



Financial Viability Review

8 Albert Embankment and Adjoining Sites,
London

Prepared on behalf of Albert Embankment
LLP and London Fire and Emergency
Planning Authority (LFEPA)

January 2013

PRIVATE and CONFIDENTIAL
DRAFT: Subject to ongoing discussion
between the appellants and the London
Borough of Lambeth

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1 Introduction

Knight Frank LLP compiled and submitted a “Three Dragons Viability Review” dated 17th December 2010 (the Knight Frank Report) to support the planning applications (reference numbers 10/04473/FUL, 10/04475/LB, 10/04476/CON) (“the Applications”) on behalf of Albert Embankment LLP and London Fire and Emergency Planning Authority (LFEPA). The Knight Frank Report was submitted before various amendments were made to the Applications (including a reduction in the number of proposed residential units).

BNP Paribas (BNP) was appointed by the London Borough of Lambeth (the Council) to review the assumptions and methodologies applied in the Knight Frank Report and issued their findings and recommendations in their report entitled “Assessment of ‘Three Dragons Viability Review’” (the BNP Report), in April 2011.

In the period between the BNP Report being issued (April 2011) and the Applications being considered by the Council’s planning committee (December 2011) the viability modeling was updated and subject to on-going BNP review.

In August 2011, the Knight Frank Report was updated with further viability appraisal work, which was submitted to BNP. In this report the Knight Frank Report, as updated in August 2011, is referred to as the “submitted appraisal”. The submitted appraisal included a ProDev appraisal summary report. BNP provided their comments on the submitted appraisal, which were included in the officers’ report.

The submitted appraisal has subsequently been updated (the updated appraisal).

In addition, a further appraisal has been prepared to test the impact of a switch of tenure of the proposed social rented accommodation to affordable rented accommodation (the revised appraisal).



2 Methodology

The methodology of the submitted appraisal is agreed between the appellants and the Council. The same methodology has been applied in both the updated appraisal and the revised appraisal.

3 Value of Components

The values of components included in the submitted appraisal are agreed between the appellants and the Council. In this section the agreed value of components included in the submitted appraisal together with the updated values in the updated appraisal are set out.

3.1 Private residential values

Agreed private residential values were provided by Knight Frank LLP (per the submitted appraisal). Residential values have been updated by Knight Frank LLP for the updated appraisal (see **appendix 1** to this report).

Residential values are provided on the basis of the average value per square foot of net saleable area (£ psf).

The table below sets out the agreed residential values and updated residential values.

Location	Agreed value, £ psf	Updated value, £ psf
Block A	913.61	1,037
Block B	614.83	650
Block D	645.91	725
Block E(N)	565	n/a
Block F	571.11	665
Block G	n/a	450

It is appropriate to apply discounts to sales prices for units sold off-plan, as set out in this report. These discounts have been applied to 30% of units sold off-plan as agreed in the submitted appraisal.

3.2 Investment value of ground rents

The agreed investment value of ground rents applicable to private residential units is calculated on the basis of an annual rent of £250 per unit, capitalized at a yield of 5.75% (per the submitted appraisal). This component is unchanged in the updated appraisal and the revised appraisal.



3.3 Value of car parking

The agreed value of car parking spaces is as follows (per the submitted appraisal):

Location	Value per space, £
Front site, basement	35,000
Middle site, at grade	25,000
Middle site, basement	30,000

This component is unchanged in the updated appraisal and the revised appraisal.

3.4 Value of residential storage

The agreed value of residential storage is £278 psf (per the submitted appraisal). This was agreed on the basis that the amount of residential storage was 1,130 sqft NIA, being sufficient space to provide 32 private storage units at an assumed private storage area measuring 9 ft x 4 ft; and on the basis that with a limited amount of space available, these private storage spaces would be sold for £10,000 each.

The appeal proposal includes more residential storage space within the basements, with sufficient space available to provide each residential unit on the front and middle sites with a private storage space measuring 9 ft x 4 ft. It is considered that these storage spaces will be saleable at £5,000 per unit.

For the updated appraisal and the revised appraisal a value for the residential storage equivalent to £5,000 per private unit has been assumed, with nil value attached to any residential storage made available to the proposed affordable housing.

3.5 Affordable housing values

The values of affordable housing were provided by Knight Frank LLP and agreed in the submitted appraisal. These agreed values have been applied to the updated appraisal and the revised appraisal as set out in the table below.

Affordable housing values are provided on the basis of the average value per square foot of net saleable area (£ psf) for each tenure.



Block	Agreed affordable housing values (£ psf)	Affordable housing value – updated appraisal (£ psf)	Affordable housing value – revised appraisal (£ psf)
Block E(N) Social rent	83	83	n/a
Block E(N) Intermediate	283	283	283
Block F Intermediate	n/a	283	283
Block G Social Rent	83	83	n/a
Block E(N) affordable rent			190
Block G Affordable rent			190

The value of an alternative affordable rented tenure has been assessed (for the purpose of the revised appraisal) using a specialist affordable housing appraisal package as the net present value of the net rental stream calculated by a discount cashflow, less Registered Providers costs, on the basis of the following assumptions:

- rents have been assumed at the prevailing Local Housing Allowance rate
- service charges, deductible from rents, have been assumed at a rate equivalent to £1.50 psf of unit floorspace, giving weekly service charges at £15 for 1 bed units and £25 for 3 bed units
- rent loss and voids have been assumed at 5% of gross rent
- cashflow period of 30 years, as previously assumed by Knight Frank for the calculation of social rent value for the submitted appraisal
- initial operational costs of £1,085 per unit, as previously assumed by Knight Frank for the calculation of social rent value for the submitted appraisal
- a discount factor of 6%, as previously assumed by Knight Frank for the calculation of social rent value for the submitted appraisal
- cyclical maintenance costs as previously assumed by Knight Frank for the calculation of social rent value for the submitted appraisal
- inflation at 2.5% and rent, operational costs and cyclical maintenance costs inflating across the cashflow period at RPI + 0.5%, as previously assumed by Knight Frank for the calculation of social rent value for the submitted appraisal
- Registered Provider's costs of purchase and overheads at 9% of value as previously assumed by Knight Frank for the calculation of social rent value for the submitted appraisal.

The result of the appraisal to determine the value for the affordable rent units is a value equivalent to £190 psf.



3.6 Investment value of commercial space

The agreed investment value of the commercial space was determined on the basis of the assumptions set out in the following table (per the submitted appraisal).

	Office space	Retail space
Rental value (£ psf)	£15 – ground floor £17.50 – floors above ground	£14
Rent free period	12 months	12 months
Letting period	36 months	12 months
Yield	7.5%	9%

This component is unchanged in the updated appraisal and the revised appraisal.

3.7 Development programme and sales rate

The agreed development programme was provided by EC Harris (per the submitted appraisal). This showed an overall development period of 3 years and 2 months from grant of planning approval to completion of construction. The agreed sales period for private residential accommodation assumes 30% of units will be sold off-plan with sales completions occurring at completion of construction of each block, followed by a period following completion of construction during which the remaining units are sold.

This component is unchanged in the updated appraisal and the revised appraisal, with the exception that the start date of the development programme has been updated to the current date.

3.8 Construction and exceptional development costs

The agreed construction and exceptional development costs were provided by EC Harris (per the submitted appraisal).

Construction costs have been updated by EC Harris for the appeal proposals, and a construction cost report by EC Harris is attached at **Appendix 2** in support of the construction costs included in the updated and revised appraisals.

The agreed total construction cost including an agreed 5% contingency included in the submitted appraisal was £109,491,359.



EC Harris now report a total construction cost including 5% contingency of £109,008,800 and this has been included in the updated and the revised appraisals.

3.9 Non-recoverable VAT

New build construction is zero rated for VAT. However VAT is non-recoverable on certain supplied items. The following is an extract from the HMRC website.

“Items that can't be zero-rated

These include:

- cookers - including split-level cookers - unless they're also heating or water-heating appliances
- white goods like dishwashers, fridges, freezers, washing machines and tumble dryers - even if they're built-in
- carpets, carpet tiles and underlay
- wall units like bathroom cabinets
- wardrobes, unless they're very basic and may then qualify for zero-rating (see below)”

The agreed amount of non-recoverable VAT is £250,000 (per the submitted appraisal).

An updated schedule of the cost of items that cannot be zero rated has been provided and the amount of non-recoverable VAT applicable to these items is £819,555. This amount has been included in the updated appraisal and the revised appraisal.

3.10 Professional fees

The following table sets out the agreed professional fees (per the submitted appraisal).

Item	Rate and basis
Professional fees	10% of construction costs
Letting agent fee	10% of first year rent
Letting legal fee	5% of first year rent
Investment sale agent fees	1.0% of GDV
Investment sale legal fees	0.25% of GDV
Direct sale agent fee	1.5% of GDV
Direct sale legal fee	0.25% of GDV

Professional fees are unchanged in the updated appraisal and the revised appraisal.



3.11 Marketing fees

The agreed amount of marketing fees is £1,350,572 (per the submitted appraisal). This amount of marketing fee was determined on the basis that the default marketing fee in the submitted appraisal was 3% at that time. In deriving the marketing fee Knight Frank noted in correspondence to BNP that the default fee, which is inclusive of agents fees and legal fees, was too low and marketing fees (inclusive of sales agents and legal fees) at 5% would be appropriate.

It is considered that the appropriate level of marketing fees is 3% for the private residential units. Therefore, a marketing fee at 3% of development value of the private residential units, exclusive of sales agent and legal fees, has been assumed. In addition, a marketing fee equivalent to £1.50 psf of commercial space, as advised by Knight Frank LLP's commercial division, has been assumed.

3.12 Finance costs

The agreed finance rate is 6.5% and there is an agreed finance arrangement fee at 1.5% of peak debt (per the submitted appraisal).

3.13 Planning obligations costs

The agreed level of total planning obligations cost (excluding affordable housing provision) is £6,900,000 (per the submitted appraisal). It was noted in the submitted appraisal that planning obligations costs had not been agreed with the Council at the time the submitted appraisal was completed.

The total cost of planning obligations included in the heads of terms for a proposed s106 agreement is £6,796,587, and this amount has been included in the updated and the revised appraisals.

3.14 Acquisition costs

The agreed land acquisition costs are (per the submitted appraisal):

Title insurance at £50,000

Survey costs at £220,000

These amounts are unchanged in the updated appraisal and the revised appraisal.

3.14 Developer's return

The agreed level of developer's return is 20% of the private residential value and commercial value, and 6% of the cost of provision of the affordable housing (per the submitted appraisal). This component is unchanged in the updated appraisal and the revised appraisal.



3.15 Benchmark land value

The benchmark land value agreed in the submitted appraisal is nil.

4 Result of the updated appraisal and the revised appraisal

The updated appraisal summary is included at **Appendix 3** and the revised appraisal summary is included at **Appendix 4**.

The updated appraisal has a profit at 15.29% of gross development value. This is below the agreed profit level at 20% of gross development value of the private residential and commercial value and 6% of affordable housing value.

The revised appraisal has a profit at 16.03% of gross development value. This is below the agreed profit level at 20% of gross development value of the private residential and commercial value and 6% of affordable housing value.



Appendix 1 – Value Report for the Updated Appraisal

8 ALBERT EMBANKMENT



DRAFT VALUE REPORT
PREPARED FOR

NATIVE LAND

JANUARY 2013

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INTRODUCTION

Knight Frank have been appointed by Native Land (the Developer) to provide residential market evidence as part of an open book viability appraisal to be submitted to the London Borough of Lambeth. This is in association with a planning application for the redevelopment of 8 Albert Embankment (the Site). Specifically, we have provided a pricing exercise on the proposed residential element of the development and comparable evidence to support the same.

Over recent years Knight Frank have advised on numerous large scale residential and mixed use developments in central London and have an in depth knowledge of the residential market.

Our track record over the last 25 years is second to none and the Knight Frank signature is across many successful residential projects in London, including Neo Bankside, One Tower Bridge, Grosvenor Waterside and Imperial Wharf.

Our development sales teams operating out of Baker Street benefit from working closely with the numerous London sales and rental agency offices. Our local office networks in prime central London, including our London Residential Development sales team and Riverside teams have played a significant role in the success of all of our London development launches.

LOCATION

The site is located in the London Borough of Lambeth within Prince's Ward and on the east side of Albert Embankment.

Albert Embankment is located on the south side of the River Thames and stretches approximately one mile northward from Vauxhall Bridge to Westminster Bridge.

Albert Embankment is also the name given to the part of the A3036 road between Vauxhall Bridge and Lambeth Bridge, where it adjoins Lambeth Palace Road and Lambeth Road. On the west side of this road adjacent to Vauxhall Bridge is the Secret Intelligence Service (SIS) building, while on the east side nearer to Lambeth Bridge is the International Maritime Organisation (IMO).

The site has a public transport accessibility level of 6a. The nearest underground station is Vauxhall which is approximately 10 minutes walk to the south and served by the Victoria line. The Vauxhall mainline railway is located adjacent to underground station and is served by South West trains to and from London Waterloo. A number of bus routes pass along Albert Embankment (A3036) and Black Prince Road. The site is immediately served by bus routes 77, 344 and 360 which operate along Albert Embankment.

ALBERT EMBANKMENT

Albert Embankment and the surrounding area is mixed in use with light industry, offices, government buildings, educational facilities and residential accommodation.

Many companies and organisations were attracted in the past by Albert Embankment's central location and relatively cheap rent compared to Westminster. In recent years the area has undergone major redevelopment with the construction of a number of modern residential and office blocks, most notably the MI6 building at Vauxhall Cross. There are a number of new developments in the pipeline immediately to the south of Albert Embankment which fall within the Vauxhall / Nine Elms opportunity area.

Most recently, a large complex of apartments and offices has been built to the south of Vauxhall Bridge at St George Wharf. Part of this development includes the St George Wharf Tower which upon completion will be the tallest residential building in the UK.

THE SITE

The Site itself is bordered immediately to the north by Whitgift Street and the International Maritime Organization, Newport Street to the east, Southbank House followed by Black Prince Road to the south and Albert Embankment to the west, beyond which lies the River Thames. The railway is located immediately to the east of South Bank House and bisects the site.

The site comprises three separate pieces of land;

- The 'front site' – Fronts Albert Embankment and currently houses the London Fire Brigade in a Grade II listed building in addition to a Grade II listed drill tower to the rear.
- The 'middle site' – Fronts Lambeth High Street and comprises a 4 storey building fronting Lambeth High Street, with 2 storey workshops behind, running the length of Whitgift Street to the railway viaduct.
- The 'rear site' – Bounded by Black Prince Road and Newport Street is a hard standing area used informally as car parking for the London Fire Brigade. The rear site is located on the eastern side of the of the railway.

The site extends to a total area of approximately 1.01 hectares (2.5 acres);

- The 'front site' - 0.39 hectares (0.96 acres)
- The 'middle site' - 0.58 hectares (1.43 acres)
- The 'middle site' - 0.04 hectares (0.099 acres)

The wider area is made up of a mixture of medium to high-density residential buildings, hotels, office and industrial units. To the north of the site is Lambeth High Street Recreational Ground. To the south is South Bank House which is a Grade II listed office building.

Beyond Southbank House is lies the development Salamanca Square and Salamanca Tower (two phases of the same development).

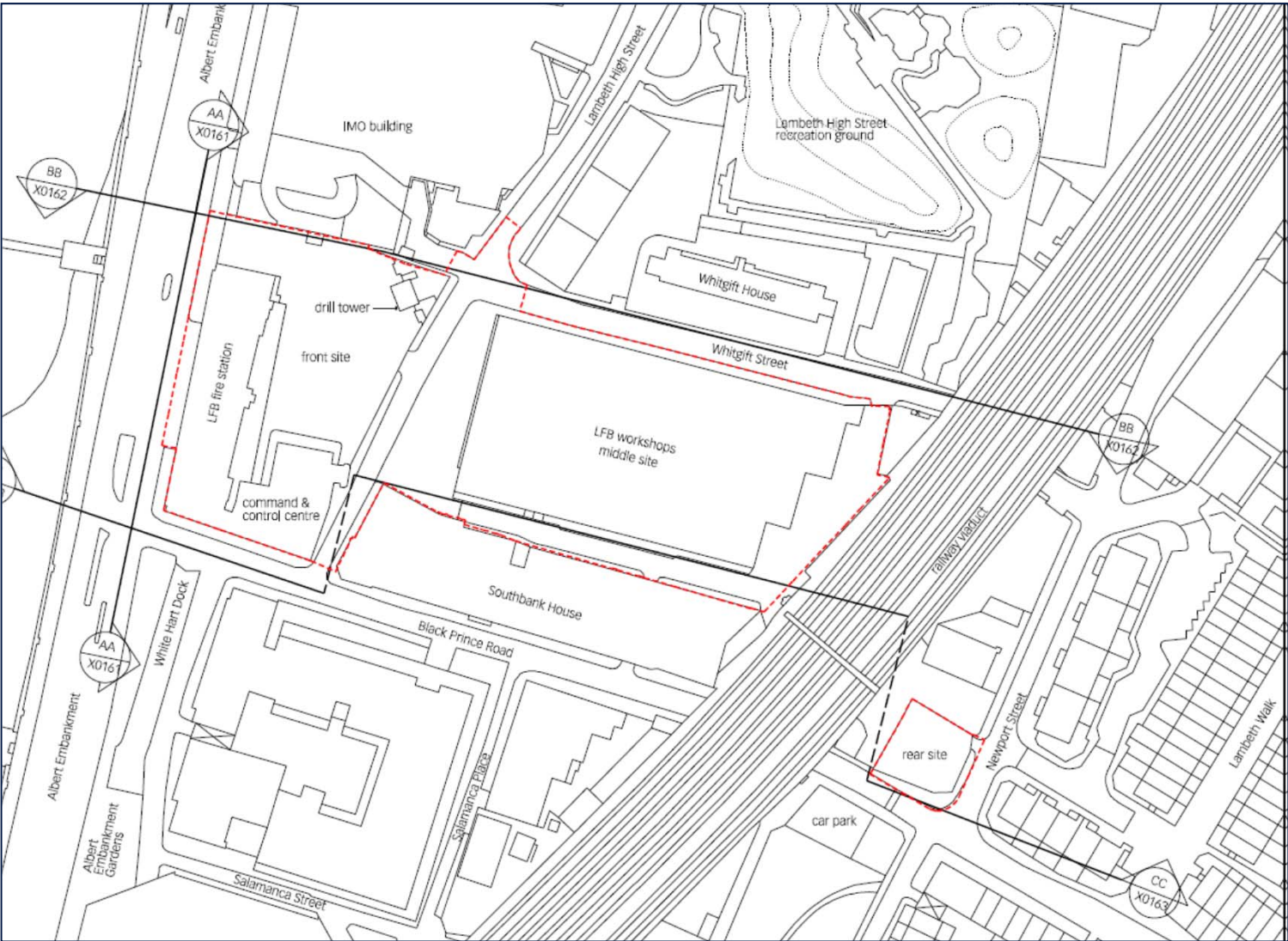
Salamanca Square is a 14 story residential building completed in Q4 2003 by Berkley Homes. The development consists of approximately 2,300 sqm of office space, 107 private residential units, 34 key worker units and 34 rented units.

Salamanca Tower is a 17 storey tower completed in Q3 2008 by Berkley Homes. The development is located on the corner of Salamanca Place and Salamanca Street with a large railway viaduct to the rear. The development consists of approximately 458 sqm of mixed use retail, 24 private residential units and 19 social units.

Other major development sites in the area include the 12 storey River Bank Plaza Hotel. At Hampton House (20 Albert Embankment) there is planning permission for the redevelopment of the site involving the demolition of the existing building and the erection of three buildings of between 13 and 27 storeys to provide a mixed use development of commercial, hotel and residential.

We detail an existing site plan overleaf.

EXISTING SITE PLAN



The development proposal is for mix use purposes, comprising predominantly residential (Class C3); business (Class B1) to include offices, studio workshops and retail. The proposal also consists of plans to create areas of open space, including hard and soft landscaping;



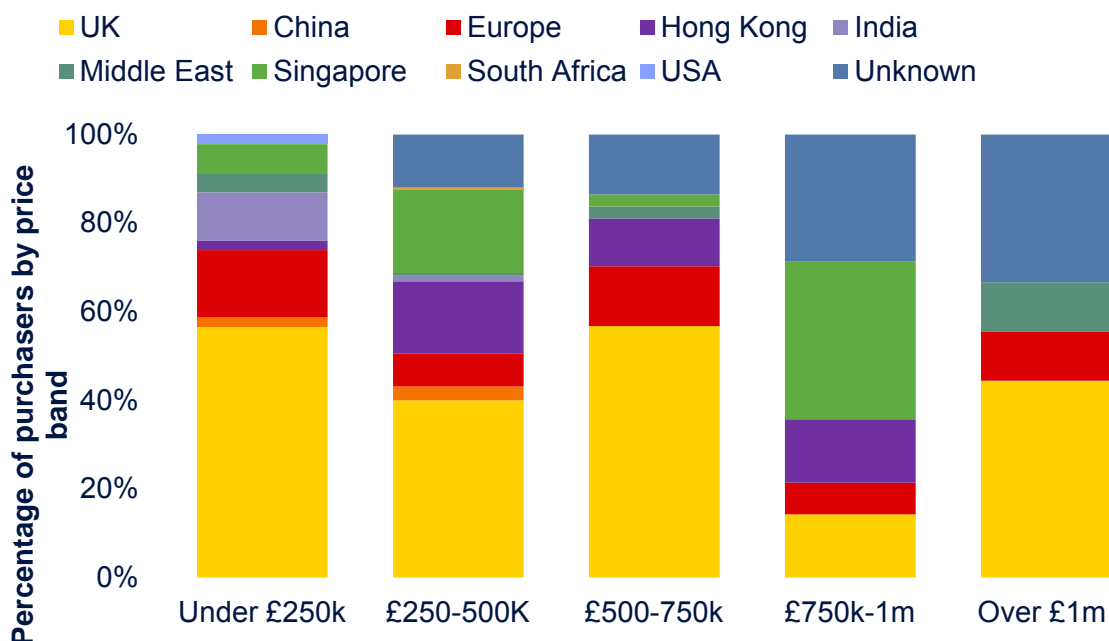
DEVELOPMENT PROPOSAL

We have set out below the proposal for each residential building in a table to give a brief overview of the development.

Block	Use	Height (including plant)	Description
A	Residential	G+9	Refurbishment of existing building and change of use to residential (60 units). New fire station also accommodated. River views for the majority of units.
B	Residential	G+7	New build residential building (29 units) sitting above fire station podium. Views on to the rear of Building A and front of Building D.
D	Residential	G+13	New build mixed use building with retail and residential (98 units). Views onto the rear of Building A, middle site courtyard and partial river aspect from top floor.
F	Residential	G+13	New build mixed use building with office, affordable housing and residential (36 units). Views onto the middle site courtyard and to the rear over the railway line.
G	Residential	G+3	New build residential building of 8 units. Views on to Newport Street and the railway.

MARKET / BUYER PROFILE

The prime London market has experienced steady growth over 2011/12, which can be attributed to a series of factors including a supply constrained market and demand for property supported by strong domestic and international demand. New build property in prime London has also benefited from increased buyer appetite, particularly as international buyers enjoy a significant discount through currency differentials.



New build developments in the South Bank are well sought after by buyers and tend to achieve a premium to surrounding second-hand stock. Buyers typically look for units which are in a modern condition and include outside space (balcony / terrace) and parking.

The South Bank has become more popular over recent years and its position as an established residential location is slowly increasing. This is likely to be further enhanced by other forthcoming developments. Its popularity is not only due to improvements to amenities along the South Bank, but also because of its proximity to the City and improving transport links. These have combined to give it a reputation as a regenerating City Fringe area.

Anecdotal evidence suggests there is a strong demand for high quality units which fulfil all the attributes that discerning buyers are looking for. These attributes include the following:

- Generous ceiling heights
- Off street car parking
- High quality specification

We anticipate a wide range of buyers for the Development from both the domestic and international market. Domestic purchasers tend to be dominated by City workers looking for a pied-à-terre within a short commute of the City. Typically they seek relatively small units, usually studio or one bedroom flats and occasionally two bedroom units. There is also likely to be a wider professional audience, often expat families from Europe, who value the convenience of a central location and prefer riverside living. This purchaser group tends to demand the larger unit types. Demand will also stem from the overseas market including Far Eastern investors. This buyer group is happier to pre-purchase flats compared with the domestic market.

PIPELINE COMPETITION

When pricing the proposed development we have been conscious that there is a significant development pipeline which will deliver a large number of competing units. According to our estimate (see table below) we believe these schemes could deliver approximately 9,421 competing units.

Scheme	Postcode	Launch	Units remaining
St George's Tower	SW8	Current	48
One Tower Bridge	SE1	Current	244
NEO Bankside	SE1	Current	27
Battersea Power Station	SW8	Current	3,400
Embassy Gardens	SW8	Current	c.1,550
The Shard	SE1	Q3 2013	14
Riverwalk House	SW1	Q1 2013	121
King's Reach Tower	SE1	Q1 2013	173
Elizabeth House	SE1	Q2 2013	144
Abell and Cleland House	SW1	Q2 2013	204
Eastbury House	SE1	Q2 2013	34
Hampton House	SE1	Q2 2013	165
Doon Street	SE1	Q3 2013	329
Lots Road Power Station	SW10	Q3 2013	435
One Blackfriars	SE1	Q4 2013	280
Arundel Great Court	WC2	Q4 2013	151
190 The Strand	WC2	Q1 2014	200
Shell Centre	SE1	Q1 2014	771
Vauxhall Island	SW8	Q1 2014	229
Vauxhall Square	SW8	Q1 2014	410
Sampson & Ludgate	SE1	TBC	492
Total			9,421

Due to the success of the price growth witnessed in the prime central London market in recent years developers have turned their attention to this sector, as detailed in the pipeline above. The problem is that an increasing number of developers are beginning to lose sight of market reality, with price aspirations being ratcheted ever higher based on hearsay from achieved prices in other schemes.

There are two dangers in the price-setting process; exceptional prices for individual developments rapidly become accepted as "averages", and developers who believe their scheme to be better than the competition and therefore capable of commanding an additional price premium over their competition.

We believe that there is sufficient demand to absorb this pipeline; however, the large number of competing schemes will ensure that pricing is highly sensitive and if a development is to succeed it must take this into account whilst not compromise on quality or amenities.

SPECIFICATION

To achieve the maximum value, it is imperative that the specification rivals or exceeds that of other pipeline developments. We would comment that purchasers at the pricing level envisaged are highly discerning and will demand the highest standards of specification and quality of finish and a failure to meet these standards could have a negative impact on value.

We have detailed some of the key principals for the specification and facilities below:

GENERAL LOCATION
Synergy with neighbours
Security – the scheme will deploy a 24 hour security package
Accessibility – drop off and visitors
Aspect – maximising river views
Amenity/Leisure
Private & public realm – accessible to South Bank

GENERAL EXTERNAL PROFILE
Street presence
Sensitive and appropriate residential architecture
Elegant external lighting strategy
Car parking
Discreet servicing strategy
Storage units in the basement

SPECIFICATION

GENERAL COMMUNAL SERVICES
Elegant entrance lobby
Elegant landscaping
Visible & effective security measures
Visible & first class concierge/porter
Quality interiors and furnishings
Wide corridors

GENERAL PRINCIPLES	SPECIFIC PRINCIPLES
Good floor to ceiling heights	Large and elegant entrance
High Quality distribution of space	Large reception rooms
Appropriate spatial hierarchy	High specification kitchens
Scale appropriate to aspect/setting	Large master bedroom suite
High quality specification and materials	Hierarchy of bedrooms & bathrooms
Balconies/Terraces	Central halls allow good room distribution
Privacy	Large hall with cloak room
Quiet	Dressing rooms to all principal suites
	Utility rooms where possible in 2 bedroom+ units

VALUE

Having determined and outlined the necessary breadth and depth of sales product required, our approach to the pricing is based upon a series of fundamental considerations many of which have been set out already in this report.

Using our local expertise and knowledge Knight Frank thoroughly studied the local market comparables, both second hand and new build (which can be seen in the comparables section and appendices). This entailed reviewing locality, accessibility, sales rate pressure along with the mix, specification grades and their quantities and unit sizes.

Pricing was then determined for each block which, in turn, considers the orientation, outlook, proximity to public transport, amenity and height. In the process of doing this, each block price was tested against the mix. The exercise also took into account the build program delivery timetable.

We detail below our pricing for the proposed scheme:

	Number of units	Area		Value		Ave unit price
		Sq M	Sq Ft	£PSF	CV	
Block A	60	5,251	55,474	£1,036	£57,460,000	£957,667
Block B	29	1,959	21,083	£648	£13,655,000	£470,862
Block D	98	7,179	77,279	£729	£56,300,000	£574,490
Block F	36	3,426	36,877	£664	£24,497,500	£680,486
	223	17,815	190,713	£797	£151,912,500	£681,222

The total number of units proposed at the Development is approximately 223 and our pricing creates an average unit price of approximately £680,000 which, as demonstrated in our comparable evidence section, is in line with the market.

A key aspect of achieving a rate of sale in line with our assumption is offering contrasting units to the market. To do this the marketing strategy must be designed to offer smaller units in lower values areas of the development alongside more expensive units to attract both entry level buyers and wealthy buyers at the same time, thus widening the target market and maximising the rate of sale.

The average price per Block ranges from £470,000 to £960,000 with this gap being crucial in appealing to a wide target market and therefore achieving our predicted rates of sale.

MARKETING

The Development is likely to appeal to a wide range of buyers in both the domestic and international markets. As discussed earlier in this report, there are a significant number of competing schemes in the development pipeline that could potentially affect the value and rate of sale. As a consequence, it is imperative to create a scheme that differentiates itself from the competition and benefits from a comprehensive marketing campaign.

Modern marketing campaigns for large scale central London developments comprise a number of key components including advertising domestically and internationally, on site marketing suites (updated throughout the sale period) and international exhibitions, brochures and websites etc.

We would highlight NEO Bankside as an exemplar with its co-ordinated domestic and international campaign that incorporated an onsite staffed sales suite and a number of trips to the Far East to attract buyers. In addition, The Heron, located in the fringe City area, was subject to a well thought out campaign that appealed to domestic City workers and the international market primarily.

MARKETING COSTS

As detailed above, we would highlight Neo Bankside and The Heron as exemplar marketing campaigns and would recommend a similar strategy is adopted for the Development.

The marketing costs for a comprehensive campaign are significant and in our experience typically range from 1.5% to 4% dependent on the scale of the development. Neo Bankside and The Herons marketing costs equated to approximately 2.5% of the Gross Development Value (GDV). Where developments have tried to reduce costs by limiting advertising or choosing not to create an on site marketing suite we have generally seen relatively slow sales rates and values can be impacted.

We would recommend a minimum marketing budget for the Development of 3% of the GDV, with this potentially increasing subject to market conditions. Marketing costs for the site are likely to commence from an early stage in the development process to give potential buyers an impression of the product and amenities. This will be crucial to ensuring the required pre-sales numbers are met to allow construction to commence.

COMPARABLE EVIDENCE

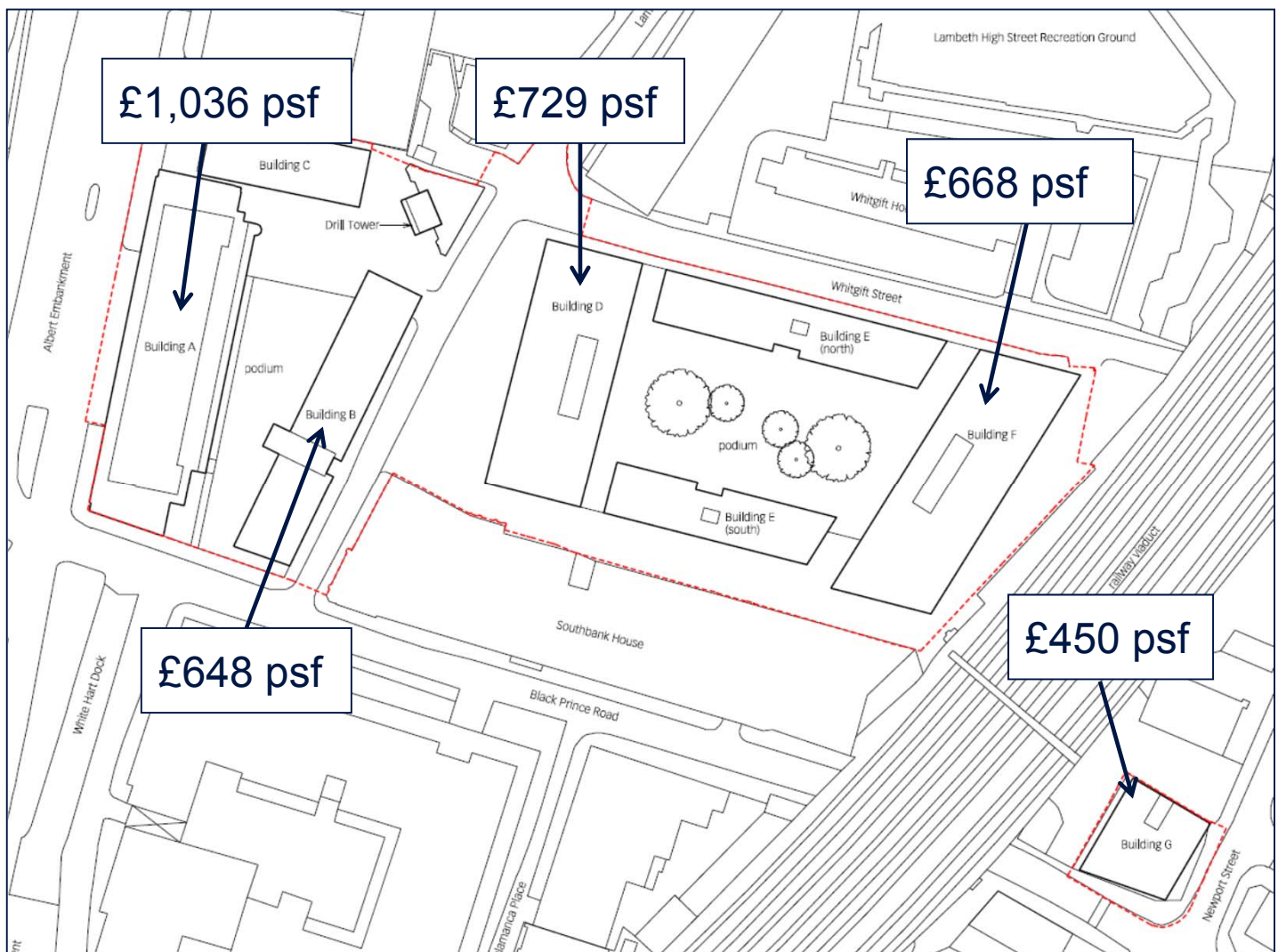
PRICING RATIONALE

When considering the values of the proposed units, we have had regard to the opinion of the Knight Frank Riverside office who are considered market leaders in this location as well as the sales evidence that was available at the time. Armed with this we have made appropriate adjustments within the development to reflect differences between the individual units, according to size, position, layout and external space.

While Albert Embankment is a desirable location it is only in recent years that residential developments of a scale and quality have been built and therefore there is relatively little in the way of direct new build evidence. This lack of new build evidence makes it difficult to compare like for like and while we have focused on Salamanca Tower, Salamanca Square, St Georges Wharf and Chelsea Bridge Wharf we have also relied to a certain extent upon our own opinion.

Due to the layout of the site itself, we believe there is a significant price differential between units facing onto the river compared with non river facing. You will note that our pricing places a significant premium on the units facing onto the river. This correlates with evidence derived from sales within other riverside developments. We believe the railway will have a negative impact on demand resulting in the units with this aspect needing to be priced lower and potentially taking longer sell.

We detail below a site plan with average Block values labels for the Development:



COMPARABLE EVIDENCE

St George Wharf, SW8



Developer:	St George
No. of private units:	108 private
Average £psf:	c.£700 - £960 psf
Average unit size:	c.825 sq ft
Distance from Site:	c.0.9 km

- **Location:** Direct riverside location opposite The Tate Gallery and Pimlico, with views towards the House of Parliament, Big Ben and Chelsea Embankment.
- **Services:** Concierge, gymnasium, boardroom and conference suites, private balcony or terrace.
- All of the apartments at St Georges Wharf are sold. This is an established development that has proved successful over the past decade. It is very similar in many respects to the proposed development with river views and critical mass
- Strengths: Direct river views with private balcony or terrace, excellent transport links. Established development.
- Weaknesses: No longer considered new build.
- St Georges Tower has been used as a comparable when pricing Block A as it offers similar river views. We have also considered its units without river views where appropriate.

Salamanca Square, 9 Albert Embankment SE1



Developer:	Berkley Homes
No. of private units:	107
Average £psf:	c.£550 - £850 psf
Average unit size:	c.710 sq ft
Distance from Site:	c.40 m

- **Location:** Fronts onto Albert Embankment and adjacent to 8 Albert Embankment. Located on the corner of with Black Prince Road. Within walking distance to many famous London landmarks such as Houses of Parliament, Tate Gallery and The London Eye.
- **Services:** 24 hour concierge.
- Comparable location to 8 Albert Embankment with uninterrupted views over the River Thames.
- Strengths: Uninterrupted river views and critical mass.
- Weaknesses: The building is no longer considered new build
- Located in close proximity to 8 Albert Embankment. We consider Salamanca Square to be a lower quality development and therefore our pricing at 8 Albert Embankment has a premium on the rate per square foot. Salamanca Square has been used as a comparable when pricing block A which offers similar river views as well as units facing to the rear.

COMPARABLE EVIDENCE

KEY COMPARABLES

We have set out below an overview of the key schemes we have considered when valuing 8 Albert Embankment. For reasons of confidentiality we are unable to enclose herein full details of specific property transactions at Salamanca Tower.

Salamanca Tower, Salamanca Street, SE1		
	Developer:	Berkeley Homes
	No. of private units:	24
	Average £psf:	c.£600 - £700 psf
	Average unit size:	565 sq ft
	Distance from Site:	c.50m
<ul style="list-style-type: none">● Location: The scheme is located on the corner of Salamanca Place and Salamanca Street immediately to the south of 8 Albert Embankment. The development benefits from panoramic views of the London skyline and some apartments have partial river views. The scheme is within walking distance of the many shops, restaurants and attractions of London's South Bank and the West End● Services: 24 hour porterage, communal roof terrace with views of many of many of London's landmarks.● The development was completed in August 2008 and all the flats were Fully sold by January 2009.● Strengths: Some units have partial river views. Part of an established development.● Weaknesses: The building is adjacent to the railway.● Located in close proximity to 8 Albert Embankment. We consider Salamanca Tower to be a lower quality development and therefore our pricing at 8 Albert Embankment has a premium on the rate per square foot. Salamanca Tower has been used as a comparable when pricing the upper units at Buildings D and F.		

COMPARABLE EVIDENCE

Chelsea Bridge Wharf phase 5, Queenstown Road, SW8



Developer:	Berkeley Homes
No. of private units in final phase:	148 (639 in phases 1-4)
Average £psf:	c.£650 - £950 psf
Average unit size:	c.550 sq ft
Distance from Site:	c.4 km

- **Location:** The development lies opposite Battersea Park, adjacent to a railway line leading to Victoria and on the South side of Chelsea Bridge
- **Services:** Concierge, wellbeing centre, spa and leisure facilities
- Phases 1-4 were completed in 2006. The final phase (phase 5) was completed in June 2009 with a further conversion of the unused office space into residential in Q4 2010. All residential units are now sold
- The development is now complete and fully sold. It is very similar in many respects to the proposed development with similar river views and critical mass
- Strengths : Excellent location, river and park views, proximity to Chelsea
- Weaknesses : Some units face directly onto railway
- We believe Chelsea Bridge Wharf to be in a better location than 8 Albert Embankment however the units facing onto the railway have been used as a comparable when pricing Building F

COMPARABLE EVIDENCE

Unit comparison

In order to provide further detail to our pricing we have outlined the below unit specific pricing on developments which are comparable to 8 Albert Embankment.

Block A

Scheme	Floor	Beds	Sq ft	Value	£psf
Development	7	1	484	£535,000	£1,105
Salamanca Square	9	1	683	£605,000	£886
Development	4	2	940	£990,000	£1,058
Salamanca Square	6	2	835	£628,000	£752
Development	8	3	1270	1,690,000	£1,331
St George Wharf	14	3	1911	£1,810,000	£947

Block B

Scheme	Floor	Beds	Sq ft	Value	£psf
Development	2	1	517	£327,500	£633
Salamanca Square	6	1	544	£460,000	£544
Development	3	1	517	£330,000	£638
Salamanca Square	8	1	615	£385,000	£626
Development	7	2	1055	£775,000	£735
Salamanca Square	7	2	912	£525,000	£576

Block D

Scheme	Floor	Beds	Sq ft	Value	£psf
Development	3	1	549	£365,000	£665
Salamanca Tower	2	1	605	£365,000	£603
Development	8	2	840	£620,000	£738
Salamanca Tower	14	2	710	£498,950	£690
Development	14	2	818	685,000	£837
Salamanca Tower	25	2	696	£489,000	£703

Block F

Scheme	Floor	Beds	Sq ft	Value	£psf
Development	9	1	549	£390,000	£710
Chelsea Bridge Wharf	5	1	506	£314,000	£621
Development	10	1	549	£372,000	£679
Chelsea Bridge Wharf	5	1	496	£330,000	£665
Development	12	2	797	£550,000	£690
Salamanca Tower	14	2	710	£498,950	£690

APPENDIX I – COMPARABLE EVIDENCE



8 Albert Embankment, London, SE1 - Comparable Evidence

11/01/2013

Development	Floor	Accommodation			Area		Amenties	Aspect	Sold Price		Date
		Bed	Bath	Reception	Sq M	Sq Ft			CV	£PSF	
Salamanca Tower, Albert Embankment											
22 Salamanca Tower	14	2	1	1	65	710	Balcony	City	£498,950	£690	Jun-12
Lw6 Salamanca Tower	2	1	1	1	56	605	Balcony	City	£365,000	£603	Nov-12
25 Salamanca Tower	25	2	1	1	64	696	Balcony	City	£489,000	£703	May-12
					185	2,011			£1,352,950	£673	
Salamanca Square, 9 Albert Embankment											
153	8	1	1	1	57	615	Balcony	Rear	£385,000	£626	Oct-12
10	1	1	1	1	47	504	-	Rear	£355,000	£704	May-12
150	7	2	2	1	85	912	Balcony	Partial River	£525,000	£576	Feb-12
136	6	1	1	1	79	845	Balcony	Rear	£460,000	£544	Feb-12
53	6	2	2	1	78	835	Balcony	River	£628,000	£752	Dec-11
51	5	2	2	1	103	1,110	Balcony	River	£950,000	£856	Feb-12
182	11	1	1	1	52	569	-	City	£400,000	£703	Jul-12
79	9	1	1	1	63	683	Balcony	River	£605,000	£886	Apr-12
32	4	2	2	1	87	938	Balcony	River	£775,000	£826	Mar-12
183	11	1	1	1	52	569	Balcony	City	£410,000	£721	Jun-12
107	6	2	2	1	74	802	Balcony	Part River	£570,000	£711	Aug-12
113	7/8	2	2	1	76	821	Balcony	City	£680,000	£828	Oct-12
					852	9,203			£6,743,000	£733	
St George Wharf											
Hanover House 649	12	1	1	1	55	589	-	Rear	£420,000	£713	Oct-12
Galleon House, Flat 457	7	2	2	1	75	809	Balcony	River	£780,000	£964	Oct-12
Bridge House 120	8	2	2	1	71	764	Balcony	River	£600,000	£785	Aug-12
Flagstaff House, Flat 422	14	3	3	1	177	1,911	Balcony	River	£1,810,000	£947	May-12
Drake House, Flat 220	4	2	2	1	100	1,076	Balcony	River	£840,000	£781	May-12
Fountain House, Flat 154	3	1	1	1	49	535	Balcony	River	£476,000	£890	Apr-12
Bridge House, Flat 120	8	2	2	1	71	764	Balcony	River	£600,000	£785	Aug-12
					598	6,448			£5,526,000	£857	
Chelsea Bridge Wharf, Queenstown Road											
98 Warrick Building	5	1	1	1	47	506	-	Railway	£314,000	£621	May-12
94 Warrick Building	5	1	1	1	46	496	-	Railway	£330,000	£665	Mar-12
16 Centurion Building, Flat 2	5	2	2	1	106	1,141	Balcony	River	£1,100,000	£964	Jan-12
73 Centurion Building, Flat 376	2	2	1	1	91	980	Balcony	River	£945,000	£964	Feb-12
					290	3,123			£2,689,000	£861	

APPENDIX II – PRICING EXERCISE



8 Albert Embankment BLOCK A

10/01/2013

Unit	Floor	Aspect	Accommodation			Area (NSA)		Value (10/01/13)		Amenities
			Bed	Bath	Recep	Sq M	Sq Ft	£PSF	CV	
A1-01	1	River & BPR	2			88	947	£1,014	£960,000	Terrace
A1-02		River	3			101	1,087	£966	£1,050,000	
A1-03		River	2			123	1,324	£982	£1,300,000	
A1-04		River	1			48	517	£919	£475,000	
A1-05		River & IM	2			100	1,076	£976	£1,050,000	
A1-06		Rear	1			62	667	£712	£475,000	
A2-01	2	River & BPR	2			87	936	£1,036	£970,000	Terrace
A2-02		River	3			101	1,087	£980	£1,065,000	
A2-03		River	1			64	689	£907	£625,000	
A2-04		River	2			129	1,389	£986	£1,370,000	
A2-05		River	1			48	517	£938	£485,000	
A2-06		River & IM	2			100	1,076	£990	£1,065,000	
A2-07		Rear	Studio			37	398	£817	£325,000	Terrace
A3-01	3	River & BPR	2			87	936	£1,047	£980,000	Terrace
A3-02		River	3			101	1,087	£989	£1,075,000	
A3-03		River	2			117	1,259	£1,044	£1,315,000	
A3-04		River	2			119	1,281	£1,027	£1,315,000	
A3-05		River	1			48	517	£957	£495,000	
A3-06		River & IM	2			99	1,066	£1,008	£1,075,000	
A3-07		Rear	Studio			37	398	£829	£330,000	Terrace
A3-08		Rear	1			62	667	£752	£495,000	Terrace
A4-01	4	River & BPR	2			87	936	£1,058	£990,000	Terrace
A4-02		River	2			81	872	£1,032	£900,000	
A4-03		River	2			80	861	£1,045	£900,000	
A4-04		River	2			79	850	£1,059	£900,000	
A4-05		River & IM	3			129	1,389	£1,055	£1,465,000	
A4-06		Rear	2			75	807	£799	£645,000	Terrace
A4-07		Rear	2			81	872	£808	£705,000	Terrace
A4-08		Rear	Studio			36	388	£851	£330,000	Terrace
A5-01	5	River & BPR	2			87	936	£1,068	£1,000,000	Terrace
A5-02		River	2			81	872	£1,044	£910,000	
A5-03		River	2			81	872	£1,044	£910,000	
A5-04		River	2			79	850	£1,071	£910,000	
A5-05		River & IM	3			130	1,399	£1,054	£1,475,000	
A5-06		Rear	2			75	807	£805	£650,000	Terrace
A5-07		Rear	2			81	872	£814	£710,000	Terrace
A5-08		Rear	Studio			36	388	£857	£332,500	Terrace
A6-01	6	River & BPR	1			74	797	£841	£670,000	Terrace
A6-02		River	2			81	872	£1,055	£920,000	
A6-03		River	2			80	861	£1,069	£920,000	
A6-04		River	2			79	850	£1,082	£920,000	
A6-05		River	1			54	581	£921	£535,000	
A6-06		River	1			62	667	£885	£590,000	
A6-07		Rear	2			76	818	£807	£660,000	Terrace
A6-08		Rear	2			80	861	£830	£715,000	Terrace
A6-09		Rear	Studio			36	388	£863	£335,000	Terrace
A7-01	7	River & BPR	2			82	883	£1,144	£1,010,000	Terrace
A7-02		River	1			45	484	£1,105	£535,000	
A7-03		River	2			76	818	£1,204	£985,000	
A7-04		River	2			70	753	£1,235	£930,000	
A7-05		River & IM	2			95	1,023	£1,158	£1,185,000	
A7-06		Rear	2			75	807	£824	£665,000	Terrace
A7-07		Rear	2			81	872	£826	£720,000	Terrace
A7-08		Rear	Studio			35	377	£895	£337,500	Terrace
A8-01	8	River	3			118	1,270	£1,331	£1,690,000	Terrace
A8-02		River	3			118	1,270	£1,331	£1,690,000	
A8-03		Rear	2			107	1,152	£929	£1,070,000	
A8-04		Rear	2			100	1,076	£976	£1,050,000	
A9-01	9	Dual	3			234	2,519	£1,449	£3,650,000	Terrace
A9-02		Dual	3			240	2,583	£1,413	£3,650,000	Terrace
						4,914	55,474	£1,036	£57,460,000	

Pricing Exercise

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General Assumptions

- A freehold or long leasehold interest of 125 years unexpired with share of freehold.
- Reasonable Ground Rents and Service Charges, commensurate with the development and its location.
- A good quality internal specification and quality of finish in accordance with market expectations.
- An appropriate marketing programme in accordance with current practice, relative to the development.



8 Albert Embankment BLOCK B

10/01/2013

Unit	Floor	Accommodation			Area (NSA)		Value (10/01/13)		Amenities	Aspect
		Bed	Bath	Recep	Sq M	Sq Ft	£PSF	CV		
B1-01		3			130	1,399	£658	£920,000		BPS & LH
B1-02		1			49	527	£617	£325,000	Terrace	LH
B1-03		1			49	527	£617	£325,000	Terrace	LH
B1-04		1			49	527	£617	£325,000	Terrace	LH
B1-05		2			77	829	£609	£505,000	Terrace	LH
B2-01		2			98	1,055	£673	£710,000	Terrace	BPS & LH
B2-02		1			48	517	£633	£327,500	Terrace	LH
B2-03		1			49	527	£621	£327,500	Terrace	LH
B2-04		1			49	527	£621	£327,500	Terrace	LH
B2-05		1			49	527	£621	£327,500	Terrace	LH
B2-06		2			96	1,033	£586	£605,000	Terrace	LH
B3-01		2			98	1,055	£682	£720,000	Terrace	BPS & LH
B3-02		1			48	517	£638	£330,000	Terrace	LH
B3-03		1			49	527	£626	£330,000	Terrace	LH
B3-04		1			49	527	£626	£330,000	Terrace	LH
B3-05		1			49	527	£626	£330,000	Terrace	LH
B3-06		2			96	1,033	£595	£615,000	Terrace	LH
B4-01		2			98	1,055	£692	£730,000	Terrace	BPS & LH
B4-02		1			48	517	£643	£332,500	Terrace	LH
B4-03		1			49	527	£631	£332,500	Terrace	LH
B4-04		1			49	527	£631	£332,500	Terrace	LH
B4-05		1			49	527	£631	£332,500	Terrace	LH
B4-06		2			96	1,033	£605	£625,000	Terrace	LH
B5-01		2			98	1,055	£701	£740,000	Terrace	BPS & LH
B5-02		1			48	517	£648	£335,000	Terrace	LH
B6-01		2			98	1,055	£711	£750,000	Terrace	BPS & LH
B6-01		1			48	517	£658	£340,000	Terrace	LH
B7-01		2			98	1,055	£735	£775,000	Terrace	BPS & LH
B7-01		1			48	517	£677	£350,000	Terrace	LH
					1,959	21,083	£648	£13,655,000		

Pricing Exercise

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General Assumptions

- A freehold or long leasehold interest of 125 years unexpired.
- Reasonable Ground Rents and Service Charges, commensurate with the development and its location.
- A good quality internal specification and quality of finish in accordance with market expectations.
- An appropriate marketing programme in accordance with current practice, relative to the development.



8 Albert Embankment BLOCK D

10/01/2013

Unit	Floor	Accommodation	Recep	Area (NSA)		Value (10/01/13)		Amenities	Aspect
		Bed	Bath	Sq M	Sq Ft	£PSF	CV		
D3-01	3	1	1	57	614	£627	£385,000	Terrace	LHS & SBH
D3-02		1	1	51	549	£665	£365,000	Terrace	LHS
D3-03		1	1	51	549	£665	£365,000	Terrace	LHS
D3-04		1	1	51	549	£665	£365,000	Terrace	LHS
D3-05		1	1	51	549	£665	£365,000	Terrace	LHS & WS
D3-06		1	1	57	614	£627	£385,000		WS
D3-07		1	1	62	667	£592	£395,000	Internal	
D3-08		1	1	55	592	£633	£375,000	Internal	
D3-09		2	1	66	712	£737	£525,000	Internal	
D3-10		1	1	55	592	£633	£375,000	Internal & SBH	
D3-11		1	1	62	667	£592	£395,000	Internal & SBH	
D4-01	4	1	1	56	603	£643	£387,500	Terrace	LHS & SBH
D4-02		2	1	78	840	£714	£600,000	Terrace	LHS
D4-03		1	1	51	549	£669	£367,500	Terrace	LHS
D4-04		2	1	79	850	£706	£600,000	Terrace	LHS
D4-05		1	1	57	614	£631	£387,500	Terrace	LHS & WS
D4-06		1	1	62	667	£596	£397,500		WS
D4-07		1	1	51	549	£669	£367,500		Internal
D4-08		2	1	66	710	£746	£530,000	Internal	
D4-09		1	1	51	549	£669	£367,500	Internal	
D4-10		1	1	62	667	£596	£397,500	Internal & SBH	
D5-01	5	1	1	56	603	£647	£390,000	Terrace	LHS & SBH
D5-02		2	1	78	840	£720	£605,000	Terrace	LHS
D5-03		1	1	51	549	£710	£390,000	Terrace	LHS
D5-04		2	1	78	840	£720	£605,000	Terrace	LHS
D5-05		1	1	57	614	£635	£390,000	Terrace	LHS & WS
D5-06		1	1	57	614	£635	£390,000		WS
D5-07		1	1	51	549	£674	£370,000		Internal
D5-08		2	1	68	732	£731	£535,000	Internal	
D5-09		1	1	54	581	£645	£375,000	Internal	
D5-10		1	1	56	603	£659	£397,500	Internal & SBH	
D6-01	6	1	1	56	603	£651	£392,500	Terrace	LHS & SBH
D6-02		2	1	78	840	£726	£610,000	Terrace	LHS
D6-03		2	1	79	850	£718	£610,000	Terrace	LHS
D6-04		2	1	82	883	£708	£625,000		LHS
D6-05		1	1	57	614	£639	£392,500	Terrace	LHS & WS
D6-06		1	1	62	667	£603	£402,500		WS
D6-07		1	1	51	549	£679	£372,500	Internal	
D6-08		2	1	68	732	£738	£540,000	Internal	
D6-09		1	1	51	549	£679	£372,500	Internal	
D6-10		1	1	62	667	£603	£402,500	Internal & SBH	
D7-01	7	1	1	56	603	£655	£395,000	Terrace	LHS & SBH
D7-02		2	1	78	840	£732	£615,000	Terrace	LHS
D7-03		2	1	79	850	£724	£615,000	Terrace	LHS
D7-04		1	1	57	614	£643	£395,000	Terrace	LHS & WS
D7-05		1	1	57	614	£643	£395,000		WS
D7-06		1	1	51	549	£683	£375,000	Internal	
D7-07		1	1	66	710	£768	£545,000	Internal	
D7-08		2	1	66	710	£768	£545,000	Internal	
D7-09		1	1	54	581	£654	£380,000	Internal	
D7-10		1	1	57	614	£656	£402,500	Internal & SBH	
D8-01	8	1	1	56	603	£659	£397,500	Terrace	LHS & SBH
D8-02		2	1	78	840	£738	£620,000	Terrace	LHS
D8-03		1	1	51	549	£688	£377,500	Terrace	LHS
D8-04		2	1	78	840	£738	£620,000	Terrace	LHS
D8-05		1	1	57	614	£647	£397,500	Terrace	LHS & WS
D8-06		1	1	62	667	£611	£407,500		WS
D8-07		1	1	51	549	£688	£377,500	Internal	
D8-08		2	1	66	710	£775	£550,000	Internal	
D8-09		1	1	51	549	£688	£377,500	Internal	
D8-10		1	1	62	667	£611	£407,500	Internal & SBH	
D9-01	9	1	1	56	603	£663	£400,000		LHS & SBH
D9-02		2	1	78	840	£741	£622,500	Terrace	LHS
D9-03		1	1	51	549	£692	£380,000	Terrace	LHS
D9-04		2	1	78	840	£741	£622,500	Terrace	LHS
D9-05		1	1	57	614	£651	£400,000	Terrace	LHS & WS
D9-06		1	1	62	667	£615	£410,000		WS
D9-07		1	1	54	581	£658	£382,500	Internal	
D9-08		2	1	68	732	£755	£552,500	Internal	
D9-09		1	1	51	549	£692	£380,000	Internal	
D9-10		1	1	62	667	£615	£410,000	Internal & SBH	
D10-01	10	3	1	109	1,173	£682	£800,000	Terrace	LHS
D10-02		3	1	105	1,130	£704	£795,000	Terrace	LHS
D10-03		3	1	111	1,195	£669	£800,000	Terrace	LHS
D10-04		3	1	110	1,184	£676	£800,000	Terrace	LHS & WS
D10-05		2	1	68	732	£717	£525,000		WS
D10-06		3	1	110	1,184	£655	£775,000	Internal	
D11-01	11	3	1	110	1,184	£845	£1,000,000		Partial River
D11-02		3	1	105	1,130	£739	£835,000		Block A
D11-03		3	1	110	1,184	£845	£1,000,000		Partial River
D11-04		3	1	115	1,238	£707	£875,000		Rear
D11-05		2	1	66	710	£746	£530,000		Rear
D11-06		3	1	115	1,238	£707	£875,000		Rear
D12-01	12	3	1	111	1,195	£879	£1,050,000		Partial River
D12-02		3	1	105	1,130	£783	£885,000		Block A
D12-03		3	1	111	1,195	£879	£1,050,000		Partial River
D12-04		3	1	110	1,184	£781	£925,000		Rear
D12-05		2	1	67	721	£777	£560,000		Rear
D12-06		3	1	110	1,184	£739	£875,000		Rear
D13-01	13	3	1	111	1,195	£921	£1,100,000		Partial River
D13-02		3	1	111	1,195	£782	£935,000		Block A
D13-03		3	1	117	1,259	£894	£1,125,000		Partial River
D13-04		2	1	76	818	£795	£650,000		Rear
D13-05		3	1	117	1,259	£735	£825,000		Rear
D14-01	14	3	1	111	1,195	£1,046	£1,250,000		Partial River
D14-02		3	1	111	1,195	£1,004	£1,200,000		North
D14-03		3	1	117	1,259	£1,033	£1,300,000		Partial River
D14-04		2	1	76	818	£837	£685,000		Rear
D14-05		3	1	117	1,259	£874	£1,100,000		Rear
Total				7,179	77,279	£729	£56,300,000		

Pricing Exercise

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General Assumptions

- A freehold or long leasehold interest of 125 years unexpired.
- Reasonable Ground Rents and Service Charges, commensurate with the development and its location.
- A good quality internal specification and quality of finish in accordance with market expectations.
- An appropriate marketing programme in accordance with current practice, relative to the development.



8 Albert Embankment BLOCK F

10/01/2013

Unit	Floor	Accommodation			Area (NSA)		Value (10/01/13)		Amenities	Aspect
		Bed	Bath	Recep	Sq M	Sq Ft	£PSF	CV		
F8-01	8	2		1	88	947	£ 628	£ 595,000		SH
F8-02		2		1	51	549	£ 674	£ 370,000		Internal
F8-03		2		1	66	710	£ 662	£ 470,000		Internal
F8-04		3		1	54	581	£ 654	£ 380,000		Internal
F8-05		2		1	66	710	£ 662	£ 470,000		WS
F8-06		2		1	88	947	£ 649	£ 615,000	Terrace	WS
F8-07		1		1	51	549	£ 710	£ 390,000	Terrace	WS
F8-08		2		1	96	1,033	£ 624	£ 645,000	Terrace	WS
F8-09		1		1	51	549	£ 747	£ 410,000	Terrace	WS
F8-10		2		1	96	1,033	£ 644	£ 665,000	Terrace	WS
F9-01	9	3		1	152	1,636	£ 611	£ 1,000,000		SBH & Internal
F9-02		2		1	65	700	£ 707	£ 495,000		Internal
F9-03		3		1	123	1,324	£ 650	£ 860,000		WS
F9-04		3		1	140	1,507	£ 630	£ 950,000	Terrace	WS & Railway
F9-05		3		1	105	1,130	£ 686	£ 775,000	Terrace	Railway
F9-06		3		1	119	1,281	£ 644	£825,000	Terrace	Railway
F10-01	10	2		1	88	947	£ 634	£600,000		SBH & Internal
F10-02		2		1	51	549	£ 679	£372,500		Internal
F10-03		2		1	66	710	£ 697	£495,000		WS
F10-04		3		1	142	1,529	£ 638	£975,000	Terrace	WS & Railway
F10-05		2		1	82	881	£ 647	£570,000	Terrace	Railway
F10-06		2		1	88	947	£ 634	£600,000	Terrace	Railway
F10-07		1		1	51	549	£ 679	£372,500	Terrace	WS & Railway
F10-08		3		1	104	1,119	£ 643	£720,000	Terrace	Railway
F10-09		1		1	51	549	£ 679	£372,500	Terrace	Railway
F10-10		2		1	64	689	£ 726	£500,000	Terrace	WS & Railway
F11-01	11	3		1	154	1,658	£ 618	£1,025,000		SBH & Internal
F11-02		2		1	74	797	£ 652	£520,000		Internal
F11-03		3		1	124	1,335	£ 652	£870,000		WS
F11-04		3		1	142	1,529	£ 644	£985,000	Terrace	WS & Railway
F11-05		3		1	120	1,292	£ 724	£935,000	Terrace	Railway
F12-01	12	3		1	154	1,658	£ 663	£1,100,000		SBH & Internal
F12-02		2		1	74	797	£ 690	£550,000		Internal
F12-03		3		1	124	1,335	£ 749	£1,000,000		WS
F12-04		3		1	142	1,529	£ 670	£1,025,000	Terrace	WS & Railway
F12-05		3		1	120	1,292	£ 770	£995,000	Terrace	Railway
					3,426	36,877	£664	£24,497,500		

Pricing Exercise

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General Assumptions

- A freehold or long leasehold interest of 125 years unexpired.
- Reasonable Ground Rents and Service Charges, commensurate with the development and its location.
- A good quality internal specification and quality of finish in accordance with market expectations.
- An appropriate marketing programme in accordance with current practice, relative to the development.



Appendix 2 – EC Harris Report

<div><div>EC HARRIS BUILT ASSET CONSULTANCY</div><div>FLORIAN PLACE - 8 ALBERT EMBANKMENT SUMMARY Feasibility Estimate - (TOTAL GIFA 513,063ft2) - 14th January 2013</div></div>					
ELEMENT				Totals £	NOTES AND COMMENTS
8 ALBERT EMBANKMENT SUMMARY					
FRONT SITE				40,082,000	
MIDDLE SITE				60,925,000	
REAR SITE				2,811,000	
				£ 103,818,000	
ADD CONTINGENCY			5%	5,190,800	
CURRENT FIRM CONSTRUCTION COST TOTAL			£	109,008,800	Current Firm Construction Cost
Exclusions VAT Archaeological excavations Asbestos removal Cat B Fit-out to offices Contamination, site remediation (other than as Waterman e mail April 09) Drainage attenuation Excludes inflation/deflation to start on site date Major service diversions Payments associated with rights of light, party walls etc Professional fees, building reg, planning fees etc Public art Reinforcement of services and road infrastructure S106/S278 and commuted payments and other contributions Show apartments and houses Site surveys and investigation works Works beyond the site boundary Works in connection with UXO Fit out of retail shell Exclusions as Fire station estimate previously issued			Notes & Assumptions Areas based on Lifschutz Davidson Sandilands Areas Schedule ref 0712A 07.06.AE (rev H) dated 07/09/10 (received 2/11/11) Current firm construction cost Current ground level is formation level Sustainability @ £8,500 per unit Traditional Form of Contract Design development and risk contingency of 5% included Assumes single level basement on front site to Block A		

FLORIAN PLACE - 8 ALBERT EMBANKMENT FRONT SITE							
Feasibility Estimate - (TOTAL GIFA 169,238ft2) - 14th January 2013							
ELEMENT	unit nr	GIA ft2	£/ft2	Sub-totals £	Totals £	NOTES AND COMMENTS	
1 DEMOLITION							
A	Allowance (Phased to suit programme for LFEPA operational access)			250,000	1,500,000	Demolish existing structures down to ground floor level and dispose off site.	
B	Create Podium Slab at 1st Floor (in 2 sections to suit LFEPA operational requirements)			1,000,000		NB: Foundations for new build blocks above podium included with cost of blocks	
C	Services isolation and seperation			250,000		Allowance	
2 RESIDENTIAL - PRIVATE							
Block A							
A	Refurbishment & Alteration- Private Apartments	59	70,957	225	15,965,325	Assuming sales £900/ft². Includes comfort cooling and sprinklers. Assuming sales £1,000/ft² + for penthouses. Includes comfort cooling and sprinklers. Allowance for glazed curtain walling system. NB: GIA now excludes voids. Finishes and fittings allowances increased generally. NB: GIA now excludes voids. Extra over for strengthening structure etc as advised by Structural Engineer Provisional allowance - to be verified with WP Provisional allowance - to be verified with WP Provisional allowance - to be verified with WP Assuming sales £600/ft². Includes comfort cooling. Allowance for cladding at £600/m2.	
B	New build extension Private Penthouses (level 9)	2	6,114	330	2,017,620		
C	Extra for increased fit-out spec to penthouses		6,114	50	305,700		
D	Extra over for Infilling balconies including strengthening				1,500,000		
E	Extra for additional structure in retaining East wall				550,000		
F	Extra for additional transfer structure to support level 9 extension				600,000		
G	Extra for additional structure for new lift shafts, removal of lobby columns etc				250,000		
H	New build Private Apartments	29	26,394	245	6,466,530		
J	Residential Concierge		807	350	282,450		
	Total GIA		104,272				
3 RETAIL							
Block B							
A	Retail accommodation @ ground floor (shell only)		900	130	117,000	117,000	Shell only including glazed shopfronts
				SAY			
4 CAR PARKING / PLANT/STORAGE/OTHER							
Block A							
A	Car parking within new basement and ground floor	1	14,797	160	2,367,520	23 car park spaces - reduced area (£103k/space inc car lifts) Allowance Works to convert existing basement to plant and refuse areas Minimal works to create sorage areas in existing basement New build basement plant/core areas under Bolcks B and C New build basement plant/core areas under Bolcks B and C New build ground floor plant/core areas under Bolcks B and C Measured based on Waterman advice April 09 e mail	
B	Extra over for car lift			240,000	240,000		
C	Other area including plant and refuse areas		6,487	50	324,350		
D	Storage to existing basement and first floor		2,653	15	39,795		
Blocks B and C							
E	New Build Basement plant/core areas		4,315	155	668,825		
F	New Build Basement storage areas		4,285	155	664,175		
G	New Build GF plant/core areas		726	155	112,530		
H	Extra for contaminated arisings from new basements				132,000		
J	Allowance for secure residential 9' x 4' storage cages	145		1,000	145,000		
	Total GIA		33,263				
				SAY		4,694,000	
5 FIRESTATION							
A	Firestation-Block A, B & C @ basement & ground level		23,365		2,700,000	4,067,000	As previous estimate build-up
B	Allowance for maintaining operation of Fire Station during the works				400,000		
C	Firestation new build shell under Block B		7,438	130	966,940		
				SAY			
6 INFRASTRUCTURE / EXTERNALS							
A	Hard & Soft Landscaping			Say	500,000	1,000,000	provisional allowance EDF, Gas, Water, Telecoms - Provisional allowance no details available incl sewer connections - Provisional allowance no details available New electrical substations - Provisional allowance no details available
B	Statutory Services			Say	230,000		
C	Below ground drainage			Say	150,000		
D	New substations			Say	120,000		
					SAY		
7 SUSTAINABILITY							
A	Allowance for CSH / BREEAM 'Very Good'					765,000	CSH and contributions towards 20% renewables. 90 Units @ £8,500 per unit allowed
8 INFLATION/DEFLATION							
A	Excluded						
CURRENT FIRM CONSTRUCTION COST TOTAL					40,082,000	Current Firm Construction Cost	
Exclusions							
VAT							
Archaeological excavations							
Asbestos removal							
Cat B Fit-out to offices							
Contamination, site remediation (other than as Waterman e mail April 09)							
Drainage attenuation							
Major service diversions							
Payments associated with rights of light, party walls etc							
Professional fees, building reg, planning fees etc							
Public art							
Reinforcement of services and road infrastructure							
S106/S278 and commuted payments and other contributions							
Show apartments and houses							
Site surveys and investigation works							
Works beyond the site boundary							
Works in connection with UXO							
Fit out of retail shell							
Exclusions as Fire station estimate previously issued							
Assumptions							
Areas based on Lifschutz Davidson Sandilands Areas Schedule ref 0712A 07.06.AE (rev H) dated 07/09/10 (received 2/11/11)							
Current firm construction cost							
Current ground level is formation level							
Sustainability @ £8,500 per unit							
Traditional Form of Contract							
Design development and risk contingency of 5% included							
Assumes single level basement on front site to Block A							

EC HARRIS BUILT ASSET CONSULTANCY			FLORIAN PLACE - 8 ALBERT EMBANKMENT MIDDLE SITE Feasibility Estimate - (TOTAL GIFA 330,207ft2) - 14th January 2013				
ELEMENT	unit nr	GIA ft2	£/ft2	Sub-totals £	Totals £	NOTES AND COMMENTS	
1 DEMOLITION							
A Demolition of Existing structures				500,000	500,000	Demolish existing structures down to ground floor level and dispose off site.	
2 RESIDENTIAL - SOCIAL RENTED							
Block F (Floors 2-5)							
A Social Rented Residential accommodation	0	0	165	0	0	Fitted out incl bathroom and kitchen but excluding white goods	
3 RESIDENTIAL - INTERMEDIATE							
Block E North							
A Affordable Intermediate	9	7,890	160	1,262,400	1,262,000	Fitted out incl bathroom and kitchen including white goods	
Block F (Floors 6-7)							
B Affordable Intermediate	0	0	170	0		Fitted out incl bathroom and kitchen including white goods	
				SAY			
4 RESIDENTIAL - PRIVATE							
Block D							
A New build Tower Private Apartments (grd-15th floor)	117	114,284	220	25,142,480	25,142,000	Assuming sales £650/ft². Includes comfort cooling. Allowance for cladding at £600/m2.	
Block F							
B New build Tower Private Apartments (8th-12th floor)	40	49,612	210	10,418,520	10,419,000	Assuming sales £600/ft². Includes comfort cooling. Allowance for cladding at £600/m2.	
Total GIA		163,896					
5 COMMERCIAL							
Block D							
A Commercial accommodation @ ground, first floor & second floor		0	130	0	0	Includes Shell & Core	
Block E North							
B Commercial accommodation @ ground floor		3,640	130	473,200	473,000	Includes Shell & Core	
Block E South							
C Commercial accommodation @ ground - 4th floor		17,599	130	2,287,870	2,288,000	Includes Shell & Core	
Block F							
D Commercial accommodation @ ground - seventh floor		66,234	130	8,610,420	8,610,000	Includes Shell & Core	
Total GIA		87,473					
6 RETAIL							
Block D							
A Retail accommodation @ ground floor (shell only)		6,217	115	714,955	715,000		
				SAY			
7 CAR PARKING / PLANT/STORAGE/OTHER							
Block D							
A Car parking @ grade level to Block D		16,474	70	1,153,180	1,153,000	44 car park spaces assumed ; natural ventilation (NB: £26,000/space)	
Block E							
B Car parking within new basement		18,335	135	2,475,225	2,955,000	25 car park spaces (NB: £118,000/space incl car lifts)	
Block F							
C Extra over for car lifts	2		240,000	480,000	48,000	Allowance	
Blocks D, E and F							
D Storage areas at ground floor level		644	75	48,300	397,000		
Other area including plant and refuse areas at GF Level							
E		5,287	75	396,525	1,099,000		
Blocks D, E and F							
F Storage areas at Basement Level		8,141	135	1,099,035	2,140,000		
Other area including plant and refuse areas at Basement Level							
G		15,850	135	2,139,750	930,000	Measured based on Waterman advice April 09 e mail	
Extra for contaminated arisings from new basements							
H				930,000	183,000		
Allowance for secure residential 9' x 4' storage cages							
J	183		1,000	183,000			
Total GIA		64,731					
8 INFRASTRUCTURE / EXTERNALS							
Block D							
A Hard & Soft Landscaping			Say	700,000	1,200,000	provisional allowance	
Block E							
B Statutory Services			Say	230,000		EDF, Gas, Water, Telecoms - Provisional allowance no details available	
Block F							
C Below ground drainage			Say	150,000		incl sewer connections - Provisional allowance no details available	
Block G							
D New substations			Say	120,000		New electrical substations - Provisional allowance no details available	
				SAY			
9 SUSTAINABILITY							
Block A							
A Allowance for CSH / BREEAM 'Very Good'					1,411,000	CSH and contributions towards 20% renewables. 166 Units @ £8,500 per unit allowed	
10 INFLATION/DEFLATION							
Block A							
A Excluded							
CURRENT FIRM CONSTRUCTION COST TOTAL					60,925,000	Current Firm Construction Cost	
Exclusions							
VAT							
Archaeological excavations							
Asbestos removal							
Cat B Fit-out to offices							
Contamination, site remediation (other than as Waterman e mail April 09)							
Drainage attenuation							
Major service diversions							
Payments associated with rights of light, party walls etc							
Professional fees, building reg, planning fees etc							
Public art							
Reinforcement of services and road infrastructure							
S106/S278 and commuted payments and other contributions							
Show apartments and houses							
Site surveys and investigation works							
Works beyond the site boundary							
Works in connection with UXO							
Fit out of retail shell							
Exclusions as Fire station estimate previously issued							
Assumptions							
Areas based on Lifschutz Davidson Sandilands Areas Schedule ref 0712A 07.06.AE (rev H) dated 07/09/10 (received 2/11/11)							
Current firm construction cost							
Current ground level is formation level							
Sustainability @ £8,500 per unit							
Traditional Form of Contract							
Design development and risk contingency of 5% included							

EC HARRIS BUILT ASSET CONSULTANCY		FLORIAN PLACE - 8 ALBERT EMBANKMENT REAR SITE Feasibility Estimate - (TOTAL GIFA 13,618ft2) - 14th January 2013				
ELEMENT	unit nr	GIA ft2	£/ft2	Sub-totals £	Totals £	NOTES AND COMMENTS
1 DEMOLITION						
A Demolition of Existing structures				50,000	50,000	Site clearance allowance including breaking up existing concrete hardstanding and dispose off site.
2 RESIDENTIAL - SOCIAL RENTED						
Block G						
A Social Rented Residential accommodation	6	8,596	175	1,504,300	1,504,000	Fitted out incl bathroom and kitchen but excluding white goods
				SAY		
3 RESIDENTIAL - PRIVATE						
Block G						
A Private accommodation	4	4,429	210	930,090	930,000	
				SAY		
4 COMMERCIAL						
Block G						
A Retail accommodation @ ground floor		0	130	0	0	Includes Shell & Core
				SAY		
5 PLANT/STORAGE/OTHER						
A Other area including plant and refuse areas at GF Level		593	70	41,510	42,000	
				0		
6 INFRASTRUCTURE / EXTERNALS						
A Hard & Soft Landscaping			Say	100,000	200,000	provisional allowance EDF, Gas, Water, Telecoms - Provisional allowance no details available incl sewer connections - Provisional allowance no details available
B Statutory Services			Say	50,000		
C Below ground drainage			Say	50,000		
				SAY		
7 SUSTAINABILITY						
A Allowance for CSH / BREEAM 'Very Good'					85,000	CSH and contributions towards 20% renewables. 10 Units @ £8,500 per unit allowed
8 INFLATION/DEFLATION						
A Excluded						
CURRENT FIRM CONSTRUCTION COST TOTAL					2,811,000	Current Firm Construction Cost
<div> <div> Exclusions VAT Archaeological excavations Asbestos removal Cat B Fit-out to offices Contamination, site remediation Drainage attenuation Major service diversions Payments associated with rights of light, party walls etc Professional fees, building reg, planning fees etc Public art Reinforcement of services and road infrastructure S106/S278 and commuted payments and other contributions Show apartments and houses Site surveys and investigation works Works beyond the site boundary Works in connection with UXO Fit out of retail shell Exclusions as Fire station estimate previously issued </div> <div> Assumptions Areas based on Lifschutz Davidson Sandilands Areas Schedule ref 0712A 07.06.AE (rev H) dated 07/09/10 (received 2/11/11) Current firm construction cost Current ground level is formation level Sustainability @ £8,500 per unit Traditional Form of Contract Design development and risk contingency of 5% included </div> </div>						



Appendix 3 – The Updated Appraisal

APPRAISAL SUMMARY

KNIGHT FRANK LLP

8 Albert Embankment Updated Appraisal

Summary Appraisal for Merged Phases 1 2 3 4 5 6 7 8 9 10

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
Block A private resi	1	55,479	£1,037.00	£57,531,723	57,531,723	(862,975)	56,668,748
Block B private resi	1	21,087	£650.00	£13,706,550	13,706,550	(132,848)	13,573,702
Front site car parking	23	0	£0.00	£35,000	805,000	0	805,000
Residential storage	89	3,204	£138.89	£5,000	445,000	0	445,000
Block D private resi	1	89,838	£725.00	£65,132,550	65,132,550	(835,492)	64,297,058
Middle site car parking, grade	21	0	£0.00	£25,000	525,000	0	525,000
Middle site car parking, basement	25	0	£0.00	£30,000	750,000	0	750,000
Residential storage	155	5,580	£138.89	£5,000	775,000	0	775,000
Block E social rent and intermediate	1	6,663	£192.53	£1,282,827	1,282,827	0	1,282,827
Block F private resi	1	32,207	£665.00	£21,417,655	21,417,655	(192,759)	21,224,896
Block F intermediate	1	3,078	£283.00	£871,074	871,074	0	871,074
	1	7,083	£83.00	£587,889	587,889	0	587,889
Block G private resi	<u>1</u>	<u>3,649</u>	<u>£450.00</u>	<u>£1,642,050</u>	<u>1,642,050</u>	<u>(14,778)</u>	<u>1,627,272</u>
Totals	321	227,868			165,472,318	(2,038,852)	163,433,466

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block A grd rent	60			£250	15,000	15,000
Block B retail	1	729	£14.00	£10,206	10,206	10,206
Block B grd rent	29			£250	7,250	7,250
Block D retail	1	5,036	£14.00	£70,504	70,504	70,504
Block D grd rent	117			£250	29,250	29,250
Block E(N) commercial	1	2,949	£15.00	£44,235	44,235	44,235
Block E(S) commercial upper flrs	1	12,259	£17.50	£214,533	214,533	214,533
Block E(S) commercial grd flr	1	1,996	£15.00	£29,940	29,940	29,940
Block F commercial upper flrs	1	49,242	£17.50	£861,735	861,735	861,735
Block F grd rent	36			£250	9,000	9,000
Block F commercial grd flr	1	4,407	£15.00	£66,105	66,105	66,105
Block G grd rent	<u>4</u>			<u>£250</u>	<u>1,000</u>	<u>1,000</u>
Totals	253	76,618			1,358,758	1,358,758

Investment Valuation

Block A grd rent

APPRAISAL SUMMARY

KNIGHT FRANK LLP

8 Albert Embankment

Updated Appraisal

Current Rent	15,000	YP @	5.7500%	17.3913	260,870
Block B retail					
Market Rent	10,206	YP @	9.0000%	11.1111	
(2yrs Rent Free)		PV 2yrs @	9.0000%	0.8417	95,447
Block B grd rent					
Current Rent	7,250	YP @	5.7500%	17.3913	126,087
Block D retail					
Market Rent	70,504	YP @	9.0000%	11.1111	
(2yrs Rent Free)		PV 2yrs @	9.0000%	0.8417	659,353
Block D grd rent					
Current Rent	29,250	YP @	5.7500%	17.3913	508,696
Block E(N) commercial					
Market Rent	44,235	YP @	7.5000%	13.3333	
(4yrs Rent Free)		PV 4yrs @	7.5000%	0.7488	441,643
Block E(S) commercial upper flrs					
Market Rent	214,533	YP @	7.5000%	13.3333	
(4yrs Rent Free)		PV 4yrs @	7.5000%	0.7488	2,141,894
Block E(S) commercial grd flr					
Market Rent	29,940	YP @	7.5000%	13.3333	
(4yrs Rent Free)		PV 4yrs @	7.5000%	0.7488	298,921
Block F commercial upper flrs					
Market Rent	861,735	YP @	7.5000%	13.3333	
(4yrs Rent Free)		PV 4yrs @	7.5000%	0.7488	8,603,568
Block F grd rent					
Current Rent	9,000	YP @	5.7500%	17.3913	156,522
Block F commercial grd flr					
Market Rent	66,105	YP @	7.5000%	13.3333	
(4yrs Rent Free)		PV 4yrs @	7.5000%	0.7488	659,993
Block G grd rent					
Current Rent	1,000	YP @	5.7500%	17.3913	17,391
					13,970,384
GROSS DEVELOPMENT VALUE					177,403,850
Purchaser's Costs		5.80%	(810,282)		
NET DEVELOPMENT VALUE					<u>176,593,568</u>
NET REALISATION					176,593,568

APPRAISAL SUMMARY**KNIGHT FRANK LLP****8 Albert Embankment
Updated Appraisal****OUTLAY****ACQUISITION COSTS****Other Acquisition**

Title insurance	50,000	
Survey costs	220,000	
Bank arrangement fee	1,725,000	
		1,995,000

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Block B retail	900	£130.00	117,000	
Block D retail	6,217	£115.01	715,000	
Block E(N) commercial	3,640	£129.95	473,000	
Block E(S) commercial upper flrs	17,599	£130.01	2,288,000	
Block F commercial upper flrs	66,234	£129.99	8,610,000	
Block A private resi	77,072	£274.92	21,189,000	
Block B private resi	26,394	£245.02	6,467,000	
Block D private resi	114,284	£220.00	25,142,000	
Block E social rent and intermediate	7,890	£159.95	1,262,000	
Block F private resi	45,285	£210.01	9,510,288	
Block F intermediate	4,327	£210.01	908,712	
	8,596	£174.97	1,504,000	
Block G private resi	4,429	£209.98	930,000	
Totals	<u>382,867</u>		<u>79,116,000</u>	
Contingency			600,000	
Contingency		5.00%	5,174,500	
Statutory/LA			6,796,587	
				91,687,087
Other Construction				
Block A CSH / BREEAM			518,500	
Firestation			4,067,000	
Block A car parking, plant, storage			2,971,665	
Front site demolitions			250,000	
Front site podium slab phase 1			500,000	
Front site podium slab phase 2			500,000	
Front site service isol. and sep			250,000	
Block B and C basement			1,577,335	

APPRAISAL SUMMARY**KNIGHT FRANK LLP****8 Albert Embankment****Updated Appraisal**

Block B CSH / BREEAM		246,500	
Front site landscaping		500,000	
Front site stat services, drainage,		500,000	
Front site secure resi storage		145,000	
Block C resi concierge		283,000	
Middle site demolition		500,000	
Middle site basement car parking		2,955,000	
Middle site grd level storage		48,000	
Middle site grd level plant, refuse		397,000	
Middle site basement other areas		1,099,000	
Middle site basement plant, refuse		2,140,000	
Middle site extra for contamination		930,000	
Middle site stat services		230,000	
Middle site drainage		150,000	
Middle site new substations		120,000	
Middle site secure resi storage		183,000	
Block D CSH / BREEAM		994,500	
Block D parking at grade		1,153,000	
Middle site landscaping		700,000	
Block E N CSH / BREEAM		76,500	
Block F CSH / BREEAM		340,000	
Block G plant, storage		42,000	
Block G CSH / BREEAM		85,000	
Block G demolitions		50,000	
Block G landscaping		100,000	
Block G stat services, drainage		100,000	
			24,702,000

PROFESSIONAL FEES

Architect	10.00%	10,076,979	
			10,076,979

MARKETING & LETTING

Marketing - residential		3.00%	4,735,332	
Marketing - commercial	57,956 ft²	1.50 pf²	86,934	
Marketing	12,259 ft²	1.50 pf²	18,389	
Letting Agent Fee		10.00%	123,215	
Letting Legal Fee		5.00%	61,608	
				5,025,477

APPRAISAL SUMMARY**KNIGHT FRANK LLP****8 Albert Embankment****Updated Appraisal****DISPOSAL FEES**

Sales Agent Fee	1.50%	2,433,202	
Investment Sales Agent Fee	1.00%	2,457	
Investment Sales Agent Fee	1.00%	129,144	
Sales Legal Fee	0.25%	359,813	
			2,924,616

Additional Costs

Non-recoverable VAT		819,555	
Compensation		600,000	
			1,419,555

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			11,641,119

TOTAL COSTS**149,471,833****PROFIT****27,121,735****Performance Measures**

Profit on Cost%	18.15%
Profit on GDV%	15.29%
Profit on NDV%	15.36%
Development Yield% (on Rent)	0.91%
Equivalent Yield% (Nominal)	7.47%
Equivalent Yield% (True)	7.83%

IRR 18.21%

Rent Cover 19 yrs 12 mths

Profit Erosion (finance rate 6.500%) 2 yrs 7 mths



Appendix 4 – The Revised Appraisal

APPRAISAL SUMMARY

KNIGHT FRANK LLP

8 Albert Embankment Revised Appraisal

Summary Appraisal for Merged Phases 1 2 3 4 5 6 7 8 9 10

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
Block A private resi	1	55,479	£1,037.00	£57,531,723	57,531,723	(862,975)	56,668,748
Block B private resi	1	21,087	£650.00	£13,706,550	13,706,550	(132,848)	13,573,702
Front site car parking	23	0	£0.00	£35,000	805,000	0	805,000
Residential storage	89	3,204	£138.89	£5,000	445,000	0	445,000
Block D private resi	1	89,838	£725.00	£65,132,550	65,132,550	(835,492)	64,297,058
Middle site car parking, grade	21	0	£0.00	£25,000	525,000	0	525,000
Middle site car parking, basement	25	0	£0.00	£30,000	750,000	0	750,000
Residential storage	155	5,580	£138.89	£5,000	775,000	0	775,000
Block E social rent and intermediate	1	6,663	£240.93	£1,605,317	1,605,317	0	1,605,317
Block F private resi	1	32,207	£665.00	£21,417,655	21,417,655	(192,759)	21,224,896
Block F intermediate	1	3,078	£283.00	£871,074	871,074	0	871,074
	1	7,083	£240.93	£1,706,507	1,706,507	0	1,706,507
Block G private resi	<u>1</u>	<u>3,649</u>	<u>£450.00</u>	<u>£1,642,050</u>	<u>1,642,050</u>	<u>(14,778)</u>	<u>1,627,272</u>
Totals	321	227,868			166,913,426	(2,038,852)	164,874,574

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block A grd rent	60			£250	15,000	15,000
Block B retail	1	729	£14.00	£10,206	10,206	10,206
Block B grd rent	29			£250	7,250	7,250
Block D retail	1	5,036	£14.00	£70,504	70,504	70,504
Block D grd rent	117			£250	29,250	29,250
Block E(N) commercial	1	2,949	£15.00	£44,235	44,235	44,235
Block E(S) commercial upper flrs	1	12,259	£17.50	£214,533	214,533	214,533
Block E(S) commercial grd flr	1	1,996	£15.00	£29,940	29,940	29,940
Block F commercial upper flrs	1	49,242	£17.50	£861,735	861,735	861,735
Block F grd rent	36			£250	9,000	9,000
Block F commercial grd flr	1	4,407	£15.00	£66,105	66,105	66,105
Block G grd rent	<u>4</u>			<u>£250</u>	<u>1,000</u>	<u>1,000</u>
Totals	253	76,618			1,358,758	1,358,758

Investment Valuation

Block A grd rent

APPRAISAL SUMMARY

KNIGHT FRANK LLP

8 Albert Embankment

Revised Appraisal

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Block F grd rent					
Current Rent	9,000	YP @	5.7500%	17.3913	156,522
Block F commercial grd flr					
Market Rent	66,105	YP @	7.5000%	13.3333	
(4yrs Rent Free)		PV 4yrs @	7.5000%	0.7488	659,993
Block G grd rent					
Current Rent	1,000	YP @	5.7500%	17.3913	17,391
					13,970,384

GROSS DEVELOPMENT VALUE 178,844,958

Purchaser's Costs 5.80% (810,282)

NET DEVELOPMENT VALUE 178,034,675

NET REALISATION 178,034,675

APPRAISAL SUMMARY**KNIGHT FRANK LLP****8 Albert Embankment
Revised Appraisal****OUTLAY****ACQUISITION COSTS****Other Acquisition**

Title insurance	50,000	
Survey costs	220,000	
Bank arrangement fee	1,725,000	
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CONSTRUCTION COSTS

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	8,596	£174.97	1,504,000	
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Totals	<u>382,867</u>		<u>79,116,000</u>	
Contingency			600,000	
Contingency		5.00%	5,174,500	
Statutory/LA			6,796,587	
				91,687,087

Other Construction

Block A CSH / BREEAM	518,500
Firestation	4,067,000
Block A car parking, plant, storage	2,971,665
Front site demolitions	250,000
Front site podium slab phase 1	500,000
Front site podium slab phase 2	500,000
Front site service isol. and sep	250,000
Block B and C basement	1,577,335

APPRAISAL SUMMARY**KNIGHT FRANK LLP****8 Albert Embankment****Revised Appraisal**

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Front site landscaping		500,000	
Front site stat services, drainage,		500,000	
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Block G plant, storage		42,000	
Block G CSH / BREEAM		85,000	
Block G demolitions		50,000	
Block G landscaping		100,000	
Block G stat services, drainage		100,000	
			24,702,000

PROFESSIONAL FEES

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			10,076,979

MARKETING & LETTING

Marketing - residential		3.00%	4,735,332	
Marketing - commercial	57,956 ft²	1.50 pf²	86,934	
Marketing	12,259 ft²	1.50 pf²	18,389	
Letting Agent Fee		10.00%	123,215	
Letting Legal Fee		5.00%	61,608	
				5,025,477

APPRAISAL SUMMARY**KNIGHT FRANK LLP****8 Albert Embankment****Revised Appraisal****DISPOSAL FEES**

Sales Agent Fee	1.50%	2,454,819	
Investment Sales Agent Fee	1.00%	2,457	
Investment Sales Agent Fee	1.00%	129,144	
Sales Legal Fee	0.25%	362,609	
			2,949,029

Additional Costs

Non-recoverable VAT		819,555	
Compensation		600,000	
			1,419,555

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)			
Total Finance Cost			11,506,309

TOTAL COSTS**149,361,436****PROFIT****28,673,239****Performance Measures**

Profit on Cost%	19.20%
Profit on GDV%	16.03%
Profit on NDV%	16.11%
Development Yield% (on Rent)	0.91%
Equivalent Yield% (Nominal)	7.47%
Equivalent Yield% (True)	7.83%

IRR	18.93%
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Rent Cover	21 yrs 1 mth
Profit Erosion (finance rate 6.500%)	2 yrs 9 mths