29th May 2012

One Blackfriars

TOOLKIT VIABILITY ASSESSMENT

STRICTLY PRIVATE AND CONFIDENTIAL

FOI EXEMPTION SECTION 41 & 43(2): PRIVATE AND CONFIDENTIAL

Prepared for:

ST GEORGE SOUTH LONDON LTD

[redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted]

Savills L&P Limited
Lansdowne House
57 Berkeley Square
London
W1J 6ER

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_Toc326222500

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1. Executive Summary

1.1 This Viability Assessment has been prepared and submitted by Savills on behalf of St George South London Limited (the Applicant) to support the planning application at One Blackfriars (the Site), in the London Borough of Southwark (LB Southwark).

1.2 On 25 March 2009 planning permission (LPA Ref. 06-AP-2117) was granted for the redevelopment of One Blackfriars comprising the erection of two buildings on a podium providing a mixed use scheme (the "Implemented Permission"). On 26 September 2011 LB Southwark granted a certificate of lawfulness. The effect of the certificate is to confirm that the Permission has been implemented and the development to which it relates is capable of being built out.

1.3 The Proposed Development for the Site subject to this New Application retains the external appearance, height and massing of the tower element of the Implemented Permission, reworks the internal layout and uses and reconfigures the Podium and Rennie Street Buildings to create a high quality mixed use development known as One Blackfriars (hereafter referred to as the 'Proposed Development').

1.4 We have appraised the following schemes:

1.4.1 **Scenario One - Proposed Development:**

The Proposed Development comprises:

"The erection of three buildings (a tower of 50 storeys plus basement levels, of a maximum height 170m above Ordnance Datum (AOD), a low-rise building of 6 storeys above ground level – 'The Rennie Street Building', a low rise building of 4 storeys above ground level – ('The Podium Building') providing a mixed use scheme totalling 74,925 sq m gross external area comprising: 11,267 sq m of Class C1 use (hotel); 52,674 sq m of Class C3 (residential use); 1,336 sq m of Class A uses (A1 to A5); 9,648 sq m of basement, ancillary plant, servicing and car parking; on land at 1 Blackfriars Road - land bounded by Blackfriars Road, Stamford Street, Rennie Street and Upper Ground, London, SE1".

A copy of our Argus Appraisal is attached at **Appendix 12**.

1.4.2 **Scenario Two – Affordable Housing in Proposed Development:**

1.4.2.1 In order to assess the impact of affordable housing on site, Ian Simpson Architects have prepared an indicative design that includes a notional level of affordable homes (8% on a habitable room basis); this is provided at **Appendix 10**.

1.4.2.2 As set out in the Affordable Housing Statement submitted in support of the application, we have assessed the capacity for the Proposed Development to accommodate affordable housing on site, and concluded the following:

- The development cannot provide Shared Ownership homes that can be made affordable to households with maximum incomes as specified in LB Southwark's Draft Affordable Housing SPD (2011), including an allowance for an increase of 10% (as requested by LB Southwark);
- As agreed with LB Southwark, there are significant design constraints that prevent affordable housing being accommodated within the Tower building;
- Locating affordable housing in the Rennie Street building leads to:
    - A significant loss of approximately 95 jobs as a result of the loss of hotel rooms and affiliated bar / restaurant and reduced retail space;
    - The loss of active frontage to the Public Square and Rennie St, which would undermine the vitality of the public realm;
    - The loss of 82 hotel rooms, which CBRE have advised would render the proposed hotel unattractive to lifestyle/upscale brands, resulting in a budget brand occupier at a reduced value of both the hotel and retail space, and therefore reducing financial viability.
- The high service charge costs associated with the Proposed Development reduce the affordability and capital value (i.e. the price an incoming RP would pay for the completed units) of any affordable housing that might be located on site, which has a subsequent impact on financial viability.
- We have also given consideration to providing affordable housing within the Podium Building, but in light of the nature of the services provided within that building and their material role in determining the residential values, we are of the opinion that it is not feasible to include affordable housing in this location. Providing affordable housing in this building would also have a further impact on the retail space and the number of jobs generated by the Proposed Development.
- Providing Social Rented units on site will have a negative impact on the value and desirability of the market residential homes, which would further reduce the viability of the Proposed Development. At this stage we have not taken account of this within our appraisal of Scenario 2 (providing affordable housing in the Proposed Development), however, we reserve the right to review this matter in the future.

1.4.2.3 Notwithstanding the above, we have carried out an appraisal assessing the impact on viability of a notional level of affordable housing on site as Social Rent. A copy of our Argus Appraisal is attached in **Appendix 13.**

1.5 In line with the adopted National Planning Policy Framework 2012 (NPPF), the Greater London Authority's (GLA's) strategic planning guidance for London, and local policy, site-specific financial viability is a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.

1.6 As such, viability appraisals can and should be used to analyse and justify planning applications to ensure that Section 106 requirements do not make a scheme unviable.

1.7 We understand that the GLA's logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate **viability benchmark sum** (in brief, the viability benchmark sum is arrived at following consideration of; unconditional purchase price paid, at least 15-30% above Existing Use Value / Current Use Value (EUV / CUV), Alternative Use Value and/or Market Value), it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed. EUV / CUV refers to the Market Value of the asset on the special assumption that no allowance is made for Hope value (i.e. reflecting the current use of the property only and disregarding any prospect of development other than for continuation/expansion of the current use, as defined by the RICS). For ease of reference, we have maintained the use of EUV / CUV in this report.

1.8 If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

1.9 We have assessed the residual land value of the two scenarios against a range of potential viability benchmarks (set out in section 7) to establish the impact that providing affordable housing units alongside S.106 contributions and Mayoral Community Infrastructure Levy (Mayoral CIL) has on the viability of the scheme. Our intention is to establish the quantum and type of affordable provision and S.106 obligations the proposed scheme can support (whilst remaining commercially viable). Using Argus Developer (version 5) we have based our appraisals on the proposed accommodation schedules contained within **Appendix 2**.

1.10 Having appraised the proposed scheme, the results shown in Table 1 overleaf confirm that:

- Scenario 1: The Proposed Development including 100% of the residential homes as market sale results in a residual land value of [redacted] Comparing this figure with the various potential viability benchmarks of between [redacted] and [redacted] results in a deficit / surplus of between [redacted]
- Scenario 2: Introducing an 8% provision of Social Rented homes (on a habitable room basis) within the Rennie Street Building results in a residual land value of [redacted] Comparing this figure with the various potential viability benchmarks results in a deficit / surplus of between [redacted]
- We are of the view that the base level EUV / CUV does not represent a suitable benchmark for the site as it excludes a landowner premium which would allow for a competitive return to a willing landowner. In addition, in line with the emerging RICS guidance in respect of "Financial Viability in Planning", we have considerable regard to the purchase price of the site in determining market value. The Applicant

purchased the site following an open-market tender process in [redacted]

- Providing Social Rented units on site will have a negative impact on the value and desirability of the market residential homes, which would further reduce the viability of the Proposed Development. At this stage we have not taken account of this within our appraisal of Scenario 2 (providing affordable housing in the Proposed Development), however, we reserve the right to review this matter in the future.
- We are therefore of the view that a reasonable range for [redacted] alongside wider Section 106, Section 278 and Mayoral CIL contributions of £8,595,352 and the provision of a viewing lounge at the 32nd storey.

1.11 Table 1: Appraisal Results

		Value	RLV	Surplus / Deficit against Value
Scenario One: 100% of residential as Market Sale	Existing Use Value (Market Value Excluding Hope Value)	[redacted]		[redacted]
	Existing Use Value (including landowner premium)	[redacted]	[redacted]	[redacted]
	Market Value	[redacted]		[redacted]
	Purchase Price	[redacted]		[redacted]

		Value	RLV	Surplus / Deficit against Value
Scenario Two: Includes Affordable Housing in Rennie Street Building	Existing Use Value (Market Value Excluding Hope Value)	[redacted]		[redacted]
	Existing Use Value (including landowner premium)	[redacted]	[redacted]	[redacted]
	Market Value	[redacted]		[redacted]
	Purchase Price	[redacted]		[redacted]

1.12 It is the Applicant's intention to use the surplus identified in this Viability Assessment to provide off-site affordable housing, and the Applicant is in discussion with LB Southwark in respect of a mechanism to do so.

2. Introduction

2.1. Client Instruction

2.1.1. This Viability Assessment has been prepared and submitted by Savills, on behalf of St George South London Limited (the Applicant) to support the planning application for One Blackfriars (the Proposed Development).

2.1.2. We have been instructed to examine the development economics of the Proposed Development, so that the level of affordable housing and Section 106 contributions can be considered. We are pleased to provide our assessment using the industry recognised development appraisal software Argus Developer (Version 5).

2.2. Confidentiality

2.2.1. Due to the commercially sensitive nature of some of the information provided as part of the Viability Assessment, this report is provided on a strictly private and confidential basis. We understand that the report will be submitted to the London Borough of Southwark and the Greater London Authority (GLA) as a supporting document to the New Application. The report must not be recited or referred to in any document, or copied or made available (in whole or in part) to any other person (save the consultants instructed by LB Southwark to review the report) without our express prior written consent.

2.3. Report Limitations

2.3.1. Although this report has been prepared in line with RICS valuation guidance, it is first and foremost a supporting document to the planning application in order to inform Section 106 negotiations. Therefore it should be noted that, as per Valuation Standards 1 of the RICS Valuations Standards – Global and UK Edition, advice given expressly in preparation for, or during the course of negotiations or possible litigation does not form part of a formal "Red Book" valuation and should not be relied upon as such.

2.4. Date of Appraisal

2.4.1. The date of Appraisal is the date of this report.

2.5. Information Provided

2.5.1. We have been provided with and relied upon the following information from the Applicant:

- Design Freeze Summary prepared by Ian Simpson Architects, dated 4 May 2012 **(Appendix 2)**;

- Order of Cost estimate NR2 Revision C, issued 21 May 2012, prepared by Davis Langdon for the Proposed Development **(Appendix 3)**;
- Red Book Valuation of the site, provided by Jones Lang LaSalle, dated 28 May 2012 **(Appendix 4)**;
- Hotel Value Commentary provided by CBRE, dated 15 May 2012 **(Appendix 5)**;
- Design Study showing affordable housing in the Rennie Street Building, provided by Ian Simpson Architects, dated 05 April 2012 **(Appendix 10)**; and
- Addendum Cost Plan report relating to the indicative design study, provided by Davis Langdon, Revision B, dated 21 May 2012 **(Appendix 11).**

3. Subject Site

3.1. Site Location

3.1.1. The site is located in the London Borough of Southwark on the South Bank of the River Thames, in close proximity to Blackfriars Bridge and Blackfriars Station. The site has excellent transport links, with London Waterloo East Rail Station located approximately 0.3 miles (0.48km) to the south west, providing services between London Charing Cross, London Bridge and Kent. London Blackfriars Rail Station is also located approximately 0.4 miles (0.64km) to the north across Blackfriars Bridge, offering First Capital Connect services to London Bridge, London St Pancras and to Sussex, Surrey, Hampshire, and Bedfordshire. Southwark London Underground Station is also located approximately 0.2 miles (0.32km) to the south, serviced by the Jubilee Line.

3.2. Site Description

3.2.1. The Site extends to approximately 0.67 ha and is located on the south bank of the River Thames, adjacent to the southern approach to Blackfriars Bridge in LB Southwark.

3.2.2. The Site is bound to the north by Upper Ground, to the east by Blackfriars Road, to the south by Stamford Street and the west by Rennie Street.

3.2.3. The former buildings on Site, Drury House and Stamford House, were demolished in 2003 and it is currently cleared (with only a number of old basement walls still remaining). The site is currently surrounded by temporary hoarding. There are two sets of large advertisement boards located in the north-east and south-east parts of the Site.

3.2.4. On 25 March 2009 planning permission (LPA Ref. 06-AP-2117) was granted for the redevelopment of One Blackfriars comprising the erection of two buildings on a podium providing a mixed use scheme (the "Implemented Permission"). On 26 September 2011 LB Southwark granted a certificate of lawfulness. The effect of the certificate is to confirm that the Permission has been implemented and the development to which it relates is capable of being built out.

3.2.5. The Implemented Permission includes a 170 metre (m), Above Ordnance Datum (AOD) 52 storey tower and a stand alone 6 storey block (above ground level) with a site wide podium level. The development included a 261 room hotel (Class C1) and its associated facilities, 96 homes (Class C3) and ancillary retail/leisure uses (Class A1-5/D2).

4. Proposed Development Summary

4.1.1. The existing consent provides for a scheme which does not necessarily reflect current market trends regarding delivery, or the Applicant's development profile or aspirations.

4.1.2. The Proposed Development for the Site subject to this New Application retains the original design by Ian Simpson Architects for the external appearance, height and massing of the 2009 Implemented Permission Tower and reworks the internal layout and land uses to provide an approximately 74,925 metres squared (sq m) Gross External Area (GEA) mixed use development. A summary of the principal differences between the New Application and Implemented Permission is set out below:

- Relocating the hotel from the lower floors of the Tower to the Rennie Street building;
- Replacing the hotel within the tower with high quality private homes;
- Separation of the Tower, Rennie Street and Podium Buildings through removal of the raised podium;
- Improvements to the public realm, to reflect the wholly residential use of the tower and reconfigured hotel and retail uses; including the removal of the podium and the creation of a new Public Square at grade;
- Removing the pay to visit Sky Deck visitor attraction from the Tower;
- Introducing a managed 'viewing lounge' at 32nd floor level;
- Amendments to servicing and parking strategy to reflect the revised land use mix; and
- Revisions to the energy strategy to reflect the latest policy position of the London Plan (2011) and alteration to the mix of uses in the development.

4.2. Proposed Accommodation Schedule

4.2.1. The Proposed Development includes 274 market sale homes within the Tower. This includes the following mix of homes in accordance with LB Southwark Policy Strategy 7.

4.2.2. Table 2: Summary of proposed residential development

Home Type	Number of Market Homes	% of Market Homes
Studio	13	4.7%
Manhattan (1 Bed)	78	28.5%
2 Bed	120	43.8%
3 Bed	56	20.4%
4 Bed	6	2.2%
5+ Bed	1	0.4%
Total:	**274**	100%

4.2.3. Table 3 below provides the principal components of the Proposed Development and defines the floorspace figure in square metres (sqm) and square feet (sqft) GEA, for each category of land use.

4.2.4. Table 3: Summary of proposed use classes

Type	Area Sqm	Area Sqft
Residential (Class C3)	52,674	566,983
Hotel (Class C1)	11,267	121,278
Retail (Class A1-A5/D2)	1,336	14,381
Ancillary (including Plant and Basement)	9,648	103,851
Total Floor Area	**74,925**	**806,493**

5. Methodology

5.1. Financial Viability Assessments

5.1.1. In line with the NPPF, the London Plan 2011 (and associated guidance) and local planning guidance, site-specific financial viability is a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.

5.1.2. As such viability appraisals can and should be used to analyse and justify planning applications to ensure that Section 106 requirements do not make a scheme unviable.

5.1.3. In the exposure draft of their guidance note on 'Financial Viability in Planning', the RICS define financial appraisals for planning purposes as, 'an objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to a developer in delivering a project.

5.1.4. We understand that the GLA's logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate viability benchmark sum, it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed.

5.1.5. If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

5.2. Factors affecting viability

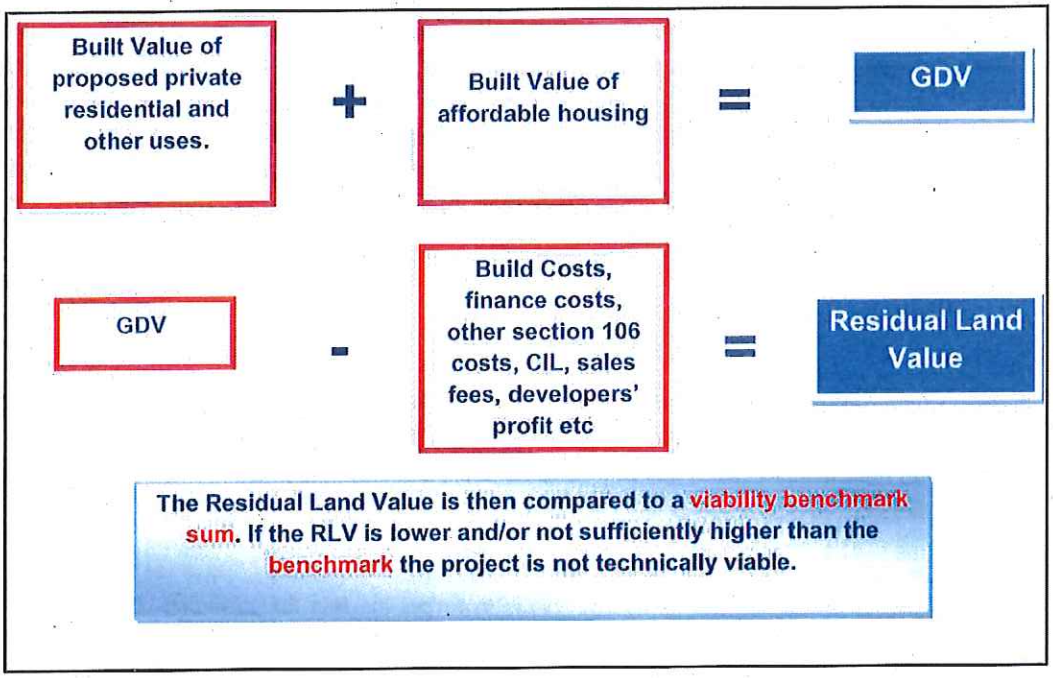
The following factors are particularly relevant to viability:

- Grant funding of affordable housing;
- The quantum and type of affordable housing;
- The tenure split within the affordable housing between Social Rented and Intermediate;
- Cascade clauses related to grant, affordable housing quantum and tenure split;
- Community Infrastructure Levy (CIL);
- 'Other' Section 106 costs (e.g. Crossrail, transport, education), or planning gain works;
- Optimum land uses within the development;
- Family sized units;
- Market conditions;
- Timing of delivery / phasing requirements;
- Abnormal building costs; and
- Particular planning requirements.

5.3. Residual Land Valuation

5.3.1. The financial viability of development proposals is determined using the residual land valuation method. A summary of this valuation process can be seen below:

<u>Figure 1: Illustration of Residual Land Value</u>



6. Viability Benchmarks

6.1. Overview

6.1.1. Identifying an appropriate viability benchmark sum requires judgement bearing in mind that national planning guidance indicates that appropriate land for housing should be 'encouraged' to come forward for development. The GLA provides evidence on viability benchmarks for planning purposes and we are also aware that the Royal Institution of Chartered Surveyors (RICS) issued an exposure draft guidance note on 'Financial Viability in Planning' on 2nd May 2012. Given the available guidance and our own professional experience, our views on what constitutes an appropriate viability benchmark are outlined below.

6.2. Existing Use Value/Current Use Value (EUV/CUV)

6.2.1. The EUV, sometimes known as the CUV for Toolkit purposes, refers to the value of the asset at today's date in the adopted planning use. It refers to the Market Value of the asset on the special assumption reflecting the current use of the property only and disregarding any prospect of development other than for continuation/expansion of the current use.

6.2.2. In line with paragraph 173 of the NPPF, we are of the opinion that a landowner premium should be applied to this figure. This is to reflect the fact that planning cost requirements should still allow competitive returns to a willing land owner and that sites will not be encouraged to come forward for residential led re-development potential if vendors can only sell them at pure EUV levels. Having consideration to planning appeal precedents we understand a widely accepted level of land owner premium to be at least 15 – 30%. The premium levels referred to above reflect our belief that sites will not be encouraged to come forward for residential led re-development potential if vendors can only sell them at pure EUV levels. They require a premium to bring sites forward. The premium is also reflected in guidance provided by appeal cases such as APP/L5810/A/05/1181361 and APP/G5180/A/08/2084559.

6.2.3. The GLA Affordable Housing –Development Control Toolkit Guidance Note 2010 states that the return that the land owner requires will vary according to a range of factors including the market cycle, tax position and the long term investment potential of the site. There are no hard and fast rules as to a standard land owner return. Between 20% and 30% over and above existing use value is probably not unreasonable although this would normally apply to brown field rather than green field sites. Although the most recent guidance note issued by the GLA (Affordable Housing - Development Control Toolkit Guidance Note 2011) does not reference a quantum of reasonable land owner premium it does state that at a site specific level, the return that the land owner requires will vary according to a range of factors including the market cycle, tax position and the long term investment potential of the site.

6.2.4. As a result we are of the opinion that a [redacted] increase should be applied to the EUV figure to reflect the above.

6.3. Alternative Use Value (AUV)

6.3.1. The AUV refers to the value of the asset under an alternative planning use, either consented or for which permission might reasonably be expected to be obtained.

6.4. Purchase Price Paid

6.4.1. There is much debate about the extent to which purchase price paid (and rolled up debt associated with the site) should influence the choice of viability benchmark sum. The GLA seem to have reduced the emphasis placed on the relevance of purchase price paid in their latest Toolkit guidance notes although previous versions indicated purchase price to be a valid benchmark sum influence. We see no reason for this change and, in fact, we see sensible reason for taking purchase price paid into greater account given recent land value falls and reduction in GLA grant funding as, without doing so, land will not be 'encouraged' to come forward for 'development'. Indeed, developers will be faced with unviable and blighted planning consents. As such, to ignore purchase price paid (unless unreasonable as at the time of purchase based upon prevailing market conditions and planning policies) would be bad for all stakeholders interested in the delivery (i.e. actual construction) of new housing.

6.5. Market Value

6.5.1. The emerging guidance from the RICS contained within their exposure draft 'Financial Viability in Planning' (May 2011) states that when considering the value of the development site for planning purposes the 'Site value should equate to the Market Value subject to the following assumption; that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'

6.5.2. The Market Value as defined by the RICS is 'the estimated amount for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

6.5.3. National planning policy states that:

'...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 into 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'

Para173, National Planning Policy Framework

6.5.4. As such we understand that, in having regard to the development plan the Market Value of a site should reflect a financially viable scheme.

7. Choice of Toolkit Benchmark

7.1. Existing Site

7.1.1. The Site extends to approximately 0.67 hectares, located on the south bank of the River Thames, adjacent to the southern approach to Blackfriars Bridge in LBS. The Site is bound to the north by Upper Ground, to the east by Blackfriars Road, to the south by Stamford Street and the west by Rennie Street. The former buildings on-site, Drury House and Stamford House were demolished in 2003, leaving a cleared site with a number of basement retaining walls in situ.

7.1.2. On 25 March 2009 planning permission (LPA Ref. 06-AP-2117) was granted for the redevelopment of One Blackfriars comprising the erection of two buildings on a podium providing a mixed use scheme (the "Implemented Permission"). On 26 September 2011 LB Southwark granted a certificate of lawfulness of existing use for development. The effect of the certificate is to confirm that the permission has been implemented.

7.1.3. The Implemented Permission includes a 170m, above Ordnance Datum (AOD) 52-storey tower and a stand alone 6 storey block (above ground level) with a site wide podium level. The development includes a 261 room hotel (Class C1) and associated facilities, 96 residential homes (Class C3) of which 32 were to be provided as Shared Ownership, and ancillary retail/leisure uses (Class A1-5/D2).

7.2. Red Book Valuation Provided by Jones Lang LaSalle

7.2.1. A Red Book Valuation for the site carried out by Jones Lang LaSalle (JLL), dated 28 May 2012, is attached at **Appendix 4,** which provides a Market Valuation of the implemented consent with the special assumption excluding allowances for hope value at [redacted] As defined at 6.2.1, this is equivalent to Existing Use / Current Use Valuation for viability purposes. For ease of reference, we have referred to this figure as EUV / CUV throughout this report.

7.2.2. In line with paragraph 173 of the NPPF, we are of the opinion that a landowner premium should be applied to this figure. This is to reflect the fact that planning cost requirements should still allow for competitive returns to a willing land owner and that sites will not be encouraged to come forward for residential led re-development potential if vendors can only sell them at pure EUV levels. Having consideration to planning appeal precedents we understand a widely accepted level of land owner premium to be at least 15 – 30%. The premium levels referred to above reflect our belief that sites will not be encouraged to come forward for residential led re-development potential if vendors can only sell them at base EUV levels. They require a premium to bring sites forward. The premium is also reflected in guidance provided by appeal cases such as APP/L5810/A/05/1181361 and APP/G5180/A/08/2084559.

7.2.3. As a result of our comments above and in section 6.2.1 – 6.2.4, we are of the opinion that a [redacted]ncrease should be applied to the [redacted] Applying this increase equates to a comparable value within the range of [redacted] to [redacted]

7.3. Purchase Price Paid

7.3.1. The site was purchased in December 2011 for £77.4m. We understand that the Applicant acquired the site within a competitive environment and [redacted]. We have had high regard to the purchase price in assessing Market Value.

7.4. Market Value

7.4.1. We have given consideration to the market value of the site based on comparable transactions. A full statement is attached in **Appendix 9**.

7.4.2. We have assessed the value of properties identified against both their site area in hectares and the gross area of the buildings on site at the time of purchase. Where sites were purchased with a planning consent for redevelopment, we have calculated the value based on the proposed area within the planning consent. [redacted]We reserve the right to review these comparable transactions to take account of the latest available data.

7.4.3. A table of the transactions we've identified follows:

7.4.4. Table 4: Summary of Comparable Transactions

Site Name	Size (Ha)	Land Price (including land price indexation)	Price per hectare	Purchase Price against the consented area (£sqm)
Marconi House	0.3183	[redacted]	[redacted]	[redacted]
Altitude Aldgate	0.25	[redacted]	[redacted]	[redacted]
Chambers Wharf	2.0	[redacted]	[redacted]	[redacted]
46-49 Blackfriars Road	0.17	[redacted]	[redacted]	[redacted]
Kings Reach Tower	1.10	[redacted]	[redacted]	[redacted]
Average			[redacted]	[redacted]

7.4.5. A map identifying the location of transactions set out in Table 3 is provided within the Land Transaction Comparables Report at **Appendix 9**.

7.4.6. We have applied the average values of the sites identified above, to the site area (0.67 hectares) and Implemented Permission GEA 76,060 sqm (818702 sqft) to identify minimum values at One Blackfriars of between [redacted] and [redacted] Based on the available information, we believe that the Market Value of One Blackfriars would equate to a minimum of [redacted]

7.5. Toolkit Benchmark for One Blackfriars

7.5.1. In summary we have identified the following potential benchmark land values for One Blackfriars:

7.5.2. Table 5: summary of Benchmark

	Value
Market Value Excluding Hope Value (Existing Use Value/Current Use Value)	[redacted]
Existing Use Value/Current Use Value (including landowner premium)	[redacted]
Market Value	[redacted]
Purchase Price	[redacted]

We have compared the results of our appraisals to the range of values shown in Table 5 above.