BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Tottenham Hale Centre Development: Review of Addendum Financial Viability Assessment

Prepared for

London Borough of Haringey

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Contents

Appendices

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1 Introduction

The London Borough of Haringey ('the Council') has commissioned BNP Paribas Real Estate to review an 'Addendum to the Pre-Application[1] Financial Viability Assessment' dated 18 October 2018 prepared by DS2 on behalf of TH DM Limited (the 'Applicant') in relation to its proposed development of the Tottenham Hale Centre Site ('the Site').

The pre-application Development appraised by DS2 comprised 1,036 residential units; 831 square metres GIA of B1 office floorspace; up to 4,571 square metres of flexible commercial floorspace (use classes A1-A4, B1(a) and D2); and a 1,643 square metre GIA district health centre. DS2's report indicates that the Applicant intends to offer 25% affordable housing, provided as 100% shared ownership. Following pre-application discussions with the Council, the scheme has been amended to provide 1,030 residential units (25% of which will be affordable by habitable rooms), 831 square metres of office floorspace, up to 4,306 square metres of flexible commercial floorspace and a 1,643 square metre health centre. The Applicant proposes to amend the tenure mix of the affordable housing from 100% shared ownership to 51 social rented units (21% by units), 80 intermediate rent units (34% by units) to be let at London Living Rents and 108 shared ownership units (45% by units).

The DS2 report indicates that TH DM Limited is a wholly owned subsidiary of Argent Related ('AR'). AR own the Ferry Island Retail Park which is located at the centre of the Application Site and the remaining land is owned by the Council. AR and the Council have entered into a Strategic Development Partnership through which land ownerships will be merged to facilitate comprehensive development. The agreement requires that the Applicant pays for the Council-owned land when it is drawn down for development and these receipts are used to fund the development of affordable housing on other sites in the Tottenham Hale Housing Zone. While this removes a layer of complexity in the assessment (i.e. determining an appropriate benchmark land value), the Council will need to ensure that the funds are devoted to affordable housing provision through a planning obligation.

This report provides an objective assessment of DS2's viability submission in order to test the inputs to and results of the appraisal.

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.

[1] Although DS2's document is titled 'Pre-Application Viability Assessment', it addresses the viability of a submitted application.

This report has been prepared by Anthony Lee MRICS MRTPI, RICS Registered Valuer.

The Affordable Housing and Development Viability 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.

Anthony Lee was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as '*Viability Testing Local Plans: Advice to Planning Practitioners'*. He is a member of the *'Developer Contributions Technical Expert Panel'* established by the Ministry of Housing, Communities and Local Government to advise on the use of viability assessments in local plans and development management.

In addition, we were retained by Homes England 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 the Applicant, 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 PS1 (5.2) of the RICS Valuation – Professional Standards – Global Standards 2017 (the 'Red Book'), the provision of VPS1 to VPS5 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 Site is located within the Tottenham Hale Housing Zone; the Upper Lee Valley Opportunity Area; Tottenham Area Action Plan; Tottenham Hale Growth Area; and the Tottenham Hale District Centre. The Site is also within an area of archaeological importance. Tottenham Hale is located to the east of the London Borough of Haringey and benefits from excellent transport links, with access to the London Underground Victoria Line (journey times of 11 minutes to Kings Cross St Pancras and 15 minutes to Oxford Circus) and National Rail services (journey times of 15 minutes to Liverpool Street). In addition, Tottenham Hale is one of only two stopping points on the Stansted Express service (journey times to Stansted Airport of 35 minutes). The Site has a Public Transport Accessibility Level (‘PTAL’) of 6a, meaning excellent.

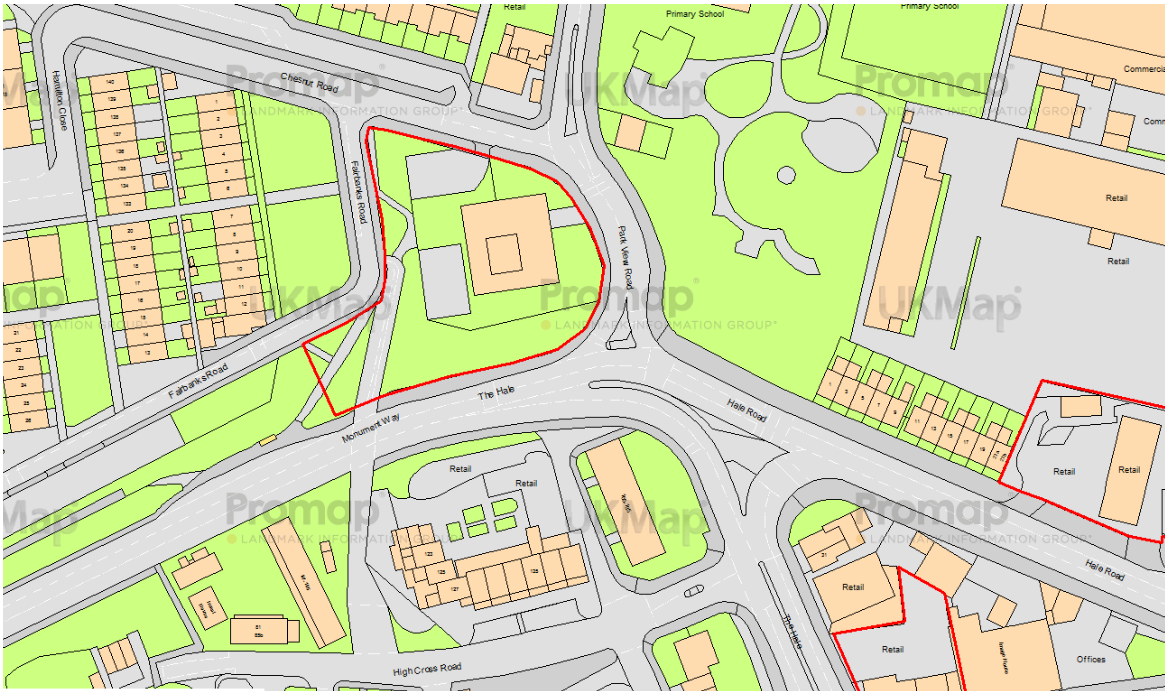
DS2’s report identifies five distinct parcels of land, as summarised in Table 2.1.1. Plans showing the land parcels are provided at figures 2.1.2 and 2.1.3.

Table 2.1.1: Land parcels

Land parcel	Area (hectares)	Existing use(s)
Welbourne	0.38	Open land, amenity land, residential units and a public house. The open land previously accommodated a community centre.
North Island	0.10	Offices and residential units in converted public house, and Car Wash.
Ferry Island	0.46	Retail Park comprising single building split into 3 units (A1, A3 and A5), car parking and part of Tottenham Hale Bus Station.
Ashley Road West	0.32	Petrol Station
Ashley Road East	0.18	Educational facility, warehouses with ancillary offices, bar, car parking and open storage.

Figure 2.1.2: Site plan (Ashley Road, North Island and Ferry Island)

Figure 2.1.3: Site plan (Welbourne)



Source: Ordnance Survey/Promap

2.2 Planning

The Council's Area Action Plan for Tottenham Hale (adopted July 2017) sets out its vision and policies for development in the area, including creating a new District Centre adjacent to Tottenham Hale Station.

On 30 July 2018, the Applicant submitted an application (reference HGY/2018/2223) for:

'Demolition works and clearance of existing site to provide a mixed-use development comprising 6 buildings up to 38 storeys in height, which together with pavilion and basement accommodation will provide up to 104,053m² of floorspace (GIA), comprising residential (Use Class C3) (up to 1,036 units), retail (Use Class A1-A4), health centre (Use Class D1), office (Use Class B1), leisure (Use Class D2) parking and servicing areas, hard and soft landscaping (including the provision of a new public square), highways works, creation of new vehicular accesses and the realignment of Station Road, decentralised energy network works and other associated works'. On 17 October 2018, the Applicant submitted an amended scheme, but the description of the development remains unchanged.

2.3 Scheme proposals

The DS2 report indicates that – if granted planning permission – the Development will provide will 1,030 residential units; 831 square metres GIA of B1 office floorspace; up to 4,306 square metres of flexible commercial floorspace (use classes A1-A4, B1(a) and D2); and a 1,643 square metre GIA district health centre. DS2's report indicates that the Applicant intends to offer 25% affordable housing, provided as 51 social rented units, 80 London Living Rent units and 108 shared ownership units.

The floor areas for each proposed use are summarised in Table 2.3.1.

Table 2.3.1: Floor areas

Plot	GIA (sq m) – pre-application	GIA (sq m) Application	NIA (sq m) – pre-application	NIA (sq m) - Application
Residential (C3)	97,368	97,645	67,897	67,923
Flexible Commercial	3,785	3,505	3,649	3,377
Office (B1)	831	831	766	766
Health Centre (D1)	1,643	1,643	1,623	1,623
Total	**103,627**	**103,624**	**73,935**	**73,689**

The overall net to gross ratio is 71%, which is relatively inefficient, with developments typically achieving 75% to 80%. The ratio of space from which value is generated to non-value generating space will be one of the key factors in the viability of the scheme. In this particular case, we understand that the relative inefficiency of the building relates to design factors which respond to the shape of the sites.

The proposed tenures and uses on each parcel of land in the pre-application are summarised in Table 2.3.2. The revised areas are summarised in Table 2.3.3.

Table 2.3.2: Floor areas and uses on each land parcel (pre-application submission)

Plot	GIA (sq m)	Private residential NIA square metres	Affordable residential NIA square metres	Retail NIA square metres	Office NIA square metres	Health Centre square metres
Ferry Island 1	37,896	24,831		614	-	-
Ferry Island 2	10,916	7,220		562	-	-
North Island	12,590	-	8,616	434	-	-
Ashley Road East	18,779	11,333	-	1,042	766	-
Ashley Road West	9,131	4,892	1,940	508	-	-
Welbourne	14,065	3,442	5,625	254	-	1,623
Pavilion*	249	-	-	235	-	-
Totals	**103,627**	**51,718**	**16,181**	**3,649**	**766**	**1,623**

Table 2.3.3: Floor areas and uses on each land parcel (Addendum submission)

Plot	GIA (sq m)	Private residential NIA square metres	Affordable residential NIA square metres	Retail NIA square metres	Office NIA square metres	Health Centre square metres
Ferry Island 1	37,904	24,831	-	582	-	-
Ferry Island 2	10,918	7,220	-	455	-	-
North Island	12,588	3,715	4,901	303	-	-
Ashley Road East	18,779	11,333	-	1,042	766	-
Ashley Road West	9,131	4,892	1,940	508	-	-
Welbourne	14,053		9,092	252	-	1,619
Pavilion*	249	-	-	235	-	-
Totals	**103,623**	**51,991**	**15,932**	**3,377**	**766**	**1,619**

Table 2.3.4 summarises the unit mix in the Addendum viability submission and identifies changes against the pre-application submission mix.

Table 2.3.4: Unit mix

Plot	Tenure	Unit Mix				Total
		Studio	1 bed	2 bed	3 bed	
Ferry Island 1	Private	36	181	131	27	375
Ferry Island 2	Private	13	37	46	11	107
North Island	Private	0	21 (+21)	35 (+35)	0	56 (+56)
	Affordable	16	22 (-21)	42 (-35)	-	80 (-56)
Ashley Road East	Private	11	97	64	11	183
Ashley Road West	Private	-	14	54	2	70
	Affordable	-	12	8	8	28
Welbourne	Private	-	0 (-18)	0 (-36)	-	0 (-54)
	Affordable	-	36 (+6)	73 (+36)	22 (+6)	131 (+48)
Totals		**76**	**432**	**453**	**75**	**1,030 (-6)**

3 Methodology

The appraisal submitted by DS2 has been undertaken using Argus Developer ('Argus'). We have also undertaken our appraisals using Argus. Argus is a commercially available development appraisal package in widespread use throughout the development 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.

Argus is a cashflow backed model which 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 and inputted as a cost) or the Residual Land Value ('RLV').

The output of the appraisal is a 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.

Development convention and planning guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

4 Review of assumptions

In this section, we review the assumptions adopted by DS2 in their assessment of the proposed development.

4.1 Private residential values

DS2's appraisals apply values ranging from £637 to £700 per square foot, with an average value of £684 per square foot for the private residential units in the proposed development.

Plot	Maximum no of storeys	NIA square feet	Total GDV	Value per square foot[2]
Ferry Island 1	36	267,278	£186,520,250	£700
Ferry Island 2	12	77,713	£49,333,500	£637
Ashley Road West	14	52,653	£35,640,500	£677
Ashley Road East	18	121,987	£83,074,500	£681
North Island	15	39,990	£27,836,500	£696
Total/average		**556,676**	**£379,648,750**	**£684**

We note that DS2 have relied in part upon the viability assessments submitted by applicants in respect of Berol Yard and Ashley Gardens, both of which are located further up Ashley Road than the two sites included in the Applicant's proposals. Ashley Road is an industrial area located to the north of Watermead Way. Although these two sites are located close to the subject site, the immediate environment is less attractive, particularly following the completion of the public realm works planned by the Applicant. Furthermore, these developments incorporate buildings of between 8 and 14 storeys (Berol House) and 10 storeys (Ashley Gardens). We would therefore anticipate that these buildings would attract lower values than the subject site which is predominantly 12+ storeys and as high as 36 storeys. The pricing for the lower rise buildings is not unreasonable but we would anticipate higher values would be achieved on a 36 storey tower. Based on similar buildings elsewhere (with a similar price point), there tends to be a premium of 10% - 15%. This would indicate a value of £735 to £768 per square foot for the tower.

We note that Hale Village includes towers of up to 33 storeys and marketing commenced in September 2018 with an average asking price of £730 per square foot for units on floors 6 through to 27. It is unclear at this early stage of marketing whether these values are being achieved. We have therefore adopted the DS2's pricing. The review mechanism will identify if any uplift in value is achieved.

Although DS2's appraisal assumes that the private housing will be developed as build for sale, their report indicates that the units in the Ferry Island parcels might be developed as build for rent. Their report suggests that build to rent units would have a reduced capital value, equivalent to 90% of build for sale units and that "*the Applicant is now however seeking to benefit from the lower value attributable to BTR when assessing the amount of affordable housing that can be viably supported*". The provenance of this 10% reduction is unclear and we would draw the Council's attentions to other factors which offset this difference, including a reduced profit margin and forward funding.

4.2 Housing Zone funding

We note that the Proposed development will benefit from £12,315,000 of Housing Zone funding. DS2 indicate that they have assumed that this will be received over the infrastructure construction period.

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[2] There are discrepancies in DS2's values per square foot for the two Ferry Island sites. Dividing the GDV by the NIA results in values of £697.85 per square foot for Ferry Island 1 and £634.82 per square foot for Ferry Island 2. In our appraisal, we have applied the correct rates per square foot to the NIA. The blended value for Ferry Island is £713 per square foot, based on £735 per square foot for Ferry Island 1 and ££637 for Ferry Island 2.

The Council should confirm that this reflects their expectation of the profile of receipts. If the grant is to be received earlier, this will have an impact on funding costs and the overall viability of the scheme.

4.3 Car parking

DS2's report indicates that there will be 31 car parking spaces, 3 of which will be used by a car club and the remainder will be made available to users of wheelchair units. DS2 have attached no value to these spaces and the units should be secured as such in the Section 106 agreement.

4.4 Ground rents

DS2's report refers to the "*Leasehold Reform Bill 2017-19*" ('LRB') which they incorrectly claim will bring into legislation new measures to set ground rents for flats and houses at a peppercorn. The LRB is in fact a private members bill relating to leasehold enfranchisement and has nothing to do with the government's recent consultation on ground rents.

Notwithstanding the incorrect claims, DS2 have included a ground rent of £250 per unit per annum capitalised at 10%, the latter due to "*the presence of draft legislation [which] increases risk and uncertainty that this income will be receivable by the time the Proposed Scheme is complete*". We note that the Anthology scheme is currently being marketed with the following ground rents:

- Studios: £300
- One bed: £400
- Two bed: £500
- Three bed: £600

DS2's ground rent assumptions are therefore not reflective of market evidence.

We have applied ground rents in our appraisal at a reduced rate to those being charged at the Anthology scheme, at an average of £300 per unit per annum, capitalised at an investment yield of 5%, which is a cautious approach. Any future changes resulting from the potential introduction of caps through legislation will be addressed through the end of scheme review mechanism.

4.5 Affordable Housing

DS2's appraisal applies a value of £440 per square foot for the affordable (shared ownership). Their report indicates the same value would apply to social and affordable rented units.

The household incomes assumed for shared ownership units in their appraisal are as follows:

- Studio: £50,000
- 1 bed: £60,000
- 2 bed: £70,000
- 3 bed: £80,000

We assume that these household incomes have been discussed and agreed with the Council. If the Council requires lower income thresholds, there may be an impact on the capital value.

To assess the affordable housing revenue, we have used a bespoke model, specifically created for this purpose. This model takes into account factors such as standard levels for management and maintenance costs; finance rates currently obtainable in the sector; and views on the amount of grant that may be obtainable. For the rented units, we have assumed the following rents:

Table 4.5.1: Rents assumed for rented affordable units

Rent type	1 bed	2 bed	3 bed	4 bed
Social Rent	£150.03	£158.84	£167.67	£176.49
London Living Rent	£171	£190	£209	£228

Our modelling confirms that the Applicant's appraisal does not understate the value attributed to the affordable housing.

To ensure that the shared ownership units are affordable to the households identified above, we have assumed an initial equity sale of between 30% and 35% and rent on the retained equity ranging from 2.10% and 2.75%. Our modelling indicates that the £440 per square foot value applied by DS2 for the shared ownership units is not unreasonable.

4.6 Retail floorspace

DS2's report indicates that they have applied a rent of £20 per square foot in their appraisals based on three comparables (Emily Bowes Court, Mannequin House and 270-274 West Green Road with rents of £23.80, £22.71 and £19.19 per square foot respectively).

Mannequin House is located some distance from the Application Site and is located in an area of that is unlikely to be subject to the same extent of regeneration as Tottenham Hale. Similarly, the West Green unit is located to the west of the High Road in an area that will not see the same extent of regeneration. Emily Bowes Court is clearly located adjacent to Tottenham Hale Station within close proximity of the Application Site. As the regeneration gathers pace, it is likely that rents for retail floorspace will increase. We have adopted a rent of £20 per square foot at this stage, but recommend that this should be reconsidered as part of any viability review. The investment yield of 5.5% is outside the range of evidence included in DS2's report and while we have adopted this rate in our appraisal, this should be reconsidered at the review stage.

4.7 Office floorspace

DS2's report indicates that they have applied rents of £20 per square foot with 6 months' rent free, capitalised at a 6% yield. This rent is consistent with the available comparable evidence and we have applied the same assumptions in our appraisal.

4.8 Health Centre

DS2's report indicates that the Development will provide a health centre (D1 use class) and that the Applicant will deliver this facility to shell and core at a peppercorn rent. The Council has confirmed that this reflects the commercial terms agreed with the Applicant.

4.9 Base construction costs

DS2's report indicates that the costs in their appraisal are based on separate cost plans provided by Faithfull & Gould and Mace. A summary of the costs is provided in Table 4.9.1.

We have compared the costs to the RICS 'Building Cost Information Service' ('BCIS') data which is based on tenders for live developments. This data is adjusted for the relative differences in costs between areas. In Haringey, the upper quartile BCIS cost for flatted developments of 6 or more storeys is £2,393 per square metre, excluding external works. After external works, the cost would increase to circa £2,600 per square metre. The Applicant's costs equate to an overall average of £2,773 per square metre, which is 6.7% higher than the BCIS benchmark costs. In the context of the high quality design, this is not unreasonable.

Table 4.9.1: Build costs

Plot	Total	Design fees	GIA square metres	Net of design fees	Cost per square metre
Ferry Island 1	£103,417,462	£4,698,000	37,904	£98,719,462	£2,479
Ferry Island 2	£30,512,538	£1,389,000	10,918	£29,123,538	£2,667
Building 3 (NI)	£31,220,000	£1,487,000	12,588	£29,733,000	£2,362
Ashley Road East	£55,294,379	£1,025,000	18,779	£54,269,379	£2,890

Plot	Total	Design fees	GIA square metres	Net of design fees	Cost per square metre
Ashley Road West	£28,018,268	£405,900	9,131	£27,612,368	£3,024
Welbourne	£40,866,140	£1,286,150	14,053	£39,579,990	£2,816
Pavilion	£1,716,000	£0	249	£1,716,000	£6,891
Totals	**£291,190,061**	**£9,805,050**	**101,486**	**£281,385,011**	**£2,709**

4.10 Infrastructure costs

DS2's appraisal includes a £19.05 million allowance for infrastructure works, as follows:

- Demolition and remediation: £2,536,060
- Utility diversions: £3,980,426
- New utilities – plot connections: £ 1,979,669
- New utilities – site wide upgrades: £776,687
- Bus station relocation: £ 1,925,001
- S278 highways works: £ 4,912,900
- Design and professional fees on the above: £ 2,942,332

The design and professional fees equate to 13.7% of costs but incorporate a 'soft cost contingency allowance' of £122,500, 'other' costs of £49,368 and 'PCSA VFL appointment' of £605,026.

4.11 Contingency

The cost plans incorporate contingency allowances amounting to 5% of construction costs, which is within the normal range. However, the contingency for the Pavilion is 9%. The Applicant has indicated that the higher contingency on the Pavilion is required due to the need to redesign the building as a result of feedback from the Design Review Panel. We have retained this assumption in our appraisal, pending receipt of clarification from the Applicant.

4.12 Professional Fees

DS2 have applied an allowance for fees of 12% which lies at the very top end of the range for a scheme of this scale. Furthermore, there are separate allowances in their appraisals for costs which are normally included within the overall fees budget (construction insurance, construction legals and NHBC fees). When combined with these separate allowances, the overall fees budget appears to be overstated.

In defence of their 12% fees assumption, DS2 state the following:

- High quality buildings
- Provision of infrastructure and public realm works
- Two architects, two cost consultants and two project managers.

These points are misconceived; the percentage fees rate is applied across all costs. The architectural practices are designing different parts of the development, accounting for a sub-set of the construction costs only. Architect A will charge a percentage fee on the construction cost of the buildings they are designing and likewise Architect B will charge a percentage fee on their buildings. The aggregate costs for design are not increased by virtue of there being different practices working on different elements of the scheme. The same applies to project managers. Furthermore, the infrastructure budget has its own separate allowance for fees. However, the Applicant has provided the results of their tender exercise for architects and the selected firms' percentage fee rates exceed normal levels for schemes at this price point. We understand that the Council shares the Applicant's ambition to create a very high quality design for the development and on this occasion an increased fee above normal levels is acceptable. We have therefore applied an exceptional scheme-specific uplift of 1% to reflect the additional architectural costs to take the total to 11%.

DS2 have applied 12% to the costs of delivering the public realm alone and it is unclear how this allowance would be spent (given that this is the same rate applied to the development as a whole, with more professionals involved than will be required to deliver public realm works). We have reduced this allowance to 6%.

4.13 Developer's return

DS2's report indicates target rates of return as follows:

- Private residential units: 20% of GDV;
- Affordable rent: 6% of GDV;
- Intermediate rent: 8% of GDV;
- Commercial floorspace: 16.67% of GDV.

The profit levels for private residential and affordable rent are within the normal ranges, albeit at the top end of the range for the former. We note the factors listed in DS2's Table 20 (headed 'Risk Profile Summary' with the scheme being assessed as 'medium risk'. However, there is no link between this assessment and the conclusion in terms of profit levels. It would be informative for DS2 to provide some quantitative analysis alongside their qualitative assessment. However, for the purposes of our appraisal, we have assessed the scheme targeting a 17% profit on the private housing, 6% on the affordable housing and 15% of the commercial GDV.

The appeal decisions that DS2 refer to provide no assessment as to the relative risk of the scheme compared to any market norms and are unhelpful in establishing the level of risk associated with the Proposed Development compared to others.

4.14 Finance costs

DS2's report indicates that they have applied a finance rate of 7% inclusive of arrangement and exit fees. This is within the normal range, albeit at the top end. Although developers will not typically fund all their development costs through bank finance, we have applied finance to 100% of the costs to reflect the opportunity cost or actual cost of equity.

Although we initially modelled the development using the same programme as DS2, there was a significant difference in the total amount of finance costs shown in our respective appraisals. DS2's appraisal showed total finance costs of £36.34 million, while the amount in our initial appraisal was £21.58 million. We have subsequently identified differences in timing of inputs which we have re-aligned. As a result, the total finance costs in our appraisal have increased to £33.06 million.

4.15 CIL and Section 106 obligations

DS2's report notes a combined Borough and Mayoral CIL liability of £5,278,264 (reduced from £5,383,598 in the pre-application submission) assuming Social Housing Relief on the units to be provided as affordable, which amounts to 1.1% of overall development costs. DS2's report indicates that this figure has been provided by Quod but is silent on how these liabilities have been calculated. The Council has confirmed that this amount has been correctly calculated. DS2's appraisal applies a lower allowance of £5,199,755 which we assume to be the intended figure.

DS2's report indicates that an additional £3,800 per unit has been applied for Section 106 based on discussions with officers but is subject to confirmation.

4.16 Carbon offset

DS2's appraisal includes a carbon offset payment amounting to £923,950. The underlying calculations for this payment are not provided but the Council's sustainability officer has confirmed that the figure is correct.

4.17 Marketing and Disposal Costs

DS2's report indicates that they have adopted the following allowances for marketing and disposal:

- Residential marketing: 1.5% of private housing GDV;
- Sales legal fee: £1,000 per private unit;
- Residential sales agent fee: 1.5% of private housing GDV;
- Commercial sales agent fee: 1% of commercial GDV
- Letting Agent fee: 10% of first year's rent; and
- Letting Legal fee: 5% of first year's rent.

The combined residential marketing allowance and sales agent fee of 3% is within the normal range. The commercial disposal and lettings costs are also within the normal range.

4.18 Development programme

DS2's report indicates that the development will notionally commence in January 2019 and complete in February 2024 as summarised in Table 4.18.1.

Table 4.18.1: DS2's assumed development programme

Plot/ component	Start	Finish	Duration (months)
Infrastructure	Jan 2019	May 2021	29
Ashley Road West	May 2019	Oct 2020	18
Welbourne	May 2019	May 2021	25
Ashley Road East	Oct 2019	Sep 2021	24
Ferry Island 1 & 2	Jan 2021	Feb 2024	38
North Island	Jun 2021	Aug 2023	27

DS2's report acknowledges that the programme they have assumed is inconsistent with the programme assumed in the Environmental Statement which is "marginally shorter" at 4 years (it is in fact 20 months longer or 42% longer). DS2 suggest their longer programme links construction to the expiry of existing leases "*in accordance with planning viability best practice*". It is unclear which guidance they are referring to and this should be clarified. We have seen any leases nor does DS2's report provide any details, so the length of programme cannot be verified based on the information provided by the Applicant. In any event, the overall programme is not unreasonable for a scheme of this scale.

DS2's report indicates that they have assumed marketing commences during the construction period with most units sold off plan. They indicate that sales revenue is received following practical completion with only 1 move in per core per day "*in line with market practice*". No evidence has been provided to support this assertion. We have reflected a more realistic sales period which assumes that marketing during the construction period achieves a sales programme ending 3 months after PC.

5 Analysis

5.1 Benchmark land value

DS2's report correctly notes that the Mayor of London's supplementary planning guidance on viability indicates that benchmark land values should be based on existing use value or alternative uses, where planning permission exists for the latter.

The existing uses on site are as follows:

- **North Island:** former converted public house with commercial and 1 residential unit on the ground floor and 10 residential units on the upper floors. In addition, there is an open storage yard.
- **Ferry Island:** three retail warehouse units let to Maplin (in administration), Pizza Hut and KFC.
- **Ashley Road East:** offices and industrial.
- **Ashley Road West:** Petrol filling station.
- **Welbourne Land:** cleared site.

CBRE have valued the existing uses on the Applicant's behalf on the basis of "*the Special Assumption that the Properties continue in their existing use*". We note that CBRE describe the purpose of the valuation as "*Planning Feasibility Assessment*" which clearly limits the weight which can be attached to their findings (in comparison to a valuation for the purposes of secured lending).

5.1.1 North Island

The existing buildings are acknowledged by CBRE to be of poor quality. Despite this, their rent of £10 per square foot is at the higher end of the range of their comparable evidence (£6.65 to £12.54 per square foot)[3]. All the comparables relate to purpose built accommodation, whereas the subject site is converted space. In the absence of any rationale for the rent adopted by CBRE, we have applied a rent at the lower end of the range (£6.65 per square foot).

Open storage land typically rents at £3 per square foot[4], which is lower than the £6.50 per square foot adopted by CBRE. We have applied a rent of £3 per square foot to the yard space.

The rateable values for the property which reflect the VOA's opinion of market rent also indicate that the CBRE assumptions over-value the existing floorspace and open land. The rateable value for the storage yard is £17,000 (£2.55 per square foot) and £19,733 for the offices (£5.03 per square foot blended across office and basement areas).

CBRE have assumed a rent of £10,000 per unit for the 10 studio flats, despite acknowledging that they were "unable to inspect internally and have no information regarding individual property size or configuration". The rent of £10,000 per unit per annum equates to £833 per unit which is likely to be high for a unit in this area and in poor condition. It is unclear whether the units are self-contained or share facilities, with the latter securing lower rents than the former. We have applied a rent of £650 per unit per annum, pending receipt of further information on condition and configuration.

After deductions for site acquisition, our assessment of the valuation of the property is £1.8 million.

[3] A lower rent of £2.50 per square foot is applied to basement space.

[4] A site for temporary occupation by Crossrail from land owned by DB Schenker in 2009 for £2psqft. Rent review in 2014 increasing to £2.50; and a more recent site in Acton equating to 0.67 acres was let to Network Rail, owned by DB Cargo and let for £91,000pa in July 2017 which equates to £3.08psqft.

5.1.2 Ferry Island

The three units at Ferry Island are occupied by Maplin (in administration), Pizza Hut and KFC with a contracted rent totalling £270,840 per annum and a weighted average unexpired lease term of 2.42 years. CBRE acknowledge that the units are over 20 years old and "appear a bit tired". They have applied a 5.76% yield to arrive at a capital value of £4.27 million. The rents equate to £22.72 per square foot for the Maplin store and circa £30-£31 per square foot for the Pizza Hut and KFC outlets. These leases expire in 2020 and it is not unreasonable to assume that similar rents could be achieved upon re-letting. CBRE's valuation of £4.27 million is therefore not unreasonable.

5.1.3 Ashley Road East

Ashley Road East comprises Sentinel House (a 9,387 square foot office), and two industrial units extending to 11,303 square feet. Although the properties are reported to be occupied, all the leases have expired. Credit scoring reports on two of the three tenants indicates that are 'maximum risk' indicating a high possibility of default. Current rents payable by the tenants are £9.10 per square foot for Sentinel House, £9.15 per square foot for 4 Ashley Road and £2.42 per square foot for 5 Ashley Road.

CBRE identify a range of industrial rents from £7.74 to £14.49 per square foot. They adopt a rent of £10 per square foot, although there is no rationale in the CBRE report for this assumption. In particular, it is unclear how CBRE have concluded that the industrial units are of superior quality or location in comparison to the two lettings at Rosebery Avenue (at £7.74 and £9.84 respectively). Other lettings at Rosebery Avenue point to a tone of £9 per square foot, which we have adopted in our assessment. CBRE apply an investment yield of 6% which is not unreasonable.

CBRE have adopted a rent for the office space of £20 per square foot, assuming the space is refurbished. This appears to be a little higher than recent lettings (including for example 4,750 square feet let to Migrant Resource Centre in Berol House on 21 December 2016 for £18.95 per square foot). We have adopted a rent of £19 per square foot. CBRE apply an investment yield of 8% which is not unreasonable. The refurbishment allowance of £35 per square foot appears very low to provide space of comparable quality to other space available. We have increased this allowance to £70 per square foot. After these changes, the capital value falls from £2.85 million to £2.28 million.

5.1.4 Ashley Road West

This site accommodates a petrol station which was let to BP Oil UK on a 2-year lease which expired on 7 July 2018. The passing rent was £150,00 per annum. CBRE assume that negotiations on a new lease would result in an increased rent of £165,000 per annum. They apply an investment yield of 4.83% to arrive at a capital value of £3.3 million (after acquisition costs).

The reasons accounting for the assumed increase in rent from £150,000 to £165,000 per annum are unclear. Although CBRE include a profits-method calculation in their report, they acknowledge that this is not based on actual trading figures (which have not been provided). There is no evidence to support the assumed petrol and non-petrol trading figures and assumed profit margins. We have therefore retained the rent at the current £150,000 per annum level.

CBRE's assumed investment yield is 4.27% NIY which is significantly keener than their comparable evidence (5.24%, 4.94%, 5.25% and 5.25%). The reasons for the lower yield are now explained. We have increased the yield from 4.27% to 5.25%. The capital value is £2.50 million.

5.1.5 Welbourne

CBRE's report acknowledges that the Welbourne site is vacant and has no current planning use. Although CBRE have been instructed to provide an opinion of value on the assumption of continuing existing use, they have assessed the value of the site based on a redevelopment. This is not necessarily incorrect, but it clearly results in circularity; with the scheme being used to establish the land value being very similar thanks to the application scheme. It is vital if this approach is to be adopted that the appraisal inputs are consistent. However, there are significant disparities between the inputs CBRE have adopted compared to those that DS2 rely upon, as summarised in Table 5.1.5.

Table 5.1.5: Disparities between CBRE residential appraisal assumptions and DS2 appraisal assumptions

Appraisal input	CBRE	DS2
Build costs	£210	£253 to £281
Commercial space	£25 per square foot	£17.50 - £20 per square foot
Finance	6%	7%
Profit	20% on cost (equivalent to 15% on GDV)	20% on GDV
Rent free periods	None	6 months
External works, infrastructure works and public realm	None	£18,408 per unit
Section 106	£2,032 per unit	£3,807 per unit
DS2 additional costs (construction insurance, construction legals, non-recoverable VAT, NHBC etc)	None	£4,592 per unit
Carbon levy	None	£892 per unit

In addition, the value applied to the affordable housing (assuming a 60% London Affordable Rent and 40% intermediate housing) of £309 per square foot exceeds the achievable value.

As a result of these disparities, the CBRE appraisal needs to be adjusted to bring it into line with DS2's inputs, or vice versa. Given that the CBRE appraisal is clearly of a very high level nature (without the support of a scheme and cost plans, for example), it should be adjusted to reflect DS2's inputs.

Making even small adjustments to some of the inputs to bring them into line with DS2's appraisal results in a significant reduction in residual value. Reducing the affordable housing revenue to a blended rate of £240 per square foot, adding an external works allowance of £15 per square foot (which remains significantly lower than DS2's allowance) and adjusting profit to reflect DS2's assumptions results in a residual value of £843,000. Our appraisal is attached as Appendix 1.

We have therefore adopted a value of £843,000 for this part of the Site. As the approach CBRE have adopted is an Alternative Use Value and not an Existing Use Value as suggested by DS2, no premium can be applied to this site.

5.1.6 Summary

CBRE have arrived at their benchmark land value using the values and premiums summarised in Table 5.1.6.1.

Table 5.1.6.1: CBRE valuations and premiums

Site	CBRE capital value	DS2 premium applied	DS2 benchmark land value
North Island	£2,790,000	10%	£3,069,000
Ferry Island	£4,270,000	25%	£5,337,500
Ashley Road East	£2,850,000	10%	£3,135,000
Ashley Road West	£3,300,000	30%	£4,290,000
Welbourne	£3,700,000	10%	£4,070,000
Totals	**£16,910,000**		**£19,901,500**

Following the adjustments outlined in the preceding section, our benchmark land values are summarised in Table 5.1.6.2.

Table 5.1.6.2: BPPRE benchmark land value

Site	BNPPRE capital value	Premium applied to EUV	Benchmark land value
North Island	£1,800,000	10%	£1,980,000
Ferry Island	£4,270,000	20%	£5,124,000
Ashley Road East	£2,280,000	10%	£2,508,000
Ashley Road West	£2,495,000	20%	£2,994,000
Welbourne	£843,000	n/a	£843,000
Totals	**£11,688,000**		**£13,449,000**

5.2 Appraisal results

5.2.1 DS2's appraisal results

DS2's appraisal of the proposed Development incorporating 25% affordable housing (51 social rented units, 80 London Living Rent units and 108 shared ownership units) generates a residual profit of profit of 11.11% on GDV against their blended benchmark profit of 17.66%. Consequently, they suggest that this level of affordable housing is not viable.

5.2.2 BNP Paribas Real Estate appraisal results

Our appraisal is attached at Appendix 2.

As noted in the previous section, we have amended some of DS2's appraisal where we do not agree that there is sufficient evidence to support their position, as follows:

- Reduce ground rent yield from 10% to 4% to reflect yields currently achieved at auction of ground rent portfolios and adopt annual rents averaging £300 per unit per annum.
- Reduce fees budget from 12% to 11% of costs.
- Adjust developer's return to show 17% on private housing GDV, 6% on affordable housing GDV and 15% on commercial GDV.
- Adjust benchmark land values and premiums with an overall reduction from £19.90 million to £13.45 million.

As a result of these adjustments, our appraisal generates a residual land value of £12.20 million, which results in a deficit of £1.25 million.

6 Conclusions

The proposed development is of some significance in terms of both scale of housing and the value that could be generated if planning permission is granted. DS2's appraisal assumes that 25% of the residential units will be provided as affordable (51 social rented units, 80 London Living Rent units and 108 shared ownership units).

Our appraisal indicates that the Proposed Development generates a deficit of £1.25 million below the benchmark land value.

DS2 acknowledge that the Applicant is planning to make a significant investment in public realm and infrastructure, both of which will bring placemaking benefits which are not currently reflected in the values applied in the appraisal. It is therefore essential that a late stage viability review is undertaken to establish the extent to which the outturn values and costs differ from the current estimates. We understand that the Applicant recognises and accepts the need for future reviews.

Appendix 1 - BNPPRE Welbourne Land appraisal

APPRAISAL SUMMARY **BNP PARIBAS REAL ESTATE**

Welbourne Land
CBRE adjusted appraisal

Summary Appraisal for Phase 1

Currency in £

REVENUE						
Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**	
Residential - private	62	46,500	650.00	487,500	30,225,000	
Affordable (60% SR, 40% SO)	61	45,750	240.00	180,000	10,980,000	
Totals	**123**	**92,250**			**41,205,000**	
Rental Area Summary	**Units**	**ft²**	**Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Health Centre	1	19,660	25.00	491,500	491,500	491,500
Investment Valuation						
Health Centre						
Current Rent	491,500	YP @	5.5000%	18.1818	8,936,364	
GROSS DEVELOPMENT VALUE				**50,141,364**		
Purchaser's Costs		6.80%	(607,673)			
				(607,673)		
NET DEVELOPMENT VALUE				**49,533,691**		
NET REALISATION				**49,533,691**		
OUTLAY						
ACQUISITION COSTS						
Residualised Price			843,643			
Stamp Duty		5.00%	42,182			
Agent Fee		1.20%	10,124			
Legal Fee		0.60%	5,062			
				901,011		
CONSTRUCTION COSTS						
Construction	**ft²**	**Rate ft²**	**Cost**			
Health Centre	24,575 ft²	210.00 pf²	5,160,750			
Residential - private	58,125 ft²	210.00 pf²	12,206,250			
Affordable (60% SR, 40% SO)	57,188 ft²	210.00 pf²	12,009,480			
Totals	**139,888 ft²**		**29,376,480**	**29,376,480**		
Developers Contingency		5.00%	1,468,824			
				1,468,824		
Other Construction						
External works	139,888 ft²	15.00 pf²	2,098,320			
				2,098,320		
Municipal Costs						
S106	123 un	3,807.00 /un	468,261			
Borough CIL			64,800			
Mayoral CIL			151,200			
				684,261		
PROFESSIONAL FEES						
Architect		12.00%	3,776,976			
				3,776,976		
MARKETING & LETTING						
Marketing		1.50%	453,375			
Letting Agent Fee		10.00%	49,150			
Letting Legal Fee		5.00%	24,575			
				527,100		
DISPOSAL FEES						
Private sales agent fee		1.50%	444,260			
Sales Agent Fee		1.00%	193,087			
Sales Legal Fee		0.50%	247,668			
				885,015		
MISCELLANEOUS FEES						
Profit on private		20.00%	6,045,000			
Profit on commercial		15.00%	1,340,455			
Profit on affordable		6.00%	658,800			

Welbourne Land
CBRE adjusted appraisal

			8,044,255
FINANCE			
Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land		193,195	
Construction		1,405,952	
Other		172,302	
Total Finance Cost			1,771,449
TOTAL COSTS			**49,533,690**
PROFIT			
			1
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
Development Yield% (on Rent)	0.99%		
Equivalent Yield% (Nominal)	5.50%		
Equivalent Yield% (True)	5.69%		
IRR	7.16%		
Rent Cover	0 yrs 0 mths		
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths		

Appendix 2 - BNPPRE development appraisal

APPRAISAL SUMMARY — BNP PARIBAS REAL ESTATE

Tottenham Hale sites (Application Scheme)
25% AH (51 Soc Rent, 80 LLR, 108 SO)

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
ARE private residential	183	121,987	681.01	453,958	83,074,367
ARW affordable	28	20,882	440.00	328,146	9,188,080
ARW private residential	70	52,653	676.89	509,147	35,640,289
FI (1&2) private	482	344,991	683.65	489,322	235,853,097
NI affordable	80	52,745	440.00	290,098	23,207,800
NI private	56	39,990	696.09	497,083	27,836,639
Wellbourne LLR	80	59,765	440.00	328,707	26,296,550
Wellbourne social ret	51	38,100	440.00	328,707	16,764,050
Totals	**1,030**	**731,113**			**457,860,872**

Rental Area Summary	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Welbourne retail	1	2,734	17.37	47,478	47,478	47,478
ARE retail	1	11,216	20.00	224,320	224,320	224,320
ARE office	1	8,245	20.00	164,900	164,900	164,900
ARW retail	1	5,468	20.00	109,360	109,360	109,360
FI 1&2 retail	1	11,162	20.00	223,240	223,240	223,240
Pavilion retail	1	2,530	22.50	56,925	56,925	56,925
NI retail	1	3,261	20.00	65,220	65,220	65,220
ARW ground rents	70			300	21,000	21,000
FI 1&2 ground rents	482			300	144,600	144,600
ARE ground rents	183			300	54,900	54,900
Totals	**742**	**44,616**			**1,111,943**	**1,111,943**

Investment Valuation

Welbourne retail					
Market Rent	47,478	YP @	5.5000%	18.1818	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	5.5000%	0.9736	840,434
ARE retail					
Current Rent	224,320	YP @	5.5000%	18.1818	4,078,545
ARE office					
Current Rent	164,900	YP @	6.0000%	16.6667	2,748,333
Rent Free	(164,900)	YP 0yrs 6mths @	6.0000%	0.4786	
		PV 4yrs 11mths @	6.0000%	0.7509	(59,258)
					2,689,076
ARW retail					
Current Rent	109,360	YP @	5.5000%	18.1818	1,988,364
Rent Free	(109,360)	YP 0yrs 6mths @	5.5000%	0.4803	
		PV 4yrs @	5.5000%	0.8072	(42,398)
					1,945,966
FI 1&2 retail					
Market Rent	223,240	YP @	5.5000%	18.1818	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	5.5000%	0.9736	3,951,692
Renewal Rent Free	(223,240)	YP 0yrs 6mths @	5.5000%	0.4803	
		PV 5yrs @	5.5000%	0.7651	(82,035)
					3,869,657
Pavilion retail					
Current Rent	56,925	YP @	5.2500%	19.0476	1,084,286
NI retail					
Current Rent	65,220	YP @	5.5000%	18.1818	1,185,818
ARW ground rents					
Current Rent	21,000	YP @	5.0000%	20.0000	420,000
FI 1&2 ground rents					
Current Rent	144,600	YP @	5.0000%	20.0000	2,892,000
ARE ground rents					
Current Rent	54,900	YP @	5.0000%	20.0000	1,098,000
					20,103,782

GROSS DEVELOPMENT VALUE			**477,964,654**
Purchaser's Costs	6.80%	(1,367,057)	
			(1,367,057)
NET DEVELOPMENT VALUE			**476,597,597**

APPRAISAL SUMMARY	BNP PARIBAS REAL ESTATE

Tottenham Hale sites (Application Scheme)
25% AH (51 Soc Rent, 80 LLR, 108 SO)

Income from Tenants				
ARE retail			112,160	
ARE office			13,742	
ARW retail			54,680	
Pavilion retail			94,875	
NI retail			32,610	
				308,067
Additional Revenue				
Housing Zone funding			12,131,500	
				12,131,500
NET REALISATION				**489,037,163**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			12,197,619	
Stamp Duty		5.00%	609,881	
Agent Fee		1.00%	121,976	
Legal Fee		0.80%	97,581	
Town Planning			300,000	
				13,327,057
CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
ARE retail	16,028 ft²	268.48 pf²	4,303,197	
ARE office	11,782 ft²	268.48 pf²	3,163,231	
ARW retail	6,803 ft²	280.94 pf²	1,911,235	
FI 1&2 retail	18,595 ft²	254.94 pf²	4,740,609	
Pavilion retail	2,702 ft²	606.22 pf²	1,638,000	
NI retail	6,498 ft²	226.46 pf²	1,471,537	
ARE private residential	174,324 ft²	268.48 pf²	46,802,508	
ARW affordable	25,979 ft²	280.94 pf²	7,298,540	
ARW private residential	65,504 ft²	280.94 pf²	18,402,694	
FI (1&2) private	506,813 ft²	252.25 pf²	127,843,000	
NI affordable	77,068 ft²	230.41 pf²	17,757,124	
NI private	58,431 ft²	230.41 pf²	13,463,027	
Wellbourne LLR	92,376 ft²	264.70 pf²	24,451,814	
Wellbourne social ret	58,889 ft²	264.70 pf²	15,588,031	
Totals	**1,125,917 ft²**		**288,834,548**	**288,834,548**
Other Construction				
Infrastructure			19,053,075	
Public realm			3,344,000	
				22,397,075
Municipal Costs				
MCIL and LBH CIL			5,199,755	
WLB Section 106	80 un	3,807.00 /un	304,560	
ARE Section 106	183 un	3,807.00 /un	696,681	
ARW Section 106	98 un	3,807.00 /un	373,086	
FI (1&2) Section 106	482 un	3,807.00 /un	1,834,974	
NI Section 106	136 un	3,807.00 /un	517,752	
Carbon offset payment			923,950	
				9,850,758
PROFESSIONAL FEES				
Fees		11.00%	33,867,639	
Fees (public realm)		2.00%	66,880	
				33,934,519
MARKETING & LETTING				
Residential marketing		1.50%	5,318,516	
Letting Agent Fee		10.00%	89,144	
Letting Legal Fee		5.00%	55,597	
				5,463,258
DISPOSAL FEES				
Sales agent fee		1.50%	5,735,701	
Commercail sales agent fee		1.00%	147,772	
Residential sales legal fees	735 un	800.00 /un	588,000	
Commercial sales legal fees		0.50%	450,883	
				6,922,355
MISCELLANEOUS FEES				

APPRAISAL SUMMARY — BNP PARIBAS REAL ESTATE

Tottenham Hale sites (Application Scheme)
25% AH (51 Soc Rent, 80 LLR, 108 SO)

Profit on private	17.00%	65,008,747	
Profit on affordable	6.00%	3,521,546	
Profit on commercial	15.00%	3,015,567	
			71,545,860
FINANCE			
Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		2,027,297	
Construction		4,225,031	
Other		30,509,405	
Total Finance Cost			36,761,733
TOTAL COSTS			**489,037,162**
PROFIT			
			1
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
Development Yield% (on Rent)	0.23%		
Equivalent Yield% (Nominal)	5.45%		
Equivalent Yield% (True)	5.64%		
IRR	6.76%		
Rent Cover	0 yrs 0 mths		
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths		