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# **Review of 'Affordable Housing Viability Assessment'**

## **Sun Wharf, 24 Creekside, Deptford**

Prepared for  
Lewisham Council

December 2021



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# 1 Introduction and Terms of Reference

The London Borough of Lewisham (“the Council”) has commissioned BNP Paribas Real Estate to advise on a ‘Financial Viability Addendum Assessment Report’ dated October 2021 submitted by Savills on behalf of Bellway Homes Ltd & Peabody Developments Ltd (“the Applicant”) in relation to development proposals at Sun Wharf, 24 Creekside, Deptford (“the Site”).

The development comprises the redevelopment of the site to provide 220 residential dwellings and commercial uses.

This report provides an objective review of the Applicant’s viability assessment in order to advise the Council whether the Applicant’s contention that the scheme cannot support more than 35% affordable housing (by unit) is correct.

## 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 over 180 offices, across 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser and in 2017, Strutt & Parker. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

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 Jamie Purvis MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, 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.

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 was a member of MHCLG’s ‘Developer contributions expert panel’ which assisted in the drafting of the viability section of the 2019 Planning Practice Guidance. He is also a member of the Mayor of London’s Housing Delivery Taskforce expert panel.

In addition, we were retained by Homes England (‘HE’) 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.

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## 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 out initial conclusions from the analysis.

## 1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Guidance Note ('GN') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the GN acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the GN and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.

This report is addressed to London Borough of Lewisham only. No liability to any other party is accepted.

## 2 Development Description

### 2.1 Site Location and Description

The Site extends to approximately 0.73 hectares and accommodates warehouse buildings currently occupied by tenants. The site is bounded by Creekside and Cockpit Arts to the west, railway arches to the south, Deptford Creek to the east and Kent Wharf to the north. Kent Wharf is a mixed use scheme delivered by Bellway and comprises 143 residential units and commercial floorspace. The site is located c. 500 metres of Deptford Railway Station which provides links into London Cannon Street in 12 minutes in addition to Bedford, Slade Green and Rainham (Kent).

### 2.2 Planning History

The site was subject to a planning application submitted in September 2020 for:

*“Demolition of all existing buildings and comprehensive redevelopment to provide 3 new buildings ranging in heights of 3 to 20 storeys to provide 251 residential units (C3 Use Class) and approximately 1,233 sqm flexible commercial floorspace (E Use Class - formerly B1/B8 Use Class) plus 311sqm flexible commercial floorspace (E Use Class - formerly B1/A3) in a container building, together with associated wheelchair accessible vehicle parking, cycle parking, landscaping, play areas, public realm, improvements to river wall and public riverside walkway and associated works at Sun Wharf, Creekside, SE8”.*

This planning application was subsequently revised and comprises the proposed development in section 2.3.

### 2.3 The Proposed Development

The Applicant is seeking planning permission (ref: 20/118229) for re-consultation due to submission of revised plans, documents and further environmental information in relation to the Planning Application for the following:

*“Demolition of all existing buildings and comprehensive redevelopment to provide 3 new buildings ranging in heights of 3 to 19 storeys to provide 220 residential units (C3 Use Class) and 1,132 sqm of commercial floorspace (Use Class E) plus 311sqm of commercial floorspace (Use Class E) in a container building, together with associated wheelchair accessible vehicle parking, cycle parking, landscaping, play areas, public realm, improvements to river wall and public riverside walkway and associated works. (Please note the submission of revised plans, documents and further environmental information in relation to the Planning Application)”.*

## 3 Methodology

The Applicant has submitted their appraisal using Argus Developer ('Argus').

We have used Argus 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](http://www.argussoftware.com).

This cash-flow approach allows the finance charges to be accurately calculated over the development/sales 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, typically the Existing Use Value ('EUV') of the site plus a site-specific landowner's premium, in line with the Planning Practice Guidance.

An Alternative Use Value ('AUV') may also constitute a reasonable benchmark figure where it is considered to be feasible in planning and commercial terms. Development convention and GLA 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 the Applicant in their viability assessment.

### 4.1 Market Housing Revenue

The Applicant has adopted revenue for the revised scheme totalling c. £72.93m on the basis of the previously agreed revenue that equated to c. £725 per sq/ft. In support of this revenue, the Applicant has stated:

*“The proposed private residential element has decreased by 20 homes from 114,469sqft (10,635sqm) to 100,638sqft (9,350sqm) (NSA). We note however that the average unit size has remained similar with the proposed homes on average only 2sqft larger. Given this minimal difference we are of the view that the GDV (£psf) previously agreed between Savills and BNP remains applicable to the revised scheme”.*

We summarise in Table 4.1.1 the average sale prices adopted by the Applicant in their 2020 viability assessment.

**Table 4.1.1: Proposed Scheme Average Sales Values**

Unit Type	Average Floor Area (sq/ft)	Average Market Value	Average £PSF
1 Bed	558	£418,000	£751
2 Bed	783	£563,500	£719
3 Bed	970	£654,000	£675

The Applicant’s 2020 values relied upon 2018 and 2019 sales from Kent Wharf and Maritime, which are schemes located within close proximity to the subject site. We have undertaken additional research and note that there is limited new build sales evidence within close proximity to the subject site. For the purpose of this assessment, we have maintained the scheme revenue at c. £725 per sq/ft, however, we would recommend that the Council implements a review mechanism in the S106 agreement so that if sales values increase from this base position the Council has the opportunity to reassess the scheme’s affordable housing provision.

### 4.2 Affordable Housing Revenue

The Applicant has adopted a affordable housing revenue totalling c. £18.69m equating to a blended capital value per sq/ft of £324. We understand that the revenue represents the agreed transfer price for the affordable units equating to a value of £519 per sq/ft for the intermediate units and £197 per sq/ft for the London Affordable Rent units. We have subsequently adopted this revenue in our appraisal.

### 4.3 Commercial Revenue

The commercial accommodation generates revenue of c. £3.04m and we summarise the proposed commercial accommodation and the Applicant’s adopted rents in Table 4.3.1.

**Table 4.3.1: Commercial Units**

Unit	Use	Area (sq/ft)	£PSF	Yield	Rent Free (months)
A1a	B1/B8	384	£20	7.5%	3
A1b	B1/B8	1,353	£15	7.5%	6
A2	B1/B8	2,924	£15	7.5%	12

Unit	Use	Area (sq/ft)	£PSF	Yield	Rent Free (months)
A3a	B1/B8	1,122	£17	7.5%	6
A3b	B1/B8	890	£17	7.5%	3
A4a	B1/B8	632	£20	7.5%	3
A4b	B1/B8	1,121	£17	7.5%	6
B1	B1/B8	3,519	£14	7.5%	12
B2	B1/B8	1,011	£20	7.5%	6
Container 00	B1/A3	561	£17	7.5%	3
Container 01	B1/A3	1,232	£17	7.5%	6
Container 02	B1/A3	1,232	£17	7.5%	6
<b>Total</b>	-	<b>15,981</b>	-	-	-

In support of the Applicant's rents, the Applicant provided further information regarding the commercial revenue in their rebuttal dated February 2021 and on that basis we do not consider that the Applicant's commercial revenue was unreasonable.

#### 4.4 Existing Rental Income

The Applicant states that the existing tenant will remain in occupation of the site until May 2022 paying a remaining total rent of £296,250. We summarise the remaining rents that we summarised in our December 2020 report.

**Table 4.4.1: Existing Rental Income**

Payment Date	Rent Payable
Sep – 21	£112,500
Dec – 21	£112,500
Mar – 22	£71,250
<b>Total</b>	<b>£296,250</b>

For the purpose of this assessment, we have adopted the exiting rental income totalling c. £0.30m.

#### 4.5 Construction Costs

The proposed scheme construction costs total c. £52.18m equating to a cost per sq/ft of c. £220. In our 2020 viability assessment, CDM assessed the construction costs are c. £220 whilst the Applicant's consultant assessed costs at c. £223 per sq/ft.

The Applicant's current viability assessment provides the following statement:

*“Notwithstanding the WWA costing indicates that a higher build cost may be appropriate, as previously stated we are prepared to adopt the build cost (£psf) advocated by CDM and adopted by BNP on a without prejudice basis and in order to progress this negotiation in a timely manner, to this end we reserve our right to review our position four weeks from the submission of this Addendum”.*

For the purpose of this assessment, we have adopted the CDM cost rate of c. £220 per sq/ft.

#### 4.6 Professional Fees

The Applicant has adopted a professional fee allowance of 10% of construction costs on a without prejudice basis providing the following statement:



*“Savills have adopted professional fees of 12% and have provided a fee breakdown prepared by WWA. Notwithstanding this further evidence we note that BNP have consulted CDM who maintain their view that 12% is too high. CDM consider that 10% represents a more appropriate allowance and as such BNP have adopted this reduced percentage in their appraisal.*

*“We highlight that the GLA have previously agreed to an allowance of 12% at the Subject on Savills higher build costs and that we maintain our opinion that this allowance is appropriate. However, we are prepared to reduce our professional fee allowance to 10% on a without prejudice basis and in order to progress this negotiation in a timely manner. To this end if we have not reached an agreement with the Council and their Advisor within four weeks from the submission of this Addendum we reserve our right to review this position”.*

For the purpose of this assessment, we have maintained the professional fees at 10% of the base construction costs.

#### **4.7 Finance**

The Applicant’s viability assessment that they:

*“have adopted a finance rate of 6.75% debit and 0.1% credit. Despite further justifications being provided in Savills February 2021 Rebuttal, BNP have maintained their initially adopted position on finance of 6% debit only.*

*In their June 2021 response BNP have not mentioned their adopted finance rate. We can therefore only reiterate the justifications provided to BNP in our February 2021 Rebuttal. We highlight in particular that we are aware of BNP adopting higher finance rates including 6.75% elsewhere within London for viability purposes, and would request clarification from them as to why they consider a lower rate appropriate in this instance.*

*Without further comments or evidence from BNP we have maintained our previously adopted finance assumption of 6.75% debit and 0.1% credit”.*

For the purpose of this assessment, we have revised our finance rate to 6.5%, which is consistent with recent viability assessments we have undertaken within the past 12 months.

#### **4.8 Community Infrastructure Levy (‘CIL’) & S106**

The Applicant has adopted a CIL payment totalling £2,050,988 and a S106 payment of £555,000 and we would welcome confirmation from the Council which S106 payment is correct.

#### **4.9 Sales, Letting, Marketing & Legal Fees**

The Applicant has adopted the following fees summarised in Table 4.9.1, which are consistent with the 2020 viability assessment.

**Table 4.9.1: Sales, Letting, Marketing & Legal Fee**

<b>Fee</b>	<b>Cost</b>
Residential Sales Agent	1.5% of value
Commercial Sales Agent	1% of value
Residential Sales Legal Fee	0.25% of value
Commercial Sales Legal Fee	0.5% of value
Commercial Letting Agent Fee	10% of first year’s rent
Commercial Letting Legal Fee	5% of first year’s rent
Residential Marketing Fee	1.5% of value

We do not consider that the Applicant’s fees are unreasonable.

#### **4.10 Developer's Profit**

In relation to developer's profit the Applicant has provided the following statement:

*"Savills have adopted a profit requirement of 20% on private residential GDV which equates to 17.15% blended. Despite further justifications being provided in Savills February 2021 Rebuttal, BNP have maintained their initially adopted position of 17.50% on private residential GDV which equates to 15.21% blended.*

*Whilst we disagree with the position adopted by BNP we are prepared to reduce our profit on private residential GDV to 17.50% on a without prejudice basis, and in order to progress this negotiation in a timely manner. To this end if we have not reached an agreement with the Council's Advisor within four weeks from the submission of this Addendum we reserve our right to review this position".*

On that basis, we have maintained our profit of 17.5% of GDV for the market housing units, 15% of GDV for the commercial space and 6% for the affordable housing element of the scheme. The reduced profit on affordable housing reflects the risk of delivery. The developer will contract with an RP prior to commencement of construction and they are – in effect – acting as a contractor, with their risk limited to cost only. After contracting with the RP, there is no sales risk. In contrast, the private housing construction will typically commence before any units are sold and sales risk is present well into the development period.

#### **4.11 Sales Programme**

The Applicant's viability assessment states:

*"Savills have adopted off plan sales of 40% and a sales rate thereafter of four per calendar month. BNP have adopted off plan sales of 50% and a sales rate of six per calendar month thereafter. As previously stated we consider that our adopted sales rate is justified when looking at contemporary comparable evidence from Deptford Foundry (Anthology) and Maritime (Fairview Homes).*

*However, in line with BNP we are prepared to adopt 50% sales off plan and six sales per month thereafter on a without prejudice basis and in order to progress this negotiation in a timely manner".*

We have therefore maintained the sales rates adopted in our previous assessment.

## 5 Appraisal Outputs

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development and review the benchmark land value.

### 5.1 Viability Benchmark Site Value

The Applicant has adopted a site value of c. £16.57m on the basis of an existing use value of c. £13.81m and a landowner's premium of 20%. By contrast, we previously adopted a site value of £14.17m comprising an EUV of c. £11.81m and a 20% landowner's premium.

The key difference between the site values relate to the rent per sq/ft and the Applicant has adopted a rent of £14.50 per sq/ft whilst our previous assessment adopted £12.50 per sq/ft.

The Applicant's viability assessment states:

*“Given a lack of directly comparable rental transactions, Savills and BNP have previously relied upon the Colliers Rents Map, and BNP adopted a rent of £12.50psf in line with Colliers rent estimation for Woolwich secondary industrial units. However, BNPs rent was adopted in December 2020 and we highlight revisions to the rents map estimations as below:*

Submarket	Secondary Rents (H2 2020)	Secondary Rents (H2 2021)
Woolwich	£12.50 psf p.a.	£15.00 psf p.a.
Canning Town	£13.00 psf p.a.	£18.00 psf p.a.
Croydon	£12.00 psf p.a.	£13.50 psf p.a.
Merton	£11.50 psf p.a.	£14.00 psf p.a.

*The above amendments to the rents map indicate the growing strength of the industrial occupier market in south and east London, Colliers estimates show average secondary rental growth of c.23% in these areas over the last year.*

*Previously BNP adopted a rent in line with Colliers estimation for Woolwich, and above the estimated secondary rents for Croydon and Merton, by implication they consider the Subject superior to these submarkets and comparable to Woolwich. Colliers latest estimates for these areas are £13.50psf and 14.00psf for secondary space in Croydon and Merton respectively, and £15psf for space in Woolwich. In light of this updated information we question how BNP can maintain a rent of £12.50psf which now sits below Colliers estimates for Croydon and Merton; two locations BNP have previously implied are inferior to the Subject.*

*Savills adopted rent of £14.50psf remains appropriately positioned at a premium to these sub markets. However, it should also be considered that Deptford is a superior location for last mile industrial than Woolwich and that a higher rent than £14.50psf could now be justified”.*

We have reconsidered the Colliers rent maps and note that the secondary rents in 2020 reflect 'early 1990s accommodation' whilst the 2021 rents reflect units constructed in the 2000s. As a result there will be inevitably be an inherent increase in the rents during the course of the year which is dependent upon the typical building ages that Colliers have regard to. By contrast, we understand that the site's existing use was constructed in 1975 and is therefore considerably older than the benchmarksthat inform the Colliers rent maps.

In June 2021, we provided the Applicant with the following lettings located within close proximity to the subject site.

**Table 5.1.1: Lettings**

Address	Date	Floor Area (sq/ft)	£PSF
Unit 3, Greenwich Business Centre	Feb-20	2,284	£12.68
Suite 23, 53 Norman Road	May-20	3,509	£12.31

We have also had regard to the following asking price for a unit located within close proximity to the subject site.

**Table 5.1.2: Unit available to let**

Address	Floor Area (sq/ft)	£PSF
53 Norman Road	2,976	£14.11

We have considered the available yet somewhat limited evidence base comprising the available evidence located within close proximity to the subject site in addition to the Colliers rent maps in which their current and historic information relates to units constructed in the 1990s and 2000s. On the basis of the available information and that the subject site is considerably larger than the unit summarised in the tables above we have marginally increased our rent for the site to £13.50 per sq/ft which also accounts for the current demand for industrial accommodation in London.

In summary, our existing use value is c. £13.64m and with the addition of a 20% landowner's premium, our site value is c. £15.26m.

## 5.2 Appraisal Results

We tabulate below the results of the Applicant's viability assessment.

**Table 5.2.1: Applicant's Appraisal Results**

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £9.12m	c. £16.57m	c. £7.20m

In summary, the Applicant's proposed scheme appraisal generates a deficit of c. £7.20m concluding that the scheme cannot support more than 35% affordable housing.

We summarise in the tables below our appraisal results

**Table 5.2.2: BNPPRE Appraisal Results**

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £9.57m	c. £15.26m	c. £5.69m

In summary, our proposed scheme appraisal generates a residual land value of c. £9.57m and when benchmarked against a site value of c. £15.26m the proposed scheme generates a deficit of c. £5.69m.

### 5.3 Sensitivity Analysis

We have also undertaken a sensitivity analysis, which demonstrates scheme performance in the event that the market housing sales values increase and construction costs decrease. We summarise this analysis in Table 5.3.1.

**Table 5.3.1: Sensitivity Analysis**

Scenario	Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus
+ 5% sales values	c. £11.76m	c. £15.26m	c. - £3.50m
+ 5% sales values and – 5% costs	c. £14.08m	c. £15.26m	c. - £1.18m
+ 10% sales values and – 5% costs	c. £16.24m	c. £15.26m	c. £0.98m

## 6 Conclusion

We have reviewed the Applicant's viability assessment, which seeks to demonstrate that the scheme cannot support more than 35% affordable housing as the residual land value of the scheme generates a deficit of c. £7.20m.

In summary, our proposed scheme appraisal generates a residual land value of c. £9.57m and when benchmarked against a site value of c. £15.26m the proposed scheme generates a deficit of c. £5.69m. Consequently, the proposed scheme cannot support in excess of 35% affordable housing.

## Appendix 1 - Proposed Scheme Appraisal

Licensed Copy

Development Appraisal

Sun Wharf - Dec 2021

Proposed Residual Land Value (inc. 35% AH)

Report Date: 03 December 2021



# APPRAISAL SUMMARY

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## Sun Wharf - Dec 2021 Proposed Residual Land Value (inc. 35% AH)

### Summary Appraisal for Phase 1

Currency in £

#### REVENUE

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Market Housing	143	100,638	724.64	509,975	72,926,482
Intermediate Housing	31	22,684	518.76	379,598	11,767,552
Affordable Rented Housing	46	35,038	197.49	150,427	6,919,655
<b>Totals</b>	<b>220</b>	<b>158,360</b>			<b>91,613,688</b>

#### Rental Area Summary

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale
Unit A1a	1	384	20.00	7,680	7,680
Unit A1b	1	1,353	15.00	20,295	20,295
Unit A2	1	2,951	15.00	44,265	44,265
Unit A3a	1	1,122	17.00	19,074	19,074
Unit A3b	1	507	17.00	8,619	8,619
Unit A4a	1	632	20.00	12,640	12,640
Unit A4b	1	723	17.00	12,291	12,291
Unit B1	1	3,519	14.00	49,266	49,266
Unit B2	1	687	20.00	13,740	13,740
Container 00	1	561	17.00	9,537	9,537
Container 01	1	1,231	17.00	20,927	20,927
Container 02	1	1,232	17.00	20,944	20,944
<b>Totals</b>	<b>12</b>	<b>14,902</b>			<b>239,278</b>

#### Investment Valuation

<b>Unit A1a</b>					
Market Rent	7,680	YP @	7.5000%	13.3333	
(0yrs 3mths Rent Free)		PV 0yrs 3mths @	7.5000%	0.9821	100,565
<b>Unit A1b</b>					
Market Rent	20,295	YP @	7.5000%	13.3333	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	260,990
<b>Unit A2</b>					
Market Rent	44,265	YP @	7.5000%	13.3333	
(1yr Rent Free)		PV 1yr @	7.5000%	0.9302	549,023
<b>Unit A3a</b>					
Market Rent	19,074	YP @	7.5000%	13.3333	
		PV 0yrs 8mths @	7.5000%	0.9529	242,349
<b>Unit A3b</b>					
Market Rent	8,619	YP @	7.5000%	13.3333	
(0yrs 3mths Rent Free)		PV 0yrs 3mths @	7.5000%	0.9821	112,861
<b>Unit A4a</b>					
Market Rent	12,640	YP @	7.5000%	13.3333	
(0yrs 3mths Rent Free)		PV 0yrs 3mths @	7.5000%	0.9821	165,514
<b>Unit A4b</b>					
Market Rent	12,291	YP @	7.5000%	13.3333	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	158,060
<b>Unit B1</b>					
Market Rent	49,266	YP @	7.5000%	13.3333	
(1yr Rent Free)		PV 1yr @	7.5000%	0.9302	611,051
<b>Unit B2</b>					
Market Rent	13,740	YP @	7.5000%	13.3333	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	176,694
<b>Container 00</b>					
Market Rent	9,537	YP @	7.5000%	13.3333	
(0yrs 3mths Rent Free)		PV 0yrs 3mths @	7.5000%	0.9821	124,882
<b>Container 01</b>					
Market Rent	20,927	YP @	7.5000%	13.3333	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	269,117
<b>Container 02</b>					
Market Rent	20,944	YP @	7.5000%	13.3333	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	269,336
					<b>3,040,441</b>

**APPRAISAL SUMMARY****LICENSED COPY****Sun Wharf - Dec 2021  
Proposed Residual Land Value (inc. 35% AH)**

<b>GROSS DEVELOPMENT VALUE</b>				<b>94,654,130</b>
Purchaser's Costs		6.46%	(196,413)	(196,413)
<b>NET DEVELOPMENT VALUE</b>				<b>94,457,717</b>
<b>Additional Revenue</b>				
Jones Catering Rent			296,250	296,250
<b>NET REALISATION</b>				<b>94,753,967</b>
<b>OUTLAY</b>				
<b>ACQUISITION COSTS</b>				
Residualised Price			9,574,797	
Stamp Duty		5.00%	478,740	
Agent Fee		1.00%	95,748	
Legal Fee		0.80%	76,598	
				10,225,883
<b>CONSTRUCTION COSTS</b>				
<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build Cost	236,705 ft <sup>2</sup>	220.46 pft <sup>2</sup>	52,184,244	<b>52,184,244</b>
River Wall			1,000,000	
Mayoral CIL			696,260	
Borough CIL			1,354,728	
S106 inc Carbon Offset			555,000	
				3,605,988
<b>PROFESSIONAL FEES</b>				
Professional Fees		10.00%	5,218,424	5,218,424
<b>MARKETING &amp; LETTING</b>				
Marketing		1.50%	1,093,897	
Letting Agent Fee		10.00%	22,020	
Letting Legal Fee		5.00%	11,010	
				1,126,928
<b>DISPOSAL FEES</b>				
Commercial Sales Agent		1.00%	215,312	
Resi Sales Agent Fee		1.50%	1,093,897	
Commercial Sales Legal Fee		0.80%	172,250	
Resi Sales Legal Fee		0.25%	182,316	
				1,663,776
<b>Additional Costs</b>				
Market Housing Profit		17.50%	12,762,134	
Commercial Profit		15.00%	456,066	
Affordable Housing Profit		6.00%	1,121,232	
				14,339,433
<b>FINANCE</b>				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Land			2,498,433	
Construction			3,481,034	
Other			409,825	
Total Finance Cost				6,389,291
<b>TOTAL COSTS</b>				<b>94,753,967</b>
<b>PROFIT</b>				<b>0</b>
<b>Performance Measures</b>				
Profit on Cost%		0.00%		

**Sun Wharf - Dec 2021****Proposed Residual Land Value (inc. 35% AH)**

Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.25%
Equivalent Yield% (Nominal)	7.50%
Equivalent Yield% (True)	7.87%
IRR	6.74%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.500%)	0 yrs 0 mths

**Sun Wharf - Dec 2021  
Proposed Residual Land Value (inc. 35% AH)**

<b>Initial</b>
<b>MRV</b>
7,680
20,295
44,265
19,074
8,619
12,640
12,291
49,266
13,740
9,537
20,927
<u>20,944</u>
<b>239,278</b>

Sun Wharf - Dec 2021  
Proposed Residual Land Value (inc. 35% AH)

Sun Wharf - Dec 2021  
Proposed Residual Land Value (inc. 35% AH)