Financial Viability Statement

8-10 Southampton Row and 1 Fisher Street, London WC1B 4AE

Prepared on behalf of:

Idé Real Estate

June 2019

Turley

Contents

Client
Idé Real Estate

Date
June 2019

Executive Summary

Turley has been appointed by Idé Real Estate (hereafter 'the Applicant') to objectively assess, and report upon, the financial viability of the proposed development of 8-10 Southampton Row and 1 Fisher Street, London, WC1B 4AE ('the Site').

Viability appraisals have been prepared as follows:

- **Proposed Development**: the refurbishment and conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 9 residential apartments for open market sale and an 85 bed hotel.

- **Scenario 1**: the refurbishment and conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 36 residential apartments (in accordance with CLP Policy H2) and a 32 bed hotel. In accordance with CLP Policy H4, 50% of the residential floorspace (by area) is provided as affordable housing, of which 60% of units are provided at London Affordable Rent (LAR) and 40% of units are provided as Intermediate Rent tenure.

By way of analysis set out within chapter 4 of this document, it is considered that the combined BLV for the Site, inclusive of 8-10 Southampton Row and 1 Fisher Street is £9,173,761.

In comparison, the proposed development viability appraisal generates an RLV of £1,012,424, and the Scenario 1 (CLP Policy H2 and H4 compliant) scheme generates a negative RLV of £-10,339,456).

Whilst the proposed development falls short of the BLV it does generate a reasonable developer's profit and a positive (albeit restricted) land receipt to the landowner. In contrast, Scenario 1 demonstrates that compliance with CLP Policy H2 and H4 generates a very substantial financial deficit.

It is therefore deemed appropriate that LBC applies the flexibility provided within both CLP Policies, as referenced above, in order to support the delivery of the proposed development of the Site, which will be undertaken at the developer's risk.

On this basis, as supported by national planning policy and guidance, it is recommended that the proposed development does not contribute further sums toward planning obligations.

1. Introduction

Instruction

1.1 Turley has been appointed by Idé Real Estate (hereafter 'the Applicant') to objectively assess, and report upon, the financial viability of the proposed development of 8-10 Southampton Row and 1 Fisher Street, London, WC1B 4AE ('the Site').

1.2 The proposed development is described as follows:

Change of use of 8-10 Southampton Row from temporary Crossrail offices (B1) (formerly a public house (A4) at basement, ground and first floor level and 9 x self-contained residential flats to upper floors (C3)) to an 85 bed hotel with ancillary restaurant and bar (C1), together with the erection of an 8 storey building at 1 Fisher Street containing 9 self-contained residential units and connecting to 8-10 Southampton Row, with internal and external alterations to 8-10 Southampton Row. Associated plant, refuse and cycle storage areas.

1.3 An alternative development scenario is also assessed, at the request of London Borough of Camden ('LBC'). This scenario (hereafter 'Scenario 1') has been prepared upon the basis of a development that is deemed to comply with the requirements of Policies H2 and H4 of the Camden Local Plan (2017) (hereafter the 'CLP'). Scenario 1 constitutes the conversion of 8-10 Southampton Row and the re-development of 1 Fisher Street to create 36 residential apartments and a 32 bed hotel.

1.4 The purpose of this assessment is to test the financial viability of both the Proposed Development, and an alternative 'policy compliant' development scenario for the Site, in accordance with the CLP, national planning policy and guidance.

Context

Subject Site Location & Access

1.5 The Site has an area of approximately 758m² (0.19 acres) and is located within the Holborn and Covent Garden ward of LBC and the Kingsway Conservation Area ('CA'). It is bounded on three sides by Southampton Row, Catton Street and Fisher Street (1 Fisher Street sits outside of the CA). Holborn underground station is approximately 75 metres to the south of the site.

1.6 The Site comprises 8-10 Southampton Row (also known as Carlisle House) which is Grade II listed. It is an eight storey (plus two basement levels) Edwardian Baroque building dating to 1905-6. It has a steel frame faced in stone. It was originally designed and operated as a hotel but was later converted to residential use with a public house/ restaurant at ground floor level. It was purchased for use in Crossrail construction works and in recent years has been utilised as offices for Crossrail staff and facilities for workers constructing the underground railway.

1.7 To the rear of this building sits 1 Fisher Street, which following demolition of nos. 1-2 Fisher Street and nos. 2-6 Catton Street now accommodates a Crossrail shaft and headhouse containing plant and machinery built over the opening.

1.8 The shaft is needed for ventilation and emergency access to the underground railway and no basement construction can take place within its boundaries. The headhouse must be incorporated into any proposed building envelope to allow for necessary ventilation and access. It represents a physical and technical constraint to development across the Site.

1.9 A site location plan is provided within **Appendix 1.**

Planning History and Status

1.10 A full recent planning history is set out within the Planning Statement that accompanies the planning application for the Proposed Development of the Site.

Submitted Planning Application

1.11 Following extensive pre-application engagement with LBC, the Applicant has submitted a detailed (full) planning application to LBC in May 2019 for the proposed development of the Site.

Disclaimer

1.12 This report does not constitute a valuation, and cannot be regarded, or relied upon as a valuation as it falls outside of the RICS Valuation – Professional Standards (the 'Red Book')[1].

1.13 This report provides a guide for feasibility in line with the purpose for which the assessment is required, as stated within the RICS Financial Viability in Planning (2012) Guidance Note[2].

Date of Appraisal

1.14 The date of appraisal is the stated date on the cover of this report. Subject to all site specific variables remaining constant and, in the absence of substantial market or planning policy changes, the inputs to and conclusions of this report remain valid for a period of three months following final publication. Following the passing of this period, or subject to changes in market conditions or planning policy, Turley reserves the right to review both inputs and conclusions.

Document Structure

1.15 The viability assessment report is structured as follows:

- **Section 2**: presents the relevant planning policy context.
- **Section 3**: confirms the approach and methodology to this viability assessment together with a brief review of the relevant current guidance for undertaking viability assessments.
- **Section 4**: derives the benchmark land value (BLV) or 'Site Value'.

[1] RICS (2017) RICS Valuation, Global Standards 2017
[2] RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

- **Section 5 & 6**: sets out a summary of the principal assumptions and evidence used within this financial viability assessment.

- **Section 7**: summarises the results of viability assessment.

- **Section 8**: sets out concluding recommendations to the Applicant and LBC in respect of the level of affordable housing provision and other Section 106 planning obligations (as applicable) that can be realistically supported by the proposed development in accordance with the National Planning Policy Framework (NPPF)[3] and national Planning Practice Guidance for Viability (PPGV)[4].

[3] MHCLG (2019) National Planning Policy Framework (NPPF)
[4] MHCLG (2018) National Planning Practice Guidance – Viability

2. Planning Policy Context

2.1 This section of the document presents the relevant national and local planning policy context to viability assessment of the proposed development of the site.

National Planning Policy Framework

2.2 The National Planning Policy Framework (NPPF) presents the Government's planning policies for England and how these are expected to be applied.

2.3 Paragraph 2 of the NPPF states that planning law requires planning applications to be determined in accordance with the development plan unless material considerations indicate otherwise[5]. The NPPF, along with emerging plans, are material considerations that must be accorded weight within planning decision-making.

Deliverability & Viability

2.4 The NPPF confirms that it is the applicant's responsibility to demonstrate whether the circumstances affecting the development justify the requirement for the submission of a viability assessment at the application stage.

2.5 The Local Planning Authority, as decision maker, must determine the weight to be given to the submitted viability assessment having regard to all the circumstances in the case including the following:

- whether the Plan and viability evidence underpinning it is up to date; and
- whether there have been any changes in site circumstances since the Plan was brought into force.

2.6 All viability assessments, including those undertaken at plan-making stage, should reflect the recommended approach in national planning guidance[6].

Planning Practice Guidance for Viability (PPGV)

2.7 The Government's national planning guidance for understanding viability in both plan making and decision taking is set out within national Planning Practice Guidance for Viability (PPGV).

2.8 Detailed guidance is provided with regard to viability assessment in decision-taking upon individual schemes at the application stage.

2.9 Paragraph 20 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value ('BLV') including the landowner premium, developer's return and costs).

[5] Section 38(6) of the Planning and Compulsory Purchase Act 2004
[6] MHCLG (2019) National Planning Policy Framework (NPPF)

2.10 Paragraph 10 confirms the applicant's viability assessment must be based upon and refer back to the viability assessment that informed the plan, and transparently present evidence of any change in site circumstances since the plan was brought into force. It should reflect the Government's recommended approach to defining key inputs as set out in PPG.

Adopted Local Policy

Camden Development Plan

2.11 For the purposes of this assessment, the Local Plan for the application site comprises the adopted Camden Local Plan (2017) (hereafter the 'CLP').

Maximising the Supply of Housing

2.12 Policy H2 'Maximising the supply of self-contained housing from mixed-use schemes' states that in the central London area where development involves additional floorspace of more than 200sqm (GIA), LBC will require 50% of all additional floorspace to be self-contained housing, subject however to the tests set out within the policy around the applicability and application of the policy.

2.13 The wording of Policy H2 allows LBC to take a flexible approach to the requirement for housing as part of the mix of uses on a site, if any of the provisions of H2 (a)-(e) are enacted. Where LBC is satisfied that providing on-site housing is not practical or housing would more appropriately be provided off-site, they will seek provision of housing on an alternative site nearby, or exceptionally a payment-in-lieu.

2.14 The Applicant's perspective on the relevance of Policy H2 to the Proposed Development of the Site is provided within the Planning Statement accompanying the submitted planning application.

Affordable Housing

2.15 Policy H4, 'Maximising the supply of affordable housing,' seeks a contribution from all developments that provide one or more additional home and a total additional residential floorspace of 100m² (GIA) or more – where 100m² of housing floorspace is considered to create the capacity for one home.

2.16 A guideline mix of affordable housing is 60% social-affordable rented housing and 40% intermediate housing.

2.17 A sliding scale target applies to developments that provide one or more additional homes and have capacity for fewer than 25 additional homes, starting at 2% for one home and increasing by 2% of for each home added to capacity.

2.18 An affordable housing target of 50% (by GIA floorspace) applies to developments with capacity for 25 or more additional dwellings, and LBC may seek affordable housing for older people or vulnerable people as part or all of this affordable housing contribution.

2.19 Where developments have capacity for fewer than 10 additional dwellings, LBC will accept a payment-in-lieu of affordable housing. For developments of 10 or more additional dwellings the affordable housing should be provided on site. Where affordable housing cannot practically be provided on site, or offsite provision would create a better contribution (in terms quantity and/ or quality), LBC may accept provision of affordable housing offsite in the same area, or a payment-in-lieu.

Developer Contributions

2.20 LBC seeks to deliver the required infrastructure and facilities in order to support forthcoming development within the Council area.

2.21 Policy DM1 'delivery and monitoring' states that the council will deliver their visions, objectives and policies through the use of planning contributions, to: support sustainable development; secure the infrastructure, facilities and services to meet the needs generated by development; and mitigate the impact of development.

Community Infrastructure Levy (CIL)

2.22 CIL was introduced under the Planning Act 2008 and is legislated by the CIL Regulations 2010 (as amended). Local authorities in England and Wales can elect to charge CIL on new development to assist in funding infrastructure associated with planned growth.

2.23 LBC collects two types of Community Infrastructure Levy: the Camden CIL and the Mayoral CIL.

2.24 The Camden CIL Charging Schedule was approved in March 2015 and adopted from April 2015. It is charged to all development proposals which add 100m² of new floorspace or an extra dwelling, at a fixed rate based on the net additional gross square meterage (m² GIA). The subject site is within the identified 'Zone A (Central)' and, based on the CIL Charging Schedule, the following rates become applicable[7]:

- Residential use (< 10 dwellings or 1,000m²): £500/m²
- Residential use (>10 dwellings or 1,000m²): £150/m²
- Hotel use: £40/m²

2.25 The Mayoral Community Infrastructure Levy 2 (MCIL2) was adopted and implemented from April 2019. The Site is situated within the identified 'Band 1' (where applicable), and is liable for the following MCIL2 rates:

- All uses (except retail, commercial & hotel): £80/m²
- Central London - Hotel use: £140/m²

CIL Indexation

2.26 LBC's CIL Charging Schedule states that CIL rates should be indexed with the RICS Building Cost Information Service (BCIS) 'All-in Tender Price Index'. Utilising the BCIS All-in TPI to index the existing CIL rates to current date (Q1 2019), the following CIL charges become applicable for the purposes of this viability assessment:

- Residential use (< 10 dwellings or 1000m²): £598.15/m²

[7] Note: prior to indexation to 2019 rates.

- Residential use (>10 dwellings or 1000m²): £179.44/m²
- Hotel use: £47.85/m²

2.27 The MCIL2 represents the rates applicable from April 2019, thus there is no requirement to increase (index) CIL liability in this respect.

3. Approach & Methodology

The Role of Viability Assessment in Planning

3.1 This chapter provides the approach and methodology to this viability assessment set within the context of the legislative planning framework and recognised national practice guidance for undertaking viability assessments.

RICS Financial Viability in Planning Guidance Note (GN 94/2012)

3.2 The RICS Financial Viability in Planning (2012) Guidance Note[8] (hereafter 'the Guidance') is grounded in the statutory and regulatory planning regime. It provides a definitive and objective methodological framework for the preparation of scheme specific viability assessments for planning purposes, which concords with national best practice.

3.3 It defines financial viability for planning purposes as:

'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project.'[9]

3.4 The Guidance supports the use of the residual appraisal methodology where either the level of return or residual Land Value (RLV) can be an input, and the consequential output (either a residual land value or return respectively) can be compared to a benchmark 'Site Value' to assess the implications on viability.

3.5 Importantly, the Guidance defines Site Value, either input into a scheme specific viability assessment or as a benchmark, as follows:

'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.'[10]

3.6 The fundamental objective, therefore, is to ensure an efficient use of the site (land) and a fair return for the landowner and/or developer (risk adjusted) with reasonable planning obligations that can be realised through the efficient use of the land.

National Planning Practice Guidance for Viability (PPGV)

3.7 PPGV sets out the Government's recommended approach and confirms the principles for conducting viability assessment.

3.8 PPGV defines Site Value as the 'benchmark land value' (BLV), which should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. This approach is referred to as the 'existing use value plus' (EUV+).

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[8] RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition
[9] Ibid, p.4
[10] Ibid, p.4

3.9 PPGV confirms that the BLV should be calculated as follows. It should:

- be based upon existing use value;
- allow for a premium to landowners;
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees; and
- be informed by market evidence including current uses, costs and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance.

3.10 It proceeds to confirm that the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account[11].

3.11 PPGV also confirms that alternative uses can be used in establishing the BLV in the form of an Alternative Use Value ('AUV'). Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. PPGV confirms the Government's position that valuation based on AUV includes the premium to the landowner (i.e. the AUV is equal to the EUV+ as a BLV)[12].

Procedural Requirements

3.12 The RICS Guidance recommends that practitioners are reasonable and transparent in both undertaking and reviewing FVAs. It specifically states at G5 on p.50:

'Where possible, differences of opinion should be resolved between consultants acting for the applicant and the council. Once the financial position has been established and agreed between consultants, this does not preclude further negotiation between the council and the applicant having regard to all material planning considerations.'

3.13 Paragraph 4.5.2 on page 25 of the RICS Guidance states the following:

'Many local authorities will require, in respect of individual developments, an impartial and objective review of the viability assessment submitted as part of a planning application. These should be prepared by suitably qualified practitioners as set out in 4.2. It is recommended that once these reports have been prepared, the applicant is provided with a copy (in draft and final forms) to enable responses, if any, to be made to either the LPA or directly to the consultant undertaking the independent review'.

3.14 This is reinforced by paragraph 4.5.3 on page 25, which states:

[11] MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 014
[12] MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 017

'Practitioners should be reasonable, transparent and fair in objectively undertaking or reviewing financial viability assessments. Where possible, practitioners should seek to resolve differences of opinion'.

3.15 It is expected that LBC and any appointed reviewing practitioners will act to follow best practice, which is reflective of the transparent process of dialogue advocated by the RICS Guidance.

Methodology

3.16 In order to determine the viability of the proposed development scenarios for the subject site, residual valuation models with cash flows have been prepared using proprietary software Argus Developer.

3.17 The methodology for undertaking this viability assessment follows the residual appraisal method, which is that accepted by the RICS and recommended within RICS Professional Guidance[13]. The methodology is also consistent with the Government's recommended approach as set out in PPGV[14].

3.18 The assessment calculates the cost to acquire, construct, and deliver the capital costs of the development scheme, which is set against the value of the development on the assumption it is completed in the current market.

3.19 This method is an industry standard approach for developers in calculating an appropriate bid to acquire land and premises for development. The residual land value (RLV) represents the sum available following the deduction of all costs, including allowance for developer's profit, from the net achievable revenue which can be derived from the proposed scheme.

3.20 By definition, the RLV is the sum of money available to the developer to bid to buy the site / land. The methodology is expressed as follows:

NAV – (TDC + P) = Residual Land Value (RLV)

Where:

NAV = Net Achievable Value

TDC = Total Development Cost

P = Developers Profit (at a risk / market adjusted rate)

Benchmark Land Value (BLV)

3.21 As set out above, both PPGV and RICS Guidance set out a requirement for viability assessment to compare the RLV of the proposed development, as derived through the viability assessment, with the BLV (i.e. minimum return at which it is considered a reasonable landowner would be willing to sell their land) in order to determine whether the proposed development is viable or unviable.

[13] RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition
[14] MHCLG (2018) National Planning Practice Guidance – Viability

4. Site Value (or 'Benchmark Land Value')

4.1 Establishing the minimum level of financial return at which a reasonable landowner would be willing to release their land for development represents a critical component of a viability assessment. It must represent a premium over the existing use value (EUV) and a reasonable incentive, in comparison with other options available, for the landowner to sell land for development, whilst allowing a sufficient contribution to comply with policy requirements.

4.2 Whilst not directly featuring as a cost in an appraisal conducted on a residual basis, this 'minimum return' forms the benchmark land value (BLV) against which the RLV derived from the appraisal is tested in order to determine the viability of the proposed development and scope for planning obligations (including affordable housing).

4.3 The approach adopted for arriving at an appropriate BLV for the Site follows that set out within Chapter 3 of this document and accords with the relevant RICS Guidance, PPG and the NPPF**.**

Analysis

4.4 Planning permission for resumption of the former lawful use of the site was obtained by Crossrail under the terms of the Crossrail Act. The appropriate BLV for 1 Fisher Street was subject to lengthy discussion as to the appropriateness of accepting the Compulsory Purchase Order (CPO) price that Crossrail paid for the Site given this existing use value (EUV) had effectively been extinguished by the properties' demolition.

4.5 It was concluded by LBC (and it's independent advisors at the time, BPS) that the CPO price should be adopted as to do otherwise would effectively penalise Crossrail as a public body carrying out its statutory duty to deliver infrastructure improvements and harm its attempts to obtain best value in disposing the site and contribute to its costs, leading to a shortfall to be borne by the taxpayer.

4.6 A 6 months holding cost was also applied as a proxy to reflect the time that Crossrail could have obtained planning and sold the Site if it were not for the headhouse works. An excerpt from the Officers Report to Committee is provided within **Appendix 2**.

4.7 Accordingly, it stands to reason that another scheme on the same site be subject to the same viability test, as the proceeds realised from the sale of the Site will support Crossrail's construction costs and the public purse. A BLV for 1 Fisher Street of £6,128,500 has therefore been adopted.

4.8 This does not include 8-10 Southampton Row, which was acquired by Crossrail's predecessors on the 21st December 1989 for £6.75m and has been held over that period as site offices to build Crossrail.

4.9 8-10 Southampton Row has been granted consent for the resumption of its former lawful use under the terms of the Crossrail Act and planning reference 2016/2985/P. The premises require investment in reinstatement works in order for the former lawful uses to be resumed.

4.10 On the basis that refurbishment works are deemed by PPGV to fall outside the parameters of a EUV at the time of writing, the resultant RLV generated by returning the premises to their lawful use would equate to an Alternative Use Value (AUV). This would preclude addition of a further premium to the landowner.

4.11 A financial appraisal has been prepared for the reinstatement of 8-10 Southampton Row in order to determine the RLV generated. The inputs are summarised under the following sub-headings.

Description of Development

4.12 The reinstatement scheme comprises:

- Bar / restaurant use over basement, ground and 1st floors (with storage within the basement and sales at ground and 1st floors).
- 9 1-bed and 2-bed residential apartments over 2nd to 7th floors.

Accommodation Schedule & Floor Areas

4.13 An accommodation schedule, inclusive of relevant floor areas, is provided within **Appendix 3**.

Development Revenues & Costs

4.14 The estimated revenues and costs are set out in Table 4.1 overleaf.

Table 4.1: 8-10 Southampton Row Reinstatement – Appraisal Inputs

Input Heading	Rate	Additional Commentary
Residential Sales Revenue	£1,423/ft^2	See **Appendix 4**. Derived from comparable analysis
Commercial lease terms	£133,233 p.a. (£22.50/ft^2 with 6 months r/f)	Derived from comparable analysis
Commercial investment yield	4.50%	
Ground rent income	£500/unit	
Ground rent investment yield	5.00%	
Purchaser’s costs	6.80%	Applied to Commercial and Ground Rent investment value
Development costs	£330/ft^2	See **Appendix 5**. MACE Cost Model (May 2019) includes 10% contingency. Applied in appraisal excluding inflation.
Professional Fees	10.00%	Applied to Development Costs
S106 Planning Obligations / CIL	£0	Not deemed applicable
Residential Sales Agency & Marketing	2.50%	Applied to GDV
Residential Sales Legal Fees	0.25%	Applied to GDV
Commercial Letting Agency	10.00%	
Commercial Letting Legal Fees	5.00%	
Ground Rent Inv. Sale Agency	1.00%	
Ground Rent Inv. Sale Legal Fees	0.25%	
Comm. Investment Sale Agency	1.00%	
Comm. Investment Sale Legal Fees	0.50%	
Finance	7.00%	Debit
Developer's Profit	16.95%	Blended rate of 17.5% on GDV (Residential Market Sales) and 15% on GDV (Commercial)
SDLT	4.90%	Derived via HMRC
Agent Fees (Conveyancing)	1.00%	
Legal Fees (Conveyancing)	0.50%	

Source: Various

Development & Sales Programme

4.15 The programme applied is as follows:

- Month 1: Acquisition
- Months 2-7: Pre-development
- Months 8-25: Construction
- Months 26-28: Lease / Sale:
  - Residential: 40% pre-sales completing in Month 26 with balance sold over Months 27-28
  - Commercial: assumes pre-let agreed prior to PC

Appraisal Result

4.16 The reinstatement appraisal generates an RLV of £3,045,261. The reinstatement appraisal is provided at **Appendix 13**.

BLV

4.17 The combined BLV for the Site, inclusive of 8-10 Southampton Row and 1 Fisher Street is **£9,173,761.**

5. Viability Assessment Assumptions: Proposed Development

5.1 This section presents the principal assumptions used in the viability assessment for the proposed development of the Site.

5.2 As recommended by the Guidance[15], in undertaking scheme specific viability assessments, the approach taken is to reflect industry benchmarks having regard to the specific circumstances of the proposed development.

Development Outputs

Proposed Development

5.3 The Proposed Development constitutes the conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 9 residential apartments and an 85 bed hotel. The existing and new buildings will be linked.

5.4 Detailed drawings, including layout plans, are provided as part of the submitted planning application for the Proposed Development.

Accommodation Schedule

5.5 The applicant's architect Matthew Lloyd Architects LLP has prepared an accommodation schedule for the Proposed Development. This is provided within **Appendix 6**.

Development Value

Apartment Units

5.6 Comparable analysis has been undertaken in April 2019. This comprises both transactional data and advertised asking prices for residential apartments within the market local to the Site. Data is provided within **Appendix 7**.

5.7 Drawing on this evidence, Turley has applied individual unit values, resulting in total development revenue of £7,700,000 (£1,503/ft^2).

Residential Ground Rents

5.8 Residential ground rents are adopted at £500 per unit per annum, to which an investment yield of 5.00% is applied. Purchaser's costs are deducted.

Hotel

5.9 The applicant has instructed specialist advice from hotel and leisure consultants Whitebridge Hospitality Limited ('Whitebridge') in respect of the market valuation of the prospective hotel asset. This assessment, predicated on a profits method of appraisal, values the hotel asset at £37,800,000 (circa £444,700 per bed).

5.10 The report prepared by Whitebridge is provided within **Appendix 8**.

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[15] RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

Development Costs

5.11 Development costs are summarised in the following table.

Table 5.1: Proposed Development – Appraisal Inputs: Development Costs

Input Heading	Rate	Additional Commentary
Development costs	£542/ft^2	See **Appendix 9**. MACE Cost Model (April 2019) includes 10% contingency. Excludes inflation.
Professional Fees	10.00%	Applied to Development Costs
S106 Planning Obligations	£0	Understood to be £Nil based on pre-application advice from LBC
LBC CIL Liability (indexed)	£513,421	Applied in line with Instalment Policy
MCIL2 Liability	£467,094	Applied in line with Instalment Policy
Residential Sales Agency & Marketing	2.50%	Applied to GDV
Residential Sales Legal Fees	0.25%	Applied to GDV
Ground Rent Inv. Sale Agency	1.00%	
Ground Rent Inv. Sale Legal Fees	0.25%	
Hotel Sales Agency	1.00%	Applied to GDV
Hotel Sales Legal Fees	0.50%	Applied to GDV
Finance	7.00%	Debit
Developer's Profit	15.42%	Blended rate of 17.5% on GDV (Residential Market Sales) and 15% on GDV (Commercial)
SDLT	4.17%	Derived via HMRC
Agent Fees (Conveyancing)	1.00%	
Legal Fees (Conveyancing)	0.50%	

Source: Various

Development & Sales Programme

5.12 The programme applied is as follows:

- Month 1: Acquisition
- Months 2-7: Pre-development
- Months 8-31: Construction

- Months 32-34: Sale:
  - Residential: 40% pre-sales completing in Month 32 with balance sold over Months 33-34
  - Commercial: assumes hotel market value realised in Month 32

6. Viability Assessment Assumptions: Scenario 1

6.1 This section presents the principal assumptions used in the viability assessment for the Scenario 1 alternative CLP Policy H2 and H4 compliant scheme.

6.2 As recommended by the Guidance[16], in undertaking scheme specific viability assessments, the approach taken is to reflect industry benchmarks having regard to the specific circumstances of the development scheme.

Development Outputs

Scenario 1: CLP Policy H2 and H4 compliant scheme

6.3 A CLP policy compliant development scenario has been prepared to comply with the requirements of Policy H2 of the CLP, which seeks 50% of additional floorspace, arising from mixed-use schemes, to be self-contained residential accommodation.

6.4 The CLP policy compliant scenario constitutes the conversion of the existing 8-10 Southampton Row building and the re-development of 1 Fisher Street site to create 36 residential apartments and a 32 bed hotel.

6.5 In compliance with CLP Policy H4, 50% of the residential dwellings (by floor area) are provided as affordable housing, which equates to 20 units in total of which 60% of units are provided at London Affordable Rent (LAR) and 40% of units are provided as Intermediate Rent tenure.

Accommodation Schedule

6.6 The applicant's architect Matthew Lloyd Architects LLP has prepared an accommodation schedule for the Scenario 1 scheme. This is provided within **Appendix 10**.

Development Value

Apartment Units

6.7 Drawing on the comparable evidence prepared (see **Appendix 7**), Turley has applied individual unit values to open market residential apartments, resulting in total open market development revenue of £18,185,000 (£1,510/ft^2).

6.8 The affordable units are calculated to generate a total blended development revenue of £3,100,514 (£275/ft^2). Within this, the LAR units generate an average value of £169/ft^2 and the Intermediate Rent tenure units generate an average value of £440/ft^2.

6.9 An individual unit revenue schedule is provided within **Appendix 11**.

Residential Ground Rents

6.10 Residential ground rents are adopted at £500 per unit per annum, to which an investment yield of 5.00% is applied. Purchaser's costs are deducted.

[16] RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

Hotel

6.11 The applicant has instructed specialist advice from hotel and leisure consultants Whitebridge Hospitality Limited ('Whitebridge') in respect of the market valuation of the prospective hotel asset. This assessment, predicated on a profits method of appraisal, values the hotel asset at £6,475,300 (circa £202,350 per bed).

6.12 The report prepared by Whitebridge is provided within **Appendix 8**.

Development Costs

6.13 Development costs are summarised in the following table.

Table 6.1: Scenario 1 Scheme – Appraisal Inputs: Development Costs

Input Heading	Rate	Additional Commentary
Development costs	£510/ft^2	See **Appendix 12**. MACE Cost Model (May 2019) includes 10% contingency. Excludes inflation.
Professional Fees	10.00%	Applied to Development Costs
S106 Planning Obligations	£0	Understood to be £Nil based on pre-application advice from LBC
LBC CIL Liability (indexed)	£312,133	Applied in line with Instalment Policy
MCIL2 Liability	£317,080	Applied in line with Instalment Policy
Residential Sales Agency & Marketing	2.50%	Applied to GDV
Residential Sales Legal Fees	0.25%	Applied to GDV
Ground Rent Inv. Sale Agency	1.00%	
Ground Rent Inv. Sale Legal Fees	0.25%	
Hotel Sales Agency	1.00%	Applied to GDV
Hotel Sales Legal Fees	0.50%	Applied to GDV
Finance	7.00%	Debit
Developer's Profit	15.63%	Blended rate of 17.5% on GDV (Residential Market Sales), 6% on GDV (Residential Affordable), and 15% on GDV (Commercial)
SDLT	HMRC	Derived via HMRC
Agent Fees (Conveyancing)	1.00%	
Legal Fees (Conveyancing)	0.50%	

Source: Various

Development & Sales Programme

6.14 The programme applied is as follows:

- Month 1: Acquisition
- Months 2-7: Pre-development
- Months 8-31: Construction
- Months 32-36: Sale:
  - Residential: 30% pre-sales completing in Month 32 with balance sold over Months 33-36
  - Commercial: assumes hotel market value realised in Month 32

7. Appraisal Results

7.1 This chapter presents the results of the assessment of financial viability arising from assessment of the proposed development, and the 'Scenario 1' alternative CLP Policy H2 and H4 compliant scheme, on the Site.

Viability Appraisal

7.2 Viability appraisals have been prepared as follows:

- **Proposed Development**: the refurbishment and conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 9 residential apartments for open market sale and an 85 bed hotel.

- **Scenario 1**: the refurbishment and conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 36 residential apartments (in compliance with CLP Policy H2) and a 32 bed hotel. In accordance with CLP Policy H4, 50% of the residential floorspace (by area) is provided as affordable housing, of which 60% of units are provided at London Affordable Rent (LAR) and 40% of units are provided as Intermediate Rent tenure.

7.3 By way of analysis set out within chapter 4 of this document, it is considered that the combined BLV for the Site, inclusive of 8-10 Southampton Row and 1 Fisher Street is £9,173,761.

7.4 In comparison, the proposed development viability appraisal generates an RLV of £1,012,424, and the Scenario 1 (CLP Policy H2 and H4 compliant) scheme generates a negative RLV of £-10,339,456.

7.5 The viability appraisal for the proposed development is provided within **Appendix 14**.

7.6 The viability appraisal for the Scenario 1 scheme is provided within **Appendix 15**.

8. Conclusions

8.1 Turley has been appointed by Idé Real Estate (hereafter 'the Applicant') to objectively assess, and report upon, the financial viability of the proposed development of 8-10 Southampton Row and 1 Fisher Street, London, WC1B 4AE ('the Site').

8.2 Viability appraisals have been prepared as follows:

- **Proposed Development**: the refurbishment and conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 9 residential apartments for open market sale and an 85 bed hotel.

- **Scenario 1**: the refurbishment and conversion of the existing 8-10 Southampton Row premises and the redevelopment of 1 Fisher Street to create 36 residential apartments and a 32 bed hotel. In accordance with CLP Policy H4, 50% of the residential floorspace (by area) is provided as affordable housing, of which 60% of units are provided at London Affordable Rent (LAR) and 40% of units are provided as Intermediate Rent tenure.

8.3 By way of analysis set out within chapter 4 of this document, it is considered that the combined BLV for the Site, inclusive of 8-10 Southampton Row and 1 Fisher Street is £9,173,761.

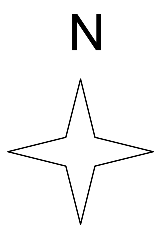
8.4 In comparison, the proposed development viability appraisal generates an RLV of £1,012,424, and the Scenario 1 (CLP Policy H2 and H4 compliant) scheme generates a negative RLV of £-10,339,456.

8.5 Whilst the proposed development falls short of the BLV it does generate a reasonable developer's profit and a positive (albeit restricted) land receipt to the landowner. In contrast, Scenario 1 demonstrates that compliance with CLP Policy H2 and H4 generates a very substantial financial deficit.

8.6 It is therefore deemed appropriate that LBC applies the flexibility provided within both CLP Policies, as referenced above, in order to support the delivery of the proposed development of the Site, which will be undertaken at the developer's risk.

8.7 On this basis, as supported by national planning policy and guidance, it is recommended that the proposed development does not contribute further sums toward planning obligations.

Appendix 1: Site Location Plan



Notes:

1. Do not scale from this drawing.
2. All dimensions to be verified prior to the commencement of any work or the production of any shop drawings.
3. Matthew Lloyd Architects (MLA) shall be notified in writing of any discrepancies.
4. Survey and boundaries indicative only.
5. Proposals are subject to utilities surveys and specialist consultants' input & coordination.
6. Any areas indicated are approximate and indicative only.
7. Where an item is covered by drawings in different scales the larger scale drawing is to be worked to.
8. Drawing to be read in conjunction with relevant consultant's drawings and specifications.
9. Where MLA services on a project do not include for site inspections and work surveys, MLA do not warrent that 'as built' issue drawings are a complete and accurate record of what has been built.

KEY

Site Boundary

Revisions:

PLANNING

Client:

idé real estate

MatthewLloyd**Architects** LLP

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Original Sheet Size A3

N

Date:	Scale:	Drawn by:
MAY 19	1:1250 @ A3	BM

Project:

8-10 Southampton Row, WC1B 4AE

Drawing title:

Site Location Plan

Reference:	Dwg. No:	Rev:
SRH	180	-

Appendix 2: Extant Permission - Committee Report Extract

6.13 First and foremost of these points of principle is how to go about setting a 'benchmark' value and whether this should reflect the value of the pre-existing lawful uses on the site, or the current situation as a Crossrail works site. The scheme viability is assessed by comparing the residual land value (RLV) (i.e. the value from the returns from sales values and/or rents less the development costs) against the benchmark value. Crossrail have argued that to disregard the previous land value upon which Crossrail's purchase of the site was based, would leave them unfairly penalised since their on-site works to provide beneficial public transport infrastructure have effectively extinguished the existing uses and any value leaving no benchmark to compare against.

6.14 Conversely, it could be argued that Crossrail's approach in not only adopting a benchmark value but also seeking to include all the extraordinary site development costs due to building over a railway intervention shaft is contrived both ways to the advantage of Crossrail in terms of maximising the benchmark value and minimising the residual.

6.15 As for the actual figures used in the calculations, e.g. construction costs, sales values and historic data relating to land purchase, these are more matters of factual accuracy. These have all been assessed and agreed by BPS following discussions with BNP.

CPO-derived benchmark approach

6.17 BNP's approach has been to take the starting point for its appraisal as the February 2009 CPO value (£5.950 million). This being representative of the historic acquisition cost following an independently arbitrated assessment of existing land values can be accepted as a valid rationale for the viability benchmark which considers the costs to Crossrail.

6.18 BNP have then sought to apply an indexed increase to update the CPO cost to equate with current values (subtotal of £8.4m) and then add a further 'landowner premium' (25%) to arrive at a total benchmark value of £10.5m. Comparing this figure with BNP's calculation of the RLV of approx £4.0m, results in a deficit of £6.42m leaving no scope for an affordable housing contribution.

6.20 In regard to the applicant's adoption of an indexed increase, BPS reason that whilst as a theoretical exercise this could provide a basis to arrive at a current value, it is more usual (and better reflective of the costs to Crossrail) to reflect the passage of time in the form of interest costs. The BNP appraisal adopts an interest charge of 6%. Applying this figure over the 3yrs 6month period since acquisition would reflect a £1.347m increase on base acquisition costs. Whilst this is representative of the actual cost to Crossrail due to the Crossrail project timetable, a more "normal" holding period from site acquisition to submission of planning assumed in appraisals is circa 6 months which would reduce this amount to £178,500. Adding this figure to the CPO cost would result in a lower benchmark value of £6.128m which, although not reflective of Crossrail's holding costs, is a useful figure for considering what the situation may have been had the site come forward for development without Crossrail's intervention.

6.21 In terms of the development costs, BNP's appraisal includes the entire capping over the site and piling structures to support the development. The additional costs required for the OSD are difficult to quantify as Crossrail have not provided a detailed enough breakdown but it is clear from BNP's revised cost plan submitted in response to BPS querying this point, that the site clearance cost estimate has increased from an initial £25,000 to £1.9m (to include piling and demolition as well as site clearance) signifying that the extra costs involved are at least £1.875m. The applicant has also included a project contingency which appears to be 'double counting' as the cost plan already includes a contingency on construction costs.

Removing this would reduce the applicant's development costs by a further £0.5m representing a total saving on costs of £2.375m. Taking account of these figures in a recalculated residual valuation is estimated by BPS to result in a revised RLV of £7,000,000.

6.22 Comparing BPS's suggested alternative benchmark value of £6,128,500 with a residual of £7,000,000 would, leaving aside Crossrail's additional development costs on the railway related structures, generate a surplus of £870,000 which could be secured as an affordable housing contribution.

6.29 In the light of BPS's independent assessment and negotiations that ensued between officers and Crossrail's agents, Crossrail have put forward the sum of £850.000 as their final offer.

6.30 It is noted that comparing this figure with BPS's suggested approach for considering the CPO value against a residual with *all of the Crossrail related aspects of the development and holding costs excluded*, this would represent an approximate breakeven position for the scheme. Given that this compares closely with the level of contribution that might be expected from a private-led equivalent scheme on the site had Crossrail's involvement not happened (i.e. approx £870,000 –see para 6.22 above) officers are minded to accept Crossrail's assertion that this is the maximum they would be prepared to endorse. It is also noted that this amount is far greater in proportion to the overall floorspace proposed when compared with the contribution paid in the case of 7-10 Hanover Square, Westminster. Therefore on this basis and having regard to the policy and financial discussion as set out above, officers are prepared to recommend this amount to the Committee.

Appendix 3: 8-10 Southampton Row: Reinstatement Accommodation Schedule

SUMMARY OF AREAS

8-10 Southampton Row, London, WC1B 4AE

Floor	Use	Gross Internal Area		Net Sales Area		Net Internal Area	
		sq. m.	sq. ft.	sq. m.	sq. ft.	sq. m.	sq. ft.
Sub Basement	Storage	78.1	841			62.8	676
Basement	Storage	319.8	3,442			202.2	2,176
Ground	Pub/Storage	182.5	1,964			139.8	1,505
First	Pub	173.2	1,864			145.3	1,564
Second	Flat 1			71.9	774		
	Flat 2			67.6	728		
	Seoond Floor Sub Total	180.7	1,945	**139.5**	**1,502**		
Third	Flat 3			73.9	795		
	Flat 4			67.8	730		
	Third Floor Sub Total	184.0	1,981	**141.7**	**1,525**		
Fourth	Flat 5			70.2	756		
	Flat 6			64.8	698		
	Fourth Floor Sub Total	180.0	1,938	**135.0**	**1,454**		
Fifth	Flat 7			63.4	682		
	Flat 8			57.9	623		
	Fifth Floor Sub Total	166.0	1,787	**121.3**	**1,305**		
Sixth	Flat 9	140.2	1,509	126.1	1,357		
Seventh	Flat 9	69.2	745	62.5	673		
Totals		**1,673.7**	**18,016**	**726.1**	**7,816**	**550.1**	**5,921**

Appendix 4: 8-10 Southampton Row Reinstatement: Residential Revenue Schedule

Unit	Tenure	Floor	Beds	m^2	ft^2	£ / ft^2	Total (£)
1	Market	2	1	71.9	774	£1,228	£950,000
2	Market	2	2	67.6	728	£1,580	£1,150,000
3	Market	3	2	73.9	795	£1,509	£1,200,000
4	Market	3	2	67.8	730	£1,610	£1,175,000
5	Market	4	2	70.2	756	£1,588	£1,200,000
6	Market	4	2	64.8	698	£1,685	£1,175,000
7	Market	5	2	63.4	682	£1,685	£1,150,000
8	Market	5	1	57.9	623	£1,404	£875,000
9	Market	6 & 7	2	188.6	2030	£1,108	£2,250,000
Total				**726.1**	**7816**	**£1,423**	**£11,125,000**

Appendix 5: 8-10 Southampton Row Reinstatement: MACE Cost Model

Mace Cost Consultancy

Cost Model

for

8-10 Southampton Row
Residential Reinstatement Assessment - May 2019

ON BEHALF OF IDÉ REAL ESTATE

Commentary

This report represents the forecast out-turn cost of the residential reinstatement project at 8-10 Southampton Row based on the scheme proposal report issued by Dexter Moren Associates dated January 2017 updated to May '19 prices.

The cost plan is at an assumed base date of 1st Quarter 2019 with an inflation allowance factored to the mid point of the programme period from base date to assumed completion 18 months after a December 2019 commencement on site.

Mace's current forecast TPI %'s per annum for London (Updated Q1 2019) on which this assessment is based are as follows:

2018 ~ +1.00%

2019 ~ +1.50%

2020 ~ +2.00%

A copy of Mace indices can be made available upon request.

Following discussions with the client the project is assumed to be being procured under a 2 stage design and build strategy, with the initial procurement activities taking place in parallel with the planning determination period. A report documenting these discussions and a programme detailing pre-construction activities and their interrelationship is to be issued shortly to explain these assumptions further.

Preliminaries (20%), overheads & profit (7.5%) and Contingency (10%) are slightly greater than we would normally expect to allow at this stage however this is reflective of the stage of design information and the constraints of the site and requirements of Crossrail which represent a greater risk than if this building were constructed in a different location.

Exclusions

Reinstatement works on behalf of Crossrail

Retail space delivered to serviced shell only

Professional fees, surveys, and local authority fees and charges

Note: Confirmation received from the client that they are holding a sum calculated as 20% of the value of construction costs as a separate budget for the above items.

VAT

Hotel operators O,S & E

Compensation payments to third parties

Exclude client direct costs, funding and acquisition costs and charges

The impact, survey or removal of any archaeological, chemical or biological contamination

Network reinforcement charges for new incoming utilities, or any services diversions around the boundary of the site

Transport infrastructure upgrades beyond the ownership boundary of the site

Section 106, 278, 38 and CIL charges

8-10 Southampton Row
Residential Reinstatement Assessment - May 2019

mace

Base scheme

GIA			**19,308**	**sqft**
NIA (Residential & commercial)			**13,993**	**sqft**
Nr of floors (Excluding roof)	9	nr		

1.0	**Demolition Works**				**Total Cost**	**£/ft² GIFA**
1.1	Strip out of Southampton Row	1,675	m2	50.00	£83,750	4.34
1.2	Main Contractor Prelims	20%			£16,750	0.87
1.3	OH&P	7.5%			£7,538	0.39
1.4	Design & Construction Contingency	10%			£10,804	0.56
				Demolition Total	**£118,841**	6.16
2.0	**Shell - Refurbishment**					
2.1	Foundations		Excl			-
2.2	Frame & Upper Floors		Excl			-
2.3	Structural repairs (Steel corrosion and frame - Capita survey)	1,674	m2	230	£384,961	19.94
2.4	Reinstatement of rear core vertical circulation core	120	m2	1,000	£120,000	6.22
2.5	External Walls Minor repair & refurbish	1,714	m2	205	£351,370	18.20
2.6	E/O for Window restoration	429	m2	460	£197,110	10.21
2.7	Stairs (Refit)	9	storeys	5,150	£46,350	2.40
2.8	Lifts	0	nr	205,000	£0	-
2.9	Roof	303	m2	400	£121,200	6.28
2.10	Internal Walls (core areas and party walls)		Excl		£0	-
2.11	Internal Doors (core areas only)		Excl		£0	-
2.12	Mechanical & Electrical Services	1,674	m2	365	£610,916	31.64
2.13	Sustainability Allowances	1,674	m2	40	£66,950	3.47
2.14	External works	0	m2	430	£0	-
2.15	Main Contractor Prelims	20%			£379,771.33	19.67
2.16	OH&P	7.5%			£170,897.10	8.85
2.17	Design & Construction Contingency	10%			£244,952.51	12.69
				Shell - Refurbishment Total	**£2,694,478**	139.55
				Demolition and Shell & Core Refurbishment Total	**£2,813,319**	**145.71**
3.0	**Fitout**					
3.1	Fit out of residential sales and common areas	726	m²	3,461	£2,512,686	130.14
	Fit Out Total				**£2,512,686**	**130.14**
3.2	Main Contractor Prelims	20%			£502,537	26.03
3.3	OH&P	7.5%			£226,142	
3.4	Design & Construction Contingency	10%			£324,136.49	16.79
				Fit Out Total	**£3,565,501**	**184.66**
	Inflation from cost model base date to midpoint of programme commence Dec 2019 and on site 18 months (2.75%)				£175,418	9.09
				Reinstatement Total	**£6,554,238**	**339.46**

Appendix 6: Proposed Development: Accommodation Schedule

SCHEDULE OF ACCOMMODATION

8-10 SOUTHAMPTON ROW

			HOTEL						MARKET				
ACCOMMODATION	Rooms in CH	Rooms in NB	NIA Rooms CH	NIA Rooms NB	Total Circulation	Restaurant/ Kitchen	BOH	Plant (inc. RW att. tank)	STUDIO NIAs in m^2	1B2P NIAs in m^2	2B3P NIAs in m^2	Circulation	Plant/Store
Basement					64	31	162	88					
Ground Floor					211		58	30				48	30
1st Floor					70	184	13	39				29	13
2nd Floor	6	7	122	226	128		18	6		50		21	4
3rd Floor	6	10	122	245	120		13	6		50		21	4
4th Floor	6	10	118	245	120		13	6		50		21	4
5th Floor	6	10	118	245	120		13	6		50		21	4
6th Floor	4	10	100	245	120		13	6		50		21	4
7th Floor	2	8	57	145	89		13	15	44	54		21	2
8th Floor								129			62 66	25	4
NO. SUB TOTAL	**30**	**55**											
m^2 SUB TOTAL			**637**	**1351**	**1042**	**215**	**316**	**331**	**44**	**304**	**128**	**228**	**69**
TOTALS in m^2			**1988**		**1904**				**476**			**297**	
TOTALS No.	**HOTEL ROOMS 85**								**APARTMENTS 9**				

General Notes

1. This document is supplied for information purposes only, without prejudice to Matthew Lloyd Architects LLP.
2. The areas shown are subject to change according to site surveys, further design development, planning and construction.
3. Areas indicated on this schedule are approximate and indicative only.
4. MLA have copyright of all schedules, and drawings used to prepare schedules.

Appendix 7: Comparable Residential Market Evidence

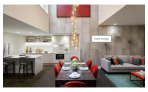
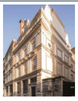
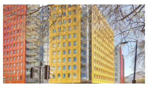
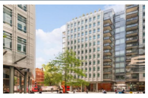
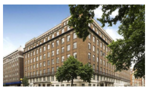
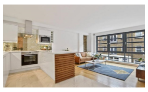
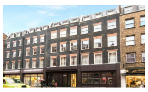
Sold Prices - Re-Sale - All Data

Link/ Image	Asking / Sold Prices	New-Build / Re-Sale	Date	Post Code	No	Address	Accommodation Type	Beds	m²	ft²	Price	£ / ft²
	Sold Price	Re-Sale	02/05/208	WC1N 1HD	54	Witley Court, Coram Street	Flat	1	46.5	500	£670,000	£1,340
	Sold Price	Re-Sale	07/11/2018	WC1H 0NF	289	Russell Court, Woburn Place	Studio	1	26.4	284	£342,000	£1,204
	Sold Price	Re-Sale	18/04/2018	WC1H 0NF	284	Russell Court, Woburn Place	Studio	1	26.6	286	£310,000	£1,083
	Sold Price	Re-Sale	06/04/2018	WC1N 1NZ	12	O'donnell Court, Brunswick Centre	Flat	2	68.9	742	£924,950	£1,247
	Sold Price	Re-Sale	02/03/2018	WC1R 5DJ	4	7, Warwick Court	Flat	2	48.0	517	£922,500	£1,785
	Sold Price	Re-Sale	19/12/2018	WC1X 9HF	D	1 Cruikshank Street	Flat	1	25.4	273	£426,250	£1,561
	Sold Price	Re-Sale	13/12/2018	WC2B 5RH	2	23 Drury Lane	Flat	2	56.0	603	£880,000	£1,460
	Sold Price	Re-Sale	14/12/2018	WC2R 4PZ	22	Three Cups Yard, Sandland Street	Flat	2	151.0	1,625	£2,050,000	£1,261
	Sold Price	Re-Sale	02/10/2018	WC1B 3AE	3	Bedford Court Mansions, Bedford Avenue	Flat	2	83.0	893	£1,067,500	£1,195
	Sold Price	Re-Sale	06/08/2018	WC1B 3AE	77a	Bedford Court Mansions, Bedford Avenue	Flat	2	77.0	829	£900,000	£1,086
	Sold Price	Re-Sale	14/12/2018	WC1B 4BA	1	Bristol House, Southampton Row	Flat	1	56.5	608	£679,000	£1,116
	Sold Price	Re-Sale	12/10/2018	WC2B 5SD	39	Sheridan Buildings, Martlett Court	Flat	2	41.1	442	£556,500	£1,258
	Sold Price	Re-Sale	07/09/2018	WC2H 9PR	29a	Neal Street	Flat	2	130.5	1,405	£1,825,000	£1,299
Total / Average:						**13**			**64**	**693**	**£888,746**	**£1,283**

Summary: Sold Prices

Sold Prices	New-Build / Re-Sale	Accommodation Type	Beds	Min Date	Max Date	No. of Sales	Average Size (ft²)	Total Size (ft²)	Total Revenue (£)	Average Sold Price (£)	Average £ / ft²
Sold Price	**Re-Sale**	Studio	1	18/04/2018	07/11/2018	2	285	570	£652,000	£326,000	£1,143
		Flat	1	14/12/2018	19/12/2018	3	460	1,381	£1,775,250	£591,750	£1,285
			2	02/03/2018	14/12/2018	8	882	7,056	£9,126,450	£1,140,806	£1,293
Grand Total				**02/03/2018**	**19/12/2018**	**13**	**693**	**9,007**	**£11,553,700**	**£888,746**	£1,283

Asking Prices - All Data

Link/ Image	Asking / Sold Prices	New-Build / Re-Sale	Date	Post Code	No	Address	Accommodation Type	Beds	m²	ft²	Price	£ / ft²
	Asking Price	New-Build (Conversion)	28/03/2019	EC1N 2JT		Pinks Mews, 1-6 Dyer's Buildings, Holborn	Flat	2	107.5	1,157	£1,800,000	£1,556
	Asking Price	New-Build (Conversion)	28/03/2019	WC2A	3	5 Bell Yard	Flat	2	115.0	1,238	£2,500,000	£2,020
	Asking Price	New-Build	28/03/2019	WC2A		Lincoln Square	Flat	2	86.9	935	£2,215,000	£2,368
	Asking Price	New-Build	28/03/2019	WC1A		Centre Point Tower 101-103, New Oxford Street	Flat	2	118.7	1,278	£3,665,000	£2,868
	Asking Price	New-Build (Conversion)	28/03/2019	WC2B		Kingsway, Holborn	Flat	1	40.1	432	£950,000	£2,199
	Asking Price	New-Build (Conversion)	28/03/2019	WC1R 4QF		Red Lion Square, Halsey House, Bloomsbury	Flat	2	65.3	703	£1,100,000	£1,565
	Asking Price	New-Build	28/03/2019	EC1N		Bourne, Portpool Lane	Flat	2	90.1	970	£975,000	£1,005
	Asking Price	New-Build	28/03/2019	WC2H		Central St Giles Piazza, Covent Garden	Studio	1	29.8	321	£600,000	£1,871
	Asking Price	New-Build	28/03/2019	WC2H		Central St Giles Piazza, Covent Garden	Flat	2	93.2	1,003	£1,750,000	£1,745
	Asking Price	Re-Sale	28/03/2019	WC1H 0NF		Woburn Place, Bloomsbury	Studio	1	24.5	264	£325,000	£1,232
	Asking Price	Re-Sale	28/03/2019	WC1B		Russell Square, Bloomsbury	Flat	2	88.1	948	£1,495,000	£1,577
	Asking Price	Re-Sale	28/03/2019	WC1N 3BA		Queen Court, Queen Square, Bloomsbury	Studio	1	36.7	395	£499,999	£1,266
	Asking Price	Re-Sale	28/03/2019	WC1N 2JN		North Mews, Holborn	Flat	2	81.0	872	£1,175,000	£1,348
	Asking Price	Re-Sale	28/03/2019	WC1B 5AJ		Southampton Row, Bloomsbury	Flat	2	72.7	783	£1,150,000	£1,470
	Asking Price	Re-Sale	28/03/2019	WC1N 3ES		23-24 Great James Street	Flat	1	46.5	501	£750,000	£1,498
	Asking Price	Re-Sale	28/03/2019	WC1X 8AP		The Lincolns, London	Flat	2	80.4	865	£1,430,000	£1,653
	Asking Price	Re-Sale	28/03/2019	WC1R 4LL		The Belvedere, Bedford Road, Holborn	Flat	1	50.0	538	£995,500	£1,850
	Asking Price	Re-Sale	28/03/2019	WC1X 8HR		Gray's Inn Road	Flat	1	49.7	535	£699,950	£1,308

Appendix 8: Whitebridge Consulting: Hotel Market Assessment

WHITE BRIDGE

IDE REAL ESTATE (HOLBORN) LTD

Site Appraisal of the Proposed Conversion to Hotel Use of 8-10 Southampton Row and 1 Fisher Street in Holborn, London

May 2019

Private & Confidential

Mr Kevin Dhami
IDE Real Estate (Holborn) Ltd
c/o Idé Real Estate
1 Quality Court
Chancery Lane
London
WC2A 1HR

Whitebridge Hospitality Limited
10 Old Burlington Street
London
W1S 3AG
United Kingdom

Tel: +44 20 7195 1480

24 May 2019

Dear Kevin,

In accordance with your instructions, we are pleased to submit this site appraisal in relation to the proposed conversion to hotel use of 8-10 Southampton Row and 1 Fisher Street in Holborn, London.

This document is based on our present knowledge and information with respect to the relevant trends in the relevant tourism and hotel sectors in London on completion of our research and analysis in May 2019.

The work we have undertaken to date has addressed the issues agreed in our Engagement Letter dated 1 May 2019 and signed by you on 7 May 2019. It is not suitable for any other purpose or for use by any other person.

Accordingly, we stipulate that this report is for your sole use and must not be disclosed in whole or in part to any other party without our prior written agreement on a hold harmless basis with any such third-party.

We would be pleased to hear from you should you have any comments regarding the research undertaken to date and the findings arising.

Yours sincerely,

Philip Camble
Director
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Contents

1. Introduction

Background

- We understand that IDE Real Estate (Holborn) Ltd (IREH) is a wholly owned subsidiary of Idé Real Estate.
- IREH would like to redevelop the existing Carlisle House and to construct an extension to the rear in order to create a 85-key hotel with bar and restaurant facilities on the ground and first floors respectively.
- In order to secure planning permission for this project, IREH has appointed Turley as their planning and development viability consultants and as part of this exercise you have appointed Whitebridge Hospitality Ltd to support Turley in preparing a financial appraisal of the site assuming it is redeveloped into an upscale boutique hotel, assuming two potential options:
  - **Option 1**: 85-key hotel, with bar and restaurant;
  - **Option 2**: 32-key hotel, with restaurant only.

Scope of the Engagement

- The scope of this assignment is as set out in our Engagement Letter dated 1 May 2019 and signed by you on 7 May 2019.
- For the purposes of this report, the following issues have been addressed:
  - Summary overview of tourism trends in London and commentary on future prospects based on tourism initiatives being proposed.
  - Review of the site and its location (SWOT table), and summary of each concept option.
  - Review of the competitive environment/s relevant to each of the options under consideration, including performance trends data.
  - Commentary on the potential commerciality of each option and evaluation of each option in terms of potential occupancy and ADR that could be achieved.
  - Preparation of earnings estimates for each option, based on the *Uniform System of Accounts for the Lodging Industry*.
  - Guidance around the possible value of each option, including comparable transactions data and industry norm yields for such hotels. It is clearly understood that such indicative valuation work will not constitute a formal opinion of value, and although we have undertaken such work in line with RICS guidelines, we are not RICS qualified and such indicative valuation work may not be used for any banking or financing purposes.

Approach

- To address the objectives identified within the scope of services, we have undertaken the following:
  - Visited and toured 8-10 Southampton Row and 1 Fisher Street with a representative of IREH in order to assess the site and existing buildings in terms of their suitability and location for the proposed development.
  - Met with a representative of IREH in order to gain a detailed understanding of the proposed concept, anticipated market positioning and any design issues that could impact on performance.
  - Conducted an appraisal of the local competitive environment based on the performance of competitor hotels in London.
  - Acquired relevant tourism and hotel performance data.
  - Undertaken relevant desk-based research and interviews with a number of developers and hotel operators with knowledge useful to this assignment.

Limitations of the Report

- Our research for this report was completed in May 2019. No account has been taken of matters arising after the completion of our research.
- Whitebridge Hospitality Ltd has not verified any information that has been provided by you or any third-party in relation to this assignment.
- We do not guarantee that any of the recommendations or conclusions in this report will necessarily succeed or arise as envisaged as actual events may have a material impact on our underlying assumptions, but they have been conscientiously prepared on the basis of information furnished to us and our knowledge of the industry.
- This study should be read in conjunction with, and is subject to, the Engagement Letter dated 1 May 2019 together with our standard terms and conditions.

Contents

Introduction

- As the capital of the UK, and a global economic and cultural centre (see box bottom right for examples of London's pre-eminence as a destination of global renown), London is visited by millions of business and leisure travellers every year, and employs some 5.8m people (equivalent to 16.7% of the national total, reference Appendix 8.1).
- With its excellent transport links and plethora of museums, shopping, leisure and entertainment options, tourism is one of London's prime industries contributing more than £36bn to the local economy each year and supporting around 700,000 jobs.

Tourism Performance Snapshot

- According to the Office of National Statistics (ONS), in 2017, London attracted an estimated 19.8m international visitors staying 114m nights and spending £13.5bn. The number of visitors has increased year-on-year since 2009 (see Appendix 8.2). International visitor numbers increased by nearly 30% since 2011, fuelled by: London 2012, increased international destination marketing and increasing availability of affordable hotel accommodation in the city.
- Domestic visitors are also important, with around 12.1m visitors staying an estimated 27.8m nights in 2017 (latest data available from Visit England) and generating an expenditure of around £2.7bn. London also welcomed some 280m domestic day-visitors in 2015, generating a further £11.6bn of expenditure.
- According to the latest ONS statistics, the number of international visitors to the capital during the first three months of 2018 fell by around -6.7%. These may a disappointing indicator when compared to the exceptionally strong performance in 2017, however, compared to the years prior to 2017, 2018 showed signs of strong growth.

Meetings, Incentives, Conferences & Exhibitions (MICE)

- London is one of the leading MICE destinations in the world, with numerous venues, buildings and facilities capable of hosting large events. One of the largest annual events is the World Travel Market (WTM) which attracted over 50,000 delegates in 2018.
- In 2017, London ranked as the seventh most popular city in the world by the International Congress and Convention Association (ICCA), hosting some 177 international association events in that year.

Major Attractions

- London's iconic museums and galleries are a major draw to many visitors. The four largest attractions: #1 Tate Modern, #2 British Museum, #3 National Gallery and #4 Natural History Museum together attracted nearly 23m visitors in 2018 (see map top right, source Association of Leading Visitor Attractions, ALVA).

Top 10 Attractions in London (2018 data)

1.	Tate Modern	5.9m
2.	British Museum	5.8m
3.	National Gallery	5.7m
4.	Natural History Museum	5.2m
5.	Southbank Centre	4.5m
6.	V&A Museum	4.0m
7.	Science Museum	3.2m
8.	Somerset House	3.1m
9.	Tower of London	2.9m
10.	Royal Museums Greenwich	2.5m

Source: Google Maps 2019, ALVA

London Facts

- Ranked 2nd (after New York) on the Global Financial Centres Index 2018 (GFCI).
- Greenest city of its size in the world, with nearly 173sqkm of parks (approx. 40% of the city).
- Largest concentration of higher education institutions in Europe and one of the highest in the world, with some 43 universities and higher education institutions.
- Most cosmopolitan city in Europe and perhaps second only to New York globally, with some 300 different languages being regularly spoken (according to London First).
- Highest number of resident Ultra High Net Worth Individuals (UHNWI, 4,944 residents) of any city in the world (according to *The Wealth Report*).
- Home to some of the largest retail areas in the world, including Westfield London at White City (the largest shopping centre in Europe).
- World Cities Culture Report 2015 suggests London's attractions draw the highest number of visitors per annum and it has a world leading four UNESCO World Heritage Sites.
- 3rd most visited city in the world (after Hong King and Bangkok), attracting circa 20m international visitors in 2018 (according to Euromonitor International, *Top 100 City Destinations 2018*).
- Leading global centre for movie visual effects (centred on Soho Square) and one of the world's leading high tech hubs outside the USA (#3= with Beijing globally, according to Startup Genome *Rise of the Global Startup City* report).
- Busiest airport city in the world (over 175m passengers in 2018), with planned new runway capacity at Heathrow.

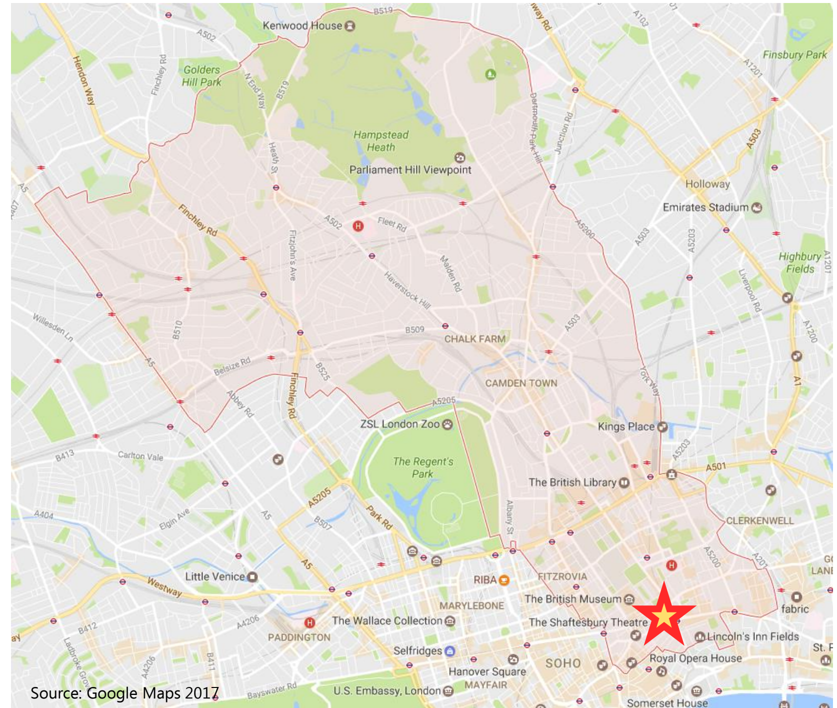
London Borough of Camden

- The London Borough of Camden (LBC, see map top right) stretches from Covent Garden in the south to Highgate in the north, and from the edge of the City in the east to Kilburn in the west. The Kingsway Conservation Area to the south (where the project site is located) sits in the heart of central London.
- According to the *Camden Business and Employment Bulletin (Feb 2018)*, as a whole LBC is home to the 2nd highest number of businesses in London (after Westminster) and is the 4th highest in the UK. There were 33,085 registered enterprises in 2017, an increase of 7% over 2016 and has grown by 37% since 2008. The borough is a hotspot for start-ups, with the 2nd highest number in London (6,050 new businesses in 2016, an increase of 11% on 2015).
- The largest sectors in LBC are Law, Management Consultancy, Architecture and Engineering, Scientific Research, and Advertising/Market Research. The total number of employed persons in 2016 was 376,800, an increase of 27% on 2009, and accounting for over 7% of all employment in London (3rd highest after Westminster and City of London).
- In response to the thriving 'knowledge economy', a Knowledge Quarter was established in 2014 to nurture and develop this world-class cluster. The members of this innovative partnership (comprising some 35 academic, cultural, research, scientific and media organisations) are all located within a small area around King's Cross, Euston Road and Bloomsbury. Members include: Central St Martins College, University College London (UCL), Wellcome Trust, Royal College of Physicians, British Library, British Museum and Google.
- As may be seen from the map bottom right, the project site is situated within this Knowledge Quarter, and is very close to other key clusters identified by London & Partners, namely: 'life sciences' and 'creative industries' to the west, and 'technology' and 'finance' to the east.
- In addition to its extensive commercial credentials, LBC is home to a number of major attractions, including: British Museum, British Library, ZSL London Zoo and Camden Market.

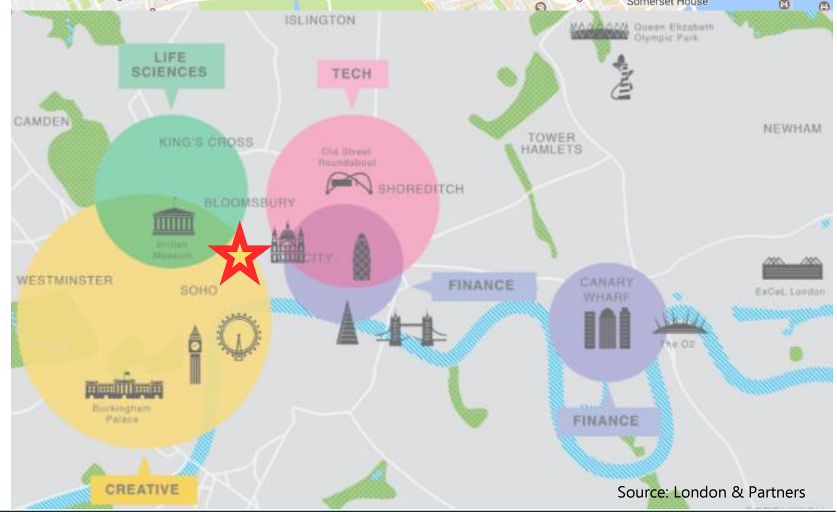
Midtown

- Focussing in on the area immediately surrounding the project site, this part of London is often referred to as Midtown – the area between the bustling West End and the financial district of the City. As London has grown and diversified, the previously maligned Midtown area has grown in popularity with the 'media' and 'tech' sectors, which have dominated office space take-up in recent years.
- Indeed, Midtown is now becoming an increasingly popular choice across a range of sectors as businesses seek to relocate from the expensive West End in order to save costs.
- Other important factors to consider in Midtown are the quality of and the ongoing investment in local infrastructure, amenities and transport links, including the new Crossrail stations at Tottenham Court Road and Farringdon. The decisions of big media tech firms, such Google and The Guardian, to commit to King's Cross is an example of the growing interest in this part of London.

London Borough of Camden and Midtown



Source: Google Maps 2017



Source: London & Partners

Contents

Location

- The site is located at 8-10 Southampton Row and 1 Fisher Street and incorporates the Grade II Listed Carlisle House, and lies within the Kingsway Conservation Area. It is bounded by Fisher Street (to the north); an electricity substation, existing commercial floor space and Proctor Street (west); Catton Street (south); and the main frontage of Carlisle House faces onto Southampton Row (east).

Access

- It is easily accessible by car from Southampton Row (a major north-south arterial road through the centre of central London) and by public transport (with Holborn Underground station less than two minutes walk to the south).

Visibility

- Carlisle House is an eight storey Edwardian steel-frame building, with two basement levels, and thus enjoys excellent visibility from Southampton Row (particularly enhanced by its distinctive yellow stone façade and detailing). It was originally constructed as a hotel (Tollard Royal Hotel) and Friendly Society Offices in 1905-06. By the mid-20th century, the building incorporated a bank, and then a pub/restaurant on the ground and first floors, with nine private residential dwellings occupying the floors above.

Topography

- The existing Carlisle House appears to be on largely level ground. The proposed extension to the rear will be constructed on top of a Crossrail access shaft, which is not at grade with Carlisle House and results in mixed floor levels within the proposed hotel design.

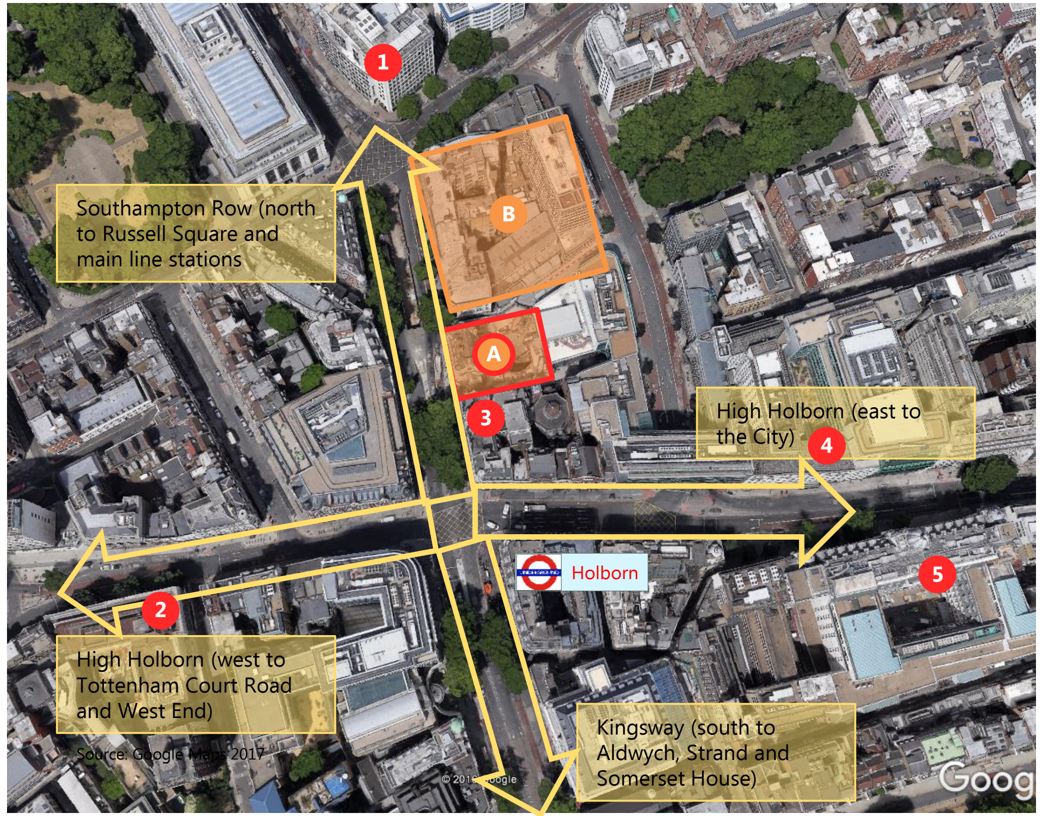
Adjacent and Nearby Land Uses

- The map right shows the range of adjacent and nearby land uses around the site (where areas are not highlighted, these uses tend to be a mix of office and retail, with few residential buildings). It is evident from this map that there are a number of existing and proposed hotels in the vicinity. However, as reviewed overleaf, the proposed project will be sufficiently differentiated from its neighbours as to be seen to fill a gap in the market place and as such should perform strongly in this location.

Proximity to Demand Generators

- Being situated in the heart of the Midtown, the site is surrounded by key nodes of economic activity. The area is undergoing significant regeneration, particularly to the west towards the new Crossrail station at Tottenham Court Road (where many buildings have been vacated and are subject to major refurbishment programs).
- As such the proposed hotel should benefit directly from all this inward investment and should become attractive to both corporate and leisure related sources of overnight demand.
- From a bar/restaurant perspective, the significant footfall around Holborn Underground station should also bode well for the project's envisaged ground and first floor spaces.

Site Location Plan – Adjacent and Nearby Land Uses



Hotel Uses – Existing

1 Jurys Inn London Holborn
2 The Hoxton Holborn
3 L'Oscar
4 Citadines Holborn-Covent Garden
5 Rosewood London

Hotel Uses – New Developments

A Project site
B Central St Martins College of Arts & Design (owned by Grange Hotels)

Proposed Hotel Area Schedule

- The table top right summarises the proposed area schedule for the 85-key hotel concept (reference the most recent plans prepared by Matthew Lloyd Architects, MLA).
- In essence, IREH is looking to redevelop the existing Carlisle House into hotel keys and commensurate public areas, and to construct a connected extension to the rear comprising a mix of hotel keys (as shown right) and residential apartments (not listed in the table right). This design yields an 85-key boutique-style hotel with the possibility to realise a highly visible bar on the ground floor and a restaurant on the first floor, both overlooking Southampton Row (such concept to be further defined with the preferred hotel operator/brand).
- The proposed extension to the rear will be constructed above the Crossrail emergency access shaft behind Carlisle House and as such is considered an 'over site development' (Carlisle House is currently used as a site office by Crossrail for the purpose of finalising this access shaft). The work by Crossrail is due for practical completion in late 2020 and it is anticipated that Carlisle House will be vacated in early 2021.

Preliminary Comments on Proposed Concept

- We would note the following with regard to the proposed layout and concept:
  - The average room size is approximately 23sqm, with the majority of the rooms benefitting from universal access. Such room sizes would be considered too small for a traditional upper-upscale or luxury hotel product, but given the proposed market positioning as an upscale boutique hotel, such room dimensions should be acceptable to such clients and they are comparable to other boutique-style hotels in the wider local area.
  - Given the small room dimensions (see table bottom right, room categories shown are for reference only and do not represent actual names that may be used in the finished hotel), the interior design of the hotel will need to be optimised in terms of efficient use of space in order to achieve the desired high quality boutique hotel feel.
  - All the rooms will have the benefit of natural light and street views (on to Southampton Row, Fisher Street or Catton Street).
  - There are only two guest lifts, both within the connection between Carlisle House and the extension, which must serve split levels because of the mismatch in grade between the two buildings. Thus the lifts will effectively serve twice as many floors as are present within the buildings (only one lift will serve all floors, and is likely to double as a service lift, whilst the second lift only goes to the fifth floor). Programming and the quality of such lifts will need to be considered carefully to ensure that guests are not inconvenienced by this additional complexity (and care with regard to the design and operation of the dual-purpose service-guest lift).
  - The bar and restaurant areas will be connected by a feature staircase, thus ensuring guests drawn into the bar at ground floor can easily access the dining area above. The attractive Sicilian Avenue facing corner entrance should help to draw non-hotel guests, especially as the local area benefits from a high level of footfall.
  - The back-of-house areas at ground floor (and from here to all floors) are easily accessible from both Fisher Street and Catton Street.

Proposed Hotel Area schedule (Option 1)

Key	Total NIA (sqm)	Carlisle House (# rooms & facilities)	Extension (# rooms & facilities)	Total keys per floor
Sub-basement		Services	-	-
Basement	345	Services, BOH	-	-
Ground floor	299	Reception, bar	BOH	-
1st floor	306	Restaurant	Kitchen, BOH	-
2nd floor	500	6	9	15
3rd floor	506	6	10	16
4th floor	502	6	10	16
5th floor	502	6	10	16
6th floor	484	3	10	13
7th floor	319	2	7	9
8th floor	129	-	Plant	-
Total	**3,892**	**29**	**56**	**85**

BOH = Back of House areas

Source: MLA and Whitebridge Hospitality analysis

Proposed Hotel Key Configuration (Option 1)

Key	Size range (sqm)	Total area (sqm)	Number of keys	Ratio	Average area per key (sqm)
Standard	<21	668	35	41%	19
Superior	21-26	950	39	46%	24
Deluxe	26-31	264	9	11%	29
Suite	>31	83	2	2%	41
Total/averages		**1,964**	**85**	**100%**	**23**

Source: MLA and Whitebridge Hospitality analysis

Proposed Hotel Area Schedule

- The table top right summarises the proposed area schedule for the 32-key hotel concept (reference the most recent plans prepared by MLA).
- The reduction in hotel area is the result of the residential part of the scheme being increased to permit some 36 apartments within essentially the same overall envelope as that proposed in Option 1.
- The hotel part will remain at the front of the site and will occupy the existing Carlisle House building (with the extension comprising wholly residential), containing most of the hotel keys and commensurate public areas, and to construct a connected extension to the rear comprising a mix of hotel keys (as shown right) and residential apartments (not listed in the table right). This design yields a 32-key boutique-style hotel with the possibility to include a restaurant on the first floor, overlooking Southampton Row (such concept to be further defined with the preferred hotel operator/brand).

Preliminary Comments on Proposed Concept

- We would note the following with regard to the proposed layout and concept:
  - The average room size is approximately 20sqm, considerably smaller than that proposed in Option 1. The number of keys is reduced to 32. The combination of smaller rooms and a smaller room count is likely to compromise the efficiency of the operation and to reduce overall profitability.
  - Given the foregoing, the interior design of the hotel will need to be optimised to an even higher degree under this Option 2 compared to Option 1 (in terms of efficient use of space).
  - All the rooms will have the benefit of natural light and street views (on to Southampton Row, Fisher Street or Catton Street).
  - As in Option 1, there are two guest lifts, both within the connection between Carlisle House and the extension. The lift serving all floors will have to double as a service lift (thus care required with regard to its design and operation as a dual-purpose service-guest lift).
  - There is no space for a bar at ground floor level in this Option 2, but a restaurant area is still possible on the first floor (although space for a kitchen will need to be considered in order to make this concept viable). Restaurant guests will need to arrive via the hotel entrance/lobby, which is not ideal, given consumer trends show very clearly that non-hotel residential diners are very reluctant to arrive through a hotel, instead preferring to arrive via an appropriate ground floor experience (such as the bar in Option 1). Thus the performance of the restaurant component of the hotel in this Option 2 is likely to be compromised.
  - The back-of-house areas at ground floor (and from here to all floors) are easily accessible from both Fisher Street and Catton Street. However, the volume of back-of-house is much reduced compared to Option 1, with prime revenue generating space on the Southampton Row / Fisher Street corner being sacrificed to accommodate such service areas.

Proposed Hotel Area schedule (Option 2)

Key	Total NIA (sqm)	Carlisle House (# rooms & facilities)	Extension (# rooms & facilities)	Total keys per floor
Sub-basement		Services	-	-
Basement	324	Services, BOH	-	-
Ground floor	276	Reception, BOH	BOH	-
1st floor	240	Restaurant	-	-
2nd floor	203	6	-	6
3rd floor	230	6	-	6
4th floor	221	6	-	6
5th floor	210	6	-	6
6th floor	210	4	1	5
7th floor	146	2	1	3
8th floor	126	-	Plant	-
Total	**2,186**	**30**	**2**	**32**

BOH = Back of House areas

Source: MLA and Whitebridge Hospitality analysis

Proposed Hotel Key Configuration (Option 2)

Key	Size range (sqm)	Total area (sqm)	Number of keys	Ratio	Average area per key (sqm)
Standard	<21	541	28	33%	19
Superior	21-26	47	2	2%	23
Deluxe	26-31	61	2	2%	30
Suite	>31	-	-	0%	-
Total/averages		**648**	**32**	**38%**	**20**

Source: MLA and Whitebridge Hospitality analysis

Strengths

- Carlisle House is an attractive and highly visible Grade II Listed building which will act as the main frontage for the proposed hotel
- Corner entrance on busy road to bar and restaurant providing good visibility and easy access for non-hotel guests
- Located within the Holborn growth area and Midtown is currently subject to significant development and regeneration
- Excellent connectivity and access to transport links including Holborn Underground station (less than a two-minute walk), Tottenham Court Road (Crossrail) and within easy reach of Charing Cross, King's Cross-St Pancras (Eurostar Terminal) and Euston (HS2) mainline railway stations
- Within easy walking distance of major visitor attractions, entertainment, retail and leisure options such as the British Museum, Oxford Street and Covent Garden
- Central location within the Knowledge Quarter, home to a growing cluster of life sciences businesses
- Large local corporate demand base on the doorstep

Weaknesses

- The site is relatively tight and the listed nature of Carlisle House constrains future development plans, thus impact on development costs needs to be considered carefully
- Hotel keys are relatively small (average 23sqm, under Option 1) and will require optimum use of space and interior design in order to achieve a high quality boutique hotel feel
- The reception area has a relatively small floor area and is unlikely to accommodate much lounge space, and guests may need to use the adjacent bar area
- Location within Midtown means that the hotel is unlikely to achieve the levels of performance that similar hotels may achieve in more prime locations, such as nearby Covent Garden and the West End

Opportunities

- Create a destination boutique hotel in Midtown able to compete effectively with some of the leading boutique properties in the wider area
- Potential to achieve reasonably high average room rates if it is possible to attract an appropriate brand
- The appeal of Midtown is expected to continue to improve as a result of ongoing development and regeneration, as well as enhanced transport links
- LBC has a growing working population, from 300,000 estimated in 2015 to 375,000 by 2030

Threats

- Although not a direct competitor, the new luxury L'Oscar hotel at 2-6 Southampton Row may compete within certain segments of demand, whilst also raising the profile of the area as an appealing hotel location
- The adjacent former Central St Martins College of Arts & Design building is currently vacant, but owned by Grange Hotels and may eventually be converted into a hotel

Concluding Remarks

- The site is relatively tight and this is reflected in the small room dimensions, however, the location benefits from excellent connectivity and easy access to London's main shopping and entertainment areas, and to leading visitor attractions.
- Carlisle House lends itself well to redevelopment into a boutique hotel with a bar/dining concept, being located in an area that is undergoing significant development and regeneration.
- The Midtown location means that the property will require an appropriate brand in order to quickly penetrate the market place and become established as a quality boutique hotel.
- The proposed concept appears to fill a gap in the market place, between luxury (Rosewood and L'Oscar), full service traditional business hotels to the north (Doubletree, Jurys Inn Holborn) and the select service offerings (Citadines and The Hoxton), which bodes well for its future operation.

Contents

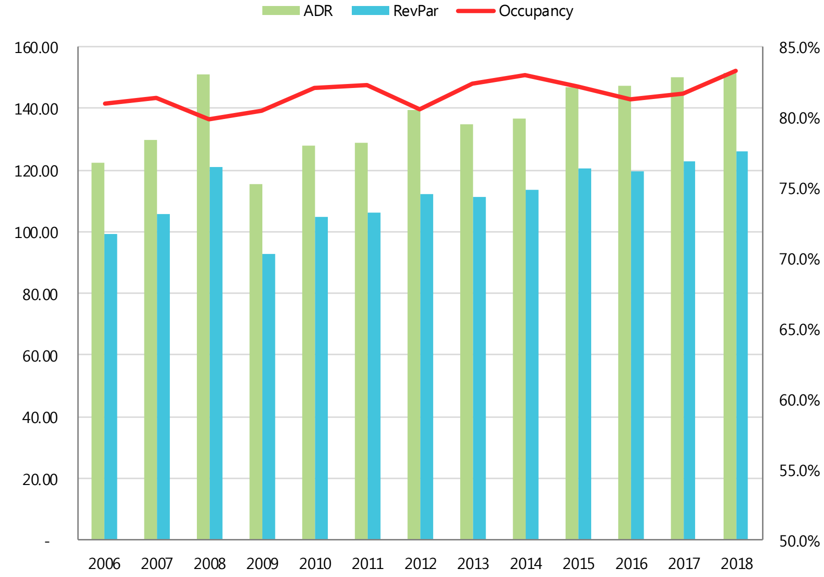
Introduction

- London has approximately 155,000 hotel rooms (according to AM:PM Hotels), of which about 17,200 rooms are in LBC where the proposed hotel is located (accounting for circa 11% of total supply). The graph top right summarises the recent performance of All London and we would highlight the following:
  - Overall market occupancy has been stable over the period, at around 80% in each of the last 12 years, albeit with some noticeable dips in: **2008** (onset of the Global Financial Crisis); **2012** (year of the London Olympics, during the early months of which demand was low as visitors stayed away, believing the city would be overly busy in the build-up to the Games); and **2016** (year of the EU referendum and onset of Brexit uncertainty).
  - The dip in 2016 was followed by a strong recovery in 2017, with such growth having been stimulated by a dramatic fall in the value of the pound following the referendum result. This post-referendum growth trend continued through 2018 and into 2019).
- The outlook for London remains positive, partly driven by the weakness of sterling, with STR forecasting a circa 1% increase in RevPAR in 2019.

Competitive Hotel Supply

- On the map overleaf, we plot the hotels reviewed on this page, together with a wider cross-section of hotels located around Holborn, Bloomsbury, Covent Garden, Fitzrovia and Clerkenwell. This map clearly shows that the project site would provide an additional 'boutique' hotel within a part of London and LBC where there are currently few hotels (there is a clear gulf between Holborn and Farringdon).
- For the purposes of a focused benchmarking exercise relevant to the project hotel, in the table below, we present a selection of hotels that we consider to be broadly comparable to the proposed hotel in terms of location, size, market positioning and facilities. An analysis of this sample's recent performance trends is summarised at the end of this section.

All London Performance Trends



Source: STR

Summary of Relevant Hotels - Holborn Area (in order of quality and size)

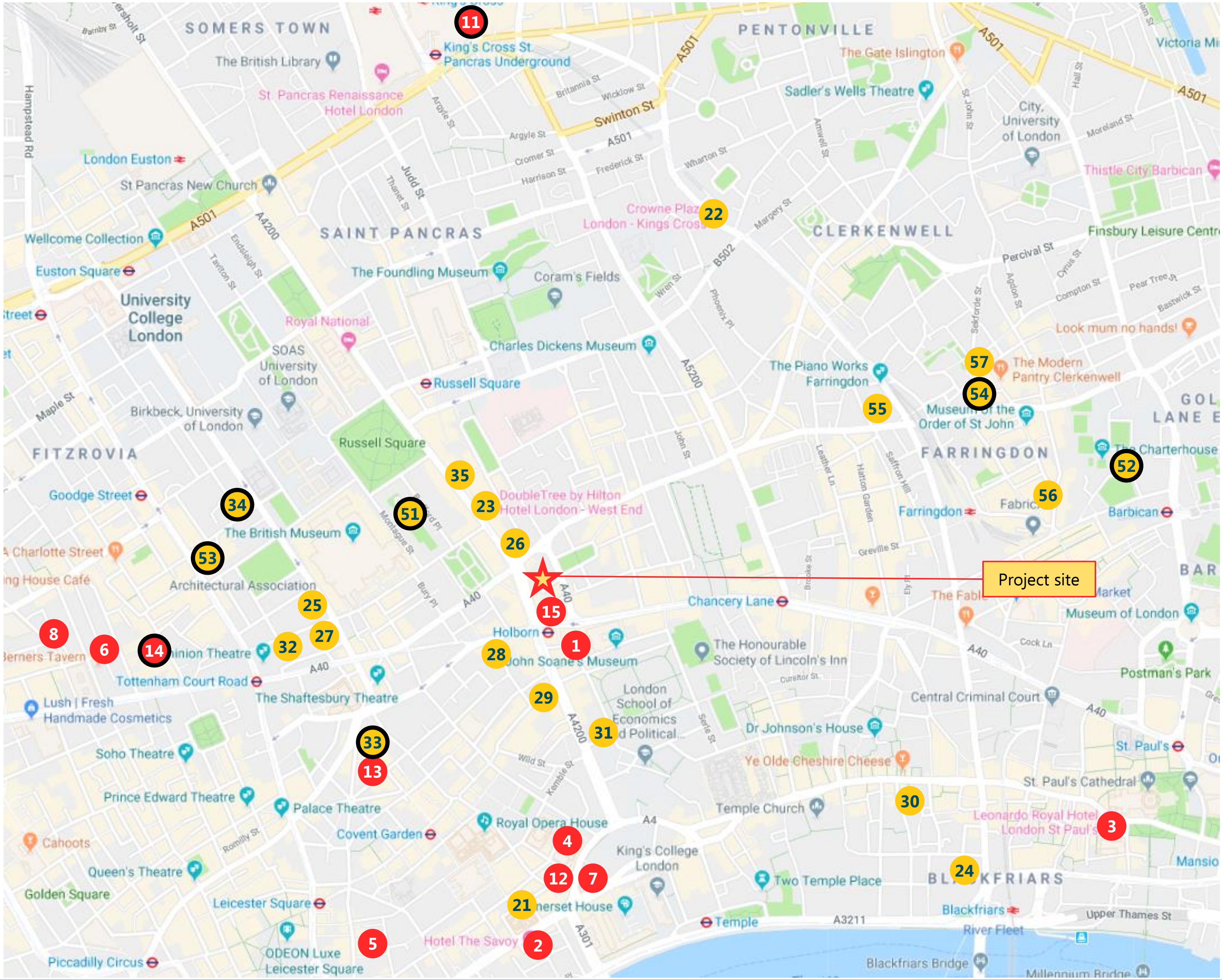
Map Ref	Hotel Name	Location	Branding/ Operator	Star Grading	Rating bk'ing.com	Rating Tripadv.	Total Keys	Restaurant / Bar	Meeting Facilities**	Other Facilities	Key Sizes (sqm) Room	Suite	Largest Suite
11	Great Northern Hotel	Kings Cross	Marriott	5*	8.2 - v good	277 of 1,118	88	2/2	-	-	12	-	-
14	Charlotte Street Hotel	Fitzrovia	Firmdale	5*	9.6 - exceptional	60 of 1,118	52	1/1	3 (35)	gym, screening room	19	24	29
33	Rad. Blu Edwardian Mercer St	Covent Garden	Radisson Edwardian	4*	9.1 - superb	68 of 1,118	137	1/-	4 (60)	gym	16	43	43
34	The Academy	Bloomsbury	YTL Hotels	4*	8.9 - fabulous	620 of 1,118	50	-/1	-	-	21	32	32
51	The Montague on the Gardens	Bloomsbury	Red Carnation	4*	9.3 - superb	6 of 1,118	101	1/1	4 (120)	-	15	37	70
52	Malmaison	City	Frasers Hospitality	4*	8.4 - v good	284 of 1,118	97	1/1	3 (45)	-	19	35	35
53	My Bloomsbury	Bloomsbury	MyHotels	4*	7.9 - good	557 of 1,118	86	1/-	1 (-)	-	12	42	42
54	The Zetter	Clerkenwell	Zetter Group	4*	8.9 - fabulous	107 of 1,118	59	1/1	1 (-)	-	16	-	-

** Number of rooms (capacity of largest room, theatre-style)

Source: Whitebridge Hospitality research

4.2 Location Map – Reference Hotels

Map Ref	Hotel Name	Total Keys
Five-star - Large		
1	Rosewood	306
2	The Savoy	267
3	Leonardo Royal St Paul's	460
4	The Waldorf Hilton	298
5	St Martins Lane	204
6	The London Edition	173
7	ME London	153
8	Sanderson	150
		1,705
Five-star - Small		
11	Great Northern Hotel	91
12	One Aldwych	105
13	Covent Garden Hotel	58
14	Charlotte Street Hotel	52
15	L'Oscar	31
		1,408
Four-star - Large		
21	Strand Palace	785
22	Crowne Plaza - Kings Cross	429
23	DoubleTree - West End	237
24	Crowne Plaza - The City	194
25	Rad. Blu Edwardian Kenilworth	186
26	Jurys Inn Holborn	201
27	Rad. Edwardian Bloomsbury	174
28	The Hoxton, Holborn	174
29	Kingsway Hall	
30	Apex Temple Court	171
31	Club Quarters Lincoln's Inn Fields	157
32	The Bloomsbury	153
33	Rad. Blu Edwardian Mercer St	137
34	The Academy	125
35	Mercure Bloomsbury	114
		3,237
Four-star - Small		
51	The Montague on the Gardens	100
52	Malmaison	92
53	My Bloomsbury	86
54	The Zetter	59
55	The Bryson	42
56	The Rookery	33
57	The Zetter Townhouse	10
		422



Introduction

- The data summarised in the graphs right have been extracted from a trends report obtained from STR and such report comprises the sample of hotels identified previously (namely: Great Northern, Charlotte Street, RBE Mercer Street, Academy, Montague, Malmaison, My Bloomsbury, Zetter).

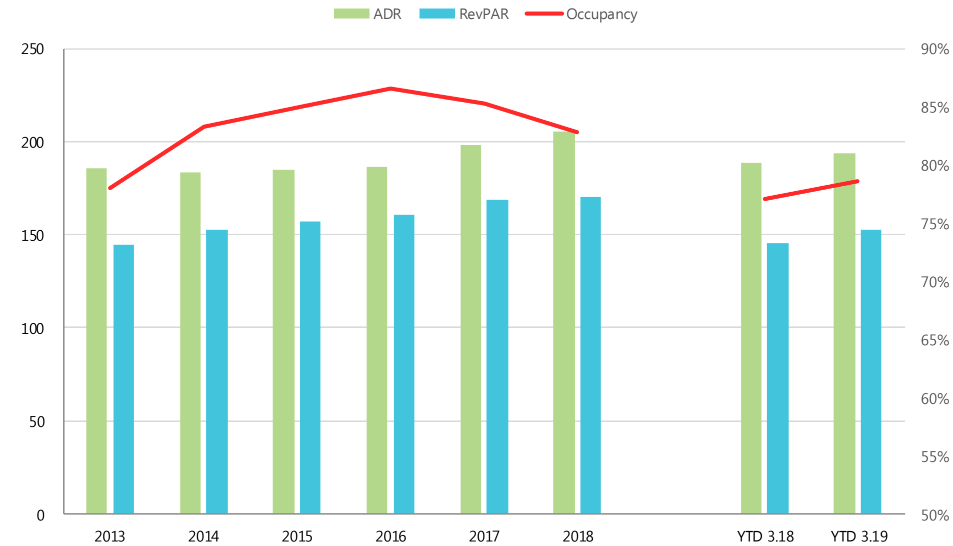
Annual Trends

- The graph top right summarises the performance of the sample year-on-year and year-to-end March (YTE). Key identifiable trends include:
  - Occupancy peaked in 2016 at 87% and averaged at around 83% over the six-year period under review. Recent declines are thought to be due to hotel managers improving on their yield management strategies and closing out cheaper rates in order to drive ADR.
  - The slight sacrifice in occupancy translated into strong ADR growth in 2017 and again in 2018, with the sample recording an average ADR of circa £205 in 2018.
  - RevPAR has closely shadowed the improvements in ADR,
  - Initial data for 2019 indicates that the sample is continuing to grow strongly, with both occupancy and ADR increasing materially.

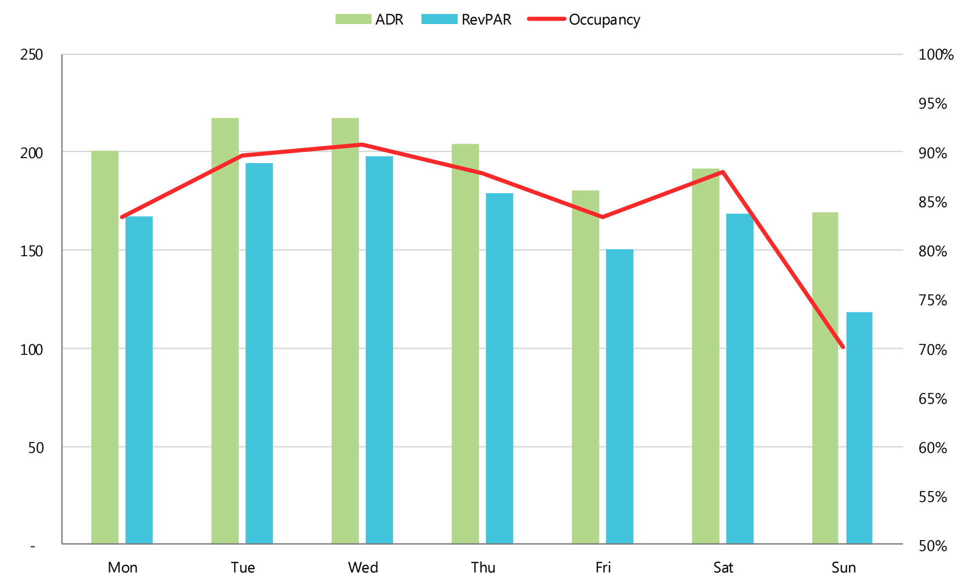
Days of the Week Trends

- The graph bottom right summarises the performance of the sample on a daily basis and is taken from a three-year average analysis prepared by STR. We would highlight the following:
  - Tuesday and Wednesday are the busiest days of the week (which is to be expected in such a strong commercial location), and achieve the highest ADRs.
  - The weakest day of the weak is Sunday, whereby occupancy fell to 70% (compared to 91% on Wednesday) and ADR fell to £169 (compared to £218 on Wednesday). This is a common trend in London and not just specific to the Holborn area. Sunday is the weakest day of the week as it is the transition day between the leisure-oriented weekend period and the corporate-oriented midweek period.
  - Monday is also a relatively weak day in terms of occupancy, but still quite strong in terms of ADR as the corporate-oriented midweek period kicks off.
  - Friday tends to be weaker than Saturday (in terms of both occupancy and ADR), however, the strong Saturday profile is extremely encouraging for this location and is a sign that there is leisure demand in the area, which in turn should ensure a reasonable level of occupancy for the project on an average annual basis.

Performance Trends (annual data, GBP)



Performance Trends (three-year average data, GBP)



Source: STR

Contents

Introduction

- With reference to the STR data obtained for the sample of relevant hotels identified previously, we have analysed this data in order to gauge the potential performance of the proposed hotel in terms of Key Performance Indicators (KPIs).

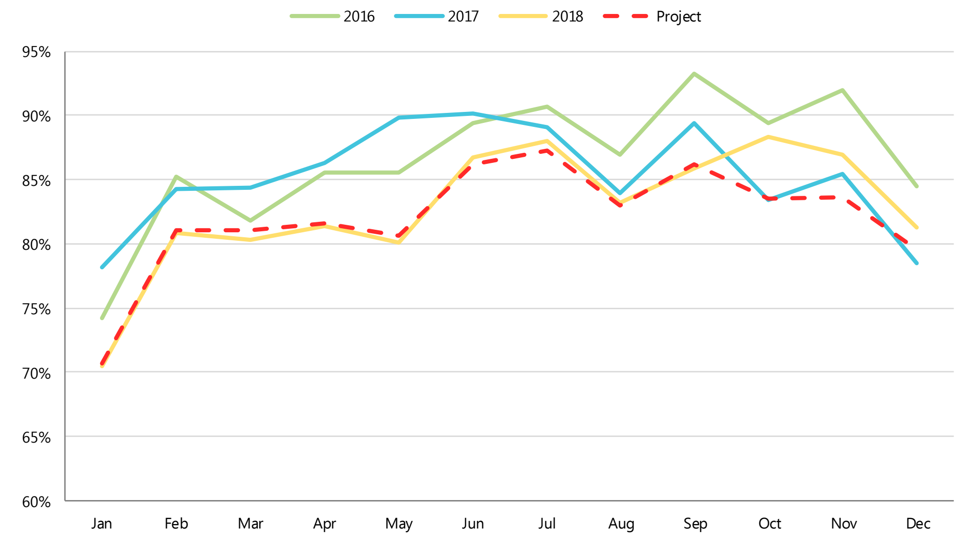
Estimates of Occupancy

- In preparing our estimates of occupancy for the proposed hotel, we have considered potential occupancy levels by period of the week (midweek, weekend and Bank Holidays) and by month. As the graph top right illustrates, average monthly occupancy for the STR sample is high throughout the year (albeit January can fall to around 70%) and we would highlight the following:
  - The busiest months, on a consistent basis, tend to be June and July, and to some degree September. This performance is built upon such months being popular for both corporate and leisure demand (especially with regard to major annual sporting events in and around London during the two summer months), and for being busy conference months.
  - Demand dips during the traditional holiday periods of August and December, and is very weak in January (when corporate demand and leisure activities are at their lowest levels).
- Overall we expect the project hotel to be able to closely match the seasonality profile of the STR sample in recent years, whilst achieving an average annual occupancy slightly below the recent averages in order to allow for strong yield management strategies (whereby ADR can be optimised) and to reflect the possibility of increased supply elsewhere in central London – resulting in our estimate of occupancy for the 85-key hotel at around 82% per annum in a stabilised year of operation.

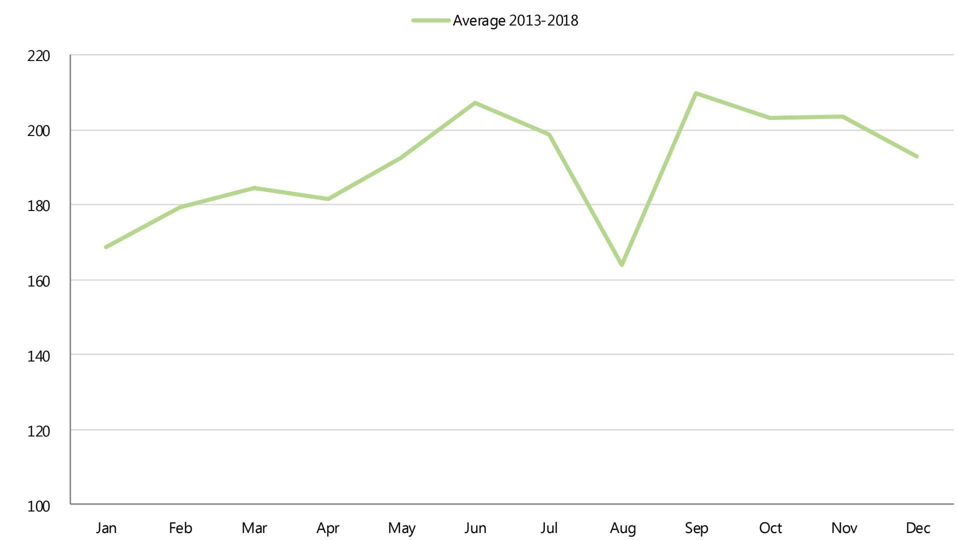
Estimates of ADR

- In preparing our estimates of ADR for the project hotel, we have considered the proposed key configuration and potential segments of demand. Given the relatively small size of the proposed hotel and its limited facilities (no meeting rooms or event spaces), we have assumed the key demand segments will be focussed on Corporate and Leisure-Individual (with some Leisure-Group in the early years of operation).
- With reference to the STR sample data, over the six-year period analysed (see graph bottom right) the sample achieved an average ADR of £190.65. However, in 2018, the most recent year of operation, the ADR averaged £205.45 as hoteliers reduced occupancy, closed out cheaper rates and drove ADR.
- With regard to the project hotel, we have assumed that it will have a similar seasonality profile to the STR sample, with distinct peaks and troughs as the operator seeks to optimise performance in line with prevailing levels of demand. As such our estimate of ADR for the project hotel in a stabilised year of operation is in the region of £201 (in constant 2019 values). This level of ADR performance is assessed more fully overleaf against the relevant hotels.

Occupancy by Month – STR Sample v Project Estimates (stabilised year)



ADR by Month – STR Sample (six-year average, GBP)



Source: STR

Project Hotel Market Positioning Analysis

- The graph right illustrates the current estimated market positions of the relevant hotels included in the STR sample, together with their estimated ADRs in 2018. Please note:
  - X-axis shows the estimated ADR for each hotel in 2018 values, and for the project hotel in 2019 values.
  - Y-axis shows our own qualitative assessment of each hotel (and bears no resemblance to any official grading scheme).
  - The size of each circle reflects to number of keys in each property.
- Based on our understanding of the concept currently being envisaged for the project hotel, we would expect the quality of the fit out to be similar to that currently available at the Great Northern and RBE Mercer Street hotels.
- The project will have few suites and in general the average key size will be in line with its peers, albeit relatively small compared to the brand standards of the major upper-upscale brands. Consequently, it is highly unlikely that the project hotel will achieve an ADR equivalent to the higher quality hotels such as Charlotte Street and Radisson Edwardian Blu Mercer Street.
- Consequently, we consider that the project hotel could achieve an ADR in a stable year of operation in the region of £201 (in constant 2019 values).

Illustrative Market Positioning of the Project Hotel

Source: Whitebridge Hospitality research

Introduction

- Our financial estimates for a stabilised year of operation have been prepared based on our assessment of the operating characteristics of the relevant hotels reviewed in this report, industry benchmarks and the market positioning anticipated for the proposed hotel as a 85-key upscale boutique hotel (reference the design drawings prepared to date by MLA). We have also assumed that the project hotel will be managed by a leading boutique hotel operator.
- All values presented in this section are presented in 2019 constant values and relate to our estimates of performance for the project hotel in a stabilised year of operation. We summarise below the key assumptions that are reflected in our financial estimates.

Payroll Costs

- We have constructed a detailed payroll schedule for the project hotel and identified head counts by department. We have assumed salary levels and on-costs (20% for the purposes of this report) in line with local industry norms.

Rooms

- Our estimate of rooms revenue in a stablished year of operation is based on the project evaluation outlined in the previous section:
  - Average annual occupancy: 82%
  - Average room rate (ADR): £201
- In terms of rooms departmental expenses, we have assumed that the department will operate with a head count of 28 staff. In terms of Other Expenses, we have assumed a cost per occupied rooms (POR) of £20 (which would include, *inter alia*, travel agents commissions, guest supplies, laundry and cleaning supplies).

Food & Beverage

- Income from Food & Beverage (F&B) is expected to be generated from the facilities identified in Section 3 (namely one circa 100-cover restaurant and one bar). For the purposes of the modelling summarised in the table right, we have assumed the following:
  - All-day Dining Restaurant – (first floor, but accessible from the highly visible bar at ground level) open breakfast, lunch and dinner.
  - Bar – (ground floor) enjoying high visibility from Sicilian Avenue and direct access from Southampton Row and open same hours as the restaurant above.
- With regard to department costs, we have made the following assumptions:
  - Food cost of sales: 28% (of food sales only)
  - Beverage cost of sales: 28% (of beverage sales)
  - Other expenses: 10% (of total F&B revenue)
  - Payroll: 35.5% (of total F&B revenue), based on a head count of 47 staff.

Food Revenue Estimates (daily) - Carlisle House (Southampton Row, London)

		Non- resident		Hotel resident			
	Average spend (GBP)	Covers	Subtotal revenue (GBP)	Take up	Covers	Subtotal revenue (GBP)	Total revenue (GBP)
Restaurant - All-Day Dining							
breakfast	13.00	10	130	40%	41	533	663
lunch	22.00	70	1,540	10%	10	226	1,766
dinner	30.00	100	3,000	25%	26	769	3,769
other	2.00	10	20	5%	5	10	30
Subtotal		190	4,690		82	1,538	6,228
Bar							
breakfast	10.00	10	100	2%	2	21	121
lunch	12.00	20	240	5%	5	62	302
dinner	14.00	10	140	5%	5	72	212
other	2.00	20	40	2%	2	4	44
Subtotal		60	520		14	158	678
Room service							
breakfast	13.00			15%	15	200	200
lunch	15.00			1%	1	15	15
dinner	20.00			5%	5	103	103
other	2.00			2%	2	4	4
Subtotal					24	322	322
Total food		250	5,210		120	2,017	7,227
BEVERAGE REVENUE ESTIMATES (DAILY)							
Dining related	**Ratio to food**						
Restaurant	30%		1,407			461	1,868
Lounge & RS	25%		130			120	250
Bar related	**Av. spend**						
Bar	15.00	60	900	25%	26	384	1,284
Total beverage			2,437			966	3,403

Source: Whitebridge Hospitality estimates

Other Revenue Generating Departments

- **Telephone**: the telecommunications department of most hotels in the world do not generate the levels of income that were once the norm some 20 years ago. In line with industry norms we have assumed revenue to be £1.50 POR and operating costs to be in the region of 97%.
- **Other Operated Departments**: we have allowed for revenues of £5.00 POR (to include business centre services, laundry and other services that may be provided to guests) and costs equivalent to 65% of departmental revenue.
- **Rental & Other Income**: no rental revenue is anticipated at this stage as there are no provisions in the design drawings for any retail or other lettable spaces.

Undistributed Expenses

- **Administration & General**: assumed that the hotel will employ a General Manager, four staff in accounting and seven in security. Including credit card commissions, payroll costs and other expenses, we have assumed such expenses to be in the region of £9,291 per available room (PAR).
- **Sales & Marketing**: assumed there will be two staff to market and sell the hotel to local, domestic and international clients. Including other expenses (such as relevant fees payable to the operator and/or brand, advertising, brochures, road shows), overall we have assumed total costs to be in the region of £4,044 PAR.
- **Property Operation & Maintenance**: allowed for a deputy level Maintenance Manager and two technicians. Including other expenses (such as service contracts), we have assumed total costs to be in the region of £4,569 PAR.
- **Energy**: encompassing all utilities and power, we have allowed for costs in line with other hotels in London in the region of £3,100 PAR.

Management Fees

- For the purposes of this report, we have applied generic terms for a hotel management agreement as follows:
  - **Base Fee**: 3% of Total Revenue
  - **Incentive Fee**: 10% of Gross Operating Profit minus the Base Fee.
- It should be possible to improve upon these terms once an appropriate operator selection process is implemented.

Fixed Charges

- **Property Taxes**: we have assumed £3,500 PAR, equivalent to 3.2% of Total Revenue.
- **Insurance**: we have assumed £1,000 PAR, equivalent to 0.9% of Total Revenue.

FF&E Reserve

- We have applied a ratio of 4% of Total Revenue based on international norms, but will be subject to negotiation with the appointed operator.

The table presented right summarises our estimate of financial performance for the subject hotel in a stabilised year of operation (presented in 2019 values).

In Appendix 8.3, we present our estimates for the first five years of operation for the hotel (presented in future values).

Summary of Financial Estimates - Carlisle House (Southampton Row, London)

2019 Values	Year 5	2026		
KPIs				
Days in operational year	365			
Number of rooms - daily	85			
Number of rooms - annually	31,025			
Rooms sold	25,441			
Occupancy	82%			
Average room rate (GBP)	201			
RevPAR (GBP)	165			
Total payroll costs - amount	2,579,203			
Total payroll costs - percentage	28%			
	Amount (GBP)	**Ratio**	**PAR (GBP)**	**POR (GBP)**
Revenue				
Rooms	5,114,772	55.8%	60,174	201.05
Food	2,637,934	28.8%	31,035	103.69
Beverage	1,241,934	13.6%	14,611	48.82
Telephone	38,161	0.4%	449	1.50
Other operated departments	127,203	1.4%	1,497	5.00
Total revenue	9,160,003	100.0%	107,765	360.06
Departmental Expenses				
Rooms	1,197,226	23.4%	14,085	47.06
Food & beverage	2,851,057	73.5%	33,542	112.07
Telephone	36,948	96.8%	435	1.45
Other operated departments	82,682	65.0%	973	3.25
Total Departmental Expenses	4,167,913	45.5%	49,034	163.83
Departmental income				
Rooms	3,917,546	76.6%	46,089	153.99
Food & beverage	1,028,811	26.5%	12,104	40.44
Telephone	1,213	3.2%	14	0.05
Other operated departments	44,521	35.0%	524	1.75
Total departmental income	4,992,090	54.5%	58,730	196.23
Undistributed operating expenses				
Administration & general	789,700	8.6%	9,291	31.04
Sales & marketing	343,720	3.8%	4,044	13.51
Property operation & maintenance	388,360	4.2%	4,569	15.27
Utilities	263,500	2.9%	3,100	10.36
Total undistributed expenses	1,785,280	19.5%	21,003	70.17
Gross Operating Profit (GOP)	3,206,810	35.0%	37,727	126.05
Management Fees				
Base fees	274,800	3.0%	3,233	10.80
Incentives fees	293,201	3.2%	3,449	11.52
Total Management Fees	568,001	6.2%	6,682	22.33
Income Before Fixed Charges (IBFC)	2,638,809	28.8%	31,045	103.72
Fixed charges				
Property taxes	297,500	3.2%	3,500	11.69
Insurances	85,000	0.9%	1,000	3.34
Total fixed charges	382,500	4.2%	4,500	15.04
Net Operating Income (NOI)	2,256,309	24.6%	26,545	88.69
FFE replacement reserve	366,400	4.0%	4,311	14.40
Adjusted Net Operating Income (ANOI)	1,889,909	20.6%	22,234	74.29

Source: Whitebridge Hospitality estimates

Introduction

- In preparing our indicative appraisal of the proposed hotel, we have applied the following indicative valuation assumptions:
  - **Income from operations**: as outlined previously and summarised in Appendix 8.3 (in future values).
  - **Cap Rate**: see box and table right.
  - **Comparable transactions**: see table below.

Indicative Pricing

- Based on a cap rate of 5.0%, applied to the ANOI of the project hotel in stable year of operation (in 2019 values), the resultant indicative pricing for the project is in the region of GBP 37.8 million (equivalent to circa GBP 444,700 per key).

Cap Rate

a) Arguably the most risk-free hotel investment in the world would be a budget hotel in central London leased to an operator with a strong covenant (such Premier Inn with a Whitbread plc covenant). These are typically selling off yields in the region of 3.5% to 4.25%. Lower yields are achieved in major gateway cities (eg London, Paris, New York), but only for a very limited number of trophy properties with world renowned reputations.

b) At present, hotels managed under management contract by internationally branded operators in most large international cities will typically sell off yields in the range of 6% to 9%, depending on their location and the stability of demand within that given city.

c) In relation to the UK, see extract below from the latest edition of the biannual Whitebridge EMEA Hotels Monitor (February 2019, Issue 23), which summarises the average annual consensus yield matrix based on inputs from a selection of recognised valuation firms.

d) Thus, for the purposes of this project, we have assumed a risk premium above the lowest yields indicated in a) above to allow for: (i) the project's location in Holborn; (ii) the boutique hotel nature of the concept (with small rooms); and (iii) development risk.

Summary of Comparable Transactions - London

Hotel	Location	Grading	Branding	# Keys	Price (GBP)	Price/Key (GBP)
2019						
Crowne Plaza Kensington	Kensington	4*	IHG	162	84,300,000	520,370
4x Dylan Hotels	Kensington, Bayswater	aparthotel	Dylan	131	16,500,000	125,954
2018						
DoubleTree Islington	Islington	4*	Hilton	373	141,000,000	378,016
4x Grange Hotels	City, Holborn	4*	Fatal	1,345	1,000,000,000	743,494
Devonport House	Greenwich	4*		100	22,000,000	220,000
Indigo Aldgate	Aldgate	4*	Dalata	212	91,000,000	429,245
2018						
Novotel City South	Southwark	4*	Accor	182	64,000,000	351,648
St Joseph Hotel	Earls Court	3*	-	40	11,000,000	275,000
Caring Hotel	Bayswater	3*	-	25	7,000,000	280,000
DoubleTree Westminster	Westminster	4*	-	464	190,000,000	409,483
Pembridge Palace	Bayswater	3*	-	120	30,000,000	250,000

Source: Whitebridge Hospitality research

Consensus Yield Matrix – UK Hotels

UK	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
Central London	5.0%	5.3%	5.1%	3.9%
Greater London	5.8%	6.4%	6.4%	5.2%
Primary Cities[1]	7.0%	7.3%	7.0%	6.1%
Other Cities	8.8%	8.7%	8.1%	7.6%
Country house		9.2%	8.3%	7.4%
Adjustment Margin				
Lease	-1.5%	-1.1%	-1.1%	0.2%
Management Contract		-0.1%	0.0%	0.8%

[1] For example: Birmingham, Manchester, Edinburgh, Glasgow

Source: Avison Young, Christie & Co, Gerald Eve, Knight Frank, Lambert Smith Hampton, Savills.

Source: Whitebridge Hospitality EMEA Hotels Monitor – Issue 19 (February 2019)

Contents

6. Financial Estimates – Option 2

6.1 Financial Estimates

Introduction

- Our financial estimates for a stabilised year of operation have been prepared based on our assessment of the operating characteristics of the relevant hotels reviewed in this report, industry benchmarks and the market positioning anticipated for the proposed hotel as a 32-key upscale boutique hotel (reference the design drawings prepared to date by MLA). We have also assumed that the project hotel will be managed by a leading boutique hotel operator.
- All values presented in this section are presented in 2019 constant values and relate to our estimates of performance for the project hotel in a stabilised year of operation. We summarise below the key assumptions that are reflected in our financial estimates.

Payroll Costs

- We have constructed a detailed payroll schedule for the project hotel and identified head counts by department. We have assumed salary levels and on-costs (20% for the purposes of this report) in line with local industry norms.

Rooms

- Our estimate of rooms revenue in a stablished year of operation is based on the project evaluation outlined in the previous section (we have adjusted the key configuration for this smaller concept of only 32 keys and the resultant ADR is very similar to that for the 85-key concept):
  - Average annual occupancy: 82%
  - Average room rate (ADR): £201
- In terms of rooms departmental expenses, we have assumed that the department will operate with a head count of 14 staff. In terms of Other Expenses, we have assumed a cost per occupied rooms (POR) of £22 (which would include, *inter alia*, travel agents commissions, guest supplies, laundry and cleaning supplies).

Food & Beverage

- Income from Food & Beverage (F&B) is expected to be generated from the facilities identified in Section 3 (namely one circa 60-cover restaurant). For the purposes of the modelling summarised in the table right, we have assumed the following:
  - All-day Dining Restaurant – (first floor and accessible via hotel lobby only) open breakfast, lunch and dinner.
- With regard to department costs, we have made the following assumptions:
  - Food cost of sales: 29% (of food sales only)
  - Beverage cost of sales: 29% (of beverage sales)
  - Other expenses: 11% (of total F&B revenue)
  - Payroll: 44% (of total F&B revenue), based on a head count of 22 staff.

Food Revenue Estimates (daily) - Carlisle House (Southampton Row, London)

		Non- resident		Hotel resident			
	Average spend (GBP)	Covers	Subtotal revenue (GBP)	Take up	Covers	Subtotal revenue (GBP)	Total revenue (GBP)
Restaurant - All-Day Dining							
breakfast	13.00	5	65	40%	15	201	266
lunch	22.00	35	770	10%	4	85	855
dinner	30.00	50	1,500	25%	10	289	1,789
other	2.00	5	10	5%	2	4	14
Subtotal		95	2,345		31	579	2,924
Bar							
breakfast	-	10	-	2%	1	-	-
lunch	-	20	-	5%	2	-	-
dinner	-	10	-	5%	2	-	-
other	-	20	-	2%	1	-	-
Subtotal		60	-		5	-	-
Room service							
breakfast	13.00			15%	6	75	75
lunch	15.00			1%	0	6	6
dinner	20.00			5%	2	39	39
other	2.00			2%	1	2	2
Subtotal					9	121	121
Total food		155	2,345		45	700	3,045
BEVERAGE REVENUE ESTIMATES (DAILY)							
Dining related	**Ratio to food**						
Restaurant	30%		704			174	877
Lounge & RS	25%		-			30	30
Bar related	**Av. spend**						
Bar	15.00	10	150	20%	8	116	266
Total beverage			854			320	1,173

Source: Whitebridge Hospitality estimates

Other Revenue Generating Departments

- **Telephone**: the telecommunications department of most hotels in the world do not generate the levels of income that were once the norm some 20 years ago. In line with industry norms we have assumed revenue to be £1.50 POR and operating costs to be in the region of 109%.
- **Other Operated Departments**: we have allowed for revenues of £5.00 POR (to include business centre services, laundry and other services that may be provided to guests) and costs equivalent to 75% of departmental revenue.
- **Rental & Other Income**: no rental revenue is anticipated at this stage as there are no provisions in the design drawings for any retail or other lettable spaces.

Undistributed Expenses

- **Administration & General**: assumed that the hotel will employ a General Manager, three staff in accounting and five in security. Including credit card commissions, payroll costs and other expenses, we have assumed such expenses to be in the region of £13,910 per available room (PAR).
- **Sales & Marketing**: assumed there will be no dedicated staff to market and sell the hotel to local, domestic and international clients. Including other expenses (such as relevant fees payable to the operator and/or brand, advertising, brochures, road shows), overall we have assumed total costs to be in the region of £3,600 PAR.
- **Property Operation & Maintenance**: allowed for a deputy level Maintenance Manager and one technician. Including other expenses (such as service contracts), we have assumed total costs to be in the region of £5,715 PAR.
- **Energy**: encompassing all utilities and power, we have allowed for costs in line with other hotels in London in the region of £3,400 PAR.

Management Fees

- For the purposes of this report, we have applied generic terms for a hotel management agreement as follows:
  - **Base Fee**: 3% of Total Revenue
  - **Incentive Fee**: 10% of Gross Operating Profit minus the Base Fee.
- It should be possible to improve upon these terms once an appropriate operator selection process is implemented.

Fixed Charges

- **Property Taxes**: we have assumed £3,600 PAR, equivalent to 3.3% of Total Revenue.
- **Insurance**: we have assumed £1,100 PAR, equivalent to 1.0% of Total Revenue.

FF&E Reserve

- We have applied a ratio of 4% of Total Revenue based on international norms, but will be subject to negotiation with the appointed operator.

The table presented right summarises our estimate of financial performance for the subject hotel in a stabilised year of operation (presented in 2019 values).

In Appendix 8.4, we present our estimates for the first five years of operation for the hotel (presented in future values).

Summary of Financial Estimates - Carlisle House (Southampton Row, London)

2019 Values	Year 5	2026		
KPIs				
Days in operational year	365			
Number of rooms - daily	32			
Number of rooms - annually	11,680			
Rooms sold	9,578			
Occupancy	82%			
Average room rate (GBP)	201			
RevPAR (GBP)	165			
Total payroll costs - amount	1,347,792			
Total payroll costs - percentage	38%			
	Amount (GBP)	**Ratio**	**PAR (GBP)**	**POR (GBP)**
Revenue				
Rooms	1,925,561	54.6%	60,174	201.05
Food	1,111,424	31.5%	34,732	116.04
Beverage	428,220	12.1%	13,382	44.71
Telephone	14,366	0.4%	449	1.50
Other operated departments	47,888	1.4%	1,497	5.00
Total revenue	3,527,460	100.0%	110,233	368.30
Departmental Expenses				
Rooms	542,819	28.2%	16,963	56.68
Food & beverage	1,291,698	83.9%	40,366	134.87
Telephone	15,588	108.5%	487	1.63
Other operated departments	35,916	75.0%	1,122	3.75
Total Departmental Expenses	1,886,021	53.5%	58,938	196.92
Departmental income				
Rooms	1,382,742	71.8%	43,211	144.37
Food & beverage	247,946	16.1%	7,748	25.89
Telephone	- 1,222	-8.5%	- 38	- 0.13
Other operated departments	11,972	25.0%	374	1.25
Total departmental income	1,641,439	46.5%	51,295	171.38
Undistributed operating expenses				
Administration & general	445,109	12.6%	13,910	46.47
Sales & marketing	115,200	3.3%	3,600	12.03
Property operation & maintenance	182,880	5.2%	5,715	19.09
Utilities	108,800	3.1%	3,400	11.36
Total undistributed expenses	851,989	24.2%	26,625	88.96
Gross Operating Profit (GOP)	789,449	22.4%	24,670	82.43
Management Fees				
Base fees	105,824	3.0%	3,307	11.05
Incentives fees	68,363	1.9%	2,136	7.14
Total Management Fees	174,186	4.9%	5,443	18.19
Income Before Fixed Charges (IBFC)	615,263	17.4%	19,227	64.24
Fixed charges				
Property taxes	115,200	3.3%	3,600	12.03
Insurances	35,200	1.0%	1,100	3.68
Total fixed charges	150,400	4.3%	4,700	15.70
Net Operating Income (NOI)	464,863	13.2%	14,527	48.54
FFE replacement reserve	141,098	4.0%	4,409	14.73
Adjusted Net Operating Income (ANOI)	323,765	9.2%	10,118	33.80

Source: Whitebridge Hospitality estimates

6. Financial Estimates – Option 2
6.2 Indicative Appraisal

Introduction

- In preparing our indicative appraisal of the proposed hotel, we have applied the following indicative valuation assumptions:
  - **Income from operations**: as outlined previously and summarised in Appendix 8.4 (in future values).
  - **Cap Rate**: see box and table right.
  - **Comparable transactions**: see table below.

Indicative Pricing

- Based on a cap rate of 5.0%, applied to the ANOI of the project hotel in stable year of operation (in 2019 values), the resultant indicative pricing for the project is in the region of GBP 6.5 million (equivalent to circa GBP 202,400 per key).

Cap Rate

a) Arguably the most risk-free hotel investment in the world would be a budget hotel in central London leased to an operator with a strong covenant (such Premier Inn with a Whitbread plc covenant). These are typically selling off yields in the region of 3.5% to 4.25%. Lower yields are achieved in major gateway cities (eg London, Paris, New York), but only for a very limited number of trophy properties with world renowned reputations.

b) At present, hotels managed under management contract by internationally branded operators in most large international cities will typically sell off yields in the range of 6% to 9%, depending on their location and the stability of demand within that given city.

c) In relation to the UK, see extract below from the latest edition of the biannual Whitebridge EMEA Hotels Monitor (February 2019, Issue 23), which summarises the average annual consensus yield matrix based on inputs from a selection of recognised valuation firms.

d) Thus, for the purposes of this project, we have assumed a risk premium above the lowest yields indicated in a) above to allow for: (i) the project's location in Holborn; (ii) the boutique hotel nature of the concept (with small rooms); and (iii) development risk.

Summary of Comparable Transactions - London

Hotel	Location	Grading	Branding	# Keys	Price (GBP)	Price/Key (GBP)
2019						
Crowne Plaza Kensington	Kensington	4*	IHG	162	84,300,000	520,370
4x Dylan Hotels	Kensington, Bayswater	aparthotel	Dylan	131	16,500,000	125,954
2018						
DoubleTree Islington	Islington	4*	Hilton	373	141,000,000	378,016
4x Grange Hotels	City, Holborn	4*	Fatal	1,345	1,000,000,000	743,494
Devonport House	Greenwich	4*		100	22,000,000	220,000
Indigo Aldgate	Aldgate	4*	Dalata	212	91,000,000	429,245
2018						
Novotel City South	Southwark	4*	Accor	182	64,000,000	351,648
St Joseph Hotel	Earls Court	3*	-	40	11,000,000	275,000
Caring Hotel	Bayswater	3*	-	25	7,000,000	280,000
DoubleTree Westminster	Westminster	4*	-	464	190,000,000	409,483
Pembridge Palace	Bayswater	3*	-	120	30,000,000	250,000

Source: Whitebridge Hospitality research

Consensus Yield Matrix – UK Hotels

UK	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
Central London	5.0%	5.3%	5.1%	3.9%
Greater London	5.8%	6.4%	6.4%	5.2%
Primary Cities[1]	7.0%	7.3%	7.0%	6.1%
Other Cities	8.8%	8.7%	8.1%	7.6%
Country house		9.2%	8.3%	7.4%
Adjustment Margin				
Lease	-1.5%	-1.1%	-1.1%	0.2%
Management Contract		-0.1%	0.0%	0.8%

[1] For example: Birmingham, Manchester, Edinburgh, Glasgow

Source: Avison Young, Christie & Co, Gerald Eve, Knight Frank, Lambert Smith Hampton, Savills.

Source: Whitebridge Hospitality EMEA Hotels Monitor – Issue 19 (February 2019)

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7. Risks & Dependencies

Introduction

- Any new development carries a degree of risk. The table below summarises our initial assessment of the key risks and dependencies in terms of the proposed hotel successfully attaining the estimates of performance outlined in this report. Our estimates are therefore dependent on each and every one of those factors working together in a positive manner to benefit the project in question.

Considerations	Risk	Impact
Economic uncertainty	• Nationally, the UK economy does not grow as expected due to economic uncertainty in particular in relation to the Brexit negotiations.	• Lower than anticipated levels of economic activity, resulting in slower take-up of office space in Midtown, lower levels of visitation and lower levels of demand for hotels in London, will result in lower than expected levels of performance within the hotel sector under consideration.
Destination awareness	• The authorities do not effectively promote tourism (both corporate and leisure) to domestic and international source markets.	• If the various stakeholders and authorities cease to work together as effectively as they have been to drive and stimulate more visitation to the city, demand for the city could decline.
Competitive environment	• The level of new supply is higher than envisaged and growth in supply exceeds growth in demand.	• Increased levels of competition within any of the market segments could dilute the occupancy levels assumed in this report and increase pressure on ADR, thus reducing the estimated performance of the project.
Political situation	• Political instability in the UK or in the Eurozone, in particular, as a result of the Brexit negotiations and/or other economic and/or political events.	• International travellers are very aware of such issues and will not travel to a country if the levels of instability are too high (as was witnessed in London in Q1 2016 after the terrorist attacks in Paris in late 2015), thus negatively impacting on potential performance levels, both in terms of volumes and prices paid.
Regulations	• Prolonged or additional visa regulations, complex investment regulations, and/or other government decrees that constrain demand or economic growth in the UK (due to Brexit or otherwise).	• Without continuing government support in the form of friendly borders, investment and investor friendly policies, demand growth will be constrained and the hotel market in London could become oversupplied and occupancy levels will be materially lower than envisaged in this analysis.
Employment	• Lack of appropriately qualified and skilled staff at both senior and junior levels (perhaps as a result of changes in immigration policy).	• Low levels of service will impact on the reputation of the project. • Cost of employment and any inefficiencies will impact the profit margins.
Infrastructure	• Proposed plans to improve local infrastructure, particularly Crossrail, are not implemented as per the current timetable.	• Lower levels of footfall in the local area resulting in slower visitor growth and lower than expected occupancy and room rates being achieved.
Area around the project	• Areas adjacent or close to the project site are not developed as envisaged or their current uses are changed into alternative uses that could have a detrimental effect on the overall appeal of the area.	• Adjacent and nearby land uses can have a material effect on an area's appeal and any negative developments could impact on the project by reducing its performance levels.
Terrorism	• Significant terrorist events occur in London or elsewhere in the world.	• Terrorist events can have a dramatic impact on travel patterns. For example, after 9/11 the number of international trips undertaken fell dramatically across the world, not just in America.

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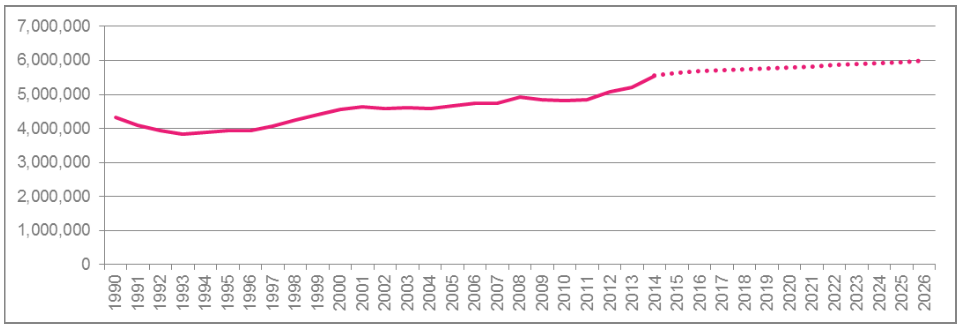
8. Appendices

8.1 Employment in London

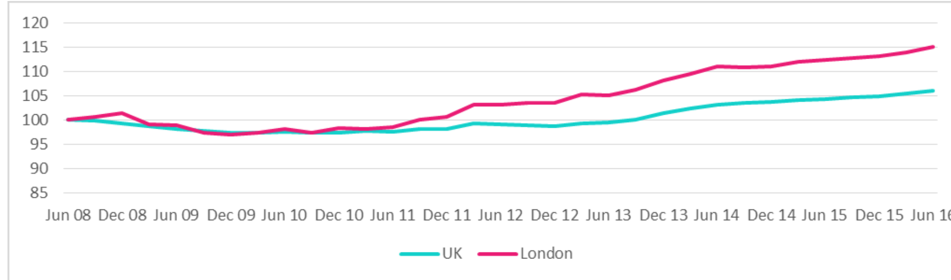
Overview

- According to London First (*2026: London's place in the UK economy* paper), in 2016, London was home to 5.7m of the UK's 34m jobs and has seen continued growth since 2011, recovering quickly from the last downturn (see chart top right).
- Given the types of jobs available in London, (see chart middle right) many of those employed have some form of higher education or equivalent, including postgraduate level.
- A wide variety of sectors make up London's jobs (see chart bottom right), with most jobs being in the Business & Professional Services sector (reflecting London's status as the leading international financial centre), Creative sectors (reflecting London's leading position in high tech), Retail trade, Education, Financial Services and F&B services (reflecting London's status as one of the most visited cities in the world by international arrivals).
- Estimates prepared by London First indicate that the number of London jobs could rise to approximately 6m by 2026 (see chart below), meaning just over 300,000 new jobs could be created over a 10-year period (similar growth rate to that experienced during the early to mid-2000s). Most of these new job openings are expected to be in Professional occupations, and in the following sectors:
  - F&B services
  - Retail trade
  - Education
  - Head office, etc
  - Health

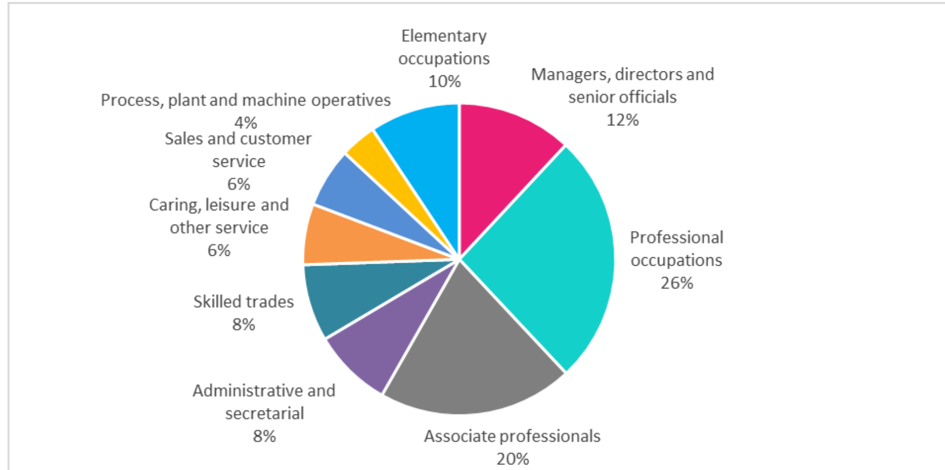
London Workforce Projection to 2026



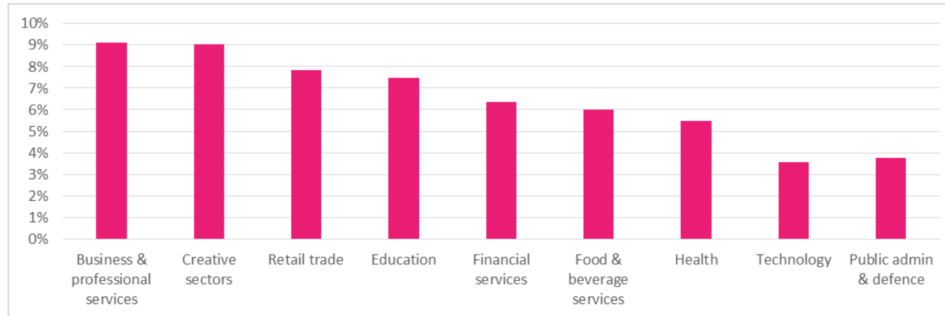
Jobs Growth in London and the UK (2008 = 100)



London Jobs By Occupation Type (2016)



London Jobs By Industry Area (2016, largest industry areas only)



Source: London First

Overview

- The table below is an analysis of data obtained from the Mayor of London's office (www.data.london.gov.uk). It shows that since 2002 the number of visits to London from international source markets grew by a Compound Annual Growth Rate (CAGR) of 3.6%, recording a total of 19.8m visits in 2017.
- Number of nights spent in London grew by a CAGR of 2.8%, less than for the number of visits, which would suggest visitors are staying for shorter periods of time.
- Spend increased by a CAGR of 5.8%, indicating that London's appeal is in good health.
- In 2017, the most important international source markets were the USA (13.2% of total visits in 2017), France (10.2%), Germany (7.4%) and Spain (6.2%).
- Note: only the leading source markets are shown in the table below, the remainder have been hidden from view for presentation purposes.

LONDON	Visits (000s)																		Nights (000s)		Spend (£m)	
Country of origin	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Ratio**	**CAGR**	**Ratio**	**CAGR**	**Ratio**	**CAGR**
Australia	436.9	450.7	477.7	552.6	578.8	595.3	583.7	571.2	624.3	681.3	596.9	687.3	614.9	629.0	600.4	653.6	3.3%	**2.7%**	4.0%	**2.7%**	4.1%	**6.9%**
Belgium	288.6	306.2	359.2	300.5	342.8	351.1	307.7	349.9	488.8	406.4	470.3	530.7	490.2	529.8	453.7	514.0	2.6%	**3.9%**	1.3%	**3.7%**	1.4%	**6.9%**
Brazil	64.7	46.1	58.6	65.4	91.5	108.9	150.9	108.4	149.2	211.3	215.2	220.0	256.0	259.6	148.8	195.8	1.0%	**7.7%**	1.3%	**4.2%**	1.4%	**8.9%**
Canada	358.3	317.2	368.9	399.2	439.5	478.1	499.7	371.2	389.5	428.8	402.9	434.5	359.2	407.5	445.3	457.5	2.3%	**1.6%**	2.5%	**2.1%**	2.2%	**4.9%**
China	39.5	42.6	61.0	58.1	64.8	79.2	60.1	46.7	55.4	80.6	104.1	96.4	98.9	167.1	164.9	219.4	1.1%	**12.1%**	2.0%	**14.7%**	2.4%	**16.7%**
Denmark	191.4	209.8	238.1	286.7	291.3	312.3	298.4	332.2	273.8	340.2	325.7	378.5	339.4	422.7	412.8	407.2	2.1%	**5.2%**	1.3%	**3.7%**	1.6%	**7.5%**
France	1,102.9	1,190.9	1,258.1	1,367.3	1,447.5	1,342.4	1,409.9	1,528.2	1,624.3	1,600.5	1,681.3	1,904.0	2,010.0	2,071.4	1,993.4	2,014.7	10.2%	**4.1%**	7.7%	**4.6%**	5.6%	**6.4%**
Germany	889.4	891.7	1,172.9	1,280.9	1,274.7	1,196.6	1,052.4	1,068.9	1,257.4	1,214.5	1,199.1	1,295.3	1,341.1	1,401.2	1,472.8	1,462.3	7.4%	**3.4%**	5.0%	**2.5%**	4.5%	**5.4%**
India	135.2	130.4	160.3	166.0	229.6	219.7	241.6	177.9	235.9	235.3	231.5	243.6	252.3	275.7	273.4	382.4	1.9%	**7.2%**	4.3%	**5.6%**	2.1%	**8.7%**
Irish Republic	628.9	623.6	682.8	726.5	718.4	732.3	736.1	690.4	656.6	620.3	595.9	610.6	620.3	793.2	806.4	826.5	4.2%	**1.8%**	2.6%	**1.4%**	2.4%	**3.1%**
Italy	541.6	601.4	765.4	643.7	851.2	837.7	981.0	747.6	932.2	1,009.3	962.8	1,072.2	1,185.7	1,165.1	1,251.5	1,052.0	5.3%	**4.5%**	5.0%	**3.5%**	3.5%	**6.0%**
Japan	294.5	232.5	265.0	242.9	245.2	220.1	167.8	180.5	168.2	166.4	177.9	155.3	157.5	151.4	180.3	174.8	0.9%	**-3.4%**	1.0%	**-3.5%**	1.3%	**-0.1%**
Netherlands	492.4	619.2	578.3	606.7	659.8	665.3	654.1	683.9	621.2	631.2	637.9	686.7	705.2	690.5	805.6	825.6	4.2%	**3.5%**	2.4%	**1.3%**	2.2%	**4.3%**
Norway	178.4	182.0	218.0	265.9	302.2	306.6	337.6	324.1	372.1	382.1	396.8	480.1	471.9	434.6	380.4	336.7	1.7%	**4.3%**	1.0%	**3.0%**	1.4%	**5.7%**
Poland	115.3	167.2	277.8	425.2	528.2	432.7	451.3	359.6	355.7	353.7	396.2	419.2	446.5	531.4	534.1	506.8	2.6%	**10.4%**	2.6%	**0.4%**	1.2%	**8.4%**
Portugal	97.8	97.5	97.0	113.6	120.8	144.1	133.8	136.7	172.4	165.6	153.0	138.0	191.3	223.0	279.9	257.1	1.3%	**6.7%**	1.3%	**6.4%**	0.9%	**6.6%**
Russia	143.2	160.1	193.4	133.2	159.6	165.1	125.0	85.7	119.1	154.4	155.3	147.2	164.8	99.0	92.6	153.3	0.8%	**0.5%**	1.0%	**1.3%**	1.0%	**1.0%**
Saudi Arabia	42.8	34.1	37.7	37.0	39.5	56.5	63.8	58.6	54.2	66.8	74.4	90.9	99.1	103.9	108.5	114.6	0.6%	**6.8%**	1.4%	**9.8%**	5.5%	**18.3%**
Singapore	57.5	52.6	57.2	49.9	70.9	63.4	77.0	64.7	89.2	88.9	106.7	91.5	120.6	148.6	124.5	155.8	0.8%	**6.9%**	0.8%	**7.0%**	1.3%	**11.8%**
South Africa	162.5	156.8	167.6	180.1	216.8	174.8	164.2	131.5	123.4	108.7	118.8	142.3	124.5	134.5	103.8	128.6	0.6%	**-1.5%**	0.9%	**-4.5%**	1.0%	**1.6%**
South Korea	67.0	88.6	114.6	119.1	119.4	128.0	109.5	58.0	84.8	108.1	130.7	154.8	164.6	181.9	160.3	164.4	0.8%	**6.2%**	0.9%	**4.3%**	1.0%	**8.9%**
Spain	444.4	526.6	691.6	709.7	933.5	967.5	895.3	1,011.3	875.2	894.8	795.9	865.7	984.3	1,153.2	1,281.7	1,224.2	6.2%	**7.0%**	6.2%	**5.3%**	4.1%	**6.6%**
Sweden	291.9	307.9	327.2	333.8	383.1	401.9	417.5	335.1	442.6	457.7	503.1	516.1	547.4	553.6	506.0	509.1	2.6%	**3.8%**	1.7%	**3.0%**	2.0%	**6.1%**
Switzerland	310.6	297.1	292.6	331.4	389.2	372.4	348.2	354.3	314.5	391.2	425.0	453.8	503.1	504.4	527.0	505.7	2.6%	**3.3%**	1.5%	**2.7%**	2.1%	**5.2%**
Turkey	41.2	61.0	55.9	51.9	91.6	77.9	75.4	58.9	71.7	69.4	91.5	90.8	103.0	116.8	114.5	106.7	0.5%	**6.6%**	0.7%	**5.3%**	0.5%	**5.7%**
United Arab Emirates	60.6	58.3	73.2	61.8	89.1	91.5	123.7	121.4	107.2	118.2	133.3	161.3	152.1	181.3	185.4	201.7	1.0%	**8.4%**	1.5%	**6.7%**	3.2%	**13.1%**
USA	2,446.3	2,233.1	2,406.4	2,276.8	2,536.9	2,333.6	1,907.9	1,839.1	1,765.6	1,842.8	1,862.3	1,877.9	1,982.2	2,142.3	2,321.7	2,617.3	13.2%	**0.5%**	13.3%	**0.5%**	16.5%	**2.9%**
Grand Total	**11,603.4**	**11,695.8**	**13,389.3**	**13,892.6**	**15,592.6**	**15,339.8**	**14,753.0**	**14,211.3**	**14,705.5**	**15,289.5**	**15,460.9**	**16,810.8**	**17,404.2**	**18,581.1**	**19,059.5**	**19,827.8**	**100.0%**	**3.6%**	**100.0%**	**2.8%**	**100.0%**	**5.8%**

Source: ONS

Introduction

- Using our estimates of performance in a stabilised year of operation (see Section 5 of this report) as a basis, we have prepared statements of estimated revenue and expenditure for the first five years of operation for the project. These estimates were prepared with reference to the following key assumptions.

General Assumptions

- Hotel will offer 85 hotel keys, an all-day dining restaurant and separated bar facility.
- It will be positioned, marketed and operated as an upscale boutique hotel, with commensurate staffing and service levels.
- The completed hotel will be in line with the architectural designs we have seen to date, and that the interior design will underpin its status as an upscale boutique hotel.
- A recognised hotel operator will manage the hotel under an appropriate brand, thus enabling it to benefit from their strong international marketing, branding and experience of operating such hotels.

Efficiency/Inefficiency Factors

- In the first two years of operation, we have applied the factors shown and explained in the table right in order to reflect the performance characteristics typically observed during the early years of operation for a new hotel.

Inflation

- As our estimates are presented in GBP and we have applied the inflation rates listed in the table right.

Management Fee Structure

- We have assumed the profile listed in the table right.

FF&E Reserve

- We have assumed the profile listed in the table right.

Efficiency and Inefficiency Factors

Department	Year 1	Year 2	Comments
Food & Beverage Revenue (non-hotel residents)	-10%	-5%	• To reflect a period of build-up in non-hotel residential demand
Administration & General Expenses	10%	5%	• Additional costs are expected in the early years of operation due to the need for additional training requirements and other support services to ensure the long-term smooth running of a new hotel
Sales & Marketing Expenses	10%	5%	• Above stabilised operating year levels of expenditure will be required in the early years of operation in order to market the property, penetrate the local market effectively and quickly establish a market presence
Property Operation & Maintenance Expenses	-10%	-5%	• As the hotel will be relatively new, there should be some savings in this department in the early years (and contractors warranties should apply)
Inflation (IMF, Apr 2019 estimates)			
2020	2.0%		
2021	2.0%		
2022 and thereafter	2.0%		
Management Fees			
Base Fee	3.0%		%age of Total Revenue
Incentive Fee	10.0%		%age of GOP minus Base Fee
Other	0.0%		-
FF&E Reserve (%age of Total Revenue)			
Year 1	1.0%		
Year 2	2.0%		
Year 3	3.0%		
Year 4 and thereafter	4.0%		

8.3 Future Financial Estimates – Option 1

Summary of Financial Estimates - Carlisle House (Southampton Row, London)

Future Values	Year 1	2022			Year 2	2023			Year 3	2024			Year 4	2025			Year 5	2026		
KPIs																				
Days in operational year	365				365				365				365				365			
Number of rooms - daily	85				85				85				85				85			
Number of rooms - annually	31,025				31,025				31,025				31,025				31,025			
Rooms sold	23,579				24,510				25,441				25,441				25,441			
Occupancy	76%				79%				82%				82%				82%			
Average room rate (GBP)	192				207				222				226				231			
RevPAR (GBP)	146				163				182				186				189			
Total payroll costs - amount	2,564,631				2,792,606				2,848,458				2,905,428				2,963,536			
Total payroll costs - percentage	30%				30%				28%				28%				28%			
	Amount (GBP)	**Ratio**	**PAR (GBP)**	**POR (GBP)**	**Amount (GBP)**	**Ratio**	**PAR (GBP)**	**POR (GBP)**	**Amount (GBP)**	**Ratio**	**PAR (GBP)**	**POR (GBP)**	**Amount (GBP)**	**Ratio**	**PAR (GBP)**	**POR (GBP)**	**Amount (GBP)**	**Ratio**	**PAR (GBP)**	**POR (GBP)**
Revenue																				
Rooms	4,528,898	53.7%	53,281	192.07	5,068,592	54.8%	59,630	206.80	5,648,728	55.8%	66,456	222.04	5,761,702	55.8%	67,785	226.48	5,876,936	55.8%	69,140	231.01
Food	2,541,142	30.1%	29,896	107.77	2,724,081	29.5%	32,048	111.14	2,913,320	28.8%	34,274	114.52	2,971,587	28.8%	34,960	116.81	3,031,018	28.8%	35,659	119.14
Beverage	1,196,529	14.2%	14,077	50.75	1,282,575	13.9%	15,089	52.33	1,371,585	13.6%	16,136	53.91	1,399,017	13.6%	16,459	54.99	1,426,997	13.6%	16,788	56.09
Telephone	37,544	0.4%	442	1.59	39,807	0.4%	468	1.62	42,145	0.4%	496	1.66	42,987	0.4%	506	1.69	43,847	0.4%	516	1.72
Other operated departments	125,147	1.5%	1,472	5.31	132,688	1.4%	1,561	5.41	140,482	1.4%	1,653	5.52	143,291	1.4%	1,686	5.63	146,157	1.4%	1,719	5.75
Total revenue	8,429,260	100.0%	99,168	357.49	9,247,743	100.0%	108,797	377.31	10,116,259	100.0%	119,015	397.64	10,318,584	100.0%	121,395	405.60	10,524,956	100.0%	123,823	413.71
Departmental Expenses																				
Rooms	1,173,686	25.9%	13,808	49.78	1,279,152	25.2%	15,049	52.19	1,322,210	23.4%	15,555	51.97	1,348,654	23.4%	15,867	53.01	1,375,627	23.4%	16,184	54.07
Food & beverage	2,805,638	75.1%	33,008	118.99	3,030,263	75.6%	35,650	123.64	3,148,692	73.5%	37,043	123.77	3,211,666	73.5%	37,784	126.24	3,275,899	73.5%	38,540	128.77
Telephone	38,332	102.1%	451	1.63	39,552	99.4%	465	1.61	40,805	96.8%	480	1.60	41,622	96.8%	490	1.64	42,454	96.8%	499	1.67
Other operated departments	81,345	65.0%	957	3.45	86,247	65.0%	1,015	3.52	91,313	65.0%	1,074	3.59	93,139	65.0%	1,096	3.66	95,002	65.0%	1,118	3.73
Total Departmental Expenses	4,099,002	48.6%	48,224	173.84	4,435,215	48.0%	52,179	180.96	4,603,021	45.5%	54,153	180.93	4,695,081	45.5%	55,236	184.55	4,788,983	45.5%	56,341	188.24
Departmental income																				
Rooms	3,355,212	74.1%	39,473	142.30	3,789,439	74.8%	44,582	154.61	4,326,518	76.6%	50,900	170.06	4,413,048	76.6%	51,918	173.47	4,501,309	76.6%	52,957	176.93
Food & beverage	932,033	24.9%	10,965	39.53	976,393	24.4%	11,487	39.84	1,136,213	26.5%	13,367	44.66	1,158,937	26.5%	13,635	45.55	1,182,116	26.5%	13,907	46.47
Telephone	- 788	-2.1%	- 9	- 0.03	255	0.6%	3	0.01	1,339	3.2%	16	0.05	1,366	3.2%	16	0.05	1,393	3.2%	16	0.05
Other operated departments	43,801	35.0%	515	1.86	46,441	35.0%	546	1.89	49,169	35.0%	578	1.93	50,152	35.0%	590	1.97	51,155	35.0%	602	2.01
Total departmental income	4,330,259	51.4%	50,944	183.65	4,812,528	52.0%	56,618	196.35	5,513,238	54.5%	64,862	216.71	5,623,503	54.5%	66,159	221.05	5,735,973	54.5%	67,482	225.47
Undistributed operating expenses																				
Administration & general	837,715	9.9%	9,855	35.53	854,571	9.2%	10,054	34.87	872,141	8.6%	10,260	34.28	889,583	8.6%	10,466	34.97	907,375	8.6%	10,675	35.67
Sales & marketing	395,540	4.7%	4,653	16.78	387,805	4.2%	4,562	15.82	379,603	3.8%	4,466	14.92	387,195	3.8%	4,555	15.22	394,939	3.8%	4,646	15.52
Property operation & maintenance	380,762	4.5%	4,480	16.15	404,412	4.4%	4,758	16.50	428,903	4.2%	5,046	16.86	437,481	4.2%	5,147	17.20	446,230	4.2%	5,250	17.54
Utilities	278,684	3.3%	3,279	11.82	284,780	3.1%	3,350	11.62	291,008	2.9%	3,424	11.44	296,828	2.9%	3,492	11.67	302,765	2.9%	3,562	11.90
Total undistributed expenses	1,892,701	22.5%	22,267	80.27	1,931,569	20.9%	22,724	78.81	1,971,654	19.5%	23,196	77.50	2,011,087	19.5%	23,660	79.05	2,051,309	19.5%	24,133	80.63
Gross Operating Profit (GOP)	2,437,557	28.9%	28,677	103.38	2,880,959	31.2%	33,894	117.54	3,541,584	35.0%	41,666	139.21	3,612,416	35.0%	42,499	141.99	3,684,664	35.0%	43,349	144.83
Management Fees																				
Base fees	252,878	3.0%	2,975	10.72	277,432	3.0%	3,264	11.32	303,488	3.0%	3,570	11.93	309,558	3.0%	3,642	12.17	315,749	3.0%	3,715	12.41
Incentives fees	218,468	2.6%	2,570	9.27	260,353	2.8%	3,063	10.62	323,810	3.2%	3,810	12.73	330,286	3.2%	3,886	12.98	336,892	3.2%	3,963	13.24
Total Management Fees	471,346	5.6%	5,545	19.99	537,785	5.8%	6,327	21.94	627,297	6.2%	7,380	24.66	639,843	6.2%	7,528	25.15	652,640	6.2%	7,678	25.65
Income Before Fixed Charges (IBFC)	1,966,212	23.3%	23,132	83.39	2,343,174	25.3%	27,567	95.60	2,914,287	28.8%	34,286	114.55	2,972,573	28.8%	34,971	116.84	3,032,024	28.8%	35,671	119.18
Fixed charges																				
Property taxes	315,799	3.7%	3,715	13.39	322,115	3.5%	3,790	13.14	328,557	3.2%	3,865	12.91	335,129	3.2%	3,943	13.17	341,831	3.2%	4,022	13.44
Insurances	90,228	1.1%	1,062	3.83	92,033	1.0%	1,083	3.75	93,874	0.9%	1,104	3.69	95,751	0.9%	1,126	3.76	97,666	0.9%	1,149	3.84
Total fixed charges	406,027	4.8%	4,777	17.22	414,148	4.5%	4,872	16.90	422,431	4.2%	4,970	16.60	430,880	4.2%	5,069	16.94	439,497	4.2%	5,171	17.28
Net Operating Income (NOI)	1,560,184	18.5%	18,355	66.17	1,929,026	20.9%	22,694	78.70	2,491,856	24.6%	29,316	97.95	2,541,693	24.6%	29,902	99.91	2,592,527	24.6%	30,500	101.91
FFE replacement reserve	84,293	1.0%	992	3.57	184,955	2.0%	2,176	7.55	303,488	3.0%	3,570	11.93	412,743	4.0%	4,856	16.22	420,998	4.0%	4,953	16.55
Adjusted Net Operating Income (ANOI)	1,475,892	17.5%	17,363	62.59	1,744,072	18.9%	20,518	71.16	2,188,368	21.6%	25,746	86.02	2,128,950	20.6%	25,046	83.68	2,171,529	20.6%	25,547	85.36

Source: Whitebridge Hospitality estimates

Introduction

- Using our estimates of performance in a stabilised year of operation (see Section 6 of this report) as a basis, we have prepared statements of estimated revenue and expenditure for the first five years of operation for the project. These estimates were prepared with reference to the following key assumptions.

General Assumptions

- Hotel will offer 32 hotel keys and an all-day dining restaurant only.
- It will be positioned, marketed and operated as an upscale boutique hotel, with commensurate staffing and service levels.
- The completed hotel will be in line with the architectural designs we have seen to date, and that the interior design will underpin its status as an upscale boutique hotel.
- A recognised hotel operator will manage the hotel under an appropriate brand, thus enabling it to benefit from their strong international marketing, branding and experience of operating such hotels.

Efficiency/Inefficiency Factors

- In the first two years of operation, we have applied the factors shown and explained in the table right in order to reflect the performance characteristics typically observed during the early years of operation for a new hotel.

Inflation

- As our estimates are presented in GBP and we have applied the inflation rates listed in the table right.

Management Fee Structure

- We have assumed the profile listed in the table right.

FF&E Reserve

- We have assumed the profile listed in the table right.

Efficiency and Inefficiency Factors

Department	Year 1	Year 2	Comments
Food & Beverage Revenue (non-hotel residents)	-10%	-5%	• To reflect a period of build-up in non-hotel residential demand
Administration & General Expenses	10%	5%	• Additional costs are expected in the early years of operation due to the need for additional training requirements and other support services to ensure the long-term smooth running of a new hotel
Sales & Marketing Expenses	10%	5%	• Above stabilised operating year levels of expenditure will be required in the early years of operation in order to market the property, penetrate the local market effectively and quickly establish a market presence
Property Operation & Maintenance Expenses	-10%	-5%	• As the hotel will be relatively new, there should be some savings in this department in the early years (and contractors warranties should apply)
Inflation (IMF, Apr 2019 estimates)			
2020	2.0%		
2021	2.0%		
2022 and thereafter	2.0%		
Management Fees			
Base Fee	3.0%		%age of Total Revenue
Incentive Fee	10.0%		%age of GOP minus Base Fee
Other	0.0%		-
FF&E Reserve (%age of Total Revenue)			
Year 1	1.0%		
Year 2	2.0%		
Year 3	3.0%		
Year 4 and thereafter	4.0%		

8.4 Future Financial Estimates – Option 2

Summary of Financial Estimates - Carlisle House (Southampton Row, London)

Future Values	Year 1	2022			Year 2	2023			Year 3	2024			Year 4	2025			Year 5	2026		
KPIs																				
Days in operational year	365				365				365				365				365			
Number of rooms - daily	32				32				32				32				32			
Number of rooms - annually	11,680				11,680				11,680				11,680				11,680			
Rooms sold	8,877				9,227				9,578				9,578				9,578			
Occupancy	76%				79%				82%				82%				82%			
Average room rate (GBP)	192				207				222				226				231			
RevPAR (GBP)	146				163				182				186				189			
Total payroll costs - amount	1,351,718				1,459,308				1,488,494				1,518,264				1,548,630			
Total payroll costs - percentage	42%				41%				38%				38%				38%			
	Amount (GBP)	Ratio	PAR (GBP)	POR (GBP)	Amount (GBP)	Ratio	PAR (GBP)	POR (GBP)	Amount (GBP)	Ratio	PAR (GBP)	POR (GBP)	Amount (GBP)	Ratio	PAR (GBP)	POR (GBP)	Amount (GBP)	Ratio	PAR (GBP)	POR (GBP)
Revenue																				
Rooms	1,704,997	52.5%	53,281	192.07	1,908,176	53.6%	59,630	206.80	2,126,580	54.6%	66,456	222.04	2,169,111	54.6%	67,785	226.48	2,212,494	54.6%	69,140	231.01
Food	1,069,085	32.9%	33,409	120.44	1,146,925	32.2%	35,841	124.30	1,227,450	31.5%	38,358	128.16	1,251,999	31.5%	39,125	130.72	1,277,039	31.5%	39,907	133.34
Beverage	412,427	12.7%	12,888	46.46	442,163	12.4%	13,818	47.92	472,924	12.1%	14,779	49.38	482,383	12.1%	15,074	50.37	492,030	12.1%	15,376	51.37
Telephone	14,134	0.4%	442	1.59	14,986	0.4%	468	1.62	15,866	0.4%	496	1.66	16,184	0.4%	506	1.69	16,507	0.4%	516	1.72
Other operated departments	47,114	1.5%	1,472	5.31	49,953	1.4%	1,561	5.41	52,887	1.4%	1,653	5.52	53,945	1.4%	1,686	5.63	55,024	1.4%	1,719	5.75
Total revenue	3,247,757	100.0%	101,492	365.87	3,562,203	100.0%	111,319	386.05	3,895,708	100.0%	121,741	406.75	3,973,622	100.0%	124,176	414.89	4,053,094	100.0%	126,659	423.18
Departmental Expenses																				
Rooms	540,187	31.7%	16,881	60.85	581,055	30.5%	18,158	62.97	599,487	28.2%	18,734	62.59	611,476	28.2%	19,109	63.84	623,706	28.2%	19,491	65.12
Food & beverage	1,269,464	85.7%	39,671	143.01	1,375,297	86.5%	42,978	149.05	1,426,544	83.9%	44,579	148.95	1,455,075	83.9%	45,471	151.92	1,484,176	83.9%	46,381	154.96
Telephone	16,157	114.3%	505	1.82	16,679	111.3%	521	1.81	17,216	108.5%	538	1.80	17,560	108.5%	549	1.83	17,911	108.5%	560	1.87
Other operated departments	35,336	75.0%	1,104	3.98	37,465	75.0%	1,171	4.06	39,665	75.0%	1,240	4.14	40,459	75.0%	1,264	4.22	41,268	75.0%	1,290	4.31
Total Departmental Expenses	1,861,143	57.3%	58,161	209.66	2,010,496	56.4%	62,828	217.89	2,082,912	53.5%	65,091	217.48	2,124,570	53.5%	66,393	221.83	2,167,061	53.5%	67,721	226.26
Departmental income																				
Rooms	1,164,810	68.3%	36,400	131.22	1,327,121	69.5%	41,473	143.83	1,527,093	71.8%	47,722	159.44	1,557,635	71.8%	48,676	162.63	1,588,788	71.8%	49,650	165.89
Food & beverage	212,048	14.3%	6,626	23.89	213,791	13.5%	6,681	23.17	273,831	16.1%	8,557	28.59	279,307	16.1%	8,728	29.16	284,893	16.1%	8,903	29.75
Telephone	- 2,022	-14.3%	- 63	- 0.23	- 1,693	-11.3%	- 53	- 0.18	- 1,349	-8.5%	- 42	- 0.14	- 1,376	-8.5%	- 43	- 0.14	- 1,404	-8.5%	- 44	- 0.15
Other operated departments	11,779	25.0%	368	1.33	12,488	25.0%	390	1.35	13,222	25.0%	413	1.38	13,486	25.0%	421	1.41	13,756	25.0%	430	1.44
Total departmental income	1,386,614	42.7%	43,332	156.21	1,551,707	43.6%	48,491	168.17	1,812,796	46.5%	56,650	189.27	1,849,052	46.5%	57,783	193.06	1,886,033	46.5%	58,939	196.92
Undistributed operating expenses																				
Administration & general	473,074	14.6%	14,784	53.29	482,168	13.5%	15,068	52.26	491,576	12.6%	15,362	51.33	501,408	12.6%	15,669	52.35	511,436	12.6%	15,982	53.40
Sales & marketing	134,515	4.1%	4,204	15.15	130,968	3.7%	4,093	14.19	127,226	3.3%	3,976	13.28	129,771	3.3%	4,055	13.55	132,366	3.3%	4,136	13.82
Property operation & maintenance	181,578	5.6%	5,674	20.46	191,601	5.4%	5,988	20.76	201,972	5.2%	6,312	21.09	206,011	5.2%	6,438	21.51	210,131	5.2%	6,567	21.94
Utilities	115,239	3.5%	3,601	12.98	117,673	3.3%	3,677	12.75	120,158	3.1%	3,755	12.55	122,561	3.1%	3,830	12.80	125,013	3.1%	3,907	13.05
Total undistributed expenses	904,406	27.8%	28,263	101.88	922,411	25.9%	28,825	99.97	940,932	24.2%	29,404	98.24	959,751	24.2%	29,992	100.21	978,946	24.2%	30,592	102.21
Gross Operating Profit (GOP)	482,209	14.8%	15,069	54.32	629,296	17.7%	19,666	68.20	871,864	22.4%	27,246	91.03	889,301	22.4%	27,791	92.85	907,087	22.4%	28,346	94.71
Management Fees																				
Base fees	97,433	3.0%	3,045	10.98	106,866	3.0%	3,340	11.58	116,871	3.0%	3,652	12.20	119,209	3.0%	3,725	12.45	121,593	3.0%	3,800	12.70
Incentives fees	38,478	1.2%	1,202	4.33	52,243	1.5%	1,633	5.66	75,499	1.9%	2,359	7.88	77,009	1.9%	2,407	8.04	78,549	1.9%	2,455	8.20
Total Management Fees	135,910	4.2%	4,247	15.31	159,109	4.5%	4,972	17.24	192,370	4.9%	6,012	20.09	196,218	4.9%	6,132	20.49	200,142	4.9%	6,254	20.90
Income Before Fixed Charges (IBFC)	346,299	10.7%	10,822	39.01	470,187	13.2%	14,693	50.96	679,493	17.4%	21,234	70.95	693,083	17.4%	21,659	72.37	706,945	17.4%	22,092	73.81
Fixed charges																				
Property taxes	122,286	3.8%	3,821	13.78	124,732	3.5%	3,898	13.52	127,226	3.3%	3,976	13.28	129,771	3.3%	4,055	13.55	132,366	3.3%	4,136	13.82
Insurances	37,365	1.2%	1,168	4.21	38,112	1.1%	1,191	4.13	38,875	1.0%	1,215	4.06	39,652	1.0%	1,239	4.14	40,445	1.0%	1,264	4.22
Total fixed charges	159,651	4.9%	4,989	17.99	162,844	4.6%	5,089	17.65	166,101	4.3%	5,191	17.34	169,423	4.3%	5,294	17.69	172,811	4.3%	5,400	18.04
Net Operating Income (NOI)	186,647	5.7%	5,833	21.03	307,343	8.6%	9,604	33.31	513,392	13.2%	16,044	53.60	523,660	13.2%	16,364	54.68	534,133	13.2%	16,692	55.77
FFE replacement reserve	32,478	1.0%	1,015	3.66	71,244	2.0%	2,226	7.72	116,871	3.0%	3,652	12.20	158,945	4.0%	4,967	16.60	162,124	4.0%	5,066	16.93
Adjusted Net Operating Income (ANOI)	154,170	4.7%	4,818	17.37	236,099	6.6%	7,378	25.59	396,521	10.2%	12,391	41.40	364,715	9.2%	11,397	38.08	372,010	9.2%	11,625	38.84

Source: Whitebridge Hospitality estimates

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Appendix 9: Proposed Development: MACE Cost Model

Project Cost Plan

RIBA Stage 2

8-10 Southampton Row

8-10 Southampton Row
London

for

Project Nr: 35866

Version: April 2019 Revision: A

Prepared by: Joseph Gray

Reviewed:

Authorised for Issue:

Mace Cost Consultancy Limited
155 Moorgate
London
EC2M 6XB
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Contents

The RIBA Stage 2 Cost Plan for 8-10 Southampton Row is based on the design information provided by the following consultants:

- Matthew Lloyd Partnership - Architect
- WSP - Structural Engineer
- Long & Partners – Services

The cost for the development is estimated to be in the order of £30.2m with a construction split of £23.7m for Hotel and £6.5m for Residential which equates to £321k per key or £480/ft2.

The scheme comprises the careful strip out and removal of rear wall to the existing Carlisle House building with associated temporary works, and the creation of new adjoining structure spanning the existing TFL headhouse building to provide an 85 room hotel and a 9 apartment residential development.

The scheme makes use of the existing listed structure and facade to Carlisle House.

Quality Assurance

A cost plan is not a tender but an estimate of the likely out-turn cost of the project. It is created by analysing all project information available at a given time and it is intended to be a control tool for the design and procurement of the works.

The following cost plan summarises the project scope intended during this stage of the design process. It reflects the quality and quantity to be achieved or maintained at the next stage.

Prepared by:

Reviewed by:

Authorised by:

Executive Summary

Project Nr 35866

The total cost plan for this project is summarised as follows:

Title	Cost Plan Value	Cost/m²	Cost/ft²
Hotel	16,399,000	3,170	295
Residential	4,482,000	866	80
PCSA Allowance	300,000	58	5
Main Contractor's Preliminaries	4,236,000	819	76
Main Contractor's OH&P	2,033,000	393	37
Risk Allowance	2,745,000	531	49
Total of all £	***30,195,000***	***5,837***	***542***

All figures are in £ and exclude VAT

Element Groups: Hotel

Project Nr 35866

Element	Element / Classification	Totals	%	Cost/m²	Cost/ft²
0	FACILITATING WORKS	1,327,000	8.09	307	28.52
1	SUBSTRUCTURE	879,000	5.36	203	18.86
2	SUPERSTRUCTURE	6,886,000	41.99	1,594	148.09
3	INTERNAL FINISHES	1,718,000	10.48	398	36.98
4	FITTINGS, FURNISHINGS AND EQUIPMENT	850,000	5.18	197	18.30
5	SERVICES	4,379,000	26.70	1,013	94.11
8	EXTERNAL WORKS	360,000	2.20	83	7.71
	Total	**16,399,000**	**100.00**	**3,795**	**352.57**

All figures are in £ and exclude VAT

Element Groups: Residential

Project Nr 35866

Element	Element / Classification	Totals	%	Cost/m²	Cost/ft²
1	SUBSTRUCTURE	59,000	1.32	70	6.50
2	SUPERSTRUCTURE	2,996,000	66.86	3,517	326.74
3	INTERNAL FINISHES	275,000	6.14	323	30.01
4	FITTINGS, FURNISHINGS AND EQUIPMENT	180,000	4.01	211	19.60
5	SERVICES	881,000	19.66	1,034	96.06
8	EXTERNAL WORKS	90,000	2.01	106	9.85
	Total	**4,481,000**	**100.00**	**5,261**	**488.76**

All figures are in £ and exclude VAT

Element Sub Groups: Hotel

Project Nr 35866

Element		Element / Classification		Totals	% of all	/m² GIFA	/ft² GIFA
0		**FACILITATING WORKS**					
	0.2	Major Demolition Works		1,326,950	8.09	307	28.52
			Total	**1,326,950**	**8.09**	**307**	**28.52**
1		**SUBSTRUCTURE**					
	1.1	Substructure		879,200	5.36	203	18.86
			Total	**879,200**	**5.36**	**203**	**18.86**
2		**SUPERSTRUCTURE**					
	2.1	Frame		485,700	2.96	112	10.41
	2.2	Upper Floors		1,145,375	6.98	265	24.62
	2.3	Roof		1,041,700	6.35	241	22.39
	2.4	Stairs and Ramps		132,500	0.81	31	2.88
	2.5	External Walls		2,561,350	15.62	593	55.09
	2.6	Windows and External Doors		243,250	1.48	56	5.20
	2.7	Internal Walls and Partitions		866,840	5.29	201	18.67
	2.8	Internal Doors		409,000	2.49	95	8.83
			Total	**6,885,715**	**41.98**	**1,594**	**148.09**
3		**INTERNAL FINISHES**					
	3.1	Wall Finishes		904,030	5.51	209	19.42
	3.2	Floor Finishes		542,580	3.31	126	11.71
	3.3	Ceiling Finishes		271,005	1.65	63	5.85
			Total	**1,717,615**	**10.47**	**398**	**36.98**
4		**FITTINGS, FURNISHINGS AND EQUIPMENT**					
	4.1	General Fittings, Furnishings and Equipment		850,000	5.18	197	18.30
			Total	**850,000**	**5.18**	**197**	**18.30**
5		**SERVICES**					
		Shell & Core		2,269,000	13.84	525	48.77
		Hotel Rooms (85 Keys)		1,089,800	6.65	252	23.41
		Builder's Work in Connection with Services @ 5%		167,940	1.02	39	3.62
		Builders works specific to Carlisle House to facilitate building services installation		100,000	0.61	23	2.14
		Testing & Commissioning @ 5%		181,337	1.11	42	3.90

All figures are in £ and exclude VAT

Element		Element / Classification	Quantity	Unit	Rate	Totals	% of all	/m² GIFA	/ft² GIFA
		Sub-Contractor Preliminaries @ 15%				571,212	3.48	132	12.26
		Total				**4,379,289**	**26.71**	**1,013**	**94.10**
8		**EXTERNAL WORKS**							
	8.7	External Services				360,000	2.20	83	7.71
		Total				**360,000**	**2.20**	**83**	**7.71**

Element Sub Groups: Residential

Project Nr 35866

Element		Element / Classification		Totals	% of all	/m² GIFA	/ft² GIFA
1		**SUBSTRUCTURE**					
	1.1	Substructure		59,300	1.32	70	6.50
			Total	**59,300**	**1.32**	**70**	**6.50**
2		**SUPERSTRUCTURE**					
	2.1	Frame		236,100	5.27	277	25.73
	2.2	Upper Floors		455,703	10.17	535	49.70
	2.3	Roof		541,800	12.09	636	59.09
	2.4	Stairs and Ramps		112,500	2.51	132	12.26
	2.5	External Walls		1,027,375	22.92	1,206	112.04
	2.6	Windows and External Doors		48,250	1.08	57	5.30
	2.7	Internal Walls and Partitions		154,330	3.44	181	16.82
	2.8	Internal Doors		89,000	1.99	104	9.66
		Shell & Core		331,295	7.39	389	36.14
			Total	**2,996,353**	**66.86**	**3,517**	**326.74**
3		**INTERNAL FINISHES**					
	3.1	Wall Finishes		91,580	2.04	107	9.94
	3.2	Floor Finishes		139,510	3.11	164	15.24
	3.3	Ceiling Finishes		43,900	0.98	52	4.83
			Total	**274,990**	**6.13**	**323**	**30.01**
4		**FITTINGS, FURNISHINGS AND EQUIPMENT**					
	4.1	General Fittings, Furnishings and Equipment		179,950	4.02	211	19.60
			Total	**179,950**	**4.02**	**211**	**19.60**
5		**SERVICES**					
		Shell & Core		567,550	12.66	666	61.87
		Studio Apartment (1nr)		15,960	0.36	19	1.77
		1 Bed Apartment (6nr)		103,830	2.32	122	11.33
		2 Bed Apartment (2nr)		41,090	0.92	48	4.46
		Builder's Work in Connection with Services @ 3%		21,853	0.49	26	2.42
		Testing & Commissioning @ 3%		22,508	0.50	26	2.42
		Sub-Contractor Preliminaries @ 14%		108,191	2.41	127	11.80
			Total	**880,982**	**19.66**	**1,034**	**96.07**

All figures are in £ and exclude VAT

Element Sub Groups: Residential

Element		Element / Classification	Totals	% of all	/m² GIFA	/ft² GIFA
8		**EXTERNAL WORKS**				
	8.7	External Services	90,000	2.01	106	9.85
		Total	**90,000**	**2.01**	**106**	**9.85**

All figures are in £ and exclude VAT

Composite Rates: Hotel

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
0.2	**Major Demolition Works**				
0.2.1	***Demolition Works***				
	Demolition of major parts of existing buildings: Removal slab to allow access for piling rig to basement	95	m²	250	23,750
	Demolition of major parts of existing buildings: Removal of rear wall to Carlisle House	300	m²	250	75,000
	Demolition of major parts of existing buildings: Jacking and propping individual floors associated with removal of rear wall to Carlisle House	1	Item	1,000,000	1,000,000
	Demolition/strip out of existing Carlisle House space	1,632	m²	100	163,200
	Demolition/removal of TFL headhouse roof covering to expose structure ready for hotel frame works	260	m²	250	65,000
					1,326,950

Element	Element/ Classification	Quantity	Unit	Rate	Totals
1.1	**Substructure**				
1.1.2	***Specialist Foundations***				
	Allowance for installation of the pile mat; assumed 600mm	123	m²	75	9,225
	Disposal of piling mat (Assumed quantity) - (inert)	123	m²	100	12,300
	Mobilisation	1	Item	100,000	100,000
	Setting out pile locations	92	nr	125	11,500
	Piles: 450mm diameter piles between existing piles to achieve contiguous pile wall - assumed not to exceed 20m length	25	nr	3,000	75,000
	Piles: 325mm diameter. mini piles (subject to further site surveys) - assumed not to exceed 20m length	67	nr	2,500	167,500
	Piles: Extra over - fairfaced finish to B-2 level (column finish) - assumed not to exceed 3m depth	18	nr	1,500	27,000
	Disposal of excavated material arising from piling (inert)	292	m³	100	29,200
	Cutting off tops of new concrete piles and preparing pile heads	92	nr	125	11,500
	Cutting off tops of existing concrete piles and preparing pile heads	13	nr	150	1,950
1.1.2.10.1	Pile tests: details, including type of test, pile type, diameter of pile and number of piles to be stated	1	Item	10,000	10,000
	Pile caps - Isolated pile caps 500 x 700 x 1000mm depth (reinforcement 200kg/m3)	3	nr	175	525
	Pile caps - Triple piled pile caps 2600 x 800 x 1000mm depth (reinforcement 200kg/m3)	4	nr	950	3,800
	Pile caps - Four piled pile caps 1500 x 1500 x 1000mm depth (reinforcement 200kg/m3)	4	nr	1,000	4,000
	Pile caps - Five piled pile caps 3.2m2 x 1000mm depth (reinforcement 200kg/m3)	1	nr	1,500	1,500
	Pile caps - Six piled pile caps 4m2 x 1000mm depth (reinforcement 200kg/m3)	4	nr	1,800	7,200
	Pile caps - Eight piled pile caps 5.5m2 x 1000mm depth (reinforcement 200kg/m3)	1	nr	2,500	2,500
	Pile caps/slab to core piles 12.6m2 x 1000m depth (reinforcement 220kg/m3)	1	nr	6,000	6,000
	Underpinning: Allowance to exisiting brick walls	1	Item	100,000	100,000
	Water leak remediation - Allowance - no details	1	Item	50,000	50,000
	Attenuation tank 65m3 - Excavation and disposal (assumed depth 2.5m)	65	m³	100	6,500
	Breaking out existing piles - assumed not to exceed 2.5m depth	8	nr	1,000	8,000
	1000mm depth pile cap/slab base to attenuation tank	28	m²	500	14,000
	Slip membrane to keep attenuation tank separate from TFL asset	18	m²	50	900
	RC liner wall to form attenuation tank walls - Assumed 250mm RC	63	m²	200	12,600
					672,700
1.1.3	***Lowest Floor Construction***				
	Basement -1 Slab reinstatement (200mm thick)	95	m²	250	23,750
	Ground floor slab to existing piles - 200mm thick RC, reinforcement 220kg.m3	126	m²	250	31,500

All figures are in £ and exclude VAT

Composite Rates: Hotel

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Extra over - forming lift pits: assumed circa 1.0m deep	1	nr	10,000	10,000
	Drainage below ground: Allowance - no details	1	Item	100,000	100,000
	Allowance for internal manholes and catch pits - no details	1	Item	25,000	25,000
					190,250
1.1.4	***Basement Excavation***				
1.1.4.1.1	Basement excavation: details, including average depth of excavation, to be stated	65	m³	100	6,500
1.1.4.4.1	Disposal of excavated material: details to be stated	65	m³	150	9,750
					16,250

Composite Rates: Hotel

Element	Element/ Classification	Quantity	Unit	Rate	Totals
2.1	**Frame**				
2.1.1	***Steel Frames***				
	Steel columns to support existing Carlisle House rear slab and stair (assumed to be UC254x254x73)	15	t	3,000	45,000
	Steel Beam to frame risers 6 and 8 (assumed to be UC254x254x73)	3	t	3,000	9,000
	Raking steel columns (assumed to be UC254x254x73)	5	t	3,500	17,500
	Fire protection to steel frame; intumescent fire protection to provide 60 minute protection - site applied	20	m²	50	1,000
					72,500
2.1.4	***Concrete Frames***				
	Columns: typical columns RC 1000x200, reinforcement rate (350kg/m3) and type of formwork finish,	568	m	250	142,000
	Transfer columns from Headhouse structure: Typical RC 1000x250, reinforcement rate (350kg/m3)	37	m	300	11,100
	Transfer columns/walls from Headhouse structure: Typical RC 4000x250, reinforcement rate (350kg/m3)	41	m²	300	12,300
	Transfer columns/walls from Headhouse structure: Typical RC 2600x250, reinforcement rate (350kg/m3)	18	m²	300	5,400
	Transfer columns/walls from Headhouse structure: Typical RC 3400x250, reinforcement rate (350kg/m3)	11	m²	300	3,300
	Breaking out and exposing existing TFL structure and casting in couplers to join to new structure	18	nr	1,000	18,000
	Transfer beams: 600x400 RC, reinforcement rate (250kg/m3)	55	m	300	16,500
	RC600 deep transfer beams to pick up OSD columns and walk inside basement footprint (assumed1000mm wide to align to columns), reinforcement rate (350kg/m3)	7	m	500	3,500
	Walls: RC Core Walls 250mm thick, reinforcement rate (350kg/m3) Fairfaced formwork finish	597	m²	300	179,100
	Joint between Carlisle House and new hotel slab - Allowance - no details	88	m	250	22,000
					413,200
2.2	**Upper Floors**				
2.2.1	***Floors***				
	Concrete floors: Suspended floor slabs: 200mm thick PT slab: No details	1,565	m²	250	391,250
	Concrete floors: Suspended floor slabs: 250mm thick PT slab: No details	916	m²	300	274,800
	Concrete floors: Suspended floor slabs: 600mm thick RC slab: concrete strength (N/mm2), reinforcement rate (220kg/m3) and type of formwork finish, to be stated	228	m²	750	171,000
	Structural screeds; 75mm screed to typical upper floor	2,709	m²	50	135,450
	Extra over Perimeter cast In channel to RC slab edge to support Brickwork façades to all floors	458	m	125	57,250
	Concrete floors: Allowance for designed joints: 600mm slab joint to 200mm PT slabs	46	m	250	11,500
	E.O Items; Allowance for builders work holes; refer to engineer GA drawings - Allowance 10%		%	10	104,125

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
					1,145,375
2.3	**Roof**				
2.3.1	***Roof Structure***				
	Prefabricated dormers (3m high x 1.7m wide x 1.5m deep)	12	nr	10,000	120,000
	Roof structure - 250mm PT slab to plant area and roof terrace	180	m²	300	54,000
	Roof Structure to Rheinzink areas	206	m²	350	72,100
					246,100
2.3.2	***Roof Coverings***				
	Roof structure - Pitched roof to existing area (Carlisle House) - Allowance for new roof	200	m²	500	100,000
	MR02 Rheinzink Diamond Tiles	206	m²	600	123,600
	MR03 Copper clad dormers	16	m²	600	9,600
	MR04 Zinc clad dormers	9	m²	600	5,400
	Glazed link	170	m²	3,000	510,000
	Connection between existing facade/roof and new glazed link - Allowance - No details	20	m	250	5,000
	Plant areas non-structural screeds, 75mm thick, thermal insulation, and surface treatments; waterproofing	180	m²	150	27,000
	Waterproofing to flat roof areas (Plant and communal terrace areas)	60	m²	50	3,000
	Paving to plant enclosure	60	m²	150	9,000
	Insulation to roof slab	60	m²	50	3,000
					795,600
2.4	**Stairs and Ramps**				
2.4.1	***Stair / Ramp Structures***				
	stairs from basement to ground level	1	nr	12,500	12,500
	Stair to east of hotel	1	nr	15,000	15,000
	Hotel Second stair (Running from 2nd floor to 7th floor)	6	nr	12,500	75,000
	Hotel transfer stair between levels on each floor	6	nr	5,000	30,000
					132,500
2.5	**External Walls**				
2.5.1	***External Enclosing Walls Above Ground Floor Level***				
	New hotel external walls/facade including brick types BR01 White glazed brick - PC £2,500 per thousand	232	m²	1,000	232,000
	New hotel external walls/facade including brick types BR02 Grey stone brick - PC £2,500 per thousand	580	m²	1,000	580,000

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	New hotel external walls/facade including brick types BR03 Black glazed brick - PC £2,500 per thousand	232	m²	1,000	232,000
	New hotel external walls/facade including brick types BR04 Dark grey brick - PC £2,500 per thousand	116	m²	1,000	116,000
	PPC flat steel screen in front of existing headhouse louvres - Allowance (No details)	101	m²	650	65,650
	Hotel/resi facade in front of existing headhouse walls	93	m²	650	60,450
	PPC flat steel gates - Allowance (No details)	6	nr	15,000	90,000
	Allowance for metal framed system to wall; Steel framing system; Manufacturer: Metsec or Approved Equivalent; System reference: Site Fixed Framing System (SFS): Infill Walling 100mm wide; To achieve required U-Value; complete including breather membrane, cement bonded particle board , 100mm thick full fill cavity insulation ; 100 finished thickness; height or average height exceeding 2m but not exceeding 3m	1,160	m²	125	145,000
	Twinwall system to wall adjacent to Substation	198	m²	500	99,000
	Cleaning to existing facade to Carlisle House - Allowance	1,195	m²	100	119,500
	Works/Repairs to existing Carlisle House facade - allowance 50%	598	m²	1,000	598,000
	Connection allowance for existing and new external walls/facade - No details	55	m	250	13,750
	Balconette/railing to windows circa 2m length	74	nr	2,500	185,000
	Allowance for hotel signage to Carlisle House	1	Item	25,000	25,000
					2,561,350
2.6	**Windows and External Doors**				
2.6.1	***External Windows***				
	Fire-rated window - Extra Over on facade	12	m²	750	9,000
	Windows - Generally - Extra Over on facade	240	m²	750	180,000
	Recessed French Window - Extra Over on facade		m²	750	
	Windows to new hotel link	25	m²	750	18,750
	Works/repairs to existing windows to Carlisle House - included in existing facade works		Item		
	Recessed louvres to plant room dormers (3m2)	12	m²	500	6,000
					213,750
2.6.2	***External doors***				
	Double doors - entrances to Carlisle House	2	nr	5,000	10,000
	Refuse/plant access doors/louvres	4	nr	3,500	14,000
	Single entrance door - Staff/service entrance	1	nr	2,000	2,000
	Hotel escape door	1	nr	3,500	3,500
					29,500

All figures are in £ and exclude VAT

Composite Rates: Hotel

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
2.7	**Internal Walls and Partitions**				
2.7.1	***Walls and Partitions***				
	Stud partition within hotel rooms	1,266	m²	80	101,280
	Extra Over for moisture board to wet areas	85	nr	250	21,250
	Twin stud to hotel room party walls and corridors	2,928	m²	180	527,040
	Hotel Risers	252	m²	80	20,160
	Block walls to back of house and core areas	606	m²	100	60,600
	Allowance for Lining to Internal Face of TFL Headhouse wall	98	m²	75	7,350
	Glazed screen to restaurant area	91	m²	800	72,800
	Main stair rear wall allowance	57	m²	150	8,550
	Allowance for Lining to Internal Face of External Walls	1,366	m²	35	47,810
					866,840
2.8	**Internal Doors**				
2.8.2	***Internal Doors***				
	Internal Doors - Hotel room entrance doors	85	nr	2,000	170,000
	Internal Doors - Hotel room bathroom door	90	nr	1,000	90,000
	Internal Doors - Hotel core areas - Fire rated	32	nr	1,500	48,000
	Internal Doors - Hotel Lobby	4	nr	1,500	6,000
	Internal Doors - Hotel store/linen store etc.	6	nr	1,500	9,000
	Internal doors - Hotel - Back of house areas - Single	17	nr	1,500	25,500
	Internal doors - Hotel - Back of house areas - Double	3	nr	2,000	6,000
	Riser cupboard doors - Single	23	nr	1,000	23,000
	Riser cupboard doors - Double	21	nr	1,500	31,500
					409,000

All figures are in £ and exclude VAT

Composite Rates: Hotel

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
3.1	**Wall Finishes**				
3.1.1	***Finishes to Walls***				
	Hotel rooms - Main areas - Painted	5,100	m²	10	51,000
	Hotel rooms - Bathroom areas - Tiled	2,114	m²	200	422,800
	Hotel Bar	108	m²	500	54,000
	Hotel Reception area	170	m²	500	85,000
	Restaurant	213	m²	100	21,300
	Core/Circulation space	2,370	m²	50	118,500
	Back of House	474	m²	10	4,740
	Staff WC	110	m²	75	8,250
	Plant	712	m²	10	7,120
	Refuse area	38	m²	10	380
	Vaults	160	m²	250	40,000
	Cycle Store	52	m²	10	520
	Main Stair	455	m²	100	45,500
	Second stair	566	m²	50	28,300
	Linen/stores	462	m²	10	4,620
	Hotel Kitchen areas - Whiterock allowance	80	m²	150	12,000
					904,030
3.2	**Floor Finishes**				
3.2.1	***Finishes to Floors***				
	Hotel rooms - Main areas - Carpet	1,532	m²	125	191,500
	Hotel rooms - Bathroom areas - Tiled	354	m²	200	70,800
	Hotel Bar - Carpet	68	m²	125	8,500
	Hotel Reception area - Carpet	89	m²	125	11,125
	Restaurant - Carpet	137	m²	125	17,125
	Core/Circulation space	572	m²	125	71,500
	Back of House	147	m²	50	7,350
	Hotel Kitchen areas - Tiled	27	m²	100	2,700
	Staff WC - Tiled	30	m²	50	1,500
	Plant - Sealed concrete flooring	285	m²	50	14,250
	Refuse - sealed concrete floor	12	m²	50	600

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Vaults - Allowance for sealed flooring	26	m²	100	2,600
	Cycle Store	11	m²	50	550
	Main stair	147	m²	125	18,375
	Second stair	147	m²	100	14,700
	Linen/stores - Vinyl flooring allowance	118	m²	50	5,900
	Skirtings - Hotel rooms - Main areas -	1,780	m	25	44,500
	Skirtings - Hotel rooms - Bathroom areas - Tiled	738	m	25	18,450
	Skirtings - Hotel Bar -	40	m	25	1,000
	Skirtings - Hotel Reception area -	63	m	25	1,575
	Skirtings - Restaurant -	86	m	25	2,150
	Skirtings - Core/Circulation space -	829	m	15	12,435
	Skirtings - Back of House -	151	m	15	2,265
	Skirtings - Hotel Kitchen areas - Tiled	32	m	15	480
	Skirtings - Staff WC - Tiled	32	m	15	480
	Skirtings - Plant -	251	m	15	3,765
	Skirtings - Refuse -	14	m	15	210
	Skirtings - Vaults -	46	m	15	690
	Skirtings - Cycle Store	15	m	15	225
	Skirtings - Main stair	159	m	50	7,950
	Skirtings - Second stair	199	m	25	4,975
	Skirtings - Linen/stores - Painted MDF	157	m	15	2,355
					542,580
3.3	**Ceiling Finishes**				
3.3.1	***Finishes to Ceilings***				
	Allowance for plasterboard ceiling to all rooms, lobby and circulation areas	3,074	m²	55	169,070
	Hotel rooms - Main areas - Painted	1,532	m²	10	15,320
	Hotel rooms - Bathroom areas	354	m²	15	5,310
	Hotel Bar	68	m²	100	6,800
	Hotel Reception area	89	m²	100	8,900
	Restaurant	137	m²	100	13,700
	Core/Circulation space	572	m²	10	5,720
	Back of House	147	m²	10	1,470

All figures are in £ and exclude VAT

Composite Rates: Hotel

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Hotel Kitchen areas	27	m²	10	270
	Staff WC	30	m²	10	300
	Plant - Sealed concrete	285	m²	10	2,850
	Refuse - sealed concrete	12	m²	10	120
	Vaults - Allowance for sealed soffit	26	m²	10	260
	Cycle Store	11	m²	10	110
	Main stair	147	m²	75	11,025
	Second stair	147	m²	50	7,350
	Linen/stores	118	m²	10	1,180
	Bathroom - ceiling access hatches; plaster faced; frameless metal with budget lock (assumed 1nr per bathroom) - painted to match bathroom	85	nr	250	21,250
3.3.1.2.1	Cornices, covings and the like: details to be stated		m		
					271,005

Composite Rates: Hotel

Element	Element/ Classification	Quantity	Unit	Rate	Totals
4.1	**General Fittings, Furnishings and Equipment**				
4.1.1	***General Fittings, Furnishings and Equipment***				
	Allowance for FF&E to hotel rooms (to include; bed, desk and chair, wardrobe, blinds/curtains, sofa/armchair) - Allowance - No details	85	nr	10,000	850,000
					850,000

All figures are in £ and exclude VAT

Composite Rates: Hotel

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Shell & Core				
5.3	***Disposal Installations***				
	Disposal Installations	1	Item	120,000	120,000
					120,000
5.4	***Water Installations***				
	Water Installations	1	Item	330,000	330,000
					330,000
5.6	***Space Heating and Air Conditioning***				
	Space Heating and Air Conditioning	1	Item	140,000	140,000
					140,000
5.7	***Ventilation Systems***				
	Ventilation Systems	1	Item	150,000	150,000
					150,000
5.8	***Electrical Installations***				
	Electrical Installations	1	Item	700,000	700,000
	Lighting to external Facade - Carlisle House	1,200	m²	50	60,000
	Lighting to external Facade - New build section of hotel	1,000	m²	50	50,000
					810,000
5.9	***Fuel Installations***				
	Fuel Installations	1	Item	10,000	10,000
					10,000
5.10	***Lift and Conveyor Installations***				
	Lift - allowance in line with ilecs Stage 2 lift report	1	nr	250,000	250,000
					250,000
5.11	***Fire and Lightning Protection***				
	Fire and Lightning Protection	1	Item	40,000	40,000
	Sprinklers - Allowance	4,300	m²	30	129,000
					169,000
5.12	***Communication, Security and Control Systems***				
	Communication, Security and Control Installations	1	Item	200,000	200,000

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
					200,000
	External Works				
	External Works	1	Item	90,000	90,000
					90,000
	Hotel Rooms (85 Keys)				
5.1	***Sanitary Appliances***				
	Sanitary Installations; Supply and Install; Shower (Hotel Rooms)	85	nr	2,000	170,000
	Sanitary Installations; Supply and Install; WHB (Hotel Rooms)	85	nr	500	42,500
	Sanitary Installations; Supply and Install; WC (Hotel Rooms)	85	nr	500	42,500
	Sanitary Installations; Supply and Install; Shower (Staff) - Allowance	4	nr	1,000	4,000
	Sanitary Installations; Supply and Install; WHB (Staff) - Allowance	10	nr	400	4,000
	Sanitary Installations; Supply and Install; WC (staff) - Allowance	10	nr	400	4,000
					267,000
5.3	***Disposal Installations***				
	Bath	85	nr	40	3,400
	Shower	85	nr	40	3,400
	WHB	85	nr	40	3,400
	WC	85	nr	50	4,250
	Horizontal pipework	340	m	50	17,000
	Condensate plastic	85	Item	100	8,500
					39,950
5.4	***Water Installations***				
	Bath	85	nr	50	4,250
	Shower	85	nr	50	4,250
	WHB	85	nr	50	4,250
	WC	85	nr	50	4,250
	Bidet	85	nr	50	4,250
	Pressure Reduction Valves	85	nr	150	12,750
	Hot and Cold water distribution pipework (PEX)	680	m	35	23,800
	Thermostatic Mixing Valves	85	nr	150	12,750
					70,550

All figures are in £ and exclude VAT

Composite Rates: Hotel

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
5.6	***Space Heating and Air Conditioning***				
	VRF Fan Coil Unit	85	nr	3,500	297,500
	Room Thermostats	85	nr	100	8,500
					306,000
5.7	***Ventilation Systems***				
	MVHR Unit	85	nr	850	72,250
	Ductwork to MVHR	2,040	m	35	71,400
					143,650
5.8	***Electrical Installations***				
	Consumer Unit	85	nr	350	29,750
	SSSO White plastic finish	340	nr	55	18,700
	Fused Connection Unit for Fan Coil Unit	85	nr	55	4,675
	Power to Towel Rail	85	nr	55	4,675
	FCU for Bathroom vanity unit	85	nr	55	4,675
	Shaver Socket	85	nr	55	4,675
	LED Downlights	255	nr	200	51,000
	IP Rated LED Downlights	170	nr	225	38,250
	Wiring to above - Included	425	nr	25	10,625
	2 Gang Switch (white plastic)	170	nr	55	9,350
	Allowance for Earthing and Bonding	85	nr	100	8,500
					184,875
5.12	***Communication, Security and Control Systems***				
	Smoke detector	85	nr	150	12,750
	Single Data points (Specify finish) Cat 6e	170	nr	70	11,900
	TV/FM/SAT/DAB outlets	85	nr	125	10,625
	Standalone access controlled door	85	nr	500	42,500
					77,775

Builder’s Work in Connection with Services @ 5%

Builders works specific to Carlisle House to facilitate building services installation

Testing & Commissioning @ 5%

Sub-Contractor Preliminaries @ 15%

All figures are in £ and exclude VAT

Composite Rates: Hotel

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
8.7	**External Services**				
8.7.1	***Water Mains Supply***				
	Water mains supply	1	Item	120,000	120,000
					120,000
8.7.2	***Electricity Mains Supply***				
	Electricity mains supply	1	Item	160,000	160,000
					160,000
8.7.5	***Gas Mains Supply***				
	Gas mains supply	1	Item	40,000	40,000
					40,000
8.7.6	***Telecommunications and Other Communication System Connections***				
	Telecomunications connection	1	Item	40,000	40,000
					40,000

All figures are in £ and exclude VAT

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
1.1	**Substructure**				
1.1.2	***Specialist Foundations***				
1.1.2.2.1	Piling plant: details to be stated		Item		
	Cutting off tops of existing concrete piles and preparing pile heads	12	nr	150	1,800
	Main core pile cap 1000mm deep - inc recess for lift pit to new build area (reinforcement 200kg/m3) - Resi core	30	m²	750	22,500
					24,300
1.1.3	***Lowest Floor Construction***				
	Extra over - forming lift pits: assumed circa 1.0m deep	1	nr	5,000	5,000
	Drainage below ground: no details	1	Item	25,000	25,000
	Allowance for internal manholes and catch pits - no details	1	Item	5,000	5,000
					35,000

All figures are in £ and exclude VAT

Composite Rates: Residential

Element	Element/ Classification	Quantity	Unit	Rate	Totals
2.1	**Frame**				
2.1.4	***Concrete Frames***				
	Walls: RC Core Walls 250mm thick, reinforcement rate (kg/m3) Fairfaced formwork finish	787	m²	300	236,100
					236,100
2.2	**Upper Floors**				
2.2.1	***Floors***				
	Concrete floors: Suspended floor slabs: 200mm thick PT slab: concrete strength (N/mm2), reinforcement rate (kg/m3) and type of formwork finish, to be stated	864	m²	250	216,000
	Concrete floors: Suspended floor slabs: 250mm thick PT slab: concrete strength (N/mm2), reinforcement rate (kg/m3) and type of formwork finish, to be stated	78	m²	300	23,400
	Concrete floors: Suspended floor slabs: 200mm thick RC slab: concrete strength (N/mm2), reinforcement rate (220kg/m3) and type of formwork finish, to be stated	103	m²	250	25,750
	Concrete floors: Suspended floor slabs: 600mm thick RC slab: concrete strength (N/mm2), reinforcement rate (220kg/m3) and type of formwork finish, to be stated	37	m²	750	27,750
	Structural screeds; 75mm screed to typical upper floor	140	m²	50	7,000
	Extra over Perimeter cast In channel to RC slab edge to support Brickwork façades to all floors	315	m	125	39,375
	Inset balcony complete with solid balustrade; details to be confirmed.	5	nr	15,000	75,000
	E.O Items; Allowance for builders work holes; refer to engineer GA drawings		%	10	41,428
					455,703
2.3	**Roof**				
2.3.1	***Roof Structure***				
	Prefabricated dormers (3m high x 1.7m wide x 1.5m deep)	14	nr	25,000	350,000
	250mm thick PT slab to level 9 and roof terrace	60	m²	300	18,000
	200mm RC slab to core - Level 10	46	m²	250	11,500
	Roof Structure to Rheinzink areas	194	m²	350	67,900
					447,400
2.3.2	***Roof Coverings***				
	MR02 Rheinzink Diamond Tiles	194	m²	250	48,500
	MR03 Copper clad dormers	12	m²	400	4,800
	MR04 Zinc clad dormers	9	m²	400	3,600
	Communal terrace area - no details	40	m²	175	7,000
	Waterproofing to flat roof areas (Plant and communal terrace areas) - no details	86	m²	50	4,300

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Insulation to roof slab	86	m²	50	4,300
	Finish to stair core roof - Allowance - No details	46	m²	150	6,900
	Screen to Communal terrace area - Allowance - No details	15	m	1,000	15,000
					94,400
2.4	**Stairs and Ramps**				
2.4.1	***Stair / Ramp Structures***				
	Allowance for RC Concrete stairs; stainless steel balustrades, etc.(running from GND to 9th floor)	9	nr	12,500	112,500
					112,500
2.5	**External Walls**				
2.5.1	***External Enclosing Walls Above Ground Floor Level***				
	Residential external walls/facade including brick types (BR01, BR02, BR03, BR04) - PC £2,500 per thousand	630	m²		
	Residential external walls/facade including brick types BR01 White glazed brick - PC £2,500 per thousand	63	m²	1,000	63,000
	Residential external walls/facade including brick types BR02 Grey stone brick - PC £2,500 per thousand	378	m²	1,000	378,000
	Residential external walls/facade including brick types BR03 Black glazed brick - PC £2,500 per thousand	126	m²	1,000	126,000
	Residential external walls/facade including brick types BR04 Dark grey brick - PC £2,500 per thousand	63	m²	1,000	63,000
	Residential external walls/facade including brick type BR05 White brick stretcher bond - PC £2,500 per thousand	113	m²	750	84,750
	PPC flat steel gate - entrance to residential	1	nr	10,000	10,000
	Allowance for metal framed system to wall; Steel framing system; Manufacturer: Metsec or Approved Equivalent; System reference: Site Fixed Framing System (SFS): Infill Walling 100mm wide; To achieve required U-Value; complete including breather membrane, cement bonded particle board , 100mm thick full fill cavity insulation ; 100 finished thickness; height or average height exceeding 2m but not exceeding 3m	181	m²	125	22,625
	Twinwall system to wall adjacent to Substation	450	m²	500	225,000
	Balconette/railing to windows circa 2m length	22	nr	2,500	55,000
					1,027,375
2.6	**Windows and External Doors**				
2.6.1	***External Windows***				
	Fire-rated window - Extra Over on facade	20	m²	750	15,000

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Windows - generally - Extra Over on facade	20	m²	750	15,000
	Recessed French Window - Extra Over on facade	15	m²	750	11,250
	Recessed louvres to plant room dormers (3m2)		m²	500	
					41,250
2.6.2	***External doors***				
	Residential entrance	1	nr	3,500	3,500
	Bins store access door/louvre	1	nr	3,500	3,500
					7,000
2.7	**Internal Walls and Partitions**				
2.7.1	***Walls and Partitions***				
	Stud partition within Apartments	690	m²	80	55,200
	Extra Over for moisture board to wet areas	9	nr	250	2,250
	Block walls to party walls and core areas	552	m²	100	55,200
	Allowance for Lining to Internal Face of External Walls	938	m²	35	32,830
	Allowance for Lining to Internal Face of TFL Headhouse wall	88	m²	75	6,600
	Partition screen to lobby area	6	m²	150	900
	Mastic within apartments	9	nr	150	1,350
					154,330
2.8	**Internal Doors**				
2.8.2	***Internal Doors***				
	Internal doors: Apartment Entrance doors	9	nr	2,000	18,000
	Internal doors within apartments	38	nr	1,000	38,000
	Internal doors: core/lobby doors	14	nr	1,500	21,000
	Internal doors: plant areas	6	nr	2,000	12,000
					89,000
	Shell & Core				
	Disposal Installations				
	Disposal Installations	1	Item	8,520	8,520
					8,520
	Water Installations				
	Water Installations	1	Item	64,709	64,709

All figures are in £ and exclude VAT

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
					64,709
	Space Heating and Air Conditioning				
	Space Heating and Air Conditioning	1	Item	27,451	27,451
					27,451
	Ventilation Systems				
	Ventilation Systems	1	Item	29,266	29,266
					29,266
	Electrical Installations				
	Electrical Installations	1	Item	137,973	137,973
					137,973
	Fuel Installations				
	Fuel Installations	1	Included	1,380	1,380
					1,380
	Fire and Lightning Protection				
	Fire and Lightning Protection	1	Item	7,319	7,319
					7,319
	Communication, Security and Control Installations				
	Communication, Security and Control Installations	1	Item	37,633	37,633
					37,633
	External Works				
	External Works	1	Item	17,044	17,044
					17,044

All figures are in £ and exclude VAT

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
3.1	**Wall Finishes**				
3.1.1	***Finishes to Walls***				
	Allowance for plaster lining and painted wall finish to the lobby area	454	m²	20	9,080
	Allowance for plaster lining and painted wall finish to the stair area	466	m²	25	11,650
	Wall finishes: Paint finish; Brilliant white emulsion (Dulux) to hallways, living areas, utility cupboards, all bedrooms and half height to bathrooms and ensuites	1,406	m²	10	14,060
	E.O: Tile backer to all bathrooms & ensuites; assumed 100% coverage	264	m²	10	2,640
	Wall finishes: Glazed ceramic tiles with proprietary edge and angle beads to all bathrooms & ensuites; assume 100% coverage; standard sizes	264	m²	200	52,800
	Plant/tank area	43	m²	10	430
	Bins	45	m²	10	450
	Cycle store	47	m²	10	470
					91,580
3.2	**Floor Finishes**				
3.2.1	***Finishes to Floors***				
	Floor Finishes: Levelling sand-cement screed to tiled areas, including high performance insulation and vapour control layer, 65mm overall thickness	43	m²	20	860
	Allowance for carpet finish to all circulation areas	104	m²	125	13,000
	Allowance for dust sealer to plant rooms, cycle and refuse stores	42	m²	50	2,100
	Floor finishes: Glazed ceramic floor tile laid on screed to the bathrooms; assumed 600 x 600mm; PC Rate £50m²	43	m²	200	8,600
	Floor finishes: Glazed ceramic floor tile laid on screed to the Kitchens; assumed 600 x 600mm; PC Rate £50m²		m²	200	
	Floor finishes. Timber, laminate floor finish to lobby, utility cupboard & living, bedroom and dining areas; assumed supported by timber battens; PC Rate £35m²	408	m²	75	30,600
	Floor finishes. Carpet finish to raised access floor to all bedrooms ; Irish weave Broadloom by Mohawk 80/20 wool/nylon; loop pile on 95lb rubber waffle underlay; Dynamic 739 M50/171; PC Rate £12.50m²		m²	200	
	Floor finish to stair area	141	m²	100	14,100
	Allowance for skirting's to corridors & lobby areas		m	20	
	Floor finish: Skirting; to lobby, utility cupboards, living & dining areas & bedrooms	643	m	75	48,225
	Floor finish: Skirting; to stair area	166	m	75	12,450
	Floor finish: Skirting; tiled (same type as floor tile); to bathrooms and ensuite	90	m	75	6,750
	Floor finishes. Metal threshold strips at tile to carpet junction	15	m	15	225
	Skirting/edge protection to Plant, Bins and Cycle Store areas	52	m	50	2,600

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
					139,510
3.2.2	***Raised Access Floors***				
	Raised access floors: TBC		m²		
					0
3.3	**Ceiling Finishes**				
3.3.1	***Finishes to Ceilings***				
	Allowance for plasterboard ceiling to all lobby and circulation areas	245	m²	55	13,475
	Allowance for paint finish to the ceilings within the lobby and circulation spaces	245	m²	10	2,450
	Allowance for dust sealer to plant rooms, refuse & cycle stores	42	m²	10	420
	Ceiling finishes. 12.5mm plasterboard, taped and jointed; incl. white matt emulsion paint to apartments	451	m²	55	24,805
	Bathroom - ceiling access hatches; plaster faced; frameless metal with budget lock (assumed 1nr per bathroom) - painted to match bathroom	11	nr	250	2,750
					43,900

Element	Element/ Classification	Quantity	Unit	Rate	Totals
4.1	**General Fittings, Furnishings and Equipment**				
4.1.1	***General Fittings, Furnishings and Equipment***				
	Fittings, furnishings and equipment. Allowance for Wardrobes to all master bedrooms; assumed bespoke MDF type with sprayed lacquered doors and painted carcass with internal lighting	9	nr	1,500	13,500
	Fittings, furnishings and equipment. Allowance for wardrobes to all secondary bedrooms; assumed bespoke MDF type with sprayed lacquered doors and painted carcass with internal lighting	2	nr	1,000	2,000
	Fittings, furnishings and equipment. Allowance for low level vanity cupboard to all bathrooms & ensuites	11	nr	750	8,250
	Fittings Furnishings and equipment. Allowance for wall mounted vanity unit to master bathroom; assumed carcass to be wall mounted; laminated faced plywood core; full width mirrored storage cupboard with adjustable shelves; 2nr hinged doors - 6mm silver mirrored glass	9	nr	800	7,200
	Fittings furnishings and equipment. Bathroom fittings: including WC roll holder with cover ; robe hook ; towel rail; retractable washing line to all bathrooms & ensuites	9	nr	500	4,500
	Fittings, furnishings and equipment. Allowance for Utility cupboard shelving / storage	9	nr	500	4,500
	Kitchen units incl. installation; Studios	1	nr	10,000	10,000
	Kitchen units incl. installation;1 bedroom	6	nr	15,000	90,000
	Kitchen units incl. installation; 2 bedroom	2	nr	20,000	40,000
					179,950

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Shell & Core				
5.3	***Disposal Installations***				
	Disposal Installations	1	Item	10,000	10,000
					10,000
5.4	***Water Installations***				
	Water Installations	1	Item	70,000	70,000
					70,000
5.6	***Space Heating and Air Conditioning***				
	Space Heating and Air Conditioning	1	Item	30,000	30,000
					30,000
5.7	***Ventilation Systems***				
	Ventilation Systems	1	Item	30,000	30,000
					30,000
5.8	***Electrical Installations***				
	Electrical Installations	1	Item	140,000	140,000
	Lighting to external Facade	200	m²	50	10,000
					150,000
5.9	***Fuel Installations***				
	Fuel Installations	1	Item	2,500	2,500
					2,500
5.10	***Lift and Conveyor Installations***				
	Lift - allowance in line with ilecs Stage 2 lift report	1	nr	170,000	170,000
					170,000
5.11	***Fire and Lightning Protection***				
	Fire and Lightning Protection	1	Item	10,000	10,000
	Sprinklers - Allowance	852	m²	25	21,300
					31,300
5.12	***Communication, Security and Control Systems***				
	Communication, Security and Control Installations	1	Item	40,000	40,000
					40,000

All figures are in £ and exclude VAT

Composite Rates: Residential

Element	Element/ Classification	Quantity	Unit	Rate	Totals
5.13	***Specialist Installations***				
	Specialist Installations: PVs to Resi core roof	25	m²	550	13,750
					13,750
	External Works				
	External Works	1	Item	20,000	20,000
					20,000
	Studio Apartment (1nr)				
5.1	***Sanitary Appliances***				
	Sanitary Installations; Supply and Install; Bath	1	nr	1,000	1,000
	Sanitary Installations; Supply and Install; Shower	1	nr	2,000	2,000
	Sanitary Installations; Supply and Install; WHB	1	nr	500	500
	Sanitary Installations; Supply and Install; WC	1	nr	500	500
					4,000
5.3	***Disposal Installations***				
	Kitchen Sink	1	nr	40	40
	Dishwasher	1	nr	40	40
	Washing Machine	1	nr	40	40
	Bath	1	nr	40	40
	Shower	1	nr	40	40
	WHB	1	nr	40	40
	WC	1	nr	50	50
	Horizontal pipework	8	m	50	400
	Condensate plastic	1	Item	100	100
					790
5.4	***Water Installations***				
	Kitchen Sink	1	nr	50	50
	Dishwasher	1	nr	50	50
	Washing Machine	1	nr	50	50
	Bath	1	nr	50	50
	Shower	1	nr	50	50
	WHB	1	nr	50	50

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	WC	1	nr	50	50
	Bidet	1	nr	50	50
	Pressure Reduction Valves	1	nr	150	150
	Hot and Cold water distribution pipework (PEX)	14	m	35	490
					1,040
5.6	***Space Heating and Air Conditioning***				
	VRF Fan Coil Unit	1	nr	3,500	3,500
	Room Thermostats	1	nr	100	100
					3,600
5.7	***Ventilation Systems***				
	MVHR Unit	1	nr	850	850
	Ductwork to MVHR	30	m	35	1,050
					1,900
5.8	***Electrical Installations***				
	Consumer Unit (not shown on drawing)	1	nr	350	350
	Consumer Unit	1	nr	350	350
	Electrical Utility Meter	1	nr	200	200
	SSSO White plastic finish	10	nr	55	550
	Fused Connection Unit for Fan Coil Unit	1	nr	55	55
	Power to Towel Rail	1	nr	55	55
	FCU for Bathroom vanity unit	1	nr	55	55
	Shaver Socket	1	nr	55	55
	32a double pole Hob Isolator c/w neon indicator	1	nr	65	65
	LED Downlights	4	nr	200	800
	IP Rated LED Downlights	2	nr	225	450
	Wiring to above - Included	6	nr	25	150
	2 Gang Switch (white plastic)	3	nr	55	165
	Allowance for Earthing and Bonding	1	nr	100	100
					3,400
5.12	***Communication, Security and Control Systems***				
	Smoke detector	1	nr	150	150

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Heat Detector Intergral Sounder	1	nr	150	150
	Single Data points (Specify finish) Cat 6e	4	nr	70	280
	TV/FM/SAT/DAB outlets	1	nr	150	150
	Standalone access controlled door	1	nr	500	500
					1,230
	1 Bed Apartment (6nr)				
5.1	***Sanitary Appliances***				
	Sanitary Installations; Supply and Install; Bath	6	nr	1,000	6,000
	Sanitary Installations; Supply and Install; Shower	6	nr	2,000	12,000
	Sanitary Installations; Supply and Install; WHB	6	nr	500	3,000
	Sanitary Installations; Supply and Install; WC	6	nr	500	3,000
					24,000
5.3	***Disposal Installations***				
	Kitchen Sink	6	nr	40	240
	Dishwasher	6	nr	40	240
	Washing Machine	6	nr	40	240
	Bath	6	nr	40	240
	Shower	6	nr	40	240
	WHB	6	nr	40	240
	WC	6	nr	50	300
	Horizontal pipework	72	m	50	3,600
	Condensate plastic	12	Item	100	1,200
					6,540
5.4	***Water Installations***				
	Kitchen Sink	6	nr	50	300
	Dishwasher	6	nr	50	300
	Washing Machine	6	nr	50	300
	Bath	6	nr	50	300
	Shower	6	nr	50	300
	WHB	6	nr	50	300
	WC	6	nr	50	300
	Bidet	6	nr	50	300

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	Pressure Reduction Valves	6	nr	150	900
	Hot and Cold water distribution pipework (PEX)	108	m	35	3,780
					7,080
5.6	***Space Heating and Air Conditioning***				
	VRF Fan Coil Unit	6	nr	3,500	21,000
	Room Thermostats	6	nr	100	600
					21,600
5.7	***Ventilation Systems***				
	MVHR Unit	6	nr	850	5,100
	Ductwork to MVHR	204	m	35	7,140
					12,240
5.8	***Electrical Installations***				
	Consumer Unit (not shown on drawing)	6	nr	350	2,100
	Consumer Unit	6	nr	350	2,100
	Electrical Utility Meter	6	nr	200	1,200
	SSSO White plastic finish	72	nr	55	3,960
	Fused Connection Unit for Fan Coil Unit	6	nr	55	330
	Power to Towel Rail	6	nr	55	330
	FCU for Bathroom vanity unit	6	nr	55	330
	Shaver Socket	6	nr	55	330
	32a double pole Hob Isolator c/w neon indicator	6	nr	65	390
	LED Downlights	36	nr	200	7,200
	IP Rated LED Downlights	12	nr	225	2,700
	Wiring to above - Included	48	nr	25	1,200
	2 Gang Switch (white plastic)	24	nr	55	1,320
	Allowance for Earthing and Bonding	6	nr	100	600
					24,090
5.12	***Communication, Security and Control Systems***				
	Smoke detector	12	nr	150	1,800
	Heat Detector Intergral Sounder	6	nr	150	900
	Single Data points (Specify finish) Cat 6e	24	nr	70	1,680

All figures are in £ and exclude VAT

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
	TV/FM/SAT/DAB outlets	6	nr	150	900
	Standalone access controlled door	6	nr	500	3,000
					8,280
	2 Bed Apartment (2nr)				
5.1	***Sanitary Appliances***				
	Sanitary Installations; Supply and Install; Bath	2	nr	1,000	2,000
	Sanitary Installations; Supply and Install; Shower	4	nr	2,000	8,000
	Sanitary Installations; Supply and Install; WHB	2	nr	500	1,000
	Sanitary Installations; Supply and Install; WC	2	nr	500	1,000
					12,000
5.3	***Disposal Installations***				
	Kitchen Sink	2	nr	40	80
	Dishwasher	2	nr	40	80
	Washing Machine	2	nr	40	80
	Bath	2	nr	40	80
	Shower	2	nr	40	80
	WHB	2	nr	40	80
	WC	2	nr	50	100
	Horizontal pipework	32	m	50	1,600
	Condensate plastic	2	Item	100	200
					2,380
5.4	***Water Installations***				
	Kitchen Sink	2	nr	50	100
	Dishwasher	2	nr	50	100
	Washing Machine	2	nr	50	100
	Bath	2	nr	50	100
	Shower	2	nr	50	100
	WHB	2	nr	50	100
	WC	2	nr	50	100
	Bidet	2	nr	50	100
	Pressure Reduction Valves	2	nr	150	300
	Hot and Cold water distribution pipework (PEX)	40	m	35	1,400

All figures are in £ and exclude VAT

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
					2,500
5.6	***Space Heating and Air Conditioning***				
	VRF Fan Coil Unit	2	nr	3,500	7,000
	Room Thermostats	2	nr	100	200
					7,200
5.7	***Ventilation Systems***				
	MVHR Unit	2	nr	850	1,700
	Ductwork to MVHR	76	m	35	2,660
					4,360
5.8	***Electrical Installations***				
	Consumer Unit (not shown on drawing)	2	nr	350	700
	Consumer Unit	2	nr	350	700
	Electrical Utility Meter	2	nr	200	400
	SSSO White plastic finish	36	nr	55	1,980
	Fused Connection Unit for Fan Coil Unit	2	nr	55	110
	Power to Towel Rail	2	nr	55	110
	FCU for Bathroom vanity unit	2	nr	55	110
	Shaver Socket	2	nr	55	110
	32a double pole Hob Isolator c/w neon indicator	2	nr	65	130
	LED Downlights	16	nr	200	3,200
	IP Rated LED Downlights	4	nr	225	900
	Wiring to above - Included	20	nr	25	500
	2 Gang Switch (white plastic)	8	nr	55	440
	Allowance for Earthing and Bonding	2	nr	100	200
					9,590
5.12	***Communication, Security and Control Systems***				
	Smoke detector	6	nr	150	900
	Heat Detector Intergral Sounder	2	nr	150	300
	Single Data points (Specify finish) Cat 6e	8	nr	70	560
	TV/FM/SAT/DAB outlets	2	nr	150	300
	Standalone access controlled door	2	nr	500	1,000

All figures are in £ and exclude VAT

Element	Element/ Classification	Quantity	Unit	Rate	Totals
					3,060

Builder's Work in Connection with Services @ 3%
Testing & Commissioning @ 3%
Sub-Contractor Preliminaries @ 14%

All figures are in £ and exclude VAT

Composite Rates: Residential

Project Nr 35866

Element	Element/ Classification	Quantity	Unit	Rate	Totals
8.7	**External Services**				
8.7.1	***Water Mains Supply***				
	Water mains supply	1	Item	30,000	30,000
					30,000
8.7.2	***Electricity Mains Supply***				
	Electricity mains supply	1	Item	40,000	40,000
					40,000
8.7.5	***Gas Mains Supply***				
	Gas mains supply	1	Item	10,000	10,000
					10,000
8.7.6	***Telecommunications and Other Communication System Connections***				
	Telecomunications connection	1	Item	10,000	10,000
					10,000

All figures are in £ and exclude VAT

Assumptions:

- Private sale apartments to target a sales value of circa £1,500/ft2
- Double glazing to windows
- Approval already granted to build over TFL assets and utilise existing structure as basis for transfer structure.
- Carlisle House facade to be retained and allowance for repairs and cleaning only.
- Carlisle House main staircase retained and minor repairs only (allowance for full decoration to stair and immediate areas included)
- Approval in place to fix metal railing/screen to existing TFL asset (facade works)
- Local Utility connections at site boundary and sufficient capacity for the scheme

Target fit-out rates

- Gravity drainage system
- Wet underfloor heating
- PV cells to residential core roof only
- Works to be procured under competitive tender
- Vacant possession of the site

Exclusions:

- VAT
- Inflation
- Project/design fees
- Toxic/hazardous material removal
- Unexploded ordnance (UXO)
- Supporting works and/or monitoring associated with TFL assets
- Costs or works associated with TFL assets except those expressly included

- S106, S278, CIL
- Works beyond the site boundary
- Landscaping or external works
- SuDs (except attenuation tank details expressly included)
- Utility upgrades/reinforcement
- Kitchen fit out and FF&E
- Hotel restaurant, bar and front of house FF&E
- Air conditioning
- Artworks and sculptures
- Cold storage
- Coring out piles
- Curtains/Blinds to residential
- Diversion of existing services
- Fluctuations in exchange rate (1.16 £/Euro)
- FF&E other than specifically included
- Insurances
- Legislation changes (Brexit clauses)
- Loose carpets
- Marketing costs
- Mockups
- Off-site infrastructure upgrades/reinforcement
- Operating supplies and equipment (OSE)
- Out of hours working
- Oversailing licenses
- Phasing
- Pumped drainage
- Sectional completion

- Uninterrupted power supply (UPS)
- Wet risers

Matthew Lloyd Partnership:
Drawings;

■ 190 - Site Plan	Revision -
■ 198 - Basement -2	Revision -
■ 199 - Basement -1	Revision -
■ 200 - Ground Floor Plan	Revision -
■ 201 - 1st Floor Plan	Revision -
■ 202 - 2nd Floor Plan	Revision -
■ 203 - 3rd Floor Plan	Revision -
■ 204 - 4th Floor Plan	Revision -
■ 205 - 5th Floor Plan	Revision -
■ 206 - 6th Floor Plan	Revision -
■ 207 - 7th Floor Plan	Revision -
■ 208 - 8th Floor Plan	Revision -
■ 209 - Roof Plan	Revision -
■ 210 - Roof Plan	Revision -
■ 230 - Section A	Revision -
■ 231 - Section B	Revision -
■ 233 - Section D	Revision -
■ 234 - Section E	Revision -
■ 235 - Section F	Revision -
■ 236 - Section G	Revision -
■ 250 - South Elevation	Revision -
■ 251 - East Elevation	Revision -
■ SK190207	Revision -

Drawings and Documents

WSP:

Drawings:

Concept Design - Stage 2 Final Pack

▪ DDN-STR-010 - Basement -2 Level	Revision P01
▪ DDN-STR-011 - Basement -1 Level	Revision P01
▪ DDN-STR-012 - Ground Floor Level	Revision P01
▪ DDN-STR-013 - First Floor Level	Revision P01
▪ DDN-STR-014 - Second Floor Level	Revision P01
▪ DDN-STR-015 - Third Floor Level	Revision P01
▪ DDN-STR-016 - Fourth Floor Level	Revision P01
▪ DDN-STR-017 - Fifth Floor Level	Revision P01
▪ DDN-STR-018 - Sixth Floor Level	Revision P01
▪ DDN-STR-019 - Seventh Floor Level	Revision P01
▪ DDN-STR-020 - Eighth Floor Level	Revision P01
▪ DDN-STR-021 - Ninth Floor (Roof) Level	Revision P01
▪ DDN-STR-022 - Building Section	Revision P01
▪ DDN-STR-023 - Basement Section	Revision P01

Design Pack

Capita condition Survey

Appendix 10: Scenario 1: Accommodation Schedule

STUDY - Policy H2 theoretical scheme

ACCOMMODATION	Rooms in CH	Rooms in NB	HOTEL: NIA Rooms CH	HOTEL: NIA Rooms NB	HOTEL: Total Circulation	HOTEL: Restaurant/ Kitchen	HOTEL: BOH	HOTEL: Plant	AFFORDABLE: STUDIO NIAs in m^2	AFFORDABLE: 1B2P NIAs in m^2	AFFORDABLE: 2B3P NIAs in m^2	AFFORDABLE: 2B4P NIAs in m^2	AFFORDABLE: Circulation	AFFORDABLE: Plant / Store	MARKET: STUDIO NIAs in m^2	MARKET: 1B2P NIAs in m^2	MARKET: 2B3P NIAs in m^2	MARKET: 2B4P NIAs in m^2	MARKET: Circulation	MARKET: Plant / Store
Basement					72		182	46												
Ground Floor					172		42	1					46	28					51	46
1st Floor					58	144	0	38					41	20					24	18
2nd Floor	6		120		63		0	2	37 46	54 54	65		48					86	29	2
3rd Floor	6		120		48		0	2	37 40	54 50		78	46					86	29	2
4th Floor	6		118		48		0	2	37 40	54 50		78	46					86		2
5th Floor	6		118		48		0	2	37 40	54 50		78	46					86		2
6th Floor	4	1	100	21	53		0	3							46 40	54 50		86 71		2
7th Floor	2	1	57	16	46		0	3										78 80 74 81	47	2
8th Floor								127									65 66		38	2
NO. SUB TOTAL	30	2																		
m^2 SUB TOTAL			633	37	608	144	224	226	314	420	65	234	273	48	86	104	131	814	218	78
TOTALS	BEDROOMS	32	670		1,202				1,033				321		1,135				296	
									1,354						1,431					

General Notes

1. This document is supplied for information purposes only, without prejudice to Matthew Lloyd Architects LLP.
2. The areas shown are subject to change according to site surveys, further design development, planning and construction.
3. Areas indicated on this schedule are approximate and indicative only.
4. MLA have copyright of all schedules, and drawings used to prepare schedules.

Appendix 11: Scenario 1: Residential Revenue Schedule

Unit	Tenure	Floor	Beds	m²	ft²	£ / ft²	Total (£)
Studio	Affordable - Int.	2	1	37	398	£540	£215,040
Studio	Affordable - Int.	2	1	46	495	£434	£215,040
1B2P	Affordable - Int.	2	1	54	581	£370	£215,040
1B2P	Affordable - Int.	2	1	54	581	£370	£215,040
Studio	Affordable - Int.	3	1	37	398	£540	£215,040
Studio	Affordable - Int.	3	1	40	431	£499	£215,040
1B2P	Affordable - Int.	3	1	54	581	£370	£215,040
1B2P	Affordable - Int.	3	1	50	538	£400	£215,040
Studio	Affordable - Int.	4	1	37	398	£540	£215,040
Studio	Affordable - LAR	4	1	40	431	£238	£102,598
1B2P	Affordable - LAR	4	1	54	581	£177	£102,598
1B2P	Affordable - LAR	4	1	50	538	£191	£102,598
Studio	Affordable - LAR	5	1	37	398	£258	£102,598
Studio	Affordable - LAR	5	1	40	431	£238	£102,598
1B2P	Affordable - LAR	5	1	54	581	£177	£102,598
1B2P	Affordable - LAR	5	1	50	538	£191	£102,598
2B3P	Affordable - LAR	2	2	65	700	£160	£111,741
2B4P	Affordable - LAR	2	2	86	926	£121	£111,741
2B4P	Affordable - LAR	3	2	86	926	£121	£111,741
2B4P	Affordable - LAR	3	2	78	840	£133	£111,741
2B4P	Market	4	2	86	926	£1,404	£1,300,000
2B4P	Market	4	2	78	840	£1,489	£1,250,000
2B4P	Market	5	2	86	926	£1,431	£1,325,000
2B4P	Market	5	2	78	840	£1,519	£1,275,000
Studio	Market	6	1	46	495	£1,434	£710,000
Studio	Market	6	1	40	431	£1,568	£675,000
1B2P	Market	6	1	54	581	£1,419	£825,000
1B2P	Market	6	1	50	538	£1,514	£815,000
2B4P	Market	6	2	86	926	£1,458	£1,350,000
2B4P	Market	6	2	71	764	£1,570	£1,200,000
2B4P	Market	7	2	78	840	£1,578	£1,325,000
2B4P	Market	7	2	80	861	£1,545	£1,330,000

2B4P	Market	7	2	74	797	£1,601	£1,275,000
2B4P	Market	7	2	81	872	£1,525	£1,330,000
2B3P	Market	8	2	65	700	£1,572	£1,100,000
2B3P	Market	8	2	66	710	£1,548	£1,100,000
Total				**2,168**	**23,336**	**£463.87**	**£21,285,514**

Appendix 12: Scenario 1: MACE Cost Model

Order of Cost Estimate

for

8-10 Southampton Row
Mixed Use Scheme Order of Cost Estimate - May 19

ON BEHALF OF IDÉ REAL ESTATE

Commentary

This report represents the forecast out-turn cost of the mixed use project at 8-10 Southampton Row based on the updated scheme proposal issued by Matthew Lloyd Partnership March 2019 (with update to 32 keys hotel, 20 affordable residential units and 16 market residential units - refer to updated MLP accommodation schedule).

Preliminaries and overheads & profit (20% + 7.5%) and Contingency (10%) are reflective of the stage of design information and the constraints of the site and requirements of Crossrail which represent a greater risk than if this building were constructed in a different location.

Exclusions

- Reinstatement works on behalf of Crossrail
- Retail space (Bar & Restaurant) delivered to serviced shell only
- Professional fees, surveys, and local authority fees and charges
- VAT
- Hotel operators O,S & E
- Compensation payments to third parties
- Client direct costs, funding and acquisition costs and charges
- Archaeological discovery
- Network reinforcement charges for new incoming utilities, or any services diversions around the boundary of the site
- Transport infrastructure upgrades beyond the ownership boundary of the site
- Section 106, 278, 38 and CIL charges
- Contamination
- Air conditioning
- Artwork and sculptures
- Blinds/Blind boxes or curtains/curtain tracks
- FF&E other than specifically identified
- Fluctuations in exchange rate
- Insurances
- Legislation changes
- Loose carpets
- Movement monitoring
- Oversailing licences
- Phasing/Sectional completion
- Pumped drainage
- Triple glazing
- UPS

8-10 Southampton Row
Mixed Use Scheme Order of Cost Estimate - May 19

Base scheme

GIA			**56,629**	**sqft**
NIA			**50,127**	**sqft**
Nr of floors (Excluding roof)	8	nr	.	

Demolition Works				**Total Cost**	**£/ft² GIFA**
Strip out of Southampton Row	1,652	m2	50	£82,600	1.46
Demo rear façade/mansard roof	350	m2	505	£176,750	3.12
Temporary works (support existing façade etc.)	1,350	m2	1,000	£1,350,000	23.84
Prelims	20%			£321,870	5.68
OH&P	7.5%			£144,842	2.56
Design & Construction Contingency	10%			£207,606	3.67
Demolition Total				**£2,283,668**	40.33
Shell - New Build					
Foundations	1	sum	300,000	£300,000	7.72
Frame & Upper Floors	3,609	m2	305	£1,100,745	28.34
E/O for transfer slab	450	m2	400	£180,000	4.63
Construction complexity and logistics	450	m2	200	£90,000	2.32
External Walls	2,316	m2	830	£1,922,488	49.49
Stairs	18	storeys	20,000	£360,000	9.27
Lifts	4	nr	210,000	£840,000	21.62
Roof	570	m2	710	£404,700	10.42
Internal Walls (core areas and party walls)	1,700	m2	100	£170,000	4.38
Internal Doors (core areas only)	25	nr	1,600	£40,000	1.03
Mechanical & Electrical Services	3,609	m2	365	£1,317,285	33.91
Sustainability Allowances	3,609	m2	40	£144,360	3.72
BWIC	10%			£146,165	3.76
External works	0	m2	430	£0	-
Prelims	20%			£1,403,148	36.12
OH&P	7.5%			£631,417	11.15
Design & Construction Contingency	10%			£905,031	15.98
Shell - New Build Total				**£9,955,338**	256.27
Shell - Refurbishment					
Foundations		Excel			-
Frame & Upper Floors		Excel			-
Structural repairs (Steel corrosion and frame - Capita survey)	1,652	m2	238	£393,176	22.11
External Walls Minor repair & refurbish	1,250	m2	200	£250,000	14.06
E/O for Window replacement	313	m2	450	£140,625	3.62
Stairs (Refit)	9	storeys	12,000	£108,000	6.07
Lifts	0	nr	200,000	£0	-
Roof	170	m2	500	£85,000	4.78
Internal Walls (core areas and party walls)	700	m2	100	£70,000	3.94
Internal Doors (core areas only)		Excel		£0	-
Mechanical & Electrical Services	1,652	m2	365	£602,980	33.91
Sustainability Allowances	1,652	m2	40	£66,080	3.72
BWIC	10%			£66,906	1.72
External works	0	m2	400	£0	-
Prelims	20%			£356,553	20.05
OH&P	7.5%			£160,449	
Design & Construction Contingency	10%			£229,977	12.93
Shell - Refurbishment Total				**£2,529,746**	142.26
Demolition and Shell & Core Total				**£14,800,000**	**261.35**
Fit out					
Fit out of residential sales and common areas - Market	1431	m²	3,000	£4,293,000	85.64
Fit out of residential sales and common areas - Affordable	1354	m²	1,700	£2,301,800	45.92
Bedrooms (Inc £30k FF&E allowance)	32	nr	50,000	£1,600,000	31.92
Suites (Inc £50k FF&E allowance)	0	nr	76,000	£0	-
Common Areas	459	m²	1,700	£780,300	13.78
Front of House	293	m²	3,000	£879,000	15.52
Fit Out Total				**£9,854,100**	**174.01**
Prelims	20%			£1,970,820	34.80
OH&P	7.5%			£886,869	
Design & Construction Contingency	10%			£1,271,179	22.45
Fit Out Total				**£14,000,000**	**247.22**
Inflation allowance (2.75%)				£792,000	13.99
Development Total				**£29,600,000**	**522.70**

Appendix 13: 8-10 Southampton Row Reinstatement: Viability Appraisal

8-10 Southampton Row, Holborn
Reinstatement Appraisal
9 Residential Apartments & Restaurant/Bar

Development Appraisal
Turley
11 June 2019

APPRAISAL SUMMARY — TURLEY

8-10 Southampton Row, Holborn
Reinstatement Appraisal
9 Residential Apartments & Restaurant/Bar

Appraisal Summary for Phase 3 8-10 SR Reinstatement

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Apartments - OMS	9	7,816	1,423.36	1,236,111	11,125,000

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Ground Rent	1			4,500	4,500	4,500
Restaurant / Bar	1	5,921	22.50	133,223	133,223	133,223
Totals	**2**	**5,921**			**137,723**	**137,723**

Investment Valuation

Ground Rent					
Current Rent	4,500	YP @	5.0000%	20.0000	90,000
Restaurant / Bar					
Market Rent	133,223	YP @	4.5000%	22.2222	
		PV 1yr @	4.5000%	0.9569	2,833,014
Total Investment Valuation					**2,923,014**

GROSS DEVELOPMENT VALUE				**14,048,014**
Purchaser's Costs			(198,765)	
Effective Purchaser's Costs Rate		6.80%		(198,765)
NET DEVELOPMENT VALUE				**13,849,249**
NET REALISATION				**13,849,249**

OUTLAY

ACQUISITION COSTS				
Residualised Price			3,045,261	
				3,045,261
Stamp Duty			149,192	
Effective Stamp Duty Rate		4.90%		
Agent Fee		1.00%	30,453	
Legal Fee		0.50%	15,226	
				194,871
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Construction	19,308	330.37	6,378,820	
				6,378,820
PROFESSIONAL FEES				
Professional Fees		10.00%	637,882	
				637,882
MARKETING & LETTING				
Letting Agent Fee		10.00%	13,322	
Letting Legal Fee		5.00%	6,661	
				19,983
DISPOSAL FEES				
Residential Marketing		1.50%	166,875	
Residential Sales Agent Fee		1.00%	111,250	
Residential Sales Legal Fee		0.25%	27,812	
GR Investment Sales Agent Fee		1.00%	1,088	
GR Investment Sales Legal Fee		0.25%	272	
Comm Investment Sales Agent Fee		1.00%	26,465	
Comm Investment Sales Legal Fee		0.50%	13,232	
				346,994

FINANCE

Timescale	**Duration**	**Commences**
Purchase	1	Apr 2019

8-10 Southampton Row, Holborn
Reinstatement Appraisal
9 Residential Apartments & Restaurant/Bar

Pre-Construction	6	May 2019		
Construction	18	Nov 2019		
Letting	6	May 2021		
Sale	3	May 2021		
Total Duration	31			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Land			482,646	
Construction			337,074	
Letting			24,580	
Total Finance Cost				844,300
TOTAL COSTS				**11,468,111**
PROFIT				
				2,381,138
Performance Measures				
Profit on Cost%		20.76%		
Profit on GDV%		16.95%		
IRR		23.76%		

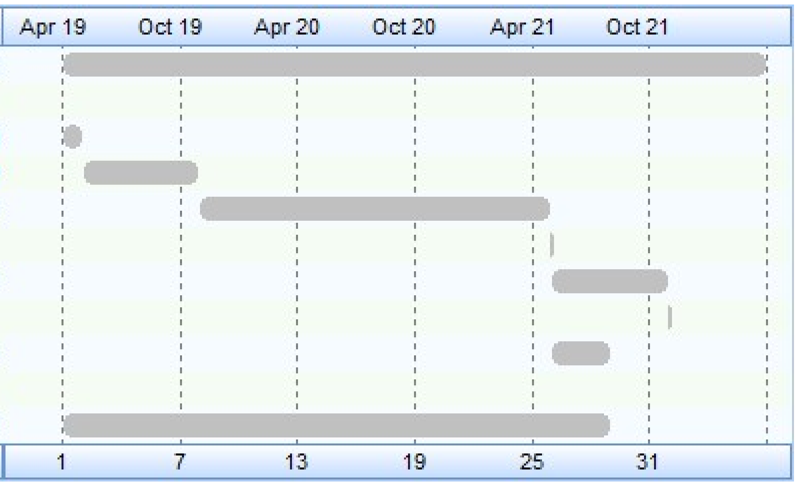
TIMESCALE AND PHASING CHART — TURLEY

8-10 Southampton Row, Holborn
Reinstatement Appraisal
9 Residential Apartments & Restaurant/Bar

Project Timescale	
Project Start Date	Apr 2019
Project End Date	Mar 2022
Project Duration (Inc Exit Period)	36 months

3. 8-10 SR Reinstatement

	Start Date	Duration	End Date
Project	Apr 2019	36	Mar 2022
Purchase	Apr 2019	1 Month(s)	Apr 2019
Pre-Construction	May 2019	6 Month(s)	Oct 2019
Construction	Nov 2019	18	Apr 2021
Post Development	May 2021	0 Month(s)	
Letting	May 2021	6 Month(s)	Oct 2021
Income Flow	Nov 2021	0 Month(s)	
Sale	May 2021	3 Month(s)	Jul 2021
Cash Activity	Apr 2019	28	Jul 2021



Appendix 14: Proposed Development: Viability Appraisal

8-10 Southampton Row, Holborn
Proposed Scheme Appraisal
85-bed Hotel & 9 Residential Apartments

Development Appraisal
Turley
11 June 2019

APPRAISAL SUMMARY **TURLEY**

8-10 Southampton Row, Holborn
Proposed Scheme Appraisal
85-bed Hotel & 9 Residential Apartments

Appraisal Summary for Phase 2 Proposed Scheme

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Apartments - OMS	9	5,124	1,502.73	855,556	7,700,000

Rental Area Summary	**Units**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Ground Rent	1	4,500	4,500	4,500
Totals	**1**		**4,500**	**4,500**

Investment Valuation

Ground Rent					
Current Rent	4,500	YP @	5.0000%	20.0000	90,000
Hotel (85 rooms)					
Manual Value					37,800,000
Total Investment Valuation					**37,890,000**

GROSS DEVELOPMENT VALUE			**45,590,000**
Purchaser's Costs		(6,120)	
Effective Purchaser's Costs Rate	0.02%		(6,120)
NET DEVELOPMENT VALUE			**45,583,880**
NET REALISATION			**45,583,880**

OUTLAY

ACQUISITION COSTS

Residualised Price		1,012,424	
			1,012,424
		42,199	
Effective Stamp Duty Rate	4.17%		
Agent Fee	1.00%	10,124	
Legal Fee	0.50%	5,062	
			57,385

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Construction	1 un	30,195,000	30,195,000	
LB Camden CIL			513,421	
MCIL2			467,094	
				31,175,515

PROFESSIONAL FEES

Professional Fees	10.00%	3,019,500	
			3,019,500

DISPOSAL FEES

Residential Marketing	1.50%	115,500	
Residential Sales Agent Fee	1.00%	77,000	
Residential Sales Legal Fee	0.25%	19,250	
GR Investment Sales Agent Fee	1.00%	839	
GR Investment Sales Legal Fee	0.25%	210	
Hotel Sales Agent Fee	1.00%	378,061	
Hotel Sales Legal Fee	0.50%	189,031	
			779,890

FINANCE

Timescale	**Duration**	**Commences**
Purchase	1	Apr 2019
Pre-Construction	6	May 2019
Construction	24	Nov 2019
Sale	3	Nov 2021
Total Duration	34	

8-10 Southampton Row, Holborn
Proposed Scheme Appraisal
85-bed Hotel & 9 Residential Apartments

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		202,755	
Construction		2,306,433	
Total Finance Cost			2,509,187
TOTAL COSTS			**38,553,902**
PROFIT			
			7,029,978
Performance Measures			
Profit on Cost%	18.23%		
Profit on GDV%	15.42%		
IRR	24.12%		

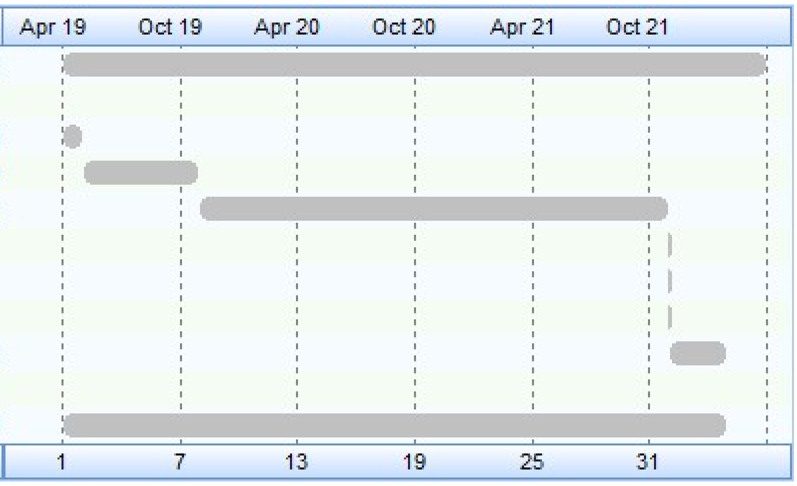
TIMESCALE AND PHASING CHART — TURLEY

8-10 Southampton Row, Holborn
Proposed Scheme Appraisal
85-bed Hotel & 9 Residential Apartments

Project Timescale	
Project Start Date	Apr 2019
Project End Date	Mar 2022
Project Duration (Inc Exit Period)	36 months

2. Proposed Scheme

	Start Date	Duration	End Date
Project	Apr 2019	36	Mar 2022
Purchase	Apr 2019	1 Month(s)	Apr 2019
Pre-Construction	May 2019	6 Month(s)	Oct 2019
Construction	Nov 2019	24	Oct 2021
Post Development	Nov 2021	0 Month(s)	
Letting	Nov 2021	0 Month(s)	
Income Flow	Nov 2021	0 Month(s)	
Sale	Nov 2021	3 Month(s)	Jan 2022
Cash Activity	Apr 2019	34	Jan 2022



Appendix 15: Scenario 1: Viability Appraisal

8-10 Southampton Row, Holborn
Policy H2 & H4 Compliant Scheme Appraisal
32-bed Hotel & 36 Residential Apartments
50% Affordable Housing

Development Appraisal
Turley
11 June 2019

APPRAISAL SUMMARY — TURLEY

8-10 Southampton Row, Holborn
Policy H2 & H4 Compliant Scheme Appraisal
32-bed Hotel & 36 Residential Apartments

Appraisal Summary for Phase 1 Policy H2 & H4 Compliant

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Apartments - OMS	16	12,045	1,509.76	1,136,562	18,185,000
Apartments - LAR	11	6,889	169.13	105,923	1,165,153
Apartments - Int. Rent	9	4,402	439.65	215,040	1,935,360
Totals	**36**	**23,336**			**21,285,513**
Rental Area Summary	**Units**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	
Ground Rent	1	18,000	18,000	18,000	
Totals	**1**		**18,000**	**18,000**	
Investment Valuation					
Ground Rent					
Current Rent	18,000	YP @	5.0000%	20.0000	360,000
Hotel (32 rooms)					
Manual Value					6,475,300
Total Investment Valuation					**6,835,300**
GROSS DEVELOPMENT VALUE				**28,120,813**	
Purchaser's Costs			(24,480)		
Effective Purchaser's Costs Rate		0.36%		(24,480)	
NET DEVELOPMENT VALUE				**28,096,333**	
NET REALISATION				**28,096,333**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (Negative land)			(10,339,456)		
				(10,339,456)	
CONSTRUCTION COSTS					
Construction	**Units**	**Unit Amount**	**Cost**		
Construction	1 un	28,808,000	28,808,000	**28,808,000**	
LB Camden CIL			312,133		
MCIL2			317,080		
				629,213	
PROFESSIONAL FEES					
Professional Fees		10.00%	2,880,800		
				2,880,800	
DISPOSAL FEES					
Residential Marketing		1.50%	272,775		
Residential Sales Agent Fee		1.00%	181,850		
Residential Sales Legal Fee		0.25%	45,462		
GR Investment Sales Agent Fee		1.00%	3,355		
GR Investment Sales Legal Fee		0.25%	839		
Hotel Sales Agent Fee		1.00%	64,508		
Hotel Sales Agent Fee		0.50%	32,254		
				601,044	
FINANCE					
Timescale	**Duration**	**Commences**			
Purchase	1	Apr 2019			
Pre-Construction	6	May 2019			
Construction	24	Nov 2019			
Sale	5	Nov 2021			
Total Duration	36				

8-10 Southampton Row, Holborn
Policy H2 & H4 Compliant Scheme Appraisal
32-bed Hotel & 36 Residential Apartments

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		(1,126,264)	
Construction		2,161,415	
Other		86,308	
Total Finance Cost			1,121,458
TOTAL COSTS			**23,701,059**
PROFIT			
			4,395,274
Performance Measures			
Profit on Cost%	18.54%		
Profit on GDV%	15.63%		
IRR	N/A		

TIMESCALE AND PHASING CHART — TURLEY

8-10 Southampton Row, Holborn
Policy H2 & H4 Compliant Scheme Appraisal
32-bed Hotel & 36 Residential Apartments

Project Timescale	
Project Start Date	Apr 2019
Project End Date	Mar 2022
Project Duration (Inc Exit Period)	36 months

1. Policy H2 & H4 Compliant

	Start Date	Duration	End Date
Project	Apr 2019	36	Mar 2022
Purchase	Apr 2019	1 Month(s)	Apr 2019
Pre-Construction	May 2019	6 Month(s)	Oct 2019
Construction	Nov 2019	24	Oct 2021
Post Development	Nov 2021	0 Month(s)	
Letting	Nov 2021	0 Month(s)	
Income Flow	Nov 2021	0 Month(s)	
Sale	Nov 2021	5 Month(s)	Mar 2022
Cash Activity	Apr 2019	36	Mar 2022