

BNP Paribas Real Estate

Wood Wharf: LBTH CIL Strategic Sites Testing

Further Sensitivity Testing

Report Date: 1 October 2014

BNP Paribas Real Estate

Wood Wharf Further Sensitivity Appraisals

Scenario A	
Affordable Housing	0%
CIL	Full
Growth	None
IRR Achieved	11.23%

Report Date: 1 October 2014

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

**Wood Wharf - LBTH CIL Strategic Sites Testing
0% 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	865.00	77,226,076	77,226,076	0	77,226,076
Phase 1 - Car Parking	483	0	0.00	25,000	12,075,000	0	12,075,000
Phase 1 - Ground Rents	1501	0	0.00	4,500	6,754,500	0	6,754,500
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	865.00	28,040,100	28,040,100	0	28,040,099
Phase 2 - Ground Rent	545	545	4,500.00	4,500	2,452,500	0	2,452,500
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	489,903,390	489,903,390	48,990,339	538,893,728
Phase 3 - Affordable Resi	1	62,929	865.00	54,433,845	54,433,845	5,443,384	59,877,229
Phase 3 - Ground Rent	1058	1,058	4,500.00	4,500	4,761,000	0	4,761,000
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	4,110	1,847,842			1,635,964,562	54,433,723	1,690,398,285

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

0% AH, Residual S106, Borough CIL

Phase 4 - Hotel	1	81,625	0	0	
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

2,951,723,914

Purchaser's Costs	5.80%	(73,967,030)	(73,967,030)
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APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing****0% AH, Residual S106, Borough CIL****NET DEVELOPMENT VALUE****2,877,756,884****NET REALISATION****2,877,756,884****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****0% AH, Residual S106, Borough CIL**

Totals	6,958,942 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			48,069,776	
Borough CIL			62,191,564	
				217,215,055
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 ft ²	1.50 pf ²	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%	5,944,894	
Resi Sales Agent Fee		1.50%	23,038,684	
Sales Legal Fee		0.25%	7,194,392	
				36,177,971
TOTAL COSTS				2,146,420,185

PROFIT

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE**

Wood Wharf - LBTH CIL Strategic Sites Testing
0% AH, Residual S106, Borough CIL

731,336,699

Performance Measures

Profit on Cost%	34.07%
Profit on GDV%	24.78%
Profit on NDV%	25.41%
Development Yield% (on Rent)	3.64%
Equivalent Yield% (Nominal)	5.54%
Equivalent Yield% (True)	5.73%
IRR	11.23%
Rent Cover	9 yrs 4 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
Phase 3 - Affordable Resi	54,433,845	5,443,384	59,877,229

BNP Paribas Real Estate

Wood Wharf Further Sensitivity Appraisals

Scenario B	
Affordable Housing	0%
CIL	Zero
Growth	None
IRR Achieved	12.75%

Report Date: 1 October 2014

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
0% AH, Residual S106, Borough CIL****Summary Appraisal for Merged Phases 1 2 3 4 5****Currency in £****REVENUE**

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Phase 1 - Affordable Resi	1	89,279	865.00	77,226,076	77,226,076	0	77,226,076
Phase 1 - Car Parking	483	0	0.00	25,000	12,075,000	0	12,075,000
Phase 1 - Ground Rents	1501	0	0.00	4,500	6,754,500	0	6,754,500
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	865.00	28,040,100	28,040,100	0	28,040,099
Phase 2 - Ground Rent	545	545	4,500.00	4,500	2,452,500	0	2,452,500
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	489,903,390	489,903,390	48,990,339	538,893,728
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Phase 3 - Ground Rent	1058	1,058	4,500.00	4,500	4,761,000	0	4,761,000
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	4,110	1,847,842			1,635,964,562	54,433,723	1,690,398,285

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	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
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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

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Phase 4 - Hotel	1	81,625	0	0	
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

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Manual Value					56,250,000
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GROSS DEVELOPMENT VALUE

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Legal Fee	0.80%	369,408	
			48,854,208

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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
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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>

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Residual S106			25,156,544	
Mayoral CIL & Crossrail S106			48,069,776	155,023,491
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%	5,944,894	
Resi Sales Agent Fee		1.50%	23,038,684	
Sales Legal Fee		0.25%	7,194,392	36,177,971
TOTAL COSTS				2,084,228,621
PROFIT				793,528,263

APPRAISAL SUMMARY**BNP PARIBAS REAL ESTATE****Wood Wharf - LBTH CIL Strategic Sites Testing
0% AH, Residual S106, Borough CIL****Performance Measures**

Profit on Cost%	38.07%
Profit on GDV%	26.88%
Profit on NDV%	27.57%
Development Yield% (on Rent)	3.75%
Equivalent Yield% (Nominal)	5.54%
Equivalent Yield% (True)	5.73%
IRR	12.75%
Rent Cover	10 yrs 2 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
Phase 3 - Affordable Resi	54,433,845	5,443,384	59,877,229