



Community Infrastructure Levy: Viability Study

Prepared for
London Borough of Southwark

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Contents

1	Executive Summary	3
2	Introduction	8
3	Methodology and appraisal inputs	13
4	Development appraisals	17
5	Appraisal outputs	22
6	Assessment of the results	23
7	Conclusions and recommendations	36

Appendices

Appendix 1	Charging zones map
Appendix 2	Sites details and appraisal results
Appendix 3	Location of sites and results by type of development
Appendix 4	Individual site development appraisals
Appendix 5	Map showing average house price variances in the key boundary areas
Appendix 6	Maps showing the concentration of office and hotel developments within the borough over the last 10 years

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1 Executive Summary

- 1.1 This report tests the ability of a range of developments throughout the London Borough of Southwark to yield contributions to infrastructure requirements through the Community Infrastructure Levy ('CIL'). Levels of CIL have been tested in combination with the Council's other planning requirements, including the provision of affordable housing.

Methodology

- 1.2 The study methodology compares the residual land values of a range of developments on sites throughout the borough to their value in current use (plus a premium), herein after referred to as 'benchmark land value'. If a development incorporating a given level of CIL generates a higher value than the benchmark land value, then it can be judged that the proposed level of CIL will render the scheme unviable.
- 1.3 The study utilises the residual land value method of calculating the value of each development. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance and CIL) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site.
- 1.4 The housing and commercial property markets are inherently cyclical and the Council is testing its proposed rates of CIL at a time when the market is recovering after a severe recession. Values have recovered to surpass their 2008 peak levels. Despite this recovery, there is some uncertainty as to the likely short term trajectory of house prices. We have allowed for this by running a sensitivity analysis which vary the base sales values and build costs, as follows:
- Sales values +10% and build costs +5%;
 - Sales values +10% and build costs +10%;
 - Sales values +20% and build costs +10%; and
 - Sales values +10% and build costs -10%.
- 1.5 This analysis is indicative only, but is intended to assist the Council in understanding the levels of CIL that are viable in today's terms but also the impact of changing markets on viability. Our commercial appraisals incorporate sensitivity analyses on rent levels and yields.

Key findings and recommendations

- 1.6 The key findings of the study are as follows:
- The results of this study are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council keeps the viability situation under review so that levels of CIL can be adjusted to reflect any future changes.
 - The ability of **residential and student housing schemes** to make CIL contributions varies depending on area and the current use of the site. Having regard to these variations, residential schemes should be able to absorb the following CIL rates (after allowing for a 'buffer' below the maximum rate):

- **Zones 1 and 2 (North of borough):** £400 per square metre;
 - **Zone 3 (Mid and south areas of borough) :** £250 per square metre;
 - **Zone 4 (Central area of borough):** £50 per square metre.
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- Whilst the maximum rates are in some cases higher than the proposed rates, the buffer will help to mitigate a number of risk factors (primarily the potentially adverse impact on land supply of setting the rates at a high level and 'shocking' the market). However, there is no prescribed percentage buffer and this is entirely a matter for the Charging Authority's judgement.
 - Two markets for **Student housing** in the Borough have been identified. The first is schemes let at reduced rent levels by universities, which require cross subsidy from university resources, and are identified as being unviable. It is noted however, that when developed these schemes are likely to be exempt from CIL given the universities' charitable status. The second market is those let at private sector rent levels, which generate sufficient surplus residual values to absorb a maximum CIL of up to £1,549 per square metre. It is considered that student housing rents for private schemes are likely to follow similar value patterns as residential schemes in the borough. In this regard and considering that such developments will also be required to contribute towards affordable housing, we suggest that the Council adopts rates in line with those adopted for residential schemes.
 - Our appraisals of **hotel developments** indicate that, in the north of the borough, a CIL of £250 per square could be absorbed, while in the rest of the borough a CIL of £125 per square metre could be absorbed.
 - In the north of the borough, our appraisals indicate that should the Council wish to adopt a CIL charge on **office development**, it will be sufficiently viable to absorb a CIL of £70 per square metre, allowing for a buffer below the maximum rate. Elsewhere in the borough, office rents are considerably lower and development is unlikely to come forward in the short to medium term as the capital values generated are insufficient to cover development costs. We therefore recommend that the Council sets a nil rate for office development outside the north of the borough.
 - Residual values generated by **Retail developments** are higher than existing use values to varying degrees across the borough. We have also identified that the values of retail uses differ in relation to their distinct shopping experiences. Our appraisals indicate that the most viable schemes are destination superstores, supermarkets and shopping centres / malls, which are able to achieve on average a maximum CIL of £842 per square metre. Other retail (A1-A5) and sui generis uses akin to retail developments¹, are still identified as being viable, however generate a lower average maximum CIL of £686 per square metre. To a degree the latter type of retail development is likely to involve the re-use of existing retail space which will not be CIL liable. In this context we would recommend that the Council considers adopting a higher rate of say £250 per square metre (excluding Mayoral CIL for destination superstores, supermarkets and shopping centres / malls; and a lower rate of £125 per square metre for their retail (A1-A5) and sui generis uses akin to retail developments uses.

¹ Sui generis akin to retail includes petrol filling stations; shops selling and/or displaying motor vehicles; retail warehouse clubs.

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- Our appraisals of developments of **industrial and warehousing floorspace** indicate that these uses are unlikely to generate positive residual land values. We therefore recommend a zero rate for industrial floorspace.
 - D1 and D2 uses often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate. This type of facility is very unlikely to be built by the private sector². However, there will be some commercial uses within the D1/D2 use classes that operate on commercial terms (e.g. cinemas, bowling alleys etc) that could make a contribution to local infrastructure. The decision to open such a facility would be primarily driven by demand and demographic factors. Applying a modest CIL to such uses is unlikely to adversely affect the viability of such developments.
- 1.7 Table 1.7.1 summarises the recommended rates. Figure 1.7.1 set out overleaf is a map showing the boundaries of the proposed charging zones. This is also attached at Appendix 1.

² Many uses that fall within these use classes are operated by charities (e.g. private hospitals and schools are predominantly run by charitable trusts, or companies that do not distribute profits to shareholders).

Figure 1.7.1 Map showing proposed CIL charging zones

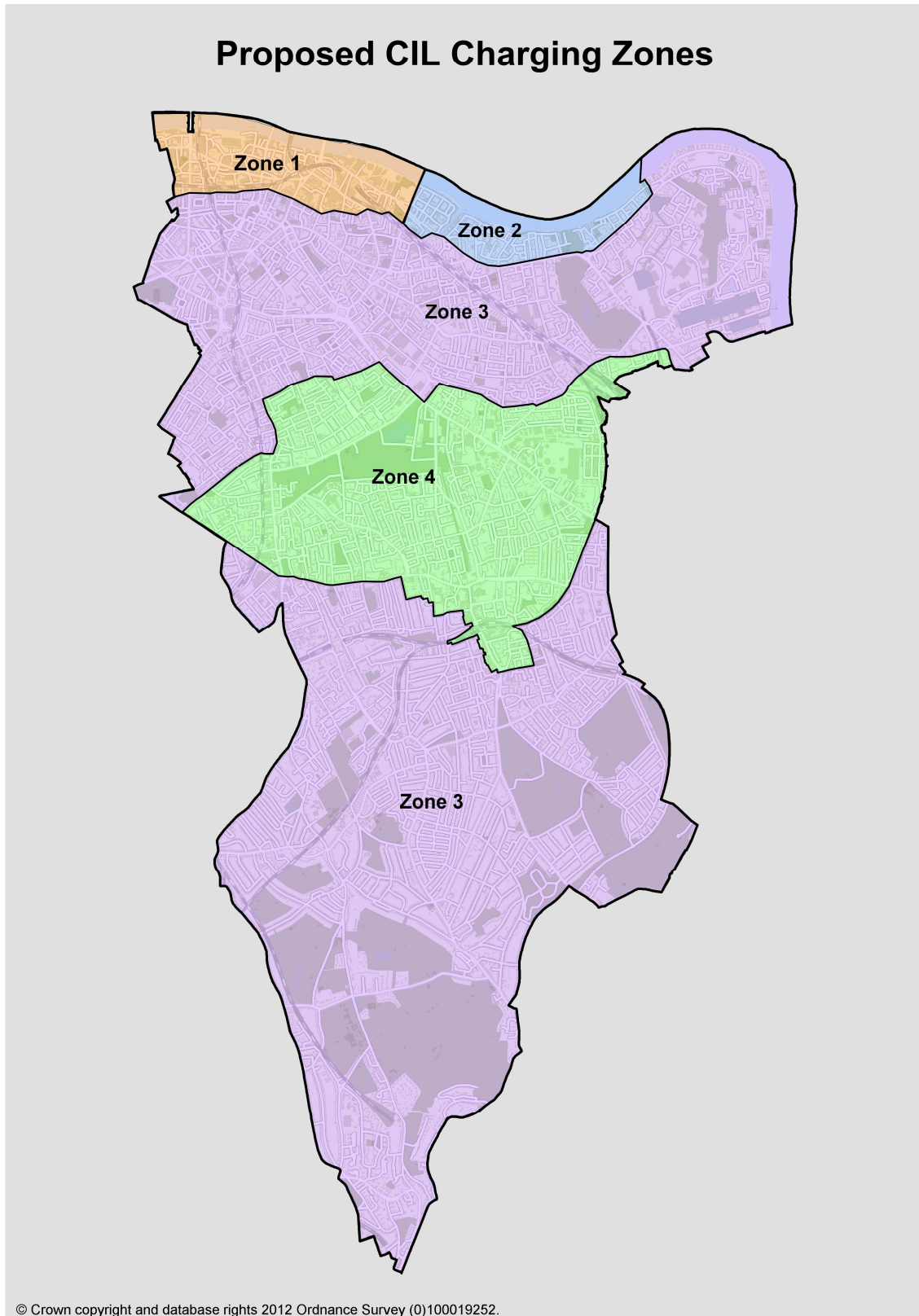


Table 1.7.1: Proposed CIL rates

Use	Area	Size	CIL Rate (excluding mayoral CIL) £/sqm
Office	North Area (Zone 1)	N/A	£70
	Rest of borough (Zones 2-4)	N/A	£0
Hotel	North Area	N/A	£250
	Rest of borough (Zones 2-4)	N/A	£125
Resi and student accommodation	North Area (Zones 1 and 2)	N/A	£400
	Mid +South Area (Zone 3)	N/A	£250
	Central Area (Zone 4)	N/A	£50
Retail	Whole borough	All other retail (A1 – A5 & Sui Generis)	£125
		Destination superstores / supermarkets / shopping centres / malls	£250
Industrial	Whole borough	N/A	£0
Other floorspace	Whole borough	N/A	£30

- 1.8 For residential schemes, the application of CIL at the rates proposed is unlikely to be an overriding factor in determining whether or not a scheme is viable. When considered in context of total scheme costs, the proposed rates of CIL will account for a very modest proportion of costs (typically less than 5% of total development costs, i.e. no more than a developer's contingency). Some schemes would be unviable even if a zero CIL were adopted. We therefore recommend that the Council pays limited regard to these sites.
- 1.9 Assuming the schemes in the Council's housing trajectory are delivered within the anticipated timescale, the proposed rates of CIL will generate income of £10.56 million per annum over the first five years after adoption. Table 1.9.1 summarises the potential CIL income, although this excludes any income potentially arising from commercial development.

Table 1.9.1: Potential CIL income based on proposed rates

Period	2013 – 2018	2018 – 2021	2021 – 2026
Annual income (£ millions)	10.56	7.12	4.79
Total income over period (£ millions)	52.83	35.63	23.96

2 Introduction

- 2.1 This study has been commissioned to contribute towards an evidence base to inform the London Borough of Southwark's ('the Council') CIL Preliminary Draft Charging Schedule ('PDCS'), as required by Regulation 14 of the CIL Regulations April 2010 (as amended in 2011). The aims of the study are summarised as follows:
- to test the impact upon the economics of residential development of a range of levels of CIL;
 - for residential schemes, to test CIL alongside the Council's requirements for affordable housing and other planning standards and obligations; and
 - to test the ability of commercial schemes to make a contribution towards infrastructure through CIL; and
 - to assess the potential amount of CIL which may be generated over the next 13 years.
- 2.2 In terms of methodology, we adopted standard residual valuation approaches to test the impact on viability of a range of levels of CIL. However, due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis. It is therefore essential that levels of CIL are set so as to allow a sufficient margin to allow for these site specific variations.

National Policy Context

- 2.3 The CIL regulations state that in setting a charge, local authorities must aim to strike "*what appears to the Charging Authority to be an appropriate balance*" between revenue maximisation on the one hand and the potentially adverse impact upon the viability of development on the other. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates. This report deals with viability only and does not consider other sources of funding (this is considered elsewhere within the Council's evidence base).
- 2.4 Local authorities must consult relevant stakeholders on the nature and amount of any proposed CIL. Following consultation, a charging schedule must be submitted for independent examination.
- 2.5 The regulations allow a number of reliefs and exemptions from CIL. Firstly, affordable housing and buildings with other charitable uses (if controlled by a charity) are subject to relief. Secondly, local authorities may, if they choose, elect to offer an exemption on proven viability grounds. The exemption would be available for 12 months, after which time viability of the scheme concerned would need to be reviewed. To be eligible for exemption, regulation 55 states that the Applicant must enter into a Section 106 agreement (and the costs of complying with the agreement must exceed the amount of CIL that would have been payable); and that the Authority must be satisfied that granting relief would not constitute state aid.
- 2.6 The CIL regulations enable local authorities to set differential rates (including zero rates) for different zones within which development would take place and also for different types of development.

- 2.7 The 2010 regulations set out clear timescales for payment of CIL, which varied according to the size of the payment, which by implication is linked to the size of the scheme. The 2011 amendments to the regulations allow local authorities to set their own timescales for the payment of CIL if they choose to do so. This is an important issue that the Council will need to consider, as the timing of payment of CIL can have an impact on an Applicant's cashflow (the earlier the payment of CIL, the more interest the Applicant will bear before the development is completed and sold).
- 2.8 Several local authorities have undertaken viability assessments and have drafted CIL charging schedules, which they have submitted for independent examination. To date, a number of charging authorities (including the Mayor of London, Portsmouth, Newark and Sherwood, Huntingdon, Wandsworth, Shropshire, Bristol, Poole and Redbridge) have been through the examination process and are at various stages of implementation.

Local Policy context

- 2.9 The study has taken into account the Mayor's CIL, S106 contributions towards Crossrail³ and other proposals, and policies and standards set out in the saved Southwark Plan and the adopted Core Strategy. These include, but are not exclusive to:
- An affordable housing requirement:
 - In addition to financing infrastructure, the Council expects residential developments to provide a mix of affordable housing tenures, sizes and types to help meet identified housing needs and contribute to the creation of mixed, balanced and inclusive communities. The Council expects developments of 10 or more units to provide 35% affordable housing on-site (50% in the Aylesbury Core Area). The tenure mix of the affordable housing varies between different parts of the borough (see Table below). The Council's requirements are applied flexibly, having regard to individual site circumstances, including viability of development.

Area designation	Social rented (%)	Intermediate (%)
Central Activities zone	70	30
Urban zone	70	30
Suburban zone	70	30
Elephant and Castle opportunity area	50	50
Old Kent Road action area	50	50
Peckham and Nunhead action area	30	70
Camberwell action area	50	50

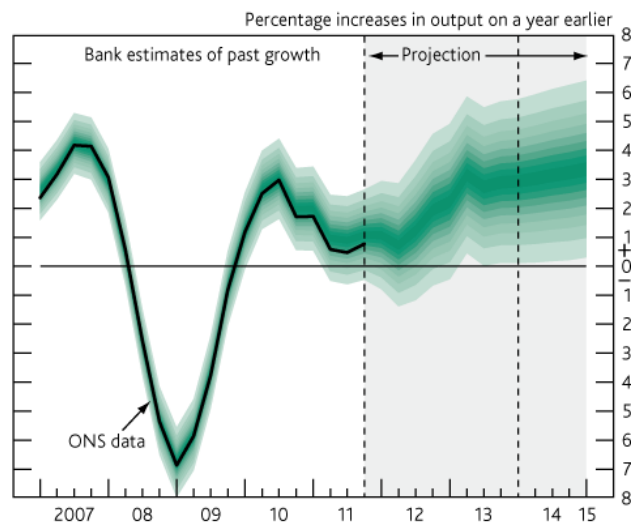
Source: Southwark Draft Affordable Housing SPD June 2011

³ Draft SPG: use of planning obligations in the funding of Crossrail, and the Mayoral Community Infrastructure Levy November 2012

- 10% of units on every site to be accessible by disabled people and the mobility impaired;
- A requirement to provide a minimum number of two and three bed dwellings. This varies in different parts of Southwark and is set out in Core Strategy policy 7;
- Residential space standards as set out in Southwark's 2011 Residential Design Standards SPD;
- Code for Sustainable Homes (Level 4) and BREEAM (excellent); and
- The maximum car parking standards in appendix 16 of the Southwark Plan.

Economic and housing market context

- 2.10 The historic highs achieved in the UK housing market by mid 2007 followed a prolonged period of real house price growth. However, a period of 'readjustment' began in the second half of 2007, triggered initially by rising interest rates and the emergence of the US sub prime lending problems in the last quarter of 2007. The subsequent reduction in inter-bank lending led to a general "credit crunch" including a tightening of mortgage availability. The real crisis of confidence, however, followed the collapse of Lehman Brothers in September 2008, which forced the government and the Bank of England to intervene in the market to relieve a liquidity crisis.
- 2.11 The combination of successive shocks to consumer confidence and the difficulties in obtaining finance led to a sharp reduction in transactions and a significant correction in house prices in the UK, which fell to a level some 21% lower than at their peak in August 2007 according to the Halifax House Price Index. Consequently, residential land values fell by some 50% from peak levels. One element of government intervention involved successive interest rate cuts and as the cost of servicing many people's mortgages is linked to the base rate, this financial burden has progressively eased for those still in employment. This, together with a return to economic growth early 2010 (see February 2012 Bank of England GDP fan chart below, showing the range of the Bank's predictions for GDP growth to 2015) has meant that consumer confidence has started to improve to some extent.



Source: Bank of England

- 2.12 Throughout the first half of 2010 there were some tentative indications that improved consumer confidence was feeding through into more positive interest from potential house purchasers. Against the background of a much reduced supply of new housing, this would lead one to expect some recovery in prices. However it is evident that this brief resurgence has abated, with the Halifax House Price Indices showing a fall of 0.6% in the year to March 2012. The Halifax attributes at least some of the recent recovery in sales values to first time buyers seeking to purchase prior to the reintroduction of Stamp Duty from 1 April 2012.
- 2.13 The balance of opinion is that house prices will remain flat in the short term, with continuing high levels of unemployment likely to result in increased repossessions and increased supply of homes into the market. At the same time, demand is expected to remain subdued, due to the continuing difficulties consumers face in securing mortgages.

Figure 2.13.1: House prices in Southwark

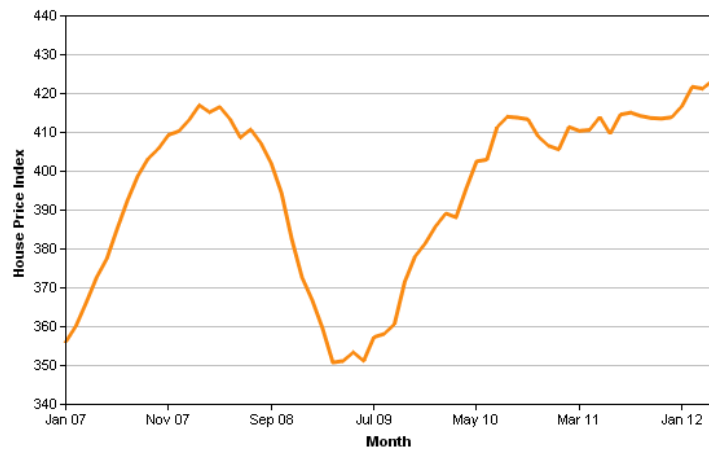
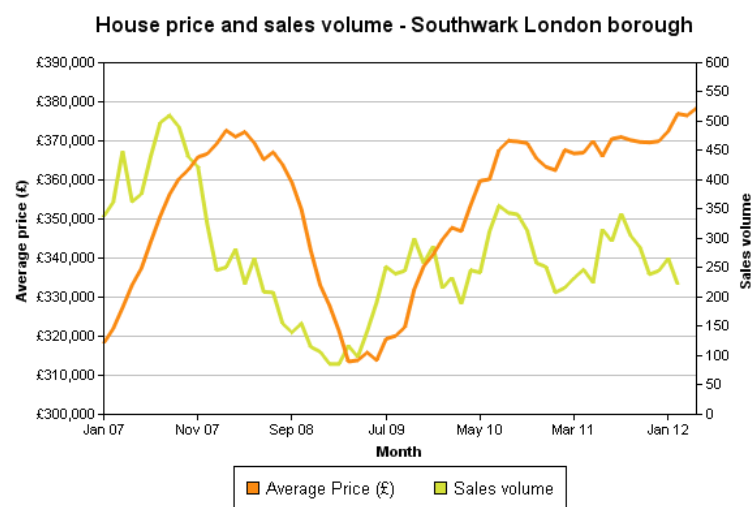


Figure 2.13.2: Sales volumes in Southwark



Source: Land Registry

- 2.14 According to Land Registry data, residential sales values in Southwark have recovered since the lowest point in the cycle in March 2009. Prices increased by 21% between April 2009 and April 2012. In April 2012, sales values were 1.6% higher than the April 2008 peak value.
- 2.15 The future trajectory of house prices is currently uncertain, although Savills' current prediction is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream London markets will grow over the period between 2012 to 2016⁴. Savills predict that values in mainstream London markets (i.e. non-prime) will fall by 0.5% in 2012, but increase by 1% in 2013, 5% in 2014, 6% in 2015 and 6.5% in 2016. This equates to cumulative growth of 19.1% between 2012-2016 inclusive, compared to a UK average of 6% cumulative growth over the same period.

Development context

- 2.16 Developments in Southwark range from small in-fill sites to major regeneration schemes, including Elephant and Castle and the Aylesbury Estate. There are significant variations in residential sales values between different parts of the Council's area, with areas to the north of the borough (especially riverside locations) with the highest values and parts of Peckham, Faraday, Livesey and Camberwell Green wards with lowest values. Outside the northern part of the borough, commercial development is more limited in scale. The borough's retail centres are performing well, and growth is expected at Elephant and Castle and Canada Water in particular. There is also a limited amount of office and industrial development in many parts of the borough.
- 2.17 In assessing which sites to appraise the Council has chosen actual development sites that make up a substantial proportion of both the type and quantity expected in the first ten years of the plan period. The locations of the sites also cover the major regeneration areas in the borough.
- 2.18 The viability testing has looked at proposed developments on these sites that are acceptable in planning policy terms (including affordable housing) to ensure the deliverability of the plan is not affected by the proposed CIL rates. As the proposed CIL rates equate to circa 3% of build cost, their potential affect can be read within the sensitivity testing which shows the impact of a further increase in build costs and sales values on page 26.
- 2.19 As the proposed CIL rates have been in the public domain since July 2012 it is considered that much of the additional costs of the proposed rates will have been absorbed by the market by the time any charging schedule is in place. The same logic can be applied to the Council's affordable housing policy, which is a minimum of 35%, and it is generally accepted that the policy has not reduced land supply in the borough.
- 2.20 Furthermore, one of the main areas for growth is the Elephant and Castle opportunity area. Since December 2011, development in this area has been subject to a strategic transport tariff of a similar value to that of the proposed CIL rate for that area. Since its adoption three major developments have gained planning permission covering over 2,500 units, demonstrating that the tariff has not stopped delivery of acceptable development key to the delivery of the Council's local plan.

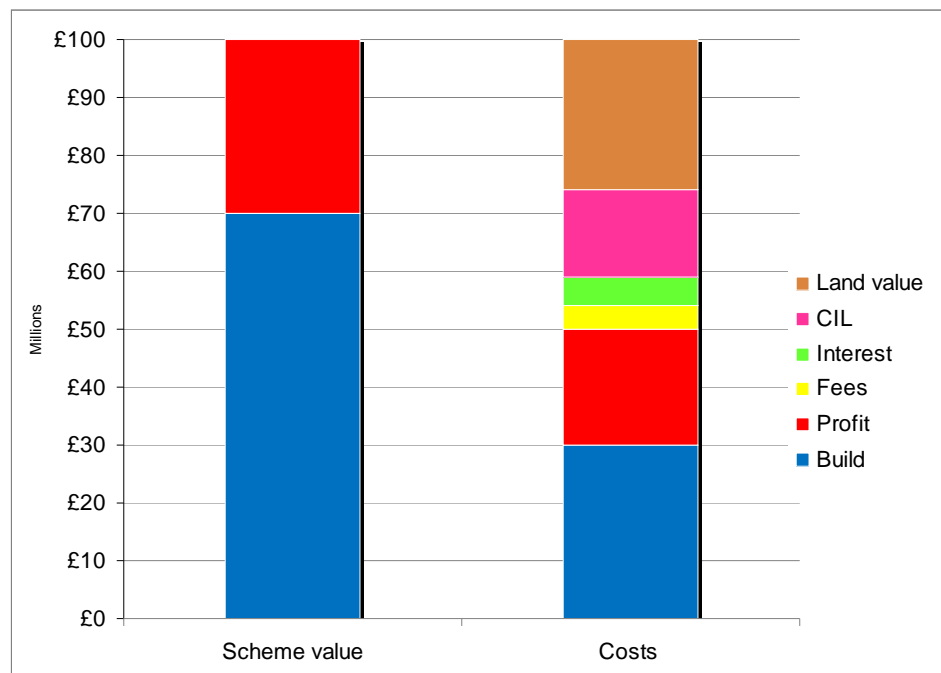
⁴ Savills Research: Residential Property Focus, April 2012

3 Methodology and appraisal inputs

- 3.1 Our methodology follows standard development appraisal conventions, using assumptions that reflect local market and planning policy circumstances. The study is therefore specific to Southwark and reflects the Council's planning policy requirements.

Approach to testing development viability

- 3.2 Appraisal models can be summarised via the following diagram. The total scheme value is calculated, as represented by the left hand bar. This includes the sales receipts from the private housing and the payment from a Registered Social Landlord ('RSL') for the completed affordable housing units. The model then deducts the build costs, fees, interest, CIL (at varying levels) and developer's profit. A 'residual' amount is left after all these costs are deducted – this is the land value that the Developer would pay to the landowner. The residual land value is represented by the brown portion of the right hand bar in the diagram.



- 3.3 The Residual Land Value is normally a key variable in determining whether a scheme will proceed. If a proposal generates sufficient positive land value (in excess of existing use value), it will be implemented. If not, the proposal will not go ahead, unless there are alternative funding sources to bridge the 'gap'.
- 3.4 Problems with key appraisal variables can be summarised as follows:
- Development costs are subject to national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. In boroughs like Southwark, many sites will be previously developed. These sites can sometimes encounter 'exceptional' costs such as decontamination. Such costs can be very difficult to anticipate before detailed site surveys are undertaken;

- Development value and costs will also be significantly affected by assumptions about the nature and type of affordable housing provision and other Planning Obligations. In addition, on major projects, assumptions about development phasing; and infrastructure required to facilitate each phase of the development will affect residual values. Where the delivery of the obligations are deferred, the less the real cost to the applicant (and the greater the scope for increased affordable housing and other planning obligations). This is because the interest cost is reduced if the costs are incurred later in the development cashflow; and
 - While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the higher the profit level required by lenders. While profit levels were typically up to around 15% of completed development value at the peak of the market in 2007, banks now require schemes to show a higher profit to reflect the current risk. Typically developers and banks are targeting 20-25% Internal Rate of Return on a development scheme. IRR is used as a key hurdle rate in determining viability, since it accounts for the length of time a development takes, with a higher IRR reflecting a shorter period to realise a return on an investment. Although IRR is readily comparable with other investment opportunities, other measures of profitability can include profit on cost or profit on Gross Development Value (GDV). Our appraisal summaries provide reference to all three measures, although IRR is targeted at 20%.
- 3.5 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value'⁵ or another appropriate benchmark to make development worthwhile. The margin above existing use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.
- 3.6 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use. CIL will be a cost to the scheme and will impact on the residual land value. Ultimately, if landowners' expectations are not met, they will not voluntarily sell their land and (unless a Local Authority is prepared to use its compulsory purchase powers) some may simply hold on to their sites, in the hope that policy may change at some future point with reduced requirements. It is within the scope of those expectations that developers have to formulate their offers for sites. The task of formulating an offer for a site is complicated further still during buoyant land markets, where developers have to compete with other developers to secure a site, often speculating on increases in value.

Viability benchmark

- 3.7 The CIL Regulations provide no specific guidance on how local authorities should test the viability of their proposed charges. However, there is a range of good practice generated by both the Homes and Communities Agency and appeal decisions that assist in guiding planning authorities on how they should approach viability testing for planning policy purposes.

⁵ For the purposes of this report, existing use value is defined as the value of the site in its existing use, assuming that it remains in that use. We are not referring to the RICS Valuation Standards definition of 'Existing Use Value'.

- 3.8 In 2009, the Homes and Communities Agency published a good practice guidance manual 'Investment and Planning Obligations: Responding to the Downturn'. This defines viability as follows: "a viable development will support a residual land value at level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner".
- 3.9 A number of planning appeal decisions provide guidance on the extent to which the residual land value should exceed existing use value to be considered viable:

Barnet & Chase Farm: APP/Q5300/A/07/2043798/NWF

"the appropriate test is that the value generated by the scheme should exceed the value of the site in its current use. The logic is that, if the converse were the case, then sites would not come forward for development"

Bath Road, Bristol: APP/P0119/A/08/2069226

"The difference between the RLV and the existing site value provides a basis for ascertaining the viability of contributing towards affordable housing."

Beckenham: APP/G5180/A/08/2084559

"without an affordable housing contribution, the scheme will only yield less than 12% above the existing use value, 8% below the generally accepted margin necessary to induce such development to proceed."

Oxford Street, Woodstock: APP/D3125/A/09/2104658

"The main parties' valuations of the current existing value of the land are not dissimilar but the Appellant has sought to add a 10% premium. Though the site is owned by the Appellants it must be assumed, for valuation purposes, that the land is being acquired now. It is unreasonable to assume that an existing owner and user of the land would not require a premium over the actual value of the land to offset inconvenience and assist with relocation. The Appellants addition of the 10% premium is not unreasonable in these circumstances."

- 3.10 It is clear from the planning appeal decisions above and HCA good practice publication that the most appropriate test of viability for planning policy purposes is to consider the residual value of schemes compared to the existing use value plus a premium. As discussed later in this report, our study adopts a range of benchmark land values, reflecting differing circumstances in which sites are brought forward.
- 3.11 The recent examination on the Mayor of London's CIL charging schedule considered the issue of an appropriate land value benchmark. The Mayor had adopted existing use value, while certain objectors suggested that 'Market Value' was a more appropriate benchmark. The Examiner concluded that:
- "The market value approach.... while offering certainty on the price paid for a development site, suffers from being based on prices agreed in an historic policy context." (para 8) and that "I don't believe that the EUV approach can be accurately described as fundamentally flawed or that this examination should be adjourned to allow work based on the market approach to be done" (para 9).*

3.12 In his concluding remark, the Examiner points out that

*“the price paid for development land may be reduced [so that CIL may be accommodated]. As with profit levels there may be cries that this is unrealistic, but **a reduction in development land value is an inherent part of the CIL concept**. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges. (para 32 – emphasis added).*

3.13 HCA and CLG sponsored guidance on testing the viability of local planning requirements was published on 22 June 2012⁶. This guidance also recognises current or existing use value plus a margin as a suitable benchmark for testing CIL.

3.14 It is important to stress, however, that there is no single threshold land value at which land will come forward for development. The decision to bring land forward will depend on the type of owner and, in particular, whether the owner occupies the site or holds it as an asset; the strength of demand for the site's current use in comparison to others; how offers received compare to the owner's perception of the value of the site, which in turn is influenced by prices achieved by other sites. Given the lack of a single threshold land value, it is difficult for policy makers to determine the minimum land value that sites should achieve. This will ultimately be a matter of judgement for each individual Charging Authority.

⁶ Viability Testing Local Plans, Advice for planning practitioners, Local Housing Delivery Group, Chaired by Sir John Harman, June 2012

4 Development appraisals

Residential development

- 4.1 We have appraised 56 developments, reflecting both the range of sales values/capital values and also sizes/types of development and densities of development across the borough. The inputs to the appraisals are based on research on the local housing market.

Residential sales values

- 4.2 Residential values in the area reflect national trends in recent years but do of course vary between different sub-markets. We have considered comparable evidence of transacted properties in the area and also properties on the market to establish appropriate values for testing purposes. This exercise indicates that developments in the borough will attract average sales values ranging from circa £3,500 per square metre (£325 per square foot) to £9,200 per square metre (£855 per square foot).
- 4.3 As noted earlier in the report, Savills predict that sales values will increase over the medium term. Whilst this predicted growth cannot be guaranteed, we have run a series of sensitivity analyses assuming growth in sales values of between 10% and 20%, accompanied by cost inflation of between 5% as well as a fall of 10%. These analyses provide the Council with an indication of the impact of changes in values and costs on viability.

Affordable housing tenure and values

- 4.4 The Council's policy position is that developments comprised of 10 or more units should provide 35% affordable housing, subject to viability, with a tenure mix of that varies according to area (as noted at paragraph 2.15).
- 4.5 The Council is currently formulating its approach to the 'Affordable Rent' tenure and the likely outcome is currently uncertain. In view of the benefits caps under the Universal Credit, it is possible that rent levels cannot be increased to a significantly higher level than target rents. We have therefore assumed that the rented element of schemes will be provided as social rent at target rents.
- 4.6 The CLG/HCA '2011-2015 Affordable Homes Programme – Framework' (February 2011) document clearly states that RSLs will not receive grant funding for any affordable housing provided through planning obligations. Consequently, all our appraisals assume nil grant. We recommend that the Council revisits this assumption when it next reviews its charging schedule, by which time a new funding programme may have been introduced by central government.
- 4.7 For shared ownership units, we have assumed that RSLs will sell 30% initial equity stakes and charge a rent of 2.75% on the retained equity. A 10% charge for management is deducted from the rental income and the net amount is capitalised using a yield of 5.25%. In all cases, the values are capped (if necessary) to ensure that total housing costs (mortgage payment, rent and service charge) are affordable to households on incomes identified in the Council's Draft Affordable Housing SPD.

The sample developments

- 4.8 We have run appraisals of schemes identified by the borough as representing the broad spread of development coming forward across the borough. The sample includes wholly residential schemes, wholly commercial schemes, and mixed use schemes. Details of the schemes are provided at Appendix 2.

Residential build costs

- 4.9 We have sourced build costs for the residential schemes from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes. However, adjustments to the base costs are necessary to reflect the specification of development in the borough, which is reflective of high specification and high value property. Costs for individual scheme are provided in the scheme appraisals (attached as Appendix 4).
- 4.10 An additional 6% allowance is included across all tenures for meeting Code for Sustainable Homes level 4, which is reflective of the findings of work undertaken by Cyrill Sweett on behalf of CLG.

Professional fees

- 4.11 In addition to base build costs, schemes will incur professional fees, covering design, valuation, highways consultants and so on. Our appraisals incorporate a 10% allowance, which is at the higher end of the range for most schemes.

Marketing costs

- 4.12 Our appraisals incorporate an allowance of 3% for marketing costs, which we consider to be an appropriate allowance.

Mayoral CIL

- 4.13 Mayoral CIL will be payable on most developments that receive planning consent after 1 April 2012. Southwark falls within Zone 2, where a CIL of £35 per square metre will be levied. The Mayoral CIL takes precedence over borough requirements, including affordable housing. The Council is required to have regard to the Mayoral CIL when setting its own CIL. Our appraisals do not include Mayoral CIL as a cost, so the outputs (in terms of viable levels of CIL) *incorporate* the Mayoral CIL, which should be deducted for the purposes of setting a borough CIL.

Section 278 and residual Section 106 costs

- 4.14 Our appraisals incorporate a notional allowance of £1,000 per unit for residential schemes to address any Section 278 and residual Section 106 costs. This is an estimate only, as the actual amounts of Section 106 will vary depending on the extent of mitigation required. This allowance has been widely adopted by other authorities, including Poole and Bristol councils whose charging schedules have been examined.

Development and sales periods

- 4.15 Development and sales periods vary between type of scheme. However, our sales periods are based on an assumption of a sales rate of 5 units per month. This is reflective of current market conditions, whereas in improved markets, a sales rate of up to 8 units per month might be expected.

Developer's profit

- 4.16 Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. In 2007, profit levels were at around 15-17% of development costs. However, following the impact of the credit crunch and the collapse in interbank lending and the various government bailouts of the banking sector, profit margins have increased. It is important to emphasise that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major housebuilders will set targets for minimum profit).
- 4.17 The views of the banks which fund development are more important; if the banks decline an application by a developer to borrow to fund a development, it is very unlikely to proceed, as developers rarely carry sufficient cash to fund it themselves. Consequently, future movements in profit levels will largely be determined by the attitudes of the banks towards development proposals.
- 4.18 The near collapse of the global banking system in the final quarter of 2008 is resulting in a much tighter regulatory system, with UK banks having to take a much more cautious approach to all lending. In this context, and against the backdrop of the current sovereign debt crisis in the Eurozone, the banks may not allow profit levels to decrease much lower than their current level of 20%.
- 4.19 Our assumed return on the affordable housing GDV is 6%. A lower return on the affordable housing is appropriate as there is very limited sales risk on these units for the developer; there is often a pre-sale of the units to an RSL prior to commencement. Any risk associated with take up of intermediate housing is borne by the acquiring RSL, not by the developer. A reduced profit level on the affordable housing reflects the GLA 'Development Control Toolkit' guidance and Homes and Communities Agency's guidelines in its Economic Appraisal Tool.

Exceptional costs

- 4.20 Exceptional costs can be an issue for development viability on previously developed land. Exceptional costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, for the purposes of this exercise, it is not possible to provide a reliable estimate of what exceptional costs would be, as they will differ significantly from site to site. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for decontamination, flood risk mitigation and other 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample.

Benchmark land values

- 4.21 Benchmark land values, based on the existing use value or alternative use value of sites are key considerations in the assessment of development economics for testing planning policies and tariffs. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's existing use value. Existing use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a

different mix of uses. Existing use value or alternative use value are effectively the 'bottom line' in a financial sense and therefore a key factor in this study.

- 4.22 The existing use value for each site is determined by the existing building and local market rents for the relevant property type. Details of the benchmark land values, and our assumptions in arriving at each value, are provided for each development in Appendix 2.

Commercial development

- 4.23 Many of the sample schemes incorporate an element of commercial development, while other schemes are wholly commercial. Our approach to appraising the commercial elements of the schemes is outlined in the paragraphs below.

Commercial rents and yields

- 4.24 Our research on lettings of commercial floorspace indicates a range of rents achieved, as shown in the individual scheme appraisals (attached as Appendix 4).

Commercial build costs

- 4.25 We have sourced build costs for the commercial schemes from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes, plus an additional allowance for meeting BREEAM 'Excellent' standards. These costs vary between different uses and include external works and fees. Costs for each type of development are shown in the individual scheme appraisals (attached as Appendix 4).

Profit

- 4.26 In common with residential schemes, commercial schemes need to show a risk adjusted profit to secure funding. Profit levels are typically around 20% of development value and we have incorporated this assumption into our appraisals.

Crossrail S106 contributions

- 4.27 Part of the north of the borough is located within the Central London designation liable for S106 contributions towards Crossrail. As such, in addition to Mayoral CIL we have also taken into account S106 contributions towards Crossrail, where appropriate, see table 4.27.1 below. Paragraph 4.17- 8.18 in the Draft SPG sets out that *'the best way of ensuring that developers do not have unreasonable demands made of them by to make both CIL and section 106 payments towards Crossrail is to treat CIL and S106 payments towards Crossrail as a credit towards any payment sought under the Crossrail obligations policy should the former be less than the latter, and not to seek a contribution at all should the obverse be the case.'* i.e.

- *'Where the amount payable under the planning obligations policy is equal to, or less than, that payable by CIL, only the CIL will be payable.*
- *'Where the amount payable under the planning obligations policy is more than that payable in CIL, the CIL will be payment **plus** a "top up" so that in combination the two payments make up the amount payable under the obligations policy.'*

Table 4.27.1 Crossrail S106 charge

Use	Central London Charge per sq m
Office	£140
Retail	£90
Hotels	£61

Source: Table 2: Indicative Level of Charge per sq.m, by land use and location as at July 2010, Draft SPG: use of planning obligations in the funding of Crossrail, and the Mayoral Community Infrastructure Levy November 2012

Section 278 and residual Section 106 costs

- 4.28 Our appraisals incorporate a notional allowance of £30 per sq m for commercial schemes to address any Section 278 and residual Section 106 costs. This figure was recommended by the Council as being in line with levels of contributions currently sought on commercial schemes through the existing S106 SPD toolkit.

5 Appraisal outputs

- 5.1 The full outputs from our appraisals of various developments are attached as Appendix 4. We have appraised 53 developments, reflecting different densities and types of development across the borough. Each appraisal incorporates (where relevant) the Council's requirement for 35% affordable housing.
- 5.2 We have run a series of scenarios and sensitivity analyses on each appraisal, as follows:
- 1. Base sales/capital values and base costs (including Code for Sustainable Homes Level 4); 35% affordable housing (where relevant);
 - 2. Sales values and capital values increased by 10%; costs increased by 5%;
 - 3. Sales values and capital values increased by 10%; costs increased by 10%;
 - 4. Sales values and capital values increased by 20%; costs increased by 10%; and
 - 5. Sales values and capital values increased by 10%; costs decreased by 10%.
- 5.3 We assume that all development types will meet Code for Sustainable Homes level 4. Level 4 is reflected through a 6% adjustment to our base build costs for all tenures.
- 5.4 The residual land values from each development is then compared to the site's existing use value plus an appropriate premium based on local evidence. In some cases, the sites are cleared and do not have a existing use value. In these situations, our benchmarks are based on an appropriate land value, such as an alternative use value. This comparison enables us to determine the maximum potential CIL rates that could be levied without rendering schemes unviable. In some cases, the equation $RLV - BLV$ results in a negative number, so the development would not proceed, whether CIL was imposed or not. We therefore focus on situations where the RLV is greater than BLV and where (all other things being equal) the development would proceed. In these situations, CIL (if set at too high a level) has the potential to 'tip the balance' of viability into a negative position.

6 Assessment of the results

- 6.1 This section should be read in conjunction with the full results attached at Appendix 4. In these results, the residual land values are calculated for scenarios with sales values and capital values reflective of market conditions across the borough. These RLVs are then compared to benchmark land values for each site.
- 6.2 The CIL regulations state that in setting a charge, local authorities must “aim to strike *what appears to the charging authority* to be an appropriate balance” between revenue maximisation on the one hand and the potentially adverse impact of CIL upon the viability of development across the whole area on the other. Our recommendations are that:
- Firstly, councils should take a strategic view of viability. There will always be variations in viability between individual sites, but viability testing should establish the most typical viability position; not the exceptional situations.
 - Secondly, councils should take a balanced view of viability – residual valuations are just one factor influencing a developer’s decision making – the same applies to local authorities.
 - Thirdly, while a single charge is attractive, it may not be appropriate for all authorities, particularly in areas where sales values vary between areas.
 - Fourthly, markets are cyclical and subject to change over short periods of time. Sensitivity testing to test levels of CIL to ensure they are robust in the event that market conditions improve over the life of a Charging Schedule is essential.
 - Fifthly, local authorities should not set their rates of CIL at the limits of viability. They should leave a margin or contingency to allow for change and site specific viability issues.
- 6.3 The early examinations have seen a debate on how viability evidence should translate into CIL rates. It has now been widely recognised that there is no requirement for a Charging Authority to slavishly follow the outputs of residual valuations. At Shropshire Council’s examination in public, Newark & Sherwood Council argued that rates of CIL should be set at the level dictated by viability evidence which would (if followed literally) have resulted in a Charging Schedule with around thirty different charging zones across the Shropshire area. Clearly this would have resulted in a level of complexity that CIL is intended to avoid. The conclusion of this debate was that CIL rates should not necessarily be determined solely by viability evidence, but *should not be logically contrary* to the evidence. Councils should not follow a mechanistic process when setting rates – appraisals are just a guide to viability and are widely understood to be a less than precise tool.

Assessment – residential development

- 6.4 As CIL is intended to operate as a fixed charge, the Council will need to consider the impact on two key factors. Firstly, the need to strike a balance between maximising revenue to invest in infrastructure on the one hand and the need to *minimise* the impact upon development viability on the other. CLG guidance recognises that CIL may make some developments unviable. Secondly, as CIL will effectively take a ‘top-slice’ of development value, there is a potential impact on the percentage or tenure mix of affordable housing that can be secured. This is a change from the current system of negotiated financial contributions, where the planning authority can weigh the need for contributions against the requirement that schemes need to contribute towards

affordable housing provision.

- 6.5 In assessing the results, it is important to clearly distinguish between two scenarios; namely, schemes that are unviable *regardless of the level of CIL* (including a nil rate) and schemes that are viable *prior* to the imposition of CIL at certain levels. If a scheme is unviable before CIL is levied, it is unlikely to come forward and CIL would not be a factor that comes into play in the developer's/landowner's decision making. We have therefore disregarded the 'unviable' schemes in recommending an appropriate level of CIL. The unviable schemes will only become viable following a degree of real house price inflation, or in the event that the Council agrees to a lower level of affordable housing in the short term.

Determining maximum viable rates of CIL for residential development

- 6.6 As noted in paragraph 6.5, where a scheme is unviable the imposition of CIL at a zero level will not make the scheme viable. Other factors (i.e. sales values, build costs or benchmark land values) would need to change to make the scheme viable. For the purposes of establishing a maximum viable rate of CIL, we have had regard to the development scenarios that are currently viable and that might, therefore, be affected by a CIL requirement. All the results summarised below assume that current affordable housing requirements are met in full. In addition, the rates discussed below are exclusive of the Mayoral CIL of £35 per square metre.

Table 6.6.1: Maximum CIL rates – residential

Site number:	Area	Maximum CIL (excluding Mayoral CIL)
2	Zones 1 and 2	£808
24	Zones 1 and 2	£647
26	Zones 1 and 2	£755
6	Zone 3	£1,331
11	Zone 3	£224
12	Zone 3	£787
14	Zone 3	£452
19	Zone 3	£390
20	Zone 3	-£382
21	Zone 3	£228
28	Zone 3	-£114
30	Zone 3	-£4,763
32	Zone 3	£685
33	Zone 3	£343
36	Zone 3	£680
37	Zone 3	£326
40	Zone 3	£1,315
41	Zone 3	£2,724
42	Zone 3	£133
48	Zone 3	£386

Table 6.6.1: Maximum CIL rates – residential (continued)

Site number:	Area	Maximum CIL (excluding Mayoral CIL)
1	Zone 4	-£2
13	Zone 4	£172
16	Zone 4	-£794
18	Zone 4	£135
22	Zone 4	£158
23	Zone 4	£110
34	Zone 4	-£499

- 6.7 In the north area (Zones 1 and 2), our appraisals indicate significant surplus values above existing use values, which result in high levels of maximum CIL. The average maximum CIL is £737 per square metre. A CIL of £400 per square metre (£435 including the Mayoral CIL) would leave a substantial viability 'buffer' below the second least viable scheme tested in this area of £647 per square metre.
- 6.8 In the Mid & South area (Zone 3), the least viable site generates a maximum CIL of £133 per square metre and the most viable sites generating maximum CIL levels of £1,331 and £2,724 per square metre. The average CIL level in this area is £715 per square metre. Having regard to the least viable sites, a CIL of £250 per square metre (£285 per square metre including Mayoral CIL) should be readily absorbed by a majority of sites in this area.
- 6.9 Sites in the Central area (Zone 4) generate the lowest residual values in the borough. The average residual value generated by the viable sites is £144 per square metre. In this area, developments should be able to absorb a CIL of £50 per square metre (£85 including the Mayoral CIL).

Sensitivity analysis on values and costs

- 6.10 As noted in Section 5, we carried out further analyses which consider the impact of increases in sales values of 10% and 20%, accompanied by an increase in build costs of 5% and 10%, and a decrease of 10%. This data is illustrative only, as the future housing market trajectory is very uncertain given the economic outlook. However, if such increases were to occur, the tables in Appendix 2 show the results in terms of the levels of CIL that could be absorbed.
- 6.11 We have also carried out sensitivity analysis on a range of development sites of the impact of increasing the S106 and S278 charges on residential appraisals. The results of these are set out in the table below.

Table 6.11.1 Analysis of increase S106 and S278 charges

Site	Current Position £1,000 per unit		Sensitivity Test 1: Increased to £1,500 per unit				Sensitivity Test 2: Increased to £2,000 per unit			
	RLV (£ millions)	Max CIL (£ psm)	RLV (£ millions)	Max	Change in Max CIL	% Change in Max CIL	RLV (£ millions)	Max CIL (£ psm)	Change in Max CIL	% Change in Max CIL
2a	£53.644	£808	£53.434	£801	-\$7	-0.86%	£53.225	£795	-\$13	-1.61%
6	£5.281	£1,331	£5.254	£1,321	-\$10	-0.75%	£5.228	£1,312	-\$19	-1.43%
26a	£47.808	£755	£47.646	£750	-\$5	-0.66%	£47.484	£744	-\$11	-1.46%
41	£1.153	£2,724	£1.150	£2,716	-\$8	-0.29%	£1.147	£2,709	-\$15	-0.55%

- 6.12 As indicated in the table above, the first test where S106 and S278 charges are increased by £500 per unit results in a change of less than a 1% difference in Max CIL rate, which is identified as not more than a £10 per square metre change. Test two identifies that doubling the S106 and S278 charges results in a reduction of the maximum CIL rate of circa 1.5%, which is identified as not more than a £20 per square metre reduction and for the majority of the schemes sensitivity tested not more than £15 per square metre.
- 6.13 Given that site mitigation is likely to differ from site to site, the level of residual S106 and S278 costs are difficult to quantify precisely. However, the levels adopted and sensitivity tested are considered to be a reasonable indication of such costs and given that the Council has adopted a reasonable buffer i.e. the rates proposed are below the maximum CIL rate identified, should a slightly higher S106/S278 contribution be required per unit it is considered that this would be able to be absorbed without undue impact on the viability of schemes.

Student Accommodation

- 6.14 In line with BNP Paribas Real Estate's Student Housing Study: Implementation (March 2011). Our research has confirmed that two distinct student housing markets exist in the borough, those run by both universities and those by the private sector.
- 6.15 Schemes let at reduced rent levels by universities of circa £128 per week, are likely to require cross subsidy from university resources to make them viable. Notwithstanding this it is noted, that, when developed, as long as the university is the majority landowner, these schemes are likely to be exempt from paying CIL given the universities' charitable status. It is noted however, that as identified in the study carried out by BNP Paribas Real Estate on the viability of student housing, that some nomination schemes are viable and can afford payments in-lieu of affordable housing (up to circa £52,000 per room), albeit at a lower level than those identified for direct let schemes (up to circa £148,000 per room). The viability of such schemes however is dependant on a number of variables. These include but are not limited to the existing use value of the site where the development is proposed; the types of rooms proposed and the rents proposed to be charged for the rooms. It is noted in the Elephant and Castle SPD/OAPF S106 Development Tarrif Viability Assessment carried out by BNP Paribas Real Estate (December 2011) that the nomination scheme in Steedman Street could viably support a development tariff of at least £262.50 per square metre, however the Heygate scheme was unviable at a development tariff at this level but was viable at £236.25 per square metre.

- 6.16 Private sector student accommodation rents are identified to be between £215 - 449 per week (based on rents quoted for Victoria Hall Dashwood Studios and the Unite scheme at Great Suffolk Street). Schemes at this level of rents are identified as able to generate sufficient surplus residual values, even after allowing for 35% of proposed floorspace as affordable housing, to absorb a maximum CIL of up to £1,549 per square metre exclusive of Mayoral CIL.
- 6.17 Rents for private direct let student accommodation must have regard to rents for alternative accommodation in the private rented sector. While student housing schemes have the attraction of co-location with other student units; communal facilities; and services including broadband internet access, if rents are significantly higher than alternative accommodation, i.e. private rent HMOs, the take up of student units could be adversely affected. This is because if significantly more expensive, students will opt to live in privately rented accommodation. Therefore the two markets can be seen to be in competition with one another, however, clearly students may be willing to pay a slightly higher price for direct let student accommodation given the aforementioned benefits. In addition, student accommodation schemes are required to provide affordable housing in Southwark. Given this context it is considered that in all areas, the viability of student housing will be broadly similar to that general residential development. We therefore suggest that the Council applies a consistent CIL rate on both residential and student accommodation.

Assessment – commercial development

- 6.18 Our appraisals indicate that the potential for commercial schemes to be viably delivered varies between different uses and between areas across the borough. Certain types of retail development (e.g. destination retail) are more viable than other types of development and might generate sufficient surplus residual value to absorb a CIL. Outside the North of the borough, there is unlikely to be considerable amounts of office development and rents are unlikely to be appreciably higher than rents for existing space.

Retail development

- 6.19 Table 6.23.1 below summarises the results of our appraisals of retail developments across the borough. The average maximum CIL across all viable schemes in the borough is £717 per square metre (excluding the unviable sites). However, the most viable schemes are those which can be described as destination shopping i.e. superstores/supermarkets⁷ and shopping centres/malls⁸, where the critical mass of floorspace creates a distinct intended use as they are destinations for either a weekly food shop or for comparison shopping, which provide a sufficient quantum of car parking. The average maximum CIL across these retail uses is identified as being £842 per square metre as compared to all other retail (A1-A5) and sui generis uses akin to retail developments⁹, which generate an average maximum CIL of £686 per square metre.

⁷ Destination superstores/supermarkets for weekly food shopping needs, which can include non-food floor space as part of the overall mix of the unit, with car parking provision.

⁸ Shopping centres/shopping malls are shopping destinations which comprise one or more buildings providing a range of services including shops, cafes and restaurants, connected by pedestrian walkways and with car parking provision.

⁹ Sui generis akin to retail includes petrol filling stations; shops selling and/or displaying motor vehicles; retail warehouse clubs.

- 6.20 There are a number of factors which contribute to such destination shopping's viability. These include:
- The availability of car parking;
 - The operational economics of supermarkets/superstores (these uses are known to be efficient at generating volume sales whilst having low operating costs);
 - The rents that retailers are willing to pay to occupy these units tend to be high (particularly with regard to comparison retailing as these locations will command prime rents in the borough);
 - The value which the investment market ascribe to such units is high, this is due to such units being occupied by operators with greater covenant strength, which results in lower yields being applied; and
 - Such large developments are also likely to come forward on sites which have lower existing use values i.e. a large majority of large retail units have historically been developed on former industrial sites and as a result a lower benchmark land value is achieved, which results in a higher surplus and consequently a potential for a higher CIL rate.
- 6.21 We have identified that rental values for comparison shopping vary across the borough. Prime retail rents are being achieved in the Surrey Quays shopping centre are of the order £100 per sq ft Zone A (this roughly equates to £47 per sq ft overall), as confirmed through new lettings, lease renewals and rent reviews. Along the riverside and in Zone 1 and 2 we understand that retail and restaurant rents achieved are between £30 and £40 per sq ft overall and rents in the More London scheme are identified as being as high as £53 per ft overall. In secondary locations retail and restaurant rents achieved are lower, in the order of £15 - £20 per sq ft. Yields achieved also vary across the borough, with yields as keen as 5.5% identified in the prime shopping locations and 7.5% and higher achieved in secondary locations. We have included an 18 month allowance in all appraisals to account for void and rent free period, which is considered to be a cautious approach.
- 6.22 Rents for superstores/supermarkets within London tend to range from £20 - £30 per sq ft dependant on location and size. This is consistent with the rates adopted in the VOA rateable value valuations for supermarkets in the borough, which range from circa £24 per sq ft to circa £26.50 per sq ft. We understand that such uses are viewed positively by the investment market and as such prime yields achieved for on these uses are of the order of 4.5%.
- 6.23 Our appraisals identify retail development to be viable in the majority of cases, however, it is worth noting that many retail developments in the borough are likely to involve recycling existing floorspace, which would not be liable for CIL.

Table 6.23.1: Maximum CIL rates – retail

Site number:	Area	Type of retail	Maximum CIL (excluding Mayoral CIL and Crossrail S106)
2	Zones 1 and 2	All other retail (A1 – A5 & Sui Generis)	£761
4	Zones 1 and 2	All other retail (A1 – A5 & Sui Generis)	£563
9	Zones 1 and 2	All other retail (A1 – A5 & Sui Generis)	£205
24	Zones 1 and 2	All other retail (A1 – A5 & Sui Generis)	£763

Table 6.23.1: Maximum CIL rates – retail (continued)

Site number:	Area	Type of retail	Maximum CIL (excluding Mayoral CIL and Crossrail S106)
26	Zones 1 and 2	All other retail (A1 – A5 & Sui Generis)	£756
3	Zone 3	All other retail (A1 – A5 & Sui Generis)	£1,127
14	Zone 3	All other retail (A1 – A5 & Sui Generis)	-£185
20	Zone 3	All other retail (A1 – A5 & Sui Generis)	£763
28	Zone 3	Retail park/warehousing	£201
29	Zone 3	Destination superstores / supermarkets / shopping centres / malls	£1,578
33	Zone 3	All other retail (A1 – A5 & Sui Generis)	-£108
42	Zone 3	Destination superstores / supermarkets / shopping centres / malls	£955
48	Zone 3	All other retail (A1 – A5 & Sui Generis)	-£101
50	Zone 3	Destination superstores / supermarkets / shopping centres / malls	£379
51	Zone 3	Destination superstores / supermarkets / shopping centres / malls	£515
13	Zone 4	All other retail (A1 – A5 & Sui Generis)	£228
16	Zone 4	All other retail (A1 – A5 & Sui Generis)	-£554
22	Zone 4	All other retail (A1 – A5 & Sui Generis)	£1,197
23	Zone 4	All other retail (A1 – A5 & Sui Generis)	£571
34	Zone 4	Destination superstores / supermarkets / shopping centres / malls	£1,098
52	Zone 4	Destination superstores / supermarkets / shopping centres / malls	£775

6.24 The results suggest that the Council should consider a lower rate for all other retail (A1 – A5 & Sui Generis) and retail warehouses and higher rates for destination superstores, supermarkets and shopping centres / malls.

Office development

- 6.25 Table 6.27.1 below summarises the results of our appraisals of office developments across the borough. The results indicate that, at the current time, viability of office developments in the borough can be challenging, with any schemes coming forward being likely to be within the north of the borough where rental levels achieved are higher. Our appraisals identify the average maximum CIL for office development within Zones 1 and 2 to be £96.50 per square metre (excluding Mayoral CIL and Crossrail S106). Any large office schemes are likely to come forward in the north of the borough. We note that there are office proposals in the planning pipeline and consider that these schemes will only be implemented when rents increase to a sufficient level for them to be viable. Of the schemes in the pipeline the majority of new office space is expected to come forward in the CAZ.
- 6.26 We understand that the take up in the prime SE1 office market picked up significantly in the second half of 2011, which saw two consecutive quarters of well above-average activity. However, transactions fell in early 2012 reflecting the sentiment of uncertainty in the economy witnessed across the whole of the Central London market. It could also be considered that take-up levels have been constrained by the lack of availability of large quality units. Rental levels achieved for good quality/Grade A space provided in locations such as More London, Southwark Street and Blackfriars Road are circa £45 per sq ft. For example, UBM secured a 15 year term for a pre-let of 103,362 sq ft of offices at 240 Blackfriars Road in December 2011 from the Great Ropemaker Partnership at a headline rent of £47 per sq ft due to be completed in March 2014. Incentives agreed include 36 months rent-free, along with a 39 month rent free period for the 11th floor. This is 60% higher on average than office rents for lower quality stock and offices elsewhere in the borough (i.e. £25 per square foot). We set out below a number of other significant office transactions of this nature within the Borough.

Table 6.26.1: Maximum CIL rates – offices

Address	Tenant	Size (sq ft)	Lease Term	Headline rent (psf)	Date
Southwark Street	Canonical	16,000	10 years with a break at year 5	£45	Mar 2012
More London Place	Ernst & Young	23,471	13 years	£45	Nov 2011
More London Place	Ernst & Young	35,409	12 years	£45	Oct 2011
Southwark Street	Detica	40,000	15 years	£43	Sep 2011

- 6.27 Yields achieved on Grade A office space in these locations are understood to be in the region of 6%, and better in some instances. We note that 169 Union Street; a 117,392 sq ft building occupied by LFEPA with an un-expired term of 15.5 years and a rent of £25.56, was sold for £52 million (443 per sq ft capital value) in September 2011. This equated to a net initial yield of 5.71%.

Table 6.27.1: Maximum CIL rates – offices

Site number:	Area	Maximum CIL (excluding Mayoral CIL and Crossrail S106)
4	Zone 1	£86
9	Zone 1	-£618
53	Zone 1	£107
26	Zone 1	-£585
3	Zone 3	£611
42	Zone 3	-£402
20	Zone 3	-£765
21	Zone 3	-£1,000
28	Zone 3	-£450
16	Zone 4	-£1,318
22	Zone 4	-£890

- 6.28 The average maximum CIL chargeable of the viable schemes is £268 per square metre (excluding Mayoral CIL and Crossrail S106). Removing the scheme in Zone 3 this reduces the maximum viable CIL rate to £96.50 per square metre (excluding Mayoral CIL and Crossrail S106). A modest CIL requirement is unlikely to prevent these schemes coming forward. In this regard should the Council wish to adopt a rate for office development in the north of the borough where rental levels are highest, we would recommend they consider a rate of £70 per square metre, which would allow for a suitable buffer. An analysis of the potential CIL income generated and s106 contributions negotiated on a number of office schemes within the range of development sites tested shows that CIL is broadly comparable.

Hotel development

- 6.29 We note that the majority of hotel development in Southwark over the last few years has been concentrated in the north of the borough. There have been very few proposals for hotels in the rest of the borough. We understand from our discussions with active local agents that capital values achievable on hotels vary significantly depending on the product, i.e. whether the development is to be 4* luxury hotel, budget hotel or a boutique hotel and location.
- 6.30 Previous appraisals carried out on behalf of the Council by BNP Paribas Real Estate identified capital values to be significantly lower than those achievable in the North of the Borough and particularly with River views e.g. a budget hotel in SE17 has been appraised at capital value of £65,000 per room, which is between 57% to 67% less than the capital values which are identified as being achievable on budget hotels in SE1 i.e. between £152,500 and £200,000 per room. We have adopted the following range of values within our appraisal.

Table 6.30.1 Hotel values adopted in study

Type of hotel	Capital value (per room)
Luxury (4*)	£400,000
Budget	£110,000 - £175,000
Boutique	£300,000
Boutique budget	£215,000
Low Budget	£80,000

- 6.31 The results of our appraisals suggest that hotel developments in the North of the borough are likely to generate considerable surplus values, part of which would fund a CIL. The average maximum CIL identified for Zone 1 is £1,109 per square metre, whilst the average maximum CIL for Zones 3 and 4 is £509 per square metre.

Table 6.31.1: Maximum CIL rates – hotels

Site number:	Area	Maximum CIL (excluding Mayoral CIL and Crossrail S106)
2	Zone 1	£3,025
8	Zone 1	-£977
25	Zone 1	£1,162
44	Zone 1	£485
45	Zone 1	£332
46	Zone 1	£543
48	Zone 3	£991
47	Zone 4	£256
49	Zone 4	£281

- 6.32 Given the above, we recommend that the Council considers a CIL of £250 per square metre in the North of the borough, which would provide significant headroom below the maximum rate, and a reduced rate of £125 for the rest of the borough.

Industrial development

- 6.33 The Council does not expect any significant levels of development of additional floorspace for industrial and warehousing use based upon a strategic assessment of the demand and supply of land in industrial and related uses over the next 20 years. We have tested four developments of this type of development, with the results summarised in Table 6.33.1. All of the developments generate negative residual land values. In light of the Council's expectation of very little development activity and the lack of viability, we suggest a nil CIL rate.

Table 6.33.1: Maximum CIL rates – industrial/warehousing

Site number:	Area	Maximum CIL (excluding Mayoral CIL and Crossrail S106)
17	Zone 4	-£1,415
27	Zone 3	-£964
10	Zone 4	-£107
15	Zone 4	-£141

All other floorspace

- 6.34 D1 and D2 floorspace typically includes uses that do not accommodate revenue generating operations, such as schools, health centres, museums and places of worship. Other uses that do generate an income stream (such as swimming pools) have operating costs that are far higher than the income and require public subsidy. Many D1 uses will be infrastructure themselves such as schools, health facilities, libraries etc, which CIL will help to provide. It is therefore unlikely that D1 and D2 uses will be capable of generating any contribution towards CIL.
- 6.35 Notwithstanding the above, there will be some commercial uses within the D1/D2 use classes that operate on commercial terms (e.g. cinemas, bowling alleys, gyms etc) that could make a contribution to local infrastructure. The decision to open such a facility would be primarily driven by demand and demographic factors. We have run appraisals on a gym, cinema and bingo hall/bowling alley, which identified only the bingo/bowling alley as being viable. This is mostly as a result of the proposed rents and yields achieved on such space are unlikely to be substantially higher than the existing uses. It is worth noting that uses such as gyms tend to be conversions from other uses (therefore will not be liable from CIL) or will be provided as part of larger developments such as hotels and offices, which are likely to subsidise the provision of such uses.
- 6.36 Applying a modest CIL to such uses is considered to be unlikely to adversely affect the viability of such developments as this would represent no more than around 3% of the value of the development. Where a scheme is unviable the imposition of CIL at a zero level will not make the scheme viable. Other factors (i.e. sales values, build costs or benchmark land values) would need to change to make the scheme viable.

Suggested CIL rates

- 6.37 The results indicate that it should be possible for the Council to levy rates of CIL across all areas, subject to allowing for a buffer or margin to address risks to delivery. There are four key risk factors:
- the first is that individual sites might incur exceptional costs (decontamination, difficult ground conditions etc) and as a result the residual land value could fall. Developers will try and reflect such costs in their offer to the landowner, but the extent of any issues is not always fully apparent until the land value is fixed. Where sites have an existing use, an owner will not be prepared to accept a reduction below the value of the current building to accommodate exceptional costs on a redevelopment;

- Secondly, existing use values on individual sites will inevitably vary and will fall somewhere between the values used in our appraisals. As a result, the ability of schemes to absorb high rates of CIL could be adversely affected.
 - Thirdly, sales values could fall or normal build costs could rise over the life of the Charging Schedule, adversely affecting scheme viability; and
 - Fourthly, imposing a high rate of CIL (that vastly exceeds the current levels of Section 106 obligations) in the Council's first Charging Schedule could 'shock' the land market with a consequential risk that land supply falls. This factor has led many charging authorities to seek to limit their CIL rates to around 5% of development costs.
- 6.38 In arriving at a conclusion on proposed rates, it is important to consider that where a scheme is shown as unviable before the application of CIL, it will be other factors such as sales values and build costs that will need to adjust for the scheme to become viable.
- 6.39 Given the range of results above, and the risk factors outlined in the previous paragraph, our recommendation is that the Council should consider the following rates of CIL on residential development:

Table 6.39.1: Recommended CIL rates

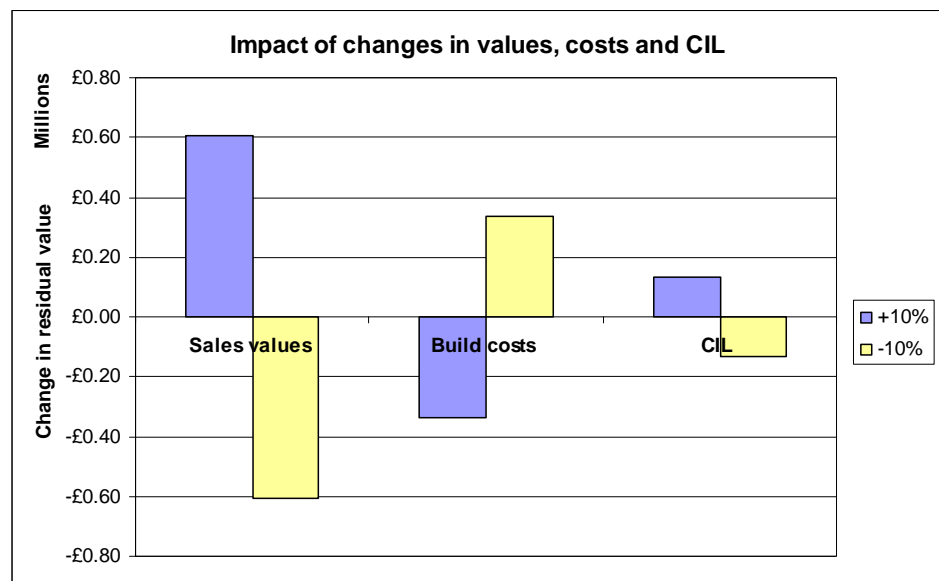
Use	Area	Size	CIL Rate (excluding mayoral CIL) £/sqm
Office	North Area (Zone 1)	N/A	£70
	Rest of borough (Zones 2-4)	N/A	£0
Hotel	North Area	N/A	£250
	Rest of borough (Zones 2-4)	N/A	£125
Resi and student accommodation	North Area (Zones 1 and 2)	N/A	£400
	Mid +South Area (Zone 3)	N/A	£250
	Central Area (Zone 4)	N/A	£50
Retail	Whole borough	All other retail (A1 – A5 & Sui Generis)	£125
		Destination superstores / supermarkets / shopping centres / malls	£250
Industrial	Whole borough	N/A	£0
Other floorspace	Whole borough	N/A	£30

- 6.40 In determining the maximum levels of CIL and the recommended rates above, we have based our assessment on current costs and values only. We have run a set of appraisals that show the impact of an increase in sales values, accompanied by an increase in build costs (the results are included in Appendix 3). These appraisals provide an indication of the likely movement in viability that the 'buffer' below the maximum rates would need to accommodate. The rates in table 6.39.1 allow for a sufficient buffer to accommodate these changes.
- 6.41 The boundaries of the residential zones have been informed by research on house prices collected by BNP Paribas Real Estate from various sources, as well as post code data on house prices sourced from the Land Registry. The Land Registry data identifies average values for a range of residential unit types (as well as an overall average of all units) sold within a specified time period within each sub-postcode area. This has allowed a comparison of values achieved in neighbouring geographical areas to create a value 'heat map' to see where values change. See Appendix 5 for a map identifying the average house price variances in the key boundary areas. In addition the appraisals undertaken as part of this study have been plotted on a map to identify where developments can be considered to be most viable. This information has been used in conjunction with the Council and BNP Paribas Real Estate's understanding of viability within the borough and the use of natural boundaries (such as railway lines and roads), which broadly accord with what are considered to be the different viability areas to establish what are considered to be reasonable CIL boundaries.
- 6.42 With regard to the commercial boundaries, it has been identified that large office developments north of Union Street and Snowfields can command higher rental values, Circa £45 per square metre and is the area in which new office floorspace has been concentrated over the last 10 years. The charge for hotels is varied between the north of the borough (north of Union Street) and the remainder of the borough. This reflects differences in the values that are commanded in the north of the borough, which directly influences viability and which in turn is borne out by the geographic concentration of hotel development in recent years. See Appendix 6 for maps showing the concentration of office and hotel developments within the borough over the last few years.

7 Conclusions and recommendations

- 7.1 The results of our analysis indicate a degree of variation in viability of development in terms of different uses. In light of these variations, two options are available to the Council under the CIL regulations. Firstly, the Council could set a single CIL rate across the borough, having regard to the least viable types of development and least viable locations. This option would suggest the adoption of the ‘lowest common denominator’, with sites that could have provided a greater contribution towards infrastructure requirements not doing so. In other words, the Council could be securing the benefit of simplicity at the expense of potential income foregone that could otherwise have funded infrastructure. Secondly, the Council has the option of setting different rates for different types of development and different areas. The results of our study point firmly towards the second option as our recommended route, particularly for residential development.
- 7.2 We have also referred to the results of development appraisals as being highly dependent upon the inputs, which will vary significantly between individual developments. In the main, the imposition of CIL is not *the* critical factor in determining whether a scheme is viable or not (with the relationship between scheme value, costs and land value benchmarks being far more important). This point is illustrated in Chart 7.2.1 below, which compares the impact on the residual value of a scheme of a 10% increase and decrease in sales values and a 10% increase and decrease in build costs to a £100 per sq metre change in CIL.

Chart 7.2.1: Impact of changing levels of CIL in context of other factors



- 7.3 Given CIL’s nature as a fixed tariff, it is important that the Council selects rates that are not on the limit of viability. This is particularly important for commercial floorspace, where the Council does not have the ability to ‘flex’ other planning obligations to absorb site-specific viability issues. In contrast, the Council could in principle set higher rates for residential schemes as the level of affordable housing could be adjusted in the case of marginally viable schemes. However, this approach runs the risk of frustrating one of the Council’s other key objectives of delivering affordable housing. Consequently, sensitive CIL rate setting for residential schemes is also vital.

7.4 Our recommendations on levels of CIL are therefore summarised as follows:

- The results of this study are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council keeps the viability situation under review so that levels of CIL can be adjusted to reflect any future changes.
- The ability of **residential and student housing schemes** to make CIL contributions varies depending on area and the existing use of the site. Having regard to these variations, residential schemes should be able to absorb the following CIL rates (after allowing for a 'buffer' below the maximum rate):
 - Zones 1 and 2 (North of borough): £400 per square metre;
 - Zone 3 (Mid and south areas of borough): £250 per square metre;
 - Zone 4 (Central area): £50 per square metre.
- Whilst the maximum rates are in some cases higher than the proposed rates, the buffer will help to mitigate a number of risk factors (primarily the potentially adverse impact on land supply of setting the rates at a high level and 'shocking' the market). However, there is no prescribed percentage buffer and this is entirely a matter for the Charging Authority's judgement.
- Two markets for **Student housing** in the Borough have been identified. The first is schemes let at reduced rent levels by universities, which require cross subsidy from university resources, and are identified as being unviable. It is noted however, that when developed these schemes are likely to be exempt from CIL given the universities' charitable status. The second market is those let at private sector rent levels, which generate sufficient surplus residual values to absorb a maximum CIL of up to £1,549 per square metre. It is considered that student housing rents for private schemes are likely to follow similar value patterns as residential schemes in the borough. In this regard and considering that such developments will also be required to contribute towards affordable housing, we suggest that the Council adopts rates in line with those adopted for residential schemes.
- Our appraisals of **hotel developments** indicate that, in the north of the borough, a CIL of £250 per square could be absorbed, while in the rest of the borough a CIL of £125 per square metre could be absorbed.
- In the north of the borough, our appraisals indicate that should the Council wish to adopt a CIL charge on **office development**, it will be sufficiently viable to absorb a CIL of £70 per square metre, allowing for a buffer below the maximum rate. Elsewhere in the borough, office rents are considerably lower and development is unlikely to come forward in the short to medium term as the capital values generated are insufficient to cover development costs. We therefore recommend that the Council sets a nil rate for office development outside the north of the borough.
- Residual values generated by **Retail developments** are higher than existing use values to varying degrees across the borough. We have also identified that the values of retail uses differ in relation to their distinct shopping experiences. Our appraisals indicate that the most viable schemes are destination superstores, supermarkets and shopping centres / malls, which are able to achieve on average a maximum CIL of £842 per square metre. Other retail (A1-A5) and sui generis uses akin to retail

developments¹⁰, are still identified as being viable, however generate a lower average maximum CIL of £686 per square metre. To a degree the latter type of retail development is likely to involve the re-use of existing retail space which will not be CIL liable. In this context we would recommend that the Council considers adopting a higher rate of say £250 per square metre (excluding Mayoral CIL for destination superstores, supermarkets and shopping centres / malls; and a lower rate of £125 per square metre for their retail (A1-A5) and sui generis uses akin to retail developments uses.

- Our appraisals of developments of **industrial and warehousing** floorspace indicate that these uses are unlikely to generate positive residual land values. We therefore recommend a zero rate for industrial floorspace.
- **D1 and D2** uses often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate. This type of facility is very unlikely to be built by the private sector. We therefore suggest that a nil rate of CIL be set for D1 uses. However, there will be some commercial uses within the D1/D2 use classes that operate on commercial terms (e.g. cinemas, bowling alleys etc) that could make a contribution to local infrastructure. The decision to open such a facility would be primarily driven by demand and demographic factors. Applying a modest CIL to such uses is unlikely to adversely affect the viability of such developments.

7.5 Table 7.5.1 summarises the recommended rates. A map showing the boundaries of the proposed charging zones is attached as Appendix 1.

¹⁰ Sui generis akin to retail includes petrol filling stations; shops selling and/or displaying motor vehicles; retail warehouse clubs.

Table 7.5.1: Proposed CIL rates

Use	Area	Size	CIL Rate (excluding mayoral CIL) £/sqm
Office	North Area (Zone 1)	N/A	£70
	Rest of borough (Zones 2-4)	N/A	£0
Hotel	North Area	N/A	£250
	Rest of borough (Zones 2-4)	N/A	£125
Resi and student accommodation	North Area (Zones 1 and 2)	N/A	£400
	Mid +South Area (Zone 3)	N/A	£250
	Central Area (Zone 4)	N/A	£50
Retail	Whole borough	All other retail (A1 – A5 & Sui Generis)	£125
		Destination superstores / supermarkets / shopping centres / malls	£250
Industrial	Whole borough	N/A	£0
Other floorspace	Whole borough	N/A	£30

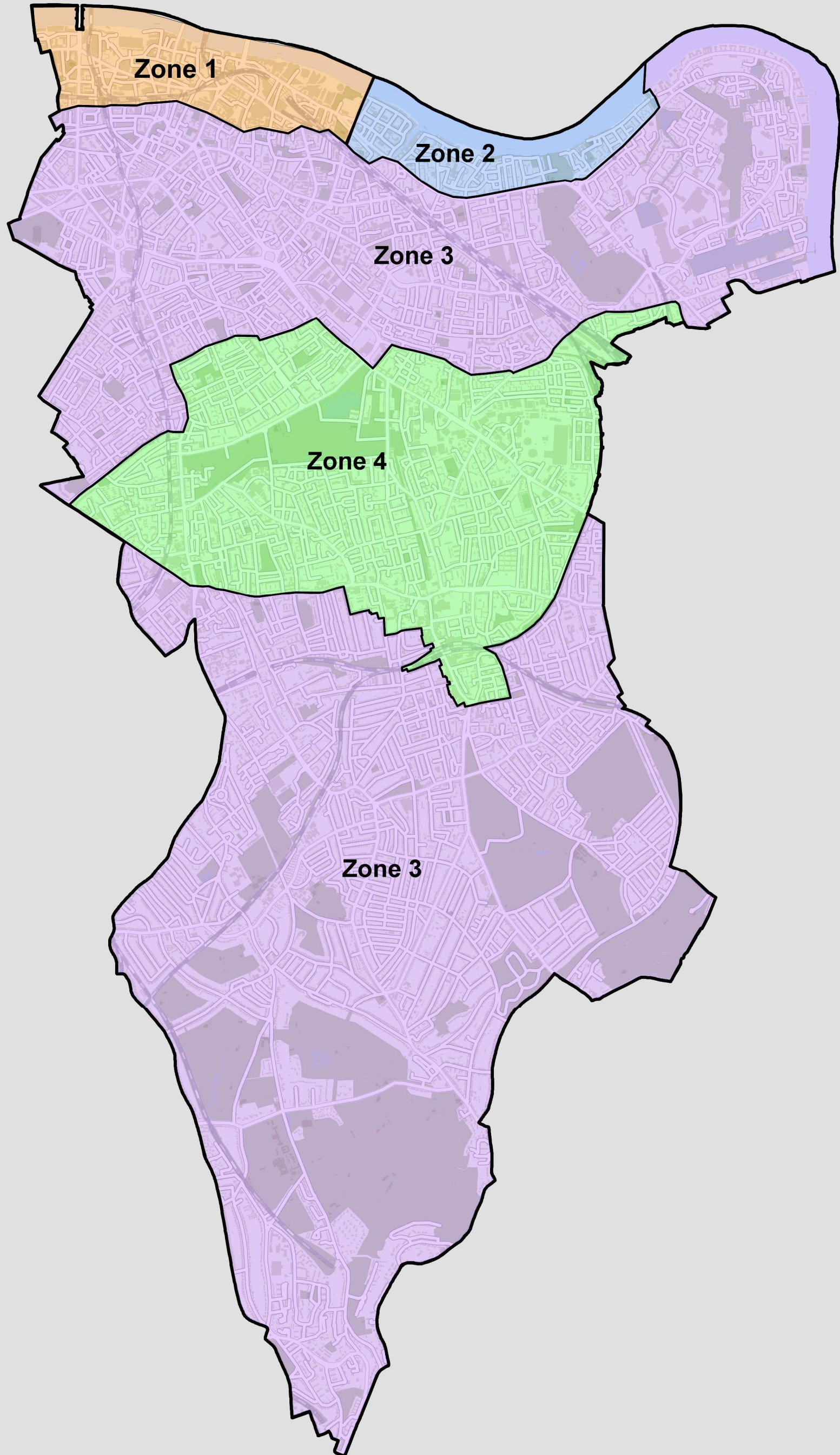
- 7.6 For residential schemes, the application of CIL at the rates proposed is unlikely to be an overriding factor in determining whether or not a scheme is viable. When considered in context of total scheme costs, the proposed rates of CIL will account for a very modest proportion of costs (typically less than 5% of total development costs, i.e. no more than a developer's contingency). Some schemes would be unviable even if a zero CIL were adopted. We therefore recommend that the Council pays limited regard to these sites.
- 7.7 A CIL income model has been prepared utilising information from the Council's housing trajectory and the three proposed CIL rates proposed in this report (excluding mayoral CIL) of £400, £250 & £50 for Zones 1 and 2, 3 and 4 respectively. The model assumes:
- the schemes in the Council's housing trajectory are delivered within the anticipated timescale;
 - affordable housing at 35%;
 - net additional space at 70%;
 - average unit size of 80 sq m.
- 7.8 On the basis of the above assumptions the proposed rates of CIL will generate income of £10.56 million per annum over the first five years after adoption. Table 7.8.1 summarises the potential CIL income, although this excludes any income potentially arising from commercial development.

Table 7.8.1: Potential CIL income based on proposed rates

Period	2013 – 2018	2018 – 2021	2021 – 2026
Annual income (£ millions)	10.56	7.12	4.79
Total income over period (£ millions)	52.83	35.63	23.96

Appendix 1 Charging zones map

Proposed CIL Charging Zones



Appendix 2 Sites details and appraisal results

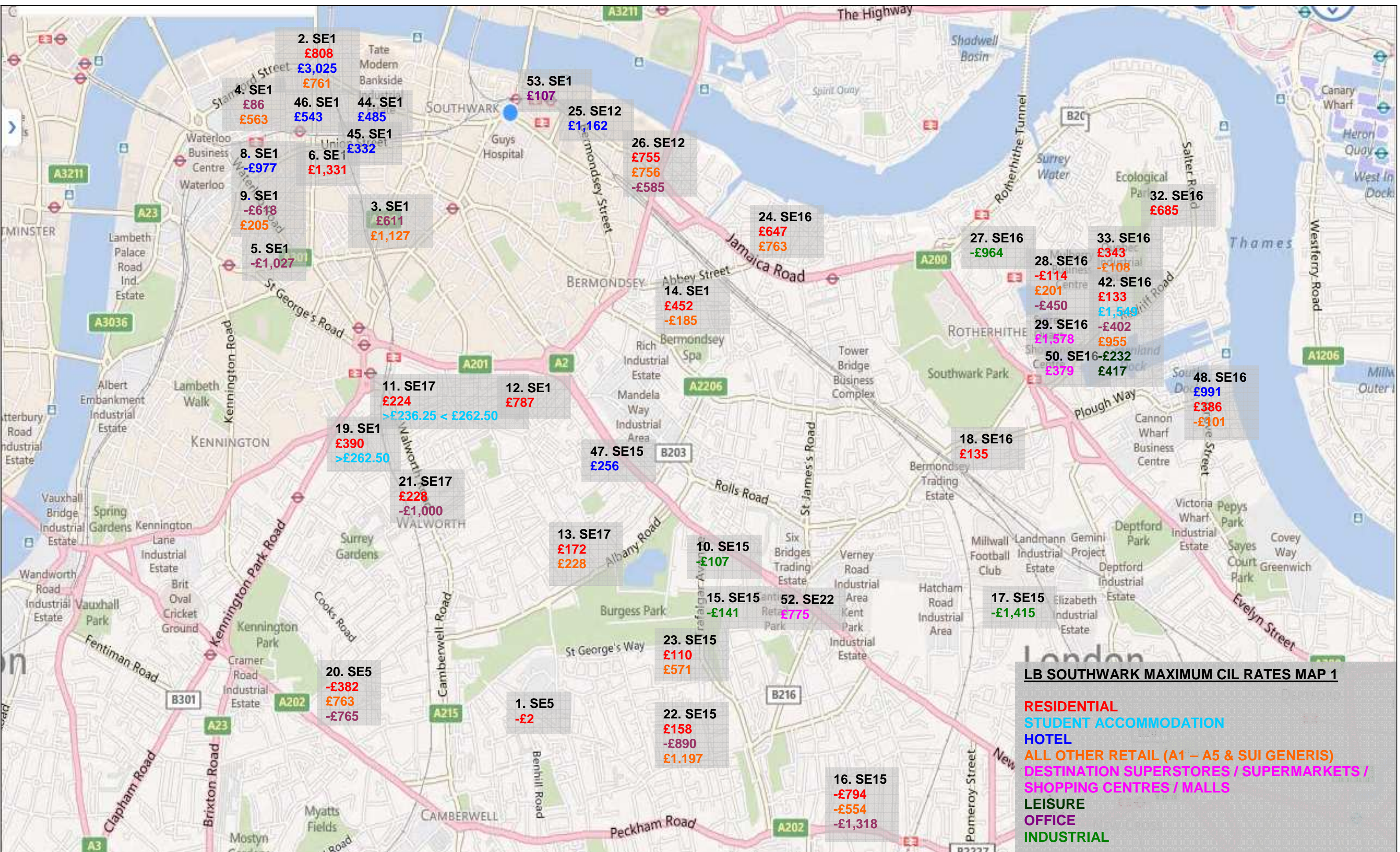
LB Southwark CIL Site Testing
28-Jan-13

Site details				Proposed use			Existing use						Base Case CIL Calculations			
Site ref	Postcode	Ward	Site Area (ha)	Use Appraised	Gross Floorspace housing (Sq m)	RLV of Proposed Use	Existing floorspace (Sq m)	% split of floorspace	Apportioned floorspace (Sq m)	Benchmark value	Basis of EUV	Apportionment of benchmark	Chargable floorspace (Sq m)	Surplus / Deficit	Max CIL per Sq m	Max CIL (per sq m) Net of Mayoral CIL and Cross Rail S106
1	SE5 7	Camberwell Green	2.11	residential	20,671	£6,464,000	0	100.00%	0	£6,000,000	Valuation assessed site as being worth £11,000,000 with grant and £6,000,000 without grant.	£6,000,000	14,263	£464,000	£33	-£1
2a	SE1 8	Cathedrals	0.65	residential	49,418	£53,644,000	0	80.50%	0	£33,005,000	CUV office £11,150 sq m (+10%)	£26,570,245	32,122	£27,073,755	£843	£808
2b	SE1 8			hotel	10,509	£38,081,000	0	17.12%	0			£5,650,304	10,509	£32,430,696	£3,086	£3,025
2c	SE1 8			retail	1,459	£2,026,000	0	2.38%	0			£784,451	1,459	£1,241,549	£851	£761
3a	SE1 8	Cathedrals	0.045	office	2,038	£1,723,000	0	95.06%	0	£203,000	Capitalised Rateable Value of car parking spaces @ 8.5% yield (+15%)	£192,964	2,038	£1,530,036	£751	£611
3b	SE1 8			retail	106	£139,000	0	4.94%	0			£10,036	106	£128,964	£1,217	£1,127
4a	SE1 8	Cathedrals	0.16	office	29,148	£23,615,000	0	98.46%	0	£17,287,000	CUV office £5,840 sq m (+10%)	£17,021,298	29,148	£6,593,702	£226	£86
4b	SE1 8			retail	455	£563,000	0	1.54%	0			£265,702	455	£297,298	£653	£563
5	SE1 6	Cathedrals	0.51		19,944	£7,950,000	12,472			£14,710,000	E&C study figure		6,814	-£6,760,000	-£992	-£1,021
6	SE1 8	Cathedrals	0.12	residential	4,640	£5,281,000	518	100.00%	518	£1,620,000	CUV of 45 Garages +20% premium		2,679	£3,661,000	£1,366	£1,331
8	SE1 8	Cathedrals	0.098	hotel	11,709	£8,023,000	5,413	100.00%	5,413	£13,793,000	Capitalisation of rateable value of office @ 7.25% (+25%)	£13,793,000	6,296	-£5,770,000	-£916	-£317
9a	SE1 8	Cathedrals	0.098	office	11,709	£10,345,000	5,413	97.31%	5,267	£13,793,000	Capitalisation of rateable value of office @ 7.25% (+25%)	£13,421,610	6,442	-£3,076,610	-£476	-£318
9b	SE1 8			retail	324	£424,000		2.69%	146			£371,390	178	£52,610	£296	£205
10	SE15 6	East Walworth	1.08	industrial / warehousing	8,998	£579,000	0	100.00%	0	£1,222,560	Industrial land value based on £1,132,000 per Ha	£1,222,560	8,998	-£643,560	-£72	-£387
11	SE17	East Walworth	9.9		252,500	£24,757,000	105,640	100.00%	N/A	N/A	E&C study figure	N/A	95,459	£24,757,000	£259	£224
12	SE1 6	East Walworth	0.22		6,856	£4,662,000	733	100.00%	733	£600,000	E&C study figure	£600,000	4,941	£4,062,000	£822	£767
13a	SE17 1	Paradise		residential	73,816	£3,030,000	44,661	99.66%	44,510	£0	Nil Land value based on land ownership by Council and Council will seek to get highest amount of Affordable Housing provision.	£0	14,653	£3,030,000	£207	£172
13b	SE17 1			retail	250	£26,000		0.34%	151			£0	99	£26,000	£263	£228
14a	SE1 3	Grange	1.23	residential	14,594	£11,373,000	3,150	94.83%	2,987	£8,120,000	Based on valuation provided by Council	£7,700,018	7,545	£3,672,982	£487	£452
14b	SE1 3			retail	796	£325,000		5.17%	163			£419,982	633	-£94,982	-£150	-£102
15	SE15 6	Livesey	1.08	industrial: warehousing	7,107	£467,000	0	100.00%	0	£1,222,560	Industrial land value based on £1,132,000 per Ha	£1,222,560	7,107	-£755,560	-£106	-£141
16a	SE15 2	Livesey	1.65	residential	24,788	£2,427,000	0	93.54%	0	£15,675,000	Based on comparable evidence of resi land values circa £9,500,000 per Ha	£14,662,889	16,112	-£1,235,889	-£759	-£394
16b	SE15 2			retail	1,027	£74,000		3.88%	0			£607,503	1,027	-£533,503	-£519	-£254
16c	SE15 2			office	684	-£473,000		2.58%	0			£404,608	684	-£877,608	-£1,283	-£1,318
17	SE15 1	Livesey	0.3	industrial: light industry	352	-£146,000	0	100.00%	0	£339,600	Industrial land value based on £1,132,000 per Ha	£339,600	352	-£485,600	-£1,380	-£1,415
18	SE16 2	Livesey	0.9	residential	10,168	£2,509,000	5,188	100.00%	5,188	£2,000,000	Based on previous valuation advice and transaction price.	£2,000,000	3,003	£509,000	£170	£135
19	SE1 6	Newington	0.23	residential	8,226	£2,473,000	535	100.00%	535	£400,000	E&C study figure	£400,000	4,876	£2,073,000	£425	£380
20a	SE5 0	Newington	0.52	residential	10,681	-£981,000	0	89.31%	89%	£1,601,896	Resi land value based on £3,080,569 per Ha from previous valuation without grant.	£1,430,589	6,943	-£2,411,589	-£347	-£102
20b	SE5 0			retail	665	£620,000		5.56%	6%			£89,069	665	£530,931	£798	£763
20c	SE5 0			office	614	-£366,000		5.13%	5%			£82,238	614	-£448,238	-£730	-£365
21a	SE17 3	Newington		residential	17,680	£5,912,000	3,786	90.39%	3,422	£3,840,000	Capitalisation of rateable value of site in industrial use @ 7.25% (+20)	£3,470,920	9,268	£2,441,080	£263	£228
21b	SE17 3			office	1,880	-£1,094,000	3,786	9.61%	364			£369,080	1,516	-£1,463,080	-£965	-£1,008
22a	SE15 6	Peckham	1.35	residential	8,424	£1,417,000	3,225	38.50%	1,242	£1,344,000	Capitalisation of rateable value of training centre @ 8% (+15%)	£517,487	4,668	£899,513	£193	£158
22b	SE15 6			office	13,185	-£8,796,000	3,225	60.27%	1,944			£809,987	11,241	-£9,605,987	-£858	-£898
22c	SE15 6			retail	269	£299,000	3,225	1.23%	40			£16,525	229	£282,475	£1,232	£1,197
23a	SE15 6	Peckham	0.64	Residential	9,120	£2,032,000	0	89.61%	0	£1,309,000	Capitalisation of rateable value of workshops @ 9% (+10%)	£1,173,045	5,928	£858,955	£145	£110
23b	SE15 6			retail	1,057	£777,000		10.39%	0			£135,955	1,057	£641,045	£606	£571
24a	SE16 4	Riverside	2	residential	62,463	£35,558,000	0	99.56%	0	£7,904,000	Capitalisation of rateable value of warehouses @ 9% (+10%)	£7,869,354	40,601	£27,688,646	£682	£647
24b	SE16 4			retail	275	£254,000		0.44%	0			£34,646	275	£219,354	£798	£763
25	SE1 2	Riverside	0.24	hotel	5,105	£2,080,000	3,568	100.00%	3,568	£240,000	Nominal value of £1,000,000 per Ha for Educational use	£240,000	1,537	£1,840,000	£1,197	£1,162
26a	SE1 2	Riverside	1.55	residential	44,948	£47,808,000	0	96.09%	0	£25,730,000	Based on value of £16,600,000 per Ha	£24,724,475	29,216	£23,083,525	£790	£755
26b	SE1 2			retail	914	£1,276,000		1.95%	0			£502,763	914	£773,237	£846	£756
26c	SE1 2			office	914	£96,000		1.95%	0			£502,763	914	-£406,763	-£445	-£358
27	SE16	Rotherhithe	0.04	light industrial	224	-£77,000		100.00%		£131,000	Capitalisation of rateable value of office and storage @ 9% (+10%)		224	-£208,000	-£828	-£864
28a	SE16 2	Rotherhithe	2.9	residential	35,280	£12,393,000	6,190	75.26%	4,658	£18,561,000	Based on floor area supplied (6,190 sqm) - CUV (before landowner premium +25%) comparable to sale price in 2000 (Eg)	£13,968,559	19,904	-£1,575,559	-£79	-£114
28b	SE16 2			retail	10,723	£6,441,000	6,190	22.87%	1,416			£4,245,603	9,307	£2,195,397	£236	£201
28c	SE16 2			office	876	£31,000	6,190	1.87%	116			£346,838	760	-£315,838	-£415	-£408

LB Southwark CIL Site Testing
28-Jan-13

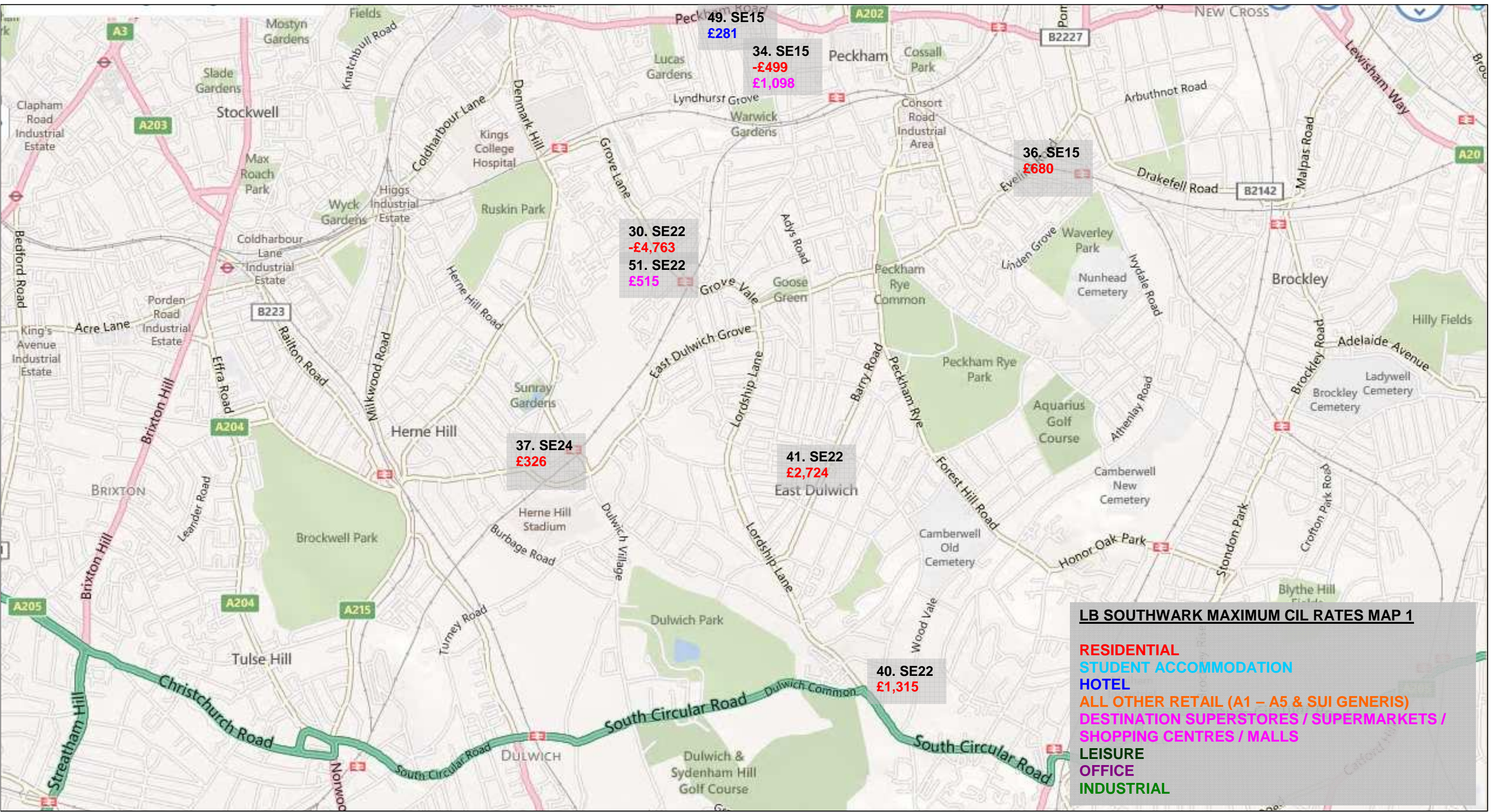
Site details				Proposed use			Existing use						Base Case CIL Calculations			
Site ref	Postcode	Ward	Site Area (ha)	Use Appraised	Gross Floorspace housing (Sq m)	RLV of Proposed Use	Existing floorspace (Sq m)	% split of floorspace	Apportioned floorspace (Sq m)	Benchmark value	Basis of EUV	Apportionment of benchmark	Chargeable floorspace (Sq m)	Surplus / Deficit	Max CIL per Sq m	Max CIL (per sq m) Net of Mayoral CIL and Cross Rail S106
29	SE16 7	Rotherhithe	1.52	retail	10,616	£17,122,000	0	100.00%	0	£8,898,482	Site could accommodate approximately 517 spaces (15200 sq m gross space, say 12,920 net developable (85%) - assume 25 sq m per car parking space). Union car parks on St Thomas Street (02073789749) charge £12 daily or £440 quarterly. Annual fee assumed to be £1,760 Note: Uncovered parking assume 70% of annual fee. (£1,760 X 130) X 0.70 = £160,160 Yield: 8.5% £1884,235 (Charge for maintenance and attendant. 5% of revenue = £94,212 [+25%])		10,616	£17,122,000	£1,613	£1,578
30	SE22 8	South Camberwell	0.078	residential	582	£594,000	486	100.00%	486	£1,047,930	Resi land value based on comparable evidence at £13,435,000 per Ha.	£1,047,930	96	-£453,930	-£4,728	-£4,728
32	SE16 6	Surrey Docks	1.95	residential	15,250	£7,138,000	0	100.00%	0	£596,000	Capitalisation of rateable value of health centre @ 7% [20%]		9,913	£7,138,000	£720	£685
33a	SE16 7	Surrey Docks	2.2	residential	34,094	£20,887,000	0	98.46%	0	£12,705,000	Capitalisation of rateable value of warehouses @ 7% [+25%]	£12,508,714	22,161	£8,378,286	£378	£343
33b	SE16 7			retail	535	£157,000		1.54%	0			£196,286	535	-£39,286	-£73	-£198
34a	SE15 4	The Lane	1.39	residential	42,960	£2,604,000	7,800	89.20%	6,958	£15,083,000	Capitalisation of rateable value of retail units @ 7.75% [+25%]	£13,454,437	23,401	-£10,850,437	-£464	-£398
34b	SE15 4			retail	5,200	£6,564,000	7,800	10.80%	842			£1,628,563	4,358	£4,935,437	£1,133	£1,098
36	SE15 3	The Lane	0.26	residential	1,360	£685,000	445	100.00%	445	£260,000	Based on nominal land value of £1,000,000 per Ha	£260,000	595	£425,000	£719	£680
37	SE24 9	Village	0.76	residential	6,000	£2,768,000	3,521	100.00%	3,521	£2,187,000	Capitalisation of rateable value of education uses @9% [+20%]	£2,187,000	1,611	£581,000	£361	£326
40	SE22 0	Peckham and Rye	0.043	residential	380	£556,000	0	100.00%		£43,000	Based on nominal land value of £1,000,000 per Ha for D1 Church use.	£43,000	380	£513,000	£1,350	£1,315
41	SE22 0	Peckham and Rye	0.068	residential	770	£1,153,000	368	100.00%		£44,000	Capitalisation of rateable value of storage and small office @7% [+25%]	£44,000	402	£1,109,000	£2,759	£2,724
42a	SE16 7	Surrey Docks	3.4	Residential	49,276	£23,286,000	12,645	70.57%	8,924	£23,393,000	Capitalisation of rateable value of leisure uses @ 6.75% [+25%]	£16,508,370	40,352	£6,777,630	£168	£133
42b				Student accommodation	4,250	£6,938,000		6.09%	770			£1,423,829	3,480	£5,514,171	£1,584	£1,549
42c				Office	2,500	£87,000		3.58%	453			£837,546	2,047	-£750,546	-£367	-£467
42d				Retail	2,695	£3,087,000		3.86%	488			£902,875	2,207	£2,184,125	£990	£955
42e				Cinema	5,800	£1,006,000		8.31%	1,050			£1,943,107	4,750	-£937,107	-£197	-£322
42f				Bingo/bowling alley	5,305	£3,741,000		7.60%	961			£1,777,273	4,344	£1,963,727	£452	£417
43	borough wide scenario	n/a		Private gym	300	£6,000		100%		£56,000	Previous use assumed to be 300 sq m of basement secondary office space split over basement and ground floor. Capitalised at 7.25% [+20%].	£56,000	300	-£50,000	-£167	-£200
44	SE1 0	Cathedrals	0.14	Hotel	6,087	£11,615,000	3,086	100.00%	3,086	£9,976,000	Capitalised Rateable Value of office at 7.25% [+25%]	£9,976,000	3,001	£1,639,000	£546	£485
45	SE1 0	Cathedrals	0.34	Hotel	11,920	£7,802,000	0	100%	£ -	£3,117,000	Capitalised Rateable Value of distribution centre at 9% [+10%]	£3,117,000	11,920	£4,685,000	£393	£332
46	SE1 8	Cathedrals	0.17	Hotel	16,414	£11,531,000	1,250	100%	£ 1,250	£2,373,000	Capitalised Rateable Value of office @ 7.25% [+25%]	£2,373,000	15,164	£9,158,000	£604	£543
47	SE1 5	East Walworth		Hotel	1,514	£1,539,000	0	100%	£ -	£1,099,000	Capitalised Rateable Value of office and warehouse @ 9% [+10%]	£1,099,000	1,514	£440,000	£291	£256
48a	SW8 2	Rotherhithe	0.24	Hotel	2,080	£2,682,000	0	37.32%	£ -	£1,467,000	Value of 0.24 Ha site as car park open storage land and boat repair yard at £4.65 per sq ft capitalised at yield of 9% [+10%]	£547,427	2,080	£2,134,572.66	£1,026.24	£991
48b				Residential	2,426	£1,659,000		43.52%	£ -			£638,490	2,426	£1,020,510.23	£420.66	£386
48c				Retail	1,068	£211,000		19.16%	£ -			£281,083	1,068	-£70,082.88	-£65.62	-£167
49	SE15 5	The Lane		Hotel	310	£562,000		100%	£ -	£464,000	Capitalised Rateable Value of office @ 7.25% [+10%]	£464,000	310	£98,000	£316	£281
50	SE16 2	Surrey Docks		Retail	11,662	£47,166,000	7,500	100%	£ 7,500	£45,442,000	Capitalised Rateable Value of retail @ 4.75%	£45,442,000	4,162	£1,724,000	£414	£379
51	SE22 8	South Camberwell		Retail	7,696	£39,520,000	6,352	100%	£ 6,352	£38,781,000	Capitalised Rateable Value of retail @ 4.75%	£38,781,000	1,344	£739,000	£550	£515
52	SE1 5	East Walworth	2.3	Retail	10,258	£44,648,000	7,792	100%	£ 7,792	£42,651,000	Capitalised Rateable Value of retail @ 4.75%	£42,651,000	2,466	£1,997,000	£810	£775
53	SE1 9	Riverside		Office	48,235	£42,606,000	12,175	70%	£ 8,523	£48,116,000	CUV office £12,175 sq m (+10%)	£33,681,200	36,060	£8,924,800	£247	£107

Appendix 3 Location of sites and results by type of development



LB SOUTHWARK MAXIMUM CIL RATES MAP 1

- RESIDENTIAL**
- STUDENT ACCOMMODATION**
- HOTEL**
- ALL OTHER RETAIL (A1 – A5 & SUI GENERIS)**
- DESTINATION SUPERSTORES / SUPERMARKETS / SHOPPING CENTRES / MALLS**
- LEISURE**
- OFFICE**
- INDUSTRIAL**



LB SOUTHWARK MAXIMUM CIL RATES MAP 1

- RESIDENTIAL
- STUDENT ACCOMMODATION
- HOTEL
- ALL OTHER RETAIL (A1 – A5 & SUI GENERIS)
- DESTINATION SUPERSTORES / SUPERMARKETS / SHOPPING CENTRES / MALLS
- LEISURE
- OFFICE
- INDUSTRIAL

Appendix 4 Individual site development appraisals

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 1 - SE5 7****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Pvt Resi 1 Bed	60 units at	£197,000	11,820,000	
Ground rents	1 unit at	£637,000	637,000	
Car Parking	1 unit at	£450,000	450,000	
Pvt Resi 1 Bed 2 person (WC)	10 units at	£207,000	2,070,000	
Pvt Resi 2 Bed 3 person	16 units at	£253,000	4,048,000	
Pvt Resi 2 Bed 3 person (WC)	10 units at	£263,000	2,630,000	
Pvt Resi 2 Bed 4 person	76 units at	£273,000	20,748,000	
Pvt Resi 3 Bed 5 person	6 units at	£315,000	1,890,000	
Pvt Resi 3 Bed 5 person house	7 units at	£360,000	2,520,000	
Pvt Resi 2 Bed 4 person duplex	5 units at	£302,000	1,510,000	
Pvt Resi 3 Bed 5 person duplex	2 units at	£343,000	686,000	
Social rented units	1 unit at	£4,520,000	4,520,000	
Affordable Rent units	1 unit at	£3,800,000	3,800,000	
Shared ownership units	1 unit at	£3,540,000	3,540,000	
Totals			<u>60,869,000</u>	60,869,000

NET REALISATION**60,869,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (2.11 Ha £3,063,415.85 pHect)		6,463,807	
Stamp Duty	4.00%	258,552	
Agent Fee	1.00%	64,638	
Legal Fee	0.50%	32,319	
			6,819,317

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Construction costs	1 unit at	£33,338,000	33,338,000	33,338,000
Statutory/LA			192,000	192,000

PROFESSIONAL FEES

Architect	10.00%	3,333,800		3,333,800
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MARKETING & LETTING

Marketing	3.00%	1,451,160		1,451,160
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DISPOSAL FEES

Sales Agent Fee	1.50%	735,135		
Sales Legal Fee	0.25%	152,173		
				887,307

MISCELLANEOUS FEES

Private Profit	20.00%	9,674,400		
Affordable Profit	6.00%	711,600		
				10,386,000

FINANCE

Debit Rate 6.75% Credit Rate 0.00% (Nominal)				
Land			875,378	
Construction			1,046,784	
Other			2,539,253	
Total Finance Cost				4,461,416

TOTAL COSTS**60,869,000**

LB Southwark CIL Site Testing
Site 1 - SE5 7
PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
	6.43%
Profit Erosion (finance rate 6.750%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 2a - SE1 8****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market Resi	27,284.15	£8,945.00	244,056,722	
Aff Resi - Social Rent	10,459.25	£1,695.00	17,728,429	
Aff Resi - Shared Ownership	4,261.90	£1,888.00	8,046,467	
Totals	<u>42,005.30</u>		<u>269,831,618</u>	269,831,618

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground rents	458 units at	£250	114,500

Investment Valuation**Ground rents**

Market Rent	114,500	YP @	6.0000%	16.6667	
		PV 6yrs 7mths @	6.0000%	0.6814	1,300,341

GROSS DEVELOPMENT VALUE 271,131,959

Purchaser's Costs 5.80% (71,285)

NET DEVELOPMENT VALUE 271,060,674**NET REALISATION 271,060,674****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha £82,529,472.32 pHect)			53,644,157	
Stamp Duty		4.00%	2,145,766	
Agent Fee		1.00%	536,442	
Legal Fee		0.50%	268,221	
				56,594,586

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Market Resi	32,099.00	£1,963.00	63,010,337	
Aff Resi - Social Rent	12,305.00	£1,963.00	24,154,715	
Aff Resi - Shared Ownership	5,014.00	£1,963.00	9,842,482	
Totals	<u>49,418.00</u>		<u>97,007,534</u>	97,007,534

Contingency		5.00%	4,850,377	
Statutory/LA			458,000	
				5,308,377

PROFESSIONAL FEES

Professional Fees		10.00%	10,185,791	
				10,185,791

MARKETING & LETTING

Marketing		3.00%	7,321,702	
				7,321,702

DISPOSAL FEES

Sales Agent Fee		1.50%	3,660,851	
Sales Legal Fee		0.25%	677,652	
				4,338,503

MISCELLANEOUS FEES

Private Profit		20.00%	49,071,413	
Affordable Profit		6.00%	1,546,494	
				50,617,906

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			20,270,092	

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 2a - SE1 8**

Construction	3,492,484	
Other	15,923,700	
Total Finance Cost		39,686,276

TOTAL COSTS**271,060,674****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.04%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	8.81%
Net Initial Yield%	8.81%

Rent Cover	6.92%
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths
	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 2.b - SE1 8****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Hotel	256 units at	£400,000	102,400,000	
Purchaser's Costs		5.80%	(5,613,611)	
NET DEVELOPMENT VALUE				<u>96,786,389</u>

NET REALISATION**96,786,389****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha	£58,585,469.87 pHect)		38,080,555	
Stamp Duty		4.00%	1,523,222	
Agent Fee		1.00%	380,806	
Legal Fee		0.50%	190,403	
				40,174,986

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Hotel	9,406.66	£2,246.01	21,127,404	21,127,404
Contingency		5.00%	1,056,370	
Statutory/LA	9,406.66 m ²	30.00 pm ²	282,200	
				1,338,570

PROFESSIONAL FEES

Professional Fees		10.00%	2,218,377	
				2,218,377

MARKETING & LETTING

Marketing		3.00%	633,822	
				633,822

DISPOSAL FEES

Sales Agent Fee		1.50%	1,536,000	
Sales Legal Fee		0.25%	256,000	
				1,792,000

MISCELLANEOUS FEES

Private Profit		20.00%	20,480,000	
				20,480,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			7,336,973	
Construction			1,684,322	
Total Finance Cost				9,021,295

TOTAL COSTS**96,786,455****PROFIT****(65)****Performance Measures**

Profit on Cost%	(0.00)%
Profit on GDV%	(0.00)%
Profit on NDV%	(0.00)%
	6.87%
Profit Erosion (finance rate 7.000%)	N/A

**LB Southwark CIL Site Testing
2.c - SE1 8**

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	1,316.65	£376.74	496,035

Investment Valuation

Retail					
Market Rent	496,035	YP @	6.0000%	16.6667	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.0000%	0.9713	8,029,863

GROSS DEVELOPMENT VALUE 8,029,863

Purchaser's Costs 5.80% (440,200)

NET DEVELOPMENT VALUE 7,589,663

NET REALISATION 7,589,663

OUTLAY

ACQUISITION COSTS

Residualised Price (0.65 Ha £3,117,212.37 pHect)			2,026,188	
Stamp Duty		4.00%	81,048	
Agent Fee		1.00%	20,262	
Legal Fee		0.50%	10,131	
				2,137,628

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Retail	1,549.00	£1,507.00	2,334,343	2,334,343
Contingency		5.00%	116,717	
Statutory/LA	1,549.00 m ²	30.00 pm ²	46,470	
				163,187

PROFESSIONAL FEES

Professional Fees		10.00%	245,106	
				245,106

MARKETING & LETTING

Marketing		3.00%	240,896	
Letting Agent Fee		10.00%	49,604	
Letting Legal Fee		5.00%	24,802	
				315,301

DISPOSAL FEES

Sales Agent Fee		1.50%	120,448	
Sales Legal Fee		0.25%	20,075	
				140,523

MISCELLANEOUS FEES

Private Profit		20.00%	1,605,973	
				1,605,973

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			220,903	
Construction			85,836	
Other			340,859	
Total Finance Cost				647,599

TOTAL COSTS 7,589,660

PROFIT

3

LB Southwark CIL Site Testing**2.c - SE1 8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.54%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.18%
Net Initial Yield%	6.18%
	6.86%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

**LB Southwark CIL Site Testing
3.a - SE1 8**

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary	m²	Rate m²	Gross MRV	
Office	1,732.30	£484.35	839,040	

Investment Valuation

Office					
Market Rent	839,040	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	13,192,453

GROSS DEVELOPMENT VALUE 13,192,453

Purchaser's Costs 5.80% (723,216)

NET DEVELOPMENT VALUE 12,469,237

NET REALISATION 12,469,237

OUTLAY

ACQUISITION COSTS

Residualised Price (0.04 Ha £43,077,816.11 pHect)			1,723,113	
Stamp Duty		4.00%	68,925	
Agent Fee		1.00%	17,231	
Legal Fee		0.50%	8,616	
				1,817,884

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Office	2,038.00	£2,584.00	5,266,192	5,266,192
Contingency		5.00%	263,310	
Statutory/LA	2,038.00 m ²	30.00 pm ²	61,140	
				324,450

PROFESSIONAL FEES

Professional Fees		10.00%	552,950	
				552,950

MARKETING & LETTING

Marketing		3.00%	395,774	
Letting Agent Fee		10.00%	83,904	
Letting Legal Fee		5.00%	41,952	
				521,630

DISPOSAL FEES

Sales Agent Fee		1.50%	197,887	
Sales Legal Fee		0.25%	32,981	
				230,868

MISCELLANEOUS FEES

Private Profit		20.00%	2,638,491	
				2,638,491

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			258,676	
Construction			298,309	
Other			559,783	
Total Finance Cost				1,116,768

TOTAL COSTS 12,469,232

PROFIT

5

LB Southwark CIL Site Testing**3.a - SE1 8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.73%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.36%
Net Initial Yield%	6.36%
	6.88%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
3b - SE1 8****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	90.10	£376.74	33,944

Investment Valuation

Retail					
Market Rent	33,944	YP @	6.0000%	16.6667	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.0000%	0.9713	549,489

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(30,123)	549,489
NET DEVELOPMENT VALUE			<u>519,366</u>

NET REALISATION**519,366****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.04 Ha £3,466,302.77 pHect)			138,652
Stamp Duty		4.00%	5,546
Agent Fee		1.00%	1,387
Legal Fee		0.50%	693
			146,278

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail	106.00	£1,507.00	159,742
			159,742
Contingency		5.00%	7,987
Statutory/LA	106.00 m ²	30.00 pm ²	3,180
			11,167

PROFESSIONAL FEES

Professional Fees	10.00%	16,773	16,773
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MARKETING & LETTING

Marketing	3.00%	16,485	
Letting Agent Fee	10.00%	3,394	
Letting Legal Fee	5.00%	1,697	
			21,576

DISPOSAL FEES

Sales Agent Fee	1.50%	8,242	
Sales Legal Fee	0.25%	1,374	
			9,616

MISCELLANEOUS FEES

Private Profit	20.00%	109,898	109,898
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			15,116
Construction			5,874
Other			23,325
Total Finance Cost			44,316

TOTAL COSTS**519,366****PROFIT****0**

LB Southwark CIL Site Testing**3b - SE1 8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.54%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.18%
Net Initial Yield%	6.18%
	6.86%
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**LB Southwark CIL Site Testing
4.a SE1 8**Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Office	24,775.80	£484.38	12,000,902

Investment Valuation**Office**

Market Rent	12,000,902	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	188,693,428

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(10,344,252)	188,693,428
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NET DEVELOPMENT VALUE178,349,175**NET REALISATION****178,349,175****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.16 Ha £147,595,338.61 pHect)			23,615,254
Stamp Duty		4.00%	944,610
Agent Fee		1.00%	236,153
Legal Fee		0.50%	118,076
			24,914,093

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
Office	29,148.00	£2,584.00	75,318,432

75,318,432

Contingency		5.00%	3,765,922
Statutory/LA	29,148.00 m ²	30.00 pm ²	874,440
			4,640,362

PROFESSIONAL FEES

Professional Fees		10.00%	7,908,435
			7,908,435

MARKETING & LETTING

Marketing		3.00%	5,660,803
Letting Agent Fee		10.00%	1,200,090
Letting Legal Fee		5.00%	600,045
			7,460,938

DISPOSAL FEES

Sales Agent Fee		0.75%	1,415,201
Sales Legal Fee		0.25%	471,734
			1,886,934

MISCELLANEOUS FEES

Private Profit		20.00%	37,738,686
			37,738,686

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			4,549,946
Construction			5,837,434
Other			8,093,915
Total Finance Cost			18,481,295

TOTAL COSTS**178,349,176****PROFIT****0**

LB Southwark CIL Site Testing**4.a SE1 8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.73%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.36%
Net Initial Yield%	6.36%
	6.92%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**LB Southwark CIL Site Testing
4.b SE1 8**Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	386.75	£376.74	145,704

Investment Valuation

Retail					
Market Rent	145,704	YP @	6.0000%	16.6667	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.0000%	0.9713	2,358,671

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(129,303)	2,358,671
NET DEVELOPMENT VALUE			<u>2,229,367</u>

NET REALISATION**2,229,367****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.16 Ha £3,519,220.84 pHect)			563,075
Stamp Duty		4.00%	22,523
Agent Fee		1.00%	5,631
Legal Fee		0.50%	2,815
			594,044

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Retail	455.00	£1,507.00	685,685	685,685
Contingency		5.00%	34,284	
Statutory/LA	455.00 m ²	30.00 pm ²	13,650	47,934

PROFESSIONAL FEES

Professional Fees	10.00%	71,997	71,997
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MARKETING & LETTING

Marketing	3.00%	70,760	
Letting Agent Fee	10.00%	14,570	
Letting Legal Fee	5.00%	7,285	
			92,616

DISPOSAL FEES

Sales Agent Fee	1.50%	35,380	
Sales Legal Fee	0.25%	5,897	
			41,277

MISCELLANEOUS FEES

Private Profit	20.00%	471,734	471,734
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			84,530
Construction			39,429
Other			100,123
Total Finance Cost			224,082

TOTAL COSTS**2,229,369****PROFIT****(2)**

LB Southwark CIL Site Testing**4.b SE1 8****Performance Measures**

Profit on Cost%	(0.00)%
Profit on GDV%	(0.00)%
Profit on NDV%	(0.00)%
Development Yield% (on Rent)	6.54%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.18%
Net Initial Yield%	6.18%
	6.91%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**Southwark CIL Study
Site 5 - SE11**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market residential	2,701.00	£6,010.00	16,233,010	
Affordable residential	1,454.00	£1,550.00	2,253,700	
Office	11,517.50	£3,200.00	36,856,000	
Retail	1,267.20	£2,800.00	3,548,160	
Totals	<u>16,939.70</u>		<u>58,890,870</u>	58,890,870

Additional Revenue

Ground rent			235,000	235,000
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NET REALISATION**59,125,870****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.64 Ha £12,421,845.53 pHect)			7,949,981	
Stamp Duty		4.00%	317,999	
Agent Fee		1.00%	79,500	
Legal Fee		0.50%	39,750	
				8,387,230

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Market residential	3,241.00	£1,240.00	4,018,840	
Affordable residential	1,745.00	£1,240.00	2,163,800	
Office	13,550.00	£1,506.00	20,406,300	
Retail	1,408.00	£1,000.00	1,408,000	
Totals	<u>19,944.00</u>		<u>27,996,940</u>	27,996,940

Contingency		5.00%	1,466,372	
Demolition			805,500	
Road/Site Works	0.64 m ²	250,000.00 pm ²	160,000	
				2,431,872

Other Construction

CSH			365,000	365,000
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PROFESSIONAL FEES

Architect		10.00%	3,079,381	3,079,381
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MARKETING & LETTING

Marketing		4.00%	2,265,487	2,265,487
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FINANCE

Debit Rate 6.50% Credit Rate 0.00% (Nominal)				
Land			1,735,654	
Construction			2,510,848	
Total Finance Cost				4,246,502

TOTAL COSTS**48,772,412****PROFIT****10,353,458****Performance Measures**

Profit on Cost%	21.23%
Profit on GDV%	17.58%
Profit on NDV%	17.58%

**Southwark CIL Study
Site 5 - SE11**

Profit Erosion (finance rate 6.500%)	20.00%
	2 yrs 12 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
6 - SE1 8****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market Resi	2,584.00	£7,000.00	18,088,000	
Aff Resi - Social Rent	952.00	£1,695.00	1,613,640	
Aff Resi - Shared Ownership	408.00	£1,888.00	770,304	
Totals	<u>3,944.00</u>		<u>20,471,944</u>	20,471,944

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground rents	38 units at	£250	9,500

Investment Valuation**Ground rents**

Market Rent	9,500	YP @	6.0000%	16.6667	
		PV 0yrs 7mths @	6.0000%	0.9666	153,042

GROSS DEVELOPMENT VALUE 20,624,986

Purchaser's Costs 5.80% (8,390)

NET DEVELOPMENT VALUE 20,616,596**NET REALISATION 20,616,596****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.12 Ha £44,007,163.85 pHect)			5,280,860	
Stamp Duty		4.00%	211,234	
Agent Fee		1.00%	52,809	
Legal Fee		0.50%	26,404	
				5,571,307

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Market Resi	3,040.00	£1,760.00	5,350,400	
Aff Resi - Social Rent	1,120.00	£1,760.00	1,971,200	
Aff Resi - Shared Ownership	480.00	£1,760.00	844,800	
Totals	<u>4,640.00</u>		<u>8,166,400</u>	8,166,400

Contingency		5.00%	408,320	
Statutory/LA			58,000	
				466,320

PROFESSIONAL FEES

Professional Fees		10.00%	857,472	
				857,472

MARKETING & LETTING

Marketing		3.00%	542,640	
				542,640

DISPOSAL FEES

Sales Agent Fee		1.50%	271,320	
Sales Legal Fee		0.25%	51,541	
				322,861

MISCELLANEOUS FEES

Private Profit		20.00%	3,648,208	
Affordable Profit		6.00%	143,037	
				3,791,245

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			747,464	

LB Southwark CIL Site Testing**6 - SE1 8**

Construction	144,265	
Other	6,622	
Total Finance Cost		898,351

TOTAL COSTS**20,616,596****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.05%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.21%
Net Initial Yield%	6.21%

6.37%

Rent Cover 0 yrs 0 mths

Profit Erosion (finance rate 7.000%) 0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
8. SE1 8****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Budget Hotel	286 units at	£175,000	50,050,000	
Purchaser's Costs		5.80%	(2,743,762)	
NET DEVELOPMENT VALUE				<u>47,306,238</u>

NET REALISATION**47,306,238****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.09 Ha	£89,142,583.62 pHect)		8,022,833	
Stamp Duty		4.00%	320,913	
Agent Fee		1.00%	80,228	
Legal Fee		0.50%	40,114	
				8,464,088

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Budget Hotel	11,709.00	£1,759.00	20,596,172	20,596,172
Contingency		5.00%	1,029,809	
Statutory/LA	11,709.00 m ²	30.00 pm ²	351,270	
				1,381,079

PROFESSIONAL FEES

Professional Fees		10.00%	2,162,598	
				2,162,598

MARKETING & LETTING

Marketing		3.00%	617,885	
				617,885

DISPOSAL FEES

Sales Agent Fee		1.50%	750,750	
Sales Legal Fee		0.25%	125,125	
				875,875

MISCELLANEOUS FEES

Private Profit		20.00%	10,010,000	
				10,010,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			1,545,757	
Construction			1,652,810	
Total Finance Cost				3,198,567

TOTAL COSTS**47,306,264****PROFIT****(26)****Performance Measures**

Profit on Cost%	(0.00)%
Profit on GDV%	(0.00)%
Profit on NDV%	(0.00)%
	6.75%
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
9.a - SE1 8****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Office	9,952.65	£484.38	4,820,865

Investment Valuation**Office**

Market Rent	4,820,865	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	75,799,764

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(4,155,375)	75,799,764
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NET DEVELOPMENT VALUE71,644,390**NET REALISATION****71,644,390****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.16 Ha £64,656,445.76 pHect)			10,345,031
Stamp Duty		4.00%	413,801
Agent Fee		1.00%	103,450
Legal Fee		0.50%	51,725
			10,914,008

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
Office	11,709.00	£2,584.00	30,256,056

30,256,056

Contingency		5.00%	1,512,803
Statutory/LA	11,709.00 m ²	30.00 pm ²	351,270
			1,864,073

PROFESSIONAL FEES

Professional Fees		10.00%	3,176,886
			3,176,886

MARKETING & LETTING

Marketing		3.00%	2,273,993
Letting Agent Fee		10.00%	482,087
Letting Legal Fee		5.00%	241,043
			2,997,123

DISPOSAL FEES

Sales Agent Fee		0.75%	568,498
Sales Legal Fee		0.25%	189,499
			757,998

MISCELLANEOUS FEES

Private Profit		20.00%	15,159,953
			15,159,953

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			1,553,011
Construction			1,713,887
Other			3,251,395
Total Finance Cost			6,518,294

TOTAL COSTS**71,644,390****PROFIT****0**

LB Southwark CIL Site Testing**9.a - SE1 8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.73%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.36%
Net Initial Yield%	6.36%
	6.88%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**LB Southwark CIL Site Testing
9.b SE1 8**Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	275.40	£376.74	103,754

Investment Valuation

Retail					
Market Rent	103,754	YP @	6.0000%	16.6667	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.0000%	0.9713	1,679,580

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(92,075)	1,679,580
NET DEVELOPMENT VALUE			<u>1,587,505</u>

NET REALISATION**1,587,505****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.09 Ha £4,712,251.96 pHect)			424,103
Stamp Duty		4.00%	16,964
Agent Fee		1.00%	4,241
Legal Fee		0.50%	2,121
			447,428

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Retail	324.00	£1,507.00	488,268	488,268
Contingency		5.00%	24,413	
Developers Contingency	324.00 m ²	30.00 pm ²	9,720	34,133

PROFESSIONAL FEES

Professional Fees	10.00%	51,268	51,268
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MARKETING & LETTING

Marketing	3.00%	50,387	
Letting Agent Fee	10.00%	10,375	
Letting Legal Fee	5.00%	5,188	
			65,950

DISPOSAL FEES

Sales Agent Fee	1.50%	25,194	
Sales Legal Fee	0.25%	4,199	
			29,393

MISCELLANEOUS FEES

Private Profit	20.00%	335,916	335,916
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			46,237
Construction			17,614
Other			71,296
Total Finance Cost			135,148

TOTAL COSTS**1,587,505****PROFIT****0**

LB Southwark CIL Site Testing**9.b SE1 8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.54%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.18%
Net Initial Yield%	6.18%
	6.86%
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 10 - SE15 6****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Industrial - Warehousing	8,098.20	£118.00	955,588

Investment Valuation**Industrial - Warehousing**

Market Rent	955,588	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	12,758,184

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(699,409)	12,758,184
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NET DEVELOPMENT VALUE12,058,775**NET REALISATION****12,058,775****OUTLAY****ACQUISITION COSTS**

Residualised Price (1.08 Ha £535,927.97 pHect)			578,802
Stamp Duty		4.00%	23,152
Agent Fee		1.00%	5,788
Legal Fee		0.50%	2,894
			610,636

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Industrial - Warehousing	8,998.00	£666.00	5,992,668	5,992,668
Contingency		5.00%	299,633	
Statutory/LA	8,998.00 m ²	30.00 pm ²	269,940	
				569,573

PROFESSIONAL FEES

Professional Fees	10.00%	599,267	599,267
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MARKETING & LETTING

Marketing	3.00%	382,746	
Letting Agent Fee	10.00%	95,559	
Letting Legal Fee	5.00%	47,779	
			526,084

DISPOSAL FEES

Sales Agent Fee	1.50%	191,373	
Sales Legal Fee	0.25%	31,895	
			223,268

MISCELLANEOUS FEES

Private Profit	20.00%	2,551,637	2,551,637
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			86,891
Construction			358,729
Other			540,023
Total Finance Cost			985,642

TOTAL COSTS**12,058,775****PROFIT****0**

**LB Southwark CIL Site Testing
Site 10 - SE15 6****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.85%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

**Southwark CIL Study
Site 11 - SE17**
Summary Appraisal for Phase 1
REVENUE
Sales Valuation

	Units	Unit Amount	Gross Sales
Hotel - 200 room budget	200 units at	£65,000	13,000,000
Ground rent	1 unit at	£7,332,000	7,332,000
Totals			<u>20,332,000</u>

	m²	Rate m²	Gross Sales	
Market residential	136,765.36	£5,607.00	766,843,388	
Affordable residential	76,559.44	£1,550.00	118,667,128	
Office	2,550.00	£2,960.00	7,548,000	
Retail	13,500.00	£3,159.00	42,646,500	
Community	2,337.50	£2,018.00	4,717,075	
Leisure & Entertainment	2,337.50	£2,397.00	5,602,988	
Student	4,875.00	£5,010.00	24,423,750	
Totals	<u>238,924.80</u>		<u>970,448,828</u>	990,780,828

Additional Revenue
NET REALISATION
990,780,828
OUTLAY
ACQUISITION COSTS

Residualised Price	24,757,101		
Fixed Price	50,000,000		
Total Acquisition (9.90 Ha £7,551,222.37 pHect)			74,757,101
Stamp Duty	4.00%		2,990,284
Agent Fee	1.00%		747,571
Legal Fee	0.50%		373,786
			78,868,742

CONSTRUCTION COSTS
Construction

	m²	Rate m²	Cost	
Market residential	164,125.00	£1,974.00	323,982,750	
Affordable residential	91,875.00	£1,974.00	181,361,250	
Office	3,000.00	£1,506.00	4,518,000	
Retail	15,000.00	£1,000.00	15,000,000	
Underground parking	1,808.00	£542.00	979,936	
Undercroft parking with landscapi	1,808.00	£900.00	1,627,200	
Community	2,750.00	£1,000.00	2,750,000	
Leisure & Entertainment	2,750.00	£1,000.00	2,750,000	
Student	6,500.00	£1,505.00	9,782,500	
Totals	<u>289,616.00</u>		<u>542,751,636</u>	542,751,636

Contingency	5.00%		28,583,332	
Demolition			15,000,000	
Road/Site Works	9.90 m ²	250,000.00 pm ²	2,475,000	
				46,058,332

Other Construction

CSH			11,440,000	
				11,440,000

PROFESSIONAL FEES

Architect	10.00%		60,024,997	
				60,024,997

MARKETING & LETTING

Marketing	4.00%		34,591,268	
				34,591,268

FINANCE

Debit Rate 6.50% Credit Rate 0.00% (Nominal)

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Southwark CIL Study
Site 11 - SE17**

Land	18,067,387	
Construction	4,790,810	
Total Finance Cost		22,858,197

TOTAL COSTS**796,593,172****PROFIT****194,187,656****Performance Measures**

Profit on Cost%	24.38%
Profit on GDV%	19.60%
Profit on NDV%	19.60%

	20.00%
Profit Erosion (finance rate 6.500%)	3 yrs 5 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Southwark CIL Site Testing
Site 12 - SE1 6****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market residential	2,042.00	£5,651.00	11,539,342	
Affordable residential	1,100.00	£1,550.00	1,705,000	
Office	2,108.00	£2,800.00	5,902,400	
Retail	544.50	£2,800.00	1,524,600	
Totals	<u>5,794.50</u>		<u>20,671,342</u>	20,671,342

Additional Revenue

Ground rent			180,000	180,000
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NET REALISATION**20,851,342****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.22 Ha £21,189,904.95 pHect)			4,661,779	
Stamp Duty		4.00%	186,471	
Agent Fee		1.00%	46,618	
Legal Fee		0.50%	23,309	
				4,918,177

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Market residential	2,451.00	£1,240.00	3,039,240	
Affordable residential	1,320.00	£1,240.00	1,636,800	
Office	2,480.00	£1,506.00	3,734,880	
Retail	605.00	£1,000.00	605,000	
Totals	<u>6,856.00</u>		<u>9,015,920</u>	9,015,920

Contingency		5.00%	469,666	
Demolition			47,400	
Road/Site Works	0.22 m ²	250,000.00 pm ²	55,000	
				572,066

Other Construction

CSH			275,000	275,000
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PROFESSIONAL FEES

Architect		10.00%	986,299	986,299
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MARKETING & LETTING

Marketing		4.00%	758,654	758,654
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FINANCE

Debit Rate 6.50% Credit Rate 0.00% (Nominal)				
Land			787,344	
Construction			460,334	
Total Finance Cost				1,247,679

TOTAL COSTS**17,773,794****PROFIT****3,077,548****Performance Measures**

Profit on Cost%	17.32%
Profit on GDV%	14.89%
Profit on NDV%	14.89%

**Southwark CIL Site Testing
Site 12 - SE1 6**

Profit Erosion (finance rate 6.500%)	20.00%
	2 yrs 6 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
13.a - SE17****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market Resi	31,372.00	£4,090.00	128,311,480	
Aff Resi - Social Rent	23,845.05	£1,143.00	27,254,892	
Aff Resi - Shared Ownership	7,526.75	£1,666.00	12,539,566	
Totals	<u>62,743.80</u>		<u>168,105,938</u>	168,105,938

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground rents	440 units at	£250	110,000

Investment Valuation

Ground rents					
Current Rent	110,000	YP @	6.0000%	16.6667	1,833,333

GROSS DEVELOPMENT VALUE 169,939,271

Purchaser's Costs 5.80% (100,504)

NET DEVELOPMENT VALUE 169,838,767**NET REALISATION 169,838,767****OUTLAY****ACQUISITION COSTS**

Residualised Price			3,030,457	
Stamp Duty		4.00%	121,218	
Agent Fee		1.00%	30,305	
Legal Fee		0.50%	15,152	
				3,197,132

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Market Resi	36,908.24	£1,400.00	51,671,529	
Aff Resi - Social Rent	28,053.00	£1,400.00	39,274,200	
Aff Resi - Shared Ownership	8,855.00	£1,400.00	12,397,000	
Totals	<u>73,816.24</u>		<u>103,342,729</u>	103,342,729

Contingency		5.00%	5,167,136	
Statutory/LA			880,000	
				6,047,136

PROFESSIONAL FEES

Professional Fees		10.00%	10,850,987	
				10,850,987

MARKETING & LETTING

Marketing		3.00%	3,849,344	
				3,849,344

DISPOSAL FEES

Sales Agent Fee		1.50%	1,952,172	
Sales Legal Fee		0.25%	424,848	
				2,377,020

MISCELLANEOUS FEES

Private Profit		20.00%	26,028,963	
Affordable Profit		6.00%	2,387,667	
				28,416,630

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			1,396,391	
Construction			5,770,144	

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing****13.a - SE17**

Other	4,591,252	
Total Finance Cost		11,757,787

TOTAL COSTS**169,838,767****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%

6.60%

Rent Cover 0 yrs 0 mths

Profit Erosion (finance rate 7.000%) N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
13.b - SE17****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Retail	212.50	£194.00	41,225

Investment Valuation

Retail					
Market Rent	41,225	YP @	7.0000%	14.2857	
		PV 1yr 11mths @	7.0000%	0.8784	517,301

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(28,359)	517,301
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NET DEVELOPMENT VALUE488,943**NET REALISATION****488,943****OUTLAY****ACQUISITION COSTS**

Residualised Price			26,069
Stamp Duty		4.00%	1,043
Agent Fee		1.00%	261
Legal Fee		0.50%	130
			27,503

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
Retail	250.00	£1,136.00	284,000	284,000
Contingency		5.00%	14,200	
Statutory/LA	250.00 m ²	30.00 pm ²	7,500	21,700

PROFESSIONAL FEES

Professional Fees	10.00%	29,820	29,820
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DISPOSAL FEES

Sales Agent Fee	1.50%	7,760	
Sales Legal Fee	0.25%	1,293	9,053

MISCELLANEOUS FEES

Private Profit	20.00%	103,460	103,460
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			2,842
Construction			10,564
Total Finance Cost			13,406

TOTAL COSTS**488,943****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	8.43%
Equivalent Yield% (Nominal)	7.00%

LB Southwark CIL Site Testing**13.b - SE17**

Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.97%
Net Initial Yield%	7.97%
	6.18%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 14.a - SE1 3****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market Resi	8,182.10	£5,760.00	47,128,896	
Aff Resi - Social Rent	2,886.75	£1,476.00	4,260,837	
Aff Resi - Shared Ownership	1,336.20	£1,882.00	2,514,728	
Totals	<u>12,405.05</u>		<u>53,904,461</u>	53,904,461

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground rents	137 units at	£250	34,250

Investment Valuation**Ground rents**

Market Rent	34,250	YP @	6.0000%	16.6667	
		PV 2yrs 2mths @	6.0000%	0.8814	503,130

GROSS DEVELOPMENT VALUE 54,407,591

Purchaser's Costs 5.80% (27,582)

NET DEVELOPMENT VALUE 54,380,009**NET REALISATION 54,380,009****OUTLAY****ACQUISITION COSTS**

Residualised Price (1.23 Ha £9,246,454.67 pHect)				11,373,139
Stamp Duty		4.00%		454,926
Agent Fee		1.00%		113,731
Legal Fee		0.50%		56,866
				11,998,662

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Market Resi	9,626.00	£1,500.00	14,439,000
Aff Resi - Social Rent	3,396.00	£1,500.00	5,094,000
Aff Resi - Shared Ownership	1,572.00	£1,500.00	2,358,000
Totals	<u>14,594.00</u>		<u>21,891,000</u>

Contingency	5.00%	1,094,550
Statutory/LA		205,000
		1,299,550

PROFESSIONAL FEES

Professional Fees	10.00%	2,298,555
		2,298,555

MARKETING & LETTING

Marketing	3.00%	1,413,867
		1,413,867

DISPOSAL FEES

Sales Agent Fee	1.50%	714,480
Sales Legal Fee	0.25%	136,019
		850,499

MISCELLANEOUS FEES

Private Profit	20.00%	9,526,405
Affordable Profit	6.00%	406,534
		9,932,939

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)		
Land		2,152,404

**LB Southwark CIL Site Testing
Site 14.a - SE1 3**

Construction	1,056,281	
Other	1,486,251	
Total Finance Cost		4,694,937

TOTAL COSTS**54,380,009****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.81%
Net Initial Yield%	6.81%

6.75%

Rent Cover 0 yrs 0 mths

Profit Erosion (finance rate 7.000%) N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

LB Southwark CIL Site Testing
14.b - SE1 3

Summary Appraisal for Phase 1**REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Retail	676.60	£269.00	182,005

Investment Valuation**Retail**

Market Rent	182,005	YP @	6.7500%	14.8148	
(1yr Rent Free)		PV 1yr @	6.7500%	0.9368	2,525,874

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(138,469)	2,525,874
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NET DEVELOPMENT VALUE2,387,404**NET REALISATION****2,387,404****OUTLAY****ACQUISITION COSTS**

Residualised Price (1.23 Ha £263,987.83 pHect)			324,705
Stamp Duty		4.00%	12,988
Agent Fee		1.00%	3,247
Legal Fee		0.50%	1,624
			342,564

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
Retail	796.00	£1,136.00	904,256
			904,256
Contingency		5.00%	45,213
Statutory/LA	796.00 m ²	30.00 pm ²	23,880
			69,093

PROFESSIONAL FEES

Professional Fees		10.00%	94,947
			94,947

MARKETING & LETTING

Marketing		3.00%	75,776
Letting Agent Fee		10.00%	18,201
Letting Legal Fee		5.00%	9,100
			103,077

DISPOSAL FEES

Sales Agent Fee		1.50%	37,888
Sales Legal Fee		0.25%	6,315
			44,203

MISCELLANEOUS FEES

Private Profit		20.00%	505,175
			505,175

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			62,561
Construction			71,987
Other			189,542
Total Finance Cost			324,090

TOTAL COSTS**2,387,404****PROFIT****0**

LB Southwark CIL Site Testing**14.b - SE1 3****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.62%
Equivalent Yield% (Nominal)	6.75%
Equivalent Yield% (True)	7.04%
Gross Initial Yield%	7.21%
Net Initial Yield%	7.21%
	6.99%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site15 - SE15****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Industrial - Warehousing	6,396.30	£118.00	754,763

Investment Valuation**Industrial - Warehousing**

Market Rent	754,763	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	10,076,943

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(552,422)	10,076,943
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NET DEVELOPMENT VALUE9,524,520**NET REALISATION****9,524,520****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.30 Ha £1,556,490.50 pHect)			466,947
Stamp Duty		4.00%	18,678
Agent Fee		1.00%	4,669
Legal Fee		0.50%	2,335
			492,629

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Industrial - Warehousing	7,107.00	£666.00	4,733,262
Contingency		5.00%	236,663
Developers Contingency	7,107.00 m ²	30.00 pm ²	213,210
			449,873

PROFESSIONAL FEES

Professional Fees	10.00%	473,326	473,326
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MARKETING & LETTING

Marketing	3.00%	302,308	
Letting Agent Fee	10.00%	75,476	
Letting Legal Fee	5.00%	37,738	
			415,523

DISPOSAL FEES

Sales Agent Fee	1.50%	151,154	
Sales Legal Fee	0.25%	25,192	
			176,346

MISCELLANEOUS FEES

Private Profit	20.00%	2,015,389	2,015,389
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			70,099
Construction			271,541
Other			426,532
Total Finance Cost			768,172

TOTAL COSTS**9,524,520****PROFIT****0**

**LB Southwark CIL Site Testing
Site15 - SE15****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.84%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 16.a - SE15****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Market Resi	15,300.00	£3,660.00	55,998,000	
Aff Resi - Social Rent	5,848.30	£1,166.00	6,819,113	
Aff Resi - Shared Ownership	2,312.00	£2,120.00	4,901,440	
Totals	<u>23,460.30</u>		<u>67,718,553</u>	67,718,553

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground rents	225 units at	£250	56,250

Investment Valuation**Ground rents**

Market Rent	56,250	YP @	6.0000%	16.6667	
		PV 3yrs 8mths @	6.0000%	0.8076	757,152

GROSS DEVELOPMENT VALUE 68,475,705

Purchaser's Costs 5.80% (41,507)

NET DEVELOPMENT VALUE 68,434,198**NET REALISATION 68,434,198****OUTLAY****ACQUISITION COSTS**

Residualised Price (1.65 Ha £1,470,812.65 pHect)			2,426,841	
Stamp Duty		4.00%	97,074	
Agent Fee		1.00%	24,268	
Legal Fee		0.50%	12,134	
				2,560,317

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Market Resi	18,000.00	£1,400.00	25,200,000	
Aff Resi - Social Rent	6,880.00	£1,400.00	9,632,000	
Aff Resi - Shared Ownership	2,720.00	£1,400.00	3,808,000	
Totals	<u>27,600.00</u>		<u>38,640,000</u>	38,640,000

Contingency		5.00%	1,932,000	
Statutory/LA			345,000	
				2,277,000

PROFESSIONAL FEES

Professional Fees		10.00%	4,057,200	
				4,057,200

MARKETING & LETTING

Marketing		3.00%	1,679,940	
				1,679,940

DISPOSAL FEES

Sales Agent Fee		1.50%	851,327	
Sales Legal Fee		0.25%	171,189	
				1,022,517

MISCELLANEOUS FEES

Private Profit		20.00%	11,351,030	
Affordable Profit		6.00%	703,233	
				12,054,264

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			406,842	

**LB Southwark CIL Site Testing
Site 16.a - SE15**

Construction	2,066,820	
Other	3,669,269	
Total Finance Cost		6,142,931

TOTAL COSTS**68,434,168****PROFIT****30****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.08%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	7.43%
Net Initial Yield%	7.43%

6.76%

Rent Cover 0 yrs 0 mths

Profit Erosion (finance rate 7.000%) 0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
16.b - SE15****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Retail	872.95	£194.00	169,352

Investment Valuation**Retail**

Market Rent	169,352	YP @	7.0000%	14.2857	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.0000%	0.9667	2,338,839

GROSS DEVELOPMENT VALUE

Purchaser's Costs		5.80%	(128,216)	2,338,839
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NET DEVELOPMENT VALUE2,210,623**NET REALISATION****2,210,623****OUTLAY****ACQUISITION COSTS**

Residualised Price (1.65 Ha £44,564.42 pHect)			73,531	
Stamp Duty		4.00%	2,941	
Agent Fee		1.00%	735	
Legal Fee		0.50%	368	
				77,576

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
Retail	1,027.00	£1,136.00	1,166,672	1,166,672

Contingency		5.00%	58,334	
Statutory/LA	1,027.00 m ²	30.00 pm ²	30,810	
				89,144

PROFESSIONAL FEES

Professional Fees		10.00%	122,501	122,501
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MARKETING & LETTING

Marketing		3.00%	70,165	
Letting Agent Fee		10.00%	16,935	
Letting Legal Fee		5.00%	8,468	
				95,568

DISPOSAL FEES

Sales Agent Fee		1.50%	35,083	
Sales Legal Fee		0.25%	5,847	
				40,930

MISCELLANEOUS FEES

Private Profit		20.00%	467,768	467,768
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			8,017	
Construction			43,398	
Other			99,051	
Total Finance Cost				150,466

TOTAL COSTS**2,210,623****PROFIT****0**

**LB Southwark CIL Site Testing
16.b - SE15****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.66%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.24%
Net Initial Yield%	7.24%
	6.78%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
16.c- SE15****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Office	581.40	£161.00	93,605

Investment Valuation**Office**

Market Rent	93,605	YP @	6.7500%	14.8148	
(1yr Rent Free)		PV 1yr @	6.7500%	0.9368	1,299,055

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(71,215)	1,299,055
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NET DEVELOPMENT VALUE1,227,840**NET REALISATION****1,227,840****OUTLAY****ACQUISITION COSTS**

Residualised Price	(473,276)	(473,276)
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CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
Office	684.00	£1,612.00	1,102,608

Contingency		5.00%	55,130
Developers Contingency	684.00 m ²	30.00 pm ²	20,520
			75,650

PROFESSIONAL FEES

Professional Fees	10.00%	115,774	115,774
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MARKETING & LETTING

Marketing	3.00%	38,972
Letting Agent Fee	10.00%	9,361
Letting Legal Fee	5.00%	4,680
		53,012

DISPOSAL FEES

Sales Agent Fee	1.50%	19,486
Sales Legal Fee	0.25%	3,248
		22,733

MISCELLANEOUS FEES

Private Profit	20.00%	259,811	259,811
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		(23,224)	
Construction		39,732	
Other		55,020	
Total Finance Cost			71,527

TOTAL COSTS**1,227,840****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%

LB Southwark CIL Site Testing**16.c- SE15**

Profit on NDV%	0.00%
Development Yield% (on Rent)	7.62%
Equivalent Yield% (Nominal)	6.75%
Equivalent Yield% (True)	7.04%
Gross Initial Yield%	7.21%
Net Initial Yield%	7.21%
	10.68%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 17 - SE15****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Light Industrial (B1)	316.80	£118.00	37,382

Investment Valuation**Light Industrial (B1)**

Market Rent	37,382	YP @	7.0000%	14.2857	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.0000%	0.9667	516,265

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(28,302)	516,265
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NET DEVELOPMENT VALUE487,963**NET REALISATION****487,963****OUTLAY****ACQUISITION COSTS**

Residualised Price	(145,727)	(145,727)
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CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Light Industrial (B1)	352.00	£1,143.00	402,336	402,336

Contingency		5.00%	20,117
Statutory/LA	352.00 m ²	30.00 pm ²	10,560
			30,677

PROFESSIONAL FEES

Professional Fees	10.00%	40,234	40,234
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MARKETING & LETTING

Marketing	3.00%	15,488
Letting Agent Fee	10.00%	3,738
Letting Legal Fee	5.00%	1,869
		21,095

DISPOSAL FEES

Sales Agent Fee	1.50%	7,744
Sales Legal Fee	0.25%	1,291
		9,035

MISCELLANEOUS FEES

Private Profit	20.00%	103,253	103,253
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		(5,570)	
Construction		10,767	
Other		21,864	
Total Finance Cost		27,061	

TOTAL COSTS**487,963****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%

**LB Southwark CIL Site Testing
Site 17 - SE15**

Profit on NDV%	0.00%
Development Yield% (on Rent)	7.66%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.24%
Net Initial Yield%	7.24%
	8.92%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 18 - SE16****Summary Appraisal for Phase 1****REVENUE****Sales Valuation**

	Units	Unit Amount	Gross Sales	
Car Parking	48 units at	£10,000	480,000	
	m²	Rate m²	Gross Sales	
Market Resi	5,217.00	£3,875.00	20,215,875	
Aff Resi - Social Rent	1,984.00	£1,043.00	2,069,312	
Aff Resi - Shared Ownership	1,272.00	£2,093.00	2,662,296	
Totals	<u>8,473.00</u>		<u>24,947,483</u>	25,427,483

Rental Area Summary

	Units	Unit Amount	Gross MRV
Ground rents	87 units at	£250	21,750

Investment Valuation**Ground rents**

Market Rent	21,750	YP @	6.0000%	16.6667	
		PV 1yr 4mths @	6.0000%	0.9252	335,403

GROSS DEVELOPMENT VALUE

25,762,886

Purchaser's Costs

5.80% (18,387)

NET DEVELOPMENT VALUE25,744,499**NET REALISATION****25,744,499****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.90 Ha £2,788,280.63 pHect)			2,509,453	
Stamp Duty		4.00%	100,378	
Agent Fee		1.00%	25,095	
Legal Fee		0.50%	12,547	
				2,647,472

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
Market Resi	6,138.00	£1,400.00	8,593,200	
Aff Resi - Social Rent	2,334.00	£1,400.00	3,267,600	
Aff Resi - Shared Ownership	1,496.00	£1,400.00	2,094,400	
Totals	<u>9,968.00</u>		<u>13,955,200</u>	13,955,200

Contingency

5.00% 697,760

Statutory/LA

128,000

825,760

PROFESSIONAL FEES

Professional Fees

10.00% 1,465,296

1,465,296

MARKETING & LETTING

Marketing

3.00% 620,876

620,876

DISPOSAL FEES

Sales Agent Fee

1.50% 315,469

Sales Legal Fee

0.25% 64,407

379,876

MISCELLANEOUS FEES

Private Profit

20.00% 4,206,256

Affordable Profit

6.00% 283,896

4,490,152

**LB Southwark CIL Site Testing
Site 18 - SE16****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	454,517	
Construction	636,876	
Other	268,473	
Total Finance Cost		1,359,866

TOTAL COSTS**25,744,499****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.08%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.48%
Net Initial Yield%	6.48%
	6.49%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Southwark CIL Study
Site 19 - SE17****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Student Accommodation	3,066.75	£4,021.00	12,331,402	
B1 - incubator	864.00	£1,800.00	1,555,200	
A1 - retail	79.50	£2,018.00	160,431	
Affordable Housing - 35%	1,651.50	£1,550.00	2,559,825	
Totals	<u>5,661.75</u>		<u>16,606,858</u>	16,606,858

NET REALISATION**16,606,858****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,472,758	
Stamp Duty		4.00%	98,910	
Legal Fee		0.25%	6,182	
				2,577,850

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Student Accommodation	4,089.00	£1,505.00	6,153,945	
B1 - incubator	864.00	£1,000.00	864,000	
A1 - retail	106.00	£1,000.00	106,000	
Affordable Housing - 35%	2,202.00	£1,505.00	3,314,010	
Totals	<u>7,261.00</u>		<u>10,437,955</u>	10,437,955

Contingency		5.00%	521,898	
Demolition			30,000	
				551,898

PROFESSIONAL FEES

Architect		8.00%	835,036	
				835,036

DISPOSAL FEES

Sales Agent Fee		1.00%	166,069	
Sales Legal Fee		0.25%	41,517	
				207,586

FINANCE

Debit Rate 6.50% Credit Rate 0.00% (Nominal)				
Land			246,640	
Construction			338,431	
Total Finance Cost				585,070

TOTAL COSTS**15,195,396****PROFIT****1,411,462****Performance Measures**

Profit on Cost%		9.29%		
Profit on GDV%		8.50%		
Profit on NDV%		8.50%		
		20.00%		
Profit Erosion (finance rate 6.500%)		1 yr 5 mths		

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

London Borough of Southwark Site Testing
20.a - SE5 0

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	5,947.00	£3,767.00	22,402,349	
Social Rented Units	2,193.00	£1,186.00	2,600,898	
Shared Ownership Units	939.00	£2,106.00	1,977,534	
Totals	<u>9,079.00</u>		<u>26,980,781</u>	26,980,781

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	76 units at	£250	19,000

Investment Valuation**Ground Rents**

Current Rent	19,000	YP @	6.0000%	16.6667	316,667
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GROSS DEVELOPMENT VALUE 27,297,448

Purchaser's Costs 5.80% (17,360)

NET DEVELOPMENT VALUE 27,280,088

Income from Tenants 17,417

NET REALISATION 27,297,505

OUTLAY**ACQUISITION COSTS**

Residualised Price (980,548) (980,548)

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Private Residential Units	6,996.00	£1,754.52	12,274,622
Social Rented Units	2,580.00	£1,754.52	4,526,662
Shared Ownership Units	1,105.00	£1,754.52	1,938,745
Totals	<u>10,681.00</u>		<u>18,740,028</u>

Contingency 5.00% 937,001
Section 106 116,000
1,053,001

PROFESSIONAL FEES

Professional Fees 10.00% 1,874,003
1,874,003

MARKETING & LETTING

Letting Agent Fee 10.00% 1,900
Letting Legal Fee 5.00% 950
2,850

DISPOSAL FEES

Sales Agent Fee 1.50% 409,201
Sales Legal Fee 0.25% 68,200
477,402

Additional Costs

Profit on Affordable 6.00% 274,706
Profit on Private 20.00% 4,543,803
4,818,509

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)
Land (124,857)
Construction 1,087,975

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****London Borough of Southwark Site Testing****20.a - SE5 0**

Other	349,142	
Total Finance Cost		1,312,260

TOTAL COSTS**27,297,505****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.07%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%

3.72%

Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 20b - SE5 0****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
A1 space	565.22	£376.74	212,941

Investment Valuation**A1 space**

Market Rent	212,941	YP @	7.0000%	14.2857	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	7.0000%	0.9452	2,875,244

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(157,622)	2,875,244
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NET DEVELOPMENT VALUE2,717,622**NET REALISATION****2,717,622****OUTLAY****ACQUISITION COSTS**

Residualised Price			620,062
Stamp Duty		4.00%	24,802
Agent Fee		1.00%	6,201
Legal Fee		0.25%	1,550
			652,615

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
A1 space	665.00	£1,507.00	1,002,155
			1,002,155
Contingency		5.00%	50,108
Statutory/LA	665.00 m ²	30.00 pm ²	19,950
			70,058

PROFESSIONAL FEES

Professional Fees	10.00%	100,215	100,215
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MARKETING & LETTING

Marketing	3.00%	86,257	
Letting Agent Fee	10.00%	21,294	
Letting Legal Fee	5.00%	10,647	
			118,198

DISPOSAL FEES

Sales Agent Fee	1.50%	40,764	
Sales Legal Fee	0.25%	6,794	
			47,558

Additional Costs

Profit on Private	20.00%	575,049	575,049
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			80,042
Construction			46,986
Other			24,745
Total Finance Cost			151,773

TOTAL COSTS**2,717,622****PROFIT****0**

**LB Southwark CIL Site Testing
Site 20b - SE5 0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.84%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.41%
Net Initial Yield%	7.41%
	6.55%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CII Site Testing
Site 20c - SE5 0****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
B1 space	521.93	£172.22	89,887

Investment Valuation**B1 space**

Market Rent	89,887	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	1,200,091

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(65,789)	1,200,091
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NET DEVELOPMENT VALUE1,134,301**NET REALISATION****1,134,301****OUTLAY****ACQUISITION COSTS**

Residualised Price	(365,786)	(365,786)
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CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
B1 space	614.00	£1,614.59	991,358

Contingency		5.00%	49,568
Developers Contingency	614.00 m ²	30.00 pm ²	18,420
			67,988

PROFESSIONAL FEES

Professional Fees	10.00%	99,136	99,136
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MARKETING & LETTING

Marketing	3.00%	36,003	
Letting Agent Fee	10.00%	8,989	
Letting Legal Fee	5.00%	4,494	
			49,486

DISPOSAL FEES

Sales Agent Fee	1.50%	17,015	
Sales Legal Fee	0.25%	2,836	
			19,850

Additional Costs

Profit on Private	20.00%	240,018	240,018
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		(23,614)	
Construction		45,539	
Other		10,325	
Total Finance Cost			32,251

TOTAL COSTS**1,134,301****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%

LB Southwark CII Site Testing**Site 20c - SE5 0**

Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	15.97%
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

London Borough of Southwark CIL Site Testing
Site 21a - SE17 3

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	9,724.00	£5,000.00	48,620,000	
Social Rented Units	3,672.00	£1,365.00	5,012,280	
Shared Ownership Units	1,632.00	£1,928.00	3,146,496	
Totals	<u>15,028.00</u>		<u>56,778,776</u>	56,778,776

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	143 units at	£250	35,750

Investment Valuation**Ground Rents**

Current Rent	35,750	YP @	6.0000%	16.6667	595,833
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GROSS DEVELOPMENT VALUE 57,374,609

Purchaser's Costs 5.80% (32,664)
NET DEVELOPMENT VALUE 57,341,946

Income from Tenants 53,625

NET REALISATION 57,395,571

OUTLAY**ACQUISITION COSTS**

Residualised Price			5,912,239	
Stamp Duty		4.00%	236,490	
Agent Fee		1.00%	59,122	
Legal Fee		0.50%	29,561	
				6,237,412

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	11,440.00	£1,754.52	20,071,709	
Social Rented Units	4,320.00	£1,754.52	7,579,526	
Shared Ownership Units	1,920.00	£1,754.52	3,368,678	
Totals	<u>17,680.00</u>		<u>31,019,914</u>	31,019,914

Contingency		5.00%	1,550,996	
Section 106			221,000	
				1,771,996

PROFESSIONAL FEES

Professional Fees		10.00%	3,101,991	
				3,101,991

MARKETING & LETTING

Letting Agent Fee		10.00%	3,575	
Letting Legal Fee		5.00%	1,788	
				5,363

DISPOSAL FEES

Sales Agent Fee		1.50%	860,129	
Sales Legal Fee		0.25%	143,355	
				1,003,484

Additional Costs

Profit on Affordable		6.00%	489,527	
Profit on Private		20.00%	9,843,167	
				10,332,693

FINANCE

**London Borough of Southwark CIL Site Testing
Site 21a - SE17 3**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	877,360	
Construction	1,166,427	
Other	1,878,931	
Total Finance Cost		3,922,718

TOTAL COSTS**57,395,571****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.63%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CII Site Testing
Site 21b - SE17 3****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m ²	Rate m ²	Gross MRV
B1 Office space	1,598.03	£172.22	275,213

Investment Valuation**B1 Office space**

Market Rent	275,213	YP @	7.0000%	14.2857	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	7.0000%	0.9452	3,716,071

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(203,717)	3,716,071
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NET DEVELOPMENT VALUE3,512,354**NET REALISATION****3,512,354****OUTLAY****ACQUISITION COSTS**

Residualised Price	(1,093,726)	(1,093,726)
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CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
B1 Office space	1,879.99	£1,614.59	3,035,413

Contingency		5.00%	151,771
Statutory/LA	1,879.99 m ²	30.00 pm ²	56,400
			208,170

PROFESSIONAL FEES

Professional Fees	10.00%	303,541	303,541
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MARKETING & LETTING

Marketing	3.00%	111,482	
Letting Agent Fee	10.00%	27,521	
Letting Legal Fee	5.00%	13,761	
			152,764

DISPOSAL FEES

Sales Agent Fee	1.50%	52,685	
Sales Legal Fee	0.25%	8,781	
			61,466

Additional Costs

Profit on Private	20.00%	743,214	743,214
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			(72,446)
Construction			141,976
Other			31,981
Total Finance Cost			101,511

TOTAL COSTS**3,512,354****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%

LB Southwark CII Site Testing**Site 21b - SE17 3**

Profit on NDV%	0.00%
Development Yield% (on Rent)	7.84%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.41%
Net Initial Yield%	7.41%
	13.82%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark CIL Site Testing
Site 22a - SE15 6**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	4,716.04	£3,500.00	16,506,140	
Social Rented Units	1,680.06	£1,142.00	1,918,629	
Shared Ownership Units	764.03	£2,139.00	1,634,260	
Totals	<u>7,160.13</u>		<u>20,059,029</u>	20,059,029

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	77 units at	£250	19,250

Investment Valuation**Ground Rents**

Current Rent	19,250	YP @	6.0000%	16.6667	320,833
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GROSS DEVELOPMENT VALUE 20,379,862

Purchaser's Costs 5.80% (17,588)
NET DEVELOPMENT VALUE 20,362,274

Income from Tenants 14,438

NET REALISATION 20,376,711

OUTLAY**ACQUISITION COSTS**

Residualised Price			1,417,443
Stamp Duty		4.00%	56,698
Agent Fee		1.00%	14,174
Legal Fee		0.50%	7,087
			1,495,403

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	5,548.26	£1,400.00	7,767,564	
Social Rented Units	1,976.51	£1,400.00	2,767,114	
Shared Ownership Units	898.84	£1,400.00	1,258,376	
Totals	<u>8,423.61</u>		<u>11,793,054</u>	11,793,054

Contingency		5.00%	589,653
Section 106			117,000
			706,653

PROFESSIONAL FEES

Professional Fees		10.00%	1,179,305
			1,179,305

MARKETING & LETTING

Marketing		3.00%	504,809
Letting Agent Fee		10.00%	1,925
Letting Legal Fee		5.00%	963
			507,697

DISPOSAL FEES

Sales Agent Fee		1.50%	305,434
Sales Legal Fee		0.25%	50,906
			356,340

Additional Costs

Profit on Affordable		6.00%	213,173
Profit on Private		20.00%	3,365,395
			3,578,568

**LB Southwark CIL Site Testing
Site 22a - SE15 6****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	207,011	
Construction	355,945	
Other	196,735	
Total Finance Cost		759,692

TOTAL COSTS**20,376,711****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.09%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.23%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

London Borough of Southwark Site Testing
Site 22b - SE15 6

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
B1 space	11,207.36	£161.46	1,809,540

Investment Valuation**B1 space**

Market Rent	1,809,540	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	24,159,417

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(1,324,429)	24,159,417
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NET DEVELOPMENT VALUE22,834,988**NET REALISATION****22,834,988****OUTLAY****ACQUISITION COSTS**

Residualised Price	(8,795,952)	(8,795,952)
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CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
B1 space	13,185.08	£1,614.59	21,288,498

Contingency		5.00%	1,064,425
Statutory/LA	13,185.08 m ²	30.00 pm ²	395,552
			1,459,977

PROFESSIONAL FEES

Professional Fees	10.00%	2,128,850	2,128,850
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MARKETING & LETTING

Marketing	3.00%	724,783	
Letting Agent Fee	10.00%	180,954	
Letting Legal Fee	5.00%	90,477	
			996,214

DISPOSAL FEES

Sales Agent Fee	1.00%	228,350	
Sales Legal Fee	0.25%	57,087	
			285,437

Additional Costs

Profit on Private	20.00%	4,831,883	4,831,883
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		(565,688)	
Construction		995,733	
Other		210,035	
Total Finance Cost			640,080

TOTAL COSTS**22,834,988****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%

London Borough of Southwark Site Testing**Site 22b - SE15 6**

Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	N/A
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**London Borough of Southwark
Site 22c - SE15 6**Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	228.63	£344.45	78,752

Investment Valuation**Retail**

Market Rent	78,752	YP @	7.0000%	14.2857	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	7.0000%	0.9452	1,063,347

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(58,293)	1,063,347
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NET DEVELOPMENT VALUE1,005,054**NET REALISATION****1,005,054****OUTLAY****ACQUISITION COSTS**

Residualised Price			298,585
Stamp Duty		4.00%	11,943
Agent Fee		1.00%	2,986
Legal Fee		0.25%	746
			314,261

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Retail	269.05	£1,136.00	305,641	305,641
Contingency		5.00%	15,282	
Statutory/LA	269.05 m ²	30.00 pm ²	8,072	23,354

PROFESSIONAL FEES

Professional Fees	10.00%	30,564	30,564
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MARKETING & LETTING

Marketing	3.00%	31,900	
Letting Agent Fee	10.00%	7,875	
Letting Legal Fee	5.00%	3,938	43,713

DISPOSAL FEES

Sales Agent Fee	1.00%	10,051	
Sales Legal Fee	0.25%	2,513	12,563

Additional Costs

Profit on Private	20.00%	212,669	212,669
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			38,544
Construction			14,498
Other			9,247
Total Finance Cost			62,288

TOTAL COSTS**1,005,054****PROFIT****0**

**London Borough of Southwark
Site 22c - SE15 6****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.84%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.41%
Net Initial Yield%	7.41%
	6.61%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**London Borough of Southwark CIL site testing
Site 23a - SE15**Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	5,032.08	£3,660.00	18,417,402	
Social Rented Units	1,836.03	£1,166.00	2,140,809	
Shared Ownership Units	884.02	£2,120.00	1,874,120	
Totals	<u>7,752.12</u>		<u>22,432,330</u>	22,432,330

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	74 units at	£250	18,500

Investment Valuation**Ground Rents**

Current Rent	18,500	YP @	6.0000%	16.6667	308,333
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GROSS DEVELOPMENT VALUE 22,740,663

Purchaser's Costs 5.80% (16,903)

NET DEVELOPMENT VALUE 22,723,760

Income from Tenants 12,333

NET REALISATION 22,736,094**OUTLAY****ACQUISITION COSTS**

Residualised Price			2,031,950
Stamp Duty		4.00%	81,278
Agent Fee		1.00%	20,320
Legal Fee		0.50%	10,160
			2,143,708

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	5,920.00	£1,400.00	8,288,000	
Social Rented Units	2,160.00	£1,400.00	3,024,000	
Shared Ownership Units	1,040.00	£1,400.00	1,456,000	
Totals	<u>9,120.00</u>		<u>12,768,000</u>	12,768,000

Contingency		5.00%	638,400
Section 106			114,000
			752,400

PROFESSIONAL FEES

Professional Fees		10.00%	1,276,800	1,276,800
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MARKETING & LETTING

Marketing		3.00%	561,772
Letting Agent Fee		10.00%	1,850
Letting Legal Fee		5.00%	925
			564,547

DISPOSAL FEES

Sales Agent Fee		1.50%	340,856
Sales Legal Fee		0.25%	56,809
			397,666

Additional Costs

Profit on Affordable		6.00%	240,896
Profit on Private		20.00%	3,745,147
			3,986,043

**London Borough of Southwark CIL site testing
Site 23a - SE15****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	297,943	
Construction	363,788	
Other	185,200	
Total Finance Cost		846,931

TOTAL COSTS**22,736,094****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.08%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.23%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**London Borough of Southwark
Site 23b - SE15**Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	898.47	£344.45	309,478

Investment Valuation**Retail**

Market Rent	309,478	YP @	7.0000%	14.2857	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	7.0000%	0.9452	4,178,739

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(229,080)	4,178,739
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NET DEVELOPMENT VALUE3,949,659**NET REALISATION****3,949,659****OUTLAY****ACQUISITION COSTS**

Residualised Price			777,004
Stamp Duty		4.00%	31,080
Agent Fee		1.00%	7,770
Legal Fee		0.25%	1,943
			817,797

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail	1,057.05	£1,507.00	1,592,974
			1,592,974
Contingency		5.00%	79,649
Statutory/LA	1,057.05 m ²	30.00 pm ²	31,712
			111,360

PROFESSIONAL FEES

Professional Fees	10.00%	159,297	159,297
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MARKETING & LETTING

Marketing	3.00%	125,362	
Letting Agent Fee	10.00%	30,948	
Letting Legal Fee	5.00%	15,474	
			171,784

DISPOSAL FEES

Sales Agent Fee	1.00%	39,497	
Sales Legal Fee	0.25%	9,874	
			49,371

Additional Costs

Profit on Private	20.00%	835,748	835,748
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			100,302
Construction			74,687
Other			36,339
Total Finance Cost			211,328

TOTAL COSTS**3,949,659****PROFIT****0**

**London Borough of Southwark
Site 23b - SE15****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.84%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.41%
Net Initial Yield%	7.41%
	6.52%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

London Borough of Southwark CII Site Testing
Site 24.a - Se16 4

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Car Parking	183 units at	£10,000	1,830,000	
	m²	Rate m²	Gross Sales	
Private Residential Units	34,461.00	£8,000.00	275,688,000	
Social Rented Units	13,043.00	£1,656.00	21,599,208	
Shared Ownership Units	5,590.00	£1,814.00	10,140,260	
Totals	<u>53,094.00</u>		<u>307,427,468</u>	309,257,468

Rental Area Summary

	Units	Unit Amount	Gross MRV
Ground Rents	381 units at	£250	95,250

Investment Valuation

Ground Rents				
Current Rent	95,250	YP @	6.0000%	16.6667
				1,587,500

GROSS DEVELOPMENT VALUE

310,844,968

Purchaser's Costs	5.80%	(87,027)
NET DEVELOPMENT VALUE		<u>310,757,941</u>

Income from Tenants 976,313

NET REALISATION**311,734,253****OUTLAY****ACQUISITION COSTS**

Residualised Price		35,557,781
Stamp Duty	4.00%	1,422,311
Agent Fee	1.00%	355,578
Legal Fee	0.50%	177,789
		37,513,459

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	40,542.00	£1,754.52	71,131,750	
Social Rented Units	15,345.00	£1,754.52	26,923,109	
Shared Ownership Units	6,576.00	£1,754.52	11,537,724	
Totals	<u>62,463.00</u>		<u>109,592,583</u>	109,592,583

Contingency	5.00%	5,479,629
Section 106		587,000
		6,066,629

PROFESSIONAL FEES

Professional Fees	10.00%	10,959,258
		10,959,258

MARKETING & LETTING

Marketing	3.00%	8,318,265
Letting Agent Fee	10.00%	9,525
Letting Legal Fee	5.00%	4,763
		8,332,552

DISPOSAL FEES

Sales Agent Fee	1.50%	4,661,369
Sales Legal Fee	0.25%	776,895
		5,438,264

Additional Costs

**London Borough of Southwark CII Site Testing
Site 24.a - Se16 4**

Profit on Affordable	6.00%	1,904,368	
Profit on Private	20.00%	55,455,100	
			57,359,468
FINANCE			
Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		10,037,055	
Construction		12,316,568	
Other		54,118,416	
Total Finance Cost			76,472,040
TOTAL COSTS			311,734,253
PROFIT			0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.03%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	7.04%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 24b - SE16 4**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	233.74	£344.45	80,512

Investment Valuation**Retail**

Market Rent	80,512	YP @	6.5000%	15.3846	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	6.5000%	0.9489	1,175,316

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(64,431)	1,175,316
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NET DEVELOPMENT VALUE1,110,884**NET REALISATION****1,110,884****OUTLAY****ACQUISITION COSTS**

Residualised Price			253,988
Stamp Duty		4.00%	10,160
Agent Fee		1.00%	2,540
Legal Fee		0.25%	635
			267,322

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Retail	274.99	£1,507.00	414,410	414,410
Contingency		5.00%	20,720	
Statutory/LA	274.99 m ²	30.00 pm ²	8,250	28,970

PROFESSIONAL FEES

Professional Fees	10.00%	41,441	41,441
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MARKETING & LETTING

Marketing	3.00%	35,259	
Letting Agent Fee	10.00%	8,051	
Letting Legal Fee	5.00%	4,026	47,336

DISPOSAL FEES

Sales Agent Fee	1.00%	11,109	
Sales Legal Fee	0.25%	2,777	13,886

Additional Costs

Profit on Private	20.00%	235,063	235,063
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			32,787
Construction			19,430
Other			10,239
Total Finance Cost			62,456

TOTAL COSTS**1,110,884****PROFIT****0**

**LB Southwark Cil Site Testing
Site 24b - SE16 4****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.25%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.85%
Net Initial Yield%	6.85%
	6.55%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 25 - SE1 2****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Boutique Hotel	4,339.27	£4,839.53	21,000,010	
Purchaser's Costs		5.80%	(1,151,229)	
NET DEVELOPMENT VALUE				19,848,780

NET REALISATION**19,848,780****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,079,637	
Stamp Duty		4.00%	83,185	
Agent Fee		1.00%	20,796	
Legal Fee		0.50%	10,398	
				2,194,017

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Boutique Hotel	5,105.02	£2,000.00	10,210,064	10,210,064
Contingency		5.00%	510,503	
Statutory/LA	5,105.02 m ²	30.00 pm ²	153,151	
				663,654

PROFESSIONAL FEES

Professional Fees		10.00%	1,021,006	
				1,021,006

MARKETING & LETTING

Marketing		3.00%	306,302	
				306,302

DISPOSAL FEES

Sales Agent Fee		1.50%	297,732	
Sales Legal Fee		0.25%	49,622	
				347,354

Additional Costs

Profit on Private		20.00%	4,200,002	
				4,200,002

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			312,198	
Construction			594,191	
Total Finance Cost				906,389

TOTAL COSTS**19,848,788****PROFIT****(7)****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
	6.55%
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 26a - SE1****Summary Appraisal for Phase 1****REVENUE****Sales Valuation**

	Units	Unit Amount	Gross Sales	
Car Parking	142 units at	£10,000	1,420,000	
	m²	Rate m²	Gross Sales	
Private Residential Units	24,838.00	£9,190.00	228,261,220	
Social Rented Units	9,407.00	£1,695.00	15,944,865	
Shared Ownership Units	4,017.00	£1,869.00	7,507,773	
Totals	<u>38,262.00</u>		<u>251,713,858</u>	253,133,858

Rental Area Summary

	Units	Unit Amount	Gross MRV
Ground Rents	230 units at	£250	57,500

Investment Valuation**Ground Rents**

Current Rent	57,500	YP @	6.0000%	16.6667	958,333
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GROSS DEVELOPMENT VALUE

254,092,191

Purchaser's Costs

5.80%

(52,536)

NET DEVELOPMENT VALUE254,039,655

Income from Tenants

436,042

NET REALISATION**254,475,697****OUTLAY****ACQUISITION COSTS**

Residualised Price			47,807,997	
Stamp Duty		4.00%	1,912,320	
Agent Fee		1.00%	478,080	
Legal Fee		0.50%	239,040	
				50,437,437

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
Private Residential Units	29,196.00	£1,754.52	51,224,966	
Social Rented Units	11,058.00	£1,754.52	19,401,482	
Shared Ownership Units	4,722.00	£1,754.52	8,284,843	
Totals	<u>44,976.00</u>		<u>78,911,292</u>	78,911,292

Contingency

5.00%

3,945,565

Section 106

354,000

4,299,565

PROFESSIONAL FEES

Professional Fees

10.00%

8,285,686

8,285,686

MARKETING & LETTING

Marketing

3.00%

6,847,837

Letting Agent Fee

10.00%

5,750

Letting Legal Fee

5.00%

2,875

6,856,462

DISPOSAL FEES

Sales Agent Fee

1.50%

3,458,805

Sales Legal Fee

0.25%

635,099

4,093,904

Additional Costs

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 26a - SE1**

Profit on Affordable	6.00%	1,407,158	
Profit on Private	20.00%	45,843,911	
			47,251,069

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		13,495,554	
Construction		8,627,333	
Other		32,217,396	
Total Finance Cost			54,340,283

TOTAL COSTS**254,475,697****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	7.02%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 26b - SE1****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
A space	776.48	£376.74	292,531

Investment Valuation**A space**

Market Rent	292,531	YP @	6.0000%	16.6667	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	6.0000%	0.9526	4,644,431

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(254,610)	4,644,431
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NET DEVELOPMENT VALUE4,389,822**NET REALISATION****4,389,822****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,275,561
Stamp Duty		4.00%	51,022
Agent Fee		1.00%	12,756
Legal Fee		0.25%	3,189
			1,342,528

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
A space	913.52	£1,507.00	1,376,675
			1,376,675
Contingency		5.00%	68,834
Statutory/LA	913.52 m ²	30.00 pm ²	27,406
			96,239

PROFESSIONAL FEES

Professional Fees	10.00%	137,667	137,667
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MARKETING & LETTING

Marketing	3.00%	139,333	
Letting Agent Fee	10.00%	29,253	
Letting Legal Fee	5.00%	14,627	
			183,213

DISPOSAL FEES

Sales Agent Fee	1.00%	43,898	
Sales Legal Fee	0.25%	10,975	
			54,873

Additional Costs

Profit on Private	20.00%	928,886	928,886
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			164,660
Construction			64,546
Other			40,536
Total Finance Cost			269,741

TOTAL COSTS**4,389,822****PROFIT****0**

**LB Southwark Cil Site Testing
Site 26b - SE1****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.66%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.30%
Net Initial Yield%	6.30%
	6.60%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 26c - SE1****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
B1 space	776.48	£269.10	208,951

Investment Valuation**B1 space**

Market Rent	208,951	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	2,789,730

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(152,934)	2,789,730
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NET DEVELOPMENT VALUE2,636,796**NET REALISATION****2,636,796****OUTLAY****ACQUISITION COSTS**

Residualised Price			96,483
Stamp Duty		4.00%	3,859
Agent Fee		1.00%	965
Legal Fee		0.25%	241
			101,549

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
B1 space	913.52	£1,614.59	1,474,960
			1,474,960
Contingency		5.00%	73,748
Statutory/LA	913.52 m ²	30.00 pm ²	27,406
			101,154

PROFESSIONAL FEES

Professional Fees	10.00%	147,496	147,496
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MARKETING & LETTING

Marketing	3.00%	83,692	
Letting Agent Fee	10.00%	20,895	
Letting Legal Fee	5.00%	10,448	
			115,035

DISPOSAL FEES

Sales Agent Fee	1.00%	26,368	
Sales Legal Fee	0.25%	6,592	
			32,960

Additional Costs

Profit on Private	20.00%	557,946	557,946
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			12,455
Construction			68,989
Other			24,253
Total Finance Cost			105,697

TOTAL COSTS**2,636,796****PROFIT****0**

**LB Southwark Cil Site Testing
Site 26c - SE1****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.32%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 27 - SE16****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Light Industrial	201.60	£123.78	24,954

Investment Valuation**Light Industrial**

Market Rent	24,954	YP @	7.0000%	14.2857	
		PV 1yr 1mth @	7.0000%	0.9293	331,292

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(18,162)	331,292
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NET DEVELOPMENT VALUE 313,130**NET REALISATION****313,130****OUTLAY****ACQUISITION COSTS**

Residualised Price	(76,881)	(76,881)
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CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Light Industrial	224.08	£1,156.91	259,240	259,240

Contingency	5.00%	12,962	12,962
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PROFESSIONAL FEES

Professional Fees	10.00%	25,924	25,924
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MARKETING & LETTING

Marketing	3.00%	9,939	
Letting Agent Fee	10.00%	2,495	
Letting Legal Fee	5.00%	1,248	
			13,682

DISPOSAL FEES

Sales Agent Fee	1.00%	3,131	
Sales Legal Fee	0.25%	783	
			3,914

Additional Costs

Profit on Private	20.00%	66,258	66,258
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		(4,053)	
Construction		9,154	
Other		2,930	
Total Finance Cost			8,031

TOTAL COSTS**313,130****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%

**LB Southwark Cil Site Testing
Site 27 - SE16**

Development Yield% (on Rent)	7.97%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.53%
Net Initial Yield%	7.53%
	10.22%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 28a - SE16 2**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	19,515.84	£5,554.18	108,394,484	
Social Rented Units	7,343.89	£1,431.60	10,513,510	
Shared Ownership Units	3,128.00	£1,797.57	5,622,799	
Totals	<u>29,987.73</u>		<u>124,530,793</u>	124,530,793

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	287 units at	£250	71,750

Investment Valuation**Ground Rents**

Current Rent	71,750	YP @	6.0000%	16.6667	1,195,833
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GROSS DEVELOPMENT VALUE 125,726,626

Purchaser's Costs 5.80% (65,556)
NET DEVELOPMENT VALUE 125,661,070

Income from Tenants 263,083

NET REALISATION 125,924,153

OUTLAY**ACQUISITION COSTS**

Residualised Price			12,392,802
Stamp Duty		4.00%	495,712
Agent Fee		1.00%	123,928
Legal Fee		0.50%	61,964
			13,074,406

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	22,960.00	£1,754.52	40,283,779	
Social Rented Units	8,640.00	£1,754.52	15,159,053	
Shared Ownership Units	3,680.00	£1,754.52	6,456,634	
Totals	<u>35,280.00</u>		<u>61,899,466</u>	61,899,466

Contingency		5.00%	3,094,973
Section 106			441,000
			3,535,973

PROFESSIONAL FEES

Professional Fees		10.00%	6,189,947
			6,189,947

MARKETING & LETTING

Marketing		3.00%	3,287,710
Letting Agent Fee		10.00%	7,175
Letting Legal Fee		5.00%	3,588
			3,298,472

DISPOSAL FEES

Sales Agent Fee		1.50%	1,884,916
Sales Legal Fee		0.25%	314,153
			2,199,069

Additional Costs

Profit on Affordable		6.00%	968,179
Profit on Private		20.00%	21,918,064
			22,886,242

**LB Southwark Cil Site Testing
Site 28a - SE16 2****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	2,366,216	
Construction	2,834,404	
Other	7,639,959	
Total Finance Cost		12,840,579

TOTAL COSTS**125,924,153****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.81%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 28b - SE16 2****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
A1 space	8,846.88	£215.28	1,904,556
A3 space	267.75	£215.28	57,641
Totals	<u>9,114.63</u>		<u>1,962,198</u>

Investment Valuation**A1 space**

Market Rent	1,904,556	YP @	6.0000%	16.6667
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	6.0000%	0.9526

A3 space

Market Rent	57,641	YP @	6.0000%	16.6667
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(1,707,349)	31,144,398
NET DEVELOPMENT VALUE			<u>29,437,049</u>

NET REALISATION**29,437,049****OUTLAY****ACQUISITION COSTS**

Residualised Price			6,441,005
Stamp Duty		4.00%	257,640
Agent Fee		1.00%	64,410
Legal Fee		0.25%	16,103
			6,779,157

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
A1 space	10,408.11	£1,044.00	10,866,067
A3 space	315.03	£1,044.00	328,891
Totals	<u>10,723.14</u>		<u>11,194,958</u>

Contingency		5.00%	559,748
Statutory/LA	10,723.14 m ²	30.00 pm ²	321,694
			881,442

PROFESSIONAL FEES

Professional Fees		10.00%	1,119,496
			1,119,496

MARKETING & LETTING

Marketing		3.00%	934,332
Letting Agent Fee		10.00%	196,220
Letting Legal Fee		5.00%	98,110
			1,228,662

DISPOSAL FEES

Sales Agent Fee		1.00%	294,370
Sales Legal Fee		0.25%	73,593
			367,963

Additional Costs

Profit on Private		20.00%	6,228,880
			6,228,880

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			831,456
Construction			533,216

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 28b - SE16 2**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
A1 space	8,846.88	£215.28	1,904,556
A3 space	267.75	£215.28	57,641
Totals	<u>9,114.63</u>		<u>1,962,198</u>

Investment Valuation**A1 space**

Market Rent	1,904,556	YP @	6.0000%	16.6667	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	6.0000%	0.9526	30,238,090

A3 space

Market Rent	57,641	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	906,308
					31,144,398

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(1,707,349)	31,144,398
NET DEVELOPMENT VALUE			<u>29,437,049</u>

NET REALISATION**29,437,049****OUTLAY****ACQUISITION COSTS**

Residualised Price			6,441,005
Stamp Duty		4.00%	257,640
Agent Fee		1.00%	64,410
Legal Fee		0.25%	16,103
			6,779,157

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
A1 space	10,408.11	£1,044.00	10,866,067
A3 space	315.03	£1,044.00	328,891
Totals	<u>10,723.14</u>		<u>11,194,958</u>
Contingency		5.00%	559,748
Statutory/LA	10,723.14 m ²	30.00 pm ²	321,694
			881,442

PROFESSIONAL FEES

Professional Fees	10.00%	1,119,496	1,119,496
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MARKETING & LETTING

Marketing	3.00%	934,332	
Letting Agent Fee	10.00%	196,220	
Letting Legal Fee	5.00%	98,110	
			1,228,662

DISPOSAL FEES

Sales Agent Fee	1.00%	294,370	
Sales Legal Fee	0.25%	73,593	
			367,963

Additional Costs

Profit on Private	20.00%	6,228,880	6,228,880
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			831,456
Construction			533,216

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 28b - SE16 2**

Other	271,819	
Total Finance Cost		1,636,492
TOTAL COSTS		29,437,049
PROFIT		0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.67%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.30%
Net Initial Yield%	6.30%
	6.55%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 28c - SE16 2**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
B1 space	744.62	£258.33	192,358

Investment Valuation**B1 space**

Market Rent	192,358	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	2,568,193

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(140,789)	2,568,193
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NET DEVELOPMENT VALUE2,427,404**NET REALISATION****2,427,404****OUTLAY****ACQUISITION COSTS**

Residualised Price			30,689
Stamp Duty		4.00%	1,228
Agent Fee		1.00%	307
Legal Fee		0.25%	77
			32,301

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
B1 space	875.98	£1,614.59	1,414,349
			1,414,349
Contingency		5.00%	70,717
Statutory/LA	875.98 m ²	30.00 pm ²	26,279
			96,997

PROFESSIONAL FEES

Professional Fees	10.00%	141,435	141,435
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MARKETING & LETTING

Marketing	3.00%	77,046	
Letting Agent Fee	10.00%	19,236	
Letting Legal Fee	5.00%	9,618	
			105,899

DISPOSAL FEES

Sales Agent Fee	1.00%	24,274	
Sales Legal Fee	0.25%	6,069	
			30,343

Additional Costs

Profit on Private	20.00%	513,639	513,639
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			3,962
Construction			66,154
Other			22,327
Total Finance Cost			92,442

TOTAL COSTS**2,427,404****PROFIT****0**

**LB Southwark Cil Site Testing
Site 28c - SE16 2****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.27%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 29 - SE16 7****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Shopping Centre Extension	9,023.67	£403.65	3,642,404

Investment Valuation**Shopping Centre Extension**

Market Rent	3,642,404	YP @	6.0000%	16.6667	
(0yrs 7mths Unexpired Rent Free)		PV 0yrs 7mths @	6.0000%	0.9666	58,677,980

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(3,216,751)	58,677,980
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NET DEVELOPMENT VALUE55,461,229**NET REALISATION****55,461,229****OUTLAY****ACQUISITION COSTS**

Residualised Price			17,112,047
Stamp Duty		4.00%	684,482
Agent Fee		1.00%	171,120
Legal Fee		0.25%	42,780
			18,010,430

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Shopping Centre Extension	10,616.12	£1,507.00	15,998,493
			15,998,493
Contingency		5.00%	799,925
Statutory/LA	10,616.12 m ²	30.00 pm ²	318,484
			1,118,408

PROFESSIONAL FEES

Professional Fees	10.00%	1,599,849	1,599,849
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MARKETING & LETTING

Marketing	3.00%	1,760,339	
Letting Agent Fee	10.00%	364,240	
Letting Legal Fee	5.00%	182,120	
			2,306,700

DISPOSAL FEES

Sales Agent Fee	1.00%	554,612	
Sales Legal Fee	0.25%	138,653	
			693,265

Additional Costs

Profit on Private	20.00%	11,735,596	11,735,596
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			2,562,798
Construction			916,130
Other			519,559
Total Finance Cost			3,998,487

TOTAL COSTS**55,461,229****PROFIT****0**

**LB Southwark Cil Site Testing
Site 29 - SE16 7****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.57%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.21%
Net Initial Yield%	6.21%
	6.69%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 30 - SE22****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales
Private Residential Units	494.70	£4,250.00	2,102,475

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	5 units at	£250	1,250

Investment Valuation**Ground Rents**

Current Rent	1,250	YP @	6.0000%	16.6667	20,833
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GROSS DEVELOPMENT VALUE	2,123,308
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Purchaser's Costs	5.80%	(1,142)
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NET DEVELOPMENT VALUE	<u>2,122,166</u>
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Income from Tenants	104
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NET REALISATION	2,122,270
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OUTLAY**ACQUISITION COSTS**

Residualised Price	593,878	
Stamp Duty	4.00%	23,755
Agent Fee	1.00%	5,939
Legal Fee	0.50%	2,969
	626,541	

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Private Residential Units	582.00	£1,300.00	756,600

Contingency	5.00%	37,830
Section 106		5,000
		42,830

PROFESSIONAL FEES

Professional Fees	10.00%	75,660
		75,660

MARKETING & LETTING

Marketing	3.00%	63,699
Letting Agent Fee	10.00%	125
Letting Legal Fee	5.00%	63
		63,887

DISPOSAL FEES

Sales Agent Fee	1.50%	31,832
Sales Legal Fee	0.25%	5,305
		37,138

Additional Costs

Profit on Private	20.00%	424,662
		424,662

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)		
Land		64,747
Construction		27,044
Other		3,162
Total Finance Cost		94,953

**LB Southwark Cil Site Testing
Site 30 - SE22**

TOTAL COSTS

2,122,270

PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.46%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 32 - SE16 6**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	8,432.00	£5,554.18	46,832,846	
Social Rented Units	3,238.00	£1,431.60	4,635,521	
Shared Ownership Units	1,293.00	£1,797.57	2,324,258	
Totals	<u>12,963.00</u>		<u>53,792,625</u>	53,792,625

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	138 units at	£250	34,500

Investment Valuation**Ground Rents**

Current Rent	34,500	YP @	6.0000%	16.6667	575,000
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GROSS DEVELOPMENT VALUE 54,367,625

Purchaser's Costs 5.80% (31,522)

NET DEVELOPMENT VALUE 54,336,103

Income from Tenants 60,375

NET REALISATION 54,396,478

OUTLAY**ACQUISITION COSTS**

Residualised Price			7,137,565
Stamp Duty		4.00%	285,503
Agent Fee		1.00%	71,376
Legal Fee		0.50%	35,688
			7,530,131

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	9,920.00	£1,754.52	17,404,838	
Social Rented Units	3,809.00	£1,754.52	6,682,967	
Shared Ownership Units	1,521.00	£1,754.52	2,668,625	
Totals	<u>15,250.00</u>		<u>26,756,430</u>	26,756,430

Contingency		5.00%	1,337,822
Section 106			212,000
			1,549,822

PROFESSIONAL FEES

Professional Fees		10.00%	2,675,643
			2,675,643

MARKETING & LETTING

Marketing		3.00%	1,422,235
Letting Agent Fee		10.00%	3,450
Letting Legal Fee		5.00%	1,725
			1,427,410

DISPOSAL FEES

Sales Agent Fee		1.50%	815,042
Sales Legal Fee		0.25%	135,840
			950,882

Additional Costs

Profit on Affordable		6.00%	417,587
Profit on Private		20.00%	9,481,569
			9,899,156

**LB Southwark Cil Site Testing
Site 32 - SE16 6****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	1,060,790	
Construction	931,965	
Other	1,614,249	
Total Finance Cost		3,607,004

TOTAL COSTS**54,396,478****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.62%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 33a - SE16****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	22,722.00	£5,554.18	126,202,078	
Social Rented Units	4,472.00	£1,431.60	6,402,115	
Shared Ownership Units	1,786.00	£1,797.57	3,210,460	
Totals	<u>28,980.00</u>		<u>135,814,653</u>	135,814,653

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	291 units at	£250	72,750

Investment Valuation**Ground Rents**

Current Rent	72,750	YP @	6.0000%	16.6667	1,212,500
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GROSS DEVELOPMENT VALUE 137,027,153

Purchaser's Costs 5.80% (66,470)

NET DEVELOPMENT VALUE 136,960,683

Income from Tenants 212,188

NET REALISATION 137,172,871**OUTLAY****ACQUISITION COSTS**

Residualised Price			20,886,521
Stamp Duty		4.00%	835,461
Agent Fee		1.00%	208,865
Legal Fee		0.50%	104,433
			22,035,280

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	26,732.00	£1,754.52	46,901,829	
Social Rented Units	5,261.00	£1,754.52	9,230,530	
Shared Ownership Units	2,101.00	£1,754.52	3,686,247	
Totals	<u>34,094.00</u>		<u>59,818,605</u>	59,818,605

Contingency		5.00%	2,990,930
Section 106			366,000
			3,356,930

PROFESSIONAL FEES

Professional Fees		10.00%	5,981,860
			5,981,860

MARKETING & LETTING

Marketing		3.00%	3,822,437
Letting Agent Fee		10.00%	7,275
Letting Legal Fee		5.00%	3,638
			3,833,350

DISPOSAL FEES

Sales Agent Fee		1.50%	2,054,410
Sales Legal Fee		0.25%	342,402
			2,396,812

Additional Costs

Profit on Affordable		6.00%	576,755
Profit on Private		20.00%	25,482,916
			26,059,670

**LB Southwark Cil Site Testing
Site 33a - SE16****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	4,014,469	
Construction	2,885,643	
Other	6,790,251	
Total Finance Cost		13,690,364

TOTAL COSTS**137,172,871****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.05%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.80%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 33b - SE16**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	454.76	£204.51	93,003

Investment Valuation**Retail**

Market Rent	93,003	YP @	6.5000%	15.3846	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	6.5000%	0.9489	1,357,663

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(74,428)	1,357,663
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NET DEVELOPMENT VALUE1,283,236**NET REALISATION****1,283,236****OUTLAY****ACQUISITION COSTS**

Residualised Price			156,832
Stamp Duty		4.00%	6,273
Agent Fee		1.00%	1,568
Legal Fee		0.25%	392
			165,065

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Retail	535.03	£1,136.00	607,794	607,794
Contingency		5.00%	30,390	
Statutory/LA	535.03 m ²	30.00 pm ²	16,051	46,441

PROFESSIONAL FEES

Professional Fees	10.00%	60,779	60,779
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MARKETING & LETTING

Marketing	3.00%	40,730	
Letting Agent Fee	10.00%	9,300	
Letting Legal Fee	5.00%	4,650	54,680

DISPOSAL FEES

Sales Agent Fee	1.00%	12,832	
Sales Legal Fee	0.25%	3,208	16,040

Additional Costs

Profit on Private	20.00%	271,533	271,533
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			20,245
Construction			28,830
Other			11,828
Total Finance Cost			60,903

TOTAL COSTS**1,283,236****PROFIT****0**

**LB Southwark Cil Site Testing
Site 33b - SE16****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.25%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.85%
Net Initial Yield%	6.85%
	6.44%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 34a - SE15****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	23,800.04	£3,660.00	87,108,150	
Social Rented Units	8,908.11	£1,166.00	10,386,857	
Shared Ownership Units	3,807.94	£2,120.00	8,072,839	
Totals	<u>36,516.10</u>		<u>105,567,847</u>	105,567,847

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	350 units at	£250	87,500

Investment Valuation**Ground Rents**

Current Rent	87,500	YP @	6.0000%	16.6667	1,458,333
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GROSS DEVELOPMENT VALUE 107,026,180

Purchaser's Costs 5.80% (79,946)

NET DEVELOPMENT VALUE 106,946,234

Income from Tenants 415,625

NET REALISATION 107,361,859**OUTLAY****ACQUISITION COSTS**

Residualised Price			2,604,476
Stamp Duty		4.00%	104,179
Agent Fee		1.00%	26,045
Legal Fee		0.50%	13,022
			2,747,722

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	28,000.00	£1,400.00	39,200,000	
Social Rented Units	10,480.00	£1,400.00	14,672,000	
Shared Ownership Units	4,480.00	£1,400.00	6,272,000	
Totals	<u>42,960.00</u>		<u>60,144,000</u>	60,144,000

Contingency		5.00%	3,007,200
Section 106			537,000
			3,544,200

PROFESSIONAL FEES

Professional Fees		10.00%	6,014,400
			6,014,400

MARKETING & LETTING

Marketing		3.00%	2,656,995
Letting Agent Fee		10.00%	8,750
Letting Legal Fee		5.00%	4,375
			2,670,120

DISPOSAL FEES

Sales Agent Fee		1.50%	1,604,194
Sales Legal Fee		0.25%	267,366
			1,871,559

Additional Costs

Profit on Affordable		6.00%	1,107,582
Profit on Private		20.00%	17,713,297
			18,820,879

**LB Southwark Cil Site Testing
Site 34a - SE15****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	472,961	
Construction	2,786,237	
Other	8,289,782	
Total Finance Cost		11,548,980

TOTAL COSTS**107,361,859****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.08%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.82%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 34b - SE15****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Retail	4,420.00	£269.10	1,189,422

Investment Valuation**Retail**

Market Rent	1,189,422	YP @	7.0000%	14.2857	
(0yrs 10mths Unexpired Rent Free)		PV 0yrs 10mths @	7.0000%	0.9452	16,060,218

NET REALISATION**16,060,218****OUTLAY****ACQUISITION COSTS**

Residualised Price				6,564,487	
Stamp Duty		4.00%		262,579	
Agent Fee		1.00%		65,645	
Legal Fee		0.25%		16,411	
					6,909,123

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
Retail	5,200.00	£1,136.00	5,907,200	
			5,907,200	
Contingency		5.00%	295,360	
Statutory/LA	5,200.00 m ²	30.00 pm ²	156,000	
				451,360

PROFESSIONAL FEES

Professional Fees		10.00%	590,720	
				590,720

MARKETING & LETTING

Marketing		3.00%	481,807	
Letting Agent Fee		10.00%	118,942	
Letting Legal Fee		5.00%	59,471	
				660,220

DISPOSAL FEES

Sales Agent Fee		1.00%	160,602	
Sales Legal Fee		0.25%	40,151	
				200,753

Additional Costs**FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land				847,396
Construction				280,200
Other				213,247
Total Finance Cost				1,340,843

TOTAL COSTS**16,060,218****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.41%
Equivalent Yield% (Nominal)	7.00%

LB Southwark Cil Site Testing**Site 34b - SE15**

Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.41%
Net Initial Yield%	7.41%
	6.73%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 36 - SE15****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	748.00	£4,000.00	2,992,000	
Social Rented Units	272.00	£1,217.00	331,024	
Shared Ownership Units	136.00	£2,076.00	282,336	
Totals	<u>1,156.00</u>		<u>3,605,360</u>	3,605,360

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	11 units at	£250	2,750

Investment Valuation**Ground Rents**

Current Rent	2,750	YP @	6.0000%	16.6667	45,833
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GROSS DEVELOPMENT VALUE 3,651,193

Purchaser's Costs 5.80% (2,513)

NET DEVELOPMENT VALUE 3,648,681

Income from Tenants 458

NET REALISATION 3,649,139**OUTLAY****ACQUISITION COSTS**

Residualised Price			684,996
Stamp Duty		4.00%	27,400
Agent Fee		1.00%	6,850
Legal Fee		0.50%	3,425
			722,671

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	880.00	£1,271.00	1,118,480	
Social Rented Units	320.00	£1,271.00	406,720	
Shared Ownership Units	160.00	£1,271.00	203,360	
Totals	<u>1,360.00</u>		<u>1,728,560</u>	1,728,560

Contingency 5.00% 86,428

Section 106 17,000

103,428

PROFESSIONAL FEES

Professional Fees		10.00%	172,856	172,856
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MARKETING & LETTING

Marketing		3.00%	91,135	
Letting Agent Fee		10.00%	275	
Letting Legal Fee		5.00%	138	
				91,547

DISPOSAL FEES

Sales Agent Fee		1.50%	54,730	
Sales Legal Fee		0.25%	9,122	
				63,852

Additional Costs

Profit on Affordable		6.00%	36,802	
Profit on Private		20.00%	607,567	
				644,368

**LB Southwark Cil Site Testing
Site 36 - SE15****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	73,238	
Construction	38,118	
Other	10,500	
Total Finance Cost		121,856

TOTAL COSTS**3,649,139****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.08%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.19%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 37 - SE24****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	3,332.04	£4,575.00	15,244,097	
Social Rented Units	1,292.00	£1,302.00	1,682,184	
Shared Ownership Units	476.00	£1,985.00	944,860	
Totals	<u>5,100.04</u>		<u>17,871,141</u>	17,871,141

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	49 units at	£250	12,250

Investment Valuation**Ground Rents**

Market Rent	12,250	YP @	6.0000%	16.6667	
		PV Oyrs 6mths @	6.0000%	0.9713	198,304

GROSS DEVELOPMENT VALUE 18,069,445

Purchaser's Costs 5.80% (10,871)

NET DEVELOPMENT VALUE 18,058,574**NET REALISATION 18,058,574****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,767,604	
Stamp Duty		4.00%	110,704	
Agent Fee		1.00%	27,676	
Legal Fee		0.50%	13,838	
				2,919,822

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	3,920.00	£1,500.00	5,880,000	
Social Rented Units	1,520.00	£1,500.00	2,280,000	
Shared Ownership Units	560.00	£1,500.00	840,000	
Totals	<u>6,000.00</u>		<u>9,000,000</u>	9,000,000

Contingency		5.00%	450,000	
Section 106			75,000	
				525,000

PROFESSIONAL FEES

Professional Fees		10.00%	900,000	
				900,000

MARKETING & LETTING

Marketing		3.00%	507,788	
Letting Agent Fee		10.00%	1,225	
Letting Legal Fee		5.00%	613	
				509,626

DISPOSAL FEES

Sales Agent Fee		1.50%	270,879	
Sales Legal Fee		0.25%	45,146	
				316,025

Additional Costs

Profit on Affordable		6.00%	157,623	
Profit on Private		20.00%	3,088,480	
				3,246,103

FINANCE

LB Southwark Cil Site Testing**Site 37 - SE24**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	411,335	
Construction	197,694	
Other	32,970	
Total Finance Cost		641,998

TOTAL COSTS**18,058,574****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.07%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.18%
Net Initial Yield%	6.18%
	6.20%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 40 - SE22 0****Summary Appraisal for Phase 1****REVENUE****Sales Valuation**

	Units	Unit Amount	Gross Sales	
Car Parking	3 units at	£10,000	30,000	

	m²	Rate m²	Gross Sales	
Market Resi	340.00	£4,306.00	1,464,040	1,494,040

Rental Area Summary

	Units	Unit Amount	Gross MRV	
Ground rents	5 units at	£250	1,250	

Investment Valuation**Ground rents**

Market Rent	1,250	YP @	6.0000%	16.6667	
		PV Oyrs 1mths @	6.0000%	0.9952	20,732

GROSS DEVELOPMENT VALUE

1,514,772

Purchaser's Costs		5.80%	(1,137)	
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NET DEVELOPMENT VALUE1,513,636**NET REALISATION****1,513,636****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.04 Ha £13,893,283.00 pHect)			555,731	
Stamp Duty		4.00%	22,229	
Agent Fee		1.00%	5,557	
Legal Fee		0.50%	2,779	
				586,297

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
Market Resi	380.00	£1,106.00	420,280	420,280
Contingency		5.00%	21,014	
Statutory/LA			5,000	

26,014

PROFESSIONAL FEES

Professional Fees		10.00%	44,129	44,129
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MARKETING & LETTING

Marketing		3.00%	44,821	44,821
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DISPOSAL FEES

Sales Agent Fee		1.50%	22,722	
Sales Legal Fee		0.25%	3,787	
				26,509

MISCELLANEOUS FEES

Private Profit		20.00%	302,954	302,954
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			49,462	
Construction			11,008	
Other			2,162	
Total Finance Cost				62,632

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 40 - SE22 0****TOTAL COSTS****1,513,636****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.08%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.03%
Net Initial Yield%	6.03%
	6.41%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 41 - SE22 0****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales
Market Resi	770.00	£4,306.00	3,315,620

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground rents	6 units at	£250	1,500

Investment Valuation**Ground rents**

Market Rent	1,500	YP @	6.0000%	16.6667	
		PV 0yrs 1mths @	6.0000%	0.9952	24,879

GROSS DEVELOPMENT VALUE 3,340,499

Purchaser's Costs 5.80% (1,364)

NET DEVELOPMENT VALUE 3,339,135**NET REALISATION 3,339,135****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.06 Ha £19,215,670.97 pHect)			1,152,940
Stamp Duty		4.00%	46,118
Agent Fee		1.00%	11,529
Legal Fee		0.50%	5,765
			1,216,352

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Market Resi	906.00	£1,106.00	1,002,036

Contingency		5.00%	50,102
Statutory/LA			6,000
			56,102

PROFESSIONAL FEES

Professional Fees		10.00%	105,214
			105,214

MARKETING & LETTING

Marketing		3.00%	99,469
			99,469

DISPOSAL FEES

Sales Agent Fee		1.50%	50,107
Sales Legal Fee		0.25%	8,351
			58,459

MISCELLANEOUS FEES

Private Profit		20.00%	668,100
			668,100

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			102,616
Construction			25,964
Other			4,824
Total Finance Cost			133,404

TOTAL COSTS 3,339,135**PROFIT**

**LB Southwark CIL Site Testing
Site 41 - SE22 0**

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.04%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.03%
Net Initial Yield%	6.03%
	6.38%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 42a - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	27,313.00	£5,554.18	151,701,318	
Social Rented Units	10,244.00	£1,431.60	14,665,310	
Shared Ownership Units	4,342.00	£1,797.57	7,805,049	
Totals	<u>41,899.00</u>		<u>174,171,678</u>	174,171,678

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	458 units at	£250	114,500

Investment Valuation**Ground Rents**

Current Rent	114,500	YP @	6.0000%	16.6667	1,908,333
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GROSS DEVELOPMENT VALUE 176,080,011

Purchaser's Costs 5.80% (104,616)

NET DEVELOPMENT VALUE 175,975,395

Income from Tenants 200,375

NET REALISATION 176,175,770

OUTLAY**ACQUISITION COSTS**

Residualised Price			23,285,972
Stamp Duty		4.00%	931,439
Agent Fee		1.00%	232,860
Legal Fee		0.50%	116,430
			24,566,700

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	32,122.00	£1,754.52	56,358,691	
Social Rented Units	12,048.00	£1,754.52	21,138,457	
Shared Ownership Units	5,106.00	£1,754.52	8,958,579	
Totals	<u>49,276.00</u>		<u>86,455,728</u>	86,455,728

Contingency		5.00%	4,322,786
Section 106			703,000
			5,025,786

PROFESSIONAL FEES

Professional Fees		10.00%	8,645,573
			8,645,573

MARKETING & LETTING

Marketing		3.00%	4,608,290
Letting Agent Fee		10.00%	11,450
Letting Legal Fee		5.00%	5,725
			4,625,465

DISPOSAL FEES

Sales Agent Fee		1.50%	2,639,631
Sales Legal Fee		0.25%	439,938
			3,079,569

Additional Costs

Profit on Affordable		6.00%	1,348,222
Profit on Private		20.00%	30,721,930
			32,070,152

**LB Southwark Cil Site Testing
Site 42a - SE16 7****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	3,461,264	
Construction	3,012,794	
Other	5,232,739	
Total Finance Cost		11,706,798

TOTAL COSTS**176,175,770****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.07%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.62%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 42b - SE16 7****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Social Rented Units	885.00	£1,431.60	1,266,966	
Shared Ownership Units	379.00	£1,797.57	681,279	
Totals	<u>1,264.00</u>		<u>1,948,245</u>	1,948,245

Rental Area Summary	m²	Rate m²	Gross MRV
Student accommodation	2,348.00	£518.09	1,216,470

Investment Valuation**Student accommodation**

Current Rent	1,216,470	YP @	6.2500%	16.0000	19,463,520
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GROSS DEVELOPMENT VALUE 21,411,765

NET REALISATION 21,411,765**OUTLAY****ACQUISITION COSTS**

Residualised Price			6,937,969	
Stamp Duty		4.00%	277,519	
Agent Fee		1.00%	69,380	
Legal Fee		0.50%	34,690	
				7,319,558

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Student accommodation	2,763.00	£1,525.00	4,213,567	
Social Rented Units	1,042.00	£1,754.52	1,828,210	
Shared Ownership Units	446.00	£1,754.52	782,516	
Totals	<u>4,251.00</u>		<u>6,824,293</u>	6,824,293

Contingency		5.00%	341,215	
Student Housing Section 106	2,763.00 m ²	30.00 pm ²	82,890	
Affordable Residential Section 106			19,000	
				443,105

PROFESSIONAL FEES

Professional Fees		10.00%	682,429	
				682,429

MARKETING & LETTING

Marketing		3.00%	583,906	
Letting Agent Fee		10.00%	121,647	
Letting Legal Fee		5.00%	60,823	
				766,376

DISPOSAL FEES

Sales Legal Fee		0.25%	53,529	
				53,529

Additional Costs

Profit on Affordable		6.00%	116,895	
Profit on Private		20.00%	3,892,704	
				4,009,599

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			1,038,726	
Construction			274,150	
Total Finance Cost				1,312,877

LB Southwark Cil Site Testing
Site 42b - SE16 7

TOTAL COSTS

21,411,765

PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	5.68%
Equivalent Yield% (Nominal)	6.25%
Equivalent Yield% (True)	6.50%
Gross Initial Yield%	6.25%
Net Initial Yield%	6.25%
	6.70%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 42c - SE16 7**

Summary Appraisal for Phase 1**REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Office	2,125.00	£258.33	548,951

Investment Valuation**Office**

Market Rent	548,951	YP @	7.0000%	14.2857	
(1yr Rent Free)		PV 1yr @	7.0000%	0.9346	7,329,122

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(401,786)	7,329,122
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NET DEVELOPMENT VALUE6,927,337**NET REALISATION****6,927,337****OUTLAY****ACQUISITION COSTS**

Residualised Price			87,375
Stamp Duty		4.00%	3,495
Agent Fee		1.00%	874
Legal Fee		0.25%	218
			91,962

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
Office	2,500.00	£1,614.59	4,036,475

Contingency		5.00%	201,824
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Statutory/LA	2,500.00 m ²	30.00 pm ²	75,000
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276,824

PROFESSIONAL FEES

Professional Fees		10.00%	403,648
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403,648

MARKETING & LETTING

Marketing		3.00%	219,874
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Letting Agent Fee		10.00%	54,895
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Letting Legal Fee		5.00%	27,448
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302,216

DISPOSAL FEES

Sales Agent Fee		1.00%	69,273
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Sales Legal Fee		0.25%	17,318
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86,592

Additional Costs

Profit on Private		20.00%	1,465,824
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1,465,824

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land			11,279
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Construction			188,799
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Other			63,717
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Total Finance Cost			263,796
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TOTAL COSTS**6,927,337****PROFIT****0**

**LB Southwark Cil Site Testing
Site 42c - SE16 7****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.92%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.27%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 42d - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	2,290.75	£376.74	863,017

Investment Valuation**Retail**

Market Rent	863,017	YP @	6.5000%	15.3846	
		PV 1yr 1mth @	6.5000%	0.9341	12,401,589

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(679,860)	12,401,589
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NET DEVELOPMENT VALUE11,721,729**NET REALISATION****11,721,729****OUTLAY****ACQUISITION COSTS**

Residualised Price			3,087,362
Stamp Duty		4.00%	123,494
Agent Fee		1.00%	30,874
Legal Fee		0.25%	7,718
			3,249,449

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail	2,695.00	£1,507.00	4,061,365
			4,061,365
Contingency		5.00%	203,068
Statutory/LA	2,695.00 m ²	30.00 pm ²	80,850
			283,918

PROFESSIONAL FEES

Professional Fees	10.00%	406,137	406,137
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MARKETING & LETTING

Marketing	3.00%	372,048	
Letting Agent Fee	10.00%	86,302	
Letting Legal Fee	5.00%	43,151	
			501,500

DISPOSAL FEES

Sales Agent Fee	1.00%	117,217	
Sales Legal Fee	0.25%	29,304	
			146,522

Additional Costs

Profit on Private	20.00%	2,480,318	2,480,318
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			335,799
Construction			148,717
Other			108,004
Total Finance Cost			592,520

TOTAL COSTS**11,721,729****PROFIT****0**

**LB Southwark Cil Site Testing
Site 42d - SE16 7****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.36%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.96%
Net Initial Yield%	6.96%
	6.48%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 42e - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Cinema	4,930.00	£215.28	1,061,330

Investment Valuation**Cinema**

Market Rent	1,061,330	YP @	6.5000%	15.3846	
		PV 1yr 1mth @	6.5000%	0.9341	15,251,358

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(836,086)	15,251,358
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NET DEVELOPMENT VALUE14,415,272**NET REALISATION****14,415,272****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,005,980	
Stamp Duty		4.00%	40,239	
Agent Fee		1.00%	10,060	
Legal Fee		0.25%	2,515	
				1,058,794

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Cinema	5,800.00	£1,321.00	7,661,800	7,661,800
Contingency		5.00%	383,090	
Statutory/LA	5,800.00 m ²	30.00 pm ²	174,000	
				557,090

PROFESSIONAL FEES

Professional Fees	10.00%	766,180		
				766,180

MARKETING & LETTING

Marketing	3.00%	457,541		
Letting Agent Fee	10.00%	106,133		
Letting Legal Fee	5.00%	53,067		
				616,740

DISPOSAL FEES

Sales Agent Fee	1.00%	144,153		
Sales Legal Fee	0.25%	36,038		
				180,191

Additional Costs

Profit on Private	20.00%	3,050,272		
				3,050,272

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			109,416	
Construction			281,967	
Other			132,822	
Total Finance Cost				524,206

TOTAL COSTS**14,415,272****PROFIT****0**

**LB Southwark Cil Site Testing
Site 42e - SE16 7****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.36%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.96%
Net Initial Yield%	6.96%
	6.24%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 42f - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m ²	Rate m ²	Gross MRV
Bowling	4,509.25	£215.28	970,751

Investment Valuation**Bowling**

Market Rent	970,751	YP @	6.5000%	15.3846	
		PV 1yr 1mth @	6.5000%	0.9341	13,949,733

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(764,730)	13,949,733
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NET DEVELOPMENT VALUE13,185,003**NET REALISATION****13,185,003****OUTLAY****ACQUISITION COSTS**

Residualised Price			3,741,255
Stamp Duty		4.00%	149,650
Agent Fee		1.00%	37,413
Legal Fee		0.25%	9,353
			3,937,671

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Bowling	5,305.00	£800.00	4,244,000
			4,244,000
Contingency		5.00%	212,200
Statutory/LA	5,305.00 m ²	30.00 pm ²	159,150
			371,350

PROFESSIONAL FEES

Professional Fees	10.00%	424,400	424,400
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MARKETING & LETTING

Marketing	3.00%	418,492	
Letting Agent Fee	10.00%	97,075	
Letting Legal Fee	5.00%	48,538	
			564,105

DISPOSAL FEES

Sales Agent Fee	1.00%	131,850	
Sales Legal Fee	0.25%	32,963	
			164,813

Additional Costs

Profit on Private	20.00%	2,789,947	2,789,947
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			406,921
Construction			160,311
Other			121,487
Total Finance Cost			688,718

TOTAL COSTS**13,185,003****PROFIT****0**

**LB Southwark Cil Site Testing
Site 42f - SE16 7****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.36%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.96%
Net Initial Yield%	6.96%
	6.51%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 43 - Gym****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Gym	300.00	£215.00	64,500

Investment Valuation**Gym**

Market Rent	64,500	YP @	6.5000%	15.3846	
		PV 0yrs 11mths @	6.5000%	0.9439	936,647

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(51,347)	936,647
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NET DEVELOPMENT VALUE 885,299**NET REALISATION****885,299****OUTLAY****ACQUISITION COSTS**

Residualised Price			5,579
Stamp Duty		4.00%	223
Agent Fee		1.00%	56
Legal Fee		0.25%	14
			5,871

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Gym	353.00	£1,507.00	531,971	531,971
Contingency		5.00%	26,599	
Statutory/LA	353.00 m ²	30.00 pm ²	10,590	37,189

PROFESSIONAL FEES

Professional Fees	10.00%	53,197	53,197
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MARKETING & LETTING

Marketing	3.00%	28,099	
Letting Agent Fee	10.00%	6,450	
Letting Legal Fee	5.00%	3,225	
			37,774

DISPOSAL FEES

Sales Agent Fee	1.00%	8,853	
Sales Legal Fee	0.25%	2,213	
			11,066

Additional Costs

Profit on Private	20.00%	187,329	187,329
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			459
Construction			12,304
Other			8,139
Total Finance Cost			20,901

TOTAL COSTS**885,299****PROFIT****0**

**LB Southwark Cil Site Testing
Site 43 - Gym****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.29%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.89%
Net Initial Yield%	6.89%
	5.80%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 44 - SE1 0****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Boutique Budget Hotel	209 units at	£215,000	44,935,000	
Purchaser's Costs		5.80%	(2,463,355)	
NET DEVELOPMENT VALUE				<u>42,471,645</u>

NET REALISATION**42,471,645****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha £17,869,122.08 pHect)			11,614,929	
Stamp Duty		4.00%	464,597	
Agent Fee		1.00%	116,149	
Legal Fee		0.50%	58,075	
				12,253,750

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Boutique Budget Hotel	6,625.95	£2,245.99	14,881,832	14,881,832
Contingency		5.00%	744,092	
Statutory/LA	6,625.95 m ²	30.00 pm ²	198,779	
				942,870

PROFESSIONAL FEES

Professional Fees		10.00%	1,562,592	
				1,562,592

MARKETING & LETTING

Marketing		3.00%	446,455	
				446,455

DISPOSAL FEES

Sales Agent Fee		1.50%	674,025	
Sales Legal Fee		0.25%	112,338	
				786,363

MISCELLANEOUS FEES

Private Profit		20.00%	8,987,000	
				8,987,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			1,743,650	
Construction			867,117	
Total Finance Cost				2,610,767

TOTAL COSTS**42,471,630****PROFIT****15****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
	6.71%
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 45 - SE1 0****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Budget Hotel	330 units at	£152,500	50,325,000	
Purchaser's Costs		5.80%	(2,758,837)	
NET DEVELOPMENT VALUE				<u>47,566,163</u>

NET REALISATION**47,566,163****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha £12,002,753.92 pHect)			7,801,790	
Stamp Duty		4.00%	312,072	
Agent Fee		1.00%	78,018	
Legal Fee		0.50%	39,009	
				8,230,889

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Budget Hotel	11,920.00	£1,759.00	20,967,280	20,967,280
Contingency		5.00%	1,048,364	
Statutory/LA	11,920.00 m ²	30.00 pm ²	357,600	
				1,405,964

PROFESSIONAL FEES

Professional Fees		10.00%	2,201,564	
				2,201,564

MARKETING & LETTING

Marketing		3.00%	629,018	
				629,018

DISPOSAL FEES

Sales Agent Fee		1.50%	754,875	
Sales Legal Fee		0.25%	125,813	
				880,688

MISCELLANEOUS FEES

Private Profit		20.00%	10,065,000	
				10,065,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			1,503,169	
Construction			1,682,590	
Total Finance Cost				3,185,760

TOTAL COSTS**47,566,163****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
	6.75%
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 46 - SE1 8****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Hotel	447 units at	£400,000	178,800,000	
Purchaser's Costs		5.80%	(9,801,890)	
NET DEVELOPMENT VALUE				<u>168,998,110</u>

NET REALISATION**168,998,110****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha	£17,739,397.20 pHect)		11,530,608	
Stamp Duty		4.00%	461,224	
Agent Fee		1.00%	115,306	
Legal Fee		0.50%	57,653	
				12,164,792

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Hotel	40,313.51	£2,246.00	90,544,244	90,544,244
Contingency		5.00%	4,527,212	
Statutory/LA	40,313.51 m ²	30.00 pm ²	1,209,405	
				5,736,617

PROFESSIONAL FEES

Professional Fees		10.00%	9,507,146	
				9,507,146

MARKETING & LETTING

Marketing		3.00%	2,716,327	
				2,716,327

DISPOSAL FEES

Sales Agent Fee		1.50%	2,682,000	
Sales Legal Fee		0.25%	447,000	
				3,129,000

MISCELLANEOUS FEES

Private Profit		20.00%	35,760,000	
				35,760,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			2,221,600	
Construction			7,218,384	
Total Finance Cost				9,439,984

TOTAL COSTS**168,998,110****PROFIT****0****Performance Measures**

Profit on Cost%		0.00%	
Profit on GDV%		0.00%	
Profit on NDV%		0.00%	
		6.66%	
Profit Erosion (finance rate 7.000%)		0 yrs 0 mths	

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark CIL Site Testing
Site 47 - SE1 5**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Budget Hotel	60 units at	£110,000	6,600,000	
Purchaser's Costs		5.80%	(361,815)	
NET DEVELOPMENT VALUE				<u>6,238,185</u>

NET REALISATION**6,238,185****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha	£2,368,300.63 pHect)		1,539,395	
Stamp Duty		4.00%	61,576	
Agent Fee		1.00%	15,394	
Legal Fee		0.50%	7,697	
				1,624,062

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Budget Hotel	1,514.00	£1,541.00	2,333,071	2,333,071
Contingency		5.00%	116,654	
Statutory/LA	1,514.00 m ²	30.00 pm ²	45,420	
				162,074

PROFESSIONAL FEES

Professional Fees		10.00%	244,972	
				244,972

MARKETING & LETTING

Marketing		3.00%	69,992	
				69,992

DISPOSAL FEES

Sales Agent Fee		1.50%	99,000	
Sales Legal Fee		0.25%	16,500	
				115,500

MISCELLANEOUS FEES

Private Profit		20.00%	1,320,000	
				1,320,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			231,096	
Construction			137,414	
Total Finance Cost				368,510

TOTAL COSTS**6,238,181****PROFIT****4****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
	6.69%
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 48a - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales
Budget Hotel	80 units at	£125,000	10,000,000

NET REALISATION **10,000,000**

OUTLAY**ACQUISITION COSTS**

Residualised Price			2,681,562	
Stamp Duty		4.00%	107,262	
Agent Fee		1.00%	26,816	
Legal Fee		0.50%	13,408	
				2,829,048

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Budget Hotel	2,080.00	£1,759.00	3,658,720	3,658,720
Contingency		5.00%	182,936	
Statutory/LA	2,080.00 m ²	30.00 pm ²	62,400	
				245,336

PROFESSIONAL FEES

Professional Fees		10.00%	365,872	
				365,872

MARKETING & LETTING

Marketing		3.00%	109,762	
				109,762

DISPOSAL FEES

Sales Agent Fee		1.50%	150,000	
Sales Legal Fee		0.25%	25,000	
				175,000

Additional Costs

Profit on Private		20.00%	2,000,000	
				2,000,000

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			402,560	
Construction			213,702	
Total Finance Cost				616,262

TOTAL COSTS **10,000,000**

PROFIT **0**

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Profit Erosion (finance rate 7.000%)	6.70% N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 48b - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Sales Valuation	m²	Rate m²	Gross Sales	
Private Residential Units	1,410.00	£5,554.18	7,831,394	
Social Rented Units	528.00	£1,431.60	755,885	
Shared Ownership Units	174.00	£1,797.57	312,777	
Totals	<u>2,112.00</u>		<u>8,900,056</u>	8,900,056

Rental Area Summary	Units	Unit Amount	Gross MRV
Ground Rents	20 units at	£250	5,000

Investment Valuation**Ground Rents**

Current Rent	5,000	YP @	6.0000%	16.6667	83,333
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GROSS DEVELOPMENT VALUE 8,983,389

Purchaser's Costs 5.80% (4,568)

NET DEVELOPMENT VALUE 8,978,821

Income from Tenants 833

NET REALISATION 8,979,654

OUTLAY**ACQUISITION COSTS**

Residualised Price			1,658,521
Stamp Duty		4.00%	66,341
Agent Fee		1.00%	16,585
Legal Fee		0.50%	8,293
			1,749,740

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private Residential Units	1,620.00	£1,754.52	2,842,322	
Social Rented Units	606.00	£1,754.52	1,063,239	
Shared Ownership Units	200.00	£1,754.52	350,904	
Totals	<u>2,426.00</u>		<u>4,256,466</u>	4,256,466

Contingency		5.00%	212,823
Section 106			30,000
			242,823

PROFESSIONAL FEES

Professional Fees		10.00%	425,647
			425,647

MARKETING & LETTING

Marketing		3.00%	237,442
Letting Agent Fee		10.00%	500
Letting Legal Fee		5.00%	250
			238,192

DISPOSAL FEES

Sales Agent Fee		1.50%	134,682
Sales Legal Fee		0.25%	22,447
			157,129

Additional Costs

Profit on Affordable		6.00%	64,120
Profit on Private		20.00%	1,582,945
			1,647,065

**LB Southwark Cil Site Testing
Site 48b - SE16 7****FINANCE**

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land	178,497	
Construction	70,168	
Other	13,927	
Total Finance Cost		262,593

TOTAL COSTS**8,979,654****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.06%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.00%
Net Initial Yield%	6.00%
	6.03%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark Cil Site Testing
Site 48c - SE16 7**

Summary Appraisal for Phase 1**REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Retail	854.00	£204.51	174,652

Investment Valuation**Retail**

Market Rent	174,652	YP @	6.5000%	15.3846	
		PV 1yr 1mth @	6.5000%	0.9341	2,509,749

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(137,585)	2,509,749
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NET DEVELOPMENT VALUE2,372,164**NET REALISATION****2,372,164****OUTLAY****ACQUISITION COSTS**

Residualised Price			210,972
Stamp Duty		4.00%	8,439
Agent Fee		1.00%	2,110
Legal Fee		0.25%	527
			222,048

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail	1,068.00	£1,136.00	1,213,248
			1,213,248
Contingency		5.00%	60,662
Statutory/LA	1,068.00 m ²	30.00 pm ²	32,040
			92,702

PROFESSIONAL FEES

Professional Fees	10.00%	121,325	121,325
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MARKETING & LETTING

Marketing	3.00%	75,292	
Letting Agent Fee	10.00%	17,465	
Letting Legal Fee	5.00%	8,733	
			101,490

DISPOSAL FEES

Sales Agent Fee	1.00%	23,722	
Sales Legal Fee	0.25%	5,930	
			29,652

Additional Costs

Profit on Private	20.00%	501,950	501,950
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			22,947
Construction			44,944
Other			21,857
Total Finance Cost			89,748

TOTAL COSTS**2,372,164****PROFIT****0**

**LB Southwark Cil Site Testing
Site 48c - SE16 7****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.36%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
Gross Initial Yield%	6.96%
Net Initial Yield%	6.96%
	6.27%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark CIL Site Testing
Site 49 - SE15 5****Summary Appraisal for Phase 1****REVENUE**

Sales Valuation	Units	Unit Amount	Gross Sales	
Low Budget Hotel	22 units at	£80,000	1,760,000	
Purchaser's Costs		5.80%	(96,484)	
NET DEVELOPMENT VALUE				<u>1,663,516</u>

NET REALISATION**1,663,516****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.65 Ha £864,507.54 pHect)			561,930	
Stamp Duty		4.00%	22,477	
Agent Fee		1.00%	5,619	
Legal Fee		0.50%	2,810	
				592,836

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Low Budget Hotel	310.00	£1,541.00	477,709	477,709
Contingency		5.00%	23,885	
Statutory/LA	310.00 m ²	30.00 pm ²	9,300	
				33,185

PROFESSIONAL FEES

Professional Fees		10.00%	50,159	50,159
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MARKETING & LETTING

Marketing		3.00%	14,331	14,331
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DISPOSAL FEES

Sales Agent Fee		1.50%	26,400	
Sales Legal Fee		0.25%	4,400	
				30,800

MISCELLANEOUS FEES

Private Profit		20.00%	352,000	352,000
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			84,358	
Construction			28,136	
Total Finance Cost				112,494

TOTAL COSTS**1,663,515****PROFIT****1****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%

Profit Erosion (finance rate 7.000%)	6.75%
	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 50 - SE16 2****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Existing	7,500.00	£285.00	2,137,500
Existing Retail Storage	294.84	£71.25	21,007
Retail Extension	2,444.00	£285.00	696,540
Retail Storage Extension	1,718.00	£71.25	122,408
Totals	<u>11,956.84</u>		<u>2,977,455</u>

Investment Valuation**Existing**

Current Rent	2,137,500	YP @	4.7500%	21.0526	45,000,000
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Existing Retail Storage

Current Rent	21,007	YP @	4.7500%	21.0526	442,260
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Retail Extension

Market Rent	696,540	YP @	4.7500%	21.0526	
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(1yr Rent Free)

PV 1yr @	4.7500%	0.9547	13,999,045
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Retail Storage Extension

Market Rent	122,408	YP @	4.7500%	21.0526	
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(1yr Rent Free)

PV 1yr @	4.7500%	0.9547	2,460,143
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61,901,449**GROSS DEVELOPMENT VALUE**

Purchaser's Costs	5.80%	(902,300)	61,901,449
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NET DEVELOPMENT VALUE**60,999,149****NET REALISATION****60,999,149****OUTLAY****ACQUISITION COSTS**

Residualised Price			47,165,839
Stamp Duty		4.00%	1,886,634
Agent Fee		1.00%	471,658
Legal Fee		0.25%	117,915
			49,642,046

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail Extension	2,444.00	£1,305.00	3,189,420
Retail Storage Extension	1,718.00	£1,305.00	2,241,990
Totals	<u>4,162.00</u>		<u>5,431,410</u>

Contingency		5.00%	271,571
Statutory/LA	11,956.84 m ²	30.00 pm ²	358,705
			630,276

PROFESSIONAL FEES

Professional Fees		10.00%	543,141
			543,141

MARKETING & LETTING

Marketing		3.00%	493,776
Letting Agent Fee		10.00%	81,895
Letting Legal Fee		5.00%	40,947
			616,618

DISPOSAL FEES

Sales Agent Fee		1.00%	155,569
Sales Legal Fee		0.25%	38,892
			194,461

Additional Costs

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 50 - SE16 2**

Profit on Private	20.00%	3,291,838	3,291,838
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)

Land		649,359	649,359
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Total Finance Cost

TOTAL COSTS**60,999,148****PROFIT****1****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	4.88%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
Gross Initial Yield%	4.81%
Net Initial Yield%	4.81%

6.54%

Rent Cover 0 yrs 0 mths

Profit Erosion (finance rate 7.000%) 0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 51 - SE22 8****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Existing	6,352.00	£290.00	1,842,080
Retail Extension	1,344.00	£290.00	389,760
Totals	<u>7,696.00</u>		<u>2,231,840</u>

Investment Valuation**Existing**

Current Rent	1,842,080	YP @	4.7500%	21.0526	38,780,632
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Retail Extension

Market Rent	389,760	YP @	4.7500%	21.0526	
		PV 1yr 1mth @	4.7500%	0.9510	7,803,153
					46,583,785

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(427,772)	46,583,785
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NET DEVELOPMENT VALUE46,156,012**NET REALISATION****46,156,012****OUTLAY****ACQUISITION COSTS**

Residualised Price			39,520,013
Stamp Duty		4.00%	1,580,801
Agent Fee		1.00%	395,200
Legal Fee		0.25%	98,800
			41,594,814

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail Extension	1,344.00	£1,305.00	1,753,920
			1,753,920
Contingency		5.00%	87,696
Statutory/LA	7,696.00 m ²	30.00 pm ²	230,880
			318,576

PROFESSIONAL FEES

Professional Fees	10.00%	175,392	175,392
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MARKETING & LETTING

Marketing	3.00%	234,095	
Letting Agent Fee	10.00%	38,976	
Letting Legal Fee	5.00%	19,488	
			292,559

DISPOSAL FEES

Sales Agent Fee	1.00%	73,754	
Sales Legal Fee	0.25%	18,438	
			92,192

Additional Costs

Profit on Private	20.00%	1,560,631	1,560,631
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			367,921
Total Finance Cost			367,921

TOTAL COSTS**46,156,004**

LB Southwark Cil Site Testing**Site 51 - SE22 8****PROFIT****8****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	4.84%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
Gross Initial Yield%	4.79%
Net Initial Yield%	4.79%
	6.64%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****LB Southwark Cil Site Testing
Site 52 - SE1 5****Summary Appraisal for Phase 1****REVENUE**

Rental Area Summary	m²	Rate m²	Gross MRV
Existing	7,792.00	£260.00	2,025,920
Retail Extension	2,466.00	£260.00	641,160
Totals	<u>10,258.00</u>		<u>2,667,080</u>

Investment Valuation**Existing**

Current Rent	2,025,920	YP @	4.7500%	21.0526	42,650,947
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Retail Extension

Market Rent	641,160	YP @	4.7500%	21.0526	
		PV 1yr 1mth @	4.7500%	0.9510	12,836,283
					55,487,230

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(703,690)	55,487,230
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NET DEVELOPMENT VALUE54,783,540**NET REALISATION****54,783,540****OUTLAY****ACQUISITION COSTS**

Residualised Price			44,648,252
Stamp Duty		4.00%	1,785,930
Agent Fee		1.00%	446,483
Legal Fee		0.25%	111,621
			46,992,285

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail Extension	2,466.00	£1,305.00	3,218,130
			3,218,130
Contingency		5.00%	160,907
Statutory/LA	10,258.00 m ²	30.00 pm ²	307,740
			468,647

PROFESSIONAL FEES

Professional Fees	10.00%	321,813	321,813
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MARKETING & LETTING

Marketing	3.00%	385,088	
Letting Agent Fee	10.00%	64,116	
Letting Legal Fee	5.00%	32,058	
			481,262

DISPOSAL FEES

Sales Agent Fee	1.00%	121,326	
Sales Legal Fee	0.25%	30,331	
			151,657

Additional Costs

Profit on Private	20.00%	2,567,257	2,567,257
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FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			582,488
Total Finance Cost			582,488

TOTAL COSTS**54,783,540**

LB Southwark Cil Site Testing**Site 52 - SE1 5****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	4.87%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
Gross Initial Yield%	4.81%
Net Initial Yield%	4.81%
	6.62%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**LB Southwark CIL Site Testing
53 - SE1 9**

Summary Appraisal for Phase 1**REVENUE****Rental Area Summary**

	m²	Rate m²	Gross MRV
Office	41,000.00	£484.35	19,858,362

Investment Valuation**Office**

Market Rent	19,858,362	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	312,238,392

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.80%	(17,117,038)	312,238,392
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NET DEVELOPMENT VALUE295,121,353**NET REALISATION****295,121,353****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.04 Ha £1,065,150,699.39 pHect)			42,606,028
Stamp Duty		4.00%	1,704,241
Agent Fee		1.00%	426,060
Legal Fee		0.50%	213,030
			44,949,360

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
Office	48,235.29	£2,584.00	124,640,000

Contingency		5.00%	6,232,000
Statutory/LA	48,235.29 m ²	30.00 pm ²	1,447,059
			7,679,059

PROFESSIONAL FEES

Professional Fees		10.00%	13,087,200
			13,087,200

MARKETING & LETTING

Marketing		3.00%	9,367,152
Letting Agent Fee		10.00%	1,985,836
Letting Legal Fee		5.00%	992,918
			12,345,906

DISPOSAL FEES

Sales Agent Fee		0.75%	2,341,788
Sales Legal Fee		0.25%	780,596
			3,122,384

MISCELLANEOUS FEES

Private Profit		20.00%	62,447,678
			62,447,678

FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land			6,396,080
Construction			7,060,369
Other			13,393,318
Total Finance Cost			26,849,767

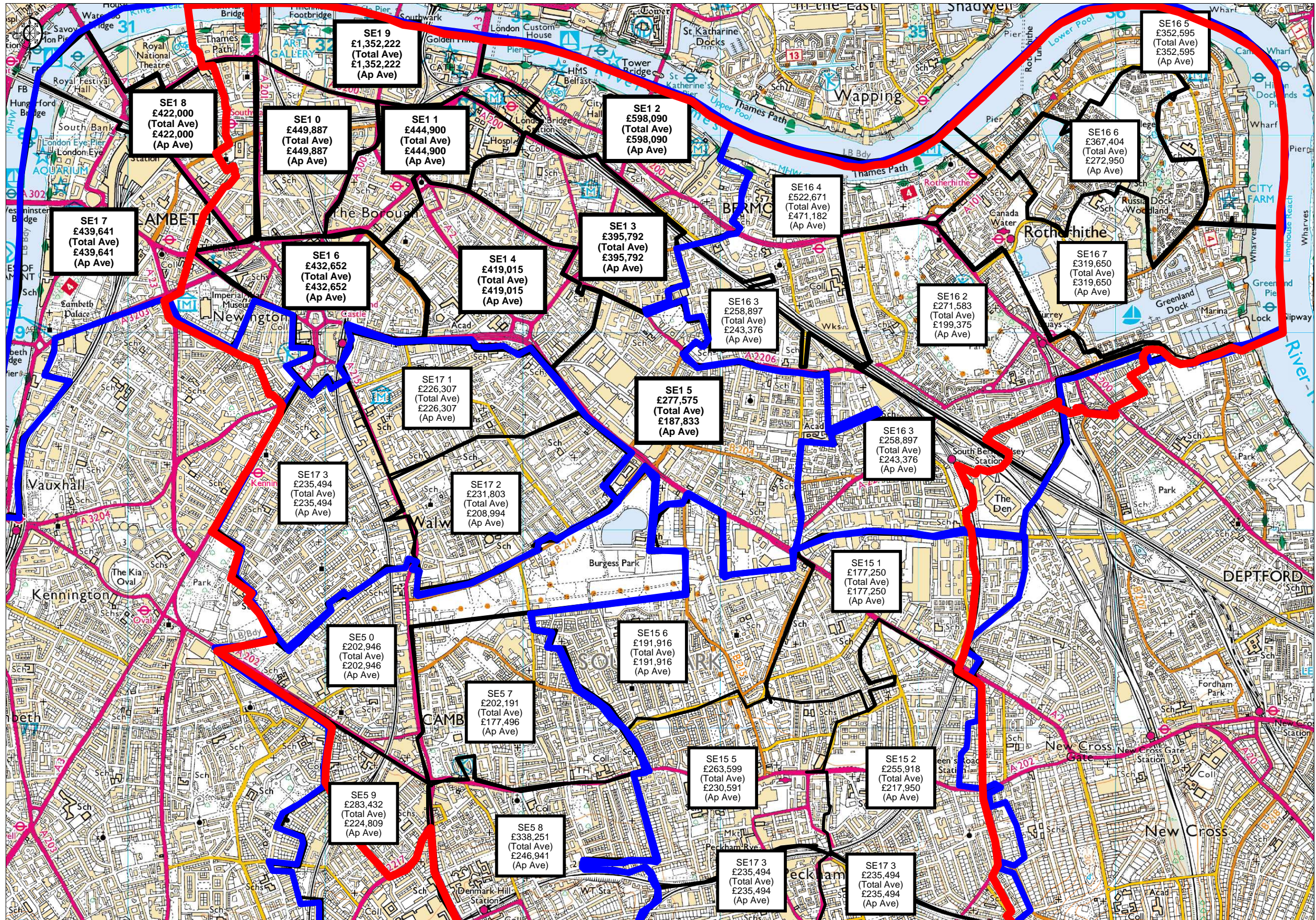
TOTAL COSTS**295,121,353****PROFIT****0**

**LB Southwark CIL Site Testing
53 - SE1 9****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	6.73%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Gross Initial Yield%	6.36%
Net Initial Yield%	6.36%
	6.88%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	N/A

Appendix 5 Map showing average house price variances in the key boundary areas

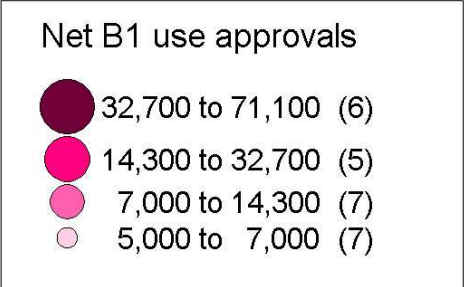
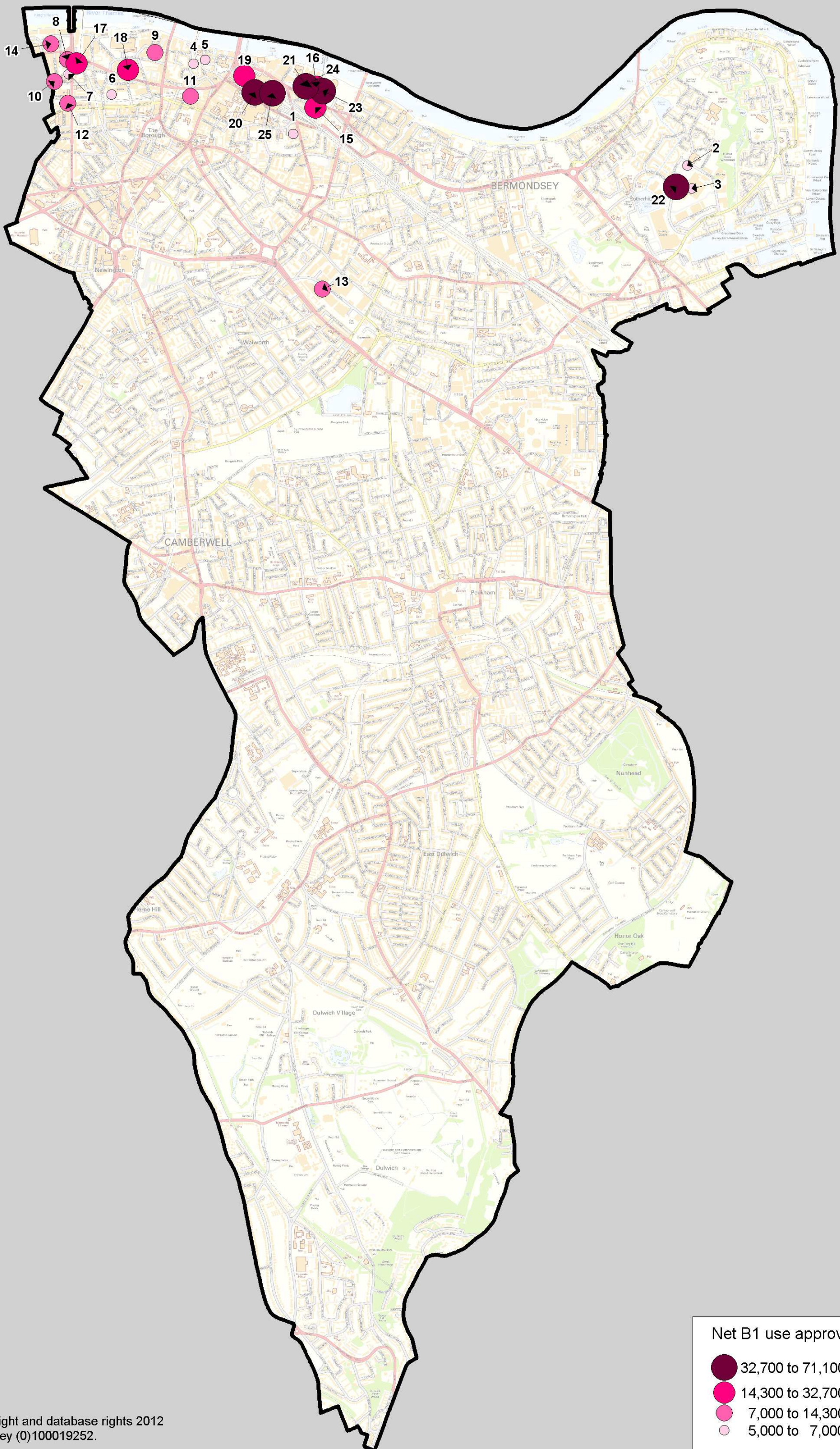
Southwark CIL Charging Areas (North)



Appendix 6 Maps showing the concentration of office and hotel developments within the borough over the last 10 years

LB Southwark - Net Class B1 Use Approvals

ID	Permission reference	Net B1 approvals	Site name/number	Street Name	Postcode
1	06-AP-1980	5,026	56-58	Bermondsey Street	SE1 3UD
2	07-AP-2806	5,105	Mulberry Business Centre	Quebec Way	SE16 7LB
3	0101195	5,720	Harmsworth Quays Printing Ltd.	Surrey Quays Road	SE16 1PJ
4	0101531	5,747	Riverside Studios, 28-32	Park Street	SE1
5	03-AP-0466	6,000	Blows Yard + 16	Winchester Walk	SE1
6	0201153	6,097	Ewer Street Viaduct, 27	Great Suffolk Street	SE1
7	07-AP-2332	6,296	Wedge House, 32-40	Blackfriars Road	SE1 8PB
8	07-AP-0301	7,029	20	Blackfriars Road	SE1 8NY
9	02-AP-1799	7,150	4-8	Emerson Street	SE1 9DU
10	04-AP-2168	7,972	6	Paris Gardens	SE1
11	0201865	8,832	15-23	Southwark Street	SE1
12	0101418	11,040	68-71	Blackfriars Road	SE1
13	10-AP-2312	11,423	Unit 7-14	Mandela Way	SE1
14	05-AP-0227	14,272	Kings Reach And Land And Buildings	Rennie Street	SE1 9LS
15	06-AP-0581	18,093	156-172	Tooley Street	SE1 2TZ
16	04-AP-1267	19,280	Plot '4' [Ex Plot 3b], More London Riverside, R/O 123-141	Tooley Street	SE1
17	10-AP-3372	23,490	231 - 241	Blackfriars Road	SE1 8NW
18	05-AP-2257	29,680	'Bankside 1,2,3'	Southwark Street	SE1 0TE
19	07-AP-0815	30,780	New London Bridge House, 25	London Bridge Street	SE1
20	0100476	32,719	Land Adjoining London Bridge Station	St Thomas Street	SE1
21	0200108	35,767	Plot 7, B/B River Thames, Pottersfield Pk	Braidwood Street	SE1
22	0101100	40,972	Site E, Canada Water, Land Bounded By	Canada Water	SE16
23	04-AP-1266	44,390	Plot '3' [Ex Plot 3a], More London Riverside, B/B	Tooley Street	SE1
24	07-AP-0649	56,717	Plot 7, More London, 123-137	Tooley Street	SE1
25	0000333	71,018	London Bridge Station, Bounded By, 64-84	Tooley Street	SE1



LB Southwark - Net Hotel Approvals

ID	Permission reference	Net C1 Hotel Bedrooms	Site Name/Number	Street Name	Postcode
1	07-AP-1783	9	Hour Glass P.H., 131	Beaconsfield Road	SE17 2BX
2	08-AP-2742	10	29 - 30	Borough Road	SE1 0AJ
3	04-AP-1311	11	Bridge House P.H., 30	Borough Road	SE1
4	0202092	12	Hotel Pasha, 158	Camberwell Road	SE5
5	06-AP-2188	21	Southwark Rose Hotel, 43-47	Southwark Bridge Road	SE1 9HH
6	10-AP-1661	22	Lord Denning Court	Grumant Road	SE15 5PZ
7	07-AP-2346	32	Prince Of Wales 51-57	Georges Road	SE1 6ER
8	09-AP-2006 / 05 AP-1647	57	190-202	Old Kent Road	SE1 5TY
9	06-AP-1376	64	New Caledonian Market, Bermondsey Square	Tower Bridge Road	SE1
10	11-AP-3515	70	Former Lambeth College	Tooley Street	SE1 2JR
11	10-AP-1831	75	144-152	Walworth Road	SE17 1JL
12	09-AP-2840	122	Land At	Great Suffolk Street	SE1
13	09-AP-0408	177	284-302	Waterloo Road	SE1 8RS
14	09-AP-2320	191	Surrey House, 20	Lavington Street	SE1 0NZ
15	05-AP-0673	202	202-206	Union Street	SE1
16	04-AP-0465	245	Plot 5, More London Place, Rear Of 115-121	Tooley Street	SE1
17	06-AP-2117	261	Bounded By	Blackfriars Road	SE1 9UF
18	06-AP-0521	284	Saint George's House, 195 - 203	Waterloo Road	SE1 8UX
19	07-AP-2267	330	Land Bounded By	Prices Street	SE1 0UG
20	11-AP-1955	358	Sea Containers House, 20	Upper Ground	SE1 9PD
21	09-AP-1749	479	46-49	Blackfriars Road	SE1 8NZ

