

LB LAMBETH COMMUNITY INFRASTRUCTURE LEVY COUNCIL'S RESPONSE TO REQUESTS BY EXAMINER

During the Examination, the Examiner asked for the following additional information:

1. Supporting information for the yields identified in the Council's 'Response to Turley Associates' letter of 18 February 2014'.
2. An appraisal of a budget hotel outside the central CIL hotel zone.

Supporting information for yields

Appendix 1 provides details of each of the transactions identified in the response.

Appraisal of a hotel outside the central CIL hotel zone

Two appraisals of hotels outside the central CIL hotel zone are attached. The first is for a Travelodge model using the same build costs as the central London budget hotel appraisal (Appendix 2) and the second adopts a reduced build cost in line with the cost used in the November 2012 Addendum Viability Report (Appendix 3). A further appraisal is provided using actual costs incurred by Travelodge on outer London developments (Appendix 4).

The Travelodge model using the same build costs as the central London appraisal is unviable outside the central area and will therefore not come forward, unless build costs are reduced. Given that this type of hotel does not generate a positive residual land value, developments will not come forward outside the central zone, even if the CIL rate is set at nil.

In the November 2013 Addendum Viability Report, BNP Paribas Real Estate used a reduced build cost of £1,453 per square metre for the budget hotel outside the central area. When the appraisal is re-run with this cost, the maximum CIL rate would be £425 per square metre. The proposed CIL rate of £100 would therefore equate to 24% of the maximum rate.



BNP Paribas Real Estate have run an additional sensitivity analysis which reduces the build costs for the Travelodge model to the level achieved by Travelodge elsewhere. At Newmark Properties' development at Whetstone in north London (see Appendix 5) in July 2010, a Travelodge was developed at a build cost of £1,032 per square metre before external works (for which BNP Paribas Real Estate's appraisals make a separate allowance). The BCIS 'General Cost Index' has increased by 6% over the intervening period, so the base cost would increase from £1,032 to £1,094 per square metre. With this adjustment to build costs, a Travelodge budget hotel appraisal indicates that a development would be viable with a maximum CIL rate of

up to £1,636 per square metre. The CIL rate of £100 per square metre therefore equates to 6% of the maximum rate and 1.3% of total development costs. It is a marginal cost that developments should be readily able to absorb. The Council does not agree with Travelodge's un-evidenced assertions that the proposed CIL rate outside the central zone will render budget hotels unviable.

5 March 2014

APPENDIX 1: FOCUS RECORDS OF TRANSACTIONS

DEALS DETAILED REPORT PROVIDED BY FOCUS

<p>Premier Inn 85 York Road London Se1 1aa</p> 	<p>Use(s): Hotel Type: Freehold Investment Sold Date: 01/12/2013</p> <p>Total Size: 50,000 sq ft (4,645 sq m)</p> <p>Achieved Price: £48,000,000 Yield: 4.36%</p> <p>Vendor Agent: Jones Lang LaSalle Purchaser Agent: Knight Frank LLP Purchaser: Royal London Asset Management Ltd Vendor: York Road LLP</p> <p>Notes: Royal London Asset Management Ltd has purchased the freehold interest in a 234 bedroom hotel from York Road LLP for £48m as an investment, reflecting a net initial yield of 4.36%. The property is let to Whitbread Group plc at a rent of £2,211,300. Jones Lang LaSalle acted on behalf of York Road LLP. Knight Frank LLP represented Royal London Asset Management Ltd. A forward funding deal was agreed in December 2010 for £36.5m.</p> <p>Property Description: The property comprises a 234 bedroom hotel, comprising of a period building with adjoining modern multi storey extension of steel frame construction. The property is situated at the corner of York Road and Addington Street, adjacent to Waterloo station with transport links direct into the heart of the West End, the City and across the South-East region.</p>
<p>Premier Inn Warwick Road Borehamwood Wd6 1us</p> 	<p>Use(s): Hotel Type: Freehold Investment Sold Date: 01/12/2013</p> <p>Total Size: 45,647 sq ft (4,241 sq m)</p> <p>Achieved Price: £6,427,000 Yield: 5%</p> <p>Purchaser: CBRE Global Investors Ltd Purchaser Agent: Jones Lang LaSalle</p> <p>Notes: CBRE Global Investors Ltd has purchased the freehold interest in a 120 bedroom hotel for £6.427m as an investment, reflecting a net initial yield of 5.00%. Jones Lang LaSalle represented CBRE Global Investors Ltd.</p> <p>Property Description: The property comprises a purpose built hotel over seven floors, of steel frame construction. The property is located on Warwick Road, just south of Junction 23 of the M25 Motorway via the A1. The property lies within close proximity to Elstree & Borehamwood Railway Station.</p>

Premier Inn Brentford
Great West Road
Brentford
Tw8 0qj



Use(s): Hotel
Type: Freehold Investment Sold
Date: 09/10/2013

Total Size: 66,423 sq ft (6,171 sq m)

Achieved Price: £13,352,000
Yield: 5.45%

Purchaser: BP Pension Fund
Vendor: Carlton Properties
Vendor Agent: Lewis & Partners
Purchaser Agent: Lewis Ellis LLP

Notes:
BP Pension Fund has agreed to forward fund a new hotel development from Carlton Properties for £13.352m, reflecting a net initial yield of 5.45%. The property will comprise a brand new purpose built 124 bed hotel arranged over basement, ground and ten upper floors. It is envisaged the completed development will provide a total floor area of 66,423 sq ft (6,171 sq m) GIA. The property will benefit from 76 parking spaces. The property is pre let to Premier Inn Hotels Limited guaranteed by Whitbread Group Plc for a term of 25 years on FRI terms, subject to a break in year 20. The lease benefits from 5 yearly upward only compounded rent reviews reviewed to CPI capped at 4% p.a. Lewis Ellis LLP represented BP Pension Fund. Lewis & Partners acted on behalf of Carlton Properties.

Property Description:

The property will comprise a brand new purpose built 124 bed hotel arranged over basement, ground and ten upper floors. It is envisaged the completed development will provide a total floor area of 66,423 sq ft (6,171 sq m) GIA. The property will benefit from 76 parking spaces. The site is located five miles from central London, nine miles from Junction 15 of the M25 and has excellent public transport links.

Premier Inn London
Kensington (olympia)
22 - 32 West
Cromwell Road
London
Sw5 9qj



Use(s): Hotel
Type: Freehold Investment Sold
Date: 01/09/2013

Total Size: 43,420 sq ft (4,034 sq m)

Achieved Price: £22,770,000
Yield: 4.5%

Purchaser Agent: BNP Paribas Real Estate UK
Vendor Agent: BNP Paribas Real Estate UK

Notes:
A private Japanese investor has purchased the freehold interest in a 125 bedroom hotel from a private European investor for £22.77m as an investment, reflecting a net initial yield of 4.50%. BNP Paribas Real Estate UK represented both the purchaser and vendor in the transaction.

Property Description:

The property comprises a hotel over four floors plus basement, providing 125 bedrooms. The property is located in the exclusive Royal Borough of Kensington and Chelsea, in a prominent position on West Cromwell Road. Earls Court and Olympia Exhibition Centres and the Earl's Court Tube Station are only a short walk from the hotel.

Premier Inn
20 St Mary At Hill
London
Ec3r 8na



Use(s): Hotel
Type: Freehold Investment Sold
Date: 01/09/2013
Total Size: 38,500 sq ft (3,577 sq m)
Achieved Price: £40,000,000
Yield: 4.6%
Purchaser Agent: Colliers International
Vendor Agent: Lambert Smith Hampton Ltd
Purchaser: Royal London Asset Management Ltd
Vendor: Westbrook Partners Ltd

Notes:
 Royal London Asset Management Ltd has purchased the freehold interest in 38,500 sq ft (3,577 sqm) of hotel space at 20 St Mary at Hill from Westbrook Partners Ltd for £40m as an investment, reflecting a net initial yield of 4.6%. The 184 bedroom hotel let to Whitbread Plc on a 35 year lease with tenant break at Year 25. Lambert Smith Hampton Ltd acted on behalf of Westbrook Partners Ltd. Colliers International acted on behalf of Royal London Asset Management Ltd.

Property Description:

The property comprises a former office building of steel frame and concrete construction, arranged over a basement and six upper floors. The property was constructed in the late 1970's and is currently under renovation into a 184-bedroom hotel. The property is located on the east side of St Mary at Hill surrounding St Mary's Court. St Mary at Hill is located on the east fringe of the City core and runs from north to south from Eastcheap to Lower Thames Street. The property is located a short walk from Monument Station which provides Circle and District line services as well as a connection to Bank station which provides links to Central, Northern, Waterloo and City lines as well as the DLR. Fenchurch Street mainline station is also located a short distance to the north east, providing mainline services to the Thames Gateway and south east Essex.

Travelodge
356 - 364 Grays Inn
Road
London
Wc1x 8bh



Use(s): Hotel
Type: Freehold Investment Sold
Date: 24/07/2013
Total Size: 25,300 sq ft (2,350 sq m)
Achieved Price: £54,100,000
Yield: 5.2%
Vendor: Co-operative Group Limited
Vendor Agent: Colliers International
Purchaser: Henderson Global Investors

Notes:
 Henderson Global Investors has purchased the freehold interest in 25,300 sq ft (2,350 sqm) of hotel space at Travelodge 356-364 Grays Inn Road from Co-operative Group for £54.1m as an investment, reflecting a net initial yield of 5.2%. The property is let to Travelodge. Colliers International acted on behalf of the Co-operative Group Limited.

Property Description:

The property comprises a hotel building arranged over six floors, which includes a basement. The property is located on Grays Inn Road, close to its junction with Saints Chads Place. Holborn, Russell Square, Farringdon and Kings Cross and St Pancras stations are close by, providing rail and underground services.

Granada Travelodge
Coriander Avenue
London
E14 2aa



Use(s): Hotel
Grade: Second Hand
Type: Freehold Investment Sold
Date: 02/06/2013
Days on market: 129

Total Size: 84,315 sq ft (7,833 sq m)

Quoted Price: £2,400,000
Achieved Price: £2,900,000
Yield: 4.6%

Vendor Agent: Deloitte Real Estate
Guy Freeman
Tel :02073033153
Fax :02078968001
Nick Barnett
Tel :02070075836
Fax :02075831198

Purchaser Agent: Knight Frank LLP
Vendor: London Borough of Tower Hamlets

Notes:
Epic UK Ltd has purchased the freehold interest in 122,565 sq ft (11,387 sqm) of office space at Quatermile One from Aviva Investors Global Services Ltd for £39m as an investment, reflecting a net initial yield of 6.6%. The Norman Foster designed office building comprises 105,000 sq ft of office accommodation with a lower ground floor gym of 16,500 sq ft and 21 underground car parking spaces. The office space is over 90% let to Investec Wealth & Investment Ltd, Maclay Murray & Spens LLP, Mercer Ltd and Skycanner Ltd. The gym is let to Pure Gym Ltd. GVA acted on behalf of Aviva Investors Global Services Ltd. Epic UK Ltd was represented by Knight Frank.

Property Description:

The property comprises a detached building of steel frame modular construction with composite panel curtain wall cladding to external walls and glazed curtain walling to the entrance. The property was constructed in 2003 and is arranged over five floors. Internally, the property offers hospitality accommodation in the form of a 230 bedroom hotel. The property is located in the Docklands off Coriander Avenue and accessed from East India Dock Road (A13) which runs off the roundabout linking Blackwall Tunnel Northern Approach (A102). The location benefits from good transport links, with East India DLR Station being a short walk to the south, which in turn provides access to Canary Wharf, the City of London, Stratford and London City Airport. The property is also situated close to Canning Town DLR and Underground Stations. The A13 is a major three lane highway and is one of the main arterial routes into central London.

Amenities:
100 Car Parking Spaces, Reception, Restaurant

Travelodge
10 - 41 Kings Cross
Road
London
Wc1x 9qn



Use(s): Hotel
Type: Freehold Investment Sold
Date: 21/03/2013

Total Size: 73,500 sq ft (6,828 sq m)




Achieved Price: £20,000,000
Yield: 5.5%

Purchaser: CBRE Global Investors Ltd
Purchaser Agent: Knight Frank LLP
Vendor Agent: Lindley Mortimer LLP

Notes:
CBRE Global Investors has acquired, on behalf of an institutional client, 10-41 Kings Cross Road, London, a hotel let to Travelodge, for in excess of £20,000,000 representing a yield of sub 5.5% p.a., rising to 6.1% pa in 2014. The freehold interest was acquired from a private Danish investor. The property comprises a 219 bed room hotel totalling approximately 73,500 sq ft. It is situated on Kings Cross Road in Central London, less than a mile from Kings Cross and Farringdon stations. It is an improving area, currently benefitting from significant development activity and major infrastructure improvements. The hotel is let to Travelodge for a further 26 years with an option to extend the lease. The rent is reviewed every 5 years in line with RPI. Richard Dean, Senior Director within UK Separate Accounts commented "This asset is in an excellent Central London location where there is a limited supply of budget hotel sites and strong occupational demand. This investment offers an attractive income stream and should deliver a good return for our client." CBRE Global Investors were represented by the Knight Frank specialist property investment team and the vendor was advised by Lindley Mortimer. Source: CBRE Global Investors.

Property Description:

The property comprises a three-star hotel with 219 bedrooms. It is situated on Kings Cross Road in Central London, less than a mile from Kings Cross and Farringdon stations.

<p>Apex City Of London Hotel 1 Seething Lane London Ec3n 4ax</p> 	<p>Use(s): Hotel Type: Sale and Leaseback Date: 15/02/2013</p> <p>Total Size: 47,280 sq ft (4,392 sq m)</p> <p>Achieved Price: £18,650,000 Yield: 3.28%</p> <p>Purchaser Agent: Allsop LLP Vendor: Apex Hotels Ltd Vendor Agent: BNP Paribas Real Estate UK Purchaser: Standard Life Annuity Pension Fund Purchaser: Standard Life Investments Ltd</p> <p>Notes: Standard Life's Annuity Pension Fund has purchased the freehold interest in a 179 bedroom hotel from Apex Hotels Ltd for £18.65m as an income strip investment, reflecting a net initial yield of 3.28%. The 150 year leaseback deal will see Apex pay an RPI-linked annual capped/ collared rent, representing 15% of the hotel's rental value. The annual rental income of the property is £655,000. BNP Paribas Real Estate UK acted on behalf of the vendor. Allsop represented the purchaser. BNP Paribas Real Estate also recently sold Apex Waterloo Place, Edinburgh (see separate record). Paul Henwood said: "Working closely with Apex Hotels allowed us to successfully sell two income strip investments on their behalf. We look forward to continuing to work closely with the growing hotel chain in the future." (CoStar Research 06/03/2013)</p> <p>Property Description: The property comprises a seven storey hotel totalling to 37,824 sq ft. The property was completed in 1955 and was refurbished circa 2008. The property is located within close proximity to Tower Hill tube station and Fenchurch Street railway station.</p>
<p>Novotel London West 1 Shortlands London W6 8dr</p> 	<p>Use(s): Hotel Type: Freehold Investment Sold Date: 01/01/2012</p> <p>Total Size: 425,535 sq ft (39,533 sq m)</p> <p>Achieved Price: £8,000,000 Yield: 2.89%</p> <p>Tenant: Accor UK Business & Leisure Hotels Ltd Vendor Agent: BNP Paribas Real Estate UK Purchaser Agent: Knight Frank LLP Purchaser: Land Securities Group Plc Vendor: London Borough Of Hammersmith & Fulham</p> <p>Notes: Land Securities Group plc has purchased the freehold interest in a 630 bedroom hotel from the London Borough of Hammersmith & Fulham for £8m as an investment, reflecting a net initial yield of 2.89%. The property is let to Accor UK Business & Leisure Hotels Ltd and produces an annual rental income of £245,000. BNP Paribas Real Estate UK acted on behalf of the London Borough of Hammersmith & Fulham (the vendor). Knight Frank represented Land Securities Group plc (the purchaser). (CoStar Research 29/03/2012)</p> <p>Property Description: The property comprises a 630 bedroom purpose built hotel.</p>
<p>Travelodge Harewood Row London Nw1 6se</p> 	<p>Use(s): Hotel Type: Freehold Investment Sold Date: 31/12/2011</p> <p>Total Size: 15,000 sq ft (1,394 sq m)</p> <p>Achieved Price: £15,350,000 Yield: 5.2%</p> <p>Vendor: Aviva Investors Global Services Ltd Vendor Agent: Colliers International Purchaser Agent: Gerald Eve Purchaser: M&G Real Estate Tenant: Travelodge Ltd</p> <p>Notes: PRUPIM has purchased the freehold interest in a 69-bed hotel from Aviva Investors for £15,350,000 as an investment, reflecting a net initial yield of 5.2%. The hotel is operated by Travelodge Ltd. Colliers International acted on behalf of Aviva Investors (the vendor). Gerald Eve represented PRUPIM (the purchaser). (CoStar Research 27/01/2012)</p> <p>Property Description: The property comprises an end terraced building operating as a 69-bed hotel over six storeys.</p>

Travelodge Vauxhall
3 - 9 Bondway
London
Sw8 1sj



Use(s): Hotel
Type: Freehold Investment Sold
Date: 07/07/2011

Total Size: 44,400 sq ft (4,125 sq m)

Achieved Price: £17,400,000
Yield: 5.03%

Vendor Agent: Bidwells LLP
Vendor Agent: Capita Property & Infrastructure Ltd
Purchaser Agent: Joiner Cummings
Vendor: Salmon Harvester Properties Ltd
Purchaser: Scottish Widows Investment Partnership Limited

Notes:

Salmon Harvester Properties Ltd, the joint venture between Salmon Developments and NFU Mutual, has forward funded a £17.4 million hotel and retail development in Bondway, Vauxhall, South London with Scottish Widows Investment Partnership Limited (SWIP). The 148 bed hotel is pre-let to Travelodge on a 35-year lease at an annual rent of £926,730, with five yearly upward only rent reviews linked to RPI. The developer is in advanced discussions with a national food retailer to prelet the prominent 6,000sqft ground floor unit. SWIP completed the acquisition on behalf of HIFML UK Limited and it is the third purchase since they took over the mandate in May. Salmon Harvester Properties Ltd was represented by Capita Symonds and Bidwells LLP while SWIP was advised by Joiner Cummings.

Property Description:

The property comprises a six storey and lower ground floor leisure building. Internally the property provides retail space at ground floor level with a 148-bedroom hotel on the upper floors. The property is located on Bondway in close proximity to Vauxhall Mainline and Underground stations, approximately twenty minutes from the West End on the Victoria Line and one stop from Waterloo Station.

APPENDIX 2: DEVELOPMENT APPRAISAL (CENTRAL LONDON COSTS)

COMMUNITY INFRASTRUCTURE LEVY Commercial Development

Salmon Harvester Properties Ltd, the joint venture between

Use class:	BUDGET HOTEL
Location:	Lambeth

	£s per sqft	Yield	Rent free
Appraisal 1	£17.00	5.00%	0.50 years
Appraisal 2	£18.00	5.00%	0.50 years
Appraisal 3	£19.00	5.00%	0.50 years
Appraisal 4	£20.00	5.25%	0.50 years
Appraisal 5 (base)	£20.00	5.00%	0.50 years
Appraisal 6	£21.00	4.75%	0.50 years
Appraisal 7	£22.00	5.00%	0.50 years
Appraisal 8	£23.00	5.00%	0.50 years
Appraisal 9	£24.00	5.00%	0.50 years
Appraisal 10	£25.00	5.00%	0.50 years

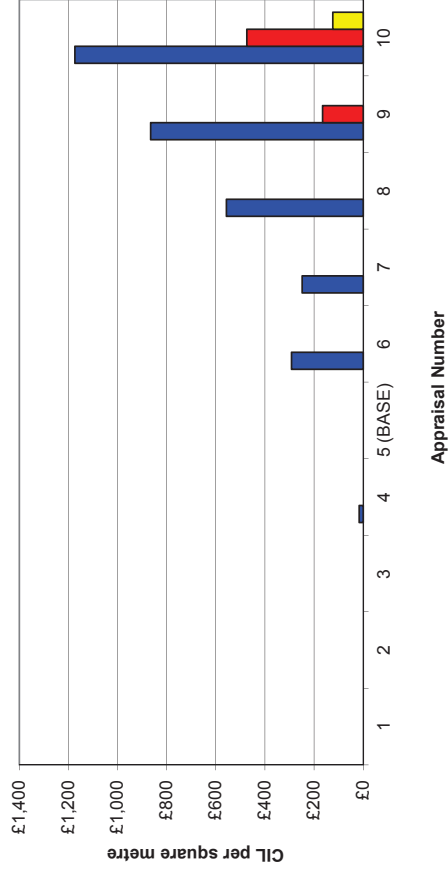
	£s per sqft	Yield	Rent free	Premium
Current use value 1	£9.00	8.00%	3.00 years	20.00%
Current use value 2	£13.00	8.00%	3.00 years	20.00%
Current use value 3	£15.00	8.00%	3.00 years	20.00%

Existing floorspace as % of new
59%

Travelodge Vauxhall - 35 year lease
Travelodge Vauxhall rooms
Net room area
Annual rent for Travelodge Vauxhall (CoStar verified)
Rent per room per annum
Rent psf

148
250
£740,000
£5,000
£20.00

Maximum CIL rates



Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-18%	£0	£0	£0
Appraisal 2	-11%	£0	£0	£0
Appraisal 3	-5%	£0	£0	£0
Appraisal 4	0%	£16	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	5%	£291	£0	£0
Appraisal 7	9%	£249	£0	£0
Appraisal 8	13%	£557	£0	£0
Appraisal 9	17%	£865	£165	£0
Appraisal 10	20%	£1,173	£474	£124

CURRENT USE VALUE Commercial Development

Use class: **BUDGET HOTEL**

	Common assumptions	CUV 1	CUV 2	CUV 3
Current use value				
Existing space as percentage of new	59%			
Rent per sq ft		£9 psf	£13 psf	£15 psf
Rental income per annum		£255,753	£369,421	£426,255
Rent free/voids (years)		3.0	3.0	3.0
Total revenue, capitalised (including all costs)		8.00%	8.00%	8.00%
Refurbishment costs	£50 psf	£1,420,850	£1,420,850	£1,420,850
Fees	7%	£99,460	£99,460	£99,460
Capitalised rent, net of refurb and fees		£1,017,503	£2,145,419	£2,709,378
Purchaser's costs	5.75%	-£58,506	-£123,362	-£155,789
Current use value		£958,996	£2,022,058	£2,553,588
CUV including Landowner premium		20% £1,150,796	20.00% £2,426,469	20.00% £3,064,306

**APPENDIX 3: DEVELOPMENT APPRAISAL (OUT OF CENTRAL AREA COSTS,
AS PER ADDENDUM VIABILITY REPORT)**

COMMUNITY INFRASTRUCTURE LEVY Commercial Development

Salmon Harvester Properties Ltd, the joint venture between

Use class:	BUDGET HOTEL
Location:	Lambeth

	£s per sqft	Yield	Rent free
Appraisal 1	£17.00	5.00%	0.50 years
Appraisal 2	£18.00	5.00%	0.50 years
Appraisal 3	£19.00	5.00%	0.50 years
Appraisal 4	£20.00	5.25%	0.50 years
Appraisal 5 (base)	£20.00	5.00%	0.50 years
Appraisal 6	£21.00	4.75%	0.50 years
Appraisal 7	£22.00	5.00%	0.50 years
Appraisal 8	£23.00	5.00%	0.50 years
Appraisal 9	£24.00	5.00%	0.50 years
Appraisal 10	£25.00	5.00%	0.50 years

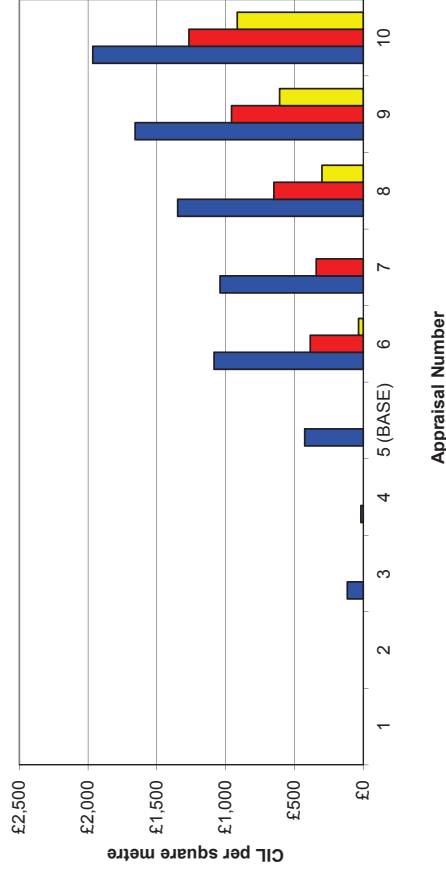
	£s per sqft	Yield	Rent free	Premium
Current use value 1	£9.00	8.00%	3.00 years	20.00%
Current use value 2	£13.00	8.00%	3.00 years	20.00%
Current use value 3	£15.00	8.00%	3.00 years	20.00%

Existing floorspace as % of new
59%

Travelodge Vauxhall - 35 year lease
Travelodge Vauxhall rooms
Net room area
Annual rent for Travelodge Vauxhall (CoStar verified)
Rent per room per annum
Rent psf

148
250
£740,000
£5,000
£20.00

Maximum CIL rates



Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-18%	£0	£0	£0
Appraisal 2	-11%	£0	£0	£0
Appraisal 3	-5%	£116	£0	£0
Appraisal 4	0%	£16	£0	£0
Appraisal 5 (base)	-	£424	£0	£0
Appraisal 6	5%	£1,084	£384	£34
Appraisal 7	9%	£1,041	£341	£0
Appraisal 8	13%	£1,349	£649	£299
Appraisal 9	17%	£1,657	£958	£608
Appraisal 10	20%	£1,966	£1,266	£916

DEVELOPMENT APPRAISAL
Commercial Development

Use class:	BUDGET HOTEL
Location:	Lambeth

DEVELOPMENT VALUE

	Common assumptions	Appraisal 1	Appraisal 2	Appraisal 3	Appraisal 4	Appraisal 5	Appraisal 6	Appraisal 7	Appraisal 8	Appraisal 9	Appraisal 10
Rental Income											
Rent - area 1		£ per annum	£ per annum	£ per annum	£ per annum	£ per annum	£ per annum	£ per annum	£ per annum	£ per annum	£ per annum
Rent - area 2	37,000	£17,000	£18,000	£19,000	£20,000	£20,000	£21,000	£22,000	£23,000	£24,000	£25,000
Rent - area 3		£17,000	£18,000	£19,000	£20,000	£20,000	£21,000	£22,000	£23,000	£24,000	£25,000
Total floor area / rent	37,000	£929,000	£986,000	£703,000	£740,000	£740,000	£777,000	£814,000	£851,000	£888,000	£925,000
Rent free/voids (years)		0.5	0.9759	0.5	0.9747	0.5	0.9771	0.5	0.9759	0.5	0.9759
Yield	5.00%	5.00%	5.25%	5.00%	5.25%	5.00%	4.75%	5.00%	5.00%	5.00%	5.00%
Capitalised rent		£12,276,823	£12,998,989	£13,721,155	£13,739,197	£14,443,321	£15,982,709	£16,887,653	£16,609,819	£17,331,985	£18,054,151
GROSS DEVELOPMENT VALUE											
Purchaser's costs	5.80%	£712,056	£753,941	£795,627	£796,873	£837,713	£926,997	£921,484	£963,370	£1,005,255	£1,047,141
DEVELOPMENT COSTS											
Development Costs											
Existing floor area	59%	£142,085	£142,085	£142,085	£142,085	£142,085	£142,085	£142,085	£142,085	£142,085	£142,085
Demolition costs	£5,084	£6,485,400	£6,485,400	£6,485,400	£6,485,400	£6,485,400	£6,485,400	£6,485,400	£6,485,400	£6,485,400	£6,485,400
Building costs	77% per sq m	£648,540	£648,540	£648,540	£648,540	£648,540	£648,540	£648,540	£648,540	£648,540	£648,540
Area	10,00%	£727,602	£727,602	£727,602	£727,602	£727,602	£727,602	£727,602	£727,602	£727,602	£727,602
External works	10,00%	£400,181	£400,181	£400,181	£400,181	£400,181	£400,181	£400,181	£400,181	£400,181	£400,181
Professional fees	5,00%	£121,688	£121,688	£121,688	£121,688	£121,688	£121,688	£121,688	£121,688	£121,688	£121,688
Contingency	3	£53,806	£53,806	£53,806	£53,806	£53,806	£53,806	£53,806	£53,806	£53,806	£53,806
St/06		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Mayoral CIL											
CIL											
Disposal Costs											
Letting Agent's fee (% of rent)	10,00%	£62,900	£66,600	£70,300	£74,000	£74,000	£77,700	£81,400	£85,100	£88,800	£92,500
Agent's fees (on capital value)	1,00%	£122,768	£129,950	£137,392	£144,433	£159,827	£168,877	£173,320	£186,098	£180,542	£195,406
Legal fees (% of capital value)	0,75%	£32,076	£37,452	£40,909	£43,044	£45,825	£49,870	£52,574	£56,574	£59,960	£63,406
Finance on construction											
Loan arrangement fee	1,00%	£85,893	£85,893	£85,893	£85,893	£85,893	£85,893	£85,893	£85,893	£85,893	£85,893
Interest rate	7,00%	£450,938	£450,938	£450,938	£450,938	£450,938	£450,938	£450,938	£450,938	£450,938	£450,938
Interest on Construction Costs	18 months										
Profit											
Developer's profit on cost	20,00%	£1,880,776	£1,884,043	£1,887,311	£1,888,114	£1,890,278	£1,896,706	£1,897,114	£1,900,381	£1,903,649	£1,906,916
TOTAL DEVELOPMENT COSTS											
		£11,284,654	£11,304,259	£11,323,865	£11,328,884	£11,343,470	£11,390,238	£11,382,681	£11,402,287	£11,421,892	£11,441,498
LAND VALUE											
Land surplus		£280,113	940,788	£1,601,463	£1,613,640	£2,262,138	£3,675,474	£3,583,488	£4,244,163	£4,904,838	£5,565,513
Stamp duty	4,00%	£11,205	£37,632	£64,059	£84,546	£90,468	£147,019	£143,340	£189,767	£196,194	£222,621
Agent's fees	1,25%	£3,501	£11,760	£20,171	£20,171	£28,277	£45,843	£44,794	£53,052	£51,310	£59,569
Legal fees	0,50%	£1,401	£4,704	£8,007	£8,068	£11,311	£18,377	£17,917	£21,221	£24,524	£27,828
Interest rate	6,50%	£25,741	£86,453	£147,164	£148,283	£207,676	£337,253	£329,300	£390,012	£450,724	£511,436
Finance period	18 months										
RESIDUAL LAND VALUE											
		£238,266	£800,240	£1,362,214	£1,372,572	£1,924,189	£3,126,381	£3,048,137	£3,610,111	£4,172,086	£4,734,060
Less CUV 1		(912,530)	(350,559)	211,419	221,777	773,393	1,975,586	1,897,342	2,459,316	3,021,290	3,583,264
Less CUV 2		(2,188,203)	(1,626,229)	(1,084,255)	(1,063,897)	(602,280)	(689,912)	(621,668)	(1,183,642)	(1,745,616)	(2,307,591)
Less CUV 3		(2,826,040)	(2,284,060)	(1,702,091)	(1,681,734)	(1,140,117)	(62,075)	(16,169)	(545,805)	(1,107,780)	(1,689,754)
Net additional floorspace (sq ft)		8,583	8,583	8,583	8,583	8,583	8,583	8,583	8,583	8,583	8,583
Net additional floorspace (sq m)		1,823	1,823	1,823	1,823	1,823	1,823	1,823	1,823	1,823	1,823
Maximum CIL per sqm											
Against CUV 1		-	-	116	122	424	1,084	1,041	1,349	1,657	1,966
Against CUV 2		-	-	-	-	-	384	341	649	958	1,266
Against CUV 3		-	-	-	-	-	-	-	299	608	916

CURRENT USE VALUE Commercial Development

Use class: **BUDGET HOTEL**

	Common assumptions	CUV 1	CUV 2	CUV 3
Current use value				
Existing space as percentage of new	59%			
Rent per sq ft		£9 psf	£13 psf	£15 psf
Rental income per annum		£255,753	£369,421	£426,255
Rent free/voids (years)		3.0	3.0	3.0
Total revenue, capitalised (including all costs)		8.00%	8.00%	8.00%
Refurbishment costs	£50 psf	£1,420,850	£1,420,850	£1,420,850
Fees	7%	£99,460	£99,460	£99,460
Capitalised rent, net of refurb and fees		£1,017,503	£2,145,419	£2,709,378
Purchaser's costs	5.75%	-£58,506	-£123,362	-£155,789
Current use value		£958,996	£2,022,058	£2,553,588
CUV including Landowner premium		20% £1,150,796	20.00% £2,426,469	20.00% £3,064,306

APPENDIX 4: DEVELOPMENT APPRAISAL (COSTS IN LINE WITH TRAVELODGE COSTS AT WHETSTONE TRAVELODGE)

COMMUNITY INFRASTRUCTURE LEVY Commercial Development

Salmon Harvester Properties Ltd, the joint venture between

Use class:	BUDGET HOTEL
Location:	Lambeth

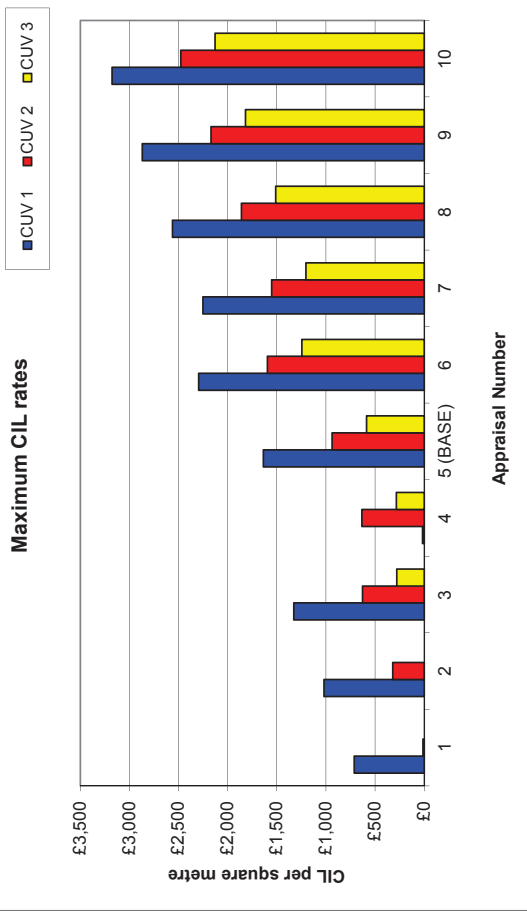
	£s per sqft	Yield	Rent free
Appraisal 1	£17.00	5.00%	0.50 years
Appraisal 2	£18.00	5.00%	0.50 years
Appraisal 3	£19.00	5.00%	0.50 years
Appraisal 4	£20.00	5.25%	0.50 years
Appraisal 5 (base)	£20.00	5.00%	0.50 years
Appraisal 6	£21.00	4.75%	0.50 years
Appraisal 7	£22.00	5.00%	0.50 years
Appraisal 8	£23.00	5.00%	0.50 years
Appraisal 9	£24.00	5.00%	0.50 years
Appraisal 10	£25.00	5.00%	0.50 years

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£9.00	8.00%	3.00 years	20.00%
Current use value 2	£13.00	8.00%	3.00 years	20.00%
Current use value 3	£15.00	8.00%	3.00 years	20.00%

Existing floorspace as % of new
59%

Travelodge Vauxhall - 35 year lease
Travelodge Vauxhall rooms
Net room area
Annual rent for Travelodge Vauxhall (CoStar verified)
Rent per room per annum
Rent psf

148
250
£740,000
£5,000
£20.00



Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-18%	£711	£11	£0
Appraisal 2	-11%	£1,019	£319	£0
Appraisal 3	-5%	£1,327	£628	£278
Appraisal 4	0%	£16	£633	£283
Appraisal 5 (base)	-	£1,636	£936	£586
Appraisal 6	5%	£2,295	£1,595	£1,246
Appraisal 7	9%	£2,252	£1,552	£1,203
Appraisal 8	13%	£2,561	£1,861	£1,511
Appraisal 9	17%	£2,869	£2,169	£1,819
Appraisal 10	20%	£3,177	£2,477	£2,127

CURRENT USE VALUE Commercial Development

Use class: **BUDGET HOTEL**

	Common assumptions	CUV 1	CUV 2	CUV 3
Current use value				
Existing space as percentage of new	59%			
Rent per sq ft		£9 psf	£13 psf	£15 psf
Rental income per annum		£255,753	£369,421	£426,255
Rent free/voids (years)		3.0	3.0	3.0
Total revenue, capitalised (including all costs)		8.00%	8.00%	8.00%
Refurbishment costs	£50 psf	£1,420,850	£1,420,850	£1,420,850
Fees	7%	£99,460	£99,460	£99,460
Capitalised rent, net of refurb and fees		£1,017,503	£2,145,419	£2,709,378
Purchaser's costs	5.75%	-£58,506	-£123,362	-£155,789
Current use value		£958,996	£2,022,058	£2,553,588
CUV including Landowner premium		20% £1,150,796	20.00% £2,426,469	20.00% £3,064,306

**APPENDIX 5: NEWMARK PROPERTIES LLP - DEVELOPMENT COSTS FOR
WHETSTONE TRAVELODGE**

BREEAM Information Required for Man 9 – Publication of Building Information

Basic description of the project and building

Demolition of the existing Old Bull Public House, and construction of a 96 no. bedroom Travelodge hotel, incorporating a Bar/Café and associated external works, together with a Halfords retail outlet and a shared car park.

BREEAM rating and score

A BREEAM rating of "Very Good" is to be achieved; the score currently targeted is 58.79

Basic building cost - £/m²	£823
Services costs - £/m²	£209
External works cost - £/m²	£165
Gross floor area – m²	3572 m ²
Total area of site – hectares	0.23 hectares
Function areas and size – m²	
Retail	825 m ²
Reception / Bar-cafe	80 m ²
Kitchen	30 m ²
Staff/Offices	16 m ²
Bedrooms	1685 m ²
Area of circulation – m²	580 m ²
Area of storage/Plant rooms – m²	356 m ²
Predicted electricity consumption – kWh/m²	
Travelodge	341055 kWh/m ²
Halfords	89045 kWh/m ²
Predicted fossil fuel consumption – kWh/m²	
Travelodge	323 kWh/m ²
Halfords	N/A
Predicted water use – m³ / person / year	
Travelodge	21 m ³ / person / year
Halfords	14 m ³ / person / year

BREEAM Information Required for Man 9 – Publication of Building Information (Cont'd)

Steps taken during the construction process to reduce environmental impacts, i.e. innovative construction management techniques

Considerate Constructors
Reduced working hours
Retained Church & School access
Regular meetings with Church & School
Regular updates of public information on Hoarding
Flyers giving information to all neighbours
Viewing windows introduced into the hoarding for public use

List of social or economically sustainable measures achieved

Improved access for the Church and School
Hotel guests = increase in revenue for local businesses
Introduction of planted areas
BREEAM

BCIS General Building Cost Index #1111

BCIS General Building Cost Index

Base date: 1985 mean = 100 | Updated: 24-Feb-2014 | #1111

Date	Index	Status	Percentage change		
			On year	On quarter	On month
Jul-2010	297.8	Firm	4.8%	1.6%	0.2%
Aug-2010	298.0	Firm	4.5%	0.8%	0.1%
Sep-2010	298.6	Firm	4.5%	0.5%	0.2%
Oct-2010	298.9	Firm	4.3%	0.4%	0.1%
Nov-2010	299.1	Firm	3.9%	0.4%	0.1%
Dec-2010	299.3	Firm	4.0%	0.2%	0.1%
Jan-2011	300.4	Firm	4.0%	0.5%	0.4%
Feb-2011	302.0	Firm	4.5%	1.0%	0.5%
Mar-2011	303.2	Firm	4.4%	1.3%	0.4%
Apr-2011	304.2	Firm	3.8%	1.3%	0.3%
May-2011	305.5	Firm	3.3%	1.2%	0.4%
Jun-2011	306.3	Firm	3.1%	1.0%	0.3%
Jul-2011	307.5	Firm	3.3%	1.1%	0.4%
Aug-2011	307.9	Firm	3.3%	0.8%	0.1%
Sep-2011	309.3	Firm	3.6%	1.0%	0.5%
Oct-2011	309.2	Firm	3.4%	0.6%	0.0%
Nov-2011	308.9	Firm	3.3%	0.3%	-0.1%
Dec-2011	308.5	Firm	3.1%	-0.3%	-0.1%
Jan-2012	308.5	Firm	2.7%	-0.2%	0.0%
Feb-2012	309.5	Firm	2.5%	0.2%	0.3%
Mar-2012	310.5	Firm	2.4%	0.6%	0.3%
Apr-2012	310.6	Firm	2.1%	0.7%	0.0%
May-2012	310.1	Firm	1.5%	0.2%	-0.2%
Jun-2012	309.7	Firm	1.1%	-0.3%	-0.1%
Jul-2012	309.8	Firm	0.7%	-0.3%	0.0%
Aug-2012	309.7	Firm	0.6%	-0.1%	0.0%
Sep-2012	309.8	Firm	0.2%	0.0%	0.0%
Oct-2012	309.8	Firm	0.2%	0.0%	0.0%
Nov-2012	310.9	Firm	0.6%	0.4%	0.4%
Dec-2012	310.4	Firm	0.6%	0.2%	-0.2%
Jan-2013	313.0	Firm	1.5%	1.0%	0.8%
Feb-2013	314.0	Firm	1.5%	1.0%	0.3%
Mar-2013	314.2	Firm	1.2%	1.2%	0.1%
Apr-2013	314.5	Firm	1.3%	0.5%	0.1%
May-2013	314.5	Firm	1.4%	0.2%	0.0%
Jun-2013	313.9	Firm	1.4%	-0.1%	-0.2%
Jul-2013	313.6	Firm	1.2%	-0.3%	-0.1%
Aug-2013	313.4	Firm	1.2%	-0.3%	-0.1%
Sep-2013	313.3	Firm	1.1%	-0.2%	0.0%
Oct-2013	313.5	Firm	1.2%	0.0%	0.1%
Nov-2013	313.5	Provisional	0.8%	0.0%	0.0%
Dec-2013	313.5	Provisional	1.0%	0.1%	0.0%

Recent changes**Percentage change**

Date	Index	Status	On year	On quarter	On month
Jan-2014	314.8	Provisional	0.6%	0.4%	0.4%
Feb-2014	315.4	Forecast	0.4%	0.6%	0.2%
Mar-2014	315.6	Forecast	0.4%	0.7%	0.1%
Apr-2014	317.0	Forecast	0.8%	0.7%	0.4%
May-2014	317.4	Forecast	0.9%	0.6%	0.1%
Jun-2014	317.0	Forecast	1.0%	0.4%	-0.1%
Jul-2014	319.9	Forecast	2.0%	0.9%	0.9%
Aug-2014	320.0	Forecast	2.1%	0.8%	0.0%
Sep-2014	320.0	Forecast	2.1%	0.9%	0.0%
Oct-2014	320.2	Forecast	2.1%	0.1%	0.1%
Nov-2014	320.4	Forecast	2.2%	0.1%	0.1%
Dec-2014	320.4	Forecast	2.2%	0.1%	0.0%
Jan-2015	321.8	Forecast	2.2%	0.5%	0.4%
Feb-2015	322.7	Forecast	2.3%	0.7%	0.3%
Mar-2015	323.3	Forecast	2.4%	0.9%	0.2%
Apr-2015	325.0	Forecast	2.5%	1.0%	0.5%
May-2015	325.6	Forecast	2.6%	0.9%	0.2%
Jun-2015	325.4	Forecast	2.6%	0.6%	-0.1%
Jul-2015	328.6	Forecast	2.7%	1.1%	1.0%
Aug-2015	328.9	Forecast	2.8%	1.0%	0.1%
Sep-2015	329.0	Forecast	2.8%	1.1%	0.0%
Oct-2015	329.3	Forecast	2.8%	0.2%	0.1%
Nov-2015	329.5	Forecast	2.8%	0.2%	0.1%
Dec-2015	329.5	Forecast	2.8%	0.2%	0.0%
Jan-2016	330.9	Forecast	2.8%	0.5%	0.4%
Feb-2016	332.0	Forecast	2.9%	0.8%	0.3%
Mar-2016	332.5	Forecast	2.8%	0.9%	0.2%
Apr-2016	334.5	Forecast	2.9%	1.1%	0.6%
May-2016	335.3	Forecast	3.0%	1.0%	0.2%
Jun-2016	335.1	Forecast	3.0%	0.8%	-0.1%
Jul-2016	339.0	Forecast	3.2%	1.3%	1.2%
Aug-2016	339.3	Forecast	3.2%	1.2%	0.1%
Sep-2016	339.4	Forecast	3.2%	1.3%	0.0%
Oct-2016	339.6	Forecast	3.1%	0.2%	0.1%
Nov-2016	339.8	Forecast	3.1%	0.1%	0.1%
Dec-2016	339.9	Forecast	3.2%	0.1%	0.0%
Jan-2017	341.6	Forecast	3.2%	0.6%	0.5%
Feb-2017	342.5	Forecast	3.2%	0.8%	0.3%
Mar-2017	343.3	Forecast	3.2%	1.0%	0.2%
Apr-2017	345.5	Forecast	3.3%	1.1%	0.6%
May-2017	346.3	Forecast	3.3%	1.1%	0.2%
Jun-2017	346.3	Forecast	3.3%	0.9%	0.0%
Jul-2017	350.9	Forecast	3.5%	1.6%	1.3%
Aug-2017	351.3	Forecast	3.5%	1.4%	0.1%
Sep-2017	351.4	Forecast	3.5%	1.5%	0.0%
Oct-2017	351.7	Forecast	3.6%	0.2%	0.1%
Nov-2017	352.0	Forecast	3.6%	0.2%	0.1%
Dec-2017	352.1	Forecast	3.6%	0.2%	0.0%