Valuation Advisory

Financial Viability Assessment

Aviv Riverview Ltd

Lupin House, 11-13 Macklin Street, London, WC2B 5NH

September 2022

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1. Executive Summary

This Financial Viability Assessment ("FVA") has been prepared by JLL on behalf of Aviv Riverview Ltd, (the "Client"/ the "Applicant"), in relation to Lupin House. It has been prepared to support the planning application associated with the proposed re-development of the site. It considers, in an open book format, the financial viability of refurbishing the existing office accommodation taking into account development costs and anticipated values upon completion.

The Residual Land Value derived through the detailed viability assessment is considered within the context of the appropriate benchmark value. JLL has undertaken a valuation of the site on the basis of its Existing Use. Costs, values and timescales associated with the delivery of the scheme have been considered in detail and supported by specialist input from third party consultants where appropriate. Values and costs are current day and non-inflationary. The appraisals have been modelled using recognised residual appraisal software - Argus Developer.

This assessment has been prepared to support the applicant's planning application for the redevelopment of the subject building to deliver office accommodation over the ground, mezzanine and first floors with 12x new residential apartments over the second to fifth floors, behind the existing façade.

In accordance with Policy E2 of the Camden Local Plan 2017, Planning Officers oppose the loss of employment floorspace without suitable justification and evidence. In particular, they have requested that the applicant has *"considered whether some refurbishment of the employment space would enable it to viably retain its current use."* Such proposals are dealt with within our FVA dated July 2022.

We have undertaken an appraisal to demonstrate the Residual Land Value for the proposed redevelopment scheme. The Residual Land Value for this scheme is £6,864,686 which, when compared to the Benchmark Land Value of £7,842,000, results in a current deficit of -£977,314. Despite this the applicant is committed to delivering the scheme as proposed. The scheme cannot sustain any on site or in lieu cash contributions towards affordable housing.

A simplified summary of the appraisal is provided below:

Appraisal Inputs	Amount	Comment
Revenue		
Net Development Value	£22,466,052	Total revenue received from sales of individual private units and commercial property
***Less* Costs**		
Construction Costs	£7,569,521	Cost of construction by a contractor
On Costs	£4,182,738	Land Acquisition Costs, Contingency, Professional Fees, Disposal Costs, S106/CIL, and Finance Costs
Profit / Risk Return	£3,849,107	Profit / Risk Return required to undertake the project
=		
Residual Land Value	£6,864,686	This is the amount left after all revenue and costs (including profit requirement) are accounted for.
Compared to		
Benchmark Land Value	£7,842,000	Appropriate land cost, having regard to planning policy and disregarding amount paid.

2 Introduction

2.1 Overview

This report has been prepared by JLL on behalf of Aviv Riverview Ltd ("Aviv", the "Client" or the "Applicant") to support a planning application which relates to the proposed re-development of Lupin House, 11-13 Macklin Street, London (the "site").

This assessment has been prepared to support the applicant's planning application for the redevelopment of the subject building to deliver office accommodation over the ground, mezzanine and first floors with 12x new residential apartments over the second to fifth floors, behind the existing façade.

In accordance with Policy E2 of the Camden Local Plan 2017, Planning Officers oppose the loss of employment floorspace without suitable justification and evidence. In particular, they have requested that the applicant has *"considered whether some refurbishment of the employment space would enable it to viably retain its current use."* Such proposals are dealt with within our FVA dated July 2022.

This assessment considers the development proposal. A feasibility design has been prepared by the project architects Apt setting out how the existing commercial floorspace can be refurbished while addressing some of the key issues that have it limited the market appetite of the existing commercial space.

2.2 Report Structure

The structure of this Viability Assessment is as follows:

- Section 3 provides an introduction to the site;
- Section 4 sets out the details of the existing property;
- Section 5 outlines local and national planning policy;
- Section 6 sets out the details of the proposed scheme;
- Section 7 provides details of the methodology used to assess the viability of the proposed scheme, including details of the site benchmark value;
- Section 8 details the benchmark land value;
- Section 9 details the values associated with the private residential uses;
- Section 10 details the values associated with the commercial floorspace;
- Section 11 sets out details of the build costs and development programme;
- Section 12 sets out the appraisal assumptions; and
- Section 13 outlines the viability results and conclusions.

2.3 Key Information Relied Upon

We have been provided with, and relied upon, the following key information:

- Pre-application Response (LB Camden, March 2022)

- Area Referencing Report (Hollis, dated June 2021)
- Proposed Scheme Design & Access Statement (Apt, dated 24 June 2022)
- Tenancy & Lease details (Aviv Riverview Ltd, dated 25 December 2021);
- Commercial Feasibility Study (Apt, dated 24 June 2022)
- Accommodation Schedule (AHR, dated 15 June 2022);
- Proposed Cost plan (Gardiner & Theobald, dated 01 July 2022);

2.4 Status

This report and its contents have been prepared specifically to support the planning application and viability discussions in respect of the proposed redevelopment of the site. The report and appraisals may be used to inform negotiations between the Council and the Applicant regarding affordable housing and financial planning contributions.

This report complies with the RICS Professional Statement 'Financial viability in planning: conduct and reporting' (1st Edition, May 2019). We can confirm that all RICS members inputting into this assessment have acted objectivity, impartially, without interference and with reference to all appropriate available sources of information. We are not involved with area-wide assessments within the borough. Furthermore, in preparing this report, no performance related or contingent fees have been agreed.

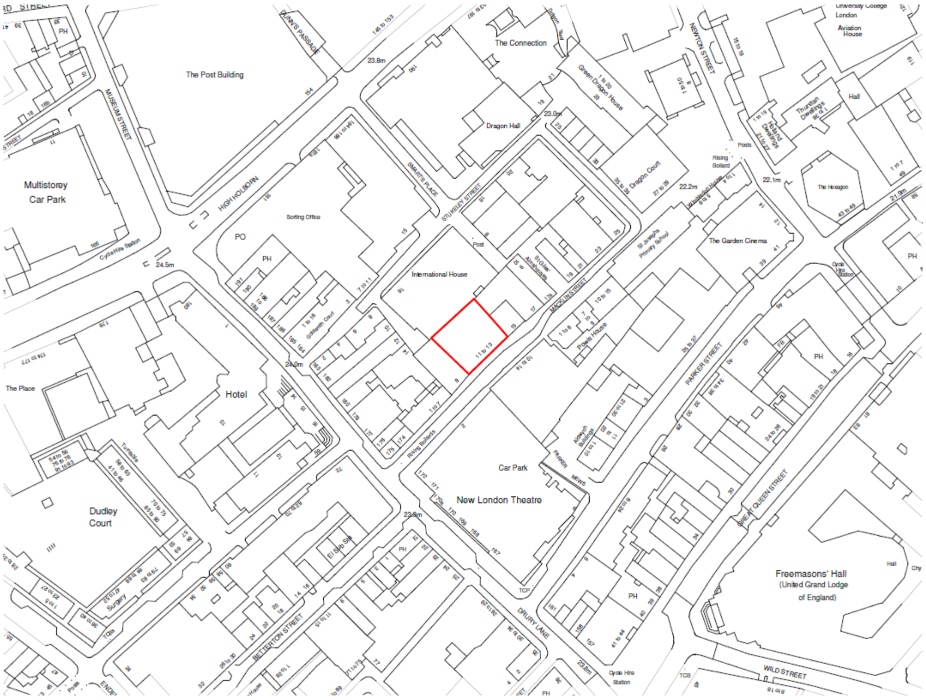
This report does not comprise a valuation and therefore has not been produced in accordance with the RICS Valuation Standards – Global Standards 2022 or the RICS Valuation – Global Standards 2022 – UK national supplement (The RICS Red Book UK National Supplement): effective 22 January 2022. The advice contained herein cannot be used for purposes other than those mentioned, including loan security purposes and may not be used or duplicated without the prior written consent of JLL.

The report is prepared in accordance with the National Planning Policy Framework 2021 ("NPPF"), the Planning Practice Guidance ("PPG") on Viability and the RICS Guidance Note on 'Assessing viability in planning under the National Planning Policy Framework 2019 for England Background' (1st Edition, March 2021).

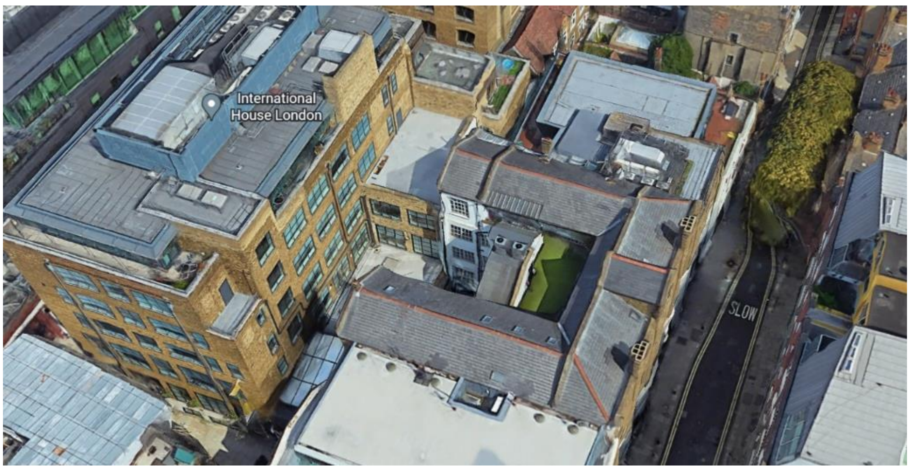
3. Background

3.1 Site Description

Lupin House, 11-13 Macklin Street, is a five-storey building positioned on the north side of Macklin Street towards the middle of the street. The building has a ground, mezzanine, first, second, third, and fourth floor. The building's principal façade is on Macklin Street, with its rear façade facing the rear of International House on Stukeley Street. The building is surrounded at all sides, bar its principal façade, by other adjoining buildings.



The property has a U-shaped building envelope, with an external lightwell to the rear of the building within the 'U', exposed to the rear façade of International House. The building's roof has a hipped, mansard pitch at the front, also pitching at the sides, and finished with gable ends at the rear to each wing. The building has a mixed use, with commercial floorspace at ground to third floor level (Use Class E), and four self-contained residential flats (Use Class C3) located at fourth floor level. The building is currently part-vacant, with only the ground, mezzanine, and part-first floor in commercial occupation.



The Site is located within the Seven Dials Conservation Area but is not statutorily or locally listed.

Macklin Street comprises a mixed area with residential apartments predominately occupying the upper floors of either former industrial buildings or entire buildings such as the former London County Council social housing buildings: 'Winter House Gardens' and 'Powis House' estate. Commercial businesses typically occupy the lower ground floors of the buildings, mostly towards the western end of Macklin Street. St Joseph's Primary School is also located to the north-eastern end of Macklin Street. Generally, Macklin Street is composed of several buildings of different types pertaining to different eras and reflecting the area's rich and ever-changing history. In office terms Macklin Street can be described as an off pitch location within the Covent Garden office sub-market.

3.2 Communications

The immediate area is served by Drury Lane running diagonally north west to/from south east and Long Acre running north east to/from south west. The Kingsway heading north-south and High Holborn (A40) running east-west respectively provide access to the surrounding areas. Junction 1 of the M4 Motorway is located approximately 7 miles to the west. Heathrow International Airport is located 14 miles south east.

The Site has excellent public transport links and has a public transport accessibility level (PTAL) rating of 6b 'Excellent' (6b being the highest score). The Site is within approximately 4 minutes walking distance of Holborn London Underground Station (Central & Piccadilly) to the north east and 5 minutes to Covent Garden (Piccadilly) to the south west. Tottenham Court Road (Central, Northern & Elizabeth lines) is a circa 9 minute walk north west.

3.3 Amenities

To the west of Macklin Street lies Drury Lane, marking the eastern boundary of Covent Garden and connecting Aldwych and High Holborn. The street is home to a mixture of uses including the famous Theatre Royal and other entertainment and hospitality uses including restaurants, karaoke, and comedy clubs.

Seven Dials is located 0.2 miles directly south west. It comprises a number of faishon outlets, bars and restaurants as well as the Cambridge Theatre. Covent Garden is located 0.3 miles south of Lupin House. It comprises a well known shopping and entertainment hub popular with tourists. It is home to the Royal Opera House and the London Transport Museum.

The nearest public open space is Lincoln 's Inn Fields which is located 0.2 miles west.

4. Existing Property

4.1 Existing Property

Lupin House comprises a former warehouse built in the latter half of the 19th century and converted to offices and residential in the 20th.

Currently the building has a mixed use, with commercial floorspace at ground to third floor level (Use Class E), and four self-contained residential flats (Use Class C3) located at fourth floor. The building is currently part-vacant, with only the ground, mezzanine, and part-first floor in commercial occupation. The residential units are let and occupied on Assured Shorthold Tenancies (ASTs).

The building in its current form is rather dated and poorly configured. The building lacks key services and facilities, including proper lifts, cycle storage and shower facilities. The building currently has one goods style lift used by both commercial and residential occupiers.

The entrance is unimpressive at present, with both the residents and occupants of the commercial floorspace having to use and share the same access points and circulation spaces. The office does not benefit from any designated landing space on each floor, and there is no main entrance reception and lobby to welcome visitors and users.


Front Facade of 11-13 Macklin Street


Looking West Up Macklin Street Towards the Site

Macklin Street Looking North-East


The Neighbouring Property Adjacent to Lupus House

The total Gross Internal Area of the property is 1,625.3 sqm (17,494 sqft). Floor plans are included at Appendix 1.

4.2 Commercial Accommodation

The commercial accommodation is located at the ground, mezzanine, first, second and third floor levels. The majority of the third and the whole of the second floor have been stripped out. The remaining areas are in a good lettable condition but the fit out, while fine, is traditional and somewhat basic comprising strip lighting, perimeter trunking, and wall hung radiators with some partitioning for meeting rooms. There is no comfort cooling or air conditioning in the principal building spaces.

In terms of the office layout, the floorplates are deep and, with the exception of the first floor, ceilings low, coupled with small windows, resulting in poor natural daylight and sunlight. A number of downstands and structural support arches further limit the space.

Photographs are included at Appendix 2.

The table below summarises the accommodation:

Unit	Tenant / Condition	NIA sqm	NIA sqft
Ground Floor West	Cyclefit	119.3	1,284
Mezzanine West	Cyclefit	18.5	199
Ground Floor East	*Covent Garden Laminates*	129.3	1,392
Mezzanine East	*Covent Garden Laminates*	28.4	306
First Floor West	Maxim Computer Graphics	114.2	1,229
First Floor East	Maxim Computer Graphics	130.7	1,407
Second Floor West	*Vacant & Stripped Out*	109.3	1,176
Second Floor East	*Vacant & Stripped Out*	123.1	1,325
Third Floor (West Front)	Latin Mass Society	72.0	775
Third Floor (West Rear)	*Vacant & Stripped Out*	49.7	535
Third Floor (East)	*Vacant & Stripped Out*	135.5	1,459
Total		**1030.0**	**11,087**

4.2 Residential Accommodation

The residential accommodation is located on the 4th floor. The 4th floor is accessed from the same entrance and core on the ground floor as the commercial with the individual apartments accessed from a shared external terrace on the 4th floor.

The flats comprise a studio, 2x one bedroom and a two bedroom apartment. Flat 1 is an undersized but well lit one bedroom flat with dual aspects, overlooking Macklin Street to the front and the terrace to the rear. Flat 2 is a reasonable sized two bedroom flat. It is similarly well lit with dual aspects. It benefits from a family bathroom, separate en suite to the master bed and mezzanine floor over the bathroom and second bedroom. Flat 3 is a studio with a mezzanine floor over the sleeping area and bathroom, providing an additional bedspace or storage space. It is dual aspect facing onto the central light well and rear of the building. Flat 10 is a large one bedroom flat with a large bathroom, overlooking the buildings to the rear of the property.

The flats are all in good condition and are finished to a good specification. This includes wood flooring to principal areas, carpeted bedrooms and mezzanine areas, fully tiled bathrooms, built-in wardrobes to bedrooms and contemporary, and high gloss units with reasonable quality appliances to kitchens.
Photographs are included at Appendix 2.

The table below summarises details of the existing residential units:

Unit	Beds	NSA (sqm)	NSA (sqft)	NSA (sqm)*	NSA (sqft)*
1	1 bed	41.6	448	41.6	448
2	2 bed	71.5	770	63.6	685
3	Studio	39.4	424	35.8	385
10	1 bed	58.1	625	58.1	625
TOTAL		**211**	**2,267**	**199**	**2,143**

**excludes ladder accessed mezzanine space in Units 2 and 3.*

5. Planning Policy

5.1 Relevant Documents

The following documents, set out in detail below, have informed the approach to viability and the associated affordable housing offer.

- National Planning Policy Framework ("NPPF") (adopted July 2018, updated July 2021);
- Viability Planning Practice Guidance (adopted July 2018, updated September 2019);
- RICS Guidance Note Assessing viability in planning under the National Planning Policy Framework 2019 (adopted July 2021);
- GLA London Plan (adopted March 2021);
- GLA 'Homes For Londoners' Affordable Housing and Viability Supplementary Planning Guidance 2017 (adopted August 2017);
- London Borough of Camden ("LBC") Local Plan (July 2017);

5.2 National Planning Policy Framework (July 2018, updated July 2021)

The NPPF sets out the Government's overarching economic, environmental and social planning policies in England and how these are expected to be applied.

Paragraph 55 states "Local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition."

Paragraph 58 states "All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."

5.3 National Viability Planning Practice Guidance (July 2018, updated July 2021)

The Planning Guidance sets out the government's recommended approach to viability assessment for planning.

We set out the pertinent points below:

- **Gross Development Value** - For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers.
- **Development Costs** – Build costs based on appropriate date, abnormal costs, site-specific infrastructure costs, the total costs of all relevant policy requirements (including CIL), finance costs, professional fees, disposal costs (including sales, marketing and legal costs) and project contingency costs.
- **Developer Return** – An assumption of 15-20% of GDV may be considered a suitable return to developers. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk.
- **Benchmark Land Value** – A Benchmark Land Value should be established on the basis of the existing use value (EUV) of the land plus a premium for the landowner. The premium for the landowners should reflect the

minimum return at which it is considered reasonable landowners would be willing to sell their land. The Benchmark Land Value may reflect Alternative Use Values and in such cases the premium should not be double counted. A Market Value approach may be appropriate in justifying an appropriate premium subject to policy compliance.

5.4 Assessing viability in planning under the National Planning Policy Framework 2019 (for England), RICS Guidance Note, 1st edit

This guidance was published in March 2021 and is effective from 1st July 2021. This is a long overdue update on the 2012 Guidance Note and has been drafted to align with the NPPF and PPG.

The Guidance sets out the RICS' recommended approach to viability assessment for planning.

We set out the pertinent points below:

- **Viability at Plan Making Stage Versus Application Stage** - in line with the PPG, this Guidance places the importance of viability at the plan-making stage if a detailed assessment has been undertaken.
- **Onus on the Applicant** – the guidance puts the onus on the Applicant to set out the circumstances that have changed since the plan-wide viability assessment that justify a financial viability assessment (FVA) being submitted at the application stage.
- **Transparency** - the guidance re-iterates the PPG's transparency requirements that all FVAs should be prepared on the basis that they will be made publicly available in full. However, there is a concession that commercially sensitive data can be "aggregated in a published FVA in order to avoid disclosure of this sensitive material".
- **Benchmark Land Value (BLV)** - the preferred approach remains Existing Use Value Plus (EUV+), or, where appropriate, Alternative Use Value (AUV). A policy compliant site value based on suitably adjusted comparable land sales evidence can be used to justify the premium. Land sales evidence is only to be used as a sense-check for BLVs. It cannot form the basis of the BLV itself. Evidence for premiums can include those adopted in other FVAs if from the same locality.

There is nothing within the Local Plan evidence base that considers the refurbishment of existing commercial spaces.

The guidance is clear that when assessing the Benchmark Land Value, a repair versus an alteration will be determined by professional judgement in order to determine whether the works bring the building up to standard within the existing use, or whether they go beyond that and fall into the category of refurbishment. Each case needs to be considered on its merits, but the guidance makes clear that a building or site in need of substantial repair would be expected to have a lower EUV than a building or site in good repair. The intention of this guidance is to ensure that a landowner should not profit from their failure to maintain the building or site.

5.5 London Plan (March 2021)

Policy E1 encourages improvements to office space by way of new office provision, refurbishment, and mixed-use development. In particular, new office growth should be directed towards specific areas such as the Central Activities Zone ('CAZ'/ 'Central London Area'). Where there is surplus office space (e.g., sites which have been vacant for 12 or more months), its redevelopment and change of use to other uses including housing is supported. Policy E2 seeks to ensure that any business space provided is appropriate for its deemed purpose, having regard to the type and use of the space. Policy E11 seeks developments to support employment, skills development, apprenticeships, and other education and training opportunities in both the construction and end-use phases, including through S106 obligations where appropriate.

A primary drive of the London Plan is the delivery of housing and in particular affordable housing. Whilst strictly not relevant to a commercial proposal a number of principles it sets out can be applied. Schemes which do not meet planning policy thresholds will be expected to submit detailed viability information which will be scrutinised.

5.6 GLA 'Homes for Londoners' Affordable Housing and Viability Supplementary Planning Guidance (August 2017)

The SPG sets out guidance for carrying out viability assessments.

- The Mayor will use the residual land value methodology to determine the underlying land value once the costs of the development (including developer's profit) are deducted from the gross development value.
- the applicant should provide detailed evidence to support inputs and assumptions. An executive summary version of the supporting report, which summarises the key inputs, findings, and conclusions should also be provided
- Development appraisals should include details of the proposed scheme including site area, residential unit numbers, number of habitable rooms, unit size, density (by units and by habitable rooms) and the split between the proposed tenures. Floorspace figures should also be provided for residential uses (by tenure), and non-residential uses in Gross Internal Area (GIA) and Net Internal Area (NIA).
- Information should be provided relating to the target market of the development and proposed specification, which should be consistent with assumed costs and values.
- Details of the assumed development programme and the timing of cost and income inputs should be provided, with reference to: project/ construction plans and contracts; and land/ development/ letting agreements (as relevant). The development programme should include information relating to pre-build, construction, and marketing and sales/ lettings periods.
- Assumptions relating to development values should be justified with reference to up-to-date transactions and market evidence relating to comparable new build properties within a reasonable distance from the site.
- Build costs should be provided in an elemental form based on a detailed specification of the proposed development that enables them to be benchmarked
- Professional and marketing fees should be justified taking account of the complexity of the development and development values.
- A standardised approach will generally be adopted to finance costs which should be justified according to the specific proposal, reflecting varying interest costs (if applicable) throughout the development period and presales
- As set out in the PPG, likely S106 planning obligations should be included as a development cost and be determined in accordance with Plan policies and guidance, including planning frameworks. CIL charges should also be included as a development cost.
- Developers will be seeking a competitive return in order to proceed with a scheme and to secure finance where required. The appropriate level of profit is scheme specific.
- the Mayor does not consider it appropriate within a development appraisal to apply a fixed land value as an input which is based on price paid for land or a purely aspirational sum sought by a landowner.
- The Mayor considers that the 'Existing Use Value plus' (EUV+) approach is usually the most appropriate approach for planning purposes.

5.7 London Borough of Camden Local Plan

Policy E1 'Economic Development' of the Plan seeks to facilitate creating the conditions for economic growth and harnessing the benefits for local residents and businesses in the borough.

Policy E2 'Employment premises and sites' encourages the provision of employment premises and sites in the borough and shall protect premises or sites that are suitable for continued business use. The Council will resist development of business premises and sites for non-business use unless it can be demonstrated that the site or building is no longer suitable for its existing business use, and that the possibility of retaining, reusing, or redeveloping the site or building for similar or alternative type and size of business use has been fully explored over an appropriate period of time. Otherwise, the redevelopment of premises or sites suitable for continued business use will be considered by the Council where, for example: the level of employment floorspace is being maintained or increased; the redevelopment retains existing businesses on the site as far as possible; and/or the scheme includes other priority uses such as housing and affordable housing.

5.8 Pre-App Response (March 2022)

The pre-application response by LB Camden sets out the Council's initial response to the draft proposals with respect to, among other matters, the conversion of the second and third floors from commercial to residential. It states that:

'Policy E2 seeks to encourage the provision of employment premises and sites in the borough. We will protect premises or sites that are suitable for continued business use, in particular premises for small businesses, businesses and services.

The supporting text of Policy E2 sets out that when assessing proposals that involve the loss of a business use to a non-business use we will consider whether there is potential for that use to continue.

Furthermore *'the applicant is advised to also demonstrate that they have considered whether some refurbishment of the employment space would enable it to viably retain its current use.'*

In response to this a feasibility design has been prepared by the project architects Apt setting out how the existing commercial floorspace can be refurbished while addressing some of the key issues that have it limited the market appetite for the existing commercial space. Full details are set out in Section 6 below.

5.9 Financial Planning Contributions

As the assessment comprises a refurbishment and reconfiguration of existing spaces no additional space is proposed. Accordingly, the scheme is unlikely to require s106 and/or CIL contributions and we have therefore not allowed any costs for these.

6. Proposed Scheme

6.1 Proposed Scheme

The scheme seeks to 'retain and repair' the nineteenth century façade where appropriate, to remodel the interior of the building at ground, mezzanine and first floor as office accommodation and to follow the U-shape of the existing building for the proposed residential accommodation on the second to fifth floors. Proposed floorplans are attached at Appendix 3.

Ground Floor

At ground floor level, secure and separate access is proposed from Macklin Street, with entrances proposed for the new offices on either side of the principal façade, and an entrance for the upper residential units towards the central-eastern side. An entrance to the west side of the building is proposed for access to the bike storage and office unit at first floor level. An entrance for the refuse storage is proposed to the central-western side. The former central arch is proposed to be reinstated with opaque glazing and some planting in front in line with the Council's design feedback.

The ground floor will accommodate lobbies at the front of the floorplate for the respective residential and office occupiers entering from Macklin Street, and include modern accessible lifts and staircases for access to the upper floors. Dry riser services and access are proposed in the main lobby areas and back of house circulation spaces. To the eastern portion of the floorplate, it is proposed to house large commercial office space ('Unit 01') with a spiral staircase and voids at the rear with further voids to the front to allow daylight and improve the sense of openness in the offices. To the rear of the floorplate, located centrally and to the western side lies a dedicated 'back of house' ("BOH") area to accommodate a sprinkler tanks and storage spaces, such as for cold water tanks. A dedicated bike lift is proposed off the BOH corridor which can be used by both residents and office workers but gaining access separately via the respective lobby areas.

Mezzanine Floor

The mezzanine level will house the remainder of 'Unit 01' with a spiral staircase allowing direct access between both levels and borrowing light a first floor window via the mezzanine roof light. Separate bike storage for both the residential and office occupiers is contained on this level, accessed from dedicated cores. More dry-riser service access is proposed in the shared BOH lobby/corridor.

First Floor

The first floor is dedicated to an individual open office plate ('Unit 02') which occupies the majority of the floor plan. The rear core, which is currently blocking the daylight has been moved forward and the rear overlooking the lightwell glazed to improve the level of light into each office unit.

6.2 Commercial Accommodation

Commercial accommodation would remain on the ground, mezzanine and first floor levels, with one office unit situated over the ground and mezzanine floors, accessed via the right-most entrance arch, and the second office unit situated on the first floor, accessed via the left-most entrance arch. The commercial accommodation is summarised below:

Floor	NIA sqm	NIA sqft
Ground	118.8	1,279
Mezzanine	84.9	914
First	250.9	2,700
	454.6	**4,893**

Commercial accommodation would remain on the ground, mezzanine, first, second and third floor levels. Internal partitions and structural arches would be removed to improve access and daylight. The units would be fitted out to a CAT A specification with 'warehouse style' exposed services, including full air conditioning, on the ceiling as desired by the local market. The floor build up is limited by the head height (see below) so would comprise power and data cabling to floor access points but not a full raised access deck.

Notwithstanding the works detailed above the accommodation will be somewhat blighted in certain respects. Moving the core and glazing to the rear of the first, second and third floor levels will improve the level of light into the rear of these units. However, this also compromises the space as the core occupies the best location with limited space behind for desks etc leading to 'dead space'. The floor space at the front of the building will be impacted by the limited window openings; which can only be partially enlarged vertically as the property is in a conservation area.

Downstands, which cannot be removed, will further limit head height, natural light and the overall feeling of space in comparison to other commercial spaces on the market.

	Shell	CAT A Fit Out	
Level	Floor to Ceiling (m)	Floor to Ceiling (m)	Floor to Downstands (m)
Ground	2.16	1.91	N/A
Mezz	2.35	2.10	2.05
1st	3.22	2.97	2.92

Although the lightwell over the spiral staircase within the ground/mezzanine unit will improve the natural light into the floor, only the first floor will comprise full Grade A space as desired by the market.

6.3 Residential Accommodation

The residential accommodation will be accessed directly from Macklin Street via a separate entrance arch, leading to a private lift and post room. In order to maintain security between the residential and commercial elements, the residential lift will not be accessible at first floor level. Residential bike storage is situated at mezzanine level.

The proposed residential accommodation will provide 12 flats over three floors. The proposals comprise six 1 bedroom flats at the front elevation over second to fourth floors, four 2 bedroom flats over second and third floors and two 3 bedroom duplex flats, each split over the fourth and fifth floors.

The residential accommodation is summarised below:

Unit Type	Floor	GIA sqm	GIA sqft
1B2P	2	50	539
1B2P	2	51	551
2B3P	2	76	823
2B3P	2	79	852
1B2P	3	53	569
1B2P	3	53	573
2B3P	3	79	850
2B3P	3	79	852
1B2P	4	55	589
1B2P	4	53	565

3B5P D	4 / 5	170	1826
3B5P D	4 / 5	161	1735
		959	**10,324**

We note that the 1 bedroom flats do not benefit from private outside space as these are all situated at the front of the building where balconies cannot be accommodated into the façade. The fourth floor 1 bedroom flats do benefit from a lightwell to increase natural light into the units. The 2 bedroom flats benefit from balconies to the rear. The 3 bedroom duplex flats each include a balcony on the fourth floor along with front and rear terraces on the fifth floor and a lightwell above the stairs.

We also note that the 2 bedroom flats benefit from an en suite bathroom to the master bedroom, while the 3 bedroom flats have en suites to the master and second bedrooms along with a bathroom and separate WC.

7. Viability Methodology

7.1 Viability Context

In simple terms, the viability assessment process comprises a comparison of the Residual Land Value for the proposed development against an appropriate benchmark value for the existing site or property.

The viability assessment process is undertaken to establish the appropriate level of planning obligations and affordable housing in the instance where a policy compliant level is economically unviable.

Development convention and guidance on assessing the viability of schemes states that where a development proposal generates a Residual Land Value which is greater than the appropriate benchmark, it is deemed financially viable and therefore likely to proceed. Conversely, if the residual value is lower than the benchmark, it is deemed financially unviable. This is based on the accepted assumption that a developer will always seek to bring forward the highest value scheme.

In summary, the viability assessment process is as follows:

NET DEVELOPMENT VALUE

less

COSTS

less

PLANNING CONTRIBUTIONS

less

PROFIT / RISK REQUIREMENT

equals

RESIDUAL LAND VALUE

compared to

APPROPRIATE BENCHMARK VALUE

This assessment is fundamental in determining the level of contributions which the developer can afford to make, whilst ensuring the scheme remains viable.

7.2 Establishing the Benchmark Land Value

An appropriate Benchmark Land Value is the minimum price a landowner would accept to release a site for development. In considering the Benchmark Land Value, against which the residual value of the proposed scheme is compared, we have had regard to the Government's National Planning Policy Framework (NPPF) (2018, updated 2021), Viability Planning Practice Guidance (2018, updated September 2019) and the Mayor of London's Affordable Housing and Viability Supplementary Planning Guidance (adopted August 2017).

7.3 Viability Planning Practice Guidance (September 2019)

Paragraph 13 of the Viability PPG states that the benchmark should be established on the basis of EUV+ approach. The principle of this approach is that a landowner should receive at least the value of the land in its ‘pre-permission’ use, which would normally be lost when bringing forward land for development. A premium is added to provide the landowner as an incentive to release the site, having regard to site circumstances, other options available and policy requirements. In practice the premium can vary from a minimum of 10% to a multiple of the Existing Use Value, but this must reflect site specific circumstances and will vary.

Other methods that can be appropriate in establishing the total benchmark (ie EUV plus the “+”) are the Alternative Use Value (AUV) and ‘Market Value’ (MV) approaches. An AUV reflects the RLV of the site for alternative development scenarios such as competing land uses. Such schemes must be policy compliant. An extant planning permission is often referred to as an AUV in that this requires but also constitutes its Existing Use Value; its use and the explicit planning permission having been firmly established. In such circumstances it is not appropriate to apply a landowner’s premium. A MV approach reflects the value of the site having regard to the cost of comparable development land. This is, however, subject to the requirement that this value reflects planning policy including appropriate affordable housing.

7.4 GLA Affordable Housing and Viability Supplementary Planning Guidance (August 2017)

The GLA Affordable Housing SPG is explicit about the Mayor’s preference for using Existing Use Value Plus (“EUV +”) as the comparable Benchmark Land Value (BLV) when assessing the viability of proposed schemes.

The SPG states that the premium will be based on site by site justification reflecting the circumstances of the site and landowner.

The Mayor considers that the EUV+ approach is usually the most appropriate approach for planning purposes. It can be used to address the need to ensure that development is sustainable in terms of the NPPF and Development Plan requirements, and in most circumstances the Mayor will expect this approach to be used.

Generally the Mayor will only accept the use of AUV where there is an existing implementable permission for that use. Where there is none, the alternative use must fully comply with development plan polices and be implementable.

A MV approach will generally not be accepted by the Mayor due to concerns that the application of this approach was not applied correctly and resulted in a ‘circularity’ of overpayment for land on the assumption of reduced policy compliance. Therefore, a MV approach would need to explicitly adjust for the cost of policy compliance in order to be considered.

8. Benchmark Land Value

8.1 Establishing the Benchmark Land Value

Having had regard to the above and the details of the site we have adopted an EUV+ approach which is consistent with the PPG on Viability and GLA guidance.

Aviv Riverview Ltd owns the freehold interest in the site. Lupin House comprises a former warehouse build in the latter half of the 19th century and converted to offices and residential in the 20th. Full details of property are set out at Section 4 above.

A number of commercial areas are currently let on short term leases in advance of the proposed redevelopment:

Unit	Tenant / Condition	Rent Passing	NIA sqm	NIA sqft	£psf	Lease From	Lease To
Ground Floor West Mezzanine West	Cyclefit	£35,000	152.0	1,636	£21.39	26/12/2021	24/12/2022
Ground Floor East Mezzanine East	Covent Garden Laminates	£35,000	143.5	1,545	£22.65	25/12/2021	24/12/2022
First Floor West First Floor East	Maxim Computer Graphics	£68,000	244.9	2636	£25.80	25/12/2021	24/12/2022
Second Floor West	*Vacant & Stripped Out*		109.3	1,176			
Second Floor East	Vacant & Stripped Out		123.1	1,325			
Third Floor (West Front)	*Latin Mass Society*	£22,000	72.0	775	£28.39	25/12/2021	24/12/2022
Third Floor (West Rear)	*Vacant & Stripped Out*		49.7	535			
Third Floor (East)	*Vacant & Stripped Out*		135.5	1,459			
Total		**£160,000**	**1030**	**12,494**	**£24.27**		

8.2 Commercial Rental Values

The office accommodation in its current form is rather dated and poorly configured. This impacts both the rent passing and achievable on the open market. Despite the difficulties in letting the property it must have a value. We have had regard to the evidence in Appendix 4. This suggests headline rents of circa £65 psf for newly refurbished and circa £50 psf for older traditionally fit outs that comprise Grade A space in terms of including AC, raised floors and suspected services. A significant discount from these rates would therefore apply to the subject given the lower grade of specification and poor access arrangements. There is limited evidence of this nature in the local market with the majority of space comprising better refurbished accommodation. In discussions with agents, they suggested that rents in the region of the £30s or £40s psf would be achievable, but could not provide evidence at this rate.

As set out above the property is fully let when excluding the areas stripped out. These comprise tenants have renewed leases on more than one occupation. This provides direct evidence of the space within the building and we have therefore adopted the rent passing as being the 'rack rent'.

Part Third and all of the Second floor have been stripped out. Evidently this space cannot command an office rental value without repairs or refurbishment works. However, it cannot be worthless. We have therefore applied a notional ancillary storage rate of £10 psf to this space deferred 18 months for voids and rent frees.

8.3 Commercial Capital Values

Commercial investment evidence obtained ranges from 4% to 5.5% NIY depending upon the location, quality of the property and covenant strength. Agents have advised that yields for newly refurbished accommodation in the Covent Garden area should achieve in the order of 4.25% to 4.5% NIY. It is clear that the subject represents a very different prospect in terms of income stability and growth. The rents applied are however significantly below market rental levels. On balance we have applied aa yield of 5% to the let income and 6% to reversionary income resulting in a value of **£3,800,000**, after the deduction of purchasers costs. This equates to £344 psf NIA, 4.1% initial yield and 5.3% reversion.

A copy of the valuation calculation is included at Appendix 5.

8.4 Residential Values

The existing apartments would be inaccessible and in capable of occupation during the works. In order to carry these out it is therefore necessary for party undertaking a comprehensive refurbishment to also purchase the residential apartments which can then be sold on again once the works are complete.

Within our July 2022 FVA regarding the refurbishment scheme, we adopted a value of £2,735,000, equating to a blended rate of £1,206 psf GIA. We have searched for further transactional evidence agreed and spoken to local agents about how the market has been performing in recent months.

There was a consensus from agents that the market has not moved significantly since the summer and we have therefore maintained the residential GDV at **£2,735,000**.

8.5 Benchmark Land Value

The residential and commercial **aggregate Existing Use Value totals £6,535,000.**

The various guidance applicable to viability assessments recognise the importance of incentivising the release of land for development, including existing properties for refurbishment. The total Benchmark Land Value should therefore reflect an appropriate landowner's premium over the EUV. The amount applicable will vary significantly depending upon the circumstances of the property and proposed development. It can extended to a multiple of Existing Use Value whether the potential is large and the land value very low, such as agricultural land being assessment for residential development. Brownfield developments normally command a premium based upon the % of the EUV as the underlying value is significantly higher. In the absence of any evidence indicating a higher premium should apply then a minimum 20% premium is considered appropriate. At this rate the existing landowner's costs of purchasing a new investment are covered as well as providing a small sum in order to incentivise delivery of the site for redevelopment. In practice the % premium is usually significantly higher.

The subject site presents an income producing asset with additional potential for asset value enhancement not reflected in our valuation. The capital value arrived at is significantly below vacant possession values of both residential and commercial properties. It is however dated and poorly configured and will struggle to compete in the open commercial market. Consequently, we have applied a minimum landowner's premium of 20% to incentivise release the site for redevelopment. This results in a Benchmark Land Value of **£7,842,000 (£448 psf GIA)**.

9. Residential Unit Values

9.1 Comparable Evidence

For ease of reference, a summary of the comparable evidence on which we have based our opinion of value for the private residential units is attached at Appendix 6. This includes comparable evidence reported as part of our July 2022 FVA in relation to the refurbishment scheme, along with more recent transactions, where available.

We have also spoken to a number of agents with experience in the area to gauge their opinion of market movement over the last three months.

9.2 Private Residential Value

Our opinion of value for the private residential units on completion is £16,600,000, equating to a blended rate of £1,595psf. Full schedule of values is attached at Appendix 7.

Unit Type	No. of Units	Market Value Range	Average £psf
1 bed	6	£900,000 - £950,000	£1,640
2 bed	4	£1,325,000 - £1,395,000	£1,605
3 bed	2	£2,750,000 - £2,830,000	£1,543
Total	**12**	**£16,600,000**	**£1,595**

9.3 Ground Rents

The existing residential apartments do not benefit from existing passing ground rents. The Leasehold Reform (Ground Rent) Act 2022 received Royal Assent on the 8 February 2022 and came into force on 30 June 2022. As a result, grounds rent in new leases cannot legally be charged for anything above "*one peppercorn per year*". Accordingly, there is no value obtainable for the sale of capitalised ground rents from the subject scheme.

10. Commercial Values

10.1 Introduction

Details of the proposals are set out in Section 6. This will significantly improve the attractiveness and specification of the commercial floorspace. However, the constraints of the existing building mean that only the first floor will comprise unhindered Grade A commercial floorspace. Our valuation assumptions are in line with the size, position, head height and expected light levels of the commercial units proposed within the refurbishment scheme.

10.2 Rental Values

Given the proposed commercial space mirrors the existing use we have had regard to the same research into commercial transactions as collected as part of the Existing Use Valuation and attached at Appendix 4.

The rental evidence collected ranges from £48 psf to £72.50 psf. The lettings at 67-68 Long Acre and 198 High Holborn illustrate that for traditional but good quality floor plates, with raised ceilings, air conditioning etc the achieved rent is broadly £50 psf. At the other end of the spectrum the lettings at Stukeley Street illustrate which is achievable for Grade A near new build space fully fitted ready for occupation.

We have placed the most weight on 14 Macklin Street as this comprises newly refurbished warehouse style units on the same street as the subject. The single letting of Units 2, 3 & 4 totalling 11,365 sqft at a rate of £60 psf appears to reflect a discount for quantum given Unit 1 let for £65 psf and Unit 5 is asking £65 psf. On this basis we have adopted a rent of £65 psf for the first floor accommodation.

As detailed at Section 6 above, the remaining floors, while fitted out to a high standard, will have compromised floor plates, low effective ceiling heights, poorer natural light. This will affect the achievable rental values. We were unable to find evidence of newly refurbished office accommodation with such issues which itself is evidence that such accommodation is not delivered by developers. We have had regard to the lettings at 67-68 Long Acre and 198 High Holborn as these spaces provide modern specification but the traditional fitout, including suspended ceiling, reduces the openness in comparison to modern warehouse style accommodation with exposed services. Additionally, agents opinions were consistent ranging from the low to high £50s psf. On this basis we have adopted a rate of £55 psf for the remaining floors.

The total Estimated Rental Value is £296,000 pa as follows:

Level	NIA sqm	NIA sqft	£psf	Total (Rounded)
Ground	118.8	1,279	£55.00	£70,000
Mezzanine	84.9	914	£55.00	£50,000
First	250.9	2,700	£65.00	£176,000
Total	**454.6**	**4,893**	**£60.49**	**£296,000**

We have adopted a rent free of 9 months, as evidence by the lettings at 14 Macklin Street. In terms of letting periods agents advised that with sub-market floor to ceiling heights potential tenants would need to see the completed spaces and therefore the scope for any pre-lets or marketing during construction was limited. We have assumed a 12 month period in which to let the building but noting that some floors will let before others we have timed the start of the leases after 6 months with a sale the month after.

10.3 Capital Value

Commercial investment evidence obtained ranges from 4% to 5.5% NIY depending upon the location, quality of the property and covenant strength. Agents have advised that yields for newly refurbished fully let accommodation in the Covent Garden area should achieve in the order of 4.25% to 4.5% NIY. Given the compromised space on all but the first floor we have adopted a Net Initial Yield of 4.5% at the upper end of this range. This is 150 basis points lower than the yield applied to the existing space. Once the difference in rental value is taken into the account the increase is approximately 390% over (ie nearly four times higher) the existing capital values.

Based upon the assumptions set out above this results in a value of £5,866,052 after the deduction of purchaser's costs.

11. Construction Costs and Development Programme

11.1 Cost Plan

The Applicant has provided a construction cost estimate for the proposed scheme from Gardiner & Theobold. The Cost Plan is attached at Appendix 8 for reference.

The total cost estimate for the proposed scheme, excluding contingency and contractor post-planning fees, is reported as £7,570,000 which equates to circa £317psf GIA overall.

11.2 Contingency

As this scheme is redevelopment of an existing structure with façade retention surrounded by other buildings, we have applied a contingency of 7.5% to the net build costs state above. This is slightly higher than the rate we would normally apply for a new build brownfield development and reflects the construction risks associated with working on an existing structure.

11.3 Professional Fees

We would normally expect to see professional fees in the order of 8% to 12% of the net construction costs with the adopted percentage depending upon the type of project, site, scale and complexity of the proposals. Given the complexities of designing a mixed used refurbishment scheme on a constrained Central London site we have adopted a 12% professional fee allowance.

11.4 Development Programme

We set out the adopted programme below. This is based upon the lettings and sales evidence obtained and the construction timescales as advised by Gardiner & Theobold:

Development Stage	Duration (months)	
	Commercial	Residential
Purchase	0	0
Pre-Construction	6	6
Construction	18	18
Letting Period	6	0
Sale*	1	8

12. Appraisal Assumptions

12.1 Acquisition Costs

Site acquisition costs have been included and comprise Stamp Duty Land Tax, 1% agency fees and 0.5% legal fees applied to positive land values.

12.2 Disposal Costs

The assumed disposal costs for the private residential units comprise 1.5% sales agent & marketing costs and £850 per unit sales legal fees. For the commercial units we have assumed a 1% sales agent and 0.5% sales legal fees plus 10% commercial letting agent and 5% commercial letting legal.

12.3 Finance

An assumption of 6.5% for finance is considered appropriate for a scheme of this nature.

12.4 Developer Return

For a commercially acceptable development to proceed an acceptable level of developer's return is required from the project (as is explicitly detailed within the NPPF). Profit requirements extended significantly following the 2008 global downturn. Since the revival in the development market these margins narrowed but have more recently extended against as risk appetite worsens following Brexit, Covid 19 and the war in Ukraine.

Any expected return reflects the risks to the developer and their funder's capital together with their liabilities. Accordingly, it should reflect the proposed uses, scale of development, site issues and market (both macro and micro). Currently adopted profit requirements have been under pressure from viability assessors who have sought to impose a fixed profit assumption irrespective of the market and, importantly, the scheme being considered. Notwithstanding this, the PPG on viability sets out a guide of between 15% and 20% of GDV thought alternative figures can be applied *'according to the type, scale and risk profile of planned development.'*

With respect to the subject development we have had regard to a number of matters in our consideration of an appropriate profit requirement. There is increasing demand for newly refurbished warehouse style office accommodation in this location. Residential apartments are also in strong demand. However, the site is situated in an off pitch location within the Covent Garden office sub-market with the proposed space compromised by the constraints of the existing building creating additional risk. Agents were also clear that the space would need be inspected before tenants committed to the space limiting the opportunity for any pre-lets or pre-sales. In construction terms the proposals comprise a complicated restructuring of an existing property that is well over one hundred years old. Additionally, it is surrounded on all sites by neighbouring properties. This is not to mention the significant inflationary risk seen in the construction market and wider economy.

Based upon the above we have adopted a 20% return on cost equating a 16.36% return gross and 16.67% on net revenue respectively.

12.5 Appraisal

The appraisal has been undertaken using Argus Developer appraisal software. Please refer to Appendix 9 for a copy of the appraisal summary and sensitivity analysis. A 'live' electronic version can be provided upon request.

13. Viability Results and Conclusion

13.1 Results

An appraisal summary for the proposed scheme inclusive of grant funding is appended to this report at Appendix 9. This includes a sensitivity analysis. A summary of the results and inputs is provided below:

Appraisal Inputs	Inputs	Amount
Revenue		
Residential Units	£1,595 per sqft	£16,600,000
Commercial Units	Rents - £55 - £65 psf 9 months rent free 6 months letting 4.5% NIY	£6,294,047 (less purchasers' costs of £427,995)
Costs		
Acquisition Costs	Stamp Duty Agent Fee – 1% Legal Fee – 0.5%	-£456,299
Construction Costs	Equating to £317 per sqft (on total GIA)	-£7,570,000
Contingency	7.5% (on construction costs)	-£567,714
Professional Fees	12% (on construction costs)	-£908,343
Financial Planning Contributions	Borough CIL Mayoral CIL S.106 - £2,000 /un	-£54,763 -£40,636 -£24,000
Letting Fees	Letting Agents – 10% Letting Legals – 5%	-£44,397
Disposal Costs	Private Resi Sales Agency – 1.5% Private Resi Sales Legals – 0.5% Commercial Sales Agents – 1% Commercial Sales Legal – 0.5%	-£419,991
Finance	6.5%	-£1,666,596
Profit / Risk Return	20% Profit on Cost	-£3,849,107
=		
Residual Land Value		£6,864,686
Benchmark Land Value		£7,842,000
Difference (Surplus / Deficit)		-£977,314

The Residual Land Value produced by the proposed scheme, whilst adopting an acceptable developer return, is resulting in a deficit compared to the Benchmark Land Value arrived at in accordance with planning policy and viability guidance.

13.2 Conclusion

This viability assessment has been provided to support Aviv Riverview Ltd's application for the proposed redevelopment of the Lupin House for a mixed use commercial and residential scheme. As illustrated above the value of the Residual Land Value of the proposed scheme is below the Benchmark Land Value. On this basis, the scheme cannot sustain any on site or in lieu cash contributions towards affordable housing.

Yours sincerely,

Edmund Couldrey MRICS	Alice Elwood MRICS
Director	Surveyor

JLL offices

30 Warwick Street
London
W1B 5NH

Alice Elwood
Surveyor
Affordable Housing -
Development Consultancy

+44 (0) 7526 195178
Alice.Elwood@jll.com

JLL offices

30 Warwick Street
London
W1B 5NH

Edmund Couldrey
Director
Affordable Housing -
Development Consultancy

+44 (0)7562 205721
Edmund.Couldrey@jll.com

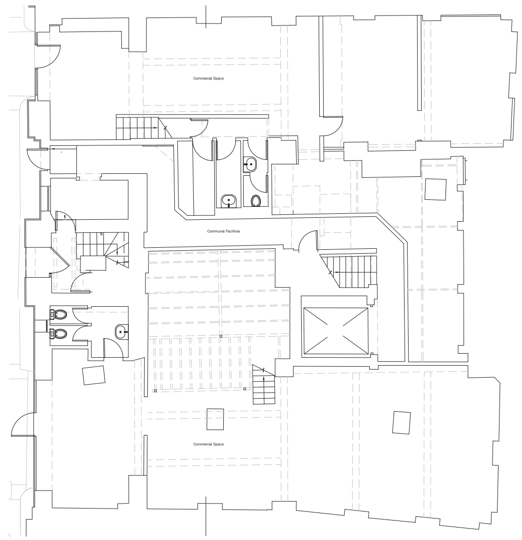
jll.com

Appendix 1

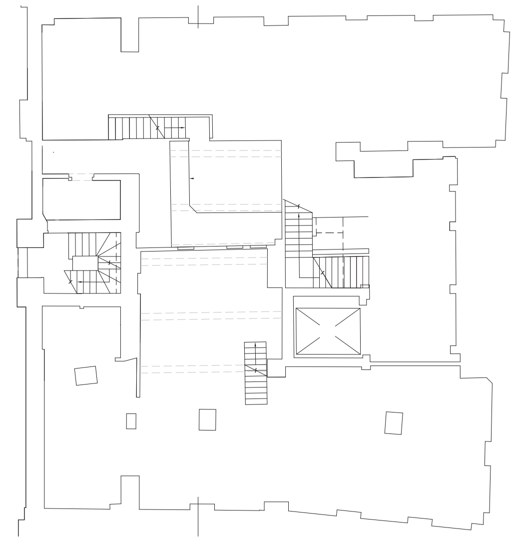
Existing Floor Plans

2.9 Existing Drawings

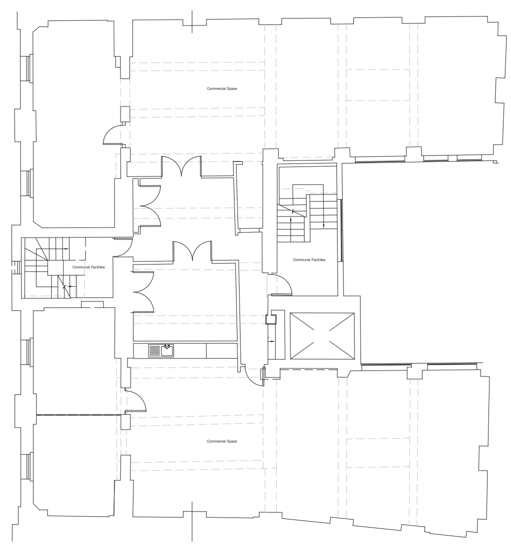
The following pages illustrate the existing Floor Plans, Sections and Elevations for the building at 11-13 Macklin Street.



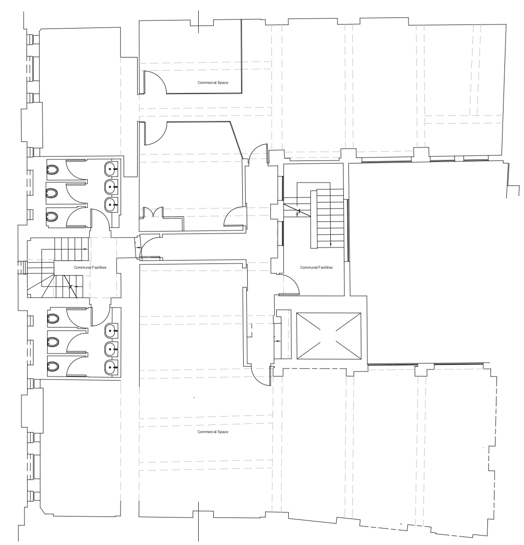
Ground Level



Ground Mezzanine Level

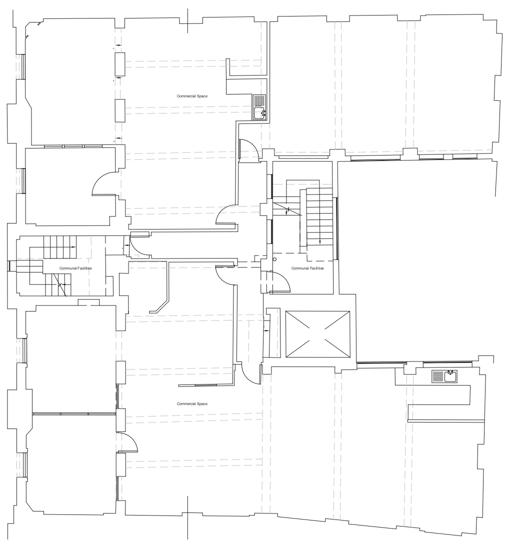


First Floor Level

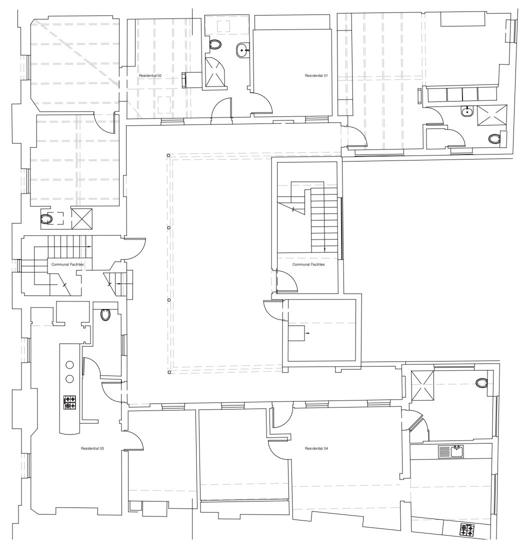


Second Floor Level

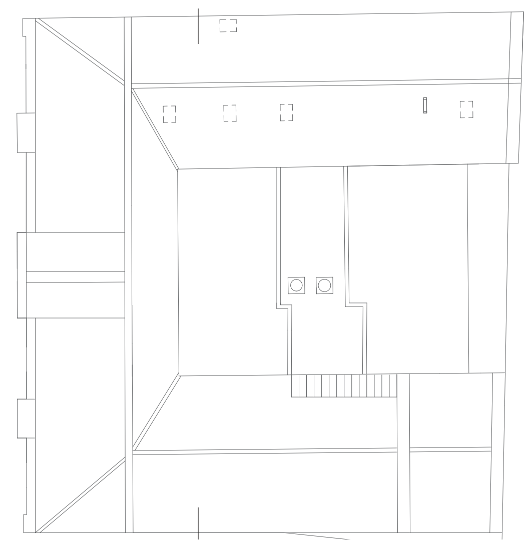
Existing Drawings



Third Floor Level

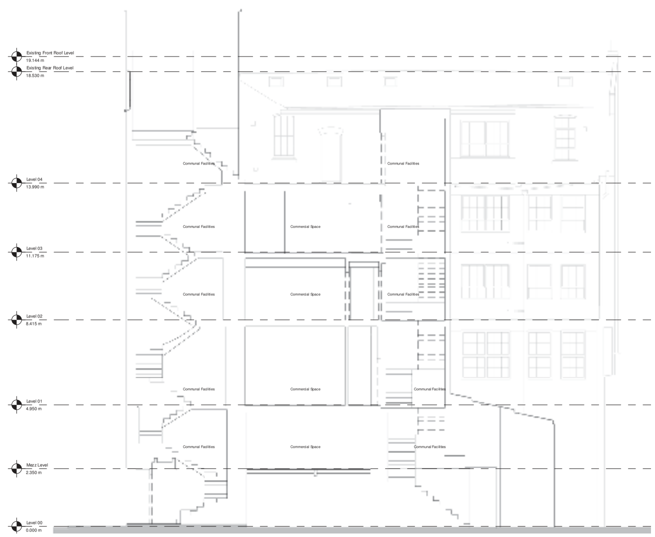


Fourth Floor Level

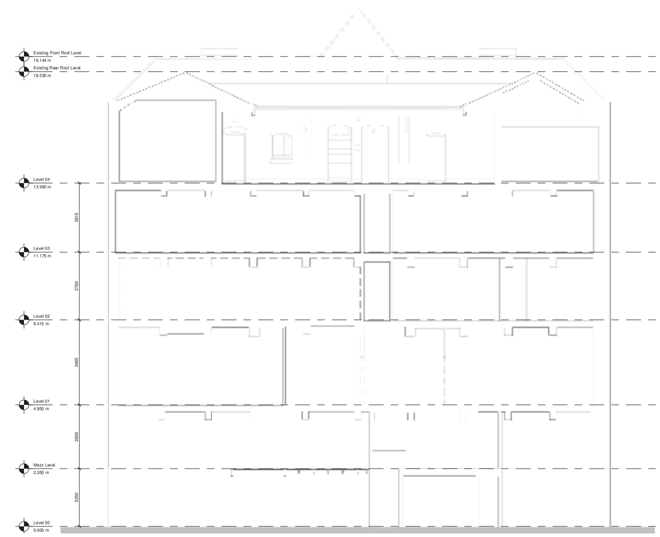


Roof Level

Existing Drawings

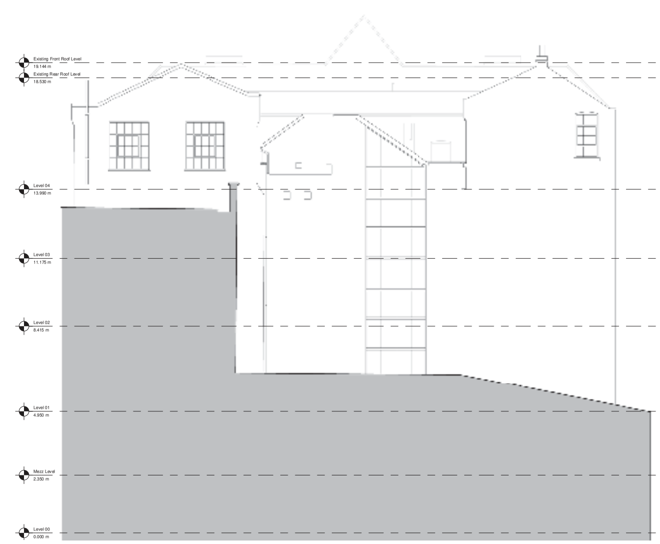


Section BB



Section DD

West Elevation



East Elevation

Appendix 2

Internal Photographs

Appendix 1 - Internal Photographs

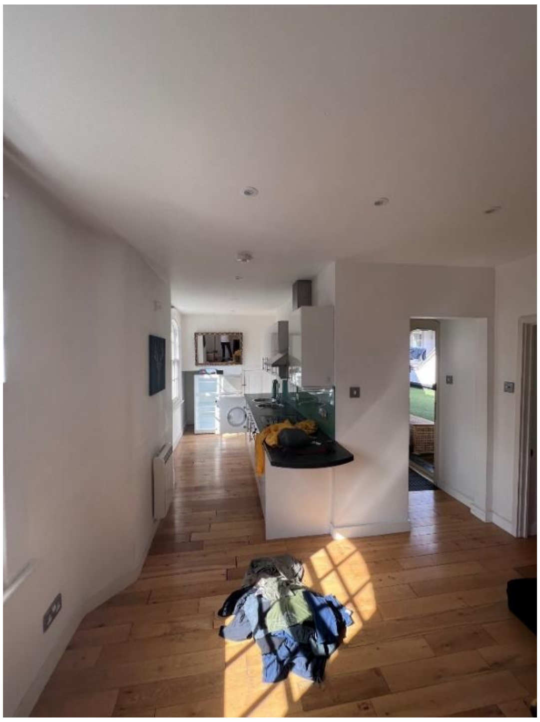
Offices

First Floor

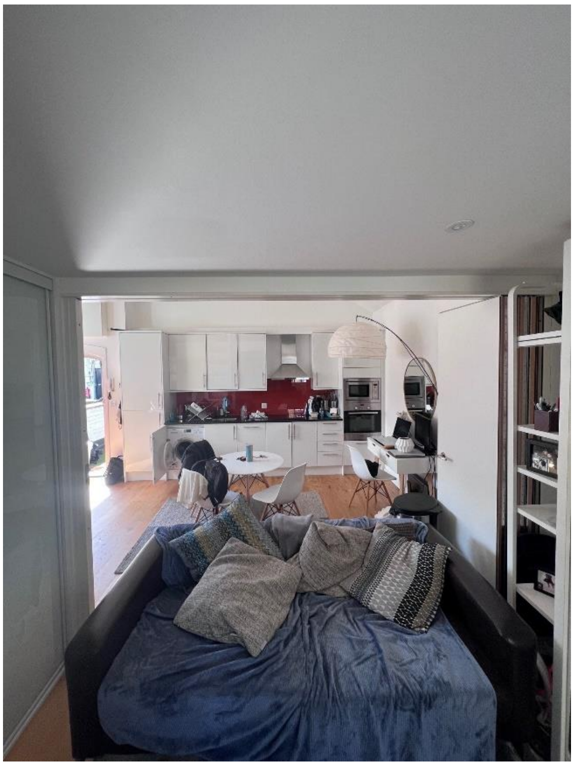
Third Floor

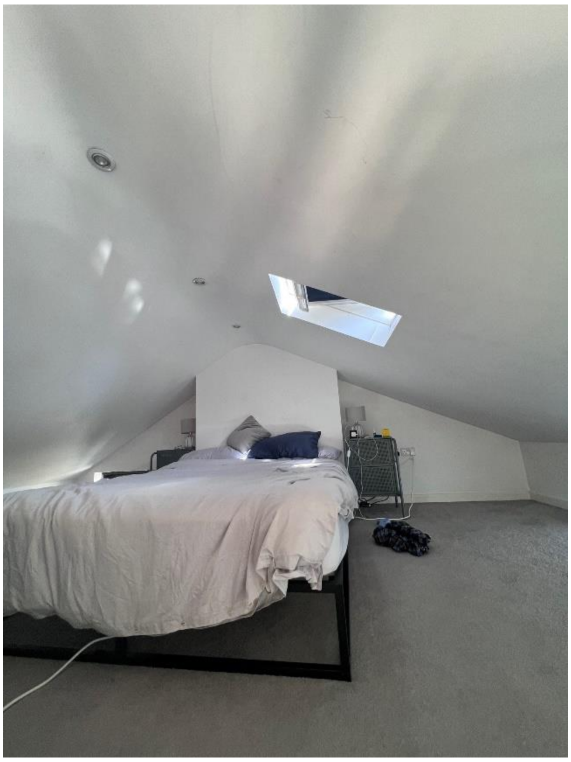
Residential

Flat 1



Flat 3





Flat 10

Appendix 3

Proposed Scheme Floor Plans

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Notes

- Commercial Office
- Residential 1B2P
- Residential 2B3P
- Residential 3B6P
- Plant BOH
- Bike
- Residential Terrace
- Lobby FOH
- Circulation Core

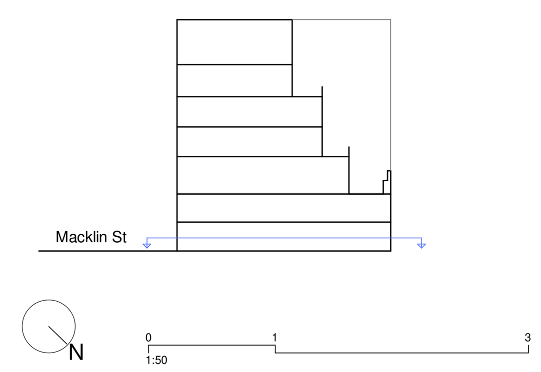
1 **Proposed Plan - Level 00**

1 : 50

Rev	Reason for Issue	Date	Drw | Chk
04	Issued for Planning	27/05/22	Apt |Apt
03	Issued for Planning	29/04/22	Apt |Apt
02	Issued for Information	14/04/22	Apt |Apt
01	Issued for Information	01/04/22	Apt |Apt

Consultants

Structures	Heyne Tillett Steel
MEP, Fire	Horea Lea
Acoustic	Horea Lea
Air Quality	Horea Lea
Energy & Sustainability	Horea Lea
Transport & CMP	TTP
Cost Manager	Gardiner & Theobald
Right of Light	Right of Light Consulting
Building Control	Bureau Veritas Building Control
Principle Designer	Owl Safety Consultancy Ltd
Planning Consultant	JLL
Heritage	HCUK Group



Apt

235 St John Street London EC1V 4NG www.apt.london

Client
Elleric Ltd.

Project
Lupin House

Drawing Title
Level 00
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_100	04

1 Proposed Plan - Mezz Level

1 : 50

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Notes

- Commercial Office
- Residential 1B2P
- Residential 2B3P
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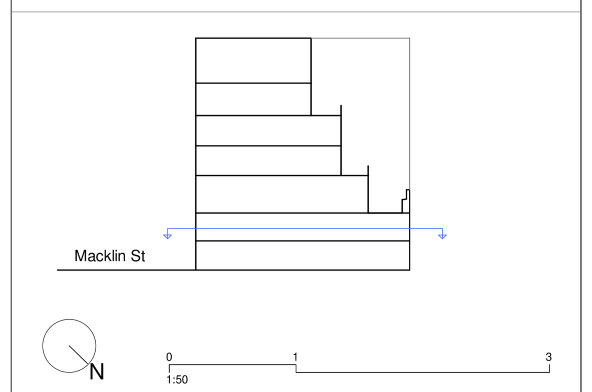

Apt

235 St John Street London EC1V 4NG   www.apt.london

Client

Elleric Ltd.

Project

Lupin House

Drawing Title

Mezzanine Level

General Arrangement - Proposed

Scale

1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_101	04

1 **Proposed Plan - Level 01**
1 : 50

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Notes

- Commercial Office
- Residential 1B2P
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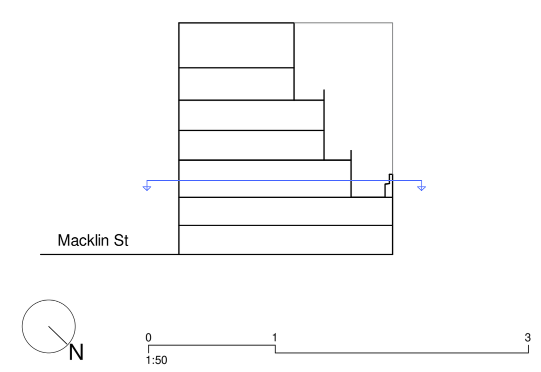
Planning Consultant	JLL
Heritage	HCUK Group



Apt

235 St John Street London EC1V 4NG www.apt.london

Client
Elleric Ltd.

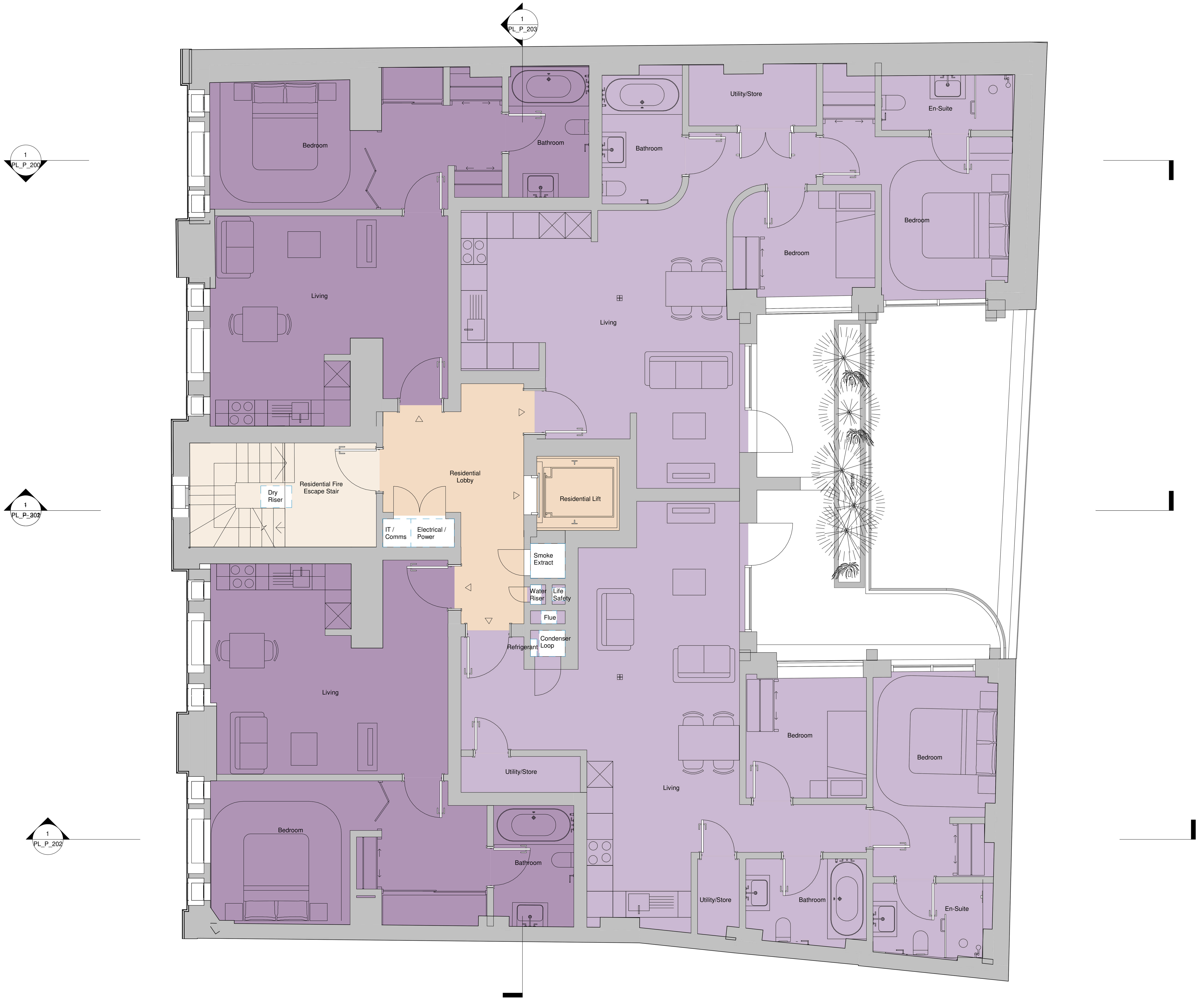
Project
Lupin House

Drawing Title
Level 01
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_102	04



1 **Proposed Plan - Level 02**

1 : 50

Disclaimer

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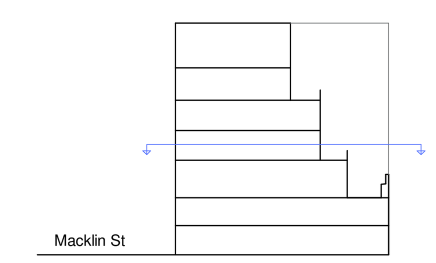
Notes

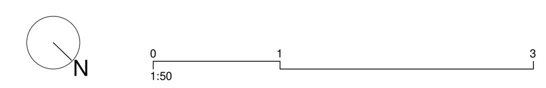
- Commercial Office
- Residential 1B2P
- Residential 2B3P
- Residential 3B6P
- Plant BOH
- Bike
- Residential Terrace
- Lobby FOH
- Circulation Core

Rev	Reason for Issue	Date	Drw | Chk
04	Issued for Planning	27/05/22	Apt | Apt
03	Issued for Planning	29/04/22	Apt | Apt
02	Issued for Information	14/04/22	Apt | Apt
01	Issued for Information	01/04/22	Apt | Apt

Consultants

Structures	Heyne Tillett Steel
MEP, Fire	Horea Lea
Acoustic	Horea Lea
Air Quality	Horea Lea
Energy & Sustainability	Horea Lea
Transport & CMP	TTP
Cost Manager	Gardiner & Theobald
Right of Light	Right of Light Consulting
Building Control	Bureau Veritas Building Control
Principle Designer	Owl Safety Consultancy Ltd
Planning Consultant	JLL
Heritage	HCUK Group





Apt

235 St John Street London EC1V 4NG   www.apt.london

Client
Elleric Ltd.

Project
Lupin House

Drawing Title
Level 02
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
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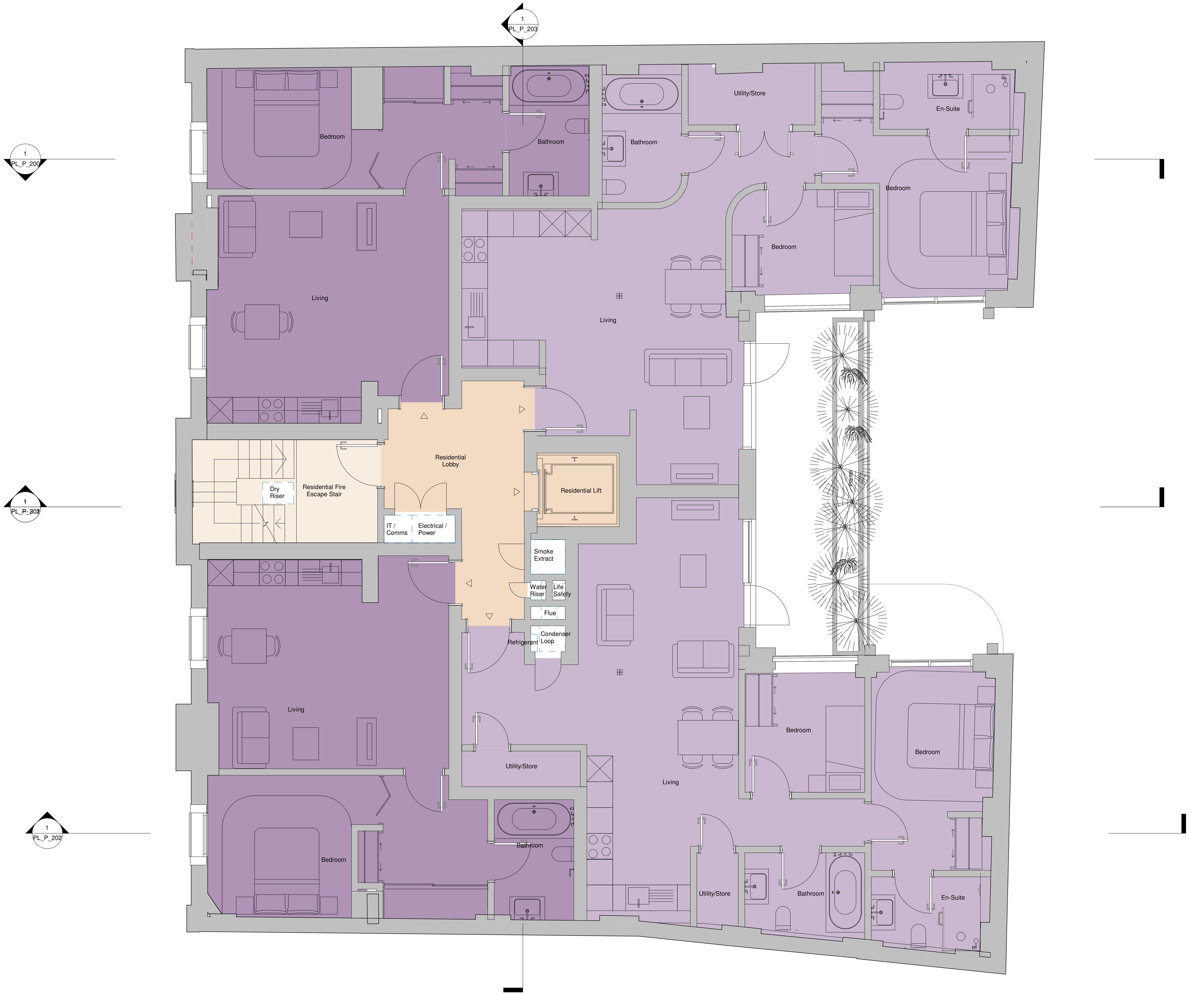

1 **Proposed Plan - Level 03**

1 : 50

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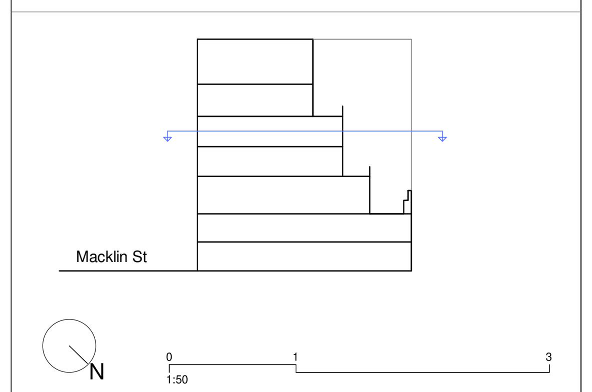
Notes

- Commercial Office
- Residential 1B2P
- Residential 2B3P
- Residential 3B6P
- Plant BOH
- Bike
- Residential Terrace
- Lobby FOH
- Circulation Core

Rev	Reason for Issue	Date	Drw | Chk
04	Issued for Planning	27/05/22	Apt |Apt
03	Issued for Planning	29/04/22	Apt |Apt
02	Issued for Information	14/04/22	Apt |Apt
01	Issued for Information	01/04/22	Apt |Apt

Consultants

Structures	Heyne Tillett Steel
MEP, Fire	Horea Lea
Acoustic	Horea Lea
Air Quality	Horea Lea
Energy & Sustainability	Horea Lea
Transport & CMP	TTP
Cost Manager	Gardiner & Theobald
Right of Light	Right of Light Consulting
Building Control	Bureau Veritas Building Control
Principle Designer	Owl Safety Consultancy Ltd
Planning Consultant	JLL
Heritage	HCUK Group



Apt

235 St John Street London EC1V 4NG www.apt.london

Client
Elleric Ltd.

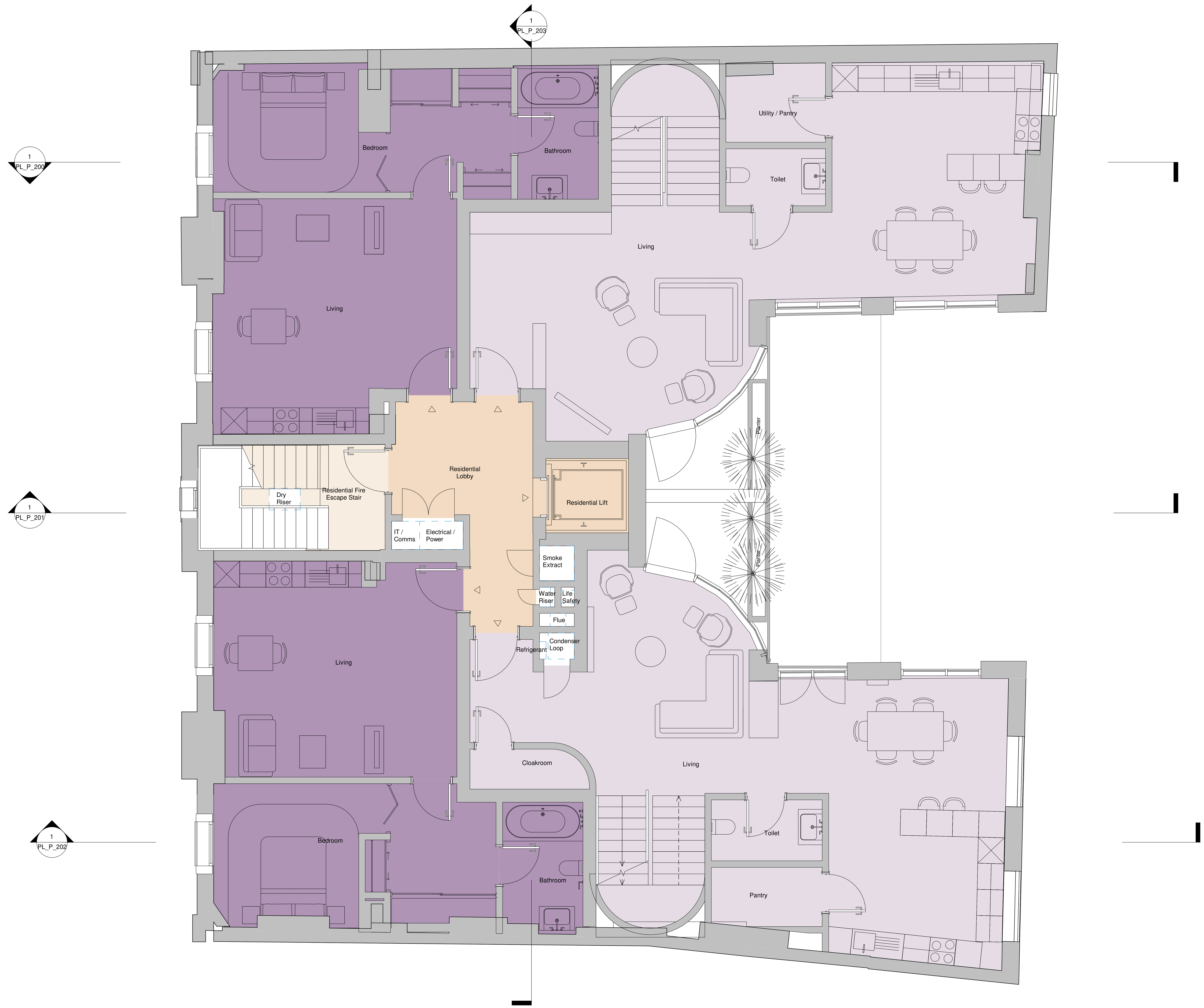
Project
Lupin House

Drawing Title
Level 03
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_104	04



1 **Proposed Plan - Level 04**

1 : 50

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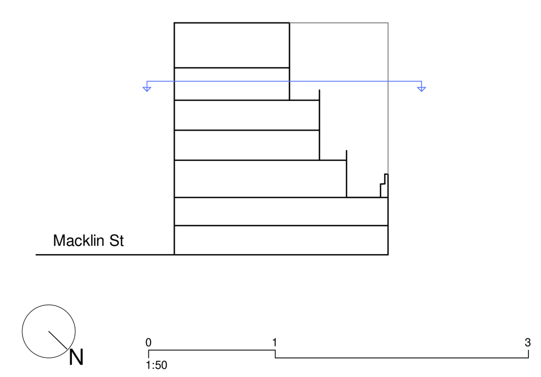
Notes

- Commercial Office
- Residential 1B2P
- Residential 2B3P
- Residential 3B6P
- Plant BOH
- Bike
- Residential Terrace
- Lobby FOH
- Circulation Core

Rev	Reason for Issue	Date	Drw | Chk
04	Issued for Planning	27/05/22	Apt |Apt
03	Issued for Planning	29/04/22	Apt |Apt
02	Issued for Information	14/04/22	Apt |Apt
01	Issued for Information	01/04/22	Apt |Apt

Consultants

Structures	Heyne Tillett Steel
MEP, Fire	Horea Lea
Acoustic	Horea Lea
Air Quality	Horea Lea
Energy & Sustainability	Horea Lea
Transport & CMP	TTP
Cost Manager	Gardiner & Theobald
Right of Light	Right of Light Consulting
Building Control	Bureau Veritas Building Control
Principle Designer	Owl Safety Consultancy Ltd
Planning Consultant	JLL
Heritage	HCUK Group



Apt

235 St John Street London EC1V 4NG www.apt.london

Client
Elleric Ltd.

Project
Lupin House

Drawing Title
Level 04
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_105	04

Proposed Plan - Level 05

1 : 50

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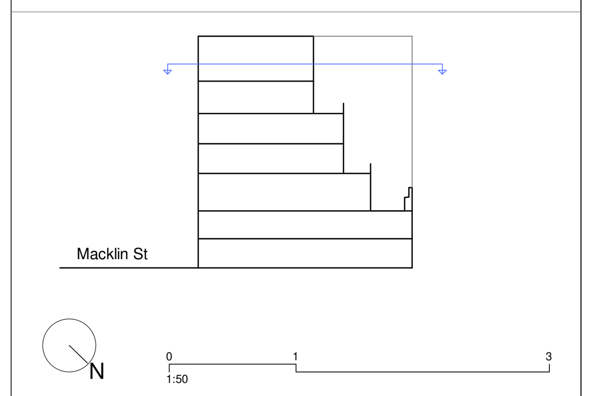
Notes

- Commercial Office
- Residential 1B2P
- Residential 2B3P
- Residential 3B6P
- Plant BOH
- Bike
- Residential Terrace
- Lobby FOH
- Circulation Core

Rev	Reason for Issue	Date	Drw | Chk
04	Issued for Planning	27/05/22	Apt |Apt
03	Issued for Planning	29/04/22	Apt |Apt
02	Issued for Information	14/04/22	Apt |Apt
01	Issued for Information	01/04/22	Apt |Apt

Consultants

Structures	Heyne Tillett Steel
MEP, Fire	Horea Lea
Acoustic	Horea Lea
Air Quality	Horea Lea
Energy & Sustainability	Horea Lea
Transport & CMP	TTP
Cost Manager	Gardiner & Theobald
Right of Light	Right of Light Consulting
Building Control	Bureau Veritas Building Control
Principle Designer	Owl Safety Consultancy Ltd
Planning Consultant	JLL
Heritage	HCUK Group



Apt

235 St John Street London EC1V 4NG www.apt.london

Client
Elleric Ltd.

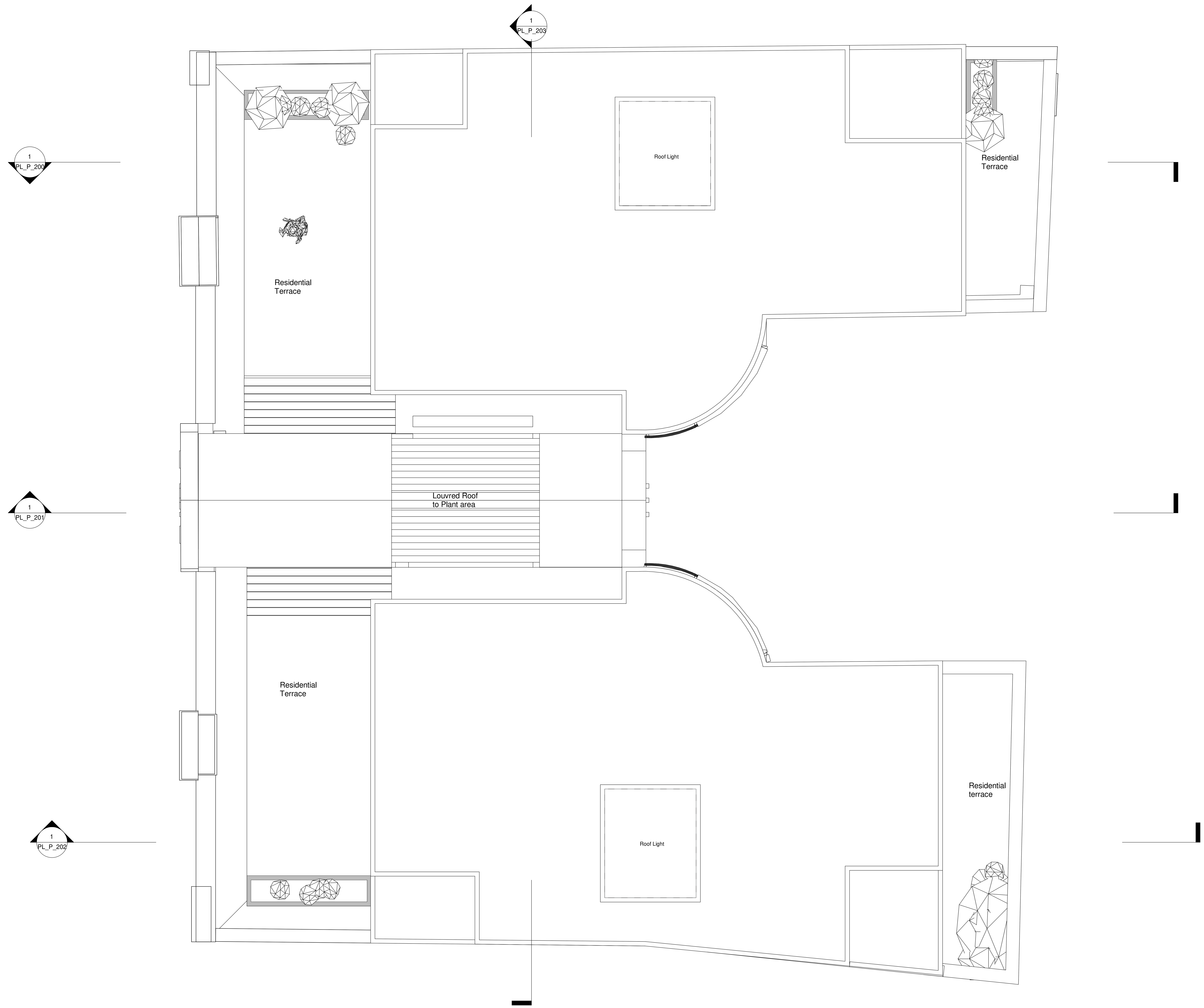
Project
Lupin House

Drawing Title
Level 05
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_106	04



1 **Proposed Plan - Roof Level**

1 : 50

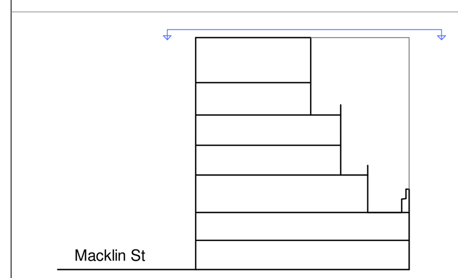
Notes

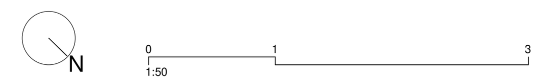
- Commercial Office
- Residential 1B2P
- Residential 2B3P
- Residential 3B6P
- Plant BOH
- Bike
- Residential Terrace
- Lobby FOH
- Circulation Core

Rev	Reason for Issue	Date	Drw | Chk
04	Issued for Planning	27/05/22	Apt |Apt
03	Issued for Planning	29/04/22	Apt |Apt
02	Issued for Information	14/04/22	Apt |Apt
01	Issued for Information	01/04/22	Apt |Apt

Consultants

Structures	Heyne Tillett Steel
MEP, Fire	Horea Lea
Acoustic	Horea Lea
Air Quality	Horea Lea
Energy & Sustainability	Horea Lea
Transport & CMP	TTP
Cost Manager	Gardiner & Theobald
Right of Light	Right of Light Consulting
Building Control	Bureau Veritas Building Control
Principle Designer	Owl Safety Consultancy Ltd
Planning Consultant	JLL
Heritage	HCUK Group





Apt

235 St John Street London EC1V 4NG www.apt.london

Client
Elleric Ltd.

Project
Lupin House

Drawing Title
Roof Level
General Arrangement - Proposed

Scale
1 : 50 @ A1

Planning

Project No.	Drawing No.	Revision
21035	A_PL_P_107	04

Appendix 4

Comparable Evidence - Commercial

Commercial Comparable Evidence

West End Office Market Commentary
According to the Savills West End Office Market Watch May 2022, leasing activity was subdued but under-offers continued to increase, in line with the trend over recent months. Supply has fallen to 7.6% and total take up for the year to April stood at 821,986 sq ft, which is 33% below the 10-year January to April average. The research highlights that, although prime rents across the West End continue to increase, Grade B rents have fallen to an average of £52.38psf at the end of April.

The JLL Yield Sheet for June 2022 reports West End office yields to be stable at 3.5%, while the Knight Frank Prime Yield Guid to June 2022 reports non-core (Soho and Fitzrovia) office yields at 3.75%-4%.

Office Lettings

4th floor, The Connection, 198 High Holborn, WC1V – The property comprises 2,900 sq ft of 4th floor office space let in June 2022 after six months on the market. Term of 4 years with a rolling break from the 2nd year. Rent free of 3 months with a further month if the break is not exercised until the 3rd year. Rent agreed at £52.50psf. The property is in average condition with air condition, double glazing, raised floors and suspended ceilings and two lifts. We would expect a higher rent for the subject refurbished first floor accomodation.

The Market Exchange, 8-14 Macklin Street, WC2B – Recently refurbished warehouse conversion to provide contemporary office space. Exposed ceilings and raised floors, fully fitted kitchen and capped services on every floor, cycle storage and shower facilities.

- **Units 2, 3 & 4 –** We understand that an advertising agency has taken a lease on Suites 2, 3 and 4, which comprises a total of 11,365 sq ft, in May 2022 after 19 months on the market. Term of 10 years with 5th year break option and 12 months rent free with a further 8 months if the break option is not exercised. Rent agreed at £60psf.

- **Unit 1 –** Ground floor office suite of 1,323 sq ft let to Paradise in August 2021 after 10 months on the market. Term of 5 years with a 9 month rent free. Rent agreed at £65psf.

- **Unit 5 –** the remaining part second floor is currently on the market at an asking rent of £65 psf.

Given this comprises newly refurbished accommodation on the same street as the subject we have placed the most weight on this comparable.

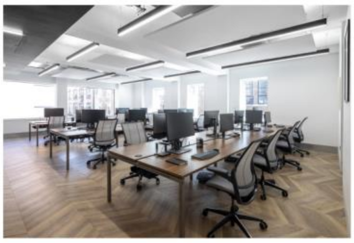
67-68 Long Acre, WC2E – The below office floors are in average condition with traditional office fit out comprising raised floors and suspended ceilings, air conditioning, good natural light, double glazing and newly fitted kitchen.

- **2nd floor –** We understand that Creative Educational Trust have taken 1,798 sq ft of office space at 67-68 Long Acre in February 2022 after 20 months on the market. Term of 10 years with a 5th year break and 8 months rent free at the beginning of the term. Rent agreed at £48psf.

- **1st floor –** We understand that Adair Ltd have taken 1,827 sq ft of office space at 67-68 Long Acre in December 2021 after 25 months on the market. Term of 10 years with a 5th year break. Rent agreed at £48psf.

We would expect the subject to achieved a higher rent for newly refurbished first floor office space.

15 Stukeley Street, WC2B – Very high quality office space with double height reception and a terrace on the 2st floor. The space was fully fitted and ready for occupation. The units were sublet by the existing tenant who originally pre-let the building while under construction.



- **1st floor –** We understand that Delin have taken 2,562 sq ft office space on the 1st floor at 15 Stukeley Street at £70 psf (£72.50 psf asking) on a sub. Term of 5 years agreed with breaks at 2nd and 3rd years. Rent free period of 3 months with a further 4 months if breaks not optioned.

- **2nd floor –** We understand that Hines have taken 2,551 sq ft of office space on the 2nd floor at 15 Stukeley Street at £72.50 psf. A term of 3 years was agreed with a break after 18 months. A small 6 week rent free was therefore granted.

We would expect the subject to achieve a slightly lower rate.

Office Investment Sales

- **12-13 Wells Mews, W1T –** DWS Group purchased the freehold interest in 12-13 Wells Mews in June 2022 for £42,000,000. The property is a warehouse conversion completed in 2021 and comprises 22,798 sq ft of office space over ground to fifth floors let to two tenants. We understand that the passing rent at the time of sale was c. £1,957,273 per annum (£86 psf), reflecting a net initial yield of 4.36%. The property is located in Fitzrovia between Oxford Circus and Tottenham Court Road.

- **7-11 Herbrand Street, WC1N –** We understand that Life Science REIT purchased the freehold interest in 7-11 Herbrand Street in May 2022 for £85,000,000. The property comprises an Art Deco office in Bloomsbury comprising 67,097 sq ft let to a single tenant at c. £4,015,755 per annum (£60 psf), reflecting a net initial yield of 4.42%.

- **16-18 Kirby Street, EC1 –** We understand that a joint venture Valeo Capital and Electra Real Estate has purchased the freehold interest in 16-18 Kirby Street for £17,500,000 in March 2022. The property comprises 19,366 sq ft of office space let to four tenants. Passing rent at sale was £1,034,944 per annum (£54 psf), reflecting a net initial yield of 5.54%.

- **101 St. Martin's Lane, WC2N –** KGAL Investment Management purchased the long leasehold interest in 101 St Martin's Lane in October 2021 for £56,000,000. The property comprises 47,643 sq ft of office space let to seven office tenants and one retail tenant on the ground floor. The passing rent at sale was £3,310,898 per annum (£69 psf), reflecting a net initial yield of 5.54%.

- **Northgate House, 67-69 Lincoln's Inn Fields, WC2A –** We understand that an undisclosed investor has purchased the freehold interest in Northgate House in August 2021 for £32,620,000. The property comprises 29,809 sq ft of office space over lower ground to fifth floors let to Queen Mary University of

London. The passing rent at sale was £1,400,973 per annum (£47 psf), reflecting a net initial yield of 4.02%.

- **12 Essex Street, WC2 -** Freehold sale in March 20 21 at £ £21,850,000 (£933 psf) equating to 4.5% NIY. Situated towards the edge of the City core within the Midtown office submarket. The property was last refurbished in 2009. The building is single-let to Global Data plc at an annual rent of £1,050,000 per annum, equating to £44.84 per sq ft with 13 years to expiry.

- **Endeavour House, Shaftesbury Avenue, WC2 –** sold for £115,000,000 (£1,246 psf) in December 2020 equating to a NIY of 4.8%. Located in close proximity to Seven Dials and Covent Garden. A WAULT of 4.4 years to break and 6.5 years to expiry.

Office Vacant Possession Sales

- **10 Stukeley Street, WC2B –** We understand that long leasehold interest in 10 Stukeley Street was sold in May 2022 for £1,350,000 to an owner occupier. The property is a newly converted warehouse and comprises 1,462 sq ft of office space over ground and lower ground floors offered in shell and core condition. Sale reflects £923 psf.

- **Hexagon, 43-49 Parker Street, WC2B –** We understand that the long leasehold interest in the basement premises was sold in February 2022 for £3,750,000. The property comprises 5,487 sq ft (GIA) within a new-build residential-led development. Sale reflects £683 psf.

- **Egmont House, 25-31 Tavistock Place, WC1H –** We understand that the Methodist Church in Britain purchased the freehold interest in Egmont House for £14,600,000 in January 2022. The property comprises 14,404 sq ft of office space vacant at the time of sale. Sale reflects £1,014 psf.

- **Drury Works, 160-161 Drury Lane, WC2B –** We understand that McAleer & Rushe Construction Contracts UK Ltd purchased the freehold interest in the property in September 2021 for £10,400,000. The property comprises 10,809 sq ft of office space over six floors. Sale reflects £962 psf.

Appendix 5

Commercial EUV Calculation

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Property

Address	Macklin Street, Macklin Street
External ID	
Property Type	Office

Description/Notes

Valuation Tables	Annually in Arrears

Valuation

Gross Valuation			3,866,893
Capital Costs			0
Net Value Before Fees			3,866,893
Less	Stamp Duty	@4.61% Stamp Duty	174,926
	Agents Fee	@1.00% Net Sale Price	45,582
	Legal Fee	@0.50% Net Sale Price	22,791

Fees include non recoverable VAT @ 20.00%

Net Valuation	3,798,520
Say	3,799,000

Equivalent Yield	5.1885%	True Equivalent Yield	5.3576%
Initial Yield (Valuation Rent)	4.1377%	Initial Yield (Contracted Rent)	4.1377%
Reversion Yield	5.3003%		
Total Valuation Rent	160,002	Total Contracted Rent	160,002
Total Rental Value	204,957	Number of Tenants	8
Capital Value Per Area	344		

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
27/06/2022	160,002	0	0	160,002	4.1377%	4.2470%
25/12/2022	160,005	0	0	160,005	4.1378%	4.2471%
26/12/2022	160,007	0	0	160,007	4.1379%	4.2471%
27/06/2024	204,957	0	0	204,957	5.3003%	5.4806%

Yields Based On Gross Value

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Tenants

Tenant Name	Suite	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Ground Floor West +			25/12/2022	Let	Hardcore(5%)	35,000	35000	35,002	700,039	4.9997%	4.9997%	5.0000%	5.0000%
Ground Floor East +			24/12/2022	Let	Hardcore(5%)	35,000	35000	34,994	699,883	5.0008%	5.0008%	5.0000%	5.0000%
First Floor West + E			24/12/2022	Let	Hardcore(5%)	68,000	68000	68,009	1,360,176	4.9994%	4.9994%	5.0000%	5.0000%
Second Floor West -			26/06/2029	Unlet	Hardcore(6%)	0	0	11,760	174,439	0.0000%	0.0000%	6.0000%	6.7416%
Second Floor East -			26/06/2029	Unlet	Hardcore(6%)	0	0	13,250	196,541	0.0000%	0.0000%	6.0000%	6.7416%
Third Floor West Rea			26/06/2029	Unlet	Hardcore(6%)	0	0	5,350	79,358	0.0000%	0.0000%	6.0000%	6.7416%
Third Floor East - Va			26/06/2029	Unlet	Hardcore(6%)	0	0	14,590	216,417	0.0000%	0.0000%	6.0000%	6.7416%
Third Floor West Fro			24/12/2022	Let	Hardcore(5%)	22,002	22002	22,002	440,040	5.0000%	5.0000%	5.0000%	5.0000%

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold

Tenant - Ground Floor West + Mezzanine West

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	1 years from 26/12/2021 Expiring 25/12/2022		
Parent Tenure	Freehold		
Cap Group	Let		
Current Rent	35000		
Rental Value	35,002		
Valuation Method	Hardcore(5%)	Froth	7%
Initial Yield (Valuation Rent)	4.9997%		
Initial Yield (Contracted Rent)	4.9997%		
Equivalent Yield	5%		
Reversionary Yield	5%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	1,591.00		22.00	100%	0%	0%	22.00	0	0	35,002
	1,591									**35,002**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
26/12/2021	1	0	0	Base Rent	35,000	N/A	N/A	N/A	N/A

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2022	In Perp	Fixed	5.0000%	0%,0%	0 Yrs 0 Mths	35,000	35,002	0	0	35,000	0	35,000	20.0000	1.0000	700,000
26/12/2022	In Perp	Reversion (Hardcore)	5.0000%	0%,0%	0 Yrs 5 Mths	35,002	35,002	0	0	35,002	0	2	20.0000	0.9761	39
															700,039

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - Ground Floor East + Mezzanine East

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	1 years from 25/12/2021 Expiring 24/12/2022		
Parent Tenure	Freehold		
Cap Group	Let		
Current Rent	35000		
Rental Value	34,994		
Valuation Method	Hardcore(5%)	Froth	7%
Initial Yield (Valuation Rent)	5.0008%		
Initial Yield (Contracted Rent)	5.0008%		
Equivalent Yield	5%		
Reversionary Yield	5%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	1,545.00		22.65	100%	0%	0%	22.65	0	0	34,994
	1,545									**34,994**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
25/12/2021	1	0	0	Base Rent	35,000	N/A	N/A	N/A	N/A

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2022	In Perp	Fixed	5.0000%	0%,0%	0 Yrs 0 Mths	35,000	34,994	0	0	35,000	0	35,000	20.0000	1.0000	700,000
25/12/2022	In Perp	Reversion (Hardcore)	5.0000%	0%,0%	0 Yrs 5 Mths	34,994	34,994	0	0	34,994	0	-6	20.0000	0.9762	-117
															699,883

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - First Floor West + East

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	1 years from 25/12/2021 Expiring 24/12/2022		
Parent Tenure	Freehold		
Cap Group	Let		
Current Rent	68000		
Rental Value	68,009		
Valuation Method	Hardcore(5%)	Froth	7%
Initial Yield (Valuation Rent)	4.9994%		
Initial Yield (Contracted Rent)	4.9994%		
Equivalent Yield	5%		
Reversionary Yield	5%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	2,636.00		25.80	100%	0%	0%	25.80	0	0	68,009
	2,636									**68,009**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
25/12/2021	1	0	0	Base Rent	68,000	N/A	N/A	N/A	N/A

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2022	In Perp	Fixed	5.0000%	0%,0%	0 Yrs 0 Mths	68,000	68,009	0	0	68,000	0	68,000	20.0000	1.0000	1,360,000
25/12/2022	In Perp	Reversion (Hardcore)	5.0000%	0%,0%	0 Yrs 5 Mths	68,009	68,009	0	0	68,009	0	9	20.0000	0.9762	176
															1,360,176

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - Second Floor West - Vacant

Suite			
Lease Type	Office		
Lease Status	Speculative		
Lease	5 years from 27/06/2024 Expiring 26/06/2029		
Parent Tenure	Freehold		
Cap Group	Unlet		
Current Rent	0		
Rental Value	11,760		
Valuation Method	Hardcore(6%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6%		
Reversionary Yield	6.7416%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	1,176.00		10.00	100%	0%	0%	10.00	0	0	11,760
	1,176									**11,760**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
27/06/2024	5	0	0	Base Rent	11,760	0	0	11,760	6.7416%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2024	In Perp	Fixed	6.0000%	0%,0%	2 Yrs 0 Mths	11,760	11,760	0	0	11,760	0	11,760	16.6667	0.8900	174,439
															174,439

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - Second Floor East - Vacant

Suite			
Lease Type	Office		
Lease Status	Speculative		
Lease	5 years from 27/06/2024 Expiring 26/06/2029		
Parent Tenure	Freehold		
Cap Group	Unlet		
Current Rent	0		
Rental Value	13,250		
Valuation Method	Hardcore(6%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6%		
Reversionary Yield	6.7416%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	1,325.00		10.00	100%	0%	0%	10.00	0	0	13,250
	1,325									**13,250**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
27/06/2024	5	0	0	Base Rent	13,250	0	0	13,250	6.7416%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2024	In Perp	Fixed	6.0000%	0%,0%	2 Yrs 0 Mths	13,250	13,250	0	0	13,250	0	13,250	16.6667	0.8900	196,541
															196,541

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - Third Floor West Rear - Vacant

Suite			
Lease Type	Office		
Lease Status	Speculative		
Lease	5 years from 27/06/2024 Expiring 26/06/2029		
Parent Tenure	Freehold		
Cap Group	Unlet		
Current Rent	0		
Rental Value	5,350		
Valuation Method	Hardcore(6%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6%		
Reversionary Yield	6.7416%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	535.00		10.00	100%	0%	0%	10.00	0	0	5,350
	535									**5,350**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
27/06/2024	5	0	0	Base Rent	5,350	0	0	5,350	6.7416%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2024	In Perp	Fixed	6.0000%	0%,0%	2 Yrs 0 Mths	5,350	5,350	0	0	5,350	0	5,350	16.6667	0.8900	79,358
															79,358

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - Third Floor East - Vacant

Suite			
Lease Type	Office		
Lease Status	Speculative		
Lease	5 years from 27/06/2024 Expiring 26/06/2029		
Parent Tenure	Freehold		
Cap Group	Unlet		
Current Rent	0		
Rental Value	14,590		
Valuation Method	Hardcore(6%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	6%		
Reversionary Yield	6.7416%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	1,459.00		10.00	100%	0%	0%	10.00	0	0	14,590
	1,459									**14,590**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
27/06/2024	5	0	0	Base Rent	14,590	0	0	14,590	6.7416%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2024	In Perp	Fixed	6.0000%	0%,0%	2 Yrs 0 Mths	14,590	14,590	0	0	14,590	0	14,590	16.6667	0.8900	216,417
															216,417

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 27/06/2022

Freehold
Tenant - Third Floor West Front

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	1 years from 25/12/2021 Expiring 24/12/2022		
Parent Tenure	Freehold		
Cap Group	Let		
Current Rent	22002		
Rental Value	22,002		
Valuation Method	Hardcore(5%)	Froth	7%
Initial Yield (Valuation Rent)	5%		
Initial Yield (Contracted Rent)	5%		
Equivalent Yield	5%		
Reversionary Yield	5%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Enter Item Name	775.00		28.39	100%	0%	0%	28.39	0	0	22,002
	775									**22,002**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
25/12/2021	1	0	0	Base Rent	22,002	N/A	N/A	N/A	N/A

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
27/06/2022	In Perp	Fixed	5.0000%	0%,0%	0 Yrs 0 Mths	22,002	22,002	0	0	22,002	0	22,002	20.0000	1.0000	440,040
															440,040

Appendix 6

Comparable Evidence – Residential

Residential Comparable Evidence

Local Market Commentary

The subject units are located within the London Borough of Camden. Land Registry data indicates that as of July 2022 (the most recent data on Land Registry), the average price for all property types in the London Borough of Camden was £868,105 and for flats, the average price was £737,073 (Source: Land Registry). We note that the most recent data available is to July 2022 and will not reflect the full economic position of the market as at September 2022.

Rightmove Sold Prices states that properties in Covent Garden had an overall average price of £1,495,650 over the last year. Overall, sold prices in Covent Garden over the last year were 26% down on the previous year and 21% down on the 2019 peak of £1,886,247.

As such, we have also had regard to the RICS' Residential Survey, dated July 2022.

The July 2022 RICS UK Residential Survey results are indicative of a continued easing in sales market activity, with metrics on demand and sales remaining in modestly negative territory over the month. Higher interest rates and a weakening macroeconomic landscape are widely cited by contributors to be causing this softening in momentum, although it's important to note that the survey sample was largely gathered prior to the Bank of England's latest 50 basis point rate increase. For the time being at least, underpinned by low levels of supply available for purchase, prices continue to rise across many parts of the UK.

Looking at new buyer enquiries, the headline net balance came in at -25% in July, broadly in-line with a reading of -27% posted last month. As such, this marks the third successive report in which this indicator has been in negative territory, thereby representing the longest stretch of falling demand seen since the early stages of the pandemic. Moreover, when disaggregated, all UK regions/countries saw a dip in new buyer enquiries over the latest survey period.

Alongside this, agreed sales also edged down, with the latest net balance remaining modestly negative at -13% (compared to a reading of -14% previously). Looking ahead, near-term sales expectations slipped a little deeper into negative territory, posting a net balance reading of -20% relative to a figure of -11% beforehand. At the twelve-month time horizon, the sales expectations net balance fell to -36%, down from a reading of -21% last time and the most downbeat figure returned since March 2020. With respect to new instructions, the latest net balance of -5% is pointing to a largely stagnant trend in the flow of fresh listings coming onto the sales market.

We have spoken to a number of agents with experience in Covent Garden to gauge their views on the market. There was a consensus that the market has slowed in recent weeks as a result of growing economic uncertainty, although the low number of transactions in the area makes it difficult to identify trends at this stage. Agents generally reported that dealing margins have widened and there is more room for negotiation on asking price, although one commented that prices continued to rise from June and have since come back to that level.

Agents generally expect to see a slow down or fall in the market into the winter but, at this stage, there was agreement that there is little evidence for revising values.

New Build Sales

Chapter House, Parker Street WC2B

Chapter House is a development by Londonewcastle to retain and restore the façade of the original Victorian building and create 43 new residential units, in a mix of 40 private tenure and three affordable. The scheme comprises a mix of studio, 1, 2 and 3 bedroom flats and completed during Q3 2019.

Private flats benefit from access to a concierge service and onsite gym. The specification is high, including underfloor heating throughout, engineered oak flooring and integrated Miele appliances and Silestone worktops to kitchens.

We note that the sales rate at this scheme has been slow. There were nine sales agreed during Q4 2019, in the weeks following the launch, and, since then, there have been between zero and four sales per quarter. This reflects an average rate of c. 0.8 per month.

We have not been able to contact the agents marketing this scheme but we summarise below the most recent sales recorded on Molior, although these were all agreed during 2021.

Flat No.	Floor	Size (sqft)	Achieved Price	£psf	Date of Price
307	3	538	£2,350,000	£4,366	17/09/2021
101	1	818	£1,760,000	£2,151	30/06/2021
306	3	958	£2,200,000	£2,296	21/06/2021
403	4	1,055	£2,245,500	£2,128	26/04/2021
103	1	538	£1,625,000	£3,019	19/04/2021
G06	G	560	£1,115,000	£1,992	31/03/2021
402	4	592	£1,425,000	£2,407	30/03/2021
401	4	797	£2,130,000	£2,674	18/01/2021

Chapter House is comparable to the subject in terms of location and appearance, both with a retained Victorian façade. However, the specification and amenity at Chapter House is superior and we consider that flats in this scheme would appeal to a different sector of the market. We would expect the subject scheme to achieve lower values, particularly if a more robust sales rate is to be achieved.

Hexagon Apartments, Parker Street WC2B

Hexagon Apartments is a conversion and extension scheme to provide 40 private tenure flats and 13 affordable. The scheme comprises a mix of 1, 2 and 3 bedroom flats. We understand that construction completed during Q2 2019. The scheme sold out in May 22, having launched at the end of 2015, with minimal marketing, and relaunched in June 2019. The sales rate during the three years since the relaunch was c. 0.6 per month, although this reflects two bulk sales of c. 10 units which fell through in 2020.

The flats benefit from a concierge service which includes dry cleaning, maid service, chauffeur, catering and absentee management. There is limited information available regarding the specification, although the marketing website lists polished concrete surfaces to kitchens, timber flooring, bespoke joinery and marble flooring to bathrooms.

We have only been able to source sales from 2020, a sample of which we summarise below:

Flat No.	Floor	Size (sqft)	Achieved Price	£psf	Date of Price
12-03	12	1,259	£2,250,000	£1,786	16/10/2020
2-03	2	743	£958,320	£1,290	25/08/2020
2-05	2	764	£949,520	£1,242	25/08/2020
10-01	10	893	£1,680,000	£1,880	25/08/2020
10-02	10	980	£1,608,600	£1,642	25/08/2020
10-03	10	958	£1,680,000	£1,753	25/08/2020
10-04	10	893	£1,726,200	£1,932	25/08/2020
15-02	15	1,690	£4,092,000	£2,421	25/08/2020
4-01	4	560	£958,320	£1,712	28/07/2020
5-04	5	958	£1,500,000	£1,565	16/06/2020
14-02	14	1,970	£4,115,000	£2,089	09/04/2020

We note that units within this scheme achieved a wide range of values on a £psf basis, with units on higher floors generally achieving significantly higher values. We would consider the flats on lower floors to be more comparable and, of the sales recorded on the Land Registry, flats up to the fifth floor achieved an average of £1,694psf, although we stress that these sales are dated.

We consider this level of amenity to be more akin to serviced apartments and not directly comparable to the subject flats. We have placed less weight on this evidence as we consider that the specification and amenity place this scheme in a different market compared to the subject. We therefore expect the subject to achieve significantly lower values on a £psf basis.

Second Hand Sales

When assessing the Market Value of the existing flats within the block, we have considered the below second hand sales of flats in the local area. Given the nature of the new build flats and the limited number of new build schemes in the area, we also consider good quality second hand sales to be the most useful evidence for the proposed scheme, being a conversion and extension scheme. We include below the evidence supplied at our July 2022 FVA, along with a number of more recent transactions which have been agreed or registered since that report.

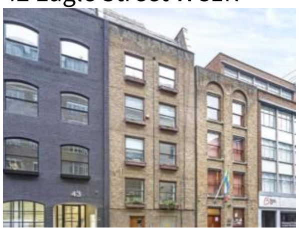
<u>1 bedroom flats</u>

Property	Description	Agreed Price	Date
Flat 13, 30 Coptic Street WC1A 	Fourth floor 1 bedroom flat of 514 sq ft within a Victorian building. Newly refurbished with long lease.	£650,000 (£1,265psf)	Mar-22
Flat 20, Siddons Court WC2E 	First floor 1 bedroom flat of 437 sq ft within purpose built gated development. Poor condition. Long lease.	£550,000 (£1,258psf)	Feb-22
Flat J, 18-20 Betterton Street WC2H 	Fourth floor 1 bedroom flat of 431 sq ft within a terraced period property. Good condition with dated interior. 88 years unexpired.	£490,000 (£1,137psf)	Dec-21
Flat 29, Winter Garden House WC2B 	Seventh floor 1 bedroom flat of 506 sq ft. Good condition internally, situated within an ex-local authority block.	£545,000 (£1,077psf)	Sep-21

Property	Description	Agreed Price	Date
7 Garden Court, Drury Lane WC2B 	First floor 1 bedroom flat of 518 sq ft within a purpose built mansion block. Reasonable condition and includes basement storage room. Share of Freehold.	£775,000 (£1,496psf)	Jun-21
Flat 1, 33 Neal Street 	First floor 1 bedroom flat of 399 sq ft above retail. Good condition with modern kitchen and bathroom.	£650,000 *Asking* (£1,629psf)	Available
Market Place, Parker Street WC2B 	Second floor 1 bedroom flat of 452 sq ft within a purpose built block. Good condition. Share of Freehold.	£680,000 *Asking* (£1,504psf)	Available

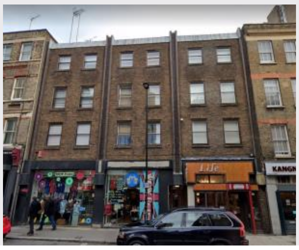
<u>2 bedroom flats</u>

Property	Description	Agreed Price	Date
The Market Exchange, Macklin Street WC2B 	Third floor 2 bedroom flat of 1,576 sq ft within a warehouse conversion. Good condition and finished to a high standard.	*£2,400,000* *(£1,523psf)* *Asking price*	Available
Flat 5, Fielding Court WC2H 	First floor 2 bedroom flat of 574 sq ft within a purpose built block. Newly refurbished and in a superior location close to Seven Dials. We note that the agreed £psf is high, reflecting the small size of the flat.	£915,000 (£1,594psf)	Jun-22
25 Shelton Street WC2 	Second floor 2 bedroom flat of 955 sq ft within a converted warehouse development. Newly refurbished to a good standard. Long lease.	£1,225,000 (£1,283psf)	Sep-21

Property	Description	Agreed Price	Date
Flat 39, Dudley Court, Endell Street WC2H 	Fourth and fifth floor 2 bedroom flat of 792 sq ft within a well-maintained ex-council block. Good condition. 90 years unexpired.	£995,000 (£1,256psf)	Nov-21
Flat A, 22 Great Queen Street WC2B 	First and second floor 2 bedroom flat of 636 sq ft. Good condition with modern kitchen and bathroom. Long lease.	£800,000 (£1,258psf)	Feb-22
Flat 15, Seven Dials Court WC2H 	Second and third floor 2 bedroom flat of 936 sq ft with terrace. Good condition with dated fit out. Above retail.	£1,200,000 (£1,282psf)	Feb-22
42 Eagle Street WC1R 	Third floor 2 bedroom flat of 704 sq ft. Refurbished to a reasonable standard. Lift access.	£755,000 (£1,072psf)	Sep-21

<u>3 bedroom flats</u>

Property	Description	Agreed Price	Date
Flat 3, 23 Drury Lane WC2B 	Third and fourth floor 3 bedroom flat of 1,238 sq ft in good condition with roof terrace. Above retail. Long lease.	£1,587,500 (£1,282psf)	May-21

Property	Description	Agreed Price	Date
Flat A, 178 Drury Lane WC2B 	First to third floor 3 bedroom flat of 1,238 sq ft with terrace. Refurbished to a good standard. Above retail. 92 years unexpired.	£1,800,000 (£1,454psf)	Aug-21
Flat 6, Market Place, Parker Street WC2B 	Fourth floor 3 bedroom flat of 1,450 sq ft within a purpose built block. Good condition with terrace.	£2,200,000 (£1,429psf)	Jun-21

Appendix 7

Proposed Residential Schedule of Accommodation

Draft Schedule of Values
Valuation Date: September 2022

Plot No.	Floor	Unit Type	Size (sqm)	Size (sqft)	Base Value	Market Value	£psf
1	2	1B2P	50	538	£900,000	£900,000	£1,672
2	2	1B2P	51	549	£900,000	£915,000	£1,667
3	2	2B3P	76	818	£1,325,000	£1,325,000	£1,620
4	2	2B3P	81	872	£1,325,000	£1,385,000	£1,589
5	3	1B2P	53	570	£900,000	£930,000	£1,630
6	3	1B2P	53	570	£900,000	£930,000	£1,630
7	3	2B3P	78	840	£1,325,000	£1,355,000	£1,614
8	3	2B3P	81	872	£1,325,000	£1,395,000	£1,600
9	4	1B2P	55	592	£900,000	£950,000	£1,605
10	4	1B2P	53	570	£900,000	£935,000	£1,639
11	4/5	3B6P Duplex	171	1841	£2,700,000	£2,830,000	£1,538
12	4/5	3B6P Duplex	165	1776	£2,700,000	£2,750,000	£1,548
			967	**10409**		**£16,600,000**	**£1,595**

Appendix 8

Proposed Scheme Cost Plan

GARDINER &THEOBALD

LUPIN HOUSE - SCHEME A
FEASIBILITY ESTIMATE

01-Jul-22

CONTROL ISSUE SHEET

Revision	Status	Prepared By (name/position/date)	Authorised By (name/position/date)
-	Feasibility	Will Kerr / Project Surveyor / 01/07/2022	Garrie Renucci/ Partner / 01/07/2022

GARDINER &THEOBALD

CONTENTS

CONSTRUCTION COST SUMMARY

CONSTRUCTION COST		Total (£)		£/Sf GIA		£/sq ft Nia
ESTIMATED ROUNDED CONSTRUCTION COST	**£**	**7,570,000**	**£**	**317**	**£**	**423**
Facilitating Works		429,606				
Shell & Core		775,160				
Superstructure - Exterior Works		791,340				
Superstructure - Commercial Areas		491,057				
Superstructure - Residential Areas		840,221				
Residential Fit-Out		1,287,759				
Fittings /Furnishings/Equipment		30,000				
Scaffolding		120,000				
M&E Services		1,187,107				
External Works		240,000				
Main Contractor’s preliminaries		1,037,276				
Main Contractor’s Overheads and Profit		339,996				
TOTAL		**7,569,521**				

GT GARDINER &THEOBALD

NOTES & ASSUMPTIONS

PROJECT OVERVIEW

1 This report provides an order of cost for the refurbishment of commercial use, residential conversion and rooftop extensions at Lupin House.

PROGRAMME

1 Programme duration currently unknown, and is subject to VP's and sequencing of works

INFORMATION USED TO PREPARE THIS ESTIMATE

1 This Cost Estimate has been based upon the Apt Studio Pre-app report dated 9th May 2022
Heyne Tillett Steel structural initial thoughts information issued 05/04/22

STATUS OF DESIGN

1 RIBA Stage 2 feasibility

KEY ASSUMPTIONS

1 Please refer to the detailed build up for all other key assumptions and allowances.
2 Estimated costs are construction costs prepared using current prices (2Qtr 2022)
3 Allowances have been included for main contractor preliminaries costs, and main contractor's overheads and profit is 5% across all construction works.
4 New build costs are based upon an assumed quality and specification to align with the current typical spaces
5 Client Contingencies, design development and construction risk have been excluded and to be provided for separately within the appraisal
6 Infrastructure upgrade costs excluded
7 Areas are intended for the production of the Cost Plan only and should not be relied upon for any other purpose.
8 Improvements to thermal performance of the existing buildings beyond window replacement has been excluded

PROCUREMENT

1 The procurement strategy for the works is assumed to be a competitive Design & Build route

INFLATION

1 Inflation is excluded
2 Current market conditions relating to shortage of materials and labour is a risk and may have an impact on future costs. In particular steel, plasterboard and timber and future design development may need to take this into account

EXCLUSIONS

The following should be read in conjunction with the Executive Summary and are a list of items not yet able to be included within this cost plan; however, we would like to discuss them further with yourselves and your advisors to determine whether some or all of the following can be included in the cost plan:

1. Value Added Tax
2. Land acquisition costs and fees
3. Client finance, legal or marketing costs
4. Fees or costs associated with rights of light agreement, party wall awards, oversailing agreements etc
5. Professional fees
6. Section 106 / 278 Contributions
7. Community Infrastructure Levy Contributions or similar
8. Costs resulting from zero carbon requirements or offset charges
9. Benefits arising from any potential Capital Allowances or other government incentives / grants
10. Currency and exchange rate fluctuations
11. Statutory changes
12. Works outside of the site boundary except where specifically stated
13. Fees, works or costs associated with abnormal ground conditions, beyond risk allowances
14. Changes to current building regulations
15. Changes in costs and / or programme caused by an epidemic or pandemic disease; advice or guidance issued and / or laws or actions taken by the UK Government or other relevant governmental or regulatory bodies (including the NHS) in the UK (or abroad) in relation thereto.
16. Infrastructure upgrades to meet increased capacities
17. Tenant disruption and refit costs beyond stated allowances
18. External works, resurfacing the existing public realm areas
19. Contingencies
20. Consequential part L thermal improvements to existing elevations

AREA SCHEDULE

Lupin House
Aviv Riverview Limited
Apt Revision: 03
01/07/2022

Existing					
Building	Residential		Commercial		Total
	NIA		NIA		NIA
Level	sqm	sqft	sqm	sqft	sqm
GF	0	0	249	2,676	249
Mezz	0	0	47	505	47
L01	0	0	245	2,636	245
L02	0	0	232	2,502	232
L03	0	0	257	2,768	257
L04	211	2,267	0	0	211
Total	211	2,267	1,030	11,087	1,241

Existing		
Building	Residential	
	GIA	
Level	sqm	sqft
GF	348	3,748
Mezz	49	523
L01	317	3,415
L02	313	3,372
L03	320	3,440
L04	278	2,996
Total	1,625	17,495

Area Schedule - Proposed					
Building	Residential		Commercial		Total
	NIA		NIA		NIA
Level	sqm	sqft	sqm	sqft	sqm
GF	39	425	142	1,529	182
Mezz	11	115	85	914	96
L01	0	-	251	2,700	251
L02	257	2,764	-	-	257
L03	264	2,844	-	-	264
L04	258	2,775	-	-	258
L05	180	1,939	-	-	180
Total	1,009	10,862	478	5,143	**1,487**

Area Schedule - Proposed		
Building	Total	
	GIA	
Level	sqm	sqft
GF	361	3,882
Mezz	264	3,887
L01	312	3,709
L02	310	3,336
L03	317	3,407
L04	307	3,306
L05	216	2,333
Total	**2,087**	**23,860**

Circulation Areas				
Building	Total	Total	Resi	Commercial
	NIA		68%	32%
Level	sqm	sqft	sqm	sqm
GF	45	479	30	14
Mezz	57	614	39	18
L01	33	-	23	11
L02	26	-	18	8
L03	27	-	18	9
L04	26	-	18	8
L05	10	111	7	3
Total	**224**	1,204	152	72

BOH Areas				
Building	Total	Total	Resi	Commercial
	NIA		68%	32%
Level	sqm	sqft	sqm	sqm
GF	86	925	59	27
Mezz	68	737	47	22
L01	-	-	-	-
L02	-	-	-	-
L03	-	-	-	-
L04	-	-	-	-
L05	15	157	10	5
Total	**169**	1,818	115	54

GT GARDINER &THEOBALD

LUPIN HOUSE, 11-13 MACKLIN STREET
FEASABILITY ESTIMATE - SCHEME A

Job No. : 38551
Client : Aviv Riverview Limited

Issue Date: 01/07/2022
Gross Internal Area (m^2) : 2,087
Gross Internal Area (ft^2) : 23,860

	SUMMARY OF CONSTRUCTION COSTS	Qty	Unit	Rate	Total (£)	
0.0	**Facilitating Works**					
	Refer to Demolition breakdown - page 13	1	Item	429,606	429,606	
	Prelims, OHP etc				incl	
	Subtotal Facilitating Works				**£**	**429,606**
1.0	**Shell & Core**					
1.0	Refer to shell & core breakdown - page 12	1	Item	775,160	775,160	
						775,160
2.0	**Superstructure - Exterior Works**					
	Western façade wall					
2.1	Increase opening sizes for new windows and doors of existing façade inclusive of window facings, and sills	16	nr	1,500	24,000	
2.2	Clean, mortar and re-point existing façade	284	m2	60	17,040	
2.3	Remove render	130	m2	90	11,700	
2.4	Replacement windows type 1	16	nr	2,500	40,000	
2.5	Replacement windows type 2	15	nr	1,250	18,750	
2.6	Juliette balcony	16	nr	4,000	64,000	
2.7	Terrace balcony & balustrade	62	m2	1,000	62,000	
2.8	Entry doors at GF	4	nr	9,000	36,000	
	Eastern façade wall					
2.9	Increase opening sizes for new windows and doors of existing façade inclusive of window facings, and sills	3	nr	2,000	6,000	
2.10	Clean, mortar and re-point existing façade	60	m2	60	3,600	
2.11	Replacement windows	3	nr	2,500	7,500	
2.12	L05 Terrace	25	m2	500	12,500	
2.13	L04 Terrace balcony & balustrade	11	m2	1,000	11,000	
2.14	L03 & L02 Terrace balcony & balustrade	51	m2	1,250	63,750	
2.15	New Façade system to C section	345	m2	500	172,500	
2.16	New windows	26	nr	2,500	65,000	
2.17	Faceted windows - level 4&5	47	m2	2,000	94,000	
2.18	E/O for L01 glazing - faceted windows	31	m2	2,000	62,000	
2.19	E/O for L01 glazing - sliding door	25	m2	800	20,000	
						791,340
3.0	**Superstructure - Commercial Areas**					
3.1	CAT A fit out to office (on NIA)	1	item	307,836	307,836	
3.2	E/O for spiral staircase - provisional sum	1	item	40,000	40,000	
3.3	FOH circulation areas - floor, walls & ceiling - including fit out	72	m2	1,500	108,199	
3.4	BOH areas - Floor, walls & ceiling - including fit out	54	m2	650	35,022	
						491,057
4.0	**Superstructure - Residential Areas**					
4.1	Floors, walls & ceiling (on NIA) - excluding fitout	1,009	m2	600	605,478	
4.2	FOH circulation areas - floor, walls & ceiling - including fit out (FFE excluded)	152	m2	1,050	159,954	
4.3	BOH areas - Floor, walls & ceiling - including fit out	115	m2	650	74,789	
						840,221

GARDINER &THEOBALD

Job No. : 38551
Client : Aviv Riverview Limited

Issue Date: 01/07/2022
Gross Internal Area (m^2) : 2,087
Gross Internal Area (ft^2) : 23,860

SUMMARY OF CONSTRUCTION COSTS	Qty	Unit	Rate	Total (£)	
5.0 **Residential Fit-Out**					
5.1 Apartment entrance door	12	nr	2,000	24,000.00	
5.2 Internal doors	56	nr	800	44,800.00	
5.3 Riser doors	27	nr	500	13,500.00	
5.4 Duplex stairs	2	nr	12,500	25,000.00	
5.5 Floor Finishes	1,009	m2	200	201,826.00	
5.6 Wall finishes including trims	3,015	m2	30	90,450.00	
5.7 Ceiling finish (paint)	1,009	m2	20	20,182.60	
5.8 Bathroom including sanitaryware	20	nr	7,000	140,000.00	
5.9 Kitchens including appliances	12	nr	17,500	210,000.00	
5.10 Wardrobes/storage joinery	28	nr	3,500	98,000.00	
5.11 MEP fit out	12	nr	35,000	420,000.00	
					1,287,759
6.0 **Fittings /Furnishings/Equipment**					
6.1 Statutory signage	1	item	10,000	10,000	
6.2 External Signage - provisional sum	1	item	5,000	5,000	
6.3 Lockers	6	Nr	1,250	7,500	
6.4 Cycle Racks - Resi - provisional quantity	10	Nr	500	5,000	
6.5 Cycle Racks - Commercial - provisional quantity	5	Nr	500	2,500	
					30,000
7.0 **Scaffolding**					
7.1 West façade wall	391	m2	150	58,650	
7.2 East façade wall	409	m2	150	61,350	
					120,000
8.0 **M&E Services**					
8.1 M&E services - Residential	1,161	m2	475	551,697	
8.2 M&E services - Commercial	550	m2	650	357,476	
8.3 Commercial lift (Platform lift)	1	nr	35,000	35,000	
8.4 Bike Lift (excludes enhanced finishes)	1	nr	45,000	45,000	
8.5 Resi lift (excludes enhanced finishes)	1	nr	110,000	110,000	
8.6 BWIC	1	item		87,933.82	
					1,187,107
Sub Total Building				**£**	**5,952,249**
9.0 **External Works**					
9.1 Allowance for modifications to incoming Services; Electric (excludes reinforcements and diversions)	1	Item	100,000	100,000	
9.2 Allowance for modifications to incoming Services; Water (excludes reinforcements and diversions)	1	Item	50,000	50,000	
9.3 Allowance for modifications to incoming Services; Drainage (excludes reinforcements and diversions)	1	Item	50,000	50,000	
9.4 Allowance for modifications to incoming Services; Telecoms (excludes reinforcements and diversions)	1	Item	10,000	10,000	
9.5 Allowance for Landscaping inc irrigation	1	Item	20,000	20,000	
9.6 Allowance for paving to courtyard	1	item	10,000	10,000	
Sub Total External Works				**£**	**240,000**

GT GARDINER &THEOBALD

Job No. :	38551	**Issue Date:**	**01/07/2022**
Client :	Aviv Riverview Limited	**Gross Internal Area (m²) :**	**2,087**
		Gross Internal Area (ft²) :	**23,860**

SUMMARY OF CONSTRUCTION COSTS	Qty	Unit	Rate	Total (£)
Main Contractor's preliminaries	18%			**1,037,276**
Main Contractor's Overheads and Profit	5%			**339,996**
PCSA Fee	Excl			
Design Fees	Excl			
Design Development Risk	Excl			
Construction Risk	Excl			
Inflation to Start on Site	Excl			
Construction Inflation	Excl			
Total			**£**	**7,569,521**

£/sqm (GIA)	**3,627**
£/sqft (GIA)	**317**

GARDINER &THEOBALD

ELEMENTAL BREAKDOWN - CONSTRUCTION COST FOR OFFICE CAT A FIT OUT

	Qty	Unit	Rate	Total (£)
Internal Finishes				
Plasterboard lining, walls	478	m2	25	11,900
Plasterboard lining, columns	4	nr	500	2,000
New raised access floor; assume medium grade	478	m2	45	21,500
Allowance for fire cavity barrier	1	flrs	5500	5,500
Riser Doors		Excluded - By Landlord Base build		
Allowance for decoration to exposed soffits	478	m2	20	9,600
Decorations to walls in Cat-A areas	478	m2	10	4,800
Fixtures, Fittings & Equipment				
Allowance for blinds boxes				Excl
Allowance for blinds				Excl
Ramp and ballustrade to GF office	1	item	7,500	7,500
WC and AWC's	6	nr	3,000	18,000
Mechanical, Electrical & Public Health				
Disposal installations	478	m2	10	4,800
Space heating and air conditioning	478	m2	200	95,600
Ventilation	478	m2		-
Electrical installations (including lighting, power to floors and containment)	478	m2	100	47,800
Fire and lightning protection	478	m2	30	14,300
Communication, security and control systems	478	m2	45	21,500
BWIC with services	478	m2	20	9,557
Testing & commissioning	478	m2	8	3,870
Services sub-contract preliminaries	478	m2	62	29,609
Total			£	**307,836**
Commerical NIA	478	m2		
			Cost £/sm NIA	**644**

EXCLUSIONS

Floor boxes (by tenant).
Suspended ceilings and / or raft ceilings.
On floor busbar.
Blind boxes and blinds (by tenant).
Premium for sealing raised access floor.
Floor finishes (Carpet, etc.).

NOTES

Assume VRF ducted fresh air
Assume mid range specification for the light fittings.
No acoustic enhancements required.
Exposed soffits solution.
Based on tier 2/3 mechanical & electrical contractors carrying out the MEP works.

GT GARDINER &THEOBALD

ELEMENTAL BREAKDOWN - SHELL & CORE CONSTRUCTION COST

	Qty	Unit	Rate	Total (£)	
Slab on Ground					
Foundations, ground beams	101	m2	250	25,250	
Drainage	361	m2	50	18,050	
Ground Slab	220	m2	150	33,000	
Underpinning - provisional allowance	1	item	50,000	50,000	
					126,300
Superstructure					
Steel Columns	17	tonne	4,500	75,938	
Steel Beams	53	tonne	4,500	237,938	
Allowance for strengthening works to existing RC transfer columns - provisional sum	1	item	15,000	15,000	
Allowance for strengthening works to existing RC transfer beams - provisional sum	1	item	15,000	15,000	
Timber midfloor infills	289	m2	150	43,350	
					387,225
Stairs & cores					
Commercial use stair case (blockwork)	39	m2	1,685	65,715	
Form commercial use lift core incl pit	9	m2	750	6,750	
Form residential lift core & risers GF-L04	230	m2	300	69,000	
Resi stair extension	13	m2	750	9,750	
					151,215
Roof					
Roofing, waterproofing, insulation	202	m2	300	60,600	
Rainwater	202	item	10	2,020	
Re-roof existing gable	24	m2	200	4,800	
Allowance for louvres	4	nr	4,000	16,000	
Sky lights	18	m2	1,500	27,000	
					110,420
Sub Total Building					**775,160**
Main Contractor's preliminaries	18%				-
Main Contractor's Overheads and Profit	5%				-
PCSA Fee	Excl				
Design Fees	Excl				
Design Development Risk	Excl				
Construction Risk	Excl				
Inflation to Start on Site	Excl				
Construction Inflation	Excl				
Total				£	**775,160**

GT GARDINER &THEOBALD

ELEMENTAL BREAKDOWN - FACILITATING WORKS

		Qty	Unit	Rate	Total (£)	
1.0	**Demolition**					
	Soft Strip					
1.1	Soft Strip incl services (NIA)	1,241	m2	35	43,421	
	Hard strip					
1.2	Remove GF slab to commercial office space	119	m2	250	29,750	
1.3	Takedown existing midfloors	389	m2	200	77,800	
1.4	Takedown fire escape stairwell	60	m2	-	incl	
1.5	Allowance for back propping - provisional allowance	1	item	50,000	50,000	
1.6	Allowance to takedown structural beams, columns, walls	293	m2	275	80,575	
1.7	Temporary propping the above	1	item		incl	
1.8	Takedown façade as per HTS drawings	266	m2	100	26,600	
1.9	Allowance to remove Lightwell at L01	1	item	10,000	10,000	
2.0	Remove existing roof	246	m2	150	36,900	
2.1	Asbestos removal				excluded	
						355,046
	Sub Total Building					**355,046**
	Main Contractor's preliminaries	16%				**56,807**
	Main Contractor's Overheads and Profit	5%				**17,752**
	PCSA Fee	Excl				
	Design Fees	Excl				
	Design Development Risk	Excl				
	Construction Risk	Excl				
	Inflation to Start on Site	Excl				
	Construction Inflation	Excl				
	Total				**£**	**429,606**

Appendix 9

Appraisal Summary & Sensitivity Analysis

Lupus House - Proposed Scheme
220916

Development Appraisal
Licensed Copy
20 December 2022

APPRAISAL SUMMARY — LICENSED COPY

Lupus House - Proposed Scheme
220916

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Residential Appartments	12	10,409	1,594.77	1,383,333	16,600,000

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**
Office Space	1	4,893	60.49	295,978	295,978
Totals	**1**	**4,893**			**295,978**

Investment Valuation

Office Space					
Market Rent	295,978	YP @	4.5000%	22.2222	
(1yr Rent Free)		PV 1yr @	4.5000%	0.9569	6,294,047
Total Investment Valuation					**6,294,047**

GROSS DEVELOPMENT VALUE				**22,894,047**
Purchaser's Costs			(427,995)	
Effective Purchaser's Costs Rate		6.80%		
				(427,995)
NET DEVELOPMENT VALUE				**22,466,052**
NET REALISATION				**22,466,052**

OUTLAY

ACQUISITION COSTS				
Residualised Price			6,864,686	
				6,864,686
Stamp Duty			332,734	
Effective Stamp Duty Rate		4.85%		
Agent Fee		1.00%	68,647	
Legal Fee		0.80%	54,917	
				456,299

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
Construction Costs	22,456	337.08	7,569,521	
Contingency		7.50%	567,714	
CIL			54,763	
MCIL2			40,636	
				8,232,634
Section 106 Costs				
Section 106 Costs	12 un	2,000.00 /un	24,000	
				24,000

PROFESSIONAL FEES				
Professional Fees		12.00%	908,343	
				908,343

MARKETING & LETTING			
Letting Agent Fee	10.00%	29,598	
Letting Legal Fee	5.00%	14,799	
			44,397
DISPOSAL FEES			
Resi Sales Agency Fee	1.50%	249,000	
Comm Sales Agent Fee	1.00%	58,661	
Resi Sales Legal Fee	0.50%	83,000	
Comm Sales Legal Fee	0.50%	29,330	
			419,991
TOTAL COSTS BEFORE FINANCE			**16,950,349**
FINANCE			
Debit Rate 6.500%, Credit Rate 1.000% (Nominal)			
Total Finance Cost			1,666,596
TOTAL COSTS			**18,616,945**
PROFIT			
			3,849,107
Performance Measures			
Profit on Cost%	20.68%		
Profit on GDV%	16.81%		

Lupus House - Proposed Scheme
220916

Initial
MRV
295,978
295,978

Lupus House - Proposed Scheme
220916

Lupus House - Proposed Scheme
220916

Development Appraisal
Licensed Copy
20 December 2022

Lupus House - Proposed Scheme
220916

Table of Land Cost and Profit Amount

	Construction: Rate /ft²				
Sales: Rate /ft²	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	303.37 /ft²	320.23 /ft²	337.08 /ft²	353.94 /ft²	370.79 /ft²
-10.000% 1,435.30 /ft²	(£6,319,633) £3,849,107	(£5,928,736) £3,849,107	(£5,537,838) £3,849,107	(£5,146,941) £3,849,107	(£4,756,043) £3,849,107
-5.000% 1,515.04 /ft²	(£6,983,057) £3,849,107	(£6,592,160) £3,849,107	(£6,201,262) £3,849,107	(£5,810,365) £3,849,107	(£5,419,467) £3,849,107
0.000% 1,594.77 /ft²	(£7,646,481) £3,849,107	(£7,255,584) £3,849,107	(£6,864,686) £3,849,107	(£6,473,789) £3,849,107	(£6,082,891) £3,849,107
+5.000% 1,674.51 /ft²	(£8,309,905) £3,849,107	(£7,919,008) £3,849,107	(£7,528,110) £3,849,107	(£7,137,213) £3,849,107	(£6,746,315) £3,849,107
+10.000% 1,754.25 /ft²	(£8,973,329) £3,849,107	(£8,582,432) £3,849,107	(£8,191,534) £3,849,107	(£7,800,637) £3,849,107	(£7,409,739) £3,849,107

Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²
Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Construction Costs	1	£337.08	2.00 Up & Down

Sales: Rate /ft²
Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Residential Appartments	1	£1,594.77	2.00 Up & Down