

BNP Paribas Real Estate

Wood Wharf: LBTH CIL Strategic Sites Testing

Supplemental Appraisals

Report Date: 14 July 2014

BNP Paribas Real Estate

Wood Wharf Supplemental Appraisals

Supplementary Appraisal 1

Affordable Housing	20%
CIL	Full
Growth	Yes
IRR Achieved	16.89%

Report Date: 14 July 2014

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

Wood Wharf - LBTH CIL Strategic Sites Testing
20% AH, Residual S106, Borough CIL & Growth

Summary Appraisal for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Phase 1 - Market Resi	1	714,228	865.00	617,806,788	617,806,788	375,011,331	992,818,119
Phase 1 - Affordable Resi	1	178,557	200.00	35,711,480	35,711,480	0	35,711,480
Phase 1 - Car Parking	483	0	0.00	25,000	12,075,000	0	12,075,000
Phase 1 - Ground Rents	1201	0	0.00	4,500	5,404,500	0	5,404,500
‡ Phase 2 - Market Resi	1	259,330	865.00	224,320,191	224,320,191	171,648,412	395,968,603
Phase 2 - Affordable Resi	1	64,833	200.00	12,966,520	12,966,520	0	12,966,520
Phase 2 - Ground Rent	436	436	4,500.00	4,500	1,962,000	0	1,962,000
Phase 2 - Car Parking	177	0	0.00	25,000	4,425,000	0	4,425,000
‡ Phase 3 - Market Resi	1	503,433	865.00	435,469,545	435,469,545	737,275,266	1,172,744,811
Phase 3 - Affordable Resi	1	125,846	200.00	25,169,200	25,169,200	0	25,169,200
Phase 3 - Ground Rent	846	846	4,500.00	4,500	3,807,000	0	3,807,000
Phase 3 - Car Parking	<u>340</u>	<u>0</u>	0.00	25,000	<u>8,500,000</u>	<u>0</u>	<u>8,500,000</u>
Totals	3,489	1,847,508			1,387,617,223	1,283,935,010	2,671,552,233

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Phase 1 - Retail	1	50,400	30.00	1,512,000	1,512,000	1,512,000
Phase 1 - Office	1	252,371	40.00	10,094,840	10,094,840	10,094,840
Phase 1 - Community	1	10,933		0	0	
Phase 1 - Basement	1	227,033		0	0	
Phase 2 - Retail	1	86,409	30.00	2,592,282	2,592,282	2,592,282
Phase 2 - Office	1	333,573	40.00	13,342,924	13,342,924	13,342,924
Phase 2 - Basement	1	227,033		0	0	
Phase 3 - Retail	1	26,530	30.00	795,900	795,900	795,900
Phase 3 - Basement	1	227,033		0	0	
Phase 4 - Retail	1	36,665	30.00	1,099,938	1,099,938	1,099,938
Phase 4 - Office	1	1,216,049	40.00	48,641,964	48,641,964	48,641,964

APPRAISAL SUMMARY

BNP PARIBAS REAL ESTATE

**Wood Wharf - LBTH CIL Strategic Sites Testing
20% AH, Residual S106, Borough CIL & Growth**

Phase 4 - Hotel	<u>1</u>	<u>81,625</u>	0	<u>0</u>	
Totals	12	2,775,655		78,079,848	78,079,848

Investment Valuation

Phase 1 - Retail

Market Rent	1,512,000	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	22,427,910

Phase 1 - Office

Market Rent	10,094,840	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	156,307,340

Phase 2 - Retail

Market Rent	2,592,282	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	38,452,029

Phase 2 - Office

Market Rent	13,342,924	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	206,600,298

Phase 3 - Retail

Market Rent	795,900	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	11,805,803

Phase 4 - Retail

Market Rent	1,099,938	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	16,315,682

Phase 4 - Office

Market Rent	48,641,964	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	753,166,567

Phase 4 - Hotel

Manual Value					56,250,000
					1,261,325,629

GROSS DEVELOPMENT VALUE

3,932,877,862

Purchaser's Costs	5.80%	(73,804,949)	(73,804,949)
-------------------	-------	--------------	--------------

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**Wood Wharf - LBTH CIL Strategic Sites Testing
20% AH, Residual S106, Borough CIL & Growth
NET DEVELOPMENT VALUE**

3,859,072,913**NET REALISATION****3,859,072,913****OUTLAY****ACQUISITION COSTS**

Fixed Price		46,176,000	
Stamp Duty	4.00%	1,847,040	
Agent Fee	1.00%	461,760	
Legal Fee	0.80%	369,408	
			48,854,208

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
‡ Phase 1 - Retail	72,000 ft ²	185.00 pf ²	15,903,935
‡ Phase 1 - Office	360,530 ft ²	200.00 pf ²	86,093,780
‡ Phase 1 - Community	15,619 ft ²	184.00 pf ²	3,431,401
‡ Phase 1 - Basement	324,333 ft ²	46.00 pf ²	17,813,503
‡ Phase 2 - Retail	123,442 ft ²	185.00 pf ²	27,743,788
‡ Phase 2 - Office	476,533 ft ²	200.00 pf ²	115,785,468
‡ Phase 2 - Basement	324,333 ft ²	46.00 pf ²	18,125,085
‡ Phase 3 - Retail	37,900 ft ²	185.00 pf ²	9,076,332
‡ Phase 3 - Community	30,301 ft ²	184.00 pf ²	7,217,291
‡ Phase 3 - Basement	324,333 ft ²	46.00 pf ²	19,312,940
‡ Phase 4 - Retail	52,378 ft ²	185.00 pf ²	13,427,171
‡ Phase 4 - Office	1,737,213 ft ²	200.00 pf ²	481,445,291
‡ Phase 4 - Basement	324,333 ft ²	46.00 pf ²	20,673,445
‡ Phase 4 - Hotel	116,607 ft ²	200.00 pf ²	34,405,114
‡ Phase 1 - Market Resi	1,020,325 ft ²	235.00 pf ²	286,290,385
‡ Phase 1 - Affordable Resi	255,082 ft ²	235.00 pf ²	71,572,807
‡ Phase 2 - Market Resi	370,471 ft ²	235.00 pf ²	105,767,723
‡ Phase 2 - Affordable Resi	92,618 ft ²	235.00 pf ²	26,442,002
‡ Phase 3 - Market Resi	719,190 ft ²	235.00 pf ²	218,781,663
‡ Phase 3 - Affordable Resi	<u>179,780 ft²</u>	235.00 pf ²	<u>54,690,092</u>

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
20% AH, Residual S106, Borough CIL & Growth**

Totals	6,958,603 ft²		1,633,999,214	1,633,999,214
Contingency		5.00%	101,095,349	
Demolition			1,095,608	
Residual S106			25,156,544	
Mayoral CIL & Crossrail S106			47,946,524	
Borough CIL			52,550,340	
				227,844,365
Other Construction				
Abnormals			150,000,000	
Externals		15.00%	69,493,846	
Externals		15.00%	41,360,847	
Externals		15.00%	43,464,807	
Externals		15.00%	82,492,653	
				386,812,153
PROFESSIONAL FEES				
Professional Fees		12.00%	236,760,279	
				236,760,279
MARKETING & LETTING				
Commercial Marketing	2,083,622 ft²	1.50 pf²	3,125,433	
Resi Marketing		2.00%	51,230,631	
Letting Agent Fee		10.00%	7,807,985	
Letting Legal Fee		5.00%	3,903,992	
				66,068,041
DISPOSAL FEES				
Commercial Sales Agent Fee		0.50%	5,944,084	
Resi Sales Agent Fee		1.50%	39,134,051	
Sales Legal Fee		0.25%	9,647,682	
				54,725,817
TOTAL COSTS				2,655,064,076

PROFIT

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
20% AH, Residual S106, Borough CIL & Growth****1,204,008,836****Performance Measures**

Profit on Cost%	45.35%
Profit on GDV%	30.61%
Profit on NDV%	31.20%
Development Yield% (on Rent)	2.94%
Equivalent Yield% (Nominal)	5.54%
Equivalent Yield% (True)	5.73%
 IRR	 16.89%
 Rent Cover	 15 yrs 5 mths
Profit Erosion (finance rate 0.000%)	N/A

‡ Inflation/Growth applied

Growth on Sales

		Ungrown	Growth	Total
Phase 1 - Market Resi	Growth Set 1 at 8.240% var.	617,806,787	375,011,331	992,818,119
Phase 2 - Market Resi	Growth Set 1 at 8.240% var.	224,320,191	171,648,412	395,968,603
Phase 3 - Market Resi	Growth Set 1 at 8.240% var.	435,469,545	737,275,266	1,172,744,811

Inflation on Construction Costs

		Uninflated	Inflation	Total
Phase 1 - Market Resi	Inflation Set 1 at 3.340%	239,776,375	46,514,010	286,290,385
Phase 1 - Affordable Resi	Inflation Set 1 at 3.340%	59,944,270	11,628,537	71,572,807
Phase 2 - Market Resi	Inflation Set 1 at 3.340%	87,060,685	18,707,038	105,767,723
Phase 2 - Affordable Resi	Inflation Set 1 at 3.340%	21,765,230	4,676,772	26,442,002
Phase 3 - Market Resi	Inflation Set 1 at 3.340%	169,009,650	49,772,013	218,781,663
Phase 3 - Affordable Resi	Inflation Set 1 at 3.340%	42,248,300	12,441,792	54,690,092
Phase 1 - Retail	Inflation Set 1 at 3.340%	13,320,000	2,583,935	15,903,935
Phase 1 - Office	Inflation Set 1 at 3.340%	72,106,000	13,987,780	86,093,780
Phase 1 - Community	Inflation Set 1 at 3.340%	2,873,896	557,505	3,431,401
Phase 1 - Basement	Inflation Set 1 at 3.340%	14,919,318	2,894,185	17,813,503

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
20% AH, Residual S106, Borough CIL & Growth**

Phase 2 - Retail	Inflation Set 1 at 3.340%	22,836,770	4,907,018	27,743,788
Phase 2 - Office	Inflation Set 1 at 3.340%	95,306,600	20,478,868	115,785,468
Phase 2 - Basement	Inflation Set 1 at 3.340%	14,919,318	3,205,767	18,125,085
Phase 3 - Retail	Inflation Set 1 at 3.340%	7,011,500	2,064,832	9,076,332
Phase 3 - Community	Inflation Set 1 at 3.340%	5,575,384	1,641,907	7,217,291
Phase 3 - Basement	Inflation Set 1 at 3.340%	14,919,318	4,393,622	19,312,940
Phase 4 - Retail	Inflation Set 1 at 3.340%	9,689,930	3,737,241	13,427,171
Phase 4 - Office	Inflation Set 1 at 3.340%	347,442,600	134,002,691	481,445,291
Phase 4 - Basement	Inflation Set 1 at 3.340%	14,919,318	5,754,127	20,673,445
Phase 4 - Hotel	Inflation Set 1 at 3.340%	23,321,400	11,083,714	34,405,114

BNP Paribas Real Estate

Wood Wharf Supplemental Appraisals

Supplementary Appraisal 2

Affordable Housing	15%
CIL	Full
Growth	Yes
IRR Achieved	18.84%

Report Date: 14 July 2014

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**Wood Wharf - LBTH CIL Strategic Sites Testing
15% AH, Residual S106, Borough CIL & Growth**

Summary Appraisal for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Phase 1 - Market Resi	1	758,867	865.00	656,419,523	656,419,523	398,449,424	1,054,868,947
Phase 1 - Affordable Resi	1	133,918	200.00	26,783,540	26,783,540	0	26,783,540
Phase 1 - Car Parking	483	0	0.00	25,000	12,075,000	0	12,075,000
Phase 1 - Ground Rents	1276	0	0.00	4,500	5,742,000	0	5,742,000
‡ Phase 2 - Market Resi	1	275,538	865.00	238,340,543	238,340,543	182,376,699	420,717,242
Phase 2 - Affordable Resi	1	48,625	200.00	9,724,960	9,724,960	0	9,724,960
Phase 2 - Ground Rent	463	463	4,500.00	4,500	2,083,500	0	2,083,500
Phase 2 - Car Parking	177	0	0.00	25,000	4,425,000	0	4,425,000
‡ Phase 3 - Market Resi	1	534,897	865.00	462,686,164	462,686,164	783,354,586	1,246,040,751
Phase 3 - Affordable Resi	1	94,394	200.00	18,878,860	18,878,860	0	18,878,860
Phase 3 - Ground Rent	899	899	4,500.00	4,500	4,045,500	0	4,045,500
Phase 3 - Car Parking	<u>340</u>	<u>0</u>	<u>0.00</u>	<u>25,000</u>	<u>8,500,000</u>	<u>0</u>	<u>8,500,000</u>
Totals	3,644	1,847,601			1,449,704,590	1,364,180,710	2,813,885,300

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Phase 1 - Retail	1	50,400	30.00	1,512,000	1,512,000	1,512,000
Phase 1 - Office	1	252,371	40.00	10,094,840	10,094,840	10,094,840
Phase 1 - Community	1	10,933		0	0	
Phase 1 - Basement	1	227,033		0	0	
Phase 2 - Retail	1	86,409	30.00	2,592,282	2,592,282	2,592,282
Phase 2 - Office	1	333,573	40.00	13,342,924	13,342,924	13,342,924
Phase 2 - Basement	1	227,033		0	0	
Phase 3 - Retail	1	26,530	30.00	795,900	795,900	795,900
Phase 3 - Basement	1	227,033		0	0	
Phase 4 - Retail	1	36,665	30.00	1,099,938	1,099,938	1,099,938
Phase 4 - Office	1	1,216,049	40.00	48,641,964	48,641,964	48,641,964

APPRAISAL SUMMARY

BNP PARIBAS REAL ESTATE

**Wood Wharf - LBTH CIL Strategic Sites Testing
15% AH, Residual S106, Borough CIL & Growth**

Phase 4 - Hotel	<u>1</u>	<u>81,625</u>	0	<u>0</u>	
Totals	12	2,775,655		78,079,848	78,079,848

Investment Valuation

Phase 1 - Retail

Market Rent	1,512,000	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	22,427,910

Phase 1 - Office

Market Rent	10,094,840	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	156,307,340

Phase 2 - Retail

Market Rent	2,592,282	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	38,452,029

Phase 2 - Office

Market Rent	13,342,924	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	206,600,298

Phase 3 - Retail

Market Rent	795,900	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	11,805,803

Phase 4 - Retail

Market Rent	1,099,938	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	16,315,682

Phase 4 - Office

Market Rent	48,641,964	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	753,166,567

Phase 4 - Hotel

Manual Value					56,250,000
					1,261,325,629

GROSS DEVELOPMENT VALUE

4,075,210,929

Purchaser's Costs	5.80%	(73,845,404)	(73,845,404)
-------------------	-------	--------------	--------------

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing****15% AH, Residual S106, Borough CIL & Growth****NET DEVELOPMENT VALUE****4,001,365,524****NET REALISATION****4,001,365,524****OUTLAY****ACQUISITION COSTS**

Fixed Price		46,176,000	
Stamp Duty	4.00%	1,847,040	
Agent Fee	1.00%	461,760	
Legal Fee	0.80%	369,408	
			48,854,208

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
‡ Phase 1 - Retail	72,000 ft ²	185.00 pf ²	15,903,935
‡ Phase 1 - Office	360,530 ft ²	200.00 pf ²	86,093,780
‡ Phase 1 - Community	15,619 ft ²	184.00 pf ²	3,431,401
‡ Phase 1 - Basement	324,333 ft ²	46.00 pf ²	17,813,503
‡ Phase 2 - Retail	123,442 ft ²	185.00 pf ²	27,743,788
‡ Phase 2 - Office	476,533 ft ²	200.00 pf ²	115,785,468
‡ Phase 2 - Basement	324,333 ft ²	46.00 pf ²	18,125,085
‡ Phase 3 - Retail	37,900 ft ²	185.00 pf ²	9,076,332
‡ Phase 3 - Community	30,301 ft ²	184.00 pf ²	7,217,291
‡ Phase 3 - Basement	324,333 ft ²	46.00 pf ²	19,312,940
‡ Phase 4 - Retail	52,378 ft ²	185.00 pf ²	13,427,171
‡ Phase 4 - Office	1,737,213 ft ²	200.00 pf ²	481,445,291
‡ Phase 4 - Basement	324,333 ft ²	46.00 pf ²	20,673,445
‡ Phase 4 - Hotel	116,607 ft ²	200.00 pf ²	34,405,114
‡ Phase 1 - Market Resi	1,084,095 ft ²	235.00 pf ²	304,183,446
‡ Phase 1 - Affordable Resi	191,311 ft ²	235.00 pf ²	53,679,465
‡ Phase 2 - Market Resi	393,626 ft ²	235.00 pf ²	112,378,367
‡ Phase 2 - Affordable Resi	69,464 ft ²	235.00 pf ²	19,831,644
‡ Phase 3 - Market Resi	764,139 ft ²	235.00 pf ²	232,455,402
‡ Phase 3 - Affordable Resi	<u>134,849 ft²</u>	235.00 pf ²	<u>41,021,828</u>

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
15% AH, Residual S106, Borough CIL & Growth**

Totals	6,958,701 ft²		1,634,004,695	1,634,004,695
Contingency		5.00%	101,095,664	
Demolition			1,095,608	
Residual S106			25,156,544	
Mayoral CIL & Crossrail S106			47,979,208	
Borough CIL			54,958,220	
				230,285,244
Other Construction				
Abnormals			150,000,000	
Externals		15.00%	69,493,804	
Externals		15.00%	41,360,890	
Externals		15.00%	43,465,628	
Externals		15.00%	82,492,653	
				386,812,975
PROFESSIONAL FEES				
Professional Fees		12.00%	236,761,073	
				236,761,073
MARKETING & LETTING				
Commercial Marketing	2,083,622 ft²	1.50 pf²	3,125,433	
Resi Marketing		2.00%	54,432,539	
Letting Agent Fee		10.00%	7,807,985	
Letting Legal Fee		5.00%	3,903,992	
				69,269,949
DISPOSAL FEES				
Commercial Sales Agent Fee		0.50%	5,944,286	
Resi Sales Agent Fee		1.50%	41,543,809	
Sales Legal Fee		0.25%	10,003,414	
				57,491,509
TOTAL COSTS				2,663,479,652

PROFIT

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
15% AH, Residual S106, Borough CIL & Growth****1,337,885,872****Performance Measures**

Profit on Cost%	50.23%
Profit on GDV%	32.83%
Profit on NDV%	33.44%
Development Yield% (on Rent)	2.93%
Equivalent Yield% (Nominal)	5.54%
Equivalent Yield% (True)	5.73%
 IRR	 18.94%
 Rent Cover	 17 yrs 2 mths
Profit Erosion (finance rate 0.000%)	N/A

‡ Inflation/Growth applied

Growth on Sales

		Ungrown	Growth	Total
Phase 1 - Market Resi	Growth Set 1 at 8.240% var.	656,419,522	398,449,424	1,054,868,947
Phase 2 - Market Resi	Growth Set 1 at 8.240% var.	238,340,543	182,376,699	420,717,242
Phase 3 - Market Resi	Growth Set 1 at 8.240% var.	462,686,164	783,354,586	1,246,040,751

Inflation on Construction Costs

		Uninflated	Inflation	Total
Phase 1 - Market Resi	Inflation Set 1 at 3.340%	254,762,325	49,421,121	304,183,446
Phase 1 - Affordable Resi	Inflation Set 1 at 3.340%	44,958,085	8,721,380	53,679,465
Phase 2 - Market Resi	Inflation Set 1 at 3.340%	92,502,110	19,876,257	112,378,367
Phase 2 - Affordable Resi	Inflation Set 1 at 3.340%	16,324,040	3,507,604	19,831,644
Phase 3 - Market Resi	Inflation Set 1 at 3.340%	179,572,665	52,882,737	232,455,402
Phase 3 - Affordable Resi	Inflation Set 1 at 3.340%	31,689,515	9,332,313	41,021,828
Phase 1 - Retail	Inflation Set 1 at 3.340%	13,320,000	2,583,935	15,903,935
Phase 1 - Office	Inflation Set 1 at 3.340%	72,106,000	13,987,780	86,093,780
Phase 1 - Community	Inflation Set 1 at 3.340%	2,873,896	557,505	3,431,401
Phase 1 - Basement	Inflation Set 1 at 3.340%	14,919,318	2,894,185	17,813,503

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
15% AH, Residual S106, Borough CIL & Growth**

Phase 2 - Retail	Inflation Set 1 at 3.340%	22,836,770	4,907,018	27,743,788
Phase 2 - Office	Inflation Set 1 at 3.340%	95,306,600	20,478,868	115,785,468
Phase 2 - Basement	Inflation Set 1 at 3.340%	14,919,318	3,205,767	18,125,085
Phase 3 - Retail	Inflation Set 1 at 3.340%	7,011,500	2,064,832	9,076,332
Phase 3 - Community	Inflation Set 1 at 3.340%	5,575,384	1,641,907	7,217,291
Phase 3 - Basement	Inflation Set 1 at 3.340%	14,919,318	4,393,622	19,312,940
Phase 4 - Retail	Inflation Set 1 at 3.340%	9,689,930	3,737,241	13,427,171
Phase 4 - Office	Inflation Set 1 at 3.340%	347,442,600	134,002,691	481,445,291
Phase 4 - Basement	Inflation Set 1 at 3.340%	14,919,318	5,754,127	20,673,445
Phase 4 - Hotel	Inflation Set 1 at 3.340%	23,321,400	11,083,714	34,405,114

BNP Paribas Real Estate

Wood Wharf Supplemental Appraisals

Supplementary Appraisal 3

Affordable Housing	10%
CIL	Full
Growth	Yes
IRR Achieved	21.01%

Report Date: 14 July 2014

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL & Growth****Summary Appraisal for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
‡ Phase 1 - Market Resi	1	803,506	865.00	695,032,863	695,032,863	421,887,885	1,116,920,748
Phase 1 - Affordable Resi	1	89,279	200.00	17,855,740	17,855,740	0	17,855,740
Phase 1 - Car Parking	483	0	0.00	25,000	12,075,000	0	12,075,000
Phase 1 - Ground Rents	1351	0	0.00	4,500	6,079,500	0	6,079,500
‡ Phase 2 - Market Resi	1	291,746	865.00	252,360,290	252,360,290	193,104,522	445,464,812
Phase 2 - Affordable Resi	1	32,416	200.00	6,483,260	6,483,260	0	6,483,260
Phase 2 - Ground Rent	491	491	4,500.00	4,500	2,209,500	0	2,209,500
Phase 2 - Car Parking	177	0	0.00	25,000	4,425,000	0	4,425,000
‡ Phase 3 - Market Resi	1	566,362	865.00	489,903,389	489,903,389	829,434,931	1,319,338,321
Phase 3 - Affordable Resi	1	62,929	200.00	12,585,860	12,585,860	0	12,585,860
Phase 3 - Ground Rent	952	952	4,500.00	4,500	4,284,000	0	4,284,000
Phase 3 - Car Parking	<u>340</u>	<u>0</u>	<u>0.00</u>	<u>25,000</u>	<u>8,500,000</u>	<u>0</u>	<u>8,500,000</u>
Totals	3,800	1,847,682			1,511,794,403	1,444,427,338	2,956,221,741

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Phase 1 - Retail	1	50,400	30.00	1,512,000	1,512,000	1,512,000
Phase 1 - Office	1	252,371	40.00	10,094,840	10,094,840	10,094,840
Phase 1 - Community	1	10,933		0	0	
Phase 1 - Basement	1	227,033		0	0	
Phase 2 - Retail	1	86,409	30.00	2,592,282	2,592,282	2,592,282
Phase 2 - Office	1	333,573	40.00	13,342,924	13,342,924	13,342,924
Phase 2 - Basement	1	227,033		0	0	
Phase 3 - Retail	1	26,530	30.00	795,900	795,900	795,900
Phase 3 - Basement	1	227,033		0	0	
Phase 4 - Retail	1	36,665	30.00	1,099,938	1,099,938	1,099,938
Phase 4 - Office	1	1,216,049	40.00	48,641,964	48,641,964	48,641,964

APPRAISAL SUMMARY

BNP PARIBAS REAL ESTATE

**Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL & Growth**

Phase 4 - Hotel	<u>1</u>	<u>81,625</u>	0	<u>0</u>	
Totals	12	2,775,655		78,079,848	78,079,848

Investment Valuation

Phase 1 - Retail

Market Rent	1,512,000	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	22,427,910

Phase 1 - Office

Market Rent	10,094,840	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	156,307,340

Phase 2 - Retail

Market Rent	2,592,282	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	38,452,029

Phase 2 - Office

Market Rent	13,342,924	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	206,600,298

Phase 3 - Retail

Market Rent	795,900	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	11,805,803

Phase 4 - Retail

Market Rent	1,099,938	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	16,315,682

Phase 4 - Office

Market Rent	48,641,964	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	753,166,567

Phase 4 - Hotel

Manual Value					56,250,000
					1,261,325,629

GROSS DEVELOPMENT VALUE

4,217,547,370

Purchaser's Costs	5.80%	(73,886,120)	(73,886,120)
-------------------	-------	--------------	--------------

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL & Growth
NET DEVELOPMENT VALUE**

4,143,661,249**NET REALISATION****4,143,661,249****OUTLAY****ACQUISITION COSTS**

Fixed Price		46,176,000	
Stamp Duty	4.00%	1,847,040	
Agent Fee	1.00%	461,760	
Legal Fee	0.80%	369,408	
			48,854,208

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
‡ Phase 1 - Retail	72,000 ft ²	185.00 pf ²	15,903,935
‡ Phase 1 - Office	360,530 ft ²	200.00 pf ²	86,093,780
‡ Phase 1 - Community	15,619 ft ²	184.00 pf ²	3,431,401
‡ Phase 1 - Basement	324,333 ft ²	46.00 pf ²	17,813,503
‡ Phase 2 - Retail	123,442 ft ²	185.00 pf ²	27,743,788
‡ Phase 2 - Office	476,533 ft ²	200.00 pf ²	115,785,468
‡ Phase 2 - Basement	324,333 ft ²	46.00 pf ²	18,125,085
‡ Phase 3 - Retail	37,900 ft ²	185.00 pf ²	9,076,332
‡ Phase 3 - Community	30,301 ft ²	184.00 pf ²	7,217,291
‡ Phase 3 - Basement	324,333 ft ²	46.00 pf ²	19,312,940
‡ Phase 4 - Retail	52,378 ft ²	185.00 pf ²	13,427,171
‡ Phase 4 - Office	1,737,213 ft ²	200.00 pf ²	481,445,291
‡ Phase 4 - Basement	324,333 ft ²	46.00 pf ²	20,673,445
‡ Phase 4 - Hotel	116,607 ft ²	200.00 pf ²	34,405,114
‡ Phase 1 - Market Resi	1,147,866 ft ²	235.00 pf ²	322,076,788
‡ Phase 1 - Affordable Resi	127,541 ft ²	235.00 pf ²	35,786,403
‡ Phase 2 - Market Resi	416,780 ft ²	235.00 pf ²	118,988,725
‡ Phase 2 - Affordable Resi	46,309 ft ²	235.00 pf ²	13,221,001
‡ Phase 3 - Market Resi	809,089 ft ²	235.00 pf ²	246,129,446
‡ Phase 3 - Affordable Resi	<u>89,899 ft²</u>	235.00 pf ²	<u>27,347,784</u>

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL & Growth**

Totals	6,958,782 ft²		1,634,004,690	1,634,004,690
Contingency		5.00%	101,095,664	
Demolition			1,095,608	
Residual S106			25,156,544	
Mayoral CIL & Crossrail S106			48,010,596	
Borough CIL			57,367,820	
				232,726,231
Other Construction				
Abnormals			150,000,000	
Externals		15.00%	69,493,846	
Externals		15.00%	41,360,847	
Externals		15.00%	43,465,628	
Externals		15.00%	82,492,653	
				386,812,974
PROFESSIONAL FEES				
Professional Fees		12.00%	236,761,072	
				236,761,072
MARKETING & LETTING				
Commercial Marketing	2,083,622 ft²	1.50 pf²	3,125,433	
Resi Marketing		2.00%	57,634,478	
Letting Agent Fee		10.00%	7,807,985	
Letting Legal Fee		5.00%	3,903,992	
				72,471,888
DISPOSAL FEES				
Commercial Sales Agent Fee		0.50%	5,944,490	
Resi Sales Agent Fee		1.50%	43,953,586	
Sales Legal Fee		0.25%	10,359,153	
				60,257,229
TOTAL COSTS				2,671,888,292

PROFIT

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL & Growth****1,471,772,957****Performance Measures**

Profit on Cost%	55.08%
Profit on GDV%	34.90%
Profit on NDV%	35.52%
Development Yield% (on Rent)	2.92%
Equivalent Yield% (Nominal)	5.54%
Equivalent Yield% (True)	5.73%
IRR	21.01%
Rent Cover	18 yrs 10 mths
Profit Erosion (finance rate 0.000%)	N/A

‡ Inflation/Growth applied

Growth on Sales

		Ungrown	Growth	Total
Phase 1 - Market Resi	Growth Set 1 at 8.240% var.	695,032,863	421,887,885	1,116,920,748
Phase 2 - Market Resi	Growth Set 1 at 8.240% var.	252,360,290	193,104,522	445,464,812
Phase 3 - Market Resi	Growth Set 1 at 8.240% var.	489,903,390	829,434,931	1,319,338,321

Inflation on Construction Costs

		Uninflated	Inflation	Total
Phase 1 - Market Resi	Inflation Set 1 at 3.340%	269,748,510	52,328,278	322,076,788
Phase 1 - Affordable Resi	Inflation Set 1 at 3.340%	29,972,135	5,814,268	35,786,403
Phase 2 - Market Resi	Inflation Set 1 at 3.340%	97,943,300	21,045,425	118,988,725
Phase 2 - Affordable Resi	Inflation Set 1 at 3.340%	10,882,615	2,338,386	13,221,001
Phase 3 - Market Resi	Inflation Set 1 at 3.340%	190,135,915	55,993,531	246,129,446
Phase 3 - Affordable Resi	Inflation Set 1 at 3.340%	21,126,265	6,221,519	27,347,784
Phase 1 - Retail	Inflation Set 1 at 3.340%	13,320,000	2,583,935	15,903,935
Phase 1 - Office	Inflation Set 1 at 3.340%	72,106,000	13,987,780	86,093,780
Phase 1 - Community	Inflation Set 1 at 3.340%	2,873,896	557,505	3,431,401
Phase 1 - Basement	Inflation Set 1 at 3.340%	14,919,318	2,894,185	17,813,503

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL & Growth**

Phase 2 - Retail	Inflation Set 1 at 3.340%	22,836,770	4,907,018	27,743,788
Phase 2 - Office	Inflation Set 1 at 3.340%	95,306,600	20,478,868	115,785,468
Phase 2 - Basement	Inflation Set 1 at 3.340%	14,919,318	3,205,767	18,125,085
Phase 3 - Retail	Inflation Set 1 at 3.340%	7,011,500	2,064,832	9,076,332
Phase 3 - Community	Inflation Set 1 at 3.340%	5,575,384	1,641,907	7,217,291
Phase 3 - Basement	Inflation Set 1 at 3.340%	14,919,318	4,393,622	19,312,940
Phase 4 - Retail	Inflation Set 1 at 3.340%	9,689,930	3,737,241	13,427,171
Phase 4 - Office	Inflation Set 1 at 3.340%	347,442,600	134,002,691	481,445,291
Phase 4 - Basement	Inflation Set 1 at 3.340%	14,919,318	5,754,127	20,673,445
Phase 4 - Hotel	Inflation Set 1 at 3.340%	23,321,400	11,083,714	34,405,114

BNP Paribas Real Estate

Wood Wharf Supplemental Appraisals

Supplementary Appraisal 4

Affordable Housing	10%
CIL	Full
Growth	No
IRR Achieved	9.10%

Report Date: 14 July 2014

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL****Summary Appraisal for Merged Phases 1 2 3 4 5**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
Phase 1 - Market Resi	1	803,506	865.00	695,032,863	695,032,863	0	695,032,863
Phase 1 - Affordable Resi	1	89,279	200.00	17,855,740	17,855,740	0	17,855,740
Phase 1 - Car Parking	483	0	0.00	25,000	12,075,000	0	12,075,000
Phase 1 - Ground Rents	1351	0	0.00	4,500	6,079,500	0	6,079,500
Phase 2 - Market Resi	1	291,746	865.00	252,360,290	252,360,290	0	252,360,290
Phase 2 - Affordable Resi	1	32,416	200.00	6,483,260	6,483,260	0	6,483,260
Phase 2 - Ground Rent	491	491	4,500.00	4,500	2,209,500	0	2,209,500
Phase 2 - Car Parking	177	0	0.00	25,000	4,425,000	0	4,425,000
Phase 3 - Market Resi	1	566,362	865.00	489,903,389	489,903,389	48,990,339	538,893,728
Phase 3 - Affordable Resi	1	62,929	200.00	12,585,860	12,585,860	0	12,585,860
Phase 3 - Ground Rent	952	952	4,500.00	4,500	4,284,000	0	4,284,000
Phase 3 - Car Parking	<u>340</u>	<u>0</u>	0.00	25,000	<u>8,500,000</u>	<u>0</u>	<u>8,500,000</u>
Totals	3,800	1,847,682			1,511,794,403	48,990,339	1,560,784,741

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Phase 1 - Retail	1	50,400	30.00	1,512,000	1,512,000	1,512,000
Phase 1 - Office	1	252,371	40.00	10,094,840	10,094,840	10,094,840
Phase 1 - Community	1	10,933		0	0	
Phase 1 - Basement	1	227,033		0	0	
Phase 2 - Retail	1	86,409	30.00	2,592,282	2,592,282	2,592,282
Phase 2 - Office	1	333,573	40.00	13,342,924	13,342,924	13,342,924
Phase 2 - Basement	1	227,033		0	0	
Phase 3 - Retail	1	26,530	30.00	795,900	795,900	795,900
Phase 3 - Basement	1	227,033		0	0	
Phase 4 - Retail	1	36,665	30.00	1,099,938	1,099,938	1,099,938
Phase 4 - Office	1	1,216,049	40.00	48,641,964	48,641,964	48,641,964

APPRAISAL SUMMARY

BNP PARIBAS REAL ESTATE

**Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL**

Phase 4 - Hotel	<u>1</u>	81,625	0	<u>0</u>	
Totals	12	2,775,655		78,079,848	78,079,848

Investment Valuation

Phase 1 - Retail

Market Rent	1,512,000	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	22,427,910

Phase 1 - Office

Market Rent	10,094,840	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	156,307,340

Phase 2 - Retail

Market Rent	2,592,282	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	38,452,029

Phase 2 - Office

Market Rent	13,342,924	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	206,600,298

Phase 3 - Retail

Market Rent	795,900	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	11,805,803

Phase 4 - Retail

Market Rent	1,099,938	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	16,315,682

Phase 4 - Office

Market Rent	48,641,964	YP @	5.5000%	18.1818	
(3yrs Rent Free)		PV 3yrs @	5.5000%	0.8516	753,166,567

Phase 4 - Hotel

Manual Value					56,250,000
					1,261,325,629

GROSS DEVELOPMENT VALUE

2,822,110,370

Purchaser's Costs	5.80%	(73,886,120)	(73,886,120)
-------------------	-------	--------------	--------------

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing****10% AH, Residual S106, Borough CIL****NET DEVELOPMENT VALUE****2,748,224,250****NET REALISATION****2,748,224,250****OUTLAY****ACQUISITION COSTS**

Fixed Price		46,176,000	
Stamp Duty	4.00%	1,847,040	
Agent Fee	1.00%	461,760	
Legal Fee	0.80%	369,408	
			48,854,208

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Phase 1 - Retail	72,000 ft ²	185.00 pf ²	13,320,000
Phase 1 - Office	360,530 ft ²	200.00 pf ²	72,106,000
Phase 1 - Community	15,619 ft ²	184.00 pf ²	2,873,896
Phase 1 - Basement	324,333 ft ²	46.00 pf ²	14,919,318
Phase 2 - Retail	123,442 ft ²	185.00 pf ²	22,836,770
Phase 2 - Office	476,533 ft ²	200.00 pf ²	95,306,600
Phase 2 - Basement	324,333 ft ²	46.00 pf ²	14,919,318
Phase 3 - Retail	37,900 ft ²	185.00 pf ²	7,011,500
Phase 3 - Community	30,301 ft ²	184.00 pf ²	5,575,384
Phase 3 - Basement	324,333 ft ²	46.00 pf ²	14,919,318
Phase 4 - Retail	52,378 ft ²	185.00 pf ²	9,689,930
Phase 4 - Office	1,737,213 ft ²	200.00 pf ²	347,442,600
Phase 4 - Basement	324,333 ft ²	46.00 pf ²	14,919,318
Phase 4 - Hotel	116,607 ft ²	200.00 pf ²	23,321,400
Phase 1 - Market Resi	1,147,866 ft ²	235.00 pf ²	269,748,510
Phase 1 - Affordable Resi	127,541 ft ²	235.00 pf ²	29,972,135
Phase 2 - Market Resi	416,780 ft ²	235.00 pf ²	97,943,300
Phase 2 - Affordable Resi	46,309 ft ²	235.00 pf ²	10,882,615
Phase 3 - Market Resi	809,089 ft ²	235.00 pf ²	190,135,915
Phase 3 - Affordable Resi	<u>89,899 ft²</u>	235.00 pf ²	<u>21,126,265</u>

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL**

Totals	6,958,782 ft²		1,278,970,092	1,278,970,092
Contingency		5.00%	80,757,099	
Demolition			1,040,072	
Residual S106			25,156,544	
Mayoral CIL & Crossrail S106			48,010,596	
Borough CIL			57,367,820	
				212,332,131
Other Construction				
Abnormals			150,000,000	
Externals		15.00%	58,203,081	
Externals		15.00%	34,045,393	
Externals		15.00%	33,577,360	
Externals		15.00%	59,305,987	
				335,131,821
PROFESSIONAL FEES				
Professional Fees		12.00%	185,507,890	
				185,507,890
MARKETING & LETTING				
Commercial Marketing	2,083,622 ft²	1.50 pf²	3,125,433	
Resi Marketing		2.00%	29,725,738	
Letting Agent Fee		10.00%	7,807,985	
Letting Legal Fee		5.00%	3,903,992	
				44,563,148
DISPOSAL FEES				
Commercial Sales Agent Fee		0.50%	5,944,490	
Resi Sales Agent Fee		1.50%	23,022,031	
Sales Legal Fee		0.25%	6,870,561	
				35,837,081
TOTAL COSTS				2,141,196,371

PROFIT

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
10% AH, Residual S106, Borough CIL****607,027,879****Performance Measures**

Profit on Cost%	28.35%
Profit on GDV%	21.51%
Profit on NDV%	22.09%
Development Yield% (on Rent)	3.65%
Equivalent Yield% (Nominal)	5.54%
Equivalent Yield% (True)	5.73%
IRR	9.10%
Rent Cover	7 yrs 9 mths
Profit Erosion (finance rate 0.000%)	N/A

‡ Inflation/Growth applied

Growth on Sales

	Ungrown	Growth	Total
Phase 3 - Market Resi	489,903,390	48,990,339	538,893,728