

GREATER LONDON AUTHORITY

[REDACTED]
(By email)

Our Ref: MGLA310719-9016

21 October 2019

Dear [REDACTED]

Thank you for your request for information which the GLA received on 31 July 2019. Your request has been dealt with under the Environmental Information Regulations (EIR) 2004.

Our response to your request is as follows:

- *Can you provide all Financial Viability Assessments (FVAs) for Merrick Place in Ealing – approved in November 2018; the applicants’ original FVA, subsequent revisions, and any reviews by Ealing Council and the GLA? (Item 2 in the agenda documents pack: The Arches Business Centre, Merrick Road Southall. Ealing planning reference: 181380 FUL)*

Ealing council didn’t publish the FVA or any reviews with the planning report documents because they only got round to implementing the Mayor of London’s recommendation on disclosure in April 2019. The GLA were involved in negotiations and scrutiny of this referable scheme. The Mayor’s Viability SPG of 2017 stated, ‘Where the required viability information is not published by the LPA...the Mayor reserves the right to...publish the information as part of his referral Stages 1 and 2 consideration.’

As all Local Planning Authorities and applicants have been aware of this guidance since 2016, (when a draft SPG was published), will the GLA/Mayor send the relevant documents in this case? If not, can an explanation be provided?

Please find attached the information you have requested. Please note that some names of members of staff are exempt from disclosure under s.40 (Personal information) of the Freedom of Information Act. This information could potentially identify specific employees and as such constitutes as personal data which is defined by Article 4(1) of the General Data Protection Regulation (GDPR) to mean any information relating to an identified or identifiable living individual. It is considered that disclosure of this information would contravene the first data protection principle under Article 5(1) of GDPR which states that Personal data must be processed lawfully, fairly and in a transparent manner in relation to the data subject.

- *Can you also briefly explain why FVAs and reviews were not published at stage 1 and 2 of the referral process to the Mayor? The SPG implied that all such FVAs would be published by the Mayor after 2017 but this is obviously not the case. Are there guidelines about types of applications or circumstances when the Mayor will publish FVAs that LPAs don’t publish? For example, are they only published if; an FOI request is submitted? Or councillors request this?*

Or a certain level of public interest is demonstrated? Are any changes planned to policy on this in future? Any information would be helpful.

The GLA has been working with London Authorities to implement transparency measures in line with the Mayor's approach in the Affordable Housing and Viability Supplementary Planning Guidance. The majority of authorities now have transparency procedures in place. Where information is requested for applications that were considered prior to the introduction of a borough's transparency procedures, the GLA will apply the approach to transparency set out in the SPG.

If you have any further questions relating to this matter, please contact me, quoting the reference at the top of this letter.

Yours sincerely



Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>

PRIVATE AND CONFIDENTIAL

██████████ (Development Planning Manager)
Planning Services
Ealing Council
4th Floor, Perceval House
14-16 Uxbridge Road
Ealing
London
W5 2HL

266808/A5/SM/JK
19th April 2018

Dear ██████████

**SUBMISSION OF A FULL PLANNING APPLICATION FOR A RESIDENTIAL LED MIXED USE
DEVELOPMENT AT ARCHES BUSINESS CENTRE, MERRICK ROAD, SOUTHAL, UB2 4AU
PLANNING APPLICATION REF: 181380FUL**

On behalf of our client, Merrick Road LLP ("the Applicant"), we write regarding the above development site and associated full planning application, validated by the London Borough of Ealing (LBE) on 3rd April and given reference number 181380FUL.

We hereby enclose a Viability Report prepared by Savills in support of the planning application to confirm the maximum amount of affordable housing is being delivered within the proposed development.

The information contained in this Viability Report is provided by the Applicant for the use of the LBE in making its decision and should not be disclosed to third parties without the Applicant's express permission¹. This request is made by reference to the Freedom of Information Act Section 41 (exemption from the right to know where the information was provided to a public authority in confidence) and Section 43 (exemption from the right to know where the information is a trade secret, or is likely to prejudice the commercial interests of a person or company).

We would therefore expect that the Council will refrain from posting the Viability Report on the internet, or have it retained on the public planning application file.

The Affordable Housing Offer

The Applicant is committed to providing affordable housing on this site, and in line with the Greater London Authority's (GLA) and LBE's targets the Applicant has adopted 35% affordable housing by habitable room (excluding grant) as its affordable housing offer. This offer is split by tenure - 84% (150 units) Intermediate and 16% (20 units) Affordable Rent, which reflects pre-application discussions with LBE.

¹ Apart from the GLA who are copied in.

The Applicant will seek to identify opportunities to enable delivery at this level in spite of the technical deficit at current day. This might include (for example) improvements in the profile of construction costs and sales values over time, or other factors that improve the relationship between costs and income within the scheme (that are specific to this Applicant and therefore not relevant for an assessment using 'market norms') that may allow them to bring the site forward despite this apparent deficit.

It should be noted that the Viability Report confirms that in view of the current site costs and build costs, current commercial market conditions, the level and tenure of affordable housing proposed and the level of financial planning obligations likely to be sought by LBE as part of the proposal, the proposed development would result in a negative residual and value and a deficit against the benchmark. The Applicant is currently considering opportunities to reduce this deficit via reviewing its funding structure, considering grant opportunities and improvements in the profile of construction costs and sales value (or hope value) over time.

We note that this affordable offer is better than that previously agreed as part of the Extant Permission on this site (PA/2013/5696) and is consistent with other neighbouring schemes approved by LBE², including:

- The Arches Development = 28% on a habitable room basis (100% Discount Market Rent);
- Malgavita = 35% on a habitable room basis (100% Intermediate);
- Honda = 35% on a habitable room basis (100% Intermediate);
- Kings House and = 35% on a habitable room basis (100% Discount Market Rent);
- Middlesex Business Centre = 28% on a unit basis (100% Discount Market Rent or Sale).

We consider the affordable housing offer proposed by the Applicant is an exceptionally good offer in light of the site's commercial circumstances, which the GLA and LBE should wholeheartedly support. This offer must be considered as a significant planning benefit of the scheme, alongside its other planning benefits, including:

- Make effective use of previously developed land in accordance with the principles of sustainable development;
- Provision of high quality residential accommodation, which meets the Mayor's space standards;
- Provision of new flexible commercial floorspace that will meet market needs and will provide a considerable number of permanent jobs on the Site;
- Improve the vibrancy and vitality of the area through the provision of new active frontage and high quality public realm;
- Provision of an exemplary design with high quality materials reinvigorating this part of the Southall;

² Excluding 35% 'Fast Track' schemes.

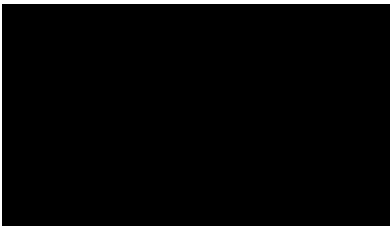
- Optimisation of the Site area through the arrangement of the built form and inclusion of substantial amenity and playspace provision;
- Creation of temporary construction jobs and contributing to the Borough's economy through trick-down/indirect investment;
- Improved legibility and wayfinding from Southall Station to the south of the railway; and
- New Homes Bonus payments, CIL and planning obligations that will help to improve local infrastructure.

Next Step

We welcome the opportunity undertake discussions with LBE's Independent Viability Assessor and look forward to LBE confirming which Practice this will be. In this respect, we suggest that a meeting is arranged between Savills, LBE's Viability Assessor and the GLA's Viability Assessor and soon as practically possible.

We look forward to hearing from you in due course. In the meantime, if you have any queries please do not hesitate to get in contact.

Yours sincerely,



JUSTIN KENWORTHY
Director

Encs.

Cc. [REDACTED], GLA

Merrick Place, Southall, UB2

Viability Assessment Report

This Viability Assessment has been prepared on behalf of:

Merrick Road LLP

DRAFT

Instructions

This Viability Assessment is submitted to the London Borough of Ealing to accompany a detailed planning application for the proposed residential led development at Merrick Place ('the Subject'). The application is made on behalf of Merrick Road LLP ('the Applicant').

Confidentiality

We understand that the report will be submitted to the London Borough of Ealing as a supporting document to the planning application. The report must not be recited or referred to in any document (save the consultants instructed by the Council to review the report) without our express prior written consent.

Report Limitations

Although this report has been prepared in line with RICS valuation guidance, it is first and foremost a supporting document to the planning application in order to inform Section 106 negotiations. Therefore it should be noted that, as per Professional Standards 1 of the RICS Valuation Global Standards 2017 Incorporating the International Valuation Standards, advice given expressly in preparation for, or during the course of, negotiations or possible litigation does not form part of a formal "Red Book" valuation and should not be relied upon as such.

Date of Appraisal

The Date of Appraisal is the date of this report.

For and on behalf of:

Savills (UK) Limited
33 Margaret Street
London
W1G 0JD

Contents

1.	Executive Summary	4
2.	Introduction	5
3.	Subject Description	6
4.	Methodology	7
5.	Site Value Benchmark	8
6.	Appraisal Modelling Assumptions – GDV	9
7.	Appraisal Modelling Assumptions – Costs	14
8.	Conclusion.....	17
	Appendix 1: Site Location Plan	18
	Appendix 2: Proposed Accommodation Schedule and Plans	19
	Appendix 3: Proposed Scheme Cost Plan	20
	Appendix 4: Site Value Benchmark Report	21
	Appendix 5: Existing Use Value Calculations.....	22
	Appendix 6: Residential Comparables Report.....	23
	Appendix 7: Residential Pricing Schedule	24
	Appendix 8: Residual Land Value Appraisal.....	25

1. Executive Summary

- 1.1 Merrick Place currently comprises a combination of The Arches Business Centre which includes a range of low-grade retail premises set within light industrial units, and a car park at the west of the site. The site extends to 0.8 hectares.
- 1.2 The Subject comprises a single parcel of land which benefits from an existing planning consent for the redevelopment of the site to provide 176 residential units, offices (use class B1) and 23 car parking spaces.
- 1.3 The new application seeks to deliver a scheme for the re-development of the site to comprise 571 residential units and a mix of retail and commercial floor space.
- 1.4 We have assessed the development economics of the proposed scheme in order to identify the level of planning obligations the scheme can sustain. We have appraised the scheme using Argus Developer (Version 6) and have based our appraisal upon the plans and schedule of accommodation shown in **Appendix 2**.
- 1.5 We have compared the resulting Residual Land Value to our Site Value Benchmark to ascertain whether there is a deficit or surplus against our Benchmark. At this stage our Site Value Benchmark has been determined by giving consideration to the Existing Use Value plus premium.
- 1.6 We understand that the Applicant is committed to providing affordable housing on this project and that there are a range of tenures and unit mixes that have been considered. In line with the GLA and LB Ealing's targets we have for the purposes of this report adopted 35% affordable housing by habitable room. We have split this 84% (150 units) Intermediate and 16% (20 units) Affordable Rent which reflects pre-application discussions with Ealing.
- 1.7 Since this tenure mix is not at the policy target a viability assessment is required to demonstrate whether it is the maximum reasonable amount that can be provided, hence we have reflected this mix in our assessment.
- 1.8 Our results are set out in the table below. Please see **Appendix 8** for the full appraisal.

Table 1 – Viability Appraisal Results

Proportion of Affordable Housing	Residual Land Value	Site Value Benchmark	Surplus/Deficit Against Benchmark
35%	-£21.44m	£6.77m	- £28.21m

- 1.9 The results of our appraisal demonstrate that the scheme is not technically viable at current day assuming 35% by habitable room at the tenure split considered.
- 1.10 We understand that the Applicant is committed to delivery of affordable housing on this scheme and as such will seek to identify opportunities to enable delivery in spite of the technical deficit at current day. This might include (for example) improvements in the profile of construction costs and sales values over time, or other factors that improve the relationship between costs and income within the scheme (that are specific to this Applicant and therefore not relevant for an assessment using 'market norms') that may allow them to bring the site forward despite this apparent deficit.

2. Introduction

2.1. Client Instruction

- 2.1.1. We have been instructed by the Applicant to examine the economic viability of this residential led scheme, to determine the level of planning obligations that the proposed development can support whilst remaining viable.

2.2. Information Provided

- 2.2.1. We have been provided with, and have relied upon, the following information from the Applicant:
- Site area plan as attached at **Appendix 1**;
 - Accommodation schedule of the proposed accommodation (ref:CPA797-SC-1010 and dated 12 March 2018) provided by Cartwright Pickard as attached at **Appendix 2**.
 - Cost plan provided by Alinea dated 3 April 2018 as at **Appendix 3**;

3. Subject Description

3.1. Subject Location

- 3.1.1. The Subject is located on Merrick road in the London Borough of Ealing and is bound by mainline railway to the north, industrial units to the east, commercial properties fronting Merrick Road to the south and South Road to the West.
- 3.1.2. The site benefits from good access to transport links being 0.1 miles south east of Southall Station which provides direct access to London Paddington and Central London. There are multiple bus routes available outside Southall Station which provides links to Hayes, Heathrow Airport and Northolt. The site has a Public Transport Accessibility Level (PTAL) rating of 4.
- 3.1.3. The immediate surrounding area comprises a mix of commercial and residential accommodation.
- 3.1.4. A location plan is attached at **Appendix 1**.

3.2. Subject Description

- 3.2.1. The current property is a combination of the Arches Business Centre which includes a range of low-grade retail premises, and a car park at the west of the site. The total site area is 0.8 hectares.
- 3.2.2. We have not been provided at this stage with a schedule of existing tenancies and the areas of the retail units. We understand that the existing premises extends to 3,783 sqm (40,720 sqft) GIA of light industrial space comprising 13 units.
- 3.2.3. The Subject benefits from an existing planning consent (ref: PP/2013/5696) for:
“Retention and alteration of facades of building and redevelopment of the site to provide offices (Use Class B1 (a)) at ground floor level (double height) with four eight storey extensions above containing 176 residential flats (64 one bed, 96 two bed, 14 three bed and 2 four bed), the provision of 23 car parking spaces (including 18 disabled) at ground level within the building, 242 bicycle parking spaces, provision of a new vehicular access of Bridge Road servicing layby in Bridge Road, amenity space at third floor and roof top level and landscaping, with associated plant and lighting.
- 3.2.4. Further detail is provided within our Site Value Benchmark report, attached at **Appendix 4**.

3.3. Proposed Development

- 3.3.1. A planning application has been submitted which seeks full planning permission for 571 residential units over 507,831 sq ft (GIA), as well as 22,922 sq ft (GIA) of retail and workspace.
- 3.3.2. The proposed scheme does not incorporate car parking.
- 3.3.3. A detailed accommodation schedule and plans are provided at **Appendix 2**, and further detail of the proposals is contained within our Residential Comparables report, attached at **Appendix 6**.

4. Methodology

4.1. Financial Viability Assessments

4.1.1. In line with the NPPF, and the Greater London Authority's (GLA's) strategic planning guidance for London, site-specific financial viabilities are a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.

4.1.2. As such, viability appraisals can and should be used to analyse and justify planning obligations to ensure that Section 106 requirements do not make a scheme unviable.

4.1.3. The RICS define financial appraisals for planning purposes as:

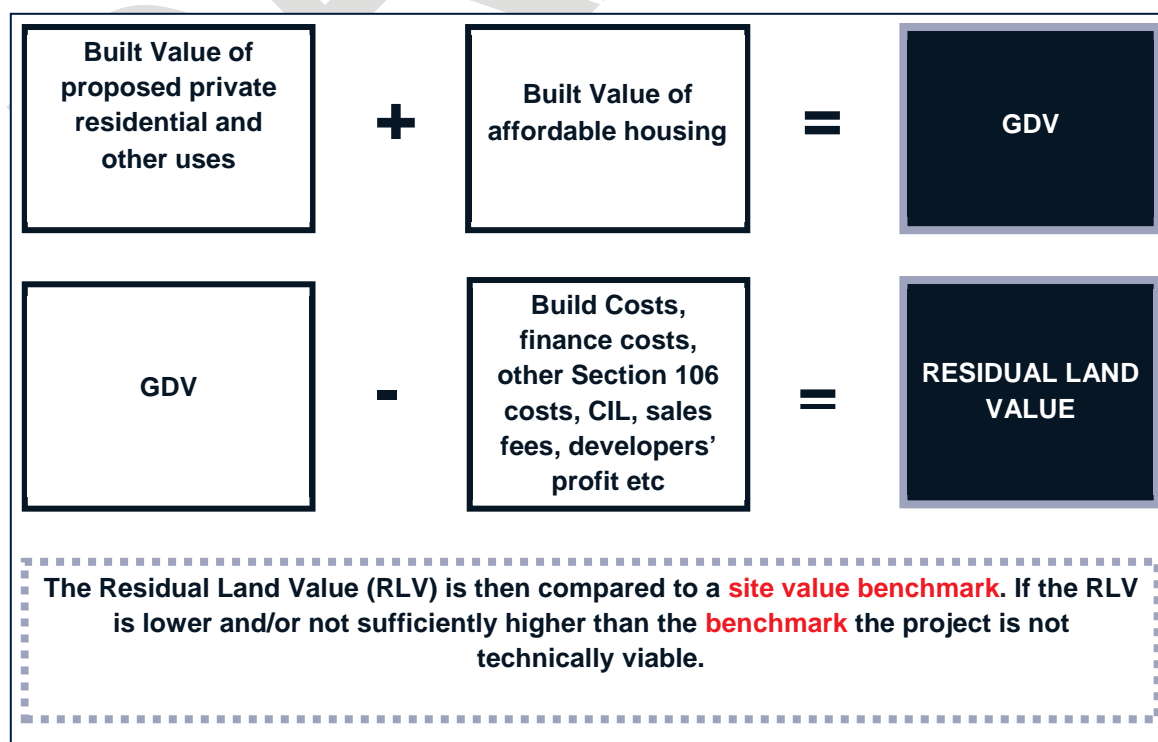
'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to a developer in delivering a project.'

4.1.4. The GLA's logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate viability benchmark sum, it follows that it is unviable to pursue such a scheme, and the scheme is unlikely to proceed.

4.1.5. If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

4.2. Residual Land Valuation

4.2.1. The financial viability of development proposals is determined using the residual land valuation method. A summary of this valuation process can be seen below:



5. Site Value Benchmark

5.1. Introduction

- 5.1.1. Identifying an appropriate viability benchmark sum requires judgement bearing in mind that national planning guidance indicates that appropriate land for housing should be 'encouraged' to come forward for development. The NPPF, and GLA SPG provide guidance on viability benchmarks for planning purposes and we are also aware that the Royal Institution of Chartered Surveyors (RICS) issued a guidance note on 'Financial Viability in Planning' in August 2012.
- 5.1.2. Given the available guidance, and our own professional experience, our views on what constitutes an appropriate viability benchmark detailed within our Site Value Benchmark Report at **Appendix 4**.

5.2. Adopted Site Value Benchmark

- 5.2.1. In identifying an appropriate viability benchmark sum, we have given consideration to the Existing Use Value of the Subject as summarised below:

Table 2 – Potential Site Value Benchmark Summary

Existing Use Value	£6,770,845
--------------------	------------

- 5.2.2. Overall we consider the Site Value Benchmark of the Subject to be **£6.77m**.

6. Appraisal Modelling Assumptions – GDV

6.1. Methodology

- 6.1.1. In line with the GLA and LB Ealing targets, we have for the purposes of this report adopted 35% affordable housing by habitable room. We have split this 84% (150 units) intermediate and 16% (20 units) affordable rent which reflects pre-application discussions with Ealing. Notionally, Block 4 is therefore with this provision.

6.2. Residential Values

- 6.2.1. We have assessed a number of comparable transactions in the area to form an opinion of value for the proposed apartments at the Subject, taking into account the location, size, aspect, provision of outside space, proposed accommodation and parking provision.
- 6.2.2. We note in particular that the proposed units are within an area undergoing significant regeneration and development, and that the proposed scheme will compete for sales from those sites. In order to achieve a consistent sales rate with a high proportion of pre-sales a lower price point may be required generally in the area and is likely to be required on this site specifically.
- 6.2.3. Based on our research (attached at **Appendix 5**) and advice from Savills Consultancy Team we would anticipate the proposed private residential units at the Subject achieving the following average values:

Block 1						
Unit Type	Tenure	No. of Units	Average Sq m	Average Sq ft	Average Value	Average £psf
Studio	Private Sale	14	37	398	£253,461	£636
1b2p	Private Sale	84	52	557	£364,016	£654
2b4p	Private Sale	88	74	799	£445,114	£558
3b5p	Private Sale	8	100	1,078	£549,563	£510
Total		194	12,267	132,038	£77,909,500	£590
Block 2						
1b2p	Private Sale	47	52	554	£364,574	£658
2b4p	Private Sale	32	72	771	£445,781	£578
3b5p	Private Sale	10	90	969	£534,625	£552
Total		89	5,639	60,700	£36,746,250	£605
Block 3						
1b2p	Private Sale	58	51	553	£365,216	£661
2b3p	Private Sale	30	62	667	£404,538	£606
2b4p	Private Sale	30	75	807	£404,700	£502
Total		118	7,072	76,117	£45,459,625	£597

6.3. Ground Rents

- 6.3.1. We have assumed that ground rents will be chargeable at a blended rate of £250 per private unit as advised by the Savills New Homes Team.
- 6.3.2. Ground rents have been capitalised at a yield of 10% to reflect the uncertainty created by the governments published press release on 21st December 2017 entitled 'Crackdown on unfair leasehold practices', proposing that ground rents on new long leases for both houses and flats are set at zero.
- 6.3.3. We reserve the right to review this assumption as further data is released to the marketplace.

6.4. Affordable Housing Values

- 6.4.1. We have appraised the GDV of the affordable housing units using Savills Discounted Cash Flow appraisal, reflecting the way in which RPs appraise the 'Market Value' of affordable units as a design and build 'package'.

Shared Ownership

- 6.4.2. The Shared Ownership units have been assessed on the basis of the following:
- Initial equity sale has been assumed at 25%;
 - The value of the rental income on the unsold equity (which is discounted back to a Net Present Value) has been assumed at between 2% and 2.75% in order to be affordable to household income of between £50,000 and £90,000 based on our model; and
 - We have made no allowance for staircasing receipts.

London Affordable Rent

- 6.4.3. London Affordable Rents are fixed at the rates set out in the Mayor's Affordable Homes Programme 2016-21 Funding Guidance at the following rates:

No. Bedrooms	2017-18 Benchmark Rents Per Week
1	£144.26
2	£152.73
3	£161.22

Summary

- 6.4.4. We have deducted on costs from the GDV of the affordable housing units as follows, which account for the costs incurred by an RP in operating the proposed affordable housing units.
- Shared Ownership: 12%
 - London Affordable Rent: 10%
- 6.4.5. Overall we have assumed a GDV for the affordable units of £40,500,000, equating to £319/sq ft.

6.4.6. We have assumed that this is excluding grant.

6.5. Retail Values: A1/A3

6.5.1. Commercial values have been assessed based on recent comparable transactions and agents active in the market. Note that we have relied upon data from CoStar which is a database to which a paid subscription is required, and we do not have the required permission to release the information. Where we have relied upon such sources, we have redacted the data.

6.5.2. The proposed commercial accommodation comprises the following:

Table 3- Proposed retail accommodation

Unit	Floor	Use	GIA (sq ft)	GEA(sq ft)
Block 1	G	Retail	1,432	1,539
Block 3	G	Retail	915	1,001
Block 4	G	Retail	1,076	1,173

6.5.3. Detailed below are the rental comparables that we deem to be of the most relevance to our assessment:

Table 4 – Retail Rental Comparables

Address	Date	Term (yrs)	Rent (p.a.)	Size	Rent/sq ft	Distance to Subject
128A The Broadway	Mar-18	N/A	£35,000	1,888	£18.54	0.8 miles
39A South Road	Apr-17	9	£42,000	881	£47.67	0.5 miles
1-3 Beaconsfield Road	Apr-17	N/A	£4,889	430	£11.37	0.3 miles
211 The Broadway	Mar-17	25	£38,000	1,549	£24.53	1 mile
62 South Road	Feb-17	12	£38,850	897	£43.31	0.4 miles
46 South Road	Feb-17	15	£46,221	1,000	£46.22	0.4 miles

6.5.4. 128a The Broadway comprises a retail unit arranged over basement and ground floor, and occupies a good location on the main retail parade. However, we consider the Subject will achieve a higher £/per sqft value to reflect the new build status of the scheme.

6.5.5. The comparables on South Road are north of the railway line, closer to the high street and so we would expect a reduction in rental income at the Subject. These transactions act as the upper end benchmarks for retail units within the vicinity of the Subject.

6.5.6. 1-3 Beaconsfield Road occupies an inferior location to the Subject situated off the main road which is suppressing the £/per sq ft value. We anticipate the proposed units at the Subject to achieve a higher value than this comparable to reflect the new build status of the scheme and its proximity to Southall station.

6.5.7. Detailed below are the investment comparables that we deem to be of the most relevance to our assessment:

Table 5 – Retail Investment Comparables

Address	Date	Price	NIY	Tenant	Comments
9 The Broadway	Feb-18	£540,000	4.44%	N/A	Located on the high street. 3 star unit.
41 The Broadway	Dec-17	£2,000,000	4.81%	IRH	Prime location on the high street. 20 year lease.
484 Greenford Road	Aug-17	£700,000	N/A	N/A	Located on the high street. Sold above asking
14 High Street, Southall	OTM	£365,000	N/A	N/A	Located on the high street. Smaller than subject units.

6.5.8. The comparables located on the Broadway occupy the prime location for retail units within this area. We would therefore expect the Subject units to achieve a lesser yield to reflect its location away from the main retail parade.

6.5.9. Based on the above and advice from the Savills Retail Team we have adopted the following assumptions:

Retail:

- Rent: £30/ sqft
- Yield: 6%; and
- Rent Free: 12 months

6.6. Office Values: B1

Table 6 – Proposed office accommodation

Unit	Floor	Use	GIA (sq ft)	GEA(sq ft)
Block 2 & 3	G+1	Office	22,604	23,713

6.6.1. Detailed below are the rental comparables that we deem to be of the most relevance to our assessment:

Table 7 – Office Rental Comparables

Address	Date	Term (yrs)	Rent (p.a.)	Size	Rent/sq ft	Distance to Subject
97-107 Uxbridge Rd	Dec-17	N/A	£79,943	2,750	£29.07	0.7 miles
Ironbridge House, Windmill Lane	Oct-17	N/A	£36,840	1,842	£20.00	1.5 miles
Leeland House, Leeland Rd	Sep-17	5 yrs	£48,909	2,380	£20.55	2.8 miles

6.6.2. 97-107 Uxbridge Road comprises an office let within a larger office building located on the high street close to central Ealing. We consider this to be a good comparable given the type of space provided, yet consider the Subject to achieve a lower £/per sq ft value.

- 6.6.3. Ironbridge House comprises a multi-let office building located between Southwell and Hanwell Stations. This comparable is in an inferior location to the Subject being further from local transport links which will reduce the £/per sq ft value. We consider the proposed units at the Subject will achieve a higher value to reflect its superior location and condition.
- 6.6.4. Leeland House is located south of west Ealing Station off the Broadway high street. This office building was constructed in 1989 and is not as close to transport links as the Subject. We consider the proposed units will achieve higher values to this comparable to reflect the new build nature of the scheme.
- 6.6.5. Detailed below are the investment comparables that we deem to be of the most relevance to our assessment:

Table 8 – Office Investment Comparables

Address	Date	Price	NIY	Tenant	Comments
Ironbridge House, Windmill Lane	May-16	£3,450,000	4.58%	Various	Rental income of £167,024. Reversionary yield of 6.5%.
Ironbridge House, Windmill Lane	Jul-15	£1,850,000	7.8%	N/A	Confidential sale
1 High Street, Southall	OTM	£1,500,000	N/A	N/A	Located in the centre of Southall. Rent of £310.62psf

- 6.6.6. On the basis that Ironbridge House is fully let, this comparable achieves a reversionary yield of 6.5%. We consider the Subject office building would achieve a similar yield to this.
- 6.6.7. Based on the above and advice from the Savills Industrial Team we have adopted the following assumptions:

Office:

- Rent: £25psf
- Yield: 6.5%; and
- Rent Free: 12 months

7. Appraisal Modelling Assumptions – Costs

7.1. Introduction

7.1.1. The following assumptions have been adopted in assessing the costs of the proposed scheme.

7.2. Build Costs

7.2.1. We have adopted the build costs as advised by Alinea dated 3 April 2018.

7.3. Contingencies

7.3.1. We have applied a development contingency of 5% in our appraisal.

7.4. Professional Fees

7.4.1. In this instance we have adopted professional fees of 12%. We have not been provided with a detailed breakdown of anticipated professional fees and therefore reserve the right to review our approach.

7.5. Sales/Letting Fees

- Residential sales agent: 1.5%
- Residential sales legal: 0.25%
- Commercial letting agent: 10%
- Commercial letting legal: 5%
- Private Residential marketing: 1.5%

7.6. Purchaser's Costs

7.6.1. We have deducted acquisition costs at a rate of 6.8%.

7.7. Planning Obligations

7.7.1. We have included the following estimated payments as advised by Barton Willmore:

7.7.2. Mayoral CIL: £1,577,685

7.7.3. S106 financial contributions: We have assumed a contribution of £5,000 per private sale unit equating to £2,005,000.

7.8. Profit

- 7.8.1. In assessing what constitutes an acceptable level of developer's return in the current market we have consulted with specialist colleagues within the Loan Security Valuation and Capital Markets departments of Savills, as well as applied our own development experience. In the current market if a developer was buying a site such as the Subject they would normally seek a return of at least 20% Profit on GDV (broadly equivalent to 25% Profit on Cost) in order to justify the risk of delivering the scheme.
- 7.8.2. The draft NPPF also notes 20% on GDV in respect of Market Sale as appropriate.
- 7.8.3. We have adopted the following levels for return for the different accommodation types within the proposed scheme:
- Profit on Market sale: 20% on GDV
 - Profit on Affordable: 6% on GDV
 - Profit on Retail: 15% on GDV
 - Profit on Commercial: 15% on GDV

7.9. Finance

- 7.9.1. In accordance with RICS guidance, we have assumed that the development will be 100% debt financed. We have assumed a rate debit rate of 7% and a credit rate of 1%.

7.10. Timescales

- 7.10.1. We have made assumptions as to development programme on the basis of the sales period and the likely sales rates achievable and so have adopted the following:
- Purchase, planning and pre-construction:
 - Block 1 - 18 months
 - Blocks 2 & 3 - 12 months
 - Block 4 – 15 months
 - Construction:
 - Block 1 – 30 months
 - Block 2 & 3 - 30 months
 - Block 4 – 26 months
 - Sales:
 - Block 1 - We have allowed an 18 month sales period, assuming that 40% of the units will be sold off plan with receipt at PC.

- Blocks 2 & 3 – We have allowed a 21 month sale period assuming that 40% of the units will be sold of plan with receipt at PC.
- Block 4 – We have assumed that the value of the affordable units will be paid over construction with 30% at 'Golden Brick'.

DRAFT

8. Conclusion

8.1. Results

- 8.1.1. We have appraised the proposed scheme against our Site Value Benchmark in order to fully understand the economics of the development and to establish the maximum level of planning obligations, including affordable housing, that the scheme can reasonably support.
- 8.1.2. A summary of our appraisal results is set out below.
- 8.1.3. We understand that the Applicant is committed to providing affordable housing on this project and that there are a range of tenures and unit mixes that have been considered. In line with the GLA and LB Ealing's targets we have for the purposes of this report adopted 35% affordable housing by habitable room. We have split this 35% (150 units) Intermediate and 16% (20 units) Affordable Rent which reflects pre-application discussions with Ealing.
- 8.1.4. Since this tenure mix is not at the policy target a viability assessment is required to demonstrate whether it is the maximum reasonable amount that can be provided, hence we have reflected this mix in our assessment.

Table 8 – Viability Appraisal Results

Proportion of Affordable Housing	Residual Land Value	Site Value Benchmark	Surplus/Deficit Against Benchmark
35%	-£21.44m	£6.77m	- £28.21m

- 8.1.5. The results of our appraisal demonstrate that the scheme is not technically viable at current day assuming 35% by habitable room at the tenure split considered.

8.2. Conclusions

- 8.2.1. We understand that the Applicant is committed to delivery of affordable housing on this scheme and as such will seek to identify opportunities to enable delivery in spite of the technical deficit at current day. This might include (for example) improvements in the profile of construction costs and sales values over time, or other factors that improve the relationship between costs and income within the scheme (that are specific to this Applicant and therefore not relevant for an assessment using 'market norms') that may allow them to bring the site forward despite this apparent deficit.

Appendix 1: Site Location Plan

DRAFT

6 April 2018

Merrick Place

Site Plan



6 April 2018



Appendix 2: Proposed Accommodation Schedule and Plans

DRAFT

Building 1 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
1st	B1.01.01	1B2P	51.385	553
	B1.01.02	1B2P	50.279	541
	B1.01.03	1B2P	51.673	556
	B1.01.04	1B2P	51.382	553
	B1.01.05	2B4P	73.985	796
	B1.01.06	STUDIO	36.755	396
	B1.01.07	2B4P	71.324	768
	B1.01.08	2B4P	71.983	775
	B1.01.09	2B4P	80.573	867
	B1.01.10	2B4P	72.426	780
			612	6585
2nd	B1.02.01	1B2P	51.385	553
	B1.02.02	1B2P	50.279	541
	B1.02.03	1B2P	51.673	556
	B1.02.04	1B2P	51.382	553
	B1.02.05	2B4P	73.985	796
	B1.02.06	STUDIO	36.755	396
	B1.02.07	2B4P	71.324	768
	B1.02.08	2B4P	71.983	775
	B1.02.09	2B4P	80.573	867
	B1.02.10	2B4P	72.426	780
			612	6585
3rd	B1.03.01	1B2P	51.385	553
	B1.03.02	1B2P	50.279	541
	B1.03.03	1B2P	51.673	556
	B1.03.04	1B2P	51.382	553
	B1.03.05	2B4P	73.985	796
	B1.03.06	STUDIO	36.755	396
	B1.03.07	2B4P	71.324	768
	B1.03.08	2B4P	71.983	775
	B1.03.09	2B4P	80.573	867
	B1.03.10	2B4P	72.426	780
			612	6585
4th	B1.04.01	1B2P	51.385	553
	B1.04.02	1B2P	50.279	541
	B1.04.03	1B2P	51.673	556
	B1.04.04	1B2P	51.382	553
	B1.04.05	2B4P	73.985	796
	B1.04.06	STUDIO	36.755	396
	B1.04.07	2B4P	71.324	768
	B1.04.08	2B4P	71.983	775
	B1.04.09	2B4P	80.573	867
	B1.04.10	2B4P	72.426	780
			612	6585
5th	B1.05.01	1B2P	51.385	51.707
	B1.05.02	1B2P	50.279	50.277
	B1.05.03	1B2P	51.673	51.677
	B1.05.04	1B2P	51.382	51.371
	B1.05.05	2B4P	73.985	73.125
	B1.05.06	STUDIO	36.755	36.744
	B1.05.07	2B4P	71.324	71.562
	B1.05.08	2B4P	71.983	71.983
	B1.05.09	2B4P	80.573	80.573
	B1.05.10	2B4P	72.426	72.426
			612	611.445

Building 1 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
6th	B1.06.01	1B2P	51.385	553
	B1.06.02	1B2P	50.279	541
	B1.06.03	1B2P	51.673	556
	B1.06.04	1B2P	51.382	553
	B1.06.05	2B4P	73.985	796
	B1.06.06	STUDIO	36.755	396
	B1.06.07	2B4P	71.324	768
	B1.06.08	2B4P	71.983	775
	B1.06.09	2B4P	80.573	867
	B1.06.10	2B4P	72.426	780
			612	6585
7th	B1.07.01	1B2P	51.385	553
	B1.07.02	1B2P	50.279	541
	B1.07.03	1B2P	51.673	556
	B1.07.04	1B2P	51.382	553
	B1.07.05	2B4P	73.985	796
	B1.07.06	STUDIO	36.755	396
	B1.07.07	2B4P	71.324	768
	B1.07.08	2B4P	71.983	775
	B1.07.09	2B4P	80.573	867
	B1.07.10	2B4P	72.426	780
			612	6585
8th	B1.08.01	1B2P	51.385	553
	B1.08.02	1B2P	50.279	541
	B1.08.03	1B2P	51.673	556
	B1.08.04	1B2P	51.382	553
	B1.08.05	2B4P	73.985	796
	B1.08.06	STUDIO	36.755	396
	B1.08.07	2B4P	71.324	768
	B1.08.08	2B4P	71.983	775
	B1.08.09	2B4P	80.573	867
	B1.08.10	2B4P	72.426	780
			612	6585
9th	B1.09.01	1B2P	51.385	553
	B1.09.02	1B2P	50.279	541
	B1.09.03	1B2P	51.673	556
	B1.09.04	1B2P	51.382	553
	B1.09.05	2B4P	73.985	796
	B1.09.06	STUDIO	36.755	396
	B1.09.07	2B4P	71.324	768
	B1.09.08	2B4P	71.983	775
	B1.09.09	2B4P	80.573	867
	B1.09.10	2B4P	72.426	780
			612	6585
10th	B1.10.01	1B2P	51.385	553
	B1.10.02	1B2P	50.279	541
	B1.10.03	1B2P	51.673	556
	B1.10.04	1B2P	51.382	553
	B1.10.05	2B4P	73.985	796
	B1.10.06	STUDIO	36.755	396
	B1.10.07	2B4P	71.324	768
	B1.10.08	2B4P	71.983	775
	B1.10.09	2B4P	80.573	867
	B1.10.10	2B4P	72.426	780
			612	6585

Building 1 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
11th	B1.11.01	1B2P	51.385	553
	B1.11.02	1B2P	50.279	541
	B1.11.03	1B2P	51.673	556
	B1.11.04	1B2P	51.382	553
	B1.11.05	2B4P	73.985	796
	B1.11.06	STUDIO	36.755	396
	B1.11.07	2B4P	71.324	768
	B1.11.08	2B4P	71.983	775
	B1.11.09	2B4P	80.573	867
	B1.11.10	2B4P	72.426	780
			612	6585
12th	B1.12.01	1B2P	51.385	553
	B1.12.02	1B2P	50.279	541
	B1.12.03	1B2P	51.673	556
	B1.12.04	1B2P	51.382	553
	B1.12.05	2B4P	73.985	796
	B1.12.06	STUDIO	36.755	396
	B1.12.07	2B4P	71.324	768
	B1.12.08	2B4P	71.983	775
	B1.12.09	2B4P	80.573	867
	B1.12.10	2B4P	72.426	780
			612	6585
13th	B1.13.01	1B2P	51.385	553
	B1.13.02	1B2P	50.279	541
	B1.13.03	1B2P	51.673	556
	B1.13.04	1B2P	51.382	553
	B1.13.05	2B4P	73.985	796
	B1.13.06	STUDIO	36.755	396
	B1.13.07	2B4P	71.324	768
	B1.13.08	2B4P	71.983	775
	B1.13.09	2B4P	80.573	867
	B1.13.10	2B4P	72.426	780
			612	6585
14th	B1.14.01	1B2P	51.385	553
	B1.14.02	1B2P	50.279	541
	B1.14.03	1B2P	51.673	556
	B1.14.04	1B2P	51.382	553
	B1.14.05	2B4P	73.985	796
	B1.14.06	STUDIO	36.755	396
	B1.14.07	2B4P	71.324	768
	B1.14.08	2B4P	71.983	775
	B1.14.09	2B4P	80.573	867
	B1.14.10	2B4P	72.426	780
			612	6585
15th	B1.15.01	1B2P	51.713	557
	B1.15.02	1B2P	50.279	541
	B1.15.03	1B2P	51.678	556
	B1.15.04	1B2P	51.377	553
	B1.15.05	3B5P	103.056	1109
	B1.15.06	3B5P	99.606	1072
	B1.15.07	1B2P	55.609	599
	B1.15.08	2B4P	80.573	867
	B1.15.09	2B4P	73.109	787
			617	6641

Building 1 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
16th	B1.16.01	1B2P	51.713	557
	B1.16.02	1B2P	50.279	541
	B1.16.03	1B2P	51.678	556
	B1.16.04	1B2P	51.377	553
	B1.16.05	3B5P	103.056	1109
	B1.16.06	3B5P	99.606	1072
	B1.16.07	1B2P	55.609	599
	B1.16.08	2B4P	80.573	867
	B1.16.09	2B4P	73.109	787
			617	6641
17th	B1.18.01	1B2P	51.713	557
	B1.18.02	1B2P	50.279	541
	B1.18.03	1B2P	51.678	556
	B1.18.04	1B2P	51.377	553
	B1.18.05	3B5P	103.056	1109
	B1.18.06	3B5P	99.606	1072
	B1.18.07	1B2P	55.609	599
	B1.18.08	2B4P	80.573	867
	B1.18.09	2B4P	73.109	787
			617	6641
18th	B1.18.01	1B2P	51.713	557
	B1.18.02	1B2P	50.279	541
	B1.18.03	1B2P	51.678	556
	B1.18.04	1B2P	51.377	553
	B1.18.05	3B5P	103.056	1109
	B1.18.06	3B5P	99.606	1072
	B1.18.07	1B2P	55.609	599
	B1.18.08	2B4P	80.573	867
	B1.18.09	2B4P	73.109	787
			617	6641
19th	B1.19.01	1B2P	51.713	557
	B1.19.02	1B2P	50.279	541
	B1.19.03	1B2P	51.678	556
	B1.19.04	1B2P	51.377	553
	B1.19.05	3B5P	103.056	1109
	B1.19.06	3B5P	99.606	1072
	B1.19.07	1B2P	55.609	599
	B1.19.08	2B4P	80.573	867
	B1.19.09	2B4P	73.109	787
			617	6641
20th	B1.20.01	1B2P	51.713	557
	B1.20.02	1B2P	50.279	541
	B1.20.03	1B2P	51.678	556
	B1.20.04	1B2P	51.377	553
	B1.20.05	3B5P	103.056	1109
	B1.20.06	3B5P	99.606	1072
	B1.20.07	1B2P	55.609	599
	B1.20.08	2B4P	80.573	867
	B1.20.09	2B4P	73.109	787
			617	6641

Building 2 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (#2)
2nd	B2.02.01	3B5P	90.075	970
	B2.02.02	1B2P	51.585	555
	B2.02.05	2B4P	72.762	783
	B2.02.06	2B4P	72.5	780
	B2.02.07	1B2P	51.433	554
			338.355	3642
3rd	B1.03.01	3B5P	90.045	969
	B1.03.02	1B2P	51.328	552
	B1.03.03	1B2P	52.539	566
	B1.03.04	1B2P	51.916	559
	B1.03.05	2B4P	72.499	780
	B1.03.06	2B4P	72.498	780
	B1.03.07	1B2P	51.432	554
			442.257	4760
4th	B1.04.01	3B5P	90.045	969
	B1.04.02	1B2P	51.328	552
	B1.04.03	1B2P	52.539	566
	B1.04.04	1B2P	51.916	559
	B1.04.05	2B4P	72.499	780
	B1.04.06	2B4P	72.498	780
	B1.04.07	1B2P	51.432	554
			442.257	4760
5th	B1.05.01	3B5P	90.045	969
	B1.05.02	1B2P	51.328	552
	B1.05.03	1B2P	52.539	566
	B1.05.04	1B2P	51.916	559
	B1.05.05	2B4P	72.499	780
	B1.05.06	2B4P	72.498	780
	B1.05.07	1B2P	51.432	554
			442.257	4760
6th	B1.06.01	3B5P	90.045	969
	B1.06.02	1B2P	51.328	552
	B1.06.03	1B2P	52.539	566
	B1.06.04	1B2P	51.916	559
	B1.06.05	2B4P	72.499	780
	B1.06.06	2B4P	72.498	780
	B1.06.07	1B2P	51.432	554
			442.257	4760
7th	B1.07.01	3B5P	90.045	969
	B1.07.02	1B2P	51.329	553
	B1.07.03	1B2P	52.539	566
	B1.07.04	1B2P	51.916	559
	B1.07.05	2B4P	72.499	780
	B1.07.06	2B4P	72.498	780
	B1.07.07	1B2P	51.432	554
			442.258	4760
8th	B1.08.01	3B5P	90.045	969
	B1.08.02	1B2P	51.328	552
	B1.08.03	1B2P	52.539	566
	B1.08.04	1B2P	51.916	559
	B1.08.05	2B4P	72.499	780
	B1.08.06	2B4P	72.498	780
	B1.08.07	1B2P	51.432	554
			442.257	4760

Building 2 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (#2)
9th	B1.09.01	3B5P	90.045	969
	B1.09.02	1B2P	51.329	553
	B1.09.03	1B2P	52.539	566
	B1.09.04	1B2P	51.916	559
	B1.09.05	2B4P	72.499	780
	B1.09.06	2B4P	72.498	780
	B1.09.07	1B2P	51.432	554
			442.258	4760
10th	B1.10.01	3B5P	90.045	969
	B1.10.02	1B2P	51.328	552
	B1.10.03	1B2P	52.539	566
	B1.10.04	1B2P	51.916	559
	B1.10.05	2B4P	72.499	780
	B1.10.06	2B4P	72.498	780
	B1.10.07	1B2P	51.432	554
			442.257	4760
11th	B1.11.01	3B5P	90.045	969
	B1.11.02	1B2P	51.329	553
	B1.11.03	1B2P	52.539	566
	B1.11.04	1B2P	51.916	559
	B1.11.05	2B4P	72.499	780
	B1.11.06	2B4P	72.498	780
	B1.11.07	1B2P	51.432	554
			442.258	4760
12th	B1.12.01	2B4P	69.301	746
	B1.12.02	1B2P	51.312	552
	B1.12.03	1B2P	52.539	566
	B1.12.04	1B2P	51.917	559
	B1.12.05	1B2P	72.499	780
	B1.12.06	2B4P	72.498	780
	B1.12.07	2B4P	70.106	755
			440.172	4738
13th	B1.13.01	2B4P	69.301	746
	B1.13.02	1B2P	51.312	552
	B1.13.03	1B2P	52.539	566
	B1.13.04	1B2P	51.917	559
	B1.13.05	1B2P	72.499	780
	B1.13.06	2B4P	72.498	780
	B1.13.07	2B4P	70.106	755
			440.172	4738
14th	B1.14.01	2B4P	69.301	746
	B1.14.02	1B2P	51.312	552
	B1.14.03	1B2P	52.539	566
	B1.14.04	1B2P	51.917	559
	B1.14.05	1B2P	72.499	780
	B1.14.06	2B4P	72.498	780
	B1.14.07	2B4P	70.106	755
			440.172	4738

Building 3 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (#2)
2nd	B3.02.01	2B3P	61.784	665
	B3.02.02	2B3P	61.584	663
	B3.02.03	1B2P	51.931	559
	B3.02.04	1B2P	51.961	559
	B3.02.05	2B4P	73.199	788
	B3.02.06	2B4P	76.584	824
			377.043	4058
3rd	B3.03.01	2B3P	61.529	662
	B3.03.02	2B3P	61.591	663
	B3.03.03	1B2P	52.191	562
	B3.03.04	1B2P	52.19	562
	B3.03.05	2B4P	73.198	788
	B3.03.06	2B4P	76.583	824
	B3.03.07	1B2P	48.699	524
	B3.03.08	1B2P	52.195	562
			478.176	5147
4th	B3.04.01	2B3P	61.529	662
	B3.04.02	2B3P	61.591	663
	B3.04.03	1B2P	52.191	562
	B3.04.04	1B2P	52.19	562
	B3.04.05	2B4P	73.198	788
	B3.04.06	2B4P	76.583	824
	B3.04.07	1B2P	48.699	524
	B3.04.08	1B2P	52.195	562
			478.176	5147
5th	B3.05.01	2B3P	61.529	662
	B3.05.02	2B3P	61.591	663
	B3.05.03	1B2P	52.191	562
	B3.05.04	1B2P	52.19	562
	B3.05.05	2B4P	73.198	788
	B3.05.06	2B4P	76.583	824
	B3.05.07	1B2P	48.699	524
	B3.05.08	1B2P	52.195	562
			478.176	5147
6th	B3.06.01	2B3P	61.529	662
	B3.06.02	2B3P	61.591	663
	B3.06.03	1B2P	52.191	562
	B3.06.04	1B2P	52.19	562
	B3.06.05	2B4P	73.198	788
	B3.06.06	2B4P	76.583	824
	B3.06.07	1B2P	48.699	524
	B3.06.08	1B2P	52.195	562
			478.176	5147
7th	B3.07.01	2B3P	61.529	662
	B3.07.02	2B3P	61.591	663
	B3.07.03	1B2P	52.191	562
	B3.07.04	1B2P	52.19	562
	B3.07.05	2B4P	73.198	788
	B3.07.06	2B4P	76.583	824
	B3.07.07	1B2P	48.699	524
	B3.07.08	1B2P	52.195	562
			478.176	5147

Building 3 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (#2)
8th	B3.08.01	2B3P	61.529	662
	B3.08.02	2B3P	61.591	663
	B3.08.03	1B2P	52.191	562
	B3.08.04	1B2P	52.19	562
	B3.08.05	2B4P	73.198	788
	B3.08.06	2B4P	76.583	824
	B3.08.07	1B2P	48.699	524
	B3.08.08	1B2P	52.195	562
			478.176	5147
9th	B3.09.01	2B3P	61.529	662
	B3.09.02	2B3P	61.591	663
	B3.09.03	1B2P	52.191	562
	B3.09.04	1B2P	52.19	562
	B3.09.05	2B4P	73.198	788
	B3.09.06	2B4P	76.583	824
	B3.09.07	1B2P	48.699	524
	B3.09.08	1B2P	52.195	562
			478.176	5147
10th	B3.10.01	2B3P	61.529	662
	B3.10.02	2B3P	61.591	663
	B3.10.03	1B2P	52.191	562
	B3.10.04	1B2P	52.19	562
	B3.10.05	2B4P	73.198	788
	B3.10.06	2B4P	76.583	824
	B3.10.07	1B2P	48.699	524
	B3.10.08	1B2P	52.195	562
			478.176	5147
11th	B3.11.01	2B3P	61.529	662
	B3.11.02	2B3P	61.591	663
	B3.11.03	1B2P	52.191	562
	B3.11.04	1B2P	52.19	562
	B3.11.05	2B4P	73.198	788
	B3.11.06	2B4P	76.583	824
	B3.11.07	1B2P	48.699	524
	B3.11.08	1B2P	52.195	562
			478.176	5147
12th	B3.12.01	2B3P	61.529	662
	B3.12.02	2B3P	61.591	663
	B3.12.03	1B2P	52.191	562
	B3.12.04	1B2P	52.19	562
	B3.12.05	2B4P	73.198	788
	B3.12.06	2B4P	76.583	824
	B3.12.07	1B2P	48.699	524
	B3.12.08	1B2P	52.195	562
			478.176	5147
13th	B3.13.01	2B3P	61.529	662
	B3.13.02	2B3P	61.591	663
	B3.13.03	1B2P	52.191	562
	B3.13.04	1B2P	52.19	562
	B3.13.05	2B4P	73.198	788
	B3.13.06	2B4P	76.583	824
	B3.13.07	1B2P	48.699	524
	B3.13.08	1B2P	52.195	562
			478.176	5147

Building 3 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (#2)
14th	B3.14.01	2B3P	61.529	662
	B3.14.02	2B3P	61.591	663
	B3.14.03	1B2P	52.191	562
	B3.14.04	1B2P	52.19	562
	B3.14.05	2B4P	73.198	788
	B3.14.06	2B4P	76.583	824
	B3.14.07	1B2P	48.699	524
	B3.14.08	1B2P	52.195	562
			478.176	5147
15th	B3.15.01	2B3P	61.529	662
	B3.15.02	2B3P	61.591	663
	B3.15.03	1B2P	52.191	562
	B3.15.04	1B2P	52.19	562
	B3.15.05	2B4P	73.198	788
	B3.15.06	2B4P	76.583	824
	B3.15.07	1B2P	48.699	524
	B3.15.08	1B2P	52.195	562
			478.176	5147
16th	B3.16.01	2B3P	61.529	662
	B3.16.02	2B3P	61.591	663
	B3.16.03	1B2P	52.191	562
	B3.16.04	1B2P	52.19	562
	B3.16.05	2B4P	73.198	788
	B3.16.06	2B4P	76.583	824
	B3.16.07	1B2P	48.699	524
	B3.16.08	1B2P	52.195	562
			478.176	5147

Apartment type totals

Building 4 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
1st	B4.01.01	3B5P	88.44	952
	B4.01.02	3B5P	89.486	963
	B4.01.03	1B2P	53.39	575
	B4.01.04	4B7P	128.934	1388
	B4.01.05	4B6P	128.885	1387
	B4.01.06	1B2P	57.366	617
			546.501	5882
2nd	B4.02.01	3B5P	88.44	952
	B4.02.02	3B5P	89.486	963
	B4.02.03	1B2P	53.39	575
	B4.02.04	4B7P	128.934	1388
	B4.02.05	4B6P	128.885	1387
	B4.02.06	1B2P	57.366	617
			546.501	5882
3rd	B4.03.01	3B5P	88.44	952
	B4.03.02	3B5P	89.486	963
	B4.03.03	1B2P	53.39	575
	B4.03.04	4B7P	128.934	1388
	B4.03.05	4B6P	128.885	1387
	B4.03.06	1B2P	57.366	617
			546.501	5882
4th	B34.04.01	3B5P	89.581	964
	B34.04.02	3B5P	89.576	964
	B34.04.03	1B2P	52.481	565
	B34.04.04	1B2P	51.773	557
	B34.04.05	2B4P	73.367	790
	B34.04.06	2B4P	77.763	837
		1B2P	49.952	538
		1B2P	49.661	535
			534.154	5750
5th	B4.05.01	3B5P	89.581	964
	B4.05.02	3B5P	89.576	964
	B4.05.03	1B2P	52.481	565
	B4.05.04	1B2P	51.773	557
	B4.05.05	2B4P	73.367	790
	B4.05.06	2B4P	77.763	837
		1B2P	49.952	538
		1B2P	49.661	535
			534.154	5750
6th	B4.06.01	3B5P	89.581	964
	B4.06.02	3B5P	89.576	964
	B4.06.03	1B2P	52.481	565
	B4.06.04	1B2P	51.773	557
	B4.06.05	2B4P	73.367	790
	B4.06.06	2B4P	77.763	837
		1B2P	49.952	538
		1B2P	49.661	535
			534.154	5750

Building 4 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
7th	B4.07.01	3B5P	89.581	964
	B4.07.02	3B5P	89.576	964
	B4.07.03	1B2P	52.481	565
	B4.07.04	1B2P	51.773	557
	B4.07.05	2B4P	73.367	790
	B4.07.06	2B4P	77.763	837
	B4.07.07	1B2P	49.952	538
	B4.07.08	1B2P	49.661	535
			534.154	5750
8th	B4.08.01	3B5P	89.581	964
	B4.08.02	3B5P	89.576	964
	B4.08.03	1B2P	52.481	565
	B4.08.04	1B2P	51.773	557
	B4.08.05	2B4P	73.367	790
	B4.08.06	2B4P	77.763	837
	B4.08.07	1B2P	49.952	538
	B4.08.08	1B2P	49.661	535
			534.154	5750
9th	B4.09.01	3B5P	89.581	964
	B4.09.02	3B5P	89.576	964
	B4.09.03	1B2P	52.481	565
	B4.09.04	1B2P	51.773	557
	B4.09.05	2B4P	73.367	790
	B4.09.06	2B4P	77.763	837
	B4.09.07	1B2P	49.952	538
	B4.09.08	1B2P	49.661	535
			534.154	5750
10th	B4.10.01	3B5P	89.581	964
	B4.10.02	3B5P	89.576	964
	B4.10.03	1B2P	52.481	565
	B4.10.04	1B2P	51.773	557
	B4.10.05	2B4P	73.367	790
	B4.10.06	2B4P	77.763	837
	B4.10.07	1B2P	49.952	538
	B4.10.08	1B2P	49.661	535
			534.154	5750
11th	B4.11.01	3B5P	89.581	964
	B4.11.02	3B5P	89.576	964
	B4.11.03	1B2P	52.481	565
	B4.11.04	1B2P	51.773	557
	B4.11.05	2B4P	73.367	790
	B4.11.06	2B4P	77.763	837
	B4.11.07	1B2P	49.952	538
	B4.11.08	1B2P	49.661	535
			534.154	5750
12th	B4.12.01	3B5P	89.19	960
	B4.12.02	3B5P	89.19	960
	B4.12.03	1B2P	52.744	568
	B4.12.04	1B2P	51.99	560
	B4.12.05	2B4P	73.369	790
	B4.12.06	2B4P	77.786	837
	B4.12.07	1B2P	50.219	541
	B4.12.08	1B2P	49.928	537
			534.416	5752

Building 4 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
13th	B4.13.01	3B5P	89.19	960
	B4.13.02	3B5P	89.19	960
	B4.13.03	1B2P	52.744	568
	B4.13.04	1B2P	51.99	560
	B4.13.05	2B4P	73.369	790
	B4.13.06	2B4P	77.786	837
	B4.13.07	1B2P	50.219	541
	B4.13.08	1B2P	49.928	537
			534.416	5752
14th	B4.14.01	3B5P	89.19	960
	B4.14.02	3B5P	89.19	960
	B4.14.03	1B2P	52.744	568
	B4.14.04	1B2P	51.99	560
	B4.14.05	2B4P	73.369	790
	B4.14.06	2B4P	77.786	837
	B4.14.07	1B2P	50.219	541
	B4.14.08	1B2P	49.928	537
			534.416	5752
15th	B4.15.01	3B5P	89.19	960
	B4.15.02	3B5P	89.19	960
	B4.15.03	1B2P	52.744	568
	B4.15.04	1B2P	51.99	560
	B4.15.05	2B4P	73.369	790
	B4.15.06	2B4P	77.786	837
	B4.15.07	1B2P	50.219	541
	B4.15.08	1B2P	49.928	537
			534.416	5752
16th	B4.16.01	3B5P	89.19	960
	B4.16.02	3B5P	89.19	960
	B4.16.03	1B2P	52.744	568
	B4.16.04	1B2P	51.99	560
	B4.16.05	2B4P	73.369	790
	B4.16.06	2B4P	77.786	837
	B4.16.07	1B2P	50.219	541
	B4.16.08	1B2P	49.928	537
			534.416	5752
17th	B4.17.01	3B5P	89.581	964
	B4.17.02	3B5P	89.576	964
	B4.17.03	1B2P	52.481	565
	B4.17.04	1B2P	51.773	557
	B4.17.05	2B4P	73.367	790
	B4.17.06	2B4P	77.763	837
	B4.17.07	1B2P	49.952	538
	B4.17.08	1B2P	49.661	535
			534.154	5750
18th	B4.18.01	3B5P	89.581	964
	B4.18.02	3B5P	89.576	964
	B4.18.03	1B2P	52.481	565
	B4.18.04	1B2P	51.773	557
	B4.18.05	2B4P	73.367	790
	B4.18.06	2B4P	77.763	837
	B4.18.07	1B2P	49.952	538
	B4.18.08	1B2P	49.661	535
			534.154	5750

Building 4 | Unit Schedule

Floor	Unit No.	Unit Type	NIA (m ²)	NIA (ft ²)
19th	B4.19.01	3B5P	89.581	964
	B4.19.02	3B5P	89.576	964
	B4.19.03	1B2P	52.481	565
	B4.19.04	1B2P	51.773	557
	B4.19.05	2B4P	73.367	790
	B4.19.06	2B4P	77.763	837
	B4.19.07	1B2P	49.952	538
	B4.19.08	1B2P	49.661	535
			534.154	5750
20th	B4.20.01	3B5P	89.581	964
	B4.20.02	3B5P	89.576	964
	B4.20.03	1B2P	52.481	565
	B4.20.04	1B2P	51.773	557
	B4.20.05	2B4P	73.367	790
	B4.20.06	2B4P	77.763	837
	B4.20.07	1B2P	49.952	538
	B4.20.08	1B2P	49.661	535
			534.154	5750
21st	B4.21.01	3B5P	89.581	964
	B4.21.02	3B5P	89.576	964
	B4.21.03	1B2P	52.481	565
	B4.21.04	1B2P	51.773	557
	B4.21.05	2B4P	73.367	790
	B4.21.06	2B4P	77.763	837
	B4.21.07	1B2P	49.952	538
	B4.21.08	1B2P	49.661	535
			534.154	5750
22nd	B4.22.01	3B5P	89.581	964
	B4.22.02	3B5P	89.576	964
	B4.22.03	1B2P	52.481	565
	B4.22.04	1B2P	51.773	557
	B4.22.05	2B4P	73.367	790
	B4.22.06	2B4P	77.763	837
	B4.22.07	1B2P	49.952	538
	B4.22.08	1B2P	49.661	535
			534.154	5750

Drawing Original Size
A1

Notes:
This drawing is intended for informational purposes only and is not a contract. It is subject to change without notice. The drawing is not to be used for construction purposes without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.

Legend:
The drawing is intended for informational purposes only and is not a contract. It is subject to change without notice. The drawing is not to be used for construction purposes without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.

Legend:
The drawing is intended for informational purposes only and is not a contract. It is subject to change without notice. The drawing is not to be used for construction purposes without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.

Drawing Revisions
Date: Rev: Note: Check:

CARTWRIGHT
PICKARD

Client
NETWORK HOMES - STANHOPE

Project
797 Merrick Place

Building Name
Merrick Place

Drawing Title
Level 01

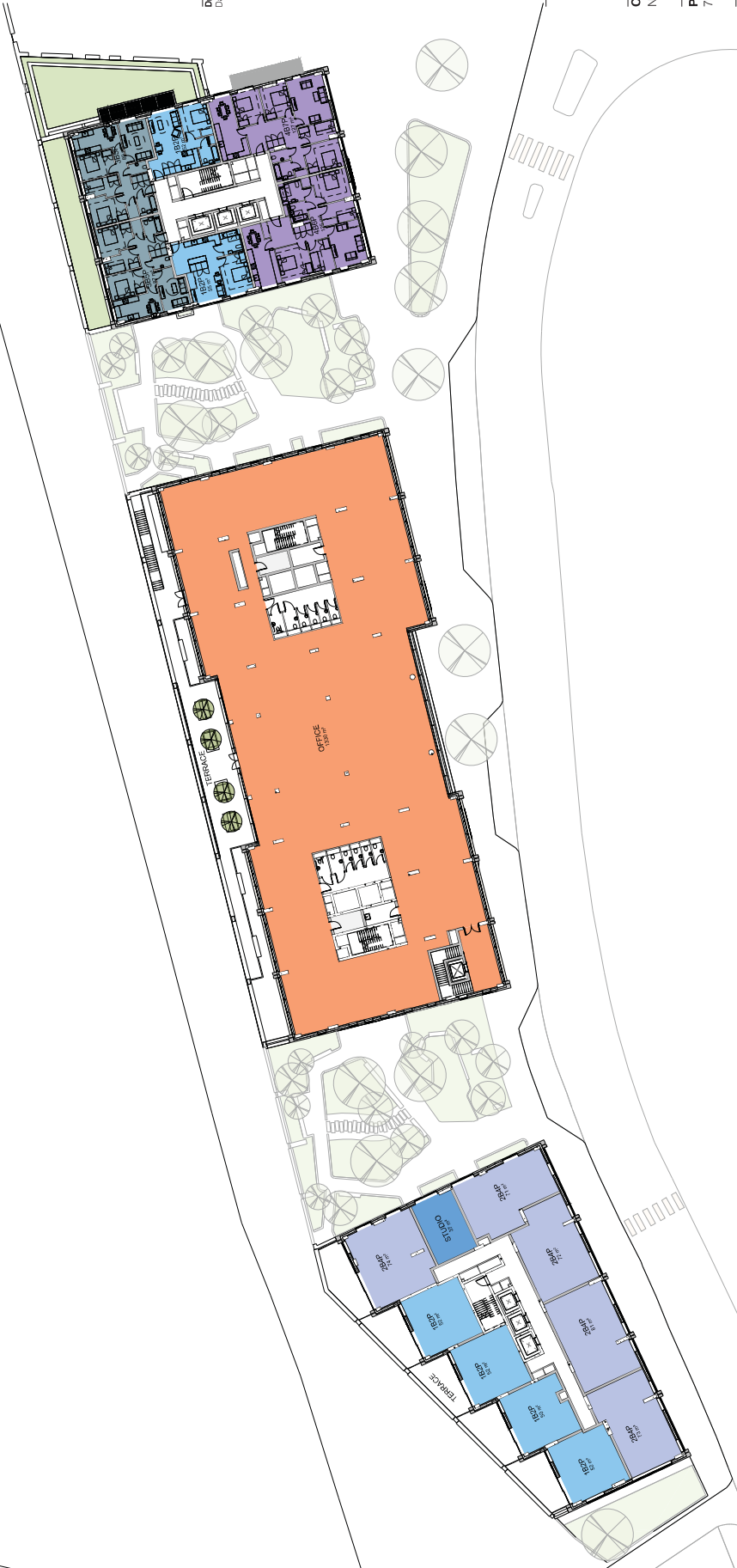
Scale
1:250 @ A1

Drawing Status
For Planning

Drawing No.
797-CPA-ZZ-01-DR-A-1001



Legend:
The drawing is intended for informational purposes only and is not a contract. It is subject to change without notice. The drawing is not to be used for construction purposes without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.



Drawing Original Size

A1

Notes:
This drawing is intended for use as a guide only. It is not to be used for construction purposes. The drawing is not to be used for any other purpose without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.

Legend:
The drawing is intended for use as a guide only. It is not to be used for construction purposes. The drawing is not to be used for any other purpose without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.

Drawings:
The drawing is intended for use as a guide only. It is not to be used for construction purposes. The drawing is not to be used for any other purpose without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.

Drawing Revisions
Date: Rev: Note: Check:

CARTWRIGHT
PICKARD

Client
NETWORK HOMES - STANHOPE

Project
797 Merrick Place

Building Name
Merrick Place

Drawing Title
Level 02

Scale
1:250 @ A1
Drawing Created
08/09/17

Drawing Status
For Planning
Revision

Drawing No.
797-CPA-ZZ-02-DR-A-1002

Legend:
The drawing is intended for use as a guide only. It is not to be used for construction purposes. The drawing is not to be used for any other purpose without the written consent of the architect. The drawing is not to be used for any other purpose without the written consent of the architect.



A1

Notes

creeped

www.kodak.com

enable the

discrepancy

Drawing Revisions

Date: Rev: Note:

Check:



CARTWRIGHT PICKARD

Client

NETWORK HOMES - STANHOPE

Project

797 Merrick Place

Building Name

Merrick Place

Drawing Title

Level 12

Scale
1:250 @ A1

Drawing Created
14/08/17

Drawing State For Planning

Revision

Drawing No.

797-CPA-ZZ-12-DR-A-1012

London Office

1 Clarendon Place
B-34 St. Pancras Way
London NW1 0DQ
Tel: 020 7954 5830

carwrightpickard.com
CarwrightPickard Architects Ltd.



A1

Notes
Unless indicated, the drawings are for informational only and should not be used for construction. Do not use the indicated dimensions of the drawings to be produced on site. This drawing was prepared and printed and read at the original size, as stated above. Carving & Picket Architects accepts no responsibility for errors that occur as a result of displaying the drawing at any other size.

DWG Issues

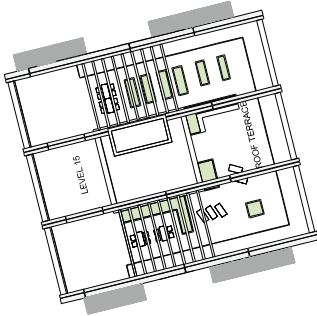
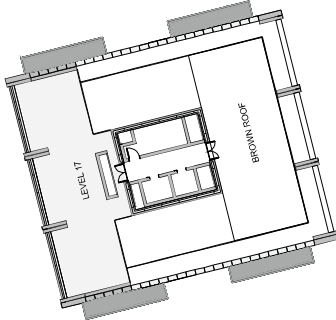
When this drawing is issued in DWG format it is a non-plotable version and is provided to enable the recipient to prepare its own drawings for printing at its own responsibility. It is based on background information current at the time of issue.

Copyright Pöschl & Wirthle is accepted solely for any alterations, additions or deletions arising out of changes to background information which occur after it has been issued by the weight Pöschl & Wirthle.

Drawing Revisions	
Date:	Rev: Note:

Date: _____ Rev: _____ Note: _____

checks:



CARIBWRIGHT PICKARD

CLIENT INFORMATION STATEMENT

NETWORK HOMES-STANHOPE

207 Medical: D1-00

19/ Merrick Place

Company Name

Merrick Place

Level 17

Level 1/

Scale
1:250 @ A1

Scale

For Planning

For Planning

Don

797-CPA-ZZ-17-DB-A-1017

London Office

1 Coral Reef Stations

© 2004 Blackwell Publishing Ltd
Journal of Internal Medicine 255: 102–112

cartheightclub.com



Drawing Original Size

A1

Notes
This drawing is intended to provide information for the design and construction of the project. It is not to be used for any other purpose. The drawing is the property of the firm and is not to be reproduced or distributed without the written consent of the firm. The drawing is not to be used for any other purpose.

Legend
The drawing is intended to provide information for the design and construction of the project. It is not to be used for any other purpose. The drawing is the property of the firm and is not to be reproduced or distributed without the written consent of the firm. The drawing is not to be used for any other purpose.

Drawings
The drawing is intended to provide information for the design and construction of the project. It is not to be used for any other purpose. The drawing is the property of the firm and is not to be reproduced or distributed without the written consent of the firm. The drawing is not to be used for any other purpose.

Drawing Revisions
Date: Rev: Note: Check:

CARTWRIGHT
PICKARD

Client
NETWORK HOMES - STANHOPE

Project
797 Merrick Place

Building Name
Merrick Place

Drawing Title
Level 23
Roof Plan

Scale
1:250 @ A1

Drawing Created
24/08/17

Drawing Status
For Planning

Drawing No.
797-CPA-ZZ-23-DR-A-1023



Appendix 3: Proposed Scheme Cost Plan

DRAFT



alinea

Stanhope | Network Homes
Merrick Place
Planning Submission Cost Estimate

Revision 3 10th April 2018

Contents

SECTION	
Section 1	Appraisal Summary
Section 2	Floor Areas and Design Metrics
Section 3	Information Used
Section 4	Assumptions and Exclusions
Section 5	Detailed Cost Breakdown

Document Control | Recent Revisions

Date	Revision	Description of Revision	Prepared By	Reviewed By	2nd Partner
29.01.2018		Draft Planning Submission Estimate	SP	AP	MAL
03.04.2018	1	Minor updates	FA	AP	MAL
03.04.2018	2	Minor updates	FA	AP	MAL
10.04.2018	3	Minor updates	FA	AP	MAL

alineaa consulting LLP
90 Cannon Street
London, EC4N 6HA
alineaacostconsulting.com

Section 1.0 | Development Appraisal Summary

Asset Class Summary

Description	GIA (ft²)	NIA (ft²)	Units	Cost	£/ft² GIA	£/ft² NIA	£/Unit
<u>Below Ground</u>							
Car parking							
Residents' Amenity (storage etc)							
Residential Plant/Ancillary areas							
Office Amenity (storage etc)							
Office Plant & Ancillary areas							
Retail Plant & Ancillary areas							
Below Ground Total	0	0	0	0	0	0	0
<u>Above Ground</u>							
Residential Block 1	174,537	132,036	194	45,418,000	260	344	234,113
Residential Block 2 & 3	190,067	136,812	207	50,324,000	265	368	243,111
Residential Block 4	167,790	126,906	170	40,121,000	239	316	236,006
Offices to Cat A	19,111	14,321	n/a	4,178,000	219	292	n/a
<u>Retail & Amenity</u>							
Retail Shell	3,489	3,265	n/a	440,300	126	135	n/a
Residents' Amenity	2,250	2,250	n/a	249,000	111	111	n/a
Above Ground Total	557,244	415,590	571	140,730,300	253	339	246,463
<u>Sitewide</u>							
Demolition & Enabling Works				1,363,000			
Energy Centre and External Services				5,029,000			
Landscaping Works				1,447,000			
Sitewide Total	557,244	415,590	571	7,839,000	14	19	13,729
Estimated Current Day Costs	557,244	415,590	571	148,569,000	267	357	260,191

Section 1.1 | Block 1 Appraisal Summary

Asset Class Summary							
Description	GIA (ft²)	NIA (ft²)	Units	Cost	£/ft² GIA	£/ft² NIA	£/Unit
<u>Below Ground</u>							
Car parking							
Residents' Amenity (storage etc)							
Residential Plant/Ancillary areas							
Office Amenity (storage etc)							
Office Plant & Ancillary areas							
Retail Plant & Ancillary areas							
Below Ground Total	0	0	0	0	0	0	0
<u>Above Ground</u>							
Residential Block 1	174,537	132,036	194	45,418,000	260	344	234,113
Residential Block 2 & 3	0	0	0	0	0	0	0
Residential Block 4 (Floor 4-22)	0	0	0	0	0	0	0
Offices to Cat A	0	0	0	0	0	0	0
Retail Shell	1,432	1,370	n/a	180,000	126	131	n/a
Residents' Amenity	0	0	0	0	0	0	0
Above Ground Total	175,976	133,406	194	45,598,000	259	342	234,113
Estimated Block Total	175,976	133,406	194	45,598,000	259	342	234,113

Section 1.2 | Block 2 and Block 3 Appraisal Summary

Asset Class Summary							
Description	GIA (ft²)	NIA (ft²)	Units	Cost	£/ft² GIA	£/ft² NIA	£/Unit
<u>Below Ground</u>							
Car parking							
Residents' Amenity (storage etc)							
Residential Plant/Ancillary areas							
Office Amenity (storage etc)							
Office Plant & Ancillary areas							
Retail Plant & Ancillary areas							
Below Ground Total	0	0	0	0	0	0	0
<u>Above Ground</u>							
Residential Block 1	0	0	0	0	0	0	0
Residential Block 2 & 3	190,067	136,812	207	50,324,000	265	368	243,111
Residential Block 4	0	0	0	0	0	0	0
Offices to Cat A	19,111	14,321	n/a	4,178,000	219	292	n/a
Retail Shell	972	868	n/a	131,000	135	151	n/a
Residents' Amenity	2,250	2,250	n/a	249,000	111	111	n/a
Above Ground Total	212,400	154,251	207	54,882,000	258	356	243,111
Estimated Block Total	212,400	154,251	207	54,882,000	258	356	243,111

Section 1.3 | Block 4 Appraisal Summary

Asset Class Summary								
Description	GIA (ft²)	NIA (ft²)	Units	Cost	£/ft² GIA	£/ft² NIA	£/Unit	
<u>Below Ground</u>								
Car parking								
Residents' Amenity (storage etc)								
Residential Plant/Ancillary areas								
Office Amenity (storage etc)								
Office Plant & Ancillary areas								
Retail Plant & Ancillary areas								
Below Ground Total	0	0	0	0	0	0	0	0
<u>Above Ground</u>								
Residential Block 1	0	0	0	0	0	0	0	0
Residential Block 2 & 3	0	0	0	0	0	0	0	0
Residential Block 4	167,790	126,906	170	40,121,000	239	316	236,006	
Offices to Cat A	0	0	0	0	0	0	0	
Retail Shell	1,085	1,027	n/a	129,300	119	126	n/a	
Residents' Amenity	0	0	0	0	0	0	0	
Above Ground Total	168,875	127,933	170	40,250,300	238	315	236,766	
Estimated Block Total	168,875	127,933	170	40,250,300	238	315	236,766	

Section 2 | Floor Areas and Design Economics

2.0 COMBINED SUMMARY

Metric

Level	Residential							Net: Gross Efficiency
	Block 1 m ²	Block 2&3 m ²	Block 4 m ²	Office m ²	Retail m ²	Residents' Amenity m ²	NIA m	
Ground	-	-	-	-	303	-	303	3,573
Level 01	612	-	547	1,330	-	-	2,489	3,050
Level 02	612	715	547	-	-	209	2,083	2,589
Level 03	612	920	547	-	-	-	2,079	2,589
Level 04	612	920	534	-	-	-	2,066	2,592
Level 05	612	920	534	-	-	-	2,066	2,592
Level 06	612	920	534	-	-	-	2,066	2,592
Level 07	612	920	534	-	-	-	2,066	2,592
Level 08	612	920	534	-	-	-	2,066	2,592
Level 09	612	920	534	-	-	-	2,066	2,592
Level 10	612	920	534	-	-	-	2,066	2,592
Level 11	612	920	534	-	-	-	2,066	2,592
Level 12	612	918	534	-	-	-	2,065	2,592
Level 13	612	918	534	-	-	-	2,065	2,592
Level 14	612	918	534	-	-	-	2,065	2,592
Level 15	617	478	534	-	-	-	1,630	2,036
Level 16	617	478	534	-	-	-	1,630	2,036
Level 17	617	-	534	-	-	-	1,151	1,438
Level 18	617	-	534	-	-	-	1,151	1,438
Level 19	617	-	534	-	-	-	1,151	1,438
Level 20	617	-	534	-	-	-	1,151	1,438
Level 21	-	-	534	-	-	-	534	670
Level 22	-	-	534	-	-	-	534	670
Roof	-	-	-	-	-	-	-	287
Total	12,267	12,711	11,790	1,330	303	209	38,610	51,768
								75%

Level	Residential							Net: Gross Efficiency
	Block 1 ft ²	Block 2&3 ft ²	Block 4 ft ²	Office ft ²	Retail ft ²	Residents' Amenity ft ²	NIA ft ²	
Ground	-	-	-	-	3,265	-	3,265	38,460
Level 01	6,585	-	5,882	14,321	-	-	26,788	32,831
Level 02	6,585	7,700	5,882	-	-	2,250	22,417	27,869
Level 03	6,585	9,907	5,882	-	-	-	22,374	27,869
Level 04	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 05	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 06	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 07	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 08	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 09	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 10	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 11	6,585	9,907	5,750	-	-	-	22,242	27,903
Level 12	6,585	9,885	5,752	-	-	-	22,222	27,903
Level 13	6,585	9,885	5,752	-	-	-	22,222	27,903
Level 14	6,585	9,885	5,752	-	-	-	22,222	27,903
Level 15	6,641	5,147	5,752	-	-	-	17,540	21,918
Level 16	6,641	5,147	5,752	-	-	-	17,540	21,918
Level 17	6,641	-	5,750	-	-	-	12,391	15,481
Level 18	6,641	-	5,750	-	-	-	12,391	15,481
Level 19	6,641	-	5,750	-	-	-	12,391	15,481
Level 20	6,641	-	5,750	-	-	-	12,391	15,481
Level 21	-	-	5,750	-	-	-	5,750	7,214
Level 22	-	-	5,750	-	-	-	5,750	7,214
Roof	-	-	-	-	-	-	-	3,094
Total	132,036	136,812	126,906	14,321	3,265	2,250	415,590	557,244
								75%

Basis of measured floor areas:-

- The area schedule has been measured based upon Cartwright Pickard Planning Submission Drawings.
- The areas are measured in accordance with RICS Code of Measuring Practice 6th Edition and all areas are approximate; a conversion of 10.7639 has been used for imperial areas (sqft).
- Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.
- We have made no deductions from the NIA's as a contingency against core enlarging during design development.
- The schedule forms the basis of the cost plan/model only and should not be relied upon for any other purpose.
- The NIA does not currently take into account any deduction for isolated and projecting columns and other structures within net useable spaces that have not been shown on the layouts.
- The Commercial (Office) NIA include the ground floor meeting room but exclude reception, lobby and cores.

Section 2 | Floor Areas and Design Economics

2.1 BLOCK 1

Metric

Level	Residential							Net: Gross Efficiency
	Block 1 m²	Block 2&3 m²	Block 4 m²	Office m²	Retail m²	Residents' Amenity m²	NIA m	
Ground	-	-	-	-	127	-	127	904
Level 01	612	-	-	-	-	-	612	768
Level 02	612	-	-	-	-	-	612	768
Level 03	612	-	-	-	-	-	612	768
Level 04	612	-	-	-	-	-	612	768
Level 05	612	-	-	-	-	-	612	768
Level 06	612	-	-	-	-	-	612	768
Level 07	612	-	-	-	-	-	612	768
Level 08	612	-	-	-	-	-	612	768
Level 09	612	-	-	-	-	-	612	768
Level 10	612	-	-	-	-	-	612	768
Level 11	612	-	-	-	-	-	612	768
Level 12	612	-	-	-	-	-	612	768
Level 13	612	-	-	-	-	-	612	768
Level 14	612	-	-	-	-	-	612	768
Level 15	617	-	-	-	-	-	617	768
Level 16	617	-	-	-	-	-	617	768
Level 17	617	-	-	-	-	-	617	768
Level 18	617	-	-	-	-	-	617	768
Level 19	617	-	-	-	-	-	617	768
Level 20	617	-	-	-	-	-	617	768
Level 21							-	
Level 22							-	
Roof	-	-	-	-	-	-	-	83
Total	12,267	0	0	0	127	0	12,394	16,347

GIA APPORTIONMENT

Description	Block 1	Block 2&3	Block 4 (Floor 4-22)	Office	Retail	Residents' Amenity	Total
Asset Class NIA	12,267	0	0	0	127	0	12,394
GF dedicated Use	130	0	0	0	0	0	130
GF Shared Use	647	0	0	0	6	0	653
Upper Floor GIA	3,171	0	0	0	0	0	3,171
GIA Total (m2)	16,215	0	0	0	133	0	16,347
GIA Total (ft2)	174,537	0	0	0	1,432	0	175,969
Efficiency	76%	0%	0%	0%	96%	0%	76%

Level	Residential							Net: Gross Efficiency
	Block 1 ft²	Block 2&3 ft²	Block 4 ft²	Office ft²	Retail ft²	Residents' Amenity ft²	NIA ft²	
Ground	-	-	-	-	1,370	-	1,370	9,731
Level 01	6,585	-	-	-	-	-	6,585	8,267
Level 02	6,585	-	-	-	-	-	6,585	8,267
Level 03	6,585	-	-	-	-	-	6,585	8,267
Level 04	6,585	-	-	-	-	-	6,585	8,267
Level 05	6,585	-	-	-	-	-	6,585	8,267
Level 06	6,585	-	-	-	-	-	6,585	8,267
Level 07	6,585	-	-	-	-	-	6,585	8,267
Level 08	6,585	-	-	-	-	-	6,585	8,267
Level 09	6,585	-	-	-	-	-	6,585	8,267
Level 10	6,585	-	-	-	-	-	6,585	8,267
Level 11	6,585	-	-	-	-	-	6,585	8,267
Level 12	6,585	-	-	-	-	-	6,585	8,267
Level 13	6,585	-	-	-	-	-	6,585	8,267
Level 14	6,585	-	-	-	-	-	6,585	8,267
Level 15	6,641	-	-	-	-	-	6,641	8,267
Level 16	6,641	-	-	-	-	-	6,641	8,267
Level 17	6,641	-	-	-	-	-	6,641	8,267
Level 18	6,641	-	-	-	-	-	6,641	8,267
Level 19	6,641	-	-	-	-	-	6,641	8,267
Level 20	6,641	-	-	-	-	-	6,641	8,267
Level 21	-	-	-	-	-	-	-	-
Level 22	-	-	-	-	-	-	-	-
Roof	-	-	-	-	-	-	-	898
Total	132,036	0	0	0	1,370	0	133,406	175,969

Section 2 | Floor Areas and Design Economics

2.2 BLOCK 2 AND BLOCK 3

Metric

Level	Residential										Net: Gross Efficiency
	Block 1	Block 2&3	Block 4	Office	Retail	Residents' Amenity	NIA	GIA			
	m ²	m ²	m ³	m ²	m ²	m ²	m	m ²			
Ground	-	-	-	-	81	-	81	1,795	4%		
Level 01	-	-	-	1,330	-	-	1,330	1,615	82%		
Level 02	-	715	-	-	-	209	924	1,154	80%		
Level 03	-	920	-	-	-	-	920	1,154	80%		
Level 04	-	920	-	-	-	-	920	1,154	80%		
Level 05	-	920	-	-	-	-	920	1,154	80%		
Level 06	-	920	-	-	-	-	920	1,154	80%		
Level 07	-	920	-	-	-	-	920	1,154	80%		
Level 08	-	920	-	-	-	-	920	1,154	80%		
Level 09	-	920	-	-	-	-	920	1,154	80%		
Level 10	-	920	-	-	-	-	920	1,154	80%		
Level 11	-	920	-	-	-	-	920	1,154	80%		
Level 12	-	918	-	-	-	-	918	1,154	80%		
Level 13	-	918	-	-	-	-	918	1,154	80%		
Level 14	-	918	-	-	-	-	918	1,154	80%		
Level 15	-	478	-	-	-	-	478	598	80%		
Level 16	-	478	-	-	-	-	478	598	80%		
Level 17	-	-	-	-	-	-	-	-	0%		
Level 18	-	-	-	-	-	-	-	-	0%		
Level 19	-	-	-	-	-	-	-	-	0%		
Level 20	-	-	-	-	-	-	-	-	0%		
Level 21	-	-	-	-	-	-	-	-	0%		
Level 22	-	-	-	-	-	-	-	-	0%		
Roof	-	-	-	-	-	-	-	124	0%		
Total	0	12,711	0	1,330	81	209	14,331	19,732	73%		

Imperial

Level	Residential										Net: Gross Efficiency
	Block 1	Block 2&3	Block 4	Office	Retail	Residents' Amenity	NIA	GIA			
	ft²	ft²	ft²	ft²	ft²	ft²	ft²	ft²			
Ground	-	-	-	-	868	-	868	19,321	4%		
Level 01	-	-	-	14,321	-	-	14,321	17,384	82%		
Level 02	-	7,700	-	-	-	2,250	9,950	12,422	80%		
Level 03	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 04	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 05	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 06	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 07	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 08	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 09	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 10	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 11	-	9,907	-	-	-	-	9,907	12,422	80%		
Level 12	-	9,885	-	-	-	-	9,885	12,422	80%		
Level 13	-	9,885	-	-	-	-	9,885	12,422	80%		
Level 14	-	9,885	-	-	-	-	9,885	12,422	80%		
Level 15	-	5,147	-	-	-	-	5,147	6,437	80%		
Level 16	-	5,147	-	-	-	-	5,147	6,437	80%		
Level 17	-	-	-	-	-	-	-	-	0%		
Level 18	-	-	-	-	-	-	-	-	0%		
Level 19	-	-	-	-	-	-	-	-	0%		
Level 20	-	-	-	-	-	-	-	-	0%		
Level 21	-	-	-	-	-	-	-	-	0%		
Level 22	-	-	-	-	-	-	-	-	0%		
Roof	-	-	-	-	-	-	-	1,335	0%		
Total	0	136,812	0	14,321	868	2,250	154,251	212,400	73%		

GIA APPORTIONMENT

Description	Block 1	Block 2&3	Block 4 (Floor 4-22)	Office	Retail	Residents' Amenity	Total
Asset Class NIA	0	12,711	0	1,330	81	-	14,122
GF dedicated Use	0	247	0	95	-	-	342
GF Shared Use	0	1,521	0	162	10	0	1,692
L01-Shared Use	0	96	0	189	0	0	285
Upper Floor GIA (L03-L16)	0	3,083	0	0	0	209	3,292
GIA Total (m2)	0	17,657	0	1,776	90	209	19,732
GIA Total (ft2)	0	190,067	0	19,111	972	2,250	212,400
Efficiency	0%	72%	0%	75%	89%	0%	72%

Section 2 | Floor Areas and Design Economics

2.3 BLOCK 4

Metric

Level	Residential							Net: Gross Efficiency
	Block 1 m²	Block 2&3 m²	Block 4 m²	Office m²	Retail m²	Residents' Amenity m²	NIA m	
Ground	-	-	-	-	95	-	95	874
Level 01	-	-	547	-	-	-	547	667
Level 02	-	-	547	-	-	-	547	667
Level 03	-	-	547	-	-	-	547	667
Level 04	-	-	534	-	-	-	534	670
Level 05	-	-	534	-	-	-	534	670
Level 06	-	-	534	-	-	-	534	670
Level 07	-	-	534	-	-	-	534	670
Level 08	-	-	534	-	-	-	534	670
Level 09	-	-	534	-	-	-	534	670
Level 10	-	-	534	-	-	-	534	670
Level 11	-	-	534	-	-	-	534	670
Level 12	-	-	534	-	-	-	534	670
Level 13	-	-	534	-	-	-	534	670
Level 14	-	-	534	-	-	-	534	670
Level 15	-	-	534	-	-	-	534	670
Level 16	-	-	534	-	-	-	534	670
Level 17	-	-	534	-	-	-	534	670
Level 18	-	-	534	-	-	-	534	670
Level 19	-	-	534	-	-	-	534	670
Level 20	-	-	534	-	-	-	534	670
Level 21	-	-	534	-	-	-	534	670
Level 22	-	-	534	-	-	-	534	670
Roof	-	-	-	-	-	-	-	80
Total	0	0	11,790	0	95	0	11,885	15,689
								76%

Level	Residential							Net: Gross Efficiency
	Block 1 ft²	Block 2&3 ft²	Block 4 ft²	Office ft²	Retail ft²	Residents' Amenity ft²	NIA ft²	
Ground	-	-	-	-	1,027	-	1,027	9,408
Level 01	-	-	5,882	-	-	-	5,882	7,180
Level 02	-	-	5,882	-	-	-	5,882	7,180
Level 03	-	-	5,882	-	-	-	5,882	7,180
Level 04	-	-	5,750	-	-	-	5,750	7,214
Level 05	-	-	5,750	-	-	-	5,750	7,214
Level 06	-	-	5,750	-	-	-	5,750	7,214
Level 07	-	-	5,750	-	-	-	5,750	7,214
Level 08	-	-	5,750	-	-	-	5,750	7,214
Level 09	-	-	5,750	-	-	-	5,750	7,214
Level 10	-	-	5,750	-	-	-	5,750	7,214
Level 11	-	-	5,750	-	-	-	5,750	7,214
Level 12	-	-	5,752	-	-	-	5,752	7,214
Level 13	-	-	5,752	-	-	-	5,752	7,214
Level 14	-	-	5,752	-	-	-	5,752	7,214
Level 15	-	-	5,752	-	-	-	5,752	7,214
Level 16	-	-	5,752	-	-	-	5,752	7,214
Level 17	-	-	5,750	-	-	-	5,750	7,214
Level 18	-	-	5,750	-	-	-	5,750	7,214
Level 19	-	-	5,750	-	-	-	5,750	7,214
Level 20	-	-	5,750	-	-	-	5,750	7,214
Level 21	-	-	5,750	-	-	-	5,750	7,214
Level 22	-	-	5,750	-	-	-	5,750	7,214
Roof	-	-	-	-	-	-	-	861
Total	0	0	126,906	0	1,027	0	127,933	168,875
								76%

GIA APPORTIONMENT

Description	Block 1	Block 2&3	Block 4 (Floor 4-22)	Office	Retail	Residents' Amenity	Total
Asset Class NIA	0	0	11,790	0	95	0	11,885
GF Resi Use	0	0	110	0	0	0	110
GF Shared Use	0	0	663	0	5	0	669
Upper Floor GIA	0	0	3,025	0	0	0	3,025
GIA Total (m2)	0	0	15,588	0	101	0	15,689
GIA Total (ft2)	0	0	167,790	0	1,085	0	168,875
Efficiency	0%	0%	76%	0%	95%	0%	76%

Section 3 | Information Used

The following have been used in preparing this interim feasibility cost update and further clarified by the information included in Sections 1 to 3.

Cartwright Pickard

Design Information for Planning

PDF's:

- 797-CPA-ZZ-ZZ-DR-A-0010
- 797-CPA-ZZ-ZZ-DR-A-0011
- 797-CPA-ZZ-ZZ-DR-A-0100
- 797-CPA-ZZ-ZZ-DR-A-1000
- 797-CPA-ZZ-ZZ-DR-A-1001
- 797-CPA-ZZ-ZZ-DR-A-1002
- 797-CPA-ZZ-ZZ-DR-A-1003
- 797-CPA-ZZ-ZZ-DR-A-1007
- 797-CPA-ZZ-ZZ-DR-A-1017
- 797-CPA-ZZ-ZZ-DR-A-1020
- 797-CPA-ZZ-ZZ-DR-A-1023
- 797-CPA-ZZ-ZZ-DR-A-2100
- 797-CPA-ZZ-ZZ-DR-A-2101
- 797-CPA-ZZ-ZZ-DR-A-2102
- 797-CPA-ZZ-ZZ-DR-A-2103
- 797-CPA-ZZ-ZZ-DR-A-2104
- 797-CPA-ZZ-ZZ-DR-A-2105
- 797-CPA-ZZ-ZZ-DR-A-2106
- 797-CPA-ZZ-ZZ-DR-A-2107
- 797-CPA-ZZ-ZZ-DR-A-3111

Tully De'Ath

Based on information issued by Tully De'Ath on 4th January 2018

- 12085 - Merrick Place - Provisional Piling Design and Superstructure Considerations
- 12085-STR-SK04-Block 1 Column Sizes
- 12085-STR-SK05-Block 2 Column Sizings
- 12085-STR-SK06-Block 3 Column Sizings-Model
- 12085-STR-SK07-Block 4 Column Sizes

Design Report dated 19th September 2017.
Quotation from SSE for incoming mains electrical services dated 23rd August 2017.

Surveys

Listers Geo report on initial asbestos findings

Section 4 | Assumptions & Exclusions

Key Project Assumptions	
Superstructure	
Substructure	CFA piles; reinforced concrete pile caps and ground floor slab
Core	Pre-cast concrete twin wall
Upper Floors and Roof	200mm hollowcore slab with 75mm concrete topping
Frame	Pre-cast concrete columns
Stairs	Pre-cast concrete stairs with PPC metal balustrade; stair nosings
Façade	Pre-cast concrete facades with composite windows and doors
Balconies	Mild steel bolt-on balconies with mesh balustrades
MEP	
Heat Source	Boilers, CHP, centralised cores, prefab cupboards
Cooling, AV, Lighting Controls	Cooling to ground floor concierge area only. No AV / lighting control
Core / Lifts	2 & 3nr 13 pers 1.6m/s with fire/goods lifting capability plus Office
Sprinklers	To apartment's only
Ventilation	MVHR and whole house ventilation to residential. Mechanical vent to office
BMU	None, fall arrest system included
Renewables	Solar panels at roof level
Others	
Landscaping	High quality roof top amenity space & garden areas at ground level

Inclusions	Exclusions	Note
• Site purchase costs, rights of light compensations		Appraisal
• Professional team fees & development management fees		Appraisal
• Statutory or third party fees and financing costs		Appraisal
• Office carpet, floor boxes & blinds		Excluded
• Out of hours working, phased construction or construction voids		Excluded
• Pre-start Inflation		Excluded
• Currency fluctuations beyond exchange rate of £1 / €1.12		Excluded
• Inflation during construction period		Included
• Latent defects insurance		Appraisal
• Works outside the site boundary		Excluded
• Development appraisal contingency & client design reserve		Appraisal
• Secure by Design & BREEM assessment costs		Appraisal
• Commissioning Management fees		Appraisal
• VAT and non-recoverable VAT liability		Appraisal
• Section 38 / 106 works		Appraisal
• Fit out of Retail units (to be completed by tenant)		Excluded
• Sustainable measures above the statutory requirements		Excluded
• NHBC or similar insurance costs		Excluded
• CIL Payments, carbon offset payment etc		Excluded
• Comfort cooling, UF heating, AV & home automation to apartments		Excluded
• I.T. - fibre backbone and wi-fi		Excluded
• Diversion / upgrading / reinforcement of existing services		Excluded
• Anti vibration Measures, third party asset protection and monitoring		Excluded
• Loose FF&E OSE		Excluded
• Marketing costs including marketing suite / apartment mock-up		Excluded
• Independent commissioning validation fees		Excluded
• Asbestos and hazardous waste removal above allowances in cost estimate		Excluded
• UXO, archaeology		Excluded
• Artwork (internal or public), internal planting, waste bins etc		Excluded

Section 5.1 I Building 1 Cost Breakdown

175,969 sqft

Element / Description	£	GIA (m ²)	Allocation					
			174,537	0	0	0	1,432	0
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
Substructure		6.0	£1,043,100	£0	£0	£0	£8,600	£0
Allowance for 750mm piling mat incl. dig and disposal	949 m ²		£170,900	£0	£0	£0	£1,400	£0
Allowance for 750mm diameter piles 30m deep	110 nr		£423,500	£0	£0	£0	£3,400	£0
Allowance for additional piles due to increased size of building	5 nr		£19,300	£0	£0	£0	£200	£0
Allowance for 250mm suspended slab and pile caps incl. blinding, insulation, dig & disposal	949 m ²		£356,000	£0	£0	£0	£2,900	£0
E/O Lift pits	3 nr		£19,500	£0	£0	£0	£200	£0
Allowance for below ground drainage	949 m ²		£47,500	£0	£0	£0	£400	£0
Extra over allowance for removal of contamination	150 m3		£15,000	£0	£0	£0	£100	£0
Frame & Upper Floors		32.7	£5,701,300	£0	£0	£0	£46,500	£0
<u>All Levels</u>								
Allowance for 550mm RC transfer slab above commercial level			Excl.					
Allowance for hollowcore upper floors and concrete topping	15,443 m ²		£3,320,300	£0	£0	£0	£27,000	£0
Protective screens to railway	15,443 m ²		£154,400	£0	£0	£0	£1,300	£0
Allowance for pre-cast twin walls with concrete infill	4,022 m ²		£280	£0	£0	£0	£9,200	£0
Allowance for precast concrete columns to perimeter	1,658 m		£1,110,900	£0	£0	£0	£9,000	£0
Allowance for precast concrete columns internal			incl.					
Allowance for precast columns to support roof beams	12 nr		£36,000					
Roof & Terraces		4.4	£773,300	£0	£0	£0	£4,400	£0
<u>Level 01 Terrace</u>								
Allowance for roof slab	136 m ²		£245	£0	£0	£0	£300	£0
Allowance for waterproofing to terrace	136 m ²		£120	£0	£0	£0	£100	£0
Allowance for weathering to parapet, roof gullies etc	45 m		£4,500	£0	£0	£0	£0	£0
EO for finishes to terrace	136 m ²		£27,200	£0	£0	£0	£200	£0
Allowance for balustrades	54 m		£21,600	£0	£0	£0	£200	£0
<u>Main Roof</u>								
Allowance for concrete roof slab	768 m ²		£186,700	£0	£0	£0	£1,500	£0
Allowance for hot melt roof covering incl waterproofing & insulation	768 m ²		£91,400	£0	£0	£0	£800	£0
E/O for green or brown roof;	176 m ²		£15,800	£0	£0	£0	£100	£0
Allowance for rope access support system and abseil points	1 nr		£30,000	£0	£0	£0	£200	£0
Allowance for AOV	2 nr		£7,500	£0	£0	£0	£100	£0
Allowance for lift overrun	3 nr		£5,000	£0	£0	£0	£100	£0
Allowance for weathering to parapet, roof gullies etc	140 m		£100	£0	£0	£0	£100	£0
Allowance for parapet wall/ screen to roof perimeter	140 m		£600	£0	£0	£0	£700	£0
EO for terrace finishes at roof level	364 m ²		£500	£0	£0	£0	£0	£0
Allowance for balustrades to amenity areas	76 m		£34,200	£0	£0	£0	£0	£0

Section 5.1
I Building 1
Cost Breakdown

175,969 sqft

Element / Description	£	GIA (m ²)	Allocation						
			174,537	0	0	0	1,432	0	
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity	
Stairs									
<u>All Levels</u>									
Precast concrete stairs including finishes, nosing, balustrades & handrails	22 nr	£12,750	£320,500	1.8	£0	£0	£0	£0	£0
Enhanced finish to stair ground to second floor	1 item	£10,000	£280,500		£0	£0	£0	£0	£0
Allowance for sundry platforms and access ladders to roof	1 item	£30,000	£30,000		£0	£0	£0	£0	£0
External Walls, Doors, Windows and Balconies									
<u>Ground only</u>									
Allowance for façade (assume 25% glazed)	649 m ²	£675	£438,100	47.6	£0	£0	£0	£79,500	£0
EO for entrance doors to residential: DDA compliant & automated	2 nr	£10,000	£20,000		£0	£0	£0	£64,500	£0
Allowance for doors to retail	2 nr	£7,500	£15,000		£0	£0	£0	£15,000	£0
Allowance for doors to plant rooms	2 nr	£5,000	£10,000		£0	£0	£0	£0	£0
Allowance for visual mock-ups, samples, site testing, PCSA - site wide costs	1 item	£0	£0		£0	£0	£0	£0	£0
<u>Levels 01 and above</u>									
Windows and utilised façade glazing (40%)	3,400 m ²	£620	£2,108,000		£0	£0	£0	£0	£0
Allowance for enhanced glazing specification to 50% of windows	1,700 m ²	£50	£85,000		£0	£0	£0	£0	£0
Allowance for solar control coating to windows	1,500 m ²	£30	£45,000		£0	£0	£0	£0	£0
Solid pre-cast façade(60% of façade area)	5,100 m ²	£620	£3,162,000		£0	£0	£0	£0	£0
Allowance for enhanced pre-cast façade to North and South elevations	6,180 m ²	£80	£494,400		£0	£0	£0	£0	£0
Pre-cast beam feature to roof	130 m	£1,500	£195,000		£0	£0	£0	£0	£0
Allowance for entrance doors and screen at ground floor		incl.			£0	£0	£0	£0	£0
Allowance for metal doors to bin/cycle store, plantroom & roof		incl.			£0	£0	£0	£0	£0
Allowance for plant screening to roof: say 3.0m high	150 m ²	£550	£82,500		£0	£0	£0	£0	£0
Allowance for visual mock-ups, samples, site testing, PCSA - site wide costs	1 item	£0	£0		£0	£0	£0	£0	£0
Allowance for bolt-on steel balconies to Studios	15 nr	£7,500	£112,500		£0	£0	£0	£0	£0
Allowance for bolt-on steel balconies to 1B, 2B & 3B;	174 nr	£8,000	£1,392,000		£0	£0	£0	£0	£0
Plasterboard lining to inside face of solid facades	4,500 m ²	£50	£225,000		£0	£0	£0	£0	£0
Internal Walls									
<u>Ground only</u>									
Allowance for internal walls to resi core areas	171 m ²	£140	£23,900	6.9	£0	£0	£0	£500	£0
Allowance for internal walls to plant rooms	286 m ²	£140	£40,000		£0	£0	£0	£200	£0
<u>Levels 01 and above</u>									
Allowance for party walls and walls to core areas	7,236 m ²	£140	£1,013,000		£0	£0	£0	£0	£0
Allowance for lining to concrete core walls	4,022 m ²	£35	£140,800		£0	£0	£0	£0	£0

Section 5.1 I Building 1 Cost Breakdown

175,969 sqft

Element / Description	£	GIA (m ²)	Allocation						
			174,537	0	0	0	0	1,432	0
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity	
Internal Doors			£222,500	£0	£0	£0	£0	£0	£0
<u>Levels Ground and above</u>									
<u>Ground only</u>									
Allowance for doors to resi core areas - Single	4	nr	£1,500	£6,000	£0	£0	£0	£0	£0
Allowance for doors to resi core areas - Double	-	nr	£2,500	£0	£0	£0	£0	£0	£0
Allowance for plantroom doors	1	nr	£1,500	£1,500	£0	£0	£0	£0	£0
Allowance for riser doors (double counted as 2 singles)	210	nr	£900	£189,000	£0	£0	£0	£0	£0
Allowance for doors to stairs	20	nr	£1,300	£26,000	£0	£0	£0	£0	£0
Finishes, Fittings & Fixtures									
Residential Communal Fit Out	1	Item	£690,000	£690,000	£0	£0	£0	£0	£0
MEP (Shell & Core)									
Sanitary Installations									
Sanitary installations incl sanitary appliances	16,347	m ²	£0	£3,400	£0	£0	£0	£0	£0
Services Equipment									
			Excluded	£0	£0	£0	£0	£0	£0
Disposal Installation									
Disposal installation including: Foul drainage above ground, Rainwater - drainage	16,347	m ²	£45	£741,500	£0	£0	£0	£0	£0
Water Installation									
Water installation incl: mains water supply, cold water distribution, hot water distribution, local hot water distribution	16,347	m ²	£15	£249,500	£0	£0	£0	£0	£0
Heat Source									
Heat Source	16,347	m ²	£2	£26,400	£0	£0	£0	£0	£0
Space Heating and Air Conditioning									
Central & Local heating	16,347	m ²	£19	£309,300	£0	£0	£0	£0	£0
Ventilation Systems									
Ventilation systems and smoke extract	16,347	m ²	£35	£574,100	£0	£0	£0	£0	£0

Section 5.1 I Building 1 Cost Breakdown

175,969 sqft

Element / Description	£	GIA (ft ²)	Allocation						
			174,537	0	0	0	0	1,432	0
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity	
Electrical Installations Mains and Sub-mains Distribution, small power installations, HVAC power, lighting installations, emergency lighting, specialist lighting installations, local electricity generation systems, earthing and bonding systems	16,347 m ² £61	5.7	£997,200 £997,200.00	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0.00	£0 £0
Fuel Installation / Systems Fuel Storage & distribution systems	16,347 m ² £1	0.1	£9,100 £9,100	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0
Fire and Lightning Protection Fire Fighting & supression systems (sprinklers), lightning protection, wet / dry riser	16,347 m ² £64	5.9	£1,038,900 £1,038,900	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0
Communication, Security and Control System Communication and security systems - central control / BMS	16,347 m ² £42	3.9	£691,200 £691,200	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0	£0 £0
MEP Shell & Core to Retail Unit MEP Shell & Core to Retail Unit	1,370 ft ² £20	0.2	£27,400 £27,400	£0 £0	£0 £0	£0 £0	£27,400 £27,400	£0 £0	£0 £0
Lifts Passenger lifts; 13 persons 1000kg 1.6m/s, ground to level 20, 21 stops Passenger lifts; 13 persons 1000kg 1.6m/s, ground to level 20, 21 stops Goods Lift; 17 persons 1275kg 1.6m/s, ground to level 21, 22 stops E/O for fire fighting capability and lifting drapes E/O for enhanced finishes Allowance for remote monitoring of lifts	1 nr £175,000 1 nr £175,000 1 nr £230,000 1 nr £12,600 3 nr Excl. 1 Item £12,000	3.4	£604,600 £175,000 £175,000 £230,000 £12,600	£0 £0 £0 £0 £0	£0 £0 £0 £0 £0	£0 £0 £0 £0 £0	£0 £0 £0 £0 £0	£0 £0 £0 £0 £0	£0 £0 £0 £0 £0
BWIC BWIC Generally	3% £158,200 £158,200	0.9	£156,900 £156,900	£0 £0	£0 £0	£0 £0	£1,300 £1,300	£0 £0	£0 £0
SUB TOTAL SHELL & CORE WORKS			£23,811,400	135.3	£23,670,600	£0	£0	£140,800	£0
Preliminaries Allowance for preliminaries @ 16.5%	16.5% £3,928,900 £3,928,700	22.3	£3,905,700 £3,905,700	£0 £0	£0 £0	£0 £0	£23,200 £23,200	£0 £0	£0 £0
Overheads and Profit Allowance for overheads and profit @ 6.5%	6.5% £1,803,100 £1,792,500	10.2	£1,803,100 £1,792,500	£0 £0	£0 £0	£0 £0	£10,600 £10,600	£0 £0	£0 £0

Section 5.1 I Building 1 Cost Breakdown

175,969 sqft

Element / Description	£	GIA (ft ²)	Allocation						
			174,537	0	0	0	0	1,432	0
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity	
D&B Risk									
Allowance for D&B Risk @ 3%	3.0%		£886,300	5.0	£0	£0	£0	£5,200	£0
			£886,300		£0	£0	£0	£5,200	£0
TOTAL SHELL AND CORE WORKS			£30,428,700	172.9	£0	£0	£0	£179,800	£0
Apartment Fit Out									
Block 1 Apartment Fitout			11,869,200	67.5	£0	£0	£0	£0	£0
Blended Fit Out Rate	132,036 ft ²	88	£11,619,200		£0	£0	£0	£0	£0
Extra ventilation to units to mitigate overheating	194 nr	£1,300	£250,000		£0	£0	£0	£0	£0
Preliminaries									
Allowance for preliminaries @ 16.5%	16.5%		£1,958,400	11.1	£0	£0	£0	£0	£0
			£1,958,400		£0	£0	£0	£0	£0
Overheads and Profit									
Allowance for overheads and profit @ 6.5%	6.5%		£898,800	5.1	£0	£0	£0	£0	£0
			£898,800		£0	£0	£0	£0	£0
D&B Risk									
Allowance for D&B Risk @ 3%	3.0%		£441,800	2.5	£0	£0	£0	£0	£0
			£441,800		£0	£0	£0	£0	£0
TOTAL FIT OUT WORKS			£15,168,200	86.2	£0	£0	£0	£0	£0
TOTAL SHELL AND CORE AND FIT OUT WORKS			£45,597,900	259.1	£0	£0	£0	£179,800	£0

Section 5.2 I Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description	£	GIA (m ²)	Allocation							
			0	190,067	0	19,111	972	2,250		
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity		
Substructure										
Allowance for 750mm piling mat incl. dig and disposal	1,885	m ²	£1,791,100	8.4	£0	£1,602,900	£0	£161,100	£8,100	£19,000
Allowance for 750mm diameter piles 30m deep	78	nr	£339,300		£0	£303,600	£0	£30,500	£1,600	£3,600
Allowance for 600mm diameter piles 28m deep	97	nr	£300,300		£0	£268,800	£0	£27,000	£1,400	£3,100
Allowance for additional piles due to increased size of building	7	nr	£291,000		£0	£260,400	£0	£26,200	£1,300	£3,100
Allowance for 250mm suspended slab and pile caps incl. blinding, insulation, dig & disposal	1,885	m ²	£27,000		£0	£24,200	£0	£2,400	£100	£300
E/O Lift pits etc			£706,800		£0	£632,500	£0	£63,600	£3,200	£7,500
Allowance for below ground drainage	5	nr	£32,500		£0	£29,100	£0	£2,900	£100	£400
	1,885	m ²	£94,200		£0	£84,300	£0	£8,500	£400	£1,000
Frame & Upper Floors										
Levels Ground to 01										
Allowance for frame	3,410	m ²	£511,500		£0	£457,700	£0	£46,000	£2,300	£5,500
Allowance for upper floor slab	1,615	m ²	£444,100		£0	£397,500	£0	£40,000	£2,000	£4,600
Levels 02 to 17										
Allowance for 550mm RC transfer slab above commercial level		m ²	Excl.		£0	£3,140,400	£0	£315,700	£16,100	£37,000
Allowance for hollowcore upper floors and concrete topping	16,322	m ²	£3,509,200		£0	£145,900	£0	£14,700	£700	£1,900
Protective screens to railway	16,322	m ²	£163,200		£0	£939,200	£0	£94,400	£4,800	£11,100
Allowance for precast twin walls with in-situ concrete infill	3,748	m ²	£1,049,500		£0	£738,400	£0	£74,200	£3,800	£8,800
Allowance for precast concrete columns to perimeter	1,232	m	£825,200		£0	incl.				
Allowance for precast concrete columns internal			£48,000		£0	£48,000	£0	£0	£0	£0
Allowance for precast columns to support roof beams	16	nr	£3,000							
Roof & Terraces										
Podium Roof and Level 01 Terrace										
Allowance for roof slab	641	m ²	£157,000		£0	£140,500	£0	£14,100	£700	£1,700
Allowance for hot melt roof covering incl waterproofing & insulation	641	m ²	£76,900		£0	£68,800	£0	£6,900	£400	£800
Allowance for lift overrun	1	nr	£7,500		£0	£0	£0	£7,500	£0	£0
EO for paving and decking podium and terrace	416	m ²	£300		£0	£124,800	£0	£0	£0	£0
Allowance for soft landscaping and trees	225	m ²	£250		£0	£56,300	£0	£0	£0	£0
Allowance for furniture and lighting	1	Item	£75,000		£0	£75,000	£0	£0	£0	£0
Allowance for parapet wall to level 01	66	m	£650		£0	£0	£0	£42,900	£0	£0
Allowance for balustrade to podium	38	m	£500		£0	£19,000	£0	£0	£0	£0

Section 5.2 | Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description	£	GIA (m ²)	Allocation							
			0	190,067	0	19,111	972	2,250		
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity		
		£ / ft ² GIA								
Level 17 and 15 roof										
Allowance for concrete roof slab	1,264 m ²	£245	£309,700	£0	£277,200	£0	£27,900	£1,400	£3,200	
Allowance for hot melt roof covering incl waterproofing & insulation	1,264 m ²	£120	£151,700	£0	£135,800	£0	£13,600	£700	£1,600	
E/O for green or brown roof	257 m ²	£90	£23,100	£0	£20,700	£0	£2,100	£100	£200	
Allowance for rope access support system and abseil points	2 nr	£20,000	£40,000	£0	£35,800	£0	£3,600	£200	£400	
Allowance for AOV	4 nr	£7,500	£30,000	£0	£26,800	£0	£2,700	£100	£400	
Allowance for lift overrun	4 nr	£5,000	£20,000	£0	£20,000	£0	£0	£0	£0	
Allowance for weathering to parapet, roof gullies etc	200 m	£100	£20,000	£0	£17,900	£0	£1,800	£100	£200	
Allowance for parapet wall/ screen to roof perimeter	200 m	£600	£120,000	£0	£107,400	£0	£10,800	£500	£1,300	
E/O for terrace finishes at roof level	234 m ²	£500	£117,000	£0	£117,000	£0	£0	£0	£0	
Allowance for balustrades to amenity areas	50 m	£450	£22,500	£0	£22,500	£0	£0	£0	£0	
Stairs										
			£556,000	£0	£488,000	£0	£68,000	£0	£0	
Levels Ground to 02										
Precast concrete stairs including finishes, balustrades & handrails to resi areas	2 nr	£25,500	£51,000	£0	£51,000	£0	£0	£0	£0	
Precast concrete stairs including finishes, balustrades & handrails to office areas	1 nr	£20,000	£20,000	£0	£0	£0	£20,000	£0	£0	
Allowance for sundry platforms and access ladders to roof	1 item	£25,000	£25,000	£0	£15,000	£0	£10,000	£0	£0	
Allowance for metalwork and platforms to plantrooms	1 item	£25,000	£25,000	£0	£15,000	£0	£10,000	£0	£0	
Allowance for external fire escape staircase	1 nr	£28,000	£28,000	£0	£0	£0	£28,000	£0	£0	
Levels 02 to 17										
Precast concrete stairs including finishes, nosing, balustrades & handrails	28 nr	£12,750	£357,000	£0	£357,000	£0	£0	£0	£0	
Allowance for sundry platforms and access ladders to roof	1 item	£50,000	£50,000	£0	£50,000	£0	£0	£0	£0	
External Walls, Doors, Windows and Balconies										
			£9,556,600	£1	£8,829,100	£0	£684,300	£41,800	£1,400	
Levels Ground to 03										
Allowance for façade (assume 30% glazed)	2,450 m ²	£695	£1,702,800	£0	£1,006,700	£0	£662,400	£33,700	£0	
E/O for entrance doors to residential; DDA compliant & automated	4 nr	£10,000	£40,000	£0	40,000	£0	£0	£0	£0	
E/O for entrance doors to office; DDA compliant & automated	1 nr	£10,000	£10,000	£0	£0	£0	£10,000	£0	£0	
Allowance for doors to retail	1 nr	£7,500	£7,500	£0	£0	£0	£0	£7,500	£0	
Allowance for visual mock-ups, samples, site testing, PCSA - site wide cost	1 item	£0	£0	£0	£0	£0	£0	£0	£0	

Section 5.2 I Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description	£	GIA (m ²)	Allocation							
			0	190,067	0	19,111	972	2,250		
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity		
		£ / ft ² GIA								
Levels 04 to 17 Windows and unitised façade glazing (40%) Allowance for enhanced glazing specification to 50% of windows Allowance for solar control coating to windows Solid pre-cast façade (60% of façade area) Allowance for enhanced pre-cast façade to North and South elevations Pre-cast beam feature to roof Allowance for entrance doors and screen at ground floor Allowance for metal doors to bin/cycle store, plantroom & roof Allowance for plant screening to roof; say 3m high Allowance for visual mock-ups, samples, site testing, PCSA - site wide cost Allowance for bolt-on steel balconies to Studios Allowance for bolt-on steel balconies to 1B, 2B & 3B; Plasterboard lining to inside face of solid facades	3,270	m ²	£620	£2,027,400	£0	2,027,400	£0	£0	£0	£0
	1,635	m ²	£50	£81,800	£0	81,800	£0	£0	£0	£0
	800	m ²	£30	£24,000	£1	24,000	£0	£0	£0	£0
	4,905	m ²	£620	£3,041,100	£0	3,041,100	£0	£0	£0	£0
	3,900	m ²	£80	£312,000	£0	312,000	£0	£0	£0	£0
	216	m	£1,500	£324,000	£0	£324,000	£0	£0	£0	£0
				incl.						
				incl.						
	240	m ²	£550	£132,000	£0	£118,100	£0	£11,900	£600	£1,400
	-	nr	£7,000	£0	£0	£0	£0	£0	£0	£0
	203	nr	£8,000	£1,624,000	£0	1,624,000	£0	£0	£0	£0
	4,600	m ²	£50	£230,000	£0	230,000	£0	£0	£0	£0
Internal Walls										
Levels Ground to 01										
Allowance for internal walls to resi core areas		371	m ²	£140	£52,000	£0	£52,000	£0	£0	£0
Allowance for internal walls to plant rooms		770	m ²	£140	£107,800	£0	£96,500	£0	£9,700	£500
Allowance for internal walls to office core areas		250	m ²	£120	£30,000	£0	£0	£0	£30,000	£0
Allowance for internal walls to amenity areas		100	m ²	£120	£12,000	£0	£0	£0	£0	£12,000
Levels 02 to 17										
Allowance for internal walls		8,225	m ²	£140	£1,151,500	£0	£1,151,500	£0	£0	£0
Allowance for lining to concrete core walls		3,748	m ²	£35	£131,200	£0	£131,200	£0	£0	£0
Internal Doors										
Levels Ground and above										
Allowance for doors to resi core areas - Single		5	nr	£1,500	£7,500	£0	£7,500	£0	£0	£0
Allowance for doors to resi core areas - Double		6	nr	£2,500	£15,000	£0	£15,000	£0	£0	£0
Allowance for plantroom doors		6	nr	£1,500	£9,000	£0	£9,000	£0	£0	£0
Allowance for riser doors (double counted as 2 singles)		112	nr	£900	£100,800	£0	£100,800	£0	£0	£0
Allowance for doors to stairs		28	nr	£1,300	£36,400	£0	£36,400	£0	£0	£0

Section 5.2 | Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description					£	GIA (ft ²)	Allocation					
							0	190,067	0	19,111	972	2,250
							Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
Finishes, Fittings & Fixtures												
Residential Communal Fit Out					1 Item	£870,000.0		£0	£870,000	£0	£0	£0
Office Communal Fit Out (except reception and WC shown below)					19,111 ft²	£2.5		£0	£0	£47,800	£0	£0
Fit out of Office reception					49 m²	£1,200		£0	£0	£58,800	£0	£0
Fit out of Office WCs					10 nr	£8,000		£0	£0	£80,000	£0	£0
Residential MEP (Shell & Core)												
Sanitary Installations												
Sanitary installations incl sanitary appliances					19,732 m²	£0		£0	£4,200	£0	£0	£0
Services Equipment												
								£0	£0	£0	£0	£0
Disposal Installation												
Disposal installation including; Foul drainage above ground, Rainwater drainage					19,732 m²	£45		£0	£895,100	£0	£0	£0
Water Installation												
Water installation incl: mains water supply, cold water distribution, hot water distribution, local hot water distribution					19,732 m²	£15		£0	£301,200	£0	£0	£0
Heat Source												
Heat Source					19,732 m²	£2		£0	£31,900.00	£0	£0	£0
Space Heating and Air Conditioning												
Central & Local heating, central & local cooling, air conditioning					19,732 m²	£19		£0	£373,300	£0	£0	£0
Ventilation Systems												
Ventilation systems and smoke extract					19,732 m²	£35		£0	£693,000.00	£0	£0	£0
Electrical Installations												
Mains and Sub-mains Distribution, small power installations, HVAC power, lighting installations, emergency lighting, specialist lighting installations, local electricity generation systems, earthing and bonding systems					19,732 m²	£61		£0	£1,203,700	£0	£0	£0

Section 5.2 | Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description			£	GIA (ft ²)	Allocation						
					0	190,067	0	19,111	972	2,250	
					Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity	
Fuel Installation / Systems											
Fuel Storage & distribution systems			19,732 m ²	£1	£11,000	0.1	£0	£11,000	£0	£0	£0
					£11,000		£0	£11,000.00	£0	£0	£0
Fire and Lightning Protection											
Fire Fighting & suppression systems (sprinklers), lightning protection, wet / dry riser			19,732 m ²	£64	£1,254,000	5.9	£0	£1,254,000	£0	£0	£0
					£1,254,000.00		£0	£1,254,000.00	£0	£0	£0
Communication, Security and Control System											
Communication and security systems			19,732 m ²	£42	£834,300	3.9	£0	£834,300	£0	£0	£0
					£834,300		£0	£834,300.00	£0	£0	£0
MEP Office Shell & Core											
MEP office shell & core			19,111 ft ²	£50	£946,000	4.5	£0	£0	£0	£946,000	£0
					£946,000		£0	£0	£0	£946,000	£0
MEP Retail Shell & Core											
MEP retail shell & core			868 ft ²	£20	£17,360	0.1	£0	£0	£0	£17,360	£0
					£17,360		£0	£0	£0	£17,360	£0
Lifts											
Passenger lifts: 13 persons 1.6m/s, ground to level 14, 15 stops			1 nr		£802,200	3.8	£0	£747,200	£0	£55,000	£0
					£150,000		£0	£150,000	£0	£0	£0
Passenger lifts: 13 persons 1.6m/s, ground to level 16, 17 stops			1 nr		£160,000		£0	£160,000	£0	£0	£0
Goods Lift: 17 persons 1275kg 1.6m/s, ground to level 15, 16 stops			1 nr		£190,000		£0	£190,000	£0	£0	£0
Goods Lift: 17 persons 1275kg 1.6m/s, ground to level 17, 18 stops			1 nr		£210,000		£0	£210,000	£0	£0	£0
Office Passenger lifts: 13 persons 1.6m/s, ground to level 1, 1 stops			1 nr		£55,000		£0	£0	£0	£55,000	£0
E/O for fire fighting capability and lifting drapes			2 nr		£12,600		£0	£25,200	£0	£0	£0
E/O for enhanced finishes			5 nr		Excl.		£0	£0	£0	£0	£0
Allowance for remote monitoring of lifts			1 Item		£12,000		£0	£12,000	£0	£0	£0
BWIC											
BWIC Generally				3%	£221,000	1.0	£0	£197,800	£0	£19,900	£2,300
					£221,000		£0	£197,800	£0	£19,900	£2,300
SUB TOTAL SHELL & CORE WORKS					£30,165,900	142.0	£1	£27,069,200	£0	£2,879,500	£114,500

Section 5.2 I Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description	£	GIA (# ²)	Allocation								
			0	190,067	0	19,111	972	2,250			
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity			
		£ / ft ² GIA									
Preliminaries											
Allowance for preliminaries @ 16.5%				£4,977,400	23.4	£0	£4,466,500	£0	£475,100	£16,900	£18,900
	16.5%			£4,977,400		£0	£4,466,500	£0	£475,100	£16,900	£18,900
Overheads and Profit											
Allowance for overheads and profit @ 6.5%				£2,284,300	10.8	£0	£2,049,800	£0	£218,000	£7,800	£8,700
	6.5%			£2,284,300		£0	£2,049,800	£0	£218,000	£7,800	£8,700
D&B Risk											
Allowance for D&B Risk @ 3%				£1,122,800	5.3	£0	£1,007,600	£0	£107,200	£3,800	£4,200
	3.0%			£1,122,800		£0	£1,007,600	£0	£107,200	£3,800	£4,200
TOTAL SHELL AND CORE WORKS				£38,550,400	181.5	£0	£34,593,100	£0	£3,679,800	£131,200	£146,300
Apartment Fit Out											
<u>Block 2 & 3 Apartment Fit out</u>											
Blended Fit Out Rate											
Extra ventilation to units to mitigate overheating											
	136,812 ft ²	88		£12,309,500	58.0	£0	£12,309,500	£0	£0	£0	£0
	207 nr	£1,300		£12,039,500		£0	£12,039,500	£0	£0	£0	£0
				£270,000		£0	£270,000	£0	£0	£0	£0
Office Fit Out											
Fit out to office areas											
	14,321 ft ²	27		£390,000	1.8	£0	£0	£0	£390,000	£0	£0
				£390,000		£0	£0	£0	£390,000	£0	£0
Retail Fit Out											
Fit out to retail areas											
	868 ft ²	0		£0	£0	£0	£0	£0	£0	£0	£0
				Excl.		£0	£0	£0	£0	£0	£0
Amenity Area Fit out											
Fit out to amenity area											
	2,250 ft ²	36		£80,000	£0	£0	£0	£0	£0	£0	£80,000
				£80,000		£0	£0	£0	£0	£0	£80,000
Preliminaries											
Allowance for preliminaries @ 16.5%											
				£2,108,600	9.9	£0	£2,031,100	£0	£64,400	£0	£13,200
	16.5%			£2,108,600		£0	£2,031,100	£0	£64,400	£0	£13,200
Overheads and Profit											
Allowance for overheads and profit @ 6.5%											
				£967,700	4.6	£0	£932,100	£0	£29,500	£0	£6,100
	6.5%			£967,700		£0	£932,100	£0	£29,500	£0	£6,100
D&B Risk											
Allowance for D&B Risk @ 3%											
				£475,700	2.2	£0	£458,200	£0	£14,500	£0	£3,000
	3.0%			£475,700		£0	£458,200	£0	£14,500	£0	£3,000

Section 5.2
I Buildings 2 and 3 Cost Breakdown

212,400 sqft

Element / Description	£	GIA (# ²)	Allocation					
			0	190,067	0	19,111	972	2,250
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
TOTAL FIT OUT WORKS	£16,331,500	76.9	£0	£15,730,900	£0	£498,400	£0	£102,300
TOTAL SHELL AND CORE AND FIT OUT WORKS	£54,881,900	258.4	£0	£50,324,000	£0	£4,178,200	£131,200	£248,600

Section 5.3 | Building 4 Cost Breakdown

168,875 sqft

Element / Description	£	GIA (ft ²)	Allocation					
			0		167,790		0	
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
			£ / ft	GIA				
Substructure								
Allowance for 750mm piling mat incl. dig and disposal	918 m²		£1,002,100	5.9	£0	£995,800	£0	£6,300
Allowance for 750mm diameter piles 30m deep	111 nr		£165,200		£0	£164,100	£0	£1,100
Allowance for 250mm suspended slab and pile caps incl. blinding, insulation, dig & disposal	918 m²		£427,400		£0	£424,700	£0	£2,700
			£344,100		£0	£342,000	£0	£2,100
E/O Lift pits etc	3 nr		£19,500		£0	£19,400	£0	£100
Allowance for below ground drainage	918 m²		£45,900		£0	£45,600	£0	£300
Frame & Upper Floors								
All levels			£5,202,400	30.8	£0	£5,168,900	£0	£33,500
Allowance for 550mm RC transfer slab above commercial level			Excl.					
Allowance for hollowcore upper floors and concrete topping	14,815 m²		£320		£0	£3,164,700	£0	£20,500
Protective screens to railway	14,815 m²		£215		£0	£147,100	£0	£1,000
Allowance for precast twin walls with in-situ concrete infill	3,960 m²		£10		£0	£1,101,700	£0	£7,100
Allowance for precast concrete columns to perimeter	1,099 m		£280		£0	£731,600	£0	£4,700
Allowance for precast concrete columns internal			£670					
Allowance for precast columns to support roof beams	8 nr		incl.		£0	£23,800	£0	£200
			£3,000					
Roof & Terraces								
Podium Roof (1st Floor)			£589,700	3.5	£0	£585,700	£0	£4,000
Allowance for roof slab	228 m²		£245		£0	£55,500	£0	£400
Allowance for waterproofing	228 m²		£120		£0	£27,200	£0	£200
Allowance for weathering to parapet, roof gullies etc	35 m		£100		£0	£3,500	£0	£0
EO for brown roof	130 m²		£110		£0	£14,200	£0	£100
EO for terrace / inset balcony finishes to first floor	68 m²		£300		£0	£20,300	£0	£100
Balustrade to 1st floor terrace	30 m		£450		£0	£13,300	£0	£200

Section 5.3
1 Building 4 Cost Breakdown

168,875 sqft

Element / Description	£	GIA (ft ²)	Allocation					
			0		167,790		0	
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
Level 17 roof								
Allowance for 300mm concrete roof slab	670 m²	\$245	\$164,200	\$0	\$163,000	\$0	\$1,200	\$0
Allowance for lift overrun	3 nr	\$5,000	\$15,000	\$0	\$14,900	\$0	\$100	\$0
E/O for green or brown roof	392 m²	\$110	\$43,100	\$0	\$42,700	\$0	\$400	\$0
Allowance for rope access support system and abseil points	1 item	\$30,000	\$30,000	\$0	\$29,800	\$0	\$200	\$0
Allowance for AOV	2 nr	\$7,500	\$15,000	\$0	\$14,900	\$0	\$100	\$0
Allowance for weathering to parapet, roof gullies etc	110 m	\$100	\$11,000	\$0	\$10,900	\$0	\$100	\$0
Allowance for parapet wall/ screen to roof perimeter	110 m	\$600	\$66,000	\$0	\$65,600	\$0	\$400	\$0
EO for terrace finishes at roof level	278 m²	\$300	\$83,400	\$0	\$82,900	\$0	\$500	\$0
Allowance for balustrades to amenity areas	60 m	\$450	\$27,000	\$0	\$27,000	\$0	\$0	\$0
Stairs								
All Levels				2.1	\$347,300	\$0	\$1,900	\$0
Precast concrete stairs including finishes, nosing, balustrades & handrails	23 nr	\$12,750	\$293,300	\$0	\$291,400	\$0	\$1,900	\$0
Enhanced finish to stair ground to second floor	1 item	\$10,000	\$10,000	0	\$10,000	\$0	\$0	\$0
Allowance for sundry platforms and access ladders to roof	1 item	\$22,000	\$22,000	\$0	\$22,000	\$0	\$0	\$0
Allowance for metalwork and platforms to plantrooms	1 item	\$22,000	\$22,000	\$0	\$22,000	\$0	\$0	\$0
External Walls, Doors, Windows and Balconies				42.5	\$7,180,000	\$0	\$34,000	\$0
Ground only								
Allowance for facade (assume 25% glazed)	677 m²	\$675	\$457,000	\$0	\$454,200	\$0	\$2,800	\$0
EO for entrance doors to residential; DDA compliant & automated	2 nr	\$10,000	\$20,000	\$0	\$19,900	\$0	\$100	\$0
Allowance for doors to retail	2 nr	\$7,500	\$15,000	\$0	\$14,900	\$0	\$100	\$0
Allowance for doors to plant rooms	2 nr	\$5,000	\$10,000	\$0	\$9,900	\$0	\$100	\$0
Allowance for visual mock-ups, samples, site testing, PCSA - site wide costs	1 item	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 5.3 | Building 4 Cost Breakdown

168,875 sqft

Element / Description	£	GIA (ft ²)	Allocation					
			0	0	167,790	0	1,085	0
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
		£ / ft	GIA					

Levels 01 and above										
Windows and unitised façade glazing incl external access (40%)	3,104	m²	£620	£1,924,500	£0	£0	£1,912,100	£0	£12,400	£0
Allowance for enhanced glazing specification to 50% of windows	1,552	m²	£50	£77,600	£0	£0	£77,600	£0	£0	£0
Allowance for solar control coating to windows	1,350	m²	£30	£40,500	£0	£0	£40,500	£0	£0	£0
Solid pre-cast façade (60% of façade area)	4,255	m²	620	£2,638,100	£0	£0	2,621,200.00	£0	£16,900	£0
Allowance for enhanced pre-cast façade to North and South elevations	2,150	m²	80	£172,000	£0	£0	170,900.00	£0	£1,100	£0
Pre-cast beam feature to roof	124	m	£1,500	£186,000	£0	£0	£186,000	£0	£0	£0
Allowance for plant screening to roof; say 3m high	135	m²	£550	£74,300	£0	£0	£73,800	£0	£500	£0
Allowance for visual mock-ups, samples, site testing, PCSA - site wide costs	1	item		£0	£0	£0	£0	£0	£0	£0
Allowance for bolt-on steel balconies to Studios	-	nr	£7,000	£0	£0	£0	£0	£0	£0	£0
Allowance for bolt-on steel balconies to 1B, 2B & 3B;	170	nr	£8,000	£1,360,000	£0	£0	£1,360,000	£0	£0	£0
Plasterboard lining to inside face of solid facades	4,100	m²	£50	£205,000	£0	£0	£205,000	£0	£0	£0

Internal Walls			5.2	£0	£872,500	£0	£872,500	£0	£0	£0
Ground only										
Allowance for internal walls to resi core areas	74	m²		£140	£10,400		£10,400		£0	£0
Allowance for internal walls to plant rooms	286	m²		£140	\$40,000		\$40,000		£0	£0

Levels 01 and above										
Allowance for internal walls	4,882	m²		£140	£683,500		£683,500		£0	£0
Allowance for lining to concrete core walls	3,960	m²		£35	£138,600		\$138,600		£0	£0

Internal Doors			1.2	£0	£208,600	£0	£208,600	£0	£0	£0
Ground only										
Allowance for doors to resi core areas - Single	3	nr		£1,300	£3,900		£3,900		£0	£0
Allowance for doors to resi core areas - Double	3	nr		\$2,500	\$7,500		\$7,500		£0	£0

Levels Ground and above										
Allowance for plantroom doors	2	nr		£1,500	£3,000		£3,000		£0	£0
Allowance for riser doors (double counted as 2 singles)	184	nr		\$900	\$165,600		\$165,600		£0	£0
Allowance for doors to stairs	22	nr		£1,300	\$28,600		\$28,600		£0	£0

Finishes, Fittings & Fixtures			3.6	£0	£600,000	£0	£600,000	£0	£0	£0
Residential Communal Fit Out	1	Item		\$600,000	\$600,000		\$600,000		£0	£0

Section 5.3 | Building 4 Cost Breakdown

168,875 sqft

Element / Description	£	GIA (ft ²) £ / ft ² GIA	Allocation					
			0	0	167,790	0	1,085	0
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
MEP (Shell & Core)								
Sanitary Installations								
Sanitary installations incl sanitary appliances	15,689 m ²	£0	£3,300	0.0	£0	£3,300	£0	£0
			£3,300		£0	£3,300.00	£0	£0
Services Equipment								
			Excluded		£0	£0	£0	£0
Disposal Installation								
Disposal installation including: Foul drainage above ground, Rainwater - drainage	15,689 m ²	£45	£711,700	4.2	£0	£711,700	£0	£0
			£711,700		£0	£711,700.00	£0	£0
Water Installation								
Water installation incl; mains water supply, cold water distribution, hot water distribution, local hot water distribution	15,689 m ²	£15	£239,400	1.4	£0	£239,400	£0	£0
			£239,400		£0	£239,400	£0	£0
Heat Source								
Heat Source incl CHP	15,689 m ²	£2	£25,400	0.2	£0	£25,400	£0	£0
			£25,400		£0	£25,400.00	£0	£0
Space Heating and Air Conditioning								
Central & Local heating, central & local cooling, air conditioning	15,689 m ²	£19	£296,800	1.8	£0	£296,800	£0	£0
			£296,800		£0	£296,800.00	£0	£0
Ventilation Systems								
Central ventilation system, local & special ventilation system, smoke extract	15,689 m ²	£35	£551,000	3.3	£0	£551,000	£0	£0
			£551,000		£0	£551,000.00	£0	£0
Electrical Installations								
Mains and Sub-mains Distribution, small power installations, HVAC power, lighting installations, emergency lighting, specialist lighting installations, local electricity generation systems, earthing and bonding systems	15,689 m ²	£61	£956,600	5.7	£0	£956,600	£0	£0
			£956,600		£0	£956,600.00	£0	£0
Fuel Installation / Systems								
Fuel Storage & distribution systems	15,689 m ²	£1	£8,800	0.1	£0	£8,800	£0	£0
			£8,800		£0	£8,800.00	£0	£0

Section 5.3 I Building 4 Cost Breakdown

168,875 sqft

Element / Description	£	GIA (ft ²)	Allocation					
			0		167,790		0	
			Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity
Fire and Lightning Protection								
Fire Fighting & supression systems (sprinklers), lightening protection, wet / - dry riser	15,689 m²	5.9	£997,000	£0	£997,000	£0	£0	£0
			£64	£0	£997,000.00	£0	£0	£0
Communication, Security and Control System								
Communication, security & DDA Systems, induction loops / hard of hearing, - central control / BMS	15,689 m²	3.9	£663,300	£0	£663,300	£0	£0	£0
			£42	£0	£663,300.00	£0	£0	£0
MEP Shell & Core - Retail								
MEP Shell & Core - Retail	1,027 m²	0.1	£20,500	£0	£0	£0	£20,500	£0
			£20	£0	£0	£0	£20,500	£0
Lift								
Passenger lifts; 13 persons 1000kg 1.6m/s, ground to level 22, 23 stops	2 nr	3.7	£620,100	£0	£620,100	£0	£0	£0
Goods Lift; 17 persons 1275kg 1.6m/s, ground to level 22, 23 stops	1 nr		£180,000	£0	£360,000	£0	£0	£0
E/O for fire fighting capability and lifting drapes	1 nr		£230,000	£0	£230,000	£0	£0	£0
E/O for enhanced finishes	3 nr		£12,600	£0	£12,600	£0	£0	£0
Allowance for remote monitoring of lifts	1 Item		£12,000	£0	£12,000	£0	£0	£0
Allowance for access control	1 Item		£5,500	£0	£5,500	£0	£0	£0
BWIC								
BWIC Generally		0.9	£152,800	£0	£151,800	£0	£1,000.00	£0
			3.00%	£0	£151,800	£0	£1,000	£0
SUB TOTAL SHELL & CORE WORKS		125.8	£21,249,300	£0	£21,148,100	£0	£101,200	£0

Section 5.3 | Building 4 Cost Breakdown

168,875 sqft

Element / Description		£	GIA (ft ²)	Allocation									
				0		0		167,790		0			
				Block 1	Block 2 & 3	Block 4	Office	Retail	Amenity				
Preliminaries													
Allowance for preliminaries @ 16.5%													
Overheads and Profit													
Allowance for overheads and profit @ 6.5%													
D&B Risk													
Allowance for D&B Risk @ 3%													
TOTAL SHELL AND CORE WORKS													
Block 4													
<u>Block 4 Apartment Fit Out</u>													
Blended Fit Out Rate													
Extra ventilation to units to mitigate overheating													
Preliminaries													
Allowance for preliminaries @ 16.5%													
Overheads and Profit													
Allowance for overheads and profit @ 6.5%													
D&B Risk													
Allowance for D&B Risk @ 3%													
TOTAL FIT OUT WORKS													
TOTAL SHELL AND CORE AND FIT OUT WORKS													

Section 5.4 Block 1 - Communal Area Fit Out Cost Breakdown

Element / Description		£		£ / ft² GIA		GIA: 174,537sqft
Wall Finishes						
Allowance for enhanced finishes to ground floor entrance	259	m²	£100	£75,160	£0.4	
Allowance for sealer / emulsion paint to walls generally	259	m²	£12	£26,000		
Paint to internal walls within cycle store, refuse & plant	616	m²	£12	£7,000		
Allowance for painting to lobby areas (upper floors)	4,895	m²	£8	£39,160		
Floor Finishes						
Screed and enhanced finishes to front of house areas	111	m²	£150	£236,600	£1.4	
Screed and epoxy floor paint to other areas	517	m²	£55	£17,000		
Allowance for entrance matting	2	nr	£5,000	£28,000		
Painted MDF skirting (includes upper floors)	1,964	m	£15	£10,000		
Allowance for floor finish to lobby areas (upper floors)	1,526	m²	£100	£29,000		
				£152,600		
Ceiling Finishes						
Enhanced finishes to front of house areas	111	m²	£150	£139,450	£0.8	
Painted plasterboard ceiling to ground floor lobby	111	m²	£75	£17,000		
Allowance for ceiling to lobby areas (upper floors)	1,526	m²	£75	£8,000		
				£114,450		
FF&E						
Allowance for statutory and wayfinding signage	16,215	m²	£5	£240,000	£1.4	
Allowance for mail boxes	194	nr	£175	£81,000		
Allowance for reception desk at ground floor	1	item	£15,000	£34,000		
Allowance for fixed joinery for concierge	1	item	£10,000	£15,000		
Allowance for kitchenette and other welfare facilities for concierge	1	item	£12,000	£10,000		
Allowance for cycle racks	284	nr	£150	£12,000		
Allowance for fittings generally and sundry items	1	item	£25,000	£43,000		
Allowance for loose furniture				£25,000		
Allowance for store room FF&E	1	item	£20,000	Excl.		
				£20,000		
Total to Summary (Excl Prelims, OHP, Risk & Contingency)				£690,000	£4.0	

Section 6.3 Blocks 2 & 3 - Communal Area Fit Out Cost Breakdown

Element / Description		£		£ / ft² GIA		GIA: 190.067sqft	
Wall Finishes							£0.6
Allowance for enhanced finishes to ground floor entrances etc	481	m²	£100	£108,264			
Allowance for sealer / emulsion paint to walls generally	481	m²	£12	£48,000			
Paint to internal walls within cycle store, refuse & plant	1,771	m²	£12	£6,000			
Allowance for painting to lobby areas (upper floors)	4,158	m²	£8	£21,000			
				£33,264			
Floor Finishes							£1.9
Screed and enhanced finishes to front of house areas	248	m²	£150	£326,600			
Screed and epoxy floor paint to other areas	1,771	m²	£55	£37,000			
Allowance for entrance matting	4	nr	£5,000	£97,000			
Painted MDF skirting: plant on	1,627	m	£15	£20,000			
Allowance for floor finish to lobby areas (upper floors)	1,486	m²	£100	£24,000			
				£148,600			
Ceiling Finishes							£0.9
Enhanced finishes to front of house areas	248	m²	£150	£163,450			
Painted plasterboard ceiling including insulation	248	m²	£60	£37,000			
Allowance for ceiling to lobby areas (upper floors)	1,486	m²	£75	£15,000			
				£111,450			
FF&E							£1.6
Allowance for statutory and wayfinding signage	17,657	m²	£5	£273,000			
Allowance for mail boxes	205	nr	£175	£88,000			
Allowance for reception desk at ground floor	1	item	£15,000	£36,000			
Allowance for fixed joinery for concierge / CCTV office	1	item	£15,000	£15,000			
Allowance for kitchenette and other welfare facilities for concierge	1	item	£12,000	£15,000			
Allowance for cycle racks	310	nr	£150	£12,000			
Allowance for fittings generally and sundry items	1	item	£40,000	£47,000			
Allowance for loose furniture				£40,000			
Allowance for store room FF&E	1	item	£20,000	Excl.			
				£20,000			
Total to Summary (Excl Prelims, OHP, Risk & Contingency)				£870,000			£5.0

Section 6.3 Block 4 - Communal Area Fit Out Cost Breakdown

Element / Description		£		£ / ft² GIA		GIA: #REF!
Wall Finishes	Allowance for enhanced finishes to ground floor entrances etc	270	m²	£100	£63,652	£0.4
	Allowance for sealer / emulsion paint to walls generally	270	m²	£12	£27,000	
	Paint to internal walls within cycle store, refuse & plant	668	m²	£12	£3,000	
	Allowance for painting to lobby areas (upper floors)	3,207	m²	£8	£8,000	
					£25,652	
Floor Finishes	Screed and enhanced finishes to front of house areas	98	m²	£150	£210,600	£1.2
	Screed and epoxy floor paint to other areas	668	m²	£55	£15,000	
	Allowance for entrance matting	2	nr	£5,000	£37,000	
	Painted MDF skirting; plant on	1,374	m	£15	£10,000	
	Allowance for floor finish to lobby areas (upper floors)	1,276	m²	£100	£21,000	
Ceiling Finishes	Enhanced finishes to front of house areas	98	m²	£150	£127,600	
	Allowance for ceiling to lobby areas (upper floors)				£110,700	£0.6
		1,276	m²	£75	£15,000	
					£95,700	
FF&E	Allowance for statutory and wayfinding signage	15,689	m²	£5	£220,000	£1.3
	Allowance for mail boxes	170	nr	£175	£78,000	
	Allowance for reception desk at ground floor	1	item	£15,000	£30,000	
	Allowance for fixed joinery for concierge / CCTV office	1	item	£10,000	£15,000	
	Allowance for kitchenette and other welfare facilities for concierge	1	item	£12,000	£10,000	
	Allowance for cycle racks	236	nr	£125	£12,000	
	Allowance for fittings generally and sundry items	1	item	£25,000	£30,000	
	Allowance for loose furniture				£25,000	
	Allowance for store room FF&E	1	item	£20,000	Excl.	
					£20,000	
Total to Summary (Excl Prelims, OHP, Risk & Contingency)					£600,000	£3.4

Section 5.5 I Sitewide Works Cost Breakdown

Section 5.5 I Sitewide Works Cost Breakdown								
Element / Description	£	GIA (ft ²)	Allocation				Amenity	
			Total GIA 557,244 sqft					
			174,537	190,067	167,790	19,111	3,489	2,250
			Block 1	Block 2 & 3	Block 4	Office	Retail	
			£ / ft ² GIA					

Landscaping

Ground Floor Landscaping Inside Site Boundary (Red Line): 2,130
Ground Floor Landscaping Outside Site Boundary (Red Line): 900
Malgavita: 1,120

4,150 m2

Ground Floor Landscaping Inside the Site Boundary

Hard Landscaping

Concrete paving generally to perimeter of buidings 0.7
Concrete to communal gardens £275
Concrete setts to communal gardens £275
Edging details £300
£75

Soft Landscaping

Lawn 200 m² 125
Shrubbery 350 m² 150
Groundcover 301 m² 150
Small/Medium Tree 34 nr 4,000
Large Tree 17 nr 7,500
Allowance for climbing wires to boundary wall 1 Item 10,000

FF&E

Seating 69 m 1,000
Allowance for sundry FF&E incl. play equipment 1 item 25,000
Allowance for external fencing 37 m 800
Allowance for external gates 4 nr 6,500
Allowance for external lighting 2,130 m2 35
Allowance for Pergolas 2 nr 20,000

Irrigation systems

Allowance for leaky pipe irrigation system 1 Item 75,000

SUB TOTAL LANDSCAPING WORKS		£1,132,000	2.0	£354,000	£386,000	£341,000	£39,000	£7,000	£5,000
-----------------------------	--	------------	-----	----------	----------	----------	---------	--------	--------

Section 5.5 I Sitewide Works Cost Breakdown

Element / Description		Total GIA 557,244 sqft				
		Allocation				
		174,537	190,067	167,790	19,111	3,489
GIA (ft ²)		Block 1	Block 2 & 3	Block 4	Office	Retail
£ / ft ² GIA						
Preliminaries Allowance for preliminaries						
	16.5%	£187,000	0.3	£64,000	£6,000	£1,000
		£187,000		£56,000		£1,000
Overheads and Profit Allowance for overheads and profit						
	6.5%	£86,000	0.2	£29,000	£3,000	£1,000
		£86,000		£26,000		£0
Contingency Allowance for D&B Risk						
	3%	£42,000	0.1	£14,000	£1,000	£0
		£42,000		£13,000		£0
TOTAL LANDSCAPING WORKS		£1,447,000	2.6	£493,000	£49,000	£9,000
				£436,000		£6,000

Section 5.6 I Sitewide Works Cost Breakdown

Total GIA 557,244 sqft

Element / Description	£	GIA (ft ²)	Allocation					Amenity	
			Block 1	Block 2 & 3	Block 4	Office	Retail		
174,537									2,250
Block 1									
Block 2 & 3									
Block 4									
Office									
Retail									

Section 5.7 I Sitewide Works Cost Breakdown

Total GIA
 557,244 sqft

Element / Description		£	GIA (ft ²)	Allocation				
				174,537	190,067	167,790	19,111	3,489
				Block 1	Block 2 & 3	Block 4	Office	Retail
				£ / ft ² GIA				Amenity
External Demolition and Enabling Works (including cladding PCSA costs)								
Allowance for demolition of brick arches	982 m²	£75						
Allowance for demolition of light industrial units and south façade	35,381 ft²	£10						
Allowance for breaking out obstructions / hardstandings	6,045 m²	£25						
Allowance for removal of asbestos roof sheets	1,285 m²	£75						
Allowance for sundry asbestos works	1 item	£25,000						
Allowance for rebuilding boundary wall to railway 6.5m high	45 m	£4,250						
Cladding PCSA and mock-up costs	1 item	£175,000						
SUB TOTAL DEMOLITION AND ENABLING WORKS				1.9	£333,000	£364,000	£321,000	£7,000
								£4,000
Preliminaries				0.3	£55,000	£60,000	£53,000	£1,000
Allowance for preliminaries	16.5%							£1,000
Overheads and Profit				0.1	£26,000	£28,000	£24,000	£1,000
Allowance for overheads and profit	6.5%							£0
D&B Risk				0.1	£13,000	£14,000	£12,000	£0
Allowance for D&B Risk	3%							£0
TOTAL DEMOLITION & ENABLING WORKS				2.4	£427,000	£466,000	£410,000	£9,000
								£5,000

Section 5.10 | Building 4 Intermediate Residential Fit Out Cost Breakdown

Description			1B 2P			2B 4P			3B 5P			4B 7P			Summary		
Unit Size			53 m²			73 m²			87 m²			127 m²			69 m²		
Nr of Units			82 nr			38 nr			44 nr			6 nr			170 nr		
Nr	Element / Description	Unit	Rate	Qty	Unit Type	Unit Total	£ / ft² NIA	Qty	Unit Type	Unit Total	£ / ft² NIA	Qty	Unit Type	Unit Total	£ / ft² NIA	Overall Total	
1.0	Stairs																
1.1	None	nr	£0	-	£0	£0	0.0	-	£0	£0	0.0	-	£0	£0	0.0	£0	
2.0	Internal Partitions																
2.1	Partitions: including, plasterboard linings and insulation	m²	£50	10	£1,780	£146,000	3.2	16	£800	£105,000	3.5	38	£3,760	£166,000	4.0	£4,360	
2.2	Plasterboard lining to bathroom pods	m²	£25	21	£500	£41,000		42	£1,100	£42,000		44	£1,100	£48,000		£2,500	
2.3	Plasterboard lining to prefab MEP cupboard	m²	£25	9	£220	£18,000		13	£310	£12,000		8	£200	£9,000		£1,100	
2.4	E/O for plywood backing/padstresses	nr	£560	1	£560	£46,000		1	£560	£21,000		1	£560	£25,000		£2,000	
3.0	Internal Doors																
3.1	Single leaf apartment entrance doors: including hardwood frame & Lining, painted and PAS24 Ironmongery	nr	£1,100	1	£1,100	£90,000	5.5	1	£1,100	£42,000	5.2	1	£1,100	£48,000	6.0	£6,100	
3.2	Single leaf door: including hardwood frame & lining, painted and Ironmongery	nr	£500	2	£1,000	£82,000		4	£2,000	£76,000		5	£2,500	£110,000		£3,000	
3.3	MEP cupboard doors	nr	£1,000	1	£1,000	£82,000		1	£1,000	£38,000		2	£2,000	£88,000		£2,000	
4.0	Wall Finishes																
4.1	Emulsion paint finish to all partitions and linings	m²	£5	122	£600	£98,000	2.1	178	£900	£164,000	2.1	253	£2,800	£123,000	3.0	£3,700	
4.2	Painted MDF skirting to all partition and linings	m	£15	41	£600	£49,000		54	£800	£30,000		102	£1,500	£66,000		£1,700	
4.3	Ceramic tiling to bathrooms; 40% of total wall area	m²	£0	8	£0	in Pod		17	£0	in Pod		18	£0	in Pod		£2,000	
4.4	Backpainted glass splashback above bathroom basin	m²	£0	2	£0	in Pod		2	£0	in Pod		4	£0	in Pod		£0	
4.5	Backpainted glass splashback above kitchen worktops	m²	£0	3	£0	in Kitchen		3	£0	in Kitchen		3	£0	in Kitchen		£0	
5.0	Floor Finishes																
5.1	Allowance for insulated screed with Part E resilient layer	m²	£30	53	£3,340	£273,300	5.9	73	£4,460	£169,300	5.6	87	£5,330	£233,300	5.7	£8,530	
5.2	Amiteco flooring to living, kitchen and hallway (PC Sum £15m²)	m²	£40	30	£1,200	£98,000		35	£1,400	£53,000		39	£1,600	£70,000		£3,800	
5.3	Carpet finish to bedrooms (PC sum £18m²)	m²	£33	14	£500	£41,000		23	£800	£30,000		35	£1,100	£48,000		£3,200	
5.4	Ceramic tiling to bathrooms (PC Sum £35m²)	m²	£0	5	£0	in Pod		8	£0	in Pod		12	£0	in Pod		£1,500	
5.5	Amiteco to utility room (PC Sum £15m²)	m²	£40	1	£40	£3,300		2	£60	£2,300		1	£30	£1,300		£0	
5.6	Tiled skirting to bathroom	m	£0	8	£0	in Pod		17	£0	in Pod		18	£0	in Pod		£30	
6.0	Ceiling Finishes																
6.1	Suspended ceiling; including, moisture resistant plasterboard	m²	£0	5	£0	in Pod	4.1	8	£3,170	£120,700	4.0	12	£3,530	£155,300	3.8	£5,330	
6.2	Suspended plasterboard ceilings	m²	£45	47	£2,100	£172,000		64	£2,900	£110,000		74	£3,300	£145,000		£0	
6.3	Allowance for ceiling finish to other areas	m²	£45	1	£50	£4,100		2	£70	£2,700		1	£30	£1,300		£5,100	
6.4	Allowance for access hatches to bathrooms	nr	£0	1	£0	in Pod		1	£0	in Pod		2	£0	in Pod		£30	
6.5	Allowance for access hatches to kitchens	nr	£200	1	£200	£16,000		1	£200	£8,000		1	£200	£9,000		£200	
7.0	Fittings and Furnishings																
7.1	Allowance for Kitchen	nr	£6,500	1	£6,500	£533,000	30.4	1	£25,100	£953,000	31.7	1	£26,350	£1,159,000	28.1	£23,950	
7.2	Allowance for bathroom pod	nr	£7,900	1	£7,900	£648,000		2	£15,800	£600,000		2	£15,800	£695,000		£4,250	
7.3	Allowance for accessible bathroom pod/large sizes	nr	£9,000	-	£0	£0		-	£0	£0		1	£9,000	£54,000		£7,900	
7.4	Built in wardrobe with doors to master bedroom	m	1,000	1.8	£1,800	£148,000		1.8	£1,800	£68,000		1.8	£1,800	£79,000		£9,000	
7.5	Laminate cupboards to hallways with doors and shelves	m	1,000	1.0	£1,000	£82,000		1.0	£1,000	£38,000		1.0	£1,000	£44,000		£1,800	
8.0	MEP																
8.1	MEP	nr	£22,400	1	£21,200	£1,738,000	37.5	1	£24,700	£939,000	31.3	1	£25,700	£1,131,000	27.5	£30,000	
8.2	Comfort cooling, AV, Underfloor heating & Storage	nr	£0	-	£0	Excluded		-	£0	Excluded		-	£0	Excluded		£27,200	
9	BWIC																
9.1	BWIC Generally	Item	3.0%	21,200	£600	£49,000	1.1	24,700	£700	£27,000	0.9	25,700	£800	£35,000	0.6	£111,000	
Total to Summary (Excl Prelims, OHP, Risk & Contingency)					£50,770	£4,160,000	89.8	£66,700	£2,530,000	84.3	£73,870	£3,250,000	78.9	£82,770	£480,000	58.5	£9,940,000
																79.1	



alinea

alinea consulting LLP
90 Cannon Street
London, EC4N 6HA

www.alineacostconsulting.com

Appendix 4: Site Value Benchmark Report

DRAFT

5 April 2018

Merrick Place, Southall

Site Value Benchmark Report

DRAFT

Contents

1.	Introduction	3
2.	Existing Use Value / Current Use Value (EUV / CUV)	5
3.	Site Value Benchmark Conclusion	7

DRAFT

1. Introduction

1.1. Overview

- 1.1.1. This statement has been prepared by the specialist Development Viability team within the London Residential Development Department of Savills (UK) Ltd. It is by way of an addendum to the Viability Assessment Report provided for the development of Merrick Place (the Subject) and focuses on establishing the Site Value Benchmark.

1.2. Statement Limitations

- 1.2.1. This statement does not constitute part of a formal valuation report, therefore the opinions and values provided herein should not be relied upon for RICS 'Red Book' purposes.
- 1.2.2. Our advice is based on market evidence which has come into our possession from numerous sources. We cannot accept liability for any errors or omissions in third party information. That from other agents and valuers is given in good faith but without liability. It is often only provided in verbal form. Some comes from data bases such as the Land Registry or computer data bases to which we subscribe. In all cases, other than where we have had a direct involvement in the transaction, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

1.3. Description of Subject

- 1.3.1. The Subject is a combination of the Arches Business Centre which includes a range of low-grade retail premises, and a car park at the west of the site extending to 0.14ha.

Use	Sq m	Sq ft
Light Industrial Space	3,783	40,720
Total	3,783	40,720

- 1.3.2. The Subject site extends to 0.8 ha.
- 1.3.3. The Subject benefits from an existing planning consent (ref: PP/2013/5696) for:

“Retention and alteration of facades of building and redevelopment of the site to provide offices (Use Class B1 (a)) on three floors with four seven storey extensions above containing 141 residential flats (37 one-bed, 61 two-bed, 39 three-bed and 4 four-bed), the provision 56 car parking spaces (including 14 disabled) at ground and mezzanine level within the building, 254 bicycle parking spaces, provision of a new vehicular access off Bridge Road, servicing layby in Bridge Road, amenity space at third floor and roof top level and landscaping, with associated plant and lighting’

1.4. Methodology

- 1.4.1. In identifying an appropriate viability benchmark sum, we have given consideration to policy guidance and appeal precedent (Section 2), and our own professional experience. We set out below our approach as follows:

- Existing Use Value Plus Premium (EUV plus premium) – our understanding is that this is the Mayor's preferred approach. Our consideration of the EUV plus premium is set out at Section 2 of this report;
- Market Value (MV) – our understanding is that whilst the Mayor states that this should not be considered in isolation, it can be a useful tool in determining competitive returns for a landowner. In this instance we have not given consideration to the Market Value but reserve the right to do so. The draft NPPF highlights that site comparables (when taking into account policy requirements) are an appropriate measure for determining premium and that an arbitrary percentage may not be as well.
- Alternative Use Value (AUV) – we have not assessed the existing consent at this time given that the scheme is larger but reserve the right to do so.
- Purchase Price – we understand that purchase price is rarely a consideration when determining Site Value Benchmark. We have therefore not given consideration to the purchase price in this instance.

2. Existing Use Value / Current Use Value (EUV / CUV)

- 2.1.1. In determining the Existing Use Value of the Subject we have given consideration to recent letting and investment transactions of industrial units. Detailed below are the comparables that we deem to be of the most relevance to our assessment:

Table 1 –Industrial Rental comparables

Address	Date	Term (yrs)	Size	Rent psf	Distance to Subject
Unit 1, Uxbridge Road	Oct-17	N/A	27,802	£13.25	2.8 miles
Unit 1, Brook Industrial Estate	Sep-17	3 yrs	2,072	£12.28	1.8 miles
Suite 13, Bullsbrook Road	Jun-17	5 yrs	1,881	£13.15	1.9 miles
Unit 3, Springfield Road	May-17	10 yrs	18,167	£10.75	1.5 miles
Units 9 A-E, 9 Brent Road	Nov-16	N/A	8,976	£9.50	1.3 miles

- 2.1.2. Unit 1, Brook Industrial Estate comprises a ground floor industrial unit approximately 1.8 miles west of the Subject site. This comparable occupies a good location within an industrial estate which has a positive effect on values. However, in comparison to the Subject it is not located as close to transport links.
- 2.1.3. Suite 13, Bullsbrook Road comprises a two storey industrial unit which was let in June 2017. This comparable occupies a good location within an industrial estate where values are typically higher. The unit is in a superior condition to the Subject which allows it to command a higher value on a rent/psf basis.
- 2.1.4. Unit 1, Uxbridge Road comprises a new build industrial unit forming part of a new development of three detached warehouse/industrial units. The unit is located within an industrial estate with frontage onto Uxbridge Road and subsequently, benefits from fast access to the M4 and A40. We consider the Subject will command a lower value than this comparable due to its inferior condition.
- 2.1.5. Unit 3, Springfield Road comprises an industrial warehouse unit which has recently been refurbished. This comparable is located within an industrial estate which benefits from quick access to M4 and A40 via Uxbridge Road. Although it has recently been refurbished, it is considerably larger than the units at the Subject which is suppressing the £/psf value. We consider the Subject will achieve a similar value to this comparable.
- 2.1.6. Unit 9 A-E, Brent Road comprises an industrial building arranged over two floors. The unit was let in November 2016 and is situated within an industrial park. This comparable is in an inferior location in regards to transport links being approximately 1.4 miles west of Southall station. We consider the Subject will achieve a higher value than this comparable.

Table 2 – Industrial Investment Comparables

Address	Date	Size	NIY	Distance to Subject	Comments
Kestral Way	Jun-17	139,749	4.80%	3.3 miles	Strong covenant. Situated on an industrial estate.
74 Long Drive	Oct-17	55,367	4.74%	3.3 miles	Sale and leaseback agreement.

Address	Date	Size	NIY	Distance to Subject	Comments
Rigby Lane	Jan-17	11,952	4.30%	3.3 miles	Situated on an industrial estate. Old building.
125 Harlequin Avenue	Jan-17	17,403	5.79%	3.7 miles	Sale and leaseback agreement. Situated on an industrial estate.

2.1.7. Given the lack of evidence in the immediate vicinity of the Subject, we have extended the search radius to cover a 4 mile catchment area. Furthermore, we have sought advice from the Savills Investment Team and have been advised that a yield of 6.5% is justifiable for the existing units at the Subject given their location and condition.

2.1.8. Based on the above we have adopted the following assumptions in our financial analysis, which has been undertaken using Argus Developer (Version 6).

- Rent: £10psf
- Yield: 6.5%
- Letting agency: 10%
- Letting legal: 5%
- Marketing: 1%
- Purchaser's Costs: 6.8%
- Rent free: 12 months
- Void: 6 months

2.1.9. The above generates a value of £5,362,371.

2.1.10. In respect of the car park site yield, we have considered the value of industrial land in Ealing's CIL study from 2013 (with 2016 update) at £2m / hectare.

2.1.11. Applying the CIL study values to the Subject this would equate to £280,000 for the car park.

2.1.12. The aggregate of the above is £5.64m.

2.1.13. In line with NPPF, RICS and Mayoral guidance we consider it appropriate to apply a premium to reflect a competitive return for a landowner. In considering the appropriate premium to apply in this instance we have given consideration to existing condition, refurb potential and market conditions. The comparables identified are located on large and well maintained industrial estates. In contrast to the Subject, whilst occupied, it has been the focus of a number of applications for redevelopment, as well as being part of a wider regeneration area. In that context, a superior yield might reflect the hope value of redevelopment and on that basis, we have adopted a lesser yield to reflect the lower quality and the Subject as a standing investment. In this instance we have applied a premium of 20%, which is within the Mayor's range of 10% - 30%, generating an EUV plus premium of £6,770,845, **SAY £6.77m.**

3. Site Value Benchmark Conclusion

- 3.1.1. In identifying an appropriate viability benchmark sum, we have given consideration to the Existing Use Value of the Subject. Our assessments are summarised below:

Table 3 – Potential Site Value Benchmark Summary

Existing Use Value	£6,770,845
---------------------------	-------------------

- 3.1.2. Overall we consider the Site Value Benchmark of the Subject to be **£6.77m.**

DRAFT

Appendix 5: Existing Use Value Calculations

DRAFT

Savills (UK) Ltd

Development Appraisal

Merrick Place

EUV Appraisal

Report Date: 28 March 2018

**Merrick Place
EUV Appraisal**

Timescale (Duration in months)

Project commences Mar 2018

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Mar 2018				
Phase End		Mar 2019				
Phase Length	0					

Project Length **12** **(Includes Exit Period)**

**Merrick Place
EUV Appraisal**
Summary Appraisal for Phase 1

Currency in £

REVENUE
Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Light Industrial	1	40,720	10.00	407,200	407,200	407,200

Investment Valuation
Light Industrial

Market Rent	407,200	YP @	6.5000%	15.3846		
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	5,882,268	

GROSS DEVELOPMENT VALUE
5,882,268

Purchaser's Costs	6.80%	(399,994)		(399,994)		
-------------------	-------	-----------	--	-----------	--	--

NET DEVELOPMENT VALUE
5,482,274
NET REALISATION
5,482,274
OUTLAY
ACQUISITION COSTS

Residualised Price		5,362,371		5,362,371		
--------------------	--	-----------	--	-----------	--	--

MARKETING & LETTING

Marketing	1.00%	58,823				
Letting Agent Fee	10.00%	40,720				
Letting Legal Fee	5.00%	20,360				
				119,903		

TOTAL COSTS
5,482,274
PROFIT
0
Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
IRR	Infinite

Merrick Place
EUV Appraisal

Sensitivity Analysis has not been Calculated. Please calculate the Analysis before printing the Report.

Appendix 6: Residential Comparables Report

DRAFT

5 April 2018

Merrick Place, Southall, UB2

Residential Comparables Report

Contents

1.	Introduction	3
2.	New Build Comparables	5
3.	Second Hand Comparables	15
4.	Analysis and Pricing	17

1. Introduction

1.1. Overview

- 1.1.1. This statement has been prepared by the specialist Development Viability Team within the London Residential Development Department of Savills (UK) Ltd. It is by way of an addendum to the viability report provided for the development of Merrick Place (the Subject), and focuses on establishing the value of the proposed residential accommodation.

1.2. Statement Limitations

- 1.2.1. This statement does not constitute part of a formal valuation report, therefore the opinions and values provided herein should not be relied upon for RICS 'Red Book' purposes.
- 1.2.2. Our advice is based on market evidence which has come into our possession from numerous sources. We cannot accept liability for any errors or omissions in third party information. That from other agents and valuers is given in good faith but without liability; it is often provided in verbal form, or taken from databases such as the Land Registry or to organisations to which we subscribe. In all cases, other than where we have had a direct involvement in the transaction, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

1.3. Methodology

- 1.3.1. In undertaking our comparable research for the residential units, we have given consideration to recent market transactions. The results of this research are set out within this report, and for ease we have highlighted the key new build comparables on a map in Section 2.1. We have also sought advice from Savills New Homes team who have advised us of their opinion of value for the units within the proposed scheme.
- 1.3.2. We have analysed the sales evidence as outlined below paying particular regard to the size of the units, location and aspect of individual units capital values achieved. We have had regard to the rate (on a £ per sq ft basis) achieved, but whilst this is a useful tool of analysis we have not relied on it as a single approach to value the property. We would highlight transactions within Section 2, which we consider to be particularly relevant to our opinion of GDV.

1.4. Proposed Development

- 1.4.1. Below is a summary of values from the proposed market sale units at the Subject, which are located in Blocks 1-3 inclusive. Plans and an accommodation schedule are attached at **Appendix 4**.

Table 1 – Summary of Proposed Market Sale Residential Accommodation

Block 1				
Unit Type	Tenure	No. of Units	Average Sq m	Average Sq ft
Studio	Private Sale	16	37	398
1b2p	Private Sale	84	52	557
2b4p	Private Sale	88	74	799
3b5p	Private Sale	8	100	1,078
Total		196		

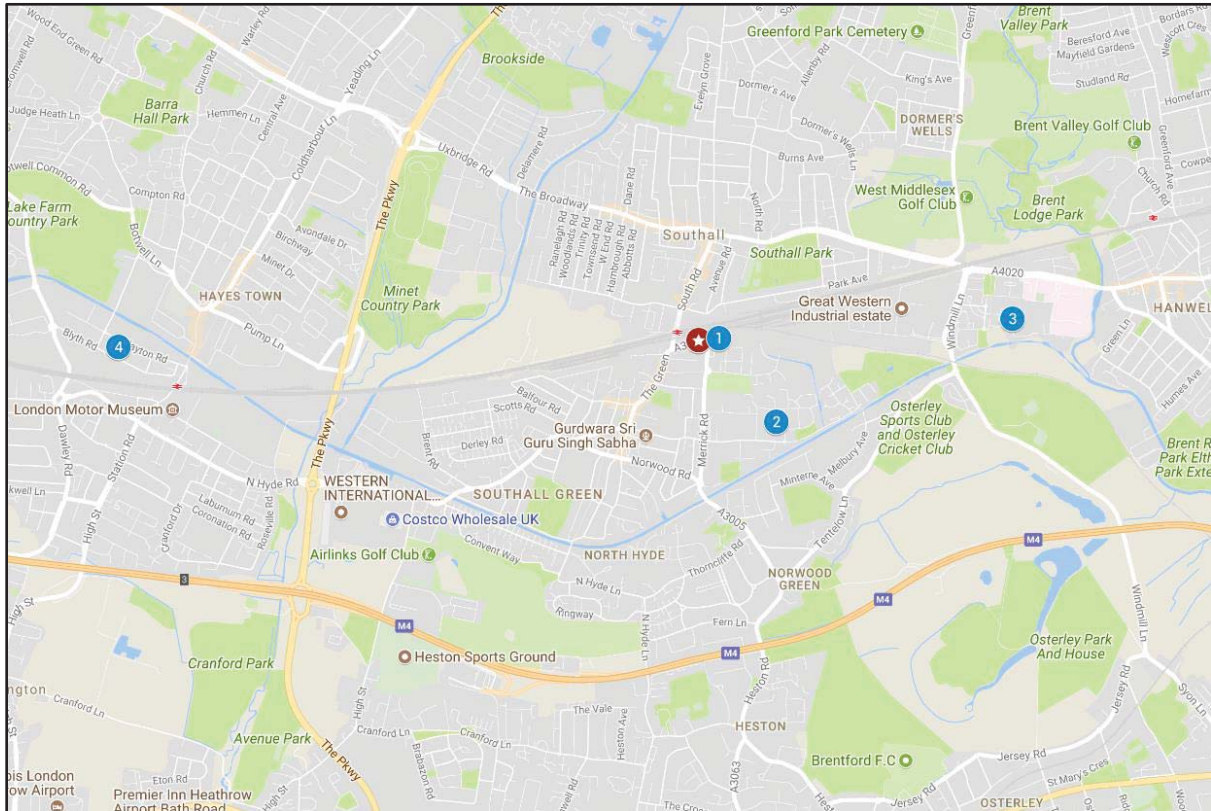
Block 2				
1b2p	Private Sale	47	52	554
2b4p	Private Sale	32	72	771
3b5p	Private Sale	10	90	969
Total		89		
Block 3				
1b2p	Private Sale	58	51	553
2b3p	Private Sale	30	62	667
2b4p	Private Sale	30	75	807
Total		118		

- 1.4.2. We have provided an analysis of the comparables and our view on pricing at **Section 4** of this report.
- 1.4.3. The proposed scheme incorporates a mix of commercial floor space comprising office and retail accommodation.

2. New Build Comparables

2.1. Map of New Build Residential Comparables

2.1.1. The map below illustrates the locations of the comparable new build residential schemes detailed within this report.



2.2. The West Works, Merrick Road, UB2



Developer: Redrow

Total No. of Units: 302

No. of Private Units: n/a

Status: Under construction

Scheme Launch: n/a

Distance from Subject: 120m

2.2.1. Scheme Description

2.2.1.1. The West Works is adjacent to the Subject. The scheme gained full planning permission in April 2017 for 302 residential units with car and cycle parking. The West Works will comprise a mix of 1,2 and 3 bedroom apartments.

2.2.1.2. The comparable is approximately 0.2 miles east of Southall National Railway Station which provides connectivity to Central London, Heathrow and the south west, and is therefore directly comparable in this regard.

2.2.1.3. The surrounding area is characterised by commercial and industrial use, with the northern section of the site fronting the railway line. There are residential dwellings further south. The site is marginally more removed from the railway line and does not front the A3005, which is favourable in terms of noise.

2.2.1.4. This scheme comprises two blocks, Chantry House and Bradney House, with Chantry House being directly adjacent to the Subject. The units will be finished to a high standard with a quality specification benefitting from a balcony, fitted wardrobes, built in appliances, full height tiling to bathrooms, oak flooring, and wet underfloor heating. Residents will also benefit from car club membership for 25 years. We note that many elements of the specification are of an excellent standard and are not exhibited in most schemes of this level of the market in this region.

2.2.2. Asking Prices

2.2.2.1. The table below provides a summary of the asking prices that we have been able to identify:

Unit Ref	Floor	Beds	Sq m	Sq ft	Asking Price	Price/Sq ft	Amenity Space
02-01-02	1	1	52	557	£389,000	£698	Balcony
02-04-02	4	1	52	557	£397,000	£713	Balcony
02-04-01	4	1	52	558	£397,000	£711	Balcony
02-05-03	5	1	54	583	£402,500	£690	Balcony
Average 1 Bed		4	52	564	£396,375	£703	
02-01-06	1	2	71	762	£477,000	£626	Balcony
02-02-04	2	2	95	1,025	£542,500	£529	Balcony
02-03-04	3	2	95	1,025	£545,000	£532	Balcony

02-04-04	4	2	95	1,025	£548,000	£535	Balcony
Average 2 Bed		4	89	959	£528,125	£551	

2.3. Southall Village, Havelock Road, UB2



Developer: Catalyst Housing

Total No. of Units: 121

No. of Private Units: n/a

Status: Under construction

Scheme Launch: Q1 2019

Distance from Subject: 0.8 miles

2.3.1. Scheme Description

2.3.1.1. Southall Village is located approximately 0.8 miles south east of the Subject. The comparable is approximately 0.9 miles from Southall National Railway station, buses are available along Havelock Road connecting residents to Southall Town Centre and Perivale. The location is not affected by the railway line.

2.3.1.2. The scheme will be delivered across two phases comprising a mix of 2, 3 and 4 bedroom houses and the inclusion of 30 existing homes. Phase 1A has delivered 121 units and Phase 1B has an estimated completion date for Q1 2019. The scheme is located on the Grand Union Canal offering waterfront views and outside spaces for residents. New roads will improve connectivity creating a direct link from the park to the canal.

2.3.1.3. The master plan envisages a village style design with a series of 'micro neighbourhoods' offering a park, shops and access to the waterfront. The units will be finished to a high standard with quality fixtures and fittings used throughout including, kitchens fitted by Nolte, engineered wood floors in the hallways, kitchens and living rooms, and Hansgrohe bathroom fittings. Optional extras including upgrades to kitchen furniture, worktops and carpets available for an additional charge.

2.3.2. Achieved Prices

2.3.2.1. The table below provides a summary of the achieved prices that we have been able to identify:

Unit Ref	Type	Phase	Beds	Sq m	Sq ft	Achieved Price	Price/Sq ft	Date
62	House	1A	2	77	828	£410,000	£495	Jan-18
63	House	1A	2	77	828	£412,500	£498	Jan-18
64	House	1A	2	78	837	£420,000	£502	Jan-18
77	House	1A	2	77	828	£405,000	£489	Jan-18
78	House	1A	2	77	828	£399,950	£483	Jan-18
79	House	1A	2	77	828	£399,950	£483	Jan-18
80	House	1A	2	77	828	£399,950	£483	Jan-18

81	House	1A	2	77	828	£399,950	£483	Jan-18
82	House	1A	2	77	828	£399,950	£483	Jan-18
83	House	1A	2	77	828	£399,950	£483	Jan-18
84	House	1A	2	77	828	£399,950	£483	Jan-18
85	House	1A	2	77	828	£399,950	£483	Jan-18
86	House	1A	2	77	828	£405,000	£489	Jan-18
87	House	1A	2	77	828	£410,000	£495	Jan-18
88	House	1A	2	77	828	£399,950	£483	Jan-18
89	House	1A	2	77	828	£415,000	£501	Jan-18
90	House	1A	2	77	828	£407,500	£492	Jan-18
Average 2 Bed			17	77	829	£404,974	£489	
94	House	1A	3	119	1,280	£565,000	£441	Jan-18
95	House	1A	3	119	1,280	£565,000	£441	Jan-18
Average 3 Bed			2	119	1,280	£565,000	£441	

2.3.2.2. We note that Phase 1 comprises houses and therefore, is not directly comparable. However, the units are a similar size to those proposed at the Subject.

2.3.3. Asking Prices

2.3.3.1. The table below provides a summary of the asking prices that we have been able to identify:

Unit Ref	Phase	Beds	Sq m	Sq ft	Asking Price	Price/Sq ft
62	1A	2	77	828	£410,000	£495
63	1A	2	77	828	£412,500	£498
64	1A	2	78	837	£420,000	£502
77	1A	2	77	828	£405,000	£489
78	1A	2	77	828	£399,950	£483
79	1A	2	77	828	£399,950	£483
80	1A	2	77	828	£399,950	£483
81	1A	2	77	828	£399,950	£483
82	1A	2	77	828	£399,950	£483
83	1A	2	77	828	£399,950	£483
84	1A	2	77	828	£399,950	£483
85	1A	2	77	828	£399,950	£483
86	1A	2	77	828	£405,000	£489
87	1A	2	77	828	£410,000	£495
88	1A	2	77	828	£399,950	£483
89	1A	2	77	828	£415,000	£501
90	1A	2	77	828	£407,500	£492
Average 2 Bed		17	77	829	£404,974	£489
65	1A	3	119	1,280	£569,999	£445
66	1A	3	119	1,280	£565,000	£441
67	1A	3	119	1,280	£565,000	£441
68	1A	3	119	1,280	£565,000	£441
69	1A	3	119	1,280	£565,000	£441
70	1A	3	119	1,280	£565,000	£441
71	1A	3	119	1,280	£565,000	£441

72	1A	3	119	1,280	£565,000	£441
73	1A	3	119	1,280	£565,000	£441
74	1A	3	119	1,280	£565,000	£441
75	1A	3	119	1,280	£565,000	£441
76	1A	3	119	1,280	£569,999	£445
91	1A	3	119	1,280	£569,999	£445
92	1A	3	119	1,280	£565,000	£441
93	1A	3	119	1,280	£565,000	£441
94	1A	3	119	1,280	£565,000	£441
96	1A	3	119	1,280	£565,000	£441
97	1A	3	119	1,280	£565,000	£441
98	1A	3	119	1,280	£569,999	£445
Average 3 Bed		19	119	1,280	£566,052	£442

2.4. St Bernard's Gate, Plot 2, Uxbridge Road, UB2



Developer: Catalyst Housing

Total No. of Units: 118

No. of Private Units: 118

Status: Completed

Scheme Launch: Q1 2016

Distance from Subject: 1.7 miles

2.4.1. Scheme Description

2.4.1.1. St Bernard's Gate is located within Hanwell/Ealing approximately 1.7 miles east of the Subject and exists as part of the wider redevelopment of St Bernard's Hospital. This wider scheme obtained planning permission in 2013 for 600 residential units, a D1 training facility for the West London Mental Health NHS Trust and an energy centre to meet the energy demands of the new buildings. St Bernard's Gate comprises 118 private apartments made up of 1 and 2 bedroom units.

2.4.1.2. The scheme is located approximately 1.0 miles from Hanwell National Railway Station. Residents benefit from the close proximity to Brent Lodge Park and West Middlesex Golf Club. Shops and amenities are found along Uxbridge Road (0.3 miles away) or Southall High Street (0.9 miles away). The scheme will benefit from the introduction of the Elizabeth line to Hayes railway station in 2019.

2.4.1.3. The surrounding area is characterised by a mix of retail, residential, office, industrial and recreational uses. Directly south is a large area of parkland accessible via Windmill Lane. Further north is Brent Lodge Park and West Middlesex Golf Club.

2.4.1.4. All apartments are wired for intelligent homes and a video entrance phone system provides residents with added security. The apartments have been finished to a high standard with a choice of German made kitchens and a white bathroom suite from the Roca range. All apartments benefit from a garden, terrace or balcony.

2.4.2. Asking Prices

2.4.2.1. The table below provides a summary of the asking prices that we have been able to identify:

Unit Ref	Type	Floor	Beds	Sq m	Sq ft	Asking Price	Price/Sq ft	Date
214	Flat	1	1	51	548	£325,000	£593	Jan-17
244	Flat	4	1	51	548	£350,000	£639	Dec-16
237	Flat	4	1	50	540	£347,000	£643	Dec-16
Average 1 Bed			3	51	540	£347,000	£625	
216	Flat	1	2	71	762	£463,500	£608	Dec-17
218	Flat	2	2	71	760	£465,500	£613	Dec-17

228	Flat	3	2	71	760	£470,500	£619	Dec-17
236	Flat	3	2	71	762	£470,500	£617	Dec-17
240	Flat	4	2	71	762	£472,500	£620	Dec-17
243	Flat	4	2	71	760	£472,500	£622	Dec-17
246	Flat	4	2	71	762	£472,500	£620	Dec-17
248	Flat	5	2	71	760	£480,000	£632	Dec-17
313	Flat	1	2	71	762	£465,500	£611	Dec-17
314	Flat	1	2	71	762	£465,500	£611	Dec-17
318	Flat	2	2	71	762	£470,500	£617	Dec-17
323	Flat	2	2	71	762	£470,500	£617	Dec-17
324	Flat	1	2	71	762	£470,500	£617	Dec-17
327	Flat	3	2	71	762	£473,000	£621	Dec-17
328	Flat	3	2	71	762	£473,000	£621	Dec-17
334	Flat	3	2	71	762	£473,000	£621	Dec-17
337	Flat	4	2	71	762	£475,000	£623	Dec-17
338	Flat	4	2	71	762	£475,000	£623	Dec-17
340	Flat	4	2	71	760	£475,000	£625	Dec-17
341	Flat	4	2	71	760	£475,000	£625	Dec-17
344	Flat	4	2	71	762	£475,000	£623	Dec-17
348	Flat	5	2	71	762	£482,000	£632	Dec-17
353	Flat	5	2	71	762	£482,000	£632	Dec-17
361	Flat	5	2	81	869	£515,000	£593	Dec-17
Average 2 Bed			24	71	766	£474,292	£619	

2.5. The Old Vinyl Factory -1- The Boilder House, UB3



Developer: U + I Group

Total No. of Units: 54

No. of Private Units: 54

Status: Under Construction

Scheme Launch: Q1 2017

Distance from Subject: 2.5 miles

2.5.1. Scheme Description

2.5.1.1. The Boiler House is located approximately 2.5 miles west of the Subject and forms part of the wider redevelopment of The Old Vinyl Factory. The wider scheme will deliver 642 new homes and a mix of retail, leisure and office floor space across an 18 acre site. The Boiler House will deliver 54 private apartments made up of 1 and 2 bedroom units, and 469sqm of flexible commercial space.

2.5.1.2. The scheme benefits from good transport links being located approximately 0.3 miles north west of Hayes and Harlington National Railway Station, providing residents with access to London Paddington and Heathrow airport in under 30 minutes. The introduction of the Elizabeth line in 2019 to Hayes & Harlington station will provide residents with fast access to Reading, Heathrow airport, and Central London.

2.5.1.3. The proposed units will benefit from integrated appliances, high quality worktops, fully fitted wardrobes and a video phone entry system for added security. Residents will have access to a communal roof terrace providing an area to relax which benefits from views over London.

2.5.2. Asking Prices

2.5.2.1. The table below provides a summary of the asking prices that we have been able to identify:

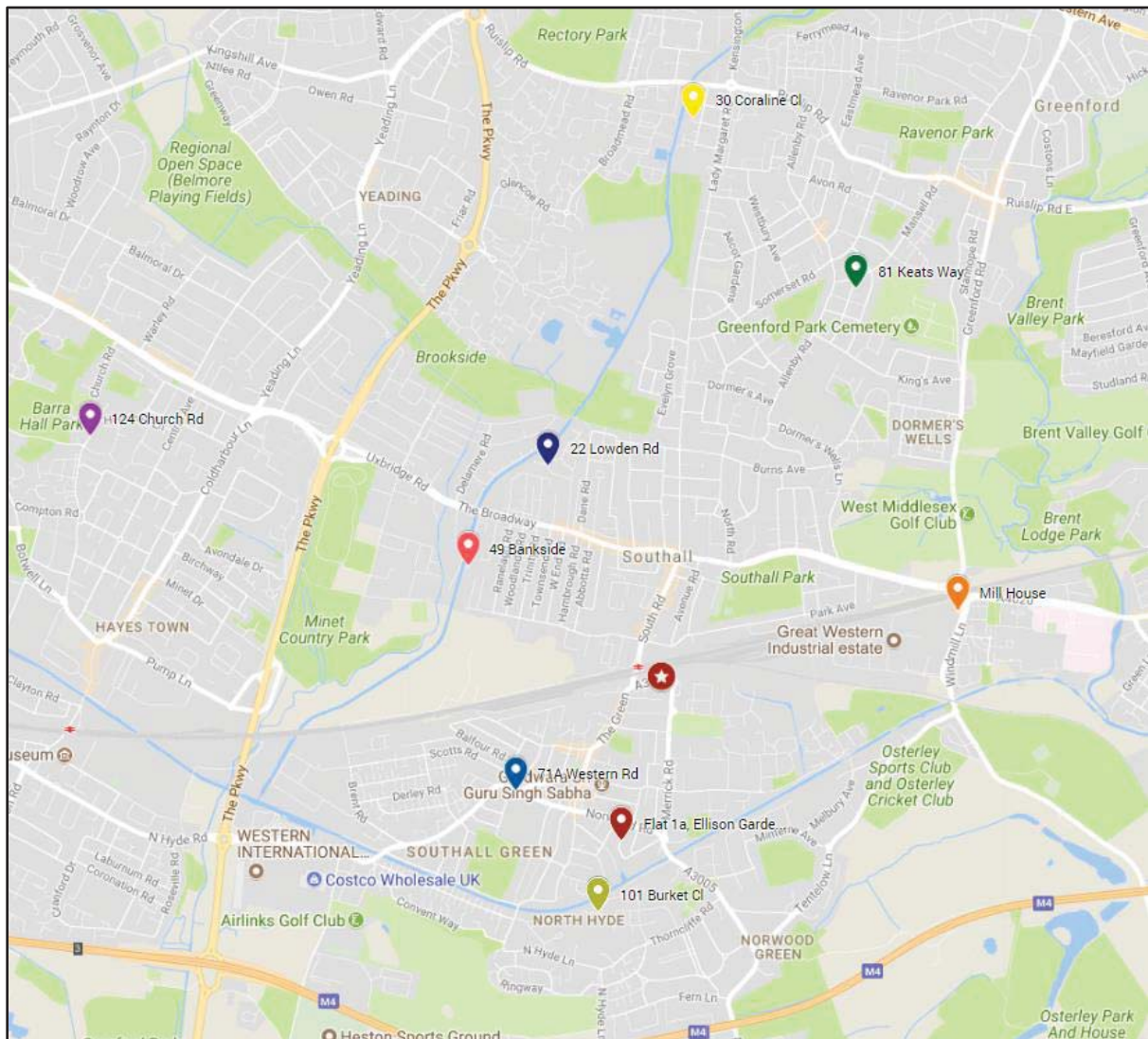
Unit Ref	Type	Floor	Beds	Sq m	Sq ft	Asking Price	Price/Sq ft	Date
03C	Flat	3	1	50	542	£330,000	£609	Sep-17
02H	Flat	2	1	53	566	£340,000	£601	Mar-17
03D	Flat	3	1	53	572	£345,000	£603	Mar-17
02C	Flat	2	1	50	542	£325,000	£600	Dec-16
Average 1 Bed			4	52	556	£335,000	£482	
02E	Flat	2	2	73	791	£450,000	£569	Dec-17
01A	Flat	1	2	78	842	£465,000	£552	Mar-17
01E	Flat	1	2	68	733	£415,000	£566	Mar-17
01F	Flat	1	2	75	811	£455,000	£561	Mar-17
1J	Flat	1	2	79	850	£475,000	£559	Mar-17

02A	Flat	2	2	76	821	£460,000	£560	Mar-17
02J	Flat	2	2	79	848	£480,000	£566	Mar-17
03A	Flat	3	2	79	851	£480,000	£564	Mar-17
03E	Flat	3	2	68	729	£420,000	£576	Mar-17
04A	Flat	4	2	77	827	£480,000	£580	Mar-17
04E	Flat	4	2	70	753	£450,000	£598	Mar-17
04F	Flat	4	2	66	707	£430,000	£608	Mar-17
05A	Flat	5	2	72	780	£455,000	£583	Mar-17
05E	Flat	5	2	66	715	£440,000	£615	Mar-17
Average 2 Bed			14	73	790	£453,929	£575	

3. Second Hand Comparables

3.1. Map of Second Hand Residential Comparables

3.1.1. The map below illustrates the locations of the comparable second hand transactions that are detailed within this report.



3.2. Second Hand Comparables

3.2.1. As illustrated in the map above, we have identified the following recent transactions of apartments in the vicinity of the Subject:

Address	Type	Beds	Sq ft	Price	£/Sq ft	Date
3 Mill House	Apartment	1	516	£289,845	£562	Apr-17
81 Keats Way	Apartment	1	479	£260,000	£543	Sep-16

22 Lowden Road	Apartment	1	415	£232,500	£560	Jul-16
101 Burket Close	Apartment	1	374	£214,000	£573	Dec-17
Average 1 Bed		4	446	£249,086	£559	
71a Western Road	Apartment	2	721	£215,000	£492	Sep-17
49 Bankside	Maisonette	2	559	£282,000	£504	Mar-16
30 Coraline Close	Apartment	2	565	£265,000	£469	Feb-16
124 Church Road	Maisonette	2	1,079	£531,000	£492	Sep-16
Average 2 Bed		4	731	£323,250	£442	
Flat 1a, Ellison Gardens	Apartment	3	753	£280,000	£372	Apr-17
Average 3 Bed		1	753	£280,000	£372	

4. Analysis and Pricing

4.1. Conclusions

- 4.1.1. We have considered a number of recent transactions, and asking prices of apartments in the vicinity of the Subject.
- 4.1.2. The West Works is a mixed-use development by Redrow London comprising 302 residential units, 209 of which are proposed as private and a mixture of D2, A1,A3 and B1 commercial floor space arranged over a 5-22 storey building. The scheme is currently under construction but is due to be completed in mid-2021. This comparable is on the neighbouring site to the Subject and therefore benefits from the same transport links and access to local amenities. On average the one bedroom units within this scheme are similar in size to those proposed at the Subject, whereas the two bedroom units are considerably larger which is increasing the capital value per unit. Redrow Homes are targeting a premium brand and subsequently, we consider that the quality of stock will be better than that produced at the Subject site which will demand a higher capital value per unit. For example, the specification for the units includes wet underfloor heating and oak flooring which are not standard fixtures and fittings which highlights the higher quality of apartments being provided in comparison to the subject. We note that the asking prices above highlight a significant premium over existing stock in the surrounding area and have been advised by the selling agents that at present, only 36 units have sold which suggests that a price correction may be expected to achieve a higher rate of sale. Overall, we consider the units within the proposed scheme at the Subject will achieve lower values than this comparable.
- 4.1.3. Southall Village is a mixed-use development by Catalyst Housing approximately 1.7 miles south east of the Subject. The scheme will be delivered over four phases comprising a mix of 287 apartments and houses, 121 of which are proposed as private. The masterplan aims to regenerate and improve the area with the inclusion of 30 existing homes which will subsequently provide a greater sense of place for residents in comparison to the Subject. This scheme occupies a superior location being situated on the side of the canal providing a picturesque outlook, whereas the Subject backs onto mainline railway and is subsequently blighted in comparison. A range of amenities are planned on site for this scheme including shops and leisure facilities. We note that the sold units identified are houses but the two bedroom units are comparable in size to those proposed at the Subject. We would expect the proposed units at the Subject to achieve a higher value on a £/psf basis due to its superior location.-
- 4.1.4. St Bernard's Gate is a residential development by Catalyst Housing comprising 250 apartments constructed over three phases. St Bernard's Gate Plot Two was completed in Q4 2017 and delivered 118 private apartments arranged over 7 storey's. This comparable is approximately 0.5 miles west of Hanwell Town centre which is a more affluent location and offers a greater sense of place and range of amenities to local residents. Residential values within Hanwell are predominantly higher than in Southwell and subsequently, this will have a positive impact on the asking values outlined above. We would expect a reduction of between 5% and 15% to be applied to the asking prices outlined above for this comparable in order to reflect achieved prices. This scheme has good access to public transport links being located 1 mile south west of Hanwell National Railway Station which will benefit from Crossrail services in 2019. Overall, due to the Subjects inferior location in a lower residential value area we would consider the units within the proposed scheme to achieve values lower than those at this comparable.

4.1.5. The Boiler House is a mixed-use development by U + I Group which forms part of the wider redevelopment of The Old Vinyl Factory. The wider scheme will deliver 642 new homes and a mix of retail, leisure and office floor space across an 18 acre site. The Boiler House comprises 54 private residential units and a mix of B1 and use Class A floor space. This comparable benefits from good access to transport links being 0.3 miles north west of Hayes & Harlington National Railway station. On average the one and two bedroom units are similar in size to those proposed at the Subject but this scheme doesn't extend to the same height and subsequently, capital values at the Subject will be higher for units on the upper floors. On average, house prices in the vicinity of the Subject are higher, however, this comparable scheme is part of a larger wider redevelopment which tend to create a greater sense of place for residents making it more of an attractive place to live. Overall, based on the above, we consider the Subject will achieve similar values to this comparable.

4.2. Pricing

4.2.1. We note in particular that the proposed units are within an area undergoing significant regeneration and development, and that the proposed scheme will compete for sales from those sites. In order to achieve a consistent sales rate with a high proportion of pre-sales a lower price point may be required generally in the area and is likely to be required on this site specifically.

4.2.2. Based on the comparable evidence contained within this report, we have adopted a Gross Development Value of **£160,115,375**, equating to **£595psf**.

Block 1						
Unit Type	Tenure	No. of Units	Average Sq m	Average Sq ft	Average Value	Average £psf
Studio	Private Sale	14	37	398	£253,223	£636
1b2p	Private Sale	84	52	558	£364,158	£653
2b4p	Private Sale	88	74	800	£444,756	£557
3b5p	Private Sale	8	100	1,076	£548,063	£509
Total		194				
Block 2						
1b2p	Private Sale	47	52	554	£364,574	£658
2b4p	Private Sale	32	72	771	£445,781	£578
3b5p	Private Sale	10	90	969	£534,625	£552
Total		89				
Block 3						
1b2p	Private Sale	58	51	553	£365,216	£661
2b3p	Private Sale	30	62	667	£404,538	£606
2b4p	Private Sale	30	75	807	£404,700	£502
Total		118				

Appendix 7: Residential Pricing Schedule

DRAFT

Merrick Place - Residential Accommodation

Increments	Floor height	Block
Initial	£1,500	1
1 bed	£2,500	1
2 bed	£3,500	1
3 bed	£5,000	2

Segment	Amount	6th Floor up
Entryway	-£3,000	-£750
Lact	£2,500	£625
West	£2,500	£625
road	-£2,000	-£500
road/East	-£1,500	-£375
road/West	-£2,500	-£625
Entryway/East	-£2,000	-£500
Entryway/West	-£2,500	-£625

Floor	Increment
1-4	0
5-8	1
9-12	2
13-16	3
17-20	4

Base market value	
Studio	£250,000
1 bed	£360,000
2 bed	£440,000
3 bed	£530,000

[illegible]

Block 02

Increases	Floor Weight	Block
Studio	£1,500	3
1 bed	£2,500	2
2 bed	£3,500	2
3 bed	£5,000	2

Aspect	Amount	6th Floor up
Railway	-£3,000	-£750
East	£2,500	£625
West	£2,500	£625
Road	-£2,000	-£500
Road/East	-£1,500	-£375
Road/West	-£2,500	-£625
Railway/East	-£2,000	-£500
Road/East	£3,000	£750

Floor	Increment
2 - 4	0
5 - 7	1
8 - 10	2
11 - 14	3

House market value	
1 bed	£260,000
2 bed	£440,000
3 bed	£530,000

Appendix 8: Residual Land Value Appraisal

DRAFT

Savills (UK) Ltd

Development Appraisal

Merrick Road

Proposed Scheme

Report Date: 16 April 2018

Merrick Road Proposed Scheme

Timescale (Duration in months)

Project commences Jan 2018

Phase 1: Block 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2018				
Lead-in	18	Jan 2018	Jun 2019	Purchase	End	0
Construction	30	Jul 2019	Dec 2021	Lead-in	End	0
Sales Period	18	Jan 2022	Jun 2023	Construction	End	0
Phase End		Jul 2023				
Phase Length	66					

Phase 2: Blocks 2&3

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2018				
Lead-in	12	Jan 2018	Dec 2018	Purchase	End	0
Construction	30	Jan 2019	Jun 2021	Lead-in	End	0
Sales Period	21	Jul 2021	Mar 2023	Construction	End	0
Phase End		Dec 2024				
Phase Length	63					

Phase 3: Block 4

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2018				
Lead-in	15	Jan 2018	Mar 2019	Purchase	End	0
Construction	26	Apr 2019	May 2021	Lead-in	End	0
Sales Period	1	Jun 2021	Jun 2021	Construction	End	0
Phase End		Jul 2021				
Phase Length	42					

Project Length **84** **(Merged Phases - Includes Exit Period)**

APPRAISAL SUMMARY

SAVILLS (UK) LTD

Merrick Road Proposed Scheme

Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Block 1 Private	194	132,036	590.06	401,595	77,909,500
Blocks 2 & 3 Private	207	136,812	600.87	397,130	82,205,875
Block 4 Shared Ownership	150	107,330	349.39	250,000	37,500,000
Block 4 Affordable Rent	<u>20</u>	<u>19,576</u>	<u>153.25</u>	<u>150,000</u>	<u>3,000,000</u>
Totals	571	395,754			200,615,375

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block 1 Retail	1	1,370	30.00	41,100	41,100	41,100
Block 1 Ground Rents	194			250	48,500	48,500
Blocks 2 and 3 Offices	1	14,321	25.00	358,025	358,025	358,025
Block 3 Retail	1	868	30.00	26,040	26,040	26,040
Blocks 2 & 3 Ground Rents	207			250	51,750	51,750
Block 4 Retail	<u>1</u>	<u>1,027</u>	<u>30.00</u>	<u>30,810</u>	<u>30,810</u>	<u>30,810</u>
Totals	405	17,586			556,225	556,225

Investment Valuation

Block 1 Retail						
Market Rent	41,100	YP @	5.5000%	18.1818		
		PV 2yrs 6mths @	5.5000%	0.8747	653,654	
Block 1 Ground Rents						
Current Rent	48,500	YP @	10.0000%	10.0000	485,000	
Blocks 2 and 3 Offices						
Market Rent	358,025	YP @	6.5000%	15.3846		
		PV 2yrs 9mths @	6.5000%	0.8410	4,632,214	
Block 3 Retail						
Market Rent	26,040	YP @	6.0000%	16.6667		
		PV 2yrs 9mths @	6.0000%	0.8519	369,742	
Blocks 2 & 3 Ground Rents						
Current Rent	51,750	YP @	10.0000%	10.0000	517,500	
Block 4 Retail						
Market Rent	30,810	YP @	6.0000%	16.6667		
		PV 1yr 1mth @	6.0000%	0.9388	482,087	
					7,140,197	

GROSS DEVELOPMENT VALUE

207,755,572

Purchaser's Costs	6.80%	(417,363)	(417,363)
-------------------	-------	-----------	-----------

NET DEVELOPMENT VALUE

207,338,209

NET REALISATION

207,338,209

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(21,443,213)	(21,443,213)
------------------------------------	--------------	--------------

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Block 1 Retail	1,432 ft²	125.70 pf²	180,000
Blocks 2 and 3 Offices	19,111 ft²	218.62 pf²	4,178,000
Block 3 Retail	972 ft²	134.77 pf²	131,000
Block 4 Retail	1,085 ft²	119.17 pf²	129,300
Block 1 Private	174,537 ft²	260.22 pf²	45,418,000
Blocks 2 & 3 Private	190,067 ft²	264.77 pf²	50,324,000
Amenity	2,250 ft²	110.67 pf²	249,000
Block 4 Shared Ownership	142,621 ft²	239.12 pf²	34,102,850
Block 4 Affordable Rent	<u>25,169 ft²</u>	<u>239.11 pf²</u>	<u>6,018,150</u>
Totals	557,244 ft²		140,730,300

140,730,300

Contingency	5.00%	7,287,965
Demolition		1,363,000
S106		2,005,000
Mayoral CIL		1,577,685
		12,233,650

Other Construction

Energy Centre, External Services	5,029,000
Landscaping Works	1,447,000
	6,476,000

PROFESSIONAL FEES

Prof. Fees	12.00%	11,595,996	11,595,996
------------	--------	------------	------------

MARKETING & LETTING

Merrick Road**Proposed Scheme**

Marketing	1.50%	2,401,731	
Letting Agent Fee	10.00%	45,598	
Letting Legal Fee	5.00%	22,799	
			2,470,127

DISPOSAL FEES

Sales Fees	1.50%	2,486,565	
Sales Fees	1.00%	409,821	
Sales Legal Fee	0.50%	417,826	
Sales Legal Fee	0.25%	102,455	
			3,416,666

MISCELLANEOUS FEES

Block 1 Profit on Market Sale	20.00%	15,581,900	
Profit on Retail	15.00%	98,048	
Blocks 2 & 3 Profit on Market Sale	20.00%	16,441,175	
Profit on Commercial	15.00%	750,293	
Profit on Retail	15.00%	72,313	
Profit on Affordable	6.00%	2,250,000	
			35,193,730

FINANCE

Debit Rate 7.00% Credit Rate 1.00% (Nominal)			
Total Finance Cost			16,664,953

TOTAL COSTS**207,338,209****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
IRR	(9.54)%

[REDACTED]

From: [REDACTED]
Sent: 24 May 2018 16:35
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Viability Review - 3872a - The Arches Business Centre.

Dear [REDACTED]

Please see below viability review comments undertaken by the GLA viability team on the Arches Business Centre scheme for your consideration.

Apologies these were not forwarded earlier.

[REDACTED] – can you please forward the Borough's own viability review details once these are available.

Kind regards,

[REDACTED] | Senior Strategic Planner | Development Management | Development, Enterprise & Environment
GREATER LONDON AUTHORITY | 4th Floor, City Hall, The Queen's Walk, London SE1 2AA
[REDACTED]@london.gov.uk

From: [REDACTED]
Sent: 09 May 2018 16:22
To: [REDACTED]@london.gov.uk>
Cc: [REDACTED]@london.gov.uk> [REDACTED]@london.gov.uk>
Subject: RE: Viability Review - 3872a - The Arches Business Centre.

Hi [REDACTED]

I have reviewed the FVA prepared by Savills on behalf of the applicant Merrick Road LLP for this scheme and set out my comments below. The borough's viability assessment has not been provided at this stage but I have identified a number of areas of concern that require closer scrutiny to ensure that the delivery of affordable housing is maximised on this site.

Proposed scheme

The proposal is for the redevelopment of the Arches Business Centre to provide 517 residential units and 22,922 ft2 of retail and office accommodation in three buildings with four towers of between 14 and 22 floors. The proposed affordable housing offer is 35% affordable housing by habitable room split 84% shared ownership and 16% affordable rent which is not policy compliant.

FVA

The report is broadly compliant with PPG and the AH&V SPG and has been prepared using current day costs and values.

BLV

The BLV of £6.77m has been based on EUV + a land owners premium of 20% which is considered a reasonable approach. However the rental values used to arrive at the EUV of £5.3m seem high and based on evidence from better quality industrial developments. Information should therefore be requested on the rents generated from the existing buildings and the leasing arrangements. A separate value of £280k has been added for the car park based on an allowance of £2m acre but it would seem that this parking is directly linked to the use of the current units and so this is not correct.

Proposed scheme – costs and values

Savills have carried out an appraisal of the proposed scheme and arrived at the conclusion that the RLV is a negative figure of £21.4m. There are a significant number of inputs that require further review as set out below:

Values

- Private sales values – the proposed average of £595psf seems low taking into account the proximity to Southhall Station that will form part of the Elizabeth Line from 2019. The asking prices at Redrow's development at The West Works are approximately 10% higher.
- Affordable Housing Values – the proposed average (£319psf) based on £349psf on the shared ownership and £153 psf on the affordable rent are also considered low. This may be explained by the comment on p10 that indicates that a further deduction of 12% and 10% have been made to the GDVs of the shared ownership and affordable rented respectively to allow for 'operating' costs of the RP. This is not correct and should be queried.
- Commercial values seem reasonable but the assumed rent free of 2.75 years seems excessive and should be reduced to 18 months.

Costs

- The construction costs at £2,690 are at the upper end for this type of scheme and include allowances totalling over 26.5% for prelims (16.5%), OHP (6.5%) and a D&B risk of 3.5%. The total for prelims and OHP should be no more than 20% and the D&B risk should be removed. The cost plan provided by Alinea should be checked by the borough's cost consultants.
- Professional fees should be reduced from 12% to 10% as this is an appropriate allowance in this case.
- Demolition costs at £1.3m would seem to be high for the current buildings and should be checked by the cost consultants.
- There is an additional allowance for an energy centre and external services of £5m that we would expect to see included in the build costs, but this should also be checked.
- The total sales costs – agency and legal should be reduced to no more than 3% in total.
- The profit on the market housing should be reduced to 17.5%
- Finance – the finance costs are £16.6m and seem high. As the Savills report points out, the assumed planning, construction and sales periods may be over-estimated and a review of the programme would substantially reduce these costs.
- S106 costs – an allowance of £5k per unit has been included but £1500 would be a more appropriate figure.

A review of these inputs is likely to significantly improve the overall viability position on this scheme and could potentially deliver more affordable housing or an increased percentage of affordable rented units.

The only other more general point that I would have is that the layout of the retail units, with a small unit in each of the blocks may not be appropriate for the potential tenants in this location e.g. a local supermarket and so it is recommended that the borough ask for a marketing report to support these proposals.

Happy to discuss further if that was helpful.

Kind regards



DRAFT

**Viability Assessment
of the proposed
development at:
The Arches Business
Centre,
Merrick Road,
Southall,
London
UB2 4AU**



Report for:

[REDACTED]
London Borough of Ealing

Prepared by:

[REDACTED]
Principal Surveyor
RICS Registered Valuer
DVS

Tel: [REDACTED]

[REDACTED]@voa.gsi.gov.uk

Case Number: 1675655/PT

Case Ref: PP-06675295

Date: 5th June 2018

TABLE OF CONTENTS

1.0	Introduction	3
2.0	Proposed scheme	4
3.0	Information Provided by the Applicant	5
4.0	Review of the Applicant's Viability Assessment	6
5.0	Benchmark Site Value	19
6.0	Development Viability	20
7.0	Conclusion	21
	Appendix 1: Site Plan	22
	Appendix 2: Site Photographs	23
	Appendix 3: DVS Unit Pricing- 35% Affordable Housing (by hab room) scheme	24

1.0 Introduction

1.1 I refer to our fee proposal dated 1st May 2018 regarding my review of the proposed development scheme at the The Arches Business Centre, Southall. DVS is instructed by Ealing Council to undertake a review of the development viability of the scheme.

1.2 The background to this review is as follows:

National Planning Policy Framework states *“To ensure viability, the costs of any requirement likely to be applied to development, such as requirements for Affordable Housing, standards, infrastructure contributions or other requirements should, when taking into account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable*

(National Planning Policy Framework, 2012, paragraph 173)

1.3 The applicant needs to provide a viability study that shows why a policy compliant scheme would render the development unviable. This study needs to be sufficiently detailed with evidence supporting the key inputs into the study.

1.4 I have reviewed the information submitted by Savills ('the agent') on behalf of Merrick Road LLP ('the applicant') as part of planning application PP-06675295 submitted to Ealing Council. The development proposal is:

“Mixed-use residential-led redevelopment (following the demolition of existing structures) to provide buildings ranging in height from 15 to 23 storeys comprising residential (571 units), 2,100 sqm GIA of B1a office floorspace, 318 sqm GIA of flexible commercial floorspace (Use Classes A1, A2, A3, B1a and D1), a boundary wall along the railway line; landscaping, play and amenity space, cycle parking, servicing bays, plant and refuse areas, and access arrangements.”

1.5 My role is to provide a report to you where I :

- appraise the study to consider whether this is based on the correct viability methodology;
- assess whether the inputs are reasonable, properly evidenced and correctly applied;
- if applicable, advise whether any planning contributions are appropriate.

- 1.6 Conflict of interest checks have been undertaken in accordance with the requirements of the RICS standards. DVS have had no previous involvement on the site and no conflict of interest was identified.
- 1.7 The information above has been provided on the condition that it is strictly private and confidential, excluding it from Freedom of Information requests. Due to much of the commercially sensitive information being referred to in this report, this report and its contents is also to be excluded and is not for disclosure. If you wish to disclose all or part of my report, please discuss this with me first.
- 1.8 You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006.
- 1.9 My date of assessment is 5th June 2018.

2.0 Proposed scheme

- 2.1 The site is located in Southall, West London in the London Borough of Ealing. The site is in close proximity to Southall railway station, which links the site with Reading, Bristol and London Heathrow to the West and London Paddington to the East. Vehicular access to the site is via Merrick Street, with the rear of the site backing onto the railway tracks. The overall site area as measured using Digital Mapping software is approximately 0.6Ha, within the agent's report this is stated as 0.8Ha and this should, therefore, be verified.
- 2.2 The proposal for the site, is to develop 571 residential units in buildings of 15-23 storeys in height. The overall schedule of accommodation included in the appraisal and cost plan is as follows:

Uses	NIA		GIA	
	sq m	sq ft	sq m	sq ft
Retail	303.3	3,265	324.1	3,489
Office	1,330	14,321	1,775.4	19,111

Amenity	n/a	n/a	209	2,250
Residential-Private	24,976	268,848	33,869	364,604
Residential-Shared Ownership	9,971	107,330	13,249	142,621
Residential-Affordable Rent	1,818	19,576	2,338	25,169
Total	38,609	415,590	51,769	557,244

- 2.3 I have relied on the floor areas provided by the applicant in their appraisal as well as the number and size of the units. Please note, the total GIA of 557,244 sqft is higher than in the planning application outline, but is consistent in both the cost plan and the appraisal. I have therefore adopted and would recommend you seek to verify this. Any change in these areas may affect our opinion of the construction costs and end sales values, impacting on the viability of the scheme.

3.0 Information Provided by the Applicant

- 3.1 In undertaking this viability assessment, I have had regard to the following information:
- Financial Viability Report, completed by Savills, dated April 2018, including in the appendices:
 - site location plan;
 - comparable evidence report;
 - detailed pricing schedule;
 - cost plan;
 - Benchmark Value report;
 - Argus appraisals.
 - Photographs and inspection notes taken by Philippa Tranter on 16th May 2017.
- 3.2 I have also had regard to sales and construction evidence from various sources such as Rightmove, EGi, SDLT returns, local agents, Building Cost Information Service (BCIS), SPONS and our own internal records when forming our own opinions of value.

4.0 Review of the Applicant's Viability Assessment

Summary of applicant's position

4.1 The agent outlines in their report the following points:

- that the proposed development including 35% Affordable Housing (by habitable room) produces a residual land value of -£21,440,000;
- that with the agent's adopted Benchmark Site Value of £6,770,000, the scheme does not appear viable.
- that the applicant is willing to provide the 35% Affordable Housing despite seeking to demonstrate this is technically unviable.

4.2 Given the agent's proposed offer does not meet the required tenure mix of Affordable Housing, I understand it is necessary to undertake a financial viability assessment. I understand the Mayor of London's Affordable Housing and Viability Supplementary Planning Guidance 2017 outlines the expectation for at least 30% low cost rent (social rent or affordable rent) units and at least 30% as intermediate products. The SPG states that the remaining 40% could be at the local planning authority's discretion. Given only 20 units of Affordable Rent are provided, this does not meet this policy requirement.

Methodology

4.3 The applicant's methodology is based upon present day costs and values, and a residual appraisal has been provided. The agent has undertaken their review using Argus Developer, an industry-recognised development toolkit, which allows flexibility of inputs and phasing. I believe this is appropriate and I have used the same. I have considered whether a growth model would be appropriate given the size of this scheme. However, given the development and sale period is just over 5 years, I consider the applied methodology is appropriate, but a review mechanism should also be considered.

4.4 The recommended approach to undertaking development viability assessments is provided in a number of guides. These include the National Planning Policy Framework, RICS VIP 12- "Valuation of development land", the RICS Guidance Note "Financial Viability in Planning" and the London Plan 'Affordable Housing and Viability' SPG.

4.5 The recommended approach is to assess viability based on a residual valuation basis.

This means assessing the development value of the proposed scheme and deducting from this the costs of the development, including profit and planning obligations, to leave a residual value.

- 4.6 This residual site value is then compared to a Benchmark Site Value. If the residual site value is in excess of the Benchmark Site Value the scheme is considered able to viably provide planning contributions, up to an amount equal to the difference between the two figures. If it falls below the Benchmark Site Value it could be considered unviable although a later review should be considered.

Residential Revenue

- 4.7 The total GDV of the Private residential accommodation included in the appraisal is **£160,115,375**, for 401 units. A unit by unit pricing schedule has been provided, with the agent's average values and range of values summarised below:

Block 1				
Unit Type	Average Size sqft/ sqm	No of units	Average value	Range in value
Studio	398/37	14	£255,223	£252,125 - £255,125
1B	576/53	86	£364,158	£357,000 - £370,125
2B	796/74	82	£444,756	£437,500 - £453,500
3B	1,087/101	12	£548,063	£544,500 - £549,625
Total		194	£401,595	£77,909,500
Block 2				
Unit Type	Average Size sqft/ sqm	No of units	Average value	Range in value
1B	558/51	47	£364,574	£358,000 - £368,125
2B	796/74	31	£445,609	£437,500 - £451,125
3B	969/90	10	£534,625	£527,500 - £544,375
Total		89	£412,879	£36,746,250
Block 3				

Unit Type	Average Size sqft/ sqm	No of units	Average value	Range in value
1B	553/51	58	£365,216	£362,500 - £368,125
2B3P	663/61	30	£404,538	£397,000 - £410,000
2B4P	806/75	30	£404,700	£397,500 - £410,125
Total		118	£385,251	£45,459,625

4.8 There are some slight variances between unit mix in the agent's report and their appraisal/ pricing strategy. For consistency, I have assessed the unit mix from the pricing strategy.

4.9 In order to support the values adopted, an analysis of nearby comparable evidence has been provided. The comparable new-build residential schemes that have been referred to by the applicant are:

- The West Works, Merrick Road, Southall UB2
- Southall Village, Havelock Road, Southall, UB2
- St Bernard's Gate, Plot 2, Uxbridge Road, UB2
- The Old Vinyl Factory, The Boiler House, UB3

The top three comparable schemes are within the London Borough of Ealing and The Old Vinyl Factory is within the London Borough of Hillingdon. The agent has also provided a small number of second-hand comparables within the Borough.

The West Works, Merrick Road, Southall UB2

4.10 A Redrow scheme directly adjacent to the scheme, currently under construction. The overall scheme is for 302 residential units, comprising 1, 2 and 3 bed flats across two blocks. Residents will be offered car club membership for 25 years. This scheme has a very similar location and setting, it is a slightly further distance to the station on foot but equally is slightly more offset from the road. As the scheme is under construction, I consider this is a strong comparable in terms of location and current market sentiment and I have applied most weight to it. Current asking prices for 8x 1 beds range from £367,500 to £402,500 (555 to 583 sqft). Current asking prices for 11x 2 bed flats range from £385,000 to £562,000 (662 to 1,025 sqft). Current asking prices for 3x 3 bed flats ranges from £560,000 to £600,000 (average size 1,019sqft). The

agent then contends that the comparable scheme is of excellent standard for the locality and is superior to the subject development. The agent also advises that at the date of their report, 36 (10%) had been reserved and they consider some price correction may occur to achieve a higher rate of sale. I understand the show home and marketing suite is not scheduled to open until early June 2018 and therefore my view is that the sales rate will increase once this has opened. I also note that the prices were in fact increased earlier in the year according to reports on EGi. I consider the values at this scheme should be similar to the values at the subject site, which suggest the proposed values are too low.

Southall Village, Havelock Road, Southall, UB2

- 4.11 Located further away from Southall railway station, approximately 0.8 miles south east of the subject. The agent outlines this means the scheme is not impacted by the railway line, but equally this does mean it has poorer connectivity. This scheme is being developed by Catalyst Housing in two phases and features a mix of houses and flats in a setting adjacent to the Grand Union Canal. The agent has provided achieved house values which I consider of limited relevance to this flatted scheme. Asking prices provided by the agent suggest the average value of 3 beds is £404,974 whilst the average value of 3 beds is £566,052.

St Bernard's Gate, Plot 2, Uxbridge Road, UB2

- 4.12 Another scheme being developed by Catalyst Housing, in the Hanwell/Ealing area as part of the mixed-use redevelopment of a former hospital. Currently being marketed for Private Sale are Ellis and Connolly House, and I have achieved sales values from Pemberton House and Levett House. Given the greater distance between the subject site and this comparable, I consider less weight should be applied to this evidence than the two schemes, above. The average achieved 1 bed price, completed since December 2017, is £322,000 whilst 2 beds achieved an average of £411,760. Car parking spaces have been sold at £15,000. Asking prices of 2 beds are an average of £474,250, with a range of £463,500 to £515,000. All units are 70sqm, except the £515,000 unit which is 80sqm.
- 4.13 Looking at the range in evidence, I consider the proposed values in places are on the low side. The agent has highlighted in particular that the proposed scheme is in an area of regeneration and that the site will compete with other sites in the locality. In order to achieve a consistent sales rate with a high proportion of pre-sales, the agent contends a lower price point may be required. They state this is likely to be required

specifically on this site. I am unclear why this would be so. Arguably, the subject site benefits from occurring later in the regeneration of the area and will benefit from an uplift in values as a result. If a lower price point that evidence is adopted, as stated by the applicant, I would expect to see a higher level of pre-sold units. I am not convinced this has been demonstrated in the pricing strategy.

Unit by unit pricing strategy

4.14 The agent has priced the units individually, adopting a base Market Value and applying incremental increases or decreases in pricing for aspect and floor level. I consider this is a reasonable approach to valuing the different attributes of the units. I consider a few amendments to the approach are necessary:

- There is an adopted 'base price' which is then adjusted for aspect. However, all but two adjustments are deductions, with only East facing or West facing units having an uplift. My view is that the base price should be just this, so the 'base price' would need to be uplifted if these adjustments are to remain;
- Within Block 1, there is a difference in size for the 2 beds, yet all are priced the same (£440,000). Whilst I can accept that the flats that are less than 80sqm can be valued the same, my view is that the 80sqm units should have an uplift applied due to their size. I have valued the 80sqm and above flats at £480,000;
- Within Block 3, all 2 beds have been valued the same (£440,000) despite the differentiation between 2 bed 3 person flats and 2 bed 4 person flats. I believe this is an error in the spreadsheet formulae, as the base price stated for the 2 bed 4 person flats is £440,000. I have rectified these formulae so this differentiation is present.

4.15 A summary of the values I have adopted is as follows:

Block 1						
Unit Type	Average Size sqft/ sqm	No of units	Agent Average value	Agent range in value	DVS Average value	DVS range in value
Studio	398/37	14	£255,223	£252,125 - £255,125	£278,223	£277,125 - £280,125
1B	576/53	86	£364,158	£357,000 - £370,125	£384,158	£377,000 - £390,125
2B	796/74	82	£444,756	£437,500 - £453,500	£469,634	£457,500 - £493,500

3B	1,087/101	12	£548,063	£544,500 - £549,625	£548,063	£544,500 - £549,625
Total		194	£401,595	£77,909,500	£422,781	£82,019,500
Block 2						
Unit Type	Average Size sqft/ sqm	No of units	Average value	Range in value	DVS Average value	DVS range in value
1B	558/51	47	£364,574	£358,000 - £368,125	£384,574	£378,000 - £388,125
2B	796/74	32	£445,609	£437,500 - £451,125	£465,781	£457,500 - £471,125
3B	969/90	10	£534,625	£527,500 - £544,375	£534,625	£527,500 - £544,375
Total		89	£412,879	£36,746,250	£430,632	£38,326,250
Block 3						
Unit Type	Average Size sqft/ sqm	No of units	Average value	Range in value		
1B	553/51	58	£365,216	£362,500 - £368,125	£385,216	£382,500 - £388,125
2B3P	663/61	30	£404,538	£397,000 - £410,000	£434,538	£427,000 - £440,000
2B4P	806/75	30	£404,700	£397,500 - £410,125	£464,700	£457,500 - £470,125
Total		118	£385,251	£45,459,625	£417,963	£49,319,625

- 4.16 My amendments to the pricing schedule result in an overall GDV for the Private housing schedule of **£169,665,375**, which is approximately 6% higher than the agent has proposed.

Ground Rent income

- 4.17 Ground Rents have been included in the agent's appraisal as follows:

Unit Type	Ground Rent	No. of units	Total Rent per annum
Block 1	£250 pa	194	£48,500

Block 2 & 3	£250 pa	207	£51,750
-------------	---------	-----	---------

Based on the comparable evidence, these ground rents are too low. I have instead included the following:

Unit Type	Ground Rent	No. of units	Rent per annum
Studio	£200 pa	14	£7,000
1 Bed	£250 pa	191	£47,750
2 Bed	£300 pa	174	£52,200
3 Bed	£350 pa	22	£7,700
	£114,650	401	

I have then adopted a blended rate of £285 per unit per annum in my appraisal. Ground rents have been capitalised at a net yield of 10%, which equates to a total of £3,200,000. DVS is aware of the recent consultation paper by the Government, 'Tackling unfair practices in the leasehold market'. A press release followed which highlighted the government's intention "to cut out unfair and abusive practices" within the leasehold system. Included in these measures is the intention to ensure that all new long leases are charged at zero. Whilst DVS acknowledge these changes and will follow them when enacted, at present we consider that it is premature, and contrary to current market practice, to not include non-onerous ground rents on flats where it is usual practice and there is evidence to include them. Prior to this announcement, a research paper by Savills suggested net yields of circa 3.5% were being achieved. Whilst I accept there needs to be some adjustment to the earlier yield adopted, however I do not agree that an adjustment to a gross yield of 10% is warranted, particularly on a current day valuation. I therefore have adopted a gross yield of 5.5%. Were these to be removed from the appraisal, a reconsideration of both the GDV of the flats and the Benchmark Site Value would need to be undertaken, and this can be done at the time of a later review mechanism.

Affordable Housing Revenue

- 4.18 The GDV of the Affordable Housing proposed in Block 4 is **£40,500,000**. The Affordable Housing units have been assumed to be Block 4, with 20x Affordable Rent (6x 1B, 8x 3B, 6x 4B) and 150x Shared Ownership units (76x 1B, 38x 2B, 36x 3B). This is not the policy required mix of Affordable Housing, as a larger proportion of Affordable Rent accommodation would be required. Whilst the methodology has been

outlined, the actual values for each unit type has not been identified, nor has the identity or unit mix of the units been provided. I have, therefore, had to broadly make assumptions in order to appraise the values, and would seek further clarity as to the details.

- 4.19 The Affordable Rent units have been calculated based on the London Affordable Rents, which I understand has been input into a discounted cash flow by the agent to arrive at the capital values. A subsequent deduction of 10% for operating costs has been made. The Affordable Rents are as follows:

Unit Type	London Affordable Rent
1 Bed	£144.26
2 Bed	£152.73
3 Bed	£161.22

- 4.20 The average value adopted is £150,000. This equates to circa 37% of the agent's proposed Private Market Values. Given the weighting of unit mix to larger units, I consider this is a little light, but is towards the lower end of a reasonable range and I have maintained this in my appraisal.
- 4.21 The Shared Ownership units have been assessed by the agent as assuming an initial equity purchase of 25%, followed by adopting a rent cap of 2-2.75%. The range in rent cap has been adopted with regard to the affordability with the household income threshold. Following deductions of 12% for management and maintenance, a total value of **£37,500,000** has been included in the agent's appraisal for the 150 units of proposed Shared Ownership accommodation. This equates to circa 62.5% of Market Value or an average of £250,000 per unit. I have not been provided with more explicit calculations to fully analyse these values. However, given I increased the Private values, I have undertaken my own valuation to reflect these changes. I have adopted 62.5% of the increased Private Market Value average (£422,000) which amounts to an average of £263,750 or an overall sum of **£39,562,500**.
- 4.22 The provisional sum I have included in my appraisal for Affordable Housing is **£42,565,500**. The Affordable Housing revenue has been modelled as being received during the construction period. I am in agreement with this as there is a likely to be a pre-agreement with a Registered Provider in place.

Car Parking

- 4.23 I consider a value should be attributed to any car parking spaces if it is proposed that they are sold. In line with schemes in the area, these are likely to achieve £15,000 per space. I would recommend the car parking provision is verified as this may increase the GDV of the proposed scheme.

Commercial Revenue- Retail

- 4.24 Blocks 1, 3 and 4 have elements of retail on the lower levels. These have been valued using the investment method of valuation. The rent adopted by the agent was £30 per sqft, capitalised at a net yield of either 5.5% or 6%. Evidence has been provided by the agent as follows:
- 4.25 The agent and my own evidence shows a range in achieved values in the area, and I am satisfied the proposed rent is reasonable. Evidence of net yields of 4.44% and 4.81% have been demonstrated and I agree that these were in more prime locations and would achieve “harder” yields than at the subject site. I consider the range of 5.5% - 6% as a net initial yield is acceptable. The agent states in their report that a rent free period of 12 months is appropriate. I note that in the agent’s appraisal, a range in rent free periods from 13 months to 31 months have been adopted. I am unsure why but consider this is an error in the appraisal. I have adopted 12 months, as per the report. This results in an overall GDV for the retail accommodation as follows:

Block 1 Retail	£708,315
Block 3 Retail	£409,434
Block 4 Retail	£484,434

Commercial Revenue- Office

- 4.26 Block 3 has 14,321 sqft NIA of offices included. The office rent adopted by the agent is £25 per sqft (£358,025 per annum), which when capitalised at a net yield of 6.5%, equating to £4,632,214, after a 2 year and 9 month rent free. The agent’s report states they consider a 12 month rent free is appropriate and I consider the longer rent free was an error in the agent’s appraisal. I have found no evidence to suggest the office values should be higher, whilst evidence suggests a range of £27.50 to £32.50 per sqft is achievable for offices, on closer inspection of this evidence, these offices are located close to the centre of Ealing which would demand higher rents. I have adopted 12 months, as per the report. This results in an overall GDV of the office accommodation of £5,171,903.

Project Programme

- 4.27 The overall project programme in the agent's appraisal is 84 months, and is broken down in the table below, I would note that this differs slightly than what is outlined in the agent's report, particularly regarding the sales timing.

	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6				Year 7											
Block	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 1	Q 2	Q 3	Q 4	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4								
Phase 1 Block 1	18 months								30 months								18 months, although all revenue from residential and retail received in first month and ground rent income in month 18.				OWN															
Phase 2 Block 2 & 3	12 months				30 months								Income from the office and retail received in month 43 with the residential income received between month 65 and month 84.																							
Phase 3 Block 4	15 months				26 month construction																															
					26 month sale period, with 30% at 'golden brick' stage																															

	Pre-construction Period
	Construction Period
	Sale Period

- 4.28 I have considered the agent's proposed timing, and have adopted the following timescales:

	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6				Year 7			
Block	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 1	Q 2	Q 3	Q 4	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Phase 1 Block 1	18 months				27 months								18 months, with 40% sold at practical completion and the remaining in the following months.															
Phase 2 Block 2&3	12 months				30 months								21 months, with 40% sold at practical completion and the remaining in the following months.															
Phase 3	15 months				24 months																							

Block 4		30% of revenue at 'golden brick' stage, with remainder received over construction period
----------------	--	--

Construction Costs

- 4.29 Overall construction costs of **£140,730,300** have been included in the appraisal, based on a cost estimate completed by Alinea. In addition to this, contingency of 5%, demolition of £1,363,000, £5,029,000 for an energy centre and £1,447,000 for external works are also included. This equates to an overall sum for costs as **£148,569,300**.
- 4.30 My Quantity Surveyor colleague, Paul Avo BSc Hons MRICS, has reviewed the costs and has analysed the proposed costs against the BCIS upper quartile construction costs, as well as other costing sources. Our review of the costs comes to an overall sum of **£137,883,864** which is approximately 7% lower than the applicant. I have included this as an overall cost, rather than splitting out the demolition and external works separately and have made the reduction evenly across the different property types by reducing the agent's line by line costs by the percentage reduction.

Cost Type	Agent	DVS
Demolition	£1,363,000	Inc. in overall sum
Energy Centre and Services	£5,029,000	Inc. in overall sum
Landscaping	£1,447,000	Inc. in overall sum
Construction Costs	£140,730,300	£137,833,864
Contingency	£7,287,965 (5%)	£6,891,693(5%)
Overall Total	£155,857,265	£144,725,556

Contingency

- 4.31 Contingency of 5% of construction costs and the energy centre/external works have been included in the agent's appraisal, equating to £7,287,965. I have included 5% of the lower construction costs which equates to £6,891,693 in my appraisal.

Professional Fees

- 4.32 Professional fees of 12% have been included in the agent's appraisal. This equates to £11,595,996. When reviewing, this equates to 8.2% of construction costs, and it appears only £1,294,000 has been adopted for Phase 2 in error. I consider the correct

sum for 12% of professional fees would equate to circa £16.8m. However, I consider this sum is generous for a scheme of this size where significant economies of scale and efficiencies will be apparent. I therefore consider 8% would be more appropriate, which amounts to **£11,026,709** in my appraisal.

Financial Planning Obligations

- 4.33 The applicant has included £1,577,685 for Mayoral CIL. The timing of the CIL in the appraisal is for all of the £1,577,685 to be payable at the start of the development. With regard to the Mayor of London's Instalment Policy, half of the total amount is payable after 60 days of commencement of development, with the remainder after 240 days. There is an additional s106 payment that is payable at £2,005,000 included in the appraisal. I understand this is provisional at this stage and may need to be amended following discussions.

Disposal Fees

- 4.34 I outline the agent's adopted disposal fees below:

Development Cost	Agent Adopted Rate	DVS Comments
Commercial Letting Agent Fees (% of commercial rent)	10%	Accepted as reasonable, amounts to £45,598.
Commercial Letting Legal Fees (% of commercial rent)	5%	Accepted as reasonable, amounts to £22,799.
Commercial Sales Agents Fees (GDV of Private units only)	-	I have adopted a 1% commercial agency fee to reflect the sale as an investment after achieving a letting. Equates to £67,741.
Commercial Sales Legal Fees (GDV)	-	I have adopted a 0.25% commercial legal fee to reflect the sale as an investment after achieving a letting. Equates to £19,448.
Residential Marketing Costs (GDV of Private units only)	1.5%	Accepted as reasonable.

Residential Sales Agents Fees (GDV of Private units only)	1.5%/1%	There appears to be (£409,821) 1% and £2,486,565 (1.5%) included in the appraisal and totalling £2,896,386- which actually equates to 1.8% of Private GDV. Given the scale of the development and the inclusion of an additional 1.5% for marketing, I have adopted 1% of Private GDV which equates to £1,696,654.
Residential Sales Legal Fees (GDV)	0.25%	This equates to £417,826 in the agent's appraisal as well as a further £102,455. I am in agreement as to 0.25%, which equates to £424,163, which is £1,057 per unit. I consider this is reasonable in London.

4.35 Total disposal fees equate to **£4,821,383**.

Site Acquisition Fees

4.36 No site acquisition costs have been included in the agent's appraisal, because the residual land value is negative. I have adopted the tiered rate of SDLT and 1.8% for professional fees.

Finance

4.37 The agent has adopted a 7% debit rate, and 1% credit rate assuming 100% debt funding. These equate to £16,664,953 in total. These finance costs are impacted by the inconsistencies highlighted in the sales timing above. I consider the 7% is, however, acceptable and I have adopted it in my appraisal but after amending the timescales, this equates to a lower figure of **£11,441,090**.

Developer's Profit

4.38 My commentary on the developer's profit included in the agent's appraisal is:

Profit Level	Agent Amount	DVS Comments
Private Residential	20% on GDV	I consider 17.5% on GDV is more appropriate here given the scale of the site. In my appraisal this amounts to £30,052,602.
Affordable Residential	6% on GDV	I agree it is more appropriate to adopt a lower percentage for the Affordable Housing provision, where an agreed pre-sale prior to construction means significantly lower risk. I consider 6% on cost is more appropriate, although this is only marginally different to 6% profit on GDV. In my appraisal this amounts to £2,409,202.
Commercial	15% on GDV	I consider 15% profit on cost more reasonable as commercial developments are usually undertaken on a profit on cost basis. In my appraisal this amounts to £823,493.

- 4.39 The overall level of profit included in the developer's appraisal is £35,193,730. Given the amendments to the appraisal, my level of profit equates to £35,808,873 which is a blended profit level on GDV of 16.41%. Although my profit inputs are different to the agent, the overall level of profit achieved is marginally higher in my appraisal. I therefore consider the developer would proceed with the scheme in this basis. For schemes as large as this, it is also worth having regard to the IRR. In this case, the IRR of the scheme is 21.73%.

Summary

- 4.40 My residual value of the proposed scheme with 35% Affordable Housing (on a habitable room basis) is **£8,503,356**, which differs from the agent's value of (-£21,443,213).

5.0 Benchmark Site Value

- 5.1 A key factor in assessing viability is the assessment of the appropriate Site Value against which to compare the proposed scheme's residual land value. Emerging guidance regarding Financial Viability Assessments states a preference for the adoption of the Existing Use Value approach for establishing the Benchmark Site

Value.

Existing Use Value

- 5.2 The agent states the current site consists of 40,720sqft of light industrial/retail warehouse grade accommodation, sitting on a site of 0.8Ha. The agent has undertaken a valuation as follows:

Rent (40,720sqft)	£10 per sqft	= £407,200 per annum
Net Yield	6.5%	
Rent Free Period	1 year	=£5,882,268
Less		
Marketing	1% of GDV	£58,823
	10% of Rent	£40,720
	5% or Rent	£20,360
		=£119,903
		=£5,362,371

- 5.3 In addition to this, an additional amount of £280,000 has been applied to the 0.14Ha of land to the western side of the site which the agent denotes could be additional car parking land. This value has been adopted based on Ealing's CIL study from 2013 and 2016 (£2m/Ha).
- 5.4 The total of the above is £5,642,371, to which a premium of 20% has been added to arrive at a Benchmark Site Value of **£6,770,000**.
- 5.5 Whilst there are areas in the above methodology and the inputs which I do not necessarily agree with, I do feel the proposed end value is reasonable for a scheme such as this which is well located and already benefits from residential consent. I, therefore, agree with the adoption of £6,770,000 as a Benchmark Site Value.

6.0 Development Viability

- 6.1 The position presented by the agent of the viability of this scheme demonstrates a negative land value with 35% (by hab room) Affordable Housing which has been compared to a Benchmark Site Value of £6,770,000. Adopting the inputs I have outlined above, my residual value of the site with 170 Affordable Housing units demonstrates a positive land value of £8,503,356 which compared to a Benchmark

Site Value of £6,774,000 demonstrates the scheme can viably support the current proposed tenure mix of Affordable Housing (150 units of Shared Ownership, 20 units of Affordable Rent). Given there is a surplus available above the adopted Benchmark Site Value, my appraisal also demonstrates that a greater proportion of Affordable Rent units could be viably provided.

- 6.2 I advise you should consider only granting planning consent if a clawback agreement is agreed, as per the Mayor of London's 'Homes for Londoners- Affordable Housing and Viability SPG 2017' document. I would also recommend in line with the GLA guidance, that the s106 agreement should include a late review mechanism, following occupation of 75% of the units. The objective of this would be to reappraise the level of reasonable Affordable Housing based on actual costs and values.


7.0 Conclusion

- 7.1 The main areas of difference in our report are the Gross Development Value, the construction costs, and a number of differences in approach to the appraisal inputs and timescales. This leads to the proposed scheme being more viable in my appraisal than the agent contends.
- 7.2 I trust that the above viability review is clear. You may have queries on a number of the issues I have raised, and I would be pleased to provide further information if you require this.

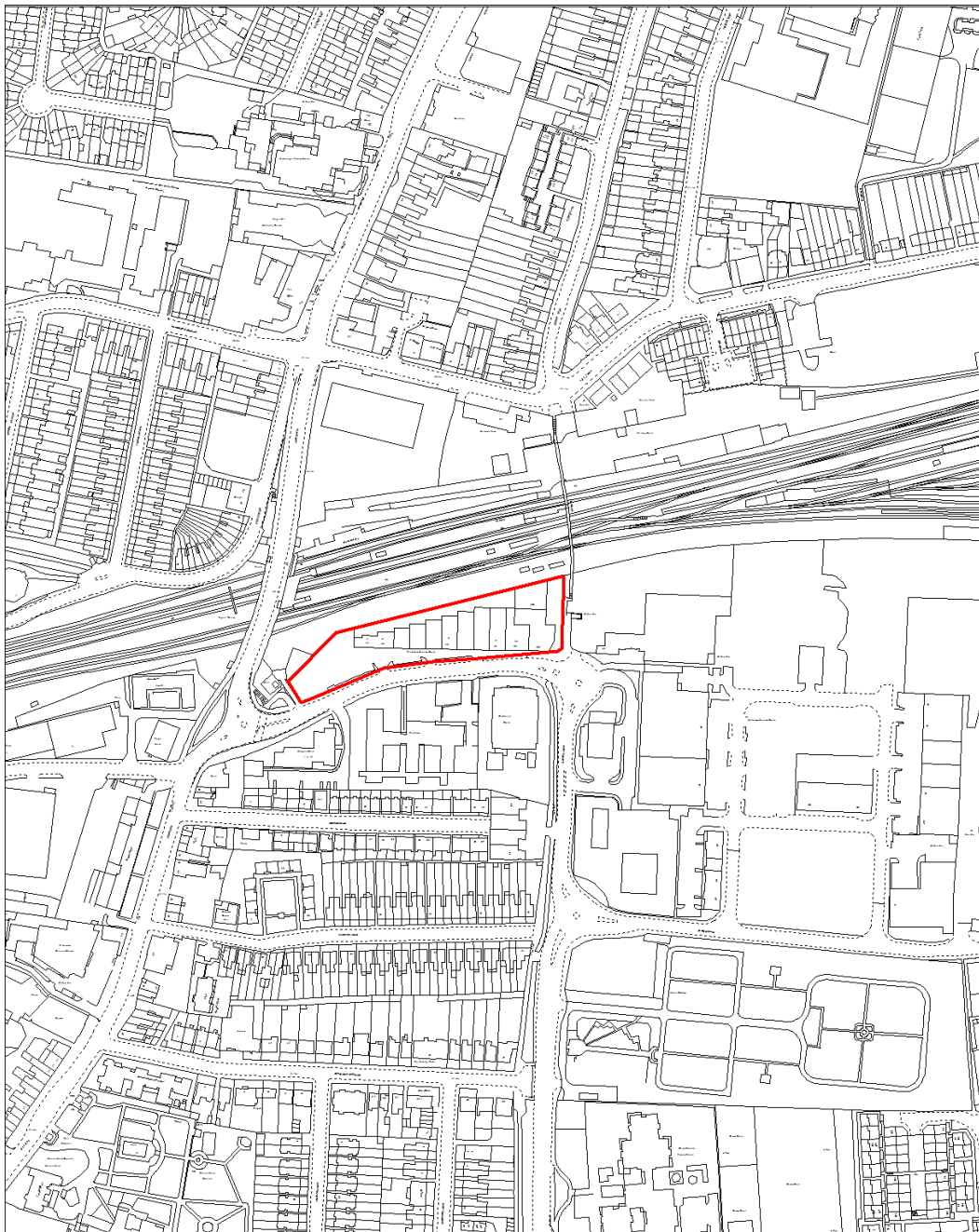
Yours sincerely,

Philippa Tranter MRICS
Principal Surveyor
RICS Registered Valuer


Reviewed by:


Head of Development Viability and Disposals
RICS Registered Valuer
DVS

Appendix 1: Site Plan



Plan title: The Arches Business Centre, UB2 4AU

Case type:		Key	
Map title: TQ1279NE Scale: n/a	Coordinates: 512760,179756 Area: Perimeter:		<div>N</div> <div>↑</div>
			
	Copyright (c) 2003 Ordnance Survey		

Appendix 2: Site Photographs



External view of existing accommodation



View from Southall Station



View from bridge over railway lines



View along Merrick Road

Appendix 3: DVS Unit Pricing- 35% Affordable Housing (by hab room) scheme**APPRAISAL SUMMARY**

Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Block 1 Private	194	132,036	621.19	422,781	82,019,500
Block 2 & 3 Private	207	136,812	640.63	423,410	87,645,875
Block 4 Shared Ownership	150	107,330	368.61	263,750	39,562,500
Block 4 Affordable Rent	20	19,576	153.25	150,000	3,000,000
Totals	571	395,754			212,227,875

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block 1 Ground Rents	194			285	55,290	55,290
Block 2 & 3 Ground Rents	207			285	58,995	58,995
Block 1 Retail	1	1,370	30.00	41,100	41,100	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025	358,025	358,025
Block 3 Retail	1	868	30.00	26,040	26,040	26,040
Block 4 Retail	1	1,027	30.00	30,810	30,810	30,810
Totals	405	17,586			570,260	570,260

Investment Valuation

Block 1 Ground Rents					
Current Rent	55,290	YP @	5.5000%	18.1818	1,005,273
Block 2 & 3 Ground Rents					
Current Rent	58,995	YP @	5.5000%	18.1818	1,072,636
Block 1 Retail					
Market Rent	41,100	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	708,315
Block 2 & 3 Offices					
Market Rent	358,025	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	5,171,903
Block 3 Retail					
Market Rent	26,040	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	409,434
Block 4 Retail					
Market Rent	30,810	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	484,434
					8,851,996

GROSS DEVELOPMENT VALUE

221,079,871

Purchaser's Costs
Effective Purchaser's Costs Rate

(460,638)
5.20% (460,638)

NET DEVELOPMENT VALUE

220,619,233

NET REALISATION

220,619,233

OUTLAY**ACQUISITION COSTS**

Residualised Price		16,383,981	
Residualised Price (Negative land)		(7,880,626)	
			8,503,356
Stamp Duty		414,668	
Agent Fee	1.80%	294,912	
			709,579

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Block 1 Retail	1,432	123.11	176,295
Block 2 & 3 Offices	19,111	214.12	4,092,011
Block 3 Retail	972	132.00	128,304
Block 4 Retail	1,085	116.72	126,639
Block 1 Private	174,537	254.86	44,483,231
Block 2 & 3 Private	190,067	259.32	49,288,258
Block 4 Shared Ownership	142,621	234.19	33,400,963
Block 4 Affordable Rent	25,169	234.19	5,894,288
Amenity	2,250	108.39	243,875
Totals	557,244		137,833,864

Contingency	5.00%	6,891,693	
s106		2,005,000	
Mayoral CIL		1,577,685	
			10,474,378

PROFESSIONAL FEES

Professional Fees	8.00%	11,026,709	
			11,026,709

MARKETING & LETTING

Marketing	1.50%	2,544,981	
Letting Agent Fee	10.00%	45,598	
Letting Legal Fee	5.00%	22,799	
			2,613,377

DISPOSAL FEES

Residential Sales Agent Fee	1.00%	1,696,654	
Commercial Sales Agent Fee	1.00%	67,741	
Residential Sales Legal Fee	0.25%	424,163	
Commercial Sales Legal Fee	0.25%	19,448	
			2,208,006

FINANCE

Debit Rate 7.000%, Credit Rate 1.000% (Nominal)			
Total Finance Cost			11,441,090

TOTAL COSTS

184,810,360

PROFIT

35,808,873

Performance Measures

Profit on Cost%	19.38%
Profit on GDV%	16.20%
Profit on NDV%	16.23%
Development Yield% (on Rent)	0.31%
Equivalent Yield% (Nominal)	6.14%
Equivalent Yield% (True)	6.39%
IRR	21.73%
Rent Cover	62 yrs 10 mths
Profit Erosion (finance rate 7.000)	2 yrs 7 mths

Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE					
Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Block 1 Private	194	132,036	621.19	422,781	82,019,500
Block 2 & 3 Private	207	136,812	640.63	423,410	87,645,875
Block 4 Shared Ownership	150	107,330	368.61	263,750	39,562,500
Block 4 Affordable Rent	20	19,576	153.25	150,000	3,000,000
Shared Ownership GLA Grant	150	0	368.61	28,000	4,200,000
Affordable Rent GLA Grant	<u>20</u>	<u>0</u>	368.61	60,000	<u>1,200,000</u>
Totals	741	395,754			217,627,875

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block 1 Ground Rents	194			285	55,290	55,290
Block 2 & 3 Ground Rents	207			285	58,995	58,995
Block 1 Retail	1	1,370	30.00	41,100	41,100	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025	358,025	358,025
Block 3 Retail	1	868	30.00	26,040	26,040	26,040
Block 4 Retail	<u>1</u>	<u>1,027</u>	30.00	30,810	<u>30,810</u>	<u>30,810</u>
Totals	405	17,586			570,260	570,260

Investment Valuation					
Block 1 Ground Rents					
Current Rent	55,290	YP @	5.5000%	18.1818	1,005,273
Block 2 & 3 Ground Rents					
Current Rent	58,995	YP @	5.5000%	18.1818	1,072,636
Block 1 Retail					
Market Rent	41,100	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	708,315
Block 2 & 3 Offices					
Market Rent	358,025	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	5,171,903
Block 3 Retail					
Market Rent	26,040	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	409,434
Block 4 Retail					
Market Rent	30,810	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	484,434
					8,851,996

GROSS DEVELOPMENT VALUE226,479,871

Purchaser's Costs		(460,638)	
Effective Purchaser's Costs Rate	5.20%		(460,638)

NET DEVELOPMENT VALUE226,019,233

NET REALISATION226,019,233

OUTLAY

ACQUISITION COSTS			
Residualised Price		12,281,853	
Residualised Price (Negative land)		(5,148,432)	
			7,133,421
Stamp Duty		346,171	
Agent Fee	1.80%	221,073	
			567,244

CONSTRUCTION COSTS			
Construction	ft²	Build Rate ft²	Cost
Block 1 Retail	1,432	128.95	184,656
Block 2 & 3 Offices	19,111	224.28	4,286,215
Block 3 Retail	972	138.26	134,389
Block 4 Retail	1,085	122.26	132,652
Block 1 Private	174,537	266.95	46,592,652
Block 2 & 3 Private	190,067	271.62	51,625,999
Block 4 Shared Ownership	142,621	245.30	34,984,931
Block 4 Affordable Rent	25,169	245.30	6,173,956
Amenity	<u>2,250</u>	113.80	<u>256,044</u>
Totals	557,244		144,371,494144,371,494
Contingency		5.00%	7,218,575
s106			2,005,000
Mayoral CIL			1,577,685
			10,801,260

PROFESSIONAL FEES			
Professional Fees	8.00%	11,549,720	
			11,549,720

MARKETING & LETTING			
Marketing	1.50%	2,544,981	
Letting Agent Fee	10.00%	45,598	
Letting Legal Fee	5.00%	22,799	
			2,613,377

DISPOSAL FEES			
Residential Sales Agent Fee	1.00%	1,696,654	
Commercial Sales Agent Fee	1.00%	67,741	
Residential Sales Legal Fee	0.25%	424,163	
Commercial Sales Legal Fee	0.25%	19,448	
			2,208,006

FINANCE			
Debit Rate 7.000%, Credit Rate 1.000% (Nominal)			
Total Finance Cost			10,848,229

TOTAL COSTS190,092,751

PROFIT35,926,482

Performance Measures	
Profit on Cost%	18.90%
Profit on GDV%	15.86%
Profit on NDV%	15.90%
Development Yield% (on Rent)	0.30%
Equivalent Yield% (Nominal)	6.14%
Equivalent Yield% (True)	6.39%

IRR	22.68%
Rent Cover	63 yrs
Profit Erosion (finance rate 7.000)	2 yrs 6 mths

Affordable Housing Briefing Note

For Merrick Road, Southall
From Network Homes and Stanhope, 15 October 2018

This short briefing paper expands on the affordable housing offer for Merrick Road, Southall (ref planning application 181380FUL), which is being considered by the London Borough of Ealing planning committee on Wednesday 17 October 2018 and should be read in conjunction with the officers' report, which recommends approval of the scheme.

The total number of homes proposed for the scheme is 575, of which 35% would be affordable. These are divided into three forms of tenure – London Affordable Rent (LAR), London Living Rent (LLR) and Shared Ownership.

Agreed Affordable Housing provision

Total Number of Homes	= 575
Total Number of Affordable Homes	= 174
Affordable Housing Percentage by Habitable Room	= 35%

Tenure	Number of Homes	% of Affordable Housing (by Habitable Room)
London Affordable Rent	32	20%
London Living Rent	17	10%
Shared Ownership	125	70%

Three affordable tenure types are proposed to respond to a range of incomes within the Norwood Green ward, where the average income is around £28,500 pa, and the London Borough of Ealing.

Affordability

London Affordable Rent (LAR)

Delivered in accordance with the GLA rent levels

- 1Beds = up to **54 % of market rent** (This equates to £650 rent PCM and affordable for households earning £27,000 pa)
- 2Beds = up to **45 % of market rent** (This equates to £690 rent PCM and affordable for households earning £30,000 pa)
- 3Beds = up to **40 % of market rent** (This equates to £730 rent PCM and affordable for households earning £33,000 pa)

The service charge estimated by the applicants at £25 - £45 per week would be in addition to the above. All the affordable housing (regardless of tenure) is in one single block and will be actively managed by Network Homes.

LAR working example locally:

A couple both earning just £15,000 per year could afford to rent a two-bedroom property in the development without spending more than a third of their take home pay on rent.

A newly qualified teacher in London starting on £28,000 could afford to rent a one-bedroom property on their own on the same terms.

London Living Rent (LLR)

The applicant proposes to provide any London Living Rent homes in line with GLA policy. LLR is inclusive of any Service Charges hence why LLR levels are **9% lower** than LAR levels.

London Living Rent homes will be available to rent for a period of 5-10 years at the following levels enabling residents to save to purchase a shared ownership share after 5-10 years.

- 1Beds = up to **58 % of market rent** (This equates to £700 rent PCM and affordable for households earning £25,000 pa)
- 2Beds = up to **50 % of market rent** (This equates to £778 rent PCM and affordable for households earning £28,000 pa)
- 3Beds = up to **48 % of market rent** (This equates to £856 rent PCM and affordable for households earning £31,000 pa)

LLR working example locally:

A couple both earning £14,000 per year could afford to rent a two-bedroom property in the development without spending more than a third of their take home pay on rent.

A newly qualified nurse in London starting on £25,000 per year could afford to rent a one-bedroom property on their own on the same terms.

Shared Ownership

The Shared Ownership homes will be affordable for the following household income levels (assuming dual income households) assuming a 40% share and 2.75% rents.

- 1 Beds = income up to £44,000 pa
- 2 Beds = income up to £57,000 pa
- 3 Beds = income up to £68,000 pa

Shared Ownership working example locally:

The average income for the Norwood Green ward is around £28,500.

Therefore, a young couple earning an average Norwood Green Ward salary each could afford to purchase a 40% share of both a 2-bed Shared Ownership home. Using this example a two-bedroom Shared Ownership property **would be affordable to a couple of newly qualified teachers in London.**

A 1-bed home could be afforded by a couple earning £22,000 each.

As per LAR, a service charge of approximately £25 - £40 per week would be applicable; this is factored into the affordability calculations.

Financial Viability Process

The applicant has worked with the Council and their advisors DVS in accordance with the guidelines in the 2018 draft NPPF and Mayor's affordable housing and Viability SPG.

The DVS report concluded that the scheme could provide £2m in s106 contributions and 35% affordable housing based on the original tenure split of 84% shared ownership and 16% LAR with a surplus of circa £360,000 which could provide an amended affordable housing mix. The DVS concluded an agreed land value of £6.77m for the site, which is substantially less than the price paid by the applicant in 2017.

The negotiated position doubles the s106 contributions and provides more than double the amount of LAR and LLR homes against the original offer.

END

From: [REDACTED]@savills.com>
Sent: 18 October 2018 09:53
To: [REDACTED]
Subject: The Arches - Committee Report / S106
Attachments: The Arches_ Merrick Place Committee Report.pdf; Merrick Place - 35% 70_10_20.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

[REDACTED] – as discussed.

Attached Committee Report and extract below showing the 106 breakdown shown on page 5 of the attached. It excludes the carbon offset. We've been advised the total is £4,215,000. We've used the DVS' appraisal and included this increased 106, and amended the tenures to reflect the latest offer. The DVS appraisal has the market sale and affordable in different phases in the Argus and these produce separate positive and negative residual land values. The combined total for the Land Value with the new Section 106 is now circa £1.5m, which is a deficit of about £5m against the agreed benchmark.

Financial Contribution Heading	Proposed Contributions
Education infrastructure	£700,000
Healthcare provision	£800,000
Air Quality Monitoring	£19,000
Bus Service Improvements	£500,000
Pedestrian & Cycle Bridge	£600,000
South Road/Merrick Road Public Realm Improvements	£300,000
Merrick Road/Healum Avenue Pedestrian Safety Improvements	£100,000
CPZ Review and Extension	£20,000
Pedestrian and cycle safety improvements including Quietway routes	£100,000
Travel Plan Monitoring	£5,000
Tree planting	£50,000
Open space	£100,000
Children's Playspace	£49,130
Apprentice and Local Labour Scheme	£40,000
Renewable and Low Carbon Energy Monitoring	£9,295
Free car club membership to residents of the development for a minimum period of two years	£75,333
Total Contributions	£3,467,758*

** Excludes the carbon offset payment, funding for the on-street car club bays.*

Director
Development
Savills, 33 Margaret Street, London W1G 0JD



Website: [@savills.com](http://www.savills.co.uk)

NOTICE: This email is intended for the named recipient only. It may contain privileged and confidential information. If you are not the intended recipient, notify the sender immediately and destroy this email. You must not copy, distribute or take action in reliance upon it. Whilst all efforts are made to safeguard emails, the Savills Group cannot guarantee that attachments are virus free or compatible with your systems and does not accept liability in respect of viruses or computer problems experienced. The Savills Group reserves the right to monitor all email communications through its internal and external networks.

Savills plc. Registered in England No 2122174. Registered office: 33 Margaret Street, London, W1G 0JD.

Savills plc is a holding company, subsidiaries of which are authorised and regulated by the Financial Conduct Authority (FCA)

Savills (UK) Limited. A subsidiary of Savills plc. Registered in England No 2605138. Registered office: 33 Margaret Street, London, W1G 0JD.

Savills Commercial Limited. A subsidiary of Savills plc. Registered in England No 2605125. Registered office: 33 Margaret Street, London, W1G 0JD.

Please note any advice contained or attached in this email is informal and given purely as guidance unless otherwise explicitly stated. Our views on price are not intended as a formal valuation and should not be relied upon as such. They are given in the course of our estate agency role. No liability is given to any third party and the figures suggested are in accordance with Professional Standards PS1 and PS2 of the RICS Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017. Any advice attached is not a formal ("Red Book") valuation, and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such. If formal advice is required this will be explicitly stated along with our understanding of limitations and purpose.

BEWARE OF CYBER-CRIME: Our banking details will not change during the course of a transaction. Should you receive a notification which advises a change in our bank account details, it may be fraudulent and you should notify Savills who will advise you accordingly.

.....
This message has been scanned for viruses by the Greater London Authority.

Click [here](#) to report this email as spam.
.....

Savills (UK) Ltd

Development Appraisal

Merrick Place

£4.215m 106. 35% AH - 70%:20%:10%

Report Date: 04 October 2018

APPRAISAL SUMMARY**SAVILLS (UK) LTD****Merrick Place****£4.215m 106. 35% AH - 70%:20%:10%****Summary Appraisal for Merged Phases 1 2 3****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Block 1 Private	194	132,036	621.19	422,781	82,019,500
Block 2 & 3 Private	207	136,812	640.63	423,410	87,645,875
Block 4 Shared Ownership	125	89,442	346.99	248,283	31,035,364
Block 4 Affordable Rent	32	31,322	177.41	173,649	5,556,765
Intermediate GLA Grant	142	0	368.61	28,000	3,976,000
Affordable Rent GLA Grant	32	0	368.61	60,000	1,920,000
Block 4 London Living Rent	17	16,640	311.00	304,407	5,174,916
Totals	749	406,251			217,328,420

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block 1 Ground Rents	194			285	55,290	55,290
Block 2 & 3 Ground Rents	207			285	58,995	58,995
Block 1 Retail	1	1,370	30.00	41,100	41,100	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025	358,025	358,025
Block 3 Retail	1	868	30.00	26,040	26,040	26,040
Block 4 Retail	1	1,027	30.00	30,810	30,810	30,810
Totals	405	17,586			570,260	570,260

Investment Valuation**Block 1 Ground Rents**

Current Rent	55,290	YP @	5.5000%	18.1818	1,005,273
--------------	--------	------	---------	---------	-----------

Block 2 & 3 Ground Rents

Current Rent	58,995	YP @	5.5000%	18.1818	1,072,636
--------------	--------	------	---------	---------	-----------

Block 1 Retail

Market Rent	41,100	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	708,315

Block 2 & 3 Offices

Market Rent	358,025	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	5,171,903

Block 3 Retail

Market Rent	26,040	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	409,434

Block 4 Retail

Market Rent	30,810	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	484,434

8,851,996**GROSS DEVELOPMENT VALUE****226,180,415**

Purchaser's Costs	6.80%	(460,638)	(460,638)
-------------------	-------	-----------	-----------

NET DEVELOPMENT VALUE**225,719,777****NET REALISATION****225,719,777****OUTLAY****ACQUISITION COSTS**

Residualised Price		12,558,680	
Residualised Price (Negative land)		(11,061,252)	
Stamp Duty		64,371	
Agent Fee	1.80%	226,056	
			1,787,856


CONSTRUCTION COSTS

Merrick Place**£4.215m 106. 35% AH - 70%:20%:10%**

Construction	ft²	Rate ft²	Cost	
Block 1 Retail	1,432 ft²	128.95 pf²	184,656	
Block 2 & 3 Offices	19,111 ft²	224.28 pf²	4,286,215	
Block 3 Retail	972 ft²	138.26 pf²	134,389	
Block 4 Retail	1,085 ft²	122.26 pf²	132,652	
Block 1 Private	174,537 ft²	266.95 pf²	46,592,652	
Block 2 & 3 Private	190,067 ft²	271.62 pf²	51,625,999	
Block 4 Shared Ownership	118,851 ft²	245.30 pf²	29,154,109	
Block 4 Affordable Rent	40,270 ft²	245.30 pf²	9,878,329	
Amenity	2,250 ft²	113.80 pf²	256,044	
Block 4 London Living Rent	<u>21,394 ft²</u>	245.30 pf²	<u>5,247,862</u>	
Totals	569,969 ft²		147,492,908	147,492,908
Contingency		5.00%	7,374,645	
s106			4,215,000	
Mayoral CIL			1,577,685	13,167,330
PROFESSIONAL FEES				
Professional Fees		8.00%	11,799,433	11,799,433
MARKETING & LETTING				
Marketing		1.50%	2,544,981	
Letting Agent Fee		10.00%	45,597	
Letting Legal Fee		5.00%	22,799	2,613,377
DISPOSAL FEES				
Residential Sales Agent Fee		1.00%	1,696,654	
Commercial Sales Agent Fee		1.00%	67,741	
Residential Sales Legal Fee		0.25%	424,163	
Commercial Sales Legal Fee		0.25%	19,448	2,208,006
FINANCE				
Debit Rate 7.00% Credit Rate 1.00% (Nominal)				
Total Finance Cost				10,134,757
TOTAL COSTS				189,203,667
PROFIT				36,516,110
Performance Measures				
Profit on GDV%		16.14%		
IRR		24.59%		

Friday, 02 November 2018

Development Viability
Greater London Authority
4th Floor, City Hall,
The Queen's Walk,
London SE1 2AA

The Savills logo, consisting of the word "savills" in a red, lowercase, sans-serif font, positioned on a yellow rectangular background.A black rectangular redaction box covering the top portion of the Savills address.

33 Margaret Street
London W1G 0JD
T: +44 (0) 20 7499 8644
savills.com

Dear 

The Former Arches Business Centre, Merrick Place (Application Reference 181380FUL)

Following detailed discussions with LB Ealing and recent conversations with the GLA with regard to the above site, in order that there is a consistent basis for discussion in respect of the affordable housing provision and viability analysis, we hereby provide a summary on the current scheme proposals. This note summarises the following:

- The background and chronology of the Financial Viability discussions to date;
- A Summary of Viability Inputs;
- The currently proposed Affordable Housing Provision including clarification on GLA grant;
- Affordable Housing Valuation assumptions;
- Revised viability appraisals reflecting the final scheme proposals, agreed affordable tenure mix; and
- S106 contributions with LB Ealing.

Background

Following detailed pre-application discussions, the Applicant submitted a detailed planning application for 571 homes in 4 new buildings including 1 tenure blind building containing 35% affordable homes split 84%/16% (Intermediate Housing /London Affordable Rent) on 23rd March 2018. This included a s106 contribution of £2m.

Savills provided a financial viability assessment (FVA) in support of this planning submission which concluded that the scheme could not support the proposed 35% affordable housing contribution whilst remaining commercially viable and that the applicants were bringing forward the scheme at risk, and in the hope that the balance of costs and values in the scheme would improve over time. This assessment established a Benchmark Site Value of £6.77m and demonstrated a deficit of -£28.21m.

LB Ealing appointed the District Valuers Service (DVS) to provide an independent assessment of the FVA. The Applicant received the DVS draft report on 6th June 2018. Both the Savills and the DVS reports followed the guidelines in the 2018 draft NPPF and Mayor's Affordable Housing and Viability SPG.

This DVS draft report was amended to take into account the discussions on cost and value and concluded that the scheme could provide 35% affordable housing at the tenure split assumed in the planning application (84%/16%), and that there was a surplus of circa £360,000 which could provide an amended affordable housing mix. This assessment was based on a s106 contribution of £2m.

In order to reach this conclusion, the DVS made a number of significant assumptions against the submitted information. The applicant *does not agree with the majority of the assumptions made by the DVS*, particularly on approach to profit margins, sales values, construction costs and fees. The applicant does therefore not agree there is any surplus to amend the proposed tenure mix. However, in order to progress the application, on a without prejudice basis, the applicant agreed to temporarily adopt the DVS conclusions.

Following further discussions with LB Ealing, the Section 106 costs were increased from the estimated £2m to £4.215m, which removed the financial surplus and created a financial deficit using the DVS assumptions. A breakdown of the Section 106 payments as proposed with Ealing is attached. Since the draft DVS report was received, the mix of homes in Block 4 (the affordable block) has also been amended which has increased the number of units from 571 to 575 overall.

As a result of the negotiations with LB Ealing, the following affordable housing and s106 contributions were agreed by LB Ealing officers and recommended for approval;

Final Agreed Proposal

- 174 Affordable Homes (an increase from 170)
- 35% affordable housing (by habitable room)
- 70% Shared Ownership homes (including an income cap for a proportion of the 1 and 2 bedroom homes) – a reduction from 150 to 125 homes
- 30% Rental (including 20% London Affordable Rent and 10% London Living Rent by habitable room)
- an increase from 20 to 49 homes
- £4.215m S106 (payable prior to occupation of more than 75% of units)

The application was due to be heard at LB Ealing's 17th October Planning Committee, with an Officers recommendation for approval, but was deferred from the agenda on 16th October.

GLA Engagement

During the pre-application and post submission phases of the planning process, the applicant has engaged with the GLA in a proactive manner. A summary of that engagement is detailed below;

- Pre Application Meeting – 1st July 2017
- Pre Application Meeting - 12th October 2017
- TFL Pre Application Meeting – 18th October 2017
- TFL Pre Application Meeting – 22nd January 2018
- Pre Application feedback received from GLA – 27th March 2018
- Stage 1 report – 22nd May 2018

- FVA comments – 24th May 2018
- Post submission design workshop - 1st August 2018

Viability Inputs

A summary of the viability assumptions from both Savills and the DVS, and comments on the basis of the assumptions is provided below.

	Item	Savills Initial Report	Current Application adopting DVS Assumptions	Comments
Income	Market Sales	£160,115,375	£169,665,375	Savills provided a rebuttal to the DVS dated 20.06.18.
	Affordable GDV	£40,500,000	£47,962,500	Mix and tenure subsequently updated and reflective of grant assumptions
	Grant	0	£28K per Intermediate Unit £60K per Rented	Grant Included
	Ground Rents	£1,002,500 (£250 / unit at 10% yield)	£2,077,909	DVS improved the investment yield. Disagree given the recent announcements.
	Retail	£1,065,483	£1,602,183	DVS improved the investment yield.
	Office	£4,632,214	£5,171,903	DVS improved the investment yield.
Costs	Construction Costs	£155,857,265	£144,371,494	Cost analysis prepared by the DVS is based on limited data
	Construction Contingency	5% of costs	5% of costs	Adopted in Savills and DVS Appraisals and included in construction cost above
	Professional Fees	12%	8%	12% assumed. DVS adopted 8%. GLA commented that 10% was reasonable.
	CIL	£1,577,685	£1,577,685	Agreed
	106	£2,005,000	£4,215,758	Subsequently increased in discussion with Ealing to £4,125m inclusive of carbon offset
	Resi Sales Agency Fees	1.5%	1%	Not Agreed
	Profit	£35,193,730	£31,117,017	DVS reduced profit level to 20% on Cost for Market Sale, 6% on Cost for Affordable, 15% Profit on Cost for Commercial.

	Item	Savills Initial Report	Current Application adopting DVS Assumptions	Comments
Land Value	Existing Use Value Plus Premium	£6.77m	£6.77m	Agreed at EUV + 20%
Surplus / Deficit	Residual Land Value compared to Benchmark	-£28.2m	-£1.83m	Current Appraisal with applicant assumptions produces a deficit of circa £13.8m

Summary of Affordable Housing Provision

The affordable housing offered is summarised in the table below

Unit Type	Number Of Units		
	London Affordable Rent	London Living Rent	Shared Ownership
1b2p	14	8	64
2b4p	6	5	31
3b5p	10	4	30
4b6p	1		
4b7p	1		
Total Units	32	17	125
Total Hab Rooms	108	51	371
Total Area (sqm NIA)	2,314	1,139	8,277
Total Area (sqft NIA)	24,908	12,260	89,093

Affordable Housing Valuation Assumptions

London Affordable Rents

We have adopted the following London Affordable Rent Levels in line with the 2018/19 Benchmark Rents:

No of Beds	London Affordable Rent / Week (Excluding Service Charge)
1 bed	£150.03
2 bed	£158.84
3 bed	£167.67
4 bed	£176.49

London Living Rents

In respect of London Living Rent we have adopted the following as taken from the agreement with Ealing:

No of Beds	London Living Rent / Week (inclusive of Service Charge)	Rent per month	Equivalent Required Income
1 bed	£161.53	£700	£25,000
2 bed	£179.54	£778	£28,000
3 bed	£197.54	£856	£31,000

Shared Ownership

In respect of Shared Ownership we are advised that the following income caps have been agreed:

- 1 bedroom units: 50% up to £60,000, 50% at GLA caps of £90,000
- 2 bedroom units: 50% up to £75,000, 50% at GLA caps;
- 3 bedroom units at GLA caps.

Summary

In summary, the Applicant and LB Ealing are keen for GLA comments on the viability position prior to consideration of the proposals in advance of next LB Ealing planning committee (21st November 2018).

The robust viability process undertaken between the Applicant and the DVS on behalf of LB Ealing has demonstrated that the current financial and affordable housing proposals are in excess of the maximum reasonable amount of affordable housing viable.

The current proposal represents a substantial improvement on the extant consent for the site both in terms of number and varied tenure of affordable housing but also in the substantial s106 package. The scheme recommended for approval, delivers of 575 homes and other further potential significant benefits, found to be consistent with the Ealing Core Strategy, the London Plan and all other applicable policies; and will provide 7% of LB Ealing's affordable housing target on one site.

We trust the background provided above and attached will allow the GLA to engage on the application quickly in order to reach an agreed position on scheme viability.

Director

Encl

Agreed Section 106 provisions

Appraisal 1. Proposed Scheme. Applicant Assumptions

Appraisal 2. Proposed Scheme. DVS Assumptions

Development	LBE Contributions DRAFT COMMITTEE REPORT	Total Previous Schemes (Malgavita, Esso and Honda)	Average Previous Schemes	Average Cost/unit - LBE PROPOSAL		s106		
Total Number of Units Affordable %	575	638		575		575		
Affordable Split						Total	Ave/ Unit	Commentary
Education infrastructure	£1,042,445	£801,500	£1,256.27	£1,812.95		£700,000.00	£1,217.39	Revised offer inline with previous consents granted on a by unit basis
Healthcare provision	£1,236,340	£620,000	£971.79	£2,150.16		£800,000.00	£1,391.30	Revised offer still significantly in excess of previous consents granted on a by unit basis
Air Quality Monitoring	£19,000	£12,684	£19.88	£33.04	AGREED	£19,000.00		
Pedestrian & Cycle Bridge	£500,000	£945,620	£1,482.16	£869.57	AGREED	£500,000.00		
TfL bus services	£600,000	£650,000	£1,018.81	£1,043.48	AGREED	£600,000.00		
South Road/Merrick Road Public Realm Improvements	£300,000	£65,000	£101.88	£521.74	AGREED	£300,000.00		
Merrick Road/Healum Avenue Pedestrian Safety Improvements	£100,000	£0	£0.00	£173.91	AGREED	£100,000.00		
CPZ Review and Extension	£20,000	£40,000	£62.70	£34.78	AGREED	£20,000.00		
Tow-path access at Norwood Road and resurfacing	£0	£0	£0.00	£0.00	AGREED	£0.00		
edestrian and cycle safety improvements including Quietway route	£100,000	£0	£0.00	£173.91	AGREED	£100,000.00		
Travel Plan Monitoring	£5,000	£6,000	£9.40	£8.70	AGREED	£5,000.00		
Renewable & Low Carbon Energy Monitoring	£9,295	£21,500	£33.70	£16.17	AGREED	£9,295.00		
Tree planting	£100,000	£0	£0.00	£173.91		£50,000.00	£86.96	Revised offer is reflective of the significant landscaping improvements, and tree planting to be delivered by the application proposals
Open space	£200,000	£0	£0.00	£347.83	AGREED	£100,000.00		
Children's Playspace	£49,130	£235,000	£368.34	£85.44	AGREED	£49,130.00		
Community Heritage Project	£0	£0	£0.00	£0.00	AGREED	£0.00		
Apprentice and Local Labour Scheme	£200,000	£61,000	£95.61	£347.83		£40,000.00	£69.57	Revised offer aligns with previous consents. Our position remains that the current request is excessive
Crossrail		£0	£0.00	£0.00	AGREED	£0.00		
Cost of link road (Grand Union Avenue)		£385,000	£603.45	£0.00	AGREED	£0.00		
Bus stop		£2,500	£3.92	£0.00	AGREED	£0.00		
Car Club Membership (3 Years)	£113,000	£0	£0.00	£196.52		£75,333.33	£131.01	This has previously been excluded from the LPA's calculation. We propose a 2 year car club commitment as a compromise
Total s106 Contributions (exc Carbon)	£4,594,210	£3,845,804.00		£4,594,210.00		£3,467,758.33		
Total by Unit	£7,989.93		£6,027.91	£7,989.93			£6,030.88	
Carbon Offset Payment (est)						£748,000	£1,300.87	
Total s106 Contributions (inc Carbon)						£4,215,758		
Total by Unit							£7,331.75	Including the Carbon Offset Payment the s106 contribution demonstrates an increase against the average for schemes in the vicinity of the site

Savills (UK) Limited

Development Appraisal

Merrick Place. Proposed Scheme.

DVS Assumptions. 575 Units. With Grant. Updated Tenures.

Report Date: 29 October 2018

Project Timescale Summary

Project Start Date	May 2018
Project End Date	Oct 2023
Project Duration (Inc Exit Period)	66 months

All Phases



Phase 1. Private



Phase 2. Affordable



Phase 3. Commercial



Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Block 1 Private	194	132,036	621.19	422,781	82,019,500
Block 2 & 3 Private	207	136,812	640.63	423,410	87,645,875
Block 4 Shared Ownership	125	89,093	370.05	263,750	32,968,750
Block 4 London Living Rent	17	12,260	301.79	217,647	3,700,000
Shared Ownership GLA Grant	125	0	368.61	28,000	3,500,000
London Living Rent Grant	17	0	368.61	28,000	476,000
Block 4 LAR	32	24,908	192.71	150,000	4,800,000
LAR GLA Grant	32	0	368.61	60,000	1,920,000
Totals	749	395,109			217,030,125

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block 1 Ground Rents	194			285	55,290	55,290
Block 2 & 3 Ground Rents	207			285	58,995	58,995
Block 1 Retail	1	1,370	30.00	41,100	41,100	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025	358,025	358,025
Block 3 Retail	1	868	30.00	26,040	26,040	26,040
Block 4 Retail	1	1,027	30.00	30,810	30,810	30,810
Totals	405	17,586			570,260	570,260

Investment Valuation

Block 1 Ground Rents					
Current Rent	55,290	YP @	5.5000%	18.1818	1,005,273
Block 2 & 3 Ground Rents					
Current Rent	58,995	YP @	5.5000%	18.1818	1,072,636
Block 1 Retail					
Market Rent	41,100	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	708,315
Block 2 & 3 Offices					
Market Rent	358,025	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	5,171,903
Block 3 Retail					
Market Rent	26,040	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	409,434
Block 4 Retail					
Market Rent	30,810	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	484,434
					8,851,996

GROSS DEVELOPMENT VALUE **225,882,121**

Purchaser's Costs 6.80% (460,638) (460,638)

NET DEVELOPMENT VALUE **225,421,483**

NET REALISATION **225,421,483**

OUTLAY

ACQUISITION COSTS

Residualised Price 12,411,106
 Residualised Price (Negative land) (7,909,669)
 Stamp Duty 214,572
 Agent Fee 1.80% 223,400
4,939,409

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Block 1 Retail	1,432 ft²	128.95 pf²	184,656
Block 2 & 3 Offices	19,111 ft²	224.28 pf²	4,286,215
Block 3 Retail	972 ft²	138.26 pf²	134,389
Block 4 Retail	1,085 ft²	122.26 pf²	132,652
Block 1 Private	174,537 ft²	266.95 pf²	46,592,652
Block 2 & 3 Private	190,067 ft²	271.62 pf²	51,625,999
Block 4 Shared Ownership	118,388 ft²	246.09 pf²	29,133,985
Block 4 London Living Rent	15,763 ft²	246.09 pf²	3,879,059
Amenity	2,250 ft²	114.14 pf²	256,810
Block 4 LAR	33,098 ft²	246.09 pf²	8,145,077
Totals	556,702 ft²		144,371,494

144,371,494

Contingency	5.00%	7,218,575	
s106		4,215,758	
Mayoral CIL		1,577,685	13,012,018
PROFESSIONAL FEES			
Professional Fees	8.00%	11,549,720	11,549,720
MARKETING & LETTING			
Marketing	1.50%	2,544,981	
Letting Agent Fee	10.00%	45,597	
Letting Legal Fee	5.00%	22,799	2,613,377
DISPOSAL FEES			
Residential Sales Agent Fee	1.00%	1,696,654	
Commercial Sales Agent Fee	1.00%	67,741	
Residential Sales Legal Fee	0.25%	424,163	
Commercial Sales Legal Fee	0.25%	19,448	2,208,006
FINANCE			
Debit Rate 7.00% Credit Rate 1.00% (Nominal)			
Total Finance Cost			10,720,070
TOTAL COSTS			189,414,093
PROFIT			36,007,389
Performance Measures			
Profit on Cost%	19.01%		
Profit on GDV%	15.94%		
Profit on NDV%	15.97%		
Development Yield% (on Rent)	0.30%		
Equivalent Yield% (Nominal)	6.14%		
Equivalent Yield% (True)	6.39%		
IRR	22.80%		
Rent Cover	63 yrs 2 mths		
Profit Erosion (finance rate 7.000%)	2 yrs 6 mths		

Sensitivity Analysis has not been Calculated. Please calculate the Analysis before printing the Rep

Savills (UK) Limited

Development Appraisal

Merrick Place. Proposed Scheme.

Applicant Assumptions.575 Unit With Grant Updated Tenures.

Report Date: 02 November 2018

Project Timescale Summary

Project Start Date	May 2018
Project End Date	Oct 2023
Project Duration (Inc Exit Period)	66 months

All Phases



Phase 1. Private



Phase 2. Affordable



Phase 3. Commercial



Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Block 1 Private	194	132,036	593.09	403,657	78,309,500
Block 2 & 3 Private	207	136,812	622.80	411,623	85,205,875
Block 4 Shared Ownership	125	89,093	376.46	268,320	33,540,000
Block 4 London Living Rent	17	12,260	301.79	217,647	3,700,000
Shared Ownership GLA Grant	125	0	368.61	28,000	3,500,000
London Living Rent Grant	17	0	368.61	28,000	476,000
Block 4 LAR	32	24,908	186.69	145,313	4,650,000
LAR GLA Grant	32	0	368.61	60,000	1,920,000
Totals	749	395,109			211,301,375

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block 1 Ground Rents	194			285	55,290	55,290
Block 2 & 3 Ground Rents	207			285	58,995	58,995
Block 1 Retail	1	1,370	30.00	41,100	41,100	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025	358,025	358,025
Block 3 Retail	1	868	30.00	26,040	26,040	26,040
Block 4 Retail	1	1,027	30.00	30,810	30,810	30,810
Totals	405	17,586			570,260	570,260

Investment Valuation

Block 1 Ground Rents					
Current Rent	55,290	YP @	5.5000%	18.1818	1,005,273
Block 2 & 3 Ground Rents					
Current Rent	58,995	YP @	5.5000%	18.1818	1,072,636
Block 1 Retail					
Market Rent	41,100	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	708,315
Block 2 & 3 Offices					
Market Rent	358,025	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	5,171,903
Block 3 Retail					
Market Rent	26,040	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	409,434
Block 4 Retail					
Market Rent	30,810	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	484,434
					8,851,996

GROSS DEVELOPMENT VALUE **220,153,371**

Purchaser's Costs 6.80% (460,638)
(460,638)

NET DEVELOPMENT VALUE **219,692,733**

NET REALISATION **219,692,733**

OUTLAY

ACQUISITION COSTS

Residualised Price 2,606,268
Residualised Price (Negative land) (9,631,526)
Agent Fee 1.80% 46,913
(6,978,345)

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Block 1 Retail	1,432 ft²	128.95 pf²	184,656
Block 2 & 3 Offices	19,111 ft²	224.28 pf²	4,286,215
Block 3 Retail	972 ft²	138.26 pf²	134,389
Block 4 Retail	1,085 ft²	122.26 pf²	132,652
Block 1 Private	174,537 ft²	266.95 pf²	46,592,652
Block 2 & 3 Private	190,067 ft²	271.62 pf²	51,625,999
Block 4 Shared Ownership	118,388 ft²	246.09 pf²	29,133,985
Block 4 London Living Rent	15,763 ft²	246.09 pf²	3,879,059
Amenity	2,250 ft²	114.14 pf²	256,810
Block 4 LAR	33,098 ft²	246.09 pf²	8,145,077
Totals	556,702 ft²		144,371,494

144,371,494

Contingency	5.00%	7,218,575	
s106		4,215,758	
Mayoral CIL		1,577,685	13,012,018
PROFESSIONAL FEES			
Professional Fees	12.00%	17,324,579	17,324,579
MARKETING & LETTING			
Marketing	1.50%	2,452,731	
Letting Agent Fee	10.00%	45,597	
Letting Legal Fee	5.00%	22,799	2,521,127
DISPOSAL FEES			
Residential Sales Agent Fee	1.00%	1,635,154	
Commercial Sales Agent Fee	1.00%	67,741	
Residential Sales Legal Fee	0.25%	408,788	
Commercial Sales Legal Fee	0.25%	19,448	2,131,131
FINANCE			
Debit Rate 7.00% Credit Rate 1.00% (Nominal)			
Total Finance Cost			8,537,585
TOTAL COSTS			180,919,589
PROFIT			38,773,144
Performance Measures			
Profit on Cost%	21.43%		
Profit on GDV%	17.61%		
Profit on NDV%	17.65%		
Development Yield% (on Rent)	0.32%		
Equivalent Yield% (Nominal)	6.14%		
Equivalent Yield% (True)	6.39%		
IRR	31.86%		
Rent Cover	67 yrs 12 mths		
Profit Erosion (finance rate 7.000%)	2 yrs 10 mths		

Sensitivity Analysis has not been Calculated. Please calculate the Analysis before printing the Report.

[REDACTED]

From: [REDACTED]
Sent: 09 November 2018 15:01
To: [REDACTED]
Subject: GLA 3872a - The Arches Business Centre, Southall

Dear [REDACTED]

I write following our meeting with yourselves and representatives from the Applicants in the above scheme, held at City Hall on 6th November 2018.

At this meeting, the applicant tabled an amended affordable housing/viability offer for the scheme, which had the following general terms:

- 35% Affordable Housing by habitable room; comprised of a tenure split of
 - 70% Shared Ownership
 - 30% London Affordable Rent
- £3.62m s106 contributions

I can confirm that, subject to confirmation of a final agreed viability position being reached between the GLA, DVS and Savills, GLA officers are supportive of the amended Affordable Housing offer of 35% by habitable room (split 70% Shared Ownership to 30% London Affordable Rent), which now complies with the Mayor's preferred tenure mix.

Notwithstanding this, concerns are held regarding the proposed reduction in section 106 Contributions associated with the amended scheme. Initial discussions with Transport for London (TfL) officers indicate they will also need to further interrogate any proposed s106 contributions. We are happy to facilitate further discussions between LB Ealing, the applicants and TfL on this point.

In addition to the above, it was noted that the amended offer was presented as being subject to agreement that no late stage viability review mechanisms be required in any approval. As the application does not meet the criteria for 'fast track' consideration under the threshold approach to planning applications, this approach is unacceptable and our position remains that late stage review mechanisms must be secured in any future approval.

I trust this helps to clarify the GLA's current position regarding the scheme.

Please note that the above advice has been prepared at an officer level, and does not prejudice any future formal determination of the application by the Mayor.

Thanks and kind regards,

[REDACTED] | Senior Strategic Planner | Development Management | Development, Enterprise & Environment
GREATER LONDON AUTHORITY | 4th Floor, City Hall, The Queen's Walk, London SE1 2AA
[REDACTED] | [\[REDACTED\]@london.gov.uk](mailto:[REDACTED]@london.gov.uk)

From: [REDACTED]@savills.com>
Sent: 14 January 2019 13:32
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Merrick Place / The Arches - Agreed Appraisal
Attachments: Merrick Agreed Appraisal.wcfx; Merrick Agreed Appraisal.pdf; Merrick Breakeven Appraisal.pdf; Merrick Breakeven Appraisal.wcfx

Follow Up Flag: Follow up
Flag Status: Flagged

Following up on this - can you advise on whether these appraisals are agreed?
Kind regards

Director
Development
Savills, 33 Margaret Street, London W1G 0JD
Tel [REDACTED]
Mobile [REDACTED]
Email [REDACTED]@savills.com
Website :www.savills.co.uk



Before printing, think about the environment

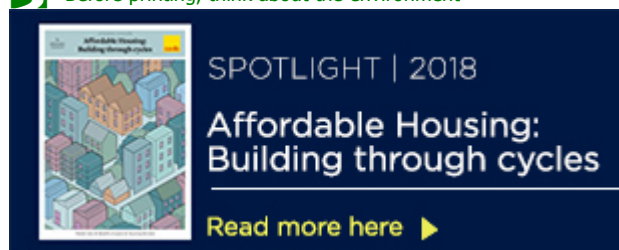
From: [REDACTED]
Sent: 12 December 2018 12:12
To: [REDACTED]@london.gov.uk>; [REDACTED]@voa.gsi.gov.uk>
Cc: [REDACTED]@stanhopeplc.com>; [REDACTED]@stanhopeplc.com>
Subject: Merrick Place / The Arches - Agreed Appraisal

So that we can close out the drafting of the 106, I'm attaching the appraisal that reflects the Agreed Scheme. This appraisal has a residual land value of £4.498m (£4.5m) and so a deficit of £2.27m against the agreed benchmark of £6.77m.
We've then looked at the breakeven GDV and we get to £229.97m.
Could you confirm that these are agreed?
Kind regards.

Director
Development
Savills, 33 Margaret Street, London W1G 0JD
Tel [REDACTED]
Mobile [REDACTED]
Email [REDACTED]@savills.com
Website :www.savills.co.uk



Before printing, think about the environment



NOTICE: This email is intended for the named recipient only. It may contain privileged and confidential information. If you are not the intended recipient, notify the sender immediately and destroy this email. You must not copy,

Savills (UK) Limited

Development Appraisal

Merrick Place. Proposed Scheme.

Agreed Appraisal. 35% 70_30. £4.215m 106

Report Date: 12 December 2018

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Agreed Appraisal. 35% 70_30. £4.215m 106****Summary Appraisal for Merged Phases 1 2 3**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price
Block 1 Private	194	132,036	621.19	422,781
Block 2 & 3 Private	207	136,812	640.63	423,410
Block 4 Shared Ownership	132	91,773	381.38	265,152
Shared Ownership GLA Grant	132	0	368.61	28,000
Block 4 LAR	42	34,488	182.67	150,000
LAR GLA Grant	<u>42</u>	<u>0</u>	368.61	60,000
Totals	749	395,109		

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit
Block 1 Ground Rents	194			285
Block 2 & 3 Ground Rents	207			285
Block 1 Retail	1	1,370	30.00	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025
Block 3 Retail	1	868	30.00	26,040
Block 4 Retail	<u>1</u>	<u>1,027</u>	30.00	30,810
Totals	405	17,586		

Investment Valuation**Block 1 Ground Rents**

Current Rent 55,290 YP @ 5.5000% 18.1818

Block 2 & 3 Ground Rents

Current Rent 58,995 YP @ 5.5000% 18.1818

Block 1 Retail

Market Rent 41,100 YP @ 5.5000% 18.1818

(1yr Rent Free) PV 1yr @ 5.5000% 0.9479

Block 2 & 3 Offices

Market Rent 358,025 YP @ 6.5000% 15.3846

(1yr Rent Free) PV 1yr @ 6.5000% 0.9390

Block 3 Retail

Market Rent 26,040 YP @ 6.0000% 16.6667

(1yr Rent Free) PV 1yr @ 6.0000% 0.9434

Block 4 Retail

Market Rent 30,810 YP @ 6.0000% 16.6667

(1yr Rent Free) PV 1yr @ 6.0000% 0.9434

GROSS DEVELOPMENT VALUE**226,033,371**

Purchaser's Costs

6.80% (460,638)

(460,638)

NET DEVELOPMENT VALUE**225,572,733****NET REALISATION****225,572,733****OUTLAY****ACQUISITION COSTS**

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Agreed Appraisal. 35% 70_30. £4.215m 106**

Residualised Price		12,411,227	
Residualised Price (Negative land)		(7,912,246)	
Stamp Duty		214,449	
Agent Fee	1.80%	223,402	

4,936,832

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Block 1 Retail	1,432 ft²	128.95 pf²	184,656	
Block 2 & 3 Offices	19,111 ft²	224.28 pf²	4,286,215	
Block 3 Retail	972 ft²	138.26 pf²	134,389	
Block 4 Retail	1,085 ft²	122.26 pf²	132,652	
Block 1 Private	174,537 ft²	266.95 pf²	46,592,652	
Block 2 & 3 Private	190,067 ft²	271.62 pf²	51,625,999	
Block 4 Shared Ownership	121,949 ft²	246.09 pf²	30,010,363	
Amenity	2,250 ft²	114.14 pf²	256,810	
Block 4 LAR	45,828 ft²	246.09 pf²	11,277,798	
Totals	557,231 ft²		144,501,534	144,501,534

Contingency	5.00%	7,225,077	
s106		4,215,000	
Mayoral CIL		1,577,685	

13,017,762

PROFESSIONAL FEES

Professional Fees	8.00%	11,560,123	
-------------------	-------	------------	--

11,560,123

MARKETING & LETTING

Marketing	1.50%	2,544,981	
Letting Agent Fee	10.00%	45,597	
Letting Legal Fee	5.00%	22,799	

2,613,377

DISPOSAL FEES

Residential Sales Agent Fee	1.00%	1,696,654	
Commercial Sales Agent Fee	1.00%	67,741	
Residential Sales Legal Fee	0.25%	424,163	
Commercial Sales Legal Fee	0.25%	19,448	

2,208,006

FINANCE

Debit Rate 7.00% Credit Rate 1.00% (Nominal)			
Total Finance Cost			10,714,423

TOTAL COSTS**189,552,057****PROFIT****36,020,676****Performance Measures**

Profit on Cost%	19.00%
Profit on GDV%	15.94%
Profit on NDV%	15.97%
Development Yield% (on Rent)	0.30%
Equivalent Yield% (Nominal)	6.14%
Equivalent Yield% (True)	6.39%
IRR	22.81%

APPRAISAL SUMMARY

SAVILLS (UK) LIMITED

Merrick Place. Proposed Scheme.

Agreed Appraisal. 35% 70_30. £4.215m 106

Rent Cover

63 yrs 2 mths

Profit Erosion (finance rate 7.000%)

2 yrs 6 mths

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED**

Merrick Place. Proposed Scheme.

Agreed Appraisal. 35% 70_30. £4.215m 106

Gross Sales

82,019,500
87,645,875
35,000,000
3,696,000
6,300,000
2,520,000
217,181,375

Net Rent at Sale	Initial MRV
55,290	55,290
58,995	58,995
41,100	41,100
358,025	358,025
26,040	26,040
<u>30,810</u>	<u>30,810</u>
570,260	570,260

1,005,273

1,072,636

708,315

5,171,903

409,434

484,434
8,851,996

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Agreed Appraisal. 35% 70_30. £4.215m 106**

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Agreed Appraisal. 35% 70_30. £4.215m 106**

Savills (UK) Limited

Development Appraisal

Merrick Place. Proposed Scheme.

Breakeven GDV. 35% 70_30. £4.215m 106

Report Date: 12 December 2018

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Breakeven GDV. 35% 70_30. £4.215m 106****Summary Appraisal for Merged Phases 1 2 3**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price
Block 1 Private	194	132,036	644.52	438,660
Block 2 & 3 Private	207	136,812	646.87	427,536
Block 4 Shared Ownership	132	91,773	381.38	265,152
Shared Ownership GLA Grant	132	0	368.61	28,000
Block 4 LAR	42	34,488	182.67	150,000
LAR GLA Grant	<u>42</u>	<u>0</u>	368.61	60,000
Totals	749	395,109		

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit
Block 1 Ground Rents	194			285
Block 2 & 3 Ground Rents	207			285
Block 1 Retail	1	1,370	30.00	41,100
Block 2 & 3 Offices	1	14,321	25.00	358,025
Block 3 Retail	1	868	30.00	26,040
Block 4 Retail	<u>1</u>	<u>1,027</u>	30.00	30,810
Totals	405	17,586		

Investment Valuation**Block 1 Ground Rents**

Current Rent	55,290	YP @	5.5000%	18.1818
--------------	--------	------	---------	---------

Block 2 & 3 Ground Rents

Current Rent	58,995	YP @	5.5000%	18.1818
--------------	--------	------	---------	---------

Block 1 Retail

Market Rent	41,100	YP @	5.5000%	18.1818
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479

Block 2 & 3 Offices

Market Rent	358,025	YP @	6.5000%	15.3846
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390

Block 3 Retail

Market Rent	26,040	YP @	6.0000%	16.6667
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434

Block 4 Retail

Market Rent	30,810	YP @	6.0000%	16.6667
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434

GROSS DEVELOPMENT VALUE**229,967,996**

Purchaser's Costs

6.80%

(460,638)

(460,638)

NET DEVELOPMENT VALUE**229,507,358****NET REALISATION****229,507,358****OUTLAY****ACQUISITION COSTS**

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Breakeven GDV. 35% 70_30. £4.215m 106**

Residualised Price		14,686,360	
Residualised Price (Negative land)		(7,912,246)	
Stamp Duty		328,206	
Agent Fee	1.80%	264,354	

7,366,674

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Block 1 Retail	1,432 ft²	128.95 pf²	184,656	
Block 2 & 3 Offices	19,111 ft²	224.28 pf²	4,286,215	
Block 3 Retail	972 ft²	138.26 pf²	134,389	
Block 4 Retail	1,085 ft²	122.26 pf²	132,652	
Block 1 Private	174,537 ft²	266.95 pf²	46,592,652	
Block 2 & 3 Private	190,067 ft²	271.62 pf²	51,625,999	
Block 4 Shared Ownership	121,949 ft²	246.09 pf²	30,010,363	
Amenity	2,250 ft²	114.14 pf²	256,810	
Block 4 LAR	45,828 ft²	246.09 pf²	11,277,798	
Totals	557,231 ft²		144,501,534	144,501,534

Contingency	5.00%	7,225,077	
s106		4,215,000	
Mayoral CIL		1,577,685	

13,017,762

PROFESSIONAL FEES

Professional Fees	8.00%	11,560,123	
-------------------	-------	------------	--

11,560,123

MARKETING & LETTING

Marketing	1.50%	2,604,000	
Letting Agent Fee	10.00%	45,597	
Letting Legal Fee	5.00%	22,799	

2,672,396

DISPOSAL FEES

Residential Sales Agent Fee	1.00%	1,736,000	
Commercial Sales Agent Fee	1.00%	67,741	
Residential Sales Legal Fee	0.25%	434,000	
Commercial Sales Legal Fee	0.25%	19,448	

2,257,189

FINANCE

Debit Rate 7.00% Credit Rate 1.00% (Nominal)			
Total Finance Cost			11,392,124

TOTAL COSTS**192,767,802****PROFIT****36,739,556****Performance Measures**

Profit on Cost%	19.06%
Profit on GDV%	15.98%
Profit on NDV%	16.01%
Development Yield% (on Rent)	0.30%
Equivalent Yield% (Nominal)	6.14%
Equivalent Yield% (True)	6.39%
IRR	22.14%

APPRAISAL SUMMARY

SAVILLS (UK) LIMITED

Merrick Place. Proposed Scheme.

Breakeven GDV. 35% 70_30. £4.215m 106

Rent Cover

64 yrs 5 mths

Profit Erosion (finance rate 7.000%)

2 yrs 6 mths

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Breakeven GDV. 35% 70_30. £4.215m 106****Gross Sales**

85,100,000
88,500,000
35,000,000
3,696,000
6,300,000
2,520,000
221,116,000

Net Rent at Sale	Initial MRV
55,290	55,290
58,995	58,995
41,100	41,100
358,025	358,025
26,040	26,040
<u>30,810</u>	<u>30,810</u>
570,260	570,260

1,005,273

1,072,636

708,315

5,171,903

409,434

484,434
8,851,996

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Breakeven GDV. 35% 70_30. £4.215m 106**

APPRAISAL SUMMARY**SAVILLS (UK) LIMITED****Merrick Place. Proposed Scheme.****Breakeven GDV. 35% 70_30. £4.215m 106**