APPEALS ON BEHALF OF TOTTENHAM HOTSPUR FOOTBALL CLUB LIMITED

THE APPEAL SCHEME 36 AND 44-52 WHITE HART LANE, N17 8DP

REBUTTAL BY CLAIRE DICKINSON

THFACL/CD/4

APRIL 2019

REFERENCES: APP/Y5420/W/18/3204591 & APP/Y5420/W/18/3204592

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Appendices

1 Introduction

1.1 My name is Claire Dickinson. I have prepared and submitted a Proof of Evidence on behalf of the Appellant addressing putative Reason 1 which relates to quantum and type of affordable housing. My evidence focuses on viability matters.

1.2 I have reviewed the evidence of Mr Anthony Lee from BNPPRE who is appearing at the Inquiry on behalf of London Borough of Haringey ('the Council') on matters relating to the viability of the Appeal scheme and its ability to i) meet the Council's affordable housing requirement and ii) deliver infrastructure. I have also reviewed the evidence of Mr James Hughes and consider the conclusions of Mr Lee having regard to the evidence of Mr Hughes. Mr Bashforth addresses Section 4 of Mr Lee's Proof of Evidence "Infrastructure Contributions".

1.3 Section 3 of Mr Lee's evidence "Appeal Scheme Viability" outlines the inputs, assumptions and results of his financial appraisal of the Appeal scheme. My evidence explains why a full viability exercise was not submitted as part of the planning application (paragraphs 4.13-4.14 and 5.1-5.4) but in view of the reasons for refusal a full viability exercise, including evidence base, is provided as part of my evidence.

1.4 Mr Lee's evidence makes reference to and comments on a three page summary note and Argus Developer appraisal prepared by myself (paragraph 3.3) which is provided at Appendix 1 to my Proof of Evidence and Appendix 2 to Mr Lee's evidence. I shared this with Mr Lee on 8 March 2019, in advance of the submission of my Proof of Evidence, with the intention of providing an opportunity for engagement, with a view to reaching agreement on inputs and assumptions where possible and minimising areas of dispute, prior to exchange of evidence. The only request for additional supporting evidence received from Mr Lee in advance of submission of my Proof of Evidence related to the Benchmark Land Value, which I provided.

1.5 Mr Lee acknowledges there is no dispute on the overall approach to the financial appraisal of the Appeal scheme, including the methodology of the appraisal itself (paragraph 5.2-5.3) but adopts a number of different assumptions. Mr Lee prepares his own financial appraisal and using his assumptions concludes the scheme is capable of viably providing 40% affordable housing on the basis of 40% affordable rent and 60% intermediate tenure and £7.27m of contributions towards supporting infrastructure. In reviewing Mr Lee's submissions I have identified two inconsistencies between Mr Lee's Proof of Evidence and his appraisals, which I describe in paragraph 7.3 below. When these are corrected the resulting adjusted Residual Land Value is below Mr Lee's Benchmark Land Value and would require the proportion of affordable housing to reduce, I estimate from 40% to c. 26.58%.

1.6 Furthermore, I note that Mr Lee does not appraise the Appeal Scheme on the basis of the affordable housing tenure (77 social rent tenure units) outlined by Mr Hughes in his evidence. When Mr Hughes's position is assumed the Residual Land Value reduces to £2.4m significantly below Mr Lee's Benchmark Land Value.

1.7 Mr Lee acknowledges the potential for agreement on some of the inputs prior to the Inquiry (paragraph 3.3). Based on a comparison of the inputs into Mr Lee's Argus appraisal and the Argus appraisal set out in my evidence I have prepared a table summarising where we are aligned and where I will adjust my appraisal to reflect this, this is set out in Appendix 1.

1.8 In the calculation of the Residual Land Value there are four areas of difference between myself and Mr Lee which I summarise in the table below, and identify the resulting difference on Residual Land Value between us.

Table 1.1 Areas of Difference

Input	Lee	Dickinson	Difference
Private sales value	£710 psf	£685 psf	£2,092,455
Low cost rent values	£211 psf	£165 psf	£1,401,192
Sales programme	16 per month	4 per month	£556,901
Construction costs	£500,000	£1 million	£482,000
Combined			£4,551,544

1.9 There is also a difference between myself and Mr Lee in respect of Benchmark Land Value.

Table 1.2 Benchmark Land Value

	Lee	Dickinson	Difference
Benchmark Land Value	£7,170,000	£10,725,000	£3,555,000

1.10 My rebuttal is structured to address each of these in turn (Sections 2-6). I then consider the appraisal results and how this relates to quantum and type of affordable housing alongside infrastructure costs (Section 7) and provide my conclusions (Section 8). My comments should be read alongside my Proof of Evidence.

2 Private Sales Values

2.1 My appraisal of the Appeal scheme assumes a blended private sales value of £685 psf informed by the individual unit pricing of the illustrative scheme prepared by Savills. Savills Residential Market Report is Appendix 2 of the Financial Appraisal Supporting Statement provided as Appendix 2 to my Proof of Evidence. As explained in paragraph 5.8 of my Evidence £685 psf is considered by Savills to be in excess of local comparables and at the very upper end of what could be achievable having regard to improved market conditions and successful delivery of the wider White Hart Lane masterplan encompassing the "regenerative effect". The approach to rely on the 'upper' figure was utilised with the intention of providing an appraisal of the scheme informed by sales values that would be agreeable to BNPPRE as it was based on the 'best case'.

2.2 Mr Lee's appraisal of the scheme assumes a blended private sales value of £710 psf. This increases the private residential values by c. £2.1 million. Mr Lee does not price the units individually, nor does he explain the adjustments that he has made to local comparables to take into account the specifics of the Appeal scheme vs those comparables.

2.3 In view of Mr Lee adopting a blended value of £710 psf Savills have reviewed the schemes referred to by Mr Lee in paragraphs 3.7 and 3.8 of his evidence. Their response is set out in the attached letter (Appendix 2) and summarised by me below. It is apparent that proximity to Tottenham Hale station, which provides direct access to Central London (via the Victoria line) in less than 20 minutes, is one of the key differentiating factors between the schemes referred to by Mr Lee and the Appeal scheme. Addressing the schemes in turn:

1. Hale Works/Hale Village: This is the final phase of a larger scheme located immediately adjacent to Tottenham Hale station. The sales evidence includes a 32 storey tower benefitting from a range of amenities. With a view to ensuring comparability of sales evidence Savills have adjusted the calculation of the sales values evidence to exclude units above the 20th floor, aligned to the number of storeys of the Appeal scheme. Savills advise the adjusted the average value is £690 psf. Savills view is the Appeal scheme will achieve capital values significantly below this comparable.
2. Hale Wharf/Lock 17: Savills advise the current average asking prices average £635 psf The scheme is a comparable height but is in a superior location, benefitting from a short walk to Tottenham Hale station. Savills advise this scheme will command marginally higher values compared to the Appeal scheme.
3. Argent Related at Tottenham Hale: The financial viability exercise to inform the determination of the planning application assumed a scheme wide average scales value of £685 psf. Savills advise that the current list price of the first building launched, an 18 storey tower, is £690 psf and having regard to the a superior location and amenities they advise this scheme will generate values in excess of the Appeal scheme.

2.4 Savills' analysis and commentary evidences all of the schemes referenced by Mr Lee with average sales values below £710 psf. Savills advise that the Appeal scheme is in an inferior location to these schemes and their pricing of individual units and the adjustment to £685 psf takes into consideration these comparables and scheme specific characteristics including height, supply and regeneration of the area. There is no evidence to justify values in excess of these comparables and to do so will over state the viability of the Appeal Scheme.

2.5 In addition the letter prepared by Savills refers to a scheme called Brook Place. The average asking price is £554 psf, and Savills advise they anticipate the net achieved prices will be significantly below these asking prices. Savills comment that whilst Brook Place is inferior to the Appeal scheme in terms of its location and the proximity to White Hart Lane Stadium it is the closest new build scheme to the Appeal site and they would therefore consider this to provide important context to the pricing of units on the Appeal scheme.

2.6 Savills conclude "*after reviewing our evidence base and our unit by unit pricing for the proposed scheme, we consider that our original position of achievable private sales values to the proposed units remains appropriate in the current market context, with a clear evidence base to support our rationale*". Having regard to this and undertaking my own review of the respective positions I maintain £685 psf is the upper end of a reasonable range of sales values appropriate for the Appeal scheme. I consider the approach taken to be consistent with the advice provided in paragraph 011 of the Government's Planning Policy Guidance (PPG) on Viability with Savills having priced the units individually based on market evidence and appropriate adjustments to take into account variations including scale and location. In my opinion Mr Lee's assumption of £710 psf is in excess of what can be reasonably evidenced and if relied on over states the value of the Appeal scheme and distorts the conclusions of the viability assessment.

3 Low Cost Rent Values

3.1 My appraisal of the Appeal scheme assumes £165 psf for the low cost rent tenure. This reflects that the tenure is sufficiently flexible to be utilised as social rent tenure homes, appropriate for the tenants at Love Lane, if required by the Council as part of their estate renewal. This is secured through the Section 106 Agreement. My interpretation aligns with the approach taken by Mr Hughes as set out in his Proof of Evidence. Mr Hughes states tenure priority for the affordable housing should be given to the pre-existing social tenancies within Love Lane estate (paragraph 8.2.27) and in his opinion there is a minimum requirement for 77 social rent homes (para 8.2.32) – the quantum of social rent is addressed by Mr Bashforth.

3.2 My assumed value is informed by the price paid to the Appellant by the Council for units acquired on 500 White Hart Lane as detailed in the Proof of Evidence of Mr Bashforth (paragraph 4.21). The Council paid £140 psf for the social rent tenure homes, which the Appellant understands were purchased by the Council for the decanting of residents of Love Lane.

3.3 In his appraisals Mr Lee assumes £211 psf for the low cost rent tenure homes. This higher value, which improves the scheme viability by c. £1.4 million, relies on rents that are higher than the social rents understood to be being paid by Love Lane tenants. Mr Lee acknowledges that he has not assessed the scheme on the basis of the reprovision of social homes but has elected to assess the units as London Affordable Rent (paragraph 3.11).

3.4 The difference between the rents I have assumed and the rents assumed by Mr Lee are summarised in the table below. The difference is between 36% (for 3 bed units) and 47% (for 1 bed units). Table 3.1: Difference in Rents

Unit Type	Love Lane 2015/16 Weekly Rents	Love Lane Indexed to 2019/20 Weekly Rents	London Affordable Rent (LAR) Weekly Rents	Percentage Difference Between Love Lane and LAR
1 bed	£80.34	£78.90	£150.03	47%
2 bed	£90.42	£88.79	£158.84	44%
3 bed	£110.10	£108.12	£167.67	36%

3.5 I maintain that it is appropriate for the low cost rent component of the Appeal scheme to provide flexibility to accommodate decant for the residents of Love Lane which requires social rent tenure homes not London Affordable Rents and the appropriate capital value for the low cost rent is £165 psf.

4 Sales Programme

4.1 My appraisal assumes that 50% of market residential units will be sold off plan followed by the remaining units being sold at a rate of 4 per month – totalling 24 months. This sales programme was advised by Savills and is set out in section 5.6 page 22 of their Residential Market Report which is provided as Appendix 2 to the Financial Appraisal Supporting Statement which is Appendix 2 to of my Proof of Evidence. Their advice was based on four schemes at a similar price point which were evidencing average sales per of between 1.04-5.69 per month.

4.2 Mr Lee reduces the sale period for the remaining 50% of units to 6 months (para 3.37). The impact of this is to improve the viability of the Appeal scheme by c. £0.53 million. This is equivalent to 16 sales per month which is 2.8 times the sales rate at the Foundary which has the highest average sales rate based on Savills comparables. Savills consider Mr Lee's assumption to be unrealistic, stating that there is little evidence of schemes at a similar price point and in a similar location exceeding the 4 sales per month assumed and noting that this is anticipated to slow having regard to current market conditions and other factors such as increased mortgage regulation.

4.3 Based on the comments received from Savills my view is that there is no market evidence to support sales / absorption rates of 16 per month and I therefore maintain the scheme specific advice provided by Savills.

5 Site Clearance Costs

5.1 My appraisal of the Appeal scheme, as set out in my Proof of Evidence, includes an allowance of c. £1 million for site clearance and utilities. This is reduced to £500,000 by Mr Lee (para 3.23) in his appraisals however I accept that the note I shared with Mr Lee was not clear that the allowance was for utilities in addition to site clearance.

5.2 In view of Mr Lee's evidence Stace LLP have produced a detailed costing which totals £1.7 million. This detailed below. This evidences that the cost of demolition, breaking up hard pavings and removal of boundary walls etc totals £500,000 aligned with Mr Lee's estimate. An additional £1.2 million is included, giving a total of £1.7 million, for utilities. I have maintained the original £1 million estimate.

Ref	Description	Qty	Unit	Rate	Total
A	**Site Clearance/Utility Services**				
.1	Allowance for demolition of existing buildings		Item		150,000
.2	Allowance for breaking up hard pavings etc		Item		250,000
.3	Allowance for taking down boundary walls, fencing etc. and securing the site		Item		50,000
	Allowance for statutory services/substations:-				
.4	Water				
	New domestic boundary service connections				
	Network Capacity survey		Item		770
	Allowance for mains extension to site		Item		50,000
	Allowance for connection to buildings		Item		50,000
	Infrastructure charges - water & waste water				
	Water infrastructure charges	316	nr	360.00	113,760
	Sewerage infrastructure charges	316	nr	360.00	113,760
.5	Electrical				
	Allowance for new substation/connection to flats		Item		350,000
.6	Gas				
	Allowance for incoming gas services/connections		Item		145,000
.7	BT				
	Allowance for new ducted service to boundary		Item		75,000
.8	Drainage				
	Allowance for surface water drainage including attenuation		Item		300,000
.9	Allowance for builders work in connection		Item		52,000
	To Summary			**£**	**1,700,000**

5.3 I note that Mr Lee seeks additional information in respect of the original estimate of £3.5 million for basement, car parking and plant – this has been produced by Stace LLP and totals £5m. The detail is provided at Appendix 3. I have maintained the original £3.5 million.

6 Benchmark Land Value

6.1 My evidence relies on the site valuation of £9,325,000 in its existing use produced by Savills. I add a 15% premium to this value to arrive at a Benchmark Land Value of £10,725,000 (para 5.18-5.20).

6.2 Mr Lee adopts the same approach to establishing the Benchmark Land Value, i.e. assessing the existing use value and applying a premium, but he adjusts the assumptions made by Savills in respect of the Goods Yard component of the Appeal site by reducing the assumed rent (nearly by half) and removing any premium (paragraphs 3.38-3.49). Mr Lee concludes a Benchmark Land Value of £7.17 million, a reduction of c. £3.55 million.

6.3 The majority of the differential is a consequence of the reduction in rent psf which informs the Existing Use Value, summarised in the table below.

Table 6.1: Comparison of Goods Yard Component Land Value

Land Value Component	Lee	Dickinson	Differential	%
Existing Use Value	£3,606,000	£6,400,000	£2,794,000	74.4%
Premium	£0	£960,000	£960,000	25.6%
Total	£3,606,000	£7,360,000	-£3,754,000	

6.4 The Savills valuation of the Goods Yard component of the site is prepared on the basis of a temporary permission expiring in Spring 2019 reverting to the previous lawful use as a car breakers (see page 5 of Appendix 6 to the Financial Appraisal Supporting Statement which is Appendix 2 to my Proof of Evidence). Savills further clarify this in correspondence prepared to support my rebuttal, provided at Appendix 4. Savills confirm, notwithstanding the lawful use of the site as a car breakers' yard (sui generis), open storage use provides the most appropriate comparable benchmark to establish the existing use value. This is because car breakers yards are extremely rare and in most circumstances the freehold is owned by the business operating from the site.

6.5 Savills have reviewed Mr Lee's rental assumption of £2 psf and consider that his approach does not fully reflect the range of comparables, nor appropriately adjust those comparables to ensure specific circumstances and characteristics are taken into account for example location, point in time etc. Savills consider the Appeal site benefits from distinct characteristics which are not reflected in a rent of £2 psf. For example, the location, the regular rectangular shape of the site and scale and the lack of supply of similar sites. In their opinion the tone of the comparables provided are lower than the Appeal site which is prime and as such the £psf rent should be at the upper end or above the available comparables, not reduced to £2 psf.

6.6 In preparing their response Savills have identified 41 and 43 Picketts Lock Lane, a 2.75 acre site in Edmonton, as being the most comparable having regard to its location, size and shape. At the time of preparing their letter the latest rental information available for this site was from June 2014. Where growth is applied to this Savills suggest that this would see a rent of £3.25 psf today. Market evidence is now available to support this as in January 2019 this site was let at £3.55 psf. Savills advise that in their view the Appeal site is superior to Picketts Lock Lane and as such this evidences a rental value of less than £3.50psf would be inappropriate.

6.7 The PPG confirms that a premium on existing use value is an accepted component of the Benchmark Land Value (paragraph 14). The basis of the valuation is Existing Use Value and as outlined in paragraph 5.20 of my Proof of Evidence it is reasonable to apply an appropriate site premium to incentivise release of a site with regard being given to not just the percentage but also whether the amount is proportionate to effort required to bring the site forward. This principle is accepted by Mr Lee in relation to the wider site components which are also valued on the basis of Existing Use Value and in view of the consistency in the approach taken it is not accepted that nil premium should be applied to this part of the Appeal site.

6.8 Against this background Savills remain of the view that the £3.50 psf is reasonable which combined with the premium, which in my opinion should be applied, confirms that the Benchmark Land Value of £10.725m is appropriate for the purposes of the Appeal.

7 Appraisal Results

7.1 My appraisal demonstrates that with 40% affordable housing the Appeal Scheme has a Residual Land Value of £8.4 million compared to the Benchmark Land Value of £10.7 million. There is thus a £2.3 million deficit. My evidence shows that a viability based approach would have resulted in a lower (24.6%) quantum of affordable housing being provided. This does not include additional infrastructure contributions.

7.2 Mr Lee concludes that the Appeal scheme would be viable assuming 40% affordable housing, with 60% shared ownership and 40% London Affordable Rent (not social rent as outlined in Section 3), together with a £7.21 million infrastructure contribution (table 3.55.1). As set out above Mr Lee is able to reach this conclusion because of the adjustments he has made to the Residual Land Value inputs and by using a lower Benchmark Land Value. Mr Lee reports a Residual Land Value of £7.88m which is in excess of his assumed Benchmark Land Value of £7.17 million.

7.3 As referred to in paragraph 1.5 above in reviewing Mr Lee's Proof of Evidence and his appraisals I have identified two inconsistences:

1. Profit on GDV –Mr Lee accepts that 17.5% profit on GDV is appropriate for private residential units (para 3.35), however he has only modelled 17% in his appraisals (Appendix 4 and 5); and
2. Contingency – Mr Lee accepts that 5% contingency should be applied (para 3.27) however he has only applied this to the residential and commercial costs in his appraisals excluding site specific costs e.g. site clearance, basement and externals.

7.4 These two adjustments have c. £1m impact on the baseline position, by themselves reducing Mr Lee's Residual Land Value from £7.88m to £6.86m.

7.5 Furthermore, Mr Lee's Residual Land Value would reduce to £2.4m where Mr Hughes's preference for 77 social rent units and 44 intermediate units is assumed[1].

7.6 Both adjustments bring Mr Lee's Residual Land Value well below Mr Lee's Benchmark Land Value. Where Mr Lee's Residual Land Values are compared to his Benchmark Land Value the revised quantum of affordable housing would be either:

1. 25% assuming a tenure split consistent with the requirements set out in the Tottenham Area Action Plan Policy AAP3 Part B i.e. 60:40 intermediate:rent. This would deliver 51 Shared Ownership units and 28 social rent units.
2. 15.51% assuming all of the units were provided as social rent consistent with Mr Hughes' interpretation of priorities and would deliver 49 social rent units.

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[1] Note I have assumed the intermediate is Shared Ownership tenure, the Residual Land Value will further reduce where London Living Rent is assumed.

7.7 In view of my comments in Sections 2-5 (and maintaining the 17.5% profit and 5% contingency as Mr Lee accepts is appropriate) I have amended Mr Lee's appraisals ("Amended Assumptions") whilst maintaining my assumptions as follows:

1. Private Sales Values at £685 psf;
2. Affordable Housing Values at £165 psf for the rental component;
3. Site clearance and utilities at £1 million; and
4. Sales programme at 4 per month post completion.

7.8 On the basis of these Amended Assumptions the table below summarises the Residual Land Value for the Appeal scheme assuming 40% affordable housing on the basis of 60:40 Shared Ownership:Social Rent. The tenure split is consistent with Policy AAP3 Part B and the approach adopted by Mr Lee, however social rent is assumed not London Affordable Rent reflecting the approach taken by myself and Mr Hughes in the context of the potential decanting requirements of Love Lane. The proportion of affordable housing that would be viable on the basis of my Benchmark Land Values is calculated with and without the £7.271m infrastructure cost[2].

Table 7.1: Amended Assumptions Outputs

Affordable Housing Assumption	Residual Land Value (£ millions)	Proportion of AH @ £10.725 million BLV
Amended Assumptions with £7.271m infrastructure @ 60:40 Shared Ownership: Social Rent	£2.33	9.18% 19 SO units 10 SR units
Amended Assumptions without £7.271m infrastructure @ 60:40 Shared Ownership: Social Rent	£8.47	23.42% 48 SO units 26 SR units

Note: Where the proportion of affordable housing reduces below 40% a reduced number of units qualify for grant where 35% or more affordable housing is being provided and no units qualify for grant below 35% affordable housing.

7.9 Consistent with paragraphs 6.15-6.17 of my Proof of Evidence where infrastructure contributions of £7.271m are assumed the quantum of affordable housing is required to reduce significantly. In this scenario is not feasible to provide 40% affordable housing, irrespective of the tenure scenario.

[2] The infrastructure cost tested in my Proof of Evidence was £7,121,375 consistent with the email from E Williamson dates 21 March 2019. I have maintained Mr Lee's figure of £7.271m for the purposes of this rebuttal.

8 Conclusion

8.1 The approach taken by myself and Mr Lee to the financial appraisal of the Appeal scheme is consistent however there are differences between inputs and assumptions which affect our respective conclusions.

8.2 Mr Lee concludes, using his assumptions, the scheme is capable of viably providing 40% affordable housing on the basis of 40% London Affordable Rent (not social rent) and 60% intermediate tenure and £7.27m of contributions towards supporting infrastructure. My review of Mr Lee's appraisals identifies two inconsistencies which when adjusted reduce Mr Lee's Residual Land Value to below his Benchmark Land Value. Furthermore, Mr Lee's assessment does not appraise the Appeal Scheme on the basis of social rent tenure, this is inconsistent with the approach taken by Mr Hughes in his evidence. Where Mr Hughes's position is assumed, 77 social rent tenure units and 44 intermediate units, the Residual Land Value reduces to £2.4m which is significantly below Mr Lee's Benchmark Land Value, meaning the Scheme isnot viable.

8.3 I conclude that Mr Lee does not evidence the scheme can viably support £7.27m of infrastructure costs in addition to 40% affordable housing. If, contrary to the Appellant's position an infrastructure of £7.27m is required the quantum of affordable housing would significantly reduce. The extent of the reduction in quantum of affordable housing depends on the tenure of the affordable housing.

8.4 Sections 2-6 outline the five areas of difference between my appraisal and Mr Lee's appraisal. In view of Mr Lee's comments I have revisited the evidence provided in my proof and have further engaged with Savills and Stace LLP. For the reasons set out in Sections 2-6 I maintain that in relation to each of the five areas of difference the assumptions contained in my appraisals are robust and provide the basis on which the Appeal scheme should be assessed.

8.5 In my opinion the Appeal scheme is delivering more than the maximum reasonable amount of affordable housing and any requirement for additional infrastructure contributions would worsen the viability and would require a reduction in affordable housing.

APPENDIX 1

INPUT DESCRIPTION	ASSUMPTION		Impact on Residual Land Value
	Quod	BNPP	
Revenue			
Private Residential Values	£685psf	£710psf	+£2,092,455
Affordable Rent Values	£165psf	£211psf	+£1,401,192
Intermediate Values	£370psf	£250/371psf	-£4,913,009 / +£40,710
Grant Funding	£28k/£60k	£28k/£60k	
Ground Rents	£300 per unit, 5% yield	£300 per unit, 5% yield	
Car Parking	£20,000 a unit	£20,000 a unit	
Commercial Rent	£25psf	£25psf	
Commercial Yield	£0	0.00%	
Commercial Rent Free	12 months	12 months	
Purchaser Costs	6.80%	6.80%	
Land Acquisition Costs			
Stamp Duty	5.0%	5%	
Agent Fee	1.0%	1%	
Legal Fee	0.5%	0.50%	
Costs			
Residential Build Costs	£225.20psf	£225.20psf	
Commercial Build Costs	£70psf	£70psf	
Site Clearance	£1,000,000	£500,000	+£482,000
Basement Car Park	£3,500,000	£3,500,000	
External Works	15%	15%	
Contingency	5%	5%	
Professional Fees	10%	10%	
Marketing & Disposal Fees			
Marketing Fees	1.5%	1.5%	
Letting Agent Fee	10.0%	10.0%	
Letting Legal Fee	5.0%	5.0%	
Private Sales Agent Fee	1.5%	1.5%	
Sales Agent Commercial	1.0%	1.0%	
Sales Legal Fee Residential	£1,000 a unit	£800 a unit	£30,180
Sales Legal Fee Commercial	0%	0.5%	-£17,386
CIL & S106			
CIL	£1,600,735	£1,600,735	
S106	£0	£7,270,000	impact not tested given principle is whether necessary or not
Finance & Profit			
Finance Rate	6.50%	6.5%	
Profit on Private Residential	17.50%	17.00%	+£338,226 (on Quod Values)
Profit on Affordable	6.00%	6.00%	
Profit on Commercial	15.00%	15.00%	
Programme			
Preconstruction	6 months	6 months	
Construction	30 months	30 months	
Sales Period	50% off plan, 24 month sales	50% off plan, 6 month sales	+£556,901on Quod values
Benchmark Land Value			
Goods Yard	£6,400,000	£3,606,000	
Station Masters House	£725,000	£725,000	
Carberry Industrial Estate	£2,200,000	£2,245,000	
Total Existing Use Value	£9,325,000	£6,576,000	
Land Value Premium	15% (whole site)	20% (to Carberry & SMH)	
Benchmark Land Value	£10,725,000	£7,170,000	£3,555,000

APPENDIX 2

23 April 2019

Claire Dickinson
Director
Quod
Ingeni Building
17 Broadwick Street
London W1F 0DE

Bronwyn Jones
E: bajones@savills.com
DL: +44 (0) 207 299 3011

33 Margaret Street
London W1G 0JD
T: +44 (0) 20 7499 8644
savills.com

Dear Claire,

RE: Goods Yard, Tottenham

Introduction

This letter has been prepared in support of the Financial Viability Assessment (FVA) for the proposed residential development at the above site. It should be read as an addendum to our full Residential Market Report, dated February 2019. It has been written in response to the queries raised by BNPP in their FVA report regarding the private sale residential element of the development proposals.

Please note any advice contained or attached in this report is informal and given purely as guidance unless otherwise explicitly stated. Our views on price are not intended as a formal valuation and should not be relied upon as such. They are given in the course of our estate agency role.

No liability is given to any third party and the figures suggested are in accordance with Professional Standards PS 1 and PS 2 of the RICS Valuation – Professional Standards (PS 1.5 - VPS 1-5 exceptions), effective from 1st July 2017. Any advice attached is not a formal ("Red Book") valuation, and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such. If formal advice is required this will be explicitly stated along with our understanding of limitations and purpose.

Summary of FVA Value Position

Below is a summary of our February 2019 pricing for the proposed private sale units for reference. Each unit has been individually priced according to its attributes. We note that the 'average' position for the development as a whole has been derived by taking the sum of these individual unit sales values to get a total gross development value, then dividing this by the total number of units and total area respectively.

Unit Type	% Mix	Average Size	Av Cap Val	Av £ psf
1B 2P	28%	557	£352,636	£633
2B 3P	36%	679	£445,143	£646
2B 4P	28%	881	£503,545	£658
3B 5P	8%	948	£557,667	£588
Total	**100%**	**723**	**£444,179**	**£641**

We are aware that a higher average value of £685 psf has been adopted in the submitted FVA. This is what we consider to be the very upper end of what would be achievable for the proposed development, and assumes improved market conditions and the successful delivery of the wider White Hart Lane masterplan.

Overview of Value Approach

When coming to our opinion of value for the proposed units, we adopted the following approach:

1. **Collection of comparable evidence**
   Data assembly of achieved and asking sales values from suitable value benchmarks.

2. **Analysis of comparable evidence**
   Analysis of the evidence base on a capital value basis, taking into account factors including the scheme scale, location, transport links, local amenity provision, unit typologies, residents' amenity provision, specification, transaction date and completion date.

3. **Unit by unit pricing**
   Unit by unit pricing of the proposed scheme adopting a consistent approach to 'base values' for each unit type and size, with adjustments added for that unit's position within the scheme, aspect, floor level and private amenity provision.

   We note that, in line with widely adopted best practice, we have priced the proposed units as at current day. Whilst we have taken into account the improved quality of local amenities and public realm that will result from this development, we are unable to price in any potential 'regenerative effect' from the wider development as suggested by BNPP. This potential value uplift associated with the wider White Hart Lane masterplan development has however been taken into account by the Client in the choice to adopt the higher £685 psf figure included in the submitted FVA.

Overview of Evidence Base

In order to inform our value position we had reference to new build schemes in the local and surrounding area that have been marketing units in the last year. There is a lack of development in the immediate vicinity, so we included schemes in neighbouring areas to help us understand the established value benchmarks, and how the subject site sits in comparison to these schemes.

We note that a large number of the benchmark schemes are located to the south of the subject site, in Tottenham Hale. We consider this to be a higher value location than the subject site, given its superior transport links and local amenity provision.

Tottenham Hale station provides access to national rail services and the Victoria line, with services every 2-3 minutes during peak hours providing access to central London employment hubs such as King's Cross in only 10 minutes. This is in comparison to White Hart Lane station, which provides access to the Overground, with services every 15 minutes to London Liverpool Street taking 24 minutes.

The area around Tottenham Hale is also significantly more established than White Hart Lane, with a range of facilities contained in the Hale Village development including a medical practice, a gym, a Tesco Express and a dry cleaners. The retail park to the south also contains a range of shops and leisure uses, and it is well located for access to the River Lea and Walthamstow Wetlands. In comparison, the local amenity offer around White Hart Lane is limited, with a Sainsbury's supermarket and a gym, and the only local green space is Tottenham Cemetery. Although it is in close proximity to the new White Hart Lane stadium, the majority of the leisure and food and beverage offer is accessible only to those attending an event at the stadium.

We have taken these factors into account when comparing the proposed scheme to the comparable schemes in and around Tottenham Hale.

A detailed schedule of comparable schemes is included in our full report dated February 2019, however for the purposes of this letter we will focus on the schemes that we and/or BNPP have identified as key value benchmarks.

Scheme	Av. £psf	Av Unit Size	Average Capital Value				
			Studio	1 Bed	2 Bed	3 Bed	4 Bed
Goods Yard	*£641*	*693*	*-*	*£352,636*	*£470,840*	*£557,667*	*-*
Hale Works (Hale Village SW)	£720	743	£355,000	£436,818	£606,500	-	-
Hale Wharf (Lock 17)	£635	681	£312,500	£368,333	£495,500	-	-
Brook Place	£554	873	-	£334,500	£456,250	£560,000	£596,250

Hale Works (Hale Village South West)
As BNPP highlight, this development contains 235 private units in close proximity to Tottenham Hale station. It is the final phase of the wider Hale Village development, and comprises a 32-storey tower. The scheme launched in September 2018, and we are aware of 33 asking prices across studio, 1 bed and 2 bed units across the tower. These asking prices result in an average of £720 psf, however once the units from above the 20th floor are removed from the sample this falls to an average of £690 psf.

The tower itself benefits from having a 24 hour concierge, a sky lounge and garden with communal cooking facilities, and the village offers a range of non-residential uses including a gym, supermarket and a nursery. It is also adjacent to Tottenham Hale station which provides Victoria line services into Central London in 15 minutes. As a result, we conclude that the proposed units at Goods Yard, including the proposed 20 storey B1 block, will achieve capital values significantly below this comparable, given the inferior transport links and the lack of residents' amenity provision.

Hale Wharf (Lock 17)
The first block of Hale Wharf is a 21 storey tower which launched in June 2018. We are aware of 15 asking prices across studio, 1 bed and 2 bed units, which equate to an average asking price of £635 psf. It is a 5-10 minute walk to Tottenham Hale station, and the building benefits from views over the reservoirs. As a result of its superior location and height, we believe that this comparable will command marginally higher capital values that the proposed units at Goods Yard.

Brook Place
We have included Brook Place as a key value benchmark as it is geographically the closest new build comparable to the subject site. It is smaller scale than the subject, and will not benefit from as close proximity to the amenities offered by the new White Hart Lane stadium. However, we understand that although the 22 asking prices we are aware of equate to an average of £554 psf, the developer is offering numerous financial incentives to prospective buyers including contributions towards mortgage payments. This suggests that net achieved prices will be significantly below these asking prices. Overall, we do think the proposed development will achieve values in excess of this comparable, however are mindful that this scheme demonstrates the capital value ceiling in the local area.

Argent Related at Tottenham Hale
BNPP also refer to Argent Related's development at Tottenham Hale, which adopted an average value of £685 psf in the FVA dated October 2018. The first building at this scheme is an 18 storey tower which recently launched. Although asking prices are not widely available, we are aware that the current price list equates to an average asking price of £690 psf.

This comparable is superior to the subject given its close proximity to Tottenham Hale station; the residents amenities proposed including 24 hour concierge, roof gardens and a lounge; and the high quality ground floor amenities proposed as part of the masterplan. We therefore conclude that the proposed units will achieve capital values significantly below this benchmark.

Note on Absorption

We have also provided our opinion of a suitable sales rate that could be expected for the proposed units. Based on extensive sales experience across London at a similar price point, and taking into account current market conditions, we concluded that a suitable sales rate assumption would be 4 units per month, and you could expect to sell 50% of units prior to practical completion.

There is little evidence of schemes at a similar price point and in a similar location exceeding this rate of sale, with slowing transaction volumes as a result of increased mortgage regulation, market uncertainty around Brexit negotiations, and increased taxation on buy to let investors.

Conclusion

After reviewing our evidence base and our unit by unit pricing for the proposed scheme, we consider that our original position of achievable private sales values to the proposed units remains appropriate in the current market context, with a clear evidence base to support our rationale.

Yours sincerely,

Bronwyn Jones MRICS
Associate Director

cc. Rose Fyfe, Savills
Antonia Round, Quod
Richard Serra, Tottenham Hotspur

APPENDIX 3

GOODS YARD

Extra over for basement

Allowance for secant piling to perimeter of basement	1,000,000
Bulk excavation and removal	700,000
Reinforced concrete basement slab	800,000
Reinforced concrete slab (to landscaped area)	600,000
Basement walls; concrete liner, waterproofing & block inner skin	450,000
Allowance for ramp	250,000
Drainage	100,000
Reinforced concrete frame to basement	375,000
Mechanical & electrical services	450,000
Preliminaries contribution	350,000
	5,075,000

APPENDIX 4

30 April 2019

Edward Shakespeare
E: eshakespeare@savills.com
DL: +44 (0) 207 409 9914

33 Margaret Street
London W1G 0JD
T: +44 (0) 20 7499 8644
savills.com

Tottenham Hotspur F.C.
C/O Quod
Ingeni Building
17 Broadwick Street
London
W1F 0DE

For the attention of Claire Dickinson, Director

Dear Sirs

THE GOODS YARD, WHITE HART LANE, TOTTENHAM N17 8DP

Further to our letter dated 1 March 2019 outlining our opinion of Existing Use Value, we have reviewed the subsequent comments made by Mr Lee of BNP Paribas Real Estate in respect of our Existing Use Value and provide our further comments in response as follows:

1. The Use of the Site

   We reiterate that we have valued the property on the basis of a car breakers yard. We are aware there was a temporary planning permission for open storage use which has now expired.

   The site has been valued on the basis of vacant possession. There is limited comparable letting evidence in respect of car breakers yard as the majority of sites are owner occupied, as such it is common market practice that when valuing a car breakers yard with vacant possession, that the value has regard to open storage evidence. We adopted this practice irrespective of the existence of the temporary planning permission for open storage use and would have adopted the same approach if that permission had never been granted and the site remained vacant after the car breakers yard use ceased. We, therefore, cite a number of open storage comparable lettings as evidence of rental value for a car breaker use. We note that Mr Lee has not raised objection to our methodology and has indeed cited our own comparable evidence which includes open storage use to form his own opinion of value.

2. Opinion of Rental Value

   Mr Lee's main disagreement is in regard to the rental value of the open storage land. We have valued the site on the basis of a rental value of £3.50 per sq ft versus Mr Lee at £2.00 per sq ft.

   The subject site has the following characteristics:

   - Close proximity to central London situated within Zone 3 and within the North Circular Road
   - Large broadly rectangular and level site of 2.43 acres
   - Forms a prime site for occupiers
   - General lack of supply of sites to let

Comparable evidence is limited and we have previously provided a broad range of letting evidence including a variety of sizes and locations varying from 0.03 to 3.52 acres and £1.50 to £6.00 per sq ft. It is noted that BNP fail to introduce any evidence which they have sourced themselves and have had regard to comparable evidence cited by us. We regard Mr Lee's analysis of the comparable evidence which concludes that the current, i.e. as at March 2019, rental value of the site at £2.00 per sq ft to be flawed.

In particular we identify the letting of 41 Picketts Lock Lane, Edmonton as a key comparable which is of a similar size and nature, albeit is situated in Edmonton where values are lower in comparison to Tottenham. This comparable site was let in June 2014 at a rent reflecting £2.25 per sq ft. As a broad measure we indexed the rent from the MSCI Industrial Market Rental Growth data for industrial property in Enfield, being the closest London borough from which industrial information is collated, from an estimated June 2014 to December 2018 which illustrates a 42.43% increase in rents over this time period. An actual increase of 42.43% on this comparable equates to £3.20 per sq ft. We consider the subject property to be in a better location than Edmonton.

In response to Mr Lee's comments we have carried out further enquiries and are aware that the site at 41 Pickett's Lock Lane has subsequently been re-let on a new 10 year lease in January 2019 at a rent of £450,000 per annum equating to £3.55 per sq ft, subject to six months rent free. This comparable evidence provides further clear justification for the rental value of £3.50 per sq ft we have applied to the subject property.

3. Comments on Mr Lee's Opinion of Rental Value

Mr Lee has not provided any further comparable information which suggests he is working from the same information we originally provided. BNP have listed our comparable evidence in order of size and appear to have taken a broad average of rents of the larger sites regardless of their location, layout or date of letting to arrive at an opinion of rent at £2.00 per sq ft. We consider this approach to be unjustified.

The three main sites BNP have had regard to which are in excess of 2 acres are located at the (i) Royal Docks, (ii) Edmonton and (iii) Rochester. We comment further as follows:

i. The site at the Royal Docks is a short term letting with a mutual rolling option to break from 25 December 2019, thereby a lower rent was agreed to reflect the landlord's flexibility. Further enquiries have revealed a further two lettings of open storage sites in close proximity at £2.50 per sq ft (Manhattan Wharf in December 2018) and £3.00 per sq ft (Green Shield, Knights Road in December 2018), we detail these in our annexure of comparable evidence. Open storage rents at Royal Docks are lower than in Tottenham due to the greater availability of supply in this area. Similarly we consider a rental value of the Goods Yard, Tottenham at a lower than the rents achieved in the Royal Docks area to be wrong.

ii. We have referenced the site in Edmonton above at 41 Picketts Lock Lane.

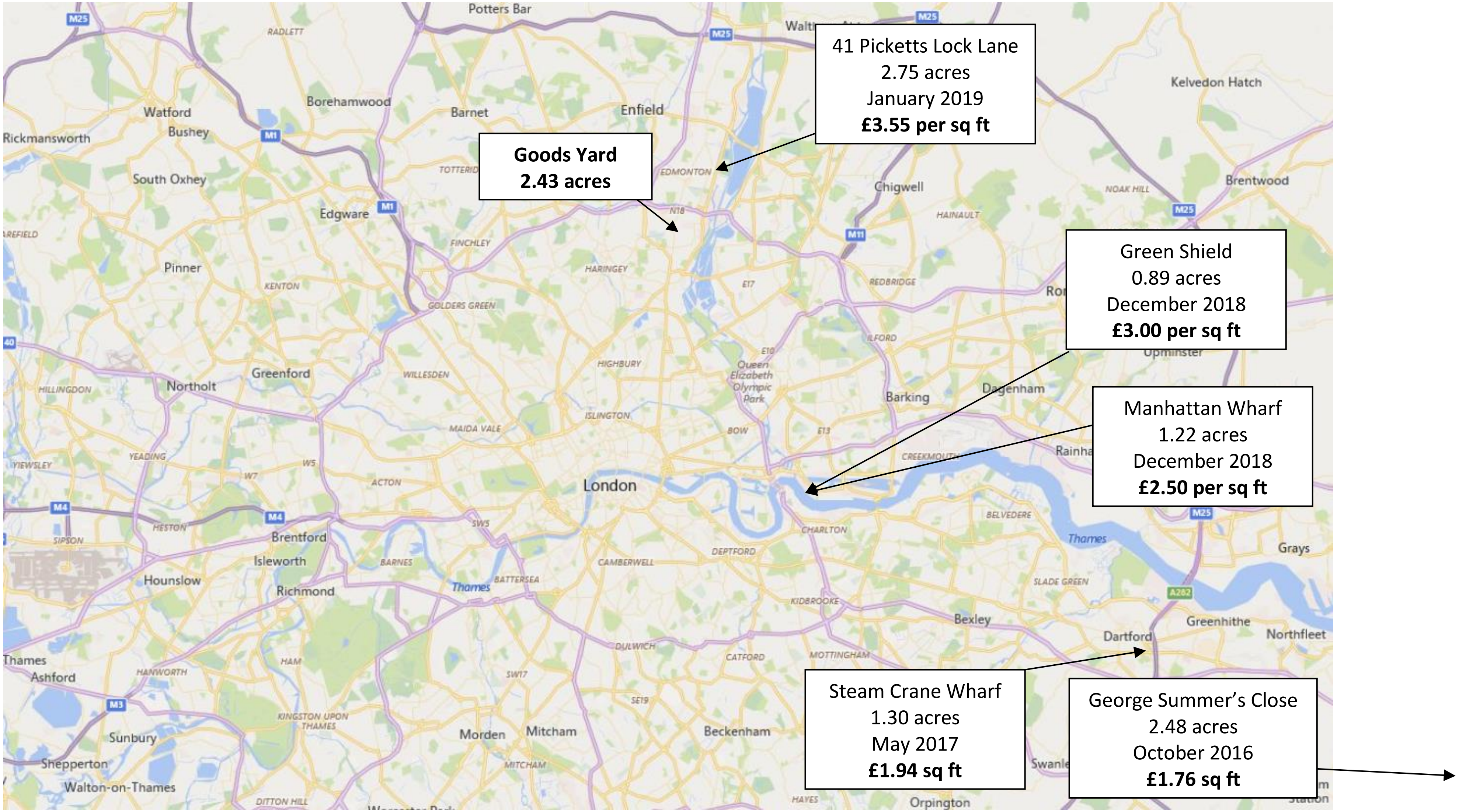
iii. The third site is located at Rochester in Kent, beyond the M25 orbital motorway where rents are considerably lower than a site in London within the North Circular boundary. Furthermore the letting was in October 2016 and, as noted, industrial rents have increased significantly over the past few years. Therefore, the rent achieved of £1.76 per sq ft is considerably lower than should be applied to the subject property.

4. Summary

We consider our rental value of £3.50 per sq ft to be fully justified and correct.

Yours faithfully

EDWARD SHAKESPEARE MRICS
Registered Valuer
Director



Location Plan

Site Plan/Photo	Address	Acres	Rent (Per Sq Ft)	Date	Comparability
	41 Picketts Lock Lane, Edmonton N9 0AS	2.75	£3.55	January 2019	Located north of the North Circular Road Secure site with concrete yard Ancillary buildings of a poor quality
	Manhattan Wharf, Knights Road, London E16 2AT	1.22	£2.50	December 2018	Royal Docks location Mix of surfaces
	Green Shield, Knights Road, London E16	0.89	£3.00	December 2018	Royal Docks location Mix of surfaces
	Steam Crane Wharf, Hythe Street, Dartford DA1 1BX	1.30	£1.94	May 2017	Dartford location Mix of surfaces Historic letting
	Land at George Summers Close, Medway City Estate, Rochester ME2 4NQ	2.48	£1.76	October 2016	Kent location Historic letting
	Teardrop Site, Meridian Way, Edmonton N18 3HF	0.82	Asking £3.00	Under Offer	
	Wharf Road, Enfield EN3 4NQ	1.95	Asking £3.00	Available	Restricted use for private car parking only

Site Plan/Photo	Address	Acres	Rent (Per Sq Ft)	Date	Comparability
	Magnet Road, Wembley HA9 7RG	0.37	Asking £7.00	Available	Smaller site Concrete surface
	Plumstead Road, Plumstead SE18	0.60	Asking £2.30	Available	South of the River Thames near Greenwich Concrete surface
	Stonehill Site, Harbet Road, Enfield N18 3QU	7.50	Asking £3.00	Available	Larger site Mix of surfaces
	15-17 First Avenue, Montagu Industrial Estate, Edmonton N18 3PA	0.46	Asking £2.97	Available	