

**PRIVATE & CONFIDENTIAL**

**Economic Viability Assessment Report**

**13 Bedford Road, London N22 7AU**

**London Borough of Haringey**

**Adelfia Properties**

**August 2023**



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## 1. Executive Summary

- 1.1 As part of the detailed planning application, Adelfia Properties ('the Applicant') has instructed U.L.L Property to assess and report on, the economic viability of providing affordable housing and Section 106 financial contributions as part of the development proposal.
- 1.2 The London Borough of Haringey has policy targets for affordable housing provision as part of new residential developments, and these targets are not intended to restrain development, based on the outcome of economic viability testing.
- 1.3 The site is located on the corner of Bedford Road and Alexandra Park Road, and is currently occupied by a 2-storey building which operates as a car repair/MOT business.
- 1.4 The application seeks detailed planning permission for *"Demolition of the existing building and the erection of a new mixed-use development up to five storeys high with commercial uses (Use Class E) at ground level, 13no. self-contained flats (Use Class C3) to upper levels and plant room at basement level. Provision of cycle parking, refuse, recycling and storage. Lift overrun and pv panels at roof level."*
- 1.4 The Gross Development Value for the scheme is £7,743,000 (rounded) based on the residential sales value and commercial investment value.
- 1.5 The Argus appraisal for the proposed development calculates a residual land value for the proposed development of £667,000 (rounded)
- 1.6 The Benchmark Land Value is assessed as £689,000 (rounded), based on the existing use.
- 1.7 The residual land value is, therefore, showing a deficit of £22,000 (rounded).
- 1.8 We would, therefore, conclude that the proposed scheme does not viably sustain a contribution towards affordable housing, in addition to CIL payments.



## 2. Instructions & Report Context

- 2.1 Adelfia Properties (the 'Applicant') has submitted a planning application to the London Borough of Haringey (the 'Council') in respect of the site known as 13 Bedford Place, London N22 7AU ('the Site').
- 2.2 The application seeks detailed planning permission for *"Demolition of the existing building and the erection of a new mixed-use development up to five storeys high with commercial uses (Use Class E) at ground level, 13no. self-contained flats (Use Class C3) to upper levels and plant room at basement level. Provision of cycle parking, refuse, recycling and storage. Lift overrun and pv panels at roof level."*
- 2.3 As part of the planning application the Applicant has instructed ULL Property to assess, and report on, the economic viability of providing affordable housing and Section 106 financial contributions as part of the development proposal.

### U.L.L Property

- 2.4 This viability assessment has been prepared with regard to the policies and guidance available at national, regional and local levels, and carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) professional statement 'Financial viability in planning: conduct and reporting' (1st edition, May 2019, effective from September 2019).
- 2.5 ULL is a property services company specialising in development consultancy, affordable housing, economic viability and project management. The company aims to find viable solutions, which facilitate development, while at the same time supporting the reasonable mitigation of development impact. In so doing, we operate at the centre of development economics; assisting developers and Local Planning Authorities reach effective solutions against a challenging financial background.
- 2.6 This report has been prepared by prepared by Richard Ashdown who has in excess of 25 years experience in residential development and consultancy. Richard held numerous senior positions in the industry before starting ULL Property where he is now Managing Director. The report has been reviewed by Isabella Rossi MRICS, director at ULL Property.

### Limitations

- 2.7 This report does not constitute a valuation and should not be relied upon for valuation purposes.
- 2.8 It is provided for the sole use of the party to whom it is addressed. It is confidential to the addressee and their professional advisors. ULL Property accepts no responsibility whatsoever to any person other than the client themselves.
- 2.9 Neither the whole nor any part of the report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the prior written approval of ULL Property.

### Information relied upon

- 2.10 We have been provided with, and relied upon:

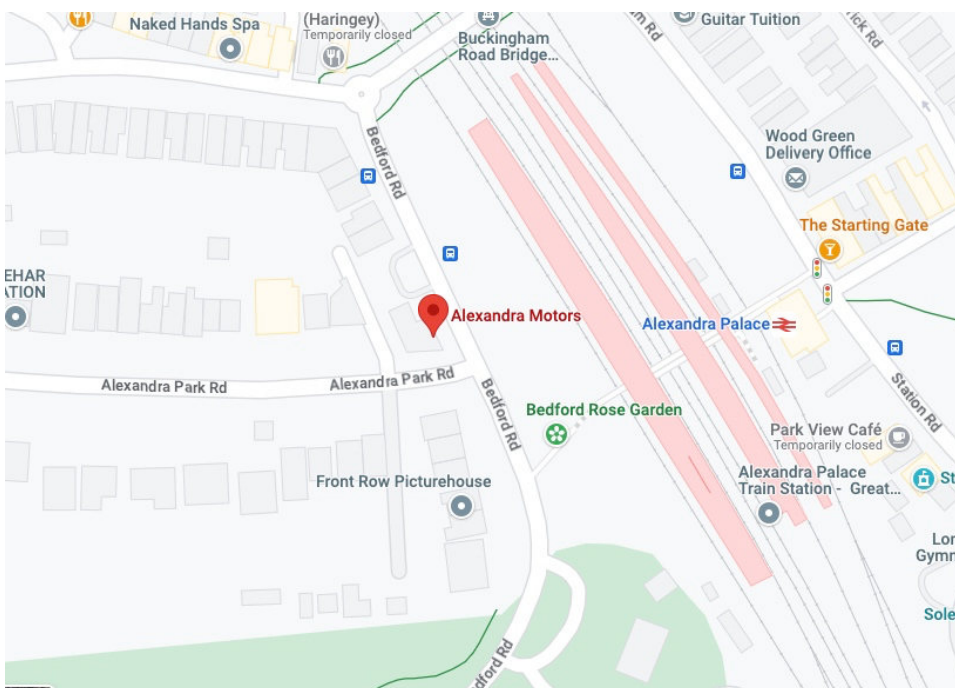
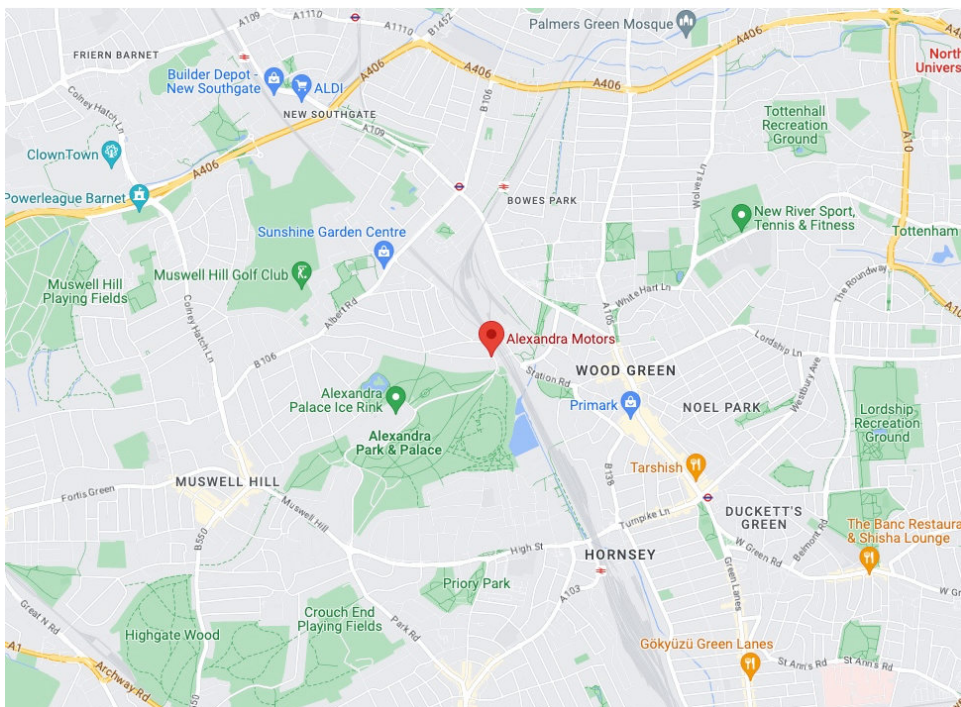


- Proposed plans and accommodation schedule prepared by CG Architects
- Construction cost plan prepared by Stace LLP.

### 3. Project Details

#### Location

- 3.1 The Site is situated at the junction of Bedford Road and Alexandra Park Road, with the railway line on the opposite side of Bedford Road; Alexandra Palace Railway Station is a 5-minute walk on the opposite side of the railway. The maps below identify the Site location.





- 3.2 The railway line opposite the site runs trains between the City of London and Peterborough and King's Lynn (although in practice passengers from Alexandra Palace would travel into London for fast trains to northern destinations). Apart from the railway line, the area immediately surrounding the Site is mostly residential in nature, with a parade of local shops to the north in Palace Gates Road and Crescent Road. Alexandra Park (containing Alexandra Palace) is a short walk to the South.

### Transport

- 3.3 The Site is 5 minutes' walk from Alexandra Park Railway Station which runs frequent trains to Moorgate, taking 21 minutes. The Piccadilly Underground Line is accessed via Wood Green Station, 12 minutes' walk to the East.
- 3.4 The current Public Access Transport Level of the Site is PTAL 5.

### Existing Site

- 3.5 The site is occupied by Alexandra Motors, an MOT and vehicle servicing centre measuring 172 sq m (1,851 sq ft)

### Scheme Proposals

- 3.6 It is proposed to develop the site to provide the following accommodation:

#### Residential

| Floor  | Ref     | Use       | Sq M       | Sq Ft        | Type |
|--------|---------|-----------|------------|--------------|------|
| First  | Flat 1  | Apartment | 61         | 657          | 2b3p |
| First  | Flat 2  | Apartment | 50         | 538          | 1b2p |
| First  | Flat 3  | Apartment | 39         | 420          | 1b1p |
| First  | Flat 4  | Apartment | 87         | 936          | 3b5p |
| Second | Flat 5  | Apartment | 61         | 657          | 2b3p |
| Second | Flat 6  | Apartment | 50         | 538          | 1b2p |
| Second | Flat 7  | Apartment | 39         | 420          | 1b1p |
| Second | Flat 8  | Apartment | 81         | 872          | 3b5p |
| Third  | Flat 9  | Apartment | 61         | 657          | 2b3p |
| Third  | Flat 10 | Apartment | 50         | 538          | 1b2p |
| Third  | Flat 11 | Apartment | 104        | 1,119        | 3b6p |
| Fourth | Flat 12 | Apartment | 64         | 689          | 2b3p |
| Fourth | Flat 13 | Apartment | 61         | 657          | 2b3p |
|        |         |           | <b>808</b> | <b>8,698</b> |      |

#### Commercial

| Floor  | Ref    | Use        | Sq M       | Sq Ft        |
|--------|--------|------------|------------|--------------|
| Ground | Unit 1 | Commercial | 136        | 1,464        |
| Ground | Unit 2 | Commercial | 116        | 1,249        |
|        |        |            | <b>252</b> | <b>2,713</b> |

## 4. Planning Policy – Affordable Housing & Viability Methodology

- 4.1 In this section we have reviewed the policies and guidance relevant to planning obligations under the Section 106 regime.

### National Planning Practice Guidance (NPPG)

- 4.2 The NPPG seeks to ensure development is both sustainable and deliverable. In its revision dated 24 July 2018 (paragraph 10), NPPG states: “In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.”

- 4.3 The NPPG defines the key inputs for viability assessments:

*Gross Development Value - Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary...For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.*

*Costs - Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application. Costs include:*

- a) build costs based on appropriate data, for example that of the Building Cost Information Service”; (in our opinion a site-specific elemental cost breakdown should be provided for site-specific viability assessment)*
- b) “abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value;*
- c) site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value;*
- d) the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value;*
- e) general finance costs including those incurred through loans;*
- f) professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value;*



- g) *explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return;*

*Land Value - To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing used value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus' (EUV+). In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.*

*Competitive Return to Developers - Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan. For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development.*

*A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.*

*Competitive Return to Landowners - The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements. Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment, data sources to inform the establishment of the landowner premium should include market evidence and can include benchmark land values from other viability assessments. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement)"*

## **The London Plan**

- 4.4 The new London Plan was published in March 2021. Policy H4 Delivering affordable housing, Policy H5 Threshold approach to applications and Policy H6 Affordable housing tenure set out the approach to affordable housing delivery in London.
- 4.5 Policy H4 'Delivering affordable housing' sets a strategic target for 50% of all new homes delivered across London to be 'genuinely affordable'.



- 4.6 The provision of affordable housing on major developments is subject to the requirements of Policy H5 'Threshold approach to applications'. The threshold approach was first introduced in the Mayor's Affordable Housing and Viability SPG, published in August 2017.
- 4.7 A minimum of 35% of gross residential development (50% for public sector land and industrial sites – Policy E7) provided as affordable housing is the threshold for achieving the Fast Track approach. Developers may follow a Fast Track Route under the threshold approach, subject to meeting specific criteria including meeting (or exceeding) the relevant affordable housing threshold requirement and tenure split detailed in Policy H6 'Affordable housing tenure'.

### **London Borough of Haringey Planning Policy**

- 4.8 The Development Management Policies Development Plan Document (adopted July 2017) states at Policy DM13:

*"The Council will seek the maximum reasonable amount of affordable housing provision when negotiating on individual private residential and mixed-use schemes with site capacity to accommodate more than 10 dwellings, having regard to:*

- a Policy SP2 and the achievement of the Borough-wide target of 40% affordable housing provision;*
- b The need for 60% provision to be social/affordable rent and 40% intermediate housing;*
- c The preferred affordable housing size mix as set out in the Council's Housing Strategy;*
- d The individual circumstances of the site;*
- e the availability of public subsidy;*
- f Development viability; and*
- g Other planning benefits that may be achieved."*

Policy DM13 further states *"In negotiating the level of affordable housing provision viability assessments must be based on a standard residual valuation approach, with the benchmark existing use land value taken as the existing / alternative use value."*

- 4.9 In summary, the forgoing local and national policies demonstrate that London Borough of Haringey has policy targets for affordable housing provision as part of new residential developments, and that these targets are not intended to restrain development, based on the outcome of economic viability testing.
- 4.10 In compliance with policy, the level of contribution can be reduced or waived to ensure that development remains viable; however the Council adopts rigorous testing of viability to identify land value increases arising from the grant of planning permission, to meet affordable housing and other objectives.

### **Viability Methodology**

- 4.11 The purpose of this report is to provide an independent assessment of the viability of proposed development, and in so doing to assess the level of obligations which can be provided to the local planning authority, while sustaining an appropriate land value to the landowner and profit to the



developer. Assessing the viability of a proposed development involves comparing the residual land value of the site, based on the proposed scheme, with an appropriate benchmark.

4.12 A viable development will support a residual land value at a level sufficiently above the site's Existing Use Value (EUV) or Alternative Use Value (AUV), to support a land acquisition price acceptable to the landowner. As such, where a development proposal generates a residual value, which is higher than the appropriate benchmark value it is deemed financially viable and therefore likely to proceed. Conversely, if the residual value is lower than the benchmark, it is considered to be economically unviable and consequently unlikely to progress.

4.13 A - B = Residual Land Value, based on inputs from the attached table:

| A: Revenue                      | B: Costs                      |
|---------------------------------|-------------------------------|
| Private residential sales value | Build Costs                   |
| Affordable housing              | Planning and Development Fees |
| Commercial investment value     | Planning Contributions        |
|                                 | Marketing & Disposal Costs    |
|                                 | Land Purchase Costs           |
|                                 | Finance Costs                 |
|                                 | Developer's Profit            |

4.14 It need not be the land value that is the target residual. A fixed land price can be input as a cost, and a residual developer profit assessed. Alternatively, the residual target can be the planning contributions.

4.15 An explanation for all the appraisal inputs is provided at Section 5 (Income Analysis) and 6 (Cost Assumptions).

4.16 The next task is to arrive at an appropriate benchmark against which to compare the Residual Land Value of the proposed scheme, to determine whether the proposal is viable. This is assessed further in Section 7.

4.17 The purpose of our analysis has been to understand the development economics of the site and to show the results of our analysis. This incorporates appraisal of all costs and values, finance inputs and Section 106 contributions.

4.18 The assumptions made in the development appraisal are a reflection of the development's overall economics. Our assumptions are in some cases inter-related such that a change in one assumption can have an impact on other assumptions.

4.19 Appendix 1 shows the financial appraisal incorporating the costs and values of the project. We have used Argus Developer appraisal software, a standard appraisal tool used across the property industry, and recognised by local authorities in viability analysis. The model is set up as a Residual Land Value appraisal, making fixed assumptions about costs, revenues and profit.



## 5. Income Analysis

- 5.1 The revenue for the scheme is derived from the sale of the completed residential units and investment sale of the commercial space.

### Private residential sale values

- 5.2 The development includes 13 apartments over ground to third storey with an average size of 62.15 sq m (669 sq ft). There are 5 no. 1-bedroom apartments, 5 no. 2-bedroom apartments, and 3 no. 3 bedroom apartments.
- 5.3 The average price of apartments in the London Borough of Haringey is £481,097 as at March 2023, according to Land Registry data.
- 5.4 We have researched the local residential sales market to identify comparable evidence to inform the sales pricing adopted in the appraisal.

### Ewart Grove, London N22

- 5.5 This small development of 8 apartments is 0.8 miles to the East of the subject site, and although not brand new it was built in 2015. A 1-bedroom apartment at ground floor is for sale at an asking price of £335,000. The apartment measures 514 sq ft, equating to 652/sq ft. There are no commercial units in this development, and Ewart Grove is a quiet residential road, both of which are advantages over the subject property. It is also a 6-minute walk to Wood Green Underground Station development, which is closer than the subject site. However Ewart Grove is not so close to Alexandra Park or the shops local to the subject site.

### Caxton Square, 76-84 Mayes Road N22 6TE

- 5.6 Caxton Square is a development by Weston Homes located 11 minutes' walk to the South East of the subject site, in Wood Green. The development comprises 75 apartments of which 50 are for private sale. The development is 5 minutes' walk from Wood Green Station. The following represents the most recent price list:

| Plot ref | Floor | Bed | Sq Ft         | Most recent price | £PSF        | Date of price |
|----------|-------|-----|---------------|-------------------|-------------|---------------|
| 1        | 1     | 2   | 789           | £580,000          | £735        | Jun-23        |
| 3        | 1     | 1   | 566           | £430,000          | £760        | Jun-23        |
| 5        | 1     | 1   | 650           | £495,000          | £762        | Jun-23        |
| 8        | 2     | 2   | 927           | £660,000          | £712        | Jun-23        |
| 13       | 2     | 2   | 695           | £530,000          | £763        | Jun-23        |
| 19       | 3     | 1   | 566           | £450,500          | £796        | Jun-23        |
| 21       | 3     | 2   | 695           | £555,500          | £799        | Jun-23        |
| 25       | 4     | 2   | 798           | £596,500          | £747        | Jun-23        |
| 26       | 5     | 1   | 577           | £459,500          | £796        | Jun-23        |
| 39       | 5     | 2   | 798           | £607,500          | £761        | Jun-23        |
| 47       | 8     | 2   | 823           | £685,000          | £832        | Jun-23        |
| 66       | 5     | 3   | 962           | £710,000          | £738        | Jun-23        |
| 67       | 5     | 1   | 555           | £443,500          | £799        | Jun-23        |
| 70       | 5     | 3   | 995           | £760,000          | £764        | Jun-23        |
| 75       | 6     | 1   | 606           | £515,000          | £850        | Jun-23        |
|          |       |     | <b>11,002</b> | <b>£8,478,000</b> | <b>£771</b> |               |



- 5.7 We note the average unit area is 733 sq ft, larger than the average unit size at Bedford Road; we might therefore expect Bedford Road to achieve a higher £/sq ft rate. However the development raises from 4 to 9 storeys which would give a pricing advantage.

Moselle Gardens, London N8 0ER

- 5.8 Berkeley Group (St William) is developing this site with planning permission for 1,270 homes, plus a range of commercial uses and significant public realm. Of these, 622 homes are the subject of detailed planning permission, in buildings rising to 15 storeys. Asking prices range between £820-£890/sq ft for different elements of the overall development. While an important development that requires mention in the context of residential sales in the local area, the differences between Clarendon and Bedford Road make it less relevant compared to Caxton Square and Ewart Grove.

- 5.9 There is a number of second-hand properties for sale in the vicinity of the subject site, which are identified as follows:

1-bedroom

Palace Gates Road

- 5.10 Around the corner from the subject site this apartment is a 1-bedroom unit at first floor, above a shop, in a Victorian terrace. The flat measures 730 sq ft, and is on the market for £375,000, equating to £514/sq ft.

Park Avenue

- 5.11 5 minutes' walk to the East of the subject site, on the corner of Park Avenue of Barratt Avenue, a large Victorian ground floor apartment is for sale. Measuring 746 sq ft, the asking price of £450,000 equates to £603/sq ft.

Alexandra Park Road

- 5.12 A studio apartment located within a gothic style Victoria building is for sale at an asking price of £335,000. At a floor area of 334 sq ft this equates to £1,003/sq ft. This asking price is an outlier and may be because of the unusual design of the building.

2-bedroom

Palace Gates Road

- 5.13 Around the corner from the subject site this apartment is a 2-bedroom unit at ground floor, in a Victorian terrace. The flat has a private garden with bifold doors. The flat measures 816 sq ft, and is on the market for £600,000, equating to £735/sq ft.

3-bedroom

Crescent Road

- 5.14 This flat is over the first and second floors of a Victorian house, and measures 1,042 sq ft. The asking price of £560,000 equates to £537/sq ft.



- 5.15 We provide below an estimated pricing schedule, the sum of which is applied to the Argus appraisal at Appendix 1 to this report.

| Floor  | Ref     | Sq M       | Sq Ft        | Type | Price             | £/Sq Ft     |
|--------|---------|------------|--------------|------|-------------------|-------------|
| First  | Flat 1  | 61         | 657          | 2b3p | £520,000          | £792        |
| First  | Flat 2  | 50         | 538          | 1b2p | £415,000          | £771        |
| First  | Flat 3  | 39         | 420          | 1b1p | £335,000          | £798        |
| First  | Flat 4  | 87         | 936          | 3b5p | £710,000          | £758        |
| Second | Flat 5  | 61         | 657          | 2b3p | £525,000          | £800        |
| Second | Flat 6  | 50         | 538          | 1b2p | £420,000          | £780        |
| Second | Flat 7  | 39         | 420          | 1b1p | £340,000          | £810        |
| Second | Flat 8  | 81         | 872          | 3b5p | £700,000          | £803        |
| Third  | Flat 9  | 61         | 657          | 2b3p | £530,000          | £807        |
| Third  | Flat 10 | 50         | 538          | 1b2p | £425,000          | £790        |
| Third  | Flat 11 | 104        | 1,119        | 3b6p | £760,000          | £679        |
| Fourth | Flat 13 | 64         | 689          | 2b3p | £550,000          | £798        |
| Fourth | Flat 14 | 61         | 657          | 2b3p | £540,000          | £822        |
|        |         | <b>808</b> | <b>8,698</b> |      | <b>£6,770,000</b> | <b>£778</b> |

### Commercial revenue

- 5.17 Commercial accommodation is proposed as follows:

| Floor  | Ref    | Use        | Sq M       | Sq Ft        |
|--------|--------|------------|------------|--------------|
| Ground | Unit 1 | Commercial | 136        | 1,464        |
| Ground | Unit 2 | Commercial | 116        | 1,249        |
|        |        |            | <b>252</b> | <b>2,713</b> |

### Commercial rents

- 5.18 We would assume these units will be retail, although the Class E use also enables office use. In reviewing the Costar database, used by agents across the UK for up to date leasing and investment transactions, there have been very few lettings in the N22 7 post code area. The most recent was in 2015 when 549 sq ft of retail space was leased for a rent of £12,500pa, equating to £22.77/sq ft. The property had been on the market for 18 months.
- 5.19 Appendix 3 to this report gives a report of lettings over the past 3 years across the N22 post code area. The majority of commercial lettings have taken place on Wood Green High Road which is a busy shopping and commercial centre attracting higher rents. The average achieved rent in this period was £29.62/sq ft, with an average period on the market of 14 months.
- 5.20 In the context of the Costar market analysis we consider a rent of £25/sq ft for the subject proposed premises to reflect the local market, recognising these will be new units.

### Commercial yields

- 5.21 Sale transactions are generally less frequent than lettings and therefore we have undertaken a slightly wider search. In March 2023 a retail unit at 622 Lordship Lane N22 5JH measuring 452 sq ft, was sold to an undisclosed buyer for £180,000, equating to £398/sq ft. Costar suggests this equates to a 7% yield



although this is unsubstantiated as there is no passing rent quoted and there are no lettings identified on the property; however a 7% all risks yield would equate to a rent of £27.88/sq ft which would appear to reflect a reasonable market level consistent with the N22 post code area.

- 5.22 The Knight Frank monthly Investment Yield Sheet does not track London locations outside West End and City, however their opinion of retail yields for prime towns and regional cities ranges 6.75%-7%. Given the nature of this micro-location, with a well-established local shopping parade nearby, we would consider 6.75% to be a reasonable assumption.
- 5.23 We have therefore applied a rent of £25/sq ft and a yield of 6.75% to the proposed commercial units.



## 6. Cost Assumptions

### Construction Costs

- 6.1 We have relied on a cost plan prepared by Stace LLP in the sum of £4,163,000, equating to £285.00/sq ft. The cost plan is provided in Appendix 2.
- 6.2 The cost plan includes a contingency of 5%.

### Other Costs

- 6.3 Within the Argus Developer model at Appendix 1 we have made the following cost assumptions:

| Item                                                                                                                                                                                                                                                                     | Value         | Elements                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------|
| <b>Land</b>                                                                                                                                                                                                                                                              |               |                                   |
| Stamp Duty                                                                                                                                                                                                                                                               | UK SDLT Rates | Residual Land Value               |
| Agents Fee                                                                                                                                                                                                                                                               | 1%            | Residual Land Value               |
| Legal Fee                                                                                                                                                                                                                                                                | 1%            | Residual Land Value               |
| <b>Construction Costs</b>                                                                                                                                                                                                                                                |               |                                   |
| Professional Fees                                                                                                                                                                                                                                                        | 10.0%         | Build Cost Sum                    |
| <b>Lettings and Disposal Costs</b>                                                                                                                                                                                                                                       |               |                                   |
| Marketing (Residential sales)                                                                                                                                                                                                                                            | 1%            | Commercial Rent & Residential GDV |
| Marketing (Commercial letting)                                                                                                                                                                                                                                           | 10%           | Commercial Rent                   |
| Letting Agents Fees (Commercial)                                                                                                                                                                                                                                         | 10%           | Commercial Rent                   |
| Lettings Legal Fees (Commercial)                                                                                                                                                                                                                                         | 5%            | Commercial Rent                   |
| Sales Agent Fees (Residential Units)                                                                                                                                                                                                                                     | 1.5%          | Residential GDV                   |
| Sales Agent Fee (Commercial units)                                                                                                                                                                                                                                       | 1%            | Commercial Investment GDV         |
| Legal Fees (Residential Units)                                                                                                                                                                                                                                           | £850/unit     | Residential GDV                   |
| Legal Fees (Commercial Units)                                                                                                                                                                                                                                            | 0.5%          | Commercial GDV                    |
| <b>S.106 Costs</b>                                                                                                                                                                                                                                                       |               |                                   |
| We have not included Section 106 financial contributions in our appraisal. Should such contributions be required then this viability assessment should be amended to reflect this.                                                                                       |               |                                   |
| <b>CIL</b>                                                                                                                                                                                                                                                               |               |                                   |
| We have assumed that both Mayoral CIL2 and Borough CIL will be chargeable to the proposed development and is calculated on the net gain in floor space (sq m) on a Gross Internal Area (GIA) basis. We have included a total CIL contribution of £395,000.               |               |                                   |
| This is an estimate for viability purposes only; the applicant/ developer should take specialist advice in relation to CIL from the local authority or a specialist adviser. Should this assumption change significantly, the viability appraisal will require updating. |               |                                   |
| <b>Finance Costs</b>                                                                                                                                                                                                                                                     |               |                                   |
| The finance rate is assumed to be 7.5%. This reflects the average cost of capital to include debt interest (senior and mezzanine), and arrangement, exit and valuation fees.                                                                                             |               |                                   |
| <b>Developer Return</b>                                                                                                                                                                                                                                                  |               |                                   |
| The appraisal has been set up to show profit as a cost to the project, at 17.5% of GDV for the private residential units, and 15% on the commercial element.                                                                                                             |               |                                   |



## 7. Benchmark Land Value

- 7.1 As explained at Section 2, viability is typically tested by comparing the residual land value of the proposed scheme with a Benchmark Land Value (BLV). The benchmark can be derived following an assessment of the value of the site in its Existing Use (EUV) or a reasonable Alternative Use Value (AUV).
- 7.2 The Mayor of London's Affordable Housing and Viability Supplementary Planning Guidance (SPG) (August 2017) states that, "a landowner should receive at least the value of the land in its 'pre-permission' use, which would normally be lost when bringing forward land for development."

### Existing Site

- 7.3 The site is made up of an existing commercial building, currently used as an MOT and car servicing station.
- Commercial floor space comprising an MOT and car servicing workshop, measuring 172 sq m (1,851 sq ft)
  - 6 car parking spaces form part of the site, to the north of the existing building.
- 7.4 The premises are the subject of an existing lease dated December 2012 and which expired in December 2022. We understand the tenant does not desire to leave the premises, however is holding over while the landlord seeks the necessary permission to redevelop the site.
- 7.5 The passing rent is [REDACTED]. Referring to evidence of rents detailed at Section 5 above, we consider the passing rent to reflect a reasonable market rent at this time.

### Capital value

- 7.7 In seeking to identify investment transactions we make reference to the following:
- 1308-1312 High Road, Barnet, N20 9HJ
- 7.8 Tri capital Properties LLP acquired the building occupied by Green Man Tyre and Exhaust Ltd in March 2022 for the sum of £2,050,000, equating to £336.73/sq ft. If we apply the existing rent at the subject property this would equate to 6.67% gross yield.
- 1 St Georges Road, Islington, N7 8HD
- 7.9 An auto repair facility is for sale, larger than the subject premises. Measuring 6,920 sq ft, the asking price of £3,500,000 equates to £505.78/sq ft. If we apply the existing rent at the subject property this would equate to 4.03% gross yield.
- Unit 1a, 24 Central Avenue, West Molesey, KT8 2QH
- 7.10 This small MOT workshop is offered on a freehold basis at a price of £295,000. Measuring 940 sq ft over ground and mezzanine floors, this equates to £314/sq ft. If we apply the existing rent at the subject property this would equate to 7.16% gross yield.
- 7.22 We note the Knight Frank Yield Guide for August 2022 suggests yields Secondary Estates are currently 6.5%-7%.



- 7.23 The transactional and marketing evidence above suggests a fairly wide range of capital values. While the evidence draws from auto repair firms the premises could house a range of uses. We consider a gross yield of 6.75% to be a reasonable assumption.

### **Benchmark Land Value**

- 7.29 We have calculated the benchmark land value on the following basis:

Current passing rent/ Estimated Rental Value [REDACTED]

Gross yield [REDACTED]

Capital value = £616,296 (£333/sq ft)

Less 6.8% purchaser's costs (£41,908)

Existing Use Value = £574,388

### Landowner premium

In consideration of the landowner premium we refer to the Mayor of London's Affordable Housing and Viability SPG which suggests a range of 10%-30%. The existing premises represent a fully functioning asset and there would be a level of income foregone in bringing the site forward for development. We consider a 20% premium to be appropriate, giving a Benchmark Land Value of £689,266, say **£689,000**.



## 8. Summary of the Appraisal

- 8.1 For ease of reference we provide here a summary of the Argus appraisals relating to this project, demonstrating the viability position:

| 13 Bedford Road                       |  |  |                  |  |
|---------------------------------------|--|--|------------------|--|
| <b>Summary Appraisal</b>              |  |  |                  |  |
| <b>Costs</b>                          |  |  |                  |  |
|                                       |  |  | £                |  |
| Construction costs                    |  |  | 4,163,000        |  |
| Fees                                  |  |  | 416,000          |  |
| CIL & s106                            |  |  | 395,000          |  |
| Marketing, letting, disposal & legals |  |  | 272,000          |  |
| Site purchase costs                   |  |  | 36,000           |  |
| Total finance costs                   |  |  | 463,000          |  |
| Profit                                |  |  | 1,331,000        |  |
| <b>Total costs</b>                    |  |  | <b>7,076,000</b> |  |
| <b>Revenue</b>                        |  |  |                  |  |
| Residential Sales                     |  |  | 6,770,000        |  |
| Commercial Investment                 |  |  | 973,000          |  |
| <b>Total sales</b>                    |  |  | <b>7,743,000</b> |  |
| Residual Land Value                   |  |  | <b>667,000</b>   |  |
| Benchmark Land Value                  |  |  | <b>689,000</b>   |  |
| <b>RLV - EUV (net residual)</b>       |  |  | <b>-22,000</b>   |  |

- 8.2 The fact the Net Residual is negative indicates the project is unable to sustain a contribution to affordable housing, in addition to CIL payments.



## 9. Summary and Conclusions

- 9.1 In compiling the appraisals, we have applied the site-specific construction costs and property values relating to the proposed development, alongside market assumptions concerning other development costs such as finance and profit. This is in line with the principles of an economic viability assessment of this nature.
- 9.2 Accounting for the inputs explained above, the Argus Developer appraisal for the proposed development calculates a residual land value of £667,000 (rounded). A summary of the Argus Developer appraisal is included in Appendix 1.
- 9.3 The benchmark land value of the existing property has been demonstrated to be £689,000 (rounded), as per Section 7 of this report. Having completed the viability appraisal, we conclude that the net residual is -£22,000 (negative, rounded).
- 9.4 We would therefore conclude that the proposed scheme does not support a contribution towards affordable housing, in addition to anticipated CIL costs associated with the development.
- 9.5 The Council's policy makes clear that the affordable housing contribution is subject to viability testing, and this report has been compiled in compliance with this policy, National Planning Policy Framework and RICS Guidance.
- 9.6 Should the Council require further information from ULL Property to consider the above, we would be happy to provide it, and our contact details can be found at the end of this report.



## Appendix 1 – Argus Developer Appraisal

13 Bedford Road  
Confidential  
Not a Valuation

Development Appraisal  
ULL Property  
July 21, 2023

**APPRAISAL SUMMARY****ULL PROPERTY**

13 Bedford Road  
 Confidential  
 Not a Valuation

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

| Sales Valuation           | Units | ft <sup>2</sup> | Sales Rate | ft <sup>2</sup> | Unit Price | Gross Sales |
|---------------------------|-------|-----------------|------------|-----------------|------------|-------------|
| Private Residential Sales | 13    | 8,698           | 778.34     | 520,769         |            | 6,770,000   |

| Rental Area Summary | Units | ft <sup>2</sup> | Rent Rate | ft <sup>2</sup> | Initial MRV/Unit | Net Rent at Sale | Initial MRV |
|---------------------|-------|-----------------|-----------|-----------------|------------------|------------------|-------------|
| Commercial          | 1     | 2,713           | 25.00     | 67,825          |                  | 67,825           | 67,825      |

**Investment Valuation****Commercial**

|                   |        |            |         |         |         |
|-------------------|--------|------------|---------|---------|---------|
| Market Rent       | 67,825 | YP @       | 6.7500% | 14.8148 |         |
| (6mths Rent Free) |        | PV 6mths @ | 6.7500% | 0.9679  | 972,528 |

**GROSS DEVELOPMENT VALUE**

**7,742,528**

**NET REALISATION**

**7,742,528**

**OUTLAY****ACQUISITION COSTS**

|                           |       |         |         |
|---------------------------|-------|---------|---------|
| Residualised Price        |       | 699,345 |         |
|                           |       |         | 699,345 |
| Stamp Duty                |       | 24,467  |         |
| Effective Stamp Duty Rate | 3.50% |         |         |
| Agent Fee                 | 1.00% | 6,993   |         |
| Legal Fee                 | 1.00% | 6,993   |         |
|                           |       |         | 38,454  |

**CONSTRUCTION COSTS**

| Construction | ft <sup>2</sup> | Build Rate | ft <sup>2</sup> | Cost      |
|--------------|-----------------|------------|-----------------|-----------|
| Construction | 13,552          | 307.19     | 4,163,000       |           |
| CIL          |                 |            | 325,548         |           |
| S106         |                 |            | 32,500          |           |
|              |                 |            |                 | 4,521,048 |

**PROFESSIONAL FEES**

|                   |        |         |         |
|-------------------|--------|---------|---------|
| Professional Fees | 10.00% | 416,300 |         |
|                   |        |         | 416,300 |

**MARKETING & LETTING**

|           |       |        |  |
|-----------|-------|--------|--|
| Marketing | 1.00% | 68,378 |  |
|-----------|-------|--------|--|

**APPRAISAL SUMMARY****ULL PROPERTY****13 Bedford Road****Confidential****Not a Valuation**

|                   |        |       |        |
|-------------------|--------|-------|--------|
| Letting Agent Fee | 10.00% | 6,783 |        |
| Letting Legal Fee | 5.00%  | 3,391 |        |
|                   |        |       | 78,552 |

**DISPOSAL FEES**

|                                  |                  |         |         |
|----------------------------------|------------------|---------|---------|
| Purchaser's Costs                | 6.80%            | 66,132  |         |
| Effective Purchaser's Costs Rate | 6.80%            |         |         |
| Sales Agent Fee - Private Sales  | 1.50%            | 101,550 |         |
| Sales Agent Fee - Commercial     | 1.00%            | 9,725   |         |
| Sales Legal Fee - Private Sales  | 13 un 850.00 /un | 11,050  |         |
| Sales Legal Fee - Commercial     | 0.50%            | 4,863   |         |
|                                  |                  |         | 193,320 |

**TOTAL COSTS BEFORE FINANCE****5,947,019****FINANCE**

| <b>Timescale</b> | <b>Duration</b> | <b>Commences</b> |
|------------------|-----------------|------------------|
| Purchase         | 1               | Jun 2023         |
| Pre-Construction | 4               | Jul 2023         |
| Construction     | 18              | Nov 2023         |
| Letting          | 6               | May 2025         |
| Sale             | 3               | May 2025         |
| Total Duration   | 29              |                  |

Debit Rate 7.50%, Credit Rate 0.00% (Nominal)

|                    |         |         |
|--------------------|---------|---------|
| Land               | 107,740 |         |
| Construction       | 289,155 |         |
| Letting            | 67,672  |         |
| Total Finance Cost |         | 464,568 |

**TOTAL COSTS****6,411,587****PROFIT****1,330,941****Performance Measures**

|                |        |
|----------------|--------|
| Profit on GDV% | 17.19% |
|----------------|--------|

**CASH FLOW REVENUE AND COST SUMMARY****ULL PROPERTY****13 Bedford Road****Confidential****Not a Valuation**

| Heading                          | %      | Total       | At Date  | To Date  |
|----------------------------------|--------|-------------|----------|----------|
| <b>Phase1</b>                    |        |             |          |          |
| Cap - Commercial                 |        | 972,528     | Oct 2025 | Oct 2025 |
| Sale - Private Residential Sales |        | 6,770,000   | May 2025 | Jul 2025 |
| Purchaser's Costs                | 6.80%  | (66,132)    | Oct 2025 | Oct 2025 |
| Sales Agent Fee - Private Sales  | 50%    | (101,550)   | May 2025 | Jul 2025 |
| Sales Agent Fee - Commercial     | 1.00%  | (9,725)     | Oct 2025 | Oct 2025 |
| Sales Legal Fee - Private Sales  | 3.00%  | (11,050)    | May 2025 | Jul 2025 |
| Sales Legal Fee - Commercial     | 0.50%  | (4,863)     | Oct 2025 | Oct 2025 |
| Residualised Price               |        | (699,345)   | Jun 2023 | Jun 2023 |
| Stamp Duty                       | 0.00%  | (24,467)    | Jun 2023 | Jun 2023 |
| Agent Fee                        | 1.00%  | (6,993)     | Jun 2023 | Jun 2023 |
| Legal Fee                        | 1.00%  | (6,993)     | Jun 2023 | Jun 2023 |
| Con. - Construction              |        | (4,163,000) | Nov 2023 | Apr 2025 |
| CIL                              |        | (325,548)   | Nov 2023 | Nov 2023 |
| S106                             |        | (32,500)    | Nov 2023 | Nov 2023 |
| Professional Fees                | 10.00% | (416,300)   | Nov 2023 | Apr 2025 |
| Marketing                        | 1.00%  | (68,378)    | Nov 2024 | Apr 2025 |
| Letting Agent Fee                | 10.00% | (6,783)     | Oct 2025 | Oct 2025 |
| Letting Legal Fee                | 5.00%  | (3,391)     | Oct 2025 | Oct 2025 |

**13 Bedford Road**

**Confidential**

**Not a Valuation**

**Distribution**

Single

Custom (Editor)

Related: Cap - Commercial

Related: : Curve Related to Sale - Private Residential Sales

Related: Cap - Commercial

Related: 850.00/un to Selected Total Units of 13

Related: Cap - Commercial

Single

Related: UK Non-residential from 17.03.2016

Related: Residualised Price

Related: Residualised Price

S-Curve

Single

Single

Related: : Curve Related from Other Construction Costs to Construction

Related: : Curve Related from Sale - Private Residential Sales to Commercial

Related: MRV - Commercial

Related: MRV - Commercial

## TIMESCALE AND PHASING CHART

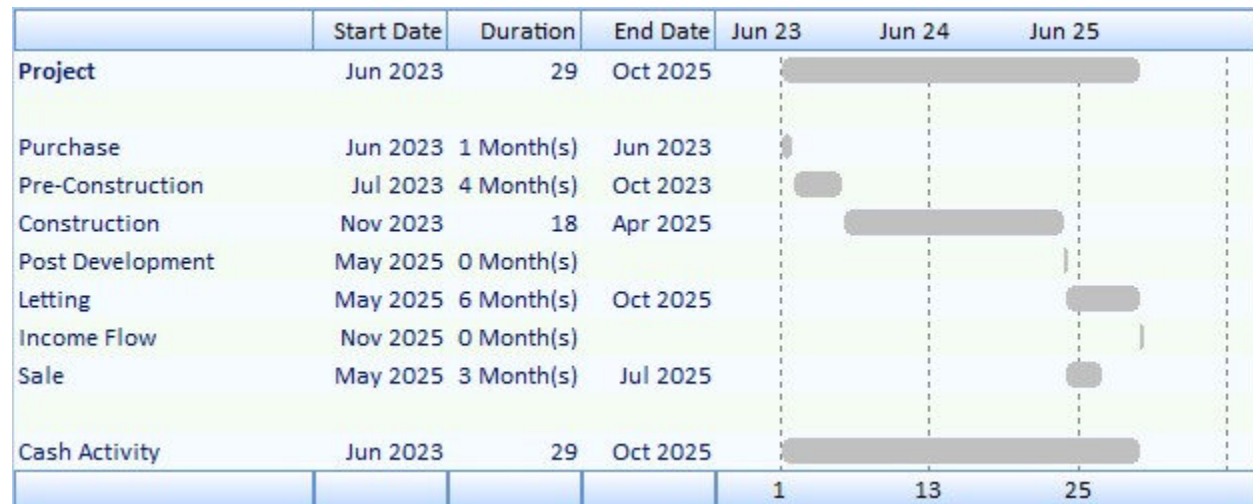
ULL PROPERTY

13 Bedford Road  
Confidential  
Not a Valuation

### Project Timescale

|                                  |           |
|----------------------------------|-----------|
| Project Start Date               | Jun 2023  |
| Project End Date                 | Oct 2025  |
| Project Duration (Inc Exit Peric | 29 months |

### Phase 1



**SENSITIVITY ANALYSIS REPORT****ULL PROPERTY****13 Bedford Road****Confidential****Not a Valuation****Table of Land Cost and Land Cost**

| Construction: Rate /ft <sup>2</sup> |                         |                         |                         |                         |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Sales: Rate /ft <sup>2</sup>        | -10.000%                | -5.000%                 | 0.000%                  | +5.000%                 | +10.000%                |
|                                     | 276.47 /ft <sup>2</sup> | 291.83 /ft <sup>2</sup> | 307.19 /ft <sup>2</sup> | 322.55 /ft <sup>2</sup> | 337.91 /ft <sup>2</sup> |
| -10.000%                            | (£654,194)              | (£457,349)              | (£260,504)              | (£56,485)               | £157,827                |
| 700.51 /ft <sup>2</sup>             | (£654,194)              | (£457,349)              | (£260,504)              | (£56,485)               | £157,827                |
| -5.000%                             | (£873,615)              | (£676,770)              | (£479,924)              | (£283,079)              | (£80,167)               |
| 739.42 /ft <sup>2</sup>             | (£873,615)              | (£676,770)              | (£479,924)              | (£283,079)              | (£80,167)               |
| 0.000%                              | (£1,093,036)            | (£896,190)              | (£699,345)              | (£502,500)              | (£305,655)              |
| 778.34 /ft <sup>2</sup>             | (£1,093,036)            | (£896,190)              | (£699,345)              | (£502,500)              | (£305,655)              |
| +5.000%                             | (£1,312,456)            | (£1,115,611)            | (£918,766)              | (£721,920)              | (£525,075)              |
| 817.26 /ft <sup>2</sup>             | (£1,312,456)            | (£1,115,611)            | (£918,766)              | (£721,920)              | (£525,075)              |
| +10.000%                            | (£1,531,877)            | (£1,335,032)            | (£1,138,186)            | (£941,341)              | (£744,496)              |
| 856.17 /ft <sup>2</sup>             | (£1,531,877)            | (£1,335,032)            | (£1,138,186)            | (£941,341)              | (£744,496)              |

**Sensitivity Analysis : Assumptions for Calculation****Construction: Rate /ft<sup>2</sup>**

Original Values are varied by Steps of 5.000%.

| Heading      | Phase | Rate    | No. of Steps   |
|--------------|-------|---------|----------------|
| Construction | 1     | £307.19 | 2.00 Up & Down |

**Sales: Rate /ft<sup>2</sup>**

Original Values are varied by Steps of 5.000%.

| Heading                   | Phase | Rate    | No. of Steps   |
|---------------------------|-------|---------|----------------|
| Private Residential Sales | 1     | £778.34 | 2.00 Up & Down |



## Appendix 2 – Build Cost Estimate

**13 Bedford Road, London**

# **Order of Cost Estimate 1**

Parks Properties

20 July 2023



## Document Control:

**Author(s):** Matt Gill  
**Approvals:** Paul Burns  
**Client:** Charlford Limited  
**Project / Development:** 13 Bedford Road, London  
**Job No.** 2024/0228  
**Revision Number:** 0

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### Revision History:

| Issue           | Date         | Author(s)       | Amendments |
|-----------------|--------------|-----------------|------------|
| Order of Cost 1 | 20 July 2023 | M.Gill/P. Burns |            |

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### Maths Check:

**Print Name:** Miles Darling  
**Signature:**   
**Date:** 20 July 2023

---

### Approval Signatures:

|                    | Author                                                                              | Approver                                                                            |
|--------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>Print Name:</b> | Matt Gill                                                                           | Paul Burns                                                                          |
| <b>Signature:</b>  |  |  |
| <b>Date:</b>       | 20 July 2023                                                                        | 20 July 2023                                                                        |

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## 1.00 Introduction

| Ref | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| .1  | This document represents an Order of Cost Estimate for the proposed residential & commercial scheme, Water Lane.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| .2  | The project comprises five floors of apartments with 13 units and commercial space in London.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| .3  | Order of Cost Estimates are produced as an intrinsic part of Royal Institute of British Architects (RIBA) Work Stage 1. The core objectives of this RIBA stage is described in the RIBA Plan of Work 2020 as follows: <ul style="list-style-type: none"> <li>• Stage 1 - Preparation and Briefing - Prepare Project Brief including Project Outcomes and Sustainability Outcomes, Quality Aspirations and Spatial Requirements. Undertake Feasibility Studies. Agree Project Budget. Source Site Information including Site Surveys. Prepare Project Programme. Prepare Project Execution Plan.</li> </ul> |
| .4  | The purpose of an Order of Cost Estimate is to establish if the proposed building project is affordable and, if affordable, to establish a realistic cost limit for the building project. The cost limit is the maximum expenditure that the Employer is prepared to make in relation to the completed building project, which will be managed by the project team (i.e. authorised budget).                                                                                                                                                                                                               |
| .5  | Stace order of cost estimates use industry benchmarking data to provide an order of cost typically expected for a project of this type. The benchmarking data takes into account the nature/specification of the project, the expected method of construction, the location and defined uses.                                                                                                                                                                                                                                                                                                              |
| .6  | The data considered in providing the order of cost estimate relates to second quarter 2023 (2Q23) and has been sourced from: <ul style="list-style-type: none"> <li>• Stace projects;</li> <li>• BCIS data; and</li> <li>• Industry published cost data.</li> </ul>                                                                                                                                                                                                                                                                                                                                        |
| .7  | This Order of Cost Estimate is based on the information noted in Section 5.00.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| .8  | We draw attention to the notes in Section 6.00.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| .9  | We draw attention to the exclusions in Section 7.00.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| .10 | Increased cost projections are included on the summary for an assumed on year period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| .11 | The costs are based on the assumption of a single stage competitive tender to 3-4 main contractors of appropriate size and experience, using an unamended design and build form of contract. It should be noted that an alternative form of procurement, would require a review of the budget.                                                                                                                                                                                                                                                                                                             |
| .12 | Professional fees are excluded.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| .13 | VAT is excluded.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| .14 | As the project develops risk analysis will be undertaken and a properly considered assessment of risks will be calculated. At this stage of the project we prefer to highlight all the potential risks associated with a project and utilise our experience of project type, site conditions, level of design etc to provide a considered percentage allowance for contingency.                                                                                                                                                                                                                            |

| Workstage                       | 0                 | 1                      | 2                  | 3                  | 4                                      | 5            | 6             | 7      |
|---------------------------------|-------------------|------------------------|--------------------|--------------------|----------------------------------------|--------------|---------------|--------|
| RICS/Stace Estimating Workstage | Feasibility Study | Order of Cost Estimate | Formal Cost Plan 1 | Formal Cost Plan 2 | Formal Cost Plan 3/Pre-Tender Estimate | Construction | Final Account | In Use |

## 2.00 Schedule of Areas

| Ref                  | Description  | GIA (m <sup>2</sup> ) | GIA (ft <sup>2</sup> ) | NIA (m <sup>2</sup> ) | NIA (ft <sup>2</sup> ) | Amenity space | Units total (nr) | Commercial Space | 1B       | 2B       | 3B       |
|----------------------|--------------|-----------------------|------------------------|-----------------------|------------------------|---------------|------------------|------------------|----------|----------|----------|
| <b>Block</b>         |              | Excl from GIA         |                        |                       |                        |               |                  |                  |          |          |          |
| .1                   | Ground floor | 345                   | 3,714                  | 246                   | 2,648                  |               | 2                | 2                |          |          |          |
| .2                   | 1st floor    | 295                   | 3,175                  | 239                   | 2,573                  | -             | 4                |                  | 2        | 1        | 1        |
| .3                   | 2nd floor    | 285                   | 3,068                  | 231                   | 2,486                  | -             | 4                |                  | 2        | 1        | 1        |
| .4                   | 3rd floor    | 265                   | 2,852                  | 224                   | 2,411                  | -             | 3                |                  | 1        | 1        | 1        |
| .5                   | 4th floor    | 165                   | 1,776                  | 125                   | 1,346                  | -             | 2                |                  |          | 2        |          |
|                      |              |                       | -                      |                       | -                      | -             | -                |                  |          |          |          |
| <b>Total Resider</b> |              | <b>1,355</b>          | <b>14,585</b>          | <b>1,065</b>          | <b>11,464</b>          | <b>-</b>      | <b>15</b>        |                  | <b>5</b> | <b>5</b> | <b>3</b> |

| Ref                         | Description | GIA (m <sup>2</sup> ) | GIA (ft <sup>2</sup> ) | NIA (m <sup>2</sup> ) | NIA (ft <sup>2</sup> ) | Units       |
|-----------------------------|-------------|-----------------------|------------------------|-----------------------|------------------------|-------------|
| <b>Total Areas by Usage</b> |             |                       |                        |                       |                        |             |
| .1                          | Residential | 1,010                 | 10,872                 | 819                   | 8,816                  | 13          |
| .2                          | Commercial  | 345                   | 3,714                  | 246                   | 2,648                  | 2           |
| <b>Total</b>                |             | <b>1,355</b>          | <b>14,585</b>          | <b>1,065</b>          | <b>11,464</b>          | <b>- 15</b> |

| Ref                       | Description              | Total |
|---------------------------|--------------------------|-------|
| <b>Key Design Metrics</b> |                          |       |
| .1                        | Net to Gross Internal Ar | 79%   |
| .2                        | Gross Internal Area per  | 78    |
| .3                        | Total Units              | 15    |

GIA Gross Internal Area  
NIA Net Internal Area

### 3.01 General Summary

| Ref  | Description                          | Total              | £/m <sup>2</sup> | £/ft <sup>2</sup> |
|------|--------------------------------------|--------------------|------------------|-------------------|
| .1   | Building Works Estimate              | 4,163,000          | 3,072            | 285               |
|      | <b>Building Works Estimate</b>       | <b>£ 4,163,000</b> | <b>3,072</b>     | <b>285</b>        |
| .2   | Inflation Estimate                   |                    |                  |                   |
| .2.1 | • Tender Inflation Estimate )        | Excluded           |                  |                   |
| .2.2 | • Construction Inflation Estimate )  |                    |                  |                   |
|      | <b>Total Building Works Estimate</b> | <b>£ 4,163,000</b> | <b>3,072</b>     | <b>285</b>        |
| .3   | Professional Fees                    | Excluded           |                  |                   |
|      | <b>Sub-Total</b>                     | <b>£ 4,163,000</b> | <b>3,072</b>     | <b>285</b>        |
| .4   | VAT Assessment                       | Excluded           |                  |                   |

## 3.02 Order of Cost Estimate Summary

| Ref                         | Description    | Area           |                 | £/m <sup>2</sup> | £/ft <sup>2</sup> | Total<br>£ |
|-----------------------------|----------------|----------------|-----------------|------------------|-------------------|------------|
|                             |                | m <sup>2</sup> | ft <sup>2</sup> |                  |                   |            |
| .1                          | Enabling Works |                |                 |                  |                   | 124,000    |
| .2                          | Commercial     | 345            | 3,714           | 1,205.80         | 112.02            | 416,000    |
| .3                          | Residential    | 1,010          | 10,872          | 3,331.68         | 309.52            | 3,365,000  |
| .5                          | External Works |                |                 |                  |                   | 258,000    |
| Total of Cost Estimate      |                | 1,355          | 14,585          | 3,072            | 285               | 4,163,000  |
| Aggregate £/m <sup>2</sup>  |                |                |                 |                  |                   | 3,072      |
| Aggregate £/ft <sup>2</sup> |                |                |                 |                  |                   | 285        |

## 4.01 Enabling Works

| Ref                                             | Description                                   | Qty   | Unit           | Rate  | Total          |
|-------------------------------------------------|-----------------------------------------------|-------|----------------|-------|----------------|
| .1                                              | Demolition of existing structures (Approx.)   | 1,386 | m <sup>3</sup> | 40.00 | 55,440         |
| .2                                              | Break up existing surfacing (Approx.)         | 781   | m <sup>2</sup> | 30.00 | 23,430         |
| .3                                              | Site clearance generally / vegetation removal | 1,012 | m <sup>2</sup> | 15.00 | 15,180         |
| .4                                              | Remediation                                   |       |                |       | Excluded       |
| .5                                              | Asbestos Removal                              |       |                |       | Excluded       |
|                                                 |                                               |       | Sub-total      |       | 94,050         |
|                                                 | Main Contractor's Preliminaries               |       | 13.0%          |       | 12,000         |
|                                                 |                                               |       | Sub-total      |       | 106,050        |
|                                                 | Overheads and Profit                          |       | 6%             |       | 6,000          |
| <b>Total Building Works Estimate</b>            |                                               |       | <b>£</b>       |       | <b>112,050</b> |
|                                                 | Risk Allowance Estimate:                      |       |                |       |                |
|                                                 | • Design Development Risks Estimate           |       | 5.0%           |       | 6,000          |
|                                                 | • Construction Risks Estimate                 |       | 5.0%           |       | 6,000          |
|                                                 | • Employer Change Risks Estimate              |       |                |       | Excluded       |
|                                                 | • Employer Other Risks Estimate               |       |                |       | Excluded       |
| <b>Total Building Works Estimate incl. Risk</b> |                                               |       | <b>£</b>       |       | <b>124,000</b> |

## 4.02 Commercial

### CAT-A Commercial fit out

|            |                                      |     |                |          |         | GIA: | 345              | 3,714             |
|------------|--------------------------------------|-----|----------------|----------|---------|------|------------------|-------------------|
| Ref        | Description                          | Qty | Unit           | Rate     | Total   |      | £/m <sup>2</sup> | £/ft <sup>2</sup> |
| <b>.1</b>  | <b>Facilitating Works</b>            |     |                |          |         |      |                  |                   |
| .1.1       | Refer to Enabling works              |     |                |          |         |      |                  |                   |
| <b>.2</b>  | <b>Substructure</b>                  |     |                |          |         |      |                  |                   |
| .2.1       | Refer to residential                 |     |                |          |         |      |                  |                   |
| <b>.3</b>  | <b>Frame</b>                         |     |                |          |         |      |                  |                   |
| .3.1       | Frame & Upper floors; RC Frame       | 345 | m <sup>2</sup> | 180.00   | 62,100  |      | 180.00           | 16.72             |
| <b>.4</b>  | <b>Upper Floors</b>                  |     |                |          |         |      |                  |                   |
| .4.1       | Refer to residential                 |     |                |          |         |      |                  |                   |
| <b>.5</b>  | <b>Roof</b>                          |     |                |          |         |      |                  |                   |
| .5.1       | Refer to residential                 |     |                |          |         |      |                  |                   |
| <b>.6</b>  | <b>Stairs and Ramps</b>              |     |                |          |         |      |                  |                   |
| .6.1       | Staircase;                           |     | nr             |          |         |      |                  | -                 |
| <b>.7</b>  | <b>External Walls</b>                |     |                |          |         |      |                  |                   |
| .7.1       | Brick cladded external walls; gross  | 280 | m <sup>2</sup> | 450.00   | 126,000 |      | 365.22           | 33.93             |
| <b>.8</b>  | <b>Windows and External Doors</b>    |     |                |          |         |      |                  |                   |
| .8.1       | Windows / glazed openings with doors | 47  | m <sup>2</sup> | 650.00   | 30,550  |      | 88.55            | 8.23              |
| .8.2       | Entrance door; double                | 2   | nr             | 3,500.00 | 7,000   |      | 20.29            | 1.88              |
| <b>.9</b>  | <b>Internal Walls and Partitions</b> |     |                |          |         |      |                  |                   |
| .9.1       | Internal Walls and Partitions        |     |                |          |         |      |                  |                   |
| <b>.10</b> | <b>Internal Doors</b>                |     |                |          |         |      |                  |                   |
| .10.1      | Internal doors                       |     |                |          |         |      |                  |                   |

## 4.02 Commercial

### CAT-A Commercial fit out

|                                                 |                                                          |     |                |                   | GIA:           | 345              | 3,714             |
|-------------------------------------------------|----------------------------------------------------------|-----|----------------|-------------------|----------------|------------------|-------------------|
| Ref                                             | Description                                              | Qty | Unit           | Rate              | Total          | £/m <sup>2</sup> | £/ft <sup>2</sup> |
| <b>.11</b>                                      | <b>Wall Finishes</b>                                     |     |                |                   |                |                  |                   |
| .11.1                                           | No Works                                                 | 345 | m <sup>2</sup> | Shell & core only |                |                  |                   |
| <b>.12</b>                                      | <b>Floor Finishes</b>                                    |     |                |                   |                |                  |                   |
| .12.1                                           | No Works                                                 | 345 | m <sup>2</sup> | Shell & core only |                |                  |                   |
| <b>.13</b>                                      | <b>Ceiling Finishes</b>                                  |     |                |                   |                |                  |                   |
| .13.1                                           | No Works                                                 | 345 | m <sup>2</sup> | Shell & core only |                |                  |                   |
| <b>.14</b>                                      | <b>Fittings, Furnishings &amp; Equipment</b>             |     |                |                   |                |                  |                   |
| .14.1                                           | No Works                                                 | 1   | item           | Shell & core only |                |                  |                   |
| <b>.15</b>                                      | <b>Services</b>                                          |     |                |                   |                |                  |                   |
| .15.1                                           | Shell & Core only including incoming services & sprinler | 345 | nr             | 300.00            | 103,500        | 300.00           | 27.87             |
| .15.2                                           | BWIC with services                                       |     |                | 5.00%             | 5,175          | 15.00            | 1.39              |
|                                                 | Sub-total                                                |     |                |                   | 334,325        | 969.06           | 90.03             |
|                                                 | Main Contractor's Preliminaries                          |     |                | 13.0%             | 43,000         | 124.64           | 11.58             |
|                                                 | Sub-total                                                |     |                |                   | 377,325        | 1,093.70         | 101.61            |
|                                                 | Overheads and Profit                                     |     |                | 5%                | 19,000         | 55.07            | 5.12              |
| <b>Total Building Works Estimate</b>            |                                                          |     | <b>£</b>       |                   | <b>396,325</b> | <b>1,148.77</b>  | <b>106.72</b>     |
| Risk Allowance Estimate:                        |                                                          |     |                |                   |                |                  |                   |
|                                                 | • Design Development Risks Estimate                      |     |                | 2.5%              | 10,000         | 28.99            | 2.69              |
|                                                 | • Construction Risks Estimate                            |     |                | 2.5%              | 10,000         | 28.99            | 2.69              |
|                                                 | • Employer Change Risks Estimate                         |     |                |                   | Excluded       |                  |                   |
|                                                 | • Employer Other Risks Estimate                          |     |                |                   | Excluded       |                  |                   |
| <b>Total Building Works Estimate incl. Risk</b> |                                                          |     | <b>£</b>       |                   | <b>416,000</b> | <b>1,205.80</b>  | <b>112.02</b>     |

## 4.03 Residential

|           |                                        |       |                |           |                | GIA: | 1,010            | 10,872            |
|-----------|----------------------------------------|-------|----------------|-----------|----------------|------|------------------|-------------------|
| Ref       | Description                            | Qty   | Unit           | Rate      | Total          |      | £/m <sup>2</sup> | £/ft <sup>2</sup> |
| <b>.1</b> | <b>Facilitating Works</b>              |       |                |           |                |      |                  |                   |
| .1.1      | Refer to Enabling works                |       |                |           |                |      |                  |                   |
| <b>.2</b> | <b>Substructure</b>                    |       |                |           |                |      |                  |                   |
| .2.1      | Piled foundations                      | 345   | m <sup>2</sup> | 450.00    | 155,250        |      | 153.71           | 14.28             |
| .2.2      | Suspended ground slab                  |       |                |           | included above |      |                  |                   |
| <b>.3</b> | <b>Frame</b>                           |       |                |           |                |      |                  |                   |
| .3.1      | Frame & Upper floors; RC Frame         | 1,010 | m <sup>2</sup> | 180.00    | 181,800        |      | 180.00           | 16.72             |
| <b>.4</b> | <b>Upper Floors</b>                    |       |                |           |                |      |                  |                   |
| .4.1      | Included                               |       |                |           |                |      |                  |                   |
| <b>.5</b> | <b>Roof</b>                            |       |                |           |                |      |                  |                   |
| .5.1      | Roof slabs; included to frame          |       |                |           |                |      |                  |                   |
| .5.2      | Flat Roof coverings                    | 180   | m <sup>2</sup> | 180.00    | 32,400         |      | 32.08            | 2.98              |
| .5.3      | Parapets coping                        | 147   | m              | 150.00    | 22,050         |      | 21.83            | 2.03              |
| .5.4      | Lift shaft overrun                     | 1     | item           | 10,000.00 | 10,000         |      | 9.90             | 0.92              |
| .5.5      | AOV to stairwell top                   | 1     | item           | 3,000.00  | 3,000          |      | 2.97             | 0.28              |
| .5.8      | Plant enclosure                        | 0     | m <sup>2</sup> | 450.00    | 0              |      | -                | -                 |
| .5.6      | Frame, floor and finishes to balconies | 52    | m <sup>2</sup> | 300.00    | 15,600         |      | 15.45            | 1.43              |
| <b>.6</b> | <b>Stairs and Ramps</b>                |       |                |           |                |      |                  |                   |
| .6.1      | Staircase; GF to 5th floor             | 5     | nr             | 8,000.00  | 40,000         |      | 39.60            | 3.68              |
| .6.2      | Access to roof-top                     | 1     | nr             | 3,000.00  | 3,000          |      | 2.97             | 0.28              |
| <b>.7</b> | <b>External Walls</b>                  |       |                |           |                |      |                  |                   |
| .7.1      | Brick cladded external walls; gross    | 1,264 | m <sup>2</sup> | 450.00    | 568,800        |      | 563.17           | 52.32             |
| .7.3      | Brickwork detailing                    |       |                |           | Included       |      |                  |                   |
| .7.5      | Cladding panelling                     | 288   | m <sup>2</sup> | 700.00    | 201,600        |      | 199.60           | 18.54             |
| .7.4      | Soffit cladding to terraces/balconies  | 52    | m <sup>2</sup> | 150.00    | 7,800          |      | 7.72             | 0.72              |
| .7.5      | Architectural metalwork balustrades    | 147   | m              | 600.00    | 88,200         |      | 87.33            | 8.11              |
| <b>.8</b> | <b>Windows and External Doors</b>      |       |                |           |                |      |                  |                   |
| .8.1      | Windows / glazed openings with doors   | 332   | m <sup>2</sup> | 650.00    | 215,800        |      | 213.66           | 19.85             |
| .8.2      | Extra over for single doors            | 24    | nr             | 1,000.00  | 24,000         |      | 23.76            | 2.21              |
| .8.3      | Block's entrance door; single          | 1     | nr             | 3,000.00  | 3,000          |      | 2.97             | 0.28              |

## 4.03 Residential

|                                                 |                                                                    |       |                |           | GIA: 1,010 10,872 |                  |                   |
|-------------------------------------------------|--------------------------------------------------------------------|-------|----------------|-----------|-------------------|------------------|-------------------|
| Ref                                             | Description                                                        | Qty   | Unit           | Rate      | Total             | £/m <sup>2</sup> | £/ft <sup>2</sup> |
| <b>.9</b>                                       | <b>Internal Walls and Partitions</b>                               |       |                |           |                   |                  |                   |
| .9.1                                            | Internal Walls and Partitions                                      | 1,100 | m <sup>2</sup> | 130.00    | 143,000           | 141.58           | 13.15             |
| <b>.10</b>                                      | <b>Internal Doors</b>                                              |       |                |           |                   |                  |                   |
| .10.1                                           | Apartments; entrance doors                                         | 13    | nr             | 1,400.00  | 18,200            | 18.02            | 1.67              |
| .10.2                                           | Apartments; internal doors                                         | 65    | nr             | 600.00    | 39,000            | 38.61            | 3.59              |
| .10.3                                           | Communal doors                                                     | 8     | nr             | 1,200.00  | 9,600             | 9.50             | 0.88              |
| .10.4                                           | Riser doors                                                        | 3     | nr             | 1,000.00  | 3,000             | 2.97             | 0.28              |
| <b>.11</b>                                      | <b>Wall Finishes</b>                                               |       |                |           |                   |                  |                   |
| .11.1                                           | Wall finishes                                                      | 1,100 | m <sup>2</sup> | 80.00     | 88,000            | 87.13            | 8.09              |
| <b>.12</b>                                      | <b>Floor Finishes</b>                                              |       |                |           |                   |                  |                   |
| .12.1                                           | Floor finishes                                                     | 1,100 | m <sup>2</sup> | 150.00    | 165,000           | 163.37           | 15.18             |
| <b>.13</b>                                      | <b>Ceiling Finishes</b>                                            |       |                |           |                   |                  |                   |
| .13.1                                           | Ceilings                                                           | 1,100 | m <sup>2</sup> | 60.00     | 66,000            | 65.35            | 6.07              |
| <b>.14</b>                                      | <b>Fittings, Furnishings &amp; Equipment</b>                       |       |                |           |                   |                  |                   |
| .14.1                                           | To apartments; Kitchens                                            | 13    | nr             | 6,000.00  | 78,000            | 77.23            | 7.17              |
| .14.2                                           | Refuse bins                                                        |       |                |           | Excluded          |                  |                   |
| .14.3                                           | Cycle storage                                                      | 24    | nr             | 650.00    | 15,600            | 15.45            | 1.43              |
| .14.4                                           | Signage                                                            | 1     | item           | 5,000.00  | 5,000             | 4.95             | 0.46              |
| <b>.15</b>                                      | <b>Services</b>                                                    |       |                |           |                   |                  |                   |
| .15.1                                           | Mechanical & Electrical incl sanitaryware and drainage; apartments | 13    | nr             | 30,000.00 | 390,000           | 386.14           | 35.87             |
| .15.2                                           | Lifts ; GF to 5th floors                                           | 1     | item           | 85,000.00 | 85,000            | 84.16            | 7.82              |
| .15.3                                           | BWIC with services                                                 |       |                | 5.00%     | 23,750            | 23.51            | 2.18              |
|                                                 | Sub-total                                                          |       |                |           | 2,701,450         | 2,674.70         | 248.49            |
|                                                 | Main Contractor's Preliminaries                                    |       |                | 13.0%     | 351,000           | 347.52           | 32.29             |
|                                                 | Sub-total                                                          |       |                |           | 3,052,450         | 3,022.23         | 280.77            |
|                                                 | Overheads and Profit                                               |       |                | 5%        | 153,000           | 151.49           | 14.07             |
| <b>Total Building Works Estimate</b>            |                                                                    |       |                | <b>£</b>  | <b>3,205,450</b>  | <b>3,173.71</b>  | <b>294.85</b>     |
| Risk Allowance Estimate:                        |                                                                    |       |                |           |                   |                  |                   |
|                                                 | • Design Development Risks Estimate                                |       |                | 2.5%      | 80,000            | 79.21            | 7.36              |
|                                                 | • Construction Risks Estimate                                      |       |                | 2.5%      | 80,000            | 79.21            | 7.36              |
|                                                 | • Employer Change Risks Estimate                                   |       |                |           | Excluded          |                  |                   |
|                                                 | • Employer Other Risks Estimate                                    |       |                |           | Excluded          |                  |                   |
| <b>Total Building Works Estimate incl. Risk</b> |                                                                    |       |                | <b>£</b>  | <b>3,365,000</b>  | <b>3,331.68</b>  | <b>309.52</b>     |

## 4.05 External Works

| Ref                                             | Description                                            | Qty   | Unit           | Rate      | Total          |
|-------------------------------------------------|--------------------------------------------------------|-------|----------------|-----------|----------------|
| <b>Residential</b>                              |                                                        |       |                |           |                |
| .1                                              | Hard surfacing; communal                               | 145   | m <sup>2</sup> | 150.00    | 21,750         |
| .2                                              | Brick cladded free-standing walls; 2.00m high; repairs | 20    | m              | 850.00    | 17,000         |
| <b>External Services</b>                        |                                                        |       |                |           |                |
| .6                                              | Incoming services                                      | 15    | nr             | 5,000.00  | 75,000         |
| .7                                              | Allowance for Foul drainage                            | 1,355 | m <sup>2</sup> | 15.00     | 20,325         |
| .8                                              | Allowance for site drainage; below ground              | 1,355 | m <sup>2</sup> | 30.00     | 40,650         |
| .9                                              | Allowance for attenuation                              | 1     | item           | 20,000.00 | 20,000         |
| .10                                             | External lighting                                      | 1     | item           | 10,000.00 | 10,000         |
| Sub-total                                       |                                                        |       |                |           | 204,725        |
| Main Contractor's Preliminaries                 |                                                        |       | 13.0%          |           | 27,000         |
| Sub-total                                       |                                                        |       |                |           | 231,725        |
| Overheads and Profit                            |                                                        |       | 6%             |           | 14,000         |
| <b>Total Building Works Estimate</b>            |                                                        |       | <b>£</b>       |           | <b>245,725</b> |
| Risk Allowance Estimate:                        |                                                        |       |                |           |                |
| • Design Development Risks Estimate             |                                                        | 2.5%  |                |           | 6,000          |
| • Construction Risks Estimate                   |                                                        | 2.5%  |                |           | 6,000          |
| • Employer Change Risks Estimate                |                                                        |       |                |           | Excluded       |
| • Employer Other Risks Estimate                 |                                                        |       |                |           | Excluded       |
| <b>Total Building Works Estimate incl. Risk</b> |                                                        |       | <b>£</b>       |           | <b>258,000</b> |

## 5.00 Information Used for Order of Cost Estimate

| Ref | Description                           |                                                                 |            |
|-----|---------------------------------------|-----------------------------------------------------------------|------------|
| .1  | Location of site                      | London, N22                                                     |            |
| .2  | Building use                          | Residential & Commercial                                        |            |
| .3  | Gross internal areas (GIA)            | 1355 m <sup>2</sup>                                             |            |
| .4  | New build/ remodelling/ refurbishment | New Build                                                       |            |
| .5  | Project/design brief                  | Development of residential Blocks /13 units and commercial spac |            |
| .6  | Enabling works                        | Demoliton of existing building                                  |            |
| .7  | Indicative programme                  |                                                                 |            |
|     | • Pre-contract                        | TBC                                                             |            |
|     | • Contract                            | TBC                                                             |            |
| .8  | Restrains                             | TBC                                                             |            |
| .9  | Site conditions                       | Existing building on London site                                |            |
| .10 | Budget/ cashflow restraints           |                                                                 |            |
| .11 | Assumed procurement route             | TBC                                                             |            |
| .12 | Building life span                    | 60 Years                                                        |            |
| .13 | Proposed/ assumed storey height       | Refer to Drawings                                               |            |
| .14 | Proposed/ assumed M&E Installation    | TBC                                                             |            |
| .15 | Project team fees                     | Excluded                                                        |            |
| .16 | Other development/project costs       | Excluded                                                        |            |
| .17 | Inflation                             | Excluded                                                        |            |
| .18 | Value added tax                       | Excluded                                                        |            |
| .19 | Other considerations                  | TBC                                                             |            |
|     | <u>Architect -</u>                    | <u>Rev</u>                                                      | <u>Ref</u> |
| .20 | CG Architects                         |                                                                 | 1544/04    |
| .21 | CG Architects                         |                                                                 | 1544/05    |
| .22 | CG Architects                         |                                                                 | 1544/06    |
|     | <u>Structural Engineer</u>            | <u>Rev</u>                                                      | <u>Ref</u> |
| .43 | No information                        |                                                                 |            |
|     | <u>MEP Engineer</u>                   | <u>Rev</u>                                                      | <u>Ref</u> |
| .44 | No information                        |                                                                 |            |

## 6.00 Notes

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| Ref | Description                                                                                                                                                                                                                                                                                                                                                                         |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| .1  | This Order of Cost Estimate is a desktop study and should only be used as a guide to the potential cost of the scheme. Should the scheme proceed to the next stage the design and specification of the facility should be undertaken. At this stage a more detailed cost plan will be produced which will provide a more representative guide as to the target cost of this scheme. |
| .2  | No site visit has been undertaken, this represents a desktop order of cost estimate.                                                                                                                                                                                                                                                                                                |
| .3  | No structural or services information was available for the preparation of this order of cost estimate.                                                                                                                                                                                                                                                                             |
| .4  | No site investigations or surveys were available for the preparation of this order of cost estimate.                                                                                                                                                                                                                                                                                |
| .5  | No topographical survey was available at the time of preparation of this report therefore levels have been assumed for the purposes of this study.                                                                                                                                                                                                                                  |
| .6  | No details regarding the existing statutory services provisions on site was available. It has been assumed that all services are local to the site and allowances for statutory services has been included based on projects of a similar size and nature.                                                                                                                          |
| .7  | It has been assumed that no statutory services diversions or off site upgrades are required.                                                                                                                                                                                                                                                                                        |
| .8  | The order of cost estimate is 'Current Day'. Increased cost projections have been included in the general summary based on assumed tender and construction time frame.                                                                                                                                                                                                              |

## 7.00 Exclusions and Risk Commentary

| Ref         | Description                                                                                                                                                                                                                                                          |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>.1</b>   | <b>Exclusions</b>                                                                                                                                                                                                                                                    |
| .1.1        | VAT                                                                                                                                                                                                                                                                  |
| .1.2        | Employer change risk, Employer other risk                                                                                                                                                                                                                            |
| .1.3        | Insurances                                                                                                                                                                                                                                                           |
| .1.4        | Legal fees                                                                                                                                                                                                                                                           |
| .1.5        | Finance costs and interest charges                                                                                                                                                                                                                                   |
| .1.6        | Planning fees                                                                                                                                                                                                                                                        |
| .1.7        | Building regulation fees                                                                                                                                                                                                                                             |
| .1.8        | Rights of light cost or alterations to accommodate affected parties                                                                                                                                                                                                  |
| .1.9        | Site investigation costs                                                                                                                                                                                                                                             |
| .1.10       | Asbestos survey and/or removal costs                                                                                                                                                                                                                                 |
| .1.11       | Section 106 contributions and/or costs                                                                                                                                                                                                                               |
| .1.12       | Remediation and/or removal of contaminated material                                                                                                                                                                                                                  |
| .1.13       | Major 278/highway junction works                                                                                                                                                                                                                                     |
| .1.14       | Statutory service diversions and/or off site infrastructure upgrades                                                                                                                                                                                                 |
| .1.15       | Party wall awards and/or costs                                                                                                                                                                                                                                       |
| .1.16       | Works outside of the site boundary except as noted                                                                                                                                                                                                                   |
| .1.17       | Fittings, loose furniture or other equipment not specifically described                                                                                                                                                                                              |
| .1.18       | Costs as a result of lease negotiations or re-negotiations                                                                                                                                                                                                           |
| .1.19       | Marketing                                                                                                                                                                                                                                                            |
| .1.20       | IT wiring and equipment including media and audio visual equipment                                                                                                                                                                                                   |
| .1.21       | Fire fighting appliances                                                                                                                                                                                                                                             |
| .1.22       | Work to the highways including realignment of existing carriageway                                                                                                                                                                                                   |
| .1.23       | Any income loss during construction and vacant periods                                                                                                                                                                                                               |
| <b>.2</b>   | <b>Risk Commentary</b>                                                                                                                                                                                                                                               |
| <b>.2.1</b> | <b>Design development risks – an allowance for use during the design process to provide for the undefined risks including:</b>                                                                                                                                       |
| .2.1.1      | Risks associated with design development, changes in estimating data, third party risks (e.g. planning requirements, legal agreements, covenants, environmental issues and pressure groups), statutory requirements, procurement methodology and delays in tendering |
| .2.1.2      | Covenants                                                                                                                                                                                                                                                            |
| .2.1.3      | Environmental issues                                                                                                                                                                                                                                                 |
| .2.1.4      | Statutory requirements                                                                                                                                                                                                                                               |
| .2.1.5      | Procurement methodologies                                                                                                                                                                                                                                            |
| .2.1.6      | Tendering delays                                                                                                                                                                                                                                                     |
| .2.1.7      | Site cut and fill                                                                                                                                                                                                                                                    |

## 7.00 Exclusions and Risk Commentary

| Ref         | Description                                                                                                                                                                                                                            |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>.2.2</b> | <b>Construction Risk - an allowance for use during the construction process to provide for the risks associated with the following:</b>                                                                                                |
| .2.2.1      | Extensive services                                                                                                                                                                                                                     |
| .2.2.2      | Restrictions/limitations on access                                                                                                                                                                                                     |
| .2.2.3      | Ground conditions                                                                                                                                                                                                                      |
| .2.2.4      | Remediation of contaminated land                                                                                                                                                                                                       |
| .2.2.5      | Asbestos related works (allowance included for surveys) associated with any existing buildings that may be present on site                                                                                                             |
| .2.2.6      | Abnormal structural/substructure works to the proposed or existing buildings                                                                                                                                                           |
| .2.2.7      | Archaeological cost or associated delays                                                                                                                                                                                               |
| .2.2.8      | Site specific planning requirements                                                                                                                                                                                                    |
| .2.2.9      | Existing buildings                                                                                                                                                                                                                     |
| .2.2.10     | Boundaries                                                                                                                                                                                                                             |
| .2.2.11     | Existing occupants and users                                                                                                                                                                                                           |
| .2.2.12     | Decontamination                                                                                                                                                                                                                        |
| .2.2.13     | Abnormal acoustic measures                                                                                                                                                                                                             |
| .2.2.14     | Measures to deal with air quality                                                                                                                                                                                                      |
| .2.2.15     | Additional cost of consequential upgrading for Building Regulations compliance                                                                                                                                                         |
| .2.2.16     | Additional cost of compliance with future changes in Building Regulations                                                                                                                                                              |
| <b>.2.3</b> | <b>Employer Changes (excluded from this Feasibility Study - an allowance for use during both the design process and the construction process to provide for risks associated with Employer driven changes including the following:</b> |
| .2.3.1      | Changes in scope of works or brief                                                                                                                                                                                                     |
| .2.3.2      | Changes in quality                                                                                                                                                                                                                     |
| .2.3.3      | Changes in time                                                                                                                                                                                                                        |
| <b>.2.4</b> | <b>Employer Other Risks (excluded from this Feasibility Study) - an allowance for other Employer risks including:</b>                                                                                                                  |
| .2.4.1      | Funding and the availability of funds                                                                                                                                                                                                  |
| .2.4.2      | Special contractual arrangements                                                                                                                                                                                                       |
| .2.4.3      | Early handover                                                                                                                                                                                                                         |
| .2.4.4      | Postponement                                                                                                                                                                                                                           |
| .2.4.5      | Acceleration                                                                                                                                                                                                                           |
| .2.4.6      | Availability of funds                                                                                                                                                                                                                  |
| .2.4.7      | Liquidated damages or premiums on other contracts due to late provision of accommodation, unconventional tender action and special contract arrangements                                                                               |
| <b>.2.5</b> | <b>Other Considerations (excluded from this Feasibility Study)</b>                                                                                                                                                                     |
| .2.5.1      | Capital allowances for taxation purposes                                                                                                                                                                                               |
| .2.5.2      | Land remediation relief                                                                                                                                                                                                                |
| .2.5.3      | Grants                                                                                                                                                                                                                                 |

*Note: As the project develops risk analyses will be undertaken and properly considered assessments of risks will be calculated. At this stage of the project we prefer to highlight all the potential risks associated with a project and utilise our experience of project type, site conditions, level of design etc to provide a considered percentage against each heading.*



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## Appendix 3 – Costar Leasing Report



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