
From: Graeme Bissett [graeme.bissett@██████████]
Sent: 06 April 2005 14:39
To: Stewart McGarrity
Subject: RE: Land costs and compensation TL1 and TL2 scope and reconciliation - Commercial in Confidence

I'd have thought we need to get comfortable with the financial implications of the risks around the last four points, but otherwise its within a sensible tolerance. I certainly do not want to highlight a £2.4m shift explained by increased land acquisition costs, which would just bid up the costs of deals with third parties. We should also get a Council view on the betterment argument.

Regards
Graeme

Graeme Bissett

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-----Original Message-----

From: Stewart McGarrity [mailto:Stewart.McGarrity@tie.ltd.uk]
Sent: 06 April 2005 14:09
To: Alex Macaulay; Graeme Bissett; Barry Cross; Geoff Duke; Kevin Murray; Ian Kendall; Willie Fraser; Gerry Henderson
Cc: Pat Diamond
Subject: Land costs and compensation TL1 and TL2 scope and reconciliation - Commercial in Confidence

I wanted to make sure everyone has a common understanding of the land acquisition and compensation costs advice given to us by Colliers in relation to the IOBC. A copy of their report delivered in the second half of March is attached – hard copies of this report in full are already with Alex and Barry. This report deals with estimated contributions from development in addition to land acquisition costs and contains information which is understandably very sensitive.

The appendices to the report showing the detailed estimated land acquisition costs on each line were sent by email by Graeme B to Alex, Ian, Geoff and Kevin on 10 March. Also attached to this email is a spreadsheet which gives a detailed reconciliation of the land acquisition and compensation figures in Colliers original 2003 report to their update in March 2005.

Important points to note:

Colliers estimated land costs for a TL1 plus TL2 network have increased by £3.5m (Sept 2003 prices) from the 2003 to March 2005 reports. This increase has not been reflected in our capital cost estimates included in the March IOBC. The £3.5m increase includes £1.1m in respect of a move to a northerly alignment through Haymarket Yards. We are now looking at a move back to a southerly alignment.

The estimates include a compensation contingency totalling £8.3m (c. 20%) which Colliers and the VOA have deemed adequate to provide for claims from property owners including claims where there is no actual land take (injurious affection?). The Colliers report (informed by consultation with VOA) has quantified specific possible claims of £1.8m against the contingencies. The Colliers report is careful to point out that this contingency would not be sufficient were we to lose the betterment argument with large commercial property owners.

The capital cost estimates included in the March 2005 IOBC do not allocate any specified contingency to the total Colliers figures so the 20% compensation contingencies are the sum total of contingencies re land costs

in our capital cost estimates at the moment. As with all RICS valuations, the figures in the Colliers report are stated to be within + or – 10% tolerance.

The colliers report specifically excludes the following possible costs:

- Disruption payments to property owners during construction
- Additional land / rental costs which may be required for accommodation/storage during construction
- Compensation IRO any attachments to buildings which may come out of the system design
- Changes to original LOD other than Haymarket Yards

If any of the above is nonsense please advise me.

Stewart

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