



Note in response to reason for refusal no.2 – Affordable housing

Richard Ashdown

Stanford House, Nestles Avenue, Hayes

Local Planning Authority Reference: 51175/APP/2018/4260

July 2019

Private and Confidential

Contents

1	Personal Statement	Page 03
----------	---------------------------	----------------

2	Statement of evidence	Page 04
----------	------------------------------	----------------

**Appendix 1 – ULL Property Economic Viability Assessment –
December 2018**

**Appendix 2 – Carter Jonas draft Review of Applicant's Financial
Viability Assessment – March 2019**

Appendix 3 – ULL Property letter to Carter Jonas – 5th April 2019

**Appendix 4 - Carter Jonas Final Review of Applicant's Financial
Viability Assessment – April 2019**

1 Personal Statement

My name is Richard Ashdown and I am the Managing Director and owner of Upside London Limited, which also operates under the name of ULL Property ('ULL'). My qualifications include a Bachelor of Arts degree and a postgraduate Diploma in Housing.

My company specialises in providing advice in relation to affordable housing and economic viability in development. Prior to establishing Upside London Limited I held the post of Director at Jones Lang LaSalle, where I provided advice in relation to affordable housing and economic viability. Over the past 25 years I have held posts at consultancies and housing associations, including Development Director at two Hyde Housing Association Group subsidiaries.

In relation to the planning appeal at Stanford House, Nestles Avenue, Hayes, my company produced the Economic Viability Assessment which accompanied the planning application.

The evidence which I have prepared and provide for this appeal regarding planning reference 51175/APP/2018/4260 is true and I confirm that the opinions expressed are my true and professional opinions.

2 Statement of Evidence

2.1 REASON FOR REFUSAL NO. 2 – AFFORDABLE HOUSING.

Reason for refusal no. 2 asserts that:

The proposed development fails to make appropriate provision of on site affordable housing. The proposal is therefore contrary to Saved Policy R17 of the the Hillingdon Local Plan: Part 2 - Saved UDP Policies (November 2012); Policy H2 of the Hillingdon Local Plan: Part One - Strategic Policies (November 2012); the London Borough of Hillingdon's Supplementary Planning Document on Planning Obligations and Policies 3.10 - 3.13 of the London Plan (2016); and National Planning Policy Framework, Para. 62 -64 (2019) or the Mayor's Affordable Housing and Viability SPD 2017.

2.2 POLICY CONTEXT

The Council has referenced the following policies in its reason for refusal, and I have provided commentary in relation to each below:

2.2.1 **Saved policy R17 of the Hillingdon Local Plan Part 2: Saved UDP policies (November 2012),** states:

The Local Planning Authority will, where appropriate, seek to supplement the provision of recreation open space, facilities to support arts, cultural and entertainment activities, and other community, social and education facilities through planning obligations in conjunction with other development proposals.

This policy does is not relevant to the Inspector's determination of the appeal.

2.2.2 **Policy H2 of the Hillingdon Local Plan Part 1 : Strategic Policies (November 2012),** states:

Housing provision is expected to include a range of housing to meet the needs of all types of households and the Council will seek to maximise the delivery of affordable housing from all sites over the period of the Hillingdon Local Plan: Part 1- Strategic Policies. For sites with a capacity of 10 or more units the Council will seek to ensure that the affordable housing mix reflects housing needs in the borough, particularly the need for larger family units.

Paragraph 6.29 of the same document states (immediately following Policy H2): Subject to viability and if appropriate in all the circumstances, the EVA indicates that 35% of all new units in the borough should be delivered as affordable housing, with an indicative tenure mix of 70% housing for social rent and 30% intermediate housing. Housing market conditions in Hillingdon are complex and a one size fits all approach to tenure provision will not be suitable for all areas in the borough. Subject to the provision of robust evidence, the Council will adopt a degree of flexibility in its application of Policy H2 to take account of tenure needs in different parts of the borough.

It is clear therefore that if a development proposal can justify a reduced level of affordable housing by reference to viability then it would accord with, rather than be a departure from, the Council's affordable housing policies.

2.2.3 London Borough of Hillingdon's Supplementary Planning Document on Planning Obligations

Paragraph 4.16 of this document states:

The Council will seek the maximum reasonable amount of affordable housing when negotiating on individual private residential and mixed-use schemes. However, Hillingdon's Local Plan Part 1 acknowledges that the need for affordable housing should be balanced with the economic viability of private housing. Where less than 35% affordable housing is proposed or an alteration to the 70%/30% tenure split, a justification for the departure from Policy H2 will be required, together with a financial viability appraisal to demonstrate that the maximum affordable housing provision is being delivered on-site.

As set out above, policy allows a reduction of affordable housing below 35% where this is justified on viability grounds.

2.2.4 Policies 3.10 – 3.13 of the London Plan (2016)

Policy 3.12 of the London (Regional) Plan states:

- A *The maximum amount for affordable housing should be sought when negotiating on individual private residential and mixed-use schemes, having regard to:*
- a. *current and future requirements for affordable housing at local and regional levels*
 - b. *affordable housing targets adopted in line with Policy 3.11*
 - c. *the need to encourage rather than restrain residential development*
 - d. *the need to promote mixed and balanced communities*
 - e. *the size and type of affordable housing needed in particular locations*
 - f. *the specific circumstances of individual sites*
 - g. *resources available to fund affordable housing, to maximise affordable housing output and the investment criteria set by the Mayor,*
 - h. *the priority to be accorded to provision of affordable family housing in policies 3.8 and 3.11.*
- B *Negotiations on sites should take account of their individual circumstances including development viability, the availability of public subsidy, the implications of phased development including provisions for re-appraising the viability of schemes prior to implementation ('contingent obligations'), and other scheme requirements.*

As with the Council's affordable housing policies the London Plan permits a reduction in Affordable Housing provision where this can be justified on viability grounds.

2.2.5 National Planning Policy Framework

The National Planning Policy Framework states at Paragraph 57:

It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether

the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.

It is noted that the Hillingdon Local Plan was adopted in November 2012, and the viability evidence underpinning it is now out of date.

National Planning Practice Guidance ('NPPG') sets out in some detail the key elements of a site-specific viability assessment (NPPG, Viability - paragraphs 10 to 19), and makes the following comment at paragraph 10:

In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.

NPPG gives detailed commentary in relation to 'build to rent' development, and has the following to say about affordable housing:

What provision of affordable housing is a build to rent development expected to provide?

The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development.

Under the section *Viability and Decision Taking*, Paragraph 19 the NPPG further states, in relation to build to rent and viability:

developers may propose alternatives to the policy, such as variations to the discount and proportions of affordable private rent units across a development.

Therefore NPPG explains that while 20% is "generally a suitable benchmark for the level of affordable private rented homes", developers may propose "variations to the discount and proportions of affordable private rent across a development."

2.2.6 Mayor's Affordable Housing and Viability SPD 2017

The Mayor's SPD is a 70-page document which sets out a detailed methodology for carrying out viability assessments at the decision making (i.e. planning application) stage. It contains a section relating to build to rent schemes. Paragraph 4.17 states:

...each Build to Rent scheme should be assessed on its own viability with the intention of maximising the supply of affordable homes, preferably provided at London Living Rent levels.

2.2.7 ULL Property comments on the policies cited by the Council in reason for refusal no. 2

As set out above, it is common ground between the Appellant and the Council that a reduced level of Affordable Housing can be justified (and therefore be policy compliant) on viability grounds.

2.3 VIABILITY ASSESSMENT

Having established the policy basis for viability assessment in determining the appropriate provision of affordable housing, I now address the Council's statement that *"The proposed development fails to make appropriate provision of on site affordable housing"*.

2.3.1 Timeline

- ULL Property submitted an Economic Viability Assessment dated December 2018. (Appendix 1)
- Carter Jonas LLP was appointed by the London Borough of Hillingdon. Carter Jonas issued their draft 'Review of Applicant's Financial Viability Assessment' report dated March 2019. (Appendix 2)
- My colleague Alex Ward responded to Carter Jonas's report in a letter dated 5th April 2019, seeking to address areas of difference between the 2 viability reports. (Appendix 3)
- Carter Jonas issued a second 'Review of Applicant's Financial Viability Assessment', sub-titled 'Final Report'. (Appendix 4)

2.3.2 Differences between the viability consultants

The following areas of difference remain between the respective consultants:

Table 1

Assumption	ULL Property	Carter Jonas
Residential Investment Yield	4.00%	3.75%
Private Rents	1b/1p = £1,050pcm 1b/2p = £1,140pcm 2b/3p = £1,400pcm 2b/4p = £1,550pcm 3b/4p = £1,635pcm 3b/5p = £1,700pcm	1b/1p = £1,075pcm 1b/2p = £1,250pcm 2b/3p = £1,425pcm 2b/4p = £1,575pcm 3b/4p = £1,650pcm 3b/5p = £1,950pcm
Construction costs	£18,440,000	£18,240,000
Developer profit	15% on GDV	Private Rented - 15% on GDV Affordable Rented - 6% on GDV Commercial - 15%
Benchmark Land Value	£2,527,118	£2,032,778

2.4 My contention on each of the points identified in Table 1 are taken in order:

2.4.1 Residential Investment Yield

I consider 3.75% investment yield is too strong for this product in this location. My position (4% investment yield) is supported by the most up to date market analysis by the research department of Knight Frank. We cited Knight Frank's Residential Yield Guide October 2018 in our report (Appendix 1, Section 5). Knight Frank's more up to date Residential Yield Guide dated February 2019 maintains 4% investment yield for this location. Carter Jonas quote CBRE guidance dated March 2018, more than 12 months ago. My review of CBRE's most recent (Q2 2019) research relates prime yields only, and I do not consider Nestles Avenue to be a prime location.

2.4.2 Private Rents

I do not agree with Carter Jonas's view regarding proposed rent levels. The rent levels assumed by Carter Jonas are more appropriate to a development where on-site car parking is available. Carter Jonas has also referenced 'build to rent' developments at the Old Vinyl Factory and the Gatefold Buildings, which are in superior locations and benefit from 'placemaking' and a new retail offer, compared with the subject scheme. I maintain ULL Property's analysis shown in our Report at Appendix 1 supports the rent levels shown in the ULL Property column in Table 1 above.

2.4.3 Construction costs

I contend the proposed reduction in construction costs, at 1.1%, is de minimis and shows that Carter Jonas's cost consultant broadly agrees that our proposed construction costs are reasonable.

2.4.4. Developer Profit

ULL adopted 15% profit margin on the GDV for the proposed scheme; Carter Jonas disagrees with this assumption suggesting there should be a differentiation between the profit level on the affordable (Discount Market Rent) rental units and the private rented units. While this is usually the case for affordable units within a build for sale development, this is not the case for a build to rent scheme. The 6% applied to affordable within build for sale schemes is reflective of a forward funded, pre-agreed disposal to a registered provider; effectively 6% is a contractor's profit and not a developer's profit requirement. This is not the case within BTR schemes as the developer maintains ownership and therefore the risk associated with these units is the same as a private rent unit. ULL, therefore, has applied a 15% profit margin to all elements of the scheme within the revised appraisal.

2.4.5 Benchmark Land Value

I disagree with Carter Jonas's assessment that the existing building will achieve rent of £8 per square foot per annum, while requiring £450,000 of refurbishment works costs to achieve this rent. My position is that £8 is achievable without these works being carried out, or else that a higher rent (£9.50) can be achieved with the refurbishment works completed.

Evidence supporting my view of the market rent is provided at Section 6 of ULL Property's report at Appendix 1 to this evidence.

2.4.6 The differences identified in Table 1 lead to a difference in the level of affordable housing that each party considers is viable, as shown in Table 2 below:

Table 2

Affordable housing provision	ULL Property	Carter Jonas
Habitable rooms (no.)	20	54
Habitable rooms (%)	10%	26%

2.3.3 Concluding viability negotiations

The applicant considers discussions in relation to viability and affordable housing have not reached a conclusion. ULL Property is instructed to seek common ground between the parties between now and the formal appeal proceedings.

ULL Property's assessment used the methodology described in the Mayor of London's Viability and Affordable Housing Supplementary Planning Guidance 2017, which compares the residual land value of the proposed scheme, with the existing use value of the site, plus a premium for the landowner (known as 'EUV plus').

Appendix 1 – ULL Property Economic Viability Assessment – December 2018



**Stanford House, 9 Nestles Avenue, Hayes
Healey Development Solutions (Hayes) Limited
Economic Viability Appraisal Report
December 2018**

Private and Confidential

Contents

1 ULL Property.....3

2 Report Context and Policy Background.....4

3 Project Details.....8

4 Cost Assumptions.....10

5 Income Analysis.....12

6 Benchmark Land Value.....16

7 Affordable Housing.....19

8 Analysis of the Appraisal.....20

9 Summary of Key Points.....21

10 Appendices.....22

Appendix 1 – Argus Developer Appraisal

Appendix 2 – Cash Flow Model – Build for Rent

Appendix 3 – Construction Cost Plan

1 ULL Property

ULL is a property services company specialising in development consultancy, affordable housing and economic viability. The company aims to find viable solutions which facilitate development, while at the same time supporting the reasonable mitigation of development impact. In so doing, we operate at the centre of development economics, assisting developers and Local Planning Authorities reach effective solutions, against a challenging financial background.

This report has been prepared by Richard Ashdown, who has in excess of 25 years experience in residential development and consultancy, and supported by Alex Ward who qualified as a Chartered Surveyor via the Commercial Pathway of the RICS Assessment of Professional Competence. ULL Property currently advises house builders and developers on property assets valued in excess of £4 billion.

2 Report Context and Policy Background

Healey Development Solutions (Hayes) Limited ('the Applicant') proposes to submit a planning application to the London Borough of Hillingdon in respect of Stanford House, 9 Nestles Avenue, Hayes, UB3 4SA. The application seeks full planning permission for:

"Demolition of existing building and redevelopment to provide a building up to 10 storeys, with 868 sq m of Class B floor space at ground and first floor level and 81 residential units to the upper floors, with associated landscaping, access, car parking and cycle parking."

As part of the planning application the Applicant has instructed ULL to assess, and report on, the economic viability of providing affordable housing and Section 106 financial contributions in relation to the development proposal. Our assessment is carried out in the context of planning policy, and as such we have reviewed the key policy documents which provide guidance for developers in the London Borough of Hillingdon.

Current planning policy regarding affordable housing, financial contributions and viability

In this section we have reviewed the policies and guidance relevant to planning obligations under the Section 106 regime. The adopted Development Plan relating to the proposal comprises the London Plan and the Hillingdon Local Plan, adopted November 2012.

Material consideration when assessing the economic viability of a planning application should also be given to National Planning Policy Framework (2018), and National Planning Practice Guidance.

The Council's Planning Obligations SPD (July 2014) is also considered to be a material consideration for the purposes of this assessment, as is the Mayor of London's publication – Homes for Londoners – Affordable Housing & Viability SPG (August 2017).

National Planning Practice Guidance (NPPG)

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

In the appraisal provided at Appendix 1 we test the development economics, to determine where this balance sits in the context of the subject development.

The London Plan

Policy 3.12 of the London (Regional) Plan states:

- A The maximum amount for affordable housing should be sought when negotiating on individual private residential and mixed-use schemes, having regard to:
 - current and future requirements for affordable housing at local and regional levels

- affordable housing targets adopted in line with Policy 3.11
- the need to encourage rather than restrain residential development
- the need to promote mixed and balanced communities
- the size and type of affordable housing needed in particular locations
- the specific circumstances of individual sites

B Negotiations on sites should take account of their individual circumstances including development viability, the availability of public subsidy, the implications of phased development including provisions for re-appraising the viability of schemes prior to implementation ('contingent obligations'), and other scheme requirements.

Hillingdon Local Plan

Policy H2 of Hillingdon's Local Plan Part 1 states:

"Housing provision is expected to include a range of housing to meet the needs of all types of households and the Council will seek to maximise the delivery of affordable housing from all sites over the period of the Hillingdon Local Plan: Part 1- Strategic Policies. For sites with a capacity of 10 or more units the Council will seek to ensure that the affordable housing mix reflects housing needs in the borough, particularly the need for larger family units."

The commentary to the policy explains that the Council will seek to deliver 35% of all housing to meet the definition of affordable housing, with a tenure split of 70% social rented and 30% intermediate housing, assessed on the number of habitable rooms rather than the number of units.

Planning Obligations Supplementary Planning Document 2014

The Planning Obligations SPD states at paragraph 4.16:

"The Council will seek the maximum reasonable amount of affordable housing when negotiating on individual private residential and mixed-use schemes. However, Hillingdon's Local Plan Part 1 acknowledges that the need for affordable housing should be balanced with the economic viability of private housing. Where less than 35% affordable housing is proposed or an alteration to the 70%/30% tenure split, a justification for the departure from Policy H2 will be required, together with a financial viability appraisal to demonstrate that the maximum affordable housing provision is being delivered on-site."

The forgoing policies demonstrate that the Council has policy targets for affordable housing provision, and that these targets are not intended to restrain development, based on the outcome of economic viability testing.

Mayor of London's Affordable Housing and Viability Supplementary Planning Guidance 2017

In the context of Build to Rent schemes, the GLA's Housing SPG provides further guidance, and recognizes this type of housing has distinct economic characteristics relative to mainstream market housing (paragraph 4.5). Specifically it is stated that "Build to Rent cannot often compete on an equal footing with speculative build for sale when competing for land, as it can generate lower returns (4.6)." It is stated that this should be taken into account when undertaking viability assessments for such developments (4.7 (4)). The implication that returns can be lower for Build to Rent projects is their reduced ability to make equal contributions to planning obligations and affordable housing.

Paragraph 4.7 (2) of the SPG recognizes the need for all homes on the Build to Rent development to stay under single management and affordable homes should be delivered as discounted market rent managed by the Build to rent provider.

It is therefore clear from national, regional and local policy that while targets have been set for the provision of affordable housing, there is a policy basis for contributions to be viable.

Determining viability and the purpose of this report

The main purpose of this report is to provide an independent assessment of the viability of proposed development, and in so doing to assess the level of affordable housing obligations which can be provided to the local planning authority, while sustaining an appropriate land value to the landowner and profit to the developer. This is in line with RICS Guidance Note 94/2012 which states:

“Financial viability for planning purposes is defined as follows: An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the owner and a market risk adjusted return to the developer in delivering that project.”

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

As such, where a development proposal generates a residual value which is greater than the appropriate benchmark value, by a sufficient margin, it is deemed financially viable and therefore likely to proceed. This is based on the assumption that a developer will always seek to bring forward the highest value scheme.

In the case of the site at Nestles Avenue, Hayes it is proposed to deliver homes for Discount Market Rent, which will be integrated into the development and managed alongside the market rented apartments.

In assessing the Residual Land Value of the proposed scheme, full account is taken of the following inputs:

A: Costs	B: Revenue
Build costs Planning and development fees Planning contributions Marketing Land purchase costs Development finance Land holding finance Profit	Private residential rental investment Commercial investment Discount Market Rents

$B - A = \text{Residual Land Value.}$

In assessing the viability of the site at Nestles Avenue we have appraised the present value of the proposed project using an investment cash flow model; then the Present Value is inserted into an Argus appraisal to assess the development period costs and interest, to arrive at a residual land value.

An explanation for all the appraisal inputs for this project is provided later in this report at Section 4 (Cost Assumptions) and Section 5 (Income Analysis).

It is then required to arrive at an appropriate Benchmark against which to compare the Residual Land Value of the proposed scheme, to determine whether the proposal is viable. In the case of Nestles Avenue, this is assessed further at Section 6.

The purpose of our analysis has been to understand the development economics of the site at Nestles Avenue, and to show the results of our analysis. This incorporates appraisal of all costs and values, finance inputs and Community Infrastructure Levy (CIL) contributions.

Information relied upon

We have been provided with, and relied upon:

- The planning application drawings from Brimelow McSweeney Architects
- Cost Plan from Cast Real Estate and Construction Consultancy.

Limitations

This report does not constitute a valuation and should not be relied upon for valuation purposes.

It is provided for the sole use of the party to whom it is addressed. It is confidential to the addressee and their professional advisors. U.L.L. Property accepts no responsibility whatsoever to any person other than the client themselves.

Neither the whole nor any part of the report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the prior written approval of U.L.L. Property.

3 Project Details

The Site is located in Hayes, Middlesex, less than half a mile and 8 minutes' walk from Hayes and Harlington railway station, which affords rail access to London Paddington in a minimum 17 minutes and maximum 25 minutes. Nestles Avenue runs broadly east-west, with low-rise residential along its length to the south and industrial/commercial property to the north. 9 Nestles Avenue, being the subject of this planning application, is a mid-twentieth century industrial building, until recently occupied by a printing works. The building is 1,718 sq m in area.

Planning context

The subject site is included within the Hayes Town Centre Housing Zone. Surrounding sites including the former Nestle factory, 3 Viveash Close, 233-236 Nestles Avenue and 1 Nestles Avenue, have been the subject of recent planning applications, comprising mixed use schemes including 2,092 residential apartments.

The site sits within Site Allocation SA5 of the draft Local Plan Part 2; within SA5 the subject site is part of Site B, described as follows:

"Site B - The provision of up to 300 residential units; the provision of appropriate community infrastructure to support the overall quantum of development, including education as necessary."

The development proposal

The development for which planning permission is currently being sought comprises:

"Demolition of existing building and redevelopment to provide a building up to 10 storeys, with 868 sq m of Class B floor space at ground and first floor level and 81 residential units to the upper floors, with associated landscaping, access, car parking and cycle parking."

The residential element responds to policy in providing a mix of accommodation for single people, couples and families. The commercial areas are arranged such that the residential parts are entirely separate and independent.

The Applicant's proposed redevelopment of 9 Nestles Avenue is a Build for Rent development. It is proposed to provide rented homes available to market occupiers, while also providing a proportion of homes at a discounted rent; all the new homes will be retained and managed by the investor as part of the whole development.

The Applicant's proposal is to provide the residential accommodation in the following schedule:

1 bedroom	2 bedroom	3 bedroom
44	28	9

The residential accommodation proposed responds to market demand, in order to provide the best gross return, which in turn yields the maximum viable contribution towards affordable housing and other Section 106 planning contributions. It also responds to the London Borough of Hillingdon's policy to provide family accommodation as part of residential developments.

4 Cost Assumptions

Appendix 1 shows the financial appraisal incorporating the costs and values of the project. We have used a cash flow model (Appendix 2), and Argus Developer appraisal software, a standard appraisal tool used across the property industry, and recognised by local authorities in viability analysis. The model is set up as a Residual Land Value appraisal, making fixed assumptions about costs, revenues and profit. Appendix 3 shows the Stage 2 construction Cost Plan provided by Cast Real Estate and Construction Consultancy, which reflects costs as at December 2018.

All residential floor areas used in the Appraisal are Net Sales Areas; construction costs are applied to the Gross Internal Floor Area.

Construction costs

The construction accounts for approximately £18,440,000, which equates to an approximate average £220 per sq ft of gross internal floor area. The Cost Plan is reflective of Cast's substantial experience in advising on construction costs relating to residential projects; a 'build to rent' urban specification commensurate with the value of the location has been assumed. The Cost Plan includes a design development contingency of 3%. The construction costs are shown in the Argus appraisal at Appendix 1.

Other costs

Referring to the Argus Developer model at Appendix 1 we have made the following cost assumptions in appraising the development:

- Professional Fees represent 10% of the build cost sum.
- We have applied LB Hillingdon CIL to the private residential areas at £95 per sq m, and the commercial areas at £35 per sq m. We have applied Mayoral CIL at a rate of £35 per sq m to the private residential and commercial areas. These have been indexed to the present day.
- Marketing costs and disposal fees - the following marketing costs and disposal fees have been assumed for the residential element:

Item	Value	Elements
Purchaser's costs	6.8% capitalised rent	Residential Investment
Sale agent's fee	1% capitalised rent	Residential Investment
Sale legal fee	0.25% capitalised rent	Residential Investment

The following marketing costs and disposal fees have been assumed for the commercial element:

Item	Value	Elements
Letting agents fee	10% annual Rent	Commercial Rent
Letting legal fee	3% annual rent	Commercial Rent
Purchaser's costs	6.8% capitalised rent	Retail Investment
Sale agent's fee	1% capitalised rent	Retail Investment
Sale legal fee	0.5% capitalised rent	Retail Investment

- The finance rate is assumed to be 7%. This reflects the average cost of capital to include debt interest (senior and mezzanine), and arrangement, exit and valuation fees.
- Land acquisition costs have been included at 4.3% Stamp Duty (effective rate); agents' fees at 1% and legal fees at 0.5%.
- In relation to developer return, we consider the current market rate for Private Rented Sector developments to be a minimum of 15% on GDV. This is the level recommended by the Urban Land Institute and reflects a lower level of profit compared with the 17.5% accepted in connection with build for sale schemes.

5 Income Analysis

The revenue for the development is derived from the following areas:

Investment sales of:

Private rented apartments

Discount market rental apartments

Commercial space

Private rented apartments

We have researched rental prices for comparable apartments in the vicinity of the site:

1 bedroom apartments

A 1-bedroom apartment with allocated private parking at Vantage Building, located on Station Road, approximately 0.1 miles from Hayes & Harlington station let in July 2018 for £1,100 pcm.

A 1-bedroom apartment with furniture in the Vantage Building, located on Station Road, approximately 0.1 miles from Hayes & Harlington station let in July 2018 for £1,095 pcm.

A 1-bedroom luxury flat in Cardinal Building, High Point Village, approximately 0.1 miles from Hayes & Harlington station let in October 2018 for £1,100 pcm.

Clayton Road Hayes, a 1 bedroom furnished flat approximately 0.1 miles from Hayes and Harlington Station let in June 2018 for £950 pcm.

Botwell lane, a 1 bedroom flat located in heart of Hayes Town centre approximately 0.7 miles from Hayes and Harlington station let in November 2018 for £950 pcm.

A studio flat in Trident House, 76 Station Road, Hayes approximately 0.1 miles from the Hayes and Harlington station let in June 2018 for £900 pcm.

A 1 bedroom studio flat in the heart of Hayes Town centre approximately 0.1 miles from Hayes and Harlington Station is currently available to let for £900 pcm.

2 bedroom apartments

A 2-bedroom apartment with private balcony, located less than 0.1 miles from Hayes and Harlington Station is currently available to let for £1,745 pcm.

A 2-bedroom apartment with private balcony, located less than 0.1 miles from Hayes and Harlington Station let in October 2018 for £1,450 pcm.

A 2 bedroom apartment in the Navigation Building at High Point Villiage approximately 0.1 miles from Hayes and Harlington Station let in September 2018 for £1,495 pcm.

A 2-bedroom apartment in the Vantage Building, High Point Village approximately 0.1 miles for the station let in August 2018 for £1,325 pcm.

A 2-bedroom apartment in High Point Village approximately 0.1 miles from Hayes and Harlington station let in October 2018 for £1,295 pcm.

A 2 bedroom apartment in Shopwith House which is located approximately 0.5 miles away from Hayes and Harlington station let in September 2018 for £1,260 pcm.

3 bedroom apartments

3-bedroom apartments in the local market do not command a correspondingly higher rental than 2-bedroom flats.

A three bedroom apartment in the Vantage Building, High Point Villiage, Station Approach located 0.1 miles away from Hayes and Harlington Station was let in August 2018 for £1,695 pcm.

A three bedroom apartment in the Cardinal Building, High Point Villiage, Station Approach located 0.1 miles away from Hayes and Harlington Station was let in June 2018 for £1,695 pcm.

A three bedroom apartment in the Navigation Building, High Point Villiage, Station Approach located 0.1 miles away from Hayes and Harlington Station was let in September 2018 for £1,600 pcm.

A three bedroom apartment in Waterside, Union House, 23 Clayton Road located approximately 0.2 miles away from Hayes and Harling Station was let in October 2018 for £1,500 pcm.

Residential rents applied to Nestles Avenue development proposal

Having regard to the foregoing information we have applied the following average rents to the proposed accommodation at Nestles Avenue:

Private rents

Type	Montly Rent
1 bed 1 person	£1,050
1 bed 2 person	£1,140
2 bed 3 person	£1,400
2 bed 4 person	£1,550
3 bed 4 person	£1,625
3 bed 5 person	£1,700

Discount Market Rent

We have modelled 10% of the residential apartments as Discount Market Rent, which would be let at London Living Rents as applicable to Botwell Ward. The most recently published rents applicable are:

Type	Montly Rent
1 bedroom	£845
2 bedroom	£939
3 bedroom	£1,033

Further information in relation to the DMR product can be found at Section 7 below.

Residential Investment Yield

The investment yield in relation to a product of this scale and nature will derive as much from the interest of international capital as it will to the domestic and local residential investment market. We have considered the advice of Knight Frank who, in their analysis of investment yields, suggest a net yield of 4% for Greater London residential assets. This site is only a short distance from Hayes and Harlington station, and is located in a currently less favourable non-residential location, albeit we understand there are wider plans for regeneration and redevelopment of neighbouring properties.

Commercial Space - Rents

As stated in Section 3, the proposed scheme includes ground floor commercial accommodation. The proposed commercial space is a response to current GLA requirements for new build developments to replace existing commercial floor space as part of any new proposals. In this instance the existing use is industrial/ warehousing which proposes a challenge for the developer. Whilst innovative solutions are slowly coming forward such as multi story industrial development, and segregated access ways which allow industrial uses to be incorporated with residential developments, it is not yet mainstream therefore the appeal of this to developers is limited.

The applicant is therefore proposing that the commercial space will be a flexible tenure to respond to needs of the local area. This is likely to be a quasi B1 use targeted at the SME sector and likely to be managed by a third party. Options such as this are increasingly being put forward by developers as a solution to enable viable commercial accommodation to be provided within new developments. However there is currently a limited amount of space that has already been delivered in this way, and consequently rental and yield evidence is limited. We have therefore had regard to the following comparable evidence of similar space located within relatively new residential developments:

Platform 5, Warwick Road, West Drayton, UB87 9BT – An undisclosed tenant has taken 2,600 sq ft of ground new build floor office accommodation on a shell and core basis for £40,000 per annum £15.38 per Sq Ft

The Gatefold Building, 36 Blyth Road, Hayes – A new development which will form part of the wider regeneration scheme at the Old Vinyl Factory. Comprising 119 residential units the development includes 6 commercial units which are currently available to let. Available with open planning uses for B1,B2, B8 and A3 user classes the units range from 495 Sq Ft – 1,324 Sq Ft or a combined 3,853 Sq Ft. Available on new leases with quoting rents of £20.00 per sq ft. This scheme benefits from the ‘landmark’ placing making opportunity of the Vinyl Factory scheme and therefore the rents are greater than might otherwise be achieved. The quoting rent is reflective of the opportunity of an A3 use, this use class is not part of the proposed scheme. Generally A3 uses attract higher rents.

Units 1 & 2 Baltic Place, Ealing Road, Brentford – A new build development of residential apartments and two commercial units. Currently available to let the two commercial units provide 1,119 sq. ft. and 1,413 sq. ft. of accommodation with consented use for A1,D1,B1 uses quoting rent is £22.50 per sq. ft.

TRS Apartments, Southbridge Way, Southall – A new build development of residential apartments with ground floor commercial space, providing 7,500 sq ft for accommodation the unit is currently available to let for £25.00 per sq ft.

Commercial Investment Yield

For the same reasons as given above in relation to rent levels, it is difficult to ascertain exactly what the market response will be to new build secondary SME investment. We have therefore assumed that the unit will be let to a single management company who in turn will license the space to individual tenants be that SME companies or individuals within a shared co-working environment.

Assuming the covenant of the proposed management company is strong such as a Spaces, Regus, WeWork or The Office Group, we expect the investment is likely to be popular with regional investors seeking long term income. Examples of recent investments with managed operators as the tenant include:

CC3, Manor Royal, Crawley – In November 2018 Clearbell Capital LLP sold the freehold investment in CC3, Churchill Court, Manor Royal for £11,250,000 to an undisclosed buyer the 29,693 sq ft building was fully let to Regus on a new lease with a passing rent of £682,201.50 per annum. The sale equates to a net initial yield of 5.68% assuming purchasers costs of 6.8%.

Lakeside House, Hillingdon – In June 2017 Columbia Threadneedle Investments sold 1 Furzeground Way for £26,500,000 to Tritax. The 72,677 sq ft office is fully let to Regus and produces a net initial yield of 5.6% assuming purchasers costs of 6.8%

Having regard to the above commentary we have included the commercial space at a rent of £25.00 per square foot, and a net yield of 5.5%.

6 Benchmark Land Value

As explained at Section 2 above, viability is typically tested by comparing the residual land value of the proposed scheme with a Benchmark Land Value (BLV). The benchmark can be derived following an assessment of the value of the site in its Existing Use or a reasonable Alternative Use.

In this case, the site currently consists of a single industrial unit which is currently used for storage but was until recently occupied on a traditional lease. The unit comprises a brick built front offices over a ground and first floor with a portal frame warehouse behind. Providing a total of 18,492 sq ft of accommodation in total, we consider the unit could be reoccupied on a traditional lease if redevelopment was not proposed.

We therefore consider the Benchmark Land Value to be the Existing Use Value plus a premium to the landowner. This approach is consistent with the Mayor of London's Affordable Housing and Viability Supplementary Planning Guidance (August 2017). It is also consistent with Planning Practice Guidance, published by the Ministry of Housing, Communities and Local Government in July 2018.

Lease Comparable Evidence

Unit 12 Trumpers Way - An early 1970s, mid terrace warehouse comprising a concrete frame construction which is split 50:50 over ground and first floor. The unit provides 11,686 sq ft and was let to Halls Furnishing in February 2018 for £116,276 per annum which equates to £9.95 per sq ft. (This unit is smaller than the subject property and in poor condition; a 1970s-built high office content industrial unit, not as popular as a predominantly industrial unit)

Unit 5, Transport Avenue - A mid-1930s self-contained detached warehouse of 15,888 sq ft comprising a concrete frame construction with a profile metal cladding, the unit benefits from a yard of 5,333 sq ft. The unit was let in September 2018 to Concept Bespoke International, for £158,880 per annum, which equates to £10 per sq ft.

Unit 1 -3, Aerodrome Way, International - A late 1980s, mid-terrace industrial unit comprising 10,506 sq ft of industrial and office accommodation of steel portal frame construction with brick infill at ground floor and profile cladding upper parts. The unit was let in December 2017 to an undisclosed tenant for £112,939, which equates to £10.75 per sq ft.

466 Colindale Road, Slough - A 1950s detached industrial unit providing 10,166 Sq Ft of industrial accommodation and comprising a concrete frame with brick infill. The unit was let in April 2018 to Global Flooring for £114,368 per annum, which equates to £11.25 per sq ft.

Having regard to the above evidence our opinion of the market rent of the existing building would be circa £9.50 per sq ft having regard to the building's condition, location and the limited availability of similar sized second-hand buildings in the area.

Having reviewed market evidence, both in terms of availability and deals done, we consider the market locally is dominated by new build estates or refurbished units which are quoting rental figures in the region of £12.50 -£15.00 per Sq Ft depending on size and connectivity to main roads, these generally benefit from eaves heights of over 7m.

Whilst the subject property is not new build, we are of the opinion that, were it to be let on a standard lease length demand would be healthy and the selected rent would not be out of keeping with the local area and demand. We have reviewed several similar buildings locally, which are quoting lower rents, however, these are mainly due to short term certain or ongoing redevelopment proposals that limit the potential tenant demand. For example, the owners of the subject building are marketing it for short term storage at £5 per sq ft; this reflects a short term let at the convenience of the landlord, is not indicative of the market locally and therefore should be disregarded as comparable evidence.

Applying the adopted rent of £9.50 per sq ft to the existing building of 18,492 sq ft the rent for the building could be let in the region of £175,674 per annum.

Investment Comparable evidence

The Griffin Centre, Feltham – A portfolio sold in January 2018 to Orchard Street Investment Management for £20,910,000. The 104,305 sq ft estate comprised two office units and 8 industrial units, the industrial element sold for a combined price of £19,729,151. The unit sizes range from 6,108 sq ft to 22,437 sq ft and each benefit from internal eaves heights between 6.1m and 7.4m, two storey office accommodation. Fully let to seven tenants the industrial element has a passing rent of £896,032, the purchase price represents an overall net initial yield of 4.09%. However, the industrial element equates a net initial yield of 4.25%, assuming purchaser's costs of 6.75%.

Ainscough Crane Hire, 84 Swallowfield Way – A private UK based investor has acquired Ainscough Crane Hire on Swallowfield Way, Hayes from Kingston Estates for £8.55 million as an investment. Fully let on an FRI basis to Ainscough Crane Hire for 15 years from 29th May 2007, the current passing rent is £350,000 reflecting a net initial yield of 3.84% assuming purchaser's costs of 6.68%. The site coverage is relatively low with a rent equating to just £2.75 across the whole site area. Assuming a normal site coverage of 45% the rent would equate to just £6.75 sq ft therefore the yield is reflective of the asset management / uplift opportunities.

Orbital Industrial Estate – LMO Overseas Investments Ltd acquired the Freehold interest in 42,935 sq. ft of Industrial accommodation at 1-13 Horton Road in March 2018 for £7.35MM as an investment. The 14 units estate let to 8 tenants on 12 FRI leases had a passing rent of £44,731 per annum, the purchaser price represents a net initial yield of 5.67% assuming purchaser's costs of 6.66%.

125 Harlequin Avenue, Brentford – An undisclosed investor has purchased the freehold interest in 17,403 sq ft of ground and first floor industrial/warehouse space on a sale and lease back transaction from Frank Dale and Stepsons Ltd for £3.65m as an investment. Frank Dale and Stepsons Ltd took a new 3-year lease upon completion at a passing rent of £12.92 per Sq Ft, the purchase reflects a net initial yield of 5.78% assuming purchasers costs.

Appetite for industrial investments remain strong with a wide variety of capital and investors looking to acquire assets of this type. Assuming the unit was let to a single tenant on reasonable terms, having regard to the above evidence we anticipate that the building would achieve a yield of circa 5% in the open market.

Calculation of EUV

<i>Market Rent:</i>	<i>£175,674</i>
<i>Yield:</i>	<i>5.0%</i>
<i>Gross Value:</i>	<i>£3,513,480</i>
<u><i>Less</i></u>	
<i>Purchasers Costs (Inc SDLT) @ 6.8%</i>	<i>(£238,917)</i>
<i>Light refurbishment/ tidy up</i>	<i>(£450,000) (£24.33 per sq ft)</i>
<i>EUV Value:</i>	<i>£2,824,563</i>
<i>Land Owners Premium: 10%</i>	<i>£282,456</i>
<i>Benchmark Land Value:</i>	<i>£3,107,019</i>
<i>Say:</i>	<i>£3,100,000</i>

In line with the EUV + Method we have adopted a premium of 10% which reflects the premium which would reasonable be required to release this investment for redevelopment. This has been applied to the investment value of the existing industrial estate.

Having regard to the above evidence we are of the opinion that the Existing Use Value for the Industrial Estate is **£3,100,000**.

7 Affordable Housing (Discount Market Rent)

In line with the Mayor of London's Affordable Housing and Viability SPG, the applicant proposes to provide a discounted market rent (DMR) product in lieu of traditional affordable housing. One objective has been to make the new buildings completely 'tenure blind'; it is also proposed to provide the larger family homes as DMR.

The rent level is assume to be London Living Rents for Hillingdon's Botwell Ward. These are:

1 bedroom - £845 pcm
2 bedroom - £939 pcm
3 bedroom - £1,033 pcm

The appraisal at Appendix 1 assumes 5 no. 3 bedroom apartments will be allocated as DMR, which equates to 11% (rounded) of habitable rooms.

3 bed 4 person	3 bed 5 person
2	3

The LB Hillingdon will be offered nomination rights to a number of the DMR tenancies. Further identified benefits of the DMR proposal include:

- Tenancies of up to 5 years for DMR tenants
- Rents set at London Living Rents, as preferred by the Mayor of London
- Targeted at key workers who live and/or work within LB Hillingdon, which is intended to meet the Mayor of London's requirement that *"DMR and LLR are intermediate products and as such should be allocated according to intermediate eligibility criteria, which can include locally defined eligibility criteria."*

8 Analysis of the Appraisal

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

Nestles Avenue, Hayes	
Summary Appraisal	
Costs	
	£
Construction costs	18,440,000
Fees	1,844,000
CIL/S106	687,000
Marketing, letting, disposal & legals	2,534,000
Site purchase costs	88,000
Total finance costs	1,229,000
Profit	4,647,000
Total costs	29,469,000
Revenue	
Residential Investment	26,954,000
Commercial	4,025,000
Total sales	30,979,000
Residual Land Value	1,510,000
Benchmark Land Value	3,100,000
RLV - EUV (net residual)	-1,590,000

The above summary demonstrates that the scheme is unable to viably support further financial contributions or affordable housing, because the scheme shows a net deficit position.

9 Summary of Key Points

- The primary purpose of this report is to demonstrate the economic viability of providing Discount Market Rented housing plus Community Infrastructure Levy and Section 106 financial contributions, as part of the proposed development of 9 Nestles Avenue, Hayes. We find that the project can viably sustain somewhat less than 10% DMR shown in our appraisal. However, we understand the applicant is taking a positive view of future market conditions, and, as a long term investor, recognizes the political aspirations and support for Build to Rent housing in the UK.
- The DMR apartment types reflect the need for family accommodation in the Borough. The discounted homes will be accessed in common with the private apartments and share in the amenity provision. The DMR homes will be let at London Living Rents.
- We understand the applicant/ investor will be willing to discuss alternative arrangements for the provision of affordable housing, within the context of the viable position identified here.
- Values for private rented units have been assessed by reference to comparable apartments for rent in the local area; this includes the High Point Village development immediately adjacent to the station and various other developments within close proximity to Hayes and Harlington station. DMR values have been applied on the basis of London Living Rents, the preferred option of the Greater London Authority, as set for Hillingdon's Botwell Ward. For the commercial parts we have researched the local market and provided evidence to support our rental and yield assumptions.
- The Applicant has had full regard of local planning policy, the Mayor of London's Affordable Housing and Viability SPG and the National Planning Practice Guidance on provision of affordable housing on new developments, on the basis that provision of discounted housing is subject to a viability test.
- This report follows RICS and GLA Guidance in deriving Benchmark Land Value against which the Residual Land Value is compared.
- Our analysis demonstrates the proposal produces a net deficit on the basis of the CIL, Section 106 contributions and 10% discounted housing provided.

10 Appendices

Appendix 1 – Argus Developer Appraisal – Build For Rent

Nestles Avenue
Confidential
Not a valuation

Nestles Avenue
Hayes
London
United Kingdom

DRAFT

Development Appraisal
U.L.L Property
12 December 2018

APPRAISAL SUMMARY**U.L.L PROPERTY**

Nestles Avenue
Confidential
Not a valuation

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	81	53,691	502.02	332,764	26,953,862

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,343	25.00	233,575	233,575	233,575

Investment Valuation**Commercial**

Market Rent	233,575	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	4,025,420

GROSS DEVELOPMENT VALUE**30,979,282****NET REALISATION****30,979,282****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,509,668	
				1,509,668
Stamp Duty			64,983	
Effective Stamp Duty Rate	4.30%			
Agent Fee	1.00%		15,097	
Legal Fee	0.50%		7,548	
				87,628

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Construction	83,722	220.25	18,440,000	
CIL			605,000	
Section 106 construction training			46,100	
Section 106 construction coordinator			36,266	
				19,127,366

PROFESSIONAL FEES

Professional Fees	10.00%	1,844,000	
			1,844,000

MARKETING & LETTING

Letting Agent Fee - Commercial	10.00%	23,358	
Letting Legal Fee - Commercial	3.00%	7,007	
			30,365

DISPOSAL FEES

Purchaser's Costs		2,106,591	
Effective Purchaser's Costs Rate	6.80%		
Sales Agent Fee - Residential	1.00%	269,539	
Sales Agent Fee - Commercial	1.00%	40,254	
Sales Legal Fee - Residential	0.25%	67,385	
Sales Legal Fee - Commercial	0.50%	20,127	
			2,503,895

FINANCE

APPRAISAL SUMMARY**U.L.L PROPERTY****Nestles Avenue****Confidential****Not a valuation**

Timescale	Duration	Commences
Purchase	1	Dec 2018
Pre-Construction	3	Jan 2019
Construction	18	Apr 2019
Letting	6	Oct 2020
Sale	1	Apr 2021
Total Duration	29	

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land	206,367	
Construction	1,023,101	
Total Finance Cost		1,229,468

TOTAL COSTS **26,332,390****PROFIT** **4,646,892****Performance Measures**

Profit on GDV% 15.00%

DRAFT

Appendix 2 – Cash Flow Model, Build For Rent

DCF Page 1 - Schedule

	Total units
1 bed 1 person	9
1 beds 2person	35
2 bed 3 person	2
2 bed 4 person	26
3 bed 4p	3
3 bed 5p	6
	81

Private Unit rental breakdown

unit type	number of units	monthly rent	total monthly income
1 bed 1 person	9	£1,050	£9,450
1 beds 2 person	35	£1,140	£39,900
2 bed 3 person	2	£1,400	£2,800
2 bed 4 person	26	£1,550	£40,300
3 bed 4p	1	£1,625	£1,625
3 bed 5p	3	£1,700	£5,100

76

£99,175 total monthly income

£1,190,100 total yearly income

Botwell Ward

affordable unit breakdown	LLR pcm	Total LLR pcm
1 bed 1 person	£845	£0
1 beds 2 person	£845	£0
2 bed 3 person	£939	£0
2 bed 4 person	£939	£0
3 bed 4p	2 £1,033	£2,066
3 bed 5p	3 £1,033	£3,099
	5	£5,165
	LLR pa	£61,980

DCF Page 2

	Discount Rate	Year															
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Market rented units		£595,050	£1,207,952	£1,226,071	£1,244,462	£1,263,129	£1,282,076	£1,301,307	£1,320,826	£1,340,639	£1,360,748	£1,381,160	£1,401,877	£1,422,905	£1,444,249	£1,465,912	£1,465,912
DMR		£61,980	£62,910	£63,853	£64,811	£65,783	£66,770	£67,772	£68,788	£69,820	£70,867	£71,930	£73,009	£74,104	£75,216	£76,344	£77,489
Total Gross Rents		£657,030	£1,270,861	£1,289,924	£1,309,273	£1,328,912	£1,348,846	£1,369,078	£1,389,615	£1,410,459	£1,431,616	£1,453,090	£1,474,886	£1,497,010	£1,519,465	£1,542,257	£1,543,402
Inflation		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rental Growth		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Net Rental Growth		1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Management Costs	25%	£164,258	£317,715.30	£322,481	£327,318	£332,228	£337,211	£342,270	£347,403.65	£352,615	£357,904	£363,272.49	£368,721.58	£374,252	£379,866	£385,564	£385,564
Net Rents		£492,773	£953,146	£967,443	£981,955	£996,684	£1,011,634	£1,026,809	£1,042,211	£1,057,844	£1,073,712	£1,089,817	£1,106,165	£1,122,757	£1,139,599	£1,156,693	£1,157,838
Total Rents		£492,773	£953,146	£967,443	£981,955	£996,684	£1,011,634	£1,026,809	£1,042,211	£1,057,844	£1,073,712	£1,089,817	£1,106,165	£1,122,757	£1,139,599	£1,156,693	£1,157,838
PV £1	4.00%	1.00000	0.96154	0.92456	0.88900	0.85480	0.82193	0.79031	0.75992	0.73069	0.70259	0.67556	0.64958	0.62460	0.60057	0.57748	
Net Discounted Rents		£492,773	£916,486	£894,456	£872,954	£851,970	£831,490	£811,502	£791,995	£772,956	£754,376	£736,242	£718,544	£701,271	£684,413	£667,961	£11,499,387

net income year 16	£1,157,838	
YP Perp	25.00000	
PV	0.53391	
summary cashflow	13.3477044	£15,454,475.35
		£11,499,387
Total		£26,953,862.45

Appendix 3 – Construction Cost Plan

11/12/2018

Meadow Residential | Hayes

Stage 2 Cost Plan

Revision 01 - 81 Units

CAST REAL ESTATE & CONSTRUCTION CONSULTANCY

24-28 Hatton Wall, Black Bull Yard, London, EC1N 8JH
cast-consultancy.com

[illegible]

Cast Consult Ltd is a Limited Company, registered in England, registered number 9882722, registered office Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent DA2 6QA. Regulated by RICS.

Contents

Section	Description	Page
1	Financial Summary	
2	Elemental Summary	
3	Residential Blocks Elemental Summary	
4	Project Area Schedule	
5	Assumptions & Exclusions	

Appendices	Description	Page
A	Demolition & Enabling Works	
B	Residential Block A Cost Plan	
C	Commercial Cost Plan	
D	Car Park Cost Plan	
E	Other Space Cost Plan	
F	External Works Cost Plan	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
December 2018



Financial Summary

Ref	Description	Residential (BTR)	Basement	Retail	Commercial	Car Park	Other	Total	£ / ft2 GIFA	£ / Unit	Comments
		73,390 ft²	ft²	ft²	9,288 ft²	1,044 ft²	ft²		83,722 ft²	81 Units	
		81 Units									
0	Demolition & Enabling	£284,995		£0	£0	£0	£0	£284,995	£3 / ft2	£3,520 / Unit	
1	Substructure	£881,122	£0	£0	£0	£0	£0	£881,122	£11 / ft2	£10,880 / Unit	
2	Shell & Core	£6,263,197	£0	£0	£10,000	£10,000	£0	£6,283,197	£75 / ft2	£77,570 / Unit	
3	Finishes	£2,161,000	£0	£0	£18,000	£1,000	£0	£2,180,000	£26 / ft2	£26,910 / Unit	
4	Fixtures, Furnishing & Equipment	£1,012,000	£0	£0	£0	£111,000	£0	£1,123,000	£13 / ft2	£13,860 / Unit	
5	MEPH & lifts	£3,390,000	£0	£0	£89,000	£0	£0	£3,479,000	£42 / ft2	£42,950 / Unit	
6	External Works	£722,000	£0	£0	£0	£0	£0	£722,000	£9 / ft2	£8,910 / Unit	
Measured Works Total		£14,714,000	£0	£0	£117,000	£122,000	£0	£14,953,000	£179 / ft2	£184,600 / Unit	
7	Professional Fees							Excluded			Assumes in appraisal
8	Preliminaries / Logistics (14%)	£2,060,000	£0	£0	£16,000	£17,000	£0	£2,093,000	£25 / ft2	£25,840 / Unit	
9	Overheads and Profit (5%)	£839,000	£0	£0	£7,000	£7,000	£0	£853,000	£10 / ft2	£10,530 / Unit	
10	Design Dev. Contingency (3%)	£528,000	£0	£0	£4,000	£4,000	£0	£536,000	£6 / ft2	£6,620 / Unit	
11	Construction Contingency							Excluded			Assumes in appraisal
Construction Total (Excluding Inflation)		£18,141,000	£0	£0	£144,000	£150,000	£0	£18,435,000	£220 / ft2	£227,590 / Unit	
12	Inflation Allowance (Excluded)	£0	£0	£0	£0	£0	£0	£0	£ / ft2	£ / Unit	
Construction Total		£18,141,000	£0	£0	£144,000	£150,000	£0	£18,440,000	£220 / ft2	£227,590 / Unit	
£ / ft2 NIA		£338	£0	£0	£16	£144	£0	£288			
£ / ft2 GIA		£247	£0	£0	£16	£144	£0	£220			
£ / ft2 GEA		£225	£0	£0	£14	£131	£0	£200			

Ref	Description	Residential (BTR)	£/ft2 (GIA)	£/Unit	Basement	£/ft2 (GIA)	Retail	£/ft2 (GIA)	Commercial	£/ft2 (GIA)	Car Park	£/ft2 (GIA)	Other	£/ft2 (GIA)	Total	£/ft2 (GIA)	£/Unit
			73,390 ft²	81 Nr		ft²		ft²		9,288 ft²		1,044 ft²		ft²		83,722 ft²	81 Nr
1	<u>Facilitating Works</u> Demolition & Enabling	£284,995	£4	£3,520			£0	£0	£0	£0	£0	£0	£0	£0	£284,995	£3	£3,520
2	<u>Substructure</u> Substructure / Groundworks	£881,122	£12	£10,880	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£881,122	£11	£10,880
3	<u>Shell & Core</u> Frame & Upper Floors	£1,977,134	£27	£24,410	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,977,134	£24	£24,410
4	Roof	£466,369	£6	£5,760	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£466,369	£6	£5,760
5	Stairs	£112,000	£2	£1,380	£0	£0	£0	£0	£10,000	£1	£0	£0	£0	£0	£122,000	£1	£1,510
6	External Walls, Windows & Doors	£3,707,693	£51	£45,770	£0	£0	£0	£0	£0	£0	£10,000	£10	£0	£0	£3,717,693	£44	£45,900
7	<u>Base Build MEPH & Lifts</u> MEPH Services	£1,623,300	£22	£20,040											£1,623,300	£19	£20,040
8	BWIC (3%)	£0	£0	£0											£0	£0	£0
9	Lifts	£300,000	£4	£3,700											£300,000	£4	£3,700
	Total Shell & Core £	£9,352,614	£128	£115,460	£0	£0	£0	£0	£10,000	£1	£10,000	£10	£0	£0	£9,372,614	£112	£115,720
10	<u>Fit Out & Finishes</u> Internal Walls and Partitions	£718,285	£10	£8,870	£0	£0	£0	£0	£0	£0	£1,020	£1	£0	£0	£719,305	£9	£8,880
11	Internal Doors	£305,000	£4	£3,770	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£305,000	£4	£3,770
12	Wall Finishes	£285,205	£4	£3,520	£0	£0	£0	£0	£17,854	£2	£0	£0	£0	£0	£303,059	£4	£3,740
13	Floor Finishes	£512,600	£7	£6,330	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£512,600	£6	£6,330
14	Ceiling Finishes	£340,300	£5	£4,200	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£340,300	£4	£4,200
15	<u>FF&E and Sanitaryware</u> Fixtures and Fittings	£639,600	£9	£7,900	£0	£0	£0	£0	£0	£0	£110,750	£106	£0	£0	£750,350	£9	£9,260
16	Sanitaryware	£372,000	£5	£4,590	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£372,000	£4	£4,590
17	<u>Fit Out MEPH</u> MEPH Services	£1,467,000	£20	£18,110	£0	£0	£0	£0	£86,300	£9	£0	£0	£0	£0	£1,553,300	£19	£19,180
18	BWIC (3%)	£0		£0	£0	£0	£0	£0	£3,000	£0	£0	£0	£0	£0	£3,000	£0	£40
	Total Fit Out £	£4,639,991	£64	£57,290	£0	£0	£0	£0	£107,154	£11	£111,770	£107	£0	£0	£4,858,914	£59	£59,990
	Total (excl Ext & Utilities) £	£13,992,604	£192	£172,750	£0	£0	£0	£0	£117,154	£12	£121,770	£117	£0	£0	£14,231,528	£171	£175,710
18	<u>External Works and Services</u> Landscaping	£466,600	£6	£5,760		£0		£0		£0		£0		£0	£466,600	£6	£5,760
19	Drainage	£93,320	£1	£1,150		£0		£0		£0		£0		£0	£93,320	£1	£1,150
20	External Services / Utilities	£162,000	£2														

[illegible]

	Inflation Allowance (0%)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
	Total Inc. Inflation Allowance £	£18,141,524	£247	£223,976	£0	£0	£0	£0	£144,154	£15	£149,770	£144	£0	£0	£18,435,448 £221 £227,610
	Construction Works Total (Inc. Inflation) £ / ft2 NIA	£0			£0		£0		£0		£0		£0		£0
	Measured Works £ / ft2 GEA	£0			£0		£0		£0		£0		£0		£0

Elemental Summary - Residential Blocks

Ref	Description	Block A	£/ft2	£/Unit	Total	£/ft2	£/Unit
			73,390 ft²	81 Nr		73,390 ft²	81 Nr
1	Facilitating Works Demolition & Enabling	£285,000	£4	£3,520	£285,000	£4	£3,520
2	Substructure Substructure / Groundworks	£881,122	£12	£10,880	£881,122	£12	£10,880
3	Shell & Core Frame & Upper Floors	£1,977,134	£27	£24,410	£1,977,134	£27	£24,410
4	Roof	£466,369	£6	£5,760	£466,369	£6	£5,760
5	Stairs	£112,000	£2	£1,380	£112,000	£2	£1,380
6	External Walls, Windows & Doors	£3,707,693	£51	£45,770	£3,707,693	£51	£45,770
7	Base Build MEPH & Lifts MEPH Services	£1,623,300		£20,040	£1,623,300	£22	£20,040
8	BWIC (3%)	£0		£0	£0	£0	£0
9	Lifts	£300,000		£3,700	£300,000	£4	£3,700
Total Shell & Core £		£9,352,619	£102	£115,460	£9,352,619	£128	£115,460
10	Fit Out & Finishes Internal Walls and Partitions	£718,285	£10	£8,870	£718,285	£10	£8,870
11	Internal Doors	£305,000	£4	£3,770	£305,000	£4	£3,770
12	Wall Finishes	£285,205	£4	£3,520	£285,205	£4	£3,520
13	Floor Finishes	£512,600	£7	£6,330	£512,600	£7	£6,330
14	Ceiling Finishes	£340,300	£5	£4,200	£340,300	£5	£4,200
15	FF&E and Sanitaryware Fixtures and Fittings	£639,600	£9	£7,900	£639,600	£9	£7,900
16	Sanitaryware	£372,000	£5	£4,590	£372,000	£5	£4,590
17	Fit Out MEPH MEPH Services	£1,467,000	£20	£18,110	£1,467,000	£20	£18,110
18	BWIC (3%)	£0	£0	£0	£0	£0	£0
Total Fit Out £		£4,639,991	£64	£57,290	£4,639,991	£64	£57,290
Total (excl Ext & Utilities) £		£13,992,609	£166	£172,750	£13,992,609	£192	£172,750
18	External Works and Services Landscaping	£467,000	£6	£5,770	£467,000	£6	£5,770
19	Drainage	£93,000	£1	£1,150	£93,000	£1	£1,150
20	External Services / Utilities	£162,000	£2	£2,000	£162,000	£2	£2,000
TOTAL £		£14,714,609	£175	£181,670	£14,714,609	£201	£181,670
Measured Works £ / ft2 NIA		£0			£0		
Measured Works £ / ft2 GEA		£0			£0		

Project On Costs		Excluded			Excluded		
Professional Fees		£2,060,000	£28	£25,430	£2,060,000	£28	£25,430
Preliminaries / Logistics (16%)		£839,000	£11	£10,360	£839,000	£11	£10,360
Overheads and Profit (5.5%)		£528,000	£7	£6,520	£528,000	£7	£6,520
Design Development Contingency (5%)		Excluded			Excluded		
Construction Contingency (Excluded)							
Total Excl Inflation Allowance £		£18,141,609	£221	£223,980	£18,141,609	£247	£223,980
Construction Works Total £ / ft2 NIA		£0			£0		
Measured Works £ / ft2 GEA		£0			£0		

Inflation		£544,000	£7	£6,720	£544,000	£7	£6,720
Inflation Allowance (3%)							
Total Inc. Inflation Allowance £		£18,685,609	£228	£230,700	£18,685,609	£254	£230,700
Construction Works Total (Inc. Inflation) £ / ft2 NIA		£0			£0		
Measured Works £ / ft2 GEA		£0			£0		



Area Summary m2	Other
-----------------	-------

Nr. Floors	11
Nr. Cores	2

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
December 2018

Accommodation Schedule - Full Scheme

Residential Accommodation Schedule

Type	Studio		Studio (W)		1B2P		1B2P (W)		2B3P		2B3P (W)		2B4P		2B4P (W)		3B5P		3B5P (W)		3B6P		3B6P (W)		N/A		N/A		Unit Totals		
Unit	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	
B2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
GF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
G-Mezz	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
L1	1	43	0	0	6	308	1	53	0	0	0	0	1	71	1	78	0	0	1	101	0	0	0	0	0	0	0	0	0	11	654
L2	1	43	0	0	6	308	1	53	0	0	0	0	3	216	1	78	1	86	1	101	0	0	0	0	0	0	0	0	0	14	885
L3	1	43	0	0	6	308	1	53	0	0	0	0	3	216	1	78	1	86	1	101	0	0	0	0	0	0	0	0	0	14	885
L4	1	43	0	0	5	253	0	0	1	65	0	0	2	143	0	0	2	158	0	0	0	0	0	0	0	0	0	0	11	662	
L5	1	43	0	0	1	50	0	0	1	68	0	0	2	143	0	0	1	89	0	0	0	0	0	0	1	75	0	0	7	468	
L6	1	43	0	0	3	150	0	0	0	0	0	0	4	288	0	0	0	0	0	0	0	0	0	0	0	0	0	8	481		
L7	1	43	0	0	3	150	0	0	0	0	0	0	4	288	0	0	0	0	0	0	0	0	0	0	0	0	0	8	481		
L8	1	43	0	0	1	50	0	0	0	0	0	0	2	143	0	0	0	0	0	0	0	0	0	0	0	0	0	4	236		
L9	1	43	0	0	1	50	0	0	0	0	0	0	2	143	0	0	0	0	0	0	0	0	0	0	0	0	0	4	236		
L10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
L11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
L12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
L13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
L14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
L15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-Total	9	387	0	0	32	1,627	3	159	2	133	0	0	23	1,651	3	234	5	419	3	303	0	0	0	0	1	75	0	0	81	4,988	
Total m2	387		0		1,627		159		133		0		1,651		234		419		303		0		0		75		0	81	4,988		
Total ft2	4,166		0		17,513		1,711		1,432		0		17,771		2,519		4,510		3,261		0		0		807		0			53,691	
Total Nr.	9		0		32		3		2		0		23		3		5		3		0		0		1		0				
Avg. Size	43		0		51		53		67		0		72		78		84		101		0		0		75		0				

General Exclusions	Status	General Exclusions	Status
--------------------	--------	--------------------	--------

[illegible]

Appendix A - Enabling Works Cost Plan

Demolition & Enabling Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
	<u>Facilitating Works</u>					
1	Site clearance	2,333	m2	£5	£11,665	
2	Site levelling	2,333	m2	£10	£23,330	
3	Extraover for contamination	1	item	Excluded	Excluded	Assumed no contamination & all inert
4	Allowance for demolition	1	item	£250,000	£250,000	Provisional Sum
				Total	£284,995	

Appendix C - Block A Cost Plan

Block A | Elemental Summary

Ref	Description	Shell & Core	Residential Fit Out	Residential Amenity	Landlord - FoH	Landlord - BoH
		73,390 ft²	53,691 ft²	ft²	7,643 ft²	4,295 ft²
		81 Units	81 Units			
1	<u>Substructure</u> Substructure & Groundworks	£881,122				
2	<u>Shell & Core</u> Frame & Upper Floors	£1,977,134				
3	Roof	£466,369				
4	Stairs	£112,000				
5	External Walls, Windows & Doors	£3,707,693				
6	<u>Base Build MEPH & Lifts</u> MEPH Services	£1,623,300				
7	BWIC (3%)	£0				
8	Lifts	£300,000				
	Total Shell & Core £	£9,067,619	£0	£0	£0	£0
9	<u>Fit Out & Finishes</u> Internal Walls and Partitions		£322,000	£0	£351,210	£45,075
10	Internal Doors		£282,000	£0	£19,000	£4,000
11	Wall Finishes		£207,000	£0	£42,145	£36,060
12	Floor Finishes		£471,000	£0	£35,600	£6,000
13	Ceiling Finishes		£298,000	£0	£36,300	£6,000
14	<u>FF&E and Sanitaryware</u> Fixtures and Fittings		£609,000	£0	£10,200	£20,400
15	Sanitaryware		£372,000	£0	£0	£0
16	<u>Fit Out MEPH</u> MEPH Services		£1,467,000	£0	£0	
17	BWIC (3%)		£0	£0	£0	
	Total Fit Out £	£0	£4,028,000	£0	£494,456	£117,535
	TOTAL £	£9,067,619	£4,028,000	£0	£494,456	£117,535

TOTAL	£/ft2	£/Unit
	73,390 ft²	81 Units
£881,122	£12 / ft2	£10,880 / Unit
£1,977,134	£27 / ft2	£24,410 / Unit
£466,369	£6 / ft2	£5,760 / Unit
£112,000	£2 / ft2	£1,380 / Unit
£3,707,693	£51 / ft2	£45,770 / Unit
£1,623,300	£22 / ft2	£20,040 / Unit
£0	£ / ft2	£ / Unit
£300,000	£4 / ft2	£3,700 / Unit
£9,067,619	£124 / ft2	£111,940 / Unit
£718,285	£10 / ft2	£8,870 / Unit
£305,000	£4 / ft2	£3,770 / Unit
£285,205	£4 / ft2	£3,520 / Unit
£512,600	£7 / ft2	£6,330 / Unit
£340,300	£5 / ft2	£4,200 / Unit
£639,600	£9 / ft2	£7,900 / Unit
£372,000	£5 / ft2	£4,590 / Unit
£1,467,000	£20 / ft2	£18,110 / Unit
£0	£ / ft2	£ / Unit
£4,639,991	£64 / ft2	£57,290 / Unit
£13,707,609	£188 / ft2	£169,230 / Unit

	Cost / Ft2	£124	£75	£0	£65	£27
	Cost / Unit	£111,950	£49,730			



Area Summary m2	Other
-----------------	-------

Nr. Floors	11
Nr. Cores	2

Meadow Residential | Hayes
 Stage 2 Cost Plan - 81 Units
 December 2018

Accommodation Schedule - Block A

Residential Accommodation Schedule																														
Type	Studio		Studio (W)		1B2P		1B2P (W)		2B3P		2B3P (W)		2B4P		2B4P (W)		3B5P		3B5P (W)		3B6P		3B6P (W)		3B4P		N/A		Unit Totals	
Unit	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2	Nr.	m2
B2																														
B1																														
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GF																														
G-Mezz																														
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
L1	1	43			6	308	1	53	0	0			1	71	1	78	0	0	1	101					0	0			11	654
L2	1	43			6	308	1	53	0	0			3	216	1	78	1	86	1	101					0	0			14	885
L3	1	43			6	308	1	53	0	0			3	216	1	78	1	86	1	101					0	0			14	885
L4	1	43			5	253			1	65			2	143			2	158							0	0			11	662
L5	1	43			1	50			1	68			2	143			1	89							1	75			7	468
L6	1	43			3	150			0	0			4	288			0	0							0	0			8	481
L7	1	43			3	150			0	0			4	288			0	0							0	0			8	481
L8	1	43			1	50			0	0			2	143			0	0							0	0			4	236
L9	1	43			1	50			0	0			2	143			0	0							0	0			4	236
L10	0	0			0	0			0	0			0	0			0	0							0	0			0	0
Sub-Total	9	387	0	0	32	1,627	3	159	2	133	0	0	23	1,651	3	234	5	419	3	303	0	0	0	0	1	75	0	0	81	4,988
Total m2	387		0		1,627		159		133		0		1,651		234		419		303		0		0		75		0		81	4,988
Total ft2	4,166		0		17,513		1,711		1,432		0		17,771		2,519		4,510		3,261		0		0		807		0			53,691
Total Nr.	9		0		32		3		2		0		23		3		5		3		0		0		1		0			
Avg. Size	43		0		51		53		67		0		72		78		84		101		0		0		75		0			

Block A - Substructure

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
	<u>Substructure</u>					
1	Site Preparation					
	Allowance for site preparation, excavate to reduced levels, disposal of excavated material, earthwork, support & minimal de-watering	2,333	m2	£40	£93,320	Excludes Contamination
2	Piling					
	Allowance to install & remove temporary piling mat	1,284	m2	£50	£64,200	
	Allowance for CFA piling including mobilisatio, movement of plant & setup, based on 600mm diameter & 22m deep	2,178	m	£110	£239,580	
	Disposal of arisings	420	m3	£50	£20,983	
	Add 20% bulk to above	84	m3	£50	£4,200	
	Allowance for cutting of piles	99	nr	£35	£3,465	
	Allowance for testing of piles	99	nr	£25	£2,475	
	Allowance for lift pits	2	nr	£5,000	£10,000	
3	Pile Caps					
	Allowance for pile caps; based on 1,000mm deep & 190kg/m3	30	nr	£3,500	£105,000	
4	Ground Floor Slab					
	Heave board protection to underside of the slab	1,240	m2	£40	£49,600	
	Concrete to ground floor slab; based on 300mm deep	372	m3	£160	£59,520	
	Reinforcement to lower ground slab; 190kg/m3	73	t	£1,050	£76,650	
	Formwork to edge of slab	1,240	m	£30	£37,200	
Sub-Structure Total					£766,193	

Block A - Substructure

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
	Carried Forward				£766,193	
5	Below Ground Drainage					
	Allowance for below slab drainage including attenuation	1	item	Elsewhere	Elsewhere	Included within Drainage section
6	Preliminaries					
	Sub-contractor preliminaries	15%		£766,193	£114,929	
Sub-Structure Total					£881,122	

Block A - Frame & Upper Floors

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
	<u>Frame & Upper Floors</u>					
1	Walls					
	Allowance for core walls including rebar & formwork; 300mm thick					
	Concrete	397	m3	£160	£63,520	
	Rebar; based on 150kg/m3	60	t	£1,050	£63,000	
	Formwork	2,666	m2	£50	£133,300	
2	Columns					
	Allowance for columns including rebar & formwork; 600x600mm diameter					
	Concrete	268	m3	£160	£42,880	
	Rebar; based on 300kg/m3	81	t	£1,050	£85,050	
	Formwork	1,166	m2	£50	£58,300	
2	Beams					
	Allowance for Beams including rebar & formwork	1	item	£0	£0	
	Concrete		m3	£160	£0	
	Rebar		t	£1,050	£0	
	Formwork		m2	£50	£0	
4	Floors					
	Allowance for suspended slabs including formwork & temporary propping; based on 250mm thick incl Transfer slab on 1st Floor					
	Concrete	2,155	m3	£160	£344,800	
	Rebar; based on 195kg/m3	470	t	£1,050	£493,500	
	Formwork (soffit)	7,778	m2	£50	£388,900	
	Formwork (Edge)	1,533	m	£30	£45,997	
	Total				£1,719,247	

Block A - Frame & Upper Floors

[illegible]

[illegible]

Block A - Stairs

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
1	<u>Main Stair Core</u>					
	Stair Core; based on stairmaster	16	Flight	£7,000	£112,000	
				Total	£112,000	

[illegible]

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018



Block A - MEPH Services

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
	<u>MEPH Services</u>					
1	Allowance for MEPH Infrastructure	81	nr	£17,500	£1,417,500	
	<u>MEP On Costs</u>					
2	Testing and Commissioning at 2%	2	%	£1,417,500	£28,400	
3	MEP Contractor Design at 3%	3	%	£1,445,900	£43,400	
4	MEP Subcontractor Preliminaries at 10%	9	%	£1,489,300	£134,000	
	<u>Additional Items</u>					
1	Allowance for PVs / Renewables	81	nr	Included	Included	Allowance assumed 1m2 per apartment
				Total	£1,623,300	

Block A - Lifts

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
	<u>Passenger Lifts</u>					
1	Supply and install passenger lifts; Core A (Dual Entry)	1	nr	£60,000	£60,000	5 Nr. Stops
2	Supply and install passenger lifts; Core B (Dual Entry)	2	nr	£120,000	£240,000	10 Nr. Stops
				Total	£300,000	

Block A - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.7 Internal Walls						
	<u>Party Walls</u>					
1	Allowance for plasterboard party walls	3,512	m2	£100	£351,210	
Sub-Total					£351,210	

2.8 Internal Doors						
	<u>Doors to Landlord FoH</u>					
1	Allowance for entrance door to Residential corridor including ironmongery	19	nr	£1,000	£19,000	
Sub-Total					£19,000	

Block A - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.1 Wall Finishes						
	<u>Paint finishes to Party Walls</u>					
1	Matt emulsion paint	7,024	m2	£6	£42,145	
Sub-Total					£42,145	

3.2 Floor Finishes						
	<u>Landlord FoH Floor Finishes</u>					
1	Floor finishes to Landlord FoH Corridors & Stair Cores; Carpet	710	m2	£35	£24,900	No details specified, assumed carpet finish
2	Allowance for substrate to Landlord Corridors & Stair Cores	710	m2	£15	£10,700	
3	E/O Allowance for enhanced finishes to GF Entrance	1	item	Excluded	Excluded	Assumed no requirements
4	Allowance for GF entrance barrier mat	1	item	Excluded	Excluded	Assumed no requirements
Sub-Total					£35,600	

Block A - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.3 Ceiling Finishes						
	<u>Landlord FoH Ceiling Finishes</u>					
1	Ceiling to Landlord FoH Corridors & Stair Cores; Plasterboard	710	m2	£45	£32,000	
2	Finish to Landlord FoH Ceilings; Paint	710	m2	£6	£4,300	
3	E/O Allowance for enhanced finish to GF entrance	1	item	Excluded	Excluded	Assumed no requirements
Sub-Total					£36,300	

4.1 Fixtures, Furniture & Equipment						
	<u>Allowance for FF&E to FoH Landlord Spaces</u>					
1	Allowance for letterboxes to all units	81	nr	£50	£4,100	
2	Allowance for entrance joinery	1	item	£2,500	£2,500	
3	Allowance for general signage	710	m2	£5	£3,600	
Sub-Total					£10,200	

Block A - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
4.2 Sanitaryware						
	<u>Allowance for FoH Landlord Sanitaryware</u>					
1	Communal / Landlord Bathrooms	1	item	Nil	Nil	None shown, assumed not required
Sub-Total					£0	

4.3 MEPH						
	<u>MEPH Services</u>					
1	Allowance for MEPH & Services to Front of House spaces	710	m2	Included	Included	
	<u>MEP On Costs</u>					
2	Testing and Commissioning at 2%	1	item	Included	Included	
3	MEP Contractor Design at 3%	1	item	Included	Included	
4	MEP Subcontractor Preliminaries at 10%	1	item	Included	Included	
Sub-Total					£0	

Shell & Core Fit Out Total					£494,456	
----------------------------	--	--	--	--	----------	--

Block A - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.7 Internal Walls						
	<u>Back of House Partitions</u>					
1	Allowance for blockwork walls	451	m2	£100	£45,075	
Sub-Total					£45,075	

2.8 Internal Doors						
	<u>Doors to Back of House Spaces</u>					
1	Allowance for entrance door to back of house areas including ironmongery	4	nr	£1,000	£4,000	
Sub-Total					£4,000	

Block A - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.1 Wall Finishes						
	<u>Wall Finishes to BoH</u>					
1	Paint & Sealer to Blockwork Partitions	3,606	m2	£10	£36,060	
Sub-Total					£36,060	

3.2 Floor Finishes						
	<u>Floor Finishes to BoH</u>					
1	Allowance for paint and sealer to floor finish	400	m2	£15	£6,000	
Sub-Total					£6,000	

Block A - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.3 Ceiling Finishes						
	<u>Ceiling Finishes to BoH</u>					
1	Allowance for paint and sealer to exposed soffits	400	m2	£15	£6,000	
Sub-Total					£6,000	

4.1 Fixtures, Furniture & Equipment						
	<u>FF&E to Back of House</u>					
1	Bike Stands	136	nr	£150	£20,400	
2	Refuse chute	1	item	Excluded	Excluded	Assumed no requirement
Sub-Total					£20,400	

Block A - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
4.2 Sanitaryware						
	<u>Sanitaryware to Back of House</u>					
1	Allowance for sanitaryware to Back of House spaces	1	item	Nil	Nil	None shown on layout
Sub-Total					£0	

4.3 MEPH						
	<u>MEPH Services</u>					
1	Allowance for MEPH & Services to Back of House spaces	400	m2	Included	Included	
	<u>MEP On Costs</u>					
2	Testing and Commissioning at 2%	1	item	Included	Included	
3	MEP Contractor Design at 3%	1	item	Included	Included	
4	MEP Subcontractor Preliminaries at 10%	1	item	Included	Included	
Sub-Total					£0	

Shell & Core Fit Out Total					£117,535	
----------------------------	--	--	--	--	----------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - Residential Fit Out Summary

	Description	Studio			Studio (Accessible)			1 Bed 2 Person			1 Bed 2 Person (Accessible)			TOTALS		
		£/Unit	9 Nr.	Total	£/Unit	Nr.	Total	£/Unit	32 Nr.	Total	£/Unit	3 Nr.	Total	£/Unit	81 Nr.	Total
1	Internal Walls and Partitions	£2,600	9	£23,400	£0	0	£0	£2,932	32	£93,838	£2,940	3	£8,820	£3,980	81	£322,000
2	Internal Doors	£2,650	9	£23,850	£0	0	£0	£2,650	32	£84,800	£2,650	3	£7,950	£3,480	81	£282,000
3	Wall Finishes	£1,925	9	£17,321	£0	0	£0	£1,948	32	£62,325	£2,094	3	£6,283	£2,560	81	£207,000
4	Floor Finishes	£4,166	9	£37,496	£0	0	£0	£4,738	32	£151,603	£4,971	3	£14,914	£5,810	81	£471,000
5	Ceiling Finishes	£2,643	9	£23,787	£0	0	£0	£3,043	32	£97,377	£3,153	3	£9,459	£3,680	81	£298,000
6	Fixtures and Fittings	£6,650	9	£59,850	£0	0	£0	£6,650	32	£212,800	£6,650	3	£19,950	£7,520	81	£609,000
7	Sanitaryware	£3,000	9	£27,000	£0	0	£0	£3,000	32	£96,000	£4,000	3	£12,000	£4,590	81	£372,000
8	MEPH Services	£14,943	9	£134,491	£0	0	£0	£16,751	32	£536,019	£17,328	3	£51,985	£18,110	81	£1,467,000
TOTAL		£38,577		£347,195	£0		£0	£41,711		£1,334,762	£43,787		£131,362	£49,730		£4,028,000

	Description	2 Bed 3 Person			2 Bed 3 Person (Accessible)			2 Bed 4 Person			2 Bed 4 Person (Accessible)		
		£/Unit	2 Nr.	Total	£/Unit	Nr.	Total	£/Unit	23 Nr.	Total	£/Unit	3 Nr.	Total
1	Internal Walls and Partitions	£4,446	2	£8,892	£0	0	£0	£5,256	23	£120,878	£5,155	3	£15,464
2	Internal Doors	£4,300	2	£8,600	£0	0	£0	£4,300	23	£98,900	£3,750	3	£11,250
3	Wall Finishes	£2,358	2	£4,716	£0	0	£0	£3,402	23	£78,246	£3,576	3	£10,728
4	Floor Finishes	£6,141	2	£12,281	£0	0	£0	£6,873	23	£158,074	£7,421	3	£22,262
5	Ceiling Finishes	£3,992	2	£7,983	£0	0	£0	£4,261	23	£98,001	£4,578	3	£13,734
6	Fixtures and Fittings	£8,300	2	£16,600	£0	0	£0	£8,300	23	£190,900	£8,300	3	£24,900
7	Sanitaryware	£3,000	2	£6,000	£0	0	£0	£6,000	23	£138,000	£8,000	3	£24,000
8	MEPH Services	£19,062	2	£38,124	£0	0	£0	£19,062	23	£438,424	£19,640	3	£58,919
TOTAL		£51,598		£103,196	£0		£0	£57,453		£1,321,423	£60,419		£181,257

	Description	3 Bed 5 Person			3 Bed 5 Person (Accessible)			3 Bed 6 Person			3 Bed 6 Person (Accessible)		
		£/Unit	5 Nr.	Total	£/Unit	3 Nr.	Total	£/Unit	Nr.	Total	£/Unit	Nr.	Total
1	Internal Walls and Partitions	£5,455	5	£27,277	£6,246	3	£18,739	£0	0	£0	£0	0	£0
2	Internal Doors	£4,850	5	£24,250	£5,400	3	£16,200	£0	0	£0	£0	0	£0
3	Wall Finishes	£2,659	5	£13,295	£3,853	3	£11,560	£0	0	£0	£0	0	£0
4	Floor Finishes	£7,864	5	£39,318	£9,308	3	£27,924	£0	0	£0	£0	0	£0
5	Ceiling Finishes	£5,024	5	£25,119	£5,901	3	£17,703	£0	0	£0	£0	0	£0
6	Fixtures and Fittings	£8,950	5	£44,750	£9,950	3	£29,850	£0	0	£0	£0	0	£0
7	Sanitaryware	£6,000	5	£30,000	£11,000	3	£33,000	£0	0	£0	£0	0	£0
8	MEPH Services	£23,107	5	£115,534	£24,262	3	£72,787	£0	0	£0	£0	0	£0
TOTAL		£63,909		£319,543	£75,921		£227,763	£0		£0	£0		£0

	Description	3 Bed 4 Person			(Other T2)		
		£/Unit	1 Nr.	Total	£/Unit	Nr.	Total
1	Internal Walls and Partitions	£4,940	1	£4,940	£0	0	£0
2	Internal Doors	£5,950	1	£5,950	£0	0	£0
3	Wall Finishes	£2,478	1	£2,478	£0	0	£0
4	Floor Finishes	£6,703	1	£6,703	£0	0	£0
5	Ceiling Finishes	£4,875	1	£4,875	£0	0	£0
6	Fixtures and Fittings	£8,950	1	£8,950	£0	0	£0
7	Sanitaryware	£6,000	1	£6,000	£0	0	£0
8	MEPH Services	£20,795	1	£20,795	£0	0	£0
TOTAL		£60,691		£60,691	£0		£0

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - Studio Fit Out

One Person Studio Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	43	m2		
		Area of Bathrooms & Ensuites:	5	m2		
		Area of Kitchen:		m2		Included in Living Room - open plan apartment
		Area of Bedrooms:	9	m2		
		Area of Living Space:	27	m2		Includes Hallway
		Area of Utility Cupboard:	2	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	1	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	1	nr.		
Ref	Description	Quantity	Unit	Rate	Total	Notes

01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	10	m	£150	£1,500	
2	Internal plasterboard partitions; bathrooms	5	m	£150	£750	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	7	m	£50	£350	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£2,600	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	1	nr	£550	£550	
3	Internal bathroom door including ironmongery	1	nr	£550	£550	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	nr	Nil	Nil	
Elemental Total					£2,650	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - Studio Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	161	m2	£6	£965	
2	E/O allowance for Wall tiling to bathroom walls	12	m2	£80	£960	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	Included in item 1
Elemental Total					£1,925	

04 Floor Finishes						
	<u>Substrate</u>					
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	38	m2	£30	£1,140	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£150	
	<u>Floor Finishes</u>					
3	Floor finish to bathrooms; ceramic tiles	5	m2	£100	£500	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; amtico	9	m2	£45	£405	
6	Floor Finish to living space; amtico	27	m2	£45	£1,215	
7	Floor finish to utility cupboard; amtico	2	m2	£45	£90	
	<u>Skirting Boards:</u>					
8	Painted MDF skirting boards	44	m	£15	£666	
Elemental Total					£4,166	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - Studio Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	38	m2	£45	£1,710	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£45	£225	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	43	m2	£6	£258	
	<u>Hatches / Access:</u>					
5	Allowance for access hatches	3	nr	£150	£450	
Elemental Total					£2,643	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£5,000	£5,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	1	nr	£650	£650	
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	2	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	(N / A)	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£6,650	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - Studio Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,000	£3,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	item	Nil	Nil	
Elemental Total					£3,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£13,000	£13,000	
2	MEP On Costs Testing and Commissioning	2	%	£13,000	£193	
3	MEP Contractor Design	3	%	£13,193	£394	
4	MEP Management	10	%	£13,587	£1,357	
Elemental Total					£14,943	

Apartment Fit Out Total					£38,577	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out

One Bed Two Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	51	m2		
		Area of Bathrooms & Ensuites:	4	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	17	m2		
		Area of Living Space:	29	m2		
		Area of Utility Cupboard:	1	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	1	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	1	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	13	m	£150	£1,977	
2	Internal plasterboard partitions; bathrooms	4	m	£150	£599	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	7	m	£50	£356	
5	Party walls			Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£2,932	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	1	nr	£550	£550	
3	Internal bathroom door including ironmongery	1	nr	£550	£550	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	item	Nil	Nil	
Elemental Total					£2,650	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	176	m2	£6	£1,053	
2	E/O allowance for Wall tiling to bathroom walls	11	m2	£80	£894	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	
Elemental Total					£1,948	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	47	m2	£30	£1,406	
2	Allowance for substrate to bathrooms & ensuites; screed	4	m2	£30	£119	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	4	m2	£100	£398	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	17	m2	£45	£749	
6	Floor Finish to living space; Amtico	29	m2	£45	£1,295	
7	Floor finish to utility cupboard; Amtico	1	m2	£45	£64	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	47	m	£15	£705	
Elemental Total					£4,738	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	47	m2	£45	£2,109	
2	Suspended plasterboard ceiling to bathrooms & ensuites	4	m2	£45	£179	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	51	m2	£6	£305	
	<u>Hatches / Access:</u>					
5	Allowance for access hatches	3	nr	£150	£450	
Elemental Total					£3,043	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£5,000	£5,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	1	nr	£650	£650	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	2	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	(N / A)	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£6,650	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,000	£3,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	item	Nil	Nil	
Elemental Total					£3,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£14,500	£14,500	
2	MEP On Costs Testing and Commissioning	2	%	£14,500	£288	
3	MEP Contractor Design	3	%	£14,788	£442	
4	MEP Management	10	%	£15,230	£1,521	
Elemental Total					£16,751	

Apartment Fit Out Total					£41,711	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out (Accessible)

One Bed Two Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	53	m2		
		Area of Bathrooms & Ensuites:	5	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	13	m2		
		Area of Living Space:	32	m2		
		Area of Utility Cupboard:	2	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	1	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	1	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	13	m	£150	£1,883	
2	Internal plasterboard partitions; bathrooms	5	m	£150	£698	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	7	m	£50	£358	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£2,940	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	1	nr	£550	£550	
3	Internal bathroom door including ironmongery	1	nr	£550	£550	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	item	Nil	Nil	
6	E/O allowance for wider doorsets for Accessible Units					
Elemental Total					£2,650	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	175	m2	£6	£1,051	
2	E/O allowance for Wall tiling to bathroom walls	13	m2	£80	£1,044	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	Included in item 1
Elemental Total					£2,094	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	48	m2	£30	£1,428	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£162	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£100	£539	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	13	m2	£45	£601	
6	Floor Finish to living space; Amtico	32	m2	£45	£1,452	
7	Floor finish to utility cupboard; Amtico	2	m2	£45	£89	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	47	m	£15	£700	
Elemental Total					£4,971	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	48	m2	£45	£2,142	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£45	£243	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	53	m2	£6	£318	
	<u>Hatches / Access:</u>					
5	Allowance for access hatches	3	nr	£150	£450	
Elemental Total					£3,153	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£5,000	£5,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	1	nr	£650	£650	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	2	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	E/O Allowance for lower accessible units and white goods to kitchen	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£6,650	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 1B2P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,000	£3,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	item	Nil	Nil	
3	Accessible Bathrooms E/O allowance for accessible bathrooms	1	nr	£1,000	£1,000	
4	E/O allowance for accessible ensuites					
Elemental Total					£4,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£15,000	£15,000	
2	MEP On Costs Testing and Commissioning	2	%	£15,000	£298	
3	MEP Contractor Design	3	%	£15,298	£457	
4	MEP Management	10	%	£15,755	£1,573	
5	Accessible Allowance E/O allowance for enhancing accessible units	1	item	Included	Included	
Elemental Total					£17,328	

Apartment Fit Out Total					£43,787	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B3P Fit Out

Two Bed Three Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	67	m2		
		Area of Bathrooms & Ensuites:	5	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	21	m2		
		Area of Living Space:	39	m2		
		Area of Utility Cupboard:	2	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	1	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	2	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	18	m	£150	£2,642	
2	Internal plasterboard partitions; bathrooms	7	m	£150	£975	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	17	m	£50	£829	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£4,446	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	2	nr	£550	£1,100	
3	Internal bathroom door including ironmongery	2	nr	£550	£1,100	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	nr	£550	£550	Living room
Elemental Total					£4,300	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B3P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	223	m2	£6	£1,338	
2	E/O allowance for Wall tiling to bathroom walls	13	m2	£80	£1,020	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	
Elemental Total					£2,358	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	61	m2	£30	£1,843	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£152	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£100	£507	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	21	m2	£45	£953	
6	Floor Finish to living space; Amtico	39	m2	£45	£1,743	
7	Floor finish to utility cupboard; Amtico	2	m2	£45	£68	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	58	m	£15	£874	
Elemental Total					£6,141	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B3P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	61	m2	£45	£2,764	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£45	£228	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	67	m2	£6	£399	
	<u>Hatches / Access:</u>					
5	Allowance for access hatches	4	nr	£150	£600	
Elemental Total					£3,992	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£6,000	£6,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	2	nr	£650	£1,300	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	4	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	(N / A)	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£8,300	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B3P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,000	£3,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	item	Nil	Nil	
Elemental Total					£3,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£16,500	£16,500	
2	MEP On Costs Testing and Commissioning	2	%	£16,500	£328	
3	MEP Contractor Design	3	%	£16,828	£503	
4	MEP Management	10	%	£17,331	£1,731	
Elemental Total					£19,062	

Apartment Fit Out Total					£51,598	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out

Two Bed Four Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	72	m2		
		Area of Bathrooms & Ensuites:	9	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	25	m2		
		Area of Living Space:	36	m2		
		Area of Utility Cupboard:	2	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	2	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	2	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	17	m	£150	£2,534	
2	Internal plasterboard partitions; bathrooms	13	m	£150	£1,884	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	17	m	£50	£837	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£5,256	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	2	nr	£550	£1,100	
3	Internal bathroom door including ironmongery	2	nr	£550	£1,100	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	
5	Other Internal door including ironmongery	1	item	£550	£550	Living room
Elemental Total					£4,300	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	254	m2	£6	£1,525	
2	E/O allowance for Wall tiling to bathroom walls	23	m2	£80	£1,877	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	
Elemental Total					£3,402	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	63	m2	£30	£1,890	
2	Allowance for substrate to bathrooms & ensuites; screed	9	m2	£30	£263	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	9	m2	£100	£878	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	25	m2	£45	£1,136	
6	Floor Finish to living space; Amtico	36	m2	£45	£1,609	
7	Floor finish to utility cupboard; Amtico	2	m2	£45	£89	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	67	m	£15	£1,006	
Elemental Total					£6,873	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	63	m2	£45	£2,835	
2	Suspended plasterboard ceiling to bathrooms & ensuites	9	m2	£45	£395	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	72	m2	£6	£431	
	<u>Hatches / Access:</u>					
5	Allowance for access hatches	4	nr	£150	£600	
Elemental Total					£4,261	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£6,000	£6,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	2	nr	£650	£1,300	
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	4	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	(N / A)	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£8,300	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	2	nr	£3,000	£6,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	item	Nil	Nil	
Elemental Total					£6,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£16,500	£16,500	
2	MEP On Costs Testing and Commissioning	2	%	£16,500	£328	
3	MEP Contractor Design	3	%	£16,828	£503	
4	MEP Management	10	%	£17,331	£1,731	
Elemental Total					£19,062	

Apartment Fit Out Total					£57,453	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out (Accessible)

Two Bed Four Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	78	m2		
		Area of Bathrooms & Ensuites:	10	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	25	m2		
		Area of Living Space:	41	m2		
		Area of Utility Cupboard:	2	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	2	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	2	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	20	m	£150	£3,013	
2	Internal plasterboard partitions; bathrooms	11	m	£150	£1,663	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	10	m	£50	£479	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£5,155	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	2	nr	£550	£1,100	
3	Internal bathroom door including ironmongery	2	nr	£550	£1,100	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	item	Nil	Nil	
6	E/O allowance for wider doorsets for Accessible Units	1	item	Excluded	Excluded	
Elemental Total					£3,750	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	266	m2	£6	£1,599	
2	E/O allowance for Wall tiling to bathroom walls	25	m2	£80	£1,977	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	
Elemental Total					£3,576	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	68	m2	£30	£2,048	
2	Allowance for substrate to bathrooms & ensuites; screed	10	m2	£30	£292	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	10	m2	£100	£973	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	25	m2	£45	£1,116	
6	Floor Finish to living space; Amtico	41	m2	£45	£1,867	
7	Floor finish to utility cupboard; Amtico	2	m2	£45	£89	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	69	m	£15	£1,036	
Elemental Total					£7,421	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	68	m2	£45	£3,072	
2	Suspended plasterboard ceiling to bathrooms & ensuites	10	m2	£45	£438	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	78	m2	£6	£468	
	<u>Hatches / Access:</u>					
5	Allowance for access hatches	4	nr	£150	£600	
Elemental Total					£4,578	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£6,000	£6,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	2	nr	£650	£1,300	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	4	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	E/O Allowance for lower accessible units and white goods to kitchen	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£8,300	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 2B4P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	2	nr	£3,000	£6,000	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr	Nil	Nil	
3	Accessible Bathrooms E/O allowance for accessible bathrooms	2	nr	£1,000	£2,000	
4	E/O allowance for accessible ensuites					
Elemental Total					£8,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£17,000	£17,000	
2	MEP On Costs Testing and Commissioning	2	%	£17,000	£338	
3	MEP Contractor Design	3	%	£17,338	£518	
4	MEP Management	10	%	£17,856	£1,784	
5	Accessible Allowance E/O allowance for enhancing accessible units	1	item	Included	Included	
Elemental Total					£19,640	

Apartment Fit Out Total					£60,419	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - (Other Type 1)

(Other Type 1) Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	75	m2		
		Area of Bathrooms & Ensuites:	8	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	31	m2		
		Area of Living Space:	34	m2		
		Area of Utility Cupboard:	2	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	1	nr.		
		Number of En-suites:	1	nr.		
		Number of Bedrooms:	3	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	23	m	£150	£3,477	
2	Internal plasterboard partitions; bathrooms	6	m	£150	£946	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	10	m	£50	£516	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£4,940	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	3	nr	£550	£1,650	
3	Internal bathroom door including ironmongery	4	nr	£550	£2,200	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	item	£550	£550	Living room
		1	item	Excluded	Excluded	
Elemental Total					£5,950	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - (Other Type 1)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	259	m2	£6	£1,556	
2	E/O allowance for Wall tiling to bathroom walls	12	m2	£80	£922	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	Included in item 1
Elemental Total					£2,478	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	67	m2	£30	£1,996	
2	Allowance for substrate to bathrooms & ensuites; screed	8	m2	£30	£254	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	8	m2	£100	£847	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	31	m2	£45	£1,397	
6	Floor Finish to living space; Amtico	34	m2	£45	£1,516	
7	Floor finish to utility cupboard; Amtico	2	m2	£45	£81	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	41	m	£15	£612	
Elemental Total					£6,703	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - (Other Type 1)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	Plasterboard Ceilings:					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	67	m2	£45	£2,994	
2	Suspended plasterboard ceiling to bathrooms & ensuites	8	m2	£45	£381	
	Finish to Ceilings:					
4	Matt emulsion paint to plasterboard ceiling	75	m2	£6	£450	
	Hatches / Access:					
5	Allowance for access hatches	7	nr	£150	£1,050	
Elemental Total					£4,875	

06 Fixtures and Fittings						
	Kitchens:					
1	Allowance for kitchen including appliances	1	nr	£6,000	£6,000	
	Joinery:					
2	Allowance for wardrobes to bedrooms;	3	nr	£650	£1,950	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	6	m	Excluded	Excluded	
	Specialist Joinery:					
6	(N / A)	1	item	Nil	Nil	
	Loose FF&E:					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£8,950	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - (Other Type 1)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,000	£3,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	nr	£3,000	£3,000	
Elemental Total					£6,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£18,000	£18,000	
2	MEP On Costs Testing and Commissioning	2	%	£18,000	£358	
3	MEP Contractor Design	3	%	£18,358	£549	
4	MEP Management	10	%	£18,907	£1,889	
Elemental Total					£20,795	

Apartment Fit Out Total					£60,691	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out

Three Bed Five Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	84	m2		
		Area of Bathrooms & Ensuites:	9	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	36	m2		
		Area of Living Space:	35	m2		
		Area of Utility Cupboard:	3	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	1	nr.		
		Number of En-suites:	1	nr.		
		Number of Bedrooms:	3	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	22	m	£150	£3,296	
2	Internal plasterboard partitions; bathrooms	7	m	£150	£1,047	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	22	m	£50	£1,113	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£5,455	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	3	nr	£550	£1,650	
3	Internal bathroom door including ironmongery	2	nr	£550	£1,100	
4	Internal cupboard door including ironmongery	1	nr	£550	£550	Assumes 1 per unit
5	Other Internal door including ironmongery	1	item	£550	£550	Living room
		1	item	Excluded	Excluded	
Elemental Total					£4,850	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	274	m2	£6	£1,643	
2	E/O allowance for Wall tiling to bathroom walls	13	m2	£80	£1,016	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	
Elemental Total					£2,659	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	75	m2	£30	£2,241	
2	Allowance for substrate to bathrooms & ensuites; screed	9	m2	£30	£273	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	9	m2	£100	£912	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	36	m2	£45	£1,642	
6	Floor Finish to living space; Amtico	35	m2	£45	£1,590	
7	Floor finish to utility cupboard; Amtico	3	m2	£45	£129	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	72	m	£15	£1,077	
Elemental Total					£7,864	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	75	m2	£45	£3,361	
2	Suspended plasterboard ceiling to bathrooms & ensuites	9	m2	£45	£410	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	84	m2	£6	£503	
5	Extraover for enhanced finishes	1	item	Excluded	Excluded	Assumed not required
	<u>Hatches / Access:</u>					
6	Allowance for access hatches	5	nr	£150	£750	
Elemental Total					£5,024	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£6,000	£6,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	3	nr	£650	£1,950	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	6	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	(N / A)	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£8,950	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,000	£3,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	nr	£3,000	£3,000	
Elemental Total					£6,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£20,000	£20,000	
2	MEP On Costs Testing and Commissioning	2	%	£20,000	£398	
3	MEP Contractor Design	3	%	£20,398	£610	
4	MEP Management	10	%	£21,008	£2,099	
Elemental Total					£23,107	

Apartment Fit Out Total					£63,909	
--------------------------------	--	--	--	--	----------------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out (Accessible)

Three Bed Five Person Apartment						
Image of Typical Apartment Type		Key Apartment Metrics:				
		Average Apartment Area:	101	m2		
		Area of Bathrooms & Ensuites:	10	m2		
		Area of Kitchen:		m2		
		Area of Bedrooms:	44	m2		
		Area of Living Space:	44	m2		
		Area of Utility Cupboard:	4	m2		
		Floor to Ceiling Height:	2.800	m		
		Number of Bathrooms:	2	nr.		
		Number of En-suites:	0	nr.		
		Number of Bedrooms:	3	nr.		

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	26	m	£150	£3,831	
2	Internal plasterboard partitions; bathrooms	9	m	£150	£1,335	
3	Internal plasterboard partitions; Ensuites	1	item	Nil	Nil	
4	Plasterboard liner wall to inside face of external wall	22	m	£50	£1,081	
5	Party walls	1	item	Elsewhere	Elsewhere	*Party walls in Landlord Fit Out
Elemental Total					£6,246	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	3	nr	£550	£1,650	
3	Internal bathroom door including ironmongery	3	nr	£550	£1,650	
4	Internal cupboard door including ironmongery	2	nr	£550	£1,100	Assumes 1 per unit
5	Other Internal door including ironmongery	1	item	Nil	Nil	
6	E/O allowance for wider doorsets for Accessible Units	1	item	Excluded	Excluded	
Elemental Total					£5,400	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	310	m2	£6	£1,860	
2	E/O allowance for Wall tiling to bathroom walls	25	m2	£80	£1,994	
3	E/O allowance for Wall tiling to ensuite walls	1	item	Nil	Nil	
4	Wall tiling to kitchen / kitchen splashback tiling	1	item	Included	Included	
Elemental Total					£3,853	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	91	m2	£30	£2,741	
2	Allowance for substrate to bathrooms & ensuites; screed	10	m2	£30	£289	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	10	m2	£100	£964	
4	Floor finish to kitchens; engineered timber boards	1	item	Included	Included	
5	Floor Finish to bedrooms; Amtico	44	m2	£45	£1,969	
6	Floor Finish to living space; Amtico	44	m2	£45	£1,981	
7	Floor finish to utility cupboard; Amtico	4	m2	£45	£161	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	80	m	£15	£1,203	
Elemental Total					£9,308	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
	<u>Plasterboard Ceilings:</u>					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	91	m2	£45	£4,111	
2	Suspended plasterboard ceiling to bathrooms & ensuites	10	m2	£45	£434	
	<u>Finish to Ceilings:</u>					
4	Matt emulsion paint to plasterboard ceiling	101	m2	£6	£606	
5	Extraover for enhanced finishes	1	item	Excluded	Excluded	Assumed not required
	<u>Hatches / Access:</u>					
6	Allowance for access hatches	5	nr	£150	£750	
Elemental Total					£5,901	

06 Fixtures and Fittings						
	<u>Kitchens:</u>					
1	Allowance for kitchen including appliances	1	nr	£6,000	£6,000	
	<u>Joinery:</u>					
2	Allowance for wardrobes to bedrooms;	3	nr	£650	£1,950	Assumes 1 per unit
3	Allowance for utility cupboard fit out	2	item	£1,000	£2,000	
4	Allowance for blinds / curtains	1	item	Excluded	Excluded	
5	Allowance for shelving	6	m	Excluded	Excluded	
	<u>Specialist Joinery:</u>					
6	E/O Allowance for lower accessible units and white goods to kitchen	1	item	Nil	Nil	
	<u>Loose FF&E:</u>					
7	(N / A)	1	item	Nil	Nil	
Elemental Total					£9,950	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018

Block A - 3B5P Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	2	nr	£3,000	£6,000	
2	Secondary Bathrooms: Allowance for en-suites;	1	item	£3,000	£3,000	
3	Accessible Bathrooms E/O allowance for accessible bathrooms	2	nr	£1,000	£2,000	
4	E/O allowance for accessible ensuites					
Elemental Total					£11,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£21,000	£21,000	
2	MEP On Costs Testing and Commissioning	2	%	£21,000	£418	
3	MEP Contractor Design	3	%	£21,418	£641	
4	MEP Management	10	%	£22,059	£2,204	
5	Accessible Allowance E/O allowance for enhancing accessible units	1	item	Included	Included	
Elemental Total					£24,262	

Apartment Fit Out Total					£75,921	
--------------------------------	--	--	--	--	----------------	--

Appendix C - Retail Cost Plan

Meadow Residential | Hayes

Stage 2 Cost Plan - 81 Units

December 2018



Commercial | Elemental Summary

Ref	Description	Shell & Core	Retail Fit Out	TOTAL	£/ft2
					9,288 ft²
1	<u>Substructure</u> Substructure & Groundworks	£0		£0	£ / ft2
2	<u>Shell & Core</u> Frame	£0		£0	£ / ft2
3	Upper Floors	£0		£0	£ / ft2
4	Roof	£0		£0	£ / ft2
5	Stairs	£10,000		£10,000	£1 / ft2
6	External Walls, Windows & Doors	£0		£0	£ / ft2
7	<u>Base Build MEPH & Lifts</u> MEPH Services			£0	£ / ft2
8	BWIC (3%)			£0	£ / ft2
9	Lifts			£0	£ / ft2
Total Shell & Core £		£10,000	£0	£10,000	£1 / ft2
10	<u>Fit Out & Finishes</u> Internal Walls and Partitions		£0	£0	£ / ft2
11	Internal Doors		£0	£0	£ / ft2
12	Wall Finishes		£17,854	£17,854	£2 / ft2
13	Floor Finishes		£0	£0	£ / ft2
14	Ceiling Finishes		£0	£0	£ / ft2
15	<u>FF&E and Sanitaryware</u> Fixtures and Fittings		£0	£0	£ / ft2
16	Sanitaryware		£0	£0	£ / ft2
17	<u>Fit Out MEPH</u> MEPH Services		£86,300	£86,300	£9 / ft2
18	BWIC (3%)		£3,000	£3,000	£ / ft2
Total Fit Out £		£0	£107,154	£107,154	£11 / ft2
TOTAL £		£10,000	£107,154	£117,154	£12 / ft2
Cost / Ft2		£1	£12		

[illegible]

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018



Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.1 Substructure						
1	<u>Substructure</u> Included within Shell & Core	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

2.2 Frame						
1	<u>Frame</u> Included within Shell & Core	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.3 Upper Floors						
1	<u>Upper Floors</u> Included within Shell & Core	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

2.4 Roof						
1	<u>Roof</u> Included within Shell & Core	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018



Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.5 Stairs						
	<u>Stairs</u>					
1	Allowance for stairs to commercial unit	1	flight	£10,000	£10,000	
Sub-Total					£10,000	
2.6 Façade						
	<u>Façade</u>					
1	Included within Shell & Core	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.7 Internal Walls						
1	<u>Internal Walls</u> Internal walls & partitions	1	item	Excluded	Excluded	
Sub-Total					£0	

2.8 Internal Doors						
1	<u>Internal Doors</u> Internal doors	1	item	Excluded	Excluded	
Sub-Total					£0	

Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.1 Wall Finishes						
	<u>Wall Finishes</u>					
1	Allowance for matt emulsion finish to walls	893	m2	£20	£17,854	
Sub-Total					£17,854	

3.2 Floor Finishes						
	<u>Floor Finishes</u>					
1	Allowance for raised access floor	863	m2	£0	£0	
Sub-Total					£0	

Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.3 Ceiling Finishes						
	<u>Ceiling Finishes</u>					
1	Allowance for exposed soffit celing & paint to soffit	863	m2	£0	£0	
Sub-Total					£0	

4.1 Fixtures, Furniture & Equipment						
	<u>Fixtures, Furniture & Equipment</u>					
1	FF&E	1	item	Excluded	Excluded	
Sub-Total					£0	

Commercial - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
4.2 Sanitaryware						
	<u>Sanitaryware</u>					
1	Sanitaryware	1	item	Excluded	Excluded	
Sub-Total					£0	

4.3 MEPH						
	<u>Commercial MEPH - CAPPED SERVICES</u>					
1	Allowance for fit out to Commercial Space	863	m2	£100	£86,300	
	<u>MEP On Costs</u>					
2	Testing and Commissioning at 2%	1	item	Included	Included	
3	MEP Contractor Design at 3%	1	item	Included	Included	
4	MEP Management at 10%	1	item	Included	Included	
Sub-Total					£86,300	

Shell & Core Fit Out Total					£114,154	
----------------------------	--	--	--	--	----------	--



Appendix D - Car Park Cost Plan

Car Park | Elemental Summary

Ref	Description	Shell & Core	Car Park Fit Out
1	Substructure Substructure & Groundworks	£0	
2	Shell & Core Frame	£0	
3	Upper Floors	£0	
4	Roof	£0	
5	Stairs	£0	
6	External Walls, Windows & Doors	£10,000	
7	Base Build MEPH & Lifts MEPH Services		
8	BWIC (3%)		
9	Lifts		
Total Shell & Core £		£10,000	£0
10	Fit Out & Finishes Internal Walls and Partitions		£1,020
11	Internal Doors		£0
12	Wall Finishes		£0
13	Floor Finishes		£0
14	Ceiling Finishes		£0
15	FF&E and Sanitaryware Fixtures and Fittings		£110,750
16	Sanitaryware		£0
17	Fit Out MEPH MEPH Services		£0
18	BWIC (3%)		£0
Total Fit Out £		£0	£111,770
TOTAL £		£10,000	£111,770

TOTAL	£/ft2	£/Unit
	1,044 ft²	81 Units
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£10,000	£10 / ft2	£120 / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£10,000	£10 / ft2	£120 / Unit
£1,020	£1 / ft2	£10 / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£110,750	£106 / ft2	£1,370 / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£0	£ / ft2	£ / Unit
£111,770	£107 / ft2	£1,380 / Unit
£121,770	£117 / ft2	£1,500 / Unit

Cost / Ft2	£10	£107
Cost / Unit	£120	

Car Park - Area Schedule

[illegible]

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.1 Substructure						
1	<u>Substructure</u> Works to the Substructure included within Residential Section	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	
2.2 Frame						
1	<u>Frame</u> Works to the Frame included within Residential Section	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.3 Upper Floors						
1	<u>Upper Floors</u> Works to the Upper Floors included within Residential Section	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

2.4 Roof						
1	<u>Roof</u> Works to the Roof included within Residential Section	1	item	Elsewhere	Elsewhere	
Sub-Total					£0	

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.5 Stairs						
	<u>Stairs within Car Park</u>					
1	No works required	1	item	Nil	Nil	
Sub-Total					£0	

2.6 Façade						
	<u>Façade to Car Park</u>					
1	Allowance for shutter to car park	1	nr	£10,000	£10,000	
Sub-Total					£10,000	

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
2.7 Internal Walls						
	<u>Internal Walls to Car Park</u>					
1	Allowance for internal blockwork wall to car park	6	m	£170	£1,020	Measured on plan
Sub-Total					£1,020	

2.8 Internal Doors						
	<u>Internal Doors to Car Park</u>					
1	Allowance for internal doors	1	item	Nil	Nil	None shown, assumed no requirements
Sub-Total					£0	

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.1 Wall Finishes						
	<u>Wall Finishes to Car Park</u>					
1	Wall finishes to car park	1	item	Elsewhere	Elsewhere	Included in BoH areas
Sub-Total					£0	

3.2 Floor Finishes						
	<u>Floor Finishes to Car Park</u>					
1	Floor finishes to car park	1	item	Elsewhere	Elsewhere	Included in BoH areas
Sub-Total					£0	

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
3.3 Ceiling Finishes						
	<u>Ceiling Finishes to Car Park</u>					
1	Ceiling finishes to car park	1	item	Elsewhere	Elsewhere	Included in BoH areas
Sub-Total					£0	

4.1 Fixtures, Furniture & Equipment						
	<u>FF&E to Car Park</u>					
1	Bike Stands	5	nr	£150	£750	
2	Allowance for car stacker	1	item	£110,000	£110,000	
Sub-Total					£110,750	

Car Park - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
4.2 Sanitaryware						
	<u>Sanitaryware to Car Park</u>					
1	Allowance for sanitaryware	1	item	Nil	Nil	None shown, assumed no requirements
Sub-Total					£0	

4.3 MEPH						
	<u>Car Park MEPH</u>					
1	Allowance for; Mechanical Ventilation, Lighting, Smoke Extract, Sprinklers, Fire Detection, Fire Alarm.	97	m2	Included	Included	
	<u>MEP On Costs</u>					
2	Testing and Commissioning at 2%	2	%	£0	£0	
3	MEP Contractor Design at 3%	3	%	£0	£0	
4	MEP Management at 10%	10	%	£0	£0	
	<u>Additional Items</u>					
5	Allowance for electric car charging points; point & infrastructure	1	item	Included	Included	Deemed included.
Sub-Total					£0	

Shell & Core Fit Out Total					£121,770	
----------------------------	--	--	--	--	----------	--



Appendix F - External Works

External Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
-----	-----------------------	-----	------	------	-------	------------------

6.1 Landscaping

External works

Allowance for landscaping	2,333 m2	£200	£466,600	
Extraover allowance for playspace	1 item	Elsewhere	Elsewhere	

				Total	£466,600	
--	--	--	--	-------	----------	--

External Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
-----	-----------------------	-----	------	------	-------	------------------

6.2 Drainage

Drainage

Allowance for site wide drainage including attenuation	2,333 m2	£40	£93,320	
--	----------	-----	---------	--

				Total	£93,320	
--	--	--	--	-------	---------	--

Meadow Residential | Hayes
Stage 2 Cost Plan - 81 Units
 December 2018



External Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
6.3 Utilities						
	<u>External Services</u>					
1	Allowance for PV Panels / Renewable energy	1	item	Included	Included	Included in M&E
2	Attenuation tank	1	item	Excluded	Excluded	No provision allowed
3	Rainwater Harvesting	1	item	Excluded	Excluded	No provision allowed
	<u>Utilities</u>					
4	Stat connections	81	nr	£2,000	£162,000	
				Total	£162,000	



Richard Ashdown

Director

ULL Property

Thomas House

84 Eccleston Square

London SW1V 1PX

rashdown@ullproperty.com

Appendix 2 – Carter Jonas draft Review of Applicant's Financial Viability Assessment – March 2019

STANFORD HOUSE, 9 NESTLES AVENUE, HAYES

REVIEW OF APPLICANT'S FINANCIAL VIABILITY ASSESSMENT

PLANNING REFERENCE: 51175/APP/2018/4260 (81 Residential Units and 868 sq.m. of B Use Class)

Draft Report

SUBMITTED ON BEHALF OF CLIENT:

LONDON BOROUGH OF HILLINGDON
MARCH 2019

CONTENTS

1. EXECUTIVE SUMMARY.....	3
1. INTRODUCTION.....	4
1.1. Background	4
1.2. The Site	4
1.3. The Planning Application.....	5
2. METHDOLOGY.....	7
2.1. Approach	7
3. Critique of Benchmark Land Value	8
3.1. Carter Jonas Analysis	8
3.2. Conclusion on BLV.....	11
4. ASSESSMENT OF APPLICATION SCHEME INPUTS.....	12
4.1. Build To Rent Values.....	12
4.2. Affordable Housing Values.....	15
4.3. Discounted Cash Flow Model	15
4.4. Commercial Values	16
4.5. Costs and Fees	16
4.6. Developer's Profit Margin	18
4.7. Summary of Inputs	19
5. FINANCIAL APPRAISALS	21
5.1. Adjustments to the Applicant's Model	21
5.2. Appraisal Results	21
6. CONCLUSIONS AND RECOMMENDATIONS	Error! Bookmark not defined.
APPENDIX 1 – REVIEW OF BUILD COSTS.....	23
APPENDIX 2 – DISCOUNTED CASH FLOW.....	24
APPENDIX 3 – APPRAISAL PRINT-OUTS.....	25

1. EXECUTIVE SUMMARY

Carter Jonas has been appointed by London Borough of Hillingdon as local planning authority to review the Financial Viability Assessment (FVA) prepared by ULL Property on behalf of the Applicant Healey Development Solutions (Hayes) Ltd.

The planning application seeks to demolish an industrial building of 1,718 square metres to provide a Build To Rent scheme of 81 units, 5 of which are Discount Market Rent plus 868 square metres of B- use class floorspace (GIA). The Applicant is offering 6% affordable housing, although it indicates that the residual land value of £1.51m compared against the Benchmark Land Value of £3.1m produces a deficit of £1.59m.

Carter Jonas has reviewed the FVA, including both the Benchmark Land Value and the Residual Land Value of the proposed scheme. The results of our review are set out in the table below.

Assumption	Applicant (ULL Property)	Carter Jonas
Benchmark Land Value: - Existing Use Value - Landowner's Premium	£3.1m £2.82m 10%	£2.03m £1.85m 10%
Scheme Values	GDV less Purchaser's Costs = £31m - Residential investment = £502psf - Commercial = £25psf @ 5.5% yield	GDV less Purchaser's Costs = £32.4m - Residential investment = £528psf - Commercial = £25psf @ 5.5% yield
Build Costs	£18,440,000	£18,240,000
Contingency (within build costs)	3%	3%
Professional Fees	10%	10%
CIL/S.106	£687,366	£687,366
Marketing, Letting, Legal fees and Purchaser's cost	£2.5m	£2.6m
Finance cost	7%	7%
Profit Margin	Total Profit = £4.65m - Private BTR = 15% of GDV - Affordable = 15% of GDV - Commercial = 15% of GDV	Total Profit = £4.73m - Private BTR = 15% of GDV - Affordable = 6% of GDV - Commercial = 15% of GDV
Residual Land Value	£1.51m	£2.7m
Net Position	-£1.59m	£0.7m

The results of the Carter Jonas base appraisal shows that the scheme produces a positive residual land value of £2.7m, which set against the Benchmark Land Value of £2.0m produces a surplus is £0.7m.

Where the surplus of £0.7m is remodelled against the Benchmark Land Value of £2m, the Discount Market Rent units increase from 5 to 18 units, equating to an affordable housing (discount market rent) proportion of 22%.

1. INTRODUCTION

1.1. Background

Carter Jonas has been instructed by the London Borough of Hillingdon (as local planning authority) to undertake a viability review in respect of a proposed development at Stanford House, 9 Nestles Avenue, Hayes. The planning application for the redevelopment of Stanford House has been submitted by Healey Development Solutions (Hayes) Ltd.

The scheme proposes the demolition of the two storey industrial building to provide 81 residential units (Build to Rent) above ground and first floor employment floorspace (B use class) extending to 868 square metres.

ULL Property has submitted a Financial Viability Assessment (FVA) on behalf of the Applicant, dated December 2018, which includes a cost plan produced by Cast.

This report presents a summary of the planning application, the financial viability assessment and Carter Jonas' response to the FVA.

1.2. The Site

The subject site is 0.23 hectares (0.57 acres) and is located in Hayes within the London Borough of Hillingdon. It is bound by Nestles Avenue to the south, with semi-detached houses opposite the site, the former Nestles Factory to the east, a two storey industrial building to the west (No. 7 Nestles Avenue) and Squirrels Trading Estate to the north with access from Viveash Close.



Source: - Design and Access Statement

We understand that the site is located within the Hayes Town Centre Housing Zone within the Hillingdon Local Plan with Stanford House forming part of Site Allocation SA5 of the draft Local Plan Part 2 which promotes up to 300 residential units. Adjacent there is also a masterplan for the former Nestles Factory that promotes residential adjacent to the subject site.

The nearest station is Hayes & Harlington, which is located 350 metres to the north and this Station will benefit from the Elizabeth Line (Crossrail) in 2019, and journey times to Bond Street of just 20 minutes. The Station

provides access to London Paddington in circa 20 minutes. The area between Nestles Avenue and the Station is characterised by industrial buildings, with the land to the north of the Station witnessing a number of new housing developments, including High Point Village. The area to the south of Nestles Avenue is a residential neighbourhood of two storey suburban houses.

The subject site is an accessible location with a Public Transport Accessibility Level (PTAL) of 4, on a scale of 1- 6b with 6b is the highest.

1.3. The Planning Application

The planning application submitted by Healey Development Solutions (Hayes) Ltd in December 2018 (ref: 51175/APP/2018/4260) for the following:

“Demolition of existing building and redevelopment to provide a building up to 10 storeys, with 868 sqm of Class B1 floorspace at ground and first floor level and 81 residential units to the upper floors, with associated landscaping, access, car parking and cycle parking.”

The new development comprising Build to Rent units and employment space is to be arranged in stepped block arrangement (as indicated in the illustration below) ranging in height from 3-10 storeys. The applicant proposes to provide 6% affordable housing (Discount Market Rent), which equates to 11% on a habitable room basis. In addition to non-residential uses the proposals include 868 sq.m of Class B employment space, located at ground and first floors.

The table below sets out the proposed housing mix for the scheme.

Bedrooms	Build to Rent	Discount Market Rent	Total
1-bed 1-person	9	0	9
1-bed 2-person	35	0	35
2-bed 3-person	2	0	2
2-bed 4-person	26	0	26
3-bed 4-person	1	2	3
3-bed 5-person	3	3	6
Total	76	5	81

In addition to the 81 units and 868 square metres GIA of employment space, the scheme will provide:

- All units in accordance with the Nationally Described Space Standards
- Communal roof gardens (597 sq.m.), children’s play space (110 sq.m.) and private balconies for every unit (621 sq.m.), sized in accordance with London Plan standards
- Car free scheme with disabled parking only; 136 internal cycle for residents and 8 for employees, parking spaces plus visitor spaces, in accordance with London Plan standards
- All units designed in full accordance with the “Lifetime Homes” standards and 10% to be wheelchair user adaptable.

A schematic of the application scheme taken from the Design and Access Statement is detailed below:



The Applicant FVA is based on a 6% affordable offer, which they indicate (based on their cost and revenue assumptions) produces a negative net position of £1.59m when the residual land value of £1.51m is compared to the Benchmark Land Value of £3.1m. This is based on a blended profit margin of 15% on GDV. Even though the scheme produces a negative position, the Applicant is still willing to offer 5 discount market rent units.

2. METHDOLOGY

2.1. Approach

Carter Jonas' review of the Applicant's FVA has had regard to the RICS Guidance Note "Financial Viability in Planning". We do not take issue with the overarching methodology used by the Applicant within their assessment. They have:

- Assessed the realisable value of the proposed scheme;
- Assessed the costs associated with delivering the scheme;
- Assessed a Benchmark Land Value (based on the EUV plus landowner's premium); and
- Undertaken a residual appraisal to calculate the residual land value which is compared against the Benchmark Land Value to establish whether the scheme is viable or not assuming the current level of planning obligations.

ULL Property has undertaken their viability modelling using the Argus Developer software package, which is a bespoke viability model that is used by the property industry. The methodology underpinning their model is the Residual Method of Valuation, commonly used for valuing development opportunities. Firstly, the gross value of the proposed development is assessed and the total cost of the development is deducted from this.

The approach by ULL Property has been to adopt a number of assumptions in relation to the proposed scheme which produces the residual land value. The results of this approach are normally that, if the residual land value is lower than the Benchmark Land Value, then the scheme is deemed to be unviable and is therefore unlikely to come forward for development unless the level of affordable housing and/or planning obligations can be reduced.

In this case, even though the residual land value of £1.51m is below the Benchmark Land Value of £3.1m, creating a net position of **-£1.59m**, the Applicant has indicated that they are still willing to offer 5 discount market rent units, which equates to 6% affordable housing.

Given that the calculations are being made well in advance of commencement of the development, the figures used in the applicant's appraisal can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the local planning authority to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.

Carter Jonas' approach has been to critically examine all of the assumptions on which the ULL Property appraisal is based, including a critical assessment of the Cast Cost Plan by our QS Johnson Associates. Our approach has then been to undertake sensitivity analysis where in our opinion inputs are not in line with current market conditions.

It is also important to carefully scrutinise the applicant's methodology. One of the key areas of scrutiny is the application of the Existing Use Value of the industrial building and the level of premium required to incentivise the landowner to sell.

3. Critique of Benchmark Land Value

Determining an appropriate Benchmark Land Value is often the most important factor in determining viability. Put simply, if the value generated by the development does not produce a positive figure, there is no financial incentive to bring forward the development with all its associated risk.

Arriving at an appropriate BLV is not a straightforward exercise and this is acknowledged at 3.4.6 of the RICS Guidance Note which states that:

“The assessment of Site Value in these circumstances is not straightforward, but it will be, by definition, at a level at which a landowner would be willing to sell which is recognised by the NPPF.”

In arriving at an appropriate BLV regard should be had to existing use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy. Existing Use Value is widely used in establishing Benchmark land value and is supported in the latest mayoral SPD and by the London Assembly Planning Committee.

In this case ULL Property has adopted a rental value for the existing industrial building of £9.50 per sq.ft., which provides an annual rent of £175,674. This is based on four comparable buildings as follows:

Address	Age/Condition	Size	Rent £psf p.a.x.	Date
Unit 12 Trumpers Way	1970s	11,686	£9.95	Feb 2018
Unit 5 Transport Avenue, Brentford	1930s	15,888	£10.00	Sept 2018
Units 1-3 Aerodrome Way,	1980s	10,506	£10.75	Dec 2017
466 Colndale Road, Slough	1950s	10,166	£11.25	Apr 2018

3.1. Carter Jonas Analysis

In order to assess the reasonableness of the rental tone being adopted by ULL Property we provide a brief market overview, a review of ULL Property's comparable evidence and details of our own market evidence below.

3.1.1. Industrial Market Overview

Hayes has historically been a strong centre of industrial activity and continues to be given its proximity to Heathrow Airport and the M4 motorway. In London and the South East, demand remains strong for industrial properties albeit with the focus being on modern and efficient accommodation. In particular retail occupiers are looking for strategically located space for distribution.

Rental values in the Heathrow area remain some of the highest in the region averaging above £15 per sq ft. In the investment market, demand for good quality logistics stock has been robust and yields have remained stable, with yields on prime logistics assets ending the year at circa 4.25%.

Locally, Hayes is set to benefit from the arrival of Crossrail. The new rail service (due to open in December 2019) is already having a positive effect on all sectors of the property market. The prospect of quicker journey times to Central London have created higher demand from residents and occupiers for space and increased both house prices and commercial rents.

The comparable evidence presented by ULL Property shows a range of rental values of between £9.95-£11.25psf p.a.x. for second hand stock, although ULL has made a small deduction to £9.50psf to reflect the subject building.

Our analysis of industrial rental values is presented in the table below.

Rental Comparable Evidence

Property	Date	Size (sqft)	Rent £psf p.a.x.	Comment
9 Nestles Avenue, Hayes	TBC	18,265	£5.00	As highlighted by ULL Property, the subject site is being marketed at a rent of £5psf p.a.x., although we recognise that this is on a short term basis before planning permission is secured.
8 Boeing Way, International Trading Estate, Southall	Nov 2018	32,529	£7.00	The Jewellery Channel Ltd has taken the second-hand unit circa 1970s on a term of 5 years at a rent of £7psf p.a.x. with a 3 month's rent free period.
Unit 4E Swallowfield Way, Hayes	Sept 2018	20,892	£9.50	Enodis Distribution has taken a 10 year lease on a large modern unit at Swallowfield Way.
Speedway Industrial Estate, Dawley Road, Hayes	August 2018	2,518	£11.50	Small 1960/70s unit at Speedway Industrial Estate in Hayes taken by MCBG on a 5 year lease.
Suite 4 Viveash Close, Hayes	July 2018	1,718	£11.00	Pat Brennan Pipe Fitters Ltd has taken a five year FRI lease at a rent of £11psf p.a.x. Unit is modern.
International Trading Estate, Trident Way, Southall	June 2018	26,603	£7.01	Furniture Installation Services has taken a 3 year lease from Royal London Asset Management at a rent of £7.01psf p.a.x.
Unit 2, Pump Road, Hayes, UB3 3BS	May 2018	9,751	£11.50	Again the property is a modern industrial unit located at Pump Road to the north of the Station. We understand the property was let in May 2018 letting at a rent of £11.50psf.
Unit 3, Swallowfield Way, Hayes, UB3 1AW	March 2018	14,774	£10.59	This unit was let in March 2018 achieving a net effective rent of £10.59psf. The property comprises 14,774 sq ft and was constructed in 2006 benefiting from yard space, good eaves height and vehicular access.
1 Boeing Way, International Trading Estate, Southall	March 2018	8,242	£8.00	K Marsons has taken a 4 four FRI lease on this 1980s second-hand building at a rent of £8psf p.a.x.
Unit 4, Chailey Industrial Estate	Withdrawn from the Market Jan 2018	22,971	£6.50 (asking)	The largest unit on the Chailey Industrial Estate, which we understand was withdrawn in January 2018. The asking rent was £6.50psf. The unit is of steel portal frame construction with brick / block elevations beneath a twin pitched roof. The unit benefits from purpose built offices arranged over ground and first floors together with a self-contained rear yard.
8 Trident Way, International Trading Estate,	Sept 2017	34,746	£6.50	Bunzl Retail & Healthcare Supplies has taken a 5 year lease on this 1970s second hand unit.

Southall				
8 Silverdale Road, Hayes UB3 3BN	Sept 2016	2,600	£7.69	A 12 month licence on ground floor space in a 1970s unit with no incentives was agreed.
1B Viveash Close, Hayes	August 2016	18,000	£4.50	A new five year lease granted to Vanmatic Limited. We understand the property reflected a headline rent of £99,000 (£5.50psf) reduced to £81,000 in year 1 and £90,000 in year 2. We further understand the landlord has a break option from August 2017 onwards subject to notice period, which may reflect the redevelopment potential akin to the subject property.
Units 2&3 Squirrels Trading Estate, UB3 4RZ	June 2016	4,578	£10.92	Benning Trading Ltd took a 5 year lease of the units. The property is a modern end-terrace small industrial unit with 5 allocated car parking spaces. There is also a small office / reception area and WC's and provided. A small mezzanine floor provides extra office or storage space and kitchen facilities.

Source: CoStar, EGI etc.

The more modern stock points to rents of £10psf upwards depending on the size and quality of the building. Nestles Avenue is within the housing zone, and therefore we concur that rents tend to reflect the temporary status of lease terms at around £4-6psf.

Therefore, we are of the opinion that the rental value for Stanford House would be within the range of £6-10psf. The Applicant has adopted a rental value of £9.50psf p.a.x. In our opinion, given the condition and size of the building, and a typical term of 5 years, a rental value of £8psf p.a.x. is more appropriate.

ULL Property presents comparable evidence of four investment deals, two of which are in Hayes, and the other two in Brentford and Feltham. The yields range from 3.84% to 5.78%. Carter Jonas has undertaken its own market research of investment deals, which are presented in the table below.

Yield Comparable Evidence

Property	Date	Size (sqft)	Yield	Comment
Orbital Industrial Estate, Horton Road, West Drayton	March 2018	42,935 sq ft	5.67%	We understand that this multi-unit industrial estate comprising 42,935 sq ft sold for £7.35m in March 2018. The sale price reflected a net initial yield of 5.67%. We note that the purchaser had also acquired the neighbouring business park which might indicate more long term redevelopment plans.
Units 2-4 Pasadena Trading Estate, Hayes, UB3 3NQ	March 2018	17,576 sq ft	6.10%	Acquired in March 2018 sale of this 17,576 sq ft industrial unit. The unit sold for £1.82m reflecting a net initial yield of 6.10%. We are unaware of the tenants' covenant strength.
Lufthansa Technik, Kestrel Way, Hayes UB3 1HP	June 2017	139,749 sq ft	4.80%	Purchased by Valor Real Estate Partners. Modern Distribution Warehouse in Dawley Park. Fully let on two FRI leases expiring April 2024 at £10.05 psf to a top covenant.
Ainscough, 84 Swallowfield Way, Hayes UB3 1DQ	January 2017	11,932 sq f	4.30%	Purchased by UK investor for £8.55m. 2.92 acre site comprising the yard area and smaller warehouse single let on FRI lease for 15 year term expiring May 2022. Taking into account the yard area the rent is £6.11 psf with a rent review in May 2017.
Clayton Business	Nov 2016	35,667	4.60%	CCLA purchased the fully refurbished Clayton

Centre, Trevor Road				Business Centre from Aberdeen Asset Management for £7,581,000 reflecting a passing rent of £371,941.
---------------------	--	--	--	--

Source: CoStar, EGI etc.

Assets with income terms certain of five years for high quality buildings in a good location appear to be between 4.30-4.80% although these are probably reversionary. Buildings with shorter lease lengths remaining seem to be north of 5%. Due to the quality of the building at Stanford House and the location of the site in the Hayes Housing Zone, reflecting shorter lease lengths for tenants, we are of the opinion that the investment yield of 6% is more appropriate.

3.1.2. Calculation of the Existing Use Value

ULL Property has calculated the EUV for Stanford House by taking the market rent of £175,674 and capitalising the rent by a yield of 5% to arrive at a gross EUV of £3,513,480. From this total, purchaser's costs of 6.8% have been deducted together with a light refurbishment cost of £450,000, reflecting £24.33psf.

This creates an Existing Use Value of £2,824,563.

In our opinion, the rental value would achieve £8psf, and therefore the EUV would be calculated as follows:

- 18,492 sq.ft. @ £8psf = £147,936 p.a.x.
- Capitalised at an investment yield of 6.00% = £2,465,600
- Minus Purchaser's costs@ 6.8% (£167,620) and £450,000 refurbishment = £1,847,980

Carter Jonas therefore calculates the EUV at **£1,847,980**.

3.1.3. Landowner's Premium

The applicant has applied a landowner's premium of 10% to their EUV of £282,456 in order to arrive at an assumed BLV of £3,107,019, rounded £3.1m.

The most recent guidance in London is set out in the GLA SPG and this provides a range of premium between 10-30%. The landowner's premium is at the lower end of the range and therefore acceptable.

We have adopted a 10% landowner's premium to our EUV of £1,847,980 to create a Benchmark Land Value of £2,032,778.

3.2. Conclusion on BLV

Having assessed the individual components that make up the Benchmark Land Value it is our view that the BLV for the site has been overstated and a value of **£2,032,778** inclusive of a 10% landowner's premium is reasonable.

4. ASSESSMENT OF APPLICATION SCHEME INPUTS

This section of the report presents the Applicant's appraisal inputs together with Carter Jonas's interrogation of these inputs and appropriate adjustments where applicable. The interrogation includes the assessment of build costs put forward by Cast within its Cost Plan and scrutinised by Johnson Associates.

4.1. Build To Rent Values

ULL Property presented comparable evidence of private rental units in Hayes, taking into account schemes such as High Point Village, Trident House, Shopwith House and Waterside Union House. The rental values adopted by the Applicant are as follows:

- 1 bedroom/1 person = £1,050pcm
- 1 bedroom/2 person = £1,140pcm
- 2 bedroom/3 person = £1,400pcm
- 2 bedroom/4 person = £1,550pcm
- 3 bedroom/4 person = £1,625pcm
- 3 bedroom/5 person = £1,700pcm

The rents have been deducted 25% for management and maintenance costs and capitalised at a yield of 4.00%. The private units plus the discount market rents have then been put through a Discounted Cash Flow (DCF) over a 16 year period, using a net rental growth rate of 1.5% per annum with the investment capitalised at Year 16 into perpetuity at an investment yield of 4%. The Net Present Value is calculated by applying a discount rate of 4%.

Carter Jonas has reviewed the comparable evidence of private rents presented by the Applicant and undertaken its own market research, which is set out below:

4.1.1. National Housing Overview

The Office for National Statistics released first estimate Q4 GDP figures this month of 0.2% growth showing a significant slowdown on the 0.6% achieved in the previous three months. Subject to revisions, GDP growth last year will therefore reach just 1.4%, the weakest rate of growth since 2012. Brexit uncertainties are now clearly evident in most parts of the UK economy, from manufacturing and services sectors to the retail industry, housing and economic growth generally. On a more optimistic note, consumers appear to be resilient or at least less pessimistic than the wider economy. With wage growth a punchy 3.4% this month and the labour market data so strong, this is one of the only areas of the economy which has so far remained buoyant in the face of a more subdued (Brexit) economic backdrop.

Despite the uncertainty, the Government are seeking to promote business as usual by reassuring the markets that investment in major infrastructure projects will continue as planned, and that increasing the supply of housing remains a national priority.

Nationwide and Halifax house price indices for January showed a muted housing market with annual growth of just 0.1% and 0.8%, respectively. Conversely, Rightmove analysis shows an uptick in buyer enquiries to their portal, suggesting that buyers may be trying to take advantage of stagnant house prices.

The 2.5% annual price growth from the Official House Price Index is the lowest rate of growth since July 2013 and reflects a lack of activity in specific parts of the UK housing market at present. Affordability and Brexit uncertainty are the key factors in falling demand across most of the UK and the RICS price balance measure fell again this month to -22%. Rapidly falling measures were recorded in new enquiries, sales levels and new instructions.

4.1.2. Local Market Commentary

Generally, residential developer activity in Hillingdon is strong with there being increasing competition for sites. Developers continue to see good prospects for both commercial and residential development given the good transport links and connectivity to central London via rail links.

According to the Land Registry House Price Index, the average house price in Hillingdon was £407,751 as of December 2018 which reflects a yearly change of -0.4% with prices remaining stagnant month of month.

The subject site sits within The Hayes Housing Zone, to the north of Heathrow Airport in the London Borough of Hillingdon. The 238 hectare Housing Zone was announced by the Mayor of London (Boris Johnson) in March 2016, with proposals to deliver circa 2,788 homes, with 30% to be affordable (847 homes). The proposals include the regeneration of 2 housing estates and is to create 5,576 construction jobs. The location of the Housing Zone has a number of strong attributes, including its accessibility to Heathrow, the strategic road network (M25/M4) and public transport and its rail connections. The main station at Hayes & Harlington provides Great Western Railway services into London, and will also provide Crossrail (Elizabeth Line) services by the end of the year.

In the wider area, there are other significant residential schemes being brought forward, such as Southall Waterside by Berkeley Homes for 3,750 homes, and West Drayton Garden Village a scheme of 755 homes developed out by Bellway, Inland Homes, Weston Homes and Paradigm. Perhaps most notably, the Old Vinyl Factory regeneration area has included Build to Rent developments by Fizzy Living and BeLiving, which demonstrates the appetite for long-term residential investment in the area.

4.1.3. Analysis of Comparable Evidence

Fizzy Living, The Old Vinyl Factory, Blyth Rd, Hayes, UB3 1HA – HUB Group developed this 189 unit scheme located 3.75 miles south east of the subject site. It is in close proximity to Hayes & Harlington train station provides services to Paddington in c. 20 minutes. Amenities at the scheme include residents parking, an on-site property manager and pet-friendly flats. We have current asking rents at the scheme which we detail below:

Plot	Floor	Bedroom	Size (sq.ft.)	Rent pcm	Rent pa	Furnished
D57	7	1	591	£1,425	£17,100	No
C43	2	1	524	£1,285	£15,420	No
C44	2	1	524	£1,285	£15,420	No
C100	9	1	524	£1,325	£15,900	No
C68	5	1	524	£1,325	£15,900	No
D33	3	1	591	£1,300	£15,600	No
C42	2	1	524	£1,360	£16,320	No
C50	3	1	524	£1,375	£16,500	No
C99	9	1	524	£1,450	£17,400	No
C90	8	1	524	£1,435	£17,220	Yes
C82	7	1	524	£1,425	£17,100	Yes
C75	6	1	524	£1,410	£16,920	Yes
D28	2	2	671	£1,425	£17,100	No
A16	5	2	806	£1,440	£17,280	No
A13	4	2	794	£1,430	£17,160	No
D43	4	2	727	£1,385	£16,620	No
B22	5	2	806	£1,550	£18,600	No
B36	7	2	794	£1,580	£18,960	No
B4	2	2	806	£1,605	£19,260	Yes
D41	4	2	794	£1,530	£18,360	Yes

B18	4	2	794	£1,635	£19,620	Yes
B27	6	2	678	£1,515	£18,180	Yes
D59	7	2	794	£1,640	£19,680	Yes
D62	7	2	831	£1,695	£20,340	Yes
33PHL	LG/G/1	3	1076	£2,135	£25,620	Yes
15PHL	LG/G/1	3	1092	£2,135	£25,620	Yes
17PHL	LG/G/1	3	1092	£2,225	£26,700	Yes
12PHL	LG/G/1	3	1092	£2,010	£24,120	No
14PHL	LG/G/1	3	1092	£2,100	£25,200	No
22PHL	LG/G/1	3	1092	£2,010	£24,120	No

Be Living, The Gatefold Buildings, 36 Blyth Road, Hayes UB3 1AG – Situated adjacent to Fizzy Living, this 119 unit scheme comprises 1, 2 and 3 bedroom apartments. Offering similar amenities to the Fizzy Living scheme such as on-site management and pet friendly properties, the property is located 300 yards from Hayes & Harlington station. We have reviewed current rental information and detail the following available units:

Plot	Floor	Bedroom	Size (sq.ft.)	Rent pcm	Rent pa
225	2	1	560	£1,275	£15,300
318	3	1	549	£1,300	£15,600
319	3	1	560	£1,300	£15,600
404	4	1	624	£1,320	£15,840
127	1	1	657	£1,320	£15,840
502	4	2	678	£1,475	£17,700
211	2	2	915	£1,525	£18,300
507	3	2	818	£1,575	£18,900
503	5	2	872	£1,575	£18,900
N/A	N/A	3	990	£1,995	£23,940

These are the best two comparable Build To Rent schemes on the market in Hayes. Discussions with the agents for the two scheme reveal that they are achieving the rental values as quoted, although we recognise that in the case of the Fizzy Living Scheme, incentives of two weeks rent free are being offered. On this basis, we are of the opinion that the private rental levels for the scheme should be as follows:

- 1 bedroom/1 person = £1,075pcm
- 1 bedroom/2 person = £1,250pcm
- 2 bedroom/3 person = £1,425pcm
- 2 bedroom/4 person = £1,575pcm
- 3 bedroom/4 person = £1,650pcm
- 3 bedroom/5 person = £1,950pcm

4.1.4. OPEX Costs

The Applicant's appraisal includes an annual allowance of 25% of total rents received to allow for management, maintenance, void and bad debt etc. Investors typically adopt a range of 20% to 25% depending on the level of amenities and number of buildings. Again whilst guidance on PRS valuation is still relatively limited and there is a lack of historic evidence, this allowance is at the upper end when compared to similar developments but we do not consider this to be an unreasonable assumption. Therefore we have also adopted an allowance of 25% for our own modelling purposes.

4.1.5. BTR Yield

Build To Rent is a comparatively new product and we would acknowledge there is limited evidence of investment sales outside of prime locations as most involve forward sales prior to construction.

The Applicant refers to market research by Knight Frank that indicates that residential investment yields for residential assets in Greater London are at a net yield of 4%. Research produced by CBRE in March 2018 indicates that net yields for 'Good Secondary' locations in London Zones 3-6 are 3.75%. Hayes is considered to be a good secondary location, especially with the impact of Crossrail and the improved accessibility that this will bring. We are therefore of the opinion, that the investment yield for the BTR units should be 3.75%.

4.2. Affordable Housing Values

The Mayoral SPG and Draft London Plan Policy H13 promotes the calculation of Discount Market Rent for Build To Rent schemes to be based on London Living Rent levels. ULL Property has adopted the latest LLR (2019/2020) for the 3 bedroom units of £1,033 for the Botwell Ward in Hayes to calculate the annual gross rent before deductions of £61,980. This is the accepted approach, and therefore we have also adopted the same figures for our review.

4.3. Discounted Cash Flow Model

Draft London Plan Policy H13 indicates that for a scheme to qualify for Build To Rent it must be over 50 units and a covenant granted to maintain the units as BTR for a period of at least 15 years. The policy states that a clawback mechanism must be in place for additional affordable housing in the event that the covenant is broken.

The ULL property DCF reflects this length of covenant, with the investment capitalised into perpetuity at Year 16. For the purposes of our analysis we have interrogated the DCF model and have adjusted the assumptions as follows:

- 16 year cashflow, beyond which the investment is capitalised into perpetuity at a yield of 3.75%;
- Inflation of 2.5% per annum, which reflects the CPI annual rate for the last 5-10 years applied to the OPEX costs;
- Rental growth of 3% per annum adopted over the 15 year period (from JLL research) and applied to the BTR units and the DMR units inflated by CPI at 2.5% per annum;
- OPEX Costs at 25% of rental income at the start of the term;
- Net Present Value based on a discount rate of 6.5%, which reflects the commercial risk on return for the mixed-use commercial/residential investment, reflecting risk to the investment such as occupancy levels, bank lending provisions and unforeseen changes to the market and legislation in the sector; ;
- Private BTR rents based on our market research, and DMR based on London Living Rent levels; and
- 50% of the rental income applied to Year 0 to reflect letting void.

The results of our DCF modelling is presented at Appendix 2.

The results of the DCF shows a Gross Development Value for the 81 BTR units of £28,344,598, which is higher than the Applicant's position of £26,953,862. On a capitalised basis, the blended GDV reflects £528psf which equates to circa 91% of private market sale values in Hayes, which compares to the Applicant's blended position of £502psf, which equates to circa 87% of private market sale values.

4.4. Commercial Values

The scheme includes 868 square metres of B-Use Class space. ULL property presents several occupational and investment deals to justify the rental value of £25psf p.a.x. with an incentive package of 12 month's rent free period and capitalised at an investment yield of 5.5%.

Carter Jonas has undertaken its own market research of the commercial component as follows:

The Record Store, Old Vinyl Factory - The Record Store is actively being marketed as an office building with a total of 84,705 sq.ft. of space arranged over ground and five upper floors. Recent lettings include Part of floor 4 (7,580 sq.ft.) let to ADI in December 2018 at £33.50psf p.a.x. on a 10 year lease, and in October 2017 the ground floor unit of 10,614 sq.ft. was let at a rent of £29.50psf p.a.x., which reflected the limited aspect of the ground floor unit. As this is a bespoke office building, we would not expect the subject site to command the same level of rent.

Hyde Park, Hayes

An office complex of circa 340,000 sq.ft. which was originally built in the mid-1970s and was refurbished in 2006. A recent letting in October 2016 for 4,075 sq.ft. on the 4th floor to JGC was for £21.50psf p.a.x. The term of the letting was for 5 years on a FRI lease. The offices are second-hand, and therefore we would expect the subject site to command a higher level of rent.

BeLiving Building, Blyth Road – We are aware that BeLiving/BeHere are currently marketing the commercial accommodation within their new scheme, adjacent to the subject property. The following units are available:

- Unit 2 - £825pcm (495 sq.ft.) equates to £20psf p.a.x. (A3 use class)
- Unit 3 - £825pcm (495 sq.ft.) equates to £20psf p.a.x. (B1, A2 and B8 use class)
- Unit 4 - £650pcm (495 sq.ft.) equates to £15.75psf p.a.x. (B1, A2 and B8 use class)
- Unit 6 - £915pcm (549 sq.ft.) equates to £20psf p.a.x. (B1, A2 and B8 use class)

We acknowledge that the B-use class space is not a separate building and therefore unlikely to command the level of rents that The Record Store at the Old Vinyl Factory is achieving. We concur with the Applicant that a rental value of £25psf p.a.x. is appropriate for the scale and nature of the commercial floorspace at the subject scheme. In terms of incentives, this will depend on the level of term negotiated, although a 12 month's rent deduction based on a six month's rent free period and six month's letting void appears reasonable.

In terms of investment yields for commercial uses the following deals has been assessed:

The Shipping Building, Old Vinyl Factory – Floreat Real Estate purchased the Shipping Building extending to 99,990 square feet from Moorfield Real Estate Fund III for £32,750,000, reflecting a net initial yield of 5.00%.

Hyde Park, Hyde - Threadneedle Asset Management purchased the office complex of 339,997 square feet for £128m in November 2015 from Melford Capital Partners, reflecting a net initial yield of 6.03%.

On this basis, the Applicant's adoption of an investment yield of 5.5% for the commercial uses within B-use classes appears to be appropriate.

4.5. Costs and Fees

4.5.1. Build Costs

Cast has provided a detail cost plan of the scheme which is presented within the Applicant's FVA. It estimates the build costs for the scheme of £18,440,000, which according to the FVA equates to an average build cost of £220 per sq.ft.

Our quantity surveyor, Johnson Associates has undertaken a detailed critique of the Cast cost plan, and this is set out in Appendix 1.

A summary of the Johnson Associates review is presented below, which shows a total cost of £18,240,000 which represents a small reduction on the Cast cost plan of circa £200,000 or £218 per sq.ft. The cost plan includes preliminaries and overheads and profits at a combined percentage of 19%, which is at an acceptable level.

Cost Item	Cast	Johnson Associates
Build to Rent	£14,714,000	£14,558,000
Commercial	£117,000	£117,000
Car Parking	£122,000	£122,000
Preliminaries	£2,093,000	£2,071,000
Overheads and Profit	£853,000	£844,000
Design Development Contingency	£536,000	£531,000
Total	£18,440,000	£18,240,000

4.5.2. Contingency

The Applicant's FVA has adopted a contingency on the build costs of 3%, which is an acceptable rate given the complexity and the scheme.

4.5.3. Professional Fees

The Applicant's FVA has adopted a rate of 10% to cover all professional fees associated with the scheme, which totals £1.84m. A typical professional fee allowance ranges from 8-12% depending on the scale and complexity of the proposed development.

In this instance we consider the mid-point allowance of 10% to be reasonable for a scheme of this nature and complexity and have therefore adopted a professional fee allowance of 10% for the purposes of our own modelling.

4.5.4. Fees and Marketing Costs

The fees included within the appraisal are as follows:

- 10% commercial letting agent's fee and 3% commercial letting legal fees;
- 1% commercial investment sales fee and 0.5% commercial investment legal fees;
- 1% residential investment sales fee and 0.25% residential investment legal fees;
- Purchaser's costs at 6.8%; and
- Stamp Duty Land Tax and acquisition agent fee of 1% and legal fee of 0.5%.

All of the fees applied to the development appraisal are at acceptable market levels.

4.5.5. Finance Cost

A debit finance rate of 7.00% has been adopted by the Applicant within the development appraisal for the scheme. In the current market, the range of finance is usually between 6.00-7.00%, and therefore this is

considered to be at an acceptable level given that this is an 'all-in' finance cost which includes set up and exit fees.

4.5.6. Community Infrastructure Levy/Section 106 Payments

The development appraisal includes both a CIL charge and Section 106 payments. We assume that the Section 106 payments for construction training of £46,100 and construction co-ordinator of £36,266 have been negotiated and agreed with the Council. In terms of the CIL Payments of £605,000 for the combined Hillingdon and the Mayoral CIL, the Applicant has applied following rates, indexed in accordance with the CIL Regulations:

- £95 per sq.m. for residential uses in Hillingdon
- £35 per sq.m. for commercial uses in Hillingdon
- £35 per sq.m. for residential uses for Mayor
- £35 per sq.m. for commercial uses for Mayor

A high level estimate of the CIL payments indicates that it is in the right area, although we would advise the Council to confirm the sums for both the Council and Mayoral CIL. It should be noted that the Mayoral CIL2 (MCIL2) is due to be introduced in April 2019.

4.5.7. Development Programme

The development programme for the scheme is due to take 29 months based on the following assumptions:

- Purchase – 1 Month
- Pre-construction – 3 Months
- Construction – 18 months
- Letting of Commercial – 6 months after completion
- Sales of Residential Investment – on completion
- Sale of Commercial – Month 29

This appears to be a reasonable development programme for the scale and complexity of the scheme.

4.6. Developer's Profit Margin

The Applicant has adopted a profit margin of 15% on the Gross Development Value, which includes the private BTR units, the Discount Market Rent units and the Commercial floorspace. Our normal practice is to split the profit levels, so that a 6% profit is applied to the 'affordable' units, in this case Discount Market Rent, and 15% applied to the BTR and commercial.

It is our opinion that a lower profit margin should be applied to the DMR units as this represents the affordable element of the scheme. This approach is adopted in other recent BTR schemes.

4.7. Summary of Inputs

The table below provides a summary of the above analysis highlighting any areas of difference, which will form the basis of our sensitivity testing in the following section.

Assumption	ULL Property' Assumptions	Carter Jonas' Position (Where Different)	Comments
Sales and Revenue			
BTR Values	1b/1p = £1,050pcm 1b/2p = £1,140pcm 2b/3p = £1,400pcm 2b/4p = £1,550pcm 3b/4p = £1,625pcm 3b/5p = £1,700pcm 25% for management and maintenance Capitalised @ 4% yield	1b/1p = £1,075pcm 1b/2p = £1,250pcm 2b/3p = £1,425pcm 2b/4p = £1,575pcm 3b/4p = £1,650pcm 3b/5p = £1,950pcm 25% for management and maintenance Capitalised @ 3.75% yield	See DCF calculation at Appendix 2, but there are some differences in terms of some of the rental levels and the investment yield applied
DMR Values	Based on London Living Rents for 3 bedroom units of £1,033pcm 25% for management and maintenance Capitalised @ 4% yield	Based on London Living Rents for 3 bedroom units of £1,033pcm 25% for management and maintenance Capitalised @ 3.75% yield	See DCF calculation at Appendix 2. Preferred approach to DMR as set out within the Mayor Viability SPG, although investment yield is deemed to be stronger
B-Class Uses	£25psf p.a.x. Capitalised @ 5.5% yield 12 months' rent free	-	Reflects the tone for the market in this location
Development Costs			
Construction Costs	£18,440,000	£18,240,000	See Appendix 1 for the Build Cost Review
Contingency	3%	-	Acceptable level
Professional Fees	10%	-	Acceptable level
Sales Costs	Commercial letting agency fees = 10% of rental value Commercial letting legal fees = 3% of rental value Commercial sales, legal and marketing fees = 1.5% of capital value BTR/DMR investment sales,	-	At acceptable market levels

	legal and marketing fees = 1.25% of capital value Purchaser's costs = 6.80%		
CIL	£605,000	-	We have adopted the CIL amount assumed by the Applicant but recommend this is reviewed by the Council
s.106	£82,366	-	We have adopted the s.106 sum assumed by the Applicant but recommend this is reviewed by the Council
Interest / Finance Costs	7% debit	-	Acceptable level
Developers Profit	Profit 15% on GDV	Private BTR = 15% on GDV DMR Profit = 6% on GDV Commercial = 15% on GDV	Need to differentiate the affordable profit level
Benchmark Land Value	£3,100,000	£2,032,778	BLV is considered too high

5. FINANCIAL APPRAISALS

5.1. Adjustments to the Applicant's Model

ULL Property has provided Carter Jonas with a copy of its viability model in Argus Developer, which is a leading industry-standard development appraisal package commonly used by developers and agents to assess development viability.

Based on the review of the FVA inputs, we have highlighted a number of inputs that have a potential impact on land value. Carter Jonas has therefore undertaken a series of adjustments to the model provided by ULL Property to assess this impact.

Although this analysis does not constitute formal valuations under the provisions of the RICS Valuation – Global Standards ('Red Book') it does provide robust evidence to inform the Council's decision making process in respect of the applicants planning application.

As has been highlighted in the summary table there are several inputs where we believe the assumptions to be under or overstated and we have therefore applied our own assumptions which we consider to be more reflective of the market.

Given the outcome of our analysis we have made changes to the based appraisal as follows:

- GDV of the BTR/DMR – increased from £26,953,862 to £28,344,598
- Build costs – reduction from £18,440,000 to £18,240,000
- Profit – Affordable profit margin reduced from 15% to 6%

The Benchmark Land Value has also been adjusted from the Applicant's position of £3,100,000 to £2,032,778.

5.2. Appraisal Results

Carter Jonas has undertaken its own modelling to reflect changes to values, build costs and the profit level. The results of our analysis are shown in the table below and reveal a change of circa £1.2m between the Applicant's position and Carter Jonas as the residual land value has moved from £1.5m to £2.7m.

Set against Carter Jonas' Benchmark Land Value of £2.0m, the scheme produces a surplus of £0.7m.

	GDV	Total Costs	Residual Land Value	BLV	Net Position
Applicant	£31m	£29.5m	£1.5m	£3.1m	-£1.6m
Carter Jonas	£32.4m	£29.7m	£2.7m	£2.0m	£0.7m

We have modelled this surplus income through the DCF model and the subsequent development appraisal to establish the potential number of Discount Market Rent units the scheme is able to support. The results of this modelling are set out in Appendix 4 and shows that the scheme is able to deliver 18 Discount Market Rent units out of the total of 81 BTR units, which is a proportion of 22%.

6. CONCLUSIONS AND RECOMMENDATIONS

Carter Jonas has reviewed the Financial Viability Assessment as submitted by ULL Property on behalf of the Applicant – Healey Development Solutions (Hayes) Ltd.

The first part of the assessment focused on the Benchmark Land Value, which consists of the Existing Use Value of the existing industrial building at Nestles Avenue. ULL Property has valued the property on the basis of a rent of £9.50 per sq.ft. p.a.x., capitalised at an investment yield of 5.0%, with deductions for purchaser's costs and light refurbishment to derive an Existing Use Value of £2.82m. A landowner's premium of 10% is then applied to the EUV to create a Benchmark Land Value of £3.1m.

Whilst, Carter Jonas agrees with ULL on the deductions and the landowner's premium, our opinion of the rental value is lower at £8 per sq.ft. p.a.x. and the yield is weaker at 6.0%. This creates a Benchmark Land Value of £2.03m.

The second part of the assessment focused on the residual land value of the proposed scheme of 81 BTR homes and 868 square metres of B-use class floorspace. The Applicant's scheme includes 5 Discount Market Rent units reflecting London Living Rents in accordance with the Mayoral Viability SPG. This equates to 6% affordable housing on the scheme of 81 units.

According to the Applicant, the scheme produces a value of £1.51m, and set against the Benchmark Land Value the overall deficit is **-£1.59m**.

A detailed review of the Applicant's assumptions and inputs revealed that we are in agreement with the commercial values, DMR rents, contingency, professional fees, sales, legal and marketing costs, and finance cost. The key points of difference are as follows:

- Build-to-Rent – Increase in rent for the 1 bed/2 person and 3bed/5 person units from £1,140pcm to £1,700pcm and £1,250pcm to £1,950pcm respectively, and improve the yield from 4% to 3.75%;
- Build costs – reduction from £18,440,000 to £18,240,000
- Profit – Affordable profit margin reduced from 15% to 6%

The adjustments to the development appraisal produces a positive residual land value of £2.7m, which creates a surplus of £0.7m.

The surplus has been modelled to highlight the number of additional DMR units can be delivered to meet the BLV of £2m. A total of 18 units, or an increase of 13 DMR units can be supported by the scheme to meet our BLV. This equates to an overall proportion of 22%, compared to the Applicant's position of 6%.

APPENDIX 1 – REVIEW OF BUILD COSTS

APPENDIX 2 – DISCOUNTED CASH FLOW

APPENDIX 3 – APPRAISAL PRINT-OUTS

Appendix 3 – ULL Property letter to Carter Jonas – 5th April 2019

Carter Jonas
1 Chapel Pl,
Marylebone,
London
W1G 0DJ

Your ref:
Our ref: Stanford House, 9 Nestles
Avenue

Tel: 07783 372430

award@ullproperty.com

5 April 2019

Dear Sirs,

CONFIDENTIAL: STANFORD HOUSE, 9 NESTLES AVENUE, HAYES: REF 51175/APP/2018/4260

U.L.L. Property ('ULL') are in receipt of the Financial Viability Review (the 'Review'), dated March 2019, prepared by Carter Jonas, pertaining to Stanford House, 9 Nestles Avenue (the 'Site'). Within their report, Carter Jonas comments on the assumptions made in ULL's Economic Viability Appraisal Report, dated December 2018. There are some areas of agreement between Carter Jonas and ULL; however, the below points remain outstanding:

GDV

We note that Carter Jonas has adopted a slightly different calculation method for the proposed residential investment we broadly agree with the approach; however, we have a different view on several of the inputs used.

Investment Yield

ULL adopted a build to rent investment yield of 4%; Carter Jonas has provided further evidence of CBRE research in March 2018 stating 3.75% would be applicable for good secondary location. However, we would highlight the latest study by CBRE published in December 2018 provides a better indication of current market trends in Good Secondary markets (Outer London / South East). This publication suggests net yields are currently stable at 4.00%. This accords with Knight Frank's view presented as part of our Report. We have therefore adopted this level within our updated appraisal.

Rental Values

Carter Jonas has a different view on the appropriate rent levels for the proposed scheme. Carter Jonas has adopted increased rents suggesting that they should be identical to the rents adopted within ULL viability assessment for application 51175/APP/2019/187. However, ULL applied a variation in rental values between the two schemes to reflect the fact that one scheme has provision for tenant parking and the other does not. We envisage that units within application 51175/APP/2019/187 would achieve a premium to reflect the availability of parking on site, in addition to actually paying rent for a parking space.

We believe the rents should not be increased to the levels adopted within the viability report for application 51175/APP/2019/187 as the scheme does not benefit from any parking; we have therefore removed this uplift.

Additionally, Carter Jonas suggests the adopted rents for the 1b/2p and 3b/5p are both below expectation. To substantiate this point, Carter Jonas has provided evidence of two notable schemes nearby in Fizzy Living's The Old Vinyl Factory and Be Living, The Gatefold Buildings. While both schemes are a good comparable for established purpose-built private rented accommodation in the area, ULL suggests that both buildings are in better locations and benefit from 'placemaking' and greater amenity and new retail offer, compared with the proposed scheme which does not offer significant on-site amenity. We have



therefore not adopted Carter Jonas updated rents for 1b/2p and 3b/5p and instead maintained ULL initial rental assumptions.

Build To Rent Cash Flow

As discussed above we have adopted Carter Jonas cash flow model and applied the aforementioned revised assumptions to it, including a 4.00% yield, and rental income of £1,190,100 per annum for Market Units. We have also adopted Carter Jonas's growth assumption of 3% for Market Residential and 2.5% for OPEX Costs and Affordable Rent Growth. The result of these updated appraisal inputs including updated yield and rental values is a reduced residential GDV of £25,952,237 compared with Carter Jonas GDV of £28,344,598. We have applied the revised figure within our updated appraisal.

Construction Costs

The applicant has instructed their cost consultant to approach Johnson Associates to review the outstanding cost items, for this updated review we have adopted Cast original cost plan figures, pending the conclusion of their conversations with Johnson Associates.

Developers Profit Margin

ULL adopted 15% profit margin on the GDV for the proposed scheme; Carter Jonas disagrees with this assumption suggesting there should be a differentiation between the profit level on the affordable (DMR) rental units and the private rented units. While this is usually the case for Affordable units within a build for sale scheme, this is not the case for BTR. The adopted profit margin is representative of the developers' risks in undertaking a project, the 6% applied to affordable within Build to Sale schemes is reflective of a forward funded, pre-agreed disposal to a registered provider. This is not the case within BTR schemes as the developer maintains ownership and therefore the risk associated with these units is the same as a private rent unit. ULL, therefore, apply a 15% profit margin to all elements of the scheme within the revised appraisal. This is consistent with many projects agreed with London Boroughs and the GLA.

Benchmark Land Value

Carter Jonas has undertaken a thorough review of our evidence and provided additional market evidence. On review of this further evidence, Carter Jonas has adopted a revised rent of £8.00 per Sq Ft suggesting this reflects the condition, size, age and a typical 5-year lease term. We would recommend in the current market that a 5-year lease term is short and would anticipate most landlords achieving a lease of a minimum of 10 years given lack of supply and good occupier demand.

ULL made allowance for the condition of the building within a refurbishment costs allowance of £450,000. ULL had assumed should these works be carried out, a rent of £9.50 per sq ft could be achieved. ULL, therefore, believe the unit could be let in its current condition without undertaking these works for Carter Jonas adopted rent of £8.00 per sq ft. On this basis, we have adopted Carter Jonas revised rents and yields but removed the refurbishment costs of £450,000 from the EUV calculations. Our revised EUV calculation is as follows:

Rent: 18,492 sqft @ £8 psf = £147,936 p.a.x

Yield @ 6% = £2,465,000

Less:

Purchasers Costs @ 6.8% = £167,620

EUV =£2,297,380

Premium @ 10% = £229,738

EUV + (Benchmark Land Value) = £2,527,118

Conclusion on BLV

Having regard to Carter Jonas commentary and our above comments we have adopted a revised EUV of £2,527,118 inclusive of a 10% premium.

Updated Appraisal

An updated Argus Developer appraisal is attached to this letter; a summary of this is as follows:

Nestles Avenue, Hayes	
Summary Appraisal	
Costs	
	£
Construction costs	18,440,000
Fees	1,844,000
CIL/S106	687,366
Marketing, letting, disposal & legals	2,521,740
Site purchase costs	42,288
Total finance costs	1,133,489
Profit	4,496,649
Total costs	29,165,532
Revenue	
Residential Investment	25,952,237
Commercial	4,025,420
Total sales	29,977,657
Residual Land Value	812,125
Benchmark Land Value	2,527,118
RLV - EUV (net residual)	-1,714,993

Conclusions

Having regard to the above commentary and our review of Carter Jonas's assumptions, and including the adoption of some of Carter Jonas's assumptions, the revised appraisal generates a residual value of £812,125 compared to a benchmark land value of £2,527,118. The scheme currently generates a deficit of £1,714,993 and can therefore not support any additional affordable contribution over and above the applicant's proposed figure of 6% or 5 units.

We trust the above provides a clear commentary of our updated assumptions concerning the proposed scheme.

Yours sincerely,

Alex Ward MRICS
Senior Surveyor

Cc Richard Ashdown – ULL Property
Cc Charles Mills – Daniel Watney

Appendix 4 - Carter Jonas Final Review of Applicant's Financial Viability Assessment – April 2019

STANFORD HOUSE, 9 NESTLES AVENUE, HAYES

REVIEW OF APPLICANT'S FINANCIAL VIABILITY ASSESSMENT

PLANNING REFERENCE: 51175/APP/2018/4260 (81 Residential Units and 868 sq.m. of B Use Class)

Final Report

SUBMITTED ON BEHALF OF CLIENT:

LONDON BOROUGH OF HILLINGDON
APRIL 2019

CONTENTS

1. EXECUTIVE SUMMARY.....	3
1. INTRODUCTION.....	5
1.1. Background	5
1.2. The Site	5
1.3. The Planning Application.....	6
2. METHDOLOGY.....	8
2.1. Approach	8
3. CRITIQUE OF BENCHMARK LAND VALUE	9
3.1. Carter Jonas Analysis	9
3.2. Conclusion on BLV.....	12
4. ASSESSMENT OF APPLICATION SCHEME INPUTS.....	13
4.1. Build To Rent Values.....	13
4.2. Affordable Housing Values.....	16
4.3. Discounted Cash Flow Model	16
4.4. Commercial Values	17
4.5. Costs and Fees	17
4.6. Developer's Profit Margin	19
4.7. Summary of Inputs	20
5. FINANCIAL APPRAISALS	22
5.1. Adjustments to the Applicant's Model	22
5.2. Appraisal Results	22
6. CONCLUSIONS AND RECOMMENDATIONS	23
7. APRIL 2019 UPDATE	24
8. FINAL CONCLUSIONS AND RECOMMENDATIONS	26
APPENDIX 1 – REVIEW OF BUILD COSTS.....	28
APPENDIX 2 – DISCOUNTED CASH FLOW.....	29
APPENDIX 3 – APPRAISAL PRINT-OUTS.....	30
APPENDIX 4 – ADDITIONAL AFFORDABLE PRINT-OUTS	31
APPENDIX 5 – APRIL 2019 APPRAISAL PRINT-OUTS	32
APPENDIX 6 – APRIL 2019 ADDITIONAL AFFORDABLE PRINT-OUTS	33

1. EXECUTIVE SUMMARY

- (1) Carter Jonas has reviewed the Financial Viability Assessment (FVA) produced by ULL Property on behalf of the Applicant Healey Development Solutions (Hayes) Ltd. The application scheme (reference: 51175/APP/2018/4260) proposes the demolition of the two storey industrial building to provide 81 residential units (Build to Rent) and 868 square metres of B employment space.
- (2) ULL Property submitted its original FVA in December 2018 has been supplemented with an additional letter (5th April 2019). The ULL approach included modelling the Build To Rent units through a Discounted Cash Flow (DCF) and inputting the Gross Development Value into a development appraisal, together with the employment uses to derive the residual land value for the scheme. The Applicant's affordable housing offer of 5 units or 6% has not changed, although the figures have been adjusted to reflect adjustments made by Carter Jonas in its review.

The Applicant's position is as follows:

Residual Land Value = £812,125 (based on 76 Private BTR and 5 Discount Market Rent units)

Benchmark Land Value = £2,527,188 (EUV of £2,297,380 plus 10% premium)

Net Position = -£1,714,993 (deficit)

- (3) Carter Jonas has interrogated the ULL Property FVA and made a number of adjustments to costs and values as summarised here:
 - Rental values set at 1b/1p £1,075pcm; 1b/2p £1,250pcm; 2b/3p £1,425pcm; 2b/4p £1,575pcm; 3b/4p £1,650pcm; 3b/5p £1,950pcm, compared to the Applicant's position of 1b/1p £1,050pcm; 1b/2p £1,140pcm; 2b/3p £1,400pcm; 2b/4p £1,550pcm; 3b/4p £1,625pcm; 3b/5p £1,700pcm;
 - Investment yield for the BTR units set at 3.75% compared to Applicant's position of 4.00%;
 - Profit margin for the Discount Market Rent set at 10% of GDV, compared to the Applicant's position of 15%;
 - Construction costs reduced by £200,000 from the Applicant's position of £18,440,000 to £18,240,000;
 - Changes to the Discounted Cashflow in terms of inflation and growth rates, which have been agreed by the Applicant;
 - Benchmark Land Value based on a rental value of £8psf p.a.x. and capitalised at a yield of 6%, but with light refurbishment costs included as estimated by the Applicant at £450,000. This provides an existing use value of £1,847,980 plus a 10% premium. This differs from the Applicant's position, which excludes the refurbishment costs.

The Carter Jonas position is therefore:

Residual Land Value = £2,638,416 (based on 76 Private BTR and 5 Discount Market Rent units)

Benchmark Land Value = £2,032,778 (EUV of £1,847,980 plus 10% premium)

Net Position = £605,638 (surplus)

The scheme produces a surplus with 5 DMR units of £605,638, which indicates that the additional affordable housing units can be provided. The surplus has been modelled by Carter Jonas and this provides for another 10 DMR units taking the total to 15 units, which equates to 18% affordable housing provision.

- (4) The Council's affordable housing policy is Policy H2 of the Hillingdon Local Plan which states *"For sites with a capacity of 10 or more units the Council will seek to ensure that the affordable housing mix reflects housing needs in the borough, particularly the need for larger family units."* The local plan goes on to state in paragraph 6.29 that *"35% of all new units in the borough should be delivered as affordable housing, with an indicative tenure mix of 70% housing for social rent and 30% intermediate housing."* In accordance with the NPPF, where a non-compliant affordable housing offer is submitted to the local planning authority, the Applicant must provide a viability assessment.

The approach undertaken by Carter Jonas and ULL Property is in accordance with the Planning Practice Guidance (PPG) requirements in terms of comparing the residual land value of the Application scheme to the Benchmark Land Value to determine the level of affordable housing with all costs and values included, including s.106 and CIL payments. The Benchmark Land Value is calculated by assessing the Existing Use Value and applying a landowner's premium to incentivise the landowner to sell its land, which reflects the approach in the PPG and the Mayoral SPG. In addition, the calculation of the Discount Market Rent units is based on guidance within the Mayoral SPD and the Draft London Plan, which advocates the use of London Living Rents at the appropriate ward level. It should also be noted that Draft London Plan (Policy H13) indicates that for a scheme to qualify for Build To Rent it must be over 50 units and a covenant granted to maintain the units as BTR for a period of at least 15 years. The policy states that a clawback mechanism must be in place for additional affordable housing in the event that the covenant is broken.

The Applicant's affordable housing offer and Carter Jonas' review shows that the scheme is unable to comply with Hillingdon's affordable housing policy.

- (5) The conclusions from Carter Jonas' review indicates that the scheme can deliver 15 Discount Market Rent units out of the total of 81 Build To Rent units, which equates to 18% affordable housing provision. Carter Jonas recommends that the Council seeks to negotiate the s.106 agreement on this basis ensuring that the DMR units are linked to the London Living Rents for the Botwell ward and the clawback mechanism as advocated by the Mayor is included.

1. INTRODUCTION

1.1. Background

Carter Jonas has been instructed by the London Borough of Hillingdon (as local planning authority) to undertake a viability review in respect of a proposed development at Stanford House, 9 Nestles Avenue, Hayes. The planning application for the redevelopment of Stanford House has been submitted by Healey Development Solutions (Hayes) Ltd.

The scheme proposes the demolition of the two storey industrial building to provide 81 residential units (Build to Rent) above ground and first floor employment floorspace (B use class) extending to 868 square metres.

ULL Property has submitted a Financial Viability Assessment (FVA) on behalf of the Applicant, dated December 2018, which includes a cost plan produced by Cast.

This report presents a summary of the planning application, the financial viability assessment and Carter Jonas' response to the FVA.

1.2. The Site

The subject site is 0.23 hectares (0.57 acres) and is located in Hayes within the London Borough of Hillingdon. It is bound by Nestles Avenue to the south, with semi-detached houses opposite the site, the former Nestles Factory to the east, a two storey industrial building to the west (No. 7 Nestles Avenue) and Squirrels Trading Estate to the north with access from Viveash Close.



Source: - Design and Access Statement

We understand that the site is located within the Hayes Town Centre Housing Zone within the Hillingdon Local Plan with Stanford House forming part of Site Allocation SA5 of the draft Local Plan Part 2 which promotes up to 300 residential units. Adjacent there is also a masterplan for the former Nestles Factory that promotes residential adjacent to the subject site.

The nearest station is Hayes & Harlington, which is located 350 metres to the north and this Station will benefit from the Elizabeth Line (Crossrail) in 2019, and journey times to Bond Street of just 20 minutes. The Station

provides access to London Paddington in circa 20 minutes. The area between Nestles Avenue and the Station is characterised by industrial buildings, with the land to the north of the Station witnessing a number of new housing developments, including High Point Village. The area to the south of Nestles Avenue is a residential neighbourhood of two storey suburban houses.

The subject site is an accessible location with a Public Transport Accessibility Level (PTAL) of 4, on a scale of 1- 6b with 6b is the highest.

1.3. The Planning Application

The planning application submitted by Healey Development Solutions (Hayes) Ltd in December 2018 (ref: 51175/APP/2018/4260) for the following:

“Demolition of existing building and redevelopment to provide a building up to 10 storeys, with 868 sqm of Class B1 floorspace at ground and first floor level and 81 residential units to the upper floors, with associated landscaping, access, car parking and cycle parking.”

The new development comprising Build to Rent units and employment space is to be arranged in stepped block arrangement (as indicated in the illustration below) ranging in height from 3-10 storeys. The applicant proposes to provide 6% affordable housing (Discount Market Rent), which equates to 11% on a habitable room basis. In addition to non-residential uses the proposals include 868 sq.m of Class B employment space, located at ground and first floors.

The table below sets out the proposed housing mix for the scheme.

Bedrooms	Build to Rent	Discount Market Rent	Total
1-bed 1-person	9	0	9
1-bed 2-person	35	0	35
2-bed 3-person	2	0	2
2-bed 4-person	26	0	26
3-bed 4-person	1	2	3
3-bed 5-person	3	3	6
Total	76	5	81

In addition to the 81 units and 868 square metres GIA of employment space, the scheme will provide:

- All units in accordance with the Nationally Described Space Standards
- Communal roof gardens (597 sq.m.), children’s play space (110 sq.m.) and private balconies for every unit (621 sq.m.), sized in accordance with London Plan standards
- Car free scheme with disabled parking only; 136 internal cycle for residents and 8 for employees, parking spaces plus visitor spaces, in accordance with London Plan standards
- All units designed in full accordance with the “Lifetime Homes” standards and 10% to be wheelchair user adaptable.

A schematic of the application scheme taken from the Design and Access Statement is detailed below:



The Applicant FVA is based on a 6% affordable offer, which they indicate (based on their cost and revenue assumptions) produces a negative net position of £1.59m when the residual land value of £1.51m is compared to the Benchmark Land Value of £3.1m. This is based on a blended profit margin of 15% on GDV. Even though the scheme produces a negative position, the Applicant is still willing to offer 5 discount market rent units.

2. METHDOLOGY

2.1. Approach

Carter Jonas' review of the Applicant's FVA has had regard to the RICS Guidance Note "Financial Viability in Planning". We do not take issue with the overarching methodology used by the Applicant within their assessment. They have:

- Assessed the realisable value of the proposed scheme;
- Assessed the costs associated with delivering the scheme;
- Assessed a Benchmark Land Value (based on the EUV plus landowner's premium); and
- Undertaken a residual appraisal to calculate the residual land value which is compared against the Benchmark Land Value to establish whether the scheme is viable or not assuming the current level of planning obligations.

ULL Property has undertaken their viability modelling using the Argus Developer software package, which is a bespoke viability model that is used by the property industry. The methodology underpinning their model is the Residual Method of Valuation, commonly used for valuing development opportunities. Firstly, the gross value of the proposed development is assessed and the total cost of the development is deducted from this.

The approach by ULL Property has been to adopt a number of assumptions in relation to the proposed scheme which produces the residual land value. The results of this approach are normally that, if the residual land value is lower than the Benchmark Land Value, then the scheme is deemed to be unviable and is therefore unlikely to come forward for development unless the level of affordable housing and/or planning obligations can be reduced.

In this case, even though the residual land value of £1.51m is below the Benchmark Land Value of £3.1m, creating a net position of **-£1.59m**, the Applicant has indicated that they are still willing to offer 5 discount market rent units, which equates to 6% affordable housing.

Given that the calculations are being made well in advance of commencement of the development, the figures used in the applicant's appraisal can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the local planning authority to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.

Carter Jonas' approach has been to critically examine all of the assumptions on which the ULL Property appraisal is based, including a critical assessment of the Cast Cost Plan by our QS Johnson Associates. Our approach has then been to undertake sensitivity analysis where in our opinion inputs are not in line with current market conditions.

It is also important to carefully scrutinise the applicant's methodology. One of the key areas of scrutiny is the application of the Existing Use Value of the industrial building and the level of premium required to incentivise the landowner to sell.

3. CRITIQUE OF BENCHMARK LAND VALUE

Determining an appropriate Benchmark Land Value is often the most important factor in determining viability. Put simply, if the value generated by the development does not produce a positive figure, there is no financial incentive to bring forward the development with all its associated risk.

Arriving at an appropriate BLV is not a straightforward exercise and this is acknowledged at 3.4.6 of the RICS Guidance Note which states that:

“The assessment of Site Value in these circumstances is not straightforward, but it will be, by definition, at a level at which a landowner would be willing to sell which is recognised by the NPPF.”

In arriving at an appropriate BLV regard should be had to existing use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy. Existing Use Value is widely used in establishing Benchmark land value and is supported in the latest mayoral SPD and by the London Assembly Planning Committee.

In this case ULL Property has adopted a rental value for the existing industrial building of £9.50 per sq.ft., which provides an annual rent of £175,674. This is based on four comparable buildings as follows:

Address	Age/Condition	Size	Rent £psf p.a.x.	Date
Unit 12 Trumpers Way	1970s	11,686	£9.95	Feb 2018
Unit 5 Transport Avenue, Brentford	1930s	15,888	£10.00	Sept 2018
Units 1-3 Aerodrome Way,	1980s	10,506	£10.75	Dec 2017
466 Colndale Road, Slough	1950s	10,166	£11.25	Apr 2018

3.1. Carter Jonas Analysis

In order to assess the reasonableness of the rental tone being adopted by ULL Property we provide a brief market overview, a review of ULL Property's comparable evidence and details of our own market evidence below.

3.1.1. Industrial Market Overview

Hayes has historically been a strong centre of industrial activity and continues to be given its proximity to Heathrow Airport and the M4 motorway. In London and the South East, demand remains strong for industrial properties albeit with the focus being on modern and efficient accommodation. In particular retail occupiers are looking for strategically located space for distribution.

Rental values in the Heathrow area remain some of the highest in the region averaging above £15 per sq ft. In the investment market, demand for good quality logistics stock has been robust and yields have remained stable, with yields on prime logistics assets ending the year at circa 4.25%.

Locally, Hayes is set to benefit from the arrival of Crossrail. The new rail service (due to open in December 2019) is already having a positive effect on all sectors of the property market. The prospect of quicker journey times to Central London have created higher demand from residents and occupiers for space and increased both house prices and commercial rents.

The comparable evidence presented by ULL Property shows a range of rental values of between £9.95-£11.25psf p.a.x. for second hand stock, although ULL has made a small deduction to £9.50psf to reflect the subject building.

Our analysis of industrial rental values is presented in the table below.

Rental Comparable Evidence

Property	Date	Size (sqft)	Rent £psf p.a.x.	Comment
9 Nestles Avenue, Hayes	TBC	18,265	£5.00	As highlighted by ULL Property, the subject site is being marketed at a rent of £5psf p.a.x., although we recognise that this is on a short term basis before planning permission is secured.
8 Boeing Way, International Trading Estate, Southall	Nov 2018	32,529	£7.00	The Jewellery Channel Ltd has taken the second-hand unit circa 1970s on a term of 5 years at a rent of £7psf p.a.x. with a 3 month's rent free period.
Unit 4E Swallowfield Way, Hayes	Sept 2018	20,892	£9.50	Enodis Distribution has taken a 10 year lease on a large modern unit at Swallowfield Way.
Speedway Industrial Estate, Dawley Road, Hayes	August 2018	2,518	£11.50	Small 1960/70s unit at Speedway Industrial Estate in Hayes taken by MCBG on a 5 year lease.
Suite 4 Viveash Close, Hayes	July 2018	1,718	£11.00	Pat Brennan Pipe Fitters Ltd has taken a five year FRI lease at a rent of £11psf p.a.x. Unit is modern.
International Trading Estate, Trident Way, Southall	June 2018	26,603	£7.01	Furniture Installation Services has taken a 3 year lease from Royal London Asset Management at a rent of £7.01psf p.a.x.
Unit 2, Pump Road, Hayes, UB3 3BS	May 2018	9,751	£11.50	Again the property is a modern industrial unit located at Pump Road to the north of the Station. We understand the property was let in May 2018 letting at a rent of £11.50psf.
Unit 3, Swallowfield Way, Hayes, UB3 1AW	March 2018	14,774	£10.59	This unit was let in March 2018 achieving a net effective rent of £10.59psf. The property comprises 14,774 sq ft and was constructed in 2006 benefiting from yard space, good eaves height and vehicular access.
1 Boeing Way, International Trading Estate, Southall	March 2018	8,242	£8.00	K Marsons has taken a 4 four FRI lease on this 1980s second-hand building at a rent of £8psf p.a.x.
Unit 4, Chailey Industrial Estate	Withdrawn from the Market Jan 2018	22,971	£6.50 (asking)	The largest unit on the Chailey Industrial Estate, which we understand was withdrawn in January 2018. The asking rent was £6.50psf. The unit is of steel portal frame construction with brick / block elevations beneath a twin pitched roof. The unit benefits from purpose built offices arranged over ground and first floors together with a self-contained rear yard.
8 Trident Way, International Trading Estate,	Sept 2017	34,746	£6.50	Bunzl Retail & Healthcare Supplies has taken a 5 year lease on this 1970s second hand unit.

Southall				
8 Silverdale Road, Hayes UB3 3BN	Sept 2016	2,600	£7.69	A 12 month licence on ground floor space in a 1970s unit with no incentives was agreed.
1B Viveash Close, Hayes	August 2016	18,000	£4.50	A new five year lease granted to Vanmatic Limited. We understand the property reflected a headline rent of £99,000 (£5.50psf) reduced to £81,000 in year 1 and £90,000 in year 2. We further understand the landlord has a break option from August 2017 onwards subject to notice period, which may reflect the redevelopment potential akin to the subject property.
Units 2&3 Squirrels Trading Estate, UB3 4RZ	June 2016	4,578	£10.92	Benning Trading Ltd took a 5 year lease of the units. The property is a modern end-terrace small industrial unit with 5 allocated car parking spaces. There is also a small office / reception area and WC's and provided. A small mezzanine floor provides extra office or storage space and kitchen facilities.

Source: CoStar, EGI etc.

The more modern stock points to rents of £10psf upwards depending on the size and quality of the building. Nestles Avenue is within the housing zone, and therefore we concur that rents tend to reflect the temporary status of lease terms at around £4-6psf.

Therefore, we are of the opinion that the rental value for Stanford House would be within the range of £6-10psf. The Applicant has adopted a rental value of £9.50psf p.a.x. In our opinion, given the condition and size of the building, and a typical term of 5 years, a rental value of £8psf p.a.x. is more appropriate.

ULL Property presents comparable evidence of four investment deals, two of which are in Hayes, and the other two in Brentford and Feltham. The yields range from 3.84% to 5.78%. Carter Jonas has undertaken its own market research of investment deals, which are presented in the table below.

Yield Comparable Evidence

Property	Date	Size (sqft)	Yield	Comment
Orbital Industrial Estate, Horton Road, West Drayton	March 2018	42,935 sq ft	5.67%	We understand that this multi-unit industrial estate comprising 42,935 sq ft sold for £7.35m in March 2018. The sale price reflected a net initial yield of 5.67%. We note that the purchaser had also acquired the neighbouring business park which might indicate more long term redevelopment plans.
Units 2-4 Pasadena Trading Estate, Hayes, UB3 3NQ	March 2018	17,576 sq ft	6.10%	Acquired in March 2018 sale of this 17,576 sq ft industrial unit. The unit sold for £1.82m reflecting a net initial yield of 6.10%. We are unaware of the tenants' covenant strength.
Lufthansa Technik, Kestrel Way, Hayes UB3 1HP	June 2017	139,749 sq ft	4.80%	Purchased by Valor Real Estate Partners. Modern Distribution Warehouse in Dawley Park. Fully let on two FRI leases expiring April 2024 at £10.05 psf to a top covenant.
Ainscough, 84 Swallowfield Way, Hayes UB3 1DQ	January 2017	11,932 sq f	4.30%	Purchased by UK investor for £8.55m. 2.92 acre site comprising the yard area and smaller warehouse single let on FRI lease for 15 year term expiring May 2022. Taking into account the yard area the rent is £6.11 psf with a rent review in May 2017.
Clayton Business	Nov 2016	35,667	4.60%	CCLA purchased the fully refurbished Clayton

Centre, Trevor Road				Business Centre from Aberdeen Asset Management for £7,581,000 reflecting a passing rent of £371,941.
---------------------	--	--	--	--

Source: CoStar, EGI etc.

Assets with income terms certain of five years for high quality buildings in a good location appear to be between 4.30-4.80% although these are probably reversionary. Buildings with shorter lease lengths remaining seem to be north of 5%. Due to the quality of the building at Stanford House and the location of the site in the Hayes Housing Zone, reflecting shorter lease lengths for tenants, we are of the opinion that the investment yield of 6% is more appropriate.

3.1.2. Calculation of the Existing Use Value

ULL Property has calculated the EUV for Stanford House by taking the market rent of £175,674 and capitalising the rent by a yield of 5% to arrive at a gross EUV of £3,513,480. From this total, purchaser's costs of 6.8% have been deducted together with a light refurbishment cost of £450,000, reflecting £24.33psf.

This creates an Existing Use Value of £2,824,563.

In our opinion, the rental value would achieve £8psf, and therefore the EUV would be calculated as follows:

- 18,492 sq.ft. @ £8psf = £147,936 p.a.x.
- Capitalised at an investment yield of 6.00% = £2,465,600
- Minus Purchaser's costs@ 6.8% (£167,620) and £450,000 refurbishment = £1,847,980

Carter Jonas therefore calculates the EUV at **£1,847,980**.

3.1.3. Landowner's Premium

The applicant has applied a landowner's premium of 10% to their EUV of £2,824,563 in order to arrive at an assumed BLV of £3,107,019, rounded £3.1m.

The most recent guidance in London is set out in the GLA SPG and this provides a range of premium between 10-30%. The landowner's premium is at the lower end of the range and therefore acceptable.

We have adopted a 10% landowner's premium to our EUV of £1,847,980 to create a Benchmark Land Value of £2,032,778.

3.2. Conclusion on BLV

Having assessed the individual components that make up the Benchmark Land Value it is our view that the BLV for the site has been overstated and a value of **£2,032,778** inclusive of a 10% landowner's premium is reasonable.

4. ASSESSMENT OF APPLICATION SCHEME INPUTS

This section of the report presents the Applicant's appraisal inputs together with Carter Jonas's interrogation of these inputs and appropriate adjustments where applicable. The interrogation includes the assessment of build costs put forward by Cast within its Cost Plan and scrutinised by Johnson Associates.

4.1. Build To Rent Values

ULL Property presented comparable evidence of private rental units in Hayes, taking into account schemes such as High Point Village, Trident House, Shopwith House and Waterside Union House. The rental values adopted by the Applicant are as follows:

- 1 bedroom/1 person = £1,050pcm
- 1 bedroom/2 person = £1,140pcm
- 2 bedroom/3 person = £1,400pcm
- 2 bedroom/4 person = £1,550pcm
- 3 bedroom/4 person = £1,625pcm
- 3 bedroom/5 person = £1,700pcm

The rents have been deducted 25% for management and maintenance costs and capitalised at a yield of 4.00%. The private units plus the discount market rents have then been put through a Discounted Cash Flow (DCF) over a 16 year period, using a net rental growth rate of 1.5% per annum with the investment capitalised at Year 16 into perpetuity at an investment yield of 4%. The Net Present Value is calculated by applying a discount rate of 4%.

Carter Jonas has reviewed the comparable evidence of private rents presented by the Applicant and undertaken its own market research, which is set out below:

4.1.1. National Housing Overview

The Office for National Statistics released first estimate Q4 GDP figures this month of 0.2% growth showing a significant slowdown on the 0.6% achieved in the previous three months. Subject to revisions, GDP growth last year will therefore reach just 1.4%, the weakest rate of growth since 2012. Brexit uncertainties are now clearly evident in most parts of the UK economy, from manufacturing and services sectors to the retail industry, housing and economic growth generally. On a more optimistic note, consumers appear to be resilient or at least less pessimistic than the wider economy. With wage growth a punchy 3.4% this month and the labour market data so strong, this is one of the only areas of the economy which has so far remained buoyant in the face of a more subdued (Brexit) economic backdrop.

Despite the uncertainty, the Government are seeking to promote business as usual by reassuring the markets that investment in major infrastructure projects will continue as planned, and that increasing the supply of housing remains a national priority.

Nationwide and Halifax house price indices for January showed a muted housing market with annual growth of just 0.1% and 0.8%, respectively. Conversely, Rightmove analysis shows an uptick in buyer enquiries to their portal, suggesting that buyers may be trying to take advantage of stagnant house prices.

The 2.5% annual price growth from the Official House Price Index is the lowest rate of growth since July 2013 and reflects a lack of activity in specific parts of the UK housing market at present. Affordability and Brexit uncertainty are the key factors in falling demand across most of the UK and the RICS price balance measure fell again this month to -22%. Rapidly falling measures were recorded in new enquiries, sales levels and new instructions.

4.1.2. Local Market Commentary

Generally, residential developer activity in Hillingdon is strong with there being increasing competition for sites. Developers continue to see good prospects for both commercial and residential development given the good transport links and connectivity to central London via rail links.

According to the Land Registry House Price Index, the average house price in Hillingdon was £407,751 as of December 2018 which reflects a yearly change of -0.4% with prices remaining stagnant month of month.

The subject site sits within The Hayes Housing Zone, to the north of Heathrow Airport in the London Borough of Hillingdon. The 238 hectare Housing Zone was announced by the Mayor of London (Boris Johnson) in March 2016, with proposals to deliver circa 2,788 homes, with 30% to be affordable (847 homes). The proposals include the regeneration of 2 housing estates and is to create 5,576 construction jobs. The location of the Housing Zone has a number of strong attributes, including its accessibility to Heathrow, the strategic road network (M25/M4) and public transport and its rail connections. The main station at Hayes & Harlington provides Great Western Railway services into London, and will also provide Crossrail (Elizabeth Line) services by the end of the year.

In the wider area, there are other significant residential schemes being brought forward, such as Southall Waterside by Berkeley Homes for 3,750 homes, and West Drayton Garden Village a scheme of 755 homes developed out by Bellway, Inland Homes, Weston Homes and Paradigm. Perhaps most notably, the Old Vinyl Factory regeneration area has included Build to Rent developments by Fizzy Living and BeLiving, which demonstrates the appetite for long-term residential investment in the area.

4.1.3. Analysis of Comparable Evidence

Fizzy Living, The Old Vinyl Factory, Blyth Rd, Hayes, UB3 1HA – HUB Group developed this 189 unit scheme located 3.75 miles south east of the subject site. It is in close proximity to Hayes & Harlington train station provides services to Paddington in c. 20 minutes. Amenities at the scheme include residents parking, an on-site property manager and pet-friendly flats. We have current asking rents at the scheme which we detail below:

Plot	Floor	Bedroom	Size (sq.ft.)	Rent pcm	Rent pa	Furnished
D57	7	1	591	£1,425	£17,100	No
C43	2	1	524	£1,285	£15,420	No
C44	2	1	524	£1,285	£15,420	No
C100	9	1	524	£1,325	£15,900	No
C68	5	1	524	£1,325	£15,900	No
D33	3	1	591	£1,300	£15,600	No
C42	2	1	524	£1,360	£16,320	No
C50	3	1	524	£1,375	£16,500	No
C99	9	1	524	£1,450	£17,400	No
C90	8	1	524	£1,435	£17,220	Yes
C82	7	1	524	£1,425	£17,100	Yes
C75	6	1	524	£1,410	£16,920	Yes
D28	2	2	671	£1,425	£17,100	No
A16	5	2	806	£1,440	£17,280	No
A13	4	2	794	£1,430	£17,160	No
D43	4	2	727	£1,385	£16,620	No
B22	5	2	806	£1,550	£18,600	No
B36	7	2	794	£1,580	£18,960	No
B4	2	2	806	£1,605	£19,260	Yes
D41	4	2	794	£1,530	£18,360	Yes

B18	4	2	794	£1,635	£19,620	Yes
B27	6	2	678	£1,515	£18,180	Yes
D59	7	2	794	£1,640	£19,680	Yes
D62	7	2	831	£1,695	£20,340	Yes
33PHL	LG/G/1	3	1076	£2,135	£25,620	Yes
15PHL	LG/G/1	3	1092	£2,135	£25,620	Yes
17PHL	LG/G/1	3	1092	£2,225	£26,700	Yes
12PHL	LG/G/1	3	1092	£2,010	£24,120	No
14PHL	LG/G/1	3	1092	£2,100	£25,200	No
22PHL	LG/G/1	3	1092	£2,010	£24,120	No

Be Living, The Gatefold Buildings, 36 Blyth Road, Hayes UB3 1AG – Situated adjacent to Fizzy Living, this 119 unit scheme comprises 1, 2 and 3 bedroom apartments. Offering similar amenities to the Fizzy Living scheme such as on-site management and pet friendly properties, the property is located 300 yards from Hayes & Harlington station. We have reviewed current rental information and detail the following available units:

Plot	Floor	Bedroom	Size (sq.ft.)	Rent pcm	Rent pa
225	2	1	560	£1,275	£15,300
318	3	1	549	£1,300	£15,600
319	3	1	560	£1,300	£15,600
404	4	1	624	£1,320	£15,840
127	1	1	657	£1,320	£15,840
502	4	2	678	£1,475	£17,700
211	2	2	915	£1,525	£18,300
507	3	2	818	£1,575	£18,900
503	5	2	872	£1,575	£18,900
N/A	N/A	3	990	£1,995	£23,940

These are the best two comparable Build To Rent schemes on the market in Hayes. Discussions with the agents for the two scheme reveal that they are achieving the rental values as quoted, although we recognise that in the case of the Fizzy Living Scheme, incentives of two weeks rent free are being offered. On this basis, we are of the opinion that the private rental levels for the scheme should be as follows:

- 1 bedroom/1 person = £1,075pcm
- 1 bedroom/2 person = £1,250pcm
- 2 bedroom/3 person = £1,425pcm
- 2 bedroom/4 person = £1,575pcm
- 3 bedroom/4 person = £1,650pcm
- 3 bedroom/5 person = £1,950pcm

4.1.4. OPEX Costs

The Applicant's appraisal includes an annual allowance of 25% of total rents received to allow for management, maintenance, void and bad debt etc. Investors typically adopt a range of 20% to 25% depending on the level of amenities and number of buildings. Again whilst guidance on PRS valuation is still relatively limited and there is a lack of historic evidence, this allowance is at the upper end when compared to similar developments but we do not consider this to be an unreasonable assumption. Therefore we have also adopted an allowance of 25% for our own modelling purposes.

4.1.5. BTR Yield

Build To Rent is a comparatively new product and we would acknowledge there is limited evidence of investment sales outside of prime locations as most involve forward sales prior to construction.

The Applicant refers to market research by Knight Frank that indicates that residential investment yields for residential assets in Greater London are at a net yield of 4%. Research produced by CBRE in March 2018 indicates that net yields for 'Good Secondary' locations in London Zones 3-6 are 3.75%. Hayes is considered to be a good secondary location, especially with the impact of Crossrail and the improved accessibility that this will bring. We are therefore of the opinion, that the investment yield for the BTR units should be 3.75%.

4.2. Affordable Housing Values

The Mayoral SPG and Draft London Plan Policy H13 promotes the calculation of Discount Market Rent for Build To Rent schemes to be based on London Living Rent levels. ULL Property has adopted the latest LLR (2019/2020) for the 3 bedroom units of £1,033 for the Botwell Ward in Hayes to calculate the annual gross rent before deductions of £61,980. This is the accepted approach, and therefore we have also adopted the same figures for our review.

4.3. Discounted Cash Flow Model

Draft London Plan Policy H13 indicates that for a scheme to qualify for Build To Rent it must be over 50 units and a covenant granted to maintain the units as BTR for a period of at least 15 years. The policy states that a clawback mechanism must be in place for additional affordable housing in the event that the covenant is broken.

The ULL property DCF reflects this length of covenant, with the investment capitalised into perpetuity at Year 16. For the purposes of our analysis we have interrogated the DCF model and have adjusted the assumptions as follows:

- 16 year cashflow, beyond which the investment is capitalised into perpetuity at a yield of 3.75%;
- Inflation of 2.5% per annum, which reflects the CPI annual rate for the last 5-10 years applied to the OPEX costs;
- Rental growth of 3% per annum adopted over the 15 year period (from JLL research) and applied to the BTR units and the DMR units inflated by CPI at 2.5% per annum;
- OPEX Costs at 25% of rental income at the start of the term;
- Net Present Value based on a discount rate of 6.5%, which reflects the commercial risk on return for the mixed-use commercial/residential investment, reflecting risk to the investment such as occupancy levels, bank lending provisions and unforeseen changes to the market and legislation in the sector; ;
- Private BTR rents based on our market research, and DMR based on London Living Rent levels; and
- 50% of the rental income applied to Year 0 to reflect letting void.

The results of our DCF modelling is presented at Appendix 2.

The results of the DCF shows a Gross Development Value for the 81 BTR units of £28,344,598, which is higher than the Applicant's position of £26,953,862. On a capitalised basis, the blended GDV reflects £528psf which equates to circa 91% of private market sale values in Hayes, which compares to the Applicant's blended position of £502psf, which equates to circa 87% of private market sale values.

4.4. Commercial Values

The scheme includes 868 square metres of B-Use Class space. ULL property presents several occupational and investment deals to justify the rental value of £25psf p.a.x. with an incentive package of 12 month's rent free period and capitalised at an investment yield of 5.5%.

Carter Jonas has undertaken its own market research of the commercial component as follows:

The Record Store, Old Vinyl Factory - The Record Store is actively being marketed as an office building with a total of 84,705 sq.ft. of space arranged over ground and five upper floors. Recent lettings include Part of floor 4 (7,580 sq.ft.) let to ADI in December 2018 at £33.50psf p.a.x. on a 10 year lease, and in October 2017 the ground floor unit of 10,614 sq.ft. was let at a rent of £29.50psf p.a.x., which reflected the limited aspect of the ground floor unit. As this is a bespoke office building, we would not expect the subject site to command the same level of rent.

Hyde Park, Hayes

An office complex of circa 340,000 sq.ft. which was originally built in the mid-1970s and was refurbished in 2006. A recent letting in October 2016 for 4,075 sq.ft. on the 4th floor to JGC was for £21.50psf p.a.x. The term of the letting was for 5 years on a FRI lease. The offices are second-hand, and therefore we would expect the subject site to command a higher level of rent.

BeLiving Building, Blyth Road – We are aware that BeLiving/BeHere are currently marketing the commercial accommodation within their new scheme, adjacent to the subject property. The following units are available:

- Unit 2 - £825pcm (495 sq.ft.) equates to £20psf p.a.x. (A3 use class)
- Unit 3 - £825pcm (495 sq.ft.) equates to £20psf p.a.x. (B1, A2 and B8 use class)
- Unit 4 - £650pcm (495 sq.ft.) equates to £15.75psf p.a.x. (B1, A2 and B8 use class)
- Unit 6 - £915pcm (549 sq.ft.) equates to £20psf p.a.x. (B1, A2 and B8 use class)

We acknowledge that the B-use class space is not a separate building and therefore unlikely to command the level of rents that The Record Store at the Old Vinyl Factory is achieving. We concur with the Applicant that a rental value of £25psf p.a.x. is appropriate for the scale and nature of the commercial floorspace at the subject scheme. In terms of incentives, this will depend on the level of term negotiated, although a 12 month's rent deduction based on a six month's rent free period and six month's letting void appears reasonable.

In terms of investment yields for commercial uses the following deals has been assessed:

The Shipping Building, Old Vinyl Factory – Floreat Real Estate purchased the Shipping Building extending to 99,990 square feet from Moorfield Real Estate Fund III for £32,750,000, reflecting a net initial yield of 5.00%.

Hyde Park, Hyde - Threadneedle Asset Management purchased the office complex of 339,997 square feet for £128m in November 2015 from Melford Capital Partners, reflecting a net initial yield of 6.03%.

On this basis, the Applicant's adoption of an investment yield of 5.5% for the commercial uses within B-use classes appears to be appropriate.

4.5. Costs and Fees

4.5.1. Build Costs

Cast has provided a detail cost plan of the scheme which is presented within the Applicant's FVA. It estimates the build costs for the scheme of £18,440,000, which according to the FVA equates to an average build cost of £220 per sq.ft.

Our quantity surveyor, Johnson Associates has undertaken a detailed critique of the Cast cost plan, and this is set out in Appendix 1.

A summary of the Johnson Associates review is presented below, which shows a total cost of £18,240,000 which represents a small reduction on the Cast cost plan of circa £200,000 or £218 per sq.ft. The cost plan includes preliminaries and overheads and profits at a combined percentage of 19%, which is at an acceptable level.

Cost Item	Cast	Johnson Associates
Build to Rent	£14,714,000	£14,558,000
Commercial	£117,000	£117,000
Car Parking	£122,000	£122,000
Preliminaries	£2,093,000	£2,071,000
Overheads and Profit	£853,000	£844,000
Design Development Contingency	£536,000	£531,000
Total	£18,440,000	£18,240,000

4.5.2. Contingency

The Applicant's FVA has adopted a contingency on the build costs of 3%, which is an acceptable rate given the complexity and the scheme.

4.5.3. Professional Fees

The Applicant's FVA has adopted a rate of 10% to cover all professional fees associated with the scheme, which totals £1.84m. A typical professional fee allowance ranges from 8-12% depending on the scale and complexity of the proposed development.

In this instance we consider the mid-point allowance of 10% to be reasonable for a scheme of this nature and complexity and have therefore adopted a professional fee allowance of 10% for the purposes of our own modelling.

4.5.4. Fees and Marketing Costs

The fees included within the appraisal are as follows:

- 10% commercial letting agent's fee and 3% commercial letting legal fees;
- 1% commercial investment sales fee and 0.5% commercial investment legal fees;
- 1% residential investment sales fee and 0.25% residential investment legal fees;
- Purchaser's costs at 6.8%; and
- Stamp Duty Land Tax and acquisition agent fee of 1% and legal fee of 0.5%.

All of the fees applied to the development appraisal are at acceptable market levels.

4.5.5. Finance Cost

A debit finance rate of 7.00% has been adopted by the Applicant within the development appraisal for the scheme. In the current market, the range of finance is usually between 6.00-7.00%, and therefore this is

considered to be at an acceptable level given that this is an 'all-in' finance cost which includes set up and exit fees.

4.5.6. Community Infrastructure Levy/Section 106 Payments

The development appraisal includes both a CIL charge and Section 106 payments. We assume that the Section 106 payments for construction training of £46,100 and construction co-ordinator of £36,266 have been negotiated and agreed with the Council. In terms of the CIL Payments of £605,000 for the combined Hillingdon and the Mayoral CIL, the Applicant has applied following rates, indexed in accordance with the CIL Regulations:

- £95 per sq.m. for residential uses in Hillingdon
- £35 per sq.m. for commercial uses in Hillingdon
- £35 per sq.m. for residential uses for Mayor
- £35 per sq.m. for commercial uses for Mayor

A high level estimate of the CIL payments indicates that it is in the right area, although we would advise the Council to confirm the sums for both the Council and Mayoral CIL. It should be noted that the Mayoral CIL2 (MCIL2) is due to be introduced in April 2019.

4.5.7. Development Programme

The development programme for the scheme is due to take 29 months based on the following assumptions:

- Purchase – 1 Month
- Pre-construction – 3 Months
- Construction – 18 months
- Letting of Commercial – 6 months after completion
- Sales of Residential Investment – on completion
- Sale of Commercial – Month 29

This appears to be a reasonable development programme for the scale and complexity of the scheme.

4.6. Developer's Profit Margin

The Applicant has adopted a profit margin of 15% on the Gross Development Value, which includes the private BTR units, the Discount Market Rent units and the Commercial floorspace. Our normal practice is to split the profit levels, so that a 6% profit is applied to the 'affordable' units, in this case Discount Market Rent, and 15% applied to the BTR and commercial.

It is our opinion that a lower profit margin should be applied to the DMR units as this represents the affordable element of the scheme. This approach is adopted in other recent BTR schemes.

4.7. Summary of Inputs

The table below provides a summary of the above analysis highlighting any areas of difference, which will form the basis of our sensitivity testing in the following section.

Assumption	ULL Property' Assumptions	Carter Jonas' Position (Where Different)	Comments
Sales and Revenue			
BTR Values	1b/1p = £1,050pcm 1b/2p = £1,140pcm 2b/3p = £1,400pcm 2b/4p = £1,550pcm 3b/4p = £1,625pcm 3b/5p = £1,700pcm 25% for management and maintenance Capitalised @ 4% yield	1b/1p = £1,075pcm 1b/2p = £1,250pcm 2b/3p = £1,425pcm 2b/4p = £1,575pcm 3b/4p = £1,650pcm 3b/5p = £1,950pcm 25% for management and maintenance Capitalised @ 3.75% yield	See DCF calculation at Appendix 2, but there are some differences in terms of some of the rental levels and the investment yield applied
DMR Values	Based on London Living Rents for 3 bedroom units of £1,033pcm 25% for management and maintenance Capitalised @ 4% yield	Based on London Living Rents for 3 bedroom units of £1,033pcm 25% for management and maintenance Capitalised @ 3.75% yield	See DCF calculation at Appendix 2. Preferred approach to DMR as set out within the Mayor Viability SPG, although investment yield is deemed to be stronger
B-Class Uses	£25psf p.a.x. Capitalised @ 5.5% yield 12 months' rent free	-	Reflects the tone for the market in this location
Development Costs			
Construction Costs	£18,440,000	£18,240,000	See Appendix 1 for the Build Cost Review
Contingency	3%	-	Acceptable level
Professional Fees	10%	-	Acceptable level
Sales Costs	Commercial letting agency fees = 10% of rental value Commercial letting legal fees = 3% of rental value Commercial sales, legal and marketing fees = 1.5% of capital value BTR/DMR investment sales,	-	At acceptable market levels

	legal and marketing fees = 1.25% of capital value Purchaser's costs = 6.80%		
CIL	£605,000	-	We have adopted the CIL amount assumed by the Applicant but recommend this is reviewed by the Council
s.106	£82,366	-	We have adopted the s.106 sum assumed by the Applicant but recommend this is reviewed by the Council
Interest / Finance Costs	7% debit	-	Acceptable level
Developers Profit	Profit 15% on GDV	Private BTR = 15% on GDV DMR Profit = 6% on GDV Commercial = 15% on GDV	Need to differentiate the affordable profit level
Benchmark Land Value	£3,100,000	£2,032,778	BLV is considered too high

5. FINANCIAL APPRAISALS

5.1. Adjustments to the Applicant's Model

ULL Property has provided Carter Jonas with a copy of its viability model in Argus Developer, which is a leading industry-standard development appraisal package commonly used by developers and agents to assess development viability.

Based on the review of the FVA inputs, we have highlighted a number of inputs that have a potential impact on land value. Carter Jonas has therefore undertaken a series of adjustments to the model provided by ULL Property to assess this impact.

Although this analysis does not constitute formal valuations under the provisions of the RICS Valuation – Global Standards ('Red Book') it does provide robust evidence to inform the Council's decision making process in respect of the applicants planning application.

As has been highlighted in the summary table there are several inputs where we believe the assumptions to be under or overstated and we have therefore applied our own assumptions which we consider to be more reflective of the market.

Given the outcome of our analysis we have made changes to the based appraisal as follows:

- GDV of the BTR/DMR – increased from £26,953,862 to £28,344,598
- Build costs – reduction from £18,440,000 to £18,240,000
- Profit – Affordable profit margin reduced from 15% to 6%

The Benchmark Land Value has also been adjusted from the Applicant's position of £3,100,000 to £2,032,778.

5.2. Appraisal Results

Carter Jonas has undertaken its own modelling to reflect changes to values, build costs and the profit level. The results of our analysis are shown in the table below (with the print-out summary at Appendix 3) and reveal a change of circa £1.2m between the Applicant's position and Carter Jonas as the residual land value has moved from £1.5m to £2.7m.

Set against Carter Jonas' Benchmark Land Value of £2.0m, the scheme produces a surplus of £0.7m.

	GDV	Total Costs	Residual Land Value	BLV	Net Position
Applicant	£31m	£29.5m	£1.5m	£3.1m	-£1.6m
Carter Jonas	£32.4m	£29.7m	£2.7m	£2.0m	£0.7m

We have modelled this surplus income through the DCF model and the subsequent development appraisal to establish the potential number of Discount Market Rent units the scheme is able to support. The results of this modelling are set out in Appendix 4 and shows that the scheme is able to deliver 18 Discount Market Rent units out of the total of 81 BTR units, which is a proportion of 22%.

6. CONCLUSIONS AND RECOMMENDATIONS

Carter Jonas has reviewed the Financial Viability Assessment as submitted by ULL Property on behalf of the Applicant – Healey Development Solutions (Hayes) Ltd.

The first part of the assessment focused on the Benchmark Land Value, which consists of the Existing Use Value of the existing industrial building at Nestles Avenue. ULL Property has valued the property on the basis of a rent of £9.50 per sq.ft. p.a.x., capitalised at an investment yield of 5.0%, with deductions for purchaser's costs and light refurbishment to derive an Existing Use Value of £2.82m. A landowner's premium of 10% is then applied to the EUV to create a Benchmark Land Value of £3.1m.

Whilst, Carter Jonas agrees with ULL on the deductions and the landowner's premium, our opinion of the rental value is lower at £8 per sq.ft. p.a.x. and the yield is weaker at 6.0%. This creates a Benchmark Land Value of £2.03m.

The second part of the assessment focused on the residual land value of the proposed scheme of 81 BTR homes and 868 square metres of B-use class floorspace. The Applicant's scheme includes 5 Discount Market Rent units reflecting London Living Rents in accordance with the Mayoral Viability SPG. This equates to 6% affordable housing on the scheme of 81 units.

According to the Applicant, the scheme produces a value of £1.51m, and set against the Benchmark Land Value the overall deficit is **-£1.59m**.

A detailed review of the Applicant's assumptions and inputs revealed that we are in agreement with the commercial values, DMR rents, contingency, professional fees, sales, legal and marketing costs, and finance cost. The key points of difference are as follows:

- Build-to-Rent – Increase in rent for the 1 bed/2 person and 3bed/5 person units from £1,140pcm to £1,700pcm and £1,250pcm to £1,950pcm respectively, and improve the yield from 4% to 3.75%;
- Build costs – reduction from £18,440,000 to £18,240,000
- Profit – Affordable profit margin reduced from 15% to 6%

The adjustments to the development appraisal produces a positive residual land value of £2.7m, which creates a surplus of £0.7m.

The surplus has been modelled to highlight the number of additional DMR units can be delivered to meet the BLV of £2m. A total of 18 units, or an increase of 13 DMR units can be supported by the scheme to meet our BLV. This equates to an overall proportion of 22%, compared to the Applicant's position of 6%.

7. APRIL 2019 UPDATE

ULL Property responded to the Carter Jonas report with a series of points within its letter dated 5th April 2019. Carter Jonas presents in the paragraphs below our review of the ULL points in turn:

GDV

ULL Property agrees in principle with the approach adopted to derive the GDV of the scheme, which is partly calculated by way of the Discounted Cash Flow for the BTR units. Whilst ULL agree with the approach, there remains a contrary view on a number of the inputs.

Investment Yield

ULL has adopted an investment yield for the BTR units of 4.00%, whereas Carter Jonas has adopted a yield of 3.75%. Whilst we acknowledge that research and market comparables are limited on BTR yields, we retain our position for Hayes at 3.75%. ULL Property mention the CBRE market research, and therefore we have reviewed the residential investment yields for December 2018 and March 2019 for London Zones 3-6 and reflecting a Good Secondary location. The report shows a stable position at both dates and a yield of 3.75%. We would suggest that Hayes is more representative of the London 3-6 Zones (Hayes and Harlington is Zone 5) than the Outer London/South East area.

Rental Values

ULL Property suggest that the rental values adopted in the appraisal reflect a discount due to the lack of parking within the scheme. Carter Jonas is of the opinion that the rental values adopted from our comparable evidence are reasonable and reflect the scheme's close proximity to Hayes & Harlington Station (350 metres). The application site is also within a Housing Zone, where significant 'place making' is due to take place with the development at the former Nestles factory and other adjacent sites. Carter Jonas therefore retains its position in terms of rental values.

Build To Rent Cash Flow

ULL Property has adopted Carter Jonas' DCF model including our inflation and rental growth rates of 2.5% and 3.0% respectively. The ULL GDV is amended to £25,952,237 compared to the Carter Jonas GDV of £28,344,598.

Construction Costs

ULL Property has retained its position in relation to construction costs subject to further negotiation with our QS Johnson Associates. As the difference in construction costs is only £200,000, which is 1% difference between Cast and Johnson Associates, it is unlikely that we would change our position.

Developer's Profit Margin

The Applicant has confirmed that the developer of the scheme is to retain ownership of the BTR units including the DMR units, with no sale of these to a Registered Provider. On this basis, we acknowledge that the usual RP profit of 6% for the DMR units is therefore not appropriate in this case. However, we do think there would be less risk in letting the DMR units from the developer's perspective, especially at London Living Rents, and therefore a profit level of 10% is considered to be a reasonable return for these units.

Benchmark Land Value

ULL Property originally valued the existing industrial building at a rental value of £9.50 per sq.ft. per annum exclusive, but this required a light refurbishment cost of £450,000 to achieve this rent. Without the refurbishment works, ULL indicate that the rental value achieved would be £8.00 per sq.ft. p.a.x., which reflect Carter Jonas' position, but with the refurbishment costs applied.

CoStar classifies the subject property as a 2-star industrial building, whereas other units that have been let at the same or lower rental values, such as 1 and 8 Boeing Way and the units at International Trading Estate are classified as 3-star industrial buildings according to CoStar. It is our opinion, that the light refurbishment works are required to create a better quality building in-line with a 3-star classification, and therefore we are satisfied that the rental value adopted for the building at £8psf reflects this level of refurbishment. A term of 5 years reflects a number of lettings in the Hayes area.

ULL Property's amended position on the Benchmark Land Value is £2,527,188, whereas Carter Jonas' position remains at £2,032,778.

Results

ULL Property's changes to its appraisal shows a residual land value of £812,125 with 5 DMR units, which is below their Benchmark Land Value of £2,527,188. The Applicant is therefore not seeking to change its offer of 6% affordable housing.

Carter Jonas has made one change to its appraisal, which is to adopt 10% rather than 6% for the profit margin on the DMR units within the scheme. This creates an estimated blended profit margin with the private BTR units at 15% of 14.80%. On this basis, the revised residual land value is £2,638,416 (as shown at Appendix 5), which is above our Benchmark Land Value of £2,032,778, and indicates that more DMR units can be provided within the scheme.

A separate appraisal has been undertaken to establish what the surplus of £605,638 equates to in terms of additional affordable housing. The DCF cashflow and appraisal is presented at Appendix 6 and shows that 15 DMR units can be delivered to meet the Benchmark Land Value, which equates to 18% affordable housing provision.

8. FINAL CONCLUSIONS AND RECOMMENDATIONS

This final section of the report presents a summary of the Carter Jonas review of the Financial Viability Assessment.

- (6) Carter Jonas has reviewed the Financial Viability Assessment (FVA) produced by ULL Property on behalf of the Applicant Healey Development Solutions (Hayes) Ltd. The application scheme (reference: 51175/APP/2018/4260) proposes the demolition of the two storey industrial building to provide 81 residential units (Build to Rent) and 868 square metres of B employment space.
- (7) ULL Property submitted its original FVA in December 2018 has been supplemented with an additional letter (5th April 2019). The ULL approach included modelling the Build To Rent units through a Discounted Cash Flow (DCF) and inputting the Gross Development Value into a development appraisal, together with the employment uses to derive the residual land value for the scheme. The Applicant's affordable housing offer of 5 units or 6% has not changed, although the figures have been adjusted to reflect adjustments made by Carter Jonas in its review.

The Applicant's position is as follows:

Residual Land Value = £812,125 (based on 76 Private BTR and 5 Discount Market Rent units)

Benchmark Land Value = £2,527,188 (EUV of £2,297,380 plus 10% premium)

Net Position = -£1,714,993 (deficit)

- (8) Carter Jonas has interrogated the ULL Property FVA and made a number of adjustments to costs and values as summarised here:
 - Rental values set at 1b/1p £1,075pcm; 1b/2p £1,250pcm; 2b/3p £1,425pcm; 2b/4p £1,575pcm; 3b/4p £1,650pcm; 3b/5p £1,950pcm, compared to the Applicant's position of 1b/1p £1,050pcm; 1b/2p £1,140pcm; 2b/3p £1,400pcm; 2b/4p £1,550pcm; 3b/4p £1,625pcm; 3b/5p £1,700pcm;
 - Investment yield for the BTR units set at 3.75% compared to Applicant's position of 4.00%;
 - Profit margin for the Discount Market Rent set at 10% of GDV, compared to the Applicant's position of 15%;
 - Construction costs reduced by £200,000 from the Applicant's position of £18,440,000 to £18,240,000;
 - Changes to the Discounted Cashflow in terms of inflation and growth rates, which have been agreed by the Applicant;
 - Benchmark Land Value based on a rental value of £8psf p.a.x. and capitalised at a yield of 6%, but with light refurbishment costs included as estimated by the Applicant at £450,000. This provides an existing use value of £1,847,980 plus a 10% premium. This differs from the Applicant's position, which excludes the refurbishment costs.

The Carter Jonas position is therefore:

Residual Land Value = £2,638,416 (based on 76 Private BTR and 5 Discount Market Rent units)

Benchmark Land Value = £2,032,778 (EUV of £1,847,980 plus 10% premium)

Net Position = £605,638 (surplus)

The scheme produces a surplus with 5 DMR units of £605,638, which indicates that the additional affordable housing units can be provided. The surplus has been modelled by Carter Jonas and this provides for another 10 DMR units taking the total to 15 units, which equates to 18% affordable housing provision.

- (9) The Council's affordable housing policy is Policy H2 of the Hillingdon Local Plan which states *"For sites with a capacity of 10 or more units the Council will seek to ensure that the affordable housing mix reflects housing needs in the borough, particularly the need for larger family units."* The local plan goes on to state in paragraph 6.29 that *"35% of all new units in the borough should be delivered as affordable housing, with an indicative tenure mix of 70% housing for social rent and 30% intermediate housing."* In accordance with the NPPF, where a non-compliant affordable housing offer is submitted to the local planning authority, the Applicant must provide a viability assessment.

The approach undertaken by Carter Jonas and ULL Property is in accordance with the Planning Practice Guidance (PPG) requirements in terms of comparing the residual land value of the Application scheme to the Benchmark Land Value to determine the level of affordable housing with all costs and values included, including s.106 and CIL payments. The Benchmark Land Value is calculated by assessing the Existing Use Value and applying a landowner's premium to incentivise the landowner to sell its land, which reflects the approach in the PPG and the Mayoral SPG. In addition, the calculation of the Discount Market Rent units is based on guidance within the Mayoral SPD and the Draft London Plan, which advocates the use of London Living Rents at the appropriate ward level. It should also be noted that Draft London Plan (Policy H13) indicates that for a scheme to qualify for Build To Rent it must be over 50 units and a covenant granted to maintain the units as BTR for a period of at least 15 years. The policy states that a clawback mechanism must be in place for additional affordable housing in the event that the covenant is broken.

The Applicant's affordable housing offer and Carter Jonas' review shows that the scheme is unable to comply with Hillingdon's affordable housing policy.

- (10) The conclusions from Carter Jonas' review indicates that the scheme can deliver 15 Discount Market Rent units out of the total of 81 Build To Rent units, which equates to 18% affordable housing provision. Carter Jonas recommends that the Council seeks to negotiate the s.106 agreement on this basis ensuring that the DMR units are linked to the London Living Rents for the Botwell ward and the clawback mechanism as advocated by the Mayor is included.

APPENDIX 1 – REVIEW OF BUILD COSTS

Financial Summary

Ref	Description	Residential (BTR)	Basement	Retail	Commercial	Car Park	Other	Total	£ / ft2 GIFA	£ / Unit	Comments
		73,390 ft ² 81 Units	ft ²	ft ²	9,288 ft ²	1,044 ft ²	ft ²		83,722 ft ²	81 Units	
0	Demolition & Enabling	£284,995		£0	£0	£0	£0	£284,995	£3 / ft2	£3,520 / Unit	
1	Substructure	£857,242	£0	£0	£0	£0	£0	£857,242	£10 / ft2	£10,580 / Unit	Refer to comments in tabs.
2	Shell & Core	£6,220,216	£0	£0	£10,000	£10,000	£0	£6,240,216	£75 / ft2	£77,040 / Unit	Refer to comments in tabs.
3	Finishes	£2,122,000	£0	£0	£18,000	£1,000	£0	£2,141,000	£26 / ft2	£26,430 / Unit	Refer to comments in tabs.
4	Fixtures, Furnishing & Equipment	£1,012,000	£0	£0	£0	£111,000	£0	£1,123,000	£13 / ft2	£13,860 / Unit	
5	MEPH & lifts	£3,340,000	£0	£0	£89,000	£0	£0	£3,429,000	£41 / ft2	£42,330 / Unit	Refer to comments in tabs.
6	External Works	£722,000	£0	£0	£0	£0	£0	£722,000	£9 / ft2	£8,910 / Unit	
Measured Works Total		£14,558,000	£0	£0	£117,000	£122,000	£0	£14,797,000	£177 / ft2	£182,670 / Unit	
7	Professional Fees							Excluded			Assumes in appraisal
8	Preliminaries / Logistics (14%)	£2,038,000	£0	£0	£16,000	£17,000	£0	£2,071,000	£25 / ft2	£25,570 / Unit	14% - Ok for a project of this nature
9	Overheads and Profit (5%)	£830,000	£0	£0	£7,000	£7,000	£0	£844,000	£10 / ft2	£10,420 / Unit	5% - Ok for a scheme of this nature.
10	Design Dev. Contingency (3%)	£523,000	£0	£0	£4,000	£4,000	£0	£531,000	£6 / ft2	£6,560 / Unit	3% - Ok for a scheme of this
11	Construction Contingency							Excluded			Assumes in appraisal
Construction Total (Excluding Inflation)		£17,949,000	£0	£0	£144,000	£150,000	£0	£18,243,000	£218 / ft2	£225,220 / Unit	
12	Inflation Allowance (Excluded)	£0	£0	£0	£0	£0	£0	£0	£ / ft2	£ / Unit	
Construction Total		£17,949,000	£0	£0	£144,000	£150,000	£0	£18,240,000	£218 / ft2	£225,220 / Unit	Variance: £200,000
£ / ft2 NIA		£334	£0	£0	£16	£144	£0	£285			
£ / ft2 GIA		£245	£0	£0	£16	£144	£0	£218			
£ / ft2 GEA		£222	£0	£0	£14	£131	£0	£198			

APPENDIX 2 – DISCOUNTED CASH FLOW

**STANFORD HOUSE - DCF
CARTER JONAS**

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Private BTR	£628,350	£1,294,401	£1,333,233	£1,373,230	£1,414,427	£1,456,860	£1,500,566	£1,545,582	£1,591,950	£1,639,708	£1,688,900	£1,739,567	£1,791,754	£1,845,506	£1,900,872	£1,957,898
DMR	£61,980	£63,530	£65,118	£66,746	£68,414	£70,125	£71,878	£73,675	£75,517	£77,405	£79,340	£81,323	£83,356	£85,440	£87,576	£89,766
Total Gross Rent	£690,330	£1,357,931	£1,398,351	£1,439,976	£1,482,841	£1,526,984	£1,572,443	£1,619,257	£1,667,467	£1,717,113	£1,768,239	£1,820,890	£1,875,110	£1,930,946	£1,988,448	£2,047,663
Inflation (Av. CPI Last 5-10 years)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Growth (JLL 3%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
OPEX Costs - 25%	£172,583	£314,562	£322,426	£330,487	£338,749	£347,218	£355,898	£364,796	£373,916	£383,264	£392,845	£402,666	£412,733	£423,051	£433,628	£444,468
Total Net Rent	£517,748	£1,043,368.13	£1,075,924.33	£1,109,489	£1,144,092	£1,179,766	£1,216,545	£1,254,461	£1,293,551	£1,333,849	£1,375,394	£1,418,223	£1,462,377	£1,507,895	£1,554,820	£1,603,195
PV £1 @ 6.5%	1.000000	0.938967	0.881659	0.827849	0.777323	0.729881	0.685334	0.635062	0.604231	0.567353	0.532726	0.500212	0.469683	0.441017	0.414100	
Total Discounted Rent	£517,748	£979,688	£948,599	£918,489	£889,329	£861,089	£833,740	£796,661	£781,604	£756,764	£732,708	£709,413	£686,853	£665,007	£643,851	

* assumes 50% private occupancy in Year 0

Rent Yrs 0-14 £11,721,542

Net Rent @ Year 15	£1,603,195
YP Perp @ 3.75%	26.6666667
	£42,751,861
PV 15 years @ 6.5%	0.3888265
	£16,623,056
Plus Rent Yrs 0-14 Yrs	<u>£11,721,542</u>
	<u>£28,344,598</u>

PRIVATE BTR

Type	Number of Units	Monthly Rent	Annual Rent	Total Rent
1B/1P	9	£1,075	£12,900	£116,100
1B/2P	35	£1,250	£15,000	£525,000
2B/3P	2	£1,425	£17,100	£34,200
2B/4P	26	£1,575	£18,900	£491,400
3B/4P	1	£1,650	£19,800	£19,800
3B/5P	3	£1,950	£23,400	£70,200
	76		£107,100	£1,256,700

DMR

Type	Number of Units	Monthly Rent	Annual Rent	Total Rent
1B/1P	0	£0	£0	£0
1B/2P	0	£0	£0	£0
2B/3P	0	£0	£0	£0
2B/4P	0	£0	£0	£0
3B/4P	2	£1,033	£12,396	£24,792
3B/5P	3	£1,033	£12,396	£37,188
	5		£24,792	£61,980

APPENDIX 3 – APPRAISAL PRINT-OUTS

Nestles Avenue
Confidential
Not a valuation - CJ Changes

Nestles Avenue
Hayes
London
United Kingdom

DRAFT

Development Appraisal
Carter Jonas LLP
07 March 2019

APPRAISAL SUMMARY**CARTER JONAS LLP**

Nestles Avenue
 Confidential
 Not a valuation - CJ Changes

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	81	53,691	527.92	349,933	28,344,598

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,343	25.00	233,575	233,575	233,575

Investment Valuation**Commercial**

Market Rent	233,575	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	4,025,420

GROSS DEVELOPMENT VALUE**32,370,018****NET REALISATION****32,370,018****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,685,555	
				2,685,555
Stamp Duty			123,778	
Effective Stamp Duty Rate		4.61%		
Agent Fee		1.00%	26,856	
Legal Fee		0.50%	13,428	
				164,061

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Construction	83,722	217.86	18,240,000	18,240,000
CIL			605,000	
Section 106 construction training			46,100	
Section 106 construction coordinator			36,266	
				687,366

PROFESSIONAL FEES

Professional Fees	10.00%	1,824,000	
			1,824,000

MARKETING & LETTING

Letting Agent Fee - Commercial	10.00%	23,358	
Letting Legal Fee - Commercial	3.00%	7,007	
			30,365

DISPOSAL FEES

Purchaser's Costs		2,201,162	
Effective Purchaser's Costs Rate	6.80%		
Sales Agent Fee - Residential	1.00%	283,446	
Sales Agent Fee - Commercial	1.00%	40,254	
Sales Legal Fee - Residential	0.25%	70,861	
Sales Legal Fee - Commercial	0.50%	20,127	
			2,615,850

Additional Costs

BTR Profit	14.60%	4,138,311	
Commercial Profit	15.00%	603,813	

APPRAISAL SUMMARY**CARTER JONAS LLP****Nestles Avenue****Confidential****Not a valuation - CJ Changes**

4,742,124

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land

368,164

Construction

1,012,532

Total Finance Cost

1,380,696

TOTAL COSTS**32,370,018****PROFIT****0****Performance Measures**

Profit on Cost% 0.00%

Profit on GDV% 0.00%

Profit on NDV% 0.00%

Development Yield% (on Rent) 0.72%

Equivalent Yield% (Nominal) 5.50%

Equivalent Yield% (True) 5.69%

Rent Cover 0 mths

Profit Erosion (finance rate 7.000) N/A

DRAFT

APPENDIX 4 – ADDITIONAL AFFORDABLE PRINT-OUTS

**STANFORD HOUSE - DCF
CARTER JONAS**

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Private BTR	£498,300	£1,026,498	£1,057,293	£1,089,012	£1,121,682	£1,155,333	£1,189,993	£1,225,692	£1,262,463	£1,300,337	£1,339,347	£1,379,527	£1,420,913	£1,463,541	£1,507,447	£1,552,670
DMR	£212,976	£218,300	£223,758	£229,352	£235,086	£240,963	£246,987	£253,162	£259,491	£265,978	£272,627	£279,443	£286,429	£293,590	£300,930	£308,453
Total Gross Rent	£711,276	£1,244,798	£1,281,051	£1,318,364	£1,356,768	£1,396,295	£1,436,979	£1,478,854	£1,521,954	£1,566,315	£1,611,974	£1,658,970	£1,707,342	£1,757,130	£1,808,376	£1,861,123
Inflation (Av. CPI Last 5-10 years)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Growth (JLL 3%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
OPEX Costs - 25%	£177,819	£250,481	£256,743	£263,162	£269,741	£276,484	£283,396	£290,481	£297,743	£305,187	£312,817	£320,637	£328,653	£336,869	£345,291	£353,923
Total Net Rent	£533,457	£994,317.30	£1,024,307.72	£1,055,202	£1,087,027	£1,119,811	£1,153,583	£1,188,373	£1,224,210	£1,261,128	£1,299,158	£1,338,333	£1,378,689	£1,420,261	£1,463,085	£1,507,200
PV £1 @ 6.5%	1.000000	0.938967	0.881659	0.827849	0.777323	0.729881	0.685334	0.635062	0.604231	0.567353	0.532726	0.500212	0.469683	0.441017	0.414100	
Total Discounted Rent	£533,457	£933,631	£903,090	£873,548	£844,971	£817,329	£790,590	£754,690	£739,706	£715,505	£692,095	£669,451	£647,547	£626,359	£605,864	

* assumes 50% private occupancy in Year 0

Rent Yrs 0-14 £11,147,833

Net Rent @ Year 15	£1,507,200
YP Perp @ 3.75%	26.6666667
	£40,191,996
PV 15 years @ 6.5%	0.3888265
	£15,627,713
Plus Rent Yrs 0-14 Yrs	£11,147,833
	<u>£26,775,546</u>

PRIVATE BTR

Type	Number of Units	Monthly Rent	Annual Rent	Total Rent
1B/1P	9	£1,075	£12,900	£116,100
1B/2P	35	£1,250	£15,000	£525,000
2B/3P	2	£1,425	£17,100	£34,200
2B/4P	17	£1,575	£18,900	£321,300
3B/4P	0	£1,650	£19,800	£0
3B/5P	0	£1,950	£23,400	£0
	63		£107,100	£996,600

DMR

Type	Number of Units	Monthly Rent	Annual Rent	Total Rent
1B/1P	0	£0	£0	£0
1B/2P	0	£0	£0	£0
2B/3P	0	£0	£0	£0
2B/4P	9	£939	£11,268	£101,412
3B/4P	3	£1,033	£12,396	£37,188
3B/5P	6	£1,033	£12,396	£74,376
	18		£36,060	£212,976

Nestles Avenue

Confidential

Not a valuation - CJ Changes Additonal Affordable

Nestles Avenue

Hayes

London

United Kingdom

DRAFT

Development Appraisal
Carter Jonas LLP
07 March 2019

APPRAISAL SUMMARY**CARTER JONAS LLP**

Nestles Avenue

Confidential

Not a valuation - CJ Changes Additonal Affordable

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	81	53,691	498.70	330,562	26,775,546

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,343	25.00	233,575	233,575	233,575

Investment Valuation**Commercial**

Market Rent	233,575	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	4,025,420

GROSS DEVELOPMENT VALUE**30,800,966****NET REALISATION****30,800,966****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,036,543	
				2,036,543
Stamp Duty			91,327	
Effective Stamp Duty Rate		4.48%		
Agent Fee		1.00%	20,365	
Legal Fee		0.50%	10,183	
				121,875

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Construction	83,722	217.86	18,240,000	18,240,000
CIL			475,000	
Section 106 construction training			46,100	
Section 106 construction coordinator			36,266	
				557,366

PROFESSIONAL FEES

Professional Fees	10.00%	1,824,000	
			1,824,000

MARKETING & LETTING

Letting Agent Fee - Commercial	10.00%	23,358	
Letting Legal Fee - Commercial	3.00%	7,007	
			30,365

DISPOSAL FEES

Purchaser's Costs		2,094,466	
Effective Purchaser's Costs Rate	6.80%		
Sales Agent Fee - Residential	1.00%	267,755	
Sales Agent Fee - Commercial	1.00%	40,254	
Sales Legal Fee - Residential	0.25%	66,939	
Sales Legal Fee - Commercial	0.50%	20,127	
			2,489,541

Additional Costs

BTR and DMR Profit	13.50%	3,614,699	
Commercial Profit	15.00%	603,813	

Nestles Avenue**Confidential****Not a valuation - CJ Changes Additonal Affordable**

4,218,512

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land

278,863

Construction

1,003,902

Total Finance Cost

1,282,764

TOTAL COSTS**30,800,966****PROFIT****0****Performance Measures**

Profit on Cost% 0.00%

Profit on GDV% 0.00%

Profit on NDV% 0.00%

Development Yield% (on Rent) 0.76%

Equivalent Yield% (Nominal) 5.50%

Equivalent Yield% (True) 5.69%

Rent Cover 0 mths

Profit Erosion (finance rate 7.000) N/A

DRAFT

APPENDIX 5 – APRIL 2019 APPRAISAL PRINT-OUTS

APPRAISAL SUMMARY**CARTER JONAS LLP**

Nestles Avenue

Confidential

Not a valuation - CJ Changes 10% Profit on DMR

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Residential	81	53,691	527.92	349,933	28,344,598

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,343	25.00	233,575	233,575	233,575

Investment Valuation**Commercial**

Market Rent	233,575	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	4,025,420

GROSS DEVELOPMENT VALUE**32,370,018****NET REALISATION****32,370,018****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,638,416		2,638,416
Stamp Duty			121,421		
Effective Stamp Duty Rate		4.60%			
Agent Fee		1.00%	26,384		
Legal Fee		0.50%	13,192		
					160,997

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Construction	83,722	217.86	18,240,000

CIL			605,000
Section 106 construction training			46,100
Section 106 construction coordinator			36,266
			687,366

PROFESSIONAL FEES

Professional Fees	10.00%	1,824,000	
			1,824,000

MARKETING & LETTING

Letting Agent Fee - Commercial	10.00%	23,358	
Letting Legal Fee - Commercial	3.00%	7,007	
			30,365

DISPOSAL FEES

Purchaser's Costs		1,927,433	
Purchaser's Costs - Commercial	6.80%	273,729	
Effective Purchaser's Costs Rate	6.80%		
Sales Agent Fee - Residential	1.00%	283,446	
Sales Agent Fee - Commercial	1.00%	40,254	

APPRAISAL SUMMARY**CARTER JONAS LLP****Nestles Avenue****Confidential****Not a valuation - CJ Changes 10% Profit on DMR**

Sales Legal Fee - Residential	0.25%	70,861	
Sales Legal Fee - Commercial	0.50%	20,127	
			2,615,850

Additional Costs

BTR Profit	14.80%	4,195,001	
Commercial Profit	15.00%	603,813	
			4,798,814

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		361,678	
Construction		1,012,532	
Total Finance Cost			1,374,210

TOTAL COSTS**32,370,018****PROFIT****0****Performance Measures**

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

DRAFT

APPENDIX 6 – APRIL 2019 ADDITIONAL AFFORDABLE PRINT-OUTS

**STANFORD HOUSE - DCF
CARTER JONAS**

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Private BTR	£526,650	£1,084,899	£1,117,446	£1,150,969	£1,185,498	£1,221,063	£1,257,695	£1,295,426	£1,334,289	£1,374,318	£1,415,547	£1,458,014	£1,501,754	£1,546,807	£1,593,211	£1,641,007
DMR	£179,172	£183,651	£188,243	£192,949	£197,772	£202,717	£207,785	£212,979	£218,304	£223,761	£229,355	£235,089	£240,966	£246,991	£253,165	£259,494
Total Gross Rent	£705,822	£1,268,550	£1,305,689	£1,343,918	£1,383,271	£1,423,780	£1,465,480	£1,508,405	£1,552,593	£1,598,079	£1,644,902	£1,693,103	£1,742,720	£1,793,797	£1,846,376	£1,900,502
Inflation (Av. CPI Last 5-10 years)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Growth (JLL 3%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
OPEX Costs - 25%	£176,456	£264,445	£271,056	£277,832	£284,778	£291,898	£299,195	£306,675	£314,342	£322,200	£330,255	£338,512	£346,975	£355,649	£364,540	£373,654
Total Net Rent	£529,367	£1,004,105.48	£1,034,632.61	£1,066,086	£1,098,493	£1,131,882	£1,166,285	£1,201,730	£1,238,251	£1,275,879	£1,314,647	£1,354,591	£1,395,746	£1,438,148	£1,481,836	£1,526,848
PV £1 @ 6.5%	1.000000	0.938967	0.881659	0.827849	0.777323	0.729881	0.685334	0.635062	0.604231	0.567353	0.532726	0.500212	0.469683	0.441017	0.414100	
Total Discounted Rent	£529,367	£942,822	£912,193	£882,558	£853,884	£826,139	£799,295	£763,173	£748,190	£723,874	£700,347	£677,583	£655,558	£634,248	£613,629	

* assumes 50% private occupancy in Year 0

Rent Yrs 0-14 £11,262,858

Net Rent @ Year 15	£1,526,848
YP Perp @ 3.75%	26.6666667
	£40,715,945
PV 15 years @ 6.5%	0.3888265
	£15,831,438
Plus Rent Yrs 0-14 Yrs	£11,262,858
	<u>£27,094,297</u>

PRIVATE BTR

Type	Number of Units	Monthly Rent	Annual Rent	Total Rent
1B/1P	9	£1,075	£12,900	£116,100
1B/2P	35	£1,250	£15,000	£525,000
2B/3P	2	£1,425	£17,100	£34,200
2B/4P	20	£1,575	£18,900	£378,000
3B/4P	0	£1,650	£19,800	£0
3B/5P	0	£1,950	£23,400	£0
	66		£107,100	£1,053,300

DMR

Type	Number of Units	Monthly Rent	Annual Rent	Total Rent
1B/1P	0	£0	£0	£0
1B/2P	0	£0	£0	£0
2B/3P	0	£0	£0	£0
2B/4P	6	£939	£11,268	£67,608
3B/4P	3	£1,033	£12,396	£37,188
3B/5P	6	£1,033	£12,396	£74,376
	15		£36,060	£179,172

APPRAISAL SUMMARY**CARTER JONAS LLP**

Nestles Avenue
 Confidential
 CJ Changes Additonal Affordable - April 2019

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Residential	81	53,691	504.63	334,497	27,094,297

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,343	25.00	233,575	233,575	233,575

Investment Valuation**Commercial**

Market Rent	233,575	YP @	5.5000%	18.1818	
(1yr Rent Free)		PV 1yr @	5.5000%	0.9479	4,025,420

GROSS DEVELOPMENT VALUE**31,119,717****NET REALISATION****31,119,717****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,037,924	
				2,037,924
Stamp Duty			91,396	
Effective Stamp Duty Rate		4.48%		
Agent Fee		1.00%	20,379	
Legal Fee		0.50%	10,190	
				121,965

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Construction	83,722	217.86	18,240,000

CIL			525,000
Section 106 construction training			46,100
Section 106 construction coordinator			36,266
			607,366

PROFESSIONAL FEES

Professional Fees	10.00%	1,824,000	
			1,824,000

MARKETING & LETTING

Letting Agent Fee - Commercial	10.00%	23,358	
Letting Legal Fee - Commercial	3.00%	7,007	
			30,365

DISPOSAL FEES

Purchaser's Costs		1,820,737	
Purchaser's Costs - Commercial	6.80%	273,729	
Effective Purchaser's Costs Rate	6.80%		
Sales Agent Fee - Residential	1.00%	270,943	
Sales Agent Fee - Commercial	1.00%	40,254	

APPRAISAL SUMMARY**CARTER JONAS LLP****Nestles Avenue****Confidential****CJ Changes Additional Affordable - April 2019**

Sales Legal Fee - Residential	0.25%	67,736	
Sales Legal Fee - Commercial	0.50%	20,127	
			2,493,526

Additional Costs

BTR and DMR Profit	14.30%	3,874,484	
Commercial Profit	15.00%	603,813	
			4,478,297

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		279,053	
Construction		1,007,221	
Total Finance Cost			1,286,274

TOTAL COSTS**31,119,717****PROFIT****0****Performance Measures**

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

DRAFT