5% Avison Young: 1%

⁶ Source <https://www.avisonyoung.co.uk/central-london-office-analysis/q3-2020>

	AY have assumed a marketing budget of 1% of the residential GDV, or based upon the provision of 32 market homes, £637,946. They state that this is based upon common market practice and the overall marketing figure, referring to this being a relatively small scheme. Whilst the Development only provides 32 residential units, these are units with an average capital value of £1.9m which requires a more extensive and comprehensive marketing strategy compared to your more generic residential schemes. The marketing budget is intended to cover the cost of providing a marketing suite, both a UK sales campaign and Overseas sales campaign including public relations and brand management, launch events and travel. Furthermore, the budget would also cover CGI production, creative works and any incentives required in order to achieve sales such as furnishing certain apartments etc.. In addition to the above, we are also aware of the BNP Paribas Westminster City Council: Local Plan policies: Viability Review document dated January 2019 (updated October 2019) which was prepared for WCC in support of their draft Local Plan. This document was provided to consider the ability of developments to accommodate emerging draft Local Plan policies. In assessing the viability of development typologies representing types of sites that are expected to come forward, BNP Paribas assumed it was reasonable to assume an allowance of 3% for marketing costs, which includes agents' fees, plus 0.2% sales legal fees. This indicates that 1% is therefore not perceived as common market practice and supports the Applicant's position that a marketing budget of 1.5% is reasonable, as assumed in support of the draft Local Plan. In light of the above, a market budget of 1.5% of the residential GDV is considered reasonable.
Residential Sales Agent Fee	DS2: 1.5% Avison Young: 1% AY have reduced the residential sales agent fee from 1.5% to 1% without providing any justification for doing so. The Development is relatively small and is providing high value residential units, the monetary sum of 1% is not deemed reasonable. As noted above, the BNP Paribas Viability Review document dated January 2019 (updated October 2019) assumes that an allowance of 3% for marketing costs, which includes agents' fees is reasonable. The Applicant has adopted a 1.5% marketing budget and 1.5% sales agent fee. DS2 therefore maintain a residential sales agent fee of 1.5% within our appraisal.
Finance	DS2: 6.5% Avison Young: 6% AY have assumed a lower finance rate of 6% on the basis that the developer would be able to secure a competitive finance rate. DS2 are of the opinion that 6.5% is reasonable, especially in the current climate in relation to Covid-19. We understand that as lenders do not know the full impact of the current situation, lenders are struggling to price new loans, or where they are, they are willing to lend less, or at higher rates to account for the uncertainty. The Applicant however is willing to agree with a finance rate of 6% to expediate reaching an agreement.



Project programme	DS2: 29 months Avison Young: 24 months AY have reduced the construction period from 29 months to 24 months. A programme was provided to AY supporting our assumptions on the construction period. We note that no evidence has been provided to support AY's programme assumptions. Furthermore, the Applicant's project manager, Gardiner & Theobald, have provided the below commentary. <i>Our demolition programme of 7 months has been market tested with two different contractors who advise 6 and 7 months respectively.</i> <i>The main construction programme of 29 months is broadly made up of three parts:</i> <i>Basement</i> <i>Frame</i> <i>Fit out</i> <i>All of the durations for these three parts are based on our experience of other schemes of a similar size and nature taking into account the following considerations:</i> <i>Restricted nature of the site can only be accessed by Inverness Terrace</i> <i>Site is directly opposite a school which would likely affect vehicle movements in peak hours, we have taken this into account when factoring how quickly the site can be fed with deliveries.</i> <i>The north end of the site is surrounded on three sides and can only be fed from the middle of the existing site. This means there is an element of double handling of materials to this part of the site.</i> <i>Speed of construction for steel and CLT superstructure was based on very initial advice from CLT contractors on size of members and delivery numbers. We don't think we would be able to more accurately market test the build of the frame and CLT until we had more developed details on the facade and CLT connections, which we wouldn't expect until Stage 3 design is underway.</i> The below figure illustrates how the works are apportioned between the basement, frame and fit out. • Basement – 12 months • Frame and envelope – 14 months • Fit out (which we've included MEP and plant installation in) – 15 months  DS2 therefore maintain that the 29 months construction period within our appraisal is reasonable.
--------------------------	---

In addition to the above, AY reviewed certain agreements to secure Vacant Possession (VP) which have not been reflected in their appraisal. These payments should be reflected as a cost within the AY appraisal.



Summary

There is a clear disagreement with AY over the viability of the Development which is predominately led by their approach to the BLV and the valuation of the proposed office floorspace. Based upon the information set out above and the comparable information provided to date, we are unable to agree with the majority of the assumptions made by AY. However, we hope to work with them in order to reach an agreement to the satisfaction of both the Applicant and the Council in order for the scheme to be taken to committee.

The Applicant and DS2 are happy to attend a meeting with the Council and AY to discuss the contents of this letter with the aim of reaching an agreement over the remaining areas of difference.

Yours sincerely

DS2 LLP
January 2021

13.07.21

QUEENSWAY – VACANT POSSESSION NOTE

This note is provided in relation to the Financial Viability Assessment (hereafter 'FVA'), dated August 2020 and the ongoing affordable housing and viability discussions with Westminster City Council (hereafter 'WCC') and the Greater London Authority (hereafter 'GLA') in regard to the development proposals at 114-150 Queensway & 97-113 Inverness Terrace (hereafter 'the Site').

This note focuses on the inclusion of the Vacant Possession cost, also referred to as premium sum within this note, which total £3.5m in the viability assessment. This cost has been accepted by WCC's independent advisors Avison Young, and as a matter of fact as a reasonable development cost on a range of other projects across the capital.

However, to date, despite the statutory provisions contained in the Landlord and Tenant Act, 1954, the GLA Viability Team remain of the view that the liability should be limited to twice the Rateable Value (RV) of the retail unit in question.

Background

The Site contains 15 retail units and 27 residential units. Tesco have an existing lease for one of the larger retail units on the Site.

The FVA includes a cost of £3.5m labelled as 'additional development cost'. This sum is a development cost representing a liability that will be paid to Tesco to vacate the unit to allow the development proposals to progress. Tesco's existing lease is for a period until September 2035 and Tesco have legal protection provided for by way of the Landlord & Tenant Act, 1954.

The premium has been accepted as a reasonable cost by Avison Young in their letter dated 22nd April 2021. The relevant extract is set out below.

"The additional cost they now wish to include relates to the cost of obtaining vacant possession from Tesco who have a long lease on their existing shop unit. The sum, which we have seen evidenced is for £3.5m million and allows the developer to obtain vacant possession from Tesco for the period of the redevelopment. Post development Tesco will then move into a new unit in the scheme.

In our last letter dated 17 March 2021 to you we advised that based on a revised Benchmark Land Value the schemes showed a surplus of £2.455 million which was equivalent to the provision of two intermediate units. An additional cost of £3.5 million would remove this surplus and create a deficit of £1,132,531 based on our inputs and opinion of blended profit requirements".

The letter was signed off by Jacob Kut who sits on the working group for the recently published RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' 1st edition, March 2021.

The GLA Viability Team indicated on the 22nd June that *"on the basis that the lease is within the Act and RV is £372,500, the maximum statutory payment would be twice this sum (assuming they have been in occupation for more than 14 years)".*

A response was provided setting out that whilst the lease is within the Landlord & Tenant Act 1954 and expires with no break clause, the approach by the GLA Viability Team i.e. a multiple of 2 against

the RV only comes relevant once the lease has expired and supported through a s.25 notice. The s.25 notice is not available to the landowner as the lease has not expired and so the premium comes down to the loss of turnover/profit over the period. Clearly, the GLA accept that the cost is a reasonable one, albeit have sought to limit the extent of the liability which as noted is a function of the statutory process. The fact is however, that this is a real development cost that is essential to the delivery of the project.

Policy and Guidance

Paragraph 57 of the National Planning Policy Framework (NPPF) states that it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. It goes on to state that all viability assessment should reflect the recommended approach in national planning guidance.

Paragraph 10 of the National Planning Practice Guidance (NPPG) states that a “*Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium and developer return*”. Paragraph 12 of the NPPG refers to standardised costs, which can include abnormal costs.

The RICS Guidance Note titled ‘Assessing viability in planning under the National Planning Policy Framework 2019 for England’ 1st edition, March 2021 provides guidance on how viability assessment should be undertaken. Paragraph 4.2.15 sets out examples of the costs that can be included in the viability assessment. These include but are not limited to abnormal costs.

The RICS Guidance Note titled “Valuation of development property” 1st edition, October 2019 which is referred to in the RICS Guidance Note for viability in planning sets out the development costs which can be included when undertaking a residual valuation. Paragraph B1.2.3 site-related costs relates to the inclusion of the costs of securing vacant possession, acquiring necessary interests in the subject site, extinguishing easements or removing restrictive covenants, rights of light compensation etc..

The above demonstrates that vacant possession costs, or premium sum as referred to in this note is a cost that should be included in the viability assessment as long as it has been robustly justified.

Landlord and Tenant Act 1954

As set out to the GLA Viability Team on the 23rd June, the maximum statutory compensation would only be applicable if a s.25 notice was served. The earliest this could be served is twelve months prior before the lease is due to expire, which for the purposes of the Tesco lease would be September 2034.

Under this scenario the amount of statutory compensation payable would then depend on the RV of the property and the length of time during which the tenant has been in occupation of the property. If the tenant has been in occupation for less than 14 years, compensation will be payable at 1x rateable value of the property; if for 14 years or more, the compensation will be 2x the rateable value.

As the s.25 route is not available in this instance, the premium is therefore calculated based upon loss of turnover/profit over the period. This is how the premium sum of £3.5m has been calculated which has been agreed between the landowner and Tesco.

Summary

Based upon the information set out above, DS2 are strongly confident that the premium sum of £3.5m that will be paid to Tesco is a reasonable cost that should form part of the viability assessment, as agreed by WCC's independent advisors Avison Young.

It is a cost that has been evidenced to Avison Young and one that it required to be paid for the development proposals to come forward.

Notwithstanding the viability results provided by Avison Young in their letter dated 22 April 2021 which sets out a deficit of £1.13m¹ on the basis that the premium sum is included in the assessment, the applicant has committed to providing a financial contribution of £3m on a without prejudice basis and on the basis that a local consent is achieved.

Furthermore, Avison Young's letter dated 17th March 2021 set out a surplus of £2.455m which excludes the £3.5m premium sum. Therefore, in the event that the £3.5m was to be excluded and replaced by the £745,000 as indicated by the GLA Viability Team as an allowable cost, the applicant's affordable housing contribution of £3m still remains the maximum amount of affordable housing that can viably be provided.

We strongly request that the Tesco premium remains as a cost within the viability assessment and the £3m without prejudice offer is considered on its merits, alongside all the other notable benefits the scheme provides.

¹Assumes no affordable housing contribution

Queensway - WITHOUT PREJUDICE
NO GROWTH APPLIED

Development Appraisal
ARGUS Software
August 9, 2021

APPRAISAL SUMMARY**ARGUS SOFTWARE****Queensway - WITHOUT PREJUDICE
NO GROWTH APPLIED****Appraisal Summary for Phase 1 Queensway**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	32	30,025	2,125.00	1,993,848	63,803,125

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail (A1+A3) Pre-let	1	7,527	65.13	490,234	490,234	490,234
Office (B1) Pre-Let	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Office (B1) Pre-let 2	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Retail (A1+A3) Spec	<u>1</u>	<u>15,054</u>	65.13	980,467	<u>980,467</u>	<u>980,467</u>
Totals	4	111,641			7,997,908	7,997,908

Investment Valuation**Retail (A1+A3) Pre-let**

Market Rent	490,234	YP @	5.7500%	17.3913	
(1yr Rent Free)		PV 1yr @	5.7500%	0.9456	8,062,222

Office (B1) Pre-Let

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(2yrs Rent Free)		PV 2yrs @	4.5000%	0.9157	66,412,881

Office (B1) Pre-let 2

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(2yrs 6mths Rent Free)		PV 2yrs 6mths @	4.5000%	0.8958	64,967,204

Retail (A1+A3) Spec

Market Rent	980,467	YP @	5.7500%	17.3913	
(1yr 6mths Rent Free)		PV 1yr 6mths @	5.7500%	0.9196	15,679,947

Total Investment Valuation**155,122,254****GROSS DEVELOPMENT VALUE****218,925,379**

Purchaser's Costs	(10,548,313)
Effective Purchaser's Costs Rate	6.80%
	(10,548,313)

NET DEVELOPMENT VALUE**208,377,066****NET REALISATION****208,377,066****OUTLAY****ACQUISITION COSTS**

Fixed Price	42,296,000		
Fixed Price		42,296,000	
			42,296,000
Stamp Duty	5.00%	2,114,800	
Agent Fee	1.00%	422,960	
Legal Fee	0.80%	338,368	
			2,876,128

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction Costs	213,459	396.46	84,628,000
Construction Contingency		5.00%	4,231,400
			88,859,400

PROFESSIONAL FEES

Professional Fees	10.00%	8,462,800
-------------------	--------	-----------

APPRAISAL SUMMARY**ARGUS SOFTWARE****Queensway - WITHOUT PREJUDICE
NO GROWTH APPLIED**

8,462,800

MARKETING & LETTING

Marketing - Residential		1.50%	957,047
Marketing - Commercial	96,587 ft²	2.00	193,174
Letting Agent Fee		10.00%	799,791
Letting Legal Fee		5.00%	399,895

2,349,907

DISPOSAL FEES

Sales Agent Fee - Residential		1.50%	957,047
Sales Agent Fee - Commercial		1.00%	1,288,940
Commercial Sales Legal Fee		0.50%	697,212
Residential Sales Legal Fee	32 un	1,000.00 /un	32,000

2,975,198

MISCELLANEOUS FEES

Borough CIL			3,381,370
Mayoral CIL			2,159,307
S106 Contributions			350,000
Additional Development Cost			745,000
Commercial profit		15.00%	21,686,091
Residential profit		17.50%	11,165,547
PIL payment			4,500,000

43,987,315

TOTAL COSTS BEFORE FINANCE**191,806,748****FINANCE**

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land			8,305,695
Construction			8,125,705
Other			147,789

Total Finance Cost 16,579,189

TOTAL COSTS**208,385,937****PROFIT****(8,871)****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	3.84%
Equivalent Yield% (Nominal)	4.69%
Equivalent Yield% (True)	4.83%

IRR% (without Interest) 5.81%

Profit Erosion (finance rate 6.000) N/A

DS2/DS1481
21 July 2021

Nathan Barrett
Area Planning Officer – North Team
Westminster City Council
PO Box 732
Redhill
RH1 9FL

DS2 LLP
100 Pall Mall
London SW1Y 5NQ
telephone 020 7004 1760
facsimile 020 7004 1790
www.ds2.co.uk

Dear Nathan,

114-150 QUEENSWAY & 97-113 INVERNESS TERRACE, LONDON, W2 – APPROACH TO AFFORDABLE HOUSING DELIVERY

This letter is provided in relation to the ongoing discussions regarding the approach to the delivery of affordable housing as part of the development proposals at 114-150 Queensway & 97-113 Inverness Terrace (hereafter 'the Site').

MB QW (Guernsey) Limited (hereafter 'the Applicant') recognise the importance of delivering affordable housing as part of the development proposals in accordance with the local plan policies and high strategic need in Westminster and across the capital.

As all parties are fully aware, the Applicant submitted a Financial Viability Assessment (hereafter 'FVA') in August 2020 in accordance with the City Plan 2019-2040 and has since been in ongoing discussions with both the Council's independent assessors, Avison Young and the GLA Viability Team.

Despite the FVA concluding that the scheme could not viably support the provision of any affordable housing on a current day basis as agreed by Avison Young, the Applicant has made a commercial decision to offer a payment in lieu of £3m to provide affordable housing within the Borough in order to expedite a local determination. It is understood that this is currently being considered by the Council and the GLA Viability Team.

In accordance with the Development Plan policy this letter sets out why the contribution cannot be recycled back into the scheme to provide on-site affordable housing.

City Plan 2019-2040

Policy 9 Affordable Housing of the City Plan 2019-2040 (adopted April 2021) states that all residential proposals will provide a minimum of 35% of the total residential units as affordable housing on site.

In exceptional cases, under part C of the policy, affordable housing provision can be made off-site in the vicinity of the subject Site. This will only be accepted where it has been demonstrated that:

- a) On-site provision is physically or otherwise impracticable; or
- b) It is inappropriate in terms of the quantity or quality of affordable housing to be provided.

A payment in lieu to the Council's Affordable Housing Fund may be accepted only as a last resort under part D of the policy, if it is demonstrated to the Council's satisfaction that no sites are available for off-site provision.

Paragraph 9.1 of the City Plan 2019-2040 states that developments which fall short of providing 35% affordable housing will be subject to viability assessment and review in line with the Mayor's Viability Tested Route as part of the threshold approach to planning applications set out in the London Plan.

Proposed Development

The proposed development is for the demolition and mixed-use redevelopment of the existing buildings on site to provide two adjacent buildings of the highest quality sustainable design and architecture by Foster + Partners.

Specifically, the northern end of the Site on Queensway will deliver a contemporary residential mansion block, evoking a typology that is commonly found along and around Queensway, with enhanced retail units at ground floor level and 32 residential units above.

The proposed development will provide 32 residential units comprising a mix of one, two and three bed homes located on the first to sixth floors with a residential lobby on the ground floor. The residential units are accessed via a lobby from Queensway. The residential units are located above the ground floor retail and between levels one and six. The proposed massing is a single residential block. The residential core is positioned in the middle of the block to the east side. The floorplans are attached at **Appendix One**.

The proposal seeks to re-provide the existing residential floor space on site, in line with City Plan policy 8 Housing Delivery, which protects all existing residential units and floor space across Westminster. The site currently accommodates 27 residential units, meaning the proposal represents a small increase in unit numbers, and an increase in residential floorspace of only circa 100 sqm (NIA).

Approach to on-site affordable housing

Viability Assessment

The Applicant submitted an FVA in August 2020 which indicated that the scheme was unable to viably support the provision of affordable housing. The FVA was independently assessed by the Council's independent assessors, Avison Young who indicated that on current day basis the scheme was unable to support the provision of affordable housing and the scheme derived a deficit of c. £1.1m¹ when compared against the Benchmark Land Value. Following discussions with the Council and the GLA Viability Team, the Applicant made a commercial decision to provide an affordable housing contribution of £3m which is currently being considered by the Council and the GLA Viability Team. Taking into account the conclusion of the Avison Young report, this is c. £4.1m in excess of that considered to be the maximum amount of affordable housing that the scheme can viably provide.

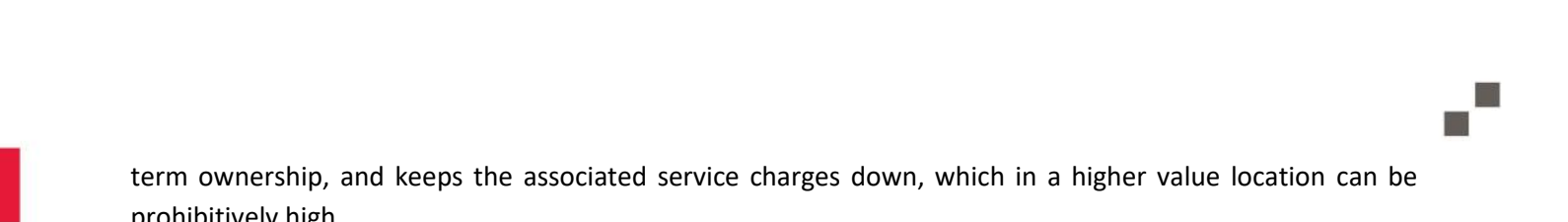
Avison Young previously indicated (prior to agreeing to the inclusion of the Tesco VP cost in their appraisal) that a payment of £2.5m could viably provide 2 intermediate units on-site based upon a high level appraisal carried out which does not consider any potential implications of providing on-site affordable housing as set out below. DS2 have carried out a viability appraisal based upon Avison Young's appraisal assumptions which indicates that the scheme could provide 3 x 1 bed intermediate units² situated on the first floor, however this does not take into consideration the points set out below which illustrate the most appropriate and deliverable approach to affordable housing is by way of a payment in lieu.

Building Entrances

It is generally accepted that Registered Providers require affordable housing accommodation and in particular low-cost rent to be in separate blocks, or as minimum, with separate entrances from the private accommodation. This allows the Registered Provider to efficiently manage the homes, as well as taking long-

¹ Based upon the provision of no affordable housing contribution

² This does not take into consideration any potential value impact on the market housing units.



term ownership, and keeps the associated service charges down, which in a higher value location can be prohibitively high.

In the case of the subject Site, the proposed development includes the provision of a single residential building due to the relatively small number of units being proposed as a re-provision of the existing residential on site, for what is very much a commercial/office led proposal adding a second entrance would be to the detriment of the street scape and loss of retail area, pushing the scheme further in to deficit. . In regard to the residential component, the residential units are accessed via a single entrance off Queensway, with a single core. The Applicant is unable to achieve sub-division between the market and any proposed affordable housing as it is not practically achievable given the nature and layout of the residential building to maximise efficiencies. This means that the scheme is unable to accommodate the provision of any low cost rented housing due to the reasons set out above in terms of management and service charge.

Introducing a separate core and/or entrance would result in the residential net internal area reducing, which would further impact on the viability of the scheme. Furthermore, this would result in the reduction of retail frontage floorspace and result in an unlettable retail unit situated between the two entrances.

Given that WCC's own advisors conclude that the scheme cannot viably provide any affordable housing contribution, it would be unrealistic to assume that a separate core could be introduced and an affordable housing contribution of £3m maintained.

The most practical solution in the event that affordable housing had to be provided on-site would be to provide intermediate housing which given the market values³ of the proposed residential would be intermediate rent.

Service Charges

The proposed development will provide a high-quality scheme providing residential accommodation. The building does not have critical mass, as such the service charge will naturally be high as the scheme does not benefit from economies of scale.

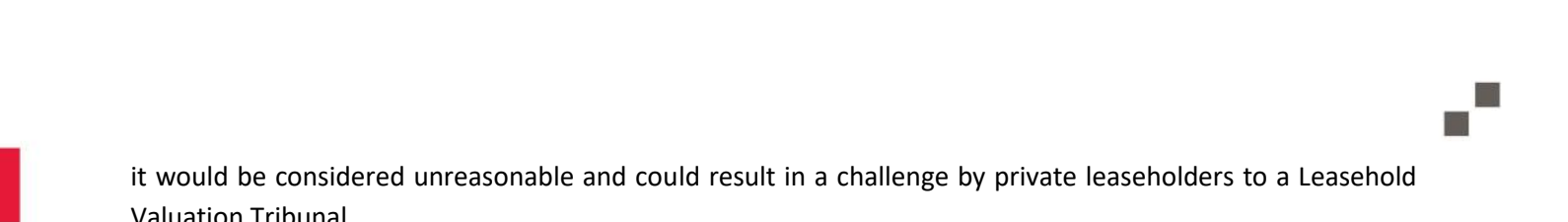
Therefore, for a development of this quality to achieve the targeted market values the highest levels of service and management must support it. These include:

- Repair and maintenance of the building;
- Lighting, heating in communal areas;
- 24-hour concierge in the main lobby;
- Building management;
- Security system;
- Extensive BOH facilities/services;
- Insurance; and
- Long term sinking fund.

A Registered Provider taking on a long leasehold within the estate would be required to pay a proportion of the costs of providing these services.

Charges must comply with the Residents Charter and Landlord and Tenants Act and must be apportioned equitably between residents according to the costs incurred. If residents of private units were to be charged a higher contribution to make up for any shortfall against expenditure attributable to the affordable housing

³ Shared Ownership is generally deemed unaffordable where market values are in excess of £1,000 psf.



it would be considered unreasonable and could result in a challenge by private leaseholders to a Leasehold Valuation Tribunal.

Due to the envisaged high service charges at the development this would prohibit the delivery of genuinely affordable housing on the Site.

Furthermore, the service charge point was highlighted by Avison Young in their letter dated 28th January 2021 where they stated that the provision of two intermediate units has practical implications and that it may not be feasible for a Housing Association to take on two units in a scheme such as this where service charges may be high.

Off-site Affordable Housing

Whiteleys Development

In accordance with the Development Plan policy, the sequential test seeks to deliver on-site affordable housing in the majority of cases, with off-site and PIL only in exceptional circumstances. The GLA Viability Team have asked whether the contribution could be used to provide additional on-site affordable housing at the Whiteley's development.

Notwithstanding the legal implications of this proposed arrangement, the Queensway ownership is different to that of Whiteleys. Furthermore, the Whiteleys development is midway through development and therefore it is not practical to change the design of the scheme to accommodate additional affordable housing. The current 14 on-site affordable homes are situated in a separate block and therefore are unable to provide any additional affordable homes without amending the design of the building.

In addition to the above, it is understood from the Applicant's involvement on the Whiteleys development which is opposite the subject Site, and which provides 14 intermediate affordable housing units (7 at London Living Rent, 7 at lower quartile rents) that there has been little appetite from Registered Providers, this in part due to the number of affordable homes being provided below several of the Registered Providers required threshold & service charge costs. The tender process of 12 Registered Providers resulted in only two interested parties. The offers were significantly below WCC estimated value of the affordable housing units undertaken in the Whiteleys viability assessment. Due to this, the owners of Whiteleys development has paused the disposal of the affordable housing.

Off-site delivery

Consideration has been given to an off-site affordable housing solution with a view to identifying opportunities that:

- Enable the delivery of higher quality affordable housing that would otherwise not be achievable on the site;
- Offer scope to provide more meaningful affordable housing (tenure, type and affordability);
- Provide certainty of delivery;
- Offer the potential to deliver more units and better value for money;
- The ability to deliver the affordable housing site and Application site simultaneously.

DS2 have along with the Applicant carried out a search site to identify a site within proximity to the subject Site that is available for £3m. To date, as expected due to the high value of land within proximity to the subject Site DS2 have been unable to locate any sites that may be able to be explored further.



In the event that a site was secured, the payment in lieu offered by the Applicant would need to cover the cost of not only securing the site, associated costs but also delivering the affordable housing homes.

Affordable Housing Payment in Lieu

For the reasons set out above it is proposed that the £3m payment in lieu proposed by the Applicant is paid to the Council's Affordable Housing Fund in accordance with the City Plan to enable the delivery of affordable housing within the Borough.

Due to the market values of the proposed residential units, the subsidy required to provide on-site affordable housing (i.e. difference between the market value and affordable housing value of a unit) is significant which is resulting in the £3m payment in lieu equating to the provision of 3 intermediate homes, or c. £1m per home.

Summary

The above emphasises that a payment in lieu of £3m is the most optimal way of delivering affordable housing within the Borough. This would optimise the delivery of affordable homes.

By introducing affordable housing on site, this will only put the project further in to deficit for the following reasons:

- The development proposals only include one residential core to minimise costs through building efficiency's and maximise value by not reducing value generating floor space. By introducing affordable housing would mean that both the market and affordable is accessed via the same core.
- This would have management and service charge issues and impact on the market value of private element, pushing the proposal further in to deficit
- Introducing a second entrance and core would result in the reduction in both retail and residential areas. This would further negatively impact the viability of the scheme as it would have both cost and value implications.
- A registered provider is highly unlikely to take on such a small number of on site units that could be delivered through converting the PIL sum.

Due to the high value area that the Site is located in, our initial search site has indicated that the Applicant is unable to locate, secure and build affordable housing on a Site within the Borough for £3m. It is therefore proposed that the £3m payment in lieu is made to the Council's affordable housing fund to enable the delivery of affordable housing within the Borough.

The Applicant welcomes the opportunity to discuss the above with Westminster's Housing Team to further explore how best to use the £3m payment in lieu.

Yours sincerely

DS2 LLP
July 2021

14 January 2022
Delivered by email

Nathan Barrett
City of Westminster
Westminster City Hall
64 Victoria Street
London
SW1E 6QP

Ref: QUEL3004

Dear Mr Barrett

QUEENSWAY PARADE – APPLICATION REF. 20/04934/FULL

AFFORDABLE HOUSING UPDATE JANUARY 2021

I am writing on behalf of the applicant, MB QW (Guernsey) Ltd, in relation to the planning application currently under determination for the redevelopment of the site at 114-150 Queensway and 97-113 Inverness Terrace, W2 – the site known informally as Queensway Parade. The application ref. 20/04934/FULL is for the following proposed development:

Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class E) at ground floor, residential units (Class C3) and Office (Class E) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.

PROGRESS OF THE APPLICATION

This letter follows an earlier update planning letter submitted in November 2021 alongside some revisions to the scheme made during the course of determination. Those amendments were consulted on over the course of December 2021 by the City Council, and included the inclusion of 7 on site affordable homes (22% of residential units) alongside some minor design revisions to various parts of the proposal, but mainly to the rear of the building.

The planning letter was accompanied by an updated set of drawings and a Design and Access Statement Addendum by Foster + Partners, an affordable housing/viability update by DS2, and updated Daylight and Sunlight analysis by GIA.

8th Floor
Lacon House
84 Theobald's Road
London.
WC1X 8NL

T 020 7851 4010 turley.co.uk

Including this re-consultation in December 2021 there is a total of 13 comments registered on the WCC website, comprising 9 objections and 4 letters of support. Local residents associations have been extensively consulted about the application as you will be aware, and are supportive of the proposals.

AFFORDABLE HOUSING UPDATE

As set out above, the updated affordable housing and viability letter by DS2 dated December 2021 summarised the conclusions of the viability assessments undertaken to date by the applicant, Westminster's advisors and the GLA – and also contextualised the amended affordable housing proposal as submitted for Queensway Parade in December on this basis.

It is now proposed to further revise the affordable housing position on the site, and increase the on-site provision by a further four homes, meaning that just under 35% of units on site (34.4%) will be affordable (11 out of the 32 proposed), making the proposal effectively policy compliant in line with Local Plan policy 9 Affordable Housing, which seeks 35% of new residential units across Westminster to be affordable.

The affordable homes will be a mix of 1 and 2 bedroom apartments in the Affordable Rent tenure, given the relatively small number of homes in question, and the identified need for intermediate homes across Westminster. The affordable homes will be located over the first and second floor of the residential mansion block at the northern end of the site. The first floor of the residential mansion block will comprise 7 affordable homes, while the second floor will comprise 4 affordable homes and 3 private for sale homes.

Revised Proposed Residential Mix

Type	1 Bedroom	2 Bedroom	3 Bedroom	Total
Private Sale	6	12	3	21
Intermediate Affordable	6	5	0	11
Total	12	17	3	32

Nine of the 11 affordable apartments will benefit from private amenity space (it is not feasible to deliver private amenity space for two of the first floor units fronting Queensway), and are designed in a fully tenure blind manner, meeting all relevant space and other design standards in line with Westminster and London Plan policy. The affordable and private homes will share a single entrance, common parts and circulation within the residential building, accessed from Queensway, with relevant cycle parking and servicing facilities at basement level. The design and residential quality and tenure blind approach is all set out in the Foster + Partners DAS addendum submitted in December 2021.

To recap, there are 27 existing private residential units on site at present. The proposal is for 32 replacement homes, comprising 21 private and 11 affordable homes. As such, every additional home proposed will be affordable and there will be a reduction of 6 private homes from existing to accommodate the intermediate affordable housing in line with local plan Policy 9.

SUMMARY AND PLANNING BENEFITS

The additional affordable homes are considered to be a significant further public benefit delivered through the proposed regeneration of Queensway Parade, meeting identified need and the significant shortfall in delivery of Intermediate homes in Westminster. The significant shortfall in affordable housing delivery in

Westminster has recently been noted by the Mayor of London in a Stage 2 decision from the end of 2021 (WCC application Ref. 21/02193/FULL), which sets out that Westminster has delivered only 41% of its affordable homes target since 2015-16.

As such given the shortfall in delivery of affordable housing in Westminster in the last five years, significant weight should be given to the benefit associated to the delivery of the 11 affordable homes now proposed at Queensway Parade, which is proposed in compliance with Local Plan policy 9 Affordable Housing. This significant benefit should also be considered alongside the substantial economic and regenerative benefits being delivered through the proposal, as set out in the original planning statement and other documents in the planning application.

Yours sincerely



Laurence Brooker
Director, Head of Central London Planning

laurence.brooker@turley.co.uk



QUEENSWAY PARADE London W2

City of Westminster

Archaeology Desk Based Assessment

September 2019



**114–144 Queensway and
97–113 Inverness Terrace
London W2**

Archaeology desk-based assessment

NGR 525867 181057

Historic Environment Record search reference: 15080

Sign-off history

issue no.	Issue date	Prepared by	Reviewed by / Project Manager	Notes
1	05/09/2019	Rupert Featherby (Archaeology) Judit Peresztegi (Graphics)	Christina Holloway	Issue to client

MOLA code: P19–382



www.mola.org.uk

© MOLA

Mortimer Wheeler House, 46 Eagle Wharf Road, London N1 7ED
tel 0207 410 2200 email: business@mola.org.uk
Museum of London Archaeology is a company limited by guarantee
Registered in England and Wales
Company registration number 07751831 Charity registration number 1143574
Registered office Mortimer Wheeler House, 46 Eagle Wharf Road, London N1 7ED



Contents

<u>Executive summary</u>	<u>1</u>
<u>1 Introduction</u>	<u>2</u>
1.1 Origin and scope of the report	2
1.2 Designated heritage assets	2
1.3 Aims and objectives	3
<u>2 Methodology and sources consulted</u>	<u>4</u>
2.1 Sources	4
2.2 Methodology	4
<u>3 The site: topography and geology</u>	<u>6</u>
3.1 Site location	6
3.2 Topography	6
3.3 Geology	6
<u>4 Archaeological and historical background</u>	<u>8</u>
4.1 Overview of past investigations	8
4.2 Chronological summary	8
<u>5 Statement of significance</u>	<u>12</u>
5.1 Introduction	12
5.2 Factors affecting archaeological survival	12
5.3 Archaeological potential and significance	13
<u>6 Impact of proposals</u>	<u>14</u>
6.1 Proposals	14
6.2 Implications	14
<u>7 Conclusion and recommendations</u>	<u>16</u>
<u>8 Gazetteer of known historic environment assets</u>	<u>17</u>
<u>9 Planning framework</u>	<u>22</u>
9.1 Statutory protection	22
9.2 National Planning Policy Framework	22
9.3 Regional policy	24
9.4 Local planning policy	26
<u>10 Determining significance</u>	<u>31</u>
<u>11 Non-archaeological constraints</u>	<u>32</u>
<u>12 Glossary</u>	<u>33</u>
<u>13 Bibliography</u>	<u>35</u>
13.1 Published and documentary sources	35
13.2 Other Sources	35
13.3 Cartographic sources	35
13.4 Available site survey information checklist	36

Figures

Cover: Queen's Terrace and Paddington Baths. 1905 (Foster + Partners, site analysis: 2-12-16)

- Fig 1 Site location*
- Fig 2 Historic environment features map*
- Fig 3 Geology map (British Geological Survey digital data with Ordnance Survey contour data (10m intervals))*
- Fig 4 Braisal's 1742 map of the land in Paddington in the county of Middlesex belonging to St John Frederick.*
- Fig 5 Rocque's map of 1746*
- Fig 6 Greenwood's map of 1824*
- Fig 7 Gutch's 1828 Plan of Paddington Parish (© The British Library Board, Shelf Mark:Maps. Crace. XIV)*
- Fig 8 Lucas's 1847 plan of Paddington Parish (Westminster City Archives)*
- Fig 9 Ordnance Survey 1st edition 5ft: mile map of 1872*
- Fig 10 Ordnance Survey 1:1250 scale map of 1953*
- Fig 11 Ordnance Survey 1:1250 scale map of 1959–1962*
- Fig 12 Photograph of site, looking south-east (MOLA 2017)*
- Fig 13 Photograph of site, with Grade II listed Witleys building, looking north-west (MOLA 2017)*
- Fig 14 Photograph of site taken from Cervantes Court, looking north-west (MOLA 2017)*
- Fig 15 Photograph of site, looking south-west (MOLA 2017)*
- Fig 16 Existing Site plan showing current basement and indicative areas of historic basements (msa survey, topographical survey drwg no. 4197-QP-G); (Plowman Craven, Basement Survey drwg no. 35799F-01, issue A, 25-04-16).*
- Fig 17 Plan of proposed ground floor, showing proposed floor levels (Foster & Partners, dwg. no. A-P-031-00-001_PL, rev. 01, date 28/08/2019)*
- Fig 18 Plan of proposed Basement floor, showing proposed floor levels (Foster & Partners, dwg. no. A-P-031-B1-00-001, rev. 01, date 28/08/2019)*
- Fig 19 North facing sections, 1-1 and 2-2 through the north/south body of the proposed development, showing proposed depth of the basement (Foster & Partners, dwg. no. A-P-053-xx-001, rev. 01, date 28/08/2019)*
- Fig 20 North facing section 3-3 through the northern end of the proposed building and west facing section, 4-4, showing the proposed depth of the basement (Foster & Partners, dwg. no. A-P-053-xx-002, rev. 01, date 28/08/2019)*

Note: site outlines may appear differently on some figures owing to distortions in historic maps. North is approximate on early maps.

Executive summary

MB (QW) Guernsey Limited has commissioned MOLA to carry out an archaeology desk-based assessment / historic environment assessment in advance of proposed development at Queensway Parade, W2 in the City of Westminster. The scheme comprises the demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class A1 and flexible A1/A3) at ground floor, up to 32 residential units (Class C3) and Office (class B1) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.

This desk-based study assesses the impact on buried heritage assets (archaeological remains). Although above ground heritage assets (historic structures) are not discussed in detail, they have been noted where they assist in the archaeological interpretation of the site. Buried heritage assets that may be affected by the proposals comprise: Buried heritage assets that may be affected by the proposals comprise **palaeoenvironmental remains** within any alluvium in the north of the site, of low or possibly medium significance, and **post-medieval structural remains** including footings, cellars and foundations linked to the development of the site from the early 19th century, of low significance.

The site was located away from the known centres of settlement/activity and as such is unlikely to contain archaeological remains from the prehistoric, Roman and medieval periods. The site has a moderate potential for archaeological survival in unbasemented areas (currently the majority of the site) and negligible potential in basemented areas.

Any surviving archaeological remains would be removed by the proposed double basement construction and the insertion of piled foundations, with shallower remains likely removed as a result of demolition and breaking out of existing foundation slabs.

In view of the low potential of the site to contain significant archaeological remains, further investigation is unlikely to be required in relation to the determination of planning consent. It is possible, however, that the local authority would request an archaeological watching brief during the removal of the existing floor slabs, preliminary groundworks and basement excavation, which would ensure that any archaeological assets present are not removed without record. Alternatively the archaeological monitoring of geotechnical investigations could clarify the nature and depth of deposits, and based on the results no further work may be necessary. Any such work would need to be undertaken in accordance with an approved Written Scheme of Investigation (WSI) and could be carried out under the terms of a standard archaeological planning condition set out with the granting of planning consent.

1 Introduction

1.1 Origin and scope of the report

- 1.1.1 MB (QW) Guernsey Limited has commissioned MOLA (Museum of London Archaeology) to carry out a historic environment assessment in advance of proposed development at Queensway Parade, W2, in the City of Westminster (National Grid Reference 525867 181057: Fig 1). The scheme comprises the demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class A1 and flexible A1/A3) at ground floor, up to 32 residential units (Class C3) and Office (class B1) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.
- 1.1.2 This desk-based study assesses the impact of the scheme on buried heritage assets (archaeological remains). It forms an initial stage of investigation of the area of proposed development (hereafter referred to as 'the site') and may be required in relation to the planning process in order that the local planning authority (LPA) can formulate an appropriate response in the light of the impact on any known or possible heritage assets. These are parts of the historic environment which are considered to be significant because of their historic, evidential, aesthetic and/or communal interest.
- 1.1.3 This report deals solely with the archaeological implications of the development and does not cover possible built heritage issues, except where buried parts of historic fabric are likely to be affected. Above ground assets (i.e., designated and undesignated historic structures and conservation areas) on the site or in the vicinity that are relevant to the archaeological interpretation of the site are discussed. Whilst the significance of above ground assets is not assessed in this archaeological report, direct physical impacts upon such assets arising from the development proposals are noted. The report does not assess issues in relation to the setting of above ground assets (e.g., visible changes to historic character and views).
- 1.1.4 The assessment has been carried out in accordance with the requirements of the National Planning Policy Framework (NPPF) (MHCLG 2019; see section 9 of this report) and to standards specified by the Chartered Institute for Archaeologists (CIfA 2014, 2017), Historic England (EH 2008, HE 2015), and the Greater London Archaeological Advisory Service (GLAAS 2015). Under the 'Copyright, Designs and Patents Act' 1988 MOLA retains the copyright to this document.
- 1.1.5 Note: within the limitations imposed by dealing with historical material and maps, the information in this document is, to the best knowledge of the author and MOLA, correct at the time of writing. Further archaeological investigation, more information about the nature of the present buildings, and/or more detailed proposals for redevelopment may require changes to all or parts of the document.

1.2 Designated heritage assets

- 1.2.1 Historic England's National Heritage List for England (NHL) is a register of all nationally designated (protected) historic buildings and sites in England, such as scheduled monuments, listed buildings and registered parks and gardens. The List does not include any nationally designated heritage assets within the site. The nearest listed building to the site is the Grade II listed Whiteleys department store, 20m to the west on the adjacent side of Queensway.
- 1.2.2 The site is located within the Queensway Conservation Area designated by the City of Westminster for its memorable townscape and high number of buildings of architectural interest (City of Westminster 2004a).
- 1.2.3 The site does not within an archaeological priority area (APA) as designated by the City of Westminster. The nearest APA, designated by the Royal Borough of Kensington and Chelsea covering the approximate site of Notting Hill Gate later medieval settlement, is 550m to the south-west.

1.3 Aims and objectives

1.3.1 The aim of the assessment is to:

- identify the presence of any known or potential buried heritage assets that may be affected by the proposals;
- describe the significance of such assets, as required by national planning policy (see section 9 for planning framework and section 10 for methodology used to determine significance);
- assess the likely impacts upon the significance of the assets arising from the proposals; and
- provide recommendations for further assessment where necessary of the historic assets affected, and/or mitigation aimed at reducing or removing completely any adverse impacts upon buried heritage assets and/or their setting.

2 Methodology and sources consulted

2.1 Sources

- 2.1.1 For the purposes of this report, documentary and cartographic sources including results from any archaeological investigations in the site and the area around it were examined in order to determine the likely nature, extent, preservation and significance of any buried heritage assets that may be present within the site or its immediate vicinity. This information has been used to determine the potential for previously unrecorded heritage assets of any specific chronological period to be present within the site.
- 2.1.2 In order to set the site into its full archaeological and historical context, data was collected on the known historic environment features within a 800m-radius study area around it, as held by the primary repositories of such information within Greater London. These comprise the Greater London Historic Environment Record (HER) and the Museum of London Archaeological Archive (MoLAA). The HER is managed by Historic England and includes information from past investigations, local knowledge, find spots, and documentary and cartographic sources. The MoLAA includes a public archive of past investigations and is managed by the Museum of London. The study area was considered through professional judgement to be appropriate to characterise the historic environment of the site. Occasionally there may be reference to assets beyond this study area, where appropriate, e.g., where such assets are particularly significant and/or where they contribute to current understanding of the historic environment.
- 2.1.3 In addition, the following sources were consulted:
- MOLA – in-house Geographical Information System (GIS) with statutory designations GIS data, the locations of all key indicators of known prehistoric and Roman activity across Greater London, past investigation locations, projected Roman roads and burial grounds from the Holmes burial ground survey of 1896; georeferenced published historic maps; Defence of Britain survey data, in-house archaeological deposit survival archive; and archaeological publications;
 - Historic England – information on statutory designations including scheduled monuments and listed buildings, along with identified Heritage at Risk;
 - Westminster City Archives Record – historic maps and published histories;
 - Groundsure – historic Ordnance Survey maps from the first edition (1860–70s) to the present day;
 - British Geological Survey (BGS) – solid and drift geology digital map; online BGS geological borehole record data;
 - Theobald and Gardiner LLP – architectural drawings (Foster + Partners, 2019), stage 2 report (aktII December 2016), existing site survey (msa survey 31-07-15)
 - Internet – web-published material including the LPA local plan, and information on conservation areas and locally listed buildings.
- 2.1.4 The assessment included a site visit carried out on the 10th of January 2017 in order to determine the topography of the site, the nature of the existing buildings on the site and to provide further information on areas of possible past ground disturbance and general historic environment potential. Observations made on the site visit have been incorporated into this report. Internal inspection was limited to 124–138 Queensway due to the other retail units still commercially occupied. As nothing has changed within the site since that date no additional site visit was considered necessary for the current version of this report.

2.2 Methodology

- 2.2.1 Fig 2 shows the location of known historic environment features within the study area. These have been allocated a unique historic environment assessment reference number (**HEA 1, 2, etc**), which is listed in a gazetteer at the back of this report and is referred to in the text. Where

there are a considerable number of listed buildings in the study area, only those within the vicinity of the site (i.e. within 100m) are included, unless their inclusion is considered relevant to the study. Conservation areas and archaeological priority areas are not shown. All distances quoted in the text are approximate (within 5m) and unless otherwise stated are measured from the approximate centre of the site or nearest part of the site boundary, or use another method as appropriate.

- 2.2.2 Section 10 sets out the criteria used to determine the significance of heritage assets. This is based on four values set out in Historic England's *Conservation principles, policies and guidance* (EH 2008), and comprise evidential, historical, aesthetic and communal value. The report assesses the likely presence of such assets within (and beyond) the site, factors which may have compromised buried asset survival (i.e. present and previous land use), as well as possible significance.
- 2.2.3 Section 11 includes non-archaeological constraints. Section 12 contains a glossary of technical terms. A full bibliography and list of sources consulted may be found in section 13 with a list of existing site survey data obtained as part of the assessment.

3 The site: topography and geology

3.1 Site location

- 3.1.1 The site is located at 114–144 Queensway, W2 (NGR 525867 181057: Fig 1). The site is bounded by Queensway to the east, Porchester Gardens to the south and 146 Queensway to the north. It is bounded to the east by the properties off Cervantes Court. The site falls within the historic parish of Paddington, and lay within the county of Middlesex prior to being absorbed into the administration of the City of Westminster.
- 3.1.2 The River Thames runs 3.7km south-east of the site, with the site located close to the historic course of a tributary of the Thames, the now re-diverted River Westbourne, c 220m to the north-east of the site (Barton & Myers 2016, 70–83).

3.2 Topography

- 3.2.1 Topography can provide an indication of suitability for settlement, and ground levels can indicate whether the ground has been built up or truncated, which can have implications for archaeological survival (see section 5.2).
- 3.2.2 The site itself is relatively flat; the area in general slopes upwards to a gravel terrace in the south-east. A nearby spotheight is recorded at 22.3m OD, adjacent to the south east corner of the site. There is a gradual slope downwards to a recorded spot height of 21.1m OD (35m east). A borehole taken 25m to the north east of the site records ground level as 20.8m OD.

3.3 Geology

- 3.3.1 Geology can provide an indication of suitability for early settlement, and potential depth of remains.
- 3.3.2 The underlying geology comprises London Clay; with River terrace Gravels lying 135m to the south (Fig 3). Rocque's map of 1746 (Fig 5), however, shows the site on a gravel hillock. British Geological Survey (BGS) borehole data directly north of the site identified alluvial river deposits, potentially relating to the River Westbourne; the presence of similar deposits cannot be ruled out within the northern part of the site.
- 3.3.3 No recent geotechnical works have been carried out within the site. An earlier borehole located within the northern part of the site recorded made ground to a depth of 1.1m below ground level/bgl overlying London Clay. An additional earlier borehole taken in the southern part of the site recorded a similar sequence, with the top of natural London Clay recorded at 1.1mbgl (AKTII 2016, 9; Fig 3).
- 3.3.4 A nearby BGS borehole, dating to 1981, located 40m north-east of the site (TQ28SE1422), recorded alluvium with traces of organic material at 0.7mbgl (20.1m OD) overlying London Clay at 3.3mbgl (17.5m OD). Alluvium was also found in a BGS borehole further north (TQ28SE1423) at 1.2mbgl (Fig 3).
- 3.3.5 A historic BGS borehole record taken from Whiteleys shopping centre, 60m west of the site (TQ28SE859), notes London Clay immediately underlying structural slab level.
- 3.3.6 Table 1 differentiates between modern made ground, containing identifiably modern inclusion such as concrete and plastic, and undated made ground, which may potentially contain deposits of archaeological interest. This differentiation was not apparent in the original borehole logs as these were commissioned for engineering purposes.

Table 1: summary of geotechnical data (ref akt II Stage 2 report, December 2016)
Levels are in metres below ground level (mbgl)

BH/TP ref.	Modern made ground	Top of undated made ground	Top of natural (alluvium)	Top of natural (London Clay)
BH1 (within site)	<0.0m	0.6mbgl	-	1.1mbgl
BH2 (within site)	<0.0	0.3mbgl	-	1.1mbgl
BGS TQ28SE1422 (7m north)	<0.0m	-	0.7mbgl	3.3mbgl
BGS TQ28SE1423 (38m north)	<0.0m	-	1.2mbgl	2.3mbgl
BGS TQ28SE1421 (63m north-east)	<0.0	-	-	1.4mbgl

- 3.3.7 Based on geotechnical data in the vicinity and the boreholes within the site London Clay is predicted to be at 1.1mbgl. In the northern part of the site, historic boreholes suggest alluvial deposits may overlie the London Clay due to the proximity of the Westbourne River; expected between 0.7m and 1.2mbgl.

4 Archaeological and historical background

4.1 Overview of past investigations

- 4.1.1 No previous archaeological investigations have been carried out on the site itself. A total of 17 previous investigations have taken place within the 800m study area, all at some distance from the site boundary. Given the small number of investigations over a large area, and concentration on areas closer to Paddington railway station and Kensington Gardens, the study area is not well understood archaeologically, in particular for the prehistoric and Roman periods, for which there is no documentary record.
- 4.1.2 The closest past investigation to the site (**HEA 5**) took place at a distance of 145m to the south-west and recorded no archaeological features predating 20th century building development.
- 4.1.3 The results of these investigations, along with other known sites and finds within the study area, are discussed by period, below. The date ranges below are approximate.

4.2 Chronological summary

Prehistoric period (800,000 BC–AD 43)

- 4.2.1 The Lower (800,000–250,000 BC) and Middle (250,000–40,000 BC) Palaeolithic saw alternating warm and cold phases and intermittent perhaps seasonal occupation. During the Upper Palaeolithic (40,000–10,000 BC), after the last glacial maximum, and in particular after around 13,000 BC, further climate warming took place and the environment changed from steppe-tundra to birch and pine woodland. It is probably at this time that Britain first saw continuous occupation. Erosion has removed much of the Palaeolithic land surfaces and finds are typically residual. The chance find of a Palaeolithic handaxe (**HEA 30**) during late 19th century railway works is recorded c 525m north-east of the site.
- 4.2.2 The Mesolithic hunter-gather communities of the postglacial period (10,000–4000 BC) inhabited a still largely wooded environment. The river valleys would have been favoured in providing a predictable source of food (from hunting and fishing) and water, as well as a means of transport and communication. Evidence of activity is characterised by flint tools rather than structural remains. There are no known finds dated to this period within the study area.
- 4.2.3 The Neolithic (4000–2000 BC), Bronze Age (2000–600 BC) and Iron Age (600 BC–AD 43) are traditionally seen as the time of technological change, settled communities and the construction of communal monuments. Farming was established and forest cleared for cultivation. An expanding population put pressure on available resources and necessitated the utilisation of previously marginal land. At Kensington Playgrounds (**HEA 8**), c 480m to the south of the site, a prehistoric ditch was revealed. The chance find of an Iron Age coin hoard is also recorded in the study area at the north-west corner of Hyde Park (**HEA 27**). The exact location is not known but is thought to be in the area of the Czech Embassy built in 1967, c 485m to the south of the site.
- 4.2.4 The heavy Clay geology on which the site is located, difficult to work with a plough, would not have been a first choice for early settlement or farming when compared to the extensive fast draining Gravel terraces to the south. In all likelihood the site was woodland throughout much or all of the prehistoric period.

Roman period (AD 43–410)

- 4.2.5 Within approximately a decade of the arrival of the Romans in AD 43, the town of *Londinium* had been established on the north bank of the Thames where the City of London now stands, c 6.3km east of the site. It quickly became a major commercial centre, and the hub of the Roman road system in Britain: small settlements were typically located along the major roads (MoLAS 2000, 150). The Roman road between *Londinium* and *Calleva Atrebatum* (Silchester) and forming the main artery to south-west Britain ran c 340m south of the site, approximately

on the historic line of Oxford Street, Bayswater Road, Notting Hill Gate and Holland Park Avenue (Margary 1967, 57). Investigations at 101–103 Bayswater Road revealed no traces of the road (**HEA 15**).

- 4.2.6 No Roman features or chance finds have been recorded in the study area. The route of the London to Silchester road would likely have crossed a rural landscape of predominantly open fields; there may have been occasional small roadside settlements along the course of the road, though these are unlikely to have extended as far north as the site, which as with the prehistoric likely lay in woodland or possibly open fields.

Early medieval (Saxon) period (AD 410–1066)

- 4.2.7 Following the withdrawal of the Roman army from England in the early 5th century AD the whole country fell into an extended period of socio-economic decline. *Londinium* was abandoned, and the main Saxon settlement of Lundenwic grew up to the west in the area of modern Aldwych, the Strand and Covent Garden, c 4.2km to the east of the site (Cowie and Blackmore 2008, xv). In the 9th century, *Londinium* was reoccupied and its walls repaired as part of the defensive system established by King Alfred against the Danes. This settlement, named Lundenburh, formed the basis of the medieval city.
- 4.2.8 In the 9th and 10th centuries, the Saxon Minster system began to be replaced by local parochial organisation, with formal areas of land centred on nucleated settlements served by a parish church. Paddington ('Padintune') is a Saxon place name meaning 'Padda's farm'. The monks of Westminster claimed to have been granted a small farm at Paddington in AD 959 and to have held 2 hides (one hide being roughly the equivalent of 120 acres) there in 1042 (VCH *Middlesex* ix, 226–233). Little is known about the early settlement of the area, although it is likely that a small settlement grew up on or close to the later medieval settlement of Paddington Green, c 1.3km to the north-east of the site. The Green was located just west of the junction between Edgware Road and Bayswater Road, both of which were important Roman roads that probably remained in use (Weinreb and Hibbert 1995, 589).
- 4.2.9 There are no finds or features recorded in the study area dating to this period. Throughout this period the Clay geology of the site and its location some distance from the main areas of settlement suggests that in all likelihood it lay within open fields or woodlands.

Later medieval period (AD 1066–1485)

- 4.2.10 Paddington was not mentioned in Domesday Book (1086) as, along with the manors (estate) of Knightsbridge and Westbourne, probably part of Westminster Abbey's ancient endowment (VCH *Middlesex* ix, 226–233). By the mid-12th century it had formed a separate estate, whose profits had been assigned to Westminster Abbey for the distribution of alms (ibid, 181–182). In c 1222 a chapel was declared at Paddington believed to be located on the site of the late 18th-century parish church of St Mary's c 1km to the north-east of the site (ibid, 252–259; GLHER 081211). The chapel formed the focus of a small settlement around Paddington Green, [NGR 526960 181753] c 1.3km to the north-east of the site. Edgware Road and Bayswater Road continued to serve as important routes and the junction was a famous place for public executions (VCH *Middlesex* ix, 190–198).
- 4.2.11 Bayard's Watering Place, recorded in 1380, was where the stream later called the Bayswater rivulet or Westbourne passed under the Uxbridge road (VCH *Middlesex* ix, 204–212) c 280m to the south-west of the site. The name presumably denoted a place where horses were refreshed, either from the stream itself or from a spring such as the one in Conduit field which from 1439 supplied the City with water. (ibid, 204–212). The GLHER notes the sites of a later medieval (possibly earlier) conduit head, 710m to the north of the site.
- 4.2.12 The village of Westbourne Green is referenced in 1222 and seemingly owed its existence to the administrative needs of lands belonging to Westminster Abbey (VCH *Middlesex* IX, 198–204). The village is visible on later maps to the north-east of the site (see below) though it is unknown whether the later post-medieval layout reflects that of the original settlement.
- 4.2.13 The GLHER records the existence of a small settlement recorded as 'Knottyngnull' in 1356 (**HEA 24**), c 740m to the south-west of the site. It is mentioned by documentary sources from the 13th century onwards, when it formed an outlying part of the neighbouring manor of Kensington. Approximately 700m to the north-east of the site the GLHER records the site of Westbourne Place, a later medieval house owned by Westminster Abbey (**HEA 25**).

- 4.2.14 Throughout this period the site was probably located at some distance from the main areas of settlement and in all likelihood, probably lay within open fields or woodlands.

Post-medieval period (AD 1485–present)

- 4.2.15 In the early part of the post-medieval period the area remained predominantly rural in character. The earliest map consulted was Braisal's 1742 map of the lands in Paddington belonging to St John Frederick (Fig 4). The map shows the site in open fields, marked here as 'Common Land', indicating the site was not used for pasture. Rocque's map of 1746 (Fig 5) which places the site within an open field close to Westbourne Green village, here marked as 'Westborn Green', approximately 550m north of the site. The village was still small in the mid-18th century, and was considered a beautiful rural place as late as 1820 (VCH *Middlesex* IX, 198–204). As late as 1795 there were only 340 houses in the whole parish being concentrated in Paddington, Lisson Green, Westbourne Green and along Uxbridge Road. The majority of the parish was grassland during this period, and attracted painters appreciative of the rural scenery, in contrast with urban expansion further east, in the 1780s (VCH *Middlesex* IX, 181–2).
- 4.2.16 By the time of Greenwood's map of 1824 (Fig 6) there had been some building development along Bayswater road and 'Blackman Lane'. The area within the site to the east of Blackman Lane was still open land at this time. The surrounding area, as part of Bayswater, was being progressively built up as a residential suburb during the early years of the 19th century, speculative efforts largely being driven by London based merchants such as Edward Orme and John Bark (VCH *Middlesex* IX, 204–12). The semi-rural character of the Bayswater area led to popularity with artistic and literary figures such as the engraver Samuel Reynolds and poet Sarah Flower Adams.
- 4.2.17 Gutch's plan of Paddington parish of 1828 (Fig 7) shows the development of the street layout on land to the west of the site with a number of small buildings facing Black Lion Lane; formerly 'Blackman Lane' on earlier maps. The street layout to the south was clearly being planned out at this stage, evidenced by streets marked in dashed lines on the plan, including Porchester Gardens at the southern end of the site. The site itself is located within 'Hall Field', a large open field with a line of trees running south-east through the site. Black Lion Lane was described in 1803 as linking Westbourne green with Kensington Gravel pits (VCH *Middlesex* IX, 204–12).
- 4.2.18 In Lucas's plan of Paddington of 1842 (not reproduced) the beginning of development of the site can be seen in the form of a school building in the south-western corner of the site with a row of four buildings slightly further north. Increased urbanisation is evident in the surrounding area, especially to the east with detached housing visible along Porchester Terrace. Black Lion Lane has been renamed the Queen's Road, reportedly owing to a fondness of the young Queen Victoria for riding there from Kensington Palace (Weinreb & Hibbert 2008, 678). During the 1840s shops lined both Queen's road as far as the Moscow road (*ibid*). Lucas's later 1847 plan of Paddington parish (Fig 8) shows the site with buildings and associated gardens, and with the existing street layout now in place. Residential buildings covered the whole Bayswater area by 1865, by which point wealthy residents including merchants and statesmen were moving into the area and the social character grew more mixed (VCH *Middlesex* IX, 204–12).
- 4.2.19 The Ordnance Survey 1st edition 5ft: mile map of 1872 (Fig 9) shows the site in considerable detail with the majority of the site now developed as 'Queens Terrace'. Construction on the site consists of a row of east-west properties with associated garden areas at the rear and back across the majority of the site. In the south-west corner of the site the earlier school building marked on Lucas's map is now 'Paddington Charity Schools' plot and has an additional associated building in the south-east corner with open walled areas in between. On the eastern side larger semi-detached houses occupy the site which front Inverness Road. By this time the surrounding area has been completely developed with houses shown on the southern portion of Queensway to the south and on Inverness Road to the east. Porchester Gardens, directly adjacent to the site now extends westwards towards Kensington Gardens Square.
- 4.2.20 The Goad Fire Insurance Plans of London West, Volume B show the site in further detail. The 1925 issue (not reproduced) lists 114–126 Queensway as having 4 storeys and a basement floor. The buildings at 146 and 150 Queensway immediately to the north of the site are also noted as having basements in this plan. Although the other properties within the site are not

noted to have basements the Goad Fire Insurance Plans are known to occasionally omit cellars.

- 4.2.21 The Church Commissioners' decision in 1954 to reorganise the Paddington Estate involved the renaming and disposal of their Bayswater property as the Lancaster Gate estate (VCH *Middlesex IX*, 204–12). The Ordnance Survey 1:1,250 scale map of 1953 (Fig 10) shows the buildings previously occupying the site as having been completely demolished. On the adjacent side of Queensway Whiteley department store (**HEA 1**) can be seen and to the east of site the construction of Hallfield estate is evident. The site does not appear to have suffered bomb damage during World War Two and it is not clear why the site was redeveloped at this time.
- 4.2.22 By the time of the Ordnance Survey 1:1250 scale map of 1959–1962 (Fig 11) the existing post-war buildings have been built on the site consisting of thirteen buildings occupying 114–144 Queensway. These were likely built all at the same time and comprised retail units on the ground floor with residential units above. At the southern end of the site a petrol garage is visible on the map. The newly constructed Cervantes Court had also been developed at this time, directly adjacent to the east of the site. The buildings are still in use in this capacity. They are not thought to have basements across the whole site but it is currently believed that a basement exists underneath 128–138 Queensway.

5 Statement of significance

5.1 Introduction

- 5.1.1 The following section discusses historic impacts on the site which may have compromised archaeological survival from earlier periods, identified primarily from historic maps, and information on the likely depth of deposits.
- 5.1.2 In accordance with the NPPF, this is followed by a statement on the likely potential and significance of buried heritage assets within the site, derived from current understanding of the baseline conditions, past impacts, and professional judgement.

5.2 Factors affecting archaeological survival

Natural geology

- 5.2.1 No recent geotechnical works have been carried out within the site. Based on earlier geotechnical data within the site and nearby BGS boreholes, the predicted level of natural geology within the site is as follows:
- Current ground level varies between 20.8m and 22.3m OD (the site is within a general area that slopes upwards to a gravel terrace in the south-east)
 - The top of untruncated alluvium in the northern part of site, if present, may be at depths varying between 19.0m and 19.5m OD (0.7–1.2m below ground level/bgl).
 - The top of untruncated Clay may be at depths varying between 19.8m and 21.3m OD (on average 1.1m below ground level).
- 5.2.2 Between the top of the natural and the current ground level is modern made ground and undated made ground. The latter may potentially contain remains of archaeological interest.

Past impacts

- 5.2.3 Archaeological survival potential within the site is likely to be very low within the footprint of existing basements in the central and north-eastern parts of the site (Fig 16). Outside the footprint of the basements, the survival potential would likely be low to moderate.
- 5.2.4 The chief impact on archaeological survival on the site is the existing basement. There is a known basement under 128–134 Queensway Parade. The basement survey indicates the basement depth is 17.6m OD (2.9mbgl). Assuming a basement slab of 0.4m, the formation level would be 17.2m OD. This is supported by drainage plans dating to 1968; which show the basement at depth of 3.0m across the whole footprint of 128-134 Queensway, the former Macfisheries supermarket (Westminster City Archives, WDP2/0248/03). Given the shallow nature of the underlying geology, the basement is expected to have removed entirely any archaeological remains (if any) that were present, the bases of very deep cut features, i.e. wells/pits could survive below the basement depth although this is considered unlikely. The extent of the existing basement is shown on Fig 16.
- 5.2.5 The existing ground floor level varies between 20.1m in the north and 22.0m OD in the south (msa survey, topographical survey drwg no. 4197-QP-G; Plowman Craven, Basement Survey drwg no. 35799F-01, issue A, 25-04-16; Fig 16). Taking into account an assumed slab thickness of 0.4m, the formation level of the existing ground floor outside the footprint of the existing basement, varies between 19.7m in the north and 21.6m OD in the south. This will not have reached any alluvium in the north of the site, if present. Where there is no alluvium present, the formation level is likely to have only just reached the top of the natural clay and thereby only removing any undated made ground, which may include post-medieval remains. Bases of archaeological features deeply cut into the clay may still survive beneath this impact level.
- 5.2.6 An additional impact on archaeological survival is the excavation of single storey cellars associated with the mid 19th century houses on the site. Goad Fire Insurance Plans from 1925 (not reproduced) indicate at least eight of the properties along the western part of the site, and

at least one property in the north-east of the site, had cellars; the depths of which are unknown. Although these are strictly considered part of the archaeological record, their construction is likely to have truncated any earlier remains to their footprint. Fig 16 shows the location of known 19th century basements, as shown on the 1925 Goad map. It is possible the entire row of terraced houses has cellars as the Goad maps are known to occasionally omit basements.

- 5.2.7 The existing foundations are understood to consist of a reinforced concrete frame with concrete downstand beams running parallel to Queensway (aktII, Stage 2 Report). These are assumed to extend to a typical depth of 1.0-1.5mbgl and are anticipated to have severely truncated or completely removed any archaeological remains to their footprint, with the exception of deep cut features cut in the underlying clay. Archaeological remains may survive between these foundations however.

Likely depth/thickness of archaeological remains

- 5.2.8 Any surviving archaeological remains are likely to be encountered within made ground immediately underlying the existing foundations or cut into the underlying Clay geology at 1.1mbgl. Any alluvial deposits in the north of the site, if present, may include palaeoenvironmental remains at between 0.7m and 1.2mbgl.

5.3 Archaeological potential and significance

- 5.3.1 The nature of possible archaeological survival in the area of the proposed development is summarised here, taking into account the levels of natural geology and the level and nature of later disturbance and truncation discussed above.
- 5.3.2 *The site has a low to moderate potential to contain palaeoenvironmental remains.* The BGS borehole 10m north-east of the site shows that alluvium with traces of organic material survives beneath made ground deposits. However, the boreholes within the north and south of the site did not record any alluvium. Such deposits have a high potential to preserve palaeoenvironmental evidence (pollen, plant macro fossils), which if present can be utilised to reconstruct the past palaeoecology of the floodplain and environments within which prehistoric occupation occurred. Any fluvial and estuarine deposits also have the potential to preserve palaeoenvironmental remains (ostracods, foraminifera, diatoms) which can be utilised to reconstruct the past fluvial regimes and indicate the onset of tidal inundations and the transition to an estuarine river environment. Wood and organic sediment can be dated by radiocarbon, important for establishing the chronology of the sequence. Such remains would be considered to be of **low** or **medium** significance, depending on their nature and date, derived from the evidential value of the remains.
- 5.3.3 *The site has a low potential to contain prehistoric remains.* The site's location on heavy Clay geology away from well drained Gravel terraces and from known rivers suggests that it was not a first choice for settlement and did not attract more than fleeting human activity during the prehistoric periods. Findspots in the form of a handaxe and coin hoard, in addition to a ditch feature are recorded in the study area but these were associated with areas on nearby Gravel terraces to the south and not likely to indicate similar remains in the site itself.
- 5.3.4 *The site has a low potential to contain Roman remains.* The distance of the site from known centres of settlement and the Roman road network marks it as unlikely to have been occupied during this period. The Clay geology would not have been conducive to farming or settlement compared to the Gravels to the south. There are no finds of this date in the study area.
- 5.3.5 *The site has a low potential to contain medieval remains.* The site lay some distance from the local centres of settlement during the early and later medieval periods, and is likely to have remained woodland or possibly cultivated land throughout.
- 5.3.6 *The site has a moderate potential to contain post-medieval remains.* The site's development began in the early 19th century and continued through to the late 20th century. Houses and gardens occupied the site during the early 19th century but by the late 19th century the majority of the site had been development with various buildings, including terraced townhouses, public gardens, and a school. Structural remains of footings and deep cut features (pits, wells) may survive. The significance of heavily truncated and fragmented remains, if present, would be **low**, derived from the limited evidential and historical value.

6 Impact of proposals

6.1 Proposals

- 6.1.1 Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement (Fig 18, Foster & Partners, dwg. no. A-P-031-B1-00-001, rev. 01, date 28/08/2019), ground (Fig 17, Foster & Partners, dwg. no. A-P-031-00-001_PL, rev. 01, date 28/08/2019) and up to six upper floor levels (Fig 19, Foster & Partners, dwg. no. A-P-053-xx-001, rev. 01, date 28/08/2019, and Fig 20, Foster & Partners, dwg. no. A-P-053-xx-002, rev. 01, date 28/08/2019), providing retail use (Class A1 and flexible A1/A3) at ground floor, up to 32 residential units (Class C3) and Office (class B1) floorspace at upper floors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.
- 6.1.2 Taking into account an assumed slab thickness of 0.4m OD, the formation level of the basement would be at 14.7m (Fig 20).
- 6.1.3 The proposed foundations are likely to be piled.

6.2 Implications

- 6.2.1 The identification of physical impacts on buried heritage assets within a site takes into account any activity which would entail ground disturbance, for example site set up works, remediation, landscaping and the construction of new basements and foundations. As it is assumed that the operational (completed development) phase would not entail any ground disturbance there would be no additional archaeological impact and this is not considered further.
- 6.2.2 It is outside the scope of this archaeological report to consider the impact of the proposed development on upstanding structures of historic interest, in the form of physical impacts which would remove, alter, or otherwise change the building fabric, or predicted changes to the historic character and setting of historic buildings and structures within the site or outside it.
- 6.2.3 The site has a low potential for archaeological remains of all periods with the exception of early post-medieval development of 19th century date. The footings, foundations, cellars and similar deep cut remains of buildings dating back to the early 19th century may survive in areas of the site presently unaffected by basement construction.

Demolition and breaking out of foundation slab

- 6.2.4 The proposed demolition of the existing mid-20th century buildings within the site and the breaking out of the foundation slab is assumed for the purposes of this assessment to cause ground disturbance to a maximum depth of 0.5mbgl.
- 6.2.5 This would extend into undated made ground, which potentially contains remains of archaeological interest, and would entirely remove any remains to this excavation depth. In all likelihood the undated made ground is of 19th/early 20th century date and only post-medieval remains, of low heritage significance, would be affected.
- 6.2.6 The impact the removal of buried obstructions such as foundations would depend on the size and density of the existing intrusions, which is currently uncertain, but such work can have a considerable archaeological impact in disturbing adjacent remains.

Basement Excavation

- 6.2.7 Any archaeological remains would be entirely removed within the footprint of the proposed basement, which would extend to a depth of 14.7m OD (see section 6.2.1, Fig 18). This would entirely remove any alluvial deposits in the north of the site, if present, and extend into the natural clay, entirely removing any palaeoenvironmental remains, of low or medium significance, and any archaeological remains, including remains of 19th/early 20th century buildings, such as foundations/cellar walls or possible made ground deposits, of low heritage significance.

Piled foundations

- 6.2.8 Any archaeological remains within the footprint of each pile would be removed as the pile is driven downwards. The severity of the impact would therefore depend on the pile size and pile density. Where the piling layout is particularly dense, it is in effect likely to make any surviving archaeological remains, potentially preserved between each pile, inaccessible in terms of any archaeological investigation in the future.
- 6.2.9 Piling would only have an impact if it was carried out prior to the basement excavation, as any remains would otherwise have been removed.

New drainage, services and lift pits

- 6.2.10 The proposed excavation of new service trenches, drains and lift pits (Fig 17 and Fig 18) would extend to a depth of 1.0–1.5m below floor level as assumed for the purposes of this assessment. This would extend into the natural clay and have no further archaeological impact, as the basement excavation will have already removed any archaeological remains within its footprint.

7 Conclusion and recommendations

- 7.1.1 There are no listed buildings on the site; the site is located within the Queensway Conservation Area designated by the City of Westminster for its memorable townscape and high number of buildings of architectural interest (City of Westminster 2004a). The site is not located within an archaeological priority area as designated by the City of Westminster.
- 7.1.2 Archaeological survival potential within the site is likely to be very low within the footprint of existing basements in the central and north-eastern parts of the site. Outside the footprint of the basements, the survival potential would likely be low to moderate.
- 7.1.3 The demolition and breaking out of foundation slab would entirely remove any archaeological remains within the undated made ground to a maximum depth of 0.5mbgl. The excavation of the basement would entirely remove any archaeological remains that might be present, including any palaeoenvironmental remains within the alluvium in the north of the site, if present. Piled foundations, including pile caps and ground beams would remove entirely any surviving remains within the footprint of each construction. The proposed lift pits and any new drainage and services would have no further archaeological impact, as the basement excavation will have already removed any archaeological remains within its footprint.
- 7.1.4 Table 2 summarises the known or likely buried assets within the site, their significance, and the impact of the proposed scheme on asset significance.

Table 2: Impact upon heritage assets (prior to mitigation)

Asset	Asset Significance	Impact of proposed scheme
Surviving structural remains associated with early to late 19th century residential development (moderate potential)	Low	Breaking out foundation slab, basement excavations, piled foundations: Significance of asset reduced to negligible. New lift pits, drains and services: Negligible impact on asset significance
Palaeoenvironmental remains (low to moderate potential)	Low or medium	Basement excavations, piled foundations: Significance of asset reduced to negligible. Breaking out foundation slab, new lift pits, drains and services: Negligible impact on asset significance

- 7.1.5 In view of the generally low potential of the site to contain significant archaeological remains, further investigation is unlikely to be required in relation to the determination of planning consent. It is possible, however, that the local authority would request an archaeological watching brief during preliminary ground preparation and basement excavation, which would ensure that any archaeological assets present are not removed without record. Alternatively the archaeological monitoring of geotechnical investigations could clarify the nature and depth of deposits, and based on the results no further work may be necessary. Any such work would need to be undertaken in accordance with an approved Written Scheme of Investigation (WSI) and could be carried out under the terms of a standard archaeological planning condition set out with the granting of planning consent.

8 Gazetteer of known historic environment assets

- 8.1.1 The gazetteer lists known historic environment sites and finds within the 800m-radius study area around the site. The gazetteer should be read in conjunction with Fig 2.
- 8.1.2 The GLHER data contained within this gazetteer was obtained on 27/08/2019 and is the copyright of Historic England 2019.
- 8.1.3 Historic England statutory designations data © Historic England 2019. Contains Ordnance Survey data © Crown copyright and database right 2019. The Historic England GIS Data contained in this material was obtained in April 2019. The most publicly available up to date Historic England GIS Data can be obtained from <http://www.historicengland.org.uk>.

Abbreviations

ASE – Archaeology South East

CGSM – CGMS Consulting

DGLA - Department of Greater London Archaeology (Museum of London)

GLHER – Greater London Historic Environment Record

ILAU – Inner London Archaeology Unit

MoLAS – Museum of London Archaeology Service (now MOLA)

OA – Oxford Archaeology

PCA – Pre Construct Archaeology

HEA No.	Description	Site code/ HER/NHL No.
1	Whiteleys Store, London, W2 A Grade II listed department store, built 1908-12. Steel framed with Portland stone facing. Three storeys and mezzanine. Twelve main bays to Queensway, each with three subdivisions to upper storeys. Giant fluted Doric order of columns to ground floor and mezzanine; plate glass windows; bronze balconies. Superimposed giant order to largely glazed second and third storeys with projecting bay windows between. Small panes, leaded lights. Low central tower with stepped massing, above arched niche containing entrance. Modillion cornice. Dome to south-east corner with entrance below. Whiteleys Department Store, Queensway, City of Westminster A standing building survey by Turley Heritage in 2018. This Building Record provides an account of the octagonal atrium, octagonal dome and 1922 restaurant and is complemented by a photographic record. Whiteley's Shopping Centre is a Grade II listed building which operates as a shopping centre containing multiple units. The primary façade constitutes twelve bays fronting Queensway. The building's flat roof is punctuated by two large domes and a third, smaller, dome. The report found that Whiteley's store represents an initial peak in the development of department stores in the United Kingdom. The site's design is set around two full height atria, which acted as hubs to connect different departments. The report found the octagonal atrium has been retained in a good condition, which is faithful to its original design and operation, despite having undergone significant alterations in order to accommodate modern needs.	1227450 ELO19659
2	41-95 Inverness Terrace, W2 Grade II listed row of mid 19th century terrace houses	1231882
3	Hallfield School, Inverness Terrace Grade II* listed primary school built in 1953–4. Designed by 'Drake and Lasdun for London County Council. Brick and concrete: flat roofs, some of the brickwork painted now.	1237491

HEA No.	Description	Site code/ HER/NHL No.
4	The Lancasters, 75–89 Lancaster Gate, London, W2 Evaluation carried out by PCA in 2007. Natural gravels and, in the centre of the site, clay were cut by several late 18th to 19th century features. Comprising a small pit, a brickearth extraction pit, small brick drain and a brick lined garden feature. Modern made-ground sealed the site, suggesting that it had been heavily landscaped in the 19th century during the construction of the hotel. A geotechnical investigation confirmed the sequence of made-ground over natural in the garden. In the basement the natural level had been truncated to a level between 1.46m and 2.9m below the natural soil identified in the garden. This confirmed that the surface level of the entire footprint of the building and light wells are significantly below any potential archaeological horizon.	LCG07 ELO7344 MLO98873
5	11 Salem Road, W2 A watching brief was carried out at Salem Road PCA in 2010. The investigation recorded 19th and 20th century made ground under the building foundations of a demolished early 20th century warehouse building. No archaeological features pre dating the 20th century were uncovered.	SAX10 ELO11363
6	Senior Street An excavation by MoLAS in 1992; recorded early to late medieval pottery sherds which may indicate medieval features within the vicinity, but found no clear evidence for the original medieval village of Westbourne Green. Features excavated almost certainly represented part of the largely unchanged later post-medieval village. They appeared to be part of a garden or allotment in use whilst Westbourne Green was still truly a village.	SIR92 ELO4536
7	Paddington Goods Yard, City of Westminster Evaluation carried out by DGLA (North) in 1990. No trace of the 1838 railway structures were found, although later 19th century were found along with pottery dumps (MLO25550) An archaeological Watching Brief carried out by MoLAS in 2000 at Paddington Goods Yard, City of Westminster, No Archaeological deposits were recorded. The natural is Orange silty clay with lenses of grey clay (22mOD).	PGY90 PYD00 ELO1136 ELO4277 MLO25550
8	Kensington Playground, Kensington and Chelsea An evaluation by MoLAS in 1999; recorded natural gravels cut by a prehistoric ditch, 17th to 18th century gravel extraction pits, an 18th century foundation and a length of path which was identified as the 'serpentine path' belonging to the 18th-century formal gardens (first laid out by Henry Wise) and shown on a 1787 map.	KEG99 ELO1217 ELO3776
9	Paddington Station, Departures Road, A watching brief by MOLA in 2009. A number of trial pits and starter pits for window samples were monitored in and around Paddington Station. The principal aim of the work was to prevent damage to heritage assets, including features forming part of or associated with the Grade I listed building, and record any other railway/industrial archaeological remains. Within Paddington station late 19th–20th century granite sett surfaces were observed in several areas. To the north of the station, a red brick surface was observed which may be part of a turntable from Brunel's original railway of the 1830s or early 1840s. A number of similar interventions were also observed in several locations in Westminster where the natural sequence was recorded. Brickwork of 19th-century or later date was observed in Gilbert Street and Davies Street. (XRK09) Paddington, Eastbourne terrace An evaluation by OA in 2012; consisting of two trenches which identified substantial made ground overlying brick earth and gravel deposits. Sands and tufa rich clay deposit of probable Pleistocene date were identified in one of the trenches. No artefacts or ecofacts were visible in these deposits (XSD10).	XRK09 XSD10 ELO19505

HEA No.	Description	Site code/ HER/NHL No.
10	Crossrail Arup/Atkins, Royal Oak to Farringdon, W2 A watching brief by MOLA, 2009. A brick surface was identified at Paddington southwest of Westbourne Bridge. This may form part of a turntable from Brunel's original railway of the 1830s or early 1840s. If not, it probably from another 19th or early 20th-century railway structure. Crossrail Project, W2 Standing building recording by MOLA, 2010. The structures recorded were: a 19th-century brick built retaining wall associated with a railway platform of the goods shed; areas of stone cobbles which formed the original paving of the railway goods yard; and a late 19th/early 20th-century brick retaining wall containing small arches.	XRL09 XRT10 ELO19414
11	154 Bayswater Road, London, W2 An investigation by ASE in 2015. No further information is currently available.	BAY15 ELO15316
12	1–10 Conduit Mews, Westminster Archaeological watching brief carried out by CGMS in 2000; the site was found to have been truncated down to the natural gravels.	CNM00
13	21–23 Craven Hill Gardens, London, W2 A watching brief by Fujita UK, 1994. Only modern material was recorded.	CHV94
14	2 Eastbourne Terrace, London, W2 An investigation by MOLA in 2012. No further information is currently available.	EBT12
15	101–103 Bayswater Road, 1–1A Porchester Terrace An evaluation by ILAU, 1976. The investigation revealed no trace of the Roman road from London to Silchester; natural sand found to be overlain by a layer of brown ploughsoil, was covered in turn by modern debris.	POR76
16	Paddington Station, W2 An excavation by OA in 2010. Deposits of Brickearth were observed during the bulk excavation seen overlaying an extensive (up to 2.5 m thick) sequence of gravels. These deposits were identified as Pleistocene river terrace deposits (Lynch Hill Gravels). Several brick built structures and other remains associated with the Great Western Railway's Paddington Goods Yards and Paddington Station were recorded during the project, including sections of a cobbled roadway made up of granite setts, uncovered beneath the modern concrete slab at the Triangle Site and at the eastern end of the Upper London Street Deck Site.	XSE10 ELO19400
17	Crossrail Paddington Central, W2 A watching brief by OA, 2010–11. Monitoring revealed the top of alluvial deposits, probably the upper fills of the former course of the Westbourne River. Elsewhere, London Clay was overlain by crushed brick and cinder, deposits which may represent the bedding for tracks associated with Brunel's original mainline railhead. A possible section of the Portobello Junction railway was also exposed at Westbourne Park.	XSI10 ELO11870 ELO19404
18	Kensington Palace Gardens (nos. 4 and 5; 19th century semi-detached houses) This building was originally a semi-detached symmetrical pair of houses in 1843, with stucco in the Italianate style. Some original features survive.	MLO87608
19	Porchester Gardens (The Bungalow), Bayswater The Bungalow was a 1950's school keeper's house in Bayswater. It has since been demolished.	MLO95672
20	Black Lion Public House, 123 Bayswater Road, Westminster Site of the Black Lion mid 19th century public house, reputedly an ale house as early as the mid 18th century, and was used as a recruiting station for the 'Paddington Volunteers' in 1830, states a plaque on its façade. The present building is likely to date from the mid 19th century.	MLO106819
21	Lancaster Gate, no 17 (site of Christ Church, mid-19th century) The GLHER records the site of Christ Church, a church built in 1855 as part of the Lancaster Gate development. However by the 1970s it had become unsafe and was demolished. The tower survived, and the site is now occupied by a housing development.	MLO98871

HEA No.	Description	Site code/ HER/NHL No.
22	Bishop's Bridge Road, Westminster (site of a 19th century church) The Church and vicarage were built partly at the expense of John Miles, the first vicar. The district was formed in 1846 from St James. It was a building of Kentish rag with Bath stone dressings in perpendicular style designed by Thomas Cundy 1844- 6. A short chancel was formed in the late 19th century from the eastern bays of the nave, the northern organ chamber and vestry, clerestoried nave with plaster vaults and flat ceilinged aisles. Tall west tower, on site of reservoir, with pinnacles and octangular crocketed spire, completed after the rest of the church with pinnacle buttresses. Criticized when new for 'misapplied ornament'. The crypt was converted for use as a youth club by 1967. The church closed in 1971, when services moved to the community hall recently built by the church with old people's flats on the site of the original Vicarage at no 170 Gloucester Terrace. The Spire was demolished in 1972 and the rest of the building in 1984	MLO107917
23	Notting Hill Gate, Notting Hill, Kensington & Chelsea (Roman Road) Projected route of the main Roman Road heading west from the City of London to Silchester. A settlement also grew up around Notting Hill Gate in the medieval period indicating that the road had probably remained in use. Whipp D, 1980. The Archaeology of Kensington and Chelsea. Possibly on the line of an earlier Iron Age trackway; postulated by documentary sources (MLO11208).	MLO12537 MLO11208 MLO14883
24	Notting Hill (Site of) The GLHER records the site of a later medieval settlement, referred to as "Knottynghull" in 1356.	MLO12526
25	Westbourne Place (Site of) The GLHER records the site of Westbourne Place, a later medieval house owned by Westminster Abbey somewhere in Paddington Parish. The exact location is unknown.	MLO15326
26	Roundhead (Site of Conduit Head) The GLHER records the site of a later medieval to post-medieval conduit.	MLO52002
27	Coin hoard, Hyde Park The GLHER records an assemblage of five Armorican base silver coins reportedly found near the "Russian embassy" (likely the Czechoslovakian embassy, which was being built in 1967) at the corner of Kensington Palace Gardens and Notting Hill Gate. The coins were bought from workmen and showed signs of salination.	MLO21650
28	Possible WWII bomb craters The GLHER records the site of possible Second World War bomb craters, two of which are visible on aerial photographs of 1941.	MLO21650 MLO67339
29	Kensington Gardens (pond) The GLHER records the location of two ponds, the first (TQ 2635 7984) shown on a map of 1706 (Henry Wise) but possibly of much earlier origin. Its shape appears to have varied through time, but the longer axis was always east-west. The pond lies on the springline at the junction between the Taplow Gravels and London Clay. It survives as a massive scarp up to 2m high on the north side, and smaller scarps on the south and east up to 0.5m high. The apparent ditch formed around the south-east angle is probably the result of incomplete infilling. The second pond (TQ 2616 8057) survives as an oval hollow 8-10m wide and 0.4m deep. It is thought to be the remains of a horse pond of the late 18th century or early 19th century.	MLO67348
30	Handaxe, Paddington railway cutting The GLHER records the chance find of a Palaeolithic flint handaxe in a Great Western Railway cutting.	MLO3162
31	Kensington Gardens (bank earthwork) The GLHER records a broad denuded bank, 140m long, 12m wide and up to 1.2m high, following a fairly straight course on a north-south alignment. A very slight, intermittent ditch can be seen along the eastern side. This bank is badly disturbed by several large tree extraction holes and cut by several backfilled drainage trenches. It may represent a tree-lined boundary shown on the Wise plan of 1706, pre-dating the grand garden layout of the 1730s.	MLO67352
32	Knightsbridge/Westbourne Manor GLHER point location for the site of a later medieval manor along the western side of Westbourne stream, across the present area of Kensington Park. The true location is likely further south towards Kensington Gardens Also the GLHER location of a small 16th century hamlet at Bayswater.	MLO72206 MLO73254

HEA No.	Description	Site code/ HER/NHL No.
33	Westbourne Park Road The GLHER records the location of the later medieval and post-medieval settlement of Westbourne.	MLO73253
34	Paddington Station, Praed Street, City of Westminster A standing building recording by PCA in 2013. The report recorded elements affected by the proposed works these include the ground floor façade of Macmillan House facing Platform 1; the passenger footbridge at the Country (west) end of the train shed; the canopies of Platforms 1 and 2 outside the train shed; a disused lift shaft beside Platform 12; a length of canopy over Platform 12; the London Underground Ltd footbridge and offices; part of the canopy of Platforms 13 and 14 and a number of buildings and structures on Platforms 13 and 14. Paddington Station was designed as the London terminus of the Great Western Railway in 1850/1. The report found that from 1866 empty milk churns were loaded onto trains at the west end of the main departure platform, the passenger platform was then extended westward to meet this and was covered by canopy by the early 1880s. The milk platform was subsequently transferred to the newly Platform 1A c.1911-12, this was closed in 1923 and the full length of Platform 1 was given over to passenger use, and in 1932 the platform canopy was extended further westwards. In 1881 a purpose-built milk platform was built on the north side of the station, known later as Platform 12, it was covered beyond the train shed in 1887. The building recording suggested that the surviving stretch of canopy over Platform 12 was a replacement and was probably erected around 1912. The report found that the attachment of the headspans of the proposed OLE equipment to the roof arch beams over Platforms 1 and 2 is likely to have a slight adverse impact upon the building and its setting.	ELO19658

9 Planning framework

9.1 Statutory protection

Listed Buildings and Conservation Areas

- 9.1.1 The *Planning (Listed Buildings and Conservation Areas) Act 1990* sets out the legal requirements for the control of development and alterations which affect buildings, including those which are listed or in conservation areas. Buildings which are listed or which lie within a conservation area are protected by law. Grade I are buildings of exceptional interest. Grade II* are particularly significant buildings of more than special interest. Grade II are buildings of special interest, which warrant every effort being made to preserve them.

9.2 National Planning Policy Framework

- 9.2.1 The Government issued the *National Planning Policy Framework* (NPPF) in March 2012 (DCLG 2012) and supporting *Planning Practice Guidance* in 2014 (DCLG 2014). The 2012 NPPF was revised and a new NPPF published in July 2018, with minor revisions in February 2019 (MHCLG 2019).

Conserving and enhancing the historic environment

- 9.2.2 The NPPF section concerning “Conserving and enhancing the historic environment” (section 12 of the NPPF 2012) has been replaced by NPPF 2018 Section 16 (unchanged in February 2019), reproduced in full below:

Para 184. Heritage assets range from sites and buildings of local historic value to those of the highest significance, such as World Heritage Sites which are internationally recognised to be of Outstanding Universal Value. These assets are an irreplaceable resource, and should be conserved in a manner appropriate to their significance, so that they can be enjoyed for their contribution to the quality of life of existing and future generations.

Para 185. Plans should set out a positive strategy for the conservation and enjoyment of the historic environment, including heritage assets most at risk through neglect, decay or other threats. This strategy should take into account:

- a) the desirability of sustaining and enhancing the significance of heritage assets, and putting them to viable uses consistent with their conservation;
- b) the wider social, cultural, economic and environmental benefits that conservation of the historic environment can bring;
- c) the desirability of new development making a positive contribution to local character and distinctiveness; and
- d) opportunities to draw on the contribution made by the historic environment to the character of a place.

Para 186. When considering the designation of conservation areas, local planning authorities should ensure that an area justifies such status because of its special architectural or historic interest, and that the concept of conservation is not devalued through the designation of areas that lack special interest.

Para 187. Local planning authorities should maintain or have access to a historic environment record. This should contain up-to-date evidence about the historic environment in their area and be used to:

- a) assess the significance of heritage assets and the contribution they make to their environment; and
- b) predict the likelihood that currently unidentified heritage assets, particularly sites of historic and archaeological interest, will be discovered in the future.

Para 188. Local planning authorities should make information about the historic environment, gathered as part of policy-making or development management, publicly accessible.

Proposals affecting heritage assets

Para 189. In determining applications, local planning authorities should require an applicant to describe the significance of any heritage assets affected, including any contribution made by their setting. The level of detail should be proportionate to the assets' importance and no more than is sufficient to understand the potential impact of the proposal on their significance. As a minimum the relevant historic environment record should have been consulted and the heritage assets assessed using appropriate expertise where necessary. Where a site on which development is proposed includes, or has the potential to include, heritage assets with archaeological interest, local planning authorities should require developers to submit an appropriate desk-based assessment and, where necessary, a field evaluation.

Para 190. Local planning authorities should identify and assess the particular significance of any heritage asset that may be affected by a proposal (including by development affecting the setting of a heritage asset) taking account of the available evidence and any necessary expertise. They should take this into account when considering the impact of a proposal on a heritage asset, to avoid or minimise any conflict between the heritage asset's conservation and any aspect of the proposal.

Para 191. Where there is evidence of deliberate neglect of, or damage to, a heritage asset, the deteriorated state of the heritage asset should not be taken into account in any decision.

Para 192. In determining applications, local planning authorities should take account of:

- a) the desirability of sustaining and enhancing the significance of heritage assets and putting them to viable uses consistent with their conservation;
- b) the positive contribution that conservation of heritage assets can make to sustainable communities including their economic vitality; and
- c) the desirability of new development making a positive contribution to local character and distinctiveness.

Considering potential impacts

Para 193. When considering the impact of a proposed development on the significance of a designated heritage asset, great weight should be given to the asset's conservation (and the more important the asset, the greater the weight should be). This is irrespective of whether any potential harm amounts to substantial harm, total loss or less than substantial harm to its significance.

Para 194. Any harm to, or loss of, the significance of a designated heritage asset (from its alteration or destruction, or from development within its setting), should require clear and convincing justification. Substantial harm to or loss of:

- a) grade II listed buildings, or grade II registered parks or gardens, should be exceptional;
- b) assets of the highest significance, notably scheduled monuments, protected wreck sites, registered battlefields, grade I and II* listed buildings, grade I and II* registered parks and gardens, and World Heritage Sites, should be wholly exceptional.

Para 195. Where a proposed development will lead to substantial harm to (or total loss of significance of) a designated heritage asset, local planning authorities should refuse consent, unless it can be demonstrated that the substantial harm or total loss is necessary to achieve substantial public benefits that outweigh that harm or loss, or all of the following apply:

- a) the nature of the heritage asset prevents all reasonable uses of the site; and
- b) no viable use of the heritage asset itself can be found in the medium term through appropriate marketing that will enable its conservation; and
- c) conservation by grant-funding or some form of not for profit, charitable or public ownership is demonstrably not possible; and
- d) the harm or loss is outweighed by the benefit of bringing the site back into use.

Para 196. Where a development proposal will lead to less than substantial harm to the significance of a designated heritage asset, this harm should be weighed against the public benefits of the proposal including, where appropriate, securing its optimum viable use.

Para 197. The effect of an application on the significance of a non-designated heritage asset should be taken into account in determining the application. In weighing applications that directly or indirectly affect non-designated heritage assets, a balanced judgement will be required having regard to the scale of any harm or loss and the significance of the heritage asset.

Para 198. Local planning authorities should not permit the loss of the whole or part of a heritage asset without taking all reasonable steps to ensure the new development will proceed after the loss has occurred.

Para 199. Local planning authorities should require developers to record and advance understanding of the significance of any heritage assets to be lost (wholly or in part) in a manner proportionate to their importance and the impact, and to make this evidence (and any archive generated) publicly accessible. However, the ability to record evidence of our past should not be a factor in deciding whether such loss should be permitted.

Para 200. Local planning authorities should look for opportunities for new development within Conservation Areas and World Heritage Sites, and within the setting of heritage assets, to enhance or better reveal their significance. Proposals that preserve those elements of the setting that make a positive contribution to the asset (or which better reveal its significance) should be treated favourably.

Para 201. Not all elements of a Conservation Area or World Heritage Site will necessarily contribute to its significance. Loss of a building (or other element) which makes a positive contribution to the significance of the Conservation Area or World Heritage Site should be treated either as substantial harm under paragraph 195 or less than substantial harm under paragraph 196, as appropriate, taking into account the relative significance of the element affected and its contribution to the significance of the Conservation Area or World Heritage Site as a whole.

Para 202. Local planning authorities should assess whether the benefits of a proposal for enabling development, which would otherwise conflict with planning policies but which would secure the future conservation of a heritage asset, outweigh the disbenefits of departing from those policies.

9.3 Regional policy

The London Plan

9.3.1 The overarching strategies and policies for the whole of the Greater London area are contained within the *London Plan of the Greater London Authority* (GLA March 2016).

9.3.2 Policy 7.8 of the adopted (2016) London Plan relates to Heritage Assets and Archaeology:

A. London's heritage assets and historic environment, including listed buildings, registered historic parks and gardens and other natural and historic landscapes, conservation areas, World Heritage Sites, registered battlefields, scheduled monuments, archaeological remains and memorials should be identified, so that the desirability of sustaining and enhancing their significance and of utilising their positive role in place shaping can be taken into account.

B. Development should incorporate measures that identify, record, interpret, protect and, where appropriate, present the site's archaeology.

C. Development should identify, value, conserve, restore, re-use and incorporate heritage assets, where appropriate.

D. Development affecting heritage assets and their settings should conserve their significance, by being sympathetic to their form, scale, materials and architectural detail.

E. New development should make provision for the protection of archaeological resources, landscapes and significant memorials. The physical assets should, where possible, be made available to the public on-site. Where the archaeological asset or memorial cannot be preserved or managed on-site, provision must be made for the investigation, understanding, recording, dissemination and archiving of that asset.

F. Boroughs should, in LDF policies, seek to maintain and enhance the contribution of built, landscaped and buried heritage to London's environmental quality, cultural identity and economy as part of managing London's ability to accommodate change and regeneration.

G. Boroughs, in consultation with English Heritage [now named Historic England], Natural England and other relevant statutory organisations, should include appropriate policies in their LDFs for identifying, protecting, enhancing and improving access to the historic environment and heritage assets and their settings where appropriate, and to archaeological assets, memorials and historic and natural landscape character within their area.

9.3.3 Para. 7.31 supporting Policy 7.8 notes that 'Substantial harm to or loss of a designated heritage asset should be exceptional, with substantial harm to or loss of those assets designated of the highest significance being wholly exceptional. Where a development proposal will lead to less than substantial harm to the significance of a designated asset, this harm should be weighed against the public benefits of the proposal, including securing its optimal viable use. Enabling development that would otherwise not comply with planning policies, but which would secure the future conservation of a heritage asset should be assessed to see if the benefits of departing from those policies outweigh the disbenefits.'

- 9.3.4 It further adds (para. 7.31b) 'Where there is evidence of deliberate neglect of and/or damage to a heritage asset the deteriorated state of that asset should not be taken into account when making a decision on a development proposal'.
- 9.3.5 Para. 7.32 recognises the value of London's heritage: '...where new development uncovers an archaeological site or memorial, these should be preserved and managed on-site. Where this is not possible provision should be made for the investigation, understanding, dissemination and archiving of that asset'.

The Draft New London Plan

- 9.3.6 The current 2016 consolidation Plan is still the adopted Development Plan. However, consultation on revisions to the Plan was open until 2nd March 2018, and the *Draft New London Plan* is a material consideration in planning decisions Following Examination in Public, a "Consolidated Suggested Changes Version" was published in July 2019 (GLA website, 2019).
- 9.3.7 Policy HC1 "Heritage conservation and growth" of the *Draft New London Plan* (as set out here incorporating the minor changes published in July 2019) relates to London's historic environment:
- A Boroughs should, in consultation with Historic England, local communities and other statutory and relevant organisations, develop evidence that demonstrates a clear understanding of London's historic environment. This evidence should be used for identifying, understanding, conserving, and enhancing the historic environment and heritage assets, and improving access to, and interpretation of, the heritage assets, landscapes and archaeology within their area.
 - B Development Plans and strategies should demonstrate a clear understanding of the historic environment and the heritage values of sites or areas and their relationship with their surroundings. This knowledge should be used to inform the effective integration of London's heritage in regenerative change by:
 - 1) setting out a clear vision that recognises and embeds the role of heritage in place-making
 - 2) utilising the heritage significance of a site or area in the planning and design process
 - 3) integrating the conservation and enhancement of heritage assets and their settings with innovative and creative contextual architectural responses that contribute to their significance and sense of place
 - 4) delivering positive benefits that conserve and enhance the historic environment, as well as contributing to the economic viability, accessibility and environmental quality of a place, and to social wellbeing.
 - C Development proposals affecting heritage assets, and their settings, should conserve their significance, by being sympathetic to the assets' significance and appreciation within their surroundings. The cumulative impacts of incremental change from development on heritage assets and their settings, should also be actively managed. Development proposals should avoid harm and identify enhancement opportunities by integrating heritage considerations early on in the design process.
 - D Development proposals should identify assets of archaeological significance and use this information to avoid harm or minimise it through design and appropriate mitigation. Where applicable, development should make provision for the protection of significant archaeological assets and landscapes. The protection of undesignated heritage assets of archaeological interest equivalent to a scheduled monument should be given equivalent weight to designated heritage assets.
 - E Where heritage assets have been identified as being At Risk, boroughs should identify specific opportunities for them to contribute to regeneration and place-making, and they should set out strategies for their repair and re-use.
- 9.3.8 Para. 7.1.8 adds 'Where there is evidence of **deliberate neglect** of and/or damage to a heritage asset to help justify a development proposal, the deteriorated state of that asset should not be taken into account when making a decision on a development proposal'.
- 9.3.9 Para 7.1.11 adds 'Developments will be expected to avoid or minimise harm to significant archaeological assets. In some cases, remains can be incorporated into and/or interpreted in new development. The physical assets should, where possible, be made available to the public on-site and opportunities taken to actively present the site's archaeology. Where the

archaeological asset cannot be preserved or managed on-site, appropriate provision must be made for the investigation, understanding, recording, dissemination and archiving of that asset, and must be undertaken by suitably-qualified individuals or organisations.

9.4 Local planning policy

- 9.4.1 Following the Planning and Compulsory Purchase Act 2004, Planning Authorities have replaced their Unitary Development Plans, Local Plans and Supplementary Planning Guidance with a new system of Local Development Frameworks (LDFs). UDP policies are either 'saved' or 'deleted'. In most cases archaeology policies are likely to be 'saved' because there have been no significant changes in legislation or advice at a national level.
- 9.4.2 Policy S25 in the City Plan covers the borough's historic environment and is supported by policies DES 9, 10 and 11 in the Westminster's Unitary Development Plan which was formally approved in January 2007 and sections 'saved' in January 2010 in addition to Policy CM28.1 in the City Plan, formally approved in July 2016.

City of Westminster

POLICY S25 Heritage

Recognising Westminster's wider historic environment, its extensive heritage assets will be conserved, including its listed buildings, conservation areas, Westminster's World Heritage Site, its historic parks including five Royal Parks, squares, gardens and other open spaces, their settings, and its archaeological heritage. Historic and other important buildings should be upgraded sensitively, to improve their environmental performance and make them easily accessible.

POLICY DES 9: CONSERVATION AREAS

Applications for outline planning permission in conservation areas

In the case of outline planning applications within designated conservation areas it may be necessary to require additional details to be produced in order that the physical impact of the proposed development may be fully assessed.

(B) Planning applications involving demolition in conservation areas

1) Buildings identified as of local architectural, historical or topographical interest in adopted conservation area audits will enjoy a general presumption against demolition

2) Development proposals within conservation areas, involving the demolition of unlisted buildings, may be permitted

a) If the building makes either a negative or insignificant contribution to the character or appearance of the area, and/or

b) If the design quality of the proposed development is considered to result in an enhancement of the conservation area's overall character or appearance, having regard to issues of economic viability, including the viability of retaining and repairing the existing building

3) In any such case, there should also be firm and appropriately detailed proposals for the future viable redevelopment of the application site that have been approved and their implementation assured by planning condition or agreement.

(C) Planning application for alteration or extension of unlisted buildings

Planning permission will be granted for proposals which

1) Serve to reinstate missing traditional features, such as doors, windows, shop fronts, front porches and other decorative features

2) Use traditional and, where appropriate, reclaimed or recycled building materials

3) Use prevalent facing, roofing and paving materials, having regard to the content of relevant conservation area audits or other adopted supplementary guidance

4) In locally appropriate situations, use modern or other atypical facing materials or detailing or innovative forms of building design and construction

(D) Conservation area audits

The existence, character and contribution to the local scene of buildings or features of architectural, historical or topographical interest, recognised as such in supplementary planning guidance, such as conservation area audits, will be of relevance to the application of policies DES 4 to DES 7, and DES 10.

(E) Changes of use within conservation areas

Permission will only be granted for development, involving a material change of use, which would serve either to preserve or enhance the character and appearance of the conservation area, bearing in mind the detailed viability of the development.

(F) Setting of conservation areas

Development will not be permitted which, although not wholly or partly located within a designated conservation area, might nevertheless have a visibly adverse effect upon the area's recognised special character or appearance, including intrusiveness with respect to any recognised and recorded familiar local views into, out of, within or across the area.

(G) Restrictions on permitted development in conservation areas

1) In order to give additional protection to the character and appearance of conservation areas, directions may be made under article 4(2) of the Town and Country Planning (General Permitted Development) Order 1995. Types of generally permitted development to which such directions may apply will include:

- a) painting, cladding or rendering of building facades
- b) insertion or replacement of doors and windows
- c) removal or replacement of boundary walls and fences
- d) alteration of roof profiles and replacement of roofing materials.

2) Such added powers of planning control may be applied to designated conservation areas the subject of adopted conservation area audits or to buildings or groups of buildings therein identified as being of architectural, historical or topographical interest.

3) The existence of such directions will be taken into account in the authorisation of development that may itself be made subject to the removal of permitted development rights, in appropriate individual cases.

POLICY DES 10: LISTED BUILDINGS

(A) Applications for planning permission

Applications for development involving the extension or alteration of listed buildings will where relevant need to include full details of means of access, siting, design and external appearance of the proposed development in order to demonstrate that it would respect the listed building's character and appearance and serve to preserve, restore or complement its features of special architectural or historic interest.

(B) Demolition of listed buildings

1) Development involving the total demolition of a listed building (or any building listed by virtue of being within its curtilage) will only be permitted if, where relevant, the following criteria are met:

- a) it is not possible to continue to use the listed building for its existing, previous or original purpose or function, and
- b) every effort has been made to continue the present use or to find another economically viable use and obtain planning permission, with or without physical alteration, and
- c) the historic character or appearance of the main building would be restored or improved by the demolition of curtilage building(s), or
- d) substantial benefits to the community would derive from the nature, form and function of the proposed development, and (in all cases)
- e) demolition would not result in the creation of a long-term cleared site to the detriment of adjacent listed buildings

2) If development is authorised in conformity with any of the above criteria, it may be made subject to a condition, agreement or undertaking that any consequential demolition shall not be carried out until all the relevant details of the proposed development have been approved and a contract has been entered into for its subsequent execution.

(C) Changes of use of listed buildings

Development involving the change of use of a listed building (and any works of alteration associated with it, including external illumination) may be permitted where it would contribute economically towards the restoration, retention or maintenance of the listed building (or group of buildings) without such development adversely affecting the special architectural or historic interest of the building (or its setting) or its spatial or structural integrity.

(D) Setting of listed buildings

Planning permission will not be granted where it would adversely affect:

- a) the immediate or wider setting of a listed building, or
- b) recognised and recorded views of a listed building or a group of listed buildings, or

c) the spatial integrity or historic unity of the curtilage of a listed building.

(E) Theft or removal of architectural items of interest

In order to reduce the risk of theft or removal of architectural items of interest or value from historic buildings during the course of development, the City Council may require additional security arrangements to be made while buildings are empty or during the course of building works.

POLICY DES 11: SCHEDULED ANCIENT MONUMENTS, AREAS

AND SITES OF ARCHAEOLOGICAL PRIORITY AND POTENTIAL

(A) Scheduled Ancient Monuments

Permission for proposals affecting the following Scheduled Ancient Monuments, or their settings, will be granted providing that their archaeological value and interest is preserved:

1) the Chapter House and Pyx Chamber in the

Cloisters, Westminster Abbey

2) the Jewel Tower.

(B) Areas and Sites of Special Archaeological Priority and Potential

Permission will be granted for developments where, in order of priority:

1) all archaeological remains of national importance

are preserved in situ

2) remains of local archaeological value are properly, evaluated and, where practicable, preserved in situ

3) if the preservation of archaeological remains in situ is inappropriate, provision is made for full investigation, recording and an appropriate level of publication by a reputable investigating body.

Policy CM28.1 Basement Development

A. All applications for basement development will:

1. demonstrate that they have taken into account the site-specific ground conditions, drainage and water environment(s) in the area of the development;

2. be accompanied by:

a) A detailed structural methodology statement and appropriate self-certification by a suitably qualified engineer with separate flood risk assessment where required. In cases where the council considers there is a high potential risk that the development will have significant impacts on the matters covered by this policy or where work will affect a particularly significant and/or sensitive heritage asset, the council will have reports independently assessed at the applicant's expense.

b) A signed proforma Appendix A which demonstrates that the applicant will comply with the relevant parts of the council's Code of Construction Practice and awareness of the need to comply with other public and private law requirements governing development of this kind.

3. safeguard the structural stability of the existing building, nearby buildings and other infrastructure including the highway and railway lines/tunnels;

4. not increase or otherwise exacerbate flood risk on the site or beyond;

5. be designed and constructed so as to minimise the impact at construction and occupation stages on neighbouring uses; the amenity of those living or working in the area; on users of the highway; and traffic and highways function; and

6. safeguard significant archaeological deposits.

B. Basement development to:

a) existing residential buildings;

b) buildings originally built for residential purposes where there is a garden and adjoining residential properties where there is potential for an impact on those adjoining properties;

c) non-residential development adjoining residential properties where there is potential for an impact on those adjoining properties; and

d) new build residential incorporating basements adjoining residential properties where there is potential for an impact on those adjoining properties;

will:

1. provide a satisfactory landscaping scheme, incorporating soft landscaping, planting and permeable surfacing as appropriate;

2. not result in the loss of trees of townscape, ecological or amenity value and, where trees are affected, provide an arboricultural report setting out in particular the steps to be taken to protect existing trees;
3. use the most energy efficient means of ventilation, and lighting, involving the lowest carbon emissions. Wherever practicable natural ventilation and lighting should be used where habitable accommodation is being provided;
4. incorporate sustainable urban drainage measures to reduce peak rate of runoff or any other mitigation measures recommended in the structural statement or flood risk assessment;
5. protect the character and appearance of the existing building, garden setting or the surrounding area, ensuring lightwells, plant, vents, skylights and means of escape are sensitively designed and discreetly located;
6. protect heritage assets, and in the case of listed buildings, not unbalance the buildings' original hierarchy of spaces, where this contributes to significance;
7. be protected from sewer flooding through the installation of a suitable pumped device.

C. Basement development to:

- a) existing residential buildings;
- b) buildings originally built for residential purposes where there is a garden and adjoining residential properties where there is potential for an impact on those adjoining properties;
- c) non-residential development adjoining residential properties where there is potential for an impact on those adjoining properties outside Core CAZ, the Opportunity Areas and the Named Streets; and
- d) new build residential incorporating basements adjoining residential properties where there is potential for an impact on those adjoining properties outside Core CAZ, the Opportunity Areas and the Named Streets; will:

1. either:

- a) not extend beneath more than 50% of the garden land; or
 - b) on small sites, where the longest distance between the existing building and any site boundary is less than 8m, the basement may extend up to 4m from the building in that direction. On all other sides of the building, the basement will not extend beneath more than half of any other garden area; and
 - c) leave a margin of undeveloped garden land proportionate to the scale of development and the size of the affected garden around the entire site boundary except beneath the existing building. Where D below applies, the boundary with the highway is excluded from this requirement.
2. provide a minimum of 1m soil depth (plus minimum 200mm drainage layer) and adequate overall soil volume above the top cover of the basement;
 3. not involve the excavation of more than one storey below the lowest original floor level, unless the following exceptional circumstances have been demonstrated;
 - a) that the proposal relates to a large site with high levels of accessibility such that it can be constructed and used without adverse impact on neighbouring uses or the amenity of neighbouring occupiers; and
 - b) that no heritage assets will be adversely affected.

D. Basement development under the adjacent highway will:

1. retain a minimum vertical depth below the footway or carriageway of 900mm;
2. not encroach more than 1.8m under any part of the adjacent highway; and
3. where extending or strengthening/improving existing basements horizontally under the highway;
 - a) maintain the existing depth below the footway or carriageway to ensure no loss of existing cover level above a vault; and
 - b) will not be permitted where the existing basement already extends 1.8m or more under the highway.

9.4.3 The City of Westminster is currently consulting on a new City Plan which would replace the City's Core Strategy following its adoption. The formal consultation, known as the Regulation 19 stage, has now closed. The council will now review the comments received and the City Plan 2019-2040 will be submitted for examination in the autumn. (City of Westminster 2019). Archaeology and heritage will be covered under the following Policies following the City Plan's adoption.

38. Westminster's heritage

- A. Westminster's heritage assets and their settings will be sustained and their significance enhanced. Harm to heritage assets will be avoided or minimised.
- B. Wherever practicable and appropriate, development will optimise the positive role of the historic environment, including in particular promoting public enjoyment and awareness of the city's heritage.
- C. Historic and other important buildings will be upgraded sensitively, to improve their environmental performance and make them easily accessible by all users, whilst retaining their heritage value.

Westminster World Heritage Site

D. The authenticity and integrity, Outstanding Universal Value and immediate and wider setting of Westminster World Heritage site comprising of the Palace of Westminster and Westminster Abbey, and including St. Margaret's Church will be conserved and enhanced. The wider setting includes the protected silhouette as identified in the Mayor's London View Management Framework and important views across, out of, and towards the World Heritage Site.

Listed Buildings

- E. Listed buildings and their settings will be conserved. Proposals for their viable use that helps restore, retain and maintain these important heritage assets will be welcomed.
- F. Demolition of listed buildings will only be considered in exceptional circumstances. The demolition of curtilage buildings will be considered where they restore or improve the historic character of the main building.

Conservation Areas

- G. Development will conserve or enhance the character, distinctiveness and appearance of conservation areas and their settings and will conserve and retain features that contribute positively to the significance of the conservation area.
- H. Unlisted buildings that make a positive contribution to a conservation area will be conserved. Buildings that detract from the significance of a conservation area may be replaced where this improves appearance and environmental performance.

Archaeology

- I. Scheduled Ancient Monuments and their settings will be conserved.
- J. Applicants for development which involves excavation or ground works in Westminster's archaeological priority areas or other areas suspected of having archaeological potential will demonstrate that they have properly evaluated the archaeological potential and significance of the site and assessed and planned for any archaeological implications of proposals.

Historic Parks and Gardens

- K. Proposals affecting historic parks and gardens will safeguard their conservation values, appearance and wider setting and preserve their historic integrity.

Non-Designated Heritage Assets

- L. The effect of development on the significance of non-designated heritage assets will be taken into account. A balanced judgement will be made regarding the scale of any harm or loss of the heritage asset and the benefit of the proposed development.

10 Determining significance

10.1.1 'Significance' lies in the value of a heritage asset to this and future generations because of its heritage interest, which may be archaeological, architectural, artistic or historic. Archaeological interest includes an interest in carrying out an expert investigation at some point in the future into the evidence a heritage asset may hold of past human activity, and may apply to standing buildings or structures as well as buried remains. Known and potential heritage assets within the site and its vicinity have been identified from national and local designations, HER data and expert opinion. The determination of the significance of these assets is based on statutory designation and/or professional judgement against four values (EH 2008):

- *Evidential value*: the potential of the physical remains to yield evidence of past human activity. This might take into account date; rarity; state of preservation; diversity/complexity; contribution to published priorities; supporting documentation; collective value and comparative potential.
- *Aesthetic value*: this derives from the ways in which people draw sensory and intellectual stimulation from the heritage asset, taking into account what other people have said or written;
- *Historical value*: the ways in which past people, events and aspects of life can be connected through heritage asset to the present, such a connection often being illustrative or associative;
- *Communal value*: this derives from the meanings of a heritage asset for the people who know about it, or for whom it figures in their collective experience or memory; communal values are closely bound up with historical, particularly associative, and aesthetic values, along with and educational, social or economic values.

10.1.2 Consultation on draft revisions to the original *Conservation Principles* document which set out the four values was open from November 2017 until February 2018. The revisions aim to make them more closely aligned with the terms used in the NPPF (which are also used in designation and planning legislation): i.e. as archaeological, architectural, artistic and historic interest. This is in the interests of consistency, and to support the use of the Conservation Principles in more technical decision-making (HE 2017).

10.1.3 Table 2 gives examples of the significance of designated and non-designated heritage assets.

Table 2: Significance of heritage assets

Heritage asset description	Significance
World heritage sites Scheduled monuments Grade I and II* listed buildings Historic England Grade I and II* registered parks and gardens Protected Wrecks Heritage assets of national importance	Very high (International/ national)
Historic England Grade II registered parks and gardens Conservation areas Designated historic battlefields Grade II listed buildings Burial grounds Protected heritage landscapes (e.g. ancient woodland or historic hedgerows) Heritage assets of regional or county importance	High (national/ regional/ county)
Heritage assets with a district value or interest for education or cultural appreciation Locally listed buildings	Medium (District)
Heritage assets with a local (i.e. parish) value or interest for education or cultural appreciation	Low (Local)
Historic environment resource with no significant value or interest	Negligible
Heritage assets that have a clear potential, but for which current knowledge is insufficient to allow significance to be determined	Uncertain

10.1.4 Unless the nature and exact extent of buried archaeological remains within any given area has been determined through prior investigation, significance is often uncertain.

11 Non-archaeological constraints

- 11.1.1 It is anticipated that live services will be present on the site, the locations of which have not been identified by this archaeological report. Other than this, no other non-archaeological constraints to any archaeological fieldwork have been identified within the site.
- 11.1.2 Note: the purpose of this section is to highlight to decision makers any relevant non-archaeological constraints identified during the study, that might affect future archaeological field investigation on the site (should this be recommended). The information has been assembled using only those sources as identified in section 2 and section 13.4, in order to assist forward planning for the project designs, working schemes of investigation and risk assessments that would be needed prior to any such field work. MOLA has used its best endeavours to ensure that the sources used are appropriate for this task but has not independently verified any details. Under the Health & Safety at Work Act 1974 and subsequent regulations, all organisations are required to protect their employees as far as is reasonably practicable by addressing health and safety risks. The contents of this section are intended only to support organisations operating on this site in fulfilling this obligation and do not comprise a comprehensive risk assessment.

12 Glossary

<i>Alluvium</i>	Sediment laid down by a river. Can range from sands and gravels deposited by fast flowing water and clays that settle out of suspension during overbank flooding. Other deposits found on a valley floor are usually included in the term alluvium (e.g. peat).
<i>Archaeological Priority Area/Zone</i>	Areas of archaeological priority, significance, potential or other title, often designated by the local authority.
<i>Brickearth</i>	A fine-grained silt believed to have accumulated by a mixture of processes (e.g. wind, slope and freeze-thaw) mostly since the Last Glacial Maximum around 17,000BP.
<i>B.P.</i>	Before Present, conventionally taken to be 1950
<i>Bronze Age</i>	2,000–600 BC
<i>Building recording</i>	Recording of historic buildings (by a competent archaeological organisation) is undertaken <i>'to document buildings, or parts of buildings, which may be lost as a result of demolition, alteration or neglect'</i> , amongst other reasons. Four levels of recording are defined by Royal Commission on the Historical Monuments of England (RCHME) and Historic England. Level 1 (basic visual record); Level 2 (descriptive record), Level 3 (analytical record), and Level 4 (comprehensive analytical record)
<i>Built heritage</i>	Upstanding structure of historic interest.
<i>Colluvium</i>	A natural deposit accumulated through the action of rainwash or gravity at the base of a slope.
<i>Conservation area</i>	An area of special architectural or historic interest the character or appearance of which it is desirable to preserve or enhance. Designation by the local authority often includes controls over the demolition of buildings; strengthened controls over minor development; and special provision for the protection of trees.
<i>Cropmarks</i>	Marks visible from the air in growing crops, caused by moisture variation due to subsurface features of possible archaeological origin (i.e. ditches or buried walls).
<i>Cut-and-cover [trench]</i>	Method of construction in which a trench is excavated down from existing ground level and which is subsequently covered over and/or backfilled.
<i>Cut feature</i>	Archaeological feature such as a pit, ditch or well, which has been cut into the then-existing ground surface.
<i>Devensian</i>	The most recent cold stage (glacial) of the Pleistocene. Spanning the period from c 70,000 years ago until the start of the Holocene (10,000 years ago). Climate fluctuated within the Devensian, as it did in other glacials and interglacials. It is associated with the demise of the Neanderthals and the expansion of modern humans.
<i>Early medieval</i>	AD 410–1066. Also referred to as the Saxon period.
<i>Evaluation (archaeological)</i>	A limited programme of non-intrusive and/or intrusive fieldwork which determines the presence or absence of archaeological features, structures, deposits, artefacts or ecofacts within a specified area.
<i>Excavation (archaeological)</i>	A programme of controlled, intrusive fieldwork with defined research objectives which examines, records and interprets archaeological remains, retrieves artefacts, ecofacts and other remains within a specified area. The records made and objects gathered are studied and the results published in detail appropriate to the project design.
<i>Findspot</i>	Chance find/antiquarian discovery of artefact. The artefact has no known context, is either residual or indicates an area of archaeological activity.
<i>Geotechnical</i>	Ground investigation, typically in the form of boreholes and/or trial/test pits, carried out for engineering purposes to determine the nature of the subsurface deposits.
<i>Head</i>	Weathered/soliflucted periglacial deposit (i.e. moved downslope through natural processes).
<i>Heritage asset</i>	A building, monument, site, place, area or landscape positively identified as having a degree of significance meriting consideration in planning decisions. Heritage assets are the valued components of the historic environment. They include designated heritage assets and assets identified by the local planning authority (including local listing).
<i>Historic environment assessment</i>	A written document whose purpose is to determine, as far as is reasonably possible from existing records, the nature of the historic environment resource/heritage assets within a specified area.
<i>Historic Environment Record (HER)</i>	Archaeological and built heritage database held and maintained by the County authority. Previously known as the Sites and Monuments Record
<i>Holocene</i>	The most recent epoch (part) of the Quaternary, covering the past 10,000 years during which time a warm interglacial climate has existed. Also referred to as the 'Postglacial' and (in Britain) as the 'Flandrian'.
<i>Iron Age</i>	600 BC–AD 43

<i>Later medieval</i>	AD 1066 – 1500
<i>Last Glacial Maximum</i>	Characterised by the expansion of the last ice sheet to affect the British Isles (around 18,000 years ago), which at its maximum extent covered over two-thirds of the present land area of the country.
<i>Locally listed building</i>	A structure of local architectural and/or historical interest. These are structures that are not included in the Secretary of State's Listing but are considered by the local authority to have architectural and/or historical merit
<i>Listed building</i>	A structure of architectural and/or historical interest. These are included on the Secretary of State's list, which affords statutory protection. These are subdivided into Grades I, II* and II (in descending importance).
<i>Made Ground</i>	Artificial deposit. An archaeologist would differentiate between modern made ground, containing identifiably modern inclusion such as concrete (but not brick or tile), and undated made ground, which may potentially contain deposits of archaeological interest.
<i>Mesolithic</i>	12,000 – 4,000 BC
<i>National Record for the Historic Environment (NRHE)</i>	National database of archaeological sites, finds and events as maintained by Historic England in Swindon. Generally not as comprehensive as the country HER.
<i>Neolithic</i>	4,000 – 2,000 BC
<i>Ordnance Datum (OD)</i>	A vertical datum used by Ordnance Survey as the basis for deriving altitudes on maps.
<i>Palaeo-environmental</i>	Related to past environments, i.e. during the prehistoric and later periods. Such remains can be of archaeological interest, and often consist of organic remains such as pollen and plant macro fossils which can be used to reconstruct the past environment.
<i>Palaeolithic</i>	700,000–12,000 BC
<i>Palaeochannel</i>	A former/ancient watercourse
<i>Peat</i>	A build-up of organic material in waterlogged areas, producing marshes, fens, mires, blanket and raised bogs. Accumulation is due to inhibited decay in anaerobic conditions.
<i>Pleistocene</i>	Geological period pre-dating the Holocene.
<i>Post-medieval</i>	AD 1500–present
<i>Preservation by record</i>	Archaeological mitigation strategy where archaeological remains are fully excavated and recorded archaeologically and the results published. For remains of lesser significance, preservation by record might comprise an archaeological watching brief.
<i>Preservation in situ</i>	Archaeological mitigation strategy where nationally important (whether Scheduled or not) archaeological remains are preserved <i>in situ</i> for future generations, typically through modifications to design proposals to avoid damage or destruction of such remains.
<i>Registered Historic Parks and Gardens</i>	A site may lie within or contain a registered historic park or garden. The register of these in England is compiled and maintained by Historic England.
<i>Residual</i>	When used to describe archaeological artefacts, this means not <i>in situ</i> , i.e. Found outside the context in which it was originally deposited.
<i>Roman</i>	AD 43–410
<i>Scheduled Monument</i>	An ancient monument or archaeological deposits designated by the Secretary of State as a 'Scheduled Ancient Monument' and protected under the Ancient Monuments Act.
<i>Site</i>	The area of proposed development
<i>Site codes</i>	Unique identifying codes allocated to archaeological fieldwork sites, e.g. evaluation, excavation, or watching brief sites.
<i>Study area</i>	Defined area surrounding the proposed development in which archaeological data is collected and analysed in order to set the site into its archaeological and historical context.
<i>Solifluction, Soliflucted</i>	Creeping of soil down a slope during periods of freeze and thaw in periglacial environments. Such material can seal and protect earlier landsurfaces and archaeological deposits which might otherwise not survive later erosion.
<i>Stratigraphy</i>	A term used to define a sequence of visually distinct horizontal layers (strata), one above another, which form the material remains of past cultures.
<i>Truncate</i>	Partially or wholly remove. In archaeological terms remains may have been truncated by previous construction activity.
<i>Watching brief (archaeological)</i>	A formal programme of observation and investigation conducted during any operation carried out for non-archaeological reasons.

13 Bibliography

13.1 Published and documentary sources

- AKTII, 2016 *3981 Queensway Parade: Stage 2 Report*, client report
- ClfA [Chartered Institute for Archaeologists] Dec 2014a, *Standards and guidance for commissioning work or providing consultancy advice on archaeology and the historic environment*, Reading.
- ClfA [Chartered Institute for Archaeologists] Dec 2014b, *Standards and guidance for historic environment desk-based assessment*, Reading
- Cowie R and Blackmore L, 2008 *Early and Middle Saxon rural settlement in the London region*. MoLAS monograph 41. London: Museum of London Archaeology Service
- DCLG [Department of Communities and Local Government], March 2012 *National Planning Policy Framework*
- DCLG [Department of Communities and Local Government], March 2014 *Conserving and Enhancing the Historic Environment: Planning Practice Guide*
- EH [English Heritage], 2008 *Conservation principles, policies and guidance*. Swindon
- EH [English Heritage], 2015, *The setting of heritage assets*. Historic Environment Good Practice Advice in Planning Note 3.
- GLA [Greater London Authority], March 2016 *The London Plan. Spatial Development Strategy for Greater London*.
- GLAAS [Greater London Archaeology Advisory Service], 2015 *Guidelines for Archaeological Projects in Greater London*.
- Humphery-Smith C, 1984 *The Phillimore Atlas and Index of Parish Registers*.
- London Topographical Society, 2005 *The London County Council Bomb Damage Maps, 1939–1945*.
- Margary ID, 1967 *Roman Roads in Britain*. London: John Barker.
- MoLAS [Museum of London Archaeology Service], 2000 *The archaeology of Greater London: an assessment of archaeological evidence for human presence in the area covered by modern Greater London*. London
- Victoria County History (VCH) 1989 *A History of the County of Middlesex Volume ix*.
- Weinreb B Hibbert C, Keay J, Keay J (eds), 2008 *The London encyclopaedia*. Macmillan. London

13.2 Other Sources

British Geological Survey online historic geology borehole data and digital drift and solid geology data

Greater London Historic Environment Record

Groundsure historic Ordnance Survey mapping

Historic England designation data

Westminster City Archives

13.3 Cartographic sources

- Braisal, 1742 map of the land in Paddington in the county of Middlesex belonging to St John Frederick (Westminster City Archives)
- Gutch 1828 'Plan of Paddington Parish', The British Library, shelf Mark: Maps.Crace.XIV
- Lucas, 1847 'Plan of Paddington Parish; Westminster City Archives
- Rocque, 1746 'Exact Survey of the City of London Westminster and Southwark and the Country 10 Miles Round', reproduced in Margary, H, 1971 *'Exact Survey of the City of London Westminster and Southwark and the Country 10 Miles Round' by John Rocque, 1766*, Margary in assoc Guildhall Library, Kent
- Stanford, 1862 'Stanford's Library Map of London', reproduced in Margary, H, 1980, *'Stanford's Library Map of London' 1862*, Margary in assoc Guildhall Library, Kent

Ordnance Survey maps

Ordnance Survey 1st edition 5ft: mile map (1872)

Ordnance Survey 1:1250 scale maps (1953, 1959–1962)

Engineering/Architects drawings

Plowman Craven:

Basement Survey drwg no. 35799F-01, issue A, 25-04-16).

Foster & Partners

Plan of proposed ground floor, dwg. no. A-P-031-00-001_PL, rev. 01, date 28/08/2019

Plan of proposed basement floor, dwg. no. A-P-031-B1-00-001, rev. 01, date 28/08/2019

North facing sections, 1-1 and 2-2, dwg. no. A-P-053-xx-001, rev. 01, date 28/08/2019)

North facing section 3-3 and west facing section, 4-4, dwg. no. A-P-053-xx-002, rev. 01, date 28/08/2019)

13.4 Available site survey information checklist

Information from client	Available	Format	Obtained
Plan of existing site services (overhead/buried)	not known	-	-
Levelled site survey as existing (ground and buildings)	Y (no basement survey)	Pdf	Y
Contamination survey data ground and buildings (inc. asbestos)	N	-	N
Geotechnical report	N	-	N
Envirocheck report	N	-	N
Information obtained from non-client source	Carried out	Internal inspection of buildings	
Site inspection	Y	N	

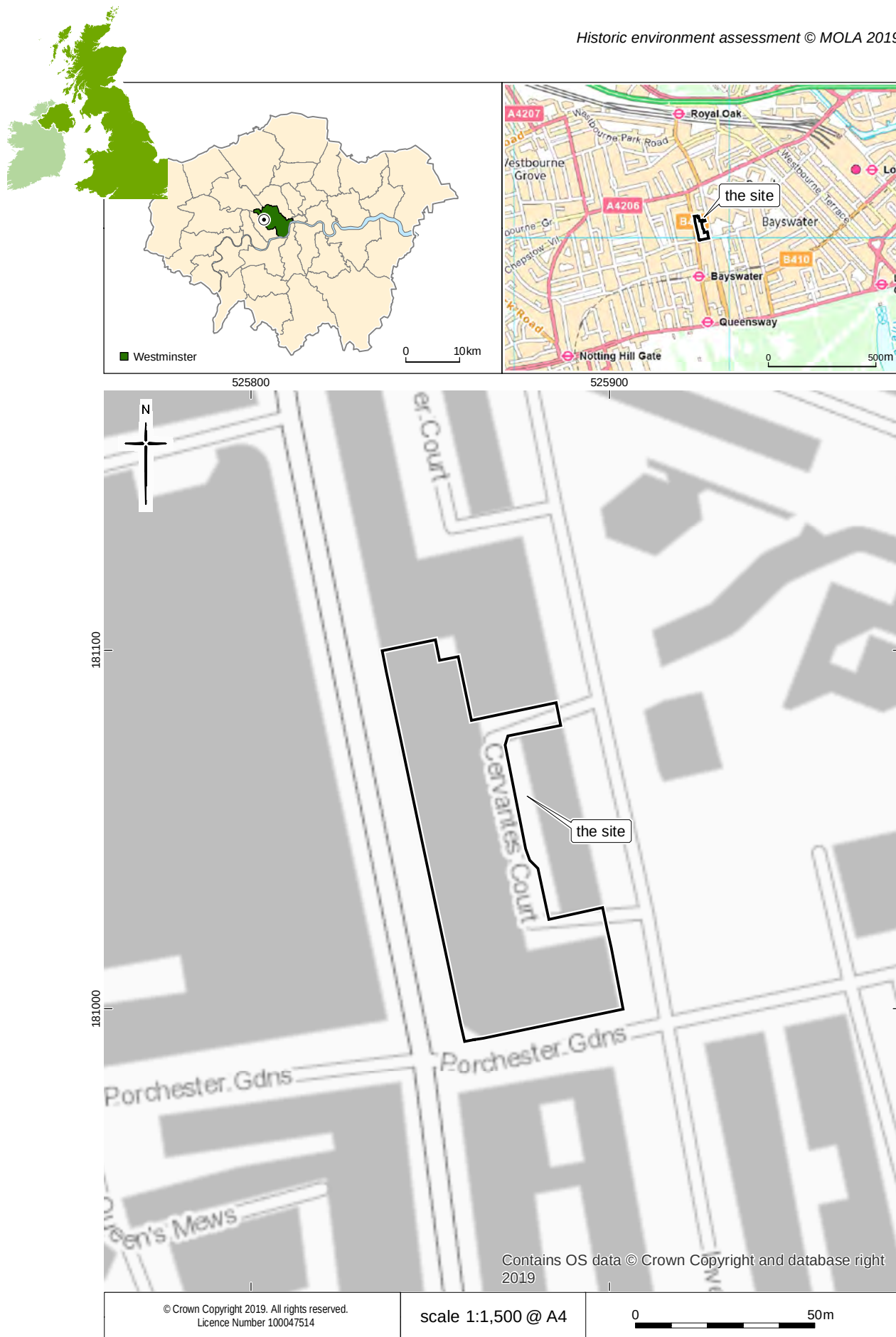


Fig 1 Site location



Fig 2 Historic environment features map

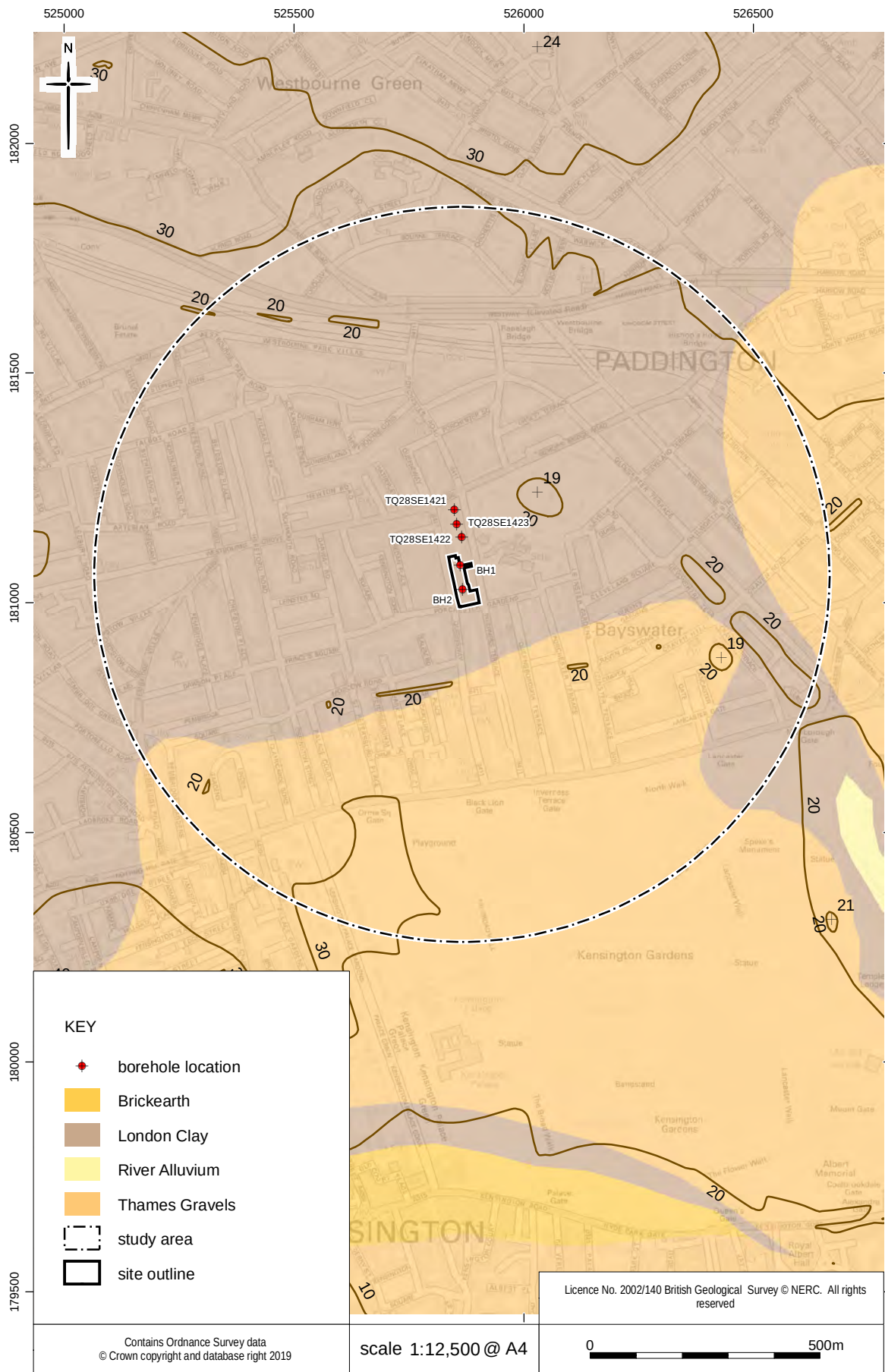


Fig 3 Geology map showing borehole locations (British Geological Survey digital data with Ordnance Survey contour data (10m intervals))



Fig 4 Braisal's 1742 map of the land in Paddington in the county of Middlesex belonging to St John Frederick



Fig 5 Rocque's map of 1746



Fig 6 Greenwood's map of 1824



Fig 7 Gutch's 1828 Plan of Paddington Parish
(© The British Library Board, Shelf Mark:Maps. Crace. XIV)

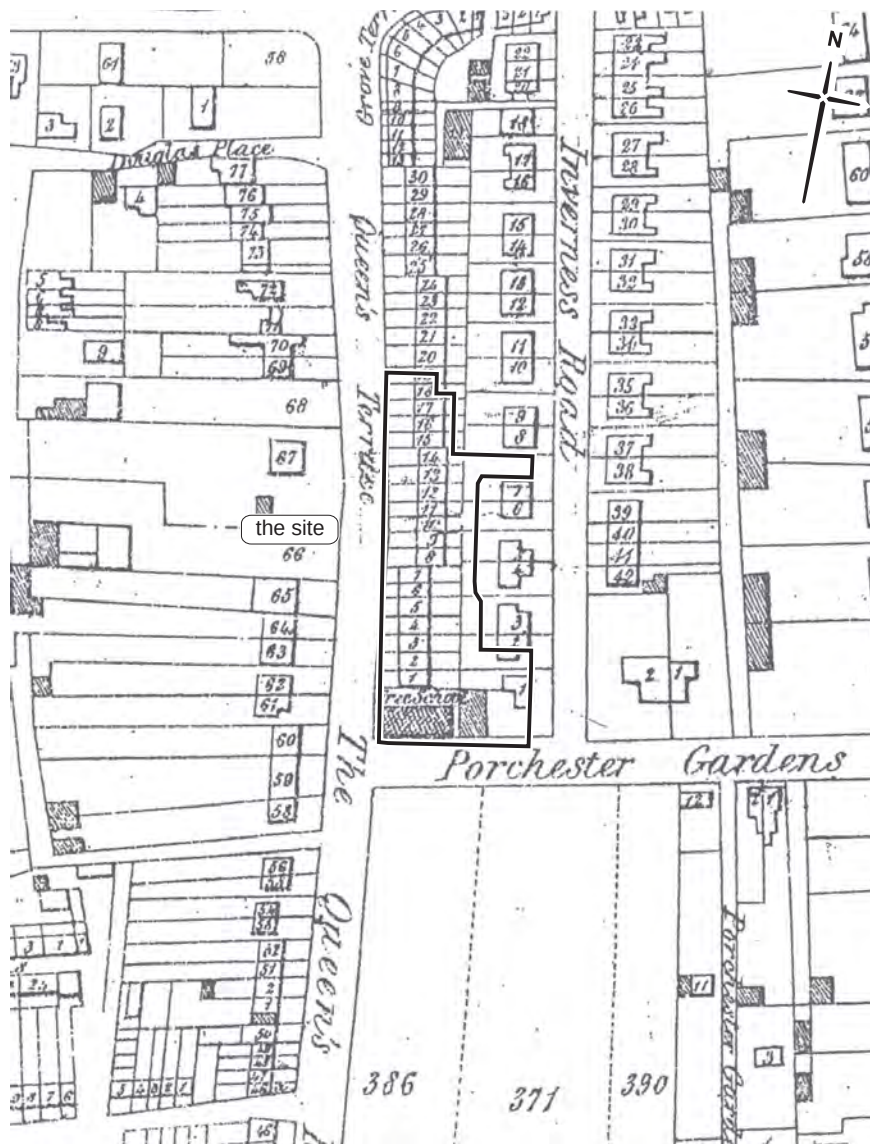


Fig 8 Lucas's 1847 plan of Paddington Parish (Westminster City Archives)



Fig 9 Ordnance Survey 1st edition 5ft. mile map of 1872 (not to scale)

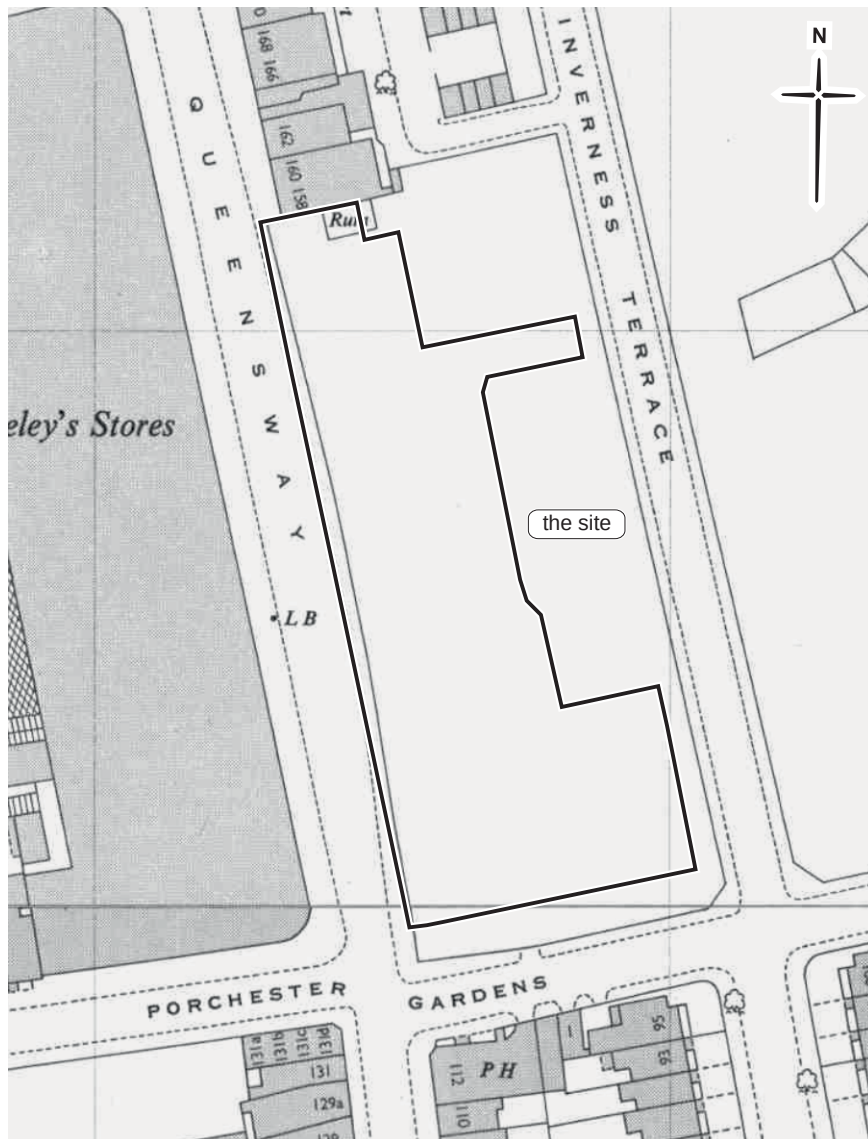




Fig 12 Photograph of site, looking south-east (MOLA 2017)



Fig 13 Photograph of site, with Grade II listed Whitleys building, looking north-west (MOLA 2017)



Fig 14 Photograph of site taken from Cervantes Court, looking north-west (MOLA 2017)



Fig 15 Photograph of site, looking south-west (MOLA 2017)

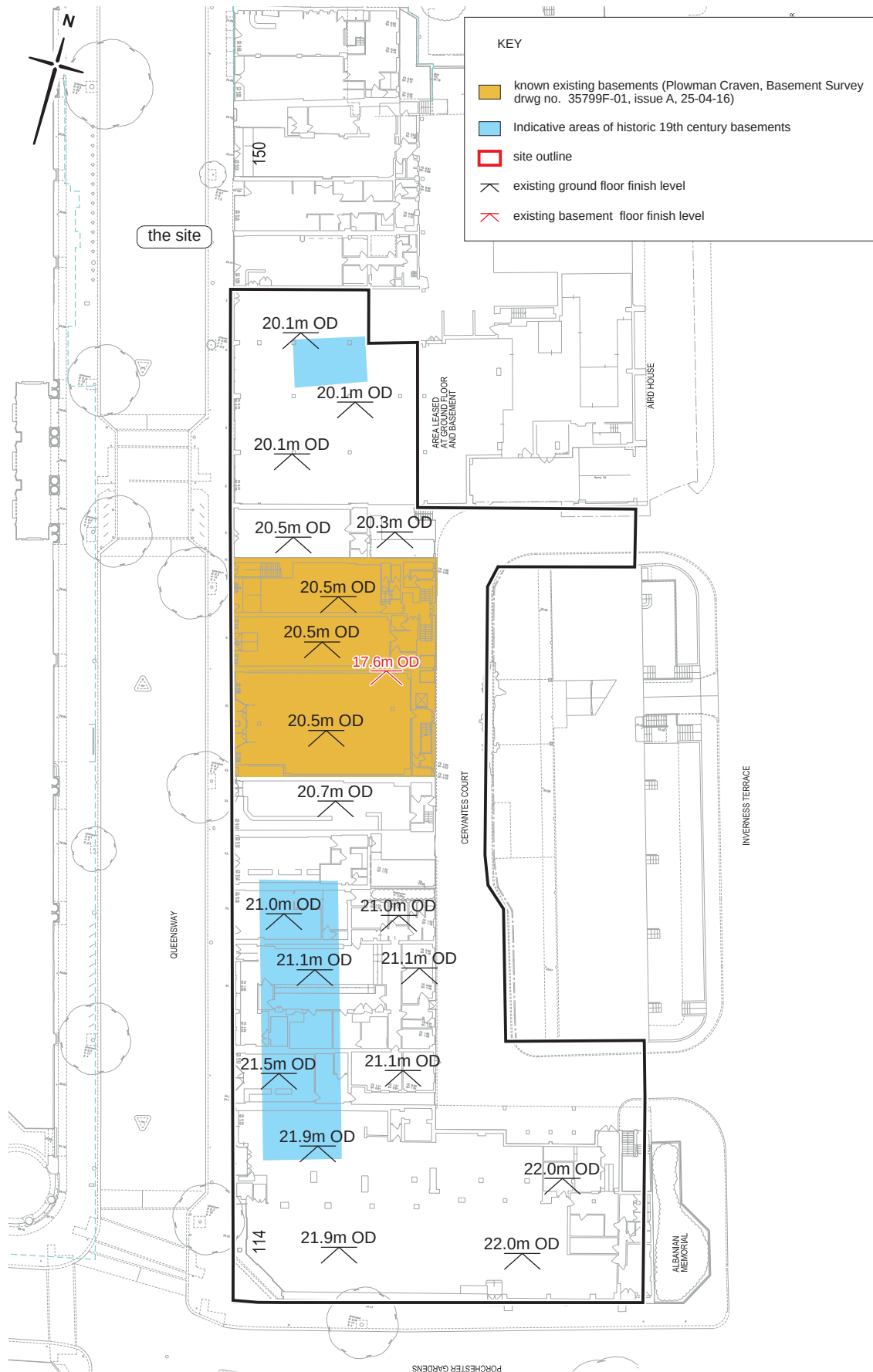


Fig 16 Existing site plan showing current basement and indicative areas of historic basements (msa survey, topographical survey drwg no. 4197-QP-G); (Plowman Craven, Basement Survey drwg no. 35799F-01, issue A, 25-04-16).

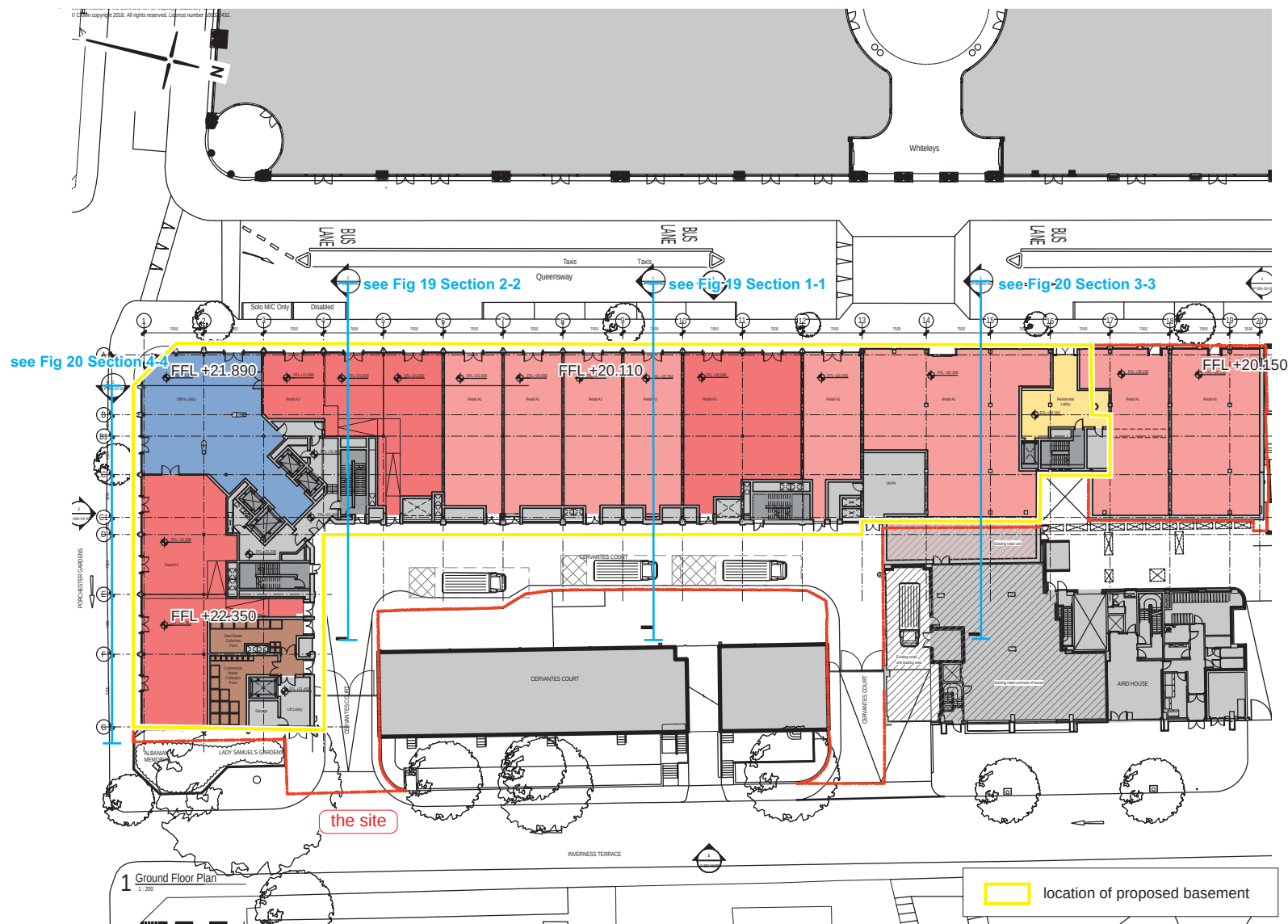
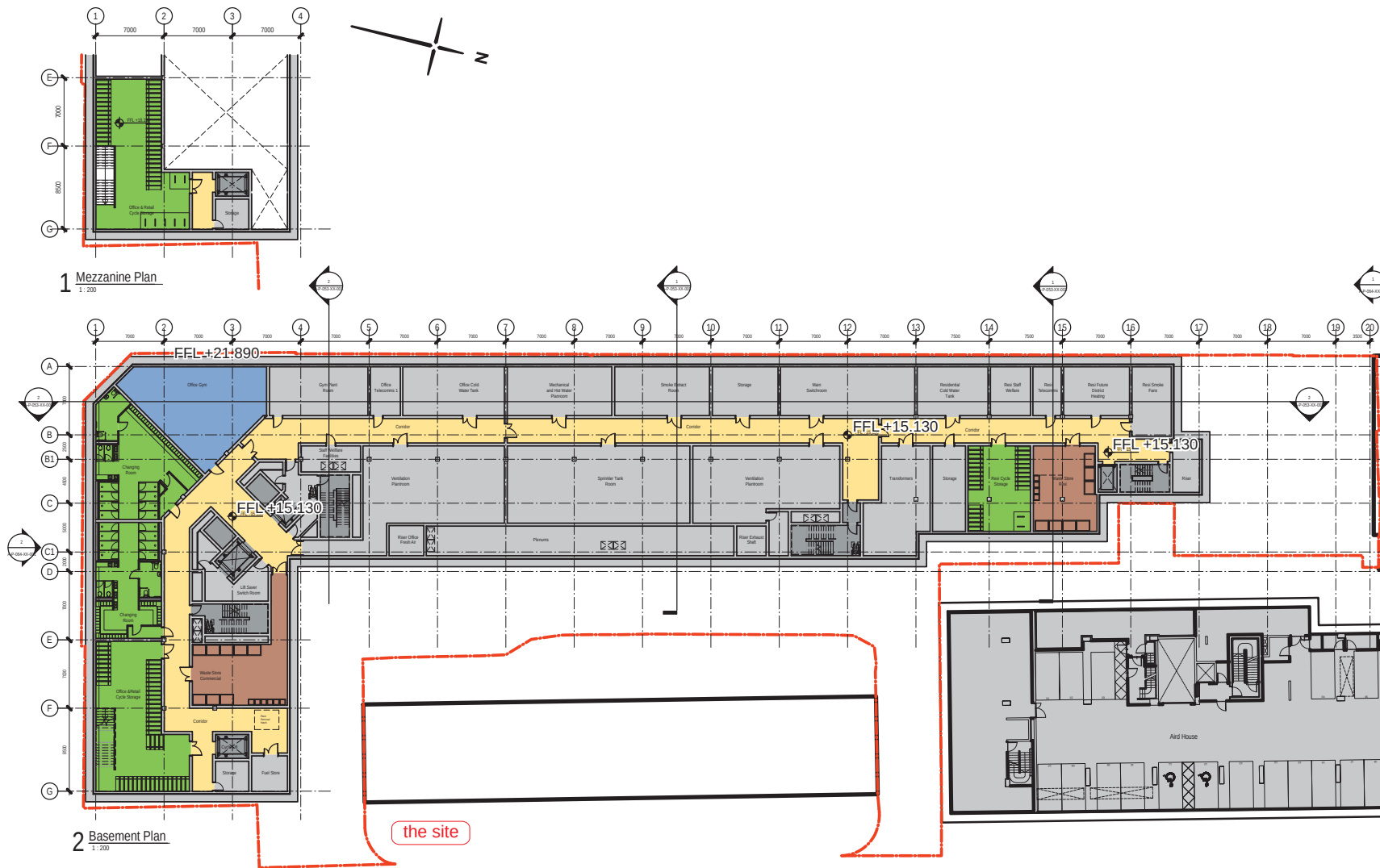
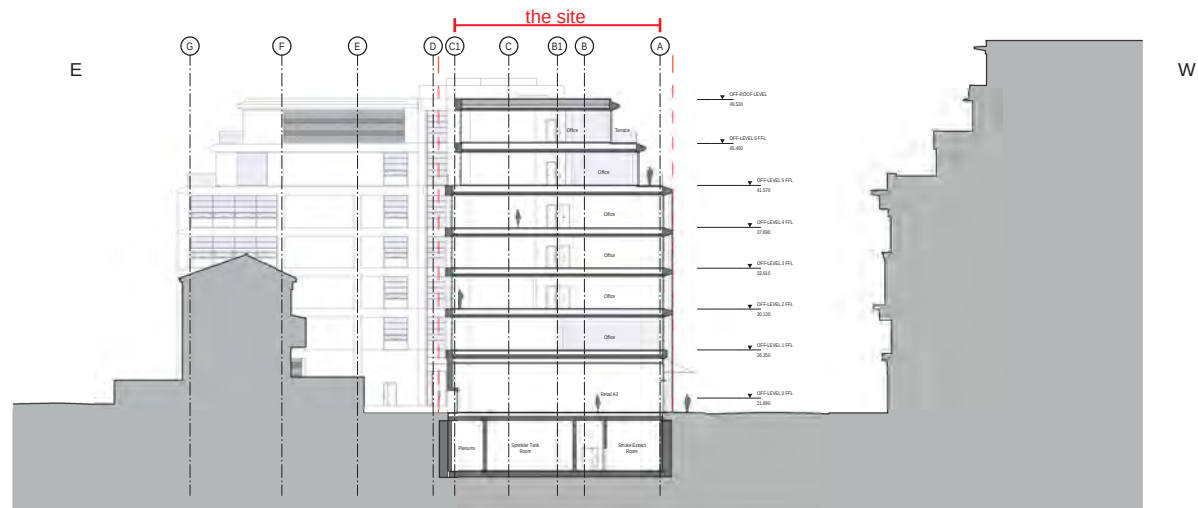


Fig 17 Plan of proposed ground floor, showing proposed floor levels (Foster & Partners, dwg. no. A-P-031-00-001_PL, rev. 01, date 28/08/2019)

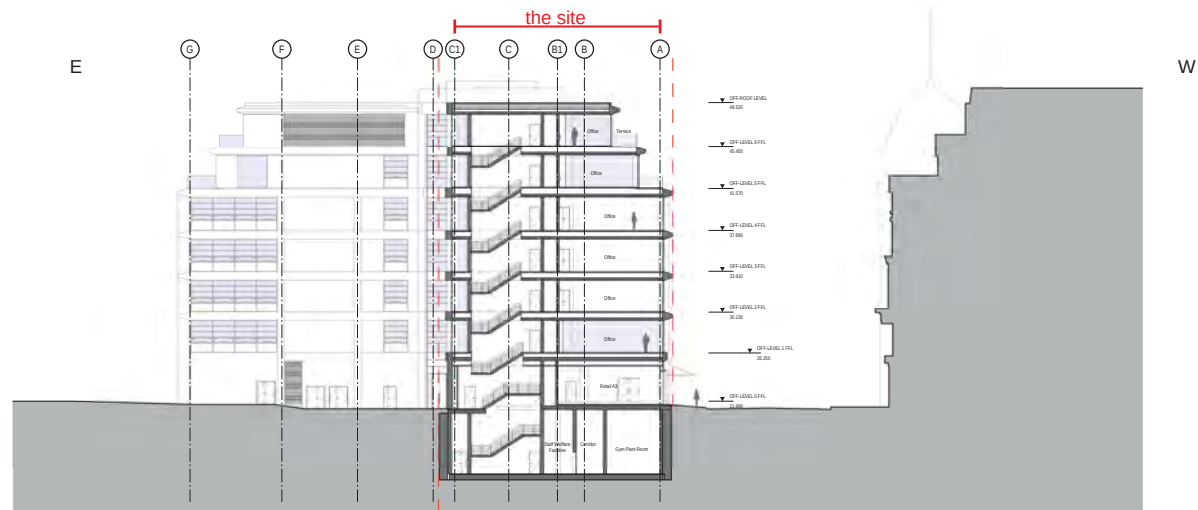


WEST7774HEA19#18

Fig 18 Plan of proposed basement floor, showing proposed floor levels (Foster & Partners, dwg. no. A-P-031-B1-00-001, rev. 01, date 28/08/2019)



1 Office Section 1-1
1:200



2 Office Section 2-2
1:200

Fig 19 North facing sections, 1-1 and 2-2 through the north/south body of the proposed development, showing proposed depth of the basement (Foster & Partners, dwg. no. A-P-053-xx-001, rev. 01, date 28/08/2019)

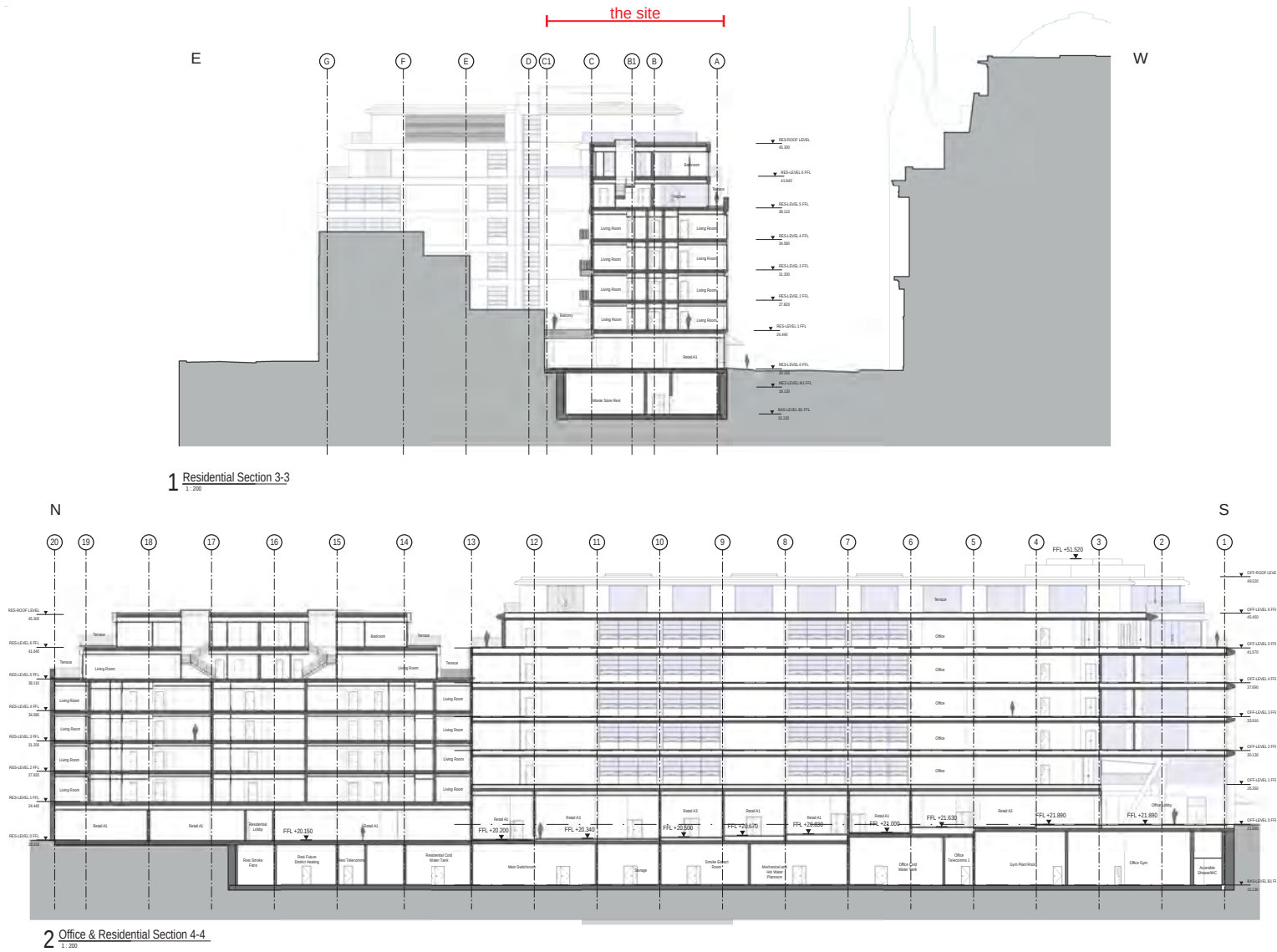


Fig 20 North facing section 3-3 through the northern end of the proposed building and west facing section, 4-4, showing the proposed depth of the basement (Foster & Partners, dwg. no. A-P-053-xx-002, rev. 01, date 28/08/2019)

Ref	Beds	HRs		wr inc. sc
1	1.01	2	3 LLR	£ 294.00
2	1.02	2	3 LLR	£ 294.00
3	1.03	1	2 LQR	£ 178.00
4	1.04	2	3 LLR	£ 294.00
5	1.05	2	3 LLR	£ 294.00
6	1.06	1	2 LQR	£ 178.00
7	1.07	1	2 LQR	£ 178.00
8	2.03	1	2 LQR	£ 178.00
9	2.05	2	3 LLR	£ 294.00
10	2.06	1	2 LQR	£ 178.00
11	2.07	1	2 LQR	£ 178.00
		16	27	£ 2,538.00
	LQR		12	44%
	LLR		15	56%

London Living Rent

£ 1,148 £ 265
£ 1,275 £ 294

Lancaster Gate

previous £ 2,535
new £ 2,538

Andrew Payne

From: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Sent: 30 July 2021 12:56
To: Andrew Payne
Subject: RE: QWP
Attachments: Queensway Parade - Affordable housing cascade letter 21072021.pdf; Queensway - Vacant Possession note (003).pdf

Hi Andrew,

The applicant has sent us the attached. Our Affordable Housing Manager generally agrees with their assessment of on-site delivery but has asked them to explore the potential for an RP to buy a floor, with three of those units being intermediate and the rest staying as private but managed by the RP. Waiting for applicants response.

Kind Regards

Nathan Barrett

Area Planning Officer - North Team
Place Shaping and Town Planning - Growth, Planning and Housing
Westminster City Council
PO Box 732
Redhill
RH1 9FL
Tel: 078 6603 6771 (Please note new number)
westminster.gov.uk



Thriving Economy | Greener and Cleaner | Vibrant Communities | Smart City

Any views or opinions expressed in this email are those of the sender, and whilst given in good faith, do not necessarily represent a formal decision of the Local Planning Authority unless a statutory application is or has been made and determined in accordance with requisite procedures, planning policies and having had regard to material considerations.

Due to constraints on officer time and the large volume of correspondence received, emails will only be responded to where I deem necessary.

From: Andrew Payne <Andrew.Payne@london.gov.uk>
Sent: 29 July 2021 16:01
To: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Subject: RE: QWP

Hi Nathan

Any update from your end?

Are you keen on meeting with us and the applicant to discuss?

Thanks

Andrew

From: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Sent: 14 July 2021 13:09
To: Andrew Payne <Andrew.Payne@london.gov.uk>
Subject: RE: QWP

Hi Andrew,

After discussing with our Councillors, we have asked the applicant to look at providing affordable on-site with the £4-4.5 mill the GLA have identified. If it can be satisfactorily demonstrated that this cannot be achieved, we will take the PiL. Happy to discuss further.

Kind Regards

Nathan Barrett

Area Planning Officer - North Team
Place Shaping and Town Planning - Growth, Planning and Housing
Westminster City Council
PO Box 732
Redhill
RH1 9FL



Thriving Economy | Greener and Cleaner | Vibrant Communities | Smart City

Any views or opinions expressed in this email are those of the sender, and whilst given in good faith, do not necessarily represent a formal decision of the Local Planning Authority unless a statutory application is or has been made and determined in accordance with requisite procedures, planning policies and having had regard to material considerations.

Due to constraints on officer time and the large volume of correspondence received, emails will only be responded to where I deem necessary.

From: Andrew Payne <Andrew.Payne@london.gov.uk>
Sent: 14 July 2021 12:17
To: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Subject: RE: QWP

Hi Nathan

Any update on this matter from your side?

We need to get back to DS2.

Thanks

Andrew

From: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Sent: 06 July 2021 11:46
To: Andrew Payne <Andrew.Payne@london.gov.uk>
Subject: RE: QWP

No worries. Can do 2 pm Wednesday afternoon?

Kind Regards

Nathan Barrett

Area Planning Officer - North Team

Place Shaping and Town Planning - Growth, Planning and Housing

Westminster City Council

PO Box 732

Redhill

RH1 9FL

Tel: 078 6603 6771 (Please note new number)

westminster.gov.uk



Thriving Economy | Greener and Cleaner | Vibrant Communities | Smart City

Any views or opinions expressed in this email are those of the sender, and whilst given in good faith, do not necessarily represent a formal decision of the Local Planning Authority unless a statutory application is or has been made and determined in accordance with requisite procedures, planning policies and having had regard to material considerations.

Due to constraints on officer time and the large volume of correspondence received, emails will only be responded to where I deem necessary.

From: Andrew Payne <Andrew.Payne@london.gov.uk>
Sent: 06 July 2021 11:45
To: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Subject: RE: QWP

Unfortunately, I have a pre-app from 10-11:30 tomorrow.

From: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>
Sent: 06 July 2021 11:43
To: Andrew Payne <Andrew.Payne@london.gov.uk>
Subject: RE: QWP

Hi Andrew,

Can catch up tomorrow morning. Say 10 am?

Kind Regards
Nathan Barrett
Area Planning Officer - North Team
Place Shaping and Town Planning - Growth, Planning and Housing
Westminster City Council
PO Box 732
Redhill
RH1 9FL
Tel: 078 6603 6771 (Please note new number)
westminster.gov.uk



Thriving Economy | Greener and Cleaner | Vibrant Communities | Smart City

Any views or opinions expressed in this email are those of the sender, and whilst given in good faith, do not necessarily represent a formal decision of the Local Planning Authority unless a statutory application is or has been made and determined in accordance with requisite procedures, planning policies and having had regard to material considerations.
Due to constraints on officer time and the large volume of correspondence received, emails will only be responded to where I deem necessary.

From: Andrew Payne <Andrew.Payne@london.gov.uk>

Sent: 06 July 2021 11:42

To: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>

Subject: RE: QWP

Nathan – I did and was trying to reach you last week to arrange a chat with us via Microsoft Teams. Could you let me know when you'd be available to do so? Thanks, Andrew

From: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>

Sent: 06 July 2021 11:39

To: Andrew Payne <Andrew.Payne@london.gov.uk>

Subject: RE: QWP

Hi Andrew,

Hope you are ell. Did you have a chat with your viability colleagues? The applicant advises that they have agreed something with them?

Kind Regards

Nathan Barrett
Area Planning Officer - North Team
Place Shaping and Town Planning - Growth, Planning and Housing
Westminster City Council
PO Box 732
Redhill
RH1 9FL
Tel: 078 6603 6771 (Please note new number)
westminster.gov.uk



Thriving Economy | Greener and Cleaner | Vibrant Communities | Smart City

Any views or opinions expressed in this email are those of the sender, and whilst given in good faith, do not necessarily represent a formal decision of the Local Planning Authority unless a statutory application is or has been made and determined in accordance with requisite procedures, planning policies and having had regard to material considerations.
Due to constraints on officer time and the large volume of correspondence received, emails will only be responded to where I deem necessary.

From: Andrew Payne <Andrew.Payne@london.gov.uk>

Sent: 01 July 2021 16:09

To: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>

Subject: RE: QWP

Hi Nathan

I am and trust you are well too.

I'm having a quick meeting with my viability colleagues shortly and will get back to you.

Thanks

Andrew

From: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>

Sent: 01 July 2021 11:14

To: Andrew Payne <Andrew.Payne@london.gov.uk>

Subject: FW: QWP

Hi Andrew,

Hope you are well. See below. Are you able to provide an update on where viability discussions have got to?

Kind Regards

Nathan Barrett

Area Planning Officer - North Team

Place Shaping and Town Planning - Growth, Planning and Housing

Westminster City Council

PO Box 732

Redhill

RH1 9FL

Tel: 078 6603 6771 (Please note new number)

westminster.gov.uk



Thriving Economy | Greener and Cleaner | Vibrant Communities | Smart City

Any views or opinions expressed in this email are those of the sender, and whilst given in good faith, do not necessarily represent a formal decision of the Local Planning Authority unless a statutory application is or has been made and determined in accordance with requisite procedures, planning policies and having had regard to material considerations.

Due to constraints on officer time and the large volume of correspondence received, emails will only be responded to where I deem necessary.

From: Laurence Brooker <laurence.brooker@turley.co.uk>

Sent: 01 July 2021 11:07

To: Barrett, Nathan: WCC <nbarrett@westminster.gov.uk>

Subject: QWP

Hi Nathan,

Hope you're well. Just a quick QWP query – have HE responded to consultation? I note that GLAAS part of HE have, but couldn't see any separate comment.

By way of update, you may be aware already but DS2 have been in ongoing discussions with the GLA viability team last week and this week – appears to nearly be resolved but I'm hoping for an update today. Maybe we can catch up quickly tomorrow if I do hear of a conclusion.

Thanks

Laurence

Laurence Brooker

Director

Turley

8th Floor

Lacon House

84 Theobald's Road

London WC1X 8NL

T 020 7851 4010

M 07557 265 698

D 020 7851 5726

We are a CarbonNeutral® certified company.

We are working remotely wherever possible in line with Government guidance. Our co-owners are contactable in the usual ways and we suggest using mobile numbers in the first instance.

We support blended flexible working which means that co-owners will respond to you during their working hours and we appreciate that you will respond during your own working hours.

turley.co.uk

[Twitter](#)

[Linkedin](#)

Think of the environment, please do not print unnecessarily

This e-mail is intended for the above named only, is strictly confidential and may also be legally privileged. If you are not the intended recipient please do not read, print, re-transmit, store or act in reliance on it or any attachments. Instead, please notify the sender and then immediately and permanently delete it. Turley bank account details will not change during the course of an instruction and we will never change our bank account details via email. If you are in any doubt, please do not send funds to us electronically without speaking to a member of our team first to verify our account details. We will not accept liability for any payments into an incorrect bank account. Turley is a trading name of Turley Associates Ltd, registered in England and Wales Registered No 2235387 Registered Office 1 New York Street, Manchester, M1 4HD. Terms and Conditions

Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.

This email has been scanned for viruses and malware, and may have been automatically archived by Mimecast, a leader in email security and cyber resilience. Mimecast integrates email defenses with brand protection, security awareness training, web security, compliance and other essential capabilities. Mimecast helps protect large and small organizations from malicious activity, human error and technology failure; and to lead the movement toward building a more resilient world. To find out more, visit our website.

COVID-19 VACCINATIONS AND TESTING

Testing is the most effective way to control the spread of coronavirus. For information on how to get tested, testing sites, and more visit: www.westminster.gov.uk/covid-19-testing

The COVID-19 vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

In addition to regular testing and getting vaccinated, the most important thing we can all do is remember: Hands, Face, Space, Fresh air.

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.

www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

This message has been scanned for viruses by the Greater London Authority.

Click [here](#) to report this email as spam.

NHS health information and advice about coronavirus can be found at nhs.uk/coronavirus

The GLA stands against racism. Black Lives Matter.

GREATER LONDON AUTHORITY NOTICE:

The information in this email may contain confidential or privileged materials. For more information see <https://www.london.gov.uk/about-us/email-notice/>

COVID-19 VACCINATIONS AND TESTING

Testing is the most effective way to control the spread of coronavirus. For information on how to get tested, testing sites, and more visit: www.westminster.gov.uk/covid-19-testing

The COVID-19 vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

In addition to regular testing and getting vaccinated, the most important thing we can all do is remember: Hands, Face, Space, Fresh air.

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.

www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from

disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

NHS health information and advice about coronavirus can be found at nhs.uk/coronavirus

The GLA stands against racism. Black Lives Matter.

GREATER LONDON AUTHORITY NOTICE:

The information in this email may contain confidential or privileged materials. For more information see <https://www.london.gov.uk/about-us/email-notice/>

COVID-19 VACCINATIONS AND TESTING

Testing is the most effective way to control the spread of coronavirus. For information on how to get tested, testing sites, and more visit: www.westminster.gov.uk/covid-19-testing

The COVID-19 vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

In addition to regular testing and getting vaccinated, the most important thing we can all do is remember: Hands, Face, Space, Fresh air.

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.

www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

NHS health information and advice about coronavirus can be found at nhs.uk/coronavirus

The GLA stands against racism. Black Lives Matter.

GREATER LONDON AUTHORITY NOTICE:

The information in this email may contain confidential or privileged materials. For more information see <https://www.london.gov.uk/about-us/email-notice/>

COVID-19 VACCINATIONS AND TESTING

Testing is the most effective way to control the spread of coronavirus. For information on how to get tested, testing sites, and more visit: www.westminster.gov.uk/covid-19-testing

The COVID-19 vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

In addition to regular testing and getting vaccinated, the most important thing we can all do is remember: Hands, Face, Space, Fresh air.

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.

www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

NHS health information and advice about coronavirus can be found at nhs.uk/coronavirus

The GLA stands against racism. Black Lives Matter.

GREATER LONDON AUTHORITY NOTICE:

The information in this email may contain confidential or privileged materials. For more information see <https://www.london.gov.uk/about-us/email-notice/>

COVID-19 VACCINATIONS AND TESTING

Testing is the most effective way to control the spread of coronavirus. For information on how to get tested, testing sites, and more visit: www.westminster.gov.uk/covid-19-testing

The COVID-19 vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

In addition to regular testing and getting vaccinated, the most important thing we can all do is remember: Hands, Face, Space, Fresh air.

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.
www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.
If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.
You should not disclose the contents to any other person or take copies.

NHS health information and advice about coronavirus can be found at nhs.uk/coronavirus

The GLA stands against racism. Black Lives Matter.

GREATER LONDON AUTHORITY NOTICE:
The information in this email may contain confidential or privileged materials. For more information see <https://www.london.gov.uk/about-us/email-notice/>

COVID-19 VACCINATIONS AND TESTING

Testing is the most effective way to control the spread of coronavirus. For information on how to get tested, testing sites, and more visit: www.westminster.gov.uk/covid-19-testing

The COVID-19 vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

In addition to regular testing and getting vaccinated, the most important thing we can all do is remember: Hands, Face, Space, Fresh air.

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.
www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

From: [Caton Harrison, Isobel: WCC](#)
To: [Sam Miselbach](#)
Cc: [Hemmings, Damian: WCC](#)
Subject: RE: District Heat Networks - City of Westminster
Date: 02 September 2022 12:07:19
Attachments: [image001.png](#)
[image002.jpg](#)
[image003.jpg](#)
[image004.jpg](#)

CAUTION: This email originated from an external address. Do not visit links or open attachments unless you recognise the sender.

Hi Sam,

I'm afraid I'm not personally aware of any existing heat networks in that area, though you are welcome to use the GLA heat map and to reach out to landowners with buildings in the area to discuss their plans and whether there are any privately owned networks that we're not aware of.

Thank you
Best regards,
Isobel

From: Sam Miselbach <Sam.Miselbach@chapmanbdsp.com>
Sent: 02 September 2022 10:08
To: Caton Harrison, Isobel: WCC <icharrison@westminster.gov.uk>
Cc: Hemmings, Damian: WCC <dhemmings@westminster.gov.uk>
Subject: RE: District Heat Networks - City of Westminster

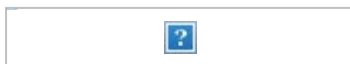
Hi Caton,

Thanks for the response.

The proposed development location is 114-150 Queensway and 97-113 Inverness Terrace in the City of Westminster (postcode W2 6LS).

Kind regards,
Sam

Sam Miselbach
Senior Environmental Consultant



T: [+44 \(0\) 20 7618 4800](tel:+442076184800)
DDI: +44 (0) 20 7618 4886

40 Gracechurch Street, London, EC3V 0BT

Please consider the environment before printing this email

From: Caton Harrison, Isobel: WCC <icharrison@westminster.gov.uk>

Sent: 02 September 2022 09:56

To: Sam Miselbach <Sam.Miselbach@chapmanbdsp.com>

Cc: Hemmings, Damian: WCC <dhemmings@westminster.gov.uk>

Subject: RE: District Heat Networks - City of Westminster

CAUTION: This email originated from an external address. Do not visit links or open attachments unless you recognise the sender.

Hi Sam,

Thanks for your query, I'm responding on Damian's behalf.

I'm afraid that we don't currently have a comprehensive map of district heat networks in Westminster, though we are hoping to develop one. Your current best source on heat networks is the GLA [London Heat Map](#) (select 'Existing Heat Networks'), but this doesn't include information on carbon factors and energy technology etc.

We do operate a number of networks across the city, including the Pimlico District Heating Undertaking and a range of smaller housing networks, so if you can let us know the location of your scheme, we may be able to help if the location is close to any of our networks.

Thank you very much

Best regards,

Isobel

Isobel Caton Harrison
Principal Policy Officer (Environment – Buildings and Energy)
Innovation & Change

Westminster City Council
17th floor
Westminster City Hall
64 Victoria Street
SW1E 6QP
Tel: 07971 092971 (Please note new number)



From: Sam Miselbach <Sam.Miselbach@chapmanbdsp.com>
Sent: 31 August 2022 19:05
To: Hemmings, Damian: WCC <dhemmings@westminster.gov.uk>
Subject: District Heat Networks - City of Westminster

Good Afternoon,

I hope this finds you well.

We are working on a scheme in the City of Westminster and we were enquiring as to whether there are any suitable District Heat Network opportunities that may have capacity for a future connection.

If there are suitable schemes, could you confirm the carbon factor of the network, the breakdown of energy generation technology and outline the future decarbonisation strategy of the available scheme.

If this is not the correct email to contact on, could you outline the best email address for communication with the Westminster Energy Officer.

Kind regards,
Sam

Sam Miselbach
Senior Environmental Consultant



T: [+44 \(0\) 20 7618 4800](tel:+442076184800)
DDI: [+44 \(0\) 20 7618 4886](tel:+442076184886)

40 Gracechurch Street, London, EC3V 0BT



Please consider the environment before printing this email

Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.

This email has been scanned for viruses and malware, and may have been automatically archived by **Mimecast Ltd**, an innovator in Software as a Service (SaaS) for business. Providing a **safer** and **more useful** place for your human generated data. Specializing in; Security, archiving and compliance. To find out more [Click Here](#).

COVID-19 VACCINATIONS

The COVID-19 vaccine is our first line of defence against coronavirus. The vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: https://uk01.z.antigena.com/l/vuWMoLnm-790af8fvd5nns_Z0qQd2oHtCouYjXz8VV0A85mMMLXRZmBwcRjpzjj2C~wkUWsT0rxrOceGvUF0zaBQqZ0Q0gZd46G2T~_jHhJ5V_jM1KZH4KmcbyuJAsY3AtbiaYb6iOob1sHabXgO7kaf3Zytgox~Y0iU7jyXsFG4eUunLa3_xg9tPVbCIM9rE~_s1K

Westminster City Council switchboard: +44 20 7641 6000.

www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

COVID-19 VACCINATIONS

The COVID-19 vaccine is our first line of defence against coronavirus. The vaccine has been proven to be safe and effective at protecting people against serious illness from coronavirus. For information about vaccine centres and how to book your appointment, visit: www.westminster.gov.uk/vaccinations

FREE EARLY EDUCATION AND CHILDCARE

15 hours of free early education and childcare is available for all 3 and 4 year olds for up to 38 weeks per year, with an extended entitlement of 30 hours where

eligible.

Funded early education and childcare places are also available for 2 year olds, with up to 15 hours of free education for those eligible.

Find out more at: <https://bit.ly/wccfis>

Westminster City Council switchboard: +44 20 7641 6000.

www.westminster.gov.uk

This E-Mail may contain information which is privileged, confidential and protected from disclosure.

If you are not the intended recipient of this E-mail or any part of it, please telephone Westminster City Council immediately on receipt.

You should not disclose the contents to any other person or take copies.

Our ref: 20/04934/FULL

Please reply to:

Tel No:

Email:

Nathan Barrett

07866036771

northplanningteam@westminster.gov.uk

Manager - Development & Projects
Greater London Authority
4th Floor - City Hall
The Queen's Walk
London SE1 2AA**Pending Applications**Development Planning
City of Westminster
PO Box 732
Redhill, RH1 9FL

25 August 2020

Dear Mr Wilson

TOWN AND COUNTRY PLANNING ACT 1990
PLANNING (LISTED BUILDINGS & CONSERVATION AREAS) ACT 1990**Address: 114-150 Queensway And 97-113 Inverness Terrace, London, W2 6LS, ,****Proposal: Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class A1 and flexible A1/A3) at ground floor, residential units (Class C3) and Office (class B1) floorspace at upperfloors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.**

The City Council has received an application for planning permission for a development which is described in brief above.

Images of planning application documents can be viewed on the Councils website at:

<http://idoxpa.westminster.gov.uk/online-applications/>**Please use the reference number 20/04934/FULL as the primary search criteria.**

Allow 3 working days from the date of this notification for images of the documents to be made available on the website.

Please submit any comments about this proposal **within 25 days of the date on this notification online through the "Comments" facility**. Please be aware that your comments will be available for view online. If an appeal is lodged, any representations received will be forwarded to the Planning Inspectorate and the appellant.

For your information the name and address of the agent who submitted this application is:

Mr Laurence Brooker
8th Floor, Lacon House, 84 Theobalds Road, LONDON, WC1X 8NL,

If you wish to discuss the details of the amended proposal please contact me on the above phone number or by email.

Yours faithfully

Nathan Barrett

Nathan Barrett

Our ref: 20/04934/FULL

Please reply to:

Tel No:

Email:

Nathan Barrett

07866036771

northplanningteam@westminster.gov.uk

Manager - Development & Projects
Greater London Authority
4th Floor - City Hall
The Queen's Walk
London SE1 2AA**Pending Applications**Development Planning
City of Westminster
PO Box 732
Redhill, RH1 9FL

19 August 2020

Dear Mr Wilson

TOWN AND COUNTRY PLANNING ACT 1990
PLANNING (LISTED BUILDINGS & CONSERVATION AREAS) ACT 1990**Address: 114 - 116 Queensway, London, ,****Proposal: Demolition of 114-150 Queensway and 97-113 Inverness Terrace, and redevelopment to provide two buildings comprising basement, ground and up to six upper floor levels, providing retail use (Class A1 and flexible A1/A3) at ground floor, residential units (Class C3) and Office (class B1) floorspace at upperfloors, with associated amenity space, basement level secure cycle parking, ancillary facilities and plant, with servicing provision to Cervantes Court.**

The City Council has received an application for planning permission for a development which is described in brief above.

Images of planning application documents can be viewed on the Councils website at:

<http://idoxpa.westminster.gov.uk/online-applications/>**Please use the reference number 20/04934/FULL as the primary search criteria.**

Allow 3 working days from the date of this notification for images of the documents to be made available on the website.

Please submit any comments about this proposal **within 25 days of the date on this notification online through the "Comments" facility**. Please be aware that your comments will be available for view online. If an appeal is lodged, any representations received will be forwarded to the Planning Inspectorate and the appellant.

For your information the name and address of the agent who submitted this application is:

Mr Laurence Brooker
8th Floor, Lacon House, 84 Theobalds Road, LONDON, WC1X 8NL,

If you wish to discuss the details of the amended proposal please contact me on the above phone number or by email.

Yours faithfully

Nathan Barrett

Nathan Barrett

Our Ref: JGK/JF07/02C002471

65 Gresham Street
London
EC2V 7NQ

17 March 2021

T: +44 (0)20 7911 2468

Westminster City Council
PO Box 732
Redhill
RH1 9FL

avisonyoung.co.uk



For the attention of Nathan Barrett

Dear Sirs

114 – 150 Queensway and 97 – 113 Inverness Terrace, London W2

We write in response to the letter dated 28th January 2021 from DS2 in relation to our Financial Viability Review of the above property.

This letter update focuses on the areas of difference between us and DS2.

Benchmark Land Value

Existing Retail Market Rent:

We do agree with DS2 that the existing retail presents well and the shops are in a lettable condition. We do not consider that the rental values adopted by the applicant, however, fully reflect the existing state of the retail market.

We have reviewed the leases and evidence and do not consider that the retail units are under rented by 100%.

There is a dearth of comparable retail lettings in the area. The most recent lettings on Queensway are for two restaurants which are located closer to Queensway Station. These lettings both took place in 2020 with Rosas Thai at 38 Queensway now open and trading. Both units were let on tiered rents increasing £5,000 per annum. The analysis breaks back to an average Zone A rate of £189 per sq ft. the units are 1,832 sq ft of which 790 sq ft is basement. These comparables are in a superior position and need adjusting when applied to the subject property.

With limited evidence available on Queensway we have also looked at nearby locations including:

- Bishops Bridge Road
- Westbourne Grove
- Notting Hill Gate

We are aware of the following recent evidence from Notting Hill Gate:

Date	Address / Location	Area (Sq ft)	Tenant	Rent psf (Zone A)	Comment
Under offer	88 Notting Hill Gate, London, W11 3HP	3,218 sf (1,036 ground, 1,198 basement, 984 1st)	Chik'n Ltd	£120,000 pa (£165psf ZA) £37.30 psf overall	A retail unit in a shell condition with use as a restaurant or takeaway. Let on a new 15 year lease with a break in year 10 and a 6 month rent free period, plus a capital contribution of

					£50,000. This property is situated on the north side of Notting Hill Gate.
Available	64 Notting Hill Gate, London, W11 3HT	2,534 sf (1,070 sf ground, 1,464 sf basement)	Vacant	Quoting £110,000 pa (£185 psf ZA) £43.40 psf overall	A retail unit over ground floor and basement with use as a restaurant. The unit was previously occupied by Starbucks.
March 2020	10 Notting Hill Gate, London, W11 3JE	1,346 sf (ground 801 sf, basement 545 sf)	Gourmet House	£52,500 pa (£115 psf ZA) £39.00 psf overall	A retail unit over ground floor and basement previous occupied by a hairdresser. Let on a new 15 year lease with 5 months' rent free. This property is situated on the north side of Notting Hill Gate.
February 2020	24A Notting Hill Gate, W11 3JE	1,065 sf (514 sf ground, 551 sf basement)	Unknown	£45,000 pa (£119 psf ZA) £42.25 psf overall	A retail unit over ground floor and basement previously occupied as an off licence. Let on a new 10 year lease. This property is situated on the north side of Notting Hill Gate.
December 2019	133 Notting Hill Gate, London W113LB	1,676 sf (ground 1,044 sf basement 632 sf)	Café 168	£82,500 (£128 psf ZA) £49.22 psf overall	A retail unit over ground floor and basement. Let on a new lease for a term of 10 years with 5 months' rent free. This property is located on the south side of Notting Hill Gate.

This shows a tone of retail rents in Notting Hill Gate of £115 to £165 Zone A achieved in the last 12 months. We have discussed with our Retail Agents how this location compares to Queensway and they consider Queensway to be marginally better and would achieve slightly higher Zone A rents in comparison to Notting Hill Gate. With limited additional useful information we have relied therefore on this evidence to help ascertain the rents that would be achieved at the subject property on larger units.

It should be noted that retail agent stress that rents are moving away from a Zoned basis of analysis and are more reflective of what a tenant could afford to pay in a particular unit size and location. There is also sentiment in the market that retail rents may soon be based on turnover although the practicalities need to be considered (for example how are internet sales are captured / treated). This would have additional implications for valuing retail spaces as turnover would need to be established for the landlords share so it can be being capitalised and sold.

Most of the evidence available precedes the pandemic. It therefore does not reflect the changes to retail rents that have yet to work through into the market, particularly as we remain in lockdown.

Based on this limited information we have revised our opinion of Market Rent as follows:

Unit	Tenant	Opinion of Market Rent per annum	Explanation
114	Boots The Chemist	£297,425 (£33.91 per sq ft overall)	Based on the passing rent at Tesco (plus 5% for return frontage). Large unit likely to be considered by an occupier on an overall basis.
116	EE	£77,280 (£105.43 per sq ft overall)	Reflects £140 Zone A. Slight premium on letting at 133 Notting Hill Gate.
118/120	The Post Office	£148,200 (£49.29 per sq ft overall)	Reflects £100 Zone A. Large unit of 3,007 sq ft so will require a discount for quantum. Likely to be viewed on an overall basis going forward.
122	Great Gifts and Souvenirs Ltd	£75,040 (£104.37 per sq ft overall)	Reflects £140 Zone A. Slight premium on letting at 133 Notting Hill Gate.
124	Hutchinson 3G UK Limited	£80,080 (£95.33 per sq ft overall)	Reflects £140 Zone A. Slight premium on letting at 133 Notting Hill Gate.
126	CEX (Franchising) Ltd	£84,630 (£53.80 per sq ft overall)	Unit over 1,000 sq ft so we have applied a slightly lower Zone A rate of £130.
128/130	Superdrug Stores Plc	£140,000 (£31.34 per sq ft overall)	Large unit so £100 Zone A applied. Likely to be viewed on an overall basis going forward.
132	AB Enterprises (UK) Ltd	£88,400 (£77.68 per sq ft overall)	Unit over 1,000 sq ft so we have applied a slightly lower Zone A rate of £130.
134	Vacant	£74,060 (£140 per sq ft overall)	Reflects £140 Zone A. Slight premium on letting at 133 Notting Hill Gate.
136	Beauty Base Limited	£86,100 (£94.72 per sq ft overall)	Reflects £140 Zone A. Slight premium on letting at 133 Notting Hill Gate.
138 - 144	Tesco	£339,060 (£33.91 per sq ft overall)	Reflects the passing rent.
146	An Individual	£86,840 (£76.11 per sq ft overall)	Unit over 1,000 sq ft so we have applied a slightly lower Zone A rate of £130.
148	Vacant	£83,200 (£73.05 per sq ft overall)	Unit over 1,000 sq ft so we have applied a slightly lower Zone A rate of £130.
150	Vacant	£101,400 (£65.84 per sq ft overall)	Unit over 1,000 sq ft so we have applied a slightly lower Zone A rate of £130.
Total		£1,761,715	

We are still below the applicant's opinion of Market Rent (£2,408,740 per annum) but consider that based on the available evidence we have adopted justifiable rents.

Retail Yields:

We append to this letter the Prime Yield Sheets of the following property consultancies:

- CBRE
- Knight Frank
- Savills

All three consultancies agree and report that Prime High Street yields are at 6.25% as at the end of 2020. They also all show a marked change in these yields from 2018 / 2019. Knight Frank refer to Prime Shops in areas such as Bath, Brighton and Cambridge moving from 5.25% in December 2019 to 6.25% - 6.5% in December 2020. Savills report the same shift. It is, however, hard to find the justifying evidence given the number of transactions is at a particular low. A search of Property Data for the last 6 months shows just 12 unit shop investment transactions in London. Widening the search to 12 months increases this to just 22 transactions. With investment volumes low the RICS requires us as valuers to refer to market sentiment and this is what we have done in this case.

It has been well documented that the impact of Covid 19 has had a particularly severe impact on the retail sector which was already struggling from the move to online purchasing. Data from the Centre for Retail Research (CRR) suggests that some 5,200 stores closed during 2020, impacting 109,000 employees – far in excess of figures observed in 2019. Capital and rental values have been falling across most retail segments and markets across the UK, with leasing and investment volumes also lower than in previous years. Reflecting the difficult conditions, retail market rental values fell by -8.7% in the year to November 2020 while capital growth declined by -17.7% in the same period (MSCI Monthly Index). MSCI data is based on fund valuations. Investor sentiment in retail can be helpfully demonstrated by the recent attempted sale of the Trafford Centre. Agents were appointed in August 2020 to sell this Shopping Centre which had a book value of close to £1.7 billion. In December 2020 it was widely reported that Canada Pension Plan Investment Board purchased the Share Rights for a sum thought to be at around £800 million. It is likely that this will have a significant impact on the December quarters reporting on retail funds. We are aware that our fund valuers have shifted shopping centre values by 50 basis points in December to reflect this.

DS2 helpfully also refer to some Property companies who have published information on the performance of their retail funds. We have also looked at some Property companies who specialise in London retail units (rather than perhaps supermarkets or retail warehouses). The data we have found is as follows:

Shaftesbury is a Real Estate Investment Trust (REIT) which invests exclusively in London's West End. Their ownership of circa 600 buildings is clustered in Carnaby, Seven Dials and Chinatown with substantial ownership in east and west Covent Garden, Soho and Fitzrovia. Their annual report to the end of 2020 reports a 18.3% valuation decrease. Food, beverage and leisure make up 37% of their portfolio by ERV and retail 30%.

Great Portland Estate report an 18% drop in the valuation of their retail portfolio. They report a drop of 13% in their retail rental values. This is for the year to the end of 2020.

Capital and Counties who own the majority of the Covent Garden Estate report a drop of 13% to their valuation in the second half of 2020. They refer to the majority of valuation movement relating to retail, leisure and food and beverage which represents 75% of total property value. They refer to the main contributors being the 22% decline in rental values, valuers assumption on loss of income over the next 12 months and the shift in equivalent yield by 28 basis points to 3.91%.

DS2 have adopted a yield of 5.25% on the term and 5.75% on the reversion. We understand that when the property was valued for a previously abandoned planning application at the beginning of 2018 a yield of 4.5% was adopted. The applicant has only increased the yield by 75 basis points from this point when it is clear that the yield shift in retail over this period has been much greater.

The lack of retail investment evidence does make applying a justifiable yield difficult. There is no evidence to support our or the applicant's opinion. However, we have adjusted our yields to reflect that the London location may be considered better than a non-London High Street location. We have therefore adopted a lower yield of 5.75% on the term income. Given the problems and appetite associated with the retail market and the risks associated with achieving large increases in rent we have adjusted the reversionary yield by 50 basis points to 6.25%.

The revised rents and yields increase our opinion of value on the retail element of the property to £24,696,000. This is still beneath the applicant's opinion which is £34.3 million (before premium).

We have undertaken sensitivity testing on the yield given the uncertainties around this. It should be noted that a 50 basis point shift in the yields adopted would decrease the investment value to £23,235,000, a shift of £1.4 million.

Retail Landowner Premium:

Given the problems associated with the retail market there are very few transactions currently available to review. As highlighted above market sentiment is poor, and where there are few transactions it is important to rely on sentiment rather than fall back on dated transactions which do not reflect the current market conditions.

The Prime Yields reported are what agents in the market consider will be the yield at which the property transacts at. Therefore, these yields reflect a Market Value rather than an Existing Use Value. Market Value reflects the amount a property will transact at between a willing buyer and seller. A vendor will be willing to sell at this price and not expect a premium over and above this.

DS2 need to provide us with additional detail as to how their valuation of the retail reflects an Existing Use Value only and therefore any vendor will require an additional premium over and above this in order to sell.

Residential Value:

Given the difficulties in assessing the quality of the residential units, we considered a fair and reasonable approach was to fall back on the rental values achieved. It is logical that the higher end residential fit out will demand higher rental values than the poorer quality flats. As we were unable to see all the apartments internally we considered this the most sensible approach.

Based on the tenancy schedule provided to us the passing rent reflects £337,264 per annum. It would appear there has been a slight discrepancy in our calculation of the average passing rent and this is actually £20.61.

DS2 refer to the average rent per sq ft being brought down by a recent letting of 6 units to one tenant. They refer to a discount to Market Rent but do not refer to the quantum of this discount so we cannot establish what the Market Rent would be or indeed if there is a discount. This would be helpful information if a number of the flats were let at a discount and would assist in establishing an appropriate rental value.

We agree that the Inverness Terrace units do appear to achieve higher rental values than those on Queensway albeit the passing rents do reflect a wide range from £20.32 to £40.29 with an average of £30.66. DS2 provided two pieces of letting evidence from Inverness Terrace, however these are from new units located within a recently constructed block and therefore not comparable.

KFH were asked to value four of the unoccupied units. They valued two one bed units within the Inverness Block at £385,000 each which reflected £1,100 to £1,146 per sq ft. One of these units has only recently become vacant and was let at the highest of the passing rents at Inverness Terrace (a rent reflecting £40.29 per sq ft). A sale on the value advised by KFH would reflect a yield of 3.66%. We requested photographs of these units so we could compare the internal specification with the comparable evidence referred to but these were not available.

DS2 appear to have confused our methodology. We undertook two scenarios to assess the value of the existing residential. Firstly we looked at a rent and yield approach which we concluded generated a value that was too low and therefore a vendor would be unlikely to release to the market at this price. We therefore based our value of the residential units of an AUV approach which generated a higher value per sq ft of £538 per sq ft. To do this we assumed a comprehensive refurbishment of the flats and block and end values of £1,000 per sq ft. DS2 have dismissed this and stated the units can be sold as is. Our value is, however, based on this methodology.

Since the submission of our report DS2 have sent across some helpful evidence of comparable units which we outline in the table below:

Address	Description	Size	Price (per sq ft)
Chenies House, Moscow Road	1 Bedroom apartment in unattractive block above retail.	502 sq ft	Quoting £580,000 (£1,155 per sq ft)

Riven Court, Inverness Terrace	1 Bedroom apartment in unattractive block. Shell condition.	466 sq ft	Under offer at £400,000 (£858 per sq ft)
Porchester Gardens	4 bedroom freehold terraced house. Basic condition. Unattractive façade.	1,441 sq ft	Under offer at £1,370,000 (£951 per sq ft)

Having reviewed this evidence, and with no further information on the specification of the flats available, we have considered a further scenario, namely a break-up of the flats without any refurbishment. The challenge here is that with limited evidence we are trying to price the flats to reflect the poor condition internally and well as the fabric.

We consider that the three bed subject units are likely to achieve less than £950 per sq ft as this was for a freehold property. We have assumed a value of £850 per sq ft on the three bedroom flats. The one bedroom units may achieve slightly more as they are smaller and therefore will achieve more on a per sq ft basis. We have assumed an average of £950 per sq ft for these.

These values reflect that any purchaser is likely to need to undertake refurbishment works on the flats and are effectively sale values reflecting a best estimate of the price that may be paid reflecting the current condition and the need to refurbish the flats.

We have therefore considered the price a purchaser would pay for the opportunity to buy all the flats and then sell to owner occupiers. We have run an appraisal on the following assumptions:

- sales period of 1 flat per month to be generous following a 4 month lead in (a common time frame to secure a sales completion).
- 3% sales and marketing fees and 0.5% legal fees for disposal.
- 6% finance
- 10% profit on GDV. We consider that this reflects the risks of disposal and holding the asset over the sales period.

Our valuation on this basis generates a residual value of £17.6 million (£689 per sq ft).

We are unaware of the condition of the property itself and what a building survey may reveal. If this revealed issues with the building purchasers would likely require a discount to cover any future costs to common parts and the building fabric. We are assuming that either owner occupiers or investors will purchase a flat in the block and take into consideration the costs of repair and refurbishment. It is likely given the age of the property that a purchaser will be required to contribute to the building fabric (roof, common parts) at some point in the near future.

We have not allowed for any costs in regard to the building fabric and there is the potential that a building survey may reveal expenditure which means purchasers are unwilling to pay the values we have applied and our GDV is too high. Our QS estimated expenditure on common parts is circa £3.25 million which divided by 27 occupiers reflects £120,000 per flat.

Because of these potential costs and the lack of comparable evidence we consider it inappropriate to apply a premium over and above £17.6 million for the residential element.

Comments on Refurbishment Costs

Whilst we have considered a different methodology this time, we thought it helpful to provide our QS comments on the refurbishment option as this was disputed by the applicant.

We remain comfortable with the high-level refurbishment costs applied against the residential fit out of the existing accommodation. The figures are a high-level exercise, hence the reason why a detailed breakdown has not been provided, as is the case for the benchmarking information provided by Arcadis. When looking at the benchmarking information provided, we consider this actually demonstrates that our costs are within the expected range.

The vast majority of the difference between our estimate and the other benchmarked projects is within the contingency section. Some of the benchmarked projects only have 2 – 2.5% of contingency, something which is totally unrealistic for a refurbishment project. We have adopted 7.5% which we feel is both realistic and reasonable considering standard industry practice. Therefore, a large proportion (c. 8 / ft²) of the difference in the benchmarking table can be attributed to this element.

Furthermore, we have some more detailed observations regarding the benchmarking table provided:

- Incoming services should be excluded from all assessments or normalised as this will differ from project to project;
- Structural alterations should be excluded from all assessments rather than being normalised as this will differ from project to project and there could be elements of superstructure included within each project which haven't been accounted for within the benchmarked projects identified;
- Benchmarking of refurbishment projects is notoriously difficult due to the individual nature of each scheme so the actual relevance of this document is challenged without being provided with the detail of each of the 5 projects utilised within this document for further scrutiny to assess the relevance of each in comparison to Queensway Parade;
- We note that the AY refurbishment cost has not been included within the average of the benchmarking figures which we feel is incorrect; this should be made clear or this figure should be separated as being at the bottom of a column it would appear as if the average figure is an average of all the figures above and this therefore appears to be a misleading comparison;
- We feel that the lowest two projects (1 and 2) should be excluded from this benchmarking comparison as both have very low figures for either the superstructure or shell & core / fit out elements which is not in line with the other projects selected. Furthermore, the Preliminaries elements are not aligned with what would normally be expected in the marketplace being 21% for both and Project 1 has OH&P of c. 11% which would suggest that these projects have had a large amount of their overall costs stripped out or excluded and the Prelims and OH&P has not been adjusted to

account for this. Once this has been done the average for superstructure and shell and core / fit out for projects 3-5 is £123 / ft² rather than £117 / ft².

- If projects 1 & 2 are removed from the analysis and the AY figures averaged into the calculations this provide an overall average total cost of £182 / ft², the extra over for additional contingency is approximately £6 / ft² for projects 3-5 & AY giving a total of £188/ft². Currently our assessment stands at £187 /ft² so we are therefore satisfied that our costs fall within the expected range.

Benchmark Land Value Conclusions

Having reviewed the additional evidence provided by the applicant and undertaken additional extensive research into comparable evidence we conclude that an appropriate Benchmark Land Value is £42,296,000. We do not consider it appropriate to apply a premium on this for the reasons outlined above (mainly uncertainty around the values and costs associated with the existing building). We would highlight the that the approach to both the retail and residential elements in these revised figures has some high level assumptions around the state of the retail market and the saleability of the flats in a break-up scenario given the unknowns detailed above.

The applicants Benchmark Land Value is £78.24 million inclusive of a 20% premium.

Gross Development Value:

Office Value

DS2 have helpfully restated the office evidence relied upon.

Within their assessment of the Brunel building they have included the area of a roof terrace within their analysis of the rent achieved. It is important when analysing comparable evidence to compare like with like and therefore we require the areas of the terraces provided to the office tenants so we can consistently compare on the same basis. They also refer to the restaurant within the building as being an attractive proposition for tenants. The subject property does not include a tenant restaurant but does include a fitness / yoga / mindfulness room for tenants. Showers, lockers and changing rooms are also included which should appeal to occupiers with it increasingly important for employers to provide employees with these type of activities. It is reported that a tenant within the Brunel building has allocated space within its demise to a gym so this is a clear advantage of the proposed development.

In order for us to formulate our opinion of the market rent for the offices we considered an occupiers option. We agree that Queensway is not an established office location, and therefore any tenant looking to locate here is likely to be considering alternative fringe West End locations. Queensway is located 2.4 miles from Green Park and 1.5 miles from Marble Arch. This makes it an ideal destination for tenants looking for more affordable rents whilst being outside of the Core West End.

The proposed building is brand new office space with a double height reception area. The office entrance is located on the junction of Queensway and Porchester Gardens so will benefit from quite good visibility. The offices will be located above retail which is proposed for the ground floor.

We consider alternative fringe office locations to be Notting Hill Gate, Sloane Street and Knightsbridge. These areas are less established office locations whilst still being easily accessible to the West End. DS2 do not consider Sloane Street and Knightsbridge to be comparable locations given the super prime residential values. We did reflect this in our rental value by discounting from the rents achieved at Sloane Street and Brompton Road. We do consider them comparable in that if a tenant wants to be within the vicinity of the West End, this along with Queensway and Notting Hill Gate will be an option for a tenant to consider.

47-69 Notting Hill Gate has been refurbished to include a Category A fit out and new façade. However, the new façade still maintains the characteristics of a 50s build and therefore we consider that it may not appeal to all occupiers. The building also does not appear to benefit from a prominent office entrance.

Having reviewed the evidence again we consider our office rents appropriate.

Retail Value

With regard to the retail for the proposed scheme we adopted the same basis of valuation as the applicant applying a 20% premium to the average Zone A rents proposed for the existing retail units. Whilst the existing retail is good, we consider that brand new retail would be subject to a premium as tenants will benefit from a brand-new building as opposed to an older one which may require increased maintenance expenditure. Based on our revised rental value of the existing retail we have revised the proposed retail rental values.

We have again adopted the same methodology as the applicant for the yield making a 50-basis point adjustment downwards from our benchmark value to reflect the benefits to a purchaser of a brand new building. Based on the revisions to our benchmark land value we have now adopted a yield of 5.75%.

These adjustments increase our GDV of the retail element of the proposed scheme to £24,685,855. This is still below the applicant's assessment of the proposed retail which has a GDV of £55,609,516 but is necessary to remain consistent with our assessment of the retail market in this location.

Development Costs:

Construction Costs

Our QS has discussed the differences with the applicants QS and revised the appropriate build cost to £84,628,000 (excluding VAT and professional fees). In addition a 5% contingency is required. This is a reduction of £859,938 from the applicants proposed Construction Cost which equates to a reduction of circa 1%.

The main reason behind the increases to our revised assessment is due to the presentation of the cost plan in that the headings of several items were not shown correctly due to the formatting of the cost planning software. It therefore appeared that differing rates were being used for the same item but they were in fact slightly different items, but as part of the

description was missing. This was not initially apparent. The different items have been explained and reviewed alongside the drawings and we are now satisfied with their explanation. There was also a breakdown provided of services costs with the increased rates due to fire rated requirements in the basement, which again was not apparent from the initial cost plan. For the Residential Fit-out rate the shell & core services costs were included within the overall fit out services costs so once this is stripped out this brings their comparable fit out rate well below comparable developments so this negative adjustment has been removed.

We have adopted the revised build cost in our new appraisals.

Residential Marketing

Having considered this further and reviewed DS2 points in relation to this we are happy to adopt their marginally increased percentage of 1.5% rather than the 1% previously adopted.

We agree that the units are high end (with an average GDV of £1.9 million) and with a total of only 32 they will not benefit from the economies of scale of the marketing costs of a larger scheme with more units.

Residential Sales Agent Fee

Having considered this further and reviewed DS2 points in relation to this we are happy to adopt their marginally increased percentage of 1.5% rather than the 1% previously adopted.

Finance

The applicant has agreed with our finance rate of 6%.

Project Programme

Having reviewed an agreement for lease provided to us, it was stated within this that the works had to be done within a 24-month period otherwise the developer is subject to significant late fees. Having discussed this further with the applicant we understand that this part of the development can be completed within this time frame, however the upper parts will still be subject to fitting out works. We have therefore extended our time frame to 29 months, consistent with the applicant.

Stand back analysis

As the applicant is disputing a number of the GDV and cost inputs we thought it may be helpful to look at land evidence as a stand back analysis. This relies not on appraisals which are highly sensitive to the inputs adopted, but instead refers to the use of comparable land evidence. We analyse the evidence available to assess if the land value generated by the appraisal is sensible.

Based on the applicant's appraisal (adopting all their inputs) the land value generated (£48.195 million) reflects £339 per sq ft on the NIA. Given there are a number of different uses proposed with differing values we have tried to split this out to see how the residual land value is made up. Based on our analysis, the applicants residual land value reflects approximately £404 per sq ft on the residential and £336 per sq ft on the commercial.

We have then looked at evidence from sites that have sold with planning permission to see if these rates per sq ft look sensible and consistent with market transactions. We have had regard to the following most comparable land transactions that were all purchased with the benefit of planning consent:

Address	Purchase Date	GIA of consent (£ per sq ft)	NIA of consent (£ per sq ft)	Development description
Brill Place, London NW1 1DJ	January 2020	67,307 sq ft (£248)	45,205 sq ft (£369)	54 unit residential tower in Kings Cross. 701 sq ft NIA of flexible commercial office space. End values likely to be similar to office values in the subject property.
225 City Road, London EC1V 1JT	November 2020	334,685 sq ft (£224)	217,792 sq ft (£344)	Part 22, part 7 storey building with fitness centre in the basement, flexible retail at ground floor, office use at ground to sixth floor and 100 PRS units on the remaining floors.
Eton Avenue, 5-17 Haverstock Hill, London NW3 4UE	September 2019	87,540 sq ft (£194)	66,200 sq ft (£257)	Demolition of existing building and new development comprising 77 residential units and retail at ground floor. 22% affordable housing.
Moxon Street Car Park, W1U 4EY	April 2018	270,968 sq ft (£310)	158,120 sq ft (£531). Large difference between gross and net noted.	Excavation works to provide three basement storeys and six above ground storeys for mixed use purposes including 79 residential units, retail, shops, restaurants, community hall, cycle parking and car parking.
14-21 Rushworth Street, London SE1	April 2018	91,537 sq ft (£219)	70,127 sq ft (£285)	Construction of a new part five and part six building to provide commercial floorspace (B1), associated servicing, cycle parking and landscaping

From our review of this evidence it appears that the residual land value generated by the applicant's appraisal is broadly consistent with land evidence showing actual disposal prices of land sold with planning permission. This indicates that the inputs into the applicant's proposal are similar to those adopted in the market.

This is a helpful stand back to check the appraisal viability inputs.

Conclusions

As outlined in our letter, following discussion with the applicant and a search for additional comparable evidence we have made a number of adjustments to our assumptions.

To assess the implication this has as to the viability of providing affordable housing on site we have undertaken a policy compliant appraisal incorporating 35% affordable housing. Into this appraisal we insert our Benchmark Land Value of £42,296,000 as a fixed land cost and then compare the outturn profit to that we consider would be considered viable in the market.

The outturn profit level in our appraisal is 10.46% on GDV. We consider a viable profit margin (blended) to be 15.39% based on the rates outlined in our original report (17.5% profit on GDV for the private residential, 6% for the social housing and 15% for the commercial). Based on this we conclude that the proposed scheme cannot offer 35% affordable housing on site.

We have then tested a 100% private scheme to assess the level of surplus (if any) generated. This surplus sum can be converted to affordable housing provision on site. Our appraisal on this basis shows a surplus of £2,455,311 is generated by the proposals. In order to generate this we have adopted our opinion of benchmark land value and a blended profit rate of 15.71% on GDV.

We then considered how this could be provided as on-site affordable housing. In our initial report we considered a hypothetical scheme based on percentages of net saleable area proposed. As this is not what is proposed, this time we have converted proposed units from private tenure to affordable. Most of the units are oversized, however there are some 610 sq ft one-bedroom units which are considered reasonable. We have assumed two of these (on the second and third floor) are available for intermediate use. This reduces the private residential GDV by £2,390,000 (slightly less than the surplus generated). The value of these two units as intermediate tenure is circa £412 per sq ft (£502,640 overall).

Our appraisal on this basis generates a profit on GDV of 15.63% compared to a target of 15.65%. It can therefore be considered viable to provide two intermediate units on site (London Living Rent). However, there are practical implications and it may not be feasible for a Housing Association to take on two units in a scheme such as this where service charges may be high. This will need to be considered further.

Our supporting appraisals are appended to this letter.

Whilst we have revisited our inputs and revised our conclusions, it should be highlighted that our conclusions especially with regard to the benchmark land value inputs are stated with a degree of caution. As we note in this update, there is a dearth of evidence currently available and any new retail evidence may indicate we have been too generous on our rents and yields. Changes in inputs are likely to decrease the benchmark value by millions of pounds relative to the value of the retail in the proposed scheme, simply due to the costs of holding the site during development (finance costs, which are higher due to the current BLV) and therefore could allow the scheme to viably provide more affordable housing. Unfortunately, in current market conditions there is no evidence available to support the sentiment and therefore we report to you with this underlying caution/observation.



We also note that Company Voluntary Arrangements (CVAs) have increasingly been used across the retail sector in the last year to substantially reduce rents. This again signifies the move away from existing rental arrangements and has had reverberations across the retail market.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'J G Kut', with a horizontal line drawn underneath.

Jacob G Kut MRICS
Principal / Senior Director
+44 020 7911 2829
jacob.kut@avisonyoung.com
For and on behalf of Avison Young (UK) Limited

A handwritten signature in blue ink, appearing to read 'JMFarrow', written in a cursive style.

Juliet Farrow MRICS
Associate Director
+44 020 7911 2843
Juliet.farrow@avisonyoung.com

Lockdown II and Christmas restrictions add further pressure on retail

Q4 IN NUMBERS

ARROW INDICATES
MOVEMENT Q-ON-Q

HIGH STREET INVESTMENT

Prime High Street yields

6.50% ▲

Good Secondary High
Street yields

8.50% ◆

Secondary High Street
yields

12.0% ◆

CENTRAL LONDON INVESTMENT

Bond Street prime yield

2.75% ◆

Regent Street prime yield

3.75% ▲

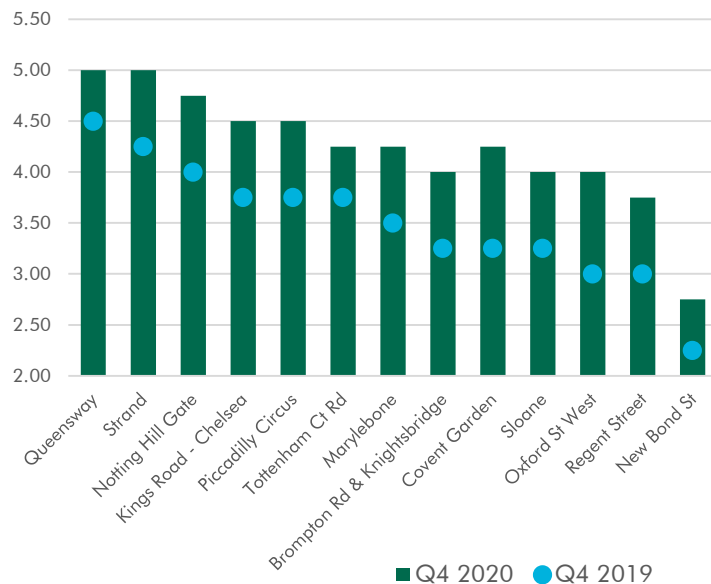
Oxford Street prime yield

4.00% ▲

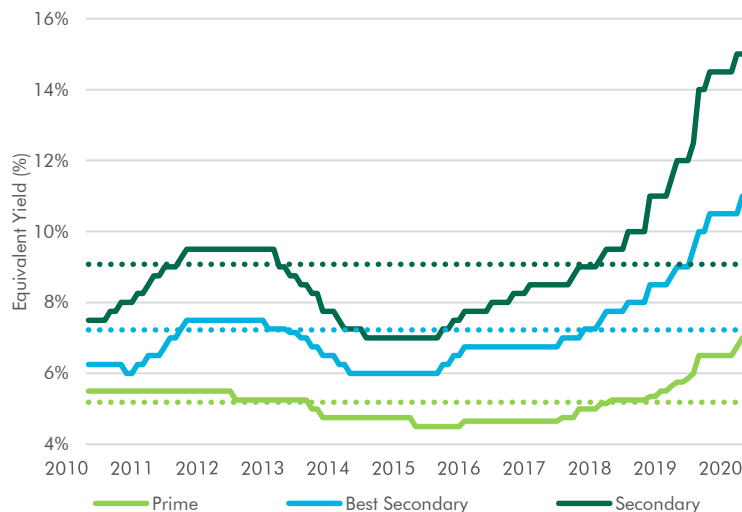
DISCLAIMER

Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE.

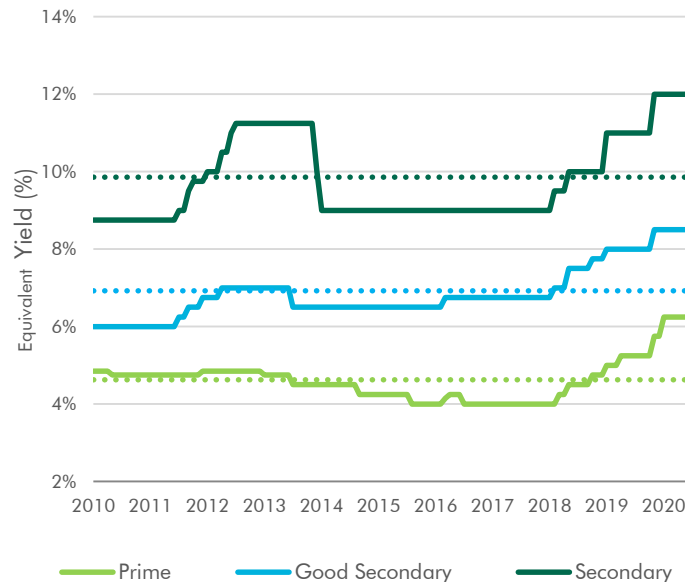
CENTRAL LONDON PRIME RETAIL YIELDS



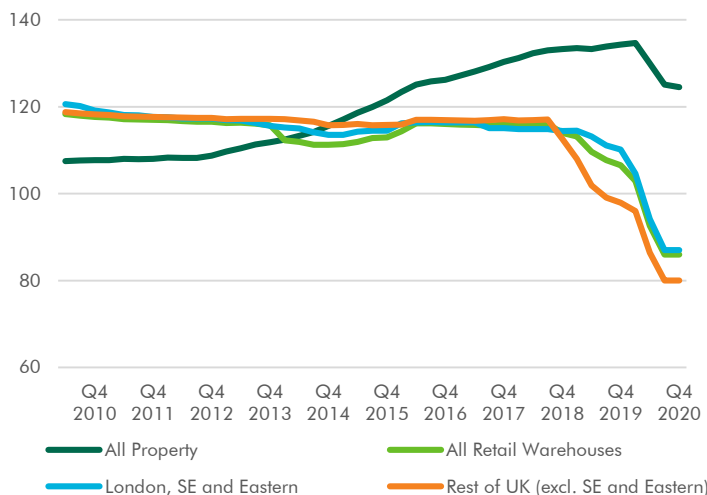
SHOPPING CENTRE YIELDS



HIGH STREET YIELDS



RETAIL PARKS PRIME RENT INDEX



FURTHER RESOURCES

To find out more please visit
[cbre.com/research-and-reports](https://www.cbre.com/research-and-reports)

CONTACTS

Rhodri Davies
Head of UK Retail
+44 20 7182 2998
rhodri.davies@cbre.com

Mark Disney
Shopping Centres & Outlets
+44 20 7182 2330
mark.disney@cbre.com

Luke Holland
London Retail
+44 20 7182 2053
luke.holland@cbre.com

Nick Gardner
Lease Consultancy
+44 20 7182 2310
nick.gardner@cbre.com

Graham Barr
Retail Agency
+44 20 7182 2417
graham.barr@cbre.com

Peter Stoughton-Harris
Valuation
+44 20 7182 2675
peter.stoughton-harris@cbre.com

RESEARCH

Tasos Vezyridis
UK Retail
+44 20 7182 8550
tasos.vezyridis@cbre.com

Luisa Janisch
UK Retail
+44 20 7182 8127
luisa.janisch@cbre.com

YIELD GUIDE DECEMBER 2020



Sector	Dec-19	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Change	Market Sentiment
High Street Retail										
Bond Street	2.50% - 2.75%	2.75% +	2.75% +	2.75% +	2.75% +	2.75% +	2.75%	2.75%		STABLE
Oxford Street	2.75% - 3.00%	3.00% - 3.25%	3.00% - 3.25%	3.00% - 3.25%	3.00% - 3.25%	3.00% - 3.25%	3.25%	3.25%		NEGATIVE
Prime Shops (Bath, Brighton, Cambridge, Glasgow, Oxford)	5.25%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%		NEGATIVE
Regional Cities (Birmingham, Manchester)	5.50% - 5.75%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%		NEGATIVE
Good Secondary (Truro, Leamington Spa, Colchester etc)	7.50%	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +		NEGATIVE
Secondary / Tertiary	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++		NEGATIVE
Shopping Centres										
Regional Scheme	5.75%	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +		NEGATIVE
Sub-Regional Scheme	7.00%	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +		NEGATIVE
Local Scheme (successful)	8.75%	9.50% +	9.50% +	9.50% +	9.50% +	9.50% +	9.50% +	9.50% +		NEGATIVE
Local Scheme (challenged)	11.00%	12.50% +	12.50% +	12.50% +	12.50% +	12.50% +	12.50% +	12.50% +		NEGATIVE
Neighbourhood Scheme (assumes <25% of income from supermarket)	8.75%	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +		NEGATIVE
Out of Town Retail										
Open A1/Fashion Parks	6.50%	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +		NEGATIVE
Secondary Open A1 Parks	8.00%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%		NEGATIVE
Bulky Goods Parks	6.50%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%		STABLE
Secondary Bulky Goods Parks	8.00%	8.50% +	8.50% +	8.50% +	8.50% +	8.50% +	8.50% +	8.50% +		NEGATIVE
Solus Open A1 (15 year income)	6.00%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
Solus Bulky (15 year income)	6.50%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%		STABLE
Leisure										
Prime Leisure Parks	5.25% +	6.25% - 6.50%	6.50% +	6.50% +	6.50% +	6.75% - 7.00%	7.00% +	7.00% +		NEGATIVE
Good Secondary Leisure Parks	6.25% +	7.25% - 7.50%	7.50% +	7.50% +	7.50% +	7.75% - 8.00%	8.00% +	8.00% +		NEGATIVE
Secondary / Tertiary Leisure Parks	7.25% +	9.25% - 9.50%	9.50% +	9.50% +	9.50% +	9.75% - 10.00%	10.00% +	10.00% +		NEGATIVE
Specialist Sectors										
Dept. Stores Prime (with fixed uplifts [NIY])	8.50%	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++		NEGATIVE
Car Showrooms (20 yrs with fixed uplifts & dealer covenant)	4.75%	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.50%	5.50%		NEGATIVE
Budget Hotels London (Fixed / RPI uplifts 20 yr+ term, strong covenant)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		NEGATIVE
Budget Hotels Regional (Fixed / RPI uplifts 20 yr+ term, strong covenant)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		NEGATIVE
Student Accommodation (Prime London - Direct Let)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		NEGATIVE
Student Accommodation (Prime Regional - Direct Let)	5.25% -	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%		NEGATIVE
Student Accommodation (Prime London - 25 yr lease, Annual RPI)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		STABLE
Student Accommodation (Prime Regional - 25 yr lease, Annual RPI)	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%		STABLE
Healthcare (Elderly Care, 30 yr term, indexed linked reviews)	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		STABLE
Foodstores										
Annual RPI increases [NIY] (25 year income)	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.00% - 4.25%	4.00%	-0.25%	POSITIVE
Open market reviews	4.75% -	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
Warehouse & Industrial Space										
Prime Distribution/Warehousing (20 year income [NIY] with fixed uplifts)	4.00%	4.00% -	4.00% -	4.00% -	4.00% -	4.00% -	3.75%	3.50%	-0.25%	POSITIVE
Prime Distribution/Warehousing (15 year income)	4.25%	4.25% +	4.25% +	4.25% +	4.25%	4.25%	4.00%	4.00%		POSITIVE
Secondary Distribution (10 year income)	5.00%	5.50%	5.50% +	5.50% +	5.50%	5.50%	5.50%	5.00% - 5.25%	-0.25% +	POSITIVE
SE Estate (exc London & Heathrow)	4.00%	4.25% +	4.25%	4.25%	4.25%	4.25%	4.00% - 4.25%	4.00% - 4.25%		POSITIVE
Good Modern RoUK Estate	4.50%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.50% - 4.75%	-0.25%	POSITIVE
Secondary Estates	6.00% +	6.25% +	6.25% +	6.25% +	6.25% +	6.25% +	6.25% +	6.00%	-0.25%	STABLE
Offices										
City Prime	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		STABLE
West End: Prime (Mayfair & St James's)	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%		STABLE
West End: Non-core (Soho & Fitzrovia)	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		STABLE
Major Regional Cities (Single let, 15 years)	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		NEGATIVE
Major Regional Cities (Multi-let, 5 year WAULT)	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.75%	+0.25%	NEGATIVE
SE Towns (Single let, 15 years)	5.00% +	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%		NEGATIVE
SE Towns (Multi-let, 5 year WAULT)	5.50%	5.75%	5.75%	5.75%	5.75% - 6.00%	6.00%	6.00%	6.00%		NEGATIVE
SE Business Parks (Single let, 15 years)	5.00% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		NEGATIVE
SE Business Parks (Multi-let, 5 year WAULT)	6.00%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		NEGATIVE
Bonds & Rates										
Libor 3 mth (07/12/2020)	0.78%	0.22%	0.09%	0.07%	0.06%	0.05%	0.04%	0.03%		
Base rate (07/12/2020)	0.75%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%		
5 year swap rates (07/12/2020)	0.88%	0.37%	0.21%	0.17%	0.16%	0.18%	0.22%	0.23%		
10 yr gilts redemption yield (07/12/2020)	0.69%	0.34%	0.19%	0.17%	0.20%	0.17%	0.27%	0.28%		

Based on pack rented properties and disregards bond type transactions.

This yield guide is for indicative purposes only and was prepared on 7 December 2020.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, property markets are mostly functioning again, with transaction volumes and other relevant evidence returning to adequate levels and on 9 September 2020 the Material Valuation Uncertainty Clause was lifted from all UK real estate excluding some assets valued with reference to trading potential. A valuation of such a property may therefore still be reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPQA 10 of the RICS Valuation - Global Standards; consequently, less certainty - and a higher degree of caution - should be attached to the valuations of these assets than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend keeping valuations under regular review.

[KnightFrank.co.uk](https://www.knightfrank.co.uk)



Market in Minutes

savills

Beds and Sheds help 2020 finish strongly

In what has been a tumultuous year for the investment market, it finished with a relatively strong Q4 where £12.4bn was transacted. This meant that total investment volumes for the year reached £41.8bn, a fall of 22% on 2019, but a strong performance given the market was in all but hiatus in Q2 which saw the lowest quarterly investment volume since 2009, at £4.2bn.

The year has seen sentiment from the occupational market carry over directly into trading volumes as historic norms for capital allocation have changed dramatically. For example, the industrial and logistics occupational market has seen record take-up at 50.1m sq ft, driven in the most part by online retailers securing space as a result of Covid-19. This has seen investment volumes rise to £8.2bn, which whilst not a record in volume terms, does account for 20% of the whole market proportionally, the highest level ever recorded. Alternatives also set a new record at 35% of the market, whereas the office and retail sectors had their lowest share of the market ever at 30% and 15% respectively.

The retail warehouse sector continues to offer investors value, but is also expected to perform strongly in an occupational sense post Covid-19. Q4 saw Railpen purchase Cambridge Retail Park for £100m (6% NIY) helping set a new yield tone in the process. This meant our prime Retail Warehouse yield moved to 6.25% which, in turn, brought the Savills average yield down to 5.18%, a fall of 29bps over the last 12 months.

Savills prime yields

	December 2019	November 2020	December 2020
West End Offices	3.75%↓	3.50%	3.50%
City Offices	4.00%	4.00%	4.00%
Offices M25	5.00%↑	5.50%	5.50%
Provincial Offices	4.75%↑	5.00%	5.00%
High Street Retail	5.50%	6.50%	6.50%
Shopping centres	5.75%↑	7.00%	7.00%
Retail Warehouse (open A1)	6.50%	6.50%	6.25%
Retail Warehouse (restricted)	6.50%	6.75%	6.50%
Foodstores (OMR)	4.75%	4.50%	4.50%
Ind/ Distribution (OMR)	4.25%	3.75%↓	3.75%↓
Industrial Multi-lets	4.00%	3.75%↓	3.75%↓
Leisure Parks	5.75%	7.25%	7.25%
London Leased (core) Hotels	3.75%	4.00%↑	4.00%↑
Regional Pubs (RPI)	4.50%	5.00%	5.00%

Source Savills

Key stats

29

Savills average prime yield fallen by 29bps in 12 months



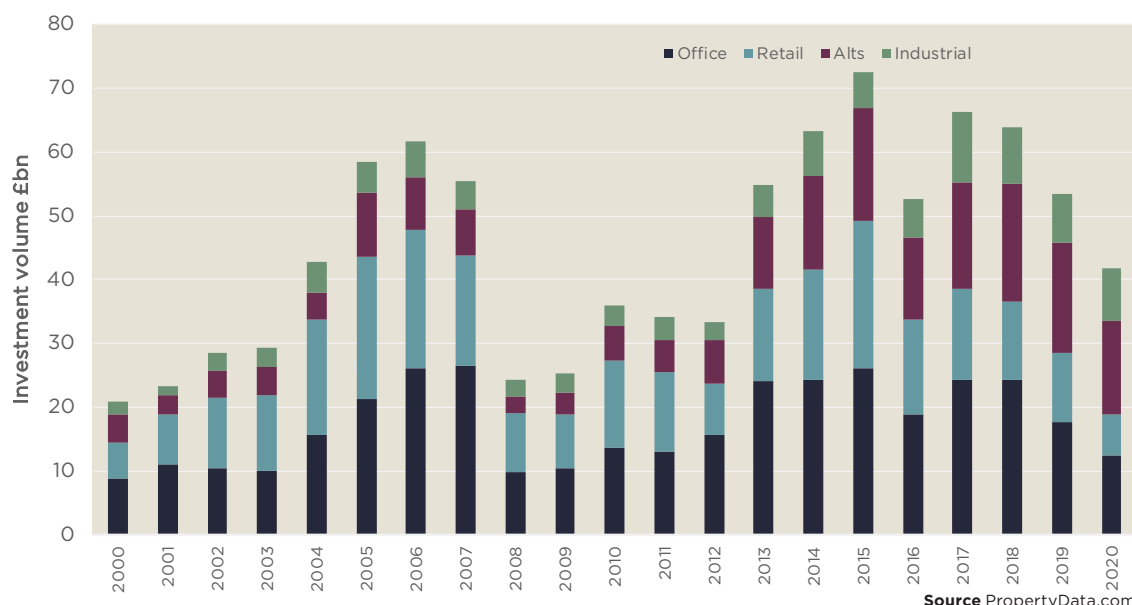
£41.8bn

was invested into UK commercial property in 2020, a fall of 22% from 2019

20%

Industrial & Logistics accounted for 20% of the market, the highest proportion ever

2020 Investment Volumes Under £50bn for the first time since 2012



Global and local issues mask fundamentals

Given that the UK and EU have agreed terms on a trade deal, it is tempting to agree with Boris Johnson that “Brexit is done”. However, as we have seen in the first weeks of 2021, companies are finding the adjustments difficult to navigate with delays at the border already being reported. It should also be noted that the agreed deal does not touch financial services, a vast part of the UK economy and highly relevant to many office occupiers. The documents published state an aim to sign a co-operation agreement to cover financial services regulation by March. The market moves faster than policymakers, however, and the financial sector has already implemented plans to continue working with EU clients by gaining regulatory licences in EU jurisdictions and moving certain operating functions there. Some 7,000 jobs have shifted from the UK to the EU in support of these arrangements, according to the Bank of England.

January has also seen the inauguration of Joe Biden as President of the United States. Whilst his policies relating to commercial real estate remain unclear, we can expect a more far-reaching policy agenda now that the Democrats hold both legislative chambers. Indeed, prior to inauguration, plans have been published for a \$1.9tr fiscal stimulus and more can be expected if the US economy doesn't rebound as planned post Covid-19. And whilst keen to strengthen the UK/US special relationship, there is no suggestion that a Biden administration would expedite talks relating to a UK/US trade deal.

Closer to home, ESG will continue to rise up the agenda as the UK will host the postponed COP 26 Summit in November where new ambitious global emissions

targets are expected to be agreed. Also not currently gaining much airtime are the Federal Elections in Germany planned for September 2021 which will see Chancellor Merkel step down after 15 years in power. Uncertainty reigns as to which candidates will emerge for the Chancellorship and whoever emerges could take Germany in different policy directions to their predecessor.

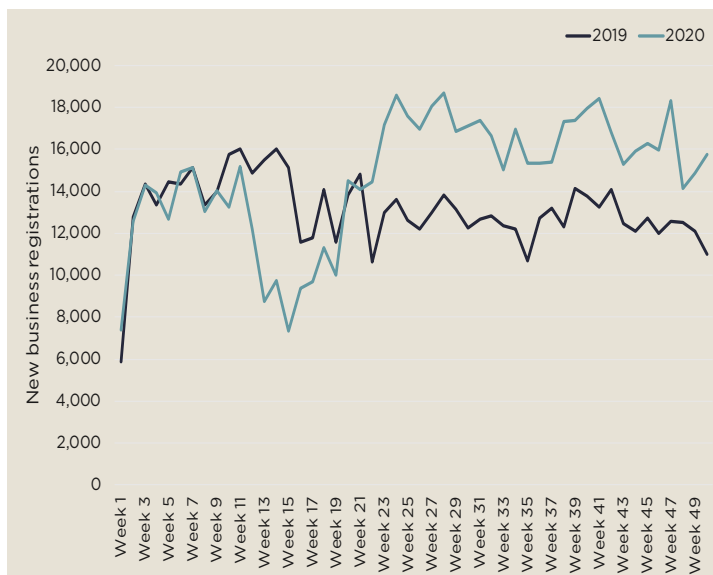
Whilst it seems there is so much macroeconomic uncertainty, the fundamentals of UK real estate remain strong with vacancy rates across sectors and geographies remaining historically low. In central London, whilst vacancy has risen by 230bps to 7.2% in 2020, it remains some way off the last high watermark of 9.6% in 2009. In the regional market, a lack of development and continued take-

up of prime buildings has seen Grade A vacancy fall to just 3%. In the logistics sector, vacancy has reached its lowest point for three years at 5.7%, and perhaps surprisingly, given the sentiment around the retail sector, the vacancy rate for retail warehousing remains lower than logistics at just 5.5%.

Another reason for optimism is the fact that new business registrations have increased by 30% in the four weeks to mid-December compared with the same period last year, and the annual growth rate has been above 10% since June. Whilst these new registrations show economic promise, it will take time for any meaningful growth to show in floorspace requirements.

When those requirements do emerge, it is unlikely they will find an oversupplied market, which ever sector they are in.

New business registrations trending higher than 2019

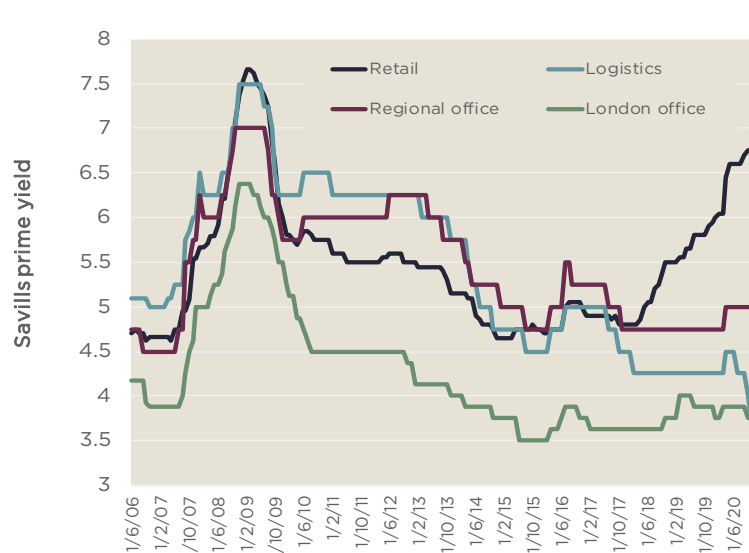


Source: ONS

The uniqueness of the Covid-19 period has led many commentators to suggest that things will be markedly different going forward. However, the performance of most commercial occupational and investment markets this year has been typical of past recessions and this leads us to conclude that 2021 and beyond will be very recognisable to anyone who has worked through previous recovery phases of the UK property market.

This does not mean that changes will not take place, but that many will be a continuation or acceleration of trends that were already present in the market before Covid-19. As the chart highlights, 2020 has seen an acceleration of the divergence between logistics and retail yields that has been happening for much of the past decade. The record-high levels of leasing activity in the logistics market in 2020 will drive even more investor interest in an already crowded sector, and thus put further downward pressure on yields. For more information on our picks for 2021, please see our recently released [Spotlight: UK Cross Sector 2021](#).

Prime yield divergence A trend accelerated, not started, by Covid-19



Source: Savills

Savills team

Please contact us for further information

James Gulliford

Joint Head of UK Investment
020 7409 8711
jgulliford@savills.com

Richard Merryweather

Joint Head of UK Investment
020 7409 8838
rmerryweather@savills.com

Kevin Mofid

Director
Commercial Research
020 3618 3612
kmofid@savills.com

Savills plc: Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, India, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.



Policy Compliant Appraisal V2
Queensway
Viability Appraisal

Development Appraisal
Avison Young
17 March 2021

APPRAISAL SUMMARY**AVISON YOUNG**

Policy Compliant Appraisal V2
Queensway
Viability Appraisal

Summary Appraisal for Phase 1 Queensway

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	1	20,553	2,125.00	43,675,125	43,675,125
Social Residential	1	3,789	225.00	852,525	852,525
Intermediate Residential	<u>1</u>	<u>5,683</u>	<u>412.00</u>	<u>2,341,396</u>	<u>2,341,396</u>
Totals	3	30,025			46,869,046

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail (A1+A3) Pre-let	1	7,527	65.13	490,232	490,232	490,232
Office (B1) Pre-Let	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Office (B1) Spec	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Retail (A1 and A3) Spec	<u>1</u>	<u>15,054</u>	<u>65.13</u>	<u>980,465</u>	<u>980,465</u>	<u>980,465</u>
Totals	4	111,641			7,997,904	7,997,904

Investment Valuation**Retail (A1+A3) Pre-let**

Market Rent	490,232	YP @	5.7500%	17.3913	
(1mth Unexpired Rent Free)		PV 1mth @	5.7500%	0.9954	8,486,145

Office (B1) Pre-Let

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 1mth Unexpired Rent Free)		PV 1yr 1mth @	4.5000%	0.9534	69,147,358

Office (B1) Spec

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 6mths Rent Free)		PV 1yr 6mths @	4.5000%	0.9361	67,890,728

Retail (A1 and A3) Spec

Market Rent	980,465	YP @	5.7500%	17.3913	
(11mths Unexpired Rent Free)		PV 11mths @	5.7500%	0.9500	16,199,710
					161,723,941

GROSS DEVELOPMENT VALUE**208,592,987**

Purchaser's Costs	(10,997,228)
Effective Purchaser's Costs Rate	6.80%
	(10,997,228)

NET DEVELOPMENT VALUE**197,595,759****NET REALISATION****197,595,759****OUTLAY****ACQUISITION COSTS**

Fixed Price		42,296,000	
			42,296,000
Stamp Duty	5.00%	2,114,800	
Agent Fee	1.00%	422,960	
Legal Fee	0.80%	338,368	
			2,876,128

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction Costs	213,459	396.46	84,628,000
			84,628,000
Construction Contingency		5.00%	4,231,400
			4,231,400

PROFESSIONAL FEES

Professional Fees	10.00%	8,462,800
-------------------	--------	-----------

APPRAISAL SUMMARY**AVISON YOUNG****Policy Compliant Appraisal V2****Queensway****Viability Appraisal**

				8,462,800
--	--	--	--	-----------

MARKETING & LETTING

Marketing - Residential		1.50%	655,127	
Marketing - Commercial	96,587 ft²	2.00 /ft²	193,174	
Letting Agent Fee		10.00%	799,790	
Letting Legal Fee		5.00%	399,895	
				2,047,987

DISPOSAL FEES

Sales Agent Fee - Residential		1.50%	655,127	
Sales Agent Fee - Commercial		1.00%	1,345,270	
Commercial Sales Legal Fee		0.50%	727,621	
Residential Sales Legal Fee	1 un	18,000.00 /un	18,000	
				2,746,018

MISCELLANEOUS FEES

Borough CIL			3,381,370	
Mayoral CIL			2,159,307	
S106 Contributions			350,000	
				5,890,677

FINANCE

Debit Rate 6.00%, Credit Rate 0.00% (Nominal)				
Land			8,305,069	
Construction			7,323,183	
Letting Void			6,975,469	
Total Finance Cost				22,603,720

TOTAL COSTS**175,782,730****PROFIT****21,813,029****Performance Measures**

Profit on Cost%	12.41%
Profit on GDV%	10.46%
Profit on NDV%	11.04%
Development Yield% (on Rent)	4.55%
Equivalent Yield% (Nominal)	4.69%
Equivalent Yield% (True)	4.83%
IRR	11.01%
Rent Cover	2 yrs 9 mths
Profit Erosion (finance rate 6.000)	1 yr 12 mths

AY 100% private appraisal
Queensway
Viability Appraisal

Development Appraisal
Avison Young
17 March 2021

APPRAISAL SUMMARY**AVISON YOUNG**

AY 100% private appraisal
Queensway
Viability Appraisal

Summary Appraisal for Phase 1 Queensway

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	1	30,025	2,125.00	63,803,125	63,803,125

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail (A1+A3) Pre-let	1	7,527	65.13	490,232	490,232	490,232
Office (B1) Pre-Let	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Office (B1) Spec	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Retail (A1 and A3) Spec	<u>1</u>	<u>15,054</u>	<u>65.13</u>	<u>980,465</u>	<u>980,465</u>	<u>980,465</u>
Totals	4	111,641			7,997,904	7,997,904

Investment Valuation**Retail (A1+A3) Pre-let**

Market Rent	490,232	YP @	5.7500%	17.3913	
(1mth Unexpired Rent Free)		PV 1mth @	5.7500%	0.9954	8,486,145

Office (B1) Pre-Let

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 1mth Unexpired Rent Free)		PV 1yr 1mth @	4.5000%	0.9534	69,147,358

Office (B1) Spec

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 6mths Rent Free)		PV 1yr 6mths @	4.5000%	0.9361	67,890,728

Retail (A1 and A3) Spec

Market Rent	980,465	YP @	5.7500%	17.3913	
(11mths Unexpired Rent Free)		PV 11mths @	5.7500%	0.9500	16,199,710
					161,723,941

GROSS DEVELOPMENT VALUE**225,527,066**

Purchaser's Costs	(10,997,228)
Effective Purchaser's Costs Rate	6.80%

NET DEVELOPMENT VALUE**214,529,838****NET REALISATION****214,529,838****OUTLAY****ACQUISITION COSTS**

Fixed Price	42,296,000	
		42,296,000
Stamp Duty	5.00%	2,114,800
Agent Fee	1.00%	422,960
Legal Fee	0.80%	338,368
		2,876,128

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction Costs	213,459	396.46	84,628,000
			84,628,000
Construction Contingency		5.00%	4,231,400
Surplus		1.00%	2,455,311
			6,686,711

PROFESSIONAL FEES

Professional Fees	10.00%	8,462,800
		8,462,800

MARKETING & LETTING

APPRAISAL SUMMARY**AVISON YOUNG****AY 100% private appraisal****Queensway****Viability Appraisal**

Marketing - Residential		1.50%	957,047	
Marketing - Commercial	96,587 ft²	2.00 /ft²	193,174	
Letting Agent Fee		10.00%	799,790	
Letting Legal Fee		5.00%	399,895	
				2,349,907

DISPOSAL FEES

Sales Agent Fee - Residential		1.50%	957,047	
Sales Agent Fee - Commercial		1.00%	1,345,270	
Commercial Sales Legal Fee		0.50%	727,621	
Residential Sales Legal Fee	1 un	18,000.00 /un	18,000	
				3,047,938

MISCELLANEOUS FEES

Borough CIL			3,381,370	
Mayoral CIL			2,159,307	
S106 Contributions			350,000	
				5,890,677

FINANCE

Debit Rate 6.00%, Credit Rate 0.00% (Nominal)				
Land			8,305,695	
Construction			7,938,673	
Letting Void			6,617,007	
Total Finance Cost				22,861,375

TOTAL COSTS**179,099,536****PROFIT****35,430,302****Performance Measures**

Profit on Cost%	19.78%
Profit on GDV%	15.71%
Profit on NDV%	16.52%
Development Yield% (on Rent)	4.47%
Equivalent Yield% (Nominal)	4.69%
Equivalent Yield% (True)	4.83%

IRR	13.83%
-----	--------

Rent Cover	4 yrs 5 mths
Profit Erosion (finance rate 6.000)	3 yrs

Test 2 Intermediate Rent Units
Queensway Parade
Viability Appraisal

Development Appraisal
Avison Young
17 March 2021

APPRAISAL SUMMARY**AVISON YOUNG**
Test 2 Intermediate Rent Units
Queensway Parade
Viability Appraisal
Summary Appraisal for Phase 1 Queensway

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	1	28,805	2,066.83	59,535,000	59,535,000
Intermediate Rent	<u>1</u>	<u>1,220</u>	412.00	502,640	<u>502,640</u>
Totals	2	30,025			60,037,640

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail (A1+A3) Pre-let	1	7,527	65.13	490,232	490,232	490,232
Office (B1) Pre-Let	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Office (B1) Spec	1	44,530	73.29	3,263,604	3,263,604	3,263,604
Retail (A1 and A3) Spec	<u>1</u>	<u>15,054</u>	65.13	980,465	<u>980,465</u>	<u>980,465</u>
Totals	4	111,641			7,997,904	7,997,904

Investment Valuation**Retail (A1+A3) Pre-let**

Market Rent	490,232	YP @	5.7500%	17.3913	
(1mth Unexpired Rent Free)		PV 1mth @	5.7500%	0.9954	8,486,145

Office (B1) Pre-Let

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 1mth Unexpired Rent Free)		PV 1yr 1mth @	4.5000%	0.9534	69,147,358

Office (B1) Spec

Market Rent	3,263,604	YP @	4.5000%	22.2222	
(1yr 6mths Rent Free)		PV 1yr 6mths @	4.5000%	0.9361	67,890,728

Retail (A1 and A3) Spec

Market Rent	980,465	YP @	5.7500%	17.3913	
(11mths Unexpired Rent Free)		PV 11mths @	5.7500%	0.9500	16,199,710
					161,723,941

GROSS DEVELOPMENT VALUE**221,761,581**

Purchaser's Costs	(10,997,228)
Effective Purchaser's Costs Rate	6.80%
	(10,997,228)

NET DEVELOPMENT VALUE**210,764,353****NET REALISATION****210,764,353****OUTLAY****ACQUISITION COSTS**

Fixed Price	42,296,000
	42,296,000
Stamp Duty	5.00%
Agent Fee	1.00%
Legal Fee	0.80%
	2,876,128

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction Costs	213,459	396.46	84,628,000
			84,628,000
Construction Contingency		5.00%	4,231,400
			4,231,400

PROFESSIONAL FEES

Professional Fees	10.00%	8,462,800
		8,462,800

Test 2 Intermediate Rent Units
Queensway Parade
Viability Appraisal
MARKETING & LETTING

Marketing - Residential		1.50%	893,025	
Marketing - Commercial	96,587 ft²	2.00 /ft²	193,174	
Letting Agent Fee		10.00%	799,790	
Letting Legal Fee		5.00%	399,895	
				2,285,885

DISPOSAL FEES

Sales Agent Fee - Residential		1.50%	893,025	
Sales Agent Fee - Commercial		1.00%	1,345,270	
Commercial Sales Legal Fee		0.50%	727,621	
Residential Sales Legal Fee	1 un	18,000.00 /un	18,000	
				2,983,916

MISCELLANEOUS FEES

Borough CIL			3,381,370	
Mayoral CIL			2,159,307	
S106 Contributions			350,000	
				5,890,677

FINANCE

Debit Rate 6.00%, Credit Rate 0.00% (Nominal)				
Land			8,305,596	
Construction			7,533,264	
Letting Void			6,613,294	
Total Finance Cost				22,452,155

TOTAL COSTS
176,106,961
PROFIT
34,657,392
Performance Measures

Profit on Cost%	19.68%
Profit on GDV%	15.63%
Profit on NDV%	16.44%
Development Yield% (on Rent)	4.54%
Equivalent Yield% (Nominal)	4.69%
Equivalent Yield% (True)	4.83%
IRR	13.81%
Rent Cover	4 yrs 4 mths
Profit Erosion (finance rate 6.000)	3 yrs



114 - 186 Queensway W2 EUV (Retail)

Portfolio: jf07

Scenario: V2

Valuation Date: 17/03/2021

Freehold

Value: 24,696,709

Net Rent: 906,560

Total ERV: 1,727,890

Net value / sqft 686

Average Unexpired Term: 6 yrs, 3 mths

Net Initial Yield: 3.438%

Nominal Equivalent Yield: 5.801%

True Equivalent Yield: 6.000%

Reversionary Yield: 6.554%

114, Boots the Chemist

Current	Gross income	275,000					
	Net Income			275,000			
YP (5.750% for 1 month)	0.0808						22,230
Apr 2021	Gross income	0					
	Net Income			0			
YP (6.250% for 1 year deferred for 1 month)	0.9364						0
Apr 2022	Gross income	0					
	Net Income			0			
YP (6.250% for 1 year deferred for 1 year and 1 month)	0.8813						0
Apr 2023	Gross income	297,425					
	Net Income			297,425			
YP (6.250% in perpetuity deferred for 2 years and 1 month)	14.1016						4,194,165
Unit Gross Value							4,216,395

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Apr 2022	1 Mnth	0.00%	-15%	-44,614	-44,614
Empty Rates		Apr 2021	1 Mnth	0.00%	-45%	-133,841	-133,841
						-178,455	

Adjusted Unit Value **4,037,940**

116, EE

Current	Gross income	65,000					
	Net Income			65,000			
YP (5.750% for 2 years and 8 months)	2.4088						156,572
Nov 2023	Gross income	0					
	Net Income			0			
YP (6.250% for 1 year deferred for 2 years and 8 months)	0.8007						0
Nov 2024	Gross income	0					
	Net Income			0			
YP (6.250% for 9 months deferred for 3 years and 8 months)	0.5694						0
Aug 2025	Gross income	77,280					
	Net Income			77,280			
YP (6.250% in perpetuity deferred for 4 years and 5 months)	12.2415						946,021
Unit Gross Value							1,102,593

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
-------------	-----------	-------	--------	----------	------	--------	-------

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** V2

Letting Fees	Nov 2024	1 Mnth	0.00%	-15%	-11,592	-11,592
Empty Rates	Nov 2023	1 Mnth	0.00%	-45%	-34,776	-34,776
					-46,368	

Adjusted Unit Value**1,056,225****118-120, The Post Office**

Current	Gross income	110,000				
Net Income				110,000		
YP (5.750% for 2 years and 4 months)	2.1270					233,966
Jul 2023	Gross income	0				
Net Income				0		
YP (6.250% for 1 year deferred for 2 years and 4 months)	0.8170					0
Jul 2024	Gross income	0				
Net Income				0		
YP (6.250% for 1 year deferred for 3 years and 4 months)	0.7690					0
Jul 2025	Gross income	148,200				
Net Income				148,200		
YP (6.250% in perpetuity deferred for 4 years and 4 months)	12.3035					1,823,376

Unit Gross Value**2,057,342****Capital Adjustments**

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Jul 2024	1 Mnth	0.00%	-15%	-22,230	-22,230
Empty Rates		Jul 2023	1 Mnth	0.00%	-45%	-66,690	-66,690
						-88,920	

Adjusted Unit Value**1,968,422****122, Great Gifts and Souvenirs Ltd**

Current	Gross income	0				
Net Income				0		
YP (5.750% for 9 months)	0.7142					0
Dec 2021	Gross income	0				
Net Income				0		
YP (6.250% for 9 months deferred for 9 months)	0.6796					0
Sep 2022	Gross income	75,040				
Net Income				75,040		
YP (6.250% in perpetuity deferred for 1 year and 6 months)	14.6092					1,096,275

Unit Gross Value**1,096,275****Capital Adjustments**

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2021	1 Mnth	0.00%	-15%	-11,256	-11,256
Empty Rates		Dec 2020	1 Mnth	0.00%	-45%	0	0
						-11,256	

Adjusted Unit Value**1,085,019**

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** V2**124, Hutchinson 3G UK Ltd**

Current	Gross income	67,500					
	Net Income				67,500		
	YP (5.750% for 2 years and 9 months)	2.4784					167,295
Dec 2023	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 2 years and 9 months)	0.7966					0
Dec 2024	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 3 years and 9 months)	0.5666					0
Sep 2025	Gross income	80,080					
	Net Income				80,080		
	YP (6.250% in perpetuity deferred for 4 years and 6 months)	12.1798					975,357
Unit Gross Value							1,142,652

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2024	1 Mnth	0.00%	-15%	-12,012	-12,012
Empty Rates		Dec 2023	1 Mnth	0.00%	-45%	-36,036	-36,036
						-48,048	

Adjusted Unit Value **1,094,604**

126, CEX

Current	Gross income	0					
	Net Income				0		
	YP (5.750% for 9 months)	0.7142					0
Dec 2021	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 9 months)	0.6796					0
Sep 2022	Gross income	84,630					
	Net Income				84,630		
	YP (6.250% in perpetuity deferred for 1 year and 6 months)	14.6092					1,236,377
Unit Gross Value							1,236,377

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Jan 2022	1 Mnth	0.00%	-15%	-12,695	-12,695
Empty Rates		Dec 2020	1 Mnth	0.00%	-45%	0	0
						-12,695	

Adjusted Unit Value **1,223,682**

128/130, Superdrug Stores PLC

Current	Gross income	50,000					
	Net Income				50,000		
	YP (5.750% for 2 years and 9 months)	2.4784					123,922



114 - 186 Queensway W2 EUV (Retail)

Portfolio: jf07

Scenario: V2

128/130, Superdrug Stores PLC

Dec 2023	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 2 years and 9 months)	0.7966					0
Dec 2024	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year deferred for 3 years and 9 months)	0.7498					0
Dec 2025	Gross income	140,000					
	Net Income				140,000		
	YP (6.250% in perpetuity deferred for 4 years and 9 months)	11.9966					1,679,521
Unit Gross Value							1,803,443

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2024	1 Mnth	0.00%	-15%	-21,000	-21,000
Empty Rates		Dec 2023	1 Mnth	0.00%	-45%	-63,000	-63,000
						-84,000	

Adjusted Unit Value **1,719,443**

134 - Basement, VACANT

Current	Gross income	0					
	Net Income				0		
	YP (6.000% for 1 year and 9 months)	1.6157					0
Dec 2022	Gross income	0					
	Net Income				0		
	YP (6.000% in perpetuity deferred for 1 year and 9 months)	15.0509					0
Unit Gross Value							0

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2022	1 Mnth	0.00%	-15%	0	0
Empty Rates		Mar 2021	1 Mnth	10.00%	-45%	0	0
						0	

Adjusted Unit Value **0**

134 - Ground, VACANT

Current	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year and 9 months)	1.6105					0
Dec 2022	Gross income	74,060					
	Net Income				74,060		
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895					1,065,683
Unit Gross Value							1,065,683

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Dec 2022	1 Mnth	0.00%	-15%	-11,109	-11,109

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** V2

Empty Ratres	Mar 2021	1 Mnth	10.00%	-45%	-33,327	-33,327
					-44,436	

Adjusted Unit Value**1,021,247****136, Beauty Base Ltd**

Current	Gross income		0			
Net Income				0		
YP (6.250% for 1 year)	0.9412					0
Mar 2022	Gross income		0			
Net Income				0		
YP (6.250% for 6 months deferred for 1 year)	0.4496					0
Sep 2022	Gross income		52,275			
Net Income				52,275		
YP (6.250% in perpetuity deferred for 1 year and 6 months)	14.6092					763,696

Unit Gross Value**763,696****Capital Adjustments**

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Mar 2022	1 Mnth	0.00%	-15%	-7,841	-7,841
Empty Ratres		Mar 2021	1 Mnth	10.00%	-45%	-23,524	-23,524
						-31,365	

Adjusted Unit Value**732,331****138-144, Tesco**

Current	Gross income		339,060			
Net Income				339,060		
YP (4.500% for 14 years and 5 months)	10.4409					3,540,089
Aug 2035	Gross income		339,060			
Net Income				339,060		
YP (4.500% in perpetuity deferred for 14 years and 5 months)	11.7813					3,994,578

Unit Gross Value**7,534,667****Capital Adjustments**

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Aug 2035	1 Mnth	0.00%	-15%	-50,859	-50,859
						-50,859	

Adjusted Unit Value**7,483,808****132, AB Enterprises Ltd Assumed VACANT**

Lease expired in Jan 2020 - assumed lease renewed at the same rent for another year (so assumed 2 year lease as per the schedule)

Current	Gross income		0			
Net Income				0		
YP (6.250% for 1 year)	0.9412					0
Mar 2022	Gross income		0			
Net Income				0		
YP (6.250% for 1 year deferred for 1 year)	0.8858					0

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** V2**132, AB Enterprises Ltd Assumed VACANT**

Lease expired in Jan 2020 - assumed lease renewed at the same rent for another year (so assumed 2 year lease as per the schedule)

Mar 2023	Gross income	88,400					
	Net Income				88,400		
	YP (6.250% for 1 year deferred for 2 years)	0.8337					73,700
Mar 2024	Gross income	88,400					
	Net Income				88,400		
	YP (6.250% in perpetuity deferred for 3 years)	13.3393					1,179,194
Unit Gross Value							1,252,894

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Mar 2022	1 Mnth	0.00%	-15%	-13,260	-13,260
Empty Ratres		Mar 2021	1 Mnth	10.00%	-45%	-39,780	-39,780
						-53,040	

Adjusted Unit Value **1,199,854****146, An Individual**

Current	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year)	0.9412					0
Mar 2022	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 1 year)	0.6694					0
Dec 2022	Gross income	86,840					
	Net Income				86,840		
	YP (6.250% for 3 months deferred for 1 year and 9 months)	0.2164					18,796
Mar 2023	Gross income	86,840					
	Net Income				86,840		
	YP (6.250% in perpetuity deferred for 2 years)	14.1730					1,230,784
Unit Gross Value							1,249,580

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Mar 2022	1 Mnth	0.00%	-15%	-13,026	-13,026
Empty Ratres		Mar 2021	1 Mnth	10.00%	-45%	-39,078	-39,078
						-52,104	

Adjusted Unit Value **1,197,476****148, VACANT**

Current	Gross income	0					
	Net Income				0		
	YP (6.250% for 1 year)	0.9412					0
Mar 2022	Gross income	0					
	Net Income				0		
	YP (6.250% for 9 months deferred for 1 year)	0.6694					0

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** V2**148, VACANT**

Dec 2022	Gross income	83,200		
	Net Income		83,200	
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895		1,197,203

Unit Gross Value	1,197,203
-------------------------	------------------

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Mar 2022	1 Mnth	0.00%	-15%	-12,480	-12,480
Empty Ratres		Mar 2021	1 Mnth	10.00%	-45%	-37,440	-37,440
						-49,920	

Adjusted Unit Value	1,147,283
----------------------------	------------------

150, VACANT

Current	Gross income	0		
	Net Income		0	
	YP (6.250% for 1 year)	0.9412		0

Mar 2022	Gross income	0		
	Net Income		0	
	YP (6.250% for 9 months deferred for 1 year)	0.6694		0

Dec 2022	Gross income	101,400		
	Net Income		101,400	
	YP (6.250% in perpetuity deferred for 1 year and 9 months)	14.3895		1,459,091

Unit Gross Value	1,459,091
-------------------------	------------------

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Letting Fees		Mar 2022	1 Mnth	0.00%	-15%	-15,210	-15,210
Empty Ratres		Mar 2021	1 Mnth	10.00%	-45%	-45,630	-45,630
						-60,840	

Adjusted Unit Value	1,398,251
----------------------------	------------------

Summary of Unit Values

114, Boots the Chemist	4,037,940
116, EE	1,056,225
118-120, The Post Office	1,968,422
122, Great Gifts and Souvenirs Ltd	1,085,019
124, Hutchinson 3G UK Ltd	1,094,604
126, CEX	1,223,682
128/130, Superdrug Stores PLC	1,719,443
134 - Basement, VACANT	0
134 - Ground, VACANT	1,021,247
136, Beauty Base Ltd	732,331
138-144, Tesco	7,483,808
132, AB Enterprises Ltd Assumed VACANT	1,199,854
146, An Individual	1,197,476
148, VACANT	1,147,283
150, VACANT	1,398,251

Total of Unit Values	26,365,585
-----------------------------	-------------------

**114 - 186 Queensway W2 EUV (Retail)****Portfolio:** jf07**Scenario:** V2**Buyers Costs**

Stamp Duty	(=4.9575%)	-1,224,335
Legal Fees	0.8000%	-197,574
Agent Fees	1.0000%	-246,967

Total (=6.7575% of Say Value):	-1,668,876
--------------------------------	------------

Net Value	24,696,709
------------------	-------------------

Running Yield Report

Date	Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
17/03/2021	26,584,364	-218,779	906,560	906,560	3.438%	3.410%
25/04/2021	26,718,205	-133,841	906,560	906,560	3.438%	3.393%
26/04/2021	26,718,205	0	631,560	631,560	2.395%	2.364%
01/01/2022	26,729,461	-11,256	631,560	631,560	2.395%	2.363%
16/01/2022	26,742,156	-12,695	631,560	631,560	2.395%	2.362%
17/03/2022	26,803,973	-61,817	631,560	631,560	2.395%	2.356%
26/04/2022	26,848,587	-44,614	631,560	631,560	2.395%	2.352%
17/09/2022	26,848,587	0	683,835	683,835	2.594%	2.547%
30/09/2022	26,848,587	0	758,875	758,875	2.878%	2.826%
15/10/2022	26,848,587	0	843,505	843,505	3.199%	3.142%
17/12/2022	26,859,696	-11,109	1,189,005	1,189,005	4.510%	4.427%
17/03/2023	26,859,696	0	1,277,405	1,277,405	4.845%	4.756%
25/04/2023	26,859,696	0	1,574,830	1,574,830	5.973%	5.863%
02/08/2023	26,926,386	-66,690	1,574,830	1,574,830	5.973%	5.849%
03/08/2023	26,926,386	0	1,464,830	1,464,830	5.556%	5.440%
13/12/2023	26,961,162	-34,776	1,464,830	1,464,830	5.556%	5.433%
14/12/2023	26,961,162	0	1,399,830	1,399,830	5.309%	5.192%
31/12/2023	27,060,198	-99,036	1,399,830	1,399,830	5.309%	5.173%
01/01/2024	27,060,198	0	1,282,330	1,282,330	4.864%	4.739%
03/08/2024	27,082,428	-22,230	1,282,330	1,282,330	4.864%	4.735%
14/12/2024	27,094,020	-11,592	1,282,330	1,282,330	4.864%	4.733%
01/01/2025	27,127,032	-33,012	1,282,330	1,282,330	4.864%	4.727%
02/08/2025	27,127,032	0	1,430,530	1,430,530	5.426%	5.273%
13/09/2025	27,127,032	0	1,507,810	1,507,810	5.719%	5.558%
30/09/2025	27,127,032	0	1,587,890	1,587,890	6.023%	5.854%
31/12/2025	27,127,032	0	1,727,890	1,727,890	6.554%	6.370%
07/09/2035	27,177,891	-50,859	1,727,890	1,727,890	6.554%	6.358%

Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.

Running Yields and Net Initial Yield are based on say value plus buyer's costs 26,365,585.

Formulae as in Parry's Tables: rent annually in arrears.

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"

Cap Adj Running Yield is based on cumulative capital invested.

Our Ref: JGK/JF07/02C002471



12 May 2021

Westminster City Council
PO Box 732
Redhill
RH1 9FL

F.A.O: Nathan Barratt

Dear Sirs

Financial Viability Assessment: 114 – 150 Queensway and 113 Inverness Terrace, London W2

You have asked us to write to you following the receipt of a letter from DS2 on the above property. We comment upon each of the points raised in turn.

Benchmark Land Value Assumptions**Existing Retail Rents**

Given the dearth of evidence available we do not consider the assumptions adopted within our assessment of Benchmark Land Value to be cautious. Regarding the retail, the rents we have adopted are predominantly associated with pre-pandemic deals or for much smaller food related units. Whilst we have had to rely on this evidence, we consider it to be towards the top of any range and that new evidence may indicate rents are lower. We have provided commentary on this in our previous letters to you recording market sentiment on this sector. The two pieces of evidence provided on Queensway are for much smaller units in a stronger retail position.

Existing Retail Yield

Given the dearth of evidence we have adopted a yield of 5.75% on the term income consistent with the applicant. We do not follow the argument by DS2 that the yield could be lower. DS2 references CBRE's yield of 4.5% but has not adopted that yield in their calculations. We are broadly aligned on yields. However, we are concerned that the large reversion may not be achieved and therefore have adopted a riskier yield on the reversion income. Given the uplift in rent we are assuming (+47% overall) we consider that a prudent purchaser would do the same. CBRE's prime yield sheet refers to prime yields. We do not consider that the subject property would be

considered prime given its age, position and occupier status and we do not see the relevance of quoting this given the yield adopted by the DS2.

Existing Residential

DS2 state that an existing landowner would just sell the properties in their existing condition and they consider we have overstated the costs by allowing for finance and profit. The exercise that must be undertaken is to assess the value of the 27 existing flats as one lot. That forms the red line of the planning application. To quantify this, it is necessary to assess the price a purchaser would pay for the 27 flats – this is the proxy for the price a reasonable landowner would release the site for. However, any sale of 27 flats will require time and incur finance costs for the landowner (even on the basis of the opportunity cost of their capital).

We do not consider it possible to dispose of all of the residential units in a short timescale. This would flood the market and drive down capital values. Therefore, we have assumed sale to a purchaser who would look to drip feed the flats to the market for purchase by owner occupiers. An incentive is required to do this in terms of profit. The costs of finance are a real cost. It is necessary to reflect the timescales of selling all the flats to owner occupiers to ensure an accurate Existing Use Value is reported. We have adopted capital values informed by evidence and given the uncertainty around condition of the units. We do not consider our assumptions to be cautious – this is an old block and inevitably there must be costs that would have to be incurred.

Premium

The applicant has failed to evidence to date how they have adjusted market yields to reflect existing use value only. Market yields reflect the level at which a property has transacted and therefore no additional incentive is required for a transaction to take place. We consider the evidence we have relied upon to be Market Evidence and therefore reflect transactional levels. It is likely that an EUV yield would be greater reducing the investment value prior to a premium then being added. It is up to the applicant to put this case forward with full evidence base and explanation to support the EUV yields adopted. Paragraph 5.1.3 of 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' published by the RICS and to become Guidance as at 1 July 2021 clearly states 'the BLV should not be expected to equate to market value.....The BLV is not a price to be paid in the marketplace; it is a mechanism by which the viability of the site to provide developers' contributions can be assessed. It should be set at a level that provides the minimum return at which a reasonable landowner would be willing to sell'.

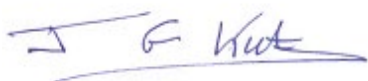
The premium issue can be looked at in another way. Setting aside our comments in the paragraph above, we are agreed with the applicant that on an appraisal basis no payment in lieu is derived,

only on the sensitivity analysis. It follows that the applicant's scheme is not viable. This suggests that the highest value is the figure we have derived for the existing building. The applicants have an even higher figure. It follows logically that there would be no premium as the value derived from the existing buildings exceeds the value of the proposed scheme. No premium can be sought to 'release the site' if the proposed scheme does not generate any additional value.

Conclusions

Based on a residual appraisal no surplus can be afforded by the proposed scheme (this does raise the question as to why the applicant is proceeding with an unviable scheme). However, as we have clearly stated in our previous letter, we are mindful of the evidence base used to derive the inputs adopted to formulate our opinion of Benchmark Land Value. We consider the evidence to be poor and therefore there is a strong possibility that we may be over valuing this under current market conditions. It is for this reason we provided the Council with some sensitivity testing looking at the impact of us overestimating our assumptions adopted within our Benchmark Land Value assessment. We consider that this should be a consideration by the Council given the uncertainty around the Benchmark Land Value. It has been provided to the Council to assist them as Decision maker. Even if we were to undertake two-way sensitivity testing as the applicant suggests, our advice would still be the same and we would focus on the sensitivity issues around the benchmark land value.

Yours sincerely

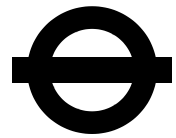


Jacob Kut MRICS
Principal / Senior Director
+44 020 7911 2829
jacob.kut@avisonyoung.com
For and on behalf of Avison Young (UK) Limited



Juliet Farrow MRICS
Associate Director
+44 020 7922 2843
Juliet.farrow@avisonyoung.com

Transport for London



To: Andrew Payne
GLA ref: 2020/6352/S1
Our Ref: WSTM/20/104
LPA Ref: 20/04934/FULL
Phone: 07894710931
Email: RamonaKayindy@tfl.gov.uk
Date: September 2020

RE: 114-150 Queensway And 97-113 Inverness Terrace, Westminster

Strategic Issues

The applicant should show greater commitment towards providing Healthy Streets improvements. The trip generation should be updated to reflect more recent data.

Site Description

The site is bound by Queensway to the west, Porchester Gardens to the south, Inverness Terrace to the east and commercial properties to the north. The site is approximately 400m from the A402 Bayswater Road, which forms part of the Strategic Road Network (SRN). The A40 Westway is approximately 500m from the site and forms part of the Transport for London Road Network (TLRN).

There are ten bus routes within 600m of the site. The nearest rail station is Paddington station and there are 4 London Underground stations in close proximity to the site. The site therefore has an excellent Public Transport Access Level (PTAL) of 6b, on a scale from 0 to 6b where 6b is the highest.

The site is also well connected to the cycle network as it is adjacent to Quietway 2 on Porchester Gardens. In addition, there are two cycle hire docking stations on Bishop's Bridge Road and Westbourne Grove within 300m of the site.

Healthy Streets

The proposed re-development will see an increase in pedestrian and cycle trips to/from the site and the local area. The development will not provide any car parking and includes works to improve public realm and provide cycle parking. This will contribute towards promoting and encouraging sustainable and active travel which supports Healthy Streets indicators in terms of reducing car dominance and contributing towards clean air.

It is also understood from the TA that the proposed Queensway public realm scheme in the vicinity of the site will address most of the areas of improvement identified in the Active Travel Zone (ATZ) assessment. This is welcomed. However, there are areas of improvement identified in the ATZ assessment that remain unaddressed. It is requested that the applicant commits to contributing towards these improvements in line with LP ItP policy T2.

Trip Generation

A trip generation exercise has been undertaken using different methodologies for each of the land uses. With regard to the proposed office space, TfL officers have concerns with the approach taken on the trip generation and request a recalculation and update to fully understand the impact of the proposed development. Further information on this will be provided in the detailed borough comments.

For the residential element of the scheme, the trip generated has been based on comparable sites within the TRICS database which is acceptable.

Car Parking

The car-free nature of the proposed development is welcomed and complies with LP ItP policy T6. However, given the site's excellent PTAL, TfL would expect a restriction on residents applying for parking permits in the local CPZ. This should be secured through the s106 agreement.

It is understood that no disabled parking spaces will be provided on site from the outset and that blue badge holders can use an existing disabled parking bay on Queensway. Furthermore, additional disabled parking is proposed to be provided on-street if demand arises. It is requested that the applicant identifies and safeguards a location where disabled parking can be provided in the future if needed.

Cycle Parking

A total of 224 long-stay and 78 short-stay cycle parking spaces are proposed which is in line with the ItP London Plan policy T5. Long-stay spaces will be located at basement level with changing rooms, showers and lockers for the anticipated staff of the development. In addition, 5% of the long-stay spaces will be larger parking spaces and short-stay spaces will be provided within the public realm which is welcomed.

It is understood that cycle parking will be designed and laid out in accordance with the guidance contained in Chapter 8 of the London Cycling Design Standards (LCDS), which is welcomed.

Construction and Servicing

Following recent events, the applicant should consider the Streetspace for London plan, which sets out how to create more space on streets for walking, cycling and social distancing as the lockdown is lifted. This may be important before, during and after construction and as it is a changing situation, should be consulted regularly.

Section 8 of the TA provides brief information on proposed construction arrangements. It is understood that construction may entail footway closures and use of on-street parking. More details on this should be provided once they are known and should be included in a Construction Logistics Plan (CLP).

It is understood from Appendix B of the TA that refuse collection and large deliveries will be undertaken within the site on Cervantes Court Road, which is welcomed. Smaller deliveries will be undertaken on Queensway in front of the site. Further details

on proposed delivery and servicing arrangements should be provided in a Delivery and Servicing Plan (DSP).

The CLP and DSP should be secured by condition and be produced with regard to TfL's best practice guidance as required by ItP LP policy T7.

Travel Plan

A draft Travel Plan (TP) has been provided in Appendix A of the TA. The proposed development will be car-free and therefore the majority of trips generated by the development will be sustainable which is in line with the Mayor's transport objectives to shift travel modes to sustainable transport. However, it is recommended that the TP sets mode share targets with an aim to shift travel modes from public transport towards cycling and walking. The final TP should be secured, enforced, monitored and reviewed by the applicant as part of the s106 in line with ItP LP policy T4.

Mayoral CIL

The applicant should note that this development will be liable for the Mayor of London's CIL based on the recently revised (MCIL2) charging rates of £80 per square metre.