
GLA Viability Team

Review of financial viability information

Addendum Report

Thameside West

Applicant	Silvertown Homes Ltd (SHL) and Greater London Authority Land and Property Ltd (GLAP),
GLA Reference	Case number 4039c
Local Planning Authority	London Borough of Newham
LPA Reference	18/03557/OUT
Date	28 July 2020

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The appendices set out below form part of this report

Appendix	
1	Updated build cost adjustments - CDM Project Services
2	Updated appraisal of scheme

1. Introduction

- 1.1. This document represents the position of the Greater London Authority's Viability Team in respect of the viability of the Thameside West scheme at the date of this report. It is an Addendum to the GLA's viability review dated 7 July 2020.
- 1.2. As set out in Section 8 of that report, discussions were ongoing to reach agreement on the build costs for the scheme between the Applicant's cost consultants, Gardiner and Theobald, and the GLA's cost consultants CDM Project Services.
- 1.3. The following section sets out the outcome of those discussions and the updated viability position.

2. Update to Viability Inputs - Construction Costs

Original position

- 2.1. CDM's initial review of Gardiner and Theobald's cost plan identified an overall difference of £22.58 million or 1.59%. Their total figure was £1,394,419,332 compared with the figures of £1,417,000,000 assessed by G&T.
- 2.2. The key area of difference were the piling costs, frames, internal partitions, wardrobe allowances and shell and core MEP allowances including for grey water recycling. The key point of difference on the landscaping works was the cost of the trees which CDM considered to be too high.

Updated position

- 2.3. CDM have updated their position following receipt of the following information and clarification on a number of points:
- Receipt of more detailed Block A and B cost information.
 - Clarifications on Block T apartment numbers, cycle lifts, knotweed, the risk allowance for the Silvertown Tunnel and grey water recycling.
 - Additional clarifications on differences on substructure, frames, shell and core mechanical and electrical services and trees.
- 2.4. The overall difference has narrowed from 1.59% to 0.07% or £950k. The detailed breakdown is set out in the table below.

Area	G&T	CDM	Difference	%
Landings and Parkside	£408,395,178	£406,625,466	£1,769,712	0.43%
The Quays	£265,041,473	£264,259,610	£781,863	0.29%
Riverside Quarter	£472,743,241	£471,000,461	£1,742,780	0.37%
Central Spine	£197,981,426	£197,143,766	£837,660	0.42%
Industrial	£12,269,848	£12,269,848	£0	

Area	G&T	CDM	Difference	%
Abnormal items	£53,480,000	£57,650,000	£-4,170,000	-7.80%
Rounding	£ -11,166			
Total	£1,409,900,000	£ 1,408,949,151	£950,849	0.07%

2.5. CDM's assessment of costs remain marginally below G&T on most items with the exception of the abnormal items where their assessment of the cost of fitting out the school, nursery and community building remains C£4m higher than G&T. The full breakdown of adjustments is shown in Appendix 1.

3. Appraisal Results and Analysis

- 3.1. The GLA's position in their report dated 7 July 202 was that the scheme was more viable than the Gerald Eve's assessment of 30 June 2020. This was due to the following differing assumptions;
- Inclusion of additional residential income from ground rents or enhanced sales values.
 - Lower construction costs for the blocks and landscaping in line with CDM's advice.
 - Higher allowance for the fit out of the school and community buildings, again in line with CDM's advice.
- 3.2. The GLA's assessment showed an IRR of 12.55% and a return on GDV of 16.56% compared to Gerald Eve's assessment which showed an IRR of 11.73% and a return on GDV of 14.09%.
- 3.3. The GLA's appraisal has now been updated with the revised construction costs assessed by CDM. Assumptions on the residential value remain the same.
- 3.4. The updated appraisal is attached as Appendix 2 and shows an IRR of 12.13% and a return on GDV of 15.58%
- 3.5. The GLA can now confirm that the scheme including 39% affordable housing as set out in the report dated 7 July 2020 is offering the maximum reasonable quantum of affordable housing. The blended return on GDV in the updated appraisal is below the figure of 16.2% identified in the GLA's report of 7 July 2020. The IRR also remains within an acceptable range.
- 3.6. Sensitivity analysis has also been updated looking at the impact of changes in construction costs and market sales values. The results below show the impact on both the IRR (shown in bold) and the return on GDV (shown in italics). The current position based on the GLA's assumptions on costs and values is shown in the orange square.

	Gross market sales values				
Construction Gross Cost	-5.00%	-2.50%	0.00%	2.50%	5.00%
-5.00%	12.26% 15.93%	13.01% 17.59%	13.76% 19.18%	14.50% 20.64%	15.23% 22.04%
-2.50%	11.44% 14.06%	12.19% 15.75%	12.94% 17.39%	13.67% 18.96%	14.40% 20.40%
0.00%	10.64% 12.19%	11.39% 13.92%	12.13% 15.58%	12.86% 17.20%	13.59% 18.75%
2.50%	9.86% 10.24%	10.61% 12.07%	11.34% 13.77%	12.07% 15.42%	12.79% 17.01%
5.00%	9.10% 8.27%	9.84% 10.16%	10.57% 11.95%	11.29% 13.64%	12.01% 15.26%

4. S106 Terms and Viability Reviews

- 4.1. It is important that the s106 provides robust viability review provisions that will enable additional affordable housing to be provided if viability improves.
- 4.2. Further discussions have taken place with the applicant in respect of the review provisions and these have been updated from the GLA's initial report.

Lack of progress reviews

- An early stage review on the detailed phase if substantial implementation (construction up to first floor slab of Building A) is not achieved within 2 years of the grant of planning permission (allowance for date to be extended by 1 year should there be additional unforeseen delays to the delivery programme by a third party as reasonably justified and evidenced).
- A further 'lack of progress review' if 2,000 units are not completed by April 2032.

Mid and Late Stage Reviews

- Mid stage review 1 at 75% occupation of Phase 4, or occupation of between 1,500 and 1,700 units, whichever comes first.
 - Mid stage review 2 at 75% occupation of Phase 7, or occupation of 2,800 - 3,000 units, whichever comes first.
 - A late stage review when 4,000 units are occupied.
- 4.3. The review will be based on a whole scheme review with the following provisions

- BLV to be baselined at £103m adjusted for changes in Land Registry House Price Index (HPI) and the BCIS All-in Tender Price Index (TPI) (if the land is not a cost on Day 1 and it assumed to be drawn down later in the programme).
- All costs and values to be based on fully evidenced actual income and expenditure and estimated amounts for remainder of scheme at each review.
- Assumed percentages for items such as professional and sales fees to be based on Gerald Eve's assumptions at application stage, with actuals replacing these percentages as the scheme progresses.
- On the Early Review 100% of the surplus to be used to provide additional on-site affordable housing.
- On the Lack of Progress Review surplus to be split 80:20 in favour of the LPA and used to provide additional on-site affordable housing.
- On the Mid Stage reviews, in this case, taking into account the overall level of affordable housing, the surplus to be split 60:40 in favour of LPA and used to provide additional on-site affordable housing.
- On the late stage review, the surplus to be split 60:40 in favour of LPA and paid as a contribution.
- The viability threshold to be based on an IRR of 13%.
- The reviews should be capped at 50% by habitable room.

4.4. This approach to sharing the surplus helps to ensure that the applicant will remain incentivised to maximise value from the scheme throughout the lifetime of development in line with the Mayor's Affordable Housing and Viability SPG.

Other provisions

4.5. Community and educational uses to be secured in the s106 with nominal value

4.6. The fit-out costs for the school, nursery and community building will be paid for by the applicant and secured based on the actual costs at that time but subject to a minimum contribution of £14 million, in line with CDM's assessment.

5. Overall Conclusions

5.1. GLA officers can now confirm that the scheme provides the maximum reasonable level of affordable housing.

5.2. The quantum of affordable housing tested by the GLA and set out in Gerald Eve's FVA should be secured by NSA as well as units and habitable rooms.

5.3. The S106 should include robust reviews as set out above to ensure that the scheme can provide additional affordable housing if viability improves.

Appendix	
1	Updated Review of applicants cost plan by CDM
2	Appraisal of updated scheme

Appendix 1

Updated Review of applicants cost plan by CDM

Revised build cost adjustments

CDM Project Services

Summary of adjustments report 2 without comfort cooling Rev 2

	Omission £	Addition £
<u>Landings and Parkside</u>		
<u>Block A</u>		
Internal partitions	111,865	
MEP shell and core	201,357	
Comfort cooling shell and core	357,968	
Residential fit out	0	
Residential M+E	115,854	See calc below
<u>Block B</u>		
Internal partitions	110,265	
MEP shell and core	198,477	
Comfort cooling shell and core	352,848	
Residential fit out	141,810	
Private residential M+E	1,709,474	
<u>Block C</u>		
Internal partitions	55,450	
Private residential fit out	89,150	See calc below
MEP shell and core	99,891	
Comfort cooling shell and core	177,584	
Private residential M+E	941,222	See calc below
<u>Block D</u>		
Piling	0	
Internal partitions	130,280	
Affordable residential fit out	0	
MEP shell and core	234,504	
Comfort cooling shell and core	416,896	
Affordable residential M+E	186,654	See calc below
Cycle lifts		Clarified
<u>Block E</u>		
Substructure	0	
Frame	151,100	
Internal partitions	123,385	
MEP shell and core	222,093	
Comfort cooling shell and core	394,832	
Residential fit out	67,250	See calc below
Residential M+E	894,329	See calc below
Cycle lifts		Clarified
<u>Block F</u>		
Substructure	0	
Frame	442,200	
Internal partitions	294,800	
MEP shell and core	442,200	
Comfort cooling shell and core	471,680	
Residential fit out	201,400	See calc below
Residential M+E	2,136,274	See calc below
Cycle lifts		subject to clarification
<u>Landscaping</u>		
Trees	174,485	
	11,647,577	
	0	
Adjustment	11,647,577	
GT	333,277,891	
CDM estimate	321,630,314	
Preliminaries 14%	45,028,244	
CDM overall estimate	366,658,558	
Overheads and profit 4.0%	14,666,342	
CDM overall estimate	381,324,900	
Contingency 3.75%	14,299,684	
CDM overall estimate	395,624,584	
GT overall estimate	408,395,178	
Total difference	£12,770,594	3.13%
<u>Quays</u>		
J+M +N substructure	0	Clarification provided
J+M frame	173,218	
Internal partitions all blocks	463,945	
MEP shell and core all blocks	835,101	

Comfort cooling shell and core	1,484,624		
Residential fit out	655,300		See calc below
Residential M+E	6,801,332		See calc below
Cycle lifts	0		Clarification provided
<u>Landscaping</u>			
Trees	104,435		
	10,517,955		
	0		
	Adjustment	10,517,955	
	GT	216,333,744	
	CDM estimate	205,815,789	
Preliminaries	14%	28,814,210	
	CDM overall estimate	234,629,999	
Overheads and profit	4.0%	9,385,200	
	CDM overall estimate	244,015,199	
Contingency	3.75%	9,150,570	
	CDM overall estimate	253,165,769	
	GT overall estimate	265,041,473	
	Total difference	£11,875,704	4.48%
<u>Riverside Quarter</u>			
T substructure	0		
R+T frame	429,767		
Internal partitions all blocks	951,235		
MEP shell and core all blocks	1,712,223		
Shell and core comfort cooling	3,043,952		
T apartment numbers	85,706		
Residential fit out	893,690		See calc below
Residential M+E	8,397,602		See calc below
Cycle lifts	0		Clarification provided
<u>Landscaping</u>			
Trees	199,340		
	15,713,515		
	0		
	Adjustment	15,713,515	
	GT	386,885,226	
	CDM estimate	371,171,711	
Preliminaries	14%	51,964,040	
	CDM overall estimate	423,135,751	
Overheads and profit	4.0%	16,925,430	
	CDM overall estimate	440,061,181	
Contingency	3.75%	16,502,294	
	CDM overall estimate	456,563,475	
	GT overall estimate	472,743,241	
	Total difference	£16,179,766	3.42%
<u>Central Spine</u>			
Substructure all blocks			
H,K,I frame	365,608		
Internal partitions all blocks	357,975		
MEP shell and core all blocks	644,031		
Shell and core comfort cooling	1,144,944		
Residential fit out	242,130		See calc below
Residential M+E	1,720,021		See calc below
Cycle lifts	0		Clarification provided
<u>Landscaping</u>			
Trees	80,490		
	4,555,199		
	0		
	Adjustment	4,555,199	
	GT	162,091,763	
	CDM estimate	157,536,564	
Preliminaries	14%	22,055,119	
	CDM overall estimate	179,591,683	
Overheads and profit	4.0%	7,183,667	
	CDM overall estimate	186,775,351	
Contingency	3.75%	7,004,076	
	CDM overall estimate	193,779,426	
	GT overall estimate	197,981,426	
	Total difference	£4,202,000	2.12%
<u>Industrial</u>			
industrial	0		

	Adjustment	0	
	GT	9,975,000	
	CDM estimate	9,975,000	
Preliminaries	14%	1,396,500	
	CDM overall estimate	11,371,500	
Overheads and profit	4.0%	454,860	
	CDM overall estimate	11,826,360	
Contingency	3.75%	443,489	
	CDM overall estimate	12,269,848	
	GT overall estimate	12,269,848	
	Total difference	£0	0.00%
Abnormals			
Fit out costs		4,170,000	
		0	
		4,170,000	
	Adjustment	0	
	GT	53,480,000	
	CDM estimate	57,650,000	
		-4,170,000	-7.80%

Summary without comfort cooling				
Area	GT	WT	Difference	% Diff
Landings and Parkside	408,395,178	395,624,584	12,770,594	3.13%
The Quays	265,041,473	253,165,769	11,875,704	4.48%
Riverside Quarter	472,743,241	456,563,475	16,179,766	3.42%
Central Spine	197,981,426	193,779,426	4,202,000	2.12%
Industrial	12,269,848	12,269,848	0	
Abnormal items	53,480,000	57,650,000	-4,170,000	-7.80%
Rounding up/down	-11,166	0	0	
Total	1,409,900,000	1,369,053,102	40,846,898	2.90%

£/m2	2,794	2,713
£/ft2	260	252

Adjustment on residential fit out- all private

<u>Studio</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
Wardrobe	1	250	250		
			250	1	250
<u>1 bed</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
Wardrobe	1	250	250		
			250	1	250
<u>2 bed</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
Kitchen	1	400	400		
Wardrobe	2	250	500		
			900	1	900
<u>3 bed</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
Wardrobe	3	250	750		
			750	1	750

Adjustment on residential fit out- affordable

<u>Studio</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
			0	1	0
<u>1 bed</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
			0	1	0
<u>2 bed</u>					
Skirting	0	0	0		
Ceiling	0	0	0		
Kitchen	0	0	0		
			0	1	0
<u>3 bed</u>					

Skirting	0	0	0		
Ceiling	0	0	0		
			0	1	0
<u>4 bed</u>					
Skirting	0	0	0		
MF ceiling	129	35	4,515		
Ceiling	0	0	0		
Kitchen	0	0	0		
			4,515	1	4515

Adjustment on residential fit out per block

Type	C	D	E	F	Quays	Riverside	Cent Spine	A	B
Studio	3750		6,500	8,000	30,500	41,500	0		250
1bed	11000		11,250	24,500	74,000	58,000	15,750	0	20000
2bed	59400		49,500	131,400	433,800	583,200	100,800		76500
3bed	15000		0	37,500	117,000	138,750	26,250		27000
4 bed									18060
A studio						0	0	0	
A1 bed		0	0			0	0	0	
A2 bed		0	0			0	0	0	
A3 bed		0				0	0	0	
A4bed		0				72240	99330		
	89150	0	67,250	201,400	655,300	893,690	242,130	0	141,810

Adjustment on residential M+E all private

<u>Studio</u>			
Towel rail	1	-400	-400
Comfort C	1	3500	3,500
5amp	1	0	0
			3,100
Mark ups		0.08174	253
			3,353
			1
			3353
<u>1 bed</u>			
Towel rail	1	-400	-400
Comfort C	1	7000	7,000
5amp	1	0	0
			6,600
Mark ups		0.08174	539
			7,139
			1
			7139
<u>2 bed</u>			
Towel rail	2	-400	-800
Comfort C	1	7000	7,000
5amp	1	0	0
			6,200
Mark ups		0.08174	507
			6,707
			1
			6707
<u>3 bed</u>			
Towel rail	2	-400	-800
Comfort C	1	7000	7,000
5amp	1	0	0
			6,200
Mark ups		0.08174	507
			6,707
			1
			6707

4 bed Penthouse

Towel rail	3	-400	-1,200
Comfort C	1	0	0
5amp	1	0	0
			-1,200
Mark ups		0.08174	-98
			-1,298
			1
			-1298

Adjustment on residential M+E all affordable

<u>Studio</u>			
Towel rail	1	350	350
5amp	1	0	0
			350
Mark ups		0.08174	29
			379
			1
			379
<u>One bed</u>			
Towel rail	1	350	350
5amp	1	0	0
			350

Mark ups	0.08174		29		
			379	1	379
<u>Two bed</u>					
Towel rail	2	350	700		
5amp	1	0	0		
			700		
Mark ups	0.08174		57		
			757	1	757
<u>Three bed</u>					
Towel rail	3	350	1,050		
5amp	1	0	0		
			1,050		
Mark ups	0.08174		86		
			1,136	1	1136

Apartment M+E adjustment

	Block C	Block D	Block E	Block F	Quays	Riverside	Cent Spine	A	B
Studio	50301		87,188	107,309	409,114	556663	0		3353
1 bed	314137		321277	699669	2113287	1656360	449787		571159
2 bed	442648		368873	979191	3232672	4345999	751160		570077
3 bed	134136		0	335339	1046259	1240756	234738		570077
4 bed									-5192
A studio						0	0		0
A1 bed		0	38997			51869.433	0	39375	
A2 bed		94652	77993			241553	103739	53762	
A3bed		92002				286228	155608	22717	
A4 bed		0				18173	24988		
	941222	186654	894329	2136274	6801332	8397602	1720021	115854	1709474

Apartments

Blocks Studio 1 bed 2 bed 3 4 bed

Landings and Parkside

A		104	71	20		Affordable	195		
B	1	80	85	36	4	Private	206		
C	15	44	66	20		Private	145		
D		0	125	81	0	Affordable	206	-6	
E	26	45	55	0		Private	126		
E		0	103	38		Affordable	141		
F	32	98	146	50		Private	326		

Quays

G	32	96	144	48		Private	320		
J	21	66	99	32		Private	218		
M	23	59	96	27		Private	205		
N	46	75	143	49		Private	313		
Total	122	296	482	156					

Riverside

Q			1	26	6	Affordable	33		
Q	11	10	121	43		Private	185		
R	84	122	260	76		Private	542		
S			67	64	10	Affordable	141		
S	56	90	222	66		Private	434		
T		137	209	77		Affordable	423		
U			42	85	0	Affordable	127		
U	15	10	45	0		Private	70		
Total	166	232	648	185		Private			
Total	0	137	319	252	16	Affordable			

Central Spine

H			82	61		Affordable	143		
K		0	0	103	0	Affordable	103		
K		30	39	35		Private	104		
L			0	84	21	Affordable	105		
L	0	33	73	0	0	Private	106		
P		0	55	27	1	Affordable	83		
Total	0	63	112	35	0	Private			
Total	0	0	137	275	22	Affordable			
							5000		
						Affordable	1700		
						Private	3300		

River Wall

Removing coping stone			6860						
Contamination			161,521						

Backfilling		41,160	
Contamination wall 2		71,344	
		280,885	
		<u>0</u>	
	Adjustment	280,885	
	GT	3,300,217	
	CDM estimate	3,019,332	
Abnormals	5%	<u>150,967</u>	GT 10%
	CDM overall estimate	3,170,299	
	New piling	199,941	
		3,370,240	
Preliminaries	20%	<u>674,048</u>	
	CDM overall estimate	4,044,288	
Overheads and profit	7.5%	<u>303,322</u>	GT 9.5%
	CDM overall estimate	4,347,609	
TfL management fee	7.0%	<u>304,333</u>	Subject to clarification
	CDM overall estimate	4,651,942	
	Inflation	0	GT 6.99%
	Insurance	0	GT 1%
		4,651,942	
Design developmen	3.5%	<u>162,818</u>	GT 3.5%
	CDM overall estimate	4,814,760	
Contingency	6.50%	<u>282,595</u>	GT 18%
	CDM overall estimate	5,097,354	
	GT overall estimate	6,556,769	
	Total difference	£1,459,415	22.26%

Summary of adjustments report 2 without comfort cooling Rev 2

	Omission £	Addition £
<u>Landings and Parkside</u>		
<u>Block A</u>		
Internal partitions	111,865	
MEP shell and core	201,357	
Comfort cooling shell and core	0	
Residential fit out	0	
Residential M+E	115,854	See calc below
<u>Block B</u>		
Internal partitions	110,265	
MEP shell and core	198,477	
Comfort cooling shell and core	0	
Residential fit out	141,810	
Private residential M+E	-187,357	
<u>Block C</u>		
Internal partitions	55,450	
Private residential fit out	89,150	See calc below
MEP shell and core	99,891	
Comfort cooling shell and core	0	
Private residential M+E	-99,953	See calc below
<u>Block D</u>		
Piling	0	clarification provided
Internal partitions	130,280	
Affordable residential fit out	0	
MEP shell and core	234,504	
Comfort cooling shell and core	0	
Affordable residential M+E	186,654	See calc below
Cycle lifts		clarification provided
<u>Block E</u>		
Substructure	0	
Frame	151,100	
Internal partitions	123,385	
MEP shell and core	222,093	
Comfort cooling shell and core	0	
Residential fit out	67,250	See calc below
Residential M+E	38,672	See calc below
Cycle lifts		clarification provided
<u>Block F</u>		
Substructure	0	
Frame	151,100	
Internal partitions	147,400	
MEP shell and core	265,320	
Comfort cooling shell and core	0	
Residential fit out	201,400	See calc below
Residential M+E	-226,246	See calc below
Cycle lifts		clarification provided
<u>Landscaping</u>		
Trees	174,485	
	2,704,207	
	0	
Adjustment	2,704,207	
GT	333,277,891	
CDM estimate	330,573,684	
Preliminaries 14%	46,280,316	
CDM overall estimate	376,854,000	
Overheads and profit 4.0%	15,074,160	
CDM overall estimate	391,928,160	
Contingency 3.75%	14,697,306	
CDM overall estimate	406,625,466	
GT overall estimate	408,395,178	
Total difference	£1,769,712	0.43%
<u>Quays</u>		
J+M +N substructure	0	clarification provided
J+M frame	173,218	
Internal partitions all blocks	463,945	
MEP shell and core all blocks	835,101	

Comfort cooling shell and core	0		
Residential fit out	655,300		See calc below
Residential M+E	-732,987		See calc below
Cycle lifts	0		clarification provided
<u>Landscaping</u>			
Trees	104,435		
	1,499,012		
	0		
Adjustment	1,499,012		
GT	216,333,744		
CDM estimate	214,834,732		
Preliminaries	14%	30,076,862	
CDM overall estimate		244,911,595	
Overheads and profit	4.0%	9,796,464	
CDM overall estimate		254,708,058	
Contingency	3.75%	9,551,552	
CDM overall estimate		264,259,610	
GT overall estimate		265,041,473	
Total difference		£781,863	0.29%
<u>Riverside Quarter</u>			
T substructure	0		
R+T frame	429,767		
Internal partitions all blocks	951,235		
MEP shell and core all blocks	1,712,223		
Shell and core comfort cooling	0		
T apartment numbers	85,706		
Residential fit out	893,690		See calc below
Residential M+E	-295,261		See calc below
Cycle lifts	0		Clarification provided
<u>Landscaping</u>			
Trees	199,340		
	3,976,700		
	0		
Adjustment	3,976,700		
GT	386,885,226		
CDM estimate	382,908,526		
Preliminaries	14%	53,607,194	
CDM overall estimate		436,515,720	
Overheads and profit	4.0%	17,460,629	
CDM overall estimate		453,976,348	
Contingency	3.75%	17,024,113	
CDM overall estimate		471,000,461	
GT overall estimate		472,743,241	
Total difference		£1,742,780	0.37%
<u>Central Spine</u>			
Substructure all blocks			
H,K,I frame	365,608		
Internal partitions all blocks	357,975		
MEP shell and core all blocks	644,031		4,412,997
Shell and core comfort cooling	0		1,270,793
Residential fit out	242,130		See calc below
Residential M+E	129,863		See calc below
Cycle lifts	0		Clarification provided
<u>Landscaping</u>			
Trees	80,490		
	1,820,097		
	0		
Adjustment	1,820,097		
GT	162,091,763		
CDM estimate	160,271,666		
Preliminaries	14%	22,438,033	
CDM overall estimate		182,709,699	
Overheads and profit	4.0%	7,308,388	
CDM overall estimate		190,018,087	
Contingency	3.75%	7,125,678	
CDM overall estimate		197,143,766	
GT overall estimate		197,981,426	
Total difference		£837,660	0.42%
<u>Industrial</u>			
industrial	0		

	Adjustment	0	
	GT	9,975,000	
	CDM estimate	9,975,000	
Preliminaries	14%	1,396,500	
	CDM overall estimate	11,371,500	
Overheads and profit	4.0%	454,860	
	CDM overall estimate	11,826,360	
Contingency	3.75%	443,489	
	CDM overall estimate	12,269,848	
	GT overall estimate	12,269,848	
	Total difference	£0	0.00%
Abnormals			
Fit out costs		4,170,000	
		0	
		4,170,000	
	Adjustment	0	
	GT	53,480,000	
	CDM estimate	57,650,000	
		-4,170,000	-7.80%

Summary with comfort cooling							
Area			GT		WT	Difference	% Diff
Landings and Parkside			408,395,178		406,625,466	1,769,712	0.43%
The Quays			265,041,473		264,259,610	781,863	0.29%
Riverside Quarter			472,743,241		471,000,461	1,742,780	0.37%
Central Spine			197,981,426		197,143,766	837,660	0.42%
Industrial			12,269,848		12,269,848	0	
Abnormal items			53,480,000		57,650,000	-4,170,000	-7.80%
Rounding up/down			-11,166		0	0	
Total			1,409,900,000		1,408,949,151	950,849	0.07%
	£/m2		2,794		2,792		
	£/ft2		260		259		

Adjustment on residential fit out- all private

<u>Studio</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
Wardrobe	1	250	250			
			250	1	250	
<u>1 bed</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
Wardrobe	1	250	250			
			250	1	250	
<u>2 bed</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
Kitchen	1	400	400			
Wardrobe	2	250	500			
			900	1	900	
<u>3 bed</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
Wardrobe	3	250	750			
			750	1	750	

Adjustment on residential fit out- affordable

<u>Studio</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
			0	1	0	
<u>1 bed</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
			0	1	0	
<u>2 bed</u>						
Skirting	0	0	0			
Ceiling	0	0	0			
Kitchen	0	0	0			
			0	1	0	
<u>3 bed</u>						

Skirting	0	0	0		
Ceiling	0	0	0		
			0	1	0
<u>4 bed</u>					
Skirting	0	0	0		
MF ceiling	129	35	4,515		
Ceiling	0	0	0		
Kitchen	0	0	0		
			4,515	1	4515

Adjustment on residential fit out per block

Type	C	D	E	F	Quays	Riverside	Cent Spine	A	B
Studio	3750		6,500	8,000	30,500	41,500	0		250
1bed	11000		11,250	24,500	74,000	58,000	15,750	0	20000
2bed	59400		49,500	131,400	433,800	583,200	100,800		76500
3bed	15000		0	37,500	117,000	138,750	26,250		27000
4 bed									18060
A studio						0	0	0	
A1 bed		0	0			0	0	0	
A2 bed		0	0			0	0	0	
A3 bed		0				0	0	0	
A4bed		0				72240	99330		
	89150	0	67,250	201,400	655,300	893,690	242,130	0	141,810

Adjustment on residential M+E all private

<u>Studio</u>			
Towel rail	1	-400	-400
Comfort C	1	0	0
5amp	1	0	0
			-400
Mark ups		0.08174	-33
			-433
			1
			-433
<u>1 bed</u>			
Towel rail	1	-400	-400
Comfort C	1	0	0
5amp	1	0	0
			-400
Mark ups		0.08174	-33
			-433
			1
			-433
<u>2 bed</u>			
Towel rail	2	-400	-800
Comfort C	1	0	0
5amp	1	0	0
			-800
Mark ups		0.08174	-65
			-865
			1
			-865
<u>3 bed</u>			
Towel rail	2	-400	-800
Comfort C	1	0	0
5amp	1	0	0
			-800
Mark ups		0.08174	-65
			-865
			1
			-865
<u>4 bed Penthouse</u>			
Towel rail	3	-400	-1,200
Comfort C	1	0	0
5amp	1	0	0
			-1,200
Mark ups		0.08174	-98
			-1,298
			1
			-1298

Adjustment on residential M+E all affordable

<u>Studio</u>			
Towel rail	1	350	350
5amp	1	0	0
			350
Mark ups		0.08174	29
			379
			1
			379
<u>One bed</u>			
Towel rail	1	350	350
5amp	1	0	0
			350

Mark ups	0.08174	29		
		379	1	379

Two bed

Towel rail	2	350	700	
5amp	1	0	0	
			700	

Mark ups	0.08174	57		
		757	1	757

Three bed

Towel rail	3	350	1,050	
5amp	1	0	0	
			1,050	

Mark ups	0.08174	86		
		1,136	1	1136

Apartment M+E adjustment

	Block C	Block D	Block E	Block F	Quays	Riverside	Cent Spine	A	B
Studio	-6490		-11,250	-13,846	-52,789	-71828	0		-433
1 bed	-19039		-19471	-42404	-128078	-100385	-27260		-34616
2 bed	-57116		-47597	-126347	-417119	-560774	-96924		-73558
3 bed	-17308		0	-43270	-135001	-160098	-30289		-73558
4 bed									-5192
A studio						0	0		0
A1 bed		0	38997			51869.433	0	39375	
A2 bed		94652	77993			241553	103739	53762	
A3bed		92002				286228	155608	22717	
A4 bed		0				18173	24988		
	-99953	186654	38672	-226246	-732987	-295261	129863	115854	-187357

Apartments

Blocks	Studio	1 bed	2 bed	3 4 bed
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Landings and Parkside

A		104	71	20	Affordable	195	
B	1	80	85	36	4	Private	206
C	15	44	66	20		Private	145
D		0	125	81	0	Affordable	206
E	26	45	55	0		Private	126
E		0	103	38		Affordable	141
F	32	98	146	50		Private	326

Quays

G	32	96	144	48		Private	320
J	21	66	99	32		Private	218
M	23	59	96	27		Private	205
N	46	75	143	49		Private	313
Total	122	296	482	156			

Riverside

Q			1	26	6	Affordable	33
Q	11	10	121	43		Private	185
R	84	122	260	76		Private	542
S			67	64	10	Affordable	141
S	56	90	222	66		Private	434
T		137	209	77		Affordable	423
U			42	85	0	Affordable	127
U	15	10	45	0		Private	70
Total	166	232	648	185		Private	
Total	0	137	319	252	16	Affordable	

Central Spine

H			82	61		Affordable	143
K		0	0	103	0	Affordable	103
K		30	39	35		Private	104
L			0	84	21	Affordable	105
L	0	33	73	0		Private	106
P		0	55	27	1	Affordable	83
Total	0	63	112	35	0	Private	
Total	0	0	137	275	22	Affordable	

5000

Affordable 1700

Private 3300

River Wall

Removing coping stone 6860

Contamination 161,521

Backfilling		41,160	
Contamination wall 2		71,344	
		280,885	
		<u>0</u>	
	Adjustment	280,885	
	GT	3,300,217	
	CDM estimate	3,019,332	
Abnormals	5%	<u>150,967</u>	GT 10%
	CDM overall estimate	3,170,299	
	New piling	199,941	
		3,370,240	
Preliminaries	20%	<u>674,048</u>	
	CDM overall estimate	4,044,288	
Overheads and profit	7.5%	<u>303,322</u>	GT 9.5%
	CDM overall estimate	4,347,609	
TfL management fee	7.0%	<u>304,333</u>	Subject to clarification
	CDM overall estimate	4,651,942	
	Inflation	0	GT 6.99%
	Insurance	0	GT 1%
		4,651,942	
Design developmen	3.5%	<u>162,818</u>	GT 3.5%
	CDM overall estimate	4,814,760	
Contingency	6.50%	<u>282,595</u>	GT 18%
	CDM overall estimate	5,097,354	
	GT overall estimate	6,556,769	
	Total difference	£1,459,415	22.26%

Appendix 2

Updated appraisal of scheme

Thameside West 39% affordable housing
 GLA updated 280720 new CDM costs_ ground rents as one phase

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Plot A - LAR	71	46,813	200.00	131,868	9,362,600
Plot A - LSO	124	101,451	500.00	409,077	50,725,500
Plot B - Private	206	158,608	716.70	551,817	113,674,354
Plot D - LAR	114	100,816	200.00	176,870	20,163,200
Plot D - LSO	92	65,445	500.00	355,679	32,722,500
Plot C - Private	145	94,120	797.42	517,607	75,052,977
Plot E - Private	126	70,687	803.16	450,579	56,772,971
Plot E - LSO	141	106,101	500.00	376,245	53,050,500
Plot F - Private	326	215,194	792.59	523,194	170,561,393
Plot G - Private	320	210,565	833.35	548,357	175,474,343
Plot J - Private	218	143,646	832.88	548,809	119,640,455
Plot M - Private	205	133,689	836.39	545,448	111,816,790
Plot N - Private	313	205,980	832.95	548,151	171,571,126
Plot Q - Private	185	136,574	755.75	557,924	103,215,996
Plot Q - LSO	33	32,636	500.00	494,485	16,318,000
Plot S - Private	434	285,547	812.62	534,657	232,041,203
Plot S - LSO	141	126,499	500.00	448,578	63,249,500
Plot R - Private	542	351,423	838.24	543,498	294,575,963
Plot T - LAR	423	282,243	200.00	133,448	56,448,600
Plot U - Private	70	40,903	772.08	451,148	31,580,388
Plot U - LSO	82	67,512	500.00	411,659	33,756,000
Plot U - LAR	45	41,657	200.00	185,142	8,331,400
Plot H - LAR	143	110,309	200.00	154,278	22,061,800
Plot K - Private	104	81,322	780.51	610,314	63,472,634
Plot K - LAR	103	102,032	200.00	198,120	20,406,400
Plot L - Private	106	72,765	782.43	537,109	56,933,519
Plot L - LAR	105	106,273	200.00	202,425	21,254,600
Plot P - LSO	83	62,765	500.00	378,102	31,382,500
Totals	5,000	3,553,575			2,215,617,212

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Plot A - Industrial	1	19,257	16.50	317,741	317,741	317,741

Thameside West 39% affordable housing

GLA updated 280720 new CDM costs_ ground rents as one phase

Plot B - Retail	1	2,131	20.00	42,620	42,620	42,620
Plot B - Industrial	1	16,803	16.50	277,250	277,250	277,250
Plot D - Industrial	1	8,514	15.00	127,710	127,710	127,710
Plot G - Retail	1	12,755	20.00	255,100	255,100	255,100
Plot J - Retail	1	4,230	20.00	84,600	84,600	84,600
Plot N - Retail	1	4,672	20.00	93,440	93,440	93,440
Plot Q - Retail	1	5,382	20.00	107,640	107,640	107,640
Whole scheme - additional residential income	3,300	3,300	500.00	500	1,650,000	1,650,000
Plot S - Retail	1	22,142	20.00	442,840	442,840	442,840
Plot R - Retail	1	11,087	20.00	221,740	221,740	221,740
Plot T - Retail	1	5,113	20.00	102,260	102,260	102,260
Plot U - Retail	1	7,513	20.00	150,260	150,260	150,260
Industrial Site - Ground Floor	1	37,590	20.00	751,800	751,800	751,800
Industrial Site - 1st Floor	1	43,590	15.00	653,850	653,850	653,850
Industrial Site - 2nd Floor	1	43,590	15.00	653,850	653,850	653,850
Totals	3,315	247,669			5,932,700	5,932,700

Investment Valuation

Plot A - Industrial

Market Rent	317,741	YP @	4.2500%	23.5294	
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	7,322,268

Plot B - Retail

Market Rent	42,620	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	689,937

Plot B - Industrial

Market Rent	277,250	YP @	4.2500%	23.5294	
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	6,389,161

Plot D - Industrial

Market Rent	127,710	YP @	4.2500%	23.5294	
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	2,943,052

Plot G - Retail

Market Rent	255,100	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	4,129,584

Plot J - Retail

Thameside West 39% affordable housing

GLA updated 280720 new CDM costs_ ground rents as one phase

Market Rent (6mths Rent Free)	84,600	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	1,369,513
Plot N - Retail					
Market Rent (6mths Rent Free)	93,440	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	1,512,616
Plot Q - Retail					
Market Rent (6mths Rent Free)	107,640	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	1,742,487
Whole scheme - additional residential income					
Current Rent	1,650,000	YP @	5.0000%	20.0000	33,000,000
Plot S - Retail					
Market Rent (6mths Rent Free)	442,840	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	7,168,737
Plot R - Retail					
Market Rent (6mths Rent Free)	221,740	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	3,589,549
Plot T - Retail					
Market Rent (6mths Rent Free)	102,260	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	1,655,395
Plot U - Retail					
Market Rent (6mths Rent Free)	150,260	YP @ PV 6mths @	6.0000% 6.0000%	16.6667 0.9713	2,432,424
Industrial Site - Ground Floor					
Market Rent (6mths Rent Free)	751,800	YP @ PV 6mths @	4.2500% 4.2500%	23.5294 0.9794	17,325,084
Industrial Site - 1st Floor					
Market Rent (6mths Rent Free)	653,850	YP @ PV 6mths @	4.2500% 4.2500%	23.5294 0.9794	15,067,846
Industrial Site - 2nd Floor					
Market Rent	653,850	YP @	4.2500%	23.5294	

APPRAISAL SUMMARY**GREATER LONDON AUTHORITY****Thameside West 39% affordable housing****GLA updated 280720 new CDM costs_ ground rents as one phase**

(6mths Rent Free)	PV 6mths @	4.2500%	0.9794	15,067,846
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Total Investment Valuation**121,405,497****GROSS DEVELOPMENT VALUE****2,337,022,709**

Purchaser's Costs

(7,729,938)

Effective Purchaser's Costs Rate

6.80%

(7,729,938)

NET DEVELOPMENT VALUE**2,329,292,771****NET REALISATION****2,329,292,771****OUTLAY****ACQUISITION COSTS**

Fixed Price

103,000,000

Fixed Price

103,000,000

103,000,000

Other Acquisition

Acquisition Costs

6.8000%

7,004,000

7,004,000

CONSTRUCTION COSTS**Construction****ft² Build Rate ft²****Cost**

Plot A	240,823	340.50	81,999,613
Plot B	237,378	322.47	76,547,235
Plot D	280,467	211.23	59,243,632
Plot C	119,470	263.98	31,537,662
Plot E	265,623	233.68	62,071,454
Plot F	317,323	244.29	77,519,776
Plot G	319,099	241.26	76,987,390
Plot J	196,723	271.24	53,358,293
Plot M	195,399	255.84	49,990,404
Plot N	287,549	249.35	71,699,768
Plot Q	280,639	203.88	57,215,351
Plot S	583,032	217.79	126,976,399
Plot R	493,250	247.35	122,005,502

Thameside West 39% affordable housing

GLA updated 280720 new CDM costs_ ground rents as one phase

Plot T	410,593	212.24	87,146,242	
Plot U	280,305	187.90	52,669,652	
Plot H	160,782	223.47	35,929,541	
Plot K	253,729	232.12	58,894,622	
Plot L	253,729	236.70	60,058,748	
Plot P	103,098	318.84	32,871,819	
Plot V - Industrial	<u>153,386</u>	79.99	<u>12,269,848</u>	
Totals	5,432,397 ft²		1,286,992,951	
S106			40,000,000	
Mayoral CIL			7,955,967	
Borough CIL			30,800,994	1,365,749,912
Other Construction				
Landscaping - Landings & Parkside			17,706,093	
Landscaping - The Quays			12,223,755	
Landscaping - Riverside Quarter			24,987,315	
Landscaping - Central Spine			9,389,035	
Demolition			7,200,000	
Energy Centre			21,950,000	
Reprofiling/Decontamination			11,500,000	
Community Buildings inc School			14,000,000	
Risk allowance - Silvertown Tunnel			3,000,000	121,956,198
PROFESSIONAL FEES				
Professional fees		9.00%	125,701,137	
Professional fees		9.00%	1,104,286	126,805,423
DISPOSAL FEES				
Commercial Letting Agent & Legal		15.00%	600,818	
Commercial Sales Agent & Legal		1.50%	1,148,986	
Resi Sales Agent - Exchange		1.00%	17,763,841	
Resi Sales Agent - Completion		1.00%	17,763,841	
Resi Sales Legal - Exchange		0.25%	4,440,960	
Resi Sales Legal - Completion		0.25%	4,440,960	
Residential Marketing		1.00%	17,763,841	
Sales Agent Fee		1.00%	308,989	
Sales Legal Fee		0.50%	154,494	64,386,730
FINANCE				

Thameside West 39% affordable housing**GLA updated 280720 new CDM costs_ ground rents as one phase**

Debit Rate 6.500%, Credit Rate 0.000% (Effective)

Total Finance Cost

176,185,791

TOTAL COSTS**1,965,088,055****PROFIT****364,204,716****Performance Measures**

Profit on Cost% 18.53%

Profit on GDV% 15.58%

Profit on NDV% 15.64%

Development Yield% (on Rent) 0.30%

Equivalent Yield% (Nominal) 4.80%

Equivalent Yield% (True) 4.95%

IRR% (without Interest) 12.13%

Rent Cover 61 yrs 5 mths

Profit Erosion (finance rate 6.500) 2 yrs 8 mths