

The Tower, 29-35 Station Road, Reading, RG1 1LG

VIABILITY ASSESSMENT

September 2016

Viability Assessment

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Contents

Section		Page
1	Introduction	1
2	Planning Policy Context	2
3	Development Control Toolkit	4

Appendices

1	Development Control Toolkit
2	Countrywide, advice on sale values
3	DBK, Cost Model
4	Savills, Market Valuation



1. INTRODUCTION

29-35 Station Road is on the corner of Garrard Street, next to Thames Tower and with Garrard House to the west. Thames Tower is currently 11 storeys and is in the process of being extended by a further 4 storeys.

The building at 29-35 Station Road was constructed in the 1950s, with a reinforced concrete frame, concrete beam and block floors. There is an undercroft for the parking of up to 2 cars. Generally the floors are open plan with some partitioning to allow separate spaces.

A parade of commercial units is to the east, the Novotel Reading Centre Hotel is to the south, with the commercial centre beyond. The area surrounding the site mostly comprises tired medium rise offices with ground floor retail uses.

The site is close to the mainline station with trains into Paddington within 30 minutes. There are good road links to the M4 to the south, accessed via the A33 and A3290.

In October 2014, the existing site was granted a change of use under permitted development rights from B1(a) Office to C3 dwelling houses, comprising 27 residential flats and ground floor A1 Retail.

The site is currently vacant, although the ground floor retail space continued to be occupied until late 2014.

The application scheme involves the demolition of the existing building and the construction of a 22 storey residential-led scheme consisting of 107 flats and retail space as follows:

- 42 x 1 bed flats
- 59 x 2 bed flats
- 6 x 3 bed flat
- 291 sqm retail
- 75 sqm residents gymnasium
- An ancillary basement for cycle storage, bins, etc.

Given the sustainable nature of the site, located in the town centre with several bus routes nearby and the train station within walking distance, the need for car use will be limited.

The purpose of this Viability Assessment is to summarise the financial inputs of the scheme that enable it to optimise its planning contributions within the context of viability.

Before undertaking financial analyses using the Toolkit, the following Section sets out the planning policy context for affordable housing and other planning obligations as part of viable residential and mixed use schemes in Reading.

2. PLANNING POLICY CONTEXT

The national policy context covering affordable housing and financial viability is included in the National Planning Policy Framework (NPPF) (2012).

Meanwhile, the Development Control Toolkit has become a standard mechanism for appraising residential and mixed use development scheme economics since it was first used in 2004.

The following sub-sections cover the national and local planning policy position in relation to financial viability.

2.1 National Planning Policy

The NPPF summarises the issue of financial viability in relation to planning obligations in paragraph 173, as follows: **“Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.**

“To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

The above text makes clear that both land owners and developers should be able to secure “competitive returns” when seeking planning consents and these should not be “threatened” by planning obligations of an unreasonable “scale” or “burden”.

The NPPF therefore continues to ensure that the level of planning obligations (including affordable housing) sought by a Council should be moderated when assessed against scheme viability.

Meanwhile the ‘Development Control Toolkit Guidance Notes’ (2015) state that **“the existing use value (EUV) will normally be a key factor in deciding whether a scheme comes forward because this is the measure by which a land owner decides whether it is worth his/her while in making a planning application to change the use of the site”** (paragraph A2).

In paragraph A3, the Notes then make clear that **“viability is determined by comparing the Residual Value against a benchmark (or threshold) land value (which is likely to be EUV plus an appropriate, site specific landowner premium.”)** Previous iterations of the Notes have included a range of 10-40% for the landowner premium.

The issue of benchmark land value is covered in more detail in Section 3.9 below.

2.2 Local Planning Policy

Policy CS16 of the Core Strategy (2008, with alterations adopted 27 January 2015) states that **“all developments of 15 dwellings and above will provide 30% of the total number of dwellings in the form of affordable housing.”** No target tenure mix between rented and intermediate housing is identified in Council planning policy and guidance.

Policy CS16 then makes clear that **“where proposals fall short of the policy target as a result of viability considerations, an open-book approach will be taken and the onus will be on the developer/land owner to clearly demonstrate the circumstances justifying a lower affordable housing contribution.”**

Meanwhile, the Council’s ‘Affordable Housing Supplementary Planning Document’ (2013) makes clear that it will **“take account of the availability of public subsidy and, where it is not available, or only at low levels, will be prepared to adjust its expected provision of affordable housing accordingly”** (paragraph 4.33).

In summary and in accordance with national, regional and local planning policies and guidance, the Council seeks up to 30% affordable housing with a mix of affordable rented and intermediate housing, subject to practicality and viability.

Based on the above, the following Section produces a financial viability assessment using the Toolkit to demonstrate the quantum of Section 106, community infrastructure levy (CIL) and affordable housing contributions that can be delivered, whilst allowing the scheme to make a reasonable developer’s return.

3. DEVELOPMENT CONTROL TOOLKIT

As already noted above, the Toolkit is used by councils to assess the level and tenure mix of affordable housing that could be delivered as part of financially viable schemes.

Please note that the Development Control Toolkit inputs and outputs are provided on a strictly confidential basis. They are for use only by Reading Borough Council in the evaluation of this Viability Assessment. The inputs and outputs should not be revealed to any third parties.

The applicant considers that the information enclosed and other matters relating to completed and ongoing projects to be exempt from disclosure under the exemptions to the Freedom of Information Act 2000 set out in section 41 (information provided in confidence) and section 43 (2) (information provided in confidence).

The sub-sections below explain the inputs and outputs of the Toolkit, showing a financially viable scheme. The Toolkit is attached as **Appendix 1**.

3.1 Unit Types and Details

This worksheet shows the size mix and net internal areas (NIAs) of the residential units. The scheme will be 22 storeys in height.

3.2 Tenure Mix

101 of the flats will be private and 6 will be affordable rented, given the robust Market/Existing Use Value of the site (see Section 3.9 below) and the relatively high build costs reflecting the complex construction of the tall tower (see Section 3.4 below).

3.3 Market Values

This worksheet shows the open market values of the 107 flats. The values have been estimated on a unit by unit basis by Countrywide, which knows the Reading housing market well, having been involved in pricing several large schemes in the town recently.

The average value of the private residential element of the scheme is £6,505 per sqm (£604 per sqft), with a gross development value (GDV) of £37.538m. Countrywide's advice is attached as **Appendix 2**.

The per unit values of the proposed private residential flats are summarised over the page:

# beds	# PD units	NIA	Total value	Value pu	Total NIA
1	16	40.81	£ 4,104,000	256,500	652.96
1	1	40.83	£ 252,000	252,000	40.83
1	3	41.27	£ 758,000	252,667	123.81
1	1	41.28	£ 252,000	252,000	41.28
1	3	45.28	£ 803,000	267,667	135.84
1	1	45.3	£ 267,000	267,000	45.3
1	3	47.8	£ 818,000	272,667	143.4
1	1	47.84	£ 272,000	272,000	47.84
1	4	49.66	£ 1,288,000	322,000	198.64
1	3	51.23	£ 833,000	277,667	153.69
1	1	51.47	£ 277,000	277,000	51.47
2	16	56.83	£ 4,906,000	306,625	909.28
2	1	57.08	£ 302,000	302,000	57.08
2	9	59.77	£ 3,771,000	419,000	537.93
2	12	63.3	£ 5,104,000	425,333	759.6
2	4	64.37	£ 1,688,000	422,000	257.48
2	3	64.65	£ 1,310,000	436,667	193.95
2	9	68.69	£ 4,716,000	524,000	618.21
2	4	77.05	£ 2,348,000	587,000	308.2
3	3	81.08	£ 1,727,000	575,667	243.24
3	3	83.43	£ 1,742,000	580,667	250.29
Totals	101		£ 37,538,000		5,770.32

The above values are robust, given the dampening of demand resulting from the addition of 3% stamp duty for second home owners and foreign buyers since April 2016, as well as the compounding impact of the Brexit vote in June 2016.

Prices in Reading (and elsewhere) have flattened off since the start of 2016, whilst the number of transactions has fallen substantially, particularly since May 2016 onwards.

3.4 Development Costs

A Base Build Cost of £362 per sqft (£3,892 per sqm) is shown for the scheme. Given the complexities and challenges of building a 22 storey tower in this location, this build cost can be considered reasonable.

The build cost also reflects a specification commensurate with flats that will sell for an average of £601 per sqft in a competitive local market. A Cost Model by DBK is attached as **Appendix 3**.

The cost of implementing the Council's environmental policy requirements are included in the above base build cost, along with meeting Lifetime Homes standards throughout.

A construction period of 30 months covers site set-up, completion of the scheme and the sale of all flats, at an interest rate of 6.75%. This is an ambitious programme, which may take longer to complete in reality.

No land holding costs or funder's fees/charges are included at this stage, as they cannot be accurately assessed. The applicant reserves the right to include them at a later date as required, once more information is made available.

The current Developer's Return of the scheme is 17.5% on gross development value (GDV). This is below the prevailing minimum Developer's Return for funders in the current housing market of 20% on GDV, which is at the Toolkit default.

Indeed, a 20% profit on GDV is **“the minimum profit requirement”** of banks according to the Council's externally commissioned 'Community Infrastructure Levy, Economic Viability Assessment' (2013). This minimum profit level has been reinforced by funders since the uncertainty caused by the Brexit vote in June 2016.

Even though the scheme will make a lower than accepted profit at this stage, the applicant is willing to provide 6 affordable rented units (see Section 3.7 below) in acknowledgement of the Council's priorities.

There are known to be issues relating to rights of light compensation, although details are not available at the time of writing. The applicant reserves the right to include them at a later date as required, once more information is made available.

3.5 Community Infrastructure Levy

At this stage, a CIL financial obligation of £1.022m has been included, based on the following calculation:

- 8,515 sqm gross internal area x £120 per sqm = £1,021,800

This calculation may need to be refined further during the determination period, along with the addition of indexation.

In addition, a budget of £40,000 has been included for Section obligations, including employment, skills and training.

3.6 Capital Contribution

The ground rents shown on this worksheet have been calculated as follows:

- £300 per private unit x 101 units x 5.5% yield including purchaser's costs

The figure of £551,000 therefore represents the net capitalised ground rents to be generated by the scheme.

3.7 Affordable Housing

The 5 x 1 bed and 1 x 2 bed affordable rented flats are estimated to generate a total value of £644,000, taking into account the reduction in rents of 1% per annum from April 2016, as imposed by the previous Chancellor.

3.8 Contribution From Commercial Elements

LSH has advised the rent and yield shown on this worksheet for the retail space, resulting in a GDV of £1.762m.

Meanwhile, the gymnasium will be provided for residents only, so no revenue will be generated by it.

3.9 Site Value

Savills has produced a Market Valuation of the site assuming permitted development rights for a scheme with 32 residential units and retail use on the ground floor. The report dated 25 September 2015 is attached as **Appendix 4**. The Market Value effectively equates to the Existing Use Value (EUV).

The conclusion of the Savills report is that the Market Value/EUV is £2.5m. As the permitted scheme is for 27 rather than 32 flats (the retail element is the same in both schemes) I have reduced the value to £2.0m, which is more than a direct pro-rata reduction in value.

A modest land owner's premium of 20% has been added to the EUV in accordance with planning policy guidance (Section 2.1 above), to act as the land owner's incentive to release the site for development.

When purchaser's costs of 5.8% are added (stamp duty and fees), the result is a Benchmark Value of £2.516m which is included in the Toolkit attached as Appendix 1.

3.10 Scheme Results

The 'Scheme Results' page of the Toolkit shows a zero Residual Value when compared with the Benchmark Value, with 100% private housing, planning obligations totalling £1.062m and a developer's return of 17.5% on GDV.

The applicant appreciates the need for affordable housing in Reading and is willing to offer 6 affordable rented units, even though it will make a lower than accepted profit at this stage as a result.

The key benefits of completing this scheme will be:

- 107 new homes in Reading, including 6 affordable rented flats.
- £1.062m CIL and £40,000 financial contributions.
- A financially viable and achievable scheme that will be sustainable, provide investment in the public realm, generate local employment, whilst bringing additional spending power and helping to breathe more life this key part of Reading near to the train station hub.
- Crucially, the scheme will bring back into use this eyesore site which in a prominent part of the Borough, replacing the existing building with a high quality, elegant design that will more than play its part in revitalising the centre of Reading.
- The scheme is in a sustainable location, with shops, services and public transport all easily accessed, therefore limiting car use for all occupiers of the proposed development.
- The scheme will meet the sustainability and environmental requirements of the Council.

Overall, it is considered by the applicant that the optimal planning contributions are being offered as part of a viable scheme for the proposed Tower scheme at 29-35 Station Road.

APPENDIX 1

Site Details

Use these arrows to navigate Toolkit pages. You should ensure there are no warning messages on a page before continuing.

Site Address	The Tower, 29-35 Station Road, Reading, RG1 September 2016
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Site Reference	
Application Number	
NLUD Reference	
UPRN or Grid Reference	

Scheme Description	107 flats, 291 sqm retail and 75 sqm gym
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Development Control Model - Greater London Authority - 2015

For queries on viability, development schemes and the Toolkit generally, please contact Dr Andrew Golland - Tel: 01162 701 772 and E-Mail: drajg@btopenworld.com

For queries on spreadsheets and technical aspects of the Toolkit (including bug reports and feature requests), please contact Dr Adam Watkins - Tel: 07746 809 748, and E-Mail: Toolkits@Dread-IT.co.uk

Unit Types & Details

Enter the details for each type of unit in the cells below. You can specify up to 40 types of unit, one per row. Each row must be either fully completed or left fully blank. Note: For wheelchair units; the Toolkit uses the size of the unit as entered by the user. Build costs for wheelchair and non-wheelchair units are the same.

[illegible]

———— Tenure Mix ————

You can distribute units across the tenures in two ways:

Input by Percentages

 **Input by Quantity**

	Total units to enter:	107
	Total units entered:	107
Ref.	Description	Units
1	1 bed flats	16
2	1 bed flats	2
3	1 bed flats	3
4	1 bed flats	2
5	1 bed flats	3
6	1 bed flats	2
7	1 bed flats	3
8	1 bed flats	2
9	1 bed flats	4
10	1 bed flats	3
11	1 bed flats	2
12	2 bed flats	16
13	2 bed flats	2
14	2 bed flats	9
15	2 bed flats	12
16	2 bed flats	4
17	2 bed flats	3
18	2 bed flats	9
19	2 bed flats	4
20	3 bed flats	3
21	3 bed flats	3
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

[illegible]

----- Market Values -----

Ensure you enter market values
for all unit types in the scheme

Ref	Description of Unit Type
1	1 bed flats
2	1 bed flats
3	1 bed flats
4	1 bed flats
5	1 bed flats
6	1 bed flats
7	1 bed flats
8	1 bed flats
9	1 bed flats
10	1 bed flats
11	1 bed flats
12	2 bed flats
13	2 bed flats
14	2 bed flats
15	2 bed flats
16	2 bed flats
17	2 bed flats
18	2 bed flats
19	2 bed flats
20	3 bed flats
21	3 bed flats
22	
23	
24	
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40	

[illegible][illegible][illegible][illegible]

Development Costs

Toolkit values will be used unless you enter your own value in the white cells. The CSH level is for reference purposes only.

Build Costs per sq m		
Building Type	Toolkit Values	User Values
Flats (40+ storeys)	£3,739	
Flats (16-40 storeys)	£2,806	£3,892.88
Flats (6-15 storeys)	£2,180	
Flats (5 & less storeys)	£1,602	
Houses <= 75m2	£1,191	
Houses > 75m2	£1,044	
Code for Sustainable Homes level (3-6)		

Exceptional Development Costs	
Total For Scheme	
Cost per dwelling	
Cost per hectare	
Cost per habitable room	No Info

Other Development Costs			
Additional Cost	Toolkit Values	User Values	
Professional Fees %	12.0%	10.0%	of build costs
Interest rate (Market)	6.75%	6.8%	of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Housing)	6.75%	6.8%	of build costs Rental tenures and Shared Ownership)
Marketing Fees	3.0%	3.0%	of market value
Developers Return	20.0%	17.5%	of market value applies to market housing
Contractors Return	6.0%	6.0%	of development costs (excl finance) (affordable housing)
Construction Period (1+ Years)		2.50	

You may also enter SCHEME totals for other exceptional costs. Enter the name of the cost in the left hand cells and the SCHEME value in the right hand cell

Costs incurred for Sustainable homes level of 3,4, 5 or 6	£	-
<Enter cost description>	£	-
<Enter cost description>	£	-
<Enter cost description>	£	-

← Planning Obligations →

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked	Input by Total		Input by Unit							Calculated Total (Affordable and Sale)
	Enter Total?	User Total	Sale	Affordable						
				Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	
Education Contribution	☐									£0
Highway works	☐									£0
Contribution to public transport	☐									£0
Contribution to community facilities	☐									£0
Provision for open space	☐									£0
Contribution to public art	☐									£0
Environmental improvements	☐									£0
Town centre improvements	☐									£0
Waterfront improvements	☐									£0
Support for employment development	☐									£0
Employment related training	☐									£0
Other	☒	£40,000								£40,000

Does CIL apply on this scheme? Please select Yes or No

Total for Scheme	£40,000
Total for Scheme per hectare	£654,664
Total for Scheme divided by total number of units	£374
Total for Scheme divided by number of sale units	£396



Community Infrastructure Levy -



You must enter CIL in one of two ways. Either as a calculated figure or by entering a pre-calculated figure.

☒ CIL is a calculated figure

☐ CIL is a pre-calculated figure

	Qualifying Area (sq. M)	Borough CIL Rate (per Sq. M)	Mayoral CIL Rate (per Sq. M)	Total Payment
Residential (C3)	8,515	£ 120		£ 1,021,800
Hotels (C1)				£ -
Secure Residential (C2)				£ -
Retail (A1)				£ -
Financial (A2)				£ -
Restaurants & Cafes (A3)				£ -
Drinking Est (A4)				£ -
Hot Food (A5)				£ -
Business (B1)				£ -
General Industrial (B2)				£ -
Storage & Distribution (B8)				£ -
Clinics & Health Centres (D1)				£ -
Assembly & Leisure (D2)				£ -
Sui Generis				£ -

Total calculated CIL	£ 1,021,800
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← — Capital Contributions — →

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column
: To enter the values by tenure leave the box un-ticked

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked	Input by Total		Input by Unit							Calculated Total (Affordable and Sale)
	Enter Total?	User Total	Sale	Affordable						
				Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable rent	Social Rent	
	European Union funding	☐								£0
	Local Authority capital grant	☐								£0
	Other regeneration funding	☐								£0
	English Heritage grant	☐								£0
	Lottery grant	☐								£0
	Contribution from Payment in Lieu fund	☐								£0
	Employer contribution	☐								£0
Capitalised ground rent figure	☒	£551,000							£551,000	
Other (1)	☐								£0	
Other (2)	☐								£0	
Other (3)	☐								£0	

Total for Scheme	£551,000
Total for Scheme per hectare	£9,018,003
Total for Scheme divided by total number of units	£5,150
Total for Scheme divided by number of sale units	£5,455

----- Known Payments for -----
-- Affordable Housing --

Enter the fixed payments for each tenure below.

	Affordable Housing Tenures						Total
	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	No. Of Affordable Units
Number of units	0.0	0.0	0.0	0.0	6.0	0.0	6
Payment By Unit							
Or Payment By Tenure					£ 644000		
Or Scheme Total	Enter a lump sum payment for all Affordable Housing Tenures						
Tenure Total	£	£	£	£	£ 644000		
Method by which Affordable Housing Revenue is calculated	N/A	N/A	N/A	N/A	By Tenure	N/A	
Total Known Payment for Affordable Housing	£ 644000						

Please select one of the below options;

☐ There is no grant, or it is included in the above values
(in which case grant will not be shown separately on the results page)

☐ Grant is included in the above value and I would like to show it separately on the Results page for information (Total revenue for the tenure will use figures in table above, grant shown on the next page will not be added)

← Contribution from →
- Commercial Elements -

This page allows the user to input data relating to a commercial property element of a scheme. The user will need to complete the white boxes relating to size of scheme, rent, yield and capital value. In addition cost related data will need to be inputted

Revenues	Office	Industrial	Retail	Hotel	Leisure/Community Services	Other
Net area in Sq. m			291		75	
Rent (£ per sq.m per annum)			£ 333.00			
Yield (%)			5.5%			
Capital value	£ -	£ -	£ 1,761,873	£ -	£ -	£ -

Costs	Office	Industrial	Retail	Hotel	Leisure/Community Services	Other
Gross Internal Area in Sq. m			291		75	
Build costs (£ per GIA sq m)			£ 1,895		£ 2,268	
Professional fees (% of Build Costs)			10.00%		10.00%	
Interest Rate (% of Build Costs)			7%		7%	
Marketing fees (% of Capital Value)			3%		3%	
Return (% of Capital Value)			18%			
Total build costs	£ -	£ -	£ 551,445	£ -	£ 170,100	£ -
Professional, other fees and finance costs	£ -	£ -	£ 146,602	£ -	£ 28,917	£ -
Return	£ -	£ -	£ 309,191	£ -	£ -	£ -
Total development costs	£ -	£ -	£ 1,007,238	£ -	£ 199,017	£ -
Site value for commercial element	£ -	£ -	£ 754,635	£ -	-£ 199,017	£ -
Total site value for all commercial Elements	£ 555,618					

← **Land Finance** →
& Site Value Comparisons

Land Finance

Reduction of Residual (%)

Guide Values

Values entered below will be shown on the results page compared to the scheme residual. These values cannot be calculated by the toolkit.

Existing use value	£	2,516,000
Acquisition cost	£	-
Value for offices	£	-
Value for industrial	£	-
Value as hotel site	£	-
Value as other alternative use	£	-

Results

Site Address	The Tower, 29-35 Station Road, Reading, RG1 September 2016
Scheme Description	107 flats, 291 sqm retail and 75 sqm gym

Site Reference Number	
Application Number	
NLUD Ref. Number	
UPRN or Grid Ref.	

View Results

Discounting Function

Floor Space Analysis

Costs Analysis

Child Occupancy & Bedrooms

RESIDUAL before land finance	£2,516,000
RESIDUAL after land finance	£2,516,000
Per hectare	£41,178,000
Per dwelling	£24,000
Per market dwelling	£25,000
Per habitable room	£9,000
Per bedspace	£14,000

SCHEME UNITS		per ha.
No. of Dwellings	107	1751
No. of Habitable rooms	285	4664
No. of Bedrooms	178	2913
Total floorspace (m2)	6,056	99115
% Wheelchair Units		

SCHEME REVENUE	£40,495,000
Contribution to revenue from:	
Market housing	£37,538,000
Affordable Housing	£644,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£644,000
- Social Rent	
Grant	
Capital Contribution	£551,000
Commercial Elements	£1,762,000

LAND FINANCE	
Total land finance	

AFFORDABLE UNITS							
	Low Cost	Equity Share	Shared	Intermediate	Affordable	Social Rent	Affordable
Units					6		6
Units %					6%		6%
Hab rooms					5%		5%
Bedrooms							
Persons					5%		5%
Floorspace					5%		5%

SCHEME COSTS	£37,979,000
Contribution to costs from:	
Market housing	£34,329,000
Affordable Housing	£1,382,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£1,382,000
- Social Rent	
Planning Obligations	£40,000
Community Infrastructure Levy	£1,022,000
Exceptional Development Costs	
Commercial Elements	£1,206,000

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values		Against residual
Existing Use Value	£ 2,516,000	
Acquisition Cost	£ -	
Value for offices	£ -	
Value for industrial	£ -	
Value as hotel site	£ -	
Value as other alternative u	£ -	

APPENDIX 2

Units	Total NSA (sq.m)	Total NSA (sq.ft)	Total Resi GDV	Gross Rental (pcm)
107	6,054.1 sq.m	65,166 sq.ft	£ 39,148,000	£ -
			£ 601 /sq.ft	0.000%
Unit Breakdown Analysis				
Type	Number	Mean Size (sq.ft)	Mean Value (£)	Value (£/sq.ft)
Studio	0		£ -	£ /sq.ft
1b1p	0		£ -	£ /sq.ft
1b2p	42		£ 264,667	£ /sq.ft
2b3p	27		£ 321,833	£ /sq.ft
2b4p	32		£ 452,500	£ /sq.ft
3b5p	6		£ 578,500	£ /sq.ft
3b6p	0		£ -	£ /sq.ft

Count	Building Ref	Unit Number/Ref	Bedrooms	Persons	NSA (Sqm)	NSA (sqft)	Value
1	Building 1	02-01	2	3	57.08	614 sq.ft	£ 300,000
2	Building 1	02-02	1	2	51.47	554 sq.ft	£ 275,000
3	Building 1	02-03	1	2	47.84	515 sq.ft	£ 270,000
4	Building 1	02-04	1	2	45.30	488 sq.ft	£ 265,000
5	Building 1	02-05	1	2	41.28	444 sq.ft	£ 250,000
6	Building 1	02-06	1	2	40.83	439 sq.ft	£ 250,000
7	Building 1	03-01	2	3	57.08	614 sq.ft	£ 302,000
8	Building 1	03-02	1	2	51.47	554 sq.ft	£ 277,000
9	Building 1	03-03	1	2	47.84	515 sq.ft	£ 272,000
10	Building 1	03-04	1	2	45.30	488 sq.ft	£ 267,000
11	Building 1	03-05	1	2	41.28	444 sq.ft	£ 252,000
12	Building 1	03-06	1	2	40.83	439 sq.ft	£ 252,000
13	Building 1	04-01	2	3	56.83	612 sq.ft	£ 302,000
14	Building 1	04-02	1	2	51.23	551 sq.ft	£ 277,000
15	Building 1	04-03	1	2	47.80	515 sq.ft	£ 272,000
16	Building 1	04-04	1	2	45.28	487 sq.ft	£ 267,000
17	Building 1	04-05	1	2	41.27	444 sq.ft	£ 252,000
18	Building 1	04-06	1	2	40.81	439 sq.ft	£ 252,000
19	Building 1	05-01	2	3	56.83	612 sq.ft	£ 302,000
20	Building 1	05-02	1	2	51.23	551 sq.ft	£ 277,000
21	Building 1	05-03	1	2	47.80	515 sq.ft	£ 272,000
22	Building 1	05-04	1	2	45.28	487 sq.ft	£ 267,000
23	Building 1	05-05	1	2	41.27	444 sq.ft	£ 252,000
24	Building 1	05-06	1	2	40.81	439 sq.ft	£ 252,000
25	Building 1	06-01	2	3	56.83	612 sq.ft	£ 304,000
26	Building 1	06-02	1	2	51.23	551 sq.ft	£ 279,000
27	Building 1	06-03	1	2	47.80	515 sq.ft	£ 274,000
28	Building 1	06-04	1	2	45.28	487 sq.ft	£ 269,000
29	Building 1	06-05	1	2	41.27	444 sq.ft	£ 254,000
30	Building 1	06-06	1	2	40.81	439 sq.ft	£ 254,000
31	Building 1	07-01	2	3	56.83	612 sq.ft	£ 306,000
32	Building 1	07-02	2	4	64.37	693 sq.ft	£ 422,000
33	Building 1	07-03	2	4	77.05	829 sq.ft	£ 587,000
34	Building 1	07-04	1	2	49.66	535 sq.ft	£ 322,000
35	Building 1	07-05	1	2	40.81	439 sq.ft	£ 258,000
36	Building 1	08-01	2	3	56.83	612 sq.ft	£ 306,000
37	Building 1	08-02	2	4	64.37	693 sq.ft	£ 422,000
38	Building 1	08-03	2	4	77.05	829 sq.ft	£ 587,000
39	Building 1	08-04	1	2	49.66	535 sq.ft	£ 322,000
40	Building 1	08-05	1	2	40.81	439 sq.ft	£ 256,000
41	Building 1	09-01	2	3	56.83	612 sq.ft	£ 306,000
42	Building 1	09-02	2	4	64.37	693 sq.ft	£ 422,000
43	Building 1	09-03	2	4	77.05	829 sq.ft	£ 587,000
44	Building 1	09-04	1	2	49.66	535 sq.ft	£ 322,000
45	Building 1	09-05	1	2	40.81	439 sq.ft	£ 256,000
46	Building 1	10-01	2	3	56.83	612 sq.ft	£ 308,000
47	Building 1	10-02	2	4	64.37	693 sq.ft	£ 422,000
48	Building 1	10-03	2	4	77.05	829 sq.ft	£ 587,000
49	Building 1	10-04	1	2	49.66	535 sq.ft	£ 322,000
50	Building 1	10-05	1	2	40.81	439 sq.ft	£ 256,000
51	Building 1	11-01	2	3	56.83	612 sq.ft	£ 306,000
52	Building 1	11-02	2	4	63.30	681 sq.ft	£ 422,000
53	Building 1	11-03	2	4	68.69	739 sq.ft	£ 522,000
54	Building 1	11-04	2	3	59.77	643 sq.ft	£ 417,000
55	Building 1	11-05	1	2	40.81	439 sq.ft	£ 256,000

56	Building 1	12-01	2	3	56.83	612 sq.ft	£ 308,000
57	Building 1	12-02	2	4	63.30	681 sq.ft	£ 422,000
58	Building 1	12-03	2	4	68.69	739 sq.ft	£ 524,000
59	Building 1	12-04	2	3	59.77	643 sq.ft	£ 419,000
60	Building 1	12-05	1	2	40.81	439 sq.ft	£ 256,000
61	Building 1	13-01	2	3	56.83	612 sq.ft	£ 308,000
62	Building 1	13-02	2	4	63.30	681 sq.ft	£ 424,000
63	Building 1	13-03	2	4	68.69	739 sq.ft	£ 524,000
64	Building 1	13-04	2	3	59.77	643 sq.ft	£ 419,000
65	Building 1	13-05	1	2	40.81	439 sq.ft	£ 258,000
66	Building 1	14-01	2	3	56.83	612 sq.ft	£ 308,000
67	Building 1	14-02	2	4	63.30	681 sq.ft	£ 424,000
68	Building 1	14-03	2	4	68.69	739 sq.ft	£ 524,000
69	Building 1	14-04	2	3	59.77	643 sq.ft	£ 419,000
70	Building 1	14-05	1	2	40.81	439 sq.ft	£ 258,000
71	Building 1	15-01	2	3	56.83	612 sq.ft	£ 308,000
72	Building 1	15-02	2	4	63.30	681 sq.ft	£ 424,000
73	Building 1	15-03	2	4	68.69	739 sq.ft	£ 524,000
74	Building 1	15-04	2	3	59.77	643 sq.ft	£ 419,000
75	Building 1	15-05	1	2	40.81	439 sq.ft	£ 258,000
76	Building 1	16-01	2	3	56.83	612 sq.ft	£ 308,000
77	Building 1	16-02	2	4	63.30	681 sq.ft	£ 424,000
78	Building 1	16-03	2	4	68.69	739 sq.ft	£ 524,000
79	Building 1	16-04	2	3	59.77	643 sq.ft	£ 419,000
80	Building 1	16-05	1	2	40.81	439 sq.ft	£ 258,000
81	Building 1	17-01	2	3	56.83	612 sq.ft	£ 308,000
82	Building 1	17-02	2	4	63.30	681 sq.ft	£ 424,000
83	Building 1	17-03	2	4	68.69	739 sq.ft	£ 524,000
84	Building 1	17-04	2	3	59.77	643 sq.ft	£ 419,000
85	Building 1	17-05	1	2	40.81	439 sq.ft	£ 258,000
86	Building 1	18-01	2	3	56.83	612 sq.ft	£ 308,000
87	Building 1	18-02	2	4	63.30	681 sq.ft	£ 424,000
88	Building 1	18-03	2	4	68.69	739 sq.ft	£ 524,000
89	Building 1	18-04	2	3	59.77	643 sq.ft	£ 419,000
90	Building 1	18-05	1	2	40.81	439 sq.ft	£ 258,000
91	Building 1	19-01	2	3	56.83	612 sq.ft	£ 310,000
92	Building 1	19-02	2	4	63.30	681 sq.ft	£ 426,000
93	Building 1	19-03	2	4	68.69	739 sq.ft	£ 526,000
94	Building 1	19-04	2	3	59.77	643 sq.ft	£ 421,000
95	Building 1	19-05	1	2	40.81	439 sq.ft	£ 260,000
96	Building 1	20-01	2	4	64.65	696 sq.ft	£ 430,000
97	Building 1	20-02	2	4	63.30	681 sq.ft	£ 428,000
98	Building 1	20-03	3	5	81.08	873 sq.ft	£ 575,000
99	Building 1	20-04	3	5	83.42	898 sq.ft	£ 580,000
100	Building 1	21-01	2	4	64.65	696 sq.ft	£ 440,000
101	Building 1	21-02	2	4	63.30	681 sq.ft	£ 430,000
102	Building 1	21-03	3	5	81.08	873 sq.ft	£ 575,000
103	Building 1	21-04	3	5	83.42	898 sq.ft	£ 580,000
104	Building 1	22-01	2	4	64.65	696 sq.ft	£ 440,000
105	Building 1	22-02	2	4	63.30	681 sq.ft	£ 432,000
106	Building 1	22-03	3	5	81.08	873 sq.ft	£ 577,000
107	Building 1	22-04	3	5	83.42	898 sq.ft	£ 582,000

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APPENDIX 3

COST MODEL 1

DBK

Station Road, Reading

Job Nr. 11489

**PREPARED FOR-
TITAN PROPERTIES**

27 JULY 2016

	DBK LLP	
	Initial	Date
Prepared by	DR	27/07/16
Comp Check	OB	27/07/16
Approved by	PC	27/07/16

Contents

1. Introduction & Objectives
2. Executive Summary
3. Functional & Financial Analysis
4. Exclusions
5. Assumptions & Outline Specification
6. Risk Profile
7. Data Used In Preparation of Cost Model

Appendix A - Cost Analysis

1. Introduction & Objectives

The scheme comprises the construction of 107 dwellings, 2 retail units and a residents gym over 22 floors together with drainage & incoming services. Accommodation is a mix of Private Sale and Affordable (tenure to be agreed).

The report is an integral element of the design process, the objectives being:

- review viability of concept proposals set against Client budgets
- provide accurate market based costs relative to design stage
- provide management tool from which to manage construction cost information
- benchmark design / auditing process
- define risk analysis and value engineering targets
- determine functional analysis and cost

Inflation Statement

This document is base dated at 3Q 2016

The costs stated forecast the anticipated tender sum at the above base date.

For the purposes of this cost plan Main Contractors fixed price element has been excluded.

Deferment from the base date to anticipated commencement is excluded from the scheme total.

2. Executive Summary

Main Summary			
Residential Block Total	£23,574,952		
Commercial Total	£551,493		
Gym Total	£170,109		
SCHEME TOTAL 3Q2016 (excl design fees)	£24,296,554		
£/m2 GIFA	£2,748		
£/ft2 GIFA	£255		
Estimated Cost Range	£23.08	↔	£25.51 M

Projected Inflation forecast to start on site	3.5% to 4.5%
3Q16 to 2Q17 (Notional start on site)	

RESIDENTIAL BLOCK		£	£/m ²	£/ft ²	£/ft ²
			gross		saleable
			8,476	91,235	66,484
Demolition and site clearance		£450,000	£53.09	£4.93	£6.77
Ground abnormalities		Excluded	£0.00	£0.00	£0.00
Service abnormalities		£150,000	£17.70	£1.64	£2.26
Site Development - sub-total		£600,000	£70.79	£6.58	£9.02
Substructures		£589,869	£69.59	£6.47	£8.87
Frame & Upper Floors		£2,663,893	£314.29	£29.20	£40.07
Stairs		£156,000	£18.40	£1.71	£2.35
Roof		£178,623	£21.07	£1.96	£2.69
External Walls, Windows and External Doors		£3,393,486	£400.36	£37.20	£51.04
Architectural Metalwork		£0	£0.00	£0.00	£0.00
Internal Walls		£269,262	£31.77	£2.95	£4.05
Shell & Core - sub-total		£7,251,133	£855.49	£79.48	£109.07
<u>Residential - Fit Out</u>					
1 Bed Apartments		£974,000	£114.91	£10.68	£14.65
2 Bed Apartments		£1,845,500	£217.73	£20.23	£27.76
3 Bed Apartments		£265,500	£31.32	£2.91	£3.99
Circulation		£905,954	£106.88	£9.93	£13.63
Mechanical, Electrical and Public Health Services Installation		£4,133,115	£487.63	£45.30	£62.17
Renewables		£30,000	£3.54	£0.33	£0.45
Lift Installations		£500,000	£58.99	£5.48	£7.52
Builders Work in Connection with MEP		£123,993	£14.63	£1.36	£1.87
Fitting Out - sub-total		£8,778,063	£1,035.64	£96.21	£132.03
Drainage		£160,500	£18.94	£1.76	£2.41
Utilities		£224,700	£26.51	£2.46	£3.38
Drainage & Utilities - sub-total		£385,200	£45.45	£4.22	£5.79
Site Works		£85,299	£10.06	£0.93	£1.28
Drainage		£4,277	£0.50	£0.05	£0.06
External services		£200,000	£23.60	£2.19	£3.01
External Works - sub-total		£289,575	£34.16	£3.17	£4.36
Sub-total - building works		£17,303,971	£2,041.53	£189.66	£260.27
Preliminaries	19%	£3,287,754	£387.89	£36.04	£49.45
Overheads & Profit	6.5%	£1,338,462	£157.91	£14.67	£20.13
Design Development Contingencies	7.5%	£1,644,764	£194.05	£18.03	£24.74
Residential -Total (3Q2016)		£23,574,952	£2,781.38	£258.40	£354.60

Commercial		£	£/m ²	£/ft ²	£/ft ²
			gross		saleable
			291	3,132	2,971
Substructures - See residential block		£0	£0.00	£0.00	£0.00
Frame & Upper Floors		£87,300	£300.00	£27.87	£29.39
Stairs		£42,800	£147.08	£13.66	£14.41
Roof- See residential block		£0	£0.00	£0.00	£0.00
External Walls, Windows and External Doors		£193,440	£664.74	£61.76	£65.11
Architectural Metalwork		£0	£0.00	£0.00	£0.00
Internal Walls - See residential block		£0	£0.00	£0.00	£0.00
Shell & Core - sub-total		£323,540	£1,111.82	£103.29	£108.91
<u>Fit out to commercial units - Shell only</u>					
Fit Out - To plant room		£25,435	£87.41	£8.12	£8.56
Mechanical, Electrical and Public Health Services Installation		£0	£0.00	£0.00	£0.00
Renewables		£0	£0.00	£0.00	£0.00
Lift Installations		£0	£0.00	£0.00	£0.00
Builders Work in Connection with MEP		£0	£0.00	£0.00	£0.00
Fitting Out - sub-total		£25,435	£87.41	£8.12	£8.56
Drainage		£5,820	£20.00	£1.86	£1.96
Utilities		£50,000	£171.82	£15.96	£16.83
Drainage & Utilities - sub-total		£55,820	£191.82	£17.82	£18.79
Site Works			See residential block		
Drainage			See residential block		
External services			See residential block		
External Works - sub-total		£0	£0.00	£0.00	£0.00
Sub-total - building works		£404,795	£1,391.05	£129.23	£136.26
				£0.00	
Preliminaries	19%	£76,911	£264.30	£24.55	£25.89
Overheads & Profit	6.5%	£31,311	£107.60	£10.00	£10.54
Design Development Contingencies	7.5%	£38,476	£132.22	£12.28	£12.95
Commercial -Total (3Q2016)		£551,493	£1,895.17	£176.07	£185.64

GYMNASIUM		£	£/m²	£/ft²	£/ft²
			gross		saleable
			75	807	807
Substructures - See residential block		£0	£0.00	£0.00	£0.00
Frame & Upper Floors		£22,500	£300.00	£27.87	£27.87
Stairs - See residential block		£0	£0.00	£0.00	£0.00
Roof- See residential block		£0	£0.00	£0.00	£0.00
External Walls, Windows and External Doors		£40,860	£544.80	£50.61	£50.61
Architectural Metalwork		£0	£0.00	£0.00	£0.00
Internal Walls - See residential block		£0	£0.00	£0.00	£0.00
Shell & Core - sub-total		£63,360	£844.80	£78.48	£78.48
Fit out allowance		£50,000	£666.67	£61.93	£61.94
Mechanical, Electrical and Public Health Services Installation		£0	£0.00	£0.00	£0.00
Renewables		£0	£0.00	£0.00	£0.00
Lift Installations		£0	£0.00	£0.00	£0.00
Builders Work in Connection with MEP		£0	£0.00	£0.00	£0.00
Fitting Out - sub-total		£50,000	£666.67	£61.93	£61.94
Drainage		£1,500	£20.00	£1.86	£1.86
Utilities		£10,000	£133.33	£12.39	£12.39
Drainage & Utilities - sub-total		£11,500	£153.33	£14.25	£14.25
Site Works			See residential block		
Drainage			See residential block		
External services			See residential block		
External Works - sub-total		£0	£0.00	£0.00	£0.00
Sub-total - building works		£124,860	£429.07	£39.86	£42.03
				£0.00	
Preliminaries	19%	£23,723	£316.31	£29.39	£29.39
Overheads & Profit	6.5%	£9,658	£128.77	£11.96	£11.96
Design Development Contingencies	7.5%	£11,868	£158.24	£14.70	£14.70
Gym Total (3Q2016)		£170,109	£584.57	£54.31	£57.26

3. Functional & Financial Analysis

RESIDENTIAL UNITS				
Functional data				
Apartment Mix		area m ²	area ft ²	mix %
<u>Private</u>				
1 bed 2 person apartments	42 Nr	1,887	20,316	39%
2 bed 3 person apartments	28 Nr	1,610	17,330	26%
2 bed 4 person apartments	31 Nr	2,184	23,509	29%
3 bed 5 person apartments	6 Nr	495	5,328	6%
Nr of Apartments	107 Nr			
Net saleable residential area		6,177	66,483	
Circulation		870	9,364	
Party wall area		1,430	15,388	
Residential gross floor area		8,476	91,235	
Net:gross floor area ratio		73%		
Average saleable area per apartment		621	ft ²	

NON-RESIDENTIAL			
Functional data			
<u>Commercial</u>		area m ²	area ft ²
Retail Unit A	1 Nr	121	1,302
Retail Unit B	1 Nr	155	1,668
Retail Plant	1 Nr	15	161
Gym	1 Nr	75	807
Non-Residential Gross Floor Area		366	3,940

4. Exclusions

The following items and issues are excluded but should be considered for inclusion by the Client within the overall Development Appraisal.

Development Appraisal exclusions

VAT

Land purchase costs & Stamp Duty

Finance charges

Legal costs (acquisition & construction)

Design fees

Project Manager / QS / EA fees

Principal designer

Party wall costs & fees

Other specialist consultants

Site surveys

SI/GI reports

Planning consultant

Planning application fees

Associated survey & report costs & fees

S106 Agreement costs & fees

S106 contributions

S278 Agreement costs & fees

S177 licences and fees

Building Regulation Fees

Premier Guarantee / NHBC

CIL

Archaeology

Ecology

Brand / promotion signage

Right to light compensation (if required)

Oversailing costs & fees

Inflation (increased construction costs beyond base date)

Contingencies

Technical Exclusions

Ground probing
Drainage abnormalities
Ground abnormalities
Remediation/contamination
Asbestos removal
Sleeved piles
Off site highway works
Network reinforcement costs
Infrastructure costs
UXO's
Fire engineering abnormalities
Comfort cooling
Blinds, screens, shutters & curtains
Noise mitigation
Furniture and equipment.
Flood risk assessment

5. Assumptions & Outline Specification

Procurement

These costs are based upon competitive tender using JCT Design & Build contract
Notional Build Programme 24 months

ASSUMPTION / OUTLINE SPECIFICATION

General

Net areas are taken from WCEC architects floor plans
Gross internal floor areas have been measured by DBK
Code for sustainable homes level 3 or 4 equivalent specification

Shell & Core Structure

CFA Piled foundations, 750mm dia, 30m deep
Contiguous Piled Retaining Wall to part of LGF
Reinforced concrete frame
Reinforced/ pcc concrete staircases with balustrades and handrails
RC roof slab with single membrane roofing system
Green roof, protection mat, drainage, filter layer
Allowances for paving and soft landscaping to terrace at 22nd floor level
Provisional allowance for planters to roof terrace £10,000
Provisional allowance for trees/shrubs to roof terrace £10,000
Provisional allowance for seating £5,000
Mixed elevational palette:
Combination of cementitious cladding and bronze metal cladding with SFS frame to inner skin
High Performance Glazing with Metal Frame
Glazed curtain walling
Opaque Glazing
Acoustic partitions generally as corridor & party walls;

Fit Out - Residential

Assumed all apartments are a blended mix of private sale & affordable. Mix tbc
Fit out cost per apartment includes internal stud walls, internal doors, wall, floor and ceiling finishes
Kitchen and white goods allowances per unit - 1 Bed = £5,500 2 Bed = £6,500k 3 Bed = £7,500
Bathroom approx £2,500 per bathroom
Ensuite approx £2,500 per ensuite
Allowance of £1,500 for built in wardrobe to master bedroom
Wall tiling full height to bathroom/ensuite walls
White switch plates and sockets, recessed downlighters
Engineered wood floor to lounge/kitchen/hallway area (supply & fit £75/m2)
Carpet to bedroom areas (supply & fit £30/m2)
Ceramic floor tiling to bathrooms/ensuites (supply & fit £65/m2)
Interior doors, flush paint grade
Gas fired boilers , panel radiator heating, kitchen/ toilet extract ventilation.

Site Abnormal Costs

- Provisional allowance for demolition - £450k
- Provisional allowance for service diversions - £150k

External Services

- Provisional allowance for new substation - £200k

6. Risk Profile

The following specific risks may have financial implications on the viability of the scheme. Where possible and appropriate cost allowances, as noted, have been included in the assessment of cost.

The following is a preliminary review & it is recommended that further investigation, as noted, be implemented seeking to obviate, reduce or minimise such costs within the scheme.

Item/Issue	level of risk	Allowance in cost plan (net)	comment/source further information
Planning - massing / mix / elevations key	low- med	as plans	
Deliverable net floor areas	low	as plans	as architects drawings
Service abnormalities / diversions	med	£ 150,000	Client to carry out enquiries
Ground abnormalities	low- med	nil	SI required
Foundation solution	med	£ 307,800	Allowance for 750 dia piled foundations 30m deep.
Remediation / Contamination	low- med	nil	SI required
Drainage abnormalities	med	nil	Drainage survey required
Network reinforcements (offsite)	med	nil	Recommend technical d/d
Acoustic attenuation (incl air quality)	med	nil	Appoint acoustician, carry out surveys
Flood risk	low	nil	
Scope S278 Works / Highways	low - med	nil	allowance for crossover only
Ecology	low	nil	
Archaeology	low	nil	
Access constraints or working restrictions	low	nil	
Crane oversail licence - compensation	low	nil	
Renewable energy source/compliance	med	£ 30,000	PV's to roof area.
Right to light compensation / fees	low	nil	
Party Wall issues	low	nil	
Work beyond boundary of site / public realm	medium	nil	see exclusions

7. Data Used In Preparation of Cost Model

Drawing No. and Revision

Drawing Title

WCEC Architects

PL116A	PROPOSED SITE PLAN
PL117A	LOWER GROUND FLOOR PLAN
PL118A	GROUND FLOOR PLAN
PL119A	1ST FLOOR PLAN
PL120A	2nd FLOOR PLAN
PL121A	3rd FLOOR PLAN
PL122B	4th FLOOR PLAN
PL123A	5th FLOOR PLAN
PL124A	6th FLOOR PLAN
PL125A	7th FLOOR PLAN
PL126A	8th FLOOR PLAN
PL127A	9th FLOOR PLAN
PL128A	10th FLOOR PLAN
PL129A	11th FLOOR PLAN
PL130A	12th FLOOR PLAN
PL131A	13th FLOOR PLAN
PL132A	14th FLOOR PLAN
PL133A	15th FLOOR PLAN
PL134A	16th FLOOR PLAN
PL135A	17th FLOOR PLAN
PL136A	18th FLOOR PLAN
PL137A	19th FLOOR PLAN
PL138A	20th FLOOR PLAN
PL139A	21st FLOOR PLAN
PL140A	22nd FLOOR PLAN
PL141A	ROOF PLAN
PL143B	PROPOSED EAST ELEVATION
PL144A	PROPOSED NORTH ELEVATION
PL145A	PROPOSED SOUTH ELEVATION
PL146A	PROPOSED WEST ELEVATION
PL148A	PROPOSED SECTION BB

PBA Peter Brett

SK-018 1/3 rev b	LOWER GROUND FLOOR
SK-018 2/3 rev b	GROUND & 1ST FLOOR
SK-018 3/3 rev b	2ND-21ST FLOOR & 22ND FLOOR

GROSS FLOOR TOTALS		
Lower Ground	333	3,584
Ground	194	2,088
1st floor	155	1,668
2nd floor	369	3,972
3rd floor	369	3,972
4th floor	369	3,972
5th floor	369	3,972
6th floor	369	3,972
7th floor	369	3,972
8th floor	369	3,972
9th floor	369	3,972
10th floor	369	3,972
11th floor	369	3,972
12th floor	369	3,972
13th floor	369	3,972
14th floor	369	3,972
15th floor	369	3,972
16th floor	369	3,972
17th floor	369	3,972
18th floor	369	3,972
19th floor	369	3,972
20th floor	369	3,972
21st floor	369	3,972
22nd floor	369	3,972
Roof	45	484
Residential only	8,476 m²	91,235 ft²
Other (Commercial & Gym)	366 m ²	3,940 ft ²
Overall floor area	8,842 m²	95,175 ft²

SITE DEVELOPMENT ABNORMAL COSTS

Demolition & Site Clearance				450,000
General allowance - all existing buildings to be removed prior to works	1 item	450,000	450,000	
Ground Abnormals				Excluded
Service Abnormals				150,000
Allowance for service diversions	1 item	150,000	150,000	
Sub Total				600,000

RESIDENTIAL BLOCK					
STRUCTURAL SHELL					
Substructures					589,869
Excavation of lower ground floor and disposal E/O for disposal of contaminated materials - say 10%	1,665	m3	70.00	116,550	
	167	m3	80.00	13,320	
Temporary/ permanent works for working space	430	m2	100.00	43,000	
Allowance for existing walls to be underpinned	1	item	30000.00	30,000	
Reinforced concrete raft foundation, 300mm deep RC slabs; 135kg/m3	333	m2	180	59,940	
Ground beams & foundation bases (notional allowance)	333	m2	120	39,960	
Reinforced concrete wall, 175mm thick, 125kg/m3	158	m2	235	37,173	
Reinforced concrete wall, 300mm thick, 125kg/m3	30	m2	280	8,366	
Reinforced concrete wall, 450mm thick, 250kg/m3	61	m2	300	18,220	
EO foundations for 30m deep piles	333	m2	300	99,900	
Contiguous Pile Wall, 600mm diameter, 800c/c - 22m long	40	m	2,500	100,000	
Contiguous Pile Wall Capping Beam, 1200x1800mm, 250kg/m3	40	m	200	8,000	
Reinforced concrete columns, 450x800mm	17	m	320	5,440	
Formation of lift pit	2	Nr	5,000	10,000	
Frame & Upper Floors					2,663,893
Reinforced concrete ground floor slab, 350mm thick, 135kg/m3	355	m2	185	65,675	
Reinforced concrete floor slab, 300mm thick, 135kg/m3	100	m2	165	16,451	
Reinforced concrete floor slab, 250mm thick, 135kg/m3	7,751	m2	145	1,123,866	
Reinforced concrete lift overrun, 200mm thick slab, 135kg/m3	53	m2	125	6,625	
Reinforced concrete beam, 450x300dp	1	Nr	500	500	
Core walls 400, 130kg/m3	4,377	m2	250	1,094,250	
RC column 550x550	24	m	250	6,000	
RC column 450x800	96	m	320	30,720	
RC column 500x1000	6	m	450	2,700	
RC column 250x350	9	m	100	900	
RC column 400x400	228	m	230	52,440	
RC column 350x650	912	m	250	228,000	
RC column 350x1000	57	m	400	22,800	
Parapet upstands, 1200 high; 150 thick; 150 kg/m3	86	m	150	12,966	
Stairs					156,000
Precast or insitu concrete; straight flights; half landings	24	Nr	6,500	156,000	
Roof					178,623
22nd Floor					
Reinforced concrete roof slab	369	m2	170	62,730	
E/O biodiverse green roof	56	m2	60	3,360	
E/O Allowance for soft landscaping	14	m2	50	719	
E/O Allowance for hard landscaping	245	m2	50	12,250	
Allowance for Trees/shrubs	1	item	10,000	10,000	
Allowance for planters	1	item	10,000	10,000	
Allowance for seating	1	item	5,000	5,000	
Glass balustrading	69	m	600	41,388	
Rainwater installations	369	m2	20	7,380	
Allowance for handrailing / mansafe systems	69	m	200	13,796	
Allowance for access hatches, cat ladders, etc	1	item	5,000	5,000	
Terrace access doors; Single	2	Nr	1,500	3,000	
AOV	1	Nr	4,000	4,000	

External Walls					1,825,447
Buff cementitious Cladding	2,130	m2	400	851,960	
Dark Grey Textured Cementitious Cladding	22	m2	450	10,044	
Dark Grey Cementitious Cladding	200	m2	400	79,900	
Brickwork cladding to columns	253	m2	250	63,183	
Bronze Metal Cladding	321	m2	550	176,418	
SFS Frame	2,673	m2	120	320,728	
Dark Grey Louvered Cladding EO Plant room doors	81	m2	500	40,620	
Extra; s/s angle support	1,892	m	140	264,880	
Pcc copings to parapets	86	m	80	6,915	
Concrete bands (precast concrete panel)	72	m	150	10,800	
Windows/ External Doors					1,568,039
High Performance Glazing with Metal Frame	1,636	m2	650	1,063,400	
High Performance Curtain Wall with Metal Frame	226	m2	700	157,899	
EO Double Doors	1	Nr	3,000	3,000	
Dark Grey Opaque Glazing	491	m2	600	294,408	
Opaque Glazing	55	m2	600	32,832	
Roller shutter door to generator	1	item	5,000	5,000	
External door, Single, Louvered	1	Nr	1,500	1,500	
External Door, Double, Louvered	2	Nr	2,500	5,000	
Allowance for signage to entrance	1	item	5,000	5,000	
Architectural Metalwork					
N/A					
Internal Walls					269,262
Acoustic party / corridor walls	2,898	m2	80	231,840	
Allowance for riser walls / linings	1,247	m2	30	37,422	
STRUCTURAL SHELL					7,251,133

FITTING OUT					
One Bed Apartments					974,000
1B 2P 40.7m2	21	Nr	13,000	273,000	
1B2P 47.5m2	13	Nr	14,000	182,000	
1B 2P 51.9m2	8	Nr	15,000	120,000	
Extra; kitchens	42	Nr	5,500	231,000	
Extra; bathroom fittings	42	Nr	2,500	105,000	
Extra; in-built wardrobes master bedroom	42	Nr	1,500	63,000	
Two Bed Apartments					1,845,500
2B 3P 57.5m2	28	Nr	18,000	504,000	
2B 4P 64.9m2	17	Nr	19,000	323,000	
2B 4P 77.2m2	14	Nr	26,000	364,000	
Extra; kitchens	59	Nr	6,500	383,500	
Extra; bathroom fittings	59	Nr	2,500	147,500	
Extra; ensuite	14	Nr	2,500	35,000	
Extra; in-built wardrobes master bedroom	59	Nr	1,500	88,500	
Three Bed Apartments					265,500
3B 5P 82.5m2	6	Nr	29,000	174,000	
Extra; kitchens	6	Nr	7,500	45,000	
Extra; bathroom fittings	6	Nr	2,500	15,000	
Extra; ensuite	9	Nr	2,500	22,500	
Extra; in-built wardrobes master bedroom	6	Nr	1,500	9,000	
Circulation / Ancillary / Plant Area					
Internal Doors / screens					37,600
Single doors	34	Nr	600	20,400	
Double doors	2	Nr	1,400	2,800	
Riser doors; single	24	Nr	350	8,400	
Allowance for panels to AOV	24	Nr	250	6,000	
Wall Finishes					376,228
Plasterboard linings (staircases & lift lobbies)	10,173	m2	30	305,190	
Emulsion finish to plasterboard	10,173	m2	6	61,038	
Entrance lobby/waiting area enhancement	1	item,	10,000	10,000	

Floor Finishes					381,440
Levelling screed floor, insulation, membrane	8,431	m2	30	252,930	
Carpet nosings & risers	24	Nr	200	4,800	
Carpet to corridors, stairs	869	m2	30	26,070	
MDF skirtings; decoration; mastic	1,134	m	12	13,608	
Plantroom floor finish	40	m2	20	800	
Bin stores floor finish	33	m2	20	660	
Cycle stores floor finish	37	m2	20	740	
Substation floor finish	16	m2	20	320	
Water and sprinkler tank room	82	m2	20	1,640	
Switch room	10	m2	20	200	
Gas meter room	5	m2	20	100	
Entrance lobby/ground floor finish	135	m2	100	13,500	
Boiler plant room	54	m2	20	1,072	
Mat & well to entrance	4	Nr	2,500	10,000	
Allowance for open grate floor to risers	110	Nr	500	55,000	
Ceiling finishes					64,337
Ceiling finishings - suspended acoustic ceiling to lower ground floor circulation/services rooms, ground floor corridors/circulation rooms, and stairwell throughout					
	1,281	m2	40	51,224	
Emulsion finish to plasterboard	1,281	m2	7	8,964	
Plantroom paint finish	40	m2	15	600	
Bin stores paint finish	33	m2	15	495	
Cycle stores paint finish	37	m2	15	555	
Substation paint finish	16	m2	15	240	
Water and sprinkler tank room	82	m2	15	1,230	
Switch room	10	m2	15	150	
Gas meter room	5	m2	15	75	
Boiler plant room	54	m2	15	804	
Fittings					46,350
Internal Signage allowance	1	item	10,000	10,000	
Post Boxes	107	Nr	150	16,050	
Cycle store racks	68	Nr	225	15,300	
Sundry allowance	1	item	5,000	5,000	
Mechanical, Electrical and Public Health Services Installation					4,133,115
Disposal Inst.	107	Nr	3,000	321,000	
Water Inst.	107	Nr	3,500	374,500	
Heat Source	107	Nr	2,700	288,900	
Space Heating & Air Treatment	107	Nr	4,500	481,500	
Ventilating Systems	107	Nr	3,500	374,500	
Electrical Inst.	107	Nr	7,500	802,500	
Sprinklers	101	Nr	2,000	202,000	
Gas Inst.	107	Nr	200	21,400	
Protective Inst.	107	Nr	2,000	214,000	
Communications Inst.	107	Nr	2,700	288,900	
Special Inst.	107	Nr	4,300	460,100	
Other items (test, commission, treatments etc)	107	Nr	1,000	107,000	
Sub-Contractor Preliminaries & Overheads	5.0%		3,936,300	196,815	

Renewables					30,000
Allowance for PV's to roof (only landlord areas)	1	item	30,000	30,000	
Lifts					500,000
Passenger lift serving 22 floors, general Brushed Stainless Steel finishes	2	Nr	200,000	400,000	
E/O fire fighting lifts	2	Nr	50,000	100,000	
Builders Work in Connection with MEP					123,993
BWIC allowance	3%		4,133,115	123,993	
FITTING OUT					8,778,063
Drainage					160,500
Drainage	107	Nr	1,500	160,500	
Utilities					224,700
Apartment supplies - water, elec, gas, telecom	107	Nr	2,000	214,000	
BWIC services	107	Nr	100	10,700	
net total					16,414,396

COMMERCIAL (SHELL ONLY)**STRUCTURAL SHELL**

Substructures	See residential block			0
Frame & Upper Floors				87,300
Reinforced concrete frame	291 m2	300	87,300	
Stairs				42,800
Retail unit A (Provisional)	1 item	15,000	15,000	
Retail unit B (Provisional)	1 item	20,000	20,000	
Balustrade to mezzanine	13 m	600	7,800	
Roof	See residential block			0
External Walls				37,440
Cementitious Cladding	72 m2	400	28,800	
SFS Frame	72 m2	120	8,640	
Windows and External Doors				156,000
Windows; shopfront glazing	210 m2	700	147,000	
EO Double Doors	3 Nr	3,000	9,000	
Architectural Metalwork	N/A			0
Internal Walls				0
Acoustic party / corridor walls	See residential block			

STRUCTURAL SHELL 323,540**Fitting Out - By Tenant****Plant Area**

Internal Doors				1,000
Single doors - door to retail plant	1 Nr	1,000	1,000	
Wall Finishes				1,728
Plasterboard linings to retail plant room	48 m2	30	1,440	
Emulsion finish to plasterboard	48 m2	6	288	
Floor Finishes				9,030
Levelling screed floor, insulation, membrane	291 m2	30	8,730	
Plantroom floor finish	15 m2	20	300	
Ceiling finishes				13,677
Ceiling finishings - suspended acoustic ceiling	291 m2	40	11,640	
Emulsion finish to plasterboard	291 m2	7	2,037	

FITTING OUT 25,435

Drainage				5,820
Drainage based on gross floor area	291 m2	20	5,820	
Utilities				50,000
Incoming supplies to commercial	1 item	50,000	50,000	
Commercial net total				404,795

RESIDENTS GYMNASIUM**STRUCTURAL SHELL**

Substructures	See residential block			0
Frame & Upper Floors				22,500
Reinforced concrete frame	75 m2	300	22,500	
Stairs	See residential block			0
Roof	See residential block			0
External Walls				9,360
Cementitious Cladding	18 m2	400	7,200	
SFS Frame	18 m2	120	2,160	
Windows and External Doors				31,500
Windows; shopfront glazing	45 m2	700	31,500	
Architectural Metalwork	N/A			0
Internal Walls				0
Acoustic party / corridor walls	See residential block			

STRUCTURAL SHELL 63,360

				50,000
Fitting Out Allowance (Provisional)	1 item	50,000	50,000	

FITTING OUT 50,000

Drainage				1,500
Drainage based on gross floor area	75 m2	20	1,500	
Utilities				10,000
Incoming supplies	1 item	10,000	10,000	
Gym net total				124,860

MAIN SITE WORKS

Siteworks				85,299
Cross overs to access road	1 Nr	10,000	10,000	
Pathway to perimeter	61 m2	65	3,966	
Feature paving	153 m2	100	15,283	
Allowance for boundary treatments	1 item	25,000	25,000	
Street furniture & signage	1 item	5,000	5,000	
External lighting	1 Item	25,000	25,000	
Sheffield cycle stands	6 Nr	175	1,050	
Drainage				4,277
Drainage to apartments (included in apmts)				
Drainage to external hard paved areas	214 m2	20	4,277	
External Services				200,000
Allowance for new substation	1 Nr	200,000	200,000	
MAIN SITEWORKS net				289,575

APPENDIX 4

25th September 2015
RFD Station House, Reading Report 250915



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For the attention of Steve Summers

Dear Sirs

PROPERTY: STATION HOUSE, STATION ROAD, READING, RG1 1LG

In accordance with your instructions contained within your email dated 14th August 2015 as confirmed in our letter dated 9th September 2015 we have made all relevant enquiries in order to provide you with our updated opinion of the current Market Value of the above property as described in this report. A copy of our terms of engagement letter is enclosed at **Appendix 1**.

We previously reported to your bank on this property on the 16th October 2014, as we have valued this property recently you have instructed us to provide a desktop update without re-inspection of the property which you have informed us has not changed significantly since our inspection in 2014.

1.2 Basis of Valuation

In accordance with your instructions, for the purpose of our valuation, we have adopted the definitions of Market Value contained in the RICS Valuation - Professional Standards, published 6th November 2013 effective from 6th January 2014, including IVS 2013. These are as follows:

Market Value (definition as defined in IVS Framework paragraph 29)

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Definition of Gross Development Value There is no RICS definition of Gross Development Value (GDV). Our interpretation of GDV is:

"The aggregate of the capital receipts from the sale of all the units on the Special Assumption that the proposed development (as described in our report) has been completed and 100% sold at today's date at current day values (whereby 'today's date' / 'current day' is the date of valuation)"

1.3 General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Standard Conditions set out in the relevant section of this report.

1.4 Date of Valuation

Our opinions of value are as at the date of this report. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.5 Purpose of Valuation

You have instructed us that our valuation is required for internal transfer purposes.

1.6 Conflicts of Interest

We are not aware of any conflict of interest, either with the Property or with the Borrower, preventing us from providing you with an independent valuation of The Property in accordance with the RICS Valuation – Professional Standards. We will value as External Valuers.

1.7 Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Thomas Lindley BSc (Hons) MRICS. The valuation has also been reviewed by Richard Viney MRICS.

The Property was originally inspected for the purpose of our previous report on 16th October 2014 Thomas Lindley BSc (Hons) MRICS, Michael Cole BSc (Hons) and David Cooper BA (Hons) MSc. We were able to inspect The Property internally and the weather on the date of our inspection was a cool and overcast. We have not re-inspected the property for the purpose of this report on the basis that we have assumed that the property and its immediate vicinity have not changed significantly since our inspection last year.

All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VPS 3.7(a), we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

1.8 Extent of Due Diligence Enquiries and Information Sources

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of our report below.

1.9 RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") RICS Valuation – Professional Standards Incorporating the International Valuation Standards (the "Red Book") published in November 2013 and effective from 6th January 2014, in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 5 Valuations for secured lending, as appropriate.

We are obliged to confirm that this valuation report may be subject to monitoring under the RICS's Code of Conduct and Disciplinary Regulations.

1.10 Background

You have instructed us to undertake an updated desktop valuation of The Property for internal transfer purposes. As we reported to your bank on 28th October 2014 and further advised your bank on 26th May 2015 that our values remain unchanged, we have not re-inspected the property and have pleasure in providing you with our updated Market Value of the property.

The Property has approval for change of use from office to 32 residential units under Part 3 of Schedule 2, Class J of the General Permitted Development Order 2013. In addition the ground floor retail units will be converted to a single retail unit.

2 LOCATION

The Property is located on the corner of Station Road and Garrard Street in Reading. Reading is a very popular town in Berkshire with the 2011 Census information showing total households at 62,869, a total population of 155,698 with 77,967 being male and 77,731 being female.

Approximate distances to major towns and centres are as follows:

London	58 km / 36 miles
Oxford	39 km / 24 miles
Bristol	110 km / 70 miles
Heathrow Airport	42 km / 26 miles

The Property is well serviced by the National Road Network with the M4 to the south which can be accessed via the A33 at Junction 11 and the A3290 at Junction 10, providing access to the M25. The Properties are situated opposite Reading Railway Station providing access to London Paddington with a journey time of approximately 30 minutes.

Reading has a comprehensive range of shopping facilities at a local and district level with 2 shopping centres; The Oracle and Broad Street Mall. Some larger tenants include John Lewis, Debenhams and House Of Fraser. There are a number of schools in Reading with Reading School founded in 1125, being the 16th oldest school in England, along with 6 other state secondary schools. Reading College has been established in Reading since 1955 and the University of Reading was established in 1892.

3 SITUATION

The Property is located on the corner of Station Road and Garrard Street in a primarily commercial area. To the north of the site is number 37-41 Station Road, London House being an office building, a multi-storey car park and just beyond is Reading Station. To the east is a further parade of commercial units fronting onto both sides of Station Road, to the south is the Novotel Reading Centre Hotel with the commercial centre beyond and to the west is a mix of further commercial units.

Thames House which is wrapped in protective sheeting is being comprehensively refurbished to provide a new exterior in keeping with the new station Hill development. The Station Hill development was granted planning permission for a mixed use development in December 2013 for up to 1,670,300 sq m. Benson Elliot and Stanhope have reworked the masterplan to provide a new £500m business quarter directly outside the newly completed station. The scheme will be developed on a phased basis, however little impact will be had on the Property as the existing NCP car park will be reclad. Next to 29-35 Station Road is Brunel House which is a 1980's built office building with an RBS Branch on the ground floor. Opposite is the Mal Maison hotel.

We attach at **Appendix 2** a site plan showing the boundaries to The Property and the surrounding buildings.

4 DESCRIPTION

4.1 Overview

The Property is a six storey building comprising three retail units on the ground floor, an undercroft allowing for access to the rear for pedestrians and a pedestrian entrance lobby for the offices above

equal to the retail units in size. The Property was in a state of disrepair and the retail units were vacant at the time of inspection.

A set of photographs showing the property in its current condition, taken on the date of our inspection are attached at **Appendix 3**.

4.2 Site

The Property is more or less rectangular in shape. We have measured the extent of The Property from Digital Ordnance Survey data and calculated that it extends to 0.039 hectares (0.10 acres).

We attach an extract from the Ordnance Survey plan at Appendix 2 showing The Property edged in red and its immediate vicinity.

5 ACCOMMODATION

We have not undertaken detailed measurements of the existing Office building but we have undertaken some check measurements. We have been provided with a measured Gross Internal Area (GIA) by you based on an architect's scheme.

We have not been provided with any scale drawings, and we have therefore based our valuation on the special assumption that the proposed scheme will be in line with the floor areas that we have been provided with by you. This is not ideal, but in absence of any more detailed information we have had to assume that these are correct.

We reserve the right to revised our valuation once a more detailed measured survey is available, undertaken in accordance with the RICS Code of Measuring Practice, published in August 2007 (6th Edition) as updated.

29 - 35 Station Road GIA 14,656 sq ft (1,361.6 sq m) gross internal area.

Construction

The building is of 1950's built reinforced concrete frame construction with concrete beam and block floors. The staircase is of concrete construction with commercial marble type polished concrete effect, toilets to each floor and lift. There is also an undercroft next to the retail units for the parking of 1 or 2 cars and it also provides a route to the fire escape.

Internally the circulation core is positioned to the rear of the building in the right hand corner with a WC beyond on each level. Generally the floors were left to open plan with some partitioning for separate rooms.

6 CONDITION

29 – 35 Station Road is in a severe level of disrepair having not been occupied for a number of years. The ground level has been boarded up and all levels are now inhabited by pigeons. Some of the concrete frame is showing signs of spalling from water ingress. The timber parquet flooring has become damp and expanded significantly however these are all to be removed. On the fourth floor there was significant water ingress to the ceiling above with plaster coming away from the underside of the floor above. The fifth floor is recessed with a balcony area behind a parapet wall which appears to have been recently felted. Stalactites were coming from the ceiling suggesting the roof has failed in places although at the date of inspection it looked reasonably dry.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 Informal Enquiries

As instructed, we have not carried out a soil test or an environmental audit. Following informal enquiries, we understand that the Property was previously used for office and retail. On the basis of these informal enquiries, it would appear unlikely that land contamination exists. This comment is made without liability.

During our limited site inspection there was no visible signs of contamination in the immediate vicinity and we saw no evidence of ruptured storage tanks or other similar stored material likely to cause any contamination issue. The valuation is prepared on this assumption.

As part of the planning application you had an Environmental Site Assessment carried out by Resource & Environmental Consultants Ltd. Their Initial Conceptual Site Model has indicated that the overall environmental risk rating is Low. The recommendations were that the site is suitable for the proposed change of use under Permitted Development Part J, subject to no areas of private gardens and the proposed commercial ground floor space (29-35 Station Road). Should any structural works be undertaken which includes breaking ground, further risk assessment would be required to assess the risk to the underlying aquifer. Any structural work should be supported by sufficient ground investigation.

7.2 Assumption

As our informal enquiries and the Environmental Site Assessment have suggested that land contamination is unlikely, we have valued The Property on the basis that it has not suffered any land contamination in the past, nor is it likely to become contaminated in the foreseeable future. However, should it subsequently be established that contamination exists at the Property, or on any neighbouring land, then we may wish to review our valuation advice.

We have assumed there to be no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building constructed thereon.

7.3 Flooding

We have made enquiries with regard to potential flooding at the Environment Agency website, www.environment-agency.gov.uk and note that the Property is in a low risk area of flooding.

8 TOWN PLANNING

8.1 National Planning Policy Framework

In March 2012, the Government published the National Planning Policy Framework (NPPF) which replaces most of the existing Planning Policy Guidance Notes (PPGs) and Planning Policy Statements (PPSs).

At the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking. For plan-making this means that:

- Local planning authorities should positively seek opportunities to meet the development needs of their area;
- Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:

- i. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole;
- ii. or specific policies in the Framework indicate development should be restricted.

For decision-taking this means:

- Approving development proposals that accord with the development plan without delay; and where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:
 - i. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole; or
 - ii. specific policies in the Framework indicate development should be restricted.

8.2 Statutory Background

We have made informal enquiries of the website at the Local Planning Authority (LPA), at Reading Borough Council. The Local Development Scheme as amended November 2013 in the Reading Borough comprises the South East Plan (one retained policy) adopted May 2009, the Core Strategy adopted January 2008, the Reading Central Area Action Plan adopted January 2009, the Sites and Detailed Policies Document adopted October 2012, the Proposals Map adopted October 2012, the Replacement Minerals Local Plan (Saved Policies) adopted May 2001 and the Waste Local Plan (Saved Policies) adopted December 1998.

The Local Development Schemes set out the programmes for preparing the Local Development Framework (LDF), much of which has now been adopted. A number of recent changes mean that the 2013 LDS is to some extent a fresh start. There is the assumption that in most cases the LPA will produce a single Local Plan as opposed to a number of separate documents within the LDF.

Reading Borough Council has set up a programme for the production of new planning policy documents. The main document will be a Local Plan with proposed adoption due in November 2016. In line with the Government's preference, this will be a single document rather than the set of documents that currently exist (Core Strategy, Reading Central Area Action Plan and Sites and Detailed Policies Document). This will be further supported by progress on the Community Infrastructure Levy. There will also be continued production of Supplementary Planning Documents, as well as revised versions of some of the Procedural documents such as the Statement of Community Involvement.

The Property is neither Listed or within a Conservation Area. We are informed that it is not directly affected by any highway, town planning or other schemes or proposals.

We have made enquiries with the Local Planning Authority and confirm that there are no planning enforcement notices against the Property.

8.3 Planning Consents

We have also inspected the website of Reading Borough Council to ascertain the full planning history of the Property. Details of relevant planning decisions are listed below.

Application Number	Decision Date	Description	Decision
141275	03/10/2014	Change of use of 29-35 Station Road from Class B1(a) (offices) to C3	Approved

Application Number	Decision Date	Description	Decision
		(dwellinghouses) to comprise 27 flats.	
10/00902/EXT 29 Station Road	05/01/2011	Application for an extension of the time limit for implementation of permission 04/01395 for the demolition of existing building and the erection of a 22 storey building comprising 103 residential units, two ground floor Class A1 retail and/or Class A3 restaurant units, with a basement level providing car/cycle parking spaces and refuse storage	Approved
09/01044/FUL 29 Station Road	14/08/2009	In-fill existing open redundant space to create new retail unit for A1 use.	Approved
04/01395/FUL/AC 29 Station Road	19/08/2005	Demolition of existing building and the erection of a 22 storey building comprising 103 residential units, two ground floor Class A1 retail and/or Class A3 restaurant units, with a basement level providing car/cycle parking spaces and refuse storage	Approved

Planning permission has been granted and lapsed for the change of use under permitted development rights. It can be noted from the previous planning history above that full applications have been submitted for the demolition or conversion of the current buildings and approved. There will be S106 contributions associated with these but it does show precedent.

On the positive side:

- i. The change of use consent is the largest planning policy hurdle in terms of the ability to redevelop the Property and the principle has now been established through the recent changes to the permitted development rights.
- ii. Subsequent applications may be minor amendment applications.
- iii. We have seen some draft proposals which propose the use of the roof space, this may require a formal planning application and may trigger a number of other planning policy requirements such as affordable housing and off site payments.
- iv. There is a risk that a larger full scale planning permission will result in a requirement for Section 106 liabilities, both in terms of affordable housing and other off site contributions. The upside, however, is that the development may be of higher quality and the resultant GDV may absorb the additional costs.
- v. There is a prospect in the future of extending the buildings to create more residential accommodation.

On the negative side:

- vi. There is a risk that the change of use is not granted
- vii. The scheme will require careful monitoring to ensure that the development does not breach the change of use consent.

8.4 Developer's proposal

You propose to either undertake a conversion of the empty building to provide 32 one and two bedroom units, along with three retail units on the ground floor, or carry out a complete redevelopment of the Property to provide retail and apartments.

9 TAXATION

9.1 Business Rates and Council Tax

We have made enquiries of the Valuation Office Agency website and can confirm that 29, 31 & 33 Station Road are rated for business rates with 35 Station Road's having been deleted due to its uninhabitable condition. The current rateable value (2010) for the Properties are as follows;

29 Station Road - £16,500

31 Station Road - £11,250

33 Station Road - £15,500

The Uniform Business Rate for 2015/2016 is 49.3 pence in the pound, meaning the current rates payable are £20,846.50pa.

There will be an ongoing empty rates liability until the Properties are redeveloped.

We assume that the new build residential units will be banded for Council Tax.

9.2 VAT

As far as we are aware the Property is elected for VAT purposes and as such VAT will be payable on the purchase price.

Our valuation of the property as it stands is exclusive of VAT.

10 PROPOSED DEVELOPMENT

10.1 Proposed Scheme

We have been provided with drawings of the proposed development. The floor plans assume that the building will be converted based on their current floor plate.

The internal floor area of the proposed development is smaller than the measured net internal area of the office building. This is due to the circulation space not being included as saleable residential area.

We have been provided with an indication of the proposed Gross internal floor areas by you. The scheme will provide the following:

Plot	Sq m	Sq Ft
Floor 1		
1	31.96	344
2	31.96	344
3	31.96	344
4	32.98	355
5	32.98	355

Plot	Sq m	Sq Ft
6	31.96	344
7	31.96	344
Floor 2		
1	31.96	344
2	31.96	344
3	31.96	344
4	32.98	355
5	32.98	355
6	31.96	344
7	31.96	344
Floor 3		
1	31.96	344
2	31.96	344
3	31.96	344
4	32.98	355
5	32.98	355
6	31.96	344
7	31.96	344
Floor 4		
1	31.96	344
2	31.96	344
3	31.96	344
4	32.98	355
5	32.98	355
6	31.96	344
7	31.96	344
Floor 5		
1	41.99	452
2	34.00	366
3	34.00	366
4	36.05	388
32	1,049	11,292

In the absence of full scale plans for the scheme, we have not scaled off drawings to calculate the floor areas. We have included your draft plans at **Appendix 4**.

10.2 Specification

We have been provided with an indication that the scheme will be finished to a high specification but we have not seen a detailed specification and have made certain assumptions as to the extent of the works that are to be undertaken and the quality of the fixtures and fittings to be installed; this provides the basis of our valuation.

We have appraised the individual units on the assumption that they will be completed (both internally and externally) to a standard of workmanship and finish commensurate with that of a good quality development in this location.

It is imperative that a high level of quality control on the standard of workmanship is introduced and maintained throughout the construction process. Failure to address this element correctly may ultimately impact upon the marketability of the units and therefore the subsequent value of the development. It should be noted that we have not been provided with samples of the fixtures and fittings actually proposed for the scheme, however, we have assumed that these will be appropriate. Furthermore, we have assumed that the works as detailed above can be completed within the levels of expenditure as budgeted below, which provides the residual basis of our valuation.

We envisage a scheme which will appeal predominately to the first time buyer or buy to let market. Given that the units are small in comparison to the market we would suggest that the borrower seeks to balance the final specification relative to what these units will actually sell for in the market. Spending too much on specification will not necessarily add significant value, if any, when it comes to the re-sales.

If the intention is to also target the buy to let market then the developer should consider the installation of electrical appliances and heating rather than gas. This will make the units less management intensive but might also be easier to install throughout the property rather than runs of piping and gas mains.

11 INFRASTRUCTURE AND SERVICES

We have been advised that mains gas, water, electricity, drainage and telecommunications are all available at the subject property. No tests have been undertaken on any of the services.

In reporting our opinions of value, we have assumed that the existing services have sufficient capacity to accommodate the proposed development and that no further works are required to upgrade their capacity. Should any upgrades be required, and the cost borne by the developer, our opinions of site value may be affected.

12 HIGHWAY AND ACCESS

We have made informal enquiries of the Reading Borough Council Highways Department and understand Garrard Street and Station Road are both adopted roads and maintained at public expense.

In reporting our opinions, we have assumed that there are no third party interests between the boundaries of the Property and the adopted highway, and accordingly that the Property enjoys unfettered vehicular and pedestrian access.

13 TENURE

The Property is registered under the following Title number;

BK368609 which is the title number filed at the Registry being 29-35 Station Road, Reading RG1 1LG.

We have valued the freehold interest in the Property as outlined in red on the Ordnance Survey Extract Plan which we have enclosed at Appendix 2.

5 **MARKET COMMENTARY**

We set out below extracts from Savills Research Departments, Residential Market Commentary, published in June 2015 (Property Focus, Q2 2015) for mainstream markets:

“The UK housing market slowed in the early part of 2015. Transactions and mortgage approvals in the first quarter of the year were 5.4% and 11.9% lower than in the same three month period of 2014. Given the general election in May, it would be easy to put this sobriety entirely down to uncertainty regarding the political backdrop in the early part of the year.

However, the housing market survey from RICS indicates that new buyer enquiries had started to weaken as early as the middle of 2014, suggesting other forces have also been at work. The Nationwide house price index supports this view, indicating that in the nine months to the end of May of this year UK house prices rose by a total of just 3.1%. Furthermore, three month on three month house price growth (which irons out monthly price fluctuations but still gives a reasonable snapshot of where the market is at any given point in time) slowed to just 0.9%, quashing claims that the stamp duty reform introduced in the pre-election Autumn Statement would cause a bounce in mainstream house prices.

These numbers undoubtedly reflect the fact that the Bank of England, keen to avoid another debt-driven housing market boom, has imposed more regulation on mortgage lending. By requiring lenders to stress test affordability in different interest rate scenarios since April last year, they have sought to prevent the prolonged period of low interest rates fuelling unsustainable price growth that might cause borrowers and lenders problems further down the line. The Bank’s own credit conditions survey shows the impact of that regulation, with a corresponding contraction in the availability of secured credit in the third quarter of last year and first quarter of this. This has been accompanied by a consistent fall in the proportion of mortgage applications being approved, despite loan defaults among existing borrowers falling and expectations that interest rates are likely to stay at historic lows for longer (and only rise gradually when they come off of this base).

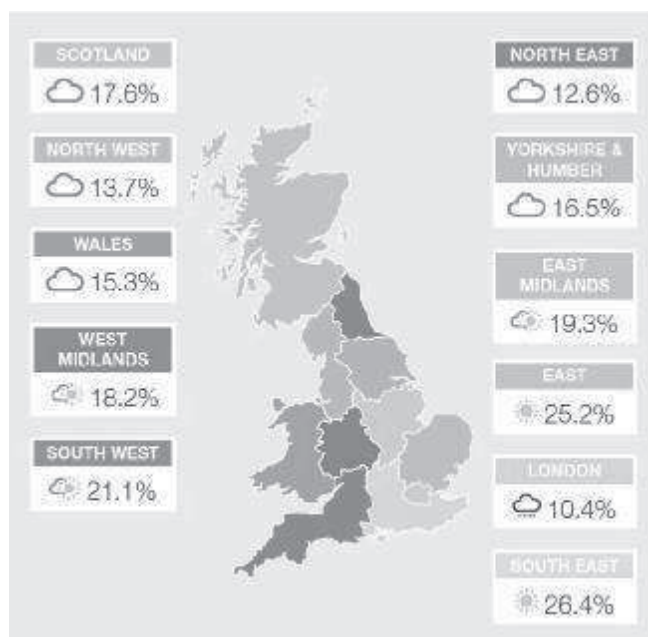
The flipside is that this has also limited, and will continue to limit, access to home ownership. This creates a tension between the Bank’s desire to minimise risk in the housing market and politicians’ desire to get people onto the housing ladder, in order to provide them with a means of attaining financial security. This desired financial security includes the aspiration that households will be able to reduce housing costs over time and eliminate them in retirement by progressively paying down mortgage debt.

This is something that has served the baby boomer generation well. For example, our analysis shows that average annual housing costs where the head of the household is aged 65+ average just over £2,000 per year across England and Wales, the bulk of which relates to the minority who never realised the dream of home ownership. For those between the ages of 50 and 65 that cost averages £4,400 per year. By contrast, the average for households under the age of 35 is just shy of £8,900, with rents paid to private Landlords making up 57% of this sum. In London, where housing affordability is most stretched, that rises to £15,700 on average of which two thirds is made up of private rent. This means different generations increasingly view house price growth differently: at one end of the scale as a wealth generator, at the other as a barrier to home ownership which causes rent to make up a higher proportion of their lifetime housing costs.

These figures should be a reminder to politicians that there are major structural issues in the housing market that cannot be ignored – a widening gap between different generations and regional differences that are no longer confined to a simple north-south divide given the extent to which the London market appears to have become dislocated from the rest of the country. Whatever the policy response, these issues will change market behaviour. It will affect where people are able or choose to live, how often they move, how far they commute and their propensity to downsize in retirement. But none of this seems likely to dampen the nation’s obsession with house prices.

Whether or not price growth is considered a good thing, it seems inevitable that it will continue in what remains a fundamentally undersupplied market. As things stand, the medium term capacity for house price growth has increased as interest rate rise expectations have softened. However, while greater political certainty provides a platform for that growth, the extent to which it is realisable is likely to be constrained (to a degree at least) by the mortgage regulation already imposed”.

We include below a snapshot of Savills Mainstream market forecasts:



The Property is located in the south east which shows a ‘sunny’ outlook for the next 5 years, with 26.4% price growth. This is positive for a market which has already seen strong house price growth over the past 18 months. This area of the country is best placed to benefit from the ‘ripple’ of price growth out of London, as purchasers take London weighted salaries and move into the towns surrounding London, where the quantum and quality of property they can afford greatly increases the further into the South East purchasers move. Areas such as Reading provide a good balance for these purchasers who still require strong connectivity into Central London.

The property is situated in a prosperous Thames Valley town which is seeing good economic growth with the development of the railway station and its immediate area. In addition, the construction of Crossrail is further enhancing the attraction to the area. The property is situated immediately opposite the railway station and therefore is ideally situated in order to benefit from this economic development. This will have a positive effect on the value of the proposed units.

6 **VALUATION METHODOLOGY**

You have asked us to update our opinion of the Market Value of the Property which we previously reported to your bank in October 2014. We have updated our residual valuation by increasing our opinion of GDV by 5.2% in line with HM Land Registry House Price Index and we have increased the build cost by 5% in line with the BCIS all in Tender Price Index.

We have valued the freehold ground rent interest on the assumption that each residential unit will be sold on a long leasehold basis at a ground rent of £250 per annum. We have capitalised the 32 ground rents at 6% to produce a value of £133,000.

Our Gross Development Values are as follows:

Plot	Sq m	Sq Ft	GDV 2015
Floor 1			
1	31.96	344	£157,754
2	31.96	344	£157,754
3	31.96	344	£157,754
4	32.98	355	£163,013
5	32.98	355	£163,013
6	31.96	344	£157,754
7	31.96	344	£157,754
Floor 2			
1	31.96	344	£157,754
2	31.96	344	£157,754
3	31.96	344	£157,754
4	32.98	355	£163,013
5	32.98	355	£163,013
6	31.96	344	£157,754
7	31.96	344	£157,754
Floor 3			
1	31.96	344	£157,754
2	31.96	344	£157,754
3	31.96	344	£157,754
4	32.98	355	£163,013
5	32.98	355	£163,013
6	31.96	344	£157,754
7	31.96	344	£157,754
Floor 4			
1	31.96	344	£159,858
2	31.96	344	£159,858
3	31.96	344	£159,858
4	32.98	355	£165,116
5	32.98	355	£165,116
6	31.96	344	£159,858
7	31.96	344	£159,858
Floor 5			
1	41.99	452	£205,080
2	34.00	366	£168,271
3	34.00	366	£168,271
4	36.05	388	£178,788
32	1,049	11,292	£5,194,320

We attach our residual valuation printout at **Appendix 5**.

7 **CAPITAL VALUE**

Having carefully considered the property, as described in this report, we are of the opinion that the current Market Value of the freehold interest, with full vacant possession, is in the order of:

£2,500,000
(TWO MILLION FIVE HUNDRED THOUSAND POUNDS)

8 STANDARD CONDITIONS AND GENERAL ASSUMPTIONS

8.1 Standard Conditions

Our valuations have been carried out on the basis of the following standard conditions:

- 1 We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
- 2 Our valuations are exclusive of VAT (if applicable).
- 3 No allowance has been made for any expenses of realisation.
- 4 That inspection of those parts which have not been inspected, or a survey inspection would not reveal material defects or cause the valuer to alter the valuation materially.
- 5 Excluded from our valuations is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
- 6 No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.

8.2 Assumptions

Our valuation has been carried out on the basis of the following Assumptions. Unless it is made apparent by our express statement to the contrary, in the report, we will have been under no duty to have verified these assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuations, as there may be an impact on them.

- 1 That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title to be shown. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
- 2 That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in this report is both complete and correct.
- 3 That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search (or their national equivalent), replies to usual enquiries, or by any statutory notice (other than those points referred to above) and that its condition, its use or intended use is not or will not be unlawful.
- 4 That the property will be connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
- 5 That sewers, main services and roads giving access to the property have been adopted, and that any lease provides right of access and egress over all communal estate roadways, pathways, corridors, stairways and use of communal grounds, parking areas and other facilities.
- 6 That vacant possession is provided.

- 7 We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values reported.
- 8 That there are no adverse site or soil conditions, that the property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

9 **VERIFICATION**

This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that the Bank satisfies itself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purposes of our valuations. Our Valuations should not be relied upon pending this verification process.

10 **CONFIDENTIALITY**

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purposes stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Yours faithfully

For and on behalf of Savills (UK) Limited



Thomas Lindley BSc (Hons) MRICS
RICS Registered Valuer
Director



Richard Viney BSc (Hons) MRICS
RICS Registered Valuer
Associate