

Our ref: SEM
E: simon.mills@bidwells.co.uk
Date: 27/10/2023

Redtree (North London) Ltd.
44 Great Eastern Street
London
EC2A 3EP

Without prejudice
By email only

Dear Sir / Madam

1 HAMPSHIRE STREET – FURTHER ADDENDUM TO FINANCIAL VIABILITY ASSESSMENT

Following our letter dated 21st September 2023, we understand that there has been further discussion between the Council and BPS Chartered Surveyors.

We understand that BPS did not accept our assessment of the Benchmark Land Value and did not provide their own assessment, instead they have continued adopt a notional figure of £1 as an interim position until they receive *“an appropriate BLV assessment from the Applicant”*.

The Applicant has subsequently instructed Strettons to prepare an independent “Valuation Report for Financial Viability Purposes” to establish an appropriate Existing Use Value for the Property. It is against this revised EUV that we have re-assessed the financial viability of the Proposed Scheme.

Benchmark Land Value

Strettons’ report titled “Valuation Report for Financial Viability Purposes” (dated 25th October 2023) identifies an Existing Use Value of **£1,300,000**. A copy of the report is provided with this letter and the two should be read together.

This figure has been established through the combined application of the Comparable Method and the Investment Method. We agree that this figure reflects a robust assessment of the EUV of the existing units.

We remain of the view that a 20% landowner premium is appropriate as it falls within the range advised by the NPPG and the London Plan Affordable Housing and Viability SPG.

We have therefore adopted a Benchmark Land Value of **£1,560,000** for the purposes of this update.

Appraisals

We have previously carried out numerous appraisals to understand whether the Proposed Scheme is able to make any contribution towards Affordable Housing whilst maintaining economic viability.

These appraisals have been carried out on the basis of Bidwells’ assumptions and BPS’s assumptions, as set out in the table below:



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	Appraisal Inputs	
	Bidwells	BPS
GDV	£2,725,000	£2,897,100
Construction Costs	£674,493	£674,493
Professional Fees	5%	5%
Sales, Marketing and Legals	3%	3%
Finance Cost	7%	7%
Developer's Profit	20% on cost	10% on cost

As can be seen above, the principal outstanding points of difference between Bidwells and BPS relate to the GDV and the Developer's Profit.

Given the length of the time that has elapsed since the cost plan was prepared, we reserve the right to revisit the construction costs at a later date should the ongoing discussions become protracted.

Our appraisals have been modelled on the following scenarios:

1. Affordable Housing contribution calculated by the Council;
2. Affordable Housing contribution calculated by the Applicant; and
3. No Affordable Housing contribution

The results of our appraisals are summarised in the table below:

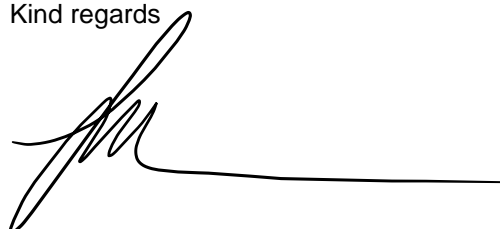
	Bidwells' Inputs		
	Council Calculated AH Contribution	Applicant Calculated AH Contribution	No AH Contribution
Residual Land Value	£712,809	£1,052,983	£1,145,758
Surplus / Deficit	-£847,191	-£507,017	-£414,242

	BPS's Inputs		
	Council Calculated AH Contribution	Applicant Calculated AH Contribution	No AH Contribution
Residual Land Value	£1,071,651	£1,380,901	£1,473,676
Surplus / Deficit	-£488,349	-£179,099	-£86,324

Conclusion

As summarised above, our appraisals demonstrate that, regardless of whether Bidwells' or BPS's assumptions are adopted, the Proposed Scheme is not able to make any contribution towards Affordable Housing whilst maintaining economic viability when assessed against the Benchmark Land Value.

Kind regards



Simon Mills MRICS
Senior Surveyor

VALUATION REPORT

For Financial Viability Purposes

**1 Hampshire Street
London
NW5 2TE**

Redtree Ventures (North London) Limited

25 October 2023

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APPENDICES

APPENDIX 1: FLOOR PLANS

1 INSTRUCTIONS & TERMS OF ENGAGEMENT

1.1 Strettons Ref	0011416
1.2 Property Address	1 Hampshire Street, London, NW5
1.3 The Property	The existing property is 3,541 sq ft of Class E commercial space split across 3 units on the ground floor of a mixed-use development.
1.4 Date of Report	25 October 2023
1.5 Addressee	Redtree Ventures (North London) Limited
1.6 Instructions & Purpose of Valuation	<p>Confirmed in our email on 17 October 2023 with our terms and conditions of engagement attached.</p> <p>This valuation has been carried out for the purpose of assisting Bidwells in their Financial Viability Assessment in relation to the Planning Application 2022/3758/P. We understand that the ongoing application is for the change of use from Commercial Class E space into residential accommodation.</p>
1.7 Basis of Valuation	<p>We have been instructed to provide our opinion of the Existing Use Value of the subject property.</p> <p><u>Our valuation, which will assist Bidwell's in forming their Benchmark Land Value does not include any additional Benchmark premiums.</u></p> <p>The definition of Existing Use Value in connection with a planning application and development viability is not the same definition as formerly set out in previous editions of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (The Red Book). For the purposes of this report, 'Existing Use Value' is defined as 'the value of the property in its existing use, assuming that it remains in that use and that there is no hope value to reflect alternative uses'.</p> <p>Existing Use Value is no longer in the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards, incorporating the International Valuation Standards (IVS) 2022 (The Red Book). However, we have had regard to the best practice in carrying out valuations as set out in the Red Book.</p> <p>We provide our opinion of the likely Existing Use Value of the long leasehold interest commercial space within the development in accordance with the accommodation schedule and plans provided by the client. We value on the basis that the site has been developed in accordance with full planning permission.</p>
1.8 RICS Compliance	Our valuation detailed within this report has been arrived at in consideration to the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Valuation – Global Standards, incorporating the International Valuation Standards (IVS) Effective from 31 January 2022 (The Red Book). However, due to the nature of the instructions and that it is prepared for viability purposes, the report does not comply with the Red Book in every aspect.
1.9 Inspection	Due to access and timescale constraints, we have not inspected the subject property for the purpose of this advice.

1.10 Valuation Date	Date of Report
1.11 Valuer	George Shattock BSc (Hons) MRICS is an external RICS Registered Valuer, who has the relevant knowledge, skills and understanding to undertake this valuation competently.
1.12 Currency	Pounds Sterling (£)
1.13 Sources of Information	We have relied on the information provided to us by the client, their advisors, public and subscription websites, other estate agents and valuers and from our own records and from other third parties as detailed in the report. We have applied professional scepticism and have checked the information where reasonably possible. We recommend that the client undertake your own checks to confirm the information provided to us is correct before it is relied upon. We accept no responsibility for errors or omissions with the information or documents provided.
1.14 Liability Cap	As stated in our terms of engagement and up to a maximum of £10,000,000.
1.15 Conflicts of Interest	We confirm that no conflict of interest arises in Strettons or the valuer providing this Valuation Report.
1.16 Assumptions & Extent of Investigations	<p>We have prepared valuations on the basis of the assumptions set out in this report and have carried out all appropriate investigations.</p> <p>This Valuation Report has been prepared on the basis of our terms and conditions of engagement as provided at the time of confirmation of our instructions and also the more general assumptions plus the extent of investigations as set out within this report.</p>
1.17 Confidentiality & Disclosure of Report	This is a confidential Valuation Report for use only by the addressee or the addressee's professional advisers and only for the purpose mentioned in our instructions. It may not be published or disclosed to any third party without our prior written permission as to the form and context in which it may appear; otherwise, we accept no responsibility to third parties.

2 LOCATION

2.1 Location & Situation

We do not go into detail on the location of the subject property as it is no doubt well known to yourselves and covered in detail with the Bidwell's FVA, as well as other planning documents. We only include information on this to provide context to our advice.

The information below has been taken from the Design and Access Statement.

Hampshire Street is located at the eastern edge of the London Borough of Camden and is 0.6miles east of Kentish Town and 0.9miles north-east of Camden Town. The nearest train stations are Kentish Town (Northern Line/ Thameslink) and Caledonian Road (Piccadilly Line) 0.7miles to the east. These stations offer direct links to central London where connections can be made to Greater London as well as to national and international destinations. The site has a high PTAL rating of 5 and is considered very accessible by public transport.

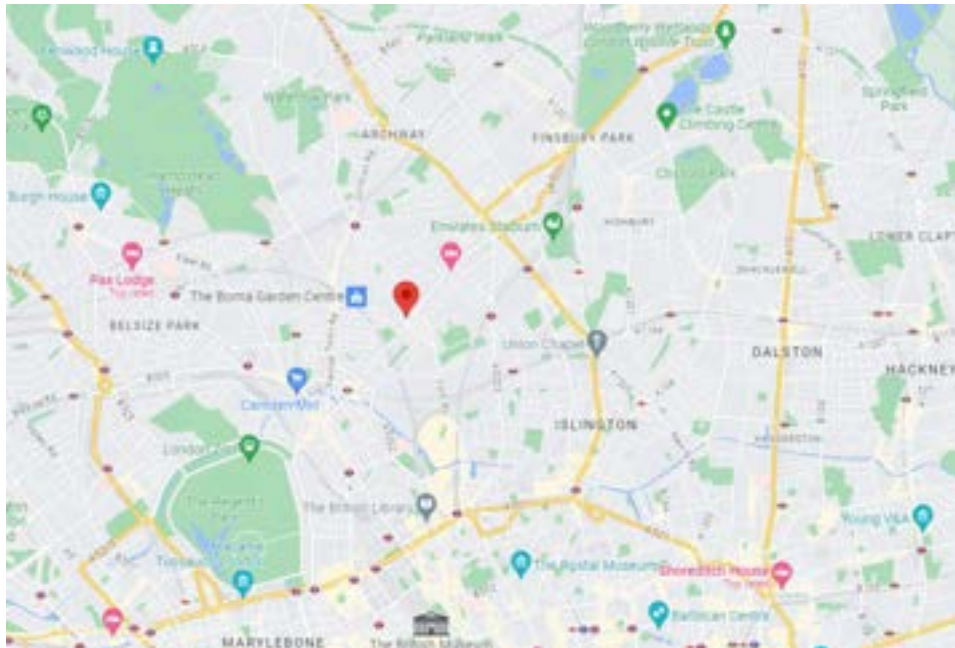
Kentish Town and Camden Town Centres offer a wide range of shops, markets, restaurants, and supermarkets as well as community and sports facilities. Camden has a vibrant cultural scene with art galleries, craft markets and live music/theatre venues. Nearby Regent's Canal offers peaceful scenery for walkers and cyclists and provides an alternative route across London including to Regent's Park and other green spaces.

The surrounding area is predominantly residential with most buildings of 3,4 and 5 storeys in height. Brick and render are the principle building materials. Roofs are typically pitched (in slate) although there are some instances of flat roofs.

There are several open spaces nearby including the 1.5hec Cantelowes Gardens, 200m south-west offering sports pitches, play areas, an outdoor gym and a skate park. 475m to the east is Caledonian Park (4hec) located in Islington with woodland areas, meadows and community gardens. It also has play areas, sports pitches and tennis/gym facilities. Nearby bus stops are served by routes south towards Camden, Euston and King's Cross as well as other Town Centre locations in Islington and further east/north.

Hampshire Street is a cul de sac and is located off Torriano Avenue (part of A5200). Buildings on the south side and east end were warehouses and light industrial (prior to the construction of the approved scheme). Immediately to the north of Hampshire Street is the Torriano Estate which comprises five purpose-built residential blocks. These four storey buildings were built in the 1930s and are uniform in appearance, brick facing with white sash windows.

2.2 Location Maps/Plans



3 THE PROPERTY

3.1 Description

The existing property is 3,541 sq ft of commercial space located on the ground floor of the newly built mixed-use development at 1 Hampshire Street. We understand that the units have been marketed and split across 3 units but can be let as a single individual unit.

We understand that the commercial units were available on the market together or separately on a light 'Turnkey' basis (carpeted floors, painted walls, bathrooms and lighting). All 3 commercial units can be connected via an indoor garden at the rear of the building with a retractable roof.

We have taken the below accommodation from the marketing brochure provided when the units were available for let / sale in 2021.

Unit No.	NIA Sq ft
1	1,206
2	936
3	1,399
Total	3,541

The above areas are provided to Net Internal Area in accordance with the Code of Measuring Practice (6th Edition) published by the Royal Institution of Chartered Surveyors and which is embodied within the RICS Professional Statement – RICS Property Measurement (2nd Edition, January 2018).

The below CGI shows the ground floor office accommodation within the development.



The existing floor plans can be found within Appendix 1 of this advice. As is shown in the plans all commercial units are accessed via the northern side, and there is a large, glazed frontage for each unit.

4 CONSTRUCTION & CONDITION

4.1 Construction

You have not instructed us to carry out a Building Survey. A survey of that depth is outside the scope of your instructions. We therefore have not reported in detail on the construction and condition of the Property. We have not carried out an examination of the land and buildings externally or internally.

We have not carried out a visual inspection of the Property and not undertaken an intrusive examination or tested materials to identify forms of construction, external materials, insulation or any material within or attached, including any form of construction designated as defective under the Housing Defects Act 1984. Further, we have not tested any composite panels relating to cladding, insulation or other elements of the building and it is assumed that they are not materials that would fail the ban introduced by the Government after the Grenfell Tower disaster. It is assumed no remedial works are required in relation to the cladding or other materials unless otherwise stated. Detailed commentary on these matters goes beyond our instructions and expertise. Therefore, clients and third parties relying upon this valuation report requiring detail investigations and commentary, will need to seek separate expert advice.

Our valuation of the Property assumes that a Building Survey would confirm our general assessment of condition; and, that no sub-standard or deleterious materials, including High Alumina Cement and materials relating to fire safety are present in the construction and conforms with the required safety standards, building regulations and any other statutory requirements for such a building.

For valuation purposes we have had to assume that, in the absence of contrary information, site investigations will not reveal problems such as difficult or deleterious sub-soil conditions, soil-contamination, tree preservation orders, etc. In addition, if archaeological surveys are required, we value on the basis that the results will not lead to any delays in any site development and have a material effect on value. This report should not be relied upon until such matters are verified.

4.2 Condition

The subject units are in a new build condition, and we understand that they are currently provided to a shell and core condition. We therefore value on that basis.

5 SERVICES & AMENITIES

5.1 Services

For valuation purposes mains and drainage services are assumed to be laid on and in working order. No tests have been carried out. Unless stated otherwise, our valuation assumes that any such equipment is fully but you should commission reports from specialist mechanical and electrical consultants if further verification is required.

5.2 Energy Performance Certificate (EPC)

The regulations for non-domestic private rented property came into law on 1 April 2018 under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015.

From 1 April 2018 it has been an offence attracting penalty payments for landlords to grant new leases (including renewals and extensions) of properties with an EPC rating worse than E, i.e. F or G. From 1 April 2023 it has also become unlawful to continue to let properties with an EPC rating poorer than E under existing leases unless they are exempted due to implementing cost-energy efficiency improvements or fulfilling an exemption criterion.

In addition, the UK Government has set ambitious targets and are proposing further changes in the future for improving the energy efficiency of commercial buildings, and landlords need to be prepared for these:

By 2027, all non-domestic properties must have an EPC rating of at least C, with a compliance window between 2025-2027. By 2030, non-domestic properties must have an EPC rating of at least B, with a compliance window between 2028-2030. This further step will require additional investments in energy efficiency measures to meet the higher standard.

We are advised that this Property has an EPC rating of B.

6 ENVIRONMENTAL ISSUES

6.1 Land Contamination

You have not instructed us to include an environmental report on the Property. It would help to establish whether current or past uses of this, or neighbouring, land might indicate contamination or other environmental problems. In the absence of such information, we assume that no such problem exists. We consider this reasonable because the property has recently been developed. Our valuation could need revision if contamination or other ground problems were found.

6.2 Flooding

We have made enquiries of the UK Government website which confirms that the property has not been identified as being one where there is an increased risk of flooding such as on a flood plain. Clients seeking further information should search on the Environment Agency website (<https://www.gov.uk/check-long-term-flood-risk>).

6.3 Plant, Vermin and Fungal Attack

From our external inspection, we no found no evidence of adverse plant, vermin or fungal infestation at the property, but we do not provide a warranty and further investigations should be carried out if further reassurance is wanted. This includes rodents, dry rot, Japanese Knotweed and other species of rodent or plant life which may cause potential harm to the property.

6.4 Radon

We have not examined the Radon map to establish if the Property lies in an area affected by Radon gas. We have relied on our local knowledge. The property is in a part of the country where there is a very low likelihood of Radon potentially posing a risk to health. Radon is a naturally occurring radioactive gas and is linked to increase incidences of lung cancer. The Ionising Radiations Regulations impose a duty on employers to protect workers from exposure to Radon. Further information may be obtained from Public Health England, (<https://www.ukradon.org/information/ukmaps>). If Radon is discovered at the property to be sufficiently high to require remedial works, significant costs may be incurred. Our valuation assumes that the property is not adversely affected by Radon gas and that there no works are necessary in relation to this matter.

7 TENURE

7.1 Tenure

The property is held freehold under title number (NGL132375). It is beyond the remit of our instructions to provide advice on the title and in accordance with our instructions, we have prepared the valuation on the basis of a good freehold title, clear of any unusually onerous or restrictive covenants.

We value the long leasehold interest in the space for a minimum of say 250 years, and this is on the assumption that a service charge will be payable at the standard market rates.

Without contrary advice we are assuming that rights of way to the property are established. Your solicitor should confirm the accuracy of our assumptions before this report is relied upon.

In accordance with our instructions, we are to provide our valuation on the basis of the current vacant possession.

8 STATUTORY ENQUIRIES

8.1 Background

The local authority for statutory enquiries is the London Borough of Camden. We have interrogated the relevant sections of the Council's website and where stated, made informal telephone enquiries to establish any planning applications granted or refused in the past for the Property. Our enquiries were however limited due to the lack of historic online information and the unwillingness of the Council to give any informal information over the telephone.

Statutory enquiries have been obtained from internet enquiries. We are unaware of any breaches of planning, building control, fire, or other statutory or bye law regulations affecting this property. We have assumed that the existing use of the Property and any alterations or extensions are lawful unless otherwise stated.

We have not made enquiries to establish whether or not a certificate of compliance with Building Regulations exists for the Property and any alterations or extensions. Our valuation assumes that the Property complies with Building Regulation requirements.

This report should not be relied upon in relation to above matters until a solicitors confirm no problems in these respects.

We understand that the valuation is required in accordance with planning application 2022/3758/P.

2022/3758/P	1 Hampshire Street London Camden NW5 2TE	Change of use from commercial (Class B1) to residential (Class C3) at ground floor to provide five flats and associated external alterations at front and rear.	REGISTERED	13-09-2022
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The subject premises were delivered under the below planning application.

2017/2883/P	1 Hampshire Street LONDON NW5 2TE	Redevelopment of the site to provide 4 storey building with 334 sqm of commercial floorspace (Class B1) and 16 residential units (6 x 2-bed, 6 x 1-bed and 4 x 3-bed) (Class C3) with terraces at front and rear following demolition of existing photographic studio (Class B1c).	FINAL DECISION	09-06-2017	Granted Subject to a Section 106 Legal Agreement
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8.2 Town Planning

The property is not Listed as being of special architectural or historic interest

The property has a Class E use class. This combines Use Classes A1, A2, A3, B1 (a-c), parts of D1 (health, crèches and nurseries) and parts of D2 (indoor sports and recreation). It will include most shops, restaurants, financial and professional services, gyms and other indoor sport and fitness, provision of medical and health services, creches and nurseries and any office or industrial use which can be carried out in a residential area without detriment to amenity. The changes allow flexibility for a mix of uses to reflect changing retail and business models. It therefore recognises that a building may be in a number of uses concurrently or that a building may be used for different uses at different times of the day. Changes to another use, or mixtures of uses, within this class do not require planning permission.

8.3 Highways

We have not made any enquiries to establish the presence of any proposals to alter the highway which might affect the Property. We have assumed that the Property is not affected by any proposals.

Hampshire Street is believed to be an adopted road, maintainable by the local authority.

8.4 Business Rates

This property is not currently assessed for Business Rates by the Valuation Office Agency.

8.5 Council Tax

The property is assessed by the Valuation Office Agency's (VOA) Residential Valuation List for Council Tax purposes as falling within Band "(insert)". Council Tax payable for the current year amounts to £(insert).

9 ECONOMIC & PROPERTY MARKET COMMENTARY

9.1 Economic Overview

On Thursday 21 September 2023, the Bank of England held its interest rate (Bank Rate) at 5.25% after a more positive viewpoint on the rate of inflation in recent times. While it is the highest it's been in 15 years, it is the first time since 2021 the Bank has decided to keep the base rate unchanged. The Bank of England States "Previous increases in interest rates are working to bring down inflation. Although inflation is falling, we can't be complacent. We'll be watching closely to see if further increases in interest rates are needed. And we will need to keep interest rates high enough for long enough, to ensure inflation comes back to normal". The next assessment is on 2 November 2023. The Bank says it expects inflation to fall below 5% in the final quarter of 2023. The government has pledged that inflation will be 5% or below by the end of the year - but the overall target remains 2%. The financial markets anticipate that the Bank of England will again raise its key base rate to as high as 5.5% in the coming months. Savings and Mortgage rates have marginally improved since the Base Rate remained unchanged.

Inflation measured by the Consumer Price Index (CPI) was 6.7% in the 12 months to August 2023, down from 6.9% in July; whilst the inflation target is 2%. An anticipated decline in CPI inflation is on the horizon, projected to reach around 5% by year-end, attributed mainly to decreased energy costs, and to a lesser extent, lower food and core goods prices. While services price inflation is expected to stay relatively high in the short term, resembling its current level.

The summary of the latest RICS 'Economy and Property Market Update' for August 2023, states 'Interest rates likely to remain at an elevated level for some time to come'. "Although the headline inflation rate is beginning to fall, concerns persist about the core measure which could remain a little more troublesome. This is fuelling expectations that interest rates will stay close to current levels through well into next year. Feedback around commercial real estate points to the subdued trend persisting while the resilience in the residential sector is seen as likely to fade somewhat. However, construction activity is still expected to grow over the coming year led by workloads in the infrastructure sector".

9.2 Commercial Property Market

The summary of the latest RICS 'Economy and Property Market Update' for August 2023, states. "Transaction activity remained subdued in the second quarter with data from Lambert Smith Hampton suggesting that it only amounted to £7.4bn. To put this in some context, that figure is 11% lower than the weak number recorded in the previous three-month period and a hefty 41% below the (quarterly) five-year average. The office sector was the main drag on the latest data with ongoing uncertainty about the implications of hybrid working and the cost of remediation to meet sustainability'.

"The generally cautious mood around real estate is clearly captured in the RICS indicator focused on where the market currently is in the cycle. Around 70% of respondents perceive the market to be in the downturn phase with another 15% seeing it as being at the bottom. However, it is noteworthy that despite another round of tightening from the Bank of England, three-fifths of contributors view the market as offering fair value".

The UK's investment markets are grappling with high inflation, rising interest rates, and slowing economic growth, causing a lack of liquidity as buyers and sellers struggle to agree on pricing. Yields have pushed out in all the main sectors, but there is a lack of transactions, making it very difficult to assess yield rates and market values. This is challenging for sellers, buyers and valuers in assessing current values. Caution remains in the market and until interest rates have topped out and inflation is close to getting back to Bank of England target, this caution and lack of transactions is likely to remain.

10 VALUATION METHODOLOGY & COMPARABLE EVIDENCE

10.1 Valuation Methodology

We are of the view that the most appropriate 2 methods of valuation to establish the Existing Use Value of the property are the 'Comparative Method' for the Market Value also the 'Investment Method'. Both methods estimate the value of a property by comparing it to the prices of similar properties being marketing, under offer and sold/let in similar locations within a recent period of time. The basic assumption is therefore that a property is worth what it will let/sell for, in the absence of undue stress and if reasonable time is given.

These two standard comparative methods of valuing the commercial properties and these are as follows:

Comparative Method - Analyses the sale of vacant properties on a £ per sq ft

In adopting this method to arrive at the Market Value of the property, we have considered the general value on a price per sq ft basis. This is in comparison to prices paid for vacant properties in various uses.

To our knowledge there have not been many directly comparable properties sold/let in the local area in recent years and we have therefore spread our net wider in order to find comparable evidence that are broadly comparable in type, size, age and similar planning use. The lack of supply can in instances result in an owner-occupier having to pay a premium to purchase a vacant building.

The information has been obtained from a number of third-party sources such as CoStar and from local commercial agents. With the benefit of such evidence, we have then applied this to the subject to form our opinion of value, at today's date.

Investment Method - Ascribe of a notional Market Rent, which is capitalised.

In adopting this method, to arrive at an opinion of the Market Value of the property, we capitalise the estimated annual rent by means of an initial yield/ Years Purchase (YP), which is a conventionally used basis.

There is limited amount of direct investment sales evidence for the subject property. The wider market for properties showing initial yields in the region of 5.7% - 7.8% depending on the quality of the building, lease terms and tenant covenant strength and, inherently, many investment transactions sell at yields that can reflect scope for higher value, alternative uses, or redevelopment.

For the purpose of our notional rental valuations, we have assumed the following lease terms for this approach, unless otherwise stated.

- Use Classes in accordance with the current use
- Current condition and general level of amenity provided by the building.
- Assumed 5/10-year lease, generally inside the Landlord & Tenant Act 1954, with tenant's full repairing and insuring obligations (or service charge contributions in respect of lettings of the individual buildings).

10.2 Comparable Method

Firstly, we have been provided with the offers that have been received to purchase the units, and these are included below.

Unit No.	Offer Price, Date and Details	NIA of unit	£ / sq ft
Unit 3	£745,000 - Originally viewed December 2021 Offered for shell and core by Civil Engineering firm	1,399	£533 / sq ft
Unit 1	£641,845 - Offer made April 2022 Offered for shell and core by same firm as above, who decided unit 3 too small. Also offered to lease unit 2 alongside purchase of unit 1. The company also offered an option to buy Unit 2 for £575,000 (RPI increases) which equates to £614 / sq ft.	1,206	£532 / sq ft
Unit 1	£640,000 - Originally viewed September 2021 Offered from marketing company	1,206	£531 / sq ft
Unit 3	£725,000 - Originally viewed September 2021 Offer from branding company	1,399	£518 / sq ft

We note that clearly none of these sales managed to complete for various reasons and therefore limited weight can be applied to these sales. However, they do generally analyse to c.£520-£530 / sq ft. Since these offers were made, we consider that the commercial market for such space has weakened, particularly following the recent borrowing cost rises due to Bank of England Base Rate increases. Therefore, we suspect that the £ / sq ft will be below these levels for that reason.

We have looked for recent completions of other office space in the locality, however this is limited in number.

Property Address	Building SF	Sale Price	Price Per SF	Sale Date	Year Built	Comment
7 Torriano Mews, NW5 2RZ	2,170	£1,050,000	£483.87	04/04/2023	1922	Basic internal condition, fragmented layout.
1-6 Centric Close, NW1 7EP	1,060	£1,020,000	£962.26	26/08/2022	2018	New build spec, smaller in scale,
15 Leighton Place, NW5 2QL	8,528	£2,775,000	£325.40	14/07/2022	1862	Larger in scale, with limited information on internal spec, but appears to be traditional office space converted from industrial premises. Poor spec.
307-309 Kentish Town Rd, NW5 2TJ	1,468	£1,001,887	£682.48	25/04/2022	1970	It appears to be a redevelopment scheme and therefore price does not represent existing use.
6-8 York Mews, NW5 2UJ	1,167	£392,138	£336.02	25/04/2022	1990	Limited information does not appear to be redevelopment scheme. Poor Spec.
1a Highgate Road, NW5 1JY	1,392	£850,000	£611	17/02/2020	2020	2020 built office space, fitted out at time of sale, pre pandemic evidence, nearby to Kentish Town station.

Taking out 1-6 Centric Close, which is a very small-scale new build space in central Camden, 307-309 Kentish Town which is a redevelopment scheme, there is a range of analysed values at £325 - £483.87 / sq ft. Torriano Mews is very nearby, however we do need to factor in that the current property is new build in nature, and therefore would achieve a premium. The sale at 1a Highgate Road is useful, as this is also part of a residential led development. This evidence analyses to £611 / sq ft, and is located in a superior position. The scale of the unit is very similar to those subject to this valuation.

This evidence suggests that a value at mid to high £300s on a rate per sq ft basis would be reasonable.

We apply £375 / sq ft to the 3,541 sq ft NIA, this gives a capital value of £1,327,875, SAY £1,350,000. This valuation appears reasonable in the context of the offers received on the property throughout 2021/22 and represents a c.25% reduction on the analysed £ / sq ft of these. It is important to note that these offers were received for shell and core space, which is the same condition as the property is in its existing form.

10.3 Investment Method

As a cross check on the above valuation, we also apply the investment method. We have analysed the below comparable rental evidence.

Sign Date	Unit	Address	Floor	NIA	Rent / sq ft	Rent Type	Term (Yrs)	Comment
08/08/2023	Unit 5	14-26 Market Rd, N7 9GT	G	1,074	£29.37	Effective	20	Similar residential location, nearby, similar specification. Long lease term.
10/09/2023	Suite 14	32-34 Gordon House, NW5 1LP	G	2,794	£47.00	Achieved		Superior development with larger scale and amenities. Hardwood flooring with perimeter trunking. Residential location
25/07/2023	Suite 12	32-34 Gordon House, NW5 1LP	G	1,160	£42.40	Effective	3	Superior development with larger scale and amenities. Hardwood flooring with perimeter trunking. Residential location.
29/05/2023		3 Bridge Approach, NW1 8BD	G	1,195	£35.00	Achieved		Slightly dated accommodation within larger scale office development, no raised floors. Nearby to Chalk Farm station.
12/05/2023	Suite Block B	Imperial Works, Perren St, NW5 3ED	2	662	£27.20	Effective	2	Dated office accommodation with low ceiling heights and structural columns. Nearby to Kentish Town West station.
12/03/2023		9-15 Elthorne Rd N19 4AJ	1	2,012	£30.40	Effective	2	Residential location, nearby to Archway, moderate internal spec with perimeter trunking.
07/03/2023	Suite West	106-110 Kentish Town Rd, NW1 9PX	G	1,610	£43.50	Achieved	5	Purpose built office accommodation, good internal spec, better location towards Camden.
01/03/2023	3rd Floor	11-13 Benwell	3	2,500	£35.00	Achieved	3	Similar residential location, towards Drayton Park, converted warehouse premises with structural columns fragmenting layout
10/01/2023		17-27 Ferdinand St, NW1 8EU	G-M	892	£28.03	Effective	5	Similar residential location, towards Chalk Farm, poor quality office accommodation
15/09/2022	Unit 6	11-13 Benwell, N7 7BL	2	965	£35.18	Achieved	5	Similar residential location, towards Drayton Park, converted warehouse premises with structural columns fragmenting layout

We understand that the whole commercial space has been marketed for rent on modern terms for the last 2 years at £133,000pa (£37.50 / sq ft)

There were only 2 lettings taking place at above this level, and these are both for larger scale traditional office blocks.

We consider that the recent letting at 14-26 Market Road offers good evidence as it is of a similar scale and is also on the ground floor of residential accommodation. However, this is a 20-year term and therefore would likely achieve a lower rent on that basis due to increased income security for the landlord. Furthermore, it was constructed in 2000.

When analysing the value on the investment method, we are required to take off costs for fitting out the space to Cat A, as we do not consider that realistically there would be good demand for the space as shell and core. Therefore, when considering the investment method, we assume the space is fitted out to Cat A. BCIS currently shows these costs at c.£75 / sq ft for LB Camden for Lower Quartile, which are appropriate for Cat A fit out.

We consider that based on the above, that applying £30 - £32.50 / sq ft is a reasonable approach, and we apply the upper end to the smaller unit.

We also consider the below investment sales to inform our opinion of an appropriate Net Initial Yield.

Property Address	Building SF	Sale Price	Price Per SF	Sale Date	Net Initial Yield	Comments
8-12 Godson St	1,564	£360,000	£230.18	17/05/2023	7.82	Sold at auction, inferior property, smaller scale and dated 1985 development, ground floor commercial. Let to Gorillas on a 5 year lease.
4-10 North Rd	55,236	£8,200,000	£148.45	15/04/2023	5.70	Larger scale office block, in need of full refurb
9 Sterling Way (Condo)	2,547	£1,450,000	£569.30	01/02/2022	6.99	Similar location and property type below new build resi, sold in stronger commercial market. Let at £42.50 psf from 01/07/2021 for 5 years 2 months. Therefore appears over rented based on research above, likely rent lower at say £35psf which would give a yield of say 5.75%. Tenant also paid half rent for 16 months from 1 st Jan 2022, suggesting £42.50 not MR.

Our Estimated Rental Value and Investment valuation are calculated in the below table.

Unit No.	NIA Sq ft	Rent / sq ft	Rental Income
1	1,206	£30.00	£36,180
2	936	£32.50	£30,420
3	1,399	£30.00	£41,970
Total	3,541		£108,570
	Yield	0.065	
	Deferred (Years)	0.5	
	YP Perp Defrd 6 months	14.91	
	Capitalised Rent	£1,618,533	
	Deduction for fit out @ £75 / sq ft	£1,352,958	
	Less purchasers	£1,260,957	
	Market Value SAY	£1,260,000	
	£ / sq ft	£355.83	

Our concluded investment value has been arrived at by analysing recent lettings and investment evidence in the local market. This valuation comes to £1.26m which is just below our comparable method of £1.35m.

Therefore, taking into account both methods, we consider that the Existing Use Value of the commercial space is:

£1,300,000 (One Million Three Hundred Thousand Pounds).

11 CONFIDENTIALITY

This is a confidential Valuation Report for use only by the addressee or the addressee's professional advisers and only for the purpose mentioned in our instructions. It may not be published or disclosed to any third party without our prior written permission as to the form and context in which it may appear. No party should rely upon the valuation figure or report without our express written consent.

There is no third party liability for the valuation and no party should rely upon the valuation figure or report without the express written consent of the valuer, which consent, if any, will be at the valuer's sole discretion

If any clarification or enlargement is required concerning this report, please do not hesitate to contact the Valuer.

Yours sincerely,
For STRETTONS



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Chartered Surveyor

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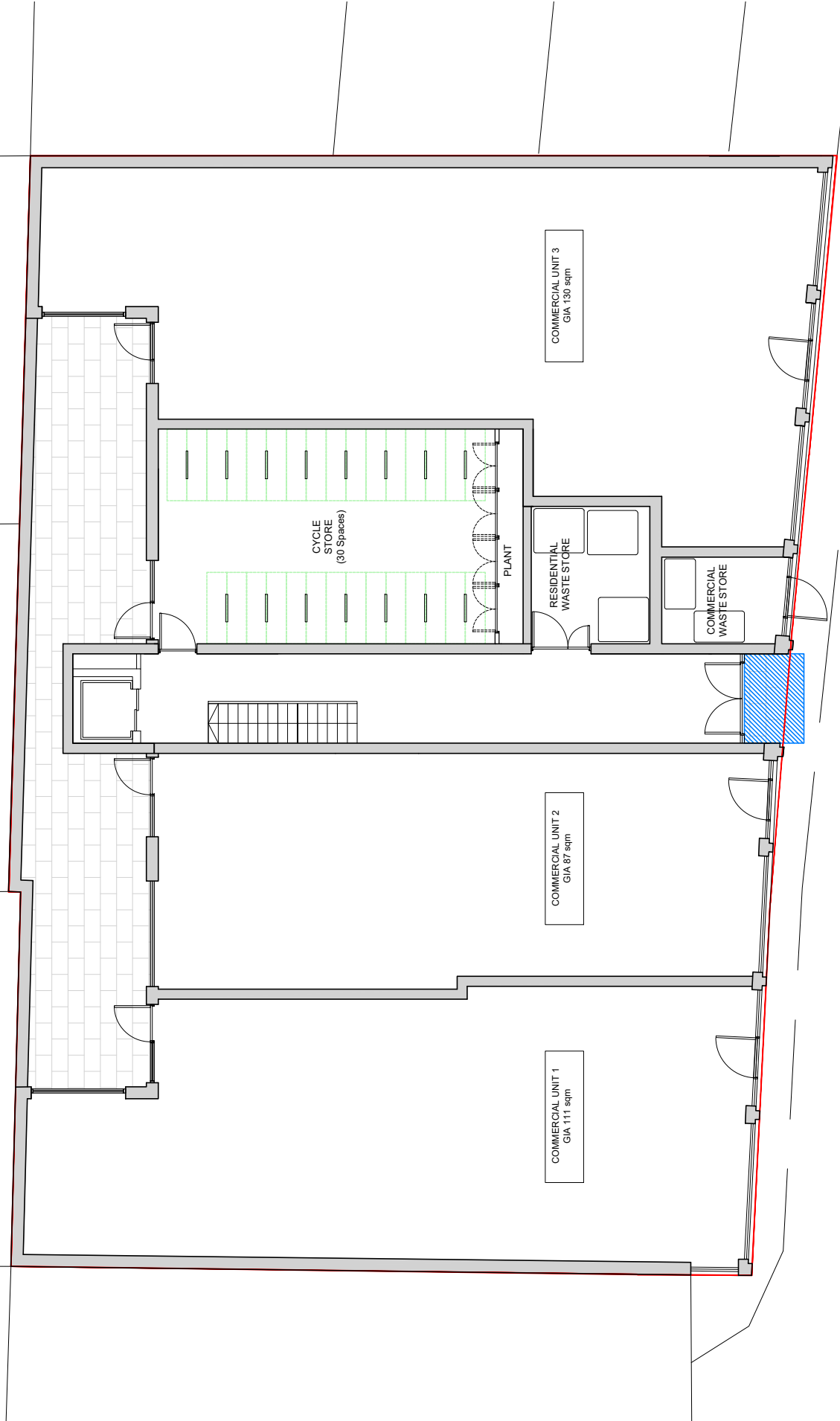
1-3 Sun Street
London, EC2A 2EP
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Appendix 1

NOTES

- SITE BOUNDARY**
- Level Landing 1500mm x 1500mm outside principal communal entrance, including 900mm deep covered area, in accordance with Part M4C2
 - 30 parking spaces (16 Sheffield Stroads) in accordance with **CPG 7** Cycling Facilities (6.5)



PROPOSED GROUND FLOOR PLAN
SCALE 1:100

P L A N N I N G		
revision	description	date
P.01	Issued for Information	17.08.17
P.02	Revised as per comments	09.08.17
P.03	Revised as per comments	25.08.17
P.04	Revised as per comments	29.08.17
P.05	Revised as per comments	12.09.17
P.06	Issued for PLANNING	23.02.18
P.07	Revised as per comments	09.03.18

P L A N N I N G		

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drawing: **PROPOSED GROUND FLOOR PLAN**
date: **25.01.17** | drawn by: **DM** | checked by: **CC**
scale: **1:100** | drawing: **2/0** | rev. no.: **P.07**
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