

VICARAGE FIELD





PRIVATE & CONFIDENTIAL

Vicarage Field, Barking, London, IG11

Financial Viability Assessment

Prepared by

DS2 LLP

On behalf of

Lagmar (Barking) Ltd

September 2016

Confidentiality Statement

This Report is strictly confidential to Lagmar (Barking) Ltd ('the Applicant'). It contains commercially sensitive information.

Accordingly, the report should not be disclosed (in whole or in part) to any person under the sections 41 and 43(2) of the Freedom of Information Act 2000 or any equivalent future iteration of this Act or alternative, without the prior written approval from Lagmar (Barking) Ltd.

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Executive Summary

1. DS2 LLP is instructed by Lagmar (Barking) Ltd to produce a Financial Viability Assessment (FVA) in support of the application for the redevelopment of Vicarage Field (the 'Site'). The purpose of this assessment is to robustly test the maximum reasonable amount of affordable housing and other financial obligations that the proposals can viably support.
2. The Site currently comprises a shopping centre and associated car parking, mixed use buildings (predominately of retail and residential use), a hotel and a medical centre.
3. The description of development is as follows:

'Outline application with details of scale, external appearance and landscaping reserved, for the redevelopment of the existing shopping centre to create a mixed-use scheme of up to 138,000 sqm (GEA) comprising up to 25,650 sqm retail floor space (A1-A5), up to 1,250 sqm B1 offices, up to 81,750 sqm residential floor space (C3), up to 7,750 sqm hotel floor space (C1), up to three-form entry primary school (D1), healthcare facilities (D1), leisure uses (D2), public realm, landscaping, basement parking, servicing, plant and associated works.'

4. The Site Value has been valued on an Existing Use Value Plus basis. This is in accordance with the requirement to provide 'competitive returns' to a landowner, as set out in the NPPF (paragraph 173).
5. The Site Value has been inserted into the appraisal as a fixed cost and the level of profit generated by the scheme is benchmark by which viability has been measured.
6. If the level of profit produced by the application scheme is lower than the benchmark level of profit, 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. If the level of profit is higher than the benchmark then the scheme can, in theory, provide additional affordable housing and/or other planning obligations.

7. The output of this FVA can be summarised table below:

FVA RESULTS				
Scheme	Fixed Land Cost	Benchmark Profit on GDV	Profit on GDV	Surplus/ (Deficit)
Mixed Use Redevelopment	£50.3m	17.50%	-16.25%	-33.75%

8. As is evident from the results above, the profit on GDV for the proposed scheme is below the benchmark profit on GDV and whilst the proposals can support both Mayoral and Borough CIL payments in addition to releasing land to deliver a new school, they are not currently able to support policy compliant levels of affordable housing. Delivery of the scheme will rely upon the growth of residential and commercial values in Barking Town Centre. In respect of residential, this anticipated growth will allow more alignment with comparable, but still affordable, locations in east London.
9. Barking is currently highly undervalued. It has excellent public transport connections with access to central London, Canary Wharf and Stratford. However, new build town centre development in Barking currently sells at £450-550 /sq ft. This is clearly lower than east London locations, such as Stratford.
10. Barking is set to undergo a significant urban transformation and is one of London's key growth opportunities. It is located in the heart of one of the largest regeneration areas in Europe and the Council has set a bold vision for growth and positive change. It is therefore strongly expected to experience value growth over the next few years through the delivery of new high quality development.
11. The proposed scheme's transformational aspirations are entirely aligned with the Council's vision. The proposed development seeks to be a firm part of the borough's future regeneration and growth. It will provide the quality of development and type of comprehensive place-making required to deliver a step change for the town centre and make it a destination of choice. It will enhance perceptions of the area and allow Barking to compete with its east London neighbours.
12. The overall quality of development is critical in delivering this step change. A scheme of lower ambition and design intent would fail to maximise this unique opportunity and deliver the positive change required. Consequently, the high quality product proposed is

- not aligned with current market expectations and Barking's existing low sale values result in an unviable scheme.
13. However, the development will not be completed for a number of years and will act as a catalyst to propel value growth. Residential values in Barking only need to become aligned with other affordable centres such as Stratford and, with commercial values growing in parallel, to make the scheme viable. This will then facilitate the delivery of affordable housing.
 14. The applicant has an aspiration to maximise the affordable housing provision. However, given the scheme's regeneration objectives, a more strategic and long term approach to affordable housing is required.
 15. A viability review mechanism is proposed to deliver affordable housing as part of the development. This will allow the applicant to manage the significant risks and extended timeline for the delivery of the scheme.
 16. It is proposed that a viability review, which could result in up to 50% affordable housing on the Site, is undertaken at the reserved matters stage and secured by the Section 106. The viability review will reflect changes in the market over time in Barking and ensure that the delivery of affordable housing is maximised.

1 Introduction

1.1 This Financial Viability Assessment (hereafter “FVA”) has been prepared by DS2 to robustly examine the financial viability of the proposals for the redevelopment of Vicarage Field (the ‘Site’). The Site is located within the London Borough of Barking and Dagenham (‘LBBD’).

1.2 This FVA has been prepared in support of an outline planning application which has been submitted by DP9 on behalf of Lagmar (Barking) Ltd (‘the Applicant’).

1.3 The Site currently comprises the following:

- The existing Vicarage Field shopping centre, service yard and car park;
- Numbers 13-23 (odds) Ripple Road;
- Numbers 24- 36 (evens) Station Parade;
- The Barking Hotel located at 24A Station Parade and
- Ripple Road Medical Centre.

1.4 The description of development is as follows:

‘Outline application with details of scale, external appearance and landscaping reserved, for the redevelopment of the existing shopping centre to create a mixed-use scheme of up to 138,000 sqm (GEA) comprising up to 25,650 sqm retail floor space (A1-A5), up to 1,250 sqm B1 offices, up to 81,750 sqm residential floor space (C3), up to 7,750sqm hotel floor space (C1), up to three-form entry primary school (D1), healthcare facilities (D1), leisure uses (D2) , public realm, landscaping, basement parking, servicing, plant and associated works.’

1.5 The following report has been collated in accordance with planning policy and professional best practice guidance, including the RICS Guidance Note entitled ‘Financial Viability in Planning’ (94/2012), the National Planning Policy Guidance and other best practice guidance for undertaking FVAs.

1.6 We can confirm that our instruction is not on a contingent fee or success related basis. The report is an objective and impartial view on the development viability of the proposed scheme.

1.7 DS2 have used ARGUS Developer to demonstrate the project's financial viability. This is commercially available and widely used development appraisal software that uses a residual valuation approach to demonstrate residual land and profit outputs for development projects.

1.8 To inform the report information prepared by the following independent consultants has been relied upon:

- DP9 – Planning Consultants
- Studio Egret West – Architects
- SWEET – Cost Consultants
- Savills – Residential Agents
- Cushman and Wakefield - Commercial Agents

1.9 This FVA has been structured as follows:

- **Site Location, Description & Ownership** – summary of the location and nature of the existing asset;
- **Development Proposals** – review and description of the proposed development;
- **Planning Policy** – review of the key national, regional and local planning policies concerning the delivery of affordable housing and financial viability;
- **Viability Methodology** – description of the methodology employed within the wider context of best practice for FVAs;
- **Development & Sales Timings** – description of the proposed programme subject to a satisfactory planning consent being obtained;
- **Development Value** – review of the residential and commercial values alongside any additional revenue streams that comprise the scheme GDV;
- **Development Costs** – review of the development costs for the proposed project;
- **Site Value** – analysis in relation to the proposed Site Value for the financial appraisals;
- **Benchmark Profit Return** – analysis in relation to the level of Developer's return against which viability will be measured;
- **Appraisal Results**– summary of the financial appraisal outputs and
- **Conclusion** – summary of the proposals and concluding rationale.

1.10 The appraisals and figures in this FVA do not represent formal 'red book' valuations and should not be relied upon as such. This report has been prepared to accompany the planning application for the purposes of Section 106 discussions only and should only be used for the consideration of these matters.

2 Site Location, Description & Ownership

Site Location

- 2.1 The Site, known as 'Vicarage Field,' is located within the London Borough of Barking and Dagenham, in east London. More specifically, the site is within Barking Town Centre.
- 2.2 The Site is broadly bound by:
- Station Parade to the west;
 - Ripple Road to the south;
 - Vicarage Drive to the east and
 - St. Awdry's Walk to the north-east.
- 2.3 Barking railway station is located on the north side of Station Parade and the railway line runs along the north- east edge of the site.
- 2.4 A red line plan of the Site is shown below:

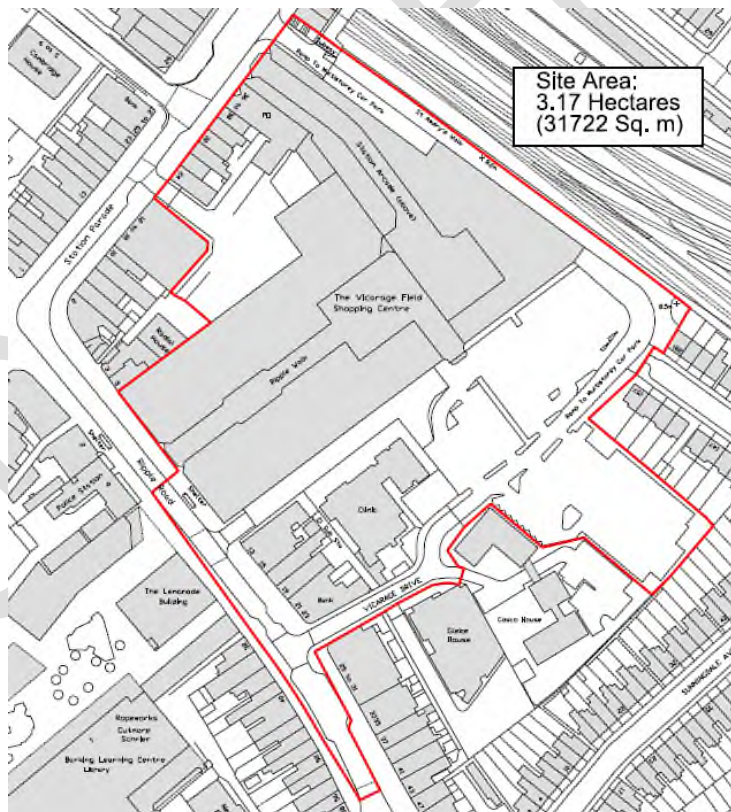


Figure 1 –Red Line Plan

- 2.5 The Site is well served by local transport links and has a PTAL rating of 6a/6b. The site is located opposite Barking Station, within Zone 4, which is served by both the

Hammersmith & City Line and the District London Underground Lines. The station is also served by London Overground services. In addition, there are a number of bus stops located on Station Parade and Ripple Road providing access to the surrounding areas.

- 2.6 A contextual map is shown in Figure 1 over the page and a plan showing the red line boundary is attached at **Appendix 1**.

Site Description

- 2.7 The Site forms an irregular shaped plot and extends to approximately 3.17 hectares in area.

- 2.8 At present, the Site mainly comprises the following:

- **The Existing Vicarage Field Shopping Centre** - a part two, part three storey building of 1980s construction with a service yard and surface level car park and roof top car park. It comprises a range of retailers within A1- A3 uses.
- **Numbers 13-23 (odds) Ripple Road** - three storey buildings with retail at ground and primarily residential dwellings above.
- **Numbers 24- 36 (evens) Station Parade** - three storey buildings with retail uses at ground with primarily residential on the upper floors.
- **The Barking Hotel (24A Station Parade)**
- **Ripple Road Medical Centre (364-370 Ripple Road)** - a single storey building of 1930s construction with a car park to the front.

- 2.9 The location of the existing buildings on the Site and neighbouring buildings are shown below:



Figure 2 – Location of Existing Buildings on the Site

- 2.10 The surrounding area comprises a mix of town centre uses including a range of retail uses, banks, betting shops and public houses.
- 2.11 The area is undergoing significant change and there are a number of high density residential schemes coming forward within the town centre and surrounding area.
- 2.12 There are a number of taller buildings that have been delivered recently. Those that have come forward are within the Barking Town Centre Area Action Plan boundary and within the London Housing Zone.
- 2.13 We summarise details of recent developments below:
- **Barking Central** – a large mixed-use scheme of seven new buildings including a new Learning Centre, over 500 residential apartments, a 66 bed hotel, a, 9 retail units, a café, a new town square and an arboretum. DS2 understand construction of Phase 2 completed in 2010.

- **Cambridge Road** - development to comprise 274 residential units within four interlinked buildings (10, 16, 26 and 19 storeys), with commercial floor space. It received planning consent within the past year.
- **Trocoll House** – development to comprise a part 4, 23 and 28-storey building and conversion of upper floors of Trocoll House from office use, to provide 198 residential units and flexible commercial uses at ground floor level. The planning application was approved by the GLA in February 2016.

2.14 For more details of the existing site, please refer to the Design and Access Statement prepared by Studio Egret West.

2.15 The Site is not Listed but adjoins and is partially within the Abbey and Barking Town Centre Conservation Area.

Planning History

2.16 There are no active planning permissions on the Site. However, the previously consented planning application, which has not been implemented and has now expired, is summarised below:

2.17 Planning application number 09/00476/FUL for the 'full planning application for development comprising a mixed use scheme for 231 residential units (Class C3) ranging from 3 to 23 storeys in height, 1,333 sq m of shopping, financial and professional services, restaurants and cafes (Classes A1, A2 and A3), alterations to the highway and ancillary parking and landscaping facilities and services' was granted by the London Thames Gateway Development Corporation (LTGDC) on 29th March 2011.

2.18 A number of minor alterations, shop front installations and change of use applications have been made to various units within the shopping centre over the years.

2.19 Full details of the Site's planning history and original Planning Permission are summarised in the Planning Statement prepared by DP9.

Ownership

2.20 DS2 understand that only the Vicarage Field shopping centre is within the ownership of the Applicant although the Applicant holds a leasehold interest, not a freehold interest in it.

2.21 For example, we understand that numbers 13-23 (odds) Ripple Road, 24- 36 (evens) Station Parade, the Barking Hotel and Ripple Road Medical Centre (364-370 Ripple Road) fall outside of the Applicant's ownership.

2.22 A plan showing the land within and outside of the Applicant's ownership is below:

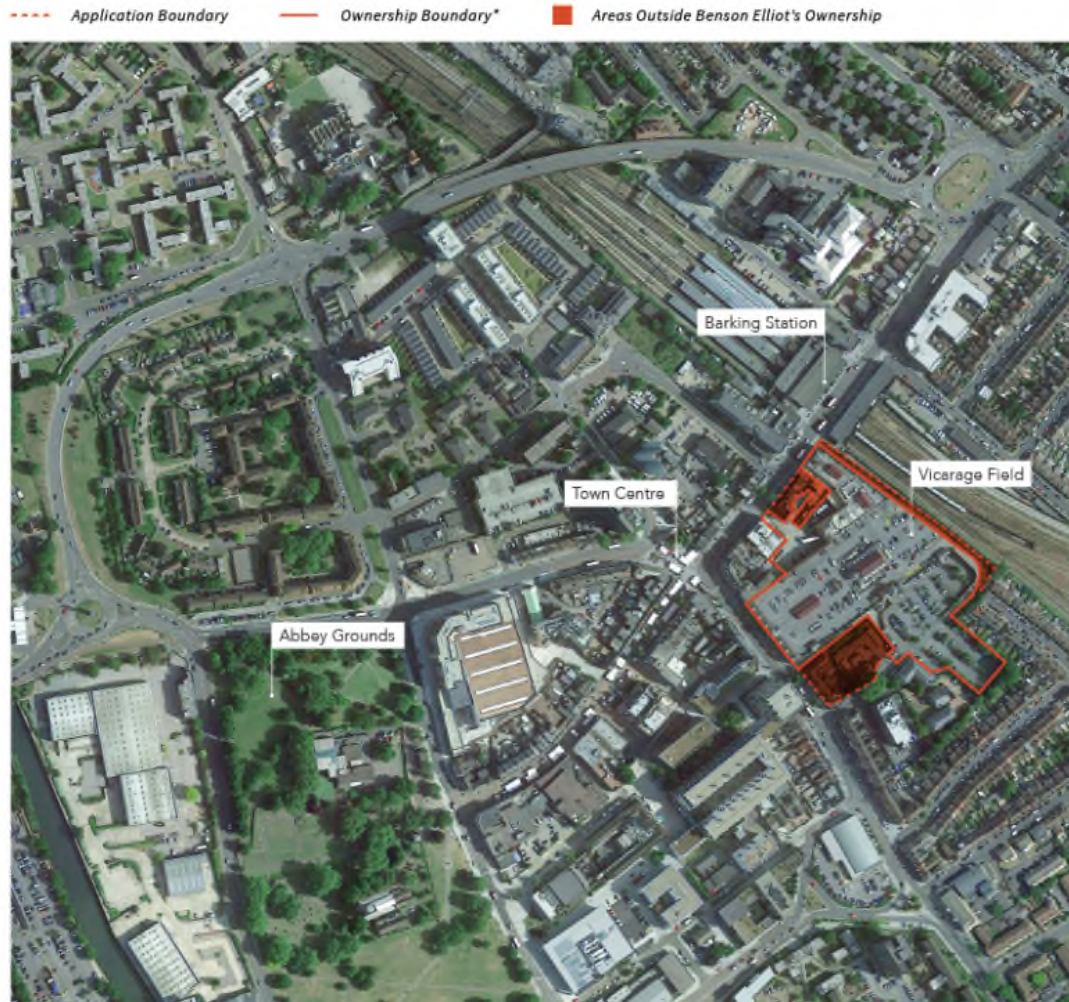


Figure 3 –Land Ownership

3 Development Proposals

Proposed Development

3.1 The Application has been submitted by planning consultants DP9 on behalf of the Applicant for the redevelopment of the Site.

3.2 The proposed development, designed by Studio Egret West, comprises a mixed use scheme including:

- Retail (A1-A5);
- Business (B1);
- Hotel (C1);
- Residential (C3);
- Primary School (D1);
- Healthcare and Community (D1);
- Leisure facilities (D2) and
- Associated public realm and car parking.

3.3 The proposed description of development is set out below:

'Outline application with details of scale, external appearance and landscaping reserved, for the redevelopment of the existing shopping centre to create a mixed-use scheme of up to 138,000 sqm (GEA) comprising up to 25,650 sqm retail floor space (A1-A5), up to 1,250 B1 offices, up to 81,750 sqm residential floor space (C3), up to 7,750 sqm hotel floor space (C1), up to three-form entry primary school (D1) , healthcare facilities (D1), leisure uses (D2) , public realm, landscaping, basement parking, servicing, plant and associated works.'

3.4 As detailed in the Planning Statement, the proposed development is submitted in outline for:

- **Land Use and Amount of Development** – the maximum and minimum amount of development proposed for each land use across the entire development.
- **Layout** – the layout of the buildings, routes and open spaces within the Site boundary.
- **Access** – the proposed access to and within the site, for vehicles, cycles and pedestrians.

3.5 The application seeks to reserve the following matters at this stage for future approval:

- **Scale** – an indication of the upper and lower parameters for height, width and length of each building within the Site boundary.
- **Appearance** – an indication of the potential appearance of the Development. This will be controlled by a Design Code.
- **Landscaping** – an indication of the potential landscaping within the Development. This will be controlled by a Design Code.

3.6 Details of the proposed mixed use development at the Site (hereafter ‘the Development’) is contained within the Design and Access Statement prepared by Studio Egret West Architects.

Land Uses

3.7 Parameter Plan 0247_SEW_VF_P_6006 (**Appendix 2**) shows the ground and first floor land uses. It indicates the location of the proposed school on Vicarage Drive. The remainder of the development is indicated as ‘predominantly retail and leisure’. Therefore, over 50% of the entire ground and first floor will be retail (Use Class A1-A5) and/or leisure.

3.8 Parameter Plan 0247_SEW_VF_P_6007 (**Appendix 3**) controls the upper floor levels. It indicates the location of the school and hotel/residential in particular development plots. The remainder of the buildings at this level will comprise residential development.

Area Schedules (Amount of Development)

3.9 A schedule of the proposed minimum and maximum floor space parameters and the illustrative scheme is set out below:

TABLE 1a: SCHEDULE OF PROPOSED USES - MINIMUM		
	Use Class	GEA (Sq m)
Residential	C3	65,000
Retail	A1-A5	20,500
Hotel	C1	0
Non-residential institutions	D1	4,500
Leisure	D2	2,000
Business	B1	1,000
Shared basement	Ancillary	-
TOTAL	-	-

TABLE 1b: SCHEDULE OF PROPOSED USES - MAXIMUM		
	Use Class	GEA (Sq m)
Residential	C3	81,750
Retail	A1-A5	25,650
Hotel	C1	7,750
Non-residential Institutions	D1	6,500
Leisure	D2	5,000
Business	B1	1,250
Shared Basement	Ancillary	22,000
TOTAL		138,000

- 3.10 As evidenced in the description of development, the outline application includes a maximum total floor space of 138,000 sq m (GEA).
- 3.11 It should be noted that the cumulative total of the maximum floor space figures for each use class could not all be delivered within the maximum total allowable.
- 3.12 For the purposes of the FVA, we have adopted the areas as set out in Studio Egret West's illustrative area schedule with rounding (Rev: 03 (dated: 15.07.2016) (see **Appendix 4**) and shown in the table below:

TABLE 1c: SCHEDULE OF PROPOSED USES – ILLUSTRATIVE AREAS			
	GEA	GIA (sqm)	Assumed NIA (sqm)
Residential	74,000 (855 units)	71,780	57,420
Retail	21,500	20,860	16,690
Hotel	7,750	7,520	6,020
Non-residential Institutions	6,150	5,970	4,780
Leisure	4,500	4,370	3,500
Business	1,000	970	780
Shared Basement	20,000	19,400	N/A
TOTAL	134,900	130,870	89,190

- 3.13 The NIA figures have been calculated as per Studio Egret West's comments within the schedule at 80% of GIA areas.

Illustrative Scheme (Scale and Layout)

- 3.14 The proposals seek to deliver a base building height of two storeys across the site with pedestrian routes running through the site. A 'field level' is proposed at first floor above the retail floor space to provide a buffer between the residential accommodation provided above.
- 3.15 The building heights will step up to the centre of the site to provide a family of five Lozenge buildings. The illustrative scheme comprises of buildings of 13, 16, 19, 26 and 36 storeys.
- 3.16 The building heights ranging from 2 storeys to 36 storeys can be seen in the plan below:

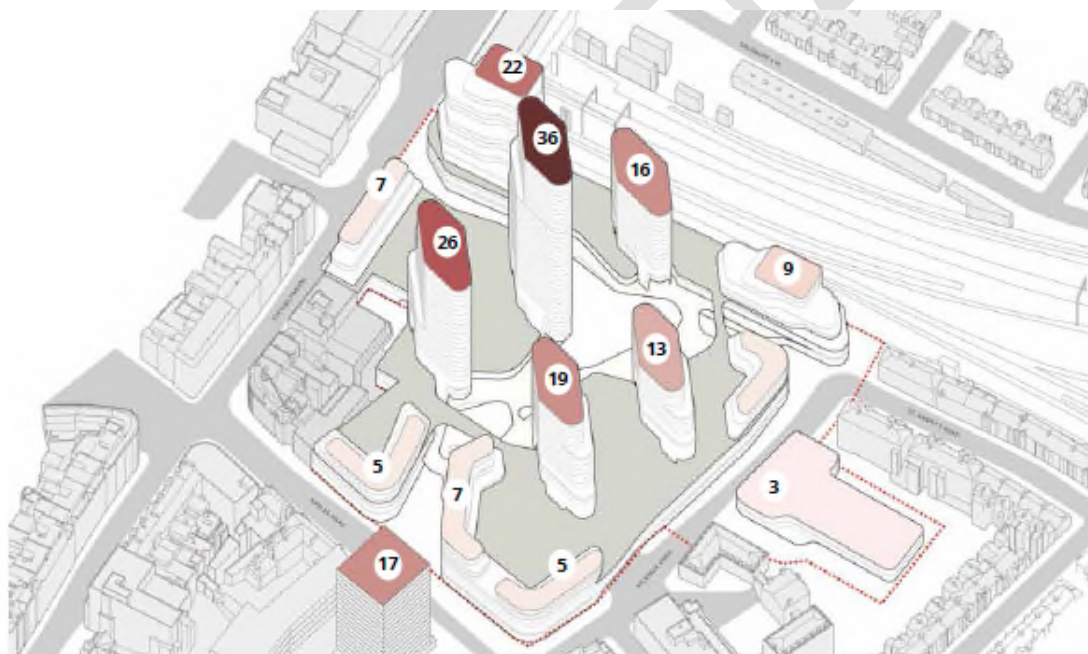


Figure 4 – Indicative Height and Number of Storeys

- 3.17 Lower height buildings are proposed to the edge of the site to respect the surrounding context. The building fronting Station Parade will be seven storeys and the buildings fronting Ripple Road range from five to seven storeys.
- 3.18 'Folding buildings' with stepped elements are proposed along the northern railway line edge including the building to the north-east corner. The building at the northern corner of the site fronting Station Parade is twenty two storeys.
- 3.19 Details of the illustrative scheme layout are provided in the Parameter Plans and the broad mix of land uses is also shown below:



Figure 5 – Land Uses Plan

3.20 The Development comprises a range of uses to deliver a mixed use development comprising retail (A1-A5), residential, a hotel, a three form entry primary school, healthcare facilities, flexible commercial floor space and leisure uses (such as music venue, cinema and gym).

Residential

3.21 The illustrative scheme includes 855 homes and the detailed design scheme could exceed this number dependant on the exact mix of unit sizes and uses across the site.

3.22 The illustrative scheme prepared by Studio Egret West (SEW), includes the following residential unit mix:

TABLE 2: RESIDENTIAL MIX	
Unit Type	Illustrative scheme
Studio	5%
1 Bed	45%
2 Bed	45%
3+ Bed	5%

- 3.23 The apartments will be dual aspect, where practicable, and dwellings will also be of a high quality design internally and externally.
- 3.24 Private amenity space will be provided for each residential unit in the form of an inset balcony or winter garden.
- 3.25 Public open space will be created in the centre of the shopping area, referred to as Vicarage Square.
- 3.26 There will also be green roofs across the site and at second floor level and the proposed 'field level' will comprise allotment gardens along with planting.
- 3.27 The residential development will be 'car-free' given the public transport links and high PTAL rating.
- 3.28 Residential entrances will be located throughout the ground floor providing access to the residential at third floor and above.

Retail

- 3.29 The proposal includes the provision of new retail floor space centred on the creation of new outdoor 'high-streets' that cut through the heart of the development.
- 3.30 The net internal areas for the proposed retail layout will not be confirmed until the detailed design stage. However, an efficiency level of 80% of the GIA is expected to be achievable given that it excludes circulation space, which has been adopted in the appraisal.
- 3.31 The proposals comprise a range of unit sizes including some larger units to attract major store operators and higher end retailers. Smaller units will be available for independent retailers and specialist brands.
- 3.32 The main retail frontage will be maintained along Station Parade and Ripple Road and new pedestrianised retail frontages will be located within the development.

Hotel

- 3.33 The proposals seek to deliver up to 7,520 sq m (GIA) of hotel floor space, which could accommodate a 150 bed hotel.
- 3.34 The hotel will be located at the north-eastern end of the site and access will be at ground floor.

Non-residential Institutions

- 3.35 The scheme includes a parcel of land with capacity for a three form entry primary school. The land will be gifted to the Council to deliver the school in conjunction with the usual statutory bodies. The school will be separate from the main development on an individual site.
- 3.36 The illustrative scheme is considered to generate a need for a total of 128 children, 44 of which would be primary school age (5-11).
- 3.37 The proposals will provide a health facility to meet the needs of residents and will improve the efficiency of health service provision.
- 3.38 The community uses will be located along Vicarage Drive providing access to the school and medical facilities.
- 3.39 A cycle hub in conjunction with a potential cycle workshop and café is proposed for non-residential cycle spaces provided on the ground floor. It is proposed to be adjacent to the railway on the corner of Station Walk and Vicarage Drive.
- 3.40 It could offer 286 cycle parking spaces at ground level. Additional short stay visitor cycle parking spaces will be provided within the public realm.

Leisure

- 3.41 The proposals include up to 4,370 sq m (GIA) of leisure uses. This could comprise of a gym, cinema and music venue.
- 3.42 A mixture of leisure uses (as well as other retail uses) will be located at first floor level. Access to the first floor will be via escalators and lifts from ground and a walkway at second floor level is proposed connecting the facilities.

Business

- 3.43 The proposals comprise the provision of up to 970 sq m (GIA) of B1 office floor space. This is located at ground floor level fronting Vicarage Walk.
- 3.44 It is intended that this will provide workspace for local businesses.
- 3.45 The units will provide an active street frontage. They will be separated from, but help support, the proposed retail provision in Vicarage Field.

Parking

- 3.46 The Development will provide 400 car parking spaces at basement level within the Outline Development Site. A quantum of car parking spaces equivalent to 5% of the residential units will be designed to wheelchair accessible standards for residents. The breakdown of car parking for each use is set out in the table below:

TABLE 3: PARKING	
Use	Maximum Car Parking provision
Public car park and non-residential uses	360 spaces
Residential	40 accessible spaces
Total	400

- 3.47 Cycle parking will be provided within the cycle hub for cyclists using the commercial and community uses.
- 3.48 The residential cycle parking is located at the field level on the second floor within secure enclosures. Cycle parking will be accessed via designated bicycle lifts throughout the scheme.

Access

- 3.49 Vehicular access to basement car parking is relocated to Ripple Road.
- 3.50 The proposals include the creation of pedestrian routes through the site. Routes through the site from Station Parade to Ripple Walk and from Ripple Road into the public space in the centre of the site are proposed.

4 Planning Policy

- 4.1 The DP9 Planning Statement submitted as part of the planning application provides an overall review of the planning policy context in relation to the proposed Development. The following section of this Statement therefore provides a summary review of the key national, regional and local planning policy that guide the delivery of affordable housing, with reference to the importance of considering scheme specific financial viability and balancing the requirements of obtaining planning obligations with the risks of non-delivery.

National

National Planning Policy Framework

- 4.2 The Government's National Planning Policy Framework ('NPPF') was published in March 2012. Paragraphs 173 to 177 are entitled 'Ensuring Viability and Deliverability' and are pivotal in ensuring that the scale of obligations and policy burdens included in local plans should not threaten the viability of potential development sites that contribute towards the planned housing delivery targets, thereby preventing sustainable development from being carried out.

- 4.3 Of particular note is the second half of paragraph 173, which states:

'To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'.

- 4.4 The NPPF encourages local authorities to approach affordable housing delivery pragmatically. In an environment of significant downward pressure on the availability of grant funding for the development of new affordable housing, local authorities are being challenged to deliver value for money of Government funding, their own funding and developer subsidy, whilst responding innovatively and effectively to local priority needs. Optimising overall, locally appropriate outcomes is a consistent theme throughout policy.

- 4.5 The definition of affordable housing included within the Glossary (Annex 2) of the NPPF states that social rented, affordable rented and intermediate tenure types all make a valid contribution towards affordable housing delivery, providing housing to eligible households whose needs are not otherwise met by the market.
- 4.6 Further to this the NPPF sets out the changes affecting the ability of local authorities to deliver affordable housing, which for example, includes the introduction of the Affordable Rent product whereby rents of up to 80% of Market Rent can be charged, the reduction of grant funding for affordable housing and the introduction of the Community Infrastructure Levy (CIL) and its effect on scheme viability.

National Planning Practice Guidance

- 4.7 The National Planning Practice Guidance ('NPPG') was finalised in March 2014. The NPPG, in alignment with the NPPF, contains important guidance on development viability.
- 4.8 The NPPG provides a general overview but focuses on viability in the context of both plan making and individual application sites. The site specific guidance covers a number of areas including different development types, brownfield sites, considering planning obligations in viability, values, costs and land value, but in particular expands upon paragraph 173 of the NPPF in regards 'competitive returns to developers and landowners'.
- 4.9 Paragraph 173 of the NPPF and the NPPG thereafter have introduced financial viability into Central Government guidance and the concept of a competitive return as a material consideration in the determination of planning applications. This is a key consideration therefore to the determination of the affordable housing and other financial obligations of the proposed development.

Regional

The London Plan (March 2015)

- 4.10 The London Plan identifies the Mayor's requirement to maximise affordable housing by setting an overall target for affordable housing provision with development proposals, taking into account a number of key criteria, including viability.
- 4.11 The London Plan sets challenging targets for the capital but states that the requirements are achievable with a significant upturn in planning consents with on average 55,000 new homes consented every year. The London Plan recognises the challenge of

converting these consents into starts and completions. The need to secure delivery is clearly expressed at several points in the London Plan including at section 3.3.

4.12 Policy 3.11 of the London Plan requires boroughs to set overall affordable housing targets which should take account of the viability of development.

4.13 Policy 3.12 requires local planning authorities to seek the maximum reasonable amount of affordable housing on private residential and mixed use schemes, having regard to:

- 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; and
- The specific circumstances of individual sites.

4.14 Policy 3.11 sets a pan-regional target tenure split of 60% social and affordable rented housing and 40% intermediate housing, and notes that it is for each local authority to identify their own local requirements in relation to tenure split.

4.15 In response to national guidance, the London Plan emphasises the need to consider development viability both in respect of proposed development on individual sites and borough target setting to ensure that overall development is encouraged rather than restrained.

4.16 Given the mayoral change it is anticipated that there will be a significant review of the London Plan that may include changes to regional policy regarding the delivery of affordable housing and other obligations.

Housing Supplementary Planning Guidance (March 2016)

4.17 The Housing SPG (March 2016) reinforces the principles identified in the NPPF that maintaining project viability is a material consideration in identifying any contribution which may be financially supported and provided as part of a scheme.

4.18 With regard to scheme viability, paragraph 4.4.18 states:

“Development appraisals should be provided to establish the maximum reasonable level of affordable housing for each site.”

4.19 In addition, paragraph 4.1.2 provides further guidance below.

“in undertaking an economic viability assessment of a specific housing outcome, the borough should take into account the impact of any planning obligations sought

for benefits other than affordable housing, recognising that requirements for contributions to schools, environmental improvements, transport or social infrastructure, may limit the number and mix of affordable homes.”

4.20 Paragraph 4.1.4 states in relation to benchmark for viability appraisal that;

“On balance, the Mayor has found that the ‘Existing Use Value plus’ approach is generally most appropriate for planning purposes, not least because of the way it can be used to address the need to ensure that development is sustainable in terms of the NPPF and Local Plan requirements, he therefore supports this approach”.

4.21 The ‘plus’ element will vary on a case by case basis based on the circumstances of the site and owner and local policy requirements.

4.22 The SPG supports the use of ‘contingent obligations’ and review mechanisms in section 4.3 in order to maximise affordable housing on schemes with a long build out period, at times of economic uncertainty, and/or where there are significant changes in costs or values.

4.23 Paragraph 4.3.3 indicates that review mechanisms are generally encouraged to be considered when a large scheme is built out in phases and/or is built out over a long period of time. The mechanism should specify the scope of a review of viability for each phase or relevant phase of development.

4.24 In addition, paragraph 4.3.5 provides further guidance in making arrangements for review mechanisms, which boroughs should be mindful of the need to:

- Identify the point(s) at which the reappraisal should be carried out;
- Establish on a case-by-case basis the threshold level(s) of viability at which additional planning obligation contributions will be required;
- Establish what the review will assess;
- Establish if the review ‘looks back’ i.e. calculates additional contributions based on the completed phase or if the review ‘looks forward’ and uses information from the completed phase to inform the requirements of the next phase;
- Set a ‘cap’ on the additional provision that will be sought based on ensuring policy compliance;
- Agree the ‘profit split’ between the developer and borough once the threshold level of viability has been reached.
- Set out the expectation for additional homes on or offsite, or for receiving a financial contribution.

- 4.25 The SPG provides further guidance in regard to the practical application, methodologies and rates of return, amongst other things, for viability assessments.
- 4.26 The SPG is under review given that the Housing and Planning Bill, currently making its way through the legislative process, has significant implications for how the affordable housing in London is planned. Therefore, the majority of the Affordable Housing chapter in the SPG remains as draft.

Local Planning Policy

- 4.27 LBBD's affordable housing policy in the 2010 Core Strategy was deleted by the Inspector responsible for examining the latest adopted Development Plan Documents. As such, LBBD use London Plan policy, for which there is no longer a set target percentage.
- 4.28 LBBD's Issues and Options Report (2015) is not adopted policy but proposes two affordable housing scenarios ranging between 25% - 30% which are set out in the table below:

TABLE 4: LBBD TARGETS FOR MARKET, PRIVATE AND AFFORDABLE HOMES			
	London Plan Option	LBBD Option 1	LBBD Option 2
Market	48%	60%	45%
Private Rent	12%	15%	25%
Affordable	40%	25%	30%
<i>Shared ownership, sub-market rent and low cost homes for sale</i>	(16%)	(10%)	(12%)
<i>Subsidised rents</i>	(24%)	(15%)	(18%)

- 4.29 The London Plan's affordable housing provision requires 60% of affordable housing for social and affordable rent (which equates to 16% of the overall housing provision) and 40% for intermediate rent (which equates to 24% of the overall housing provision).
- 4.30 LBBD's proposed affordable housing tenure split options are shown in the table above.
- 4.31 The London Plan notes that in negotiating affordable housing on a site by site basis, Local Planning Authorities (LPAs) '*should take account of their individual circumstances including development viability*'.
- 4.32 Turning to unit mix, LBBD's Core Strategy Policy CC1 (Family Housing) states that major development will generally be expected to provide 40% family accommodation.

However, the policy acknowledges that urban context and location will inform the suitability of family housing in new developments.

- 4.33 It states that *'not all sites will be suitable for family sized accommodation. For example in town centre locations where the size and form of the site is too tight.'* The policy acknowledges that certain sites in Barking Town Centre will not be able to achieve the 40% target and sets a lower 30% target for family housing.

Site Specific Policy

- 4.34 Barking Town Centre was confirmed as a Housing Zone by the GLA in 2015, within which 2,295 homes are to be delivered across the Housing Zone area (97 hectares in total).
- 4.35 The purpose of the Housing Zone initiative is to unlock brownfield regeneration sites across London in a bid to significantly increase housing supply through a combination of funding and planning measures.
- 4.36 Vicarage Field is identified within the Barking Housing Zone Map as Site D which is a 'Future Scheme.'
- 4.37 LBBD's application for Housing Zone status was on the basis that Barking Town Centre would benefit from regeneration through the diversification of housing tenures. LBBD's successful bid noted that the Council is particularly keen to explore opportunities for the Private Rented Sector (PRS) as well as shared ownership as a key part of improving Barking Town Centre's offer. Notably, the Council's bid states that: *'In order to support the widening and deepening of the retail, service and evening economy in the town centre it is important to ensure sufficient owner-occupation and market rent housing to boost local spending power.'*
- 4.38 LBBD's bid made it clear that affordable housing, in the sense of social rented, is not a priority for the town centre as a significant amount already exists and the acute demand for new social rented housing is family homes of 3-4 bedrooms, which are not suited to the high density town centre area. The bid states that London Borough of Barking and Dagenham *'believe our bid sets out a compelling case for why there should be a lower percentage of affordable housing.'*

Site Specific Allocation

- 4.39 Barking Town Centre is also identified under Policy CM1 within the Core Strategy as a Key Regeneration Area for future growth.
- 4.40 In addition, the Site is allocated (BTCSSA10 – Vicarage Field) within the London Borough of Barking and Dagenham Barking Town Centre Area Action Plan Development Plan Document (2011) which designates the site for additional shopping floor space and circa 250 new homes. (The adjoining site relates to the Barking Station Master Plan Area.)



Figure 6 – Site Allocation – Vicarage Field

Summary

- 4.41 In summary, national, regional and local affordable housing support the delivery of the maximum reasonable amount of affordable housing that can be viably delivered, alongside other forms of planning gain. The policy intent however also seeks to encourage rather than restrain delivery, so development proposals must remain commercially viable.

5 Viability Methodology

- 5.1 The methodology adopted in producing this FVA has been framed by national, regional and local adopted planning policy as well as non-adopted best practice guidance.

Methodology

- 5.2 The most common method for valuing development land is the Residual Valuation Method, set out in the RICS's 'Valuation Information Paper 12' (VIP12), and the RICS 'Financial Viability in Planning' (FVIP) Guidance Note (94/2012).
- 5.3 The methodology underpinning a residual valuation is a relatively simple concept. In short, the gross value of the completed development is assessed, including, amongst others, the aggregated value of any residential properties, commercial income, car parking income and ground rents. Secondly, the cost of building the development is deducted along with professional fees, finance costs and developer's profit. This is illustrated below:

Table 5.1: Residual analysis methodology

Gross Development Value
Residential sales income
Commercial sales income
Any additional income (ground rents, car parking)
Less
Costs
Build costs
Exceptional development costs (e.g. listed building works)
Professional fees
Planning obligations (e.g. CIL, site specific s.106 obligations)
Marketing costs and disposal fees
Finance costs
Less
Developer's Profit
Equals
Residual Land Value

- 5.4 The output is the 'Residual' Land Value (RLV). If the RLV produced by a scheme is lower than an appropriate benchmark 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. If the RLV is higher

than the benchmark then the scheme can, in theory, provide additional affordable housing and /or other planning obligations.

Benchmark Value / Site Value

- 5.5 The Benchmark Value or Site Value is an integral part of an FVA.
- 5.6 NPPF policy states that in order for development to be deliverable, land value for the purposes of viability assessments should reflect a level that would “*provide competitive returns to a willing landowner*”. There is nothing explicitly stated within adopted policy noting what the Benchmark Value should be in relation to any specific scheme for viability purposes.
- 5.7 The RICS advises that ‘*Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.*’
- 5.8 Prior to the publication of the NPPF and the RICS guidance, Benchmark Land Value (BLV) for viability purposes was assessed on the basis of a Current Use Value (CUV) plus a premium or Alternative Use Value (AUV) of the site. An AUV approach is typically used where a site is subject to extant planning consents, with reference to other contextual market transactions where applicable. Having secured planning consents for a site, the landowner is unlikely to be prepared to release it for less than this value and indeed more dependent on market conditions and if there is a reasonable prospect of the consent being enhanced.
- 5.9 The different approaches to Benchmark Value are summarised below:
- *Existing Use Value (EUV) or Current Use Value (CUV) plus a premium - the value of the land to the landowner(s) in its current planning use, plus a premium to incentivise the land owner to release the site for development;*
 - *Alternative Use Value (AUV) - the value of the land in another use that has a reasonable chance of gaining planning permission or indeed already has planning permission;*
 - *Market Value (MV) – the cost of the land to the developer of acquiring the land, provided that the value has regard to development plan policies.*
- 5.10 Alternatively, the benchmark value can be inserted into the appraisal as a fixed cost and the level of profit generated by the scheme becomes the benchmark by which viability is measured. If a sufficient level of developer’s profit is generated the scheme is deemed to be viable.

5.11 This is the approach adopted within this FVA.

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6 Development & Sales Timings

Development Timings

6.1 The following headline development timings have been adopted for the application scheme:

- Pre-construction: 6 months
- Construction: 57 months
- Sales: 18 months

Pre-construction Timings

6.2 The development programme is estimated from the point at which planning consent is granted. The 6 month pre-construction period within our appraisal includes allowances for the following:

- Expiration of the Judicial Review period;
- Discharging of pre-commencement conditions;
- Securing necessary development funding;
- Decontamination works and
- Tender period for build contract package(s)

Construction

6.3 DS2 have been provided with a Construction Management Plan which allows for a 57 month construction period which has been adopted in the appraisal.

Residential Sales Timings

6.4 DS2 have assumed that the marketing campaign would include a 'soft' launch in advance of Practical Completion followed by a formal marketing launch once the building was nearing completion. Given the location of the proposals, it is anticipated that the marketing campaign would focus on domestic purchasers as opposed to securing high proportions of 'off-plan' sales through overseas exhibitions. As such, DS2 have advised that it is reasonable to assume that 70% of the apartments could be sold off-plan, with the remainder selling within 18 months after practical completion.

Commercial Timings

6.5 For the commercial elements, DS2 have assumed a 6 month void period.

6.6 DS2 have been advised by Cushman and Wakefield that a rent free period of 12-36 months and an average of 18 months is appropriate for the retail.

- 6.7 DS2 have adopted a rent free period of 18 months for the retail space, 15 months for the office space and the non –residential institution space (medical centre) and 24 months for the leisure space.

Summary

- 6.8 The development timings included in the appraisal are predominately a reflection of the advice received from the Applicant and their professional team.

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7 Development Value

Private Residential Values

- 7.1 The Applicant has been advised by leading residential agents Savills in respect of the achievable sales values for the private residential units.
- 7.2 In summary, Savills advise that the average achievable value of the residential units is £547 per sq ft which is the rate DS2 have assumed in the appraisal.

Commercial

Retail

- 7.3 The Applicant has been advised by leading commercial agents Cushman and Wakefield that the estimated rental value of retail of and restaurant space equates to £26 per sq ft for the shops (A1) and £32 per sq ft for the restaurant space (A3).
- 7.4 In GVA's draft CIL study for LBBD, yields for convenience retail up to 2,500 sq m are assumed to be 4.75%, with Barking town centre retail yields assumed to be 5.75%.
- 7.5 As an investor would not look at the leisure and retail elements of the scheme in isolation and would, instead, assume a similar yield for both, DS2 have assumed a 6% yield for the retail and restaurant space, which is also the yield adopted for the leisure space.
- 7.6 Cushman and Wakefield have used the following benchmark centres to justify their retail and leisure rents:
- Romford, The Mercury / Laurie Walk
 - Bexleyheath, Broadway Shopping Centre
 - Ilford, The Exchange
 - Hounslow, Treaty Centre
 - Edgware, The Broadwalk Shopping Centre
- 7.7 We understand that the benchmark centres used are based on centres of a similar size, location, catchment area and retail offer.

- 7.8 Cushman and Wakefield have assumed all of the retail units are let for terms of 10 years with tenant options to break in the fifth year and they have assumed the restaurant units are let on 20 year leases.
- 7.9 Cushman and Wakefield have assumed rent free periods of 12 -36 months. They have also assumed circa 95% of the retail have rent free periods of 18 months. DS2 have assumed a rent free period of 18 months in the appraisal.
- 7.10 DS2 have assumed that retail (A1) use accounts for 75% of the space and restaurant (A3) accounts for 25% of the 'retail' space within the appraisal based on the Architect's high level assumptions. This split is an estimation based upon the illustrative drawings from which the Architects have derived a percentage of area occupied by each of the uses. This percentage was then applied to the rounded figures of the illustrative areas of the planning schedule.

Hotel

- 7.11 As mentioned, the illustrative scheme assumes the hotel has 150 rooms and extends to 6,020 sq m.
- 7.12 There is a dearth of local comparable evidence for hotels. In the absence of this information, DS2 have considered the values for hotel in GVA's draft CIL study.
- 7.13 GVA's draft CIL study is assuming a rental income of £6,000-7,000 (per key) per annum capitalised at a 4.75% yield.
- 7.14 DS2 have assumed an annual rent of £6,000 per key and capitalised it at a yield of 6% based on the Applicant's hotel experience. This results in a capitalised value of £100,000 per key for each of the 150 bedrooms.

Health Centre

- 7.15 There is also a dearth of comparable evidence for health centres. Despite this, DS2 have assumed a rent of £10 per sq ft capitalised at a yield of 6% which is reflective of the covenant strength associated with health centre occupiers.
- 7.16 DS2 have assumed that the health centre accounts for 20% of the 'non-residential institution' space based on the Architect's high level assumptions at this stage.

7.17 DS2 understand that LBBD require the health centre as part of the Development to meet its planning policies on mixed use developments. As such, DS2 have valued 20% of 'non-residential institution' space as a health centre.

7.18 If the space could be attributed to another use, such as retail, DS2 are of the opinion that a higher value could be achieved.

School

7.19 Land for the school is proposed to be gifted to the Council. As a result, no value has been attributed to this element. DS2 have assumed that the school accounts for 74% of the 'non-residential institution' space, again based on the Architect's high level assumptions at this stage.

Bike Hub

7.20 DS2 have assumed a nominal value of £5 per sq ft at a yield of 8.5% for the bike hub. DS2 have assumed that the bike hub accounts for 6% of the 'non-residential institution' space based on the Architect's area assumptions.

7.21 DS2 understand that LBBD require the bike hub as part of the Development to meet its planning policies on mixed use developments. As such, DS2 have valued 6% of 'non-residential institution' space as a bike hub.

7.22 If the space could be attributed to another use, such as retail, DS2 are of the opinion that a higher value could be achieved.

Leisure

7.23 DS2 understand that the leisure space will be in the form of a gym and a cinema and a music venue. Cushman and Wakefield have estimated rental value for the leisure element (excluding the music venue) which equates to a rent of £12.50 - £14.00 per sq ft. DS2 have assumed a global average rent of £13 per sq ft.

7.24 DS2 have assumed a rent free period of 24 months in the appraisal.

7.25 GVA are currently assuming a yield of 8% based for leisure (cinema and leisure centre) in their draft CIL report.

7.26 As mentioned earlier on in Section 7, an investor would not consider the retail and leisure space in isolation and would assume a similar yield for both. Therefore, DS2 have assumed a 6% yield for the leisure space, which is also the yield adopted for the retail space.

Office

7.27 GVA's CIL study (dated January 2012) indicated that office rents in Barking were generally low ranging between £9 and £12 per sq ft. GVA adopted an office yield of 9% in Barking Town Centre in the 2012 CIL report. GVA's draft CIL study is currently assuming a slightly higher office rent in Barking Town Centre of £15 per sq ft.

7.28 DS2 summarise recent lettings in Barking below showing Grade A space achieving £16 per sq ft which also support a rents at this level. The configuration of the office space is not yet known, but assuming a mixture of unit sizes, DS2 have assumed £17.50 per sq ft which allows for lettings to local enterprises.

TABLE 6: OFFICE RENTS					
Address	Date	Floor	SF Leased	£ per sq ft	Tenant
80 Abbey Road	Feb-16	2	3,430	£16.00	KONE plc has taken 3,430 sq ft of Grade A office space (North Suite) on confidential terms.
1 Linton Rd	Jan-16	7-8	8,356	£14.00	Archant Community Media has taken 8,356 sq ft of refurbished office space (refurbished in 2014) on a 15 year lease.
Clockhouse Avenue	Sep-15	3	4,017	£12.53	Atom Services Ltd have taken 4,017 sq ft of office space on a new 10 year FRI lease subject to a tenant break option after year five. No incentives were agreed.
Linton Road	Jul-15	2	5,265	£16.50	North East London NHS Trust has taken 5,265 sq ft of office space (refurbished in 2014) on a 5 year lease
80 Abbey Road	Jul-15	1	1,400	£16.00 (Asking)	An unknown tenant has taken 1,400 sq ft of Grade A office space at The Granary on confidential terms.

7.29 DS2 have adopted a yield of 8% based on the office yield GVA are currently assuming in their draft CIL report. This reflects that the office space is not in a core office location and is likely to be let to local SMEs.

Value of any Additional Income

Ground Rent Income

- 7.30 DS2 have assumed a ground rent of £300 per unit income is capitalised at 5.0%, less purchaser's costs and it is assumed that the ground rent investment is sold as an income producing investment once the last residential unit is sold and occupied, in line with market practice.

Car Parking

- 7.31 As previously mentioned, residential parking is only for wheelchair units and no value has been attributed for this. DS2 have been informed by the Applicant that they expect to achieve £1,250 per annum per shopping centre car parking space which DS2 have adopted in the appraisal and capitalised at 6%.

- 7.32 We summarise the residential and commercial values below:

TABLE 7: VICARAGE FIELD: RESIDENTIAL AND COMMERCIAL VALUES			
Use	Details	Value	Area (sq ft)/ Units in Illustrative Scheme
Residential	Private Residential £psf	£547 per sq ft	618,069 sq ft (NIA) / 855 Units
Ground Rent	Ground Rent Per Unit	£300	
	Ground Rent Yield	5%	
Retail	Retail	£26 per sq ft (A1) £32 per sq ft (A3)	179,662 sq ft (NIA)
	Retail Yield	6%	
	Retail Rent Free	18 months	
Hotel	Hotel	£100,000 a key capitalised	64,799 sq ft (NIA) / 150 bed hotel
Non – Residential Institutions	Health Centre	£10 per sq ft	10,269 sq ft (NIA)
	Health Centre Yield	6%	
	Health Centre Rent Free	15 months	
	School	N/A	38,105 sq ft (NIA)
	Bike Hub	£5 per sq ft	3,079 sq ft (NIA)
	Bike Hub Yield	8.5%	
Leisure	Leisure Rent	£13 per sq ft	37,674 sq ft (NIA)
	Leisure Yield	6%	
	Leisure Rent Free	24 months	
Office	Office Rent	£17.50 per sq ft	8,396 sq ft (NIA)
	Office Yield	8.00%	
	Office Rent Free	15 months	
Car Parking	Car Parking Income	£1,250 per space @ 6%	360 car parking spaces (excludes residential wheelchair units)

8 Development Costs

8.1 This section provides a summary of the development costs on a present day basis. The overall costs comprise:

- Build costs;
- Professional fees;
- Sales, letting & marketing costs;
- Financing costs;
- Planning obligations including Mayoral and LBBD CIL

Build Costs

8.2 The Applicant's cost consultant, Sweet has provided a cost estimate dated 12 August 2016. This is attached at **Appendix 5**. In summary, this sets out a headline construction cost of £282,560,000 inclusive of prelims and overheads & profit. This reflects an overall cost rate of £208 per sq ft on the gross (GIA) area of the scheme excluding the area of the school, which extends to 126,050 sq m / 1,356,802 sq ft). Contingency is included at 5% of total build cost.

Professional Fees

8.3 Professional fees are included at 12% of total build cost. This is in line with our experience for a mixed-use, flatted London development of this scale where there are factors such as: rights of light, complex land acquisition and structural engineering considerations which need to be factored in.

Letting, Sales, Marketing & Disposal Costs

8.4 The following disposal costs have been adopted, which are considered market norms for a high-quality, mixed-use London development;

- Commercial Letting Agent Fee - 10% (of 1st years annual rental income)
- Commercial Letting Legal Fee - 5% (of 1st years annual rental income)
- Commercial Sales Agent Fee – 1.5% (of commercial GDV)
- Commercial Sales Legal Fee - 0.5% (of the annual rental income)
- Commercial Marketing Fee - £2.50 per sq ft
- Hotel Legal Fee - 0.5% (of the annual rental income)
- Hotel Marketing – 0.5% (of hotel GDV)
- Residential Sales Agent Fee – 1.5% (of private residential GDV)
- Residential Sales Legal Fee - 0.5% (of private residential GDV)

- Residential Marketing Fee - 1.5% (of private residential GDV)

Section 106 Contributions, Mayoral & Borough CIL

8.5 The Applicant has been advised by DP9 in regards the level of planning obligations.

The following indicative headline figures have been included:

- Mayoral Community Infrastructure Levy – £1,511,960
- LBBD Community Infrastructure Levy – £4,930,890
- Section 106 – £850,000

8.6 These figures have not been formally discussed or agreed with LBBD. Should the level of obligations change, DS2 reserve the right to amend this FVA

8.7 DS2 have assumed a S106 cost of £1,000 per residential unit (£850,000 in total) based on a high level assumption from the planners and the Applicant's transport consultant.

Other Development Costs

8.8 We have been advised by the applicant's Right of Light Surveyor that a budget of circa £5.3m is appropriate which assumes that none of the neighbours can achieve an injunction or ransom the scheme for development profit based settlements, which would be substantially higher.

8.9 DS2 have not included any compulsory purchase costs in the appraisal.

NHBC Guarantees

8.10 The cost of securing NHBC (or equivalent) guarantees has been included at £2,500 per residential unit. This is in line with DS2's experience of similar projects

Non-Recoverable VAT

8.11 The cost of non-recoverable VAT on those items which are not zero rated, such as white goods and carpets has been estimated at £2,500 per unit.

Finance

8.12 A finance rate of 7% has been adopted. This is an 'all in' rate, which includes the basic margin (3-4%), commitment fees (2%), arrangement fees (2-3%) and exit fees (0.5-1%), as well as a bank management/monitoring cost.

- 8.13 In assessing a reasonable rate of funding for this project DS2 have considered the nature and location of the development site and the type of developer who would bring this forward.
- 8.14 Although the model assumes that the development is 100% debt financed, the reality of the current lending environment is that many of the more traditional lenders are generally only lending senior debt at a maximum 50-60% loan to cost ratio. Developers therefore have to revert to equity or mezzanine finance to secure the remainder of their development funding, both of which are considerably more expensive than senior debt, typically at 10-15%. Alternatively developers can source debt from niche operators, who are by their nature, more expensive than the traditional lenders.

Summary

- 8.15 The build costs for the proposed scheme on a current day basis have been presented by the project cost consultants Sweet Consulting and in their professional opinion are reflective of a mixed-use development scheme of this quality, nature and scale.
- 8.16 The level of professional fees, letting, sales, marketing and disposal costs and finance fees assumed are based on our experience of market rates. The CIL contributions adopted are based on calculations provided to us by DP9.

9 Benchmark Land Value

- 9.1 As discussed, to arrive at an appropriate site value, due regard should be given to the NPPF, local planning policy and RICS Guidance for undertaking FVAs.
- 9.2 In reaching a conclusion over an appropriate value, one should consider an appropriate site value to meet the requirements of paragraph 173 of the NPPF in relation to development viability and encourage land owners to bring sites forward. The NPPF is clear that an appropriate BLV must provide a competitive return to a willing landowner, to ensure that there is an incentive for a site to be released for development.

Existing Use Value Plus /Current Use Value Plus

- 9.3 An EUV plus approach has been adopted for the Site.

Shopping Centre - Freehold

- 9.4 As mentioned in Section 2, the Applicant has a leasehold, not freehold, interest in the shopping centre. The Applicant has provided DS2 with lease details, the most salient of which have been summarised below.
- 9.5 DS2 understand that the shopping centre has been let (by the freeholder (The Mayor and Burgesses of the London Borough of Barking and Dagenham)) to Lagmar (Barking) Limited for a term of 99 years commencing on 29 September 1989 and expiring on 28 September 2088, with circa 72 years unexpired.
- 9.6 The rent payable to the freeholder is *'the greater of £73,350 per year (which is not subject to review), and the equity ground rent, being 5% of the net income for each accounting year. The net income is the "gross income" in any accounting year, less the "outgoings" for the same accounting year.'*
- 9.7 The lease provides that the deemed gross to net income figure is *'15% of the aggregate of the service charge rent, insurance premiums and other payments received by the tenant in that accounting year by way of reimbursement of expenditure.'*
- 9.8 DS2 have been provided with a tenancy schedule from the Applicant for the existing shopping centre which shows that the passing rent is £2,267,228 per annum. As the equity ground rent or the net income (at 85% of the passing rent) equates to £1,927,144 per annum, of which 5% is £96,357, is higher than £73,350 per annum, the rent payable to the freeholder is £96,357 per annum.

- 9.9 Assuming a yield of 6%, which reflects the security of the income stream, it results in a value of £1,605,953 for the freehold interest.

Shopping Centre - Leasehold

- 9.10 Turning to the leasehold interest of the shopping centre, DS2 have been provided with details of both the passing rent of the shopping centre (£2,267,228 per annum) and the Estimated Rental Value (ERV) of the shopping centre (£2,324,392 per annum) from the Applicant.
- 9.11 DS2 understand that the rental values assume the shopping centre in its existing state and do not take into account either the cost of refurbishing the shopping centre or the associated uplift in rent following a refurbishment, given the uplift in value of the ERV compared with the passing rent is relatively minor.
- 9.12 The passing rent and ERV have then been capitalised at a yield.
- 9.13 To ascertain an appropriate yield, DS2 summarise recent shopping centre investment deals and yields in Cushman and Wakefield's Shopping Centre Research Report (2016) the table below:

TABLE 8: SHOPPING CENTRE SALES			
Shopping Centre	Date	Price (£m)	Yield
Intu Merry Hill (50%), Brierley Hill	June 2016	410.00	5.20%
Broadway Shopping Centre, Bexleyheath	April 2016	120.25	6.70%
Willow Brook Centre, Bradley Stoke	June 2016	88.80	5.90%
Whitefriars (50%), Canterbury	June 2016	79.00	6.00%
Merseyway Shopping Centre, Stockport	June 2016	75.00	7.40%
The Harpur Centre, Bedford	June 2016	22.00	7.25%
The Market Shopping Centre, Crewe	June 2016	20.00	9.00%
Riverside Shopping Centre, Erith	June 2016	16.95	8.00%

- 9.14 Of the shopping centre transactions listed above, DS2 consider the Broadway Shopping Centre, in Bexleyheath, which is located in the outer London Borough of Bexley, similar to the outer London Borough of Barking and Dagenham (in which the Site is located) sold in April 2016 at a yield of 6.70% to be particularly comparable.
- 9.15 DS2 understand from Costar that the sale comprised both Broadway Square Retail Park and Broadway Shopping Centre.

- 9.16 Whilst the Broadway shopping centres contain a number of national retailers, DS2 consider Vicarage Field to be in a more accessible location with better public transport links albeit, with fewer parking spaces, and provides a smaller lot size than the purchase of the two retail centres in Bexleyheath.
- 9.17 To illustrate, in total, the Broadway shopping centre assets comprise circa 540,000 sq ft compared to c. 150,000 sq ft for Vicarage Field and DS2 would, therefore, expect a keener yield for Vicarage Field given the lower level of risk an investor would associate with an asset of this size.
- 9.18 Riverside Shopping Centre, which sold in June 2016 at a yield of 8%, is also in the outer London Borough of Bexley and DS2 also consider this to be a useful comparable.
- 9.19 DS2 understand from Costar that the property is held on a long leasehold, from The Mayor and Burgesses of the London Borough of Bexley for 150 years from June 2005, at a rent, based on rents received, of 5% of the gross annual income subject to a minimum of £50,000 per annum payable quarterly in advance.
- 9.20 DS2 are of the opinion that whilst the property is also held on a long leasehold, is a similar lot size 160,000 sq ft (compared to circa 150,000 sq ft in the subject Site) and is a short distance from Erith railway station, it does not benefit from access to a London Underground station and has fewer car parking spaces than the subject Site (c. 150 compared with c. 400 in the subject Site).
- 9.21 DS2 summarise shopping centre yields by centre type extracted from Cushman and Wakefield's Shopping Centre Research Q2 2016 in the table below:

TABLE 9: SHOPPING CENTRE YIELDS Q2 2016	
Shopping Centre	June 2016
Super Prime	4.25%
Prime	5.00%
Dominant Secondary	6.25%
Secondary	7.75%
Tertiary	8.50%

- 9.22 DS2 consider Vicarage Field to be most similar to the 'dominant secondary.' DS2 would also comment that GVA, as part of their CIL study are assuming a yield of 5.75% for Barking town centre retail space.
- 9.23 All things considered, DS2 are of the opinion that a yield of 6.5% is appropriate.

9.24 DS2 have, therefore, applied a 6.5% yield to the passing rent which equates to a value of circa £34.9m for this part of the Site.

9.25 The ERV of the shopping centre, based on flexible short term lettings, equates to an increase of circa 2.5% on the passing rent and suggests the shopping centre, is currently slightly under rented. When the rent payable to the freeholder has been deducted, and the ERV is capitalised at 6.5% , it equates to a value of circa £35.8m for this part of the Site.

9.26 As the leaseholder has to pay the freeholder £1,605,953 based on the above, this therefore this needs to be deducted from the initial leasehold valuation for the shopping centre.

Rest of the Site

9.27 The value of the shopping centre does not take into account the other buildings which form part of the wider Site which also need to be factored in.

9.28 **Appendix 6** sets out the estimated existing GEA and GIA floor areas comprising the shopping centre and the rest of the Site, which DS2 summarise below:

TABLE 10: EXISTING SITE AREAS		
	Area sqm (GIA)	Area sq ft
Existing Vicarage Field Shopping Centre	24,819	267,152
Rest of the Site	5,900	63,508
- <i>Other Retail</i>	1,890	20,344
- <i>Residential</i>	2,119	22,809
- <i>Hotel</i>	578	6,222
- <i>Office</i>	495	5,328
- <i>Health Care</i>	818	8,805

9.29 Assuming a c.£34.9m for the existing use of the shopping centre, based on the passing rent and an existing shopping centre GIA of 267,152 sq ft, this equates to a rate of £131 per sq ft

9.30 As the value of these other elements which form the rest of the Site is not known, DS2 have assumed the shopping centre rate of £131 per sq ft to the retail space not within the Applicant's ownership, which is estimated to be 20,344 sq ft.

- 9.31 For the remaining elements, DS2 have assumed a rate based on the percentage of the capital value per sq ft of each use (retail, residential etc.) in the proposed Development as a percentage of the capital value per sq ft of the proposed retail value. This rate has been multiplied by the area of each use type to arrive at an EUV of £8,138,809 for the buildings not currently owned by the Applicant.

TABLE 11: APPORTIONED SITE AREAS AND VALUES				
	% of Proposed Retail Value	Apportioned Value per sq ft	Area (Sq ft)	EUV
Existing Vicarage Field Shopping Centre	100%	£131	63,508	£34,880,427
Rest of the Site	-	-	63,508	£8,138,809
- Other Retail	100%	£131	20,344	£2,656,191
- Residential	141%	£184	22,809	£4,203,360
- Hotel	60%	£78	6,222	£485,209
- Office	50%	£65	5,328	£345,402
- Health Care	39%	£51	8,805	£448,646

Totals

- 9.32 To arrive at a freehold interest of the shopping centre, DS2 have added the value of the freeholder lease premium of £1,605,953 to the net value of the shopping centre. This value has then been added to the value of the rest of the Site.
- 9.33 To arrive at an EUV plus value for the shopping centre and the rest of the Site, DS2 have included a 20% uplift once purchasers costs have been deducted, which gives a value of £50,288,127. DS2 have undertaken the same exercise based on the ERV. As shown in the table below, the two rental options suggest an EUV plus value would be in the region of £50.3 m-£51.6 m

TABLE 12: EUV +		
	Passing Rent	Estimated Rental Value
Shopping Centre (Freehold Premium)		
Value of Lease Premium	£1,605,953	£1,646,444
Shopping Centre (Leasehold)		
Annual Rent	£2,267,228	£2,324,392
Yield	6.5%	6.5%
Capitalised Rent	£34,880,427	£35,759,873
Lease Premium	(£1,605,953)	(£1,646,444)
Net Value	£33,274,474	£34,113,429
Rest of the Site (Freehold)		
Value of the Rest of the Site	£8,138,809	£8,344,014.35
EUV Totals (Freehold)		
EUV (Net Value of the Shopping Centre + Lease Premium + Value of the Rest of the Site)	£43,019,236	£44,103,887
EUV – Purchasers Costs @ 6.8%	£36,344,453	£37,260,812
EUV + 20%	£50,288,127	£51,556,050

Alternative Use Value

- 9.34 An Alternative Use Value (AUV) approach is typically used where a site is subject to extant planning consents, with reference to other contextual market transactions where applicable.
- 9.35 Part of the Site benefitted from a Planning Permission Planning application number 09/00476/FUL for the *'full planning application for development comprising a mixed use scheme for 231 residential units (Class C3) ranging from 3 to 23 storeys in height, 1333 sqm of shopping, financial and professional services, restaurants and cafes (Classes A1, A2 and A3), alterations to the highway and ancillary parking and landscaping facilities and services'* which was granted by the London Thames Gateway Development Corporation (LTGDC) on 29th March 2011.
- 9.36 However, the planning permission has now expired and the LTGDC no longer exists. Furthermore, the site has since been allocated as a Housing Zone and the extant scheme would now fail to optimise the potential of the site and would not adequately respond to the Council's growing ambition for Barking Town Centre and the recent Housing Zone designation.

Summary

- 9.37 To conclude, based on the EUV plus approach, we arrive at a BLV of circa £50.3 m-£51.6 m.
- 9.38 For the purpose of this FVA, we have assumed £50.3m as the BLV.

10 Benchmark Profit Return

10.1 The approach being adopted in this FVA is to insert the Site Value generated by the EUV plus approach as a fixed land cost in the proposed Development appraisal and the level of residual profit generated becomes the benchmark by which viability is measured.

10.2 Assuming that a profit is produced by the appraisal, it is then necessary to compare this return with industry benchmarks in order to decide whether this is an acceptable level of profit with which to deliver the scheme and consequently, whether the scheme can viably support to provide affordable housing. Paragraph 173 of the NPPF states:

“To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable”.

10.3 The criteria to consider in arriving at an appropriate figure for developer's profit include, amongst other things, location, property use type, the scale of development, real levels of debt and the economic context. Simply, there must be a reasonable prospect that the return will be commensurate with the risks being undertaken. In addition, and perhaps more importantly, banks and other funding institutions will have minimum expectations in terms of financial returns that are aligned with the risk profile.

10.4 Finally, in relation to Appeal decisions the following decisions are of note in relation to profit levels (the underlining is our own):

- **Land at The Manor, Shinfield, Reading RG2 9BX APP/X0360/A/12/2179141 (January 2013)**

“The parties were agreed that profits should be assessed at 25% of costs or 20% of gross development value (GDV). The parties disagreed in respect of the profit required in respect of the affordable housing element of the development with the Council suggesting that the figure for this should be reduced to 6%. This does

not greatly affect the appellants' costs, as the affordable housing element is 2%, but it does impact rather more upon the Council's calculations.

The appellants supported their calculations by providing letters and emails from six national housebuilders who set out their net profit margin targets for residential developments. The figures ranged from a minimum of 17% to 28%, with the usual target being in the range 20-25%. Those that differentiated between market and affordable housing in their correspondence did not set different profit margins. Due to the level and nature of the supporting evidence, I give great weight it. I conclude that the national housebuilders' figures are to be preferred and that a figure of 20% of GDV, which is at the lower end of the range, is reasonable.

- **Ada Lewis House, Dalmeny Avenue, London Borough of Islington, N7 0LD APP/V5570/A/14/2214889 (June 2014)**

"The profit level of 20 % of Gross Development Value was challenged, particularly as the initial viability assessment was on the basis of a lower rate. However, in view of the evidence submitted by the appellant and from my experience in such matters I am satisfied that a level of 20% can be considered reasonable in the light of present day norms."

- **Dukes Lodge, 80 Holland Park, London W11 3SG APP/K5600/W/15/3007991 (January 2016)**

"However, the Rule 6 Party is not a signatory to the VSoCG and also questions the agreed profit margin of 18.5% gross development value (GDV), suggesting that 15% would be reasonable in this case. However, this figure used in the updated viability assessment takes into account development risks and market conditions and was reduced from 20%, the figure initially used by the appellant. The Framework states that viability should consider competitive returns to a willing landowner and willing developer to enable the development to be deliverable. The Government's Planning Policy Guidance (the Guidance) states that a rigid approach to assumed profit levels should be avoided. In my experience 18.5% is not extreme; it lies within the normal profit target range."

- **Former Territorial Army Site, 65-69 Parkhurst Road, London N7 0LP**
APP/V5570/A/14/2227656 (September 2015)

Based on the agreed values and other costs, including a total of some £2.67M for planning obligations and Mayor and Islington CIL contributions, a profit level based on the offered affordable housing contribution is calculated. At some 16.50% on scheme cost and 14.31% on scheme value, this profit is below the normal target values of 20% and 16.67% respectively.

- 10.5 Taking all of the above into account, whilst a profit return of up to 20% on GDV may be considered reasonable, particularly in light of more stringent funding criteria post 'Brexit', for the purposes of this FVA a conservative and robust position of 17.5% on GDV has been adopted.

11 Appraisal Results

- 11.1 The results of the FVA are presented below. A copy of the ARGUS appraisal summary for the proposed scheme is attached at **Appendix 7**

TABLE 13: FVA RESULTS				
Scheme	Fixed Land Cost	Benchmark Profit on GDV	Profit on GDV	Surplus/ (Deficit)
Mixed Use Redevelopment	£50.3m	17.50%	-16.25%	-33.75%

- 11.2 As is evident from the results above, the profit on GDV for the proposed scheme is below the benchmark profit on GDV demonstrating that, whilst the proposals can support both Mayoral and Borough CIL payments, in addition to providing land to deliver a school, the proposals are not able to support the provision of affordable housing.

12 Conclusion

- 12.1 DS2 has been appointed by the Applicant to produce an FVA assessing the financial viability of the proposed scheme.
- 12.2 In reaching the conclusions outlined in Section 10, the appropriate Benchmark Land Value of the Site has been assessed via a EUV plus approach to the Site valuation.
- 12.3 As is evident from the scheme results above, the residual profit for the proposed scheme is below the benchmark profit on GDV and whilst the proposals include both Mayoral and Borough CIL payments in addition to releasing land to deliver a new school, they are not currently able to support policy compliant levels of affordable housing.
- 12.4 Delivery of the scheme will rely upon the growth of residential and commercial values in Barking Town Centre. In respect of residential this anticipated growth will allow more alignment with other comparable, but still affordable, locations in east London.
- 12.5 Barking is currently highly undervalued. It has excellent public transport connections with access to central London, Canary Wharf and Stratford. However, new build town centre development in Barking currently sells at £450-550 /sq ft. This is clearly lower than east London locations, such as Stratford.
- 12.6 Barking is set to undergo a significant urban transformation and is one of London's key growth opportunities. It is located in the heart of one of the largest regeneration areas in Europe and the Council has set a bold vision for growth and positive change. Barking is therefore strongly expected to experience value growth over the next few years through the delivery of new high quality development.
- 12.7 The proposed scheme's transformational aspirations are entirely aligned with the Council's vision. The proposed development seeks to be a firm part of the borough's future regeneration and growth. It will provide the quality of development and type of comprehensive place-making required to deliver a step change for the town centre and make it a destination of choice. It will enhance perceptions of the area and allow Barking to compete with its east London neighbours.
- 12.8 The overall quality of development is critical in delivering this step change. A scheme of lower ambition and design intent would fail to maximise this unique opportunity and

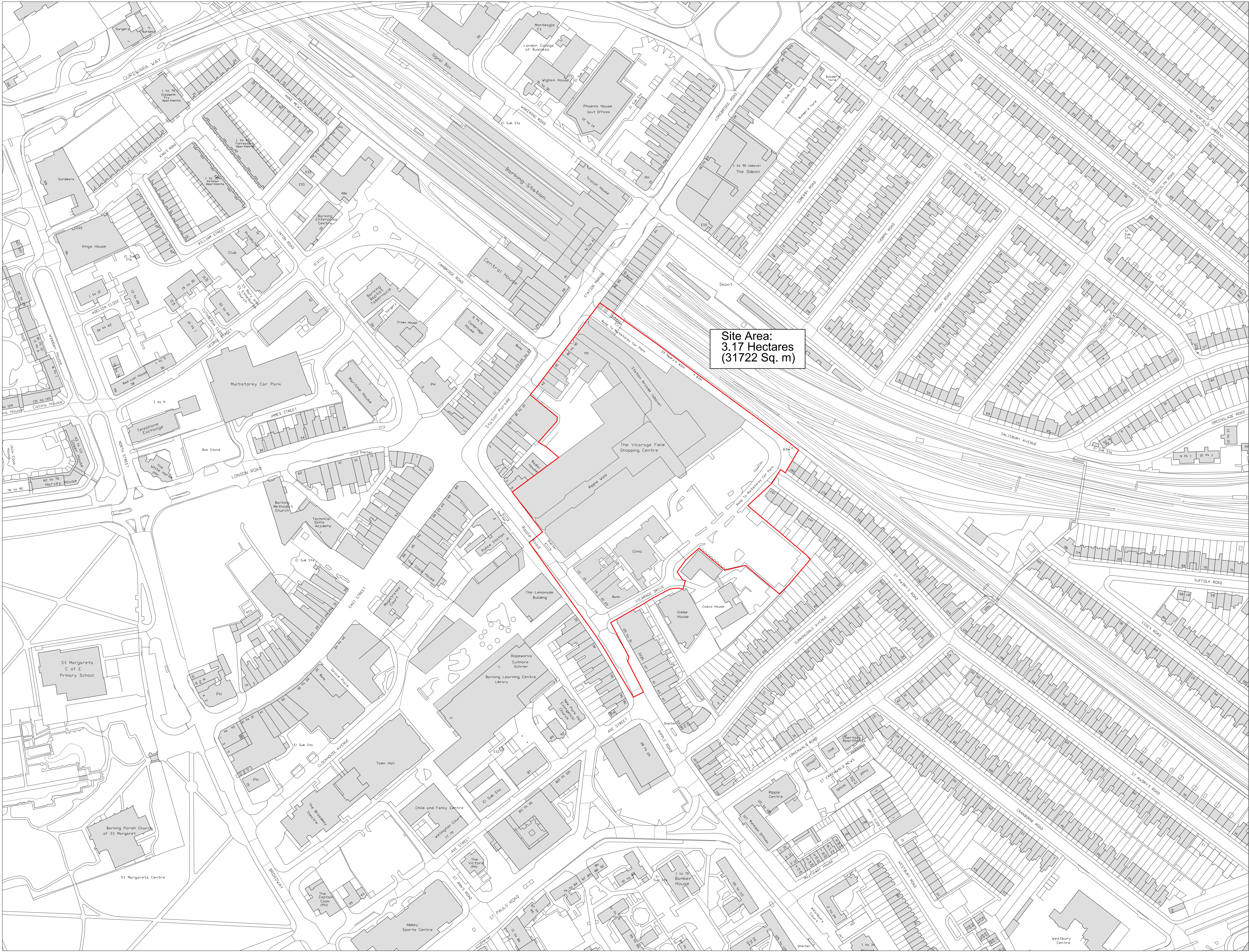
deliver the positive change required. Consequently, the high quality product proposed is not aligned with current market expectations and Barking's existing low sale values result in an unviable scheme.

- 12.9 However, the development will not be completed for a number of years and will act as a catalyst to propel value growth. Residential values in Barking only need to become aligned with other affordable centres such as Stratford and, with commercial values growing in parallel, the scheme would become viable. Further improvements will then facilitate the delivery of affordable housing.
- 12.10 The applicant has an aspiration to maximise the affordable housing provision. However, given the scheme's regeneration objectives, a more strategic and long term approach to affordable housing is required.
- 12.11 A viability review mechanism is proposed to deliver affordable housing as part of the development. This will allow the applicant to manage the significant risks and extended timeline for the delivery of the scheme.
- 12.12 It is proposed that a viability review, which could result in up to 50% affordable housing on the Site, is undertaken at the reserved matters stage and secured by the Section 106. The viability review will reflect changes in the market over time in Barking and ensure that the delivery of affordable housing is maximised.
- 12.13 In summary, the scheme will result in a number of benefits which we summarise below:
- Provision of over 850 new homes in an identified Housing Zone that is a well-connected and a sustainable location. It will diversify Barking's housing offer and boost local housing supply in line with London and local housing targets.
 - Potential for a new range of retail occupiers, new restaurants, a cinema and a music venue at the heart of the town centre which will enhance Barking's retail offer, range of facilities and its night-time economy.
 - The opportunity for new school and healthcare facilities. The land for the school will be gifted to the Council. The delivery of these facilities will help alleviate the current stress on infrastructure in the area.
 - The creation of circa 1,300 new full time jobs and accommodate over 1,500 new residents and it is estimated that the increase in spending from households could be £8.8m-£10.9m.

- 12.14 It is also considered that the proposed scheme will deliver substantial benefits to the local area, provide an opportunity to reinvigorate the town centre and deliver the Council's wider aims and aspirations for Barking.
- 12.15 DS2 would be happy to meet with LBBD or its appointed advisors to discuss or expand upon any points contained within this submission.

CONFIDENTIAL

APPENDIX ONE



General Notes

Key

Planning Application Boundary

05	12.07.16	General Revision	BM
04	03.06.16	Revision to redline	BM
03	16.05.16	Redline revised Highway works	AP
02	25.01.16	Redline Redline	BM
01	21.12.15	Application Boundary Revised	BM
Rev	Date	Reason for Issue	Chk

Keyplan

Scale Bar

0 10m 20m

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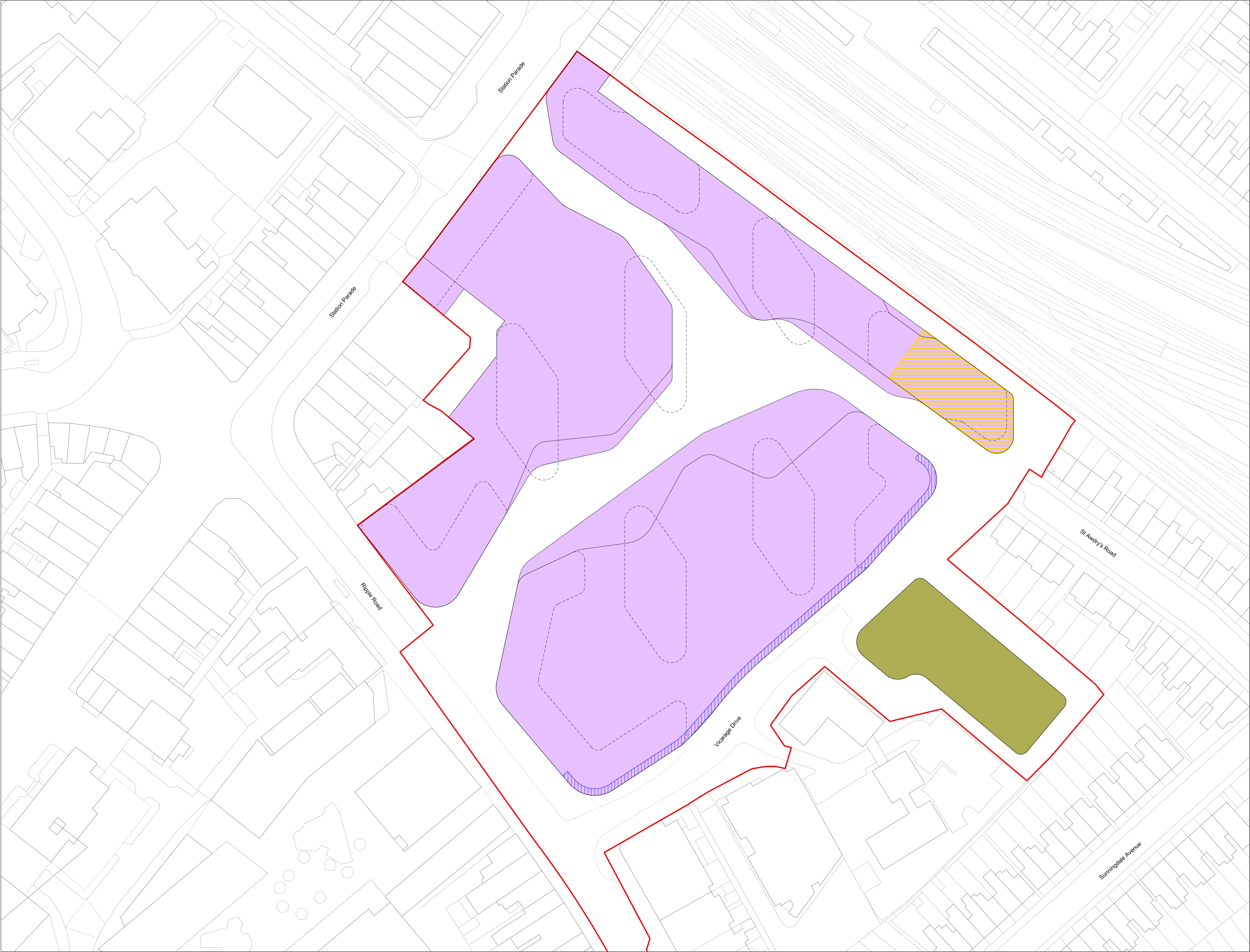
Client
Lagmar (Barking) Ltd.

Project
Vicarage Field
Barking

Drawing Title
Site Location Plan

Project Number	Status
0247	PLANNING
Scale at A1	Date
1:1250	15.12.2015
Drawn by	Checked by
BD	BM
Drawing Number	Revision
0247_SEW_VF_0001	05

APPENDIX TWO



General Notes

Key

For Information:

- Planning Application Boundary
- Development block outlines
- Upper floor development block outlines

For Approval:

- Predominantly Retail and Leisure (A1, A2, A3, C3, D1, D2)
- Education (D1)
- Predominantly Community, Commercial and Healthcare frontage (B1, D1, D2)
- Residential on Level 1 (C3)

Notes:

- Development block outlines are indicative only.
- Allowable horizontal and vertical limits of deviation at level 00 are identified on parameter plan 0247_SEW_VF_P_6001.
- Allowable horizontal and vertical limits of deviation at level 01 are identified on parameter plan 0247_SEW_VF_P_6002.
- Allowable horizontal and vertical limits of deviation at level 02 and above are identified on parameter plan 0247_SEW_VF_P_6003.
- Open space provision is identified on parameter plan 0247_SEW_VF_P_6004.
- Zones for bridges are identified on parameter plan 0247_SEW_VF_P_6005.
- Land use at levels 00 and 01 is identified on parameter plan 0247_SEW_VF_P_6006.
- Land use at level 02 and above is identified on parameter plan 0247_SEW_VF_P_6007.
- Maximum extent at basement level are identified on parameter plan 0247_SEW_VF_P_6008.
- Access and circulation routes are identified on parameter plan 0247_SEW_VF_P_6009.
- To be read in conjunction with the Design Code.
- Road layout within the application boundary is for information only.
- "Predominantly community, healthcare and commercial frontage" includes car park access.
- "Predominately" is higher than 50% of the indicated frontage.

01	12.07.16	General Revision	BM
Rev	Date	Reason for Issue	Chk

Keyplan

Scale Bar

sew Studio Egret West

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Client
Lagmar (Barking) Ltd.

Project
Vicarage Field
Barking

Drawing Title
PARAMETER PLAN
Land Use
Levels 00 and 01

Project Number	Status
0247	PLANNING
Scale at A1	Date
1:500	10.05.2016
Drawn by	Checked by
BD	BM
Drawing Number	Revision
0247_SEW_VF_P_6006	01

APPENDIX THREE

APPENDIX FOUR

Vicarage Field – Proposed Development Schedule

SEW

Proposed

Date: 15/07/2016

Rev: 03

Land use
A1, A2, A3, A4 & A5- Retail
B1- Business
C1- Hotel
C3- Residential
D1- Non-residential institutions
D2- Assembly and leisure
Shared Basment
Car Parking
Total Area

Minimum			
GEA (sqm)	GIA (sqm)	NIA (sqm)	Notes
20,500	19,890	15,910	Equal to existing retail minus min of D1 & D2 uses.
1,000	970	780	Equal to illustrative.
-	-	-	No Min.
65,000	63,050	50,440	10% reduction on illustrative.
4,500	4,370	3,500	Equal to illustrative 3FE school.
2,000	1,940	1,550	
			No Min.
			No Min.
N/A			It is not possible to build the minimum of all uses and meet the envelope min.

Illustrative Scheme (with rounding)			
GEA (sqm)	GIA (sqm)	NIA (sqm)	Units
21,500	20,860	16,690	
1,000	970	780	
7,750	7,520	6,020	150 Rooms
74,000	71,780	57,420	855 Homes
6,150	5,970	4,780	
4,500	4,370	3,500	
20,000	19,400	N/A	400 Spaces
			400 Spaces
134,900	130,870	89,190	

Maximum				
GEA (sqm)	GIA (sqm)	NIA (sqm)	Units	Notes
25,650	24,880	19,900		If D2 and D1 were reduced to their min.
1,250	1,210	970		250sqm added to illustrative to allow some flex.
7,750	7,520	6,020		
81,750	79,300	63,440		If no hotel was provided.
6,500	6,310	5,050		450 sqm added to allow some flex.
5,000	4,850	3,880		500 sqm added to allow some flex.
22,000	21,340	17,070		2000sqm added to allow for basement to increase to max parameter
			400 Spaces	
138,000	133,860	107,090		Overlaps in areas have been removed so total is less than the sum of all max areas.

Note:

Illustrative GEA figures are based on the illustrative scheme with some rounding up

GIA has been calculated as 97% of GEA

NIA has been calculated as 80% of GIA

Residential GEA includes inset balconies/winetrgardens

Shared basement includes all area shared between multiple uses

APPENDIX FIVE

Londonewcastle

Vicarage Fields, Barking

Order of Cost Estimate - No 3

12 August 2016

Originated by: Richard Hill
Reviewed by: Andrew Moore

Version: R1

Status: ISSUED

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Executive Summary

- 1.1 This report comprises an order of cost estimate for the construction of a proposed residential and retail development at Vicarage Fields, Barking, based upon the planning stage drawings issued by Studio Egret West on 3 August 2016.
- 1.2 The scope of works priced herein includes:
- 855 no. residential units primarily for private sale; fitted out, ready for occupation, built off of a podium structure above basement; it is assumed that all units will have a broadly similar level of internal specification; enhancements have been allowed for penthouse units
 - 150 no. bed mid-range hotel, fitted out ready for occupation by an operator
 - retail, and commercial leisure facilities at ground and first floor levels
 - a single level main basement accommodating car parking, servicing and energy centre
 - high quality site and public realm
- 1.3 In this cost estimate, it is assumed that Plot D will be provided to the Local Authority for the future provision of a new 3FE school. It is assumed that the construction of the school itself will be by others, and is, therefore, not costed for in this estimate.
- 1.4 In compiling this estimate, we have assumed that the development may be delivered in partnership with a major national residential developer/contractor; with the residential built to a good quality mid-market level of fit-out, including underfloor heating but not comfort cooling; the community units have been allowed as fitted out to a level equivalent to CAT A; retail units have been assumed to shell-only finish with capped service connections.
- 1.5 We have assumed that the development will be serviced by an on-site Energy Centre. No allowance is included for any network infrastructure upgrades that may be required to facilitate a development of this size. We have also made no allowance for any off-site highways works.
- 1.6 Allowances included herein for demolition and site clearance are notional based upon an overall area of existing buildings of 30,719m², and a site area of 2.51 ha. The overall gross internal area (GIA) of the development is assumed to be 126,050m²; including basement of 19,400m²; but exclusive of the proposed school.
- 1.7 The estimated total construction cost at Q3 2016 pricing levels is **£296,700,000**; equating to a build rate of £2,354/m² (£219/ft²) against the total GIA. This is comparable to similar scale developments that Sweett are involved currently with in west and east London.
- 1.8 The costs include allowance for preliminaries, OH&P, and a 5% general contingency.
- 1.9 No allowance is made for increased costs beyond Q3 2016, either up to start on site or during construction, pending confirmation of the likely development programme.
- 1.10 The costs also exclude professional fees, off-site highways works, S106/CIL, or VAT.

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Appendices

Appendix A - Costings

Appendix B – Drawings

Appendix C - Area Schedules

1.0 Cost Summary

1.1 Costs

	£	GIA (m ²)	£/m ² GIA	£/ft ² GIA	No. units	£/unit	m ² /unit ave.
Accommodation							
Building A retail level 0 and 1	6,050,000	5,190	1,166	108	n/a	n/a	n/a
Building A1 residential level 0-24	24,270,000	10,475	2,317	215	127	191,102	82
Building A2 hotel level 0-15	13,490,000	7,520	1,794	167	150	89,933	50
Building A3 residential level 0-8	11,800,000	4,970	2,374	221	59	200,000	84
Building A	55,610,000	28,155	1,975	183	336	165,506	84
Building B retail level 0 and 1	8,680,000	9,010	963	89	n/a	n/a	n/a
Building B1 residential level 0-35	42,690,000	18,880	2,261	210	224	190,580	84
Building B2 residential level 0-25	30,620,000	13,185	2,322	216	156	196,282	85
Building B3 residential level 0-4	5,650,000	1,990	2,839	264	24	235,417	83
Building B4 residential level 0-6	5,600,000	1,910	2,932	272	23	243,478	83
Building B4 leisure (gym) level 0 and 1	2,420,000	1,350	1,793	167	n/a	n/a	n/a
Building B	95,660,000	46,325	2,065	192	427	224,028	108
Building C retail level 0 and 1	7,360,000	6,660	1,105	103	n/a	n/a	n/a
Building C offices level 0 and 1	1,970,000	970	2,031	189	n/a	n/a	n/a
Building C leisure level 0 and 1	7,320,000	3,020	2,424	225	n/a	n/a	n/a
Building C1 residential level 0-4	4,460,000	1,470	3,034	282	17	262,353	86
Building C2 residential level 0-12	15,640,000	6,315	2,477	230	75	208,533	84
Building C3 residential level 0-17	20,100,000	8,400	2,393	222	100	201,000	84
Building C4 residential level 0-6	11,650,000	4,185	2,784	259	50	233,000	84
Building C4 clinic level 0 and 1	2,200,000	1,150	1,913	178	n/a	n/a	n/a
Building C	70,700,000	32,170	2,198	204	242	292,149	133
Building D 3FE school land only	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Building D	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total: Accommodation (Q3 2016)	221,970,000	106,650	2,081	193	1,005	220,866	106
Basement and Foundations							
Substructure; piling	9,300,000	19,400	479	45	n/a	n/a	n/a
Basement; car parking	25,650,000	19,400	1,322	123	n/a	n/a	n/a
Total: Basement (Q3 2016)	34,950,000	19,400	1,802	167	n/a	n/a	n/a
Site Works and Infrastructure							
Site clearance	3,400,000	30,719	111	10	n/a	n/a	n/a
Public Realm	13,930,000	16,935	823	76	n/a	n/a	n/a
Energy Centre & Utilities	7,710,000	n/a	n/a	n/a	n/a	n/a	n/a
Highways	600,000	n/a	n/a	n/a	n/a	n/a	n/a
Total Infrastructure (Q3 2016)	25,640,000	n/a	n/a	n/a	n/a	n/a	n/a
Total Construction Cost (excluding Contingency)	282,560,000	126,050	2,242	208	n/a	n/a	n/a
Project Contingency @ 5%	14,140,000	126,050	112	10	n/a	n/a	n/a
Total including Contingency (Q3 2016)	296,700,000	126,050	2,354	219	n/a	n/a	n/a

2.0 Notes and Exclusions

2.1 Basis of Costs

- 2.1.1 This report comprises an order of cost estimate for the construction of a proposed residential and retail development at Vicarage Fields.
- 2.1.2 The scope of works priced herein includes:
- 855 no. residential units primarily for private sale; fitted out, ready for occupation, built off of a podium structure above basement; it is assumed that all units will have a broadly similar level of internal specification; enhancements have been allowed for penthouse units
 - 150 no. bed mid-range hotel, fitted out ready for occupation by an operator
 - retail, and commercial leisure facilities at ground and first floor levels
 - a single level main basement accommodating car parking, servicing and energy centre
 - high quality site and public realm
- 2.1.3 The costings have been based upon the planning stage drawings and schedules issued by Studio Egret West on 3 August 2016. For ease of reference, an extract from this document comprising the layouts for levels B-1 and B-2, site layout, stepping heights and the area and accommodation schedules is included as a appendices herein. No other specific structural or services information was available for the preparation of these costings.
- 2.1.4 In this cost estimate, it is assumed that Plot D will be provided to the Local Authority for the future provision of a new 3FE school. It is assumed that the construction of the school itself will be by others, and is, therefore, not costed for in this estimate.
- 2.1.5 In compiling this estimate, we have assumed that the development may be delivered in partnership with a major national residential developer/contractor; with the residential built to a good quality mid-market level of fit-out, including underfloor heating but not comfort cooling; the community units have been allowed as fitted out to a level equivalent to CAT A; retail units have been assumed to shell-only finish with capped service connections.
- 2.1.6 We have assumed that the development will be serviced by an on-site Energy Centre. No allowance is included for any network infrastructure upgrades that may be required to facilitate a development of this size. We have also made no allowance for any off-site highways works.
- 2.1.7 Allowances included herein for demolition and site clearance are notional based upon an overall area of existing buildings of 30,719m², and a site area of 2.51 ha. The overall gross internal area (GIA) of the development is assumed to be 126,050m²; including basement of 19,400m²; but exclusive of the proposed school.
- 2.1.8 The costs include allowance for preliminaries, OH&P, and a 5% project design and construction contingency.

2.1.9 No allowance, however, is made for increased costs beyond Q3 2016, either up to start on site or during construction, pending confirmation of the likely development programme.

2.1.10 The costs also exclude fees, off-site highways works, S106/CIL, or VAT.

2.2 Information used

2.2.1 Planning stage drawings and schedules issued by Studio Egret West on 3 August 2016:

Existing buildings:

- 0247_SEW_VF_0001 Site Location Plan SEW A1 1:1250 05
- 0247_SEW_VF_0002 Existing Block Plan SEW A1 1:500 01
- 0247_SEW_VF_0301 Existing Elevations SEW A1 1:500 01

Illustrative Drawings:

- 0247_SEW_VF_1000 Ground Floor Plan SEW A1 1:500 08
- 0247_SEW_VF_1001 First Floor Plan SEW A1 1:500 07
- 0247_SEW_VF_1002 Second Floor Plan SEW A1 1:500 05
- 0247_SEW_VF_1003 Typical Upper FloorPlan SEW A1 1:500 06
- 0247_SEW_VF_1040 Roof Plan SEW A1 1:500 04
- 0247_SEW_VF_1099 Basement Plan SEW A1 1:500 04
- 0247_SEW_VF_1201 Section 01 SEW A1 1:500 03
- 0247_SEW_VF_1202 Section 02 SEW A1 1:500 03
- 0247_SEW_VF_1203 Section 03 SEW A1 1:500 01 03
- 0247_SEW_VF_1301 Elevation 01 Station Parade SEW A1 1:500 01
- 0247_SEW_VF_1302 Elevation 02 Ripple Road SEW A1 1:500 01
- 0247_SEW_VF_1303 Elevation 03 Vicarage Drive SEW A1 1:500 01
- 0247_SEW_VF_1304 Elevation 04 Block B Internal SEW A1 1:500 01
- 0247_SEW_VF_1305 Elevation 05 Block A Internal SEW A1 1:500 01

Parameter Plans:

- 0247_SEW_VF_P_6000 Development Blocks SEW A1 1.500 00
- 0247_SEW_VF_P_6001 Horizontal and Vertical Limits of Deviation. Level 00 SEW A1 1.500 01
- 0247_SEW_VF_P_6002 Horizontal and Vertical Limits of Deviation. Level 01 SEW A1 1.500 01
- 0247_SEW_VF_P_6003 Horizontal and Vertical Limits of Deviation. Upper Levels SEW A1 1:500 01
- 0247_SEW_VF_P_6004 Open Space Provision SEW A1 1.500 01
- 0247_SEW_VF_P_6005 Bridges SEW A1 1.500 01
- 0247_SEW_VF_P_6006 Land Use. Levels 00 and 01 SEW A1 1.500 01
- 0247_SEW_VF_P_6007 Land Use. Levels 02 and Upper Floors SEW A1 1.500 00
- 0247_SEW_VF_P_6008 Maximum Limits of Deviation. Basement Plan SEW A1 1:500 01
- 0247_SEW_VF_P_6009 Access & Routes SEW A1 1.500 02

Planning Schedules:

- 0247_SEW_Vicarage Field Proposed Development Schedule SEW 03
- 0247_SEW_Vicarage Field Existing Building Areas - Breakdown by Use SEW 00
- 0247_SEW_Vicarage Field Retail Area Comparison - Existing / Proposed SEW 01

2.2.2 Additionally, we have made reference to the following documents:

- Vicarage Field Design & Access Statement, July 2016, final draft 30 June 2016
- Vicarage Field Design Code, July 2016, final draft 30 June 2016
- Structural overlay drawings, ref. Sketch 073 Ground Floor, and Sketch 074 First Floor, dated 16 May 2016
- TTP Consulting Vicarage Drive Main Access (Option 5) drawings, sketch 1 of 2 and 2 of 2, ref. 2015-2489-008.5 and 2015-2489-008.5 (TR)
- Factory Fifteen SEW Vicarage Field images brochure Work in progress dated 17.05.2016
- Vicarage Field Landscape proposals, dated 19 May 2016
- Scotch Partners Utilities Status Update – Revision 00, dated 09/02/2016
- Scotch Partners Vicarage Field – ‘One Planet Living’ Concept Outline Sustainability Principles and Potential Measures, dated December 2015 V00

2.2.3 For ease of reference the Illustrative Drawings, and Planning Schedules, are included herein as appendices.

2.3 Assumptions

2.3.1 The following assumptions have been made in compiling these figures:

- piled foundations
- reinforced concrete frame; an allowance for transfer structures has also been included to the podium level
- external elevations to the residential buildings have been assumed to comprise 60% glazing and 40% solid panellised cladding in a mix of brick, metal panels and timber, with fibre cement to the upper levels of the Lozenge towers; a mix of 50% inset balconies and 50% winter gardens; pop-out windows to the gym and music venue; metal/timber brise soleil. Please note, we have assumed that the design will articulate the appearance of rounded corners. We have not, however, budgeted for curved facades
- extensive use of green roofs; plant screening
- apartments to be mostly private for sale, with an average apportionment of market 85%/intermediate 15%; fitted out to a good mid-market quality, including underfloor heating but not comfort cooling
- the hotel is priced to be fitted out to the standard of a Premier Inn or similar; excluding OSE
- offices; fitted out to CAT A
- gym: shell & core for fit out by operator
- music venue: shell & core for fit out by operator
- clinic: shell & core for fit out by operator
- retail: shell for fit out by operator
- cinema: shell for fit out by operator
- basement: fully fitted out for car park and plant
- sprinklers to be provided all buildings, although there may be opportunity to omit from buildings which do not exceed 30m above ground level
- compliance with equivalent of Code for Sustainable Homes Level 4 and BREEAM Excellent for the non-domestic accommodation
- high quality public realm; metal cladding to underside of walkways; raised irrigation to beds and allotments
- two new substations; four existing substations relocated
- temporary energy centre
- allowance for road widening
- we have also assumed that the adjacent railway line will have minimal impact on construction; albeit that the facades may require upgrading to allow for enhanced acoustic requirements

- 2.3.2 The areas upon which these costings have been based are those provided to us by the architects. All areas presented in this report have been prepared for the purposes of costing only. The areas will be subject to change as the design develops and should therefore not be used for any other purpose.
- 2.3.3 An allowance has been included for a 5% project contingency which is the minimum we would recommend at this early stage of the design.

2.4 Exclusions

- 2.4.1 The following potential costs have been excluded from the figures. It is assumed that, if required, the costs will be incorporated elsewhere within the development appraisal:
- site acquisition costs
 - professional or legal fees; finance costs
 - planning or building control fees
 - surveys or investigations works; archaeology
 - rights of light; party wall agreements
 - extensive contamination remediation or site dewatering
 - construction of the 3FE school
 - retail fit-out
 - tenants fit-out to Community units
 - comfort cooling within the residential units
 - tenants' FF&E in residential units
 - CAT B fit-out to offices
 - fit out to retail, gym, music venue, cinema
 - rainwater harvesting
 - S106 or S278 works, or CIL costs
 - works outside the boundary of the site
 - off-site highways / infrastructure upgrades; or services diversions; unless expressly stated otherwise
 - any rail related costs, including fees associated with liaison with Network Rail or similar interested third parties
 - any contingency sums for phased construction; pending a detailed phasing and programme review with a Contractor
 - inflation post Q3 2016, either up to start on site or during construction
 - Value Added Tax, Stamp Duty etc.

Londonewcastle – Vicarage Fields, Barking
Order of Cost No 3

Appendices

Londonewcastle – Vicarage Fields, Barking
Order of Cost No 3

Appendix A - Costings

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b



Summary	Amount £
VICARAGE FIELD, BARKING ILLUSTRATIVE SCHEME 855 UNITS	
ACCOMMODATION	
Building A	
Building A retail level 0 and 1	6,050,000
Building A1 residential level 0-24	24,270,000
Building A2 hotel level 0-15	13,490,000
Building A3 residential level 0-8	11,800,000
Sub Total: Building A	55,610,000
Building B	
Building B retail level 0 and 1	8,680,000
Building B1 residential level 0-35	42,690,000
Building B2 residential level 0-25	30,620,000
Building B3 residential level 0-4	5,650,000
Building B4 residential level 0-6	5,600,000
Building B4 leisure (gym) level 0 and 1	2,420,000
Sub Total: Building B	95,660,000
Building C	
Building C retail level 0 and 1	7,360,000
Building C offices level 0 and 1	1,970,000
Building C leisure level 0 and 1	7,320,000
Building C1 residential level 0-4	4,460,000
Building C2 residential level 0-12	15,640,000
Building C3 residential level 0-17	20,100,000
Building C4 residential level 0-6	11,650,000
Building C4 clinic level 0 and 1	2,200,000
Sub Total: Building C	70,700,000
Building D	
Building D 3FE school: land only	
Sub Total: Accommodation	221,970,000
Carry Forward	221,970,000

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b



Summary	Amount £
Brought Forward	221,970,000
SUB-STRUCTURE	
Sub-structure: piling	9,300,000
Sub-structure: basement	25,650,000
Sub Total: Sub-structure	34,950,000
SITE WORKS	
Site Clearance	3,400,000
Public Realm	13,930,000
Energy Centre and Utilities	7,710,000
Highways	600,000
Sub Total: Site Works	25,640,000
Project Contingency	14,130,000
Rounding	10,000
Total	296,700,000

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1



Description	Cost/m2 £	Amount £
Superstructure	769.20	3,992,000.00
Internal Finishes	14.35	74,000.00
FFE	6.74	35,000.00
Services	184.98	960,000.00
Preliminaries	146.29	759,000.00
OHP	44.86	233,000.00
Rounding	(0.58)	(3,000.00)
Total	1,165.84	6,050,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1; Superstructure;



Description	Quantity	Unit	Rate £	Amount £
Frame				
Allowance for insitu RC columns and core walls etc.	5,190	m2	80.00	415,000.00
Upper Floors				
Allowance for insitu RC slabs to Level 01; assumed 250mm thick	2,449	m2	160.00	392,000.00
Roof				
Insitu RC slab with waterproofing and insulation to retail roof areas at Level 02	2,447	m2	325.00	795,000.00
Allowance for roof plant screens / parapets to enclose retail tenant plant	1	Item	50,000.00	50,000.00
Allowance for sundry plant supports, plinths, upstands, metalwork etc.	1	Item	25,000.00	25,000.00
Stairs and Ramps				
Insitu or precast concrete stairs and landings with mild steel painted balustrades and handrails, nosings etc.; from ground floor to Level 01	2	Nr	7,500.00	15,000.00
External Walls				
Allowance for facades to retail elevations at ground floor and Level 01; assumed predominantly facing brickwork; assumed 5.6m storey heights and 60% solid brickwork facades (40% glazed shopfronts measured elsewhere)	2,023	m2	375.00	759,000.00
Extra over for detailing around shopfront pilasters, plinths and horizontal bands etc.	1	Item	75,000.00	75,000.00
Allowance for secondary steelwork / framing to shopfront openings, windposts and other sundry details	1	Item	50,000.00	50,000.00
Windows and External Doors				
Allowance for glazed shopfronts and doors to retail units; assumed 5.6m storey heights and 40% glazing (solid brickwork facades measured elsewhere)	1,348	m2	750.00	1,011,000.00
Allowance for awnings / canopies to retail units	1	Item	50,000.00	50,000.00
Allowance for means of escape doors generally, say	3	Nr	2,500.00	8,000.00
Internal Walls and Partitions				
Internal partitions to retail units and back of house service corridors	2,680	m2	115.00	308,000.00
Internal Doors				
Fire rated doorsets to retail back of house cores	5	Nr	2,000.00	10,000.00
Doorsets to rear of retail units	13	Nr	1,500.00	20,000.00
Carry Forward				3,983,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1; Superstructure;



Description	Quantity	Unit	Rate £	Amount £
Brought Forward				3,983,000.00
Allowance for riser access doors generally	1	Item	10,000.00	10,000.00
Total				3,993,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1; Internal Finishes;



Description	Quantity	Unit	Rate £	Amount £
Wall Finishes				
Allowance for wall finishes to retail back of house service corridors; painted blockwork to one side only	2,680	m2	10.00	27,000.00
Allowance for wall finishes to public lift lobby at ground floor and level 01	1	Item	10,000.00	10,000.00
Wall finishes within Retail and Restaurant Units - EXCLUDED		Excl		
Floor Finishes				
Allowance for floor finishes to retail back of house service cores and corridors; assumed vinyl	538	m2	30.00	16,000.00
Floor finishes within retail and restaurant units - EXCLUDED		Excl		
Ceiling Finishes				
Ceiling finishes to retail back of house service corridors and cores; assumed painted plasterboard	538	m2	40.00	22,000.00
Ceiling finishes within Retail and Restaurant Units - EXCLUDED		Excl		
Total				75,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1; FFE;



Description	Quantity	Unit	Rate £	Amount £
Statutory signage	1	Item	10,000.00	10,000.00
Sundry metalwork and wall/column protection to retail back of house service corridors	1	Item	25,000.00	25,000.00
Total				35,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1; Services;



Description	Quantity	Unit	Rate £	Amount £
Sanitary Appliances				
WC's within retail and restaurant units by Tenants		Excl		
Allowance for cleaners sinks to retail back of house areas	2	Nr	1,000.00	2,000.00
Disposal Systems				
Allowance for RWO's and downpipes generally	5,190	m2	8.50	44,000.00
Foul drainage above ground to Landlord's areas	538	m2	9.75	5,000.00
Drainage stub connections to retail and restaurant units	12	Nr	1,000.00	12,000.00
Water Installations				
Landlord's above ground potable cold water storage and distribution; including thermal insulation	538	m2	15.00	8,000.00
Capped off water connections	12	Nr	1,000.00	12,000.00
Heat Source				
LTHW pipework distribution from energy centre	5,190	m2	7.00	36,000.00
Capped off connections to retail units	12	Nr	2,000.00	24,000.00
Space Heating and Air Conditioning				
Excluded - by Retail Tenants		Excl		
Ventilation Systems				
Excluded - by Retail Tenants		Excl		
Electrical Installations				
Allowance for electrical sub-mains distribution	5,190	m2	25.00	130,000.00
Lighting and small power to Landlord's areas	538	m2	35.00	19,000.00
Retail unit connections	12	Nr	1,500.00	18,000.00
Gas Installations				
Distribution from gas meter rooms	1	Item	25,000.00	25,000.00
Allowance for metered gas supply to restaurant units	3	Nr	1,500.00	5,000.00
Lift and Conveyor Installations				
Passenger Lifts; from Basement to Level 01; 3 stops; assumed 13 person	3	Nr	75,000.00	225,000.00
Goods Lifts; from Basement to Level 01; 3 stops; assumed 2000kg	2	Nr	100,000.00	200,000.00
Fire and Lightning Protection				
Carry Forward				765,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A | retail | level 0 and 1; Services;



Description	Quantity	Unit	Rate £	Amount £ 765,000.00
Brought Forward				
Allowance for Landlord's fire alarm and detection	538	m2	35.00	19,000.00
Lightning protection	5,190	m2	2.50	13,000.00
Fire alarm interface for retail and restaurant units	12	Nr	1,000.00	12,000.00
Capped off sprinkler connection to retail and restaurant units	12	Nr	2,500.00	30,000.00
Communication, Security and Control Systems				
Allowance for telecoms / IT and containment to Landlord's areas	538	m2	40.00	22,000.00
Allowance for connections to retail and restaurant units	12	Nr	1,500.00	18,000.00
Allowance for CCTV to Landlord's areas, say	5	Nr	4,000.00	20,000.00
Allowance for access control to Landlord's areas, say	5	Nr	2,500.00	13,000.00
Special Installations				
Allowance for remote monitoring of retail meters - LTHW, Electric and Water	12	Nr	1,200.00	14,000.00
BWIC				
BWIC with services			2.50	23,000.00
Testing and commissioning			1.25	12,000.00
Total				961,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A1 | residential | level 0-24



Description	Cost/m2 £	Amount £
Shell and Core	1,410.39	14,774,000.00
Fit Out	527.20	5,522,000.00
Sub Total	1,937.59	20,296,000.00
Preliminaries	290.64	3,044,000.00
OHP	89.13	934,000.00
Rounding	(0.38)	(4,000.00)
Total	2,316.98	24,270,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A1 | residential | level 0-24; Shell and Core;



Description	Quantity	Unit	Rate £	Amount £
Superstructure	10,475	m2	1,023.06	10,717,000.00
Internal Finishes	10,475	m2	44.16	463,000.00
FFE	10,475	m2	14.35	150,000.00
Services	10,475	m2	328.82	3,444,000.00
Total				14,774,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A1 | residential | level 0-24; Fit Out;



Description	Quantity	Unit	Rate £	Amount £
Private Fit Out 107 Units	7,123	m2	680.00	4,844,000.00
Intermediate Fit Out 19 Units	1,257	m2	540.00	679,000.00
Total				5,523,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A2 | hotel | level 0-15



Description	Cost/m2 £	Amount £
Block A2 Hotel Level 0 to 15 150 keys	1,500.00	11,280,000.00
Sub Total	1,500.00	11,280,000.00
Preliminaries	225.00	1,692,000.00
OHP	69.00	519,000.00
Rounding	(0.13)	(1,000.00)
Total	1,793.87	13,490,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building A3 | residential | level 0-8



Description	Cost/m2 £	Amount £
Block A3 Residential Level 0 to 8 59 Units	1,988.06	9,881,000.00
Sub Total	1,988.06	9,881,000.00
Preliminaries	298.21	1,482,000.00
OHP	91.45	455,000.00
Rounding	(3.62)	(18,000.00)
Total	2,374.10	11,800,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building B | retail | level 0 and 1



Description	Cost/m2 £	Amount £
Superstructure	638.80	5,756,000.00
Internal Finishes	12.30	111,000.00
Fittings, Furnishings and Equipment	7.77	70,000.00
Services	146.50	1,320,000.00
Preliminaries	120.81	1,089,000.00
OHP	37.05	334,000.00
Total	963.23	8,680,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building B1 | residential | level 0-35



Description	Cost/m2 £	Amount £
Block B1 Residential Level 0 to 35 225 units	1,890.44	35,692,000.00
Sub Total	1,890.44	35,692,000.00
Preliminaries	283.57	5,354,000.00
OHP	86.96	1,642,000.00
Rounding	0.11	2,000.00
Total	2,261.08	42,690,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building B2 | residential | level 0-25



Description	Cost/m2 £	Amount £
Block B2 Residential Level 0 to 25 156 units	1,941.76	25,602,000.00
Sub Total	1,941.76	25,602,000.00
Preliminaries	291.26	3,840,000.00
OHP	89.32	1,178,000.00
Total	2,322.34	30,620,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building B3 | residential | level 0-4



Description	Cost/m2 £	Amount £
Block B3 Residential Level 0 to 4 24 units	2,372.49	4,721,000.00
Sub Total	2,372.49	4,721,000.00
Preliminaries	355.87	708,000.00
OHP	109.13	217,000.00
Rounding	2.01	4,000.00
Total	2,839.50	5,650,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building B4 | residential | level 0-6



Description	Cost/m2 £	Amount £
Block B4 Residential Level 0 to 6 23 units	2,453.54	4,686,000.00
Sub Total	2,453.54	4,686,000.00
Preliminaries	368.03	703,000.00
OHP	112.86	216,000.00
Rounding	(2.62)	(5,000.00)
Total	2,931.81	5,600,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building B4 | leisure (gym) | level 0 and 1



Description	Cost/m2 £	Amount £
Block B4 Leisure (Gym) Level 0 and 1	1,500.00	2,025,000.00
Sub Total	1,500.00	2,025,000.00
Preliminaries	225.00	304,000.00
OHP	69.00	93,000.00
Rounding	(1.48)	(2,000.00)
Total	1,792.52	2,420,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C | retail | level 0 and 1



Description	Cost/m2 £	Amount £
Superstructure	682.97	4,549,000.00
Internal Finishes	23.50	157,000.00
Fittings, Furnishings and Equipment	6.76	45,000.00
Services	210.89	1,405,000.00
Preliminaries	138.62	923,000.00
OHP	42.51	283,000.00
Rounding	(0.15)	(1,000.00)
Total	1,105.10	7,361,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C | offices | level 0 and 1



Description	Cost/m2 £	Amount £
Block C Commercial Office Level 0 and 1	1,701.55	1,651,000.00
Sub Total	1,701.55	1,651,000.00
Preliminaries	255.23	248,000.00
OHP	78.27	76,000.00
Rounding	(5.15)	(5,000.00)
Total	2,029.90	1,970,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C | leisure | level 0 and 1



Description	Cost/m2 £	Amount £
Block C Leisure Level 0 and 1	2,026.39	6,120,000.00
Sub Total	2,026.39	6,120,000.00
Preliminaries	303.96	918,000.00
OHP	93.21	282,000.00
Total	2,423.56	7,320,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C1 | residential | level 0-4



Description	Cost/m2 £	Amount £
Block C1 Residential Level 0 to 4 17 units	2,535.97	3,728,000.00
Sub Total	2,535.97	3,728,000.00
Preliminaries	380.40	559,000.00
OHP	116.65	171,000.00
Rounding	1.36	2,000.00
Total	3,034.38	4,460,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C2 | residential | level 0-12



Description	Cost/m2 £	Amount £
Block C2 Residential Level 0 to 12 75 units	2,071.08	13,079,000.00
Sub Total	2,071.08	13,079,000.00
Preliminaries	310.66	1,962,000.00
OHP	95.27	602,000.00
Rounding	(0.48)	(3,000.00)
Total	2,476.53	15,640,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C3 | residential | level 0-17



Description	Cost/m2 £	Amount £
Block C3 Residential Level 0 to 17 100 units	2,001.88	16,816,000.00
Sub Total	2,001.88	16,816,000.00
Preliminaries	300.28	2,522,000.00
OHP	92.09	774,000.00
Rounding	(1.43)	(12,000.00)
Total	2,392.82	20,100,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C4 | residential | level 0-6



Description	Cost/m2 £	Amount £
Block C4 Residential Level 0 to 6 50 units	2,327.20	9,739,000.00
Sub Total	2,327.20	9,739,000.00
Preliminaries	349.08	1,461,000.00
OHP	107.05	448,000.00
Rounding	0.48	2,000.00
Total	2,783.81	11,650,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Building C4 | clinic | level 0 and 1



Description	Cost/m2 £	Amount £
Block C4 Community (Clinic) Level 0 and 1	1,600.00	1,840,000.00
Sub Total	1,600.00	1,840,000.00
Preliminaries	240.00	276,000.00
OHP	73.60	85,000.00
Rounding	(0.87)	(1,000.00)
Total	1,912.73	2,200,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Sub-structure: piling



Description	Cost/m2 £	Amount £
Specialist foundations	401.29	7,785,000.00
Sub Total	401.29	7,785,000.00
Preliminaries	60.19	1,168,000.00
OHP	18.46	358,000.00
Rounding	(0.57)	(11,000.00)
Total	479.37	9,300,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Sub-structure: basement



Description	Cost/m2 £	Amount £
Lowest floor construction	271.44	5,266,000.00
Basement excavation	221.15	4,290,000.00
Basement retaining walls	191.91	3,723,000.00
Superstructure	219.60	4,260,000.00
Internal Finishes	47.28	917,000.00
FFE	6.44	125,000.00
Services	147.67	2,865,000.00
Preliminaries	165.82	3,217,000.00
OHP	50.85	987,000.00
Total	1,322.16	25,650,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Site Clearance



Description	Cost/m2 £	Amount £
FACILITATING WORKS		
Toxic/Hazardous/contaminated material treatment	6.51	200,000.00
Major demolition works	70.00	2,150,000.00
Temporary support to adjacent structures - EXCLUDED		
Specialist groundworks		
Temporary diversion works	16.28	500,000.00
Extraordinary site investigation works		
Sub Total	92.79	2,850,000.00
Preliminaries	13.92	428,000.00
OHP	4.27	131,000.00
Rounding	(0.29)	(9,000.00)
Total	110.69	3,400,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Site Clearance; Toxic/Hazardous/contaminated material treatment;



Description	Quantity	Unit	Rate £	Amount £
Toxic/Hazardous/contaminated material treatment				
Provisional allowance for removal of contaminated material, eg. asbestos	1	Item	200,000.00	200,000.00
Total				<hr/> 200,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Site Clearance; Major demolition works;



Description	Quantity	Unit	Rate £	Amount £
Major demolition works				
Allowance for demolishing existing structures within the red line boundary - based on a site area of 2.8Ha	30,719	m2	70.00	2,150,000.00
Total				2,150,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Site Clearance; Specialist groundworks;



Description	Quantity	Unit	Rate £	Amount £
Specialist groundworks				
Site dewatering and pumping - EXCLUDED		Excl		
Soil stabilisation measures - EXCLUDED		Excl		
Ground gas venting measures - EXCLUDED		Excl		
Total				<hr/> 0.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Site Clearance; Temporary diversion works;



Description	Quantity	Unit	Rate £	Amount £
Temporary diversion works Provisional allowance for diversion and/or removal of existing services within the red line boundary - details awaited from Scotch Partners	1	Item	500,000.00	500,000.00
Total				<hr/> 500,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Site Clearance; Extraordinary site investigation works;



Description	Quantity	Unit	Rate £	Amount £
Extraordinary site investigation works				
Archaeological investigation - EXCLUDED		Excl		
Reptile/wildlife mitigation measures - EXCLUDED		Excl		
Other extraordinary site investigation works - EXCLUDED		Excl		
Total				<hr/> 0.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Public Realm



Description	Cost/m2 £	Amount £
Street Level	100.36	1,700,000.00
First Floor	200.77	3,400,000.00
Podium	386.48	6,545,000.00
Sub Total	687.61	11,645,000.00
Preliminaries	103.14	1,747,000.00
OHP	31.63	536,000.00
Rounding	0.12	2,000.00
Total	822.50	13,930,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Energy Centre and Utilities



Description	Cost/m2 £	Amount £
Central Plant		
CHP to Energy Centre (assumed no cooling / chilled water)	26.74	3,500,000.00
Allowance for BWIC and attendances	3.82	500,000.00
Sub Total	30.56	4,000,000.00
Rainwater harvesting		
Allowance for centralised plant including tank, pumps, filters etc.	1.34	175,000.00
Allowance for BWIC and attendances	0.19	25,000.00
Sub Total	1.53	200,000.00
Electrical		
Incoming supplies from UKPN primary substation in Axe Street - based on UKPN budget quote	5.73	750,000.00
Allowance for HV/LV panels, switchgear, transformers etc. - included in Energy Centre		
Allowance for BWIC and attendances	0.76	100,000.00
Sub Total	6.49	850,000.00
Potable Water		
New incoming potable water supply	0.76	100,000.00
Infrastructure charges for residential supplies	2.34	307,000.00
Allowance for BWIC and attendances	0.38	50,000.00
Sub Total	3.48	457,000.00
Foul and Storm Water Sewer		
Allowance for new sewer connections	1.91	250,000.00
Infrastructure charges for residential units	2.34	307,000.00
Allowance for BWIC and attendances	0.38	50,000.00
Sub Total	4.63	607,000.00
Gas		
Allowance for gas supplies to retail / restaurant units, Hotel and Energy Centre	1.53	200,000.00
Allowance for BWIC and attendances	0.15	20,000.00
Sub Total	1.68	220,000.00
Telecoms		
Carry Forward	48.37	6,334,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Energy Centre and Utilities



Description	Cost/m2 £	Amount £
Brought Forward	48.37	6,334,000.00
Allowance for incoming telecoms / BT	0.76	100,000.00
Allowance for BWIC and attendances	0.08	10,000.00
Sub Total	0.84	110,000.00
Total (excluding Main contractor prelims, OH&P)	49.21	6,444,000.00
Preliminaries	7.39	967,000.00
OHP	2.26	296,000.00
Rounding	0.02	3,000.00
Total	58.88	7,710,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Highways



Description	Cost/m2 £	Amount £
Re-alignment / widening of highways to form Vicarage Drive main access (Option 5) as ttp consulting drawing 2015-2489-008.5; including temporary traffic management		
Roads		
Allowance for removing kerbs, breaking up existing surfacing, new base course, binder course and surface course		161,000.00
Pavement surfacing; allowance for anti-skid surfacing to 30% of area, say		6,000.00
New kerbs; precast concrete HB2 standard, including bedding and haunching		16,000.00
Allowance for white lining and markings		11,000.00
Sub Total		194,000.00
Footpaths		
Allowance for new tarmacadm footpath surfacing including excavation and Type 1 sub-base, footpath edgings		61,000.00
Sub Total		61,000.00
Crossings		
Traffic splitter islands; including kerbs, paving etc.		3,000.00
Pedestrian crossings - assumed pelican		30,000.00
Alterations to existing signal controlled crossing		25,000.00
Sub Total		58,000.00
Services		
Allowance for alterations to streetlighting		25,000.00
Allowance for alterations to drainage and road gullies		10,000.00
Provisional allowance for diversions / lowering of existing services at crossovers - RISK !		50,000.00
Sub Total		85,000.00
Landscaping		
Allowance for trees and soft landscaping		25,000.00
Allowance for works to relocate signs, bus shelters etc.		10,000.00
Sub Total		35,000.00
Traffic Management		
Allowance for temporary lane closures, traffic signals, out of hours working, say		50,000.00
Carry Forward	0.00	483,000.00

Vicarage Field, Barking

Order of Cost Estimate No 1; Rev 1b

Highways



Description	Cost/m2 £	Amount £
Brought Forward	0.00	483,000.00
Sub Total		50,000.00
Total (excluding Main contractor prelims, OH&P)		483,000.00
Highways Contractor preliminaries @ 20%		97,000.00
Highways Contractor overheads and profit @ 5%		29,000.00
Rounding		(9,000.00)
Total	0.00	600,000.00

Londonewcastle – Vicarage Fields, Barking
Order of Cost No 3

Appendix B – Drawings

Key

Key

Circulation
Hotel Rooms

Residential	Residential Units	Lobbies / Cores

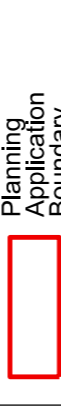
Primary School	Circulation	Room	Garden

	Gym	Cycle Hub	Clinic
1. What is the purpose of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
2. What are the goals of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
3. What are the benefits of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
4. What are the risks of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
5. What are the costs of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
6. What are the resources needed for the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
7. What are the outcomes of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
8. What are the challenges of the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
9. What are the solutions to the challenges?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.
10. What are the next steps for the program?	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.	Improve cardiovascular health and endurance.

Podium Level
Amenity Space
Non-Accessible
Roof
Roof Level
Amenity Space

Back of house

Circulation
Plant
Storage



Submitted for
Illustrative
Purposes Only

08	12.07.16	General Revision	BM
07	06.07.16	Final Issue - V2	BM
06	16.05.16	Final Issue	AR
05	08.04.16	Design Freeze	BM
04	05.04.16	Basement coordination	BM
03	26.01.16	Issued for EA	BM
02	05.01.16	Revised retail layout	BM
01	27.11.15	First Issue	SEW
Rev	Date	Reason for Issue	CHK

Keyplan



Client
Lagmar (Barking) Ltd.

Project
Vicarage Field

Drawing Title
ILLUSTRATIVE PLAN
Ground Floor Plan

Project Number 0247	Status INFO
Scale at A1 1:500	Date 27.11.2015
Drawn by RD	Checked by RM

Drawing Number	Revision
0247_SEW_VF_1000	08

General Notes

1. The drawings are prepared in accordance with the British Standards Institution (BSI) standards and the client's requirements. The drawings are for illustrative purposes only and are not to be used for construction without the approval of the relevant authorities.

Key

Hotel
Circulation
Hotel Rooms

Retail
Leisure
Restaurant
Commercial

Residential
Residential Units
Lobbies / Cores

Primary School
Circulation
Room
Garden

Gym
Cycle Hub
Clinic

Podium Level
Amenity Space
Non-Accessible
Roof Level
Podium Level
Amenity Space

Back of house
Circulation
Plant
Storage

Planning
Boundary

Submitted for
Illustrative
Purposes Only.

05	12.07.18	General Revision	RM
04	10.07.18	Final Issue - V2	RM
03	09.07.18	Final Issue - V1	RM
02	08.03.18	Design Freeze	RM
01	27.11.15	First Issue	RM
Rev	Date	Reason for Issue	Chk

Keyplan



Scale Bar
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230 240 250 260 270 280 290 300 310 320 330 340 350 360 370 380 390 400 410 420 430 440 450 460 470 480 490 500 510 520 530 540 550 560 570 580 590 600 610 620 630 640 650 660 670 680 690 700 710 720 730 740 750 760 770 780 790 800 810 820 830 840 850 860 870 880 890 900 910 920 930 940 950 960 970 980 990 1000

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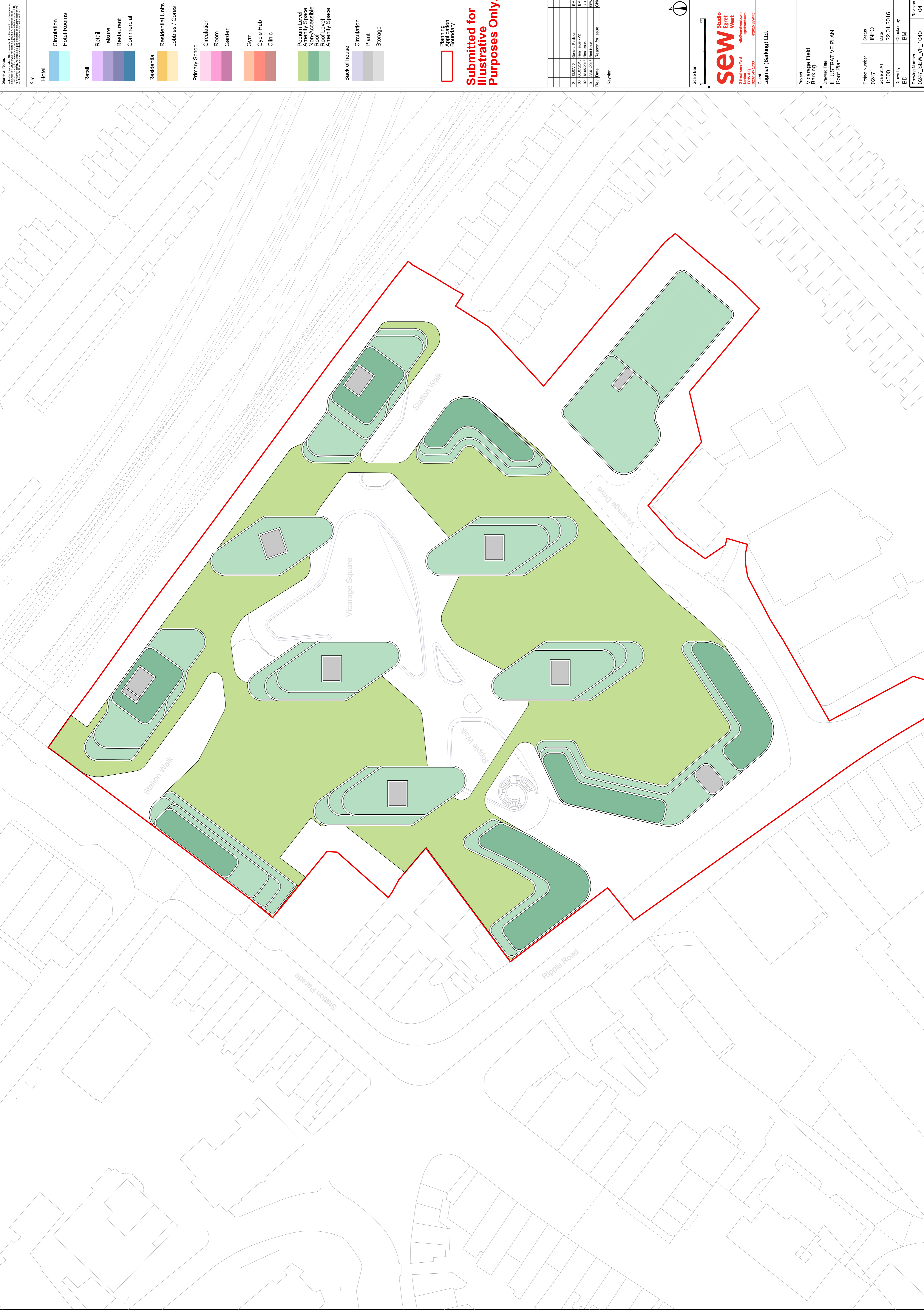
Client
Lagmar (Barking) Ltd.

Project
Vicarage Field
Barking

Drawing Title
ILLUSTRATIVE PLAN
Level 02 Floor Plan
The Field

Project Number	Status
0247	INFO
Scale at A1	Date
1:500	27.11.2015
Drawn by	Checked by
AVA	BM

Drawing Number	Revision
0247_SEW_VF_1002	05



Appendix C - Area Schedules

Existing Building Areas - Breakdown by Use

Date: 15.07.16

Rev:00

SEW

	Retail		Office		Hotel		Residential		Healthcare		Total		Notes
	GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	
Existing Vicarage Field Shopping Centre	26,998	24,819	-	-	-	-	-	-	-	-	26,998	24,819	On the roof level, fenced plant areas are excluded from the GEA and GIA. GIA excludes all known voids
24, 24a, 26 & 28 Station Parade	304	289	-	-	608	578	-	-	-	-	912	866	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Hotel
30-32 Station Parade	150	143	300	285	-	-	-	-	-	-	450	428	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Office
34 Station Parade	61	58	-	-	-	-	122	116	-	-	183	174	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
36-38 Station Parade	420	400	221	210	-	-	-	-	-	-	641	610	GIA based on Historic Planning Application GEA= 105% of GIA Ground Floor assumed to be Retail and upper 2 floors Office
13-15 Ripple Road	382	363	-	-	-	-	764	726	-	-	1,146	1,089	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
17 Ripple Road	150	143	-	-	-	-	300	285	-	-	450	428	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
19 Ripple Road	133	126	-	-	-	-	266	253	-	-	399	379	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
21-23 Ripple Road	389	370	-	-	-	-	778	739	-	-	1,167	1,109	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
PCT Health Clinic	-	-	-	-	-	-	-	-	861	818	861	818	GEA based on OS Map GIA based on 95% of GEA Assumed single storey building
Total	28,987	26,710	521	495	608	578	2,230	2,119	861	818	33,207	30,719	

Vicarage Field – Proposed Development Schedule

Proposed

Date: 15/07/2016

Rev: 03

SEW

Land use
A1, A2, A3, A4 & A5- Retail
B1- Business
C1- Hotel
C3- Residential
D1- Non-residential Institutions
D2- Assembly and leisure
Shared Basement
Car Parking
Total Area

Minimum					Notes
GEA (sqm)	GIA (sqm)	NIA (sqm)			
20,500	19,890	15,910			Equal to existing retail minus min of D1 & D2 uses.
1,000	970	780			Equal to illustrative.
-	-	-			No Min.
65,000	63,050	50,440			10% reduction on illustrative.
4,500	4,370	3,500			Equal to illustrative 3FE school.
2,000	1,940	1,550			
					No Min.
					No Min.
N/A					It is not possible to build the minimum of all uses and meet the envelope min.

Illustrative Scheme (with rounding)					Units
GEA (sqm)	GIA (sqm)	NIA (sqm)			
21,500	20,860	16,690			
1,000	970	780			
7,750	7,520	6,020			150 Rooms
74,000	71,780	57,420			855 Homes
6,150	5,970	4,780			
4,500	4,370	3,500			
20,000	19,400	N/A			400 Spaces
					400 Spaces
134,900	130,870	89,190			

Maximum					Notes
GEA (sqm)	GIA (sqm)	NIA (sqm)			
25,650	24,880	19,900			If D2 and D1 were reduced to their min.
1,250	1,210	970			250sqm added to illustrative to allow some flex.
7,750	7,520	6,020			
81,750	79,300	63,440			If no hotel was provided.
6,500	6,310	5,050			450 sqm added to allow some flex.
5,000	4,850	3,880			500 sqm added to allow some flex.
22,000	21,340	17,070			200sqm added to allow for basement to increase to max parameter
					400 Spaces
138,000	133,860	107,090			Overlaps in areas have been removed so total is less than the sum of all max areas.

Note:

Illustrative GEA figures are based on the illustrative scheme with some rounding up

GIA has been calculated as 97% of GEA

NIA has been calculated as 80% of GIA

Residential GEA includes inset balconies/winnertgardens

Shared basement includes all area shared between multiple uses

APPENDIX SIX

Existing Building Areas -
Breakdown by Use

SEW

Date: 15.07.16
Rev:00

	Retail		Office		Hotel		Residential		Healthcare		Total		Notes
	GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	
Existing Vicarage Field Shopping Centre	26,998	24,819	-	-	-	-	-	-	-	-	26,998	24,819	On the roof level, fenced plant areas are excluded from the GEA and GIA. GIA excludes all known voids
24, 24a, 26 & 28 Station Parade	304	289	-	-	608	578	-	-	-	-	912	866	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Hotel
30-32 Station Parade	150	143	300	285	-	-	-	-	-	-	450	428	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Office
34 Station Parade	61	58	-	-	-	-	122	116	-	-	183	174	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
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19 Ripple Road	133	126	-	-	-	-	266	253	-	-	399	379	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
21-23 Ripple Road	389	370	-	-	-	-	778	739	-	-	1,167	1,109	GEA = Boundary Area x 3 floors GIA = 95% of GEA Ground Floor assumed to be Retail and upper 2 floors Residential
PCT Health Clinic	-	-	-	-	-	-	-	-	861	818	861	818	GEA based on OS Map GIA based on 95% of GEA Assumed single storey building
Total	28,987	26,710	521	495	608	578	2,230	2,119	861	818	33,207	30,719	

APPENDIX SEVEN

Vicarage Field
Barking
Private and Confidential - Final

Prepared on behalf of Lagmar (Barking) Ltd

Development Appraisal
DS2
20 September 2016

APPRAISAL SUMMARY

DS2

Vicarage Field Barking

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation

	Units	ft²	Rate ft²	Unit Price	Gross Sales
Market Sale Residential (C3)	855	618,069	547.00	395,420	338,083,743
Hotel (C1)	150	64,799	231.49	100,000	15,000,000
Totals	1,005	682,868			353,083,743

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rent	855			300	256,500	256,500
Retail (A1)	1	134,744	26.00	3,503,344	3,503,344	3,503,344
Office (B1)	1	8,396	17.50	146,930	146,930	146,930
Leisure (D2)	1	37,674	13.00	489,762	489,762	489,762
Health Centre (D1)	1	10,269	10.00	102,690	102,690	102,690
Car Park	360			1,250	450,000	450,000
School (D1)	1	38,105		0	0	
Restaurant (A3)	1	44,918	32.00	1,437,376	1,437,376	1,437,376
Bike Hub (D1)	1	3,079	5.00	15,395	15,395	15,395
Totals	1,222	277,185			6,401,997	6,401,997

Investment Valuation

Ground Rent

Current Rent	256,500	YP @	5.0000%	20.0000	5,130,000
Retail (A1)					
Market Rent	3,503,344	YP @	6.0000%	16.6667	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.0000%	0.9163	53,502,335
Office (B1)					
Market Rent	146,930	YP @	8.0000%	12.5000	
(1yr 3mths Rent Free)		PV 1yr 3mths @	8.0000%	0.9083	1,668,172
Leisure (D2)					
Market Rent	489,762	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	7,264,774
Health Centre (D1)					
Market Rent	102,690	YP @	6.0000%	16.6667	
(1yr 3mths Rent Free)		PV 1yr 3mths @	6.0000%	0.9298	1,591,273
Car Park					
Current Rent	450,000	YP @	6.0000%	16.6667	7,500,000
Restaurant (A3)					

APPRAISAL SUMMARY

DS2

Vicarage Field

Barking

Market Rent	1,437,376	YP @	6.0000%	16.6667	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.0000%	0.9163	21,951,305
Bike Hub (D1)					
Current Rent	15,395	YP @	8.5000%	11.7647	181,118
					98,788,976

GROSS DEVELOPMENT VALUE

451,872,719

Purchaser's Costs

(6,717,650)

(6,717,650)

NET DEVELOPMENT VALUE

445,155,068

NET REALISATION

445,155,068

OUTLAY

ACQUISITION COSTS

Fixed Price			50,300,000	
				50,300,000
Stamp Duty		5.00%	2,515,000	
Agent Fee		1.00%	503,000	
Legal Fee		0.50%	251,500	
				3,269,500

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Construction Cost	1,356,802 ft ²	208.25 pf ²	282,560,000	282,560,000
Contingency		5.00%	14,128,000	
Mayoral CIL			1,511,960	
Borough CIL			4,930,890	
S106			850,000	
				21,420,850
Other Construction				
NHBC	855 un	2,500.00 /un	2,137,500	
Non-recoverable VAT	855 un	5,000.00 /un	4,275,000	
Other Construction			5,300,000	
				11,712,500

PROFESSIONAL FEES

Professional Fees		12.00%	33,907,200	
				33,907,200

APPRAISAL SUMMARY**DS2****Vicarage Field****Barking****MARKETING & LETTING**

Marketing - Residential		1.50%	5,071,256	
Marketing - Commercial	239,080 ft²	2.50 pf²	597,700	
Marketing - Hotel		0.50%	75,000	
Letting Agent Fee		10.00%	614,550	
Letting Legal Fee		5.00%	307,275	
				6,665,781

DISPOSAL FEES

Sales Agent Fee Commercial		1.50%	1,706,835	
Sales Agent Fee Resi		1.50%	5,071,256	
Sales Legal Fee Commercial		0.50%	568,945	
Sales Legal Fee Resi		0.50%	1,690,419	
				9,037,454

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Land			23,103,665	
Construction			61,880,477	
Other			14,707,630	
Total Finance Cost				99,691,772

TOTAL COSTS**518,565,057****PROFIT****(73,409,989)****Performance Measures**

Profit on Cost%	(14.16)%
Profit on GDV%	(16.25)%
Profit on NDV%	(16.49)%
Development Yield% (on Rent)	1.23%
Equivalent Yield% (Nominal)	5.99%
Equivalent Yield% (True)	6.22%
IRR	2.09%
Rent Cover	-11 yrs -6 mths
Profit Erosion (finance rate 7.000%)	N/A