

 <p>20-22 Bedford Row, WC1R 4EB</p>	<p>Oct '22</p>	<p>4.60% equating to £1,214 psf</p>	<p>Grade A office space of 13,216 sq ft was extensively refurbished in 2019. Let at a rent of £60 psf. Situated in a converted Georgian terrace. Located on the street parallel to the subject Site. The space sold for £16.05m equating to £1,214 psf at a yield of 4.60%</p>
 <p>4 Lindsey Street, EC1A 9HP</p>	<p>Sep '22</p>	<p>4.26% equating to £1,789 psf</p>	<p>Office space extending over 88,580 sq ft, completed in 2019. A six storey office building sits above Farringdon East Crossrail and is occupied by TikTok. The building is located approximately 0.6 miles to the east of the subject Site, situated in Farringdon. It sold for £158.5, equating to c. £1,789 psf at a 4.26% yield.</p>
 <p>22 Chancery Lane, WC2A 1LS</p>	<p>May '22</p>	<p>4.30% equating to £1,096 psf</p>	<p>Grade A office space of circa 41,505 sq ft. Multilet to five tenants. The property sold for £45.5m equating to circa £1,096 psf at a yield of 4.30%. 0.3 miles south of the subject Site. The property was built in 2008 and therefore we would assume the proposed office space to achieve a higher value on a £ psf basis.</p>
 <p>15 Fetter Lane, EC4A 1BW</p>	<p>Mar '22</p>	<p>4.16% equating to £1,348 psf</p>	<p>The 85,323 sq ft office building was renovated in 2017 and is fully let to multiple tenants. The office is located 0.4 miles south of the Site. It sold for £115m equating to a capital value of circa £1,348 psf.</p>

We have also considered market reports in order to derive an appropriate yield for the proposed office space. According to Avison Young, Midtown office take up witnessed a 19% decrease from Q4 2022 to Q1 2023 and 44% down on the 10-year quarterly average.

The following reports include a yield for the Holborn and Midtown areas:

Avison Young Central London Office Analysis Q1 2023 - Holborn

- Prime yield: 5.00%

JLL Central London Office Market Report Q1 2023 - City Midtown

- Prime yield: 4.75%

Considering the comparable evidence provided and the market reports evidenced, DS2 have adopted a yield of 5.00% for the proposed development.

Office value summary

To summarise, DS2 have made the following assumptions for the office space of the Proposed Development:

- Office rents: £70 psf
- Yield: 5%
- Rent free period: 24 months
- Void: 6 months
- Purchaser's Costs: 6.8%

When adopting the above rental, yield and incentive assumptions, this produces a GDV of £207,619,048 which equates to circa £1,270 psf. This aligns with the comparable evidence provided in table 2.

The inclusion of residential would result in a decrease of the optimum office space available for development and the mixed-use nature of the scheme would deter some investors. It is therefore necessary to apply a discount to the yield for the mixed-use scheme. As a result, the office yield has been softened by 50 basis points and therefore a yield of 5.5% has been applied for the office space in the mixed-use scheme. When all other assumptions are maintained as above, this results in an office GDV of £153,260,137 which equates to circa £1,143 psf.

Residential values

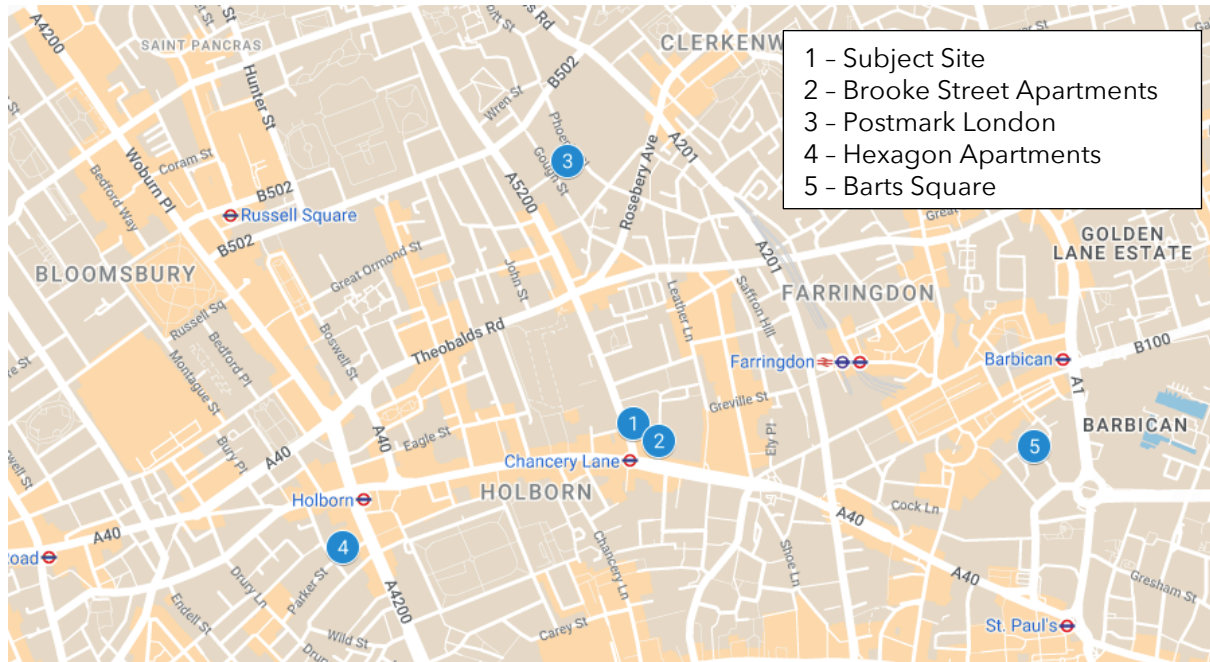
The scenario consisting of a mix of residential with office space would comprise 18 residential units situated in the northeast corner of the Site.

In order to derive a market value for these units, we have carried out comparable research analysing new build developments within the area. The following residential developments have been considered:

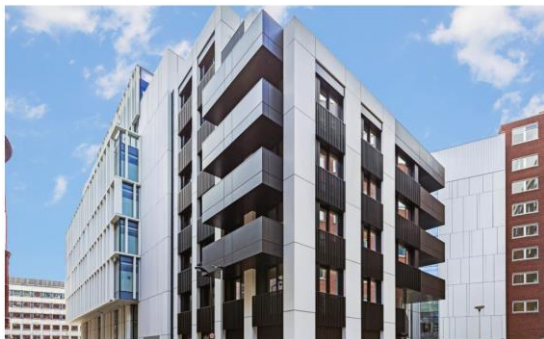
- Brooke Street Apartments, EC1N 2NS
- Postmark London, EC1A 1BB
- Hexagon Apartments (Park Tower), WC2B 5PS

- Barts Square (St. Barts Square), EC1A 7ES

A map illustrating the proximity of the subject Site to the developments listed above is provided below.



Brooke Street Apartments, EC1N 2NS



Brooke Street Apartments is the most direct comparable to the any residential units included in the proposed development as it is situated adjacent to the subject Site and is part of a mixed use scheme consisting of predominantly office space. The residential space consists of 13 units arranged over six floors. It includes a mix of studios, one and two bedrooms apartments with two three bedroom penthouses located on the top floors. All units, apart from the studios, come with private balconies.

We are aware of the following marketing prices gathered from the development website:

Floor	Beds	NIA	Asking price	£ psf	Date
2	studio	380	£660,000	£1,737	Aug-22
3	studio	380	£685,000	£1,803	Aug-22
4	studio	380	£710,000	£1,868	Aug-22
2	1	555	£795,000	£1,432	Aug-22
3	1	555	£810,000	£1,459	Aug-22
4	1	555	£835,000	£1,505	Aug-22
1	2	821	£1,060,000	£1,291	Aug-22
1	2	995	£1,295,000	£1,302	Aug-22
2	2	829	£1,095,000	£1,321	Aug-22
3	2	829	£1,135,000	£1,369	Aug-22
4	2	829	£1,195,000	£1,441	Aug-22
5/6	3	1,210	£2,075,000	£1,715	Aug-22
5/6	3	1,276	£2,095,000	£1,642	Aug-22

The values above produce a blended average rate of £1,506 psf, which includes studio and penthouse units. It should be noted that the proposed residential space would not include any studios or penthouse apartments. When removing the studios and penthouse apartments from the evidence above the scheme produces a blended average rate of £1,377 psf.

We must also stress that the prices above are asking prices and therefore it is reasonable to assume achieved prices would be at a discount.

Postmark London, EC1A 1BB



Postmark London is a large residential led scheme situated 0.4 miles north of the subject Site. The scheme is being developed by Taylor Wimpey with the first phase having been completed in Q4 2021 and phase 2 set to complete Q2 2023.

The development consists of 345 units split across five buildings ranging from 5 to 15 storeys in height. It consists of a mix of one, two and three bedroom apartments. Postmark London consists of a variety of amenities including a wellness centre with gym, cinema, residents lounge, roof terrace and courtyard.

The following asking prices have been gathered from the development website:

Floor	Beds	NIA	Asking price	£ psf	Date
2	1	597	£975,000	£1,633	May-23
1	1	651	£988,000	£1,518	May-23
4	1	608	£1,055,000	£1,735	May-23
1	2	829	£1,485,000	£1,791	May-23
2	2	904	£1,510,000	£1,670	May-23
1	2	980	£1,675,000	£1,709	May-23
1	2	980	£1,675,000	£1,709	May-23

The asking prices above produces a blended average rate of £1,687 psf. Achieved prices gathered from Molior, show a blended average rate of £1,238 psf.

Due to the superior amenity offering of Postmark London it is assumed that the asking prices would be at a premium to any residential space included in the proposed development.

Hexagon Apartments (Park Tower), WC2B 5PS



Hexagon Apartments is situated 0.6 miles east of the Site. The development is located in close proximity to Holborn Underground station. The scheme is made up of 53 units arranged over 15 storeys and consists of one, two and three bedroom apartments, with penthouses on the top floor.

The following achieved prices have been gathered from the Molior:

Unit	Sq ft	Sale price	£ psf	Sale date
APARTMENT 11-01	893	£1,900,000	£2,126	May-22
APARTMENT 11-02	980	£1,820,000	£1,858	Feb-22
APARTMENT 11-03	958	£1,849,500	£1,930	Jan-22
APARTMENT 9-04	893	£1,700,000	£1,902	Dec-21
APARTMENT 9-01	893	£1,638,000	£1,833	Sep-21

APARTMENT 4-04	958	£1,348,160	£1,407	Jun-21
APARTMENT 5-05	904	£1,380,540	£1,526	Jun-21
APARTMENT 8-02	980	£1,433,700	£1,463	Jun-21
APARTMENT 6-04	958	£1,425,600	£1,488	Jun-21
APARTMENT 8-03	958	£1,600,000	£1,670	May-21
APARTMENT 5-03	657	£1,060,000	£1,614	Apr-21

The achieved prices above equate to a blended average rate of £1,710 psf.

The scheme is in a superior residential location in comparison to the subject Site as it lies in close proximity to Covent Garden. There has also been some downward pressure on sales values due to rising interest rates since the above sales transacted.

It should also be noted that the scheme completed construction in Q2 2019 but sales were ongoing until Q2 2022, three years after completion.

Considering the above, it is assumed that any residential units included within the proposed development would be at a discount to those achieved at Hexagon Apartments.

Barts Square (St Barts Square), EC1A 7ES



Barts Square is a development of 226 residential units arranged over nine storeys. The scheme is situated 0.7 miles east of the Site, opposite the Barbican.

It includes a mix of studio, one, two and three bedroom apartments and offers a variety of amenities including a cinema room, bar, private gardens, residents lounge and concierge.

The following achieved prices have been gathered from Molior:

Unit	Sq ft	Sale price	£ psf	Sale date
APARTMENT 3.3	1076	£1,638,000	£1,521	Jun-22
APARTMENT 1.5	1087	£1,516,500	£1,394	Jun-22

APARTMENT 2.6	926	£1,504,200	£1,624	Jun-22
APARTMENT 2.9	947	£1,481,200	£1,563	Jun-22
APARTMENT 3.5	893	£1,504,705	£1,684	Jun-22
APARTMENT 3.6	926	£1,560,400	£1,685	Jun-22
APARTMENT 3.9	947	£1,536,900	£1,622	Jun-22
APARTMENT 4.5	904	£1,422,000	£1,572	Jun-22
APARTMENT 4.9	947	£1,577,000	£1,664	Jun-22
APARTMENT 5.9	947	£1,600,750	£1,689	Jun-22
APARTMENT 2.5	893	£1,420,000	£1,589	Oct-21
APARTMENT 3.1	893	£1,550,600	£1,735	Aug-21
APARTMENT 3.1	904	£1,510,000	£1,670	Jun-21
APARTMENT 2.1	893	£1,525,000	£1,706	Jun-21
APARTMENT 2.1	904	£1,500,000	£1,658	Jun-21
APARTMENT 4.1	893	£1,500,000	£1,678	Jun-21
APARTMENT 1.6	592	£800,000	£1,351	Jan-21

The achieved prices above produce a blended average rate of £1,615 psf.

The scheme has a better amenity offering than the proposed development with the private gardens and resident lounges and therefore it is reasonable to assume it would achieve a premium to the residential units being proposed.

Summary of residential values

When assessing the comparable evidence, strong weight is applied to the units at Brooke Street Apartments due to its close proximity to the subject Site and the similarities between the development and the proposed development, as each would be mixed-use office led schemes.

As outlined above, when excluding the studio and penthouse apartments of Brooke Street Apartments, this results in a blended average asking price of £1,377 psf. It would be reasonable to assume a 10% discount between asking and achieved prices which would result in a capital value of circa £1,240 psf.

We have accordingly adopted a value of £1,240 psf for the residential area of the proposed development.

APPENDIX K - 100% COMMERCIAL SCHEME COST PLAN

1. EXECUTIVE SUMMARY - COMMERCIAL OFFICE ONLY SCHEME



1. COST SUMMARY

Description	£ TOTAL	£/ft² GIA	£/ft² NIA
Demolition / Facilitating Works	4,184,483	17	26
Shell & Core	56,762,599	235	347
CAT A Fitout	11,715,853	49	72
Sub-Total	72,662,935	301	444
Main Contractor Preliminaries and Pre-Construction Services fee	11,164,994	46	68
Main Contractor Overheads & Profit	5,030,043	21	31
Main Contractor Risk Allowance	2,221,514	9	14
Sub-Total	91,079,000	377	557
Client Risk Allowance	Excluded	Excluded	Excluded
Inflation	Excluded	Excluded	Excluded
Total (Construction Cost)	91,080,000	377	557



2. AREAS



<i>This Report</i> ft ²	163,500	241,400	67.7%
<i>This Report</i> m ²	15,195	22,435	67.7%
<i>Previous Report</i> ft ²	157,900	227,000	69.6%
+ / - Variance ft ²	5,600	14,400	-1.8%



3. KEY HEADLINES

£
 Overall construction costs of £377/ft²
 (GIA) excluding Employer risk & inflation.

This cost estimate is based upon the May 2023 Interim Stage 2 Scheme priced at 2Q 23 prices, as such, any changes arising out of the finalisation of Stage 2 and planning feedback process are excluded.

↕
 Ground floor storey height is assumed 5.115m; L01 and above assumed at 3.825m typical, TBC by BGY

OPEN
 Client to confirm if inflation is to be included. Tender and Construction Inflation are excluded.



4. COST MOVEMENT

	Previous Report	This report	Variance
£ (Total)	85,500,000	91,080,000	5,580,000
£/ft ² (GIA)	377.3	377.3	-
£/ft ² (NIA)	541	557	16

4. CONSTRUCTION COST SUMMARY - MAY 2023 SCHEME (STAGE 2 INTERIM)

CONSTRUCTION COST		Total (£)	£/m ² GIA	£/ft ² GIA	%	
0	Facilitating / Demolition Works	4,184,483	187	17	4.6	
1	Substructure	1,568,565	70	6	1.7	
2	Frame	6,298,720	281	26	6.9	
3	Upper Floors	3,242,410	145	13	3.6	
4	Stairs	1,834,424	82	8	2.0	
5	Roof and terraces	4,346,255	194	18	4.8	
6	External Envelope	14,052,217	626	58	15.4	
7	Internal Partitions, Walls & Doors	3,915,245	175	16	4.3	
8	Internal Finishes	3,718,829	166	15	4.1	
9	Fixtures and Fittings	3,184,985	142	13	3.5	
10	MEPH & Lifts	13,955,445	622	58	15.3	
11	External Works & Services	645,504	29	3	0.7	
12	CAT A Fitout	11,715,853	522	49	12.9	
Sub Total		72,662,935	3,239	301	80	
13	Main Contractor's Pre-Construction Services Fee	265,859	12	1	0.3	
14	Main Contractor's Preliminaries	15%	10,899,135	486	45	12.0
15	Main Contractor's Overheads and Profit	6.0%	5,030,043	224	21	5.5
16	Main Contractor's D&B Risk	2.5%	2,221,514	99	9	2.4
Building Works Total		91,079,000	4,060	377	100	
17	Contingency / Risk Allowance	Excluded	Excluded	Excluded	Excluded	
Sub Total		91,079,000	4,060	377	100	
18	Inflation to Start on Site	Excluded	Excluded	Excluded	Excluded	
19	Inflation of Midpoint of Construction	Excluded	Excluded	Excluded	Excluded	
Total Estimated Construction Cost		91,079,000	4,060	377	100.0	

ESTIMATED ROUNDED CONSTRUCTION COST	£	91,080,000	4,060	377	100
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Notes:

- 1 Employer's risk allowance **has not been included** in the above costs; at this stage we would recommend an allowance of **10%** is held.
- 2 Tender and construction inflation **has not been included** in the above costs; Employer to advise if allowances are to be included as per the current forecast programme. As such, all costs are **current day only (2Q 2023)**
- 3 The above costings are based upon a £/sq ft assessment of the latest BGY scheme massing as reflected in Rev. F of the proposed area schedule dated 15.05.2023.

APPENDIX L - MIXED USE SCHEME COST PLAN

CONSTRUCTION COST SUMMARY - VIABILITY OPTIONS - INDICATIVE COST MODEL

Ref.	Cost Element	(Op 1) Office Only	(Op 2) Office & Residential Scheme		
		Office (227,000 sq ft GIA)	Office	Residential	Total Op 2 (221,318 sq ft GIA)
0	Facilitating / Demolition Works	3,935,000	3,568,000	513,000	4,081,000
1	Substructure	1,475,000	1,337,000	137,000	1,474,000
2	Frame	5,923,000	5,370,000	616,000	5,986,000
3	Upper Floors	3,049,000	2,764,000	410,000	3,174,000
4	Stairs	1,725,000	1,564,000	160,000	1,724,000
5	Roof & Terraces	4,087,000	3,706,000	379,000	4,085,000
6	External Envelope	13,214,000	11,981,000	1,224,000	13,205,000
7	Internal Partitions, Walls & Doors	3,682,000	3,338,000	341,000	3,679,000
8	Internal Finishes	3,497,000	3,171,000	410,000	3,581,000
9	Fixtures & Fittings	2,995,000	2,715,000	278,000	2,993,000
10	MEPH & Lifts	13,123,000	11,898,000	1,334,000	13,232,000
11	External Works & Services	607,000	550,000	56,000	606,000
12	CAT A Fit Out	11,017,000	9,989,000	N/A	9,989,000
13	Residential Fit Out	N/A	N/A	2,863,000	2,863,000
	Sub Total	68,329,000	61,951,000	8,721,000	70,672,000
14	MC Pre-Con Services Fee	250,000	250,000	125,000	375,000
15	MC Preliminaries (15%)	10,249,000	9,293,000	1,308,000	10,601,000
16	MC OH&P (6%)	4,730,000	4,290,000	609,000	4,899,000
17	MC D&B Risk (2.5%)	2,089,000	1,895,000	269,000	2,164,000
	Building Works Total (£)	85,647,000	77,679,000	11,032,000	88,711,000
	Building Works Total (£/sq ft)	377	387	538	401

Notes & Assumptions

- The above indicative cost models are based upon the BGY Viability Design Update documents provided in April 2023.
- The above indicative cost models are based upon the Stage 2 Indicative Cost Estimate (Rev 1) with adjustments made for the residential element.
- No design information has been provided other than outline area schedules and indicative GA's, therefore the above cost model should be treated as directional, not definitive. This is subject to further coordination and design development from which a more detailed, indicative cost estimate can be produced.
- Adjustments have been made to the above elemental costings due to the residential element to factor in increased demolition allowances, structural fire separation between the commercial office use areas, separate core and vertical transportation requirements, centralised MEPH requirements and general fit-out costs.
- The above residential fit-out costings assume a mid-market specification. This is subject to net sales values to be advised. The above costings assume there is no provision of balconies or roof terraces to the residential units.
- Employer's risk allowance has not been included in the above costs; at this stage we would recommend an allowance of 10% is held.
- Tender and construction inflation has not been included in the above costs; Employer to advise if allowances are to be included as per the current forecast programme. As such, all costs are current day only (2Q 2023)

APPENDIX M - 100% COMMERCIAL SCHEME APPRAISAL SUMMARY

Fox Court - 100% Commercial

Development Appraisal
Licensed Copy
07 June 2023

Fox Court - 100% Commercial

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Office	1	163,500	70.00	11,445,000	11,445,000	11,445,000

Investment Valuation

Office					
Market Rent	11,445,000	YP @	5.0000%	20.0000	
(2yrs Rent Free)		PV 2yrs @	5.0000%	0.9070	207,619,048

GROSS DEVELOPMENT VALUE

207,619,048

Purchaser's Costs	6.80%	-14,118,095	
Effective Purchaser's Costs Rate	6.80%		-14,118,095

NET DEVELOPMENT VALUE

193,500,952

NET REALISATION

193,500,952

OUTLAY

ACQUISITION COSTS

Residualised Price			25,898,683	
				25,898,683
Stamp Duty	5.00%	1,294,934		
Agent Fee	1.00%	258,987		
Legal Fee	0.80%	207,189		
				1,761,110

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
Build Costs	241,400	368.09	88,857,486	
Contingency		5.00%	4,442,874	
MCIL and BCIL			2,160,338	
S106			354,360	
Affordable Workspace Cost			765,994	
				96,581,052

Other Construction Costs

Other Development Costs			1,672,778	
				1,672,778

PROFESSIONAL FEES

Professional Fees	10.00%	8,885,749		
				8,885,749

MARKETING & LETTING

Commercial Marketing	163,500 ft ²	2.50	408,750	
Letting Agent Fee		12.00%	1,373,400	
Letting Legal Fee		5.00%	572,250	
				2,354,400

DISPOSAL FEES

Sales Agent Fee	1.00%	1,935,010		
Sales Legal Fee	0.50%	967,505		
				2,902,514

TOTAL COSTS BEFORE FINANCE

140,056,287

FINANCE

Timescale	Duration	Commences
Pre-Construction	6	May 2023
Construction	30	Nov 2023
Letting	6	May 2026
Sale	1	Nov 2026
Total Duration	43	

Fox Court - 100% Commercial

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)

Land	6,695,037	
Construction	9,864,723	
Letting	5,742,049	
Total Finance Cost		22,301,809

TOTAL COSTS **162,358,095****PROFIT** **31,142,857****Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	15.00%
Profit on NDV%	16.09%
IRR% (without Interest)	16.58%

APPENDIX N - MIXED USE SCHEME APPRAISAL SUMMARY

Fox Court - Commercial with resi

Development Appraisal
Licensed Copy
07 June 2023

Fox Court - Commercial with resi

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Residential Units	18	13,315	1,240.00	917,256	16,510,600

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Office	1	134,029	70.00	9,382,030	9,382,030	9,382,030

Investment Valuation

Office					
Market Rent	9,382,030	YP @	5.5000%	18.1818	
(2yrs Rent Free)		PV 2yrs @	5.5000%	0.8985	153,260,137

GROSS DEVELOPMENT VALUE

169,770,737

Purchaser's Costs	6.80%	-10,421,689	
Effective Purchaser's Costs Rate	6.80%		-10,421,689

NET DEVELOPMENT VALUE

159,349,047

NET REALISATION

159,349,047

OUTLAY

ACQUISITION COSTS

Residualised Price			6,433,334	
				6,433,334
Stamp Duty	5.00%	321,667		
Agent Fee	1.00%	64,333		
Legal Fee	0.80%	51,467		
				437,467

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
Build Costs	221,318	391.05	86,547,000	
Contingency		5.00%	4,327,350	
MCIL			1,068,520	
BCIL			874,465	
S106			431,872	
Affordable Workspace Cost			368,072	
				93,617,279

Other Construction Costs

Other Development Costs			1,672,778	
				1,672,778

PROFESSIONAL FEES

Professional Fees		10.00%	8,654,700	
				8,654,700

MARKETING & LETTING

Commercial Marketing	134,029 ft ²	2.50	335,073	
Residential Marketing		1.50%	247,659	
Letting Agent Fee		12.00%	1,125,844	
Letting Legal Fee		5.00%	469,102	
				2,177,677

DISPOSAL FEES

Commercial Sales Agent Fee		1.00%	1,428,384	
Residential Sales Agent Fee		1.50%	247,659	
Sales Legal Fee		0.50%	796,745	
				2,472,789

Additional Costs

Profit on Commercial		15.00%	22,989,021	
Profit on Resi		17.50%	2,889,355	
				25,878,376

Fox Court - Commercial with resi**TOTAL COSTS BEFORE FINANCE** 141,344,398**FINANCE**

Timescale	Duration	Commences
Pre-Construction	6	May 2023
Construction	36	Nov 2023
Letting	6	Nov 2026
Sale	10	Nov 2026
Total Duration	52	

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)

Land	1,986,094	
Construction	11,683,724	
Letting	4,334,832	
Total Finance Cost		18,004,649

TOTAL COSTS 159,349,047**PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	7.57%