Real Estate for a changing world

Review of 'Affordable Housing Delivery Report'

Mitre Yard, 104-108 Scrubs Lane, London, NW10 6SF

Prepared for

Old Oak and Park Royal Development Corporation

May 2017

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1 Introduction

The Old Oak and Park Royal Development Corporation ("the Corporation") has commissioned BNP Paribas Real Estate to advise on a 'Affordable Housing Delivery Report' prepared by Quod on behalf of City and Docklands Limited ("the Applicant") in relation to a proposed development ("the Development") at Mitre Yard, 104-108 Scrubs Lane, London, NW10 6SF ("the Site").

This report provides an independent assessment of Quod's Affordable Housing Delivery Report to determine whether the affordable housing offer as proposed has been optimised.

The Applicant is offering a level of Affordable Housing equating to 35% on a habitable room basis in the form of a Discount to Market Rent (80% of Market Rent).

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and 150 offices, across 30 countries in Europe, Middle East, India and the US, including 15 wholly owned and 15 alliances.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ("RPs").

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Tom Glasson, MSc MRICS, RICS Registered Valuer, and reviewed by Anthony Lee MRICS MRTPI, RICS Registered Valuer.

The Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the provision of affordable housing.

In 2007 we were appointed by the GLA to review its Development Control Toolkit Model (commonly referred to as the 'Three Dragons' model). This review included testing the validity of the Three Dragons' approach to appraising the value of residential and mixed use developments; reviewing the variables used in the model; and advising on areas that required amendment in the re-worked toolkit. We were appointed again in 2012 by the GLA to review the Three Dragons model and our recommendations were carried forward to the 2014 version of the Toolkit.

In addition, we were retained by the Homes and Communities Agency ('HCA') to advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report Structure

This report is structured as follows:

Section two provides a brief description of the Development;

Section three describes the methodology that has been adopted;

Section four reviews the assumptions adopted by Quod, and where necessary, explains why alternative assumptions have been adopted in our appraisals;

Section five sets out the results of the appraisals;

Finally, in **Section six**, we draw conclusions from the analysis.

1.3 Disclaimer

In accordance with PS 1.6 of the RICS Valuation – Professional Standards (January 2014 Edition) (the 'Red Book'), the provision of VPS1 to VPS4 are not of mandatory application and accordingly this report should not be relied upon as a Red Book valuation.

2 Description of the Development

2.1 Site Description

The 0.53 hectare site is located in in the Old Oak Common Opportunity Area within the London Borough of Hammersmith and Fulham. The site is expected to benefit from good public transport access in future when improvements are delivered as part of the regeneration of Old Oak.

The surrounding area currently provides light industrial accommodation.

2.2 Existing use

The site currently comprises two second hand industrial buildings extending to 4,241 sq ft and 5,575 sq ft respectively.

2.3 The proposed development

An application has been submitted for;

"Demolition of existing buildings and structures and redevelopment of the site to provide two new buildings ranging from 6 to 19 storeys in height, comprising ground floor flexible non-residential floorspace (Use Class A1/A2/A3/A4/B1/D1/D2) and 200 residential units (Use Class C3) with disabled car parking, plant space, amenity space landscaping and associated works."

We understand that the development will be a PRS scheme and the affordable housing units are to be retained by the developer at let at 80% of their market rental value.

The following table summarises our interpretation of the residential unit mix proposed by the Applicant for the scheme.

Table 2.3.1: Residential unit mix

Tenure	1 bed	2 bed	3 bed	4 bed	TOTAL
Private	73	44	13	3	133
Discount Market Rent	28	25	12	2	67
Total	**101**	**69**	**25**	**5**	**200**

On a habitable room basis this equates to an Affordable Housing provision of 35%.

3 Methodology

The appraisal submitted by Quod has been undertaken using Argus Developer.

We have also used Argus Developer to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

This cash-flow approach allows the finance charges to be accurately calculated over the development period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

The output of the appraisal is a Residual Land Value ('RLV'), which is then compared to an appropriate benchmark, often considered to be the Current Use Value ('CUV') of the site plus, where appropriate, a landowner's premium.

4 Review of assumptions

In this section, we review the assumptions adopted by Quod in their assessment of the Development.

4.1 Development programme

Quod have assumed that the development will be carried out in a single phase. Quod set out their programme assumptions for both schemes within their appraisal which we summarise below.

Table 4.1.1: Quod Development programme

Project Stage	Months
Preconstruction	5
Construction	23
Sale	2

We consider the construction programme assumed by Quod to be reasonable however we are of the opinion that a preconstruction period of five months is excessive and have therefore assumed a period of three months.

We have assumed that the sale occurs on Practical Completion as most the nature of the PRS market is to be forward funded.

4.1 PRS Gross Development Value

With respect to rents for the private apartments Quod have relied upon a Market Value report dated March 2017 prepared by Jones Lang Lasalle. Having regard to specific rental comparable information in the area as well as Home Track Data, Jones Lang Lasalle have assumed the following monthly rents for the Market Rent ("MR") units:

Table 4.1.1: Jones Lang Lasalle assumed MR rents per month

Unit Type	Rent per month
1 Bed	£1,300
2 Bed	£1,850
3 Bed	£2,250
4 Bed	£2,750

With respect to the Discounted Marek Rent ("DMS") units Savills have adopted a discount of 20%.

Quod have utilised POD Plan to model the PRS income on a 15 year cashflow basis. This model allows for a deduction of 25% for the following operating costs.

Table 4.1.2: POD Plan assumed operating costs

Cost	Percentage
Management	7%
Maintenance	6%
Major Repairs	8%
Voids	2%
Bad Debts	2%
Total	**25%**

The POD Plan model also allows for growth in both revenue and costs of 3% per annum over the hold period of the investment.

The above assumptions result in a total gross value for the PRS units of £77,475,054.

We have requested an electronic version of the POD Plan model however have been advised by Quod that;

"under our License from POD Plan we are not entitled to share full workings of the software"

We have therefore undertaken our own valuation of the model on a day one initial yield basis.

We consider the rental income assumed by Jones Lang Lasalle for the private units to be conservative. The proposed development will provide a bespoke high quality product to respective tenants including internal balconies (which are more expensive to construct then external balconies and greatly enhance the quality of the amenity space) as well as features such as individual unit bike storage adjacent to each apartment.

We would therefore consider the rents achievable to be in at the top end of the range of those achievable in the area and have adopted the following rents per month.

Table 4.1.3: BNP Paribas Real Estate assumed MR rents per month

Unit Type	Rent per month
1 Bed	£1,500
2 Bed	£2,000
3 Bed	£2,500
4 Bed	£2,750

With respect to operating costs we consider a rate of 25% to be excessive without further evidence as to how these costs are calculated on a granular level. Therefore in the absence of this detailed breakdown we have adopted a 5% void and a management and maintenance cost of £2,500 per annum per unit. This results in a cost equating to 17% of the rental income for the private units and 19% of the Discount Market Rent units.

Table 4.1.4 below sets out our gross to net assumptions on a unit type basis.

Table 4.1.4: BNP Paribas Real Estate Gross to Net Rent

Unit Type	Gross Rent per month	Net Rent per month
1 Bed Private	£1,500	£1,217
2 Bed Private	£2,000	£1,692
3 Bed Private	£2,500	£2,167
4 Bed Private	£2,750	£2,404
1 Bed Discount Market Rent	£1,200	£932
2 Bed Discount Market Rent	£1,600	£1,312
3 Bed Discount Market Rent	£2,000	£1,692
4 Bed Discount Market Rent	£2,200	£1,882

In our experience of PRS developments in London there is a strong demand from investors for well-located developments with purchase prices reflecting yields of 3.5% and below being paid to secure these opportunities.

We have therefore also applied a yield of 3.5% in order to arrive at a gross development value of £96,538,571 and a net development value of £91,228,950 after an appropriate allowance for purchasers costs.

4.2 Commercial Income

The proposed development will contain 12,092 sq ft NIA of commercial accommodation.

Quod have adopted a rental value of £15 per sq ft which we consider to be conservative and have therefore adopted a rent of £20 per sq ft within our appraisals.

Quod have capitalised this income at a yield of 7.5% which we also consider to be reasonable and have adopted within our appraisals.

4.3 Construction costs

As part of their Affordable Housing Delivery Report Quod have relied upon a Preliminary Cost Estimate prepared by MDA Consulting dated March 2017.

The Preliminarily Cost Estimate makes the following allowances for the various elements of the proposals:

Table 4.3.1: MDA Consulting Preliminary Cost Estimate

Scheme element	Cost
Demolition	£2,102,570
Substructure	£4,865,700
Frame and upper floors	£12,601,400
Stairs	£684,000
Roof	£3,052,810
External envelope	£10,979,770
External windows and doors	£1,367,000
Internal walls	£2,631,806
Internal doors	£2,055,000
Floor finishes	£2,546,152
Wall finishes	£1,893,245
Ceiling finishes	£1,353,430
Fittings	£3,766,700
Sanitary ware	£1,367,250
M&E	£10,647,672
BWIC	£532,384
Lifts	£825,000
External works and drainage	£4,392,550
Preliminaries/ OH&P	£10,144,266
Contingency	£3,887,295
Total	**£81,660,000**

We would comment that the above construction costs are higher than Quod's proposed Gross Development Value of the project before any allowance is made for finance, professional fees or developers profit. This discrepancy calls in to question the validity on these inputs. One simply has to ask the question why would any reasonable developer undertake to build something it will cost them more to build then sell?

As per the Corporation's instructions we have commissioned an independent review of the Preliminary Cost Estimate prepared by MDA Consulting, this has been undertaken by WT Partnerships. The result of WP Partnership's assessment are summarised below.

Table 4.3.2: Cost allowances difference

WT Partnership Cost	Difference to MDA Consulting (£)	Difference to MDA Consulting (%)
£64,012,000	£17,648,000	21.6%

We have adopted WT Partnership's revised costs for the purposes of our appraisal.

In addition Quod have adopted an allowance of 11% for professional fees which we consider to be within the acceptable range.

4.4 Developer's profit

Quod state that a profit of 15% on the GDV of the residential and commercial elements of the development would be necessary for a scheme of this nature. We consider to be reasonable and have adopted a profit of 15% of GDV.

4.5 Finance costs

Quod have adopted a finance rate of 6.5% which we consider to be appropriate give the size and location of the proposed development.

We consider this to be an appropriate allowance albeit at the upper end of the range.

4.6 Section 106 and CIL contributions

Quod have adopted the following CIL assumptions.

- Mayoral CIL: £964,286

Subject to confirmation from the Corporation we have adopted these costs.

4.7 Sales agent and sales legal fee

Quod have included allowances for the following sales and marketing costs in their appraisal:

- Sales agents fee: 1% of GDV;
- Sales legal fees: 0.5% of GDV;

The above fees are within the normal range for developments of this nature in this locality and we have therefore adopted them within our appraisal.

5 Analysis

5.1 Benchmark Land Value

The site currently comprises two second hand industrial buildings extending to 4,241 sq ft and 5,575 sq ft respectively.

Quod have relied upon a Opinion of Land Value dated March 2017 prepared by Jones Lang Lasalle.

Within their report Jones Lang Lasalle provide an opinion of value on the following basis:

- Existing Use Value: £5,408,000;
- Alternative Use Value as Offices: £10,000,000;
- Alternative Use Value as Hotel: £8,000,000; and
- Trading Land Value: £8,000,000 to £10,000,000 per acre

For the purpose of their Affordable Housing Delivery Report Quod have relied upon Jones Lang Lasalle's Existing Use Value.

According to the Jones Lang Lasalle report the property current generates £270,400 per annum from the following two occupiers:

- £4,000 per week (£208,000 per annum) from Simpson Waste; and
- £1,200 per week (£62,400 per annum) from Capital Waste

Jones Lang Lasalle state they are unaware of the covenant strength, length of term and quality of accommodation and have applied a yield of 6.5% to arrive at an existing use value of £4,160,000.

Jones Lang Lasalle do not appear to have deducted purchasers costs from this figure in accordance with market practice.

Jones Lang Lasalle state that a land owners premium of 30% should be applied given the property is income producing and located in a regeneration and opportunity area.

This results in a benchmark land value of £5,408,000.

We have requested further information with respect to this income from Quod and have been furnished with a Solicitors Letter from Landau & Cohen Solicitors dated 27 April 2017.

This letter confirms that J Simpson Waste Management Limited occupy part of the property on a ten year lease granted in November 2015 at a rent of £208,000 per annum. The lease has a bi lateral break clause to terminate the lease upon six months written notice although the termination of the lease prior to the third anniversary of the term requires the consent of both landlord and tenant.

The other part of the site is occupied by Capital Waste Limited who pay £62,400 per annum although there is no formal lease in place.

We would refer to yield applied to the commercial accommodation by Quod for the proposed scheme of 7.5% which we considered to be reasonable. Given the existing buildings are of a dilapidated nature with minimum security of tenure for a landlord (with £62,000 per annum not even being formalised by a lease) we conclude that any capitalisation yield applied to this existing income should be discounted to that applied for proposed commercial accommodation.

We have therefore applied a yield of 9% to the £270,400 per annum currently generated by the property to arrive at a capital value of £3,004,444.

We agree with Jones Lang Lasalle that in this particular case a land owners premium is appropriate however consider 30% to be excessive given the lack of security on the income. We have therefore adopted a land owners premium of 20% and arrived at an existing use value of £3,605,000.

After an appropriate allowance for purchasers costs this results in a benchmark land value of £3,360,000.

5.2 Quod appraisal results

Based upon the assumptions outlined above when applying a fixed land value of £5,408,000 Quod conclude that the proposed development generates a deficit/loss of £28,188,539 which equates to 35% of gross development value.

5.3 BNP Paribas Real Estate appraisal results

We have run our own appraisal of the Proposed Development which adopts the assumptions noted in the previous section, as follows:

- Increase in the value of the PRS units;
- A fixed profit of 15% on GDV;
- Change in development programme;
- Reduction in construction costs; and
- Reduction in site benchmark value.

Based upon the above assumptions the development as proposed this produces a residual value of £2,130,000.

When compared to the site benchmark value this produces a deficit of £1,230,000. We have attached a copy of our Appraisal as **Appendix 1.**

By way of comparison with the Quod methodology when a the fixed benchmark land value of £3,360,000 is modelled in our appraisal the development produces a profit of £12,674,935 which equates to 13.42% of gross development value. We have attached a copy of our appraisal as **Appendix 3.**

6 Conclusions

Quod's submission concludes that the scheme with its current provision of affordable housing generates a significant deficit loss when the benchmark land value is applied as the land cost.

We have carried out our own appraisal of the proposed scheme adopting the assumptions made by Quod where we are in agreement, and adopting our own assumptions where appropriate.

Our appraisals lead to the conclusion that whilst the proposed Development generates a deficit when compared to the Benchmark Value this deficit is greatly reduced. In addition when our Benchmark Land Value is applied as a fixed land cost the development generates a marginal profit (albeit below an acceptable market return).

The scheme as presented has a number of viability challenges (such as a net to gross area ratio of 62% and internal balconies which are expensive to construct) as can be seen from our conclusions even after we have increased the GDV and decreased the costs. We are only able to assess the scheme as presented to us, in the light of our draft findings the Applicant could be requested to provide a comparative analysis of what level of affordable housing a build to sale scheme could provide if there are serious concerns that the affordable housing offer is significantly below what a build to sale scheme could offer.

Given that the Applicant is willing to develop the scheme even at its current unviable status they must be assuming some form of rental growth over the construction period. We would therefore recommend that the Corporation secure some form of review mechanism.

We would also comment that when reviewing the development appraisals (including the sensitivity analysis provided with respect other forms of affordable rental product) we noted some anomalies in the capitalised rate within the Argus appraisals and the Quod report. For example the baseline scheme has private values reflecting £577 per sq ft and Discount Market Rent values reflecting £420 per sq ft. This is a is a discount of 27% which appears to be inconsistent with the Quod report on the basis all other elements in the Podplan model are the same. We would advise this apparent inconsistence be raised with the Applicant.

Appendix 1 With 35% Affordable Housing

BNP Paribas Real Estate

Development Appraisal

Mitre Yard

Report Date: 22 May 2017

Mitre Yard

Summary Appraisal for Phase 1

Currency in £

REVENUE						
Sales Valuation	**Units**	**Unit Price**	**Gross Sales**			
PRS	1	91,228,950	91,228,950			
Rental Area Summary				**Initial**	**Net Rent**	**Initial**
	Units	**ft²**	**Rate ft²**	**MRV/Unit**	**at Sale**	**MRV**
	1	12,092	20.00	241,840	241,840	241,840
Investment Valuation						
Current Rent	241,840	YP @	7.5000%	13.3333	3,224,533	
GROSS DEVELOPMENT VALUE				**94,453,483**		
NET REALISATION				**94,453,483**		
OUTLAY						
ACQUISITION COSTS						
Residualised Price			2,134,332			
Stamp Duty		5.00%	106,717			
Agent Fee		1.00%	21,343			
Legal Fee		0.50%	10,672			
				2,273,064		
CONSTRUCTION COSTS						
Construction	**Units**	**Unit Amount**	**Cost**			
PRS	1 un	64,012,000	64,012,000	**64,012,000**		
Mayoral CIL			964,286			
				964,286		

Mitre Yard

PROFESSIONAL FEES			
Professional Fees	11.00%	7,041,320	
			7,041,320
DISPOSAL FEES			
Sales Agent Fee	1.00%	944,535	
Sales Legal Fee	0.50%	472,267	
			1,416,802
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Land		326,944	
Construction		4,251,045	
Total Finance Cost			4,577,989
TOTAL COSTS			**80,285,461**
PROFIT			
			14,168,022
Performance Measures			
Profit on Cost%	17.65%		
Profit on GDV%	15.00%		
Profit on NDV%	15.00%		
Development Yield% (on Rent)	0.30%		
Equivalent Yield% (Nominal)	7.50%		
Equivalent Yield% (True)	7.87%		
IRR	24.42%		
Rent Cover	58 yrs 7 mths		
Profit Erosion (finance rate 6.500%)	2 yrs 6 mths		

Appendix 2 WT Partnership Cost Review

Mixed Use Development
At
104-108 Scrubs Lane
“Mitre Yard”
London NW10 6SF

Report on Preliminary Cost Estimate

DRAFT

April 2017

www.wtpartnership.com

WT PARTNERSHIP

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1.0 EXECUTIVE SUMMARY

2.0 INTRODUCTION, METHODOLOGY AND COMMENTS ON PRELIMINARY ESTIMATE

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1.0 EXECUTIVE SUMMARY

The cost information provided is a preliminary cost plan with priced approximate quantities.

The cost provided by MDA Consulting Ltd (MDA) is £81,660,000 being circa £3,438 /m2 or £319/ft2 based on a GIA of 23,755m2. We note that on Summary 3 there is an arithmetic error and the rate/ft2 indicated is £317.80 not £319.36

WT Partnership's assessment is £64,012,000 being circa £2,695/m2 or £250/ft2 GIA

The difference is £17, 648,000 being circa 21.6 %

The above costs include a contingency of 5%.

Costs assume all units are private

The WT Partnership's assessment is subject to receiving substantiation / clarification for the following:-

1) Basis of structural specification.
2) Basis of site clearance
3) Basis for decontamination.
4) The lump sum of £100,000 in phase 1 for temporary substructure works.
5) Clarification of the areas included in the frame and upper floor levels and the apparent discrepancies between these for Plots 1 and 2
6) Clarification of the requirement for the insulation and waterproofing of external ground floor area for Plots 1 and 2
7) Clarification of what is meant by and accessible green roof and the basis of the build up of the rate used for Plots 1 and 2
8) Clarification of the basis of the £15,000 each for roof access and roof access to roof gardens for Plots 1 and 2
9) Clarification of what is deemed included in the lump sum of £30,000 for street furniture for Plot 1
10) Clarification of the basis of the build up of the Lump sum for drainage at £350,000 for Plot 1 and £850,000 for Plot 2
11) Clarification of build up and area included as the basis of the lump sum of £ 250,000 for general external works Plot 1 and is relationship to the external ground floor slab included in the frame element. Similarly the lump sum of £ 200,000 for Plot 2
12) Clarification as to the difference in rates for external walls to residential units to Blocks A, B and C
13) Clarification of the number of reception desks in Plot 2
14) Clarification on roof cradle allowance

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The information contained in this report is confidential to the parties involved in the application and may not be relied upon by any third or used for any other purpose than to assess the quantum of affordable housing or other payments due to the Local Authority for this development

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2.0 INTRODUCTION, METHODOLOGY AND COMMENTS ON ESTIMATE

Introduction and methodology

We have been requested to carry out an independent review of a preliminary cost estimate prepared for the appraisal of a development at Scrubs Lane, Mitre Yard London NW10.

The project consists of the demolition of the existing warehouses units, the construction of residential blocks of varying heights ranging from 6 to 18 storeys creating 200 residential units as well as ground floor flexible non-residential floor space of 746m2 and 227m2 of works[pace, with disabled car parking, plant space, landscaping and associated works.

The site is split into two main elements the North Site and the South site with the site separated by a new proposed haul road which connects the existing haul road running down the west side of the North Block

The North Site consists of two accommodation blocks,(block A) with 90 units and the North Site street block (block B) with 52 units. The South Site consist of the South Site Courtyard Block (block C) with 58 units

The cost provided by MDA Consulting Ltd (MDA) is £81,660,000 being circa £3,438 /m2 or £319/ft2 based on a GIA of 23,755m2. We note that on Summary 3 there is an arithmetic error and the rate/ft2 indicated is £317.80 not £319.36 Phase 1 block C is £30,030,000 or £3446/m2 or £20/m2 and phase 2 Block A and B is £51,630,000 or £3433/m2 or £319/ft2 based on GIA

These costs are much higher based on GIA rates for similar projects in the area which vary from £2,555/m2 to £3,127/m2 with densities from 480-527 dwellings per hectare

The density here is 303 dwellings per hectare therefore we would expect a lower cost

Section 1.3 lists drawings used in preparing the estimate. This states no Structural or Mechanical and Electrical Services information was used

Section 3 consists of specification notes which generally appear reasonable. However we do comment on the assumption that typical slabs are 300mm thick in the analysis of the frame costs.

Section 5 lists exclusions which generally appear reasonable. Clarification of the inclusion of costs for contamination should be sought. The exclusions state “no allowance for contaminated ground has been included above the £1,000,000 included in the cost plan”.

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In section 4 there is an outline specification. In terms of the structure we would seek substantiation and clarification of the basis of the allowances as these appear higher than we would expect e.g. number of piles and typical slab thickness

In terms of kitchens and the like the sales values should be checked against the specification anticipated in the cost plan

Clarification as to why a roof mounted cradle in required

It is assumed that costs are at 1st quarter 2017as cost plan is dated March 2017

There appears to be no allowance in the costs for social or affordable units

We have reviewed planning application 17/0055/ FUMOPDC

We have carried out a review of the cost estimate based on similar projects in the area

When bench marking the cost against other projects etc. we have taken care to ensure that any rates used are adjusted to take into account basis date of estimate, location, contingency and this particular development.

It should be noted that there is potential for variance due to the early information the cost estimate is based compared to the cost when the works are undertaken

It should be understood that the developer may choose to undertake value engineering exercises after the gaining of planning permission in order to reduce their cost

It should be note the developer may vary construction methodologies to achieve savings in time and cost

It should be noted that planning guidelines refer to published data as a basis of estimates and refers to BCIS as a basis for assessing the costs of projects. The BCIS indicates for a development of this type in this location the cost would be circa £2089/m2 to which you would need to add site specific items such as enabling works, remediation works and the like

Where we have not commented costs are deemed to be reasonable

Where we have adjusted costs based on our comments we have adjusted to the nearest £1,000

Comments on the cost plan

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Preliminaries have been added at 15% which in our opinion is reasonable. It is stated that this includes overheads and profit which in our opinion would make this allowance low although a recent tender in Alperton was 9% preliminaries and 5 % overheads and profit.

PHASE 1:- Block C

Demolitions/Alterations

Demolition of the existing building has been included at £230/m2. In our opinion this is high by £110/m2 being £43,340

Site clearance 500mm deep has been included at £55/m2. Substantiation and clarification required for this allowance. In our opinion allowance high by £118,880 (based on 2640m2 X 250mm X £40/m3)

Decontamination at £190/m2 has been included. Clarification of the basis of the £190/m2 should be sought. The highest rate included has been on severe / high contamination sites at Charlton and in the Docks which worked out a £105/m2. This site is designated in Waterman's report as medium so would expect a substantially lower allowance, however at present we have used an allowance of £100/m2 being a difference of £237,600.

Substructure

There is an item of 1230m3 for stripping and disposing of top soil. This appears to be a repeat of the item in the Demolition/alteration which strips 500mm and removes from site. On this basis we propose to omit this item. This results in an omission of circa £132,000.

Pile caps with 4nr 450 diameter piles have been included at £30,000 each. In our opinion assuming this includes general items i.e. pile mat cutting off tops of piles a rate of £15,500 would be more appropriate. Making this adjustment results in an omission of circa £768,500

There is a lump sum allowance of £100,000 for temporary works. Clarification of this should be sought as there is no basement. Pending this clarification we propose to omit this item. This results in an omission of circa £100,000

Frame and upper floors

Clarification of the areas used in this element should be sought. For example the schedule of proposed gross internal areas lists floors 1 to 9 and the cost analysis only floors 1 to 8. The GIA area of the ground floor is listed as 1512m2 but there appear to be an area of external slab of 611m2 and a ground floor slab area of 1592m2. We cannot at present establish a clear

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correlation between the GIA areas and the areas utilized in the cost build up. However pending this clarification we do not propose to adjust the areas but the rates as follows:-

There is a reinforced concrete slab 300 thick assumed to paving areas at north and south sides of block C totalling 611m2 at a rate of £350/m2. We note in the external works that there is a lump sum of £250,000 for general external works. Taken together in our opinion a 300mm thick slab appears high and we propose to utilize a rate of £140/m2. Making this adjustment results in an omission of circa £128,310

A 300 thick ground floor slab at a rate of £350/m2 has been assumed in our opinion assuming this includes for waterproofing a gas membrane a rate of £280/m2 would be more appropriate. Making this adjustment results in an omission of circa £111,440

All slabs have been assumed 300 thick. In our opinion 250 thick would be more usual and we propose to adjust for this. In addition the rate of £350/m2 is in our opinion high considering core walls and columns are listed separately. We propose to adjust for a 250 thick slab at a rate of £170 /m2. Making this adjustment results in an omission of circa £1,467,180

Rates for columns are in our opinion reasonable.

Core and Concrete walls have been included at £400/m2. In our opinion this is high and £250/m2 more appropriate. Making this adjustment results in an omission of circa £294,900

Stairs

These have been included at a rate of £15,000 for the main stairs and £8,000 for the retail units. In our opinion a rate of £10,500 for the main stairs would be more appropriate. Making this adjustment results in an omission of circa £45,000

Roof

Waterproofing and insulation has been taken to an area of 611m2 stated as the external ground floor slab. Clarification of this requirement should be sought. Clarification of this area has also been requested under the frame element. However pending this clarification in our opinion the rate is reasonable and we do not propose to adjust this item

There is an allowance for a roof slab and waterproofing and insulation at £400/m2. In our opinion this is high and a rate of £385/m2 more appropriate. Making this adjustment results in an omission £11,130

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There is an allowance of £600/m2 for various roof slabs insulation waterproofing and assessable green roofs. We also note a separate allowance in the external works of £80,000 for roof garden areas which we assume is these areas of accessible roofs. Clarification of what is meant by assessable green roof should be sought as the rate in our opinion is high. Pending this clarification we propose to reduce this rate to £545/m2. Making this adjustment results in an omission of circa £51,920

The allowances for balcony finishes and balustrades are in our Opinion reasonable.

Roof access and roof access to the roof gardens have been allowed for in a total of 5nr each at £15,000 of which 4 nr are for access to the roof gardens. Clarification as to the type of access assumed should be sought. We also note that there are 4 double doors to the roof gardens listed under the external doors element and so we do not understand what the £15,000 included here for each of the 4 roof accesses is deemed to include. However pending this clarification we do not propose to adjust for this.

Rates for a parapet canopy at £250/m, failsafe systems at £10,000 each and guard rails at £200/m are in our opinion reasonable.

External walls and Glazing

External walls and windows to residential areas have been included at £590/m2 In our opinion this is reasonable

External walls and windows to commercial areas have been included at £800/m2 In our opinion this is high by circa £100/m2 being a difference of £91,900

External doors

We note the rates utilized are stated as extra over, taking this into account together with the rates utilized then in our opinion the rates are high. We propose to adjust as follows:-

Commercial double entrance doors at £5,000 reduced to £4,500 each
Bicycle entrance door at £2,000 reduced to £1,400 each
Residential ground floor double entrance door £20,000 reduced to £9,000 each
Roof garden double entrance doors £5,000 reduced to £4,000 each
Roof single access door at £2,500 each reduced to £1,800 each
Residential sliding terrace and balcony entrance doors at £6,000 each reduced to £3,500 each

Making these adjustments results in an omission of circa £177,500

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Internal Walls

Rates for blockwork walls at £80/m2; dot and dab plasterboard at £20/m2 and metal stud partitions at £85/m2 are all in our opinion reasonable

Internal doors

Rates are in our opinion generally reasonable with the exception of flat entrance doors at £2,000 each which we propose to reduce to £1,600; Single doors to circulation areas at £1,500 each to £1,100; Single door to bicycle room at £1,500 each to £1,200. Making these adjustment results in an omission of circa £34,600

Floor finishes

In our pinion the rates used are generally reasonable with the exception of the carpet and underlay at £80/m2 which we propose to reduce to £50/m2. Making this adjustment results in an omission of circa £50,400. We also note that the rate of £100/m2 for hardwood engineered flooring and £100/m2 for ceramic tile flooring could be valued engineered. The painted MDF skirting in our opinion are high by £10/m being a difference of circa £50,770

Wall finishes

Emulsion paint at £15/m2 is at the higher end of our bench marking but we do not propose to adjust this rate.

Plain ceramic tiling to walls at £150/m2 is in our opinion high and a rate of £80/m2 more appropriate. Making this adjustment results in an omission of circa £200,200

Wall finish to lobbies at £50/m2 is in our opinion reasonable

Ceiling finishes

Ceiling finish including insulation to residential units at £70/m2 is in our opinion high and £50/m2 more appropriate. Making this adjustment results in an omission of circa £133,040

Assuming the ceilings to back of house, in our opinion the rate of £60/m2 is high and £50/m2 more appropriate. Making this adjustment results in an omission of circa £5,160

Fittings

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Kitchens have been included at a rate of £15,000 each which includes white goods. In our opinion an average rate of £9,000 would be more appropriate based on benchmarks at Alperton and Ealing. Making this adjustment results in an omission of circa £336,000

Rates for vanity units, built in wardrobes and cupboards are in our opinion reasonable

A reception desk has been included at a lump sum of £50,000. In our opinion a lump sum, of £20,000 would be more appropriate. Making this adjustment results in an omission of circa £30,000

Nothing appears to have been include for post boxes and signage , add £20,000

Sanitary ware

In our opinion the rates used are generally reasonable with the exception of heated towel rails which in our opinion can be supplied and installed for £400 being a difference of £37,400

Mechanical and Electrical Installations

Mechanical installations:- We note it refers to individual gas boilers but Meinhardt's energy statement based on CHP The totals of individual installations are based on rate for the GIA of the flats with lump sums of £100,000 for mechanical ventilation to the service areas and £300,000 for a sprinkler system. Based on the block GIA this works out at a rate of circa £202/m2 and in our opinion this is reasonable

Electrical installations:- Rates and lump sums for installations have been listed. Based on the Block GIA this works out at a rate of circa £235/m2 and in our opinion is reasonable

BWIC has been included at 5% which in our opinion is reasonable.

Lifts
Rates for lifts and lift pits are in our opinion reasonable

External Works underground drainage and Mains services

Incoming services have been included for a total of £585,000. From benchmarks costs are no more than £5,000 per unit including BWIC plus an allowance for commercial connections so in our opinion costs are high by £275,000

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There is a lump sum of £30,000 for street furniture. Clarification as to what is included in this should be sought but pending this clarification we have adjusted this by £10,000

Rate for benches and trees are in our opinion reasonable

There is a lump sum of £350,000 for underground foul and surface water. We would anticipate a rate of £15/m2 - £20/m2 based on GIA for all drainage and attenuation so would not expect a cost over £200,000 including connection Making this adjustment results in an omission of circa £150,000

There is an allowance of £20,000 for each roof garden area (4nr). Clarification of what this is deemed to include should be sought. Pending this clarification we do not propose to adjust for this.

There is a Lump sum of £250,000 for general external works. Assuming the plot size is 2,640m2 and the GIA of the ground floor is 1512m2 as the accommodation schedule then the external works area is circa 1,128m2. This works out at circa £222/m2. We have asked for clarification of the external ground floor slab included in the frame element and if this is part of the area included in the £250,000 together with clarification of the build up of the lump sum. Pending this clarification in our opinion we do not intend to adjust as cost appears reasonable

Overall difference for phase1 block C is circa £5,072,060 and when you add the preliminaries adjustment and overheads and profit and contingency adjustment this comes to circa £6,124,000 or circa 20.39%

WT Partnership's assessment is being £23,905,500 being circa £2,744 /m2 or £255/ft2 based on a GIA of 8714 m2

<u>**PHASE 2:-** Blocks A and B</u>

<u>Demolitions/Alterations</u>

Demolition of the existing building has been included at £230/m2. In our opinion this is high by £110/m2 but also form planning application there is only 894m2 of existing buildings and 394m2 is demolished in phase 1 leaving 500m2 so in our opinion item should be 500m2 x £110 = £55,000 being a difference of £606,020

Site clearance 500mm deep has been included at £55/m2. Substantiation and clarification required for this allowance. In our opinion allowance high by £129,330 (based on 2874m2 X 250mm X £40/m3)

Decontamination at £190/m2 has been included. In our opinion should be £100/m2 being a difference of £258,660

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Substructure

There is an item of 1437m3 for stripping and disposing of top soil. This appears to be a repeat of the item in the Demolition/alteration which strips 500mm and removes from site. On this basis we propose to omit this item. This results in an omission of circa £143,700

Pile caps with 4nr 450 diameter piles have been included at £30,000 each. In our opinion assuming this includes general items i.e. pile mat cutting off tops of piles a rate of £15,500 would be more appropriate. Making this adjustment results in an omission of circa £1,305,000

There is a lump sum allowance of £200,000 for temporary works. Clarification of this should be sought as there is no basement. Pending this clarification we propose to omit this item. This results in an omission of circa £200,000

Frame and upper floors

Clarification of the areas used in this element should be sought. The GIA area of the ground floor is listed as 1847m2 which has been utilized but there appear to be an area of external slab of 436m2. In addition we cannot at present establish a clear correlation between the GIA areas and the areas utilized in the cost build up. However pending this clarification we do not propose to adjust the areas but the rates as follows:-

There is a reinforced concrete slab 300 thick assumed to paving areas at north and south sides of blocks A and B totalling 436m2 at a rate of £350/m2. We note in the external works that there is a lump sum of £200,000 for general external works. Taken together in our opinion a 300mm thick slab appears high and we propose to utilize a rate of £140/m2. Making this adjustment results in an omission of circa £91,560

A 300 thick ground floor slab to both blocks at a rate of £350/m2 has been assumed in our opinion assuming this includes for waterproofing a gas membrane a rate of £280/m2 would be more appropriate. Making this adjustment results in an omission of circa £129,290

All slabs have been assumed 300 thick. In our opinion 250 thick would be more usual and we propose to adjust for this. In addition the rate of £350/m2 is in our opinion high considering core walls and columns are listed separately. We propose to adjust for a 250 thick slab at a rate of £185 /m2 as building taller. Making this adjustment results in an omission of circa £2,850,425

Rates for columns are in our opinion reasonable.

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Core and Concrete walls have been included at £400/m2. In our opinion this is high and £275/m2 more appropriate (rate assumes thicker walls as part 19 storey) Making this adjustment results in an omission of circa £285,000

Stairs

These have been included at a rate of £15,000 for the main stairs and £8,000 for the retail units. In our opinion a rate of £10,500 for the main stairs would be more appropriate. Making this adjustment results in an omission of circa £135,000

Roof

Waterproofing and insulation has been taken to an area of 436m2 stated as the external ground floor slab. Clarification of this requirement should be sought. Clarification of this area has also been requested under the frame element. However pending this clarification in our opinion the rate is reasonable and we do not propose to adjust this item

There is an allowance for a roof slab and waterproofing and insulation at £400/m2. In our opinion this is high and a rate of £385/m2 more appropriate Making this adjustment results in an omission £13,095

There is an allowance of £600/m2 for various roof slabs insulation waterproofing and assessable green roofs. We also note a separate allowance in the external works of £80,000 for roof garden areas which we assume is these areas of accessible roofs .Clarification of what is meant by assessable green roof should be sought as the rate in our opinion is high. Pending this clarification we propose to reduce this rate to £545/m2. Making this adjustment results in an omission of circa £55,440

The allowances for balcony finishes and balustrades are in our opinion reasonable.

Roof access and roof access to the roof gardens have been allowed for in a total of 4nr each at £15,000 of which 2 nr are for access to the roof gardens. Clarification as to the type of access assumed should be sought. We also note that there are doors to the roof gardens listed under the External doors element and so we do not understand what the £15,000 included here for each of the 4 roof accesses is deemed to include. However pending this clarification we do not propose to adjust for this.

Rates for a parapet canopy at £250/m, failsafe systems at £10,000 each and guard rails at £200/m are in our opinion reasonable.

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External walls and Glazing

External walls and windows to residential areas have been included at £625/m2 for Block A and £600/m2 for block B. We note that for Block C on plot 1 the rate was £590/m2 Clarification of why these rates are different should be sought but in our opinion the increased rate for the 19 storey block is understandable but block B and C should be the same Pending this clarification we have adjusted by £38,240

External walls and windows to commercial areas have been included at £800/m2. In our opinion this is high by circa £100/m2 being a difference of £111,700

External doors

We note the rates utilized are stated as extra over .Taking this into account together with the rates utilized then in our opinion the rates are high. We propose to adjust as follows:-

Commercial double entrance doors at £5,000 reduced to £4,500 each
Residential ground floor double entrance door and lobby £30,000 reduced to £19,000 each
Roof garden (Single ?) entrance doors £2,500 reduced to £1,800 each
Roof single access door at £2,500 each reduced to £1,800 each
Residential sliding terrace and balcony entrance doors at £6,000 each reduced to £3,500 each

Making these adjustments results in an omission of circa £350,800

Internal Walls

Rates for blockwork walls at £80/m2; dot and dab plasterboard at £20/m2 and metal stud partitions at £85/m2 are all in our opinion reasonable

Internal doors

Rates are in our opinion generally reasonable with the exception of Flat entrance doors at £2,000 each which we propose to reduce to £1,600; Single doors to circulation areas at £1,500 each to £1,100; Single doors to storage /utilities at £1,500 to £1,000 (as rate used by MDA for Block C). Making these adjustment results in an omission of circa £216,300

Floor finishes

In our pinion the rates used are generally reasonable with the exception of the carpet and underlay at £80/m2 which we propose to reduce to £55/m2.

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Making this adjustment results in an omission of circa £66,700. We also note that the rate of £100/m2 for hardwood engineered flooring and £100/m2 for ceramic tile flooring could be valued engineered. The painted MDF skirting in our opinion are high by £10/m being a difference of circa £82,120

Wall finishes

Emulsion paint at £15/m2 is at the higher end of our bench marking but we do not propose to adjust this rate.

Plain ceramic tiling to walls at £150/m2 is in our opinion high and a rate of £80/m2 more appropriate. Making this adjustment results in an omission of circa £296,870

Wall finish to the lobby of block B has been included at a rate of £150/m2. We note that the lobby wall finishes to Block C were included at £50/m2 and we propose to use the same rate for this Block. Making this adjustment results in an omission of circa £35,000

Ceiling finishes

Ceiling finish including insulation to residential units at £70/m2 is in our opinion high and £50/m2 more appropriate. Making this adjustment results in an omission of circa £234,500

Assuming the ceilings to back of house do not include insulation then in our opinion the rate of £60/m2 is high and £50/m2 more appropriate. Making this adjustment results in an omission of circa £3,680

Fittings

Kitchens have been included at a rate of £15,000 each which includes white goods. In our opinion a rate of £9,000 would be more appropriate. Making this adjustment results in an omission of circa £852,000

Rates for vanity units, built in wardrobes and cupboards are in our opinion reasonable.
Reception desks to each lobby have been included at a lump sum total of £75,000. In our opinion a lump sum, of £40,000 would be more appropriate on the assumption of 2 nr units. Clarification of this should be sought but pending this clarification, making this adjustment results in an omission of circa £35,000

No allowance for post boxes and signage, in our opinion should add £40,000

Sanitary ware

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In our opinion the rates used are generally reasonable with the exception of heated towel rails which in our opinion can be supplied and installed for £400 being a difference of £51,700

Mechanical and Electrical Installations

Mechanical installations:- We note it states individual boilers but have assumed CHP as energy statement .The totals of individual installations are based on rate for the GIA of the flats with lump sums of £150,000 for mechanical ventilation to the service area of block B and a total of £800,000 for a sprinkler system to both blocks. Based on the block GIA this works out at a rate of circa £206/m2 and in our opinion is reasonable.

Electrical installations:-Rates and lump sums for installations have been listed. Based on the Block GIA this works out at a rate of circa £250/m2 and in our opinion this is reasonable

The rates slightly higher per m2 than block C but we would expect this for a 19storey block

BWIC has been included at 5% which in our opinion is reasonable.

Lifts

Rates for lifts and lift pits are in our opinion reasonable.

External Works underground drainage and Mains services

Incoming services have been included for a total of £1,440,950. From benchmarks costs are no more than £5,000 per unit including BWIC plus an allowance for commercial connections so in our opinion costs are high by £540,950

There is an allowance for a new road at £400/m2 in our opinion this rate is high by £60/m2 assuming it includes drainage, external lighting and excludes preliminaries. The difference is circa £35,340

There is a roof cradle system allowed for block A in a lump sum of £150, 000. In our opinion this is a reasonable allowance but clarifications required that this is required.

Rate for benches and trees are in our opinion reasonable

There is a lump sum of £850,000 for underground foul and surface water. Clarification of the basis of this lump sum should be sought but pending this clarification we propose the following adjustment £15,040 x £20/m2=

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£301,000 plus paved areas, attenuation and connections should not exceed £420,000 being a difference of £430,000

There is an allowance of £20,000 for each roof garden area (4nr). Clarification of what this is deemed to include should be sought. Pending this clarification we do not propose to adjust for this.

There is a Lump sum of £200,000 for general external works. Assuming the plot size is 2,874m2 and the GIA of the ground floor is 1847m2 as the accommodation schedule then the external works area is circa 1,027m2. This works out at circa £195/m2.–We have asked clarification of the external ground floor slab included in the frame element and if this is part of the area included in the £200,000 together with clarification of the build up of the lump sum. Pending this clarification in our opinion the cost is reasonable

Overall difference for phase2 block A and B is circa £9,543,420 and when you add the preliminaries adjustment and overheads and profit and contingency adjustment this comes to circa £11,524,000 or circa 22.32%

WT Partnership's assessment is being £40,106,000 being circa £2,670 /m2 or £248/ft2 based on a GIA of 15040 m2

<u>Overall</u>

WT Partnership's assessment is £64,012,000 being circa £2,695/m2 or £250/ft2 based on a GIA of 23,754 m2

Overall difference £17, 648,000 being circa 21.6 %

SCRUBS LANE

Schedule of differences

	Omit	Add	
	£	£	
Phase 1 (Block C)			
Demolition of existing buildings	43340		
Site clearance	118800		Subject to clarification
Decontamination	237600		Subject to clarification
Strip and dispose of top soil	132,000		
Piles and pile caps	768,500		
Temporary works	100,000		Subject to clarification
External slab (Frame and upper floor)	128,310		Subject to clarification
Ground floor slab	111,410		
Upper slabs	1,467,180		
Core walls	294,900		
Stairs	45,000		
Roof Waterproofing	11130		
Roof (Accessible green)	51920		
Roof access			Subject to clarification
External walls	91900		
External doors	177,500		
Internal doors	34,600		
Floor finishes	50,400		
Skirtings	50,770		
Wall finishes	200,200		
Ceiling finishes	133,040		
Back of house ceilings	5,160		
Fittings (Kitchens)	336,000		
Fittings (Reception desk)	30,000		
Post boxes and signage		20000	
Sanitary fittings	37400		
Incoming services	275000		
Street furniture	10000		Subject to clarification
Drainage	150000		
Roof garden allowance			Subject to clarification

		Omit	Add	
	General External works			Subject to clarification
	Sub total Phase 1	**£5,092,060**	**£20,000**	
		£20,000		
	Phase 1 adjustment	**£5,072,060**		
		Omit	Add	
		£	£	
Phase 2 (Block B & C)				
	Demolition of existing buildings	606020		
	Site clearance	129330		Subject to clarification
	Decontamination	258660		Subject to clarification
	Strip and dispose of top soil	143,700		
	Piles and pile caps	1,305,000		
	Temporary works	200,000		
	External slab (Frame and upper floor)	91,560		
	Ground floor slab	129,290		
	Upper slabs	2,850,425		
	Core walls	285,000		
	Stairs	135,000		
	Roof waterproofing	13095		
	Roof (Accessible green)	55440		
	Roof access			Subject to clarification
	External walls	38240		
	External walls glazing	111700		
	External doors	350,800		
	Internal doors	216,300		
	Floor finishes	66,700		
	Skirtings	82,120		
	Wall finishes	296,870		
	Lobby wall finish	35,000		
	Ceiling finishes	234,500		
	Back of house ceilings	3680		
	Fittings (Kitchens)	852,000		
	Fittings (Reception desk)	35,000		
	Post boxes and signage		40000	
	Sanitary fittings	51,700		
	Incoming services	540,950		
	Road	35340		
	Drainage	430000		Subject to clarification
	Roof garden allowance			Subject to clarification
	General External works			Subject to clarification

					Sub total Phase 2	**£9,583,420**		**£40,000**
						£40,000		
			Phase 2 adjustment			**£9,543,420**		
	Summary of Adjustments							
	GIA 23755m2 or 255697ft2				Omission			
					£			
		Phase 1			5,072,060			
		Phase 2			9,543,420			
					14,615,480			
		Preliminaries/OH		15%	2,192,322			
					16,807,802			
		Contingency		5%	840,390			
				Total Omission	17,648,192	21.6%		
				Cost plan as submitted	81,660,000			
				WT amended total	**£64,011,808**			
			Rate/ft2		£250.34			
			Rate/m2		£2,694.67			

Appendix 3 With 35% Affordable Housing Fixed Land Cost

BNP Paribas Real Estate

Development Appraisal

Mitre Yard

Report Date: 22 May 2017

Mitre Yard

Summary Appraisal for Phase 1

Currency in £

REVENUE						
Sales Valuation	**Units**	**Unit Price**	**Gross Sales**			
PRS	1	91,228,950	91,228,950			
Rental Area Summary				**Initial**	**Net Rent**	**Initial**
	Units	**ft²**	**Rate ft²**	**MRV/Unit**	**at Sale**	**MRV**
	1	12,092	20.00	241,840	241,840	241,840
Investment Valuation						
Current Rent	241,840	YP @	7.5000%	13.3333	3,224,533	
GROSS DEVELOPMENT VALUE				**94,453,483**		
NET REALISATION				**94,453,483**		
OUTLAY						
ACQUISITION COSTS						
Fixed Price			3,360,000			
Stamp Duty		5.00%	168,000			
Agent Fee		1.00%	33,600			
Legal Fee		0.50%	16,800			
				3,578,400		
CONSTRUCTION COSTS						
Construction	**Units**	**Unit Amount**	**Cost**			
PRS	1 un	64,012,000	64,012,000	**64,012,000**		
Mayoral CIL			964,286			
				964,286		

Mitre Yard

PROFESSIONAL FEES			
Professional Fees	11.00%	7,041,320	
			7,041,320
DISPOSAL FEES			
Sales Agent Fee	1.00%	944,535	
Sales Legal Fee	0.50%	472,267	
			1,416,802
FINANCE			
Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Land		514,696	
Construction		4,251,045	
Total Finance Cost			4,765,740
TOTAL COSTS			**81,778,549**
PROFIT			
			12,674,935
Performance Measures			
Profit on Cost%	15.50%		
Profit on GDV%	13.42%		
Profit on NDV%	13.42%		
Development Yield% (on Rent)	0.30%		
Equivalent Yield% (Nominal)	7.50%		
Equivalent Yield% (True)	7.87%		
IRR	21.88%		
Rent Cover	52 yrs 5 mths		
Profit Erosion (finance rate 6.500%)	2 yrs 3 mths		