

Land to the East of Shire House, Lamb's Passage,  
London EC1Y 8TE



Application Numbers P2016/0536/LBC & P2016/0488/FUL

## Independent Review of Viability

3 August 2016

### 1 Introduction

- 1.1 BPS Chartered Surveyors has been appointed by the London Borough of Islington to review a viability submission provided by Upside London Limited (ULL) on behalf of London City Shopping Centre Ltd & Lamb's Passage Real Estate. This application follows an earlier application P2013/3257/FUL which was refused consent, a decision which was subsequently upheld at appeal on 23 July 2015 APP/V5570/E/14/2226261.
- 1.2 Since our most recent report dated 8 May 2016 the applicant was asked to consider proposals which modelled a reduction in height of the residential elements of the scheme and to test the impact of increasing the office element of the scheme through a reduction in the floor area of the hotel and restaurant elements of the proposal.
- 1.3 These changes have resulted in adjusted S106 contributions from those considered in our May 2016 report. The applicant has also been asked to consider 3 separate affordable housing scenarios which reflect changes in the tenure, numbers and mix.
- 1.4 ULL has provided an updated appraisal which reflects the suggested adjustments proposed in our May report which include:
  - A) A reduction in the proposed benchmark land value to £4,807,000 to reflect the impact of management costs in running the car park.
  - B) A reduction in the proposed profit target applying to the commercial elements of the scheme.
  - C) Revised affordable housing values to reflect an offer now received from Hyde Housing Association reflecting a mixed tenure scheme.
- 1.5 The scheme has now also been remodelled to reduce the scale of the proposed restaurant and hotel and increased the scale of the office element

a table of these changes from the reduced scheme tabled in May is shown in below:

Use	Previous Appraisal Area sq ft	Latest Appraisal Area sq ft	Net Change sq ft
Private residential	13,229	14,510	+1,281
Affordable housing	10,538	9,257	-1,281
Hotel	33,886	28,730	-5,156
Retail	861	861	0
Gym	2,831	2,185	-646
Restaurant	20,700	13,778	-6,922
B1 Office	1,033	16,457	+15,424
General Commercial	14,209	0	-14,209
Affordable office	0	3,595	+3,595
<b>Total</b>	<b>97,287</b>	<b>89,373</b>	<b>-7,914</b>

1.6 In addition to the above the revised scheme includes the following S106 contributions:

- a) S106 monitoring fee £10,538
- b) Employment and training £35,352
- c) Carbon offsetting £397,624
- d) Work placements £45,000
- e) Accessible parking £16,000

1.7 In assessing the latest appraisal we have been asked to test whether the mechanical changes required by the change in floor areas has been correctly shown in the appraisal. The affordable housing offer in the current proposals is social rent 5 x 1 bed and 5 x 2 bed units, shared ownership 2 x 1 bed units and 3 x 2 bed units.

1.8 We have also been asked to consider the impact of the appraisal through a reduction in the carbon offsetting contribution from £397,624 to £52,860.

1.9 We have also been asked to test the viability of three further scenarios that look at changes to the market and affordable housing quantum and tenure mix.

**Scenario 1** - Social Rent Units 5 x 1 bed and 5 x 2 bed units. Shared ownership 2 x 1 bed and 4 x 2 bed units, an increase of 1 x 2 bed unit of shared ownership over the proposed scheme.

**Scenario 2** - Social Rent Units 6 x 1 bed and 8 x 2 bed units. No shared ownership units, a decrease in the overall number of affordable units of 1 x 1 bed unit over the proposed scheme.

**Scenario 3** - Social Rent Units 6 x 1 bed and 5 x 2 bed units. Shared ownership 1 x 1 bed and 3 x 2 bed units, no change in overall unit numbers from the proposed scheme but an increase of 1 x 2 bed unit of social rent for the loss of the same unit as shared ownership when compared to the proposed scheme.

## 2 Revised Modelling and Conclusions

- 2.1 We have attached our revised modelling to this report. It will be seen that we do not entirely replicate ULL's figures.
- 2.2 Aside from relatively minor differences in numbers arising from slightly different programming assumptions and an updated view of purchaser's costs to reflect the changes to stamp duty land tax, the primary differences arise in respect of the computation of residential floor area.
- 2.3 To establish Net Sale Area (NSA) we have adopted the areas as identified in the Design and Access Statement (DAS). This document provides gross internal areas on which the scheme costs are based and which we have previously agreed.
- 2.4 The DAS also shows level by level floor plans for the north residential block which includes the affordable element. From this we have established the NIA of individual units forming both the current and the three scenarios. It will be seen that our estimate of NIA falls below ULL which results in a net shortfall on overall scheme revenue. We have not adjusted the private housing floor area.
- 2.5 We have tested a reduced Carbon offset payment which is scaled back from £397,624 to £52,860. We understand this scale of reduction has been proposed to the applicant and has resulted in the three tenure scenarios discussed in this report.
- 2.6 The appraisals have been arranged to generate a net profit output on a blended basis. The agreed profit target reflects elemental profit margins of 20% on the private residential element, 6% of GDV in respect of the affordable housing element and 15% in respect of the commercial elements.

2.7 Because this is a blended rate the profit margin changes with each scenario as the floor areas change. We have summarised in the table below our findings compared to this profit target.

Scenario	Comments	Profit Target	Profit outcome	Surplus/deficit	Cash
Current		16.33%	15.91%	-0.42%	-£204,396
Current	Reduced 106	16.33%	16.72%	0.39%	£191,696
Scenario 1	Reduced 106	16.18%	15.93%	-0.25%	-£120,284
Scenario 2	Reduced 106	16.58%	14.36%	-2.22%	-£1,058,651
Scenario 3	Reduced 106	16.36%	16.41%	0.05%	£23,016

2.8 It can be seen that the current proposal shows a small deficit relative to overall scheme GDV which would be made into a small surplus through reducing the carbon offsetting payment.

2.9 We have reduced carbon offset sum in modelling each of the three scenarios.

2.10 It can be seen that only the current scheme (reduced S106) and scenario 3 would generate a surplus compared to the current proposal. In large part reflecting the savings to scheme costs of £344,764 from reduced S106 payments.

2.11 Reflecting the analysis above scenario 3 would appear to offer both the highest number of affordable units and 11 units of social rent and 4 of shared ownership whilst maintaining a viable scheme. The modest £23,000 surplus represents an effective breakeven point given the scaler of the development. We accept the Council will form its own views on the optimum tenure mix of those offered.

2.12 We are satisfied on our modelling of the scheme that it cannot reasonably contribute additional affordable housing above the levels shown without potentially falling into deficit which may prejudice scheme delivery or necessitate a further reduction in other scheme costs.

2.13 It should be noted that the capitalisation yields adopted in the scheme appraisals and agreed with the applicant have not been adjusted to reflect the increasing signs of the decision to leave the European Union. In our opinion this represents an optimistic outlook and one which favours overall viability

2.14 Our appraisals are attached in Appendix 1 below:

## Scheme Appraisals

Lambs Passage  
Proposed Scheme - Reduced

**Lambs Passage  
Proposed Scheme - Reduced**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	20	14,510	1,278.14	927,291	18,545,811
Social Rent	10	5,974	216.97	129,618	1,296,179
Shared Ownership	<u>5</u>	<u>3,132</u>	567.47	355,463	<u>1,777,316</u>
<b>Totals</b>	<b>35</b>	<b>23,616</b>			<b>21,619,306</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	20			300	6,000	6,000
Hotel	1	28,730	46.98	1,349,735	1,349,735	1,349,735
Retail	1	861	35.00	30,135	30,135	30,135
Gym	1	2,831	19.30	54,625	54,625	54,625
Restaurant	1	13,778		0	0	
Office GF	1	2,841	42.50	120,743	120,743	120,743
Offices Basement	1	13,616	25.00	340,400	340,400	340,400
Affordable Office	<u>1</u>	<u>3,595</u>	8.00	28,760	<u>28,760</u>	<u>28,760</u>
<b>Totals</b>	<b>27</b>	<b>66,252</b>			<b>1,930,398</b>	<b>1,930,398</b>

**Investment Valuation**

Ground Rents					
Current Rent	6,000	YP @	5.5000%	18.1818	109,091
<b>Hotel</b>					
Current Rent	1,349,735	YP @	7.5000%	13.3333	17,996,467
<b>Retail</b>					
Current Rent	30,135	YP @	6.0000%	16.6667	502,250
<b>Gym</b>					
Current Rent	54,625	YP @	7.0000%	14.2857	780,357
<b>Restaurant</b>					
Manual Value					1
<b>Office GF</b>					
Current Rent	120,743	YP @	6.0000%	16.6667	2,012,383
<b>Offices Basement</b>					
Current Rent	340,400	YP @	6.0000%	16.6667	5,673,333
<b>Affordable Office</b>					
Current Rent	28,760	YP @	7.0000%	14.2857	410,857
					<b>27,484,740</b>

**GROSS DEVELOPMENT VALUE 49,104,046**

**NET REALISATION 49,104,046**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price		4,847,567		4,847,567
Stamp Duty	5.00%	242,378		
Agent Fee	1.00%	48,476		
Legal Fee	0.50%	24,238		
				315,092

**CONSTRUCTION COSTS**

Lease Rent		545,000		
Mayoral CIL		528,060		
Borough CIL		2,198,209		
106 Monitoring		10,538		
Employment training		35,352		
carbon offsetting		397,624		
work placements		45,000		
accessible parking		16,000		
				3,775,783

**Other Construction**

Construction Costs		24,755,000		
Hotel Opening costs		1,094,000		
				25,849,000

**MARKETING & LETTING**

**Lambs Passage**

**Proposed Scheme - Reduced**

Marketing		599,195	
Letting Agent Fee	15.00%	87,099	
Letting Legal Fee	2.00%	38,608	
			724,902

**DISPOSAL FEES**

Purchasers costs Ground Rents	4.80%	5,236	
Purchasers costs Commercial	5.80%	1,594,115	
Private Residential	1.50%	278,187	
Affordable	1.50%	46,102	
Ground Rents	1.50%	1,636	
legal private		12,000	
legal affordable	0.50%	15,367	
legal commmercial	0.15%	41,063	
Legal Ground rent	3.00%	3,273	
			1,996,981

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		942,833	
Construction		2,837,594	
Total Finance Cost			3,780,427

**TOTAL COSTS**

**41,289,752**

**PROFIT**

**7,814,294**

**Performance Measures**

Profit on Cost%	18.93%	
Profit on GDV%	15.91%	
Profit on NDV%	15.91%	
Development Yield% (on Rent)	4.68%	
Equivalent Yield% (Nominal)	7.02%	
Equivalent Yield% (True)	7.34%	
IRR	19.86%	
Rent Cover	4 yrs 1 mth	
Profit Erosion (finance rate 7.000%)	2 yrs 6 mths	



Lambs Passage  
Lower 106  
Proposed Scheme - Reduced

Development Appraisal  
BPS Surveyors  
03 August 2016

**Lambs Passage  
Lower 106  
Proposed Scheme - Reduced**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	20	14,510	1,278.14	927,291	18,545,811
Social Rent	10	5,974	216.97	129,618	1,296,179
Shared Ownership	5	3,132	567.47	355,463	1,777,316
<b>Totals</b>	<b>35</b>	<b>23,616</b>			<b>21,619,306</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	20			300	6,000	6,000
Hotel	1	28,730	46.98	1,349,735	1,349,735	1,349,735
Retail	1	861	35.00	30,135	30,135	30,135
Gym	1	2,831	19.30	54,625	54,625	54,625
Restaurant	1	13,778		0	0	
Office GF	1	2,841	42.50	120,743	120,743	120,743
Offices Basement	1	13,616	25.00	340,400	340,400	340,400
Affordable Office	1	3,595	8.00	28,760	28,760	28,760
<b>Totals</b>	<b>27</b>	<b>66,252</b>			<b>1,930,398</b>	<b>1,930,398</b>

**Investment Valuation**

Ground Rents					
Current Rent	6,000	YP @	5.5000%	18.1818	109,091
<b>Hotel</b>					
Current Rent	1,349,735	YP @	7.5000%	13.3333	17,996,467
<b>Retail</b>					
Current Rent	30,135	YP @	6.0000%	16.6667	502,250
<b>Gym</b>					
Current Rent	54,625	YP @	7.0000%	14.2857	780,357
<b>Restaurant</b>					
Manual Value					1
<b>Office GF</b>					
Current Rent	120,743	YP @	6.0000%	16.6667	2,012,383
<b>Offices Basement</b>					
Current Rent	340,400	YP @	6.0000%	16.6667	5,673,333
<b>Affordable Office</b>					
Current Rent	28,760	YP @	7.0000%	14.2857	410,857
					<b>27,484,740</b>

**GROSS DEVELOPMENT VALUE 49,104,046**

**NET REALISATION 49,104,046**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price		4,847,567		4,847,567
Stamp Duty	5.00%	242,378		
Agent Fee	1.00%	48,476		
Legal Fee	0.50%	24,238		
				315,092

**CONSTRUCTION COSTS**

Lease Rent		545,000		
Mayoral CIL		528,060		
Borough CIL		2,198,209		
106 Monitoring		10,538		
Employment training		35,352		
carbon offsetting		52,860		
work placements		45,000		
accessible parking		16,000		
				3,431,019

**Other Construction**

Construction Costs		24,755,000		
Hotel Opening costs		1,094,000		
				25,849,000

**Lambs Passage**

**Lower 106**

**Proposed Scheme - Reduced**

**MARKETING & LETTING**

Marketing		599,195	
Letting Agent Fee	15.00%	87,099	
Letting Legal Fee	2.00%	38,608	
			724,902

**DISPOSAL FEES**

Purchasers costs Ground Rents	4.80%	5,236	
Purchasers costs Commercial	5.80%	1,594,115	
Private Residential	1.50%	278,187	
Affordable	1.50%	46,102	
Ground Rents	1.50%	1,636	
legal private		12,000	
legal affordable	0.50%	15,367	
legal commmercial	0.15%	41,063	
Legal Ground rent	3.00%	3,273	
			1,996,981

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		942,833	
Construction		2,786,265	
Total Finance Cost			3,729,098

**TOTAL COSTS**

**40,893,659**

**PROFIT**

**8,210,387**

**Performance Measures**

Profit on Cost%	20.08%
Profit on GDV%	16.72%
Profit on NDV%	16.72%
Development Yield% (on Rent)	4.72%
Equivalent Yield% (Nominal)	7.02%
Equivalent Yield% (True)	7.34%
IRR	20.68%
Rent Cover	4 yrs 3 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Lambs Passage

Reduced 106

Proposed Scheme - Reduced Scenario 1

**Lambs Passage  
Reduced 106  
Proposed Scheme - Reduced Scenario 1**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	19	13,854	1,278.14	931,966	17,707,352
Social Rent	10	5,974	216.97	129,618	1,296,179
Shared Ownership	<u>6</u>	<u>3,788</u>	567.47	358,263	<u>2,149,576</u>
<b>Totals</b>	<b>35</b>	<b>23,616</b>			<b>21,153,107</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	20			300	6,000	6,000
Hotel	1	28,730	46.98	1,349,735	1,349,735	1,349,735
Retail	1	861	35.00	30,135	30,135	30,135
Gym	1	2,831	19.30	54,625	54,625	54,625
Restaurant	1	13,778		0	0	
Office GF	1	2,841	42.50	120,743	120,743	120,743
Offices Basement	1	13,616	25.00	340,400	340,400	340,400
Affordable Office	<u>1</u>	<u>3,595</u>	8.00	28,760	<u>28,760</u>	<u>28,760</u>
<b>Totals</b>	<b>27</b>	<b>66,252</b>			<b>1,930,398</b>	<b>1,930,398</b>

**Investment Valuation**

Ground Rents					
Current Rent	6,000	YP @	5.5000%	18.1818	109,091
<b>Hotel</b>					
Current Rent	1,349,735	YP @	7.5000%	13.3333	17,996,467
<b>Retail</b>					
Current Rent	30,135	YP @	6.0000%	16.6667	502,250
<b>Gym</b>					
Current Rent	54,625	YP @	7.0000%	14.2857	780,357
<b>Restaurant</b>					
Manual Value					1
<b>Office GF</b>					
Current Rent	120,743	YP @	6.0000%	16.6667	2,012,383
<b>Offices Basement</b>					
Current Rent	340,400	YP @	6.0000%	16.6667	5,673,333
<b>Affordable Office</b>					
Current Rent	28,760	YP @	7.0000%	14.2857	410,857
					<b>27,484,740</b>

**GROSS DEVELOPMENT VALUE 48,637,846**

**NET REALISATION 48,637,846**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price			4,847,567		
				4,847,567	
Stamp Duty		5.00%	242,378		
Agent Fee		1.00%	48,476		
Legal Fee		0.50%	24,238		
					315,092

**CONSTRUCTION COSTS**

Lease Rent			545,000		
Mayoral CIL			528,060		
Borough CIL			2,198,209		
106 Monitoring			10,538		
Employment training			35,352		
carbon offsetting			52,860		
work placements			45,000		
accessible parking			16,000		
					3,431,019

**Other Construction**

Construction Costs			24,755,000		
Hotel Opening costs			1,094,000		
					25,849,000

**Lambs Passage  
Reduced 106  
Proposed Scheme - Reduced Scenario 1**

**MARKETING & LETTING**

Marketing		599,195	
Letting Agent Fee	15.00%	87,099	
Letting Legal Fee	2.00%	38,608	
			724,902

**DISPOSAL FEES**

Purchasers costs Ground Rents	4.80%	5,236	
Purchasers costs Commercial	5.80%	1,594,115	
Private Residential	1.50%	265,610	
Affordable	1.50%	51,686	
Ground Rents	1.50%	1,636	
legal private		12,000	
legal affordable	0.50%	17,229	
legal commmercial	0.15%	41,063	
Legal Ground rent	3.00%	3,273	
			1,991,849

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		942,833	
Construction		2,786,265	
Total Finance Cost			3,729,098

**TOTAL COSTS**

**40,888,527**

**PROFIT**

**7,749,319**

**Performance Measures**

Profit on Cost%	18.95%
Profit on GDV%	15.93%
Profit on NDV%	15.93%
Development Yield% (on Rent)	4.72%
Equivalent Yield% (Nominal)	7.02%
Equivalent Yield% (True)	7.34%
 IRR	 19.93%
 Rent Cover	 4 yrs
Profit Erosion (finance rate 7.000%)	2 yrs 6 mths

Lambs Passage

Reduced 106

Proposed Scheme - Reduced Scenario 2

**Lambs Passage  
Reduced 106  
Proposed Scheme - Reduced Scenario 2**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	21	14,392	1,278.14	875,952	18,394,991
Social Rent	14	0	216.97	131,453	1,840,340
<b>Totals</b>	<b>35</b>	<b>14,392</b>			<b>20,235,330</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	20			300	6,000	6,000
Hotel	1	28,730	46.98	1,349,735	1,349,735	1,349,735
Retail	1	861	35.00	30,135	30,135	30,135
Gym	1	2,831	19.30	54,625	54,625	54,625
Restaurant	1	13,778		0	0	
Office GF	1	2,841	42.50	120,743	120,743	120,743
Offices Basement	1	13,616	25.00	340,400	340,400	340,400
Affordable Office	1	3,595	8.00	28,760	28,760	28,760
<b>Totals</b>	<b>27</b>	<b>66,252</b>			<b>1,930,398</b>	<b>1,930,398</b>

**Investment Valuation**

Ground Rents					
Current Rent	6,000	YP @	5.5000%	18.1818	109,091
<b>Hotel</b>					
Current Rent	1,349,735	YP @	7.5000%	13.3333	17,996,467
<b>Retail</b>					
Current Rent	30,135	YP @	6.0000%	16.6667	502,250
<b>Gym</b>					
Current Rent	54,625	YP @	7.0000%	14.2857	780,357
<b>Restaurant</b>					
Manual Value					1
<b>Office GF</b>					
Current Rent	120,743	YP @	6.0000%	16.6667	2,012,383
<b>Offices Basement</b>					
Current Rent	340,400	YP @	6.0000%	16.6667	5,673,333
<b>Affordable Office</b>					
Current Rent	28,760	YP @	7.0000%	14.2857	410,857
					<b>27,484,740</b>

**GROSS DEVELOPMENT VALUE 47,720,070**

**NET REALISATION 47,720,070**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price			4,847,567		
				4,847,567	
Stamp Duty		5.00%	242,378		
Agent Fee		1.00%	48,476		
Legal Fee		0.50%	24,238		
				315,092	

**CONSTRUCTION COSTS**

Lease Rent			545,000		
Mayoral CIL			528,060		
Borough CIL			2,198,209		
106 Monitoring			10,538		
Employment training			35,352		
carbon offsetting			52,860		
work placements			45,000		
accessible parking			16,000		
				3,431,019	

**Other Construction**

Construction Costs			24,755,000		
Hotel Opening costs			1,094,000		
				25,849,000	

**MARKETING & LETTING**



**Lambs Passage**

**Reduced 106**

**Proposed Scheme - Reduced Scenario 2**

Marketing		599,195	
Letting Agent Fee	15.00%	87,099	
Letting Legal Fee	2.00%	38,608	
			724,902
<b>DISPOSAL FEES</b>			
Purchasers costs Ground Rents	4.80%	5,236	
Purchasers costs Commercial	5.80%	1,594,115	
Private Residential	1.50%	275,925	
Affordable	1.50%	27,605	
Ground Rents	1.50%	1,636	
legal private		12,000	
legal affordable	0.50%	9,202	
legal commmercial	0.15%	41,063	
Legal Ground rent	3.00%	3,273	
			1,970,055
<b>FINANCE</b>			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		942,833	
Construction		2,786,265	
Total Finance Cost			3,729,098
<b>TOTAL COSTS</b>			<b>40,866,734</b>
<b>PROFIT</b>			<b>6,853,336</b>
<b>Performance Measures</b>			
Profit on Cost%		16.77%	
Profit on GDV%		14.36%	
Profit on NDV%		14.36%	
Development Yield% (on Rent)		4.72%	
Equivalent Yield% (Nominal)		7.02%	
Equivalent Yield% (True)		7.34%	
IRR		18.47%	
Rent Cover		3 yrs 7 mths	
Profit Erosion (finance rate 7.000%)		2 yrs 3 mths	

Lambs Passage

Reduced 106

Proposed Scheme - Reduced - Scenario 3

**Lambs Passage  
Reduced 106  
Proposed Scheme - Reduced - Scenario 3**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	20	14,510	1,278.14	927,291	18,545,811
Social Rent	11	6,512	216.97	128,446	1,412,909
Shared Ownership	4	2,594	567.47	368,004	1,472,017
<b>Totals</b>	<b>35</b>	<b>23,616</b>			<b>21,430,737</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	20			300	6,000	6,000
Hotel	1	28,730	46.98	1,349,735	1,349,735	1,349,735
Retail	1	861	35.00	30,135	30,135	30,135
Gym	1	2,831	19.30	54,625	54,625	54,625
Restaurant	1	13,778		0	0	
Office GF	1	2,841	42.50	120,743	120,743	120,743
Offices Basement	1	13,616	25.00	340,400	340,400	340,400
Affordable Office	1	3,595	8.00	28,760	28,760	28,760
<b>Totals</b>	<b>27</b>	<b>66,252</b>			<b>1,930,398</b>	<b>1,930,398</b>

**Investment Valuation**

Ground Rents	Current Rent	Hotel	Current Rent	Retail	Current Rent	Gym	Current Rent	Restaurant	Manual Value	Office GF	Current Rent	Offices Basement	Current Rent	Affordable Office	Current Rent
	6,000		1,349,735		30,135		54,625				120,743		340,400		28,760
	YP @		YP @		YP @		YP @				YP @		YP @		YP @
	5.5000%		7.5000%		6.0000%		7.0000%				6.0000%		6.0000%		7.0000%
	18.1818		13.3333		16.6667		14.2857		1		16.6667		16.6667		14.2857
	109,091		17,996,467		502,250		780,357				2,012,383		5,673,333		410,857
															<b>27,484,740</b>

**GROSS DEVELOPMENT VALUE 48,915,477**

**NET REALISATION 48,915,477**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price		4,847,567		4,847,567
Stamp Duty	5.00%	242,378		
Agent Fee	1.00%	48,476		
Legal Fee	0.50%	24,238		
				315,092

**CONSTRUCTION COSTS**

Lease Rent		545,000		
Mayoral CIL		528,060		
Borough CIL		2,198,209		
106 Monitoring		10,538		
Employment training		35,352		
carbon offsetting		52,860		
work placements		45,000		
accessible parking		16,000		
				3,431,019

**Other Construction**

Construction Costs		24,755,000		
Hotel Opening costs		1,094,000		
				25,849,000

**Lambs Passage**

**Reduced 106**

**Proposed Scheme - Reduced - Scenario 3**

**MARKETING & LETTING**

Marketing		599,195	
Letting Agent Fee	15.00%	87,099	
Letting Legal Fee	2.00%	38,608	
			724,902

**DISPOSAL FEES**

Purchasers costs Ground Rents	4.80%	5,236	
Purchasers costs Commercial	5.80%	1,594,115	
Private Residential	1.50%	278,187	
Affordable	1.50%	43,274	
Ground Rents	1.50%	1,636	
legal private		12,000	
legal affordable	0.50%	14,425	
legal commmercial	0.15%	41,063	
Legal Ground rent	3.00%	3,273	
			1,993,210

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		942,833	
Construction		2,786,265	
Total Finance Cost			3,729,098

**TOTAL COSTS**

**40,889,888**

**PROFIT**

**8,025,589**

**Performance Measures**

Profit on Cost%	19.63%
Profit on GDV%	16.41%
Profit on NDV%	16.41%
Development Yield% (on Rent)	4.72%
Equivalent Yield% (Nominal)	7.02%
Equivalent Yield% (True)	7.34%
IRR	20.38%
Rent Cover	4 yrs 2 mths
Profit Erosion (finance rate 7.000%)	2 yrs 7 mths