

**STAG BREWERY DEVELOPMENT:
FINANCIAL VIABILITY
ASSESSMENT (HYBRID DEVELOPMENT)**

REVIEW OF APPLICANT'S FINANCIAL VIABILITY ASSESSMENT

Final Report (Updated Jan 2024)

SUBMITTED ON BEHALF OF CLIENT:

LONDON BOROUGH RICHMOND UPON THAMES
JAN 2024

CONTENTS

1. EXECUTIVE SUMMARY3

2. INTRODUCTION.....9

 2.1. Background9

 2.2. The Site9

 2.3. Planning History9

 2.4. The Planning Application..... 10

 2.5. Updated Proposals..... 11

 2.6. Viability Conclusions 13

3. METHODOLOGY 15

 3.1. Approach 15

4. THE BENCHMARK LAND VALUE 17

5. ASSESSMENT OF APPLICATION SCHEME INPUTS 18

 5.1. Scheme Values 18

 5.2. Scheme Costs 29

 5.3. Summary Table 35

6. ANALYSIS & CONCLUSIONS 38

7. Viability Update – March 2023 41

8. Viability Update – August 2023 43

9. Viability Update – December 2023 47

APPENDIX 1 – APPRAISAL PRINT-OUTS 54

APPENDIX 2 – FIRE REGS AMENDED COSTS 55

APPENDIX 3 – RECORD OF AFFORDABLE HOUSING DISCUSSIONS IN CHRONOLOGICAL ORDER.....56

1. EXECUTIVE SUMMARY (Original)

Carter Jonas has been instructed by the London Borough of Richmond upon Thames (LBRuT) (as local planning authority) to undertake a viability review in respect of proposed residential-led mixed use redevelopment ('the Proposed Development') of the Stag Brewery Site in Mortlake ('the Site').

The 8.6 ha Site is broadly triangular in shape and is located on the south bank of the River Thames and bordered by Mortlake High Street and Lower Richmond Road to the south and Williams Lane to the west. The existing Brewery buildings extend to circa 32,794 sqm (353,000 sqft) of floorspace in a variety of modern and period buildings.

The Site has a complex planning history. In January 2020, the Council resolved to grant planning permission, subject to the Applicant entering into a Section 106 agreement. Following the LBRuT planning committee's resolution to approve Applications A and B and refuse Application C in January 2020, the GLA exercised its call-in powers in May 2020. The Applicant entered a series of discussions with the GLA on an enlarged scheme providing 1,250 units through increased heights. The Mayor refused permission in August 2021 on the grounds of height, bulk and massing; heritage impact; neighbouring and amenity issues; and no Section 106 agreement in place. The Mayor also refused Application B.

BNP Paribas (BNP) submitted a Financial Viability Assessment (FVA) on behalf of Dartmouth Capital acting on behalf of Reselton Properties Limited ('the Applicant') in respect of new linked Applications. Application A is a Hybrid Application to include the demolition of existing buildings to allow for comprehensive phased redevelopment of the site. Planning permission is sought in detail for works to the east side of Ship Lane and outline with all matters reserved for works to the west of Ship Lane. In addition, detailed planning permission (Application B) is also sought for the erection of a three-storey building to provide a new secondary school; sports pitch with floodlighting, external MUGA and play space; and associated external works including landscaping, car and cycle parking, new access routes and other associated works".

Application A originally comprised 1,085 dwellings and 12,757 sqm of non-residential accommodation. Following discussion between the Applicant and the LPA there have been number of recent changes to the proposals, which are detailed below:-

- Loss of 14 residential units / 29 habitable rooms;
- 9 of these units were in B10 which has been reduced to 6 storeys;
- 5 of the units were at the ground floor in Phase 2 due to adding extra escape corridors and moving the refuse stores up from the basement;
- Loss of 79m² / 851sqft Office GIA due to the changes to the top floor of B01;
- Loss of 55m² / 590sqft Flexible Use GIA due to moving the refuse stores to ground floor, separating the residential stairs from the basement and adding additional lifts to the basement;
- Loss of 581m² / 6,256sqft Residential GIA due to the reduction of B10 and the ground floor changes;
- There is now 2264m² flexible use in the high street zone, a loss of 90m².

The above changes result in a reduction in overall residential numbers to 1,071 dwellings and 12,623 sqm of non-residential accommodation.

For the purposes of testing the viability buildings 10 and 18 have been modelled as affordable, which equates to an affordable housing provision of 14.8% of units or 16.6% of habitable rooms. This falls significantly below the strategic 50% target for affordable housing set out in both the Richmond Local Plan and the London Plan.

The updated FVA models five affordable housing tenure scenarios, which vary the split of rented and shared ownership accommodation. Based on the Applicant’s assumptions they have concluded that all scenarios result in a viability deficit when compared to their assumed target profit margin.

Carter Jonas has now reviewed the updated development scenarios and the assumptions adopted. Given that the Applicant’s calculations are being made well in advance of commencement of the development, the figures used in the Applicant’s appraisals can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the local planning authority to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.

In respect of Benchmark Land Value (BLV) extensive discussions took place as part of the previous applications given that the BLV was a key area of difference. At that time, Savills, acting on behalf of the Applicant, advised the value of the benchmark to be £49.12m, which was significantly above Carter Jonas’ assessment (acting for the Council) of £32.15m.

Subsequent discussions took place between the Applicant and the GLA and we understand a compromise position was reached at a value of £36,000,000. BNP have maintained this agreed position for the purpose the viability update and we have adopted the same for our own modelling.

In respect of the proposed scheme the table below provides a summary of our analysis highlighting any areas of difference in respect of specific inputs.

Assumption	BNP Assumptions	Carter Jonas Assumptions	Comments
Sales and Revenue			
Private Residential Sales Value	BNP has adopted an average blended private sales figure of £927 psf. This breaks back to £936 psf for Phase 1 and £912 psf for Phase 2.	We have adopted an average blended private sales figure of £957psf. This breaks back to £963psf for Phase 1 and £952psf for Phase 2	See Section 5.1
Affordable Housing Sales Values	S1 - 20% rent and 80% shared ownership (blended capital value of £350 per square foot)	Values have decreased because of applying reduced affordability criteria to	We have adopted the same values for the purpose of our own modelling, but the

	<p>S2 - 50% rent and 50% shared ownership (blended capital value of £310 per square foot)</p> <p>S3 - 60% rent and 40% shared ownership (blended capital value of £303 per square foot)</p> <p>S4 - 70% rent and 30% shared ownership (blended capital value of £286 per square foot)</p> <p>S3 - 80% rent and 20% shared ownership (blended capital value of £266 per square foot)</p>	<p>the proposed shared ownership units. Clearly the impact is greater for the scenarios which include a higher SO provision.</p>	<p>values are still subject to validation.</p> <p>The accommodation mix differs for each scenario and it's not clear is a prorate approach has been taken or bespoke modelling for each scenario. We would also request that separate blended sales value for the rented and shared ownership accommodation are provided rather than a single overall blend.</p>
Residential Ground Rents	N/A	Agreed	
<p>Flexible Use</p> <p>Office Accommodation</p> <p>Hotel (3 Star)</p> <p>Cinema Use</p> <p>Affordable Flexible Use</p>	<p>£35psf @ 6%</p> <p>£40psf @ 6%</p> <p>£13.2m</p> <p>£14.33 psf 6% yield</p> <p>£27.50 psf @ 6%</p> <p>(Various rent-free periods and £1m reverse premium for the cinema use)</p>	See comments	<p>We would request that further details are provided in relation to discussions with cinema operators. We consider the rental value adopted for the cinema use to be at the lower end of the typical range and it is noted that modelling also reflects a reverse premium of £1m.</p>
Car Parking	£50k per space applied to all car parking spaces – residential and commercial	Agreed	
Development Costs			
Construction Costs	£550,228,000 (exc. Contingency)	£549,238,000 (exc. Contingency)	<p>Although there could be a small cost saving against the FVA cost plan given the scale of the scheme and overall costs it is our opinion that this falls with an acceptance tolerance. As such we have mirrored the Applicants build costs for the purpose of our modelling.</p>
Works outside the application boundary	£11,468,000 (exc. Contingency)	£11,077,000 (exc. Contingency)	See Appendix A
	£2,095,000	£2,095,000	See Appendix A

Further off-site Highways Works	(exc. Contingency)	(exc. Contingency)	
Build Contingency	7.5% reflected in G&T's cost plan but reduced to 5% in BNP's modelling	5%	We consider 5% to be reasonable and standard for a scheme of this nature
Professional Fees	10%	See comments	Agreed but for completeness a breakdown of anticipated professional fees should be provided.
Sales Costs	Various	Agreed	
S106 / CIL	S106 - £5,466,219 CIL – £35,847,594 Assuming all existing space meets occupancy test CIL - £48,164,416 Assuming no existing space meets occupancy test	See comments	We have assumed the CIL and S106 costs to be correct for our initial modelling purposes – however we would recommend that BNP's assumptions are reviewed and confirmed by the Council's CIL / S106 officer. Clearly the level of CIL will need to be updated if additional AH is secured.
Interest / Finance Costs	6% 100% debit	Agreed	
Developers Profit	20% on GDV on private residential 6.0% on GDV on affordable residential 15% on GDV on commercial accommodation	17.5% on GDV on private residential 6.0% on GDV on affordable residential 15% on GDV on commercial accommodation	Given the characteristics of the scheme and considering profit as a capital sum it is our opinion that applying a 17.5% developer's profit to inform the profit hurdle rate in this instance would be reasonable.
Benchmark Land Value	£36.0m	Agreed	BNP have maintained the compromise position with the GLA relating to the previous application. We have adopted the same BLV for the purpose of our modelling.

As can be seen from the table above we do not take issue with majority of the assumptions adopted. However, we have highlighted some inconsistency between the pricing schedule and the current proposals. For completeness an up to date pricing schedule reflecting the current proposals should be provided.

Having reviewed the residential evidence and also having regard to the previously agreed position we consider the private values adopted for the updated viability assessment to be overly conservative.

In respect of the affordable values although the reduction in values do not appear unreasonable considering the new affordability restriction, we do require further detail to understand how adjustments between the various scenarios have been undertaken and what the assumed blended values per affordable per tenure would for each scenario.

We would also request that further information is provided in respect of the cinema provision. The capital value for cinemas can vary considerably depending on the type, assumed operator, and level of fit out proposed.

In addition to the above the S106 and CIL costs stated in the report are subject to further validation by the Council in due course.

The Applicant / BNP considered an appropriate blended profit / hurdle rate to be 18.15% to be appropriate. This reflected an assumed developers profit of 20% on GDV for the private accommodation. It is our view that a 17.5% margin on the private accommodation is reasonable given the characteristics of the scheme and considering profit as a capital sum.

Making the downward adjustments to the private profit margins from 20% to 17.5% would reduce the blended project profit margin to circa 16.4%.

The outputs of our modelling alongside the Applicants / BNP's are indicated in the tables below :-

Appraisal results (CIL with full offsetting - £35.85m)

Affordable Housing (% of units / %of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP	Profit on GDV Carter Jonas
S1 – 14.8% / 16.6%	20% (31)	80% (127)	6.05%	8.57%
S2 – 14.8% / 16.6%	50% (79)	50% (79)	5.26%	7.57%
S3 – 14.8% / 16.6%	60% (95)	40% (63)	5.12%	TBC
S4 – 14.8% / 16.6%	70% (110)	30% (48)	4.77%	TBC
S5 – 14.8% / 16.6%	80% (126)	20% (32)	4.37%	6.98%

Appraisal results (CIL with no offsetting - £48.16m)

Affordable Housing (% of units / %of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP	Profit on GDV Carter Jonas
S1 – 14.8% / 16.6%	20% (31)	80% (127)	4.63%	6.93%
S2 – 14.8% / 16.6%	50% (79)	50% (79)	3.82%	5.90%
S3 – 14.8% / 16.6%	60% (95)	40% (63)	3.67%	TBC

S4 – 14.8% / 16.6%	70% (110)	30% (48)	3.32%	TBC
S5 – 14.8% / 16.6%	80% (126)	20% (32)	2.91%	5.31%

As can be seen from the outputs above, although we consider that the Applicant’s FVA has overstated the extent of the scheme deficit, we would acknowledge that the site is challenging from a viability perspective.

Although this is a high value area the cost of developing out the site is also high and there are notable upfront costs. Of note is the cost of the basement, which although includes some revenue from the car parking and includes services this does have a significant adverse impact on viability. Moreover, this is an upfront cost, which has implication in relation to finance costs.

Given the overall project deficit we also undertaken further sensitivity analysis to illustrate the impact of positive market movements. Given the characteristics and location of the site we do believe that there is a good prospect for value growth within the proposals and as such we have modelled a stepped change of plus 5% in private residential values.

The value growth sensitivity analysis demonstrates that given the scale of proposals there is the potential for a significant positive impact on viability.

With this being the case, we recommend that the Council should seek appropriate Review Mechanisms given the long-term phased nature of the scheme and the potential for viability enhancement which could support additional affordable housing.

2. INTRODUCTION

2.1. Background

Carter Jonas has been instructed by the London Borough of Richmond upon Thames (as local planning authority) to undertake a viability review in respect of proposed residential-led mixed use redevelopment ('the Proposed Development') of the Stag Brewery Site in Mortlake ('the Site').

2.2. The Site

The 8.6 ha Site is roughly triangular in shape and is located on the south bank of the River Thames and bordered by Mortlake High Street and Lower Richmond Road to the south and Williams Lane to the west.

The Site has a long history as a Brewery with the first operation commencing in 1487. The two most recent operators on the Site were James Watney & Co (1889 to 1995) and Anheuser Busch (1995 to 2015). Anheuser Busch ceased brewing on the Site in 2015 due to constraints on expansion and moved its operations to South Wales. The existing Brewery buildings extend to circa 353,000 square feet of floorspace in a variety of modern and period buildings.

None of the buildings on the Site are listed, but three buildings and some boundary structures fall within the Mortlake Conservation Area. The Maltings Building, the former Bottling Building, the Hotel Building and the boundary structures fronting the River Thames and the High Street are all considered by the Council to be buildings of townscape merit.

Mortlake National Rail Station is located circa 100 yards to the south of the Site, providing access to South Western Trains services to Clapham Junction (journey times of approximately 12 minutes) and London Waterloo (journey times of approximately times of 23 minutes).

2.3. Planning History

The Site has a complex recent planning history, which we have summarised below:-

The 2018 Application

In 2018, the Applicant applied for the comprehensive phased redevelopment of the site, as follows:

- a) Application A – hybrid planning application for comprehensive mixed-use redevelopment consisting of:
 - i Land to the east of Ship Lane applied for in detail (referred to as 'Development Area 1' throughout);and
 - ii Land to the west of Ship Lane (excluding the school) applied for in outline (referred to as 'Development Area 2' throughout).
- b) Application B – detailed planning application for the school (on land to the west of Ship Lane)
- c) Application C – detailed planning application for highways and landscape works at Chalkers Corner.

In January 2020, the Council resolved to grant planning permission, subject to the Applicant entering into a Section 106 agreement. Viability discussions concluded that the 2018 scheme could not viably provide more than 17.5% affordable housing.

The GLA Application Proposed Development

Following the LBRuT planning committee's resolution to approve Applications A and B and refuse Application C in January 2020, the GLA exercised its call-in powers in May 2020. The Applicant entered a series of discussions with the GLA on an enlarged scheme providing 1,250 units through increased heights. The main changes to the Application are summarised as follows:

- Increase in residential unit provision from up to 813 units (this includes the up to 150 flexible assisted living and / or residential units) to up to 1,250 units (all standard residential with no assisted living);
- Increase in affordable housing provision from up to 17% to up to 30% of habitable rooms;
- Increase in height for some buildings, of up to three storeys compared to the Original Scheme;
- Change to the layout of Blocks 18 and 19, conversion of Block 20 from a terrace row of housing to two four storey buildings;
- Reduction in the size of the western basement, resulting in an overall reduction in car parking spaces of 186 spaces, and introduction of an additional basement storey beneath Block 1 (the cinema);
- Other amendments to the masterplan including amendments to internal layouts, relocation and change to the quantum and mix of uses across the Site, including the removal of the nursing home and assisted living in Development Area 2;
- Landscaping amendments, including canopy removal of four trees on the north west corner of the Site; and
- Alternative options being explored to Chalkers Corner highways works in order to mitigate highways impacts.

We understand this scheme reflected a 30% affordable housing provision by habitable rooms. The Mayor refused permission in August 2021 on the grounds of height, bulk and massing; heritage impact; neighbouring and amenity issues; and no Section 106 agreement in place. The Mayor also refused Application B.

2.4. The Planning Application

BNP has submitted the Financial Viability Assessment (FVA) on behalf Dartmouth Capital acting on behalf of Reselton Properties Limited ('the Applicant') in respect of a linked applications seeking permission for:-

Application A

"Hybrid application to include the demolition of existing buildings to allow for comprehensive phased redevelopment of the site:

Planning permission is sought in detail for works to the east side of Ship Lane which comprise:

- a) Demolition of existing buildings (except the Maltings and the façade of the Bottling Plant and former Hotel), walls, associated structures, site clearance and groundworks*

- b) *Alterations and extensions to existing buildings and erection of buildings varying in height from 3 to 9 storeys plus a basement of one to two storeys below ground*
- c) *Residential apartments*
- d) *Flexible use floorspace for:*
 - i. *Retail, financial and professional services, café/restaurant and drinking establishment uses*
 - ii. *Offices*
 - iii. *Non-residential institutions and community use*
 - iv. *Boathouse*
- e) *Hotel / public house with accommodation*
- f) *Cinema*
- g) *Offices*
- h) *New pedestrian, vehicle and cycle accesses and internal routes, and associated highway works*
- i) *Provision of on-site cycle, vehicle and servicing parking at surface and basement level*
- j) *Provision of public open space, amenity and play space and landscaping*
- k) *Flood defence and towpath works*
- l) *Installation of plant and energy equipment*

Planning permission is also sought in outline with all matters reserved for works to the west of Ship Lane which comprise:

- m) *The erection of a single storey basement and buildings varying in height from 3 to 8 storeys*
- n) *Residential development*
- o) *Provision of on-site cycle, vehicle and servicing parking*
- p) *Provision of public open space, amenity and play space and landscaping*
- q) *New pedestrian, vehicle and cycle accesses and internal routes, and associated highways works*

Application B

“Detailed planning permission for the erection of a three-storey building to provide a new secondary school; sports pitch with floodlighting, external MUGA and play space; and associated external works including landscaping, car and cycle parking, new access routes and other associated works”

2.5. Updated Proposals

Application A previously comprised 1,085 homes in addition to 12,757 sqm of non-residential accommodation. Following ongoing discussion between the Applicant and the LPA there have been number of recent changes to the scheme, which are detailed below:-

- Loss of 14 residential units / 29 habitable rooms;
- 9 of these units were in B10 which has been reduced to 6 storeys;
- 5 of the units were at the ground floor in Phase 2 due to adding extra escape corridors and moving the refuse stores up from the basement;
- Loss of 79m² / 851sqft Office GIA due to the changes to the top floor of B01;
- Loss of 55m² / 590sqft Flexible Use GIA due to moving the refuse stores to ground floor, separating the residential stairs from the basement and adding additional lifts to the basement;
- Loss of 581m² / 6,256sqft Residential GIA due to the reduction of B10 and the ground floor changes;
- There is now 2264m² flexible use in the high street zone, a loss of 90m².

Reflecting the changes above the updated scheme now comprises 1,071 homes in addition to 12,623 sqm of non-residential accommodation.

The table below provides a summary of the revised residential mix.

Unit Type	Total units	% of Total
Studios	45	4.20%
1 Bed	275	25.68%
2 Bed	476	44.44%
3 Bed	249	23.25%
4 Bed	26	2.43%
Total	1071	100%

For the purposes of testing viability buildings 10 and 18 have been modelled as affordable, which equates to an affordable housing provision of 14.8% of units and 16.6% of habitable rooms.

The proposed affordable provision falls significantly short of the strategic 50% target for affordable housing set out in both the Richmond Local Plan and the London Plan.

BNP has tested five affordable housing tenure scenarios and details of the assumed tenure split and unit mix for each are detailed in the tables below.

Scenario 1 - 20% rent, 80% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	14	49	64	-	127
London Affordable Rent	8	17	0	6	31

Scenario 2 - 50% rent and 50% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	49	8	-	79
London Affordable Rent	-	17	56	6	79

Scenario 3 - 60% rent and 40% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	41	-	-	63
London Affordable Rent	-	25	64	6	95

Scenario 4 - 70% rent and 30% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	26	-	-	48
London Affordable Rent	-	40	64	6	110

Scenario 3 - 80% rent and 20% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	26	-	-	48
London Affordable Rent	-	40	64	6	110

2.6. Viability Conclusions

The viability approach adopted by BNP has been to measure viability against an assumed blended profit margin (18.15%). On this basis their assumed Benchmark Land Value has been fixed as a land cost within the appraisal. They have also considered the viability reflecting CIL with full off setting and CIL with no off setting. Based on their assumptions / inputs the results of their modelling are summarised in the tables below:-

Appraisal results (CIL with full offsetting - £35.85m)

Affordable Housing (% of units / % of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP
S1 – 14.8% / 16.6%	20% (31)	80% (127)	6.05%
S2 – 14.8% / 16.6%	50% (79)	50% (79)	5.26%
S3 – 14.8% / 16.6%	60% (95)	40% (63)	5.12%
S4 – 14.8% / 16.6%	70% (110)	30% (48)	4.77%
S5 – 14.8% / 16.6%	80% (126)	20% (32)	4.37%

Appraisal results (CIL with no offsetting - £48.16m)

Affordable Housing (% of units / % of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP
S1 – 14.8% / 16.6%	20% (31)	80% (127)	4.63%
S2 – 14.8% / 16.6%	50% (79)	50% (79)	3.82%
S3 – 14.8% / 16.6%	60% (95)	40% (63)	3.67%

S4 – 14.8% / 16.6%	70% (110)	30% (48)	3.32%
S5 – 14.8% / 16.6%	80% (126)	20% (32)	2.91%

Based on the above outputs all scenarios are resulting in a viability deficit when compared to the Applicant's target profit margin. In addition to the base modelling BNP has also undertaken sensitivity analysis to demonstrate the impact on viability through the adoption of sales value growth.

3. METHODOLOGY

3.1. Approach

Carter Jonas' review of the Applicant's FVA has had regard to the RICS Guidance Note "Financial Viability in Planning". We do not take issue with the overarching methodology used by the Applicant within their assessment. They have:

- Assessed the realisable value of the proposed scheme;
- Assessed the costs associated with delivering the scheme;
- Adopted a Benchmark Land Value (based on the previously agreed BLV with the GLA) and assumed that to be a fixed land value,
- Undertaken an appraisal to calculate the outturn profit and the measured against the Applicant's target profit.

BNP has used the Argus Developer appraisal programme to assess the viability of the development and liver versions of their models have been provided to us. This is a commercially available, widely used software package for the purposes of financial viability assessments. The methodology underpinning viability appraisals is the residual method of valuation, commonly used for valuing development opportunities. Firstly, the gross value of the completed development is assessed, and the total cost of the development is deducted from this.

The approach adopted by BNP has been to assume a fixed land cost (which is equal to the agreed BLV previously agreed the GLA) and to adopt several assumptions in relation to the proposed development scenarios to arrive at profit outturn. With this approach, if the profit outturn is lower than the Applicants / a reasonable developer's return, then the scheme is deemed to be unviable and is therefore unlikely to come forward unless the level of affordable housing and/or planning obligations can be reduced.

BNP has modelled five affordable housing development scenarios based on a 14.8% provision by unit / 16.6% by habitable room and considered viability reflecting CIL with full off setting and CIL with no off setting. The Applicant's assumed profit hurdle rate is 18.15% on GDV and the outputs of their modelling are detailed in the table below:-

Appraisal results (CIL with full offsetting - £35.85m)

Affordable Housing (% of units / %of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP	Profit on GDV Carter Jonas
S1 – 14.8% / 16.6%	20%	80%		
S2 – 14.8% / 16.6%	50%	50%		
S3 – 14.8% / 16.6%	60%	40%		
S4 – 14.8% / 16.6%	70%	30%		
S5 – 14.8% / 16.6%	80%	20%		

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Appraisal results (CIL with no offsetting - £48.16m)

Affordable Housing (% of units / %of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP	Profit on GDV Carter Jonas
S1 – 14.8% / 16.6%	20%	80%		
S2 – 14.8% / 16.6%	50%	50%		
S3 – 14.8% / 16.6%	60%	40%		
S4 – 14.8% / 16.6%	70%	30%		
S5 – 14.8% / 16.6%	80%	20%		

Carter Jonas has reviewed the development scenarios and the assumptions adopted by BNP in the FVA. Given that the Applicant’s calculations are being made well in advance of commencement of the development, the figures used in the Applicant’s appraisals can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the local planning authority to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.

Carter Jonas’ approach has been to critically examine all the assumptions on which the BNP’s appraisals are based. Our approach has then been to undertake sensitivity analysis where in our opinion inputs are not in line with current market conditions.

4. THE BENCHMARK LAND VALUE

Determining an appropriate Benchmark Land Value is often the most important factor in determining viability. Put simply, if the value generated by the development does not produce a positive figure (or in this case achieve an appropriate profit hurdle), there is no financial incentive to bring forward the development with all its associated risk.

Arriving at an appropriate BLV is not a straightforward exercise and this is acknowledged at 3.4.6 of the RICS Guidance Note which states that:

The assessment of Site Value in these circumstances is not straightforward, but it will be, by definition, at a level at which a landowner would be willing to sell which is recognised by the NPPF.

In arriving at an appropriate BLV regard should be had to existing use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy.

Existing Use Value is widely used in establishing Benchmark Land Value and is supported in the latest mayoral SPD and the new NPPF PPG update.

Extensive discussions took place in respect of the BLV during the previous Application as this was a key area of difference between the parties. Savills' acting on behalf of the Applicant advised the value of the benchmark to be £49,118,198, which was significantly above Carter Jonas' assessment (acting for the Council) equating to £32,150,000.

Following subsequent discussions between the Applicant and the GLA, a compromise position was reached in respect of the BLV at a value of £36,000,000 and BNP have maintained this position for the purpose of the subject application. For our modelling, we have mirrored this approach / value.

5. ASSESSMENT OF APPLICATION SCHEME INPUTS

This section of the report presents the Applicant's appraisal inputs together with Carter Jonas's interrogation of these inputs and appropriate adjustments where applicable.

5.1. Scheme Values

5.1.1. Private Sales Values

The private sales values adopted in BNP's modelling has been informed by advice provided by Strutt and Parker (S&P) on the achievable prices. We summarise below S&P's pricing schedule albeit the below reflects a previous iteration of the scheme.

Beds	Total	Av sqft	Av Unit Price	£psf	Min	Max
S	£23,620,000	499	£501,875	£1,005	£480,000	£545,000
1	£171,995,000	602	£605,862	£1,006	£555,000	£800,000
2S	£74,595,000	777	£740,385	£953	£685,000	£850,000
2	£224,115,000	819	£768,260	£938	£685,000	£975,000
2L	£75,860,000	989	£851,141	£861	£785,000	£1,100,000
3S	£38,880,000	1,080	£1,061,625	£983	£970,000	£1,160,000
3	£218,380,000	1,157	£1,137,241	£983	£925,000	£1,675,000
4	£22,150,000	1,365	£1,258,611	£922	£1,080,000	£1,700,000
3TH	£15,600,000	1,389	£1,300,000	£936	£1,300,000	£1,300,000
4TH	£17,300,000	1,808	£1,572,727	£870	£1,400,000	£1,600,000
Summary	£882,495,000	855	£818,115	£957	£480,000	£1,700,000

It is important to note that the pricing schedule does not reflect the current proposals, but the approach adopted by BNP has been to apply the average £PSF of £957 indicated above to the private floor area resulting from the latest changes to the scheme.

In the context of the overall viability position consider that the effect will be small due to the modelling approach adopting a blended sales rate to the correct 1,071-unit mix. However, for completeness a new pricing schedule should be provided which reflects the current scheme.

No new evidence has been provided as part of the update FVA and BNP have maintained the same private sales values as previously assumed.

In 2008 Savills carried out a similar pricing exercise on behalf of the Applicant and this was agreed by all parties at that time. In the table below we set out the previously agreed sales values alongside S&P pricing schedule for comparison purposes.

Savills 2018				S&P 2022		
Block	Av unit sqft	Total GDV	£psf	Av unit sqft	Total GDV	£psf
Phase 1						
2	900	£92,650,537	£1,019	881	£102,512,500	£931
3	875	£40,549,876	£1,007	863	£37,572,500	£907
4	1,174	£24,931,512	£1,062	1,172	£21,677,500	£925
6	896	£15,925,245	£987	862	£18,767,500	£907
7	891	£66,306,960	£1,048	861	£71,645,000	£957
8	1,035	£74,252,880	£1,040	925	£86,035,000	£930
9	1,076	£14,524,734	£1,038	1,074	£13,840,000	£991
10	864	£20,856,800	£928	699	£35,195,000	£933
11	941	£41,659,350	£1,054	970	£46,642,500	£924
12	918	£35,681,100	£1,050	878	£40,985,000	£973
Phase 2						
13	Extra Care	£24,841,550	£950	739	£29,705,000	£934
14	Extra Care	£34,144,900	£950	753	£24,225,000	£946
15	Extra Care	£33,654,700	£950	683	£73,772,500	£939
16	Extra Care	£37,812,375	£915	648	£45,194,000	£969
17	Extra Care	£40,909,650	£915	692	£48,541,000	£935
18	941	£123,363,200	£950	960	£115,725,000	£880
19	895	£52,724,050	£950	957	£37,560,000	£892
20	1,598	£21,866,625	£855	1,493	£22,000,000	£921
21	1,599	£10,933,740	£855	1,808	£10,900,000	£861
Phase 1	938	£427,338,994	£1,023	889	£474,872,500	£936
Phase 2	Not known	£380,250,790	£921	819	£407,622,500	£917
Total	Not known	£807,589,784	£972	855	£882,495,000	£927

As the table above demonstrates, the pricing assumptions adopted by S&P are substantially below the previously agreed position with the overall blended rate dropping from £972psf to £927psf.

Evidently, the scheme design has changed, and the prices of units will be affected by a range of factors, the most significant being whether they have a river view.

Therefore, we previously went through the schedule provided by S&P in some detail with reference to the previous pricing carried out by Savills to understand where these differences arise, as well as having reference to the comparable evidence detailed in section below.

5.1.2. National Housing Overview

Economic Overview

Gross domestic product (GDP) is estimated to have fallen by 0.6% in September 2022 after a fall of 0.1% in August 2022. Services fell by 0.8% in September 2022 after growth of 0.1% in August. The largest contribution to the fall came from a 3.2% fall in information and communication activity, and a 2% fall in wholesale and retail trade, and repair of motor vehicles and motorcycles. Output in consumer-facing services fell by 1.7% in September 2022, after a fall of 1.6% in August 2022.

Production grew by 0.2% in September 2022, after a fall of 1.4% in August 2022, electricity, gas, steam and air conditioning supply grew by 1.5% and was the largest contributor to growth in production in September 2022.

Construction grew by 0.4% in September 2022, after growth of 0.6% in August 2022, the monthly increase came from increases in both new work (0.6%), and repair and maintenance (0.2%).

Residential Market Overview

The Land Registry House Price Index (HPI) reports that the latest average property prices for England as at September 2022 (latest available) now stands at £314,278 with the annual rate of growth of 9.6%.

Nationwide reported a month on month fall in house prices of -0.9% in October, down from 0.0% in September. On an annual basis the Bank found that prices have risen by 7.2%, again a slowdown over the previous month which saw a 9.5% increase. The annual house price is now £268,282 and the monthly house price decrease of -0.9% is the first such fall since July 2021 and the largest since June 2020.

Halifax reported a monthly drop in house prices during October of -0.4% and an annual rise of 8.3% which is a reduction from September where 9.8% growth was recorded. Halifax also report the average UK property price of £292,598. Halifax report that the drop of -0.4% is the sharpest seen since February 2021 taking the typical property price to a five month low.

ONS's official house price index showed a slowing pace of house price growth in September with 9.5% annual growth recorded, down from 13.1% the month before. The average UK house price was £295,000 in September 2022, which is £26,000 higher than this time last year, and unchanged since August 2022.

October's RICS Residential Market Survey included the following commentary: *"The October 2022 RICS UK Residential Survey results point to a further deterioration in market conditions over the month, with the fall in buyer demand and agreed sales gathering pace. On the back of this, house price growth has now ground to a*

halt at the national level. By way of contrast, demand remains firm across the lettings market, with tenant enquiries still rising within all parts of the UK.

Starting with the sales market, new buyer enquiries reportedly fell for a sixth successive report, as the latest headline net balance weakened further to -55% in October (from -36% last time). Moreover, the survey feedback on buyer demand is negative across all parts of the UK, the second report running in which this has been the case.

At the same time, the number of new listings coming onto the market also remains in decline, evidenced by a net balance of -17% of respondents at the national level citing a diminishing trend. Similarly, the volume of market appraisals undertaken over the month is down on an annual comparison, with the latest net balance slipping to -37% from -20% in September. For agreed sales, the latest feedback from members also remains firmly negative. At the headline level, a net balance of -45% of contributors saw a fall in sales during October, down from an already weak reading of -29% in the previous iteration of the survey. Going forward, the near-term outlook for sales remain subdued, with the three-month sales expectations net balance slipping a little deeper into negative territory at -40% (compared to -31% last month). On a twelvemonth view, the latest sales expectations net balance of -42% is broadly in-line with the reading of -44% seen in September.

In keeping with the general pattern of a weakening market of late, the average time to complete a sale (from initial listing) has edged up recently, now taking close to 18 weeks. At this point last year, the average completion time was closer to 16 weeks.

With respect to house prices, the latest results show a considerable slowing in momentum. The national net balance for house prices moderated to -2% in October, down from a figure of +30% previously. As such, this brings to an end a sequence of 28 positive monthly readings beforehand, with the latest result indicative of house price growth grinding to a halt. Furthermore, when disaggregated, respondents in areas such as East Anglia and the South East of England are now reporting some pull-back in prices (posting net balances of -31% and -16% respectively). Conversely, respondents based in Northern Ireland and Scotland continue to report a reasonably firm upward trend in house prices remaining in place, even if the pace of growth (in net balance terms) is softer than earlier in the year.

Looking ahead, the net balance for the twelve-month price expectations series sank to -42% in the latest findings, falling from a reading of -18% last time. When viewed at the regional/country level, respondents across all parts of the UK are now (on balance) of the opinion that prices will see some degree of decline over the year ahead."

Average residential asking prices dropped by 1.1% this month (November 2022) with annual changes of 7.2%, according to Rightmove's latest house price index report (November 2022). This is down from last month's 7.8%, following a monthly change of 0.9%. Demand stats are up 4% on the more normal market of 2019 but down by 20% on October last year.

"The average price of newly-marketed homes dips by 1.1% this month (-£4,159) to £366,999. As is usual in November, sellers are pricing more competitively to try to find a buyer in the last months of the year. This monthly price drop is exactly in line with the average 1.1% that Rightmove recorded in November during the pre-

pandemic years of 2015 to 2019, and so should not be regarded in isolation as a negative indicator. However, there are signs that more existing sellers, whose properties were already on the market and unsold, are willing to take their agents' recommendations and reduce their prices in order to achieve a quicker sale. The proportion of unsold properties seeing a price reduction has increased only slightly from the pre-pandemic 7.5% in October 2019 to 8% this October. However, it has doubled from the figure of 4% in the frenzied market of October 2021. Buyer demand is still performing better than it was during the more normal market of 2019, but it is clear that we have returned to a much more price-sensitive housing market after two years of a buying frenzy."

Local Residential Market Overview

The Land Registry House Price Index (HPI) reports that the latest average property prices for Richmond as of September 2022 (latest available) now stands at £780,053 with the annual rate of growth of 5.7%. The residential developer activity in Richmond is strong with notable competition for sites. Developers continue to see good prospects for both commercial and residential development given the good transport links, quality of schools and local amenities.

5.1.3. Residential Comparable Evidence

In their previous analysis S&P referred to several riverside developments running from Battersea along the Thames up to Kingston. Sales values vary considerably as would be expected, but these developments are considered to provide more reliable evidence for the proposed scheme than other schemes without any river frontage. They have also had regard to sales of second-hand properties in the surrounding area to provide show the tone of the local market.

A summary of the schemes in our research showing the average unit sizes and £psf is presented below:

Scheme	Status	1 bed		2 bed		3 bed		Comment
		Size	£psf	Size	£psf	Size	£psf	
Boat Race House, Mortlake	Asking	538	£846	1,228	£846	-	-	Small scheme. Units oversized. Very close to Stag. Inferior.
	Achieved	-	-	1,447	£942	1,906	£905	
Emerald Gardens, Kew	Achieved	575	£847	917	£698	-	-	Resales. Taylor Wimpey scheme. Separated from the river. Smaller scheme with inferior placemaking to Stag.
Teddington Riverside	Asking	628	£1,032	817	£1,232	1,249	£1,423	Same developer as Stag. Sales limited to riverside units.
	Achieved	616	£910	826	£1,094	1,206	£1,296	
York Place, Wandsworth	Asking	631	£1,254	840	£1,252	1,038	£1,496	Set back from river – river views limited to upper storeys. Limited placemaking / landscaping
	Achieved	572	£1,074	778	£1,094	1,027	£1,257	
Riverside Quarter, Putney	Asking	-	-	941	£1,072	1,370	£1,126	Riverside location with lots of pocket parks and landscaping. Comparable to Stag.
	Achieved	596	£1,013	872	£802	1,437	£1,061	

Scheme	Status	1 bed		2 bed		3 bed		Comment
		Size	£psf	Size	£psf	Size	£psf	
Chiswick Green, Chiswick	Asking	581	£1,194	858	£1,157	1,062	£1,196	No river views but overlooks park. Centre of Chiswick. Superior location but lack of views / river factor.
Ram Brewery, Wandsworth	Asking	583	£1,192	1,211	£915	1,273	£925	No river views, but strong mixed-use element and placemaking.
	Achieved	581	£915	883	£875	1,250	£747	
Brentford Community Stadium	Asking	546	£819	800	£802	1,109	£680	Inferior location. Limited placemaking.
Richmond Square, Richmond	Asking	554	£1,296	909	£1,218	1,098	£1,298	No river views. Close to Kew Gardens and centre of Richmond. Grade II listed conversion. Superior location.

Our analysis and conclusions reached are unchanged and our repeated below for ease of reference.

Boat Race House is immediately adjacent to the Stag Brewery but this comprised just 16 private units and therefore we would expect values to be considerably above this due to the enhanced placemaking benefits provided by a large scheme.

Emerald Gardens is closely situated on a similar stretch of riverside circa 0.8 miles north west of Stag. Although it completed in 2018 there have been a number of recent resales. We would expect higher values at the Stag Brewery development because Emerald Gardens is set back slightly from the river and is a smaller scheme without the placemaking aspects present in the proposed development. We would also expect the end product of Stag to be superior to a Taylor Wimpey scheme.

Teddington Riverside is another riverside scheme by Dartmouth Capital, the same developer as Stag Brewery. Like the proposed scheme, it benefits from underground parking and landscaped gardens, but owing to its smaller scale lacks the placemaking aspects that will be created as Stag through the commercial elements present. Therefore, it provides a good indication of the quality that can be expected and their pricing. We understand that sales have been slow and limited to river-facing units, but these have achieved a significant premium over the local market.

We also consider the Riverside Quarter in Putney to provide good evidence as it is located directly next to the river and benefits from good landscaping and a series of pocket parks like the subject site. The location is superior due to being more central and closer to the centre of Wandsworth and near to Putney, however, there are fewer amenities which limits the overall placemaking. On balance, we would expect marginally lower values at the subject scheme.

We have also given some consideration to the Ram Brewery scheme in Wandsworth. Although this does not benefit from a river frontage, it does benefit from a good degree of placemaking with integration of commercial elements. Nevertheless, we would still expect the value of these units to be slightly higher than at the Ram

Brewery owing to the close proximity of the river and its easy accessibility. Therefore, we have isolated the proposed units at Stag which do not have river views to compare.

Consideration must be given to a range of factors in assessing the evidence from other schemes. Moreover, the subject location is relatively untested to there is naturally a degree of uncertainty around pricing.

5.1.4. Summary and Conclusions

In consideration of the comparable evidence as well as the previously agreed position, we made various amendments to the S&P pricing schedule as below: -

Beds	Total	Av sqft	Av Unit Price	£psf	Min	Max
S	£24,090,000	499	£501,875	£1,005	£480,000	£545,000
1	£175,700,000	602	£605,862	£1,006	£555,000	£800,000
2S	£77,000,000	777	£740,385	£953	£685,000	£850,000
2	£227,405,000	819	£768,260	£938	£685,000	£975,000
2L	£78,305,000	989	£851,141	£861	£785,000	£1,100,000
3S	£42,465,000	1,080	£1,061,625	£983	£970,000	£1,160,000
3	£230,860,000	1,157	£1,137,241	£983	£925,000	£1,675,000
4	£22,655,000	1,365	£1,258,611	£922	£1,080,000	£1,700,000
3TH	£15,600,000	1,389	£1,300,000	£936	£1,300,000	£1,300,000
4TH	£17,300,000	1,808	£1,572,727	£870	£1,400,000	£1,600,000
Summary	£911,380,000	855	£818,115	£957	£480,000	£1,700,000

Noting the continued discrepancies between the Strutt and Parker pricing schedule and currently proposed accommodation schedule, we have mirrored BNP’s approach of applying our increased blended rate of £957psf to all private blocks in our modelling.

5.1.5. Ground Rents

On 21st December 2017 the Communities Secretary announced a government proposal to introduce legislation to ensure that ground rents on new long leases of flats and houses are set at zero. Whilst the legislation has yet to be passed, we gather that the proposal has all-Party support although there is no timetable for the proposed legislation as yet. The government’s ‘Help to Buy: Equity Loan 2021-2023 Programme: Builder participation and registration guidance’ (September 2020) indicates that any developer seeking to be eligible for Help to Buy must set ground rents at a peppercorn.

BNP has not included revenue for ground rents in their appraisal and we have mirrored this approach in our own appraisal.

5.1.6. Affordable Housing

For the purposes of viability, BNP have tested buildings 10 and 18 as affordable, which equates to an overall affordable housing provision of 14.8% of units and 16.6% of habitable rooms. This falls significantly short of the strategic 50% target for affordable housing set out in both the Richmond Local Plan and the London Plan.

BNP has tested five affordable housing tenure scenarios and details of the assumed tenure split and unit mix for each are detailed in the tables below.

Scenario 1 - 20% rent, 80% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	14	49	64	-	127
London Affordable Rent	8	17	0	6	31

Scenario 2 - 50% rent and 50% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	49	8	-	79
London Affordable Rent	-	17	56	6	79

Scenario 3 - 60% rent and 40% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	41	-	-	63
London Affordable Rent	-	25	64	6	95

Scenario 4 - 70% rent and 30% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	26	-	-	48
London Affordable Rent	-	40	64	6	110

Scenario 3 - 80% rent and 20% shared ownership

	1 Bed	2 Bed	3 Bed	4 Bed	Total
Total Units	22	66	64	6	158
Shared Ownership	22	26	-	-	48
London Affordable Rent	-	40	64	6	110

Background

During discussions on the 2018 application, BNP indicated that Richmond Housing Partnership ('RHP') would offer a blended capital value of £240 per square foot. This was based on the tenure mix of 80% social rented and 20% shared ownership housing provision.

As a result of subsequent increases in London Affordable Rents, the blended capital value for the same tenure split was increased to £274 per square foot.

BNP's previous modelling was based on the following affordability criteria:

- London Affordable Rents (£168.34 per week for one beds; £178.23 per week for two beds; £188.13 per week for three beds; and £198.03 per week for four beds);
- Shared ownership; one bed units affordable to purchasers in receipt of household incomes not exceeding £47,000 per annum, with an initial equity sale of 25% and a rent of 1.1% on the retained equity; and two bed units affordable to purchasers in receipt of household incomes of £70,000 with initial equity sales of 25% and rent on retained equity of 1%.

Which led to the following blended affordable housing sales values being applied to the three affordable housing scenarios tested at the time:-

- 20% rent and 80% shared ownership (blended capital value of £408 per square foot);
- 50% rent and 50% shared ownership (blended capital value of £321 per square foot);
- 80% rent and 20% shared ownership (blended capital value of £274 per square foot).

For their updated modelling BNP have revised the affordable housing sales values to aligned to RHP's previous offer but reflecting the revised mix and affordability criteria. Based on their assumptions they have applied the following blended capital values to each of the affordable housing scenarios.

- 20% rent and 80% shared ownership (blended capital value of £350 per square foot);
- 50% rent and 50% shared ownership (blended capital value of £310 per square foot);
- 60% rent and 40% shared ownership (blended capital value of £303 per square foot);
- 70% rent and 30% shared ownership (blended capital value of £286 per square foot); and
- 80% rent and 20% shared ownership (blended capital value of £266 per square foot).

As can be seen from the above there has been a reduction in the blended values, which primarily relates to changes in the affordability criteria for the shared ownership accommodation as detailed below.

March 2022 shared ownership affordability:

- One beds (20% of units) @£50k income per annum
- Two beds (52% of units) @ £70k income per annum
- Three beds (28% of units) @ £90k income per annum

August 2022 shared ownership affordability:

- Two thirds of units @ £50k income per annum
- One third of units @ £92k income per annum.

Essentially there has been a reduction in the two-bed unit income threshold from £70k to £50K. Of course, the impact is more telling for the scenarios which have a higher proportion of shared ownership accommodation i.e. Based on BNP's modelling the blended capital value for the 20% rent and 80% shared ownership mix has fallen from the £408 per square foot used in the March 2022 appraisals to £350 per square foot. Whereas the blended capital value for the 80% rent and 20% shared ownership mix has fallen from the £274 per square foot used in the March 2022 appraisals to £266 per square foot.

In overall terms although these reductions do not appear unreasonable on a sliding scale further detail is required as to how the blended rate has been arrived. The accommodation mix differs for each scenario and it's not clear is a prorated approach has been taken or bespoke modelling for each scenario. We would also request that separate blended sales value for the rented and shared ownership accommodation are provided rather than a single overall blend.

First Homes

The Applicant is not intending to incorporate the provision of First Homes in the proposed development. The update FVA states several reasons why the viability of development would be adversely impact if included all of which we would concur with. Further scenarios were tested as part of the previous iterations of the proposals which illustrated the impact, and we see no reasons why the outcome would differ in this instance given the relatively limited changes to the proposals.

5.1.7. Car Parking

The proposed development will provide a total of 478 car parking spaces (408 in the Eastern Basement and 70 in the Western Basement).

The 24 spaces in the Western Basement are proposed for wheelchair users and therefore no value has been attached to these spaces in BNP's appraisal.

We understand that 330 of the 408 spaces in the Eastern Basement will be available for sale to the purchasers of the private units, with the remaining 78 spaces reserved for the commercial floorspace.

BNP's appraisals assume the sale of all 478 car parking spaces at a rate of £50,000 per space (a total of £23.9 million).

We do not take issue with the values adopted for the car parking and have mirrored these in our own modelling.

We would highlight that despite this increase the total value generated from the basement parking this remains significantly less than the cost of constructing the basements, which is estimated at c£67m (exclusive of fees, contingency and finance).

As highlighted in our previous viability assessment this has a significant impact on scheme viability with not only the differential in value and cost but the timing of the when the cost in occurred are notable factors.

5.1.8. Commercial Values

BNP have maintained the value assumptions adopted in the previous assessment, which are detailed in the table below: -

Use	NIA (Sq Ft)	Value Inputs
Office Use	33,663	£40 psf 6% yield (24 months' rent free)
Flexible Use	39,330	£35 psf 6% yield (9 months' rent free)
Affordable Flexible Use	4,429	£27.50 6% yield (9 months' rent free)
Hotel	13,299	£13.22m
Cinema	17,288	£14.33 psf 6% yield (3 months' rent free)

Although the values adopted above do not appear unreasonable and they are broadly consistent with the inputs agreed in the previous application, limited comparable information has been provided to support the value assumptions.

The table below seeks to compare the capital values against the net build costs to illustrate the comparative viability of certain uses.

Use	Capital Value	Assumed Costs (ex-contingency, fees, finance etc)	Difference
Office Use (Cat A)	£19,973,300	£16,220,000	£3,753,300
Flexible Use	£21,967,051	£9,018,000	£12,949,051
Affordable Flexible Use	£1,943,156	Inc above	N/A
Hotel (3 star)	£13,215,000	£6,099,000	£7,116,000
Cinema	£4,070,422	£5,920,000	−£1,849,578
Commercial Total	£61,168,929	£37,259,000	£23,909,929

It can be seen in the table above that all commercial uses are positive contributors to the scheme except for cinema use which shows a viability deficit of circa £1.85m, which would increase further after contingency, fees, finance, and profit are reflected.

We would request that further details are provided in relation to discussions with cinema operators. We consider the rental value adopted for the cinema use to be at the lower end of the typical range and we note that the FVA also reflects a £1m capital contribution towards fitout of the cinema.

The type of cinema and likely operator will have a significant bearing on the likely capital value achievable and therefore further information should be provided to allow the overall value / package adopted to be validated.

For ease of reference the combined commercial GDV equates to circa £61.17m, which represents circa 7% of the scheme GDV.

5.2. Scheme Costs

5.2.1. Build Costs

Reflecting the changes to the scheme a revised Budget Cost Estimate has been prepared by Gardiner & Theobald to inform the viability assessment. Accordingly, Carter Jonas has sub instructed quantity surveyors Johnson Associates (JA) to review this on behalf of the Council.

The cost estimate for the proposed scheme assumes a total build cost of £550,228 (ex-contingency). For ease of reference a summary of costs for the proposed scheme is set out in the table below: -

Item	G&T Costs	Johnson Associates Costs
Site Clearance Works	£2,900,000	£2,900,000
Infrastructure Works	£31,150,000	£31,060,000
Basement	£66,940,000	£66,940,000
Flexible Use – Shell and Core	£9,018,000	£9,118,000
Offices	£16,220,000	£16,220,000
Cinema	£5,920,000	£5,920,000
Hotel	£6,099,000	£6,099,000
Private Residential	£306,972,000	£306,972,000
Affordable Residential	£79,949,000	£82,798,000
Public Realm Works	£25,060,000	£24,160,000
Total ex contingency	£550,228,000	£549,238,000

Works outside the application boundary

In addition to the scheme costs the proposals include works outside of the site red line boundary. These are detailed in the table below along with G&T's summary of costs.

Item	G&T Costs	Johnson Associates Costs
Chalkers Corner	£3,019,000	£3,019,000
Lower Richmond Road	£2,947,000	£2,730,000
Mortlake High Street	£1,468,000	£1,355,000
Ship Lane	£589,000	£589,000
Williams Lane	£910,000	£910,000
Thames Tow Path	£1,479,000	£1,479,000
Mortlake Green	Excluded	Excluded

Item	G&T Costs	Johnson Associates Costs
Sheen Lane	£240,000	£222,000
Level crossing works	£250,000	£250,000
Slipway	£566,000	£523,000
Total (ex-contingency)	£11,468,000	£11,077,000

Further off-site highways costs

In addition to the above, the FVA also includes further off-site highways costs for refurbishment of the footways, which G&T indicate have been included at the request by LBRuT. This requires further validation as limited information has been provided. For the purpose of our initial review we have adopted the same costs as indicated in the below:-

Item	G&T Costs	TBC
Chalkers Corner	N/A	N/A
Lower Richmond Road	£1,290,000	£1,290,000
Mortlake High Street	£475,000	£475,000
Ship Lane	£160,000	£160,000
Williams Lane	£170,000	£170,000
Thames Tow Path	N/A	-
Mortlake Green	N/A	-
Total (ex-contingency)	£2,095,000	£2,095,000

Summary of Total all Works

Item	G&T Costs	Johnson Associates Costs
Works in the Boundary	£550,232,000	£549,242,000
School and landscaping	Excluded	Excluded
Works outside the Boundary	£13,634,000	£13,243,000
Total (ex-contingency)	£563,866,000	£562,485,000

A line-by-line review of the Applicant's cost plans has been undertaken by Johnson Associates, which can be found at Appendix A.

This concludes that although there could be a small cost saving against the FVA cost plan given the scale of the scheme and overall costs it is our opinion that this falls with an acceptance tolerance. As such we have mirrored the Applicants build costs for the purpose of our modelling.

5.2.2. Contingency

The G&T plan included a contingency allowance of 7.5%, which BNP have reduced to 5.0%. It is our opinion that a 5% allowance is sufficient in this case and aligns with contingency allowance applied and agreed in other larger (500 + unit) FVA reviews.

We have applied this rate of contingency to the costs indicated by Johnson Associates.

5.2.3. Professional Fees

A professional fee allowance of 10% has also been included. We would usually expect to a range of between 8-12%. We would acknowledge that this is a complicated scheme given the basement constructions and its position within close proximity to the River Thames but equally given its size there should be economies of scale savings. It is our opinion that a professional fee allowance at the mid-point of the typical range at 10% would be reasonable. However, for completeness we would request that a breakdown of anticipated fees are provided.

5.2.4. Fees and Marketing Costs

BNP has adopted the following sales and marketing costs: -

Item	Assumption
Marketing Costs	2%
Letting Agents Fee	10%
Letting Legal Fee	5%
Sales Agent Fee (Residential)	1.0%
Sale Legal Fee (Residential)	£1,250 per unit
Sale Legal Fee (Commercial)	0.5%

We would concur that the above is in line with market expectations and therefore we have adopted the same allowances for the purpose of our own modelling.

5.2.5. Finance Cost

A finance rate of 6.0% has been adopted by BNP, which we have mirrored for the purposes of our own modelling.

5.2.6. Community Infrastructure Levy

The Applicant's planning consultants, Gerald Eve, has provided an estimate to CIL liability for the proposed development alongside details of their assumptions. Estimated liabilities are based on an indicative assumption of 77% private housing by floor area). On this basis they have estimated the liability as follows:-

Liability	Assuming all existing space meets occupancy test	Assuming no existing space meets occupancy test

Borough CIL	£28,653,735	£38,200,158
Mayoral CIL	£7,193,859	£9,964,258
Total	£35,847,594	£48,164,416

BNP has undertaken their modelling on two bases, firstly assuming that none of the existing space meets the vacancy test and secondly on the basis that all of the existing floor space meeting the vacancy test. In this respect we have mirrored BNP's approach in our own modelling.

Clearly the above will be subject to change if the additional affordable housing can be secured but for the purpose of our initial modelling, we have adopted the same approach but recommend that this is verified by the Council's CIL officer in due course.

The full payment of CIL has been assumed at month 19 on the start of construction.

5.2.7. S106 Costs

The following S106 costs have been assumed in BNP's updated modelling but it is recognised that these costs remain subject to change as discussions progress.

Item	Estimated Cost
TFL Bus Contribution	£3,195,000
TFL Pedestrian Improvement Scheme	£228,878
Air Quality	£160,000
LBRuT CPZ	£130,000
Health Mitigation	£620,985
Community Park Contribution	£147,700
CAVAT	£114,096
Level Crossing Works	£151,776
Travel Plan Monitoring and Implementation	£249,984
Construction Management Monitoring	£30,000
Towpath Improvement Works	£39,520
Waste Management	£50,375
Barnes Eagles License Termination	£90,750
Mortlake Green	£233,155
Grass Pitch Improvements	£24,000
Total Estimated Costs	£5,466,219

The estimated S106 costs equate to circa £4.9m. There is also a £2.25m carbon offset allowance reflected in the BNP modelling.

Similarly, to the approach adopted for CIL we have mirrored these costs but recommend that they are verified by the Council's S106 officer to ensure they adequately reflect previous discussions.

5.2.8. Development Programme / Assumptions

BNP has adopted the following assumed timings for construction and sales.

Phase 1 (Plots 1A, 1B and 1C)

- 12-month lead in period for planning, demolition and site preparation;
- 30-month construction period;
- Sales commencing 6 months after construction commences with income received from practical completion onwards;
- 50% of residential income at practical completion
- Final residential sale completed 12 months after practical completion.
- Non-residential uses assumed to be sold at practice completion

Phase 2 (Plots 2A, 2B and 2C)

- 6-month lead in period;
- 24-month construction period;
- Sales commencing 6 months after construction commences with income received from practical completion onwards;
- 50% of residential income at practical completion
- Final residential sale completed 12 months after practical completion.
- Non-residential uses assumed to be sold at practice completion

We do not take issue with the general assumptions adopted.

However, it should be noted that the ground works and basement construction for each phase has been assumed to be completed in their entirety in the first phase, which as mentioned previously has a notable bearing on viability.

5.2.9. Developer's Profit Margin

We would comment that the appropriate level of developer profit will vary from scheme to scheme. Developer's profit margin is determined by a range of factors including property market conditions, individual characteristics of the scheme, comparable schemes, and the development's risk profile.

BNP has adopted a developer's profit of 20% on Gross development Value of the private units, 6% on the affordable housing revenue and 15% on GDV of the commercial accommodation.

Based on our experience of schemes across London, profit on GDV for private residential is typically agreed at 17.5% and we are not aware of any profit margins being agreed more than 17.5% locally or by the GLA.

Given the characteristics of the scheme and considering profit as a capital sum it is our opinion that applying a 17.5% developer's profit to establish the profit hurdle rate in this instance would be reasonable. It is also our view that there is a good prospect for value growth at the site given its placemaking potential, and riverside location. These factors would help to mitigate the risk to the developer.

We do not take issue if the profit margins adopted for the commercial or affordable housing provision.

The provision of 17.5% profit margin would result in a lowering of the blended affordable housing percentage / viability hurdle but the margins would vary depending on the development scenario tested. In this respect we have set out our adjusted hurdle rate against the profit outturns in the viability summary tables in the next section.

5.3. Summary Table

The table below provides a summary of the above analysis highlighting any areas of difference, which will form the basis of our sensitivity testing in the following section.

Assumption	BNP Assumptions	Carter Jonas Assumptions	Comments
Sales and Revenue			
Private Residential Sales Value	BNP has adopted an average blended private sales figure of £927 psf. This breaks back to £936 psf for Phase 1 and £912 psf for Phase 2.	We have adopted an average blended private sales figure of £957psf. This breaks back to £963psf for Phase 1 and £952psf for Phase 2	See Section 5.1
Affordable Housing Sales Values	<p>S1 - 20% rent and 80% shared ownership (blended capital value of £350 per square foot)</p> <p>S2 - 50% rent and 50% shared ownership (blended capital value of £310 per square foot)</p> <p>S3 - 60% rent and 40% shared ownership (blended capital value of £303 per square foot)</p> <p>S4 - 70% rent and 30% shared ownership (blended capital value of £286 per square foot)</p> <p>S3 - 80% rent and 20% shared ownership (blended capital value of £266 per square foot)</p>	<p>Values have decreased because of applying reduced affordability criteria to the proposed shared ownership units. Clearly the impact is greater for the scenarios which include a higher SO provision.</p>	<p>We have adopted the same values for the purpose of our own modelling, but the values are still subject to validation.</p> <p>The accommodation mix differs for each scenario and it's not clear is a prorate approach has been taken or bespoke modelling for each scenario. We would also request that separate blended sales value for the rented and shared ownership accommodation are provided rather than a single overall blend.</p>
Residential Ground Rents	N/A	Agreed	
Flexible Use Office Accommodation Hotel (3 Star) Cinema Use Affordable Flexible Use	<p>£35psf @ 6%</p> <p>£40psf @ 6%</p> <p>£13.2m</p> <p>£14.33 psf 6% yield</p> <p>£27.50 psf @ 6%</p> <p>(Various rent-free periods and £1m reverse premium for the cinema use)</p>	See comments	<p>We would request that further details are provided in relation to discussions with cinema operators. We consider the rental value adopted for the cinema use to be at the lower end of the typical range and it is noted that modelling also reflects a reverse premium of £1m.</p>

Car Parking	£50k per space applied to all car parking spaces – residential and commercial	Agreed	
Development Costs			
Construction Costs	£550,228,000 (exc. Contingency)	£549,238,000 (exc. Contingency)	Although there could be a small cost saving against the FVA cost plan given the scale of the scheme and overall costs it is our opinion that this falls with an acceptance tolerance. As such we have mirrored the Applicants build costs for the purpose of our modelling.
Works outside the application boundary	£11,468,000 (exc. Contingency)	£11,077,000 (exc. Contingency)	See Appendix A
Further off-site Highways Works	£2,095,000 (exc. Contingency)	£2,095,000 (exc. Contingency)	See Appendix A
Build Contingency	7.5% reflected in G&T's cost plan but reduced to 5% in BNP's modelling	5%	We consider 5% to be reasonable and standard for a scheme of this nature
Professional Fees	10%	See comments	Agreed but for completeness a breakdown of anticipated professional fees should be provided.
Sales Costs	Various	Agreed	
S106 / CIL	S106 - £5,466,219 CIL – £35,847,594 Assuming all existing space meets occupancy test CIL - £48,164,416 Assuming no existing space meets occupancy test	See comments	We have assumed the CIL and S106 costs to be correct for our initial modelling purposes – however we would recommend that BNP's assumptions are reviewed and confirmed by the Council's CIL / S106 officer. Clearly the level of CIL will need to be updated if additional AH is secured.
Interest / Finance Costs	6% 100% debit	Agreed	
Developers Profit	20% on GDV on private residential	17.5% on GDV on private residential	Given the characteristics of the scheme and considering profit as a capital sum it is our opinion that applying a

	6.0% on GDV on affordable residential 15% on GDV on commercial accommodation	6.0% on GDV on affordable residential 15% on GDV on commercial accommodation	17.5% developer's profit to inform the profit hurdle rate in this instance would be reasonable.
Benchmark Land Value	£36.0m	Agreed	BNP have maintained the compromise position with the GLA relating to the previous application. We have adopted the same BLV for the purpose of our modelling.

6. ANALYSIS & CONCLUSIONS

Where our own market research has indicated that the inputs used have not been fully justified, we have sought to illustrate the potential impact on viability. In this respect we have undertaken sensitivity analysis producing several residual appraisals using Argus Developer, which is a leading industry-standard development appraisal package commonly used by developers and agents to assess development viability.

Although this analysis does not constitute formal valuations under the provisions of the RICS Valuation Standards ('Red Book') it does provide robust evidence to inform the Council's decision-making process in respect of the Applicants planning application.

In this instance we have been provided with the working appraisal by BNP, which has enabled us to ensure the model has been constructed properly, the inputs are consistent, and timings are correct within the cashflow. As such we have used the BNP model for our sensitivity analysis to ensure that the base position is fully consistent with the Applicant's.

We do not take issue with the approach adopted by BNP nor the majority of the assumptions adopted for the purposes of the revised application. However, as we have stated above, we consider the private values adopted to be conservative and further detail is required to validate the blended affordable housing values adopted.

In addition to the above we have also identified areas for further validation / clarification namely:-

- Inconsistency between the pricing and accommodation schedule;
- Further information relating to the proposed cinema use;
- Validation of the S106 and CIL costs;
- An indicative breakdown of anticipated professional fees.

The Applicant / BNP considered an appropriate blended profit / hurdle rate to be 18.15%. Making the downward adjustments to the private profit margins from 20% to 17.5% this would reduce the blended project margin of 16.4%.

Based on the adjustments indicated above and outlined in the previous section of this report our modelling results in the following outputs:-

Appraisal results (CIL with full offsetting - £35.85m)

Affordable Housing (% of units / %of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP	Profit on GDV Carter Jonas
S1 – 14.8% / 16.6%	20% (31)	80% (127)	6.05%	8.57%
S2 – 14.8% / 16.6%	50% (79)	50% (79)	5.26%	7.57%
S3 – 14.8% / 16.6%	60% (95)	40% (63)	5.12%	TBC

S4 – 14.8% / 16.6%	70% (110)	30% (48)	4.77%	TBC
S5 – 14.8% / 16.6%	80% (126)	20% (32)	4.37%	6.98%

Appraisal results (CIL with no offsetting - £48.16m)

Affordable Housing (% of units / %of habitable rooms)	Rented	Shared Ownership	Profit on GDV BNP	Profit on GDV Carter Jonas
S1 – 14.8% / 16.6%	20% (31)	80% (127)	4.63%	6.93%
S2 – 14.8% / 16.6%	50% (79)	50% (79)	3.82%	5.90%
S3 – 14.8% / 16.6%	60% (95)	40% (63)	3.67%	TBC
S4 – 14.8% / 16.6%	70% (110)	30% (48)	3.32%	TBC
S5 – 14.8% / 16.6%	80% (126)	20% (32)	2.91%	5.31%

As can be seen from the outputs above although we consider that BNP has overstated the extent of the scheme deficit, we would acknowledge that the site is challenging from a viability perspective. Although this is a high value area the cost of developing out the site is also high and there are notable upfront costs.

Of note is the cost of the basement, which although reflects a capital receipt from the proposed car parking and services this does have a significant adverse impact on viability. Moreover, this is an upfront cost, which also has implication in relation to finance costs.

Sensitivity Analysis

Given the project overall project deficit we have also undertaken further sensitivity analysis to illustrate the impact of positive market movements. Given the characteristics and location of the site we do believe that there is a good prospect for value growth within the proposals.

Specifically, we have modelled a stepped change of plus 2.5% in private residential values. At this stage we have applied these analysis to the 80% rented / 20% shared ownership affordable housing scenario and the outputs of the sensitivity analysis are detailed in the tables below:-

Appraisal results (CIL with full offsetting)

Affordable Housing (% of units / %of habitable rooms)	Base £957 psf Profit on GDV	Plus 2.5% £980 psf	Plus 5% £1,005 psf	Plus 7.5% £1,029psf	Plus 10% £1,058 psf
S3 – 14.6% / 16.6% 80% Rented / 20% SO	6.98%	19.06%	11.05%	12.94%	14.75%

Appraisal results (CIL with no offsetting)

Affordable Housing (% of units / %of habitable rooms)	Base £957 psf Profit on GDV	Plus 2.5% £980 psf	Plus 5% £1,005 psf	Plus 7.5% £1,029psf	Plus 10% £1,058 psf
S3 – 14.6% / 16.6% 80% Rented / 20% SO	5.31%	7.33%	9.26%	11.1%	12.87%

The value growth sensitivity analysis demonstrates that given the scale of proposals there is the potential for a significant positive impact on viability. With this being the case, we recommend that the Council should seek appropriate Review Mechanisms given the long-term phased nature of the scheme and the potential for viability enhancement which could support additional affordable housing.

7. Viability Update – March 2023

As highlighted in the previous Section, although we agreed with BNP that we previously there was an overall scheme deficit based on the proposals and affordable housing scenarios tested. There were several inputs, which required further validation.

Subsequently, there has been several exchanges of information accumulating in a further addendum issued by BNP dated 31st January 2023 (which is attached for ease of reference).

Having reviewed BNP's response and the additional information provided, we now accept the inputs adopted in relation to the proposed cinema use and professional fee allowance. We have also assumed that the S106 and CIL allowances to be correct, but this would be subject to final validation from the Council's S106 / CIL officer in due course.

In respect of private sales values although there is a relatively modest difference on a percentage basis, we have reached an impasse with both parties maintaining their position. The comparables put forward by the Applicant's residential advisors demonstrate a wide range of possible values especially given the scale of the project, its extensive riverside location and the assumed quality of the build demonstrated by the build cost proposed. Our blended sales values are marginally below those agreed with the Applicant's previous advisor Savills and in this context and reflecting the sites characteristics we maintain that our opinion of value is entirely reasonable. Given the difference of opinion in relation to this input and in order move forward we suggest a reasonable approach would be to 'agree to disagree' on this matter as the actual values will be addressed through the review mechanism at the appropriate time.

In addition to their addendum BNP has also issued a summary note setting out their viability conclusions, which are summarised below:

- On a present-day basis (i.e. today's values and today's costs), a scheme with 100% private housing and CIL with full offsetting of existing floorspace, generates a profit of 14.2% on GDV.
- On the assumption growth is applied and there is a full offsetting of existing floorspace for CIL, the Scheme can provide a maximum affordable housing percentage of 5.9% affordable housing (assuming an 80% social rented and 20% shared ownership split).
- On the assumption growth is applied, but assuming no existing floorspace offset for CIL the Scheme can provide a maximum affordable housing percentage of 3.9% affordable housing (assuming an 80% social rented and 20% shared ownership split).

We have been provided with the live Argus models for the above scenarios and having reviewed them we are satisfied that the inputs have been applied correctly. As such and notwithstanding our comments in relation to private sales values, the proposed profit hurdle rate (ref 5.2.9) and the validation of S106 and CIL costs we are satisfied that the outputs indicated are a reasonable representation of scheme viability.

Revised Affordable Housing Offer

Notwithstanding the outcome of the viability analysis, we understand that there have been ongoing discussions between the LPA and the Applicant regarding the quantum of affordable housing proportion of 3 bed units social rented units proposed.

In response to these discussions, the Applicant has issued a revised affordable housing proposal dated the 15th February in which they commit to a greater minimum quantum of affordable housing. The proposed breakdown of the revised affordable housing offer is as follows:

Total number of affordable units (out of 1,063)	Social Rent: Intermediate (number)	Social Rent: Intermediate (%)	Habitable Room (%)
77 Units (7.2%) (Assuming no CIL Relief on existing floorspace)	38:39	50:50	249 (7.7%)
101 Units (9.5%) (Assuming full CIL Relief on existing floorspace)	71:29	71:29	323 (10%)

The mix of accommodation in the social rented units is now proposed to be:-

- 2 bed: 8%
- 3 bed: 79%
- 4 bed: 13%

Although we have not had sight of the documents, we understand that the breakdown and mix of and illustrative floorplans for how current outline blocks B10 and B19 could accommodate the mix have been provided to the Council.

Overall Conclusions

In conclusion and reflecting the revised affordable housing offer, in is our opinion that the current offer would represent the maximise reasonable provision in this instance. Similarly, to the conclusion reached in the previous application and our initial review of the current proposals we acknowledge that the site is challenging from a viability perspective.

Specifically, although this is a high value area the cost of developing out the site is also considerable and there are notable upfront costs. Of note is the cost of the basement, which although reflects a capital receipt from the proposed car parking and is the location of a number of services this does have a significant adverse impact on viability. Moreover, this is an upfront cost, which also has implication in relation to finance costs.

Given the characteristics and location of the site we do believe that there is a good prospect for value growth within the proposals and with this being the case, we recommend that the Council should seek appropriate Review Mechanisms given the long-term phased nature of the scheme and the potential for scheme to outperform current market expectations.

8. Viability Update – August 2023

Since the last viability update in March 2023, discussions have been ongoing between the Council and the Applicant in respect of viability and the overall affordable housing provision proposed. The latest changes to the affordable housing provision we understand responded to comments received from LBRuT on 22 March 2023. The primary change related to the Council's preference for increasing the quantum of social rented units to 80%.

The Applicant sought to incorporate this requirement into the available blocks, which has informed a revised / final affordable housing offer dated April 2023. The final offer comprises a total of 65 affordable housing units, with a tenure split of 80% rented / 20% intermediate. This represents an offer of 6% by units, or 7.8% by habitable room (241 habitable rooms).

The summary tables below provide a summary of the proposed overall, private, and affordable residential mix.

Table 1 - Revised Overall Provision

	Studio	1 bed	2 bed	3 bed	4 bed	Total
Private	45	263	460	211	24	1003
Affordable	-	8	8	44	5	65
Total	45	271	468	255	29	1068

Table 2 - Revised Affordable Provision

	Studio	1 bed	2 bed 3 person	3 bed 4 person	3 bed	4 bed	Total
Intermediate	0	8	1	4	0	0	13 (20%)
Social Rent	0	0	0	3	44	5	52 (80%)
Total	0	8	1	7	44	5	65

Except for the target profit margin (which sits outside of the appraisal) the only other input which was not previously agreed was the private residential sales values.

In terms of the revised / final offer the applicant adopted Carter Jonas' original opinion of sales values, which equated to a blended average rate of £957 psf and by doing so aligned all base assumptions. In addition, for modelling purposes a 2.0% growth and Inflation allowance were applied to both sales and constructions costs, which in overall terms has a positive impact on viability.

The Applicant also updated their CIL estimate to reflect the quantum and location of the revised affordable housing, as follows:

- No existing floorspace passes vacancy test: £59,041,050 ('Higher CIL')
- All existing floorspace passes vacancy test: £45,910,552 ('Lower CIL')

Regarding CIL/S106 costs, at this stage there is still some ambiguity. The Council's approximation of the CIL liability is between £48 million and £66 million, whereas the Applicant's evaluation ranges from £45.9 million to £59 million. Additionally, there is uncertainty about the accurate allocation of Section 106 expenses between the applicant and the Department of Education.

The Applicant modelled potential worst-case and best-case scenarios for both CIL and S106, taking into account the existing uncertainty. They utilised the live version of the final model to establish their conclusions, which were subsequently provided and validated.

The tables below provides a summary of outputs based on the various CIL and S106 cost scenarios. The table also show the profit shortfall against both the Council's and Applicant's target profit margins.

Table 3 - Applying Applicant's CIL estimate and Council's target profit

CIL (Applicant's estimates)	S106 (Applicant share)	Profit	LBRuT Target Margin	Shortfall against target	Profit shortfall (£s)
£59,041,050	100% applicant	14.18%	17.10%	-2.92%	-£29,585,288
£59,041,050	50% applicant	14.62%	17.10%	-2.48%	-£25,127,231
£45,910,552	100% applicant	15.69%	17.10%	-1.41%	-£14,286,047
£45,910,552	50% applicant	16.13%	17.10%	-0.97%	-£9,827,990

Table 4 - Applying Council's CIL estimate and Council's target profit

CIL (LBRuT estimates)	S106 (Applicant share)	Profit	LBRuT Target Margin	Shortfall against target	Profit shortfall (£s)
£62,247,392	100% applicant	13.81%	17.10%	-3.29%	-£33,334,109
£62,247,392	50% applicant	14.25%	17.10%	-2.85%	-£28,876,052
£48,435,989	100% applicant	15.40%	17.10%	-1.70%	-£17,224,312
£48,435,989	50% applicant	15.84%	17.10%	-1.26%	-£12,766,254

Table 5 - Applying Applicant's CIL estimate and Applicant's target profit

CIL (LBRuT estimates)	S106 (Applicant share)	Profit	Applicant's Target Margin	Shortfall against target	Profit shortfall (£s)
£59,041,050	100% applicant	14.18%	18.15%	-3.97%	-£40,223,833
£59,041,050	50% applicant	14.62%	18.15%	-3.53%	-£35,765,776
£45,910,552	100% applicant	15.69%	18.15%	-2.46%	-£24,924,592
£45,910,552	50% applicant	16.13%	18.15%	-2.02%	-£20,466,535

Table 6 - Applying Council's CIL estimate and Applicant's target profit

CIL (LBRuT estimates)	S106 (Applicant share)	Profit	Applicant's Target Margin	Shortfall against target	Profit shortfall (£s)
£62,247,392	100% applicant	13.81%	18.15%	-4.34%	-£43,972,654
£62,247,392	50% applicant	14.25%	18.15%	-3.90%	-£39,514,597
£48,435,989	100% applicant	15.40%	18.15%	-2.75%	-£27,862,857
£48,435,989	50% applicant	15.84%	18.15%	-2.31%	-£23,404,800

As can be seen from the outputs above that all scenarios result in a project deficit but the appraisal incorporating the Higher CIL liability, generates a profit of 14.18% of GDV, and with the Lower CIL, the appraisal generates a profit of 15.69%. Both these outputs fall below the Council's blended profit of 17.1%.

Overall Conclusions

In conclusion and reflecting the updated viability position on the revised affordable housing offer, it is our opinion that the offer remains the maximise reasonable provision in this instance. Similarly, to the conclusion reached in the previous application and our initial review of the current proposals we acknowledge that the site is challenging from a viability perspective.

Specifically, although this is a high value area the cost of developing out the site is also considerable and there are notable upfront costs. Of note is the cost of the basement, which although reflects a capital receipt from the proposed car parking and is the location of several services, this does have a significant adverse impact on viability. Moreover, this is an upfront cost, which also has implication in relation to finance costs.

Although the current economic climate is challenging, we do believe that there is a reasonable prospect for value growth due to the long-term phased nature of the scheme. Given the scheme is delivering significantly below the 50% affordable housing target, Review Mechanisms are recommended. If the viability position improves, it would be expected any additionality beyond the 'enhanced affordable housing offer', is captured, with any early and mid-stage reviews delivering enhanced affordable housing on site (either by units or change in tenures) and collecting a financial contribution towards the Councils affordable housing fund from the late-stage review.

The upcoming reviews will draw upon an evaluation of real costs and values, enhancing the Council's confidence in the project's actual viability. Crucially, the S106 agreement should encompass the Council's desired profit margins and we maintain that a blended return of 17.5%, 6.0% and 15.0% on GDV for private residential, affordable residential and commercial uses are appropriate in this instance.

It should be recognised that the above position has been arrived at after 18 months of discussions, which has required compromise by all parties. These changes are documented with this report but for ease of reference a record of the affordable housing discussions in chronological order can be found appended to this report.

9. Viability Update – December 2023

The following Section considers the viability of the Applicant's proposed amendments aimed at aligning with the Government's directive to mandate second staircases in new residential buildings exceeding 18 meters. These amendments specifically relate to the pending planning application, reference 22/0900/OUT (referred to as 'Application A').

Providing context, in July 2023, the Council's Planning Committee resolved to grant planning permission for 'Application A,' contingent upon the finalisation of a Section 106 agreement. Subsequently, in July, the Department for Levelling Up, Communities, and Housing (DLUHC) unveiled plans to amend Fire Regulations, mandating developments taller than 18 meters to incorporate two stair cores. Despite the DLUHC's transitional arrangements granting developers with existing planning permission an 18-month window for implementation, the Applicant has chosen to modify the Proposed Development to ensure compliance with the updated Fire Regulations.

To assist with the review the following documents have been provided by the Applicant / their consultants: -

- Gerald Eve Covering Letter (detailing amendments) – dated 04/12/23
- Gerald Eve – Affordable Housing Offer Note – Nov 2023
- BNP addendum FVA Report – Nov 2023 (amended)
- BNP – Live Argus Appraisals

A full breakdown of the proposed modifications is detailed in Gerald Eve's covering letter with the viability implications detailed in the BNP viability report. Consequently, I won't reiterate them extensively here. In terms of physical adjustments, the collective amendments result in changes unit numbers / floorspace as summarised in the tables below.

Residential Use

Resolved to Approve (July 2023)							October 2023 Amendments						
Housing Tenure							Housing Tenure						
Unit Size	London Affordable Rent		London Shared Ownership		Private Market		Unit Size	London Affordable Rent		London Shared Ownership		Private Market	
	No	%*	No	%	No	%		No	%*	No	%	No	%
Studio	0	0	0	0	45	4%	Studio	0	0	0	0	27	3%
1 Bed	0	0	8	62%	263	26%	1 Bed	0	0	8	62%	271	27%
2 Bed	3	6%	5	39%	460	46%	2 Bed	3	6%	5	39%	472	47%
3 Bed	44	85%	0	0	211	21%	3 Bed	44	85%	0	0	217	21%
4 Bed	5	10%	0	0	24	2%	4 Bed	5	10%	0	0	23	2%
Total	52		13		1,003		Total	52		13		1,010	

*Percentages Rounded

The table above provides a comparison between the July 2023 proposals and the residential unit mix now proposed. The overall number of units in the amended scheme is 1,075, increased from 1,071 in the previous application scheme. This increase largely relates to the conversion of the office space in Building 1 from offices to residential, which offsets reductions elsewhere.

There has been no physical change to the affordable housing offer that received resolution to approve at Planning Committee in July 2023. The affordable housing offer remains 65 units, making up 7.5% of the total habitable rooms. 52 units are specifically designated for social rent, constituting 80% of the total. Notably, 38 of these social rent units are situated in Building 19, while the remaining 14 are in Building 18. The remaining 20% of the affordable housing units, totalling 13, are proposed as London Shared Ownership and are in Building 18. Although there has been no change in the affordable housing offer due to the small an increase of private unit the overall percentage of affordable housing by habitable rooms has moved from 7.8% to 7.5%.

Non-Residential Use

Land Use	Resolved to Approve (July 2023)		October 2023 Amendments		Changes (+/-)	
	GIA sqm	GIA sqft	GIA sqm	GIA sqft	GIA sqm	GIA sqft
Flexible Uses	4,784	51,495	4,909	52,840	Plus 125	Plus 1,345
Cinema	1,606	17,287	1,755	18,891	Plus 149	Plus 1,603
Office (Class E)	4,468	48,093	1,897	20,419	Neg 2,571	Neg 27,674

The table above summarises the changes in the non-residential floorspace proposed. Specifically, a small increase in Flexible Uses from 4,784 sqm (51,495 sqft) to 4,909 sqm (52,840 sqft) is proposed. Similarly, an increase in the Cinema from space from 1,606 sqm (17,287 sqft) to 1,755 sqm (18,891 sqft) is proposed, which reflects an increase of 149 sqm (1,603 sqft).

The main change relates to the Office (Class E) use, which has reduced from 4,468 sqm (48,093 sqft) to 1,897 sqm (20,419 sqft) largely to facility the addition residential units proposed. In overall terms the office use has decreased by 2,571 sqm (27,674 sqft). Despite the decrease in the office floor area the Applicant has stated that the 10% of the total proposed office floorspace will be provided as affordable workspace which mirrors the resolved to approve position.

Viability Assumptions / Inputs

The table below details the revised development assumptions from BNP, accompanied by our comments. In most instances, BNP has adopted the previously agreed inputs. Further, where a difference of opinion remained, most notably in respect of private sales values and private profit they have adopted our position for their updated modelling but have noted that this does not indicate their agreement to those inputs.

Assumption	Inputs	Comments
Private Residential Sales Value	Blended average of £957 psf	There has been an ongoing disagreement in respect of the private sales values. Advised by Strutt and Parker, BNP previously adopted an average blended private sales figure of £927 psf. This equated to £936 psf for Phase 1 and £912 psf for Phase 2. Carter Jonas adopted an average blended private sales figure of £957psf, which reflects a blended sales rate of £963psf for Phase 1 and £952psf for Phase 2

		BNP continue to disagree with our higher values; however, their latest modeling now reflects the CJ higher value on a without-prejudice basis.
Affordable Housing Sales Values	S3 - 80% rent and 20% shared ownership (blended capital value of £266 per square foot)	The affordable housing offer remains at 65 units, equating to 7.5% of the total habitable rooms. 52 units are specifically designated for social rent, constituting 80% of the total. 38 of these social rent units are situated in Building 19, while the remaining 14 are in Building 18. The remaining 20% of the affordable housing units, totaling 13, are proposed as London Shared Ownership and are in Building 18. Although there has been no change in the affordable housing offer due to the small increase of private unit the overall percentage of affordable housing by habitable rooms has moved from 7.8% to 7.5%.
Residential Ground Rents	N/A	On 8 February 2022, the 'Leasehold Reform (Ground Rents) Act' received Royal Assent and its provisions came into effect on 30 June 2022. The Act limits ground rents in new leases to a peppercorn. Reflecting the above both parties have attached nil capital value to the disposal of the freehold.
Flexible Use Office Accommodation Hotel (3 Star) Cinema Use Affordable Flexible Use	£35psf @ 6% £40psf @ 6% £13.2m £14.33 psf 6% yield £27.50 psf @ 6% (Various rent-free periods and £1m reverse premium for the cinema use)	The amendments have resulted in a small increase in Flexible Uses from 4,784 sqm (51,495 sqft) to 4,909 sqm (52,840 sqft) is proposed. Similarly, an increase in the Cinema from space from 1,606 sqm (17,287 sqft) to 1,755 sqm (18,891 sqft) is proposed, which reflects an increase of 149 sqm (1,603 sqft). The main change relates to the Office (Class E) use, which has reduced from 4,468 sqm (48,093 sqft) to 1,897 sqm (20,419 sqft) largely to facility the addition residential units proposed. In overall terms the office use has decreased by 2,571 sqm (27,674 sqft). Rental and sales values remain unchanged from the previously agreed upon terms.
Car Parking	£50k per space applied to all car parking spaces – residential and commercial	The proposed amendments have resulted in a reduction in car parking spaces. The Proposed Development will now provide a total of 463 car parking spaces, reduced from 478 in the previous scheme. The revised appraisal therefore incorporate income from sales of 463 car parking spaces at a rate of £50,000 per space (a total of £23.15 million).
Development Costs		
Construction Costs	£550m (exc. Contingency)	The Applicant commissioned Gardiner & Theobald ('G&T') to provide a revised cost estimate for the construction costs for the Proposed Development. For the August 2022 Application, total costs for above ground construction amounted to £424.18 million before contingency. Basement construction was estimated at £66.94 million before contingency. Demolition, infrastructure and public realm were estimated at £2.9 million, £31.15 million and £25.06 million respectively before contingency. Total cost increase reflecting the amendments totals £24,060,00 from the G&T Cost Plan Rev J dated (based on 4Q2021 price levels).

		<p>The works outside the application boundary and the off-site highways works remain unchanged from the previously agreed upon terms.</p> <p>Johnson Associates has liaised with G&T in respect of the amendments, and they have provided a summary schedule of the “Fire costs” this is a comprehensive add and omits document and we can comment as follows;</p> <p>Having reviewed the costs Johnson associates has indicated that the cost adopted fall within an acceptable range.</p>
Build Contingency	5%	BNP have commented that although G&T’s cost plan recommends a Construction Contingency of 7.5% BNP have applied a 5% contingency in their appraisal, which aligns with the previously agreed position.
Professional Fees	10%	10% has been adopted in respect of professional fees, which aligns with the previously agreed position.
Marketing / Sales Costs	<p>Marketing 2%</p> <p>Letting / Legal 15%</p> <p>Sales Fee 1%</p> <p>Sales Legal £1,250 (per unit)</p> <p>Sales Legal 0.75% (commercial)</p>	BNP have maintained the previous agreed position in respect of marketing and sales costs. We believe the costs adopted continue to reflect market expectation in the context of the scale, mix, value tone and sales programme proposed.
S106 / CIL	<p>S106 - £7,327,196</p> <p>CIL – £48,971,982</p> <p>Assuming all existing space meets occupancy test</p> <p>CIL - £63,125,806</p> <p>Assuming no existing space meets occupancy test</p>	We have assumed the CIL and S106 costs to be correct for our initial modelling purposes – however we would recommend that BNP’s assumptions are reviewed and confirmed by the Council’s CIL / S106 officer.
Interest / Finance Costs	6% 100% debit	It has become standard practice to assume 100% debt funding with in FVAs although clearly in reality there is likely to be a cocktail of funding measures for a project of this scale and nature. The applicant’s original FVA assumed a 6% debit rate, and this has not been altered over the application period.
Developers Profit	<p>17.5% on GDV on private residential</p> <p>6.0% on GDV on affordable residential</p> <p>15% on GDV on commercial accommodation</p>	<p>BNP has indicated that, while the profit on private housing is yet to be agreed upon, they are currently working with Carter Jonas’s profit margin of 17.5% on a without prejudice basis.</p> <p>It’s noteworthy that the target profit or hurdle rate is subject to change throughout the project’s progression, dependent on the Gross Development Value (GDV) of its component parts. Therefore, it is crucial for the Council to integrate the target return into their strategy, based on our recommended rates of 17.5% for GDV on private residential, 6.0% for GDV on affordable residential, and 15% for GDV on commercial accommodation within the Section 106 agreement.</p>
Benchmark Land Value	£36.0m	BNP have maintained the £36m BLV agreed with the GLA relating to the previous application. This has been incorporated

		into their development appraisal as a fixed land value as described above.
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Viability Outputs

BNP's approach involves employing a fixed land price/building land value (BLV) in the appraisal process, resulting in the determination of the profit return. This approach sets the target profit as the viability hurdle, an acceptable approach despite not being the most used for FVA purposes. BNP's base appraisals of the proposed development also continue to reflect growth in sales values/inflation based on the following assumptions: -

Sales Values:

- Sales values increase steadily over the specified years.
- From 2024 to 2027, there is a gradual increase from 2.00% to 3.00%.
- From the year 2028 onwards, there is an assumed constant growth rate of 4.00%.

Construction Costs:

- The construction costs, there is an assumed constant growth rate of 4.00%.

In summary, BNP's growth assumptions suggest a planned and steady growth in sales values, with construction costs remaining stable until 2028. Starting from 2029, a higher assumed growth rate is anticipated for sales values.

In addition to BNP's approach, we have also we have also modelled scenarios without growth to illustrate the viability implications of the inclusion of growth in sales values and build cost inflation.

We have been provided with and reviewed BNP's working viability models, and as stated previously both parties are aligned on the viability inputs for the purpose of this modelling. As such we can confirm we are satisfied with the construction of the viability model and can validate the outputs for the respect scenarios, which for ease of reference are detailed in the table below.

Appraisal outputs (with cumulative growth) reflecting the final affordable housing offer

CIL Assumption	Profit on GDV	Profit on Costs	Profit Outturn
No existing floorspace meets occupancy test	10.39%	11.64%	£104.4m
All existing floorspace meets occupancy test	12.18%	13.93%	£122.4m

Appraisal outputs (without growth) reflecting the final affordable housing offer

CIL Assumption	Profit on GDV	Profit on Costs	Profit Outturn
No existing floorspace meets occupancy test	5.18%	5.49%	£47.9m

All existing floorspace meets occupancy test	7.15%	7.73%	£65.9m
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Overall Conclusions

In summary, despite the Applicant's amendments, we maintain the view that the final affordable offer represents the maximum reasonable provision in this case. Aligning with the conclusion drawn in the previous review, we acknowledge the site's challenges from a viability standpoint.

Specifically, despite the high value nature of the site, the development costs for the site are substantial, including significant upfront development costs. Notably, the basement construction cost, while offset by capital receipts from proposed parking and housing various services, negatively impacts viability. Furthermore, this upfront cost carries implications for finance costs. The scheme also has significant S106 / CIL costs although we understand these are still to be validated by the Council.

Despite the challenging economic climate, we believe there is a reasonable prospect for value growth, given the phased nature of the scheme over the long term and its proximity to the Thames. Recognising that the scheme falls below the 50% affordable housing target, the Applicant acknowledges the need for Review Mechanisms, and we understand that provision is being made for this within the draft Section 106 agreement. These mechanisms will capture any value uplift, with resulting funds allocated to additional affordable housing or a payment in lieu.

The various Reviews will draw on a comprehensive evaluation of real costs and values, bolstering the Council's confidence in the project's actual viability. Importantly, the Section 106 agreement should encompass the Council's desired profit margins. We contend that a blended return of 17.5%, 6.0%, and 15.0% on GDV for private residential, affordable residential, and commercial uses respectively is appropriate, a position we understand has now been accepted by the Applicant for the purposes of the review.

Lastly, it's crucial to recognise that the above position has been reached after 24 months of extensive discussions and iterations of the Proposed Development, involving compromise from all parties. While these changes are detailed throughout the report, for ease of reference, a chronological record of affordable housing discussions and other leading to the "Final Affordable Housing" is appended to this report.

Final Appraisals (Jan 2024)

After reporting the information above, there have been some minor amendments to Section 106 costs, increasing from £7,327,196 to £7,331,266 (a change of £4,070). However, considering the scale of the scheme, this increase has no material impact on the outputs or conclusions reported earlier.

For completeness, BNP has reissued their appraisals with the updated Section 106 costs but maintaining the Applicant's Community Infrastructure Levy (CIL) calculation. We understand that the CIL costs are still to be agreed upon with the Council. The outputs in the table, therefore, represent the agreed profit outputs, subject to the validation of CIL costs.

Appraisal outputs (present day / without growth) reflecting the final affordable housing offer

CIL Assumption	Profit on GDV	Profit on Costs	Profit Outturn
A - No existing floorspace meets occupancy test	5.18%	5.49%	£47,854,082
B - All existing floorspace meets occupancy test	7.15%	7.73%	£65,973,053

Appraisal outputs (with cumulative growth) reflecting the final affordable housing offer

CIL Assumption	Profit on GDV	Profit on Costs	Profit Outturn
C - No existing floorspace meets occupancy test	10.39%	11.64%	£104,443,194
D - All existing floorspace meets occupancy test	12.18%	13.93%	£122,425,728

In addition to the above we have also calculated the project deficit against the Council target blended profit margin, which is presented in the tables below.

Appraisal outputs (present day / without growth) reflecting the final affordable housing offer

CIL Assumption	Profit on GDV	Profit on Costs	Profit Outturn	Project deficit against LBRuT's target blended profit
A - No existing floorspace meets occupancy test	5.18%	5.49%	£47,854,082	-£110,349,590
B - All existing floorspace meets occupancy test	7.15%	7.73%	£65,973,053	-£92,230,614

Appraisal outputs (with cumulative growth) reflecting the final affordable housing offer

CIL Assumption	Profit on GDV	Profit on Costs	Profit Outturn	Project deficit against LBRuT's target blended profit
C - No existing floorspace meets occupancy test	10.39%	11.64%	£104,443,194	-£67,970,109
D - All existing floorspace meets occupancy test	12.18%	13.93%	£122,425,728	-£49,987,575

APPENDIX 1 – APPRAISAL PRINT-OUTS

Stag Brewery - Fire Regs amends
A) 80% Rent 20% Intermediate (Higher CIL)

Development Appraisal
Carter Jonas LLP
16 January 2024

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
A) 80% Rent 20% Intermediate (Higher CIL)****Appraisal Summary for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price
Building 1 residential	17	15,349	957.00	864,058
Building 2 residential	119	107,768	957.00	866,672
Building 3 residential	48	41,172	957.00	820,867
Building 4 residential	19	20,365	957.00	1,025,753
Plot 1A Basement Car Parking	463	0	38.94	50,000
Building 6 residential	24	20,516	957.00	818,075
Building 7 residential	87	73,560	957.00	809,160
Building 8 residential	100	88,996	957.00	851,692
Building 9 residential	13	13,842	957.00	1,018,984
Building 11 residential	52	48,287	957.00	888,667
Building 12 residential	48	39,041	957.00	778,380
Building 10 residential	39	26,264	957.00	644,478
Building 13 Residential	42	31,205	957.00	711,028
Building 14 Residential	34	25,597	957.00	720,480
Building 15 Residential	111	76,983	957.00	663,718
Building 16 residential	73	47,663	957.00	624,842
Building 17 Residential	64	49,600	957.00	741,675
Building 20 Private	16	23,433	957.00	1,401,586
Building 21 Private	7	12,056	957.00	1,648,227
Building 19 Affordable	38	41,312	266.00	289,184
Building 18 Private	97	106,799	957.00	1,053,677
Building 18 Affordable	<u>27</u>	<u>25,963</u>	266.00	255,784
Totals	1,538	935,771		

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit
Building 1 Flexible use	1	1,295	35.00	45,325
Building 1 Cinema	1	18,892	14.33	270,801
Building 2 flexible use	1	5,561	35.00	194,635
Building 4 flexible use	1	4,385	35.00	153,475
Building 5 flexible use	1	10,860	35.00	380,100
Building 5 office	1	14,290	40.00	571,600
Building 5 hotel	1	13,299		0
Building 6 flexible use	1	3,746	35.00	131,110
Building 7 flexible use	1	5,583	35.00	195,405
Building 8 Affordable flexible use	1	3,681	27.50	101,228
Building 9 flexible use	1	3,132	35.00	109,620
Building 10 flexible use	1	888	35.00	31,080
Building 11 flexible use	1	2,564	35.00	89,740
Building 12 flexible use	1	3,341	35.00	116,935
Totals	14	91,517		

Investment Valuation

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****A) 80% Rent 20% Intermediate (Higher CIL)****Building 1 Flexible use**

Market Rent	45,325	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 1 Cinema

Market Rent	270,801	YP @	6.0000%	16.6667
(3mths Rent Free)		PV 3mths @	6.0000%	0.9855

Building 2 flexible use

Market Rent	194,635	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 4 flexible use

Market Rent	153,475	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 flexible use

Market Rent	380,100	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 office

Market Rent	571,600	YP @	6.0000%	16.6667
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900

Building 5 hotel

Manual Value

Building 6 flexible use

Market Rent	131,110	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 7 flexible use

Market Rent	195,405	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 8 Affordable flexible use

Market Rent	101,228	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 9 flexible use

Market Rent	109,620	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 10 flexible use

Market Rent	31,080	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 11 flexible use

Market Rent	89,740	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****A) 80% Rent 20% Intermediate (Higher CIL)****Building 12 flexible use**

Market Rent	116,935	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Total Investment Valuation**GROSS DEVELOPMENT VALUE 923,044,791**

Purchaser's Costs			(3,457,730)	
Effective Purchaser's Costs Rate	6.80%			(3,457,730)

NET DEVELOPMENT VALUE 919,587,061**NET REALISATION 919,587,061****OUTLAY****ACQUISITION COSTS**

Fixed Price	36,000,000			
Fixed Price			36,000,000	
				36,000,000
Stamp Duty	5.00%	1,800,000		
Agent Fee	1.00%	360,000		
Legal Fee	0.80%	288,000		
				2,448,000

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Building 1 Flexible use	1,524	316.47	482,300
Building 1 Cinema	18,892	316.47	5,978,751
Building 2 flexible use	6,542	316.47	2,070,347
Building 4 flexible use	5,159	316.47	1,632,669
Building 5 flexible use	12,777	316.47	4,043,537
Building 5 office	20,414	316.47	6,460,419
Building 5 hotel	18,998	316.47	6,012,297
Building 6 flexible use	4,407	316.47	1,394,683
Building 7 flexible use	6,568	316.47	2,078,575
Building 8 Affordable flexible use	4,331	316.47	1,370,632
Building 9 flexible use	3,685	316.47	1,166,192
Building 10 flexible use	1,045	316.47	330,711
Building 11 flexible use	3,017	316.47	954,790
Building 12 flexible use	3,931	316.47	1,244,044
Building 1 residential	22,402	316.47	7,089,561
Building 2 residential	137,771	316.47	43,600,388
Building 3 residential	54,055	316.47	17,106,786
Building 4 residential	29,310	316.47	9,275,736
Building 3 and 4 above ground car parkin	2,868	316.47	907,636
Building 6 residential	29,053	316.47	9,194,403
Building 7 residential	95,814	316.47	30,322,257
Building 8 residential	118,984	316.47	37,654,866

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****A) 80% Rent 20% Intermediate (Higher CIL)**

Building 9 residential	18,164	316.47	5,748,361	
Bulding 11 residential	62,212	316.47	19,688,232	
Building 12 residential	54,455	316.47	17,233,374	
Building 10 residential	43,359	316.47	13,721,823	
Building 10 above ground car parking	2,831	316.47	895,927	
Building 13 Residential	38,590	316.47	12,212,577	
Building 14 Residential	32,378	316.47	10,246,666	
Building 15 Residential	95,822	316.47	30,324,788	
Building 16 residential	59,380	316.47	18,791,989	
Building 17 Residential	64,268	316.47	20,338,894	
Building 20 Private	25,912	316.47	8,200,371	
Building 21 Private	13,022	316.47	4,121,072	
Building 19 Affordable	52,489	316.47	16,611,194	
Building 18 Private	135,040	316.47	42,736,109	
Building 18 Affordable	33,386	316.47	10,565,667	
Totals	1,332,855 ft²		421,808,622	421,808,622
Developers Contingency		5.00%	25,945,312	
Demolition			2,900,000	
				28,845,312
Other Construction				
Infrastructure works			31,150,000	
Basement			66,940,000	
Public Realm works			5,540,000	
Capital contribution to cinema fito			1,000,000	
Highways works			4,518,000	
Pavement works			341,000	
Fire regs scheme cost increase			24,060,000	
Public realm works			4,380,000	
Highways works			4,905,000	
Pavement works			1,825,000	
Public realm works			2,140,000	
Highways works			2,045,000	
Public realm works			8,290,000	
Public realm works			4,710,000	
				161,844,000
Municipal Costs				
S106			7,331,266	
CIL Borough and Mayoral (Ph 2)			64,202,775	
				71,534,041
PROFESSIONAL FEES				
Professional fees		10.00%	54,383,739	
				54,383,739
MARKETING & LETTING				
Marketing		2.00%	15,826,541	
Letting Agent Fee		10.00%	181,837	
Letting Legal Fee		5.00%	380,584	
				16,388,962
DISPOSAL FEES				
Sales Agent Fee		1.00%	9,195,871	

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****A) 80% Rent 20% Intermediate (Higher CIL)**

Sales Legal Fee residential	338 un	1,250.00 /un	422,500
Sales Legal Fee commercial		0.50%	49,978
Sales Legal Fee residential	211 un	1,250.00 /un	263,750
Sales Legal Fee commercial		0.50%	186,978
Sales Legal Fee residential	324 un	1,250.00 /un	405,000
Sales Legal Fee	158 un	1,250.00 /un	197,500
			10,721,577

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Total Finance Cost	67,758,726

TOTAL COSTS**871,732,979****PROFIT****47,854,082****Performance Measures**

Profit on Cost%	5.49%
Profit on GDV%	5.18%

Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)

Development Appraisal
Carter Jonas LLP
16 January 2024

APPRAISAL SUMMARY**CARTER JONAS LLP**

**Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)**

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price
Building 1 residential	17	15,349	957.00	864,058
Building 2 residential	119	107,768	957.00	866,672
Building 3 residential	48	41,172	957.00	820,867
Building 4 residential	19	20,365	957.00	1,025,753
Plot 1A Basement Car Parking	463	0	38.94	50,000
Building 6 residential	24	20,516	957.00	818,075
Building 7 residential	87	73,560	957.00	809,160
Building 8 residential	100	88,996	957.00	851,692
Building 9 residential	13	13,842	957.00	1,018,984
Building 11 residential	52	48,287	957.00	888,667
Building 12 residential	48	39,041	957.00	778,380
Building 10 residential	39	26,264	957.00	644,478
Building 13 Residential	42	31,205	957.00	711,028
Building 14 Residential	34	25,597	957.00	720,480
Building 15 Residential	111	76,983	957.00	663,718
Building 16 residential	73	47,663	957.00	624,842
Building 17 Residential	64	49,600	957.00	741,675
Building 20 Private	16	23,433	957.00	1,401,586
Building 21 Private	7	12,056	957.00	1,648,227
Building 19 Affordable	38	41,312	266.00	289,184
Building 18 Private	97	106,799	957.00	1,053,677
Building 18 Affordable	<u>27</u>	<u>25,963</u>	266.00	255,784
Totals	1,538	935,771		

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit
Building 1 Flexible use	1	1,295	35.00	45,325
Building 1 Cinema	1	18,892	14.33	270,801
Building 2 flexible use	1	5,561	35.00	194,635
Building 4 flexible use	1	4,385	35.00	153,475
Building 5 flexible use	1	10,860	35.00	380,100
Building 5 office	1	14,290	40.00	571,600
Building 5 hotel	1	13,299		0
Building 6 flexible use	1	3,746	35.00	131,110
Building 7 flexible use	1	5,583	35.00	195,405
Building 8 Affordable flexible use	1	3,681	27.50	101,228
Building 9 flexible use	1	3,132	35.00	109,620
Building 10 flexible use	1	888	35.00	31,080
Building 11 flexible use	1	2,564	35.00	89,740
Building 12 flexible use	1	3,341	35.00	116,935
Totals	14	91,517		

Investment Valuation

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Building 1 Flexible use**

Market Rent	45,325	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 1 Cinema

Market Rent	270,801	YP @	6.0000%	16.6667
(3mths Rent Free)		PV 3mths @	6.0000%	0.9855

Building 2 flexible use

Market Rent	194,635	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 4 flexible use

Market Rent	153,475	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 flexible use

Market Rent	380,100	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 office

Market Rent	571,600	YP @	6.0000%	16.6667
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900

Building 5 hotel

Manual Value

Building 6 flexible use

Market Rent	131,110	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 7 flexible use

Market Rent	195,405	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 8 Affordable flexible use

Market Rent	101,228	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 9 flexible use

Market Rent	109,620	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 10 flexible use

Market Rent	31,080	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 11 flexible use

Market Rent	89,740	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Building 12 flexible use**

Market Rent	116,935	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Total Investment Valuation**GROSS DEVELOPMENT VALUE 923,044,791**

Purchaser's Costs			(3,457,730)	
Effective Purchaser's Costs Rate	6.80%			(3,457,730)

NET DEVELOPMENT VALUE 919,587,061**NET REALISATION 919,587,061****OUTLAY****ACQUISITION COSTS**

Fixed Price	36,000,000			
Fixed Price			36,000,000	
				36,000,000
Stamp Duty	5.00%		1,800,000	
Agent Fee	1.00%		360,000	
Legal Fee	0.80%		288,000	
				2,448,000

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Building 1 Flexible use	1,524	316.47	482,300
Building 1 Cinema	18,892	316.47	5,978,751
Building 2 flexible use	6,542	316.47	2,070,347
Building 4 flexible use	5,159	316.47	1,632,669
Building 5 flexible use	12,777	316.47	4,043,537
Building 5 office	20,414	316.47	6,460,419
Building 5 hotel	18,998	316.47	6,012,297
Building 6 flexible use	4,407	316.47	1,394,683
Building 7 flexible use	6,568	316.47	2,078,575
Building 8 Affordable flexible use	4,331	316.47	1,370,632
Building 9 flexible use	3,685	316.47	1,166,192
Building 10 flexible use	1,045	316.47	330,711
Building 11 flexible use	3,017	316.47	954,790
Building 12 flexible use	3,931	316.47	1,244,044
Building 1 residential	22,402	316.47	7,089,561
Building 2 residential	137,771	316.47	43,600,388
Building 3 residential	54,055	316.47	17,106,786
Building 4 residential	29,310	316.47	9,275,736
Building 3 and 4 above ground car parkin	2,868	316.47	907,636
Building 6 residential	29,053	316.47	9,194,403
Building 7 residential	95,814	316.47	30,322,257
Building 8 residential	118,984	316.47	37,654,866

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****80% Rent 20% Intermediate (Higher CIL)**

Building 9 residential	18,164	316.47	5,748,361	
Bulding 11 residential	62,212	316.47	19,688,232	
Building 12 residential	54,455	316.47	17,233,374	
Building 10 residential	43,359	316.47	13,721,823	
Building 10 above ground car parking	2,831	316.47	895,927	
Building 13 Residential	38,590	316.47	12,212,577	
Building 14 Residential	32,378	316.47	10,246,666	
Building 15 Residential	95,822	316.47	30,324,788	
Building 16 residential	59,380	316.47	18,791,989	
Building 17 Residential	64,268	316.47	20,338,894	
Building 20 Private	25,912	316.47	8,200,371	
Building 21 Private	13,022	316.47	4,121,072	
Building 19 Affordable	52,489	316.47	16,611,194	
Building 18 Private	135,040	316.47	42,736,109	
Building 18 Affordable	<u>33,386</u>	316.47	<u>10,565,667</u>	
Totals	1,332,855 ft²		421,808,622	421,808,622
Developers Contingency		5.00%	25,945,312	
Demolition			2,900,000	
				28,845,312
Other Construction				
Infrastructure works			31,150,000	
Basement			66,940,000	
Public Realm works			5,540,000	
Capital contribution to cinema fito			1,000,000	
Highways works			4,518,000	
Pavement works			341,000	
Fire regs scheme cost increase			24,060,000	
Public realm works			4,380,000	
Highways works			4,905,000	
Pavement works			1,825,000	
Public realm works			2,140,000	
Highways works			2,045,000	
Public realm works			8,290,000	
Public realm works			4,710,000	
				161,844,000
Municipal Costs				
S106			7,331,266	
CIL Borough and Mayoral (Ph 2)			48,937,556	
				56,268,822
PROFESSIONAL FEES				
Professional fees		10.00%	54,383,739	
				54,383,739
MARKETING & LETTING				
Marketing		2.00%	15,826,541	
Letting Agent Fee		10.00%	181,837	
Letting Legal Fee		5.00%	380,584	
				16,388,962
DISPOSAL FEES				
Sales Agent Fee		1.00%	9,195,871	

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****80% Rent 20% Intermediate (Higher CIL)**

Sales Legal Fee residential	338 un	1,250.00 /un	422,500
Sales Legal Fee commercial		0.50%	49,978
Sales Legal Fee residential	211 un	1,250.00 /un	263,750
Sales Legal Fee commercial		0.50%	186,978
Sales Legal Fee residential	324 un	1,250.00 /un	405,000
Sales Legal Fee	158 un	1,250.00 /un	197,500
			10,721,577

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)
Total Finance Cost

64,904,968

TOTAL COSTS**853,614,002****PROFIT****65,973,058****Performance Measures**

Profit on Cost% 7.73%
Profit on GDV% 7.15%

Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)

Development Appraisal
Carter Jonas LLP
16 January 2024

APPRAISAL SUMMARY**CARTER JONAS LLP**

**Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)**

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price
‡ Building 1 residential	17	15,349	957.00	864,058
‡ Building 2 residential	119	107,768	957.00	866,672
‡ Building 3 residential	48	41,172	957.00	820,867
‡ Building 4 residential	19	20,365	957.00	1,025,753
Plot 1A Basement Car Parking	463	0	38.94	50,000
‡ Building 6 residential	24	20,516	957.00	818,075
‡ Building 7 residential	87	73,560	957.00	809,160
‡ Building 8 residential	100	88,996	957.00	851,692
‡ Building 9 residential	13	13,842	957.00	1,018,984
‡ Bulding 11 residential	52	48,287	957.00	888,667
‡ Building 12 residential	48	39,041	957.00	778,380
‡ Building 10 residential	39	26,264	957.00	644,478
‡ Building 13 Residential	42	31,205	957.00	711,028
‡ Building 14 Residential	34	25,597	957.00	720,480
‡ Building 15 Residential	111	76,983	957.00	663,718
‡ Building 16 residential	73	47,663	957.00	624,842
‡ Building 17 Residential	64	49,600	957.00	741,675
‡ Building 20 Private	16	23,433	957.00	1,401,586
‡ Building 21 Private	7	12,056	957.00	1,648,227
‡ Building 19 Affordable	38	41,312	266.00	289,184
‡ Building 18 Private	97	106,799	957.00	1,053,677
‡ Building 18 Affordable	<u>27</u>	<u>25,963</u>	266.00	255,784
Totals	1,538	935,771		

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit
Building 1 Flexible use	1	1,295	35.00	45,325
Building 1 Cinema	1	18,892	14.33	270,801
Building 2 flexible use	1	5,561	35.00	194,635
Buildng 4 flexible use	1	4,385	35.00	153,475
Building 5 flexible use	1	10,860	35.00	380,100
Building 5 office	1	14,290	40.00	571,600
Building 5 hotel	1	13,299		0
Building 6 flexible use	1	3,746	35.00	131,110
Building 7 flexible use	1	5,583	35.00	195,405
Building 8 Affordable flexible use	1	3,681	27.50	101,228
Building 9 flexible use	1	3,132	35.00	109,620
Building 10 flexible use	1	888	35.00	31,080
Building 11 flexible use	1	2,564	35.00	89,740
Building 12 flexible use	1	3,341	35.00	116,935
Totals	14	91,517		

Investment Valuation

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Building 1 Flexible use**

Market Rent	45,325	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 1 Cinema

Market Rent	270,801	YP @	6.0000%	16.6667
(3mths Rent Free)		PV 3mths @	6.0000%	0.9855

Building 2 flexible use

Market Rent	194,635	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 4 flexible use

Market Rent	153,475	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 flexible use

Market Rent	380,100	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 office

Market Rent	571,600	YP @	6.0000%	16.6667
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900

Building 5 hotel

Manual Value

Building 6 flexible use

Market Rent	131,110	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 7 flexible use

Market Rent	195,405	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 8 Affordable flexible use

Market Rent	101,228	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 9 flexible use

Market Rent	109,620	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 10 flexible use

Market Rent	31,080	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 11 flexible use

Market Rent	89,740	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Building 12 flexible use**

Market Rent	116,935	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Total Investment Valuation**GROSS DEVELOPMENT VALUE** **1,004,895,082**

Purchaser's Costs			(3,457,730)	
Effective Purchaser's Costs Rate	6.80%			(3,457,730)

NET DEVELOPMENT VALUE **1,001,437,352****NET REALISATION** **1,001,437,352****OUTLAY****ACQUISITION COSTS**

Fixed Price	36,000,000			
Fixed Price			36,000,000	
				36,000,000
Stamp Duty	5.00%	1,800,000		
Agent Fee	1.00%	360,000		
Legal Fee	0.80%	288,000		
				2,448,000

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
‡ Building 1 Flexible use	1,524	316.47	504,518
‡ Building 1 Cinema	18,892	316.47	6,254,167
‡ Building 2 flexible use	6,542	316.47	2,165,719
‡ Building 4 flexible use	5,159	316.47	1,707,879
‡ Building 5 flexible use	12,777	316.47	4,207,770
‡ Building 5 office	20,414	316.47	6,722,815
‡ Building 5 hotel	18,998	316.47	6,256,493
‡ Building 6 flexible use	4,407	316.47	1,451,330
‡ Building 7 flexible use	6,568	316.47	2,162,998
‡ Building 8 Affordable flexible use	4,331	316.47	1,426,301
‡ Building 9 flexible use	3,685	316.47	1,219,913
Building 10 flexible use	1,045	316.47	330,711
‡ Building 11 flexible use	3,017	316.47	998,773
‡ Building 12 flexible use	3,931	316.47	1,301,351
‡ Building 1 residential	22,402	316.47	7,416,147
‡ Building 2 residential	137,771	316.47	45,608,874
‡ Building 3 residential	54,055	316.47	17,894,823
‡ Building 4 residential	29,310	316.47	9,703,030
‡ Building 3 and 4 above ground car park	2,868	316.47	949,447
‡ Building 6 residential	29,053	316.47	9,567,843
‡ Building 7 residential	95,814	316.47	31,553,825
‡ Building 8 residential	118,984	316.47	39,184,257

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****80% Rent 20% Intermediate (Higher CIL)**

‡ Building 9 residential	18,164	316.47	6,013,164	
‡ Bulding 11 residential	62,212	316.47	20,595,185	
‡ Building 12 residential	54,455	316.47	18,027,243	
‡ Building 10 residential	43,359	316.47	14,353,929	
‡ Building 10 above ground car parking	2,831	316.47	937,198	
‡ Building 13 Residential	38,590	316.47	12,902,278	
‡ Building 14 Residential	32,378	316.47	10,825,343	
‡ Building 15 Residential	95,822	316.47	32,037,370	
‡ Building 16 residential	59,380	316.47	19,853,260	
‡ Building 17 Residential	64,268	316.47	21,487,526	
‡ Building 20 Private	25,912	316.47	8,618,349	
‡ Building 21 Private	13,022	316.47	4,331,126	
‡ Building 19 Affordable	52,489	316.47	17,457,877	
‡ Building 18 Private	135,040	316.47	44,914,396	
‡ Building 18 Affordable	<u>33,386</u>	316.47	<u>11,104,206</u>	
Totals	1,332,855 ft²		442,047,435	442,047,435
Developers Contingency		5.00%	26,909,318	
Demolition			2,900,000	
				29,809,318
Other Construction				
Infrastructure works			31,150,000	
Basement			66,940,000	
Public Realm works			5,540,000	
Capital contribution to cinema fito			1,000,000	
Highways works			4,518,000	
Pavement works			341,000	
Fire regs scheme cost increase			24,060,000	
Public realm works			4,380,000	
Highways works			4,905,000	
Pavement works			1,825,000	
Public realm works			2,140,000	
Highways works			2,045,000	
Public realm works			8,290,000	
Public realm works			4,710,000	
				161,844,000
Municipal Costs				
S106			7,331,266	
CIL Borough and Mayoral (Ph 2)			64,202,775	
				71,534,041
PROFESSIONAL FEES				
Professional fees		10.00%	56,321,108	
				56,321,108
MARKETING & LETTING				
Marketing		2.00%	17,366,996	
Letting Agent Fee		10.00%	181,837	
Letting Legal Fee		5.00%	380,584	
				17,929,418
DISPOSAL FEES				
Sales Agent Fee		1.00%	10,014,374	

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****80% Rent 20% Intermediate (Higher CIL)**

Sales Legal Fee residential	338 un	1,250.00 /un	422,500	
Sales Legal Fee commercial		0.50%	49,978	
Sales Legal Fee residential	211 un	1,250.00 /un	263,750	
Sales Legal Fee commercial		0.50%	186,978	
Sales Legal Fee residential	324 un	1,250.00 /un	405,000	
Sales Legal Fee	158 un	1,250.00 /un	197,500	
				11,540,080

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				67,520,759

TOTAL COSTS**896,994,158****PROFIT****104,443,194****Performance Measures**

Profit on Cost%	11.64%
Profit on GDV%	10.39%

‡ Inflation/Growth applied

Growth on Sales

		Ungrown	Growth
Building 1 residential	Growth Set 1 at 2.000% var.	14,688,993	1,414,447
Building 2 residential	Growth Set 1 at 2.000% var.	103,133,976	9,931,076
Building 3 residential	Growth Set 1 at 2.000% var.	39,401,604	3,794,097
Building 4 residential	Growth Set 1 at 2.000% var.	19,489,305	1,876,683
Building 6 residential	Growth Set 1 at 2.000% var.	19,633,812	492,451
Building 7 residential	Growth Set 1 at 2.000% var.	70,396,920	5,604,031
Building 8 residential	Growth Set 1 at 2.000% var.	85,169,172	6,779,994
Building 9 residential	Growth Set 1 at 2.000% var.	13,246,794	1,275,573
Bulding 11 residential	Growth Set 1 at 2.000% var.	46,210,659	4,449,761
Building 12 residential	Growth Set 1 at 2.000% var.	37,362,237	3,597,720
Building 10 residential	Growth Set 1 at 2.000% var.	25,134,648	2,420,290
Building 13 Residential	Growth Set 1 at 2.000% var.	29,863,185	3,425,899
Building 14 Residential	Growth Set 1 at 2.000% var.	24,496,329	2,810,214
Building 15 Residential	Growth Set 1 at 2.000% var.	73,672,731	8,451,721
Building 16 residential	Growth Set 1 at 2.000% var.	45,613,491	5,232,771
Building 17 Residential	Growth Set 1 at 2.000% var.	47,467,200	5,445,428
Building 20 Private	Growth Set 1 at 2.000% var.	22,425,381	2,159,406
Building 21 Private	Growth Set 1 at 2.000% var.	11,537,592	1,110,989
Building 19 Affordable	Growth Set 1 at 2.000% var.	10,988,992	609,646
Building 18 Private	Growth Set 1 at 2.000% var.	102,206,643	10,584,956
Building 18 Affordable	Growth Set 1 at 2.000% var.	6,906,158	383,139

Inflation on Construction Costs

		Uninflated	Inflation
Building 1 residential	Inflation Set 1 at 2.000%	7,089,561	326,586
Building 2 residential	Inflation Set 1 at 2.000%	43,600,388	2,008,486
Building 3 residential	Inflation Set 1 at 2.000%	17,106,786	788,037
Building 4 residential	Inflation Set 1 at 2.000%	9,275,736	427,294

Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)

Development Appraisal
Carter Jonas LLP
16 January 2024

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Appraisal Summary for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price
‡ Building 1 residential	17	15,349	957.00	864,058
‡ Building 2 residential	119	107,768	957.00	866,672
‡ Building 3 residential	48	41,172	957.00	820,867
‡ Building 4 residential	19	20,365	957.00	1,025,753
Plot 1A Basement Car Parking	463	0	38.94	50,000
‡ Building 6 residential	24	20,516	957.00	818,075
‡ Building 7 residential	87	73,560	957.00	809,160
‡ Building 8 residential	100	88,996	957.00	851,692
‡ Building 9 residential	13	13,842	957.00	1,018,984
‡ Bulding 11 residential	52	48,287	957.00	888,667
‡ Building 12 residential	48	39,041	957.00	778,380
‡ Building 10 residential	39	26,264	957.00	644,478
‡ Building 13 Residential	42	31,205	957.00	711,028
‡ Building 14 Residential	34	25,597	957.00	720,480
‡ Building 15 Residential	111	76,983	957.00	663,718
‡ Building 16 residential	73	47,663	957.00	624,842
‡ Building 17 Residential	64	49,600	957.00	741,675
‡ Building 20 Private	16	23,433	957.00	1,401,586
‡ Building 21 Private	7	12,056	957.00	1,648,227
‡ Building 19 Affordable	38	41,312	266.00	289,184
‡ Building 18 Private	97	106,799	957.00	1,053,677
‡ Building 18 Affordable	<u>27</u>	<u>25,963</u>	266.00	255,784
Totals	1,538	935,771		

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit
Building 1 Flexible use	1	1,295	35.00	45,325
Building 1 Cinema	1	18,892	14.33	270,801
Building 2 flexible use	1	5,561	35.00	194,635
Builingd 4 flexible use	1	4,385	35.00	153,475
Building 5 flexible use	1	10,860	35.00	380,100
Building 5 office	1	14,290	40.00	571,600
Building 5 hotel	1	13,299		0
Building 6 flexible use	1	3,746	35.00	131,110
Building 7 flexible use	1	5,583	35.00	195,405
Building 8 Affordable flexible use	1	3,681	27.50	101,228
Building 9 flexible use	1	3,132	35.00	109,620
Building 10 flexible use	1	888	35.00	31,080
Building 11 flexible use	1	2,564	35.00	89,740
Building 12 flexible use	1	3,341	35.00	116,935
Totals	14	91,517		

Investment Valuation

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Building 1 Flexible use**

Market Rent	45,325	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 1 Cinema

Market Rent	270,801	YP @	6.0000%	16.6667
(3mths Rent Free)		PV 3mths @	6.0000%	0.9855

Building 2 flexible use

Market Rent	194,635	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 4 flexible use

Market Rent	153,475	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 flexible use

Market Rent	380,100	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 5 office

Market Rent	571,600	YP @	6.0000%	16.6667
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900

Building 5 hotel

Manual Value

Building 6 flexible use

Market Rent	131,110	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 7 flexible use

Market Rent	195,405	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 8 Affordable flexible use

Market Rent	101,228	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 9 flexible use

Market Rent	109,620	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 10 flexible use

Market Rent	31,080	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Building 11 flexible use

Market Rent	89,740	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends
80% Rent 20% Intermediate (Higher CIL)****Building 12 flexible use**

Market Rent	116,935	YP @	6.0000%	16.6667
(9mths Rent Free)		PV 9mths @	6.0000%	0.9572

Total Investment Valuation**GROSS DEVELOPMENT VALUE** **1,004,895,082**

Purchaser's Costs			(3,457,730)	
Effective Purchaser's Costs Rate	6.80%			(3,457,730)

NET DEVELOPMENT VALUE **1,001,437,352****NET REALISATION** **1,001,437,352****OUTLAY****ACQUISITION COSTS**

Fixed Price	36,000,000			
Fixed Price			36,000,000	
				36,000,000
Stamp Duty	5.00%	1,800,000		
Agent Fee	1.00%	360,000		
Legal Fee	0.80%	288,000		
				2,448,000

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
‡ Building 1 Flexible use	1,524	316.47	504,518
‡ Building 1 Cinema	18,892	316.47	6,254,167
‡ Building 2 flexible use	6,542	316.47	2,165,719
‡ Building 4 flexible use	5,159	316.47	1,707,879
‡ Building 5 flexible use	12,777	316.47	4,207,770
‡ Building 5 office	20,414	316.47	6,722,815
‡ Building 5 hotel	18,998	316.47	6,256,493
‡ Building 6 flexible use	4,407	316.47	1,451,330
‡ Building 7 flexible use	6,568	316.47	2,162,998
‡ Building 8 Affordable flexible use	4,331	316.47	1,426,301
‡ Building 9 flexible use	3,685	316.47	1,219,913
Building 10 flexible use	1,045	316.47	330,711
‡ Building 11 flexible use	3,017	316.47	998,773
‡ Building 12 flexible use	3,931	316.47	1,301,351
‡ Building 1 residential	22,402	316.47	7,416,147
‡ Building 2 residential	137,771	316.47	45,608,874
‡ Building 3 residential	54,055	316.47	17,894,823
‡ Building 4 residential	29,310	316.47	9,703,030
‡ Building 3 and 4 above ground car park	2,868	316.47	949,447
‡ Building 6 residential	29,053	316.47	9,567,843
‡ Building 7 residential	95,814	316.47	31,553,825
‡ Building 8 residential	118,984	316.47	39,184,257

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****80% Rent 20% Intermediate (Higher CIL)**

‡ Building 9 residential	18,164	316.47	6,013,164	
‡ Bulding 11 residential	62,212	316.47	20,595,185	
‡ Building 12 residential	54,455	316.47	18,027,243	
‡ Building 10 residential	43,359	316.47	14,353,929	
‡ Building 10 above ground car parking	2,831	316.47	937,198	
‡ Building 13 Residential	38,590	316.47	12,902,278	
‡ Building 14 Residential	32,378	316.47	10,825,343	
‡ Building 15 Residential	95,822	316.47	32,037,370	
‡ Building 16 residential	59,380	316.47	19,853,260	
‡ Building 17 Residential	64,268	316.47	21,487,526	
‡ Building 20 Private	25,912	316.47	8,618,349	
‡ Building 21 Private	13,022	316.47	4,331,126	
‡ Building 19 Affordable	52,489	316.47	17,457,877	
‡ Building 18 Private	135,040	316.47	44,914,396	
‡ Building 18 Affordable	<u>33,386</u>	316.47	<u>11,104,206</u>	
Totals	1,332,855 ft²		442,047,435	442,047,435
Developers Contingency		5.00%	26,909,318	
Demolition			2,900,000	
				29,809,318
Other Construction				
Infrastructure works			31,150,000	
Basement			66,940,000	
Public Realm works			5,540,000	
Capital contribution to cinema fito			1,000,000	
Highways works			4,518,000	
Pavement works			341,000	
Fire regs scheme cost increase			24,060,000	
Public realm works			4,380,000	
Highways works			4,905,000	
Pavement works			1,825,000	
Public realm works			2,140,000	
Highways works			2,045,000	
Public realm works			8,290,000	
Public realm works			4,710,000	
				161,844,000
Municipal Costs				
S106			7,331,266	
CIL Borough and Mayoral (Ph 2)			48,937,556	
				56,268,822
PROFESSIONAL FEES				
Professional fees		10.00%	56,321,108	
				56,321,108
MARKETING & LETTING				
Marketing		2.00%	17,366,996	
Letting Agent Fee		10.00%	181,837	
Letting Legal Fee		5.00%	380,584	
				17,929,418
DISPOSAL FEES				
Sales Agent Fee		1.00%	10,014,374	

APPRAISAL SUMMARY**CARTER JONAS LLP****Stag Brewery - Fire Regs amends****80% Rent 20% Intermediate (Higher CIL)**

Sales Legal Fee residential	338 un	1,250.00 /un	422,500	
Sales Legal Fee commercial		0.50%	49,978	
Sales Legal Fee residential	211 un	1,250.00 /un	263,750	
Sales Legal Fee commercial		0.50%	186,978	
Sales Legal Fee residential	324 un	1,250.00 /un	405,000	
Sales Legal Fee	158 un	1,250.00 /un	197,500	
				11,540,080

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				64,803,444

TOTAL COSTS**879,011,624****PROFIT****122,425,728****Performance Measures**

Profit on Cost%	13.93%
Profit on GDV%	12.18%

‡ Inflation/Growth applied

Growth on Sales

		Ungrown	Growth
Building 1 residential	Growth Set 1 at 2.000% var.	14,688,993	1,414,447
Building 2 residential	Growth Set 1 at 2.000% var.	103,133,976	9,931,076
Building 3 residential	Growth Set 1 at 2.000% var.	39,401,604	3,794,097
Building 4 residential	Growth Set 1 at 2.000% var.	19,489,305	1,876,683
Building 6 residential	Growth Set 1 at 2.000% var.	19,633,812	492,451
Building 7 residential	Growth Set 1 at 2.000% var.	70,396,920	5,604,031
Building 8 residential	Growth Set 1 at 2.000% var.	85,169,172	6,779,994
Building 9 residential	Growth Set 1 at 2.000% var.	13,246,794	1,275,573
Bulding 11 residential	Growth Set 1 at 2.000% var.	46,210,659	4,449,761
Building 12 residential	Growth Set 1 at 2.000% var.	37,362,237	3,597,720
Building 10 residential	Growth Set 1 at 2.000% var.	25,134,648	2,420,290
Building 13 Residential	Growth Set 1 at 2.000% var.	29,863,185	3,425,899
Building 14 Residential	Growth Set 1 at 2.000% var.	24,496,329	2,810,214
Building 15 Residential	Growth Set 1 at 2.000% var.	73,672,731	8,451,721
Building 16 residential	Growth Set 1 at 2.000% var.	45,613,491	5,232,771
Building 17 Residential	Growth Set 1 at 2.000% var.	47,467,200	5,445,428
Building 20 Private	Growth Set 1 at 2.000% var.	22,425,381	2,159,406
Building 21 Private	Growth Set 1 at 2.000% var.	11,537,592	1,110,989
Building 19 Affordable	Growth Set 1 at 2.000% var.	10,988,992	609,646
Building 18 Private	Growth Set 1 at 2.000% var.	102,206,643	10,584,956
Building 18 Affordable	Growth Set 1 at 2.000% var.	6,906,158	383,139

Inflation on Construction Costs

		Uninflated	Inflation
Building 1 residential	Inflation Set 1 at 2.000%	7,089,561	326,586
Building 2 residential	Inflation Set 1 at 2.000%	43,600,388	2,008,486
Building 3 residential	Inflation Set 1 at 2.000%	17,106,786	788,037
Building 4 residential	Inflation Set 1 at 2.000%	9,275,736	427,294

APPENDIX 2 – FIRE REGS AMENDED COSTS

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
 Client : Reselton Properties Ltd

Issue Date : 07-Nov-23
 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
INFRASTRUCTURE AND ENABLING WORKS																			
1	Phase 1A (East) infrastructure and enabling works - revised GIA and unit quantum	(6,617)			(50,000)														(50,000)
2	Phase 1B (East) infrastructure and enabling works - revised GIA and unit quantum	308			10,000														10,000
3	Phase 1C (East) infrastructure and enabling works - revised GIA and unit quantum	117			(20,000)														(20,000)
4	Phase 1A (West) infrastructure and enabling works - revised GIA and unit quantum	7			(40,000)														(40,000)
5	Phase 1B (West) infrastructure and enabling works - revised GIA and unit quantum	-			(30,000)														(30,000)
6	Phase 1C (West) infrastructure and enabling works - revised GIA, no change to Townhouse quantum	(1,200)			-														-
7	Addition of substations to facilitate EV charging changes and provision of secondary power supplies to all blocks under 18m (1, 3, 6, 9, 10, 11, 13, 14, 16, 18 and 19) for sprinkler pumps etc (as set out by HL fire) - allowance for 2nr new substations as discussed with HL	522,961		1	600,000														600,000
INFRASTRUCTURE AND ENABLING TOTAL		(7,386)																	470,000
EAST BASEMENT																			
1	Revised EV charging strategy to East basement - addition of 25nr trickle charging spaces and passive provision (power for future provision) to 42nr spaces	203,970		8		1,702,000													1,702,000
2	Addition of fire design items to East basement - additional 120min FR walls and uprating of existing walls and doors to 120min to provide separation to EV car charging spaces and to staircases, increased air changes from 10 to 14, increased sprinkler tank sizes, pumps and sprinkler coverage, additional LV infrastructure	203,970		8		1,541,000													1,541,000

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
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1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
WEST BASEMENT																			
3	Revised EV charging strategy to West basement - addition of 25nr trickle charging spaces and passive provision (power for future provision) to 42nr spaces	59,543		4		237,000													237,000
4	Addition of fire design items to West basement - additional 120min FR walls and uprating of existing walls and doors to 120min to provide separation to EV car charging spaces and to staircases, increased air changes from 10 to 14, increased sprinkler tank sizes, pumps and sprinkler coverage, additional LV infrastructure	59,543		9		550,000													550,000
BELOW GROUND TOTAL																			4,030,000
PUBLIC REALM																			
1	Minor changes to public realm proposals - allowance - extension of ramp adjacent Building 4, addition of steps adjacent Building 8, addition of planting adjacent Building 8, extension of private gardens adjacent Building 11, amendments to private garden and entrance to Building 12, amendment to steps and play area location adjacent Building 12	1,596,484		0.1			150,000												150,000
PUBLIC REALM TOTAL																			150,000
BUILDING 1 - NEW BUILD																			
Office																			
1	Office S&C Construction - omission of office use	(27,675)		280									(7,760,000)						(7,760,000)
2	Office CAT A fit out - omission of office use		(19,373)	58										(1,120,000)					(1,120,000)
Flexible Use																			
3	Flexible Use S&C Construction - revised GIA	211		150												32,000			32,000
4	Fit out of flexible space - by tenant		179	Excluded															Excluded
Cinema																			
5	Cinema S&C Construction - revised GIA	1,604		342														549,000	549,000
6	Fit out of cinema - by tenant		1,604	Excluded															Excluded
Private Residential																			

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
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 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
7	Private Residential S&C Construction - above cinema basement - <i>previously office use</i>	22,402		257				5,754,000											5,754,000
8	Private Residential S&C Construction - incorporation of fire design requirements, <i>allowance made for additional FR core doors and addition of smoke venting to cores and corridors etc as per HL fire mark ups based on average of cost increase for Buildings 2, 7 and 8</i>	22,402		11				251,000											251,000
9	Private Residential fit out - <i>previously office use</i>		15,349	123				1,893,000											1,893,000
BUILDING 1 TOTAL		(3,458)	(2,240)																(401,000)
BUILDING 2 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - above basement	(1,716)		235				(404,000)											(404,000)
2	Private Residential S&C Construction - <i>additional residential escapes, internal FR doors to landlord areas, addition of smoke extract to residential corridors and stair cores, increased landlord area fit out, addition of evacuation alert system</i>	138,805		10				1,341,000											1,341,000
3	Private Residential fit out - <i>reduced NSA</i>		(2,874)	119				(343,000)											(343,000)
4	Private Residential fit out - <i>revised unit mix</i>		107,768	0.1				13,000											13,000
5	Private Residential fit out - <i>addition of evacuation alert system to 119nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs</i>		107,768	4				380,000											380,000
6	Flexible Use S&C Construction - above basement	908		134												121,000			121,000
7	Fit out of flexible space - by tenant		772	Excluded															Excluded
BUILDING 2 TOTAL		(808)	(2,102)																1,108,000
BUILDING 3 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - above basement	-		235				-											-

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
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Issue Date : 07-Nov-23
 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
2	Private Residential S&C Construction - ground floor layout change, additional FR core doors, addition of smoke venting to ground floor corridors, increased landlord area fit out, inclusion of additional basement access lift	55,889		6.1				343,000											343,000
3	Private Residential fit out - reduced NSA		(484)	120					(58,000)										(58,000)
4	Private Residential fit out - revised unit mix		41,172	-0.3					(12,000)										(12,000)
BUILDING 3 TOTAL																			273,000
BUILDING 4 - REFURBISHMENT																			
Private Residential																			
1	Private Residential S&C Construction	(2,474)		208				(514,000)											(514,000)
2	Private Residential S&C Construction - changes to landlord areas associated with revised fire design requirements - yet to be detailed by HL but allowance made for additional FR core doors, addition of smoke venting to ground floor corridors, addition of evacuation alert system etc based on average of cost increase for Buildings 2, 7 and 8	29,310		11				328,000											328,000
3	Private Residential fit out - reduced NSA		(2,616)	126					(329,000)										(329,000)
4	Private Residential fit out - revised unit mix		20,365	0.2					5,000										5,000
5	Private Residential fit out - addition of evacuation alert system to 19hr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs		20,365	3					61,000										61,000
6	Flexible Use S&C Construction	123		179												22,000			22,000
7	Fit out of flexible space - by tenant		105	Excluded															Excluded
BUILDING 4 TOTAL																			(427,000)
BUILDING 5 - REFURBISHMENT AND NEW BUILD EXTENSION																			
Office																			
1	Office S&C Construction - not above basement			321															-
2	Office CAT A fit out			55															-
Flexible Use																			
3	Flexible Use S&C Construction - not above basement			272															-
4	Fit out of flexible space - by tenant			Excluded															Excluded
Hotel																			
5	Hotel S&C Construction - not above basement			321															-
BUILDING 5 TOTAL																			-

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
 Client : Reselton Properties Ltd

Issue Date : 07-Nov-23
 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL	
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£	
	BUILDING 6 - NEW BUILD																			
	Private Residential																			
1	Private Residential S&C Construction - partially above basement	-		246																-
2	Private Residential fit out		-	123																-
	Flexible Use																			
3	Flexible Use S&C Construction - partially above basement	-		144																-
4	Fit out of flexible space - by tenant		-	Excluded																Excluded
	BUILDING 6 TOTAL	-	-																	-

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
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1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
BUILDING 7 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - above basement	(1,429)		235				(336,000)											(336,000)
2	Private Residential S&C Construction - additional FR core doors, addition of smoke venting to stair cores and ground floor corridors, addition of evacuation alert system	95,814		10				929,000											929,000
3	Private Residential fit out - reduced NSA		(1,228)	120				(147,000)											(147,000)
4	Private Residential fit out - revised unit mix		73,560	-0.2				(12,000)											(12,000)
5	Private Residential fit out - addition of evacuation alert system to 87nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs		73,560	4				278,000											278,000
Flexible Use																			
6	Flexible Use S&C Construction - above basement	1,129		134												151,000			151,000
7	Fit out of flexible space - by tenant		960	Excluded															Excluded
BUILDING 7 TOTAL		(300)	(268)																863,000
BUILDING 8 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - above basement	1,489		235				350,000											350,000
2	Private Residential S&C Construction - revised ground floor layout, additional FR core doors, extension of second stair to L08, addition of smoke venting to corridors, addition of evacuation alert system, increased landlord area fit out	118,984		14				1,693,000											1,693,000
3	Private Residential fit out - reduced NSA		(3,014)	119				(359,000)											(359,000)
4	Private Residential fit out - revised unit mix		88,996	-0.3				(28,000)											(28,000)
5	Private Residential fit out - addition of evacuation alert system to 100nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs		88,996	4				320,000											320,000
Flexible Use																			
6	Flexible Use S&C Construction - above basement	(881)		134												(118,000)			(118,000)
7	Fit out of flexible space - by tenant		(748)	Excluded															Excluded
BUILDING 8 TOTAL		608	(3,762)																1,858,000
BUILDING 9 - NEW BUILD																			
Private Residential																			

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
 Client : Reselton Properties Ltd

Issue Date : 07-Nov-23
 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL	
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£	
1	Private Residential S&C Construction - not above basement	-		257				-												-
2	Private Residential fit out		-	116					-											-

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
 Client : Reselton Properties Ltd

Issue Date : 07-Nov-23
 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
3	Flexible Use Flexible Use S&C Construction - not above basement	-	-	150															-
4	Fit out of flexible space - by tenant	-	-	Excluded															Excluded
BUILDING 9 TOTAL																			-
BUILDING 10 - NEW BUILD																			
Affordable Residential - Intermediate Shared Ownership																			
1	Intermediate Residential S&C Construction - partially above basement	(46,190)	-	246						(11,369,000)									(11,369,000)
2	Intermediate Residential fit out	-	(26,264)	114						(3,005,000)									(3,005,000)
Private Residential																			
3	Private Residential S&C Construction - partially above basement	46,190	-	246				11,369,000											11,369,000
4	Private Residential fit out	-	26,264	125				3,283,000											3,283,000
Flexible Use																			
5	Flexible Use S&C Construction - partially above basement	-	-	144															-
6	Fit out of flexible space - by tenant	-	-	Excluded															Excluded
BUILDING 10 TOTAL																			278,000
BUILDING 11 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - above basement	2	-	235				-											-
2	Private Residential S&C Construction - revised internal layouts, additional FR core doors, introduction of secondary stair and additional lift, addition of smoke venting to stair cores and ground floor corridors, addition of evacuation alert system, increased landlord area fit out	62,214	-	30				1,851,000											1,851,000
3	Private Residential fit out - reduced NSA	-	(2,454)	118				(289,000)											(289,000)
4	Private Residential fit out - revised unit mix	-	48,287	1				24,000											24,000
5	Private Residential fit out - addition of evacuation alert system to 52nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs	-	48,287	3				166,000											166,000
Flexible Use																			
6	Flexible Use S&C Construction - above basement	7	-	134												1,000			1,000
7	Fit out of flexible space - by tenant	-	6	Excluded															Excluded
BUILDING 11 TOTAL					8				(2,448)										1,753,000

STAG BREWERY, LONDON
S&P OCTOBER 2023 FIRE DESIGN UPDATES - ORDER OF COST ESTIMATE

Job No. 34196
 Client : Reselton Properties Ltd

Issue Date : 07-Nov-23
 Base Date : 4Q 2021

1. FIRE DESIGN UPDATES - CONSTRUCTION COST SHIFT

Ref	Building / Use	GIA / Quantity	NIA / Quantity	£/sq ft 4Q 21	Infrastructure and Enabling	Basement	Public Realm	Private Residential		Intermediate Residential		Social Rent Residential		Office		Flexible Use Shell	Hotel	Cinema	TOTAL
					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
BUILDING 12 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - above basement	263		235				62,000											62,000
2	Private Residential S&C Construction - revised internal layouts, additional FR core doors, introduction of secondary stair and additional lift, addition of smoke venting to corridors, addition of evacuation alert system, increased landlord area fit out	54,718		30				1,666,000											1,666,000
3	Private Residential fit out - reduced NSA		(2,874)	122				(350,000)											(350,000)
4	Private Residential fit out - revised unit mix		39,041	-1				(31,000)											(31,000)
5	Private Residential fit out - addition of evacuation alert system to 48nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs		39,041	4				153,000											153,000
Flexible Use																			
6	Flexible Use S&C Construction - above basement	(154)		134												(21,000)			(21,000)
7	Fit out of flexible space - by tenant		(131)	Excluded															Excluded
BUILDING 12 TOTAL		109	(3,005)																1,479,000
BUILDING 13 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - partly above basement	-		246				-											-
2	Private Residential fit out - increased NSA		97	125				12,000											12,000
3	Private Residential fit out - revised unit mix		31,205	0.2				7,000											7,000
BUILDING 13 TOTAL		-	97																19,000
BUILDING 14 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - not above basement	-		251				-											-
2	Private Residential fit out		-	126				-											0
BUILDING 14 TOTAL		-	-																-

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					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£	
BUILDING 15 - NEW BUILD																				
Private Residential																				
1	Private Residential S&C Construction - partly above basement	-	-	246																-
2	Private Residential S&C Construction - building over 18m, allowance for incorporation of fire design requirement - additional FR core doors, secondary stair, smoke venting to cores and corridors, addition of evacuation alert system etc based on average of cost increase for Buildings 11 and 12	95,822		30				2,884,000												2,884,000
3	Private Residential fit out - reduced NSA		(313)	123					(38,000)											(38,000)
4	Private Residential fit out - revised unit mix		76,983	0.1					5,000											5,000
5	Private Residential fit out - addition of evacuation alert system to 111nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs		76,983	5					355,000											355,000
BUILDING 15 TOTAL			(313)																	3,206,000
BUILDING 16 - NEW BUILD																				
Private Residential																				
1	Private Residential S&C Construction - above basement	-	-	235																-
2	Private Residential fit out - increased NSA		271	126					34,000											34,000
3	Private Residential fit out - revised unit mix		47,663	-0.3					(16,000)											(16,000)
BUILDING 16 TOTAL			271																	18,000
BUILDING 17 - NEW BUILD																				
Private Residential																				
1	Private Residential S&C Construction - above basement	-	-	235																-
2	Private Residential S&C Construction - building over 18m, allowance for incorporation of fire design requirement - additional FR core doors, secondary stair, smoke venting to cores and corridors etc based on average of cost increase for Buildings 11 and 12	64,268		30				1,934,000												1,934,000
3	Private Residential fit out - reduced NSA		(1,227)	123					(150,000)											(150,000)
4	Private Residential fit out - revised unit mix		49,600	-0.2					(8,000)											(8,000)
5	Private Residential fit out - addition of evacuation alert system to 64nr apartments (assumed 1nr sounder per apartment) - infrastructure in S&C costs		49,600	4					205,000											205,000

STAG BREWERY, LONDON
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					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£	
	BUILDING 17 TOTAL	-	(1,227)																	1,981,000

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					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	£
BUILDING 18 - NEW BUILD																			
Private Residential																			
1	Private Residential S&C Construction - not above basement - <i>change to tenure</i>	135,040		251				33,962,000											33,962,000
2	Private Residential fit out - <i>change to tenure and updated unit mix</i>		106,799	119				12,684,000											12,684,000
Affordable Residential - Intermediate																			
3	Intermediate Residential S&C Construction - not above basement - <i>change to tenure</i>	10,907		246					2,685,000										2,685,000
4	Intermediate Residential fit out - <i>change to tenure and updated unit mix</i>		8,482	116						984,000									984,000
Affordable Residential - Social Rent																			
5	Social Rent Residential S&C Construction - not above basement	(145,941)		230								(33,580,000)							(33,580,000)
6	Social Rent fit out - <i>reduced NSA</i>		(115,421)	84									(9,647,000)						(9,647,000)
7	Social Rent fit out - <i>updated unit mix</i>		17,481	5									83,000						83,000
BUILDING 18 TOTAL		7	(140)																7,171,000
BUILDING 19 - NEW BUILD																			
Affordable Residential - Social Rent																			
1	Social Rent Residential S&C Construction - not above basement	-		230															-
2	Social Rent fit out - <i>reduced NSA</i>		(646)	87									(56,000)						(56,000)
3	Social Rent fit out - <i>updated unit mix</i>		41,312	1									40,000						40,000
BUILDING 19 TOTAL		-	(646)																(16,000)
BUILDING 20 - NEW BUILD TOWNHOUSES																			
Private Residential																			
1	Townhouses (incl fit out) - <i>reduced GIA</i>	(539)	(464)	225				(121,000)											(121,000)
2	Townhouses - <i>addition of sprinklers</i>	25,912		9				240,000											240,000
3	Townhouses - <i>addition of trickle (slow) EV charging points (incl BWIC)</i>	25,912		5				120,000											120,000
BUILDING 20 TOTAL		(539)	(464)																239,000
BUILDING 21 - NEW BUILD TOWNHOUSES																			
Private Residential																			
1	Townhouses (incl fit out) - <i>reduced GIA</i>	(661)	(603)	219				(145,000)											(145,000)
2	Townhouses - <i>addition of sprinklers</i>	13,022		8				105,000											105,000
3	Townhouses - <i>addition of trickle (slow) EV charging points (incl BWIC)</i>	13,022		4				50,000											50,000
BUILDING 21 TOTAL		(661)	(603)																10,000
SUB TOTAL (EXCL CONTINGENCY)		(7,386)	(19,845)		470,000	4,030,000	150,000	63,712,000	17,708,000	(8,684,000)	(2,021,000)	(33,580,000)	(9,580,000)	(7,760,000)	(1,120,000)	188,000	-	549,000	24,060,000
RISK ALLOWANCE																			

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					S&C	S&C	S&C	S&C	Fit Out	S&C	Fit Out	S&C	Fit Out	S&C	CAT A	S&C	S&C	S&C	S&C
1	7.5% contingency/risk allowance				35,000	302,000	11,000	4,778,000	1,328,000	(651,000)	(152,000)	(2,519,000)	(719,000)	(582,000)	(84,000)	14,000	-	41,000	1,802,000
	CONTINGENCY TOTAL																		1,800,000
	TOTAL	(7,386)	(19,845)		505,000	4,332,000	161,000	68,490,000	19,036,000	(9,335,000)	(2,173,000)	(36,099,000)	(10,299,000)	(8,342,000)	(1,204,000)	202,000	-	590,000	25,860,000

APPENDIX 3 – RECORD OF AFFORDABLE HOUSING DISCUSSIONS IN CHRONOLOGICAL ORDER.

Date	Offer	Details	Comments
Mar 2022	ES Test	22% hab room	Level of affordable housing assumed for the purposes of ES testing – not an offer.
Mar 2022	FVA Test	15%	This % was a test for the purpose of demonstrating the financial viability position - not an offer.
Sep / Oct 2022	FVA Test	Various Scenarios	Various scenarios tested around mix and grant
Oct	FVA Test	15%	This % was a test for the purpose of demonstrating the financial viability position - not an offer.
Jan 2023	Offer	7.6% by hab room 54:51 SR:SO 85 aff units	
February	Offer	7.8% by hab room 49:51 SR:SO 77 aff units	Enhanced affordable housing offer based on optimised social family housing
March 2023	FVA output	5.9% 80:20 SR:SO	5.9% based of an 80:20 split in favour of social rent (with growth) and assuming full off-setting of existing floor space for CIL.
March 2023	FVA output	3.9% 80:20 SR:SO	3.9% based of an 80:20 split in favour of social rent (with growth) and assuming No off-setting of existing floor space for CIL.
April 2023	Offer	7.8% by hab room 80:20 SR:SO 65 aff units	Revised affordable housing offer reflecting LBRuT Board comments in March 2023, which reflected the desire to increase the SR tenure and family sized units.
Oct 2023	Final Offer	7.5% by hab room 80:20 SR:SO 65 aff units	The affordable housing offer remains at 65 units, equating to 7.5% of the total habitable rooms. 52 units are specifically designated for social rent, constituting 80% of the total. 38 of these social rent units are situated in Building 19, while the remaining 14 are in Building 18. The remaining 20% of the affordable housing units, totaling 13, are proposed as London Shared Ownership and are located in Building 18. Although there has been no change in the affordable housing offer due to the small an increase of private unit the overall percentage of affordable housing by habitable rooms has moved from 7.8% to 7.5%.