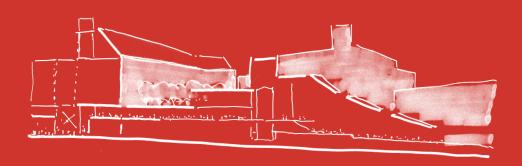
The British Library Extension

January 2022

Financial Viability Assessment



SITE SPECIFIC PRE-SUBMISSION FINANCIAL VIABILITY ASSESSMENT (FVA)

British Library Site, 96 Euston Road, London, NW1 2DB

On behalf of:

SMBL Developments Ltd

Date: February 2022



Prepared by: James Brierley
Sarah Bolitho

Copyright reserved 2022 Gerald Eve LLP



RICS MANDATORY REQUIREMENTS

Requirement	Page	This assessment has been produced having regard to and abiding to the requirements of RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019). Appendix 1, where applicable provides a guide to where in the report the requirements have been adhered to.
		In preparing this viability assessment, we confirm that we have acted with reasonableness, impartiality and without interference. We have also complied with the requirements of PS2 Ethics, competency, objectivity, and disclosures in the RICS Valuation – Global Standards 2017 in connection with valuation reports.
	11	This document sets out our terms of engagement for undertaking this viability assessment. We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict-of-Interest Professional Statement of January 2018), Other than, if necessary, where stated in the report circumstances which fall under Informed Consent (as per the Conflict-of-Interest Professional Statement).
	11	We confirm that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.
	11	We confirm that this viability assessment has been prepared in the full knowledge that it may be made publicly at some point in the future. Where we believe there to be information, which is commercially sensitive, that we have relied upon in arriving at our opinion we have stated so in our report. We request that permission is sort by the instructing/applicant prior to being made public to ensure commercially sensitive or personal information does not infringe other statutory regulatory requirements.
		We confirm that we have not undertaken an area-wide viability assessment concerning existing and future policies against which the scheme will in due course be considered. We have confirmed with the instructing party that no conflict exists in undertaking the viability assessment, we have also highlighted to the Council where we have previously provided advice relating the site in question. Should this position change, we will immediately notify the parties involved. We understand that if any of the parties identified in this report consider there to be a conflict that we would immediately stand down from the instruction.
		Throughout this viability assessment we have set out a full justification of the evidence and have also supported our opinions where they differ from the applicant's advisor with a reasoned justification. We note in due course the emphasis within the RICS Professional Statement on conduct and reporting in Financial Viability in Planning the need to see to resolve differences of opinion wherever possible
	S 8	In determining Benchmark Land Value (if required) we have followed NPG (Viability) (2019) setting out this in detail within the Benchmark Land Value section.
		We make a clear distinction in our report between preparation/review of a viability assessment and subsequent negotiations. Such negotiations may be identified as part of an addendum documents and may relate to S106 agreements.
	S 11	Sensitivity analysis and accompanying explanation and interpretation of the results is undertaken for the purposes of a viability assessment. This enables the reader to consider the impact on the result of changes to key variables in the appraisal having regard to the risk and return of the proposed scheme.
		We confirm we have advocated transparent and appropriate engagement between the Applicant and Council's viability advisors.
		This report includes a non-technical summary at the commencement of the report which includes all key figure and issues relating to the assessment.



We confirm this report has been formally reviewed and signed off by the individuals who have carried out the assessment and confirm that this FVA has been prepared in accordance with the need for objectivity, impartiality and without interference. Subject to the completion of any discussion and resolution or note of differences, we will be retained to then subsequently advise upon and negotiate the Section 106 Agreement.
All contributors to this report have been considered competent and are aware of the RICS requirements and as such understand they must comply with the mandatory requirements.
We were provided an adequate time to produce this report, proportionate to the scale of the project and degree of complexity of the project.

SIGN OFF

This report has been prepared by Sarah Bolitho MRICS and is reviewed by James Brierley MRICS.

Sarah Bolitho MRICS, Senior Surveyor

For and on behalf of Gerald Eve LLP

James Brierley MRICS,

For and on behalf of Gerald Eve LLP

NOTE: This report has been produced in accordance with National Planning Policy Framework (2019) and Planning Policy Guidance (as a mended). Gerald Eve LLP can confirm that the report has been produced by suitably qualified Practitioners of the Royal Institution of the Chartered Surveyors (RICS) and that the report has been produced in accordance with RICS Practitioner guidance on viability in planning matters.

The contents of this report are specific to the circumstance of the Proposed Scheme and date of publication; and it together with any further information supplied shall not be copied, reproduced, or distributed to any third parties for any purpose other than determining the application for which it is intended. Furthermore, the information is being supplied to **the client** on the express understanding that it shall be used only to assist in the financial assessment in relation to the Application. The information contained within this report is believed to be correct as at the date of publication, but Gerald Eve LLP give notice that:

- all statements contained within this report are made without acceptance of any liability in negligence or otherwise by Gerald Eve LLP. The information contained in this report has not been independently verified by Gerald Eve LLP.
- II. none of the statements contained within this report are to be relied upon as statements or representations of fact or warranty whatsoever without referring to Gerald Eve LLP in the first instance and taking appropriate legal advice.
- III. references to national and local government legislation and regulations should be verified with Gerald Eve LLP and legal opinion sought as appropriate.
- IV. Gerald Eve LLP do not accept any liability, nor should any of the statements or representations be relied upon, in respect of intending lenders or otherwise providing or raising finance to which this report as a whole or in part may be referred to.
- V. Any estimates of values or similar, other than specifically referred to otherwise, are subject to and for the purposes of discussion and are therefore only draft and excluded from the provisions of the RICS Valuation Professional Standards 2014; and
- VI. Information in this report should not be relied upon or used as evidence in relation to other viability assessments without the agreement of Gerald Eve LLP.



CONTENTS

secu	on	Page
EXEC	CUTIVE SUMMARY (non-technical)	5
1.	Introduction	10
2.	requirement for the FVA	12
3.	SITE BACKGROUND – LOCATION	13
4.	VIABILITY GUIDANCE, PLANNING CONTEXT	15
5.	PROPOSED SCHEME	16
6.	Gross Development Value	18
7.	COSTS AND PROGRAME	20
8.	BENCHMARK LAND VALUE (blv)	24
9.	RETURN TO THE DEVELOPER	27
10.	PLANNING OBLIGATIONS (NOTIONAL)	29
11.	FINANCIAL APPRAISAL REVIEW	31
12.	SENSITIVITY AND SCENARIO ANALYSIS	32
13.	CONCLUDING STATEMENT	33

Appendices

Appendix 1: Accommodation Schedule & Cost Plan

Appendix 2: Commercial & Retail Market Report

Appendix 3: Third Party Costs

Appendix 4: St Pancras Transform / Decant Costs / Ground Rent Justification

Appendix 5: Finance Cost Justification

Appendix 6: Programme

Appendix 7: EUV Valuation

Appendix 8: Land Comp Analysis

Appendix 9: Proposed Scheme Appraisal



EXECUTIVE SUMMARY (NON-TECHNICAL)

Instruction	i. Gerald Eve LLP ('GE') has been instructed by SMBL Developments Ltd ('the Applicant') to undertake a Financial Viability Assessment ('FVA') in relation to a planning application to redevelop and extend the existing British Library ('the Site'). This assessment will determine the appropriate level of planning obligations including Section 106 contributions and affordable housing.
Site	ii. The Site is located on Euston Road to the north of the existing British Library. The Site is bound by Dangoor Walk (north) (with the Francis Crick Institute on the adjacent side of this pathway), Ossulston Street (west) and Midland Road (east). The Site is located within the Knowledge Quarter ("KQ") which is one of the densest concentrations of scientific and knowledge-based organisations anywhere in the world. The KQ is defined as the area within a 1-mile radius around King's Cross.
	iii. The Site has a total site area of circa. 2.8 acres and can be split into two sub-sections; the BLCC including a car park and loading bay, and a cleared piece of land, which more recently has been used as a temporary community garden (the 'Story Garden').
Proposed Scheme	iv. The British Library Extension (BLE) project is project is a single building comprising 3 parts-
	i) the provision of new, mostly publicly accessible spaces for the British Library (BL) on the lower 3 levels connecting into the existing Grade 1 Listed Building. The intention is that entry to the library will be free but some service elements will be charged with any monies generated recycled into the running of the facilities.
	ii) enabling works for CrossRail 2 (CR2), mainly beneath the site comprising a ventilation and escape shaft connecting to the CR2 running tunnels c 28m below ground on the western part of the site and a basement pedestrian subway running east west across the site.
	iii) commercial (office) space (which will be lab enabled); and retail, mainly above the new BL space
	Additional spaces provided for the BL include the enhancement to the loading bay, a new Tank Farm and a new relocated British Library Centre for Conservation (BLCC). In total Scheme proposes circa. 53,973 sq m (580,960 sqft) NIA of new commercial space and c. 536 sq m (5,659 sq ft) of retail and ancillary retail space. However, the net commercial space is compromised by the lab enabling works and will reduce to a NIA of 570,756 sqft.
	Development agreements have entered between the BL, TfL and SMBL relating to the development of the site.
	v. The new British Library spaces will comprise c.9,921 sq m (106,790 sq ft) and occupy the lower 3 levels mainly in the southern block, with commercial uses comprising up to 10 levels, with the retail offer being at ground floor.
	vi. All the British Library Extension spaces will be accessible to the public and provide new galleries, and extended Learning Centre, extended Business Centre, an Events space and a large east west Foyer and circulation space, as well as the new headquarters for the Alan Turing Institute (ATI).



	vii. The majority of the Site has been safeguarded by TfL for the delivery of Crossrail 2. There is an agreement between the BL and TfL relating to the delivery of the Station Works required for CR2 (mainly underground). The majority the obligations of the library to TfL are passed to SMBL through a direct agreement between SMBL and TFL. As such the Scheme will deliver the enabling works required for CR2 as referred to above, which comprises a significant development cost to the Scheme at c.£55m excluding fees.
Approach	viii. GE has had regard to planning documents and cost reports provided by the Applicant in undertaking this assessment as well as acceptable assumptions based upon other viability assessments undertaken in the Borough and wider London. Conclusions may require consideration following any adjustment to the Scheme or the provision of additional information supporting the application. These are set out in the summary of inputs table below.
	ix. This report has been prepared reflecting the National Planning Policy Framework ('NPPF') (2021) and National Planning Guidance ('NPG') (2019) having regard to relevant planning policy applicable to the Site at the date of writing and generally accepted principles of undertaking (site specific) FVAs. It has also been written adhering to the RICS Guidance note Financial Viability in Planning (2021) (the "RICS GN") and the RICS Professional Statement on Conduct and Reporting in viability that supports the RICS GN (2019) (the "RICS Professional Statement").
Purpose	x. The purpose of this FVA is to demonstrate the viability of the Scheme delivering a new national asset and TFL works; to determine the financial contributions 'pot' that is the maximum reasonable that can be reasonably and justifiably accepted by the Council when granting planning consent. In the instance, that the residual value exceeds the BLV, the surplus will represent the 'pot' of S106 financial contributions that the Scheme can viably support, in addition to Community Infrastructure Levy (CIL).
	xi. Through sensitivity testing this FVA will demonstrate how value and cost changes affect the potential available 'pot'.
Standardised inputs	xii. Where possible the report applies standardised inputs and has regard, where appropriate, to the specifics of the site and proposed development. Standardised evidence means it is resourced from primary, secondary, or tertiary data sources.
Total GDV	xiii. GE estimates the total GDV to be £1,007,804,873.
Total Construction Cost ¹	xiv. GE estimates the total construction cost (exc. fees) to be £507,650,000
Existing Use Value (EUV)	xv. In accordance with NPG the Existing Use Value of the asset has been independently assessed to be in the order of £27m.



¹ Excluding land and profit

Premium	xvi.	NPG indicates the EUV+ premium should reflect that additional value over EUV that is required for a
		reasonable landowner to be incentivised to release the land for development. In this instance the landowner is the British Library, and they are incentivised, indeed can only release the land for development on the proviso that the new Library spaces and associated costs in delivering is provided and no net cost. Indeed, the site allocation in the current Camden local plan states:
		support BL therefore the BLV must reflect their requirements. However, in the hypothetical, if BL have no further requirement for the land, it can be disposed of unencumbered. GE has therefore assessed a unencumbered AUV to consider the potential value of the BL requirements which indicates a value of c. £63-£93m.
Benchmark land Value (BLV)	xvii.	This assessment recognises the unique nature of this application; and that the application reflects a JV between Stanhope and Mitsui Fudosan UK, known as 'SMBL Developments Limited', in partnership with the British Library to extend a national asset to provide new publicly accessible facilities. As such the BLV has been set at £1, to ensure value is recycled into the Scheme to support and maximise the opportunity to deliver the British Library's objectives. The associated costs of delivery of the new facility at no net cost to the British Library and are included in the Scheme in lieu of a land value receipt. — we have not included tax on benefits in kind.
	xviii.	GE, therefore, has considered for the purposes of viability, a Benchmark Land Value (BLV) for the site to be released for development having regard to the enabling requirements and inclusion of works for the British Library to reflect £1.
Return	xix.	GE concludes that the risk profile associated with delivering a commercial led Scheme (Use Class E); and that it is to be delivered by a commercial agent, namely SMBL, would indicate a minimum return of c.15% on GDV (20% Profit on Cost) would be anticipated, however it is recognised this reflects the lower end of risk profile having regard to the specifics of the Scheme. If the Scheme were to be a completed Lab-tech scheme the appropriate profit return may require adjustment to reflect the increased risk in an emerging market. Some of the overall risk has been accounted for in contingency allowances. Therefore, GE consider that it would be appropriate to reassess an appropriate return for the Scheme as part of the S106 package negotiations.
S106 Pot	XX.	GE concludes that the Scheme appears able to support a s106 pot of financial contributions of circa £9.6m. This would need to be disaggregated between Affordable Workspace, MUP and required S106 items. Additionally, the scheme will include c.£17.0m towards Borough and Mayoral CIL and other scheme costs. For further details relating to the wider S106 package and scheme benefits please refer to the accompanying Planning Statement.
Sensitivity	xxi.	GE has conducted sensitivity analysis on the build costs and scheme values which shows how sensitive the scheme is to changes in these inputs. Further scenario testing is anticipated once the baseline position is agreed to confirm the disaggregation of the pot.
Deliverability		
FVA	xxiii.	This FVA review should not be considered a financial certainty – it is an assessment of the Scheme having regard to the best available evidence at the time of the review.
Commercial sensitivity	xxiv.	It is anticipated this report will be published and contains no confidential information which has not been reasonably identified and addressed (aggregated) to enable the report to be shared.
	XXV.	GE considers that all inputs into our appraisal have been reasonably justified. GE has clearly set out supporting and reasonable justification for all inputs considered and have undertaken appropriate sensitivity to demonstrate the impact of variance.



SUMMARY OF INPUTS

THE PROPOSED SCHEME AREAS (NIA)

Use	Areas (NIA)
Commercial Space (Pre Lab Enabled Deduction)	53,973 sq m (580,960 sq ft) ²
Retail	536 sq m (5,769 sq ft)
BL - Alan Turing Institute ³	1,018 sq m (10,957 sq ft)
BL-Library	9,921 sq m (106,790 sq ft) ⁴

PROGRAMME

Period	Duration
Purchase	1 month
Pre-Construction	18 months
Construction	63 months
Sale	6 months
Total Programme	88 months

PROPOSED SCHEME REVENUE

Use	Assumptions	Revenue
Commercial	Rent: av.£82.43 psf Yield: 4.25% Rent Free: 25 months	£984,600,663
Retail	Rent: £45.00 psf Yield: 4.25% Rent Free: 25 months	£5,432,971
Alan Turing Institute	Rent: av.£77.50 psf Yield: 4.25% Rent Free: 25 months	£17,771,239
Total		£1,007,804,873



²Following advice from Alinea the viability assumes a 2% reduction in floorspace (ie. C. 10,000 sq ft) from a commercial position to account for lab enabling works- ie further riser works. We have adopted a figure of 570,960 sq ft to reflect this in our appraisal.

³ The floor space allocated for the Alan Turing Institute is a requirement of the British Library. However, as the ATI have first refusal of the space and therefore, if it proves surplus to their requirements it could revert to commercial space.

⁴ Library GIA areas – NIA is unavailable

CONSTRUCTION COSTS

Cost	Lab Enabled Scheme⁵
Demolition	£17,623,500
Scheme – Base Build	£294,391,500
Lab Enabling Works	£11,997,000
Library (inc. BLCC)	£78,823,500
Library Tank Farm / Loading Bay	£4,278,000
Crossrail	£55,056,000
External Works	£11,625,000
TOTAL	£473,794,500
Contingency	£33,855,500

NOTIONAL PLANNING OBLIGATIONS⁶

Planning Obligation	Lab Enabled Scheme
MCIL2 and Other Scheme Costs ⁷	£8,882,820
Borough CIL	£8,144,910

OTHER CONSTRUCTION COSTS / FEES

Cost / Fee	Lab Enabled Scheme
Professional Fees	12.65%
Purchasers Costs	6.8%
Sales Agents and Legal Fees	1.5%
Letting Agents and Legal Fees	15%
Marketing Fees	1%
Finance Rate	6.5%
Profit Return (on GDV)	15%
St Pancras Transform	£18,000,000
BLCC Temporary Relocation	£6,234,270
Ground Rent	3% of Rental Income



9 | British Library Site, 96 Euston Road, NW1 2DB

⁵ Excluding contingency at 7.0% of cost

 $^{^{\}rm 6}$ To be confirmed following discussions with the Council

 $^{^{\}rm 7}$ Confidential costs included within CIL allowance to maintain confidentiality

1. INTRODUCTION

F	This was the house and a fighter 2000 in the first of the second of the
Economic climate and influencing factors	This report has been prepared as of February 2022 in the context of the prevailing economic climate and reflects the market and proposed development now. Should these circumstances change, it may be necessary to revise and update the inputs to the financial appraisal, and therefore resulting outturns.
Instructions	1.2. Gerald Eve LLP ('GE') has been instructed by Stanhope Plc and Mitsui Fudosan UK, known as 'SMBL Developments Limited' ('the Applicant'), in partnership with the British Library, to undertake a Financial Viability Assessment ('FVA') in relation to a planning application to redevelop and extend the existing British Library ('the Site'). This assessment will determine the appropriate level of planning obligations including Section 106 contributions and affordable housing contributions. The planning application documentation has the approval of the British Library and TfL have approved the design for the station works set out in the Multi-disciplinary Report (MDR).
Site	1.3. The Site is located on Euston Road to the north of the existing British Library. The Site is bound by Dangoor Walk (north) (with the Francis Crick Institute on the adjacent side of this pathway), Ossulston Street (west) and Midland Road (east). The Site is located within the Knowledge Quarter ("KQ") which is one of the densest concentrations of scientific and knowledge-based organisations anywhere in the world. The KQ is defined as the area within a 1-mile radius around King's Cross.
	1.4. The Site has a total site area of circa. 2.8 acres and can be split into two sub-sections; the BLCC including a car park and loading bay, and a cleared piece of land, which more recently has been used as a temporary community garden (the 'Story Garden').
The Scheme	1.5. The British Library Extension proposes lab enabled commercial space, retail, and new spaces for the BL (including the BLCC) over a single building.
Relevant guidance and policy	This FVA has been prepared having regard to the NPPF (2021); National Planning Guidance ("NPG"); the Mayor's Affordable Housing and Viability SPG (August 2017); Council's Local Plan (2011); Housing and Developer Obligations (adopted January 2021); the Publication London Plan (adopted March 2021); the RICS Guidance Note: Financial Viability in Planning 2012 ("the RICS GN"), the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (July 2021), conduct and reporting Practice Statement 2019 ("the RICS PS"); and generally accepted principles of undertaking (site specific) FVAs.
Conflict of interest declaration	1.7. We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict-of-Interest Professional Statement of January 2018); and that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.
Transparency and confidentiality	1.8. We confirm that this viability assessment has been prepared in the full knowledge that it may be made publicly available at some point in the future. Where we are of the view that there is information, which is commercially sensitive, that we have relied upon in arriving at our opinion, we have stated so in our report. We request that permission is sort by the instructing/applicant prior to being made public to ensure commercially sensitive or personal information does not infringe other statutory regulatory requirements.
Confirmation of relationship to	1.9. We confirm that we have not undertaken an area-wide viability assessment concerning existing and future policies against which the scheme will in due course be considered. We have confirmed with the instructing party that no conflict exists in undertaking the viability



area-wide assessment		assessment. Should this position change, we will immediately notify the parties involved. We understand that if any of the parties identified in this report consider there to be a conflict that we would immediately stand down from the instruction.			
Supporting information	1.10.	We note that the Applicant has instructed the following consultants to provide information applied within the FVA:			
		Gerald Eve (Planning Consultant & Viability).			
		 Alinea Consulting (Cost Consultant). 			
		JLL (Commercial Market Report).			
Information reliance	1.11.	For key relevant planning policies associated at national, regional, and local level please refer to the planning statement.			
Planning Policy	1.12.	The application is situated within the London borough of Camden and therefore assessment of planning obligations must have regard to Camden's Local Plan; the London Plan (adopted 2021); and the Mayor of London Development Viability Supplementary Planning Document (adopted 2nd October 2017) and addendum 2019.			
	1.13.	The LBC Local Plan Review Evidence Base: Financial Viability Study was prepared by BNP Paribas in October 2015. We have had reference to this evidence base during the drafting of this FVA.			
Professional judgment	1.14.	As outlined in the RICS GN, in undertaking this exercise, GE is formulating an appropriate judgement based upon information provided by the Applicant as to the viability of the Scheme and the maximum S106 Pot that can be afforded in terms of planning obligations.			
Viability Model	1.15.	A financial appraisal has been compiled using an industry standard licensed Argus development appraisal to assess the viability of the Scheme. These are explained further within the report and results are provided via a present-day appraisal.			
Sensitivity	1.16.	A risk analysis has been provided to test the sensitivity and robustness of the residual land value having regard to changes in the inputs. This is in accordance with RICS Guidance Viability in Planning (2021) and normal practice when undertaking financial viability assessments in respect of schemes of this nature about scale and programme.			

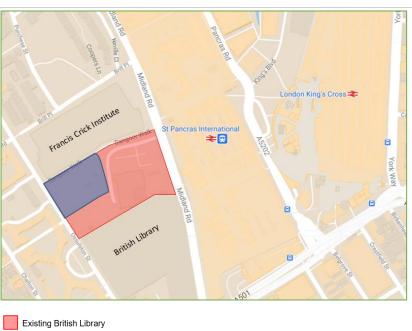


2. REQUIREMENT FOR THE FVA

NPPF	Paragraph 58 of the National Planning Policy Framework states:
paragraph 58	2.1.
	Where up-to-date policies have set out the contributions expected from development, planning
	applications that comply with them should be assumed to be viable.
	It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.
	The weight to be given to a viability assessment is a matter for the decision maker, having regard to a the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.
	All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance [NPG], including standardised inputs, and should be made publicly available.
Reasons for an FVA	Paragraph 007 of the NPG indicates:
	Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic change have occurred since the plan was brought into force.
Reliance on Area Wide Assessment	2.3. Camden Local Plan's Area Wide Affordable Housing Viability ('AHVA') assessment. We have had regard and made appropriate reference to this study throughout the report, we recognise that it is significantly out of date. It is therefore reasonable to assume that input assumptions may differ from that period.
Area wide outcomes	2.4. We note that the AHVA indicates that up to 35% affordable housing (in combination with other planning obligations) is generally achievable on the types of sites coming forward for development over the plan period. The current Council policy requirements are in line with this.



3. SITE BACKGROUND - LOCATION



Story Garden

Figure 1: Location Plan

Location	3.1.	The Site is located to the north of the existing British Library building with a total site area of circa. 2.8 acres. The Site can be split into two sub-sections; the British Library Centre for Conservation "BLCC" building, car park and loading bay, and a cleared piece of land, which more recently has been used as a temporary community garden (the 'Story Garden'). For clarity, this division has been marked on the location plan in Figure 1 above).
		,
	3.2.	The northern site boundary runs along Dangoor Walk, with the Francis Crick Institute ("FCI") on the adjacent side of this route. The western boundary of the site runs parallel to Ossulston Street and the eastern boundary runs along Midland Street.
	3.3.	The majority of the Site is safeguarded for Crossrail 2 by TfL and therefore any development on the Site will have to ensure that the necessary provisions are put in place to enable the delivery of Crossrail 2, should this be required. An agreement has been entered into with TfL relating to the delivery of the "Station Works".
	3.4.	The Site is located within the Knowledge Quarter ("KQ") which is one of the densest concentrations of scientific and knowledge-based organisations anywhere in the world. The KQ is defined as the area within a 1-mile radius around King's Cross.
Connectivity	3.5.	Located on Euston Road in Kings Cross, the Site is very well connected. It is within very close proximity to Kings Cross and St Pancras International, which offer regular overground trains to Central London as well as National and international railway services. Kings Cross St Pancras tube is connected to six major tube lines. This is strong connectivity is reflected with a PTAL rating of 6b; the highest accessibility rating possible in London.
	3.6.	The Site is located on the A501 London inner ring road, which provides access to major arterial routes out of London.

Existing Use	3.7.	The Site incorporates parts of the British library building (the British Library building itself is Grade 1 listed), as well as the British Library Centre for Conservation (BLCC), located on Midland Road and the Story Garden, located within the western portion of the Site, access to and part of the existing loading bay, as well as underground tank farm.
	3.8.	The BLCC is a three-storey building designed and built between 2003-2007. The BLCC is connected to the British Library in function and physicality, however, the building is explicitly excluded from the listing.
	3.9.	The Story Garden, located within the western portion of the Site, is a temporary community garden leased to Global Generation which was brought forward by the British Library and SMBL Developments Limited.
	3.10.	The existing loading bay used by the British Library also falls within the application site boundary. The BLCC and loading bay must remain operational throughout the development process to ensure continuity for the British Library.

4. VIABILITY GUIDANCE, PLANNING CONTEXT

Viability Guidance	4.1. Viability in planning has its locus in the National Planning Policy Framework (NPPF) originally published in March 2012 and revised in February 2019 (including the 2021 update) which sets out the Government's planning policies for England and how these are expected to be applied. The NPPF recognises the place of viability testing, in both plan-making and decision-making.
	4.2. Further guidance relating to interpreting the NPPF is set out in National Planning Guidance (NPG) which refers to viability both planning obligations (PPG 2016) and viability (NPG 2019 as amended) and indicates that planning viability assessments are recommended to reflect NPG, in determined appropriate planning obligations.
	4.3. The NPG indicates that viability assessments are to be undertaken by suitably qualified practitioners. The Royal Institute of Chartered Surveyors (RICS) has published practitioner guidance in 2012 and 2021 regarding viability assessments in planning. The RICS also produced a Professional Statement (Sept 2019) which indicates mandatory guidance for qualified practitioners for when undertaking viability in planning.
Planning Policy and Related Matters	As noted, the application is situated within the London Borough of Camden and therefore assessment of planning obligations must have regard to the Camden's local Plan (2017), Camden's Site Allocations Plan (2013), the London Plan (2021) and the Mayor of London Development Viability Supplementary Planning Document (adopted 2nd October 2017) and addendum 2019. We also understand that LBC consulted on the draft Site Allocations Plan in early 2020, which when adopted will supersede the 2013 Site Allocations Plan. We have also referred to the LBC Area Wide Viability Study (October 2017).
Site Specific Planning	 4.5. The key planning policy designations relating to the Site are summarized below: Central London Area (Clear Zone Region) CLA; Designated View – 6A.1 Blackheath Point to St. Paul's Cathedral – right lateral assessment area (crosses the Site at its south western corner); Site Allocation 5 – Midland Site.
	4.6. The Site is also subject to a draft site allocation: "IDS19 – Land to the rear of the British Library", which is being consulted on. The Site is also located within the Somers Town Neighbourhood Area. A draft Neighbourhood Plan was published in 2016, which has not been adopted.
Planning History	 4.7. Since the completion of the British Library building, there have been several applications for planning permission and subsequently listed building consent applications at the Site. The saliant applications are summarised below: Planning permission in 2005 for erection of the BLCC; Planning permission in 2019 for erection of temporary structures in connection with temporary use as an educational community garden.
Summary	4.8. The NPPF has a clear presumption in favour of sustainable development and local planning authorities should take account of this when determining planning applications.
	4.9. It is important that the approach taken to affordable housing and scheme viability does not compromise the ability to deliver the development on the Site.



5. PROPOSED SCHEME

The Scheme	5.1.	We understand that the proposed Scheme is to facilitate at no net cost for construction to the British Library an extension to the existing library building, facilitated through the development of a commercial-led Scheme. It is recognised that the site sits within Knowledge Quarter of Camden; and as such anticipates the commercial element of the Scheme will reflect this; and will attract a potential diverse range of occupiers, ranging from science to technology users.					
	5.2.	The Scheme comprises commercial floorspace constructed over a single building comprising up to 12 levels, including, lower ground, upper ground floor and floors $1-10$, with the retail offer being at ground floor. The Scheme will provide numerous community benefits including a new community garden, opening up of the site generally with public access including a new, expanded BL Learning and expanded Business Centre. The amenity space will comprise cafes and retail in association with the Scheme including areas that are open to the public.					
	5.3.	The Scheme will also provide the sha the project, which have to be undert agreement with TfL.	_				
Accommodation Schedule	5.4.	An accommodation schedule is attac	hed at Appendix 1.				
	5.5.	As outlined on Page 9 in the Summary of Inputs, the proposed commercial floor area is 580,960 sq ft. however, it is proposed that several floors (2-7) will be Lab Enabled which will reduce the NIA of these floors. Following advice from Alinea the viability assumes a 2% reduction in floorspace (ie. C. 10,204 sq ft) from a commercial position to account for lab enabling works- ie further riser works. We have adopted a figure of 570,756 sq ft to reflect this in our appraisal and this is outlined in the table below.					
	5.6.	The value generating areas (NIA) for	the proposed Scheme ha	ve been outlined in Ta	ble 1 below:		
	5.7.	Table 1: Breakdown of Proposed Sch	neme – Commercial with	Lab Enabled Deduction	on		
		Use	NIA (sq m)	NIA (sq ft)			
		Lab Enabled Commercial	53,025 sq m	570,756 sq ft ⁸			
		Retail	536 sq m	5,769 sq ft			
		Alan Turing Institute (ATI)	1,018 sq m	10,957 sq ft			
		Total	54,579 sq m	587,482 sq ft			
		Source: The Applicant					
	5.8.	The floor space allocated for the Alan Turing Institute is a requirement of the British Library					

 $^{^{8}}$ Assumes a reduction in floorspace of 10,000 sq ft from a commercial position to account for lab enabling works



Library Accommodation	5.9.	The Scheme provides the following accommodation for the British Library extension and the BLCC, follows: Table 2: Breakdown of Library Accommodation			
		Use	GIA (sq m)	GIA (sq ft)	
		Library	7,249	78,038	
		Plus new BLCC	2,672	28,752	
			9,921	106,790	
		Source: The Applicant			
Car parking	5.10	The Scheme does not provide	any car parking which is for mar	ket sale.	

6. GROSS DEVELOPMENT VALUE

Market Value	6.1.	The income producing parts of the Scheme include commercial and retail space. The commercial space benefits from ancillary space of 495 sq m (4,316 sq ft). This forms part of the commercial offer and has therefore been factored into the valuation of the commercial space. To determine GDV, the commercial (which includes ancillary space) and retail space have been assessed having regard to market evidence for each proposed use, by JLL.							
Commercial Values	6.2.	JLL have provided a market report attached at Appendix 2 which sets out the commercial value assumptions including rents, yields and rent free periods. The ATI space has been valued as commercial space as the ATI have first refusal, however, should they not occupy the space will be available to a commercial occupier.							
	6.3.	580,960 sq ft to 570 has been made to th	This assessment included lab enabled space, and therefore the net available floor space reduces from 580,960 sq ft to 570,756 sq ft, therefore, a total reduction of 10,204 sq ft. As a result, an adjustment has been made to the floorspace assuming JLL rents. This adjustment results in the average rent moving from £82.31 per sqft to £82.43 per sqft. (see appendix 2).						
	6.4.	Table 3: Commercial R	ents and Yields						
		Use	Rent (psf)	Yield (%)	Rent Free Periods (Months)				
		Commercial ⁹	4.25	25 months					
		ATI £77.50 4.25 25 months							
		Source: JLL							
Retail Values	6.5.	JLL have also provide	ed commercial value	e inputs for the reta	ail floor space, as follow	/S:			
	6.6.	Table 4: Commercial R	ents and Yields						
		Use	Rent (psf)	Yield (%)	Rent Free Periods (Months)				
		Retail	£45.00	4.25	25 months				
		Source: JLL							
Rent discount to Freeholder (British Library)	6.7.	Under the Development Agreement, the BL receive a share of rent received by SMBL, with the monies recycled to ensure the future running of the Library. Therefore, the Commercial rent has been adjusted by 3% to reflect these terms. This has been factored into the appraisal analysis for the commercial, retail and retail ancillary space.							
GDV Summary	6.8.	. We set out a break							

 $^{^{9}}$ This commercial rent evidenced by JLL has been adjusted to reflect the Lab Enabled Floors



6.9. Table 5: GDV Summary

Use	GDV (million)
Commercial	£984,600,663
Retail	£5,432,971
ATI	£17,771,239
Total	£1,007,804,873

Source: JLL



7. COSTS AND PROGRAME

Construction Costs	7.1.	This section considers the costs applied within our appraisal. Costs associated with Site value and development return are addressed in later sections, as well as other inputs identified in the NPG (paragraph 12), including CIL, S106, finance and fees.				
Adopted assumptions/ approach	7.2.	We have relied upon a cost estimate provided by Alinea Consulting for the Scheme, attached at Appendix 1, which includes the costs associated with delivering the Crossrail 2 enabling works and the British Library/ BLCC accommodation.				
BCIS/actual	7.3.	Paragraph 12 of the NPG states that assessment of costs should be based on evidence which is reflective of local market conditions. Costs should include appropriate data, abnormal costs and site-specific infrastructure costs.				
Construction Costs	7.4.	The table below summarises the construction costs associated with the Scheme:				
	7.5.	Table 6: Cost Plan Summary				
		Cost	Lab Enabled Scheme ¹⁰			
		Demolition	£17,623,500			
		Scheme – Base Build	£294,391,500			
		Lab Enabling Works	£11,997,000			
		Library (inc. BLCC) £78,823,500				
		Library Tank Farm / Loading Bay	£4,278,000			
		Crossrail	£55,056,000			
		External Works	£11,625,000			
		TOTAL £473,794,500				
		Source: Alinea Consulting				
	7.6.	The Applicant has estimated a construction cost for the Schem preliminaries and overheads, which we have adopted.	e of c. £473m inclusive of			
	7.7.	The cost plan prepared by Alinea has also been reviewed by a can be provided upon request to help support the analysis.	third party QS and this cost review			
Contingency	7.8.	The cost plan prepared by Alinea includes a contingency allow removed this allowance from the base build costs and the conitem in the appraisal. The total contingency cost is £33,855,500 nature and risk associated with the significant sub-terranean was a social continuous cost of the cost of t	tingency is shown as a separate line D. This assumption has regard to the			
BLCC Temporary Relocation	7.9.	As the development enables the regeneration of a public asset BLCC will be included within the assessment. We understand t therefore this has been factored into the appraisal.	_			
St Pancras Transform Fund	7.10.	A unique development cost requirement for the Site is a paym Transformed programme, of which the British Library Extensio understand that this cost is in the order of £18m. We set out to Transformed requirements in Table 7 below:	n is a major component. We			

¹⁰ Excluding contingency at 7.0% of cost



	7.11.	Table 7: Additiona	l Costs			
		Element			Cost	
		St Pancras Transfo	rm	1	18,000,000	
		BLCC Temporary	Relocation		£6,234,270	
		Total		1	24,234,270	
		Source: Stanhope				•
Third Party Costs	7.12.	line within the ap	opraisal. In acc	ordance wit		as been included within another cost n relating to these costs will be st (Appendix 3).
Project/Design Team Fees	7.13.		assumptions f	or professio		tween 8% and 15% depending upon
	7.14.	Based on the time				eme, professional fees are estimated
		These costs have	been applied	to the cost	plan excluding cor	ntingency.
	7.15.	GE have therefo additional associ		65% profes	sional fees to refle	ect the complexity of the scheme and
	7.16.	We also understand that a fee is payable to the BL as a contribution to the professional fees for the Library Fit Out works, which is in the order of £3.37m. We have included this in the appraisal analysis.				
Marketing Letting and Disposal Fees	7.17.	As part of our assumptions, it is correct to allow for fees associated with the marketing and sale of				umptions adopted reasonable and so I fees associated with the Scheme. Our
	7.18.	Table 8: Summary of Commercial Marketing and Disposal fees				
		Disposal Fee	Disposal Fee Fee			
		Commercial Lettin	g Agent fee	10%	_	
		Commercial Lettin	g Legal fee	5%		
		Commercial Marke	eting Fee	1%		
		Sales Agent Fee		1%		
		Sales Legal fee		0.5%		
		Source: GE				
Finance Costs	7.19.	Source: GE We have included a finance rate of 6.5% albeit we recognize funding development is becoming increasingly complex due to the Covid-19 Pandemic. The approach and reasoning behind this is set out fully at Appendix 5. We reserve the right to review this input due to the ongoing uncertainty surrounding bank lending rates.				
	7.20.	Table 9: Finance R	ate			
			Allowance			
		Finance rate	6.5%			
		Source: GE	0.570			



Land Assembly Costs	7.21.			s associated with the delivery of the same	
Additional Costs	7.22.		nese have not been includ ourposes. These costs inclu	rne by the Applicant to facilitate th led within the appraisal in order to ude:	
		Item		Cost (£)	
		Site surveys		£300k	
		Building regs fees		£500k	
		Validation / commissioning / n	neasurement survey	£800k	
		Legal fees		£1m	
		Construction insurance		£11m	
		Floor boards, blinds, carpets		£3.4m	
		Marketing suite, model, broch	ures	£2.5m	
		Estate set up		£300k	
		Corporate admin, book-keepin	ng	£400k	
		SDLT (phases 1 & 2)		£1.5m	
		Total		£21.7m	
Programme	7.23.			ant and the time scales have been details on the phasing / programm	
	7.24.	Table 11: Development Progra	amme		
		Period	Time Scale (months)	1	
		Purchase	1 month		
		Pre-Construction Period	18 months		
		Construction Period	63 months		
		Sales Period	6 months		
		Total	88 months		
		Courses CF			
	7.25.			escales to be reasonable however likely to vary over the duration of t	
Summary of costs	7.26.	We set out a summary of the	ne Scheme costs in the tal	ble below:	



Table 12: Summary of Scheme Cost Assumptions 7.27.

Cost Item	Assumption
Build cost	£473m
Contingency	£33.9m (c. 7%)
Professional fees	12.65%
Purchasers' costs	6.8%
Marketing	1.0%
Letting Agent Fee	10.0%
Letting Legal Fee	5.0%
Sales Agent Fee	1.0%
Sales Legal Fee	0.5%
Finance	6.5%
Programme (Total)	88 months

8. BENCHMARK LAND VALUE (BLV)

Basis	 8.1. NPG expects that viability is determine regarding a Benchmark Land Value (BLV) which reflects the aggregate of the site's EUV (component 1) and a premium for incentivising the landowner to release the land for development (component 2), or an alternative use value ('AUV'), having regard to policy. Therefore, in accordance with NPG, this section looks to establish the BLV for this Site. 8.2. As set out below there are two primary elements to consider when considering Benchmark Land Value (BLV): Existing Use Value (EUV) plus a premium; and or Alternative Use Value (AUV)¹¹.
Enabling development	8.3. It is recognised that this is a unique project whereby the British Library have entered a partnership arrangement to enable the delivery of a new British Library extension at no net cost. Therefore, in exchange for releasing the land for development, the British Library anticipate the provision of new library space and associated costs in kind or lieu of land value. This is in accordance with site allocation policy in the Camden Local Plan Site Allocations (September 2013). The Site is allocated as Site 5: Midland Road Site, with the allocation stating that development should meet the future operational needs of the British Library and/or a mix of uses including other complementary Central London uses which could include offices, culture, tourism, leisure, housing and community use.
	8.4. GE, therefore, have also considered DCLG guidance in relation to Estate Regeneration (2016) which sets the precedent that publicly owner Estate Regeneration is a long-term process that often requires significant investment to support a wide range of activities. In many cases the risk profile of investment changes over time and can present challenges to ensure viable and sustainable delivery. DCLG guidance looks to publicly owned assets to forgo extracting land value from a development opportunity to maximise the viability and potential of delivering improved public assets.
	8.5. Whilst this project is not an estate regeneration project, the principle of looking to recycle funds back into maximising viability of a scheme appear appropriate in this instant. Therefore, to reflect NPG we have looked to identify the current EUV of the property and also the estimated premium necessary to incentivise the landowner (the British Library) to release the land for development; however, for the purposes of maximising viability BLV has been adjusted to reflect the recycling of associate land value.
Area wide EUV/BLV	8.6. The area wide study for LBC was prepared by BNP Paribas dated October 2015. Whist we appreciate this is historic, we have had reference to this evidence base in drafting this FVA.
Existing Use Value (EUV) (Component 1)	8.7. NPG indicates that EUV is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value.
	8.8. In this instance we have been provided with a Red Book value for the existing site at £24m for the existing properties and c.£3m for the open areas, currently occupied by the storey garden (see confidential (appendix 7). This delivers an overall EUV of circa £27m.
Premium to Landowner (Component 2)	8.9. EUV plus a Premium should reflect the minimum return that it is considered reasonable that the landowner would be willing to sell the land for development, while allowing sufficient contribution to comply with planning policy.
	8.10. As indicated, in this instance, the Scheme is a public enabling project as indicated by the site allocation in the Local Plan. Therefore, associated costs to enable the land to be released for development have been included in the viability assessment and therefore this should be considered when determining an appropriate BLV.

 $^{^{11}}$ Premium can also be determined by AUV less EUV



AUV	The Site is allocated as Site 5: Midland Road Site, with the allocation stating that development
	should meet the future operational needs of the British Library and/or a mix of uses including other
	complementary Central London uses which could include offices, culture, tourism, leisure, housing
	and community use. Therefore, the value property can be considered on an alternative basis if,
	hypothetically the library has no need for the land to support their activities. Under the
	circumstances the British Library could potentially sell the property on the open market
	unencumbered.
	Assuming this alternative would not require the delivery of a library asset the existing scheme could
	be repurposed to deliver an additional c.105,000 sqft of open market commercial space. At similar
	net to gross ratios as the additional commercial space, and ignoring the potential for mezzanine
	space, this could potentially deliver an additional circa 78,800 sqft of net space at a GDV in the order
	of c.£140m.
	GE have, therefore, run a viability assessment of the proposed scheme ('unencumbered') and 8.13.
	conclude that a policy compliant scheme could potentially generate a residual land value (AUV) in
	the order of c.£90-£120m.
	Notably this estimated AUV appears to indicate that the British library are achieving an equivalent 8.14.
	sum for works and associated costs in lieu of land payment (c. £120m); and therefore, if the costs
	are included in the appraisal they should not be double counted in BLV.
Adjusted	8.15. As a cross check GE have had regard to land transactions within the Camden and surrounding
market	submarkets. The following land transactions were purchased without planning consent but shortly
Comparables	after obtained permission for office development.
	We have analysed the sale prices of the comparables to calculate the rate per acre and rate per sq ft
	8.16. of proposed office space (GIA). Once these rates were derived, we have we have applied them to
	the subject site's acreage (2.8 acres) and proposed commercial floor area (c 730,000) of the
	Scheme. Table 13 summaries the land comparables and Appendix 8 details the full analysis.
	8.17
	Table 13: Land comparables (without planning permission) adjusted to reflect the acreage and proposed sq ft

of commercial space on the subject site

	Land Con	nparables		Adjusted to Re	eflect Subject Site
	А	В	С		
Address	Price	Acreage	Planning (Office Space GIA)	Price per acre ((A/B)*2.8)	Price per office ((A/C)*730,000 sq fi
Subject Site British Library Site		2.8	c. 730,000		
Belgrove House, Belgrove Street, WC1	£41.49m (Sep 2020)	0.75	273,188 sq ft (Permission granted in Feb 2021)	£155m	£111m
Marylebone House, Marylebone Road, NW1	£51.00m (Jun 2020)	0.43	99,566 sq ft (Permission granted in Jul 2021)	£332m	£374m
6a St Pancras Way	£78.75m (Mar 2020)	2.41	600,000 sq ft	£92m	£96m



8.1	The following land comparable was purchased with planning consent. We have done the same
0.1	adjustment to reflect the Subject Site. Given the land had the benefit off planning permission, we
	have made a 20% deduction to the sold price to discount the premium.

Table 14: Land comparable (with planning permission) adjusted to reflect the acreage and proposed sq ft of commercial space on the subject site

	Land Con	nparables		Adjusted to Ref	lect Subject Site
Address	Price	Acreage	Planning (Office Space)	Price per acre ((A/B)*2.8)	Price per office ((A/C)*730,000 sq ft
Subject Site British Library Site		2.8	c. 730,000		
67-89 Hampstead Road, NW1	£105.70m (Jul 2019) [£84.56m adjusted]	1.05	205,429 sq ft (Permission granted in Jul 2017)	£225m	£300m

8.20. The evidence above demonstrates land values when applied to the subject site ranging between £86 m - £330 m on both the basis of the Site's size and proposed GIA. Therefore, the land comparable analysis appears to show a land value for the Site well in excess of the EUV/ AUV and therefore a significant premium could be applied to the Site.

8.21. In arriving at a reasonable BLV, we have had regard to the principals set out in the NPPF, NPG, the GLA Affordable Housing and Viability SPG, the RICS GN and mandatory requirements of the RICS Practice Statement in respect of conduct and reporting. BLV consideration is demonstrated in Table 15 below:

Table 15: BLV Analysis 8.22.

BLV

Applied BLV

Component	£
EUV	£27m
AUV	c.£90-£120m
Potential Premium (AUV-EUV)	c.£63-£93m
Adjusted Market Comparables (Applied to subject site)	£90-£370m
Associated costs to BL in lieu of land	c.£120m
BLV having regard to costs in lieu	£1

Source: GE

8.23. Taking all the above into account, we have adopted a BLV (having regard to associated works in lieu) for viability testing in planning of:

£1 (One Pound)



9. RETURN TO THE DEVELOPER

Return	9.1.	A significant factor in undertaking viability assessments for development purposes is the level of return which a developer might reasonably require from undertaking the development and in turn on what basis the Scheme could be funded and financed. This will depend on several factors including, complexity, the size of the development, the perceived risks involved, the degree of competition between funding and finance institutions for the Scheme, the state of the market in terms of demand for and lot size of the completed development and the anticipated timescales for development and for receiving a return.
	9.2.	Development profit is usually necessary to attain investment to implement and deliver any given project. The level of profit is essentially the reward to the developer for the time, expertise and risk involved in carrying out the process of development.
	9.3.	The NPG (paragraph 018 (Ref 10-018-20120724)) indicates that for the purpose of plan making an assumption of 15-20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish the viability of plan polices. This is not a direct guidance for Scheme specific applications and that specific development returns need to account for type, scale, and risk profile of the planned development. Furthermore, it is recognised that lower returns are considered more appropriate for affordable housing where risk to receipt of income are lower and alternative figures may also be appropriate for other types of development.
	9.4.	In the case of public sector investment, it is usually accepted that a lower development return can be anticipated so long as appropriate risk contingency allowances are made which can be reflected in a return.
	9.5.	In terms of being satisfied of Scheme viability, it is usual for any project proposal to be accompanied by a cashflow model – a residual appraisal or a Discounted Cash Flow (DCF) appraisal that shows both the expenditure and receipts and the time frame across which these will take place. In development the appraisals will inform investors with a projected viability, Internal Rate of Return (IRR) or Net Present Value (NPV). The rate of return (the target profit or Discount Rate) that the investor will apply to their investment in the project, and thereby informing the Scheme's viability, will depend to a great extent on the way in which the landowner agrees with the assumptions within the appraisal.
	9.6.	It is, however, more common for standard development opportunities to be considered on a return on gross revenue (GDV) basis as indicated in both the NPG (2018) and the GLA SPG. GE note the GLA SPG indicates both targets can be considered and/or cross referenced. NPG (2018) indicates that potential risk to development is accounted for in the assumed return for developers and it regarded as the role the developers, not plan makers or decision makers, to mitigate these risks, not for obligations to maintain them.
	9.7.	Determination of an appropriate target rate of return can depend on a number of factors, but it is predicated on the risk associated with developing out the proposed Site. The more risk involved, the higher return the developer will require.
	9.8.	GE considers that Profit on GDV would be the most appropriate target rate of return in this instance. In considering an appropriate target level of return it should be noted that this Scheme includes not only providing space for a National Institution, but also complex civil engineering enabling works for CR2.



Applied return	9.9.	and scale of this development, appraisal indicate that a profit area would not be unreasonab	et out above relating specifically; along with the allowances of varieties of 15% profit on GDV (20% objection) of the purposes of testing the level of return remains within NF	alue premium included in the 6 profit on Cost) on the comme e assessment of this scheme at	rcial
	9.10.	income on the basis that the solit is recognised, however, this terranean elements – including	e assumption of 15% profit on G cheme has been valued based of particularly scheme does carry a g Cross Rail – however, these ha . Furthermore, whilst the proper	n commercial (office) and retai additional risks associated with ve been allowed for in the	l uses. sub-
		a higher return would be antic Furthermore, given that the as and therefore GE consider tha Scheme as part of the S106 pa	ed out and occupied by lab-tech cipated to reflect the risks associa ssumption of 15% profit on GDV t it would be appropriate to reas ackage negotiations.	ated with such an emerging ma is at the lower end of the guida	taken irket. ance
	9.11.	a higher return would be antic Furthermore, given that the as and therefore GE consider tha	sipated to reflect the risks associal ssumption of 15% profit on GDV t it would be appropriate to reas	ated with such an emerging ma is at the lower end of the guida	taken irket. ance
	9.11.	a higher return would be antic Furthermore, given that the as and therefore GE consider tha Scheme as part of the S106 pa	sipated to reflect the risks associal ssumption of 15% profit on GDV t it would be appropriate to reas	ated with such an emerging ma is at the lower end of the guida	taken irket. ance
	9.11.	a higher return would be antic Furthermore, given that the as and therefore GE consider tha Scheme as part of the S106 pa	sipated to reflect the risks associa ssumption of 15% profit on GDV t it would be appropriate to reas ackage negotiations.	ated with such an emerging ma is at the lower end of the guida ssess an appropriate return for	taken irket. ance

10. PLANNING OBLIGATIONS (NOTIONAL)

Community Infrastructure Levy	10.1.	help fund infrastructure requirapplied by planning authorities area. Statutory provision for CI came into force 6 April 2010 the The CIL charge have been calcudevelopment would create. The	ed to support the development on new development to fund L was introduced in the Planni prough the Community Infrastrulated according to the amount e amount to be paid would be	Levy "CIL" to be paid by developers to t of its area. CIL is a charge that can be required infrastructure within their ng Act 2008. The ability to charge CIL ucture Levy Regulations 2010. t of net additional floorspace a new calculated when planning permission is ging authority adopts a payment
	10.3.	continuous period of six of the	36 months ending on the date	t least partially in lawful use for a that planning permission first permits velopment this will be the date of the
	10.4.	the Applicant the CIL liability to however these are to be confir	be assumed at this stage of the med with LBC. Furthermore, co	the CIL scenario. After discussions with ne development are as follows, onfidential other costs have been ses, to maintain confidentiality.
	10.5.	Table 17: Target Return		
		Scenario	Indicative Liability	
		Borough CIL	£8.14m	
		MCIL2 and other scheme costs	£8.88	
		Total	£17.03m	
		Source: GE		
LBC Mixed Use Payment('MUP')	10.6.	where non-residential land use involves additional floorspace (es are promoted. In the Central (GIA of 200 sq m+), the Council ere the Council is satisfied that	ential development in mixed use schemes London Area, where development I seeks 50% of all additional floorspace to providing on-site housing is not MUP in lieu.
	10.7.		e Site is owned by the Nationa	equirement on the Site for residential I Library and is required for its expansion,
	10.8.		tand the MUP floor area basis i	a mixed used contribution of £1,500 per s still being discussed and at this stage
Affordable workspace	10.9.	considered where they include Guidance document "Employm workspace will be sought from (GIA) or more. We understand delivery of 20% of additional en emerging site designation police	efloorspace such as managed a nent sites and business premise large scale employment devel that LBC also have an emergin imployment floorspace as affor cy (IDS19) which expects the preduces the rent of this area co	r density redevelopment will be ffordable workspace. Camden Planning es" paragraph 36 sets out that affordable opments with a floorspace of 1,000 sqm g policy (KQ 1(f)) which requires the dable workspace. There is also an rovision of affordable workspace in a mpared to standard commercial and provide contributions.



	affordability has been defined in re-	ites and Business Premises CPG (2021) provides cent schemes. Para 38 states that the council v	vill 'consider
		ng affordable workspace'. The emerging site allon On and the supportive text of draft Policy KQ1 (
		ee of flexibility' to how affordability can be deli-	
	and again sets out examples but do		
Other S106	10.1: We understand that the following r	required S106 items may be applicable for the S	Scheme:
contributions			
	Carbon offset;Public open space;		
	 Pedestrian, cycle and env 	rironment;	
	 Construction apprentices 		
	 Employment and training 		
	 Construction management 	nt plan bond;	
	Highways;		
	Basement approval in prii		
	 Travel plan monitoring co Construction management 	ontribution; nt plan implementation support contribution;	
	Construction management Construction apprentice of		
	We have not included these items v	within our appraisal analysis as we have assume	ed that they will
	be paid from the total determined p	pot.	
Policy Package	be paid from the total determined part of the anticipated plans below:	ning policy obligations for the Scheme are set o	
Policy Package	be paid from the total determined plant 10.1: A summary of the anticipated plant	ning policy obligations for the Scheme are set o	
Policy Package	A summary of the anticipated plans below: Table 18: Summary of Planning Obligated	ning policy obligations for the Scheme are set o	
Policy Package	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat	ning policy obligations for the Scheme are set o	
Policy Package	be paid from the total determined part of the anticipated plans below: Table 18: Summary of Planning Obligat ltem Borough CIL	ning policy obligations for the Scheme are set o	
Policy Package	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat Item Borough CIL MCIL2 and other scheme costs	tion Indicative Liability c.£8.14m c.£8.88m	
Policy Package	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat Item Borough CIL MCIL2 and other scheme costs Required S106 Items	cion Indicative Liability c.£8.14m c.£8.88m c.£6-7m	
Policy Package	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat Item Borough CIL MCIL2 and other scheme costs Required S106 Items Total	cion Indicative Liability c.£8.14m c.£8.88m c.£6-7m c.£23.02m	
Policy Package	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat Item Borough CIL MCIL2 and other scheme costs Required S106 Items Total Mixed Use PIL	ining policy obligations for the Scheme are set of the Scheme are	
	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat Item Borough CIL MCIL2 and other scheme costs Required S106 Items Total Mixed Use PIL Affordable Workspace	ion Indicative Liability c.£8.14m c.£8.88m c.£6-7m c.£23.02m £57m - £69m % of discounted commercial floorspace (NIA)	out in Table 18
Policy Package Notional S106 (the 'Pot')	A summary of the anticipated plans below: Table 18: Summary of Planning Obligat Item Borough CIL MCIL2 and other scheme costs Required S106 Items Total Mixed Use PIL Affordable Workspace Source: GE The total viable S106 contributions	ining policy obligations for the Scheme are set of the Scheme are	out in Table 18



11. FINANCIAL APPRAISAL REVIEW

Package	11.1.			t within the previous I is included at Appe i		ne the financial appraisal	
	11.2.	We summarise below the Scheme appraisal outcome as follows:					
	11.3.	Table 19: Appraisal Summary					
		The	e Scheme	Profit	BLV	S106 'Pot'	
		Present Da	y – Profit on GDV	15%	£1	£9.6m	
		Source: GE					
S106 'Pot'	11.4.	The table below shows the total estimated planning obligations package that are available/surplus S106 'pot':				that and the total	
	11.5.	Table 20: Scheme – Appraisal Summary					
			Ар	praisal Output		GE	
			Comme	ercial GDV (inc. ATI)	£1	00bn	
				Retail GDV	£	5.4m	
				Total GDV	£1	00bn	
			Build Co	st (inc. contingency)	£	507m	
			Total I	Development Cost	£	788m	
				BLV		£1	
			CIL and	other scheme costs	£1	7.02m	
				S106 'Pot'	£	9.6m	
Initial Viability Conclusion	11.6.	the order of	£9.6m. This pot wo		gregated between A	me generates a S106 'Pot' i Affordable Workspace,	
	11.7.	This sum sits against a policy amount of circa £57-69m plus affordable workspace indicating that the maximum reasonable contribution the proposed scheme can support is below the policy amount.					
	11.8.	Further sensitivity regarding this outcome is set out in Section 11.					



12. SENSITIVITY AND SCENARIO ANALYSIS

RICS	12.1.	The RICS requires that all FVAs and subsequent reviews must provide a sensitivity analysis of the results and an accompanying explanation and interpretation of respective calculations on viability, having regard to risks and an appropriate return(s). This is to: Allow the applicant, decision- and plan-maker to consider how changes in inputs to a financial appraisal affect viability, and; Understand the extent of these results to arrive at an appropriate conclusion on the viability of the application scheme (or of an area-wide assessment).
		This also forms part of an exercise to 'stand back' and apply a viability judgement to the outcome of a report.
Sensitivity – present day	12.2.	A sensitivity analysis is a simplistic (but widely used) approach for testing viability and the robustness of the Scheme. Uncertainties can be identified in respect of the inputs and their effects can then be looked at in terms of the development return and then the level of planning payment. In short, this is a straightforward deterministic approach from which a judgement needs to be made as to the appropriateness of the outcome. Benchmarks can be used as performance measures. A prudent developer will also consider the sensitivities of a development and assess the risks of the project.
GE sensitivity testing	12.3.	GE have undertaken sensitivity testing, on value/ cost variances which considers the impact of changes to the cost and value inputs. Further testing will be undertaken once agreement is reached on the baseline to determine the disaggregation of the pot.
Value/cost variance	12.4.	To assess the robustness of the viability of the proposals, it is necessary to consider the pricing and cost inputs to the financial model.
Value/cost variance	12.5.	GE has looked at a variation of $\pm .2.5\%$ to $\pm 5\%$ to both the commercial rent, together with construction costs while keeping the BLV the same. The impact on the profit return has been tested and is presented in the following tables.

Table 27: Scheme – Impact of variance in Rent and Costs upon Profit Return

15% Return on Commercial		Rent/ ft2					
•		-5%	-2.5%	0%	+2.5%	+5%	
-	-5%	14.4%	16.3%	18.2%	19.9%	21.6%	
Construction	-2.5%	12.7%	14.7%	16.6%	18.4%	20.1%	
Rate/ ft2	0%	11.1%	13.1%	15.0%	16.8%	18.6%	
	+2.5%	9.4%	11.5%	13.4%	15.3%	17.1%	
_	+5%	7.7%	9.8%	11.8%	13.7%	15.6%	



12.6.	This sensitivity analysis on costs and scheme values shows the Scheme is sensitive to both cost and
12.0.	value changes. Considering a worst case scenario (a 5% reduction in rent and a 5% increase in cost)
	the Scheme would deliver a profit return of c. 7.7% on GDV. The best position reflects a profit return
	of c. 21.6%.

13. CONCLUDING STATEMENT

Instruction	13.1.	Gerald Eve LLP has been instructed by SMBL to undertake a Financial Viability Assessment with associated information in connection with the proposed redevelopment the Site located at 96 Euston Road, London, to the north of the existing British Library building for the proposed extension of the British Library, enabling works for CR2 and lab-enabled commercial space, retail over a single building.
	13.1	GE's instructions are to undertake an assessment of the FVA in accordance with the RICS Financial Viability in Planning mandatory guidance (2019) to verify whether the Scheme reflects the maximum reasonable S106 contribution, to assist in determination of the planning application against adopted planning policies and guidance.
	13.2	This FVA considers the unique requirements on the development to deliver Crossrail 2 enabling works and also expansion space for the British Library.
	13.3	Using market evidence, we have applied the anticipated revenues and costs that should be expected from the development of the Scheme. The advice on inputs have been reviewed and supplemented where appropriate with our own experience and knowledge of these markets.
	13.4	In accordance with NPG (2019), in arriving at an opinion of a reasonable BLV, GE has applied a valuation judgement; informed by the relevant available facts, a realistic understanding of the local area and of the operation of the market. GE considers the BLV of £1 to be reasonable having regard to the associated benefits, in addition to the works, have been estimated at £90-£120m.
	13.5	GE considers a reasonable profit return to be 15% on GDV, based on the risks of the Scheme, although this is considered to be at the lower end of the risk profile. Based on the proposed Scheme, on a current day basis, the Scheme would have a S106 pot of c. £9.6m. This would need to be disaggregated between Affordable Workspace, MUP and required S106 items.
	13.6	This FVA is consistent with the FVA submitted to the Council's Advisor, BPS, at pre-application stage in October 2021. We received a review of the pre-application FVA dated 27th January 2022 and will respond to the points raised in this review in due course.
	13.7	Following review of this FVA and discussions with BPS, we would recommend the Council and the Applicant agree the appropriate disaggregation of the estimated S106 pot, recognising the maximum reasonable contribution has been determined, having regard to viability.



Appendices

Appendix 1: Accommodation Schedule & Cost Plan



Contents

Section

Section 1	Executive Summary
Section 2a	Commercial Cost Summary Development Appraisal Split
Section 2b	Commercial Cost Summary General
Section 3a	Partial Life Science Cost Summary Development Appraisal Split
Section 3b	Partial Life Science Cost Summary General
Section 4	Basis, Assumptions and Exclusions
Section 5a	Commercial Area Schedule
Section 5b	Partial Life Science Area Schedule
Appendix A	Elemental Summaries
Appendix B	Definition of Area Measurement and GIA & NIA Mark Ups

Date	Revision	Description of Revision	Prepared By	Reviewed By	2nd Partner
08/10/2021	-	Indicative Order of Cost FINAL	MS / JW	AJ	ML

alinea consulting LLP 90 Cannon Street, London, EC4N 6HA alineacostconsulting.com

This cost plan is based on the available design information as listed in section 4. Where necessary, to facilitate preparation of costs, we have made assumtions regarding specification and design; all assumptions are subject to change and will require verification by the design team. alinea accept no design responsibility in relation to assumptions made in preparing this cost plan.

Section 1 | Executive Summary

This report represents our Planning Light Cost Model for the British Library new build development. This report reflects the scheme based on RSHP GAs issued on 5 July 2021, for the full basis see section 4. The estimate is based on current day costs and excludes any pre-commencement inflation to the start of each key "phase", which is to be held within the overall development appraisal. No allowance has been made for any eventual impact of Brexit or the coronavirus pandemic and the resultant impact on construction and pricing levels.

1.1 Cost Summary

Cost Model	Commercial Cost	Partial Life Science
Enabling works / demo / loading bay	18,950,000	18,950,000
Offices	295,400,000	295,400,000
Podium	14,200,000	14,200,000
Library	32,170,000	32,170,000
CR2	59,200,000	59,200,000
Tank Farm	4,600,000	4,600,000
BLCC	26,780,000	26,780,000
ATI	6,950,000	6,950,000
External Works	12,500,000	12,500,000
Construction Period Inflation	16,500,000	16,500,000
Life science enabling	N/A	12,900,000
TOTAL	487,250,000	500,150,000

1.2 Area Summary

Description	Commercial (alinea area schedule 09/07/21)	Partial L/S Enabled (alinea area schedule 23/08/21)	Variance to Life Sciences
	(a)	(b)	(c=a-b)
TOTAL GIA	1,006,675ft ²	1,006,675ft ²	Oft ²
Office NIA	580,960ft ²	570,756ft ²	10,203ft ²
Amenity (bridges)	495ft ²	495ft ²	Oft ²
Amenity (North upper ground)	4,316ft ²	4,316ft ²	Oft ²
Retail / Commercial Foyer	5,769ft ²	5,769ft ²	Oft ²
TOTAL NIA (excl. ATI)	591,540ft ²	581,338ft²	10,203ft ²
ATI (as measured)	10,957ft²	10,957ft²	Oft ²
ATI (assumed learning transfer)	1,346ft ²	1,346ft ²	Oft ²
TOTAL NIA (incl. ATI)	603,843ft ²	593,641ft ²	10,203ft ²

Note: Partial life science enabled areas are based on an assumed loss of 2% NIA to Level 2-7. To be tested / validated through next stage

1.3 Key Points to Note

- This Cost Model is for a commercial building only, allowances to convert to a "life sciences enabled" building are identified separately and based on the cost exercise undertaken in December 2020
- Costs are for works within the original red line boundary (shown in Section 4 for clarity). There are no provisions for enabling works within the existing Library required to facilitate this project. This is as per the assumptions of the original Cost Model for DA.
- The British Library related fit out costs have been excluded from the construction costs within this model and included below the line as they are understood to be cash contributions. It is important that the actual scope split is confirmed with the British Library to ensure interpretation of who pays for what is clear. The interpretation of this split is in accordance with the DA demarcation.

BLCC allowances:

- Given the level of design information available this is currently included on a £/ft² basis on the assumption it will be replaced on a "like for like" basis - to be reviewed through the next design Stage.
- There is an allowance to fitout the BLCC in the existing building, however, there is no design/ scope/ areas of this temporary facility. This allowance will need review when further information is available along with further input on logistics etc.
- As agreed, pre-commencement inflation for each "phase" is excluded. Construction
 period inflation allowances are based on RPM Programme [Later] Rev [37] dated 10
 March 2021. Given the timing of construction on the project, the provision included within
 is to be monitored every 6 months going forward.
- CR2 shaft costs have been maintained from the original budget provisions. As agreed with Stanhope these are to be tested within the next Stage.
- We have noted the full basis, assumptions and exclusions in Section 4 and further risks and opportunities for consideration within Section 4 of this document.

Section 2a | Commercial Cost Summary | Development Appraisal Split

2a.1 Summary of Construction Costs

The below summary has been prepared to recast the numbers in the same format as the Stanhope Development Appraisal. The full detail has been included within Appendix A.

COMMERCIAL

		Total		
Description	area (ft²)	cost (£)	£/ft²	Comments
Offices Shell and Core Offices Cat-A Offices - Amenity Space allowance	729,651 581,455 4,316	211,000,000 31,990,000 1,510,000	289 55 350	Refer markups for extent of "amenity"
Basement; Offices Basement; CR2	75,928 35,833	50,900,000 17,400,000	670 486	Portion of tank farm idenified separately Prorata based on £/ft2 allowances associated with CR2
Podium; other - Retail, Commercial Foyer, BL Foyer	35,385	14,200,000	401	Prorata based on shell and core costs associated with the podium
Podium - CR2	12,109	3,100,000	256	Prorata based on shell and core costs associated with the podium
Podium; Library Library MEP Library Outside Site Boundary ATI incl Cat-A Fit Out	71,085 - 452 12,174	22,000,000 9,500,000 670,000 6,950,000	309 N/A 1,482 571	Prorata based on shell and core costs associated with the podium Prorata based on shell and core costs associated with the podium incl. Cat-A provision. To extent drawn
Tank Farm	5,296	4,600,000	869	Includes a pro-rata of c£580/ft2 for basement area plus costs associated with permanent plant
BLCC Base Build and Fit Out	28,762	26,780,000	931	Includes fit out of existing building and new building. General allowances to be tested
CR2 (below Basement 1 Level)	-	38,700,000	N/A	Below B1. Budget Based on Budget Opt D2 + target saving of 5% (£2m)
Construction Period Inflation	-	16,500,000	-	"Pot" of money to be managed; based on 1.75% to MP of RPM Programme [Later] Rev [37] dated 10 March
Sub-Total Buildings 3Q 2021	1,006,675	455,800,000	453	
Enabling/ Demolitions/ Loading Bay / Pavillion etc	-	18,950,000	N/A	Includes budget allowance for pavillion as advised by Stanhope, area TBC. "Designed to" allowance
External Works	-	12,500,000	-	Lower ground landscaping plus landscaped decks at L1 and L2
TOTAL CONSTRUCTION COST TO 3Q 2021	1,006,675	487,250,000	484	
DAS TOTAL INCL BELOW THE LINE COSTS		1,100,000 488,350,000		As agreed with Stanhope / Mitsui, budget held below the line
Library Fit Out Costs TOTAL INCL LIBRARY FIT OUT COSTS		24,000,000 512,350,000		Contribution as advised by Stanhope

2a.2 Notes

- Construction Period Inflation based on 1.75% to mid point of construction of each "package" of works from RPM Programme [Later] Rev [37] dated 10 March 2021, to be strategically reviewed every 6 months. Refer to Section 6 for further details
- Areas highlighted in bold carry to the total GIA
- Library fit out costs are carried below the line pending confirmation from Stanhope of the allowances agreed through negotiations of the Development Agreement.
- Costs have been allocated on a prorata basis, particularly around the basement and podium areas where a number of functions are within the same area

Section 2b | Commercial Cost Summary | General

2b.1 Summary of Construction Costs

Detailed below is a summary of the anticipated construction costs. The full detail has been included within Appendix A.

COMMERCIAL

			Cost Model	Total		
Element	Area		Unit	£	£/function	Comments
Asbestos Removal				excluded		
BLCC Enabling / Facilitation Works / Demo / Site Clearance	14,486	m^2	Site Footprint	4,200,000	£ 290m²	
Site Remediation				1,700,000		
Utilities	1,006,675	ft²	GIA	7,200,000	£ 7ft²	General allowances to be tested.
Public Realm	8,973	m^2	Public Realm	12,500,000	£ 1,393m²	LG landscaping plus landscaped decks at L1 and L2. See Appendix A for further details
Loading bay works (resurfacing, ramp, lighting)	1,258	m^2	GIA	5,600,000	£ 4,452m²	New loading bay slab and services.
Allowance for pavillion to the west side	TBC	item	Allowance	250,000	N/A	Budget allowance as advised by Stanhope, area TBC. To be "designed to" allowance
Crossrail 2 Shaft Works	TBC	item	Allowance	38,700,000	N/A	Below B1. Budget Based on Budget Opt D2 + target saving of 5% (£2m), to be tested
Sub Total			GIA	70,150,000		
Buildings						
Basement	117,057	ft²	GIA	71,400,000	£ 610ft²	See Appendix A
Tank Farm (Plant)	5,296	ft²	GIA	1,500,000	£ 283ft²	
Podium (incl CR2)	131,205	ft²	GIA	45,500,000	£ 347ft²	See Appendix A
Offices	729,651	ft²	GIA	210,500,000	£ 288ft²	See Appendix A
Offices; Category A Fit Out + Contributions	585,771	ft²	NIA	33,500,000	£ 57ft²	
Cat-A	581,455	ft²	NIA	31,990,000	£ 55ft²	General Cat-A allowance incl. (based on contribution and fitout)
Amenity Space Fit Out	4,316	ft²	NIA	1,510,000	£ 350ft²	Allowance (£/ft²) pending full design
BLCC Base Build	28,762	ft²	GIA	14,380,000	£ 500ft²	Allowance (£/ft²) pending full design
Sub Total	1,006,675	ft²	GIA	376,780,000		
Library Works						
Library Plant / Shell & Core M&E	71,085	ft²	GIA	9,500,000	£ 134ft²	
Fit Out to Library beyond S&C (excl basement)	71,085	ft²	GIA	-		Below the line as not a construction cost
Alan Turing Institute Category A Fit Out; as currently drawn	10,957	ft²	GIA	660,000	£ 60ft²	As currently measured
Alan Turing Institute Category A Fit Out; anticipated further provision	1,469	ft²	GIA	90,000	£ 60ft²	Based on anticipated area to be transferred from learning to ATI to balance areas
BLCC / NSA Fit Out (temporary condition)	TBC	ft²	GIA	6,200,000	N/A	General allowance pending confirmation of scope. Requires testing.
BLCC / NSA Fit Out (permanent condition)	28,762	ft²	GIA	6,200,000	£ 216ft²	Allowance based on "like for like" requiring design.
Allowance for Library area outside site boundary				670,000	N/A	Provision for area that is no longer "enclosed" to the east at L1
Sub Total			GIA	23,320,000		
Overall Total Estimated Cost (present day 3Q 2021)	1.006.675	ft2	GIA	470,250,000	£ 467ft²	
Construction phasing - general allowance	1,000,073	11	say	500,000		General allowance for logistics items; all built as one main project
Pre-commencement inflation			say	excluded		Within Stanhope appraisal
Construction period / fixed price inflation				16,500,000		RPM Programme [Later] Rev [37] dated 10 March 2021 incl. elsewhere
Overall Total Estimated Cost (Current Day 3Q 2021 Fixed Price)	1.006.675	ft2	GIA	487,250,000	£ 484ft²	at with ogramme feater) nev [57] dated 10 March 2021 mer. obewhere
	1,000,073	11	01/1	107,230,000		
DAS				1,100,000		As agreed with Stanhope / Mitsui, budget held below the line
Total incl. Below the Line Items				1,100,000		

Section 3a | Partial Life Science Cost Summary | Development Appraisal Split

3a.1 Summary of Construction Costs

The below summary has been prepared to recast the numbers in the same format as the Stanhope Development Appraisal

Partial Life Science Fnabled

		Total		
	area (ft²)	cost (£)	£/ft²	Comments
Offices Shell and Core Offices Cat-A Offices - Amenity Space allowance	729,651 571,252 4,316	211,000,000 31,990,000 1,510,000	289 56 350	Based on an assumed loss of 2% for levels 2 - 7 compared to plain commercial model Refer markups for extent of "amenity"
Basement; Offices Basement; CR2	75,928 35,833	50,900,000 17,400,000	670 486	Portion of tank farm idenified separately Prorata based on £/ft2 allowances associated with CR2
Podium; other - Retail, Commercial Foyer, BL Foyer	35,385	14,200,000	401	Prorata based on shell and core costs associated with the podium
Podium - CR2	12,109	3,100,000	256	Prorata based on shell and core costs associated with the podium
Podium; Library Library MEP Library Outside Site Boundary ATI incl Cat-A Fit Out	71,085 - 452 12,174	22,000,000 9,500,000 670,000 6,950,000	309 N/A 1,482 571	Prorata based on shell and core costs associated with the podium Prorata based on shell and core costs associated with the podium incl. Cat-A provision. To extent drawn
Tank Farm	5,296	4,600,000	869	Includes a pro-rata of c£580/ft2 for basement area plus costs associated with permanent plant
BLCC Base Build and Fit Out	28,762	26,780,000	931	Includes fit out of existing building and new building. General allowances to be tested
CR2 (below Basement 1 Level)	-	38,700,000	N/A	Below B1. Budget Based on Budget Opt D2 + target saving of 5% (£2m)
Construction Period Inflation	-	16,500,000	-	"Pot" of money to be managed; based on 1.75% to MP of RPM Programme [Later] Rev [37] dated 10
Sub-Total Buildings 3Q 2021	1,006,675	455,800,000	453	
Enabling/ Demolitions/ Loading Bay / Pavillion etc	-	18,950,000	N/A	Includes budget allowance for pavillion as advised by Stanhope, area TBC. "Designed to" allowance
External Works	-	12,500,000	-	Lower ground landscaping plus landscaped decks at L1 and L2
TOTAL CONSTRUCTION COST TO 3Q 2021	1,006,675	487,250,000	484	
Partial Life Science Enabling TOTAL INCL. PARTIAL L/S ENABLED TO 3Q 2021	512,189 1,006,675	12,900,000 500,150,000	25 497	Costs to be "baked in" prior to Life Science Tenant
DAS TOTAL INCL BELOW THE LINE COSTS		1,100,000 501,250,000		As agreed with Stanhope / Mitsui, budget held below the line
Library Fit Out Costs TOTAL INCL LIBRARY FIT OUT COSTS		24,000,000 525,250,000		Stanhope to confirm final agreement for contribution

3a.2 Note

- Construction Period Inflation based on 1.75% to mid point of construction of each "package" of works from RPM Programme [Later] Rev [37] dated 10 March 2021, to be strategically reviewed every 6 months. Refer to section 6 for further details.
- Areas highlighted in bold carry to the total GIA
- Library fit out costs are carried below the line pending confirmation from Stanhope of the allowances agreed through negotiations of the Development Agreement.
- Costs have been allocated on a prorata basis, particularly around the basement and podium areas where a number of functions are within the same area
- Cat-a Total provisions maintained for "Life Science Enabling" assumed ADD and omit of fit out costs accounted for when converted to full life sciences. Areas adjusted to reflect potential loss
- Costs for enabling based on the principles and design information of the "Life Science refresh" review pf December 2020

Section 3b | Partial Life Science Cost Summary | General

3b.1 Summary of Construction Costs

Detailed below is a summary of the anticipated construction costs.

Partial Life Science Enabled

			Cost Mode	Total		
Element	Area		Unit	£	£/function	Comments
Asbestos Removal				excluded		
BLCC Enabling / Facilitation Works / Demo / Site Clearance	14,486	m²	Site Footprint	4,200,000	£ 290m²	
Site Remediation				1,700,000		
Utilities	1,006,675	ft²	GIA	7,200,000	£ 7ft²	General allowances to be tested.
Public Realm	8,973	m^2	Public Realm	12,500,000	£ 1,393m²	LG landscaping plus landscaped decks at L1 and L2. See Appendix A for further details
Loading bay works (resurfacing, ramp, lighting)	1,258	m^2	GIA	5,600,000	£ 4,452m²	New loading bay slab and services.
Allowance for pavillion to the west side	TBC	item	Allowance	250,000	N/A	Budget allowance as advised by Stanhope, area TBC. To be "designed to" allowance
Crossrail 2 Shaft Works	TBC	item	Allowance	38,700,000	N/A	Below B1. Budget Based on Budget Opt D2 + target saving of 5% (£2m), to be tested
Sub Total			GIA	70,150,000		
Buildings						
Basement	117,057	ft²	GIA	71,400,000		See Appendix A
Tank Farm (Plant)	5,296		GIA	1,500,000	£ 283ft²	
Podium (incl CR2)	131,205	ft²	GIA	45,500,000		See Appendix A
Offices	729,651	ft²	GIA	210,500,000		See Appendix A
Offices; Category A Fit Out + Contributions	575,568	ft²	NIA	33,500,000	£ 58ft²	
Cat-A	571,252		NIA	31,990,000		General Cat-A allowance incl. (based on contribution and fitout)
Amenity Space Fit Out	4,316	ft²	NIA	1,510,000		Allowance (£/ft²) pending full design
BLCC Base Build	28,762		GIA	14,380,000	£ 500ft²	Allowance (£/ft²) pending full design
Sub Total	1,006,675	ft²	GIA	376,780,000		
Library Works						
Library Plant / Shell & Core M&E	71,085		GIA	9,500,000	£ 134ft²	
Fit Out to Library beyond S&C (excl basement)	71,085	ft ²	GIA	-		Below the line as not a construction cost
Alan Turing Institute Category A Fit Out; as currently drawn	10,957		GIA	660,000		As currently measured
Alan Turing Institute Category A Fit Out; anticipated further provision	1,469		GIA	90,000		Based on anticipated area to be transferred from learning to ATI to balance areas
BLCC / NSA Fit Out (temporary condition)	TBC		GIA	6,200,000		General allowance pending confirmation of scope. Requires testing.
BLCC / NSA Fit Out (permanent condition)	28,762	ft²	GIA	6,200,000		Allowance based on "like for like" requiring design.
Allowance for Library area outside site boundary				670,000	N/A	Provision for area that is no longer "enclosed" to the east at L1
Sub Total			GIA	23,320,000		
Overall Total Estimated Cost (present day 3Q 2021)	1 006 675	f†2	GIA	470 250 000	£ 467ft²	
Construction phasing - general allowance	1,000,073		say	500,000		General allowance for logistics items; all built as one main project
Pre-commencement inflation			Say	excluded		Within Stanhope appraisal
Construction period / fixed price inflation				16,500,000		RPM Programme [Later] Rev [37] dated 10 March 2021 incl. elsewhere
Overall Total Estimated Cost (Current Day 3Q 2021 Fixed Price)	1.006.675	f†2	GIA	487,250,000	£ 484ft²	
	.,					
Partial Life Science Enabling	512,189		GIA	12,900,000	-	Costs to be "baked in" prior to Life Science Tenant
TOTAL INCL. PARTIAL L/S ENABLED TO 3Q 2021	1,006,675	ft²	GIA	500,150,000	£ 497ft²	
DAS				1,100,000		As agreed with Stanhope / Mitsui, budget held below the line
Total incl. Below the Line Items				501.250.000		7 b agreed with starmope / wittali, budget held below the line
Total file. Below the line items				301,230,000		

3b.2 Notes:

- Cat-a Total provisions maintained for "Life Science Enabling" assumed ADD and omit of fit out costs accounted for when converted to full life sciences. Areas adjusted to reflect potential loss
- Costs for enabling based on the principles and design information of the "Life Science refresh" review of December 2020

Section 4 I Basis, Assumptions and Exclusions

4.1 Basi

RSHP

- Draft GA's received; 5 July 2021 and high level review against 2 August 2021
- Design and Access Statement received; 12 August 2021
- Façade Summary received; 27 May 2021

Arup

- Structural GAs received: 23 March 2021
- Structural Sketches received; 23 March 2021
- Updated Loading Bay Sketch received; 21 July 2021
- Cross Rail 2 Structural GAs received; 12 July 2021
- MEP design information received; 23 March 2021
- Utility Sketches received; 23 March 2021
- Planning Fire Strategy Note received; 8 August 2021
- Multidisciplinary Sketchbook received; 6 April 2021
- Geotechnic Desk Study received; 6 April 2021
- Façade and Access Strategy received; 6 April 2021

Others

- DSDHA Landscaping Final draft GAs received; 31 July 2021
- RPM Construction Phasing and Logistics received; 16 March 2021
- RPM Programme [Later] Rev [37] dated 10 March 2021
- Query Trackers issued to Arup with responses received 4 May 2021 (structural) and 8 June 2021 (MEP)

4.2a General Assumptions

- This cost model is based on a GBP to Euro exchange rate of €1.15
- Assumes a construction management procurement strategy for shell and core works. Stanhope supply chain assumed. CR2 is to be procured as a lump sum.
- This cost plan makes no allowance for any impact of the Coronavirus pandemic and its resultant impact on the construction industry and pricing levels, all of which are impossible to estimate at this point in time.
- Changes to construction prices and the impact upon contracts from statutory changes/new legislation, arising from the Brexit process and the UK's future trading arrangements with the EU are excluded from the cost plan.

4.2b Project Specific General Assumptions

- Based on a commercial building: no inclusion for lab enhancement. For specific costs associated with lab enhancement to "partial" life science enabled see Section 3 and 4.8
- The cost models included in Appendix A are subject to review with the design team
- Where Structural options have been provided by Arup, the costs have been based on the preferred option as indicated by Arup through preparation of Cost Model
- Based on the significant differences between RSHP GAs and Arup's structural design information and as agreed with Arup, the structure has been "imposed" on RSHP drawings and pro-rated
- The facade summary principles issued by RSHP have been applied to the GAs
- The extent of fire rated facades is as per Arup's mark up; imposed on the RSHP facade line
- Costs are current at 3Q 2021. No inflation to Start on Site for each individual phase has been allowed.
- Construction period inflation is included at 1.75% to midpoint of the various phases of construction. This provision is to be monitored going forward in line with market conditions.
- BL Fit Out is included below the line as requested by with Stanhope. Final value of the agreed contribution is TBC

Section 4 | Basis, Assumptions and Exclusions

4.3 Basement Model Assumptions / Exclusions

- Cost associated with structure is based on Arup design information and clarified through the preparation of the Cost Model
- The model includes for provision for top down construction methodology with the sequence as advised by RPM
- Provision has been included for mezzanine decking over the shower area for services (not accessible) as advised by the design team. Note: this is not included in area measurement
- Finishes to shower and changing are included at £3,000/m2
- S&C services included for commercial and library areas only; only provision to CR2 space is temporary lighting
- Works associated with the CR2 ticket hall to the east are excluded

4.4 Commercial Assumptions / Exclusion

- Assumes the structure is as per Arup PT slab and concrete design (i.e. no CLT options included)
- Includes for 120min fire rating to steel elements (opportunity to reduce in subsequent design stage)
- Allowance for standard paint finish to steel; epoxy paint excluded
- Assumes standard steel connections
- Includes for a blue roof to the north block and green roof to the south block
- Plant screening is included to the roof to the extent shown in DAS only
- Façades have been priced in line with the RSHP design intent. The thermal line and fire rated glazing to be worked through in the next design stage
- The glazing to atria is single glazed and 30min fire rated (integrity only) RISK; potential requirement for double glazing / achieving fire rating and acoustic requirements
- Allowance for opening vents to the atrium roof are assumed required to glazed upstand only
- A general allowance for hard paving to the accessible L8 terrace has been included, extensive terracing is excluded
- Red "treatment" to the concrete has been assumed to slab edges in atrium and external facades only; no provision for red concrete has been included (paint or otherwise) to internal
- WC fit out allowances of £3,600/m2 to be tested in subsequent stage
- Reception fit allowance of £2,500/m2 to be tested in subsequent design stage. Provision is to LG and portion of UG (in lieu of amenity)
- Includes 6nr colt shafts as Arup documentation
- AHU specification is based on 50% trox units as discussed with Arup
- Atrium smoke extract is based on 80m3/s roof mounted extract fans
- VT as per Arup design
- Foam glass insulation to the roof is excluded (understood to be not required)
- Horizontal roof grillage excluded (not indicated)
- Painting to roof plant is excluded (manufacturers have highlighted issues)
- CLT solutions to all levels are excluded
- DAS is excluded but included below the line as agreed with Stanhope / Mitsui

Section 4 | Basis, Assumptions and Exclusions

4.5 Library Assumptions / Exclusions

- Structure is as per Arup design and sketches. It is noted that due to timing of the release of
 information the Arup design was based on historic RSHP GAs. A general allowance for final coordination has been included but requires testing
- Steel transfers to event space and gallery are included with 120min fire protection
- Red paint finish is allowed for to transfer beams only
- General provision for 120min fire rated facades has been included but actual façade system needs to be worked through from a technical perspective, e.g. there is no 120min fire rated CCF system on the market
- Internal walls to provide the demise line have been included only; all other walls part of Library fit out budget
- Provision for wall finish to cores has been included within the BL foyer only
- Provision for the soffit treatment to the BL foyer has been included only; all other soffit treatment to the Library area is assumed as Library fit out
- Glazed demise walls have been included at 30min fire rating risk if Library requires 120min fire rating
- S&C services have been included in line with the agreed demarcation incl. in the DA
- The Mechanical strategy is based on an ASHP solution not cooling towers
- Allowances have been made for the fit out of the ATI including CAT-A fit out and services based on the area as measured plus c. 1,400ft2 anticipated to be taken from Library learning
- In addition to the above, an allowance has been included to enhance the ceiling to the ATI
 area given its prominence within the podium
- Any walls over and above those noted as demise are excluded
- Finishes to the Library and BL Foyer area are in line with demarcation agreement and
- Services to the Library and BL foyer are excluded; central plant is included only (in line with the demarcation agreement included in the DA)
- Floor void plenums to the area are excluded
- Works to the existing building including any enabling works for this project are excluded; an allowance to break through is included only (see mark ups of site boundary line below)
- All further works to the existing Library and fit out are excluded



All works south of the red line boundary excluded. Provision to "break through" only

4.6 Retail / Commercial Fover Assumptions / Exclusion:

- Provision for flooring is included assuming it is directly laid on the slab to both the commercial foyer and north retail units
- An allowance is included for an acoustic ceiling to the commercial foyer and north retail units
- North retail units are cold shell with the exception of allowances for underfloor heating and feature lighting
- Provision for 3nr A3 units including kitchen extract ductwork to the roof and 2nr A1 units with capped connections have been included
- The south retail unit has been assumed as cold shell with capped connections only
- Mechanical smoke extract is provided to all retail units at high level
- Floor void plenums to all areas are excluded

4.7 Landscaping Assumptions / Exclusions

- A general allowance for landscaping intent as indicated by DSDHA to ground floor and level 1
 has been included. Budget provisions to be worked within going forward with the selection of
 finishes, planting, maturity of trees, extent of levelling etc. to be monitored
- A general allowance for external lighting is included and to be tested going forward
- Works are included within the previously defined red line boundary only
- Works to Dangoor Walk, Ossulston Street or Midland Road are excluded (unless otherwise stated)
- A £250k provisional allowance has been included for a pavilion or similar as advised by Stanhope
- It has been assumed that there is a simple landscaped deck to level 2 in line with images in the draft DAS
- A general allowance for repaving to Ossulston Street and Midland Road (say 550m2) has been included. See mark up below
- S106 and S278 works over and above the general provision for repaving and kerbing along Midland Road and Ossulston Street are excluded
- Chimneys for CR2 are excluded
- Special provisions for a storey garden are excluded



Extent of landscaping works included in model; blue – works within the site boundary. Green – provision for repaving and kerbing outside red line boundary

Section 4 | Basis, Assumptions and Exclusions

4.8 MEP Specific Assumptions / Exclusion

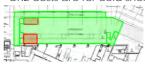
- Assumes fresh air supplied at 1.8l/s
- Assumes a standby generator and tenant generator based on 11,000kVA each
- Allowance is included for the new 11KvA HV connection for 10MW supply. Nominal cost included for connection of up to 2km to UKPN source. 3nr loops onto site and onsite ring
- Allowances have been included for 6nr fire fighting lobbies, 2nr in the North and 4nr in the South
- Includes installation of Common Network Systems (CNS)
- Assumes 8nr tenants per floor
- Assumes provision of WC supply and extract air
- Includes 3nr individual retail units A3
- Commercial plant serves developer areas only (not Library areas)
- Includes ASHP with loads equating to 4nr @ 1,000kw, as per 201021 Lab Flexibility uplift rev 8
- Library and commercial areas share soil stacks, with cost of stacks captured in the offices cost model
- Capped water supply to retail units are fed from commercial CWS distribution

4.9 CAT-A Assumptions / Exclusions

- A general allowance of £55/ft2 has been included for CAT-A. As agreed with Stanhope / Mitsui this is on the basis of part fit out part contribution. Final strategy TBC
- Allowance for an enhances ceiling to L1 included in commercial model, given prominence in the podium
- Blinds (where not CCF), carpet and floor boxes are excluded. Refer to previous cost exercise undertaken on potential allowances for these items

4.10 Miscellaneous Areas Assumptions / Exclusions

- Tank farm costs based on permanent only (basement constructed early) and no requirement for a temporary one allowed for
- Due to the level of design information available the BLCC has been based on a cost/ft2 allowance, which assumes relocation into the existing building during construction; followed by relocation to its new position. Whilst there is a budget allowance for the BLCC to move into the existing building in a temporary condition, there is however no information on the size of the temporary facility, current condition etc. and will need to be tested in the next stage.
- An allowance is included for the NSA to be relocated into the existing building where it will be moved to permanently. No information on the size of the temporary facility, current condition etc. is available and will need to be tested in the next stage.
- It is assumed that the BLCC fit out will be based on a like for like replacement but this still requires definition and testing
- Removal of known existing pad footings included to the extent shown in the Geotechnics desk study is included
- Site remediation is included as per Arup assumptions at bid stage (2016). There is a provision of a small portion of hazardous and non hazardous soil removal as advised by Arup
- No further allowances have been included for the removal of obstructions or unknowns in the ground
- It is assumed that the existing buried utilities to East of the site remain untouched / unimpeded by the project; Arup have confirmed there are no other utilities on or crossing the site that need to be relocated
- Allowances for the loading bay structure is included as per Arup's revised loading bay sketch, incl. 120min fire protection, provision for a plenum enclosure and metal deck to full area of AHUs (non accessible as not measured in GIA)
- A balustrade to the logistics route in the loading bay is included, no other walls etc are included
- It has been assumed that no works to the existing loading bay are required, see mark up below for extent
- A general allowance has been held to area measured as amenity for fit out. Budget to be tested when brief is understood
- CR2 costs have been included as per previous budgets and are to be tested with market engagement in the next stage
- CR2 costs are for cold shell only



Extent of works to loading bay shown in green – works to existing excluded

Section 4 I Basis, Assumptions and Exclusions

4.11 Life Sciences Enabling; General Scope

- Assumes a provision for 2% reduction to NIA (applicable only to the floors that are enabled);
 risers, lobbying lifts, plant etc. to be properly tested in the next stage
- Cost for enabling include:
 - 1. Additional louvres with blanking plates
 - 2. Slab thicknesses increase from 250mm to 300mm
 - 3. Additional drainage stacks
 - 4. Enhanced electrical distribution for future L/S demand
 - 5. Enhanced AHU rate
 - 6. Increase in transformer size and number to provide additional capacity
 - 7. Goods lift becomes a through lift
 - 8. Increase power connections from 10MVA to 11MVA
 - 9. Increase BWIC allowances for lab building
 - 10. Increase prelims for management

4.12	General Exclusions		
•	VAT	Appraisal	Note
•	Phase construction or construction voids	Appraisal	Note
•	Financing costs	Appraisal	Note
•	Out of hours working / phasing costs	Appraisal	Note
•	Removal of tenants FF&E / loose fittings	Appraisal	Note
•	Credits for capital allowances	Appraisal	Note
•	Latent defects insurance	Appraisal	Note
•	Site acquisition fees/costs, air rights, rights to light	Appraisal	Note
•	Any other third party compensation settlements	Appraisal	Note
•	Over sailing licences, sale or letting fees/costs etc.	Appraisal	Note
•	Professional Fees	Appraisal	Note
•	Developers contingency	Appraisal	Note
•	Marketing costs (Show floors, brochures etc.).	Appraisal	Note
•	Public art contributions / costs	Appraisal	Note
•	CAT B tenants fit out items	Appraisal	Note
•	Asbestos removal	Appraisal	Note
•	Allowances for multi tenancy arrangements	Appraisal	Note
•	Major services diversions or HV power network works.	Appraisal	Note
•	Works outside the boundary unless specifically identified	Appraisal	Note
•	BREEAM and Well assessment costs.	Appraisal	Note
•	Independent Commissioning Management fees and O&Ms	Appraisal	Risk
•	HV power network reinforcement works	Appraisal	Risk
•	New Substation	Appraisal	Note
•	Section 278 / 106 / off site works unless specifically identified	Appraisal	Note
•	Ground / Site Investigations/ Surveys	Excluded	Note
•	Artwork (internal or public)	Excluded	Note
•	Marketing Centre / Facilities	Excluded	Note
•	Disposal of hazardous/ non hazardous materials unless specifically identified	Excluded	Risk
•	Pre-commencement inflation to start of each phase	Excluded	Note
•	Works to CR2 (shell only)	Excluded	Note
•	Works to the existing Library beyond the site boundary	Excluded	Note
•	Full size mock ups other than for cladding	Excluded	Note
•	Surveys and investigations	Excluded	Note
•	Materials and strategies relating to carbon, e.g. CLT, low carbon	Excluded	Note

concrete etc.

Section 5a | Commercial Area Schedule

8a 1 Clarification Note

- The area schedule has been measured based on RSHP's drawings issued on 5 July 2021, with the exception of the upper ground mezzanine (Library area) which is as per discussions with Stanhope.
- The proposed CR2 ticket hall area to the east of the building is not included within the B1 areas as it's outside the boundary line; refer to markups
- No part of the loading bay is measured as it is considered an "adaptation" to the existing. See further note below and markups indicating extent of measurement
- The following areas are not included within the schedule above: Loading bay at LG (c.9,500ft2), open logistics route at LG (c. 2,900ft2) and underside of L1 AHU deck (5,640ft2).
- The accessible plant plenum area above the loading bay at UG, which serves the Library's AHUs, has been measured and included as part of the commercial areas, as agreed with Stanhope
- No measurement has been included within the basement for potential mezzanine decks for plant; this should be monitored as the design of these spaces develops
- NIA is measured in accordance with RICS comp 6 for commercial and commercial amenity areas. Retail and amenity NIA to the podium levels is based on area allocations as discussed with Stanhope, note these are not indicated on RSHP GAs to date. The ATI developer NIA is based on an assumed N:G efficiency of 90%.
- As confirmed by RSHP on 6 May 2021 at 10:18, the walkway between the new building and existing Library on Level 01 is no longer an enclosed space, i.e. a covered walkway. In accordance with RICS Comp 6 this no longer qualifies as GIA and is not included in the above measures.
- NIA to level 02 "commercial" and "amenity" as per RSHP GAs. It should be noted that the "amenity" space is "balcony" area refer to markups
- The Tank Farm has been measured in line with RSHPs GAs which we assume reflect discussions held in March / April 2021 with Arup. The existing Tank Farm is demolished entirely.
- The apportionment of the ATI between the Library and Developer is still under review. For the purposes of this schedule the area has been allocated to match the Developer portion as per the DA with the remaining area included within the "Library" measurement
- Measurement in relation to the façade lines is subject to change; façade zones currently under review
- Measurement on the CR2 area below B1 are not included in this area schedule
- Refer to Mark-ups for scope demarcation / extent of measurement
- Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.

8a.2.1 Area Schedule

Metric

								Developer										Library			Alan Turir	ng Institute	TOTAL
			NIA							GIA							Library	/ Accommo	odation		NIA	GIA	TOTAL
Level	Commercial	Commercial Amenity	Podium Amenity	Retail	Total NIA	Commercial (incl. comm amenity)	Amenity / Reception	Retail	"Commerci al" Foyer	BL Foyer	Tank Farm	CR2	Shared (Commerci al portion 90%)	Total Developer GIA	Efficiency	Gallery	Library Outside Site Boundary	BLCC / NSA	Shared (Library portion 10%)	Total Library	NIA	Developer	GIA
	m²	m ²	m ²	m ²	m²	m ²	m ²	m²	m ²	m²	m ²	m²	m ²	m²	%	m2	m2	m2	m ²	m²	m²	m2	m ²
11	-	-	-	-	-	311	-	-	-	-	-	-	-	311	0%		-	-	-	-		-	311
10	2,685	-	-	-	2,685	3,555	-	-	-	-	-	-	-	3,555	76%		-	-	-	-		-	3,555
09	4,840	-	-	-	4,840	6,021	-	-	-	-	-	-	-	6,021	80%		-	-	-	-		-	6,021
08	5,203	-	-	-	5,203	6,367	-	-	-	-	-	-	-	6,367	82%		-	-	-	-		-	6,367
07	6,716	-	-	-	6,716	7,901	-	-	-	-	-	-	-	7,901	85%		-	-	-	-		-	7,901
06	6,660	-	-	-	6,660	7,927	-	-	-	-	-	-	-	7,927	84%		-	-	-	-		-	7,927
05	6,660	-	-	-	6,660	7,927	-	-	-	-	-	-	-	7,927	84%		-	-	-	-		-	7,927
04	6,657	-	-	-	6,657	7,927	-	-	-	-	-	-	-	7,927	84%		-	-	-	-		-	7,927
03	6,653	-	-	-	6,653	7,927	-	-	-	-	-	-	-	7,927	84%		-	-	-	-		-	7,927
02	6,651	46	-	-	6,697	7,975	-	-	-	-	-	-	-	7,975	84%		-	-	-	-		-	7,975
01	1,248	-	-	-	1,248	1,800	-	-	-	-	-	-	239	2,039	61%	2,346	42	953	27	3,368	1,018	1,131	6,538
UG	-	-	401	-	401	899	818	-	-	-	-	594	243	2,554	16%		-	594	27	1,943		-	4,497
LG	-	-	-	536	536	432	-	558	527	1,247	-	531	377	3,672	15%	2,936	-	383	42	3,361		-	7,033
B1	-	-	-	-	-	6,547	-	-	-	-	492	3,329	-	10,368	0%	507	-	742	-	1,249	-	-	11,617
Total m ²	53,973	46	401	536	54,956	73,516	818	558	527	1,247	492	4,454	859	82,471	67%	7,111	42	2,672	96	9,921	1,018	1,131	93,523
Total ft ²	580,960	495	4,316	5,769	591,540	791,319	8,805	6,006	5,673	13,423	5,296	47,943	9,247	887,711	67%	76,542	452	28,762	1,034	106,790	10,957	12,174	1,006,675

Note: the above excludes CR2 areas below B1 which equate to 3,298m2 / 35,499ft2

GENERAL MEASUREMENT NOTES

- The commercial areas within this area schedule have been measured in accordance with the RICS Code of Measurement Practice 6th Edition. The Library areas have been measured in accordance with the Definition of Floor Area Measurement included with this schedule in lieu of RICS COMP 6.
- All component areas are approximate, measured to the nearest 1m² with a conversion factor of 10.7639 applied for imperial areas (sqft)
- Office floors assumed as being of multiple occupancy and therefore the Area Schedule assumes there are no circulation areas in exclusive use
- The schedule forms the basis of the cost plan/model only and should not be relied upon for any other purpose
- Areas in Exclusive Use comprises on lettable areas available for use by a single tenant only
- No deductions have been taken from the NIA as a contingency against core enlarging during design development
- Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.

Section 5a | Commercial Area Schedule

8a 1 Clarification Note

- The area schedule has been measured based on RSHP's drawings issued on 5 July 2021, with the exception of the upper ground mezzanine (Library area) which is as per discussions with Stanhope.
- The proposed CR2 ticket hall area to the east of the building is not included within the B1 areas as it's outside the boundary line; refer to markups
- No part of the loading bay is measured as it is considered an "adaptation" to the existing. See further note below and markups indicating extent of measurement
- The following areas are not included within the schedule above: Loading bay at LG (c.9,500ft2), open logistics route at LG (c. 2,900ft2) and underside of L1 AHU deck (5,640ft2).
- The accessible plant plenum area above the loading bay at UG, which serves the Library's AHUs, has been measured and included as part of the commercial areas, as agreed with Stanhope
- No measurement has been included within the basement for potential mezzanine decks for plant; this should be monitored as the design of these spaces develops
- NIA is measured in accordance with RICS comp 6 for commercial and commercial amenity areas. Retail and amenity NIA to the podium levels is based on area allocations as discussed with Stanhope, note these are not indicated on RSHP GAs to date. The ATI developer NIA is based on an assumed N:G efficiency of 90%.
- As confirmed by RSHP on 6 May 2021 at 10:18, the walkway between the new building and existing Library on Level 01 is no longer an enclosed space, i.e. a covered walkway. In accordance with RICS Comp 6 this no longer qualifies as GIA and is not included in the above measures.
- NIA to level 02 "commercial" and "amenity" as per RSHP GAs. It should be noted that the "amenity" space is "balcony" area refer to markups
- The Tank Farm has been measured in line with RSHPs GAs which we assume reflect discussions held in March / April 2021 with Arup. The existing Tank Farm is demolished entirely.
- The apportionment of the ATI between the Library and Developer is still under review. For the purposes of this schedule the area has been allocated to match the Developer portion as per the DA with the remaining area included within the "Library" measurement
- Measurement in relation to the façade lines is subject to change; façade zones currently under review
- Measurement on the CR2 area below B1 are not included in this area schedule
- Refer to Mark-ups for scope demarcation / extent of measurement
- Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.

8a.2.2 Area Schedule

Imperial

								Developer										Library			Alan Turir	ng Institute	
										GIA							Library	Accommo		NIA	GIA	TOTAL	
Level	Commercial	Commercial Amenity	Podium Amenity	Retail	Total NIA	Commercial (incl. comm amenity)	Amenity / Reception	Retail	ommercial" Fc	BL Foyer	Tank Farm	CR2	Shared (Commerci al portion 90%)	Total Developer GIA	Efficiency	Gallery	Library Outside Site Boundary	BLCC / NSA	Shared (Library portion 10%)	Total Library	NIA	Developer	GIA
	ft ²	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	m ²	m2	ft2
11	-	-	-	-	-	3,348	-	-	-	-	-	-	-	3,348	0%		-	-	-	-		-	3,348
10	28,901	-	-	-	28,901	38,266	-	-	-	-	-	-	-	38,266	76%		-	-	-	-		-	38,266
09	52,097	-	-	-	52,097	64,809	-	-	-	-	-	-	-	64,809	80%		-	-	-	-		-	64,809
08	56,005	-	-	-	56,005	68,534	-	-	-	-	-	-	-	68,534	82%		-	-	-	-		-	68,534
07	72,290	-	-	-	72,290	85,046	-	-	-	-	-	-	-	85,046	85%		-	-	-	-		-	85,046
06	71,687	-	-	-	71,687	85,325	-	-	-	-	-	-	-	85,325	84%		-	-	-	-		-	85,325
05	71,687	-	-	-	71,687	85,325	-	-	-	-	-	-	-	85,325	84%	-	-	-	-	-	-	-	85,325
04	71,655	-	-	-	71,655	85,325	-	-	-	-	-	-	-	85,325	84%	-	-	-	-	-	-	-	85,325
03	71,612	-	-	-	71,612	85,325	-	-	-	-	-	-	-	85,325	84%	-	-	-	-	-	-	-	85,325
02	71,591	495	-	-	72,086	85,842	-	-	-	-	-	-	-	85,842	84%	-	-	-	-	-	-	-	85,842
01	13,433	-	-	-	13,433	19,375	-	-	-	-	-	-	2,573	21,948	61%	25,252	452	10,258	291	36,253	10,957	12,174	70,375
UG	-	-	4,316	-	4,316	9,677	8,805	-	-	-	-	6,394	2,616	27,492	16%	14,230	-	6,394	291	20,915		-	48,407
LG	-	-	-	5,769	5,769	4,650	-	6,006	5,673	13,423	-	5,716	4,058	39,526	15%	31,603	-	4,123	452	36,178	-	-	75,704
B1	-	-	-	-	-	70,471	-	-	-	-	5,296	35,833	-	111,600	0%		-	7,987	-	13,444		-	125,044
Total m ²	580,960	495	4,316	5,769	591,540	791,318	8,805	6,006	5,673	13,423	5,296	47,943	9,247	887,711	67%	76,542	452	28,762	1,034	106,790	10,957	12,174	1,006,675

Note: the above excludes CR2 areas below B1 which equate to 3,298m2 / 35,499ft2

GENERAL MEASUREMENT NOTES

- The commercial areas within this area schedule have been measured in accordance with the RICS Code of Measurement Practice 6th Edition. The Library areas have been measured in accordance with the Definition of Floor Area Measurement included with this schedule in lieu of RICS COMP 6.
- All component areas are approximate, measured to the nearest 1m² with a conversion factor of 10.7639 applied for imperial areas (saft)
- Office floors assumed as being of multiple occupancy and therefore the Area Schedule assumes there are no circulation areas in exclusive use
- The schedule forms the basis of the cost plan/model only and should not be relied upon for any other purpose
- Areas in Exclusive Use comprises on lettable areas available for use by a single tenant only
- No deductions have been taken from the NIA as a contingency against core enlarging during design development
- Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.

Section 5b | Partial Life Science Area Schedule

8b.1 Clarification Note

- The area schedule has been measured based on RSHP's drawings issued on 5 July 2021, with the exception of the upper ground mezzanine (Library area) which is as per discussions with Stanhope.
- This "Partial Life Science Enabled" schedule is based on alinea area schedule dated 5 July 2021 with a 2% negative adjustment to the NIA of L2 L7 for the science enablement
- The proposed CR2 ticket hall area to the east of the building is not included within the B1 areas as it's outside the boundary line; refer to markups
- No part of the loading bay is measured as it is considered an "adaptation" to the existing. See further note below and markups indicating extent of measurement
- The following areas are not included within the schedule above: Loading bay at LG (c.9,500ft2), open logistics route at LG (c. 2,900ft2) and underside of L1 AHU deck (5,640ft2).
- The accessible plant plenum area above the loading bay at UG, which serves the Library's AHUs, has been measured and included as part of the commercial areas, as agreed with Stanhope
- No measurement has been included within the basement for potential mezzanine decks for plant; this should be monitored as the design of these spaces develops
- NIA is measured in accordance with RICS comp 6 for commercial and commercial amenity areas. Retail and amenity NIA to the podium levels is based on area allocations as discussed with Stanhope, note these are not indicated on RSHP GAs to date. The ATI developer NIA is based on an assumed N:G efficiency of 90%.
- As confirmed by RSHP on 6 May 2021 at 10:18, the walkway between the new building and existing Library on Level 01 is no longer an enclosed space, i.e. a covered walkway. In accordance with RICS Comp 6 this no longer qualifies as GIA and is not included in the above measures.
- NIA to level 02 "commercial" and "amenity" as per RSHP GAs, It should be noted that the "amenity" space is "balcony" area refer to markups
- The Tank Farm has been measured in line with RSHPs GAs which we assume reflect discussions held in March / April 2021 with Arup. The existing Tank Farm is demolished entirely.
- The apportionment of the ATI between the Library and Developer is still under review. For the purposes of this schedule the area has been allocated to match the Developer portion as per the DA with the remaining area included within the "Library" measurement
- Measurement in relation to the façade lines is subject to change; façade zones currently under review
- Measurement on the CR2 area below B1 are not included in this area schedule
- Refer to Mark-ups for scope demarcation / extent of measurement

8b.2.1 Area Schedul

Metric

Level Commerc	ial Commercial Amenity m2	NIA Podium Amenity	Retail	Total NIA	Commercial		Developer		GIA								Library			Alan Turing		TOTAL
Commerc	Amenity		Retail	Total NIA	Commercial											Library	Accommo	dation		NIA	GIA	TOTAL
m2				TOTAL NIA	(incl. comm amenity)	Amenity / Reception	Retail	"Commerci al" Foyer	BL Foyer	Tank Farm	CR2	Shared (Commerci al portion 90%)	Total Developer GIA	Efficiency	Gallery	Library Outside Site Boundary		Shared (Library portion 10%)	Total Library	NIA	Developer	GIA
	IIIZ	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m²	%	m2	m2	m2	m2	m2	m2	m2	m2
-	-	-	-	-	311	-	-	-	-	-	-	-	311	0%			-		-		-	311
10 2,68		-	-	2,685	3,555	-	-	-	-	-	-	-	3,555	76%		-	-	-	-	-	-	3,555
09 4,84		-	-	4,840	6,021	-	-	-	-	-	-	-	6,021	80%		-	-	-	-	-	-	6,021
08 5,20		-	-	5,203	6,367	-	-	-	-	-	-	-	6,367	82%		-	-	-	-	-	-	6,367
07 6,55		-	-	6,558	7,901	-	-	-	-	-	-	-	7,901	83%		-	-	-	-	-	-	7,901
06 6,50		-	-	6,502	7,927	-	-	-	-	-	-	-	7,927	82%		-	-	-	-	-	-	7,927
05 6,50		-	-	6,502	7,927	-	-	-	-	-	-	-	7,927	82%		-	-	-	-	-	-	7,927
04 6,49		-	-	6,499	7,927	-	-	-	-	-	-	-	7,927	82%		-	-	-	-	-	-	7,927
03 6,49		-	-	6,495	7,927	-	-	-	-	-	-	-	7,927	82%		-	-	-	-	-	-	7,927
02 6,49		-	-	6,539	7,975	-	-	-	-	-	-	-	7,975	82%		-	-	-	-	-	-	7,975
01 1,24	- 18	-	-	1,248	1,800	-	-	-	-	-	-	239	2,039	61%	2,346	42	953	27	3,368	1,018	1,131	6,538
UG -	-	401	-	401	899	818	-	-	-	-	594	243	2,554	16%		-	594	27	1,943	-	-	4,497
LG -	-	-	536	536	432	-	558	527	1,247	-	531	377	3,672	15%	2,936	-	383	42	3,361	-	-	7,033
B1 -	_	-	-	-	6,547	-		-		492	3,329	-	10,368	0%	507		742	-	1,249	-		11,617
Total m2 53,02	25 46	401	536	54,008	73,516	818	558	527	1,247	492	4,454	859	82,471	65%	7,111	42	2,672	96	9,921	1,018	1,131	93,523
Total ft2 570.78	56 405	4 216	5.760	591 226	701 210	8.805	6.006	5 672	12 422	5 206	47.042	0.247	007 711	65%	76.542	452	29 762	1.024	106 700	10.057	12 174	1,006,675

Note: The above excludes CR2 areas below B1 which equate to 3,298m2 / 35,499ft2

For a "Full Life Science" building a further loss of 3% NIA would be applicable to Levels 2 - 7 which equates to 1,428m2 / 15,371ft2. This is an assumed efficiency subject to validation in subsequent design stages

GENERAL MEASUREMENT NOTE:

- The commercial areas within this area schedule have been measured in accordance with the RICS Code of Measurement Practice 6th Edition. The Library areas have been measured in accordance with the Definition of Floor Area Measurement included with this schedule in lieu of RICS COMP 6.
- All component areas are approximate, measured to the nearest 1m² with a conversion factor of 10.7639 applied for imperial areas (sqft)
- Office floors assumed as being of multiple occupancy and therefore the Area Schedule assumes there are no circulation areas in exclusive use
- The schedule forms the basis of the cost plan/model only and should not be relied upon for any other purpose
- Areas in Exclusive Use comprises on lettable areas available for use by a single tenant only
- No deductions have been taken from the NIA as a contingency against core enlarging during design development
- lacktriangledown Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.

Section 5b | Partial Life Science Area Schedule

8b 1 Clarification Notes

- The area schedule has been measured based on RSHP's drawings issued on 5 July 2021, with the exception of the upper ground mezzanine (Library area) which is as per discussions with Stanhope.
- This "Partial Life Science Enabled" schedule is based on alinea area schedule dated 5 July 2021 with a 2% negative adjustment to the NIA of L2 L7 for the science enablement
- The proposed CR2 ticket hall area to the east of the building is not included within the B1 areas as it's outside the boundary line; refer to markups
- No part of the loading bay is measured as it is considered an "adaptation" to the existing. See further note below and markups indicating extent of measurement
- The following areas are not included within the schedule above: Loading bay at LG (c.9,500ft2), open logistics route at LG (c. 2,900ft2) and underside of L1 AHU deck (5,640ft2).
- The accessible plant plenum area above the loading bay at UG, which serves the Library's AHUs, has been measured and included as part of the commercial areas, as agreed with Stanhope
- No measurement has been included within the basement for potential mezzanine decks for plant; this should be monitored as the design of these spaces develops
- NIA is measured in accordance with RICS comp 6 for commercial and commercial amenity areas. Retail and amenity NIA to the podium levels is based on area allocations as discussed with Stanhope, note these are not indicated on RSHP GAs to date. The ATI developer NIA is based on an assumed N:G efficiency of 90%.
- As confirmed by RSHP on 6 May 2021 at 10:18, the walkway between the new building and existing Library on Level 01 is no longer an enclosed space, i.e. a covered walkway. In accordance with RICS Comp 6 this no longer qualifies as GIA and is not included in the above measures.
- NIA to level 02 "commercial" and "amenity" as per RSHP GAs, It should be noted that the "amenity" space is "balcony" area refer to markups
- The Tank Farm has been measured in line with RSHPs GAs which we assume reflect discussions held in March / April 2021 with Arup. The existing Tank Farm is demolished entirely.
- The apportionment of the ATI between the Library and Developer is still under review. For the purposes of this schedule the area has been allocated to match the Developer portion as per the DA with the remaining area included within the "Library" measurement
- Measurement in relation to the façade lines is subject to change; façade zones currently under review
- Measurement on the CR2 area below B1 are not included in this area schedule
- Refer to Mark-ups for scope demarcation / extent of measurement

Bb.2.2 Area Schedule

Imperial

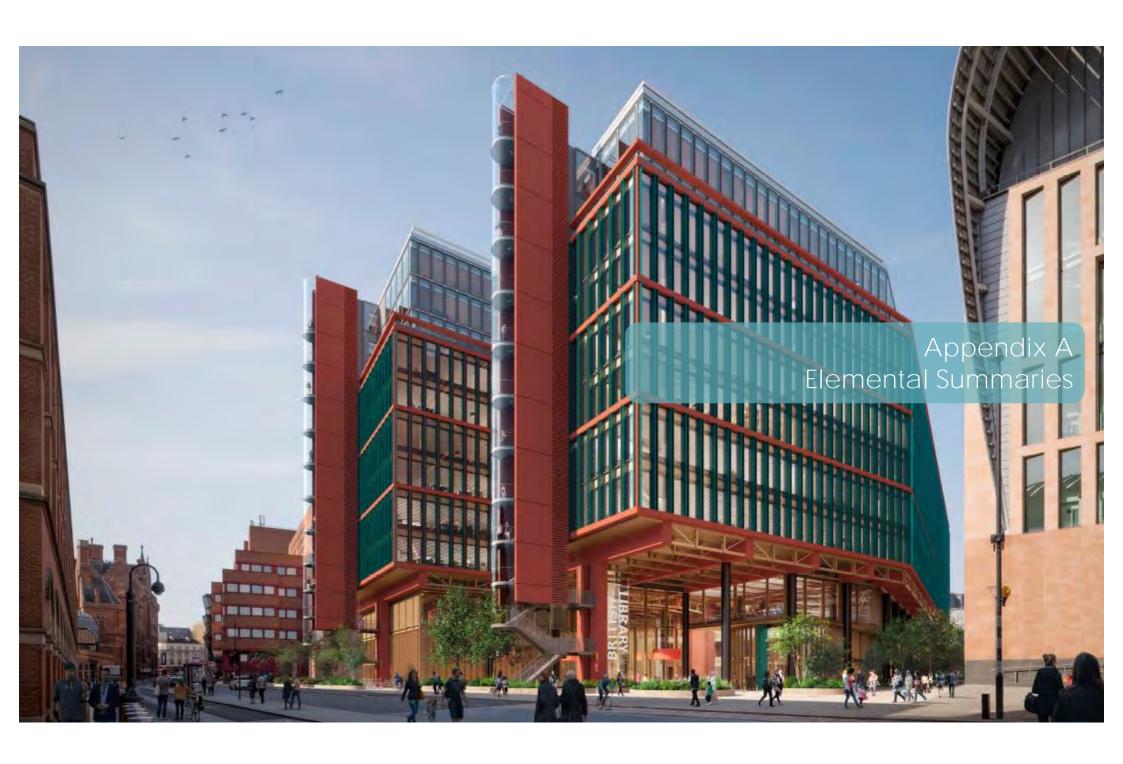
		Developer													Library			Alan Turing	Institute	70741			
	NIA						GIA							Library Accommodation			NIA	GIA	TOTAL				
Level	Commercial	Commercial Amenity	Podium Amenity	Retail	Total NIA	Commercial (incl. comm amenity)	Amenity / Reception	Retail	"Commerci al" Foyer	BL Foyer	Tank Farm	CR2	Shared (Commerci al portion 90%)	Total Developer GIA	Efficiency	Gallery	Library Outside Site Boundary	BLCC / NSA	Shared (Library portion 10%)	Total Library	NIA	Developer	GIA
	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2	ft2
11	-	-	-	-	-	3,348	-	-	-	-	-	-	-	3,348	0%		-	-	-	-		-	3,348
10	28,901	-	-	-	28,901	38,266	-	-	-	-	-	-	-	38,266	76%	-	-	-	-	-	-	-	38,266
09	52,097	-	-	-	52,097	64,809	-	-	-	-	-	-	-	64,809	80%	-	-	-	-	-	-	-	64,809
08	56,005	-	-	-	56,005	68,534	-	-	-	-	-	-	-	68,534	82%	-	-	-	-	-	-	-	68,534
07	70,590	-	-	-	70,590	85,046	-	-	-	-	-	-	-	85,046	83%	-	-	-	-	-	-	-	85,046
06	69,987	-	-	-	69,987	85,325	-	-	-	-	-	-	-	85,325	82%		-	-		-		-	85,325
05	69,987	-	-	-	69,987	85,325	-	-	-	-	-	-	-	85,325	82%		-	-	-	-		-	85,325
04	69,955	-	-	-	69,955	85,325	-	-	-	-	-	-	-	85,325	82%		-	-	-	-		-	85,325
03	69,912	-	-	-	69,912	85,325	-	-	-	-	-	-	-	85,325	82%		-	-	-	-		-	85,325
02	69,890	495	-	-	70,385	85,842	-	-	-	-	-	-	-	85,842	82%	-	-	-	-	-		-	85,842
01	13,433	-	-	-	13,433	19,375	-	-	-	-	-	-	2,573	21,948	61%	25,252	452	10,258	292	36,253	10,957	12,174	70,375
UG	-	-	4,316	-	4,316	9,677	8,805	-	-	-	-	6,394	2,616	27,492	16%	14,230	-	6,395	291	20,915	-	-	48,407
LG	-	-	-	5,769	5,769	4,649	-	6,006	5,673	13,423	-	5,716	4,058	39,525	15%	31,603	-	4,123	452	36,178	-	-	75,704
B1	-	-	-	-	-	70,471	-	-	-	-	5,296	35,833	-	111,600	0%	5,457	-	7,987	-	13,444	-	-	125,044
Total ft2	570,756	495	4,316	5,769	581,336	791,319	8,805	6,006	5,673	13,423	5,296	47,943	9,247	887,711	65%	76,542	452	28,762	1,034	106,790	10,957	12,174	1,006,675

Note: The above excludes CR2 areas below B1 which equate to 3,298m2 / 35,499ft2

For a "Full Life Science" building a further loss of 3% NIA would be applicable to Levels 2 - 7 which equates to 1,428m2 / 15,371ft2. This is an assumed efficiency subject to validation in subsequent design stages

GENERAL MEASUREMENT NOTES

- The commercial areas within this area schedule have been measured in accordance with the RICS Code of Measurement Practice 6th Edition. The Library areas have been measured in accordance with the Definition of Floor Area Measurement included with this schedule in lieu of RICS COMP 6.
- All component areas are approximate, measured to the nearest 1m² with a conversion factor of 10.7639 applied for imperial areas (sqft)
- Office floors assumed as being of multiple occupancy and therefore the Area Schedule assumes there are no circulation areas in exclusive use
- The schedule forms the basis of the cost plan/model only and should not be relied upon for any other purpose
- Areas in Exclusive Use comprises on lettable areas available for use by a single tenant only
- No deductions have been taken from the NIA as a contingency against core enlarging during design development
- Net Internal Areas (NIA) do not necessarily equate to net rentable or net saleable areas.



Appendix A | Elemental Summaries

D									
Basement Basement									
Basement Dims	(m2)	(ft2)							
Basement -1 (GIA)	11,617	125,044							
Omit BLCC	(742)	- 7,987							
Basement GIA excl tank	10.875	117.057							
farm and BLCC	10,075	117,037							

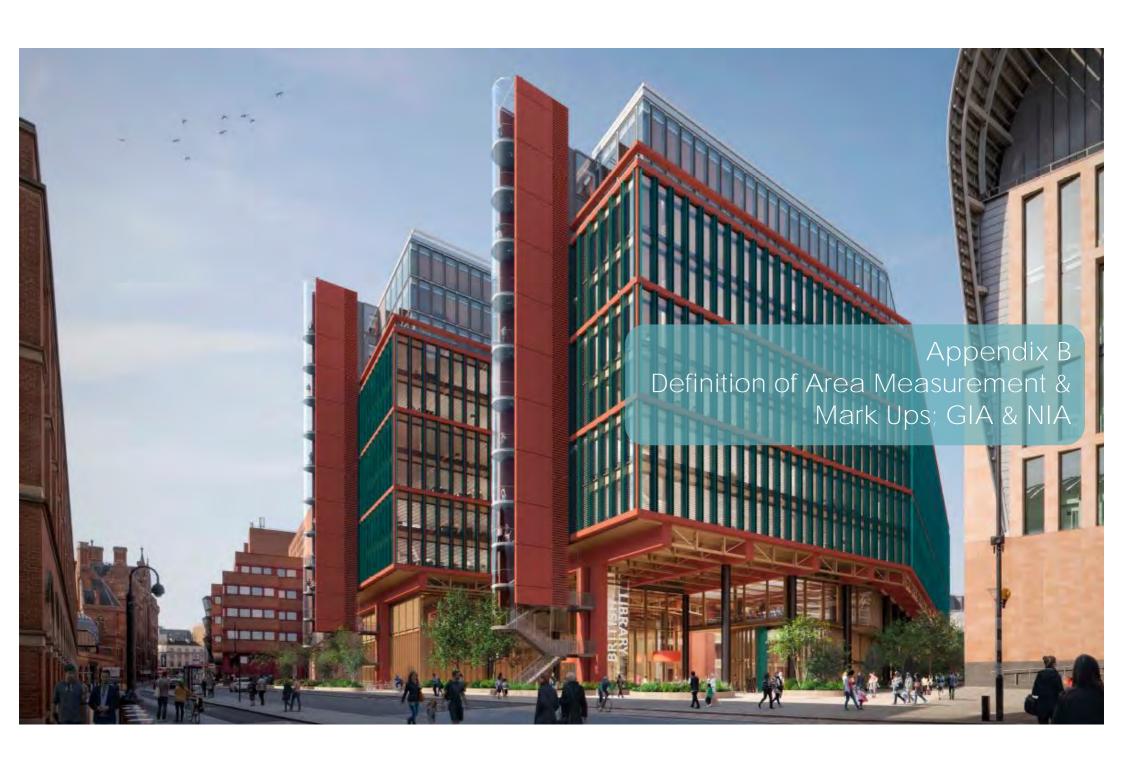
Podium Dims by Function	(m2)	(ft2)
Retail	558	6,006
ATI	1,131	12,174
Library	6,604	71,085
CR2	1,125	12,109
BL Foyer	1,247	13,423
Comm Foyer	527	5,673
Shared	955	10,280
Outside boundary	42	452
GIA Level LG - 1 (excl		
Office)	12.189	131.201

55		
Office Dims by Function	(m2)	(ft2)
	` ′	
GIA Level LG - 1	3,949	
GIA Level 2 - 10	63,838	
Total Office GIA (above		729,652
ground)	67,787	

Element	£Total		£/ft2	£Total		£/ft2	£Total	£/ft2
Excavation	£	7,400,000	63		N/A	0	N/A	0
Substructure	£	33,000,000	282		N/A	0	N/A	0
Superstructure	£	6,700,000	57	£	28,700,000	219	£ 97,000,000	133
Frame	£	1,700,000	15	£	11,300,000	86	£ 17,800,000	24
Upper floors	£	500,000	4	£	4,700,000	36	£ 17,000,000	23
Roof	£	2,100,000	18	£	300,000	2	£ 10,400,000	14
Stairs	£	400,000	3	£	600,000	5	£ 2,700,000	4
External Walls and Doors	£	100,000	1	£	8,100,000	62	£ 32,700,000	45
Internal Walls	£	1,900,000	16	£	2,900,000	22	£ 12,500,000	17
Internal Doors		Inc. in Internal Walls	0	£	800,000	6	£ 3,900,000	5
Finishes & Fittings	£	4,100,000	35	£	3,450,000	26	£ 19,100,000	26
Walls, Floors, Ceilings (generally)	£	800,000	7	£	900,000	7	£ 6,500,000	9
Specific Area finishes and fittings; Commercial Foyer, retail units under north block, shower changing and WC's, Reception, Cycle fit out, etc	£	3,000,000	0	£	2,200,000	17	£ 10,600,000	0
Fixtures and Fittings (generally)	£	300,000	3	£	350,000	3	£ 2,000,000	3
Services	£	5,100,000	44	£	3,500,000	27	£ 49,400,000	68
M&E Installations	£	4,600,000	39	£	2,500,000	19	£ 41,300,000	57
Lift installations	£	500,000	4	£	1,000,000	8	£ 8,100,000	11
Measured Works Total	£	56,300,000	481	£	35,650,000	272	£ 165,500,000	227
Contractor Costs Site Organisation & Management Costs @ 15%	£	10,400,000 8,450,000	89	£	6,600,000 5,400,000	50	£ 30,500,000 £ 24,800,000	42
CM Fee @ 3%	£	1,950,000		£	1,200,000		£ 5,700,000	
Contingency Des res, contingency, risk margin @ 7%	£	4,700,000 4,700,000	40	£	3,000,000 3,000,000	23	£ 13,700,000 £ 13,700,000	19
Allowance for a PCSA (split with Office in phase 1 total £1m)	£	=	0	£	250,000.00	2	£ 750,000.00	1
Total Current Day Price Carried to Summary	£	71,400,000	610	£	45,500,000	347	£ 210,500,000	288

Appendix A | Elemental Summaries

Element / Description	f f f f f f f f f f	Element / Description		£	£ / m² Area
Public Realm Summary		Lower Ground (outside the red line boundary)			
Lower Ground within the red line boundary Lower ground; general provision for works outside red line bounc Level 1	6,553 m ² 1,343 £8,800,000 550 m ² 1,273 £700,000 1,396 m ² 1,504 £2,100,000	General allowance for repaving, rekerbing following construction		550,000	
Level 2	474 m ² 1,899 £900,000	Sub-Total		£550,000	394
Total Current Day Price Appendix A5 Public Realm	8,973 m² £1,393 £12,500,000 1,393	Contractor Costs Site Organisation & Management Costs @ 15% CM Fee @ 3%		£100,000 £83,000 £19,000	72
		Contingency Des res, contingency, risk margin @ 7%		£50,000 £50,000	36
		Total Lower Ground (within the red line boundary)		£700,000	501
		Level 1			
		Allowance for landscaping including lighting, vents, pits, etc	1,396 m ²	£1,000 £1,746,000	
(%) (%)		Sub-Total		£1,700,000	1,218
		Contractor Costs Site Organisation & Management Costs @ 15% CM Fee @ 3%		£300,000 £255,000 £59,000	215
		Contingency		£100,000	72
Lower Ground (within the red line boundary)		Des res, contingency, risk margin @ 7%		£140,000	
Allowance for hard and soft landscaping incl. MEP infrastructure, lighting, etc	6,900,000	Total Level 1		£2,100,000	1,504
	C/ 000 000 1 0F2				
Sub-Total	£6,900,000 1,053	Level 2			
Contractor Costs Site Organisation & Management Costs @ 15% CM Fee @ 3%	£1,300,000 198 £1,035,000 £238,000	Allowance for roof pavers incl waterproofing, insulation and balustrade to form area		£700,000	
Contingency	£600.000 92	Sub-Total		£700,000	1,477
Des res, contingency, risk margin @ 7%	£574,000	Contractor Costs		£100,000	211
Total Lower Ground (within the red line boundary)	£8,800,000 1,343	Site Organisation & Management Costs @ 15% CM Fee @ 3%		£105,000 £24,000	
		Contingency Des res, contingency, risk margin @ 7%		£100,000 £58,000	211
		Total Level 2		£900,000	645



British Library – Library Demise / Brief

Definition of Floor Area Measurement

- The definitions below are not applicable to any areas other than the Library Demise.
 The Library Demise includes all Gallery Spaces, Alan Turing Institute and BLCC.
- The GIA is the "Library Area" see below for definitions
- There is no definition of Net Internal Areas (NIA) as these are not applicable to the measurement of the Library Demise.
- Designation of areas is as described in the following notes and shall not be relied upon for any other purpose than the preparation of area schedules
- Areas are subject to a margin of accuracy in scale measurement and for further design development and construction tolerances
- Areas schedules relate to the main building and exclude any areas associated with the Tank Farm adjacent

The following note provide clarification to the measurement of areas:-

- The Code of Measuring Practice: A Guide for Property Professionals: 6th Edition defines Gross Internal Area as the area between internal faces of external walls measured over projections, partitions and internal structure, lifts, stairs, ducts, risers and the like.
- 2. GIA has been measured to the internal face generally of the external cladding zone.
- 3. Perimeter columns, whether or not attached, have not been deducted and are included within GIA.
- 4. For studios/ galleries, internal wall face is taken as the internal face of the outer wall (ie façade) and not the inner face of the inner studio/ gallery walls. Walls forming inner walls of the inner wall enclosures to galleries/ studios are treated as internal walls or partitions and area occupied is not deducted from GIA.
- Similarly, where structural bracing zones are identified adjacent to external walls, for example adjacent to stair cores, these bracing zones are treated as projections and are not deducted from GIA measurement.
- Entrance area atria voids are deducted at upper floor levels only and atria bases included within GIA measurement. Area occupied by staircases including flights, half flights and landings within atria are included in the GIA.
- 7. No deduction is made to GIA measurement for area occupied by staircases (including flights, half flights and landings), ducts, risers, lift shafts and the like generally
- 8. Deductions from GIA measurement are made for the following voids:-
 - 8.1 Atria voids as noted above other than the base
 - 8.2 Gallery floor voids to achieve double height spaces

Note: the extent of double height space/ atria/ void is to be in accordance with the Bid. Any overage would require discussion and agreement.

- 9. Plant at basement level is included within the GIA. Localised Plant on the floor level is also included as GIA.
- 10. Mezzanine areas are measured as GIA.
- 11. Areas related to other functions that run through the demise of the library are not included as Library GIA.
- 12. Where servicing or circulation areas within cores are shared Library or other use, the floor area is to be apportioned as 10% Library and 90% Developer.
- Library additional plant area at mezzanine level above the Loading bay is measured as Library GIA.
- 14. An assumed grossing factor of 3% will be applied to the measured GIA areas of the overall development measure and therefore used to calculate the Library GEA throughout design to monitor against the Library's GEA (Measurement Option A).

On completion of the design the GEA for the entire development will be measured, and the grossing factor of GIA to GEA will form the "as measured" percentage. This percentage would be applied to the Library GIA areas to determine the GEA. (Measurement Option B).

Whichever is the lowest of the measured GEA grossing factor or 3% assumed factor will be used for calculation of the GEA.

This is demonstrated in the calculations below:

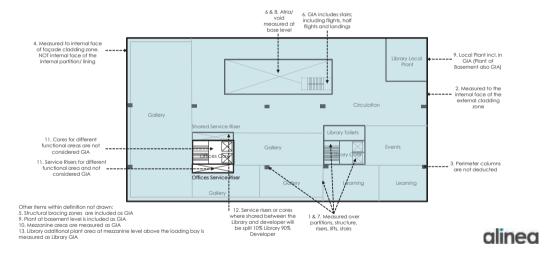
Measurement Option A (in design): Library GIA x 3% development grossing factor = Library GEA

Measurement Option B (as measured):
(Overall Development GEA/ Overall Development GIA) x Library GIA = Library GEA

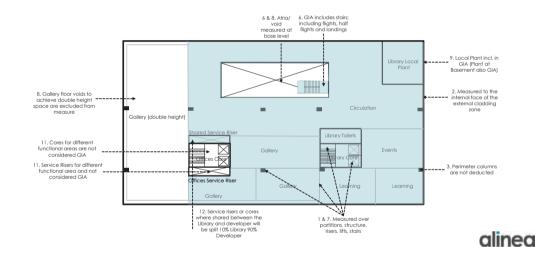
Final calculation of GEA to reflect whichever is the lower of Option A or B.

Appendix A; Diagrams

Appendix A – Theoretical Example of GIA at GF



Appendix A – Theoretical Example of GIA at Upper Level



iTWO costX Drawing Project: British Library Building: British Library Drawing: British Library - Basement GIA Filename: RSHP-P-1148-P-B1 - issued 5 July 2021 Legend Areas\GIA Split
BLCC (Library) 742 m2 Comercial GIA (Lower) 6,547 m2 CR2 3.329 m2 Library 507 m2 Tank Farm (Library) 492 m2

iTWO costX Drawing Project: British Library Building: British Library Drawing: British Library - Lower Ground Filename: RSHP-P-1149-P-LG - issued 5 July 2021 Legend Areas\GIA Split OSSULSTON STREET BL Foyer (Library)
BLCC (Library)
Comercial GIA (Lower) 1,247 m2 383 m2 432 m2 Commercial Foyer 527 m2

CR2 531 m2

Library 2,936 m2

Retail 558 m2

Shared (90% Developer 10% Library) 419 m2 DANGOOR WALK 000 000 BL FOYER RECEPTION GALLERY 1 FFL +17 400m LOADING BAY O FFL +15 390m

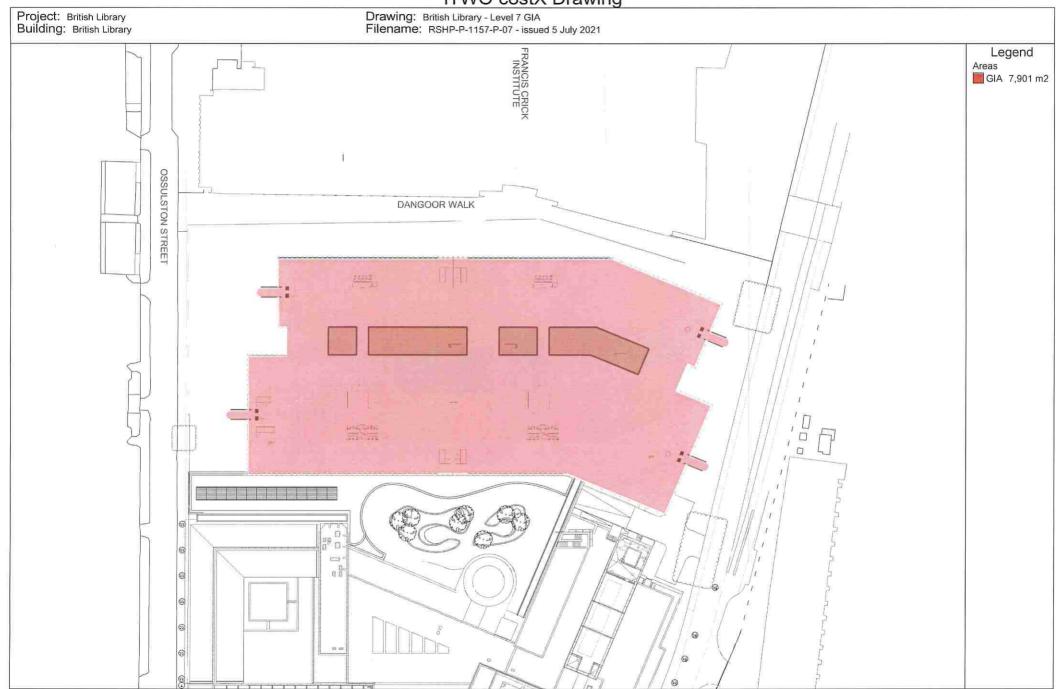
iTWO costX

iTWO costX Drawing Project: British Library Building: British Library Drawing: British Libary - Upper Ground GIA Filename: RSHP-P-1150-P-UG - issued 5 July 2021 ANCIS CRICK Legend Areas\GIA Split Amenity (Commercial) 818 m2 BLCC (Library) 594 m2 CR2 899 m2 594 m2 Library 1,322 m2 Shared (90% Developer 10% Library) 270 m2 OSSULSTON STREET DANGOOR WALK 40

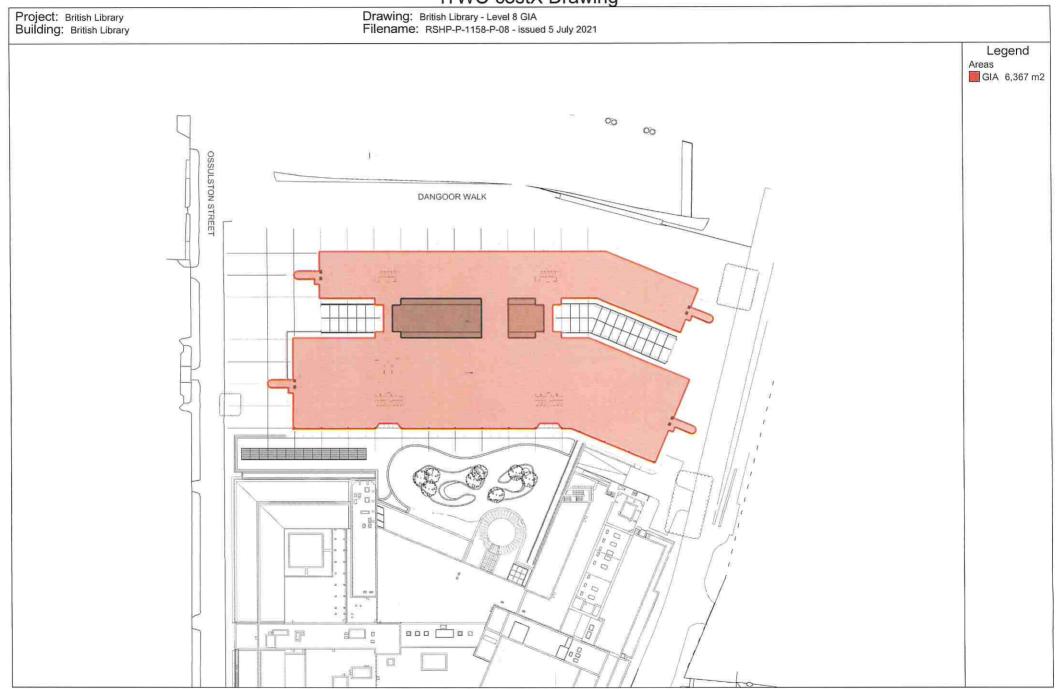
iTWO costX Drawing Project: British Library Building: British Library Drawing: British Libary - Level 1 GIA Filename: RSHP-P-1151-P-01 - issued 5 July 2021 Legend Areas\GIA Split ATI (Library) 1,131 m2 OSSULSTON STREET BLCC (Library) 953 m2 Comercial GIA (Lower) 1,800 m2 Library 2,346 m2
Library area outside site boundary 42 m2
Shared (90% Developer 10% Library) 266 m2 2,346 m2 DANGOOR WALK COMMERCIAL FFL +25,00m ATI EVENT SPACE BLCC

iTWO costX Drawing Project: British Library Building: British Library Drawing: British Library - Level 2 GIA Filename: RSHP-P-1152-P-02 - issued 5 July 2021 Legend Areas GIA 7,975 m2 OSSULSTON STREET DANGOOR WALK

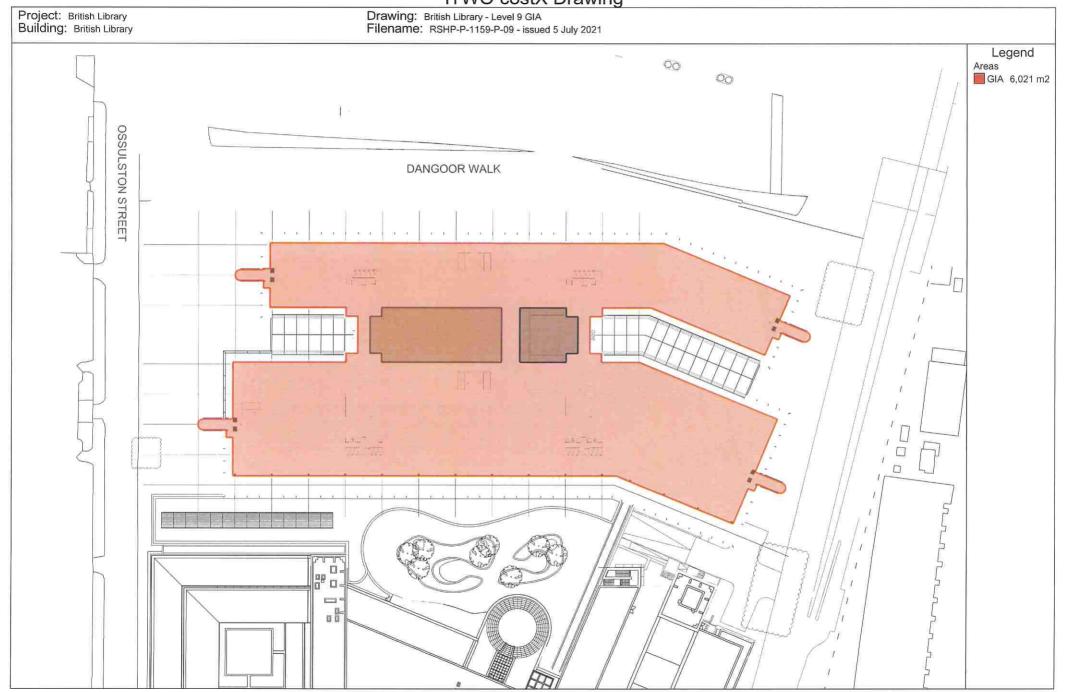
iTWO costX Drawing Drawing: British Library - Level 3-6 GIA Filename: RSHP-P-1153-P-TYP - issued 5 July 2021 Project: British Library Building: British Library Legend FRANCIS CRICK INSTITUTE Areas GIA 7,927 m2 OSSULSTON STREET DANGOOR WALK



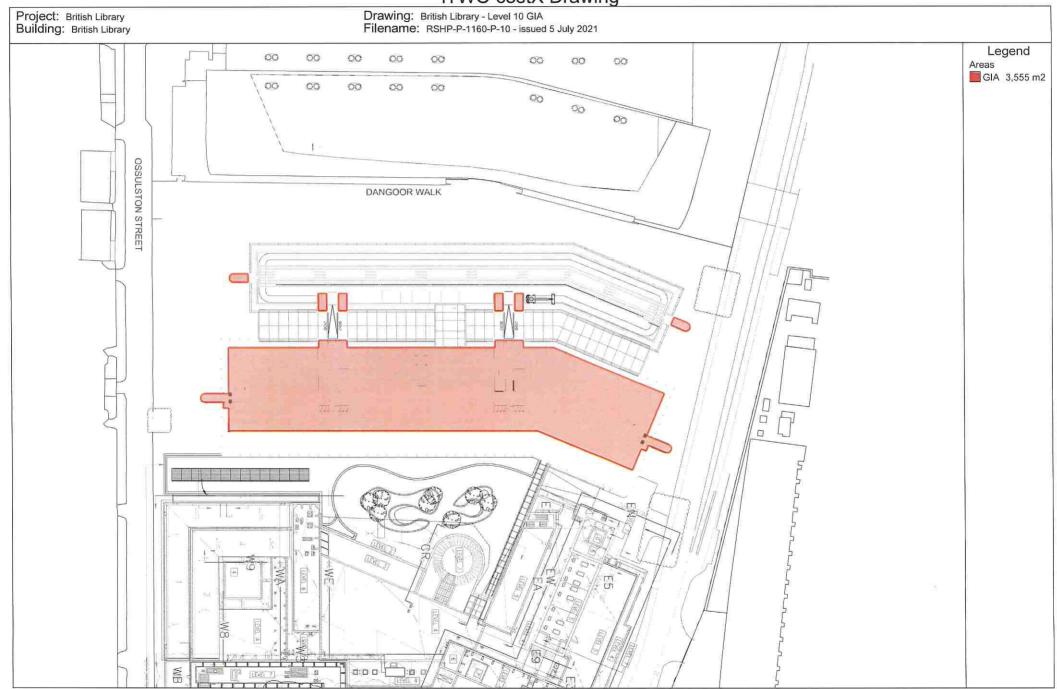
iTWO costX

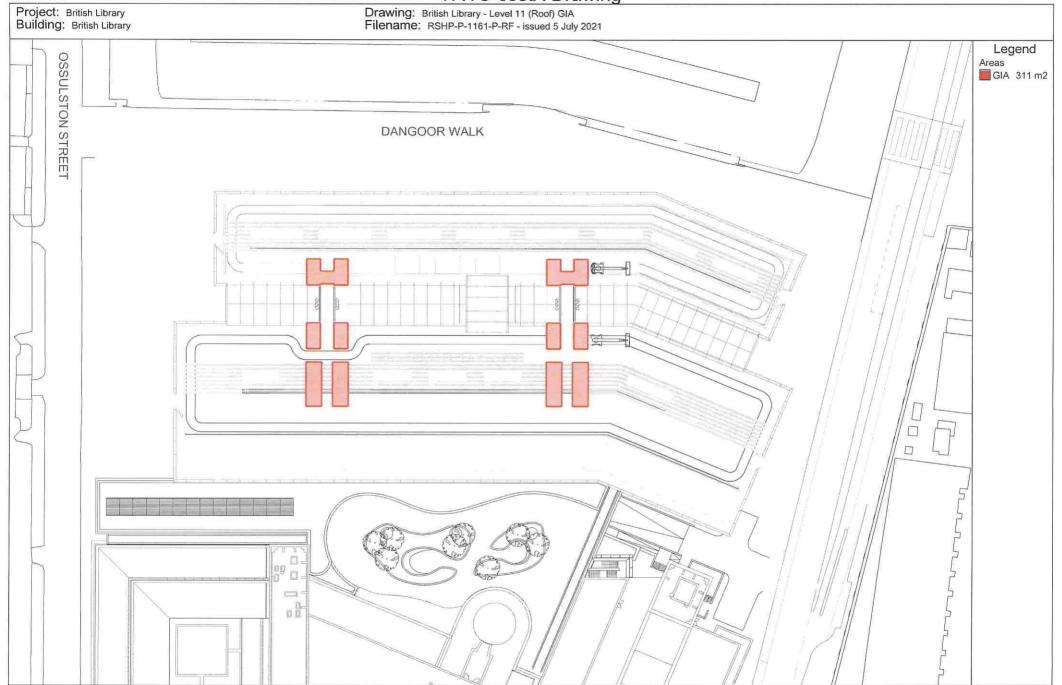


iTWO costX



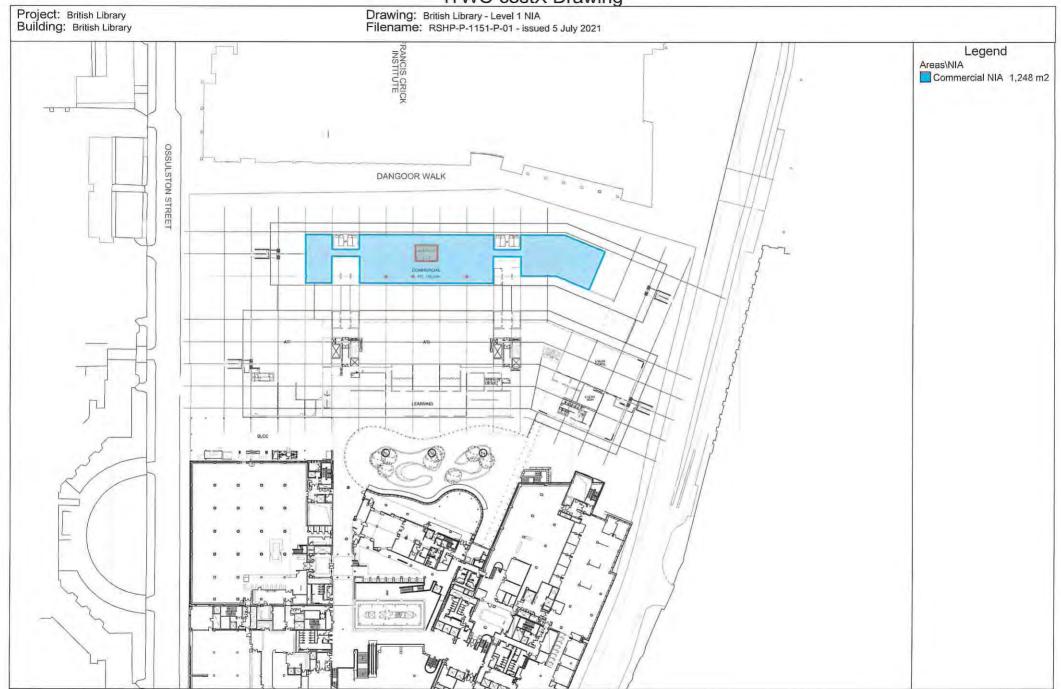
iTWO costX



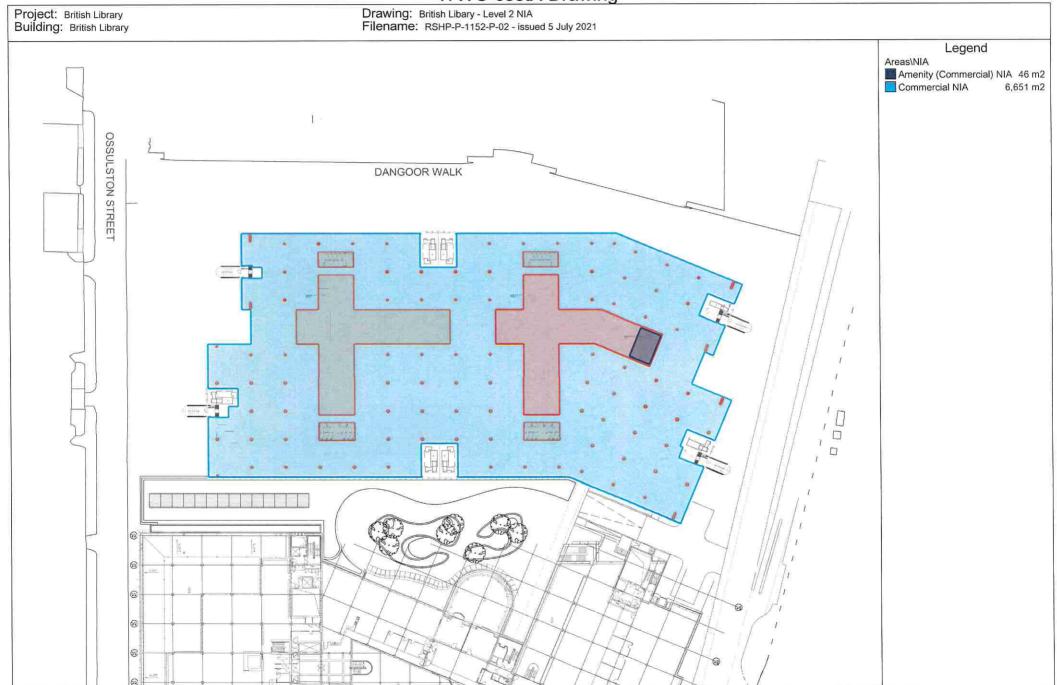


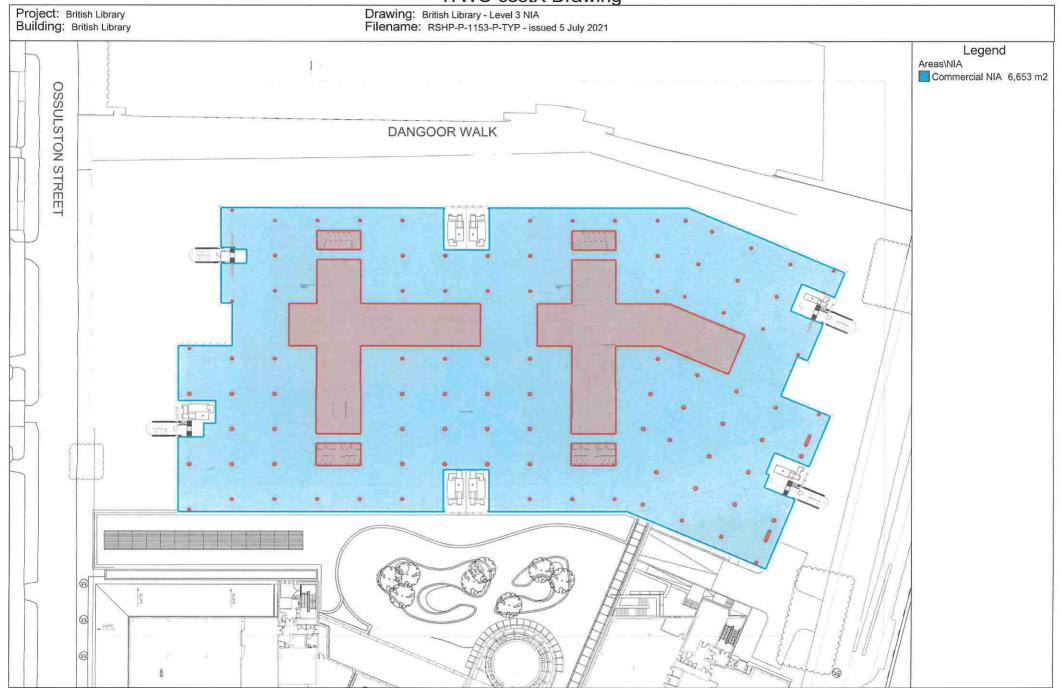


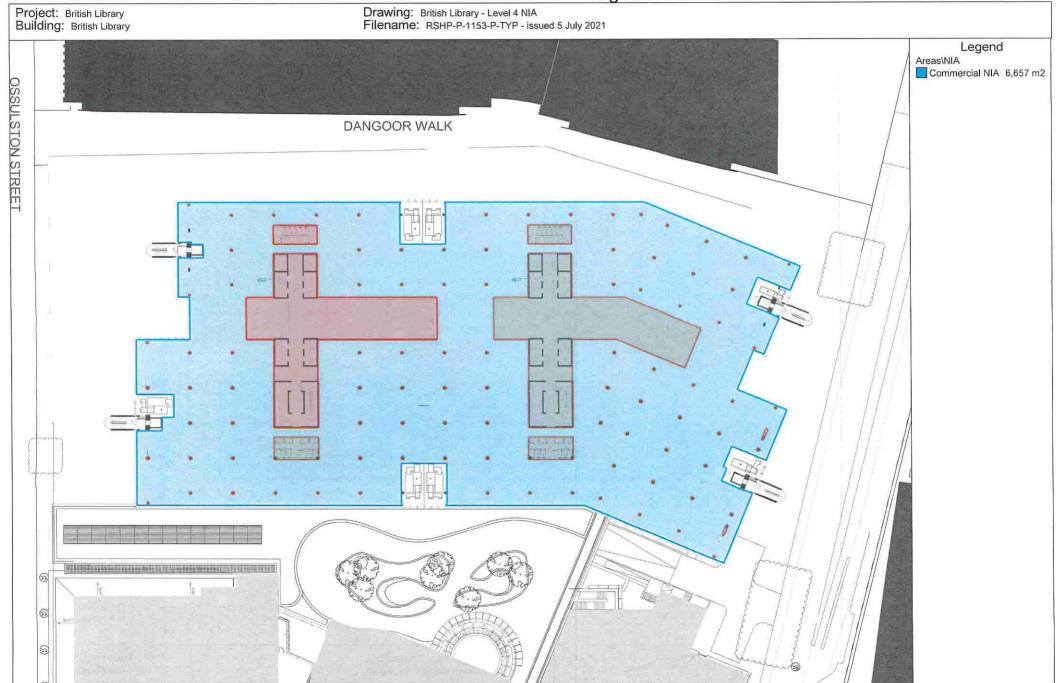
iTWO costX Drawing Drawing: British Library - Upper Ground NIA Filename: RSHP-P-1150-P-UG - issued 5 July 2021 Project: British Library
Building: British Library ANCIS CRICK Legend Areas\NIA Amenity (Commercial) NIA 401 m2 OSSULSTON STREET DANGOOR WALK M ROSE MANOR



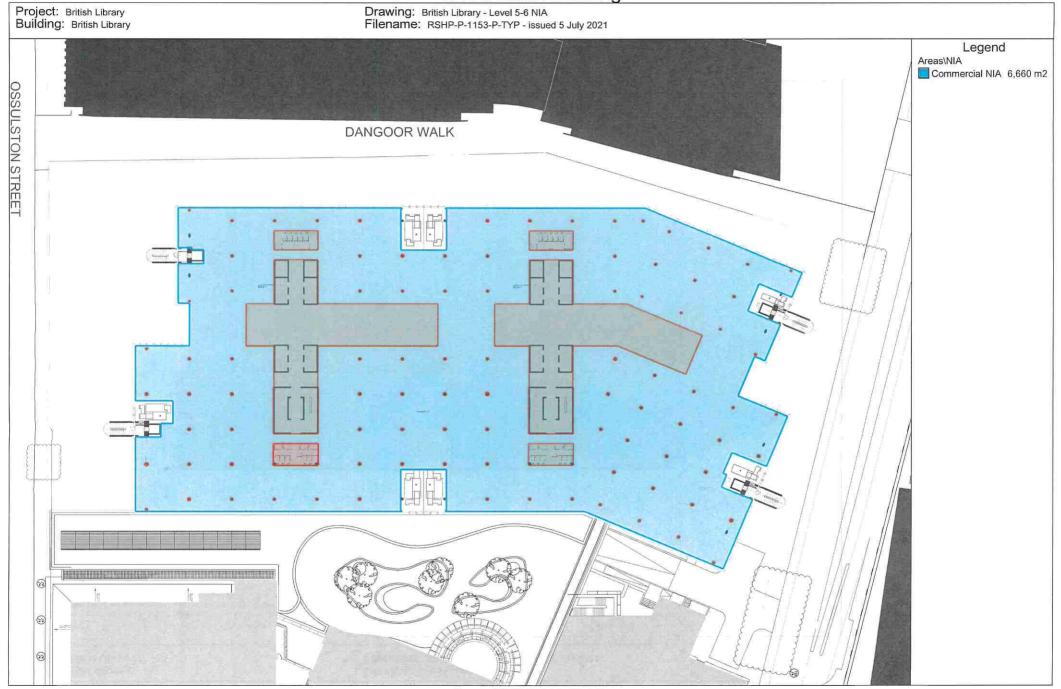
iTWO costX



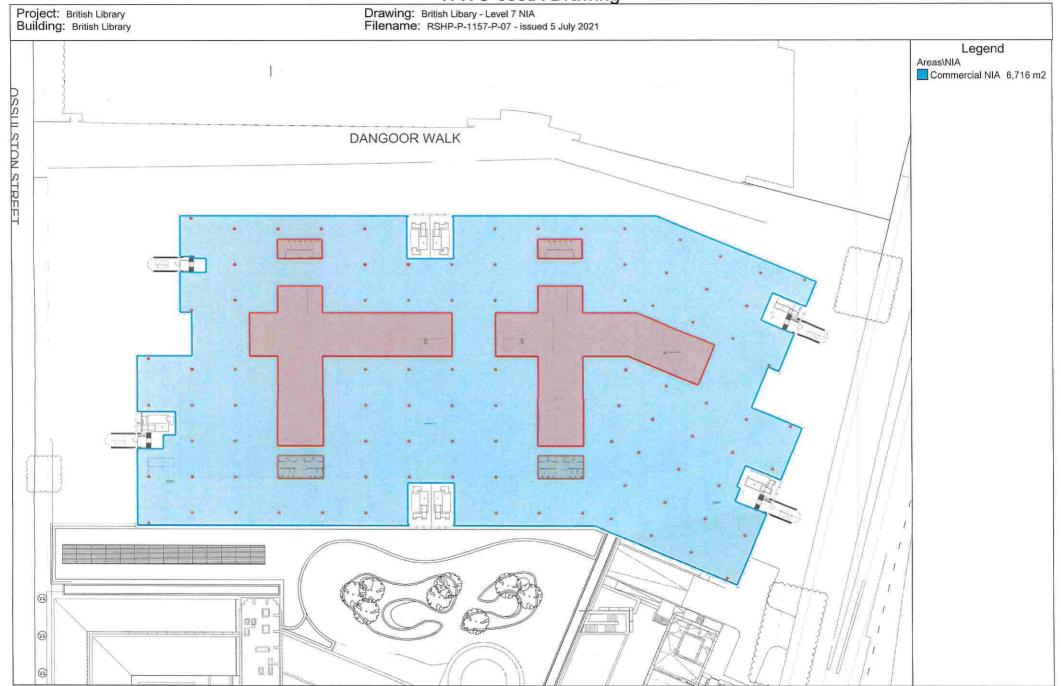


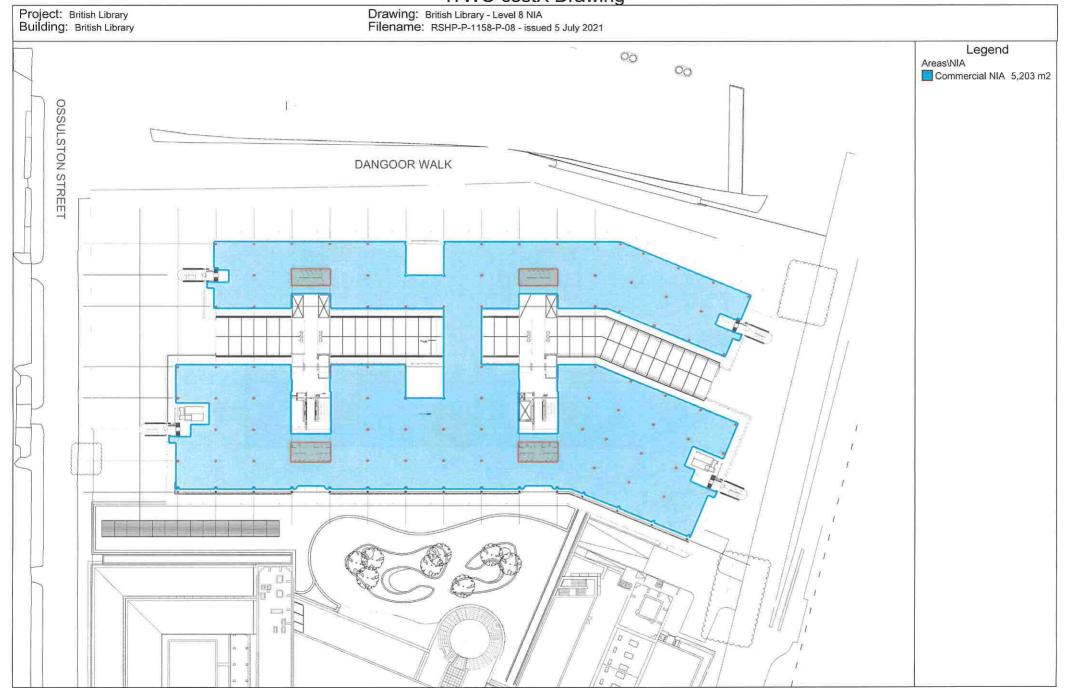


iTWO costX

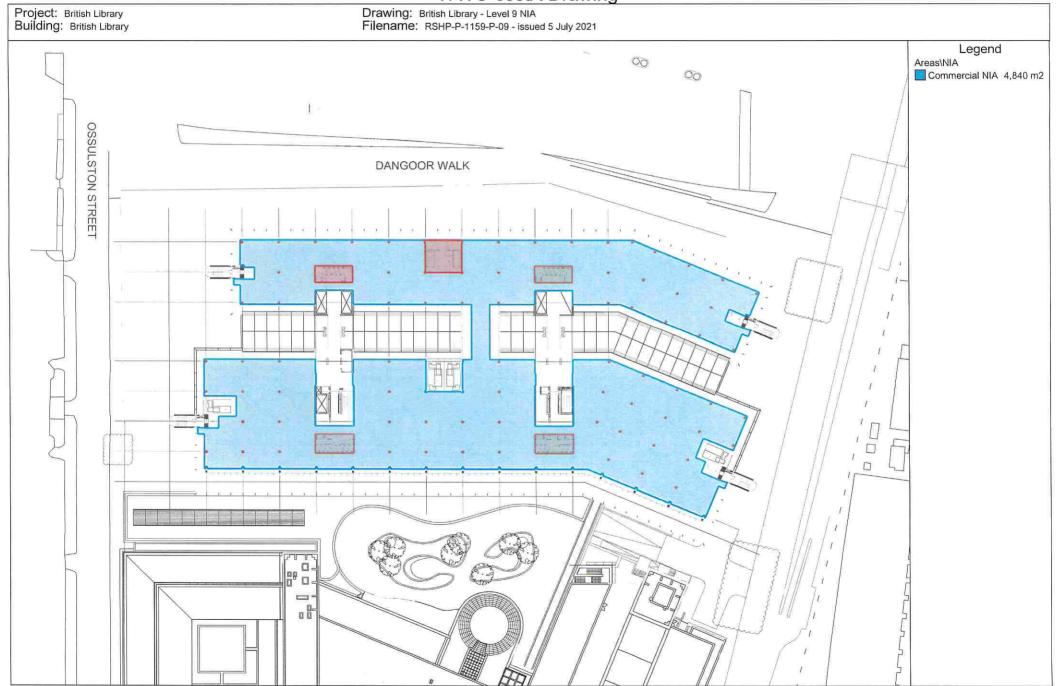


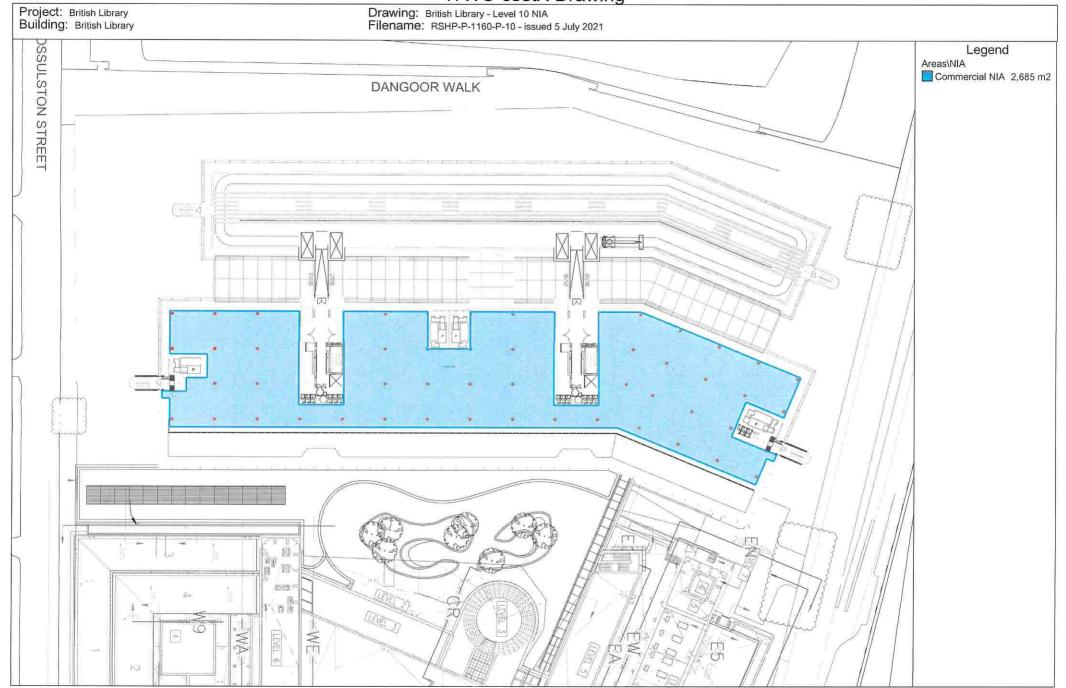
iTWO costX





iTWO costX





iTWO costX



Appendix 2: Commercial & Retail Market Report



British Library Site

Market Report for Financial Viability Assessment

October 2021

Contents

Q2 Market Headlines	3
British Library Site – comparables & likely terms	4
Prime Yield Series and Forecasts for Central London	7
Conclusion	9

Q2 Market Headlines

Central London:

- Central London take-up reached 1.6 million sq ft in Q2, up from 1.3 million sq ft in Q1 but 35% below the 10-year quarterly average of 2.5 million sq ft. The Q2 total was the highest figure since Q1 2020. This brought the year-to-date leasing volumes to 2.9 million sq ft, marginally below the 3.0 million sq ft recorded during the same period in 2020 but 38% below the 10-year H1 average of 4.7 million sq ft.
- The TMT sector acquired the most space in Q2 with a 31% share of take-up. This was followed by the professional services sector which had a share of 18% and public & administrative with a 17% share.
- Under offers increased quarter-on-quarter (+54%) to 2.3 million sq ft and are now 12% higher than the amount under offer in June 2020 (2.0 million sq ft). Whilst this is slightly below the 10-year quarterly average of 2.4 million sq ft it suggests that take-up will likely increase as we head into the second half of the year.
- Active demand increased by 27% to 9.7 million sq ft, and is now above the 10-year average of 8.7 million sq ft. The banking & financial sector was the most active with a 32% share, followed by professional services with a share of 26%.
- Total supply increased over the quarter to reach 20.1 million sq ft, the highest level since Q4 2004. The overall vacancy rate rose to 8.1% from 7.8% at the end of Q1 and remains above the 10-year average of 5.1%
- Investment volumes reached £3.1 billion during the quarter which was 15% below the 10-year quarterly average of £3.7 billion. This brought year-to-date volumes to £4.3 billion, 40% higher than H1 2020 (£3.0 billion) but 31% below the 10-year H1 average of £6.2 billion.

West End:

- Take-up volumes rebounded during the second quarter of the year reaching 793,000 sq ft across 47 deals, a quarter-on-quarter rise of 61%. The three months to June saw the highest quarterly take-up volumes since Q2 2019.
- This brought the year-to-date leasing volumes to 1.3 million sq ft, 28% higher than the total transacted in H1 2020 (1.0 million sq ft) but 25% below the 10-year H1 average of 1.7 million sq ft
- Boosted by the largest transactions of the quarter the TMT sector acquired the most space in Q2 accounting for 42% of quarterly take-up. The banking & financial sector remained active with a 18% share of Q2 take-up (146,000 sq ft transacted which was consistent with the previous quarter).
- Total space under offer almost doubled over the quarter to reach 1.03 million sq ft at the end of June and is 36% higher than the amount under offer during the corresponding period in 2020. Under offer space is now 43% ahead of the 10-year quarterly average of 721,000 sq f, suggesting that take-up will likely increase in the second half of 2021.
- Overall demand increased 28% to 5.0 million sq ft, and is now higher than the corresponding period in 2020 (4.7 million sq ft) and 3% higher than the 10-year average of 4.8 million sq ft.
- Active demand increased 38% during the quarter to 3.8 million sq ft and is now above the levels seen pre-pandemic. Active demand is 16% higher than the 10-year quarterly average of 3.3 million sq ft.
- Potential demand remained stable during the quarter at 1.2 million sq ft, and remains 23% below the 10-year quarterly average of 1.5 million sq ft.
- Total supply across West End submarkets fell over the quarter to reach 7.0 million sq ft at the end of Q2 after five consecutive quarters of upward pressure.
- The overall vacancy rate fell to 7.0% from 7.3% at the end of March 2021 and remains above the 10-year average of 4.1%.
- New supply increased slightly following the completion of a number of speculative schemes, most notably Ilona Rose House, WC2 (103,000 sq ft remaining available). As a result, the new build vacancy rate ticked up to 0.9% and is now marginally above the 10-year average of 0.8%.
- The amount of tenant-controlled space fell over the quarter after four consecutive quarters of increase to stand at 2.4 million sq ft at the end of June. Tenant-controlled space accounted for 34% of overall supply.
- Development completions totaled 1.2 million sq ft across 11 schemes, of which just 225,000 sq ft was speculative space.
- Investment volumes reached £830.3 million across 21 transactions in Q2, 54% above the previous quarter but below the 10-year quarterly average of £1.4 billion. This brought the year-to-date investment volumes to £1.37 billion, 3% lower than the £1.42 billion recorded during H1 2020 and 39% below the 10-year H1 average of £2.2 billion.

British Library Site

Recent Relevant transactions and market information:

Below are a selection of major relevant transactions over the last 20 months, confirming the rental tone being achieved in the local area.

Date	Transaction	Size (sqft)	Rent (psf)
Sep-20	Copyright Building sub-let to Netflix	86,852 (whole building)	£85
Aug-20	210 Euston Road, new lease to TOG	70,000 (Flrs Lg-7)	£75
Jun-20	2 Pancras Square, Assignment to AstraZeneca	21,961 (Flrs 8&9)	Passing rent £75psf. A significant, confidential, premium was paid by the assignee to secure this secondhand space.
May-20	Newman Str, new lease to Exane	40,000 (Flrs 5-7)	£100
Nov-19	338 Euston Rd new lease to Skyscanner	44,000 (Flrs 9-14)	£75
Jun-21	The Fjord Building, new lease to Cinch	20,471	£79.50
Oct-20	Rolling Stock Yard, new lease to Gyroscope	23,815	£64.50 (£200psf spent to Lab enable)
Mar-20	Rolling Stock Yard, new lease to Xero	10,650	£68.50

KX Supply:

As with many sub markets across the West End, one of the main limiting factors on headline rent going forward is the shortage of supply of new space in KX Central. The prime location Pancras Square is built out, resulting in occupiers being forced further north of Goods Way, which commands a lower rental tone in the area. Demand will there be forced further away from KX central where lower rents will be achieved.

KX Demand:

Whilst there has been a reduction in active demand during 2020, for the reasons stated, the long-term prospects for Central London and possibly Kings Cross remain positive.

Key named demand across the West End as follows -

Occupier	Size (sqft)
Microsoft	100-300,000
WPP	100- 200,000
Capital Group	200,000
Global Radio	150-200,000

Kantar Media	100-150,000
Warner Music	120-150,000
Blackstone	150,000
LABs	85-100,000
Vodafone	75–100,000
ENI Oil	50-70,000
Edelman PR	50,000

Life Sciences Demand:

The London Life Sciences market is immature with clusters of activity only starting to emerge across the Capital. However, London does have a strong 'life science fundamental' which, combined with its nascency as a market, indicates it has strong growth potential. This is further supported by the amount of capital being invested in the sector (both private and public – Q2 2021 saw £1.56bn of capital raised by the biotech sector and the Government have committed £1bn of public sector funding) together with the resultant employment growth of 16% year on year since 2015. Therefore, particularly with this site in mind it is reasonable to expect aspirations of enhanced value form the projected life sciences sector. Any scheme that is designed in this location should have the potential to accommodate this type of use.

British Library Scheme - Likely achievable Headline rents:

Floor	net (sq ft)*	Rent (psf)	Annual rent
L10	28,901	95.00	2,745,595.00
L9	52,097	90.00	4,688,730.00
L8	56,005	87.50	4,900,437.50
L7	72,290	85.00	6,144,650.00
L6	71,688	85.00	6,093,480.00
L5	71,688	82.50	5,914,260.00
L4	71,655	80.00	5,732,400.00
L3	71,612	77.50	5,549,930.00
L2	71,591	77.50	5,548,302.50
L1	13,433	75.00	1,007,475.00
UG	4,316	0.00	-
LG	-	0.00	-
Total:	585,276	82.57	48,325,260

*These net areas reflect a commercial occupancy only and have not been adjusted to accommodate lab enabling works. Analysis by Arup and Alinea indicates that by virtue of floors 2-7 being lab enabled floors, the net areas would reduce by c.10,000sq ft due to increased riser space.

We have not applied a rent per sq ft tot the Upper ground floor assuming that this will be general amenity space/business lounge for the whole building. In our view, this has a positive impact on the rents achievable throughout the building, our numbers have therefore reflected this.

Lease terms and Incentives:

Based on the current market, the nature of the British Library Scheme and likely demand profile today, our expectation would be to achieve a mixture of 10- and 15-year leases with incentives of c. 2.5- 2.8 months rent free incentive offered for every year committed; resulting in an incentive of 25-28 months rent free being the market norm for a 10 year term.

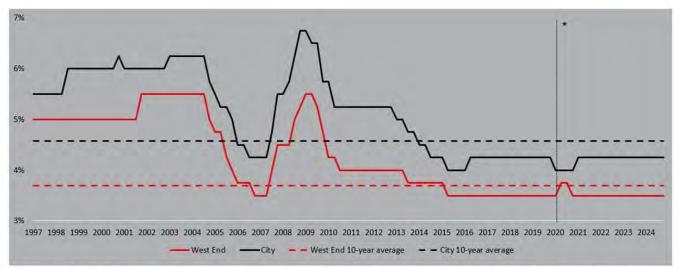
Retail

We note it is proposed that c. 5000sqft of retail is planned for the ground floor of the scheme. In our view the demand for this is likely to be convenience based or retail dedicated to serving the offices, Library and local community, quite possibly restaurant or leisure use. With this relatively restricted market in mind, we would expect a rental tone of c. £45psf for the accommodation. The table below details comparable evidence from similar major office schemes that form part regeneration of an area.

			RETAIL COMPARABL	.ES	
Date	Address / Location	Area (Sq ft)	Tenant(s)	Rent psf	Comments
					 5-year lease with a Tenant Option to break on expiry of year 3. Superior location within the City of
Q4 2020	Unit 3, Barts Square	952	Beers London (Art Gallery)	£47.20	London
03/2019	Unit 9, Barts Square, EC1	1,714	Kuash Ltd t/a Half Cup	£38.00	 Stepped global rent averaging £65,000 per annum for the first five years; 13 months rent free; Tenant mix driven letting ie liability limiting rather than driving capital value, albeit in a superior location within the City of London.
01/2018	20 Circus Road West, Battersea Power Station, SW8	1,997	The Coffee Works Project	£42.86	 Battersea Power Station Phase 1 24 months rent free Higher of base or 12% of Turnover; More peripheral location with iconic architecture 500,000 sq ft of offices pre-let to Apple.

The yields are referred to below. In terms of the retail space, due to the quantum of the retail relative to the total scheme size, any investor would apply a single yield to valuing the whole scheme rather than separating out the retail from the offices element.

Prime Yield Series and Forecasts for Central London



^{*}The definition for West End prime yields changed in May 2020. The prime yield was previously based on a lot size of under £10 million and this bracket was increased to £40 million which is more reflective of the market. As such, the uptick in the West End line in 2020 is due to a definitional change rather than a change in market conditions.

Despite the clear uncertainty that Covid has brought, not just to the economy, the employment markets and the future of offices, the general picture is one of relative stability, with global investors willing to pay strong prices for good quality, well located, well-let assets.

As a result, across Central London, we have experienced yields hardening for prime, best in class assets which offer long term secure income. This is being driven by an acute demand / supply imbalance, as well as the material margin London yields continue to offer in comparison to the equivalent returns achievable in prime French and German cities, where yields are consistently sub 3%.

Turning to The British Library site specifically, we recognise the strengths that the product and the location will offer, which in turn give us confidence in the end pricing of the asset once developed. However, the asset is a long leasehold interest of 160 years, which is geared, both of which should be reflected in the pricing. However, the scheme does have several positive attributes which must be accounted for:

- Located in a recognised Central London submarket
- Expected best in class newly developed assets
- Likely attractive to both office and life sciences occupiers
- Anticipated long income profile to good covenants

Accounting for the above we would anticipate the development achieving an exit yield of 4.25% NIY once complete and fully let. This view is supported by the comparable evidence detailed in the table below. However, this yield is tempered somewhat by the leasehold nature of the potential interest, the time to delivery and the element of affordable workspace that will be included within the scheme. Please see below a list of investment comparables supporting our view on pricing:

Date of Exchange	Property	Price (£m)	NIY	CV (psf)	Tenure	Area (sq ft)	Tenant(s)	Rent (psf)	Purchaser	Comments
Dec-20	Project Montagu Portfolio (75% Stake) - 10 Portman Sq / Marble Arch House 66 Seymour St/ York House 45 Seymour St, W1	£535.00	4.33%	£1,557	Long Leasehold	343,590	Multi Let portfolio consisting of 3 buildings. Gross rent: £25,277,707.	£68.58	Allianz	- 75% stake portfolio sale (inferior liquidity) - WE location, albeit MAH and YH front Edgware Road and are slighly periphery - Office rent reflects £80.45 psf and is rack rented, possibly over rented on a NE basis - Buildings are now slightly dated and will require cap ex within 3 years.
Dec-19	The Post Building, Museum Street, WC1	£607.50	3.96%	£2,011	Freehold	302,053	McKinsey & Company, Rothesay life, Nationwide Building Society.	£80.99	Ponte Gadea	- Superior location in close proximity to TCR station - Similar best in class new development - Large lot size - one of the largest single asset trades in the WE - Investment grade covenants and long term income - Rack rented with limited growth potential - Would anticipate BL trading at a discount to this yield to reflect location and tenure
Aug-18	160 Great Portland Street, W1	£127.35	4.08%	£1,325	Freehold	96,146	Double Negative	£57.72	Alduwaliya	- Historic transaction - Fitzrovia location - Inferior dated asset, with poor floor to ceiling heights and floor plate configuration - Superior freehold tenure - Would expect BL to trade at a discount to this yield due to location and tenure
Jun-17	The Copyright Building, Berners Street, W1	£165.00	4.17%	£1,539	Long Leasehold	107,198	Capita	£68.47	Union Investment	- Historic transaction - 127 year LLH interest at 12.50% gearing. This level of gearing would deter some investors - Similar best in class new development in a superior location - Single let offices for a term of 20 years - We would expect BL to trade at a discount to this yield
Feb-17	Rathbone Square, W1	£435.00	4.02%	£1,792	Freehold	242,800	Facebook	£73.31	Deka	- Superior location in close proximity to TCR station - Similar best in class new development - Investment grade long term income - Rack rented with limited growth potential - We have witnessed yield compression for this type of investment profile since date of transaction - Would anticipate BL trading at a

										discount to this yield to reflect location and tenure
Nov-16	(50% Stake) 1 & 2 Fitzroy Place, W1,	£217.10	4.25%	£1,808	Freehold	248,905	Multi-let incl. Estee Lauder, Allfrunds Bank, Volterra Fietta and LendInvest.	£75.33	Ashby Capital	- 50% stake sale (inferior liquidity) - Dated transaction - yield compression since this date - Superior freehold tenure, however this is negated by stake sale - Similar, best in class new development - Superior location, albeit Fitzrovia was less established as a submarket at the point of sale - We would expect BL to trade at a similar NIY.
Apr-15	95 Wigmore Street, W1,	£222.40	3.44%	£2,209	Freehold	102,954	Offices: Bridgepoint Advisers Ltd, Pyford International Ltd, Lane, Clark & Peacock LLP Retail: multi- let	£78.51	UBS Asset Management	- Superior freehold tenure - Historic transaction, albeit at a 2015 high in the market cycle - Long date income - WAULT of 12.83 year to expiries (10.48 to breaks) - Superior NOX location and in close proximity to Portman Square - Similar best in class new development - We would expect BL to trade at a discounted NIY.

Conclusion

Despite the current global and economic challenges, for the reasons above we are confident in the success of the Library site, whether based on Life Sciences or as a pure office scheme. However, there is no doubt that with the site's location at the very heart of the knowledge quarter, in our opinion it is most probable that the space will attract a whole range of life science-based companies from local start-ups to internationally recognised global names. In all likelihood, the development of this site will make a significant contribution to 'UK PLC' in the future.

Appendix 3: Third Party Costs

Information is regarded as commercially confidential and can be provided on request on this basis

Appendix 4: St Pancras Transform / Decant Costs / Ground Rent Justification

Information is regarded as commercially confidential and can be provided on request on this basis

Appendix 5: Finance Cost Justification



Finance Rate Justification



Finance Costs

- 1.1 The finance rate applied in the appraisals represents a total cost of capital in financing the Scheme. The rate that has been adopted represents the combined cost of both debt and equity financing. When broken down, the debt element of the cost of finance includes a margin and risk premium above a 5-year swap rate. The equity element should in theory reflect an equity return which when combined with the debt element sums to the weighted average cost of capital (WACC). The equity element of the finance cost is also considered in view of the development return, which is the amount of profit a scheme is producing. It follows that to avoid double-counting, the finance cost should broadly consist of debt finance plus a margin to reflect the more costly equity whilst the developer return is reflected in the development profit.
- 1.2 Business School (formerly Cass) Commercial Real Estate (CRE) Lending Report Mid-Year 2020 (formerly conducted by De Montfort) collates a sample of the conditions under which lenders offer development finance.
- 1.3 The survey which has been running for twenty years comments on the changes in the commercial real estate lending cycle over the period since 1999 as follows:
 - Throughout the 20 years that the survey has been operating there has been
 a strong correlation of 2:1 between real estate transactions and loan
 origination. In other words, for every £1 in real estate transactions 50p is
 generated in loan origination.
 - The survey notes that there appears to be no enduring connection between transaction volumes and the "health" of the market, measured in terms of movements in capital values.
 - The exception to this norm is seen in the years leading up to and even through the start of the market crisis during which loan origination significantly exceeded the level that could be expected from market activity and continued even whilst capital values fell.
 - The result of the extreme lending market was a wave of loan defaults which peaked in 2012 and only returned to normal levels by 2016 approximately ten years after capital values reached their highest levels.
 - The Mid-Year 2020 survey reports a 34% YoY fall in property transactions and loan originations in H1 2020. This was a second consecutive year of declining investment and debt transactions.



1.4 A minority of the lenders surveyed are actively targeting development lending with fewer lenders yet targeting speculative schemes and residential development. Development lending margins have been increasing since 2015 which was the lowest point since before 2008. Margins are now considered high when compared to both pre-2008 levels and the period from 2010 to 2015. The survey speculates that the sentiment surrounding Brexit could be the cause for the further increase in lending margins during 2019. Even residential developments have been subject to an increase in lending margins which have increased by 34 bps during 2019. The exception to the increase is fully pre-let schemes.

	Banks											
	LTC %	Margin bps	Upfront fee bps	Exit fee bps								
Commercial Pre-let	40-85	250-450	100-230	100-150								
Commercial partial pre-let	40-80	275-500	100-150	150-200								
Commercial speculative	45-60	300-375	100-125	125-300								
Residential development	40-85	275-750	100-150	100-200								
		Debt Funds										
	LTC %	Margin bps	Upfront fee bps	Exit fee bps								
Commercial Pre-let	50-90	325-1200	100-155	100-200								
Commercial partial pre-let	50-90	400-1200	100-150	150-200								
Commercial speculative	55-80	450-1300	100-150	150-200								
Residential development	50-90	300-1300	100-150	100-200								

Source: Business School (formerly Cass) Commercial Real Estate (CRE) Lending Report MY2020





Chart 1: All Lenders Residential Development Lending Margin

- 1.5 According to Business School, pre-let development margins can start from 250 bps for LTC levels of 40 85% and from 300 bps for speculative schemes. For residential schemes margins can start from 275 bps.
- 1.6 The UK CRE lending market has seen a rising number and range of lenders. These include new small debt funds launched by asset management firms and less conventional lending channels such as peer-to-peer lending by pension funds and to a limited extent crowdfunding platform for both investment and development loans.
- 1.7 Given that senior debt is generally offered at 50% to 90% of cost of development projects, the remainder of project financing will, in most cases, be comprised of equity and in some cases varying levels of junior debt, mezzanine debt.
- Junior debt and particularly mezzanine debt are typically provided by specialist platforms, and a lack of available research exists as to average lending criteria. The IPF, for example, states that "mezzanine finance is not a product that many banks provide" and "this type of finance is typically associated with projects funded on a profit share basis".
- 1.9 Given the lack of available research and idiosyncratic nature of subordinate debt arrangements for real estate development funding, we have omitted this from our



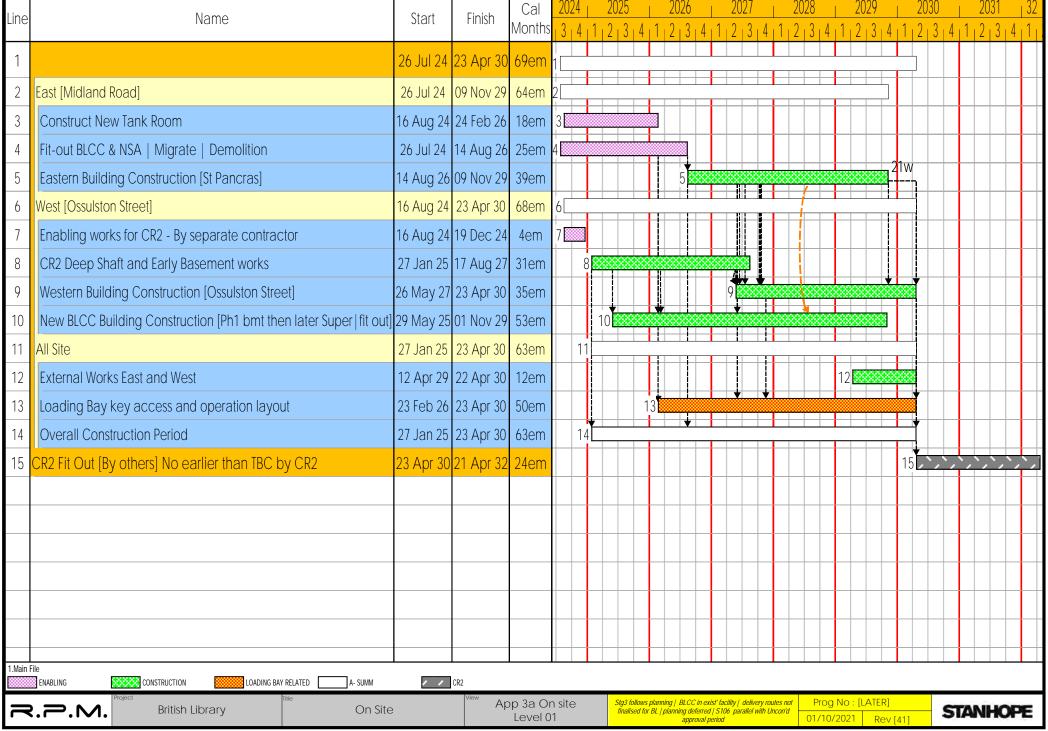
- assessment of the market rate for development finance. The remaining project cost not provided by senior debt is therefore assumed to be equity financed.
- 1.10 The Bank of England raised interest rates in 2017 and 2018 from the historic low of 0.25% to the 0.75%. In response to the COVID-19 pandemic, the Bank of England cut interest rates to a new and unprecedented low of 0.1%.
- 1.11 The impact of COVID-19 on the future availability and cost of finance remains subject to material uncertainty. The Business School survey reports that "following five years of stability, political changes and the economic effect of COVID have started a new downward cycle."
- 1.12 The Mid-Year 2020 survey reports low default levels but warns that experience from the 2008 recession indicates that the impact of the pandemic will only become clear after a further 6-12 months. Following the GFC defaults only peaked in 2010/11.
- 1.13 Considering the market uncertainty, we have adopted a total cost of capital for financing the Scheme of 6.5%. The total cost also takes into account arrangement, monitoring and related fees.
- 1.14 This finance rate is subject to a higher degree of uncertainty than usual and therefore we recommend that this is kept under review. We also reserve the right to revise this figure should more evidence come to light.

Table 2: Finance rate adopted

Description	Allowance
Finance Rate	6.5%

Source: Gerald Eve

Appendix 6: Programme



Appendix 7: EUV Valuation

Information is regarded as commercially confidential and can be provided on request on this basis

Appendix 8: Land Comp Analysis

Appendix 10

Land Comparables: Land Consented for Office Development Adjusted to BL Site

	imparables. Land Consented for C												Aujusteu to DE 3	
Ref.	Site	Date Purchased	Price Paid	Adjusted for Planning	Title Ref No.	Acreage	Price per Acre	Application	Submission Date	Status	Office Sq Ft	Price per Sq Ft (£m)	Price per Acre	Price per proposed office space
Subject	British Library Site					2.8					570,960			
1	Belgrove House, Belgrove Street, London, WC1H 8AA	Sep-20	£41,490,000	£41,490,000	27218	0.75	£55,320,000	Redevelopment of Belgrove House as a part 5 part 10 storey building plus 2 basement levels for use as office and research and laboratory floorspace; with café, flexible retail and office floorspace at ground floor; an auditorium at basement; incorporating step free entrance to Kings Cross Underground station in place of two entrance boxes along Euston Road	Aug-20	Permission granted in Feb-21	273,188	£152	£154,896,000	£86,713,657
2	Marylebone House, 129 - 137 Marylebone Road, Westminster, London, NW1 5QD	Jun-20	£51,000,000	£51,000,000	LN44141	0.43	£118,604,651	Demolition and redevelopment of the mews building, partial demolition of the 1960s building and roof extension, facade alterations to the 1930s building all in connection with continued Class E use	Nov-20	Permission granted in Jul-21	99,566	£512	£332,093,023	£292,458,872
3	6a St Pancras Way, London	Mar-20?	£78,750,000	£78,750,000		2.41	£32,676,349				600,000	£131	£91,493,776	£74,938,500
4	The Lantern, 67 - 87 Hampstead Road, NW1 (Stephenson House)	Jul-19	£105,700,000	£84,560,000	LN86642	1.05	£80,533,333	Extensive internal and external refurbishment of Stephenson House to provide a ground plus 7 storey building containing 18,181sqm (GIA) of office (B1) floorspace, 904sqm (GIA) of flexible office/healthcare (B1/D1) floorspace, 857sqm (GIA) of retail (A1) floorspace, 118sqm (GIA) of cafe (A3) floorspace and 17 residential (C3) units (total 2130sqm GIA), comprising 11 market units (1x1 bed, 6x2 bed, 4x3 bed) and 6 affordable units (3 x2 bed and 3x3 bed).	Jul-17	Q1 2022	205429	£412	£225,493,333	£235,022,174

Appendix 9: Proposed Scheme Appraisal

British Library - Lab Enabled Scheme

British Library - Lab Enabled Scheme

Appraisal Summary for Phase 1

Currency in £

REVENUE

REVENUE						
Rental Area Summary		640	D . D . 60	Initial	Net Rent	Initial
Commercial Shell & Core / CAT A	Units 1	ft² 570,756	Rent Rate ft ² 82.43	MRV/Unit 47,047,417	at Sale 45,635,995	MRV 47,047,417
Retail	1	5,769	45.00	259,605	251,817	259,605
Commercial (ATI) - CAT A Fit Out	1	10,957	77.50	849,168	823,692	849,168
Totals	3	587,482			46,711,504	48,156,190
Investment Valuation						
Commercial Shell & Core / CAT A						
Market Rent	45,635,995	YP @	4.2500%	23.5294		
(2yrs 1mth Rent Free)		PV 2yrs 1mth @	4.2500%	0.9169	984,600,663	
Retail						
Market Rent	251,817	YP @	4.2500%	23.5294		
(2yrs 1mth Rent Free)		PV 2yrs 1mth @	4.2500%	0.9169	5,432,971	
Commercial (ATI) - CAT A Fit Out						
Market Rent	823,692	YP @	4.2500%	23.5294		
(2yrs 1mth Rent Free)		PV 2yrs 1mth @	4.2500%	0.9169	17,771,239	
Total Investment Valuation					1,007,804,873	
GROSS DEVELOPMENT VALUE				1,007,804,873		
Purchaser's Costs Effective Purchaser's Costs Rate		6.80%	-68,530,731			
Effective Purchaser's Costs Rate		6.80%		-68,530,731		
NET DEVELOPMENT VALUE				939,274,141		
NET DEVELOPMENT VALUE				939,274,141		
NET REALISATION				939,274,141		
OUTLAY						
ACQUISITION COSTS						
BL - St Panc Reform		18,000,000				
BL - Decant		6,234,270				
Total Acquisition			24,234,270	24,234,270		
				24,204,270		
CONSTRUCTION COSTS			_			
Construction	Units	Unit Amount	Cost			
Commercial - Amenity Space Allowance	1 un	1,404,300	1,404,300			
Library - MEP	1 un	8,835,000	8,835,000			
Library - Contribution to Fit Out	1 un	24,000,000	24,000,000			
CR2 (Below basement 1 level) External Works	1 un 1 un	35,991,000 11,625,000	35,991,000 11,625,000			
Describing Freshier Leading Describing	1 011	17,020,000	17,020,000			

Demolition - Enabling, Loading Bay & Pavillion 17,623,500 17,623,500 1 un Lab Enabling Works 1 un 11,997,000 11,997,000 BL Fit Out Contribution Fees 3,370,000 3,370,000 <u>1 un</u> **Totals** 114,845,800 ft² Build Rate ft² Cost Commercial Shell & Core / CAT A 729,651 309.71 225,980,700 Commercial (ATI) - CAT A Fit Out 12,174 530.93 6,463,500 Library - Podium 71,085 287.82 20,460,000 Basement Cost - Commercial 75,928 623.45 47,337,000 Basement Cost - Crossrail 35,833 451.59 16,182,000 CR2 Podium 238.09 2,883,000 12,109 Tank Farm 5,296 807.78 4,278,000 Library - BLCC Base Build & Fit Out 28,762 865.91 24,905,400 Library - Outside Site Boundary 452 1,378.54 623,100 Podium - Retail, Commercial Foyer & BL Foyer 35,385 13,206,000 373.21 **Totals** 1,006,675 ft² 362,318,700 Contingency 33,855,500

APPRAISAL SUMMARY British Library - Lab Enabled Scheme MCIL 8,882,820 BCIL 8,144,910 S106 Pot 1.00% 9,637,384 537,685,114 PROFESSIONAL FEES Professional Fees (12.65% on base) 12.65% 60,361,309 60,361,309 **MARKETING & LETTING** Marketing 1.00% 10.078.049 Letting Agent Fee 10.00% 4,671,150 Letting Legal Fee 5.00% 2,335,575 17,084,774 **DISPOSAL FEES** Sales Agent Fee 1.00% 10,078,049 Sales Legal Fee 0.50% 5,039,024 15.117.073 **FINANCE** Debit Rate 6.500%, Credit Rate 0.000% (Nominal) 11,428,152 Land Construction 102,175,478 20,017,240 Other **Total Finance Cost** 133,620,870 **TOTAL COSTS** 788,103,410 PROFIT 151,170,731

GERALD EVE LLP

Performance Measures

Profit on Cost% 19.18% Profit on GDV% 15.00% Profit on NDV% 16.09% IRR% (without Interest) 12.63%

APPRAISAL SUMMARY

GERALD EVE LLP

British Library - Lab Enabled Scheme

Net MRV at Sale 45,635,995 251,817 823,692 46,711,504

