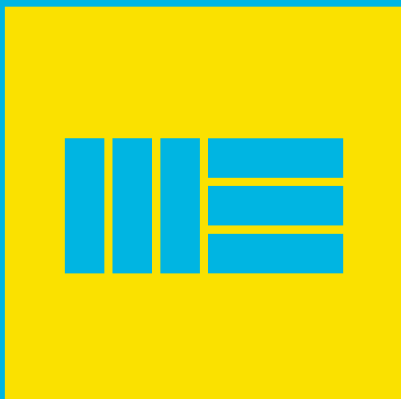


FINANCIAL VIABILITY ASSESSMENT

CRICKLEWOOD LANE,
CRICKLEWOOD,
NW2 1ES

JULY 2020



CONTENTS

1	Executive Summary	4
2	Introduction	6
3	Existing Property	9
4	Development Proposals	13
5	Viability & Planning Policy Context.....	17
6	Proposed Affordable Housing Delivery	19
7	Benchmark Land Value	23
8	Viability Appraisal Assumptions	29
9	Viability Results & Conclusions	39

APPENDIX 1 - ILLUSTRATIVE PLANS & ACCOMMODATION SCHEDULE

APPENDIX 2 - FINANCIAL VIABILITY APPRAISAL SUMMARY

APPENDIX 3 - EXISTING USE VALUATION SUMMARY

APPENDIX 4 - RESIDENTIAL COMPARABLE EVIDENCE

APPENDIX 5 - KNIGHT FRANK RESIDENTIAL YIELD GUIDE

APPENDIX 6 - CONSTRUCTION COST ESTIMATE

APPENDIX 7 - SENSITIVITY APPRAISAL SUMMARY – SCENARIO 1

APPENDIX 8 - SENSITIVITY APPRAISAL SUMMARY – SCENARIO 2

01

**EXECUTIVE
SUMMARY**

EXECUTIVE SUMMARY

1. This report constitutes a Financial Viability Assessment (FVA) in accordance with planning policy and has been prepared by Montagu Evans LLP on behalf of Montreaux Cricklewood Developments Ltd (the Applicant) to support an application for planning permission on the site known as Cricklewood Lane, London, NW2 1ES (the site).
2. The proposed development comprises the following principle elements:
 - Up to 1,100 residential units;
 - Up to 1,200 sq. m (GIA) of flexible commercial space;
 - Provision for up to 110 residential car parking spaces and 1,972 cycle parking spaces.
3. The Applicant is proposing to provide 35% affordable housing. Policy DM10 of Barnet's Local Plan (Development Plan Document, Sept 2017) sets a borough wide target of 40% housing provision to be affordable, with the maximum reasonable amount of affordable to be provided on site **subject to viability**. Policy CS4 of the Core Strategy seeks a tenure mix of 60% social rented and 40% intermediate housing.
4. Montagu Evans LLP have therefore been instructed by the Applicant to assess the impact of the proposed provision of affordable housing and ensure it is the maximum reasonable amount possible by undertaking a Financial Viability Assessment in accordance with planning policy.
5. This report has been prepared by Jonathan Glaister, BSc MSc MRICS, RICS Registered Valuer and reviewed by Will Seamer, BA MSc MRICS, RICS Registered Valuer.
6. This report considers the financial viability of the proposals and in accordance with planning policy, provides justification for the levels of affordable housing and other planning benefits included within the planning application.
7. The financial viability of the proposals have been fully tested in order to ascertain the maximum levels of affordable housing and other planning contributions that the scheme is able to support. The report provides an overview of the scheme and presents evidence for the assumptions adopted within a residual viability appraisal. The residual land value (RLV) is then compared to an appropriate benchmark land value (BLV) based upon the existing use value (EUV) of the property on the site being demolished.
8. The comprehensive viability modelling has shown that it is not technically viable to provide the 35% affordable housing detailed later within this report whilst allowing for a competitive return to the Applicant to enable the development to be delivered.
9. It would be possible for the Applicant to reduce the proposed level of affordable housing using viability evidence in accordance with planning policy. However, the Applicant is prepared to adopt a pragmatic approach in order to avoid elongated viability discussions thereby expediting the delivery of this much needed affordable housing within the London Borough of Barnet.
10. The offer to provide 35% affordable housing is based upon not requiring any mid or late stage review mechanisms. **Should the Council or the GLA seek for a mid or late stage review to be contained within the S106 agreement then the Applicant will need to consider their options, including a potential reduction in the quantum of affordable housing or a tenure adjustment through the viability tested route in accordance with planning policy.**

02

INTRODUCTION

INTRODUCTION

- 1 We set out below our Financial Viability Assessment which has been prepared on behalf of the Applicant in support of the planning application.
- 2 The report has been prepared in accordance with RICS valuation guidance and with regard to relevant guidance on preparing Financial Viability Assessments for planning purposes. However, it is not a 'Red Book' valuation and should not be relied upon as such.
- 3 In undertaking the Financial Viability Assessment we have acted:
 - With objectivity;
 - Impartially;
 - Without interference; and
 - With reference to all appropriate available sources of information.
- 4 In preparing the Financial Viability Assessment, no performance related or contingent fees have been agreed.
- 5 We have been provided with the following information by the Applicant and their professional advisors:
 - Illustrative plans and accommodation schedule for the proposed scheme – **Appendix 1**
 - Floor areas & tenancy schedule for the existing properties on the site.
 - Construction Cost Plan – **Appendix 2**
- 6 For planning purposes, viability is assessed by comparing the residual land value generated by the proposed development with an appropriate Benchmark Land Value (BLV). If the residual land value is lower than the BLV then the scheme is not technically viable with the level for affordable housing and other planning benefits required or being proposed.
- 7 The residual land value of the proposed development has been modelled using the industry recognised Argus Developer software.
- 8 The Existing Use Value (EUV) has been appraised using the industry recognised Argus Enterprise software.
- 9 This report will provide a summary of the development proposals, set out the assumptions and evidence used to undertake the residual appraisal, and will provide the assumptions and evidence used to arrive at a suitable Benchmark Land Value.
- 10 The report will summarise the results of the viability appraisal, compare the residual land value with the Benchmark Land Value and then provide conclusions.

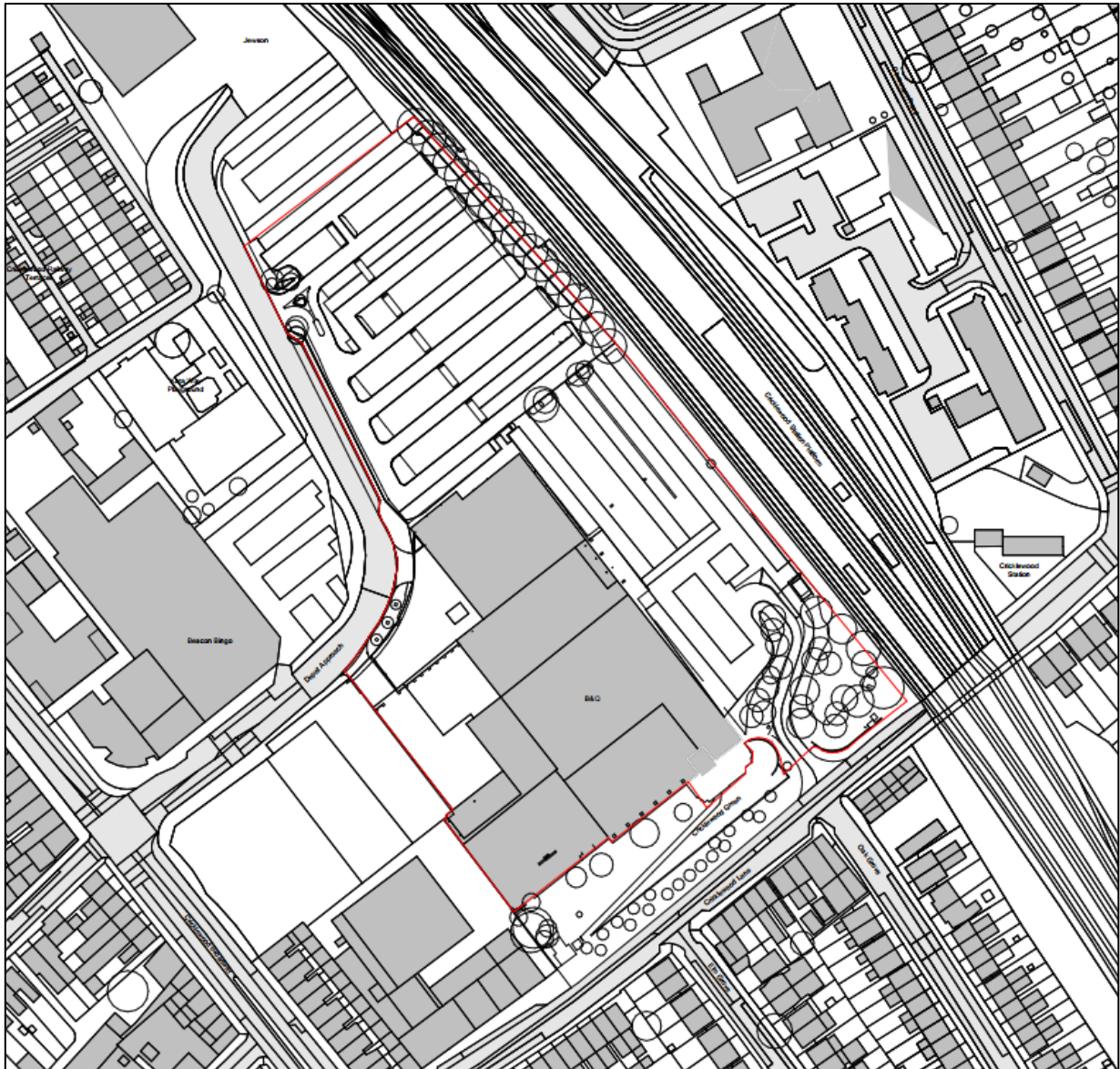
11 We would comment that the current uncertainty as a result of the Covid-19 pandemic has added an extremely large level of risk into the market. It is still too early to be able to measure the impact on a number of the assumptions contained within this report and so the Financial Viability Assessment currently assumes a 'normalised' market broadly in line with conditions in Q3 2019. Given the project's programme length, we consider this to be a reasonable assumption at this stage. However, we would reserve the right to revise the report when more is known about the impact on the economy and property market generally.

03

**EXISTING
PROPERTY**

EXISTING PROPERTY

- 1 The site (outlined in red below), is located in Cricklewood in the London Borough of Barnet. Cricklewood is located approximately 4 miles north of Central London, between Kilburn and Brent Cross. The property comprises three adjoining retail warehouse units of steel portal frame construction with brick / blockwork elevations under a flat roof. Collectively, the three units are known as Broadway Retail Park and provide approximately 83,000 sq. ft. (GIA) of accommodation.
- 2 The property occupies a site that is irregular in shape and generally level, albeit it is raised above the level of Cricklewood Lane. Our understanding of the boundaries of the site is identified edged in red on the plan below (for identification purposes only).



10 Existing Property

- 3 The site extends to approximately 6.80 acres (2.75 hectares), and is bounded by Cricklewood Green and Cricklewood Lane to the south, Depot approach to the west and north, and a railway line to the east.
- 4 The largest retail warehouse unit (Unit 3) is occupied by B&Q, with an adjoining pair of smaller retail warehouse units that appear to have been added subsequently. These units, known as Unit 1 and Unit 2, are occupied by Saint-Gobain Building Distribution Ltd (t/a Tile Depot) and Poundstretcher respectively.
- 5 We have been provided with the following information about the site from the Applicant and/ or their advisors.
- 6 Unit 1 comprises a single storey retail warehouse unit extending to approximately 10,000 sq. ft. It provides an open plan tile showroom fitted out in the tenant's usual corporate style, with painted blockwork walls.
- 7 Unit 2 comprises a single storey retail warehouse unit extending to approximately 15,000 sq. ft. It provides an open plan sales area fitted out in the tenant's usual corporate style, with painted blockwork walls.
- 8 Unit 3 comprises a two storey "L"-shaped retail warehouse unit extending to approximately 58,000 sq. ft. It is fitted out in B&Q's usual trading style, with a small first floor providing design studios, separate mezzanine storage area and a garden centre to the rear.
- 9 The site is secured by metal palisade fencing along the eastern, northern and western boundaries, with the primary vehicular and pedestrian access from Cricklewood Lane and secondary vehicular access from Depot Approach. Deliveries to all three units are via secure yards accessed from Depot Approach.
- 10 The site also includes extensive surface level parking for 470 cars. This represents a car parking ratio of 1:183 sq. ft. The total site coverage is low at around 29%.
- 11 An office pod is located within the car park and is occupied by We Buy Any Car Ltd under the terms of a licence from the freeholder.
- 12 A food van is located within the car park and is occupied by The Lunch Box UK Ltd under the terms of a licence from the freeholder.
- 13 We have not measured the property and have relied, without verification, on floor areas provided by the Applicant.
- 14 Cricklewood is a predominantly residential area of Inner London, and benefits from proximity to the open spaces of Hampstead Heath 2.0 miles to the east and the extensive retail amenities of Brent Cross Shopping Centre (the UK's first US-style shopping mall, which opened in 1976) 1.75 miles to the north. Local green spaces include Hampstead Cemetery to the east and Gladstone Park to the west.
- 15 More specifically, the property is located around 75m to the east of Cricklewood Broadway (A5), on the north side of Cricklewood Lane (A407). The site is bounded by a railway line to the east, a small road called Depot Approach to the north, buildings and a cleared site to the west, and an area of green space known as Cricklewood Green to the south (between the site and Cricklewood Lane).
- 16 The property is located within TfL Zone 3 and benefits from excellent public transport connections, with a high PTAL rating of 5.
- 17 Thameslink train services are available from Cricklewood Station immediately to the east of the Property, providing connections to London St Pancras (14 minutes), Farringdon (18 minutes) and London Blackfriars (23 minutes) in one direction, and St Albans (20 minutes) and Luton (39 minutes) in the other. Beyond Central London, Thameslink provides services to Gatwick Airport and Brighton.

11 Existing Property

- 18 London Underground (Jubilee Line) services are available from Willesden Green and Kilburn stations, both of which are located within 15 minutes' walk of the Property (in TfL Zone 2). These stations provide rapid access to Bond Street (13 minutes), London Bridge (20 minutes) and Canary Wharf (27 minutes).
- 19 There are also numerous bus routes serving Cricklewood Broadway, with destinations including Brent Cross, Archway, White City, Marble Arch, Victoria and Paddington.
- 20 Cricklewood Broadway forms part of the A5 (also known as Edgware Road), and provides a direct road connection to Marble Arch to the south (3.8 miles) and the North Circular Road and M1 Motorway to the north (1.2 miles).

04

**DEVELOPMENT
PROPOSALS**

DEVELOPMENT PROPOSALS

1 The proposed development comprises the following principle elements:

- Up to 1,100 residential units;
- Up to 1,200 sq. m (GIA) of flexible commercial space;
- Provision for up to 110 residential car parking spaces and 1,972 cycle parking spaces.

2 We summarise the proposals in further detail below.

THE PROPOSED DEVELOPMENT – RESIDENTIAL ACCOMMODATION

- 3 In light of the outline application approach, the Applicant's architects have prepared an illustrative masterplan which forms the basis of the FVA. The illustrative masterplan demonstrates one way in which the parameter plans and design guidelines could be interpreted to deliver a high quality development.
- 4 The precise application of the affordable housing tenure split cannot be unequivocally applied to the illustrative housing mix until the detailed design stage i.e. reserved matters. However, the illustrative masterplan has been used to demonstrate to the Council the mix of unit sizes that could be accommodated as affordable homes.
- 5 We have attached the illustrative plans and accommodation schedule at **Appendix 1** and summarise below including the assumed affordable housing provision contained within the viability appraisal at **Appendix 2**.

BLOCK	TENURE	UNIT TYPE	NO. OF UNITS	NO. OF HABITABLE ROOMS
A	Private - BTR	1B 1P	44	44
A	Private – BTR	1B 2P	79	158
A	Private – BTR	1B 2P WCA	18	36
A	Private – BTR	2B 4P	137	411
A	Private – BTR	2B 4P WCA	15	45
A	Private – BTR	3B 5P	26	104
A	Private – BTR	3B 5P WCA	3	12
C	Private - Sale	1B 1P	20	20
C	Private - Sale	1B 2P	50	100
C	Private - Sale	1B 2P WCA	14	28
C	Private - Sale	2B 4P	56	168
C	Private - Sale	2B 4P WCA	14	42
C	Private - Sale	3B 5P	16	64
C	Private - Sale	3B 5P WCA	2	8
D	Private - Sale	1B 1P	40	40

14 Development Proposals

BLOCK	TENURE	UNIT TYPE	NO. OF UNITS	NO. OF HABITABLE ROOMS
D	Private - Sale	1B 2P	89	178
D	Private - Sale	1B 2P WCA	14	28
D	Private - Sale	2B 4P	52	156
D	Private - Sale	2B 4P WCA	6	18
D	Private - Sale	3B 5P	21	84
D	Private - Sale	3B 5P WCA	2	8
Subtotal	Private		718	1,752
A	Discounted Market Rent (80%)	1B 1P	24	24
A	Discounted Market Rent (80%)	1B 2P	31	62
B	Shared Ownership	1B 2P	34	68
B	Shared Ownership	1B 2P WCA	6	12
B	Shared Ownership	2B 4P	40	120
B	Shared Ownership	2B 4P WCA	4	12
C	Shared Ownership	1B 1P	20	20
C	Shared Ownership	1B 2P	64	128
C	Shared Ownership	1B 2P WCA	3	6
C	Shared Ownership	2B 4P	69	207
C	Shared Ownership	2B 4P WCA	1	3
Subtotal	Intermediate		296	662
B	Affordable Rent	1B 2P	11	22
B	Affordable Rent	2B 4P	36	108
B	Affordable Rent	2B 4P WCA	4	12
B	Affordable Rent	3B 5P	32	128
B	Affordable Rent	3B 5P WCA	3	12
Subtotal	Affordable Rent		86	282
TOTAL			1,100	2,596

6 The above results in the following overall residential provision:

TENURE	NO. OF HABITABLE ROOMS	% OVERALL	% AFFORDABLE
Private	1,752	65.0%	NA
Intermediate	662	24.5%	70%
Affordable Rent	282	10.5%	30%
TOTAL	2,696	100%	100%

THE PROPOSED DEVELOPMENT – COMMERCIAL ACCOMMODATION

7 The proposals will deliver up to 1,200 sq. m (GIA) of flexible commercial space with the illustrative masterplan demonstrating the following:

BLOCK	ACCOMMODATION TYPE	SIZE SQ. M (GIA)	SIZE SQ. FT. (GIA)
A	Flexible Commercial	405	4,359
B	Flexible Commercial	366	3,940
B	Community – D1	192	2,067
D	Community – D1	73	786
TOTAL		1,036	11,152

8 For the purposes of the viability appraisal we have assumed a 90% net: gross efficiency.

CAR & CYCLE PARKING

9 The illustrative masterplan has capacity to deliver up to 110 car parking spaces and 1,972 cycle spaces.

05

**AFFORDABLE
HOUSING
STATEMENT**

VIABILITY & PLANNING POLICY CONTEXT

PLANNING POLICY CONTEXT

1 Paragraph 34 of the National Planning Policy Framework (NPPF) confirms that the contributions expected from development, including the levels and types of affordable housing provision, should not undermine the deliverability of the relevant plan.

2 Paragraph 56 confirms that planning obligations should only be sought where they are:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.

3 Paragraph 57 goes on to state:

“Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”

4 Paragraph 122 underlines how planning policies and decisions should support development that makes efficient use of land, “taking into account local market conditions and viability”.

5 The London Plan states at Policy 3.11 that boroughs should set an overall target for the amount of affordable housing provision in their area based on an assessment of all housing needs and a realistic assessment of supply.

6 Policy 3.12 notes that boroughs should seek the “maximum reasonable amount of affordable housing having regard to their affordable housing targets, and the need to encourage rather than restrain residential development, and the individual circumstances of the Site.”

7 Policy 3.11 of the London Plan proposes a split of 60/40 in favour of affordable/social rent, subject to viability.

8 Draft London Plan Policy H4 sets a strategic target for 50% of all new homes delivered across London to be affordable. Draft Policy SD1 also states that the Mayor will ensure the Opportunity Areas maximise the delivery of affordable housing.

9 Policy DM10 of Barnet’s Local Plan (Development Plan Document, Sept 2017) sets a borough wide target of 40% housing provision to be affordable, with the maximum reasonable amount of affordable to be provided on site subject to viability. Policy CS4 of the Core Strategy seeks a tenure mix of 60% social rented and 40% intermediate housing.

VIABILITY CONTEXT & POLICY

10 In simple terms, the viability of the application should be assessed by comparing the residual land value of the proposed development with an appropriate Benchmark Land Value (BLV). The BLV can be considered as the value below which a reasonable land owner is unlikely to release a site for development. If the residual land value is lower than the BLV then the scheme is not technically viable.

11 The residual land value of the proposed development is arrived at by summing the revenues derived from the development and deducting from these the costs of development (including an appropriate profit allowance).

12 There are a number of different approaches adopted in order to reach an acceptable BLV depending on site specific factors such as whether there are any existing buildings and the planning history and potential of the site.

13 There are a number of documents that provide guidance on Benchmark Land Values such as those detailed below:

- The Royal Institution of Chartered Surveyors (RICS) – Financial Viability in Planning Guidance Note (1st Edition, April 2012);
- Mayor of London – Homes for Londoners – Affordable Housing and Viability Supplementary Planning Guidance 2017;
- The Planning Practice Viability Guidance in support of the National Planning Policy Framework (2018).
- The Royal Institution of Chartered Surveyors (RICS) professional statement – Financial viability in planning: conduct and reporting (1st edition, May 2019).

14 We detail the approach to arriving at a suitable BLV for the subject site in Section 6 of the report below.

PROPOSED AFFORDABLE HOUSING DELIVERY

- 1 The Applicant is proposing to provide 35% affordable housing (habitable rooms). We summarise the proposed affordable housing provision below.

BLOCK	TENURE	UNIT TYPE	NO. OF UNITS	NO. OF HABITABLE ROOMS
A	Discounted Market Rent (80%)	1B 1P	24	24
A	Discounted Market Rent (80%)	1B 2P	31	62
B	Shared Ownership	1B 2P	34	68
B	Shared Ownership	1B 2P WCA	6	12
B	Shared Ownership	2B 4P	40	120
B	Shared Ownership	2B 4P WCA	4	12
C	Shared Ownership	1B 1P	20	20
C	Shared Ownership	1B 2P	64	128
C	Shared Ownership	1B 2P WCA	3	6
C	Shared Ownership	2B 4P	69	207
C	Shared Ownership	2B 4P WCA	1	3
Subtotal	Intermediate		296	662
B	Affordable Rent	1B 2P	11	22
B	Affordable Rent	2B 4P	36	108
B	Affordable Rent	2B 4P WCA	4	12
B	Affordable Rent	3B 5P	32	128
B	Affordable Rent	3B 5P WCA	3	12
Subtotal	Affordable Rent		86	282
TOTAL			382	944

- 2 The above would result in the following overall residential provision:

TENURE	NO. OF HABITABLE ROOMS	% OVERALL	% AFFORDABLE
Private	1,752	65.0%	NA
Intermediate	662	24.5%	70%
Affordable Rent	282	10.5%	30%
	2,696	100%	100%

- 3 The proposals result in the early delivery of affordable housing based upon the currently proposed indicative phasing as set out below. This is a significant benefit of the proposals and has a negative impact on the already challenging viability of the scheme.

PHASE	% OF AFFORDABLE
Phase 1 – Blocks A & B	61%
Phase 2 – Block C	39%
Phase 3 – Block D	0%

AFFORDABLE HOUSING TENURES AND AFFORDABILITY CRITERIA

DISCOUNTED MARKET RENT

- 4 Within the Build to Rent element of the development, the Applicant is proposing to provide approximately 55 units (86 habitable rooms) of Discounted Market Rent (DMR). The units will be provided at 80% of Market Rent to eligible households.
- 5 In accordance with the Intend to Publish Draft London Plan, all intermediate rented products such as Discounted Market Rent should be affordable to households on incomes of up to £60,000. Further information on the income cap and how they are applied can be found in the Annual Monitoring Report. For dwellings to be considered genuinely affordable, annual housing costs should be no greater than 40 per cent of net household income. The latest Annual Monitoring Report calculates net income as 70% of gross income.
- 6 The above means that to qualify as being genuinely affordable, the monthly rent payable should be £1,400 per month or less. As detailed further in Section 7 below, a range of studio and 1 bedroom apartments will be available at a 20% discount to Market Rents which will make them £1,080 and £1,320 per month respectively. This means that they are genuinely affordable in accordance with the criteria summarised above.

SHARED OWNERSHIP

- 7 The Applicant proposes to provide approximately 241 units (576 habitable rooms) as shared ownership apartments. The apartments will be affordable to households on gross incomes of up to £90,000 per annum, in line with the threshold set by the GLA.

AFFORDABLE RENT

- 8 We understand that Barnet Council has a rents policy where all newly built council homes are charged based on affordable rents at 65% of Market Rents. The Applicant proposes to provide approximately 86 units (282 habitable rooms) as Affordable Rent apartments. The Affordable Rents will be charged at a maximum of 65% of Market Rents in accordance with the Council's rent policy.
- 9 As detailed further in Section 7 below, Affordable Rent unit rents in London are typically capped at the Local Housing Allowance (LHA) rates specific to a Broad Rental Market Area (BRMA). LHA rates are the housing benefit

an eligible tenant can receive if renting from a private landlord. Therefore, the rents charged by Affordable Rent products do not exceed the LHA rates available to local residents.

10 This site is located within the Inner North London BRMA for which we have set out the 2020/21 LHA rates below. However, the Applicant is prepared to deliver the proposed Affordable Rent units at 65% of Market Rent which, in this instance, are below the local LHA rates.

APARTMENT TYPE	LHA RENT (£ PER WEEK)	65% (£ PER WEEK)
1B 2P	£295	£248
2B 4P	£366	£323
3B 5P	£442	£398

06

**BENCHMARK LAND
VALUE**

BENCHMARK LAND VALUE

- 1 As set out in Section 3, the site extends to approximately 6.80 acres (2.75 hectares) and contains three adjoining retail warehouse units (known as Broadway Retail Park) which provide approximately 83,000 sq. ft. of floorspace (GIA).
- 2 The largest unit (Unit 3) is occupied by B&Q, with an adjoining pair of smaller retail warehouse units that appear to have been added subsequently. These units, known as Unit 1 and Unit 2, are occupied by Saint-Gobain Building Distribution Ltd (t/a Tile Depot) and Poundstretcher respectively.
- 3 Unit 1 comprises a single storey retail warehouse unit extending to approximately 10,000 sq. ft. It provides an open plan tile showroom fitted out in the tenant's usual corporate style, with painted blockwork walls.
- 4 Unit 2 comprises a single storey retail warehouse unit extending to approximately 15,000 sq. ft. It provides an open plan sales area fitted out in the tenant's usual corporate style, with painted blockwork walls.
- 5 Unit 3 comprises a two storey "L"-shaped retail warehouse unit extending to approximately 58,000 sq. ft. It is fitted out in B&Q's usual trading style, with a small first floor providing design studios, separate mezzanine storage area and a garden centre to the rear.
- 6 The site also includes extensive surface level parking for 470 cars. This represents a car parking ratio of 1:183 sq. ft. The total site coverage is low at around 29%.
- 7 An office pod is located within the car park and is occupied by We Buy Any Car Ltd under the terms of a licence from the freeholder.
- 8 A food van is located within the car park and is occupied by The Lunch Box UK Ltd under the terms of a licence from the freeholder.
- 9 In accordance with the Mayor's Affordable Housing and Viability Supplementary Planning Guidance (SPG), the 'Existing Use Value plus' (EUV+) approach is usually the most appropriate for planning purposes and in most circumstances, the Mayor will expect this approach to be used.
- 10 The National Planning Policy Framework and Viability Planning Practice Guidance (PPG), updated in September 2019, states that, "To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements."
- 11 The EUV + approach adopted and summarised below is therefore in accordance with both the NPPF and Mayor's SPG.
- 12 The property is subject to four leases and a number of licenses and concessions. We have been provided with the following tenancy schedule by the Applicant:

DEMISE	TENANT	START	END	RENT (PA)	COMMENTS
Unit 1	Saint-Gobain Building Distribution Ltd	19/08/2017	18/08/2020	£136,500	Mutual break option at any time on 6 months' notice. Contracted outside 1954 Act.
Unit 2	Poundstretcher Ltd	19/08/2017	18/08/2020	£127,650	Landlord break option at any time on 6 months' notice and payment of £212,000. Contracted outside 1954 Act
Unit 3	B&Q Plc	Applicant's purchase of site.	18/08/2020	£631,510	Leaseback by vendor. Contracted outside 1954 Act.
Car Parking	Ardent Tide Ltd	18/01/2018	17/01/2019	£6,142.50	Can be terminated on 1 months' notice by either party.
Concession	The Lunch Box UK Ltd	06/08/2018	Rolling	£14,124	Can be terminated on 1 months' notice by either party.
Concession	We Buy Any Car Ltd	07/07/2014	Rolling	£28,000	Can be terminated on 1 months' notice by either party.
Gas Governor	Cadent Gas Ltd	29/09/1991	28/09/2071	£0	
TOTAL				£943,926.50	

13 We understand that the car park licensee, Ardent Tide Ltd, remains in occupation following the expiry of its license in January 2019 and is in discussions about renewing the license on the same terms at a licence fee of £6,900 per annum.

RETAIL WAREHOUSE OCCUPATIONAL MARKET

14 The level of vacancy on retail parks is lower than other retail sectors despite the rationalisation and administration of several high profile retailers over recent years.

15 Bulky goods and value-food retailing remain the most active parts of the market. Lidl and Aldi are both expansionary at present, and landlords are increasingly aware of broadening customer base, willingness to take long leases, and the role of footfall drivers. Retailers such as Oak Furniture Land, Tapi and Wren all have plans for further store openings, reflecting the predicted strength of sales in this segment.

16 There is a very limited amount of new letting evidence in the Greater London retail warehouse market due to the very limited amount of new space being developed and the fact that most occupiers in the sector take units on long term leases.

17 Within the Greater London area, the loss of retail warehousing accommodation to redevelopment has resulted in many occupiers suffering from a shortage of appropriate sized and well-located stores. This has resulted in a number of occupiers agreeing to long-term re-gears and lease extensions at higher rents in order to secure their stores.

18 The rents paid by Saint-Gobain, Poundstretcher and B&Q equate to £13.65 per sq. ft., £8.51 per sq. ft. and £10.89 per sq. ft. respectively. The lettings to Saint-Gobain and Poundstretcher were agreed in August 2017 but constituted short term lettings with rolling break options in order to facilitate redevelopment of the site in the near future. The lease to B&Q is part of a short-term sale and leaseback arrangement. As such we do not believe any of the current tenancies reflect open market terms. We have identified the following leasing activity that we consider to be relevant:

ADDRESS	TENANT	SQ. FT.	RENT (PSF)	TERM	RFP	TYPE	DATE
Unit 2, Silk Bridge Retail Park	Wickes	22,000	£20.84			RR	Apr-18
Silk Bridge Retail Park	Halfords	11,100	£25,000			RR	Sep-17
Hanger Lane, Alperton	Wickes	30,740	£28.00	20	1 month	LR	Jun-17
Unit 8b, Friern Bridge Retail Park	Pets at Home	7,470	£29.99	15	6 months	OML	Jun-16
Unit 10, Friern Bridge Retail Park	Dunelm	20,515	£23.15	15	6 months	OML	Jun-16
Unit 7b, Hayes Bridge Retail Park	Tapi	8,627	£22.20	10		OML	Mar-16
428 Victoria Road, South Ruislip	B&M	24,300	£22.25	15		OML	Feb-16
317 Cricklewood Broadway	Matalan	34,211	£22.14			RR	Aug-15

19 Rents agreed range from approximately £20.00 per sq. ft. to £30.00 per sq. ft.

20 We anticipate that, were the property to remain in its existing use, it would be possible to let the accommodation at significantly higher rents than those currently paid.

21 Based upon the above evidence, we consider a rent of £15.00 per sq. ft. to be reasonable for the larger Unit 3 (58,000 sq. ft.), and £20.00 per sq. ft. for Unit 1 (10,000 sq. ft.) and Unit 2 (15,000 sq. ft.).

22 The above assumptions would result in the following estimated rental value:

PROPERTY	SQ. FT.	ERV (£ PSF)	ERV (£ PA)
Unit 1 (Tile Depot)	10,000	£20.00	£200,000
Unit 2 (Poundstretcher)	15,000	£20.00	£300,000
Unit 3 (B&Q)	58,000	£15.00	£870,000
TOTAL	83,000		£1,370,000

RETAIL WAREHOUSE INVESTMENT MARKET

23 The retail warehousing investment market has shown some resilience, despite economic and political uncertainty, offering attractive yields and returns. The out-of-town format is also well placed to bridge the gap between online and in-store consumption, with the ability to provide for, and benefit from the growing Click & Collect market.

24 We have identified the following investment sales evidence that we consider to be relevant:

ADDRESS	TENANCIES	SQ. FT.	PRICE	PRICE (PSF)	NIY	DATE
Wickes, South Ealing Road, Ealing	Wickes for 13 years	30,876	£14,500,000	£470	4.00%	Jul-18
Wickes, Hertford Road, Barking	Wickes for 9.7 years	58,168	£20,000,000	£344	4.00%	Q1 2018
Wickes, Fraser Road, Erith	Wickes for 9.4 years	30,842	£8,720,000	£283	4.35%	Q1 2018
West Five Centre, Acton	B&Q and Staples until 2025 (9 years)	73,733	£40,000,000	£542	4.75%	Nov-16

ADDRESS	TENANCIES	SQ. FT.	PRICE	PRICE (PSF)	NIY	DATE
Hayes Bridge Retail Park, Hayes	7 tenants with AWULT 7.9 years (6.9 to breaks)	103,001	£39,000,000	£379	5.62%	Oct-16
Tile Superstore, 11-13 North Circular	Al Murad DIY Ltd	16,000	£3,000,000	£188	5.28%	Jan-17
Mid Sussex Retail Park, Burgess Hill	B&Q and Pets at Home for WAULT of 11 years	50,688	£17,325,000	£342	4.72%	Nov-17
B&Q, Bugsby Way, Greenwich	B&Q until Jun 2024 (7.75 years)	93,507	£43,320,000	£463	4.85%	Sep-16

25 The above transactions generally show that net initial yields range between approximately 4.00% and 5.50% for solus retail warehouse units or small parks let within Greater London or close to the M25 although some of this evidence is slightly historic.

26 We anticipate that, were the property to be retained in its existing use, it would attract pricing at around 6.5% based upon current market sentiment and the current short term leases in place to the existing occupiers. This ties in with investment research undertaken by large agents such as Knight Frank and CBRE.

27 In our opinion, if the property were not being brought forward for redevelopment the current tenants may be willing to engage with the landlord in lease renewal discussions. The shortage of good quality retail warehouse stock in the Greater London area and the continuing loss of space to redevelopment, has made occupiers very amenable to entering into new long term leases to secure their occupancy, often at an increased rent with minimal incentives from the landlord.

28 If the property were to be let on new leases of at least 15 years, we anticipate the smaller units (Unit 1 and Unit 2) could be let at a rent of around £20.00 per sq. ft., with the larger unit (Unit 3) attracting a rent of around £15.00 per sq. ft.

29 We have allowed for a total combined leasing void and tenant rent free package of 18 months from the valuation date and made an allowance of 15% (£205,500) for professional letting and legal fees.

30 We have not made an explicit allowance for any additional income receivable from concession licences, such as those currently in place with We Buy Any Car and The Lunch Box. The ability of a landlord to drive additional rental revenues is implicitly reflected in the capitalisation yield adopted.

31 We have capitalised the potential income receivable at a yield of 6.5% which results in an Existing Use Value of approximately **£17,775,000** after the deduction of standard purchaser's costs of approximately 6.8%.

32 We attach a summary of the valuation calculations at **Appendix 3**.

EXISTING USE VALUE + LANDOWNER'S PREMIUM

33 As set out within the Affordable Housing and Viability Supplementary Planning Guidance, a landowner's premium is usually added to provide the landowner with an additional incentive to release the site, having regard to site specific circumstances. We have considered the following site specific circumstances when applying an appropriate premium to the subject property:

- Landowners are aware that the site will be comprehensively redeveloped and they will require a sufficient premium to persuade them to release their properties based upon their perception of the value that will be released by the development.
- Well-located retail parks in London and the South East are continuing to be attractive assets despite the wider downturn in the retail market.
- In order to replace the asset, the landowner would be competing for sites with developers. Because an Existing Use Value ignores any hope value for redevelopment, a larger uplift is required to persuade the landowner to release the site.

34 Based upon the above, we have adopted a 20% premium which results in a **Benchmark Land Value of £21,330,000** as set out below:

EXISTING USE VALUE	LANDOWNER'S PREMIUM (%)	LANDOWNER'S PREMIUM (£)	TOTAL BENCHMARK LAND VALUE
£17,775,000	20%	£3,555,000	£21,330,000

35 A Benchmark land Value of £21,330,000 equates to approximately £257 per sq. ft. which we believe is very reasonable based upon the evidence presented above.

07

**VIABILITY
APPRAISAL
ASSUMPTIONS**

VIABILITY APPRAISAL ASSUMPTIONS

1 We consider below the assumptions adopted within the viability appraisal attached as **Appendix 2**.

DEVELOPMENT PHASING & TIMESCALES

2 We have adopted the following construction & phasing assumptions based upon discussions with the Applicant and our experience of similar sized projects across London.

DEVELOPMENT PHASE	START DATE	DURATION (MONTHS)
Block A – BTR Residential & Commercial		
Demolition & pre-construction	July 2020	9
Construction	Apr 2021	30
Sale – Residential & commercial	Oct 2023	1
Block B – Affordable Housing & Commercial / Community		
Demolition & pre-construction	July 2020	9
Construction	Apr 2021	24
Sale – Affordable Housing	Apr 2021	24
Sale – Commercial & community	Apr 2023	1
Block C – Shared Ownership		
Demolition & pre-construction	Jul 2020	21
Construction	Apr 2022	24
Sale	Apr 2022	24
Block C – Private Residential		
Demolition & pre-construction	Jul 2020	21
Construction	Apr 2022	24
Sale	Apr 2024	14
Block D – Private Residential & Commercial		
Demolition & pre-construction	Jul 2020	35
Construction	Jun 2023	24
Sale – Private residential	Jun 2025	19
Sale – Commercial	Jun 2025	1

3 The private residential sales periods have been based on selling 50% off-plan followed by an average of 6 completed sales per month. The affordable housing receipts have been spread across the construction phase on a straight line basis.

4 We are of the opinion that the above assumptions are very optimistic within the current market which adds additional risk into the appraisal.

RESIDENTIAL VALUES – PRIVATE FOR SALE

- 5 Montagu Evans has undertaken research of the local residential market and produced a residential sales report which we attach at **Appendix 4**. Based upon the research, the sales report provides the following estimated pricing for the unit types adopted within the viability appraisal:

APARTMENT TYPE	NO. UNITS	AVERAGE NIA (SQ. FT.)	ESTIMATED AVERAGE SALE PRICE PER UNIT	ESTIMATED AVERAGE SALE PRICE (£ PER SQ. FT.)
1B 1P (Studio)	60	398	£315,000	£791
1B 2P	139	538	£400,000	£743
1B 2P WCA	28	699	£465,000	£665
2B 4P	108	753	£525,000	£697
2B 4P WCA	20	914	£575,000	£629
3B 5P	37	925	£600,000	£649
3B 5P WCA	4	1,184	£700,000	£591
TOTAL / AVERAGE	396			£704

- 6 The range of values detailed above results in an estimated average value of approximately **£704 per sq. ft.** We have applied this average value per sq. ft. across all of the proposed private residential sale area within the viability appraisal.
- 7 It should be noted that Montagu Evans are of the opinion that these are optimistic pricing levels in the current market and reflect the potential landmark nature, height, views and place making potential of the proposed development.

GROUND RENTS

- 8 We have not included a receipt for the sale of ground rents. In June 2019 the then Housing Secretary, James Brokenshire published the Government's response to the leasehold reform consultation which confirms that legislation will be brought forward to ban the sale of leasehold houses and fix ground rents on apartments at zero financial value (£0). Exemptions from the legislation will only be provided for retirement properties and community-led developments as proposed in the consultation document.
- 9 The Government has stated that a Bill to implement the reforms will be brought forward "when parliamentary time allows" and no additional transitional period will be allowed for after the passage of the legislation. Although the timings are therefore currently unknown, the Government's intentions have been made clear and it is therefore prudent to assume that the sale of ground rents following practical completion of the development would either have been legislated against or no longer be acceptable to purchasers in the market.

RESIDENTIAL VALUES – PRIVATE BUILD TO RENT

- 10 It is proposed that 322 residential units contained within Block A will be Private Build to Rent (BTR) properties as opposed to the other traditional build to sell properties. The approach taken to appraising Block A reflects this key

difference by capitalising our estimated rental values for the properties and applying an appropriate allowance for management costs, repairs and voids.

11 We have undertaken research of the private rental market in the surrounding area in order to reach our opinion of the estimated rents for each of the unit types within the development. The evidence considered is summarised below:

ADDRESS	NO. OF BEDROOMS	QUOTING RENT (PCM)	FURNISHED?	COMMENTS
The Exchange, Brent Cross Gardens	Studio	£950	N	BTR apartment. Gained prior approval in 2017 to convert B1(a) office to resi. Fair specification. No communal facilities.
Cricklewood Broadway	Studio	£1,150	N	Newly refurbished. 0.3 miles from Cricklewood station. Good specification.
Finchley Road	Studio	£1,257	N	Contemporary open plan flat with small terrace above retail. Good specification. 0.7 miles from Cricklewood station.
Dollis Hill Lane	Studio	£1,198	Y	Newly refurbished. Good specification. 0.8 miles from Cricklewood station & 0.9 miles from Dollis Hill underground station.
Flat 7, Gerard Court	1	£1,425	N	Newly refurbished to high specification. 0.4 miles from Willesden Green & 0.5 miles from Cricklewood stations. 493 sq. ft.
Granville Road, Golders Green	1	£1,560	Flexible	Duplex apartment (mezzanine bedroom). Contemporary gated development with off-street parking. 0.5 miles from Golders Green and 0.7 miles from Cricklewood stations.
Holmdale Road, West Hampstead	1	£1,500	Flexible	Newly refurbished garden flat. 372 sq. ft. Private garden. 0.3 miles from West Hampstead station.
Loveridge Mews, West Hampstead	1	£1,450	Flexible	Newly refurbished. Good specification. 0.1 miles from Kilburn and Brondesbury stations.
The Vale, Golders Green	2	£1,840	Unknown	Contemporary 1st floor apartment. 0.3 miles from Cricklewood station.
The Broadway	2	£1,650	Part	Second floor contemporary apartment with balcony. 787 sq. ft. Good specification. 0.1 miles from Cricklewood station.
Bentley Court, Cricklewood Broadway	2	£1,950	Part	Top floor flat in a modern development with ground floor retail. 778 sq. ft. Good specification. 0.4 miles from Cricklewood station.
The Cascades	3	£2,815	Flexible	Good quality first floor flat with balcony. 3 beds & 3 baths. 0.7 miles from Cricklewood station.
Teignmouth Road	3	£2,710	Y	Luxury furnished open plan 2 level flat with garden. 934 sq. ft. 0.2 miles from Willesden Green and 0.6 miles from Cricklewood stations.

12 The evidence above provides rental comparables for the traditional buy-to-let market within new and modern developments in the local area. However, we would expect the subject BTR scheme to achieve higher rents given the additional amenities and inclusive rents offered by BTR schemes. In order to help establish the level of BTR rents that may be achievable in this type of development, we have also considered the current rents at the Tipi development in Wembley Park:

ADDRESS	NO. OF BEDROOMS	SIZE (SQ. FT.)	QUOTING RENT (PCM)	FURNISHED?
1022 Alameda	Studio	400	£1,790	Y
115 Landsby West	1	555	£1,960	N
102 Landsby East	1	559	£1,990	Y
508 Landsby East	1	573	£2,000	Y
50 Dakota	1	593	£1,885	N
27 Dakota	2	735	£2,300	Y
85 Alto	2	792	£2,595	Y
1006 Landsby East	2	813	£2,360	N
203 Landsby West	2	816	£2,410	N
1206 Landsby East	2	821	£2,370	N
76 Dakota	2	903	£2,710	Y
1502 Landsby West	2	942	£2,545	Y
1305 Landsby West	3	952	£2,840	Y
63 Montana	3	975	£3,155	Y
1002 Landsby East	3	1,051	£2,855	N
118 Alto	3	1,121	£3,368	N

13 Based upon the above, we have adopted the following estimated rental values for the proposed unit types at the subject development:

APARTMENT TYPE	NO. UNITS	AVERAGE NIA (SQ. FT.)	ESTIMATED RENT (PER MONTH)	TOTAL GROSS RENT (PER ANNUM)
1B 1P (Studio)	44	398	£1,350	£712,800
1B 2P	79	538	£1,650	£1,564,200
1B 2P WCA	18	699	£1,750	£378,000
2B 4P	137	753	£2,150	£3,534,600
2B 4P WCA	15	914	£2,250	£405,000
3B 5P	26	925	£2,650	£826,800
3B 5P WCA	3	1,184	£2,750	£99,000
TOTAL	322			£7,520,400

14 Montagu Evans has a Capital Markets team that specialise in the acquisition, disposal and funding of residential investment projects including BTR. The team has advised that it is reasonable to adopt a 25% allowance for management, repair and void costs based upon their experience of build to rent (BTR) developer's and management companies.

15 To evidence this we would point to the average results being achieved by Grainger plc, who are the UK's largest listed residential landlord and a market leader in the UK build to rent sector with a portfolio of over 8,000 rental

homes. According to their 2018 financial results, they achieved 26% over the portfolio with the benefit of their significant economies of scale.

16 As well as following advice from Montagu Evans Capital Markets team, we have considered research documents such as the Knight Frank Residential Yield Guide, January 2020 (**Appendix 5**). Taking into account the transport links available to the site, we are of the opinion that the property would be considered as a Secondary Zone 3 location and we have therefore applied a 4% yield, a 0.25% outwards adjustment from the Knight Frank view on Prime Zone 3.

17 We would note that yield data prepared by the large national agents such as CBRE tends to be based on operational costs in the region of 25 - 27.5%.

18 The above assumptions result in a Gross Development Value for the proposed private BTR apartments of £141,007,500.

AFFORDABLE HOUSING VALUES – DISCOUNTED MARKET RENT

19 Within the Build to Rent element of the development, the Applicant is proposing to provide approximately 55 units (86 habitable rooms) of Discounted Market Rent (DMR). The units will be provided at 80% of Market Rent to eligible households.

20 A range of studio and 1 bedroom apartments will be available at a 20% discount to Market Rents which will make them affordable to households on gross incomes of up to £60,000 per annum.

21 Based upon the evidence presented above and assumed full market rents, we set out below the estimated rents for the proposed DMR units based upon the 20% discount.

APARTMENT TYPE	NO. UNITS	AVERAGE NIA (SQ. FT.)	ESTIMATED FULL MARKET RENT (PER MONTH)	DISCOUNTED MARKET RENT (PER MONTH)	TOTAL GROSS RENT (PER ANNUM)
1B 1P (Studio)	24	398	£1,350	£1,080	£311,040
1B 2P	31	538	£1,650	£1,320	£491,040
TOTAL	55				£802,080

22 Adopting the same 25% allowance for management, repair and void costs and a yield of 4% results in a Gross Development Value of £15,039,000.

AFFORDABLE HOUSING VALUES – AFFORDABLE RENT

23 In order to establish the value of the affordable units, the Montagu Evans Affordable Housing team have used a sector specific valuation tool called Podplan. This valuation toolkit is based upon a fully explicit discounted cashflow model over a 45-year period. At the end of the subject 45 year period, the net income in the final year is capitalised into perpetuity. Against the income receivable DCF, we have made an allowance for voids and bad debts; the costs of management and administration; major repairs; cyclical maintenance and day-to-day repairs as well as development on-costs. This valuation tool is used by many Registered Providers when bidding for S.106 opportunities in the market and the assumptions within Podplan represent a market facing approach.

24 Affordable Rent unit rents in London are typically capped at the Local Housing Allowance (LHA) rates specific to a Broad Rental Market Area (BRMA). LHA rates are the housing benefit an eligible tenant can receive if renting from a private landlord. Therefore, the rents charged by Affordable Rent products do not exceed the LHA rates available to local residents.

25 This site is located within the Inner North London BRMA for which we have set out the 2020/21 LHA rates below. However, we understand that the Applicant is prepared to deliver the proposed Affordable Rent units at 65% of Market Rent which, in this instance, are below the local LHA rates as summarised below.

APARTMENT TYPE	LHA RENT (£ PER WEEK)	65% (£ PER WEEK)
1B 2P	£295	£248
2B 4P	£366	£323
3B 5P	£442	£398

26 Having valued the Affordable Rent units at 65% of Market Rent, our Affordable Housing team have advised us to adopt a capital value of £345 per sq. ft. to these units.

AFFORDABLE HOUSING VALUES – SHARED OWNERSHIP

27 The Shared Ownership units assume a 25% first tranche sale, with 2.75% rent being charged on the remaining equity by the Registered Provider. These units are affordable to households with incomes up to £90,000 per annum, in line with the threshold set by the GLA.

28 Based upon the above assumptions, the Montagu Evans Affordable Housing Team has advised us to adopt values of £500 per sq. ft. for the shared ownership units.

COMMERCIAL VALUE

29 The proposals will deliver up to 1,200 sq. m (GIA) of flexible commercial space with the illustrative masterplan demonstrating the following, which we have adopted for the purposes of the viability appraisal:

BLOCK	ACCOMMODATION TYPE	SIZE SQ. M (GIA)	SIZE SQ. FT. (GIA)
A	Flexible Commercial	405	4,359
B	Flexible Commercial	366	3,940
B	Community – D1	192	2,067
D	Community – D1	73	786
TOTAL		1,036	11,152

30 For the purposes of the viability appraisal we have assumed a 90% net: gross efficiency.

31 Based upon our experience of similar uses within new large residential led developments across London, we have applied an average rent of £25 per sq. ft. and a 6 month rent free period. We have capitalised the income using a 6% yield.

32 We understand that the cost plan provided by Ward Williams Associates (**Appendix 6**) assumes that the commercial space is completed to shell only. Therefore we have allowed for a rent free period of 6 months to allow for tenant fit out costs.

CONSTRUCTION COSTS

33 We have been provided with a detailed construction cost estimate for the development by the Applicant's Quantity Surveyors, Ward Williams Associates. We attach a copy of the cost estimate at **Appendix 6**.

34 The estimated construction costs for the proposals total **£295,340,000** inclusive of a developer's contingency but excluding professional fees.

PROFRSSIONAL FEES

35 We have made an allowance of 10% to cover all professional fees. We are of the opinion that this is a reasonable assumption for a project of this scale and would include fees for the following:

- Architects
- Quantity Surveyors
- MEP
- Structures
- BREEAM
- Landscape
- Highways
- Utilities
- NHBC
- Sound Testing
- Air Testing
- Legal fees (construction & stopping up etc.)
- Interior design
- CCTV / Drainage survey
- Building control and inspections
- Sewer survey & movement monitoring
- Site investigations – soil reports etc.

MARKETING, LETTING & DISPOSAL FEES

36 Details of the estimated marketing, acquisition and sales fees are contained within our appraisal (attached as **Appendix 2**). The fees have been applied having regard to the industry standards for a development of this nature.

COMMUNITY INFRASTRUCTURE LEVY

37 We have been provided with an initial CIL estimate by the Applicant's planning advisors totalling approximately **£17,667,315**. We have included this estimate as a cost within the viability appraisal.

38 We would reserve the right to amend the viability appraisal should further information regarding the potential CIL liability become available.

S106 CONTRIBUTIONS

39 We have not been provided with a detailed S.106 contribution estimate and therefore not included a cost at this stage.

40 We would reserve the right to amend the viability appraisal should further information regarding a S.106 contribution become available.

FINANCE

41 Costs have been financed over the development period at a combined finance rate of 7% being the minimum average level available from providers, including fees charged by these providers.

DEVELOPER'S RETURN

42 For a commercially acceptable development to proceed, a level of return is required by the developer which reflects the risk of development. In the current market, an acceptable return for a development of this nature is approximately 20% of the private sale residential Gross Development Value (GDV), 15% of the Build to Rent GDV, 17.5% of the commercial GDV and 6% of the affordable residential GDV.

43 The Mayor's SPG states that the appropriate level of profit should be scheme specific and that a rigid approach to assumed profits should be avoided. In accordance with the SPG, Montagu Evans have applied levels of developer's return which reflect the inherent risks of this type of scheme in the current market.

44 The market generally was facing headwinds with flat pricing and higher build costs starting to add significant risk. The rate of sales being achieved in the London market are slowing and large off-plan sales to foreign and UK investors are no longer taking place (without offering significant discounts) for various reasons including stamp duty increases for second home purchases, the changes to mortgage interest tax relief and the significant uncertainty associated with the UK's decision to exit from the European Union.

45 We would comment that the current uncertainty as a result of the Covid-19 pandemic has added an extremely large level of risk into the market. It is still too early to be able to measure the impact on a number of the assumptions contained within this report and so the Financial Viability Assessment currently assumes a 'normalised' market broadly in line with conditions in Q3 2019. Given the project's programme length, we consider this to be a reasonable assumption at this stage. However, we would reserve the right to revise the report when more is known about the impact on the economy and property market generally.

46 These conditions alone are enough to require profit level expectations to be raised across the residential development market as a whole and there are a number of independent assessors representing Councils that are currently adopting these profit levels for smaller and in our opinion less risky schemes than the subject. One of the main reasons for this is due to the economic uncertainty following the EU Referendum in the UK.

47 The Applicant is taking a significant risk by over delivering affordable housing (in viability terms) up front. This level of risk and the reliance on significant value growth to improve viability should not be underestimated.

48 It is crucial that profit levels are adopted at fundable levels to account for the current challenges and uncertainty or schemes will be undeliverable.

08

VIABILITY RESULTS & CONCLUSIONS

VIABILITY RESULTS & CONCLUSIONS

- 1 We attach the viability appraisal summary at **Appendix 2** and summarise the results of the appraisal below based upon the inputs set out above.

Financial Viability Appraisal - Summary of Inputs & Results	
Revenue	
Build to Rent – Gross Development Value (GDV)	£156,046,500
Private residential - GDV	£186,968,320
Affordable residential - GDV	£105,421,885
Commercial accommodation - GDV	£4,061,918
Total Gross Development Value	£452,498,622
Less purchasers' costs	-£10,194,169
Net Development Value	£442,304,454
Costs	
Construction Costs	£281,278,514
Contingency – 5%	£14,063,926
Professional Fees – 10%	£29,534,244
Community Infrastructure Levy	£17,667,315
Marketing, letting, disposal & legal fees	£8,731,295
Developer's Return – BTR (15% GDV)	£23,406,975
Developer's Return – Private residential sale (20% GDV)	£37,393,664
Developer's Return – Commercial (17.5% GDV)	£710,836
Developer's Return – Affordable residential (6% GDV)	£6,325,313
Finance – Debit Rate 7%	£16,581,257
Residual Land Value	£6,217,010

- 2 It can be seen from the above that the proposals result in a land value of **£6,217,010** representing a viability deficit of **-£15,112,990** when compared to a Benchmark Land Value of **£21,330,000**.
- 3 The appraisal demonstrates that the residual land value is below the Benchmark Land Value whilst allowing for a commercially acceptable developer's return. This demonstrates that the development is unable to viably support the provision of 35% affordable housing.

- 4 It would be possible for the Applicant to reduce the proposed level of affordable housing using viability evidence in accordance with planning policy. However, the Applicant is prepared to adopt a pragmatic approach in order to avoid elongated viability discussions thereby expediting the delivery of this much needed affordable housing within the London Borough of Barnet.
- 5 The offer to provide 35% affordable housing is based upon not requiring any mid or late stage review mechanisms. **Should the Council or the GLA seek for a mid or late stage review to be contained within the S106 agreement then the Applicant will need to consider their options, including a potential reduction in the quantum of affordable housing or a tenure adjustment through the viability tested route in accordance with planning policy.**

SENSITIVITY APPRAISALS

- 6 In addition to the viability appraisal position detailed above, we have tested what the viability position would be based on the following scenarios specifically requested by the Council:
- Sensitivity scenario 1 – 35% affordable housing (65% London Affordable Rent & 35% Intermediate)
 - Sensitivity scenario 2 – 35% affordable housing (50% London Affordable Rent & 50% Intermediate)
- 7 We summarise the assumptions adopted and results of each of these sensitivity appraisals below:

SENSITIVITY SCENARIO 1

- 8 We have assumed the following unit mix in order to model the sensitivity appraisal.

TENURE	NO. OF HABITABLE ROOMS	% OVERALL	% AFFORDABLE
Private	1,752	65.0%	NA
Intermediate	330	12.2%	35%
London Affordable Rent	614	22.8%	65%
	2,696	100%	100%

- 9 In order to model the above within the proposed viability appraisal, we have made the following assumptions:
- The proposed DMR units (86 habitable rooms) are retained, forming part of the intermediate offer.
 - The remaining 244 intermediate habitable rooms required are provided as shared ownership at a value of £500 per sq. ft.
 - The remaining affordable units (614 habitable rooms) are provided as London Affordable Rent at a value of £195 per sq. ft.
 - The above assumptions result in a blended average affordable housing value of £281.74 per sq. ft. over the 233,205 sq. ft. within Blocks B & C.

10 The appraisal demonstrates a negative residual land value of **(-£35,871,617)** representing a viability deficit of **(-£57,201,617)** when compared to a Benchmark Land Value of **£21,330,000** which is clearly not deliverable. We attach a copy of the appraisal summary as **Appendix 7**.

SENSITIVITY SCENARIO 2

11 We have assumed the following unit mix in order to model the sensitivity appraisal.

TENURE	NO. OF HABITABLE ROOMS	% OVERALL	% AFFORDABLE
Private	1,752	65.0%	NA
Intermediate	472	17.5%	50%
London Affordable Rent	472	17.5%	50%
	2,696	100%	100%

12 In order to model the above within the proposed viability appraisal, we have made the following assumptions:

- The proposed DMR units (86 habitable rooms) are retained, forming part of the intermediate offer.
- The remaining 386 intermediate habitable rooms required are provided as shared ownership at a value of £500 per sq. ft.
- The remaining affordable units (472 habitable rooms) are provided as London Affordable Rent at a value of £195 per sq. ft.
- The above assumptions result in a blended average affordable housing value of £332.21 per sq. ft. over the 233,205 sq. ft. within Blocks B & C.

13 The appraisal demonstrates a negative residual land value of **(-£22,112,741)** representing a viability deficit of **(-£43,442,741)** when compared to a Benchmark Land Value of **£21,330,000** which is clearly not deliverable. We attach a copy of the appraisal summary as **Appendix 8**.

14 We trust that the above is clear but please do not hesitate to contact us should you require anything further.

Yours sincerely,

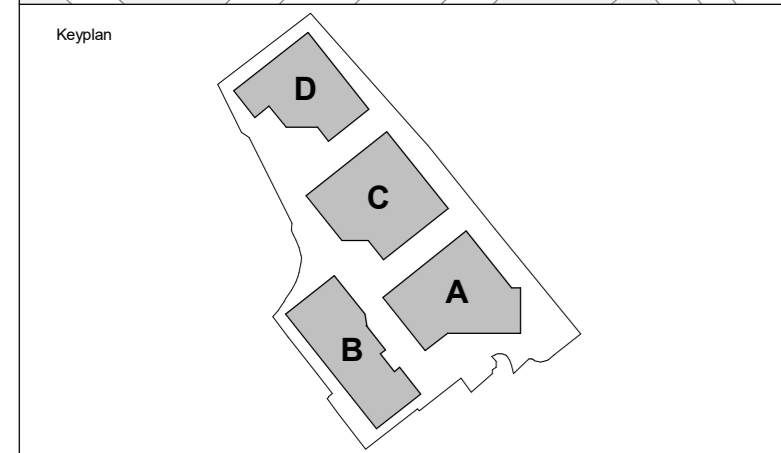
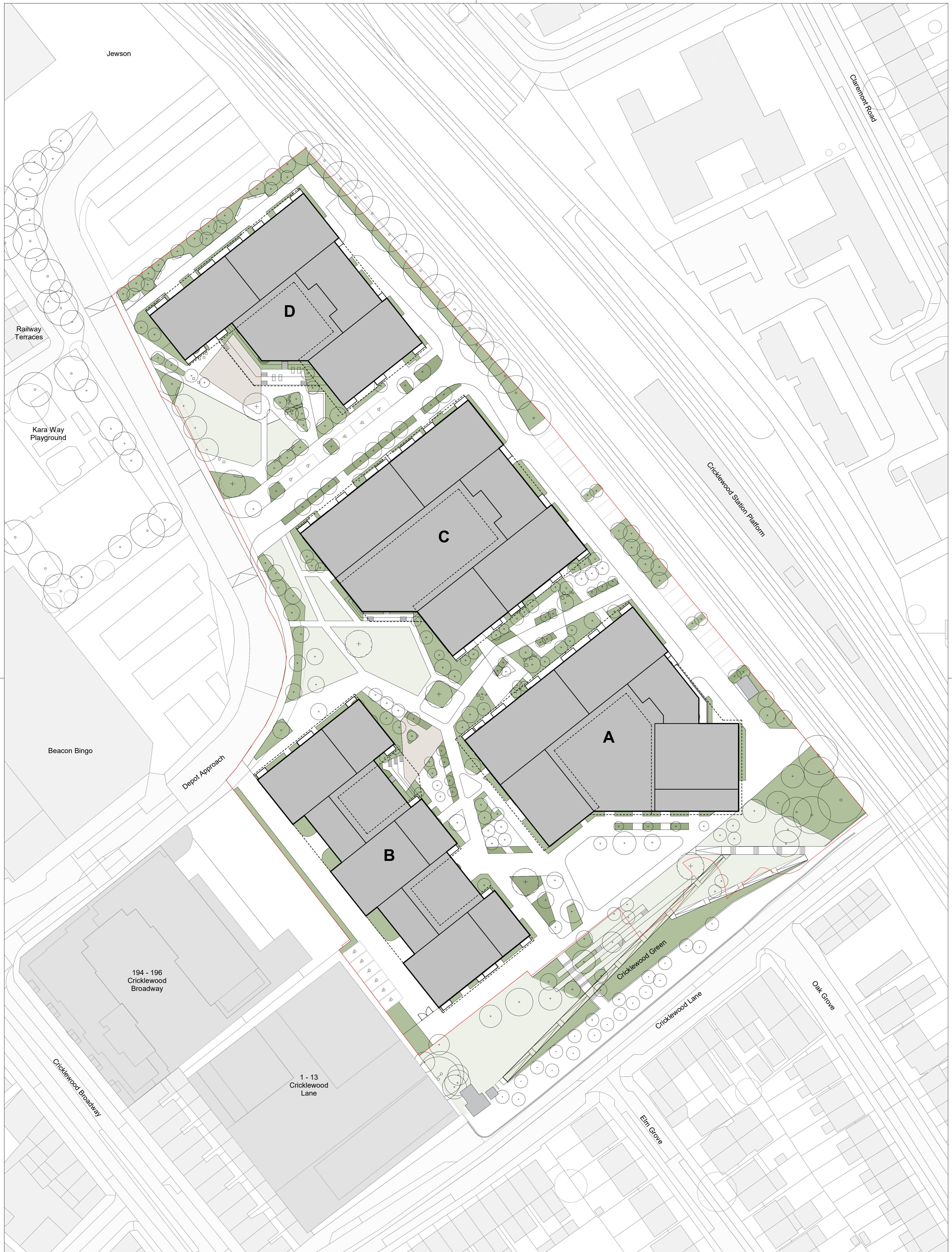


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APPENDIX 01

ILUSTRATIVE PLANS & ACCOMMODATION SCHEDULE



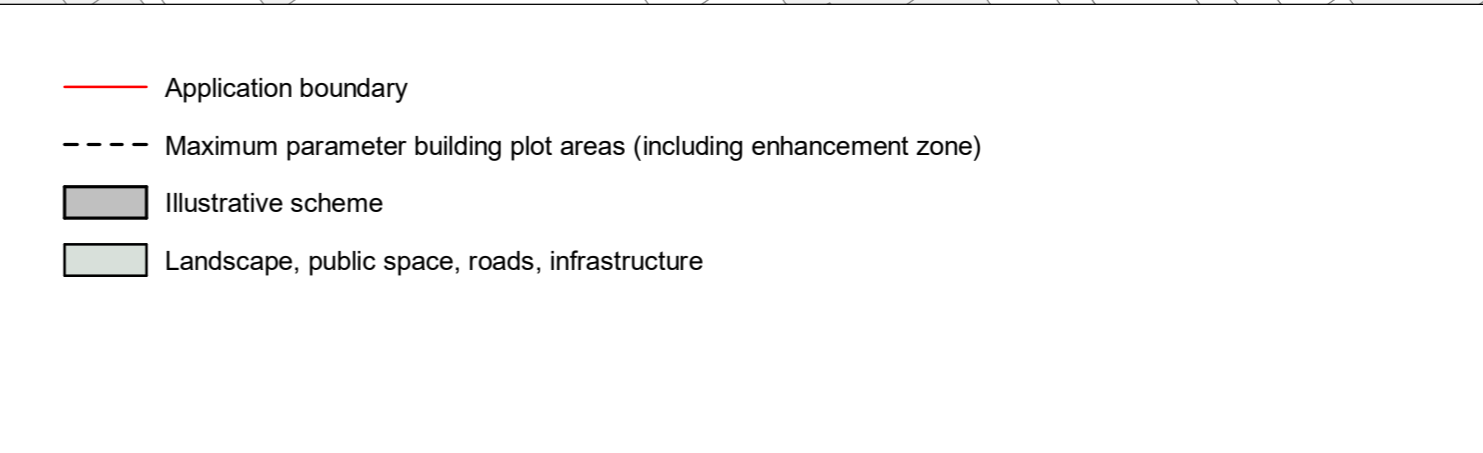
North

N

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No.	Revision	Date	Initial	Chk'd
3	EIA Data Drop 02	200117	AJ	SN
2	Draft EIA Data Drop 02	200110	AJ	SN
1	EIA Data Drop 01	091213	RAJ	SN

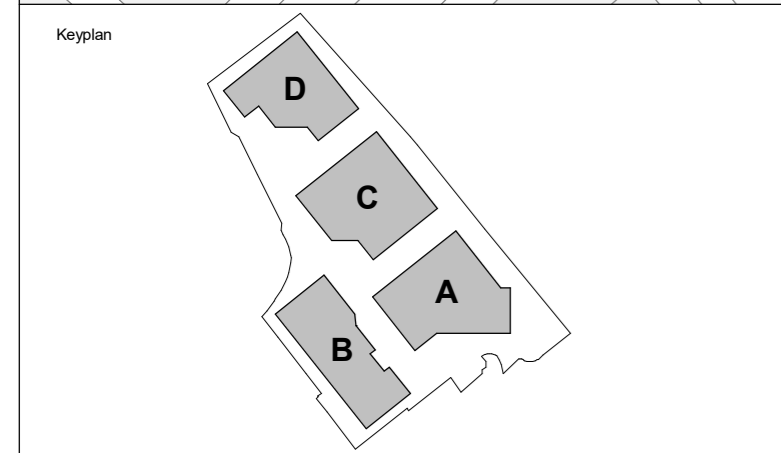
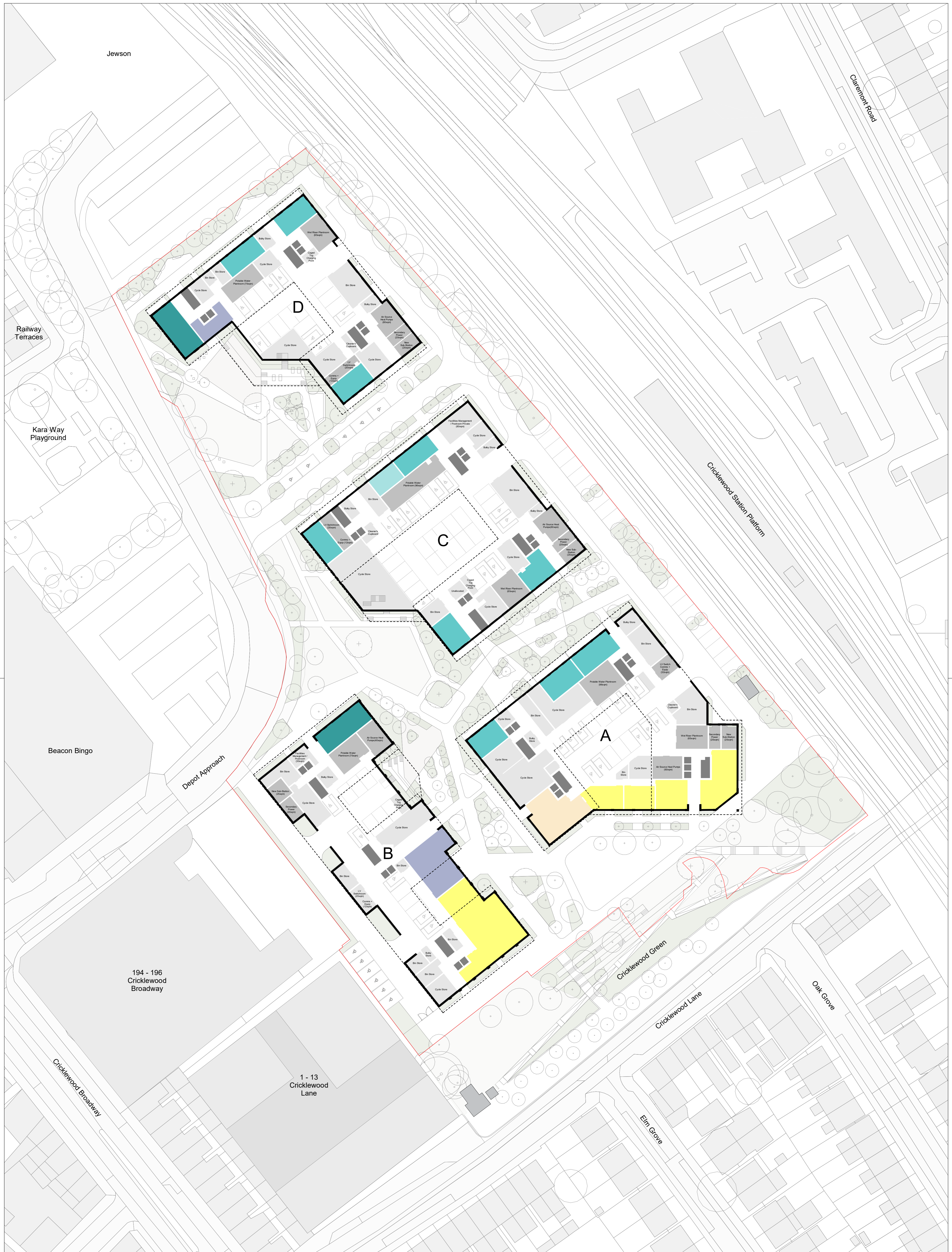


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Cricklewood Lane NW2 1ES
 Illustrative Scheme Proposed

Scale @A1 Status Suitability Revision
 1:500 For Information S2 - P3

Project Code Originator Zone Level Type Role Class Number
 10965 - EPR - XX - XX - DR - A - TP-0200



North

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No.	Revision	Date	Initial	Chk'd
3	Data Drop 03	200218	AJ	SN
2	EIA Data Drop 02	200117	AJ	SN
1	Draft EIA Data Drop 02	200110	AJ	SN

Application boundary

Maximum parameter building plot areas (including enhancement zone)

- Residential - C3 - 1B1P Studio
- Residential - C3 - 1B2P
- Residential - C3 - 2B4P
- Residential - C3 - 3B5P
- Community - D1
- Flexible commercial - A3, B1
- BIR shared amenities
- Ancillary (Cycle store, BOH)
- Ancillary (Plant, MEP)
- Core (Lift, Stairs)

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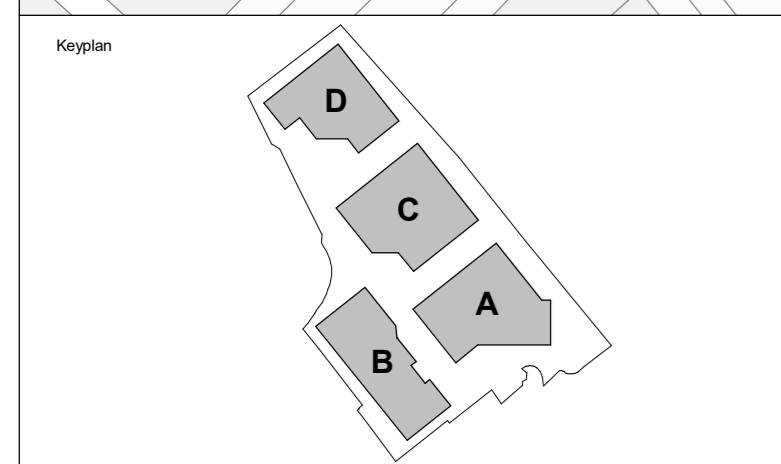
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Cricklewood Lane
NW2 1ES

Illustrative Scheme
Ground Floor Plan

Scale	Status	Suitability	Revision
1:500	For Information	S2	P3

Project Code: 10965 - EPR - XX - GF - DR - A - TP-0201



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No.	Revision	Date	Initial	Chk'd
2	EIA Data Drop 02	2009127	AJ	SN
1	Draft EIA Data Drop 02	2009110	AJ	SN

Application boundary

Maximum parameter building plot areas (including enhancement zone)

- Residential - C3 - 1B1P Studio
- Residential - C3 - 1B2P
- Residential - C3 - 2B4P
- Residential - C3 - 3B5P
- Community - D1
- Flexible commercial - A3, B1
- BiR shared amenities
- Ancillary (Cycle store, BOH)
- Ancillary (Plant, MEP)
- Core (Lift, Stairs)

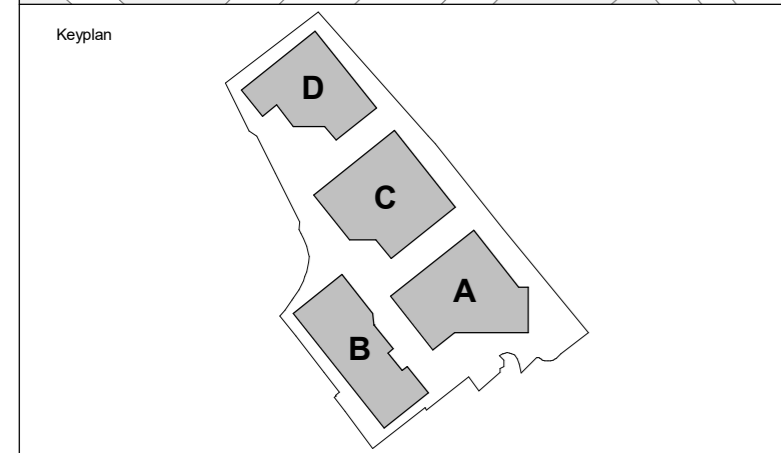
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Cricklewood Lane NW2 1ES

Illustrative Scheme
 First Floor Plan

Scale @A1 Status Suitability Revision
 1:500 For Information S2 - P2

Project Code Originator Zone Level Type Role Class. Number
 10965 - EPR-XX-01 - DR - A - TP-0202



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No.	Revision	Date	Initial	Chk'd
2	EIA Data Disp 02	200127	AJ	SN
1	Draft EIA Data Disp 02	200110	AJ	SN

Application boundary

Maximum parameter building plot areas (including enhancement zone)

- Residential - C3 - 1B1P Studio
- Residential - C3 - 1B2P
- Residential - C3 - 2B4P
- Residential - C3 - 3B5P
- Community - D1
- Flexible commercial - A3, B1
- B/R shared amenities
- Ancillary (Cycle store, BOH)
- Ancillary (Plant, MEP)
- Core (Lift, Stairs)

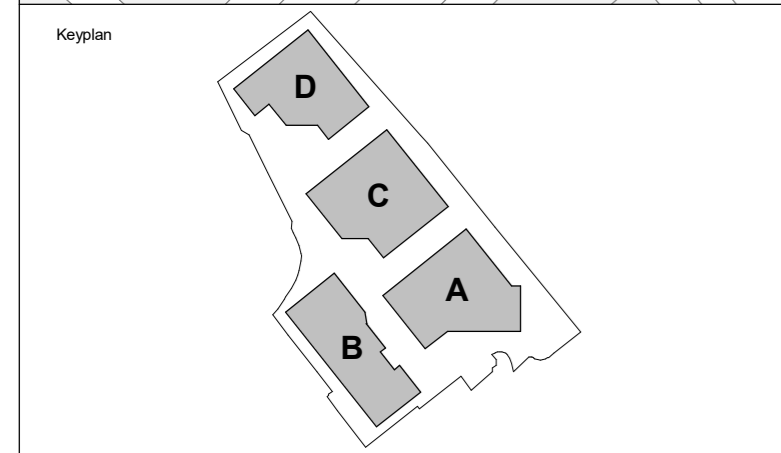
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Cricklewood Lane NW2 1ES

Illustrative Scheme
 Typical Lower Floor Plan

Scale	Status	Suitability	Revision
1:500	For Information	S2	P2

Project Code: 10965 - EPR - XX - DR - A - TP-0203



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No.	Revision	Date	Initial	Chk'd
2	EIA Data Disp 02	2009127	AJ	SN
1	Draft EIA Data Disp 02	2009110	AJ	SN

	Application boundary		Flexible commercial - A3, B1
	Maximum parameter building plot areas (including enhancement zone)		BIR shared amenities
	Residential - C3 - 1B1P Studio		Ancillary (Cycle store, BOH)
	Residential - C3 - 1B2P		Ancillary (Plant, MEP)
	Residential - C3 - 2B4P		Core (Lift, Stairs)
	Residential - C3 - 3B5P		
	Community - D1		

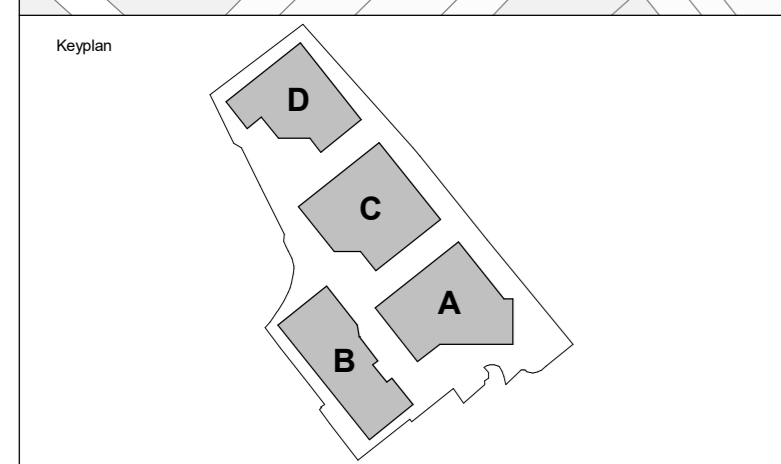
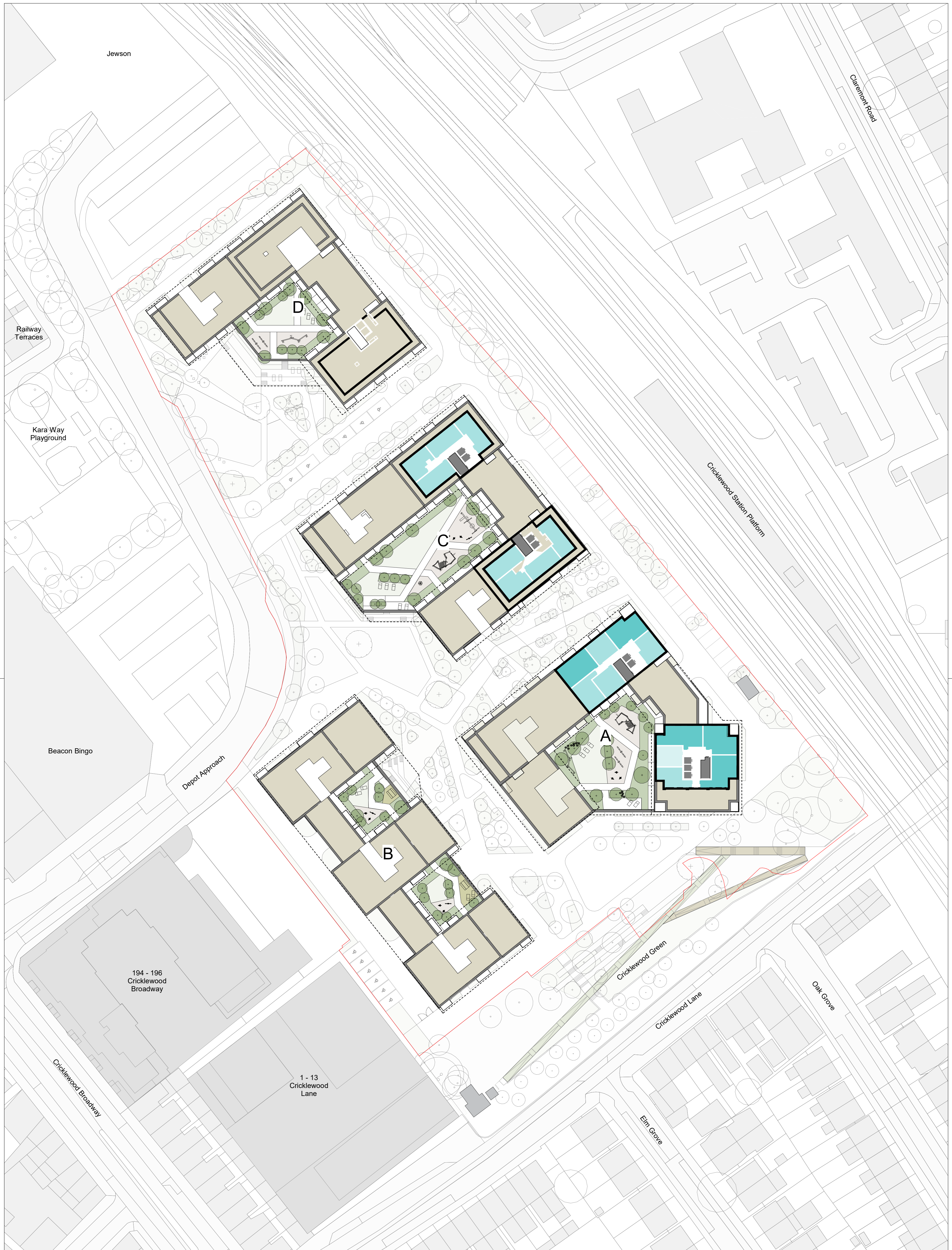
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Cricklewood Lane NW2 1ES

Illustrative Scheme Typical Middle Floor Plan

Scale	Status	Suitability	Revision
1:500	For Information	S2	P2

Project Code: 10965 - EPR - XX - XX - DR - A - TP-0204



North

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No.	Revision	Date	Initial	Chk'd
2	EIA Data Drop 02	2009127	AJ	SN
1	Draft EIA Data Drop 02	2009110	AJ	SN

- Application boundary
- Maximum parameter building plot areas (including enhancement zone)
- Residential - C3 - 1B1P Studio
- Residential - C3 - 1B2P
- Residential - C3 - 2B4P
- Residential - C3 - 3B5P
- Community - D1
- Flexible commercial - A3, B1
- BIR shared amenities
- Ancillary (Cycle store, BOH)
- Ancillary (Plant, MEP)
- Core (Lift, Stairs)

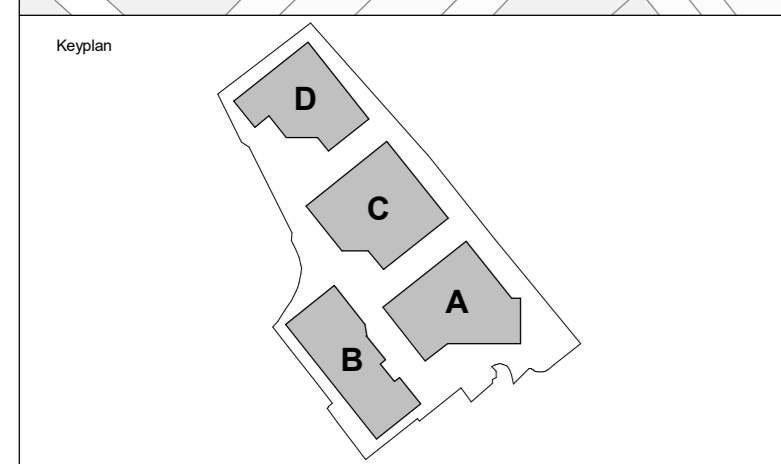
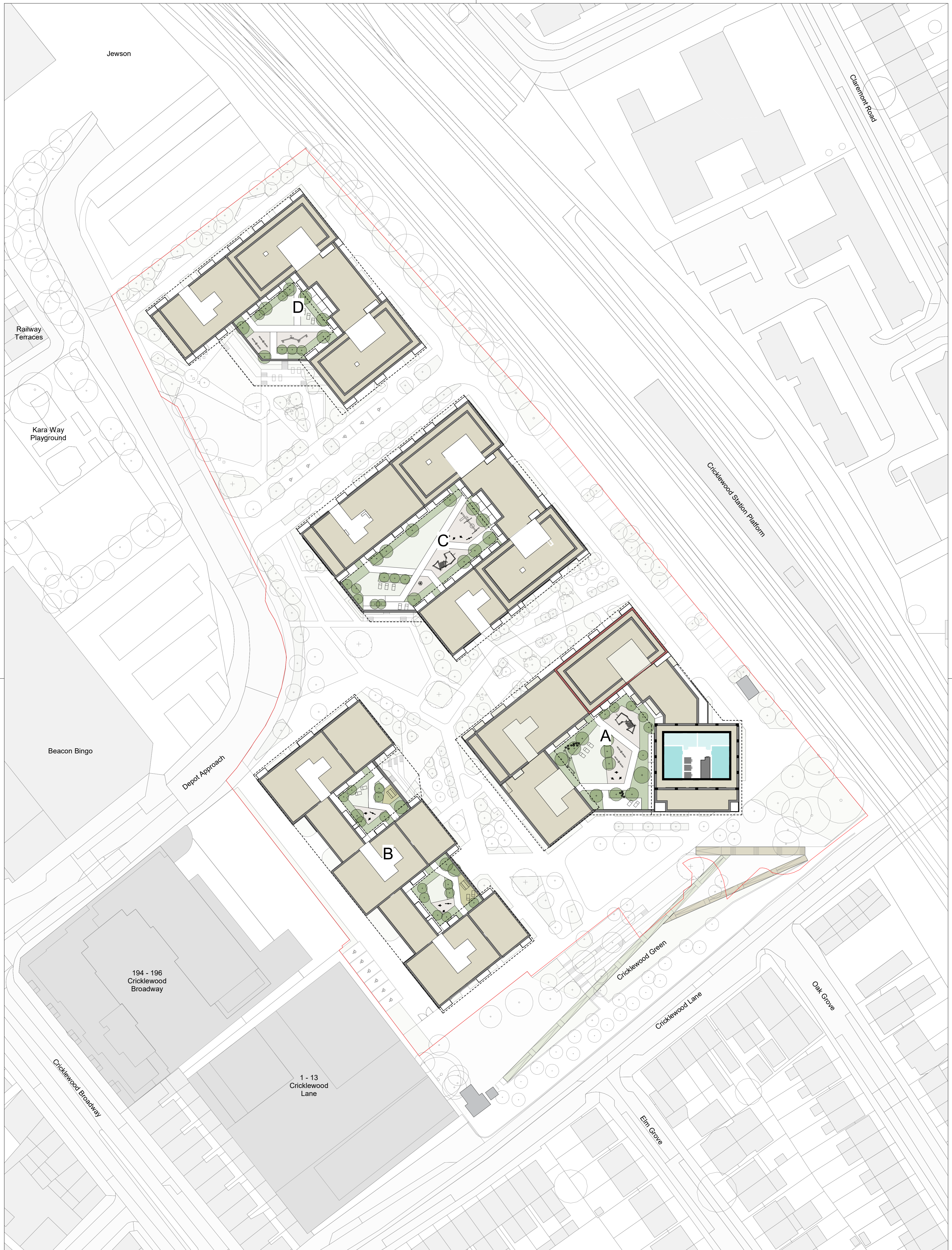
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Cricklewood Lane NW2 1ES

Illustrative Scheme Typical Upper Floor Plan

Scale	Status	Suitability	Revision
1:500	For Information	S2	P2

Project Code: 10965 - EPR - XX - DR - A - TP-0205



North

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No.	Revision	Date	Initial	Chk'd
2	EIA Data Drop 02	2009127	AJ	SN
1	Draft EIA Data Drop 02	2009110	AJ	SN

Application boundary

Maximum parameter building plot areas (including enhancement zone)

- Residential - C3 - 1B1P Studio
- Residential - C3 - 1B2P
- Residential - C3 - 2B4P
- Residential - C3 - 3B5P
- Community - D1
- Flexible commercial - A3, B1
- BIR shared amenities
- Ancillary (Cycle store, BOH)
- Ancillary (Plant, MEP)
- Core (Lift, Stairs)

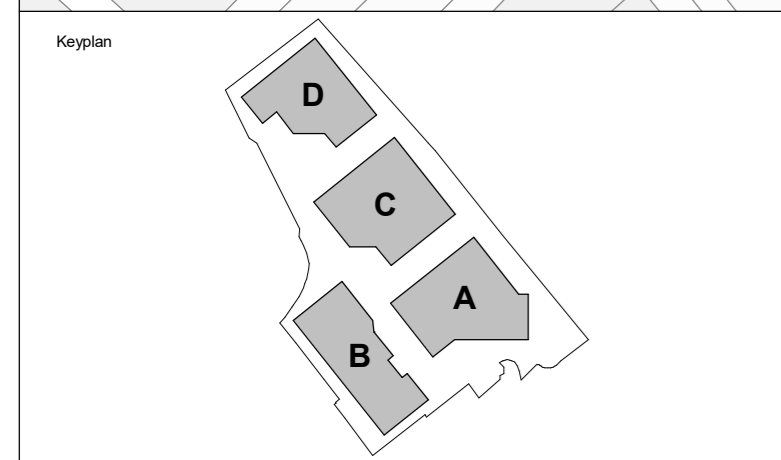
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Cricklewood Lane
 NW2 1ES

Illustrative Scheme
 Topmost Floor Plan

Scale	Status	Suitability	Revision
1:500	For Information	S2	P2

Project Code: 10965 - EPR - XX - 24 - DR - A - TP-0206



North

N

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No.	Revision	Date	Initial	Chk'd
2	EIA Data Drop 02	2009121	AJ	SN
1	Draft EIA Data Drop 02	2009110	AJ	SN

Application boundary

Maximum parameter building plot areas (including enhancement zone)

Illustrative scheme

Landscape, public space, roads, infrastructure

10 Storey height

Note: All podiums are on level 01

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Cricklewood Lane
 NW2 1ES

Illustrative Scheme
 Roof Plan

Scale	Status	Suitability	Revision
1:500	For Information	S2	P2

Project Code: 10965 - EPR - XX - DR - A - TP-0207

10965 Cricklewood Lane - Servicing Schedule

Car parking, cycle provision, waste provision

18/02/2020

NO.	REVISION	DATE	INITIAL	CHKD
01	EIA Data Drop 2	2020.01.17	SN	SN
02	Data Drop 3	2020.02.18	SN	SN

Car Parking	Cycle Provision	Waste Provision
Illustrative Scheme		

Figures based on in-bin compaction waste strategy

Block	Description	Car Parking	Cycle Provision	Waste Provision
Block A	Residential UA Bays	17		
	No. L/S cycle bays (3 tier racks)		642	
	S/S Sheffield stands (Secure)		28	670
	No. 240l Bins (Food)			12
	No. 1100l Bins (MDR, Residual)			43
Block B	Residential UA Bays	14		
	No. cycle bays (3 tier racks)		312	
	S/S Sheffield stands (secure)		38	350
	No. 240l Bins (Food)			6
	No. 1100l Bins (MDR, Residual)			25
Block C	Residential UA Bays	30		
	No. L/S cycle bays (3 tier racks)		534	
	Sheffield stands (secure)		28	562
	No. 240l Bins (Food)			11
	No. 1100l Bins (MDR, Residual)			40
Block D	Residential UA Bays	17		
	No. L/S cycle bays (3 tier racks)		378	
	S/S Sheffield stands (secure)		12	390
	No. 240l Bins (Food)			7
	No. 1100l Bins (MDR, Residual)			33
Surface car parking		32		
Visitors' S/S Sheffielded stands			TBC	
Total no. car parkings		110		
Total no. cycle bays			1,972	
				36
Total no. 1100l bins				177

Bulky Store Provision

		No.	Size (sqm)
Block A	A1	1	10
	A2	1	10
	A3	1	10
	A4	1	10
Block B	B1	1	10
	B2	1	10
	B3	1	10
Block C	C1	1	10
	C2	1	10
	C4	1	10
Block D	D1	1	10
	D2	1	10
	D3	1	10
Totals		11	110

- NOTE:**
- The waste provision is based on a managed strategy with in-bin compaction
 - 10% UA (Universal Access) parking bays have been allowed for within the proposed scheme, with 3% of these being delivered in the first instance
 - L/S - Long Stay; S/S Short Stay

10965 Cricklewood Lane - Residential Distribution Matrix

17/01/2020

NO.	REVISION	DATE	INITIAL	CHKD
09	Amendments post Tech Workshop 06	2019.11.25	RM	SN
10	Indicative Unit Mix for PPA	2019.12.10	RM	SN
11	Issued to Aecom for comment	2019.12.24	RM	SN
12	EIA Data Drop 02	2020.01.17	RM	SN

	COMBINED		PRIVATE FOR SALE			BUILT TO RENT			BLOCK A		BLOCK B		BLOCK C		BLOCK D	
	No.	Mix	No.	Mix	Target Mix	No.	Mix	Target Mix	No.	Mix	No.	Mix	No.	Mix	No.	Mix
1B Studio	148	13%	80	11%	10%	68	18%	10%	68	18%	0	0%	40	12%	40	18%
1B 2P	358	38%	248	39%	40%	110	34%	35%	110	18	45	5	114	15	89	13
1B 2P WCA	55		37			18			18	6	6	5	17	14	14	
									128	34%	51	30%	131	40%	103	46%
2B 4P	390	39%	253	39%	40%	137	40%	45%	137	14	76	8	125	13	52	5
2B 4P WCA	44		29			15			15	8	8	8	15	6	6	
									152	40%	84	49%	140	43%	58	26%
3B 5P	95	10%	69	11%	10%	26	8%	10%	26	2.6	32	3	16	2	21	2
3B 5P WCA	10		7			3			3	3	3	3	2	2	2	2
									29	8%	35	21%	18	5%	23	10%
Total Units	1100		723			377			377		170		329		224	

NOTE:

1. Unit numbers reflected in these schedules are work in progress and have been calculated from the agreed target figures. These unit numbers represent the anticipated numbers of the proposed blocks. Any reliance on these, with respect to project viability, pre-letting, lease arrangements and/or the like, should include due allowance for variations arising from design development.

2. All units to be Part M4 (2) compliant with 10% Part M4 (3). Each block will include a minimum of 10% accessible units. The mix of the accessible units will broadly align with the mix of the respective blocks with the exception of studios, which will be counted as 1B2P.

3. The current design relies on a % of smaller units within the taller element of A1 do not have private amenity (balconies) given the provision of ample shared amenity space within the building.

4. Habitable rooms have been calculated as below:
1B Studio - 1 Habitable Rooms
1B 2P - 2 Habitable Rooms
2B 4P - 3 Habitable Rooms
3B 5P - 4 Habitable Rooms

5. Notes regarding unit mix:
Studios in Private for Sale only
Most family units in affordable rent (3 beds avoided in shared ownership and DMR)

Habitable Rooms	2696	1800	896	896	494	794	512
% of Overall Hab. Rooms		67%	33%	33%	18%	29%	19%
35% Hab. Rooms	946	35%		88	494	364	

For EPR Internal Use Only:

% of Overall Unit No.		66%	34%	34%	15%	30%	20%
No. Residents	3235	2158	1077	1077	613	952	593

WCA units (10%)	109			36	17	34	22
WCA Parking (3%)	33			10.9	5.15	10.3	6.66

BtR Units without private amenity

				89	24%
Studio	0	2	15	17	25%
1B	19	21	0	40	31%
2B	24	0	15	39	26%
3B	10	0	0	10	34%

Approx. NIA	66,687.50	m ²	
Approx. GIA	83,359.38	m ²	(Assumed GIA to NIA = 80%)
Approx. GEA	91,603.71	m ²	(Assumed GEA to GIA = 91%)

Average NIA/Unit	60.63	m ²
Average GIA/Unit	75.78	m ²
Average GEA/Unit	83.28	m ²

Average habitable rooms per unit	2.45
Site Area	2.83 ha
Habitable rooms per hectare	953 hr/ha
Units per hectare	389 u/ha
London Plan (Sustainable residential quality density matrix)	
Habitable rooms per hectare	200-700 hr/ha
Units per hectare	70-260 u/ha

Unit sizes and symbols			
unit type	Sym.	sqft	m ²
1B S	S	398	38
1B 2P	1	538	50
1B 2P WCA	1W	699	58
2B 4P	2	753	70
2B 4P OS	2O	839	78
2B 4P WCA	2W	914	81
3B 5P	3	925	86
3B 5P WCA	3W	1184	99

10965 Cricklewood Lane - Residential Distribution Matrix

17/01/2020

NO.	REVISION	DATE	INITIAL	CHKD
09	Amendments post Tech Workshop 06	2019.11.25	RM	SN
10	Indicative Unit Mix for PPA	2019.12.10	RM	SN
11	Issued to Aecom for comment	2019.12.24	RM	SN
12	EIA Data Drop 02	2020.01.17	RM	SN

units /floor	BLOCK A																		
	A1					A2					A3					A4			
25	BUILD TO RENT (PRIVATE)																		
24	BUILD TO RENT (PRIVATE)																		
23	BUILD TO RENT (PRIVATE AND DMR - 80%) AVOID 3B 5P																		
22	BUILD TO RENT (DMR - 80%) AVOID 3B 5P																		
21																			
20																			
19																			
18																			
17																			
16																			
15																			
14																			
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27
27
22
3
68
110
18
137
15
26
3

	S	S	32	20%	HR	32
1	1	50	31%	100		
1B 2P WCA	1W	0	0%	0		
2B 4P	2	57	35%	171		
2B 4P WCA	2W	14	9%	42		
3B 5P	3	10	6%	40		
3B 5P WCA	3W	0	0%	0		
Total		163				385

	1B S	S	12	10%	HR	12
1B 2P	1	44	35%	88		
1B 2P WCA	1W	17	13%	34		
2B 4P	2	42	33%	126		
2B 4P WCA	2W	1	1%	3		
3B 5P	3	7	6%	28		
3B 5P WCA	3W	3	2%	12		
Total		126				303

	1B S	S	16	24%	HR	16
1B 2P	1	8	12%	16		
1B 2P WCA	1W	1	1%	2		
2B 4P	2	34	50%	102		
2B 4P WCA	2W	0	0%	0		
3B 5P	3	9	13%	36		
3B 5P WCA	3W	0	0%	0		
Total		68				172

	1B S	S	8	40%	HR	8
1B 2P	1	8	40%	16		
1B 2P WCA	1W	0	0%	0		
2B 4P	2	4	20%	12		
2B 4P WCA	2W	0	0%	0		
3B 5P	3	0	0%	0		
3B 5P WCA	3W	0	0%	0		
Total		20				36

Cycles	L/S		S/S
	L	S	
1	68		
1.5	165		
1.5	27		
2	274		
2	30		
2	52		
2	6		

Refuse	Dry (l)			Residual (l)			Combined		
	l	kg	HR	l	kg	HR	l	kg	HR
100	100		13600						
100	100		22000						
100	100		3600						
170	170		46580						
170	170		5100						
240	240		12480						
240	240		1440						

Parking	WCA Bays	
	WCA	Bays
3%	11.3	
7%	26.4	

CORE A3 - DMR	1B S	S	0	0%	0
	1B 2P	1	2	11%	4
	1B 2P WCA	1W	0	0%	0
	2B 4P	2	16	89%	48
	2B 4P WCA	2W	0	0%	0
	3B 5P	3	0	0%	0
	3B 5P WCA	3W	0	0%	0
Total		18			52

Block A Total	1B S	S	68	18%	68
	1B 2P	1	110	29%	220
	1B 2P WCA	1W	18	5%	36
	2B 4P	2	137	36%	411
	2B 4P WCA	2W	15	4%	45
	3B 5P	3	26	7%	104
	3B 5P WCA	3W	3	1%	12
Total		377			896

622	1100I Eurobins	95.3
TS 202	In Bin Compaction	41.4
SS 15.6	Bulky Store	37.7

10965 Cricklewood Lane - Residential Distribution Matrix

17/01/2020

NO.	REVISION	DATE	INITIAL	CHKD
09	Amendments post Tech Workshop 06	2019.11.25	RM	SN
10	Indicative Unit Mix for PPA	2019.12.10	RM	SN
11	Issued to Aecom for comment	2019.12.24	RM	SN
12	EIA Data Drop 02	2020.01.17	RM	SN

units /floor	BLOCK B			
	B1	B2	B3	B4
25	SHARED OWNERSHIP			
24	AVOID 3B 5P			
23				
22				
21				
20				
19				
18				
17				
16				
15				
14				
13				
12				
11			2	
10			2	
9			2	
8	1W	2	2	2
7	1W	2	2	2
6	1W	2	2	2
5	1	1	2	2
4	2	1	1	2W
3	2	1	1	2W
2	2	1	1	2W
1	1	1	1	2W
GF				

3
1
0
0
0
0
0
0
0
0
0
0
0
4
4
8
14
16
16
18
22
22
22
23
1

	S	0	0%	HR
1B S	0	0	0%	0
1B 2P	1	11	24%	22
1B 2P WCA	1W	4	9%	8
2B 4P	2	27	59%	81
2B 4P WCA	2W	4	9%	12
3B 5P	3	0	0%	0
3B 5P WCA	3W	0	0%	0
Total		46		123

	S	0	0%	HR
1B S	0	0	0%	0
1B 2P	1	23	40%	46
1B 2P WCA	1W	2	3%	4
2B 4P	2	29	50%	87
2B 4P WCA	2W	0	0%	0
3B 5P	3	3	5%	12
3B 5P WCA	3W	1	2%	4
Total		58		153

	S	0	0%	HR
1B S	0	0	0%	0
1B 2P	1	11	17%	22
1B 2P WCA	1W	0	0%	0
2B 4P	2	20	30%	60
2B 4P WCA	2W	4	6%	12
3B 5P	3	29	44%	116
3B 5P WCA	3W	2	3%	8
Total		66		218

	S	0	0%	HR
1B S	0	0	0%	0
1B 2P	1	0	0%	0
1B 2P WCA	1W	0	0%	0
2B 4P	2	0	0%	0
2B 4P WCA	2W	0	0%	0
3B 5P	3	0	0%	0
3B 5P WCA	3W	0	0%	0
Total		0		0

Cycles		
	L/S	S/S
1	0	
1.5	67.5	
1.5	9	
2	152	
2	16	
2	64	
2	6	

Refuse			
	Dry (l)	Residual (l)	Combined
100	100	0	
100	100	9000	
100	100	1200	
170	170	25840	
170	170	2720	
240	240	15360	
240	240	1440	

Parking	
	WCA Bays
3%	5.1
7%	11.9
10%	17

315
TS 102
SS 7.86

1100l Eurobins 50.5
In Bin Compaction 22.0
Bulky Store 17.0

Block B Total				
	S	0	0%	HR
1B S	0	0	0%	0
1B 2P	1	45	26%	90
1B 2P WCA	1W	6	4%	12
2B 4P	2	76	45%	228
2B 4P WCA	2W	8	5%	24
3B 5P	3	32	19%	128
3B 5P WCA	3W	3	2%	12
Total		170		494

10965 Cricklewood Lane - Residential Distribution Matrix

17/01/2020

NO.	REVISION	DATE	INITIAL	CHKD
09	Amendments post Tech Workshop 06	2019.11.25	RM	SN
10	Indicative Unit Mix for PPA	2019.12.10	RM	SN
11	Issued to Aecom for comment	2019.12.24	RM	SN
12	EIA Data Drop 02	2020.01.17	RM	SN

units /floor	BLOCK C			
	C1	C2	C3	C4
25	SHARED OWNERSHIP			
24	AVOID 3B 5P			
23				
22				
21				
20				
19				
18				
17				
16		1W 1 1 1		
15		1W 1 1 1	1 1 1 1	
14		1 1 1 2 2 1	1W 1 1 1	
13		1 1 1 2 2 1	2 1 2W 1	
12		1 1 1 2 2 1	2 1 2W 1	
11		1 1 1 2 2 1	1W 1 2W 1	
10	2 2 1 S	1 1 1 2 2 1	2 1 2W 1	3 2 1W 1 S 1
9	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	3 2 1W 1 S 1
8	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	3W 2 1W 1 S 1
7	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	3W 2 1W 1 S 1
6	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	2 2 2 1W 1 S 1
5	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	2 2 2 1W 1 S 1
4	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	2 2 2 1W 1 S 1
3	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	2 2 2 1W 1 S 1
2	2 2 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	2 2 2 1W 1 S 1
1	2 1W 1 S	1 1 1 2 2 2 2 S	2 1 2W 2 2 S	1W 2 2 1W 1 S 1
GF	2	2	2 1	2

4
2
0
0
0
0
0
0
0
4
8
10
11
11
11
17
21
25
25
26
26
26
26
26
26
25
5

	HR
1B S	S 10 24% 10
1B 2P	1 10 24% 20
1B 2P WCA	1W 1 2% 2
2B 4P	2 20 49% 60
2B 4P WCA	2W 0 0% 0
3B 5P	3 0 0% 0
3B 5P WCA	3W 0 0% 0
Total	41 92

	HR
1B S	S 10 9% 10
1B 2P	1 54 47% 108
1B 2P WCA	1W 2 2% 4
2B 4P	2 49 42% 147
2B 4P WCA	2W 1 1% 3
3B 5P	3 0 0% 0
3B 5P WCA	3W 0 0% 0
Total	116 272

	HR
1B S	S 9 9% 9
1B 2P	1 28 29% 56
1B 2P WCA	1W 2 2% 4
2B 4P	2 31 32% 93
2B 4P WCA	2W 14 14% 42
3B 5P	3 14 14% 56
3B 5P WCA	3W 0 0% 0
Total	98 260

	HR
1B S	S 11 15% 11
1B 2P	1 22 30% 44
1B 2P WCA	1W 12 16% 24
2B 4P	2 25 34% 75
2B 4P WCA	2W 0 0% 0
3B 5P	3 2 3% 8
3B 5P WCA	3W 2 3% 8
Total	74 170

40
114
17
125
15
16
2

Cycles		
	L/S	S/S
1	40	
1.5	171	
1.5	25.5	
2	250	
2	30	
2	32	
2	4	

Refuse			
	Dry (l)	Residual (l)	Combined
	100	100	8000
	100	100	22800
	100	100	3400
	170	170	42500
	170	170	5100
	240	240	7680
	240	240	960

Parking	
	WCA Bays
3%	9.87
7%	23
10%	32.9

553
TS 180
SS 13.8

1100l Eurobins 82.2
In Bin Compaction 35.7
Bulky Store 32.9

Block C Total				
1B S	S	40	12%	40
1B 2P	1	114	35%	228
1B 2P WCA	1W	17	5%	34
2B 4P	2	125	38%	375
2B 4P WCA	2W	15	5%	45
3B 5P	3	16	5%	64
3B 5P WCA	3W	2	1%	8
Total Block C Units		329		794

10965 Cricklewood Lane - Residential Distribution Matrix

17/01/2020

NO.	REVISION	DATE	INITIAL	CHKD
09	Amendments post Tech Workshop 06	2019.11.25	RM	SN
10	Indicative Unit Mix for PPA	2019.12.10	RM	SN
11	Issued to Aecom for comment	2019.12.24	RM	SN
12	EIA Data Drop 02	2020.01.17	RM	SN

units /floor	BLOCK D			
	D1	D2	D3	D4
25	PRIVATE			
24	PRIVATE			
23	PRIVATE			
22	PRIVATE			
21	PRIVATE			
20	PRIVATE			
19	PRIVATE			
18	PRIVATE			
17	PRIVATE			
16	PRIVATE			
15	1	1	1	1
14	1W	1	1	1
13	1W	2	1	2
12	1W	2	1	2
11	1W	2	1	2
10	1W	2	1	2
9	1W	2	1	2
8	1W	2	1	2
7	1W	2	1	2
6	1W	2	1	2
5	1W	2	1	2
4	1W	2	1	2
3	1W	2	1	2
2	1W	2	1	2
1	2	2	1	2
GF	2	2		

4
0
0
0
0
0
0
0
0
0
4
8
10
12
12
12
16
16
16
21
21
21
20
19
4

	HR
1B S	20
1B 2P	66
1B 2P WCA	26
2B 4P	81
2B 4P WCA	3
3B 5P	32
3B 5P WCA	0
Total	228

	HR
1B S	19
1B 2P	86
1B 2P WCA	2
2B 4P	63
2B 4P WCA	15
3B 5P	32
3B 5P WCA	0
Total	217

	HR
1B S	1
1B 2P	26
1B 2P WCA	0
2B 4P	12
2B 4P WCA	0
3B 5P	20
3B 5P WCA	8
Total	67

	HR
1B S	0
1B 2P	0
1B 2P WCA	0
2B 4P	0
2B 4P WCA	0
3B 5P	0
3B 5P WCA	0
Total	0

40
89
14
52
6
21
2

Cycles		
	L/S	S/S
1	40	
1.5	134	
1.5	21	
2	104	
2	12	
2	42	
2	4	

Refuse		
	Dry (l)	Residual (l)
	100	8000
	100	17800
	100	2800
	170	17680
	170	2040
	240	10080
	240	960

Parking	
	WCA Bays
3%	6.72
7%	15.7
10%	22.4

357
TS 116
SS 8.91

1100l Eurobins 54.0
In Bin Compaction 23.5
Bulky Store 22.4

Block D Total				
1B S	S	40	18%	40
1B 2P	1	89	40%	178
1B 2P WCA	1W	14	6%	28
2B 4P	2	52	23%	156
2B 4P WCA	2W	6	3%	18
3B 5P	3	21	9%	84
3B 5P WCA	3W	2	1%	8
Total		224		512

APPENDIX 02

FINANCIAL VIABILITY

APPRAISAL

SUMMARY

Cricklewood Lane
Financial Viability Appraisal

Development Appraisal
Montagu Evans
10 August 2020

**Cricklewood Lane
Financial Viability Appraisal**

Project Timescale	
Project Start Date	Jul 2020
Project End Date	Dec 2026
Project Duration (Inc Exit Period)	78 months

All Phases

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	35	May 2023		
Construction	Apr 2021	50	May 2025		
Post Development	Apr 2023	0 Month(s)			
Letting	Apr 2023	0 Month(s)			
Income Flow	Apr 2023	0 Month(s)			
Sale	Apr 2021	69	Dec 2026		
Cash Activity	Jul 2020	78	Dec 2026		
				1	61

1. A1-A3 - BTR

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	9 Month(s)	Mar 2021		
Construction	Apr 2021	30	Sep 2023		
Post Development	Oct 2023	0 Month(s)			
Letting	Oct 2023	0 Month(s)			
Income Flow	Oct 2023	0 Month(s)			
Sale	Oct 2023	1 Month(s)	Oct 2023		
Cash Activity	Jul 2020	78	Dec 2026		
				1	61

2. Block A - Commercial

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	9 Month(s)	Mar 2021		
Construction	Apr 2021	30	Sep 2023		
Post Development	Oct 2023	0 Month(s)			
Letting	Oct 2023	0 Month(s)			
Income Flow	Oct 2023	0 Month(s)			
Sale	Oct 2023	1 Month(s)	Oct 2023		
Cash Activity	Apr 2021	69	Dec 2026		
				1	61

**Cricklewood Lane
Financial Viability Appraisal**

3. Block B - Affordable Housing

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	9 Month(s)	Mar 2021		
Construction	Apr 2021	24	Mar 2023		
Post Development	Apr 2023	0 Month(s)			
Letting	Apr 2023	0 Month(s)			
Income Flow	Apr 2023	0 Month(s)			
Sale	Apr 2021	24	Mar 2023		
Cash Activity	Apr 2021	69	Dec 2026		
				1	61

4. Block B - Commercial & Community

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	9 Month(s)	Mar 2021		
Construction	Apr 2021	24	Mar 2023		
Post Development	Apr 2023	0 Month(s)			
Letting	Apr 2023	0 Month(s)			
Income Flow	Apr 2023	0 Month(s)			
Sale	Apr 2023	1 Month(s)	Apr 2023		
Cash Activity	Apr 2021	69	Dec 2026		
				1	61

5. C1-C2 - Shared Ownership

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	21	Mar 2022		
Construction	Apr 2022	24	Mar 2024		
Post Development	Apr 2024	0 Month(s)			
Letting	Apr 2024	0 Month(s)			
Income Flow	Apr 2024	0 Month(s)			
Sale	Apr 2022	24	Mar 2024		
Cash Activity	Apr 2022	57	Dec 2026		
				1	61

**Cricklewood Lane
Financial Viability Appraisal**

6. C3-C4 - Private

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	21	Mar 2022		
Construction	Apr 2022	24	Mar 2024		
Post Development	Apr 2024	0 Month(s)			
Letting	Apr 2024	0 Month(s)			
Income Flow	Apr 2024	0 Month(s)			
Sale	Apr 2024	14	May 2025		
Cash Activity	Apr 2022	57	Dec 2026		
				1	61

7. D1-D3 - Private

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	35	May 2023		
Construction	Jun 2023	24	May 2025		
Post Development	Jun 2025	0 Month(s)			
Letting	Jun 2025	0 Month(s)			
Income Flow	Jun 2025	0 Month(s)			
Sale	Jun 2025	19	Dec 2026		
Cash Activity	Jun 2023	43	Dec 2026		
				1	61

8. Block D - Commercial

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	35	May 2023		
Construction	Jun 2023	24	May 2025		
Post Development	Jun 2025	0 Month(s)			
Letting	Jun 2025	0 Month(s)			
Income Flow	Jun 2025	0 Month(s)			
Sale	Jun 2025	1 Month(s)	Jun 2025		
Cash Activity	Jun 2023	43	Dec 2026		
				1	61

**Cricklewood Lane
Financial Viability Appraisal**

9. CIL

	Start Date	Duration	End Date	Jul 20	Jul 25
Project	Jul 2020	78	Dec 2026		
Purchase	Jul 2020	0 Month(s)			
Pre-Construction	Jul 2020	9 Month(s)	Mar 2021		
Construction	Apr 2021	50	May 2025		
Post Development	Jun 2025	0 Month(s)			
Letting	Jun 2025	0 Month(s)			
Income Flow	Jun 2025	0 Month(s)			
Sale	Jun 2025	1 Month(s)	Jun 2025		
Cash Activity	Apr 2021	49	Apr 2025		
				1	61

**Cricklewood Lane
Financial Viability Appraisal**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Block B - Affordable Rent	86	72,133	345.00	289,371	24,885,885
Block B - Shared Ownership	84	57,903	500.00	344,661	28,951,500
Block C - Shared Ownership	157	103,169	500.00	328,564	51,584,500
Block C - Private Residential	172	122,048	704.00	499,545	85,921,792
Block D - Private Residential	<u>224</u>	<u>143,532</u>	704.00	451,101	<u>101,046,528</u>
Totals	723	498,785			292,390,205

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Block A - Build to Rent	377	248,281	33.52	22,076	6,241,860	8,322,480	6,241,860
Block A - Commercial	1	3,923	25.00	98,078	98,078	98,078	98,078
Block B - Commercial	1	5,406	25.00	135,158	135,158	135,158	135,158
Block D - Commercial	<u>1</u>	<u>707</u>	25.00	17,685	<u>17,685</u>	<u>17,685</u>	<u>17,685</u>
Totals	380	258,318			6,492,780	8,573,400	6,492,780

Investment Valuation

Block A - Build to Rent					
Current Rent	6,241,860	YP @	4.0000%	25.0000	156,046,500
Block A - Commercial					
Market Rent	98,078	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,587,688
Block B - Commercial					
Market Rent	135,158	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	2,187,943
Block D - Commercial					
Market Rent	17,685	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	286,287
Total Investment Valuation					160,108,417

GROSS DEVELOPMENT VALUE

452,498,622

Purchaser's Costs				-10,194,169	
Effective Purchaser's Costs Rate		6.80%			-10,194,169

NET DEVELOPMENT VALUE

442,304,454

NET REALISATION

442,304,454

OUTLAY

ACQUISITION COSTS

Residualised Price				6,217,010	
Stamp Duty					6,217,010
Effective Stamp Duty Rate		4.84%		300,850	
Agent Fee		1.00%		62,170	
Legal Fee		0.50%		31,085	
					394,106

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Block A - Build to Rent	359,076	261.45	93,880,552
Block A - Commercial	4,359	261.46	1,139,704
Block B - Commercial	6,007	261.46	1,570,590
Block D - Commercial	786	261.46	205,508
Block B - Affordable Rent	103,239	261.46	26,992,836
Block B - Shared Ownership	82,872	261.46	21,667,838
Block C - Shared Ownership	143,790	261.46	37,595,215

Cricklewood Lane

Financial Viability Appraisal

Block C - Private Residential	170,102	261.46	44,474,802	
Block D - Private Residential	<u>205,582</u>	261.46	<u>53,751,470</u>	
Totals	1,075,813 ft²		281,278,514	
Contingency		5.00%	14,063,926	
CIL			17,667,315	313,009,754

PROFESSIONAL FEES

Professional Fees		10.00%	29,534,244	29,534,244
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MARKETING & LETTING

Letting Agent Fee		10.00%	25,092	
Letting Legal Fee		5.00%	12,546	
				37,638

DISPOSAL FEES

Sales Agent Fee		0.25%	365,277	
Sales Agent Fee		1.00%	1,092,252	
Sales Agent Fee		3.00%	5,609,050	
Sales Legal Fee		0.10%	146,111	
Sales Legal Fee		0.50%	1,480,967	
				8,693,657

MISCELLANEOUS FEES

Developer's Return - BTR		15.00%	23,406,975	
Developer's Return - Commercial		17.50%	277,845	
Developer's Return - Affordable		6.00%	3,230,243	
Developer's Return - Commercial		17.50%	382,890	
Developer's Return - Affordable		6.00%	3,095,070	
Developer's Return - Private		20.00%	17,184,358	
Developer's Return - Private Sale		20.00%	20,209,306	
Developer's Return - Commercial		17.50%	50,100	
				67,836,788

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				16,581,257

TOTAL COSTS

442,304,454

PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	7.88%

APPENDIX 03
EXISTING USE
VALUATION
SUMMARY

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/08/2020

Property

Address Broadway Retail Park, Cricklewood (2),
Broadway Retail Park

External ID

Property Type Office

Description/Notes

Valuation Tables Annually in Arrears

Valuation

Gross Valuation 19,177,094

Capital Costs -205,500

Net Value Before Fees 18,971,594

Less Stamp Duty @4.94% Stamp Duty 878,175

Agents Fee @1.00% Net Sale Price 213,282

Legal Fees @0.50% Net Sale Price 106,641

Enter Item Name @0.00% Net Sale Price 0

Fees include non recoverable VAT @ 20.00%

Net Valuation 17,773,496

Say 17,773,496

Equivalent Yield 6.5039% True Equivalent Yield 6.7526%

Initial Yield (Valuation Rent) 0% Initial Yield (Contracted Rent) 0%

Reversion Yield 7.2213%

Total Valuation Rent 0 Total Contracted Rent 0

Total Rental Value 1,370,000 Number of Tenants 3

Capital Value Per Area 214

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Leasing Costs	01/08/2021	-205,500	0%	-205,500
				-205,500

Running Yields

Date	Gross Rent	Operating Expense	Ground Lease Expenses	Net Rent	Annual	Quarterly
01/08/2021	0	0	0	0	0.0000%	0.0000%
01/02/2022	1,370,000	0	0	1,370,000	7.2213%	7.5594%

Yields Based On Say Value + Acq.Costs

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/08/2020

Tenants

<u>Tenant Name</u>	<u>Suite</u>	<u>Next Review</u>	<u>Earliest Termination</u>	<u>CAP Group</u>	<u>Method</u>	<u>Contracted Rent</u>	<u>Valuation Rent</u>	<u>Rental Value</u>	<u>Gross Value</u>	<u>Initial Yield</u>	<u>Initial Yield (Contracted)</u>	<u>Equivalent Yield</u>	<u>Reversionary Yield</u>
Unit 1			31/07/2031	Override	T&R(6.5%, 6.5%)	0	0	200,000	2,799,576	0.0000%	0.0000%	6.5000%	7.1439%
Unit 2			31/07/2031	Override	T&R(6.5%, 6.5%)	0	0	300,000	4,199,364	0.0000%	0.0000%	6.5000%	7.1439%
Unit 3			31/07/2031	Override	T&R(6.5%, 6.5%)	0	0	870,000	12,178,155	0.0000%	0.0000%	6.5000%	7.1439%

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/08/2020

Freehold

Tenant - Unit 1

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	10 years from 01/08/2021		
	Expiring 31/07/2031		
Parent Tenure	Freehold		
Cap Group	Override		
Current Rent	0		
Rental Value	200,000		
Valuation Method	T&R(6.5%, 6.5%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6.5%		
Reversionary Yield	7.1439%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Operating Expenses	Ground Lease Expenses	Net Rent	Yield
01/08/2021	10	0	0	Base	0	0	0	0	0.0000%
01/08/2021	0	6	0	Rent Free	0	0	0	0	0.0000%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Leasing Costs	01/08/2021	-30,000	0%	-30,000
				-30,000

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF.Tax	Deferred	Gross Rent	Rental Value	Operating Expenses	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
01/02/2022	In Perp	Adjustment (Term & Reversion)	6.5000%	4%,40%	1 Yr 6 Mths	200,000	200,000	0	0	200,000	0	200,000	15.3846	0.9099	2,799,576
															2,799,576

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/08/2020

Freehold

Tenant - Unit 2

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	10 years from 01/08/2021		
	Expiring 31/07/2031		
Parent Tenure	Freehold		
Cap Group	Override		
Current Rent	0		
Rental Value	300,000		
Valuation Method	T&R(6.5%, 6.5%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6.5%		
Reversionary Yield	7.1439%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Operating Expenses	Ground Lease Expenses	Net Rent	Yield
01/08/2021	10	0	0	Base	0	0	0	0	0.0000%
01/08/2021	0	6	0	Rent Free	0	0	0	0	0.0000%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Leasing Costs	01/08/2021	-45,000	0%	-45,000
				-45,000

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF.Tax	Deferred	Gross Rent	Rental Value	Operating Expenses	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
01/02/2022	In Perp	Adjustment (Term & Reversion)	6.5000%	4%,40%	1 Yr 6 Mths	300,000	300,000	0	0	300,000	0	300,000	15.3846	0.9099	4,199,364
															4,199,364

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/08/2020

Freehold

Tenant - Unit 3

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	10 years from 01/08/2021		
	Expiring 31/07/2031		
Parent Tenure	Freehold		
Cap Group	Override		
Current Rent	0		
Rental Value	870,000		
Valuation Method	T&R(6.5%, 6.5%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6.5%		
Reversionary Yield	7.1439%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Operating Expenses	Ground Lease Expenses	Net Rent	Yield
01/08/2021	10	0	0	Base	0	0	0	0	0.0000%
01/08/2021	0	6	0	Rent Free	0	0	0	0	0.0000%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Leasing Costs	01/08/2021	-130,500	0%	-130,500
				-130,500

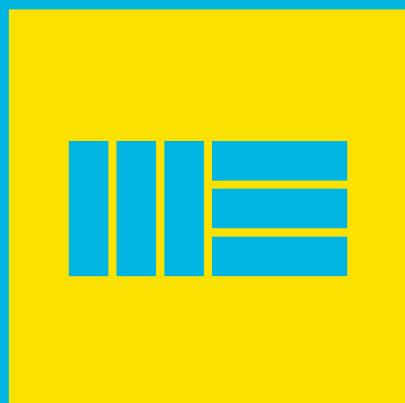
Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF.Tax	Deferred	Gross Rent	Rental Value	Operating Expenses	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
01/02/2022	In Perp	Adjustment (Term & Reversion)	6.5000%	4%,40%	1 Yr 6 Mths	870,000	870,000	0	0	870,000	0	870,000	15.3846	0.9099	12,178,155
															12,178,155

APPENDIX 04
RESIDENTIAL
COMPARABLE
EVIDENCE

**CRICKLEWOOD LANE,
LONDON, NW2 1ES**

RESIDENTIAL SALES REPORT



SITE OVERVIEW

The site is currently occupied by a retail warehouse in A1 use operated by B&Q. This is adjoined by two smaller retail warehouse units, surrounded by car parking spaces for 470 vehicles. The site is located in Cricklewood within the planning jurisdiction of London Borough of Barnet. The site is located immediately adjacent to Cricklewood station, approximately 0.8 miles from Willesden Green and 1.0 mile from Kilburn underground stations. The majority of the residential development in the area to date has been located east of the site towards Fortune Green.

PROPOSED SCHEME

The proposal involves the comprehensive redevelopment of the site to provide 396 private sale residential dwellings.

We understand that the scheme will provide the following mix of private residential units.

Unit Type	Residential Units	
	Number of Units	Average NIA (sq. ft.)
1B 1P (Studio)	60	398
1B 2P	139	538
1B 2P WCA	28	699
2B 4P	108	753
2B 4P WCA	20	914
3B 5P	37	925
3B 5P WCA	4	1,184
TOTAL	396	

SCHEME POSITIVES

The site is located within TfL Zone 3 and benefits from reasonable public transport connectivity. Cricklewood station lies immediately to the east of the property and provides connections to central London, Gatwick Airport and Brighton through the recently upgraded Thameslink route. Willesden Green and Kilburn stations are located within 1 mile of the site offering Jubilee Line services, Brondesbury and West Hampstead are located 1.2 miles and 1.5 miles south of the site offering Overground services across London.

Comprehensive local retail amenities are found along Cricklewood Broadway, which constitutes the local high street and is within a few minutes' walk of the site.

Substantial regeneration of the wider area is supported through the £4 billion masterplan of Brent Cross Cricklewood. This is expected to improve local infrastructure and support long term growth prospects in the area.

The proposed unit types and mix provides a good range of accommodation that will attract a variety of purchases, including local investors, professionals and first time buyers.

SCHEME NEGATIVES

The proposed schemes east aspect overlooks the railway.

The premises is not located in close proximity to open green space or water.

The site is not located in close proximity to a London underground station.

COMPARABLE EVIDENCE

We have carried out local market research to identify modern and new competing residential schemes, as set out below.

1. THE BROADWAY, 112-132 CRICKLEWOOD LANE, NW2

A redevelopment by Fairview New Homes providing 122 units comprising of one, two and three bedroom apartments. The scheme also includes 279 sq. m (GIA) of commercial space. By the end of Q3 2019 construction was completed and all the dwellings sold.



The development benefits from private and community amenity space, cycle parking and landscaping. Car parking was also available at an additional cost of £10,000-£15,000.

The scheme provides a mixture of private and affordable units as follows: 101 private, 21 intermediate.

The Broadway is located 0.2 miles (4 minute walk) east of Cricklewood station and 0.9 miles south-west of Willesden Green Station.

The average prices from the evidence below indicates the following private sale values. One bedroom - £389,000, Two bedroom - £463,000, Three bedroom - £598,000.

The asking prices below equate to an average of approximately £666 per sq. ft.

Flat	Price	Size (Sq. Ft.)	£psf	Date
FLAT 31 (Coleby House)	£382,500	538	£711	12/09/2018
FLAT 35 (Coleby House)	£375,000	538	£697	30/11/2018
FLAT 39 (Coleby House)	£399,000	538	£742	23/10/2018
FLAT 46 (Coleby House)	£375,000	538	£697	24/08/2018
FLAT 65 (Coleby House)	£375,000	538	£697	30/04/2019
FLAT 71 (Coleby House)	£388,000	538	£721	08/03/2019
FLAT 52 (Coleby House)	£379,000	549	£690	19/12/2018
FLAT 55 (Coleby House)	£372,000	549	£678	20/12/2018
FLAT 72 (Coleby House)	£389,000	549	£709	26/02/2019
FLAT 21 (Coleby House)	£436,000	570	£765	06/09/2019
FLAT 24 (Coleby House)	£410,000	570	£719	30/09/2019
FLAT 51 (Coleby House)	£460,000	657	£700	30/01/2019
FLAT 54 (Coleby House)	£453,000	657	£689	22/02/2019
FLAT 5 (Newall House)	£440,000	657	£670	30/08/2019
FLAT 8 (Newall House)	£449,500	657	£684	30/09/2019
FLAT 2 (Omnibus House)	£425,000	657	£647	30/08/2019
FLAT 8 (Omnibus House)	£440,000	657	£670	21/08/2019
FLAT 42 (Coleby House)	£478,000	667	£717	15/11/2018
FLAT 50 (Coleby House)	£450,000	678	£664	31/05/2019
FLAT 6 (Newall House)	£490,000	732	£669	10/05/2019
FLAT 9 (Newall House)	£512,000	732	£699	28/06/2019
FLAT 1 (Omnibus House)	£490,000	732	£669	09/08/2019

FLAT 41 (Coleby House)	£600,000	958	£626	29/10/2018
FLAT 5 (Coleby House)	£600,000	969	£619	28/06/2019
FLAT 9 (Coleby House)	£599,000	969	£618	28/06/2019
FLAT 13 (Coleby House)	£597,000	969	£616	09/08/2019
FLAT 32 (Coleby House)	£590,000	969	£609	30/11/2018
FLAT 36 (Coleby House)	£600,000	969	£619	11/12/2018
FLAT 40 (Coleby House)	£590,000	969	£609	29/11/2018
FLAT 23 (Coleby House)	£605,000	980	£617	18/09/2019
Average			£666	

2. HENDON WATERSIDE, MARSH DRIVE, NW9 7QJ

Hendon Waterside is a 6-phase development by Barratt London that comprises over 2,000 one, two and three bedroom dwellings. The scheme also includes two primary schools, a community building and commercial space.

The most recent phases (Phases 3B and C) comprise 298 residential units with a high proportion allocated for affordable housing (40%): 181 private, 16 intermediate, 101 social rent.

The scheme is located 0.2 miles south-west of Hendon Station in close proximity to the north circular and M1.

The average prices from the evidence below indicates the following private sale values with a combined average of £688 per sq. ft. One bedroom - £382,000, Two bedroom - £500,000, Three bedroom - £595,000.



Flat	Price	Size (sq. ft.)	£psf	Date
FLAT 39 (EIDER APARTMENTS)	£390,000	538	£725	17/05/2019
FLAT 41 (PEREGRINE APARTMENTS)	£390,000	538	£725	21/12/2018
FLAT 30 (EIDER APARTMENTS)	£388,000	538	£721	14/05/2019
FLAT 34 (PEREGRINE APARTMENTS)	£386,500	538	£718	14/12/2018
FLAT 10 (EIDER APARTMENTS)	£384,000	538	£714	16/04/2019
FLAT 23 (PEREGRINE APARTMENTS)	£383,000	538	£712	18/12/2018
FLAT 37 (EIDER APARTMENTS)	£382,000	538	£710	25/06/2019
FLAT 29 (EIDER APARTMENTS)	£379,999	538	£706	25/07/2019
FLAT 16 (PEREGRINE APARTMENTS)	£379,500	538	£705	14/12/2018
FLAT 28 (EIDER APARTMENTS)	£379,000	538	£704	28/06/2019
FLAT 21 (EIDER APARTMENTS)	£376,000	538	£699	08/05/2019
FLAT 20 (EIDER APARTMENTS)	£375,000	538	£697	19/06/2019
FLAT 11 (EIDER APARTMENTS)	£374,000	538	£695	15/05/2019
FLAT 38 (EIDER APARTMENTS)	£369,500	538	£687	14/05/2019
FLAT 18 (PEREGRINE APARTMENTS)	£364,500	538	£678	21/12/2018
FLAT 36 (PEREGRINE APARTMENTS)	£371,500	549	£677	21/12/2018
FLAT 27 (PEREGRINE APARTMENTS)	£368,000	549	£670	14/12/2018
FLAT 2 (PEREGRINE APARTMENTS)	£365,000	549	£665	14/12/2018
FLAT 60 (WOODLARK APARTMENTS)	£409,500	560	£731	25/06/2018
FLAT 50 (WOODLARK APARTMENTS)	£400,000	560	£714	25/06/2018
FLAT 45 (WOODLARK APARTMENTS)	£399,000	560	£713	25/06/2018
FLAT 1 (EIDER APARTMENTS)	£396,000	570	£695	26/04/2019
FLAT 40 (EIDER APARTMENTS)	£469,999	678	£693	07/06/2019
FLAT 31 (EIDER APARTMENTS)	£450,000	678	£664	27/06/2019
FLAT 57 (WOODLARK APARTMENTS)	£507,000	710	£714	25/06/2018

FLAT 52 (WOODLARK APARTMENTS)	£500,000	710	£704	22/06/2018
FLAT 62 (WOODLARK APARTMENTS)	£500,000	710	£704	28/06/2018
FLAT 68 (WOODLARK APARTMENTS)	£500,000	710	£704	29/06/2018
FLAT 73 (WOODLARK APARTMENTS)	£500,000	710	£704	29/06/2018
FLAT 47 (WOODLARK APARTMENTS)	£498,000	710	£701	25/06/2018
FLAT 58 (WOODLARK APARTMENTS)	£492,000	710	£693	25/06/2018
FLAT 26 (PEREGRINE APARTMENTS)	£595,000	721	£825	07/12/2018
FLAT 40 (PEREGRINE APARTMENTS)	£507,500	721	£704	21/12/2018
FLAT 37 (PEREGRINE APARTMENTS)	£483,000	721	£670	14/12/2018
FLAT 24 (PEREGRINE APARTMENTS)	£596,000	947	£629	10/05/2019
FLAT 14 (EIDER APARTMENTS)	£595,000	1,001	£594	15/05/2019
FLAT 23 (EIDER APARTMENTS)	£595,000	1,001	£594	10/04/2019
FLAT 32 (EIDER APARTMENTS)	£595,000	1,001	£594	18/04/2019
Average			£688	

3. MORGAN PLACE, DOLLIS HILL, NW10 2TS

Morgan Place is mixed-use redevelopment of a former vicarage and yard to provide 47 residential flats, 50 sq m of commercial space, car parking and amenity space. The scheme was completed in Q3 2018 and is located 0.4 miles south of Neasden station. The scheme was sold out in March 2019 with the majority of sales being achieved in mid-2018.

The scheme provides a mixture of private and affordable units: 27 private, 16 intermediate and 4 social.

Dollis Hill is a similar location to Cricklewood but does not benefit from the extensive wider regeneration projects coming in the near future. The reduced number of local amenities by Morgan Place also contributes towards a lower average achieved sales value of £599 per sq. ft.



Flat	Price	Size (Sq. Ft.)	£psf	Date
FLAT 16	£455,000	775	£587	30/04/2019
FLAT 32	£387,500	689	£562	12/04/2019
FLAT 36	£158,375	797	£199	28/03/2019
FLAT 39	£372,000	689	£540	22/03/2019
FLAT 30	£399,500	689	£580	31/01/2019
FLAT 37	£414,500	689	£602	31/01/2019
FLAT 38	£360,000	560	£643	30/11/2018
FLAT 42	£460,000	753	£611	30/11/2018
FLAT 45	£357,500	538	£664	24/09/2018
FLAT 24	£99,000	560	£177	07/09/2018
FLAT 28	£218,750	753	£291	24/08/2018
FLAT 10	£372,000	538	£691	31/07/2018
FLAT 46	£363,000	538	£675	30/07/2018
FLAT 13	£360,000	538	£669	27/07/2018
FLAT 34	£365,500	538	£679	25/07/2018
FLAT 44	£405,000	570	£711	20/07/2018
FLAT 15	£600,000	926	£648	19/07/2018
FLAT 47	£600,000	818	£733	19/07/2018
FLAT 35	£535,000	753	£710	18/07/2018
FLAT 43	£550,000	797	£690	18/07/2018
FLAT 12	£518,000	753	£688	17/07/2018
FLAT 14	£600,000	990	£606	17/07/2018
FLAT 11	£600,000	990	£606	16/07/2018

FLAT 33	£370,000	538	£688	16/07/2018
FLAT 40	£380,000	538	£706	16/07/2018
FLAT 41	£399,500	538	£743	16/07/2018
Average			£599	

4. GLADSTONE VILLAGE, ST MICHAELS ROAD, NW2 6XD

A redevelopment adjacent to Gladstone Park by Octavia Living providing residential dwellings in the form of 23 houses and 16 flats in addition to 44 car parking spaces with associated landscaping and cycle storage.

The 38 dwellings comprise a mixture of private (24) and affordable: 8 intermediate, 6 social rent.

Construction was completed in Q2 2017 and at the end of Q2 2019 three 4-bed houses remained unsold and were offered to the rental market.

Gladstone Village only provided six private residential flats, all of which were two bed units. These were sold at the start of Q1 2018 and we detail the pricing in the table below.

The below sales evidence is dated but shows an average of £719 per sq. ft. albeit for a smaller boutique development.



Flat	Bed No.	Price	Size (Sq. Ft.)	£psf	Date
38	2	£555,000	753	737	Jan-18
34	2	£585,000	807	725	Sep-17
36	2	£555,000	807	688	Aug-17
35	2	£555,000	807	688	Jul-17
33	2	£605,000	807	750	Jun-17
37	2	£550,000	753	730	May-17
Average				£719	

5. FELLOWS SQUARE, GERON WAY, NW2 6LT

Fellows Square is a redevelopment of a former Parcelforce Depot located just west of the railway in a popular retail warehouse pitch. The tenure comprises homes for private sale, private rent, shared ownership and affordable rent. A2 Dominion developed the 230 dwelling scheme with 169 for private sale, 54 intermediate and 7 for social rent. The scheme also includes 888 sq m of commercial space and car parking.

The scheme is located 0.9 miles from Cricklewood station and features gardens, on-site concierge and a gym. A2 Dominion sold all 114 of the private units by Q3 2017 with 54 units designated for BTR, which all let by March 2019.



The sales evidence below shows an average of £660 per sq. ft.

Flat	Price	Size (Sq. Ft.)	£psf	Date
FLAT 59 (Burnell Building)	£365,000	474	£770	26/07/2018
FLAT 64 (Burnell Building)	£346,775	452	£767	22/08/2018
FLAT 53 (Burnell Building)	£360,000	474	£759	07/09/2018
FLAT 47 (Burnell Building)	£355,000	474	£749	10/09/2018
FLAT 52 (Burnell Building)	£338,000	452	£748	15/10/2018
FLAT 43 (Burnell Building)	£336,600	452	£745	07/09/2018
FLAT 44 (Burnell Building)	£340,550	474	£718	05/09/2018
FLAT 23 (Burnell Building)	£360,000	517	£696	09/08/2018
FLAT 37 (Burnell Building)	£455,212	667	£682	29/03/2018
FLAT 33 (Burnell Building)	£452,500	667	£678	04/04/2018
FLAT 38 (Burnell Building)	£363,825	538	£676	02/05/2018
FLAT 13 (Burnell Building)	£330,000	495	£667	17/08/2018
FLAT 19 (Burnell Building)	£328,300	495	£663	30/08/2018
FLAT 34 (Burnell Building)	£421,400	635	£664	29/03/2018
FLAT 60 (Burnell Building)	£392,500	592	£663	14/08/2018
FLAT 62 (Burnell Building)	£455,400	689	£661	24/07/2018
FLAT 50 (Burnell Building)	£455,000	689	£660	27/07/2018
FLAT 61 (Burnell Building)	£453,100	689	£658	29/10/2018
FLAT 32 (Collins Building)	£452,500	775	£584	28/02/2019
FLAT 31 (Collins Building)	£426,300	667	£639	13/11/2018
FLAT 15 (Collins Building)	£431,200	678	£636	31/10/2018
FLAT 45 (Collins Building)	£426,300	753	£566	17/10/2018
FLAT 37 (Collins Building)	£423,225	786	£538	16/10/2018
FLAT 36 (Collins Building)	£640,000	1,044	£613	15/10/2018
FLAT 35 (Collins Building)	£443,450	721	£615	04/10/2018
FLAT 23 (Collins Building)	£425,000	667	£637	02/10/2018
Average			£660	

UNIT PRICING

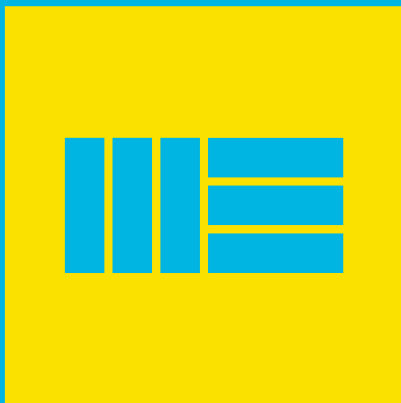
Having regard to the above comparables and the positive and negatives of the proposed scheme, we have priced each of the unit types in the proposed scheme as per the table below.

Estimated Private Residential Values				
Apartment Type	No. Units	Average NIA (sq. ft.)	Estimated Average Sale Price Per Unit	Estimated Average Sale Price (£ per sq. ft.)
1B 1P (Studio)	60	398	£315,000	£791
1B 2P	139	538	£400,000	£743
1B 2P WCA	28	699	£465,000	£665
2B 4P	108	753	£525,000	£697
2B 4P WCA	20	914	£575,000	£629
3B 5P	37	925	£600,000	£649
3B 5P WCA	4	1,184	£700,000	£591
TOTAL/AVERAGE	396			£704

The range of values detailed above results in an estimated average value of approximately **£704 per sq. ft.**

We would note that these are optimistic pricing levels based on current market conditions and reflect the landmark nature, height, views and place making potential of the proposed development.

MONTAGU EVANS
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LONDON
W1J 8BA



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WE CONSIDER OUR CREDENTIALS, HOW WE HAVE STRUCTURED OUR BID AND OUR PROPOSED CHARGING RATES TO BE COMMERCIALY SENSITIVE INFORMATION.
WE REQUEST THAT THESE BE TREATED AS CONFIDENTIAL.

APPENDIX 05

KNIGHT FRANK

RESIDENTIAL YIELD

GUIDE

Sector	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Market Sentiment	
London - Zone 1 (gross yields reported)															
Prime Central London (GIY)*	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	3.00%-3.25%	STABLE	
Zone 1 Prime (GIY) (Outside PCL)*	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	3.75%-4.00%	STABLE	
London and South East															
Zone 2 Prime (NIY)	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	STABLE	
Zones 3-4 Prime (NIY)	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	POSITIVE	
Greater London Prime (NIY)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	POSITIVE	
South East Prime (NIY)	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	POSITIVE	
Prime Regional Cities															
Prime assets (NIY)	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	STABLE	
Birmingham (NIY) (prime assets)	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	STABLE	
Bristol (NIY) (prime assets)	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	4.00%-4.25%	STABLE	
Leeds (NIY) (prime assets)	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	POSITIVE	
Manchester (NIY) (prime assets)	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	STABLE	
Secondary Regional Cities															
Prime assets (NIY)	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	5.00%-5.25%	4.75%-5.00%	4.75%-5.00%	4.75%-5.00%	POSITIVE
Ground Rents															
10 Year RPI Uplifts	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.25%-3.50%	3.50%	3.50%	3.50%	CAUTIOUS
25 Year Doubling Reviews	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	4.00%	4.00%	4.00%	CAUTIOUS
Bonds & Rates															
Libor 3 mth	0.91%	0.88%	0.85%	0.84%	0.81%	0.80%	0.78%	0.77%	0.77%	0.76%	0.80%	0.78%	0.80%		
Base rate	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%		
5 year swap rates	1.24%	1.20%	1.31%	1.06%	1.15%	0.97%	0.89%	0.63%	0.69%	0.57%	0.86%	0.88%	0.86%		
10 yr gilts redemption yield	1.22%	1.23%	1.26%	1.06%	1.20%	0.99%	0.89%	0.52%	0.53%	0.37%	0.71%	0.69%	0.72%		

Based on rack rented properties and disregards bond type transactions.

NIY - Where reported we have assumed an appropriate discount for operating costs.

This yield guide is for indicative purposes only and was prepared on 20 January 2020.

*Our PCL yield is based on tenanted blocks with a minimum of 6 units, covering locations such as Mayfair, Knightsbridge, Kensington etc, situated within Knight Frank's definition of Prime Central London. Yields in the PCL and Zone 1 Prime categories are reported gross in line with market practice and no allowance has been made for operating costs within this yield guide.

Yields in the London and South East categories are reflective of income-focused transactions of institutional assets.

Regional locations: We have provided an indication of yields in respect of a number of example locations, illustrating the spread of yields in this classification.

These yields are reported in respect of institutional quality, stabilised assets.

APPENDIX 06

CONSTRUCTION

COST ESTIMATE



MONTREAUX LIMITED

CRICKLEWOOD LANE, NW2 1ES

Feasibility Cost Plan Nr 1

13-Mar-20



Status / Disclaimer

Issue Status: RIBA Stage 2

WWA Project No.: 19-5338QS

Date of Issue: 13-Mar-20

Issue: 1

Author: David Carkeek MRICS

Checked by: John Turnbull MRICS

Approved by: David Carkeek MRICS

Disclaimer

This document has been prepared for the titled project or named part thereof and should not be used for any other project without an independent check being carried out as to its suitability and prior written authority relied upon or authority of WWA. WWA accepts no responsibility or liability for the consequences of this document being used for a purpose other than the purposes for which it was commissioned. Any person using or relying on the document for such other purpose agrees, and will by such use or reliance be taken to confirm his agreement, to indemnify WWA for all loss or damage resulting there from.

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EXECUTIVE SUMMARY

1. This Feasibility sets out a Rough Order of Cost Estimate for the proposed residential development at Cricklewood Lane NW2 1ES
2. The Feasibility estimate provides an indicative Cost Limit based upon EPR Architects areas for GIA and NIA.
3. The general assumptions on which the feasibility is based are listed in Section 7.6 below.

4. **The Total Construction Cost for the Development is**

£	295,340,000
---	--------------------

5. **The Total Construction Cost sqm and sqft on GIA and NIA is as follows**

GIA	sqm	2,956.00
	sqft	275.00
NIA	sqm	3,982.09
	sqft	370.00

6 DESCRIPTION OF THE PROJECT

6.1 *Description of site:*

A Residential new Build Development comprising 1,100 Nr Apartments; 773 Nr Private & 327 Nr Affordable within 4 Blocks over 3 phases.

6.2 *The works:*

The proposed works comprise:

- a) Demolition of the existing Site
- b) Four Building Development as described above
- c) Retail/A3
- d) Community Centre
- e) Amenity Space
- f) Associated external works
- g) Statutory connections within the boundary of the site

7 BASIS OF FEASIBILITY

The Feasibility has been based of the following:

7.1 Estimate Base Date

7.1.1 The base feasibility estimate and the risk allowance estimate have been prepared using rates and prices current at the time the feasibility is produced – referred to as the feasibility base date.

7.1.2 The 'Feasibility Base Date' is based on 1st Quarter 2020 tender prices.

7.2 Construction Costs

7.2.1 The basis of the construction cost has been based on a traditional concrete flat slab.

7.3 Procurement and Contract Strategy

7.3.1 The procurement is based upon a Main Contractor Design & Build route

7.4 Information

7.4.1 The drawings, reports and other documents on which the Feasibility was based are as follows;

- a) Drawings as referenced in Annex C

7.5 Schedule of Floor Areas

7.5.1 The GIA's are based on EPR Architect area schedule dated 18th February 2020 revision 5

EXECUTIVE SUMMARY

7.6 Assumptions, Inclusions and Exclusions

7.6.1 Further to the Notes in Annex A, the following is noted:

a) No allowance has been included in the feasibility Estimate for the following:

Capital allowances for taxation purposes

Land remediation relief.

Grants.

VAT allowance for non recoverable has been allowed - VAT in relation to buildings is a complex area. Therefore, it is recommended that specialist advice be sought to ensure that the correct rates are applied to the various aspects of the scheme.

Project Team and Design Team Consultants Fees - Allowed at 5%

Other Consultants Fees - Included in 5% allowance

Site Investigation Fees - Included in 5% allowance

7.7 Risk Allowances

7.6.1 A simply percentage for Risk Allowances, which we believe are appropriate at this stage, has been included. The risks will need to be reassessed in conjunction with the Employer and Project Team Members at the next stage of the development.

8 Other

8.1 This estimate reflects prices forecast through to Q1 2020 based on the details referenced therein.

8.2 It should be noted that the construction industry is currently experiencing changing market conditions with the supply chain becoming increasingly selective in the opportunities they pursue. This is leading to some pricing volatility with projects being considered based on procurement route, risk apportionment, programme and the robustness of tender documentation. The number of 'major' tier one contractors both suitable and available for sizeable and/or complex schemes is becoming more limited with projects tending to be favoured where price and programme risk are fairly shared. In addition, the lack of contractor in-house resources coupled with the potential cost of tendering may also dissuade contractors from tendering. This is starting to have a knock-on effect generally.

8.3 Projects with potential pitfalls, inappropriate risk transfer and none standard contract conditions may result in tendering opportunities being declined or they may attract a pricing premium.

8.4 It is therefore essential that all aspects of the project profile are fully considered by the client and project team in light of this current volatility. This should help ensure that project procurement is appropriate, project documentation is comprehensive and risk is effectively addressed.

8.5 The pricing basis of this preliminary budget estimate is current market conditions and should be reviewed at regular intervals of no longer than 3 months.

8.6 The measurements contained within this document shall not be relied upon for any purpose other than the formulation of the cost estimate.

9 RICS professional statement

9.1 WWA confirm that in producing this viability cost report that they have followed the RICS Financial viability in planning: conduct and reporting professional standards and guidance as set out in the 1st edition dated May 2019. This includes compliance to all 14 mandatory requirements required by the RICS Professional Standards, which are: -

- 1 WWA have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information.
- 2 WWA have been instructed by Montreaux Limited to provide construction cost advise and we can confirm there is no conflict of interest.
- 3 Our instruction is based upon a fixed fee for producing this report and no performance or contingent fees have been agreed
- 4 The construction cost report can be made publicly available if required
- 5 WWA have only been appointed on behalf of Montreaux Limited for this project
- 6 All inputs in this cost feasibility can be reasonably justified and all differences of opinion will be discussed and agreed wherever possible
- 7 WWA have used our in house benchmarked data when producing this cost feasibility
- 8 This feasibility cost report has been prepared for the purposes of the viability submission and does not reflect any subsequently negotiated
- 9 The feasibility cost report is based upon the most cost effective and efficient way to deliver the designed project
- 10 WWA will engage with the Local Authority and discuss any issues raised with regards the costing within this report
- 11 This Executive Summary details at a higher level the conclusion of the cost report and the supporting documentation
- 12 The cost report has been signed off by the Author and Checker within the Status - Disclaimer page of this report
- 13 This report was carried out solely by WWA and complies with all the mandatory requirements of the RICS
- 14 WWA confirm that there has been adequate time to produce and review this cost feasibility report

Section 1 : WHOLE PROJECT COST SUMMARY								
<i>Area Summary</i>		<i>G.I.A m²</i>	<i>G.I.A ft²</i>	<i>N.I.A m²</i>	<i>N.I.A ft²</i>	<i>Net to Gross</i>		
	Private Apartments	31,221	336,067	24,273	261,280	78%		
	Private Rental Apartments	27,529	296,324	20,741	223,257	75%		
	Discount Market Rent Apartments	3,086	33,216	2,325	25,026	75%		
	Affordable Apartments - SO	16,825	181,102	13,254	142,661	79%		
	Affordable Apartments - Rent	11,247	121,061	8,812	94,853	78%		
	Community	241	2,594	249	2,680	103%		
	A3/Retail	771	8,299	741	7,976	96%		
	Amenity	610	6,566	504	5,425	83%		
	Ancillary	8,394	90,353	3,268	35,177	39%		
		<u>99,924</u>	<u>1,075,582</u>	<u>74,167</u>	<u>798,334</u>	74%		
<i>Cost summary</i>		<i>GIFA Areas /m²</i>	<i>Element Total</i>	<i>Cost /m²</i>	<i>Cost /ft²</i>	<i>Cost /m²</i>	<i>Cost /ft²</i>	<i>% of cost</i>
1	Demolition	99,924	1,820,000	18.21	1.69	24.54	2.28	1%
2	Residential - Phase 1	51,601	116,554,051	2,258.76	209.85	1,571.51	146.00	39%
3	Residential - Phase 2	29,163	58,210,257	1,996.03	185.44	784.85	72.91	20%
4	Residential - Phase 3	19,160	40,099,604	2,092.88	194.44	540.67	50.23	14%
5	Statutory Connections	99,924	4,515,000	45.18	4.20	60.88	5.66	2%
6	External works	99,924	7,557,200	75.63	7.03	101.89	9.47	3%
SUB TOTAL OF ALL FUNCTIONS		99,924	228,756,111	2,289.30	212.68	3,084.34	286.54	77%
7	Main Contractor Preliminaries	16.00%	36,600,978	366.29	34.03	493.49	45.85	12%
SUB-TOTAL			265,357,089	2,655.59	246.71	3,577.83	332.39	90%
8	Main Contractor Overheads and Profit	6.00%	15,921,425	159.34	14.80	214.67	19.94	5%
TOTAL EXCL. CONTINGENCIES & INFLATION			281,278,514	2,814.92	261.51	3,792.50	352.33	95%
9	Project Contingency	5.00%	14,063,926	140.75	13.08	189.63	17.62	5%
10	Design Reserve	0.00%	-	-	-	-	-	0%
TOTAL CURRENT DAY COST			£295,342,440	2,955.67	274.59	3,982.13	369.95	100.00%
TOTAL CURRENT DAY COST (Rounded)			£295,340,000	2,956.00	275.00	3,982.09	370.00	100.00%

	Affordable - SO			Affordable - RENT			Private			Private Rent			Discount Market Rent			Amenity		Community		Retail/A3		Ancillary		TOTALS		
	Apartments			Apartments			Apartments			Apartments			Apartments			GIFA	NIA	GIFA	NIA	GIFA	NIA	GIFA	NIA	Aparts	GIFA	NIA
	Aparts Nr	GIFA m2	NIA m2	Aparts Nr	GIFA m2	NIA m2	Aparts Nr	GIFA m2	NIA m2	Aparts Nr	GIFA m2	NIA m2	Aparts Nr	GIFA m2	NIA m2	GIFA m2	NIA m2	GIFA m2	NIA m2	GIFA m2	NIA m2	GIFA m2	NIA m2	Aparts Nr	GIFA m2	NIA m2
Phase 1 - Block A									339	27,529	20,741	38	3,086	2,325	610	504			405	373	2,134	1,127	377	33,764	25,070	
Phase 1 - Block B	46	4,172	3,269	124	11,247	8,812											180	188	366	368	1,872	549	170	17,837	13,186	
Phase 2 - Block C	157	12,653	9,985				172	13,861	10,938												2,649	974	329	29,163	21,897	
Phase 3 - Block D							224	17,360	13,335								61	61			1,739	618	224	19,160	14,014	
	203	16,825	13,254	124	11,247	8,812	396	31,221	24,273	339	27,529	20,741	38	3,086	2,325	610	504	241	249	771	741	8,394	3,268	1,100	99,924	74,167

65.28822

71.06471

61.29664

61.18302

61.18302



Nr	Item	Addressed in Study	No Allowance within Study
1	Main Contractor preliminaries	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2	Area based on EPR Architects Accommodation schedule dated 18/02/20 Revision 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3	Community - Basic Fit Out	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4	Private Fit Out from £650 - 700/ft2 sales level	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5	Sprinklers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6	Affordable provision - 32%	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7	Affordable provision - Social Rented 40%	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8	Affordable provision - Shared Ownership 60%	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9	Amenity Space - Basic Finish	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10	Retail/A3 - Incoming Services only	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11	Contingency allowance for design and construction	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12	Professional fee	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13	Section 106 Works	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14	Section 278 Works - Minor External Works Only	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15	Contamination Allowance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16	Demolition Allowance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17	Asbestos Allowance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18	Archaeology	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19	Legal Costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20	Planning fees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21	Building regulation fees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22	NHBC Fee Allowances	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23	VAT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24	Site acquisition costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25	Following Utility Connection Charges allowed for per unit: Water, sewage, electric and gas.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
26	Local Authority & Private infrastructure work outside the boundary of the site	<input type="checkbox"/>	<input checked="" type="checkbox"/>
27	Renewables allowance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
28	Upgrading / increasing utilities outside site	<input type="checkbox"/>	<input checked="" type="checkbox"/>

APPENDIX 07

SENSITIVITY

APPRAISAL

SUMMARY –

SCENARIO 1

Cricklewood Lane
Sensitivity Scenario 1

**Cricklewood Lane
Sensitivity Scenario 1**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Block B - Affordable	86	72,133	281.74	236,311	20,322,751
Block B - Affordable	84	57,903	281.74	194,209	16,313,591
Block C - Affordable	157	103,169	281.74	185,139	29,066,834
Block C - Private Residential	172	122,048	704.00	499,545	85,921,792
Block D - Private Residential	<u>224</u>	<u>143,532</u>	704.00	451,101	<u>101,046,528</u>
Totals	723	498,785			252,671,497

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Block A - Build to Rent	377	248,281	33.52	22,076	6,241,860	8,322,480	6,241,860
Block A - Commercial	1	3,923	25.00	98,078	98,078	98,078	98,078
Block B - Commercial	1	5,406	25.00	135,158	135,158	135,158	135,158
Block D - Commercial	<u>1</u>	<u>707</u>	25.00	17,685	<u>17,685</u>	<u>17,685</u>	<u>17,685</u>
Totals	380	258,318			6,492,780	8,573,400	6,492,780

Investment Valuation

Block A - Build to Rent

Current Rent	6,241,860	YP @	4.0000%	25.0000	156,046,500
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Block A - Commercial

Market Rent	98,078	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,587,688

Block B - Commercial

Market Rent	135,158	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	2,187,943

Block D - Commercial

Market Rent	17,685	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	286,287

Total Investment Valuation

160,108,417

GROSS DEVELOPMENT VALUE

412,779,914

Purchaser's Costs			-10,194,169		
Effective Purchaser's Costs Rate		6.80%			-10,194,169

NET DEVELOPMENT VALUE

402,585,745

NET REALISATION

402,585,745

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			-35,871,617		-35,871,617
------------------------------------	--	--	-------------	--	-------------

CONSTRUCTION COSTS

Construction

	ft ²	Build Rate ft ²	Cost	
Block A - Build to Rent	359,076	261.45	93,880,552	
Block A - Commercial	4,359	261.46	1,139,704	
Block B - Commercial	6,007	261.46	1,570,590	
Block D - Commercial	786	261.46	205,508	
Block B - Affordable	103,239	261.46	26,992,836	
Block B - Affordable	82,872	261.46	21,667,838	
Block C - Affordable	143,790	261.46	37,595,215	
Block C - Private Residential	170,102	261.46	44,474,802	
Block D - Private Residential	<u>205,582</u>	261.46	<u>53,751,470</u>	
Totals	1,075,813 ft²		281,278,514	281,278,514

**Cricklewood Lane
Sensitivity Scenario 1**

Contingency	5.00%	14,063,926	
CIL		17,667,315	31,731,241
PROFESSIONAL FEES			
Professional Fees	10.00%	29,534,244	29,534,244
MARKETING & LETTING			
Letting Agent Fee	10.00%	25,092	
Letting Legal Fee	5.00%	12,546	37,638
DISPOSAL FEES			
Sales Agent Fee	0.25%	365,277	
Sales Agent Fee	1.00%	695,065	
Sales Agent Fee	3.00%	5,609,050	
Sales Legal Fee	0.10%	146,111	
Sales Legal Fee	0.50%	1,282,374	8,097,877
MISCELLANEOUS FEES			
Developer's Return - BTR	15.00%	23,406,975	
Developer's Return - Commercial	17.50%	277,845	
Developer's Return - Affordable	6.00%	2,198,181	
Developer's Return - Commercial	17.50%	382,890	
Developer's Return - Affordable	6.00%	1,744,010	
Developer's Return - Private	20.00%	17,184,358	
Developer's Return - Private Sale	20.00%	20,209,306	
Developer's Return - Commercial	17.50%	50,100	65,453,665
FINANCE			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			22,324,185
TOTAL COSTS			402,585,745
PROFIT			0
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
IRR% (without Interest)	23.25%		

APPENDIX 08

SENSITIVITY

APPRAISAL

SUMMARY –

SCENARIO 2

Cricklewood Lane
Sensitivity Scenario 2

**Cricklewood Lane
Sensitivity Scenario 2**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Block B - Affordable	86	72,133	332.21	278,643	23,963,304
Block B - Affordable	84	57,903	332.21	228,999	19,235,956
Block C - Affordable	157	103,169	332.21	218,304	34,273,773
Block C - Private Residential	172	122,048	704.00	499,545	85,921,792
Block D - Private Residential	<u>224</u>	<u>143,532</u>	704.00	451,101	<u>101,046,528</u>
Totals	723	498,785			264,441,353

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Block A - Build to Rent	377	248,281	33.52	22,076	6,241,860	8,322,480	6,241,860
Block A - Commercial	1	3,923	25.00	98,078	98,078	98,078	98,078
Block B - Commercial	1	5,406	25.00	135,158	135,158	135,158	135,158
Block D - Commercial	<u>1</u>	<u>707</u>	25.00	17,685	<u>17,685</u>	<u>17,685</u>	<u>17,685</u>
Totals	380	258,318			6,492,780	8,573,400	6,492,780

Investment Valuation

Block A - Build to Rent					
Current Rent	6,241,860	YP @	4.0000%	25.0000	156,046,500
Block A - Commercial					
Market Rent	98,078	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,587,688
Block B - Commercial					
Market Rent	135,158	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	2,187,943
Block D - Commercial					
Market Rent	17,685	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	286,287
Total Investment Valuation					160,108,417

GROSS DEVELOPMENT VALUE

424,549,771

Purchaser's Costs			-10,194,169	
Effective Purchaser's Costs Rate		6.80%		-10,194,169

NET DEVELOPMENT VALUE

414,355,602

NET REALISATION

414,355,602

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			-22,112,741	
				-22,112,741

CONSTRUCTION COSTS

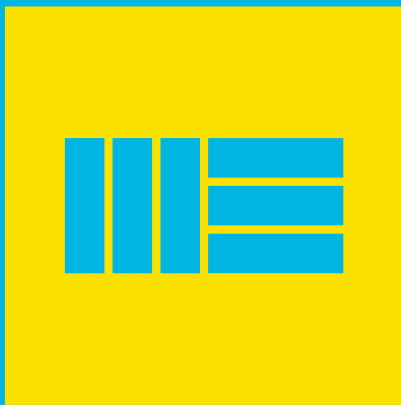
Construction

	ft ²	Build Rate ft ²	Cost	
Block A - Build to Rent	359,076	261.45	93,880,552	
Block A - Commercial	4,359	261.46	1,139,704	
Block B - Commercial	6,007	261.46	1,570,590	
Block D - Commercial	786	261.46	205,508	
Block B - Affordable	103,239	261.46	26,992,836	
Block B - Affordable	82,872	261.46	21,667,838	
Block C - Affordable	143,790	261.46	37,595,215	
Block C - Private Residential	170,102	261.46	44,474,802	
Block D - Private Residential	<u>205,582</u>	261.46	<u>53,751,470</u>	
Totals	1,075,813 ft²		281,278,514	281,278,514

**Cricklewood Lane
Sensitivity Scenario 2**

Contingency	5.00%	14,063,926	
CIL		17,667,315	31,731,241
PROFESSIONAL FEES			
Professional Fees	10.00%	29,534,244	29,534,244
MARKETING & LETTING			
Letting Agent Fee	10.00%	25,092	
Letting Legal Fee	5.00%	12,546	37,638
DISPOSAL FEES			
Sales Agent Fee	0.25%	365,277	
Sales Agent Fee	1.00%	812,763	
Sales Agent Fee	3.00%	5,609,050	
Sales Legal Fee	0.10%	146,111	
Sales Legal Fee	0.50%	1,341,223	8,274,424
MISCELLANEOUS FEES			
Developer's Return - BTR	15.00%	23,406,975	
Developer's Return - Commercial	17.50%	277,845	
Developer's Return - Affordable	6.00%	2,591,956	
Developer's Return - Commercial	17.50%	382,890	
Developer's Return - Affordable	6.00%	2,056,426	
Developer's Return - Private	20.00%	17,184,358	
Developer's Return - Private Sale	20.00%	20,209,306	
Developer's Return - Commercial	17.50%	50,100	66,159,857
FINANCE			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			19,452,425
TOTAL COSTS			414,355,602
PROFIT			0
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
IRR% (without Interest)	13.92%		

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