

## CONFIDENTIAL Annex 4.1

### Comparison between the Merton Estate Regeneration Project February 2021 financial viability position and February 2022 position

Income / Expenditure Item	Current Position	Feb 2021 Position	Variance
<b>Income</b>			
Private Sale	£1,234,634,935	£1,253,229,734	-£18,594,799
Private Rent	£122,741,541	£127,656,654	-£4,915,113
Social Rented	£125,399,977	£122,559,354	£2,840,623
London Shared Ownership	£37,393,116	£21,588,873	£15,804,243
Replacement Home Option	£8,377,274	£7,041,428	£1,335,846
Commercial Income	£26,704,422	£14,586,683	£12,117,739
Affordable Tenures Grant	£56,355,000	£51,396,000	£4,959,000
Decent Homes Savings	£25,678,457	£25,680,457	£0
Temporary Housing Income	£6,999,851	£6,999,851	£0
Existing Income	£1,200,000	£1,200,000	£0
<b>Gross Development Value</b>	<b>£1,645,484,573</b>	<b>£1,631,937,034</b>	<b>£13,547,539</b>
Purchaser costs	(£1,793,023)	(£991,894)	-£801,129
<b>Net Development Value</b>	<b>£1,643,691,550</b>	<b>£1,630,945,140</b>	<b>£12,746,410</b>
<b>Expenditure</b>			
Land Assembly	£15,755,201	£14,791,584	£963,617
Leaseholder/Freeholder Buy Back Costs	£118,548,129	£121,226,685	-£2,678,556
Tenant Occupier Loss	£8,449,000	£5,677,440	£2,771,560
Construction	£1,147,770,546	£1,139,694,467	£8,076,079
Professional Fees	£97,560,496	£96,784,030	£776,466
CIL	£67,339,102	£67,339,102	£0
Section 106	£8,943,042	£8,943,042	£0
Sales & Marketing	£41,267,055	£41,371,139	-£104,084
Clawback	£0	£0	£0
Finance	£206,394,538	£199,395,416	£6,999,122
<b>Gross Development Cost</b>	<b>£1,712,027,109</b>	<b>£1,695,222,905</b>	<b>£16,804,204</b>
<b>Profit</b>	<b>-£68,335,558</b>	<b>-£64,941,214</b>	<b>-£3,394,344</b>
<b>Profit on GDV (exc DHS, grant and temp income)</b>	<b>-4.39%</b>	<b>-4.20%</b>	<b>-0.19%</b>
<b>Profit on TDC</b>	<b>-3.99%</b>	<b>-3.83%</b>	<b>-0.16%</b>
<b>Pre-Finance IRR</b>	<b>3.78%</b>	<b>3.81%</b>	<b>-0.03%</b>

Source: Merton Estate Regeneration Programme – Financial Viability Assessment (Savills, February 2022)

This page is intentionally left blank