

Trevellyan Developments Limited,  
Estate Management Office,  
Greenhills Estate,  
Tilford Road,  
Tilford,  
Surrey,  
GU10 2DZ.

F.a.o. Lance Trevellyan

25/10/23

Dear Sirs,

**BP PFS, 104A FINCHLEY ROAD, SOUTH HAMPSTEAD, NW3 5EY – VIABILITY OF RESIDENTIAL LED PROPOSAL.**

Further to our letters dated 3/3/23 and 5/12/22 and our viability report dated 30/6/22, we await an updated response from BPS via LBC. We believe the last correspondence from BPS (LBC's viability consultant) was their report dated 11/10/22.

The scheme has again been revised slightly but this has not affected the saleable and/or lettable areas. The changes relate to; elevation detail and materials, re-location of short stay cycle parking and the provision of a roof light to a communal core/stairwell. The floor-space progressions has been:-

Item	As at 5/12/22	As at 3/3/23	Now	Comment (Now vs Original)
Nos private residential units	31	31	31	Same
Net private residential sales area (sq.ft.)	23,218	23,175	23,175	Slight reduction
Mix of residential	12 x 1 bed 15 x 2 bed 4 x 3 bed	15 x 1 bed 13 x 2 bed 3 x 3 bed	15 x 1 bed 13 x 2 bed 3 x 3 bed	Likely to improve average value very slightly albeit residential values for new build flats have continued to weaken and so no net change p.s.f.
Non residential	See Comment	See Comment	See comment	No change.
Total scheme GIA	37,684	37,523		Slight reduction

Clearly, the changes since 3/3/23 are insignificant in terms of impact upon financial viability.

However, we hereby update our residual profit appraisal to the one provided in **Appendix 1** herein.

As can be seen from the appraisal in **Appendix 1**, our scheme and general update from 5/12/22 to now leads to a worse viability position and a residual profit of 9.74% on cost and/or 8.82% on GDV.

As before, the scheme cannot sustain any affordable housing provision.

Yours faithfully,



**James Brown BSc (Hons) MRICS**  
RICS Registered Valuer  
**Director**

*Enc. Appendix 1 – Residual profit appraisal.*

# **APPENDIX 1**

Finchley Rd on 25/10/23 (no affordable)

Development Appraisal  
Prepared by JRB  
James R Brown & Company Ltd  
25 October 2023

**APPRAISAL SUMMARY****JAMES R BROWN & COMPANY LTD****Finchley Rd on 25/10/23 (no affordable)**

## Summary Appraisal for Phase 1

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential	31	23,175	927.31	693,239	21,490,409

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	1,755	30.00	52,650	52,650	52,650
Education (or Commercial)	1	3,735	30.00	112,050	112,050	112,050
<b>Totals</b>	<b>2</b>	<b>5,490</b>			<b>164,700</b>	<b>164,700</b>

**Investment Valuation**

Commercial					
Market Rent (1yr Rent Free)	52,650	YP @	6.5000%	15,3846	
		PV 1yr @	6.5000%	0.9390	760,563
<b>Education (or Commercial)</b>					
Market Rent (1yr Rent Free)	112,050	YP @	6.5000%	15,3846	
		PV 1yr @	6.5000%	0.9390	1,618,635
					<b>2,379,198</b>

**GROSS DEVELOPMENT VALUE****23,869,608**

Purchaser's Costs	(161,785)
	(161,785)

**NET DEVELOPMENT VALUE****23,707,822****NET REALISATION****23,707,822****OUTLAY****ACQUISITION COSTS**

Fixed Price		3,910,000		
			3,910,000	
Stamp Duty	5.00%	195,500		
Agent Fee	1.00%	39,100		
Legal Fee	0.80%	31,280		
			265,880	

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost	
Commercial	1,755 ft <sup>2</sup>	295.91 pF	519,322	
Education (or Commercial)	3,735 ft <sup>2</sup>	295.91 pF	1,105,224	
Private Residential	32,033 ft <sup>2</sup>	295.91 pF	9,478,885	
<b>Totals</b>	<b>37,523 ft<sup>2</sup></b>		<b>11,103,431</b>	<b>11,103,431</b>

MCIL2/CIL/S.106/S.278		1,900,000		1,900,000
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**PROFESSIONAL FEES**

Professionals	12.00%	1,332,412		1,332,412
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**MARKETING & LETTING**

Marketing	1.25%	268,630		
Letting Agent Fee	10.00%	16,470		
Letting Legal Fee		8,000		
			293,100	

**DISPOSAL FEES**

Sales Agent Fee	1.50%	355,617		
Sales Legal Fee		40,000		
			395,617	

**FINANCE**

Debit Rate 8.500%, Credit Rate 2.000% (Nominal)				
Land			870,493	
Construction			1,331,827	
Other			200,368	
Total Finance Cost			2,402,687	

**TOTAL COSTS****21,603,127****PROFIT****2,104,695****This appraisal report does not constitute a formal valuation.**

**APPRAISAL SUMMARY****JAMES R BROWN & COMPANY LTD****Finchley Rd on 25/10/23 (no affordable)****Performance Measures**

Profit on Cost%	9.74%
Profit on GDV%	8.82%
Profit on NDV%	8.88%
Development Yield% (on Rent)	0.76%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR	14.58%
Rent Cover	12 yrs 9 mths
Profit Erosion (finance rate 8.500%)	1 yr 1 mth

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Project: Finchley Rd on 25/10/23 (no affordable)  
ARGUS Developer Version: 7.50.000

Date: 25/10/23

**TIMESCALE AND PHASING GRAPH REPORT**

**JAMES R BROWN & COMPANY LTD**

**Finchley Rd on 25/10/23 (no affordable)**

Project Timescale	
Project Start Date	Oct 2023
Project End Date	Nov 2026
Project Duration (Inc Exit Period)	38 months

**Phase 1**



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**DETAILED CASH FLOW****JAMES R BROWN & COMPANY LTD****Finchley Rd on 25/10/23 (no affordable)**

Detailed Cash flow Phase 1

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MonthlyB/F	001:Oct 2023	002:Nov 2023	003:Dec 2023	004:Jan 2024	005:Feb 2024	006:Mar 2024	007:Apr 2024	008:May 2024
	0	(4,175,880)	(4,175,880)	(4,235,038)	(4,235,038)	(6,219,353)	(6,507,941)	(6,784,179)
<b>Revenue</b>								
Cap - Commercial	0	0	0	0	0	0	0	0
Cap - Education (or Commercial)	0	0	0	0	0	0	0	0
Sale - Private Residential	0	0	0	0	0	0	0	0
<b>Disposal Costs</b>								
Purchaser's Costs	0	0	0	0	0	0	0	0
Sales Agent Fee	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0
<b>Unit Information</b>								
<b>Private Residential</b>								
<b>Acquisition Costs</b>								
Fixed Price	(3,910,000)	0	0	0	0	0	0	0
Stamp Duty	(195,500)	0	0	0	0	0	0	0
Agent Fee	(39,100)	0	0	0	0	0	0	0
Legal Fee	(31,280)	0	0	0	0	0	0	0
<b>Construction Costs</b>								
MCIL2/CIL/S.106/S.278	0	0	0	0	(1,900,000)	0	0	0
Con. - Commercial	0	0	0	0	(3,521)	(7,706)	(11,536)	(15,009)
Con. - Education (or Commercial)	0	0	0	0	(7,493)	(16,401)	(24,550)	(31,943)
Con. - Private Residential	0	0	0	0	(64,267)	(140,659)	(210,555)	(273,956)
<b>Professional Fees</b>								
Professionals	0	0	0	0	(9,034)	(19,772)	(29,597)	(38,509)
<b>Marketing/Letting</b>								
Marketing	0	0	0	0	0	0	0	0
Letting Agent Fee	0	0	0	0	0	0	0	0
Letting Legal Fee	0	0	0	0	0	0	0	0
<b>Net Cash Flow Before Finance</b>	<b>(4,175,880)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,984,315)</b>	<b>(184,538)</b>	<b>(276,238)</b>	<b>(359,417)</b>
Debit Rate 8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%
Credit Rate 2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
Finance Costs (All Sets)	0	(29,579)	(29,579)	(29,998)	(29,998)	(44,054)	(46,098)	(48,055)
<b>Net Cash Flow After Finance</b>	<b>(4,175,880)</b>	<b>(29,579)</b>	<b>(29,579)</b>	<b>(29,998)</b>	<b>(2,014,313)</b>	<b>(228,591)</b>	<b>(322,336)</b>	<b>(407,471)</b>
Cumulative Net Cash Flow Monthly	(4,175,880)	(4,205,459)	(4,235,038)	(4,265,036)	(6,279,349)	(6,507,941)	(6,830,277)	(7,237,749)

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ARGUS Developer Version: 7.50.000

Report Date: 25/10/23







