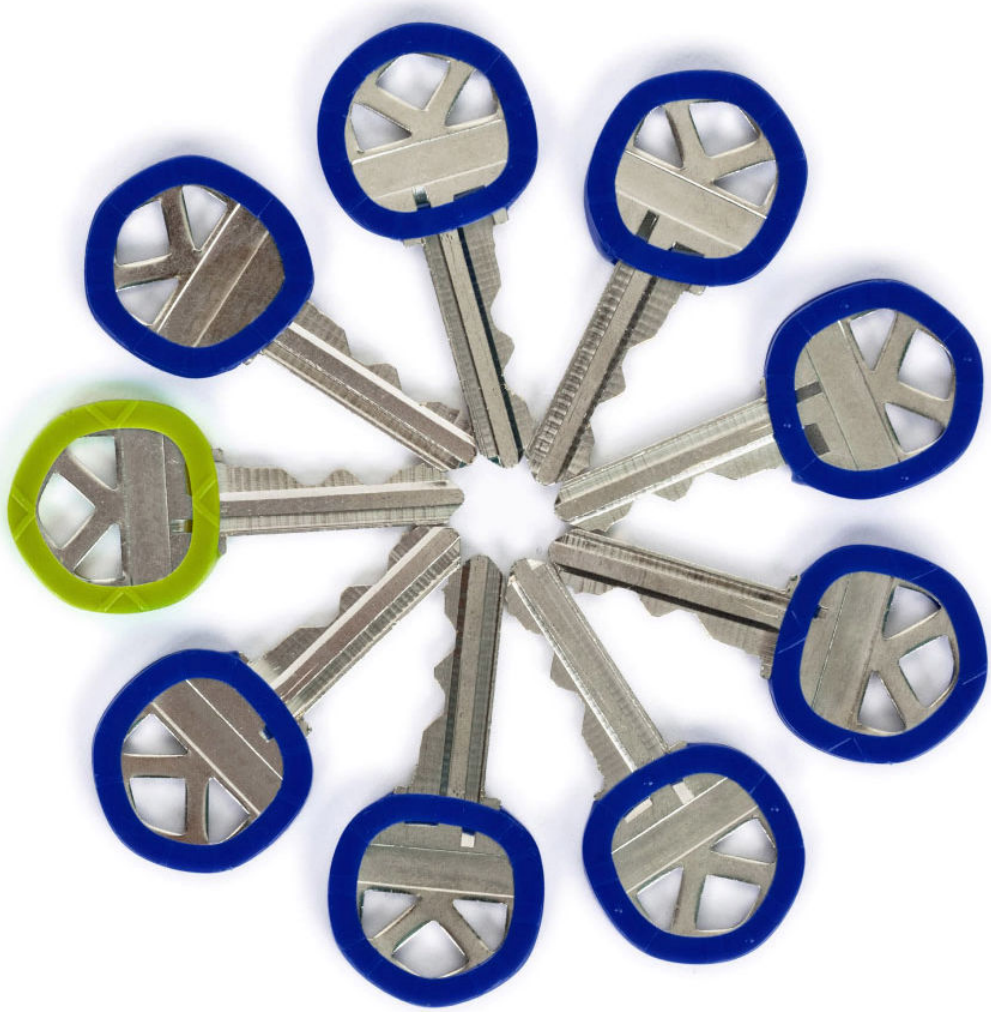
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Old Oak and Park Royal Development Corporation

Affordable Housing Viability Assessment Site Testing Report

OPDC
OLD OAK AND PARK ROYAL DEVELOPMENT CORPORATION

26 May 2017

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Deloitte.
Real Estate

Deloitte LLP
Athene Place
66 Shoe Lane
London
EC4A 3BQ

Phone: +44 (0)20 7936 3000
Fax: +44 (0)20 7583 1198
www.deloitterealestate.co.uk

Direct phone: +44 20 7303 3385

chbaldwin@deloitte.co.uk

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26 May 2017

Old Oak and Park Royal Development Corporation
City Hall
The Queens Walk
London
SE1 2AA

FAO: Chloe Horner

Dear Sirs

Affordable Housing Viability Assessment Site Testing Report

We enclose our updated report ("the report") on the Affordable Housing Viability Assessment Site Testing which has been prepared for the sole purpose of assisting and advising Old Oak and Park Royal Development Corporation (the "Client") in accordance with our engagement letter dated 21 March 2016, the Transport for London Contract dated 31 March 2016 and subsequent Addendum Letter outlining an extension to the contract dated 31 March 2016.

This report is confidential to the addressees and prepared solely for the purpose(s) set out in our engagement letter. You should not refer to or use our name or the report for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our report for any purpose whatsoever and we accept no duty of care or liability to any party who is shown or gains access to this report.

This report has been prepared for Old Oak and Park Royal Development Corporation and on the understanding that it will be made publically available on Old Oak and Park Royal Development Corporation's website. All copyright and other proprietary rights in the report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved. No party other than Old Oak and Park Royal Development Corporation is entitled to rely on the report for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document. The information contained within this report is provided to assist Old Oak and Park Royal Development Corporation through providing an evidence base upon which Old Oak and Park Royal Development Corporation's Local Plan affordable housing policies can be based. The report makes use of a range of third party data sources. Whilst every reasonable care has been taken in compiling this report, Deloitte cannot guarantee its accuracy.

We draw your attention to the Definitions, Sources and Verification of Information in Appendix 4 of this report. We have not been asked to advise on construction costs or town planning, although our work shall inevitably interface with these elements.

The figures contained within this report are presented in the context of advising on Affordable Housing Viability. They are not formal valuations and under no circumstances should be relied upon as such. Our figures are specifically excluded from the provisions of the RICS Valuation - Professional Standards (Red

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Book) as revised in April 2015. They should not therefore be construed as a formal valuation for accounts, lending or any other purposes. The figures within this analysis are high level and indicative only, and should be viewed as such. All values, costs and figures are provided as at the date of this report unless stated otherwise.

Yours faithfully



Chris Baldwin
For and on behalf of Deloitte LLP

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1 Introduction

1.1 Instructions & Purpose

Deloitte LLP ("Deloitte") has been instructed by Old Oak and Park Royal Development Corporation ('OPDC') in accordance with our terms of engagement dated 21 March 2016 to prepare an Affordable Housing Viability Assessment Report ("AHVA").

The purpose of the report is to provide an evidence base upon which OPDC's Local Plan affordable housing policies can be based.

The report has been prepared in accordance with the Viability Testing of Local Plans Report prepared by Sir John Harman (the Harman Report) which sets out the basis upon which Local Authorities and Development Corporations should look to prepare viability reports for Local Plans.

Further, in preparing the AHVA we can confirm that we have worked with our colleagues who have prepared the Community Infrastructure Levy – Preliminary Draft Charging Schedule (PDCS) Viability Assessment (CIL study) dated April 2016 to ensure that these two documents are consistent in approach and provide a uniform basis upon which local policies can be based. We are aware and have had regard to the addendum report drafted in August 2016 and assumptions have been updated since this date.

This report has been prepared for Old Oak and Park Royal Development Corporation and on the understanding that it will be made publically available on Old Oak and Park Royal Development Corporation's website. All copyright and other proprietary rights in the report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved. No party other than Old Oak and Park Royal Development Corporation is entitled to rely on the report for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document. The information contained within this report is provided to assist Old Oak and Park Royal Development Corporation through providing an evidence base upon which Old Oak and Park Royal Development Corporation's Local Plan affordable housing policies can be based. The report makes use of a range of third party data sources. Whilst every reasonable care has been taken in compiling this report, Deloitte cannot guarantee its accuracy.

1.2 Site Selection

The approach set out within the Harman Report (Part 2, Step 2) allows us to take a similar approach to that taken for the CIL study and we have therefore based our work on a sample of sites across the OPDC area having consideration for both value, density and delivery timing. As such, and in accordance with our client instructions, we have categorised a sample of sites having consideration for both value, density and timing. Based upon the categorisation exercise we have arrived at a sample of five Sites for the purposes of this exercise.

1.3 Agreed Assumptions

For the purposes of this exercise we have adopted a number of Assumptions in regard to the subject Sites. Whilst a number of assumptions are variable we have been instructed to adopt the following fixed inputs:

- for each Site test the provision of either 50% or 35% affordable housing by habitable room;
- for each Site test affordable housing based on a range of London Shared Ownership percentages;
- the minimum unit sizes to be based upon GLA Design Standards; and,
- there will be no grant associated with the delivery of the affordable housing units.

Variations to the above base assumptions, or any of the assumptions set out within this document, either individually or collectively may have a material effect on the viability of a given Site.

1.4 Assessment Date

The date of this report is 26 May 2017.

2 Viability Methodology

2.1 Methodology

In line with the Harman Report, Deloitte has adopted an area-based approach to viability, involving assessing viability on five areas located across the OPDC area.

2.2 Site Typologies

In accordance with OPDC's instructions we have assessed a range of sites. These reflect a range of 'site typologies' within the OPDC area. This series of 'site typologies', as set out in the guidance from the Harman Review and in consultation with OPDC, help reflect the pipeline sites in the area. Given our knowledge of the area, we have assumed all existing sites are "Brownfield" or "Previously Developed Land".

The table below sets out the site typologies assessed and the estimated quantum of residential net sales area based upon research undertaken by OPDC:

Site	Site Typology Description	Proposed Area	Estimated Net Sales Area
Site A1	A higher density site to the north of the OPDC area.	1 hectare	39,600 sq m
Site A2	An average density site to the north of the OPDC area.	1 hectare	29,160 sq m
Site B	An average density site in a lower value area to the south of the OPDC area.	1 hectare	29,160 sq m
Site C	A mid-low density site to the east of the OPDC area.	1 hectare	21,600 sq m
Site D	A highest density site to be brought forward in the 10 years between 2026 and 2036.	1 hectare	43,200 sq m

Deloitte has adopted the Residual Land Value approach as the basis for the viability testing model. We have utilised Argus software, which is industry standard appraisal software. The appraisals set out an assessment of projected revenues (Gross Development Value) and deduct from this the development costs (including profit and finance) associated with a development opportunity. Fundamental to this approach is the ability of the development to provide the developer with a competitive return and also be sufficiently viable to incentivise a landowner to sell their land. These variables are referred to as the "Developer's Return" and the "Threshold Land Value".

The box shown below demonstrates the 'development appraisal' calculation that is followed. The output of the development appraisal is the Residual Land Value.

Gross Development Value (GDV)
LESS
Construction Costs
(Including external works, contingency, professional fees)
LESS
Marketing costs (legal and agency fees)
LESS
Developer's Profit and finance costs
EQUALS
Residual Land Value (RLV)

The Residual Land Value must be compared against the "Threshold Land Value" to determine whether there is sufficient surplus to provide for affordable housing.

In assessing a Threshold Land Value, it is important to avoid assuming that land will come forward at the margins of viability. To guard against this, it is important to include an appropriate 'landowner premium' in the testing in order to ensure that the sites upon which the Local Plan relies in the first five years will, on the balance of probability, come forward as required.

Further detail on the guidance for viability testing is set out within Appendix 1 and Appendix 4 to this report.

2.3 Development Appraisal

A development appraisal has then been prepared for each Site using an assumed set of assumptions identified in Section 3.

The appraisals test whether the level of affordable housing together with other policies' cumulative impact on viability derives a positive (or negative) Residual Land Value. The Residual Land Value is then compared against a Threshold Land Value which represents the release value to a landowner. Only if the Residual Land Value exceeds the Threshold Land Value is it deemed that a Site is viable enough to deliver both sufficient return (profit) to a developer in undertaking the scheme and sufficient value to a landowner to release the land for development whilst taking into account policy requirements. The margin by which the Residual Land Value exceeds the Threshold Land Value is referred to as the 'Viability Cushion', adopting the language of the Harman Review.

The size of the viability cushion is important to consider. If it is small, then a scheme would be marginal in viability terms; it could mean that a small change in either a value variable, or a previously estimated or unknown development cost, could render what appeared to be a viable scheme to be unviable. The viability cushion therefore needs to be sufficient to give the developer confidence to proceed, such that even if once actually started and an appraisal of a scheme changed, the scheme remains viable. There are a number of variables within an appraisal, and therefore a small change in some key inputs can have a disproportionately large effect on the Residual Land Value.

3 Core Development Assumptions

In producing the AHVA it has been necessary to make a number of core assumptions in relation to each Site as set out below. Site specific assumptions which differ from the above standard assumptions are noted separately within the individual site assessment sections to this report.

3.1 Basis of Site Disposal & Land Assembly

Heading	Assumption
Basis of Site Disposal	For the purposes of this exercise we have assumed a freehold or long leasehold disposal of the entire Site. For all options tested we will assume a traditional development approach whereby a developer undertakes the development in return for a set profit margin with the landowner receiving the residual site value, in accordance with the RICS professional guidance – *Valuation of Development Land* - Valuation Information Paper 12.
Vacant Possession	Our advice is provided on the basis that each Site is sold with vacant possession. No allowance for land assembly costs or compensation payments to existing landholders / leaseholders has been assumed.
Timing	We have assumed that there will be no delays or costs associated with land assembly. Should it later transpire that delays or costs, other than those accounted for, are attributable to land assembly, then the viability outputs may vary significantly.

3.2 Planning, Dwelling / Tenure Mix & Unit Sizes

Heading	Assumption
Planning Permission	We have assumed that an appropriate planning permission will be secured for each Site within a 12 month period.
Tenure Split	In accordance with our instructions, our advice has regard to two tenure types: ▪ London Affordable Rent (LAR) – goes beyond the traditional rules required for Affordable Rent homes, nationally. This is due to rents in London being unaffordable for many households even at 80% of market rents. Benchmarks have been set and they reflect *the formula rent cap figures for social rents uprated by CPI for September 2016 plus one per cent*[1]. Also outlined within

[1] Homes For Londoners – Affordable Homes Programme 2016-21 Funding Guidance – November 2016

Heading	Assumption

the *Homes For Londoners* (November 2016) is confirmation that the benchmarks will be uprated each April by the increase in CPI (for the previous September) plus one per cent and updated benchmarks will be published by the GLA on an annual basis; and,

- London Shared Ownership (LSO) – allows for a home buyer to purchase a share in a new home, whilst paying a regulated rent on the unsold share. It outlines that household incomes should support an initial purchase of between 25%-75% of the property value, and a mortgage deposit of approximately 10% of the share to be purchased. Initial rents on the unsold equity of LSO properties can be no more than 2.75%. We have based the affordability of LSO accommodation at earnings thresholds which are either below or capped at the maximum household earnings amount of £90,000 in line with guidance noted in the 2016 Annual Monitoring Report associated with the London Plan.

Our advice tests the tenure split as set out below:

50% Affordable Housing Scenarios

Tenure	Scenario 1	Scenario 2	Scenario 3
London Affordable Rent	70%	43%	30%
London Shared Ownership	30%	57%	70%

Source: OPDC

35% Affordable Housing Scenarios

Tenure	Scenario 4	Scenario 5	Scenario 6
London Affordable Rent	70%	43%	30%
London Shared Ownership	30%	57%	70%

Source: OPDC

Dwelling Mix

Based upon information received from OPDC, dwelling mixes have been assessed linked to either the Strategic Housing Market Assessment (SHMA) or a market focused dwelling mix based on the data as set out below:

SHMA Dwelling Mix

Tenure	1b2p	2b3p	2b4p	3b5p	4 bed+
London Affordable Rent	23%	14%	14%	34%	15%
London Shared Ownership	19%	20%	15%	33%	13%
Private	13%	12%	11%	53%	11%

Source: OPDC

Heading	Assumption
	Market Focused Dwelling Mix **Tenure** | **1b2p** | **2b3p** | **2b4p** | **3b5p** | **4 bed+** London Affordable Rent | 25% | 19% | 17% | 28% | 11% London Shared Ownership | 43% | 26% | 22% | 8% | 1% Private | 37% | 23% | 20% | 14% | 6% *Source: OPDC* For the purposes of this assessment the SHMA dwelling mix is adopted on the London Affordable Rent units and the market focused dwelling mix for London Shared Ownership and private accommodation. All units (private and affordable) are assumed to be flats with a 10% allowance for wheelchair accessible units across all unit types included in our assessment.
Unit Sizes	For the purposes of this exercise we have adopted the following minimum space standards (as set out within the *London Housing Design Guide* published by the Greater London Authority (GLA)) for both private and affordable accommodation: ▪ 1b2p 50 sq m ▪ 2b3p 61 sq m ▪ 2b4p 70 sq m ▪ 3b5p 86 sq m ▪ 4b6p 99 sq m
Unit Sizes	In regard to the wheelchair accessible units (WC), whilst there is no specific guidance in the London Design Guide regarding space standards for WC units we have cross referenced development schemes within London, which provide such units, hence a 10 sq m average size uplift: ▪ 1b2p (WC) 60 sq m ▪ 2b3p (WC) 71 sq m ▪ 3b5p (WC) 96 sq m ▪ 4b6p (WC) 109 sq m
Car Parking	Car parking is assumed at 0.2 spaces per unit, as per Policy T7 outlined within OPDC's Draft Local Plan.

3.3 Costs / Building Works

<table>
<tr><th>Heading</th><th>Assumption</th></tr>
<tr><td>Demolition / Clearance</td><td>We have relied on assumptions set out in Deloitte's CIL Study to inform site specific cost allowances such as demolition / clearance. As such, for the purposes of this assessment, based on a hypothetical site area of 1 hectare, we have adopted a total cost of £900,000 for demolition, based on a hypothetical industrial use at £75psm (£7psf).</td></tr>
<tr><td>Remediation / Decontamination</td><td>We have relied on assumptions set out in Deloitte's CIL Study to inform site-specific abnormal cost allowances such as remediation. As such, for the purposes of this assessment, based on a hypothetical site area of 1 hectare, we have adopted a total cost of £380,000 for remediation and decontamination.</td></tr>
<tr><td>Abnormal Costs</td><td>Unless otherwise stated, we have assumed that there are no other costs of an abnormal nature.</td></tr>
<tr><td>Residential Build Costs</td><td>We have adopted construction cost data as prepared by WT Partnership:
<table>
<tr><th>Density</th><th>Private</th><th>Affordable</th></tr>
<tr><td>300 dph</td><td>£2,691 sq m
(£250 sq ft)</td><td>£2,476 sq m
(£230 sq ft)</td></tr>
<tr><td>405 dph</td><td>£3,014 sq m
(£280 sq ft)</td><td>£2,799 sq m
(£260 sq ft)</td></tr>
<tr><td>600 dph</td><td>£3,229 sq m
(£300 sq ft)</td><td>£3,014 sq m
(£280 sq ft)</td></tr>
</table>
Source: WT Partnership</td></tr>
<tr><td>Car Parking</td><td>We have adopted a build cost rate of £20,000 per space for the car parking element of the scheme.</td></tr>
<tr><td>Inflation</td><td>Our assessment has been undertaken on a current cost / current value basis. No allowance for build cost inflation is included.

In accordance with RICS guidance, we are unable to give formal opinions or projections of costs/values at any future date.</td></tr>
<tr><td>External Works</td><td>We have adopted external works percentages as prepared by OPDC's Cost Consultants "WT Partnership (WT)":
<table>
<tr><th>Density</th><th>External Works %</th></tr>
<tr><td>300 dph</td><td>7.5%</td></tr>
<tr><td>405 dph</td><td>6%</td></tr>
<tr><td>600 dph</td><td>5%</td></tr>
</table>
Source: WT Partnership</td></tr>
</table>

Heading	Assumption
Services	Allowance for services and service connection works is assumed within the global *External Works* amount.
Highways	Allowance for highway works is assumed within the global *External Works* amount, as guided by WT.
Timing	We have assumed a planning / pre-construction period of twelve-months for all building densities followed by variable construction periods depending upon density: ▪ 30 months for the mid-low / average density scenarios; ▪ 36 months for the higher density scenarios; and, ▪ 42 months for the highest density scenarios.

3.4 Value Inputs

Heading	Assumption
Private Residential	The value of the private residential accommodation is market led, based upon the individual type of unit, size and the location. We have sourced new build and resale evidence to inform our opinion of value of unit type at each location. The evidence found helps build a value tone in each of the locations. The table below sets out the average sales rates for each location: **Site** / **£ Sq M** / **£ Sq Ft** Site A1 / £8,611 / £800 Site A2 / £8,342 / £775 Site B / £7,804 / £725 Site C / £8,073 / £750 Site D / £8,611 / £800 Whilst our assessment has been undertaken on the basis of current cost and current values, we have assumed that the future infrastructure associated with the OPDC area has been provided and reflected this within the adopted sales values.
London Affordable Rent	London Affordable Rent accommodation is based upon Target Rents. Our assessment takes account of the changes to rent decreases introduced through the Summer 2015 Budget.

Heading	Assumption
	We have assumed that there will be no grant associated with the delivery of the London Affordable Rent accommodation.
London Shared Ownership	We have based the affordability of the London Shared Ownership accommodation at earnings thresholds which are either below or capped at the maximum household earnings amount of £90,000 in line with guidance noted in the 2016 Annual Monitoring Report associated with the London Plan. To ensure affordability criteria are met we have targeted a maximum expenditure of 40% of net household earnings to be spent on mortgage, rent on retained equity and service charges (as set down within the Home & Communities Agency (HCA) shared ownership calculator) and a maximum rent on retained equity of 2.75%. We have assumed that there will be no grant associated with the delivery of the London Shared Ownership accommodation.
Service Charge	For the private accommodation we have assumed the purchaser will be liable for all service charge payments. We have added a £30 per unit per week (£1,560 per unit per annum) service charge to the affordable accommodation. This service charge reflects the base facilities only and does not take into account a concierge service, gym or other 'add-ons' that may be available within private residential blocks.
Car Parking	We have assumed secure car parking will be sold separately from the individual flats at a rate of £20,000 per space.
Ground Rent	On the basis of long leasehold disposals of the private accommodation, we have included ground rents based upon £200, £250, £300 and £350 per annum for 1 bed, 2 bed, 3 bed and 4 bed units respectively.

3.5 Fees, Additional Costs, Finance & Profit

Heading	Assumption
Community Infrastructure Levy (CIL)	In accordance with the CIL study we have adopted the CIL rate published in the PDCS of £175 per square metre and prevailing Mayoral CIL rates. We understand that this is subject to further consultation. For the purposes of this assessment we have assumed that CIL is charged on the gross private residential areas only and that no deductions related to the existing uses on a given Site are taken into account.
Contingency	A 5% contingency on Build Costs has been assumed.

Heading	Assumption
Section 106	Save as for the provision of on-site affordable housing we have made no further allowance for Section 106 contributions.
Professional Fees	We have adopted professional fees at 10% on build costs which typically includes architects/ planners, quantity surveyors, structural engineers, M&E surveyor, and project manager costs. This is within a market accepted range for professional fees.
Marketing Costs	We have adopted marketing costs at 2% for the private accommodation and 1% for the shared ownership accommodation.
Sales Agents Fees	We have adopted sales agent fees at 1% on the private residential and shared ownership accommodation.
Sales Legal Fees	We have adopted sales legal fees at 0.5% on all residential units.
Finance	The appraisals are assumed to be 100% debt funded at an interest rate of 6.5%, to reflect the risk margin involved and the availability of funding within the current market.
Profit	We have adopted a developer's profit of 20% on Gross Development Value (GDV) for private residential accommodation and 6% on GDV for affordable residential accommodation. These rates consider the likely risk and associated returns a developer would require for developing out the proposals for each site. These rates are in line with prevailing market expectations for normal development sites. Clearly, there may be scenarios such as developing high rise towers that may warrant additional profit to reflect additional risk / the greater time required until value is realised, or on the contrary where lower density / easily phased schemes reduce risk, hence reflecting lower profit levels.
Purchasers Costs, Stamp Duty, Legal and Agents Fees	We have adopted prevailing rates for purchaser's costs, stamp duty, legal and agents fees.

3.6 Tenure & Title

Heading	Assumption
Report on Title, Covenants & Restrictions	We have not carried out any investigation of title(s), nor have we seen a report on title, but we have based our valuation on the assumption that the Sites have good title, free from onerous covenants and other encumbrances.
Completed Residential Accommodation	Upon completion of the private residential units it is assumed that flats will be held on standard 125 year leases that are not subject to onerous or excessive service charges or ground rents. In regard to any affordable accommodation, it is assumed that standard, non-onerous, sales or tenancy agreements will be put in place.

3.7 Threshold Land Value

Heading	Assumption
Threshold Land Value	This study adopts a Residual Land Value approach to be compared against a premium above Existing Use Value as a viability benchmark. This is in accordance with the majority of viability assessments undertaken to date. We have based the Threshold Land Value upon an Existing Use Value ("EUV") for each Site plus a 20% premium over the EUV figure as set out in the table below:

Site	Threshold Land Value – Per Hectare
Site A1	£8,300,000
Site A2	£8,300,000
Site B	£11,600,000
Site C	£8,900,000
Site D	£5,200,000

Further detail / guidance on the approach to the Threshold Land Value is set out in the Appendix 4 to this report.

4 Site A1 – North – "Higher Density"

4.1 Site Overview / Development Capacity

Site A1 is a hypothetical Site located to the north of the OPDC area with the potential for residential led development with a net sales area ("NSA") in the order of 39,600 sq m. This is noted as being a "Higher Density" location within the OPDC site boundary and has been assessed at a £8,611 per sq m (£800 per sq ft) average sales rate.

4.2 Development Scenarios

Based upon the information set out in Section 3, Core Development Assumptions, with particular regard to the expected residential unit sizes, mix and tenures, we have developed hypothetical development scenarios for the Site based upon either a 50% or 35% affordable housing provision by habitable room with variable tenures and unit splits as summarised below:

Scenario	Total Units	Private Market	London Affordable Rent	London Shared Ownership
1	584	303	195	86
2	598	304	127	167
3	605	302	91	212
4	590	395	135	60
5	600	394	88	118
6	608	395	64	149

4.3 Assessment Outputs

The table below sets out our opinion of the viability of this Site based upon the development options set out above and the comments and general assumptions set out in this report.

Scenario	Affordable Housing Percentage	Tenure Split	Residual Land Value	Threshold Land Value	Viable
1	50%	70% LAR – 30% LSO	-£22,675,000	£8,300,000	No
2	50%	43% LAR – 57% LSO	-£2,900,000	£8,300,000	No
3	50%	30% LAR – 70% LSO	£7,600,000	£8,300,000	No
4	35%	70% LAR – 30% LSO	-£5,175,000	£8,300,000	No
5	35%	43% LAR – 57% LSO	£8,600,000	£8,300,000	Marginal
6	35%	30% LAR – 70% LSO	£15,975,000	£8,300,000	Yes

5 Site A2 – North – "Average Density"

5.1 Site Overview / Development Capacity

Site A2 is a hypothetical Site located to the north of the OPDC area with the potential for residential led development with a net sales area in the order of 29,160 sq m. This is noted as being an "Average Density" location within the OPDC site boundary and has been assessed at a £8,342 per sq m (£775 per sq ft) average sales rate.

5.2 Development Scenarios

Based upon the information set out in Section 3, Core Development Assumptions, with particular regard to the expected residential unit sizes, mix and tenures, we have developed hypothetical development scenarios for the Site based upon either a 50% or 35% affordable housing provision by habitable room with variable tenures and unit splits as summarised below:

Scenario	Total Units	Private Market	London Affordable Rent	London Shared Ownership
1	428	223	144	61
2	439	222	93	124
3	445	221	67	157
4	435	291	101	43
5	442	290	66	86
6	445	289	46	110

5.3 Assessment Outputs

The table below sets out our opinion of the Residual Land Value of this Site based upon the development options set out above and the comments and general assumptions set out in this report in addition to consideration of viability when set against the Threshold Land Value specific to this Site.

Scenario	Affordable Housing Percentage	Tenure Split	Residual Land Value	Threshold Land Value	Viable
1	50%	70% LAR – 30% LSO	-£12,925,000	£8,300,000	No
2	50%	43% LAR – 57% LSO	£1,475,000	£8,300,000	No
3	50%	30% LAR – 70% LSO	£9,025,000	£8,300,000	Yes
4	35%	70% LAR – 30% LSO	-£775,000	£8,300,000	No
5	35%	43% LAR – 57% LSO	£9,100,000	£8,300,000	Yes
6	35%	30% LAR – 70% LSO	£14,575,000	£8,300,000	Yes

6 Site B – South – "Average Density"

6.1 Site Overview / Development Capacity

Site B is a hypothetical Site located to the south of the OPDC area with the potential for residential led development with a net sales area in the order of 29,160 sq m. This is noted as being an "Average Density" location within the OPDC site boundary and has been assessed at a £7,804 per sq m (£725 per sq ft) average sales rate.

6.2 Development Scenarios

Based upon the information set out in Section 3, Core Development Assumptions, with particular regard to the expected residential unit sizes, mix and tenures, we have developed hypothetical development scenarios for the Site based upon either a 50% or 35% affordable housing provision by habitable room with variable tenures and unit splits as summarised below:

Scenario	Total Units	Private Market	London Affordable Rent	London Shared Ownership
1	428	223	144	61
2	439	222	93	124
3	445	221	67	157
4	435	291	101	43
5	442	290	66	86
6	445	289	46	110

6.3 Assessment Outputs

The table below sets out our opinion of the Residual Land Value of this Site based upon the development options set out above and the comments and general assumptions set out in this report in addition to consideration of viability when set against the Threshold Land Value specific to this Site.

Scenario	Affordable Housing Percentage	Tenure Split	Residual Land Value	Threshold Land Value	Viable
1	50%	70% LAR – 30% LSO	-£18,975,000	£11,600,000	No
2	50%	43% LAR – 57% LSO	-£5,725,000	£11,600,000	No
3	50%	30% LAR – 70% LSO	£1,225,000	£11,600,000	No
4	35%	70% LAR – 30% LSO	-£7,775,000	£11,600,000	No
5	35%	43% LAR – 57% LSO	£1,350,000	£11,600,000	No
6	35%	30% LAR – 70% LSO	£6,400,000	£11,600,000	No

7 Site C – East – "Mid/Low Density"

7.1 Site Overview / Development Capacity

Site C is a hypothetical Site located to the south of the OPDC area with the potential for residential led development with a net sales area in the order of 21,600 sq m. This is noted as being a "Mid/Low Density" location within the OPDC site boundary and has been assessed at a £8,073 per sq m (£750 per sq ft) average sales rate.

7.2 Development Scenarios

Based upon the information set out in Section 3, Core Development Assumptions, with particular regard to the expected residential unit sizes, mix and tenures, we have developed hypothetical development scenarios for the Site based upon either a 50% or 35% affordable housing provision by habitable room with variable tenures and unit splits as summarised below:

Scenario	Total Units	Private Market	London Affordable Rent	London Shared Ownership
1	318	165	108	45
2	326	165	68	93
3	331	165	50	116
4	323	216	75	32
5	327	215	48	64
6	330	214	35	81

7.3 Assessment Outputs

The table below sets out our opinion of the Residual Land Value of this Site based upon the development options set out above and the comments and general assumptions set out in this report in addition to consideration of viability when set against the Threshold Land Value specific to this Site.

Scenario	Affordable Housing Percentage	Tenure Split	Residual Land Value	Threshold Land Value	Viable
1	50%	70% LAR – 30% LSO	-£3,950,000	£8,900,000	No
2	50%	43% LAR – 57% LSO	£6,925,000	£8,900,000	No
3	50%	30% LAR – 70% LSO	£11,850,000	£8,900,000	Yes
4	35%	70% LAR – 30% LSO	£4,775,000	£8,900,000	No
5	35%	43% LAR – 57% LSO	£11,850,000	£8,900,000	Yes
6	35%	30% LAR – 70% LSO	£15,475,000	£8,900,000	Yes

8 Site D – Central – "Highest Density"

8.1 Site Overview / Development Capacity

Site D is a hypothetical Site which is centrally located within the OPDC area with the potential for residential led development with a net sales area in the order of 43,200 sq m. This is noted as being in the "Highest Density" location within the OPDC site boundary and has been assessed at a £8,611 per sq m (£800 per sq ft) average sales rate.

8.2 Development Scenarios

Based upon the information set out in Section 3, Core Development Assumptions, with particular regard to the expected residential unit sizes, mix and tenures, we have developed hypothetical development scenarios for the Site based upon either a 50% or 35% affordable housing provision by habitable room with variable tenures and unit splits as summarised below:

Scenario	Total Units	Private Market	London Affordable Rent	London Shared Ownership
1	635	331	213	91
2	650	330	137	183
3	660	328	99	233
4	642	431	147	64
5	656	430	97	129
6	660	428	70	162

8.3 Assessment Outputs

The table below sets out our opinion of the Residual Land Value of this Site based upon the development options set out above and the comments and general assumptions set out in this report in addition to consideration of viability when set against the Threshold Land Value specific to this Site.

Scenario	Affordable Housing Percentage	Tenure Split	Residual Land Value	Threshold Land Value	Viable
1	50%	70% LAR – 30% LSO	-£18,100,000	£5,200,000	No
2	50%	43% LAR – 57% LSO	-£2,900,000	£5,200,000	No
3	50%	30% LAR – 70% LSO	£8,550,000	£5,200,000	Yes
4	35%	70% LAR – 30% LSO	-£5,675,000	£5,200,000	No
5	35%	43% LAR – 57% LSO	£9,525,000	£5,200,000	Yes
6	35%	30% LAR – 70% LSO	£17,400,000	£5,200,000	Yes

9 Viability Assessment Summary

9.1 Assessment Summary

Set out in the table below is a summary of the viability of the scenarios tested for each of the Sites:

Scenario	AH %	AH Tenure Split	Site A1	Site A2	Site B	Site C	Site D
1	50%	70% LAR : 30% LSO	No	No	No	No	No
2	50%	43% LAR : 57% LSO	No	No	No	No	No
3	50%	30% LAR : 70% LSO	No	Yes	No	Yes	Yes
4	35%	70% LAR : 30% LSO	No	No	No	No	No
5	35%	43% LAR : 57% LSO	Marginal	Yes	No	Yes	Yes
6	35%	30% LAR : 70% LSO	Yes	Yes	No	Yes	Yes

9.2 Conclusion

Through undertaking this study, it has been clear that there are a number of issues that impact upon viability, the key drivers are listed below:

- the affordable housing tenure splits adopted;
- sales values;
- developable density; and,
- threshold land values.

In summary, we would expect to see a minimum of 35% affordable housing delivered when 30% is delivered as LAR on sites where the TLV and sales values are comparable to the notional sites tested. On sites that can drive higher sales values relative to lower threshold land values the appraisals indicate that there is capacity to provide an affordable housing provision in excess of 35% (and up to 50%).

Delivery of up to 50% is linked directly to a tenure mix weighting towards 30% LAR : 70% LSO in addition to Sites where higher GDV's are expected relative to non-excessive TLV's. Conversely, our conclusions note that on Site B for example, the ability to secure affordable housing at 35% is being restricted due to lower GDV levels and a high TLV.

In regard to the tenure split, the minimum requirement for LAR is 30%, with the ability to increase the level of LAR up to 70%. Our analysis indicates that where 35% affordable housing is being delivered, on Sites A2, C and D there is potential to increase the level of LAR from 30% to at least 43%. Increasing the level of affordable housing being delivered towards 50% restricts the ability to increase above the 30% LAR position.

10 Unit Size - Mix Testing

10.1 Variations

In addition to the base analysis as set out within preceding sections to this report we have also considered the impact on Site A2 of variations to the housing mix based on the SHMA mix, a market focused mix and an adjusted mix that seeks to deliver 25% of units as family accommodation. In regard to family accommodation, this is based upon 3 bed units or larger.

The variations to the housing mixes to be tested against each of the scenarios is set out below:

Variations	Housing Mix
V1	SHMA – London Affordable Rent
	SHMA – London Shared Ownership
	SHMA – Private
V2	SHMA – London Affordable Rent
	Targeting 25% Family – London Shared Ownership
	Targeting 25% Family – Private
V3	SHMA – London Affordable Rent
	Market Focused – London Shared Ownership
	Market Focused – Private
V4	Market Focused – London Affordable Rent
	Market Focused – London Shared Ownership
	Market Focused – Private

V3, as set out above represents the unit mix adopted within the base analysis.

The tables below set out the housing mixes relative to the variations:

SHMA Dwelling Mix

Tenure	1b2p	2b3p	2b4p	3b5p	4 bed+
London Affordable Rent	23%	14%	14%	34%	15%
London Shared Ownership	19%	20%	15%	33%	13%
Private	13%	12%	11%	53%	11%

Source: OPDC

Market Focused Dwelling Mix

Tenure	1b2p	2b3p	2b4p	3b5p	4 bed+
London Affordable Rent	25%	19%	17%	28%	11%
London Shared Ownership	43%	26%	22%	8%	1%
Private	37%	23%	20%	14%	6%

Source: OPDC

Targeting 25% family Units – 50% affordable housing option

Tenure	1b2p	2b3p	2b4p	3b5p	4 bed+
London Affordable Rent	23%	14%	14%	34%	15%
London Shared Ownership	38.75%	19.375%	19.375%	20%	2.5%
Private	38.75%	19.375%	19.375%	20%	2.5%

Source: OPDC

Targeting 25% family Units – 35% affordable housing option

Tenure	1b2p	2b3p	2b4p	3b5p	4 bed+
London Affordable Rent	23%	14%	14%	34%	15%
London Shared Ownership	39.2%	19.6%	19.6%	19.2%	2.4%
Private	39.2%	19.6%	19.6%	19.2%	2.4%

Source: OPDC

10.2 Assessment Summary

The variation to the Residual Land Value through the adoption of the above unit mix, assuming the affordable housing tenure split of 30% LAR:70% LSO as adopted in Scenario's 3 and 6 are set out below:

S	V	Housing Mix	Adjusted Residual Land Value	Threshold Land Value	Viable Yes/No
3	1	SHMA – LAR SHMA – LSO SHMA – Private	£4,400,000	£8,300,000	No
3	2	SHMA – LAR Targeting 25% Family – LSO Targeting 25% Family – Private	£8,075,000	£8,300,000	No
3	3	SHMA – LAR Market Focused – LSO Market Focused – Private	£8,825,000	£8,300,000	Yes
3	4	Market Focused –LAR Market Focused – LSO Market Focused – Private	£9,550,000	£8,300,000	Yes
6	1	SHMA – LAR SHMA – LSO SHMA – Private	£9,925,000	£8,300,000	Yes
6	2	SHMA – LAR Targeting 25% Family – LSO Targeting 25% Family – Private	£13,725,000	£8,300,000	Yes
6	3	SHMA – LAR Market Focused – LSO Market Focused – Private	£14,625,000	£8,300,000	Yes
6	4	Market Focused –LAR Market Focused – LSO Market Focused – Private	£14,350,000	£8,300,000	Yes

Drawing conclusions from the above, of the four bed size mixes tested, the most viable is the market delivery of unit sizes across all tenures which generally results in smaller units. The least viable is the delivery of all units at the size requirements set out in the SHMA which generally means larger units. A greater emphasis on one and two bed units increases the overall viability of development as these units usually have a higher value per square metre and maximises the overall number of affordable housing units delivered. In regard to the delivery of 25% family housing our analysis notes that this is achievable at 35% affordable housing. However, at 50% affordable housing, it is marginally unviable on this particular notional site.

Appendices

Appendix 1 – Guidance for Testing Viability

Appendix 2 – Argus Appraisals

Appendix 3 – Threshold Land Value

Appendix 4 – Definitions, Sources and Verification of Information

Appendix 1 – Guidance for Testing Viability

National Planning Policy Framework (NPPF)

The NPPF has explicitly set out a number of key principles which it requires local authorities to consider in the preparation of its plans. Central to the requirements are that plans are required to be deliverable with policy considerations assessed in their entirety and balanced against the sustainable development needs of the plan.

"Local Plans should be aspirational but realistic. They should address the spatial implications of economic, social and environmental change. Local Plans should set out the opportunities for development and clear policies on what will or will not be permitted and where. Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan." National Planning Policy Framework, para 154

Viability Testing Local Plans 'Harman Review'

The guidance for preparation of a Local Plan is set out in the National Planning Policy Framework, and 'Viability Testing Local Plans – Advice for planning practitioners', issued in June 2012 by the Local Housing Delivery Group chaired by Sir John Harman, known as the 'Harman Review'.

The overriding purpose of the Deloitte viability study is to support OPDC's affordable housing policy so that the requirements of the NPPF are met. Importantly, the proposed affordable housing policy, when considered alongside other policy requirements for development, as set out within the plan, should not threaten the ability of the sites and scale of that development to be viably developed.

The Harman Review identifies the role and purpose of viability assessments within plan-making which is set out below:-

"An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.

The most important function of an assessment is to bring together and consider the cumulative impact of policies. This means taking account of the range of local requirements such as design standards, community infrastructure and services, affordable housing, local transport policies and sustainability measures, as well as the cost impact of national policy and regulatory requirements. The test should include both existing policies that the planning authority intends to retain and the new policy requirements that it is seeking to introduce.

While many of these policy requirements may not be straightforward to cost, it is still important that attempts are made to consider the impact of all policies that may result in a development cost or benefit. The role of the test is not to give a precise answer as to the viability of every development likely

to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage.

Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan".

This viability study will make overall judgements as to viability of development in the OPDC jurisdiction. This, together with subsequent studies should not be relied upon for individual site applications.

Appendix 2 – Argus Appraisals

Site A1 – North – "Higher Density"

Deloitte LLP

Development Appraisal

Site A1

Scenario 1 - Variation 2

Site A1
Scenario 1 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	19,779.99	8,612.90	170,363,076	170,363,076
Car Parking	1	0.00	0.00	2,336,000	2,336,000
Ground Rent	1	0.00	0.00	1,481,000	1,481,000
Social Rent	1	14,527.99	1,558.92	22,647,974	22,647,974
Shared Ownership	1	5,295.00	5,877.25	31,120,039	31,120,039
Totals	**5**	**39,602.98**			**227,948,089**

NET REALISATION	**227,948,089**
OUTLAY	
ACQUISITION COSTS	
Residualised Price	17,277,792
Residualised Price (Negative land)	(39,965,274)
Stamp Duty 4.00%	691,112
Agent Fee 1.00%	172,778
Legal Fee 0.80%	138,222
Town Planning	80,459
Survey	100,000
	(21,504,912)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,336,000	2,336,000	
	m²	**Rate m²**	**Cost**	
Private	24,725.03 m²	3,229.16 pm²	79,841,078	
Social Rent	18,159.97 m²	3,013.88 pm²	54,731,970	
Shared Ownership	6,618.78 m²	3,013.85 pm²	19,948,010	
Totals	**49,503.78 m²**		**154,521,058**	**156,857,058**
Contingency 5.00%			7,842,853	
Externals / Landscaping / Services 5.00%			7,842,853	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,326,875	
Mayoral CIL			1,236,250	
				22,528,831
PROFESSIONAL FEES				
Professional Fees 10.00%			15,685,706	
				15,685,706
MARKETING & LETTING				
Marketing - Private 2.00%			3,483,602	
Marketing - Affordable 1.00%			311,200	
				3,794,802
DISPOSAL FEES				
Sales Agent Fee 1.00%			2,053,001	
Sales Legal Fee 0.50%			1,139,740	
				3,192,742
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				2,185,406
TOTAL COSTS				**182,739,633**
PROFIT				
				45,208,456

Performance Measures

Profit on Cost%	24.74%
Profit on GDV%	19.83%
Profit on NDV%	19.83%

Deloitte LLP

Development Appraisal

Site A1

Scenario 2 - Variation 2

Site A1
Scenario 2 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	19,841.02	8,613.47	170,900,031	170,900,031
Car Parking	1	0.00	0.00	2,392,000	2,392,000
Ground Rent	1	0.00	0.00	1,486,000	1,486,000
Social Rent	1	9,498.96	1,555.64	14,776,962	14,776,962
Shared Ownership	1	10,252.97	5,889.03	60,380,048	60,380,048
Totals	**5**	**39,592.95**			**249,935,041**

NET REALISATION		**249,935,041**

OUTLAY

ACQUISITION COSTS

Residualised Price		17,324,513	
Residualised Price (Negative land)		(20,231,375)	
Stamp Duty	4.00%	692,981	
Agent Fee	1.00%	173,245	
Legal Fee	0.80%	138,596	
Town Planning		82,069	
Survey		100,000	
			(1,719,971)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,392,000	2,392,000	
	m²	**Rate m²**	**Cost**	
Private	24,801.32 m²	3,229.18 pm²	80,087,927	
Social Rent	11,873.69 m²	3,013.89 pm²	35,785,996	
Shared Ownership	12,816.28 m²	3,013.90 pm²	38,626,986	
Totals	**49,491.29 m²**		**154,500,908**	**156,892,908**
Contingency		5.00%	7,844,645	
Externals / Landscaping / Services		5.00%	7,844,645	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,340,219	
Mayoral CIL			1,240,063	
				22,549,573

PROFESSIONAL FEES

Professional Fees	10.00%	15,689,291	
			15,689,291

MARKETING & LETTING

Marketing - Private	2.00%	3,495,561	
Marketing - Affordable	1.00%	603,800	
			4,099,361

DISPOSAL FEES

Sales Agent Fee	1.00%	2,351,581	
Sales Legal Fee	0.50%	1,249,675	
			3,601,256

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	3,638,698

TOTAL COSTS	**204,751,116**

PROFIT

	45,183,924

Performance Measures

Profit on Cost%	22.07%
Profit on GDV%	18.08%
Profit on NDV%	18.08%

Deloitte LLP

Development Appraisal

Site A1

Scenario 3 - Variation 2

Site A1
Scenario 3 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	19,710.03	8,612.62	169,754,999	169,754,999
Car Parking	1	0.00	0.00	2,420,000	2,420,000
Ground Rent	1	0.00	0.00	1,476,000	1,476,000
Social Rent	1	6,803.01	1,555.93	10,585,007	10,585,007
Shared Ownership	1	13,019.95	5,888.65	76,669,929	76,669,929
Totals	**5**	**39,532.99**			**260,905,934**

NET REALISATION		**260,905,934**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	17,177,502	
Residualised Price (Negative land)	(9,566,051)	
Stamp Duty	4.00% 687,100	
Agent Fee	1.00% 171,775	
Legal Fee	0.80% 137,420	
Town Planning	82,874	
Survey	100,000	
		8,790,620

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,420,000	2,420,000	
	m²	**Rate m²**	**Cost**	
Private	24,637.58 m²	3,229.17 pm²	79,558,934	
Social Rent	8,503.75 m²	3,013.85 pm²	25,629,027	
Shared Ownership	16,275.03 m²	3,013.88 pm²	49,050,987	
Totals	**49,416.36 m²**		**154,238,949**	**156,658,949**
Contingency	5.00%	7,832,947		
Externals / Landscaping / Services	5.00%	7,832,947		
Demolition		900,000		
Clearance		380,000		
OPDC CIL		4,311,563		
Mayoral CIL		1,231,875		
				22,489,333
PROFESSIONAL FEES				
Professional Fees	10.00%	15,665,895		
				15,665,895
MARKETING & LETTING				
Marketing - Private	2.00%	3,473,020		
Marketing - Affordable	1.00%	766,699		
				4,239,719
DISPOSAL FEES				
Sales Agent Fee	1.00%	2,503,209		
Sales Legal Fee	0.50%	1,304,530		
				3,807,739
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				5,492,960
TOTAL COSTS				**217,145,214**
PROFIT				
				43,760,720

Performance Measures

Profit on Cost%	20.15%
Profit on GDV%	16.77%
Profit on NDV%	16.77%

Deloitte LLP

Development Appraisal

Site A1

Scenario 4 - Variation 2

Report Date: 26 May 2017

Site A1
Scenario 4 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	25,766.01	8,612.82	221,918,006	221,918,006
Car Parking	1	0.00	0.00	2,360,000	2,360,000
Ground Rent	1	0.00	0.00	1,929,000	1,929,000
Social Rent	1	10,096.98	1,555.02	15,701,006	15,701,006
Shared Ownership	1	3,679.98	5,891.33	21,679,977	21,679,977
Totals	**5**	**39,542.97**			**263,587,989**

NET REALISATION	**263,587,989**

OUTLAY

ACQUISITION COSTS			
Residualised Price		22,601,845	
Residualised Price (Negative land)		(27,765,890)	
Stamp Duty	4.00%	904,074	
Agent Fee	1.00%	226,018	
Legal Fee	0.80%	180,815	
Town Planning		81,149	
Survey		100,000	
			(3,671,989)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,360,000	2,360,000	
	m²	**Rate m²**	**Cost**	
Private	32,207.57 m²	3,229.18 pm²	104,004,041	
Social Rent	12,621.21 m²	3,013.89 pm²	38,038,939	
Shared Ownership	4,600.00 m²	3,013.91 pm²	13,863,986	
Totals	**49,428.78 m²**		**155,906,965**	**158,266,965**
Contingency		5.00%	7,913,348	
Externals / Landscaping / Services		5.00%	7,913,348	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			5,636,313	
Mayoral CIL			1,610,375	
				24,353,385
PROFESSIONAL FEES				
Professional Fees		10.00%	15,826,697	
				15,826,697
MARKETING & LETTING				
Marketing - Private		2.00%	4,524,140	
Marketing - Affordable		1.00%	216,800	
				4,740,940
DISPOSAL FEES				
Sales Agent Fee		1.00%	2,478,870	
Sales Legal Fee		0.50%	1,317,940	
				3,796,810
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				6,328,422
TOTAL COSTS				**209,641,229**
PROFIT				
				53,946,760

Performance Measures

Profit on Cost%	25.73%
Profit on GDV%	20.47%
Profit on NDV%	20.47%

Deloitte LLP

Development Appraisal

Site A1

Scenario 5 - Variation 2

Site A1
Scenario 5 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	25,741.02	8,610.11	221,633,014	221,633,014
Car Parking	1	0.00	0.00	2,400,000	2,400,000
Ground Rent	1	0.00	0.00	1,926,000	1,926,000
Social Rent	1	6,596.02	1,553.06	10,244,015	10,244,015
Shared Ownership	1	7,227.02	5,895.93	42,610,004	42,610,004
Totals	**5**	**39,564.06**			**278,813,033**

NET REALISATION				**278,813,033**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			22,523,390	
Residualised Price (Negative land)			(13,926,051)	
Stamp Duty		4.00%	900,936	
Agent Fee		1.00%	225,234	
Legal Fee		0.80%	180,187	
Town Planning			82,299	
Survey			100,000	
				10,085,994
CONSTRUCTION COSTS				

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,400,000	2,400,000	
	m²	**Rate m²**	**Cost**	
Private	32,176.33 m²	3,229.18 pm²	103,903,161	
Social Rent	8,245.02 m²	3,013.94 pm²	24,849,996	
Shared Ownership	9,033.83 m²	3,013.89 pm²	27,226,970	
Totals	**49,455.18 m²**		**155,980,127**	**158,380,127**

Contingency	5.00%	7,919,006	
Externals / Landscaping / Services	5.00%	7,919,006	
Demolition		900,000	
Clearance		380,000	
OPDC CIL		5,630,844	
Mayoral CIL		1,608,813	
			24,357,670
PROFESSIONAL FEES			
Professional Fees	10.00%	15,838,013	
			15,838,013
MARKETING & LETTING			
Marketing - Private	2.00%	4,519,180	
Marketing - Affordable	1.00%	426,100	
			4,945,280
DISPOSAL FEES			
Sales Agent Fee	1.00%	2,685,690	
Sales Legal Fee	0.50%	1,394,065	
			4,079,755
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			8,693,575
TOTAL COSTS			**226,380,414**
PROFIT			
			52,432,619

Performance Measures

Profit on Cost%	23.16%
Profit on GDV%	18.81%
Profit on NDV%	18.81%

Deloitte LLP

Development Appraisal

Site A1

Scenario 6 - Variation 2

Site A1
Scenario 6 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	25,739.99	8,616.28	221,782,961	221,782,961
Car Parking	1	0.00	0.00	2,432,000	2,432,000
Ground Rent	1	0.00	0.00	1,928,000	1,928,000
Social Rent	1	4,775.96	1,557.80	7,439,990	7,439,990
Shared Ownership	1	9,133.02	5,898.38	53,870,023	53,870,023
Totals	**5**	**39,648.97**			**287,452,974**

NET REALISATION	**287,452,974**

OUTLAY

ACQUISITION COSTS

Residualised Price		22,604,584	
Residualised Price (Negative land)		(6,632,542)	
Stamp Duty	4.00%	904,183	
Agent Fee	1.00%	226,046	
Legal Fee	0.80%	180,837	
Town Planning		83,219	
Survey		100,000	
			17,466,327

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,432,000	2,432,000	
	m²	**Rate m²**	**Cost**	
Private	32,175.05 m²	3,229.18 pm²	103,899,028	
Social Rent	5,969.94 m²	3,013.93 pm²	17,992,981	
Shared Ownership	11,416.34 m²	3,013.84 pm²	34,407,022	
Totals	**49,561.33 m²**		**156,299,031**	**158,731,031**
Contingency		5.00%	7,936,552	
Externals / Landscaping / Services		5.00%	7,936,552	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			5,630,625	
Mayoral CIL			1,608,750	
				24,392,478

PROFESSIONAL FEES

Professional Fees	10.00%	15,873,103	
			15,873,103

MARKETING & LETTING

Marketing - Private	2.00%	4,522,859	
Marketing - Affordable	1.00%	538,700	
			5,061,559

DISPOSAL FEES

Sales Agent Fee	1.00%	2,800,130	
Sales Legal Fee	0.50%	1,437,265	
			4,237,395

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	10,136,682

TOTAL COSTS	**235,898,576**

PROFIT

	51,554,398

Performance Measures

Profit on Cost%	21.85%
Profit on GDV%	17.93%
Profit on NDV%	17.93%

Site A2 – North – "Average Density"

Deloitte LLP

Development Appraisal

Site A2

Scenario 1 - Variation 2

Site A2
Scenario 1 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,575.00	8,339.28	121,545,006	121,545,006
Car Parking	1	0.00	0.00	1,712,000	1,712,000
Ground Rent	1	0.00	0.00	1,091,000	1,091,000
Social Rent	1	10,770.99	1,543.03	16,619,961	16,619,961
Shared Ownership	1	3,729.96	5,734.64	21,389,978	21,389,978
Totals	**5**	**29,075.95**			**162,357,945**

NET REALISATION		**162,357,945**

OUTLAY

ACQUISITION COSTS

Residualised Price		13,346,160	
Residualised Price (Negative land)		(26,270,531)	
Stamp Duty	4.00%	533,846	
Agent Fee	1.00%	133,462	
Legal Fee	0.80%	106,769	
Town Planning		62,519	
Survey		100,000	
			(11,987,774)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,712,000	1,712,000	
	m²	**Rate m²**	**Cost**	
Private	18,218.78 m²	3,013.87 pm²	54,909,034	
Social Rent	13,463.72 m²	2,798.63 pm²	37,679,971	
Shared Ownership	4,662.48 m²	2,798.72 pm²	13,048,976	
Totals	**36,344.98 m²**		**105,637,981**	**107,349,981**
Contingency		5.00%	5,367,499	
Externals / Landscaping / Services		6.00%	6,440,999	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,188,281	
Mayoral CIL			910,938	
				17,187,717

PROFESSIONAL FEES

Professional Fees	10.00%	10,734,998	
			10,734,998

MARKETING & LETTING

Marketing - Private	2.00%	2,486,960	
Marketing - Affordable	1.00%	213,900	
			2,700,860

DISPOSAL FEES

Sales Agent Fee	1.00%	1,457,380	
Sales Legal Fee	0.50%	811,790	
			2,269,170

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	2,499,375

TOTAL COSTS	**130,754,327**

PROFIT

	31,603,617

Performance Measures

Profit on Cost%	24.17%
Profit on GDV%	19.47%
Profit on NDV%	19.47%

Deloitte LLP

Development Appraisal

Site A2

Scenario 2 - Variation 2

Site A2
Scenario 2 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,488.97	8,341.38	120,858,005	120,858,005
Car Parking	1	0.00	0.00	1,756,000	1,756,000
Ground Rent	1	0.00	0.00	1,085,000	1,085,000
Social Rent	1	6,982.96	1,541.32	10,762,976	10,762,976
Shared Ownership	1	7,613.96	5,734.20	43,659,969	43,659,969
Totals	**5**	**29,085.89**			**178,121,950**

NET REALISATION **178,121,950**

OUTLAY

ACQUISITION COSTS

Residualised Price			13,258,207	
Residualised Price (Negative land)			(11,772,773)	
Stamp Duty		4.00%	530,328	
Agent Fee		1.00%	132,582	
Legal Fee		0.80%	106,066	
Town Planning			63,784	
Survey			100,000	
				2,418,195

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,756,000	1,756,000	
	m²	**Rate m²**	**Cost**	
Private	18,111.25 m²	3,013.87 pm²	54,584,953	
Social Rent	8,728.69 m²	2,798.36 pm²	24,426,017	
Shared Ownership	9,517.51 m²	2,798.63 pm²	26,635,989	
Totals	**36,357.45 m²**		**105,646,959**	**107,402,959**

Contingency	5.00%	5,370,148	
Externals / Landscaping / Services	6.00%	6,444,178	
Demolition		900,000	
Clearance		380,000	
OPDC CIL		3,169,469	
Mayoral CIL		905,563	
			17,169,357

PROFESSIONAL FEES

Professional Fees	10.00%	10,740,296	
			10,740,296

MARKETING & LETTING

Marketing - Private	2.00%	2,473,980	
Marketing - Affordable	1.00%	436,600	
			2,910,580

DISPOSAL FEES

Sales Agent Fee	1.00%	1,673,590	
Sales Legal Fee	0.50%	890,610	
			2,564,199

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	3,697,794

TOTAL COSTS **146,903,381**

PROFIT

31,218,569

Performance Measures

Profit on Cost%	21.25%
Profit on GDV%	17.53%
Profit on NDV%	17.53%

Deloitte LLP

Development Appraisal

Site A2

Scenario 3 - Variation 2

Site A2
Scenario 3 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,454.04	8,340.44	120,553,053	120,553,053
Car Parking	1	0.00	0.00	1,780,000	1,780,000
Ground Rent	1	0.00	0.00	1,082,000	1,082,000
Social Rent	1	5,008.03	1,542.12	7,722,983	7,722,983
Shared Ownership	1	9,605.99	5,741.21	55,150,006	55,150,006
Totals	**5**	**29,068.06**			**186,288,042**

NET REALISATION		**186,288,042**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	13,204,043	
Residualised Price (Negative land)	(4,175,556)	
Stamp Duty	4.00% 528,162	
Agent Fee	1.00% 132,040	
Legal Fee	0.80% 105,632	
Town Planning	64,474	
Survey	100,000	
		9,958,795

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,780,000	1,780,000	
	m²	**Rate m²**	**Cost**	
Private	18,067.58 m²	3,013.91 pm²	54,454,060	
Social Rent	6,260.03 m²	2,798.55 pm²	17,519,007	
Shared Ownership	12,007.55 m²	2,798.57 pm²	33,603,969	
Totals	**36,335.16 m²**		**105,577,036**	**107,357,036**
Contingency	5.00%	5,367,852		
Externals / Landscaping / Services	6.00%	6,441,422		
Demolition		900,000		
Clearance		380,000		
OPDC CIL		3,161,813		
Mayoral CIL		903,375		
				17,154,462
PROFESSIONAL FEES				
Professional Fees	10.00%	10,735,704		
				10,735,704
MARKETING & LETTING				
Marketing - Private	2.00%	2,468,301		
Marketing - Affordable	1.00%	551,500		
				3,019,801
DISPOSAL FEES				
Sales Agent Fee	1.00%	1,785,651		
Sales Legal Fee	0.50%	931,440		
				2,717,091
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				4,995,753
TOTAL COSTS				**155,938,642**
PROFIT				
				30,349,401

Performance Measures

Profit on Cost%	19.46%
Profit on GDV%	16.29%
Profit on NDV%	16.29%

Deloitte LLP

Development Appraisal

Site A2

Scenario 4 - Variation 2

Site A2
Scenario 4 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	19,015.02	8,336.04	158,509,967	158,509,967
Car Parking	1	0.00	0.00	1,740,000	1,740,000
Ground Rent	1	0.00	0.00	1,423,000	1,423,000
Social Rent	1	7,558.03	1,542.86	11,660,982	11,660,982
Shared Ownership	1	2,610.02	5,770.08	15,060,024	15,060,024
Totals	**5**	**29,183.07**			**188,393,974**

NET REALISATION		**188,393,974**

OUTLAY

ACQUISITION COSTS			
Residualised Price		17,571,309	
Residualised Price (Negative land)		(18,356,684)	
Stamp Duty	4.00%	702,852	
Agent Fee	1.00%	175,713	
Legal Fee	0.80%	140,570	
Town Planning		63,324	
Survey		100,000	
			397,084

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,740,000	1,740,000	
	m²	**Rate m²**	**Cost**	
Private	23,768.82 m²	3,013.91 pm²	71,637,084	
Social Rent	9,447.53 m²	2,798.61 pm²	26,439,952	
Shared Ownership	3,262.54 m²	2,798.43 pm²	9,129,990	
Totals	**36,478.89 m²**		**107,207,026**	**108,947,026**
Contingency		5.00%	5,447,351	
Externals / Landscaping / Services		6.00%	6,536,822	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,159,531	
Mayoral CIL			1,188,438	
				18,612,142
PROFESSIONAL FEES				
Professional Fees		10.00%	10,894,703	
				10,894,703
MARKETING & LETTING				
Marketing - Private		2.00%	3,233,459	
Marketing - Affordable		1.00%	150,600	
				3,384,060
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,767,330	
Sales Legal Fee		0.50%	941,970	
				2,709,300
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				5,466,151
TOTAL COSTS				**150,410,465**
PROFIT				
				37,983,509

Performance Measures	
Profit on Cost%	25.25%
Profit on GDV%	20.16%
Profit on NDV%	20.16%

Deloitte LLP

Development Appraisal

Site A2

Scenario 5 - Variation 2

Site A2
Scenario 5 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,944.04	8,338.24	157,959,952	157,959,952
Car Parking	1	0.00	0.00	1,760,000	1,760,000
Ground Rent	1	0.00	0.00	1,418,000	1,418,000
Social Rent	1	4,922.00	1,544.09	7,600,011	7,600,011
Shared Ownership	1	5,295.01	5,720.48	30,289,999	30,289,999
Totals	**5**	**29,161.05**			**199,027,962**

NET REALISATION	**199,027,962**

OUTLAY

ACQUISITION COSTS

Residualised Price		17,516,396	
Residualised Price (Negative land)		(8,425,243)	
Stamp Duty	4.00%	700,656	
Agent Fee	1.00%	175,164	
Legal Fee	0.80%	140,131	
Town Planning		64,129	
Survey		100,000	
			10,271,232

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,760,000	1,760,000	
	m²	**Rate m²**	**Cost**	
Private	23,680.10 m²	3,013.88 pm²	71,368,980	
Social Rent	6,152.50 m²	2,798.54 pm²	17,218,017	
Shared Ownership	6,618.80 m²	2,798.54 pm²	18,522,977	
Totals	**36,451.40 m²**		**107,109,974**	**108,869,974**
Contingency		5.00%	5,443,499	
Externals / Landscaping / Services		6.00%	6,532,198	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,144,000	
Mayoral CIL			1,184,000	
				18,583,697

PROFESSIONAL FEES

Professional Fees	10.00%	10,886,997
		10,886,997

MARKETING & LETTING

Marketing - Private	2.00%	3,222,759
Marketing - Affordable	1.00%	302,900
		3,525,659

DISPOSAL FEES

Sales Agent Fee	1.00%	1,914,280
Sales Legal Fee	0.50%	995,140
		2,909,419

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	7,158,594

TOTAL COSTS	**162,205,573**

PROFIT

	36,822,389

Performance Measures

Profit on Cost%	22.70%
Profit on GDV%	18.50%
Profit on NDV%	18.50%

Deloitte LLP

Development Appraisal

Site A2

Scenario 6 - Variation 2

Site A2
Scenario 6 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,893.97	8,336.95	157,518,083	157,518,083
Car Parking	1	0.00	0.00	1,780,000	1,780,000
Ground Rent	1	0.00	0.00	1,414,000	1,414,000
Social Rent	1	3,466.03	1,534.90	5,320,009	5,320,009
Shared Ownership	1	6,763.99	5,728.87	38,750,019	38,750,019
Totals	**5**	**29,123.99**			**204,782,112**

NET REALISATION		**204,782,112**

OUTLAY

ACQUISITION COSTS				
Residualised Price			17,442,836	
Residualised Price (Negative land)			(2,871,842)	
Stamp Duty		4.00%	697,713	
Agent Fee		1.00%	174,428	
Legal Fee		0.80%	139,543	
Town Planning			64,474	
Survey			100,000	
				15,747,153
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,780,000	1,780,000	
	m²	**Rate m²**	**Cost**	
Private	23,617.50 m²	3,013.91 pm²	71,181,019	
Social Rent	4,332.53 m²	2,798.60 pm²	12,125,018	
Shared Ownership	8,455.04 m²	2,798.57 pm²	23,662,021	
Totals	**36,405.07 m²**		**106,968,059**	**108,748,059**
Contingency		5.00%	5,437,403	
Externals / Landscaping / Services		6.00%	6,524,884	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,133,063	
Mayoral CIL			1,180,875	
				18,556,225
PROFESSIONAL FEES				
Professional Fees		10.00%	10,874,806	
				10,874,806
MARKETING & LETTING				
Marketing - Private		2.00%	3,214,242	
Marketing - Affordable		1.00%	387,500	
				3,601,742
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,994,621	
Sales Legal Fee		0.50%	1,023,911	
				3,018,532
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				8,095,127
TOTAL COSTS				**168,641,643**
PROFIT				
				36,140,469

Performance Measures

Profit on Cost%	21.43%
Profit on GDV%	17.65%
Profit on NDV%	17.65%

Site B – South – "Average Density"

Deloitte LLP

Development Appraisal

Site B

Scenario 1 - Variation 2

Site B
Scenario 1 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,575.00	7,810.29	113,834,977	113,834,977
Car Parking	1	0.00	0.00	1,712,000	1,712,000
Ground Rent	1	0.00	0.00	1,091,000	1,091,000
Social Rent	1	10,770.99	1,513.51	16,302,001	16,302,001
Shared Ownership	1	3,729.96	5,380.75	20,069,982	20,069,982
Totals	**5**	**29,075.95**			**153,009,960**

NET REALISATION		**153,009,960**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	8,803,062	
Residualised Price (Negative land)	(27,775,615)	
Stamp Duty	4.00% 352,122	
Agent Fee	1.00% 88,031	
Legal Fee	0.80% 70,424	
Town Planning	62,519	
Survey	100,000	
		(18,299,457)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,712,000	1,712,000	
	m²	**Rate m²**	**Cost**	
Private	18,218.78 m²	3,013.87 pm²	54,909,034	
Social Rent	13,463.72 m²	2,798.63 pm²	37,679,971	
Shared Ownership	4,662.48 m²	2,798.72 pm²	13,048,976	
Totals	**36,344.98 m²**		**105,637,981**	**107,349,981**
Contingency	5.00%	5,367,499		
Externals / Landscaping / Services	6.00%	6,440,999		
Demolition		900,000		
Clearance		380,000		
OPDC CIL		3,188,281		
Mayoral CIL		910,938		
				17,187,717
PROFESSIONAL FEES				
Professional Fees	10.00%	10,734,998		
				10,734,998
MARKETING & LETTING				
Marketing - Private	2.00%	2,332,760		
Marketing - Affordable	1.00%	200,700		
				2,533,459
DISPOSAL FEES				
Sales Agent Fee	1.00%	1,367,080		
Sales Legal Fee	0.50%	765,050		
				2,132,129
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				1,989,118
TOTAL COSTS				**123,627,946**
PROFIT				
				29,382,014

Performance Measures

Profit on Cost%	23.77%
Profit on GDV%	19.20%
Profit on NDV%	19.20%

Deloitte LLP

Development Appraisal

Site B

Scenario 2 - Variation 2

Site B
Scenario 2 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,488.97	7,812.36	113,193,050	113,193,050
Car Parking	1	0.00	0.00	1,756,000	1,756,000
Ground Rent	1	0.00	0.00	1,085,000	1,085,000
Social Rent	1	6,982.96	1,512.11	10,559,004	10,559,004
Shared Ownership	1	7,613.96	5,376.96	40,939,958	40,939,958
Totals	**5**	**29,085.89**			**167,533,012**

NET REALISATION		**167,533,012**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	8,741,625	
Residualised Price (Negative land)	(14,454,726)	
Stamp Duty	4.00% 349,665	
Agent Fee	1.00% 87,416	
Legal Fee	0.80% 69,933	
Town Planning	63,784	
Survey	100,000	
		(5,042,303)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,756,000	1,756,000	
	m²	**Rate m²**	**Cost**	
Private	18,111.25 m²	3,013.87 pm²	54,584,953	
Social Rent	8,728.69 m²	2,798.59 pm²	24,428,025	
Shared Ownership	9,517.51 m²	2,798.63 pm²	26,635,989	
Totals	**36,357.45 m²**		**105,648,967**	**107,404,967**
Contingency	5.00%	5,370,248		
Externals / Landscaping / Services	6.00%	6,444,298		
Demolition		900,000		
Clearance		380,000		
OPDC CIL		3,169,469		
Mayoral CIL		905,563		
				17,169,578

PROFESSIONAL FEES		
Professional Fees	10.00% 10,740,497	
		10,740,497
MARKETING & LETTING		
Marketing - Private	2.00% 2,320,681	
Marketing - Affordable	1.00% 409,400	
		2,730,081
DISPOSAL FEES		
Sales Agent Fee	1.00% 1,569,740	
Sales Legal Fee	0.50% 837,665	
		2,407,405
FINANCE		
Debit Rate 6.500% Credit Rate 0.000% (Nominal)		
Total Finance Cost		2,642,192
TOTAL COSTS		**138,052,416**
PROFIT		
		29,480,595

Performance Measures

Profit on Cost%	21.35%
Profit on GDV%	17.60%
Profit on NDV%	17.60%

Deloitte LLP

Development Appraisal

Site B

Scenario 3 - Variation 2

Site B
Scenario 3 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,454.04	7,811.31	112,904,987	112,904,987
Car Parking	1	0.00	0.00	1,780,000	1,780,000
Ground Rent	1	0.00	0.00	1,082,000	1,082,000
Social Rent	1	5,008.03	1,512.37	7,573,994	7,573,994
Shared Ownership	1	9,605.99	5,383.10	51,710,005	51,710,005
Totals	**5**	**29,068.06**			**175,050,986**

NET REALISATION		**175,050,986**

OUTLAY

ACQUISITION COSTS				
Residualised Price			8,697,478	
Residualised Price (Negative land)			(7,462,462)	
Stamp Duty		4.00%	347,899	
Agent Fee		1.00%	86,975	
Legal Fee		0.80%	69,580	
Town Planning			64,474	
Survey			100,000	
				1,903,944
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,780,000	1,780,000	
	m²	**Rate m²**	**Cost**	
Private	18,067.58 m²	3,013.91 pm²	54,454,060	
Social Rent	6,260.03 m²	2,798.55 pm²	17,519,007	
Shared Ownership	12,007.55 m²	2,798.57 pm²	33,603,969	
Totals	**36,335.16 m²**		**105,577,036**	**107,357,036**
Contingency		5.00%	5,367,852	
Externals / Landscaping / Services		6.00%	6,441,422	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,161,813	
Mayoral CIL			903,375	
				17,154,462
PROFESSIONAL FEES				
Professional Fees		10.00%	10,735,704	
				10,735,704
MARKETING & LETTING				
Marketing - Private		2.00%	2,315,340	
Marketing - Affordable		1.00%	517,100	
				2,832,440
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,674,770	
Sales Legal Fee		0.50%	875,255	
				2,550,025
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				3,341,215
TOTAL COSTS				**145,874,825**
PROFIT				**29,176,162**

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%

Deloitte LLP

Development Appraisal

Site B

Scenario 4 - Variation 2

Site B
Scenario 4 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	19,015.02	7,806.20	148,435,049	148,435,049
Car Parking	1	0.00	0.00	1,740,000	1,740,000
Ground Rent	1	0.00	0.00	1,423,000	1,423,000
Social Rent	1	7,558.03	1,512.96	11,434,997	11,434,997
Shared Ownership	1	2,610.02	5,406.09	14,110,003	14,110,003
Totals	**5**	**29,183.07**			**177,143,049**

NET REALISATION	**177,143,049**

OUTLAY

ACQUISITION COSTS

Residualised Price		11,657,195	
Residualised Price (Negative land)		(19,437,254)	
Stamp Duty	4.00%	466,288	
Agent Fee	1.00%	116,572	
Legal Fee	0.80%	93,258	
Town Planning		63,324	
Survey		100,000	
			(6,940,618)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,740,000	1,740,000	
	m²	**Rate m²**	**Cost**	
Private	23,768.82 m²	3,013.91 pm²	71,637,084	
Social Rent	9,447.53 m²	2,798.61 pm²	26,439,952	
Shared Ownership	3,262.54 m²	2,798.43 pm²	9,129,990	
Totals	**36,478.89 m²**		**107,207,026**	**108,947,026**
Contingency		5.00%	5,447,351	
Externals / Landscaping / Services		6.00%	6,536,822	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,159,531	
Mayoral CIL			1,188,438	
				18,612,142

PROFESSIONAL FEES

Professional Fees	10.00%	10,894,703	
			10,894,703

MARKETING & LETTING

Marketing - Private	2.00%	3,031,961	
Marketing - Affordable	1.00%	141,100	
			3,173,061

DISPOSAL FEES

Sales Agent Fee	1.00%	1,657,081	
Sales Legal Fee	0.50%	885,715	
			2,542,796

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	4,421,095

TOTAL COSTS	**141,650,204**

PROFIT

	35,492,845

Performance Measures

Profit on Cost%	25.06%
Profit on GDV%	20.04%
Profit on NDV%	20.04%

Deloitte LLP

Development Appraisal

Site B

Scenario 5 - Variation 2

Site B
Scenario 5 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,944.04	7,809.47	147,942,912	147,942,912
Car Parking	1	0.00	0.00	1,760,000	1,760,000
Ground Rent	1	0.00	0.00	1,418,000	1,418,000
Social Rent	1	4,922.00	1,513.81	7,450,973	7,450,973
Shared Ownership	1	5,295.01	5,367.32	28,420,013	28,420,013
Totals	**5**	**29,161.05**			**186,991,898**

NET REALISATION	**186,991,898**

OUTLAY

ACQUISITION COSTS

Residualised Price		11,636,328	
Residualised Price (Negative land)		(10,275,631)	
Stamp Duty	4.00%	465,453	
Agent Fee	1.00%	116,363	
Legal Fee	0.80%	93,091	
Town Planning		64,129	
Survey		100,000	
			2,199,733

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,760,000	1,760,000	
	m²	**Rate m²**	**Cost**	
Private	23,680.10 m²	3,013.88 pm²	71,368,980	
Social Rent	6,152.50 m²	2,798.54 pm²	17,218,017	
Shared Ownership	6,618.80 m²	2,798.54 pm²	18,522,977	
Totals	**36,451.40 m²**		**107,109,974**	**108,869,974**
Contingency		5.00%	5,443,499	
Externals / Landscaping / Services		6.00%	6,532,198	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,144,000	
Mayoral CIL			1,184,000	
				18,583,697

PROFESSIONAL FEES

Professional Fees	10.00%	10,886,997	
			10,886,997

MARKETING & LETTING

Marketing - Private	2.00%	3,022,418	
Marketing - Affordable	1.00%	284,200	
			3,306,618

DISPOSAL FEES

Sales Agent Fee	1.00%	1,795,409	
Sales Legal Fee	0.50%	934,959	
			2,730,369

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	5,394,447

TOTAL COSTS	**151,971,835**

PROFIT

	35,020,063

Performance Measures

Profit on Cost%	23.04%
Profit on GDV%	18.73%
Profit on NDV%	18.73%

Deloitte LLP

Development Appraisal

Site B

Scenario 6 - Variation 2

Site B
Scenario 6 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,893.97	7,808.21	147,528,085	147,528,085
Car Parking	1	0.00	0.00	1,780,000	1,780,000
Ground Rent	1	0.00	0.00	1,414,000	1,414,000
Social Rent	1	3,466.03	1,506.34	5,221,020	5,221,020
Shared Ownership	1	6,763.99	5,372.57	36,340,010	36,340,010
Totals	**5**	**29,123.99**			**192,283,115**

NET REALISATION		**192,283,115**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	11,578,618	
Residualised Price (Negative land)	(5,169,556)	
Stamp Duty	463,145	
Agent Fee	115,786	
Legal Fee	92,629	
Town Planning	64,474	
Survey	100,000	
		7,245,096

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,780,000	1,780,000	
	m²	**Rate m²**	**Cost**	
Private	23,617.50 m²	3,013.91 pm²	71,181,019	
Social Rent	4,332.53 m²	2,798.60 pm²	12,125,018	
Shared Ownership	8,455.04 m²	2,798.57 pm²	23,662,021	
Totals	**36,405.07 m²**		**106,968,059**	**108,748,059**

Contingency	5.00%	5,437,403	
Externals / Landscaping / Services	6.00%	6,524,884	
Demolition		900,000	
Clearance		380,000	
OPDC CIL		4,133,063	
Mayoral CIL		1,180,875	
			18,556,225
PROFESSIONAL FEES			
Professional Fees	10.00%	10,874,806	
			10,874,806
MARKETING & LETTING			
Marketing - Private	2.00%	3,014,442	
Marketing - Affordable	1.00%	363,400	
			3,377,842
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,870,621	
Sales Legal Fee	0.50%	961,416	
			2,832,037
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			6,256,805
TOTAL COSTS			**157,890,869**
PROFIT			
			34,392,246

Performance Measures

Profit on Cost%	21.78%
Profit on GDV%	17.89%
Profit on NDV%	17.89%

Site C – East – "Mid/Low Density"

Deloitte LLP

Development Appraisal

Site C

Scenario 1 - Variation 2

APPRAISAL SUMMARY — DELOITTE LLP

Site C
Scenario 1 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	10,778.98	8,062.45	86,904,987	86,904,987
Car Parking	1	0.00	0.00	1,272,000	1,272,000
Ground Rent	1	0.00	0.00	807,000	807,000
Social Rent	1	8,105.98	1,524.92	12,360,971	12,360,971
Shared Ownership	1	2,721.04	5,593.46	15,220,028	15,220,028
Totals	**5**	**21,606.00**			**116,564,987**

NET REALISATION		**116,564,987**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	11,603,032	
Residualised Price (Negative land)	(15,559,833)	
Stamp Duty	4.00% 464,121	
Agent Fee	1.00% 116,030	
Legal Fee	0.80% 92,824	
Town Planning	49,869	
Survey	100,000	
		(3,133,956)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,272,000	1,272,000	
	m²	**Rate m²**	**Cost**	
Private	13,473.75 m²	2,691.01 pm²	36,257,996	
Social Rent	10,132.46 m²	2,475.71 pm²	25,085,033	
Shared Ownership	3,401.32 m²	2,475.51 pm²	8,420,002	
Totals	**27,007.53 m²**		**69,763,030**	**71,035,030**
Contingency	5.00%		3,551,752	
Externals / Landscaping / Services	7.50%		5,327,627	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			2,357,906	
Mayoral CIL			673,688	
				13,190,973
PROFESSIONAL FEES				
Professional Fees	10.00%		7,103,503	
				7,103,503
MARKETING & LETTING				
Marketing - Private	2.00%		1,779,680	
Marketing - Affordable	1.00%		152,200	
				1,931,880
DISPOSAL FEES				
Sales Agent Fee	1.00%		1,042,040	
Sales Legal Fee	0.50%		582,825	
				1,624,865
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				2,560,636
TOTAL COSTS				**94,312,931**
PROFIT				
				22,252,056

Performance Measures

Profit on Cost%	23.59%
Profit on GDV%	19.09%
Profit on NDV%	19.09%

Deloitte LLP

Development Appraisal

Site C

Scenario 2 - Variation 2

Site C
Scenario 2 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	10,778.98	8,062.45	86,904,987	86,904,987
Car Parking	1	0.00	0.00	1,304,000	1,304,000
Ground Rent	1	0.00	0.00	807,000	807,000
Social Rent	1	5,089.04	1,529.36	7,782,974	7,782,974
Shared Ownership	1	5,723.01	5,546.03	31,739,985	31,739,985
Totals	**5**	**21,591.03**			**128,538,947**

NET REALISATION	**128,538,947**

OUTLAY

ACQUISITION COSTS			
Residualised Price		11,590,205	
Residualised Price (Negative land)		(4,669,286)	
Stamp Duty	4.00%	463,608	
Agent Fee	1.00%	115,902	
Legal Fee	0.80%	92,722	
Town Planning		50,789	
Survey		100,000	
			7,743,940

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,304,000	1,304,000	
	m²	**Rate m²**	**Cost**	
Private	13,473.75 m²	2,691.01 pm²	36,257,996	
Social Rent	6,361.30 m²	2,475.75 pm²	15,748,988	
Shared Ownership	7,153.81 m²	2,475.74 pm²	17,710,974	
Totals	**26,988.86 m²**		**69,717,958**	**71,021,958**
Contingency		5.00%	3,551,098	
Externals / Landscaping / Services		7.50%	5,326,647	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			2,357,906	
Mayoral CIL			673,688	
				13,189,339
PROFESSIONAL FEES				
Professional Fees		10.00%	7,102,196	
				7,102,196
MARKETING & LETTING				
Marketing - Private		2.00%	1,780,320	
Marketing - Affordable		1.00%	317,400	
				2,097,720
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,207,560	
Sales Legal Fee		0.50%	642,695	
				1,850,254
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				3,953,094
TOTAL COSTS				**106,958,501**
PROFIT				**21,580,446**

Performance Measures

Profit on Cost%	20.18%
Profit on GDV%	16.79%
Profit on NDV%	16.79%

Deloitte LLP

Development Appraisal

Site C

Scenario 3 - Variation 2

Site C
Scenario 3 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	10,778.98	8,062.45	86,904,987	86,904,987
Car Parking	1	0.00	0.00	1,324,000	1,324,000
Ground Rent	1	0.00	0.00	807,000	807,000
Social Rent	1	3,750.96	1,522.01	5,708,999	5,708,999
Shared Ownership	1	7,116.00	5,553.68	39,519,987	39,519,987
Totals	**5**	**21,645.94**			**134,264,973**

NET REALISATION	**134,264,973**

OUTLAY

ACQUISITION COSTS

Residualised Price		11,852,303	
Stamp Duty	4.00%	474,092	
Agent Fee	1.00%	118,523	
Legal Fee	0.80%	94,818	
Town Planning		51,364	
Survey		100,000	
			12,691,101

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,324,000	1,324,000	
	m²	**Rate m²**	**Cost**	
Private	13,473.75 m²	2,691.01 pm²	36,257,996	
Social Rent	4,688.69 m²	2,475.74 pm²	11,607,977	
Shared Ownership	8,895.05 m²	2,475.65 pm²	22,021,031	
Totals	**27,057.49 m²**		**69,887,004**	**71,211,004**
Contingency		5.00%	3,560,550	
Externals / Landscaping / Services		7.50%	5,340,825	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			2,357,906	
Mayoral CIL			673,688	
				13,212,969

PROFESSIONAL FEES

Professional Fees	10.00%	7,121,100	
			7,121,100

MARKETING & LETTING

Marketing - Private	2.00%	1,780,720	
Marketing - Affordable	1.00%	395,200	
			2,175,920

DISPOSAL FEES

Sales Agent Fee	1.00%	1,285,560	
Sales Legal Fee	0.50%	671,325	
			1,956,885

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	4,701,980

TOTAL COSTS	**113,070,959**

PROFIT

	21,194,013

Performance Measures

Profit on Cost%	18.74%
Profit on GDV%	15.79%
Profit on NDV%	15.79%

Deloitte LLP

Development Appraisal

Site C

Scenario 4 - Variation 2

Site C
Scenario 4 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,089.95	8,064.26	113,625,020	113,625,020
Car Parking	1	0.00	0.00	1,292,000	1,292,000
Ground Rent	1	0.00	0.00	1,055,000	1,055,000
Social Rent	1	5,601.03	1,529.90	8,569,016	8,569,016
Shared Ownership	1	1,932.01	5,595.20	10,809,982	10,809,982
Totals	**5**	**21,622.99**			**135,351,018**

NET REALISATION		**135,351,018**

OUTLAY

ACQUISITION COSTS			
Residualised Price		15,442,661	
Residualised Price (Negative land)		(10,654,048)	
Stamp Duty	4.00%	617,706	
Agent Fee	1.00%	154,427	
Legal Fee	0.80%	123,541	
Town Planning		50,444	
Survey		100,000	
			5,834,731

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,292,000	1,292,000	
	m²	**Rate m²**	**Cost**	
Private	17,612.47 m²	2,690.99 pm²	47,394,981	
Social Rent	7,001.28 m²	2,475.69 pm²	17,332,999	
Shared Ownership	2,415.03 m²	2,475.75 pm²	5,979,011	
Totals	**27,028.78 m²**		**70,706,990**	**71,998,990**
Contingency		5.00%	3,599,950	
Externals / Landscaping / Services		7.50%	5,399,924	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,082,188	
Mayoral CIL			880,625	
				14,242,687
PROFESSIONAL FEES				
Professional Fees		10.00%	7,199,899	
				7,199,899
MARKETING & LETTING				
Marketing - Private		2.00%	2,319,440	
Marketing - Affordable		1.00%	108,100	
				2,427,540
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,267,820	
Sales Legal Fee		0.50%	676,755	
				1,944,575
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				5,183,998
TOTAL COSTS				**108,832,420**
PROFIT				
				26,518,598

Performance Measures	
Profit on Cost%	24.37%
Profit on GDV%	19.59%
Profit on NDV%	19.59%

Deloitte LLP

Development Appraisal

Site C

Scenario 5 - Variation 2

Site C
Scenario 5 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,039.97	8,062.55	113,197,960	113,197,960
Car Parking	1	0.00	0.00	1,300,000	1,300,000
Ground Rent	1	0.00	0.00	1,051,000	1,051,000
Social Rent	1	3,602.04	1,523.30	5,486,988	5,486,988
Shared Ownership	1	3,973.00	5,522.28	21,940,018	21,940,018
Totals	**5**	**21,615.01**			**142,975,966**

NET REALISATION		**142,975,966**

OUTLAY

ACQUISITION COSTS				
Residualised Price			15,363,781	
Residualised Price (Negative land)			(3,511,003)	
Stamp Duty		4.00%	614,551	
Agent Fee		1.00%	153,638	
Legal Fee		0.80%	122,910	
Town Planning			50,904	
Survey			100,000	
				12,894,781

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,300,000	1,300,000	
	m²	**Rate m²**	**Cost**	
Private	17,550.00 m²	2,691.00 pm²	47,227,050	
Social Rent	4,502.54 m²	2,475.71 pm²	11,146,983	
Shared Ownership	4,966.28 m²	2,475.70 pm²	12,295,019	
Totals	**27,018.82 m²**		**70,669,053**	**71,969,053**
Contingency		5.00%	3,598,453	
Externals / Landscaping / Services		7.50%	5,397,679	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,071,250	
Mayoral CIL			877,500	
				14,224,882

PROFESSIONAL FEES			
Professional Fees	10.00%	7,196,905	
			7,196,905
MARKETING & LETTING			
Marketing - Private	2.00%	2,310,979	
Marketing - Affordable	1.00%	219,400	
			2,530,379
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,374,890	
Sales Legal Fee	0.50%	714,880	
			2,089,770
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			6,249,603
TOTAL COSTS			**117,155,373**
PROFIT			
			25,820,593

Performance Measures	
Profit on Cost%	22.04%
Profit on GDV%	18.06%
Profit on NDV%	18.06%

Deloitte LLP

Development Appraisal

Site C

Scenario 6 - Variation 2

Site C
Scenario 6 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	13,989.99	8,060.76	112,769,952	112,769,952
Car Parking	1	0.00	0.00	1,320,000	1,320,000
Ground Rent	1	0.00	0.00	1,047,000	1,047,000
Social Rent	1	2,615.04	1,522.73	3,982,000	3,982,000
Shared Ownership	1	5,004.04	5,539.53	27,720,030	27,720,030
Totals	**5**	**21,609.07**			**146,838,981**

NET REALISATION		**146,838,981**

OUTLAY

ACQUISITION COSTS

Residualised Price		15,463,704	
Stamp Duty	4.00%	618,548	
Agent Fee	1.00%	154,637	
Legal Fee	0.80%	123,710	
Town Planning		51,249	
Survey		100,000	
			16,511,848

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,320,000	1,320,000	
	m²	**Rate m²**	**Cost**	
Private	17,487.52 m²	2,690.95 pm²	47,058,042	
Social Rent	3,268.79 m²	2,475.53 pm²	8,091,988	
Shared Ownership	6,255.08 m²	2,475.59 pm²	15,485,013	
Totals	**27,011.39 m²**		**70,635,043**	**71,955,043**
Contingency		5.00%	3,597,752	
Externals / Landscaping / Services		7.50%	5,396,628	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,060,313	
Mayoral CIL			874,375	
				14,209,068

PROFESSIONAL FEES

Professional Fees	10.00%	7,195,504	
			7,195,504

MARKETING & LETTING

Marketing - Private	2.00%	2,302,739	
Marketing - Affordable	1.00%	277,200	
			2,579,939

DISPOSAL FEES

Sales Agent Fee	1.00%	1,428,570	
Sales Legal Fee	0.50%	734,195	
			2,162,765

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	6,785,419

TOTAL COSTS	**121,399,587**

PROFIT

	25,439,395

Performance Measures

Profit on Cost%	20.96%
Profit on GDV%	17.32%
Profit on NDV%	17.32%

Site D – Central – "Highest Density"

Deloitte LLP

Development Appraisal

Site D

Scenario 1 - Variation 2

APPRAISAL SUMMARY — DELOITTE LLP

Site D
Scenario 1 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	21,633.96	8,609.75	186,262,987	186,262,987
Car Parking	1	0.00	0.00	2,540,000	2,540,000
Ground Rent	1	0.00	0.00	1,619,000	1,619,000
Social Rent	1	15,923.02	1,556.05	24,777,015	24,777,015
Shared Ownership	1	5,611.99	5,874.92	32,969,992	32,969,992
Totals	**5**	**43,168.97**			**248,168,995**

NET REALISATION	**248,168,995**

OUTLAY

ACQUISITION COSTS				
Residualised Price			18,977,344	
Residualised Price (Negative land)			(37,067,999)	
Stamp Duty		4.00%	759,094	
Agent Fee		1.00%	189,773	
Legal Fee		0.80%	151,819	
Town Planning			86,324	
Survey			100,000	
				(16,803,644)

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,540,000	2,540,000	
	m²	**Rate m²**	**Cost**	
Private	27,042.50 m²	3,229.17 pm²	87,324,830	
Social Rent	19,903.76 m²	2,798.62 pm²	55,703,061	
Shared Ownership	7,015.03 m²	2,798.56 pm²	19,631,982	
Totals	**53,961.29 m²**		**162,659,873**	**165,199,873**
Contingency		5.00%	8,259,994	
Externals / Landscaping / Services		5.00%	8,259,994	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,732,438	
Mayoral CIL			1,352,125	
				23,884,550
PROFESSIONAL FEES				
Professional Fees		10.00%	16,519,987	
				16,519,987
MARKETING & LETTING				
Marketing - Private		2.00%	3,808,440	
Marketing - Affordable		1.00%	329,700	
				4,138,140
DISPOSAL FEES				
Sales Agent Fee		1.00%	2,233,920	
Sales Legal Fee		0.50%	1,240,845	
				3,474,765
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				2,901,595
TOTAL COSTS				**199,315,266**
PROFIT				
				48,853,729

Performance Measures

Profit on Cost%	24.51%
Profit on GDV%	19.69%
Profit on NDV%	19.69%

Deloitte LLP

Development Appraisal

Site D

Scenario 2 - Variation 2

Site D
Scenario 2 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	21,583.98	8,608.47	185,805,044	185,805,044
Car Parking	1	0.00	0.00	2,600,000	2,600,000
Ground Rent	1	0.00	0.00	1,615,000	1,615,000
Social Rent	1	10,282.04	1,551.25	15,950,015	15,950,015
Shared Ownership	1	11,223.99	5,891.85	66,130,065	66,130,065
Totals	**5**	**43,090.01**			**272,100,124**

NET REALISATION				**272,100,124**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			18,892,121	
Residualised Price (Negative land)			(21,802,843)	
Stamp Duty		4.00%	755,685	
Agent Fee		1.00%	188,921	
Legal Fee		0.80%	151,137	
Town Planning			88,049	
Survey			100,000	
				(1,626,930)

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,600,000	2,600,000	
	m²	**Rate m²**	**Cost**	
Private	26,980.02 m²	3,229.17 pm²	87,123,071	
Social Rent	12,852.54 m²	3,013.88 pm²	38,736,013	
Shared Ownership	14,030.06 m²	3,013.88 pm²	42,284,917	
Totals	**53,862.62 m²**		**168,144,002**	**170,744,002**

Contingency	5.00%	8,537,200	
Externals / Landscaping / Services	5.00%	8,537,200	
Demolition		900,000	
Clearance		380,000	
OPDC CIL		4,721,500	
Mayoral CIL		1,349,000	
			24,424,900
PROFESSIONAL FEES			
Professional Fees	10.00%	17,074,400	
			17,074,400
MARKETING & LETTING			
Marketing - Private	2.00%	3,800,401	
Marketing - Affordable	1.00%	661,301	
			4,461,702
DISPOSAL FEES			
Sales Agent Fee	1.00%	2,561,501	
Sales Legal Fee	0.50%	1,360,501	
			3,922,002
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			3,968,074
TOTAL COSTS			**222,968,149**
PROFIT			
			49,131,975

Performance Measures

Profit on Cost%	22.04%
Profit on GDV%	18.06%
Profit on NDV%	18.06%

Deloitte LLP

Development Appraisal

Site D

Scenario 3 - Variation 2

Site D
Scenario 3 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	21,447.97	8,608.65	184,638,067	184,638,067
Car Parking	1	0.00	0.00	2,640,000	2,640,000
Ground Rent	1	0.00	0.00	1,605,000	1,605,000
Social Rent	1	7,385.98	1,560.66	11,527,004	11,527,004
Shared Ownership	1	14,308.00	5,889.01	84,259,955	84,259,955
Totals	**5**	**43,141.95**			**284,670,026**

NET REALISATION	**284,670,026**

OUTLAY

ACQUISITION COSTS

Residualised Price		18,748,433	
Residualised Price (Negative land)		(10,200,477)	
Stamp Duty	4.00%	749,937	
Agent Fee	1.00%	187,484	
Legal Fee	0.80%	149,987	
Town Planning		89,199	
Survey		100,000	
			9,824,564

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,640,000	2,640,000	
	m²	**Rate m²**	**Cost**	
Private	26,810.01 m²	3,229.17 pm²	86,574,080	
Social Rent	9,232.46 m²	3,013.93 pm²	27,825,988	
Shared Ownership	17,885.10 m²	3,013.91 pm²	53,904,082	
Totals	**53,927.57 m²**		**168,304,150**	**170,944,150**
Contingency		5.00%	8,547,207	
Externals / Landscaping / Services		5.00%	8,547,207	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,691,750	
Mayoral CIL			1,340,500	
				24,406,665

PROFESSIONAL FEES

Professional Fees	10.00%	17,094,415	
			17,094,415

MARKETING & LETTING

Marketing - Private	2.00%	3,777,661	
Marketing - Affordable	1.00%	842,600	
			4,620,261

DISPOSAL FEES

Sales Agent Fee	1.00%	2,731,430	
Sales Legal Fee	0.50%	1,423,350	
			4,154,780

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	6,000,714

TOTAL COSTS	**237,045,549**

PROFIT

	47,624,477

Performance Measures

Profit on Cost%	20.09%
Profit on GDV%	16.73%
Profit on NDV%	16.73%

Deloitte LLP

Development Appraisal

Site D

Scenario 4 - Variation 2

Site D
Scenario 4 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	28,172.01	8,608.65	242,522,974	242,522,974
Car Parking	1	0.00	0.00	2,568,000	2,568,000
Ground Rent	1	0.00	0.00	2,108,000	2,108,000
Social Rent	1	11,001.02	1,555.67	17,113,957	17,113,957
Shared Ownership	1	3,973.00	5,846.97	23,230,012	23,230,012
Totals	**5**	**43,146.03**			**287,542,942**

NET REALISATION	**287,542,942**

OUTLAY

ACQUISITION COSTS				
Residualised Price			24,763,686	
Residualised Price (Negative land)			(30,438,686)	
Stamp Duty		4.00%	990,547	
Agent Fee		1.00%	247,637	
Legal Fee		0.80%	198,109	
Town Planning			87,129	
Survey			100,000	
				(4,051,576)

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,568,000	2,568,000	
	m²	**Rate m²**	**Cost**	
Private	35,215.07 m²	3,229.16 pm²	113,715,095	
Social Rent	13,751.26 m²	3,013.91 pm²	41,445,060	
Shared Ownership	4,966.28 m²	3,013.93 pm²	14,968,020	
Totals	**53,932.61 m²**		**170,128,176**	**172,696,176**
Contingency		5.00%	8,634,809	
Externals / Landscaping / Services		5.00%	8,634,809	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			6,162,625	
Mayoral CIL			1,760,750	
				26,472,993

PROFESSIONAL FEES			
Professional Fees	10.00%	17,269,618	
			17,269,618
MARKETING & LETTING			
Marketing - Private	2.00%	4,943,979	
Marketing - Affordable	1.00%	232,300	
			5,176,280
DISPOSAL FEES			
Sales Agent Fee	1.00%	2,704,290	
Sales Legal Fee	0.50%	1,437,715	
			4,142,005
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			6,906,618
TOTAL COSTS			**228,612,111**
PROFIT			
			58,930,831

Performance Measures	
Profit on Cost%	25.78%
Profit on GDV%	20.49%
Profit on NDV%	20.49%

Deloitte LLP

Development Appraisal

Site D

Scenario 5 - Variation 2

Site D
Scenario 5 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	28,080.97	8,610.99	241,804,952	241,804,952
Car Parking	1	0.00	0.00	2,624,000	2,624,000
Ground Rent	1	0.00	0.00	2,102,000	2,102,000
Social Rent	1	7,219.03	1,561.01	11,268,978	11,268,978
Shared Ownership	1	7,905.03	5,896.25	46,610,033	46,610,033
Totals	**5**	**43,205.03**			**304,409,963**

NET REALISATION				**304,409,963**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			24,695,864	
Residualised Price (Negative land)			(15,164,993)	
Stamp Duty		4.00%	987,835	
Agent Fee		1.00%	246,959	
Legal Fee		0.80%	197,567	
Town Planning			88,739	
Survey			100,000	
				11,151,970
CONSTRUCTION COSTS				

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,624,000	2,624,000	
	m²	**Rate m²**	**Cost**	
Private	35,101.27 m²	3,229.17 pm²	113,347,968	
Social Rent	9,023.78 m²	3,013.93 pm²	27,197,041	
Shared Ownership	9,881.34 m²	3,011.84 pm²	29,761,015	
Totals	**54,006.39 m²**		**170,306,024**	**172,930,024**

Contingency		5.00%	8,646,501	
Externals / Landscaping / Services		5.00%	8,646,501	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			6,142,719	
Mayoral CIL			1,755,063	
				26,470,784
PROFESSIONAL FEES				
Professional Fees		10.00%	17,293,002	
				17,293,002
MARKETING & LETTING				
Marketing - Private		2.00%	4,930,619	
Marketing - Affordable		1.00%	466,100	
				5,396,719
DISPOSAL FEES				
Sales Agent Fee		1.00%	2,931,410	
Sales Legal Fee		0.50%	1,522,050	
				4,453,460
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				9,496,873
TOTAL COSTS				**247,192,833**
PROFIT				
				57,217,130

Performance Measures

Profit on Cost%	23.15%
Profit on GDV%	18.80%
Profit on NDV%	18.80%

Deloitte LLP

Development Appraisal

Site D

Scenario 6 - Variation 2

Site D
Scenario 6 - Variation 2

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	27,981.00	8,609.06	240,890,108	240,890,108
Car Parking	1	0.00	0.00	2,640,000	2,640,000
Ground Rent	1	0.00	0.00	2,094,000	2,094,000
Social Rent	1	5,189.01	1,564.85	8,120,022	8,120,022
Shared Ownership	1	9,922.97	5,898.43	58,529,944	58,529,944
Totals	**5**	**43,092.98**			**312,274,074**

NET REALISATION		**312,274,074**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	24,563,705	
Residualised Price (Negative land)	(7,172,486)	
Stamp Duty	4.00% 982,548	
Agent Fee	1.00% 245,637	
Legal Fee	0.80% 196,510	
Town Planning	89,199	
Survey	100,000	
		19,005,113

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	2,640,000	2,640,000	
	m²	**Rate m²**	**Cost**	
Private	34,976.31 m²	3,229.16 pm²	112,944,101	
Social Rent	6,486.25 m²	3,013.91 pm²	19,548,974	
Shared Ownership	12,403.79 m²	3,013.92 pm²	37,384,031	
Totals	**53,866.35 m²**		**169,877,106**	**172,517,106**

Contingency	5.00% 8,625,855	
Externals / Landscaping / Services	5.00% 8,625,855	
Demolition	900,000	
Clearance	380,000	
OPDC CIL	6,120,844	
Mayoral CIL	1,748,813	
		26,401,368
PROFESSIONAL FEES		
Professional Fees	10.00% 17,251,711	
		17,251,711
MARKETING & LETTING		
Marketing - Private	2.00% 4,912,482	
Marketing - Affordable	1.00% 585,299	
		5,497,782
DISPOSAL FEES		
Sales Agent Fee	1.00% 3,041,541	
Sales Legal Fee	0.50% 1,561,370	
		4,602,911
FINANCE		
Debit Rate 6.500% Credit Rate 0.000% (Nominal)		
Total Finance Cost		11,004,678
TOTAL COSTS		**256,280,667**
PROFIT		
		55,993,407

Performance Measures

Profit on Cost%	21.85%
Profit on GDV%	17.93%
Profit on NDV%	17.93%

Unit Size - Mix Testing

Unit size and mix testing has been undertaken on Site A2 based upon the below:

S	V	Housing Mix
3	1	SHMA – LAR SHMA – LSO SHMA – Private
3	2	SHMA – LAR Targeting 25% Family – LSO Targeting 25% Family – Private
3	3	SHMA – LAR Market Focused – LSO Market Focused – Private
3	4	Market Focused –LAR Market Focused – LSO Market Focused – Private
6	1	SHMA – LAR SHMA – LSO SHMA – Private
6	2	SHMA – LAR Targeting 25% Family – LSO Targeting 25% Family – Private
6	3	SHMA – LAR Market Focused – LSO Market Focused – Private
6	4	Market Focused –LAR Market Focused – LSO Market Focused – Private

Deloitte LLP

Development Appraisal

Site A2

Scenario 3 - Variation 1

APPRAISAL SUMMARY — DELOITTE LLP

Site A2
Scenario 3 - Variation 1

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,512.01	8,050.92	116,835,032	116,835,032
Car Parking	1	0.00	0.00	1,520,000	1,520,000
Ground Rent	1	0.00	0.00	1,034,000	1,034,000
Social Rent	1	4,360.03	1,537.37	6,702,979	6,702,979
Shared Ownership	1	10,277.92	5,240.36	53,860,001	53,860,001
Totals	**5**	**29,149.96**			**179,952,012**

NET REALISATION	**179,952,012**

OUTLAY

ACQUISITION COSTS

Residualised Price		10,816,336	
Residualised Price (Negative land)		(6,411,310)	
Stamp Duty	4.00%	432,653	
Agent Fee	1.00%	108,163	
Legal Fee	0.80%	86,531	
Town Planning		100,000	
Survey		100,000	
			5,232,374

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,520,000	1,520,000	
	m²	**Rate m²**	**Cost**	
Private	18,140.05 m²	3,013.88 pm²	54,671,934	
Social Rent	5,450.03 m²	2,798.51 pm²	15,251,963	
Shared Ownership	12,847.47 m²	2,798.61 pm²	35,955,058	
Totals	**36,437.55 m²**		**105,878,955**	**107,398,955**
Contingency		5.00%	5,369,948	
Externals / Landscaping / Services		6.00%	6,443,937	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,174,500	
Mayoral CIL			907,000	
				17,175,385

PROFESSIONAL FEES

Professional Fees	10.00%	10,739,896	
			10,739,896

MARKETING & LETTING

Marketing - Private	2.00%	2,387,781	
Marketing - Affordable	1.00%	538,600	
			2,926,381

DISPOSAL FEES

Sales Agent Fee	1.00%	1,732,490	
Sales Legal Fee	0.50%	899,760	
			2,632,250

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	4,049,946

TOTAL COSTS	**150,155,188**

PROFIT

	29,796,824

Performance Measures

Profit on Cost%	19.84%
Profit on GDV%	16.56%
Profit on NDV%	16.56%

Deloitte LLP

Development Appraisal

Site A2

Scenario 3 - Variation 2 - Family Housing

Site A2
Scenario 3 - Variation 2 - Family Housing

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,537.96	8,332.87	121,142,931	121,142,931
Car Parking	1	0.00	0.00	1,744,000	1,744,000
Ground Rent	1	0.00	0.00	1,085,000	1,085,000
Social Rent	1	4,862.03	1,542.98	7,502,015	7,502,015
Shared Ownership	1	9,698.95	5,576.89	54,089,977	54,089,977
Totals	**5**	**29,098.94**			**185,563,923**

NET REALISATION		**185,563,923**

OUTLAY

ACQUISITION COSTS			
Residualised Price		13,204,922	
Residualised Price (Negative land)		(5,129,492)	
Stamp Duty	4.00%	528,197	
Agent Fee	1.00%	132,049	
Legal Fee	0.80%	105,639	
Town Planning		100,000	
Survey		100,000	
			9,041,315

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,744,000	1,744,000	
	m²	**Rate m²**	**Cost**	
Private	18,172.48 m²	3,013.90 pm²	54,770,037	
Social Rent	6,077.53 m²	2,798.67 pm²	17,009,001	
Shared Ownership	12,123.75 m²	2,798.64 pm²	33,930,012	
Totals	**36,373.76 m²**		**105,709,050**	**107,453,050**
Contingency		5.00%	5,372,653	
Externals / Landscaping / Services		6.00%	6,447,183	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,180,188	
Mayoral CIL			908,625	
				17,188,649
PROFESSIONAL FEES				
Professional Fees		10.00%	10,745,305	
				10,745,305
MARKETING & LETTING				
Marketing - Private		2.00%	2,479,439	
Marketing - Affordable		1.00%	540,900	
				3,020,338
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,780,619	
Sales Legal Fee		0.50%	927,820	
				2,708,439
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				4,861,202
TOTAL COSTS				**155,018,298**
PROFIT				
				30,545,625

Performance Measures

Profit on Cost%	19.70%
Profit on GDV%	16.46%
Profit on NDV%	16.46%

Deloitte LLP

Development Appraisal

Site A2

Scenario 3 - Variation 3

Site A2
Scenario 3 - Variation 3

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,416.04	8,342.03	120,259,038	120,259,038
Car Parking	1	0.00	0.00	1,768,000	1,768,000
Ground Rent	1	0.00	0.00	1,075,000	1,075,000
Social Rent	1	4,792.03	1,576.16	7,553,006	7,553,006
Shared Ownership	1	9,891.02	5,608.12	55,470,027	55,470,027
Totals	**5**	**29,099.09**			**186,125,071**

NET REALISATION	**186,125,071**

OUTLAY

ACQUISITION COSTS			
Residualised Price		13,147,911	
Residualised Price (Negative land)		(4,334,449)	
Stamp Duty	4.00%	525,916	
Agent Fee	1.00%	131,479	
Legal Fee	0.80%	105,183	
Town Planning		100,000	
Survey		100,000	
			9,776,041

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,768,000	1,768,000	
	m²	**Rate m²**	**Cost**	
Private	18,020.09 m²	3,013.86 pm²	54,310,028	
Social Rent	5,990.03 m²	2,798.65 pm²	16,763,997	
Shared Ownership	12,363.84 m²	2,798.56 pm²	34,600,948	
Totals	**36,373.96 m²**		**105,674,974**	**107,442,974**
Contingency		5.00%	5,372,149	
Externals / Landscaping / Services		6.00%	6,446,578	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,153,500	
Mayoral CIL			901,000	
				17,153,227

PROFESSIONAL FEES			
Professional Fees	10.00%	10,744,297	
			10,744,297
MARKETING & LETTING			
Marketing - Private	2.00%	2,462,041	
Marketing - Affordable	1.00%	554,700	
			3,016,741
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,785,721	
Sales Legal Fee	0.50%	930,625	
			2,716,346
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			4,946,456
TOTAL COSTS			**155,796,082**
PROFIT			
			30,328,989

Performance Measures	
Profit on Cost%	19.47%
Profit on GDV%	16.30%
Profit on NDV%	16.30%

Deloitte LLP

Development Appraisal

Site A2

Scenario 3 - Variation 4

Site A2
Scenario 3 - Variation 4

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	14,539.00	8,343.08	121,300,040	121,300,040
Car Parking	1	0.00	0.00	1,800,000	1,800,000
Ground Rent	1	0.00	0.00	1,089,000	1,089,000
Social Rent	1	4,950.03	1,590.09	7,870,993	7,870,993
Shared Ownership	1	9,655.92	5,742.59	55,449,990	55,449,990
Totals	**5**	**29,144.95**			**187,510,023**

NET REALISATION		**187,510,023**

OUTLAY

ACQUISITION COSTS				
Residualised Price			13,276,350	
Residualised Price (Negative land)			(3,728,805)	
Stamp Duty		4.00%	531,054	
Agent Fee		1.00%	132,763	
Legal Fee		0.80%	106,211	
Town Planning			100,000	
Survey			100,000	
				10,517,573

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,800,000	1,800,000	
	m²	**Rate m²**	**Cost**	
Private	18,173.79 m²	3,013.90 pm²	54,773,986	
Social Rent	6,187.53 m²	2,798.53 pm²	17,315,988	
Shared Ownership	12,069.96 m²	2,798.60 pm²	33,778,990	
Totals	**36,431.28 m²**		**105,868,964**	**107,668,964**
Contingency		5.00%	5,383,448	
Externals / Landscaping / Services		6.00%	6,460,138	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			3,180,406	
Mayoral CIL			908,688	
				17,212,680

PROFESSIONAL FEES			
Professional Fees	10.00%	10,766,896	
			10,766,896
MARKETING & LETTING			
Marketing - Private	2.00%	2,483,781	
Marketing - Affordable	1.00%	554,500	
			3,038,281
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,796,390	
Sales Legal Fee	0.50%	937,550	
			2,733,940
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			5,118,910
TOTAL COSTS			**157,057,245**
PROFIT			
			30,452,778

Performance Measures	
Profit on Cost%	19.39%
Profit on GDV%	16.24%
Profit on NDV%	16.24%

Deloitte LLP

Development Appraisal

Site A2

Scenario 6 - Variation 1

APPRAISAL SUMMARY — DELOITTE LLP

Site A2
Scenario 6 - Variation 1

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,955.98	8,047.59	152,549,955	152,549,955
Car Parking	1	0.00	0.00	1,512,000	1,512,000
Ground Rent	1	0.00	0.00	1,350,000	1,350,000
Social Rent	1	3,066.99	1,540.27	4,723,993	4,723,993
Shared Ownership	1	7,170.96	5,262.89	37,739,974	37,739,974
Totals	**5**	**29,193.93**			**197,875,921**

NET REALISATION	**197,875,921**

OUTLAY

ACQUISITION COSTS			
Residualised Price		14,307,829	
Residualised Price (Negative land)		(4,387,177)	
Stamp Duty	4.00%	572,313	
Agent Fee	1.00%	143,078	
Legal Fee	0.80%	114,463	
Town Planning		100,000	
Survey		100,000	
			10,950,505

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,512,000	1,512,000	
	m²	**Rate m²**	**Cost**	
Private	23,695.01 m²	3,013.88 pm²	71,413,917	
Social Rent	3,833.74 m²	2,798.57 pm²	10,728,990	
Shared Ownership	8,963.75 m²	2,798.61 pm²	25,086,040	
Totals	**36,492.50 m²**		**107,228,947**	**108,740,947**
Contingency		5.00%	5,437,047	
Externals / Landscaping / Services		6.00%	6,524,457	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,146,625	
Mayoral CIL			1,184,750	
				18,572,879
PROFESSIONAL FEES				
Professional Fees		10.00%	10,874,095	
				10,874,095
MARKETING & LETTING				
Marketing - Private		2.00%	3,108,239	
Marketing - Affordable		1.00%	377,400	
				3,485,639
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,931,519	
Sales Legal Fee		0.50%	989,380	
				2,920,899
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				7,081,896
TOTAL COSTS				**162,626,860**
PROFIT				
				35,249,062

Performance Measures

Profit on Cost%	21.67%
Profit on GDV%	17.81%
Profit on NDV%	17.81%

Deloitte LLP

Development Appraisal

Site A2

Scenario 6 - Variation 2 - Family Housing

Site A2
Scenario 6 - Variation 2 - Family Housing

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,910.94	8,334.75	157,617,957	157,617,957
Car Parking	1	0.00	0.00	1,760,000	1,760,000
Ground Rent	1	0.00	0.00	1,412,000	1,412,000
Social Rent	1	3,466.03	1,534.90	5,320,009	5,320,009
Shared Ownership	1	6,800.98	5,593.31	38,039,989	38,039,989
Totals	**5**	**29,177.95**			**204,149,956**

NET REALISATION	**204,149,956**

OUTLAY

ACQUISITION COSTS			
Residualised Price		17,408,176	
Residualised Price (Negative land)		(3,678,768)	
Stamp Duty	4.00%	696,327	
Agent Fee	1.00%	174,082	
Legal Fee	0.80%	139,265	
Town Planning		100,000	
Survey		100,000	
			14,939,083

CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,760,000	1,760,000	
	m²	**Rate m²**	**Cost**	
Private	23,638.71 m²	3,013.91 pm²	71,244,944	
Social Rent	4,332.53 m²	2,798.59 pm²	12,124,975	
Shared Ownership	8,501.28 m²	2,798.64 pm²	23,792,022	
Totals	**36,472.52 m²**		**107,161,942**	**108,921,942**
Contingency		5.00%	5,446,097	
Externals / Landscaping / Services		6.00%	6,535,317	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,136,781	
Mayoral CIL			1,181,938	
				18,580,133

PROFESSIONAL FEES			
Professional Fees	10.00%	10,892,194	
			10,892,194
MARKETING & LETTING			
Marketing - Private	2.00%	3,215,799	
Marketing - Affordable	1.00%	380,400	
			3,596,199
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,988,299	
Sales Legal Fee	0.50%	1,020,750	
			3,009,049
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			7,954,018
TOTAL COSTS			**167,892,618**
PROFIT			
			36,257,338

Performance Measures	
Profit on Cost%	21.60%
Profit on GDV%	17.76%
Profit on NDV%	17.76%

Deloitte LLP

Development Appraisal

Site A2

Scenario 6 - Variation 3

Site A2
Scenario 6 - Variation 3

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,918.00	8,342.03	157,814,524	157,814,524
Car Parking	1	0.00	0.00	1,772,000	1,772,000
Ground Rent	1	0.00	0.00	1,409,000	1,409,000
Social Rent	1	3,279.04	1,576.38	5,169,013	5,169,013
Shared Ownership	1	6,947.01	5,597.23	38,884,013	38,884,013
Totals	**5**	**29,144.05**			**205,048,549**

NET REALISATION		**205,048,549**
OUTLAY		
ACQUISITION COSTS		
Residualised Price	17,490,560	
Residualised Price (Negative land)	(2,874,509)	
Stamp Duty	699,622	
Agent Fee	1.00% 174,906	
Legal Fee	0.80% 139,924	
Town Planning	100,000	
Survey	100,000	
		15,830,503

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,772,000	1,772,000	
	m²	**Rate m²**	**Cost**	
Private	23,647.54 m²	3,013.89 pm²	71,271,084	
Social Rent	4,098.79 m²	2,798.66 pm²	11,471,120	
Shared Ownership	8,683.81 m²	2,798.63 pm²	24,302,771	
Totals	**36,430.14 m²**		**107,044,975**	**108,816,975**

Contingency	5.00% 5,440,849	
Externals / Landscaping / Services	6.00% 6,529,019	
Demolition	900,000	
Clearance	380,000	
OPDC CIL	4,138,313	
Mayoral CIL	1,182,375	
		18,570,555
PROFESSIONAL FEES		
Professional Fees	10.00% 10,881,698	
		10,881,698
MARKETING & LETTING		
Marketing - Private	2.00% 3,219,910	
Marketing - Affordable	1.00% 388,840	
		3,608,751
DISPOSAL FEES		
Sales Agent Fee	1.00% 1,998,795	
Sales Legal Fee	0.50% 1,025,243	
		3,024,038
FINANCE		
Debit Rate 6.500% Credit Rate 0.000% (Nominal)		
Total Finance Cost		8,119,576
TOTAL COSTS		**168,852,096**
PROFIT		
		36,196,453

Performance Measures

Profit on Cost%	21.44%
Profit on GDV%	17.65%
Profit on NDV%	17.65%

Deloitte LLP

Development Appraisal

Site A2

Scenario 6 - Variation 4

Site A2
Scenario 6 - Variation 4

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
Private	1	18,893.99	8,336.94	157,518,061	157,518,061
Car Parking	1	0.00	0.00	1,780,000	1,780,000
Ground Rent	1	0.00	0.00	1,414,000	1,414,000
Social Rent	1	3,515.98	1,540.68	5,417,000	5,417,000
Shared Ownership	1	6,713.95	5,725.39	38,439,982	38,439,982
Totals	**5**	**29,123.92**			**204,569,043**

NET REALISATION **204,569,043**

OUTLAY

ACQUISITION COSTS

Residualised Price		17,410,230	
Residualised Price (Negative land)		(3,064,754)	
Stamp Duty	4.00%	696,409	
Agent Fee	1.00%	174,102	
Legal Fee	0.80%	139,282	
Town Planning		100,000	
Survey		100,000	
			15,555,269

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Car Parking	1 un	1,780,000	1,780,000	
	m²	**Rate m²**	**Cost**	
Private	23,617.53 m²	3,013.91 pm²	71,181,110	
Social Rent	4,394.96 m²	2,798.66 pm²	12,299,999	
Shared Ownership	8,392.49 m²	2,798.57 pm²	23,486,971	
Totals	**36,404.98 m²**		**106,968,079**	**108,748,079**
Contingency		5.00%	5,437,404	
Externals / Landscaping / Services		6.00%	6,524,885	
Demolition			900,000	
Clearance			380,000	
OPDC CIL			4,133,063	
Mayoral CIL			1,180,875	
				18,556,227

PROFESSIONAL FEES

Professional Fees	10.00%	10,874,808	
			10,874,808

MARKETING & LETTING

Marketing - Private	2.00%	3,214,241	
Marketing - Affordable	1.00%	384,400	
			3,598,641

DISPOSAL FEES

Sales Agent Fee	1.00%	1,991,520	
Sales Legal Fee	0.50%	1,022,845	
			3,014,366

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	8,060,469

TOTAL COSTS **168,407,859**

PROFIT

36,161,185

Performance Measures

Profit on Cost%	21.47%
Profit on GDV%	17.68%
Profit on NDV%	17.68%

Appendix 3 – Threshold Land Value

The threshold land value should represent the value at which a typical landowner is likely to release an investment / land for development; often referred to as the minimum price an investment owner / landowner is prepared to accept for their investment / land. There is no consistent guidance on how the threshold should be assessed; and we acknowledge that a number of different approaches are identified in the following documents:

Viability Testing Local Plans 'Harman Report' - Local Housing Delivery Group, June 2012
'We recommend that Threshold Land Value is based on premium over current use values and credible alternative use values.'

Financial Viability in Planning – RICS Guidance note, 2012
'Site Value should equate to Market Value subject to the following assumptions: that the value has regard to the development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'

Investment and Planning Obligations: Responding to the Downturn – HCA, 2009.
This document defines viability as follows: "a viable development will support a residual land value at level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner".

National Planning Policy Framework, para 173
'To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account the normal costs of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.'

Adopted Approach
This study adopts a Residual Land Value approach to be compared against a Threshold Land Value. Investment valuations on each of the one hectare sites, A, B, C and D, have been carried out, capitalising the market rents for each use with a yield derived from market evidence; this gives a gross freehold value per hectare.

Purchaser's costs were then deducted for each of the sites to arrive at a net freehold value.

The rounded net freehold values are set out in the table below:

Site	Net Freehold Value per Hectare	Net Freehold Value per acre
A	£6,900,000	£2,800,000
B	£9,700,000	£3,900,000
C	£7,400,000	£3,000,000
D	£4,300,000	£1,800,000

The Threshold Land Value adopts the above values plus a 20% premium as set out in the table below:

Site	Net Freehold Value per Hectare
A	£8,300,000
B	£11,600,000
C	£8,900,000
D	£5,200,000

Appendix 4 – Definitions, Sources and Verification of Information

General

Whilst the scope of work falls outside the mandatory requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (Global and UK Edition) (Informally "Red Book") as revised in April 2015, in line with best practice we will follow the principles of the Red Book in the provision of our advice.

General Purpose of our Work

The Report will be confidential to the parties to which our terms of engagement are addressed ("the Client"), and will be prepared in accordance with the terms as set out, and will be subject to the restrictions on use specified in the Contract. No other party will be entitled to rely on the Report for any purpose whatsoever and we will accept no responsibility or liability to any other party in respect of the contents of the Report. The Report must not, save as expressly provided for in the Contract be recited or referred to in any document, or copied or made available (in whole or in part) to any other person without our express prior written consent.

We will provide our advice based upon information we will discover during our work and our knowledge and experience of prevailing market conditions. We cannot and will not advise on the future performance of this property or its asset class.

Notwithstanding this, should access to the valuation be requested by the Royal Bank of Scotland Group, Santander Group, Royal Bank of Canada Group, Morgan Stanley, BNP Paribas (including Fortis) or Canada Life, either as sole lender or as syndicate members, we request that we are informed in order that we can satisfy our own regulatory requirements.

Market Value

Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (Global and UK Edition) (Informally "Red Book") as revised in April 2015 defines Market Value as follows:

> "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Valuation Practice Statements & Guidance Applications

We will use this definition in conjunction with the interpretative commentaries as set out in the Red Book. Where appropriate, we will also follow the guidance set out in the Valuation Practice Statements and Guidance Applications published by the RICS.

Information

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

Inspections

An inspection of the OPDC area has been undertaken.

Legal, Leasing and Title

Title - We will not carry out our own investigations into title unless provided with a report on title. If the report concludes that there is "good and marketable" title, we will rely upon that advice when forming our conclusions. You should read any report on title in full before entering into any contractual commitment in relation to the property.

We will assume that the legal interests that are subject to valuation are free from all unusual and onerous covenants or restrictions other than those notified to us.

For the purposes of this advice we will assume that the property owner has full control over the freehold or heritable (Scottish equivalent of freehold) interests of its property(ies). Furthermore, unless notified, we will assume that the freehold/heritable interests are not subject to any unusual restrictions, servitudes and onerous covenants and that it is in all respects good and marketable.

Leases - Where provided to us, we will read occupational lease documentation. We will not review the occupational leases in detail but will rely upon, if available, lease summaries produced by your solicitors. For details of all tenancies we will rely upon the information provided to us. Where a summary of lease terms is provided the information in our report will be a summary only. In cases where those documents are not inspected by us, and in the absence of a solicitor's report on leases, we will assume that leases are drawn on standard commercial terms and contain no unusual clauses that impact on rental value.

Legal Issues - Any interpretation of leases and other legal documents and legal assumptions is given in our capacity as Chartered Surveyors and must be verified by a suitably qualified lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties***.***

Building and Technical

Floor and Site Areas – No measurements will be taken. We will rely upon floor areas and additional information provided to us. As we are not instructed to re-measure the properties, and unless we are provided with floor areas prepared in accordance with RICS Property Measurement (incorporating the International Property Measurement Standards) we understand the floor areas will have been calculated in accordance with the RICS Code of Measuring Practice (6th Edition) on a Net Internal Area basis and we have been instructed to adopt them for the purpose of our valuation. These areas will not be adjusted for the RICS' International Property Measurement Standard (IPMS). Furthermore, any comparables that will be provided within our report will have been measured on a basis consistent with NIA. We would also confirm that all measurements and floor areas provided are approximate.

For the avoidance of doubt, we will rely upon site measurements either provided to us by the client or scaled from Ordnance Survey plans (Utilising ProMap). Site areas, where given, are normally computed from plans or the Ordnance Survey and by reference to observed boundaries. Site boundaries shown on plans attached to our report are for identification purposes only.

Building Survey - We will review Building Inspection and Environmental Audit Report Reports, if made available to us. We confirm that any Building Survey and Environmental Audit Reports, and the recommendations contained therein, will be read in full.

Deloitte will not undertake any structural surveys, and we assume that we will not have sight of any specialist survey reports apart from the any reports mentioned above.

Equality/Disability Discrimination Acts - We will not undertake any assessment or investigation into the compliance of any building or structure on the site with the Equality Act 2010.

In arriving at our opinion of value, we will not make any allowance for any works required by this legislation that have not been carried out and would need to be carried out in order to make the property compliant with the Equality Act 2010.

Structural Conditions & Deleterious Materials - At no time will we carry out any structural survey nor inspect those parts which are covered, unexposed or inaccessible and such parts will be assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts, and our valuation report should not be taken as making any implied representation or statement of such matters.

We will not arrange for any investigation to be carried out to determine whether or not high alumina cement, woodwool slabs (used as permanent shuttering), blue asbestos, calcium chloride or other deleterious materials

have been used in the construction of any of the buildings, or have since been incorporated.

However, for the purposes of our valuations we will assume that such investigation would not disclose the presence of any such material in any adverse conditions, except where we will be specifically notified.

Asbestos - The Control of Asbestos at Work Regulations 2002 require the management of asbestos within the premises and that arrangements are recorded in writing, usually in an asbestos management plan. We will assume that we will not be provided with a copy of any asbestos management plan in respect of the properties, and therefore asbestos issues will not be reflected in the valuation.

For the purpose of our valuation we will assume that no remedial works will be needed due to the presence of 'deleterious of hazardous materials'. We will not read any specialist reports, however due to the age of the building, it is possible that 'deleterious or hazardous materials' such as asbestos and concrete additives may have been used in the construction of the property.

Services - We will not investigate the availability of services to the site.

We will assume that all mains services including gas, electricity, water and drainage are connected to the subject property to enable its beneficial occupation. We will not test any of these services. Unless otherwise informed we will assume that the services are available or can be connected without abnormal cost. We will also assume that any associated controls or software, are in working order and free from defect.

Statutory Obligations - Our valuations will be prepared on the assumption that the property conforms to fire precaution regulations and building regulations and all other relevant legislation.

Plant & Machinery - Our valuations will take account of those items of plant and machinery normally associated with the valuation of land and buildings, such as boilers, heating, sprinklers, ventilation systems and the like.

Our valuations will exclude process plant, machinery and fixtures and fittings that are normally taken to be the property of the tenants.

Planning and Environmental

Planning - Our valuation will be based upon the assumption that detailed planning consent for the property was granted in accordance with the expectations summarised in our report.

Web based research and/or verbal enquiries will be made of the local planning authorities in order to ascertain policies and commitments in so far as they might affect the subject property. However, these enquiries will only reveal those proposals formally approved by the authorities and not those under consideration and therefore the property may be affected by

proposals currently under consideration of which we are unaware. No responsibility will be accepted for any inaccurate information provided.

Environmental Contamination - In forming our assessment we will not carry out any investigations into the presence or otherwise of contaminative substances or substances which may give rise to contamination in any form whatsoever. We will rely upon environmental reports if provided to us.

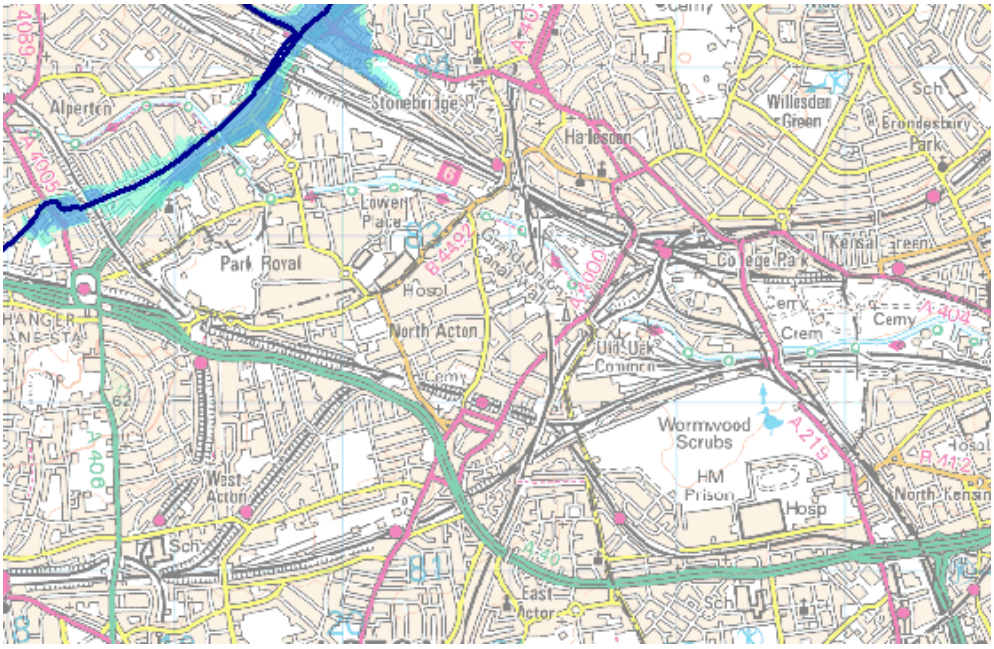
We are unable to guarantee or warrant that the sites are not and never have been subject to contaminative uses or contaminated. These are matters upon which you or anyone else relying upon this report, must satisfy themselves. Our valuations will be prepared on the assumption that no contaminative substances are present on the site or neighbouring sites so as to affect the same.

Ground Conditions - We will not undertake mining, geological, archaeological, soil or other investigations into the ground conditions of the site.

We will assume that the sites would be physically capable of redevelopment and that no special or unusual costs would be incurred.

We will not carry out any investigations into the ground conditions of the site and we will assume that we will not be supplied with any specialist reports. As such, it will not be possible to certify formally that good ground conditions exist, although at the time of our inspection, we will note any obvious signs that the property is affected by adverse ground conditions.

Flood Risk – The Environment Agency's flood risk map of the Old Oak and Park Royal Development Corporation area is set out below:



Source: Environment Agency

The map shows that the entire area is outside an area at risk of flooding from rivers and sea. This area is described by the environment agency as "*an area that has a chance of flooding of less than 1 in 1000 (0.1%)*".

Our assessment of flood risk is based on the Environment Agency Flood Map (reference). This assessment does not include the risk of flooding from groundwater, surface water or sewers. We recommend that you satisfy yourself that the risk is acceptable. If we are provided with the results of investigations by third parties we shall review and, subject to the limit of our qualifications, comment on the findings in our report. Should subsequent investigations establish the immediate locality is at risk of flooding this might cause us to alter our opinion of value.

Japanese Knotweed – If we are not provided with a specific report in respect of Japanese Knotweed, where appropriate, we will recommend an assessment is carried out. Our valuation will be based on the assumption that Japanese Knotweed is not present or will not have a material impact on valuation.

Sustainability - Sustainability considerations are currently rarely factored explicitly into the pricing of real estate within the UK. However as the market matures and investors and occupiers develop an understanding of the risks attached to buildings which are not sustainable it is anticipated that a value differential will emerge. It is our view that properties which compare unfavourably to their peers in sustainability terms will, with all other pricing factors being equal, become more susceptible to value erosion and be at heightened risk of premature depreciation and obsolescence. Similarly, those properties which are considered sustainable will be more resilient to value erosion going forwards.

At no time will we either carry out, or commission the preparation of any assessment relating to sustainability, for the purposes of the report this includes an EPC, DEC or a Flood Risk Assessment. Where we are provide with information relating to sustainability we will reflect upon the market's likely reaction to its/their content in forming our opinion of value. Where we are not provide with information relating to sustainability, or where none exists, we will assume that the results of undertaking either would result in the market arriving at a 'neutral' value position.

Capital and Reporting Values

Covenant Status – In the context of this engagement we are not qualified to report on the financial health or covenant status of the occupational entities but we will have had regard to publicly available information where available, in order that our valuation should reflect the market's perception of the quality of those entities' covenants.

We will limit our enquiries as to the financial status of any tenant to information available in the public domain and in making such enquiries our objective will solely be to gain an understanding as to the manner in which purchasers of the type of investment being valued would consider the

tenant's (or tenants') covenant strength. Our investigations will specifically not be undertaken to assess the actual covenant strength and our findings and conclusions must not interpreted as providing any expression of opinion whatsoever as to its status. In the absence of publicly available information we will assume the tenant's (or tenants') financial position to be acceptable to purchasers of that type of investment.

Development Sites - The universally adopted approach to the valuation of development sites is reference to comparable market transactions and use of the 'residual' method. Typically, the availability of comparable evidence is limited, therefore reliance is placed on the residual method. In accordance with RICS Valuation Information Paper 12 (Valuation of Development Land) it is important to appreciate that the residual method requires the input of a large amount of data, which is rarely absolute or precise and this is coupled with making a large number of assumptions. Small changes in any of the inputs can cumulatively lead to a large change in the resultant land value appraisal. Some of these inputs can be assessed with reasonable objectivity, but others are more subjective and volatile.

Market Investigations & Volatility - We will take reasonable steps to corroborate comparable transaction evidence, however we cannot guarantee the accuracy of information provided to us in the course of such investigations. To a greater or lesser extent, certain markets are less transparent and subject to greater volatility and are therefore reliant upon varying levels of valuer interpretation of market sentiment. Our report will set out the comparables and the extent to which we will rely upon them as well as observations on the perceived volatility within the specific markets.

Costs - No allowance will be made in our valuations for any expenses of realisation.

Acquisition Costs - We will reflect the relevant purchaser's costs in respect of individual properties to take account of Stamp Duty Land Tax/Land and Buildings Transaction Tax, agents and legal fees as well as VAT on fees. These costs reflect the following:

Agents' fees	1%
Legal fees	0.5%
VAT on fees (20%)	0.3%

Stamp Duty Land Tax (England & Wales)

Residential:

SDLT is charged at different rates depending on the portion of the purchase price that falls into each rate band.

Up to £125,000	0%

Over £125,000 to £250,000	2%
Over £250,000 to £925,000	5%
Over £925,000 to £1.5 million	10%
Over £1.5 million	12%

Taxation

Our valuations will make no allowance for any liability for the payment of any tax, including Capital Gains Tax, whether existing or which may arise in the future.

Our valuations will be exclusive of Value Added Tax (VAT).

Deloitte.
Real Estate

Other than as stated below, this document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities). In any event, no other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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